



Union Territory Finances Audit Report
of
the Comptroller and Auditor General of India
for the period 31 October 2019 to 31 March 2020



**Government of Union Territory of Jammu and Kashmir and
Administration of Union Territory of Ladakh**
Report No. 1 of the year 2022

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PREFACE

This Report for the period 31 October 2019 to 31 March 2020 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act 2019. As per the decision of the Government of India, Ministry of Finance (June 1994), wherever President's Rule is extended beyond one year, the C&AG's Report would be placed in Parliament. Hence, this Report is being sent to President for laying in the Parliament.

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

Chapter II provides a broad perspective of the finances of the Union Territory of Jammu and Kashmir, major fiscal aggregates, debt profile and key public accounts transactions based on 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 Union Territory Government and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter IV of this report 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 of this report contains audit observations on matters arising from examination of part of Finance Accounts and Appropriation Accounts pertaining to Union Territory of Ladakh and status of the Government's compliance with various financial rules, procedures and directives relating to Financial Reporting during the period.

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

Executive Summary

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Union Territory of Jammu and Kashmir and Administration of Union Territory of Ladakh is brought out to assess objectively the financial performance of the Union Territory (UT) during the year 2019-20 (31 October 2019 to 31 March 2020) *vis-à-vis* the Budget Estimates, to provide the Union Territory with timely inputs based audit analysis of financial data. The report analyses the structural profile of Government's receipts and disbursement.

The Report

Based on the audited accounts of the two Union Territories (UT of Jammu and Kashmir and UT of Ladakh) for the period 31 October 2019 to 31 March 2020 and additional data such as Budget of the Union Territory, other data with Departmental Authorities and other UT related statistics, this report has been structured into 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 of the Union Territory of Jammu and Kashmir.

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

Chapter III is based on the Appropriation Accounts of the Union Territory of Jammu & 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 of UT of Jammu and Kashmir 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 contains perspective of the finances and observations on matters arising from examination of part of Finance and Appropriation accounts pertaining to Union Territory of Ladakh and comments on quality of accounts etc.

Audit findings

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

Borrowings during the period 31 October 2019 to 31 March 2020 was 99 *per cent* of the target projected in the budget.

(Para 1.5.1)

During the period 31 October 2019 to 31 March 2020, Revenue Deficit and Fiscal deficit were understated by ₹281.07 crore and ₹9.76 crore respectively, owing to misclassification of revenue expenditure as capital expenditure and short contribution to Defined Pension Contribution Scheme.

(Para 1.7)

Against the actual loss of ₹1,070.94 crore due to implementation of GST, the UT Government received compensation to the tune of ₹1,247.28 crore. It has resulted in excess compensation to the extent of ₹176.34 crore.

(Para 2.2.2.1)

Percentage of Grants-in-Aid to Revenue Receipts was 72.87 *per cent* during 31 October 2019 to 31 March 2020. UT Government's dependence on Grants-in-Aid from GoI was to that extent.

(Para 2.2.2.2)

An amount of ₹725 crore received during 31 October 2019 to 31 March 2020 for Rural Local bodies as Special Assistance from Ministry of Home, Government of India was not released to Rural Local bodies by the Government of UT of J&K.

(Para 2.2.2.2)

The committed expenditure constituted 67.50 *per cent* of Revenue Expenditure and was 68 *per cent* of Revenue Receipts. Thus, only 32 *per cent* of resources were available for other expenditure during the period 31 October 2019 to 31 March 2020.

(Para 2.4.2.1)

An amount of ₹17.29 crore was lying under the Major Head 8342- "Other Deposits"- 117 "Defined Contribution Pension Scheme" (New Pension Scheme) for the Government Employees awaiting transfer to NSDL/Trustee Bank, as on 31 March 2020. There was also liability of ₹53.67 crore required to be transferred to NSDL/Trustee Bank pertaining to erstwhile State of Jammu and Kashmir as on 30 October 2019 (pre re-organisation)

(Para 2.4.2.2)

During the period 31 October 2019 to 31 March 2020, the UT Government of J&K made an investment of ₹81.12 crore in three government companies, one corporation, one rural bank and other institutions. Erstwhile State Government had cumulative investment of ₹3,428.04 crore in 37 Companies (₹2,959.71 crore), three Statutory Corporations (₹374.34 crore), eight Co-operative Institutions/ Local Bodies (₹47.83 crore), two Rural Banks (₹45.82 crore) and two Joint Stock Companies (₹0.34 crore) ending 30 October 2019 which is to be divided between the two successor UTs. During the period 31 October 2019 to 31 March 2020, no returns in the form of dividends was received.

(Para 2.4.3.2)

During the period 31 October 2019 to 31 March 2020, the Government of UT of Jammu and Kashmir disbursed Loans and Advances to the tune of ₹38.14 crore and recovered loans and advances amounting to ₹2.34 crore. Out of total loans of ₹38.14 crore disbursed during 31 October 2019 to 31 March 2020, loan of ₹23.00 crore was granted to J&K State Road Transport Corporation Limited, which already had outstanding loans of ₹383.73 crore ending 30 October 2019.

(Para 2.4.3.3)

During the period 31 October 2019 to 31 March 2020 the balance under reserve funds of UT Jammu and Kashmir was ₹186.95 crore. There was also a cumulative aggregate balance in reserve funds at the end of 30 October 2019 amounting to ₹2,806 crore, which was not bifurcated between two Union Territories up to ending 31 March 2020.

(Para 2.5.2)

The Government of UT of Jammu and Kashmir maintained the mandatory minimum daily cash balance of ₹1.14 crore with Reserve Bank of India on 21 days during the period 31 October 2019 to 31 March 2020 without taking Special Ways and Means Advance/Ways and Means Advances (WMA)/ Overdrafts, and on 81 days minimum balance was maintained by obtaining Normal Ways and Means Advance. Besides on 51 days Overdraft was taken in addition to obtaining Normal Ways and Means Advance.

(Para 2.7.3)

Chapter III Budgetary Management:

An amount of ₹257.71 crore was incurred under 79 schemes/ Sub Heads in 15 Grants without Budgetary Provisions during 31 October 2019 to 31 March 2020 which needs to be regularised.

(Para 3.3.1)

During 31 October 2019 to 31 March 2020, a sum of ₹271.31 crore of Revenue expenditure was disbursed under Capital Heads of expenditure, thereby, resulting in overstatement of Capital Expenditure and understatement of Revenue Expenditure and Revenue deficit to the extent of ₹271.31 crore.

(Para 3.3.2)

There were huge savings of ₹100 crore and above by the departments under Capital Section in 16 grants amounting to ₹7,760.22 crore

(Para 3.4)

Out of 35 grants, in 34 grants the utilisation ranged between 15 *per cent* and 92 *per cent*. In the remaining one grant there was over utilisation by 13 *per cent* resulting in excess over provisions during the period 31 October 2019 to 31 March 2020.

(Para 3.4.2)

The excess expenditure amounting to ₹3,875.61 crore incurred during 31 October 2019 to 31 March 2020 needs to be regularised.

(Para 3.5)

Chapter IV Quality of Accounts and Financial Reporting Practices:

2,205 Utilisation Certificates in respect of loans and grants involving ₹10,441.58 crore against various departments were outstanding as on 31 March 2020.

(Para 4.4)

DC bills for an amount of ₹348.31 crore drawn on 53 AC bills drawn during 31 October 2019 up to 31 January 2020 were not submitted to the Pr. Accountant General (A&E), Jammu & Kashmir. There were 2,287 outstanding DC bills amounting to ₹7,219.07 crore pertaining to erstwhile State.

(Para 4.5)

During 2019-20 (31 October 2019 to 31 March 2020), ₹1,962.50 crore (8.70 per cent of the total Revenue Receipts) was classified under the Minor Head 800-‘Other Receipts’ and expenditure of ₹2,647.03 crore (9.41 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 4.6)

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 4.10)

Chapter V Observations on Accounts of Union Territory of Ladakh:

Administration of UT of Ladakh collected an amount of ₹92.71 crore on account of revenue receipts out of which 61.18 per cent was from Own tax revenue and 38.82 per cent was from Own Non tax revenue.

(Para 5.6)

Against ₹5,742.42 crore under the Voted section, expenditure of only ₹170.38 crore has been incurred, resulting into saving of ₹5,572.04 crore. Against ₹11.58 crore under the charged section, expenditure of ₹6.18 crore has been made resulting into saving of ₹5.40 crore during the period 31 October 2019 to 31 March 2020.

(Para 5.11.2)

An amount of ₹81.43 crore was incurred under 11 schemes/ Sub Heads in six Grants without Budgetary Provisions during the period 31 October 2019 to 31 March 2020 which needs to be regularised.

(Para 5.13.1)

Excess expenditure amounting to ₹42.78 crore in two Grants viz. Grant No. 08-Finance Department and Grant No. 10-Law Department has been incurred during the period 31 October 2019 to 31 March 2020.

(Para 5.13.7)

During the period from 31 October 2019 to 31 March 2020, ₹34.50 crore, (including revenue receipt of ₹32.19 crore representing Sale of Power and Misc. Power receipt) under 21 Revenue Major Heads of Accounts constituting about 37.21 *per cent* of the total Revenue Receipts of ₹92.71 crore was recorded under Minor Head-800 – Other Receipts.

(Para 5.16)

Chapter-I

Overview

CHAPTER-I

OVERVIEW

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

1.1 Profile of the Union Territory of Jammu and Kashmir

Consequent on the reorganisation of the State of Jammu and Kashmir, under the Jammu and Kashmir Reorganisation Act, 2019, the erstwhile State of Jammu and Kashmir was bifurcated as Union Territory of Jammu and Kashmir (with legislature) and Union Territory of Ladakh (without legislature) w.e.f. 31 October 2019. The Union Territory (UT) of Jammu and Kashmir is constituted of all districts of erstwhile Jammu and Kashmir State except Kargil and Leh districts. Union territory of Ladakh is constituted of two districts of erstwhile State of Jammu and Kashmir i.e. Kargil and Leh.

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

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the Union Territory in a given period of time. Growth of GSDP is an important indicator of the economy. Department of Economic and Statistics of Jammu and Kashmir (J&K) Government did not compile segregated GSDP for the period 31 October 2019 to 31 March 2020. The actual expenditure figures for the Union Territory of Jammu and Kashmir were for the period 31 October 2019 to 31 March 2020 and segregated GSDP figures were not available for the same period. Hence, comparison of fiscal aggregates of the period with respect to GSDP has not been included in this report.

1.2 Basis and Approach to Union Territory Finances Audit Report

In terms of Section 72 of Jammu and Kashmir Reorganisation Act 2019, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of Union Territory of Jammu & Kashmir are to be submitted to the Lieutenant Governor of the Union Territory, who shall cause them to be laid before the Legislature of the Union Territory. The Union Territory Finances Audit Report is prepared and submitted under Section 72 of Jammu and Kashmir Reorganisation Act 2019.

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

The current UT Finances Audit Report has been prepared for the period 31 October 2019 to 31 March 2020. Finance Accounts and Appropriation Accounts of the Union Territory constitute the core data for this report. Other sources include the following:

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

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

1.3 Report Structure

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

Table 1.1: Structure of Report

Chapter-I	Overview This chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and UTs fiscal position including the deficits/ surplus.
Chapter-II	Finances of the Union Territory of Jammu and Kashmir This chapter provides a broad perspective of the finances of the Union Territory of Jammu and Kashmir, debt profile and key Public Account transactions, based on the Finance Accounts of the Union Territory of Jammu and Kashmir for the period 31 October 2019 to 31 March 2020.
Chapter-III	Budgetary Management This chapter is based on the Appropriation Accounts of Union Territory of Jammu and Kashmir for the period 31 October 2019 to 31 March 2020 and reviews the appropriations and allocative priorities and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter-IV	<p>Quality of Accounts & Financial Reporting Practices</p> <p>This chapter comments on the quality of accounts rendered by various authorities of the Government of Union Territory of Jammu and Kashmir and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the Government.</p>
Chapter-V	<p>Observations on accounts of Union Territory of Ladakh</p> <p>This chapter contains observations on matters arising from examination of part of Finance Accounts and Appropriation Accounts pertaining to Union Territory of Ladakh and status of the Government's compliance with various financial rules, procedures and directives relating to Financial Reporting during the period.</p>

1.4 Overview of Government Accounts Structure and Budgetary Processes

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

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

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

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

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

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

Apart from above, all other public moneys received by or on behalf of the Lieutenant Governor, shall be credited to a Public Account entitled the Public Account of the UT of Jammu and Kashmir. The Public Account includes re payables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

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

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

Revenue Expenditure consists of all those expenditures of the government 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:

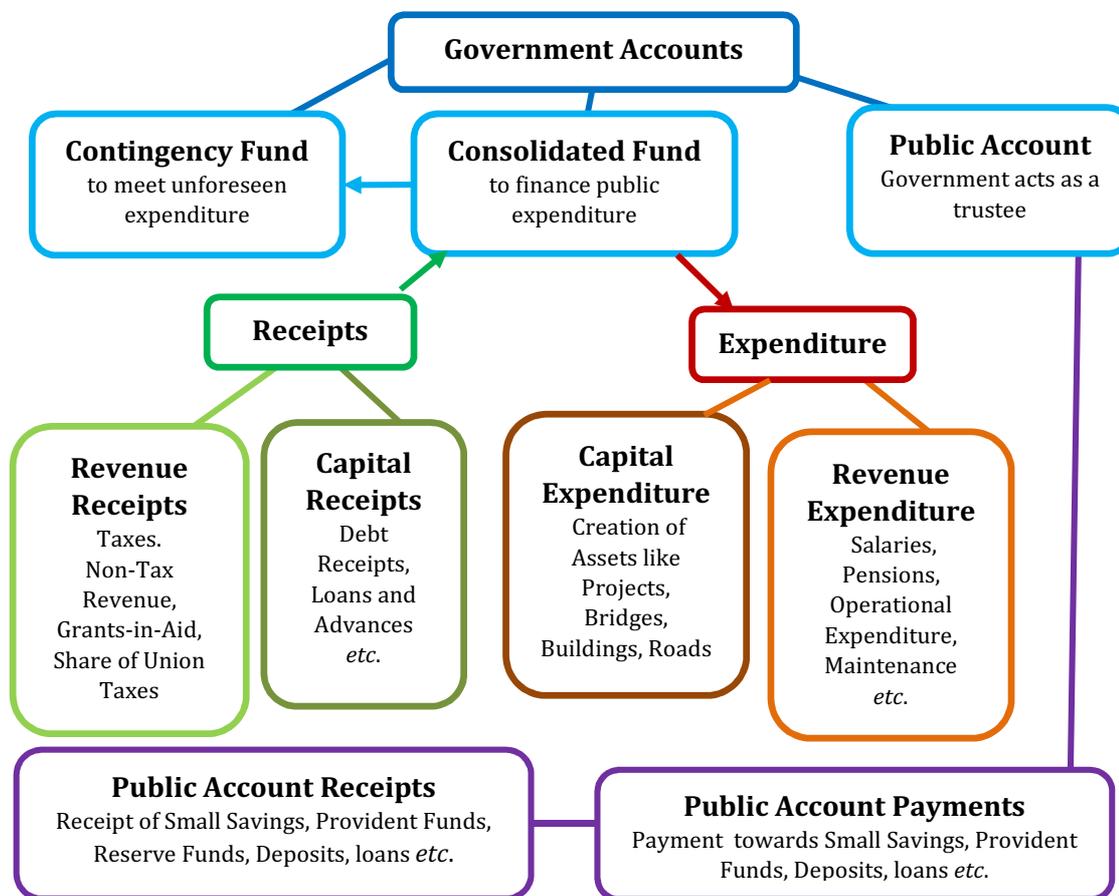
- **Debt Receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, etc.;
- **Non-Debt Receipts:** Proceeds from disinvestment, Recoveries of Loans and Advances;

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.

1.4.1 Structure of Government Accounts

Government finances comprises the following.

Chart 1.1: Structure of Government Accounts



1.5 Budgetary Processes

In terms of Section 41 of the Jammu and Kashmir Reorganisation Act 2019, the Lieutenant Governor of UT of Jammu and Kashmir shall cause to be laid before Legislative Assembly, a statement of the estimated receipts and expenditure of the UT in the form of an Annual Financial Statement. In terms of Section 42, the statement is submitted to the Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Section 43 to provide for appropriation of the required money out of the Consolidated Fund. The State of Jammu and Kashmir was reorganised and bifurcated as two Union Territories i.e. Union Territory of Jammu and Kashmir and Union Territory of Ladakh w.e.f. 31 October 2019.

In pursuance of the Gazette of India, Extraordinary, Part (II), Section 3, sub-section(ii), S.O. 3938(E) dated 31 October 2019 issued consequent to the Proclamation of President's Rule vide Gazette Notification S.O. 3937(E) dated 31 October 2019, under section 73 of the Jammu and Kashmir Reorganisation Act 2019 read with Articles 239 and 239A of the Constitution and section 74 of the Jammu & Kashmir Reorganisation Act, 2019, a bill was introduced for authorising the payment and appropriation of

certain sums for the period 31 October 2019 to 31 March 2020 out of the Consolidated Fund of the UT of the Jammu and Kashmir, which was approved by the Parliament in month of March 2020. The Annual Financial Statements (AFS) for the year 2020-21 in respect of U.T of Jammu & Kashmir recorded Budget Estimates/ Revised Estimates in respect of Union Territory of Jammu & Kashmir for five months which has been taken as Budget estimate for period 31 October 2019 to 31 March 2020 in this report. The bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the UT of Jammu and Kashmir, of the moneys required to meet the expenditure charged on the Consolidated Fund of UT of Jammu and Kashmir and the grants made for the expenditure of the UT of Ladakh, for part of financial year 31 October 2019 to 31 March 2020 was presented and passed by Parliament in March 2020 (Jammu and Kashmir Appropriation (No 03) Act of 2020).

1.5.1 Snapshot of Finances

The position of budget estimate and actuals (*Appendix 1.1*) have been shown in **Table 1.2**.

Table 1.2: Actuals vs Budget for the period 31 October 2019 to 31 March 2020 of UT of Jammu and Kashmir

(₹ in crore)

Sl. No.	Components	(Budget Estimate*)	(Actuals [@])	Percentage of Actual to B.E.
1	Own Tax Revenue	7,894 [^]	4,056	51.38
2	Own Non-Tax Revenue	3,432	2,063	60.11
3	Share of Union taxes/ duties	5,462	0	00.00
4	Grants-in-aid and Contributions	23,710	16,438	69.33
5	Revenue Receipts (1+2+3+4)	40,498	22,557	55.70
6	Recovery of Loans and Advances	5	2	40.00
7	Other Receipts	98	--	--
8	Borrowings and other Liabilities	5,691	5,620 [#]	98.75
9	Capital Receipts (6+7+8)	5,794	5,622	97.03
10	Total Receipts (5+9)	46,292	28,179	60.87
11	Revenue Expenditure	31,407	22,719	72.34
12	Interest payments	1,806	2,532	140.20
13	Capital Expenditure	14,885	5,460	36.68
14	Capital outlay	14,798	5,422	36.64
15	Loan and advances	87	38	43.68
16	Total Expenditure (11+13)	46,292	28,179	60.87
17	Revenue Surplus/Deficit (5-11)	9,091	(-)162	(-)1.78
18	Fiscal Deficit {16-(5+6+7)}	5,691	5,620	98.75
19	Primary Deficit (18-12)	(-)3,885	(-)3,088	79.49

*Budget estimates for the period 31 October 2019 to 31 March 2020 reflected in Budget 2020-21. @ Actual of U.T of Jammu and Kashmir. ^ Includes additional resource mobilisations ₹1,000 crore. # Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance

The borrowings during the period 31 October 2019 to 31 March 2020 was 99 *per cent* of the projection in the budget estimates. As per the Budget Estimates for the period 31 October 2019 to 31 March 2020, there was projection of Revenue Receipt of ₹40,498 crore and Revenue Expenditure of ₹31,407 crore. During this period, the Revenue Receipts was less by ₹17,941 crore (less by 44 *per cent*) and Revenue Expenditure was less by ₹8,688 crore (less by 28 *per cent*) as compared to the Budget Estimate. However, the Revenue Receipt was less than the Revenue Expenditure, which resulted in Revenue Deficit of ₹162 crore in accounts instead of Revenue Surplus of ₹9,091 crore projected in Budget Estimate. The decrease in Revenue Receipts was due to decrease under Own Tax Revenue (₹3,838 crore), Own Non Tax Revenue (₹1,369 crore), Share of Union Taxes (₹5,462 crore) and Grants in Aid from GoI (₹7,272 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 (31 October 2019 to 31 March 2020) gives an overview of sources and application of funds. Statements 1, 6 and 17 of the Finance Accounts 2019-20 (31 October 2019 to 31 March 2020) 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. An abstract of receipts and disbursements for the period is given in *Appendix 1.2*.

The Finance Accounts of the Government do not include a complete statement of all assets belonging to the 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 Union Territory Government and cash balances. The summarised position of Assets and Liabilities in respect of Union Territory of J&K for the period 31 October 2019 to 31 March 2020 is shown in table below.

Table 1.3: Summarised position of Assets and Liabilities in respect of Union Territory of J&K for the period 31 October 2019 to 31 March 2020.

(₹ in crore)

Liabilities			Assets		
Consolidated Fund					
A	Internal Debt	3,557	A	Gross Capital Outlay	5,422
B	Loans and Advances from GoI	(-)59	B	Loans and Advances	36
Contingency Fund		-	Contingency Fund		-
Public Account					
A	Small Savings, Provident Funds, etc.	1,042	A	Advances	-
B	Deposits	774	B	Remittance	-
C	Reserve Funds	187	C	Suspense and Miscellaneous	-
D	Remittances	1,398	Cash balance (including investment in Earmarked Fund)		1,482
E	Suspense and Misc. Balance	203	Total		6,940
Cumulative Excess of Receipts over Expenditure		-	Deficit in Revenue Account		162
Total		7,102	Total		7,102

In addition, there were assets and liability amounting to ₹1,05,056 crore of erstwhile State of Jammu & Kashmir ending 30 October 2019 which are yet to be distributed between Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

1.6 Fiscal Balance: Achievement of Deficit and Total Debt Targets

As per the Statements laid under FRBM Act in March 2020 in the Parliament by Union Territory of Jammu and Kashmir, no fiscal indicators-rolling targets were specified for the period from 31 October 2019 to 31 March 2020 in respect of UT of Jammu and Kashmir and UT of Ladakh.

1.6.1 Fiscal parameters of UT of Jammu and Kashmir

Revenue Deficits: The difference between revenue expenditure and revenue receipts is revenue deficit. The Union Territory of Jammu & Kashmir had revenue deficit of ₹162.09 crore during 31 October 2019 to 31 March 2020.

Fiscal Deficit: Fiscal deficit is the difference between the Government's total expenditure and its total receipts excluding borrowing. During the period 31 October 2019 to 31 March 2020 Union Territory of Jammu and Kashmir had Fiscal Deficit of ₹5,620.09 crore

Primary Deficit/ Surplus refers to fiscal deficit minus interest payments. During the period 31 October 2019 to 31 March 2020, there was Primary Deficit (PD) of ₹3,088.46 crore.

1.7 Deficits and Total Debt after examination in Audit

During the period 31 October 2019 to 31 March 2020, Revenue Deficit and Fiscal deficit were understated by ₹281.07 crore and ₹9.76 crore respectively, owing to misclassification of revenue expenditure as capital expenditure and short contribution to Defined Contribution Pension Scheme. Further, there was off budget borrowing of ₹0.73 crore as detailed in the following paragraphs.

1.7.1 Post audit - Deficits

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

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

Sl. No.	Item	Impact on Revenue Deficit (Understated (+)/ overstated(-)) (₹in crore)	Impact on Fiscal Deficit (Understated (+)/ overstated(-)) (₹in crore)
1	Grants-in-Aid classified as Capital Expenditure	32.02	-
2	Operating cost and transport/handling charges of food grains classified as Capital Expenditure	151.43	-
3	Stipend and Scholarship booked under Capital Expenditure	0.17	-
4	Subsidy booked under Capital Expenditure	87.69	-
5	Short contribution to Defined Contribution Pension Scheme	9.76	9.76
Total Net impact		281.07	9.76

Source: Finance Accounts

There was Revenue Deficit of ₹162.09 crore in the accounts of UT of Jammu & Kashmir during the period 31 October 2019 to 31 March 2020 which was understated by ₹271.31 crore due to misclassification of Revenue Expenditure as Capital Expenditure. Short contribution of ₹9.76 crore to Defined Contribution Pension Scheme made total impact of understatement of revenue deficit by ₹281.07 crore. Fiscal deficit was also understated by ₹9.76 crore due to short contribution to Defined Contribution Pension Scheme as shown in the table above.

1.7.2 Post audit – Total Public Debt

As per the FRBM Act 2006, the total liabilities mean liabilities under Consolidated Fund and Public Accounts, and also 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. An amount of ₹0.73 crore was raised during 31 October 2019 to 31 March 2020 by the J&K Power Development Department for Project Implementing Agency (Power Grid Corporation of India Limited) for implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana/ Deen Dayal Upadhyay Gram Jyoti Yojana. The repayment of this borrowing is being made by the UT Government Accounts. The liability on this account needs to be included in total liabilities.

Chapter-II

Finances of the Union Territory of Jammu and Kashmir

CHAPTER-II

FINANCES OF THE UNION TERRITORY OF JAMMU AND KASHMIR

This chapter provides a broad perspective of the finances of the Government of Union Territory (UT) of Jammu and Kashmir during the period 31 October 2019 to 31 March 2020.

2.1 Sources and Application of Funds

The components of the sources and application of funds during the period 31 October 2019 to 31 March 2020 are as under:

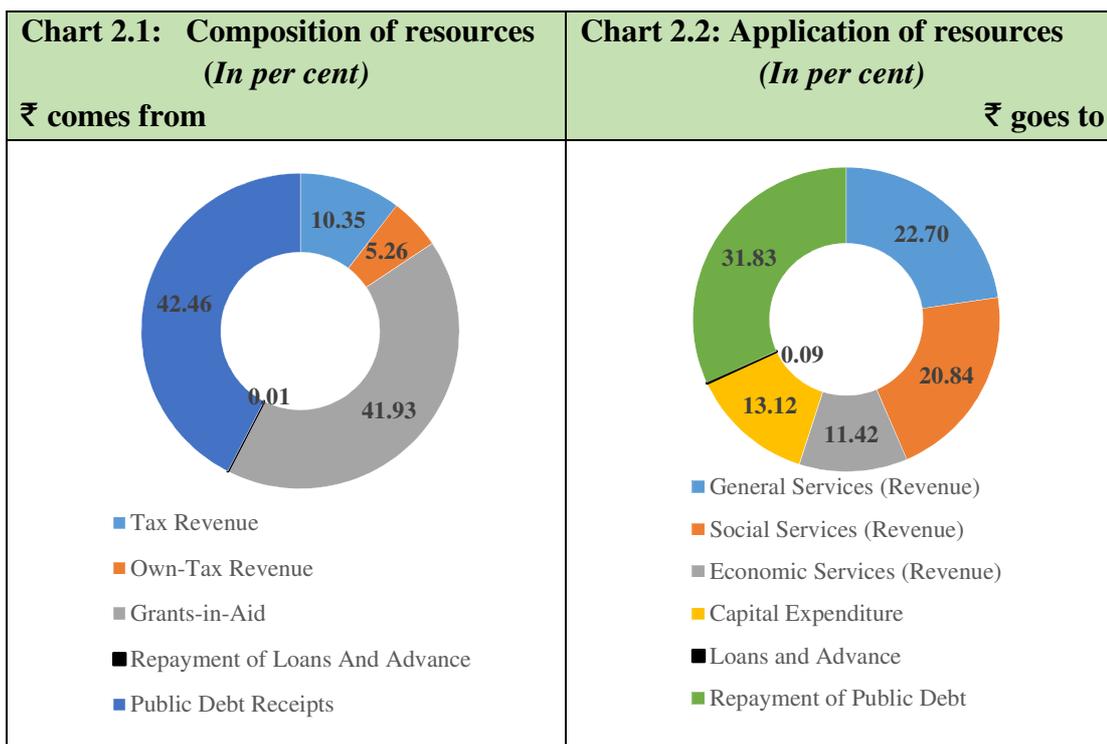
**Table 2.1: Details of Sources and Application of funds during the period
31 October 2019 to 31 March 2020**

(₹ in crore)

	Particulars	2019-20 (31/10/2019 to 31/03/2020) UT of J&K
Sources	Opening Cash Balance with RBI and other cash balances	0.00
	Revenue Receipts	22,557.34
	Recoveries of Loans and Advances	2.34
	Public Debt Receipts (Net)	3,498.03
	Public Account Receipts (Net)	3,604.34
	Total	29,662.05
Application	Revenue Expenditure	22,719.43
	Capital Expenditure	5,422.20
	Disbursement of Loans and Advances	38.14
	Closing Cash Balance with RBI and other cash balances	1,482.28
	Total	29,662.05

Revenue receipts is the biggest source of revenue and majority of resources are utilised towards Revenue Expenditure.

The composition of sources and application of funds in the Consolidated Fund of the Union Territory of Jammu and Kashmir during 2019-20 (31 October 2019 to 31 March 2020) is given in **Chart 2.1** and **Chart 2.2**.



Public Debt Receipts and Grants-in-Aid account for 84.39 *per cent* of resources of UT of Jammu and Kashmir. Repayment of Public Debt and Expenditure on General Services (Revenue) both together account for 54.53 *per cent* of total expenditure.

During 31 October 2019 to 31 March 2020, the revenue receipts of UT of Ladakh amounting to ₹92.71 crore were also part of the Consolidated fund of UT of Jammu and Kashmir and an amount of ₹175.99 crore on account of its expenditure was utilised from the fund, details of which have been given in Chapter 5.

2.2 Resources of the Union Territory (UT) of Jammu and Kashmir

The resources of the UT are described below:

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

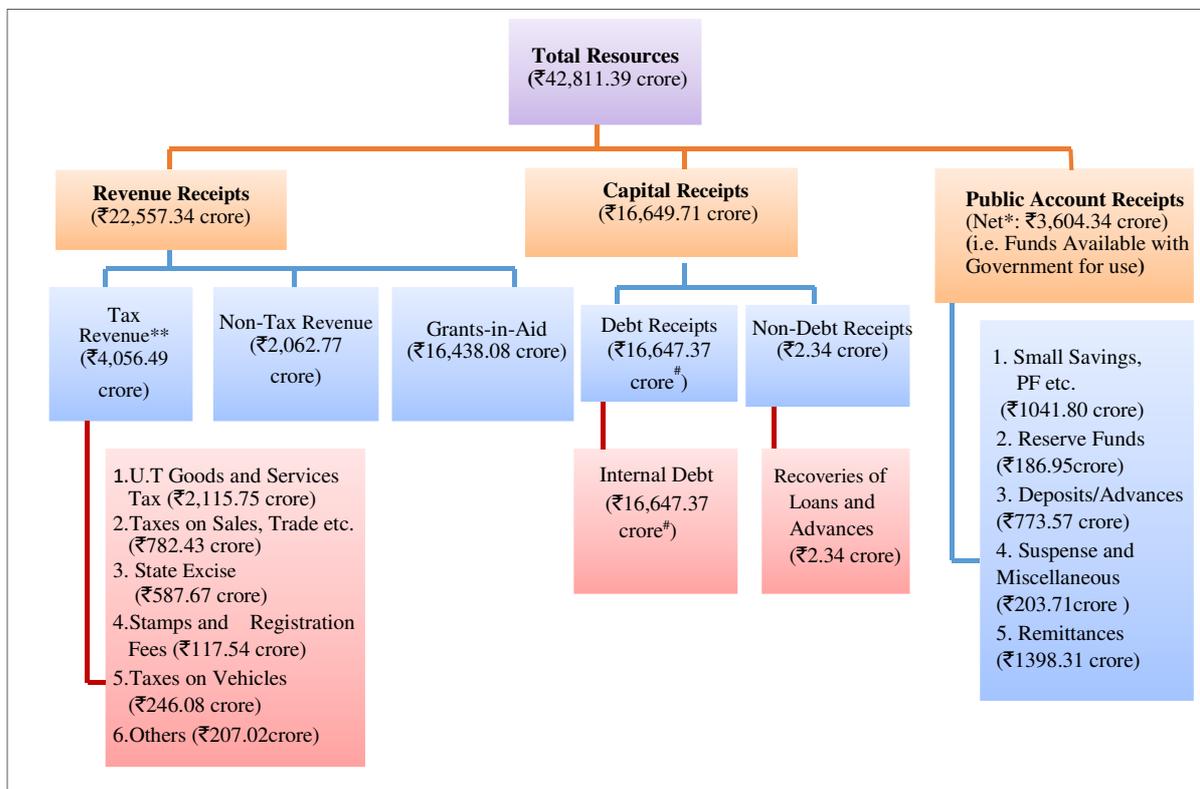
These are kept in the Public Account set up under Section 68(1) of the Jammu & Kashmir Reorganisation Act 2019 and are not subject to vote by the Union Territory's Legislature. Here, the Government acts as a banker.

The balance after disbursements is the fund available with the Government for use.

2.2.1 Receipts of the Union Territory

Revenue and Capital are the two streams of receipts that constitute the resources of the Union Territory Government. Revenue Receipts consist of Tax Revenues, Non-Tax Revenues, and Grants-in-Aid from the Government of India (GoI). Capital Receipts comprise Miscellaneous Capital Receipts such as proceeds from Disinvestments, Recoveries of Loans and Advances, Debt Receipts from internal sources (Market Loans, Borrowings from financial institutions/commercial banks) and Loans and Advances from GoI as well as accruals from Public Account. **Chart 2.3** shows the composition of resources of the Union Territory during the period 31 October 2019 to 31 March 2020.

Chart 2.3: Composition of receipts of the UT of Jammu and Kashmir during 2019-20 (31 October 2019 to 31 March 2020)



*Public Accounts Receipts Net (₹3,604.34 crore) = Public Accounts Receipts (₹11,364.19 crore) less Public Accounts Disbursements (₹7,759.85 crore) **does not include compensation of ₹1,247.28 crore received due to implementation of GST (included in GIA) # Includes Ways and Means Advance.

2.2.2 Union Territory's Revenue Receipts

During the period 31 October 2019 to 31 March 2020, various components of revenue receipts of UT of Jammu and Kashmir were as shown in **Table 2.2**.

Table 2.2: Components of Revenue Receipts during 31 October 2019 to 31 March 2020

Name of Components	2019-20 (31/10/2019 to 31/03/2020) UT of J&K	Percentage of Revenue Receipts
Revenue Receipts (RR) (₹ in crore)	22,557.34	
Own Tax Revenue (₹ in crore)	4,056.49	17.98
Non-Tax Revenue (₹ in crore)	2,062.77	9.15
Grants in Aid from GoI (₹ in crore)	16,438.08	72.87

Out of the total Revenue Receipts of ₹22,557.34 crore received during the period 31 October 2019 to 31 March 2020, the Grants-in-Aid from GoI (₹16,438.08 crore) constituted 72.87 per cent of the total amount.

2.2.2.1 Own Resources of UT of Jammu and Kashmir

The mobilisation of resources should be assessed in terms of own resources comprising revenue from own tax and non-tax sources. Details of the own tax revenue and non-tax revenue of the Union Territory during the period 31 October 2019 to 31 March 2020 are given in the following sub-paragraphs.

(A) Own Tax Revenue

Own tax revenue of the UT consists of GST, Excise Duty, Taxes on Vehicles, Stamp Duty and Registration fees, Land revenue, Taxes on Goods and Passengers, etc. Component wise breakup of Own tax revenue is shown in the table below.

Table 2.3: Components of Own Tax Revenue

(₹ in crore)

Revenue Head	2019-20 (31/10/2019 to 31/03/2020) UT of J&K	Percentage
UTGST	2,115.75	52.15
Sales Tax	782.43	19.28
UT excise	587.67	14.49
Taxes on vehicles	246.08	6.07
Taxes on goods and passengers	158.47	3.91
Stamp duty and Registration fees	117.54	2.90
Land revenue	48.32	1.19
Other taxes	0.23	0.01
Total	4,056.49	

Source: Finance Accounts for the period 31 October 2019 to 31 March 2020

During the period 31 October 2019 to 31 March 2020, Sales Tax and GST together constituted 71.43 per cent and revenue from excise duty constituted 14.49 per cent of Own Tax Revenue of UT of Jammu and Kashmir.

(B) UT Goods and Services Tax (UTGST)

As per the GST (Compensation to States) Act, 2017, States/ UT¹ 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. According to GST (Compensation to the States) Act 2017, Central Government will compensate the States/ UTs for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State/ UT 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/ UT shall be calculated by applying the projected growth rate (14 per cent per annum) over the base year revenue of that State. The protected revenue has been arrived at by applying growth rate of 14 per cent on the base year (2015-16) revenue of erstwhile State.

The protected revenue for the year 2019-20 in accordance with base year figure was ₹8,050.09 crore². The protected revenue for the period 31 October 2019 to 31 March 2020 was ₹3,354.20 crore. Against the protected revenue, the Revenue Receipt of the UT Government under GST including collection of taxes subsumed in GST during the period 31 October 2019 to 31 March 2020 remained at ₹2,283.26 crore as detailed in **Table 2.4**. Against the actual loss of ₹1,070.94 crore due to implementation of GST, the UT Government received compensation to the tune of ₹1,247.28 crore. It has resulted in excess compensation to the extent of ₹176.34 crore, as given in **Table 2.4**. During the period 31 October 2019 to 31 March 2020, the total collection under UTGST was ₹2,115.75 crore³.

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 received	Surplus (+)/ Deficit(-)
	1	2	3	4	5=(2+3+4)	6=(1-5)	7	8=(7-6)
Oct-19 (31-10-2019)	-	-	2.04	-	2.04	-2.04	-	2.04
Nov -19	670.84	0.66	159.55	198.83	359.04	311.80	-	(-)311.80
Dec-19	670.84	1.78	195.84	345.33	542.95	127.89	835.00	707.11
Jan-20	670.84	162.48	175.49	272.92	610.89	59.95	-	(-)59.95

¹ As per the Constitution 101 Amendment Act 2016, the State with reference to Articles 246,268,269,269A and Article 279 A includes UT with legislature.

² ₹4766.30 crore x (1+14/100)⁴ = ₹8,050.09 crore for 2019-20 and for one month will be ₹8,050.09 crore/12 = ₹670.84 crore

³ SGST collected (₹795.68 crore)+ Apportionment of IGST (₹1,320.07 crore)

Month	Monthly revenue to be protected [@]	Pre-GST collected#	UTGST collected *	Apportionment of IGST	Total amount received	Compensation to be received	Compensation received	Surplus (+)/ Deficit(-)
Feb-20	670.84	1.38	144.96	255.52	401.86	268.98	412.28	143.30
Mar-20	670.84	1.21	117.80	247.47	366.48	304.36	-	(-)304.36
Total	3,354.20	167.51	795.68	1,320.07	2,283.26	1,070.94	1,247.28	176.34

[@] The protected revenue has been arrived at by applying growth rate of 14 percent on the base year (2015-16) revenue of erstwhile State and not of bifurcated UTs.

Source: UT Government

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

(C) 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 31 October 2019 to 31 March 2020 were certified, as was done when records were manually maintained.

(D) Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. **Table 2.5** depicts components of Non-Tax Revenue of the Union Territory during the period 31 October 2019 to 31 March 2020.

Table 2.5: Components of UT's Non-Tax Revenue

(₹ in crore)

Revenue Head	2019-20 (31/10/2019 to 31/03/2020) UT of J&K	Percentage
Interest Receipts	9.24	0.45
Other Non-Tax Receipts	2,053.53	99.55
<i>a) Power Development Department</i>	<i>1,196.66</i>	<i>58.01</i>
<i>b) Major and Medium Irrigation</i>	<i>606.73</i>	<i>29.41</i>
<i>c) Pension and Misc. Gen Service</i>	<i>62.73</i>	<i>3.04</i>
<i>d) Water Supply and Sanitation</i>	<i>59.54</i>	<i>2.89</i>
<i>e) Police</i>	<i>35.85</i>	<i>1.74</i>
<i>f) Non-Ferrous Mining and Metallurgical Industries</i>	<i>14.61</i>	<i>0.71</i>
<i>g) Other Misc.</i>	<i>77.41</i>	<i>3.75</i>
Total	2,062.77	100.00

Source: Finance Accounts for the period 31 October 2019 to 31 March 2020

The receipts from the sale of Power, being a major constituent of Non-Tax Revenue constituted 58.01 per cent and Major and Medium Irrigation constituted 29.41 per cent of the Total Non-Tax Revenue during the period 31 October 2019 to 31 March 2020.

2.2.2.2 Transfers from the Centre

Transfers from the Centre constitutes Share of Union Taxes and Grant-in Aid from Government of India.

(A) Central Tax transfer

During the period 31 October 2019 to 31 March 2020, there was no devolution of taxes (share of Union Taxes) for UT of Jammu and Kashmir under 14th Finance Commission. However, revenue deficit grant, local bodies grants and SDRF grant to be receivable under 14th Finance Commission were received under Grants-in-Aid as Special assistance, from Ministry of Home Affairs, GoI.

(B) Grants-in-aid from GoI

The details of Grants-in-aid from Government of India are shown below:-

Table 2.6: Grants-in-aid from GoI

Head	(₹ in crore)	
	2019-20 (31/10/2019 to 31/03/2020) UT of J&K	
Grants for Centrally Sponsored Schemes (CSS)	3,406.82	
Other transfers/ Grants to States/ Union Territories with Legislature	13,031.26*	
Total	16,438.08	
Percentage of GIA to Revenue Receipts	72.87	

Source: Finance Accounts for the period 31 October 2019 to 31 March 2020. * includes ₹4,971.77 crore as share of taxes

Grants-in-Aid from GoI constituted 72.87 per cent of total Revenue Receipts of the Government of UT of Jammu and Kashmir, during the period 31 October 2019 to 31 March 2020. The Grants-in-Aid of ₹16,438.08 crore, also included the Grants-in-Aid released by GoI in respect of UT of Ladakh, as these were routed through Consolidated Fund of UT of Jammu & Kashmir. However, no amount on this account was transferred to UT of Ladakh during the period 31 October 2019 to 31 March 2020, by the UT of Jammu and Kashmir.

(C) Release of Grants for Local bodies

During 31 October 2019 to 31 March 2020, Government of UT of Jammu & Kashmir received an amount of ₹725 crore for Rural Local bodies as Special Assistance from Ministry of Home Affairs, Government of India. It was observed that said amount of ₹725 crore was not released to Rural Local bodies by the Government of UT of Jammu and Kashmir.

Apart from the above, an amount of ₹455.44 crore received under 14th Finance Commission for Rural local bodies till 30 October 2019, was outstanding with the erstwhile State Government Jammu and Kashmir. Out of this, an amount ₹42.94 crore was released during 31 October 2019 to 31 March 2020, leaving an amount of ₹412.50 crore as closing balance as on 31 March 2020 with the Government, which was not released to Rural local bodies.

2.3 UT's performance in Mobilisation of Resources

The UT's performance in mobilisation of resources is assessed in terms of its own resources comprising Own Tax and Non-Tax sources. The Union Territory of Jammu and Kashmir's Own Tax and Own Non-Tax Receipts for the year 2019-20 (31 October 2019 to 31 March 2020) *vis-à-vis* budget estimates are given below:

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

(₹ in crore)

	Budget Estimates*	Actual	Percentage of actual to Budget estimates
Own Tax Revenue	7,894 [^]	4,056	51.38
Non-Tax Revenue	3,432	2,063	60.11
Total	10,326	6,119	59.26

*Budget estimates for the period 31 October 2019 to 31 March 2020 reflected in Budget 2020-21. [^] Includes ₹1,000 crore Additional Resource Mobilisation

The collection under Own Tax Revenue fell short by 48.62 *per cent* of Budget Estimates and receipts under Own Non-Tax Revenue fell short by 39.89 *per cent* of the Budget Estimates. The UT's Own Resources (Own Tax Revenue and Own Non-Tax Revenue) of ₹6,119 crore during the period 31 October 2019 to 31 March 2020 was not enough to cover its committed expenditure (salaries & wages, interest payments and pension) of ₹15,335 crore for the same period.

2.4 Application of Resources

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

2.4.1 Composition of Expenditure

The composition of the total expenditure of ₹28,179.77 crore incurred during the period 31 October 2019 to 31 March 2020, is shown in **Table 2.8**.

Table 2.8: Total expenditure and its composition

(₹ in crore)

Parameters	2019-20 (31/10/2019 to 31/03/2020) UT of J&K	Percentage
Revenue Expenditure (RE)	22,719.43	80.62
Capital Expenditure (CE)	5,422.20	19.24
Loans and Advances	38.14	0.14
Total Expenditure (TE)	28,179.77	100.00

During the period 31 October 2019 to 31 March 2020, the share of capital expenditure was 80.62 per cent and Revenue Expenditure was 19.24 per cent of total expenditure.

Table 2.9: Relative share of various sectors of expenditure

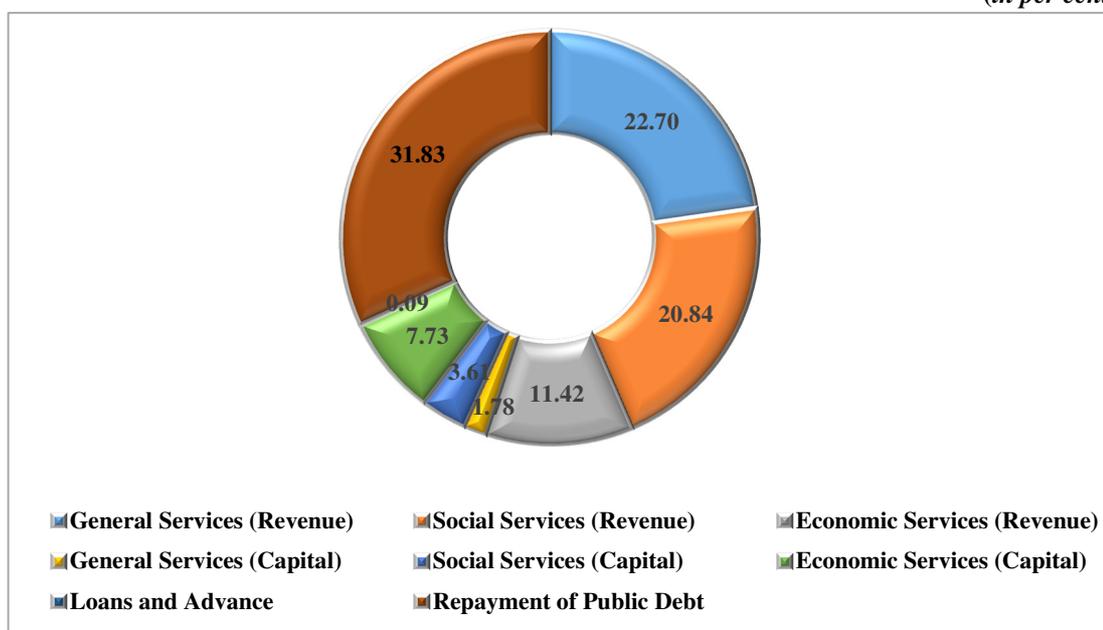
(₹ in crore)

Parameters	2019-20 (31/10/2019 to 31/03/2020) UT of J&K	Percentage
General Services	10,117.32	35.90
Social Services	10,107.67	35.87
Economic Services	7,916.64	28.09
Loans and Advances	38.14	0.14

The combined share of Social and Economic Services which represented Development Expenditure was 63.96 per cent of total expenditure during the period 31 October 2019 to 31 March 2020. 35.90 per cent of total expenditure was incurred on General Services.

Chart 2.4: Composition of expenditure

(in per cent)



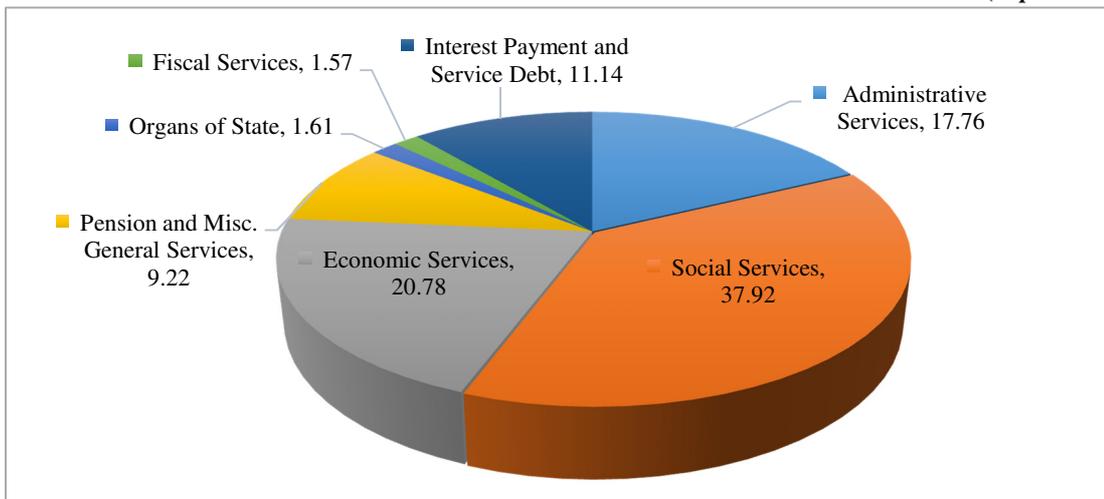
It can be seen from the chart that Repayment of Public debt account for 31.83 per cent and General Services account for 24.48 per cent of the total expenditure. Expenditure on Social and Economic Services account for 43.60 per cent of the total expenditure.

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 UT's infrastructure and service network. During the period 31 October 2019 to 31 March 2020, the Revenue Expenditure of UT of Jammu and Kashmir (₹22,719.43 crore) constituted 80.62 per cent of the Total Expenditure (₹28,179.77 crore), and was more than the Revenue Receipts of ₹22,557.34 crore during the period. The sector wise distribution of the Revenue expenditure during the period is shown in the **Chart 2.5**.

Chart 2.5: Sector wise distribution of Revenue Expenditure

(in per cent)



During the period 31 October 2019 to 31 March 2020, the combined share of revenue expenditure on Economic Services and Social Services accounted for 58.70 per cent and General Services accounted for 41.30 per cent of Revenue Expenditure. The expenditure on Administrative Services (17.76 per cent), Interest payments and Servicing of debts (11.14 per cent), Pension & Miscellaneous General Services (9.22 per cent) were the major components of expenditure on General Services.

2.4.2.1 Committed Expenditure

The committed expenditure of the UT Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It has first charge on Government resources.

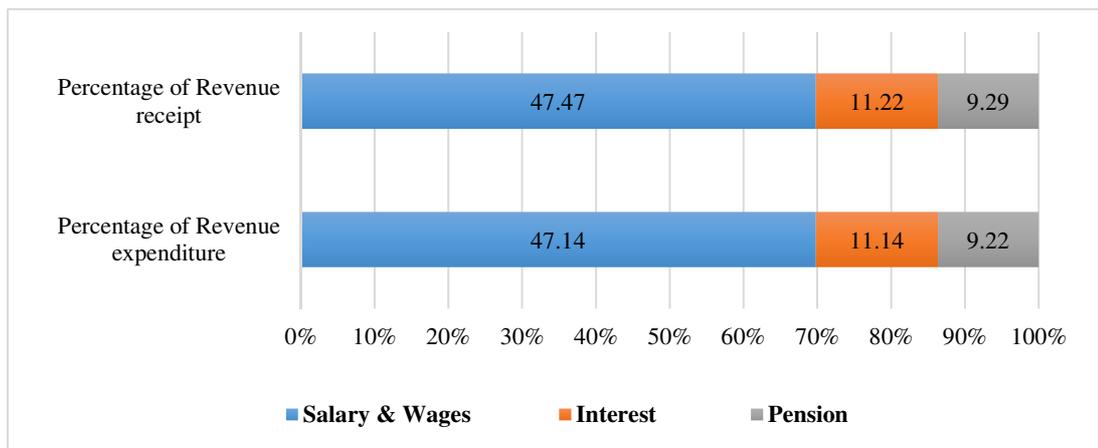
Table 2.10: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2019-20 (31/10/2019 to 31/03/2020) UT of J&K	Percentage with respect to Revenue Expenditure	Percentage with respect to Revenue Receipts
Salaries and Wages	10,708.03	47.14	47.47
Interest Payments	2,531.63	11.14	11.22
Expenditure on Pensions	2,095.31	9.22	9.29
Total	15,334.97	67.50	67.98

Chart 2.6: Percentage of Committed expenditure to total Revenue Expenditure and Revenue Receipts

(in per cent)



The committed expenditure constituted 67.50 per cent of Revenue Expenditure during the period 31 October 2019 to 31 March 2020. UT of Jammu and Kashmir's Own Tax Revenue and Own Non Tax Revenue of ₹6,119 crore during 31 October 2019 to 31 March 2020 was not enough to meet its committed expenditure. Committed expenditure consumed 68 per cent of Revenue receipts, resulting in only 32 per cent of resources being available for other expenditure.

2.4.2.2 Undischarged liabilities in National Pension System

Government employees recruited on or after 01 January 2010 are covered by the Defined Contribution Pension Scheme.

During the period 31 October 2019 to 31 March 2020, the Government of the UT of Jammu and Kashmir contributed an amount of ₹230.31 crore as Government share, against the employees' share of ₹240.07 crore contributed by the employees during the same period. Thus, there was short contribution by the Union Territory Government to the extent of ₹9.76 crore. The entire amount of ₹470.38 crore was transferred to the Minor Head 117- "Defined Contribution Pension Scheme for Government Employees" (New Pension Scheme) for the Government Employees under Major Head 8342- "Other Deposits". Out of ₹470.38 crore, ₹453.09 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 31 March 2020, an amount of ₹17.29 crore was lying under the Major Head 8342- "Other Deposits"-117"Defined Contribution Pension Scheme" (New Pension Scheme) for the Government Employees awaiting transfer to NSDL/Trustee Bank. There was also liability of ₹53.67 crore required for transfer to NSDL/Trustee Bank pertaining to erstwhile State of Jammu and Kashmir ended 30 October 2019 (pre re-organisation).

2.4.2.3 Subsidies

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

Table 2.11: Expenditure on subsidies during 2019-20 (31 October 2019 to 31 March 2020)

	2019-20 (31/10/2019 to 31/03/2020) UT of J&K
Subsidies (₹ in crore)	87.69
Subsidies as a percentage of Revenue Receipts	0.39
Subsidies as a percentage of Revenue Expenditure	0.39

The expenditure on subsidies by Union Territory of Jammu and Kashmir during 2019-20 (31 October 2019 to 31 March 2020) constituted 0.39 per cent of total Revenue Receipts (₹22,557.34 crore) and Revenue expenditure (₹22,719.43 crore) of Union Territory of Jammu & Kashmir. Horticulture Department was provided maximum subsidy (₹64.92 crore) which is 74 per cent of total expenditure on subsidy during the period 31 October 2019 to 31 March 2020.

2.4.2.4 Financial assistance by the UT Government to Local Bodies and other Institutions

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

Table 2.12: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2019-20 (31/10/2019 to 31/03/2020) UT of J&K
(A) Local Bodies	
Municipal Corporations and Municipalities	287.25
Total (A)	287.25
(B) Others	
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	728.61
Development Authorities	48.42
Other Institutions	2934.70
Total (B)	3,711.73
Total (A+B)	3,998.98
Revenue Expenditure	22,719.43
Assistance as percentage of Revenue Expenditure	17.60

Source: Finance Accounts

The assistance as percentage of Revenue Expenditure was 17.60 per cent during 31 October 2019 to 31 March 2020. 18.21 per cent of total financial assistance was provided to Educational Institutions.

2.4.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. The share of capital expenditure in total expenditure was 19.24 *per cent* during the period 31 October 2019 to 31 March 2020.

2.4.3.1 Quality of Capital Expenditure

This section presents an analysis of investments and other capital expenditure undertaken by the Government during the period 31 October 2019 to 31 March 2020.

2.4.3.2 Quality of investments in the Companies, Corporations and other Bodies

During the current reporting period, the UT of Jammu and Kashmir had drawn and booked ₹66.78 crore under Minor Head 190- Investment in Public Sector and other Undertakings. However, against the booked amount, PSUs concerned had shown an investment of ₹81.12 crore, thereby resulting in variation of ₹14.34 crore.

Out of total investment made, details of investment of ₹3.35 crore were awaited and the remaining investment of ₹77.77 crore has been made in entities which had incurred losses as per their last finalised accounts. The significant portion (73.95 *per cent*) of above investment amounting to ₹57.51 crore, has been invested in J&K State Road Transport Corporation which had not finalised its accounts since 2013-14 and had incurred losses of ₹92.90 crore as per its last finalised accounts.

In addition to above, Government of erstwhile State of Jammu and Kashmir had a cumulative investment of ₹3,428.04 crore in 37 Companies (₹2,959.71 crore), three Statutory Corporations (₹374.34 crore), eight Co-operative Institutions/ Local Bodies (₹47.83 crore), two Rural Banks (₹45.82 crore) and two Joint Stock Companies (₹0.34 crore) ending 30 October 2019 which had not been divided between Union Territory of Jammu & Kashmir and Union Territory of Ladakh. **Table 2.13** gives overall picture on investment and return on investment.

Table 2.13: Return on Investment

Investment/ Return/ Cost of Borrowings	2019-20 (31/10/2019 to 31/03/2020)* UT of J&K
Investment at the beginning of the year i.e on 31/10/2019 (₹ in crore)	Nil (3,428.04)
Addition during the period 31/10/2019 to 31/03/2020 (₹ in crore)	81.12
Disinvestment during the period 31/10/2019 to 31/03/2020 (₹ in crore)	Nil
Investment at the end of the year i.e 31/03/2020 (₹ in crore)	81.12 (3,428.04)
Return (₹ in crore)	Nil
Return (<i>per cent</i>)	Nil

*Figures in bracket shows position of erstwhile state which has to be apportioned between UT of J&K and UT of Ladakh
Source: Finance Accounts

2.4.3.3 Quantum of loans disbursed and recovered during the period 31 October 2019 to 31 March 2020

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing Loans and Advances to many of these institutions/ organisations. **Table 2.14** presents the position of Loans and Advances outstanding as on 31 March 2020, interest receipts *vis-à-vis* interest payments during the period 31 October 2019 to 31 March 2020.

Table 2.14: Quantum of loans disbursed and recovered during the period 31 October 2019 to 31 March 2020

(₹ in crore)

Quantum of loans disbursed and recovered	2019-20 (31/10/2019 to 31/03/2020)* UT of J&K
Opening Balance of loans outstanding	Nil (1,740.44)
Amount advanced during the period	38.14
Amount recovered during the period	2.34
Closing Balance of the loans outstanding	35.80 (1,740.44)
Net addition	35.80
Interest received on loans and Advances	Nil (0.31)

*Figures in bracket shows position of erstwhile state which has to be apportioned between UT of J&K and UT of Ladakh

Loans and Advances of ₹1,740.44 crore outstanding on 30 October 2019 are to be divided between UT of Jammu and Kashmir and UT of Ladakh. During the period 31 October 2019 to 31 March 2020, the Government of Union Territory Jammu and Kashmir disbursed Loans and Advances of ₹38.14 crore and recovered loans and advances amounting to ₹2.34 crore. Out of total loans of ₹38.14 crore disbursed, ₹23.00 crore was granted to Jammu and Kashmir State Road Transport Corporation Limited which already had outstanding loans of ₹383.73 crore ending 30 October 2019. No assessment about potential recoverability of these loans had been made in the FRBM Statements.

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 over 75 per cent of DISCOM debt as on September 2015 over two years i.e 50 per cent of DISCOM debt was to be taken 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 amounting to ₹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 from March 2022 to October 2031. The function of electricity supply to consumers was being handled departmentally in

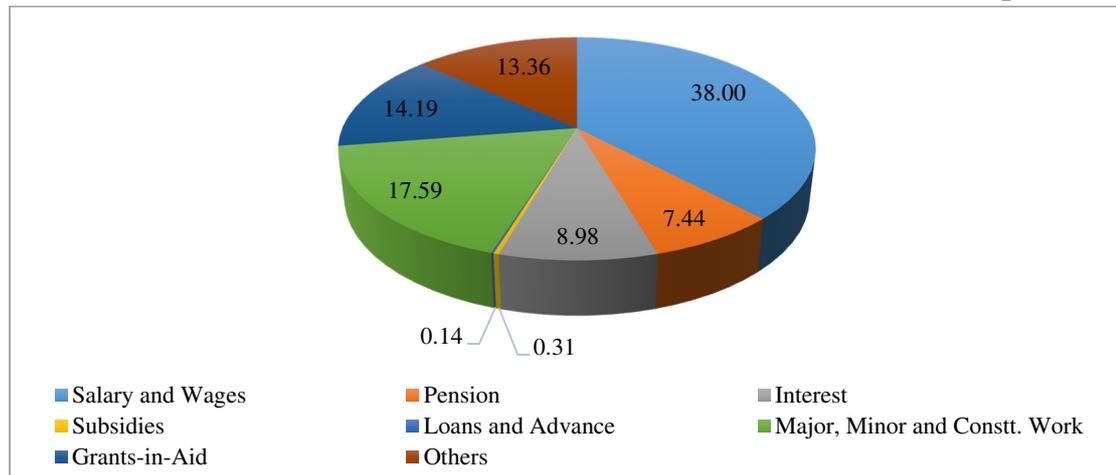
the erstwhile State, so this money was utilised by the State Government to clear liabilities of the Central Public Sector Undertakings (CPSU). The Government has to pay interest on the bonds and bonds amounting ₹353.755 crore will also be maturing every year from 2021-22 to 2031-32. During the period 31 October 2019 to 31 March 2020, UT Government paid ₹91.08 crore towards interest on bonds issued under UDAY Scheme. Even after using loans under UDAY for clearance of liability, there were unpaid bills on account of power of ₹6,403.57 crore payable by Jammu and Kashmir Power Development Department (JKPDD) as on 30 October 2019 and ₹2,465.16 crore payable by Jammu and Kashmir Power Corporation Limited (JKPCL) as on 31 March 2020.

2.4.4 Object Head wise Expenditure

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

Chart 2.7: Object head wise expenditure of UT of Jammu & Kashmir

(in per cent)



Expenditure on salary and wages by the Government of UT of Jammu and Kashmir accounted for 38 per cent and pension and gratuities accounted for 7.44 per cent of its total expenditure. Thus, more than 45 per cent of total expenditure was on Salary & Wages and Pension & gratuities.

2.5 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Section 68 of the Jammu & Kashmir Reorganisation Act 2019 and are not subject to vote by the Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account Balances

In respect of sums credited to the Public Accounts of the Union Territory of Jammu and Kashmir, the UT Government acts as a trustee or banker and bears a fiduciary liability. Major constituents of the Public Accounts are State Provident Fund, Insurance/Pension Funds, Reserve Funds, Deposits and Advances. Besides, the Public Accounts section of the Government Accounts is also used to record transitory and pass through transactions under Suspense and Miscellaneous and Remittance heads before their final accounting to appropriate receipt or payment head of account, and also cash balance transactions. **Table 2.15** given below shows component-wise net balances in Public Account of the UT.

Table 2.15: Component-wise net balances in Public Account at close of the year

(₹ in crore)

Sector	Sub Sector	2019-20 (31/10/2019 to 31/03/2020) UT of J&K
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-1,041.80
J. Reserve Funds	(a) Reserve Funds bearing Interest	-231.47
	(b) Reserve Funds not bearing Interest	44.52
K. Deposits and Advances	(a) Deposits bearing Interest	-312.36
	(b) Deposits not bearing Interest	-461.21
L. Suspense and Miscellaneous	(b) Suspense	-203.71
M. Remittances	(a) Money Orders, and other Remittances	-1,398.24
	(b) Inter- Governmental Adjustment Account	-0.07
Total		-3,604.34

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

The total credit balance under Public Accounts of UT of Jammu and Kashmir was ₹3,604.34 crore ending 31 March 2020. There was also a credit balance of ₹38,973 crore ending 30 October 2019 under Public Account of erstwhile State of Jammu and Kashmir which has to be bifurcated between UT of Jammu and Kashmir and UT of Ladakh.

The major change occurred in Small Savings, PF etc. and Remittances under Public Accounts during 31 October 2019 to 31 March 2020.

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the Government. These funds are met from contributions or grants from the Consolidated Fund of the UT of Jammu and Kashmir. The position of reserve funds in the accounts of Union Territory of Jammu and Kashmir is shown in the **Table 2.16**. The cumulative aggregate balance in these funds at the end of 30 October 2019 was ₹2,806 crore, which is yet to be bifurcated between two UTs. During the period

31 October 2019 to 31 March 2020, the balance under reserve funds of UT Jammu and Kashmir was ₹186.95 crore.

Table 2.16: Closing Balances under Reserve Funds as on 31 March 2020

(₹ in crore)

RESERVE FUNDS	2019-20 (31/10/2019 to 31/03/2020) UT of J&K
Reserve Funds Bearing interest	
State Disaster Response Fund	-176.90
State Compensatory Afforestation Fund	408.37
Total - Reserve Fund Bearing Interest	231.47
Reserve Funds Not Bearing interest	
Other Development and Welfare Funds	-50.88
General Insurance Fund (Janta Insurance)	4.03
Guarantee Redemption Fund	1.00
Other Funds	1.33
Total - Reserve Funds Not Bearing interest	-44.52
Total -Reserve Funds	186.95

Source: Finance Account

2.5.2.1 Consolidated Sinking Fund

The Government of erstwhile Jammu & Kashmir State 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 31 October 2019 to 31 March 2020, no amount was contributed to this Fund by the Union Territory Government as against required contribution of ₹27.50 crore, i.e. 0.50 per cent of total incremental liabilities of ₹5,500.35 crore during 31 October 2019 to 31 March 2020. This resulted in short contribution of ₹27.50 crore to the Fund.

Apart from the above, the contribution of ₹355.87 crore since inception of this fund till 30 October 2019, by erstwhile State of Jammu and Kashmir is yet to be apportioned between the successor UT of Jammu & Kashmir and UT of Ladakh. The balance under the Fund was not invested by the UT Government.

2.5.2.2 State Disaster Response Fund

During 31 October 2019 to 31 March 2020, no amount was released by the Government of India on account of SDRF. However, an amount of ₹134.41 crore (₹97.65 crore Central Share released by Ministry of Home Affairs, Government of India under “Other

Disaster Management Projects”, ₹10.85 crore Union Territory of J&K Share and ₹25.91 crore interest) was transferred to the Fund.

During 31 October 2019 to 31 March 2020, ₹311.31 crore (₹80.82 crore by deduct debit to MH-2245 and ₹230.49 crore directly from the Fund) was incurred on natural calamities, leaving a debit balance of ₹176.90 crore in the Fund as on 31 March 2020.

The debit balance is due to non-apportionment of closing balance of ₹1,271.48 crore under State Disaster Response Fund (SDRF) as on 30 October 2019, between the two successor Union Territories viz UT of Jammu & Kashmir and UT of Ladakh. An amount of ₹10.86 crore had been invested leaving net balance of ₹1,260.62 crore which was not invested.

2.5.2.3 Guarantee Redemption Fund

The UT Government of Jammu and Kashmir had given Guarantees aggregating to ₹1,324.54 crore (under reconciliation with Government as on December 2020) during the period 31 October 2019 to 31 March 2020. Further, there were also outstanding Guarantees of ₹452.07 crore as on 30 October 2019, which are yet to be apportioned (December 2020).

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

As per guidelines, the required amount of contribution to GRF for five months (31 October 2019 to 31 March 2020) cannot be assessed, as the Guarantees outstanding on 30 October 2019, are yet to be apportioned between the two new Union Territories viz Union Territory of Jammu & Kashmir and Union Territory of Ladakh (December 2020).

However, during 31 October 2019 to 31 March 2020, the UT Government of Jammu and Kashmir contributed ₹one crore towards the Fund. No amount was received as Guarantee Commission/ Fee during the period 31 October 2019 to 31 March 2020. The closing balance of the Fund as on 31 March 2020 was rupees one crore. There was also balance of ₹20.42 crore as on 30 October 2019 in the Fund, which is yet to be apportioned.

2.5.2.4 Central Road Fund (CRF)

The Central Road Fund was established in November 2000 by an Act of the Parliament for development and maintenance of National Highways, Rural Roads and State Roads including roads of Inter-State and economic importance and construction of roads. During 31 October 2019 to 31 March 2020, the Union Territory Government received from Central Government ₹49.48 crore grants for this Fund and expended ₹24.18 crore on works as specified in CRF Act. There is an un-utilised balance of ₹25.30 crore in the Fund as on 31 March 2020.

Further, there was ₹573.33 crore as on 30 October 2019 under the Fund which is yet to be apportioned between the two successor Union Territories viz UT of Jammu & Kashmir and UT of Ladakh.

2.6 Debt Management

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

2.6.1 Debt profile: Components

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

Table 2.17: Components of debt

(₹ in crore)

Particulars		2019-20 (31/10/2019 to 31/03/2020) UT of J&K
Outstanding Overall Debt		5,500.35
<i>Public Debt</i>	Internal debt	3,556.94
	Loans from Government of India	-58.91
<i>Liabilities on Public Account</i>		2,002.32
Total Debt Receipts		21,740.90
Total Debt Repayments		16,240.55
Total Debt Available		5,500.35
Debt Repayments/Debt Receipts (percentage)		74.70

Source : Finance Accounts , Note: Liabilities on public account is excluding liabilities under Suspense and Misc and Remittance Head

During the period 31 October 2019 to 31 March 2020, the total debt available after adjusting debt repayment was ₹5,500.35 crore. The debt repayment is 74.70 per cent of debt receipt for UT of Jammu & Kashmir. There was total outstanding debt of ₹5,500.35 crore ending 31 March 2020. In addition to above there is outstanding debt of ₹83,536.64 crore ending 30 October 2019 which is yet to be distributed between UT of Jammu & Kashmir and UT of Ladakh.

Chart 2.8: Break up of Outstanding Overall Debt of UT of Jammu and Kashmir at the end of the year 2019-20 (31 October 2019 to 31 March 2020)

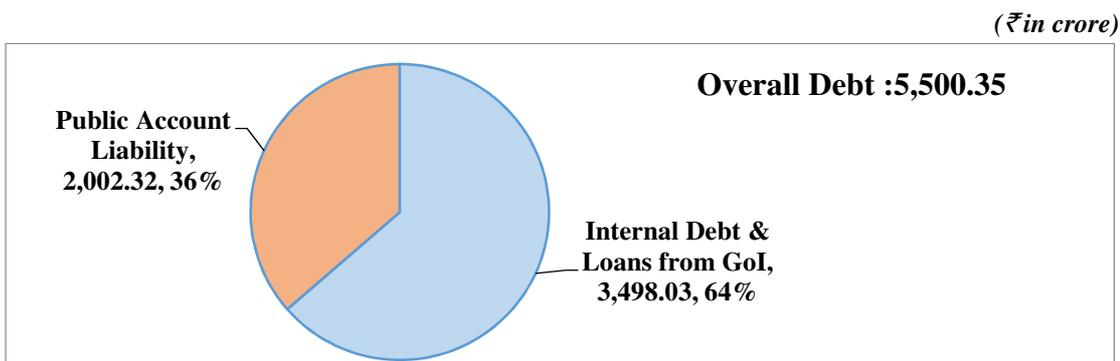
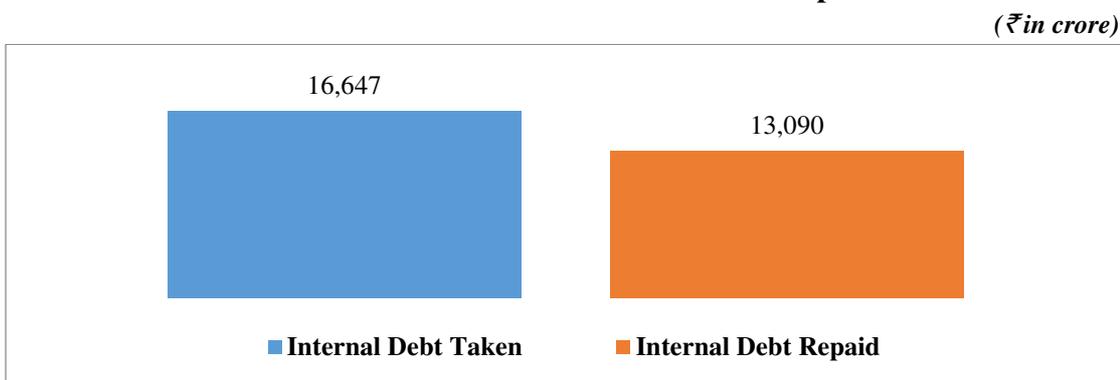


Chart 2.9: Internal debt taken vis-à-vis repaid



The percentage of Internal debt repaid to internal debt taken was 78.63 per cent during the period 31 October 2019 to 31 March 2020.

Table 2.18: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2019-20 (31/10/2019 to 31/03/2020) UT J&K
Composition of Fiscal Deficit		
1	Revenue Deficit	-162.09
2	Net Capital Expenditure	-5,422.20
3	Net Loans and Advances	-35.80
Financing Pattern of Fiscal Deficit		
1	Market Borrowings	3,415.92
2	Loans from GOI	-58.91
3	Special Securities issued to NSSF	-216.66
4	Loans from Financial Institutions	357.68
5	Small Savings, PF, etc.	1,041.80
6	Deposits and Advances	773.57
7	Suspense and Miscellaneous	203.71
8	Remittances	1,398.31
9	Reserve Fund	186.95
10	Overall Deficit	7,102.37
11	Increase/Decrease in cash balance	-1,482.28
12	Gross Fiscal Deficit	5,620.09

During 2019-20 (31 October 2019 to 31 March 2020) Union Territory of Jammu and Kashmir has fiscal deficit of ₹5,620.09 crore. Market borrowings, Small Savings, PF etc. and Remittances are major sources to finance Fiscal deficit.

Table 2.19: Receipts and Disbursements of UT of Jammu & Kashmir under components financing the fiscal deficit

(₹ in crore)

Particulars	Receipt	Disbursement	Net
1 Market Borrowings	3,986.00	570.08	3,415.92
2 Loans from GOI	0.00	58.91	-58.91
3 Special Securities issued to NSSF	0.00	216.66	-216.66
4 Loans from Financial Institutions	12,661.37	12,303.69	357.68
5 Small Savings, PF, etc.	2595.7	1553.9	1,041.80
6 Deposits and Advances	1,931.93	1,158.36	773.57
7 Suspense and Miscellaneous	4,002.79	3,799.08	203.71
8 Remittances	2,267.87	869.56	1,398.31
9 Reserve Fund	565.9	378.95	186.95
10 Overall Deficit	28,011.56	20,909.19	7,102.37
11 Increase/Decrease in cash balance	0.00	1,482.28	-1,482.28
12 Gross Fiscal Deficit	28,011.56	22,391.47	5,620.09

2.7 Debt Analysis

Table 2.20: Position of Outstanding Public debt

Particulars	2019-20 (31/10/2019 to 31/03/2020) UT of J&K
Outstanding Public Debt* (₹ in crore)	3,498.03 (46,666.22)
Percentage of Interest payment to Revenue Receipt	7.46
Percentage of Public Debt Repayment to Public Debt Receipt ⁴	78.99
Net Debt available to the UT [#] (₹ in crore)	1,815.38
Net Debt available as <i>per cent</i> to Debt Receipts	10.90

Source: Finance Accounts. Figure in bracket shows the outstanding Public Debt ending 30 October 2019 pertaining to erstwhile State of Jammu and Kashmir.

*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 UT Government is calculated as excess of Public Debt receipts over Public debt repayment and interest payment on Public Debt.

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

- Net Debt available during the period 31 October 2019 to 31 March 2020 was ₹1,815.38 crore. This was 10.90 *per cent* of Debt receipts during the period.
- Debt Repayments/Debt Receipts: During the period 31 October 2019 to 31 March 2020 debt repayment was 78.99 *per cent* of debt receipt. Only 21.01 *per cent* of debt receipt was available with the UT of J&K.
- Percentage of Interest payment to Revenue Receipt during the period 31 October 2019 to 31 March 2020 was 7.46 *per cent*.

⁴ Public Debt Repayment (₹13,149.34 crore) against Public Debt Receipt (₹16,647.37 crore)

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 2.21: Utilisation of borrowed funds during 31 October 2019 to 31 March 2020

		(₹ in crore)
Year		UT of J&K
Total Borrowings	1	16,647.37
Repayment of earlier borrowings (Principal)	2	13,149.34
Net capital expenditure	3	5,422.20
Net loans and advances	4	35.80
Portion of Revenue expenditure met out of net available borrowings	5=1-2-3-4	Nil

Source: Finance Accounts for the period 31 October 2019 to 31 March 2020

During (31 October 2019 to 31 March 2020), 78.99 per cent of borrowed funds were utilised towards repayment of earlier loans/ borrowed funds resulting in just 21.01 per cent of borrowed funds remained available for development works.

2.7.2 Status of Guarantees – Contingent Liabilities

The Union Territory Government has not enacted any specific Guarantee Act which would prescribe limit for the Guarantees to be given by the Union Territory Government and charging of Guarantee Commission/Fee thereupon. The total outstanding Guarantees given by the Union Territory Government as on 31 March 2020 aggregated to ₹1,324.54 crore (under reconciliation with Government as on December 2020). There is also outstanding Guarantees of ₹452.07 crore as on 30 October 2019 which is yet to be apportioned (December 2020). The Union Territory Government has not yet assessed the risks of the various Guarantees.

2.7.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, UT Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum amount on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/ Special Ways and Means Advances (SWMA)/ Overdrafts (OD) from time to time. The limit for ordinary WMA to the State/ UT Government are revised by the RBI from time to time.

The Government of Union Territory of Jammu and Kashmir maintained minimum cash balance on 21 days without resorting to Normal Ways and Means Advances and Overdraft and availed Normal Ways and Means Advance on 81 days and on 51 days it had to also avail Overdraft from RBI. The balance at the end of the 31 March 2020 was ₹295.18 crore (₹187.89 crore under Normal Ways and Means Advances and ₹107.29 crore under overdraft). There was also a balance of ₹6,92.11 crore (₹6,92.11 crore under Normal Ways and Means Advances and Nil under Overdraft) as

on 30 October 2019 which is yet to be apportioned between the successor Union Territories viz UT of Jammu & Kashmir and UT of Ladakh.

There was an amount of ₹383.92 crore ending 30 October 2019 under cash balance investment account which is yet to apportioned between two Union Territories. No amount was held in cash balance account by the Government of UT of Jammu and Kashmir during 31 October 2019 to 31 March 2020.

Table 2.22: Cash Balances and their investment during the period 31 October 2019 to 31 March 2020

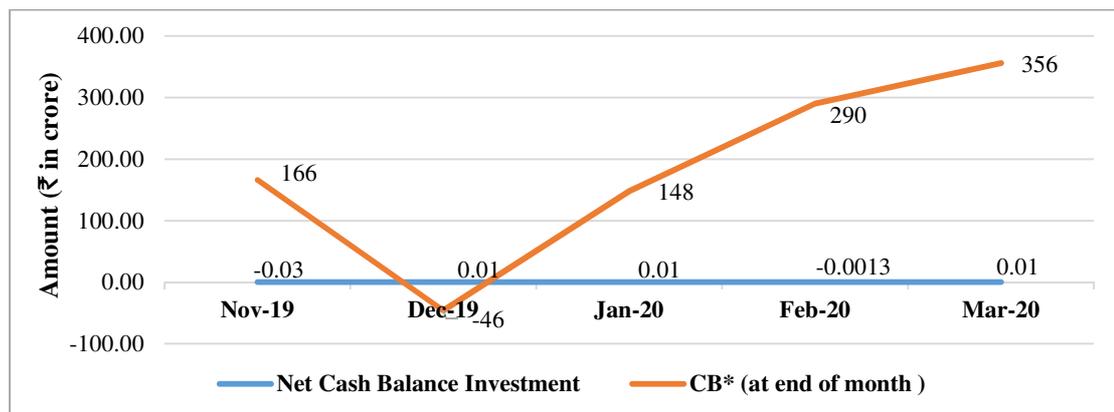
(₹ in crore)

	Opening balance on 31 October 2019	Closing balance on 31 March 2020 UT of JK
A. General Cash Balance		
Cash in treasuries	6.77	0 (6.77)
Deposits with Reserve Bank of India	(-)469.74	1,482.28 {(-)469.74}
Deposits with J&K Bank and other Banks	21.02	0 (21.02)
Remittances in transit – Local	-	0
Total	(-)441.95	1,482.28 {(-)441.95}
Investments held in Cash Balance investment account	383.92*	0 (383.92)*
Total (A)	(-)58.03	1,482.28 {(-)58.03}
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	4.97	0 (4.97)
Permanent advances for contingent expenditure with department officers	0.12	0 (0.12)
Investment in earmarked funds	10.86*	0 (10.86)*
Total (B)	15.95	0 (15.95)
Total (A + B)	(-)42.08	1,482.28 (-)42.08
Interest realised	-	0

Source: Finance Accounts * Detail awaited from Government (December 2020). Figure in bracket shows the amount outstanding ending 30 October 2019 pertaining to erstwhile State of Jammu and Kashmir.

Month wise movement of cash balances and net cash balance investments during the period 31 October 2019 to 31 March 2020.

Chart 2.10: Month wise movement of Cash Balances and net cash balance investments during the period 31 October 2019 to 31 March 2020



2.8 Conclusions

- During 31 October 2019 to 31 March 2020, there was Revenue Deficit of ₹162 crore.
- There was a Fiscal Deficit of ₹5,620 crore during 31 October 2019 to 31 March 2020.
- Revenue Expenditure constituted of 80.62 per cent of the Total Expenditure.
- Capital Expenditure of ₹5,422 crore constitute 19.24 per cent of Total Expenditure.
- Outstanding Public debt of ₹46,666 crore as on 30 October 2019, pertaining to the erstwhile State of Jammu and Kashmir, is yet to be bifurcated between the two successor UTs. Apart from this, there is also outstanding public debt to the tune of ₹3,498 crore pertaining to UT of Jammu and Kashmir as on 31 March 2020.
- UT of Jammu and Kashmir had total investment of ₹81.12 crore ending 31 March 2020 in Government Companies, Statutory Corporations Cooperative Institutions/Local bodies and Rural Banks and no return in the form of dividend was received during 31 October 2019 to 31 March 2020. There is also an investment of ₹3,428.04 crore made by the erstwhile State of Jammu and Kashmir which is yet to bifurcated between two Union Territories.
- The UT of Jammu and Kashmir had outstanding loans of ₹35.80 crore ending 31 March 2020. In addition to above, the erstwhile State had loans amounting ₹1,740.44 crore outstanding ending 30 October 2019 which are to be distributed between two successor UTs.
- The cumulative aggregate balance under Reserve funds as on 30 October 2019 was ₹2,806 crore, which is yet to be bifurcated between two successor UTs. The closing balance under Reserve funds of UT of Jammu and Kashmir was ₹186.95 crore at the end of the period 31 October 2019 to 31 March 2020.

2.9 Recommendations

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

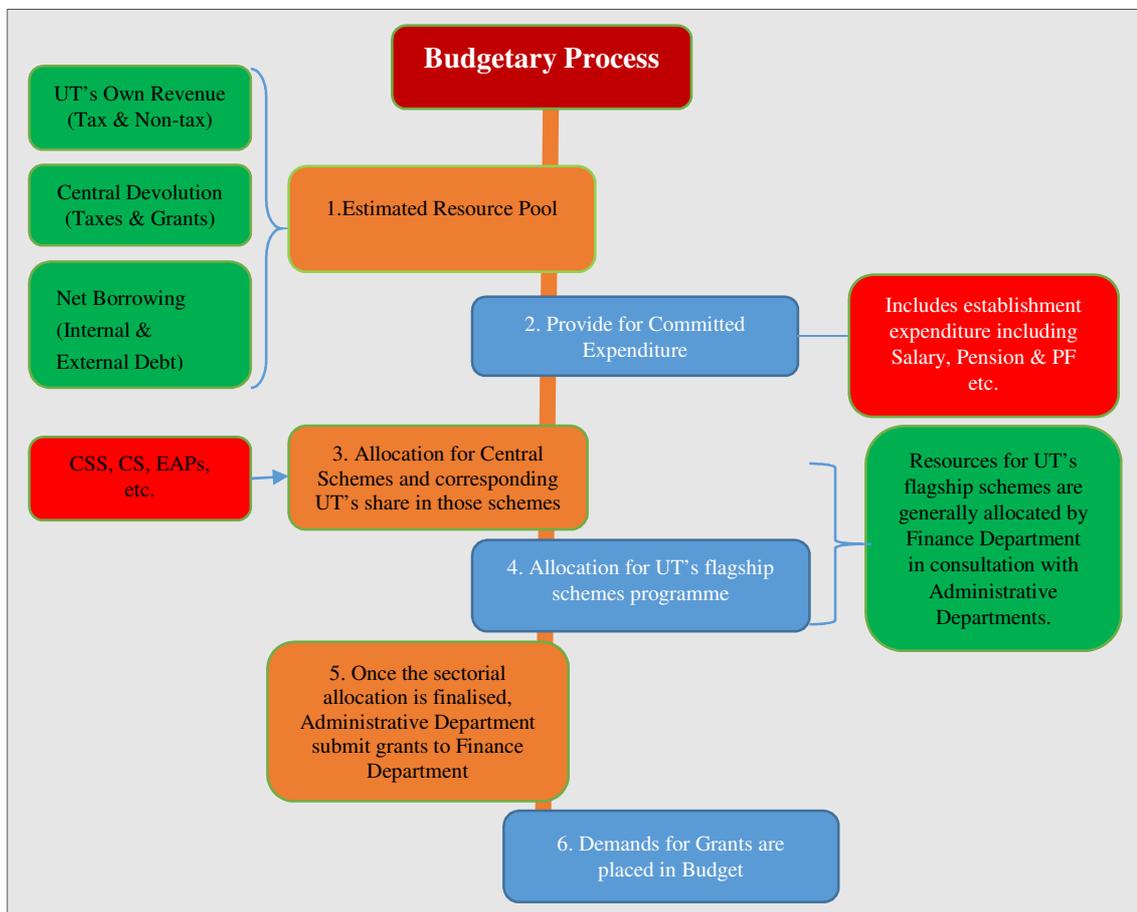
CHAPTER-III

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 schedule 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 6*. A typical budget preparation process is given in *Chart 3.1*.

Chart 3.1: Budget Process

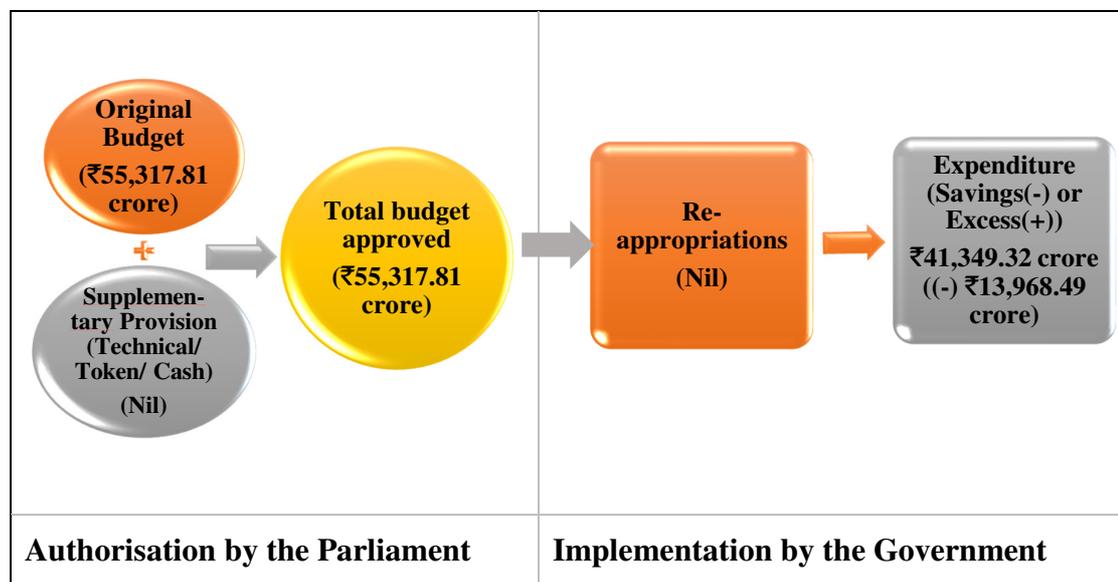


CSS: Centrally Sponsored Schemes; CS: Central Schemes.

In pursuance of Section 74 of the Jammu & Kashmir Re-organisation Act, 2019 the Hon'ble President of India had authorised the expenditure out of the Consolidated Fund of the Union Territory (UT) of the Jammu and Kashmir which was approved by the Parliament in the month of March 2020.

The various components of budget 2019-20 (31 October 2019 to 31 March 2020) are depicted in *Chart 3.2*.

Chart 3.2: Components of Budget



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

3.1.1 Summary of Total Provisions, Actual Disbursements and Savings during 2019-20 (31 October 2019 to 31 March 2020)

A summarised position of total budget provision, disbursement and saving/ excess with its further bifurcation into voted/charged during 2019-20 (31 October 2019 to 31 March 2020) is as under:

Table 3.1: Budget provision, disbursement and savings/excess during 2019-20 (31 October 2019 to 31 March 2020)

(₹ in crore)

Total Budget provision		Disbursements		Saving(-)/Excess(+)	
Voted	Charged	Voted	Charged	Voted	Charged
43,411.94	11,905.87	25,643.28	15,706.04	(-)17,768.66	(+)3,800.17

3.1.2 Charged and Voted disbursements

During the period 31 October 2019 to 31 March 2020, against the budget provision of ₹43,411.94 crore under the Voted section, expenditure of ₹25,643.28 crore has been incurred, resulting into saving of ₹17,768.66 crore. However, against the budget provision of ₹11,905.87 crore under the charged section, expenditure of ₹15,706.04 crore has been made resulting into excess expenditure of ₹3,800.17 crore during the same period, as shown in the table above.

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 except under appropriation made by law passed in accordance with the provisions of Section 43 of J&K Reorganisation Act 2019.

An expenditure of ₹257.71 crore was incurred under 79 schemes/ Sub Heads in 15 Grants (*Appendix 3.1*) without Budgetary Provisions during 2019-20 (31 October 2019 to 31 March 2020) which needs to be regularised.

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

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

During 31 October 2019 to 31 March 2020, a sum of ₹271.31 crore of Revenue expenditure as detailed below was disbursed under Capital Major Heads of expenditure, thereby, resulting in overstatement of Capital Expenditure and understatement of Revenue Expenditure and Revenue deficit to the extent of ₹271.31 crore.

Table 3.2: Classification of expenditure of revenue nature as capital expenditure

Sl. No.	Major Head(s) of Account	Type of Misclassification	Amount (₹ in crore)
1.	4210 & 4225	Grants-in-Aid classified as Capital Expenditure	32.02
2.	4235 & 4408	Operating cost and transport/handling charges of food grains classified as Capital Expenditure	151.43
3.	4250	Stipend and Scholarship booked as Capital expenditure	0.17
4.	4401 & 4851	Subsidy booked as Capital expenditure	87.69
		Total	271.31

3.4 Large Savings under Capital section not surrendered

As per the J&K 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. The following departments had savings in excess of ₹100 crore under Capital section during the period 31 October 2019 to 31 March 2020:

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

(₹in crore)

Sl. No.	Grant No.	Grant Name	Amount of Grant or Appropriation	Expenditure	Saving	Percentage of saving
1	2	Home Department	660.86	242.94	417.92	63
2	3	Planning Department	930.05	304.94	625.11	67
3	6	Power Development Department	1,535.98	185.21	1,350.77	88
4	7	Education Department	768.59	86.65	681.94	89
5	11	Industry and Commerce Department	487.97	152.50	335.47	69
6	12	Agriculture Department	318.97	175.96	143.01	45
7	16	Public Works Department	1,482.62	879.55	603.07	41
8	17	Health And Medical Education Department	792.86	396.24	396.62	50
9	18	Social Welfare Department	131.72	28.90	102.82	78
10	19	Housing and Urban Development Department	615.86	351.37	264.49	43
11	20	Tourism Department	259.36	89.24	170.12	66
12	22	Irrigation and Flood Control Department	595.06	137.75	457.31	77
13	23	Public Health Engineering Department	879.20	365.14	514.06	58
14	28	Rural Development Department-	2,009.98	684.13	1,325.85	66
15	32	Horticulture Department	387.22	164.42	222.8	58
16	33	Disaster Management Relief Rehabilitation and Reconstruction Department	151.70	2.84	148.86	98
Grand Total			12,008.00	4,247.78	7,760.22	

Source: Appropriation Accounts

Huge savings of ₹100 crore and above by the departments under Capital Section in 16 grants amounting to ₹7,760.22 crore indicate that the Government could not utilise the funds earmarked for developmental activities/creation of assets. Savings under Capital Section ranged between 41 per cent and 98 per cent of the total appropriation of the grant during 2019-20 (31 October 2019 to 31 March 2020).

3.4.1 Anticipated savings not surrendered

There were 34 grants in which savings of ₹ten crore and above had occurred as on 31 March 2020, which included 21 grants wherein savings of ₹100 crore and above were noticed. The savings ranged between eight *per cent* and 92 *per cent* of the total appropriation of the grant during 2019-20 (31 October 2019 to 31 March 2020). However, no surrender in anticipation of savings was made by the concerned departments. The savings in these cases was of the order of ₹16,125.36 crore. Relevant details are indicated in *Appendix 3.2*. The savings in grants indicates incorrect assessment of expenditure.

3.4.2 Percentage of utilisation of provision under each grant

Audit examination of utilisation of grants revealed that out of 35 grants, in 34 grants, the utilisation ranged between 15 *per cent* and 92 *per cent*. In the remaining one grant there was over utilisation of 13 *per cent* resulting in excess over provision during the period 31 October 2019 to 31 March 2020, as detailed in *Appendix 3.3*. Savings (underutilisation) by these departments is indicative of non-prioritising of schemes/works by the Government or inefficiency in implementation of schemes by the department concerned/implementing agencies. Overutilisation of grant indicates the incurring of excess expenditure over the budget provisions by the department during the period, which needs to be regularised, as per the existing rules and regulations.

3.4.3 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* to 10 *per cent* amounting to ₹65.16 crore in one grant, 10 *per cent* to 30 *per cent* amounting to ₹2,782.78 crore in nine grants, 30 *per cent* to 50 *per cent* amounting to ₹5,166.92 crore in 13 grants, 50 to 70 *per cent* amounting to ₹8,079.04 crore in 10 grants and 70 to 90 *per cent* amounting ₹31.47 crore in one grant.

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

3.5 Excess over provision requiring regularisation

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

Excess expenditure amounting to ₹3,875.61 crore (Revenue voted section: 01 grant, Capital voted section: 01 grant, Revenue charged section & Capital charged: 01 grant each) as detailed in *Appendix 3.4* has been incurred by the Government during the period 31 October 2019 to 31 March 2020, which needs to be regularised.

3.5.1 Regularisation of excess expenditure of previous financial years

Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, and the excess expenditure aggregating ₹1,24,004.41 crore for the years 1980-81 to 2019-20 (01 April 2019 to 30 October 2019) pertaining to the erstwhile State of Jammu and

Kashmir, as detailed in **Appendix 3.5** is yet to be regularised. Excess expenditure remaining un-regularised for such extended period vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.6 Grants-in-aid for creation of Capital Assets

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

As per IGAS 2, Grant-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorised by President on the advice of the Comptroller and Auditor General of India. It was noticed that there was booking of GIA as Capital expenditure during 2019-20 (31 October 2019 to 31 March 2020) as shown in the table below.

Table 3.4: Extent of classification of GIA as Capital Expenditure

(₹ in crore)

Item	2019-20 (31/10/2019 to 31/03/2020)
GIA booked as Capital Expenditure	32.02
Total Capital Expenditure	5422.20
Share of GIA in Capital Expenditure (In per cent)	0.59
Revenue Deficit (-)/ Revenue Surplus (+)	(-)162.09
Revenue Deficit (-) /Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	(-)194.11

Source: Finance Accounts for the period 31 October 2019 to 31 March 2020

During the period 31 October 2019 to 31 March 2020, the misclassification of GIA as Capital expenditure has resulted in understatement of Revenue Deficit by ₹32.02 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 ₹2,544.04 crore which constituted 15 per cent of total provision of ₹16,727.95 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.

Table 3.5: 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	2,416.30	1,574.26	16,727.95	15 per cent
		2049 - Interest payments	127.74	378.53		
		Total	2,544.04	1,952.79		

3.8 Comments on effectiveness of Budgetary and Accounting Process

3.8.1 Budget projection and gap between expectation and actual

The total provision for expenditure during 2019-20 (31 October 2019 to 31 March 2020) was ₹55,317.81 crore. The actual expenditure during the year was ₹41,349.32 crore (75 per cent). This resulted in savings of ₹13,968.49 crore during the period 31 October 2019 to 31 March 2020. The summarised position of actual expenditure during 2019-20 (31 October 2019 to 31 March 2020) against 35 grants/appropriations is given below:

Table 3.6: Summarised position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) provisions during 31 October 2019 to 31 March 2020

	Nature of expenditure	Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure	Net Saving (-) Excess(+)	Surrender during March 2020	
							Amount	per cent
Voted	I. Revenue	29,554.22	0.00	29,554.22	20,175.54	-9,378.68	Nil	Nil
	II. Capital	13,770.80	0.00	13,770.80	5,429.61	-8,341.19	Nil	Nil
	III. Loans & Advances	86.92	0.00	86.92	38.14*	-48.78	Nil	Nil
	Total	43,411.94	0.00	43,411.94	25,643.29	-17,768.65	Nil	Nil
Charged	IV. Revenue	1,852.64	0.00	1,852.64	2,556.69	+704.05	Nil	Nil
	V. Capital	0.00	0.00	0.00	0.00	0.00	Nil	Nil
	VI. Public Debt-Repayment	10,053.23	0.00	10,053.23	13,149.34	+3,096.11	Nil	Nil
	Total	11,905.87	0.00	11,905.87	15,706.03	+3,800.16	Nil	Nil
	Appropriation to Contingency Fund (if any)	0.00	0.00	0.00	0.00	0.00	Nil	Nil
	Grand Total	55,317.81	0.00	55,317.81	41,349.32	-13,968.49	Nil	Nil

Source: Appropriation Accounts * Finance Account Vol-1 (St.-7)

The savings in grants is indicative of incorrect assessment of expenditure.

3.9 Review of Selected Grants

A review of Budgetary Procedure and control over expenditure in two test checked grants (Grant No. 17 Health & Medical Education Department and Grant No. 33 Disaster Management, Relief and Rehabilitation Department) out of 35 grants was undertaken and the audit observations are given in the following paragraphs.

3.9.1 Grant No. 17: Health and Medical Education Department

Table 3.7: Savings during 2019-20 (31 October 2019 to 31 March 2020)

(₹ in crore)

Sl. No.	Major Head		Budget Allocation			Expenditure booked	Saving
			Original Grant	Supplementary Grant	Total		
1	2210	Medical & Public Health	2,058.50	0.00	2,058.50	1,674.78	383.72
2	2211	Family Welfare	111.01	0.00	111.01	79.86	31.15
Total Revenue Voted			2,169.51	0.00	2,169.51	1,754.64	414.87
3	4210	Capital Outlay on Medical and Public Health	792.86	0.00	792.86	396.24	396.62
Total Capital Voted			792.86	0.00	792.86	396.24	396.62
Grand Total			2,962.37	0.00	2,962.37	2,150.88	811.49 (27%)

(Percentage of total saving to total appropriation shown in the bracket)

- (i) Against budget/appropriation of ₹2,962.37 crore under the Grant, an expenditure of ₹2,150.88 crore was made during 2019-20 (31 October 2019 to 31 March 2020) and an amount of ₹811.49 crore (27 per cent) remained unspent during the period, which was not surrendered.
- (ii) As per section 43 of J&K Reorganisation Act 2019, no money shall be withdrawn from the Consolidated Fund of the UT except under appropriation made by law passed in accordance with the provisions of the section. An amount of ₹5.50 crore was incurred in nine cases (*Appendix 3.6*) without Budgetary Provision.
- (iii) Entire budget provision of ₹5.96 crore (*Appendix 3.7*) in three Sub Heads/Schemes remained unutilised. The provision could have been re-appropriated to the schemes/works where there was excess expenditure over the provision.
- (iv) As per State Budget Manual, the spending departments are required to surrender the Grant/Appropriation or portion thereof to the Finance Department as and when savings are anticipated. As on 31 March 2020, in 96 schemes (*Appendix 3.8*) savings of ₹867.52 crore was not surrendered by the concerned departments. The savings indicate that funds were not utilised for the sanctioned schemes.
- (v) Against the budget/appropriation of ₹346.07 crore under 29 sub heads/schemes, an expenditure of ₹402.78 crore was made (*Appendix 3.9*) during the period 31 October 2019 to 31 March 2020, resulting in excess expenditure of

₹56.71 crore. The excess expenditure indicates that the budgetary control in the department was ineffective.

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

Table 3.8: Savings during 2019-20 (31 October 2019 to 31 March 2020)

(₹ in crore)

Sl. No.	Major Head		Budget Allocation			Expenditure booked	Saving
			Original Grant	Supplementary Grant	Total		
1	2055	Police	303.31	0.00	303.31	199.38	103.93
2	2235	Social Security & Welfare	0.31	0.00	0.31	0.17	0.14
3	2245	Relief on Account of Natural Calamities	109.62	0.00	109.62	109.24	0.38
Total Revenue Voted			413.24	0.00	413.24	308.79	104.45
4	4235	Capital Outlay on Social Security and Welfare	151.70	0.00	151.70	2.84	148.86
Total Capital Voted			151.70	0.00	151.70	2.84	148.86
Total			564.94	0.00	564.94	311.63	253.31 (45%)

(Percentage of total saving to total appropriation shown in the bracket)

It was noted that against total allocation of ₹564.94 crore under the Grant, an expenditure of ₹311.63 crore has been booked and an amount of ₹253.31 crore (45 per cent) remained unspent during the period 31 October 2019 to 31 March 2020. This indicated that the department either made incorrect assessment of expenditure or did not disburse the amount for the sanctioned schemes, thus resulting in saving of ₹104.45 crore in Revenue Voted and ₹148.86 crore in Capital Voted section. The Major Head/Sector wise breakup is given in the table above.

Table 3.9: Less Expenditure (Saving) against the Provision

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Saving
1	2055	00	001	0099	1057	5.61	4.45	1.16
2	2055	00	117	0099	0872	10.06	5.96	4.10
3	2055	00	117	0099	1057	287.64	188.97	98.67
4	2235	01	001	0099	1064	0.31	0.17	0.14
5	2245	80	001	0099	1073	0.56	0.29	0.27
6	2245	80	102	0031	2334	0.56	0.45	0.11
7	4235	01	201	0011	2165	76.55	0.29	76.26
8	4235	01	201	0031	2165	75.15	2.55	72.60
Total						456.44	203.13	253.31

The savings of ₹253.31 crore under these Major Heads during 2019-20 (31 October 2019 to 31 March 2020) is indicative of over assessment of grant resulting in savings and also non-surrender of funds (savings) is in contravention of the instructions of the Budget Manual.

3.10 Conclusions

- The overall utilisation of budget was 25 *per cent* less than the total amount of grants and appropriations during the period 31 October 2019 to 31 March 2020. Out of total 35 grants, in 16 grants, savings were more than ₹100 crore in the capital section.
- Against the available provision of ₹43,411.94 crore under the Voted section, expenditure of ₹25,643.28 crore was incurred, resulting into saving of ₹17,768.66 crore whereas, against the provision of ₹11,905.87 crore under the charged section, expenditure of ₹15,706.04 crore was made, resulting into excess expenditure of ₹3,800.17 crore during the period 31 October 2019 to 31 March 2020.
- In 79 schemes/ Sub Heads involving 15 Grants, an amount of ₹257.71 crore was incurred without Budgetary Provisions during 31 October 2019 to 31 March 2020 which needs to be got regularised.
- In 34 grants, savings of ₹10 crore and above were noticed as on 31st March 2020, which included 21 grants wherein savings of ₹100 crore and above were noticed.
- Review of Grant No. 17- Health & Medical Education Department revealed that against budget/appropriation of ₹2,962.37 crore under the Grant, an expenditure of ₹2,150.88 crore was made resulting into savings ₹811.49 crore during 31 October 2019 to 31 March 2020. Further, in contravention to section 43 of J&K Reorganisation Act 2019, an amount of ₹5.50 crore was incurred in nine cases without Budgetary Provision.
- Review of Grant No. 33- Disaster Management, Relief and Rehabilitation Department revealed that against the budget allocation of ₹564.94 crore under the Grant, an expenditure of ₹311.63 crore was incurred and an amount of ₹253.31 crore (45 *per cent*) remained unspent during 2019-20 (31 October 2019 to 31 March 2020).

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 the approved 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 Union Territory Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

Issues related to completeness of accounts

4.1 Funds outside Consolidated Fund or Public Account of the Union Territory of J&K

Section 67 of Jammu & Kashmir Reorganisation Act 2019 envisages that all revenues received in the UT of Jammu and Kashmir by the Government of India or the Lieutenant Governor in relation to any matter, with respect to which the Legislative Assembly of the UT has power to make laws, and all grants made and all loans advanced to the UT from the Consolidated Fund of India and all loans raised by the GoI or the Lieutenant Governor of the UT of Jammu and Kashmir upon the security of the Consolidated Fund of the UT and all moneys received by the UT of Jammu and Kashmir in repayment of loans shall form one consolidated fund.

The Water Usage Charges are being levied at 05 paisa to 25 paisa per cubic meter 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 erstwhile State and purchase of power. As on 31 March 2020, an amount of ₹14.65 crore on account of water usage charges/interest was lying in the Water Usage Fund Account (Saving Bank Account) which remained out of Consolidated Fund of the Union Territory of Jammu and Kashmir.

The erstwhile 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 erstwhile 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 had become operative in the erstwhile State of

Jammu and Kashmir. 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 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.

The amount so deducted on account of Labour Cess was 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 31 March 2020 was ₹635.64 crore.

4.2 Funds Transferred Directly to Implementing Agencies

All assistance for Centrally Sponsored Schemes (CSS) needs to be transferred through Consolidated Fund of the Union Territory Government as per GoI's decision and not directly to the implementing agencies. However, as per Public Financial Management System (PFMS) portal of Controller General of Accounts (CGA), various Ministries/ Departments of the Central Government released Funds to the tune of ₹335.54 crore directly to the various Departments of the Union Territory Government of Jammu and Kashmir during the period from 31 October 2019 to 31 March 2020. Apart from the above, Central Government also released an amount of ₹460.48 crore directly to various Autonomous Bodies, Central Government Organisations, Societies etc.

The scheme where direct funding was more than ₹100 crore during the period 31 October 2019 to 31 March 2020 is given below:

Table 4.1: Funds transferred by Government of India directly to Implementing agencies

(₹in crore)

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agency	Government of India releases during 31/10/2019 to 31/03/2020
1	Pradhan Mantri Kissan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	263.62

4.3 Deposit of Local Funds

During the period 31 October 2019 to 31 March 2020, no amount was credited to Panchayat Fund and an amount of ₹236.68 crore was credited to Municipal Fund. An amount of ₹176.42 crore was expended from Municipal Fund, thereby leaving closing balance of ₹60.26 crore as on 31 March 2020.

Apart from the above, there was also a closing balance of ₹133.39 crore under Municipal Fund and ₹0.27 crore under Panchayat Fund ending 30 October 2019 in the accounts of erstwhile State of Jammu and Kashmir, which has to be apportioned between UT of Jammu and Kashmir and UT of Ladakh.

Table 4.2: Deposits of Local Funds

(₹ in crore)

Details		31/10/2019 to 31/03/2020*	
Panchayat Fund	(8448-109)	Opening Balance	Nil
		Receipt	Nil
		Expenditure	Nil
		Closing Balance	Nil (0.27)
Municipal Fund	(8448-102)	Opening Balance	Nil
		Receipt	236.68
		Expenditure	176.42
		Closing Balance	60.26 (133.39)

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

Issues related to transparency

4.4 Delay in Submission of Utilisation Certificates

The position of outstanding Utilisation Certificates (UCs) as on 31 March 2020 for the grants released by the government of the erstwhile State of Jammu & Kashmir up to 30 September 2018, which is yet to be apportioned is shown in the **Table 4.3**.

Table 4.3: Age-wise arrears in submission of Utilisation Certificates of erstwhile Jammu and Kashmir State

(₹ 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	3,261.45	44	712.20	1,370	5,972.99
2018-19	1,370	5,972.99	442	2,586.06	39	366.97	1,773	8,191.08
2019-20 (up to 30/09/2018)	1,773	8,191.08	432	2,250.50	0	0	2,205	10,441.58

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

2,205 number of Utilisation Certificates for grants paid up to 30 September 2019 amounting to ₹10,441.58 crore were outstanding up to 31 March 2020. Year wise breakup of outstanding UCs is shown below in **Table 4.4**.

Table 4.4: Year wise break up of outstanding UCs in respect of the erstwhile State of Jammu and Kashmir

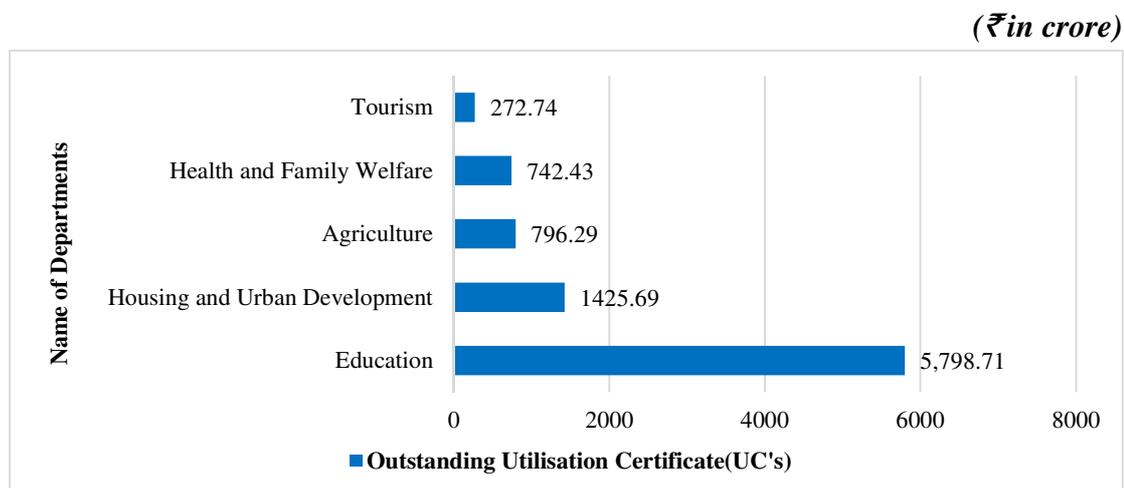
(₹ in crore)

Year*	Number of UCs	Amount
Up to 2017-18	1,370	5,972.99
2018-19	403	2,218.09
2019-20 (up to 30/04/2018)	256	1,163.41
2019-20 (up to 30/09/2018)	176 [#]	1,087.09
Total	2,205	10,441.58

* The year mentioned above relates to "Due year" i.e, after 18 months of actual drawal year; # drawn by 10 departments

Department wise breakup of outstanding UCs shows that 86.53 per cent of total amount of outstanding UCs pertained to five departments and 55.53 per cent of outstanding UCs pertained to Education Department only.

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



Non submission of the UCs meant that the authorities had not explained as to how funds were spent over the years. There was also no assurance that the intended objectives of providing these funds had 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 this aspect is monitored closely and concerned persons are held accountable for submission of UCs in a timely manner.

4.5 Abstract Contingent Bills

Detailed Countersigned Contingent bills for the amount drawn against Abstract Contingent bills is to be submitted to the Principal Accountant General within period of two months. An amount of ₹348.31 crore was drawn on 53 AC bills by various Drawing and Disbursing Officers between 31 October 2019 up to 31 January 2020, but corresponding DC bills were not submitted to the Pr. Accountant General (A&E), Jammu & Kashmir by due date i.e. 31 March 2020.

270 AC Bills amounting to ₹3,030.20 crore were drawn during 31 October 2019 to 31 March 2020. Out of 270 AC bills, 199 AC Bills amounting to ₹2,249.82 crore (74.25 per cent) were drawn in March 2020 alone and 102 AC Bills amounting to ₹1,738.72 crore (77.28 per cent) were drawn on the last day of March 2020. Expenditure against AC Bills in March indicate that the withdrawals were primarily to exhaust the Budget Provisions and reveals inadequate budgetary control. The majority of the bills were outstanding against six departments as on 31 March 2020. The department wise position is as under:-

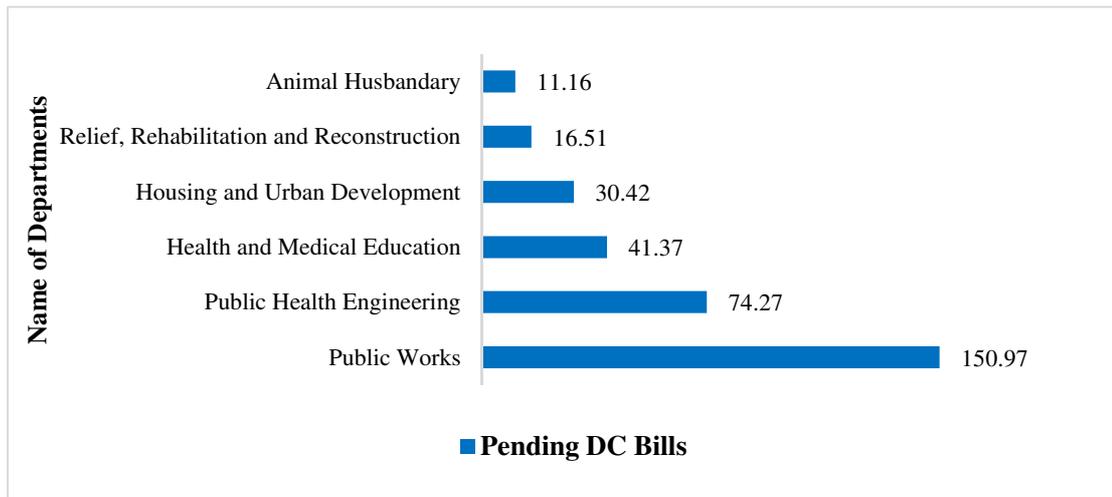
Table 4.5: Outstanding DC Bills from Departments of UT of Jammu & Kashmir
(₹ in crore)

Sl. No.	Name of the Department	Amount Outstanding	Percentage of total outstanding amount of ₹348.31 crore as on 31 March 2020
1.	Public Works	150.97	43.34
2.	Public Health Engineering	74.27	21.32
3.	Health & Medical Education	41.37	11.88
4.	Housing & Urban Development	30.42	8.73
5.	Relief, Rehabilitation and Reconstruction	16.51	4.74
6.	Animal Husbandry	11.16	3.20
	Total	324.70	93.21

Source: Finance Accounts for the period 31 October 2019 to 31 March 2020

Chart 4.2: Pending DC Bills in respect of Major Departments of UT of Jammu and Kashmir

(₹ in crore)



There were 2,287 number of outstanding DC bills amounting to ₹7,219.07 crore pertaining to erstwhile State of Jammu and Kashmir which are yet to be bifurcated between UT of J&K and UT of Ladakh. Majority of these DC Bills were awaited from seven Departments.

Table 4.6: DC bills awaited from Departments of erstwhile State of Jammu & Kashmir

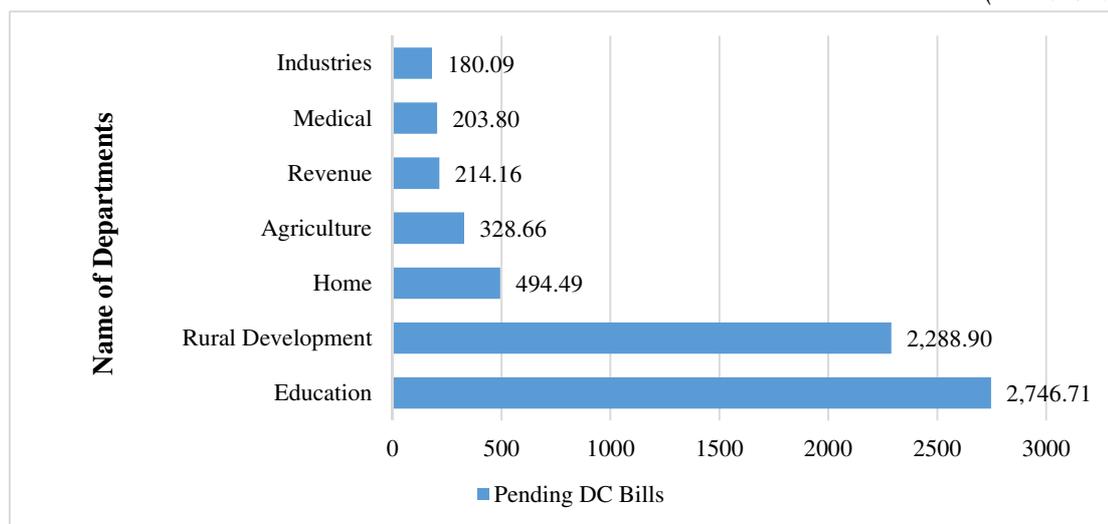
(₹ in crore)

Sl. No.	Name of the Department	Amount Outstanding	Percentage of total outstanding amount of ₹ 7,219.07 crore as on 31 March 2020
1.	Education	2,746.71	38.05
2.	Rural Development	2,288.90	31.71
3.	Home	494.49	6.85
4.	Agriculture	328.66	4.55
5.	Medical	203.80	3.20
6.	Revenue	214.16	2.97
7.	Industries	180.09	2.49
	Total	6,456.81	89.82

Source: Finance Accounts for the period 31 October 2019 to 31 March 2020.

Chart 4.3: Pending DC Bills in respect of major Departments of erstwhile State which are to be bifurcated between UT of J&K and UT of Ladakh.

(₹ in crore)



The department wise breakup of pending DC bills shows that 89.82 per cent of total amount of pending bills are awaited from above noted seven departments. Education Department and Rural Development Department were major defaulter, and had pending DC bills of maximum amount. Advances drawn and not accounted for increased the possibility of wastage/misappropriation/malfeasance, etc. Necessary steps need to be taken to ensure adjustment of the advances drawn on the contingent bills within the stipulated period, as required under the extant rules.

4.6 Indiscriminate use of Minor Head-800

Minor Head-800-Other Receipts/Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided in the Accounts. Routine operation of Minor Head-800 for budgeting and accounting renders the accounts opaque without identifying the Receipt/Expenditure (as the case may be) to its

appropriate object of Revenue or Expenditure. During the period 31 October 2019 to 31 March 2020, ₹1,962.50 crore (including Revenue Receipt of ₹1,196.66 crore representing Sale of Power and Misc. Power Receipts under Major Head-0801) under 37 Revenue Major Heads of Accounts constituting about 8.70 *per cent* of the total Revenue Receipts of ₹22,557.34 crore, was recorded under the Minor Head-800-‘Other Receipts’. Similarly, Expenditure of ₹2,647.03 crore under 47 Major Heads of Accounts constituting about 9.41 *per cent* of total Expenditure of ₹28,141.63 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/booked under the Minor Head-800-Other Receipts/Expenditure are shown in **Table 4.7** and **4.8**.

Table 4.7: Significant expenditure booked under Minor Head 800 – Other Expenditure during the period 2019-20 (31 October 2019 to 31 March 2020)

(₹ in crore)

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
2054-Treasury and Accounts Administration	205.18	157.96	76.99
2211-Family Welfare	79.86	58.73	73.54
3452-Tourism	96.31	49.53	51.43
4070-Capital Outlay on Other Administrative Services	4.14	4.14	100.00
4075-Capital Outlay on Miscellaneous General Services	69.23	69.23	100.00
4216-Capital Outlay on Housing	5.23	3.23	61.76
4225- Capital Outlay on Welfare of SC/ST/OBC and Minorities	16.37	16.37	100.00
4236- Capital Outlay on Nutrition	19.79	19.79	100.00
4401-Capital Outlay on Crop Husbandry	296.59	169.15	57.03
4405-Capital Outlay on Fisheries	6.91	6.91	100.00
4406- Capital Outlay on Forestry and Wildlife	27.54	15.94	57.88
5452- Capital Outlay on Tourism	103.37	103.37	100.00
5475- Capital Outlay on Other General Economic Services	748.39	748.00	99.95

Table 4.8: Significant receipts booked under Minor Head 800 – Other Receipts during 2019-20 (31 October 2019 to 31 March 2020)

(₹ in crore)

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
0049-Interest Receipt	9.24	8.85	95.78
0059-Public Works	7.96	4.76	59.80
0070-Other Administrative Services	13.78	7.62	55.30
0217-Urban Development	2.18	2.18	100.00
0235-Social Security and Welfare	1.44	1.44	100.00
0701-Major and Medium Irrigation	606.73	606.67	99.99
0702-Minor Irrigation	1.95	1.95	100.00
0801-Power	1,196.66	1,196.66	100.00

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 ensuring accuracy and transparency in Accounts.

Issues related to measurement

4.7 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 4.9: Balances under Suspense and Remittances

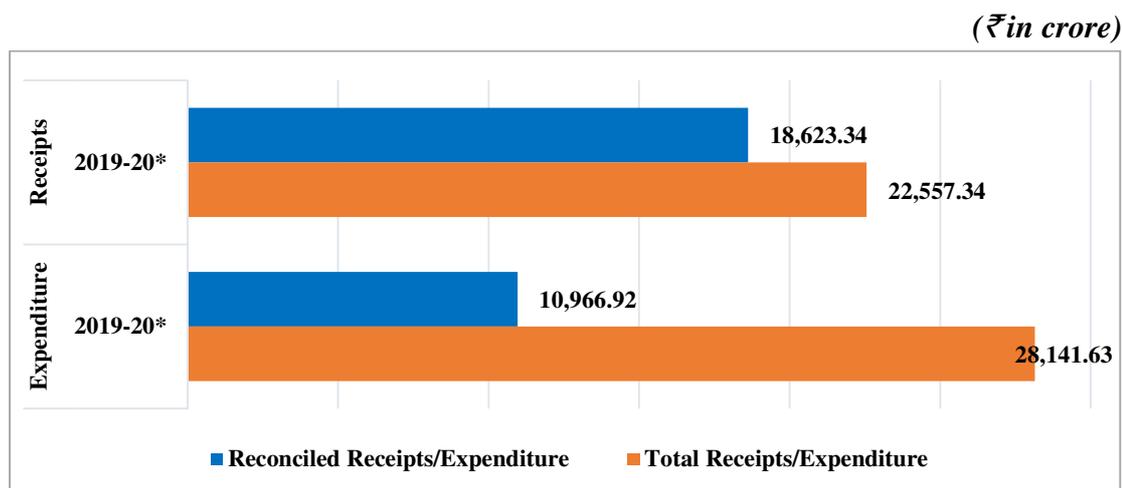
Minor Head	31 October 2019 to 31 March 2020		
	(Dr)	(Cr)	Net (Dr /Cr.)
8658- Suspense Account-			
(₹ in crore)			
101-PAO Suspense	14.70	0.24	14.46 (Dr)
102-Suspense Account (Civil)	5.51	2.26	3.25 (Dr)
109-RBI Suspense (Hqrs)	0.15	0.05	0.10 (Dr)
110-RBI Suspense (Central Accounts)	0.33	0.42	0.09 (Dr)
112-Tax Deducted at Source (TDS) Suspense	-	221.91	221.91(Cr)
139-GST- Tax Deducted at Source Suspense	1.32	0.99	0.33 (Dr)
8782- Cash Remittance and Adjustments between officers rendering accounts to same Accountant General / Accounts Officers			
110-Misc Remittances	-	1,398.24	1398.24 (Cr)
8793-Inter State Suspense Account	0.10	0.17	0.07

4.8 Non-reconciliation of Departmental Figures

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the receipts and expenditure during the financial year recorded in their books be

reconciled by them every month with that recorded in the books of the Pr. 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 may result in misclassification and incorrect booking of receipts and expenditure in the accounts, which will defeat the very objective of budgetary process.

Chart 4.4: Status of reconciliation during the period 31 October 2019 to 31 March 2020



*2019-20 (31 October 2019 to 31 March 2020)

During 2019-2020 (31 October 2019 to 31 March 2020), 214 of the 359 Controlling Officers reconciled Receipts of ₹18,623.34 crore (82.56 per cent of the total Revenue Receipts of ₹22,557.34 crore excluding Public Debt) and Expenditure of ₹10,966.92 crore (38.97 per cent of total Expenditure of ₹28,141.63 crore excluding Public Debt). The UT of Jammu and Kashmir had only one Cyber Treasury for the purpose of Union Territory Goods and Services Tax. During the period from 31 October 2019 to 31 March 2020 reconciliation of UTGST could not be conducted with the Cyber Treasury as there is no mechanism to generate the Memorandum of Error by the Treasury. Though, the matter stands taken up with the Government and RBI, however, the response is awaited (December 2020).

Table 4.10: Status of Reconciliation of Receipts and Expenditure figures

Period	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all
Receipts				
31/10/2019 to 31/03/2020	359	214	Nil	145
Expenditure				
31/10/2019 to 31/03/2020	359	214	Nil	145

During the period (31 October 2019 to 31 March 2020) 40.39 per cent of total controlling officers did not reconcile receipts/expenditure. Government needs to improve reconciliation to have accurate picture of accounts.

4.9 Reconciliation of Cash Balances

There is a net difference of ₹0.58 crore (Credit) as on 31 March 2020 (31 October 2019 to 31 March 2020) between the Cash Balance of the UT Government with Reserve Bank of India (RBI), as reflected in books of Pr. Accountant General (₹1,482.28 crore) and that as reported by the RBI (₹1,482.86 crore), as worked out by Pr. Accountant General by excluding the transactions from 1 April 2019 to 30 October 2019 and transactions relating to UT of Ladakh from 31 October 2019 to 31 March 2020. There was also a net difference of ₹83.32 crore (Credit) between RBI and Accountant General figures as on 30 October 2019, which is yet to be apportioned between UT of Jammu & Kashmir and UT of Ladakh.

Issues related to disclosure

4.10 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 UT of Jammu & Kashmir in 2019-20 (31 October 2019 to 31 March 2020) and deficiencies therein are given below:

Table 4.11: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance	Impact of deficiency
1.	IGAS-2: <i>Accounting and Classification of Grants-in-Aid</i>	To prescribe the principles for accounting and classification of Grants-in-aid in the Financial Statements of Government both as a grantor as well as a grantee.	Not complied (Statement 10 of Finance Accounts)	(i) Certain Grants-in-Aid to be classified under Revenue Section have been classified under Capital Section (ii) Information has not been furnished in respect of Grants in Aid given in kind by the Government (March 2020).
2.	IGAS-3: <i>Loans and Advances made by Government</i>	To ensure adequate disclosure on loans and advances made by the Government consistent with best international practices	Not complied (Statement 7 and 18 of Finance Accounts)	Details of recoveries in arrears and accrued interest thereon not furnished by Government.

4.11 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

A total of 797 annual accounts of 55 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 March 2020. The matter has been taken up with these bodies time and again for submission of annual accounts for audit.

Autonomous Bodies (ABs) audited under Section 19(3) and 20(1) of Comptroller and Auditor General of India (DPC) Act 1971, are required to submit the annual accounts to audit before 30 June every year. In respect of eight Autonomous Bodies which were to render annual accounts to C&AG, 44 number of accounts were not rendered for periods ranging between one to 10 years as tabulated below:

Table 4.12: Non-submission of accounts by Autonomous Bodies

Sl. No.	Name of Body/Authority	Accounts pending for the period	No of accounts pending as on 31/03/2020
1	Compensatory Afforestation Management and Planning Authority (CAMPA)	2009-10 to 2018-19	10
2	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Srinagar Kashmir	2010-11 to 2018-19	09
3	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Jammu	2016-17 to 2018-19	03
4	EPF Board, Srinagar	2015-16 to 2018-19	04
5	Jammu & Kashmir State Housing Board	2012-13 to 2018-19	07
6	Khadi and Village Industries Board (KVIB)	2015-16 to 2018-19	04
7	Building and Other Construction Workers Welfare Board (BOCWFB)	2013-14 to 2018-19	06
8	State Legal Service Authority (SLSA)	2018-19	01
Total			44

Compensatory Afforestation Management and Planning Authority (CAMPA) has also not submitted the accounts for audit since its inception i.e. November-2009.

Non-submission/delay in submission of accounts by these Bodies receiving substantial funding from the Government is a serious financial irregularity persisting for years. In view of this non-compliance, the audited accounts of these Statutory Bodies had not so far been presented to the State/UT Legislature, as required under the Statutes under which these Bodies were created. Delay/Arrears in finalisation of accounts carries the risk of financial irregularities going undetected and entails possibility of fraud and misappropriation. This had also deprived the State/UT 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 for presentation to the UT Legislature.

4.12 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 Union Territory of Jammu & Kashmir is shown in **Appendix 4.3**. Accounts in respect of only four companies and one corporation was audited up to 2018-19 and accounts of one company 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 remains outside the purview of Legislature and escape scrutiny by audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Risk of fraud and mis-utilisation of public money cannot be ruled out. The Heads of Departments in the Government need to ensure that the departmental undertakings prepare such accounts and submit the same to the Accountant General (Audit) within a specified time frame.

4.13 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. No such information is being shared with this office.

Other Issues

4.14 Follow up action on Audit Report

To ensure accountability of executives to the issues dealt with in various Audit Reports, the erstwhile 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 Legislature.

Report of the Comptroller and Auditor General of India on State Finances was being prepared since 2008-09 and Reports till the year 2015-16 have been tabled in the State Legislature. The State/UT had been under Governor/President rule since 20 June 2018 as such the State Finance Audit Report for the year 2016-17, 2017-18 and 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.

4.15 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 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 non-submission of their detailed countersigned bills increased the possibility of wastage/misappropriation/malfeasance, etc.
- Significant amount of expenditure and receipts booked under Minor Head 800-Other Expenditure and 800-Other Receipts under various Major Heads affects the transparency in the accounts.

4.16 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 with the respective autonomous bodies.
- The operation of omnibus Minor Head 800 should be discouraged.

Chapter-V
Observations on Accounts of Union
Territory of Ladakh

CHAPTER-V

OBSERVATIONS ON ACCOUNTS OF UNION TERRITORY OF LADAKH

5.1 Profile of the Union Territory of Ladakh

Consequent to the reorganisation of the erstwhile State of Jammu and Kashmir, under the Jammu & Kashmir Reorganisation Act, 2019, the erstwhile State of Jammu and Kashmir has been reorganised as UT of Jammu & Kashmir and UT of Ladakh (w.e.f 31 October 2019). The UT of Jammu & Kashmir is constituted of all districts of erstwhile Jammu & Kashmir State except Kargil and Leh districts. UT of Ladakh is constituted of two districts of erstwhile State of Jammu and Kashmir i.e Kargil and Leh.

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the Union Territory in a given period of time. Growth of GSDP is an important indicator of the economy. The segregated GSDP figures were not available for the period 31 October 2019 to 31 March 2020. Hence, comparison of trends of the period with respect to GSDP has not been included in this report.

5.2 Budgetary Process

In pursuance of Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O 3938 (E) dated 31 October 2019 issued consequent upon the proclamation issued on 31st day of October, 2019 Gazette of India, Extraordinary, Part (II), Section 3, Sub section(ii), S.O. 3937(E) dated 31st October, 2019 under section 73 of Jammu & Kashmir Reorganisation Act, 2019 read with Article 239 of the Constitution and Section 81 of the Jammu & Kashmir Reorganisation Act, 2019, the bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the UT of Jammu and Kashmir, of the moneys required to meet the expenditure charged on the consolidated Fund of UT of Jammu and Kashmir and the grants made for the expenditure of the UT of Ladakh, for part of financial year 31 October 2019 to 31 March 2020 was presented and passed by Parliament in March 2020 (Jammu and Kashmir Appropriation (No 03) Act of 2020).

5.3 Assets and liabilities of the UT of Ladakh

There were assets and liabilities of ₹1,05,056 crore of erstwhile State of Jammu & Kashmir ending 30 October 2019 which are to be distributed between Union Territory of Jammu and Kashmir and Union Territory of Ladakh. The position of assets and liabilities in respect of UT of Ladakh during the period 31 October 2019 to 31 March 2020 is shown in the table below.

Table 5.1: Summarised position of Assets and Liabilities in respect of Union Territory of Ladakh for the period 31 October 2019 to 31 March 2020

(₹ in crore)

Liabilities			Assets		
		UT of Ladakh			UT of Ladakh
Consolidated Fund					
A	Internal Debt	Nil	A	Gross Capital Outlay	24.59
B	Loans and Advances from GoI	Nil	B	Loans and Advances	(-)0.03
Contingency Fund		-	Contingency Fund		-
Public Account					
A	Small Savings, Provident Funds, etc.	3.82	A	Advances	-
B	Deposits	(-)812.71	B	Remittance	-
C	Reserve Funds	(-)4.43	C	Suspense and Miscellaneous	-
D	Remittances	(-)0.28	Cash balance (including investment in Earmarked Fund)		(-)891.33
E	Suspense and Misc Bal	5.52	Total		(-)866.77
	Cumulative Excess of Receipts over Expenditure	-	Deficit in Revenue Account		58.69
Total		(-)808.08	Total		(-)808.08

5.4 Fiscal parameters of UT of Ladakh

During the period 31 October 2019 to 31 March 2020, under most of the Heads of Account nil expenditure is appearing for which the Budget Provisions had been made and passed by the Parliament. Though, the matter was taken up with the Administration of Ladakh seeking the Head of Account from which the expenditure was met or reasons for savings, the response of the Administration of UT of Ladakh is awaited (June 2021). Accordingly, the accounts were prepared on the basis of figures booked by Pr. Accountant General based on the figures appearing in the monthly accounts for the aforesaid period rendered by the account rendering units of Administration of Ladakh to Pr. Accountant General for inclusion in the Accounts of Union Territory of Ladakh.

Revenue Deficits: The difference between revenue expenditure and revenue receipts is revenue deficit. The UT of Ladakh had revenue deficit of ₹58.69 crore during 31 October 2019 to 31 March 2020. There was short contribution of ₹20.56 crore to Defined Contribution Pension Scheme which resulted in understatement of revenue deficit to that extent.

Fiscal Deficit: Fiscal deficit is the difference between the total expenditure and total receipts excluding borrowing. During the period 31 October 2019 to 31 March 2020 UT of Ladakh had Fiscal Deficit of ₹83.25 Crore which was understated by ₹20.56 crore owing to short contribution to Defined Contribution Pension Scheme.

Primary Deficit/Surplus refers to fiscal deficit minus interest payments. During the period 31 October 2019 to 31 March 2020, no interest payment was made by the Administration of UT of Ladakh. Therefore, there was Primary Deficit (PD) of ₹83.25 crore.

5.5 Receipt and Expenditure

Receipts on account of revenues collected, recoveries of loans and advances and Public Account pertaining to UT of Ladakh during the period 31 October 2019 to 31 March 2020 are given below:

Table 5.2(A): Receipt during 31 October 2019 to 31 March 2020

(₹ in crore)

	Particulars	2019-20 (31/10/2019 to 31/03/2020) UT of Ladakh
Receipt	Revenue Receipts	92.71
	Recoveries of Loans and Advances	0.03
	Public Account Receipts	137.46

The components of the expenditure pertaining to UT of Ladakh during the period 31 October 2019 to 31 March 2020 are given below:

Table 5.2(B): Expenditure during 31 October 2019 to 31 March 2020

(₹ in crore)

	Particulars	2019-20 (31/10/2019 to 31/03/2020) UT of Ladakh
Expenditure	Revenue Expenditure	151.40
	Capital Expenditure	24.59
	Public Account Disbursement	945.54

During 31 October 2019 to 31 March 2020, the revenue receipts of UT of Ladakh were part of the Consolidated fund of UT of Jammu and Kashmir and amounts on account of expenditure of UT of Ladakh were also utilised from the Consolidated fund of UT of Jammu and Kashmir.

5.6 Revenue Receipts

During the period 31 October 2019 to 31 March 2020, the various components of Revenue receipts were as under:

Table 5.3: Components of Revenue Receipts collected/received by the UT of Ladakh

(₹ in crore)

Sl. No.	Name of Components	Amount	Percentage
1	Own Tax Revenue	56.72	61.18
2	Own Non Tax Revenue	35.99	38.82
3	Grants-in-Aid from GoI	Nil	0
4	Share of Union Taxes	Nil	0
	Total	92.71	

Source: Finance Accounts for the period 31 October 2019 to 31 March 2020

The Administration of UT of Ladakh collected an amount of ₹92.71 crore on account of revenue receipts out of which 61.18 per cent was from Own tax revenue and 38.82 per cent was from Own Non tax revenue.

5.6.1 Own Tax Revenue

The Administration of UT of Ladakh collected ₹56.72 crore as Own tax revenue, comprising Land revenue, Taxes on Vehicles, Stamp Duty and Registration fees, Sales Tax and Taxes on Goods and Passengers. Component wise breakup of Own tax revenue is shown in the table below:

Table 5.4: Components of Own Tax Revenue

(₹ in crore)

Revenue Head	2019-20 (31/10/2019 to 31/03/2020) UT of Ladakh	Percentage w.r.t Own Tax Revenue
Land revenue	55.18	97.28
Taxes on vehicles	0.81	1.43
Stamp duty and Registration fees	0.41	0.72
Sales Tax	0.26	0.46
Taxes on goods and passengers	0.06	0.11
Total	56.72	100

Source: Finance Accounts

Land revenue constituted 97.28 per cent of Own Tax revenue realised during the period 31 October 2019 to 31 March 2020.

5.6.2 Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. Non-Tax Revenue realised by the administration of Union Territory of Ladakh during the period 31 October 2019 to 31 March 2020 is given in **Table 5.5** below:

Table 5.5: Components of Non-Tax Revenue collected by the Administration of UT of Ladakh

(₹ in crore)

Revenue Head	2019-20 (31/10/2019 to 31/03/2020) UT of Ladakh	Percentage
Non-Tax Receipts	35.99	
a) Power Development Department	32.19	89.44
b) Non-ferrous mining	1.00	2.78
c) Major/Medium Irrigation	0.03	0.08
d) Public works	0.03	0.08
e) Others	2.74	7.62
Total	35.99	100.00

Note: No Interest Receipts or Dividend/Profits during the period

Source: Finance Accounts

Receipts on account of power constituted 89.44 per cent of total own non tax revenue realised during the period 31 October 2019 to 31 March 2020.

5.6.3 Central Tax transfer

During the period 31 October 2019 to 31 March 2020, there was no devolution of taxes (share of Union Taxes) for UT of Ladakh under 14th Finance Commission.

However, an amount of ₹6,757.00 crore was received by the UT of Jammu and Kashmir on account of revenue deficit grant, local bodies grant and SDRF grant. This was

receivable under 14th Finance Commission during 31 October 2019 to 31 March 2020, but was actually received under Grants-in-Aid as Special assistance from Ministry of Home Affairs, GoI. Out of this, an amount of ₹612.90 crore was demarcated as share of Union Territory of Ladakh, which was however not released, as already stated in *Para 2.2.2.2*.

5.7 Application of resources

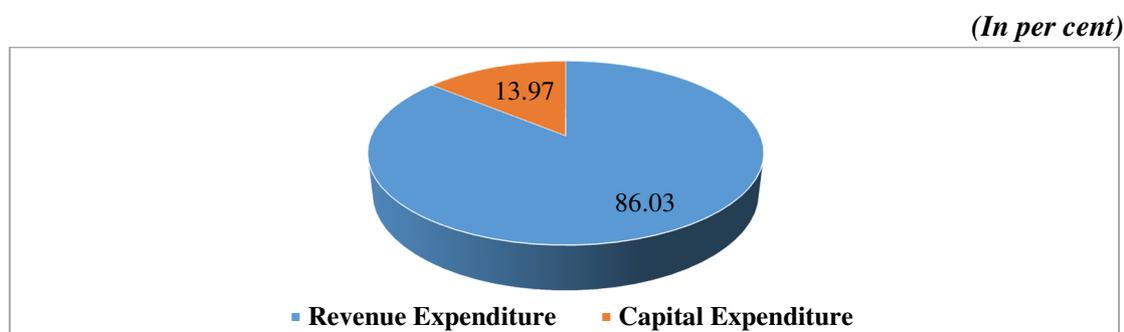
The UT administration is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the UT is not at the cost of expenditure directed towards development of capital infrastructure and social sector. Sub-paragraphs to this paragraph gives the analysis of allocation of expenditure in the UT of Ladakh.

5.7.1 Composition of expenditure

Table 5.6: Total expenditure and its composition

Parameters	2019-20 (31/10/2019 to 31/03/2020) UT of Ladakh	Percentage
Revenue Expenditure (RE)	151.40	86.03
Capital Expenditure (CE)	24.59	13.97
Total Expenditure (TE)	175.99	100

Chart 5.1: Total Expenditure: Share of its components



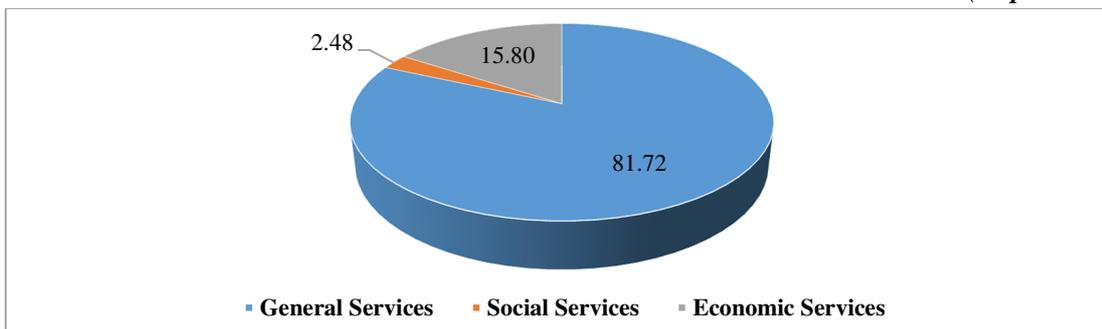
UT of Ladakh had incurred Revenue expenditure of ₹151.40 crore and Capital expenditure of ₹24.59 crore which was 86.03 *per cent* and 13.97 percent respectively of total expenditure of ₹175.99 crore.

Table 5.7 Relative share of various sectors of expenditure

Parameters	2019-20 (31/10/2019 to 31/03/2020) UT of Ladakh	Percentage
General Services	143.81	81.72
Social Services	4.37	2.48
Economic Services	27.81	15.80
Total	175.99	100.00

Chart 5.2: Total expenditure - Expenditure by activities

(In per cent)



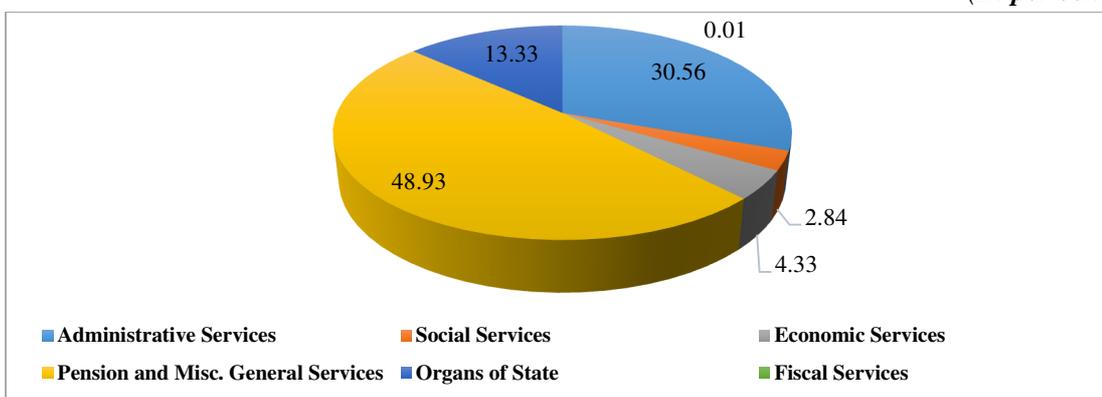
The combined share of Social and Economic Services which represented Development Expenditure was 18.28 *per cent* of total expenditure of Union Territory of Ladakh during 2019-20 (31 October 2019 to 31 March 2020).

5.7.2 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 infrastructure and service network. During the period 31 October 2019 to 31 March 2020, the Revenue Expenditure (₹151.40 crore) constituted 86.03 *per cent* of the Total Expenditure (₹175.99 crore), which was more than the Revenue Receipts of ₹92.71 crore during the period. The sector wise distribution of the Revenue expenditure during the period is shown in the **Chart 5.3**.

Chart 5.3: Sector-wise distribution of Revenue Expenditure

(In per cent)



During 2019-20 (31 October 2019 to 31 March 2020), the combined share on Economic Services and Social Services accounts for 7.17 *per cent* and General Services accounts for 92.83 *per cent* of Revenue Expenditure. The expenditure on General Services includes expenditure on Administrative Services, Organ of State and Pension & Miscellaneous General Services which accounts for 30.56 *per cent*, 13.33 *per cent* and 48.93 *per cent* of Revenue Expenditure respectively.

5.7.3 Committed Expenditure

The committed expenditure of the UT Administration on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It has first charge on the resources. Higher outlay on committed expenditure reduces resources available for development sector.

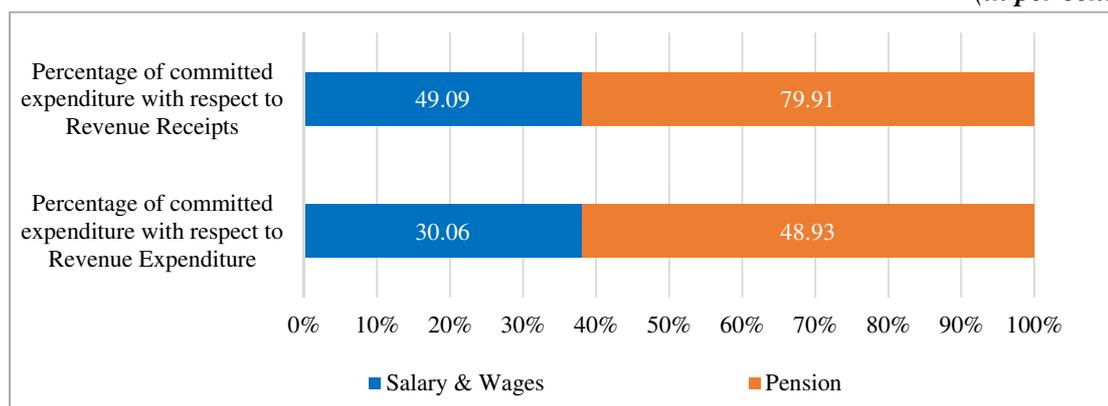
Table 5.8: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2019-20 (31/10/2019 to 31/03/2020) UT of Ladakh	As a percentage of Revenue Receipts (RR)	As a percentage of Revenue Expenditure (RE)
Salaries & Wages	45.51	49.09	30.06
Expenditure on Pensions	74.08	79.91	48.93
Total	119.59		

Chart 5.4: Percentage of Committed expenditure to total Revenue Expenditure and Revenue Receipts during 31 October 2019 to 31 March 2020

(in per cent)



During the period 31 October 2019 to 31 March 2020, the committed expenditure of Administration of UT of Ladakh was 29 per cent more than its Revenue receipts.

5.7.4 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Capex in State/UT is met from budgetary support and extra budgetary resources/off budget. The Capital expenditure incurred by the Union Territory of Ladakh during the period 31 October 2019 to 31 March 2020 was ₹24.59 crore which constituted 13.97 per cent of total expenditure of UT of Ladakh.

5.8 Defined Contribution Pension Scheme

During 2019-2020 (31 October 2019 to 31 March 2020), the Union Territory Administration contributed an amount of ₹0.66 crore as its own share and ₹21.22 crore was received as the employees' share. Thus, there was short contribution by the UT Government to the extent of ₹20.56 crore. The entire amount of ₹21.88 crore was

transferred to the Minor Head 117- “Defined Contribution Pension Scheme for Government Employees” (New Pension Scheme) for the Government Employees under Major Head 8342- “Other Deposits”. Out of ₹21.88 crore, ₹17.65 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 31 March 2020, an amount of ₹4.23 crore was lying under the Major Head 8342- “Other Deposits”-117 “Defined Contribution Pension Scheme” (New Pension Scheme) for the Government Employees awaiting transfer to NSDL/Trustee Bank. The UT government may make efforts to expeditiously clear the untransferred amounts.

5.9 Net Public Account Balances

In respect of sums credited to the Public Accounts, Government/Administration acts as a trustee or banker and bears a fiduciary liability. Major constituents of the Public Accounts are 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 5.9** given below shows component-wise net balances under various components of Public Accounts.

Table 5.9: Component-wise net balances in Public Account at close of the year

(₹ in crore)

Sector	Sub Sector	2019-20 (31/10/2019 to 31/03/2020) UT of Ladakh
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-3.82
J. Reserve Funds	(b) Reserve Funds not bearing Interest	4.43
K. Deposits and Advances	(a) Deposits bearing Interest	-4.23
	(b) Deposits not bearing Interest	816.94
L. Suspense and Miscellaneous	(b) Suspense	-5.52
M. Remittances	(a) Money Orders, and other Remittances	0.28
Total		808.08

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

There is total debit balance of ₹808.08 crore under various components of Public Accounts in the accounts of UT of Ladakh. Apart from the above, there was credit balance of ₹38,973 crore ending 30 October 2019 under Public Account of erstwhile State of Jammu and Kashmir which is to be bifurcated between UT of Jammu and Kashmir and UT of Ladakh.

5.10 Reserve Funds

The Administration of Ladakh had operated two Reserve Funds (1. Under Major Head-8229-‘Development and Welfare Funds’ and 2. ‘Under Major Head-8235-General and Other Reserve Funds’) during 31 October 2019 to 31 March 2020. The total

accumulated balance was ₹4.43 crore (Debit) under these Funds. The Debit balance as on 31 March 2020 was due to non-apportionment of available balance under the Fund as on 30 October 2019.

Table 5.10: Position of Reserve Funds on accounts of UT of Ladakh as on 31 March 2020

RESERVE FUNDS	2019-20 (31/10/2019 to 31/03/2020)
Other Development and Welfare Funds	(-)4.44
General Insurance Fund (Janta Insurance)	0.008
Total	<b style="text-align: right;">(-)4.43

In addition to above, there was closing balance amounting to ₹2,806 crore as on 30 October 2019 under reserve funds which was to be apportioned between Union Territory of Jammu and Kashmir and UT of Ladakh.

Details of Interest bearing Reserve Funds and Non-Interest bearing Reserve Funds are given below:

State Disaster Response Fund (SDRF):

During 31 October 2019 to 31 March 2020, an amount of ₹41.85 crore was released by Ministry of Home Affairs, Government of India under “Other Disaster Management Projects”. However, the said amount of ₹41.85 crore was routed through Consolidated Fund of Union Territory of Jammu and Kashmir and was required to be transferred to the Union Territory of Ladakh, but the said amount was not transferred to the UT of Ladakh upto 31 March 2020.

Non-Interest-Bearing Reserve Funds- (Operative Funds):

During 31 October 2019 to 31 March 2020, there are two operative Non-Interest Bearing Reserve Funds, viz., Minor Head-200-‘Other Development and Welfare Fund’ under Major Head-8229-‘Development and Welfare Funds’ {₹4.44 crore (Debit)} and Minor Head-105-‘General Insurance Fund-Janta Insurance’ {₹0.01 crore (Credit)} under Major Head-8235-‘General and Other Reserve Funds’. The total net accumulated balance at the end of 31 March 2020 in these two operative Funds is ₹4.43 crore (Debit). Debit balance as on 31 March 2020 was due to non-apportionment of available balance under the Fund as on 30 October 2019.

5.11 Budgetary Process and Audit of Appropriation Accounts

The Hon’ble President of India authorised expenditure out of the Consolidated Fund of UT of Jammu and Kashmir pending sanction by the Parliament vide Government Notification No S.O 3938 dated 31 October 2019. The Appropriation Bill to meet expenditure for UT of Ladakh for the period 31 October 2019 to 31 March 2020 out of Consolidated Fund of UT of Jammu and Kashmir was passed by the Parliament in March 2020. Observations on audit of Appropriation Account of UT of Ladakh for the period 31 October 2019 to 31 March 2020 have been shown in subsequent sub paras.

5.11.1 Summary of total provisions, actual disbursements and savings during 2019-20 (31 October 2019 to 31 March 2020)

A summarised position of total appropriation, disbursement and savings with its further bifurcation into voted/charged during 2019-20 (31 October 2019 to 31 March 2020) is as under:

Table: 5.11: Budget provision, disbursement and savings during 2019-20 (31 October 2019 to 31 March 2020)

(₹ in crore)

Total Budget provision		Disbursements		Saving(-)/Excess(+)	
Voted	Charged	Voted	Charged	Voted	Charged
5,742.42	11.58	170.38	6.18	(-) 5,572.04	(-) 5.40

5.11.2 Charged and voted disbursements

Against the total appropriation of ₹5,742.42 crore under the Voted section, expenditure of only ₹170.38 crore has been incurred, resulting into saving of ₹5,572.04 crore whereas, against the appropriation of ₹11.58 crore under the charged section, expenditure of ₹6.18 crore has been made resulting into saving of ₹5.40 crore during 2019-20 (31 October 2019 to 31 March 2020) as shown in the table above.

5.12 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 of Section 41 (3) of Jammu and Kashmir Reorganisation Act 2019 is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

5.13 Comments on integrity of budgetary and accounting process

5.13.1 Expenditure incurred without authority of law

Rule 64 (2) of General Financial Rules(GFRs) 2017 provides that a Disbursing Officer may not, on his own authority, authorise any payment in excess of the funds placed at his disposal. Instead, the administrative authority will arrange to provide funds either by re-appropriation or by obtaining a Supplementary Grant or Appropriation or an advance from the Contingency Fund.

An amount of ₹81.43 crore was incurred under 11 No. of schemes/ Sub Heads in 6 No. Grants (*Appendix 5.1*) without Budgetary Provisions during 2019-20 (31 October 2019 to 31 March 2020) which needs to be regularised as per the relevant rules, laws and regulations.

5.13.2 Large Savings under Capital section not surrendered

Rule 62 (2) of General Financial Rules (GFRs) 2017 stipulates that the savings as well as provisions that cannot be profitably utilised should be surrendered immediately as they are foreseen, without waiting till the end of the year. The objective is to minimise the scope of avoiding surrenders at a later stage. Excessive savings above ₹100 crore have been witnessed in the following departments during 2019-20 (31 October 2019 to 31 March 2020).

Table 5.12: Large savings (above ₹100 crore) under Capital section
(₹in crore)

Sl. No.	Grant No.	Name of Grant or Appropriation	Amount of Appropriation	Expenditure	Saving	Percentage of savings
1	5	Ladakh Affairs Department	3,875.17	2.30	3,872.87	100%
2	16	Public Works Department	150.90	15.47	135.44	90%
3	28	Rural Development Department	271.91	0	271.91	100%
		Total	4,297.98	17.77	4,280.22	

Source: Appropriation Accounts

Huge savings of ₹100 crore and above by the departments under Capital Section in 03 grants amounting to ₹4,280.22 crore indicate that the Government could not utilise the funds earmarked for developmental activities/creation of assets. Savings under Capital Section was 90 per cent under Grant 16 and 100 per cent under Grants 5 and 28 (out of the total appropriation of the grant under Capital section) during the period 31 October 2019 to 31 March 2020. No portion of the savings was anticipated and surrendered.

5.13.3 Anticipated savings not surrendered

There were 15 grants in which savings of ₹ ten crore and above had occurred under Revenue and Capital Sections as on 31 March 2020. These include three grants wherein savings of ₹100 crore and above were noticed. The percentage savings ranged between 65 per cent and 100 per cent of the total appropriation of the grant during 2019-20 (31 October 2019 to 31 March 2020). However, no surrender in anticipation of savings was made by the concerned departments. The savings in these cases was of the order of ₹5,578.56 crore. Relevant details are indicated in **Appendix 5.2**. The savings in grants is indicative of improper assessment of expenditure resulting in savings and also non-surrender of funds (savings) is in contravention of the instructions in the General Financial Rules.

5.13.4 Percentage of utilisation of provision under each grant

Audit examination of utilisation of grants revealed that in 29 out of 31 grants, there was savings ranging from 14 per cent to 100 per cent during the period 31 October 2019 to

31 March 2020. Further, there was over utilisation of 11 *per cent* and 95 *per cent* in Grant No. 10 (Law Department) and 08 (Finance Department) respectively during 2019-20 (31 October 2019 to 31 March 2020) as detailed in **Appendix 5.3**. Savings (underutilisation) by these departments is indicative of non-prioritising of schemes/works by the Government or inefficiency in implementation of schemes by the department concerned/ implementing agencies. No amount of savings was foreseen and surrendered which is in violation of Rule 62 (2) of General Financial Rules 2017. Similarly, overutilisation of grant indicates the incurring of excess expenditure over the budget provisions by the departments during the period. This is in violation of Rule 64(2) of General Financial Rules which stipulates that a Disbursing Officer may not, on his own authority, authorise any payment in excess of the funds placed at his disposal. The excess expenditure incurred is required to be regularised.

5.13.5 Distribution of the number of Grants/Appropriations grouped by the percentage of Savings

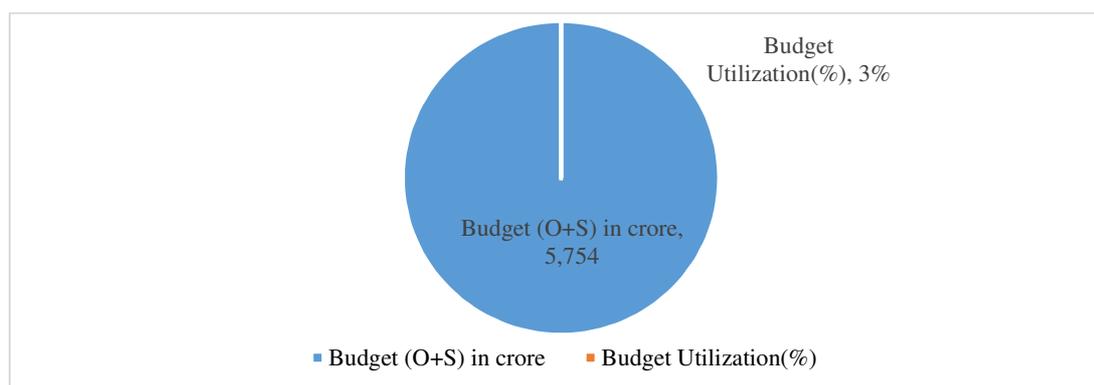
The outcome of the appropriation audit shows that percentage savings was 14 *per cent* amounting to ₹7.95 crore in one Grant (Grant no. 2), ranged between 59 *per cent* to 90 *per cent* amounting to ₹182.67 crore in 05 grants (Grant no. 1,13,15,16 and 18) and was more than 90 *per cent* in 23 grants amounting to ₹5424.45 crore during the period 31 October 2019 to 31 March 2020.

Low utilisation of grants by the departments indicates that the Government could not utilise the funds earmarked for developmental activities/creation of assets.

5.13.6 Budget Utilisation during 2019-20 (31 October 2019 to 31 March 2020)

Budget utilisation of only 3% was noticed in the UT of Ladakh during 2019-20 (31 October 2019 to 31 March 2020), as shown in chart below.

Chart 5.5: Budget Utilisation during 2019-20 (31 October 2019 to 31 March 2020)



5.13.7 Excess over provisions requiring regularisation

Rule 62 (2) of General Financial Rules 2017 provides that a Disbursing Officer may not, on his own authority, authorise any payment in excess of the funds placed at his disposal. Instead, the administrative authority will arrange to provide funds either by re-appropriation or by obtaining a Supplementary Grant or Appropriation or an advance from the Contingency Fund.

Excess expenditure amounting to ₹42.78 crore in two Grants viz. Grant No. 08-Finance Department and Grant No. 10-Law Department as detailed below has been incurred by the government during 2019-20 (31 October 2019 to 31 March 2020). This is in contravention of GFR provisions and defeats the objective of ensuring accountability by the Legislature of the executive over utilisation of public money and is required to be regularised.

Table 5.13: Excess over provisions requiring regularisation

(₹ in crore)

Sl. No.	Grant No.	Total Grant/Appropriation	Total Expenditure	Excess
Revenue Voted				
1	08-Finance Department	32.76	74.09	41.33
2	10-Law Department	12.55	14.00	1.45
	Total	45.31	88.09	42.78

5.14 Comments on effectiveness of budgetary and accounting process

5.14.1 Budget projection and gap between expectation and actual

The total provisions for expenditure during 2019-20 (31 October 2019 to 31 March 2020) was ₹5,754.00 crore. The actual expenditure during the year was only ₹176.56 crore (Three per cent). This resulted in savings of ₹5,577.44 crore during the period 31 October 2019 to 31 March 2020. The summarised position of actual expenditure during 2019-20 (31 October 2019 to 31 March 2020) against 31 grants/appropriations is given below:

Table 5.14: Summarised position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) provisions during 2019-20 (31 October 2019 to 31 March 2020)

(₹ in crore)

	Nature of expenditure	Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure	Net Saving (-) Excess (+)	Surrender during March 2020	
							Amount	per cent
Voted	I. Revenue	1,124.07	0.00	1,124.07	145.22	(-)978.85	Nil	Nil
	II. Capital	4,618.35	0.00	4,618.35	25.16	(-)4,593.19	Nil	Nil
	III. Loans & Advances	00.00	0.00	0.00	0.00	0.00	Nil	Nil
	Total	5,742.42	0	5,742.42	170.38	(-)5,572.0	Nil	Nil
Charged	IV. Revenue	0.00	0.00	0.00	0.00	0.00	Nil	Nil
	V. Capital	11.58	0.00	11.58	6.18	(-)5.40	Nil	Nil
	VI. Public Debt- Repayment	0.00	0.00	0.00	0.00	0.00	Nil	Nil
	Total	11.58	0.00	11.58	6.18	(-) 5.40	Nil	Nil

Appropriation to Contingency Fund (if any)	-	-	-	-	-	-	-
Grand Total	5,754.00	0.00	5,754.00	176.56	(-)5,577.44	Nil	Nil

Source: Appropriation Accounts

A saving of ₹5,577.44 crore (97 per cent) of total grant appropriation of ₹5,754.00 crore was witnessed during 31 October 2019 to 31 March 2020. This is indicative of improper assessment of grants resulting in savings and also non-surrender of funds (savings).

5.15 Direct transfer of Central Scheme Funds to Implementing Agencies in the Union Territory

As per Public Financial Management System (PFMS) portal of Controller General of Accounts (CGA), various Ministries/ Departments of the Central Government released Funds to the tune of ₹5.00 crore directly to the various Departments of the Union Territory Government of Ladakh during the period from 31 October 2019 to 31 March 2020. Apart from the above, various Autonomous Bodies, Central Government Organisations, Societies etc. also received ₹4.47 crore directly from the Central Government.

5.16 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 31 October 2019 to 31 March 2020, ₹34.50 crore, (including revenue receipt of ₹32.19 crore representing Sale of Power and Misc. Power Receipt) under 21 Revenue Major Heads of Accounts constituting about 37.21 per cent of the total Revenue Receipts of ₹92.71 crore was recorded under Minor head-800 – Other Receipts. Classification of amounts booked under the Minor Head 800, affects the transparency of the accounts.

The Government may consider depicting the amounts received under various schemes distinctly, instead of clubbing the Receipts under the Minor Head 800-Other Receipts, for better clarity in Accounts.

5.17 Outstanding balance under Major Suspense and DDR heads

Finance Accounts reflects the net balance under Suspense and Remittance Heads (Public Account). The outstanding balances under these Heads are worked out by aggregating the outstanding debit and credit balances separately under various Heads. The position of gross figures under some of the major Suspense and DDR heads.

Table 5.15: Balances under Suspense and Remittances*(₹ in crore)*

Minor Head	31 October 2019 to 31 March 2020		
	(Dr.)	(Cr)	Net (Dr./Cr.)
8658- Suspense Account-			
101 PAO Suspense	0.39	0.28	0.11 (Dr.)
102 Suspense Account (Civil)	1.30	6.26	4.96 (Cr)
112- Tax Deducted at Source (TDS) Suspense	-	0.67	0.67 (Cr)
8782- Cash Remittance and Adjustments between officers rendering accounts to same Accountant General / Accounts Officers			
110-Misc Remittances	0.28	-	0.28 (Dr.)

5.18 Non reconciliation of departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the receipts and expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Pr. Accountant General (A&E). Reconciliation and verification of figures is an important tool of financial management. During the period from 31 October 2019 to 31 March 2020, no reconciliation was done by any of the Controlling Officer.

5.19 Reconciliation of Cash Balance

There is a net difference of ₹0.36 crore (Credit) as on 31 March 2020 (31 October 2019 to 31 March 2020) between the Cash Balance of the Government with Reserve Bank of India (RBI) as reflected in books of Accountant General ₹891.33 crore and that as reported by the RBI ₹891.69 crore (worked out by Accountant General by excluding the transactions from 1 April 2019 to 30 October 2019 and transactions relating to UT of Jammu and Kashmir from 31 October 2019 to 31 March 2020). During the period 31 October 2019 to 31 March 2020, no penal interest was claimed on delay, non-settlement of claims by Union Territory Government of Ladakh from the Bank.

5.20 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Certification audit of accounts of Autonomous Bodies (AB's) set up by the Government is conducted under Section 19(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 two Autonomous Bodies which were to render annual accounts to C&AG, 40 number of accounts were not rendered for the period ranging between 16 to 24 years as tabulated below:

Table 5.16: Non-submission of accounts by Autonomous Bodies

Sl. No.	Name of Body/Authority	Accounts pending for the period	No of accounts pending as 31/03/2020
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
	Total		40

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 UT. Same is the position in respect of LAHDC, Kargil which came into existence in the year 2003-04 and the accounts are in arrears since inception.

Non-submission/delay in submission of accounts by these Bodies receiving substantial funding from the budget is a serious financial irregularity persisting for years. Delay/Arrears in finalisation of accounts carries the risk of financial irregularities going undetected and entails possibility of fraud and mis-appropriation, along with absence of a feedback on their activities and financial performance.

5.21 Conclusions

- Assets and liabilities of erstwhile State of Jammu & Kashmir ending 30 October 2019 are to be distributed between UT of Jammu and Kashmir and UT of Ladakh.
- Against the total appropriation of ₹5,742.42 crore under the Voted section, expenditure of only ₹170.38 crore has been incurred, resulting into saving of ₹5,572.04 crore.
- Similarly, against the appropriation of ₹11.58 crore under the charged section, expenditure of ₹6.18 crore has been made resulting into saving of ₹5.40 crore during the period 31 October 2019 to 31 March 2020.
- An amount of ₹81.43 crore was incurred under 11 No. of schemes/ Sub Heads in six Grants without Budgetary Provisions.
- Excess expenditure amounting to ₹42.78 crore in two Grants has been incurred during the period 31 October 2019 to 31 March 2020.
- During the period from 31 October 2019 to 31 March 2020, 37.21 per cent of the total Revenue Receipts was recorded under Minor Head-800 – Other Receipts.
- Non-submission/delay in submission of accounts by the Bodies receiving substantial funding, led to absence of a feedback on activities and financial performance of these bodies.

5.22 Recommendations

- The assets and liability of erstwhile Jammu and Kashmir State may be distributed between two Union Territories.
- The budgetary control mechanisms may be reviewed to ensure that savings are curtailed, large savings 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.
- The timely preparation and submission of accounts may be taken with the respective autonomous bodies.

Srinagar/Jammu
The 08 March 2022


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

Countersigned

New Delhi
The 10 March 2022


(Girish Chandra Murmu)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1
(Reference Paragraph: 1.5.1)
Data¹ on the Union Territory Government Finances

(₹ in crore)

Part-A Receipts		
Fiscal Aggregate	UT of J&K (31/10/2019 to 31/03/2020)	UT of Ladakh (31/10/2019 to 31/03/2020)
1.Revenue Receipts (a) + (b)	22,557.34	92.71
(a) Tax Revenue	4,056.49	56.72
(i) Revenue from UT's Own Taxes	4,056.49	56.72
UT Goods & Service Tax	2,115.75	0.00
Taxes on sales, trade, etc.	782.43	0.26
State Excise	587.67	0.00
Taxes on vehicles	246.08	0.81
Stamps and Registration fees	117.54	0.41
Land Revenue	48.32	55.18
Other Taxes	158.70	0.06
(ii) Share of Union taxes and duties	0.00	0.00
(b) Non-Tax Revenue	18,500.85	35.99
(i) UT's Own Non-Tax Revenue	2,062.77	35.99
Power Department receipts	1,196.66	32.19
(ii) Grants-in-aid from the Union Government	16,438.08	0.00
UT's Own Revenues (a) (i) + (b) (i)	6,119.26	92.71
Revenue transfers from Centre (a) (ii) + (b) (ii)	16,438.08	0.00
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	2.34	0.03
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	16,647.37	0.00
4. Total receipts in the Consolidated Fund (1+2+3)	39,207.05	92.74
5. Contingency Fund receipts	0.00	0.00
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	11,364.19	137.46
Gross Receipts (4+5+6)	50,571.24	230.20
Public Account Receipts (Net) including receipts in departmental cash chest and cash balance investment	3,604.34	-808.08

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

Part–B Disbursements		
Fiscal Aggregate		
1. Revenue Expenditure (a) + (b)=(i) + (ii) + (iii)	22,719.43	151.40
(a) CSS/CA	637.96	0.00
(b) Normal/General/SFE	22,081.47	151.40
(i) General Services (including interest payments)	9,383.75	140.54
(ii) Social Services	8,614.74	4.30
(iii) Economic Services	4,720.94	6.56
2. Capital Expenditure (a) + (b)=(i) + (ii) + (iii)	5,422.20	24.59
(a) CSS/CA	1,861.63	1.89
(b) General	3,560.57	22.70
(i) General Services	733.57	3.27
(ii) Social Services	1,492.93	0.07
(iii) Economic Services	3,195.70	21.25
3. Disbursement of loans and advances	38.14	0.00
4. Total (1+2+3)	28,179.77	175.99
5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances)	13,149.34	0.00
Internal Debt (excluding Ways and Means Advances and Overdraft)	985.31	0.00
Net transactions under Ways and Means Advances and Overdraft	-295.18	0.00
Loans and Advances from Government of India	58.91	0.00
6. Appropriation to Contingency Fund	0.00	0.00
7. Gross disbursement out of Consolidated Fund (4+5)	41,329.11	175.99
8. Contingency Fund disbursements	0.00	0.00
9. Gross Public Account disbursements	7,759.85	945.54
10. Gross disbursements (7+8+9)	49,088.96	1,121.53
11. Increase in Cash Balance	1,482.28	-891.33
12 Grand Total	50,571.24	230.20

Part-C Deficits		
1. Revenue Surplus(+)/Revenue Deficit(-) (Revenue Receipts- Revenue Expenditure)	-162.09	-58.69
2. Fiscal Deficit(-)/surplus (+) (Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts)	5,620.09	83.25
3. Primary Deficit(-)/Surplus(+) (Fiscal Deficit –Interest Payment)	3,088.46	83.25
4. Interest Payments (included in revenue expenditure)	2,531.63	0.00
5. Arrears of Revenue	NA	NA
6. Financial Assistance to local bodies, etc.	3,998.98	0.85
7. Ways and Means Advances/overdraft availed (days)	132 (overdraft on 51 days)	0.00
8. Interest on WMA/Overdraft	12.87	0.00
9. Public Debt Receipts	16,647.37	0.00
10. Outstanding Public Debt² (year end) excluding Public Account	3,498.03	0.00
11. Outstanding guarantees (year end) plus interest	1,324.54	0.00
12. Maximum amount guaranteed (year end)	5,204.84	0.00
13. Number of incomplete projects	NA	NA
14. Capital blocked in incomplete projects	NA	NA
Revenue Receipts/Total expenditure (<i>per cent</i>)	80.05	52.68
Revenue Expenditure/Total Expenditure (<i>per cent</i>)	80.62	86.03
Expenditure on Social Services/Total Expenditure (<i>per cent</i>)	35.87	2.48
Expenditure on Economic Services/Total Expenditure (<i>per cent</i>)	28.09	15.80
Capital Expenditure/Total Expenditure (<i>per cent</i>)	19.24	13.97
Capital Expenditure on Social and Economic Services/Total Expenditure (<i>per cent</i>)	16.64	12.11
Revenue Deficit/Fiscal Deficit (<i>per cent</i>)	-2.88	-70.50
Debt Redemption (Principal+Interest)/Total Debt Receipts for the year (<i>per cent</i>)	89	-
Return on Investment	Nil	-
Financial Assets/Liabilities	97.72	92.74

Source: Finance Accounts for the period 31/10/2019 to 31/03/2020

² Includes internal debt and Loan and Advances from Central Government only.

Appendix 1.2
(Reference Paragraph: 1.5.2)
Abstract of Receipts and Disbursements for the year 2019-20
(31/10/2019 to 31/03/2020) of the Government of Union Territory of Jammu and Kashmir

(₹ in crore)

Receipts			Disbursement		
Various items	2019-20*		Various items	2019-20*	
I. Revenue Receipts		22,557.34	I. Revenue Expenditure		22,719.43
Own-Tax revenue	4,056.49		General Services	9,383.75	
			Social Services	8,614.74	
Non-Tax Revenue	2,062.77		Education, Sports, Art and Culture	4,808.35	
			Health and Family Welfare	1,754.64	
Share of Union Taxes	0.00		Water Supply, Sanitation/H&UD	985.91	
			Information and Broadcasting	41.19	
Centrally Sponsored Schemes	3,406.82		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	58.60	
Finance Commission Grants	0.00		Labour and Labour Welfare	19.19	
Grants from Govt. of India (Other Transfer/ Grants to States/UTs with Legislature)	13,031.26		Social Welfare and Nutrition	931.44	
			Others	15.42	
			Economic Services	4,720.94	
			Agriculture and Allied Activities	1,325.45	
			Rural Development	229.23	
			Special Areas Programmes	0.00	
			Irrigation and Flood Control	253.43	
			Energy	2,454.61	
			Industries and Minerals	173.81	
			Transport	107.50	
			Science, Technology and Environment	16.85	
			General Economic Services	160.06	
II. Revenue deficit carried over to Section –B		162.09	II. Revenue Surplus carried over to Section-B	0.00	
Total Section-A		22,719.43	Total Section-A		22,719.43
III. Opening Cash balance including Permanent Advances and Cash Balance Investment		0.00	III. Capital Outlay		5,422.20
IV. Misc. Capital receipts		0.00	General Services	733.57	
			Social Services	1,492.93	
			Education, Sports, Art and Culture	246.83	
			Health and Family Welfare	396.24	
			Water Supply, Sanitation/H&UD	716.51	
			Information and Broadcasting	0.35	
			Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	16.37	
			Social Welfare and Nutrition	110.78	
			Other Social Services	0.00	
			Economic Services	3,195.70	
			Agriculture and Allied Activities	529.32	
			Rural Development	684.14	
			Special Areas Programmes	0.00	
			Irrigation and Flood Control	141.54	
			Energy	185.21	

Receipts			Disbursement		
Various items	2019-20*		Various items	2019-20*	
			Industries and Minerals	140.59	
			Transport	660.35	
			Science, Technology and Environment	2.78	
			General Economic Services	851.77	
			IV. Loans and Advances Disbursement		38.14
V. Recoveries of Loans and Advances		2.34	Industries and Minerals	15.14	
Industries and Minerals	1.88		Transport	23.00	
Government servants	0.15		Government servants	0.00	
Others	0.31		Others	0.00	
			V. Revenue deficit		162.09
VI. Revenue surplus		-			
VII. Public Debt Receipts		16,647.37	VI. Repayment of Public Debt		13,149.34
Internal debt	16,647.37		Internal debt	13,090.43	
Loans and Advances from GOI	0.00		Repayment of Loans and Advances from GOI.	58.91	
Net transactions under Overdrafts from Reserve Bank	0.00		Net transactions under Ways and Means Advances including Overdrafts	0.00	
VIII. Appropriation to Contingency Fund		0.00	VII. Appropriation to Contingency Fund		0.00
IX. Amount recouped to Contingency Fund		0.00	VIII-Expenditure from Contingency Fund		0.00
X. Public Account Receipts		11,364.19	IX-Public Account Disbursements		7,759.85
Small Savings and Provident Funds	2,595.70		Small Savings and Provident Funds	1,553.90	
Reserve Funds	565.90		Reserve Funds	378.95	
Deposits and Advances	1,931.93		Deposits and Advances	1,158.36	
Suspense and Miscellaneous	4,002.79		Suspense and Miscellaneous	3,799.08	
Remittances	2,267.87		Remittances	869.56	
			X. Cash Balance at the end		1,482.28
			Cash in treasuries and local remittances	0.00	
			Deposits with Banks	1,482.28	
			Departmental Cash Balance including Permanent Advances	0.00	
			Cash Balance Investment	0.00	
			Reserve Fund Investment	0.00	
Total Section-B		28,013.90	Total Section-B		28,013.90

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.
4. *2019-20 (31.10.2019 to 31.03.2020)

Appendix 1.2 (Continued)
Summarised financial position of the Government of Union Territory of Jammu and Kashmir as on 31 March 2020

(₹ in crore)

As on 30 October 2019			As on 31 March 2020
Liabilities			
	45,429.09	Internal Debt	3,556.94
34,290.80		Market Loans bearing interest	3,415.92
1,148.71		Loans from LIC	(-)26.65
9,989.58		Loans from other Institutions	167.68
	1,237.13	Loans and Advances from Central Government	(-)58.91
37.79		Pre 1984-85 Loans	0.00
96.29		Non-Plan Loans	0.00
1,055.03		Loans for State Plan Schemes	(-)58.47
38.77		Loans for Centrally Sponsored Plan Schemes	(-)0.44
9.25		Ways and Means Advances	0.00
	1.00	Contingency Fund	1.00
	27,161.62	Small Savings, Provident Funds, etc.	1,041.80
	2,805.43	Reserve Funds	186.95
	6,914.23	Deposits	773.57
	2,847.49	Remittance Balances	1,398.31
	0.00	Suspense and Misc. Balances	203.71
	18,659.97	Surplus on Government Account	0.00
	1,05,055.96	Total	7,102.37

As on 30 October 2019			As on 31 March 2020	
Assets				
	1,03,000.76	Gross Capital Outlay on Fixed Assets		5,422.20
3428.03		Investments in shares of Companies, Corporations, etc.	81.12	
99572.73		Other Capital Outlay	5,341.08	
	1,740.44	Loans and Advances		35.80
799.63		Industries and Minerals		
610.62		Transport		
85.05		Energy		
40.65		Agriculture and Allied Activities		
182.92		Other Development Loans		
21.57		Loans to Government servants and Miscellaneous Loans		
	12.69	Advances		0.00
	344.15	Suspense and Miscellaneous Balances		0.00
	0	Contingency Fund (un-recouped)		0.00
	-42.08	Cash		1,482.28
6.77		Cash in Treasuries and Local Remittances	0.00	
-448.72		Deposits with Bank	1,482.28	
4.97		Departmental Cash Balance	0.00	
0.12		Permanent Advances	0.00	
383.92		Cash Balance Investments	0.00	
10.86		Reserve Fund Investments	0.00	
		Cumulative Excess of Expenditure over Receipts		162.09
	1,05,055.96	Total		7,102.37

Source: Finance Accounts

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

Appendix - 2.1
Methodology adopted for the Assessment of Fiscal Position

Terms	Basis of calculation
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received $[(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Pre-Devolution Non-Plan Revenue Deficit	Non-Plan Revenue Expenditure – (State's Own Tax Revenues + State's Own Non-Tax Revenues)
State's Own Deficit	Fiscal Deficit – Share in Union Taxes/Duties – Grants-in-Aid received from the Union Government
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.	02	2056 & 4059	0.44	2
2.	03	5475	0.32	1
3.	06	2801,4801	62.78	38
4.	07	2202	1.38	1
5.	08	2049 & 2075	36.89	5
6.	10	2014	0.22	2
7.	12	4401 & 4402	2.80	4
8.	13	4403	1.39	1
9.	16	5054	99.33	1
10.	17	2210, 2211 & 4210	5.50	9
11.	18	2225, 2235 & 4225	29.18	7
12.	19	2217 & 4217	6.07	3
13.	21	4406	2.22	3
14.	26	4405	2.86	1
15.	28	2501	6.33	1
	Total		257.71	79

Appendix 3.2
(Reference Paragraph: 3.4.1)
Anticipated savings not surrendered

(₹ in crore)

Sl. No.	Grant No.	Grant Name	Amount of Grant or Appropriation	Expenditure	Saving	Percentage of savings
1	1	General Administration Department				
		Revenue				
		Voted	208.97	134.38	74.59	
		<i>Charged</i>	10.21	7.14	3.07	
		Capital				
		Voted	122.92	85.61	37.31	
		Total	342.10	227.13	114.97	34%
2	2	Home Department				
		Revenue				
		Voted	3,684.35	2,978.04	706.31	
		Capital				
		Voted	660.86	242.94	417.92	
				Total	4,345.21	3,220.98
3	3	Planning Department				
		Revenue				
		Voted	47.25	33.41	13.84	
		Capital				
		Voted	930.05	304.94	625.11	
				Total	977.30	338.35
4	4	Information Department				
		Revenue				
		Voted	57.13	41.19	15.94	
		Capital				
		Voted	0.75	0.35	0.40	
				Total	57.88	41.54
5	6	Power Development Department				
		Revenue				
		Voted	5,660.91	2,454.61	3,206.30	
		Capital				
		Voted	1,535.98	185.21	1,350.77	
				Total	7,196.89	2,639.82
6	7	Education Department				
		Revenue				
		Voted	5,411.98	3,992.64	1,419.34	
		Capital				
		Voted	768.59	86.65	681.94	
				Total	6,180.57	4,079.29

Sl. No.	Grant No.	Grant Name	Amount of Grant or Appropriation	Expenditure	Saving	Percentage of savings
7	9	Parliamentary Affairs Department				
		Revenue				
		Voted	17.38	8.88	8.50	
		<i>Charged</i>	0.33	0.03	0.30	
		Capital				
		Voted	1.50	0.00	1.50	
		Total	19.21	8.91	10.30	54%
8	10	Law Department				
		Revenue				
		Voted	595.91	335.12	260.79	
		<i>Charged</i>	36.09	17.89	18.20	
		Capital				
		Voted	41.37	18.98	22.39	
		Total	673.37	371.99	301.38	45%
9	11	Industry and Commerce Department				
		Revenue				
		Voted	171.16	124.50	46.66	
		Capital				
		Voted	487.97	152.50	335.47	
				Total	659.13	277.00
10	12	Agriculture Department				
		Revenue				
		Voted	710.07	577.20	132.87	
		Capital				
		Voted	318.97	175.95	143.02	
				Total	1,029.04	753.15
11	13	Animal/ Sheep Husbandry Department				
		Revenue				
		Voted	294.86	270.80	24.06	
		Capital				
		Voted	131.84	40.50	91.34	
				Total	426.70	311.30
12	14	Revenue Department				
		Revenue				
		Voted	209.86	176.45	33.41	
		Capital				
		Voted	13.49	2.14	11.35	
				Total	223.35	178.59
13	15	Food Civil Supplies and Consumer Affairs Department				

Sl. No.	Grant No.	Grant Name	Amount of Grant or Appropriation	Expenditure	Saving	Percentage of savings
		Revenue				
		Voted	192.67	80.45	112.22	
		Capital				
		Voted	259.94	166.66	93.28	
		Total	452.61	247.11	205.50	45%
14	16	Public Works Department				
		Revenue				
		Voted	357.98	382.20	-24.22	
		Capital				
		Voted	1,482.62	879.55	603.07	
		Total	1,840.60	1,261.75	578.85	31%
15	17	Health and Medical Education Department				
		Revenue				
		Voted	2,169.51	1,754.64	414.87	
		Capital				
		Voted	792.86	396.24	396.62	
		Total	2,962.37	2,150.88	811.49	27%
16	18	Social Welfare Department				
		Revenue				
		Voted	1,466.77	834.78	631.99	
		Capital				
		Voted	131.72	28.91	102.81	
		Total	1,598.49	863.69	734.80	46%
17	19	Housing and Urban Development Department				
		Revenue				
		Voted	364.00	350.74	13.26	
		Capital				
		Voted	615.86	351.37	264.49	
		Total	979.86	702.11	277.75	28%
18	20	Tourism Department				
		Revenue				
		Voted	135.54	89.95	45.59	
		Capital				
		Voted	259.35	89.24	170.11	
		Total	394.89	179.19	215.70	55%
19	21	Forest Department				
		Revenue				
		Voted	498.05	368.74	129.31	

Sl. No.	Grant No.	Grant Name	Amount of Grant or Appropriation	Expenditure	Saving	Percentage of savings
		Capital				
		Voted	99.11	19.16	79.95	
		Total	597.16	387.90	209.26	35%
20	22	Irrigation and Flood Control Department				
		Revenue				
		Voted	255.62	238.91	16.71	
		Capital				
		Voted	595.06	137.75	457.31	
		Total	850.68	376.66	474.02	56%
21	23	Public Health Engineering Department				
		Revenue				
		Voted	632.32	594.56	37.76	
		Capital				
		Voted	879.20	365.13	514.07	
		Total	1,511.52	959.69	551.83	37%
22	24	Hospitality and Protocol Department				
		Revenue				
		Voted	135.03	121.67	13.36	
		Capital				
		Voted	61.97	47.44	14.53	
		Total	197.00	169.11	27.89	14%
23	25	Labour Stationery and Printing Department				
		Revenue				
		Voted	64.47	45.57	18.90	
		Capital				
		Voted	46.39	3.51	42.88	
		Total	110.86	49.08	61.78	56%
24	26	Fisheries Department-				
		Revenue				
		Voted	42.68	39.07	3.61	
		Capital				
		Voted	25.98	6.91	19.07	
		Total	68.66	45.98	22.68	33%
25	27	Higher Education Department				
		Revenue				
		Voted	678.82	584.00	94.82	

Sl. No.	Grant No.	Grant Name	Amount of Grant or Appropriation	Expenditure	Saving	Percentage of savings
		Capital				
		Voted	107.70	137.36	-29.66	
		Total	786.52	721.36	65.16	8%
26	28	Rural Development Department				
		Revenue				
		Voted	310.84	231.94	78.90	
		Capital				
		Voted	2,009.98	684.13	1,325.85	
		Total	2,320.82	916.07	1,404.75	61%
27	29	Transport Department				
		Revenue				
		Voted	64.38	41.06	23.32	
		Capital				
		Voted	113.67	81.99	31.68	
		Total	178.05	123.05	55.00	31%
28	30	Tribal Affairs Department				
		Revenue				
		Voted	40.33	25.32	15.01	
		Capital				
		Voted	86.43	14.17	72.26	
		Total	126.76	39.49	87.27	69%
29	31	Culture Department				
		Revenue				
		Voted	30.57	22.24	8.33	
		Capital				
		Voted	13.81	5.92	7.89	
		Total	44.38	28.16	16.22	37%
30	32	Horticulture Department				
		Revenue				
		Voted	77.68	53.41	24.27	
		Capital				
		Voted	387.22	164.42	222.80	
		Total	464.90	217.83	247.07	53%
31	33	Disaster Management Relief Rehabilitation and Reconstruction Department				

Sl. No.	Grant No.	Grant Name	Amount of Grant or Appropriation	Expenditure	Saving	Percentage of savings
		Revenue				
		Voted	413.24	308.79	104.45	
		Capital				
		Voted	151.70	2.84	148.86	
		Total	564.94	311.63	253.31	45%
32	34	Youth Services and Technical Education Department				
		Revenue				
		Voted	275.57	214.17	61.40	
		Capital				
		Voted	49.05	21.43	27.62	
		Total	324.62	235.60	89.02	27%
33	35	Science and Technology Department				
		Revenue				
		Voted	6.07	4.15	1.92	
		Capital				
		Voted	31.12	1.57	29.55	
		Total	37.19	5.72	31.47	85%
34	36	Co-operative Department				
		Revenue				
		Voted	41.98	21.01	20.97	
		Capital				
		Voted	4.22	3.35	0.87	
		Total	46.20	24.36	21.84	47%
		Grand Total	38,589.83	22,464.47	16,125.36	

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	342.10	227.13	66%
2	Home Department	4,345.21	3,220.98	74%
3	Planning and Development Department	977.30	338.35	35%
4	Information Department	57.88	41.54	72%
6	Power Development Department	7,196.89	2,639.82	37%
7	Education Department	6,180.57	4,079.28	66%
8	Finance Department	16,727.95	18,884.80	113%
9	Parliamentary Affairs Department	19.21	8.91	46%
10	Law Department	673.36	371.99	55%
11	Industry and Commerce Department	659.13	277.00	42%
12	Agriculture Department	1,029.04	753.88	73%
13	Animal/Sheep Husbandry Department	426.70	311.30	73%
14	Revenue Department	223.35	178.59	80%
15	Food Civil Supplies and Consumer Affairs Department	452.61	247.11	55%
16	Public Works Department	1,840.61	1,261.75	69%
17	Health and Medical Education Department	2,962.37	2,150.88	73%
18	Social Welfare Department	1,598.49	863.69	54%
19	Housing and Urban Development Department	979.86	702.11	72%
20	Tourism Department	394.90	179.19	45%
21	Forest Department	597.16	387.90	65%
22	Irrigation Department	850.69	376.66	44%
23	Public Health Engineering Department	1,511.52	959.69	63%
24	Hospitality and Protocol Department	197.00	169.11	86%
25	Stationery and Printing Department	110.87	49.08	44%
26	Fisheries Department	68.66	45.98	67%
27	Higher Education Department	786.52	721.38	92%

Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilisation
28	Rural Development Department	2,320.82	916.07	39%
29	Transport Department	178.05	123.05	69%
30	Tribal Affairs Department	126.76	39.49	31%
31	Culture Department	44.38	28.16	63%
32	Horticulture Department	464.90	217.10	47%
33	Disaster Management Relief Rehabilitation and Reconstruction Department	564.94	311.63	55%
34	Youth Services and Technical Education Department	324.63	235.59	73%
35	Science and Technology Department	37.20	5.72	15%
36	Co-operative Department	46.20	24.36	53%

Appendix 3.4
(Reference Paragraph: 3.5)
Excess over provisions requiring regularisation

(₹ in crore)

Sl. No	Grant Number	Total Grant/ Appropriation	Expenditure	Excess
I-Revenue Voted				
1	16- Public Works Department	357.98	382.20	24.22
Total I-(Revenue Voted)		357.98	382.20	24.22
II-Capital Voted				
2	27- Higher Education Department	107.70	137.36	29.66
Total II-(Capital Voted)		107.70	137.36	29.66
III-Capital Charged				
3	08-Finance Department	10,053.23	13,149.34	3,096.11
Total III-(Capital Charged)		10,053.23	13,149.34	3,096.11
IV-Revenue Charged				
4	08-Finance Department	1,806.01	2,531.63	725.62
Total IV-(Revenue Charged)		1,806.01	2,531.63	725.62
Total (I+II+III+IV)		12,324.92	16,200.53	3,875.61

Appendix 3.5
(Reference Paragraph: 3.5.1)

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

(₹ in crore)

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Status of regularisation
1980-81	16	1,5,6,7,8,9,12,13,14,16,18,19,20,21,22,23	227.90	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	

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Status of regularisation
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	
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	
2019-20 (01/04/2019 to 30/10/2019)	16	5,7,8,9,12,15,17,18,19,21,24,26,29,32,33, 34	5,311.53	
		Total	1,24,004.41	

Appendix 3.6
(Reference Paragraph: 3.9.1)
Expenditure without Budgetary provisions (Grant No.17)

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure
1	2210	01	001	0099	0560	0	0.10
2	2210	01	001	0099	0614	0	0.12
3	2210	06	101	0099	0589	0	0.04
4	2211	00	001	0031	1651	0	0.63
5	2211	00	004	0031	1654	0	0.33
6	2211	00	004	0031	0581	0	3.63
7	2211	00	004	0031	1769	0	0.04
8	2211	00	102	0031	1770	0	0.06
9	4210	03	105	0031	1654	0	0.55
Total							5.50

Appendix 3.7
(Reference Paragraph: 3.9.1)
Nil Expenditure against the Budgetary provisions (Grant No.17)

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure
1	2210	01	001	0099	2356	0.13	0
2	2210	03	110	0031	2504	4.09	0
3	4210	04	107	0031	2481	1.74	0
Total						5.96	0

Appendix 3.8
(Reference Paragraph: 3.9.1)
Less Expenditure (Saving) against the Budgetary provisions

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less
1	2210	1	1	31	1532	0.12	0.08	0.04
2	2210	1	1	99	602	1.17	1.01	0.16
3	2210	1	1	99	630	0.11	0.03	0.08
4	2210	1	1	99	638	78.14	53.45	24.69
5	2210	1	1	99	1530	0.77	0.77	0.00
6	2210	1	104	99	598	1.44	0.80	0.64
7	2210	1	104	99	1279	1.17	1.02	0.15
8	2210	1	109	99	591	0.24	0.23	0.01
9	2210	1	109	99	643	0.96	0.63	0.33
10	2210	1	110	99	557	8.30	6.77	1.53
11	2210	1	110	99	559	1.75	1.72	0.03
12	2210	1	110	99	562	21.97	21.88	0.09
13	2210	1	110	99	568	20.41	19.58	0.83
14	2210	1	110	99	622	96.58	71.22	25.36
15	2210	1	110	99	660	8.70	7.32	1.38
16	2210	1	110	99	662	3.60	2.47	1.13
17	2210	1	110	99	678	0.93	0.83	0.10
18	2210	1	110	99	680	47.07	41.69	5.38
19	2210	1	110	99	1293	32.24	27.23	5.01
20	2210	1	110	99	2261	0.21	0.20	0.01
21	2210	1	110	99	2508	2.50	0.37	2.13
22	2210	1	200	99	1765	0.14	0.08	0.06
23	2210	2	101	99	681	3.94	3.79	0.15
24	2210	2	101	99	1315	1.87	1.55	0.32
25	2210	2	103	99	694	0.41	0.34	0.07
26	2210	2	103	99	1837	1.27	0.95	0.32
27	2210	3	101	99	580	33.97	33.65	0.32
28	2210	3	103	99	644	113.81	110.06	3.75
29	2210	3	103	99	649	1.87	1.71	0.16
30	2210	3	103	99	2356	0.15	0.03	0.12
31	2210	3	110	99	576	43.64	27.43	16.21
32	2210	3	110	99	577	2.10	1.29	0.81
33	2210	3	110	99	1531	142.50	140.74	1.76
34	2210	3	800	31	2256	274.26	137.05	137.21

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less
35	2210	5	105	99	166	87.80	75.47	12.33
36	2210	5	105	99	305	84.23	81.33	2.90
37	2210	5	105	99	586	11.16	8.27	2.89
38	2210	5	105	99	590	261.09	170.84	90.25
39	2210	5	105	99	679	17.85	14.43	3.42
40	2210	5	105	99	682	1.88	1.35	0.53
41	2210	5	105	99	1544	53.61	39.51	14.10
42	2210	5	105	99	1756	2.95	0.92	2.03
43	2210	5	105	99	2023	12.51	9.35	3.16
44	2210	5	105	99	2453	161.06	98.63	62.43
45	2210	6	101	99	584	19.21	13.35	5.86
46	2210	6	101	99	1300	3.10	2.98	0.12
47	2210	6	101	99	2263	0.25	0.23	0.02
48	2210	6	102	99	648	0.67	0.43	0.24
49	2210	6	102	99	1289	0.29	0.27	0.02
50	2210	6	102	99	2480	0.26	0.25	0.01
51	2210	6	104	99	571	0.04	0.04	0.00
52	2210	6	104	99	654	2.86	2.59	0.27
53	2210	6	104	99	1264	0.34	0.34	0.00
54	2210	6	104	99	1294	1.63	1.10	0.53
55	2210	6	104	99	2264	1.33	1.32	0.01
56	2210	6	104	99	2265	0.22	0.21	0.01
57	2210	6	104	99	2266	0.25	0.19	0.06
58	2210	6	107	99	615	0.45	0.19	0.26
59	2210	6	107	99	626	0.68	0.54	0.14
60	2210	6	107	99	656	1.33	1.25	0.08
61	2210	6	107	99	676	0.56	0.50	0.06
62	2210	6	107	99	689	0.35	0.28	0.07
63	2210	6	107	99	2267	1.07	0.91	0.16
64	2210	6	112	99	1545	0.61	0.22	0.39
65	2210	6	200	99	565	1.09	0.83	0.26
66	2210	6	200	99	620	1.22	1.05	0.17
67	2210	6	800	99	2268	0.03	0.00	0.03
68	2211	0	001	99	2204	4.41	2.48	1.93
69	2211	0	001	99	2509	7.00	4.34	2.66
70	2211	0	003	99	2204	0.47	0.32	0.15
71	2211	0	101	99	2204	13.90	9.20	4.70
72	2211	0	104	99	2204	0.11	0.11	0.00
73	2211	0	800	31	581	63.27	46.61	16.66

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less
74	2211	0	800	31	1651	12.54	6.88	5.66
75	2211	0	800	31	1654	3.77	1.87	1.90
76	2211	0	800	31	1769	4.24	2.18	2.06
77	2211	0	800	31	1770	0.88	0.49	0.39
78	4210	1	200	11	2256	21.65	20.10	1.55
79	4210	1	800	11	166	29.70	21.90	7.80
80	4210	1	800	11	305	17.26	11.47	5.79
81	4210	1	800	11	1536	28.52	17.70	10.82
82	4210	1	800	11	1537	35.34	34.06	1.28
83	4210	1	800	11	1538	1.00	0.65	0.35
84	4210	1	800	11	1539	2.16	1.70	0.46
85	4210	1	800	11	1540	1.06	0.46	0.60
86	4210	1	800	11	1541	4.73	4.33	0.40
87	4210	1	800	11	1542	4.30	2.75	1.55
88	4210	1	800	11	1544	16.00	7.23	8.77
89	4210	1	800	11	2023	5.05	5.02	0.03
90	4210	2	103	11	515	0.67	0.37	0.30
91	4210	2	800	31	2256	222.64	63.88	158.76
92	4210	3	105	11	2453	28.85	23.56	5.29
93	4210	3	105	31	2453	241.18	124.32	116.86
94	4210	3	200	31	192	36.17	31.63	4.54
95	4210	4	101	31	1881	75.85	4.06	71.79
96	4210	4	107	31	1538	1.35	0.03	1.32
Total						2,564.35	1,696.83	867.52

Appendix 3.9
(Reference Paragraph: 3.9.1)
Excess Expenditure over the Grant

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Excess
1	2210	1	1	99	558	15.45	18.02	2.57
2	2210	1	1	99	579	4.63	6.19	1.56
3	2210	1	1	99	610	2.84	3.9	1.06
4	2210	1	1	99	618	2.29	2.73	0.44
5	2210	1	1	99	636	48.89	59.09	10.2
6	2210	1	110	99	567	8.98	9.7	0.72
7	2210	1	110	99	576	1.49	1.79	0.3
8	2210	1	110	99	585	33.91	41.06	7.15
9	2210	1	110	99	625	45.38	46.54	1.16
10	2210	1	110	99	666	0.21	0.26	0.05
11	2210	1	110	99	688	2.92	4.05	1.13
12	2210	1	110	99	1529	6.54	6.71	0.17
13	2210	1	110	99	1553	9.56	9.66	0.1
14	2210	1	110	99	1758	0.45	0.55	0.1
15	2210	1	110	99	1764	3.92	5.35	1.43
16	2210	1	200	99	641	2.4	2.74	0.34
17	2210	2	101	99	667	27.09	30.71	3.62
18	2210	3	101	99	581	22.18	23.85	1.67
19	2210	3	103	99	2262	50.34	65.66	15.32
20	2210	3	110	99	696	22.01	25.06	3.05
21	2210	5	105	99	592	0.79	1.01	0.22
22	2210	6	101	99	603	8.09	8.88	0.79
23	2210	6	101	99	1277	2.55	2.73	0.18
24	2210	6	102	99	697	0.24	0.27	0.03
25	2210	6	102	99	2479	0.39	0.4	0.01
26	2210	6	104	99	633	1.44	1.58	0.14
27	2210	6	104	99	658	3.01	3.11	0.1
28	2211	0	800	31	1652	0.42	0.7	0.28
29	4210	1	800	11	1543	17.66	20.48	2.82
Total						346.07	402.78	56.71

Appendix 4.1
(Reference Paragraph: 4.2)
Direct transfer of Central Scheme Funds to UT Government departments (funds routed outside UT Budgets, unaudited figures)

(₹ in lakh)

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases
			2019-20 (31.10.2019 to 31.03.2020)
1	Atal Innovation Mission (AIM) including Self Employment and Talent Utilisation (SETU)	Various Government Higher Secondary Schools	24.00
2	Beti Bachao Beti Padhao	Various Dy. Commissioner, Government of Jammu and Kashmir	141.90
3	Development of Infrastructure for Promotion of Health Research	Medical College, Srinagar	42.20
4	Developing of Nursing Services	Various nursing schools of Jammu and Kashmir	2,625.00
5	Economic Census	Directorate of Economics & Statistics, Jammu and Kashmir	18.90
6	Higher Education Statistics and Public Information System (HESPIS)	Higher Education, Jammu and Kashmir	5.65
7	Integrated Management of Public Distribution System	Consumer Affairs & Public Distribution Department Jammu and Kashmir	68.14
8	Incentivisation of Panchayat	Rashtriya Gram Swaraj Abhiyan	5.00
9	Member of Parliament Local Area Development Scheme (MPLAD)	Various Distt. Deputy Commissioners, Government of Jammu and Kashmir	2,000.00
10	One Stop Center	Deputy Commissioner, Government of Jammu and Kashmir	73.36
11	Pradhan Mantri Matru Vandana Yojana	Social Welfare Department, Jammu & Kashmir Government	1,204.84
12	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	26,362.32
13	Relief and Rehabilitation for Migrants and Repatriates	Dy. Commissioners/ Additional Deputy Commissioners of Jammu and Kashmir	26.50
14	Research Training and Studies and Other Road Safety Schemes	Transport Commissioner, Jammu and Kashmir	954.66
15	Schemes for Differently Abled Persons	Under Secretary, Commissioner for Persons with Disabilities, Jammu	0.30
16	Strengthening of Public Distribution System Operations	Consumer Affairs & Public Distribution Department Jammu and Kashmir	1.35
Grand Total			33,554.12

Source: Finance Accounts of respective years

Out of total amount of ₹ 79,602.15 lakh released by Government of India an amount of ₹ 33,554.12 lakh has been transferred to the various Government Department of Jammu and Kashmir and ₹ 46,048.03 lakh to various Autonomous Bodies/ other Entities of the Government (including ₹ 4,999.17 lakh to Central agencies).

Appendix 4.2
(Reference Paragraph: 4.11)
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

Sl. No.	Name of the Body/Authority	Period for which accounts awaited	Number of awaited accounts
25	District Rural Development Agency Baramulla	2007-08 to 2018-19	12
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, and 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, Lakhanpur	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

Sl. No.	Name of the Body/Authority	Period for which accounts awaited	Number of awaited accounts
50	District Rural Development Agency, Rajouri	2001-02 to 2018-19	18
51	Tourism Development Authority, Gulmarg	2000-01 to 2018-19	19
52	Tourism Development Authority, Aharbal	2006-07 to 2018-19	13
53	Tourism Development Authority, Bhaderwah	2006-07 to 2018-19	13
54	Tourism Development Authority, Patnitop	2002-03 to 2018-19	16
55	Sainik School Manasbal	2016-17 to 2018-19	03
Total			797

Appendix 4.3
(Reference Paragraph: 4.12)
Position of Arrears of Accounts as on 31 March 2020

Sl. No.	Name of the Company	Last audited up to
1.	J&K State Power Development Corporation Ltd.	2013-14
2.	J&K State Industrial Development Corporation Ltd.	2013-14
3.	J&K Small Scale Industries Development Corporation Ltd.	2010-11
4.	J&K Minerals Limited	1999-2000
5.	JK Cements Limited	2011-12
6.	J&K Handicrafts (S&E) Corporation Limited	2004-05
7.	J&K Handloom Development Corporation Limited	2013-14
8.	J&K Industries Limited	2013-14
9.	J&K Agro Industries Development Corporation Limited	2009-10
10.	J&K HPMC Ltd.	2004-05
11.	J&K Cable Car Corporation Limited	2010-11
12.	J&K Tourism Development Corporation Limited	2014-15
13.	J&K SC/ST/OBC Development Corporation Limited	2008-09
14.	J&K Projects Construction Corporation Limited	2013-14
15.	J&K Police Housing Corporation Limited	2010-11
16.	J&K Overseas Employment Corporation Limited	2010-11
17.	J&K Medical Supplies Corporation Ltd.	NA ¹
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
22.	J&K Trade Promotion Organisation	2018-19
Sl. No.	Name of the Corporation	Last audited up to
1.	J&K State Road Transport Corporation	2013-14
2.	J&K State Forest Corporation ²	--
3.	J&K State Financial Corporation	2018-19

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

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

Appendix 5.1
(Reference Paragraph: 5.13.1)
Expenditure incurred without authority of law

Sl. No.	Grant/ Appropriation	Major Heads of Accounts	Expenditure	Number of Schemes/Sub Heads
			(₹ in crore)	
1.	05	2575	5.10	01
2.	07	4202	0.02	01
3.	08	2071	72.40	05
4.	10	2014	0.01	02
5.	15	4408	3.21	01
6.	22	4702	0.69	01
Total			81.43	11

Appendix 5.2

(Reference Paragraph: 5.13.3)

Anticipated savings (above ₹10 crore & ₹100 crore) not surrendered

(₹in crore)

Sl. No.	Grant No	Name of Grant/ Appropriation	Amount of Appropriation	Expenditure	Saving	Percentage of saving
1	1	General Administration Department				
		Revenue				
		Voted				
		<i>Charged</i>	11.58	6.18	5.40	
		Capital				
		Voted	6.00	0.00	6.00	
		Total	17.58	6.18	11.40	65
2	3	Planning Department				
		Revenue				
		Voted	0.45	0.28	0.17	
		Capital				
		Voted	25.77	0.00	25.77	
		Total	26.22	0.28	25.94	99
3	5	Ladakh Affairs Department				
		Revenue				
		Voted	926.15	6.10	920.05	
		Capital				
		Voted	3,875.17	2.30	3,872.87	
		Total	4,801.32	8.40	4,792.92	100
4	6	Power Development Department				
		Revenue				
		Voted	1.40	0.00	1.40	
		Capital				
		Voted	68.10	0.00	68.10	
		Total	69.50	0.00	69.50	100
5	7	Education Department				
		Revenue				
		Voted	32.70	0.00	32.70	
		Capital				
		Voted	9.24	0.02	9.22	
		Total	41.94	0.02	41.92	100

Sl. No.	Grant No	Name of Grant/ Appropriation	Amount of Appropriation	Expenditure	Saving	Percentage of saving
6	11	Industry and Commerce Department				
		Revenue				
		Voted	1.22	0.18	1.04	
		Capital				
		Voted	63.14	0.00	63.14	
		Total	64.36	0.18	64.18	100
7	12	Agriculture Department				
		Revenue				
		Voted	0.41	0.00	0.41	
		Capital				
		Voted	35.27	0.00	35.27	
		Total	35.68	0.00	35.68	100
8	15	Food Civil Supplies and Consumer Affairs Department				
		Capital				
		Voted	15.51	3.21	12.30	
		Total	15.51	3.21	12.30	79
9	16	Public Works Department				
		Revenue				
		Voted	1.51	0.00	1.51	
		Capital				
		Voted	150.90	15.47	135.44	
		Total	152.41	15.47	136.95	90
10	18	Social Welfare Department				
		Revenue				
		Voted	25.11	4.30	20.81	
		Capital				
		Voted	0.99	0.00	0.99	
		Total	26.10	4.30	21.80	84
11	19	Housing and Urban Development Department				
		Revenue				
		Voted	1.50	0.00	1.50	
		Capital				
		Voted	19.19	0.00	19.19	
		Total	20.69	0.00	20.69	100

Sl. No.	Grant No	Name of Grant/ Appropriation	Amount of Appropriation	Expenditure	Saving	Percentage of saving
12	20	Tourism Department				
		Revenue				
		Voted	5.46	0.00	5.46	
		Capital				
		Voted	6.35	0.00	6.35	
		Total	11.81	0.00	11.81	100
13	22	Irrigation and Flood Control Department				
		Capital				
		Voted	48.51	0.69	47.82	
		Total	48.51	0.69	47.82	99
14	28	Rural Development Department				
		Revenue				
		Voted	1.71	0.00	1.71	
		Capital				
		Voted	271.91	0.00	271.91	
		Total	273.62	0.00	273.62	100
15	34	Youth Services and Technical Education Department				
		Revenue				
		Voted	11.10	0.00	11.10	
		Capital				
		Voted	0.97	0.05	0.92	
		Total	12.07	0.05	12.02	100
		Grand Total	5,617.33	38.77	5,578.56	

Appendix 5.3
(Reference Paragraph: 5.13.4)
Percentage of utilisation of provisions under each grant

(₹ in crore)

Sl. No.	Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilisation
1	1	General Administration Department	17.58	6.18	35%
2	2	Home Department	57.48	49.53	86%
3	3	Planning and Development Department	26.22	0.28	1%
4	5	Ladakh Affairs Department	4,801.32	8.40	0%
5	6	Power Development Department	69.50	0.00	0%
6	7	Education Department	41.94	0.02	0%
7	8	Finance Department	37.90	74.09	195%
8	10	Law Department	12.57	14.00	111%
9	11	Industry and Commerce Department	64.36	0.18	0%
10	12	Agriculture Department	35.68	0.00	0%
11	13	Animal/Sheep Husbandary Department	0.37	0.15	41%
12	15	Food Civil Supplies and Consumer Affairs Department	15.51	3.21	21%
13	16	Public Works Department	152.41	15.47	10%
14	17	Health and Medical Education Department	1.26	0.00	0%
15	18	Social Welfare Department	26.10	4.30	16%
16	19	Housing and Urban Development Department	20.69	0.00	0%
17	20	Tourism Department	11.81	0.00	0%
18	21	Forest Department	2.12	0.00	0%
19	22	Irrigation Department	48.51	0.69	1%
20	25	Stationery and Printing	0.04	0.00	0%
21	26	Fisheries Department	0.64	0.00	0%
22	27	Higher Education Department	5.22	0.00	0%
23	28	Rural Development Department	273.62	0.00	0%

Sl. No.	Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilisation
24	29	Transport Department	5.14	0.00	0%
25	30	Tribal Affairs Department	0.32	0.00	0%
26	31	Culture Department	4.80	0.00	0%
27	32	Horticulture Department	1.95	0.00	0%
28	33	Disaster Management Relief Rehabilitation and Reconstruction Department	6.77	0.00	0%
29	34	Youth Services and Technical Education Department	12.07	0.05	0%
30	35	Science and Technology Department	0.01	0.00	0%
31	36	Cooperative Department	0.09	0.00	0%
		Total	5,754.00	176.56	3%

Appendix-6

Glossary of important Budget related terms

1. ***'Accounts' or 'actuals' of a year*** - are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2. ***'Administrative approval' of a scheme, proposal or work*** - is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3. ***'Annual financial statement'*** Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.
4. ***'Appropriation'*** - means the amount 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.
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.
11. **‘New Service’** –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’**- 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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