



**Audit Report
of
the Comptroller and Auditor General of India
on the Union Territory Finances
for the year ended 31 March 2021**



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

Government of Union Territory of Jammu and Kashmir
Report No. 2 of the year 2022

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of
the Comptroller and Auditor General of India
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Kashmir**

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PREFACE

This Report for the year ended 31 March 2021 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act 2019. As per the decision of the Government of India, Ministry of Finance (June 1994), wherever President's Rule is extended beyond one year, the C&AG's Report would be placed in Parliament. Hence, this Report is being sent to President for laying in the Parliament.

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

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

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

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

Chapter V discusses the financial performance of Public Sector Undertakings.

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

Executive Summary

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Union Territory of Jammu and Kashmir is brought out to assess the financial performance of the Union Territory during the year 2020-21 *vis-à-vis* the Budget Estimates, to provide the Union Territory Government and UT Legislature with timely inputs based on audit analysis of financial data. The report analyses the structural profile of Government's receipts and disbursements.

The Report

Based on the audited accounts of the Government of Union Territory for the year ended 31 March 2021 and additional data such as Budget of the Union Territory, Other data with Departmental Authorities, GSDP data and other UT related statistics, this report has been structured into the following five Chapters.

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

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

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

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

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

Audit findings

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

There was less receipt under Revenue Receipts (₹38,604 crore) under Own Tax Revenue (₹4,364 crore), Share of Union Taxes (₹15,200 crore), Additional Resource Mobilization (₹4,000 crore), Grants-in-Aid from GoI (₹15,052 crore) with respect to budget estimates and revenue expenditure was less by ₹10,030 crore with respect to Budget Estimates. As a result, the Union Territory of Jammu and Kashmir had a

revenue deficit of ₹138 crore against revenue surplus of ₹28,436 crore projected in budget estimates.

(Para 1.5)

There was Revenue Deficit of ₹138.27 crore in the accounts of Union Territory of Jammu and Kashmir during the year which was understated by ₹250.56 crore due to misclassification of Revenue Expenditure as Capital Expenditure, Non Payment of Interest on State Afforestation Fund and Deposit, Short Contribution to Defined Contribution Pension Fund. There was Fiscal Deficit of ₹10,693.36 crore during 2020-21 which was understated by ₹60.75 crore due to Non Payment of Interest on State Compensatory Afforestation Fund, State Compensatory Afforestation Deposit and Short Contribution to Defined Contribution Pension Fund.

(Para 1.7.1)

Percentage of Grants-in-Aid to Revenue Receipts was 75.32 *per cent* during the year 2020-21.

(Para 2.3.2.2)

The committed expenditure constituted 74.67 *per cent* of Revenue Expenditure and it was 74.87 *per cent* of Revenue Receipts as such about 25 *per cent* of revenue receipts was available for other expenditure during the year 2020-21.

(Para 2.4.2.1)

During 2020-21, Government of UT of Jammu and Kashmir invested ₹83.27 crore in two companies and one corporation and had total investment of ₹162.39 crore as on 31 March 2021. Erstwhile State Government had cumulative investment of ₹4,617.16 crore in 38 Companies (₹4,148.83 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.

(Para 2.4.3.2)

During the year ended 31 March 2021, the Government of Union Territory of Jammu and Kashmir disbursed Loans and Advances of ₹61.64 crore and recovered loans and advances amounting to ₹1.93 crore. Out of total loans of ₹61.64 crore disbursed during 2020-21, loan of ₹32.50 crore was granted to J&K State Road Transport Corporation Limited which already had outstanding loans of ₹406.73 crore ending 31 March 2020 (₹383.73 crore received from erstwhile State and ₹23 crore from UT of J&K).

(Para 2.4.3.3)

During 2020-21, the balance under Reserve Funds of UT Jammu and Kashmir was ₹771.13 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 yet to be bifurcated between the two Union Territories till 31 March 2021.

(Para 2.5.2)

The Government of Union Territory of Jammu and Kashmir maintained the mandatory minimum daily cash balance of ₹1.14 crore with Reserve Bank of India on 47 days during 2020-21 without taking Special Ways and Means Advance/Ways and Means Advances (WMA)/ Overdrafts, and on 260 days minimum balance was maintained by obtaining Normal Ways and Means Advances besides on 58 days Overdraft was taken in addition to obtaining Normal Ways and Means Advances.

(Para 2.7.3)

Chapter-III Budgetary Management:

An amount of ₹6,714.34 crore was incurred under 53 schemes/ Sub Heads in 16 Grants without Budgetary Provisions which needs to be regularised.

(Para 3.3.1)

During 2020-21, a sum of ₹189.81 crore of Revenue expenditure was disbursed under Capital Major Heads of expenditure, thereby, resulting in overstatement of Capital Expenditure and understatement of Revenue Expenditure and Revenue deficit to the extent of ₹189.81 crore.

(Para 3.3.2)

Supplementary provisions aggregating ₹12,393.19 crore obtained in 11 cases, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions.

(Para 3.3.3)

There were huge savings of ₹100 crore and above by the departments under Capital Section in 25 grants amounting to ₹31,927.59 crore.

(Para 3.4)

Out of 35 grants, in 34 grants the utilisation ranged between 20 *per cent* and 83 *per cent*. In the remaining one grant there was over utilisation of 11 *per cent* resulting in excess over provisions during 2020-21.

(Para 3.4.1)

Entire budget provision of ₹18,134.91 crore under 25 Grants involving 139 number of schemes remained unutilised during the year resulting in denial of intended benefits to the general public.

(Para 3.5)

The excess expenditure amounting to ₹7,094.29 crore under Capital *charged* section in Grant No. 08 (Finance Department) incurred during 2020-21 is to be got regularised.

(Para 3.5.1)

In four grants, expenditure exceeding 50 *per cent* of total expenditure of the year has been incurred during March 2021 only and the percentage of expenditure ranged between 56 and 64 *per cent* of total expenditure. Similarly, in seven grants expenditure exceeding 50 *per cent* of total expenditure of the year has been incurred during the last quarter of the year and the percentage of expenditure ranged between 57 *per cent* and 76 *per cent*.

(Para 3.8.2)

Chapter-IV Quality of Accounts and Financial Reporting Practices:

3,215 Utilisation Certificates in respect of grants involving ₹10,076.58 crore against various departments were outstanding as on 31 March 2021.

(Para 4.4)

An amount of ₹5,280.71 crore drawn on 356 AC bills drawn up to 31 January 2021 were not submitted to the Pr. Accountant General (A&E), Jammu & Kashmir. Detailed Contingent (DC) bills in respect of 2,237 Abstract Contingent (AC) Bills amounting to ₹6,885.63 crore drawn up to 30 October 2019 pertaining to erstwhile State were also awaited.

(Para 4.5)

During 2020-21, ₹3,741.00 crore (7.13 *per cent* of the total Revenue Receipts) was classified under the Minor Head 800-‘Other Receipts’ and expenditure of ₹4,677.34 crore (7.41 *per cent* of Total Revenue and Capital 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)

During 2020-21, Receipts of ₹48,444.58 crore (92.28 *per cent* of the total Revenue Receipts of ₹52,495.48 crore of Union Territory of J&K excluding Public Debt) and Expenditure of ₹40,905.14 crore (64.82 *per cent* of total Revenue and Capital Expenditure of ₹63,104.13 crore) were reconciled with the Office of the Principal Accountant General (A&E).

(Para 4.8)

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 Financial Performance of Public Sector Undertakings:

As on 31 March 2021, of the total equity capital of ₹5,073.32 crore in Power Sector PSUs, ₹2,593.54 crore (51.12 *per cent*) was contributed by the GoJ&K. Further, the total equity investment in 36 PSUs of sectors other than Power Sector was ₹969.10 crore. The government had also advanced loans of ₹1437.72 crore to PSUs functioning in other than power sector.

(Para 5.4.1)

Budgetary assistance of ₹3,151.70 crore was received by PSUs from the GoJ&K during 2020-21.

(Para 5.4.2)

The market value of shares of J&K Bank Limited was ₹1,901.35 crore as on 31 March 2021 as compared to ₹881.83 crore as on 31 March 2020.

(Para 5.4.5)

Chapter-I

Overview

CHAPTER-I

OVERVIEW

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

1.1 Profile of the Union Territory of Jammu and Kashmir

The Union Territory of Jammu and Kashmir is constituted of 20 districts. The projected population of Union Territory of Jammu and Kashmir for the year 2021 was 1.34 crore and density was 82 person per square km. As per Population projections for India and States 2011-2036, the population growth has been projected at 7.2 and Infant mortality rate at 29 for the period 2021-25.

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, as it denotes the extent of changes in the level of economic development of the State/UT over a period of time. Changes in sectoral contribution to the GSDP is also important to understand the changing structure of economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors. The GSDP of UT of Jammu and Kashmir during 2020-21 was ₹1,76,282 crore.

Table 1.1: GSDP compared to the GDP

(₹in crore)

Year	2019-20	2020-21
GDP (2011-12 Series)	2,03,51,013	1,97,45,670
Growth rate of GDP over previous year (in per cent)	7.75	-2.97
UT of J&K's GSDP (2011-12 Series)	1,70,382	1,76,282*

Source: MOSPI, GoI website

*Growth rate of GSDP over previous year has not been shown as two new UTs viz. UT of Jammu and Kashmir and UT of Ladakh were formed from the 'Appointed Day' 31 October 2019.

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 and Kashmir are to be submitted to the Lt. 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 and Entitlements) prepares the Finance Accounts and Appropriation Accounts of the Union Territory of Jammu and Kashmir, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the Government of 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.

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 Finance Commission (FC), Fiscal Responsibility and Budget Management Act, best practices and guidelines of the Government of India.

1.3 Report Structure

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

Chapter – I	Overview This chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and UTs fiscal position including the deficits/surplus.
Chapter – II	Finances of the Union Territory This chapter provides a broad perspective of the finances, debt profile of the Union Territory of Jammu and Kashmir and key Public Account transactions, based on the Finance Accounts of the Union Territory of Jammu and Kashmir for the year 2020-21.

Chapter – III	Budgetary Management This chapter is based on the Appropriation Accounts of Union Territory of Jammu and Kashmir for the year 2020-21 and reviews the appropriations and allocative priorities of the Government of Union Territory of Jammu and Kashmir and reports on deviations from Constitutional provisions relating to budgetary management.
Chapter – IV	Quality of Accounts and Financial Reporting Practices This chapter has comments on the quality of accounts rendered by various authorities of the Union Territory Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the Government.
Chapter –V	Financial Performance of Public Sector Undertakings This chapter contains comments about the financial performance of Public Sector Undertakings of UT of Jammu and Kashmir during the year 2020-21.

1.4 Overview of Government Account 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 and Kashmir (Section 67 of the Jammu and Kashmir Reorganisation Act 2019)

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

2. Contingency Fund of the Union Territory of Jammu and Kashmir (Section 69(1) of the Jammu and Kashmir Reorganisation Act 2019)

This Fund is in the nature of an imprest, which is established by the Legislature by law, and is placed at the disposal of the Lieutenant Governor

to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the Legislature of Union Territory of Jammu and Kashmir. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the Union Territory of Jammu and Kashmir.

3. Public Accounts of the Union Territory of Jammu and Kashmir (Section 68(1) of the Jammu and Kashmir Reorganisation Act 2019)

Apart from above, all other public moneys received by or on behalf of the Lieutenant Governor, shall be credited to a Public Account entitled the Public Account of the Union Territory 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 and 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 of Union Territory, which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The **Capital Receipts** consist of:

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

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

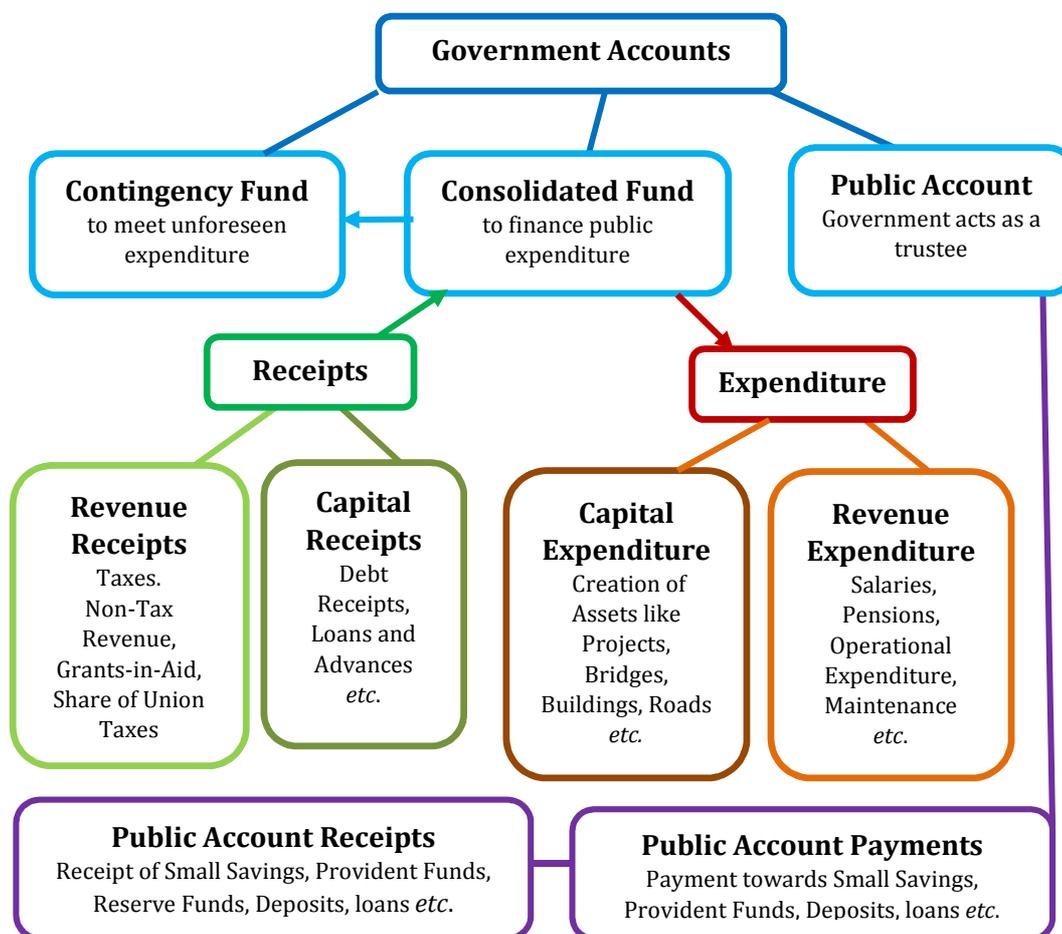
At present, we have an accounting classification system in Government that is both functional and economic.

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

1.4.1 Structure of Government Accounts

Chart 1.1: Structure of Government Accounts

Government finances comprise the following:



1.4.2 Budgetary Process

In terms of Section 41 of the Jammu and Kashmir Reorganisation Act 2019, the Lieutenant Governor of Union Territory of Jammu and Kashmir shall cause to be laid before Legislative Assembly, a statement of the estimated receipts and expenditure of the Union Territory, 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.

In pursuance of Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O 3938 (E) dated 31 October 2019 issued consequent upon the proclamation issued on 31st day of October 2019, Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O. 3937(E) dated 31st October, 2019, under section 73 of Jammu and Kashmir Reorganisation Act, 2019, read with Article 239 and 239A of the Constitution and Section 74 of the Jammu and Kashmir Reorganisation Act, 2019, the bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the Union Territory of Jammu and Kashmir of the moneys required to meet the expenditure *charged* on the Consolidated Fund of the Union Territory of Jammu and Kashmir and the grants made for the expenditure of the Union Territory of Jammu and Kashmir for the financial year 2020-21 from 1st day of April 2020 to 31st day of March 2021 was introduced in Parliament and assented to in March 2020. The Budget for the year 2020-21 of Union Territory of Jammu and Kashmir and Appropriation Bills for incurring expenditure by the Union Territory of Jammu and Kashmir for the period 2020-21 were presented in Parliament in March 2020. Appropriation Accounts of Union Territory of Jammu and Kashmir for the period 2020-21 was audited and commented to in **Chapter 3** of this Report.

1.5 Snapshot of Finances

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

Table 1.2: Actuals Vs Budget for the year 2020-21

(₹ in crore)

Sl. No	Components	(Budget Estimate)	(Actuals)	Percentage of Actuals to B.E.	Percentage of Actuals to GSDP
1	Own Tax Revenue	13,241	8,877	67.04	5.04
2	Own Non-Tax Revenue	4,065	4,077	100.30	2.31
3	Share of Union taxes/duties	15,200	0.00	0.00	0.00
4	Grants-in-aid and Contributions	54,594	39,542	72.43	22.43
5	Additional Resource Mobilisation	4,000	0.00	0.00	0.00
6	Revenue Receipts (1+2+3+4+5)	91,100	52,496	57.62	29.78
7	Recovery of Loans and Advances	5	2	40.00	0.00
8	Other Receipts	84	0.00	0.00	0.00
9	Borrowings and other Liabilities	10,240	10,693 [#]	104.42	6.07

10	Capital Receipts (7+8+9)	10,329	10,695	103.54	6.07
11	Total Receipts (6+10)	1,01,429	63,191	62.30	35.85
12	Revenue Expenditure	62,664	52,634	83.99	29.86
13	Interest payments	6,891	6,372	92.47	3.61
14	Capital Expenditure	38,764	10,532	27.17	5.97
15	Capital outlay	38,656	10,470	27.09	5.94
16	Loan and advances	108	62	57.41	0.04
17	Appropriation to Contingency Fund	0.00	25	-	0.01
18	Total Expenditure (12+14+17)	1,01,428	63,191	62.29	35.85
19	Revenue Deficit (6-12)	28,436	-138	-0.49	-0.08
20	Fiscal Deficit {18-(6+7+8)}	10,240	10,693	104.42	6.07
21	Primary Deficit (20-13)	3,349	4,321	129.02	2.45

Source: Budget 2020-21 and Finance Accounts 2020-21. # Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance. Public Debt receipts includes ₹2,099.80 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

There was less receipt (₹38,604 crore) under Revenue Receipts. This was due to less receipt under Own Tax Revenue (₹4,364 crore), Share of Union Taxes (₹15,200 crore), Additional Resource Mobilisation (₹4,000 crore) and Grants in Aid from GoI (₹15,052 crore) with respect to budget estimates. Revenue expenditure was less by ₹10,030 crore with respect to Budget Estimates. These resulted in Union Territory of Jammu and Kashmir having a revenue deficit of ₹138 crore against revenue surplus of ₹28,436 crore projected in budget estimate.

Goods and Services Tax (GST) Compensation is the revenue of the State Government under GST (Compensation to States) Act, 2017. However, in addition to receiving the GST compensation of ₹2,171.22 crore as revenue receipts during the year 2020-21, the Union Territory (UT) of Jammu and Kashmir also received back-to-back loans of ₹2,099.80 crore under debt receipts of the UT Government, with no repayment liability for the UT.

1.5.1 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.2** gives an abstract of such liabilities and assets as on 31 March 2021, compared with the corresponding position of previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, and the assets comprise mainly the capital outlay and loans and advances given by the UT Government and cash balances. Summarised position of assets and liabilities is depicted in **Table 1.3**.

Table 1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities		Assets	
		2020-21	2020-21
Consolidated Fund			
A	Internal Debt	10,562	A Gross Capital Outlay 15,893
B	Loans and Advances from GoI*	2,105	B Loans and Advances 95

Liabilities			Assets	
C	Transfer to Contingency Fund	25		-
Contingency Fund		-	Contingency Fund	-
Public Account				
A	Small Savings, Provident Funds, etc.	2,186	A	Advances
B	Deposits	1,356	B	Remittance
C	Reserve Funds	771	C	Suspense and Miscellaneous
D	Remittances	635	Cash balance (including investment in Earmarked Fund)	
E	Suspense and Misc Bal	121	Total	
		-	Deficit in Revenue Accounts	
Total		17,761	Total	
			17,436	
			325	
			17,761	

Source: Finance Accounts

* Includes ₹2,099.80 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

In addition, there were assets and liabilities of ₹1,05,056 crore of erstwhile State of Jammu and Kashmir ending 30 October 2019 which are 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 the Parliament by Union Territory of Jammu and Kashmir, no fiscal indicators-rolling targets were specified for the year 2020-21 in respect of Union Territory of Jammu and Kashmir.

1.6.1 The Fiscal Parameters of the Union Territory of Jammu and Kashmir

Revenue Deficit: The difference between revenue expenditure and revenue receipts is revenue deficit. The Union Territory of Jammu and Kashmir had revenue deficit of ₹138.27 crore during 2020-21, which was 0.08 per cent of GSDP.

Fiscal Deficit: Fiscal deficit is the difference between the Government's total expenditure and its total receipts excluding borrowing. During the year 2020-21 Union Territory of Jammu and Kashmir had Fiscal Deficit of ₹10,693.36 crore, which was 6.07 per cent of GSDP.

Primary Deficit/Surplus refers fiscal deficit minus interest payments. During the year 2020-21 there was Primary Deficit (PD) of ₹4,320.90 crore. Primary deficit was 2.45 per cent of GSDP during the year.

1.7 Deficits after examination in Audit

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

1.7.1 Post Audit - Deficits

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

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

Sl. No	Item	Impact on Revenue Deficit (Understated (+) / overstated(-)) (₹ in crore)	Impact on Fiscal Deficit Under Statement (₹ in crore)
1	Misclassification between Revenue and Capital	189.81	No Impact
2	Non Payment of Interest on State Compensatory Afforestation Fund MH 8121	13.88	13.88
3	Non Payment of interest on State Compensatory Afforestation Deposit MH 8336	10.03	10.03
4	Short contribution to Defined Contribution Pension Fund	36.84	36.84
Total Net impact		250.56	60.75

Source: Finance Accounts

There was Revenue Deficit of ₹138.27 crore in the accounts of Union Territory of Jammu and Kashmir for the year 2020-21 which was understated by ₹250.56 crore due to misclassification of Revenue Expenditure as Capital Expenditure, Non Payment of Interest on State Compensatory Afforestation Fund and Deposit, Short Contribution to Defined Contribution Pension Fund. There was Fiscal Deficit of ₹10,693.36 crore during 2020-21 which was understated by ₹60.75 crore due to Non Payment of Interest on State Compensatory Afforestation Fund, State Compensatory Afforestation Deposit and Short Contribution to Defined Contribution Pension Fund as shown in the table above.

1.7.2 Post Audit – Total Public Debt

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

Table 1.5: Components of outstanding debt/liabilities as on 31 March 2021

(₹ in crore)	
Borrowings and other liabilities as per Finance Accounts	Amount
Internal Debt (A)	10,562.20
Market Loans	9,435.22
Loans from other Institutions, etc.	1,692.29
Special Securities issued to the National Small Savings Fund of the Central Government	(-)565.31
Loans and Advances from Central Government (B)	2,105.44
Non-plan Loans	15.10
Loans for State/Union Territory Plan Schemes	(-)175.81

Borrowings and other liabilities as per Finance Accounts	Amount
Others	2,281.25*
Liabilities upon Public Accounts (C)	5,068.28
Small Savings, Provident Funds, etc.	2,185.97
Deposits	1,355.53
Reserve Funds	771.13
Suspense and Miscellaneous Balances	121.15
Remittances	634.50
Total (A+B+C)	17,735.92

Source: Finance Accounts

* Includes ₹2,099.80 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

At the end of the year 2020-21, the overall outstanding debt/liabilities of the Union Territory were understated by ₹755.65 crore by not accounting for the Suspense, Miscellaneous and Remittance balances, thereby understating the same with respect to GSDP by 0.43 *per cent*. Liabilities of Union Territory of Jammu and Kashmir to GSDP after taking into account the liability on account of Suspense and Miscellaneous and Remittance will increase from 8.44¹ *per cent* to 10.06 *per cent*.

¹ The overall debt GSDP ratio of 8.44 has been arrived at after exclusion of GST compensation of ₹2,099.80 crore received as back-to-back loans from GoI under debt receipts from the outstanding overall debt. The back-to-back loans would not be treated as debt of the UT for any norms which may be prescribed by the Finance Commission, etc.

Chapter-II
Finances of the Union Territory

CHAPTER-II

FINANCES OF THE UNION TERRITORY

This chapter provides a broad perspective of the finances of the Government of Jammu and Kashmir (UT) during the year 2020-21.

2.1 Major changes in Key Fiscal Aggregates *vis-à-vis* 2019-20

The major key fiscal aggregates of the UT for the year 2020-21 cannot be compared *vis-à-vis* fiscal aggregates for the period 31 October 2019 to 31 March 2020.

2.2 Sources and Application of Funds

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

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

(₹ in crore)

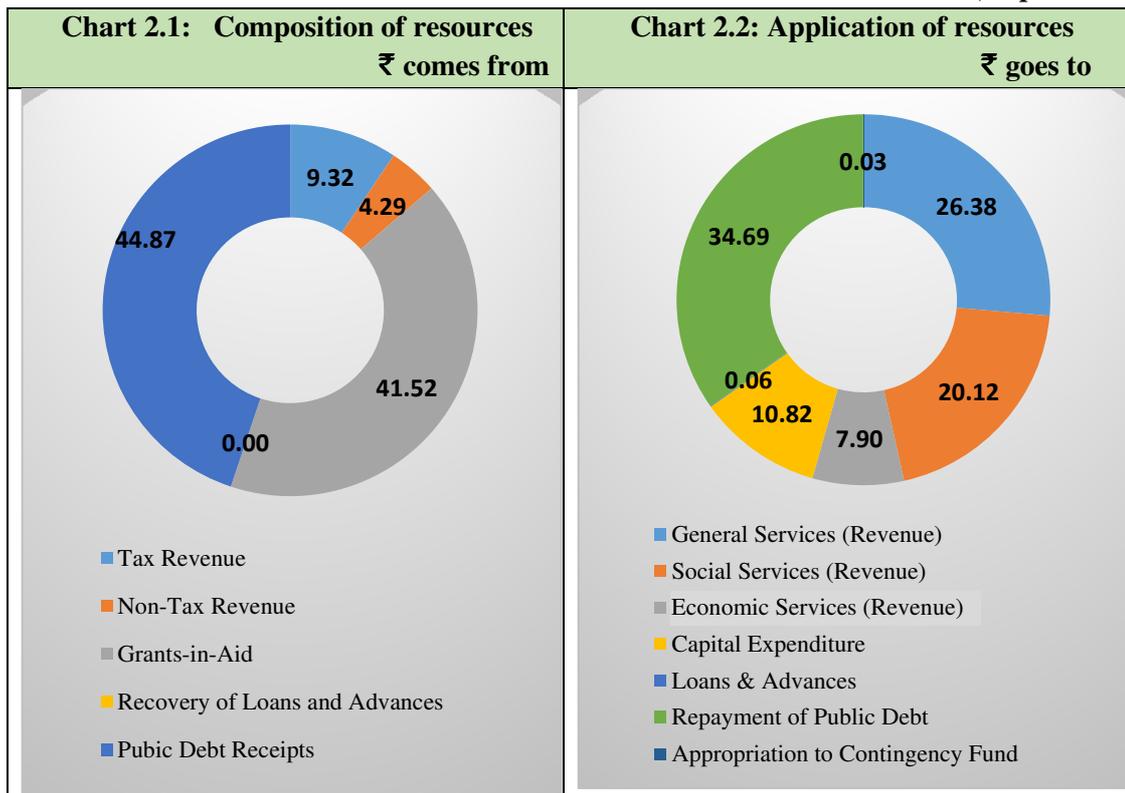
	Particulars	2020-21
Sources	Opening Cash Balance with RBI and other cash balances.	1,482.28
	Revenue Receipts	52,495.48
	Recoveries of Loans and Advances	1.93
	Public Debt Receipts (Net)	9,169.61
	Public Account Receipts (Net)	1,464.16
	Total	64,613.46
Application	Revenue Expenditure	52,633.75
	Capital Expenditure	10,470.38
	Disbursement of Loans and Advances	61.64
	Closing Cash Balance with RBI and other cash balances.	1,447.69
	Total	64,613.46

Source: Finance Accounts

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 2020-21 is given in **Chart 2.1** and **Chart 2.2**.

(In per cent)



Public Debt Receipts and Grants-in-Aid accounted for 86.39 *per cent* of resources of UT of Jammu and Kashmir. Repayment of Public Debt and Expenditure on General Services (Revenue) together accounted for 61.07 *per cent* of total expenditure.

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

The resources of the Union Territory are described below:

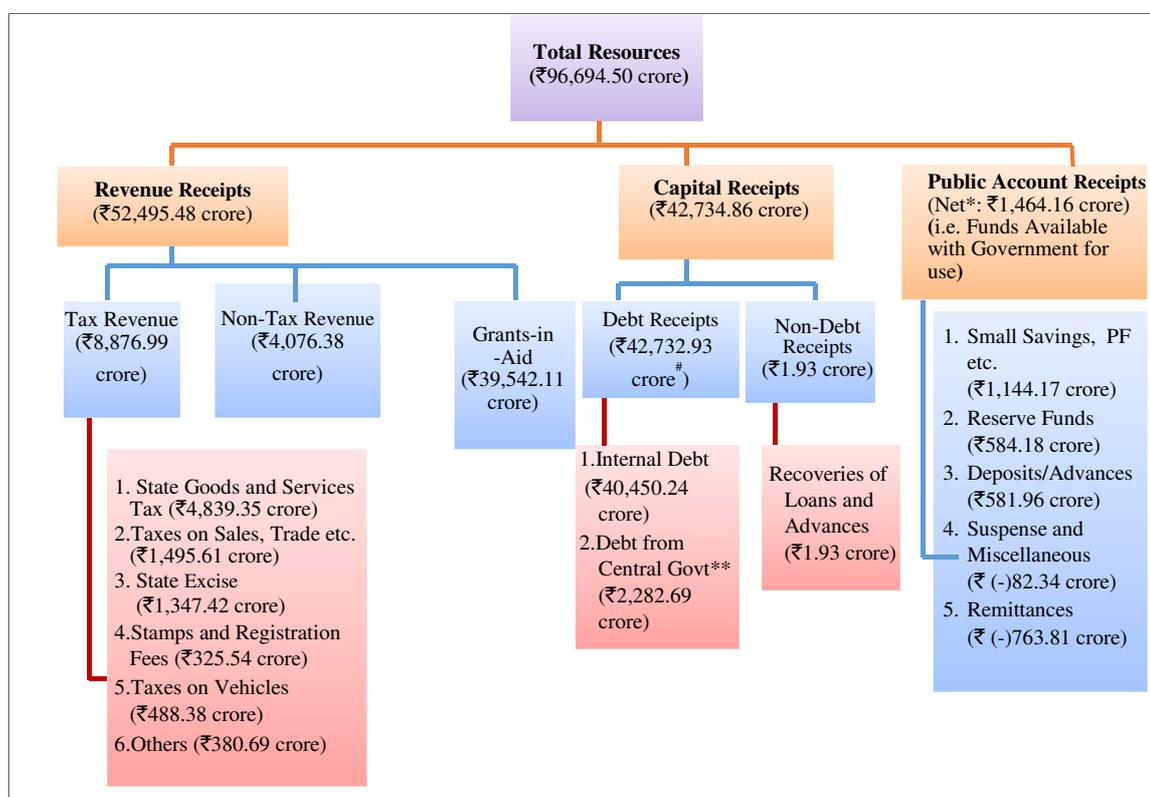
1. **Revenue Receipts** consist of tax revenue, non-tax revenue, and grants-in-aid from the Government of India (GoI).
2. **Capital Receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans,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

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

2.3.1 Receipts of the Union Territory

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

Chart 2.3: Composition of receipts of the UT of Jammu and Kashmir during 2020-21



Source: Finance Accounts *Public Accounts Receipts Net (₹1,464.16 crore) = Public Accounts Receipts (₹24,833.82 crore) less Public Accounts Disbursements (₹23,369.66 crore) ** Includes ₹2,099.80 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall. # Includes Ways and Means Advance.

2.3.2 Union Territory's Revenue Receipts

During 2020-21, various components of revenue receipts of Union Territory of Jammu and Kashmir are as shown in **Table 2.2**.

Table 2.2: Components of Revenue Receipts

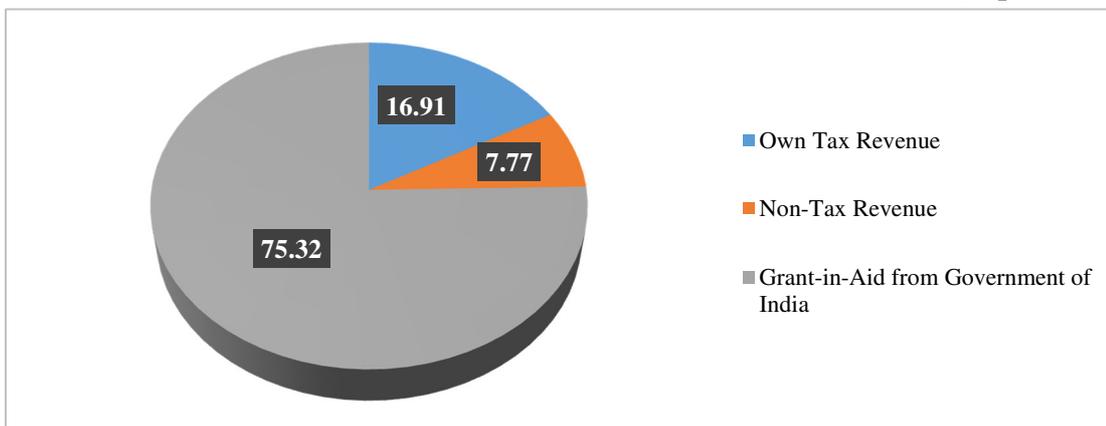
Parameters	2020-21	Percentage
Revenue Receipts (RR)	52,495.48	
Own Tax Revenue	8,876.99	16.91

Parameters	2020-21	Percentage
Non-Tax Revenue	4,076.38	7.77
Grants in Aid from Government of India	39,542.11	75.32
GSDP	1,76,282	
Revenue Receipts to GSDP (percentage)	29.78	

Source of GSDP figures: website MOSPI GoI,

Chart 2.4 Components of Revenue Receipts

(in per cent)



Out of total Revenue Receipts of ₹52,495.48 crore during 2020-21, the Grants-in-Aid from GoI (₹39,542.11 crore) constituted 75.32 per cent of total revenue receipts.

2.3.2.1 Own Resources of UT of Jammu and Kashmir

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

(A) Own Tax revenue

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

Table 2.3: Components of Own Tax Revenue

(₹ in crore)

Revenue Head	2020-21	Percentage
Taxes on Sales, Trade etc.	1,495.61	16.85
SGST	4,839.35	54.51
State Excise	1,347.42	15.18
Taxes on Vehicles	488.38	5.50
Stamp duty and Registration fees	325.54	3.67
Land Revenue	60.57	0.68
Taxes on Goods and Passengers	0.90	0.01
Other Taxes	319.22	3.60
Total	8,876.99	100.00

Source: Finance Accounts

During 2020-21 Taxes on Sales, Trade etc. and SGST together constituted 71.36 per cent of Own Tax Revenue of U.T of Jammu and Kashmir and State Excise constituted 15.18 per cent of Own Tax revenue. Own Tax Revenue during the year 2020-21 was less than the projection made in the budget 2020-21 (₹13,241 crore).

(B) State Goods and Services Tax (SGST)

As per the GST (Compensation to States) Act, 2017, States/UT will be compensated for the shortfall in revenue arising on account of implementation of the goods and services tax considering an annual growth of 14 per cent from the base year, for a period of 5 years. The centre levies the Integrated GST (IGST) on inter-state supply of goods and services, and apportions the State's share of tax to the State where the goods or services are consumed. State Government implemented the Goods and Services Tax (GST) Act which became effective from 8th July 2017. According to GST (Compensation to the States) Act 2017, Central Government will compensate the States/UT 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/UT. The protected revenue for the year 2020-21 in accordance with base year figure was ₹9,177.10 crore¹. Against the protected revenue, the Revenue Receipt of the UT Government under GST including collection of taxes subsumed in GST during the year 2020-21 was ₹4,861.71 crore as detailed in **Table 2.4**. Against the actual loss of ₹4,315.39 crore due to implementation of GST, GoI has released compensation of ₹4,271.02 crore as compensation including release of back to back loans amounting to ₹2,099.80 crore to the Union Territory in lieu of GST Compensation shortfall. It has resulted in less compensation to the extent of ₹44.37 crore during the year, as given below.

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

(₹ in crore)								
Year	Revenue to be protected	Pre-GST collected #	SGST collected *	Apportionment of IGST	Total amount received	Compensation received	Total	Surplus (+)/ Deficit(-)
2020-21	1	2	3	4	5=(2+3+4)	6	7=(5+6)	8=1-7
Total	9,177.10	22.36	1,528.36	3,310.99	4,861.71	4,271.02[^]	9,132.73	(-)44.37

Source: State Government * Source : Finance Accounts. ^ Includes ₹2,099.80 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

(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

¹ $4,766.30 \times (1 + 14/100)^5 = 9,177.10$ for 2020-21

all transactions, to fulfill the CAGs constitutional mandate of certifying the accounts. The Government of India's decision to provide access to Pan-India data at GSTN premises was conveyed on 22 June 2020. The Government of Jammu and Kashmir conveyed its decision to provide access to GST back-end system and Audit has been provided ID based passwords to access GSTN back end system since November 2020.

(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 2020-21.

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

Revenue Head	2020-21	Percentage
Interest Receipts	17.86	0.44
Dividend and Profits	0.00	0.00
Other Non-Tax Receipts	4,058.52	-
a) Power Development Department	2,349.74	57.64
b) Medium Irrigation	996.66	24.45
c) Non-Ferrous Mining and Metallurgical Industries	227.91	5.59
d) Water Supply and Sanitation	93.89	2.30
e) Education, Sports , Art and Culture	41.33	1.01
f) Police	39.91	0.98
g) other Misc.	309.08	7.59
Total	4,076.38	100.00

Source: Finance Accounts

The receipts from sale of Power, being a major constituent of Non-Tax Revenue, constituted 57.64 per cent and revenue from Medium Irrigation constituted 24.45 per cent of the Total Non-Tax Revenue during the year 2020-21.

2.3.2.2 Transfers from the Centre

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

(A) Grants-in-aid from GoI

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

Table 2.6: Grants-in-aid from Government of India

Head	2020-21
Grants for Centrally Sponsored Schemes (CSS)	6,533.49
Finance Commission Grants	0.00
Other transfers/Grants to States/Union Territories with Legislature	33,008.62
Total	39,542.11
Percentage of GIA to Revenue Receipts	75.32

Source: Finance Accounts

Grants-in-Aid from GoI (₹39,542.11 crore) constituted 75.32 per cent of the total revenue receipts of ₹52,495.48 crore for 2020-21.

(B) 15th Finance Commission Grants

There is no devolution of share of taxes to Union Territory under 15th Finance Commission Award.

2.3.3 Capital Receipts

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

Table 2.7: Composition of Capital Receipts

(₹ in crore)	
Sources of UT's Receipts	2020-21
Capital Receipts	42,734.86
Miscellaneous Capital Receipts	0.00
Recovery of Loans and Advances	1.93
Public Debt Receipts	42,732.93
<i>Internal Debt</i>	40,450.24
<i>Loans and advances from GoI</i>	2,282.69*

Source: Finance Accounts. * Includes ₹2,099.80 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Capital receipts of Union Territory of Jammu and Kashmir was ₹42,734.86 crore and major portion amounting to ₹40,450.24 crore of total capital receipts was in the shape of Internal debt. Government of Union Territory of Jammu and Kashmir received loans and advances from Government of India amounting to ₹2,282.69 crore which includes an amount of ₹2,099.80 crore as back to back loans from GoI in lieu of GST compensation shortfall and ₹1.93 crore on account of recovery of loans and advances.

2.3.4 UT's Performance in Mobilisation of Resources

The UT's performance in mobilisation of resources is assessed in terms of its own resources comprising Own Tax and Non-Tax sources. The Union Territory of Jammu and Kashmir's Own Tax and Own Non-Tax Receipts for the year 2020-21 *vis-à-vis* budget estimates are given below:

Table 2.8: Tax and Non-Tax Receipts *vis-à-vis* projections

(₹ in crore)			
	Budget Estimates	Actual	Percentage of actual over Budget estimates
Own Tax Revenue	13,241	8,876.99	67.04
Non-Tax Revenue	4,065	4,076.38	100.28
Total	17,306	12,953.37	74.85

Source: Budget document and Finance Accounts

The collection under Own Tax Revenue fell short by 32.96 per cent of Budget Estimates. The UT Government could not achieve its own targets for Own Tax Revenue in the Budget Estimates. The UT's Own Resources (Own Tax Revenue and Own Non-

Tax Revenue) of ₹12,953 crore during the year 2020-21 was not enough to cover its committed liabilities (salaries & wages, interest payments and pension) of ₹39,302.27 crore for the year 2020-21.

2.4 Application of Resources

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

2.4.1 Composition of Expenditure

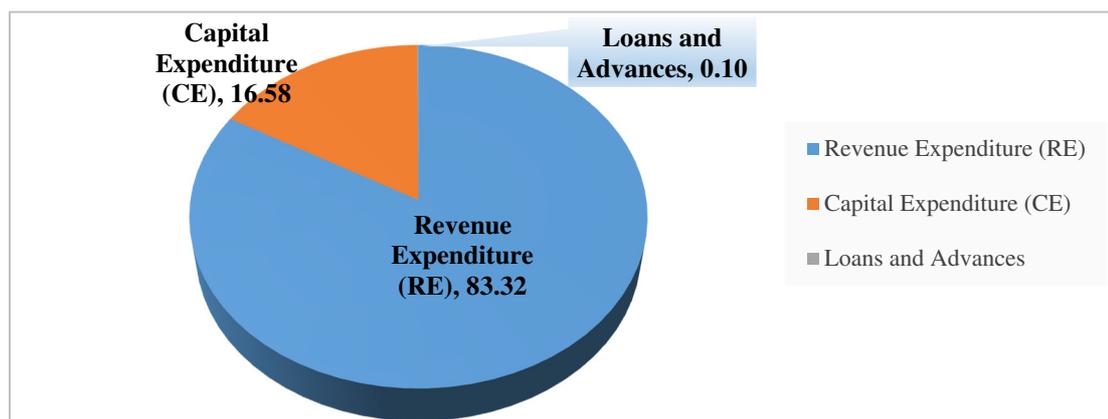
Table 2.9: Total expenditure and its composition

Parameters	2020-21	Percentage
Revenue Expenditure (RE)	52,633.75	83.32
Capital Expenditure (CE)	10,470.38	16.58
Loans and Advances	61.64	0.10
Total Expenditure (TE)	63,165.77	100
TE/GSDP	35.83	
RE/GSDP	29.86	
CE/GSDP	5.94	
Loans and Advances/GSDP	0.03	

Source: Finance Accounts

Chart 2.5 Total Expenditure: Share of its components

(In per cent)



During the year 2020-21, the share of Capital Expenditure was 16.58 per cent and Revenue Expenditure was 83.32 per cent of total expenditure. Percentage of Revenue Expenditure and Capital Expenditure to GSDP during the year 2020-21 was 29.86 and 5.94 respectively.

Table 2.10: Relative share of various sectors of expenditure

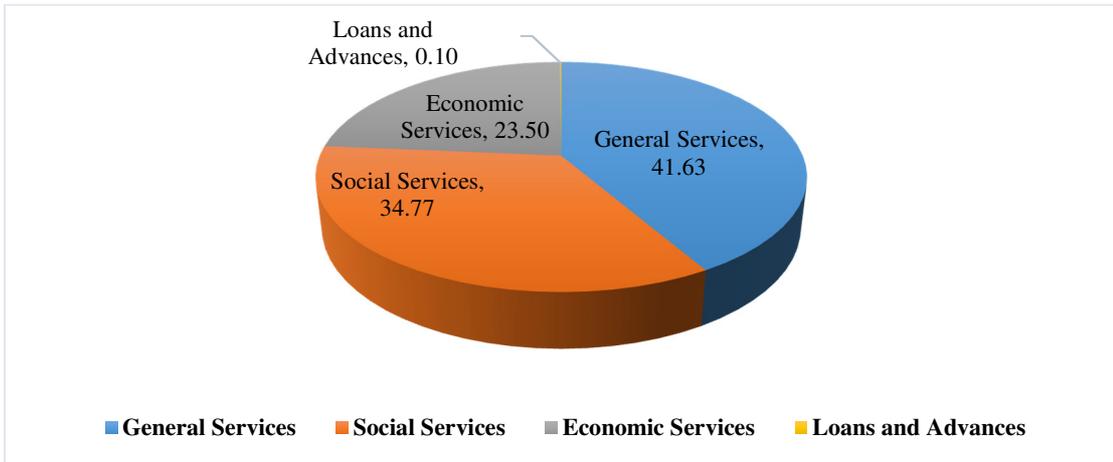
(₹ in crore)

Parameters	2020-21	Percentage
General Services	26,297.40	41.63
Social Services	21,964.27	34.77
Economic Services	14,842.46	23.50
Loans and Advances	61.64	0.10

Source: Finance Accounts

Chart 2.6: Total expenditure - Expenditure by activities

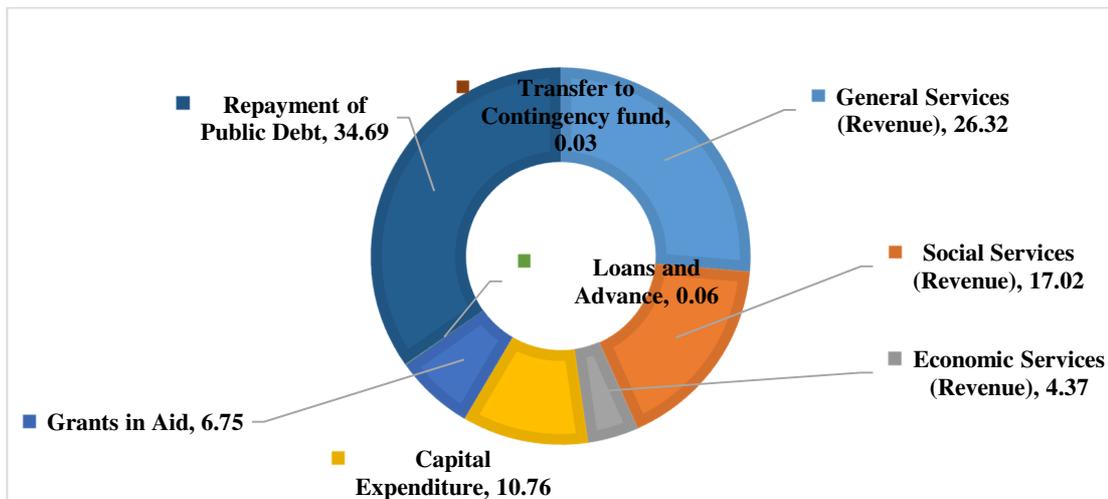
(In per cent)



The combined share of Social and Economic Services which represented Development Expenditure was 58.27 per cent of total expenditure during 2020-21 and 41.63 per cent of total expenditure was incurred on General Services.

Chart 2.7: Composition of expenditure by function during 2020-21

(In per cent)



It can be seen from above that Repayment of Public debt accounted for 34.69 per cent and General Services (Revenue) accounts for 26.32 per cent of total

expenditure and expenditure on Social and Economic Service (Revenue) accounts for 21.39 per cent and Grants in Aid accounts for 6.75 per cent of total disbursement from the Consolidated Fund during the year.

2.4.2 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the UT's infrastructure and service network. **Table 2.11** presents Revenue Expenditure and basic parameters of Union Territory of Jammu and Kashmir.

Table 2.11: Revenue Expenditure – Basic Parameters

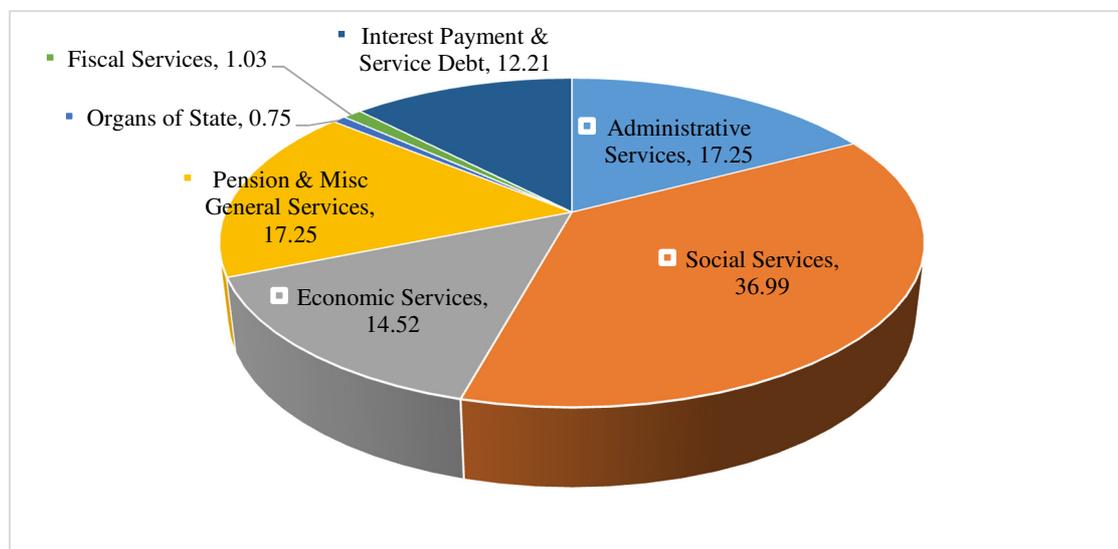
(₹ in crore)

Parameters	2020-21
Total Expenditure (TE)	63,165.77
Revenue Expenditure (RE)	52,633.75
Revenue Expenditure as percentage of TE	83.33
RE/GSDP (per cent)	29.86
RE as percentage of RR	100.26

Source: Finance Accounts

Chart 2.8: Sector wise distribution of Revenue Expenditure during 2020-21

(In per cent)



During 2020-21, the combined share of Revenue Expenditure on Economic Services and Social services accounted for 51.51 per cent and General Services accounted for 48.49 per cent of Revenue Expenditure. The expenditure on Administrative Services (17.25 per cent), Interest payments & Servicing of debts (12.21 per cent), Pension & Miscellaneous General Services (17.25 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. Heavy Committed expenditure leaves the Government with lesser flexibility for development sector.

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

Components of Committed Expenditure	2020-21	Percentage with respect to Revenue Expenditure	Percentage with respect to Revenue Receipts
Salaries & Wages	23,851.70	45.31	45.44
Interest Payments	6,372.46	12.11	12.14
Expenditure on Pensions	9,078.11	17.25	17.29
Total	39,302.27	74.67	74.87
Non- Committed Expenditure	13,331.48	25.33	
Subsidy	128.24		
Subsidy as percentage of Non-Committed Expenditure	0.96		

Source: Finance Accounts

The total committed expenditure accounted for 74.67 per cent and Salary and Wages accounted for 45.31 per cent of Revenue Expenditure during 2020-21. Committed expenditure was equal to 74.87 per cent of revenue receipts during 2020-21. It shows that major portion of revenue receipts was exhausted to meet committed expenditures and Government was left with about 25 per cent of its revenue receipts for other expenditure. Further, the pending power bill payments as at the end of 31 March 2021 was ₹ 10,568.12 crore.

2.4.2.2 Undischarged liabilities in National Pension System

In terms of the Defined Contribution Pension Scheme, the State Government Employees recruited on or after 1 January 2010 who are covered under the Scheme, the employee contributes 10 per cent of basic pay and dearness allowance, which is matched by the Government with equal amount.

During the year 2020-21, total contribution to Defined Contribution Pension Scheme was ₹1,037.66 crore (Employee's contribution ₹537.25 crore and Government of Union Territory contribution ₹500.41 crore). The Government of Union Territory transferred ₹1,037.66 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension scheme. The Government of Union Territory contribution to NPS was less by ₹36.84 crore which resulted in understatement of Revenue Deficit and Fiscal Deficit to that extent.

During the year 2020-21, ₹1,055.47 crore was transferred to NSDL/Trustee Bank (with previous outstanding balance of ₹17.29 crore) leaving a debit balance of ₹0.52 crore under the Fund as on 31 March 2021. The Debit balance as on 31 March 2021 was due

to non-apportionment of available balance under the Fund as on 30 October 2019 between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

2.4.2.3 Subsidies

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

Table 2.13: Expenditure on subsidies during 2020-21

	2020-21
Subsidies (₹ in crore)	128.24
Subsidies as a percentage of Revenue Receipts	0.24
Subsidies as a percentage of Revenue Expenditure	0.24

Source: Finance Accounts

The expenditure on subsidies by Union Territory of J&K during 2020-21 constituted 0.24 per cent of Revenue Receipts (₹52,495.48 crore) and Revenue Expenditure (₹52,633.75 crore). Horticulture Department was provided maximum subsidy (₹104.93 crore) which was 81.82 per cent of total expenditure on subsidy during the year.

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. The quantum of assistance provided by way of Grants to local bodies and other institutions is presented in **Table 2.14**.

Table 2.14: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2020-21
(A) Local Bodies	
Municipal Corporations and Municipalities	502.15
Others	399.37
Total (A)	901.52
(B) Others	
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2,256.56
Development Authorities	68.43
Jammu and Kashmir, Power Corporation	2,759.98
Other Institutions	545.37
Total (B)	5,630.34
Total (A+B)	6,531.86
Revenue Expenditure	52,633.75
Assistance as percentage of Revenue Expenditure	12.41

Source: Finance Accounts

Jammu and Kashmir, Power Corporation was the major beneficiary of assistance which received financial assistance of ₹2,759.98 crore, which was 42.25 per cent of total financial assistance disbursed during 2020-21.

2.4.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Capex is being met from budgetary support and extra budgetary resources/off budget. The share of capital expenditure in total expenditure was 16.58 per cent during 2020-21.

2.4.3.1 Quality of Capital Expenditure

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

2.4.3.2 Quality of Investments in the Companies, Corporations and other bodies

During 2020-21, Government of UT of Jammu and Kashmir booked ₹99.25 crore as investment. However, against the booked amount, PSUs concerned had shown an investment of ₹83.27 crore, thereby resulting in variation of ₹15.98 crore.

Investment of ₹83.27 crore was made in three entities which had incurred loss as per their last audited accounts. Out of ₹83.27 crore, an amount of ₹81.27 crore has been invested in J&K State Road Transport Corporation, which had reported loss of ₹92.90 crore as per its last audited accounts for the year 2013-14.

UT of Jammu and Kashmir had total investment of ₹162.39 crore as on 31 March 2021 in one corporation (₹138.78 crore), one rural bank (₹2.35 crore), three companies (₹17.91 crore) and investment of (₹3.35 crore) communicated by Registrar Co-operative Societies, J&K Government. In addition to above, erstwhile J&K State Government had cumulative investment of ₹4,617.16 crore in 38 Companies (₹4,148.83 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 and Kashmir and Union Territory of Ladakh. No dividend was received and credited to Government accounts during the year. **Table 2.15** gives overall picture of return on investment *vis-à-vis* the average cost of Government borrowing.

Table 2.15: Return on Investment

Investment/return/ cost of borrowings	2020-21
Investment at the end of the year (₹ in crore)	162.39 (4,617.16)
Return (₹ in crore)	Nil
Return (per cent)	Nil
Weighted average rate of interest on Government Borrowings (per cent)	6.91

Investment/return/ cost of borrowings	2020-21
Difference between interest rate and return (<i>per cent</i>)	6.91
Difference between cost of Government borrowings and return on investment (₹ in crore) [#]	11.22 (330.27)

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

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

100

Source: Finance Accounts.

Government paid an average rate of 6.91 *per cent* on its borrowing during 2020-21 against which Nil return on investment was received by the Government.

2.4.3.3 Quantum of loans disbursed and recovered during the year 2020-21

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 2.16** presents the position of Loans and Advances outstanding as on 31 March 2021, interest receipts *vis-à-vis* interest payments during the year 2020-21.

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

Quantum of loans disbursed and recovered	2020-21
Opening Balance of loans outstanding	35.80 (1,740.44)
Amount advanced during the year	61.64
Amount recovered during the year	1.93
Closing Balance of the loans outstanding	95.51 (1,740.44)
Net addition	59.71
Interest received on loans and Advances	Nil (0.31)
Interest rate on Loans and Advances given by the Government.	Nil (0.02)
Average Rate of Interest paid on the outstanding borrowings* of the Government	6.72
Difference between the rate of interest paid and interest received (<i>per cent</i>)	6.72

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. * Includes Outstanding borrowing of erstwhile State which is to be apportioned between successor UTs.

During the year 2020-21, the Government of Union Territory Jammu and Kashmir disbursed loans and advances of ₹61.64 crore and recovered loans and advances amounting to ₹1.93 crore. Government of Union Territory of Jammu and Kashmir granted loan of ₹32.50 crore to J&K State Road Transport Corporation Limited which already had outstanding loans of ₹406.73 crore ending 31 March 2020 (₹383.73 crore received from erstwhile State and ₹23 crore from UT of J&K). Recoveries of Loans and Advances are not forthcoming from loss making public sector undertakings. No assessment about potential recoverability of these loans has been made in the FRBM Statements. The Government of UT of Jammu and Kashmir had total outstanding loans and advances of ₹95.51 crore ending 31 March 2021. In addition, there were Loans and

Advances of ₹1,740.44 crore made by the Government of erstwhile State which were outstanding ending 30 October 2019 and were yet to be divided between Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

2.4.3.4 Capital blocked in incomplete works

164 Capital Works having original estimated cost of ₹633.09 crore, taken up by two Departments (viz. Irrigation and Flood Control Department, Jammu (61 works) and Jal Shakti (PHE) Department Jammu (103 Works) targeted to be completed during the period 2012-13, 2017-18 to 2020-21 were incomplete at the end of the year 2020-21. Cumulative expenditure of ₹464.91 crore incurred on these incomplete works got blocked.

Table 2.17: Age Profile of incomplete projects as on 31 March 2021

(₹ in crore)

Target year of completion	No of incomplete works	Estimated Cost	Expenditure ending 31/03/2021
2012-13	01	1.57	3.52
2017-18	02	3.89	3.71
2018-19	05	8.87	8.04
2019-20	95	222.56	182.04
2020-21	61	396.20	267.60
Total	164	633.09	464.91

Source: Finance Accounts.

2.4.3.5 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 over in 2015-16 and 25 per cent in 2016-17. In March 2016, the Ministry of Power, Government of India and Government of Jammu and Kashmir signed a Memorandum of Understanding (MOU) under the scheme UDAY-"Ujwal DISCOM Assurance Yojana" and borrowed ₹3,537.55 crore (₹2,140 crore in 2015-16 and ₹1,397.55 crore in 2016-17) from RBI by issue of Non Statutory Liquidity Ratio (SLR) bond at rates ranging between 7.07 per cent to 8.72 per cent with maturity date from March 2022 to October 2031. The function of electricity supply to consumers was being handled departmentally in the State so the money was utilised by the State Government to clear liabilities towards the Central Public Sector Undertakings (CPSU). The State Government has to pay interest on the bonds and bonds amounting ₹353.75 crore will also be maturing every year from 2021-22 to 2031-32. During the year 2020-21, UT Government paid ₹284.12 crore towards interest on bonds issued under UDAY Scheme.

2.4.4 Expenditure priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. The comparison of expenditure priority of Government of UT of Jammu and Kashmir during 2020-21 with the average expenditure priority of North Eastern and Himalayan States during the year is shown in **Table 2.18**.

Table 2.18: Expenditure priority of the UT Government with regard to Health, Education, Capital expenditure etc.

(In per cent)

	TE/ GSDP	RE/ TE	CE/ TE	SSE/ TE	ESE/ TE	DE/ TE	Educ ation/ TE	Health &FW/ TE
NE and Himalayan State Average (2020-21)	26.92	84.33	15.83	36.74	27.14	63.34	16.95	7.04
UT of Jammu and Kashmir	35.83	83.33	16.67	34.77	23.59	58.37	16.28	7.85

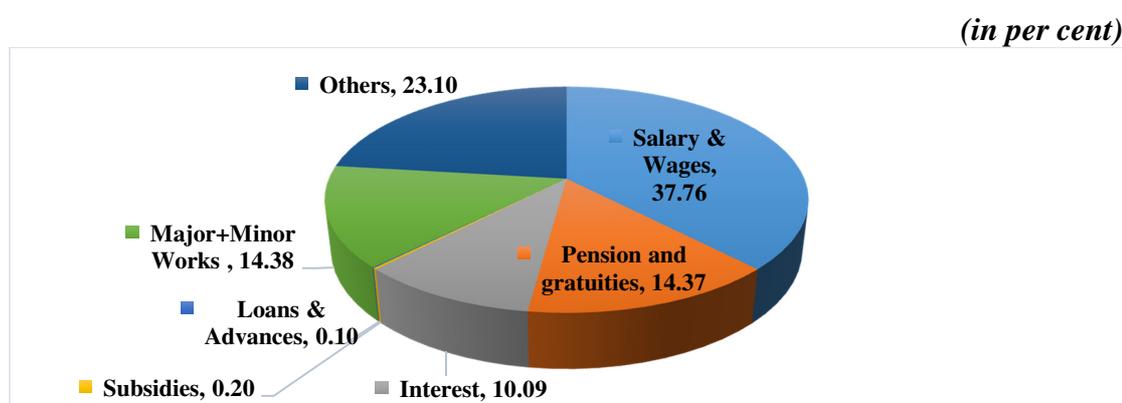
T.E; Total expenditure, RE: Revenue Expenditure, CE: Capital Outlay + Loans and Advances, SSE: Social Sector Expenditure, ESE: Economic Sector Expenditure, DE: Development Expenditure.

During the year 2020-21 the UTs expenditure priority on Health Sector, Capital Expenditure, and Total Expenditure was more than average of North Eastern and Himalayan States and expenditure priority on Revenue Expenditure, Social Sector Expenditure, Economic Sector Expenditure, Development Sector Expenditure and Education Sector was less than the average of North Eastern and Himalayan States.

2.4.5 Object head wise Expenditure

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

Chart 2.9: Object head wise Expenditure



Salary and wages of UT of Jammu and Kashmir accounted for 37.76 per cent and pension and gratuities accounted for 14.37 per cent of total expenditure. It indicates that more than 52 per cent of total expenditure was on Salary & Wages and Pension & gratuities. Major, Minor Works accounted for 14.38 per cent of total expenditure.

2.5 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Section 68(1) of the Jammu & Kashmir Reorganisation Act 2019 and are not subject to vote by the Legislature. The Government acts as a banker in respect of these transactions. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account Balances

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

Table 2.19 given below shows component-wise net balances in Public Account of the State/UT.

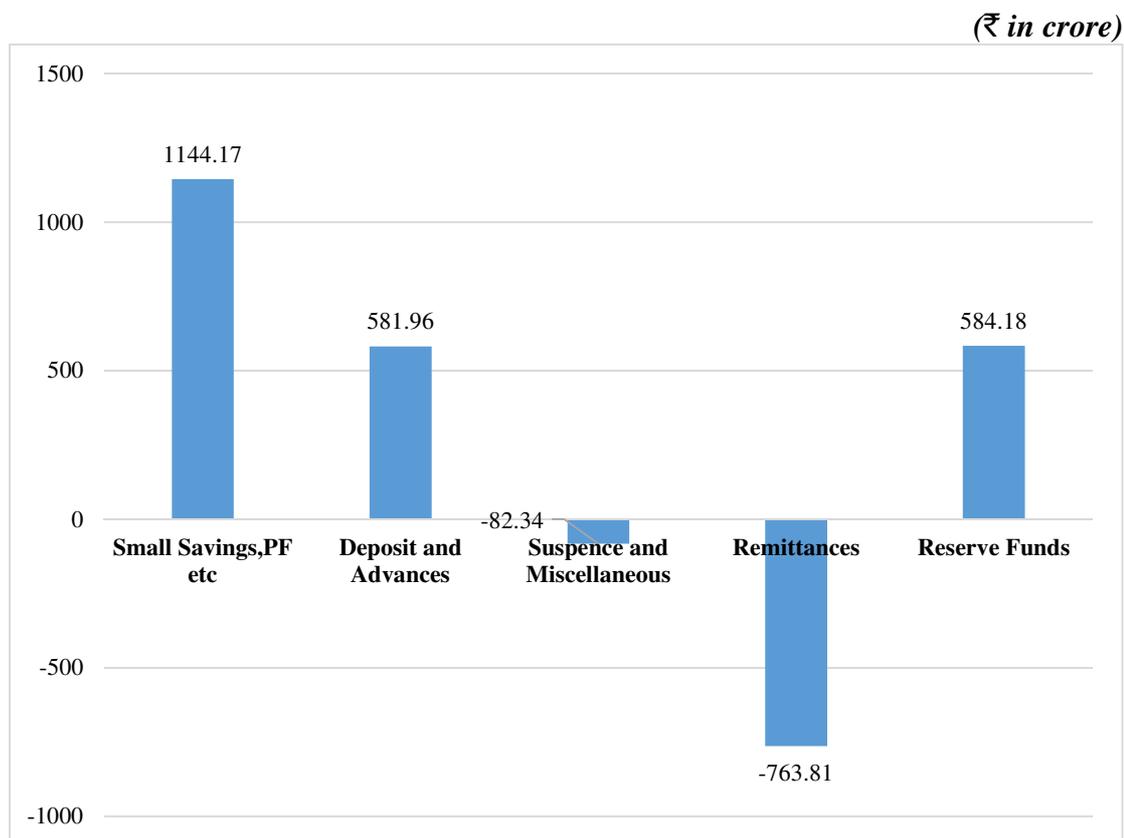
Table 2.19: Component-wise net balances in Public Account at close of the year 2020-21

		(₹ in crore)
Sector	Sub Sector	2020-21
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-2,185.97 (-27,161.62)
J. Reserve Funds	(a) Reserve Funds bearing Interest	-780.89 (-1,260.62)
	(b) Reserve Funds not bearing Interest	9.76 (-1,533.95)
K. Deposits and Advances	(a) Deposits bearing Interest	-474.74 (-53.67)
	(b) Deposits not bearing Interest	-880.79 (-6,860.56)
	(c) Advances	0.00 (12.69)
L. Suspense and Miscellaneous	(b) Suspense	-121.14 (344.15)
	(c) Other Accounts	-0.0002 (389.01)
M. Remittances	(a) Money Orders, and other Remittances	-632.57 (-2,856.74)
	(b) Inter-Governmental Adjustment Account	-1.93 (9.26)
Total		-5,068.27 (-38,973)

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

The total credit balance under Public Accounts of UT of Jammu and Kashmir was ₹5,068.27 crore ending 31 March 2021. 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 is yet to be bifurcated between Union Territory of Jammu and Kashmir and UT of Ladakh.

Chart 2.10: Net Balances in Public Account of UT of J&K during 2020-21



During the year 2020-21, major change occurred in Small Savings, PF etc and Remittances components of Public Account.

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Accounts of the Government. These funds get contributions or grants from the Consolidated Fund of the UT of Jammu and Kashmir. The position of reserve funds in the accounts of Union Territory of Jammu and Kashmir is shown in the Table below. The total accumulated balance at the end of 31 March 2021 in these funds was ₹771.13 crore. Out of which ₹780.89 crore (Credit) was under interest bearing Reserve Fund and ₹9.76 crore (Debit) under Non-Interest bearing Reserve Fund. The Debit balance of ₹9.76 crore as on 31 March 2021 under Non-Interest bearing Reserve Fund is due to total accumulated net balance (Non-Interest bearing) in Reserve Funds as at the end of 30 October 2019, yet to be apportioned between successor Union Territories. 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.

Table 2.20: Closing Balances under Reserve Funds

(₹ in crore)

RESERVE FUNDS	2020-21
Reserve Funds Bearing interest	
State Disaster Response Fund	16.32
State Compensatory Afforestation Fund	764.57
Total - Reserve Fund Bearing Interest	780.89
Reserve Funds Not Bearing interest	
Sinking fund	55.63
Other Development and Welfare Funds	-90.38
General Insurance Fund (Janta Insurance)	20.12
Guarantee Redemption Fund	2.00
Other Funds	2.87
Total - Reserve Funds Not Bearing interest	(-9.76)
Total - Reserve Funds	771.13

Source: Finance Accounts

2.5.2.1 Consolidated Sinking Fund

The Government of erstwhile Jammu & Kashmir State constituted (January 2012) a Consolidated Sinking Fund for amortisation of loans in 2012. This has been continued by the successor Union Territory of Jammu and Kashmir. As per guidelines of the Fund, Government may contribute 0.50 *per cent* of the outstanding liabilities {public debt + public account (excluding Suspense and Remittances)} as at the end of previous year. During the year 2020-21, an amount of ₹55.63 crore 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 outstanding liabilities of ₹5,500.35 crore during the year 2020-21. The Contribution of ₹355.87 crore since inception of this fund by erstwhile State of Jammu and Kashmir to the Fund up to ending 30 October 2019 is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

2.5.2.2 State Disaster Response Fund

In terms of guidelines on constitution and administration of the State Disaster Response Fund (under Major Head '8121- General & Other Reserve Funds' which is under interest bearing section), the Central and State Governments are required to contribute to the fund in the proportion of 90:10. On Re-organisation of the State of Jammu and Kashmir into two new Union Territories, the Union Territory of Jammu and Kashmir continued with the Fund. During the year 2020-21, an amount of ₹279.00 crore on account of 'Grants towards contribution to Union Territory Disaster Response Fund' was released by the Ministry of Home Affairs, Government of India. The Government of Union Territory of Jammu and Kashmir transferred ₹357.57 crore (Central share ₹279.00 crore, Union Territory share ₹31.00 crore, interest ₹43.89 crore and previous unspent balance of ₹3.68 crore credited) to the Fund under Major Head 8121-122

SDRF. The contributions to the Fund, expenditure and the balance therein relating to Union Territory of Jammu and Kashmir during the year 2020-21 are as under:

Table 2.21: Receipts and Expenditure under State Disaster Response Fund
(₹ in crore)

Opening balance (1 April 2020)	Contribution by Centre	UT Share	Receipts under NDRF	Total receipts during the	Amount set off (MH 2245-05)	Balance in the fund
(-)176.90	279.00	31.00	Nil	357.57*	164.35	16.32

*Includes interest ₹43.89 crore and unspent balance ₹3.68 crore

There was minus balance of ₹176.90 crore under the Fund as on 1 April 2020 and during the year 2020-21, Government of Union territory of Jammu and Kashmir transferred ₹357.57 crore (Central Share ₹279 crore, Union Territory share ₹31.00 crore, interest ₹43.89 crore and previous unspent balance of ₹3.68 crore) and credited to the Fund. Expenditure of ₹164.35 crore was incurred during the year 2020-21 on natural calamities, leaving a balance of ₹16.32 crore as on 31 March 2021. The balance under the Fund has not been invested by the Government of UT of Jammu and Kashmir.

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

2.5.2.3 Guarantee Redemption Fund

The RBI guidelines of 2013 on the Guarantee Redemption Fund (GRF) mentions that it is desirable for the Government to contribute a minimum of one *per cent* of outstanding Guarantees at the beginning of the year in the year of constitution of the Fund, and thereafter a minimum of 0.50 *per cent* every year to achieve a corpus of minimum three to five *per cent* of the outstanding Guarantees of the previous year. The Government of Union Territory of Jammu and Kashmir has not framed Guarantee Redemption Act as on 31 March 2021. Further, the Guarantee Redemption Fund Scheme of erstwhile State of Jammu and Kashmir didn't have any target for contribution to the Fund.

During the year 2020-21, the Government of Union Territory of Jammu and Kashmir contributed rupees one crore towards the Fund. The closing balance of the Fund as on 31 March 2021 was two crore. There was also balance of ₹20.42 crore in the Fund as on 30 October 2019 yet to be apportioned between the Union Territory of Jammu & Kashmir and Union Territory of Ladakh. The entire amount of ₹22.42 crore (two crore relating to Union Territory of Jammu and Kashmir (31 October 2019 to 31 March 2021 and ₹20.42 crore relating to undivided State of Jammu and Kashmir up to 30 October 2019) has not been invested by the Government. Three *per cent* of outstanding guarantee of previous year (₹1,324.54 crore + ₹452.07 crore) amounts to ₹53.30 crore whereas total contribution made to fund is ₹22.42 crore, Government of Union

Territory needs to increase its contribution to the fund to achieve minimum corpus of three *per cent* of outstanding Guarantees.

2.5.2.4 Central Road Fund (CRF)

Government of India provides annual grants under the Central Road Fund (CRF) to the Government of Union Territory to incur expenditure on specific road projects. During the year 2020-21, the Government of Union Territory received grants of ₹79.40 crore towards CRF and transferred the entire amount to the Deposit Head- 8449 through expenditure Head-3054. The Government of Union Territory incurred expenditure of ₹27.36 crore from the Fund during the year leaving closing balance of ₹77.34 crore in the Fund as on 31 March 2021 which includes previous unspent balance of ₹25.30 crore at the end of 31 March 2020 (31 October 2019 to 31 March 2020).

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

2.6 Debt Management

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

2.6.1 Debt profile: Components

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

Table 2.22: Component wise outstanding debt

		(₹ in crore)
		2020-21
Outstanding Overall Debt		16,980.28
Public Debt	Internal debt	10,562.21
	Debt from GoI	2,105.44*
Liabilities on Public Account		4,312.63
Gross State Domestic Product (GSDP)		1,76,282
Debt/GSDP (per cent)		8.44**
Total Debt Receipts		52,919.18
Total Debt Repayments		41,439.26
Total Debt Available		11,479.92
Debt Repayments/Debt Receipts (percentage)		78.31

Source: Finance Accounts

* Includes ₹2,099.80 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

** The ratio of 8.44 has been arrived at after exclusion of GST compensation of ₹2,099.80 crore received as back-to-back loans without repayment liability from GoI under debt receipts from the outstanding overall debt.

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

The overall outstanding debt with repayment liability is ₹14,880.48 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹2,099.80 crore given to the Union Territory as back-to-back loans under debt receipts would not be treated as debt of the UT for any norms which may be prescribed by the Finance Commission, etc. During the year 2020-21, total debt repayment was 78.31 per cent to debt receipts resulting in only 21.69 per cent of total debt receipts was available with the Government. The total debt available after adjusting debt repayment was ₹11,479.92 crore during the year.

Chart 2.11: Breakup of Outstanding Overall Debt of UT of Jammu and Kashmir at the end of the year 2020-21.

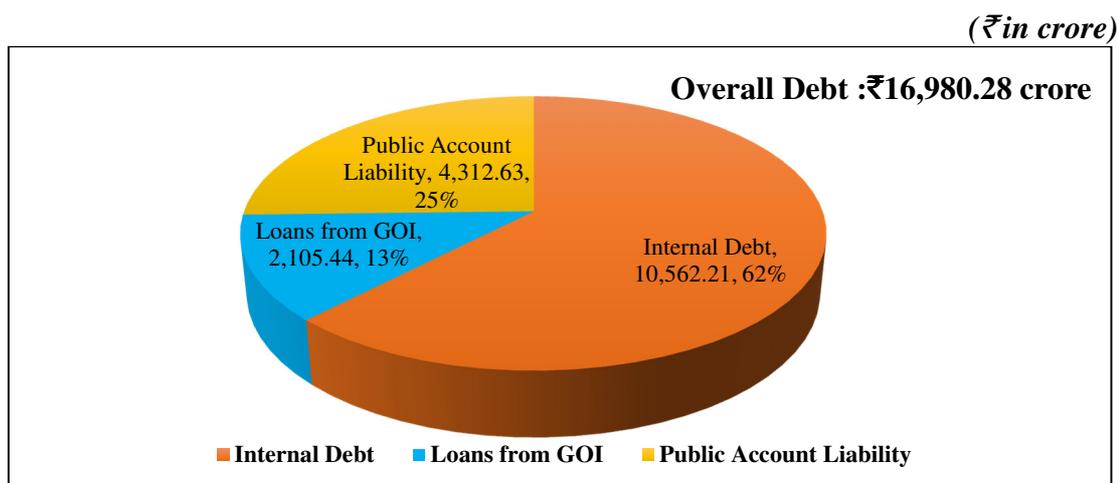
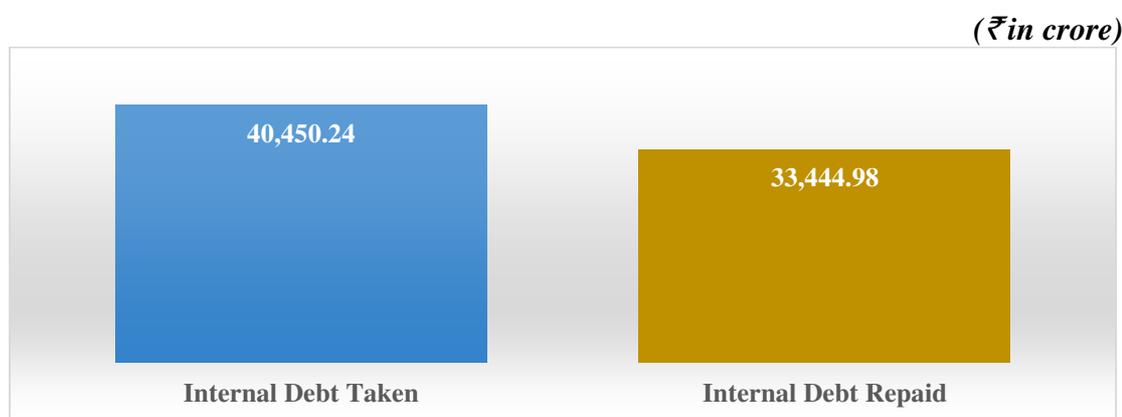


Chart 2.12: Internal debt taken vis-à-vis repaid



The percentage of internal debt repaid to internal debt taken was 82.68 per cent during the year 2020-21.

Table 2.23: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2020-21
Composition of Fiscal Deficit		10,693.36
1	Revenue Deficit	-138.27
2	Net Capital Expenditure	-10,470.38

Particulars		2020-21
3	Net Loans and Advances	-59.71
4	Appropriation to Contingency Fund	-25.00
Financing Pattern of Fiscal Deficit		
1	Market Borrowings	7,508.66
2	Loans from GoI*	2,164.35
3	Special Securities issued to NSSF	-348.65
4	Loans from Financial Institutions	-154.75
5	Small Savings, PF, etc.	1,144.17
6	Deposits and Advances	581.96
7	Suspense and Miscellaneous	-82.34
8	Remittances	-763.81
9	Reserve Fund	584.18
10	Contingency Fund	25.00
11	Overall Deficit	10,658.77
12	Increase/Decrease in cash balance	34.59
13	Gross Fiscal Deficit	10,693.36

Source: Finance Accounts

*Includes ₹2,099.80 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

During 2020-21 Union Territory of Jammu and Kashmir has fiscal deficit of ₹10,693.36 crore. Market borrowings, Small Savings, Provident Fund etc. were major sources to finance fiscal deficit.

Table 2.24: Receipts and Disbursements under components financing the fiscal deficit (2020-21)

(₹ in crore)

Particulars		Receipt	Disbursement	Net
1	Market Borrowings	40,128.28	32,619.62	7,508.66
2	Loans from GOI*	2,282.69	118.34	2,164.35
3	Special Securities issued to NSSF	0.00	348.65	-348.65
4	Loans from Financial Institutions	321.96	476.71	-154.75
5	Small Savings, PF, etc.	5,968.29	4,824.12	1,144.17
6	Deposits and Advances	3,427.29	2,845.33	581.96
7	Suspense and Miscellaneous	12,655.15	12,737.49	-82.34
8	Remittances	1,992.42	2,756.23	-763.81
9	Reserve Fund	790.67	206.49	584.18
10	Contingency Fund	25.00	0	25.00
11	Overall Deficit	67,591.75	56,932.98	10,658.77
12	Increase/Decrease in cash balance	1,482.28	1,447.69	34.59
13	Gross Fiscal Deficit	69,074.03	58,380.67	10,693.36

Source: Finance Accounts

* Includes ₹2,099.80 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

2.7 Debt Analysis

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

Table 2.25: Position of Outstanding Public debt

Debt Sustainability Indicators	2020-21
Outstanding Public Debt* (₹ in crore)	10,567.84 (46,666.22)
GSDP (₹ in crore)	1,76,282
Rate of Growth of GSDP	3.46
Public Debt/GSDP	5.99 (32.47) [@]
Average interest Rate of Outstanding Public Debt (<i>per cent</i>) (interest paid/OB of Public Debt + CB of Public Debt/2)	7.82
Percentage of Interest payment to Revenue Receipt	8.16
Percentage of Public Debt Repayment to Public Debt Receipt	78.54
Net Public Debt available to the UT [#] (in crore)	4,887.23
Net Public Debt available as <i>per cent</i> to Public Debt Receipts	11.44

Source: Finance Accounts

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

[#]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.

[@] Public debt (including outstanding public debt of erstwhile State) to GSDP.

Some of the indicators of debt sustainability are as under.

- Net Public Debt available during the year 2020-21 was ₹4,887.23 crore which was just 11.44 *per cent* of debt receipt during the year.
- Public Debt Repayments/Public Debt Receipts: During the year 2020-21 public debt repayment was 78.54 *per cent* of debt receipt resulting in only 21.46 *per cent* of public debt receipt was available with the Government.
- Percentage of Interest payment on Public debt to total Revenue Receipts during the year 2020-21 was 8.16 *per cent*.

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 2.26: Utilisation of borrowed funds during 2020-21

Year	1	2020-21
Total Borrowings	2	42,732.93*
Repayment of earlier borrowings (Principal) (percentage)	3	33,563.32
Balance borrowings for capital expenditure (percentage)	4	9,169.61 (21.46)
Balance of borrowing for disbursement of loans and advances	5	NA
Portion of Revenue Expenditure met out of net available borrowings	6=2-3-4-5	NA

Source: Finance Accounts

* Includes ₹2,099.80 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

During 2020-21, 78.54 per cent of borrowed funds were utilised towards repayment of earlier loans/ borrowed funds resulting just 21.46 per cent of borrowed funds remained available for development works.

2.7.2 Status of Guarantees – Contingent Liabilities

The total outstanding Guarantees given by the Union Territory Government as on 31 March 2021 aggregated to ₹1,486.07 crore. There was also outstanding Guarantees of ₹452.07 crore as on 30 October 2019 which is yet to be apportioned. No Guarantee Commission/ fee was received by Government of Union Territory of Jammu and Kashmir during 2020-21.

2.7.3 Management of Cash Balances

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

The Government of Union Territory of Jammu and Kashmir maintained minimum cash balance of ₹1.14 crore on 47 days without resorting to Normal Ways and Advances and Overdraft and availed Normal Ways and Means Advances on 260 days and on 58 days it had to avail Overdraft too from RBI. The balance at the end of 31 March 2021 was ₹1,784.54 crore (₹715.89 crore under Normal Ways and Means Advances and ₹1,068.65 crore under overdraft).

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

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

Table 2.27: Cash Balances and their investment

(₹ in crore)

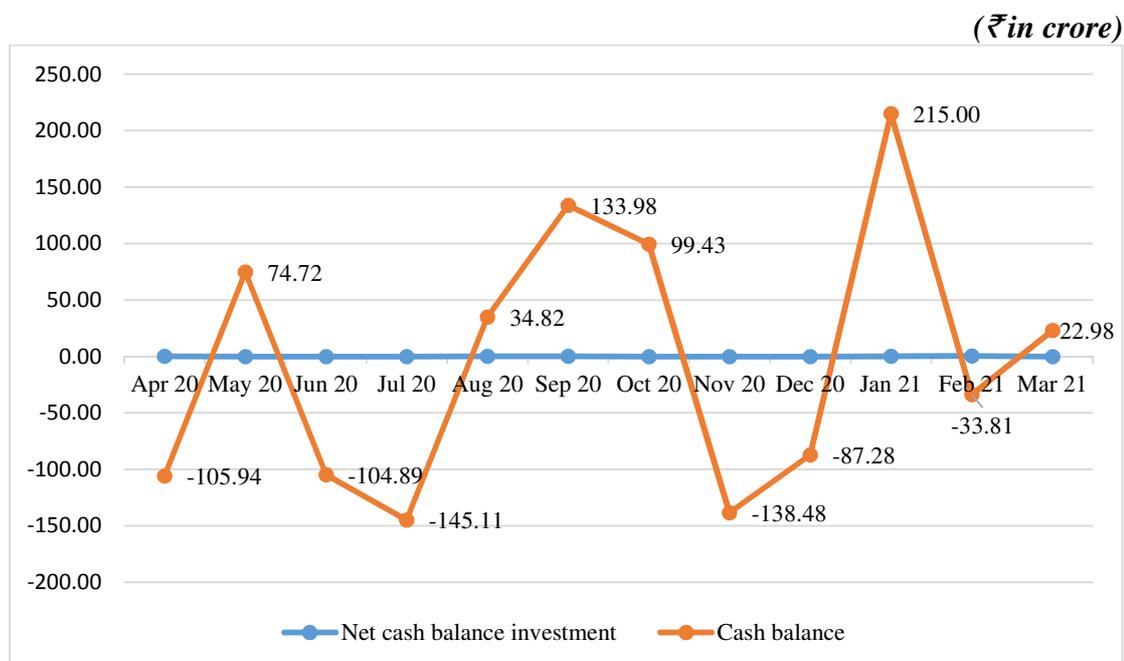
	Opening balance on 31 March 2020	Closing balance on 31 March 2021
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India	1,482.28	1,447.69
Deposits with J&K Bank and other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	1,482.28	1,447.69

	Opening balance on 31 March 2020	Closing balance on 31 March 2021
Investments held in Cash Balance investment account	0.00	0.00
Total (A)	1,482.28	1,447.69
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	0.00	0.00
Permanent advances for contingent expenditure with department officers	0.00	0.00
Investment in earmarked funds	0.00	0.00
Total (B)	0.00	0.00
Total (A + B)	1,482.28	1,447.69
Interest realised	Nil	0.11

Source: Finance Accounts

No amount was held in Cash Balance Investment Account by the Government of UT of Jammu and Kashmir at the close of the year 2020-21. However, an amount of ₹383.92 crore was held in the Cash Balance Investment Account at the end of 30 October 2019, is yet to be to be apportioned between UT of J&K and UT of Ladakh. Government earned an interest of ₹0.11 crore on cash balance investment during 2020-21.

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



Source: Finance Accounts

2.8 Conclusions

- Revenue Expenditure constituted of 83.32 *per cent* of Total Expenditure.
- Capital Expenditure of ₹10,470.38 crore constituted 16.58 *per cent* of Total expenditure.
- Outstanding Public debt of UT of Jammu and Kashmir at the end of 31 March 2021 was ₹10,567.84 crore and there is also an amount of ₹46,666 crore at the end of 30 October 2019 which is to be bifurcated between two Union Territories.
- Union Territory of Jammu and Kashmir had total investment of ₹162.39 crore ending 31 March 2021 in Government Companies, Statutory Corporations Cooperative Institutions/Local bodies and Rural Banks and no return in the form of dividend was received during 2020-21. In addition to above there is also an investment of ₹4,617.16 crore made by the erstwhile State of Jammu and Kashmir which is yet to be bifurcated between two Union Territories.
- The Union Territory of Jammu and Kashmir had outstanding loans of ₹95.51 crore disbursed up to ending 31 March 2021. In addition to above, the Erstwhile State had outstanding loans amounting ₹1,740.44 crore disbursed up to ending 30 October 2019 which are to be distributed between two Union Territories.
- During 2020-21, the balance under reserve funds of UT of Jammu and Kashmir was ₹771.13 crore. There was also balance under Reserve funds at the end of 30 October 2019 amounting to ₹2,806 crore, which is to be bifurcated between two Union Territories.

2.9 Recommendations

1. The Government should make efforts for augmentation of its own tax revenue.
2. The Government should explore ways to minimize its committed expenditure so that more funds could be made available for development expenditure.
3. The Government should explore ways of ensuring reasonable return on capital invested in PSUs in view of the substantial high cost of borrowing made by it.
4. As recovery of loans advanced by the Government has been poor, the Government should consider treating loans and advances as grants and booking them as Revenue Expenditure for ensuring that accounts reflects the correct position.

Chapter-III
Budgetary Management

CHAPTER-III

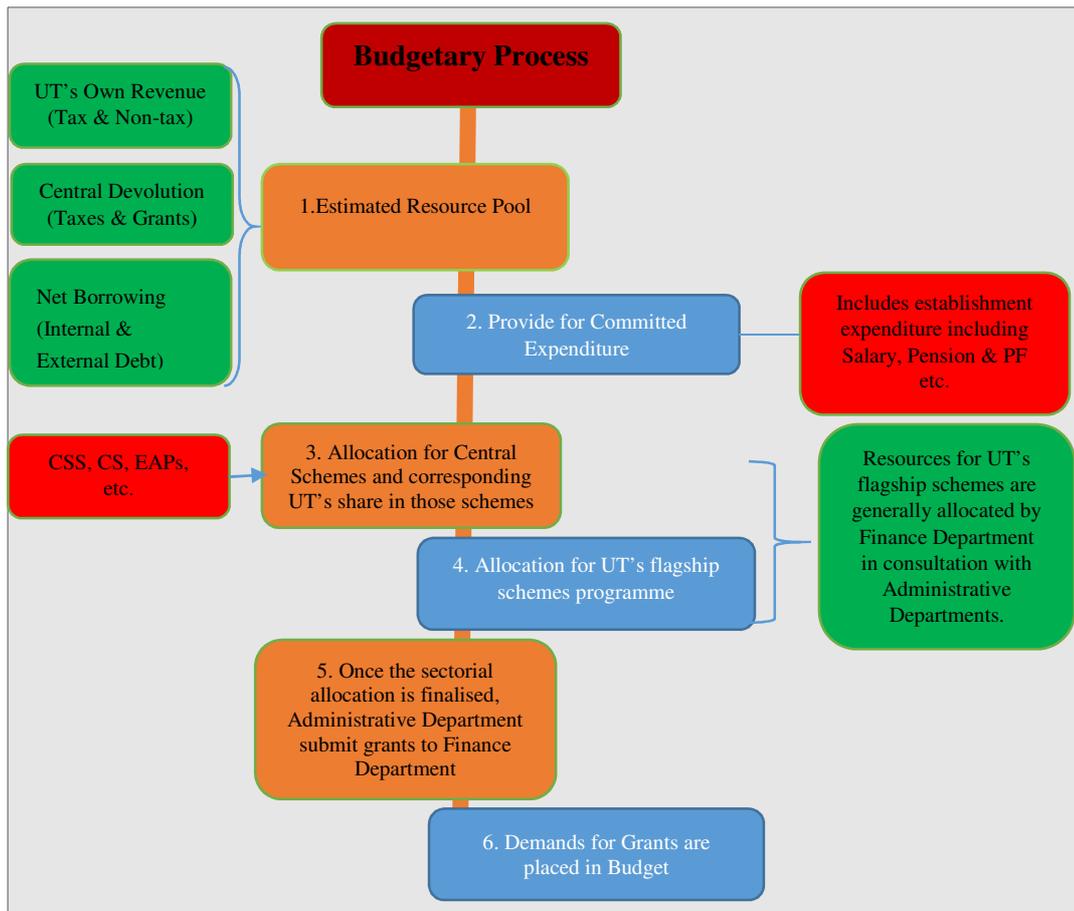
BUDGETARY MANAGEMENT

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Appropriation Accounts are accounts of the expenditure, voted and *charged*, of the Government for each financial year compared with the amounts of voted grants and appropriations *charged* for different purposes as specified in the schedule appended to the Appropriation Acts passed under Section 43 and 44 of the Jammu and Kashmir Reorganisation Act 2019.

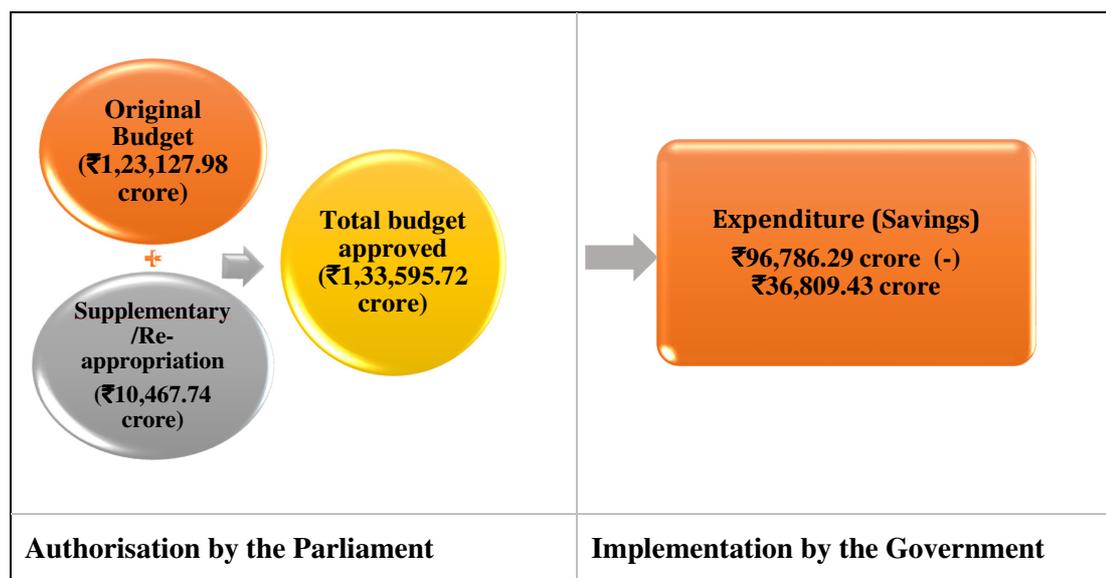
Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to Finance Accounts. Budget glossary is given in *Appendix 6*. A typical budget preparation process is given in (*Chart 3.1*)

Chart 3.1: Budget Process



CSS: Centrally Sponsored Schemes; CS: Central Schemes.

The various components of budget 2020-21 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 2020-21

A summarised position of total budget provision, disbursement and saving/excess with its further bifurcation into voted/charged during 2020-21 is as under:

Table: 3.1: Budget provision, disbursement and saving/excess during 2020-21

(₹ in crore)

Total Budget provision		Disbursements		Saving (-)/Excess(+)	
Voted	Charged	Voted	Charged	Voted	Charged
1,00,254.92	33,340.81	56,782.00	40,004.29	(-) 43,472.92	(+) 6,663.48

3.1.2. Charged and Voted disbursements

During 2020-21, against the budget provision of ₹1,00,254.92 crore under the Voted section, expenditure of ₹56,782.00 crore has been incurred, resulting into saving of ₹43,472.92 crore. However, against the budget provision of ₹33,340.81 crore under the charged section, expenditure of ₹40,004.29 crore has been made resulting into excess expenditure of ₹6,663.48 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 of the Union Territory except under appropriation made by law passed in accordance with the provisions of section 43 of J&K Reorganisation Act 2019.

An amount of ₹6,714.34 crore was incurred under 53 schemes/ Sub Heads in 16 Grants (*Appendix 3.1*) without Budgetary Provisions during 2020-21 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 2020-21, a sum of ₹189.81 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 ₹189.81 crore.

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

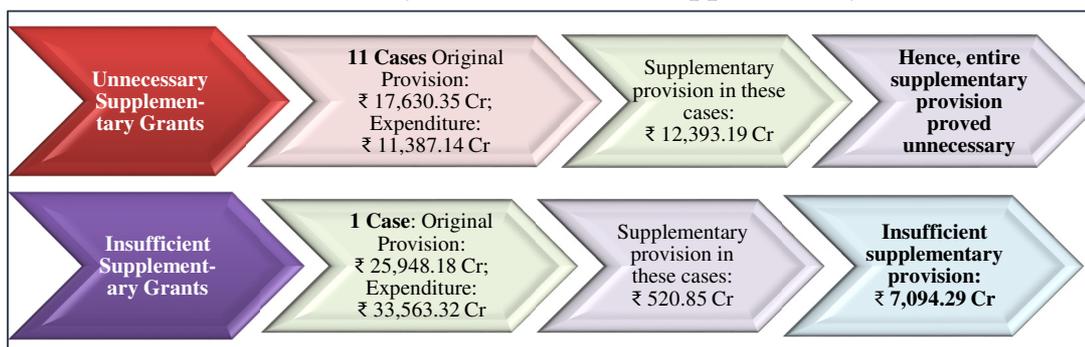
Sl. No.	Major Head of Account	Type of Misclassification	Amount
			(₹ in crore)
1	4210, 4225, 4401 and 4515	Grant-in-aid classified as Capital Expenditure	61.59
2	4235	Salary booked as Capital Expenditure	0.17
3	4401, 4402 and 5055	Subsidy booked as Capital Expenditure	128.05
		Total	189.81

3.3.3 Unnecessary or Insufficient Supplementary Grants

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

Supplementary provisions aggregating ₹12,393.19 crore obtained in 11 cases, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in *Appendix 3.2*. On the other hand, in grant 08-Finance Department, (Capital Charged), supplementary grant of ₹520.85 crore was not adequate to meet the requirement (*Chart 3.3*).

Chart 3.3: Unnecessary and Insufficient Supplementary Provisions



Source: Appropriation Accounts

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

3.4 Substantial Savings

As per the 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. There were 34 grants in which savings of ₹ten crore and above had occurred as on 31st March 2021, which included 30 grants wherein savings of ₹100 crore and above were noticed. The percentage savings ranged between 17 *per cent* and 80 *per cent* of the total appropriation of the grant during 2020-21. However, no surrender in anticipation of savings was made by the concerned departments. The savings in these cases was of the order of ₹41,846.32 crore. Relevant details are indicated in **Appendix 3.3**. The above savings also includes huge savings of ₹100 crore and above by the departments under Capital Section in 25 grants amounting to ₹31,927.59 crore which indicate that the Government could not utilise the funds earmarked for developmental activities/creation of assets. Savings under Capital Section ranged between 19 *per cent* and 99 *per cent* of the total appropriation of the grant during 2020-21.

3.4.1 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 20 *per cent* and 83 *per cent*. In the remaining one grant there was over utilisation of 11 *per cent* resulting in excess over provisions during 2020-21 as detailed in **Appendix 3.4**. 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.

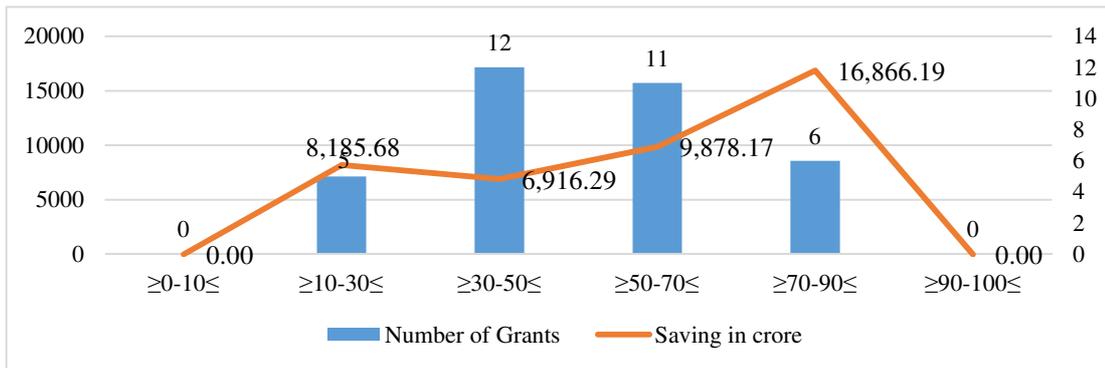
3.4.2 The distribution of the number of Grants/Appropriations grouped by the percentage of Savings

The outcome of the appropriation audit shows that the percentage savings ranged between 10 *per cent* to 30 *per cent* amounting to ₹8,185.68 crore in five grants,

30 per cent to 50 per cent amounting to ₹6,916.29 crore in 12 grants, 50 to 70 per cent amounting to ₹9,878.17 crore in 11 grants and 70 to 90 per cent amounting ₹16,866.19 crore in six grants.

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

Chart 3.4: The distribution of the number of Grants/Appropriations grouped by the percentage of Savings along with total savings in ₹crore in each group.



3.5 Grants with Nil Expenditure

Entire budget provision of ₹18,134.91 crore under 25 Grants involving 139 number of schemes as detailed in *Appendix 3.5* remained unutilised during the year resulting in denial of intended benefits to the general public. The provision could have been re-appropriated to the schemes/works where there was excess expenditure over the provision.

3.5.1 Excess over provisions requiring regularisation

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

Excess expenditure amounting to ₹7,094.29 crore under Capital *charged* section in Grant No. 08 (Finance Department) has been incurred by the Government during 2020-21.

Excess expenditure amounting to ₹3,875.61 crore as detailed in *Appendix 3.6* was also incurred by the U.T Government during 2019-20 (31 October 2019 to 31 March 2020). This irregularity is in violation of the *ibid* Section and the amount aggregating to ₹10,969.90 crore pertaining to Union Territory of Jammu and Kashmir during the period 31 October 2019 to 31 March 2021 is required to be got regularised.

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

As the Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, the excess expenditure aggregating ₹1,24,004.41 crore for the years 1980-81 to 2019-20 (01.04.2019 to 30.10.2019) pertaining to erstwhile State of Jammu and Kashmir, as detailed in *Appendix 3.7* is yet to be regularised. Excess expenditure remaining

un-regularised for such extended period vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.6 Grants-in-aid for creation of Capital Assets

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

As per IGAS 2, Grant-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorised by President on the advice of the Comptroller and Auditor General of India. It was noticed that there was booking of GIA as Capital expenditure during 2020-21 as shown in the table below.

Table 3.3: Extent of classification of GIA as Capital Expenditure

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

Source: Finance Accounts

During the period 2020-21, the misclassification of GIA as Capital expenditure has resulted in understatement of Revenue Deficit by ₹61.59 crore.

3.7 Comments on transparency of Budgetary and Accounting Process

3.7.1 Lump Sum Budgetary Provisions

The Jammu and 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 ₹7,596.38 crore which constitute 17 per cent of total provision of ₹45,535.59 crore of the grant was placed with Controlling Officers in Grant No. 08 (Finance Department) under three Major Heads as shown below instead of detailed head-wise/scheme-wise provisions in contravention of the provisions of J&K Budget Manual.

Table 3.4: 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	7,297.29	8,008.92	45,535.59	17 per cent
		2030- Stamps & Registration	6.91	4.54		
		2049 - Interest Payments	292.18	1,052.96		
		Total	7,596.38	9,066.42		

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 2020-21 was ₹1,33,595.72 crore. The actual expenditure during the year was ₹96,786.29 crore (72 per cent). This resulted in savings of ₹36,809.94 crore during the period 2020-21. The summarised position of actual expenditure during 2020-21 against 35 grants/appropriations is given below:

Table 3.5: Summarised position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) provisions during 2020-21.

(₹ in crore)

	Nature of expenditure	Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure	Net Saving (-) Excess(+)	Surrender during March 2021	
							Amount	per cent
Voted	I. Revenue	55,670.39	1,669.39	57,339.78	46,208.14	(-) 11,131.64	Nil	Nil
	II. Capital	34,408.04	8,399.20	42,807.24	10,487.22	(-) 32,320.02	Nil	Nil
	III. Loans & Advances	107.90	0.00	107.90	61.64*	(-)46.26	Nil	Nil
	Total	90,186.33	10,068.59	10,0254.92	56,757.00	(-) 43,497.92	Nil	Nil
Charged	IV. Revenue	6,993.48	-121.70	6,871.78	6,440.97	(-)430.81	Nil	Nil
	V. Capital	0.00	0.00	0.00	0.00	0.00	Nil	Nil
	VI. Public Debt- Repayment	25,948.18	520.85	26,469.03	33,563.32	7,094.29	Nil	Nil
	Total	32,941.66	399.15	33,340.81	40,004.29	6,663.48	Nil	Nil
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	25.00	25.00	Nil	Nil
	Grand Total	1,23,127.98	10,467.74	1,33,595.72	96,786.29	(-) 36,809.44	Nil	Nil

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

The savings in grants is indicative of over assessment of grants resulting in savings. Besides, excessive savings in some departments during the period is indicative of deprivation of other departments of the funds which they could have utilised and also non-surrender of funds (savings) is in contravention to the instructions of the J&K Budget Manual.

3.8.2 Rush of expenditure

Rule 62 (3) of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided. Contrary to this, in respect of four grants, expenditure exceeding 50 per cent of total expenditure of the year has been incurred during March 2021 only and the percentage of expenditure ranged between 56 and 64 per cent of total expenditure. Similarly, in seven grants expenditure exceeding 50 per cent of total expenditure of the year has been incurred during the last quarter of the year and the percentage of expenditure ranged between 57 per cent and 76 per cent as detailed below:

Table 3.6: Grants with more than 50 per cent of expenditure in March alone

(₹ in crore)

Sl. No.	Grant No.	Grant Name	Expenditure				Total	Percent- age of expendi- ture in 4 th Qtr.	Expen- diture in March	Percent- age of expendi- ture in March
			1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.				
1.	3	Planning and Development Department	30.55	52.09	93.76	399.29	575.69	69.36	340.08	59.07
2.	19	Housing and Urban Development Department	415.74	21.36	218.35	869.11	1,524.56	57.01	851.79	55.87
3.	20	Tourism Department	20.98	27.66	31.85	106.49	186.98	56.95	84.51	45.20
4.	29	Transport Department	25.38	18.46	22.98	118.40	185.22	63.92	108.49	58.57
5.	30	Tribal Affairs Department	3.87	6.19	16.00	47.57	73.63	64.61	34.96	47.48
6.	32	Horticulture Department	27.07	32.26	48.75	189.60	297.68	63.69	129.85	43.62
7.	35	Science and Technology Department	2.40	2.63	3.02	25.67	33.72	76.13	21.64	64.18

Source: VLC Data

3.9 Review of selected Grants

A review of Budgetary Procedure and control over expenditure in test checked two grants (Grant No. 06: Power Development Department and Grant No. 08: Finance Department) out of 35 grants was undertaken and the audit observations are given in the following paragraphs.

3.9.1 Grant No: 06 - Power Development Department

Table 3.7: Excess/Saving under the Grant No. 6

(₹ in crore)

Sl. No.	Major Head		Budget Allocation			Expenditure booked	Excess/Saving
			Original Grant	Supplementary Grant	Total		
1	2801	Power	3,968.98	-201.27	3,767.71	2,812.84	-954.87
Total Revenue Voted			3,968.98	-201.27	3,767.71	2,812.84	-954.87
2	4801	Capital Outlay on Power Projects	3,522.90	10,110.74	13,633.65	589.57	-13,044.07
Total Capital Voted			3,522.90	10,110.74	13,633.64	589.57	-13,044.07
Total			7,491.88	9,909.47	17,401.35	3,402.41	-13,998.94

- (i) Against the total allocation of ₹17,401.35 crore under the Grant, an expenditure of ₹3,402.41 crore only was booked and an amount of ₹13,998.94 crore (80 per cent) remained unspent during the year which indicates that the department made unrealistic budget provisions during the year 2020-21 resulting in savings of ₹954.87 crore in Revenue Voted and ₹13,044.07 crore in Capital Voted section.
- (ii) Entire budget provision of ₹12,037.22 crore in eight Schemes (*Appendix 3.8*) remained unutilised resulting in denial of intended benefits to the general public.
- (iii) At the close of the year 2020-21, in 12 cases (*Appendix 3.9*) saving of ₹1,960.81 crore was not surrendered by the concerned department. The savings in grants is indicative of over assessment of grants resulting in savings and also non-surrender of funds (savings) is in contravention to the instructions of the Budget Manual.

3.9.2 Grant No: 08 - Finance Department

Table 3.8: Excess/Saving under Grant No. 8

(₹ in crore)

Sl. No.	Sector	Budget Allocation		Total Allocation	Expenditure booked	Excess/Saving
		Original Grant	Supplementary Grant			
1.	Revenue (Voted+Charged)	15,604.72	1,245.80	16,850.52	16,188.68	-661.84
2.	Capital (Voted+Charged)	31,147.50	-2,462.43	28,685.07	34,358.79	5,673.72
3	Appropriation to Contingency Fund	0.00	0.00	0.00	25.00	25.00
Total		46,752.22	-1,216.63	45,535.59	50,572.47	5,036.88

- (i) Against total allocation of ₹45,535.59 crore under the Grant, an expenditure of ₹50,572.47 crore was booked resulting into excess expenditure of ₹5,036.88 crore during the year 2020-21 which indicates that the department has made

unrealistic budget provisions resulting in saving of ₹661.84 crore in Revenue Voted/*Charged* and excess of ₹5,673.72 crore in Capital Voted/*charged* section. There is an excess expenditure of ₹25.00 crore on account of appropriation to Contingency Fund.

- (ii) An amount of ₹9,892.76 crore was incurred under 40 schemes/ Sub Heads (*Appendix 3.10*) without Budgetary Provisions during 2020-21 which needs to be regularised.
- (iii) Entire budget provision of ₹2,656.07 crore involving 14 No. of schemes as detailed in *Appendix 3.11* remained unutilised during the year resulting in denial of intended benefits to the general public.
- (iv) At the close of the year 2020-21, in 43 cases (*Appendix 3.12*), saving of ₹3,561.38 crore was not surrendered by the concerned department. The savings in grants is indicative of over assessment of grants resulting in savings and also non-surrender of funds (savings) is in contravention to the instructions of the Budget Manual.
- (v) Excess expenditure of ₹1,384.25 crore has been incurred in two schemes *Appendix 3.13* during the year 2020-21 which is required to be got regularised.

3.10 Conclusions

- The overall utilisation of budget was 27 *per cent* less than the total amount of grants and appropriations during the year 2020-21. Budgetary allocations were based on unrealistic proposals as out of total 35 grants, in 25 grants, savings were more than ₹100 crore in the capital section.
- Against the available provision of ₹1,00,254.92 crore under the Voted section, expenditure of ₹56,782.00 crore was incurred, resulting into saving of ₹43,472.92 crore whereas, against the provision of ₹33,340.81 crore under the *charged* section, expenditure of ₹40,004.29 crore was made, resulting into excess expenditure of ₹6,663.48 crore during 2020-21.
- An amount of ₹6,714.34 crore was incurred under 53 schemes/ Sub Heads in 16 Grants without Budgetary Provisions during 2020-21.
- Supplementary provisions aggregating ₹12,393.19 crore obtained in 11 cases, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions.
- In 34 grants, savings of Rupees ten crore and above were noticed as on 31st March 2021, which included 30 grants wherein savings of ₹100 crore and above were noticed.
- Entire budget provision of ₹18,134.91 crore under 25 Grants involving 139 No. of schemes remained unutilised during the year resulting in denial of intended benefits to the general public.

- Review of Grant No. 06- Power Development Department revealed that against budget/appropriation of ₹17,401.35 crore under the Grant, an expenditure of ₹3,402.41 crore only was booked and an amount of ₹13,998.94 crore remained unspent during 2020-21. This showed that budget estimates were made either unrealistically or department did not disburse the amount during the period and also the savings were not surrendered. Further, entire budget provision of ₹12,037.22 crore in eight Schemes remained unutilised resulting in denial of intended benefits to the general public.
- Review of Grant No. 08 – Finance Department revealed that against total allocation of ₹45,535.59 crore under the Grant, an expenditure of ₹50,572.47 crore was booked resulting into excess expenditure of ₹5,036.88 crore during the year 2020-21 which indicates that the department has made unrealistic budget provisions resulting in saving of ₹661.84 crore in Revenue Voted/*Charged* and excess of ₹5,698.72 crore in Capital Voted/*Charged* section.
- An amount of ₹9,892.76 crore was incurred under 40 schemes/ Sub Heads without Budgetary Provisions.
- Entire budget provision of ₹2,656.07 crore involving 14 No. of schemes remained unutilised during the year.
- In 43 cases, saving of ₹3,561.38 crore was not surrendered by the department.
- Excess expenditure of ₹1,384.25 crore was incurred in two schemes during the year 2020-21.

3.11 Recommendations

1. Government should be more realistic in its budgetary assumptions and ensure efficient control mechanisms to curtail savings/excess expenditure.
2. Excess expenditure over the approved grants may be regularised at the earliest.
3. Government may consider strengthening of financial monitoring to avoid rush of expenditure at fag end of the year.
4. 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 Jammu and Kashmir

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

4.1.1 Building and Other Construction Workers Welfare Cess

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers. The Act, *inter alia*, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every Government to exercise the powers conferred under the Act. Accordingly, the erstwhile State Government of Jammu and Kashmir framed Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules 2006 under the Act and constituted Jammu and Kashmir Building and Other Construction Workers Welfare Board in 2007. The Board is responsible for the operation and maintenance of the amount credited by Government as Labour Cess Deposits.

The Government of Union Territory of Jammu and Kashmir continued with the same Rules. During the year 2020-21, the Government of Union Territory collected ₹124.41 crore as Labour Cess under various Major Heads and transferred the entire amount to the Building and Other Construction Workers Welfare Board. The Closing balance of Labour Cess as on 31 March 2021 was ₹615.58 crore.

4.1.2 Water Usage Charges

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 in the Jammu and Kashmir Bank or allotted a proper account head. The amount realised as water usage charges was to be deposited in the account/head so created, and utilised for establishment of Hydroelectric and Multi-purpose Hydro Electric Projects and for buying back Hydroelectric Power Projects already established in the State and purchase of power. As on 31 March 2021 an amount of ₹15.31 crore on account of water usage charges/interest was in the Water Usage Fund Account (Saving Bank Account) which remained out of Consolidated Fund of the Union Territory of Jammu and Kashmir.

4.1.3 Unspent amount lying in bank accounts of Drawing and Disbursing Officers (DDOs)

As per information received from Government of Union Territory (August 2021) an amount ₹25.39 crore was lying in the Savings/Current Bank Account of nine DDOs of Health and Medical Education Department only as on 31 March 2021. The information relating to other Departments was awaited from Government of Union Territory of Jammu and Kashmir (August 2021). As a result, the amount of ₹25.39 crore remained out of Government accounts.

4.2 Funds transferred directly to Implementing Agencies

Government of India (GoI) transfers substantial funds directly to State Implementing Agencies (SIAs) for implementation of various schemes and Programmes. The amount of funds transferred by the various Ministries/ Departments of GoI directly to SIAs of the Union Territory Government of Jammu and Kashmir during 2020-21 as per the Public Financial Management System (PFMS) portal of Controller General of Accounts (CGA) was ₹917.68 crore (*Appendix 4.1*). This is 14.05 per cent of the amount (₹6,533.49 crore) released by the GoI for Centrally Sponsored Schemes as Grants-in-Aid through the Union Territory Budget. In addition to above, Central Government released an amount of ₹1,843.51 crore directly to various Autonomous Bodies, Central Government Organisations, Societies etc.

The schemes where direct funding is more than ₹100 crore during the year 2020-21 are given below:

Table 4.1: Funds transferred by Government of India directly to Government Department.*(₹ in crore)*

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2020-21
1	Pradhan Mantri Kissan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	708.83
2	Assistance to State Agencies for intra-state Movement of Food grains and FPS dealers margin under NFSA	Consumer Affairs and Public Distribution Department Jammu and Kashmir	137.84

Source: Finance Accounts

4.3 Deposit of Local Funds

Jammu and Kashmir Panchayati Raj Act provides that Halqa Panchayat would maintain Halqa Panchayat Fund. It is to be kept under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds which would include all the money realised or realisable under the Act and all money otherwise received by the PRIs, such as grants received from Government and its own revenue, which includes tax and non-tax receipt of a Panchayat. The Municipal Act envisages that the Municipal Fund is to be held by the Municipality. All the money realised or realisable under this act and all money otherwise received by the Municipalities are kept in the Municipal Fund under the Major Head 8448- Deposits of Local Funds-102-Municipal Funds. Receipt and expenditure under the aforesaid two local funds during 2020-21 is shown in **Table 4.2**.

Table 4.2: Deposits of Local Funds*(₹ in crore)*

Year			2020-21
Panchayat Fund	(8448-109)	Opening Balance	1 Nil
		Receipt	2 Nil
		Expenditure	3 Nil
		Closing Balance	4 Nil (0.27)
Total Closing Balance at end of the year			
Municipal Fund	(8448-102)	Opening Balance	5 60.26
		Receipt	6 705.53
		Expenditure	7 490.52
		Closing Balance	8 275.27 (133.39)

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

There is no receipt and expenditure from the Panchayat Fund during 2020-21. However, there is a closing balance of ₹0.27 crore of erstwhile State of Jammu and Kashmir. Municipal Fund increased from ₹60.26 crore to ₹275.27 crore during 2020-21, besides there is also closing balance of ₹133.39 crore of erstwhile State of Jammu and Kashmir which is to be divided between the two Union Territories.

Issues related to transparency
4.4 Delay in submission of Utilisation Certificates

The position of outstanding Utilisation Certificates (UCs) as on 31 March 2021 for the grants released by the erstwhile State of Jammu and Kashmir up to 30 September 2019, yet to be apportioned is shown in the **Table 4.3**.

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

(₹ in crore)

Year*	Opening Balance		Addition		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Upto 2018-19	1,133	4,488.84	442	2,585.06	114	1,347.91	1,461	5,725.99
2019-20	1,461	5,725.99	502	2,639.91	157	1,391.70	1,806	6,974.20
2020-21	1,806	6,974.20	1,409	3,102.38	0.00	0.00	3,215	10,076.58

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

3,215 number of Utilisation Certificates for grants paid up to 30 September 2019 amounting to ₹10,076.58 crore were outstanding up to 31 March 2021. 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 erstwhile State of Jammu and Kashmir.

(₹ in crore)

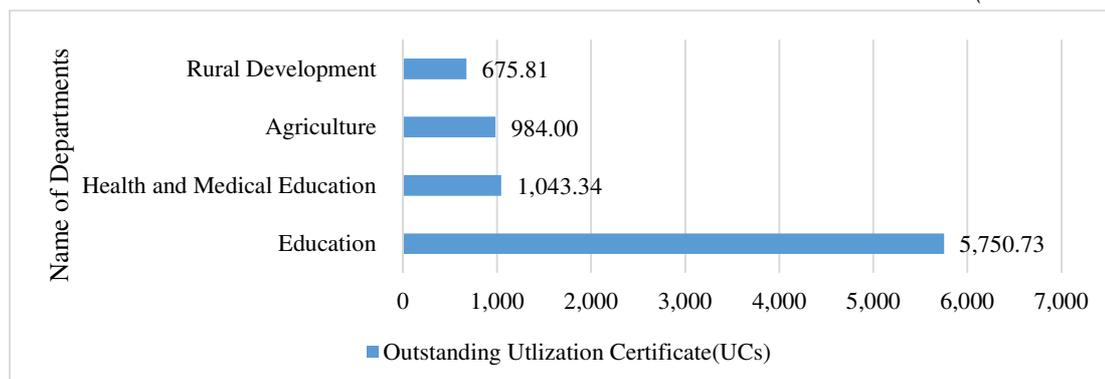
Year*	Number of UCs	Amount
Up to 2018-19	1,461	5,725.99
2019-20	345	1,248.21
2020-21	1,409	3,102.38
Total	3,215	10,076.58

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

Department wise breakup of outstanding UCs shows that 83.90 per cent of total amount of outstanding UCs pertain to below noted four departments, of which 57.07 per cent of outstanding UCs pertain to Education Department only.

Chart 4.1: Outstanding UCs in respect of major Departments for the grants paid up to September 2019

(₹ in crore)



Source: Finance Accounts

Non-submission of the UCs means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against Grants-in-Aid meant for capital expenditure. Since non-submission of UCs is fraught with the risk of misappropriation, it is imperative that the Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

4.5 Abstract Contingent bills

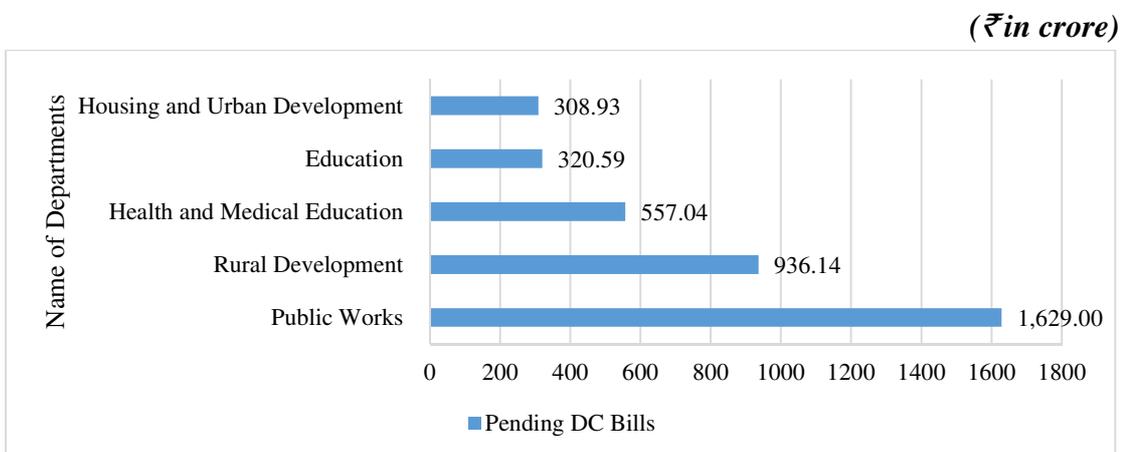
Detailed Countersigned Contingent (DCC) bills for the amount drawn against Abstract Contingent bills are to be submitted to the Principal Accountant General (A&E) within a period of two months. It was seen that 719 AC Bills amounting to ₹5,187.43 crore were drawn during the year 2020-21. Out of 719 AC bills, 604 AC Bills amounting to ₹2,379.15 crore (45.86 per cent) were drawn in March 2021 alone. Expenditure against AC Bills in March indicate that the drawals were primarily to exhaust the Budget Provisions and reveals inadequate budgetary control. As of 31 March 2021, DCC Bills drawn on 356 AC bills amounting to ₹5,280.71 crore by various drawing and disbursing officers up to 31 January 2021, were not submitted to the Pr. Accountant General (A&E), Jammu and Kashmir. The department wise position of awaited AC bills as on 31 March 2021 is as under.

Table 4.5: Awaited DC bills from Departments of UT of Jammu and Kashmir

Sl. No	Name of the Department	Amount Outstanding (₹ in crore)	Percentage of total outstanding amount of ₹5,280.71 crore as on 31 March 2021
1.	Public Works	1,629.00	30.85
2	Rural Development	936.14	17.73
3.	Health and Medical Education	557.04	10.55
4	Education	320.59	6.07
5.	Housing and Urban Development	308.93	5.85

Source: Finance Accounts

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



Source: Finance Accounts

Further, DCC bills in respect of 2,237 AC bills amounting ₹6,885.63 crore drawn upto 30 October 2019 (pre-reorganisation) by erstwhile State of Jammu and Kashmir were awaited as on 31 March 2021. The bifurcation of these outstanding DCC bills is yet to be done between successor Union Territories. The Government may take necessary steps to ensure adjustment of the advances drawn on the contingent bills within the stipulated period as required under the extant rules.

4.6 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 year 2020-21, ₹3,741.00 crore (including Revenue Receipt of ₹2,349.74 crore representing Sale of Power and Misc. Power Receipts under Major Head-0801) under 38 Revenue Major Heads of Accounts constituting 7.13 per cent of the total Revenue Receipts of ₹52,495.48 crore, was recorded under the Minor Head-800-‘Other Receipts’. Similarly, Expenditure of ₹4,677.34 crore under 48 Major Heads of Accounts constituting 7.41 per cent of total Revenue and Capital Expenditure of ₹63,104.13 crore was classified under Minor Head- 800-‘Other Expenditure’. Instances where a substantial proportion (50 per cent or more/significant amount) of the Receipts and Expenditure under a Major Head was classified/ booked under the Minor Head-800-Other Receipts/Expenditure are shown in the table below.

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

Table 4.6: Significant expenditure booked under Minor Head 800 – Other Expenditure during the period 2020-21

Major Head	Total Expenditure including Expenditure under Minor Head 800	Expenditure under Minor Head 800	Percentage of Expenditure under Minor Head 800 to Total Expenditure under the Major Head
	(₹in crore)	(₹in crore)	
2075-Miscellaneous General Services	1.15	1.00	86.96
2211-Family Welfare	212.33	116.31	54.78
3452-Tourism	135.03	68.93	51.05
4070-Capital Outlay on Other Administrative Services	7.37	7.37	100.00
4075-Capital Outlay on Miscellaneous General Services	70.46	70.46	100.00
4225- Capital Outlay on Welfare of SC/ST/OBC and Minorities	31.28	30.94	98.91
4236- Capital Outlay on Nutrition	16.45	16.45	100.00

Source: Finance Accounts

Table 4.7: Significant receipts booked under Minor Head 800–Other Receipts during 2020-21

Major Head	Total Receipts including Receipts under Minor Head 800	Receipts under Minor Head 800	Percentage of Receipts under Minor Head 800 to Total Receipts under the Major Head
	(₹ in crore)	(₹ in crore)	
0049-Interest Receipt	17.86	17.76	99.44
0059-Public Works	25.49	19.18	75.25
0070-Other Administrative Services	19.15	13.01	67.94
0235-Social Security and Welfare	3.47	3.47	100.00
0701-Major and Medium Irrigation	996.66	996.66	100.00
0702-Minor Irrigation	9.42	8.65	91.83
0801-Power	2,349.74	2,349.74	100.00

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. Significant suspense items have been shown as gross debit and credit balances for 2020-21 in **Table 4.8**.

Table 4.8: Balances under Suspense and Remittances

Minor Head	2020-21		
	(Dr)	(Cr)	Net (Dr /Cr.)
8658- Suspense Account-	(₹ in crore)		
101 PAO Suspense	56.67	0.01	56.66 (Dr)
102 Suspense Account (Civil)	47.97	2.44	45.53 (Dr)
109-RBI Suspense (Hqrs)	0.16	0.05	0.11 (Dr)
110- RBI Suspense (Central Accounts)	0.91	0.08	0.83 (Dr)
112- Tax Deducted at Source (TDS) Suspense	-	221.00	221.00 (Cr)
139-GST- Tax Deducted at Source Suspense	1.02	5.15	4.13 (Cr)
8782- Cash Remittance and Adjustments between officers rendering accounts to same Accountant General / Accounts Officers			
110-Misc Remittances	-	632.57	632.57 (Cr)
8793- Inter State Suspense Account	-	1.93	1.93 (Cr)

Source: Finance Accounts

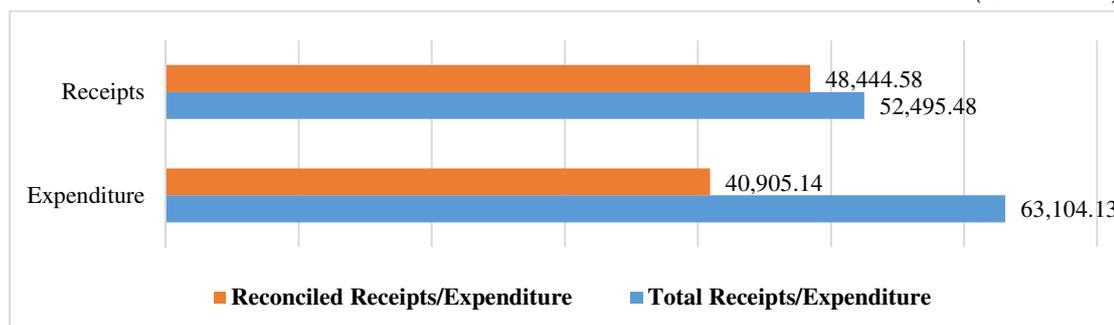
4.8 Non-reconciliation of Departmental figures

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 Accountant General (A&E). Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

Chart 4.3: Status of reconciliation during period 2020-21

(₹ in crore)



Source: Finance Accounts

During 2020-21, Receipts of ₹48,444.58 crore (92.28 per cent of the total Revenue Receipts of ₹52,495.48 crore of Union Territory of Jammu and Kashmir excluding Public Debt) and Expenditure of ₹40,905.14 crore (64.82 per cent of total Revenue and Capital Expenditure of ₹63,104.13 crore) were reconciled with the Office of the Principal Accountant General (A&E).

4.9 Reconciliation of Cash Balances

The Cash Balance as on 31 March 2021 of the Union Territory of Jammu and Kashmir (post reorganisation) as per records of the Principal Accountant General (A&E) was ₹1,447.69 crore (debit) and that of RBI (as worked out by the Principal Accountant General (A&E) was ₹1,448.27 crore (credit). There was a net difference of ₹0.58 crore (credit), due to non-reconciliation between the Government of Union Territory and Agency Bank. The difference is under reconciliation with RBI as well as the Government (August 2021). There was also a net difference of ₹83.32 crore (credit) between RBI and Principal Accountant General figures as on 30 October 2019 which is yet to be apportioned between Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

Issues related to disclosure

4.10 Compliance with Accounting Standards

As per Section 71 of Jammu and Kashmir Reorganisation Act 2019, the Lieutenant Governor may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union Territory of Jammu and Kashmir. Further, as per Article 150 of the Constitution of India, the President of India, on the advice of the Comptroller and Auditor General of India, has so far notified three Indian Government

Accounting Standards (IGAS). Compliance to these Accounting Standards by the Government of Union Territory of Jammu and Kashmir in 2020-21 and deficiencies therein are given below:

Table 4.9: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by UT Government	Impact of deficiency
1.	IGAS-1: <i>Guarantees Given by the Government– Disclosure requirements</i>	To ensure uniform and complete disclosure of such guarantees.	Complied (Statements 9 and 20 of Finance Accounts)	Detailed information like maximum amount of guarantee, addition, deletions of guarantees during the year, sector and class of guarantees for each institution has been furnished.
2	IGAS-2: <i>Accounting and Classification of Grants-in- Aid</i>	To prescribe the principles for accounting and classification of Grants-in-aid in the Financial Statements of Government both as a grantor as well as a grantee.	Not complied (Statement 10 of Finance Accounts)	(i) Certain Grants-in-Aid to be classified under Revenue Section have been classified under Capital Section (ii) Information has not been furnished in respect of Grants in Aid given in kind by the UT Government.
3.	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 UT Government.

4.11 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Certification audit of accounts of Autonomous Bodies (ABs) set up by the Government is conducted under Section 19(2), 19(3) and 20(1) of Comptroller and Auditor General of India (DPC) Act 1971. The ABs coming under the audit purview as per the above Sections are required to submit the annual accounts to audit before 30 June every year. In respect of eight Autonomous Bodies which were to render annual accounts to C&AG, 32 number of accounts were not rendered for the period ranging between one to 12 years as tabulated below:

Table 4.10: Non-submission of accounts by Autonomous Bodies

Sl. No.	Name of Body/Authority	Accounts pending (years)	No of accounts pending 2020-21
1	Compensatory Afforestation Management and Planning Authority (CAMPA)	12	12
2	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Srinagar Kashmir	11	11
3	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Jammu	01	01
4	JK Employee Provident Funds Organisation (EPFO)	01	01

Sl. No.	Name of Body/Authority	Accounts pending (years)	No of accounts pending 2020-21
5	Jammu & Kashmir Housing Board	01	01
6	J&K Khadi and Village Industries Board (KVIB)	01	01
7	J&K Building and Other Construction Workers Welfare Board (BOCWVB)	02	02
8	J&K State Legal Service Authority (SLSA)	03	03
	Total		32

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

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

4.12 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 Pr. Accountant General (Audit), Jammu and Kashmir for audit, within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System (PDS) under the Consumer Affairs and Public Distribution Department. The *proforma* accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not submitted their *proforma* accounts from 1968-69 to 2019-20. The *proforma* accounts have not been submitted by Food Civil Supplies & Consumer Affairs Department, Kashmir from 1975-76 to 2019-20 and by Food Civil Supplies & Consumer Affairs Department, Jammu from 1973-74 to 1997-98 and 1999-2000 to 2019-20. 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 and Kashmir is shown in **Appendix 4.2**. Accounts in respect of only four Companies were audited up to 2019-20 and accounts of four Companies and one corporation were audited up to 2018-19. In respect of 17 Companies / Corporations audit of accounts is in arrear for the period ranging between 5 to 17 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 are to ensure that the departmental undertakings prepare such accounts and submit the same to the Pr. Accountant General (Audit) within a specified time frame.

4.13 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. The Government, however, did not furnish the above mentioned information, which is in violation of Regulations on Audit and Account (Amendments) 2020.

4.14 Timeliness and Quality of Accounts

The accounts of receipts and expenditure of the Government of Union Territory of Jammu and Kashmir have been compiled based on the initial accounts rendered by 121 Treasuries (including 20 District Treasuries), and Advices of the Reserve Bank of India. As, the Government of Jammu and Kashmir had already switched over to Civil Accounting System for Works and Forest Divisions (in previous years), no monthly accounts were due from these Divisions during 2020-21. No account was excluded at the end of the year 2020-21.

Other Issues

4.15 Follow up action on State Finances Audit Report

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

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

4.16 Conclusions

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

4.17 Recommendations

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

Chapter-V
Financial Performance of
Public Sector Undertakings

CHAPTER-V

Financial Performance of Public Sector Undertakings

This chapter discusses the financial performance of Public Sector Undertakings (PSUs) as revealed from their accounts. PSUs comprise of Government of Jammu and Kashmir (GoJ&K) owned companies set up under the Companies Act, 2013, Statutory Corporations set up under the statutes enacted by the Parliament and Government Controlled Other Companies (GCOCs). Impact of significant comments issued after conducting supplementary audit of the financial statements of these PSUs by the Comptroller and Auditor General (CAG) of India for the year 2020-21 (or of earlier years which were finalised during the current year) has also been discussed in the Chapter.

5.1 Definition of Government Company

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

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

5.2 Mandate of Audit

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

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

PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the economy of J&K. As on 31 March 2021, there were 42 PSUs in Jammu and Kashmir under the audit jurisdiction of the CAG. These include 39 Government Companies (including six² inactive

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

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

Government Companies), two Statutory Corporations and one Government Controlled Other Company³. The names of these PSUs are given in **Appendix 5.1**.

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

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

Table 5.1 provides the details of turnover of the PSUs and GSDP of J&K for a period of three years ending March 2021.

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

Particulars	(₹ in crore)		
	2018-19	2019-20	2020-21
Turnover as per latest finalised accounts	9,784.90	11,298.17	10,590.68
GSDP of J&K	1,54,441.00	1,69,181.79	1,76,282.00
Percentage of Turnover to GSDP of J&K	6.34	6.68	6.01

Source: Compilation based on GSDP figures as per information provided by the GoJ&K, Finance Department, at current prices of respective years and latest finalised accounts of PSUs for year to year comparison.

The contribution of PSUs to the GSDP reduced from 6.34 per cent in 2018-19 to 6.01 per cent in 2020-21. The major contributors to turnover of PSUs in 2020-21 were Jammu & Kashmir Bank Limited (₹8,111.09 crore), Jammu & Kashmir Power Development Corporation Limited (₹1,037.85 crore) and Jammu & Kashmir Small Scale Industries Development Corporation Limited (₹438.50 crore).

5.4 Investment in PSUs and Budgetary support

5.4.1 Equity holding and Loans given

Details of Investment made in 42 PSUs in form of equity and long term loans upto 31 March 2021 are given in **Appendix 5.3**. Sector wise summary of this investment is given in **Table 5.2**.

Table 5.2: Government of J&K investment in PSUs

Name of Sector	Number of PSUs	Investment				Total Investment	Total Investment of GoJ&K
		Equity		Long term loans			
		Total	GoJ&K	Total	GoJ&K		
Power Sector PSUs	6	5,073.32	2,593.54	7,269.04	0.00	12,342.36	2,593.54
Non power Sector PSUs	36	969.10	847.80	5,021.44	1,437.72	5,990.54	2,285.52
Total	42	6,042.42	3,441.34	12,290.48	1,437.72	18,332.90	4,879.06

(Source: Compiled based on information received from PSUs)

The thrust of investment was mainly on power sector. This sector had attracted 67.32 per cent (₹12,342.36 crore) of total investment of ₹18,332.90 crore. The GoJ&K had invested 53.16 per cent (₹2,593.54 crore) of its total investment of ₹4,879.06 crore in power sector PSUs.

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

5.4.2 Subsidy and Grant to PSUs

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

Summarized details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity in respect of PSUs for the last three years ending March 2021 are given in **Table 5.3**.

Table 5.3: Details regarding budgetary support by GoJ&K to PSUs during the period 2018-19 to 2020-21

(₹ in crore)

Sl. No.	Particulars	2018-19		2019-20		2020-21	
		Number of PSUs*	Amount	Number of PSUs*	Amount	Number of PSUs*	Amount
1.	Equity Capital outgo	9	120.74	3	2,616.82	7	83.47
2.	Loans given	9	56.18	8	48.07	7	51.85
3.	Grants/Subsidy provided	8	48.91	12	100.50	11	3,016.38
	Total outgo		225.83		2,765.39		3,151.70
4.	Loan repayment written off	-	-	-	-	-	-
5.	Loans converted into equity	-	-	-	-	2	152.42
6.	Guarantees issued	1	20.00	-	-	-	-
7.	Outstanding Guarantee Commitment	3	1,822.09	3	1,580.90	5	7,698.97

(Source: Compiled based on information received from PSUs)

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

The increase in assistance during 2020-21 was mainly due to grant/subsidy given to four power sector PSUs viz. Jammu & Kashmir Power Corporation Limited, Jammu & Kashmir Power Transmission Corporation Limited, Jammu Power Distribution Corporation Limited and Kashmir Power Distribution Corporation Limited. The increase in guarantee commitments in the year 2020-21 were in case of Jammu and Kashmir Power Development Corporation Limited (₹1,539.71 crore), Jammu and Kashmir Power Corporation Limited (₹6,012.24 crore), Jammu and Kashmir SC, ST and Backward Classes Development Corporation Limited (₹64.05 crore), Jammu and Kashmir Women's Development Corporation Limited (₹73.87 crore) and Jammu and Kashmir State Financial Corporation Limited (₹9.10 crore).

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

The figures in respect of equity, loans and guarantees outstanding as per records of PSUs should agree with that of the figures appearing in the Finance Accounts of the GoJ&K. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The mismatch between the figures furnished by the PSUs with those depicted in the Finance Account, as on 31 March 2021 is given in **Table 5.4** below:

Table 5.4: Equity and Loans outstanding as per Finance Accounts vis-à-vis records of PSUs upto March 2021

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records ⁴ of PSU	Difference
Share capital	2,969.92	2,970.80	0.88
Outstanding Loans	538.81	907.80	368.79
Guarantees	27.63	7,625.82	7,598.19

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

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

The information of outstanding guarantees was awaited from Jammu and Kashmir Power Development Corporation Limited and Jammu and Kashmir Power Corporation Limited which have contributed to the differences discussed in the table above.

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

5.4.4 Adequacy of assets to meet loan liabilities in PSUs

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its loans/debts. The coverage of long term loans by value of total assets in 18 PSUs which had outstanding loans as per their latest finalized accounts as of 30 November 2021 is given in **Table 5.5** below:

Table 5.5: Coverage of long term loans with total assets

Nature of PSU	Positive Coverage				Negative Coverage			
	No. of PSUs	Long Term Loans	Assets	Percentage of Assets to Loans	No. of PSUs	Long Term Loans	Assets	Percentage of Assets to Loans
	(₹ in crore)				(₹ in crore)			
Statutory Corporation	2	715.45	1,651.77	230.87	0	0	0	0
Government Company	11	4,573.18	1,34,325.47	2,937.47	5	1,279.20	347.83	27.19
Total	13	5,288.63	1,35,977.24	3,168.12	5	1,279.20	347.83	27.19

(Source: Latest finalized accounts of PSUs).

5.4.5 Market Capitalisation of equity investment in Government Companies

Market Capitalisation represents market value of shares of companies which are listed. As on 31 March 2021, there was only one PSU viz. Jammu & Kashmir Bank Limited, having a total paid-up equity of ₹71.36 crore, listed on the stock exchange. The majority (68.18 per cent) of paid-up equity of ₹71.36 crore of the Bank is held by the Government of Jammu & Kashmir and the remaining (31.82 per cent)⁵ by Foreign

⁴ Unaudited current figures up to March 2021.

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

Institutional Investors, Resident Individuals and others. The market value of shares of Jammu & Kashmir Bank Limited was ₹1901.35 crore as on 31 March 2021 as compared to ₹881.83 crore as on 31 March 2020.

5.4.6 Disinvestment, restructuring and privatisation

During the year 2020-21, there was no case of disinvestment, restructuring and privatisation of PSUs.

5.5 Returns from PSUs

There were 12 PSUs that reported profit in their financial statements finalised during 2020-21 as detailed in *Appendix-5.5*. The reported profit earned increased to ₹520.12 crore in 2020-21 from ₹346.36 crore in 2019-20.

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

Table 5.6: Top three SPSEs which contributed maximum profit

Name of SPSE	Net profit (₹ in crore)	Percentage of profit to total SPSEs profit
Jammu and Kashmir Bank Limited	428.45	82.37
Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	31.47	6.05
Jammu and Kashmir Power Development Corporation Limited	20.42	3.93
Total	480.34	92.35

(Source: Latest finalized accounts of PSUs).

It may be seen that these three SPSEs had contributed 92.35 per cent of the total profit of ₹520.12 crore earned by 12 SPSEs during 2020-21.

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

5.5.1 Dividend payout by PSUs

As per the latest finalized accounts as of 30 November 2021, 12 PSUs earned an aggregate profit of ₹520.12 crore. No PSU had declared/ paid dividend⁶.

5.6 Debt Servicing and legal compliances

5.6.1 Position of Long Term Loan of PSUs

The details of long term loan of PSUs during the period 2018-19 to 2020-21 are as follow:

Table 5.7: Details of Long Term Loan

Year	Long term Loans at the end of the year		
	GoJ&K	Others	Total
2018-19	2,142.76	4,630.89	6,773.65
2019-20	1,567.01	4,358.66	5,925.67
2020-21	1,437.72	10,852.46	12,290.48

(₹ in crore)

⁶ Only those PSUs were considered that had submitted accounts for 2020-21

Long Term Loans of the PSUs decreased to ₹5,925.67 crore as on 31 March 2020 from ₹6,773.65 crore as at the end of March 2019. They increased to ₹12,290.48 crore at the end of March 2021 mainly due to the long term loans of ₹1,256.80 crore and ₹6,012.24 crore⁷ availed by JKPDC and Jammu & Kashmir Power Corporation Limited respectively from banks and other financial institutions. GoJ&K share in total long term loan of the PSUs decreased from ₹2,142.76 crore by end of March 2019 to ₹1,437.72 crore by end of March 2021.

5.6.2 Interest Coverage in PSUs

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

The details of interest coverage ratio of PSUs as per the latest finalised accounts during the period from 2016-17 to 2020-21 are given below in **Table 5.8**.

Table 5.8: Interest Coverage Ratio of PSUs

(₹ in crore)

Year	Interest	EBIT	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio	
				More than 1	Less than 1
2016-17	433.61	-795.05	17	4	13
2017-18	413.61	872.62	17	6	11
2018-19	529.65	1,360.47	15	6	9
2019-20	493.47	-452.04	15	7	8
2020-21	529.36	1,031.19	14	7	7

Of these 14 PSUs⁸ having liability of loans from Government as well as Banks and other Financial Institutions during 2020-21, seven PSUs had interest coverage ratio of more than one, whereas remaining seven PSUs had Interest Coverage Ratio below one, which indicated that these seven PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

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

⁸ Excluding six inactive PSUs (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu & Kashmir Road Development Corporation Limited and (5) Jammu & Kashmir International Trade Centre, (6) Jammu & Kashmir Asset Reconstruction Limited, six working PSU (1) Jammu & Kashmir Medical Supplies Corporation Limited, (2) AIC-Jammu & Kashmir EDI Foundation, (3) Jammu Smart City Limited, (4) Jammu Mass Rapid Transit Corporation Pvt. Limited, (5) Srinagar Mass Rapid Transit Corporation Pvt. Limited, (6) Jammu Power Distribution Corporation Limited which never submitted their accounts since inception, 12 PSUs (1) JKB Financial Services Limited (2) Jammu & Kashmir Police Housing Corporation Limited (3) Jammu & Kashmir Cable Car Corporation Limited (4) Jammu & Kashmir Overseas Employment Corporation Limited (5) Jammu & Kashmir Trade Promotion Organisation (6) Jammu & Kashmir Infrastructure Development Finance Corporation P Limited, (7) Srinagar Smart City Limited (8) Jammu & Kashmir Power Transmission Corporation Limited, (9) Jammu & Kashmir Power Corporation Limited, (10) Jammu Power Distribution Corporation Limited, (11) Kashmir Power Distribution Corporation Limited and (12) Jammu & Kashmir IT Infrastructure Development Pvt. Limited which have not availed any loan, and four PSUs (1) Jammu & Kashmir Agro Industries Development Corporation Limited, (2) Jammu & Kashmir Forest Development Corporation Limited (3) Jammu & Kashmir Projects Construction Corporation Limited and (4) Jammu & Kashmir Handloom Development Corporation Limited which have not provided for the interest in their books of account.

5.6.3 Age wise analysis of interest outstanding on Government Loans

As on 31 March 2021, interest amounting to ₹2,763.97 crore was outstanding on the long term loans of eight PSUs provided by GoJ&K. The age wise analysis of interest outstanding on Government Loans in PSUs is depicted in **Table 5.9**.

Table 5.9: Interest outstanding on Government Loans

Sl. No	Name of PSU	(₹ in crore)			
		Outstanding Interest on GoJ&K Loan	Interest on GoJ&K loans outstanding for less than 1 year	Interest on GoJ&K loans outstanding for 1 to 3 years	Interest on GoJ&K loans outstanding for more than 3 years
1.	Jammu and Kashmir Industries Limited	714.69	0.00	118.17	596.52
2.	Jammu and Kashmir Cements Limited	4.57	0.13	0.26	4.18
3.	Jammu and Kashmir Minerals Limited	931.67	19.27	57.73	854.67
4.	Jammu and Kashmir Tourism Development Corporation Limited	0.20	0.00	0.00	0.20
5.	Jammu and Kashmir State Road Transport Corporation	978.78	0.00	184.78	794.00
6.	Jammu and Kashmir Forest Development Corporation Limited	44.08	0.00	0.00	44.08
7.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	1.81	0.19	1.62	0.00
8.	Jammu and Kashmir Handloom Development corporation Limited	88.17	0.00	0.00	88.17
Total		2,763.97	19.59	362.56	2,381.82

(Source: Compiled based on information received from PSUs)

5.7 Operating efficiencies of PSUs

5.7.1 Value of production

The details of value of production, total assets and capital employed⁹ during 2018-19 to 2020-21 are given in **Table 5.10**.

Table 5.10: Value of production, total assets and capital employed during 2018-19 to 2020-21

Year	(₹ in crore)		
	Value of production	Total assets	Capital employed
2018-19	9,784.90	1,13,642.20	7,653.33
2019-20	11,298.17	1,26,488.40	5,960.28
2020-21	10,590.64	1,36,643.45	5,865.24

(Source: Latest finalized accounts of the Companies)

Value of production and total assets increased from ₹9,784.90 crore and ₹1,13,642.20 crore, respectively in 2018-19 to ₹11,298.17 crore and ₹1,26,488.40 crore, respectively in 2019-20. However, value of production decreased to ₹10,590.64 crore and total assets increased to ₹1,36,643.45 crore in 2020-21. The Capital employed decreased from ₹7,653.33 crore in 2018-19 to ₹5,865.24 crore in 2020-21.

5.7.2 Return on Investment in Listed PSUs

ROI is a performance metric to evaluate the efficiency of investment over time in comparison to alternate investment opportunities or a benchmark investment opportunity. Only one PSU of GoJ&K, Jammu & Kashmir Bank Limited is listed on the stock exchange. Calculation of ROI along with compound annual growth rate is given in **Appendix 5.6**. The detail of ROI during last five years ending March 2021 is given in **Table 5.11**.

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

Table: 5.11 Return on Investment of Listed PSU

	<i>(In per cent)</i>				
	2016-17	2017-18	2018-19	2019-20	2020-21
ROI ¹⁰	532.82	409.61	361.60	182.79	243.81

The ROI showed a decreasing trend from 2016-17 to 2019-20, however it increased during 2020-21. The compounded annual growth rate decreased from 3.59 per cent to (-)2.05 per cent during 2016-17 to 2019-20 and improved to (-) 0.67 per cent during 2020-21.

5.7.3 Return on Capital Employed and Equity in Listed PSUs

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

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

Table 5.12: ROCE and ROE of Listed PSU

	<i>(In per cent)</i>				
	2016-17	2017-18	2018-19	2019-20	2020-21
ROCE	-36.75	11.55	17.93	-23.18	15.50
ROE	-65.00	7.56	15.46	-61.63	21.00

The ROCE and ROE was high during last five years (except during 2016-17 and 2019-20, mainly due to high Profit after tax earned by Jammu & Kashmir Bank Limited. During 2016-17 & 2019-20, ROCE and ROE was negative due to loss incurred by the Bank.

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

Table 5.13: ROCE for Listed PSU considering share premium

	<i>(In per cent)</i>				
	2016-17	2017-18	2018-19	2019-20	2020-21
	-33.78	10.12	16.17	-18.06	12.20

The ROCE after considering the share premium account of Jammu & Kashmir Bank Limited, ranged between (-)33.78 per cent to 16.17 per cent during the period 2016-17 to 2020-21.

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

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

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

¹³ Investment including share premium

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

The details of ROCE and ROE of non-listed PSUs¹⁴ during the period from 2016-17 to 2020-21 are given in **Table 5.14**.

Table 5.14: Return on Capital Employed and Equity

(₹ in crore)

Year	PBIT	PAT	Capital Employed	Shareholders Fund	RoCE	RoE
2016-17	609.46	226.74	6,586.07	3,273.31	9.25	6.93
2017-18	391.70	-8.52	7,826.10	3,999.47	5.01	-0.21
2018-19	350.81	-29.92	7,779.10	3,811.35	4.51	-0.79
2019-20	480.33	117.26	7,878.91	3,433.16	6.10	3.42
2020-21	437.75	-119.66	7,593.02	3,040.39	5.77	-3.94

The ROCE ranges between 4.51 per cent and 9.25 per cent and ROE ranges between (-)3.94 per cent and 6.93 per cent during the period 2016-17 to 2020-21.

5.7.5 Rate of real return (RORR) on Government Investment PSUs

In order to bring the historical cost of investment to its present value at the end of each year upto 31 March 2021, Present Value (PV) of money invested was computed where funds had been infused by the GoJ&K as equity, interest free loan and interest free loan converted into equity. Grant/ subsidy given by the Government for operational and management expenses have not been considered as bifurcation of grant and subsidy for operational and management expenses and for other purpose was not available since inception of these companies till 31 March 2021.

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

- Interest free loans have been considered as fund infusion. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest free loans over the period.
- The average rate of interest on government borrowings for the concerned financial year was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year.
- The GoJ&K infused ₹5.00 crore as equity in JKPDC. In addition to this, the GoJ&K also provided Plan funds since inception of the Company (1994-95) for creation of Capital Assets, which could not be bifurcated, has not been considered. Plan fund given to JKPDD and Assets transferred to JKPDC by GoJ&K, later converted into equity, has been added to the equity contribution in the year 2019-20.
- JPDCL, KPDCL, JKPTCL and JKPCL started their operations w.e.f. 1 April 2020, hence, equity contribution was considered in the year 2020-21 for the purpose of PV calculation of GoJ&K investment.

¹⁴ Excluding CVPPPL as all its projects are under construction

- For the purpose of PV calculation of GoJ&K investment, the period from 2000-01 till 2020-21 has been taken for considering the investment of GoJ&K in PSUs.

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

The historical cost of investment by the GoJ&K in these PSUs at the end of 2020-21 increased to ₹3,565.74 crore¹⁵ from ₹352.29 crore at the beginning of 1999-2000. The GoJ&K made investments in form of equity (₹3,107.79 crore) and interest free loans (₹123.16 crore) during the period 1999-2000 to 2020-21. Besides, GoJ&K made investment of ₹520.12 crore¹⁶ in plan fund during this period in JKPDC.

The PV of the investment infused by the GoJ&K as on 31 March 2021 amounted to ₹6,329.96 crore. The net earnings of PSUs as per their latest finalized accounts was ₹314.11 crore.

An analysis of the earnings *vis-à-vis* investments in respect of 40¹⁷ PSUs where funds had been infused by the GoJ&K was carried out to assess the profitability of these PSUs which is given in **Table 5.15**.

Table 5.15: Real Rate of Return

Financial year	PV of total investment at the beginning of the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	PV of total investment at the end of the year	(₹ in crore)	
						Total Earnings ¹⁸	RoRR
2016-17	2,013.32	9.56	2,022.881	7.83	2,181.27	-1,406.44	-69.53
2017-18	2,181.27	101.63	2,282.903	7.23	2,447.96	192.85	8.45
2018-19	2,447.96	143.92	2,591.876	7.20	2,778.49	434.33	16.76
2019-20	2,778.49	2632.7	5,411.19	7.2	5,800.80	-1,022.15	-18.89
2020-21	5,800.80	130.57	5,931.37	6.72	6,329.96	306.12	5.16

During the period from 2016-17 to 2020-21, these 40 PSUs had a positive return on investment (except for the year 2016-17 & 2019-20). During 2020-21, return on GoJ&K Investment on the basis of historical value was 8.81 *per cent*. However, the Real Rate of Return considering the present value of investment was 5.16 *per cent* only.

5.8 PSUs incurring losses

There were 16 PSUs that incurred losses during the year 2020-21 as per their latest finalized accounts as detailed in **Appendix-5.8**. The losses incurred by these PSUs increased to ₹1,354.96 crore in 2019-20 from ₹216.93 crore in 2018-19 and decreased to ₹214.51 crore in 2020-21 as per their latest finalized accounts as given below in **Table 5.16**.

¹⁵ Opening balance: (₹352.29 crore) + Equity: (₹3,107.79 crore) + Interest free loans: (₹123.16 crore) - Interest free loan converted into equity: (₹169.92 crore)

¹⁶ This investment was made from 2018-19 to 2020-21 and investment before this period had been converted into equity of GoJ&K

¹⁷ Excluding JKB Financial Services Limited and CVPPPL wherein the GoJ&K had not made any investment

¹⁸ As per the latest finalized accounts

Table 5.16: Summary of PSUs that incurred losses during 2018-19 to 2020-21

Year	No of PSUs incurred loss	Net loss for the year	Accumulated Profit/ Loss	Net Worth ¹⁹
A. Statutory Corporations				
2018-19	2	133.55	(-)1,324.27	(-)959.83
2019-20	2	132.98	(-)1,563.95	(-)1,309.35
2020-21	1	117.62	(-)1,634.94	(-)1,426.98
B. Government Companies				
2018-19	8	83.38	(-)1,039.83	(-)956.10
2019-20	11	1221.98	357.72	527.18
2020-21	14	93.71	(-)1,780.54	(-)1,643.83
C. Government Controlled Other Company				
2018-19	0	-	-	-
2019-20	0	-	-	-
2020-21	1	3.18	49.34	2,773.00
Total PSUs				
2018-19	10	216.93	(-)2,364.10	(-)1,915.93
2019-20	13	1,354.96	(-)1,206.23	(-)782.17
2020-21	16	214.51	(-)3,366.14	(-)297.81

(Source: Latest finalized accounts as on 30 September 2019, 31 December 2020 and 30 November 2021)

Out of total loss of ₹214.51 crore incurred by 16 PSUs in 2020-21, loss of ₹203.64 crore was attributed to seven PSUs listed in Table 5.17 which incurred loss of more than ₹five crore as per their latest information provided. The majority of the loss for the year 2019-20 is attributable to the loss of ₹1139.41 crore reported by Jammu and Kashmir Bank Limited. The bank reported profit in its operations in the year 2020-21 of ₹428.45 crore.

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

Sl. No.	Name of the PSU	Net loss (₹ in crore)
1.	Jammu & Kashmir State Road Transport Corporation	117.62
2.	Jammu & Kashmir Industries Limited	36.39
3.	Jammu & Kashmir State Industrial Development Corporation Limited	20.54
4.	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	8.60
5.	Jammu & Kashmir Minerals Limited	8.38
6.	Jammu & Kashmir Tourism Development corporation	6.14
7.	Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	5.97

(Source: Latest finalised accounts as on 30 November 2021)

5.8.1 Erosion of Capital in PSUs

As on 31 March 2021, there were 18 PSUs with accumulated losses of ₹3,655.92 crore (Appendix 5.9). Of these 18 PSUs, 15 PSUs incurred losses amounting to ₹211.34 crore and three PSUs had not incurred loss, even though they had accumulated loss of ₹247.44 crore. The net worth of 11 out of 18 PSUs had been completely eroded by accumulated loss and their net worth was negative. The net worth of these 11 PSUs was (-)₹3,148.02 crore against equity investment of ₹458.04

¹⁹ Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

crore as on 31 March 2021. Out of these 11 PSUs, whose capital had been eroded, two PSUs had earned profit of ₹34.64 crore during 2020-21.

5.9 Oversight Role of CAG

5.9.1 Audit of Public Sector Undertakings (PSUs)

Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a State Government Company and State Government Controlled Other Company²⁰ under Section 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

5.10 Appointment of statutory auditors of PSUs by CAG

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

5.11 Submission of accounts by PSUs

5.11.1 Need for timely submission

According to Section 395 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating statutory corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of State.

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

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

Despite above, annual accounts of various PSUs were pending as on 31 December 2020, as detailed in the following paragraph.

²⁰ A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 per cent of the paid up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company. Any other company owned or controlled, directly, or indirectly, by the Central Government or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government controlled other Companies.

5.11.2 Timeliness in preparation of accounts by Government Companies

As of 31 March 2021, there were 40 Government Companies under the purview of CAG's audit. Of these, accounts for the year 2020-21 were due²¹ from 35 Government Companies. However, only three Government Companies submitted their accounts for the financial year 2020-21 for audit by CAG on or before 30 November 2021. Accounts of 37 Government Companies were in arrears for various reasons. Details of arrears in submission of accounts of these are given in **Table 5.18** below:

Table 5.18: Details of arrears in submission of accounts

Particulars		Total
Total number of Companies under the purview of CAG's audit as on 31.03.2021		40
Less: New Companies from which accounts for 2020-21 were not due		0
Less: Companies under liquidation/ inactive ²²		6
Number of companies from which accounts for 2020-21 were due		34
Number of companies which presented the accounts for CAG's audit by 30 November 2021		3
Number of companies with accounts in arrears		31
Breakup of Arrears	(i) Defunct	0
	(ii) First Accounts not submitted	6
	(iii) Others	25
Age-wise analysis of arrears against 'Others' category	Up to one year (2020-21)	5
	Up to two years (2019-20 and 2020-21)	14
	Three years and more	17

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

5.11.3 Timeliness in preparation of accounts by Statutory Corporations

As of 31 March 2021, there were two Statutory Corporations under the purview of CAG's audit. Audit of Statutory Corporations is governed by their respective legislations. Out of the two Statutory Corporations, the C&AG is the sole auditor for Jammu & Kashmir State Road Transport Corporation. In respect of Jammu & Kashmir State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

The accounts of Jammu & Kashmir State Road Transport Corporation and Jammu & Kashmir Financial Corporation for the years 2019-20 and 2020-21 were awaited as on 30 November 2021.

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

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

5.12.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. The statutory corporations

²¹ The due date for submission of accounts has been considered as 30 November 2021

²² Jammu & Kashmir Asset Reconstruction Limited, Tawi Scooters Limited, Himalayan Wool Combers Limited and Jammu & Kashmir State Handloom Handicrafts Raw Materials Supply Organisation Limited (under liquidation); Jammu & Kashmir State Road Development Corporation Limited and Jammu & Kashmir International Trade Centre (inactive)

are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such corporations.

5.12.2 Audit of accounts of Government Companies by Statutory Auditors

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

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

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

5.12.3 Supplementary Audit of accounts of Government Companies

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

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

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

5.13 Result of CAG's oversight role

Position of supplementary audit of the financial statements of the PSUs conducted by the Comptroller and Auditor General (CAG) of India for the year 2020-21 (or of earlier years which were finalized during current year) is discussed in the next paragraph.

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

Financial statements for the year 2020-21 were received from two²³ Government Companies and one Government Controlled Other Company²⁴ by 30 November 2021. Of these, financial statements of two²⁵ Government Companies were reviewed in audit by the CAG.

²³ Jammu and Kashmir Bank Limited and JKB Financial Services Limited

²⁴ Chenab Valley Power Projects Private Limited

²⁵ Non review certificate was given to JKB Financial Services Limited for the year 2020-21

32 accounts of previous years were also received during the period 1 January 2021 to 30 November 2021, of which non review certificates were issued for six accounts, comments were issued in case of five accounts and 21 accounts were pending as of 30 November 2021. Further, 42 accounts of 10 PSUs relating to previous years which were received before 1 January 2021 were also reviewed during current year. Of the 42 financial statements, Comments were issued for 32 accounts of eight PSUs and Management Letters were issued to two PSUs for 10 years of their accounts.

5.14 Recommendations

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

Srinagar/Jammu
Dated: 08 May 2022


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

Countersigned

New Delhi
Dated: 18 May 2022


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

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

(₹ in crore)

Part-A Receipts		
Fiscal Aggregate	31/10/2019 to 31/03/2020)	2020-21
1. Revenue Receipts (a) + (b)	22,557.34	52,495.48
(a) Tax Revenue	4,056.49	8,876.99
(i) Revenue from UT's Own Taxes	4,056.49	8,876.99
Of which		
State Goods & Service Tax	2,115.75	4,839.35
Taxes on sales, trade, etc.	782.43	1,495.61
State Excise	587.67	1,347.42
Taxes on vehicles	246.08	488.38
Stamps and Registration fees	117.54	325.54
Land Revenue	48.32	60.57
Other Taxes	158.70	320.12
(ii) UT's share of Union taxes and duties	0.00	0.00
(b) Non-Tax Revenue	18,500.85	43,618.49
(i) UTs Own Non-Tax Revenue	2,062.77	4,076.38
Of which		
Power Department receipts	1,196.66	2,349.74
(ii) Grants-in-aid from the Union Government	16,438.08	39,542.11
State's Own Revenues	6,119.26	12,953.37
(a) (i) + (b) (i)		
Revenue transfers from Centre (a) (ii) + (b) (ii)	16,438.08	39,542.11
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	2.34	1.93
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	16,647.37	42,732.93
4. Total receipts in the Consolidated Fund (1+2+3)	39,207.05	95,230.34
5. Contingency Fund receipts	0.00	25.00
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	11,364.19	24,833.82
Gross Receipts (4+5+6)	50,571.24	120,089.16
Public Account Receipts (Net) including receipts in departmental cash chest and cash balance investment	3,604.34	1,464.16

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

Part-B Disbursements		
Fiscal Aggregate	31/10/2019 to 31/03/2020)	2020-21
1. Revenue Expenditure (a) + (b)=(i) + (ii) + (iii)	22,719.43	52,633.75
(a) CSS/CA	637.96	1,740.45
(b) Normal/General/SFE	22,081.47	50,893.30
(i) General Services (including interest payments)	9,383.75	25,521.16
(ii) Social Services	8,614.74	19,471.70
(iii) Economic Services	4,720.94	7,640.89
2. Capital Expenditure (a) + (b)=(i) + (ii) + (iii)	5,422.20	10,470.38
(a) CSS/CA	1,861.63	4,294.25
(b)/General	3,560.57	6,176.13
(i) General Services	733.57	776.24
(ii) Social Services	1,492.93	2,492.57
(iii) Economic Services	3,195.70	7,201.57
3. Disbursement of loans and advances	38.14	61.64
4. Total (1+2+3)	28,179.77	63,165.77
5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances) of which	13,149.34	33,563.32
Internal Debt (excluding Ways and Means Advances and Overdraft)	985.31	4,134.06
Net transactions under Ways and Means Advances and Overdraft	-295.18	-1,784.54
Loans and Advances from Government of India	58.91	118.34
6. Appropriation to Contingency Fund	0.00	25.00
7. Gross disbursement out of Consolidated Fund (4+5+6)	41,329.11	96,754.09
8. Contingency Fund disbursements	0.00	0.00
9. Gross Public Account disbursements	7,759.85	23,369.66
10. Gross disbursements (7+8+9)	49,088.96	120,123.75
11. Increase in Cash Balance	1,482.28	-34.59
12 Grand Total	50,571.24	120,089.16

Part-C Deficits		
Fiscal Aggregate	31/10/2019 to 31/03/2020)	2020-21
1. Revenue Surplus(+)/Revenue Deficit(-) (Revenue Receipts-Revenue Expenditure)	-162.09	-138.27
2. Fiscal Deficit(-)/surplus (+) (Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts)	5,620.09	10,693.36
3. Primary Deficit(-)/Surplus(+) (Fiscal Deficit – Interest Payment)	3,088.46	4,320.90
4. Interest Payments (included in revenue expenditure)	2,531.63	6,372.46
5. Financial Assistance to local bodies, etc.	3,998.98	6531.86
6. Ways and Means Advances/ overdraft availed (days)	132 (overdraft on 51 days)	318 (overdraft on 58 days)
7. Interest on WMA/Overdraft	12.87	40.13
8. Public Debt Receipts	16,647.37	42,732.93
9. Gross State Domestic Product at Current Prices (GSDP²)	170382	176,282.00
10. Outstanding Public Debt³ (year end) excluding Public Account	3,498.03	12,667.64
11. Outstanding guarantees (year end) plus interest	1,324.54	1,486.07
12. Maximum amount guaranteed (year end)	5,204.84	12,564.18
13. Number of incomplete projects	NA	165
14. Capital blocked in incomplete projects	NA	464.91
Total Expenditure/GSDP (<i>per cent</i>)	NA	35.83
Revenue Receipts/Total expenditure (<i>per cent</i>)	80.05	83.11
Revenue Expenditure/Total Expenditure (<i>per cent</i>)	80.62	83.33
Expenditure on Social Services/Total Expenditure (<i>per cent</i>)	35.87	34.77
Expenditure on Economic Services/Total Expenditure (<i>per cent</i>)	28.09	23.50
Capital Expenditure/Total Expenditure (<i>per cent</i>)	19.24	16.58
Capital Expenditure on Social and Economic Services/Total Expenditure (<i>per cent</i>)	16.64	15.35
Revenue Surplus/Revenue Deficit as <i>per cent</i> of GSDP	-	-0.08
Fiscal Deficit as <i>per cent</i> of GSDP	-	6.07
Primary Deficit as <i>per cent</i> of GSDP	-	2.45
Revenue Deficit/Fiscal Deficit (<i>per cent</i>)	-	-1.29
Liabilities/GSDP ⁴ (<i>per cent</i>)	-	9.63
Liabilities/Revenue Receipts(<i>per cent</i>)	-	32.35
Debt Redemption (Principal+Interest)/Total Debt Receipts for the year (<i>per cent</i>)	89	89
Return on Investment	Nil	Nil
Financial Assets/Liabilities	98	98

Source: Finance Accounts

² Figures of GSDP is from MOSPI website.

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

⁴ Taking into account the liability of erstwhile State ending 30 October 2019, the liability to GSDP will 57.02 *per cent*

Appendix 1.2
 (Reference Paragraph: 1.5.1)
 Abstract of Receipts and Disbursements for the year 2020-21

(₹ in crore)

Receipts			Disbursements		
Various items	2020-21	2020-21	Various items	2020-21	2020-21
1	2	3	4	5	6
Section-A: Revenue					
I. Revenue Receipts		52,495.48	I. Revenue Expenditure		52,633.75
Own-Tax revenue	8,876.99		General Services		25,521.16
			Social Services		19,471.70
Non-Tax Revenue	4,076.38		Education, Sports, Art and Culture	10,092.54	
			Health and Family Welfare	4,427.59	
State's Share of Union Taxes	0.00		Water Supply, Sanitation/H&UD	2,710.12	
			Information and Broadcasting	79.51	
Centrally Sponsored Schemes			Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	87.29	
Finance Commission Grants	0.00		Labour and Labour Welfare	46.07	
Grants from Govt. of India (Other Transfer/ Grants to States)	39,542.11		Social Welfare and Nutrition	1,983.29	
			Others	45.29	
			Economic Services		7,640.89
			Agriculture and Allied Activities	2,870.56	
			Rural Development	448.06	
			Special Areas Programmes		
			Irrigation and Flood Control	611.85	
			Energy	2812.84	
			Industries and Minerals	358.28	
			Transport	210.38	
			Science, Technology and Environment	41.94	
			General Economic Services	286.98	
II. Revenue deficit carried over to Section -B		138.27	II. Revenue Surplus carried over to Section-B		
Total Section-A		52,633.75	Total Section-A		52,633.75

Receipts			Disbursements		
Various items	2020-21	2020-21	Various items	2020-21	2020-21
1	2	3	4	5	6
Section B: Capital					
III. Opening Cash balance including Permanent Advances and Cash Balance Investment		1,482.28	III. Capital Outlay		10,470.38
IV. Misc. Capital receipts		0.00	General Services		776.24
			Social Services		2,492.57
			Education, Sports, Art and Culture	597.74	
			Health and Family Welfare	529.85	
			Water Supply, Sanitation/H&UD	848.69	
			Information and Broadcasting	0.44	
			Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	31.28	
			Social Welfare and Nutrition	468.50	
			Other Social Services	16.07	
			Economic Services		7,201.57
			Agriculture and Allied Activities	702.31	
			Rural Development	2,022.86	
			Special Areas Programmes		
			Irrigation and Flood Control	147.72	
			Energy	589.58	
			Industries and Minerals	163.76	
			Transport	2,627.86	
			Science, Technology and Environment	24.23	
			General Economic Services	923.25	
V. Recoveries of Loans and Advances		1.93	IV. Loans and Advances Disbursement		61.64
Industries and Minerals	1.27		Industries and Minerals	28.14	
Government servants	0.47		Transport	32.50	
Others	0.19		Others	01.00	

Receipts			Disbursements		
Various items	2020-21	2020-21	Various items	2020-21	2020-21
1	2	3	4	5	6
VI. Revenue surplus			V. Revenue deficit		138.27
VII. Public Debt Receipts		13,422.01	VI. Repayment of Public Debt		4,252.40
Internal debt of the State Government other than Ways and Advances	9,649.96		Internal debt of the State Government other than Ways and Advances	4,134.06	
Loans and Advances from GOI	2,282.69		Repayment of Loans and Advances from GOI.	118.34	
Net Ways and Means Advance	1,489.36		Net Ways and Means Advance		
VIII. Appropriation to Contingency Fund		25.00	VII. Appropriation to Contingency Fund		25.00
IX. Amount recouped to Contingency Fund		0.00	VIII-Expenditure from Contingency Fund		0.00
X. Public Account Receipts		24,833.82	IX-Public Account Disbursements		23,369.66
Small Savings and Provident Funds	5,968.29		Small Savings and Provident Funds	4,824.12	
Reserve Funds	790.67		Reserve Funds	206.49	
Deposits and Advances	3,427.29		Deposits and Advances	2,845.33	
Suspense and Miscellaneous	12,655.15		Suspense and Miscellaneous	12,737.49	
Remittances	1,992.42		Remittances	2,756.23	
			X. Cash Balance at the end		1,447.69
			Deposits with Banks	1,447.69	
Total Section-B		39,765.04	Total Section-B		39,765.04

Explanatory Notes

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

Appendix 1.2 (Continued)
Summarised financial position of the Government of
UT of Jammu and Kashmir as on 31 March 2021

(₹ in crore)

As on 31 March 2020			As on 31 March 2021
Liabilities			
	3,556.94	Internal Debt	10,562.21
3,415.92		Market Loans bearing interest	9,435.22
(-)26.65		Loans from LIC	(-)169.64
167.68		Loans from other Institutions	1,296.63
	(-)58.91	Loans and Advances from Central Government	2,105.44
0.00		Pre 1984-85 Loans	0.00
0.00		Non-Plan Loans	0.00
(-)58.47		Loans for State /Union territories loan schemes	(-)175.81
(-)0.44		Other Loans for States/ Union Territory with Legislature Schemes	2,281.25
	0.00	Contingency Fund	25
	1,041.80	Small Savings, Provident Funds, etc.	2185.97
	186.95	Reserve Funds	771.13
	773.57	Deposits	1,355.53
	1,398.31	Remittance Balances	634.50
	203.71	Suspense and Misc. Balances	121.15
	0.00	Surplus on Government Account	0.00
	7,102.37	Total	17,760.93

As on 31 March 2020			As on 31 March 2021	
Assets				
	5,422.20	Gross Capital Outlay on Fixed Assets		15,892.58
81.12		Investments in shares of Companies, Corporations, etc.	162.39	
5,341.08		Other Capital Outlay	15,730.19	
	35.80	Loans and Advances		95.51
23.00		Industries and Minerals	40.13	
13.26		Transport	55.50	
		Energy		
		Agriculture and Allied Activities		
(-)0.01		Other Development Loans	0.50	
(-)0.15		Loans to Government servants and Miscellaneous Loans	(-)0.62	
	0.00	Advances		
	0.00	Suspense and Miscellaneous Balances		
	0.00	Contingency Fund (un-recouped)		0.00
		Contingency Fund (Corpus)		25.00
	1,482.28	Cash		1,447.69
0.00		Cash in Treasuries and Local Remittances	0.00	
1,482.28		Deposits with Bank	1,447.69	
	162.09	Cumulative Excess of Expenditure over Receipts		300.14
	7,102.37	Total		17,760.93

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

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

Sl. No.	Grant/ Appropriation	Major Heads of Accounts	Expenditure	Number of Schemes/ Sub Heads
			(₹ in crore)	
1	02	2055	3.01	3
2	07	2202 and 4202	4.22	4
3	08	2049, 2075, 5475, 6003 and 6004	6,401.72	13
4	10	2014 and 2030	0.07	02
5	12	2402 and 4402	2.38	02
6	13	4403	0.58	02
7	15	4235	2.74	02
8	16	4059 and 5054	3.93	02
9	17	2210, 2211 and 4210	5.08	03
10	18	2235, 4225 and 4236	8.43	03
11	19	4217	156.40	03
12	21	2406 and 4406	120.00	10
13	23	2215	0.03	01
14	27	4202	0.02	01
15	28	2501	1.00	01
16	30	2225	4.73	01
	Total		6,714.34	53

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

(₹ in crore)

Sl.No	Number and Name of the Grant	Original Provision	Supplementary Provision	Actual Expenditure	Savings out of original provision
I- Revenue (Voted)					
1	10-Law Department	675.25	73.73	311.68	363.57
2	17-Health and Medical Education Department	4,900.70	315.80	4,427.59	473.11
3	18-Social Welfare Department	2,022.69	383.90	1,665.59	357.10
4	26-Fisheries Department	98.93	0.87	89.86	9.07
Total -I		7,697.57	774.30	6,494.72	1,202.85
II-Capital (Voted)					
5	3-Planning Department	1,364.97	33.00	499.32	865.65
6	6-Power Development Department	3,522.90	10,110.74	589.57	2,933.33
7	14-Revenue Department	12.45	76.00	3.64	8.81
8	16-Public Works Department	2,968.11	653.55	2,924.06	44.05
9	23-Public Health Engineering Department	704.72	539.04	311.28	393.44
10	17-Health and Medical Education Department	1,267.63	187.44	529.85	737.79
11	26-Fisheries Department	91.99	19.12	34.70	57.29
Total -II		9,932.77	11,618.89	4,892.42	5,040.36
Grand Total		17,630.35	12,393.19	11,387.14	6,243.21

Appendix 3.3
(Reference Paragraph: 3.4)
Substantial Savings

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving
1	1	General Administration Department				
		Revenue				
		Voted	515.33	381.46	133.87	
		Charged	24.45	19.24	5.21	
		Capital	0.00	0.00	0.00	
		Voted	288.12	86.63	201.49	
		Total	827.89	487.33	340.57	41%
2	2	Home Department				
		Revenue				
		Voted	8,104.07	6,893.28	1,210.78	
		Capital				
		Voted	1,111.45	223.46	887.99	
		Total	9,215.52	7,116.75	2,098.77	23%
3	3	Planning Department				
		Revenue				
		Voted	123.00	76.37	46.63	
		Capital				
		Voted	1,397.97	499.32	898.65	
		Total	1,520.97	575.69	945.28	62%
4	4	Information Department				
		Revenue				
		Voted	111.47	79.51	31.97	
		Capital				
		Voted	1.15	0.44	0.71	
		Total	112.63	79.95	32.68	29%
5	6	Power Development Department				
		Revenue				
		Voted	3,767.71	2,812.84	954.87	
		Capital				
		Voted	13,633.65	589.57	13,044.07	
		Total	17,401.35	3,402.42	13,998.94	80%
6	7	Education Department				
		Revenue				
		Voted	11,126.20	8,425.52	2,700.67	
		Capital				
		Voted	1,030.23	186.26	843.97	
		Total	12,156.43	8,611.78	3,544.65	29%
7	9	Parliamentary Affairs Department				
		Revenue				
		Voted	53.34	23.59	29.75	
		Charged	0.86	0.00	0.86	
		Capital				
		Voted	8.00	0.00	8.00	
		Total	62.21	23.59	38.61	62%

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving
8	10	Law Department				
		Revenue				
		Voted	748.98	311.68	437.30	
		Charged	58.42	49.27	9.15	
		Capital				
		Voted	109.00	49.04	59.96	
		Total	916.40	409.99	506.41	55%
9	11	Industries and Commerce Department				
		Revenue				
		Voted	467.64	251.33	216.32	
		Capital				
		Voted	494.25	183.63	310.63	
		Total	961.90	434.95	526.95	55%
10	12	Agriculture Department				
		Revenue				
		Voted	1,386.36	1,078.50	307.86	
		Capital				
		Voted	1,292.10	168.51	1,123.59	
		Total	2,678.46	1,247.01	1,431.44	53%
11	13	Animal/ Sheep Husbandry Department				
		Revenue				
		Voted	728.44	506.06	222.38	
		Capital				
		Voted	368.97	129.02	239.95	
		Total	1,097.41	635.08	462.33	42%
12	14	Revenue Department				
		Revenue				
		Voted	650.95	478.76	172.19	
		Capital				
		Voted	88.45	3.64	84.81	
		Total	739.40	482.40	257.00	35%
13	15	Food Civil Supplies and Consumer Affairs Department				
		Revenue				
		Voted	313.74	153.91	159.83	
		Capital				
		Voted	412.04	106.06	305.98	
		Total	725.78	259.97	465.81	64%
14	16	Public Works Department				
		Revenue				
		Voted	954.85	857.01	97.84	
		Capital				
		Voted	3,621.66	2,924.06	697.60	
		Total	4,576.50	3,781.07	795.44	17%

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving
15	17	Health and Medical Education Department				
		Revenue				
		Voted	5,216.51	4,427.59	788.92	
		Capital				
		Voted	1,455.07	529.85	925.22	
		Total	6,671.57	4,957.44	1,714.14	26%
16	18	Social Welfare Department				
		Revenue				
		Voted	2,406.59	1,665.59	741.00	
		Capital				
		Voted	115.23	36.55	78.68	
		Total	2,521.82	1,702.14	819.68	33%
17	19	Housing and Urban Development Department				
		Revenue				
		Voted	1,025.87	987.16	38.71	
		Capital				
		Voted	2,052.68	537.40	1,515.27	
		Total	3,078.54	1,524.56	1,553.98	50%
18	20	Tourism Department				
		Revenue				
		Voted	247.51	122.47	125.04	
		Capital				
		Voted	576.62	64.51	512.11	
		Total	824.13	186.98	637.15	77%
19	21	Forest Department				
		Revenue				
		Voted	1,244.73	1,067.95	176.78	
		Capital				
		Voted	1,060.72	119.35	941.37	
		Total	2,305.45	1,187.30	1,118.15	49%
20	22	Irrigation and Flood Control Department				
		Revenue				
		Voted	909.53	580.93	328.60	
		Capital				
		Voted	1,559.83	131.13	1,428.70	
		Total	2,469.36	712.06	1,757.30	71%
21	23	Public Health Engineering Department				
		Revenue				
		Voted	1,856.07	1,641.54	214.53	
		Capital				
		Voted	1,243.76	311.28	932.48	
		Total	3,099.83	1,952.82	1,147.01	37%
22	24	Hospitality and Protocol Department				
		Revenue				
		Voted	297.36	207.10	90.26	
		Capital				
		Voted	35.00	21.84	13.16	
		Total	332.36	228.94	103.42	31%

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving
23	25	Labour Stationery and Printing Department				
		Revenue				
		Voted	130.23	71.89	58.34	
		Capital				
		Voted	58.08	13.60	44.48	
		Total	188.31	85.49	102.82	55%
24	26	Fisheries Department				
		Revenue				
		Voted	99.80	89.86	9.95	
		Capital				
		Voted	111.11	34.70	76.41	
		Total	210.91	124.56	86.35	41%
25	27	Higher Education Department				
		Revenue				
		Voted	1,440.26	1,170.81	269.45	
		Capital				
		Voted	1,362.01	357.33	1,004.69	
		Total	2,802.28	1,528.14	1,274.14	45%
26	28	Rural Development Department				
		Revenue				
		Voted	954.68	453.77	500.90	
		Capital				
		Voted	5,284.09	2,022.87	3,261.22	
		Total	6,238.76	2,476.64	3,762.12	60%
27	29	Transport Department				
		Revenue				
		Voted	115.27	62.85	52.42	
		Capital				
		Voted	188.00	122.37	65.63	
		Total	303.27	185.22	118.05	39%
28	30	Tribal Affairs Department				
		Revenue				
		Voted	105.42	47.77	57.64	
		Capital				
		Voted	162.58	25.86	136.72	
		Total	267.99	73.63	194.36	73%
29	31	Culture Department				
		Revenue				
		Voted	68.91	48.79	20.12	
		Capital				
		Voted	129.38	4.06	125.32	
		Total	198.29	52.85	145.44	73%
30	32	Horticulture Department				
		Revenue				
		Voted	210.19	119.59	90.60	
		Capital				
		Voted	580.20	178.09	402.11	
		Total	790.39	297.68	492.71	62%

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving
31	33	Disaster Management Relief Rehabilitation and Reconstruction Department				
		Revenue				
		Voted	1,052.80	784.23	268.57	
		Capital				
		Voted	451.57	6.25	445.32	
		Total	1,504.37	790.48	713.88	47%
32	34	Youth Services and Technical Education Department				
		Revenue				
		Voted	737.88	459.51	278.37	
		Capital				
		Voted	252.66	55.32	197.34	
		Total	990.54	514.83	475.71	48%
33	35	Science and Technology Department				
		Revenue				
		Voted	18.24	10.48	7.76	
		Capital				
		Voted	148.49	23.24	125.24	
		Total	166.73	33.72	133.01	80%
34	36	Cooperative Department				
		Revenue				
		Voted	87.38	42.21	45.17	
		Capital				
		Voted	15.00	8.15	6.85	
		Total	102.38	50.35	52.03	51%
		Grand Total	88,060.14	46,213.82	41,846.32	

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

(₹ in crore)

Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilization
1	General Administration Department	827.89	487.33	59%
2	Home Department	9,215.52	7,116.75	77%
3	Planning and Development Department	1,520.97	575.69	38%
4	Information Department	112.63	79.95	71%
6	Power Development Department	17,401.35	3,402.42	20%
7	Education Department	12,156.43	8,611.78	71%
8	Finance Department	45,535.59	50,572.47	111%
9	Parliamentary Affairs Department	62.21	23.59	38%
10	Law Department	916.40	409.99	45%
11	Industry and Commerce Department	961.90	434.95	45%
12	Agriculture Department	2,678.46	1,247.01	47%
13	Animal/Sheep Husbandary Department-	1,097.41	635.08	58%
14	Revenue Department	739.40	482.40	65%
15	Food Civil Supplies and Consumer Affairs Department-	725.78	259.97	36%
16	Public Works Department	4,576.50	3,781.07	83%
17	Health and Medical Education Department	6,671.57	4,957.44	74%
18	Social Welfare Department	2,521.82	1,702.14	67%
19	Housing and Urban Development Department	3,078.54	1,524.56	50%
20	Tourism Department	824.13	186.98	23%
21	Forest Department	2,305.45	1,187.30	51%
22	Irrigation Department	2,469.36	712.06	29%
23	Public Health Engineering Department	3,099.83	1,952.82	63%
24	Hospitality and Protocol Department	332.36	228.94	69%
25	Stationery and Printing	188.31	85.49	45%
26	Fisheries Department	210.91	124.56	59%

Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilization
27	Higher Education Department	2,802.28	1,528.14	55%
28	Rural Development Department-	6,238.76	2,476.64	40%
29	Transport Department	303.27	185.22	61%
30	Tribal Affairs Department	267.99	73.63	27%
31	Culture Department	198.29	52.85	27%
32	Horticulture Department	790.39	297.68	38%
33	Disaster Management Relief Rehabilitation and Reconstruction Department	1,504.37	790.48	53%
34	Youth Services and Technical Education Department-	990.54	514.83	52%
35	Science and Technology Department	166.73	33.72	20%
36	Co-operative Department	102.38	50.35	49%
	Grand Total	1,33,595.72	96,786.29	

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

(₹ in crore)

Sl. No.	Grant No	Major Heads of Accounts	Budget Allocation	Expenditure	Number of Schemes/Sub Heads
1	1	2070, 4075 and 5452	75.98	0	3
2	3	3454 and 5475	394.70	0	9
3	6	2801 and 4801	12,037.22	0	8
4	7	2202 and 4202	321.17	0	3
5	8	2030, 2075, 2049, 5475 and 6003	1,838.89	0	12
6	9	2011 and 7610	8.86	0	2
7	10	2014 and 2070	7.49	0	3
8	11	2851 and 4851	56.10	0	5
9	12	4401 and 4851	353.51	0	16
10	13	4403 and 4404	103.49	0	8
11	14	2030, 2235, 2401 and 4059	10.22	0	7
12	15	2408 and 4408	215.61	0	3
13	17	2210, 4210 and 2211	104.66	0	11
14	18	2055, 2070, 2235, 2236, 4235 and 4236	157.75	0	15
15	19	4217	116.50	0	4
16	20	5452	17.26	0	2
17	21	4202, 4406 and 5425	924.25	0	5
18	22	4701	60.32	0	3
19	23	4215	158.66	0	1
20	27	4202 and 2202	340.40	0	4
21	28	2515 and 4515	693.51	0	7
22	31	4202	11.31	0	2
23	32	4401	59.47	0	2
24	34	4202	56.93	0	3
25	35	5425	10.68	0	1
Total			18,134.91	0	139

Appendix 3.6
(Reference Paragraph: 3.5.1)
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	382.2	24.22
Total I-(Revenue Voted)		357.98	382.2	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 3.7
(Reference Paragraph: 3.5.2)
Excess expenditure during the period 1980-81 to 2019-20 (01/04/2019 to 30/10/2019) requiring regularisation

(₹ in crore)

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Status of regularisation
1980-81	16	1, 5, 6, 7, 8, 9, 12, 13, 14, 16, 18, 19, 20, 21, 22, 23	227.9	Not regularised
1981-82	13	1, 3, 5, 6, 8, 13, 14, 16, 18, 19, 20, 21, 23	41.99	
1982-83	10	6, 8, 9, 12, 14, 18, 19, 21, 22, 23	119.74	
1983-84	12	1, 5, 6, 7, 8, 14, 18, 19, 20, 21, 22, 23	176.75	
1984-85	10	1, 6, 8, 10, 14, 16, 18, 19, 21, 23	65.42	
1985-86	10	1, 4, 6, 10, 17, 18, 19, 22, 23, 26	19.64	
1986-87	15	1, 2, 4, 6, 7, 8, 10, 13, 18, 19, 20, 22, 23, 25, 26	104.22	
1987-88	17	1, 2, 3, 5, 6, 8, 10, 12, 13, 18, 19, 21, 22, 23, 24, 26, 27	177.32	
1988-89	14	1, 2, 8, 9, 10, 12, 13, 15, 17, 18, 22, 23, 26, 27	438.42	
1989-90	9	1, 7, 8, 11, 12, 20, 21, 23, 24	205.23	
1990-91	11	1, 2, 5, 8, 12, 17, 19, 21, 23, 25, 26	427.72	
1991-92	13	1, 2, 5, 7, 8, 11, 12, 14, 21, 22, 23, 26, 27	1,152.23	
1992-93	14	1, 4, 5, 8, 10, 11, 12, 14, 16, 20, 21, 23, 24, 26	1,029.71	
1993-94	17	2, 3, 5, 8, 10, 12, 13, 14, 17, 18, 20, 21, 22, 23, 24, 26, 27	1,730.03	
1994-95	14	5, 6, 8, 9, 10, 12, 13, 14, 20, 21, 23, 24, 26, 27	2,057.49	
1995-96	19	2, 5, 6, 8, 9, 10, 11, 12, 13, 16, 17, 18, 20, 21, 23, 24, 25, 26, 27	2,936.89	
1996-97	18	2, 4, 5, 6, 8, 10, 11, 12, 13, 14, 16, 18, 20, 21, 23, 24, 26, 27	3,482.20	
1997-98	16	1, 2, 4, 6, 8, 9, 12, 13, 16, 18, 21, 22, 23, 24, 26, 27	4,189.21	
1998-99	6	4, 5, 6, 8, 23, 27	4,185.25	
1999-2000	12	2, 3, 6, 8, 9, 12, 17, 18, 20, 23, 24, 26	5,851.08	
2000-01	11	1, 6, 8, 9, 12, 16, 18, 23, 25, 26, 27	6,310.25	
2001-02	15	3, 5, 6, 8, 11, 17, 18, 20, 21, 23, 25, 26, 27, 28, 29	6,393.41	
2002-03	15	3, 5, 6, 7, 8, 12, 14, 16, 17, 18, 21, 23, 25, 26, 28	505.61	
2003-04	18	3, 5, 7, 8, 12, 13, 14, 15, 16, 17, 18, 20, 21, 23, 24, 25, 26, 28	9,770.53	
2004-05	15	3, 6, 8, 9, 12, 14, 15, 16, 18, 20, 25, 26, 27, 28, 29	2,108.42	
2005-06	16	3, 5, 8, 10, 12, 15, 16, 17, 18, 20, 21, 23, 25, 26, 27, 28	12,954.06	

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Status of regularisation
2006-07	14	8, 12, 14, 15, 16, 17, 18, 20, 21, 23, 25, 26, 27, 28	2,150.03	
2007-08	14	6, 8, 11, 12, 14, 15, 16, 20, 24, 25, 26, 27, 28, 29	2,277.91	
2008-09	15	5, 6, 8, 11, 12, 15, 16, 19, 20, 22, 23, 24, 25, 26, 27	3,277.38	
2009-10	14	1, 6, 8, 11, 15, 16, 18, 20, 23, 24, 25, 26, 27, 29	4,062.58	
2010-11	14	5, 6, 8, 9, 16, 18, 19, 22, 23, 25, 26, 27, 28, 29	6,130.76	
2011-12	14	1, 6, 8, 11, 12, 15, 16, 18, 19, 20, 23, 25, 26, 27	5,638.79	
2012-13	12	1, 5, 8, 11, 13, 16, 18, 20, 23, 25, 26, 27	4,741.57	
2013-14	13	4, 6, 7, 8, 14, 15, 16, 18, 20, 23, 24, 25, 28	4,469.79	
2014-15	12	2, 6, 7, 8, 11, 16, 18, 19, 21, 23, 24, 25	1,099.28	
2015-16	11	4, 6, 7, 8, 15, 16, 17, 18, 23, 26, 28	4,258.62	
2016-17	12	3, 4, 5, 8, 11, 15, 16, 19, 23, 26, 28, 29	2,896.86	
2017-18	8	3, 5, 8, 16, 23, 24, 28, 29	6,397.06	
2018-19	7	3, 5, 8, 15, 16, 17, 30	4,631.53	
2019-20 (01.04.2019 to 30.10.2019)	16	5, 7, 8, 9, 12, 15, 17, 18, 19, 21, 24, 26, 29, 32, 33, 34	5,311.53	
		Total	1,24,004.41	

Appendix 3.8
(Reference Paragraph: 3.9.1)
Nil Expenditure against the Budgetary Provision (Grant No-06)

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure
1	2801	80	101	0099	3314	1.48	0
2	2801	80	800	0099	2111	1.48	0
3	4801	01	800	0011	3319	11,025.00	0
4	4801	05	001	0011	1400	400.00	0
5	4801	05	001	0031	1307	319.12	0
6	4801	05	001	0031	1308	280.88	0
7	4801	05	800	0011	0250	2.25	0
8	4801	05	800	0011	0478	7.00	0
Total						12,037.22	0

Appendix 3.9
(Reference Paragraph:3.9.1)
Less Expenditure (Saving) against the Budgetary Provision not surrendered
(Grant. No-06)

(₹ in crore)

Sl. No	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less
1	2801	01	101	0099	1306	2,542.81	1,699.93	-842.88
2	2801	05	001	0099	1307	443.12	432.07	-11.05
3	2801	05	001	0099	1308	587.02	538.20	-48.82
4	2801	05	001	0099	1309	179.71	135.62	-44.09
5	2801	80	001	0099	1686	3.60	2.41	-1.19
6	2801	80	005	0099	2170	8.48	5.52	-2.96
7	4801	01	800	0011	2021	5.00	1.50	-3.50
8	4801	01	800	0031	2021	300.00	200.00	-100.00
9	4801	05	001	0011	1307	488.88	117.60	-371.28
10	4801	05	001	0011	1308	396.01	180.13	-215.88
11	4801	05	001	0011	1309	327.45	72.08	-255.37
12	4801	05	001	0011	1310	82.06	18.26	-63.80
Total						5,364.14	3,403.33	-1,960.81

Appendix 3.10
(Reference: Paragraph: 3.9.2)
Expenditure without Budgetary Provision (Grant No-08)

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure
1	2030	01	101	0099	1657	0	0.02
2	2030	01	101	0099	1659	0	0.02
3	2030	02	101	0099	0333	0	0.01
4	2030	02	101	0099	1658	0	1.49
5	2030	02	101	0099	1660	0	2.93
6	2030	02	101	0099	1663	0	0.07
7	2049	01	115	0099	9899	0	34.87
8	2049	01	115	0099	9901	0	5.26
9	2049	01	123	0099	0159	0	309.89
10	2049	01	200	0099	0186	0	100.57
11	2049	01	200	0099	0302	0	69.91
12	2049	01	200	0099	2121	0	98.20
13	2049	01	200	0099	2694	0	284.12
14	2049	01	200	0099	3002	0	0.09
15	2049	01	200	0099	3003	0	0.03
16	2049	01	200	0099	3005	0	1.33
17	2049	01	200	0099	3007	0	139.73
18	2049	01	305	0099	3004	0	8.95
19	2049	04	101	0099	1871	0	20.56
20	2049	04	109	0099	1920	0	40.06
21	2049	04	112	0099	1871	0	3.45
22	2049	60	701	0099	0163	0	5.11
23	2071	01	102	0099	2190	0	840.40
24	2071	01	102	0099	0000	0	69.13
25	2071	01	104	0099	2190	0	1,203.35
26	2071	01	104	-	-	0	2.44
27	2071	01	105	0099	2190	0	240.97
28	2071	01	111	0099	2190	0	10.15
29	2071	01	111	0099	-	0	0.15
30	2071	01	117	-	-	0	41.96
31	2075	-	104	0099	0975	0	0.15
32	5475	-	115	0011	1880	0	61.28
33	6003	-	101	0099	0162	0	0.22
34	6003	-	103	0099	0300	0	0.35
35	6003	-	109	0099	0303	0	0.16
36	6003	-	110	0099	9901	0	5,831.70
37	6003	-	111	0099	0159	0	348.65
38	6004	02	105	0099	1920	0	89.03
39	6004	09	101	0099	0848	0	1.00
40	7999	00	201	0000	0000	0	25.00
Total							9,892.76

Appendix 3.11
(Reference Paragraph: 3.9.2)
Nil Expenditure against the Budgetary Provision (Grant No-08)

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure
1	2030	02	102	0099	0344	12.75	0
2	2049	01	101	0099	0163	292.18	0
3	2049	01	201	0099	0184	45.58	0
4	2049	04	101	0099	0723	64.07	0
5	2049	04	104	0099	0171	310.57	0
6	2049	60	701	0099	2140	441.37	0
7	2054	-	800	0099	0418	525.00	0
8	2075	-	103	0099	0317	0.15	0
9	2235	60	102	0099	0668	4.50	0
10	5475	-	115	0011	0906	71.25	0
11	5475	-	115	0011	2354	30.00	0
12	5475	-	115	0011	8085	500.00	0
13	5475	-	115	0099	2218	10.00	0
14	6003	-	109	0099	0159	348.65	0
Total						2,656.07	0

Appendix 3.12
(Reference Paragraph: 3.9.2)
Less Expenditure (Saving) against the Budgetary Provision not surrendered
(Grant No-08)

(₹ in crore)

Sl. No	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less
1	2030	01	001	0099	0344	6.91	6.54	-0.37
2	2039	-	001	0099	0334	45.07	26.78	-18.29
3	2040	-	001	0099	0334	10.00	7.25	-2.75
4	2040	-	800	0099	1429	1.62	1.16	-0.46
5	2043	-	001	0099	0334	511.03	467.71	-43.32
6	2043	-	104	0099	0983	0.75	0.27	-0.48
7	2047	-	103	0099	0293	11.46	0.96	-10.50
8	2047	-	103	0099	2354	20.00	0.50	-19.50
9	2049	03	104	0099	2187	1,897.66	1,845.08	-52.58
10	2049	03	108	0099	0189	70.00	65.73	-4.27
11	2049	05	105	0099	0185	400.00	43.89	-356.11
12	2049	60	701	0099	1885	207.04	120.00	-87.04
13	2054	-	003	0099	0328	2.46	1.18	-1.28
14	2054	-	003	0099	0329	3.43	2.92	-0.51
15	2054	-	095	0099	0312	9.39	7.17	-2.22
16	2054	-	095	0099	0316	13.24	11.49	-1.75
17	2054	-	095	0099	0326	3.08	2.62	-0.46
18	2054	-	095	0099	2430	4.81	4.35	-0.46
19	2054	-	097	0099	0324	21.59	18.40	-3.19
20	2054	-	097	0099	0335	18.09	15.83	-2.26
21	2054	-	097	0099	2431	16.34	13.39	-2.95
22	2054	-	097	0099	2432	16.73	14.37	-2.36
23	2054	-	098	0099	0314	7.07	6.16	-0.91
24	2054	-	800	0099	0310	6.05	4.54	-1.51
25	2054	-	800	0099	0312	6.55	4.86	-1.69
26	2054	-	800	0099	1190	56.16	40.83	-15.33
27	2071	01	101	0099	2190	7,297.29	5,642.15	-1,655.14
28	2071	01	115	0099	2190	684.29	591.51	-92.78
29	2071	01	117	0031	2327	2.32	1.87	-0.45
30	2071	01	117	0099	2327	657.35	456.58	-200.77
31	2235	60	102	0099	0313	0.51	0.27	-0.24
32	2235	60	105	0099	0323	24.00	16.15	-7.85
33	2235	60	107	0099	0965	3.00	0.02	-2.98
34	3475	-	115	0099	1880	2.84	1.20	-1.64
35	4059	80	800	0011	2341	34.89	6.88	-28.01
36	5475	-	115	0011	2358	100.00	37.17	-62.83
37	5475	-	800	0011	1303	450.00	185.13	-264.87
38	5475	-	800	0099	8085	1,000.00	500.00	-500.00
39	6003	-	105	0099	0186	310.57	304.85	-5.72
40	6003	-	109	0099	0302	29.00	28.37	-0.63
41	6004	02	101	0099	0848	118.34	28.31	-90.03
42	6235	02	190	0099	0668	5.00	1.00	-4.00
43	6885	01	190	0099	1211	14.90	4.00	-10.90
Total						14,100.83	10,539.44	-3,561.39

Appendix 3.13
(Reference Paragraph: 3.9.2)
Excess Expenditure over the Budgetary Provision (Grant No-08)

(₹ in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Excess
1	2049	01	101	0099	0191	3,059.58	3,175.61	116.03
2	6003	-	110	0099	2420	22,211.00	23,479.22	1,268.22
Total						25,413.57	26,797.82	1,384.25

Appendix 4.1

(Reference Paragraph: 4.2)

Direct transfer of Central Scheme Funds to UT Government departments (funds routed outside UT Budget) (unaudited figures)

(₹ in lakh)

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases
			2020-21
1	Atal Innovation Mission (AIM) including Self Employment and Talent Utilization (SETU)	Various Government Higher Secondary Schools	110.00
2	Assistance to State Agencies for Intra-state Movement of Food grains and FPS dealers margin under NFSA	Consumer Affairs & Public Distribution Department Jammu and Kashmir	13,784.68
3	Biotechnology Research and Development	Government Colleges for Women, M A Road, Srinagar, SKIMS, Soura, Srinagar.	68.00
4	Beti Bachao Beti Padhao	Various Dy. Commissioner, Government of Jammu and Kashmir	320.52
5	Development of Infrastructure for Promotion of Health Research	Medical College, Srinagar	47.99
6	Developing of Nursing Services	Various nursing schools of Jammu and Kashmir	1,125.00
7	Establishment and Strengthening of NCDC Branches and Health Initiatives Inter Sectoral Coordination for Preparation and Control of Zoonotic Diseases and Other Neglected Tropical Diseases Surveillance of Viral Hepatitis Anti Microbial Resistance	Government Medical College, Jammu/ Srinagar	3.96
8	e-Court Phase-II	Registrar General, High Court of Jammu and Kashmir	100.12
9	Extra Mural Research Projects through Research Institutes etc.	Government Ayurvedic Hospital, Jammu	9.00
10	Human Resource and Capacity Development	Government Medical College, Jammu	6.54
11	Integrated Scheme on Agriculture Census and Statistics	Agriculture Production Department of Jammu and Kashmir	313.78
12	Integrated Management of Public Distribution System	Consumer Affairs & Public Distribution Department Jammu and Kashmir	45.42
13	Innovation, Technology Development and Deployment	Jammu & Kashmir Council for Science and Technology	198.60
14	Infrastructure and Technology Development Schemes	District Development Commissioner, Budgam	103.58
15	Incentivization of Panchayat	Rashtriya Gram Swaraj Abhiyan	60.00
16	Member of Parliament Local Area Development Scheme (MPLAD)	Various Distt. Deputy Commissioners, Government of Jammu and Kashmir	2,250.00
17	Maintenance of National Highways- Financed from CRF	Transport Commissioner, Government of Jammu and Kashmir	20.00
18	One Stop Center	Deputy Commissioner, Government of Jammu and Kashmir	218.84
19	Pradhan Mantri Matru Vandana Yojana	Social Welfare Department, Jammu & Kashmir Government	750.11

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases
			2020-21
20	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	70,883.40
21	Pradhan Mantri Kisan Sampada Yojana- Mega Food Parks	Department of Horticulture, Government of Jammu and Kashmir	150.00
22	PM Formalization of Micro Food Processing Enterprises PM-FME	Department of Horticulture, Government of Jammu and Kashmir	668.64
23	Price Monitoring Structure	Consumer Affairs & Public Distribution Department Jammu and Kashmir	3.42
24	Research / Studies, Publicity, Monitoring and Evaluation of Development Schemes for Minorities	Government Degree College Sopore, Kashmir	2.50
25	Research Training and Studies and Other Road Safety Schemes	Transport Commissioner, Jammu and Kashmir	104.65
26	Science and Technology Institutional and Human Capacity Building	Government Degree Colleges	13.50
27	Sugar Subsidy Payable Under PDS	Consumer Affairs & Public Distribution Department Jammu and Kashmir	208.26
28	Support for Statistical Strengthening	Directorate of Economics & Statistics, Jammu and Kashmir	137.75
29	Women Help Line	Deputy Commissioner, Jammu	60.07
Grand Total			91,768.33

Source Finance Account

Out of total amount of ₹ 27,61,19.19 lakh released by Government of India an amount of ₹ 9,17,68.33 lakh has been transferred to the various Government Department of UT of Jammu and Kashmir and ₹18,43,50.86 lakh to various Autonomous Bodies/ other Entities of the Government (including ₹ 59,18.14 lakh to Central agencies). Please refer also para 3 (xi) of Notes to Accounts Vol-I.

Appendix 4.2
(Reference Paragraph: 4.12)
Position of Arrears of Accounts as on 31 March 2021

Sl. No.	Name of the Company	Last audited up to 31/03/2021
1.	J&K State Power Development Corporation Ltd.	2014-15
2.	J&K State Industrial Development Corporation Ltd.	2013-14
3.	J&K Small Scale Industries Development Corporation Ltd.	2012-13
4.	J&K Minerals Limited	2002-03
5.	JK Cements Limited	2011-12
6.	J&K Handicrafts (S&E) Corporation Limited	2014-15
7.	J&K Handloom Development Corporation Limited	2013-14
8.	J&K Industries Limited	2013-14
9.	J&K Agro Industries Development Corporation Limited	2014-15
10.	J&K HPMC Ltd.	2010-11
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	2010-11
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	2019-20
19.	J&K Bank Financial Services Limited	2019-20
20.	Chenab Valley Power Projects (P) Limited	2019-20
21.	J&K Women Development Corporation Limited	2018-19
22.	J&K Trade Promotion Organization	2019-20
23.	J&K Power Transmission Corporation Ltd	2018-19
24.	Kashmir Power Distribution Corporation Limited	2018-19
25.	J&K Infrastructure Development Finance Corporation Ltd	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: 5.3)

Detail of PSUs in Jammu and Kashmir under the audit jurisdiction of the CAG as on 31 March 2021

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

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

Appendix 5.2
(Reference paragraph: 5.3)
Detail of turnover of PSUs as per their latest finalised accounts as of 30 November 2021

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Turnover
A	Power Sector			
I	Working Government Companies			
1.	Jammu & Kashmir Power Development Corporation Limited	2015-16	2020-21	1,037.85
2.	Jammu & Kashmir Power Corporation Limited	2016-17	2020-22	0
3.	Jammu & Kashmir Power Transmission Corporation Limited	2018-19	2020-21	0
4.	Jammu Power Distribution Corporation Limited	-	-	-
5.	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	0
II	Working Government Controlled Other Company			
6.	Chenab Valley Power Projects Private Limited	2002-21	2021-22	0
B	Social Sector			
I	Working Government Companies			
7.	Jammu and Kashmir Agro Industries Development Corporation Limited	2014-15	2020-21	36.41
8.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2010-11	2020-21	5.35
9.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2017-18	2019-20	0.88
10.	Jammu and Kashmir Women's Development Corporation Limited	2019-20	2020-21	7.56
11.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	2016-17	2021-22	438.50
12.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	19.16
13.	Jammu and Kashmir Industries Limited	2013-14	2019-20	4.97
14.	Jammu and Kashmir Overseas Employment Corporation Limited	2010-11	2013-14	0.00
15.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	11.12
16.	Jammu and Kashmir Handloom Development Corporation Limited	2018-19	2020-21	38.37
17.	Jammu & Kashmir Trade Promotion Organisation	2019-20	2020-21	0
18.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2018-19	2019-20	0
19.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2019-20	2020-21	0
20.	Jammu and Kashmir Forest Development Corporation Limited	2019-20	2021-22	148.71
21.	Jammu and Kashmir Medical Supplies Corporation Limited	-	-	-
22.	AIC-Jammu & Kashmir EDI Foundation	-	-	-
II	Inactive Government Companies			
23.	Jammu & Kashmir Asset Reconstruction Limited	-	-	-
24.	Jammu and Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	1991-92	1999-2000	-
C	Competitive Environment Sector			

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Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Turnover
I	Working Government Companies			
25.	Jammu and Kashmir Cements Limited	2011-12	2019-20	120.50
26.	Jammu and Kashmir Minerals Limited	2010-11	2020-21	14.30
27.	Jammu and Kashmir Cable Car Corporation Limited	2013-14	2021-22	37.20
28.	Jammu and Kashmir Bank Limited	2020-21	2021-22	8,111.09
29.	JKB Financial Services Limited	2020-21	2021-22	9.37
30.	Jammu and Kashmir Tourism Development Corporation Limited	2019-20	2021-22	45.90
II	Working Statutory Corporation			
31.	Jammu and Kashmir State Financial Corporation	2018-19	2019-20	6.03
32.	Jammu and Kashmir State Road Transport Corporation	2018-19	2020-21	79.71
III	Inactive Government Companies			
33.	Tawi Scooters Limited	1989-90	1991-92	-
34.	Himalayan Wool Combers Limited	1999-2000	2000-01	-
D	Others			
I	Working Government Companies			
35.	Jammu and Kashmir Projects Construction Corporation Limited	2018-19	2020-21	409.06
36.	Jammu and Kashmir Police Housing Corporation Limited	2014-15	2021-22	8.64
37.	Srinagar Smart City Limited	2018-19	2021-22	0
38.	Jammu Smart City Limited	-	-	-
39.	Jammu Mass Rapid Transit Corporation Pvt. limited	-	-	-
40.	Srinagar Mass Rapid Transit Corporation Pvt. limited	-	-	-
II	Inactive Government Companies			
41.	Jammu and Kashmir Road Development Corporation Limited	-	-	-
42.	Jammu and Kashmir International Trade Centre Corporation Limited	-	-	-
	Total			10,590.68

(Source: Latest finalized accounts of PSUs)

Appendix 5.3

(Reference paragraph: 5.4.1)

Statement showing position of equity and outstanding loans relating to PSUs as on 31 March 2021

₹ in crore

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2020-21				Long term Loans at the end of year 2020-21			
				GoJ&K	GoI	Others	Total	GoJ&K	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)
A.	Power Sector										
	I. Working Government Companies										
1.	Jammu and Kashmir Power Development Corporation Limited	Power Development Department (PDD)	Feb-1995	2,593.34	0	0	2,593.34	0	0	1,256.80	1,256.80
2.	Jammu Power Distribution Corporation Limited	PDD	June-2013	0.05	0	0	0.05	0	0	0	0
3.	Kashmir Power Distribution Corporation Limited	PDD	June-2013	0.05	0	0	0.05	0	0	0	0
4.	Jammu and Kashmir Power Transmission Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	0	0
5.	Jammu and Kashmir Power Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	6,012.24	6,012.24
	II. Working Government Controlled Other Company										
6.	Chenab Valley Power Projects (Pvt.) Ltd.	PDD	June-2011	0.00	0	2,479.78	2,479.78	0	0	0	0
	Total A			2,593.54	0.00	2,479.78	5,073.32	0.00	0.00	7,269.04	7,269.04
B.	Social Sector										
	I. Working Government Companies										
7.	Jammu and Kashmir State Agro Industries Development Corporation Limited	Agriculture production	30-Jan-70	2.60	0.94	0	3.54	71.68	0	0	71.68
8.	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	Agriculture production	10-Apr-78	6.80	3.20	0	10.00	10.25	0	0	10.25
9.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	Social Welfare	01-Apr-86	20.77	28.05	0	48.82	0	0	64.05	64.05
10.	Jammu and Kashmir State Women's Development Corporation Limited	Social Welfare	10-May-96	10.00	0	0	10.00	0	0	77.11	77.11
11.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	Industries and Commerce	28-Nov-75	89.91	0	0	89.91	0	0	0	0
12.	Jammu and Kashmir State Industrial Development Corporation Limited	Industries and Commerce	17-Mar-69	17.64	0	0	17.64	8.05	0	0	8.05
13.	Jammu and Kashmir Industries Limited	Industry and Commerce	04-Oct-60	16.27	0	0	16.27	264.99	0	0	264.99

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Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2020-21				Long term Loans at the end of year 2020-21			
14.	Jammu and Kashmir Overseas Employment Corporation Limited	Finance	10-Oct-10	4.06	0	0	4.06	0	0	0	0
15.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	Industries and Commerce	06-Jan-70	7.08	0.89	0	7.97	60.97	0	0	60.97
16.	Jammu and Kashmir State Handloom Development Corporation Limited	Industries and Commerce	29-Jun-81	3.49	1.5	0	4.99	67.96	0	0	67.96
17.	Jammu & Kashmir Trade Promotion Organisation	Industries and Commerce	30-May-18	2.55	0	2.68	5.23	0	0	0	0
18.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	Finance	25-Sep-18	0.5	0	0	0.5	0	0	1,347.37	1,347.37
19.	Jammu and Kashmir Medical Supplies Corporation Limited	Health	31-Mar-14	0.05	0	0	0.05	0	0	0	0
20.	AIC-Jammu & Kashmir EDI Foundation	Industries and Commerce	07-Sep-18	0.05	0	0	0.05	NA	NA	NA	NA
21.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	IT and Communication	07-Mar-19	0.5	0	0	0.5	0	0	0	0
22.	Jammu and Kashmir Forest Development Corporation Limited	Forest	01-Jul-79	9.03	0	0	9.03	18.00		0	18.00
	Total I B			182.27	35.58	2.68	219.53	501.90	0	1,488.53	1,990.43
II. Inactive Company											
23.	Jammu & Kashmir Asset Reconstruction limited	Finance	28-Apr-17	1.02	0	0.98	2	0	0	0	0
24.	Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	Industries and Commerce	29-Nov-91	0.4	0	0	0.4	NA	NA	NA	NA
	Total II B			1.42	0	0.98	2.40	0	0	0	0
	Total B(I+II)			183.69	33.58	4.66	221.93	501.90	0	1,488.53	1,990.43
C. Competitive Sector											
I. Working Government Companies											
25.	Jammu and Kashmir Cements Limited	Industries and Commerce	24-Dec-74	49.86	0	0	49.86	16.34	0	31.09	47.73
26.	Jammu and Kashmir Minerals Limited	Industries and Commerce	05-Feb-60	8.00	0	0	8.00	169.78	0	0	169.78
27.	Jammu and Kashmir State Cable Car Corporation Limited	Tourism	28-Nov-88	23.57	0	0	23.57	0	0	0	0
28.	Jammu and Kashmir Bank Limited	Finance	10-Oct-38	48.64	0	22.72	71.36	0	0	2,015.20	2,015.20
29.	Jammu and Kashmir Bank Financial Services Limited	Finance	27-Aug-09	0	0	20.00	20.00	0	0	7.70	7.70
30.	Jammu and Kashmir State Financial Corporation	Finance	02-Dec-59	172.35	0	0.54	172.89	0	0	40.9	40.9
31.	Jammu and Kashmir State Road Transport Corporation	Transport	01-Sep-76	286.79	15.01	24.79	326.59	740.61	0	0	740.61

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2020-21				Long term Loans at the end of year 2020-21			
32.	Jammu and Kashmir State Tourism Development Corporation Limited	Tourism	13-Feb-70	15.96	0	0	15.96	8.26	0	0	8.26
	Total I C			605.17	15.01	68.05	688.23	934.99	0	2,094.89	3,030.18
	II. Inactive Companies										
33.	Tawi Scooters Limited	Industries and Commerce	15-Dec-76	0.80	0	0	0.80	0.83	0	0	0.83
34.	Himalayan Wool Combers Limited	Industries and Commerce	24-Jan-78	1.37	0	0	1.37	0	0	0	0
	Total II C			2.17	0	0	2.17	0.83	0	0	0.83
	Total C (I+II)			607.34	15.01	68.05	690.40	935.82	0	2,094.89	3,031.01
D.	Others										
	I. Working Government Companies										
35.	Jammu and Kashmir Projects Construction Corporation Limited	Public Works	22-May-65	1.53	0	0	1.53	0	0	0	0
36.	Jammu and Kashmir Police Housing Corporation Limited	Home	26-Dec-97	2.00	0	0	2.00	0	0	0	0
37.	Jammu Smart City Limited	Urban Development	08-Sep-17	0.10	0	0	0.10	0	0	0	0
38.	Srinagar Smart City Limited	Urban Development	08-Sep-17	0.10	0	0	0.10	0	0	0	0
39.	Jammu Mass Rapid Transit Corporation Pvt. limited	Urban Development	12-Mar-19	0.02	0	0	0.02	0	0	0	0
40.	Srinagar Mass Rapid Transit Corporation Pvt. limited	Urban Development	13-Mar-19	0.02	0	0	0.02	0	0	0	0
	Total I D			3.77	0	0	3.77	0.00	0	0	0
	II. Inactive Companies										
41.	Jammu and Kashmir Road Development Corporation Limited	Public Works	31-Mar-14	5.00	0	0	5.00	NA	NA	NA	NA
42.	Jammu and Kashmir International Trade Centre Corporation Limited	Industries and Commerce	01-Feb-14	48.00	0	0	48.00	NA	NA	NA	NA
	Total II D			53.00	0	0	53.00	NA	NA	NA	NA
	Total D (I+II)			56.77	0	0	56.77	0.00	0	0	0
	Grand Total (A+B+C+D)			3,441.34	48.59	2551.49	6,042.42	1,437.72	0	10,852.46	12,290.48

Source: Compiled based on information received from PSUs)

Appendix 5.4

(Reference paragraph: 5.4.3)

Equity and Loans outstanding as per Finance Accounts vis-à-vis records of PSUs upto March 2021

(₹ in crore)

Sl. No.	Name of PSU	As per records of PSU			As per Finance Account			Difference		
		Paid up Capital	Loans Outstanding	Guarantee Committed	Paid up Capital	Loans Outstanding	Guarantee Committed	Paid up Capital	Loans Outstanding	Guarantee Committed
1	Jammu & Kashmir Power Development Corporation Ltd.	2,593.34	0	1,539.71	2,593.34	85.05	Awaited	0	-85.05	1,539.71*
2	Jammu & Kashmir Power Corporation Ltd.	0.05	0	6,012.24	0.05	0	Awaited	0	0	6,012.24*
3	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	6.80	10.25	0	6.80	12.67	0	0	-2.42	0
4	Jammu & Kashmir Women's Development Corporation Limited	10.00	0	73.87	10.00	0	27.63	0	0	46.24
5	Jammu & Kashmir Cements Limited	49.86	14.70	0	15.00	0	0	34.86	14.70	0
6	Jammu & Kashmir Minerals Limited	8.00	169.78	0	8.00	1.86	0	0	167.92	0
7	Jammu & Kashmir Tourism Development Corporation	15.96	8.26	0	5.00	0	0	10.96	8.26	0
8	Jammu & Kashmir State Road Transport Corporation	286.79	704.61	0	331.73	439.23	0	-44.94	265.38	0
	Total	2,970.80	907.60	7,625.82	2,969.92	538.81	27.63	0.88	368.79	7,598.19

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

*Variations are due to information awaited in Finance Accounts

Appendix 5.5
(Reference paragraph: 5.5)
Statement of Profit Making PSUs as per the latest finalised accounts as of 30 November 2021

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit after interest and tax
1.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2010-11	2020-21	31.47
2.	Jammu and Kashmir Women's Development Corporation Limited	2019-20	2020-21	0.67
3.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	2016-17	2021-22	1.57
4.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2019-20	2020-21	0.06
5.	Jammu and Kashmir Cements Limited	2011-12	2019-20	6.30
6.	Jammu and Kashmir Cable Car Corporation Limited	2013-14	2021-22	9.94
7.	Jammu and Kashmir Bank Limited	2020-21	2021-22	428.45
8.	JKB Financial Services Limited	2020-21	2021-22	2.67
9.	Jammu and Kashmir State Financial Corporation	2018-19	2019-20	3.18
10.	Jammu and Kashmir Projects Construction Corporation Limited	2018-19	2020-21	3.16
11.	Jammu and Kashmir Police Housing Corporation Limited	2014-15	2021-22	12.23
12.	Jammu and Kashmir Power Development Corporation Limited	2015-16	2020-21	20.42
	Total			520.12

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

Appendix 5.6

(Reference paragraph: 5.7.2)

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

(₹ in crore)

Year	Equity	Equity added	Grants/ Subsidy	Dividend receipts	Disinvestments receipts	No. of Years	Rate of interest (r)	1+r	Inception value of equity added	Inception value of Grants/ Subsidy	PV of Disinvestments receipts	PV of Dividend receipts	Cost of investment	No of Shares	Market Price per Share (Rs.)	Market Value of Share	Current Value of Investment	ROI	CAGR
A	B	C	D	E	F	g	H	I	J	k	l	M	N	O	P	q	R	S	U
								(1+h)	c/product of i since inception to year value of (g-1)	d/product of i since inception to year value of (g-1)	f*product of i from the year to the last year	e*product of i from the year to the last year	b+Σj+Σk			O*P	q+Σl+Σm	((r-n)/n)/g	((Current year ROI/ ROI of 1999-2000)^(1/(g-1)-1))*100
1998-99	4,847.78	0	0	773.26	0	1	0.1088	1.1a1	0.00	0	0.00	4,967.65	4,847.78	4,84,77,802	28.00	13,573.78	18,541.43	282.47	
1999-2000	4,847.78	0	0	902.13	0	2	0.1196	1.12	0.00	0	0.00	5,226.90	4,847.78	4,84,77,802	36.15	17,524.73	27,719.28	235.90	-16.49
2000-01	4,847.78	0	0	1,031.01	0	3	0.0923	1.09	0.00	0	0.00	5,335.48	4,847.78	4,84,77,802	37.30	18,082.22	33,612.25	197.78	-16.32
2001-02	4,847.78	0	0	1,288.76	0	4	0.1120	1.11	0.00	0	0.00	6,105.78	4,847.78	4,84,77,802	73.35	35,558.47	57,194.28	269.95	-1.50
2002-03	4,847.78	0	0	1,546.52	0	5	0.1054	1.11	0.00	0	0.00	6,588.98	4,847.78	4,84,77,802	113.85	55,191.98	83,416.77	324.14	3.50
2003-04	4,847.78	0	0	2,577.53	0	6	0.1095	1.11	0.00	0	0.00	9,934.53	4,847.78	4,84,77,802	493.15	2,39,068.28	2,77,227.60	936.44	27.09
2004-05	4,847.78	0	0	2,062.02	0	7	0.0897	1.09	0.00	0	0.00	7,163.25	4,847.78	4,84,77,802	363.05	1,75,998.66	2,21,321.23	637.92	14.54
2005-06	4,847.78	0	0	2,062.02	0	8	0.0815	1.08	0.00	0	0.00	6,573.60	4,847.78	4,84,77,802	450.80	2,18,537.93	2,70,434.09	684.81	13.49
2006-07	4,847.78	0	0	2,964.16	0	9	0.1166	1.12	0.00	0	0.00	8,737.44	4,847.78	4,84,77,802	643.15	3,11,784.98	3,72,418.59	842.47	14.64
2007-08	4,847.78	0	0	3,995.17	0	10	0.1407	1.14	0.00	0	0.00	10,546.80	4,847.78	4,84,77,802	678.55	3,28,946.13	4,00,126.52	815.38	12.50
2008-09	4,847.78	0	0	4,256.02	0	11	0.0794	1.08	0.00	0	0.00	9,849.58	4,847.78	4,84,77,802	314.80	1,52,608.12	2,33,638.10	429.04	4.27
2009-10	4,847.78	0	0	5,670.56	0	12	0.0945	1.09	0.00	0	0.00	12,157.87	4,847.78	4,84,77,802	681.70	3,30,473.18	4,23,661.03	719.94	8.88
2010-11	4,847.78	0	0	6,701.57	0	13	0.0903	1.09	0.00	0	0.00	13,127.82	4,847.78	4,84,77,802	874.00	4,23,695.99	5,30,011.67	833.31	9.43
2011-12	4,847.78	0	0	8,634.71	0	14	0.0828	1.08	0.00	0	0.00	15,513.79	4,847.78	4,84,77,802	919.00	4,45,511.00	5,67,340.47	828.79	8.63
2012-13	4,847.78	0	0	12,887.63	0	15	0.0819	1.08	0.00	0	0.00	21,384.30	4,847.78	4,84,77,802	1191.00	5,77,370.62	7,20,584.39	984.28	9.33
2013-14	4,847.78	0	0	12,887.63	0	16	0.0714	1.07	0.00	0	0.00	19,765.50	4,847.78	4,84,77,802	1538.00	7,45,588.59	9,08,567.86	1165.12	9.91
2014-15	4,847.78	0	0	5,412.81	0	17	0.0768	1.08	0.00	0	0.00	7,748.28	4,847.78	48,47,78,020	95.05	4,60,781.51	6,31,509.06	760.40	6.38
2015-16	4,847.78	0	0	4,510.67	0	18	0.0725	1.07	0.00	0	0.00	5,996.38	4,847.78	48,47,78,020	60.50	2,93,290.70	4,70,014.64	533.08	3.81
2016-17	4,847.78	3,655.51	0	0	0	19	0.0783	1.08	705.30	0	0.00	0.00	5,553.08	52,13,33,071	75.00	3,90,999.80	5,67,723.74	532.82	3.59
2017-18	4,847.78	3,525.00	0	0	0	20	0.0723	1.07	630.73	0	0.00	0.00	6,183.81	55,68,58,392	60.35	3,36,064.04	5,12,787.97	409.61	1.98
2018-19	4,847.78	0	0	0	0	21	0.0720	1.07	0.00	0	0.00	0.00	6,183.81	55,68,58,392	53.70	2,99,032.96	4,75,756.89	361.60	1.24
2019-20	4,847.78	1,566.00	0	0	0	22	0.0720	1.07	243.76	0	0.00	0.00	6,427.57	71,34,50,938	12.36	88,182.54	2,64,906.47	182.79	-2.05
2020-21	4,847.78	0	0	0	0	23	0.0672	1.07	0.00	0	0.00	0.00	6,427.57	71,34,50,938	26.65	1,90,134.67	3,66,858.61	243.81	-0.67

Appendix 5.7

(Reference paragraph: 5.7.5)

Year-wise investment by the Government and present value (PV) of Government investment in non-listed PSUs for the period from 1999-2000 to 2020-21

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net Interest free loan given by the State Government during the year	Interest free loan converted into Equity during the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year
A	B	C	D	E	F=C+D+E	G=B+F	H	I=G*(1+H/100)
Upto 1999-2000	352.29	7.14	0	0	7.14	359.43	11.96	402.42
2000-01	402.42	4.56	0	0	4.56	406.98	9.23	444.54
2001-02	444.54	1.82	0	0	1.82	446.36	11.2	496.35
2002-03	496.35	13.29	0	0	13.29	509.64	10.54	563.36
2003-04	563.36	2.80	0	0	2.8	566.16	10.95	628.16
2004-05	628.16	4.03	0	0	4.03	632.19	8.97	688.89
2005-06	688.89	7.55	0	0	7.55	696.44	8.15	753.20
2006-07	753.20	2.50	0	0	2.5	755.70	11.66	843.82
2007-08	843.82	1.20	11.55	0	12.75	856.57	14.07	977.09
2008-09	977.09	7.63	0	0	7.63	984.72	7.94	1,062.90
2009-10	1,062.90	17.09	0	0	17.09	1,079.99	9.45	1,182.05
2010-11	1,182.05	11.06	0	0	11.06	1,193.11	9.03	1,300.85
2011-12	1,300.85	6.09	0	0	6.09	1,306.94	8.28	1,415.16
2012-13	1,415.16	7.00	0	0	7	1,422.16	8.19	1,538.63
2013-14	1,538.63	78.08	0	0	78.08	1,616.71	7.14	1,732.14
2014-15	1,732.14	1.21	3.62	0	4.83	1,736.97	7.68	1,870.37
2015-16	1,870.37	6.85	0	0	6.85	1,877.22	7.25	2,013.32
2016-17	2,013.32	9.56	0	0	9.56	2,022.88	7.83	2,181.27
2017-18	2,181.27	97.30	21.83	17.5	101.63	2,282.90	7.23	2,447.96
2018-19	2,447.96	120.74	23.18	0	143.92	2,591.88	7.20	2,778.49
2019-20	2,778.49	2616.82	15.88	0	2632.7	5,411.19	7.20	5,800.80
2020-21	5,800.80	83.47	47.1	0	130.57	5,931.37	6.72	6,329.96
Total		3,107.79	123.16	17.5	3,213.45			

(Source: Compiled based on latest information furnished by the respective PSUs as of March 2021)

Appendix 5.8

(Reference paragraph: 5.8)

Detail of Loss Making PSUs as per the latest finalised accounts as of 30 November 2021

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit(+)/ Loss(-) after interest and tax	Paid up Capital	Long Term Loan	Free Reserves	Accumulated Profit/Loss	Capital employed	Net worth
I	Government Companies									
1.	Jammu and Kashmir Agro Industries Development Corporation Limited	2014-15	2020-21	-2.20	3.54	25.06	0.00	-49.20	-20.60	-45.66
2.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2017-18	2019-20	-5.97	46.92	78.46	0.00	-43.18	82.20	3.74
3.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-20.54	17.65	24.36	0.00	-146.99	-104.98	-129.34
4.	Jammu and Kashmir Industries Limited	2013-14	2019-20	-36.39	16.27	686.13	0.00	-753.25	-50.85	-736.98
5.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	-8.60	8.52	154.66	0.00	-170.06	-6.88	-161.54
6.	Jammu and Kashmir Handloom Development Corporation Limited	2018-19	2020-21	-1.28	4.99	150.73	0.00	-140.20	15.52	-135.21
7.	Jammu & Kashmir Trade Promotion Organisation	2019-20	2020-21	-0.16	5.23	0	0	-0.03	5.20	5.20
8.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2018-19	2019-20	-0.06	0.50	0	0	-0.06	0.44	0.44
9.	Jammu and Kashmir Tourism Development Corporation Limited	2019-20	2021-22	-6.14	15.96	4.26	0.00	-3.35	16.87	12.61
10.	Jammu and Kashmir Minerals Limited	2010-11	2020-21	-8.38	8.00	263.83	0.16	-225.01	46.82	-217.01
11.	Jammu and Kashmir Forest Development Corporation Limited	2019-20	2021-22	-3.99	9.03	18.05	0.00	-249.13	-222.05	-240.10
12.	Jammu and Kashmir Power Transmission Corporation Limited	2018-19	2020-21	-0.0035	0.05	0	0	-0.03	0.02	0.02
13.	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	-0.0035	0	0	0	-0.03	-0.03	-0.03
14.	Jammu and Kashmir Power Corporation Limited	2016-17	2021-22	-0.0059	0.05	0	0	-0.02	0.03	0.03
	Total			-93.71	136.66	1,405.54	0.16	-1,780.54	-238.29	-1,643.83
II	Statutory Corporation									
15.	Jammu and Kashmir State Road Transport Corporation	2018-19	2020-21	-117.62	207.96	676.02	0	-1,634.94	-750.96	-1,426.98
III	Government Controlled other Company									
16.	Chenab Valley Power Projects Private Limited	2020-21	2021-22	-3.18	2,723.66	0.00	0.00	49.34	2,773.00	2773.00
	Grand Total			-214.51	3,068.28	2,081.56	0.16	-3,366.14	1,783.75	-297.81

Appendix 5.9

(Reference paragraph: 5.8.1)

Detail of PSUs having accumulated losses as per their latest finalised accounts as of 30 November 2021

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit(+)/ Loss(-) after interest and tax	Paid up Capital	Long Term Loan	Free Reserves	Free Reserves and accumulated Profit/Loss	Capital employed	Net worth
Government Companies										
1.	Jammu and Kashmir Agro Industries Development Corporation Limited	2014-15	2020-21	-2.2	3.54	25.06	0	-49.2	-20.6	-45.66
2.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2010-11	2020-21	31.46	9.2	23.85	0	-71.28	-38.23	-62.08
3.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2017-18	2019-20	-5.97	46.92	78.46	0	-43.18	82.20	3.74
4.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-20.54	17.65	24.36	0	-146.99	-104.98	-129.34
5.	Jammu and Kashmir Industries Limited	2013-14	2019-20	-36.39	16.27	686.13	0	-753.46	-51.06	-737.19
6.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	-8.6	8.52	154.66	0	-170.06	-6.88	-161.54
7.	Jammu and Kashmir Handloom Development Corporation Limited	2018-19	2020-21	-1.28	4.99	150.73	0	-132.99	22.73	-128
8.	Jammu & Kashmir Trade Promotion Organisation	2019-20	2020-21	-0.16	5.23	0	0	-0.03	5.2	5.2
9.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2018-19	2019-20	-0.06	0.5	0	0	-0.06	0.44	0.44
10.	Jammu and Kashmir Forest Development Corporation Limited	2019-20	2021-22	-3.99	9.03	18.05	0	-249.13	-222.05	-240.1
11.	Jammu and Kashmir Minerals Limited	2010-11	2020-21	-8.38	8	263.83	0.16	-225.01	46.82	-217.01
12.	JKB Financial Services Limited	2020-21	2021-22	2.67	20	0	0	-3.19	16.81	16.81
13.	Jammu and Kashmir Tourism Development Corporation Limited	2019-20	2021-22	-6.14	15.96	4.26	0	-3.35	16.87	12.61
14.	Jammu and Kashmir State Financial Corporation	2018-19	2019-20	3.18	172.89	39.43	0	-172.97	39.35	-0.08
15.	Jammu and Kashmir Power Transmission Corporation Limited	2018-19	2020-21	-0.0035	0.05	0	0	-0.03	0.02	0.02
16.	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	-0.0035	0	0	0	-0.03	-0.03	-0.03
17.	Jammu and Kashmir Power Corporation Limited	2016-17	2021-22	-0.0059	0.05	0	0	-0.02	0.03	0.03
	Total			-56.41	338.75	1468.82	0.16	-2,020.98	-213.36	-1,682.18
Statutory Corporation										
18.	Jammu and Kashmir State Road Transport Corporation	2018-19	2020-21	-117.62	207.96	676.02	0	-1,634.94	-750.96	-1,426.98
	Grand Total			-174.027	546.71	2,144.84	0.16	-3,655.92	-964.32	-3,109.16

Appendix 5.10

(Reference paragraph: 5.11.2)

Statement showing position of GoJ&K investment in working PSUs accounts of which are in arrears as of 30 November 2021

(₹ in crore)

Sl. No.	Name of the Public Sector Undertakings	Year up to which accounts finalised	Paid-up capital	Period of accounts pending finalisation	Investment made by Government of J&K during the period for which accounts are in arrears				
					Equity	Loans	Grant	Subsidy	Total
A	Working Government Companies								
1	J&K Agro Industries Development Corporation Limited	2014-15	3.54	6	0	0.54	0	0.00	0.54
2	J&K Horticultural Produce Marketing and Processing Corporation Limited	2010-11	9.20	10	0.80	24.00	4.75	0.00	29.55
3	J&K Small Scale Industries Development Corporation Limited	2016-17	3.12	4	0	0	0	0.00	0.00
4	J&K State Industrial Development Corporation Limited	2013-14	17.64	7	0	0.00	237.28	0	237.28
5	J&K Project Construction Corporation Limited	2018-19	1.97	2	0	0.00	0	0.00	0.00
6	J&K Police Housing Corporation Limited	2014-15	2.00	6	0	0.00	0	0.00	0.00
7	J&K Handloom Development Corporation Limited	2018-19	4.99	2	0	4.60	11.80	0.00	16.40
8	J&K Handicrafts (Sale and Export) Development Corporation Limited	2018-19	8.52	2	0	7.50	10.21	0.00	17.71
9	J&K Industries Limited	2013-14	16.27	7	0	23.62	62.30	0.00	85.92
10	J&K Minerals Limited	2010-11	8.00	10	0	12.69	39.34	0.00	52.03
11	J&K Tourism Development Corporation Limited	2019-20	15.96	1	0	0.00	8.67	0.00	8.67
12	J&K Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	2017-18	46.92	3	1.65	14.23	6.35	0.20	22.43
13	J&K Women's Development Corporation Limited	2019-20	10.00	1	0	3.00	0	0.00	3.00
14	J&K Cements Limited	2011-12	45.77	9	0	0.25	2.63	0.00	2.88
15	J&K Cable Car Corporation Limited	2013-14	23.57	6	0	0.00	26.19	0.00	26.19
16	J&K Overseas Employment Corporation Limited	2010-11	2.56	10	0	0.00	0	0.00	0.00
17	J&K Infrastructure Development Finance Corporation Limited	2018-19	0.50	2	0	0.00	121.26	0.00	121.26
18	J&K I.T. Infrastructure Development Private Limited	2019-20	0.50	1	0	0.00	50.00	0.00	50.00
19	J&K Trade Promotion Organization	2019-20	5.23	1	0	0.00	0	0.00	0.00
20	J&K Power Development Corporation Limited	2014-15	5.00	6	0	0.00	143.07	0.00	143.07
21	J&K Power Transmission Corporation Limited	2018-19	0.05	2	0.05	0.00	253.09	0.00	253.14

Sl. No.	Name of the Public Sector Undertakings	Year up to which	Paid-up capital	Period of accounts	Investment made by Government of J&K during the period for which accounts are in arrears				
22	Kashmir Power Distribution Corporation Limited	2018-19	0	2	0	0.00	113.38	450.00	1097.79
23	J&K Forest Development Corporation Ltd.	2019-20	9.03	1	0	0.00	0	0.00	0.00
24	Srinagar Smart City Limited	2018-19	0.10	2	0	0.00	20.20	0.00	20.20
25	J&K Power Corporation Limited	2016-17	0.05	4	0.05	0.00	4,154.11	0.00	4,154.11
26	J&K Medical Supplies Corporation Limited	*	*	7	0	0.00	0	0.00	0.00
27	Jammu Smart City Limited	*	*	4	0.10	0.00	0	0.00	0.00
28	AIC-Jammu & Kashmir EDI Foundation ⁺	*	*	3	0	0.00	0	0.00	0.00
29	Jammu Mass Rapid Transit Corporation Private Limited	*	*	2	0	0.00	0	0.00	0.00
30	Srinagar Mass Rapid Transit Corporation Private Limited	*	*	2	0	0.00	0	0.00	0.00
31	Jammu Power Distribution Corporation Limited	*	*	8	0.05	0.00	637.49	4,050.00	4687.54
	Total A			133	2.70	90.43	6,437.90	4,500.20	11,031.27
B	Working Statutory Corporations								
32	J&K State Road Transport Corporation	2018-19	207.96	2	93.84	65.50	0	0.00	159.34
33	J&K State Financial Corporation	2018-19	172.89	2	0	0.00	0	0.00	0.00
	Total B		380.85	4	93.84	65.50	0	0.00	159.34
	Total (A+B)			137	96.54	155.93	6,437.90	4,500.20	11,190.61

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

*These companies have not submitted its account since inception

+ The Company has not furnished the information for 2020-21

Appendix 6

Glossary of important Budget related terms

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

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

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

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

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

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