

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



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

Government of Union Territory of Jammu and Kashmir
Report No. 3 of the year 2022

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Comptroller and Auditor General of India
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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2021 has been prepared in accordance with Article 151 of the Constitution of India. As per the decision of the Government of India, Ministry of Finance (June 1994), wherever President's Rule is extended beyond one year, the C&AG's Report relating to the State would be placed in Parliament. Hence, this Report is being sent to the President for laying in the Parliament. Consequent to the reorganisation of the State of Jammu and Kashmir, under the Jammu & Kashmir Reorganisation Act, 2019, the Report is also being sent to the Lieutenant Governor of the successor Union Territory of Jammu and Kashmir.

The accounts of Government Companies (including companies deemed to be Government Companies as per provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of the Companies Act 2013. The audit of Statutory Corporations is conducted under their respective legislation.

The instances mentioned in this Report are those which came to notice in the course of test audit during the period 2020-21 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2020-21 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Executive Summary

EXECUTIVE SUMMARY

This Report covers matters arising out of the Compliance Audit of the Departments of the Union Territory (UT) Government and their Public Sector Undertakings. The primary purpose of this Report is to bring to the notice of the Legislature the important results of audit.

The Report has been organised in 10 chapters as under:

Chapter I: Overview

This chapter contains a brief profile of the UT Government with the receipt/ expenditure for the year 2020-21, the authority for audit, audit jurisdiction, planning and conduct of audit, response of the Government to various audit products namely Inspection Reports, audit observations/ paragraphs and follow up action on Audit Reports.

During the year 2020-21, the revenue raised by the UT Government (₹ 12,953.37 crore) was 24.68 *per cent* of the total revenue receipts. The balance 75.32 *per cent* was received from the Government of India (GoI) as Grants-in-aid.

During the year, the share of Capital Expenditure was 16.67 *per cent* and Revenue Expenditure was 83.29 *per cent* of total expenditure. The combined share of Social Services (₹ 21,964.27 crore) and Economic Services (₹ 14,842.46 crore) was 58.27 *per cent* of total expenditure during 2020-21, and 41.63 *per cent* of total expenditure was incurred on General Services (₹ 26,297.40 crore).

(Paragraph 1.2, Page: 2-3)

Chapter II: Processing of refund claims under GST

A Subject Specific Compliance Audit (SSCA), covering the period from July 2017 to July 2020, on processing of refund claims under GST was conducted and audit findings emerged, in course of the audit, are as follows:

There was delay in issue of acknowledgement in 21 cases (13 *per cent*) from one to 477 days with the average delay being 52 days in these cases.

(Paragraph 2.4.1, Page: 11-12)

Delay in sanction of refunds ranged between two and 446 days in 43 refund cases (24 ST Circles) with the average delay being 75 days in these cases. The Department had not paid interest under section 56 amounting to ₹ 2.34 lakh to the claimants. Of these, 32 cases were delayed by one to three months, six cases were delayed by three to six months and five cases were delayed by more than six months, respectively.

(Paragraph 2.4.2, Page: 12)

Out of 33 refund cases examined, the Department considered ITC availed on input services in five refund cases (Two ST Circles). The mistake resulted in irregular allowance of refund to the tune of ₹ 39.82 lakh.

(Paragraph 2.4.3, Page: 12-13)

Department had issued provisional refund of 90 *per cent* in three cases of one taxpayer in Circle Anantnag-II on account of inverted duty structure which were other than the cases of zero rated supply of goods or services. This resulted in irregular grant of refund of ₹ 19.94 lakh on provisional basis.

(Paragraph 2.4.4, Page: 13-14)

Refunds had been sanctioned in respect of 26 cases despite non filing of returns (GSTR I) by the registered persons for prior periods between November 2018 and June 2020. Even registrations were cancelled in respect of two dealers in Kashmir Division and of three dealers in Jammu Division.

(Paragraph 2.4.5, Page: 14)

In respect of 15 refund claims exceeding ₹ two lakh in each case, refund of ₹ 328.25 lakh was sanctioned without obtaining certificates from the Chartered Accountant/ Cost Accountant in violation of above rules.

(Paragraph 2.4.6, Page: 14-15)

Refund of ₹ 144.67 lakh, in respect of sanction on exports, was sanctioned in favour of a dealer without documentary evidence such as shipping bills/ export invoices/ undertaking of no duty drawback claimed.

(Paragraph 2.4.7, Page: 15-16)

Refund of ITC in respect of zero rated supplies (two cases) and Inverted Duty Structure (eight cases) revealed that refund had been claimed and admitted by the Department despite difference of ₹ 110.33 lakh between GSTR-3B and GSTR-2A, in support of which no invoices were found on record.

(Paragraph 2.4.10, Page: 17)

Post audit of refund cases has not been conducted, resulting in non-compliance of Board's instructions.

(Paragraph 2.4.11, Page: 17-18)

Chapter III: Transitional Credits

A Subject Specific Compliance Audit (SSCA), covering the period from July 2017 to March 2020, on transitional credits under GST was conducted and audit findings, are as follows:

In respect of 46 transitional credit cases, the front end data shared by GSTN did not match with the data shared by GSTN at the back end. There was mismatch of data in these 46 cases with respect to transitional credit (TRAN-1) amounting to ₹ 282.56 lakh.

(Paragraph 3.7.2, Page: 25)

In four cases, transitional credit amounting to ₹ 11.25 lakh was claimed in excess of actual balance of Input Tax Credit available under the earlier VAT regime.

(Paragraph 3.8.1, Page: 27-28)

In four cases, the dealer(s) had not filed all the requisite returns but carried forward the input tax credit in the Electronic Credit Ledger resulting in ineligible transitional credit of ITC amounting to ₹ 10.75 lakh.

(Paragraph 3.8.2 (A), Page: 28)

In 13 cases, the undue/ excess transitional credit claims were reversed under the provisions of the J&K GST Act, 2017; however, the interest liability under section 50(3) of the J&K GST Act, 2017 was not charged.

(Paragraph 3.8.5, Page: 35-36)

Chapter IV: Human Resources Management in Sher-e-Kashmir University of Agricultural Sciences and Technology

A Subject Specific Compliance Audit (SSCA) of human resources management covering the period 2016-17 to 2020-21 was conducted to assess whether the Agriculture Universities had complied with the relevant guidelines, and audit findings are as follows:

The universities had repeatedly violated instructions for creation/ up-gradation/ conversion of posts. Availability of vacant posts facilitated re-designation of posts to accommodate irregular appointments, attachments and adjustment of staff appointed in excess of sanctioned strength.

(Paragraph 4.6, Page: 41-43)

There were instances of appointments without adoption of mandatory Academic Performance Indicators, appointments without mandatory NET qualification, appointments by counting inadmissible periods in teaching experience and appointments through lateral entry by irregular up-gradation of technical posts.

(Paragraph 4.9, Page: 44-48)

There was faulty implementation of Career Advancement Scheme (CAS) due to dilution of prescribed criteria regarding Academic Performance Indicators and requirement of research publications, extension of benefit of retrospective CAS to direct appointees, premature placements, counting of inadmissible past service, non-completion of mandatory trainings, counting of period spent on acquiring PhD and leave without pay towards teaching experience, etc.

(Paragraph 4.10, Page: 48-53)

There were instances in respect of non-teaching employees wherein recruitments were made through regularisation of adhoc/ contractual employees, appointments made without qualifying mandatory tests, direct recruitments to posts required to be filled through promotion, lateral entry to posts prescribed to be filled through direct recruitment etc.

(Paragraph 4.11, Page: 53-56)

The laid down norms for promotions of non-teaching staff were not fully complied and there were instances in which inadmissible financial up-gradations had been

granted due to faulty implementation of two-tier career advancement schemes, premature promotions etc.

(Paragraph 4.12, Page: 56-59)

There were ambiguities/ inconsistencies in Recruitment Rules of the Universities which had resulted in irregular appointments, indefinite continuation of employees in higher grades and avoidable litigations/non filling of posts.

(Paragraph 4.13, Page: 59-61)

Chapter V: Swachh Bharat Mission (Urban)

A Subject Specific Compliance Audit (SSCA) of two components under Swachh Bharat Mission (U) viz. Individual Household Latrines (IHHLs) and Public toilets (PTs), was carried out covering the period from 2016-17 to 2020-21, and audit findings, are as follows:

No house-to-house survey was carried out to see whether beneficiaries had or did not have existing sanitary latrine.

(Paragraph 5.3, Page: 70-72)

The process for monitoring physical progress of work at various stages was not specified. This had resulted in non-conversion of insanitary latrines into sanitary ones and excess/ double payment to beneficiaries.

(Paragraph 5.4, Page: 72-73)

Out of 942 beneficiaries selected for Beneficiary survey and physical verification, whose IHHLs were shown as constructed by NGOs, only 95 IHHLs (10 per cent) were found functional. Further, 238 beneficiaries stated that NGOs had not constructed their IHHLs, but they constructed on their own.

(Paragraph 5.5.1(A), Page: 75-76)

Allotment of construction works of Public toilets was made without execution of valid agreements and no penalty was levied on contractors for non-completion of works within time.

(Paragraphs 5.6.1 & 5.6.2, Pages: 78-79)

During joint physical verification of PTs, audit *inter alia* noticed that majority of the PTs constructed under SBM (U) were either non-functional or were functional without O&M.

(Paragraph 5.6.7, Page: 82-83)

Chapter VI: Compliance Audit Paragraphs of Civil Departments

Failure of the Assessing Authority, State Taxes Circle-H, Jammu to levy tax at correct rates, while assessing the two dealers for accounting years 2014-15 to 2017-18 (up to 07 July 2017) resulted in short levy of tax and interest aggregating ₹ 4.49 crore.

(Paragraph 6.1, Page: 85-86)

Failure of the Assessing Authorities, State Taxes Circles-C, L, J, Jammu and Circle-I, Udhampur to detect concealment of Interstate Purchases made by the dealers during 2013-14 to 2015-16 resulted in short levy of tax, interest and penalty aggregating ₹ 80.20 lakh.

(Paragraph 6.2, Page: 86-89)

Delay in finalisation of modalities to rent out shops/ spaces by auction after fixation of minimum reserve rent resulted in probable loss of rent of ₹ 2.70 crore.

(Paragraph 6.3, Page: 89-90)

Irregular action of Home Department to pay one-month additional salary to police personnel who were not deployed for election duties during the conduct of Municipal/ Panchayat elections, 2018 resulted in inadmissible payment of ₹ 1.58 crore in respect of 483 police personnel

(Paragraph 6.4, Page: 90-91)

Failure of two works executing divisions to comply with extant rules resulted in loss of ₹ 1.61 crore due to non-deduction of supervision charges in respect of works of National Hydro Power Corporation Limited, executed by these divisions.

(Paragraph 6.5, Page: 91-92)

Injudicious decision of the Jammu and Kashmir State Advisory Board to hire two private buildings as hostels from September 2014 to March 2021, without conducting survey of students' willingness to avail hostel facilities and despite lack of demand, resulted in avoidable wasteful expenditure of ₹ 66.05 lakh on rent, maintenance and upkeep of hired hostels.

(Paragraph 6.6, Page: 92-93)

Failure of Social Welfare Department to get DPR for construction of hostel for OBC boys students approved and Central share of funds released by GoI and failure of the department to get the work of hostel building completed out of State funding as was originally planned resulted in wasteful expenditure of ₹ 1.55 crore.

(Paragraph 6.7, Page: 93-95)

Chapter VII: Functioning of Public Sector Undertakings

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 six inactive Government Companies with delay in accounts ranging between four years to 31 years), two Statutory Corporations and one Government Controlled Other Company. 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 of ₹ 0.83 crore (GoJ&K: ₹ 0.83 crore and others: Nil).

(Paragraph 7.3, Page: 97-98)

As of 31 March 2021, there were 40 Companies under the purview of CAG's audit. Of these, accounts for the year 2020-21 were due from 34 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. As of 31 March 2021, there were two Statutory Corporations under the purview of CAG's audit. 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.

(Paragraph 7.6 (B) & (C), Page: 100-101)

Chapter VIII: Development of Micro/ Mini/ Small Hydroelectric Projects in Jammu and Kashmir

A Subject Specific Compliance Audit (SSCA), on development of Micro/ Mini/ Small Hydroelectric Projects in Jammu and Kashmir was conducted and audit findings emerged, in course of the audit, are as follows:

Out of 374 identified project sites with power generation capacity of 1,725.53 MWs, only 10 projects with capacity of 79.75 MWs (*five per cent*) had been commissioned with time overrun ranging between four months and over seven years. No action was taken for 225 sites after their identification

(Paragraph 8.3, Page: 105)

For 20 sites proposed under Prime Minister's Development Package, GoI had not acceded to request of GoJ&K for release of funds in view of high project cost and unviable tariff.

(Paragraph 8.4.1, Page: 106-107)

Nodal agencies did not coordinate with line Departments/ Agencies for facilitating IPPs in obtaining clearances, approvals and finances for their projects in a time bound manner. Execution of projects was also not monitored. The IPPs had also attributed poor performance in development of projects inter alia to lack of financing by banks due to non-availability of buy back agreement with GoJ&K.

(Paragraph 8.4.1, Page: 106-107)

Failure of JKPDC in ensuring completion of transmission line alongside the commission of hydro project at Dah resulted in non-utilisation of power generation of 59.37 Million Units and consequent loss of revenue of ₹ 16.45 crore.

(Paragraph 8.4.3, Page: 108-109)

Chapter IX: Management of Fixed Assets by Jammu & Kashmir Bank Limited

A Subject Specific Compliance Audit (SSCA), on management of Fixed Assets by Jammu & Kashmir Bank Limited was conducted and audit findings emerged, in course of the audit, are as follows:

The Bank purchased land valuing ₹ 184.92 crore during 2016-21, out of which land valuing ₹ 140.22 crore could not be utilised. Funds to the tune of ₹ 22.78 crore remained blocked due to improper planning.

(Paragraph 9.2, Page: 117-118)

There was wasteful expenditure of ₹ 5.28 crore in hiring of premises. Due to hiring of unfurnished premises, the Bank had to pay lease rent of ₹ 5.14 crore as it took considerable time in furnishing works leading to delay in relocation of business units.

(Paragraphs 9.3.1 & 9.3.3, Pages: 122-123 & 128-129)

There were delays in execution of works, however, penalty amounting to ₹ 8.77 crore was not recovered from contractors.

(Paragraph 9.4.1, Page: 130)

Chapter X: Compliance Audit Paragraphs of Public Sector Undertakings

Non-exercising of due diligence at the time of sanctioning/ enhancing bill discounting facility in favour of M/s Beigh Construction Company Limited resulted in doubtful recovery of ₹ 102.55 crore.

(Paragraph 10.1, Page: 133-135)

Sanction of credit facility in favour of M/s Ace Engineering Infratech Private Limited without obtaining adequate security cover and release of credit facility without complying with the pre-disbursement condition resulted in doubtful recovery of ₹ 11.98 crore.

(Paragraph 10.2, Page: 135-136)

Grant of interest free advances to Small Scale Industrial Units resulted in avoidable expenditure of ₹ 1.91 crore.

(Paragraph 10.3, Page: 136-137)

Company's failure to recover GST of ₹ 95.26 lakh from the industrial units resulted in payment of GST out of its own resources besides leading to payment of penal interest of ₹ 20.36 lakh on account of delay in deposit of GST.

(Paragraph 10.4, Page: 138-139)

Chapter I

Overview

Chapter I: Overview

1.1 Introduction

This Report covers matters arising out of the Compliance Audit of the Departments of the Union Territory (UT) Government and their Public Sector Undertakings. The primary purpose of this Report is to bring to the notice of the Legislature the important results of audit. Findings of audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations contributing to better governance.

The Report has been organised in 10 chapters as under:

- **Chapter I** contains a brief profile of the UT Government with the receipt/ expenditure for the year 2020-21, the authority for audit, audit jurisdiction, planning and conduct of audit, response of the Government to various audit products namely Inspection Reports, audit observations/ paragraphs and follow up action on Audit Reports.
- **Chapter II** contains observations of the Subject Specific Compliance Audit on Processing of refund claims under GST in Jammu and Kashmir.
- **Chapter III** contains observations of the Subject Specific Compliance Audit on Transitional credits.
- **Chapter IV** contains observations of the Subject Specific Compliance Audit on Human Resources Management in Sher-e-Kashmir University of Science and Technology, Kashmir and Sher-e-Kashmir University of Science and Technology, Jammu.
- **Chapter V** contains observations of the Subject Specific Compliance Audit on Swachh Bharat Mission (Urban).
- **Chapter VI** contains audit observations relating to Compliance Audit of various UT Government Departments.
- **Chapter VII** contains a brief profile of investments made in PSUs, audit mandate of PSUs and oversight role of the Comptroller and Auditor General of India.
- **Chapter VIII** contains observations of the Subject Specific Compliance Audit on Development of Micro/ Mini/ Small Hydroelectric projects in Jammu and Kashmir.
- **Chapter IX** contains observations of the Subject Specific Compliance Audit on Management of fixed assets by Jammu and Kashmir Bank Limited.
- **Chapter X** contains audit observations relating to Compliance Audit of Public Sector Undertakings of UT Government.

1.2 Profile of the UT Government-Receipts and Expenditure

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 persons per square km. The GSDP of UT of Jammu and Kashmir during 2020-21 was ₹ 1,76,282 crore.

The overall position of receipts and expenditure of the UT Government during the year 2020-21 is given below in **Table 1.1**.

Table 1.1: Overall receipts and expenditure during the year 2020-21

Sl. No	Components	Amount (₹ in crore)
1	Own Tax Revenue	8,877
2	Own Non-Tax Revenue	4,077
3	Share of Union taxes/ duties	0
4	Grants-in-aid and Contributions	39,542
5	Additional Resource Mobilisation	0
6	Revenue Receipts (1+2+3+4+5)	52,496
7	Recovery of Loans and Advances	2
8	Other Receipts	0
9	Borrowings and other Liabilities	10,693 [#]
10	Capital Receipts (7+8+9)	10,695
11	Total Receipts (6+10)	63,191
12	Revenue Expenditure, of which	52,634
13	Interest payments	6,372
14	Capital Expenditure	10,532
15	Capital outlay	10,470
16	Loan and advances	62
17	Appropriation to Contingency Fund	25
18	Total Expenditure (12+14+17)	63,191

(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.

The break-up of the various components of tax and non-tax revenues raised by the Union Territory (UT) of Jammu and Kashmir during the year 2020-21, the UT share of net proceeds of divisible Union taxes and duties assigned to the UT and Grant-in-aid received from the Government of India during the year are depicted in **Table 1.2**.

Table 1.2: Components of revenue receipts

Sl. No.	Particulars	2020-21 (₹ in crore)
1.	Revenue raised by the UT Government	
	• Tax revenue, of which	8,876.99
	Taxes on Sales, Trade etc. including GST	6,334.96
	Taxes on Goods and Passengers	0.90
	State Excise	1,347.42

Sl. No.	Particulars	2020-21
	Taxes and Duties on Electricity	319.22
	Stamps Duty and Registration Fees	325.54
	Taxes on Vehicles	488.38
	Land Revenue	60.57
	• Non-tax revenue, of which	4,076.38
	Power	2,349.74
	Forestry and Wildlife	152.97
	Police	39.91
	Non-ferrous, Mining and Metallurgical Industries	227.91
	Water Supply and Sanitation	93.89
	Public Works	25.49
	Medical and Public Health	23.82
	Interest Receipts	17.86
	Other Non-tax Receipts	1,144.79
	Total	12,953.37
2.	Receipts from the Government of India	
	• Share of net proceeds of divisible Union taxes and duties	-
	• Grants-in-aid	39,542.11
	Total	39,542.11
3.	Total revenue receipts of the State/UT Government (Total of 1 and 2)	52,495.48
4.	Revenue raised by UT Government as a percentage of total revenue	24.68 %

(Source: UT's Finance Accounts 2020-21)

During the year 2020-21, the revenue raised by the UT Government (₹ 12,953.37 crore) was 24.68 *per cent* of the total revenue receipts. The balance 75.32 *per cent* was received from the Government of India (GoI) as Grants-in-aid.

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 State also received an amount of ₹ 2,099.80 crore as back-to-back loan from GoI in lieu of GST compensation shortfall under debt receipts of the State Government, with no repayment liability for the State.

During the year 2020-21, the share of Capital Expenditure was 16.67 *per cent* and Revenue Expenditure was 83.29 *per cent* of total expenditure. The combined share of Social Services (₹ 21,964.27 crore) and Economic Services (₹ 14,842.46 crore) 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 (₹ 26,297.40 crore).

1.3 Authority for audit

Authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the CAG's (Duties, Powers & Conditions of Service) Act, 1971 (DPC Act). CAG conducts audit of expenditure of State Government

Departments under Section¹ 13 of the DPC Act. In addition, CAG also conducts audit of other Autonomous Bodies which are substantially financed by the Government under Section² 14 of DPC Act. Section 16 of the DPC Act authorises CAG to audit all receipts (both revenue and capital) of the Government of India and of Government of each state and of each Union territory having a legislative assembly. Principles and methodologies for various audits are prescribed in the Regulations on Audit & Accounts (Amendments), 2020 and Auditing Standards issued by the Indian Audit & Accounts Department.

1.4 Planning and conduct of Audit

Compliance Audits are conducted as per the Annual Audit Plan (AAP). Units for Compliance Audit are selected on the basis of risk assessment of the Apex units, Audit Units and Implementing Agencies.

In revenue sector, the auditable entities under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* include critical issues in Government Revenues and Tax administration. During the year 2020-21, there were 173 auditable units, out of which 70 units were planned for audit and 81 units were audited.

For expenditure audits, units are selected on the basis of risk assessment of the Apex units, Audit Units and Implementing Agencies involving matters of financial significance, social relevance, internal control systems, past instances of defalcation, misappropriation, embezzlement, *etc.*, as well as findings of previous Audit Reports. During 2020-21, compliance audit of 18 Apex units, 268 Audit Units and 664 Implementing Agencies of the UT of Jammu and Kashmir was planned and audit of 11 Apex units, 229 Audit Units and 944 Implementing Agencies was conducted by the Office of the Principal Accountant General (Audit), Jammu & Kashmir. During the period audit of 37 Autonomous Bodies (ABs) in the UT was planned and audit of 37 ABs was conducted.

Inspection Reports are issued to the heads of auditee units after completion of audit. Based on replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed further as individual observations/ paragraphs for inclusion in the Audit Report. Detailed Compliance Audit paragraphs are prepared on issues of significance, selection of issues are done following the analogy explained above.

Formal replies furnished by Departments are carefully considered while finalising the materials for inclusion in the Audit Report. Audit Reports are laid before the State Legislature under Article 151 of the Constitution of India.

¹ Audit of (i) all expenditure from the Consolidated Fund of State, (ii) all transactions relating to Contingency Funds and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance-sheets & other subsidiary accounts.

² Several non-Commercial Autonomous/ Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, *etc.*, and substantially financed by the Government, are audited under Section 14.

1.5 Lack of response of Government to Audit

Principal Accountant General (Audit), Jammu & Kashmir, conducts audit of Government Departments to check for compliance to rules and regulations in transactions and to verify the regularity in maintenance of important accounting and other records as per the prescribed rules and procedures. After these audits, Inspection Reports (IRs) are issued to the Heads of Offices inspected with copies to the next higher authorities. Important irregularities and other points detected during inspection, which are not settled on the spot, find place in IRs. Serious irregularities are brought to the notice of the Government by the Office of the PAG.

For speedy settlement of audit observations/ inspection reports (IRs), the Jammu & Kashmir Budget manual provides for prompt response by the Executive to IRs issued by the Principal Accountant General (Audit) to ensure remedial/ rectification action. The auditee offices and their controlling Administrative Departments are required to comply with the observations contained in the IRs and rectify the defects and report their compliance to the Principal Accountant General (Audit).

The summarised position of the Inspection Reports of various departments as on 31 March 2021 are given in **Table 1.3**.

Table 1.3: Position of outstanding IRs and paragraphs as on 31 March 2021

Name of Sector	Opening Balance (01 April 2020)		Additions during the year 2020-21		Settled during the year 2020-21		Closing Balance (31 March 2021)	
	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs
Revenue Sector	945	5,119	45	278	25	327	965	5,070
Social, General and Economic Sectors	11,924	52,780	5,693	28,954	5,203	25,681	12,414	56,053

The pendency of large number of paragraphs indicates lack of adequate response of the Government Departments to Audit. The Government may look into this matter and revamp the system to ensure proper response to the audit observations from the Departments in a time-bound manner.

Three Audit Committee Meetings (ACMs) were held in Revenue Sector settling six Inspection Reports and 83 outstanding paragraphs with a money value of ₹ 6.60 crore. Similarly, during the period 2020-21, four Audit Committee meetings were held in Social, General and Economic Sectors in which 101 Audit paras were settled.

It is recommended that Government should ensure that a procedure is put in place for (i) action against officials failing to send replies to IRs/ paragraphs as per the prescribed time schedule, (ii) recovery of losses/ outstanding advances/ overpayments, *etc.*, in a time-bound manner and (iii) holding at least one meeting of each Audit Committee every quarter.

1.6 Response of Departments to Draft Audit Paragraphs and Detailed Compliance Audit Paragraphs

Regulations on Audit & Accounts (Amendments), 2020 stipulate that responses to Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller & Auditor General of India should be sent within six weeks³.

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/ activities as well as on the quality of internal controls in selected departments adversely impacting the success of programmes and functioning of the departments. The focus was on auditing specific programmes/ schemes in order to offer suitable recommendations to the Executive for taking corrective action and improving service delivery to the citizens.

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/ Secretaries of the Department concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report. Eleven compliance audit paragraphs to be included in the Report of the Comptroller and Auditor General of India on Social, General, Economic and Revenue sectors for the year ended 31 March 2021 were sent to the Principal Secretaries/ Secretaries of the respective departments. Out of these, the replies of Government of eight paras were awaited (March 2022).

1.7 Follow-up on Audit Reports

The follow-up on Audit Reports have been found to be inadequate as given below:

A. Non-submission of *suo moto* Action Taken Notes

The State Government (Finance Department) had issued instructions in June 1997 to all the administrative departments to furnish *suo moto* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports to the Public Accounts Committee (PAC) irrespective of whether they were taken up for discussion by the Committee or not. These ATNs are to be submitted to the Committee duly vetted by the Principal Accountant General (Audit) within a period of three months from the date of presentation of Audit Reports in the State Legislature.

It was, however, noticed that out of 139 audit paragraphs related to Revenue Sector included in Audit Reports from 2000-01 to 2019-20, *suo moto* ATNs in respect of 117 audit paragraphs had not been received up to 31 May 2022.

Similarly, it was noticed that out of 582 audit paragraphs featuring in the Social, General and Economic Sectors of Audit Reports from 2000-01 to 2019-20, *suo-motu* ATNs in respect of 296 audit paragraphs had not been received up to 31 May 2022.

³ State Government's Finance (Budget) Department, in its order dated June 1982, however, directed all the Departments to submit their responses to proposed Draft Paragraphs within one month

B. Action taken on recommendations of the PAC

Action Taken Notes, duly vetted by the Principal Accountant General (Audit) on the observations/ recommendations made by the PAC in respect of the audit paragraphs discussed by them are to be furnished to the Committees within six months from the date of such observations/ recommendations.

Out of 139 audit paragraphs featuring in the Revenue Sector of Audit Reports for the years from 2000-01 to 2019-20, only 17 audit paragraphs have been discussed by the PAC up to 31 May 2022. Recommendations in respect of 17 audit paragraphs including 12 partly discussed were made by the PAC, however, ATNs on the recommendations of the Committee is pending from the State Government in respect of 13 paragraphs.

Similarly, out of 582 Audit paragraphs featuring in the Civil Chapters of Audit Reports for the years from 2000-01 to 2019-20, only 245 audit paragraphs have been discussed by the PAC up to 31 May 2022. Recommendations in respect of 223 audit paragraphs have been made by the PAC. However, ATNs on the recommendations of the Committees are pending from the Government in respect of 165 paragraphs.

Chapter II
Processing of refund claims under GST

Chapter II: Processing of refund claims under GST

State Taxes Department

2.1 Introduction

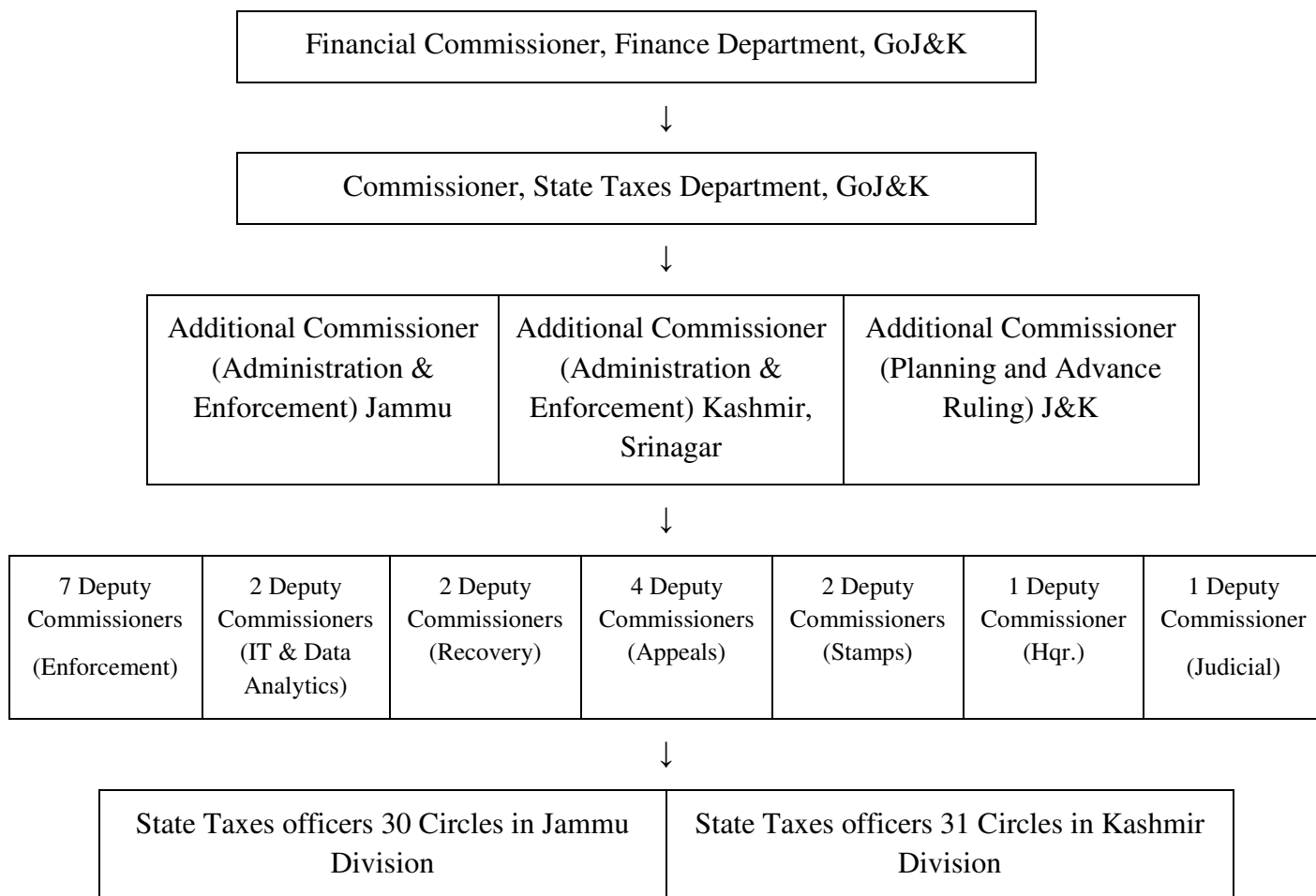
Timely refund mechanism constitutes a crucial component of tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernization of existing business. The provisions pertaining to refund contained in the GST laws aim to streamline and standardise the refund procedures under GST regime. Due to unavailability of electronic refund module on the common portal, a temporary mechanism was devised and implemented by prescribing (November 2017 and December 2017) the detailed procedures. In this electronic-cum-manual procedure, the applicants were required to file the refund applications in Form GST RFD-01A on the common portal, take a print out of the same and submit it physically to the jurisdictional tax office along with all supporting documents.

Further, processing of refund applications, i.e. issuance of acknowledgement, issuance of deficiency memo, passing of provisional/ final refund orders, payment advice etc. were being done manually. In order to make the process of submission of the refund application electronic, circulars/ instructions were issued (December 2018) wherein it was specified that the refund applications in Form GST RFD-01A, along with all supporting documents, had to be submitted electronically. However, various post submission stages of processing of the refund applications continued to be manual.

The deployment of a fully electronic refund procedure (i.e. wherein all the steps from submission of applications to processing thereof could be undertaken electronically) on the common portal took place with effect from 26 September 2019 (also called Automation of Refund Process). Accordingly, the circulars issued earlier laying down the guidelines for manual submission and processing of refund claims have either been superseded or modified. A fresh set of guidelines were issued for electronic submission and processing of refund claims vide Master Circular dated 18 November 2019.

2.2 Organisational set up

The Organisational structure of Government of Jammu and Kashmir (GoJ&K) Taxes Department is given in following chart. The Department works under administrative control of the Finance Department and is headed by Commissioner, State Taxes.



2.3 Audit scope, methodology and sampling

GSTN provided Pan-India Refund Data for the period from July 2017 to July 2020. For the period prior to 26 September 2019, i.e. pre-automation period, the refund applications under each category were sorted in descending order of refund amount claimed by taxpayers. The sorted refund applications were divided into four quartiles for drawing the sample. Audit acknowledges the cooperation extended to the audit team in production of records during the audit check.

For selecting refund applications filed after 26 September 2019, a composite risk score was devised using risk parameters such as refund amount claimed (60 *per cent* weightage), delay in sanctioning refund (15 *per cent*), refund sanctioned to refund amount claimed ratio (10 *per cent*) and issue of deficiency memo issued. Based on the risk score arrived as per this process, refund applications were selected.

Based on the above procedure, 85 cases of refunds claimed prior to 26 September 2019 pertaining to 35 circles were selected (pre-automation cases) which were examined in full. For the post 26 September 2019 period, 81 refund cases of 35 circles (post automation cases) were selected and examined using the login ID based access to State GST portal¹. Thus, in selected 49 circles, a total of 166 cases were examined

¹ BOWEB portal

by Audit for this Subject Specific Compliance Audit (SSCA). Category-wise audit universe and sample selection are given in the *Appendix 2.1*.

2.4 Audit findings

Table 2.1 brings out the extent of deficiencies noted during the audit of refund cases, selected for detailed audit.

Table 2.1: Deficiencies noted during the audit of refund cases

(₹ in lakh)

Nature of Audit Findings Category	Audit Sample		Number of deficiencies noticed		Deficiencies as percentage of Sample
	Number	Amount	Number	Amount	
Delay in issue of acknowledgment	166	2,163.13	21	274.62	13
Delay in issue of Refund orders	166	2,163.13	43	2.34	26
Irregular refund under Inverted Duty structure	33	666.70	5	39.82	15
Irregular grant of provisional refund other than Zero rated supply	160	1,862.12	3	19.94	2

As evident from the table above, Audit noticed significant delay in issuance of acknowledgment in 13 *per cent* cases, and in issuance of refund orders in 26 *per cent* cases. Further, Audit also noticed deviations from provisions of the Acts and Rules which resulted in irregular refunds in cases pertaining to Inverted Duty Structure and provisional refund other than Zero-rated supply; the deviation ranges from two *per cent* to 15 *per cent*.

Audit findings noticed and the lapses identified based on these cases are included in the subsequent paragraphs.

2.4.1 Acknowledgment not issued within time

Rule 90 (1) and (2) of J&K GST, 2017 stipulates that where the application related to claim for refund from the Electronic Cash Ledger (ECL), an acknowledgement in Form GST RFD-02 shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period i.e. 60 days specified for processing of refund application. For the application related to refund other than ECL, the application shall be forwarded to the proper officer within a period of 15 days of filing of the said application, scrutinize the application for its completeness. An acknowledgment in Form GST RFD-02 shall be made available to the applicant within 15 days through common portal. The acknowledgement shall clearly indicate the date of filing claim and the time period i.e. 60 days specified for processing of refund.

During the audit period, 166 refund cases were examined and it was noticed that there was delay in issue of acknowledgement in 21 cases (13 *per cent*) from one to 477 days with the average delay being 52 days in these cases (*Appendix 2.2*). Of these, 18 cases were delayed by one to three months, two cases were delayed by three to six months and one case was delayed by more than six months, respectively. Thus,

the Department failed to adhere to the timelines for issuing acknowledgements as prescribed in the rules *ibid*.

On being pointed out (March 2021), the Department (July 2021) in two cases accepted the audit objection. The Department in one case attributed the delay as technical fault and in other case attributed the delay to late receipt of manual copy. In 19 cases, the reply of the Department is awaited (December 2021). The reply is, however, not acceptable as some other STOs of the Department located in the same complex with the same facility had issued acknowledgement in refund cases within the stipulated time.

2.4.2 Refund orders not sanctioned in time

As per Section 56 of the J&K GST Act, 2017, if any tax amount ordered to be refunded to the applicant are not refunded within 60 days from the date of receipt of application, interest at the rate of six *per cent* will be payable. Rule 94 of the J&K GST Rules, 2017 provides that an order for interest shall be made along with payment advice in Form GST RFD-05, specifying therein the amount of refund which is delayed. In case of refund arising from an order passed by an adjudicating authority or appellate Authority or Appellate Tribunal or court, interest at the rate of nine *per cent* shall be payable in respect of such refunds.

During audit of Commissioner, State Taxes Department, J&K Government, Audit noticed that out of 166 refund cases, delay in sanction of refunds ranged between two and 446 days in 43 refund cases (24 ST Circles) with the average delay being 75 days in these cases (**Appendix 2.3**). This has resulted in non-observance of the provisions of Section 54(7) of the J&K SGST Act, 2017 read with Rule 92 of the J&K GST Rules, 2017. Consequently, the Department had not paid interest under section 56 amounting to ₹ 2.34 lakh to the claimants. Of these, 32 cases were delayed by one to three months, six cases were delayed by three to six months and five cases were delayed by more than six months, respectively.

On being pointed out (March 2021), the Department (July 2021) in two cases accepted the audit objection and attributed the delay to low speed/ internet problem/ software error. In 41 cases, the reply of the Department is awaited (December 2021).

The reply is, however, not acceptable as some other STOs of the Department located in the same complex with the same facility had sanctioned refund cases within the stipulated time.

2.4.3 Irregular allowance of refund of inverted duty structure

As per section 54 (3) of the J&K SGST Act 2017, a registered person may claim refund of any unutilised Input Tax Credit (ITC) at the end of any tax period where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (i.e. Inverted Duty Structure). Further, Rule 89(5) of the J&K SGST Rules, 2017 prescribes the formula for maximum refund of unutilised ITC on account of inverted duty structure. As per the Rule, net ITC includes the input tax

credit availed only on inputs during the relevant period and does not include credit availed on input services.

During audit of Commissioner, State Taxes Department, J&K, it was noticed that out of 33 refund cases examined, the Department considered ITC availed on input services in five refund cases (Two ST Circles) (**Appendix 2.4**). The mistake resulted in irregular allowance of refund to the tune of ₹ 39.82 lakh.

On being pointed out (March 2021), the Department (July 2021) in four cases accepted the audit objection, and in one case did not accept the audit objection. The Department in two cases attributed the fault of excess ITC to circular number 135/05/2020-GST dated 31 March 2020 and Circular no. 139/09/2020-GST dated 10 June 2020, in two cases attributed excess ITC to technical glitch and in one case attributed the excess ITC to wrong format uploaded by dealer. The reply in all cases is not acceptable as the STO Circle-G, Jammu stated (M/s GSP Power Ltd.) that excess ITC was granted on the basis of circular no. 135/05/2020-GST dated 31 March 2020 and Circular no. 139/09/2020-GST dated 10 June 2020 which is, however, not justified as the irregular refund was sanctioned on 12 June 2019 i.e. prior to the above mentioned circulars. In respect of M/s Apsara Plastic Pvt. Ltd., it was stated that irregular allowance of refund was due to a technical glitch which is also not justified as the same would have been the case with other STOs of the Department and in respect of M/s Accent Pharma it was stated that the error happened due to the wrong format uploaded by the dealer which is also not acceptable as the same could have been communicated to the dealer well in advance. STO Circle-E, Srinagar stated that five purchase bills were not validated/ uploaded by the system at that point of time due to technical impediments. The reply, is however, not acceptable as the net Input Tax Credit (ITC) stated to have been reflected in GSTR-2A was still lower than net ITC in RFD-01.

2.4.4 Irregular grant of provisional refund

As per section 54(6) of J&K GST Act 2017, in the case of any claim for refund on account of zero rated supply of goods or services or both made by registered persons, 90 *per cent* of refund claimed may be sanctioned on a provisional basis and thereafter an order made under sub section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant. Thus, sanction of provisional refund is allowed on account of zero rated supply of goods and/ or services and not in other categories.

During examination of records of 160 refund cases (including 27 other than zero rated cases), Audit noticed that the Department had issued provisional refund of 90 *per cent* in three cases of one taxpayer in Circle Anantnag-II on account of inverted duty structure which were other than the cases of zero rated supply of goods or services (**Appendix 2.5**). This resulted in irregular grant of refund of ₹ 19.94 lakh on provisional basis.

On being pointed out (March 2021), the Department (July 2021) in all cases accepted the audit objection. The STO Circle Anantnag-II while accepting the audit observation had stated that the error would be rectified but a copy of rectification order thereof has not been furnished till date (December 2021).

2.4.5 Grant of refund despite non-filing of returns

As per provisions of Section 54(10) of J&K GST Act, where any refund is due to a registered person who has defaulted in furnishing any return, the proper officer may withhold payment of refund until the said person has furnished the said return.

Audit, however, observed that refunds had been sanctioned in respect of 26 cases despite non filing of returns (GSTR-I) by the registered persons for prior periods between November 2018 and June 2020 (*Appendix 2.6*). Audit also noticed that even registrations were cancelled in respect of two² dealers on 01 September 2020 and 02 May 2019 in Kashmir Division and of three³ dealers with effect from 31 October 2020, 1st June 2020 and 31 January 2020 in Jammu Division.

On being pointed out (March 2021), the Department (July 2021) in three cases accepted the audit objection, and in two cases did not accept the audit objection. The Department in two cases attributed the lapse to abrogation of Article 370 and post covid situation from March 2020, and in three cases attributed the fault to the STO Circle-R Jammu. In 21 cases, the reply of the Department is awaited (December 2021). In reply, the STO Circle-H, Srinagar stated that in respect of M/s Business King the returns were pending from August 2019 due to abrogation of Article 370 and post covid situation from March 2020 onwards and it was also stated that date of filing of returns was extended through various notifications upto 29 June 2020, which is, however, not tenable as the registration of the dealer stands cancelled with effect from 01 September 2020 and the issues of abrogation of Article 370 and post covid situation were similar to other STOs of the Kashmir division. It was also stated that granting or withholding of the refund lies with discretion of the proper officer; this too is in contravention of the provisions of Section 54(10) of SGST Act as envisaged above. Further, STO Circle-S, Jammu intimated that STO Circle-R had issued refund in respect of M/s Kailash Patti Brick Kiln, despite non filing of returns by the taxpayer.

The department may review the cases and fix responsibility of the erring officials responsible for sanctioning of refunds despite non-filing of returns.

2.4.6 Processing of Refund claims without passing the test of unjust enrichment

Every claim of refund (barring specified exceptions) needs to pass the test of unjust enrichment. As per provisions of sub rule 89(2)(l) and 89(2)(m) of Rule 89(2) of J&K GST Rules, 2017 for crossing the bar of unjust enrichment, if the refund claim is less than ₹ two lakh, then a self-declaration of the applicant to the effect that the incidence of tax has not been passed to any other person will suffice to process the refund claim.

² M/s Business King and M/s Abu Zar Enterprises.

³ M/s Kailash Patti Brick Kiln, M/s Gitagiri Enterprises and M/s Satya Sahitya Seva Kendra.

For refund claims exceeding ₹ two lakh a certificate from a Chartered Accountant/ Cost Accountant will have to be furnished.

Audit scrutiny of records revealed that in respect of 15 refund claims exceeding ₹ two lakh in each case, refund of ₹ 328.25 lakh was sanctioned without obtaining certificates from the Chartered Accountant/ Cost Accountant in violation of above rules (*Appendix 2.7*). This resulted in irregular grant of refund of ₹ 328.25 lakh.

On being pointed out (March 2021), the Department (July 2021) in all cases accepted the audit objection. The Commissioner, State Taxes, J&K reiterated that the advice of Audit in this regard is well taken and same shall be followed.

2.4.7 Irregular grant of refund on exports without documentary evidence

Section 54(4) of the J&K GST Act, 2017 stipulates that the application for refund shall be accompanied by the documentary evidences as may be prescribed. Further, Rule 89(2) (b) of J&K GST Rules, 2017 envisages that the dealer is required to furnish statement containing the number and date of shipping bill/ bill of export containing the number and date of relevant export invoices, to establish that a refund is due to the applicant on account of refund of ITC on export of goods without payment of tax. No refund is to be allowed if the supplier avails of drawback of central tax or claims refund of IGST paid on such supplies as per provisions of Section 54(3) of J&K GST Act 2017.

Audit scrutiny of refund records revealed that refund of ₹ 144.67 lakh was sanctioned in favour of the dealer 'M/s Amar Singh & Sons' in STO Circle-G, Jammu for the periods (pre automation period) mentioned as below:

Table 2.2: Details of the case of STO Circle-G

GST No.	ARN	Date	Name of dealer	Amount of refund (₹ in lakh)	Period
01AABFA8440K1ZS	AA010318126982C	13.10.2018	AMAR SINGH & SONS	26.62	01.01.2018 to 01.03.2018
01AABFA8440K1ZS	AA011217119420Y	13.10.2018		44.85	2017-18
01AABFA8440K1ZS	AA010319137815A	17.05.2019		73.20	01.04.2018 to 31.03.2019

The below mentioned prescribed documentary evidences to establish that the refund was due to the applicant were not found on record.

In terms of Rules 12 and 13 of the Customs, Central Excise Duties and Service Tax Drawback Rules 1995, the shipping bill is treated as claim for drawback in terms of declaration made on the shipping bill. However, neither any shipping bills/ export invoices nor any undertaking of no duty drawback claimed was found on record.

Statement containing the number and date of shipping bill/ bill of export containing the number and date of relevant export invoices has also not been filed by the dealer.

On being pointed out (March 2021), the STO Circle-G Jammu stated that (July 2021) two (for ₹ 26.62 lakh and ₹ 44.85 lakh) out of three sanctions were received from

Assistant Commissioner, GST Division 1, Jammu and third refund claim for ₹ 73.20 lakh filed in Circle-G, Jammu in support of which the dealer had already submitted the requisite documents some of which have been retained in the circle as per reply. In this regard the order copies received from Assistant Commissioner, GST Division-I, Jammu in respect of the first two refund claims and retained documents of the third refund claim is awaited in Audit (December 2021).

2.4.8 Creation of Consumer Welfare Fund

As per provisions of section 57 of J&K GST Act, a consumer welfare fund was to be created and refund was to be credited to the consumer welfare fund except for the cases where it is refunded to the applicant. In case of IGST and GST compensation cess, 50 per cent of amount was to be credited to the Central consumer fund and 50 per cent to the State consumer fund. Any amount, having been credited to the fund, is ordered or directed to be paid to any claimant by the proper officer, appellate authority or court, the same shall be paid from the fund. The CBIC constituted (August 2018) a committee to make recommendation for proper utilisation of the money credited to the fund.

The Government of Jammu & Kashmir had constituted the welfare fund in March 2020. However, the details of amounts deposited in the fund had not been made available by the Department (10/ 2021).

On this being pointed out (March 2021), the Commissioner, State Taxes, J&K stated (July 2021) that the matter has been taken up with Government and the information shall be communicated to Audit as and when received.

2.4.9 Excess refund on higher ITC shown in refund application as compared to that reflected in GSTR-3B

As per Section 54 of the J&K SGST Act 2017, refund of unutilised input tax credit (ITC) can be claimed by a registered person at the end of any tax period. Rule 89(4) of the J&K Goods and Services Tax (SGST) Rules, 2017, prescribes the formula as per which the refund in the case of zero-rated supply of goods or services shall be granted. Section 73 of the SGST Act, 2017 stipulates that erroneous refund amount has to be recovered from the taxpayer along with applicable interest under Section 50. Further, the instructions of the Board dated 15 November 2017 issued for processing of refunds stipulated post-audit of the refund orders by the Department, to be continued on the basis of extant guidelines.

Audit scrutiny of records relating to refunds granted on exports without payment of tax and inverted duty structure, however, revealed that there were cases of higher ITC reflected in refund application as compared to the ITC reflected by the dealers in form GSTR-3B. This resulted in excess sanction of refunds of ₹ 0.70 lakh in two cases (Circle-G, Jammu) in respect of refunds granted on exports without payment of tax and ₹ 8.26 lakh in six cases (Circle-G, Jammu) in respect of refunds granted on inverted duty structure (*Appendix 2.8*). The excess refund granted was recoverable with interest in terms of section 73 read with section 50 of the SGST Act, 2017.

On being pointed out (March 2021), the Department (July 2021) in two cases did not accept the audit objection.

The STO Circle-G, Jammu stated (in respect of M/s Amar Singh & Sons and M/s Kashmir Walnut Overseas Pvt. Ltd.) that ITC on import of goods was not available in the portal while inspecting the crux of the record of that period; the same is, however, not acceptable as the Assessing Authority was bound to deny the refund in such circumstances.

In respect of other six cases (₹ 8.26 lakh) pertaining to the Circle-G, Jammu, the Department stated (July 2021) that records are available, however, the requisite documents, as mentioned in the reply of Commissioner State Taxes J&K, are awaited in Audit (December 2021).

2.4.10 Irregular grant of refund in ITC mismatch cases

(I) As per CBIC circular dated 4th September 2018, every refund claim shall be accompanied by a print-out of form GSTR-2A of the claimant for the relevant period for which the refund is claimed. The proper officer shall rely upon form GSTR-2A as an evidence of the account of the supply by the corresponding supplier in relation to which the input tax credit has been availed by the claimant. In respect of cases where form GSTR-2A does not contain the details of all the invoices relating to the input tax credit availed, (possibly because the supplier's form GSTR-1 was delayed or not filed), the proper officer may call for the hard copies of such invoices.

Since prior to issuance of circular dated 31 March 2020, refund was even granted in respect of credit availed on the strength of missing invoices which were to be uploaded by the applicant alongwith refund application on the common portal, it was imperative to call for hard copy of invoices in respect of cases where missing invoices (not in Form 2A) were not submitted by the applicant.

Test check of records relating to 10 GST refund cases on account of refund of ITC in respect of zero rated supplies (two cases) and Inverted Duty Structure (eight cases) revealed that refund had been claimed and admitted by the Department despite difference of ₹ 110.33 lakh between GSTR-3B and GSTR-2A, in support of which no invoices were found on record (*Appendix 2.9*).

This was pointed out in March 2021; no reply was furnished by the Department (December 2021).

2.4.11 Non-conducting of post audit of refund claims

CBIC circular dated 15 November 2017 elaborately laid down the procedure for manual processing of refunds of zero rated supplies. The circular, *inter alia*, stipulated that, pre-audit of manually processed refund applications is not required till separate detailed guidelines are issued by the Board, irrespective of amount involved. However, it was clarified that the post audit of refund orders shall be continued as per the extant guidelines.

Test check of records revealed that post audit of refund cases has not been conducted which, apart from resulting in non-compliance of Board's instructions, is fraught with risk of loss of revenue to exchequer. It is also in place to mention that no such instructions were issued by the State Taxes Department. The reasons for such lapse have not been provided by the Taxes Department J&K. However, the Additional Commissioner (Admn. & Enf.), State Taxes Department, Kashmir confirmed that the post audit of the GST refund cases has not been conducted so far.

On this being pointed out (March 2021), the Commissioner, State Taxes, J&K in reply (July 2021) stated that the Department was finalising the audit manual under Goods and Services Tax and ensured that the issues relating to auditing the refunds shall be taken due care. But the Department was bound to finalise rules/ provisions for post audit of refund cases immediately after the implementation of GST in J&K, which has, however, not been done till date (December 2021).

2.4.12 Refund against wrong ARN

Refund from cash ledger can only be claimed only when all the return related liabilities for that tax period have been discharged. A registered person, claiming refund of any balance in the electronic cash ledger can claim such refund under section 54 of the J&K SGST Act, 2017.

Test check of records of STO Circle-L, Srinagar revealed (March 2021) that the dealer (M/s New City Pharmacy-GSTIN-01AACFN7603G1ZS) had claimed refund of ₹ 8.62 lakh (SGST: ₹ 4.31 lakh and CGST: ₹ 4.31 lakh) as excess balance in electronic cash ledger for the year 2017-18. Accordingly, payment advice dated 10 May 2018 for ₹ 8.62 lakh was issued in favour of the dealer. Audit, however, observed that payment has been made to another dealer (M/s Raghu Veer Das Enterprises) of Jammu Division as the ARN (AA012018002120D) dated 30 January 2019 pertains to that dealer. Also, the refund on account of SGST (₹ 4.31 lakh) has been made by the State Taxes Department.

On being pointed out (March 2021), the STO Circle-L, Srinagar stated that (July 2021) ARN generated specifically for refund was for a temporary nature and cannot be retrieved from the GST portal. Proof of regeneration of same ARN for matters other than refund in the instant case was awaited in Audit (December 2021).

2.5 Conclusion

There was significant delay in both issue of acknowledgement and sanction of refunds. There were deviations from provisions of Acts and Rules which resulted in irregular refund under Inverted Duty Structure and irregular provisional refund other than zero rated supply. In some cases the State Taxes Officers had sanctioned refund despite non filing of returns. Refunds to the tune of ₹ 328.25 lakh was sanctioned without obtaining certificate from the Chartered Accountant/ Cost Accountant in respect of claims more than ₹ two lakh, in violation of J&K SGST Rules, 2017. Refund of ₹ 144.67 lakh was sanctioned on exports without documentary evidences. Though Government of J&K has constituted Consumer Welfare Fund in March 2020,

the details of amounts deposited were not made available by the Department. The Post Audit of refund cases was not conducted which apart from non-compliance of instructions is fraught with risk of revenue loss.

2.6 Recommendations

- *The Department should consider corrective action to minimize the delay in issue of acknowledgement and delay in sanction of refunds and ensure transparency and efficiency in sanction of refunds;*
- *The Department should consider corrective action in respect of irregular refund under Inverted Duty Structure and irregular provisional refund under other than Zero Rated Supply;*
- *The Department may avoid sanctioning of refund without obtaining certificates from CA in respect of claims more than ₹ two lakh and without documentary evidence in respect of sanction on exports; and*
- *Immediate/ concrete steps may be taken for finalising the Audit Manual under J&K GST Act, 2017.*

Chapter III
Transitional Credits

Chapter III: Transitional credits

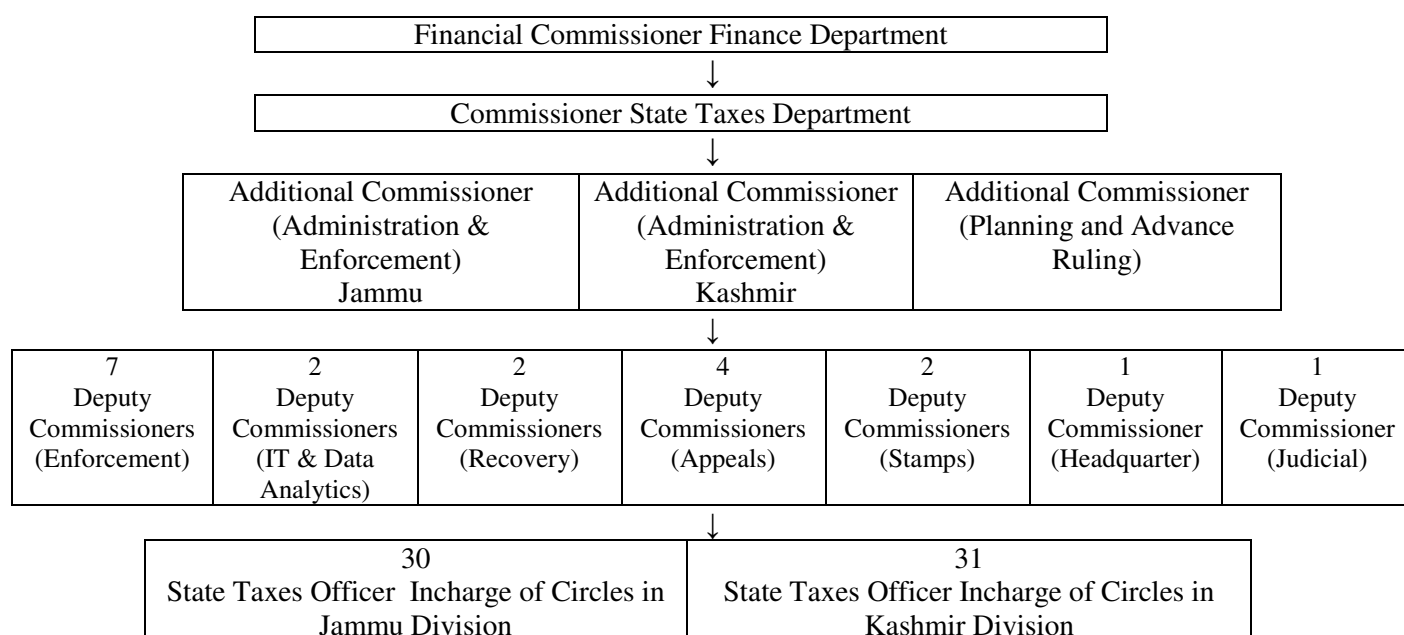
State Taxes Department

3.1 Introduction

The Goods and Services Tax has been rolled out from 01 July 2017 in the entire country; however, it came into existence in the UT of Jammu and Kashmir vide SRO 281 dated 08 July 2017 with effect from 08 July 2017 i.e. the date on which an act to make a provision for levy and collection of taxes on intra-state supply of goods and services or both by the UT of Jammu and Kashmir and the matters connected therewith or incidental was passed as the Jammu and Kashmir Goods and Services Tax Act, 2017. To carry out the purpose of the said Act, the Jammu and Kashmir Goods and Services Tax Rules, 2017 were framed and issued vide SRO 282 dated 08 July 2017.

3.2 Organisational set up

The Organisational set up of State/ UT Taxes Department, headed by Commissioner State Taxes is given below. The Department works under administrative control of Finance Department.



The laws and rules framed under the existing system are administered at the Government level by the Financial Commissioner to Government, Finance Department. The Commissioner State Taxes Department is, however, responsible for overall control and superintendence of the Department.

3.3 Transitional credit from VAT to GST

To ensure the seamless flow of input tax from the existing laws into GST regime, 'Transitional arrangement for input tax' was included in the GST Act to provide for

the entitlement and manner of claiming input tax in respect of appropriate taxes or duties paid under existing laws.

1) The provisions contained under section 139 to 142 of the Jammu and Kashmir Goods and Services Tax Act, 2017 govern the transitional provisions. The data related to TRAN-1/ TRAN-2 returns submitted by the taxpayers under the transitional arrangements for input tax is provided for under Section 140 of the J&K GST Act, 2017 and Rule 117 of the J&K GST Rules, 2017.

2) The verification of Input tax credit as declared in the last six quarterly¹ VAT returns filed by the tax payer including the return filed on 07 July 2017 with the TRAN-1 claim from the online back end system along with cross verification with the transitional credit claimed in the Electronic Credit Ledger of the tax payer.

Taxpayers can claim the components of transitional credit, under the relevant sub-sections of Section 140 of the Act, in the appropriate tables mentioned below, in the two forms TRAN-1 and TRAN-2.

Table 3.1: Details of Returns

Return	Table No.	Transitional Credit component
TRAN-1	5(c)	Amount of tax credit carried forward to electronic credit ledger as State/ UT Tax viz. Closing balance of credit from the last returns.
TRAN-1	6(b)	Amount of unavailed input tax credit on Capital Goods carried forward to electronic credit ledger as State/ UT tax.
TRAN-1	7(b)	Amount of eligible duties and taxes/ VAT/ [ET] in respect of inputs or input services under section 140(5)
TRAN-1	7(c)	Amount of VAT paid on inputs supported by invoices/ documents evidencing payment of tax carried forward to electronic credit ledger as SGST/ UTGST under sections 140(3), 140(4)(b) and 140(6)
TRAN-1	7(d)	Stock of goods not supported by invoices/ documents evidencing payment of tax (Credit in terms of rule 117(4) SGST)
TRAN-1	10(a) 10(b)	Details of goods held in stock as agent on behalf of the principal under section 142(14) of the SGST Act Details of goods held as agent on behalf of the principal. Details of goods held by the agent
TRAN-1	11	Details of credit availed in terms of Section 142(11)(c) i.e Credit in respect of tax paid before the appointed day and supply made after the appointed day.
TRAN-2	4	Details of inputs held on stock on appointment date in respect of which he is not in possession of any invoice/ document evidencing payment of tax carried forward to Electronic Credit ledger

All registered taxpayers, except those who are opting for payment of tax under composition scheme (under section 10 of the Act), are eligible to claim transitional credit by filing **TRAN-1** within 90 days from the appointed day. The time limit for filing TRAN-1 was extended initially till 27 December 2017. However, many taxpayers could not file the return within the due date due to technical difficulties. Thus, sub-rule 1A was inserted under Rule 117 of CGST Rules, 2017 vide Notification 48/2018 CT dated 10 September 2018, to accommodate such taxpayers. The due date for filing TRAN-1 was further extended to 31 March 2020, vide CBIC

¹ Quarter -1 ending June 16, Quarter-2 ending September 16, Quarter-3 ending December 16, Quarter-4 ending March-17, Quarter-1 ending June 17 and Quarter-2 ending 07 July 17 (i.e. 7 Days Returns).

order No 01.2020-GST dated 07 February 2020, for those taxpayers who could not file TRAN-1 due to technical difficulties and those cases recommended by the GST Council.

3.4 Audit objective

Transitional credit claimed under **TRAN-1** and **TRAN-2** returns, credited to the Electronic Credit Ledger of the taxpayers as input tax credit, would be adjusted against GST output liability of the taxpayers thereby having a direct impact on GST revenue collection. Thus, the audit comprising review of Transitional credit claims filed by the taxpayers under Section 140 of the J&K GST Act, 2017 from the appointed date i.e. 08 July 2017 to the end of March 2020 was taken up with the following audit objectives with a view to seeking an assurance on:

- i. Whether the mechanism envisaged by the Department for selection and verification of transitional credit claims was adequate and effective (Systemic issues).
- ii. Whether the transitional credits carried over by the tax payers from existing law into GST regime were valid and admissible (Compliance issues).
- iii. Adherence to timelines: All registered taxpayers, except those opting for payment of tax under composition scheme (under section 10 of the Act), are eligible to claim transitional credit by filing TRAN-1 returns within 90 days from the appointed day. The time limit for filing TRAN-1 returns was extended initially till 27 December 2017 and subsequently upto 31 March 2020 as some taxpayers could not file returns due to technical glitches in the system.

3.5 Audit criteria

1. Jammu and Kashmir Goods and Services Tax Act, 2017.
2. Jammu and Kashmir Goods and Services Tax Rules, 2017.
3. Six quarterly returns filed under VAT regime before the appointed date (08 July 2017).
4. Section 140 of the J&K GST Act, 2017 governing the transition of VAT credit from legacy J&K VAT Act, 2005 provisions read with Rule 117 of the J&K GST Rules, 2017 and relevant Notifications/ Circulars issued by CBIC constitute the criteria for audit.

3.6 Audit Sample

A sample of 195 representative high risk cases pertaining to UT of Jammu and Kashmir in 51 jurisdictional offices (Detailed in *Appendix 3.1*) was checked.

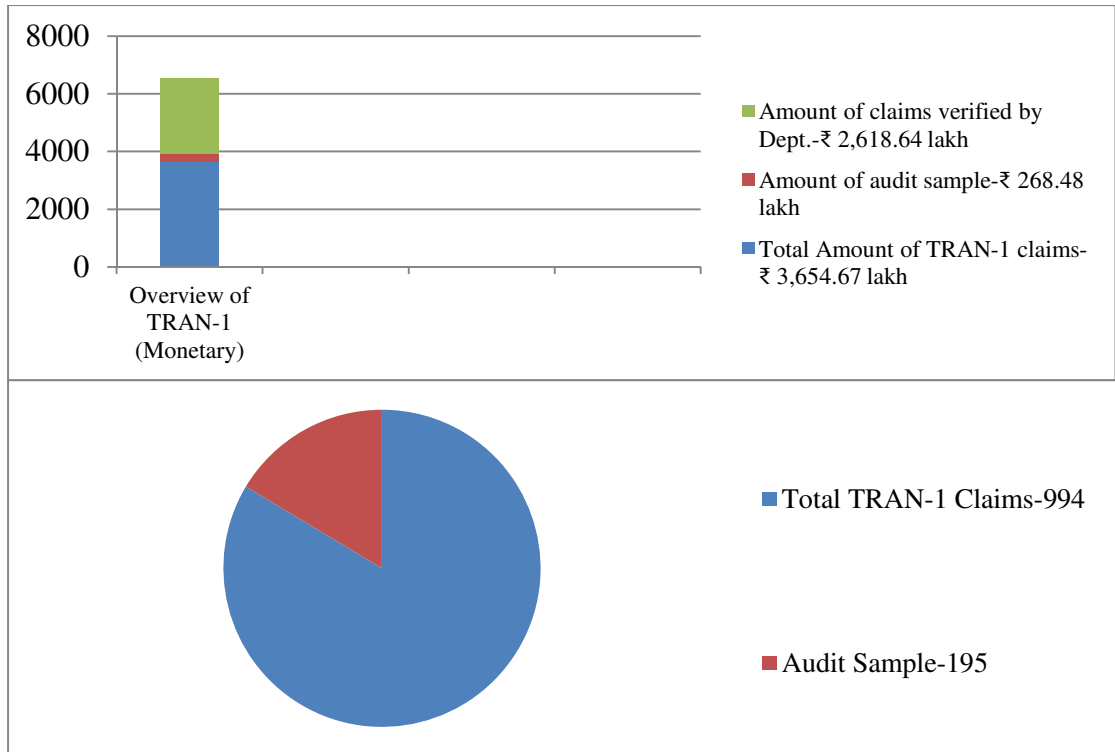
3.7 Audit findings

3.7.1 Systemic Issue - Verification of transitional credit claims

117(3) of the J&K GST Rules, 2017 stipulates that the amount of credit specified in the application in form GST TRAN-1 shall be credited to the Electronic Credit Ledger of the applicant maintained in form GST PMT-2 on the common portal 2017. Rule

121 of the J&K GST Rules, 2017 provides that the amount credited under sub-rule 3 of Rule 117 may be verified and proceedings under Section 73/ Section 74 as the case may be, shall be initiated in respect of any credit wrongly availed, whether wholly or partly.

Chart 3.1: Audit Sample



Thus, in order to safeguard Government revenue a proper and effective mechanism for verification of Transitional credit claims had to be initiated by the State Taxes Department. However, no proper mechanism was evolved by the Department for verification of transitional credit claims. Out of a total of 994 TRAN-1 claims received, 659 claims have been verified (09/ 2021); however, no specific uniform criteria have been adopted for the verification process. Though the Commissioner, State Taxes of UT JK stated that assessment u/s 39(5) of the J&K VAT Act, 2005 was taken up in all the SGST TRAN-1 cases for the accounting years 2016-17 and 2017-18 (up to 07 July 2017); however, it was found that for some taxpayers, despite having carried forward significant amount of input tax credit from erstwhile tax regime (VAT) to new GST regime, the VAT audit assessment under J&K VAT Act, 2005 was not taken up for more than four to five consecutive accounting years. Instances of cases as such are illustrated in **Table 3.2:**

Table 3.2: Details of VAT cases not assessed

Name of the taxpayer	GSTIN	Period for which assessment under J&K VAT Act, 2005 not taken	TRAN-1 Amount (₹ in lakh)
M/s Mahalakshmi Traders	01ALNPG2132M1ZD	2012-13 to 2017-18	15.67
M/s Ravi Kumar Gupta and Sons	01AAZPG9997R1ZB	2014-15 to 2017-18	625.27
M/s Ikhwan Corporation	01AABF19251J1ZJ	2016-17 to 2017-18	148.70

In absence of systematic and uniform TRAN-1 verification criteria adopted by the Department, the genuineness of the TRAN-1 claims carried forward from the VAT regime to GST regime could not be ascertained.

3.7.2 Systemic Issue - Mismatch of data

On July 01, 2017 taxation reform was witnessed in form of the Goods & Services Tax (GST) that has centralized the economy by unifying the country into one single market. Digital technology has been the bedrock of this historic reform and the idea of GST is incomplete without its IT backbone – the Goods & Services Tax Network.

For the purpose of creating and managing a common GST, the Government of India approved the setting up of the Goods and Services Tax Network (GSTN) as a non-government, not-for-profit, private limited company on 12 April 2012 for providing shared IT infrastructure and services for implementation of the Goods & Services Tax (GST) regime in the country.

One of the main features/ missions of GSTN included maintaining a common portal for GST providing front end services to all GST taxpayers besides efficient Backend Services to the Tax Departments of the Central and State Governments on request. The States/ UTs which requested for providing of backend IT support were named as ‘Model 2’ States/ UTs. The Jammu and Kashmir being a ‘Model 2’ UT derives all its IT services both front end as well as back end for GST from GSTN.

During audit check of a sample of 195 transitional credit cases pertaining to Jammu and Kashmir, a Model-2 UT, it was found in respect of 46 transitional credit cases that the front end data shared by GSTN did not match with the data shared by GSTN at the back end. There was mismatch of data in these 46 cases with respect to transitional credit (TRAN-1) amounting to ₹ 282.56 lakh under specific table categories. Out of these 46 transitional credit mismatch cases, 13 cases pertain to Jammu Division and 33 cases pertain to Kashmir Division of UT of Jammu and Kashmir.

The mismatch of data in 46 transitional credit cases was mostly and specifically relating to credit shown under 7d table. To identify the data mismatch, verification of these cases was taken and carried out with respect to TRAN-2 claims filed by the taxpayers. However, it was observed that provision for claiming credit under TRAN-2 was found missing under J&K GST Rules, 2017. Further, out of a sample of 46 mismatch cases, it was found that TRAN-2 credit claimed for ₹ 10.48 lakh in three cases (Detailed in *Appendix 3.2*) under J&K GST Act, 2017 allowed/ credited to the respective Electronic Credit Ledger of the taxpayers on the PMT-2 portal by system is not verifiable for allowance or disallowance in absence of provisions.

In view of the above issue of data mismatch there are doubts as to derive assurance with regard to integrity of the data maintained and shared by GSTN.

3.7.3 Provisions missing and unclear under J&K GST Rules 2017 and under J&K GST Act 2017

India has adopted a Dual GST Model under which tax is levied simultaneously by both Central and State Government on taxable supplies which take place within State

or Union Territory. On inter-state supplies, GST is levied by the Central Government, while in case of intrastate transactions the tax is distributed equally between Central and State/ UT Government under CGST and SGST. For implementation of the above, model Acts and rules were framed at the Central as well as the State/ UT's level. Though almost similar provisions kept under the Central Goods and Services Tax Act, 2017 and rules made there under have been framed under the States/ UT's Goods and Services Tax Acts and rules; however, it was seen that some of the provisions as mentioned below were found missing and unclear under the J&K GST Act, 2017 as well as J&K GST Rules, 2017.

(A) Provisions for verification/ disallowance of credits claimed under TRAN-2 missing under the J&K GST Rules, 2017

Provision to section 140(3) of J&K GST Act, 2017 deals with TRAN-2 credit and provides that “where a registered person other than a manufacturer or a supplier of services, is not in possession of any invoice or any other documents evidencing payment of tax in respect of inputs, then, such registered person shall subject to such condition, limitations and safeguard as may be prescribed, including that the said taxable person shall pass on the benefit of such rate and in such manner as may be prescribed, including that the said taxable person shall pass on the benefit of such credit by way of reduced prices to the recipient, be allowed to take credit at such rate and in such manner as may be prescribed. However, it has been noticed that provisions under J&K GST Rules, 2017 are missing about the manner in which such credit under J&K GST Act, 2017 can be claimed. In absence of provisions with regard to the procedure under J&K GST Rules, 2017 for claiming credit under TRAN-2, either taxpayers could not file TRAN-2 and claim credit or wherever filed the amount credited to the electronic credit ledger of the taxpayer maintained in form GST PMT-2 on the common portal is not verifiable for confirmation of its validity.

(B) Provision provided under Section 142(11)(b) not in parity with the rule provided for under J&K GST Rules 2017

Section 142(11)(b) of the J&K GST Act, 2017 provides that where tax was paid on any supply, under the Jammu and Kashmir Value Added Tax Act 2005 (III of 2005) and under Jammu and Kashmir General Sales Tax Act, 1962 (XX of 1962), tax shall be leviable under this Act and the taxable person shall be entitled to take credit of value added tax or sales tax on services paid under the existing law to the extent of supplies made after the appointed day and such credit shall be calculated in such manner as may be prescribed. However, the corresponding rule framed under Rule 118 of J&K GST Rules, 2017 states that every person to whom the provision of clause (c) of sub-section (11) of section 142 applies, shall within a period of ninety days of the appointed day, submit a declaration electronically in form GST TRAN-1 furnishing the proportion of supply on which Value Added Tax or Sales Tax on services has been paid before the appointed day but the supply is made after the appointed day.

Thus rule 118 provided for Section 142(11)(c) instead of Section 142(11)(b) of J&K GST Act, 2017 makes the provisions under the J&K GST Act, 2017 and rules made there under unclear for application and interpretation.

3.8 Compliance Issues

The compliance issues cover the deviations of the transitional credits carried over by the taxpayers from the existing law into GST regime with respect to the transitional provisions contained under the J&K GST Act, 2017 and J&K GST Rules, 2017. The taxpayers were required to claim transitional credits in the various specified Tables of TRAN-1 and TRAN-2. The issues noticed during audit are mentioned under specific categories.

Amount of tax credit carried forward from closing balance of credit from the last returns to TRAN-1/ electronic credit ledger as State/ UT Tax.

3.8.1 Excess credit carried forward

As per Section 140(1) of the J&K GST Act, 2017, a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Value Added Tax credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall not be allowed to take credit unless the said credit was admissible as VAT credit under the existing law and is also admissible as input tax credit under this Act.

Further, as per section 50(3), a taxable person who makes an undue or excess claim of input tax credit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding 24 per cent.

During the course of audit of sampled transitional credit claims by way of verification of six quarterly VAT returns filed by the dealer under the J&K VAT Act, 2005 before the appointed date i.e. 08 July 2017 with the data available and accessible on the back end system of GST Portal viz. TRAN-1 claim form and ECL (electronic credit ledger), it was seen in four cases (Detailed in **Appendix 3.3**) that the transitional credit amounting to ₹ 11.25 lakh was claimed in excess of actual balance of Input Tax Credit available under the earlier VAT regime.

One illustrative case

It was noticed in one case that the dealer had claimed transitional credit of ₹ 1.08 lakh when credit amounting to ₹ 0.81 lakh only was available as per the legacy quarterly return filed on 07 July 2017 under J&K VAT Act, 2005. This resulted in carry forwarding of excess credit amounting to ₹ 0.27 lakh.

The excess claim of transitional credit of ₹ 11.25 lakh in four cases for reversal of the claim(s) along with interest liability of ₹ 5.94 lakh under section 50(3) of the J&K

GST Act, 2017 was communicated (between March 2021 and June 2021) to the Department against which STO Circle-Sopore & STO Circle-L, Srinagar have recovered principal amount of ₹ 7.67 lakh & ₹ 1.97 lakh, respectively, however, interest recovery is pending. Further, action/ reply of the Department/ Office in the remaining cases is awaited (December 2021).

The Department may review these cases and recover excess transitional credit given along with the applicable interest thereon.

3.8.2 Ineligible/ inadmissible credit taken

(A) Transitional credit claimed without filing legacy returns

Section 140(1) of the J&K GST Act, 2017 provides that a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, credit of the amount of Value Added Tax subject to the conditions that he has furnished all the returns required under the existing law for the period of six quarters/ tax periods immediately preceding the appointed date. Thus, the eligibility for a registered dealer under existing laws to claim transitional ITC from VAT to GST is determined by the fact that all the six quarterly returns i.e. 01 April 2016 to 07 July 2017 ought to have been filed by the taxpayer. However, it was seen in four cases (Detailed in *Appendix 3.4*) that the dealer(s) had not filed all the requisite returns but carried forward the input tax credit in the Electronic Credit Ledger. This resulted in ineligible transitional credit of ITC amounting to ₹ 10.75 lakh along with interest liability of ₹ 3.80 lakh under section 50(3) of the J&K GST Act, 2017.

One illustrative case

It was noticed in one case that the dealer had claimed transitional credit of ₹ 3.58 lakh when he was not eligible to claim the credit since he had failed to file the pre-requisite 2nd quarterly legacy return for the tax period 01 July 2017 to 07 July 2017 under J&K VAT Act, 2005.

The ineligible transitional credit claims amounting to ₹ 10.75 lakh in four cases for reversal/ recovery of the claims along with interest liability of ₹ 3.80 lakh under section 50(3) of the J&K GST Act, 2017 was communicated (between June 2021 and July 2021) to the Department. The reply/ action of the Department is awaited (December 2021).

The Department may review these cases and recover ineligible transitional credits of ₹ 10.75 lakh along with interest thereon.

(B) Credit not available/ allowed under Legacy regime

As per Section 140(1) of the J&K GST Act, 2017, a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Value Added Tax credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

Provided that the registered person shall not be allowed to take credit unless the said credit was admissible as VAT credit under the existing law and is also admissible as input tax credit under this Act.

Further, as per section 50(3), a taxable person who makes an undue or excess claim of input tax credit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding 24 per cent.

The credit shown available under the existing law viz. returns furnished/ filed by the dealer under the J&K VAT Act, 2005 ought to have the admissibility for carrying forward to the GST regime. However, it was observed in four cases (Detailed in **Appendix 3.5**) that as a result of assessment carried out by the assessing authority under the J&K VAT Act, 2005 for the tax period 01 April 2017 to 07 July 2017, the input tax credit shown by the dealer in his returns as balance tax available to be carried forward to next tax period/ GST regime was rejected by the authority by passing an order under the relevant provisions of the J&K VAT Act, 2005. Despite the balance ITC having been rejected by the assessing authority under the VAT regime, the taxpayers have carried forward the inadmissible input tax credit as transitional credit by filing TRAN-1 claim under GST regime.

One illustrative case

It was noticed in one case that the dealer had claimed transitional credit of ₹ 1.85 lakh out of which ₹ 1.49 lakh was considered as ineligible by the assessing authority during assessment proceedings for the accounting year 2017-18. Though credit of ₹ 1.49 lakh was not allowed under the legacy regime yet Nil demand stands raised under the J&K VAT Act, 2005.

The inadmissible transitional credit amounting to ₹ 15.37 lakh in four cases for reversal/ recovery of the claims along with interest liability of ₹ 3.03 lakh (in respect of three cases) under section 50(3) of the J&K GST Act, 2017 was communicated (between March 2021 and July 2021) to the Department. The reply/ action of the Department is awaited (December 2021).

The Department may review these cases and recover the inadmissible Credit of ₹ 15.37 lakh in these cases along with interest thereon.

(C) Incorrect credit carried forward

As per Section 140(1) of the J&K GST Act, 2017, a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Value added tax credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as maybe prescribed. Provided that the registered person shall not be allowed to take credit unless the said credit was admissible as VAT credit under the existing law and is also admissible as input tax credit under this Act.

Further, as per section 50(3), a taxable person who makes an undue or excess claim of input tax credit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding 24 per cent.

The balance of excess tax of output on sales after adjustment of input taxes on purchases in respect of a particular accounting year/ tax period was available to be carried forward to next accounting year/ tax period under column/ S. No. 74 of VAT-11 form both under quarterly as well the as annual returns. Thus the transitional credit which was available/ claimed as per the data declaration in the quarterly return filed by the taxpayer as on 07 July 2017 was actually the Input tax credit carried forward to tax period 01 July 2017 to 07 July 2017 from previous tax periods. For the purpose of ascertaining the validity and genuine claim of transitional credit disclosed in the quarterly return filed on 07 July 2017, the flow of input tax carried forward from previous tax periods were verified with legacy records.

During the course of audit of sampled transitional credit claims, it was seen in 10 cases (including the below illustrated case) detailed in **Appendix 3.6**, that the input tax credit which was shown at credit just before the appointed day by filing VAT return as on 07 July 2017 by carrying forward ITC from previous tax periods was not available since the taxpayer has not carried forward the ITC from previous tax period correctly/ legitimately.

One illustrative case

It was noticed in one case (Detailed in **Appendix 3.6**) that the dealer has declared credit of ₹ 625.27 lakh as on 07 July 2017 in his legacy return and filed TRAN-1 for ₹ 625.27 lakh. Since substantial amount of transitional credit claimed had been carried over from the previous accounting years 2015-16, 2016-17, the legacy records for these accounting years were checked and it was found that the dealer had carried forward ITC of ₹ 583.00 lakh from tax period 2015-16 to 2016-17 when ITC of ₹ 65.16 lakh only was at his credit thereby resulting in excess carry forward of ₹ 500.77 lakh to the accounting year 2016-17. Further, ITC of ₹ 65.16 lakh was available to be carried forward from the accounting year 2016-17 to the accounting year 2017-18, however, ITC of ₹ 611.07 lakh has been carried forward thereby carry forwarding incorrect/ excess ITC of ₹ 545.90 lakh. After adjustment of output taxes against the input taxes during the accounting year 2017-18, ITC for ₹ 79.08 lakh was available as on 07 July 2017 to be transitioned to GST. However, ITC of ₹ 625.53 lakh has been transitioned thereby resulting in incorrect/ excess transition of ₹ 546.44 lakh.

The incorrect carry forwarding of ITC in 10 cases (Detailed in **Appendix 3.6**) resulted in excess transitional credit of ₹ 553.25 lakh with interest liability of ₹ 136.37 lakh under section 50(3) of the J&K GST Act, 2017 was communicated (between March 2021 and August 2021) to the Department against which STO Circle-K, Jammu has recovered principal amount of ₹ 1.71 lakh in one case, however, interest

recovery is pending. Further, action/reply of the Department/ Office in the remaining cases is awaited (December 2021).

The Department may review these cases and recover incorrect credit carried forward with interest thereon.

3.8.3 Details of credit availed in terms of Section 142(11)(c) i.e. Credit in respect of tax paid before the appointed day and supply made after the appointed day

Section 142(11)(c) of the CGST Act, 2017 provides that where tax was paid on any supply both under the Value Added Tax Act and under Chapter V of the Finance Act, 1994, tax shall be leviable under this Act and the taxable person shall be entitled to take credit of value added tax or service tax paid under the existing law to the extent of supplies made after the appointed day and such credit shall be calculated in such manner as may be prescribed.

Similar provision has been provided under Section 142(11)(b) of the J&K GST Act, 2017 which states that where tax was paid on any supply, under the Jammu and Kashmir Value Added Tax Act 2005 (III of 2005) and under Jammu and Kashmir General Sales Tax Act, 1962 (XX of 1962), tax shall be leviable under this Act and the taxable person shall be entitled to take credit of value added tax or sales tax on services paid under the existing law to the extent of supplies made after the appointed day and such credit shall be calculated in such manner as may be prescribed. Further, Rule 118 of the J&K GST Rules, 2017 provides that every person to whom provision of clause (c) of sub-section (11) of Section 142 applies, shall within a period of ninety days of the appointed day, submit declaration electronically in form GST TRAN-1 furnishing the proportion of supply on which Value Added Tax or Sales Tax on services has been paid before the appointed day but the supply is made after the appointed day, and the Input Tax Credit admissible thereon. Section 140 of the J&K GST Act, 2017 provides that a registered person, who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the existing law shall be entitled to take, in his electronic credit ledger, credit of value added tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to the sub-clause (iv) that the said registered person is in possession of invoice or other prescribed document evidencing payment of tax under the existing law in respect of inputs and sub-clause (v) that such invoices or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day. Audit noticed as follows:

(A) Credit availed on time barred documents

It was noticed in one case (Detailed in *Appendix 3.7*) that the taxpayer has submitted TRAN-1 and claimed State Tax credit u/s 142(11) for ₹ 41.92 lakh. Perusal of the details of Invoices uploaded in the TRAN-1 form under column/ table 11 revealed that out of the credit amount of ₹ 41.92 lakh claimed, the invoices in respect of credit amount of ₹ 18.23 lakh were more than one year old i.e. before the date 06 July 2016. Thus out of a total credit claim of ₹ 41.92 lakh, credit amounting to ₹ 18.23 lakh was

time barred. Since the credit was admissible on input stock with valid period of invoices dated between 06 July 2016 and 07 July 2017 the credit amounting to ₹ 18.23 lakh auto populated on GST PMT-2 portal in the Electronic credit ledger resulted in inadmissible credit on time barred documents.

The inadmissible transitional credit of ₹ 18.23 lakh on time barred invoices along with interest liability under section 50(3) of the Act amounting to ₹ 4.37 lakh for recovery from the above taxpayer was communicated to the Department in June 2021. The reply of the Department is awaited (December 2021).

The Department may review the case and recover the inadmissible transitional credit on time barred invoices of ₹ 18.23 lakh along with interest thereon.

(B) Credit availed without supporting documents

- The credit claimed under 7(b) of TRAN-1 form represents the amount of eligible duties and taxes/ VAT/ [ET] in respect of inputs or input services under section 140(5).

Section 140(5) of the J&K GST Act, 2017 provides that a registered person shall be entitled to take, in his electronic credit ledger, credit of value added tax if any, in respect of inputs received on or after the appointed day but the tax in respect of which has been paid by the supplier under the existing law, subject to the condition that the invoice or any other taxpaying document of the same was recorded in the books of account of such person within a period of thirty days from the appointed day. Provided further that the said registered person shall furnish a statement, in such manner as may be prescribed, in respect of credit that has been taken under this sub-section.

During verification of transitional credit cases, it was seen in five cases (Detailed in *Appendix 3.8*) that the taxpayers have claimed transitional credit amounting to ₹ 23.92 lakh under table 7(b) of TRAN-1 form without filing/ furnishing requisite supporting invoice, books of accounts/ statement. In absence of the requisite supporting invoices, books of accounts/ statement of credit the transitional credit of ₹ 23.92 lakh is irregular.

One illustrative case

It was noticed in one case that the dealer had claimed transitional credit of ₹ 12.22 lakh under 7(b) representing the credit of value added tax in respect of inputs received on or after the appointed day but the tax in respect of which has been paid by the supplier under the existing law; however, the registered person did not furnish the statement/ invoices in support of input credit claimed.

The irregular transitional credit claim without supporting invoices and books of accounts in five cases was communicated (between June 2021 and July 2021) to the Department for reversal/ recovery under the J&K GST Act, 2017 along with interest liability of ₹ 10.58 lakh. The reply/ action taken by the Department is awaited (December 2021).

- The credit claimed under 7(C) of TRAN-1 form represents the amount of VAT paid on inputs supported by invoices/ documents evidencing payment of tax carried forward to electronic credit ledger as SGST/ UTGST under sections 140(3), 140(4)(b) and 140(6).

Section 140(3) of J&K GST Act, 2017 provides that a registered person, who was not liable to be registered under the existing law or who was engaged in the sale of exempted goods or tax free goods, by whatever name called, or goods which have suffered tax at the first point of their sale in the State and the subsequent sales of which are not subject to tax in the State under the existing law but which are liable to tax under this Act or where the person was entitled to the credit of input tax at the time of sale of goods, if any, shall be entitled to take, in his electronic credit ledger, credit of the value added tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to the following conditions namely:-

- (i) such inputs or goods are used or intended to be used for making taxable supplies under this Act;
- (ii) the said registered person is eligible for input tax credit on such inputs under this Act;
- (iii) the said registered person is in possession of invoice or other prescribed documents evidencing payment of tax under the existing law in respect of such inputs; and
- (iv) such invoices or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.

Section 140(4)(b) provides that a registered person, who was engaged in the sale of taxable goods as well as exempted goods or tax free goods, by whatever name called, under the existing law but which are liable to tax under this Act, shall be entitled to take, in his electronic credit ledger the amount of credit of the value added tax if any, in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day, relating to such exempted goods or tax free goods, by whatever name called, in accordance with the provisions of sub-section (3).

Section 140(6) of J&K GST Act, 2017 provides that a registered person, who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the existing law shall be entitled to take, in his electronic credit ledger, credit of value added tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to the following conditions, namely:-

- (i) such inputs or goods are used or intended to be used for making taxable supplies under this Act;
- (ii) the said registered person is not paying tax under section 10;

- (iii) the said registered person is eligible for input tax credit on such inputs under this Act; and
- (iv) the said registered person is in possession of invoice or other prescribed documents evidencing payment of tax under the existing law in respect of inputs.

The concerned taxpayer under the mentioned sections of the Act shall be entitled to take, in his electronic credit ledger, credit of the Value Added Tax in respect of inputs held in stock on the appointed day subject to the condition that the registered person possesses invoice or other prescribed document evidencing payment of tax under the existing law in respect of such inputs; such invoices or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.

During verification of transitional credit cases it was seen in 21 cases (Detailed in *Appendix 3.9*) that the taxpayers have claimed transitional credit amounting to ₹ 95.04 lakh under table 7(c) of TRAN-1 form without filing/ furnishing requisite supporting invoices. Since the credit claimed in TRAN-1 gets reflected/ auto populated in the Electronic Credit Ledgers of the taxpayers GST PMT-2 Portal, the credit claimed without requisite invoices is irregular.

One illustrative case

It was noticed in one case that the dealer had claimed transitional credit of ₹ 27.54 lakh under 7(c) representing the credit of value added tax paid on inputs supported by invoices/ documents evidencing payment of tax carried forward to electronic credit ledger as SGST; however, the registered person did not furnish the invoices/ documents in support of input credit claimed.

The irregular transitional credit claim of ₹ 95.04 lakh without supporting invoices in 21 cases (Detailed in *Appendix 3.9*) was communicated (between April 2021 and July 2021) to the Department for reversal/ recovery under the J&K GST Act, 2017 along with interest liability of ₹ 58.54 lakh (in respect of 19 cases) under section 50(3) of the J&K GST Act, 2017 against which STO Circle-J, Jammu & STO-I, Srinagar have recovered principal amount of ₹ 0.16 lakh & ₹ 4.31 lakh respectively. Further, action/ reply of the Department/ Office in the remaining cases is awaited.

The Department may review these cases and recover the irregular credits along with the interest thereon.

3.8.4 Inadmissible/ Unverified Transitional Credit

The admissibility of 'tax credit' for carry forwarding to GST regime does not depend merely on its availability under the existing law/ VAT; however, the validity and genuineness of the Input Tax Credit being transitioned/ carried forward from previous tax periods forms the significant verification factor.

It was seen in one case (Detailed in *Appendix 3.10*) that transitional claim of ₹ 15.67 lakh carried no validity since the Input tax credit carried forward from the accounting year 2016-17 and 2017-18 has not been verified/ validated with respect to

VAT-invoices. The ITC claim of the dealer during the year 2016-17 and 2017-18 have remained unverified as the assessments for the said years have not been confirmed under J&K VAT Act, 2005. As the dealer did not comply with the statutory notices for furnishing of necessary records and books of accounts, assessments under the CST Act, 1956 have been finalised *suo moto* under section 9(2) of the CST Act, 1956 read with section 39(6) of the J&K VAT Act, 2005 and demand of ₹ 260.82 lakh and ₹ 46.93 lakh for the accounting years 2016-17 and 2017-18 respectively stands raised by the Assessing Authority under the CST Act, 1956. But, VAT assessments had not been completed for the same period.

The unverified Input Tax credit claims without supporting invoices carried forward from previous tax periods 2016-17 and 2017-18 resulted in inadmissible/ unverified transitional credit of ₹ 15.67 lakh.

The inadmissible transitional credit of ₹ 15.67 lakh was communicated to the Department in July, 2021 for reversal/ recovery from the taxpayer under the provisions of the J&K GST Act, 2017 along with interest liability of ₹ 3.76 lakh under section 50(3) of the J&K GST Act, 2017. The reply/ action of the Department is awaited (December 2021).

The Department may review the case and recover the inadmissible/ unverified transitional credit of ₹ 15.67 lakh along with interest thereon.

3.8.5 Non-payment of interest on reversal of transitional credit

Section 50(3) of the J&K GST Act, 2017, provides that a taxable person who makes an undue or excess claim of input tax credit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding 24 *per cent*.

During audit of transitional credit claims it was seen in 13 cases (Detailed in *Appendix 3.11*) that the undue/ excess transitional credit claims were reversed under the provisions of the J&K GST Act, 2017; however, the interest liability under section 50(3) of the J&K GST Act, 2017 was not charged.

One illustrative case

It was noticed in one case that transitional credit of ₹ 29.30 lakh claimed by the dealer irregularly on 27 December 2017 was reversed and paid in cash on 28 September 2018; however, the interest liability of ₹ 5.14 lakh on irregular transitional credit claimed and utilised against output tax liabilities till its payment on 28 September 2018 has not been paid by the dealer.

The interest liability of ₹ 17.48 lakh in the above 13 cases (Detailed in *Appendix 3.11*) was communicated (between March 2021 and July 2021) to the Department for recovery against which STO Circle, Kathua-I has recovered interest amount of ₹ 0.86 lakh. Further, action/ reply of the Department/ Office in the remaining cases is awaited (December 2021).

The Department may review these cases and recover interest on reversal of transitional credit.

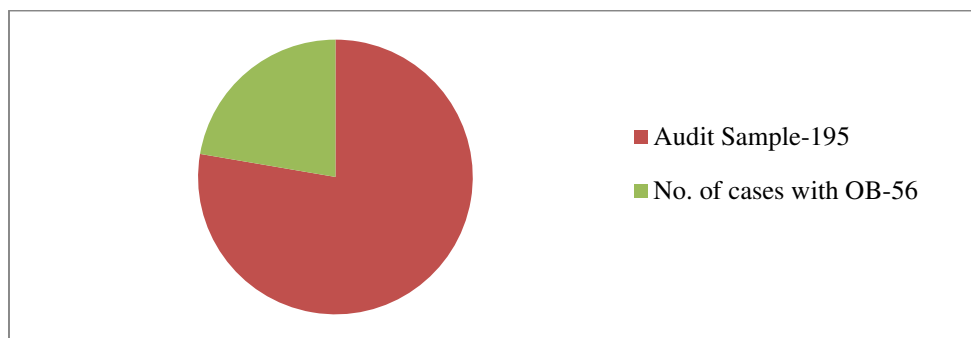
3.9 Conclusion

The transitional credit, one-time flow of input tax credit from the legacy regime into the GST regime, was available to both the taxpayers migrating from the previous regime as well as new registrants under GST. Out of a representative sample of 195 cases of transitional credit claims for the UT of J&K for verification, a significant majority 61 *per cent* of claims represented claims which flowed through the Legacy VAT Returns and the remaining 39 *per cent* represented the claims in other tables. The verification was carried out with a view to assess the adequacy of the verification mechanism adopted by the State Taxes Department as well as the general compliance by the taxpayers in the GST regime.

Out of the sample of 195 cases, Audit covered verification of all the 195 cases (i.e. 100 *per cent*) and from a system perspective we observed that:

- the integrity of data shared by GSTN as a back office IT infrastructural support system to the Model-2 State Governments/ UT's and Stakeholders has deficiencies, in view of data mismatch noticed in 46 transitional credit cases.
- though the Department had verified some transitional credit cases the exercise was not yet complete as the Department is yet to verify 34 *per cent* of the cases; besides, proper mechanism for verification was not framed.

Chart 3.2 Audit sample cases with deficiencies



From a compliance perspective we observed deficiencies in 56 cases out of 195 sample cases audited, constituting an error rate of 29 *per cent*. Deficiencies and irregularities in transitioning of closing balance of credit in the last legacy returns, availing credit on tax paid stocks and inputs/ input services without supporting invoices and credit availed on time barred invoices constituted some of the compliance deviations. The nature of deficiencies were mainly availing inadmissible credits, excess credits being availed, credits availed without the requisite supporting documents and availing credit with time barred instruments.

Chapter IV

**Human Resources Management in
Sher-e-Kashmir University of Agricultural
Sciences and Technology**

Chapter IV: Human Resources Management in Sher-e-Kashmir University of Agricultural Sciences and Technology

Agriculture Production Department

Compliance audit was conducted to ascertain the effectiveness of Human resource management in the Agriculture Universities of the Union Territory of Jammu & Kashmir. Audit found deficiencies in manpower planning, appointments, career advancements and entitlements. The Universities violated UGC norms for direct appointment of teachers and filled these posts through lateral entry. The mandatory criteria for appointment and career advancement of teachers was diluted. Pre-mature promotions, inadmissible benefit of Career Advancement Scheme, incorrect pay fixations, inadmissible allowances and entitlements, resulted in extra financial burden to the Government exchequer.

4.1 Introduction

The Sher-e-Kashmir University of Agricultural Sciences and Technology (SKUAST) was established on 01 April 1982 by an Act of Jammu and Kashmir State Legislature with the objective of catering to the requirement of agricultural research, education and extension education. Following an amendment (20 September 1999) in the Sher-e-Kashmir University of Agricultural Sciences and Technology Act, 1982, the SKUAST was bifurcated into two universities namely Sher-e-Kashmir University of Agricultural Sciences and Technology, Jammu (SKUAST-J) and Sher-e-Kashmir University of Agricultural Sciences and Technology, Kashmir (SKUAST-K).

At Government level, the administrative control of the Agriculture universities lies with the Commissioner/ Secretary, State Agriculture Department. The financial control is exercised by the Commissioner/ Secretary, Finance Department who acts as the Financial Advisor, Universities. The overall working of the Agriculture Universities is governed by the University Council (UC) and Board of Management (BoM).

A Compliance audit on human resources management covering the period 2016-17 to 2020-21 was conducted to assess whether the Agriculture Universities had complied with guidelines of University Grants Commission (UGC), Indian Council of Agriculture Research (ICAR) and Statutes of the Agriculture Universities regarding recruitment of employees, in service career advancements, pension payments and entitlements.

The audit covering the period 2016-17 to 2020-21 was conducted between August 2021 and February 2022, by a test check of records at the offices of Registrar, deans of various faculties and Comptroller of SKUAST-J and SKUAST-K. Service records of 739¹ personnel (30 *per cent*) of the total persons-in-position (2,462²), as on

¹ SKUAST-J: 250; SKUAST-K: 489.

² SKUAST-J: 833; SKUAST-K: 1,629.

March 2021, were selected on the basis of simple random sampling without replacement, for detailed scrutiny.

4.2 Sanctioned strength and Persons in Position

Sanctioned strength and Persons in position during the period 2016-17 to 2020-21 is given in **Table 4.1**.

Table 4.1: Position of sanctioned strength and person in position

Year	SKUAST-J							
	Teaching				Non-Teaching			
	S.S	PIP	Vacant	Shortfall (Percentage)	S.S	PIP	Vacant	Shortfall (Percentage)
2016-17	352	262	90	26	787	635	152	19
2017-18	352	259	93	26	787	622	165	21
2018-19	353	258	95	27	795	641	154	19
2019-20	353	251	102	29	800	626	174	22
2020-21	356	240	116	33	799	593	206	26

(Source: Information furnished by University Authorities)

Year	SKUAST-K							
	Teaching				Non-Teaching			
	S.S ³	PIP ⁴	Vacant	Shortfall (Percentage)	S.S	PIP	Vacant	Shortfall (Percentage)
2016-17	658	443	215	33	1,682	1,154	528	31
2017-18	658	478	180	27	1,682	1,152	530	32
2018-19	537	398	139	26	1,785	1,258	527	30
2019-20	561	440	121	22	1,763	1,246	517	29
2020-21	561	428	133	24	1,762	1,201	561	32

(Source: Information furnished by University Authorities)

In SKUAST-J, the shortfall ranged between 26 and 33 *per cent* under teaching category and 19 and 26 *per cent* under non-teaching category during the period. Similarly, shortage of manpower in SKUAST-K ranged between 22 and 33 *per cent* under teaching category and 29 and 32 *per cent* under non-teaching category during 2016-21.

Whereas SKUAST-J made only 07 appointments in respect of teaching cadre and 59 for non-teaching cadre, SKUAST-K made 173 and 193 appointments in teaching and non-teaching cadres respectively during the period 2016-21.

4.3 Establishment expenses

The Agriculture Universities are mainly funded by the State Government and partly by Indian Council for Agricultural Research (ICAR) through grants-in-aid. Position of expenditure incurred by the Universities during 2016-17 to 2020-21 is given in the **Table 4.2**.

³ Sanctioned strength.

⁴ Persons in position.

Table 4.2: Position of salary expenditure vis-à-vis total expenditure

(₹ in crore)

Year	SKUAST-J			SKUAST-K		
	Total Expenditure	Total salary Expenditure	Percentage of salary expenditure to total expenditure	Total expenditure	Total salary expenditure	Percentage of salary expenditure to total expenditure
1	2	3	4	5	6	7
2016-17	111.37	61.08	55	168.59	125.21	74
2017-18	109.96	69.17	63	195.01	135.85	70
2018-19	148.45	95.07	64	264.56	171.05	65
2019-20	162.64	140.51	86	292.16	182.80	63
2020-21	144.73	93.44	65	309.36	196.26	63

(Source: Information furnished by University Authorities)

The expenditure on salaries with respect to the total expenditure ranged between 55 and 86 per cent in SKUAST-J and 63 and 74 per cent in SKUAST-K during the period 2016-2021.

Audit findings

4.4 Deficient Manpower Planning

Guidelines (December 2010) of Department of Personnel and Training (DoPT), Government of India (GoI) stipulate that recruitment Rules should be reviewed once in five years with a view to effecting such change in rules as is necessary including need for additions to or reduction in the strength of employees. Instructions have also been issued by Administrative Reforms Inspections and Trainings Department⁵ of the Government of Jammu and Kashmir to all Principal Secretaries, from time to time, latest being in December 2020 to conduct a comprehensive review of all Recruitment Rules of all services (Gazetted/ Non-Gazetted) under their Administrative control.

Audit noticed that the Agriculture Universities had neither reviewed recruitment rules since their creation, nor put in place any mechanism for periodic assessment of vacancies, review of sanctioned strength and fixing of time frame within which vacant posts were to be filled which paved way for appointments in excess of sanctioned strength, ad hocism in governance and misutilisation of vacant posts as discussed in **Paras 4.6, 4.7 and 4.8**. Audit also noticed ambiguities and inconsistencies in Recruitment Rules as discussed under **Para 4.13**. As of March 2022, the Agriculture Universities had not implemented the reservation policy for direct appointment of teachers from reserved categories in accordance with UGC guidelines of August 2006.

Assistant Registrar (GAD), SKUAST-K stated (February 2022) that adoption of reservation policy for direct recruitment of teachers as per UGC regulations was under process in both the Universities. The fact remained that pending implementation of

⁵ Administrative Reforms Inspections and Trainings Department is mandated to finalise/ update the recruitment rules of all Government departments (Gazetted/ Non-Gazetted services).

reservation policy for direct recruitment of teachers from reserved categories, the universities could not initiate recruitment process for appointment of teachers.

The Universities had also not carried out restructuring of non-teaching cadre which resulted in avoidable litigations and continuation of redundant posts.

Registrar SKUAST-J stated (March 2022) that in order to streamline the system, the university would undertake cadre review of various positions.

4.5 Vacant posts

Out of 206 vacant non-teaching posts in SKUAST-J as of March 2021, 96 posts under 23 categories were continuously lying vacant for over five years. Similarly, in SKUAST-K, out of 561 vacant non-teaching posts as of March 2021, 357 posts under 52 categories were continuously lying vacant for over five years. These posts were neither advertised nor treated as deemed abolished in the light of instructions issued by Ministry of Finance Department of Expenditure, GoI and endorsed by the Finance Department, Government of J&K, requiring that posts remaining vacant for over two years are to be treated as deemed abolished.

Audit further assessed that the posts of Assistant Director, Statistics, Assistant Project Planning and Monitoring Officer in SKUAST-J, had not been advertised since their creation (June 2000). These posts were manned by officers drawn from Planning and Development Department till February 2006 and May 2007 respectively and were continuously lying vacant thereafter. Similarly, the post of Assistant Director, Resident Instructions in SKUAST-J had continuously been lying vacant since its creation (June 2000), except for a brief spell of twelve days in January 2012. These posts had not been reviewed for their continuation or otherwise and two⁶ of these were being utilised for drawing salaries of employees attached from other divisions/faculties of the University. As of March 2021, 116 and 133 teaching posts were lying vacant in respect of SKUAST-J and SKUAST-K respectively.

Non-rationalisation of sanctioned strength is further corroborated by the fact that SKUAST-J did not consider reallocation of 27 vacant teaching posts out of 39 posts declared surplus (November 2011) in the Faculty of Veterinary Science, for creation of four new faculties⁷ approved in August 2005. This was despite instructions from Finance/ Planning and Development Department (January 2019 and March 2021) to undertake manpower audit for identification of surplus posts and rational utilisation of available resources. Due to non-utilisation of identified surplus posts, the University, could not institutionalize these faculties pending concurrence for creation of posts which was received in November 2021.

SKUAST-J attributed non-filling of vacant positions to delayed concurrence from Finance Department, delayed adoption of UGC regulations and delayed appointment of full time Vice Chancellor. The fact remains that the University had neither revisited

⁶ Assistant Director Resident Instructions and Assistant Project Planning and Monitoring Officer.

⁷ Faculty of Horticulture & Forestry, Faculty of Agricultural Engineering, Faculty of college of Dairy technology and Faculty of Biotechnology.

sanctioned/ effective strength of posts with the result some posts were continuously lying vacant since periods ranging between 8 and 16 years.

4.6 Unauthorised conversion/ re-designation and diversion of posts

According to instructions issued by General Administration Department (December 2007) and the Financial Advisor, Universities (March 2009 and July 2019), the concurrence of Finance and Planning Departments was a pre-requisite for creation/ re-designation and up-gradation of posts in the Agriculture Universities as funding in the form of Grant-in-aid is provided by the Government.

Audit noticed that the universities repeatedly violated instructions for creation/ up-gradation/ conversion of posts. Availability of vacant posts facilitated re-designation of posts to accommodate irregular appointments, attachments and adjustment of staff appointed in excess of sanctioned strength for the purpose of drawl of salaries as discussed in subsequent paragraphs.

4.6.1 Re-designation of non-teaching posts

Test check of service records of 180 out of 593 posts in SKUAST-J showed that 20 sanctioned posts of senior/ junior scientists, senior technical assistants, assistant registrars, stenographers etc. were re-designated (between April 1993 and 2017) to deputy/ assistant registrar, assistant professor, works supervisor, junior physiotherapist etc., as detailed in *Appendix-4.1*, without approval of Finance Department. Additionally, appointments to five non-teaching positions had been made against non-existent posts. These incumbents were subsequently accommodated either by re-designating or converting other vacant posts, carrying different or similar pay scales with different criteria for appointments. Details of diversion of posts leading to creation of five new posts⁸ and abolition of already sanctioned posts, without even referring to BoM for approval, are listed in *Appendix-4.2*.

Similarly, in 377 out of 1,201 posts in SKUAST-K, three posts one each of Assistant Professor, Field Cum Laboratory Assistant and Urdu typist were re-designated (between December 2003 and March 2017) as Medical Officer, Medical Assistant and Artist cum photographer respectively without approval of Finance Department. The post of Urdu typist was utilised to retrospectively (July 2003) accommodate one Artist cum Photographer and the other two posts remained vacant (March 2021) resulting in unnecessary conversion of these posts.

Registrar, SKUAST-J stated (November 2021) that power to re-designate any post is vested with the Vice Chancellor. Assistant Registrar (GAD), SKUAST-K stated (March 2022) that re-designation of Assistant Professor and FCLA as MO and Medical Assistant was done on the request of Dean, Faculty of Fisheries.

The replies are not acceptable as concurrence of Finance and Planning Departments was a pre-requisite for creation of posts and the Financial Advisor Universities from

⁸ Medical Officer, Medical Assistant, Legal Superintendent, Security Officer and Assistant Professor.

time to time had forbade the universities from filling up any vacant post or drawal of salary against some other post.

The Financial Advisor Universities, taking note of the irregularities, advised the University functionaries to abstain from adopting favoritism during exit conference (June 2022).

4.6.2 Up-gradation of post of Comptroller

The pay scale of the post of the Comptroller (SKUAST-J) as approved (April 1994) by the University Council was ₹ 16,400 - ₹ 20,000. A proposal for up-gradation of the post to ₹ 16,400 - ₹ 22,400, placed (July 2001) before the BoM, was turned down by the Financial Advisor, Universities apprehending that the arrangement would create problem in the Accounts Cadre in the Government departments. Without obtaining prior concurrence of Financial Advisor, Universities, a fresh proposal, without any reference of the earlier decision, was again placed (March 2005) before the BoM and got approved. Audit assessed that an irregular payment of ₹ 0.46 lakh had been made to the officer holding the post of Comptroller between January 2006 and January 2009.

The Registrar SKUAST-J (January 2022) stated that the BoM granted (March 2005) permission, in its 5th meeting, for removal of anomaly in the pay scale of Comptroller. The reply is not convincing as the proposal involving financial implications should have been resubmitted to BoM after receiving prior concurrence of Financial Advisor, Universities.

4.6.3 Re-designation/ renaming of statutory positions without necessary approvals

Proposal for re-designation of the post of Project Planning and Monitoring officer (PP&MO) as Director Planning was turned down in a meeting (April 2012) of BoM in SKUAST-K, wherein the Financial Advisor, Universities proposed that in addition to the post of PP&MO which shall be filled by the University, the State Government shall send Director Planning on deputation from the Planning and Development Department.

Audit however noticed that the post of PP&MO was re-designated (July 2017) by the BoM as Director Planning, and the qualification for appointment to the post, was amended from Master's degree to Doctorate degree. Although, concurrence of Financial Advisor, Universities was required for the same, however it was not found to be taken.

Similarly, the nomenclature of posts of Director, Resident Instructions cum Dean, Post Graduate Studies and Director Extension Education was also changed (SKUAST-J: December 2011 and SKUAST-K: April 2014) respectively to Director Education and Director Extension. However, being statutory posts the change of nomenclature required an amendment of the Act which had not been carried out as of March 2021.

Registrar SKUAST-J (January 2022) stated that for ratification of re-designation of post of Director Resident instructions as Director Education, the matter would be taken up with the concerned authorities for carrying out amendment in the University Act.

4.7 Appointments in excess of sanctioned strength/ advertised posts

Records showed that the Agriculture Universities had not assessed actual availability of posts before issuing notifications (between September 2006 and March 2008) for recruitment. SKUAST-J appointed (between October 2007 and July 2008) seven Assistant Professors/ Junior Scientist/ Subject Matter Specialist (SMS) in excess of notified posts, beyond its sanctioned strength. While one Assistant Professor/ Junior Scientist appointed (July 2008) in absence of any post in the discipline of Horticulture was allowed to draw salary against an available post of Assistant Professor (Sericulture) and subsequently adjusted (November 2016) against a post of Junior Scientist (Fruit science) withdrawn from Regional Horticulture Research Station Baderwah, termination/ show cause notices were issued (2009) to six appointees on the intervention of Finance Department. The terminations were however stayed by the Honorable J&K High Court with directions to allow the appointees to continue and draw salaries. While three of these appointees were subsequently re-appointed between February 2012 and June 2014, one left the University and two continued to be attached as of January 2022 against other vacant posts for the purpose of drawl of salary.

Similarly, against one post of Assistant Professor (Forestry) advertised (September 2006) by SKUAST-K, three Assistant Professors and one SMS were appointed (October 2007 and December 2007). Further, against the advertised vacancies of three SMSs in two Krishi Vikas Kendras, SKUAST-K appointed (August 2017) five SMSs resulting in appointments against non-advertised posts.

While admitting the audit observation, the Registrar SKUAST-J stated (January 2022) that appointment in excess of the sanctioned strength was made by the then Administration and request has been made to the Government of J&K for grant of supernumerary post.

Assistant Registrar (GAD) SKUAST-K stated (March 2022) that instructions were included in the advertisement stating that the number of posts to be filled may decrease or increase as per their availability at the time of appointment. The reply confirmed that the University had not assessed the vacancy position before issuing advertisement.

It was stated by the respective Registrars during exit conference (June 2022) that the appointments pertained to previous years and no such appointments were made after 2010.

4.8 Appointment of Officers of the University

Appointments to the posts of Deans/ Directors and University Librarian referred to as 'Officers of the University' are to be made through direct recruitment, transfer or

deputation with the approval of the Board of Management (BoM). Section 27 of the SKUAST Act 1982, empowers the Vice Chancellors of Agriculture Universities to make appointments to these posts as a temporary measure for a period of only six months under intimation to the BoM. Audit noticed (October 2021 and February 2022) that the Universities did not appoint these officers upon posts becoming vacant (between August 2012 and April 2021) as per prescribed procedure and instead, the Vice-chancellors nominated teaching staff to these posts by assigning additional charge for periods ranging between 11 months and seven years three months in respect of SKUAST-J and seven months and four years four months in respect of SKUAST-K.

Audit further noticed that recruitment process initiated (May 2018) belatedly by SKUAST-J, for filling up the posts of Registrar and Director P&M which had fallen vacant in February 2016 and April 2017 respectively, could not be completed due to complaints of influencing the experts in the Board room, and breach of confidentiality of the screening process. Re-evaluation of the application forms as recommended by the Committee constituted (August 2018) to enquire into the allegations was not initiated and the notification was withdrawn in September 2020. Similarly screening process for applications received for various management positions advertised in July 2021 were also pending as of date.

The Registrar SKUAST-J stated (January 2022) that as per SKUAST Act, in addition to normal duties of these officers, the competent authorities had assigned the additional charge to these officers without any financial gains. The reply is not acceptable as assigning additional charges for indefinite periods without intimation to the BoM had become a regular feature in the universities which was not conducive to running affairs of the Agriculture Universities efficiently and effectively.

4.9 Appointment of teaching/ scientific staff

Norms for recruitment of teaching and scientific staff are respectively prescribed by UGC and ICAR. Against existing hierarchy of Lecturers, Readers and Professors the revised UGC regulations of 2010 prescribed three designations of Assistant Professors, Associate Professors and Professors. The corresponding designations prescribed by ICAR for scientists are Scientist, Senior Scientist and Principal Scientist. UGC regulations prescribing minimum requirements for appointments, in-service career advancement and fixation of pay scales were endorsed (March 1999 and August 2010) by the Department of Agricultural Research and Extension, Ministry of Agriculture to the State Governments for implementation in State Agricultural Universities.

Audit verified compliance to the laid down guidelines and norms for appointment of teachers and noticed cases of appointments without adoption of mandatory Academic Performance Indicators, appointments without mandatory NET qualification, appointments by counting inadmissible periods in teaching experience and appointments through lateral entry by irregular up-gradation of technical posts. Instanced cases are detailed in succeeding paragraphs.

4.9.1 Non-adoption of Academic Performance Indicators for appointment of teachers

The UGC regulations 2010 prescribed Performance Based Appraisal System (PBAS) with specific Academic Performance Indicators (API) for appointment and promotion of teachers. The Agriculture Universities were to adopt template proforma prescribed by the UGC or devise their own self-assessment cum performance appraisal forms for teachers in strict adherence to the PBAS. UGC also clarified (September 2015) that UGC regulations were mandatory in nature and were required to be followed in letter and spirit without any deviation.

Audit noticed that though the Agriculture Universities had adopted (July 2009) the revised UGC pay scales, they notified a diluted version of PBAS, as detailed in **Paragraph 4.10.1**, for appointment and career advancement of teachers after a gap of over six years in July 2017. During the intervening period between January 2011 (due date of implementation of UGC regulations) and July 2017, SKUAST-J appointed 31 Assistant Professors, 14 Associate Professors and seven professors on the basis of a self-devised format with respective weightage of 30 *per cent*, 40 *per cent* and 50 *per cent* given to interview up to 2014 and 30 *per cent* thereafter against the prescribed weightage of only 20 *per cent*. In a similar manner, SKUAST-K appointed 68 Assistant Professors, four Associate Professors and two professors on the basis, during the period between January 2011 to July 2017. In absence of PBAS, teaching, learning, professional development, research and academic contribution of the candidates remained un-assessed.

The Registrar SKUAST-J (December 2021) stated that UGC regulations, 2010 were applicable to the teachers and academicians whereas in SKUAST-J academic, research and extension activities were carried out, which necessitated changes. The reply is not based on facts as UGC regulation of 1998 and 2010 was uniformly applicable to all institutes of higher learning opting for UGC grades and had been endorsed by ICAR (March 1999 and August 2010) to the Chief Secretaries of States for their adoption in State Agriculture Universities without any deviation.

4.9.2 Appointments without mandatory NET qualification

For appointment of Assistant Professors/ Junior Scientists in universities/ colleges/ institutions, UGC and ICAR Regulations specify a qualification of master's degree with additional qualification of National Eligibility Test (NET)/ State Level Eligibility Test (SLET). Candidates who were awarded PhD degree in compliance with UGC Regulation, 2010 were exempted from the qualification of NET/ SLET. A Selection Committee with Vice Chancellor as Chairman, two experts from outside the University and one representative from the State Government not below the rank of Additional Secretary was to recommend appointment of Assistant Professors/ Junior Scientists.

In SKUAST-J, 31 Assistant Professors/ Junior Scientists and 13 SMSs were appointed between the year 2011 and 2017. Out of the 31 Assistant Professors/ Junior Scientists,

seven did not possess the minimum eligibility of NET. The selection committee had recommended these cases subject to obtaining certificates from the candidates that their PhD degree was as per UGC regulations, 2009. The requisite certificates, though called for (December 2021) were neither produced to audit nor available on record. In eight out of 44 appointments, the representative from State Government was not present in the meeting of the Selection Committee. Thus, the oversight mechanism of Government was not availed by SKUAST-J in respect of these appointments.

Audit further noticed that the Agriculture Universities had not specified any norm regarding minimum number of applications required for holding interview. Records showed that in 29⁹ cases, interviews were conducted when applications received were less than three and in eight¹⁰ cases interviews were conducted when there was only one candidate.

The Registrar SKUAST-J stated (February 2022) that Screening Committees had declared the candidates eligible. Shifting the onus to the Screening Committee however, does not absolve the University management of its responsibility of carrying out a fair selection process.

It was also stated that remedial measures suggested by audit regarding the minimum number of application forms required for holding interview for ensuring adequate competition would be taken after seeking approval of the competent authority.

4.9.3 Appointments without requisite teaching experience

Requirement of eight years' experience as Assistant Professor for direct appointment to the post of Associate Professor in accordance with UGC regulations, 2010 was belatedly adopted (January 2014 and September 2014) by the Agriculture Universities. Before such adoption Statutes and notifications of Universities had specified teaching experience of only seven years. UGC regulations and University statutes stipulate that previous regular service as Assistant Professor or in an equivalent post should be counted for direct recruitment to the post of Associate Professor. Time spent on acquiring PhD and as guest lecturer shall not qualify for being counted as teaching experience. Further, previous *ad hoc* service of more than one-year duration can be counted provided the incumbent is selected to the permanent post in continuation of *ad hoc* or temporary service without any break.

Audit noticed that in respect of six Associate Professors (SKUAST-J: 04, SKUAST-K: 02) appointed between January 2004 and November 2015, time spent on acquiring PhD, service rendered as guest lecturer, *ad hoc*/ consolidated service and as visiting scientist was included in teaching experience of seven/ eight years required for appointment of Associate Professors.

Registrar SKUAST-J stated (January 2022) stated that due to dearth of required faculty, screening cum evaluation committee had declared these candidates eligible on the basis of supporting documents provided by them. Assistant Registrar (GAD)

⁹ SKUAST-K: 26, SKUAST-J: three.

¹⁰ SKUAST-K: seven; SKUAST-J: one.

SKUAST-K stated (February 2022) that the candidates were declared provisionally eligible by the then Competent Authority.

4.9.4 Appointments to teaching posts through lateral entry - financial burden of ₹ 10.16 crore to state exchequer

The UGC regulations (1986, 1998, and 2010) stipulated that direct recruitment to the posts of Assistant Professors, Associate Professors and Professors in the Universities and colleges shall be on the basis of an all India advertisement and recommendations of duly constituted Selection Committee. The regulations did not provide for appointment to the post of Assistant Professor through promotion.

In violation of UGC regulations which stipulated appointment of Assistant Professors only through direct recruitment, the Agriculture Universities notified (1994, 2012 and 2018) Career Advancement Scheme (CAS) for technical posts stipulating promotion of non-teaching technical employees to teaching positions. While notification of 1994 specified placement of Senior Technical Assistants (STAs) borne on University establishment as Assistant Professors after successful completion of two years of probation, notifications of September 2012 and July 2018 extended the benefit of scheme to technical posts of Programme Assistants/ TAs borne on ICAR strength.

Accordingly, the Agriculture Universities irregularly upgraded (between July 1994 and December 2013) 10 STAs in SKUAST-J and 45 STAs in SKUAST-K, to entry level UGC pay scales of Assistant Professors. Detailed check of eight cases in SKUAST-J and 11 cases in SKUAST-K was done by audit. It was observed that there was an additional financial burden of ₹ 5.37 crore¹¹ on the Government exchequer, on account of increased pay and allowances with future up-gradations applicable to teachers under CAS. Even requirement of two years of service arbitrarily fixed by the Universities for up-gradation was not followed as one STA of SKUAST-K was prematurely designated (February 1998) as Assistant Professor after completing only four months of service as STA which led to further future up-gradations and resulted in excess payment of ₹ 0.30 crore. Further, one STA in SKUAST-K was placed in the next higher pay scale before successful completion of probation with the result he was prematurely designated as Assistant Professor leading to further placement in higher scales under CAS. This had resulted in excess payment of ₹ 0.26 crore.

Similarly, by virtue of notifications of 2012 and 2018, SKUAST-J upgraded (June 2021) 12 Programme Assistants/ Technical Assistants of ICAR schemes from Grade Pay of ₹ 4,200 (level 06) to Grade Pay of ₹ 6,000 (level 10). Similarly, SKUAST-K upgraded (September 2012 to June 2016) 19 Programme Assistants/ Technical Assistants of ICAR schemes from Grade Pay of ₹ 4,200 (level 06) to Grade Pay of ₹ 6,000 (level 10). Out of 19 Programme Assistants/ Technical Assistants of SKUAST-K, 10 were subsequently re-designated as Assistant Professors after completion of probation. Irregular placement of technical personnel borne on ICAR schemes directly into entry level UGC pay scale resulted in liability of ₹ 0.98 crore

¹¹ SKUAST-J: ₹ 3.08 crore in eight cases; SKUAST-K: ₹ 2.29 crore in 11 cases.

towards unpaid arrears in respect of SKUAST-J and payment of arrears of ₹ 3.25 crore to these personnel by SKUAST-K.

By upgrading non-teaching staff to teaching positions, the Agriculture Universities had restricted competition and denied opportunities to aspiring meritorious candidates to apply for teaching posts, and thereby compromised quality of teaching in such cases as minimum standards prescribed for appointment of teachers had not been maintained.

The Registrar SKUAST-J (January 2022) stated that the University had followed the scheme of erstwhile combined SKUAST for up-gradation of posts of STAs/ TAs to Assistant Professors and that the posts were held by STAs/ TAs in their personal capacities. It was further stated that the upgraded personnel would be reverted back to their original posts as and when they are vacated by the incumbents on their retirement or appointment to other post. The fact remained that there were no provisions in UGC regulations or statutes of the universities, which permit filling up of the entry level post of Assistant professors through promotion from non-teaching feeding cadres.

4.10 Career Advancement Scheme (CAS) of teaching staff

In order to ensure that teachers and other equivalent cadres have multiple opportunities for upward movement during their career, different Academic Grade Pay (AGP)/ Research Grade Pay (RGP) were created by UGC/ ICAR in each pay band. As per UGC regulations, the upward movement of the teachers and equivalents to the next higher pay scale and AGP of ₹ 7,000, ₹ 8,000, ₹ 9,000, ₹ 10,000 and HAG scale with three *per cent* annual increment as per CAS was to be based on obtaining required Academic performance indicator scores on the basis of Performance Based Appraisal System. However, for the entry level cadre, the vacancies were to be filled up through direct recruitment only.

Audit noticed deviations from the guidelines issued by UGC/ ICAR resulting in faulty implementation of CAS due to dilution of prescribed criteria regarding Academic performance Indicators and requirement of research publications, extension of benefit of retrospective CAS to direct appointees, premature placements, counting of inadmissible past service, non-completion of mandatory trainings, counting of period spent on acquiring PhD and leave without pay towards teaching experience, PhDs not in relevant subjects etc. Audit worked out an undue benefit of ₹ 6.19 crore in 67 cases out of a total of 200¹² cases test checked as detailed in succeeding paragraphs.

4.10.1 Irregular promotions due to dilution of prescribed criteria

Regulations 2010 stipulated performance based evaluation of teaching, learning, professional development, research and academic contributions under three broad

¹² SKUAST-J: 72; SKUAST-K: 128

categories¹³ with a mandatory minimum year-wise score of 75 under Category I, 15 under Category II and 10 per year to 40 per year for different stages in Category III. Further, for placement from Assistant professor to Associate Professor and Associate Professor to Professor, 80 *per cent* weightage was prescribed for Academic background/ Research performance/ Assessment of domain knowledge with 20 *per cent* weightage for interview. A minimum of five research publications for the post of Professor and three publications for the post of Associate Professor were required to be submitted for assessment by three eminent experts and only in case of positive recommendations, a candidate would become entitled for interview. Also, the evaluation of the publications was to be factored into the weightage scores while finalising the outcome of selection.

Records showed (January 2022) that the Agriculture Universities had revised the prescribed APIs notified in July 2017, by changing both the minimum score eligibility and APIs under each category. The revised proforma clubbed all activities under teaching, research and extension, defeating the purpose of performance based evaluation of teaching, learning, professional development, research and academic contributions separately. Instead of year wise assessment of performance, a minimum API score of 75 in aggregate was prescribed for the entire assessment period.

Audit also noticed that the Universities had compromised the standards for assessment of research achievements of candidates claiming promotion to the post of Professors by diluting the criteria of quality and number of research publications. Against the requirement of five publications for Professors, the Universities stipulated a requirement of only three publications. Submission of publications for assessment of eminent experts before interview was also not ensured by the Universities. The Universities had thus avoided the methodology prescribed in the UGC regulations for CAS, which defeated the purpose of PBAS. This rendered promotion (between July 2017 to March 2021) of 122 Associate professors (62 in SKUAST-J and 60 in SKUAST-K) to Professors in the Universities irregular.

Assistant Registrar (GAD) SKUAST-K stated (February 2022) that both Agriculture Universities had jointly devised score card based format for teachers as the system prevalent in the Universities was different from the system existing in other academic Universities directly governed by the UGC. The reply is not convincing as by clubbing categories and stipulating aggregate scores, the Universities had lowered standards for engagement of teachers.

It was assured during Exit conference (June 2022) that the new UGC regulation 2018 was being implemented in its totality without any deviation.

¹³ **CATEGORY- I** (a) teaching related activities (b) domain knowledge (c) participation in examination and evaluation (d) contribution to innovative teaching, new courses etc with a total score of 125. A faculty member has to earn a score of minimum 75 per year under this category.

CATEGORY II comprises co-curricular, extension and professional development related activities with a total score of 50 and a teacher has to earn a score of 15 points per year.

CATEGORY-III comprises research and academic contributions and includes research papers, books and book chapters published, research projects and consultancy undertaken, M. Phil and PhD research guidance, training courses, refresher courses, conference, workshops undertaken and lectures delivered.

4.10.2 Inadmissible promotions due to extension of benefit of retrospective CAS

In SKUAST-J, four in-service Associate Professors were appointed as Professors and one Assistant Professor was appointed (between March 2010 and October 2011) as Associate Professor by direct recruitment. Though the benefit of retrospective CAS was not applicable to teachers already appointed under direct recruitment to higher scales, audit noticed that these teachers were allowed (January 2009 to August 2013) the benefit of CAS retrospectively by up-gradation of their earlier posts. These promotions were given effect by allowing them to revert back to their earlier positions and relinquishing posts acquired through direct recruitment. Due to relinquishment of direct appointment posts by teachers, these posts fell vacant which resulted in denial of opportunities to the eligible candidates who had applied for the posts rendering the recruitment process futile, besides giving undue benefit of ₹ 8.42 lakh to these teachers.

The Registrar SKUAST-J stated (January 2022) that these cases were reassessed on the application of teachers who requested for career advancement on the posts held by them before their direct appointment as Professor/ Associate Professor. The reply is not acceptable as these teachers had ceased to hold their previous posts at the time of direct appointment.

It was confirmed during exit conference (June 2022) by the respective Registrars that action had been initiated to initiate recoveries pointed out in audit.

4.10.3 Inadmissible promotions due to non-completion of minimum residency period

According to UGC regulations, ICAR norms and statutes of the Universities, financial up-gradation to Grade Pay of ₹ 8,000 required completion of five years in the Grade Pay of ₹ 7,000. Similarly, financial up-gradation to Grade Pay of ₹ 9,000 required completion of three years' service in the Grade Pay of ₹ 8,000. For up-gradation of Associate Professor (Grade Pay of ₹ 9,000) to the Post of Professor (Grade Pay ₹ 10,000), three years of service in the Grade Pay of ₹ 9,000 was required. Audit noticed cases of premature placements in next higher Grade Pay without completion of prescribed residency periods as discussed hereunder:

1. Against the minimum residency period of five years required for placement in next higher Grade pay of ₹ 8,000, 17 Assistant Professors (SKUAST-J: 05; SKUAST-K: 12) were placed (between August 2010 and July 2017) in the higher grade and designated as Associate Professors prematurely after completing service ranging between two years and four years eight months only.

SKUAST-J deferred these placements after reassessment and made recoveries of excess pay and allowances from two teachers. However, ₹ 0.24 crore paid (between August 2010 and September 2017) to three teachers was recoverable as of January 2022.

Due to premature placement in the higher Grade pay, nine out of 12 Assistant Professors (SKUAST-K) were further prematurely placed in the next higher Grade

pay of ₹ 9,000 and two were still further placed in the Grade Pay of ₹ 10,000 resulting in excess payment of ₹ 1.19 crore between July 2010 and December 2021.

2. Against the required residency period of three years in Grade Pay of ₹ 8,000 for being placed into next higher Grade Pay of ₹ 9,000, five teachers of SKUAST-K were placed (between October 2013 and October 2019) in the higher grade after completion of service ranging between one year and two year five months only. One of these Assistant Professors was further placed in the Grade Pay of ₹ 10,000. This had resulted in excess payment of ₹ 0.52 crore between June 2014 and December 2021. Similarly, one Associate Professor in SKUAST-K was promoted to the post of Professor in Grade Pay of ₹ 10,000 after putting in only nine months service resulting in excess payment of ₹ five lakh.

Assistant Registrar (Teaching), SKUAST-K stated (February 2022) that the teachers were placed in the GP of ₹ 9,000 under CAS, 2006 which was notified in July 2017. The reply is to be seen in the light of fact that the CAS notified by the University is not in conformity with UGC regulations which envisage a minimum residency period of three years in the Grade Pay of ₹ 8,000 for placement as Associate Professor.

It was confirmed during exit conference (June 2022) by the respective Registrars that action had been initiated to initiate recoveries pointed out in audit.

4.10.4 Inadmissible promotions due to non completion of required trainings

As per UGC regulations and University Statutes, apart from completion of specified residency periods for up-gradation from Grade pay of ₹ 7,000 to Grade of ₹ 8,000 and Grade pay of ₹ 8,000 to Grade pay of ₹ 9,000, Assistant Professors are required to participate in a refresher training course of at least two/ three weeks and one training programme of a minimum of one week duration respectively.

Audit noticed that though these refresher courses/ training programmes were being organised regularly, nine Assistant Professors (SKUAST-J: seven; SKUAST-K: two) had not completed requisite trainings within the required service of three/ five years needed for up-gradation. Further, their promotions were not deferred till completion of these trainings resulting in excess payment of pay and allowances of ₹ 0.80 crore (SKUAST-J: ₹ 0.52 crore; SKUAST-K: ₹ 0.28 crore).

It was confirmed during exit conference (June 2022) by the respective Registrars that action had been initiated to initiate recoveries pointed out in audit.

4.10.5 Counting of period spent on unauthorised leave without pay

As per UGC regulations, Study leave may be granted to an Assistant Professor holding entry level Grade pay after a minimum of three years of continuous service to pursue a special line of study or research directly related to his/ her work in the University. The Study leave can be granted by the Executive Council/ Syndicate on the recommendation of the HoD of the concerned department. Further, as per

University Statutes, Vice-Chancellor is empowered to grant all kinds of leave excluding Study leave.

Records of SKUAST-J showed that the Vice Chancellor of the University had irregularly deputed nine Assistant Professors both within and outside the country on Study leave without pay between 2011 and 2016 for undergoing PhD programme without approval of University Council/ BoM. These teachers were placed (March 2014 to March 2020) in the next higher Grade pay of ₹ 7,000 by counting the period of study leave without pay resulting in excess grant of pay and allowances of ₹ 0.70 crore

It was confirmed during exit conference (June 2022) by the respective Registrars that action had been initiated to initiate recoveries pointed out in audit.

4.10.6 Non deferment of promotions during absence while on study leave

Regulations stipulate that a teacher who is selected to a higher post during Study leave will be placed in that position only after joining the post. Regulations further provide that the incumbent teacher must be on the role and active service of the University on the date of consideration by the Selection Committee for placement in the higher Grade pay.

Records of Agriculture Universities showed that CAS of 15 Assistant Professors (SKUAST-J: three and SKUAST-K: 12) relieved from respective departments for undergoing PhD had not been deferred till date of joining after completion of course work. These teachers were placed in the next higher GPs during their absence while on study leave. Of these 15, 10 Assistant Professors of SKUAST-K were further prematurely placed in the next higher Grade pay of ₹ 8,000. Out of 10 Assistant Professors, three were further placed in the next higher Grade pay of ₹ 9,000. This had resulted in excess payment of ₹ 1.01 crore¹⁴ between June 2002 and October 2019.

It was confirmed during exit conference (June 2022) by the respective Registrars that action had been initiated to initiate recoveries pointed out in audit.

4.10.7 Inadmissible promotions due to counting of period spent on acquiring PhD towards teaching experience

UGC regulations, 1998 and 2010 prescribe qualification of PhD for direct appointment of Associate Professors. Mandatory qualification of PhD for Associate Professors was adopted (2011) belatedly by the Universities in respect of four disciplines including disciplines of Veterinary/ Animal Husbandry and Agricultural Engineering. Due to belated adoption of norm regarding qualification of PhD, six Associate professors (SKUAST-J: two; SKUAST-K: four) not having PhD degree were appointed (between October 2007 and November 2010) in these disciplines in contravention of UGC guidelines. Subsequently, they were allowed to undergo PhD from outside the state. UGC clarified (March 2016) that the period of active service

¹⁴ SKUAST-J: ₹ 0.14 crore and SKUAST-K: ₹ 0.87 crore.

spent on pursuing research degree for acquiring PhD simultaneously, without taking any kind of leave may be counted as teaching experience, for the purpose of direct recruitment/ promotion to the post of Associate Professor and above.

Records further showed that these Associate Professors were promoted (March 2018/ October 2018 with retrospective effect between March 2014 and November 2016) as Professors and placed in the GP of ₹ 10,000 without having required three years of experience as the period spent in acquiring PhD from outside the State was counted towards teaching experience. Audit also noticed that recorded APIs of two of these teachers included scores achieved in respect of teaching and extension which were not based on facts. Including the period spent on acquiring PhD in the teaching experience had resulted in payment of excess pay and allowances of ₹ 1.32 crore (SKUAST-J: ₹ 0.10 crore and SKUAST-K: ₹ 1.22 crore) including inadmissible advance increments granted for acquiring PhD.

It was confirmed during exit conference (June 2022) by the respective Registrars that action had been initiated to initiate recoveries pointed out in audit.

4.10.8 Inadmissible promotions due to inadequate research papers and PhD not in relevant subjects

For up-gradation from Grade Pay of ₹ 9,000 to Grade Pay of ₹ 10,000 an Associate Professor should have a minimum of three research papers for the assessment period with NAAS¹⁵ rating of more than 4.00.

Audit noticed in SKUAST-J that two Associate Professors were promoted as Professors under CAS though the rating of publications did not pertain to the assessment period.

Records of SKUAST-K further showed that two Assistant Professors possessing PhD in subjects not relevant to Agriculture and Allied Sciences were allowed the undue benefit of ₹ 0.28 crore under CAS by upgrading to higher Grade Pays.

It was confirmed during exit conference (June 2022) by the respective Registrars that action had been initiated to initiate recoveries pointed out in audit.

4.11 Appointments of non-teaching staff

The university statutes specify the mode and manner of recruitment of non-teaching staff borne on university strength.

Audit scrutiny of service records of 557¹⁶ non-teaching employees out of a total of 1,794¹⁷ revealed cases of recruitments through regularisation of adhoc/ contractual employees, appointments without qualifying mandatory tests, direct recruitments to posts required to be filled through promotion, lateral entry to posts prescribed to be

¹⁵ National Academy of Agriculture Science.

¹⁶ SKUAST-J: 180; SKUAST-K: 377.

¹⁷ SKUAST-J: 593; SKUAST-K: 1,201.

filled through direct recruitment etc. Instanced cases are discussed in subsequent paragraphs

4.11.1 Regularisation as mode of recruitment

As per University Statutes, for recruitment against a post, the Vice Chancellor shall have the post advertised indicating the qualification required to apply for the post. The Hon'ble Supreme Court in a case¹⁸ held (April 2006) that regularisation of an employee cannot be a mode of recruitment and that regularisation cannot give permanent status to an employee whose services are *ad hoc* in nature.

Audit noticed that out of 557 cases test checked in audit, 112 (SKUAST J: 31; SKUAST-K: 81) personnel were initially engaged (between March 1992 and November 2010) either on *ad hoc* or contractual basis for a period of 89 days. Their period of their engagement was extended from time to time. These *ad hoc*/ contractual employees were regularised (2015) without advertising the post.

The Registrar SKUAST-J stated (November 2021) that most of the *ad hoc* employees were engaged in erstwhile combined SKUAST and that these employees were later regularised by Administration on the recommendation of their Controlling Officers. The fact however remained that these regularisations were made by the respective Vice-Chancellors without referring it to the Agriculture or Finance Departments. Further, the practice of engaging employees without following prescribed selection process continued even after bifurcation of the combined Agriculture University.

4.11.2 Appointments in violation of procedure of direct recruitment

University Statutes provide for filling up of post of Accounts Assistant by direct recruitment. After undergoing a training course of one year on a monthly stipend, the selected candidates were to be granted regular pay scale. Audit noticed that in violation of Statutes, 13 persons initially engaged on consolidated pay in SKUAST-K were deputed (November 1995) for training course conducted by Accountancy Training School (ATS) and on completion of training they were appointed (January 1997) as Accounts Assistants.

Deputy Comptroller (HQ) stated (March 2022) that these employees were well acquainted with accounts work as such the Competent Authority felt it feasible to depute them for ATS training. The fact remains that Accounts Assistants were to be appointed through direct recruitment.

Similarly, five STAs/ TAs of SKUAST-K initially appointed as Field cum Laboratory Assistant (FCLA)/ Museum Keeper/ Statistical Assistant were subsequently promoted as TAs/ STAs and further upgraded as Assistant Professors as discussed in **Para 4.9.3**, in contravention of the ICAR Recruitment Rules/ University Statutes requiring appointment to the post of Senior Technical Assistants (STAs)/ Technical Assistants (TAs) only through direct recruitment.

¹⁸ Umadevi Vs State of Karnataka.

4.11.3 Appointments in violation of statutes

University statutes stipulate that 100 *per cent* of the posts of Senior Stenographers should be filled by promotion of Junior Stenographers (Senior scale) having at least five years' experience subject to passing of the prescribed test.

Audit noticed that in deviation from norms, SKUAST-J had irregularly appointed three Senior Stenographers (July and August 2002) by direct recruitment. Thus, these Senior Stenographers were put in an advantageous position making them eligible for further promotion/ up gradations to the posts of Public Relations Officer (PRO), Assistant Registrar and Secretary to the VC. Due to anomalies created by these irregular appointments, the University had to prematurely promote one Junior Stenographer as Senior Stenographer and subsequently as Assistant Registrar.

The Registrar SKUAST-J (November 2021) stated that as posts of Senior Stenographers were required to be filled and there being no Stenographer in the feeding cadre, Senior Stenographers were appointed through direct recruitment. The reply of the University is not acceptable as vacant posts of Senior Stenographers were to be filled by promotion.

4.11.4 Appointments without qualifying mandatory tests

The University Statutes stipulate filling of 100 *per cent* of the posts of Assistant-Cum-Typist (ACT) and Accounts Assistants by direct recruitment. For direct recruitment of ACTs, the candidates should have typewriting speed of not less than 35 words per minute.

Records of SKUAST-K showed that one *ad hoc* ACT (appointed in December 1996) was regularised (September 2006) as ACT without qualifying mandatory typewriting test. The ACT was further adjusted (August 2007) as Accounts Assistant and regularised in the cadre in October 2011. Similarly, one Laboratory Attendant and one Operator (Class VI) in SKUAST-K were promoted (August 1997) as ACT in violation of procedure of direct recruitment and mandatory tests.

It was stated during exit conference (June 2022) that the process of recruitments had now been streamlined.

4.11.5 Regularisation of ineligible daily rated workers

Restriction on engagement of daily rated workers (DRWs)/ work charged employees was imposed vide SRO-64 of March 1994 by the Jammu and Kashmir Government, which also authorised regularisation of DRWs engaged prior to the cutoff date of 31.3.1994 on the regular pay scale of class IV subject to having completed seven years of service. In pursuance of the said SRO, the combined SKUAST regularised (October 2001 and January 2004) 78 DRWs engaged before the cutoff date.

Audit noticed that in violation of the SRO, 46 DRWs had been engaged by combined SKUAST after the cutoff date. Records further showed that after bifurcation of universities, a fresh proposal was submitted (March 2005) by SKUAST-J to the Empowered Committee for regularisation of 79 DRWs including 46 engaged after the

cut-off date. In the proposal, a false undertaking was given that no DRW had previously been regularised. The facts regarding whereabouts and status of engagement of 33 DRWs were not clear from records. The committee approved (July 2005) regularisation of 69 DRWs by creation of new posts of Helpers and adjustment of 10 DRWs against the available Class IV vacancies subject to the condition that all DRWs fulfill provisions of SRO-64. In pursuance of the deliberations of the Empowered Committee, the University issued (2005) orders of regularisation of 79 DRWs which included 46 DRWs in respect of which the university had admitted that they did not fulfill the provisions of SRO 64.

Registrar SKUAST-J stated (March 2022) that the then authorities had appointed the daily wagers who were also given benefits under CAS. The fact remained that university had regularised 79 DRWs in contravention of SRO-64 of 1994.

4.12 Career progressions of non-teaching staff

The career advancement of non-teaching staff in the Agriculture Universities is governed by the University Statutes. Career advancement of staff borne on plan schemes of ICAR such as Krishi Vigyan Kendras(KVKs) and All India Co-ordinated Research programmes (AICRPs) are regulated by the MoUs entered into by the Universities with ICAR and directions issued by the latter from time to time.

Audit verified compliance to the laid down norms for promotions of non-teaching staff and observed that inadmissible financial up-gradations had been granted due to faulty implementation of two tier career advancement schemes, premature promotions etc. resulting in undue benefit of ₹ 3.99 crore in the shape of excess pay and allowances/ pensionary benefits to 56 employees test checked. Instanced cases are detailed in the succeeding paragraphs.

4.12.1 Inadmissible benefit of two tier Career Advancement Scheme – Excess payment of ₹ 2.06 crore

Two-tier Career Advancement Scheme¹⁹ (TTCAS) in operation in the Academic Universities of Jammu and Kashmir since 1992, for posts not covered under any existing scheme of Career Advancement was adopted (March/ April 2013) by both Agriculture Universities with retrospective effect from September 2005. The scheme notified by the University of Jammu was meant only for isolated posts which stagnate in a particular scale for a period of ten years or above.

Audit noticed that the scheme was not implemented in its spirit by the Agricultural Universities and benefit of the scheme was extended to all non-teaching posts, upto the scale of ₹ 6,500 - ₹ 10,500, though already covered under regular promotions. Records further showed that the number of promotions in the entire service of an employee had not been limited to two or three up gradations. This had led to grant of inadmissible career advancement to test checked cases of 14 drivers (SKUAST-J: eight; SKUAST-K: six), 31 FCLAs (SKUAST-J: 26; SKUAST-K: five) and one Accountant (SKUAST-K). Audit assessed that an excess payment of ₹ 2.06 crore had

¹⁹ Providing for two promotions.

been made in respect of these test checked cases during September 2005 to January 2022 on account of enhanced pay and allowances. This had also resulted in excess pensionary benefit of ₹ 0.85 crore to 26 FCLAs in SKUAST-J as worked out in audit. Audit further noticed that grant of undue benefit of two tier scheme to accountants also resulted in pay anomalies; with accountants being placed in higher Grade pay of ₹ 6,600 and Assistant Comptrollers in Grade Pay of ₹ 5,400.

The Registrar SKUAST-J stated (October 2021) that two-tier CAS does not put any restriction on placement of employees in the next higher scale, if they are stagnated in the same scale for eight or nine years. The reply was not relevant as two-tier CAS was meant for posts having no prescribed promotional prospects and drivers, FCLAs and accountants had already availed the benefit of higher Grade Pays as per University Statutes. Assistant Registrar (NT), SKUAST-K admitted (March 2022) that the scheme was not applicable to the posts of FCLAs and drivers.

It was confirmed during exit conference (June 2022) by the respective Registrars that action had been initiated to initiate recoveries pointed out in audit.

4.12.2 Premature placements without completion of required service in previous grades

- University Statutes prescribe a minimum residency period of five years in the selection scale of Accountant for being promoted as Assistant Comptroller and eight years in the rank of Assistant comptroller for being elevated to the post of Senior Scale Assistant Comptroller.

Test check of records of SKUAST-J revealed that three Assistant Comptrollers were promoted (January 2004 and May 2005) as Senior Scale Assistant Comptrollers without completion of eight years in the previous scale resulting in excess payment of ₹ 6.56 lakh between January 2004 to December 2015 as worked out in audit.

In SKUAST-K, three Senior Scale Accountants were prematurely promoted (December 1996 and January 1997) as Assistant Comptrollers on completion of only four years' service in that scale resulting in excess payment of ₹ 0.15 crore during November 1996 to January 2021.

The Registrar SKUAST-J stated (February 2022) that the officials were working as Assistant Comptrollers in their own pay and grade (OPG) and the service rendered by them against clear vacancies, for which charge allowance was paid, were counted for placement in the Senior scale of Assistant Comptroller in terms of SKUAST statutes. Assistant Registrar (Non-teaching) SKUAST-K stated (March 2022) that in the best interest of the University it was decided to promote eligible Accountants who were well versed with the system and rules of the University and were having over 12 years of service.

The replies are not acceptable as Statutes prescribing period of required service needed for promotions had been violated. Moreover, in case of SKUAST-J, Senior

Scale Accountants were placed as Senior Scale Assistant Comptrollers in OPG without completion of required eight years of service.

- CAS applicable to Medical Officers of Health Department of the erstwhile State Government required completion of 10 years of service in the scale of ₹ 5,400 for placement in next Grade Pay of ₹ 6,600. In absence of any specific provision for career advancement of Medical Officers in the University Statutes, SKUAST-J placed (April 2005) 01 Medical officer (MO) in the Grade Pay of ₹ 6,600 after rendering only eight years of service resulting in excess payment of ₹ 0.04 crore during April 2005 to April 2007.

The Registrar SKUAST-J stated (January 2022) that the MO was placed in senior scale due to absence of CAS at that time. The reply is not convincing as after CAS applicable to Medical Officers of Health Department was belatedly adopted (July 2015) by SKUAST-J, the premature placement of MOs in higher GP should have been revisited.

- 75 per cent of the posts of Drivers are to be filled by direct recruitment and 25 per cent by promotion from feeder cadre of Cleaners who should have at least five years' experience. Records of SKUAST-J showed that three Cleaners appointed in the University between September 2001 and November 2001 were promoted (October 2004) as Drivers after rendering a service ranging between 2.5 years and three years. This resulted in payment of excess pay and allowances of ₹ 0.15 crore during October 2004 to August 2021.

It was confirmed during exit conference (June 2022) by the respective Registrars that action had been initiated to initiate recoveries pointed out in audit.

4.12.3 Irregular up-gradation without required quorum of selection committee

As per University statutes, the Financial Advisor, Universities as a member of the Selection Committee was required to participate in selection proceedings for recommending the up-gradation of Assistant Comptrollers as Deputy Comptrollers.

Audit noticed that the selection proceedings for up-gradation of one Sr. Scale Assistant Comptroller as Deputy Comptroller (March 2012) were finalised without the participation of Financial Advisor, Universities in the selection proceedings, thereby violating the norms for required quorum.

4.12.4 Up-gradations without qualifying examinations

For creation of Internal Audit Cell in SKUAST-J, up-gradation of one Assistant Comptroller with eight years' experience and two Accounts Assistants with five years' experience to next higher post of Deputy Comptroller (Audit) and Accountant respectively was approved (December 2013) by the Financial Advisor, Universities. The approval was subject to the condition that Accounts Assistants should have qualified Subordinate Accounts Course (SAC) Part I and Assistant Comptrollers should have qualified both SAC Part I and Part II. In absence of any provision for

State Government agencies to conduct these examinations for Autonomous Bodies, the BoM resolved (September 2017) that the University would formulate a comprehensive course curriculum in consultation with Director, Audit and Inspections and conduct such examinations internally. While finalisation of draft curriculum was pending with the Director, Audit and Inspections, an agenda was placed (February 2020) before the BoM for dispensing with the requirement of qualifying SAC Part I and SAC Part II, which was approved (July 2020) by the BoM without approval of the Financial Advisor, Universities.

The Registrar SKUAST-J stated (February 2022) that in response to clarification sought from Director General, Accounts and Treasuries, the latter stated that there was no provision for conducting such examinations for Corporations and Autonomous bodies and accordingly the matter was placed before the BoM for dispensing with examination. The reply is silent about non-compliance to the decision of BoM for conducting such examination internally. The reply is also to be seen in the light of fact that Finance committee (March 2015) had also opined that requirement of passing the examinations be incorporated in rules for recruitment of Deputy Comptroller (Audit) and Accountant.

4.13 Flawed recruitment rules

Audit observed ambiguities/ inconsistencies in Recruitment Rules of the Universities which had resulted in irregular appointments, indefinite continuation of employees in higher grades and avoidable litigations/ non-filling of posts. There were also incidences of inconsistent and selective amendments to Recruitment Rules as detailed in succeeding paragraphs.

4.13.1 Appointments by granting unreasonable and irrational age relaxation

University statutes specify an upper age limit of 35 years for direct recruitment of staff in consonance with the criteria prescribed by the State Government provided that the Vice Chancellor of the University may relax the upper age limit in respect of in service candidates. However, as against relaxation of three years in the upper age limit of 35 years prescribed by the State Government for in service candidates, no such period was specified in the University statutes.

Audit noticed in SKUAST-J that unreasonable and irrational age relaxation of nine and 13 years was granted (2012 and 2018) to two in-service candidates for appointment by direct recruitment to the posts of Deputy Registrar and Assistant Comptroller. By not specifying the period for relaxation of upper age limit for in service candidates, the University authorities had wielded unbridled power to choose persons of their choice by giving huge age relaxation to in service candidates.

The Registrar SKUAST-J stated (November 2021) that in the University Statutes there was no mention of any limit on age relaxation for direct recruitment of in service employees. The facts however remained that though the University had adopted upper age limit in consonance with the criteria prescribed by State

Government, it had ignored the criteria for relaxation of three years applicable to in service State Government employees. This is also to be seen in the light of facts that in notifications issued in the years 2001, 2005 and 2008, the University had prescribed a limit of three years for age relaxation in respect of in-service candidates.

4.13.2 Discretionary provisions in Recruitment Rules

As per University Statutes, the posts of Secretary to Vice chancellor (SVC) and Public Relations Officer (PRO) are to be filled from Senior Stenographers on the authority of Vice Chancellor. The Senior Stenographers selected for higher positions are liable to be reverted to the previous position at the discretion of the Vice-Chancellor. There are however no guidelines or criteria specified in the Statutes for reversion of Senior Stenographers.

In absence of any fixed tenure attached to the posts, two Senior Stenographers nominated (September 2009 and May 2013) by SKUAST-J as SVCs had continued to enjoy higher positions indefinitely without being reverted to their original positions. While one Senior Stenographer, after putting in three years as SVC was assigned (May 2013) the charge of Administrative Officer and subsequently adjusted (September 2015) as Assistant Registrar without any available post the other Senior Stenographer had been continuing as Secretary to Vice chancellor indefinitely since May 2013. This resulted in unequal treatment to similarly placed employees and consequent litigation with the result the university had to adjust (May 2015) a Senior Stenographer by converting the post to that of Assistant Registrar.

Registrar SKUAST-J stated (March 2022) that at no point the competent authority felt need to revert the upgraded Senior Stenographers and in order to streamline the system proposal for filling the positions of SVC/ PRO through direct recruitment or from equivalent cadre of Assistant Registrar would be placed before the BoM. The fact however, remained that these Senior Stenographers continued to hold higher positions indefinitely in absence of any criteria/ guidelines for reversion.

4.13.3 Inconsistent provisions in Recruitment Rules

The University Statutes prescribe that 50 *per cent* of the posts of Assistant Executive Engineers (AEE) with a sanctioned strength of two are to be filled by direct appointment and 50 *per cent* by promotion from amongst Junior Engineers having the specified experience and qualification. However, there being two streams of Civil and Electrical, the statute did not specify which post to be filled by promotion and which one to be filled up through direct recruitment.

Records of SKUAST-J revealed that while one post of AEE was filled up (2005) by promotion of one of the two JEs (Civil) whose appointment (October 1997) as JE had been established by the university as irregular (1999) being violative of SKUAST statutes, other post of AEE (electric) was advertised for direct recruitment (August 2010). The selection process could however not be finalised pending the outcome of a writ petition filed by the other Junior Engineer (Electric) on the grounds that his promotion avenues had been blocked. Thus, inconsistent provisions in the

Statutes requiring one post in a hierarchy to be filled by promotion and other by direct recruitment had denied equal opportunity to one of the two JEs with consequent litigation and non-filling up of the post.

4.13.4 Inconsistent amendments

University Statutes prescribe a qualification of Master's degree in Science/ Agricultural Science/ Veterinary Science with three years academic/ administrative experience for the post of Assistant Registrar carrying a Grade Pay of ₹ 5,400 for appointment to the post of Assistant Director Resident Instructions (ADRI) and Assistant Director, Research (ADR) carrying a Grade Pay of ₹ 6,000 (equivalent to that of an Assistant Professor) to be filled by direct recruitment, prescribed qualification is PhD degree in Agriculture²⁰ with NET.

Audit noticed that SKUAST-J amended (January 2018) Recruitment Rules for the post of ADRI and ADR by inserting the proviso 'adjustment by transfer' and made the posts of Assistant Registrars possessing Master's degree eligible for the posts.

Registrar SKUAST-J stated (March 2022) that the university had made amendments in SKUAST Statutes after the recommendations of the BoM and approval of university Council. The fact however remained that the posts were neither analogous nor equivalent as the scales, qualifications, experience and line of duties were different.

4.14 Appointment to ex-cadre positions

Krishi Vigyan Kendras, a plan scheme of ICAR receives 100 per cent funding from ICAR. Each KVK has 16 sanctioned posts including six Subject Matter Specialists and three Programme Assistants for which the minimum essential prescribed qualification is Master's and Bachelor's degree respectively. As per MoU signed by the universities with ICAR from time to time, the pay scale and qualification of the appointed staff should be commensurate with pay attached to the post and requirements of the job. Audit noticed the following deviations from MOUs.

4.14.1 Appointment of Subject Matter Specialists

Technical posts of Subject Matter Specialists of KVKs are governed by ICAR norms and Grade Pay of ₹ 5,400 is uniformly applicable across the country to these posts. Audit noticed that the Agriculture Universities had advertised (01.01.2006 onwards) these posts with GP of ₹ 6,000 after clubbing them with posts of Junior Scientists and Assistant Professors (which are governed by the Agricultural Research Service (ARS) of ICAR and UGC respectively) for which higher qualification was prescribed. This had resulted in clubbing of academic, scientific and technical positions in the Agriculture Universities making these positions interchangeable which also resulted in violation of transfer policy of ICAR requiring transfer of KVK staff within KVKs only. SKUAST-J segregated (March 2011) the post of SMS after receiving clarifications (March 2011) from ICAR and made further appointment of SMSs in

²⁰ PhD relaxable for Veterinary Sciences.

Grade Pay of ₹ 5,400, SKUAST-K continued to allow the Grade Pay of ₹ 6,000 to all its SMSs till January 2020, without obtaining sanction of the funding agency and also without approval of the UC/ BoM. However, SKUAST-J, upgraded (July 2018) the Grade Pay of 10 SMSs appointed between March 2013 and June 2015 from ₹ 5,400 to ₹ 6,000, treating them as deemed to have been appointed in the GP of ₹ 6,000 notionally from the date of appointment which resulted in additional financial burden of ₹ 0.19 crore in respect of arrears paid to these SMSs for the period July 2018 to September 2019 and a recurring implication of ₹ 1.38 lakh per month as the funding agency clarified (February 2020) that any *ad hoc* increase over and above the approved pay is to be met by the host institute. This also resulted in automatic induction of these SMS into teaching cadre.

4.14.2 Appointment of Programme Assistants

In violation of ICAR norms, SKUAST-J issued notifications for appointment (2008 and 2012) of Subject Specific Programme Assistants in the pay scale of ₹ 9,300 - ₹ 34,800 (Grade Pay ₹ 4,200) prescribing a minimum qualification of Master's degree instead of Bachelor's degree. By prescribing higher minimum qualification, the aspiring candidates having required qualification were deprived of the opportunity of applying for the post. This also paved way for subsequent up-gradation (2018) of appointees as Assistant professors as discussed under **Para 4.9.3**.

The Registrar SKUAST-J stated (January 2022) that the advertisements were issued by the then administration as per the need felt at that time. The reply is not acceptable as issue of notification requiring higher than prescribed minimum qualification for appointment of Programme Assistants was against ICAR norms.

4.15 Transfers and deployment

4.15.1 Absence of a transfer policy

Though a draft transfer policy in respect of transfer and rotation of employees to other administrative units within the University had been framed (December 2014) by SKUAST-J in pursuance to the deliberations of 23rd meeting of BoM, the policy was not approved as of March 2021. SKUAST-K had also not framed any transfer policy. Non-adoption of a transfer policy resulted in transfer of employees in a pick and choose manner without consideration of period of tenure at a particular place and also resulted in attachment of employees to and from off-site units of the Universities for indefinite periods. As of March 2021, 13 teachers/ scientists²¹ and 105 non-teaching employees²² drawing salaries from places where their posts were located, were attached to other administrative units of the Agriculture Universities without specifying any tenure for such attachments.

Assistant Registrar (Non- teaching) stated (December 2021) that due to moratorium (August 2019) on fresh appointments, staff was deployed on stop gap basis from other

²¹ SKUAST-J: five; SKUAST-K: eight.

²² SKUAST-J: 43; SKUAST-K: 62.

offices/ units to meet exigencies. AR (GAD) SKUAST-K stated (January 2022) that a Committee had been constituted (June 2021) to formulate a transfer policy.

4.15.2 Violation of transfer policy of ICAR

As per the MoU entered into by SKUAST-J with ICAR from time to time, no scientist, technical staff or office staff was to be transferred from KVKs to any other work and ICAR was to be consulted before making any change in the programme of the Kendras or the personnel employed therein. The ICAR through its various communications (the latest in January 2020) instructed the Agriculture Universities not to deploy any employee of KVK at State Agricultural Universities (SAUs,) failing which future salary of the employee would be stopped. Directions were also issued at a zonal workshop of KVKs (Zone-I) that staff drawing salary from KVK scheme must be posted only at a KVK otherwise the host institute had to provide for their salary from own sources. Accordingly, SKUAST-J notified (July 2018) that the transfers of staff appointed for KVKs would be only within KVKs.

Audit noticed that four Senior Scientists, heading KVKs, appointed by direct recruitment were irregularly transferred to the teaching positions in SKUAST-J between May 2016 and March 2020. It was further noticed that as of March 2021, eight staff members of KVKs and two FCLAs drawing salaries from ICAR grants were irregularly attached to SKUAST-J and SKUAST-K respectively.

During Exit conference it was stated (June 2022) that policy for repatriation of KVK staff had been framed where under SMS had been repatriated and repatriation of other staff was under consideration.

4.16 Pay and entitlements

Examination of entitlement issues relating to pay and other allowances viz House Rent Allowance (HRA), pensions, Non Practicing Allowance (NPA), Pay protection, sanction of leave etc. revealed inadmissible/ excess payments of ₹ 22.91 crore, which caused extra financial strain to the Government exchequer. Instanced cases are discussed as under:

4.16.1 Irregular adoption of higher pay scales

As per University Statutes, the employees of the Agriculture Universities are governed by central pay scales. Audit noticed that while adopting central pay scales, the Universities had skipped five immediate applicable higher pay scales and still higher pay scales were irregularly adopted resulting in undue monetary benefit of ₹ two crore²³ in respect of 53²⁴ employees and pay disparity with similarly placed employees of Central Government. Details indicating central pay scales *vis-à-vis* skipped and adopted pay scales by universities are given in **Table 4.3**.

²³ SKUAST-J: ₹ 0.09 crore; SKUAST-K: ₹ 1.91 crore.

²⁴ SKUAST-J: 09; SKUAST-K: 44.

Table 4.3: Details showing Central pay scales (CPSs), CPSs skipped and CPSs adopted by the Universities

(Amount in ₹)

Central pay scales (CPS)	Pay scales of Agriculture Universities	Next higher CPS Skipped by Agriculture Universities	Pay scale adopted by Agriculture Universities
750-940/ 2,550-3,200	750-940/ 2,550-3,200	775-1,025/ 2,610-3,540	800-1,150/ 2,650-4,000
800-1,150/ 2,650-4,000	800-1,150/ 2,650-4,000	825-1,200/ 2,750-4,400	950-1,500/ 3,050-4,590
1,200-2,040/ 4,000-6,000	1,200-2,040/ 4,000-6,000	1,350-2,300/ 4,500-7,000	1,400-2,600/ 5,000-8,000
1,400-2,600/ 5,000-8,000	1,400-2,600/ 5,000-8,000	1,640-2,900/ 5,500-9,000	2,000-3,200/ 6,500-10,500
2,000-3,200/ 6,500-10,500	2,000-3,200/ 6,500-10,500	2,375-3,500/ 7,450-11,500 & 2,500-4,000/ 7,500-12,000	2,200-4,000/ 8,000-13,500

Assistant Registrar (GAD), SKUAST-K stated (May 2022) that the matter was under examination and detailed reply would be forwarded in due course. Deputy Registrar (Secrecy) SKUAST-J stated that non-teaching staff was appointed in Central Pay Scales in terms of relevant schedules/ Chapters of SKUAST Statutes as applicable to various cadres. The reply is evasive and does not address the specific audit concern.

4.16.2 Undue extension of revised pay scales

The High Court of Jammu and Kashmir passed (February 1994) an interim order on a writ petition filed by 'Non-Teaching Employees Association' of erstwhile combined SKUAST allowing the petitioners holding pre-revised pay scale of ₹ 1,400 - ₹ 2,600 and ₹ 1,640 - ₹ 2,900 to be placed in the pay scale of ₹ 1,640 - ₹ 2,900 and ₹ 2,000 - ₹ 3,500 respectively.

Accordingly, SKUAST-K extended (August 2007) the benefit to all employees holding these scales subject to certain conditions including the condition that the appointments made against an advertisement through direct recruitment were not covered by aforementioned benefit.

Records showed that SKUAST-J, granted (June 2008) higher scales, on the basis of decision (August 2007) of SKUAST-K, to the concerned employees. Audit noticed that five directly recruited non-teaching employees²⁵ were irregularly granted higher scales resulting in excess payment of ₹ 0.44 crore.

4.16.3 Payment of House Rent Allowance at higher rates

As per Schedule XXII of Volume-II of J&K Civil Services Rules 1992 (House rent Allowance and City Compensatory Allowances), Urban Agglomerations (UAs) of cities of Srinagar and Jammu were classified under 'Y' class cities. Areas outside these UAs were classified as 'Z' class. The government employees serving within UAs are eligible for HRA at the rate of 16 *per cent* of basic pay and those serving outside the UAs are entitled to HRA at the rate of eight *per cent*.

It was observed that in SKUAST-J, 11 employees who were attached to main University campus from five units located outside Jammu UA were paid excess HRA of ₹ 0.22 crore.

²⁵ Two Senior Stenographers, one Statistical Assistant, one Computer Programmer and one Junior Engineer.

Audit noticed that HRA at higher rates of 16 *per cent* (20 *per cent* for the period prior to April 2018) of basic pay instead of eight *per cent* (10 *per cent* for the period prior to April 2018) was being drawn in respect of employees of the SKUAST-K serving in faculties/ research stations which were not located within Srinagar UA. This had resulted in payment of excess HRA of ₹ 3.94 crore between January 2015 and March 2021, as worked out by audit in respect of thirteen divisions. Out of ₹ 3.94 crore, a recovery of ₹ 2.48 lakh had been effected by Dean Faculty of Forestry, SKUAST-K during December 2021 and January 2022.

It was confirmed during Exit conference (June 2022) that action for effecting recoveries as pointed out in audit had been initiated.

4.16.4 Irregular Payment of Leave encashment

Rule 16 of J&K Civil Services (Leave) Rules, 1979 envisages maintenance of six monthly leave accounts (as of January and July each year) in the prescribed format for appending with the service book of an employee. The competent authority to sanction leave authorises a lump sum amount equivalent to leave salary in respect of un-availed earned leave at the credit of the employee on the last day of service subject to overall limit of 300 days.

Test check of service records in SKUAST-K showed that leave accounts of employees had not been maintained in absence of which the leave at their credit at the time of retirement was not ascertainable. Thus, ₹ 8.24 crore paid to 220 retirees between April 2016 and December 2021 on account of un-availed earned leave remained questionable.

Eight DDOs/ HoDs of SKUAST-K admitted (February 2022) that leave statements were prepared at the time of retirement of employees and assured that leave accounts would be maintained in future.

4.16.5 Payment of ₹ 4.83 crore as arrears in respect of old claims

Rule 2.40, 2.41 and 2.43 of J&K financial code Vol-1, forbid payment of arrears in respect of old claims and envisage that where such cases are opened in relation to re-fixation of initial pay in a time scale, the arrears shall not be allowed without sanction of the Finance Department. In deviation from these rules, arrears of ₹ 2.76 crore on account of revised pay scales had been paid (March 2017) to 218 employees of SKUAST-K without concurrence of the Finance Department.

Similarly arrears of ₹ 2.07 crore were paid to 135 DRWs of SKUAST-K regularised (between April 1994 and April 2002) by allowing (March 2020) monetary benefit of SRO 311²⁶ retrospectively towards promotion and other service benefits, without obtaining the required concurrence from BoM or Finance Department.

Assistant Registrar (Non-Teaching/ Legal Affairs) stated (February 2022) that the arrears of pay had accrued to the employees due to grant of promotions under various schemes

²⁶ SRO 311 of 1997 issued by the Finance department, provided that 50 *per cent* service (3½ years) rendered by DRWs may be counted towards regular service for all purposes.

and denying such benefit would have been void before the eyes of law and would have been harsh on employees. The reply is not tenable as concurrence for payment of arrears in respect of old claims had not been obtained from the Finance Department.

4.16.6 Inadmissible pay protection granted to teaching staff

Veterinary Assistant Surgeons (VASs) in the Sheep and Animal Husbandry department holding pay scale of ₹ 7,500 - ₹ 12,000 were upgraded (SRO-43 of February 2004) by the Finance Department to the scale of ₹ 8,000 - ₹ 13,500 with effect from 01.01.1996. The matter regarding pay protection to be given to erstwhile VASs of Animal Husbandry Department, who were directly appointed in SKUAST-J was taken up by the latter with the Financial Advisor, Universities who clarified (April 2006) that the benefit of SRO-43 was not applicable to employees whose lien had terminated in previous department.

Records of the SKUAST-J revealed that in violation of clarification issued by the Finance Department, benefit of SRO-43 was extended to two VASs directly appointed (after 01.01.1996) to teaching positions by fixing their pay at a higher stage. Audit assessed that an excess payment of ₹ 5.99 lakh had been made to these teachers upto March 2021.

Registrar SKUAST-J stated (May 2022) that pay had been protected in their favour instead of Grade Pay in the light of re-fixation of pay issued (October 2007) by Deputy Director, Directorate of Animal Husbandry, Jammu. The fact however remained that the re-fixation of pay had been accepted by the University despite termination of liens of the employees in the previous department.

It was confirmed during Exit conference (June 2022) that action for effecting recoveries as pointed out in audit had been initiated.

4.16.7 Irregular Grant of Non Practising Allowance (NPA) and Additional incentive of 2½ days' salary

As per SRO-132 of April 1998 issued by the erstwhile State Government, Non-Practising Allowance (NPA) was to be paid only to those doctors who hold administrative positions or were involved in teaching profession. Similarly, according to SRO 274-HME of March 1991 additional 2½ days' pay was to be paid to the medical staff which remained on roster duty.

Contrary to these norms, ₹ 0.34 crore was paid as NPA in SKUAST-J to two Medical Officers (MOs) who were neither holding administrative positions nor involved in teaching profession during the period August 2012 to March 2021. Despite there being no possibility of performing roster duty in the Agriculture Universities, an additional pay²⁷ of ₹ 0.11 crore was paid to four Medical Assistants and one Nurse in SKUAST-K between June 2016 and October 2021.

The Registrar, SKUAST-J stated (January 2022) that the MOs of the University were administratively managing the Health Centres and had submitted affidavit that they

²⁷ Basic pay, DA and Special pay.

were not undertaking any private practice. The reply is not tenable as the MOs were neither holding administrative positions nor engaged in teaching profession.

It was confirmed during exit conference (June 2022) by the respective Registrars that action had been initiated to initiate recoveries pointed out in audit.

4.16.8 Wrong pay fixation

In SKUAST-K wrong pay fixation in 18 cases and payment of undue allowances in respect of election duty in five cases had resulted in excess payments of ₹ 0.36 crore to 23 officials.

Deputy Comptroller, Faculty of Veterinary Sciences and Animal Husbandry and Assistant Comptroller, Faculty of Fisheries stated (February 2022) that action for recovery of undue allowances paid to employees had been initiated.

4.16.9 Inadmissible Grant of study leave

As per ICAR norms Study leave may be granted to a permanent whole time scientist to pursue a special line of study for research/ PhD degree directly related to his/ her work in the organisation. UGC regulations also permit grant of Study leave to Assistant Professors. In either of these regulations or University statutes there is no provision for grant of Study leave to non-teaching staff. Test check of records showed (November 2021) that 21²⁸ non-teaching employees (FCLAs: 10, STA/ TA/ PAs: 10 and Farm Manager: one) were sponsored by the Agriculture Universities for undertaking Bachelor's/ Master's/ PhD degree for which Study leave was sanctioned (August 2005 to February 2021) in their favour ₹ 3.03 crore²⁹ was paid to these employees as leave salary during the period of Study leave.

The Registrar SKUAST-J stated (January 2022) that in the interest of the University non-teaching staff were deputed on study leave on their request to acquire higher qualification.

The fact remained that in deviation from University Statutes non-teaching staff was irregularly sent on study leave.

4.16.10 Conversion of non-pensionable service into pensionable service

University Statutes envisage that every employee of the University shall opt either for pensionable or non-pensionable service. An employee who does not exercise the option within stipulated period shall be deemed to have opted for the pensionable service and the option once exercised shall be final. Records revealed that though 34 employees (SKUAST-J: 14; SKUAST-K: 20) of the Universities had opted for non-pensionable service at the time of their joining service, their service was converted (between April 2005 and August 2021) to pensionable service without approval of the University Council and concurrence of the Finance Department.

Assistant Registrar (GAD) SKUAST-K stated (November 2021) that the BoM after approving the proposal did not desire to put it before University Council. The reply is

²⁸ SKUAST-J: 15; SKUAST-K: six.

²⁹ SKUAST-K: ₹ 1.08 crore and SKUAST-J: ₹ 1.95 crore.

not tenable as approval of Finance Department should have been obtained as the decision had huge financial implications.

4.16.11 Wrong authorisation of family pension

Finance Department issued (April 2018) a clarification that the amount of superannuation, special, retiring, compensation and invalid pension in respect of Government servants, having rendered a minimum qualifying service of 28 years, retiring on or after 01.01.2016 shall be calculated at 50 *per cent* of emoluments last drawn and family pension at the rate of 30 *per cent* of last emoluments was to be calculated to be drawn in the event of death of government servant after superannuation with a condition to be incorporated in the authorization that if death of retiree happens within seven years of superannuation, family pension at the enhanced rate of 50 *per cent* of last pay drawn by the government servant was payable up to seven years from the date of superannuation.

Scrutiny of pension records revealed that in 17 cases (out of 101 test checked cases) family pension at enhanced rate of 50 *per cent* of last pay drawn eventual to death of retiree within seven years of superannuation was authorised for a period of only up to five years against seven years. In respect of nine cases family pension at the rate of 30 *per cent* of last pay drawn was authorised without making mention of enhanced rate payable in the event of death of retiree within seven years of superannuation.

4.17 Conclusion

The HR function of the universities was far from satisfactory and was plagued by irregular appointments, favoritism and inadmissible financial up-gradations. Relaxing the minimum standards for appointments and promotions of teachers compromised the quality of teaching and research in the universities. Lateral entry to teaching positions from lower technical positions deprived the university of availing the benefits of recruiting meritorious teachers through open advertisements. Extension of undue benefits due to excess drawl of pay, allowances and entitlements led to financial strain on the state coffers.

4.18 Recommendations

- *There is an urgent need to review sanctioned strength to weed out redundant posts and initiate process for filling up of management positions through direct recruitment;*
- *The universities should adopt UGC regulations in toto and avoid lateral entry of technical cadre to teaching positions to maintain the minimum standards prescribed for appointment of teachers;*
- *Career advancements of technical cadre borne on ICAR strength should strictly be implemented as per ICAR norms;*
- *There is an urgent need for revisiting Career Advancement Scheme of teaching positions in consonance with UGC regulations; and*
- *The universities may immediately consider introduction of SAC Part-I and II for ensuring efficiency and quality in the accounts wing.*

Chapter V
Swachh Bharat Mission (Urban)

Chapter V: Swachh Bharat Mission (Urban)

Housing and Urban Development Department

Compliance audit of two components under Swachh Bharat Mission (U) viz. Individual Household Latrines (IHHLs) and Public toilets (PTs), was carried out covering the period from 2016-17 to 2020-21. It was noticed that the ULBs had not carried out house-to-house survey to identify beneficiaries for providing IHHLs. Progress of work was not closely monitored and no monitoring reports were on record. Beneficiary survey and physical verification of selected 942 IHHLs shown constructed by NGOs revealed that only 95 (10 per cent) were functional. Further, doubtful payment of ₹ 116.48 lakh was made to NGOs in respect of construction of IHHLs and there was unproductive expenditure of ₹ 91.30 lakh in respect of 522 IHHLs. Out of 173 physically verified PTs, 108 PTs (63 per cent) were either incomplete, abandoned or non-functional.

5.1 Introduction

The Government of India (GoI) launched flagship scheme of Swachh Bharat Mission (SBM), Urban on 02 October 2014 with the objective of making urban India 100 per cent free from open defecation in areas falling under the Urban Local Bodies in the country by October 2019. SBM, Urban (U) is being implemented by the Ministry of Housing and Urban Affairs, Government of India (MoH&UA) and Housing and Urban Development (H&UDD), Government of Jammu and Kashmir.

SBM (U) has various components¹ and is funded by Government of India (GoI) and the State Government on 90:10 basis. In addition to prescribed 10 per cent state share to be released by J&K Government in respect of IHHLs and PTs, additional State contribution was also released by the Government, as such the total quantum of State shared was more than 10 per cent. Housing and Urban Development Department (H&UDD), Jammu Municipal Corporation (JMC), Srinagar Municipal Corporation (SMC), Directors of Urban Local Bodies (ULBs), Jammu and Srinagar and 76 Municipal Councils/ Committees are responsible for implementation of SBM (U).

The Compliance audit of two components under Swachh Bharat Mission (U) viz. Individual Household Latrines (IHHLs) and Public toilets (PTs), was carried out covering the period from 2016-17 to 2020-21. As per records, during the period 2016-21, 51,246 IHHLs and 2,621 PTs were constructed in the 78 ULBs (JMC, SMC and 76 Municipal Councils/ Committees) of Jammu and Kashmir. Scrutiny of records of Directors of Urban Local Bodies (ULBs), Jammu and Srinagar and JMC, SMC and 19 other ULBs² (out of 76 Municipal Councils/ Committees) was carried out. The

¹ Individual household toilets; Community/ Public Toilets; Solid Waste Management; Information education, communication & public awareness and Capacity building and administrative & office expenses.

² Kashmir Division: Anantnag, Bandipora, Baramulla, Dooru, Frisal, Kulgam, Kupwara, Mattan, Sopore, Shopian and Jammu Division: Arnia, Bhaderwah, Doda, Kathua, Poonch, Rajouri, Ramnagar, Samba and Udhampur.

selection of these 21 ULBs was done on the basis of maximum expenditure incurred under SBM. A total of 27,317 IHHLs and 290 PTs were shown constructed, as per records, in the 416 wards of these 21 selected ULBs.

In addition to scrutiny of records, beneficiary survey and physical verification of IHHLs/ PTs were carried out jointly with staff of ULBs to see whether assets created under the mission were complete, functioning and well maintained. For the beneficiary survey and physical verification of IHHLs, out of the total 416 wards in the selected 21 ULBs, 102 wards (25 per cent) were selected on the basis of maximum number of IHHLs constructed. In these 102 wards, 14,675 IHHLs were constructed out of which 1,588 (10 per cent) were selected for beneficiary survey and physical verification.

Further, 173 PTs³ out of the total 290 PTs constructed within the jurisdiction of 21 selected ULBs, were selected for physical verification.

5.2 Position of release of funds and expenditure incurred

Component-wise release of funds and expenditure incurred there against by all implementing agencies and Mission Directorate of the State/ UT under SBM (U) from 2016-17 to 2020-21 is given in **Table 5.1**.

Table 5.1: Component wise position of release of funds, expenditure incurred in respect of all ULBs of the State/ UT (2016-21)

(₹ in crore)				
Component	Releases	Expenditure	Unspent	%age of unspent funds
IHHL	83.20	75.05	8.15	9.80
PT	71.23	58.76	12.47	17.51
Total	154.43	133.81	20.62	

Component-wise release of funds and expenditure incurred by 21 selected ULBs of the State/ UT under SBM (U) from 2016-17 to 2020-21 is given in **Table 5.2**.

Table 5.2: Component wise position of release of funds and expenditure incurred in respect of selected ULBs of the State/ UT (2016-21)

(₹ in crore)			
Component	Releases	Expenditure	Unspent
IHHL	47.49	34.43	13.06
PT	27.96	26.38	1.58
Total	75.45	60.81	14.19

5.3 Identification of beneficiaries

Paragraph 4.3 of guidelines of SBM (U) stipulates that a beneficiary shall mean any household that does not have access to individual household toilet or has an insanitary toilet⁴. As per SBM guidelines a house-to-house survey was required to be carried out on the basis of data of Census 2011 or any recent survey available to identify households practicing open defecation. The baseline data collected during the survey

³ 25 per cent PTs in SMC and JMC and all PTs in remaining 19 sampled ULBs.

⁴ Dry and single pit latrine.

was to be put in public domain by 15.02.2015. On the basis of this data, the authorities were required to approve either a Household toilet or Community toilets (CTs) for group of households.

No house-to-house survey was carried out to see whether beneficiaries had or did not have existing sanitary latrine. Instead, Mission Director SBM (U) had only issued (2015-16) notifications through print and electronic media advising households having no latrines or insanitary latrines to register their applications at nearby Common Service Centres/ Khidmat Centres. Non-conducting of house-to-house survey also resulted in wrong identification of beneficiaries, as brought out by the following instances:

- In respect of JMC, instead of sanctioning one household toilet for one household, 45 households were sanctioned 134 IHHLs which also included 35 IHHLs sanctioned in favour of minors in the age group of 12 to 18 years. A photograph of same person was used in respect of five beneficiaries for release of payment. Chief Accounts Officer (CAO), JMC stated (March 2022) that the matter would be examined and factual position intimated to audit.
- Para 4.4.1 and 4.4.2 of SBM guidelines stipulated that 1st installment (50 per cent) of incentive for construction of IHHL should not be released without verification of beneficiary. Audit observed in Municipal Council, Sopore and Shopian that out of 1,563 beneficiaries, 154 beneficiaries were paid ₹ 3.15 lakh in 2016-17 as 1st installment for construction of sanitary latrines. They were not paid further assistance as it was stated that they already had IHHLs. Thus, undue payment of ₹ 3.15 lakh was made to these wrongly identified beneficiaries. No recovery was initiated as of May 2022.

The Executive officers of ULBs stated (December 2021/ February 2022) that these beneficiaries who were initially paid assistance as per guidelines were upon verification found to already have existing latrines.

Chief Executive Officer, Municipal Council, Sopore stated (June 2022) that 1st installment was released to the beneficiaries to start construction of IHHL units. It was further stated that after verification, it was observed that the beneficiaries had utilised the amounts for some other purposes and accordingly further payments were stopped.

The Director Finance, H&UDD stated (August 2022) that the Mission Director, SBM(U) had invited the beneficiaries through print and electronic media for registration in the near common service centres/ khidmat centres and ULBs had issued notices and obtained applications after door to door verification.

The claim regarding door-to-door verification by Director Finance, H&UDD was contradictory to the above quoted replies furnished (December 2021/ February 2022/ June 2022) by Executive officers of ULBs.

With regard to sanction of 35 IHHLs sanctioned in favour of minors, it was stated that the Commissioner JMC had initiated re-verification by a committee constituted for the purpose and that if any ineligible beneficiary was found the recovery proceedings would be initiated.

5.3.1 Targets vis-à-vis achievements

Mission targets of 1,34,073 IHHLs and 3,779 CTs/ PTs for all ULBs of State/ UT for the mission period (2014-21) were revised by State Level Apex Committee (SLAC)⁵ to 51,232 IHHLs and 2,757 CTs/ PTs against which 51,246 IHHLs and 2,621 CTs/ PTs were shown in the records as achieved under the mission. In the selected 21 ULBs against targets of 27,596 IHHLs and 323 CTs/ PTs, 27,523 IHHLs (Constructed by Beneficiaries themselves: 14,043 and NGOs: 13,480) and 290 CTs/ PTs were shown in the records as achieved. Audit noticed that mission targets had not been set after conducting house to house survey for identification of beneficiaries but were set on the basis of Census of 2011.

5.4 Construction of IHHLs by beneficiaries themselves

For construction of IHHLs, Central Government incentive for construction of household toilets was ₹ 4,000 per IHHL. The incentive was revised (July 2016) to ₹ 10,800 per IHHL. State Share which was ₹ 444 (10 per cent) per unit was revised (July 2017) to ₹ 1,200 per IHHL with additional State contribution of ₹ 5,490 for new construction. Records of 21 selected ULBs showed that 14,043 IHHLs were constructed as of March 2021.

As per scheme guidelines after release of 1st installment⁶ of incentive in favour of identified beneficiaries for construction of IHHLs, the 2nd installment was to be released upon verification of physical progress of construction. Actual process of verification was to be as per directions of respective State Government.

Audit noticed that actual process of verification of physical progress of work after release of 1st installment to ascertain whether the beneficiary had started construction of IHHL was not specified by the authorities of H&UDD. As per fund release orders issued by the State Mission Director, photographic/ videographic evidence of works was to be maintained. It was however, noticed that the department had not specified the process for monitoring physical progress of work at various stages. This had resulted in non-conversion of insanitary latrines into sanitary ones and excess/ double payment to beneficiaries as detailed in **Paras 5.4.1 and 5.4.2**.

5.4.1 Wasteful expenditure of ₹ 1.09 crore

In SMC assistance of ₹ 1.09 crore was paid (October 2019) to 1,828 beneficiaries as 1st instalment of ₹ 6,000 each for conversion of insanitary latrines into sanitary latrines. Audit noticed that as of September 2021, 2nd instalment had not been released in their favour. No reasons were on record for non-release of 2nd instalment in favour of the beneficiaries. Out of 1,828 beneficiaries, 51 were selected in seven selected wards of SMC for joint physical verification/ beneficiary survey with departmental staff of SMC. It was noticed during joint physical verification/ beneficiary survey that

⁵ As per revised guidelines, SLAC [consisting of Chief Secretary as Chairman and Administrative Secretaries of seven Departments (Planning & development, Finance, Jal Shakti, Health & Medical Education, Housing & Urban Development, Information & Rural development & Panchayati Raj), Mission Director, Rural Sanitation, Commissioner SMC, Commissioner JMC, Director ULBs Jammu and Director ULBs Kashmir as members] has the flexibility to re-determine targets for IHHLs and PTs.

⁶ 50 per cent of total.

none of the selected beneficiaries had constructed pits/ septic tanks and were still discharging the human waste/ excrete of their toilets into open surface drains. Non-conducting of survey for identification of beneficiaries had resulted in wasteful expenditure of ₹ 1.09 crore (including ₹ 3.06 lakh paid to these 51 beneficiaries) paid to these 1,828 beneficiaries. Thus, SMC had shown in the records wrong achievement of conversion of 1,828 insanitary IHHLs into sanitary units.

The Director Finance, H&UDD stated (August 2022) that the SMC had initiated a re-verification survey by ward officers, sanitary supervisors and sanitary inspectors and in case delinquency was found, notices would be issued to complete the work and in case of non-compliance, recovery proceedings including imposition of penalty would be initiated.

5.4.2 Excess/ double payment of ₹ 2.85 lakh to 29 beneficiaries

In two⁷ out of 21 test checked ULBs, 26 beneficiaries were paid assistance of ₹ 2.21 lakh in excess during the period 2016-17 to 2020-21 and in MC Shopian double payment of ₹ 0.64 lakh was made to three beneficiaries for conversion of insanitary latrines into sanitary latrines and construction of new latrines. The Executive Officers(EO), MC Sopore and MC Shopian stated that excess amount would be recovered from the beneficiaries. The EO, MC Shopian stated (June 2022) that the excess payment of ₹ 10,000 made had been recovered from one beneficiary and the process for recovery of the amount of double payment of ₹ 0.64 lakh would be started shortly. EO, MC Sopore stated (June 2022) that ₹ 1.95 lakh had already been recovered from 23 beneficiaries, and the remaining amount would be recovered soon.

The Director Finance, H&UDD stated (August 2022) that CEO Shopian and CEO Sopore had initiated recoveries from the concerned beneficiaries and process for recovery of balance amount would be completed in shortest possible time.

5.5 Construction of IHHLs by NGOs

Scheme guidelines stipulate that the construction of IHHL should be undertaken by the household itself. Though guidelines did not provide for construction of IHHLs through contractors or Non-Government Organisations (NGOs), the MoUD authorised engagement of NGOs and contractors for construction of IHHLs for identified beneficiaries to achieve ODF targets. The erstwhile State Government had empanelled various NGOs for construction of new IHHLs at a cost of ₹ 17,490 per unit.

In the terms and conditions of orders issued for engagement of NGOs for construction of IHHLs it was stipulated that the construction work be closely monitored by the engineering staff of the concerned ULB to ensure that execution of work was as per approved specifications prescribed in the scheme guidelines. Payment in respect of IHHL constructed by an NGO was to be made in stages only after completion certificate is furnished by the concerned beneficiary. Audit however, noticed that

⁷ Shopian: one (₹ 0.10 lakh) and Sopore: 25 (₹ 2.11 lakh).

stage wise documentary evidence regarding construction of IHHL to be produced by the NGOs and certified by engineering staff of ULBs for making payment in stages of construction of IHHL were not specified, which led to irregularities as detailed in **Para 5.5.1.**

5.5.1 Lump sum payment to NGOs instead of in stages and without monitoring execution of work with approved specifications

₹ 19.87 crore was paid to NGOs in 20 ULBs⁸ for construction of 12,297 IHHLs for identified beneficiaries. Audit noticed that IHHLs constructed by NGOs for beneficiaries were not closely monitored to see whether work was executed as per approved specifications as no monitoring reports were on record. Instead of making payment in stages as envisaged in empanelment and allotment orders, the payments were made to NGOs in lumpsum. The photographic evidence in support of having closely monitored the physical progress of construction work in stages was not kept on record.

- Audit selected 1,315 cases of IHHLs for collection of data in respect of completion certificates obtained from beneficiaries for passing payments in favour of NGOs and noticed that in respect of 364 IHHLs completion certificates were not on record; in respect of 123 IHHLs completion certificates though signed by beneficiaries were not authenticated by the ULB authorities and in six cases completion certificates were not signed by beneficiaries.

Chief Executive Officer, Municipal Council Shopian stated (June 2022) that final instalment has been released to the NGOs after obtaining completion certificate/ verification from the monitoring committee duly signed by the beneficiary, Junior Engineer and Executive Officer.

Chief Executive Officer, Municipal Council Anantnag stated (June 2022) that technical verification in respect of these units was received from concerned AEE and all completion certificates were signed by the CEO as well as by the Engineering staff. The reply is not based on fact as no completion certificates of beneficiaries were on record.

The Director Finance, H&UDD stated (August 2022) that payment was released to the NGOs after obtaining requisite certificate from the beneficiaries/ JE/ CEO. The reply is not based on fact as out of 1,315 selected cases of IHHLs completion certificates in respect of 364 IHHLs were not on record and in respect of 123 IHHLs completion certificates though signed by beneficiaries were not authenticated by the ULB authorities and in six cases completion certificates were not signed by beneficiaries.

The replies were not convincing, as no monitoring reports and photographic evidence in support of having closely monitored the physical progress of construction work in stages were on record and payments were made to NGOs in lump sum.

⁸ Anantnag, Arnia, Baramulla, Bandipora, Bhandarwah, Doda, Dooru, Frisal, JMC, Kathua, Kulgam, Kupwara, Mattan, Poonch, Ramnagar, Samba, Shopian, SMC, Sopore and Udhampur

- In JMC, audit noticed that actual site of construction of IHHLs by NGOs was not mentioned in records in respect of 339 beneficiaries. As per records 331 beneficiaries had addresses of locations falling outside the jurisdiction of JMC and eight beneficiaries had addresses of other states.

The Director Finance, H&UDD stated (August 2022) that re-verification had been initiated by a committee constituted for the purpose and that if any ineligible beneficiary was found the recovery proceedings would be initiated.

These lapses on the part of ULB authorities cast doubt over genuineness of construction of IHHLs by NGOs, as well as over the genuineness of expenditure incurred on these constructions. Doubtful construction of IHHLs by NGOs was also corroborated by physical verification and beneficiary survey as discussed in **Para 5.5.1 (A)**.

5.5.1 (A) Doubtful payment of ₹ 116.46 lakh

In 18⁹ out of 21 selected ULBs, empanelled NGOs were allotted (2016-2018) work for construction of new IHHLs and conversion of insanitary to sanitary IHHLs in respect of 11,577 beneficiaries.

Beneficiary survey was carried out in 18 ULBs with randomly selected 942 beneficiaries whose IHHLs were also physically verified.

- Out of 942¹⁰ selected beneficiaries, 633 beneficiaries¹¹ stated that their IHHLs were constructed by NGOs. Out of these 633 IHHLs, 453 IHHLs were non-functional, 95 were complete, 16 were left half way¹², and 69 IHHLs were dismantled by beneficiaries. (observations relating to IHHLs constructed by NGOs are detailed in **Para 5.5.1 (B)**). Thus, out of 942 selected IHHLs constructed by NGOs, only 95 IHHLs (10 *per cent*) were found functional.
- Out of 942 selected beneficiaries, 238 beneficiaries¹³ stated that NGOs had not constructed their IHHLs but they constructed IHHLs on their own. Out of these 238 beneficiaries, 137 stated¹⁴ that they had received ₹ 11.23 lakh (out of due amount of ₹ 22.86 lakh) from the NGOs.
- Out of 942 selected beneficiaries, IHHLs of 66 beneficiaries of JMC were not found constructed and IHHLs of five beneficiaries¹⁵ could not be traced out.

⁹ Kashmir: (SMC, Anantnag, Bandipora, Dooru, Frisal, Kulgam, Kupwara, Mattan, Shopian) and Jammu: (JMC, Arnia, Bhaderwah, Doda, Kathua, Poonch, Ramnagar, Samba and Udhampur).

¹⁰ Kashmir: (SMC: 36, Anantnag: 36, Bandipora: 25, Dooru: 22, Frisal: 13, Kupwara: 25, Kulgam: 30, Mattan: 32 and Shopian: 18) Jammu: (JMC: 407, Arnia: 39, Bhaderwah: nine, Doda: 33, Kathua: 60, Poonch: 16, Ramnagar: 28 Samba: 65 and Udhampur: 48).

¹¹ Kashmir: (Bandipora: 18, Kupwara: eight, Mattan: one) Jammu: (JMC: 341, Arnia: 39, Bhaderwah: nine, Kathua: 60, Poonch: 16, Ramnagar: 28, Samba: 65 and Udhampur: 48).

¹² Kupwara: six and Bandipora: 10.

¹³ SMC: 36, Anantnag: 35, Bandipora: four, Doda: 33, Doru: 22, Frisal: 13, Kulgam: 30, Kupwara: 17, Mattan: 30 and Shopian: 18.

¹⁴ SMC: six, Anantnag: 34, Bandipora: three, Doru: 22, Frisal: 12 Kupwara: 13, Kulgam: 23, Mattan:18 and Shopian: six.

¹⁵ Anantnag: one, Bandipora: three, Mattan: one.

This indicated that ULB authorities had made payment of ₹ 57.17 lakh to NGOs without ensuring actual construction of 325 IHHLs¹⁶ by NGOs rendering the expenditure doubtful.

In addition to 942 randomly selected beneficiaries audit also conducted physical verification and beneficiary survey in respect of 339 beneficiaries whose addresses of locations was shown falling outside JMC jurisdiction and other states. The concerned officials of JMC failed to identify the location of sites where IHHLs had been shown in records as constructed by NGOs. Thus, payment of ₹ 59.29 lakh made to NGOs for construction of these 339 IHHLs was doubtful which too had resulted due to non-conducting of house-to-house survey for identification of beneficiaries. CAO, JMC stated (March 2022) that beneficiaries had provided only copy of Aadhaar Card and the present addresses of beneficiaries were not available with JMC.

Overall, there was doubtful payment of ₹ 116.46 lakh made to the NGOs in respect of 664 cases¹⁷. The Executive officers of eight ULBs stated that the matter would be looked into and factual position intimated to audit.

The Director Finance, H&UDD stated (August 2022) that DULBJ had ordered an enquiry to look into payments made to NGOs and based on the findings thereof action would be initiated against the erring officers/ officials. It was also stated that JMC had reported in respect of 339 IHHLs that these were sanctioned in favour of eligible beneficiaries, however, re-verification had been initiated by a committee constituted for the purpose and that if any ineligible beneficiary was found the recovery proceedings would be initiated.

All such cases of doubtful payment should be reviewed for fixing the responsibility and effecting the recoveries from the responsible parties.

5.5.1 (B) Unproductive expenditure of ₹ 91.30 lakh

Out of 633 beneficiaries who stated that their IHHLs were constructed by NGOs, 69¹⁸ IHHLs were found dismantled by beneficiaries who stated that they were not worth use. 453¹⁹ IHHLs were found non-functional out of which 374 IHHLs were used as stores. This had resulted in unproductive expenditure of ₹ 91.30 lakh on payment to NGOs for construction of 522 IHHLs.

Chief Executive Officer, Municipal Council Bandipora stated (June 2022) that all the IHHL units have been made functional by the beneficiaries. The reply is not convincing as dismantled IHHLs cannot be made functional.

The Director Finance, H&UDD stated (August 2022) that DULBJ had ordered an enquiry to look into the matter.

¹⁶ IHHLs left incomplete halfway: 16, Beneficiaries who stated that they constructed IHHLs on their own: 238, Beneficiaries who stated that NGOs had not constructed their IHHLs: 66, beneficiaries who could not be traced: five.

¹⁷ 16 beneficiaries whose IHHLs were left incomplete, five non-existing IHHLs and 238 beneficiaries who had constructed IHHL unit of their own, JMC not constructed: 66 and JMC: 339 which had addresses outside.

¹⁸ JMC: 53, Bandipora: five, Kathua: seven and Udhampur: four.

¹⁹ JMC: 318, Arnia: 33, Bhaderwah: two, Bandipora: three, Doda: four, Kathua: seven Poonch: three, Ramnagar: 14, Samba: 50, and Udhampur: 19.

5.5.1 (C) Construction of single chamber pit instead of two chamber pit in respect of IHHLs

Scheme guidelines stipulate that in respect of IHHLs two chamber pits to be used alternatively should be constructed. The pits should be designed to hold fecal sludge for at least 12 months and during storage these should be odorless and free from pathogens.

Audit noticed in two²⁰ out of 21 test checked ULBs that 720 IHHLs with single pit were got constructed by different NGOs at a cost of ₹ 12,000 per unit. Construction of single pit was in violation of guidelines and consequently had resulted in excess payment to the NGOs.

Deviation from scheme guidelines was also noticed during physical verification of 77 IHHLs²¹. Out of these 77 IHHLs single pits had been constructed by NGOs in respect of 75 IHHLs and thus, excess payment had been made to the NGOs in these cases. The Executive officers of MC Baramulla and MC Sopore stated (January 2022) that the matter would be looked into and facts intimated to audit.

Chief Executive Officer, Municipal Council Baramulla admitted (June 2022) that single pit toilets were constructed by NGOs.

The Director Finance, H&UDD stated (August 2022) that DULBK had initiated recovery proceedings in this regard.

5.5.1 (D) Double payment of ₹ 3.15 lakh to NGOs

In two ULBs²² of Jammu division, double payment of ₹ 3.15²³ lakh was made to NGOs in respect of 17 beneficiaries for construction of new latrines.

Chief Accounts Officer, JMC stated (March 2022) that due to oversight double payment was made to the NGOs with whom matter has been taken up to refund the same. EO, Municipal Committee Arnia stated (December 2021) that matter would be examined and the factual position intimated to audit.

5.5.1 (E) Missing files and non-production of files pertaining to construction of IHHLs

Two ULBs²⁴ out of 21 test checked ULBs had paid ₹ 1.08 crore to the NGOs for construction of 616 IHHLs for beneficiaries identified by the ULBs. Files pertaining to IHHLs of 585 beneficiaries of JMC were not produced to audit as it was stated that the files were missing. Records of 31 IHHLs of 31 beneficiaries of MC Bhaderwah were also not produced to audit.

The Director Finance, H&UDD stated (August 2022) that JMC had reported that they had formed a Committee to look into the issue of missing files and action would be

²⁰ Baramulla: ₹ 32.94 lakh (549 Beneficiaries) and Sopore: ₹ 10.26 lakh (171 beneficiaries).

²¹ Baramulla: 33 and Sopore: 44.

²² Arnia: 13 (₹ 2.45 lakh) and JMC: four (₹ 0.70 lakh).

²³ Including two beneficiaries whose IHHL were got constructed through NGO were also paid incentives through DBT and in respect other three beneficiaries incentive was transferred twice to two different bank accounts.

²⁴ Bhadarwah: 31 and JMC: 585.

initiated against concerned officers/ officials if found guilty. The department further stated that DULBJ had sought report from MC Baderwah for fixing responsibility with regard to missing files.

5.5.1 (F) Depiction of wrong achievement of targets

In SMC an expenditure of ₹ 1.14 crore was incurred on 704 IHHLs constructed by six NGOs. Audit noticed that as against 704 IHHLs actually constructed by NGOs, the SMC had shown achievement of construction of 1,887 IHHLs. Thus, achievement of 1,183 IHHLs shown by the SMC in the records was not based on fact. During physical verification/ beneficiary survey in respect of 47 selected IHHLs, out of 1,183 shown constructed by NGOs the beneficiaries stated that they had constructed IHHLs on their own. Beneficiaries added that SMC officials had geo-tagged their self-constructed IHHLs. This was indicative that the SMC had wrongly depicted construction of IHHLs by NGOs for 1,183 beneficiaries to show achievement of targets.

The Director Finance, H&UDD stated (August 2022) that the H&UDD had initiated (December 2020) an enquiry into the matter in SMC and Anti-Corruption had also registered an FIR and investigations were under process.

5.6 Public Toilets

For eradication of open defecation at public places and to promote a behavioral change among public regarding maintenance of hygiene, the scheme guidelines envisage that a Public Toilet (PT) be provided for general public in places including markets and train stations. It was to be ensured that a PT has separate provision for men and women and facilities such as ramp and Braille signage for specially-abled. As per advisory issued (November 2018) by the MHUD, for construction of PT a public place which witnesses a heavy footfall should be chosen and the PT should be easily accessible to general public. A proper system was required to be put in place for operation and maintenance (O&M) of the PT. The guidelines also envisage involvement of private sector to construct and manage PTs through a PPP mode. The State/ UT Government empanelled various NGOs for construction of PTs at the approved (March 2016) net rate of ₹ 13.60 lakh²⁵ for Kashmir valley and hilly areas of Jammu and ₹ 10.50 lakh for non-hilly areas of Jammu.

5.6.1 Allotment of works without valid agreements and delay in completion of works

As per terms and conditions of work allotment order (March 2016 to October 2017) for construction of PTs by NGOs, work was to be completed within 60-90 days from the date of start of work and a penalty clause in case of delay in completion of works within stipulated time was required to be kept in the agreement to be executed by the authorities with the NGOs concerned. The agreement should also provide for O&M of toilets by the NGOs at least for 10 years.

²⁵ 10 per cent (₹ 1.52 lakh) of the total cost of ₹ 15.11 lakh was to be shared by the NGOs.

Audit noticed in respect of 75 PTs in 10 out of 21 selected ULBs that in the name of agreements simple affidavits on non-judicial stamp paper signed by the NGOs and Executive Engineers of ULBs were kept on record. No penalty clause was included in these affidavits for delay in completion of works. Though O&M clause was included therein the authorities of ULBs had failed to ensure execution of valid agreements so that O&M clause could be legally enforced. A payment of ₹ 10.07 crore²⁶ was thus made to these NGOs for construction of PTs in respect of which no legally enforceable agreements were executed.

Audit also noticed delay in completion of works of 75 PTs in 10 out of 21 test checked ULBs ranging between 21 and 1,319 days. The Executive officers of seven ULBs stated that delay was due to lockdown in 2019-20. The reply is not based on fact, because out of 75 PTs, only seven were taken up for execution in 2019-20.

Chief Executive Officer, Municipal Council Shopian admitted (June 2022) that the agreements were executed on a non-judicial stamp paper which was not authenticated in the Hon'ble court of law.

The Director Finance, H&UDD stated (August 2022) that agreements were drawn by self-attested notary, which were accepted documents as per government procedure. The Department further stated that ULBs had reported that agreements were authenticated by court of law. The reply was not based on fact as copies of agreements produced to audit were not authenticated by court of law.

5.6.2 Non-imposition/ less imposition of penalty of ₹ 45.15 lakh on contractors for non-completion of works within time

The terms and conditions of the allotment order for construction of PTs provided for imposition of penalty at the rate of two *per cent* per month for delay in completion of work by the contractor beyond 90 days from the date of allotment. Audit noticed that in respect of JMC, there was delay in completion of 24 PTs by the NGOs ranging between 13 days and 1,103 days. JMC had either not imposed any penalty or had imposed penalty at less rates on the NGOs ranging between 0.05 *per cent* and 0.15 *per cent*. This had resulted in non-imposition of penalty of ₹ 45.15 lakh on the NGOs.

CAO, JMC stated (March 2022) that due to spread of COVID-19 and non-availability of construction material, the contractors could not complete the construction work within stipulated time. The reply is not based on fact as most of the works were executed prior to the spread of COVID-19.

5.6.3 Wasteful expenditure of ₹ 20.36 lakh on construction of Public toilets due to non-selection of encumbrance free sites

Audit noticed in Srinagar Municipal Corporation that sites selected for construction of five out of 121 PTs were either disputed or needed 'No Objection Certificate' (NOC)

²⁶ Anantnag: ₹ 1.35 crore, Bandipore: ₹ 0.27 crore, Baramulla: ₹ 1.01 crore, Doru: ₹ 0.53 crore, Kulgam: ₹ 0.56 crore, Kupwara: ₹ 1.04 crore, Mattan: ₹ 0.54 crore, Shopian: ₹ 1.30 crore, Sopore: ₹ 0.80 crore and SMC: ₹ 2.67 crore.

from other departments before execution of works. Works of these PTs were got executed (February 2018 to October 2018) by the SMC at a cost of ₹ 20.36 lakh. After execution of works of PTs at Nishat and Shalimar Garden up to lintel level, the District Floriculture officer refused (June 2021) to allow further execution of work as the sites were nominated under UNESCO World Heritage Programme. In respect of PT at green patch, Bemina crossing the work was stopped as NOC was awaited from Srinagar Development Authority. Work on PT at the Gurdwara, Rainawari was abandoned for which no reasons were on record. The work on PT at Boys' High School, Zadibal was stopped due to dispute for which Hon'ble Court had ordered status quo. Non-providing of encumbrance free sites for construction of PTs had resulted in wasteful expenditure of ₹ 20.36 lakh.

The Director Finance, H&UDD stated (August 2022) that SMC had reported that in respect of PTs at Shalimar and Nishat gardens, the Floriculture Department had not raised any objection at the start of construction work but the objection was raised subsequently when the department prepared dossier for submission to UNESCO. In respect of PT at Green Patch Bemina it was stated that construction of PT was started before work of a grade separator was approved and taken up by the SDA. Regarding Gurdwara at Rainawari it was stated that the work of PT could not be continued due to a dispute within Sikh community. The fact remained that NoC had not been obtained from concerned departments before taking up execution of works.



5.6.4 Abandonment of works of nine PTs by NGOs

Audit noticed in SMC that neither any agreement was executed with the NGOs, nor any conditions with regard to penalty for late/ non-execution of work and O&M of PTs were stipulated separately. The NGOs abandoned construction works of nine PTs after incurring expenditure of ₹ 58.64 lakh. Audit noticed that one of the abandoned PTs was at Parimpora Bus Adda near the Fruit Mandi Srinagar which witnesses a heavy footfall of about 5,000 to 7,000 persons per day.

The Director Finance, H&UDD stated (August 2022) that SMC had reported that action including blacklisting of NGOs was being taken and remaining work would be completed after regular tendering process.



5.6.5 Non-functional/ non-operational PTs

Audit scrutiny of records of SMC revealed that 150 PTs were targeted (2017-19) to be completed within three months from the date of allotment of work. Out of these, only 121 PTs were completed, construction of 12 PTs was in progress, 14 PTs were abandoned mid-way by the contractors or could not be completed due to land disputes and three PTs were yet to be started. Out of these 121 PTs, only 74 PTs were functional and 47 PTs were lying non-functional as of October 2021. An amount of ₹ 4.92 crore was incurred on the construction of these 47 PTs. This had resulted in denial of intended benefits to the beneficiaries and unfruitful expenditure of ₹ 4.92 crore incurred on their construction.

The Director Finance, H&UDD stated (August 2022) that SMC had reported that as per agreements, NGOs had placed their watch and ward for upkeep of PTs and that some PTs which were kept locked during off hours by some NGOs were deemed non-functional by audit team. It was further stated that the NGOs had been directed to ensure that these PTs were kept open round the clock. The reply is not acceptable as the observation was not about physical verification of PTs but were based on records of SMC according to which 47 PTs were non-functional.

5.6.6 Excess payment of ₹ 7.08 lakh

The State/ UT Government engaged NGOs for construction of PTs at specified amount of ₹ 13.59 lakh per PT. Audit noticed in three ULBs that in respect of four PTs²⁷, ₹ 61.48 lakh was released to NGOs resulting in excess payment of ₹ 7.08 lakh.

Chief Executive Officer, Municipal Council Kupwara stated (June 2022) that the amount was released as per release order received from EE, ULBs Kashmir. The reply is not based on fact as only due payments were to be made by the ULB to the NGOs.

²⁷ Anantnag: one, Kupwara: two, Shopian: one.

Chief Executive Officer, Municipal Council Shopian stated (June 2022) that the excess amount would be recovered from the NGO.

Chief Executive Officer, Municipal Council Anantnag stated (June 2022) that there was no mention of deduction of beneficiary contribution in the orders for construction of PT and bills were prepared by the Engineering wing. The reply is not based on fact as according to empanelment order for engagement of NGOs, only ₹ 13.59 lakh was payable to the NGOs for construction of PT.

The Director Finance, H&UDD stated (August 2022) that DULBK had reported that recovery proceedings regarding excess payment of ₹ 2.46 lakh made in respect of PT at District Hospital Anantnag had been started and that no excess payment had been reported by other ULBs. The fact remained that excess payment had also been made in respect of two other PTs at Kupwara and Shopian.

5.6.7 Physical Verification of Public Toilets

In 21 test checked ULBs, out of 173 selected PTs, 155 PTs (90 *per cent*) were shown as functional, 12 PTs incomplete, and six as non-functional in the records of these ULBs.

During joint physical verification of PTs, audit *inter alia* noticed that majority of the PTs constructed under SBM(U) were either non-functional or were functional without O&M. There were instances of PTs constructed in government offices and religious places which were not accessible to general public. The findings of the physical verification are detailed below:

- Only 44 PTs (25 *per cent*) were functional with O&M. Due to non-execution of legally enforceable agreements, O&M clause could not be enforced with the result that 21 PTs (12 *per cent*) on which expenditure of ₹ 2.85 crore was incurred were functional without O&M, 91 PTs (53 *per cent*) on which expenditure of ₹ 11.22 crore was incurred were non-functional/ locked up and 17 PTs (10 *per cent*) on which expenditure of ₹ 1.09 crore was incurred were incomplete or abandoned.
- 41 PTs constructed within religious places, and eight PTs constructed within premises of Government offices were not easily accessible to general public. On the other hand, no PT was found available at places having huge footfall such as on National Highway 44 between Pantah Chowk and Shalteng Bye pass, between Batmaloo and Bemina enroute to District Court Complex and from SMC office to SKIMS, Soura. Not a single PT was constructed at Railway Stations of Anantnag, Srinagar, Sopore and Baramulla.
- In respect of PT at Gurdwara Prabandhak Committee, Rainawari, the Committee members stated during physical verification/ beneficiary survey that the site for construction of PT was selected unilaterally by the SMC without seeking consent from them. They added that as the site was needed by them for construction of building the structure constructed up to plinth level was demolished.

- The PT in front of Government Hospital, Rajouri was found demolished by District Administration as it was coming under road alignment ₹ 13.59 lakh rendered wasteful.
- Only five PTs had separate entrance for women. No provision for child care and menstrual hygiene was in place in any of the PTs. 121 PTs had no facility of ramp for specially-abled persons. 91 PTs were not visible from main Road/ lane. Signboard depicting user fees was not displayed in respect of 125 PTs. None of the PTs was fitted with solar panel to ensure uninterrupted power supply to bring down O&M cost.

Audit noticed that PTs left unattended by NGOs were made functional and operational by Chief Executive Officer, Municipal Council, Bandipora by outsourcing the O&M functions on pay and use basis. However, it was noticed that similar efforts were not made by other MCs to make the PTs functional.

The Director Finance, H&UDD stated (August 2022) that in the UT of Jammu and Kashmir, out of total 530 PTs constructed 528 PTs were functional. The reply is not acceptable as no documentary evidence, in support of the assertion that 108 PTs (which were found non-functional/ abandoned during physical verification) were functional, was annexed with the reply.

5.7 Conclusion

The ULBs had not carried out house-to-house survey to identify beneficiaries for providing individual household latrines (IHHLs). Progress of work was not closely monitored and no monitoring reports were on record. Out of 942 selected IHHLs in 18 selected ULBs for physical verification, only 10 *per cent* were found functional. Doubtful payment of ₹ 116.48 lakh was made to NGOs in respect of construction of 664 IHHLs and there was unproductive expenditure of ₹ 91.30 lakh in respect of 522 IHHLs. 90 *per cent* of physically verified PTs were shown functional in the records but actually only 25 *per cent* were functional with operation and maintenance (O&M), 12 *per cent* were functional without O&M, 53 *per cent* were non-functional/ locked up and 10 *per cent* were incomplete, abandoned and demolished.

5.8 Recommendations

- *The department may conduct house-to-house survey to identify beneficiaries for providing individual household latrines (IHHLs);*
- *Physical progress of construction of IHHLs may be closely monitored and photographic evidence at various stages of construction may be kept on record to ensure that IHHLs are actually constructed and are functional;*
- *Responsibilities may be fixed and recoveries may be made from the responsible parties in respect of amounts paid for construction of IHHLs, where deficiencies and/ or irregularities in construction were noticed;*
- *Measures may be taken to ensure that constructed Public Toilets are functional with operation and maintenance;*

- *Public Toilets may not be proposed for construction within premises of religious places and Government offices which are not easily accessible to general public; and*
- *Construction of Public toilets may be considered at places which witness heavy footfall including alongside National Highways and city interiors.*

Chapter VI
**Compliance Audit Paragraphs of Civil
Departments**

Chapter VI: Compliance Audit Paragraphs of Civil Departments

State Taxes Department

6.1 Short levy of tax due to suppression of turnover

Failure of the Assessing Authority, State Taxes Circle-H, Jammu to levy tax at correct rates, while assessing the two dealers for accounting years 2014-15 to 2017-18 (up to 07 July 2017) resulted in short levy of tax and interest aggregating ₹ 4.49 crore.

The taxation of services in Jammu and Kashmir was levied under Jammu & Kashmir General Sales Tax (GST) Act, 1962 till introduction (8 July 2017) of Jammu & Kashmir Goods and Services Tax Act, 2017. The J&K GST Act, 1962 provided for levy of tax on taxable turnover during an accounting year at prescribed rates. Further, interest at prescribed rates is also leviable from the date, the tax was payable, to the actual date of payment.

The Finance Department, Government of Jammu and Kashmir vide Notification SRO 117 dated 30 March 2007 notified 'Banquet Hall services'¹ and 'Catering services' to be taxable under the J&K GST Act, 1962. These services were taxable at the rate of 10 *per cent* with effect from 1 April 2010 and 12 *per cent* with effect from 01 April 2015 together with surcharge of five *per cent* thereon.

Audit scrutiny (November 2019) of records of State Taxes Officer, Circle-H, Jammu revealed as follows:

(I) A dealer was assessed (June and July 2018) for the years 2014-15, 2015-16, 2016-17 and 2017-18 (upto 07 July 2017) under section 37 of the J&K Value Added Tax (VAT) Act, 2005 on account of sale of food and cigarettes and under section 7(6) of the J&K GST Act, 1962 on account of sale of liquor. The dealer had declared sales of ₹ 11.93 crore in its profit & loss accounts for the years 2014-15, 2015-16, 2016-17 and 2017-18 (up to 07 July 2017) which included 'Sales Banquet' of ₹ 8.79 crore. The 'Sales Banquet' to the extent of ₹ 8.79 crore was to be charged to tax under the J&K GST Act, 1962 at the rate prescribed for 'Banquet Hall services' and 'Catering services'. However, these were charged at the rate of five *per cent*. This resulted in short levy of tax of ₹ 104.67 lakh. Interest of ₹ 88.71 lakh (till the date of audit scrutiny) was also leviable. Thus, the total short levy of tax and interest amounted to ₹ 1.93 crore.

After this was pointed out in audit, the Assessing Authority re-assessed (October 2021) the dealer and raised a demand of ₹ 2.48 crore².

(II) Another dealer registered to trade in sale of liquor, food and cigarettes was assessed (April 2018) for the year 2016-17 under section 7(6) of the J&K GST Act, 1962 on account of sale of liquor and under section 37 of the J&K Value Added Tax

¹ A Banquet is a place where a feast/ formal meal/ dinner is organised to witness any official/ social function. The trading or business in respect of "Banquet" includes space/ hall, crockery/ cutlery, tenting, waiter charges, decoration, music/ disc jockey etc; and obviously food is served by using all the said services.

² Tax: ₹ 104.67 lakh and Interest: ₹ 143.64 lakh.

(VAT) Act, 2005 on account of sale of food and cigarettes. The dealer had declared sales of ₹ 11.97 crore in its trading account for the year 2016-17 which included ‘Banquet food sale’ of ₹ 5.45 crore. The ‘Banquet food sale’ to the extent of ₹ 5.45 crore during 2016-17 was to be charged to tax under the J&K GST Act, 1962 at the rate of 12.6 *per cent* while assessing the dealer for the year 2016-17 in April 2018. This resulted in short levy of tax of ₹ 68.65 lakh. Interest of ₹ 43.94 lakh (till the audit scrutiny) was also leviable. Thus, the total short levy of tax and interest amounted to ₹ 1.13 crore.

After this was pointed out in audit, the Assessing Authority re-assessed (February 2022) the dealer and raised a demand of ₹ 1.54 crore³.

It was further noticed that the dealer had also disclosed ‘Direct Income’ of ₹ 1.66 crore⁴ on account of Disc Jockey (DJ)/ decoration charges, Game zone sales and service charges employer share. This direct income arising out of trading activity shown by the dealer was actually its turnover and these charges related to services provided by Banquet and accordingly attracted tax at the rate of 12.6 *per cent* under the J&K GST Act, 1962. The Assessing Authority (AA), while assessing the dealer for the year 2016-17, in April 2018 did not tax this direct income of ₹ 1.66 crore as part of ‘Banquet Hall services’ which resulted in short levy of tax and interest amounting to ₹ 34.32 lakh⁵.

After this was pointed out in audit, the Assessing Authority re-assessed (February 2021) the dealer and raised a demand of ₹ 46.88 lakh⁶ on the escaped turnover of ₹ 1.66 crore.

Thus, failure of the Assessing Authority, State Taxes Circle-H, Jammu to detect correct rate for levy of tax resulted in total short levy of tax of ₹ 4.49 crore.

The matter was referred (February 2022) to the Government. However, the reply was awaited (May 2022).

6.2 Short levy of tax due to concealment of purchases

Failure of the Assessing Authorities, State Taxes Circles-C, L, J, Jammu and Circle-I, Udhampur to detect concealment of Interstate Purchases made by the dealers during 2013-14 to 2015-16 resulted in short levy of tax, interest and penalty aggregating ₹ 80.20 lakh

Section 42(1) of the Jammu and Kashmir (J&K), Value Added Tax (VAT) Act, 2005 provides that where after a dealer is assessed under sections 37 to 40 of the Act for any year or part thereof, the Assessing Authority has reason to believe that whole or any part of the turnover of the dealer, in respect of any period has escaped assessment or under assessed, the Assessing Authority may serve a notice on the dealer and after giving him a reasonable opportunity of being heard and making such enquiries as it

³ Tax: ₹ 68.65 lakh; and Interest: ₹ 85.13 lakh.

⁴ Disc Jockey and decoration charges: ₹ 136.76 lakh, Game zone sales; ₹ 11.12 lakh and service charges employer share: ₹ 18.21 lakh.

⁵ Tax: ₹ 20.93 lakh and Interest: ₹ 13.39 lakh.

⁶ Tax: ₹ 20.93 lakh and Interest: ₹ 25.95 lakh.

considers necessary, proceed to assess to the best of its judgment, the amount of tax due from the dealer in respect of such turnover and the provisions of the Act shall, so far as may be, apply accordingly. Further, section 69(1)(f)(vi) of the Act stipulates that if any person conceals his turnover or furnishes inaccurate particulars thereof, the appropriate authority shall direct such person to pay, in addition to the fee or tax by way of penalty, a sum equal to double the amount of the tax attempted to be evaded. Further, for default in making the payment under sections 37 to 40, dealer is liable to pay interest on such amount at the rate of two *per cent* per month under section 51(4) of the Act.

(I) Audit scrutiny (December 2017 and September 2018) of records of State Taxes Officer, Circle-‘C’ and Circle-‘L’ Jammu revealed that two registered dealers had declared interstate purchases of ₹ 295.70 lakh⁷, in their trading accounts for the years 2013-14 and 2014-15 respectively. Cross verification of statement of interstate import folder of State Taxes Check Post Lakhanpur/ C Form Consumption statement with the purchase account for the year 2013-14 of the dealer in Circle ‘C’ Jammu showed that purchases to the extent of ₹ 29.38 lakh were not accounted for by the dealer. Moreover, purchases worth ₹ 9.49 lakh were concealed by the dealer in Circle ‘L’ Jammu. The concealment of purchases and subsequent suppression of turnover of ₹ 44.69 lakh⁸ resulted in short levy of tax, interest and penalty amounting to ₹ 12.36 lakh⁹. The Assessing Authorities (AAs) did not notice the concealment of purchases while assessing the dealers in February 2017 and November 2017 respectively.

(II) Audit check (October 2019/ February 2020) of records of State Taxes Officer, Circle-‘J’, Jammu revealed that a dealer had neither furnished sale/ purchase statements for accounting years 2013-14 and 2014-15 nor was assessed for these years. The Assessing Authority had not ascertained these facts to determine the Taxable Turnover (TTO) for the years 2013-14 and 2014-15 while assessing the dealer for the year 2015-16 on ex-parte basis. Further, the TTO was determined wrongly as purchases that were common in both the import folders of Lakhanpur check post and Jalandhar wing of ETO Punjab were ignored and only those purchases were taken which did not feature in both the folders. On the basis of computerised purchases statements of Lakhanpur checkpost/ import folder of Jalandhar wing of ETO Punjab and consumption statement of VAT 65 forms furnished by the dealer, Audit noticed that purchases amounting to ₹ 2.09 lakh, ₹ 33.53 lakh and ₹ 17.36 lakh for the accounting years 2013-14, 2014-15 and 2015-16, respectively had been concealed by the dealer which had escaped the notice of Assessing Authority. This concealment of purchases and subsequent suppression of turnover resulted in short levy of tax, interest and penalty amounting to ₹ 11.42 lakh¹⁰.

⁷ Circle-C: ₹ 208.54 lakh and Circle-L: ₹ 87.16.

⁸ Circle-C: ₹ 33.78 lakh and Circle-L: ₹ 10.91 lakh.

⁹ Tax: ₹ 3.16 lakh; Interest: ₹ 2.87 lakh and Penalty: ₹ 6.33 lakh.

¹⁰ Tax: ₹ 2.91 lakh; Interest: ₹ 2.68 lakh; and Penalty: ₹ 5.83 lakh.

After being pointed out in audit, the AAs re-assessed (March 2019, March 2020 and March 2021) the dealers and confirmed concealment of turnover of ₹ 98.18 lakh and raised demand of ₹ 25.24 lakh¹¹.

(III) Audit scrutiny (September 2018 and January 2020) of records of State Taxes Officer, Circle-L, Jammu and Circle-I, Udhampur revealed that three registered dealers had declared interstate purchases of ₹ 3.41 crore, ₹ 20.78 crore (Circle-L) and ₹ 53.72 lakh (Circle-I) in their annual returns and the trading accounts for the years 2014-15 and 2015-16, respectively. Cross verification of statement of interstate import folder of State Taxes Check Post Lakhanpur/ C Form Consumption statement with the purchase statement showed that purchases of ₹ 36.21 lakh, ₹ 56.32 lakh and ₹ 10.48 lakh were not accounted for in the interstate purchase statements. This led to concealment of purchases and subsequent suppression of turnover of ₹ 1.18 crore with consequent short levy of tax, interest and penalty amounting to ₹ 26.67 lakh¹². The Assessing Authorities (AAs) did not notice the concealment of purchases while assessing the dealers in October 2017, February 2018 and March 2019 respectively.

After this was pointed out in audit, the Assessing Authorities re-assessed (March 2020 and October 2020) the dealers and raised demand of ₹ 26.39 lakh¹³.

(IV) Audit scrutiny (September 2018) of records of State Taxes, Circle-L, Jammu revealed that a dealer was assessed (January 2018) for the year 2014-15 by the Assessing Authority at a sales turnover of ₹ 3.87 crore. Cross check of trading account and annual return filed by the dealer with his VAT Audit Report (VAT 52-53) for 2014-15 revealed variation of ₹ 25.04 lakh¹⁴ in stock inward. The Assessing Authority did not notice the discrepancy while assessing the dealer in January 2018, which led to underassessment of turnover of ₹ 28.79 lakh and consequent short levy of tax, interest and penalty aggregating ₹ 14.85 lakh¹⁵. On this being pointed out (September 2018), the Assessing Authority re-assessed (March 2020) the dealer and raised (March 2020) a demand of ₹ 16.48 lakh¹⁶ on concealed turnover of ₹ 28.97 lakh.

(V) Audit scrutiny of records (January 2019) of the State Taxes Officer, Circle-J, Jammu revealed that a dealer registered for trading of items like copper wire, copper cables and copper bus bar (taxable at the rate of 13.5 *per cent*) had wrongly classified sales turnover of ₹ 21.52 lakh under five *per cent* tax instead of 13.5 *per cent*. Audit also noticed that all the purchases of the dealer were inter-state purchases, but neither the freight nor toll charges had been reflected in his trading account, which led to suppression of sales turnover of ₹ 13.57 lakh. Failure to detect misclassification and suppression of turnover resulted in short demand of tax, interest and penalty amounting to ₹ 10.95 lakh¹⁷. On this being pointed out (January 2019), the Assessing

¹¹ Tax: ₹ 5.84 lakh; Interest: ₹ 7.43 lakh and Penalty: ₹ 11.97 lakh.

¹² Tax: ₹ 6.95 lakh; Interest: ₹ 5.82 lakh and Penalty: ₹ 13.90 lakh.

¹³ Tax: ₹ 6.36 lakh; Interest: ₹ 7.31 lakh and Penalty: ₹ 12.72 lakh.

¹⁴ Stock inward as per trading account: ₹ 480.60 lakh; Stock inward as per VAT Audit Report: ₹ 505.64 lakh

¹⁵ Tax: ₹ 3.89 lakh; Interest: ₹ 3.19 lakh and Penalty: ₹ 7.77 lakh

¹⁶ Tax: ₹ 3.89 lakh; Interest: ₹ 4.82 lakh and Penalty: ₹ 7.77 lakh.

¹⁷ Tax: ₹ 3.66 lakh; Interest: ₹ 3.63 lakh and Penalty: ₹ 3.66 lakh.

Authority re-assessed (December 2019) the dealer and raised a demand of ₹ 12.09 lakh¹⁸ against the dealer.

Thus, failure of the Assessing Authorities to correctly assess the sales and apply correct rate of tax resulted in short levy of tax, interest and penalty aggregating ₹ 80.20 lakh.

The matter was referred (November 2021 and December 2021) to the Government. However, the reply was awaited (May 2022).

Housing and Urban Development Department

6.3 Probable loss due to delay in auction of space and consequent non-realisation of rent

Delay in finalisation of modalities to rent out shops/ spaces by auction after fixation of minimum reserve rent resulted in probable loss of rent of ₹ 2.70 crore.

Multi-Level Mechanised Car parking (MLCP) building, constructed by the Jammu and Kashmir Economic Reconstruction Agency at Lal Chowk Srinagar, was handed over to Srinagar Development Authority (SDA) in May 2017. The building also included some commercial spaces¹⁹, which were to be rented out. The Auction Committee of SDA in its meeting (October 2017) decided to auction available spaces on rental basis and accordingly fixed minimum reserve rent²⁰ for each floor of the building to be increased by 10 *per cent* after every three years. As a result of fixation of rent, the SDA was to realise minimum rent of ₹ 12.41 lakh per month which necessitated immediate action by the Department for allotment of shops/ space of MLCP building. Audit check (February 2021) of records of Vice-chairman, SDA, however, revealed that delay in auction by over three years caused probable loss of rent of ₹ 2.70 crore²¹ to the Department, which is discussed as follows.

The Board of Directors (BoD) of SDA in its 77th meeting (October 2018) directed that allotment of space of MLCP building to the prospective allottees be made on the rates fixed by the Auction Committee. It was further directed that in order to maximize the returns in a transparent manner, the modalities thereof be approved by the Financial Commissioner of the Department in consultation with Principal Secretary of the Finance Department. No follow up action was taken by the Department and the BoD was informed in its 78th meeting (October 2019) that available spaces would be put to auction after the meeting of Finance Committee. As the meeting of Finance Committee could not be convened due to non-finalisation of the administrative

¹⁸ Tax: ₹ 3.66 lakh; Interest: ₹ 4.76 lakh and Penalty: ₹ 3.67 lakh.

¹⁹ 1. Five shops of 82.85 square feet (sqft) each at ground floor (rear side); 2. Ground floor space: 2,473 sqft; 3. First floor space: 4,647 sqft; 4. Second floor space: 4,647 sqft.

²⁰ ₹ 120, ₹ 110 and ₹ 80 per sqft per month for ground, first and second floor respectively

²¹ calculated on the basis of definite demands received for three shops on ground floor of 248.55 sqft at the rate of ₹ 150 per sqft per month for 15 months: ₹ 0.05 crore, first floor hall/ space of 4,647 sqft at the rate of ₹ 110 per sqft per month for 30 months: ₹ 1.53 crore and second floor hall/ space of 4,647 sqft at the rate of ₹ 80 per sqft per month for 30 months: ₹ 1.12 crore.

modalities, it was decided to place the proposal before the BoD. Audit noticed that no follow-up action had been taken till January 2021. Thereafter, the BoD in its 79th meeting (January 2021) approved auction of shops/ space of MLCP building through on-line bidding process and spaces/ shops were allotted (November 2021) in favour of private parties.

Audit noted that the requisitions for allotment of space of MLCP building received by the SDA from various Government offices/ agencies during the period from November 2017 to January 2021 could not be acted upon as the modalities for auction had not been drawn by the Department. The Department as such took over three years to approve modalities for allotment of space/ shops and suffered probable loss of ₹ 2.70 crore due to non-realisation of rent during the period from October 2017 to March 2022.

The matter was referred to the Government/ Department in January 2022. Vice Chairman (VC), Srinagar Development Authority stated (June 2022) that there might have been some procedural delay in approving the modalities which cannot be construed as deliberate attempt by SDA to delay auction of shops of multilevel mechanized car parking building. However, the reply of the Government was awaited (May 2022).

Home Department

6.4 Inadmissible payment on account of one month additional salary to police personnel

Irregular action of Home Department to pay one-month additional salary to police personnel who were not deployed for election duties during the conduct of Municipal/ Panchayat elections, 2018 resulted in inadmissible payment of ₹ 1.58 crore in respect of 483 police personnel.

Jammu and Kashmir Government, General Administration Department accorded (December 2018) sanction for payment of one-month additional salary/ wages/ remuneration as the case may be, in respect of employees who were deployed for conduct of Municipal/ Panchayat elections, 2018 or both.

Audit scrutiny of records (December 2020 to June 2021) of six²² Drawing and Disbursing Officers of Home department revealed that one-month additional salary was irregularly paid to 483²³ police personnel who were not deployed for conduct of Municipal/ Panchayat elections, 2018 as they were providing security to Very Important Persons (VIPs) and other protected persons in and outside their respective districts during the months in which elections were held, thereby resulting in inadmissible payment of ₹ 1.58 crore²⁴ in respect of 483 employees.

²² 1. SSP Jammu, 2. SSP Rajouri, 3. SSP Doda, 4. SSP Reasi, 5. SSP Kathua and 6. Commandant IR-2nd Battalion, Rajouri.

²³ SSP Jammu: 355; SSP Rajouri: 48; SSP Kathua: 40; SSP Reasi: 20; SSP Doda: 16; and Commandant IR- 2nd Battalion, Rajouri: four.

²⁴ SSP Jammu: ₹ 114.10 lakh; SSP Rajouri: ₹ 15.98 lakh; SSP Kathua: ₹ 13.78 lakh; SSP Reasi: ₹ 7.27 lakh; SSP Doda: ₹ 5.72 lakh; and Commandant IR- 2nd Battalion, Rajouri: ₹ 1.29 lakh.

On this being pointed out (December to June 2021) in Audit, Accounts Officers, Offices of Senior Superintendent of Police (SSP), Jammu and Rajouri, SSP Doda and Commandant IR-2nd Battalion, Rajouri accepted (September 2021) the audit contention and stated that payment was made inadvertently and recovery would be initiated against the said employees. Accounts Officer, Office of SSP, Reasi stated (September 2021) that recovery had been started²⁵ from the salary of May 2021 in respect of said employees.

Thus, irregular action of Home Department to pay one-month additional salary to police personnel who were not deployed for election duties during the conduct of Municipal/ Panchayat elections, 2018 resulted in inadmissible payment of ₹ 1.58 crore.

The matter was referred to Government in January 2022. Financial Advisor/ CAO Home Department stated (May 2022) that an amount of ₹ 1.10 crore had been recovered against inadmissible payment of ₹ 1.58 crore. Further, it was stated that SSP Jammu, SSP Doda and SSP Rajouri had recovered more than 75 per cent and were in the process of recovering outstanding amount.

Public Works Department

6.5 Non-recovery of supervision charges

Failure of two works executing divisions to comply with extant rules resulted in loss of ₹ 1.61 crore due to non-deduction of supervision charges in respect of works of National Hydro Power Corporation Limited, executed by these divisions.

Rule 4- Appendix 03 of J&K Public Works Account Code (JKPWAC) provides that in respect of works of other Governments or autonomous bodies and State-owned Corporations etc. or such works in respect of which the State Government receives full reimbursement of their cost from other Governments or bodies, recovery of cost of establishment and tools and plant should be effected on a percentage basis²⁶ unless there are special orders of the Government to the contrary.

Audit examination of records (August of 2020) of Executive Engineer (EE), R&B Division Bandipore and EE, Special Sub Division, Gurez revealed that 26 rehabilitation and development works of National Hydro Power Corporation Limited (NHPC) relating to Kishen Ganga Project were entrusted (February 2013 and June 2017), through the District Development Commissioner, Bandipore, to these divisions for execution at an estimated cost of ₹ 33.43 crore. An expenditure of ₹ 20.17 crore²⁷ was incurred by these divisions on the execution of these works. Audit noticed that in spite of the fact that there was no special exemption in respect of these works, the two divisions in contravention of the rules *ibid*, had not made any

²⁵ ₹ 5,000 per month.

²⁶ Establishment charges: 7½ per cent and Tools and Plant charges: ½ per cent; in terms of Rule five of Appendix 03 of J&K Public Works Accounts Code.

²⁷ Bandipore Division: ₹ 12.40 crore from September 2013 to July 2020 and Gurez Division: ₹ 7.77 crore from June 2018 to March 2021.

provision for supervision charges in the Detailed Project Reports (DPRs) of these works which had resulted in non-recovery of ₹ 1.61 crore²⁸ from the NHPC.

After this was pointed out by audit the Executive Engineers Special Sub Division Gurez and R&B Division Bandipore stated (December 2021) that recovery of supervision charges would be taken up with the NHPC. It was also stated that provision of supervision charges would be made in estimates of such works in future.

Thus, failure of two works executing divisions to comply with extant rules resulted in loss of ₹ 1.61 crore due to non-deduction of supervision charges in respect of works of National Hydro Power Corporation Limited.

The matter was referred to the Government in February 2022. Reply was awaited (May 2022).

Social Welfare Department

6.6 Avoidable wasteful expenditure on rent, maintenance and upkeep of hostel buildings hired for Other Backward Classes students

Injudicious decision of the Jammu and Kashmir State Advisory Board to hire two private buildings as hostels from September 2014 to March 2021, without conducting survey of students' willingness to avail hostel facilities and despite lack of demand, resulted in avoidable wasteful expenditure of ₹ 66.05 lakh on rent, maintenance and upkeep of hired hostels.

Jammu and Kashmir State Advisory Board for the Welfare and Development of OBCs²⁹ (hereafter referred to as 'the Board') decided (April 2012) in its 2nd Board meeting, to hire hostels for OBC students. The stated objective behind the decision was to provide affordable hostel facilities to the Other Backward Classes (OBCs) students of rural and remote areas, who did not have educational institutions near to their places of residence. The Board decided that until land was identified for construction of hostels, these were to be run in buildings taken on rent basis.

Audit scrutiny of records (March 2021) of Secretary, Jammu and Kashmir Advisory Board for Welfare and Development of OBCs revealed that the decision (April 2012) of renting hostel buildings was taken without conducting survey of willingness of OBC students to avail hostel facilities. Audit noticed that the Board had hired (September/ October 2014) two private buildings³⁰, each having capacity of twenty-five students for use as hostels for OBC students, at Jammu and Srinagar. Though several notifications were published³¹ in local newspapers between October 2014 and March 2019 calling on OBC students undergoing studies in government schools to avail of the hostel facilities, no OBC student applied for availing of the hostel facility. The Secretary of the Board apprised (October 2018) Secretary, Social welfare

²⁸ Cost of establishment: ₹ 1.51 crore (7.5 per cent of ₹ 20.17 crore) and tools and plant charges: ₹ 0.10 crore (0.5 per cent of ₹ 20.17 crore).

²⁹ With Chief Minister as Chairman of the Board.

³⁰ Monthly rental rates of ₹ 25,460 and ₹ 37,000 at Jammu and Srinagar respectively.

³¹ 25 October 2014, 26 November 2014, 07 February 2015, 02 November 2016, 17 November 2016, 30 November 2016 and 27 March 2019.

Department that the Board was unnecessarily paying huge monthly dues to building owners (since September/ October 2014) without any advantage. Audit further noticed that despite the fact that no OBC student had applied for availing hostel facility, the Board continued hiring the buildings during the period September 2014 to March 2021, even after intimation by the Secretary of the Board in October 2018 and incurred expenditure of ₹ 66.05 lakh³² on rent, upkeep and furnishings of hired hostels for six years. This had resulted in avoidable wasteful expenditure of ₹ 66.05 lakh.

After this being pointed out (March 2021) by audit, the Secretary of the Board stated (March 2021) that two buildings were hired as per decision in the 2nd Board meeting without assessment/ survey of willingness of OBC students to avail of hostel facilities. Despite regular advertisements through local dailies, none of the OBC students applied for availing hostel facility. It was further stated (December 2021) that inbuilt mandate of the Board was to provide hostel facilities to OBC students as such no survey was required to be conducted.

The reply is not acceptable as mandate of the Board was to promote welfare and development of OBC students and Board could have utilised these funds for other welfare activities as there was no demand for OBC hostels. Further, Board had itself apprised (October 2018) the Secretary, Social welfare Department that huge monthly dues were unnecessarily being paid to building owners since September/ October 2014 without any advantage.

The matter was referred to the Department/ Government in January 2022. Replies were awaited (May 2022).

6.7 Wasteful expenditure on construction of Other Backward Class (OBC) Boys' hostel

Failure of Social Welfare Department to get DPR for construction of hostel for OBC boys students approved and Central share of funds released by GoI and failure of the department to get the work of hostel building completed out of State funding as was originally planned, resulted in wasteful expenditure of ₹ 1.55 crore.

District Development Board, Doda in a meeting decided (July 2011) to construct a 96 bedded triple storey boys' hostel for Other Backward Class (OBC) students at Government Degree College (GDC), Doda. Detailed Project Report (DPR) prepared by the Executive Engineer (EE), PWD (R&B), Doda at an estimated cost of ₹ 5.44 crore was submitted (June 2012) to the Director, Social Welfare Department, Jammu for administrative approval. The work for construction of ground floor (except for some items in furnishing work) of hostel to be completed within nine months was awarded (October, 2014) to a contractor at a cost of ₹ 1.05 crore. The contractor executed work of ground floor of the hostel building up to April 2017 and a payment

³² Rent paid: ₹ 48.98 lakh; Maintenance and upkeep of buildings: ₹ 16.07 lakh.

of ₹ 1.17 crore was made to the contractor up to March 2018. The contractor had executed some extra works and some works had been left incomplete.

Meanwhile, Ministry of Social Justice and Empowerment, Government of India (GoI) invited³³ (June 2015) proposals for construction of hostels for OBC Boys with funding to be shared (60:40) between GoI and erstwhile State Government. On the directions of Director, Social Welfare Department (Jammu) the EE, PWD (R&B), Doda, submitted (November 2016) revised DPR for the construction of 100 bedded double storey OBC boys hostel at GDC, Doda at an estimated cost of ₹ 3.25 crore³⁴. The revised DPR for ₹ 3.25 crore was framed for 100 bedded hostel keeping in view the rate of ₹ 3.25 lakh per seat stipulated by GoI.

Audit scrutiny (July, 2020) of the records of Director, Social Welfare Department, Jammu revealed that without getting approval from GoI for release of Central assistance, contract was again awarded (November 2017) to another contractor for the construction of double storey 100 bedded OBC boys hostel at a cost of ₹ 1.07 crore. The contractor had to construct the 1st floor of the building along with the balance work of ground floor.

Proposal for grant of Central assistance was submitted by the Administrative Department to GoI in March 2018. Ministry of Social Justice and Empowerment, GoI did not sanction the proposal citing deficiencies including i) non-submission of indicative physical norms for a 100 seater hostel (built up area of 12.15 Sq m per seat with a total built up area of 1,215 Sq m) ii) against 100 bedded layout plan only 46 bedded layout plan has been shown and iii) as against 100 seats required the hostel in the proposal is meant for 97 seats as per land availability document provided by the Principal of the college.

A payment of ₹ 0.37 crore was made to the 2nd contractor as of February 2019 for work executed in respect of 1st floor of the building. The work could not be executed any further due to non-availability of funds. After a payment of ₹ 0.37 crore was made to the 2nd contractor as of February 2019 for work executed in respect of 1st floor of the building, the EE, PWD (R&B), Doda demanded (May 2021) ₹ 1.10 crore³⁵ for completion of remaining work of ground floor and 1st floor. Audit noticed that submission of deficient proposal for construction of hostel building resulted in non-sanction of the project and non-release of funds by GoI. After incurring a total expenditure of ₹ 1.55 crore³⁶ (State share) on the construction of hostel building during 2012-19, the work had remained abandoned since February 2019. As of December 2021 civil/ structural work of ground and first floor was complete. The Social Welfare Department had not got the work of hostel building completed out of State funding as was originally planned. This had resulted in

³³ Vide No. 11015/04/2015-BC-I dated 08 June, 2015.

³⁴ Centre Share: ₹ 1.95 crore, State Share: ₹ 1.30 crore.

³⁵ Work done liability of the contractor: ₹ 0.50 crore, Funds required for completion of ground floor: ₹ 0.40 crore and funds required for completion of 1st floor: ₹ 0.20 crore.

³⁶ 2012-13: ₹ 42 lakh, 2014-15: ₹ 15 lakh, 2015-16: ₹ 15 lakh, 2016-17: ₹ 25.80 lakh, 2017-18: ₹ 32.20 lakh, 2018-19: ₹ 25 lakh.

wasteful expenditure of ₹ 1.55 crore incurred on construction of the hostel building besides in deprival of providing hostel benefits to OBC boys students.

On this being pointed out, Chief Accounts Officer, Directorate of Social Welfare Department, Jammu stated (August 2020) that they had time and again requested the Administrative Department to take up the matter with GoI for release of Central share so that building could be completed. The reply is not tenable as the Social Welfare Department had failed to get the required Central share released due to submission of deficient proposal to GoI and had not ensured continued execution of work for completion of hostel building out of State funding as per original plan.

Thus, failure of Social Welfare Department to get DPR for construction of hostel for OBC boys students approved and Central share of funds released by GoI and failure of the department to get the work of hostel building completed out of State funding as was originally planned resulted in wasteful expenditure of ₹ 1.55 crore besides in deprival of intended benefits of providing hostel facilities to OBC boys students.

The matter was referred to the Government in February 2022. Reply was awaited (May 2022).

Chapter VII
Functioning of Public Sector Undertakings

Chapter VII: Functioning of Public Sector Undertakings

This chapter discusses the functioning of Public Sector Undertakings (PSUs) in Jammu and Kashmir. 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).

7.1 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.

7.2 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.

7.3 PSUs in Jammu & Kashmir

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 Government Companies with delay in accounts ranging between four years to 31 years), two Statutory Corporations and one Government Controlled Other Company³. The names of these PSUs are given in *Appendix 7.1*.

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

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

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 of ₹ 0.83 crore (GoJ&K: ₹ 0.83 crore and others: Nil).

7.4 Investment in PSUs and Budgetary support

(A) 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 7.2**. Sector wise summary of this investment is given in **Table 7.1**.

Table 7.1: 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	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.

(B) 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 7.2**.

Table 7.2: Details regarding budgetary support by GoJ&K to PSUs during the period 2018-19 to 2020-21

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 (for functional, operational and administrative expenses) 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 Financial Corporation Limited (₹ 9.10 crore).

7.5 Oversight Role of CAG

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 Company⁴ under Section 139 (5) and (7) of the Companies Act, 2013. 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. 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.

7.6 Submission of accounts by PSUs

(A) 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

⁴ 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.

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.

(B) Timeliness in preparation of accounts by Government Companies

As of 31 March 2021, there were 40 Companies under the purview of CAG's audit. Of these, accounts for the year 2020-21 were due⁵ from 34 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 7.3**:

Table 7.3: 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 ⁶		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 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 7.3**.

(C) 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 Road Transport Corporation. In respect of Jammu & Kashmir Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

⁵ The due date for submission of accounts has been considered as 30 November 2021.

⁶ 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).

The accounts of Jammu & Kashmir 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 7.3*.

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

(A) 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 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.

(B) 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 based on independent audit in accordance with the directions given by the CAG and Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI); 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.

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 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.

7.8 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 finalised during current year) is discussed in the next paragraph.

(A) *Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013*

Financial statements for the year 2020-21 were received from two⁷ Government Companies and one Government Controlled Other Company⁸ by 30 November 2021. Of these, financial statements of two⁹ Government Companies were reviewed in audit by the CAG.

Thirty two accounts of previous years were also received during the period 01 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 01 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.

7.9 Recommendations

- *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*
- *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.*

⁷ Jammu & Kashmir Bank Limited and JKB Financial Services Limited.

⁸ Chenab Valley Power Projects Private Limited.

⁹ Non review certificate was given to JKB Financial Services Limited for the year 2020-21.

Chapter VIII

Development of Micro/ Mini/ Small Hydroelectric Projects in Jammu and Kashmir

Chapter VIII: Development of Micro/ Mini/ Small Hydroelectric Projects in Jammu and Kashmir

Power Development Department

Power Development Corporation Limited

The main objective of hydro Policy for SHPs/ MHPs for expeditious development of available hydro power of Jammu and Kashmir was not achieved.

Out of 374 identified project sites with power generation capacity of 1,725.53 MWs, only 10 projects with capacity of 79.75 MWs (five per cent) had been commissioned with time overrun ranging between four months and over seven years. While no action was taken for 225 sites (60 per cent) after their identification, bids were invited for 115 sites (31 per cent) only. No response was received for 70 sites and out of 45 sites awarded for development of hydro power projects, 32 IPPs either failed to fulfill commitments like obtaining statutory clearances for execution of projects or did not deposit upfront premium or the allotment of projects was terminated due to land issues, slow progress and techno economic viability reasons. For 20 sites (five per cent) proposed under Prime Minister's Development Package, GoI had not acceded to request of GoJ&K for release of funds in view of high project cost and unviable tariff of these 20 projects.

Nodal agencies did not coordinate with line Departments/ Agencies for facilitating IPPs in obtaining clearances, approvals and finances for their projects in a time bound manner. Execution of projects was also not monitored. The IPPs had also attributed poor performance in development of projects inter alia to lack of financing by banks due to non-availability of buy back agreement with GoJ&K.

Failure of JKPDC in ensuring completion of transmission line alongside the commission of hydro project at Dah resulted in non-utilisation of power generation of 59.37 MUs and consequent loss of revenue of ₹ 16.45 crore.

8.1 Introduction

The hydro power potential of Jammu and Kashmir has been estimated at 20,000 Mega Watt (MW) which include 1,500 MW in respect of Small hydro projects. As of October 2021, only 2,813.46 MW (16 per cent) of this potential had been harnessed which included 79.75 MW of Small hydro projects. The power demand in Jammu and Kashmir was estimated¹ at 4,217 MW (21,887 MUs) ending 2021-22.

8.1.1 Policy for development of hydropower projects by JKPDC

To encourage private sector participation in development of hydropower projects, the Government of Jammu & Kashmir (GoJ&K) brought out (October 2003) policy to

¹ As per the estimates of 18th All India Power Survey.

encourage generation of power through small hydropower sources of energy. All hydropower projects/ stations estimated to have an installed capacity of upto 25 MW and as notified by the Jammu and Kashmir Power Development Corporation Limited² (JKPDC) from time to time were eligible under this policy. In order to give further impetus to exploitation of hydel potential, the GoJ&K revised this State Hydel Policy of 2003 in July 2011. The State Hydroelectric Projects Development Policy-2011 with following main objectives was to be applied to such hydropower projects/ stations of installed capacity of 2-100 MWs to be notified by JKPDC for execution by Independent Power Producers (IPPs):

- expeditious development of available hydro power of the State/ UT;
- to accelerate the pace of hydropower development through private sector participation by removing implementation relating difficulties of IPPs and to bring in investment and associated efficiency from private sector.

8.1.2 Policy for development of hydropower projects by JAKEDA

With the aim to promote and install Micro/ Mini³ Hydel Projects (MHPs) in the Jammu and Kashmir, the GoJ&K endowed (August 2009) the Jammu and Kashmir Energy Development Agency⁴ (JAKEDA) with the mandate to implement all micro/ mini hydel projects up to installed capacity of two MWs. GoJ&K introduced the Policy for development of MHPs in December 2011 and the main objective of this policy is to provide a solution to the energy problems in remote and hilly areas where extension of grid system is un-economical or un-viable.

8.2 Mechanism for implementation of Hydro Power Policies

(I) For development of Small Hydroelectric Projects (SHPs) of capacity of 2-25 MWs and of MHPs of capacity upto 2 MWs, the JKPDC and JAKEDA were made the nodal agencies respectively on behalf of GoJ&K. These agencies were entrusted with the responsibilities for preparation of pre-feasibility reports of potential sites, bidding process, award the projects, carry out necessary documentation, sign agreements, monitor during construction and operation, take over the project from Independent Power Producers (IPP) and take all other necessary steps as required under the policy.

(II) The execution of these projects was to be carried out through IPPs on Build, Own, Operate and Transfer (BOOT) basis through competitive bidding. The projects were also intended to be developed through Engineering Procurement and Construction (EPC) mode by nodal agencies by utilising their own funds.

(III) The financial and technical assistance for development of these hydro power projects has been extended by Ministry of New and Renewable Energy (MNRE), Government of India (GoI).

² PSU of GoJ&K, incorporated in 1995 under the Companies Act.

³ Micro projects: up to 100 Kilo Watt (KW) and Mini Projects: Between 100 KW and two Mega Watt.

⁴ Autonomous body under the administrative control of Science and Technology Department, GoJ&K.

Audit test checked records relating to identification, bidding, award and execution of 157 stations/ sites (42 per cent) in the Head Offices of JKPDC (80 stations/ sites) and JAKEDA (77 stations/ sites) out of the identified 374 stations/ sites during the period from June 2021 to October 2021. Audit findings are discussed in succeeding paragraphs.

8.3 Identification of sites and development of SHPs and MHPs

(I) JKPDC had identified 186 stations/ sites with generation capacity of 1,420.16 MWs during the years 2003 to 2020 and JAKEDA had identified 188 stations/ sites with generation capacity of 305.37 MWs during the period 2011-12 to 2020-21. The status of stations/ sites identified and their execution by the two nodal agencies (JKPDC and JAKEDA) through two different modes as of October 2021 was as follows:

Table 8.1: Status of projects

Agency	No. of Stations/ Sites identified (Generation capacity)	No. of Stations/ Sites where no work started/ action taken	No. of projects identified for execution through EPC mode	No of projects identified for execution through IPP mode	No. of projects commissioned (Generation capacity)
JKPDC	186 (1,420.16 MW)	129	22	35	6 (64 MW)
JAKEDA	188 (305.37 MW)	96	-	92	4 (15.75 MW)
Total	374 (1,725.53)	225	22	127	10 (79.75)

As would be seen from the table, out of 374 identified stations/ sites with power generation capacity of 1,725.53 MWs, only 10 projects with capacity of 79.75 MWs (5 per cent) had been commissioned since the introduction of hydro power policy in October 2003. Further, in respect of 225 sites (60 per cent), no action had been taken and 139 projects could not be developed (October 2021) as discussed in Paragraphs 8.4.1 and 8.5.1.

(II) Target of 500 MWs was set for Jammu & Kashmir to be achieved by December 2022 in a meeting held (August 2015) between Ministry of New and Renewable Energy (MNRE), GoI and the State Governments. Audit noticed that GoJ&K did not allocate targets separately for achievement by two nodal agencies (JKPDC and JAKEDA).

(III) Nodal agencies (JKPDC and JAKEDA) had incurred an expenditure of ₹ 41.30 crore on surveys, investigations, pre-feasibility studies, preparation of DPRs and bid process management etc. of the projects during the period from 2003-04 to 2020-21 by JAKEDA (₹ 26.54 crore during 2015-16 to 2020-21) and JKPDC (₹ 14.76 crore during 2003-04 to 2020-21). Further, an expenditure of ₹ 154 crore was incurred on execution of three projects under EPC mode by JKPDC as of October 2021.

8.4 Implementation of Small hydro power projects by JKPDC

State Hydroelectric Projects Development Policy-2011 *inter alia* provide for accelerating the pace of hydropower development through private sector participation by removing implementation relating difficulties of IPPs and to bring in investment and associated efficiency from private sector. The details of stations/ sites identified,

awarded, projects commissioned and under execution ending 31 March 2021 are given in *Appendix 8.1*.

8.4.1 Dismal performance in development of SHPs

The identified project sites were required to be developed by nodal agencies mainly through IPPs, by bringing in entire project cost and project was to remain under their control for 35 years. JKPDC had identified 186 stations/ sites with potential of 1,420.16 MWs⁵ between the years 2003 and 2020. Of these, only six projects (three *per cent*) with generation capacity of 64 MWs were developed and commissioned during the period 2003-04 to 2020-21 with time overrun ranging between four months and over seven years while as three projects were under execution as of October 2021 with time overrun ranging between six years and nine years in respect of two projects. Status of remaining 177 sites was as follows.

- Out of 186 identified sites, pre-feasibility reports of 129 sites were not prepared and also mode of their execution through EPC or IPP was not determined by JKPDC. As a result the bidding process could not be initiated for these 129 sites (69 *per cent*) (October 2021). JKPDC has to prepare pre-feasibility reports of potential sites and two stage bidding process was to be adopted comprising Request for qualification (RFQ) followed by Request for proposal (RFP).
- For 27 sites⁶, JKPDC made four⁷ attempts for invitation of bids during the period 2011-21 under IPP mode. No response was received in respect of 17 sites (nine *per cent*) and remaining 10 sites were awarded (between November 2012 and July 2014) to IPPs for development of projects. Out of 10 sites awarded, six IPPs (three *per cent*) failed to deposit upfront premium of ₹ 1.98 crore and their letter of award was accordingly withdrawn (February 2015) by JKPDC, allotment of three projects was terminated due to land issues, slow progress and techno economic viability reasons and one project was pending because of statutory clearances/ land issues (October 2021).
- For 20 sites proposed under Prime Minister's Development Package (PMDP), GoI had not acceded to request of GoJ&K for release of funds. The project "Implementation of Small Hydro power projects" with provision of ₹ 2,000 crore was sanctioned (November 2015) under PMDP. The Board of Directors (BoD) of JKPDC in its 73rd meeting (October 2017) accorded approval for implementation of 20 projects through EPC mode to be funded under PMDP as well as funds to be arranged by Power Development Department (GoJ&K) subject to their viability *vis-à-vis* evacuation of power. The request of GoJ&K for release of funds under PMDP was not acceded by GoI in view of high project cost and unviable tariff of these 20 projects as a result the JKPDC could not avail assistance from GoI. JKPDC took up

⁵ 35 projects with potential of 496.60 MW under EPC mode, 92 projects with potential of 611.55 MW under IPP mode and 59 projects with potential of 312.01 MW in respect of which mode of execution not determined.

⁶ Excludes one site which was under DPR preparation.

⁷ Between October 2011 and February 2013.

(July 2019) execution of one project⁸ through own funding and remaining 19 sites (10 per cent) had not been developed. JKPDC, however, failed to select viable alternate sites and propose them for funding under PMDP.

Audit noticed dismal performance in development of SHPs due to following reasons:

- Nodal agency did not coordinate with revenue authorities and other line departments viz. Irrigation and Flood Control Department, Relief and Rehabilitation Department and Forest Department so that clearances and approvals could be ensured in time bound manner for proposed projects.
- There was no mechanism in place to monitor the development of small projects at State/ UT level and to coordinate with the line departments/ agencies to facilitate IPPs in obtaining statutory clearances and finances for their projects.
- Nodal agency had failed to monitor execution of projects during construction as well as post commissioning phase. Inspections of projects were not conducted and monthly generation data was not obtained from IPPs.

The IPPs while confirming the above reasons also attributed (September 2021) poor performance in development of projects to unviable tariff, lack of financing by banks due to non-availability of buy back agreement with Power Development Department, allotment of non-operative sites, delay in securing statutory clearances from various Government Departments, difficulties in acquiring private/ forest land etc.

After being pointed out in Audit, the JKPDC management stated (September 2021) that though necessary assistances were to be extended by JKPDC, obtaining of statutory clearances and approvals from Regulator were obligations of IPP. The reply can be viewed in light of the fact that allotted projects had already exhausted maximum timeline available for obtaining such clearances, which indicated that nodal agency failed to extend facilitating function to these IPPs.

Thus, effective steps were not taken by the GoJ&K and JKPDC for preparation of prefeasibility reports and to address the issues of bidding, unviable tariff, high project cost, land acquisition and statutory clearances besides the concerns and finances for IPPs, as a result the objective of expeditious development of hydro power projects could not be achieved.

8.4.2 Preparation of deficient DPRs

According to State Hydroelectric Projects Development Policy-2011, the JKPDC was to prepare pre-feasibility reports of the potential sites. JKPDC did not adhere to guidelines prescribed by MNRE and its designated agencies⁹ for preparation of feasibility reports and DPRs. Audit noticed that DPRs were prepared without verification of the identified sites in light of benchmarks of designated agencies of MNRE. Daily discharge data of 18 months inclusive of minimum period of two lean seasons was also not submitted by JKPDC to MNRE in contravention of MNRE

⁸ Karnah (Kupwara).

⁹ AHEC IIT Roorkee, Central Water Commission and Central Electricity Authority.

norms. Audit analysis¹⁰ of DPRs vis-à-vis norms laid down by MNRE, revealed deficiencies like:

- Costs for local area development charges and for capitalized initial spares had not been provided for in the capital cost of the projects. Financial analysis of projects lacked detailed benefits cost (B-C) ratio analysis and net present value (NPV) analysis.
- Not considering local area development charges in cost of projects, absence of a) detailed cost-benefit analysis, b) details of pre-feasibility/ feasibility/ investigation reports and items required for physical arrangement of site.
- Geological surveys provided with DPRs of projects handled by JKPDC did not include aerial photo interpretation, geophysical prospecting and exploratory drilling. Geological reports regarding preliminary investigation stage were also not available.
- DPRs of projects did not include demand forecasting¹¹. This resulted in high unit cost of tariff structure for 21 projects, due to which the projects could not be funded by GoI/ GoJ&K.

The deficient DPRs led to unviable projects due to which either genuine IPPs could not be mobilized or IPPs to whom projects were allotted failed to take up their execution.

After being pointed out in Audit, the General Manager (Civil) JKPDC stated (September 2021) that it had not prepared DPRs of IPP projects and projects were allotted on the basis of pre-feasibility reports besides electricity demand forecasting model as per Alternate Hydro Electric Centre (AHEC), Roorkee guidelines was not required. The reply is not tenable as JKPDC was required to ensure documentation of projects and that AHEC Roorkee guidelines were to be followed as per the requirements of MNRE framework.

8.4.3 Power from completed projects not evacuated

In order to ensure smooth transmission of power from a generating plant to the grid for further transmission/ distribution, installation of power evacuation system is required before commissioning of project. Construction of two HEPs of generation capacity of nine MW each at Dah and Hanu in Leh district was awarded (September 2012) to the contractor firm¹² by JKPDC on EPC turnkey basis at a cost of ₹ 217.56 crore¹³. An expenditure of ₹ 127.70 crore was incurred on execution of the projects after availing loan of ₹ 111.50 crore¹⁴ from Rural Electrification Corporation and financial assistance of ₹ 16.20 crore (March 2012) from MNRE, GoI.

¹⁰ Audit analysis of 11 DPRs (EPC: 8 and IPP: 3) out of 38 DPRs.

¹¹ Parameter is used to examine effects of various policies and to construct an optimized energy plan under political and economic circumstances.

¹² M/s P&R Infra Projects Ltd Chandigarh.

¹³ EPC: ₹ 163 crore; others land building etc.: ₹ 24.55 crore and IDC: ₹ 30.01 crore.

¹⁴ Dah: ₹ 5 3.92 crore and Hanu: ₹ 57.58 crore.

The Dah project was commissioned (September 2019) with time overrun of 36 months and Hanu project was under trial run with progress of various components ranging between 87 per cent and 96 per cent (July 2021).

Audit noticed that for power evacuation from these SHPs, construction of Dah-Hanu-Khalsti 66 KV D/C Transmission Line was approved by BoDs (March 2017) and Letter of Intent (LoI) was issued (May 2017) in favour of the contractor firm at a cost of ₹ 78.88 crore and the work was to be completed within 12 months i.e. up to May 2018. The contractor, however, failed to complete the work as envisaged and the completion date was extended till November 2019 on the grounds of unfavorable weather conditions and closure of road. The contractor, however, did not adhere to the revised schedule of completion and reasons thereof were neither on record nor intimated. The progress of construction of Transmission line was very poor as completion of tower foundation works ranged between six per cent and 25 per cent, tower superstructure between 60 per cent and 85 per cent (August 2021). The financial progress of the project was ₹ 23.18 crore (29 per cent).

Thus, due to failure of the JKPDC in planning construction of power evacuation system in parallel with commissioning of two projects and in ensuring completion of transmission line by the contractor within the allotted timelines, power at Dah hydro project could not be evacuated. This resulted in non-utilisation of power generation of 59.37 Million Units and consequent loss of revenue of ₹ 16.45 crore (July 2021).

8.4.4 Penalty on defaulting IPPs not imposed

Hydro policy 2011 stipulates that failure to meet the timelines fixed for execution of projects by IPPs may attract a penalty depending on the degree of slippage. A penalty at the rate of ₹ five lakh per MW was to be imposed on the IPP for every month of delay in financial closure before resetting the timelines. Failure to meet the timelines may also result in cancellation of allotment and forfeiture of upfront premium amount without any compensation. The policy also stipulates that JKPDC shall be responsible for executing the Implementation Agreement with the IPP.

Audit noticed that JKPDC allotted nine projects with potential of 92.50 MW between November 2012 and July 2014. Five IPPs failed to deposit up-front premium of ₹ 1.98 crore and did not take up the allotted projects. The timelines for financial closure of remaining four projects which were fixed between May 2015 and January 2017 were not adhered to by IPPs. However, JKPDC did not invoke penal provisions for delay in financial closure of these projects due to which penalty of ₹ 12.60 crore could not be imposed on defaulting IPPs. Further, JKPDC had not executed implementation agreement with IPPs for timely completion of projects as mandated in the hydro policy-2011.

8.4.5 Incentives for IPPs not availed from GoI

As per Small Hydro Power programme of MNRE (GoI), projects up to 25 MW are eligible for incentives from MNRE, GoI. For projects in Jammu and Kashmir, MNRE provides financial assistance of ₹ 1.5 crore per MW subject to ceiling of ₹ five crore

per project. JKPDC were to facilitate submission of proposals for obtaining Central Financial Assistance (CFA) from MNRE by the IPP within six months of start of work/ six months of receipt of first disbursement from financial institution. The incentives were to ensure economic viability of small and mini/ micro HEPs.

Audit noticed that three IPP projects with potential of 37.50 MW were completed and commissioned between June 2012 and March 2021 after introduction of Hydro Policy-2011. However, JKPDC failed to submit proposals to MNRE with the result no incentives could be availed from GoI for these IPPs for ensuring economic viability of HEPs.

8.4.6 Non-recovery of open access charges

The hydro policy-2011 stipulate that in case commissioned IPP sells power to third party consumers or outside Jammu and Kashmir, the open access charges are to be determined by J&K SERC/ CERC.

Audit noticed that five IPP projects with potential of 55 MWs which were commissioned during the period 2009-21 were selling power outside the Jammu and Kashmir for which open access charges were to be recovered from these IPPs as per the rates fixed by Central Electricity Regulatory Commission (CERC). However, open access charges of ₹ 6.94 crore were not recovered from these IPPs for the period from April 2017 to August 2020 for power sold outside the State/ UT (September 2021).

8.5 Implementation of micro/ mini hydro power projects (MHPs) by JAKEDA

The main objectives of Policy for development of micro/ mini hydro power Projects-2011 are to attract investors for development of the State/ UT's water resources, provide solution to the energy problems in remote and hilly areas and help in generating revenue for the State/ UT and provide employment avenues etc. The details of sites identified, allotted, projects commissioned and under execution by JAKEDA as of March 2021 are given in *Appendix-8.2*.

8.5.1 Dismal performance in development of MHPs

JAKEDA (nodal agency) had identified 188 stations/ sites with generation capacity of 305.37 MW during the period 2011-12 to 2020-21. However, as of October 2021, only four projects (two *per cent*) with generation capacity of 15.75 MW had been commissioned between July 2019 and May 2021 with time overrun ranging between 19 months and four years. Status of 184 sites was as follows:

- 96 sites (51 *per cent*) could not be developed as after preparation of pre-feasibility reports, bids were not invited for these sites by JAKEDA. Reasons thereof were neither on record nor intimated.
- JAKEDA made six¹⁵ attempts for invitation of bids for 88 projects (47 *per cent*) only with capacity of 188.90 MWs during the period 2011-21. Of these

¹⁵ Between July 2012 and January 2016.

88 project sites, 53 sites (28 per cent) did not invoke any response from IPPs. JAKEDA had failed to cancel allotments of these projects and re-allot them as well as forfeit the up-front premium of ₹ 49.65 lakh deposited by defaulting IPPs in accordance with the policy guidelines.

➤ 39 sites (21 per cent) were awarded for development of hydro power projects between February 2013 and April 2021 by JAKEDA. Of these, only five projects (two per cent) were under progress with time overrun ranging between 18 months and four years (October 2021). Twenty six IPPs (14 per cent) who were allotted sites for developing projects between February 2013 and August 2017 either did not fulfill commitments for execution of projects or failed to take any action as nine IPPs could not get the statutory clearances despite lapse of stipulated time of 18 months and 17 IPPs had exceeded timelines¹⁶ for completion of projects by 14 months to 47 months (July 2021). Remaining four sites had been allotted to two developers/ IPPs during February 2021 and April 2021 under Swiss challenge method¹⁷.

Audit noticed that dismal performance in development of hydro power projects by JAKEDA was due to following reasons.

➤ JAKEDA did not coordinate with authorities of Revenue Department and other line Departments viz. Irrigation and Flood Control, Relief and Rehabilitation and Forest etc. to ensure statutory clearances and approvals for proposed projects in time bound manner.

➤ JAKEDA had failed to monitor the projects during their construction as well as post commissioning phase and obtain monthly generation data from IPPs as required under hydro policy -2011.

➤ The required inspections of projects were not conducted by the nodal agency.

➤ There was no mechanism in place to monitor the development MHPs at UT level and to coordinate with the line Departments to facilitate IPPs in obtaining statutory clearances.

After being pointed out in Audit, the Executive Engineer, JAKEDA stated (September 2021) that hydro sector in general experiences various impediments during the development of the projects and in obtaining of statutory clearances as such to reduce the completion time and online portal for obtaining such clearances is required. It was further stated that once the tenders were invited it was the prerogative of prospective bidders to bid for the projects as per their suitable choice and that IPPs were themselves responsible for coordination with line Departments. The replies can be viewed in light of the fact that allotted projects had already exhausted maximum timeline available for obtaining such clearances and that even after award of projects to IPPs of their choice, execution of most of the projects either could not be taken up or completed thereby indicating that nodal agency failed to extend facilitating function to these IPPs.

¹⁶ Maximum period of 54 month laid down for completion under hydro policy 2011.

¹⁷ Sites and Proposals submitted by IPPs of their own.

The IPPs while confirming the above reasons also attributed (September 2021) dismal performance of the projects to delays in obtaining finances for projects because of non availability of bankable power purchase agreements.

Thus, inaction of JAKEDA in allotment of sites and failure to address the concerns of IPPs resulted in dismal performance in development of hydro power projects thereby defeating the objective of hydro policy 2011.

8.5.2 Preparation of deficient DPRs

According to Policy for development of Micro/ Mini Hydro Power Projects-2011, the IPP has to prepare and submit the DPR and other information and make necessary applications for obtaining statutory clearances and approvals from GoJ&K and concerned regulatory authorities after carrying out required confirmatory surveys and investigations as per prevailing regulations/ norms. JAKEDA did not adhere to guidelines prescribed by MNRE and its designated agencies for preparation of feasibility reports and DPRs. Audit noticed that DPRs were prepared without verification of the identified sites in light of benchmarks of designated agencies of MNRE. Audit analysis¹⁸ of DPRs vis-à-vis norms laid down by MNRE revealed following deficiencies:

- Costs for local area development charges and for capitalized initial spares had not been provided for in the capital cost of the projects. Financial analysis of projects lacked detailed benefits cost (B-C) ratio analysis and net present value (NPV) analysis.
- Details of pre-feasibility/ feasibility/ investigation reports and items required for physical arrangement of site, were not considered.
- As laid down in MNRE norms, the life of civil works has not to be less than 100 years while that of main electro-mechanical generating equipment i.e. turbine, generator, transformers, auxiliaries, etc. installed has not to be less than 35 years. These facts were not recorded in the DPRs.
- DPRs of projects identified by JAKEDA did not include details as to whether the projects could only produce energy or have potential for dependable capacity value as well. The details of market potential and formulation data in this regard were not available in the DPRs.

The deficient DPRs led to non-viability of the projects due to which either genuine IPPs could not be mobilized or IPPs to whom projects were allotted failed to take up their execution.

After being pointed out in Audit, the Executive Engineer, JAKEDA stated (October 2021) that poor/ non-response to identified sites from IPPs can be assigned to lack of interest by IPPs due to risks and hurdles like delay in obtaining statutory clearances, land acquisition, lack of power evacuation infrastructure etc. It was further stated that deficiencies with regard to electricity demand forecasting and geological

¹⁸ 23 DPRs.

studies was not within the jurisdiction of entity and DPRs involved chapter related to financial analysis and geological studies. The reply can be viewed in the light of the fact that JAKEDA as nodal agency was required to facilitate implementation of projects by IPPs as required under the hydro policy-2011.

8.5.3 Incentives for IPPs not availed from GoI

As per Small Hydro Power Programme of MNRE (GoI), projects up to 25 MWs are eligible for incentives from MNRE, GoI. For projects in Jammu and Kashmir, MNRE provides financial assistance of ₹ 1.5 crore per MW subject to ceiling of ₹ five crore per project. Further, as per Hydro Policy 2011 for MHPs, 10 *per cent* subsidy on capital investment subject to the ceiling of ₹ 60 lakh was to be given in addition to the central subsidy for the power projects from one MW to two MWs after successful installation & commissioning of the projects. JAKEDA was to facilitate submission of proposal for obtaining Central Financial Assistance (CFA) from MNRE by the IPP within six months of start of work/ receipt of first disbursement from financial institution. The incentives were intended to ensure economic viability of small and mini/ micro hydro power projects. Audit noticed as follows:

(I) JAKEDA submitted (January 2019) CFA proposal of one IPP whereas four IPPs had forwarded their proposals directly to MNRE for qualified amount of ₹ 23 crore¹⁹. However, no assistance was released to these IPPs by GoI as JAKEDA had not submitted progress reports of execution of the projects which were required to be forwarded during implementation of the projects to MNRE, GoI. The JAKEDA had also failed to submit proposal for capital subsidy for one commissioned project²⁰ (May 2021) to GoJ&K. As a result five IPPs could not avail incentive of ₹ 23.60 crore from GoI/ GoJ&K.

(II) CFA of ₹ 3.87 crore was sanctioned (September 2015) by MNRE, GoI for preparation of 50 DPRs by JAKEDA under the scheme “Resource Assessment and Support for identification of new sites”. Thereafter, first instalment of ₹ 1.94 crore (50 *per cent* of sanctioned grant) was released (December 2015) by GoI. The GoJ&K also authorised (February 2018) utilisation of ₹ two crore under Capex Budget for identification of sites and conducting of pre-feasibility studies out of which ₹ one crore (50 *per cent* share) was released during 2018-19.

JAKEDA was required to submit two copies of approved DPRs to MNRE along with the Utilisation Certificate (UC) of first instalment of funds for securing release of balance funds. However, JAKEDA submitted UC and DPRs belatedly in June 2017 and August 2018, respectively i.e. after lapse (March 2017) of the scheme and DPRs submitted to MNRE were not in conformity with the guidelines and relevant standards issued by the designated agencies. As a result, balance amount ₹ 1.94 crore was withheld by MNRE and further CFA could not be availed.

¹⁹ Ranging between ₹ three crore and ₹ five crore.

²⁰ Rayil-I (Ganderbal) 2 MW.

Thus, lackadaisical approach of JAKEDA in arranging required financial incentives for IPPs contributed to their discouragement and consequent failure to bring in investment and associated efficiency from private sector.

After this was pointed out in Audit, the Executive Engineer, JAKEDA admitted that copies of UCs and DPRs were submitted after lapse of the scheme and that case was being thoroughly pursued with the Ministry.

8.5.4 Benefits of power generated in remote areas not availed

The main objective of the hydro policy 2011 for MHPs is to provide a solution to the energy problems in remote and hilly areas where extension of grid system is un-economical or un-viable.

Audit check of records of JAKEDA revealed that out of four IPP projects commissioned (October 2021), only one project²¹ with generation capacity of 3.75 MWs was selling power locally and other three projects²² with generation capacity of 12 MWs were selling power outside the UT thereby defeating the objective of hydro policy for providing solution to the energy problems in remote and hilly areas of the UT.

After being pointed out in Audit, the Executive Engineer, JAKEDA stated (July 2021) that main impediment in selling power locally by the commissioned projects was due to timely payment not released by Jammu & Kashmir Power Corporation on account of power purchases due to which loans availed by IPPs from financial institutions were on the verge of being declared NPA and most of the financial institutions are unwilling to fund these projects without reliable and bankable power purchase agreement. The IPPs also attributed (September 2021) the same reasons for not selling generated power within the UT besides lack of intent by GoJ&K utilities as another reason.

8.5.5 Non-execution of projects under EPC mode

Hydro policy of 2011 for MHPs stipulates that the nodal agencies of GoJ&K can take up implementation of micro/ mini hydro projects at any site without inviting bids from IPPs. Audit noticed that JAKEDA did not explore the option to execute identified projects under EPC mode despite the fact that 53 projects with generation capacity of 85.65 MWs which were offered to IPPs evoked no response. This led to infructuous expenditure of ₹ 4.04 crore on preparation of DPRs and non-achievement of objective of development of hydro power generation capacity of the UT.

After being pointed out in Audit, the Executive Engineer JAKEDA stated (July 2021) that execution of projects in EPC mode require investment of around ₹ 10 crore per MW and JAKEDA has not been provided adequate funds due to which projects under EPC mode could not be taken up. The reply is not tenable as proposal was not submitted by JAKEDA to GOJ&K/ GoI to seek funds for execution of identified projects under EPC mode.

²¹ Kheri: 3.75 MWs (Ramban).

²² Baltikulan: 5 MWs (Ganderbal), Ichoo: 5 MWs (Anantnag) and Rayil-I: 2 MWs (Ganderbal).

8.6 Conclusion

The main objectives of hydro policy of expeditious development of available hydro power through private sector participation by removing implementation relating difficulties of IPPs could not be achieved. Out of 374 identified project sites with power generation capacity of 1,725.53 MWs, only 10 projects with capacity of 79.75 MWs (five *per cent*) had been commissioned with time overrun ranging between four months and over seven years. While no action was taken for 225 sites (60 *per cent*) after their identification, bids were invited for 115 sites (31 *per cent*) only. No response was received for 70 sites and out of 45 sites awarded for development of hydro power projects, 32 IPPs either failed to fulfill commitments like obtaining statutory clearances for execution of projects or did not deposit upfront premium or the allotment of projects was terminated due to land issues, slow progress and techno economic viability reasons. For 20 sites (five *per cent*) proposed under Prime Minister's Development Package, GoI had not acceded to request of GoJ&K for release of funds in view of high project cost and unviable tariff of these 20 projects. Nodal agencies did not coordinate with line Departments for facilitating IPPs in clearances and approvals of proposed projects in a time bound manner and failed to monitor execution of projects. The IPPs had also attributed poor performance in development of projects inter alia to lack of financing by banks due to non-availability of buy back agreement with GoJ&K. Failure of JKPDC in ensuring completion of transmission line alongside the commission of hydro project at Dah resulted in non-utilisation of power generation of 59.37 MUs and consequent loss of revenue of ₹ 16.45 crore. Three projects with generation capacity of 12 MWs were selling power outside the UT thereby defeating the objective of hydro policy for providing solution to the energy problems in remote and hilly areas of the UT.

8.7 Recommendations

- *Lack of ease of doing business for IPPs should be addressed and hydro policy 2011 revisited;*
- *GoJ&K and JKPDC/ JAKEDA may ensure feasible identification of sites, prompt DPR finalisation, handholding of IPPs in land acquisition and statutory clearances as well as obtaining of finances/ assistances so that IPPs could come forward for taking up projects;*
- *GoJ&K should ensure execution of bankable power purchase agreements and ensure timely payment of dues to these IPPs; and*
- *In respect of EPC projects developed by JKPDC, completion of projects in time bound manner may be ensured apart from installation of power evacuation system before commissioning of projects.*

Chapter IX
**Management of Fixed Assets by Jammu &
Kashmir Bank Limited**

Chapter IX: Management of Fixed Assets by Jammu & Kashmir Bank Limited

Finance Department

Jammu & Kashmir Bank Limited

The Bank purchased land valuing ₹ 184.92 crore during 2016-21, out of which land valuing ₹ 140.22 crore could not be utilised. Funds to the tune of ₹ 22.78 crore remained blocked due to improper planning. There was wasteful expenditure of ₹ 5.28 crore in hiring of premises. Increase of lease rent in violation of the lease agreement led to extra expenditure of ₹ 2.61 crore. Due to hiring of unfurnished premises, the Bank had to pay lease rent of ₹ 5.14 crore as it took considerable time in furnishing works leading to delay in relocation of business units. There were delays in execution of works, however, penalty amounting to ₹ 8.77 crore was not recovered from contractors.

9.1 Introduction

Jammu and Kashmir Bank Limited (Bank) was established (October 1938) to carry out the business of Banking Company. The Bank performs its business activity from owned or hired premises. In January 2017, the Board of Directors (BoDs) of the Bank approved the policy for acquisition of premises on lease/ rental/ outright purchase basis. Prior to January 2017, there was no Board approved policy and the Bank was acquiring premises in accordance with the circulars issued (March 2009 to April 2014) by its Corporate Office. The compliance audit on management of fixed assets by the Bank covering the period from 2016-17 to 2020-21 was carried out to examine issues relating to acquisition of land, construction/ up-gradation/ modification related to civil/ interior works, furniture, electrical works and hiring of the premises.

As on 01 April 2016, the gross block of the fixed assets (Land & Building, furniture & fixtures and temporary wooden structures) of the Bank was ₹ 812.91 crore which increased to ₹ 2,385.48 crore¹ by end of March 2021. The net block² of these assets as on 31 March 2021 was ₹ 1,755.33 crore. Audit examined³ records of Corporate Office and four Zones⁴ of the Bank.

The audit findings are discussed in succeeding paragraphs.

9.2 Purchase of land

The Bank purchased land valuing ₹ 184.92 crore during 2016-17 to 2020-21 (for opening its own business activities, training centers for staff, etc.) as detailed in **Table 9.1**.

¹ Including ₹ 1,045.22 crore on account of revaluation of fixed assets during 2016-17 to 2020-21.

² Cost of an asset less depreciation.

³ March to April, October to November 2021 and February to March 2022.

⁴ Zonal Offices at Kashmir Central-I (Srinagar), Jammu Central-II (Kathua), Gurugram and Mumbai.

Table 9.1: Purchase of Land during 2016-17 to 2020-21

Sl. No.	Year	Date of Acquisition	Particulars	Owned/ Leased	Amount (₹ in crore)
1.	2016-17	28.12.2016	Ram Kishore Road, New Delhi	Owned	117.72
Sub-Total					117.72
2.	2017-18	30.12.2017	New Friends Colony, New Delhi	Owned	22.88
3.		31.01.2018	Additional Premium, Rail Head Complex, Jammu	Leased	3.85
Sub-Total					26.73
4.	2018-19	02.01.2019	Additional land at Gole Gujral, Jammu	Owned	13.36
5.		20.03.2019	Gole Gujral, Jammu	Leased	4.60
6.		23.03.2019	Land at Pampore, Srinagar	Leased	22.50
Sub-Total					40.46
7.	2019-20	21.05.2019	Land at Padam Zanskar, Ladakh	Leased	0.01
Total					184.92

Out of the land valuing ₹ 184.92 crore acquired during 2016-17 to 2020-21, the Bank could not utilise land valuing ₹ 117.72 crore at Ram Kishore Road, New Delhi and land valuing ₹ 22.50 crore at Pampore, Srinagar even after lapse of more than five years and three years respectively. Further, funds to the tune of ₹ 22.78 crore utilised for acquisition of land and related construction activity at Rail Head Complex, Jammu remained blocked without any benefit accruing to the Bank due to improper planning. Audit also noticed that the Bank did not apprise its BoDs of the status of land acquired/ utilised by it during 2016-21, thus depriving the BoDs to initiate any remedial action so that the acquired land could be utilised for intended purpose. The blocking up of funds due to non-utilisation of land and due to improper planning are discussed in succeeding paragraphs.

9.2.1 Blocking up of funds

Residential Plot at Ram Kishore Road, Civil Lines, New Delhi

The Bank took over (September 2014) the mortgaged property⁵ under SARFAESI Act, 2002⁶ against the Non-Performing Account (NPA) of M/s Jain Infra Projects Limited and M/s Jain Reality Limited and the same was put to auction at a reserve price of ₹ 135 crore. Since no bid was received by the Bank, the reserve price was reduced to ₹ 120 crore (December 2014) and subsequently to ₹ 110 crore (June 2015). However, no bid was received on both the occasions. The Bank decided (March 2016) to acquire the property for its own use and the plot was acquired (April 2016) at ₹ 117.72 crore⁷.

Audit observed (April 2021) that the plot acquired in April 2016 could not be utilised even after lapse of five years (March 2021). It was further observed (April 2021) that the plot, though being at prime location, could not be disposed of despite being put to auction thrice as it had a piece of plot measuring 200 square yards having a

⁵ Residential plot measuring 3,411.28 square meter at Ram Kishore Road, Civil Lines, New Delhi.

⁶ Securities and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

⁷ Cost of land: ₹110.00 crore and Stamp Duty: ₹ 7.72 crore.

dilapidated small structure⁸ within the boundary of land acquired by the Bank and was reportedly mortgaged to State Bank of India (SBI). However, the Bank while accepting (January 2012) the land as security at the time of sanctioning the loan did not ensure clear demarcation of land. The efforts made by the Bank to sort out the issue with SBI also could not yield any result.

Thus, due to acceptance of encumbered property as mortgaged security, the Bank could neither dispose it off nor put it to use even after lapse of five years from the date of its acquisition leading to blockade of funds of ₹ 117.72 crore.

The Bank Management replied (March 2022) that the property was intended for its own use. However, the proposal couldn't materialize considering the high cost to income ratio. Further, the proposal to dispose of the property is under active consideration.

The Management's reply may be seen in light of the fact that the bank before acquiring did not ensure that the property was encumbrance free and efforts of the Bank to auction the property also did not yield any result.

Land at Pampore

The Bank approached (January 2014) Jammu & Kashmir Industries Limited (JKI) for allotment of land for the purpose of construction of Staff Training Centre at Srinagar. The BoDs of the Bank accorded approval to acquisition of the land in March 2014. Thereafter, sanction was accorded (June 2017) for leasing out of 50 Kanals of land situated at Government Joinery Mills (JKI), Pampore for a period of 40 years⁹ in lieu of premium payable at ₹ 45 lakh per kanal¹⁰ and ground rent at ₹ 150 per marla per annum for establishment of a Mega Currency Chest and Staff Training College. The Bank acquired (March 2019) the land at a cost of ₹ 22.50 crore.

However, the land was lying idle for over three years as no action was initiated for utilising the land for intended purpose, thereby leading to blocking up of funds of ₹ 22.50 crore.

The Management stated (March 2022) that the land could not be utilised due to reorganisation of erstwhile State into Union Territory and subsequent lock down, adoption of CVC guidelines by them resulting into revision in their procurement policy and lock down conditions due to COVID 19 pandemic. The fact remains that process to utilise the land has not yet been initiated (March 2022).

Rail Head Complex, Jammu

The Bank purchased (July 1993) land measuring 18,900 sq. ft. at Rail Head Complex, Jammu on lease basis for a period of 40 years at a premium of ₹ 43.75 lakh from Jammu Development Authority (JDA). As per the lease agreement, the Bank was

⁸ In the name of M/s Accurate Township Pvt. Ltd.

⁹ Renewable upto a maximum period of 90 years.

¹⁰ A kanal is a unit of area which is equivalent to 506 square meter.

allowed to construct two storey block with extra charges of 25 *per cent* for addition of third storey with a total of four floors including basement floor. However, construction activity was not initiated on the land until September 2011, when proposal was made for construction of Currency Chest and other offices viz. Staff Training College (STC), stationery department, library auditorium etc. The Bank hired (September 2011) a consultant for providing of design layout and drawings. The BoDs of the Bank approved (September 2012) the plan to construct new office complex, comprising of two basements, ground floor and four storey at an estimated cost of ₹ 46.26 crore.

In response to the Bank's request for grant of permission for construction of two additional floors, JDA intimated (June 2013) that it can be granted only after amendment in the existing lease deed. The Bank applied (March 2014) with JDA for permission to construct additional two floors. Tenders were invited (December 2014) and based on the offer received, the work was awarded (January 2016) to M/s Construction Engineers at a cost of ₹ 28.35 crore, with a schedule completion period of 24 months. The Bank also modified (January 2018) lease deed with JDA after payment of additional premium of ₹ 3.85 crore. The Bank incurred expenditure of ₹ 22.78 crore¹¹ (March 2021).

Audit observed that the Bank took 18 years to initiate proposal for construction of building. Further, it took more than four years in award of work as there was delay in approaching JDA for modification in lease deed, though the Bank was already aware that any change in construction plan would require approval of JDA. The progress of work was 62 *per cent* even after lapse of more than four years from the date of award due to the Bank's indecisiveness as changes on account of construction of STC and auditorium at another place separately were made during the course of construction. It was also observed that the basic structure was ready by October 2018, however, the finishing and other works could not be completed due to change in the designs consequent upon change in work plan.

Thus, expenditure to the tune of ₹ 22.78 crore did not yield any intended benefits to the Bank till date.

The Management replied (March 2022) that the Bank decided to construct STC on another piece of land available with it, in order to avoid any encroachment on it leading to change in construction plan. Further, the project at Rail Head Complex is nearing completion.

The reply is not tenable in view of the fact that the construction work could not be completed, even after decision (December 2017) to construct STC on another piece of land as the work was halted time and again due to indecisiveness on the part of the

¹¹ Cost of land: ₹ 4.29 crore; Permission fee to JDA: ₹ 0.08 crore; Building works: ₹ 17.68 crore and Consultancy work: ₹ 0.73 crore.

Bank management. Further, the Bank took 18 years to initiate the process and another period of over four years to complete the tendering process.

9.2.2 Irregular payment for purchase of land at Gole Gujral

The Bank acquired (November 1981) land measuring 39 kanal at Gole Gujral, Jammu as a part of compromise/ settlement of outstanding loan accounts from Mr. 'AS' & others¹² at a cost of ₹ 10.35 lakh. The lease was executed by Mr. 'AS' for himself and on behalf of others (as general power of attorney). The legal heir and widow of Mr. 'IS' filed (August 1998) a suit in the Court of Additional District Judge against the Bank for declaration of lease deed as null and void as no power of attorney was executed in favour of Mr. 'AS' by Mr. 'IS'. The Additional District Judge dismissed the petition in June 2017. Thereafter, the Bank took up the matter with land revenue authorities for fresh demarcation of land and *tatima* was issued (June 2017) in Bank's favour. The permission to construct the building was also accorded (December 2017) in favour of the Bank by Jammu Municipal Corporation (JMC). Meanwhile, Mr. 'RSJ'¹³ filed (April 2018) an application before the Additional District Judge, Jammu for restoration of the civil suit. A writ petition was also filed before the High Court of J&K seeking direction to JMC to cancel building permission. The writ was disposed of (April 2018) with directions that the same may be decided by the Chairman, Building Permission Authority. JMC directed (May 2018) the Bank not to carry out/ start construction, however, after considering Bank's reply, JMC allowed (June 2018) the Bank to resume construction. In the meantime, Bank received an undated letter on a plain piece of paper from the Attorney of Mr. 'RSJ', giving two options¹⁴ to amicably settle the matter with the Bank.

The matter was placed before the BoDs and it was decided (July 2018) to enter into a compromise to resolve the dispute. Accordingly, compromise deed was executed (October 2018) at a negotiated cost of ₹ 4.60 crore.

Audit observed that the Bank was in possession of land since November 1981 and the case filed (August 1998) against it regarding the ownership was also decided (June 2017) in its favour and permission (June 2018) to construct building was also allowed by JMC. Despite the fact that all legal remedy was in its favour, the Bank compromised and made irregular payment of ₹ 4.60 crore.

The Bank replied (March 2022) that considering the fact that it had been embroiled in litigations in the matter since 1998, it decided to go for amicable settlement in order to save the time and resources.

The reply is not tenable as after decision of the High Court of J&K in favour of the Bank, it decided to construct a Staff Training College and there was no stay on construction activity as permission to construct the building was also allowed

¹² Mr. PS, Ms. BK, Mr. IS and Ms. MK.

¹³ Legal heir of Mr. 'IS'.

¹⁴ Option I: Offered to pay ₹10.35 lakh to the Bank with upto date interest in lieu of the Bank returning the possession of the property; Option II: Demanded ₹20 crore from the Bank in lieu of the Bank retaining possession of the property.

(June 2018) by JMC and the civil suit was also not restored. The Bank even then decided to compromise and made irregular payment of ₹ 4.60 crore.

9.3 Hiring of premises

As per the Bank's policy, properties are hired on lease basis after inviting expression of interest. In case of existing Business Unit (BU) operating from hired premises, the Branch head is required to ensure timely renewal of its lease. During the period 2016-21, the Bank renewed/ hired 373 premises out of which records relating to 103 premises (27.61 per cent) renewed/ hired were examined in Corporate Office and selected zones¹⁵. The audit findings are discussed in the succeeding paragraphs.

9.3.1 Wasteful expenditure in hiring and development of premises

The Bank received (April 2016) a request from M/s Broad Way Enterprises Private Limited (firm) offering space for hiring at its Hotel Broadway, MA Road, Srinagar. After negotiations, the firm agreed (26 July 2017) to rent out space on a monthly rent of ₹ 150 per sq. ft. Thereafter, the Bank entered (December 2017) into a lease agreement with the firm for hiring of space measuring 5,181.47 sq. ft. for opening of High Net worth Individual (HNI) Branch. The Bank also entered (March 2019) into another lease agreement in the same premises for hiring of space measuring 4,978.68 sq.ft. on similar terms and conditions for housing its International Banking Division (IBD) citing space constraints at the existing premises at Air Cargo Complex, Srinagar¹⁶. The Bank placed (February 2019) a work order¹⁷ at a cost of ₹ two crore for development of the hired premises. The Bank, however, decided (January 2020) to de-hire the premises on the ground that shifting of IBD would not translate into phenomenal growth of foreign exchange business as the forex business in Srinagar was limited. Further, the yearly rental outflow was considered very high *vis-à-vis* the business opportunities in opening of HNI branch due to prevailing situation in Kashmir region. By the time the Bank de-hired (June 2020) the premises, it had incurred expenditure of ₹ 3.78 crore towards rent¹⁸ and ₹ 2.43 crore on development of the premises. Out of ₹ 2.43 crore, amount of ₹ 1.47 crore was spent on civil interior, furniture items which either could not be dismantled or were dismantled with substantial/ major damages. The dismantlement work was carried out (August 2020) at a cost of ₹ 2.99 lakh.

Audit observed that in order to cater to HNI customers, the Bank decided (March 2017) to roll out a new premium delivery channel under the Brand "J&K Bank Premium Banking Services" in a phased manner beginning with one such Business Unit in every district headquarter. Accordingly, it decided (05 July 2017) to open one HNI Branch at Barzulla, Srinagar after hiring of 3,000 sq. ft. of space on a

¹⁵ Zonal Offices: Kashmir Central-I (Srinagar), Jammu Central-II (Kathua), Gurugram and Mumbai.

¹⁶ Space available: 4,722 sqft @ ₹ 85 per sqft.

¹⁷ For civil/ interior, furniture and electrical works.

¹⁸ For the period from 15 March 2018 to 20 June 2020.

monthly rent of ₹ 2.27 lakh¹⁹. Though the Bank had already decided to open one HNI Branch in Barzulla, Srinagar, even then it hired another premises at Hotel Broadway, M.A. Road, Srinagar on a monthly rent of ₹ 7.77 lakh²⁰ for the same purpose.

Moreover, the decision to open HNI branch and shift IBD at Hotel Broadway may be viewed in light of the fact that the Bank sanctioned (September 2016) a term loan of ₹ 48.98 crore in favour of the lessor for renovation of existing hotel building and construction of new building and the term loan was eventually classified (January 2020) as Non-Performing Asset as the lessor could not service the account.

Thus, the Bank Management, while hiring the space at Hotel Broadway, Srinagar at monthly rent of ₹ 150 per sq. ft., ignored the fact that it had already hired premises for opening of premium branch at Barzulla, Srinagar and operating IBD at Air Cargo Complex, Srinagar having sufficient space at the monthly rate of ₹ 75 per sq. ft. and ₹ 85 per sq. ft., respectively. The Bank's decision led to wasteful expenditure of ₹ 5.28 crore²¹ as the hired premises at Hotel Broadway was not at all used for its operations.

The Management stated (March 2022) in the year 2019, owing to sluggish market patterns and slow growth in overall banking sector, it decided to implement various measures to bring down the cost to income ratio and one of the measure was to vacate the premises in order to cut the costs on account of rental.

However, the fact remains that the Bank hired the premises without taking cognizance of the fact that the decision to open HNI branch at Barzulla, Srinagar was already taken by the Management. Further, the limited business opportunity with regard to forex business in Srinagar was in the knowledge of the Bank as most of the customers were already dealing with it.

9.3.2 Undue favour to the Lessors leading to extra expenditure towards lease rent

The Bank for hiring of premises enters into a lease agreement with the lessors for a specified period with provisions of enhancement of rentals at a specified rate at regular interval of three to five years. Records relating to 67 premises²² renewed during the period 2016-21 were examined. It was observed in five renewal cases that undue favour was granted to lessors by enhancing the lease rent over and above the agreed rent as discussed in succeeding paragraphs.

Business Unit (B/U) Greater Kailash, New Delhi

The Bank entered (November 2003) into a lease agreement with the lessors for hiring of premises for its Business Unit at Greater Kailash, New Delhi at a monthly rental of ₹ 1.69 lakh inclusive of all kind of Government/ Municipal taxes, charges, levies

¹⁹ At the rate of ₹ 75 per sq.ft.

²⁰ At the rate of ₹ 150 per sq. ft.

²¹ Rent: ₹ 3.78 crore, Civil interior works: ₹ 1.47 crore and Dismantling: ₹ 0.03 crore.

²² Zonal Offices Kashmir Central-I (Srinagar), Jammu Central-II (Kathua), Gurugram and Mumbai.

including house tax, property tax. The premises was initially leased for a period of five years extendable by a further period of three terms of five years on the same terms and conditions at the sole option of the Bank subject to the condition that the rent for the premises will be increased after the expiry of every five years of lease period by 20 *per cent* on the last rent paid. The lessors was not be entitled to ask for any enhancement of rent reserved during the period of lease and its renewal except that of 20 *per cent* increase on the last rent paid after every five years. Further, the lessors did not have the right to terminate the lease during the lease period.

The lease agreement was extended in November 2007 and November 2012 with increase in rent as per the agreed terms. The lessors requested (May 2016 and August 2017) for increase in rent on the plea that it had to pay conversion charges of ₹ 33.50 lakh to Municipal Corporation and manifold increase in rent rates since the premises was leased out to the Bank. However, the Bank enhanced (November 2017) the rent from ₹ 2.44 lakh to ₹ 2.92 lakh as per the lease agreement. On repeated requests²³ by the lessor Bank approved (August 2018) enhancement of rent to ₹ five lakh (plus GST applicable) from 15 November 2017.

Audit observed that the Bank enhanced the rent to ₹ five lakh per month w.e.f 15 November 2017 whereas the lessor was entitled for rent of ₹ 2.92 lakh as per the lease agreement. The Bank enhanced the rent despite the fact that the lessors was not entitled to any enhancement except 20 *per cent* increase on the last rent paid after every five years and had no right to terminate the lease during the lease period.

Thus, the Bank's decision to hike the rentals led to undue favour to the lessor resulting in extra expenditure of ₹ 1.30 crore²⁴ for November 2017 to March 2022.

The Bank stated (March 2022) that keeping in view the frequent representations of the existing landlord and the prevailing market rates, the enhancement was considered.

The reply is not tenable as the very purpose of entering into lease agreement for a long duration with provision for enhancement at regular intervals was defeated by allowing additional enhancement over and above the agreed terms.

B/U Hari Singh High Street, Srinagar

Zonal Office (Kashmir Central-I), Srinagar entered (December 2003)²⁵ into a lease agreement with Mr. 'MD' and Mr. 'MIZ' (Lessors) for hiring of the premises at Hari Singh High Street, Srinagar for a period of 15 years i.e. upto 16 December 2018. As per the lease agreement, the lease rent for the premises at first floor (4,620.75 sq. ft.) and second floor (4,511.33 sq. ft.) was payable at ₹ 10 per sq. ft. per month and ₹ eight per sq. ft. per month, respectively with enhancement of 20 *per cent* after expiry of every five years. Further, the lessor had no right to terminate the lease and

²³ March 2018, June 2018, and July 2018.

²⁴ Differential Rent: ₹ 2.08 lakh (₹ five lakh per month less ₹ 2.92 lakh per month for 53 months) *plus* GST at 18 *per cent*.

²⁵ Effective from 29 March 2003.

was not entitled to ask for enhancement of rent during the lease period. The lessors requested (October 2016) for enhancement of lease rent to ₹ 100 per sq.ft. per month due to manifold increase in rentals in the area. The Bank agreed (October 2016) to increase the rent w.e.f 01 November 2016 from ₹ 14.40 per sq.ft. to ₹ 37 per sq. ft. per month and from ₹ 11.52 sq. ft. to ₹ 35 per sq. ft. per month for first and second floor, respectively and entered (December 2016) into fresh lease agreement for another period of fifteen years.

Audit observed that the lease agreement entered into by Bank in December 2003 with the lessor was valid upto March 2018 and during lease period, the Lessor had no right to terminate the lease and was also not entitled to ask for enhancement of rent. Despite this, the Bank acceded to the request of the Lessor and increased the lease rent w.e.f. 01 November 2016 by entering into another lease agreement leading to extra expenditure of ₹ 35.76 lakh²⁶ during the period from November 2016 to March 2018.

The Management stated (April 2022) that the lease was going to expire within two years and the lessors had expressed that they will not go for further renewal and the rent being paid was meager as compared to the prevailing market rates.

B/U Jawahar Nagar, Srinagar

Zonal Office (Kashmir Central-I), Srinagar renewed (July 2012) a lease agreement (effective from April 2010) with the Lessor for hiring of 3,904 sq. ft. on the ground floor and 1st floor for a period of 10 years on lease rent at ₹ 7.68 per sq. ft. per month. The Bank also entered into another lease agreement (April 2012) for hiring of additional space comprising of 1,390 sq. ft. w.e.f. 01 June 2012 for a period of 10 years at ₹ 7.68 per sq. ft. per month. The lease agreement stipulated increase of lease rent by 25 *per cent* after expiry of every five years. Further, the lessor had no right to terminate the lease and was not entitled to ask for enhancement of rent during the lease period. During the currency of the lease period, the Lessor requested for increase in lease rent as per market rate. The Bank, after negotiation with the lessors, agreed (December 2016) to increase the lease rent for 5,094 sq. ft. of space at first floor to ₹ 36 per sq. ft. per month and for 200 sq. ft. at ground floor to ₹ 25 per sq. ft. per month. Accordingly, fresh lease agreement was signed on 30 January 2017.

Audit observed that the lease agreements were valid upto April 2020 and May 2022, respectively and during lease period, the Lessor had no right to terminate the lease and was also not entitled to ask for enhancement of rent. The Bank, however, acceded to the request of the Lessor and increased the lease rent which resulted in extra expenditure of ₹ 61.69 lakh²⁷ during the period from February 2017 to March 2022.

²⁶ First Floor – 4,620.75 sq.ft x ₹ 22.60 (₹ 37 - ₹ 14.40) x 17 months + Second floor – 4,511.33 sq.ft. x ₹ 23.48 (₹ 35 - ₹ 11.52) x 17 months.

²⁷ (3,704 sq. ft.) x ₹ 26.40 (₹ 36 - ₹ 9.60) x 38.5 months *plus* (1,390 sq. ft.) x ₹ 28.32 (₹ 36 - ₹ 7.68) x 4 months *plus* (1,390 sq. ft.) x ₹ 26.40 (₹ 36 - ₹ 9.60) x 58 months *plus* (200 sq. ft.) x ₹ 15.40 (₹ 25 - ₹ 9.60) x 38.5 months.

The Bank replied (April 2022) that the lease was going to expire within three years and the rent being paid was meager as compared to the prevailing market rates.

The Management's replies are not tenable as the very purpose of entering into lease agreements for a long duration with provision for enhancement at regular intervals was defeated by allowing additional enhancements over and above the agreed terms.

B/U Kursoo Raj Bagh, Srinagar

Zonal Office (Kashmir Central-I), Srinagar entered into (December 2009) a lease agreement with the lessor for hiring of 1,411 sq. ft. of the premises (1st floor) at Raj Bagh, Srinagar for a period of 10 years on a lease rent of ₹ 15 per sq. ft. per month. In January 2012, the Bank entered into another lease agreement for hiring of additional space (2nd floor) of 1,336 sq. ft. of the same premises for a period of 10 years w.e.f. 01 December 2011 at ₹ 12.50 per sq. ft. per month. The lease agreement stipulated increase of lease rent by 20 *per cent* after expiry of five years. Further, the lessor had no right to terminate the lease and was not entitled to ask for enhancement of rent during the period lease period.

The Lessor served (January 2017) notice to increase the lease rent to ₹ 65 per sq. ft. failing which it urged to vacate the premises by 31 March 2017. While serving the notice, the Lessor stated that both the lease agreements of December 2009 and December 2011 are unregistered and thus, the terms and conditions are not enforceable. Thereafter, the Lessor filed (April 2017) a suit before Principal District Judge, Srinagar for eviction of premises. The Bank, after negotiation with the Lessors, agreed (August 2017) to increase the lease rent to ₹ 47 per sq. ft. per month for the whole premises and execution of fresh lease deed for a period of 15 years with 25 *per cent* increase in rent after every five years. Accordingly, fresh lease agreement was signed on 30 March 2018.

Audit observed that the lease agreement entered into by Bank in December 2009 and December 2011 with the Lessor was valid upto November 2019 and November 2021, respectively and during lease period, the Lessor had no right to terminate the lease and was also not entitled to ask for enhancement of rent. However, the Bank acceded to the request of the Lessor and increased the lease rent from ₹ 18 per sq. ft. per month (as per agreement of December 2009) and ₹ 15 per sq. ft. per month (as per agreement of December 2011) to ₹ 47 per sq. ft. per month by entering into another lease agreement on 30 March 2018, leading to extra expenditure of ₹ 27 lakh²⁸ during the period from April 2018 to November 2021. It was also observed that the lease agreements of December 2009 and December 2011 were not got registered before the court of law.

²⁸ Ground and First Floor: 1,411.295 sq.ft x ₹ 29 (₹ 47 - ₹ 18) x 20 months + Second floor: 1,336 sq.ft. x ₹ 32 (₹ 47 - ₹ 15) x 44 months.

The Bank replied (April 2022) that mid-term enhancement was considered to avoid litigation, the renewal was due in the year 2019 so it was obvious that new negotiated rates would be as per prevailing market rates.

The reply may be seen in light of the fact that there was failure on the part of the Bank to get the lease agreement registered before the court of law.

B/U Ferozepur

Zonal Office, Kathua entered into a lease agreement with the lessor on 05 September 1994 for hiring of the premises comprising of 1,500 sq. ft. at ES-25, Malawal Road, Ferozepur for a period of 15 years. The lease agreement was renewed on 11 August 2011 (w.e.f 5 September 2009) for a further period of 10 years at ₹ 16 per sq. ft. per month with an increase of 20 *per cent* on the last rent paid after every five years. As per the lease agreement, the Bank may at its sole option can renew the aforesaid lease for a further period of five years on the same terms and conditions and thereafter the lease shall be further renewable with the mutual consent of both the parties. Further, the Bank may at its sole option terminate the lease of the premises by giving the lessors one month's notice in writing expression its intention to do so or by paying one month's rent in lieu thereof. The Lessors shall in no case have the right to determine the lease during the period reserved herein or during the period for which lease is renewed by the Bank at its sole option. The lease rent payable for first five years was ₹ 24,000 per month (starting from September 2009) and for the next five years was ₹ 28,800 per month. The lease was to expire on 04 September 2019. The Lessors requested (May 2018) for renewal of lease period for further period of ten years at ₹ 37 per sq. ft. per month. The proposal was approved (May 2018) by the Competent Authority for its renewal for period of ten years on a monthly rent at ₹ 37 per sq. ft. with increase of 25 *per cent* after every five years. Accordingly, lease agreement was renewed on 11 July 2018 w.e.f. 05 September 2019 for period of 10 years.

Audit observed that as per the lease agreement of August 2011, the Bank at its sole option was entitled to renew the aforesaid lease for a further period of five years on the same terms and conditions and thereafter the lease could further be renewed with the mutual consent of both the parties. The Bank was, thus, entitled to renew the lease agreement for another period of five years after increasing the rent at 20 *per cent* on the last rent paid which works out to ₹ 23 per sq.ft. per month from September 2019. The Bank, however, renewed (July 2018) effective from September 2019 the lease agreement on a monthly rent of ₹ 37 per. sq. ft. leading to extra expenditure of ₹ 5.80 lakh²⁹ (January 2022).

²⁹ Worked out at differential rate of ₹ 14 per sq. ft. per month for 1,500 sq.ft. for the period from September 2019 to May 2020 and at rate of ₹ 14 per sq. ft. per month for 1,395 sq. ft. for period from June 2020 to January 2022.

The Bank replied (April 2022) that the landlord insisted to renew the lease agreement as per the present market rates or to vacate the premises. Therefore, the Bank in order to ensure business continuity and to avoid huge capital expenditure on account of shifting and development of new site, renewed the lease agreement at a negotiated rate of ₹ 37 per sq. ft. per month.

The reply is not tenable as the Bank at its sole option was entitled to renew the aforesaid lease for a further period of five years on the same terms and conditions.

9.3.3 Delay in commencement of operations at hired premises

The Bank, after entering into lease agreement and taking possession of unfurnished premises, undertakes interior development works viz. civil interior, furniture, electrical works. Records relating to 36 new premises hired³⁰ during the period 2016-21 were examined. It was observed that there was delay in shifting in respect of 30 premises, leading to payment of rent amounting to ₹ 5.14 crore, as detailed in *Appendix 9.1*. Further, the Bank did not explore the option of hiring fully furnished premises.

Out of the these 30 cases, for 12 premises³¹ the payment of rent started after 60 days from taking over of the possession and in the remaining 18 cases, the rent payment started immediately after taking possession. Thus, there was no uniformity in terms and conditions of the lease agreement entered into by the Bank.

Audit also observed that in case of shifting/ closure of BU, the expenditure incurred on the interior development was rendered wasteful as could be seen from the fact that furniture fixtures items valuing ₹ 36.06 lakh³² were disposed of at a cost of ₹ 6.67 lakh.

Some of the major cases of delay are discussed in succeeding paragraphs.

BU Premium Branch (Cluster office), Barzulla, Srinagar

The Bank decided (July 2017) to open a new BU as premium branch at Barzulla, Srinagar and entered into a lease agreement (December 2017) for hiring of premises at a monthly rent of ₹ 2.27 lakh per month plus GST w.e.f. 14 December 2017 for a period of 15 years. The work order for civil interior/ furniture and electrical and Mechanical/ HVAC³³ works was issued belatedly in September 2018 with a schedule completion of 120 days from the date of start of work. The work was, however, completed on 15 March 2020, i.e. after a delay of 392 days. Even after completion of work, there was delay in start of operations by more than 10 months as the BU started its operations in February 2021. As a result, the Bank had to pay rent of ₹ 80.49 lakh during December 2017 to January 2021, without the intended utilisation.

³⁰ Zonal Offices Kashmir Central – I Srinagar, Jammu Central – II Kathua, Gurugram and Mumbai.

³¹ BU Vikas Marg, BU Connaught place, BU Sanjay Palace (Agra), BU Aminabad (Lucknow), BU Badhoi (UP), BU Roorkee, BU Nashik, BU SM Amritsar, BU Patiala, BU Solan (HP), BU Zirakpur and BU Batala.

³² BU Kalbadevi: ₹ 2.81 lakh, BU Secunderabad: ₹ 10.43 lakh and BU Mahim: ₹ 22.82 lakh.

³³ Heating, Ventilation and Air Conditioning

The Bank stated (April 2022) that it had initially acquired the premises for establishment of HNI branch, but the same could not materialize and then it was decided to shift cluster office.

The delay in award of work and indecisiveness on the part of the Bank regarding starting of operation led to payment of rentals of ₹ 80.49 lakh without accruing any benefit to the Bank.

BU International Banking Division (Tourist Reception Centre), Srinagar

The Bank entered (May 2018) into a Memorandum of Understanding with Department of Tourism, Kashmir for hiring of 3,000 sq. ft. premises at ₹ 2.50 lakh per month for a period of 20 years with rent enhancement at 25 *per cent* after every five years. The monthly rental of ₹ 2.50 lakh was to start from 29 May 2018. The work order for civil interior/ furniture and electrical works was issued on 13 November 2018 with completion schedule of 60 days from the date of start of work. The work was, however, completed in December 2020 after a delay of 678 days. Even after completion of work, there was delay in start of operation by 14 months as the operations could only be started in February 2022. As a result, the Bank had to pay rent of ₹ 1.07 crore during May 2018 to February 2022, without any corresponding benefit accruing to it.

The Bank stated (April 2022) that the work initially got delayed due to objection from Government authorities, thereafter due to outbreak of COVID-19 pandemic. However, there was delay by 14 months in start of operation from the premises even after completion of work.

9.4 Award and execution of works

In order to execute major civil construction works during 2016-2019, the Bank invited open tender whereas up-gradation/ modification repair of civil/ interior, furniture, electrical works were executed through empanelled contractors at the rates approved by Bank. In the absence of invitation of bids for interior civil works, the reasonability of the rates at which they were awarded could not be ascertained in audit. For Mechanical works³⁴, the Bank invited tenders for empanelment of contractors. Based on the offers received from the technically qualified firms, the lowest offer is selected and after negotiations with the L1 bidder, final rates are fixed. The same rates are then offered to other vendors and only those vendors who accept to work on rates fixed are empanelled. However, the Bank adopted (February 2020) Manual for Procurement of Goods and Services in accordance with which it started awarding works through e-tendering.

The Bank awarded 1,240 Work orders (WOs) valuing ₹ 197.26 crore during 2016-21. Out of 1,240 WO, 373 WO (30.08 *per cent*) valuing ₹ 154.17 crore were examined in audit. The audit findings are discussed in succeeding paragraphs.

³⁴ Firefighting system, Air Conditioning and HVAC system.

9.4.1 Non recovery of penalty on account of delay in execution of works

As per the terms and conditions of WO, the work was required to be completed within the stipulated time and in case of delay in completion of work, penalty at 0.05 *per cent* per day on the contract value, subject to a maximum of 10 *per cent* of the contract value was to be levied.

Scrutiny of 373 works revealed that there was delay in respect of 258 works of which, 25 works were delayed due to reasons beyond control of the contractor, however, in respect of 233 works, neither the reasons for delay were recorded nor the penalty was imposed. Audit analysis of these 233 works showed that 107 works were delayed up to 90 days, 80 works were delayed for period ranging between 91 days and 180 days, 37 works were delayed for period ranging from 181 days to one year and nine works were delayed for more than one year. The remaining 115 works (373-258) were either completed in time or were under progress (March 2021).

Audit observed that penalty amounting to ₹ 8.77 crore, as detailed in **Appendix 9.2** was not imposed on the contractors in respect of delayed 233 works.

The Management stated (March 2022) the delay in completion of work was due to civil unrest in the valley as well as in some parts of Jammu and Ladakh, Government of India decision (November 2016) to demonetize currency notes, introduction (July 2017) of GST, reorganisation of the erstwhile State of J&K and spread of COVID-19 pandemic.

The reply is not tenable as the Bank, while making payments to the contractor, recorded reasons for the delay which were beyond the control only in case of 25 works. In the remaining works (completed/ in-progress), the Bank neither recorded any reasons for delay nor recovered any penalty.

9.4.2 Abandonment of works

(i) The Bank awarded (October 2018) the work for development of e-lobby³⁵ at erstwhile Business Unit (BU) SSI Lal Chowk Srinagar at a cost of ₹ 194.15 lakh. After incurring expenditure of ₹ 20.51 lakh³⁶, the work was stopped (December 2019) due to leakage problem which could not be addressed, thus rendering the expenditure of ₹ 20.51 lakh as wasteful.

The Bank stated (March 2022) that some of the items executed in the first phase have been reutilised and some had to be dismantled.

(ii) The Bank awarded (April 2019) the work for development of common facility centre at Voki, Kulgam at a cost of ₹ 237.67 lakh. Since the work was not awarded through tender, it was short closed (July 2019) citing that the high value works would be finalised through tendering as per CVC guidelines. However, the expenditure of

³⁵ Civil/ interior, furniture and electrical works and Mechanical/ HVAC works.

³⁶ Including consultancy charges of ₹ 4.51 lakh.

₹ 12.36 lakh incurred on site development, boundary wall etc. by the Bank up to July 2019. However, the work was not re-awarded by the Bank (March 2022).

(iii) The Bank awarded (May 2019) the work relating to re-development/ renovation of Boston restaurant at Iqbal park, Srinagar, at a cost of ₹ 1.28 crore. After incurring expenditure of ₹ 5.66 lakh, the work was stopped in June 2019 as the building structure required civil works for safeguarding.

The Bank stated (March 2022) due to non-availability of funds both the works were stopped.

9.4.3 Award of work on single tender basis

The Bank invited (March 2016) tender for redevelopment of Kashmir Golf Course, Srinagar at an estimated cost of ₹ 16.35 crore in response to which two offers were received (April 2016). Only one bidder³⁷ was found technically qualified and the financial bid was opened. After negotiations, the contractor agreed to execute the work at ₹ 22.92 crore. The Bank awarded (May 2016) the work to the Contractor citing urgency as only seven months of work time was available for completion of the project before the onset of the winter season. Accordingly, work order was issued on 01 June 2016 with scheduled completion period of eight months. Further, the scope of work was increased and the work was completed (December 2017) at a total cost of ₹ 30.35 crore. Besides, the Bank also awarded six work orders³⁸ valuing ₹ 4.71 crore to one of the Joint Venture partners, M/s Sofi & Company without inviting tenders.

Audit observed that the Bank did not re-tender the work and awarded (June 2016) it to the only technically qualified bidder despite the fact that the rates agreed to by the Bank were 40 *per cent* higher than the estimated cost. The Bank's target to complete the work before onset of winters was not achieved as the work was completed in December 2017 with a delay of 10 months from the scheduled date of completion. Further, the scope of work was increased by ₹ 7.43 crore (32 *per cent*) and works valuing ₹ 4.71 crore was awarded without inviting tender. As the Bank did not have any expertise in development of golf course, the reasonability of rates quoted by the single bidder and agreed to by the Bank could not be ascertained.

The Bank stated (March 2022) that due date of submission of tender was extended by 14 days as only two offers were received. Even after extension, no further offer was received as such the single bid was evaluated. The delay in completion of work was due to civil unrest in valley as a result of which the work could be started in March 2017. The increase in scope of work was due to changes made during execution of the work owing to site conditions which could not be envisaged earlier. In order to meet the deadline for execution of work, it was decided to award the work valuing ₹ 4.71 crore to one of the joint venture partners without inviting tender as

³⁷ M/s Silver Glades Gold Development Co. Pvt. Ltd in Joint Venture with M/s Sofi & Company.

³⁸ Relating to Grassing, Bunker Sand, Electrical works, Turf seed, Boundary wall renovation, Micro landscaping, Washroom repairs under redevelopment of Kashmir Golf course.

tendering at this stage would have further delayed the project. Redevelopment of Kashmir Golf course was first of its kind project undertaken by the Bank and as such no expertise for the same was available in-house, as such the Bank hired two Project Management Consultants (PMCs).

The reply of the Management may be seen in light of the fact that the work was awarded on single tender basis and the Bank did not re-tender the work despite the agreed rates being 40 *per cent* higher than the estimates prepared by the PMC. After award of work in May 2016, the Bank made payment of ₹ 10.21 crore for the work executed during July 2016 to January 2017, thus the contention of the management that due to civil unrest the work was started in March 2017 is incorrect. Further, reasons for delay in execution of work were not recorded.

9.5 Conclusion

The Bank could not utilise land valuing ₹ 140.22 crore acquired during 2016-21. Funds to the tune of ₹ 22.78 crore remained blocked due to improper planning. There was wasteful expenditure of ₹ 5.28 crore in hiring of premises and extra expenditure ₹ 2.61 crore due to increase of lease rent in violation of the lease agreement. Bank had to pay lease rent of ₹ 5.14 crore as it took considerable time in furnishing works leading to delay in relocation of business units. Penalty of ₹ 8.77 crore was not recovered from contractors despite delay in execution of works. Works were abandoned midway after incurring expenditure of ₹ 0.39 crore.

9.6 Recommendations

- *The Bank may draw out a proactive plan, so that land acquired can be effectively utilised;*
- *The Board of Directors should be presented with the consolidated position of the estates on a periodic basis to facilitate prompt decision making and to ensure policy directives, wherever necessary, are issued;*
- *The Bank may consider hiring furnished premises for its Business Units so that delay and expenditure on interior works in case of shifting/ closure of BU may be avoided;*
- *The Bank management may ensure that rentals are paid as per the lease deed terms and the lease agreements are timely renewed; and*
- *The Bank may put in place a mechanism to monitor the ongoing works on regular basis so that delay in execution of works is avoided and wherever required, the penalty for delay may be imposed on the contractor.*

Chapter X
**Compliance Audit Paragraphs of Public
Sector Undertakings**

Chapter X: Compliance Audit Paragraphs of Public Sector Undertakings

Finance Department

Jammu and Kashmir Bank Limited

10.1 Doubtful recovery on account of Non-exercising of due diligence at the time of sanctioning/ enhancing bill discounting facility

Non-exercising of due diligence at the time of sanctioning/ enhancing bill discounting facility in favour of M/s Beigh Construction Company Limited resulted in doubtful recovery of ₹ 102.55 crore.

National Highways Authority of India (NHAI) awarded (September 2015) the work of four laning of Amravati Chikhli Project to M/s Amravati Chikhli Expressway Limited (ACEL)¹ for an amount of ₹ 2,288.18 crore (for Km 166.00 to 360.00). The work for execution of a portion² of four laning of the project at a cost of ₹ 461.25 crore was awarded (January 2017) by ACEL to M/s Beigh Construction Company Limited (Borrower Company).

Audit scrutiny (September 2020) of a Business Unit³ of Jammu and Kashmir Bank Limited (Bank) revealed that a bill discounting facility⁴ of ₹ 57.60 crore was sanctioned (April 2017) in favour of the borrower Company against the primary security of hypothecation of all types of stock, consumables, spares, assignment of project receivables, plant and machinery, miscellaneous fixed assets and furniture/ fixture. The personal guarantee of all the directors of the borrower Company and a third party was also obtained.

A tripartite agreement was signed (June 2017) among the Bank, the borrower Company and ITNL. As per the agreement, the ITNL was required to irrevocably and unconditionally honour the bill presented to them by the Bank. The Bank further enhanced (August 2018) the limit of the bill discounting facility to ₹ 86.34 crore against the available primary security. However, an additional collateral security by way of mortgage of land valuing ₹ 12.96 crore was obtained. The Bank also sanctioned three term loans aggregating ₹ 8.79 crore between August 2017 and May 2018 in favour of the borrower Company for purchase of machinery/ equipment

¹ A Special Purpose Vehicle (SPV) of M/s IL&FS Transportation Network Limited (ITNL).

² Km 220 to Km 260.

³ Residency Road, Jammu.

⁴ Bill Discounting is a trade-related activity in which unpaid invoices which are due to be paid at a future date are sold to the Bank. The Bank takes the bill and pay the borrower after deducting some amount as discount. The Bank then presents the Bill to the borrower's customer on the due date of the Bill and collects the total amount.

for the project against hypothecation of plant and machinery to be purchased from the loans.

ITNL defaulted (August 2018) in payment of the bill discounted by the Bank due to severe financial crisis in IL&FS and its group companies and the account of the borrower Company was classified as Non-performing Asset on 30 September 2019. Meanwhile, IL&FS was referred to National Company Law Tribunal (NCLT) for revival and the Bank filed its claim with IL&FS. As of 31 December 2021, amount of ₹ 113.99 crore⁵ was outstanding against the borrower Company.

For implementation of four laning of Amravati-Chikhli National Highway project, ITNL was to achieve the financial closure⁶. However, it had not achieved financial closure and the Bank, while sanctioning/ enhancing (April 2017/ August 2018) bill discounting facility, did not take cognizance of non-achievement of financial closure by ITNL. Though the bill discounting facility was extended in favour of the Borrower Company, ITNL was under obligation to honour the bills presented for payment by the Bank, as per the tripartite agreement. Despite this, the Bank did not obtain adequate tangible collateral security to safeguard its interest. Audit noticed that ACEL was among 'Red entities'⁷ identified (February 2019) as per the orders of NCLT implying that it would not be in a position to make payment obligations towards the Bank, being the unsecured creditor. Further, the Bank did not serve SARFAESI⁸ notice to the borrower Company as a result of which it could not enforce the mortgaged security valuing ₹ 11.44 crore available against the credit facilities extended to the borrower Company (December 2021).

The Management replied (May 2021) that since the Bank had not funded the four laning project of Amravati-Chikhli National Highway the need for ascertaining financial closure of the entire project was not required. The reply is not tenable as the financial soundness of Ms/ ITNL should have been ascertained by the Bank before extending/enhancing the bill discounting facility in favour of the borrower Company especially in view of M/s ITNL's obligation to honour the bills as per the tripartite agreement.

Thus, due to non-exercising of due diligence at the time of sanctioning/ enhancing bill discounting facility in favour of M/s Beigh Construction Company Limited, the recovery of ₹ 102.55 crore⁹ had become doubtful.

⁵ Principal: ₹ 74.69 crore and Unapplied Interest: ₹ 39.30 crore.

⁶ Financial closure is a stage when all the conditions of a financing agreement are fulfilled prior to the initial availability of funds. Thus, M/s ITNL was to enter into agreement with the funding agencies for financing the project.

⁷ Which cannot meet their payment obligations towards even secured financial creditors as and when their payment obligations become due.

⁸ Securities and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

⁹ Outstanding amount of ₹ 113.99 crore less by ₹ 11.44 crore (value of security available with the Bank).

10.2 Doubtful recovery on account of sanction of credit facility without obtaining adequate security cover

Sanction of credit facility in favour of M/s Ace Engineering Infratech Private Limited without obtaining adequate security cover and release of credit facility without complying with the pre-disbursement condition resulted in doubtful recovery of ₹ 11.98 crore.

The Jammu and Kashmir Bank Limited (Bank) took over (December 2012) from Indian Overseas Bank (IOB) the credit facilities of ₹ 11.50 crore¹⁰ favouring M/s Ace Engineering Infratech Private Ltd. (Company) and enhanced (December 2012) the same to ₹ 14 crore¹¹. The credit facilities were sanctioned against primary security of hypothecation of all kinds of stock and assignment of book debts. Further, the facilities were collaterally secured by way of mortgage of two immovable properties valuing ₹ 8.06 crore. Personal guarantees of mortgagor and third party were also obtained. The Bank got the properties revalued at ₹ 14.03 crore¹² in February 2013.

The Bank also sanctioned (September 2015) an additional Secured Overdraft (SOD) facility of ₹ four crore against assignment of receivables and existing primary/collateral security valuing ₹ 14.03 crore for completing supply order (17 April 2015) for ₹ 16.14 crore received from 107 Engineer Regiment C/o 99 APO. Subsequently, 107 Engineer Regiment intimated (May 2017) that the Company had not executed any work order for the regiment. Audit observed that as per the pre-disbursement condition of sanction order, the Business Unit (BU) of Bank was required to obtain document regarding assignment of receivables duly acknowledged by the concerned department. However, the BU disbursed the SOD of ₹ four crore without fulfilling the pre-disbursement condition.

The Company failed to service the account with the result the Bank classified (March 2016) the account as Non-Performing Asset (NPA) with total outstanding of ₹ 18.49 crore¹³ (April 2017).

The Company approached (May 2017) the Bank for part settlement of dues and offered to deposit ₹ 10 crore in lieu of release of property valuing ₹ 11.58 crore and discharge of personal guarantee of both guarantors. The Bank accepted (June 2017)

¹⁰ Funded credit facility of ₹ 7.50 crore and non-funded credit facility (Bank Guarantee) of ₹ four crore.

¹¹ Cash credit of ₹ nine crore and Bank Guarantee of ₹ five crore.

¹² Commercial property ₹ 11.58 crore and factory plot ₹ 2.45 crore.

¹³ NPA: ₹ 16.17 crore and unapplied interest and other charges: ₹ 2.32 crore.

the proposal and the Company deposited (May-December 2017) ₹ 10 crore as a result of which the commercial property revalued (May 2017) at ₹ 10.57 crore was released by the Bank besides absolving two guarantors of their personal guarantee.

Notice under SARFAESI Act¹⁴, 2002 was issued (April 2017) and physical possession of factory unit was taken in January 2018. The total outstanding against the Company as of November 2021 was ₹ 14.83 crore¹⁵ and the securities available with the Bank was only ₹ 2.85 crore¹⁶ which were insufficient to secure Bank's interest. The recovery suit filed (June 2018) by the Bank was pending (November 2021).

The Management stated (January 2021) that SOD limit of ₹ four crore was considered for execution of supply orders worth ₹ 16.14 crore as the firm was dealing with BU of the Bank since long and was one of the reputed concerns having a satisfactory track record. The Management further stated that as the stamped acknowledgment letter of 107 Engineer Regiment C/o 99 APO proved to be fake, case was filed in office of the SSP, Crime Branch Jammu and FIR was also registered (April 2019). Management also stated that disciplinary action against six officers has been taken as per procedures of the Bank.

The reply of the Management that it was dealing with the firm since long is not tenable as the Bank started dealing with the Company only from December 2012 i.e. from the date of taking over of credit facilities from IOB. The Bank did not obtain any additional tangible security/ before releasing the overdraft of ₹ four crore. Further, the Business Unit did not comply with the pre-disbursement condition of obtaining the document regarding assignment of receivables duly acknowledged by the Regiment there by resulting in doubtful recovery of ₹ 11.98 crore¹⁷.

Industries and Commerce Department

Jammu and Kashmir Small Scale Industries Development Corporation Limited

10.3 Grant of interest free advances to Small Scale Industrial Units

Grant of interest free advances to Small Scale Industrial Units resulted in avoidable expenditure of ₹ 1.91 crore.

In order to implement Saubhagya Scheme¹⁸ in Jammu and Kashmir, a meeting was held (September 2018) under the chairmanship of Principal Secretary, Industries &

¹⁴ Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act.

¹⁵ NPA balance of ₹ 5.12 crore and unapplied interest ₹ 9.71 crore.

¹⁶ Factory Land valuing ₹ 2.51 crore and Plant & Machinery valuing ₹ 0.34 crore.

¹⁷ Outstanding of ₹ 14.83 crore less value of security of ₹ 2.85 crore.

¹⁸ Pradhan Mantri Sahaj Bijli Har Ghar Yojana 'Saubhagya' under which free electricity connections to all households in rural areas and poor families in urban areas were to be provided.

Commerce Department, Govt. of Jammu & Kashmir (GoJ&K) and the Commissioner Secretary, Power Development Department (PDD), GoJ&K and it was decided that PDD shall purchase Steel Tubular Poles (STPs) through the Jammu and Kashmir Small Scale Industries Development Corporation Limited (Company). To execute the supplies, the Company demanded an advance of ₹ 50 crore from PDD, however, it was decided in the meeting that PDD would release amount of ₹ 25 crore as advance to the Company.

Accordingly, the Company requested (September 2018) the PDD to release advance of ₹ 25 crore. However, the advance amount was not released by PDD as a result of which the Company availed (September 2018) short term loan of ₹ 70 crore from Jammu and Kashmir Bank Limited (Bank) for execution of order. Out of term loan of ₹ 70 crore, amount of ₹ 32 crore was repaid by the Company to the Bank within 22 days¹⁹ of drawl of loan indicating that the loan of ₹ 70 crore was availed by the Company without assessing the actual requirement.

Scrutiny of records (January 2020) revealed that the Company granted interest free advances aggregating to ₹ 43.25 crore²⁰ to various SSI units for execution of order whereas the Company paid ₹ 1.91 crore²¹ to the Bank between September 2018 and March 2019 on account of interest/processing fee on loan. Records further showed that the Company executed supplies valuing ₹ 339.15 crore to PDD against which it had received ₹ 275.40 crore, thereby leaving a balance amount of ₹ 63.75 crore as recoverable (February 2022) from PDD.

The Management stated (January 2021) that it was agreed to by the PDD that advance of ₹ 25 crore would be released to the Company for execution of the scheme but later on PDD failed to release the agreed amount with the result the Company had to avail the loan for meeting the working capital requirement of the SSI Units and to complete the scheme within the targeted timelines.

The reply of the Management is not tenable as the Company extended undue benefit to the SSI units by way of granting interest free advances to them as it had paid interest of ₹ 1.70 crore and processing charges of ₹ 0.21 crore on loan out of its own resources.

¹⁹ Term Loan drawn on 28 September 2018 and Repayment of ₹ 32 crore was made by 19 October 2018.

²⁰ Jammu Division: ₹ 35.01 crore, Kargil: ₹ 2.49 crore and Leh: ₹ 5.75 crore.

²¹ Interest: ₹ 1.70 crore and Loan Processing Charges: ₹ 0.21 crore.

Jammu and Kashmir State Industrial Development Corporation Limited

10.4 Payment of penal interest on account of delay in deposit of GST

Company's failure to recover GST of ₹ 95.26 lakh from the industrial units resulted in payment of GST out of its own resources besides leading to payment of penal interest of ₹ 20.36 lakh on account of delay in deposit of GST.

Government of Jammu and Kashmir (GoJ&K) issued (July 2017) SRO-GST-11 in terms of section 9(1) of the Goods and Services Tax (GST) Act, 2017 which provides for charging of GST at 18 *per cent* on 'Real Estate Service' for rental on leasing services involving own or leased non-residential property w.e.f. 08 July 2017. Further, as per section 50(1) of the GST Act, 2017, every person who fails to pay tax in accordance with the provisions of the Act is liable to pay penal interest at 18 *per cent* per annum.

The Jammu and Kashmir State Industrial Development Corporation Limited (Company) leased out plots of industrial land to entrepreneurs against which lease rent and water charges were recovered. In accordance with SRO-GST-11, the Company was also required to recover GST at 18 *per cent* on user charges²² from the industrial units w.e.f. 08 July 2017.

It was, however, observed (March 2021) that Company failed to recover GST on user charges from the industrial units for the period from July 2017 to March 2018. As a result, the Company had to deposit ₹ 115.62 lakh²³ with the tax authorities out of its own resources during November 2018 to March 2020²⁴ including penal interest of ₹ 20.36 lakh on account of delay in depositing the GST. Records further showed that the Corporate Office of the Company failed to direct its Estate Offices to recover the GST from the effective date i.e. 08 July 2017 as directions were issued (March 2018) to recover GST w.e.f. April 2018.

Thus, the Company's failure to recover GST of ₹ 95.26 lakh from the industrial units resulted in payment of GST out of its own resources besides leading to payment of penal interest of ₹ 20.36 lakh on account of delay in deposit of GST.

The Management stated (April 2021) that the small industrial units were under this conception that they shall be exempted from payment of GST. Further, the amount

²² Lease rent and water charges.


²³ GST at 18 *per cent* of user charges collected.

²⁴ Kashmir Region: ₹ 16 lakh (November 2018), ₹ eight lakh (January 2019) and ₹ 6.98 lakh (March 2019); Jammu Region: ₹ 65.48 lakh (August 2019) and ₹ 19.16 lakh (March 2020).

deposited on behalf of the industrial units is being recovered and in future, the GST provisions are being adhered strictly.


The reply of the Management may be seen in light of the fact that the Company had to pay penal interest of ₹ 20.36 lakh due to its failure to timely recover the GST from the industrial units and deposit with the tax authorities.

Srinagar/ Jammu
Dated: 21 February 2023


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

Countersigned

New Delhi
Dated: 28 February 2023


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix 2.1
Category wise audit universe and sample selection
(Refer Paragraph: 2.3)

Sl. No.	Category	Audit Universe	Sample Selection
1	Export of Services - With payment of tax (EXWP)	5	2
2	Export of goods/ services-without payment of Tax i.e. ITC accumulated (EXWOP)	99	33
3	Deemed Export (Recipient) (EXPRDE)	1	2
4	Deemed Export (Supplier) (EXPSDE)	0	0
5	Excess balance in Electronic Cash ledger (EXBCL)	1,008	62
6	ITC accumulated due to inverted tax structure (INVITC)	164	33
7	Tax paid on intra-State supply which is subsequently held to be inter-State supply and vice versa (INTRVC)	1	0
8	On account of supplies made to SEZ units/ SEZ Developers (with payment of tax) (SEZWP)	1	3
9	On account of supplies made to SEZ unit/ SEZ developer (without payment of tax) (SEZWOP)	27	8
10	On account of assessment/ provisional assessment/ appeal/ any other order (ASSORD)	1	0
11	Excess payment of tax (XSPAY)	29	8
12	Any other (ANYOTH)	84	15
	Total	1,420	166

Appendix 2.2
Delay in acknowledgement of applications (All type of refunds) (pre-automation)
(Refer Paragraph: 2.4.1)

Name of Auditee Unit (Division)	Name of the Commissionerate	Total No. of pre-automation refund cases processed	No. of refund cases examined by the Audit	No. of refund cases in which delay in acknowledgement noticed	Period of delay (In days)
KASHMIR	The Commissioner State Taxes Department Jammu & Kashmir	44	44	2	15 to 477

List of Refund cases in which deficiency noticed (Delay in acknowledgement of applications) (pre-automation)
(Refer Paragraph: 2.4.1)

Name of Division	Name of the Commissionerate	Name of the assessee	GSTIN No	ARN No. & Date	Date of filing Refund Application	Date of issue of acknowledgment in Form GST RFD-02	Refund amount claimed	Period of delay	Reasons for delay
KASHMIR	The Commissioner State Taxes Department Jammu & Kashmir	Kashmir Heritage	01AAUPW8632L1ZY	AA0109171049852/ 21-01-2018	21-01-2018	28-05-2019	31,872	477	Technical fault/ new functionality at that time
		Dar Overseas	01ACQPD2717H1Z0	AA010818003981C/ 15-01-2019	15-01-2019	14-02-2019	2,60,014	15	

**Delay in acknowledgement of applications for all type of refunds (post-automation)
(Refer Paragraph: 2.4.1)**

No. of refund applications examined from the sample by Audit	Total no. of refund cases in which delay in acknowledgement noticed	Range of delay (In days)
83	19	1 – 145

**List of Refund cases in which deficiency noticed (Delay in acknowledgement of applications) (Post-automation)
(Refer Paragraph: 2.4.1)**

Sl. No.	Name of Division	Name of the Commissionerate	Name of the assessee	GSTN No.	ARN No. & Date	Date of issue of acknowledgment in Form GST RFD-02	Refund amount claimed	Period of delay (In days)	Reasons for delay
1	Jammu	The Commissioner State Taxes Department Jammu & Kashmir	Money Matrix Mart	01AADCM9369G1ZF	AA011219007650S/ 28-12-2019	20-01-2020	4,085	8	Technical fault/ new functionality at that time
2	Jammu		Money Matrix Mart	01AADCM9369G1ZF	AA011219007653M/ 28-12-2019	20-01-2020	2,888	8	as above
3	Jammu		Sham Kumar Gupta & Sons	01AGYPG2895H1Z2	AA011119003844N/ 28-11-2019	28-12-2019	20,000	15	as above
4	Jammu		GSP Power Projects	01AFVPP5777K1ZO	AA011119000567O/ 04-11-2019	28-11-2019	17,80,674	9	as above
5	Jammu		Accent Pharma	01AALFA5121H1Z1	AA011119001385T/ 11-11-2019	04-12-2019	71,71,459	8	as above
6	Jammu		Gulati Oils Inida Private Limited	01AABCL1945R1ZD	AA0111190030419/ 22-11-2019	21-12-2019	5,81,031	14	as above
7	Jammu		Ocean Designer Tiles Co.	01AGVPG7623E1ZJ	AA011119003807L/ 27-11-2019	20-01-2020	1,200	39	as above
8	Jammu		GSP Power Projects	01AFVPP5777K1ZO	AA011119003896E/ 28-11-2019	21-12-2019	20,70,954	8	as above

Sl. No.	Name of Division	Name of the Commissionerate	Name of the assessee	GSTN No.	ARN No. & Date	Date of issue of acknowledgment in Form GST RFD-02	Refund amount claimed	Period of delay (In days)	Reasons for delay
9	Jammu	The Commissioner State Taxes Department Jammu & Kashmir	GSP Power Projects	01AFVPP5777K1ZO	AA0111190040525/ 29-11-2019	10-01-2020	9,50,912	27	as above
10	Jammu		Kashmir Walnut Overseas Pvt. Ltd.	01AACCK9136G1ZT	AA010120000630L/ 03-01-2020	06-02-2020	25,67,020	19	as above
11	Jammu		Kashmir Walnut Overseas Pvt. Ltd	01AACCK9136G1ZT	AA010120011334G/ 29-01-2020	14-02-2020	15,72,898	1	as above
12	Jammu		M/ s Rishi Trading Co.	01CDOPK2216F2ZO	AA010120001507B/ 07-01-2020	23-05-2020	35,000	122	as above
13	Jammu		Pharose Remedies Ltd.	01AAECP0493R1Z5	AA010220000307E/ 03-02-2020	13-03-2020	42,71,548	24	as above
14	Jammu		Pharose Remedies Ltd.	01AAECP0493R1Z5	AA010220002599V/ 06-02-2020	13-03-2020	6,70,973	21	as above
15	Jammu		Labiza Online Solutions	01AADFL6070A1Z2	AA011219004368K/ 18-12-2019	26-05-2020	3,462	145	as above
16	Jammu		Steril-gene Life Sciences Private Limited	01AAKCS9783R1ZD	AA0103200071871/ 20-03-2020	02-05-2020	1,90,532	28	as above
17	Jammu		Kailash Patti Brick Kiln	01AABFK5402B1ZD	AA0110190013045/ 13-10-2019	15-01-2020	30,788	418	as above
18	Kashmir		M/s Business King	01ABEPZ0826C1Z4	AA0102200085361/ 20-02-2020	03-11-2020	10,120	5	as above
19	Kashmir		M/d Kashmir Heritage	01AAUPW8632L1ZY	AA011019002479L/ 22-10-2019	27-12-2019	52,41,214	51	as above

Appendix 2.3
Applications not disposed within time (Interest due-paid/not paid) (pre-automation)
(Refer Paragraph: 2.4.2)

Name of Division	Name of the Commissionerate	Total No. of pre-automation refund applications processed	No. of refund applications examined by the Audit as per sample	No. of refund cases in which audit objections noticed	Period of delay	Interest due paid	Interest due not paid	Reasons for delay
Kashmir	The Commissioner State Taxes Department Jammu & Kashmir	44	44	11	6 to 446	NIL	0.20 lakh	Low internet speed/ internet problem/ software error
Jammu		42	42	7	38-261		0.63 lakh	

List of Refund cases in which deficiency noticed (Interest due-paid/not paid) (pre-automation)
(Refer Paragraph: 2.4.2)

Name of Division	Name of the Commissionerate	Name of the Assessee	GSTIN No	ARN No. & Date	Date of filing Refund Application in case of manual filing	Date of issue of acknowledgement in Form GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed	Refund amount sanctioned	Period of delay	Reasons for delay	Interest due paid	Interest due not paid	
Kashmir	The Commissioner State Taxes Department Jammu & Kashmir	Yaseen Trading co	01ALLPM0943Q3ZS	AA011217004217X-24-12-2017	24-12-2017	24-12-2017	01-03-2018	1,05,899	1,05,899	7			122	
Kashmir		Mateen Soft Solutions	01AHJPH2761B1Z1	AA010218003372Z-19-02-2018	19-02-2018	19-02-2018	02-01-2019	2,983	2,983	257			126	
Kashmir		Kafie and Kafie Enterprises	01AMAPD0231A1ZK	AA010819002348D-31-08-2019	31-08-2019	31-08-2019	07-12-2019	3,03,903	3,03,903	38			1,898	
Kashmir				01AMAPD0231A1ZK	AA010819002350S-31-08-2019	31-08-2019	31-08-2019	07-12-2019	6,59,915	6,59,915	38			4,122
Kashmir		-do-		01AMAPD0231A1ZK	AA01081910023520-31-08-2019	31-08-2019	31-08-2019	07-12-2019	10,65,568	10,29,915	38			6,433
Kashmir		Abdul Ghani Mir.	01BSCPM3669L1ZL	AA010118005713-31-01-2018	31-01-2018	31-01-2018	20-12-2018	6,000	6,000	263				259
Kashmir		Nasa Group of Engineers.	01AALFN4835F1ZH	AA0105190039321-16-05-2019	16-05-2019	16-05-2019	09-09-2019	5,525	5,525	56				51

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Name of Division	Name of the Commissionerate	Name of the Assessee	GSTIN No	ARN No. & Date	Date of filing Refund Application in case of manual filing	Date of issue of acknowledgement in Form GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed	Refund amount sanctioned	Period of delay	Reasons for delay	Interest due paid	Interest due not paid
Kashmir	The Commissioner State Taxes Department Jammu & Kashmir	Abdul Rashid Tantray.	01AUAPT0839N1ZJ	AA010818004262	29-08-2018	29-08-2018	30-04-2019	8,000	8,000	184			242
Kashmir		Royal Willow Works.	01BNCPS2996F1ZY	AA010619003945A-22-06-2019	22-06-2019	22-06-2019	27-08-2019	68,351	68,351	6			67
Kashmir		Kashmir Heritage	01AAUPW8632LIZY	AAO109171049852-21-01-2018	21-01-2018	21-01-2018	11-06-2019	31,872	31,872	446			2,337
Kashmir		New City Pharma	01AAEFC4050G1Z6	AA0218002120D-10-02-2018	10-02-2018	10-02-2018	10-05-2018	8,61,602	8,61,602	29			4,107
Jammu		Reliance Jio Infocom Limited	01AABCI6363G1ZX	AA0103181398077	12-03-2019	12-03-2019	18-06-2019	9,751	9,751	38			61
Jammu		Nucleon Infotech Computers	01BUSPS2490B1ZN	AA010519004504P	18-05-2019	18-05-2019	29-08-2019	53,578	53,578	43			379
Jammu		Send Ex Courier and Cargo	01ARTPB2724J1Z0	AA010717002356M	07-06-2019	07-06-2019	30-01-2020	2,33,794	2,33,794	177			6,802
Jammu		Punjab Trading Co.	01ANSPT5623K3ZJ	AA011118002574T	18-11-2018	18-11-2018	16-05-2019	6,400	6,400	119			125
Jammu		Pooja Enterprises	01AMEPR9104J1Z5	AA010319000926J	06-03-2019	06-03-2019	21-01-2020	1,80,000	1,80,000	261			7,723
Jammu		Rama Metals	01AARFR0718H1ZD	AA011218001299M	10-12-2018	10-12-2018	02-08-2019	16,37,831	16,37,831	175			47,116
Jammu	Jain Irrigation System Ltd.	01AAACJ7163Q1ZC	AA010819001172R	12-08-2019	12-08-2019	25-11-2019	1,29,720	1,29,720	45			960	

**Applications not disposed within time (Interest due-paid/ not paid) (Post-automation)
(Refer Paragraph: 2.4.2)**

No. of refund applications examined by Audit from the sample	No. of refund cases in which audit objections noticed	Period of delay (In days)	Interest due paid	Interest due not paid	Reasons for delay
83	25	2 to 164		1.51 lakh	Low internet speed/ internet problem/ software error

**List of Refund cases in which deficiency noticed (Applications not disposed within time Interest due-paid/ not paid) (Post automation)
(Refer Paragraph: 2.4.2)**

Name of Division	Name of the Commissionerate	Name of the Assessee	GSTN No	ARN No. & Date	Date of issue of acknowledgment in Form GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed	Refund amount sanctioned	Period of delay	Reasons for delay	Interest due paid	Interest due not paid
Jammu	The Commissioner State Taxes Department Jammu & Kashmir	Money Matrix Mart	01AADCM9369G1ZF	AA011219007650S/ 28-12-2019	20-01-2020	28-02-2020	4,085	4,085	2			1
				AA011219007653M/ 28-12-2019		28-02-2020	2,888	2,888	2		1	
Jammu		M/s Rishi Trading Co.	01CDOPK2216F2Z0	AA010120001507B/ 07-01-2020	23-05-2020	09-06-2020	35,000	35,000	94			541
Jammu		New Baba Construction Co.	01BARPS1161G1ZT	AA010220000282I/ 02-02-2020	02-02-2020	09-06-2020	2,14,000	2,14,000	68			2,392
Jammu		Gayatri –Kmb Joint Venture	01AADAG9992M1Z7	AA0103200007248/ 03-03-2020	03-03-2020	08-06-2020	2,10,00,000	2,10,00,000	37			1,27,726
Jammu		Sat Sahitya Seva Kendra	01FPGPS0403P1ZV	AA010220014080K/ 29-02-2020	29-02-2020	28-05-2020	1,450	1,450	29			7
Jammu		Sharma Bartan Bhandar	01DPWPS5122H1ZO	AA0101200048733/ 20-01-2020	20-01-2020	21-04-2020	19,720	19,720	32			2,392
Jammu		National Highways & Infrastructure Development Corporation Limited	01AAECN7759E1ZJ	AA011119001392Y/ 11-11-2019	11-11-2019	22-06-2020	5,15,576	5,15,576	164			1,27,726
Jammu		Labiza Online Solutions	01AADFL6070A1Z2	AA011219004368K/ 18-12-2019	26-05-2020	26-05-2020	3,462	3,462	100			7

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Name of Division	Name of the Commissionerate	Name of the Assessee	GSTN No	ARN No. & Date	Date of issue of acknowledgment in Form GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed	Refund amount sanctioned	Period of delay	Reasons for delay	Interest due paid	Interest due not paid
Jammu	The Commissioner State Taxes Department Jammu & Kashmir	Sterlite Technologies Limited	01AAECS8719B1ZQ	AA010420000351H/08-04-2020	08-04-2020	27-06-2020	18,00,000	18,00,000	20			2,392
Jammu		M/s Puri Stone Crusher	01AELPP7537G1ZF	AA011219001485P/12-09-2019	09-12-2019	13-02-2020	1,32,115	1,32,115	6			1,27,726
Jammu		Decent Furnishers & Decorators	01AAHFD0617P1ZM	AA010220012570D/27-02-2020	27-02-2020	08-05-2020	51,393	51,393	11			93
Jammu		Mapple Trading Company	01AJBPS4268E1ZH	AA0102200141858/29-02-2020	29-02-2020	05-05-2020	89,244	89,244	6			88
Jammu		Kailash Patti Brick Kiln	01AABFK5402B1ZD	AA0110190013045/13-10-2019	15-01-2020	15-01-2020	30,788	30,788	34			172
Kashmir		Rahim Engineering Works	01AEZPB2511G3ZX	AA010320001649X/03-05-2020	03-05-2020	02-06-2020	1,73,851	1,73,851	29			829
Kashmir		V- Scribe	01AFSPN4801R1Z0	AA010220002489Y/02-06-2020	02-06-2020	13-06-2020	1,600	1,600	68			18
Kashmir		Techminance Solutions Private Limited	01AAGCT7762H1ZA	AA010320000005M/03-01-2020	01-03-2020	04-07-2020	80,580	80,580	65			861
Kashmir		Shah Rug International	01ABBFS8923L1Z2	AA011219000615T/12-04-2019	17-12-2019	13-02-2020	7,41,213	7,17,080	11			1,297
Kashmir		M/S Business King	01ABEPZ0826C1Z4	AA0102200085361/02-20-2020	11-03-2020	02-06-2020	10,120	10,120	43			72
Kashmir		Kashmir Heritage	01AAUPW8632L1ZY	AA011019002479L/10-22-2019	27-12-2019	27-12-2019	52,41,214	52,41,214	6			5,169
Kashmir		M/s Winner Tower Store	01AENPT8896G1ZT	AA011219005593M-12-21-2019	21-12-2019	26-02-2020	1,26,514	1,26,514	7			146
Kashmir		Sofi Trading Company	01FIJPS9419D1Z5	AA010320003363B/03-10-2020	10-03-2020	19-06-2020	1,81,688	1,81,688	41			1,225
Kashmir		Syed Athar Hassan	01BDJPA6932N1ZL	AA0102200024848/02-06-2020	06-02-2020	23-05-2020	1,880	1,880	47			15
Kashmir		Sajad Ahmad Mir	01BUXPM0992D1ZH	AA0102200008173/02-03-2020	03-02-2020	23-05-2020	22,980	22,980	50			189
Kashmir		Imperial trade	01ACUPW7696J1ZK	AA010200039790/02-10-2020	10-02-2020	28-05-2020	4,000	4,000	48			32

Appendix 2.4
Irregular allowance of refund of inverted duty structure (Pre-automation)
(Refer Paragraph: 2.4.3)

Name of Division	Name of the Commissionerate	Total No. of pre-automation refund cases on account of inverted duty structure processed	No. of refund cases examined by Audit from the sample	No. of refund cases in which audit objections noticed	Irregular refund granted (In ₹)		
					IGST	CGST	SGST
Kashmir	The Commissioner State Taxes Department	6	6	1	2,32,467		
Jammu	Jammu & Kashmir	14	14	2	20,62,693		

List of Refund cases in which deficiency noticed (Irregular allowance of refund of inverted duty structure)
(Refer Paragraph: 2.4.3)

Name of Division	Name of the Commissionerate	Name of the Assessee	GSTIN No.	ARN No. & Date	Date of final refund in Form GST RFD-06	ITC of services considered by department in net ITC	Refund amount sanctioned by department (in ₹)			Irregular allowance of refund (in ₹)		
							IGST	CGST	SGST	IGST	CGST	SGST
Jammu	The Commissioner State Taxes Department Jammu & Kashmir	GSP Power Projects	01AFVPP5777K1ZO	AA010218005384S/12-04-19	06-12-2019		21,75,910			13,47,047		
Jammu		Apsara Plastic Pvt. Ltd.	01AAACA1046R1ZX	AA010718006125P/28-02-19	24-04-2019		19,07,772			7,15,646		
Kashmir		Rahim Engineering Works	01AEZPB2511G3ZX	AA011118054562M/09/01/2019	16-02-2019	20,46,357	4,60,855			2,32,467		

**Irregular allowance of refund of inverted duty structure (Post-automation)
(Refer Paragraph: 2.4.3)**

No. of inverted duty structure refund applications examined by Audit from sample	No. of refund applications in which audit objections noticed	Irregular refund granted (in ₹)		
		IGST	CGST	SGST
14	2	16,87,072		

**List of Refund cases in which deficiency noticed (Irregular allowance of refund of inverted duty structure)
(Refer Paragraph: 2.4.3)**

Name of Division	Name of the Commissionerate	Name of the assessee	GSTN No.	ARN No. & Date	Date of final refund in Form GST RFD-06	ITC of services considered by department in net ITC	Refund amount sanctioned by department (in ₹)			Irregular allowance of refund (in ₹)		
							IGST	CGST	SGST	IGST	CGST	SGST
Jammu	The Commissioner State Taxes Department Jammu & Kashmir	Accent Pharma	01AALFA5121 H1Z1	AA0111190013 85T/11-11-19	06-12-2019		26,73,070	21,72,184	23,26,205	13,47,651		
		GSP Power Projects	01AFVPP5777K 1ZO	AA0111190005 67O/04-11-19	28-11-2019		17,80,674			3,39,421		

Appendix 2.5
Irregular grant of provisional refund
(Refer Paragraph: 2.4.4)

Name of Division	Name of the Commissionerate	Total No. of pre-automation other than zero rated refund applications processed	Total No. of other than zero rated refund applications examined by the Audit	No. of refund cases in which audit objections noticed	Excess amount refunded (in ₹)		
					IGST	CGST	SGST
Kashmir	The Commissioner State Taxes Department Jammu & Kashmir	27	27	3	19,93,733		

List of Refund cases in which deficiency noticed (Irregular grant of provisional refund, Pre-automation)
(Refer Paragraph: 2.4.4)

Name of Division	Name of the Commissionerate	Name of the assessee	GSTIN No.	ARN No. & Date	Date of order in Form GST RFD-06	Excess amount refunded (in ₹)		
						IGST	CGST	SGST
Kashmir	The Commissioner State Taxes Department Jammu & Kashmir	Kafie and Kafie enterprises	01AMAPD0231A 1ZK	AA010819002348D/ 31-08-2019	12-07-2019	3,03,903		
				AA010819002350S/ 31-08-2019		6,59,915		
				AA010819002352O/ 31-08-2019		10,29,915		

Appendix 2.6
Grant of refund despite non-filing of returns
(Refer Paragraph: 2.4.5)

No. of refund applications examined by Audit from the sample	No. of refund cases in which audit objections noticed	Amount refunded (in ₹)			
		IGST	CGST	SGST	Cess
166	26	5,96,418	64,65,719	14,65,679	88,578

List of refund cases (Grant of refund despite non-filing of returns) (Post-automation)
(Refer Paragraph: 2.4.5)

S. No.	Name of Division	Name of the Commissionerate	Name of the assessee	GSTN No.	ARN No. & Date	Refund amount sanctioned (₹ in lakh)			Refund Amount (₹ in lakh)				Circle
						IGST	CGST	SGST	IGST	CGST	SGST	CESS	
1	Srinagar	The Commissioner State Taxes Department Jammu & Kashmir	M/s Business King	01ABEPZ0826C1Z4	AA0102200085361/ 11-03-2020			0.10			0.10		Circle H-Kashmir
2	Srinagar		M/s Abu Zar enterprises	01CFFPD5756N1ZD	AA010817000950M/ 02-03-2019		0.12	0.12		0.12	0.12		Circle Baramulla-III (Sopore) Kashmir
3	Jammu		National Highways & Infrastructure Development Corporation Limited	01AAECN7759E1ZJ	AA011119001392Y/ 11-11-2019	0.00	2.58	2.58	0.00	2.58	2.58		Circle P-Jammu
4	Jammu		Chenab Valley Power Projects Private Limited	01AAECC4710G1ZD	AA010520000746Y/ 15-05-2020	0.20	1.06	1.06	0.20	1.06	1.06		Circle E-Jammu
5	Jammu		New Baba Construction Co.	01BARPS1161G1ZT	AA010220000282I/ 02-02-2020	0	1.09	1.05	0.00	1.09	1.05		Circle H-Jammu
6	Jammu		Dhrub Singh	01ACFPJ1918H1Z4	AA010620006005A/ 24-06-2020	0	0.79	0.79	0.00	0.79	0.79		Circle Q-Jammu
7	Jammu		Vipul Enterprises	01AAIFV2623A1ZW	AA010120002003S/ 09-01-2020	1.02	0.00	0.00	1.02	0.00	0.00		Circle G-Jammu

S. No.	Name of Division	Name of the Commissionerate	Name of the assessee	GSTN No.	ARN No. & Date	Refund amount sanctioned (₹ in lakh)			Refund Amount (₹ in lakh)			CESS	Circle
						IGST	CGST	SGST	IGST	CGST	SGST		
8	Jammu	The Commissioner State Taxes Department Jammu & Kashmir	Mapple Trading Company	01AJBPS4268E1ZH	AA0102200141858/29-02-2020	0	0.45	0.45	0.00	0.45	0.45		Circle R-Jammu
9	Jammu		Decent Furnishers & Decorators	01AAHFD0617P1ZM	AA010220012570D/27-02-2020	0.51	0.00	0.00	0.51	0.00	0.00		Circle R-Jammu
10	Jammu		M/S Rishi Trading Co.	01CDOPK2216F2Z0	AA010120001507B/07-01-2020							0.35	Circle H-Jammu
11	Jammu		Kailash Patti Brick Kiln	01AABFK5402B1ZD	AA0110190013045/13-10-2019		0.15	0.15	0.00	0.15	0.15		Circle S-Jammu
12	Jammu		Gitagiri Enterprises	01CXPPS1106R5ZZ	AA010520000542A/12-05-2020	0	0.13	0.13	0.00	0.13	0.13		Circle A-Jammu
13	Jammu		Sharma Bartan Bhandar	01DPWPS5122H1ZO	AA0101200048733/20-01-2020	0	0.10	0.10	0.00	0.10	0.10		Circle O-Jammu
14	Jammu		Money Matrix Mart	01AADCM9369G1ZF	AA011219007650S/28-12-2019	4,085	0.00	0.00	4,085	0.00	0.00		Circle B-Jammu
15	Jammu		Labiza Online Solutions	01AADFL6070A1Z2	AA011219004368K/18-12-2019	0	0.017	0.017	0.00	0.017	0.017		Circle P-Jammu
16	Jammu		Akhil Medicos	01AMMPG6675K1ZS	AA010120000535D/03-01-2020	0	0.017	0.017	0.00	0.017	0.017		Circle J-Jammu
17	Jammu		Satsahitya Seva Kendra	01FPGPS0403P1ZV	AA010220014080K/29-02-2020	0	0.01	0.01	0.00	0.01	0.01		Circle N-Jammu
Pre-Automation													
18	Jammu	The Commissioner State Taxes Department Jammu & Kashmir	Amar Singh & Sons	01AABFA8440K1ZS	AA010319137815A/17-05-2019		56.30	7.32		56.30	7.32		Circle G-Jammu
19	Jammu		J.K Plastic Industries	01ABEPK2027J1Z7	AA0110170030259/15-05-2019	0.67			0.67				Circle I-Jammu
20	Jammu		Nucleon Infotech Computers	01BUSPS2490B1ZN	AA010519004504P/18-05-2019							0.54	Circle J-Jammu
21	Jammu		Pooja Enterprises	01AMEPR9104J1Z5	AA010319000926J/06-03-2019		0.90	0.90	0.90	0.90			Circle Q-Jammu
22	Jammu		Punjab Trading Co.	01ANSPT5623K3ZJ	AA011118002574T/18-11-2018		0.65	0.65		0.65	0.65		Circle P-Jammu

S. No.	Name of Division	Name of the Commissionerate	Name of the assessee	GSTN No.	ARN No. & Date	Refund amount sanctioned (₹ in lakh)			Refund Amount (₹ in lakh)			CESS	Circle
						IGST	CGST	SGST	IGST	CGST	SGST		
23	Jammu	The Commissioner State Taxes Department Jammu & Kashmir	RVS Informatics IT Private Limited	01AAHCR7890M1ZV	AA0103191308777/08-05-2019	0.21	0.12	0.12	0.10	0.12	0.12		Circle L-Jammu
24	Jammu		Send Ex Courier And Cargo	01ARTPB2724J1Z0	AA010717002356M/07-06-2019	0.23			0.23				Circle K-Jammu
25	Jammu		Shah Ali Building Material Suppliers	01AWHPA2015J1ZB	AA010519004107R/17-05-2019		0.18	0.18	0.18	0.18			Circle A-Jammu
26	Jammu		Vidyalakhmi Consultants Private Limited	01AAGCV5515Q1Z2	AA010719004178E/20-07-2019	3.03556							Circle P-Jammu

Appendix 2.7
Processing of Refund claims without passing the test of unjust enrichment
(Refer Paragraph: 2.4.6)

No. of refund applications examined by Audit from the sample	No. of refund cases in which audit objections noticed
166	15

List of cases in which processing of Refund claims was made without passing the test of unjust enrichment
(Refer Paragraph: 2.4.6)

(Amount ₹ in lakh)

S. No.	Name of Division	Name of the Commissionerate	GSTIN	ARN	ARN Date	Name	Refund RSN	Amount of Refund Claimed	Amount Sanctioned	CA Certificate	Circle
1	Jammu	The Commissioner State Taxes Department Jammu & Kashmir	01AADAG9992M1Z7	AA0103200007248	03-03-2020	Gayatri- Kmb Joint Venture	EXBCL	210.00	210.00	NO	Circle H- Jammu
2	Jammu		01AAACO7408D1Z2	AA0105200016451	26-05-2020	Onkar Nath Bhalla & Sons Contractor (P) Ltd.	EXBCL	28.02	28.02	NO	Circle P- Jammu
3	Jammu		01AAECS8719B1ZQ	AA010420000351H	08-04-2020	Sterlite Technologies Limited	EXBCL	18.00	18.00	NO	Circle P- Jammu
4	Jammu		01AACCK9136G1ZT	AA010120011334G	29-01-2020	Kashmir Walnut Overseas Pvt. Ltd.	ANYOTH	15.73	15.73	NO	Circle G- Jammu
5	Jammu		01ACFFS6753B1ZH	AA0106200012853	09-06-2020	Skyline Hotels	EXBCL	11.57	11.57	NO	Circle L- Jammu
6	Jammu		01AAECP0493R1Z5	AA010420000621E	16-04-2020	Pharose Remedies Ltd.	EXBCL	8.63	8.63	NO	Circle I- Jammu
7	Jammu		01AACCD5896N2Z9	AA0111190002070	01-11-2019	Delta Power Solutions India Pvt. Ltd.	EXBCL	5.61	5.61	NO	Circle R- Jammu

S. No.	Name of Division	Name of the Commissionerate	GSTIN	ARN	ARN Date	Name	Refund RSN	Amount of Refund Claimed	Amount Sanctioned	CA Certificate	Circle
8	Jammu	The Commissioner State Taxes Department Jammu & Kashmir	01AAECN7759E1ZJ	AA011119001392Y	11-11-2019	National Highways & Infrastructure Development Corporation Limited	EXBCL	5.16	5.16	NO	Circle P-Jammu
9	Jammu		01AADCC8088Q1Z6	AA010320007869L	27-03-2020	Chennai Network Infrastructure Limited	EXBCL	5.12	5.12	NO	Circle R-Jammu
10	Jammu		01AARPM9771F1ZE	AA0105200015932	26-05-2020	Lakshmi Refineries	EXBCL	2.74	2.74	NO	Circle I-Jammu
11	Jammu		01AAECC4710G1ZD	AA010520000746Y	15-05-2020	Chenab Valley Power Projects Private Limited	EXBCL	2.33	2.33	NO	Circle E-Jammu
12	Jammu		01BARPS1161G1ZT	AA010220000282I	02-02-2020	New Baba Construction Co.	EXBCL	2.14	2.14	NO	Circle H-Jammu
13	Srinagar		01AASFB3621J1ZN	AA010320004649U	13-03-2020	Butt Shawl Industries	EXBCL	2.13	2.13	NO	Circle A-Kashmir
14	Srinagar		01AMKPB6880B1ZJ	AA010320002900C	09-03-2020	Lake City Trading & Contracting Co.	EXBCL	5.79	5.79	NO	Circle H-Kashmir
15	Srinagar		01AAGFH0442P1ZK	AA010520001060L	18-05-2020	Highway Constructions	EXBCL	16.00	16.00	NO	Circle Anantnag III-Kashmir

Appendix 2.8
Excess refund on higher ITC shown in refund application as compared to that reflected in GSTR-3B
(Refer Paragraph: 2.4.9)

No. of refund applications examined by Audit from the sample	No. of refund cases in which audit objections noticed
166	8

List of cases with Excess refund on higher ITC shown in refund application as compared to that reflected in GSTR-3B
(Refer Paragraph: 2.4.9)

S. No.	Name of Division	Name of the Commissionerate	Name	ARN No.	GSTIN	ARN DATE	Refund amount sanctioned (₹ in lakh)			Circle
							IGST	CGST	SGST	
1	Jammu	The Commissioner State Taxes Department Jammu & Kashmir	Kashmir Walnut Overseas Pvt. Ltd.	AA010120000630L	01AACCK9136G1ZT	03-01-2020	0	0	25.67	Circle G-Jammu
2	Jammu		Chenab Textile Mills, Kathua, J&K (Prop Sutlej Text. & Ind. Ltd	AA010420001351G	01AAJCS1850N1ZA	30-04-2020	0	5.21	0.00	Circle Kathua II-Jammu
3	Jammu		Chenab Textile Mills, Kathua, J&K (Prop Sutlej Text. & Ind. Ltd	AA010520000213H	01AAJCS1850N1ZA	05-05-2020	0	3.96	0.00	Circle Kathua II-Jammu
4	Jammu		Chenab Textile Mills, Kathua, J&K (Prop Sutlej Text. & Ind. Ltd	AA0105200002187	01AAJCS1850N1ZA	05-05-2020	0	11.71	0.00	Circle Kathua II-Jammu
5	Jammu		Chenab Textile Mills, Kathua, J&K (Prop Sutlej Text. & Ind. Ltd	AA010520000220M	01AAJCS1850N1ZA	05-05-2020	0	19.62	0.00	Circle Kathua II-Jammu
6	Jammu		Chenab Textile Mills, Kathua, J&K (Prop Sutlej Text. & Ind. Ltd	AA010520000223G	01AAJCS1850N1ZA	05-05-2020	0	17.15	0.00	Circle Kathua II-Jammu
7	Jammu		Chenab Textile Mills, Kathua, J&K (Prop Sutlej Text. & Ind. Ltd	AA010520000224E	01AAJCS1850N1ZA	05-05-2020	0	5.77	0.00	Circle Kathua II-Jammu
8	Jammu		Amar Singh & Sons	AA010318126982C	01AABFA8440K1ZS	13-10-2018		29.73	26.62	Circle G-Jammu

Appendix 2.9
Irregular grant of refund in ITC mismatch cases
(Refer Paragraph: 2.4.10)

No. of refund applications examined by Audit from the sample	No. of refund cases in which audit objections noticed
166	10

List of cases with Irregular grant of refund in ITC mismatch cases
(Refer Paragraph: 2.4.10)

(Amount in ₹ lakh)

S. No.	Name of Division	Name of the Commissionerate	Name	GSTIN No.	ARN No.	ARN DATE	IGST	CGST	SGST	Circle
1	Jammu	The Commissioner State Taxes Department Jammu & Kashmir	Zeiss Pharma Ltd. Unit-II	01AAACZ7511N1ZA	AA010718005051X	04-02-2019	44.89	0.90	0.90	Circle Samba II-Jammu
2	Jammu		Zeiss Pharma Ltd. Unit-II	01AAACZ7511N1ZA	AA0102200043377	11-02-2020	8.57	2.69	2.69	Circle Samba II-Jammu
3	Jammu		Gsp Power Projects	01AFVPP5777K1ZO	AA0111190040525	29-11-2019	9.51	0.00	0.00	Circle G-Jammu
4	Jammu		Apsara Plastic Pvt. Ltd.	01AAACA1046R1ZX	AA010718006125P	28-02-2019			1.91	Circle G-Jammu
5	Jammu		New Kissan Milk Foods	AA010120001632G	AA010120001632G	08-01-2020	0.00	0.94	0.94	Circle G-Jammu
6	Jammu		New Kissan Milk Foods	AA010120001632G	AA010120001661F	08-01-2020	0.00	3.6037	3.60	Circle G-Jammu
7	Jammu		J.K Plastic Industries	01ABEPK2027J1Z7	AA0110170030259	15-05-2019	0.67	0.00	0.00	Circle I-Jammu
8	Jammu		Pharose Remedies Ltd.	01AAECP0493R1Z5	AA010220000307E	03-02-2020	41.62	0.55	0.55	Circle I-Jammu
9	Jammu		Amar Singh & Sons	AA010318126982C	01AABFA8440K1ZS	13-10-2018		29.73	26.62	Circle G-Jammu
10	Jammu		Amar Singh & Sons	AA011217119420Y	01AABFA8440K1ZS	14-10-2018		34.91	44.85	Circle G-Jammu

Appendix 3.1
Details of Audited Samples
(Refer Paragraph: 3.6)

S. No.	Name of Circle	No. of cases
1	Circle A-Jammu	2
2	Circle A-Kashmir	4
3	Circle Anantnag III-Kashmir	3
4	Circle Anantnag II-Kashmir	2
5	Circle Anantnag I-Kashmir	2
6	Circle Bandipora- Kashmir	4
7	Circle Baramulla-I- Kashmir	4
8	Circle Baramulla-II- Kashmir	1
9	Circle Baramulla-III (Sopore) Kashmir	8
10	Circle B-Jammu	3
11	Circle B-Kashmir	2
12	Circle Budgam-Kashmir	1
13	Circle C-Jammu	3
14	Circle C-Kashmir	2
15	Circle D-Jammu	2
16	Circle D-Kashmir	3
17	Circle Doda-Jammu	1
18	Circle E-Jammu	6
19	Circle E-Kashmir	5
20	Circle F-Jammu	1
21	Circle F-Kashmir	5
22	Circle Ganderbal-Kashmir	1
23	Circle G-Jammu	1
24	Circle G-Kashmir	11
25	Circle H-Jammu	4
26	Circle H-Kashmir	3
27	Circle I-Jammu	1
28	Circle I-Kashmir	4
29	Circle J-Jammu	12
30	Circle J-Kashmir	6
31	Circle Kathua II-Jammu	3
32	Circle Kathua I-Jammu	13
33	Circle K-Jammu	2

S. No.	Name of Circle	No. of cases
34	Circle K-Kashmir	1
35	Circle Kupwara-Kashmir	3
36	Circle L-Jammu	10
37	Circle L-Kashmir	5
38	Circle N-Jammu	6
39	Circle N-Kashmir	4
40	Circle O-Kashmir	2
41	Circle P- Kashmir	1
42	Circle P-Jammu	6
43	Circle Poonch-Jammu	1
44	Circle Q- Kashmir	2
45	Circle Q-Jammu	5
46	Circle R- Kashmir	3
47	Circle Rajouri-Jammu	1
48	Circle R-Jammu	8
49	Circle Samba I-Jammu	5
50	Circle S-Jammu	2
51	Circle Udhampur-Jammu	5
	Total	195

Appendix 3.2
Details of mismatch cases
(Refer Paragraph: 3.7.2)

Jurisdiction	GSTIN	TIN No.	Name of the Dealer	Table	Amount (in ₹)
STO Circle-C, Srinagar	01A AFFH0302R1ZQ		H. A. Enterprises	7D	4,07,642
STO Circle-Anantnag-3	01CGVPB9961L1ZU		Yamin Traders Harnag	7D	3,04,542
STO Circle-J, Jammu	01AABCT6921F1ZS		M/S TK Elevator Thysnkrup	5C&7D	29,43,000

Appendix 3.3
Details of excess credit carried forward
(Refer Paragraph: 3.8.1)

GSTIN	Name of dealer	Circle/ Jurisdiction	TIN No.	OB (in ₹)	
				Principal	Interest
01AAAC00809N1ZQ	M/s Offcom Sytems Pvt. Ltd.	STO Circle-P, Jammu	1491200337	1,34,554.39	32,293.05
01AAAFM7256N1Z7	M/s Mannu Lal & Sons	STO Circle-O, Jammu	1781181602	26,647	6,395
01AAFFL2136F1ZZ	LAZZAT FOODS & SPICES	STO, Sopore	01282093871	7,66,649	4,29,318
01AAFFJ6459D1ZN	JAYY ENN TRADER	STO Circle L, Srinagar	01152150154	1,96,873	1,26,000

Appendix 3.4
Details of cases without legacy returns
(Refer Paragraph: 3.8.2 (A))

GSTIN	Circle/ Jurisdiction	Name of dealer	TIN No.	OB (in ₹)	
				Principal	Interest
01AANPC3341D1ZI	STO Circle-P, Jammu	M/s Mahadev Traders	1491201792	3,57,930	85,903
01AWOPP1657N1Z3	STO Circle-P, Jammu	M/s Sharma Electronics	1061091012	3,42,956	82,309
01BLDPA73491Z1	STO-L, Srinagar	Top Gear Automobiles	01822150513	1,70,162	1,63,355
01AXNPS4471R1ZP	STO Circle-P, Jammu	M/s New Choice Automobiles	01381090545	2,04,170	49,001

Appendix 3.5
Rejected credit carried forward
(Refer Paragraph: 3.8.2 (B))

GSTIN	Circle/ Jurisdiction	Name of dealer	TIN No.	OB (in ₹)	
				Principal	Interest
01AYJPS0919F1ZN	STO-Circle B, Jammu	M/s Gurmeet Singh	1021021097	4,60,026	92,005.2
01ADGPG9407L1ZN	STO Circle D, Jammu	M/s Shree Amba Food Grain Co.	1951040228	1,96,161.79	Nil
01AAECS5992E1ZF	STO Circle-N, Jammu	M/s Sanyog Pharmacy Enterprises Pvt. Ltd.	1511171808	7,31,640.99	1,75,594
01AJGPV7655P1ZH	STO Circle-D, Jammu	M/s Jay Jagdambay Enterprises	1721041858	1,48,947	35,747.28

Appendix 3.6
Incorrect credit carried forward
(Refer Paragraph: 3.8.2 (C))

GSTIN	Circle/ Jurisdiction	Name of dealer	TIN No.	OB (in ₹)	
				Principal	Interest
01ANDPL2904J1ZG	STO Kathua-I	M/s New Electronics Plaza	1031104075	5,115.26	1,227.66
01AAWPB5919R1Z5	STO Circle-J, Jammu	M/s AR Electronics	1151121857	15,124.34	3,629.36
01AAZPG9997R1ZB	STO Circle-P, Jammu	Ravi Kumar Gupta & Sons	1671090337	5,46,44,449	1,31,14,667.8
01AACFT5682P1ZS	STO Circle-G, Srinagar	Teli Cigrates	1692030838	4,250	2,880
01AAUPA5977C1ZT	STO Circle-G, Srinagar	Alfa Agencies	1502150883	6,470	3,882
01AUKPA7515N1ZP	STO Circle-Anantnag-II	N A Electronics	1982190292	1,43,248	1,40,383
01AVAPA6664P1ZL	STO Circle-L, Srinagar	N I Traders	01662151280	47,349	46,402
01AARPB4541N2ZP	STO Circle-L, Srinagar	Royal Chemist	01842150696	1,47,817	1,44,860
01BFDPS8823J1ZB	STO Circle-Baramullah-I	Sofi Trading Corp	1532091454	1,41,165	1,38,342
01AAAJJ0397H1ZI	STO Circle-K, Jammu	M/s Jammu Cooperative Wholesale Ltd.	01421130099	1,70,684	40,964.16

Appendix 3.7
Credit availed on time-barred document
(Refer Paragraph: 3.8.3 (A))

GSTIN	Circle/ Jurisdiction	Name of dealer	TIN No.	OB (in ₹)	
				Principal	Interest
01AAACK2567P1ZF	STO Circle-O, Jammu	M/s Kone Elevator India Pvt. Ltd.	1731181872	18,23,371	4,37,609

Appendix 3.8
Credit allowed without supporting documents
(Refer Paragraph: 3.8.3 (B))

GSTIN	Name of dealer	Circle/ Jurisdiction	TIN No.	OB (in ₹)	
				Principal	Interest
01AYSPR5340L1Z1	Aamina Enterprises	STO Circle-Anantnag	1132102150	1,57,182	1,38,320
01AFGPL7573J2ZA	Kissan Chemicals	STO Circle-Bandipora	1352093008	5,18,200.96	5,07,836
01AAKCS6497E1Z7	M/s Shree Balaji Pigments	STO Circle-Kathua-II	1941102653	4,80,228	1,15,254.72
01AABCA9317J1ZY	M/s Aditya Media Sales	STO Circle-E, Jammu	1751050620	15,086	3,620.64
01AAECN8067D1ZQ	M/s Gammon Engineers & Contractors	STO Circle-O, Jammu	1671184818	12,21,766	2,93,223.84

Appendix 3.9
Credit allowed without supporting invoices
(Refer Paragraph: 3.8.3 (B))

GSTIN	Circle/ Jurisdiction	Name of dealer	TIN No.	OB (in ₹)	
				Principal	Interest
01AAKCS6497E1Z7	STO Circle-Kathua-II	M/s Shree Balaji Pigments	1941102653	4,80,228	1,15,254.72
01ABPPD6026R1ZG	STO Circle-Kathua-I	M/s Bhawani Automobiles	1371102433	1,18,696	28,487.04
01AAVPG9612K1ZH	STO Circle-Rajouri	M/s Rakesh Wool Centre	1381121294	85,431.25	20,503.5
01AINPL9361L1ZV	STO Circle-P, Jammu	M/s Sunny Motors Enterprises	1961203037	2,21,310.79	53,114.59
01AAECN8067D1ZQ	STO Circle-O, Jammu	M/s Gammon Engineers & Contractors	1671184818	27,54,345	6,61,042.8
01BUZPS8632Q1ZH	STO Circle-Sopore	Prime Enterprises	1302093666	6,63,074	6,63,074
01AAGFN0158C1Z0	STO Circle-Sopore	New Saqib Medical Agencies	1032090662	1,50,742	1,33,611
01ACWPL6529P1ZV	STO Circle-Sopore	Jay Aay Trading Corp	1112090715	2,27,313	2,12,514
01AAIFC1638E1Z2	STO Circle-Sopore	Centaur Motors	1592090936	5,88,065	5,20,848
01AMAPB9147P1Z2	STO Circle-Sopore	B Company	1082092526	12,08,371	10,70,253
001AMRPN6709Q1ZD	STO Circle-Kupwara	Umer Kitchen	1582210397	1,90,914	Nil
01DSAPS4678P1Z4	STO Circle-Kupwara	Friends Medicate	1732210848	3,15,116	3,08,813
1BSCPB0855M2Z3	STO Circle-Kupwara	Azhar Galcial Venue	1162211210	4,89,054	4,79,272
01BPRPS4758A1ZT	STO Circle-Budgam	G.S Traders	1162080551	5,79,049	5,67,468
01BTDPM5985P1Z3	STO Circle-Anantnag-II	Bazdan Traders	1042192652	89,011.35	87,230

GSTIN	Circle/ Jurisdiction	Name of dealer	TIN No.	OB (in ₹)	
				Principal	Interest
01BCEPB6845B1ZC	STO Circle- Anantnag-II	Chesty Cement Store	1132102150	5,17,244.5	4,96,555
01AVAPA6664P1ZL	STO Circle-L, Srinagar	N I Traders	1662151280	1,62,013	1,58,773
01AWAPM9704F2ZW	STO Circle- Baramulla-I	Handloom Furnishing House	1262090778	82,563	80,911
01AKXPD2455K1Z2	STO Circle Kathua-I	M/s Somya Motors	01381101894	1,34,578	32,298.72
01BBKPV9082K2Z1	STO Circle-J, Jammu	M/s Sai & Co.	01491123804	15,653.77	Nil
01AHSPR7026C1ZG	STO Circle-I, Srinagar	Tile and Sanitary Store	1922080036	4,31,759	1,64,048

Appendix 3.10
Incorrect unverified credit allowed
(Refer Paragraph: 3.8.4)

GSTIN	Name of dealer	Circle/Jurisdiction	TIN No.	OB (in ₹)	
				Principal	Interest
01ALNPG2132M1ZD	M/s Mahalakshmi Trading Co.	STO Circle-P, Jammu	1981200989	15,66,938	3,76,065

Appendix 3.11
Non charging of interest on reversal of credit
(Refer Paragraph: 3.8.5)

GSTIN	Office/ Circle	Name of dealer	TIN No.	Interest recovery pending (in ₹)
01AABCT6921F1ZS/ 0197112189	STO Circle-J, Jammu	M/s Thyssenkrupp Elevator (India) Pvt. Ltd (under VAT) changed to T.K.Elevator India Pvt. Ltd. (Under GST)	1971121891	5,14,026
01AQVPS1009A1ZA/ 01281050054	STO Circle-L, Jammu	M/s Dashmesh Trading Centre	1281050054	1,24,630.56
01ARRPP7996G1Z3/ 01081200514	STO Circle-L, Jammu	M/s Prabhakar Associates	1081200514	26,225.4
01AAAJJ0397H1ZI/ 01421130099	STO Circle-K, Jammu	M/s Jammu Cooperative Wholesale Ltd	1421130099	40,964
01AAHPL7474N1ZC	STO- Kathua-I	M/s Goutham Paint & Hardware Store	01561101213	1,299
01CEYPS1232J2Z9	STO Circle-G, Srinagar	Talabgar Garment	1262070311	7,050
01AAFFJ6459D1ZN	STO Circle-L, Srinagar	Jay Enn Trader	01152150154	1,26,000
01AAAFZ1660R1ZY	STO Circle-E, Srinagar	Zain Steel	1922110009	1,40,459
01ACXPK8627J2Z3	STO Circle-E, Srinagar	Zain Electrical	1142050201	1,26,543
01AHSPR7026C1ZG	STO Circle-I, Srinagar	Tile And Sanitary Store	1922080036	1,64,048
01AACC02119H1Z2	STO Circle-J, Jammu	M/s One RX India Pvt. Ltd.	1191123484	9,142
01AEDPS5981H1ZE	STO Kathua-I	M/s Hari Om Automobiles	0122101206	38,314.4
01AAFFL2136F1ZZ	STO-Sopore	Lazzat Foods & Spices	01282093871	4,29,318

Appendix-4.1
Re-Designation of posts
(Reference paragraph: 4.6.1)

Sl. No.	Name of Post	No. of Post	Re-Designated as	Reference to order/ BoM
1.	Sr. Scientist Animal Nutrition	1	Dy. Registrar Secrecy	15 th BOM held on 8 th Nov.2010 11 Est of 2011 dated 08.07.2011
2.	Electrician	1	Telephone technical	15 th BOM held on 8 th Nov.2010 Notification 12 of 2010 dated 31.12.2010.
3.	Assistant Registrar FV SC & AH RS Pura (Vacant)	1	Assistant Registrar (legal)	14 th BoM, Notification 01 of 2010 dated 10.08.2010
4.	Jr. Stenographer (Division of veterinary clinical Medicine)	1	Jr. Physiotherapist	18 th BoM. 07 (Est) of 2012
5.	FCLA	1	Works Supervisor	90/(Est) of 2003 dated 18.08.2003/NO
6.	Jr. Stenographer	1	Computer Assistant	59(Est) of 2007 dated 09.10.2007/NO
7.	Lab attendant RHRSS Raya	1	Mali	16 th BoM 20(Est) of 2011 dated 08.07.2011
8.	Accounts Assistant	4	Accountant	25 Secy of 2017 dated 23.11.2017 (28 th BoM)
9.	Associate Dean. FOA	1	Dean Faculty of Basic science.	14 Secy of 2015 dated 02.07.2015 and 23 rd BoM.
10.	Jr. Scientist Plant pathology (02 post)	1	Assistant professor Biotechnology	01 of 2010 dated 10.08.2010 (14 th BoM)
11.	Mali	1	Cleaner	190 of 2001 dated 21.11.2011/NO
12.	STA	1	Assistant Professor	U.O of 57 of 2008 dated 31.10.2008/NO
13.	Lab attendant/Animal Attendant, RARS (02 post)	2	Mali	16 th BoM 20(Est) of 2011 dated 08.07.2011
14.	Animal Attendant/ Lab Attendant (02 post)	2	OCC	16 th BoM 20(Est) of 2011 dated 08.07.2011

Appendix-4.2
Appointments against non-existent posts created by virtue of re-designation
(Reference paragraph: 4.6.1)

Sl. No.	Name	Appointment order no.	Post re-designated from	Appointed as	Post re-designation vide letter no.	BoM reference	Concurrence of Finance Department obtained	Remarks
1.	Dr. Sushma Gupta, Lady Doctor	Auj/Admn/07-08/651-54 dated 15.06.2007	Asstt. Professor (Animal Nutrition), RARS, Rajouri	Lady Medical Officer	52 (Est.) of 2006 dated 31.07.2006	No	No	Dr. Sushma Gupta (Lady M.O) was adjusted/ accommodated in the university in June 2007 without any sanctioned post by converting the post of Asstt. Prof. (animal nutrition) of Regional Agriculture Research station Rajouri.
2.	Sh. Sanjeev Kumar, Medical Assistant	Auj/Admn/06-07/2367-71 dated 31.07.2006	Computer Assistant	Medical Assistant	52 (Est.) of 2006 dated 31.07.2006	No	No	Against the single available post of one Medical Assistant advertised in March 2005, 02 medical Assistants were appointed by re-designation of one post of computer Assistant to Medical Assistant during the currency of selection proceedings.
3.	Sh. Ramesh Chander Tikoo Work Supervisor	University order No. 159 (Est) of 1993 dated 21.04.1993	Pay drawn against the post of Live Stock Asstt. Till post of works supervisor became vacant	Works Supervisor	-	No	No	The work supervisor was appointed on consolidated basis and regularised (1993) against the post of Field Cum Laboratory Assistant in absence of any vacant post. The appointee was adjusted against the post of works supervisor w.e.f. 01.04.1997 after the post became available despite not possessing the requisite qualification prescribed for the post.
4.	Sh. Narinder Kumar Raina, Security Officer	University order No. 57 (Est.) of 2007 dated 03.10.2007	FCLA	Security Incharge	57 (Est.) of 2007 dated 03.10.2007	No	No	Sh. NK Raina (FCLA) deemed to adjusted as security officer w.e.f. 24.06.1990 by corresponding re-designation of one post of FCLA held by him in his personal capacity vide order No. 57 (Est.) of 2007 dated 03.10.2007.
5.	Sh. Vinayak Vikram, Superintendent Legal	Auj/Admn/07-08/258-59 dated 11.04.2007	Sr. Technical Assistant, Division of Pomology & PHT, Udheywalla (Plan post)	Legal Superintendent	AUJ/Adm/05-06/283-85 dated 20.04.2005	No	No	Sh. Vinayak Vikram was engaged as Supdtt. Legal on 20-04-2005 on adhoc basis for a period of 89 days and his services were regularized in April 2007 without any sanctioned post of Superintendent Legal in the university by corresponding reduction of one post of Sr.Technical Assistant and the post of Supdtt. legal is yet to find a place in the statutes.

Appendix 7.1
Detail of PSUs in Jammu and Kashmir under the audit jurisdiction of the CAG as on 31 March 2021
(Reference paragraph: 7.3)

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	-
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	-
22.	AIC-Jammu & Kashmir EDI Foundation	-
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.

Sl. No.	Sector type and Name of PSU	Remarks
24.	Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	The Company is under liquidation
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 Financial Corporation	-
32.	Jammu & Kashmir 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	-
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 7.2
Statement showing position of equity and outstanding loans relating to PSUs as on 31 March 2021
(Reference paragraph: 7.4.(A))

(₹ 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 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 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 Women's Development Corporation Limited	Social Welfare	10-May-96	10.00	0	0	10.00	0	0	77.11	77.11

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			
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
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 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 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

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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			
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 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 Financial Corporation	Finance	02-Dec-59	172.35	0	0.54	172.89	0	0	40.9	40.9
31.	Jammu and Kashmir Road Transport Corporation	Transport	01-Sep-76	286.79	15.01	24.79	326.59	740.61	0	0	740.61
32.	Jammu and Kashmir 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

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			
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	2,551.49	6,042.42	1,437.72	0	10,852.46	12,290.48

Source: Compiled based on information received from PSUs)

Appendix 7.3

Statement showing position of GoJ&K investment in working PSUs accounts of which are in arrears as of 30 November 2021
(Reference paragraph: 7.6 (B) and 7.6 (C))

(₹ 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

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
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
22.	Kashmir Power Distribution Corporation Limited	2018-19	0	2	0	0.00	113.38	450.00	1,097.79
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 Road Transport Corporation	2018-19	207.96	2	93.84	65.50	0	0.00	159.34
33.	J&K 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 8.1
Detail Status of Projects (Jammu and Kashmir Power Development Corporation Limited)
(Refer Paragraph: 8.4)

Sl. No.	Project Name	District	Capacity (MW)	Mode of execution	Status of work
1.	Kahmil	Kupwara	4.00	IPP	Allotted-The contract has been terminated due to very poor performance by the developer
2.	Drung	Kathua	5.00	IPP	Allotted-work of land clearance in progress
3.	Athwathoo	Bandipora	10.00	IPP	Commissioned
4.	Tangmarg	Baramullah	10.00	IPP	Commissioned
5.	Ranjala Dunadi	Doda	15.00	IPP	Commissioned
6.	Brenwar	Budgam	7.50	IPP	Commissioned
7.	Mandi	Poonch	12.50	IPP	Commissioned
8.	Dah	Leh	9.00	EPC	Commissioned
9.	Chandanwari	Baramulla	7.00	IPP	DPR under preparation.
10.	Girjan ki Gali	Rajouri	12.00	IPP	DPR under preparation.
11.	Sultanpathri	Poonch	3.00	No Mode	DPR under preparation.
12.	Patnazi Bunjwah	Kishtwar	21.00	IPP	DPR under preparation- Allotted vide LOA no. JKSPDC/ Tech/ P-202/ (1-924)/9683 dated 22-03-2013. TEC issued to the DPR of the Project on 04.06.2016.
13.	Darungli Hep	Poonch	3.00	No Mode	No action taken post identification
14.	Chapper Hep	Poonch	4.50	No Mode	No action taken post identification
15.	Ari Hep	Poonch	4.50	No Mode	No action taken post identification
16.	Sungri Hep	Reasi	8.00	No Mode	No action taken post identification
17.	Kheora hep	Rajouri	3.00	No Mode	No action taken post identification
18.	Loran hep	Rajouri	6.00	No Mode	No action taken post identification
19.	Chenani-v	Udhampur	7.00	No Mode	No action taken post identification
20.	Daksumsaidwari	Anantnag	4.50	No Mode	No action taken post identification
21.	Gauran	Anantnag	3.00	No Mode	No action taken post identification
22.	Hingipora Kapran	Anantnag	7.50	No Mode	No action taken post identification
23.	Dupnar II	Anantnag	5.00	No Mode	No action taken post identification
24.	Dardpora/checklipora	Anantnag	2.66	No Mode	No action taken post identification

Sl. No.	Project Name	District	Capacity (MW)	Mode of execution	Status of work
25.	Ahlanpayeen	Anantnag	2.12	No Mode	No action taken post identification
26.	Renzebal/brenwar	Anantnag	9.10	No Mode	No action taken post identification
27.	Guhan/pandubal	Anantnag	3.13	No Mode	No action taken post identification
28.	Chakura	Anantnag	3.70	No Mode	No action taken post identification
29.	Sandran/kapran	Anantnag	2.25	No Mode	No action taken post identification
30.	Guhan-vailoo	Anantnag	7.00	No Mode	No action taken post identification
31.	Romshi	Pulwama	3.35	No Mode	No action taken post identification
32.	Aripaltral	Pulwama	3.60	No Mode	No action taken post identification
33.	Khaiygom	Pulwama	2.50	No Mode	No action taken post identification
34.	Airpaltral II (lam)	Pulwama	2.50	No Mode	No action taken post identification
35.	Aglar Pakherpora	Pulwama	2.50	No Mode	No action taken post identification
36.	Devipora	Shopian	9.00	No Mode	No action taken post identification
37.	Nagabal Zawoora	Shopian	9.00	No Mode	No action taken post identification
38.	Zampathar	Shopian	2.70	No Mode	No action taken post identification
39.	Icchigoz	Shopian	3.00	No Mode	No action taken post identification
40.	Ringward	Shopian	3.80	No Mode	No action taken post identification
41.	Surfraw	Ganderbal	3.80	IPP	No action taken post identification
42.	Zamustal	Kulgam	2.83	No Mode	No action taken post identification
43.	Nohom	Kulgam	2.40	No Mode	No action taken post identification
44.	Main damhal	Kulgam	4.00	No Mode	No action taken post identification
45.	Sarmarg	Kulgam	2.44	No Mode	No action taken post identification
46.	Chinladi - poshihama	Kulgam	3.38	No Mode	No action taken post identification
47.	Grumtoo - mootjan	Kulgam	2.90	No Mode	No action taken post identification
48.	Tongar-poonshan	Kulgam	3.50	No Mode	No action taken post identification
49.	Laisoo	Kulgam	4.00	No Mode	No action taken post identification
50.	Bhalla-Pranu Hep	Doda	7.50	No Mode	No action taken post identification
51.	Nachhlana-mahumangat	Ramban	5.00	No Mode	No action taken post identification
52.	Batyas-dugrad	Doda	7.00	No Mode	No action taken post identification
53.	Chatru 1st HEP	Kishtwar	2.50	No Mode	No action taken post identification
54.	Luddu-jatota	Kishtwar	2.30	No Mode	No action taken post identification

Sl. No.	Project Name	District	Capacity (MW)	Mode of execution	Status of work
55.	Sirgware-keshwan	Kishtwar	2.05	No Mode	No action taken post identification
56.	Dumkhar	Leh	9.00	No Mode	No action taken post identification
57.	Azmatabod HEP	Rajouri	2.00	No Mode	No action taken post identification
58.	Samote HEP	Rajouri	2.00	No Mode	No action taken post identification
59.	Kah-Poota	Reasi	2.50	No Mode	No action taken post identification
60.	Plassu	Reasi	4.00	No Mode	No action taken post identification
61.	Chilling Bazgo HEP	Kargil	25.00	No Mode	No action taken post identification
62.	Betar HEP	poonch	4.00	No Mode	No action taken post identification
63.	Gagrain HEP	poonch	6.00	No Mode	No action taken post identification
64.	Mandi HEP-II	poonch	10.00	No Mode	No action taken post identification
65.	Barrian HEP	Udhampur	8.00	No Mode	No action taken post identification
66.	Pingla	Udhampur	5.00	No Mode	No action taken post identification
67.	Kooh HEP	Udhampur	1.50	No Mode	No action taken post identification
68.	MHS Bhallah	Doda	19.50	No Mode	No action taken post identification
69.	Bathri-Kahara	Kishtwar	10.50	No Mode	No action taken post identification
70.	Markoot Gurez	Bandipora	17.00	No Mode	No action taken post identification
71.	Kathar	Akhnoor	2.50	No Mode	No action taken post identification
72.	Nehama SHP, Kulgam	Kulgam	7.00	EPC	No Action Taken post identification
73.	Shranz SHP, Baramulla	Baramulla	10.00	EPC	No Action Taken post identification
74.	Achoora SHP, Bandipora	Bandipora	10.00	EPC	No Action Taken post identification
75.	Aapan Nallah SHP, Kishtwar	Kishtwar	7.00	EPC	No Action Taken post identification
76.	Naigarh SHP, Kishtwar	Kishtwar	10.00	EPC	No Action Taken post identification
77.	Bhut Nallah SHP Kishtwar	Kishtwar	10.00	EPC	No Action Taken post identification
78.	Hanswar SHP, Kishtwar	Kishtwar	8.00	EPC	No Action Taken post identification
79.	Gagrain SHP, Poonch	Poonch	10.00	EPC	No Action Taken post identification
80.	Mawar- I SHP, Kupwara	Kupwara	4.50	EPC	No Action Taken post identification
81.	Kahmil SHP, Kupwara	Kupwara	10.00	EPC	No Action Taken post identification
82.	Dringla Karnah SHP, Kupwara	Kupwara	10.00	EPC	No Action Taken post identification
83.	Gulabgarh SHP, Reasi	Reasi	6.00	EPC	No Action Taken post identification
84.	Doudikuchan SHP, Kulgam	Kulgam	3.60	IPP	No Action Taken post identification

Sl. No.	Project Name	District	Capacity (MW)	Mode of execution	Status of work
85.	Drugden SHP, Kulgam	Kulgam	6.40	IPP	No Action Taken post identification
86.	Damhal Hanjipora SHP, Kulgam	Kulgam	8.80	IPP	No Action Taken post identification
87.	Kootimarg-I SHP, Kulgam	Kulgam	3.80	IPP	No Action Taken post identification
88.	Kootimarg-II SHP, Kulgam	Kulgam	3.60	IPP	No Action Taken post identification
89.	Booh SHP, Kulgam	Kulgam	4.40	IPP	No Action Taken post identification
90.	Dandwaar SHP, Kulgam	Kulgam	3.00	IPP	No Action Taken post identification
91.	Chandanwari SHP, Anantnag	Anantnag	3.50	IPP	No Action Taken post identification
92.	Pahalgam SHP, Anantnag	Anantnag	3.00	IPP	No Action Taken post identification
93.	Daksum II SHP, Anantnag	Anantnag	4.60	IPP	No Action Taken post identification
94.	Matigawran SHP, Anantnag	Anantnag	5.00	IPP	No Action Taken post identification
95.	Ahlan I SHP, Anantnag	Anantnag	3.00	IPP	No Action Taken post identification
96.	Ahlan II SHP, Anantnag	Anantnag	9.20	IPP	No Action Taken post identification
97.	Bringi SHP, Anantnag	Anantnag	7.20	IPP	No Action Taken post identification
98.	Thimran SHP, Anantnag	Anantnag	4.20	IPP	No Action Taken post identification
99.	Chakilpora SHP, Anantnag	Anantnag	3.00	IPP	No Action Taken post identification
100.	Mathar SHP, Anantnag	Anantnag	5.40	IPP	No Action Taken post identification
101.	Aru SHP, Anantnag	Anantnag	4.00	IPP	No Action Taken post identification
102.	Dupnar Shangus SHP, Anantnag	Anantnag	3.00	IPP	No Action Taken post identification
103.	Limber SHP, Baramulla	Baramulla	3.40	IPP	No Action Taken post identification
104.	Bijihama I SHP, Baramulla	Baramulla	2.80	IPP	No Action Taken post identification
105.	Lachipora SHP, Baramulla	Baramulla	8.00	IPP	No Action Taken post identification
106.	Boniyar II SHP, Baramulla	Baramulla	3.40	IPP	No Action Taken post identification
107.	Boniyar III SHP, Baramulla	Baramulla	4.00	IPP	No Action Taken post identification
108.	Shranz II SHP, Baramulla	Baramulla	6.20	IPP	No Action Taken post identification
109.	Bijihama II SHP, Baramulla	Baramulla	10.00	IPP	No Action Taken post identification
110.	Reyipal I SHP, Ganderbal	Ganderbal	3.80	IPP	No Action Taken post identification
111.	Reyipal II SHP, Ganderbal	Ganderbal	7.60	IPP	No Action Taken post identification
112.	Barapran SHP, Ganderbal	Ganderbal	2.50	IPP	No Action Taken post identification
113.	Shahkul SHP, Ganderbal	Ganderbal	3.00	IPP	No Action Taken post identification

Sl. No.	Project Name	District	Capacity (MW)	Mode of execution	Status of work
114.	Chattargul SHP, Ganderbal	Ganderbal	5.00	IPP	No Action Taken post identification
115.	Gund Nala SHP, Ganderbal	Ganderbal	2.20	IPP	No Action Taken post identification
116.	Waniyarm SHP, Ganderbal	Ganderbal	5.00	IPP	No Action Taken post identification
117.	Surinder SHP, Bandipora	Bandipora	9.00	IPP	No Action Taken post identification
118.	Arin I SHP, Bandipora	Bandipora	6.00	IPP	No Action Taken post identification
119.	Arin II SHP, Bandipora	Bandipora	8.50	IPP	No Action Taken post identification
120.	Arin III SHP, Bandipora	Bandipora	6.20	IPP	No Action Taken post identification
121.	Abhoma I SHP, Pulwama	Pulwama	6.50	IPP	No Action Taken post identification
122.	Abhoma II SHP, Pulwama	Pulwama	4.50	IPP	No Action Taken post identification
123.	Sukhnag SHP, Budgam	Budgam	10.00	IPP	No Action Taken post identification
124.	Gahan SHP, Kishtwar	Kishtwar	8.50	IPP	No Action Taken post identification
125.	Sigdi SHP, Kishtwar	Kishtwar	10.00	IPP	No Action Taken post identification
126.	Naidgam SHP, Kishtwar	Kishtwar	4.20	IPP	No Action Taken post identification
127.	Kuligad SHP, Kishtwar	Kishtwar	9.00	IPP	No Action Taken post identification
128.	Kantha SHP, Ramban	Ramban	7.50	IPP	No Action Taken post identification
129.	Dadhrath (Hala) SHP, Ramban	Ramban	4.00	IPP	No Action Taken post identification
130.	Rajgarh-1 SHP, Ramban	Ramban	10.00	IPP	No Action Taken post identification
131.	Pathaan SHP, Ramban	Ramban	3.60	IPP	No Action Taken post identification
132.	Chapar SHP, Poonch	Poonch	5.50	IPP	No Action Taken post identification
133.	Betar SHP, Poonch	Poonch	10.00	IPP	No Action Taken post identification
134.	Chikri SHP, Poonch	Poonch	9.40	IPP	No Action Taken post identification
135.	Kashtigarh SHP, Doda	Doda	9.50	IPP	No Action Taken post identification
136.	Malwah SHP, Doda	Doda	6.60	IPP	No Action Taken post identification
137.	Bhagwah SHP, Doda	Doda	6.60	IPP	No Action Taken post identification
138.	Kheora SHP, Rajouri	Rajouri	3.50	IPP	No Action Taken post identification
139.	Baiken SHP, Kathua	Kathua	5.60	IPP	No Action Taken post identification
140.	Dulangal SHP, Kathua	Kathua	4.00	IPP	No Action Taken post identification
141.	Kulanramwari	Ganderbal	21.00	EPC	No Work Started - PMDP funding
142.	Ans-II	Reasi	23.00	EPC	No Work Started - PMDP funding
143.	Mohra	Baramulla	10.50	EPC	No Work Started - PMDP funding

Sl. No.	Project Name	District	Capacity (MW)	Mode of execution	Status of work
144.	Igoo Upshi HEP	Kargil	15.00	EPC	No Work Started -PMDP funding
145.	Durbuk Shyok	Kargil	25.00	EPC	No Work Started -PMDP funding
146.	Trisha Thoise	Kargil	25.00	EPC	No Work Started -PMDP funding
147.	Dessa – I	Doda	16.50	EPC	No Work Started -PMDP funding
148.	Matchil Kalaroos	Kupwara	25.00	EPC	No Work Started -PMDP funding
149.	Kalaroos-II	Kupwara	10.50	EPC	No Work Started -PMDP funding
150.	Hunderman	Kargil	24.00	EPC	No Work Started -PMDP funding
151.	Drass Stage-I	Kargil	24.00	EPC	No Work Started -PMDP funding
152.	Upshi	Leh	15.00	EPC	No Work Started -PMDP funding
153.	Nimu-Chilling	Leh	25.00	EPC	No Work Started -PMDP funding
154.	Sankoo	Kargil	18.00	EPC	No Work Started -PMDP funding
155.	Mangdum-sangra	Kargil	19.00	EPC	No Work Started -PMDP funding
156.	Bonar Lolab	Kupwara	24.00	EPC	No Work Started -PMDP funding
157.	Ratan nag	Kishtwar	10.50	EPC	No Work Started -PMDP funding
158.	Sewa I	Kathua	8.00	IPP	Non Responsive bid
159.	Rongdo	Kargil	9.00	IPP	Non Responsive bid
160.	Bringi	Anantnag	4.00	IPP	Non Responsive bid
161.	Shaliganga	Budgam	3.00	IPP	Non Responsive bid
162.	Kutimarg	Kulgam	7.25	IPP	Non Responsive bid
163.	Pumbay-ardijan	Kulgam	4.00	IPP	Non Responsive bid
164.	Kutbal	Kulgam	4.00	IPP	Non Responsive bid
165.	Boniyar -2nd HEP	Baramullah	6.00	IPP	Non Responsive bid
166.	Mawar HEP	Kupwara	10.00	IPP	Non Responsive bid
167.	Erin HEP	Bandipora	10.00	IPP	Non Responsive bid
168.	Hanswar HEP	Kishtwar	6.00	IPP	Non Responsive bid
169.	Chingus-I Hep	Rajouri	3.50	IPP	Non Responsive bid
170.	Chingus-II Hep	Rajouri	3.75	IPP	Non Responsive bid
171.	Thannamandi Hep	Rajouri	2.75	IPP	Non Responsive bid
172.	Upper Ans-I Hep	Rajouri	5.50	IPP	Non Responsive bid

Sl. No.	Project Name	District	Capacity (MW)	Mode of execution	Status of work
173.	Chenani-IV Hep	Udhampur	7.00	IPP	Non Responsive bid
174.	Phagla	Poonch	14.10	EPC	Non Responsive bid-- taken under PMDP no work started
175.	Aharbal	Pulwama	22.50	IPP	Project site surrendered due to tourism and environmental issues.
176.	Hirpora	Pulwama	12.00	IPP	Project was allotted vide no. CE/CID/PDC/673-80 dated 20/06/2005. Forest land stands diverted to the project. No permission was given by Wildlife authorities. The IPP has represented for exit from the contract under Techno-Economical un-viability clause
177.	Gulabgarh Hep	Reasi	6.50	IPP	The bidder did not pay the upfront premium. LOA withdrawn and to be re-tendered under Phase-IV
178.	Nihama	Kulgam	6.00	IPP	The bidder did not pay the upfront premium. LOA withdrawn and to be re-tendered under Phase-IV
179.	Bairaas	Kargil	9.00	IPP	The bidder did not pay the upfront premium. LOA withdrawn and to be re-tendered under Phase-IV.
180.	Sukhnag	Budgam	9.00	IPP	The bidder did not pay the upfront premium. LOA withdrawn and to be re-tendered under Phase-IV.
181.	Shranz HEP	Baramullah	10.00	IPP	The bidder did not pay the upfront premium. LOA withdrawn and to be re-tendered under Phase-IV.
182.	Tamasha	Kargil	9.00	EPC	The bidder did not pay the upfront premium. LOA withdrawn and to be re-tendered under Phase-IV.-to be taken under PMDP-no work Started
183.	Boniyar	Baramullah	12.00	IPP	Work in Progress
184.	Karnah	Kupwara	12.00	EPC	Work in Progress
185.	Hanu	Leh	9.00	EPC	Work in Progress
186.	Mawar- II SHP Kupwara	Kupwara	10.00	EPC	No Action Taken post identification
Total (MW)			1,420.16		

Appendix 8.2
Details of Projects (Jammu and Kashmir Energy Development Agency)
(Refer Paragraph: 8.5)

Sl. No.	Name of Project	District	Capacity (in MWs)	Status
1	Hung	Ganderbal	2	Pending Statutory clearance/ land acquisition
2	Basmai	Ganderbal	1.95	Pending Statutory clearance/ land acquisition
3	Laam Tral	Pulwama	2	Pending Statutory clearance/ land acquisition
4	Langai Pahalgm	Anantnag	2	Pending Statutory clearance/ land acquisition
5	MHP Laspathri-I	Ganderbal	8.50	Pending Statutory clearance/ land acquisition
6	MHP Lashpathri-II	Ganderbal	9.00	Pending Statutory clearance/ land acquisition
7	MHP Bahramgla-I	Poonch	2.40	Pending Statutory clearance/ land acquisition
8	MHP Dudhran	Baramulla	1.20	Pending Statutory clearance/ DPR
9	MHP Chandanwari	Baramulla	1.70	Pending Statutory clearance/ DPR
10	MHP Kanoor	Kishtwar	2.00	Pending Statutory clearance/ DPR
11	MHP Mullar	Kishtwar	2.00	Pending Statutory clearance/ DPR
12	MHP Lolail Bella	Poonch	1.30	Pending Statutory clearance/ DPR
13	MHP Loran	Poonch	2.00	Pending Statutory clearance/ DPR
14	MHP Dandipora, Daksum	Anantnag	3.00	Pending Statutory clearance/ DPR
15	MHP Surasyar	Budgam	2.00	Pending Statutory clearance/ DPR
16	MHP Ballah Neeru-I	Doda	1.50	Pending Statutory clearance/ DPR
17	MHP Rayil-II	Ganderbal	5.00	Pending Statutory clearance/ DPR
18	MHP Sarfaraw-I	Ganderbal	2.00	Pending Statutory clearance/ DPR
19	MHP Sarfaraw-II	Ganderbal	1.40	Pending Statutory clearance/ DPR
20	MHP Zabkul	Kishtwar	2.00	Pending Statutory clearance/ DPR
21	MHP Sangambati	Kishtwar	2.00	Pending Statutory clearance/ DPR
22	MHP Podah Sarthal	Kishtwar	1.40	Pending Statutory clearance/ DPR
23	MHP Kajaie Hanswal	Kishtwar	5.00	Pending Statutory clearance/ DPR
24	MHP Paristan	Ramban	2.00	Pending Statutory clearance/ DPR
25	MHP Ukhral	Ramban	1.75	Pending Statutory clearance/ DPR

Sl. No.	Name of Project	District	Capacity (in MWs)	Status
26	MHP Lanka	Ramban	1.75	Pending Statutory clearance/ DPR
27	MHP Khari-II	Ramban	2.00	Pending Statutory clearance/ DPR
28	MHP Buzla	Ramban	1.25	Pending Statutory clearance/ DPR
29	MHP Kawna	Ramban	1.50	Pending Statutory clearance/ DPR
30	MHP Arai-I	Poonch	1.20	Pending Statutory clearance/ DPR
31	MHP Ichoo	Anantnag	5.00	Completed projects
32	MHP Khari-I	Ramban	3.75	Completed projects
33	MHP Rayil	Ganderbal	2.00	Completed projects
34	MHP Baltikulan	Ganderbal	5.00	Completed projects
35	MHP Batkulan	Ganderbal	6.00	Project under progress
36	MHP Dudhpatheri	Budgam	6.00	Project under progress
37	MHP Pahalnar-Naranag	Ganderbal	2.00	Project under progress
38	MHP Dadibal Kapran	Anantnag	1.65	Project under progress
39	MHP Mavar	Anantnag	5.00	Project under progress
40	MHP Arai-II	Poonch	1.6	No response to RFQ/ Bid
41	MHP Bahramgla-II	Poonch	2	No response to RFQ/ Bid
42	MHP Sawjia-II (Barrari)	Poonch	2	No response to RFQ/ Bid
43	MHP Sawjia-I	Poonch	2	No response to RFQ/ Bid
44	MHP Arai-III	Poonch	1.2	No response to RFQ/ Bid
45	MHP Jalain Beddr	Poonch	1.75	No response to RFQ/ Bid
46	MHP Khait-Jalain	Poonch	1.4	No response to RFQ/ Bid
47	MHP Sanai	Poonch	1.7	No response to RFQ/ Bid
48	MHP Chapra-I	Poonch	1.5	No response to RFQ/ Bid
49	MHP Chapra-II	Poonch	1.7	No response to RFQ/ Bid
50	MHP Gogaldara	Budgam	1.2	No response to RFQ/ Bid
51	MHP Ahlan-II	Anantnag	2	No response to RFQ/ Bid
52	MHP Ahlan-I	Anantnag	1.3	No response to RFQ/ Bid
53	MHP Mattigarwan	Anantnag	1.5	No response to RFQ/ Bid

Sl. No.	Name of Project	District	Capacity (in MWs)	Status
54	MHP Aripath	Anantnag	1.75	No response to RFQ/ Bid
55	MHP Mathar stage-II	Anantnag	1.8	No response to RFQ/ Bid
56	MHP Chatpal-III	Anantnag	1.7	No response to RFQ/ Bid
57	MHP Chatpal-stage-IV	Anantnag	1.6	No response to RFQ/ Bid
58	MHP Chatpal stage-II	Anantnag	1.5	No response to RFQ/ Bid
59	MHP Thimran stage-I	Anantnag	1.4	No response to RFQ/ Bid
60	MHP Thimran-II	Anantnag	1.15	No response to RFQ/ Bid
61	MHP Mathar stage-I	Anantnag	2	No response to RFQ/ Bid
62	MHP Dupnard stage-I	Anantnag	1.5	No response to RFQ/ Bid
63	MHP Dupnard stage-II	Anantnag	1.4	No response to RFQ/ Bid
64	MHP Hajibal-I	Anantnag	1.1	No response to RFQ/ Bid
65	MHP Hajibal-II	Anantnag	1.2	No response to RFQ/ Bid
66	MHP Sewa Bani-I	Kathua	2	No response to RFQ/ Bid
67	MHP Sewa Bani-II	Kathua	1.5	No response to RFQ/ Bid
68	MHP Godana-stage-I	Kishtwar	2	No response to RFQ/ Bid
69	MHP Chatroo	Kishtwar	1.7	No response to RFQ/ Bid
70	MHP Inderwal	Kishtwar	1.8	No response to RFQ/ Bid
71	MHP Godana-stage-II	Kishtwar	2	No response to RFQ/ Bid
72	MHP Naigarh	Kishtwar	2	No response to RFQ/ Bid
73	MHP Nantoo	Kishtwar	1.8	No response to RFQ/ Bid
74	MHP Dadhpeth	Kishtwar	1.7	No response to RFQ/ Bid
75	MHP Afani	Kishtwar	1.4	No response to RFQ/ Bid
76	MHP Haji peer	Baramulla	2	No response to RFQ/ Bid
77	MHP Jabla	Baramulla	1.2	No response to RFQ/ Bid
78	MHP Batmoji-II	Kupwara	1.2	No response to RFQ/ Bid
79	MHP Mawar	Kupwara	1.6	No response to RFQ/ Bid
80	MHP Drangla	Kupwara	2	No response to RFQ/ Bid
81	MHP Tumina-2 nd	Kupwara	1.6	No response to RFQ/ Bid

Sl. No.	Name of Project	District	Capacity (in MWs)	Status
82	MHP Dahi-2 nd	Bandipora	2	No response to RFQ/ Bid
83	MHP Upper Madhumati	Bandipora	2	No response to RFQ/ Bid
84	MHP Romshi-II	Shopian	2	No response to RFQ/ Bid
85	MHP Romshi-I	Shopian	1.6	No response to RFQ/ Bid
86	MHP Waniyaran	Ganderbal	1.1	No response to RFQ/ Bid
87	MHP Lashpathri-III	Ganderbal	2	No response to RFQ/ Bid
88	MHP Pai Navedi	Reasi	0.75	No response to RFQ/ Bid
89	MHP Jajar Katra	Reasi	0.45	No response to RFQ/ Bid
90	MHP Pogal	Ramban	2	No response to RFQ/ Bid
91	MHP Banihal-I	Ramban	1.3	No response to RFQ/ Bid
92	MHP Budhal	Rajouri	2	No response to RFQ/ Bid
93	MHP Chatpal stage-I	Anantnag	1.5	No action after identification
94	MHP Navkin-I	Anantnag	1.5	No action after identification
95	MHP Bringe	Anantnag	2	No action after identification
96	MHP Bumpathri	Anantnag	1.9	No action after identification
97	MHP Charinag-I	Anantnag	2	No action after identification
98	MHP Navkin-II	Anantnag	1.5	No action after identification
99	MHP Charinag-II	Anantnag	2	No action after identification
100	MHP Astanmarg	Anantnag	2	No action after identification
101	MHP Kanzabal-I	Anantnag	1.7	No action after identification
102	MHP Kanzabal-II	Anantnag	1.6	No action after identification
103	MHP Arizal	Budgam	1.2	No action after identification
104	MHP Romshi	Budgam	0.8	No action after identification
105	MHP Laisoo	Kulgam	1	No action after identification
106	MHP Kanday	Kulgam	0.8	No action after identification
107	MHP Batmoji-I	Kupwara	1.5	No action after identification
108	MHP Dahi-I	Bandipora	1.8	No action after identification
109	MHP Viji	Bandipora	1.2	No action after identification

Sl. No.	Name of Project	District	Capacity (in MWs)	Status
110	MHP Hapatkhai	Baramulla	1.1	No action after identification
111	MHP Aglar	Pulwama	1.5	No action after identification
112	MHP Romshi-III	Pulwama	1.15	No action after identification
113	MHP Dupnard-III	Anantnag	1.1	No action after identification
114	MHP Nunkhul-I	Kulgam	1.5	No action after identification
115	MHP Nunkhul-II	Kulgam	1.4	No action after identification
116	MHP Nunkhul-III	Kulgam	1.65	No action after identification
117	MHP Rampai-I	Kulgam	1.5	No action after identification
118	MHP Rampai-II	Kulgam	1.5	No action after identification
119	MHP Nilgrath	Ganderbal	1.5	No action after identification
120	MHP Badparan-I-Ganderbal	Ganderbal	1.4	No action after identification
121	MHP Badparan-II-Ganderbal	Ganderbal	1.3	No action after identification
122	MHP Kuthmarg-II	Kulgam	1.3	No action after identification
123	MHP Rampai-III	Kulgam	1.3	No action after identification
124	MHP Zumistan-II	Kulgam	1.2	No action after identification
125	MHP Zumistan-III	Kulgam	1.2	No action after identification
126	MHP Kuthmarg-I	Kulgam	1.1	No action after identification
127	MHP Kuthmarg-III	Kulgam	1.1	No action after identification
128	MHP Zumistan-I	Kulgam	0.9	No action after identification
129	MHP Sarbal-Ganderbal	Ganderbal	2	No action after identification
130	MHP Kokran-Ganderbal	Ganderbal	1.8	No action after identification
131	MHP Fressnag	Budgam	1.5	No action after identification
132	MHP Banihal-II	Ramban	1.3	No action after identification
133	MHP Bathard	Poonch	1.2	No action after identification
134	MHP Phagla stage-II	Poonch	1.5	No action after identification
135	MHP Sewa	Kishtwar	1.4	No action after identification
136	MHP Malwar	Kishtwar	2	No action after identification
137	MHP Pahal-Gawra-I	Kishtwar	2	No action after identification

Sl. No.	Name of Project	District	Capacity (in MWs)	Status
138	MHP Pahal-Gawra-II	Kishtwar	2	No action after identification
139	MHP Rehal-Thal	Kishtwar	1.9	No action after identification
140	MHP Sarthal	Kishtwar	1.8	No action after identification
141	MHP Kalrood Bani	Kathua	0.75	No action after identification
142	MHP Beerdu Neeru-II	Doda	1.5	No action after identification
143	MHP Silwadi-I	Kishtwar	1.9	No action after identification
144	MHP Silwadi-II	Kishtwar	1.1	No action after identification
145	MHP Keshwan	Kishtwar	2	No action after identification
146	MHP Singpora-II	Kishtwar	1.5	No action after identification
147	MHP Sinpora-III	Kishtwar	1.75	No action after identification
148	MHP. Singpora-IV	Kishtwar	2	No action after identification
149	MHP Sigdi	Kishtwar	1.9	No action after identification
150	MHP Khawria	Kishtwar	1.6	No action after identification
151	MHP Naidgam-II	Kishtwar	1.8	No action after identification
152	MHP Naidgam-I	Kishtwar	1.75	No action after identification
153	MHP Sarthal-III	Kishtwar	2	No action after identification
154	MHP Pogal-II	Ramban	2	No action after identification
155	MHP Singpora-I	Kishtwar	1.5	No action after identification
156	MHP Singpora-V	Kishtwar	1.1	No action after identification
157	MHP Upper Arai	Poonch	0.9	No action after identification
158	MHP Budhal-III	Rajouri	1.85	No action after identification
159	MHP Budhal-I	Rajouri	1.8	No action after identification
160	MHP Budhal-II	Rajouri	1.8	No action after identification
161	MHP Sonder valley	Kishtwar	1.5	No action after identification
162	MHP Poshana	Poonch	1.4	No action after identification
163	Thasjwas	Ganderbal	0.1	No action after identification
164	Reshipora	Anantnag	0.04	No action after identification
165	Frislan	Anantnag	0.1	No action after identification

Sl. No.	Name of Project	District	Capacity (in MWs)	Status
166	Mundilan	Anantnag	0.05	No action after identification
167	Chakura	Anantnag	0.1	No action after identification
168	MHP Sofanaman	Shopian	0.02	No action after identification
169	Mani Kha	Bandipora	0.1	No action after identification
170	Dandipora	Anantnag	0.05	No action after identification
171	Daksum	Anantnag	0.1	No action after identification
172	Nunwan	Anantnag	0.1	No action after identification
173	Ganeshbal	Anantnag	0.1	No action after identification
174	Pati halon	Anantnag	0.05	No action after identification
175	Hanjipora	Kulgam	0.04	No action after identification
176	Magray Mohalla	Pulwama	0.02	No action after identification
177	Botakolan	Ganderbal	0.1	No action after identification
178	Zogokharian	Budgam	0.1	No action after identification
179	Zogokharian (Khan Mohalla)	Budgam	0.05	No action after identification
180	Choolan-A	Baramulla	0.1	No action after identification
181	Choolan-B	Baramulla	0.05	No action after identification
182	Kokernar (Palera)	Poonch	0.05	No action after identification
183	Saujjan-B	Poonch	0.1	No action after identification
184	Gali Maidan	Poonch	0.1	No action after identification
185	Loren mandi-I	Poonch	0.1	No action after identification
186	Loren Mandi-II	Poonch	0.1	No action after identification
187	Azamabad	Poonch	0.1	No action after identification
188	Lower Gagrian	Poonch	0.1	No action after identification
		Total (MW)	305.37	

Annexure 9.1
Statement showing idle payment of rent due to delay in shifting in newly hired premises
(Refer Paragraph: 9.3.3)

Sl. No.	Name of the B/ U	Date of the Lease Agreement	Date of Start of payment of Rent	Date of start of operations at the newly hired Premises	Delay in shifting/ operation in months	Idle rent payment (₹ in lakh)	Reasons for delay
1	Connaught Place, New Delhi	22-06-2018	01-11-2018	27-04-2019	6	69.62	The possession of the premises was taken on 31 August 2018 and rent payment started w.e.f November 2018. However, there was delay in award and execution of civil/interior works of the premises as the Work Order was issued only in November 2018 and the work was completed in April 2019 with a delay of 106 days against the schedule completion of 45 days.
2	Sanjay Place, Agra	27-02-2017	27-04-2017	01-02-2018	9	25.11	For execution of civil interior works, the Bank issued (January 2017) the work order with a schedule completion of 60 days from the date of start of work. The work was, however, completed in June 2017 after a delay of 70 days. Even after completion of work, the BU could not start its operation and the same were started in February 2018.
3	Aminabad Lucknow	14-06-2017	15-08-2017	October 2017	1.5	2.63	The work order for civil interior/ furniture and electrical works was issued on 20 May 2017 with a schedule completion of 60 days from the date of start of work. The work was, however, completed on 5 January 2018 after a delay of 158 days.
4	Bhadhoi	26-12-2018	02-2019	June 2019	4	2.48	The work order for civil interior/ furniture and electrical works was issued on 15 March 2019 with a schedule completion of 75 days from the date of start of work. The work was, however, completed on 2 April 2020 after a delay of 297 days.

Sl. No.	Name of the B/ U	Date of the Lease Agreement	Date of Start of payment of Rent	Date of start of operations at the newly hired Premises	Delay in shifting/ operation in months	Idle rent payment (₹ in lakh)	Reasons for delay
5	Vikas Marg	23-08-2017	November 2017	December 2017	1	3.50	The work order for civil interior/ furniture and electrical works was issued on 23 August 2017 with a schedule completion of 45 days from the date of start of work. The work was, however, completed on 5 January 2018 after a delay of 57 days.
6	Roorkee	06-04-2016	July 2016	03-06-2017	11	11.92	The agreement was entered into in April 2016 and the rent payment was started in July 2016. However, there was delay of 11 months in start of operations from the premises.
7	Nashik	01-02-2021	01-04-2021	30-12-2021	6	14.20	The furnishing work was awarded in March 2021 with scheduled completion in 75 days. However, due to rise in COVID-19 cases, the work was stopped and after resuming work in July 2021, the work was finally completed in December 2021.
8	Ahmad Nagar	21-11-2020	17.11.2021	Not yet shifted	4	1.37	The Bank was undergoing complete revamp of its interior development specification and the work was under progress (April 2022).
9	Badami Bagh Cantonment	28-04-2016	23-02-2017	June 2017	3	7.50	The work order for civil interior/ furniture, electrical and mechanical works was issued on 16 November 2016 with a schedule completion of 75 days from the date of start of work. The work was, however, completed on 3 June 2017 after a delay of 95 days.
10	CD Hospital, Srinagar	12-01-2016	February 2016	25-11-2016	10	7.00	The development work was completed during November 2016 and subsequently BU was shifted.
11	BU Premium Branch (Cluster office),	14-12-2017	14-12-2017	01-02-2021	38	80.49	The work order was issued on 29 September 2018 with a schedule completion of 120 days from the

Sl. No.	Name of the B/ U	Date of the Lease Agreement	Date of Start of payment of Rent	Date of start of operations at the newly hired Premises	Delay in shifting/ operation in months	Idle rent payment (₹ in lakh)	Reasons for delay
	Barzulla, Srinagar						date of start of work. The work was, however, completed on 15 March 2020 after a delay of 392 days. There was further delay in start of operation by more than 10 months.
12	International Banking Division (TRC), Srinagar	29-05-2018	29-05-2018	30-01-2022	44	107.10	The work order was issued on 13 November 2018 with a schedule completion of 60 days from the date of start of work. The work was, however, completed on 2 December 2020 after a delay of 678 days. There was further delay in start of operation by 14 months.
13	Magarmal Bagh	09-05-2017	13-06-2017	31-12-2018	18	24.68	The work order was issued on 9 August 2017 with a schedule completion of 90 days from the date of start of work. The work was, however, completed on 1 January 2019 after a delay of 362 days.
14	PC Deport	05-11-2016	15-05-2017	12-03-2018	10	9.19	The work order was issued on 24 May 2017 with a schedule completion of 90 days from the date of start of work. The work was, however, completed on 3 January 2018 after a delay of 126 days. Further, there was delay in start of operation by two month as the same could only be started in March 2018.
15	BU (Women's Branch), Jawahar Nagar, Srinagar	01-05-2017	01-05-2017	29-06-2018	14	76.73	The work order was issued on 7 July 2017 with a schedule completion of 120 days from the date of start of work. The work was, however, completed on 2 January 2018 after a delay of 46 days. There was further delay in start of operation by six months.

Sl. No.	Name of the B/ U	Date of the Lease Agreement	Date of Start of payment of Rent	Date of start of operations at the newly hired Premises	Delay in shifting/ operation in months	Idle rent payment (₹ in lakh)	Reasons for delay
16	Tengpora, Srinagar	30-10-2019	12-06-2020	Not yet shifted	21	7.36	After entering into lease agreement in October 2019, the engineering wing, CHQ was asked for development of BU in December 2019, i.e. after a delay of two months but in year 2020, CHQ decided against opening of this BU, however in year 2021 approval was again granted from CHQ for reopening the BU.
17	Nud Samba	01-12-2018	01-12-2018	02-11-2019	11	1.25	The work order was issued on 22 January 2019 with a schedule completion of 60 days from the date of start of work. The work was, however, completed on 2 May 2019 after a delay of 29 days. There was further delay in start of operation by 6 months as the operations were started in November 2019.
18	Baggan, Kathua	06-04-2018	01-04-2018	03-01-2020	21	0.63	The work order was issued on 28 September 2018 with a schedule completion of 45 days from the date of start of work. The work was, however, completed on 1 January 2019 after a delay of 46 days. There was further delay in start of operation by 12 months as the same could only be started in January 2020.
19	Bani	30-11-2017	01-12-2017	31-07-2018	8	2.40	The work order was issued on 27 February 2018 with a schedule completion of 60 days from the date of start of work. The work was, however, completed on 10 January 2019, i.e. after a delay of 193 days.
20	Ding Amb Kathua	08-08-2016	08-08-2018	31-12-2018	5	0.35	The work order was issued on 28 September 2018 with a schedule completion of forty 45 days from the date of start of work. The work was, however, completed on 12 January 2019 after a delay of 45 days.

Sl. No.	Name of the B/ U	Date of the Lease Agreement	Date of Start of payment of Rent	Date of start of operations at the newly hired Premises	Delay in shifting/ operation in months	Idle rent payment (₹ in lakh)	Reasons for delay
21	Kohag	17-08-2018	01-09-2018	03-01-2020	16	0.90	The work order was issued on 5 November 2018 with a schedule completion of 45 days from the date of start of work. The work was, however, completed on 2 April 2019 after a delay of 88 days. There was further delay in start of operation by 9 months as the same could only be started in January 2020.
22	Marheen	18-02-2020	01-03-2020	26-08-2021	18	6.20	The work order was issued on 16 January 2021 with a schedule completion of 70 days from the date of start of work. The work was, however, completed on 9 August 2021 after a delay of 83 days.
23	S.M. Amritsar	18-06-2018	01-09-2018	28-12-2018	4	3.75	The work order was issued on 1 August 2018 with a schedule completion of 45 days from the date of start of work. The work was, however, completed on 1 January 2019 after a delay of 77 days.
24	Patiala	28-06-2016	01-08-2016	03-06-2017	10	10.00	The work order was issued on 20 October 2016 with a schedule completion of 60 days from the date of start of work. The work was, however, completed on 28 February 2017 after a delay of 10 days. There was further delay in start of operation by 3 months as the same could only be started in June 2017.
25	Solan	04-04-2016	01-09-2016	03-06-2017	9	7.12	The work order was issued on 25 May 2016 with a schedule completion of 60 days from the date of start of work. The work was, however, completed on 25 October 2016 after a delay of 16 days. There was further delay in start of operation by 7 months as the same could only be started in June 2017.

Sl. No.	Name of the B/ U	Date of the Lease Agreement	Date of Start of payment of Rent	Date of start of operations at the newly hired Premises	Delay in shifting/ operation in months	Idle rent payment (₹ in lakh)	Reasons for delay
26	Zirakpur	08-02-2016	27-04-2016	09-11-2016	6	8.61	The agreement was entered into in February 2016 and the rent payment was started in April 2016. However, there was delay of six months in start of operations from the premises.
27	Basohli	02-11-2016	02-11-2016	26-12-2017	14	6.89	The work order for civil interior and furniture works was issued on 25 May 2017 with a schedule completion of 75 days from the date of start of work. The work was, however, completed on 02 January 2018 after a delay of 96 days.
28	Billawar	03-11-2016	03-11-2016	01-01-2018	14	5.30	The work order for civil interior/ furniture and electrical works was issued on 25 May 2017 with a schedule completion of 75 days from the date of start of work. The work was, however, completed on 1 January 2018 after a delay of 138 days.
29	Chan Arorian	08-05-2019	08-05-2019	05-08-2021	27	8.15	The work order was issued on 11 December 2020 with a schedule completion of 70 days from the date of start of work. The work was, however, completed on 02 April 2021. There was delay in start of operation by four month as the same could only be started in August 2021.
30	Batala	14-09-2016	07-10-2016	02-01-2017	3	1.34	The work order was issued on 04 October 2016 with a schedule completion of 60 days from the date of start of work. The work was, however, completed on 25 November 2016 without delay. There was delay in start of operation by one month as the same could only be started in January 2017.
Total						513.77	

Appendix 9.2

**Details of work orders where penalty was not recovered from the contractors on account of delay in execution of work
(Refer Paragraph: 9.4.1)**

Sl. No.	Work Order No.	Name of the contractor	Date of Work order	Value of Work (₹ in lakh)	Delay (days)	Penalty for delay (₹ in lakh)
1.	5	M/s Syed Ishfaq Rufaie	04-Apr-16	21.88	11	0.12
2.	46	M/S Jay Ehh Constructions	18-Apr-16	44.68	142	3.17
3.	59	M/s New Hi-tech Works	21-Apr-16	124.42	58	3.61
4.	72	M/s Wimcom Enterprises	25-Apr-16	16.64	220	1.66
5.	96	M/s Mannu Lal & Sons	06-May-16	20.10	101	1.02
6.	106	M/s Sunil Gupta	07-May-16	36.07	102	1.84
7.	118	M/s. Global Engineers	11-May-16	24.29	312	2.43
8.	119	M/S M A Enterprises	11-May-16	85.64	337	8.56
9.	959	Ms Percept Builders	16-May-16	20.15	144	1.45
10.	128	M/s Vector Projects	17-May-16	118.92	199	11.83
11.	129	M/s Turnkey Electrical Engineers	17-May-16	23.99	129	1.55
12.	130	M/s Allied Engineering	17-May-16	10.64	103	0.55
13.	152	M/s Shah Rauf	25-May-16	25.15	159	2.00
14.	158	M/S Zaffar & Co	25-May-16	16.64	95	0.79
15.	162	M/s Shah Rauf	25-May-16	28.42	369	2.84
16.	169	Ms Sunil Gupta	27-May-16	27.33	77	1.05
17.	174	Ms Mannu Lal & Sons	25-May-16	27.82	16	0.22
18.	211	M/s Silver glades Golf Development Co Pvt Ltd JV with M/s Sofi & Co	01-Jun-16	2,291.90	251	229.19
19.	212	M/s Shah Raouf	09-Jun-16	27.67	181	2.50
20.	222	M/s Allied Incon	14-Jun-16	43.16	115	2.48
21.	233	M/s Wimcom Enterprises	16-Jun-16	26.17	142	1.86
22.	234	M/S Wood Art	16-Jun-16	11.99	139	0.83
23.	238	M/s ANS Projects	16-Jun-16	19.50	39	0.38
24.	250	M/s Opec Interiors & Exteriors	17-Jun-16	14.36	108	0.78
25.	262	Ms Noor Interiors	04-Jun-16	167.00	272	16.70

Sl. No.	Work Order No.	Name of the contractor	Date of Work order	Value of Work (₹ in lakh)	Delay (days)	Penalty for delay (₹ in lakh)
26.	263	Ms ANS Projects	23-Jun-16	14.76	62	0.46
27.	273	M/s Mohd Mussa	27-Jun-16	224.74	670	22.47
28.	278	M/s Md Mukhtiar Ganai	30-Jun-16	15.12	12	0.09
29.	297	M/s Pace interiors	26-Jul-16	40.45	19	0.38
30.	299	M/s Mannu Lal & Sons	26-Jul-16	32.97	27	0.45
31.	315	M/s SPSS Constructions	06-Aug-16	27.78	6	0.08
32.	316	Ms Aqua Proofing Aids	06-Aug-16	28.96	6	0.09
33.	318	M/s Sudesh Bharat Kalsi	06-Aug-16	45.23	201	4.52
34.	329	M/s Karan Enterprises	09-Aug-16	44.19	148	3.27
35.	335	M/s Aqua Proofing Aids	09-Aug-16	76.67	252	7.67
36.	357	Ms Sudesh Bharat Kalsi	24-Aug-16	34.39	11	0.19
37.	369	Ms Noor Interiors	30-Aug-16	42.11	137	2.88
38.	370	Ms JK Automation	30-Aug-16	15.04	605	1.50
39.	378	M/s Digitech Infocom Pvt Ltd	06-Sep-16	25.54	122	1.56
40.	381	Ms Pace Interiors	06-Sep-16	21.76	31	0.34
41.	382	M/s Digitech Infocom Pvt Ltd	06-Sep-16	26.98	112	1.51
42.	386	M/s Deepak Goswami	08-Sep-16	16.58	85	0.70
43.	402	M/s Percept Builders	17-Sep-16	39.44	55	1.08
44.	422	M/s Pace Interiors	28-Sep-16	33.57	32	0.54
45.	406 & 27	M/s Noor Interiors	20-Sept-16 & 07-Mar-17	66.34	47	1.56
46.	419	M/s ANS Projects	28-Sep-16	24.40	182	2.22
47.	424	M/s Riyaz Ahmad Kanth	28-Sep-16	244.23	410	24.42
48.	454	M/s Suhail Rasool Gadyari	18-Oct-16	42.00	17	0.36
49.	458	Ms Mannu Lal & Sons	20-Oct-16	28.77	10	0.14
50.	465	M/s Mannu Lal & Sons	24-Oct-16	47.49	216	4.75
51.	475	M/s SPSS Constructions	26-Oct-16	24.42	101	1.23
52.	512	M/s Weas Enterprises	16-Nov-16	58.8	45	1.32
53.	513	M/s Bhat Engineering works	16-Nov-16	10.08	45	0.23
54.	1	M/s Rajkumar Bansilal Jain	07-Dec-16	22.42	47	0.53

Sl. No.	Work Order No.	Name of the contractor	Date of Work order	Value of Work (₹ in lakh)	Delay (days)	Penalty for delay (₹ in lakh)
55.	5	M/s SPSS Constructions	07-Dec-16	43.54	51	1.11
56.	4	M/s Mohammad Ashraf Rather	08-Dec-16	10.23	1	0.01
57.	12	M/s opec Interiors & Exteriors	29-Dec-16	53.72	156	4.19
58.	16	M/s Ab Rahim Najar	07-Jan-17	10.06	13	0.07
59.	20	Ms Allied Incon	25-Jan-16	32.81	70	1.15
60.	1	M/s Riaz Ahmad Khan	07-Apr-17	67.89	311	6.79
61.	8	M/s Mohammad Sidiq	15-May-17	10.75	8	0.04
62.	11	M/s Qasi Masood Ahmad	19-May-17	21.46	137	1.47
63.	12	M/s Allied Incon	20-May-17	30.56	158	2.41
64.	16	M/s Iqbal wood Industry	24-May-17	35.28	135	2.37
65.	21	M/s NK Traders	24-May-17	56.08	99	2.78
66.	23	M/s Opec Interiors and exteriors	24-May-17	26.82	110	1.48
67.	26	M/s TA Enterprises	24-May-17	51.74	95	2.46
68.	37	M/s Weas Enterprises	24-May-17	58.22	126	3.67
69.	44	M/s Riyaaaz A Kanth	24-May-17	21.22	154	1.63
70.	58	M/s Deepak Goswami	25-May-17	49.00	96	2.35
71.	61	M/s Karan Enterprises	25-May-17	31.98	149	2.38
72.	62	M/s Aqua Proofing Aids	25-May-17	23.20	136	1.58
73.	65	M/s Pace Interiors	25-May-17	50.31	138	3.47
74.	68	M/s Sunil Gupta Contractors	25-May-17	23.66	316	2.37
75.	71	M/s Wood Art	25-May-17	13.78	140	0.96
76.	74	M/s Mannu Lal & sons	25-May-17	55.02	81	2.23
77.	75	M/s Unique Enterprises	25-May-17	10.14	122	0.62
78.	76	M/s Raj Kumar Bansi Lal Jain	25-May-17	22.18	156	1.73
79.	78	M/s Sudesh Bharat Kalsi	26-May-17	11.80	241	1.18
80.	96	M/s Digitech Systems & Infocom Pvt.Ltd.	26-May-17	22.41	198	2.22
81.	98	M/s Percept Builders India P.Ltd	26-May-17	27.10	132	1.79
82.	108	M/s Mukhtar Ganie	29-Jun-17	20.50	116	1.19
83.	111	M/s Farooq Ahmad Mugloo	29-Jun-17	16.72	125	1.05

Sl. No.	Work Order No.	Name of the contractor	Date of Work order	Value of Work (₹ in lakh)	Delay (days)	Penalty for delay (₹ in lakh)
84.	116	M/s Syed Ishfaq Rufaie	30-Jun-17	25.73	110	1.42
85.	117	M/s Iqra Furniture	30-Jun-17	11.79	47	0.28
86.	121	M/s Firdous Buch	30-Jun-17	20.64	115	1.19
87.	132	M/s Jay Ehh constructions	03-Jul-17	35.58	97	1.73
88.	134	M/s Noor interiors	07-Jul-17	233.00	37	4.34
89.	138	M/s Noor Interiors	12-Jul-17	131.06	40	2.64
90.	139	M/s Top Mind Industries	12-Jul-17	18.00	56	0.50
91.	141	M/s Bashir Ahmad Sofi	14-Jul-17	22.18	107	1.19
92.	142	M/s Farooq Ahmad Dar	14-Jul-17	15.11	101	0.76
93.	157	M/s Creative league	09-Aug-17	10.08	362	1.01
94.	160	M/s Deepak Goswami	11-Aug-17	12.33	110	0.68
95.	166	M/s Highway Enterprises	22-Aug-17	24.66	88	1.09
96.	167	M/s Shah Raouf	22-Aug-17	38.47	56	1.08
97.	168	M/s Wood Art	22-Aug-17	18.71	48	0.45
98.	170	M/s Waris Ali	23-Aug-17	27.86	30	0.42
99.	177	M/s Sudesh Bharat Kalsi	01-Sep-17	43.29	159	3.44
100.	178	M/s Highway Enterprises	05-Sep-17	35.02	66	1.16
101.	181	M/s Sofi & Co	19-Sep-17	10.00	226	1.00
102.	183	M/s Pace Interiors	28-Sep-17	45.44	28	0.64
103.	184	M/s Deepak Goswami	03-Oct-17	37.95	236	3.80
104.	210	M/s Mohammad Moosa	25-Oct-17	129.00	961	12.90
105.	213	M/s Sunil Gupta	14-Nov-17	24.51	217	2.45
106.	214	M/s Noor Interiors	15-Nov-17	96.80	157	7.60
107.	215	M/s Aqua Proofing Aids	15-Nov-17	22.63	83	0.94
108.	217	M/s ANS project	15-Nov-17	18.90	94	0.89
109.	218	M/s Raj Kumar Bansi Lal Jain	15-Nov-17	33.97	272	3.40
110.	219	M/s Allied Incon	15-Nov-17	63.45	61	1.94
111.	220	M/s Noor interiors	15-Nov-17	192.48	226	19.25
112.	231	M/s Deepak Goswami	21-Nov-17	32.85	158	2.60

Sl. No.	Work Order No.	Name of the contractor	Date of Work order	Value of Work (₹ in lakh)	Delay (days)	Penalty for delay (₹ in lakh)
113..	240	M/s Pace Interiors	24-Nov-17	14.01	46	0.32
114.	247	M/s Aqua Proofing Aids	07-Dec-17	16.81	24	0.20
115.	251	M/s Allied Incon (P) Ltd	16-Jan-18	36.70	66	1.21
116.	257	M/s Mohammad Sidiq	19-Jan-18	11.11	25	0.14
117.	260	M/s ANS project	19-Jan-18	11.43	4	0.02
118.	262	M/s Karan Enterprises	19-Jan-18	26.90	25	0.34
119.	271	M/s Noor Interiors	23-Jan-18	41.47	143	2.97
120.	277 & 205	M/s Sudesh Bharat Kalsi	08-Feb-18 & 29-Oct-18	159.24	292	15.92
121.	284	M/s ANS project	19-Feb-18	24.32	71	0.86
122.	285	M/s Mannu Lal & sons	19-Feb-18	30.92	40	0.62
123.	294	M/s Deepak Goswami	27-Feb-18	51.61	98	2.53
124.	295	M/s Digitech Systems & Infocom Pvt.Ltd.	27-Feb-18	43.3	193	4.18
125.	302	M/s Noor Interiorrs	06-Mar-18	11.85	84	0.50
126.	305	M/s Noor Interiors	14-Mar-18	94.69	21	0.98
127.	306	M/s Kanwar Designers and Developers	14-Mar-18	46.84	171	4.00
128.	2	M/s Mohammad Sidiq Bhat	17-May-18	20.01	22	0.22
129.	3	M/s Sofi and Co	09-Jun-18	58.76	44	1.29
130.	7	M/s Shabir Ahmad Reshi	14-Jun-18	20.53	85	0.87
131.	10	M/s Eye Q Business & Services	20-Jun-18	31.82	134	2.13
132.	11	M/s Iqra Furniture	20-Jun-18	12.60	84	0.53
133.	14	M/s Deepak Goswami	27-Jun-18	29.42	90	1.32
134.	17	M/s Sharat Puri Contractors	04-Jul-18	1130.59	400	113.06
135.	19	M/s Highway Enterprises	31-Jul-18	28.51	108	1.54
136.	24	M/s Weas Enterprises	30-Jul-18	79.55	272	7.96
137.	25	M/s Top Mind Industries	30-Jul-18	10.77	249	1.08
138.	30	M/s Mohammad Yaseen shah	30-Jul-18	25.70	21	0.27
139.	31	M/s Miraj Joinery Mills	30-Jul-18	12.40	14	0.09
140.	34	M/s Jay Ehh constructions	30-Jul-18	69.10	147	5.08
141.	36	M/s Arr Kay Furnitures	30-Jul-18	34.42	125	2.16

Sl. No.	Work Order No.	Name of the contractor	Date of Work order	Value of Work (₹ in lakh)	Delay (days)	Penalty for delay (₹ in lakh)
142.	38	M/s Mohammad Altaf Magray	30-Jul-18	29.70	48	0.71
143.	47	M/s Farooq Ahmad Mugloo	30-Jul-18	21.11	17	0.18
144.	48	M/s Hollywood Art	30-Jul-18	11.90	72	0.43
145.	51	M/s Pace Interiors	30-Jul-18	61.30	83	2.54
146.	52	M/s Eye Q Business & Services	30-Jul-18	36.68	299	3.67
147.	53	M/s Miraj Joinery Mills	30-Jul-18	12.21	139	0.85
148.	55	M/s Bashir Ahmad Sofi	30-Jul-18	18.12	79	0.72
149.	62	M/s Shah Raouf	31-Jul-18	24.74	55	0.68
150.	66	M/s Mohammad Sidiq Bhat	31-Jul-18	36.90	93	1.72
151.	69	M/s Suhail Rasool Gadyari	31-Jul-18	39.11	92	1.80
152.	75	M/s wahid M. Drabu	01-Aug-18	18.71	13	0.12
153.	82	M/s Mannu Lal & sons	01-Aug-18	32.21	77	1.24
154.	83	M/s Riaz Ahmad Khan	01-Aug-18	19.00	133	1.26
155.	86	M/s Digitech Solutions	01-Aug-18	28.16	62	0.87
156.	87	M/s Zaffar & Co	01-Aug-18	19.19	73	0.70
157.	90	M/s Riyaz Ahmad Kanth	01-Aug-18	19.00	5	0.05
158.	96	M/s Iffan interiors	01-Aug-18	32.08	55	0.88
159.	98 & 309	M/s Sofi and Co	08-Feb-18 & 16-Feb-19	148.33	179	13.28
160.	99	M/s Opec interiors & Exteriors	03-Aug-18	63.20	12	0.39
161.	102	M/s Farooq Ahmad Dar	03-Aug-18	33.01	70	1.16
162.	123	M/s Farooq Ahmad Dar	28-Aug-18	15.33	89	0.68
163.	129	M/s Highway Enterprises	28-Aug-18	14.98	159	1.19
164.	161	M/s ANS Projects	28-Sep-18	25.80	158	2.04
165.	163	M/s Percept Builders India Pvt. Ltd	28-Sep-18	18.19	46	0.42
166.	165	M/s Sabah constructions	28-Sep-18	22.52	45	0.51
167.	166	M/s Sunil Gupta Contractors	28-Sep-18	26.08	242	2.61
168.	168	M/s Aqua Proofng Aids	29-Sep-18	42.76	32	0.68
169.	169	M/s TA Enterprises	29-Sep-18	37.41	113	2.11
170.	170	M/s Shah Raouf	29-Sep-18	24.22	159	1.93

Sl. No.	Work Order No.	Name of the contractor	Date of Work order	Value of Work (₹ in lakh)	Delay (days)	Penalty for delay (₹ in lakh)
171.	175	M/s Noor interiors	29-Sep-18	74.21	120	4.45
172.	177	M/s Ess Que Furniture works	01-Oct-18	53.99	833	5.40
173.	179	M/s Highway Enterprises	01-Oct-18	22.57	223	2.26
174.	181	M/s Mohammad Mukhtar Ganaie	01-Oct-18	10.03	248	1.00
175.	185	M/s M.Z Enterprises	03-Oct-18	43.37	93	2.02
176.	189	M/s Highway Enterprises	12-Oct-18	28.45	215	2.85
177.	191	M/s Riyaz Ahmad Kanth	12-Oct-18	17.40	191	1.66
178.	192	M/s Miraj Joinery Mills	12-Oct-18	11.14	120	0.67
179.	196	M/s Noor interiors	15-Oct-18	32.24	58	0.93
180.	197	M/s Syed Danish Rufae	17-Oct-18	102.86	171	8.79
181.	204	M/s Deepak Goswami	24-Oct-18	25.90	92	1.19
182.	206	M/s Allied Incon Pvt Ltd	01-Nov-18	36.00	106	1.91
183.	207	M/s Noor interiors	01-Nov-18	175.61	250	17.56
184.	208	M/s Global Engineering	01-Nov-18	38.00	52	0.99
185.	209	M/s Noor interiors	02-Nov-18	23.14	196	2.27
186.	211	M/s Allied Incon Pvt Ltd	02-Nov-18	102.55	168	8.61
187.	212	M/s Percept Builders	05-Nov-18	22.24	88	0.98
188.	219	M/s Mohammad Ashraf Rather	06-Nov-18	12.12	15	0.09
189.	226	M/s Suhail Rasool Gadyari	08-Nov-18	11.90	41	0.24
190.	245	M/s Raj Kumar Bansi Lal	17-Nov-18	26.42	120	1.59
191.	247	M/s Shabir Ahmad Reshi	17-Nov-18	18.81	80	0.75
192.	253	M/s Aar Aee Furniture works	01-Dec-18	28.33	204	2.83
193.	256	M/s Eye Q Business & Services	10-Dec-18	66.20	293	6.62
194.	270	M/s Iqbal Wood Industries	27-Dec-18	12.69	147	0.93
195.	271	M/s Sunil Gupta	27-Dec-18	31.73	141	2.24
196.	272	M/s Digitech Systems and Infocom Pvt Ltd	27-Dec-18	13.56	113	0.77
197.	277	M/s Aqua Proofng Aids	05-Jan-19	25.64	63	0.81
198.	278	M/s M.A Enterprises	10-Jan-19	46.69	43	0.99
199.	279	M/s Riyaz Ahmad Khan	11-Jan-19	29.75	102	1.52

Sl. No.	Work Order No.	Name of the contractor	Date of Work order	Value of Work (₹ in lakh)	Delay (days)	Penalty for delay (₹ in lakh)
200.	288	M/s Noor interiors	22-Jan-19	25.87	179	2.31
201.	289	M/s Mannu Lal & sons	22-Jan-19	32.56	29	0.47
202.	290	M/s Karan Enterprises	22-Jan-19	26.11	24	0.31
203.	292	M/s Nasrullah Jan	25-Jan-19	12.44	74	0.46
204.	304	M/s Mohammad Ashraf Rather	16-Feb-19	33.24	174	2.89
205.	305	M/s Percept Builders India Private Limited	16-Feb-19	25.37	92	1.17
206.	307	M/s Alaihi Constructions Pvt Ltd	16-Feb-19	144.60	94	6.80
207.	308	M/s Pace Interiors	16-Feb-19	31.75	81	1.29
208.	313	M/S Munixs Electricals	18-Feb-19	10.15	95	0.48
209.	317	M/s Mannu Lal & sons	20-Feb-19	58.73	52	1.53
210.	319	M/s Sharat Puri Contractors	20-Feb-19	100.00	570	10.00
211.	326	M/s Raj Kumar Bansi Lal Jain	12-Mar-19	11.46	59	0.34
212.	327	M/s Mohammad Sidiq Bhat	14-Mar-19	10.73	75	0.40
213.	329	M/s M.A Enterprises	15-Mar-19	69.09	293	6.91
214.	330	M/s Noor interiors	16-Mar-19	95.82	234	9.58
215.	331	M/s Malik Sajid Shafi	18-Mar-19	12.97	66	0.43
216.	338	M/S Sabah Construction M/s Sunil Gupta	29-Mar-19	27.39	130	1.78
217.	8	M/s Karan Enterprises	16-Apr-19	18.30	17	0.16
218.	9	M/s Mannu Lal and sons	16-Apr-19	14.59	65	0.47
219.	11	M/s Shah Rouf	19-Apr-19	11.24	44	0.25
220.	13	M/s Suhail Rasool Gadyari	19-Apr-19	12.39	38	0.24
221.	26	M/s Bashir Ahmad Sofi	15-May-19	10.41	3	0.02
222.	49	M/s Deepak Goswami	30-May-19	13.28	640	1.33
223.	32	M/s Highway Enterprises	16-Oct-20	47.19	68	1.60
224.	61	M/s Mannu Lal & Sons	11-Dec-20	13.66	29	0.20
225.	62	M/s Mannu Lal & Sons	11-Dec-20	9.85	29	0.14
226.	63	M/s Mannu Lal & Sons	11-Dec-20	5.45	29	0.08
227.	67	M/s Sudesh Bharat Kalsi	11-Dec-20	13.70	29	0.20
228.	68	M/s Mannu Lal & Sons	11-Dec-20	7.28	49	0.18

Sl. No.	Work Order No.	Name of the contractor	Date of Work order	Value of Work (₹ in lakh)	Delay (days)	Penalty for delay (₹ in lakh)
229.	69	M/s Mannu Lal & Sons	11-Dec-20	4.60	29	0.07
230.	70	M/s Digitech Systems & Infocom Pvt. Ltd.	18-Dec-20	10.53	4	0.02
231.	71	M/s Sudesh Bharat Kalsi	18-Dec-20	5.68	33	0.09
232.	72	M/s Ram Electric works	18-Dec-20	5.73	4	0.01
233.	78	M/S Chintpurni Trading Co.	22-Dec-20	6.70	29	0.10
		Total				876.53

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