सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Social, General, Economic and Revenue Sectors for the year ended 31 March 2019

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

JAMMU & KASHMIR

Government of Jammu and Kashmir

Report No. 1 of the year 2021

Report of the
Comptroller and Auditor General of India

on

Social, General, Economic and Revenue Sectors

for the year ended 31 March 2019

Government of Jammu and Kashmir
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PREFACE

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

This Report contains three parts.

Part I: Social, General and Economic (Non-PSUs) Sectors

This part contains significant results of compliance audit of the departments/ autonomous bodies of the Government of Jammu and Kashmir under the Social, General and Economic (Non-Public Sector Undertakings) Sectors

Part II: Revenue Sector

This part contains significant findings of audit of receipts and expenditure of major revenue earning departments.

Part III: Public Sector Undertakings

This part deals with the results of test audit of Government Companies and Statutory Corporations for the year ended March 2019.

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 Section 619 of the Companies Act 1956 and Sections 139 and 143 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 2018-19 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 2018-19 have also been included, wherever necessary.

The audit has been conducted as per provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Part I and **II** of this Report are placed before the Legislature under Article 151 (2) of the Constitution of India while **Part III** is submitted to the Legislature under Section 19 (A) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Overview

OVERVIEW

This Report in three parts, covers audit findings on the departments/ autonomous bodies under the Social, General and Economic (Non-Public Sector Undertakings) Sectors (Part I), the offices of Revenue Sector (Part II), and Public Sector Undertakings (Part III) of Government of Jammu and Kashmir. The combined revenue implication of this Report is ₹ 949.03 crore.

Part I: Social, General and Economic (Non-PSUs) Sectors

Part I of the Report contains nine paragraphs involving ₹ 192.47 crore relating to Management of Bank Accounts, unfruitful expenditure, unauthorised payment of idle salary, etc. Some of the major findings are mentioned below:

The total expenditure[1] of the State increased from ₹ 34,550 crore to ₹ 64,572 crore during the period from 2014 to 2019, while the revenue expenditure increased by 91 *per cent* from ₹ 29,329 crore in 2014-15 to ₹ 56,090 crore in 2018-19 during the same period. Non-Plan/ Normal revenue expenditure increased by 102 *per cent* from ₹ 26,457 crore to ₹ 53,578 crore and capital expenditure increased by 64 *per cent* from ₹ 5,134 crore to ₹ 8,413 crore during the period from 2014 to 2019. The revenue expenditure constituted 80 *per cent* to 87 *per cent* of the total expenditure during the years from 2014 to 2019 and capital expenditure 13 *per cent* to 20 *per cent*.

(Paragraph: 1.2)

Compliance Audit

Non-establishment of Model Schools

Failure of the Education Department to take timely action for utilisation of amounts received from the Government of India (GoI) for establishment of Model Schools at block level resulted in depriving quality education to the intended beneficiaries and non-utilisation of total available funds of ₹ 44.13 crore. The State Government contribution of ₹ 5.74 crore and interest accrued included in the available fund of ₹ 44.13 crore was also blocked, for ten years.

(Paragraph: 2.1)

Management of Bank Accounts in Government Departments

Government instructions issued from time to time on consolidation and streamlining of utilisation of funds retained in bank accounts of Drawing and Disbursing Officers (DDOs) were not strictly adhered to. Only a meagre amount of ₹ 64.10 crore was transferred from the redundant bank accounts of DDOs during the period December 2016 to February 2017. The accumulated balance in 1,138 bank accounts of 131 DDOs of three selected Government Departments increased from ₹ 116.41 crore to ₹ 399.94 crore during the period from 2014 to 2019. Increase in the accumulated balances was due to undisbursed funds of relief/ compensation to the victims of militancy, natural disasters, improper planning and non-completion of schemes, overstatement of expenditure in the Utilisation Certificates, retention of funds, retention of statutory deductions and land compensation outside the Government Account.

(Paragraph: 2.2)

[1] Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances.

Non collection/ short remittance of dues

Non-distribution of 1,30,121 ration cards printed during the period 2015 to 2018 to the consumers in 11 test-checked units of Food Civil Supplies and Consumer Affairs Department led to non collection of ₹ 1.07 crore as well as short remittance of ₹ 1.69 crore into Government Account.

(Paragraph: 2.3)

Unfruitful expenditure due to non-functional Solar Power Plants

Non-settlement of payment of Works Contract Tax (WCT) with the State Taxes Department rendered 128 Solar Power Plants installed at police establishments non-functional since September 2014 despite incurring expenditure of ₹ 9.70 crore between May 2014 to January 2015 and availability of maintenance free warranty.

(Paragraph: 2.4)

Wasteful expenditure on water storage tanks

Irrigation and Flood Control Department took up the execution of work on water storage tanks, without acquiring the private land and seeking prior clearance from Forest Department/ Defence Authority, resulting in wasteful expenditure of ₹ 3.67 crore.

(Paragraph: 2.5)

Unfruitful expenditure on Lift irrigation Scheme

Non-selection of suitable site for construction of pumping station before taking up execution of the works for lift irrigation scheme, by Executive Engineer, Irrigation and Flood Control Division, Sumbal led to revision of cost of the scheme and inability to arrange additional funds over a period of eight years for completion of scheme, rendered expenditure of ₹ 2.23 crore on the scheme unfruitful.

(Paragraph: 2.6)

Under-utilisation of mobile cranes fitted with weigh bridge testing kits

The Legal Metrology Department failed to engage driver/ trained staff for operating mobile cranes fitted with weigh bridge testing kits provided by GoI for an amount of ₹ 1.18 crore, resulting in their under-utilisation and defeating the intended purpose to modernise and transform the manual practice of calibration/ verification of weigh bridges.

(Paragraph: 2.7)

Unauthorised Payment of idle salary

Failure of the Power Development Department to either transfer Drivers/ Chauffeurs deployed in excess of sanctioned strength or utilise their services effectively resulted in unauthorised drawal and payment of idle salary of ₹ 79.46 lakh to Drivers/ Chauffeurs during the period from March 2015 to January 2019.

(Paragraph: 2.8)

Unfruitful expenditure and blocking of funds

Failure of Public Health Engineering Department to make the augmentation of water supply scheme functional over a period of seven years, resulted in unfruitful expenditure of ₹ 78.28 lakh and blocking of ₹ 39 lakh.

(Paragraph: 2.9)

Part II: Revenue Sector

Part II covers audit findings of Revenue Sector comprising five paragraphs on short demand due to concealment of purchases, irregular grant of tax remission, irregular allowance of input tax credit and misappropriation of Government money, involving ₹ 2.03 crore. Some of the major findings are mentioned below:

Introduction

During the year 2018-19, the overall receipts of the State increased by 5.6 *per cent* over the previous year. The revenue raised by the State Government (₹ 14,175.70 crore) was 28 *per cent* of the total revenue receipts against 29 *per cent* in the preceding year. The balance 72 *per cent* of the receipts during 2018-19 was from the Government of India (GoI) of which 62.25 *per cent* came in the form of Grant-in-aid. The Grant-in-aid from GoI constituted 45.02 *per cent* of the total receipts of the State.

(Paragraph: 3.1)

Test-check of the records of 54 units out of 398 auditable units of State Taxes, State Excise, Transport Department conducted during the year 2018-19 showed under assessment/ short levy/ loss of revenue aggregating ₹ 900.11 crore in 502 cases. Departmental replies were received only from 8 units regarding acceptance of under assessment and other deficiencies of ₹ 2.46 crore. The Departments recovered ₹ 1.55 crore during 2018-19 in respect of 51 cases pertaining to audit findings of the period prior to 2018-19.

(Paragraph: 3.10)

Compliance Audit

Failure of the Assessing Authority to detect the concealment of turnover while assessing the dealer resulted in short levy of tax, interest and penalty of ₹ 17.67 lakh.

(Paragraph: 4.4)

Irregular grant of tax remission by the Assessing Authorities, Commercial Taxes Circles-I and II, Udhampur, to two industrial units which had concealed purchases of ₹ 12.32 lakh during the years 2010-11 and 2013-14 and thereby guilty of offence under section 69(1)(f) of the Jammu and Kashmir Value Added Tax Act, 2005, resulted in short demand of ₹ 26.22 lakh.

(Paragraph: 4.5)

Failure of the Assessing Authorities Commercial Taxes Circle-II, Udhampur and Circle 'L' Jammu to disallow the input tax credit claimed by the dealers on purchases made

during the period of suspension of their registration certificate, resulted in short demand of ₹ 1.26 crore.

(Paragraph: 4.6)

Failure of the State Taxes Anantnag-I circle to correctly verify the return filed by the dealer and disallow the irregular input tax credit claimed on expired/ returned goods, resulted in short demand of ₹ 16.04 lakh.

(Paragraph: 4.7)

Tehsildar, Kathua failed to implement the rules prescribed for handling of revenues of the Government and also furnished incorrect information to audit which facilitated the misappropriation of revenue receipts of ₹ 16.81 lakh.

(Paragraph: 4.8)

Part III: Public Sector Undertakings (PSUs)

Part III covers audit findings of Public Sector Undertakings of all Sectors comprising one Performance Audit on 'Working of Jammu and Kashmir State Road Transport Corporation', and four paragraphs relating to expenditure incurred in excess of sanctioned cost, non-recovery of excess expenditure, short realisation of administrative overheads and execution of works in excess of approved costs involving ₹ 754.53 crore. Some of the major findings are mentioned below:

As on 31 March 2019, there were 42 PSUs, including 39 Government Companies (of which nine were non-working) and three Statutory Corporations under the audit jurisdiction of the Comptroller and Auditor General of India (C&AG). Of these, one PSU i.e. Jammu and Kashmir Bank Limited is listed (July 1998) on the stock exchange. Of the total paid-up equity of the Bank, 59.23 *per cent* is held by the State Government and remaining 40.77 *per cent* is held by Foreign Institutional Investors, individuals and others. During the year 2018-19, six PSUs were incorporated and no PSU was closed down. The 33 working PSUs registered an annual turnover of ₹ 9,784.90 crore and earned an aggregate profit of ₹ 448.02 crore as of 30 September 2019 as per their latest finalised accounts. This turnover was equal to 6.33 *per cent* of Gross State Domestic Product (GSDP) of ₹ 1,54,441 crore for 2018-19.

(Paragraph: 5.1.1)

Performance Audit

The Jammu and Kashmir State Road Transport Corporation (the Corporation) a transport undertaking wholly owned by the Government, with the aim to cater to the transport needs, both of passengers and goods for the public in the State was setup in September 1976. A Performance Audit of the Corporation for the period from 2014-15 to 2018-19 brought out instances of certain deficiencies in planning, operational performance, internal controls etc. While the total financial implication of this Performance Audit is ₹ 737.57 crore, some of the highlights of the Performance Audit are as under:

- Despite 20 *per cent* increase in Paid up Share Capital from ₹ 204.74 crore in 2014-15 to ₹ 245.57 crore in 2018-19, there was a 33 *per cent* increase in accumulated losses from ₹ 1,229.56 crore to ₹ 1,639.01 crore which indicated that capital infused by the Government was not efficiently utilised by the Corporation.

(Paragraph: 6.1.6)

- The Planning Wing of the Corporation had not prepared any perspective plan or long term plan for its revival.

(Paragraph: 6.1.7)

- Shortfall in achievement of targets of operative fleet and revenue collection targets during the period from 2014-15 to 2017-18 ranged between 28 *per cent* to 33 *per cent* and 31 *per cent* and 37 *per cent*, respectively. The overall shortfall in achievement of target of revenue during the period from 2014-15 to 2017-18 was ₹ 165.22 crore.

(Paragraph: 6.1.7.1)

- The Corporation failed to earn its operational revenue, as operation loss ranged between ₹ 15.03 per Km to ₹ 34.68 per Km during the period from 2014 to 2019.

(Paragraph: 6.1.8)

- The Corporation could not improve on the availability of vehicles as the overall fleet strength during the period from 2014-15 to 2018-19 decreased by 133 vehicles (14 *per cent*), despite addition of 142 vehicles during the same period.

(Paragraph: 6.1.9)

- Fleet Operations during the period from 2014-15 to 2018-19 ranged between 51 *per cent* and 59 *per cent* and detention of vehicles in workshop ranged between 29 *per cent* to 44 *per cent.* Percentage of idle vehicles increased from five *per cent* in 2014-15 to 19 *per cent* in 2018-19.

(Paragraph: 6.1.9.2)

- Failure to acquire the ownership title of properties, non-valuation of properties, non-recovery of compensation of land transferred, non-utilisation of properties, non-renewal of leases, indicated inadequate initiative of the Corporation to optimally manage its assets.

(Paragraph: 6.1.13)

- Services of drivers/ conductors were not utilised effectively, as the drivers/ conductors remained attached with the vehicles detained at workshops despite the required staff available at the workshops, resulting in payment of ₹ 44.95 crore to staff remaining idle.

(Paragraph: 6.1.14)

- Internal control mechanism of the Corporation was inadequate, Board meetings, monthly meetings, administrative inspections and vigilance checks were not conducted regularly.

(Paragraph: 6.1.15)

Compliance Audit

This chapter contains four paragraphs of Compliance Audit pertaining to two PSUs (Jammu and Kashmir Projects Construction Corporation Limited and Jammu and Kashmir State Power Development Corporation Limited). The observations relate to expenditure incurred in excess of sanctioned cost, non-recovery of excess expenditure, short realisation of administrative overheads and execution of works in excess of approved costs. While the monetary implication of these observations is ₹ 16.96 crore, highlights of the paragraphs are as follows:

Jammu and Kashmir Projects Construction Corporation Limited did not restrict the work of construction of a bridge and allied works within the sanctioned cost, resulting in non-recovery of expenditure of ₹ 1.88 crore incurred on the work.

(Paragraph: 7.1)

Jammu and Kashmir Projects Construction Corporation Limited constructed a bridge over Darhali Nallah, Ujjhan (Rajouri) without ensuring the approval of revised cost offers and release of funds, which resulted in expenditure of ₹ 6.85 crore not being reimbursed.

(Paragraph: 7.2)

Despite clear instructions of the Project Authority to restrict the value of work to ₹ 20.50 crore for construction of Niki Tawi bridge, the Jammu and Kashmir Projects Construction Corporation Limited exceeded the sanctioned cost, resulting in short realisation of administrative overheads of ₹ 1.64 crore.

(Paragraph: 7.3)

Failure of the Jammu and Kashmir State Power Development Corporation Limited to execute work under Rajiv Gandhi Grameen Vidyutikaran Yojana as per the approved cost, led to financial loss of ₹ 1.92 crore, besides, non-receipt of ₹ 4.67 crore from the Rural Electrification Corporation since 2014-15.

(Paragraph: 7.4)

Part I

Social, General and Economic (Non-PSUs) Sectors

Chapter I

Social, General and Economic (Non-PSUs) Sectors

Introduction

CHAPTER I

INTRODUCTION

1.1 Budget profile

There are 36 Departments in the State of Jammu and Kashmir (J&K). For the year 2018-2019 for the State of Jammu and Kashmir the overall position of the Budget Estimates was ₹ 1,11,850 crore, and the expenditure was ₹ 95,386 crore. The position of Budget Estimates and Actuals thereagainst during the period from 2014 to 2019 is given in Table 1.1.

Table 1.1:
Budget and Expenditure of the State Government during the period from 2014 to 2019

(₹ in crore)

Particulars	2014-15		2015-16		2016-17		2017-18		2018-19	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure										
General Services	12,923	12,039	14,895	13,675	16,445	15,110	17,314	16,888	23,051	22,850
Social Services	9,114	8,501	11,416	11,331	13,028	11,564	13,909	13,117	20,355	17,931
Economic Services	9,466	8,789	10,886	11,414	13,095	13,138	12,659	10,911	15,636	15,309
Grants-in-aid[1] and contributions	-	-	-	-	-	-	-	-	-	-
Total (1)	**31,503**	**29,329**	**37,197**	**36,420**	**42,568**	**39,812**	**43,882**	**40,916**	**59,042**	**56,090**
Capital expenditure										
Capital Outlay	10,221	5,134	12,685	7,331	16,904	8,286	22,126	10,353	27,124	8,413
Loans and advances disbursed	71	87	93	94	91	76	569	25	575	69
Repayment of Public Debt[2]	8,412	8,549	8,812	10,815	15,367	17,023	18,401	22,490	17,977	20,647
Contingency Fund	-	-	-	-	-	-	-	-	-	-
Public Accounts disbursements[3]	3,690	17,796	3,939	24,094	5,535	19,458	4,961	15,286	7,132	9,656
Closing Cash balance	-	1,401	-	527	-	429	-	554	-	511
Total (2)	**22,394**	**32,967**	**25,529**	**42,861**	**37,897**	**45,272**	**46,057**	**48,708**	**52,808**	**39,296**
Grand Total (1+2)	**53,897**	**62,296**	**62,726**	**79,281**	**80,465**	**85,084**	**89,939**	**89,624**	**1,11,850**	**95,386**

(Source: Annual Financial Statements and Finance Accounts of the State Government)

1 Grants-in-aid paid by the State Government is included in the General, Social and Economic Services.
2 Includes transactions under ways and means advances and overdraft.
3 Actuals exclude transactions of investment of cash balance and departmental cash balance.

1.2 Application of resources of the State Government

The total expenditure[4] of the State increased from ₹ 34,550 crore to ₹ 64,572 crore during the period from 2014 to 2019, while the revenue expenditure increased by 91 *per cent* from ₹ 29,329 crore in 2014-15 to ₹ 56,090 crore in 2018-19 during the same period. Non-Plan/ Normal revenue expenditure increased by 102 *per cent* from ₹ 26,457 crore to ₹ 53,578 crore and capital expenditure increased by 64 *per cent* from ₹ 5,134 crore to ₹ 8,413 crore during the period from 2014 to 2019. The revenue expenditure constituted 80 to 87 *per cent* of the total expenditure during the years from 2014 to 2019 and capital expenditure 13 to 20 *per cent*.

1.3 Persistent savings

Persistent savings of more than ₹ one crore in each case and also by 10 *per cent* or more of the total grant were noticed under six grants during the last five years as detailed in Table 1.2.

Table 1.2: List of grants with persistent savings during the period from 2014 to 2019

(₹ in crore)

Sl. No.	Grant number and name	Amount of Savings				
		2014-15	2015-16	2016-17	2017-18	2018-19
Revenue (Voted)						
1.	10 Law Department	97.04 (34)	102.19 (37)	154.81 (48)	154.33 (42)	85.99 (15)
Capital (Voted)						
2.	06 Power Development Department	250.25 (64)	707.60 (70)	2,177.61 (76)	5,591.27 (89)	5,384.26 (96)
3.	12 Agriculture Department	222.70 (55)	179.63 (33)	634.82 (67)	333.92 (37)	738.86 (83)
4.	19 Housing and Urban Development Department	568.44 (77)	220.61 (42)	394.59 (51)	519.54 (53)	1,208.42 (72)
5.	25 Labour, Stationery and Printing Department	76.70 (98)	31.79 (29)	14.54 (13)	100.74 (84)	59.48 (57)
6.	28 Rural Development Department	1,104.58 (60)	496.69 (38)	798.19 (42)	541.36 (23)	1,257.67 (41)

(Source: Appropriation Accounts)

Note: Figures in parentheses indicate percentage of savings to total grant

Reasons for persistent savings under these heads were not intimated (May 2020) by the State Government.

1.4 Funds transferred directly to the State Implementing Agencies

The Government of India (GoI) transferred ₹ 895 crore ***(Appendix 1.1.1)*** directly to various State Implementing Agencies (Institutions, Corporations, Societies, etc.) without routing these through the State Budget during the year 2018-19. Consequently,

[4] Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances.

these amounts remained outside the scope of the Annual Accounts (Finance Accounts and Appropriation Accounts) of the State Government during the year.

1.5 Grants-in-aid from Government of India

The grants-in-aid received from Government of India during the years 2014-15 to 2018-19 is depicted in Table 1.3**.**

Table 1.3: Grants-in-aid from GoI

(₹ in crore)

Particulars	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Non-Plan Grants	3,343	11,135	12,776	-	-
Grants for Centrally Asssisted State Plan Schemes/ Centrally Sponsored Schemes	12,720	4,365	7,766	9,096	7,608
Grants for Central and Centrally Sponsored Plan Schemes	87	1,228	56	-	-
Finance Commission Grants (Post Devolution Revenue Deficit Grant)	-	-	-	11,849	12,952
Grants for Rural Local Bodies	-	-	-	-	204
Grants for Urban Local Bodies	-	-	-	-	126
Grants-in-aid for State Disaster Relief Fund	-	-	-	-	253
Other Transfers/ Grants to States	-	-	-	620	461
Compensation for loss of revenue arising out of implementation of GST	-	-	-	1,137	1,462
Total	**16,150**	**16,728**	**20,598**	**22,702**	**23,066**
Percentage of increase/ decrease over the previous year	17	4	23	10	2
Revenue Receipts	28,939	35,781	41,978	48,512	51,231
Percentage of total grants to Revenue Receipts	56	47	49	47	45

(Source: Finance Accounts of respective years)

Total grants-in-aid from GoI, increased from ₹ 16,150 crore (2014-15) to ₹ 23,066 crore (2018-19) for the period 2014 to 2019.

1.6 Audit process

The audit process starts with the risk assessment of various Departments, Autonomous Bodies, Schemes/ Projects which takes into account the criticality/ complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing the audit findings is issued to the Head of the Office with a request to furnish replies within one month. On receipt of replies, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India (C&AG). The audit findings incorporated in the Audit Report are based on test-check only of the transactions of the Government of Jammu and Kashmir. It is, therefore, recommended that State Government may undertake detailed checks on the issues highlighted, in other Government departments also.

During 2018-19, compliance audit of 727 Drawing and Disbursing Officers of the State and 74 units of 25 autonomous bodies was conducted by the Office of the Principal Accountant General (Audit), Jammu & Kashmir.

1.7 Response of Government to Audit Report Paragraphs

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 which have a negative impact on 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. In the Report of the Comptroller and Auditor General of India on Social, General and Economic (Non-PSUs) sectors for the year ended 31 March 2019, 23 paragraphs were sent to the Principal Secretaries/ Secretaries of the respective departments. Replies in respect of nine paragraphs included in this report were not received (September 2020).

1.8 Response of Government to Audit Inspection Reports

The Hand Book of Instructions for speedy settlement of Audit observations/ Inspection Reports (IRs) issued by the Government (Finance Department) provides for prompt response by the Executive to IRs issued by the Principal Accountant General (Audit) to ensure remedial/ rectification action in compliance with the prescribed rules and procedures. The Heads of Offices and next higher authorities 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).

Based on the results of test audit, 49,523 audit observations contained in 11,531 IRs were outstanding as on 31 March 2019 as given in Table 1.4.

Table 1.4: Details showing the Audit observations outstanding at the end of 31 March 2019

Name of Sector	Opening Balance (01 April 2018)		Additions during the year 2018-19		Settled during the year 2018-19		Closing Balance (31 March 2019)	
	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
Social Sector (Non-PSUs)	5,289	23,981	444	4,304	149	1,493	5,584	26,792
General Sector (Non-PSUs)	1,634	5,198	151	921	68	432	1,717	5,687
Economic Sector (Non-PSUs)	4,093	15,991	337	2,943	200	1,890	4,230	17,044
Total	**11,016**	**45,170**	**932**	**8,168**	**417**	**3,815**	**11,531**	**49,523**

The pendency of large number of paragraphs indicate 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. Further, only two Audit Committee meetings were held during 2018-19 in which 28 Audit paragraphs were settled which constitute 0.06 *per cent* of the pending objections as of March 2019.

The respective departments should constitute Audit Committees, hold its meetings and monitor the progress of settlement of paragraphs.

1.9 Follow-up on Audit Reports

1.9.1 Non-submission of *suo-motu* Action Taken Notes

To ensure accountability of the Executive to issues dealt with in various Audit Reports, the State Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish *suo-motu* Action Taken Notes (ATNs) to the Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU) on all the audit paragraphs featuring in the Audit Reports, irrespective of whether these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees 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 495[5] audit paragraphs featuring in the Civil Chapters of Audit Reports from 2000-01 to 2015-16, *suo-motu* ATNs in respect of 146 audit paragraphs had not been received up to 30 September 2020.

1.9.2 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/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 495 Audit

[5] Excludes audit paragraphs featuring in the Reports of C&AG of India for the years 2016-17 and 2017-18 as these have been placed in the Parliament on 23 September 2020.

paragraphs featuring in the Civil Chapters of Audit Reports for the years from 2000-01 to 2015-16, only 245 audit paragraphs have been discussed by the PAC up to 31 March 2020. 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 of Jammu & Kashmir and Ladakh in respect of 165 paragraphs.

1.10 Non-submission/ delay in submission of Annual Accounts by Autonomous Bodies

Ten Autonomous Bodies required to be audited by the Comptroller and Auditor General (C&AG) of India under Sections 19 (3) and 20 (1) of the C&AG's DPC Act, 1971, had also not furnished the annual accounts as given below:

Table 1.5: Non-submission of accounts by Autonomous Bodies

Sl. No.	Name of Body/ Authority	Delay in number of years	No. of accounts	Grants during 2018-19 (₹ in crore)
1.	Ladakh Autonomous Hill Development Council, Leh	24	24	546.24
2.	Ladakh Autonomous Hill Development Council, Kargil	16	16	597.95
3.	Compensatory Afforestation Management and Planning Authority	10	10	Nil
4.	Sher-e-Kashmir University of Agricultural Science and Technology, Kashmir	09	09	228.60
5.	Sher-e-Kashmir University of Agricultural Science and Technology, Jammu	03	03	101.00
6.	Employees Provident Fund Board, Srinagar	04	04	Nil
7.	Jammu and Kashmir State Housing Board	07	07	Nil
8.	Khadi and Village Industries Board	04	04	23.00
9.	Building and Other Construction Workers Welfare Board	06	06	Nil
10.	State Legal Service Authority	01	01	12.48
	Total		**84**	**1,509.27**

The audit of the Ladakh Autonomous Hill Development Council (LAHDC), Leh and LAHDC, Kargil has been entrusted to the C&AG of India. The LAHDC, Leh has failed to submit accounts for audit since its inception i.e. 1995-96 although substantial funds are being released to the Council and unspent balances at the end of the year remain credited in a non-lapsable fund in the Public Account of the State. The position in respect of LAHDC, Kargil which came into existence in the year 2004-05 is similar and the accounts are in arrears since its inception.

Non-submission/ delay in submission of accounts by these bodies receiving substantial funding from the State Budget is a serious financial irregularity persisting for years. In

view of this non-compliance, the audited accounts of these statutory bodies have not so far been presented to the State Legislature as required under the Statutes under which these Bodies were created. This has deprived the State Legislature of the opportunity to assess their activities and financial performance.

Chapter II

Social, General and Economic (Non-PSUs) Sectors

Compliance Audit

CHAPTER II

COMPLIANCE AUDIT

This chapter contains nine Compliance Audit paragraphs pertaining to the Social, General and Economic (Non-PSUs) Sectors. The observations relate to unauthorised payment, non creation of assets despite availability of funds, under utilisation of assets, non-execution of works, blocking of funds, overstatement of expenditure and unfruitful expenditure etc. The total financial implication of these observations is ₹ 192.47 crore. The observations in detail are discussed in the succeeding paragraphs.

Education Department

2.1 Non-establishment of Model Schools

Departmental failure to take timely action for utilisation of amounts received from the Government of India (GoI) for establishment of Model Schools at block level resulted in depriving quality education to the intended beneficiaries and non-utilisation of total available funds of ₹ 44.13 crore. The State Government contribution of ₹ 5.74 crore and interest accrued included in the available fund of ₹ 44.13 crore was also blocked, for ten years.

Department of School Education and Literacy (DSEL), Ministry of Human Resource Development (MHRD), Government of India (GoI) launched a scheme (November 2008) with the objective of having at least one good quality secondary school (Model School) in every Educationally Backward Block (EBB). The scheme was to be implemented from 2009-10 onwards. As the State of Jammu and Kashmir (J&K) was a special category State, the funding pattern through Grant-in-aid for implementation of the scheme was 90:10 for GoI and Government of Jammu and Kashmir (GoJ&K) respectively.

The GoJ&K submitted proposals (November 2009) to the Grant-in-aid Committee (GIAC) of DSEL, MHRD, GoI for setting up of 24 (17 new schools and conversion of seven existing schools) for EBBs. During its third meeting (November 2009) the GIAC observed that the projected unit cost of ₹ 6.18 crore was higher than the scheme norm of ₹ 3.02 crore per Model School and therefore, the State Government was required to either revise the estimate or to meet the extra financial burden. In the same meeting, the representative from the State of J&K informed the GIAC that the estimates will be revised so as to bring it within the scheme norms. The GIAC thereby recommended 19 new model schools (November 2009) to be set up in the State. Thereafter, revision of cost was stated to be submitted to Project Approval Board (PAB) in 2010-11.

Subsequently, amendments were made to existing provisions by Department of School Education and Literacy (DSEL), Ministry of Human Resource Development (MHRD), GoI, which allowed (April 2014) the State of Jammu and Kashmir an opportunity to revise the cost based on State Schedule of Rates (SSoR) in respect of the sanctioned 19 model schools for the EBBs as a one-time exception. A proposal based on the SSoR 2012 was stated to be submitted (August 2014) by the GoJ&K to the DSEL as per the information provided by the State Project Director, Samagra Shiksha, J&K Noor

Society[1]. No relevant details of the revised proposals were provided on the grounds that Directorate of Rashtriya Madhyamik Shiksha Abhiyan (RMSA) remained submerged in devastating floods in the Valley in the month of September 2014 for a period of more than 25 days and most of the records in hard copy were destroyed. Subsequently, GoI, in February 2015 delinked the scheme from GoI support.

The grant-in-aid of ₹ 25.82 crore (90 *per cent*) of first installment was released (February 2010) and State Government released ₹ 2.87 crore (June 2010) to State Project Director (SPD) Sarva Shiksha Abhiyan (SSA). The entire amount of ₹ 29.23 crore[2] was transferred in December 2010 and kept at the disposal of State Project Director, Samagra Shiksha, J&K Noor Society. Further, the State Government released an additional State share of ₹ 2.87 crore (January 2011).

Scrutiny of records (January 2019) of State Project Director, Samagra Shiksha[3] revealed that the grants-in-aid of ₹ 25.82 crore and State share of ₹ 5.74 crore were parked in the saving bank account of J&K Noor Society. Even after lapse of ten years, the Government has not taken adequate initiative (July 2019) for implementation of the scheme in the State.

Thus, failure of the Department to take timely action despite relaxation of norms by DSEL, MHRD, GoI for utilisation of amounts received from the GoI for establishment of Model schools not only resulted in non-utilisation of ₹ 44.13 crore[4] over a period of ten years but also deprived the intended beneficiaries from quality education. Even the State Share of ₹ 5.74 crore, plus interest included in the ₹ 44.13 crore was blocked.

On this being pointed out (January 2019) by audit, the Chief Accounts Officer, Samagra Shiksha, Jammu and Kashmir State stated (July 2019/ June 2020) that the amount initially approved for establishment of model school was inadequate to take the construction work, however, the case regarding revision of cost submitted (2010-11) to Project Approval Board (PAB) was undecided (June 2020).

The reply is not tenable as the Department has not availed the benefit to either revise the unit cost estimate of each school or to meet the financial burden despite relaxation of norms by DSEL, MHRD, GoI. Besides, after delinking of the scheme from the GoI support in 2015, the Department was to arrange the additional funds from its own resources for which no steps were taken and ₹ 44.13 crore continued to be held in the bank account.

The matter was referred to the Department/ Government in May 2020; their replies were awaited (September 2020).

The State Government may ensure that unspent amount alongwith interest accrued thereon may be refunded in accordance with the conditions laid down in the sanction order of the Government of India, Ministry of Human Resources Development and responsibility fixed for non establishment of model schools.

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1 J&K Noor Society RMSA, is the State Implementing Society for Rashtriya Madhyamik Shiksha Abhiyan.

2 Central Share: ₹ 25.82 crore; State Share: ₹ 2.87 crore and interest: ₹ 0.54 crore.

3 Samagra Shiksha - an Integrated Scheme of School Education has subsumed the three Schemes of Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA) and Teacher Education (TE).

4 Central Share: ₹ 25.82 crore; State Share: ₹ 5.74 crore and interest: ₹ 12.57 crore (ending December 2018).

Finance Department

2.2 Management of Bank Accounts in Government Departments

Government instructions issued from time to time on consolidation and streamlining of utilisation of funds retained in bank accounts of DDOs were not strictly adhered to. Only a meagre amount of ₹ 64.10 crore was transferred from the redundant bank accounts of DDOs during the period December 2016 to February 2017. The accumulated balance in 1,138 bank accounts of 131 Drawing and Disbursing Officers of three selected Government Departments increased from ₹ 116.41 crore to ₹ 399.94 crore during the period from 2014 to 2019. Increase in the accumulated balances was due to undisbursed funds of relief/ compensation to the victims of militancy, natural disasters, improper planning and non-completion of schemes, overstatement of expenditure in the Utilisation Certificates, retention of funds, retention of statutory deductions and land compensation outside the Government Account.

2.2.1 Introduction

The procedure for drawal of funds from the Treasury by the Drawing and Disbursing Officers (DDOs) is regulated by the provisions of the Jammu and Kashmir Financial Code (JKFC). As per Rule 2-27 of the JKFC, the DDOs are required to present bills/ claims to the Treasury Officers (TOs) for drawal of funds required. The funds are then credited by the Treasury to the Bank Account of the DDOs who in turn make payments by issuing Bank Advices for crediting the payments directly into the bank account of the beneficiaries. The Financial Rule 2-33 of the JKFC, prohibited the withdrawal of funds from the Treasury by DDOs for investment or deposit elsewhere without the consent of the Government. However, where permission to open a separate account is given, the rules provide for opening of account with the Jammu and Kashmir Bank Limited (JKBL) and where there is no such arrangement, with the Post Office Savings Bank or any other bank with the prior approval of the Finance Department.

Compliance Audit on Management of Bank Accounts in Government Departments was conducted (February 2019 to February 2020) to assess whether the prescribed Rules and procedures relating to financial matters as well as the circulars/ instructions issued by the Finance Department from time to time have been complied with by the DDOs. Emphasis was given to assess the compliance by the DDOs to the Government instructions of 09 December 2016 regarding consolidation of and reduction in number of Bank Accounts in Government Departments. Test-check of records was conducted in 131 DDOs selected on random basis, of three Departments[5] in six[6] out of 22 districts of the State.

[5] Public Works, Revenue and Rural Development.
[6] Jammu, Reasi and Rajouri in Jammu Division and Anantnag, Baramulla and Kargil in Kashmir Division.

2.2.2 Consolidation of funds held and Rationalisation of Bank Accounts

To improve financial discipline as well as ensuring liquidity of funds an efficient system to dispose or liquidate significantly high bank balances of the concerned Departments on account of undisbursed salaries, contractor payments and other liabilities, is a prerequisite. With this objective, Finance Department issued instructions on 09 December 2016, for consolidation and reduction in number of Bank Accounts of DDOs in Government Departments.

As per these instructions, all Government bank accounts of DDOs which had 'nil' balance on the date of issue of the instructions and were inoperative for more than two years were to be closed with immediate effect. Further, all the Government bank accounts of the DDOs which remained inoperative for more than two years and had positive cash balance, were to be closed, and the money was to be transferred to the official bank account[7]of the Finance Secretary, Government of Jammu and Kashmir (GoJ&K). However, the cash balance of all Government accounts that remained inoperative for more than one year was to be transferred to the official account of the Secretary Finance, GoJ&K although these accounts were not to be closed.

As per the information made available (October 2018) by the Finance Department, the JKBL had identified that out of 19,260 bank accounts operational in JKBL, 12,241 accounts (64 *per cent*) were inoperative for more than one year, hence were frozen by the bank. The consolidated balance of ₹ 64.10 crore lying (as on 20 February 2017) in these accounts was transferred to Government Account. However, Finance Department stated (October 2018) that a few bank accounts along with credit balance were restored subsequently on case to case basis.

The information regarding bank accounts that were frozen earlier and subsequently restored was not furnished by the Finance Department as of September 2020. Further, the process of identification of in-operative bank accounts was conducted (December, 2016 to February 2017) by the Finance Department in respect of bank accounts operational in JKBL, only. Identification of inoperative Bank accounts of DDOs in banks other than JKBL had not been undertaken by the Department (October 2018).

2.2.3 Undisbursed/ unutilised balances in the Bank Accounts

Audit scrutiny of the records (February 2019 to February 2020) of 131 DDOs of three selected Departments in six districts (out of 22 districts of the State) revealed accumulation of undisbursed/ unutilised balance in 1,138 bank accounts ***(Appendix 2.2.1)*** operated at the end of each financial year during the period from 2014-15 to 2018-19 and are given in the Table 2.2.1.

[7] Account No. 0110010200000852

Table 2.2.1: Undisbursed/ unutilised amounts in the bank accounts as on 31 March of the concerned year

(₹ in crore)

Sl. No.	Department	Number of DDOs	Number of bank accounts operated	2015	2016	2017	2018	2019
1.	Revenue	58	231	57.47	110.47	98.17	222.23	280.32
2.	Public Works	10	34	17.70	15.93	35.47	56.85	49.55
3.	Rural Development	63	873	41.24	50.38	90.71	68.94	70.07
Total		**131**	**1,138**	**116.41**	**176.78**	**224.35**	**348.02**	**399.94**
Percentage increase over previous year				**NA**	**52**	**27**	**55**	**15**

(Source: Information provided by the DDOs and bank statements)

As seen from the Table 2.2.1, the cumulative balance of 131 DDOs as on 31 March 2015 was ₹ 116.41 crore in 1,138 bank accounts, which increased to ₹ 399.94 crore at the end of March 2019. The main reasons responsible for accumulation of significant balances in the bank accounts of the DDOs were analysed in audit and finding are discussed in succeeding paragraphs. Details of the 131 DDOs and the related 1,138 bank accounts are mentioned in ***Appendix 2.2.1***.

2.2.4 Un-disbursed funds in operational bank accounts

Rule 2-33 of Jammu and Kashmir Financial Code stipulated that funds should be withdrawn from the Treasury only if required for immediate disbursement. The practice of withdrawal of funds with a view to avoid lapsing of budget grants is prohibited. Audit noticed (February 2019 to February 2020) that accumulation of balances in the operational Bank Accounts of the DDOs was due to undisbursed/ unutilised funds withdrawn from the Treasury. This is indicative of withdrawal of funds by the DDOs from the Treasury either in anticipation of actual requirement/ disbursement or to avoid lapsing of funds at the end of the financial year. Instances for withdrawal of funds from the Treasury in anticipation of actual expenditure which were not disbursed/ utilised subsequently are discussed below:

2.2.4.1 Compensation to Fire victims of Khundru Achabal

Consequent to the fire incident of Khundru Army Ammunition Depot on 11 August 2007, Ministry of Defence, Government of India (GoI), released (2007), ₹ 26.74 crore in favour of Deputy Commissioner, Anantnag for disbursement among the victims of fire incident. Scrutiny of the records (February 2020) revealed that compensation amounting to ₹ 23.19 crore had been disbursed to the affected population under different categories upto December 2009. Thereafter, no payment on account of compensation was made. The balance amount of ₹ 3.55 crore towards compensation remained un-disbursed as of March 2019 in the Bank Account[8] of the DDO for almost a decade and had accumulated to ₹ 5.41 crore including interest. The specific reasons for the compensation remaining undisbursed was neither on record nor provided to audit by the

[8] Account No. 0014040100093667 JKBL, Teshil Premises (TP), Anantnag.

DDO concerned. As the funds were provided by Ministry of Defence, GoI the undisbursed/ unutilised funds were required to be refunded to GoI.

Although this was brought to the notice (February 2020) of the Department/ State Government, their replies were awaited (September 2020).

2.2.4.2 Compensation for *Kahcharie* land

The land that is required to be acquired for developmental works is classified in three categories:

- proprietary land,
- State land and
- *kahcharie*[9] land

The compensation only in respect of proprietary land acquired is paid to the land owners, whereas the cost for acquisition of *kahcharie* land is used for development works like construction of link roads, lanes/ drains and other works of the village from where this land is acquired.

Audit scrutiny of records (October 2019) of Deputy Commissioner, Ananatnag revealed that the cost of *kahcharie* land as detailed in the Table 2.2.2 had been transferred from the Bank Account of Collector Land Acquisition, Public Works Department and deposited in different bank accounts of Additional Deputy Commissioner (ADC), Anantnag during the period from 2012 to 2017, for utilisation on Developmental works.

Table 2.2.2: Cost of *kahcharie* land held by Additional Deputy Commissioner, Anantnag

(₹ in crore)

Sl. No.	Year	Name of Project/ work	Amount transferred (₹ in crore)	Bank Account No.	Amount in bank account as of March 2019 (₹ in crore)	Amount remitted to deposit head (₹ in crore)	Balance amount in bank accounts (₹ in crore)
1.	2013	Railway Approach Roads Pradhan Mantri Gram Sadak Yojana	0.38	0014040100093001 of JKBL, Anantnag	13.72	**16.40**[10]	**10.13**
	2015		13.70				
2.	NA	State Public Works Department Road	1.32	0014040500000086 of JKBL, Anantnag	2.94		
3.	2016	Power Grid Corporation of India Limited Towers Kishtwar Simthan Anantnag Road, Border Roads Organisation	8.56	0014040500000081 of JKBL, Anantnag	8.34		
4.	2012 to 2017	National Highway	17.31	0014040500000083 of JKBL, Anantnag	1.53		
		Total	**41.27**		**26.53**	**16.40**	**10.13**

(Source: Departmental records and bank statements)

As seen from the Table 2.2.2, ₹ 26.53 crore remained unutilised in the bank accounts of ADC Anantnag for periods ranging between two to seven years instead of being used for the developmental minor works.

[9] *Kahcharie*: common grazing land.

[10] TR No. 2 dated 03.12.2019: ₹ 2.99 crore and TR No. 3 dated 03.12.2019: ₹ 13.41 crore.

On this being pointed out in Audit (October 2019), the DDO transferred (December 2019) only ₹ 16.40 crore to the deposit head (MH-8443) and the balance amount of ₹ 10.13 crore is still lying in the bank (September 2020).

2.2.4.3 Cash compensation in lieu of Government job

The cash compensation rules prescribed[11] (10 July 1990) that ex-gratia relief of ₹ one lakh was to be disbursed to the family members of any civilian killed immediately after militancy related action. The General Administrative Department prescribed[12] (04 July 2008) amendments to Jammu and Kashmir Compassionate Appointment Rules 1994 related to cash compensation in lieu of appointment in Government Service. As per the amended rules the family members of the civilian killed in militancy related action were entitled to cash compensation of ₹ four lakh in lieu of appointment in Government service. The compensation amount of ₹ four lakh is also required to be deposited in the name of the next of kin of the deceased person by the concerned Deputy Commissioner to their saving bank account in the branch nearest to the residence of the beneficiaries provided the claimants furnish willingness for acceptance of cash compensation in lieu of Government job.

Audit scrutiny (October/ November 2019) of the related records in the offices of Deputy Commissioner (DC), Anantnag and DC, Baramulla revealed that for family members of civilians killed in militancy related incidents, cash compensation in lieu of Government Service had been claimed by 372 and 111 people respectively. However, disbursement had been made only in respect of 281 cases and 84 claimants by DC, Anantnag and DC, Baramulla respectively. An amount of ₹ 14.88 crore was drawn during the period from 2008-09 to 2017-18 by DC, Anantnag from the Treasury and credited into a Bank account of the DDO[13]. However, cash compensation of ₹ 3.64 crore drawn for 91 claimants was lying undisbursed (March 2019) in the Bank account of DC, Anantnag. Similarly, as per the information furnished (November 2019) by DC, Baramulla, out of ₹ 4.44 crore cash compensation withdrawn from Treasury, ₹ 3.36 crore was paid up to March 2019. Therefore, balances of ₹ 5.71 crore[14] and ₹ 2.13 crore[15] were still lying in the Bank accounts of DCs Anantnag[16] and Baramulla[17] respectively (March 2019). Audit noticed that the compensation amount was not disbursed due to non-completion of requisite formalities such as want of Fixed Deposit Receipts, not opening of bank account by the beneficiaries, non-submission of willingness by the claimants for acceptance of cash assistance in lieu of Government job.

Therefore, compensation amount totaling to ₹ 4.72 crore was drawn from the treasury for payment to the family members of deceased persons killed in militancy related

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11 Government order No: 723-G (GAD) of 1990 dated 10.07.90
12 Vide SRO-199 issued under endorsement No: GAD/Mtg/III/3/2007 dated 04.07.2008
13 Account No. 0014040500000021 of JKBL Anantnag.
14 Includes undisbursed cash compensation of ₹ 3.64 crore drawn in respect of 91 claimants, previous undisbursed payment of relief of ₹ 0.94 crore and interest of ₹ 1.13 crore.
15 Includes ₹ 1.08 crore on account of 27 unsettled cases, ₹ 0.12 crore on account of three unsettled cases of surrendered militants and ₹ 0.93 crore on account of interest.
16 Bank account Number 0014040500000021 of JKBL Anantnag.
17 Bank account Number 0070040500000197 of JKBL Baramulla.

incidents and holding the amounts by parking of funds in the bank accounts over a period of about 10 years was against the principles of financial propriety.

On this being pointed out in audit (October 2019), the DC, Anantnag transferred (November 2019) ₹ 4.77 crore from the bank account to the Deposit Head, leaving a balance amount of ₹ 0.94 crore.

2.2.4.4 Retention of land compensation outside the Government Account

The Finance Department issued (February 2010) directions to transfer all the balances held in the bank accounts on account of land compensation to the treasury concerned, in order to avoid parking of Government funds released for land acquisition outside Government accounts and crediting the amount to "Revenue Deposit". The Collector of Land Acquisition was to draw the amount of land compensation by corresponding credit into "Revenue Deposits" in the first place and subsequently make drawals of the same, in parts or in full, as and when required for immediate disbursement to the land owners. The Treasury Officer was required to credit this amount under Revenue Deposit Head and avoid drawals in cash. Subsequently, drawals from Deposit Head from the treasury were to be made in the form of Deposit Repayment Order against Voucher (Form FC-34) in favour of awardees (land owners) with their Bank Account numbers. The transfer of money by the Treasury Officer was to be made directly to the bank accounts of the beneficiaries on the basis of advice of DDO accompanying the bill. In the event of non-compliance of these instructions, interest at the rate of 17 *per cent* per annum, was recoverable from the defaulting officers.

Scrutiny of the records (February 2019) revealed that despite clear instructions, ₹ 75.07 crore received by six DDOs[18] of Revenue Department for disbursement of land compensation remained unutilised in the bank accounts in contravention of extant instructions during the period 2014-15 to 2018-19 ***(Appendix 2.2.2)***.

Thus, retention of land compensation amount in Bank accounts outside the Government Account in contravention of the instructions of the Finance Department defeated the very purpose of streamlining the cash flow as envisaged in the order mentioned, ibid. Further, no action for recovery of interest at the rate of 17 *per cent* was initiated against the DDOs for violation of the orders.

2.2.4.5 Direct Benefit Transfer to flood victims

Payment of compensation in favour of various categories of victims of the flood in September 2014 was made through Direct Benefit Transfer (DBT) by the DDOs after issuing Bank Advice along with the details[19] of the beneficiaries. The banks were required to credit the amount of compensation directly into the bank account of the beneficiaries as per the details communicated in the Bank Advice.

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[18] 1. Assistant Commissioner Revenue, Kargil; 2. Deputy Commissioner, Kargil; 3. Assistant Commissioner, Revenue, Jammu; 4. Sub-Divisional Magistrate North, Jammu; 5. Sub-Divisional Magistrate South, Jammu; 6. Deputy Commissioner, Reasi.

[19] Name of the beneficiary, bank/ branch and bank account No., etc.

Scrutiny of the records (February 2019) revealed that compensation payments had not been credited into the bank accounts of the beneficiaries due to incomplete/ incorrect details communicated to the Bank by eight DDOs[20] out of 58 DDOs of Revenue Department selected for test check. In some cases, part payments were made to the beneficiaries in place of one time lump sum payment. As a result, an amount of ₹ 5.48 crore[21] were lying undisbursed (March 2019) in the bank accounts of these DDOs apart from interest earned.

2.2.4.6 Compensation to the victims of Natural Disasters

Funds had been allotted to DDOs from time to time for disbursement of compensation to the victims of various natural calamities including displaced people of border villages due to cross border firing. The unutilsed funds were required to be returned to the fund sanctioning authority.

Audit scrutiny of the records (February 2019) revealed that for seven DDOs out of 58 DDOs selected in the sample units from Revenue Department, an unutilised balance of ₹ 4.28 crore was lying in the Bank Accounts of these seven DDOs as of 31 March 2019, which is detailed in Table 2.2.3.

Table 2.2.3: DDOs-wise details undisbursed/ unutilised compensation payments as on 31 March 2019

(₹ in crore)

Sl. No.	Name of Scheme	Name of the DDO	Account No and Bank Branch	Amount
1.	Border firing-Migrants	Tehsildar, Akhnoor	0024010100000540 at J&K Bank, Main Market, Akhnoor	1.25
2.	Crop relief Paddy 2010-11	Tehsildar, Bishnah	0215010200000672 at J&K Bank, Main Bazaar, Bishnah	0.19
3.	Relief 2009	Tehsildar, R.S.Pura	0025010200000616 at J&K Bank, R.S Pura	1.18
4.	Drought relief	Tehsildar, Sunderbani	0093010200000087 at J&K Bank, Main Bazaar, Sunderbani	0.19
5.	Relief of 2009	Tehsildar, Nowshera	0085010200000342 at J&K Bank, Nowshera	0.71
6.	Relief	Tehsildar, Reasi	29040500010325 at J&K Bank, Reasi	0.66
7.	Relief	Assistant Commissioner (Revenue), Rajouri	0259040500016637 at J&K Bank, Gujjar Market, Rajouri	0.10
		Total		**4.28**

(Source: Departmental records and bank statements)

It was also noticed that the funds allotted prior to 2014-15 were also available in these accounts prior to the actual amount of funds allotted. However, a credit balance of

[20] 1. Assistant Commissioner Revenue, Jammu; 2. Sub-Divisional Magistrate North, Jammu; 3. Sub-Divisional Magistrate South, Jammu; 4. Sub-Divisional Magistrate, Nowshera; 5. Deputy Commissioner, Reasi; 6. Tehsildar, Katra; 7. Tehsildar, Pouni; 8. Deputy Commissioner, Baramulla.

[21] 1. Assistant Commissioner Revenue, Jammu: 5 accounts, ₹ 270.17 lakh; 2. Sub-Divisional Magistrate North, Jammu: 1 account, ₹20.72 lakh; 3. Sub-Divisional Magistrate South, Jammu: 1 account, ₹102.68 lakh; 4. Sub Divisional Magistrate, Nowshera: 1 account, ₹ 5.92 lakh; 5. Deputy Commissioner, Reasi: 1 account, ₹ 89.87 lakh; 6. Tehsildar, Katra: 1 account, ₹ 13.17 lakh; 7. Tehsildar, Pouni: 1 account, ₹ 2.23 lakh; 8. Deputy Commissioner, Baramulla: 1 account, ₹ 42.88 lakh.

₹ 4.28 crore in the bank accounts indicated that the funds allotted had not been disbursed fully to among the intended beneficiaries (March 2019).

During the course of Audit in the office of Tehsildar, Nowshera refunded an un-disbursed amount of ₹ 0.71 crore to Deputy Commissioner, Rajouri in November 2019. Similarly, Tehsildar, Sunderbani also refunded (November 2019) the un-disbursed relief of ₹ 0.19 crore to Deputy Commissioner, Rajouri at the instance of audit.

2.2.4.7 Funds under 14th Finance Commission

(A) Retention of balance in bank accounts

Under 14th Finance Commission (FC) Award for the period 2015 to 2016, funds were credited to the Bank Accounts of the Panchayats in two installments (February 2016 and February 2017) for execution of development works. The Block Development Officers were required to prepare Works Plan as per the funds provided under the scheme.

Audit scrutiny of the records (February 2019 to February 2020) revealed that in the case of 15 Block Development Officers (BDOs[22]), the estimated cost of planned works in the works plan was 20 *per cent* lesser than the funds allocated for the year 2015-16. Preparation and submission of works plan for an amount less than the funds allocated, resulted in an amount of ₹ 5.07 crore not being utilised and were lying in the Bank Accounts of the respective Panchayats as detailed in ***Appendix 2.2.3***.

(B) Non-execution of the works

Audit noticed (February 2019) that only 1,902 works out of 2,459 works planned in 34 sampled Rural Development Blocks, had been completed upto March 2019, as detailed in ***Appendix 2.2.4***. Delay/ non-execution of works led to ₹ 12.51 crore for execution of 557 developmental works remaining unutilised in the Bank Accounts for the more than three years.

The Department may initiate immediate action to identify whether these balances have been correctly depicted in the UCs furnished to the GoI related to the releases of 14th Finance Commission, and refund outstanding balances immediately to the GoI, if not already deducted from the releases of the following year.

2.2.4.8 Retention of amount on account of statutory deductions of tax

Rule 30 of Income Tax Rules, stipulates that Income tax deducted at source shall be deposited on the same day if not accompanied by challan or within seven days from the end of the month in which the deduction is made. Section 51(2) of Jammu and Kashmir Goods and Services Tax (GST) Act, 2017 provided that the tax deducted at source under the Act shall be paid to the Government within ten days after the end of month in which such deduction was made. Further, Rule 5 of Building and Other Constructions Worker Welfare Cess Rules, 1998 provides that the amount of cess collected shall be transferred

[22] 1. BDO, Bhalwal; 2. BDO, Bhomag; 3. BDO, Kalakote; 4. BDO, Panthal; 5. BDO, Vessu; 6. BDO, Pahalgam; 7. BDO, Chittergul; 8. BDO, Verinag; 9. BDO, Quazigund; 10. BDO, Larnoo; 11. BDO, Anantnag; 12. BDO, Shangus; 13. BDO, Khoveri Proa; 14. BDO, Shahabad; and 15 BDO, Boniyar.

by such Government office, Public Sector Undertakings, local authority, or cess collector, to the Board alongwith the form of challan prescribed within thirty days of its collection.

Audit scrutiny of the records (February 2019 to February 2020) of DDOs in Rural Development Department revealed that statutory tax deductions like Labour Cess, Income Tax, Goods and Services Tax, etc., amounting to ₹ 20.56 lakh[23] deducted from contractors/ mates[24]/ suppliers etc., were not deposited (March 2019) to the concerned Departments/ Authorities by 15 BDOs over a period of more than three months to three years. BDO, Bhalwal attributed (February 2020) non-remittance of tax deducted at source to delay in issuance of Tax Deduction number by the State Taxes Department and non-furnishing of GST number by contractors/ mates.

Their replies are not acceptable as non-remittance of the amount into Government account deducted on account of statutory deductions was in contravention of prescribed rules and has led to accumulation of balance in the Bank Accounts of these BDOs.

2.2.4.9 Retention of funds by Deputy Commissioner, Reasi

The Divisional Commissioner, Jammu released ₹ 1.50 crore[25] to Deputy Commissioner (DC), Reasi, (April 2015 and October 2015) for undertaking rescue, relief and rehabilitation work necessitated due to torrential rains/ hailstorm that had occurred during the months of February/ March 2015. However, DC, Reasi released only ₹ 1.35 crore[26] (90 *per cent*) during November 2015 to three Tehsildars for disbursement to the farmers, whose crops of Rabi season of 2015 were damaged due to heavy rains. The balance amount of ₹ 15 lakh was retained by the DC, Reasi without any reasons on record. The amount was lying un-utilised (April 2019) in the Bank Account[27] for a period of 42 months (from November 2015 to April 2019).

2.2.4.10 Overstatement of expenditure in the Utilisation Certificates

In terms of Rule 212 of the General Financial Rules of 2005 of GoI, DDOs submit the Utilisation Certificates (UCs) in respect of funds received from GoI to the respective Administrative Department. Based on the UCs submitted by the DDOs, the Administrative Department submits the consolidated UC to the Government of India.

Audit scrutinised (August 2019) the transaction of three DDOs to whom funds were released by GoI. The expenditure figures in the Utilisation Certificates furnished by these DDOs were in excess of actual expenditure incurred as per records made available. The overstatement of expenditure of ₹ 2.48 crore was noticed in utilisation certificate furnished by the DDOs in respect of Prime Minister's Development Package (PMDP)/

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[23] 1. BDO, Balwal: ₹ 3.61 lakh; 2. BDO, Kalakote: ₹ 1.59 lakh; 3. BDO, Maira Mandrian: ₹ 0.57 lakh; 4. BDO, Reasi: ₹ 0.04 lakh; 5. BDO, Thanamandi: ₹ 1.19 lakh; 6. BDO, Shangas: ₹ 0.95 lakh; 7. BDO, Chattergul: ₹ 1.26 lakh; 8. BDO, Verinag: ₹ 1.05 lakh; 9. BDO, Pahalgam: ₹ 2.78 lakh; 10. BDO, Breng: ₹ 2.56 lakh; 11. BDO, Larnoo: ₹ 2.25 lakh; 12. BDO, Sangrama: ₹ 0.50 lakh; 13. BDO, Rohama: ₹ 0.61 lakh; 14. BDO, Tangmarg: ₹ 0.06 lakh; 15. BDO, Doongi: ₹ 1.54 lakh.

[24] Acts as a supplier of labour and supervises the execution of works in Rural Development Department.

[25] April 2015: ₹ 0.50 crore; October 2015: ₹ 1.00 crore.

[26] Tehsildar, Katra; ₹ 0.45 crore; Tehsildar, Reasi: ₹ 0.45 crore and Tehsildar, Pouni: ₹ 0.45 crore.

[27] Account No. 0029040500020099 at J&K Bank, Reasi.

State Disaster Relief Fund (SDRF)/ Lok Sabha Elections, as per details mentioned in Table 2.2.4.

Table 2.2.4: Instance of excess amounts mentioned in the Utilisation certificates as on 31 March 2019

(₹ in crore)

Sl. No.	Name of the Scheme/ Programme	Name of the DDO	Funds drawn from treasury	Payment disbursed ending March 2019	Utilisation Certificate submitted	Over-statement in UC
1	**2**	**3**	**4**	**5**	**6**	**7=6-5**
1.	PMDP	Deputy Commissioner, Reasi	29.16 [28]	29.02	29.13	0.11
2.	Relief 2014	Assistant Commissioner Revenue (General), Jammu	2.17	1.93	2.17	0.24
	PMDP		62.03	60.21	62.03	1.82
3.	Lok Sabha/ Assembly Election of 2013-14	Chief Planning Officer (DC Jammu)	2.86	2.55	2.86	0.31
		Total	**96.22**	**93.71**	**96.19**	**2.48**

(Source: Departmental records and bank statements)

The overstatement of expenditure ₹ 2.48 crore in the UCs, was against the provisions of the Rule 212 of the General Financial Rules 2005 of GoI and runs the risk of fraudulent drawal especially when kept in a bank account.

2.2.4.11 Closed/ replaced schemes

Indira Awaas Yojana (IAY) a centrally sponsored scheme was restructured as Pradhan Mantri Awas Yojana Gramin (PMAY-G) in the year 2016-17 and the disbursement of assistance to the beneficiaries at the block level was changed to a centralised payment disbursement system by adopting of Direct Benefit Transfer (DBT). Audit noticed (February 2019) that 17 DDOs of Rural Development Department had retained the unspent IAY funds amounting to ₹ 1.32 crore[29] in 22 bank accounts after the closure of the scheme in 2016-17 which under the scheme was required to be utilised by allocating the unspent amount among existing beneficiaries for completion of the houses.

The Department should take immediate action to liquidate the balances in the bank accounts by funding incomplete houses under IAY for completion. In the event of the non requirement of funds for completion of incomplete houses under IAY, the same may be utilised under PMAY or surrendered to the GoI as the case may be.

[28] Against the amount of ₹ 2,934.15 lakh released only ₹ 2,916.05 lakh have been drawn from treasury.

[29] 1. Assistant Commissioner Development (ACD), Jammu: 1 Account, ₹ 7.92 lakh; 2. ACD, Rajouri: 2 Accounts, ₹ 2.87 lakh; 3. BDO, Maira Mandrian: 02 Accounts, ₹ 0.54 lakh; 4. BDO, Achabal: 1 Account, ₹ 0.01 lakh; 5. BDO, Breng: 02 Accounts, ₹ 0.391 lakh; 6. BDO, Shangus: 1 Account, ₹ 7.32 lakh; 7. BDO, Anantnag: 02 Accounts, ₹ 98.68 lakh; 8. BDO, Bijbehara: 1 Account, ₹ 0.13 lakh; 9. ACD, Kargil: 2 Accounts, ₹ 2.58 lakh; 10. BDO, Kargil: 01 Account, ₹ 0.23 lakh; 11. BDO, TSG Tespool: 1 Account, ₹ 0.007 lakh; 12. BDO, Phalagam: 01 Account, ₹0.07 lakh; 13. BDO, Dachnipora: 1 Account, ₹ 0.21 lakh; 14. ACD, Baramulla: 1 Account, ₹ 9.35 lakh; 15. BDO, Sankoo: 01 Account, ₹ 1.08 lakh; 16. BDO, Pashkum: 1 Account, ₹ 0.04 lakh; 17. BDO, Kunzer: 1 Account, ₹ 0.09 lakh.

2.2.5 Bank accounts other than in JKBL

Rule 2-33 of J&K Financial Code Vol-I envisages that unless otherwise expressly authorised by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Government. Where permission to open a separate account is given the account must be opened with an office of the Jammu and Kashmir Bank Limited and where there is no such office, with the post office saving bank or with the prior approval of the Finance Department, with any other bank.

Audit noticed (February 2019) that in the three departments 44 DDOs had opened 182 bank accounts in banks other than JKBL without obtaining prior approval of the Finance Department. The breakup is detailed in Table 2.2.5.

Table 2.2.5: Department wise bank accounts opened in banks other than J&K Bank

Sl. No.	Department	Accounts opened in private banks		Accounts in nationalised banks		Total	
		DDOs	Accounts	DDOs	Accounts	DDOs	Accounts
1.	Revenue	11	17	01	01	12	18
2.	Public Works	01	01	00	00	01	01
3.	Rural Development	29	150	02	13	31	163
	Total	**41**	**168**	**03**	**14**	**44**	**182**

(Source: Information provided by the respective DDOs)

As is evident from the above table 41 DDOs had opened 168 bank accounts in private banks.

2.2.6 Non-compliance of instructions on consolidation and streamlining of Bank Accounts

In terms of the Government instructions dated 09 December 2016 issued by the Finance Department, all the DDOs were directed that:

- All Government Bank accounts which had 'nil' balance and inoperative for more than two years shall be closed;
- All Government Bank accounts of DDOs which remained inoperative for more than two years and were having positive cash balance shall be closed and the balance at credit was to be transferred to the official account of the Secretary Finance[30];
- Cash balance of all Government accounts which had remained inoperative for more than a year shall be transferred to official account of the Finance Secretary without closure of the bank accounts; and
- New bank account shall not be opened by any Department of the State Government in the Jammu and Kashmir Bank Limited or any other nationalised/ schedule bank without the concurrence of the Finance Department.

[30] Account No. 0110010200000852

Non-compliance of these instructions were noticed in audit as in two DDOs[31] there was 'nil' credit balance in seven Bank Accounts which were inoperative for more than two years as on December 2016, and these had not been closed (March 2019). Similarly in 12 DDOs[32], 21 bank accounts which remained inoperative for more than two years, as on December 2016 were not closed and the credit balance of ₹ 3.48 crore was not transferred (March 2019) to the official bank account of the Secretary Finance. In five DDOs[33], the credit balance of ₹ 4.39 crore in five bank accounts which remained inoperative for more than one year as on 09 December 2016 was not transferred to the official bank account of Secretary Finance, by the DDOs concerned up to 31 March 2019. It was also noticed that in 21 DDOs[34], 40 bank accounts were opened after 09 December 2016, without obtaining concurrence of the Finance Department.

After non-compliance of instructions was pointed out by audit (July 2019) the DC Baramulla transferred (October 2019) balance at credit amounting to ₹ 2.43 crore in respect of two bank accounts to the official bank account of the Secretary Finance.

2.2.7 Conclusions

Government instructions of December 2016 on consolidation and rationalisation of bank accounts were not adhered to. Non-operational Bank Accounts were not closed and their credit balances were not transferred to the Bank Account of Secretary Finance as was required. The consolidation and streamlining of bank accounts did not achieve the desired objectives, as only insignificant amount of ₹ 64.10 crore was transferred from the redundant bank accounts during the period. The accumulated balance in 1,138 bank accounts of 131 DDOs of three selected Government Departments had infact increased from ₹ 116.41 crore to ₹ 399.94 crore during the period from 2014 to 2019. Increase in accumulated balance was due to undisbursed funds of relief/ compensation to the victims of militancy, natural disasters, improper planning and non-completion of schemes, retention of funds, retention of statutory deductions and land compensation outside the Government Account, etc. Instances of overstatement of expenditure in the Utilisation certificates were also noticed and 168 bank account were opened in private banks which was in violation of J&K Financial Code Rules.

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31 Block Development Officer, Mathwar: 3 Accounts; Assistant Commissioner Revenue, Jammu: 4 Accounts.

32 1. Tehsildar, Kunzar: 01 Account, ₹ 0.97 lakh; 2. Tehsildar, Tangmarg: 05 Accounts, ₹ 0.60 lakh; 3. Tehsildar, Sopore: 3 Accounts, ₹ 3.26 lakh; 4. Tehsildar, Baramulla: 01 Account, ₹14.90 lakh; 5. Tehsildar, Anantnag: 01 Account, ₹ 0.001 lakh; 6. Tehsildar Consolidation, Anantnag: 02 Accounts, ₹ 0.78 lakh; 7. Tehsildar, Dooru: 01 Account, ₹ 3.01 lakh; 8. Tehsildar, Pahalgam: 01 Account, ₹ 0.007 lakh; 9. Tehsildar, Qazigund: 01 Account, ₹ 0.10 lakh; 10. Assistant Commissioner (Rental), Jammu: 02 Accounts, ₹ 0.68 lakh; 11. Tehsildar, Akhnoor: 1 Account, ₹ 125.11 lakh; 12. Tehsildar, Nowshera: 02 Accounts, ₹ 198.99 lakh.

33 1. Deputy Commissioner, Baramulla: 01 Account, ₹ 126.98 lakh; 2. Assistant Commissioner (Revenue), Baramulla: 01 Account, ₹ 114.00 lakh; 3. SDM, North Jammu: 01 Account, ₹ 0.02 lakh; 4. Tehsildar, Bishnah: 01 Account, ₹ 18.83 lakh; 5. Tehsildar, Arnia: 01 Account, ₹ 178.75 lakh.

34 1. Assistant Commissioner Development, Jammu: 01 Account; 2. Deputy Commissioner, Reasi: 01 Account; 3. Block Development Officer (BDO), Bhalwal: 01 Account; 4. BDO, Mathwar: 01 Account; 5. BDO, Manjakote: 01 Account; 6. BDO, Doongi: 01 Account; 7. Additional Deputy Commissioner, Kalakote: 02 Accounts; 8. Executive Engineer PWD (R&B) Div-III, Jammu: 02 Accounts; 9. BDO, Akhnoor: 02 Accounts; 10. BDO, Katra: 04 Accounts; 11. BDO, Khour: 01 Account; 12. BDO, Kharabali: 02 Accounts; 13. BDO, Lamberi: 01 Account; 14. BDO, Samwan: 01 Account; 15. BDO, Siot: 13 Accounts; 16. BDO, Sunderbani: 01 Account; 17. Executive Engineer, PWD (R&B) Div, Rajouri: 01 Account; 18. SDM, Nowshera: 01 Account; 19. SDM, North Jammu: 01 Account; 20. DPO, Jammu: 01 Account; 21. DPO, Rajouri: 01 Account.

2.2.8 Recommendations

The Department may ensure:

- *Strict implementation of the Government instructions issued for streamlining of retention of funds in bank accounts.*
- *Effective monitoring mechanism is put in place so that funds are not withdrawn by DDOs from treasury in anticipation of immediate disbursement to avoid accumulation of undisbursed balance in the bank accounts.*
- *Bank account whenever required to be opened by DDOs, are opened in JKBL and after obtaining prior approval of the Finance Department.*

The matter was referred to the Department/ Government in May 2020; their replies were awaited (September 2020).

Food, Civil Supplies and Consumer Affairs Department

2.3 Non collection/ short remittance of dues

Non-distribution of 1,30,121 ration cards printed during the period from 2015 to 2018 to the consumers in 11 test-checked units of Food, Civil Supplies and Consumer Affairs Department led to non collection of ₹ 1.07 crore as well as short remittance of ₹ 1.69 crore into Government Account.

Department of Food, Civil Supplies and Consumer Affairs (FCS&CA), Jammu in collaboration with Jammu and Kashmir Bank Limited (JKBL) ordered (2015-16 onwards) for printing of 15.35 lakh ration cards to be distributed among the beneficiaries on the basis of Census 2011. The cost of printed ration cards was to be borne by the FCS&CA Department and JKBL in the ratio of 60:40. These printed ration cards were to be distributed to consumers[35] at the prescribed rates[36]. The Department released ₹ 1.82 crore as printing costs[37] to the JKBL.

Scrutiny of records of 11 test-checked field units[38] (Assistant Directors of FCS&CA Department) during the period from November 2017 to February 2020 revealed that total of 9,94,204 ration cards[39] were received by the units from the Directorate of FCS&CA for distribution to the consumers. However, only 8,64,083 ration cards[40] were issued and the balance 1,30,121 cards[41] as detailed in ***Appendix 2.3.1 (a)*** were lying with the respective Assistant Directors. Non-distribution of ration cards resulted in non-collection ₹ 1.07 crore. Audit also noticed that for the 8,64,083 ration cards distributed to consumers of different categories, sale proceeds of ₹ 7.02 crore[42] were to

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35 Priority Household (PHH) Antyodaya Anna Yojana (AAY), PHH Below Poverty Line (BPL-others) and Non-Priority Household (NPHH) Above Poverty Line (APL)/ Exclusion (for non-ration purpose).

36 PHH (AAY), PHH (BPL-others) and Non-PHH (APL)/ Exclusion consumers at a rate of ₹ 30, ₹ 75 and ₹ 100 per ration card respectively.

37 60 *per cent* of total cost of ₹ 3.03 crore (except for 0.49 lakh ration cards printed during 2018).

38 1. City Circle-I (November 2017), 2. Kathua (February 2018), 3. Reasi: (September 2018), 4. Rural-II (April 2019), 5. Ramban (October 2019), 6. Poonch (May 2019), 7. Kishtwar (January 2019), 8. Samba (August 2019), 9. Rajouri (February 2020), 10. Rural-I (January 2020) and 11. Doda (February 2020). Audit noticed the observations during the audit of the units for the period ending March 2017, March 2018 and March 2019 and the position has been updated from time to time.

39 Non-PHH (APL)/ Exclusion: 3,98,423; PHH (BPL-others): 5,17,791 and PHH (AAY): 77,990

40 Non-PHH (APL)/ Exclusion: 3,41,072; PHH (BPL-others): 4,55,184 and PHH (AAY): 67,827

41 Non-PHH (APL)/ Exclusion: 57,351; PHH (BPL-others): 62,607 and PHH (AAY): 10,163

42 Non-PHH (APL)/ Exclusion: ₹ 3.41 crore; PHH (BPL-others): ₹ 3.41 crore and PHH (AAY): ₹ 0.20 crore.

be recovered, as per prescribed rates. However, only ₹ 5.33 crore had been remitted into the Government account, thereby resulting in short collection/ short remittance of ₹ 1.69 crore, as detailed in ***Appendix 2.3.1 (b).***

After this was pointed out in audit, the Chief Accounts Officer, FCS&CA Department, Jammu stated (January 2018) that maximum number of ration cards had been issued. It was further stated that earlier the ration cards could not be issued because Deputy Commissioners of the concerned districts were nominated by the Government for identification of eligible beneficiaries under different categories. The verification/ identification lists were not received in time which resulted in delay in distribution of ration cards. The Assistant Directors (Reasi/ Kishtwar/ Rural II/ Poonch and Doda) stated (October 2018/ January, April, May 2019/ February 2020) that all the Tehsil Supply Officers were directed to issue the remaining ration cards to the beneficiaries and remit the pending amount. Assistant Director, Samba attributed (August 2019) reasons for non-distribution to digitisation of ration cards, with the result the beneficiaries had not collected the printed cards. Assistant Director, Rural-I stated (January 2020) that the remaining ration cards would be distributed shortly.

However, the fact, remains that the ration cards printed and not distributed are still lying with the Assistant Directors. The validity of ration cards was up to June 2018 with the exception of 7,348 ration cards where the validity is from 2015 to 2025. In view of digitisation of targeted public distribution system the possibility of usage of these ration cards in future is remote and they have become redundant now.

Thus, non-distribution of 1,30,121 ration cards printed during the period 2015 to 2018 to the consumers in 11 test checked units of Food, Civil Supplies and Consumer Affairs Department led to non-realisation of ₹ 1.07 crore towards Government Revenue. In addition, there was short-collection/ short-remittance of ₹ 1.69 crore collected from issue of ration cards.

The matter was referred to the Department/ Government in May 2020; the reply was awaited (September 2020).

The Department should ensure in future that printed ration cards are issued expeditiously so that the cost can be recovered as per norms. The amount required to be collected and remitted in Government Account immediately for all units.

Home Department

2.4 Unfruitful expenditure due to non-functional Solar Power Plants

Non-settlement of payment of Works Contract Tax (WCT) with the State Taxes Department rendered 128 Solar Power Plants installed at police establishments non-functional since September 2014; despite incurring expenditure of ₹ 9.70 crore between May 2014 to January 2015 and availability of maintenance free warranty.

To ensure uninterrupted power supply to police establishments in the State, a proposal[43] for ₹ 37.94 crore to provide Solar Photo Voltaic System for 523 locations by J&K Police

[43] Vide communication No. Prov-II/Elect-26/10-11/39524-26 dated 25.08.2011

was submitted (25 August 2011) to the State Government for approval and onward submission to the Ministry of New and Renewal Energy (MNRE), Government of India (GoI). As stated by the Department, after only two days, a reworked proposal[44] with a total financial implication of ₹ 43.31 crore was submitted (27 August 2011) including additional 25 locations (District Police Offices).

GoI, under Central Financial Assistance (CFA) sanctioned (February 2012), ₹ 33.54 crore towards installation of 523 Solar Photovoltaic Power Plants (SPPs) with aggregate capacity of 1,408.6 KWP at the establishments of Jammu and Kashmir (J&K) Police at a tentative cost of ₹ 37.94 crore.

Meanwhile, in line with the recommendation (March 2012) of State Level Purchase Committee (SLPC), it was decided to float a Notice Inviting Tender (NIT) in April 2012 for the project. The requirement of 523 location was reworked to include left out 25 District Police Offices, 04 Police Stations and 10 Police Posts bringing the total number of locations to 562 and was duly projected in the NIT floated on 25 April 2012. The L1 bidder quoted a price of ₹ 36.14 crore (inclusive of taxes) for the project. The contract for supply, installation, testing, commissioning and maintenance of Solar photovoltaic Power Plants of different capacities (aggregating 1553.76 KWP) for 562 locations was placed (March 2013) with the L1 firm for ₹ 36.14 crore on the grounds that the price quoted by L1 firm was well within the approved budget of ₹ 37.94 crore.

As stated in clause 16 of the NIT, Jammu and Kashmir (J&K) Service Tax and Value Added Tax (VAT) was not to be applicable to this contract and would be paid extra by Police Department, if charged by State Taxes Department.

The delivery, installation and commissioning of SPPs was to be completed within six months from the date of placement of the supply order. As per the terms and conditions of the supply order, the supplier was responsible for free warranty of five years for SPPs, 10 years for power output warranty for Solar Photovoltaic (SPV) modules and replacement guarantee of 20 years for SPV modules.

Under the Scheme, the Ministry of New & Renewable Energy (MNRE) was to provide CFA of ₹ 243 per watt or 90 *per cent* of the sanctioned project cost whichever is less. The MNRE, GoI, therefore reduced (June 2013) the CFA to ₹ 29.43 crore based on the tendered cost of the project. The first installment of 50 *per cent* of CFA amounting to ₹ 14.71 crore was released in June 2013 by GoI to the State Government out of which an amount of ₹ 14.39 crore towards payment of 187 out of 252 SPPs installed was made during the period May 2014 to January 2015. Post installment of these 252 SPPs, 163 SPPs were found to be non-functional which included 128 SPPs for which payment of ₹ 9.70 crore had been made.

[44] Vide communication No. Prov-II/Elect-26/10-11/40013-16 dated 27.08.2011

Status of SPPs installed by the supplier, payment released (December 2016) by the Department and non-functional SPPs are indicated in Table 2.4.1.

Table 2.4.1: Status of SPPs installed and payment made during May 2014 to January 2015

SPPs installed	SPPs for which payment made		Non-functional SPPs	Non-functional SSPs where payment was released	
	Number	Amount (₹ in crore)		Number	Amount (₹ in crore)
252	187	14.39	163	128	9.70

(Source: Departmental records)

The Department directed (August 2015) the supplier to rectify the defects developed in the installed in 163 SPPs. The supplier informed (August 2015) the Department that instead of repairing old power conditioning unit of these SPPs, new power conditioning units were dispatched to Jammu and Kashmir. The material was, however, detained by the Sales Tax Department on the grounds of non-deposit of Work Contract Tax (WCT). The Department took up (February 2015 to May 2018) the matter with the Government to either release an amount of ₹ 3.80 crore on account of WCT at a rate of 10.50 *per cent* or for waiver off such tax.

Audit scrutiny (July 2017) of records of Director General of Police, Police Headquarters, Jammu revealed that the matter relating to WCT, however, has not been resolved even after a lapse of more than five years, and 128 SPPs have remained non-functional for which payment of ₹ 9.70 crore was made up to January 2015.

The Director General of Police, Police Headquarters, Jammu in reply (June 2020) stated that the non-functional SPPs could not be repaired as spare parts were impounded by the Commercial Taxes Department for non-payment of WCT. The Department stated that all the issues shall be resolved as soon as the Government releases the WCT amount or waives it off.

Thus, failure of the Department to effectively co-ordinate and settle the issue regarding payment of WCT with the Sales Tax Department led to impounding of spare parts dispatched by the firm which resulted in non-functional SPPs. As a result, the benefits of installation and commissioning of 128 SPPs could not be availed, despite an expenditure of ₹ 9.70 crore having being incurred for installation of these 128 SPPs.

The matter was reported to the Government (May 2020), their reply is awaited (September 2020).

Payment of works contract tax needs to be settled on priority and rectification of defects in the non-functional SPPs ensured immediately, so that the investment made in SPPs is gainfully utilised.

Irrigation and Flood Control Department

2.5 Wasteful expenditure on water storage tanks

Irrigation and Flood Control Department took up the execution of work on water storage tanks without acquiring the private land and seeking prior clearance from Forest Department/ Defence Authority resulting in wasteful expenditure of ₹ 3.67 crore.

In order to provide irrigational facilities to farmers for agricultural activities in Tehsil, Handwara and Kupwara, the Executive Engineer (EE), Irrigation and Flood Control (I&FC) Division, Handwara, proposed three projects involving construction of 27 storage tanks in Brinyal Rajwad, Natnussa Kandi and Rajwad at an estimated cost ₹ 26.42 crore[45], under Border Area Development Programme (BADP) in the year 2013. The stipulated period for completion of works was two years from the date of sanction of the project.

The status of work of storage tanks as of March 2019 is given in Table 2.5.1

Table 2.5.1: Status of the work of storage tanks as of March 2019

(₹ in crore)

Particulars of storage tanks	Number of storage tanks Proposed	Storage tanks not taken up for execution		Storage tanks taken up for execution			Storage tanks which are functional		Storage tanks which are not functional	
		No.	Estimated cost	No.	Estimated cost	Expenditure incurred	Fully	Partly	No.	Expenditure incurred
(1)	(2)	(3)	(4)	(5)= (2-3)	(6)	(7)	(8)	(9)	(10)	(11)
Storage tanks requiring forest/ private land	16	7	6.21	9	11.49	3.37	0	2	7	3.04
Storage tanks not requiring forest/ private land	11	1	0.92	10	7.80	3.06	1	6	3	0.63
Total	**27**	**8**	**7.13**	**19**	**19.29**	**6.43**	**1**	**8**	**10**	**3.67**

(Source: Information provided by the Department)

As seen from the Table 2.5.1, 11 out of a total of 27 storage tanks, had no requirement for acquisition of private/ Forest land and only one out of 27 storage tanks to be constructed was fully functional (March 2019).

[45] 13 tanks in Natnussa Kandi at an estimated cost of ₹ 11.08 crore; 13 Tanks in Rajwad at an estimated cost of ₹ 10.80 crore and one Brinyal tank at Rajwad at an estimated cost of ₹ 4.54 crore.

An amount of ₹ 9.90 crore[46] was released during the period from 2013 to 2019 and the Division had incurred an expenditure of ₹ 6.43 crore[47] as of March 2019.

Scrutiny of records (October 2017) revealed that despite availability of ₹ 9.90 crore, an amount of ₹ 3.47 crore (35 *per cent* of the total allotment) could not be utilised. Further, out of the 27 storage tanks, only one storage tank was completed as detailed in the ***Appendix 2.5.1.***

Further as indicated in Table 2.5.1, of the 16 storage tanks that were proposed to be constructed requiring a total of 41.05 hectare[48] of private/ forest land, nine storage tanks, were taken up for construction without clearance being obtained from the Forest Department or private land being acquired (July 2019) for executing these works. An expenditure of ₹ 3.37 crore was incurred during the period 2013 to 2019 on these nine storage tanks.

As regards the nine storage tanks (estimated cost: ₹ 11.49 crore) involving use of 35.15 hectare of private/ forest land an expenditure of ₹ 3.37 crores was incurred on storage tanks which were not complete and only two storage tanks were semi-functional. Therefore, the expenditure of ₹ 3.04 crore[49] incurred on seven incomplete and non-functional storage tanks was wasted.

Similarly, in case of the 11 storage tanks (estimated cost: ₹ 7.80 crore[50]) which did not require any private/ forest land, an expenditure of ₹ 3.06 crore was incurred (2013 to 2019) on execution of work of ten storage tanks (one storage tank was not taken up for construction due to land dispute). Further, only one storage tank out of these ten storage tanks was fully functional and six were semi-functional. Besides, the three remaining storage tanks were not even partially functional despite expenditure of ₹ 63.19 lakh being incurred on these tanks. Out of these three storage tanks, two[51] were abandoned after incurring an expenditure of ₹ 43.59 lakh. As the land identified for the Gunsnar storage tank was close to an army ammunition depot for which clearance from Army was not granted (July 2020) and the alternate site selected for this storage tank Kinjaldoori Nichama failed in soil testing, rendering an expenditure of ₹ 43.59 lakh wasted.

On this being pointed out in audit, EE, I&FC Division, Handwara stated (July 2019) that due to paucity and delay in release of funds, indents with Forest Department could not be processed and private land also could not be acquired.

The reply is not tenable as the Department had not initiated any action for land acquisition as seen from the DPRs except for one work, the land required for the other

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46 2013-14: ₹ 1.80 crore; 2014-15: ₹ 2.20 crore; 2015-16: ₹ 3.40 crore; 2016-17: ₹ 1.00 crore; 2017-18: ₹ 1.24 crore; 2018-19: ₹ 0.26 crore.

47 2013-14: ₹ 1.80 crore; 2014-15: ₹ 1.11 crore; 2015-16: ₹ 1.02 crore; 2016-17: ₹ 1.00 crore; 2017-18: ₹ 1.24 crore; 2018-19: ₹ 0.26 crore.

48 Forest land: 10.251 hectare; Private land: 30.80 hectare.

49 Expenditure of ₹ 3.37 crore incurred on 9 tanks minus expenditure of ₹ 0.33 crore incurred on two semi-functional tanks.

50 Excluding Storage tank Zinnar having estimated cost: ₹ 92.00 lakh, not taken up for execution.

51 Kinjaldoori Nichama: ₹ 38.29 lakh; Gunsnar: ₹ 5.30 lakh.

works had not been acquired (July 2020). Besides, the Division was not able to utilise the funds allotted during the period 2013 to 2019 and there were savings of ₹ 3.47 crore (35 *per cent*) which lapsed.

Thus, improper planning for taking up the construction of storage tanks without acquiring the private land, seeking prior clearance from Forest Department/ Defence Authority despite availability of funds resulted in wasteful expenditure of ₹ 3.67 crore[52].

The matter was referred to the Department/ Government in May 2020; their replies were awaited (September 2020).

The Department should take up execution of hindrance free projects on priority so that the projects undertaken are completed expeditiously.

2.6 Unfruitful expenditure on Lift Irrigation Scheme

Non-selection of suitable site for construction of pumping station before taking up execution of the works for lift irrigation scheme, by Executive Engineer, Irrigation and Flood Control Division, Sumbal led to revision of cost of the scheme and inability to arrange additional funds over a period of eight years for completion of scheme, rendered expenditure of ₹ 2.23 crore on the scheme unfruitful.

In order to provide assured irrigation to 1,436 acres of land from Shilvat to Sumbal and Wangipora to Ankhola area in Sumbal-Sonawari constituency of district Bandipora, the Executive Engineer (EE), Irrigation and Flood Control (I&FC) Division, Sumbal took up the work of construction of Babajangi-Wangipora-Khurwan Lift Irrigation Scheme (LIS), during 2007-08 at an estimated cost of ₹ 1.77 crore[53], under Accelerated Irrigation Benefit Programme. The scheme was proposed to be completed in one working season[54].

Audit scrutiny (March 2018) of the records of EE, I&FC Division, Sumbal and EE, Mechanical Irrigation (MI) Division, Shadipora revealed that the original site for construction of vertical pumping station of the scheme was selected without adequate initial survey and was subsequently found not feasible. This was changed (January 2009) after the award of contract. Further, it was proposed to execute additional works of the scheme which led a revision of cost on the scheme. Accordingly, a revised detailed project report (DPR) with an estimated cost of ₹ 3.11 crore[55] was submitted (January 2012) by the Superintending Engineer, Hydraulic circle Baramulla/ Bandipora to the Chief Engineer, Srinagar which was not approved (June 2020). An expenditure of ₹ 2.23 crore[56] was incurred on execution of the scheme against its original cost of ₹ 1.77 crore thereby resulting in unauthorised expenditure of ₹ 0.46 crore. Further, the

[52] Expenditure on seven non-functional storage tanks which required private/ forest land: ₹ 3.04 crore and Expenditure on three non-functional storage tank which did not require private/ forest land: ₹ 0.63 crore.
[53] Civil works: ₹ 96.90 lakh; Mechanical works: ₹ 79.90 lakh.
[54] Starting from September to March of the next year.
[55] Civil works: ₹ 202.58 lakh; Mechanical works: ₹ 108 lakh.
[56] Civil works: ₹ 1.40 crore; Mechanical works: ₹ 0.83 crore.

scheme was not functional (June 2020). The electro-mechanical equipment[57] purchased at a cost of ₹ 0.83 crore by the MI Division, Shadipora also was not installed/ commissioned, and these equipments were lying idle in the stores or at the work site as of June 2020. Thus, the failure of EE, I&FC Division, Sumbal to select the proper site for construction of pumping station before taking up of the execution of the lift irrigation scheme led to cost revision of the scheme. Besides, additional funds of ₹ 0.88 crore proposed for completion of scheme could also not be arranged over a period of eight years which rendered the expenditure of ₹ 2.23 crore unfruitful.

On this being pointed out (March 2018) the EE, I&FC Division, Sumbal stated (March 2018/ July 2019) that the civil works of the scheme were almost complete, completion of mechanical works was awaited and an amount of ₹ 25.22 lakh was required for completion of some vital works[58]. EE, MI Division, Shadipora stated (May 2016/ March 2018) that due to non-completion of civil component and paucity of funds, certain items could not be executed and the scheme could not be made functional. It was also stated (June 2020) that extra funding over the estimated cost of ₹ 1.77 crore was allowed to complete the scheme and the Chief Engineer verbally reiterated that formal sanction to the revised cost will be issued after the completion of scheme.

The reply of Executive Engineer is not tenable as the change of original site for construction of pumping station confirmed that proper survey was not conducted before taking up the execution of the work. Besides, execution of scheme work without approval of the revised DPR coupled with non-availability of adequate funds for its completion has rendered the expenditure of ₹ 2.23 crore incurred on the scheme unfruitful.

The matter was referred to the Department / Government in May 2020; their replies were awaited (September 2020).

The Department should arrange for additional funds to complete the work expeditiously and ensure that technical requirements are fulfilled before execution of a project in future.

Legal Metrology Department

2.7 Under-utilisation of mobile cranes fitted with weigh bridge testing kits

The Legal Metrology Department failed to engage driver/ trained staff for operating mobile cranes fitted with weigh bridge testing kits provided by GoI for an amount of ₹ 1.18 crore, resulting in their under-utilisation and defeating the intended purpose to modernise and transform the manual practice of calibration/ verification of weigh bridges.

The Government of India (GoI) under the scheme 'Strengthening of Weights and Measures Infrastructure provided two mobile cranes fitted with weigh bridge testing kits

[57] Pump motor shifted to site in February 2020, electric sub-station created, main mechanical components such as pump mounting structure, overhead crane working platform, rising main installed at site, other mechanical and electrical components and transformer lying in Divisional stores.

[58] Construction of lining wall on both sides of the Wangipora-Khurwan canal: ₹ 18.07 lakh; construction of chain link fencing and iron gate: ₹ 2.70 lakh and face lift and construction of allied works: ₹ 4.45 lakh.

for an amount of ₹ 1.18 crore[59] (December 2008 and March 2012) to the Legal Metrology Department, Government of Jammu and Kashmir (GoJ&K). The Deputy Controller, Legal Metrology, Jammu[60] projected (March 2009) a minimum revenue of ₹ 10 lakh per annum by use of these mobile testing kits. The Government of J&K fixed (November 2011) ₹ 2,000 as user fee for utilisation of mobile kit loaded with testing weights for verification of weigh bridges installed across the State.

Audit scrutiny (June 2018) of records revealed that one mobile crane received in December 2008 could not be put to use till May 2010, on the grounds of non-availability of driver/ operator and required funds for maintenance. Subsequently from May 2010 to November 2010, it was put to use for only seven months by obtaining a driver on deputation from the Jammu and Kashmir State Road Transport Corporation (JKSRTC). During this period, only 11 weigh bridges were verified. This mobile crane was off road since November 2010 due to non-availability of funds, and was parked in the premises of a private industry at the Industrial Estate, Kathua. The rear tyres of the mobile crane have been stolen (January 2011) for which First Information Report has been lodged with the police.

Subsequently, the Joint Controller, Legal Metrology, Jammu requested (August 2012) Director, Legal Metrology, GoI, New Delhi for withdrawal of this vehicle, on the grounds that due to its large size, it could not be used optimally in the lanes and by lanes of industrial units of Jammu and further added that the said vehicle be taken back and allotted to some other requisitioning and needy State. A second mobile crane was received from GoI in March 2012, and put to use only from February 2015 to June 2018 after making internal arrangements for a driver. This second mobile crane also remained non-functional since July 2018 due to non-availability of a driver.

On this being pointed out, the Deputy Controller, Legal Metrology Jammu stated (July 2020) that 887 weigh bridges were verified/ re-verified by the Department during 2009-18 for which an amount of ₹ 17.74 lakh was recovered. It was also stated that as per log book only 171 weigh bridges were verified/ re-verified by the testing kit provided and remaining 716 weigh bridges were passed without utilisation of testing kits. Therefore, user fee of ₹ 3.42 lakh[61] was only recovered by the use of mobile testing kits.

Since the Department failed to engage driver/ trained staff to ensure effective usage and maintenance for functioning of these cranes, these mobile cranes provided for ₹ 1.18 crore have remained idle. As stated in their own reply, the Department was able to recover user fee of ₹ 17.74 lakh only during 2009-18, which was far less than the estimated collection of user fee of ₹ 90 lakh[62] projected (March 2009) by Deputy Controller, Legal Metrology, Jammu by use of mobile testing kits. Therefore, the

[59] Cost of crane received in December 2008: ₹ 50.94 lakh; cost of crane received in March 2012: ₹ 66.88 lakh.
[60] To be collected at the rate of ₹ 10 lakh per annum.
[61] User charges in respect of 171 weigh bridges at the rate of ₹ 2,000 is ₹ 3,42,000
[62] To be collected at the rate of ₹ 10 lakh per annum.

Department could not modernise and transform the manual practice of calibration/ verification of weigh bridges due to which the human interface could not be minimised.

When the matter was referred (May 2020) to the Department, Deputy Controller, Legal Metrology, Jammu on the directions of Administrative Department framed a comprehensive factual report (July 2020) wherein it was confirmed that the available drivers/ staff were not used to make the mobile testing kits operational. These kits have now become scrap as they now do not adhere to the new norms for registration of Commercial vehicles and the Department could not recover the projected revenue (user fee) of ₹ 10 lakh annually since its receipt in 2008. Controller Legal Metrology Jammu and Kashmir in its reply (August 2020) stated that the vehicle has neither been registered with Transport Department, nor any efforts have been made in this regard so far.

Thus, the Department failed to engage driver/ trained staff to ensure effective usage and maintenance for functioning of these cranes, where by these mobile cranes provided for ₹ 1.18 crore have remained idle. Moreover, the objective to modernise and transform the manual practice of calibration/ verification of weigh bridges was not achieved.

The matter was referred to the Government in May 2020; their reply was awaited (September 2020).

The Department may ensure that required manpower is available before requisition for machinery is processed for their optimum utilisation as well as modernisation and transformation of the work processes are achieved.

Power Development Department

2.8 Unauthorised Payment of idle salary

Failure of the Power Development Department to either transfer Drivers/ Chauffeurs deployed in excess of sanctioned strength or utilise their services effectively resulted in unauthorised drawal and payment of idle salary of ₹ 79.46 lakh to Drivers/ Chauffeurs during the period from March 2015 to January 2019.

Rules 4 and 6 of the Jammu and Kashmir Financial code (Volume-1) prescribe the procedure under which pay and allowances of officers/ officials are to be regulated. The Head of the Department has to ensure that the staff is posted across the State to ensure effective working of the office.

The Sub Transmission Division-III, Kathua had a sanctioned strength of two drivers/ chauffeurs. Further, out of four Departmental vehicles available in the Division during 2015-16 to 2018-19, three were condemned/ auctioned (27 April 2007/ 08 February 2017) and one vehicle was not fit for operation since August 2013. The Division hired one vehicle from September 2013 onwards as the only remaining vehicle was also recommended for condemnation (December 2019).

Scrutiny of records (December 2017) and subsequent collection of information (between February 2018 to July 2019) revealed that five drivers/ chauffeurs were in position in the Division (March 2015 onwards) against the sanctioned strength of two

drivers/ chauffeurs. Meanwhile, the salary of additional three drivers was drawn in excess of the sanctioned strength during the period from March 2015 to January 2019. Despite four drivers being available without any official duty/ vehicle to drive, the drawal of pay and allowances was unauthorised and amounted to payment of idle salary without performing any official duty. Thus, non-utilisation of services of the drivers/ chauffeurs for which they were recruited is against the rules, which resulted in payment of idle salary to them during the period (March 2015 to January 2019). The surplus drivers/ chauffeurs had idle pay and allowances amounting ₹ 79.46 lakh[63] during the period from March 2015 to January 2019. Drawal of pay allowances beyond the sanctioned strength is unauthorised and needs to be investigated.

The Executive Engineer (EE) of the Division stated (February/ October 2019/ July 2020) that the Division had two chauffeurs and one driver posted from various dates against sanctioned posts of two drivers. One of these drivers/ chauffeurs is driving the hired vehicle and two drivers/ chauffeurs have superannuated[64] as of July 2019. It was further stated that the matter regarding utilising the services of the drivers was taken up with higher authorities from time to time. The reply is not acceptable as additional drivers without any vehicle to drive, continued to remain idle in the Division without assigning any official duties. Also no order regarding regularisation of the three posts was also provided to audit as of December 2017.

The matter was referred to Department/ Government in May 2020; their replies were awaited (September 2020).

The Department should ensure that excess manpower is not retained and adequate controls are exercised for drawal of salaries.

Public Health Engineering Department

2.9 Unfruitful expenditure and blocking of funds

Failure of Public Health Engineering Department to make the augmentation of water supply scheme functional over a period of seven years, resulted in unfruitful expenditure of ₹ 78.28 lakh and blocking of ₹ 39 lakh.

In order to augment the supply of potable water to the local inhabitants of villages Alyia, Bissi Kalakot and Dehari, the Executive Engineer (EE) Public Health Engineering (PHE) Division, Reasi proposed (2006) an 'Improvement/ augmentation of water supply scheme Alyia' at an estimated cost of ₹ 1.19 crore. The Scheme was designed to provide potable water to estimated population of 5,386 in the next 15 years against the existing population of 1,586 inhabiting these villages. The Detailed Project Report for the scheme was approved (2011-12) at cost of ₹ 1.17 crore with funding from NABARD[65] and the State Government in the ratio of 90:10 with the stipulated completion period of one year.

63 2015-16: ₹ 19.86 lakh; 2016-17: ₹ 20.22 lakh; 2017-18: ₹ 21.30 lakh; 2018-19: ₹ 18.08 lakh.
64 One driver on 31 March 2018 and the other driver on 31 July 2019.
65 National Bank for Agriculture and Rural Development.

Audit scrutiny of the records (September 2018/ July 2019) revealed that against the amount of ₹ 1.17 crore[66] released during the period 2011-12 to 2016-17, an expenditure of ₹ 1.17 crore[67] was incurred on procurement of material, construction of certain components[68] of the scheme etc. However, the augmentation scheme could not be completed as the proposed source, a dug well drilled for scheme was not made functional as of August 2019 and material valuing ₹ 39 lakh remained unutilised (August 2019).

On being pointed out in audit (September 2018/ July 2019) the EE, PHE Division, Reasi stated (May 2019/ August 2019) that the bore well was capped after drilling and pump room was also constructed to save it. However, at the time of lowering the pump, it was noticed that the bore well was filled with stones which could not be cleared as it was required to dismantle the slab and walls of the room. It was also stated that the matter has been taken up with the higher authorities and the bore well required repairs, which were estimated to cost ₹ three lakh.

However, the fact remains that despite incurring the expenditure of ₹ 1.17 crore, the water supply to the identified villages as per the project could not be augmented (August 2019) thereby defeating the very purpose of providing potable water to the existing population of three villages. Therefore, the failure of the Department to repair the dug well and to make the augmentation scheme functional over a period of seven years resulted in unfruitful expenditure of ₹ 78.28 lakh and blocking of ₹ 39 lakh.

The matter was referred to the Government in May 2020; their reply was awaited (September 2020).

The Department should take immediate steps to repair the dug well to make the augmentation scheme functional and ensure the assets are adequately protected.

[66] 2011-12: ₹ 51.67 lakh; 2012-13: ₹ 13.50 lakh; 2013-14: ₹ 12.99 lakh; 2014-15: ₹ 1.43 lakh; 2015-16: ₹ 14.66 lakh; 2016-17: ₹ 23.06 lakh.

[67] 2011-12: ₹ 51.64 lakh; 2012-13: ₹13.50 lakh; 2013-14: ₹ 12.99 lakh; 2014-15: ₹ 1.43 lakh; 2015-16: ₹ 14.66 lakh; 2016-17: ₹ 23.06 lakh.

[68] Construction of dug well, pump room, rising main, distribution system, chowkidar quarter, ground service reservoir, pumping machinery, sump tank etc.

Part II

Revenue Sector

Chapter III

Revenue Sector

Introduction

CHAPTER III

REVENUE SECTOR

Introduction

3.1 Trend of Revenue Receipts

3.1.1 The tax and non-tax revenues raised by the Government of Jammu and Kashmir during the year 2018-19, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grant-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below in Table 3.1.

Table 3.1: Trend of Revenue Receipts

(₹ in crore)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	**Revenue raised by the State Government**					
	• **Tax revenue**	6,333.95	7,326.19	7,819.13	9,536.40	9,826.35
	• **Non-tax revenue**	1,978.05	3,912.79	4,072.19	4,362.34	4,349.35
	Total	**8,312.00**	**11,238.98**	**11,891.32**	**13,898.74**	**14,175.70**
2.	**Receipts from the Government of India**					
	• **Share of net proceeds of divisible Union taxes and duties**	4,477.23	7,813.48	9,488.60	11,911.65	13,989.80
	• **Grants-in-aid**	16,149.36	16,728.14	20,598.55	22,701.49	23,065.21
	Total	**20,626.59**	**24,541.62**	**30,087.15**	**34,613.14**	**37,055.01**
3.	**Total revenue receipts of the State Government (total of 1 and 2)**	**28,938.59**	**35,780.60**	**41,978.47**	**48,511.88**	**51,230.71**
4.	**Percentage of 1 to 3**	**29**	**31**	**28**	**29**	**28**

(Source: State Finance Accounts 2018-19)

During the year 2018-19, the overall receipts of the State Government increased by 5.6 *per cent* over the previous year. However, the revenue raised by the State Government (₹ 14,175.70 crore) was 28 *per cent* of the total revenue receipts against 29 *per cent* in the preceding year. The balance 72 *per cent* of the receipts during 2018-19 came from the Government of India (GoI) of which 62.25 *per cent* was received in the form of Grants-in-aid. The Grants-in-aid from GoI constituted 45.02 *per cent* of the total receipts of the State.

3.1.2 The details of the tax revenue raised during the period 2014-15 to 2018-19 are given in Table 3.2.

Table 3.2: Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+) or decrease (-) in Actual in 2018-19 over 2017-18
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (f-e)/ e *100
1.	Taxes on Sales, Trade etc. including GST	4,601.52	5,276.54	6,011.98	7,104.37	6,891.44	(-) 3.00
2.	Taxes on Goods and Passengers	557.81	666.21	747.88	852.62	909.22	(+) 6.64
3.	State Excise	466.08	532.82	569.26	833.16	1,291.45	(+) 55.01
4.	Taxes and Duties on Electricity	313.40	428.87	89.94	179.20	188.57	(+) 5.23
5.	Stamps Duty and Registration Fees	247.98	264.23	227.62	307.43	265.45	(-) 13.66
6.	Taxes on Vehicles	132.34	145.15	149.71	228.11	238.93	(+) 4.74
7.	Land Revenue	14.58	12.18	16.89	29.07	41.28	(+) 41.90
8.	Others	0.24	0.19	5.85	2.44	0.001	(-) 99.96
	Total	**6,333.95**	**7,326.19**	**7,819.13**	**9,536.40**	**9,826.34**	

(Source: Finance Accounts 2018-19)

There was an increase in actual receipts in 2018-19 over 2017-18 ranging between 4.74 *per cent* and 55.01 *per cent* under the heads 'Taxes on Vehicles', 'Taxes and Duties on Electricity', 'Taxes on Goods & Passengers', 'Land Revenue' and 'State Excise'. However, there was a decrease of about 3 *per cent* to 99.96 *per cent* under the heads 'Taxes on Sales, Trade etc. including GST', 'Stamps and Registration Fees' and 'Others'. Decrease of 99.96 per cent under the head 'Others' was mainly due to subsuming of Entertainment tax[1] under GST with effect from 8 July 2017.

The respective Departments were asked to provide the reasons for increase/ decrease of revenue in 2018-19 over 2017-18; however, the reasons were provided in respect of the following taxes only:

Taxes on Sales, Trade etc.: The decrease in revenue was mainly due to the structural issues and rate reductions in Goods and Services Tax.

State Excise: The increase in revenue was due to increase in additional assessment fee on sale of all brands of liquor collected at the rate of 31.50 *per cent* during 2017-18 to 42 *per cent* with effect from 30 May 2018 to 25 February 2019 and 35 *per cent* with effect from 26 February 2019 to 31 March 2019.

3.1.3 The details of the non-tax revenue raised during the period 2014-15 to 2018-19 are indicated in Table 3.3.

[1] Entertainment tax during 2017-18 was ₹ 2.44 crore, which decreased to ₹ 0.001 crore during 2018-19.

Table 3.3: Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+) or decrease (-) in Actual in 2018-19 over 2017-18
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (f-e)/ e *100
1.	Power	1,427.73	1,477.22	2,770.24	3,150.94	3,246.49	(+) 3.03
2.	Forestry and Wildlife	70.85	67.84	14.40	18.12	20.33	(+) 12.20
3.	Police	19.97	34.11	67.63	32.70	88.98	(+) 172.11
4.	Non-ferrous, Mining and Metallurgical Industries	48.50	57.23	42.74	47.46	51.75	(+) 9.04
5.	Water Supply and Sanitation	36.90	45.77	51.99	93.07	59.78	(-) 35.77
6	Public Works	23.13	27.55	21.14	47.96	27.92	(-) 41.78
7.	Medical and Public Health	22.69	22.53	21.86	26.02	26.45	(+) 1.65
8.	Interest Receipts	13.58	96.35	18.62	19.44	20.84	(+) 7.20
9.	Other Non-tax Receipts	314.70	2,084.19	1,063.57	926.63	806.81	(-)12.93
	Total	**1,978.05**	**3,912.79**	**4,072.19**	**4,362.34**	**4,349.35**	

(Source: State Budget 2019-20 and Finance Accounts 2018-19)

There was an increase ranging between 1.65 *per cent* to 172.11 *per cent* in actual collections from Medical and Public Health, Power, Interest receipts, Non-Ferrous Mining and Metallurgical Industries, Forestry/ Wildlife and Police over the previous year. Whereas, the receipt under other non-tax receipts, Water Supply and Sanitation and Public Works had decreased by 12.93 *per cent* to 41.78 *per cent*.

The respective departments were asked to provide the reasons for increase/ decrease of revenue in 2018-19 over 2017-18; however, the reasons were provided by the following Departments only:

Police: The increase in revenue was mainly due to increase of guard charges as onetime receipt and auction proceeds.

Forestry and Wild Life: The increase in revenue was due to extraction of firewood and royalty amount deposited by the State Forest Corporation.

3.2 Analysis of Arrears of Revenue

The arrears of revenue as on 31 March 2019 in respect of certain major heads of revenue amounted to ₹ 1,474.11 crore, of which ₹ 719.92 crore was outstanding for more than five years, is detailed in the Table 3.4.

Table 3.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2019	Amount outstanding for more than five years as on 31 March 2019	Replies of Department
1.	Taxes on Sales/ VAT Trade etc	1,426.58	672.63	Stay on Collection for an amount of ₹ 107.77 crore proposed for recovery as arrears of land revenue has been granted by the courts/ appellate authorities. The Department takes various measures like issue of notice of demand (Dastak), issue of memo, seizure of bank accounts and thereafter attachment of immovable property in addition to this, arrest warrants are issued to ensure recovery of the arrears.
2.	Motor spirit tax	0.09	0.09	
3.	Entertainment tax	0.21	0.21	Stay on recovery of total arrears, of ₹ 45.36 crore was granted by the court/ appellate authorities. However, balance arrears of ₹ 2.08 crore were referred to the Collectors for collection as arrears under the Land Revenue Act.
4.	Toll Tax	28.24	28.00	
5.	State Excise	18.99	18.99	
Total		**1,474.11**	**719.92**	

(Source: Data provided by the Departments)

3.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed during the year and number of cases pending for finalisation at the end of the year as furnished by the State Taxes Department in respect of Sales Tax/ VAT and Taxes on Works contracts are given in Table 3.5.

Table 3.5: Arrears in assessments

Head of Revenue	Opening balance as on 1 April 2018	New cases due for assessment during 2018-19	Total assessments due	Cases disposed of during 2018-19	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	**2**	**3**	**4**	**5**	**6**	**7**
Sales Tax/ VAT	8, 991	6, 859	15,850	7,098	8,752	44.78
Tax on Works Contract	48,651	14,494	63,145	24,217	38,928	38.35

(Source: Data provided by the Department)

The assessments completed (out of the total cases due for assessment) was 45 *per cent* in respect of Sales Tax/ VAT and 38 *per cent* in the case of Taxes on Works Contract. Reasons for less assessments during 2018-19, were attributed (June 2020) to the fact that the Assessing Authorities are adapting to the new tax regime which takes extra time for completion of assessments. However, it was also stated that the Department shall make all efforts to finalise the pending assessments as soon as possible.

In order to avoid the risk of time barring of assessments (five years), Government may consider fixing a time limit for finalisation of the pending assessments and ensure that the time limit so fixed is adhered to by the Departmental Authorities.

3.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected, cases finalized and the demands for additional tax raised, as reported by the Department are given in Table 3.6.

Table 3.6: Evasion of Tax

Sl. No.	Head of revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty, etc. raised		Amount of demand recovered (₹ in crore)	Number of cases pending for finalisation as on 31 March 2019
					Number of cases	Amount of demand (₹ in crore)		
1.	Sales Tax/ VAT	220	1,466	1,686	1,401	32.67	0.83	285
2.	GST	-	218	218	195	53.39	52.26	23
	Total	**220**	**1,684**	**1,904**	**1,596**	**86.06**	**53.09**	**308**

(Source: Data furnished by the Department)

Against the total demand of ₹ 86.06 crore raised in 1,596 cases during 2018-19, an amount of ₹ 53.09 crore had been recovered which is 61.69 *per cent* of the total recoverable amount. In reply, Assistant Commissioner (Technical) State Taxes stated (June 2020) that the Department is adopting the prescribed procedures for recovery of arrears. It was also stated that the Government has announced Amnesty scheme which can be availed upto 30 June 2020 and recovery proceedings shall be started after the closure of the scheme.

3.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2018-19, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2018-19 as reported by the Department is given in Table 3.7.

Table 3.7: Details of pendency of refund cases

Sl. No.	Particulars	GST		Sales tax/ VAT	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1.	Claims outstanding at the beginning of the year	264	1.26	7	0.75
2.	Claims received during the year	811	27.99	26	2.33
3.	Refunds made during the year	558	16.04	22	0.59
4.	Balance outstanding at the end of the year	517	13.21	11	2.49

(Source: Data furnished by the Department)

The number of outstanding refund cases both under Sales Tax/ VAT and GST has increased by 95 *per cent* from 271 cases to 528 cases during 2018-19. This could affect the amount of compensation receivable from the Government of India.

The Government may take effective steps for immediate disposal of the refund cases.

3.6 Response of the Government/ Departments to Audit

The Principal Accountant General (Audit), Jammu and Kashmir (PAG), conducts periodical inspection of the Government Departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating findings, which are issued to the Heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the Offices/ Government are required to take necessary corrective action on the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG (Audit) within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

A review of Inspection Reports issued up to December 2018 in respect of State Taxes, State Excise, Transport and Law Department disclosed that 4,539 paragraphs relating to 859 IRs and involving ₹ 2,095.52 crore remained outstanding at the end of June 2019 as mentioned along with the corresponding figures for the preceding two years below in Table 3.8.

Table 3.8: Details of pending Inspection Reports

	June 2017	June 2018	June 2019
Number of IRs pending for settlement	775	811	859
Number of outstanding audit observations	3,875	4,111	4,539
Amount of revenue involved (₹ in crore)	1,176.45	1,216.35	2,095.52

3.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2019 and the amounts involved in respect of State Taxes, State Excise, Transport and Law Department (Revenue Sector) are mentioned in the Table 3.9.

Table 3.9: Department-wise details of Inspection Reports/ Audit observations

Sl. No.	Name of the Department	Nature of receipts	Numbers of outstanding IRs	Numbers of outstanding audit observations	Money value involved (₹ in crore)
1.	State Taxes	Taxes on Sales, Trade etc.	535	3,373	1,822.20
2.	State Excise	State Excise	154	377	120.95
3.	Transport	Taxes on Motor Vehicles	112	484	141.86
4.	Law	Stamps Duty and Registration fee	58	305	10.51
Total			**859**	**4,539**	**2,095.52**

Audit did not receive any replies from the heads of offices within four weeks from the date of issue of 51 IRs issued during 2018-19. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of Offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG (Audit) through the IRs. Further, no Audit Committee was

constituted by the State Government for discussion of pending objections relating to Tax Revenue (State Taxes, State Excise and Taxes on Motor Vehicles).

It is recommended that the Government should advise the concerned Departments to hold Audit Committee Meetings frequently at least three meetings in a quarter to monitor the progress of settlement of paragraphs and also ensure that demands/ recoveries are addressed in time.

3.7 Status of Inspection Reports

The summarised position of the Inspection Reports of Departments of State Taxes, State Excise, Law and Transport (Revenue Sector) issued during the last five years, paragraphs included in these Reports and their status as on 31 March 2019 are tabulated in Table 3.10.

Table 3.10: Position of Inspection Reports

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graph	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
2014-15	617	2,830	1,188.29	59	553	67.00	08	194	24.93	668	3,189	1,230.36
2015-16	668	3,189	1,230.36	70	494	76.86	07	140	25.90	731	3,543	1,281.32
2016-17	731	3,543	1,281.32	51	403	329.16	28	237	424.04	754	3,709	1,186.44
2017-18	754	3,709	1,186.44	89	767	173.79	09	110	41.24	834	4,366	1,318.99
2018-19	834	4,366	1,318.99	54	632	960.10	07	160	52.77	881	4,838	2,226.32

The Government of J&K has not constituted any Audit Committee for settlement of old paragraphs, as a result, the position of outstanding IRs, Paras with corresponding money value (State Taxes, State Excise and Taxes on Motor Vehicles) increased as is evident from the above table.

This indicates that adequate steps were not taken by the Departments resulting in increase of the outstanding IRs and Paragraphs.

3.8 Follow up on Audit Reports

3.8.1 Non-submission of *suo-moto* Action Taken Notes

The State Government (Finance Department) had issued instructions in June 1997 to all 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 110 audit paragraphs featuring in the Chapters of Revenue Sector of Audit Reports from 2000-01 to 2015-16[2], *suo-moto* ATNs in respect of 88 audit paragraphs had not been received up to 31 March 2020.

3.8.2 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/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations.

Out of 110 audit paragraphs featuring in the Revenue Sector of Audit Reports for the years from 2000-01 to 2015-16, only 17 audit paragraphs have been discussed by the PAC up to 31 March 2019. 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.

3.8.3 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last five years, those accepted by the Department and the amount recovered are given in Table 3.11.

Table 3.11: Paragraphs included in the Audit Reports of the last five years

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs (₹ in crore)	Number of paragraphs accepted	Money value of accepted paragraphs (₹ in crore)	Amount recovered during the year 2018-19 (₹ in crore)	Cumulative position of recovery of accepted cases as of 31 March 2019 (₹ in crore)
2013-14	5	9.28	5	1.11	Nil	0.04
2014-15	4	0.76	4	0.76	Nil	0.10
2015-16	7	124.10	6	88.76	0.09	0.16
2016-17	8	2.14	8	2.14	Nil	0.20
2017-18	9	1.43	9	1.43	0.01	0.16[3]
Total	**33**	**137.71**	**32**	**94.20**	**0.10**	**0.66**

It would be seen from the above that in respect of paragraphs featured in the Audit Reports 2013-14 to 2017-18, the Department/ Government accepted audit observations involving ₹ 94.20 crore, of which only ₹ 0.66 crore was recovered as of March 2019, which is only 0.70 *per cent* of the accepted amount. This indicates that the Government could not recover the dues fully even for the cases wherein the audit observations had been accepted by the Department.

3.9 Audit Planning

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

[2] Audit Reports 2016-17 and 2017-18 presented in Parliament in September 2020.
[3] Includes recovery of ₹ 15.80 lakh reflected in Audit Report for the year ended 31 March 2018.

risk analysis which *inter-alia* include critical issues in Government Revenues and Tax administration.

During the year 2018-19, there were 398 auditable units of revenue receipts (State Taxes, State Excise, Transport and Law) out of which 66 (17 *per cent*) units were planned for audit and 54 units (82 *per cent*) were audited.

3.10 Results of audit

Position of local audit conducted during the year

Test-check of the records of 54 units[4] out of 398 auditable units[5] of State Taxes, State Excise and Transport Department conducted during the year 2018-19 showed under assessment/ short levy/ loss of revenue aggregating ₹ 900.11 crore in 502 cases. Departmental replies were received only from eight units regarding acceptance of under assessment and other deficiencies of ₹ 2.46 crore. The Departments recovered ₹ 1.55 crore during 2018-19 in respect of 51 cases pertaining to audit findings of the period prior to 2018-19. Unit-wise details of recoveries accepted are detailed in ***Appendix 3.1.1.***

[4] State Taxes Department: 34 units; Transport Department: 12 units and Excise Department: 08 units.

[5] State Taxes Department: 66 units; Transport Department: 22 units; Excise Department: 44 units and Stamps Duty and Registration (Law Department): 266 units.

Chapter IV

Revenue Sector

Compliance Audit

CHAPTER IV

COMPLIANCE AUDIT (Revenue Sector)

A. General

4.1 Tax administration

4.1.1 Sales Tax/ Value Added Tax/ Goods and Services Tax

Sales Tax/ Value Added Tax/ Goods and Services Tax are administered by the Principal Secretary, Finance Department at the Government level. The Commissioner State Taxes, is entrusted with overall control and superintendence of the State Taxes Department. He is assisted by three Additional Commissioners (one each in Jammu and Kashmir Divisions and one for Tax Planning), 19 Deputy Commissioners (Jammu: 09; Kashmir: 08 and one each for headquarter and judicial matters) and 10 Assistant Commissioners (Jammu: 05; Kashmir: 05). The State is divided into 63 State Taxes Circles (Jammu: 30; Kashmir: 33), each headed by one State Taxes Officer.

4.1.2 State Excise

The State Excise Department of J&K is responsible for charging of Excise Duties under the J&K Excise Act, 1901 and the Rules made thereunder. The Department is headed by the Excise and Taxation Commissioner who is assisted by five Deputy Excise Commissioners (Jammu: 04; Kashmir: 01) and 16 Excise and Taxation Officers (Jammu: 10; Kashmir: 06). There are 20 Distilleries/ Bottling Plants which fall within the jurisdiction of the Excise and Taxation Officer, Distilleries, Jammu.

4.1.3 Taxes on Vehicles

Receipts from the Transport Department are regulated under the Central and the State Motor Vehicles Acts and Rules made thereunder and are under the administrative control of the Transport Commissioner.

4.2 Results of audit

Test-check of records of 54 units out of a total of 398 units of State Taxes, State Excise, Transport and Law Departments conducted by Audit during the year 2018-19 revealed under-assessment/ short levy of revenue aggregating ₹ 900.11 crore in 502 cases as detailed in Table 4.1.

Table 4.1: Results of Audit

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
Taxes on Sales, Trade/ VAT, etc.			
1.	Under-assessment of Tax	20	3.50
2.	Evasion of tax due to suppression of sales/ purchase	280	58.95
3.	Irregular/ incorrect/ excess allowance of Input Tax Credit	39	2.93
4.	Other irregularities	60	687.92
	Total	**399**	**753.30**
State Excise			
1.	Short/ Non realisation of Excise duty	1	0.01
2.	Short/ Non realisation of licence fee/ interest/ penalty	12	13.43
3.	Short levy of collection of Toll Tax	3	0.09
4.	Other irregularities	14	1.33
	Total	**30**	**14.86**
Motor Vehicle taxes			
1.	Non/ short realisation of Token Tax	9	15.42
2	Non/ short realisation of Passenger and goods tax	29	39.35
3.	Other Irregularities	35	77.18
	Total	**73**	**131.95**
	Grand Total	**502**	**900.11**

During the year 2018-19, an amount of ₹ 1.55 crore of revenue was recovered by the Departments under various heads[1] of receipt that had been pointed out in audit during previous years.

[1] Taxes on Sale, Trade/ VAT etc.: ₹ 1.54 crore; Stamps and Registration fee: ₹ 1.00 lakh.

B. Compliance Audit

4.3 Coverage of this Chapter

This Chapter of the Report on the Revenue Sector contains five paragraphs involving revenue implication of ₹ 2.03 crore relating to short demand due to irregular allowance of input tax credit, irregular grant of tax remission, concealment of purchases and misappropriation of Government money, etc. The Departments/ Government have accepted audit observations involving ₹ 2.03 crore, out of which ₹ 13.02 lakh have been recovered.

Finance Department

(State Taxes Department)

4.4 Short levy of tax due to concealment of purchases

Failure of the Assessing Authority to detect concealment of turnover while assessing a dealer, resulted in short levy of tax, interest and penalty of ₹ 17.67 lakh.

Section 7 of Jammu and Kashmir General Sales Tax Act, 1962 and the Rules made thereunder provide that every dealer shall submit the return of his turnover in such a manner as may be prescribed under the Act. Further, if a dealer furnishes incorrect particulars of turnover or conceals his turnover, the Assessing Authority (AA) shall direct the dealer under the sections 8(8) and 17 (1) (f) of the aforesaid Act to pay in addition to tax payable, interest at the rate of two *per cent* per month for the period of default and penalty not less than the amount of tax which was attempted to be evaded but not exceeding double the amount of such tax.

Scrutiny (December 2014/ May 2019) of records of Commercial Taxes Circle 'H' Srinagar, revealed that the assessment of a dealer[2] for the financial year 2009-10 was done (March 2014) by the AA at a taxable turnover of ₹ 6.04 crore after enhancing the turnover by ₹ 34.99 lakh. However, the inter-state purchase statements filed by the dealer alongwith his quarterly returns and the 'C-Form' consumption statements revealed that the inter-state purchases of ₹ 43.15 lakh had not been accounted for by the dealer in his accounts which led to concealment of sales turnover of ₹ 86.29 lakh[3]. Therefore, the dealer had violated Section 7 of Jammu and Kashmir General Sales Tax Act, 1962 and the Rules made thereunder and was required to pay tax, interest and penalty as determined under the Sections 8(8) and 17 (1) (f) of the Act. The assessing authority, while assessing the case enhanced the turnover by ₹ 34.99 lakh against the concealment of turnover of ₹ 86.29 lakh. The net concealed turnover worked out to

[2] Dealing in construction/ electrical works contracts.

[3] Includes freight, profit and other charges at the rate of 100 *per cent* as declared by the dealer in his trading account.

₹ 51.30 lakh, for which the dealer was liable to pay tax, interest and penalty of ₹ 17.67 lakh[4].

On this being pointed out (December 2014), the Assessing Authority re-assessed (December 2018) the dealer and raised a demand of ₹ 16.72 lakh[5]. It was further stated (December 2019) that the demand has been referred (May 2019) to the Deputy Commissioner Recovery Division, Kashmir. However, the progress of recovery was awaited (September 2020).

The matter was referred to Department/ Government in November 2019; their replies were awaited (September 2020).

4.5 Short demand of tax and interest due to irregular grant of tax remission

Irregular grant of tax remission by the Assessing Authorities, Commercial Taxes Circles I and II, Udhampur, to two industrial units which had concealed purchases of ₹ 12.32 lakh during the years 2010-11 and 2013-14, resulted in short demand of ₹ 26.22 lakh.

In exercise of the powers conferred by Section 79-A of the Jammu and Kashmir Value Added Tax (JKVAT) Act, 2005, the Government issued (March 2006) a notification for remission of tax in respect of small, medium and large scale industrial units which was to be granted subject to fulfillment of certain conditions. These conditions stipulated that to avail the remission of tax, the Industrial unit should be formally registered[6], it should submit tax remission claims in the prescribed forms, maintain correct and regular accounts of purchases of goods including plant, equipment, raw material, production and sale of goods etc. and provide employment to permanent residents of the State. Besides, the unit should not claim input tax credit and in no case shall procure the finished product from outside the state and shall not dispose of the raw material in any manner whatsoever except as provided in the certificate of registration. Any industrial unit found guilty of an offence specified under Section 66 (6), Section 67, Section 69(1)(f), Section 69(1)(g), Section 69(1)(h), Section 69(1)(k), Section 69(1)(I) of the JKVAT Act, 2005 was not entitled to remission of tax for the year during which such offence was committed.

I. Scrutiny of records[7] (May 2014) of State Taxes Circle-I, Udhampur, revealed that an industrial unit[8] was allowed (October 2013 and January 2014) tax remission of ₹ 7.45 lakh[9] for the first and second quarter of 2013-14, assessed on 23 October 2013 and 27 January 2014, respectively. However, cross check of purchase statement filed by the dealer with the VAT-65 Forms revealed that purchases of ₹ 3.54 lakh[10] made

4 Tax: ₹ 4.31 lakh; Interest with effect from effect from April 2010 to December 2018: ₹ 9.05 lakh; Penalty: ₹ 4.31 lakh.
5 Tax: ₹ 4.35 lakh; Interest: ₹ 8.02 lakh; Penalty: ₹ 4.35 lakh.
6 With Department of Industries and commerce/ Directorate of Handicrafts/ Handloom and also with the Department of Commercial taxes.
7 Out of 224 case assessed during 2013-14 audit test checked 55 cases.
8 Dealing in manufacture of cement.
9 First Quarter: ₹ 3.21 lakh; Second quarter: ₹ 4.24 lakh.
10 First Quarter: ₹ 3.31 lakh; Second quarter: ₹ 0.23 lakh.

during the first and second quarter of 2013-14 were not accounted for by the dealer in the purchase statement. The dealer was therefore guilty of offence under section 69 (1) (f) of the JKVAT Act, 2005 and was not entitled to the remission of tax. The Assessing Authority while passing the remission orders for the above period failed to notice the concealment of purchases which resulted in irregular remission of tax and short levy of tax including interest and penalty of ₹ 18.22 lakh[11].

On this being pointed out (May 2014/ October 2019), the Assessing Authority reassessed (March 2019/ January 2020) the unit and raised a demand of ₹ 18.74 lakh[12] in March 2019 and January 2020 against the industrial unit. However, the status of recovery was awaited (September 2020).

The matter was referred to the Department/ Government in April 2020; their replies were awaited (September 2020).

II. Test-check of the records (August 2017) of Commercial Taxes Circle-II, Udhampur, revealed that an industrial unit[13] had concealed purchases of ₹ 8.78 lakh during the year 2010-11 and was guilty of offence under Section 69 (1) (f) of the JKVAT Act, 2005. The Assessing Authority while assessing the industrial unit, raised (February 2017) a demand of ₹ 2.27 lakh[14] on the concealed turnover during the year 2010-11. However, the Assessing Authority allowed the remission of tax amounting to ₹ 3.09 lakh for the year 2010-11, which was irregular and resulted in short levy of tax and interest of ₹ 8.00 lakh[15].

On this being pointed out (August 2017), the Assessing Authority reassessed (April 2018) the unit and raised a demand of ₹ 10.80 lakh[16]. It was further stated (January 2020) that the dealer has applied for amnesty, paid principal tax of ₹ 3.61 lakh and the interest and penalty stands waived off.

The reply is not tenable as the dealer had concealed the turnover chargeable to tax, the demand created in consequence thereof was outside the purview of Amnesty Scheme.

The matter was referred to Department/ Government in July 2019; their replies were awaited (September 2020).

The Government should ensure that only permitted remissions are allowed and recovery of interest and penalty be made from the dealers who have irregularly availed such remissions.

[11] Tax: ₹ 0.21 lakh; Interest: ₹ 0.27 lakh and Penalty: ₹ 0.42 lakh on concealed turnover and Irregular remission of tax of ₹ 7.45 lakh and interest ₹ 9.87 lakh thereupon.
[12] Tax: ₹ 7.66 lakh; Interest: ₹ 10.66 lakh; Penalty: ₹ 0.42 lakh.
[13] Dealing in manufacture of jute bags.
[14] Tax: ₹ 0.52 lakh; Interest: ₹ 0.72 lakh; Penalty: ₹ 1.03 lakh.
[15] Tax: ₹ 3.09 lakh; Interest: ₹ 4.91 lakh.
[16] Tax on account of rejection of remission: ₹ 3.09 lakh; Tax on account of concealment of inter-state purchases: ₹ 0.52 lakh; Interest: ₹ 6.16 lakh; Penalty: ₹ 1.03 lakh.

4.6 Short demand due to irregular allowance of input tax credit

Failure of the Assessing Authorities, Commercial Taxes Circle-II, Udhampur and Circle 'L', Jammu to disallow Input Tax Credit claimed by dealers on purchases made during the period of suspension of their registration certificate, resulted in short demand of ₹ 1.26 crore.

Section 27 (7) of the Jammu and Kashmir Value Added Tax (JKVAT), 2005, stipulates that when any dealer to whom a certificate of registration is granted, fails to furnish any return or fails to pay any tax, penalty or interest payable under the Act, the certificate of registration of such dealer may be suspended by the prescribed Authority. Section 27 (8) of the above Act provides that suspension of certificate of registration will be withdrawn and registration certificate shall be restored on an application made by the dealer on furnishing evidence of payment of all taxes and on furnishing of overdue return(s) within 90 days of suspension. During the period the certificate of registration of a dealer remains suspended, he shall not be entitled to any benefits that a dealer whose certificate of registration is in force, is entitled to. The dealer is liable to pay interest and penalty under Section 51(4) and 69(1) (m) of VAT Act 2005 for willfully claiming Input Tax Credit for the period during which his registration certificate was placed under suspension.

I. Scrutiny of records (August 2017) of Commercial Taxes Circle II, Udhampur revealed that for non-filing of quarterly return for the third quarter of 2012-13, the registration certificate of a dealer[17]was suspended by the Assessing Authority from 30 April 2013 to 12 February 2014. The dealer, however, claimed input tax credit of ₹ 40.09 lakh during 2013-14 which included an amount of ₹ 30.76 lakh pertaining to the period when his registration was under suspension and the same was allowed by the Assessing Authority while assessing (March 2017) the dealer for the Accounting year 2013-14. Thus, the failure to disallow the input tax credit resulted in short demand of ₹ 1.21 crore[18].

On this being pointed out (August 2017), the assessing authority re-assessed (October 2018) the dealer for the accounting year 2013-14 and raised a demand of ₹ 1.29 crore[19]. However, the status of recovery was awaited (September 2020).

The matter was referred to the Department/ Government in June 2019; their replies were awaited (September 2020).

II. Scrutiny of records (September 2018) of Commercial Taxes Circle 'L', Jammu revealed that for non-filing of quarterly return for the fourth quarter of 2013-14, the registration certificate of a dealer[20] was suspended on 23 June 2014 which was not restored as of May 2015. During the period of suspension of his registration, the dealer was not entitled to avail the input tax credit under Section 21 of the Act. However, Input

[17] Dealing in packaged milk, ghee etc.
[18] Tax: ₹ 30.76 lakh; Interest: ₹ 28.35 lakh; Penalty: ₹ 61.53 lakh.
[19] Tax: ₹ 30.76 lakh; Interest: ₹ 36.95 lakh; Penalty: ₹ 61.53 lakh.
[20] Dealing in sale/ purchase of Medicines and Cosmetics.

Tax Credit claim of ₹ 1.37 lakh on purchase of ₹ 26.92 lakh made by the dealer during the period 23 June 2014 to 31 March 2015, was allowed by the Assessing Authority while assessing (March 2018) the dealer to tax for the Accounting year 2014-15 under Section 39(5) of the Act. Thus, the failure to disallow the input tax credit resulted in a short demand of ₹ 5.35 lakh[21] towards tax, interest and penalty.

On this being pointed out (September 2018), the Assessing Authority re-assessed (September 2019) the dealer for accounting years 2014-15 and raised a demand of ₹ 5.59 lakh[22].

The matter was referred to the Government/ Department in December 2019. The Deputy Commissioner State Taxes (Judicial) stated (February 2020) that in view of non-compliance on the part of dealer to make payment, the Assessing Authority referred (December 2019) the arrears to Deputy Commissioner State Taxes (Recovery) and proceedings for recovery under Land Revenue Act have been initiated.

The reply of Government is awaited (September 2020).

4.7 Short demand due to irregular availing of input tax credit

Failure of the Assessing Authority to correctly verify the return filed by a dealer and disallow irregular input tax credit claimed on expired/ returned goods, resulted in short demand of ₹ 16.04 lakh.

Section 35(1) of the Jammu and Kashmir Value Added Tax (JKVAT) Act, 2005 stipulates that, all the returns filed by the dealers shall be scrutinised by the Assessing Authority to verify the correctness of calculations, application of correct rate of tax/ interest and input tax credit claimed. Further, Section 14 of the JKVAT Act, 2005 stipulates that, any dealer who in the course of his business, purchases any taxable goods from a registered dealer in the circumstances in which no tax is payable by that registered dealer on the sale price of such goods or from any other person, the dealer shall be liable to pay tax on purchase price of such goods, if after such purchase, the goods are not sold within the State or sold in the course of inter-state trade and commerce or exported out of the territory of India. The JKVAT Act, 2005 also stipulates that no input tax credit (ITC) shall be claimed or allowed to a registered dealer in respect of goods purchased on payment of tax, if such goods are not sold because of any theft or due to their destruction.

The JKVAT Act, 2005 provides for reversal of the tax credit availed in respect of goods lost due to theft or destroyed due to any other reasons. For default in making the payment under Sections 37 to 40 of the JKVAT Act, a dealer is liable to pay interest on the amount at the rate of two *per cent* per month.

Scrutiny of records (December 2018) of the State Taxes Anantnag I Circle revealed that a dealer had filed a self-assessment return for the year 2013-14 which was accepted by the Assessing Authority. The dealer claimed to have made local purchases of

[21] Tax: ₹ 1.38 lakh; Interest: ₹ 1.22 lakh; Penalty: ₹ 2.75 lakh.
[22] Tax: ₹ 1.38 lakh; Interest: ₹ 1.46 lakh; Penalty: ₹ 2.75 lakh.

₹ 245.95 lakh. His tax liability of ₹ 20.60 lakh on sales of ₹ 250.82 lakh[23], was met by availing of input tax credit of ₹ 12.30 lakh and payment of tax of ₹ 8.30 lakh. However, as per the trading account filed by the dealer, the expired/ goods returned valued at ₹ 86.63 lakh[24] were reduced from the purchases, for which he was not entitled to claim input tax credit of ₹ 8.53 lakh. The Assessing Authority while accepting the return failed to verify and disallow the input tax credit of ₹ 8.53 lakh availed incorrectly by the dealer which has resulted in short demand of ₹ 16.04 lakh[25] including tax and interest.

On this being pointed out, the Assessing Authority re-assessed (May 2019) the dealer for the Accounting year 2013-14 under Section 42 of the JKVAT Act, 2005 and raised a demand of ₹ 19.11 lakh[26]. The status of recovery is awaited (September 2020).

The matter was referred to the Department/ Government in April 2020; their replies were awaited (September 2020).

Revenue Department

4.8 Misappropriation of Government money

Tehsildar, Kathua failed to adhere to the rules prescribed for handling of revenues of the Government and also furnished incorrect information to audit which facilitated misappropriation of revenue receipts of ₹ 16.81 lakh.

Rules 2-1 to 2-15 of Jammu and Kashmir Financial Code (JKFC) Volume-I, prescribe the general principles regarding duties in respect of cash and accounts, receipt of Government money, its custody and payment into treasury and maintenance of accounts cash book. Rule 2-4 (1) of JKFC stipulates that an officer receiving money on behalf of Government is to give the payer a receipt in form FC-I, duly signed by the authorised officer, who shall satisfy at the time of signing the receipt and initialing its counterfoil that the amount has been properly entered in the cash book.

Audit scrutiny (September 2017) of the records of Tehsildar, Kathua revealed certain discrepancies in maintenance of records relating to collection and remittance of revenue into the Government Treasury. The money received[27]on behalf of the Government was not routed through the cash book or entered in the revenue register, cash receipts were not given in prescribed forms (FC-1) and the revenue remittance register was not maintained. Audit noticed instances of short/ non-remittance of revenue ₹ 5.66 lakh and delays ranging between two to nine months in remittance of revenue into the Government Treasury.

Despite this being pointed out (September 2017) in audit, reasons for the irregularity were not investigated (September 2019) and necessary corrective measures were not

[23] ₹ 156.04 lakh taxable at the rate of 5 *per cent* and ₹ 94.78 lakh taxable at the rate of 13.50 *per cent.*

[24] Purchases valuing ₹ 37.19 lakh taxable at the rate of 5 *per cent* involving ITC of ₹ 1.86 lakh and Purchases valuing ₹ 49.44 lakh taxable at the rate of 13.5 *per cent* involving ITC of ₹ 6.67 lakh.

[25] Tax: ₹ 8.53 lakh; Interest: ₹ 7.51 lakh.

[26] Tax: ₹ 8.53 lakh; Interest: ₹ 10.58 lakh.

[27] For issuance of income certificates, copies of mutation/ *fard/ Khasra Girdawari, zamabandi*, permanent resident certificate etc.

taken. The Tehsildar, Kathua, however, informed (July 2018) that due to shortage of staff, remittance could not be made into the treasury and stated that all the revenue had subsequently been remitted into the treasury.

The matter was again pursued with the Department (February 2019) and the Tehsildar, Kathua provided (April/ July 2019) details of revenue collected and remitted during the period 2015-16 to 2018-19, which reflected short remittance of ₹ 16.81 lakh as only ₹ 49.18[28] lakh out of the revenue collection of ₹ 65.99 lakh[29] had been remitted into the Treasury. The Tehsildar, Kathua also stated (October 2019) that non-remittance of revenue pertained to period long before his joining that office and the official who held the charge of *Nazir*[30] during that period had expired while in active service on 30 November 2018. Besides, it was stated that the existing loopholes in the system have been plugged and efforts will be made to recover the amount from the retirement benefits of the family of the deceased person (*Nazir*). It was also stated (August 2019) that in future, the payee receipt on FC-1 and the treasury challans in FC-2 shall be issued/ presented under the signatures of Drawing and Disbursing Officer. The Deputy Commissioner, Kathua stated (August 2020) that the Tehsildar, Kathua has recovered ₹ 9.41 lakh from Death-cum-retirement-Gratuity admissible to the wife of deceased employee and the balance amount shall be recovered from the family pension at the rate of ₹ 10,000 per month.

The reply confirms the fact that the Tehsildar, Kathua failed to observe the prescribed Rules with regard to handling of the revenues of the Government and also provided (July 2018) incorrect information to audit which facilitated the misappropriation of revenue receipts of ₹ 16.81 lakh.

The matter was referred to the Department/ Government in April 2020; their replies were awaited (September 2020).

The Department may put in place a system preferably an Information Technology enabled system to ensure that all Government receipts are accounted for and expeditiously deposited into the Government Account to prevent misappropriation of funds. Further, reasons for the lapse be examined and if necessary responsibility should be fixed.

[28] 2016-17: ₹ 19.71 lakh; 2017-18: ₹ 17.57 lakh; 2018-19: ₹ 11.90 lakh.
[29] 2016-17: ₹ 23.34 lakh; 2017-18: ₹ 21.51 lakh; 2018-19: ₹ 21.14 lakh.
[30] Cashier.

Part III

Public Sector Undertakings

Chapter V

Functioning of State Public Sector Undertakings

CHAPTER V

Functioning of State Public Sector Undertakings

5.1 Introduction

5.1.1 General

The State Public Sector Undertakings (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 the State. These PSUs consist of State Government Companies and Statutory Corporations. As on 31 March 2019, there were 42[1] PSUs (six in Power Sector and 36 in Sectors other than Power Sector), including three Statutory Corporations[2] under the audit jurisdiction of the Comptroller and Auditor General of India (C&AG); Out of these 42 PSUs, 33 are working and nine[3] are non-working (four in Power Sector and five in Sectors other than Power Sector). One PSU, Jammu and Kashmir Bank Limited, having a total paid-up equity of ₹ 55.70 crore is listed on the stock exchange since July 1998. This paid-up equity of ₹ 55.70 crore of the Bank is held partly by the State Government (59.23 *per cent*) and the remaining part by Foreign Institutional Investors, Resident Individuals and others (40.77 *per cent*)[4]. During the year 2018-19, six PSUs were incorporated and no PSU was closed down.

There are two power generation Companies, Jammu and Kashmir State Power Development Corporation Limited (JKSPDC) and Chenab Valley Power Project Private Limited (CVPPP). The Chenab Valley Power Project Private Limited (CVPPP) Company which is a joint venture[5] Company, has an investment of ₹ 1,439.18 crore[6] as of March 2019.

As a consequence of the unbundling of the Power Sector, one power transmission Company[7], two power distribution companies[8] and one Company[9] exclusively to conduct trading activities in power were incorporated on behalf of the State Government. However, these Companies which have been incorporated between March

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1 Includes six new PSUs incorporated during the period April 2018 to March 2019 Jammu & Kashmir Trade Promotion Organisation, AIC-Jammu & Kashmir EDI Foundation, Jammu & Kashmir Infrastructure Development Finance Corporation Private Limited, Jammu & Kashmir I.T. Infrastructure Development Private Limited, Jammu Mass Rapid Transit Corporation Private Limited and Srinagar Mass Rapid Transit Corporation Private Limited.

2 Jammu and Kashmir State Financial Corporation, Jammu and Kashmir State Road Transport Corporation and Jammu and Kashmir State Forest Corporation.

3 Jammu and Kashmir Power Transmission Company Limited, Jammu Power Distribution Company Limited, Kashmir Power Distribution Company Limited, Jammu and Kashmir Power Trading Company Limited, Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited), Tawi Scooters Limited, Himalayan Wool Combers Limited, Jammu and Kashmir Road Development Corporation Limited and Jammu and Kashmir International Trade Centre Corporation Limited.

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

5 CVPPP is a joint venture of JKSPDC, National Hydroelectric Power Corporation (NHPC) and Power Trading Corporation (PTC) wherein Government of Jammu & Kashmir has not made any investment.

6 JKSPDC: ₹ 687.55 crore, NHPC: ₹ 747.55 crore and PTC: ₹ 4.08 crore.

7 Jammu and Kashmir Power Transmission Company Limited (March 2013).

8 Jammu Power Distribution Company Limited (June 2013) and Kashmir Power Distribution Company Limited (June 2013).

9 Jammu and Kashmir Power Trading Company Limited (March 2013).

2013 and June 2013, are yet to start their commercial operations as of March 2019. In the absence of commercial operations by these companies, the power transmission and distribution activities continues to be carried out by the Power Development Department of Jammu & Kashmir Government.

The 33 working PSUs registered an annual turnover of ₹ 9,784.90 crore and earned an aggregate profit of ₹ 448.02 crore as of 30 September 2019 as per their latest finalised accounts. This turnover was equal to 6.33 *per cent* of Gross State Domestic Product (GSDP), which was ₹ 1,54,441 crore (at current prices) for the State for 2018-19.

There are nine non-working PSUs, with an investment of ₹ 56.60 crore towards share capital (₹ 55.77 crore) and long term loans (₹ 0.83 crore), by the State Government which are non-operational for the last five to 29 years.

5.1.2 Accountability Framework

Section 2 (45) of the Companies Act, 2013 (Act), defines a Government Company as any Company in which not less than 51 *per cent* of the paid-up share capital is held 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, and also includes a Company which is a subsidiary Company of a Government Company. The procedure for audit of Government Companies are laid down in Sections 139 and 143 of the Companies Act, 2013.

The C&AG of India appoints the Statutory Auditors of a Government Company and Government Controlled Other Company under Section 139(5) and (7) of the Companies Act, 2013. Section 139 (5) of the Companies Act, 2013 provides that the Statutory Auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the C&AG within a period of 180 days from the commencement of the financial year. Section 139 (7) of the Companies Act, 2013, however, provides that in the case of a Government Company or Government Controlled Other Company, the first auditor is to be appointed by the C&AG within 60 days from the date of registration of the Company and in case the C&AG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such an auditor.

Further, as per sub-Section 7 of Section 143 of the Companies Act 2013, the C&AG may, in case of any Company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause audit to be conducted of the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to the audit by the C&AG. However, audit of the financial statements of a Company in respect of the financial years that commenced on

or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

5.1.3 Statutory Audit

The financial statements of the Government Companies (as defined in Section 2 (45) of the Companies Act 2013) are audited by Statutory Auditors, who are appointed by the C&AG as per the provisions of Section 139(5) or (7) of the Companies Act 2013. The Statutory Auditors submit a copy of the Audit Report to the C&AG including, among other things, financial statements of the Company under Section 143(5) of the Act 2013. These financial statements are also subject to supplementary audit by the C&AG within 60 days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act 2013.

Audit of Statutory Corporations is governed by their respective legislations. Out of the three Statutory Corporations, the C&AG is the sole auditor for Jammu and Kashmir State Road Transport Corporation only. Audit of Jammu and Kashmir State Financial Corporation and Jammu and Kashmir State Forest Corporation Limited, is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

5.1.4 Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through their Administrative Departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. The Annual Reports together with the Statutory Auditors' Reports and comments of the C&AG, in respect of State Government Companies and Separate Audit Reports of the C&AG in case of Statutory Corporations, are to be placed before the State Legislature under Section 394 of the Companies Act, 2013 or as stipulated in the respective Acts. The Audit Reports of C&AG are submitted to the Government under Section 19A of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971.

5.1.5 Impact of contribution of Public Sector Undertakings

To assess the reasonable rate of return on the investment made in PSUs by the Government of Jammu & Kashmir (GoJ&K), ratios such as return on equity, return on capital employed and to assess the ability of the Companies to service the debt owed to Government, Banks and other financial institutions by commenting on Debt Turnover Ratio, Interest Coverage Ratio etc., these PSUs are bifurcated into two categories, PSUs in Power Sector (six[10]) and PSUs in Sectors other than Power Sector (36[11]) to get a fair view about the impact and contribution of these PSUs separately

[10] Two Working PSUs: Jammu and Kashmir State Power Development Corporation Limited (JKSPDC) and Chenab Valley Power Project Private Limited (CVPPP) and four inactive PSUs: (1) Jammu and Kashmir Power Trading Company Limited (2) Jammu and Kashmir Power Transmission Company Limited (3) Jammu Power Distribution Company Limited and (4) Kashmir Power Distribution Company Limited.

[11] 33 Government Companies and three Statutory Corporations (Jammu and Kashmir State Forest Corporation, Jammu and Kashmir State Financial Corporation and Jammu and Kashmir State Road Transport Corporation).

towards the economy of the State. The Table 5.1 provides the details of turnover of the PSUs and GSDP of the State during the period 2014 to 2019.

Table 5.1: Details of turnover of State PSUs *vis-a-vis* GSDP of J&K

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover of Power Sector[12] as per latest finalised accounts	1,220.62	1,119.90	1,119.90	992.46	992.46
Turnover of PSUs of Sectors other than Power Sector as per latest finalised accounts	7,449.34	7,296.59	7,238.03	7,579.22	8,792.44
GSDP of J&K at current prices	98,370	1,17,187	1,26,847	1,40,887	1,54,441
Percentage of turnover of Power Sector to GSDP of J&K (***in per cent***)	1.24	0.96	0.88	0.70	0.64
Percentage of turnover of PSUs of Sectors other than Power Sector to GSDP of J&K (***in per cent***)	7.57	6.23	5.71	5.38	5.69

(Source: Compiled based on turnover figures of Power Sector PSUs and GSDP figures as per information provided by the GoJ&K, Finance Department)

5.1.6 Disinvestment, restructuring and privatisation of State PSUs

During the year 2018-19, no disinvestment, restructuring and privatisation was done by the State Government in all sectors including power as well as in of PSUs Sectors other than Power Sector Undertakings.

5.1.7 Investment in Public Sector Undertakings

Investment made in these 42 State PSUs in the form of equity and long term loans upto 31 March 2019 are given in Table 5.2.

Table 5.2: Activity-wise investment in PSUs

(₹ in crore)

Sector	Number of PSUs	Investment					
		Equity		Long term loans		Total	
		GoJ&K	Others	GoJ&K	Others	GoJ&K	Others
PSUs in Power Sector	6*	5.20	1,439.18	0	1,627.12	5.20	3,066.30
PSUs of Sectors other than Power Sector^							
PSUs in Social Sector	17	183.16	35.56	1,164.21	121.03	1,347.37	156.59
PSUs in Competitive environment	11	519.56	83.04	978.55	2,683.37	1,498.11	2,766.41
Others	8	56.82	0.00	0.00	0.00	56.82	0.00
Total (Sectors other than Power Sector)	**36**	**759.54**	**118.60**	**2,142.76**	**2,804.40**	**2,902.30**	**2,923.00**
Grand Total	**42**	**764.74**	**1, 557.78**	**2,142.76**	**4,431.52**	**2,907.50**	**5,989.30**

(Source: Compiled based on information received from PSUs)

* *Out of six Power Sector PSUs only two are active (JKSPDC and CVPPP). The GoJ&K has not made any investment in CVPPP.*

^ *Details in* ***Appendix 5.1.1.***

As on 31 March 2019, out of total investment of ₹ 1,444.38 crore in equity of PSUs in the Power Sector, only ₹ 5.20 crore (0.36 *per cent*) was contributed by the GoJ&K. The long term loans of ₹ 1,627.12 crore availed by JKSPDC were from Banks and other Financial Institutions.

[12] Turnover pertains to only JKSPDC as out of six Power Sector PSUs, four PSUs, (1) Jammu and Kashmir Power Trading Company Limited (2) Jammu and Kashmir Power Transmission Company Limited (3) Jammu Power Distribution Company Limited and (4) Kashmir Power Distribution Company Limited are inactive and in CVPPP, the GoJ&K has not made any investment.

The State Government had infused ₹ 5,753.83 crore as plan fund as per the finalised accounts of 2013-14 to JKSPDC for creation of capital assets as given in Table 5.3.

Table 5.3: Status of plan funds in JKSPDC

Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Accounts finalised up to	2010-11	2010-11	2011-12	2011-12	2013-14	2013-14
Plan fund infused (₹ in crore)	3,857.15	3,857.15	5,346.91	5,346.91	5,753.83	5,753.83

As per records of Department, an amount of ₹ 5,318.61 crore was outstanding as of March 2018 with JKSPDC. The State Government (December 2018) instructed JKSPDC to adjust ₹ 3,668.81[13] crore against the liability of State Government on account of power purchase from the Company and issue of equity shares worth ₹ 2,588.34[14] crore to the State Government. The Company issued (August 2019), shares worth ₹ 2,588.34 crore in compliance of the Government Orders.

The adjustment of outstanding electricity bill of the State Government against funds received for capital assets was irregular as the funds were provided by the Government for construction of capital assets. Besides, the accounts of the Company were depicting these funds as capital reserves.

As on 31 March 2019, the total investment (equity and long term loans) in 36 PSUs of Sectors other than Power Sector was ₹ 5,812.11 crore. The investment consisted of 14.88 *per cent* towards equity and 85.12 *per cent* in Long Term Loans. The Long Term Loans advanced by the State Government constituted 43.31 *per cent* (₹ 2,142.76 crore), out of the total Long Term Loans (₹ 4,947.16 crore) whereas the remaining 56.69 *per cent* (₹ 2,804.40 crore) of the total Long Term Loans were availed from other financial institutions.

5.1.8 Budgetary support to Public Sector Undertakings

(A) Budgetary support for PSUs of the Power Sector

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

Budgetary assistance of ₹ 135 crore and ₹ 5.74 crore was received by JKSPDC as grant during 2017-18 and 2018-19 respectively. No budgetary assistance was, however, received from the State Government during 2016-17.

The GoJ&K provides guarantee to the PSUs to seek financial assistance from Banks

[13] Total power purchase liability of the PDD towards JKSPDC up to March 2018 was ₹ 3,668.81 crore which was adjusted against the funds amounting to ₹ 5,318.61 crore given to JKSPDC by the State Government up to March 2018.

[14] The balance (₹ 1,649.80 crore) available with JKSPDC, the assets transferred to JKSPDC (₹ 916.54 crore) by the State Government at token value of ₹ one in the year 1999 and 44 MW Stakna HEP (₹ 22 crore) transferred to JKSPDC by the PDD in the year 2011 together were treated as equity contribution.

and financial institutions. However, the State Government has not enacted a Guarantee Act prescribing the limit for guarantees to be given by the State Government and stipulating the guarantee commission or guarantee fee. The Fiscal Responsibility and Budget Management (FRBM) Act, 2006, however lays down the overall limit within which the State Government may give guarantee on the security of Consolidated fund of the State. The GoJ&K also constituted (August 2006) Guarantee Redemption Fund for meeting obligations arising out of guarantees issued on behalf of the State Government. Outstanding guarantee commitments[15] decreased by 26.63 *per cent* from ₹ 2,299.40 crore in 2016-17 to ₹ 1,687.12 crore in 2018-19. During the year 2018-19, no guarantee fee was paid for by the PSUs of the Power Sector.

(B) Budgetary support to State PSUs (Sector other than Power Sector)

The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity in respect of State PSUs of sectors other than Power Sector for the last three years ending March 2019 are given in Table 5.4.

Table 5.4:
Details regarding budgetary support to State PSUs (of Sectors other than Power Sector) during the period 2016-17 to 2018-19

(₹ in crore)

Sl. No.	Particulars[16]	2016-17		2017-18		2018-19	
		Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
1.	Equity Capital outgo	3	9.56[17]	4	23.20[18]	13	40.42[19]
2.	Loans given	8	54.77	8	50.82	9	56.18
3.	Grants/ Subsidy provided	9	133.30	7	126.85	7	43.17
	Total outgo (1+2+3)*	**13**	**197.63**	**12**	**200.87**	**22**	**139.77**
4.	Loan repayment written off	-	-	-	-	-	-
5.	Loans converted into equity	-	-	1	72.88	-	-
6.	Guarantees issued	1	2.00	1	8.00	1	20.00
7.	Outstanding Guarantee Commitment	3	60.60	2	98.28	2	134.97

(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.*

In PSUs of Sectors other than Power Sector, the annual budgetary assistance ranged between ₹ 139.77 crore and ₹ 197.63 crore during the period 2016-17 to 2018-19. The budgetary assistance of ₹ 139.77 crore given during the year 2018-19 included ₹ 56.18 crore in the form of loans, ₹ 43.17 crore as grants/ subsidy and ₹ 40.42 crore

15 2016-17: ₹ 2,299.40 crore, 2017-18: ₹ 2,045.88 crore and 2018-19: ₹ 1,687.12 crore.

16 Amount represents outgo from State Budget only.

17 The State Government infused investment of ₹ 250 crore in Jammu and Kashmir Bank Limited against which bank had issued 3,65,55,051 shares (at premium of ₹ 67.39 per share against face value of ₹ 1 per share) during 2016-17. The addition to share capital had been reflected accordingly.

18 The State Government infused investment of ₹ 282 crore in Jammu and Kashmir Bank Limited against which bank had issued ₹ 3.55 crore shares (at premium of ₹ 78 per share against face value of ₹ 1 per share) 2017-18. The addition to share capital had been reflected accordingly.

19 Includes ₹ 6.57 crore in respect of nine new PSUs incorporated during 2017-18 and 2018-19.

on account of equity assistance. The subsidy/ grants given by the State Government was primarily to provide for reconstruction of damaged assets and up-gradation of Industrial Estates, however, these also included grants provided to Schedule Caste, Schedule Tribe and Other Backward Classes Development Corporation for meeting its salary expenses.

Outstanding guarantee commitments increased by 122.72 *per cent* from ₹ 60.60 crore in 2016-17 to ₹ 134.97 crore in 2018-19. During the year 2018-19, no guarantee fee was paid by PSUs of Sectors other than Power Sector PSUs.

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

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the GoJ&K. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The mismatch between the figures furnished by the PSUs with those depicted in the Finance Account, as on 31 March 2019 is given in Table 5.5

Table 5.5:
Equity and Loans outstanding as per Finance Accounts *vis-a-vis* records of PSUs up to March 2019

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts		Amount as per records[20] of PSU		Difference	
	Power Sector	Sectors other than Power Sector	Power Sector	Sectors other than Power Sector	Power Sector[21]	Sectors other than Power Sector
Share capital	7.45	625.74	5.00	697.40	(-) 2.45	71.66
Outstanding Loans	85.05	834.87	0.00	2,141.90	(-) 85.05	1,307.03
Guarantees	1,687.12	117.13	1,687.12	148.27	Nil	31.14

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

Audit observed that out of 22 State PSUs[22], of Sectors other than Power Sector, such differences occurred in respect of 17 PSUs as detailed in ***Appendix 5.1.2***. The differences between the figures are persisting for last many years. The issue of reconciliation of differences was also taken up with the PSUs and the Departments from time to time. Major difference in balances was observed in Jammu and Kashmir State Road Transport Corporation Limited related to outstanding loans and Jammu and Kashmir Small Scale Industries Development Corporation Limited in respect of equity.

It is recommended that the State Government and the respective PSUs should reconcile the differences in accounts in a time-bound manner.

[20] Unaudited current figures up to March 2019.
[21] Difference was in respect of JKSPDC only.
[22] Data in respect of five inactive PSUs, (1) Jammu and Kashmir State Road Development Corporation Limited, (2) Jammu and Kashmir International Trade Centre Corporation Limited, (3) Tawi Scooters Limited, (4) Himalayan Wool Combers Limited and (5) Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited and nine newly incorporated PSUs is not considered.

5.1.10 Submission of Annual Accounts by Public Sector Undertakings

There were 33 working PSUs in the State of J&K for the year 2018-19 and all these PSUs, were required to submit their Annual Accounts by 30 September 2019.

Table 5.6: Position of accounts

Nature of PSUs	Total Number	Number of PSUs of which accounts received during the reporting period[23]				Number of PSUs of which accounts are in arrear (total accounts in arrear) as on 30 September 2019
		Accounts upto 2018-19	Accounts upto 2017-18	Accounts upto 2016-17	Total	
Working Government Companies[24]	30	3	1	-	4	17[25] (156)
Statutory Corporations	3	-	1	-	1	2[26] (6)
Total Working PSUs	**33**	**3**	**2**	**-**	**5**	**19 (162)**
Non- working Government Companies	9	-	-	-	-	3[27] (75)
Total	**42**	**3**	**2**	**-**	**5**	**22 (237)**

(Source : Information received by the Office)

Out of 33 working PSUs, three Government Companies[28] submitted their accounts for the year 2018-19 for audit by C&AG on or before 30 September 2019, and accounts of 19 Government Companies were in arrears. Remaining 11 PSUs did not submit their Annual Accounts since entrustment/ inception. The Jammu and Kashmir State Forest Corporation, Jammu and Kashmir Medical Supplies Corporation Limited, have not submitted the First Accounts from the year 1996-97 and 2013-14 respectively**.**

The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the Annual Accounts are finalised and adopted by these PSUs within the stipulated period. Details of arrears in finalisation of Annual Accounts are given in ***Appendix 5.1.3 (A)***.

Out of 19 working State PSUs, the GoJ&K had provided ₹ 366.83 crore (Loan: ₹ 359.63 crore, Subsidy: ₹ 7.20 crore) to ten PSUs whose Accounts had not been finalised by 30 September 2019. In the remaining nine PSUs for which the Annual Accounts are in arrears during the period, there was no investment by the State Government.

PSU-wise details of investment made by State Government during the years for which

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23 From October 2018 to September 2019.

24 Government PSUs include other Companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013.

25 Jammu and Kashmir Medical Supplies Corporation Limited (incorporated in March 2014) and nine new incorporated PSUs (incorporated during the years 2017-18 and 2018-19) are not considered since they had never submitted their accounts since inception.

26 Arrears of accounts in respect of Jammu and Kashmir State Forest Corporation not considered since the Company had not submitted any account since its inception (July 1979).

27 Arrears of accounts in respect of six Companies. (1) Jammu and Kashmir Power Trading Company Limited (2) Jammu and Kashmir Power Transmission Company Limited (3) Jammu Power Distribution Company Limited (4) Kashmir power Distribution Company Limited (5) Jammu and Kashmir State Road Development Corporation Limited and (6) Jammu and Kashmir International Trade Centre are not considered since these Companies have never submitted their accounts since inception.

28 CVPPP, Jammu and Kashmir Bank Limited and Jammu and Kashmir Bank Financial Services Limited.

Annual Accounts were in arrears as of September 2019 are given in ***Appendix 5.1.3(B)***.

Delay in finalisation of accounts not only results in violation of the provisions of the relevant statutes but also entails risk of fraud and diversion of public money as well as the correctness of the Accounts.

This is especially significant for PSUs like Jammu and Kashmir Medical Supplies Corporation Limited, which was incorporated to assist the medical service providers in the Government sector for procurement and distribution of medicines and equipment. Non submission of accounts since inception does not render itself to an assessment of the performance of the Company in assisting the Health and Medical Education Department especially during situations like the Covid-19 pandemic.

In view of the position of arrears of accounts, the actual contribution of the State PSUs to State GDP for the year 2018-19 could not be ascertained and their contribution to State exchequer also could not be reported to the State Legislature.

It is recommended that the concerned Administrative and Finance Department ensure that:

- **The Government identify the constraints in timely preparation of accounts of the PSUs and take necessary steps for making the accounts up to date.**
- **The State PSU's take immediate corrective action for liquidating arrears in accounts and**
- **Budgetary support is not extended to such PSUs whose accounts are not current.**

Placement of Separate Audit Reports of Statutory Corporations

Separate Audit Reports (SARs) are audit reports of the C&AG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. Out of three working Statutory Corporations, none have submitted their accounts of 2018-19 by 30 September 2019.

The status of Annual Accounts of Statutory Corporations and placement of their SARs in the Legislature is detailed in Table 5.7.

Table 5.7: Status of placement of SAR of the Statutory Corporations

Name of the Corporation	Year of Accounts	Month of placement of SAR
Jammu and Kashmir State Financial Corporation.	2017-18	Yet to be presented
Jammu and Kashmir State Road Transport Corporation	2013-14	February 2018
Jammu and Kashmir State Forest Corporation.	-	Accounts not submitted by the Corporation since Entrustment (Accounts of 1996-97 onwards)

Source: Compiled based on information furnished by the Jammu and Kashmir Legislative Assembly

5.1.11 Performance of Public Sector Undertakings

(A) Performance for State PSUs of the Power Sector

The Public Sector Undertakings are expected to yield reasonable return on investment made by Government in these undertakings. The financial position and working results

of six Companies of Power Sector as per their latest finalised accounts, as of 30 September 2019 are detailed in ***Appendix 5.1.4***.

The investment in the PSUs of the Power Sector was ₹ 3,270.87 crore[29] consisting of ₹ 1,444.38 crore as equity and ₹ 1,826.49 crore as long term loans. Out of this, GoJ&K has made an investment of ₹ 5.20 crore only in equity share capital in five[30] PSUs of the Power Sector. However out of these five PSUs, JKSPDC, the only active PSU of the Power Sector, was a profit making Company, with profits ranging from ₹ 433.41 crore to ₹ 668.95 crore in respect of four accounts[31] finalised during the period from 2014-15 to 2018-19.

(B) Performance of State PSUs of Sectors other than Power Sector

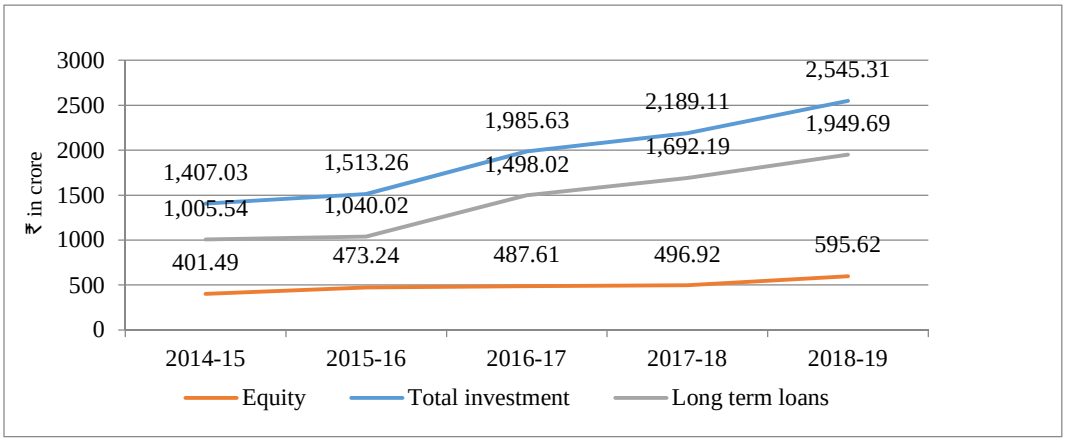
The financial position and working results of the 36 State PSUs (Sectors other than Power Sector) as per their latest finalised accounts, as of 30 September 2019, are detailed in ***Appendix 5.1.5***.

The total investment of the State Government and others in the PSUs of Sectors other than Power Sector was ₹ 5,456.27 crore comprising of Equity of ₹ 690.22 crore and Long Term Loans of ₹ 4,766.05 crore. Out of this investment of ₹ 5,456.27 crore GoJ&K has made an investment of ₹ 2,545.31 crore in 35 PSUs[32] comprising of Equity of ₹ 595.62 crore and Long Term Loans of ₹ 1,949.69 crore.

The year-wise position of investment of GoJ&K in the PSUs during 2014-15 to 2018-19 is as follows:

Chart 5.1:

Total investment of GoJ&K in PSUs Sectors (of Sectors other than Power Sector)



(Source:As per latest finalised Accounts)

[29] As per latest finalised Accounts. This information may differ from the information furnished by the PSUs.

[30] Excluding Chenab Valley Power Project Private Limited which has not received any contribution from the GoJ&K.

[31] 2010-11: ₹ 460.45 crore, 2011-12: ₹ 668.95 crore, 2012-13: ₹ 489.51 crore, 2013-14: ₹ 433.41 crore.

[32] Excluding J&K Bank Financial Services Limited wherein the State Government has not made any investment.

Out of total 36 PSUs of Sectors other than Power Sector, nine[33] are profit making and ten[34] are loss making as per their latest Annual Accounts finalised during the year 2018-19. One PSU[35] has not prepared its profit and loss accounts, remaining 16 PSUs are either non-working or had not submitted their Annual Accounts for supplementary audit during the year 2018-19.

It is recommended that since the continued existence of loss making PSUs causes a substantial drain on the public exchequer, the State Government may review the functioning of all loss making PSUs.

5.1.12 Key Parameters

The profitability of a Company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on Investment (ROI) measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long term loans and is expressed as a percentage of profit to total investment. Return on Capital Employed (ROCE)[36] is a financial ratio that measures the Company's profitability and the efficiency with which its capital is used and is calculated by dividing Company's earnings before interest and taxes by capital employed. Return on Equity (ROE)[37] is a measure of performance calculated by dividing the net profit after tax by shareholders fund.

The key financial ratios used to assess the performance of the PSUs as per their latest finalised accounts are given in Table 5.8 (A), (B1) and (B2).

(A) Power Sector PSUs

Table 5.8 (A): Key parameters of Power Sector PSUs[38]

(In *per cent*)

	2014-15	2015-16	2016-17	2017-18	2018-19
ROCE	6.72	10.57	10.57	5.85	5.85
ROI	4.84	7.54	7.54	2.78	2.78
ROE	4.59	8.34	8.34	2.87	2.87

(Source: Investment based on Historical Cost)

33 Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited, Jammu and Kashmir Bank Limited, Jammu and Kashmir State Women's Development Corporation Limited, Jammu and Kashmir Small Scale Industries Development Corporation Limited, Jammu and Kashmir Projects Construction Corporation Limited, Jammu and Kashmir Police Housing Corporation Limited, Jammu and Kashmir Cements Limited, Jammu and Kashmir State Tourism Development Corporation Limited and Jammu and Kashmir State Cable Car Corporation Limited.

34 Jammu and Kashmir State Agro Industries Development Corporation Limited, Jammu and Kashmir Bank Financial Services Limited, Scheduled Castes, Scheduled Tribes and Other Backward Classes Development Corporation Limited, Jammu and Kashmir State Industrial Development Corporation Limited, Jammu and Kashmir Industries Limited, Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited, Jammu and Kashmir State Handloom Development Corporation Limited, Jammu and Kashmir Minerals Limited, Jammu and Kashmir State Financial Corporation and Jammu and Kashmir State Road Transport Corporation.

35 Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited).

36 ROCE = Earnings before Interest and Tax/ Capital Employed, Capital employed = Paid up share capital + free reserves and surplus + long term loans minus accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

37 ROE=Profit after Tax/ Share holders' Fund, Share holders' Fund = Paid up capital + free reserves and surplus– deferred revenue expenditure – accumulated losses.

38 Only one power PSU, Jammu & Kashmir State Power Distribution Corporation having investment made by GoJ&K and finalised its accounts as on 30 September 2019.

The ROCE ranges between 5.85 *per cent* and 10.57 *per cent* and ROI between 2.78 *per cent* and 7.54 *per cent* and ROE ranges between 2.87 *per cent* and 8.34 *per cent*. These parameters have been worked out taking into consideration plan fund infusion (as given in Table 5.3) by GoJ&K.

(B-1) Listed PSUs of Sectors other than Power Sector

Only one PSU of GoJ&K, Jammu and Kashmir Bank Limited is listed since July 1998 on the stock exchange.

Table 5.8 (B1): Key parameters of Listed PSU of Sectors other than Power Sector

(In *per cent*)

		2014-15	2015-16	2016-17	2017-18	2018-19
Jammu & Kashmir Bank Limited	**ROCE**	16.23	12.87	-36.75	11.55	17.93
	ROI[39]	760.40	533.08	532.82	408.06	360.22
	ROE	13.00	10.10	-65.00	7.65	15.46

The ROCE and ROE was high during the period 2014-15 to 2018-19 (except during 2016-17), mainly due to high Profit after tax earned by Jammu and Kashmir Bank Limited, which is functioning under monopolistic/ protective environment in terms of Government business. The ROI showed a decreasing trend during the period 2014-15 to 2018-19. As a result, compounded annual growth rate also decreased from 6.38 *per cent* to 1.22 *per cent* during the period 2014-15 to 2018-19 as detailed in ***Appendix 5.1.3(C).***

(B-2) Non-Listed PSUs of Sectors other than Power Sectors

Table 5.8 (B2): Key parameters of non-listed Sectors other Power PSUs (on historical cost)

(In *per cent*)

		2014-15	2015-16	2016-17	2017-18	2018-19
Aggregate Sector for Non Power PSUs	**ROCE**	-37.09	-28.44	-22.91	-9.94	-22.17
	ROI[40]	-29.76	-29.67	-34.09	-32.32	-29.39
	ROE[41]	-	-	-	-	-
Profit Making PSUs	**ROCE***	16.27	7.68	9.05	8.83	11.02
	ROI^	11.03	6.85	7.52	24.35	23.37
	ROE	147.92	15.46	13.95	12.02	13.17
Loss Making PSUs	**ROCE***	-23.90	-28.51	-34.24	-35.01	-47.89
	ROI^	-55.86	-63.10	-70.44	-55.45	-46.93
	ROE	-	-	-	-	-

**Only Companies with positive capital employed were considered*

^ Excluding Companies[42] which have not prepared the Profit and Loss accounts

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

[40] Equity infused by other than GoJ&K also considered while arriving at total ROI.

[41] ROE for the Non Power Sector PSUs and loss making Non Power PSUs cannot be worked out as the total Shareholders fund for all the years were negative.

[42] For the years 2014-15 to 2017-18, five companies, Jammu Kashmir Overseas Employment Corporation Limited, Jammu and Kashmir Medical Supplies Corporation Limited, Jammu and Kashmir State Forest Corporation Limited, Jammu and Kashmir State Road Development Corporation and Jammu and Kashmir International Trade Centre Corporation Limited and for the year 2018-19. Additional nine newly incorporated companies.

ROE for the Non-Listed PSUs of Sectors other than Power Sectors could not be worked out as the aggregate Shareholders' fund for all the years remained negative.

ROCE in Tables 5.8 (B1) and (B2) has been worked out at face value of investment. Since there is no share premium in respect of Non-Listed PSUs of Sectors other than Power Sectors PSUs, ROCE including share premium will not change. However, the ROCE worked at realised value[43] of investment in respect of Jammu & Kashmir Bank Limited is as follows:

Table 5.9:

ROCE for Listed PSUs of Sectors other than Power Sector considering share premium

(In *per cent*)

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Jammu & Kashmir Bank Limited	16.01	12.69	-33.78	10.12	16.17

The ROCE after considering the share premium account of Jammu & Kashmir Bank Limited, ranged between -33.78 *per cent* to 16.17 *per cent* during the period 2014-15 to 2018-19.

Only nine PSUs with positive capital employed (details in ***Appendix 5.1.6***) had Profit before Tax as per the latest finalised Annual Accounts during the period 2014-15 to 2018-19. Among these PSUs, the Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited, had profit only for the account finalised during 2014-15 and Jammu and Kashmir Small Scale Industries Development Corporation Limited for the Annual Account finalized in 2018-19 while Jammu & Kashmir Bank Limited incurred losses in the Annual Account finalised during 2016-17.

5.1.13 Rate of Real Return (RORR) on Government Investment

Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the investment as such calculations ignore the present value of money. Therefore, in addition to the calculation of return on funds invested on historical cost basis, the real rate of return on investment has also been calculated after considering the Present Value (PV) of money invested. PV was computed where funds had been infused by the State Government as equity, interest free loan, interest free loan converted into equity. Grant/ subsidy given by the Government for operational and management expenses have not been considered as bifurcation of grant and subsidy for operational and management expenses and for other purpose was not available since inception of these companies till 31 March 2019.

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

- Interest free loans have been considered as fund infusion. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest free loans over the period.

[43] Investment including share premium.

- The average rate of interest on government borrowings for the concerned financial year was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year.

(A) PSUs of Power Sector

The State Government infused only ₹ 5.20 crore (details in ***Appendix 5.1.7(A)***) as equity in of Power Sector PSUs. In addition to this, the State also provided ₹ 5,753.83 crore as Plan funds to JKSPDC for creation of Capital Assets. These Plan funds were given as plan assistance across different years since inception of the Company (1994-95) and could not be bifurcated into the definition of investment considered for arriving at the Return on investment figures. Therefore, net present value of the investment for the PSUs of Power Sector could not be worked out.

(B) PSUs of Sectors other than Power Sector

An analysis of the earnings *vis-a-vis* investments in respect of those 35 State PSUs[44] (Sector other than Power Sector) where funds had been infused by the State Government was carried out to assess the profitability of these PSUs. During the period from 2014-15 to 2018-19, these 35 PSUs had a positive return on investment excepting for the year 2016-17.

The PSUs-wise position of 35[45] PSUs wherein the GoJ&K had made an investment in the form of equity and interest free loans is indicated in ***Appendix 5.1.7(B)***. Further, the position of Net Present Value of the investment relating to all the PSUs by the State Government for the same period is indicated in ***Appendix 5.1.7(C)***.

The balance of investment by the State Government in these PSUs at the end of 2018-19 increased to ₹ 864.21 crore[46] from ₹ 347.29 crore at the beginning of 1999-2000 as the State Government made further investments in form of equity (₹ 412.25 crore) and interest free loans (₹ 122.17 crore) during the period 1999-2000 to 2018-19. The PV of the investment infused by the State Government as on 31 March 2019 amounted to ₹ 2,823.21 crore.

During 2018-19, return on State Government Investment on the basis of historical value was 31.72 *per cent.* However, the real rate of return considering the present value of investment was 9.71 *per cent only*.

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44 Excluding Jammu and Kashmir Bank Financial Services Limited wherein the GoJ&K had not made any investment.

45 Between 1999-2019, investment was made only in 28 PSUs as mentioned in *Appendix 5.1.7*.

46 Opening balance: (₹ 347.29 crore) + Equity: (₹ 412.25 crore) + Interest free loans: (₹ 122.17 crore) - Interest free loan converted into equity: (₹ 17.50 crore).

5.1.14 Comparison of investment as per historical cost and as per present value of such investment

Sector other than Power Sector

The Government had positive returns on investments in 35 PSUs in five years during the period 2013-14 to 2018-19 with the exception of 2016-17. Comparison of returns on investment at historical cost and at present value for these five years as per the latest finalised accounts is given in Table 5.10

Table 5.10: Comparison of return on investment

(₹ in crore)

Year	Total earnings	Funds invested by the GoJ&K	Return on investment on historical cost basis (*per cent*)	PV of the investment at end of the year[47]	Return on investment considering the present value of the investments (*per cent*)
2013-14	1,048.22	530.68	197.52	1,711.90	61.23
2014-15	378.25	535.51	70.63	1,848.57	20.46
2015-16	264.80	542.36	48.82	1,989.94	13.31
2017-18	32.62	681.32	4.79	2,450.70	1.33
2018-19	274.10	864.21	31.72	2,823.21	9.71

**During 2016-17 the total earnings were negative due to losses incurred by Jammu and Kashmir Bank Limited*

The return earned on investment on historical cost basis was 197.52 *per cent* in 2013-14. It declined and dropped to 31.72 *per cent* during 2018-19 mainly due to decrease in the profit after tax of three[48] companies. Whereas the returns earned considering the present value of the investments dropped from 61.23 *per cent* during 2013-14 to 1.33 *per cent* during 2017-18 and increased to 9.71 *per cent* during 2018-19. During 2016-17 the returns were negative due to losses of ₹ 1,632.29 crore incurred by Jammu and Kashmir Bank Limited.

5.1.15 Erosion of Net worth of PSUs

(A) Power Sector

Net worth is the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The overall accumulated losses of JKSPDC[49] was ₹ 178.81 crore as against the capital investment of ₹ five crore, resulting in negative net worth of ₹ 173.81 crore as detailed in ***Appendix 5.1.4*** and given in Table 5.11.

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47 Arrived at by adding PV of State Government investment and other investment. The present value on other equity has been calculated from 2013-14 onwards.

48 (1) Jammu and Kashmir Bank Limited PAT (2013-14: ₹ 1,182.47 crore; 2018-19: ₹ 464.88 crore); (2) Jammu and Kashmir State Financial Corporation PAT (2013-14: ₹ 0.01 crore; 2018-19: ₹ (-40.65) crore): and (3) Jammu and Kashmir State Road Transport Corporation PAT 2013-14: ₹ (-66.97) crore; 2018-19: ₹ (-92.90) crore.

49 Excluding CVPPP wherein no investment was made by the GoJ&K and others four being inactive although ₹ 0.20 crore were invested by the GoJ&K in these Companies.

Table 5.11:
Net worth of JKSPDC as per the latest finalised Annual Accounts during period from 2014-15 to 2018-19

(₹ in crore)

Year	Paid up Capital at end of the year	Free Reserves	Accumulated Profit (+)/ Loss (-) at end of the year	Deferred revenue expenditure	Net worth
2014-15	5.00	1,134.66	-922.34	Nil	217.32
2015-16	5.00	Nil	-519.06	Nil	-514.06
2016-17	5.00	Nil	-519.06	Nil	-514.06
2017-18	5.00	Nil	-178.81	Nil	-173.81
2018-19	5.00	Nil	-178.81	Nil	-173.81

(Source : Accounts of the Company)

The State Government had not infused any equity in JKSPDC during the period from 2014-15 to 2018-19.

(B) Sectors other than Power Sector

The capital investment, accumulated losses and free reserves of 20 State PSUs[50] (Sectors other than Power Sector) as per their latest finalised accounts were ₹ 618.01 crore, ₹ 2,340.41 crore and ₹ 2,960.39 crore respectively, resulting in net worth of ₹ 1,237.99 crore as detailed in ***Appendix-5.1.8***. Analysis of investment and accumulated losses disclosed that net worth was eroded in nine out of the 20 PSUs as the capital investment and accumulated losses of these PSUs were ₹ 243.79 crore and ₹ 2,266.56 crore, respectively. Of these nine PSUs, the net worth erosion was the highest in Jammu and Kashmir State Road Transport Corporation (₹ 969.75 crore[51]), Jammu and Kashmir Industries Limited (₹ 598.13 crore[52]), Jammu and Kashmir State Industrial Development Corporation Limited (₹ 132.52 crore[53]) and Jammu and Kashmir Minerals Limited (₹ 93.56 crore[54]). However, two[55] out of nine PSUs which had eroded net worth, earned profit as per their latest finalised accounts during 2018-19.

The total paid up capital, free reserves, total accumulated profit/ loss, and total net worth of the 20 PSUs where the State Government has made direct/ indirect investment during the period 2014-15 to 2018-19 is indicated in the Table 5.12.

50 Excluding five inactive PSUs (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu and Kashmir Road Development Corporation Limited and (5) Jammu and Kashmir International Trade Centre Corporation Limited, two working PSUs : (1) Jammu and Kashmir Medical Supplies Corporation Limited (2) Jammu and Kashmir State Forest Corporation Limited which never submitted their accounts since inception and nine new PSUs incorporated during 2017-18 and 2018-19.

51 As per latest finalised accounts for the year 2013-14.

52 As per latest finalised accounts for the year 2010-11.

53 As per latest finalised accounts for the year 2013-14.

54 As per latest finalised accounts for the year 1999-2000.

55 Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited and Jammu and Kashmir Small Scale Industries Development Corporation Limited.

Table 5.12:
Net worth of 20 PSUs as per the latest finalised accounts during the period 2014-15 to 2018-19
(₹ in crore)

Year	Paid up capital at end of the year	Free reserves[56]	Accumulated profit (+) loss (-) at end of the year	Net worth
2014-15	483.30	3,868.86	-1,851.08	2,501.08
2015-16	502.00	4,084.05	-1,885.63	2,700.42
2016-17	516.37	2,484.36	-2,049.16	951.57
2017-18	525.68	2,725.68	-2,150.57	1,100.79
2018-19	618.01	2,960.39	-2,340.41	1,237.99

As can be seen from the above table, overall net worth had decreased from ₹ 2,501.08 crore in 2014-15 to ₹ 1,237.99 crore in 2018-19 for the 20 PSUs taken together. However, the net worth of 11 PSUs decreased, whereas 07 PSU recorded an increase in net worth and in two PSUs net worth remained the same. As on 31 March 2019, 10 PSUs[57] showed positive net worth and nine PSUs continued to have negative net worth. One PSU, Jammu and Kashmir State Overseas Employment Corporation Limited, finalised only one account of 2010-11, it's net worth could not be worked out due to non-submission of profit and loss account.

5.1.16 Dividend Payout

As per the latest finalised accounts during 2018-19, one Power Sector PSU, JKSPDC and nine working PSUs of Sectors other than Power Sector earned an aggregate profit of ₹ 160.23 crore and ₹ 491.66 crore, respectively. However, no PSUs had declared any dividend for the year 2018-19.

It is recommended that the State Government may consider declaration of dividend policy for profit making PSUs.

5.1.17 Analysis of long term loans of the Companies

The analysis of the long term loans of the Companies which had leverage[58] during 2014-19 was carried out to assess the ability of the Companies to service the debt owed by the Companies to Government, banks and other financial institutions. This is assessed through the Interest Coverage Ratio (ICR) and Debt Turnover Ratio (DTR).

5.1.18 Interest Coverage Ratio

Interest Coverage Ratio (ICR) is used to determine the ability of a Company to pay interest on outstanding debt and is calculated by dividing a Company's Earnings Before

[56] Revenue & Other Reserves of Jammu and Kashmir Bank Limited during 2014-15 (₹ 3,864.75 crore), 2015-16 (₹ 4,072.21 crore), 2016-17 (₹ 2,458.98 crore), 2017-18 (₹ 2,625.65 crore) and 2018-19 (₹ 2,950.97 crore) have been taken as free reserves and accumulated profits.

[57] (1) Jammu and Kashmir State Financial Corporation, (2) Jammu and Kashmir Bank Financial Services Limited, (3) Jammu and Kashmir Scheduled Castes Scheduled Tribes and Other Backward Classes Development Corporation Limited, (4) Jammu and Kashmir State Women's Development Corporation Limited, (5) Jammu and Kashmir Project Construction Corporation, (6) Jammu and Kashmir Police Housing Corporation Limited, (7) Jammu and Kashmir Cements Limited, (8) Jammu and Kashmir State Tourism Development Corporation Limited, (9) Jammu and Kashmir State Cable Car Corporation Limited and (10) Jammu and Kashmir Bank Limited.

[58] Use of borrowed fund to increase potential return of an investment.

Interest and Taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser the ability of the Company to pay interest on debt. An ICR of below one indicates that the Company was not generating sufficient revenues to meet its expenses on interest.

(A) PSUs of Power Sector

The details of interest coverage ratio of JKSPDC[59] as per the latest finalised accounts during the period from 2014-15 to 2018-19 is given in Table 5.13.

Table 5.13: Interest coverage ratio of PSUs of the Power Sector

(₹ in crore)

Year	Accounts finalised up to	Interest	EBIT	Interest coverage ratio
2014-15	2010-11	262.75	460.45	1.75
2015-16	2011-12	227.34	668.95	2.94
2016-17	2011-12	227.34	668.95	2.94
2017-18	2013-14	155.78	433.41	2.78
2018-19	2013-14	155.78	433.41	2.78

Despite the backlog in finalising their Annual Accounts, as seen from the Table 5.13, JKSPDC had interest coverage ratio of more than one during entire period from 2014-15 to 2018-19, indicating that the Company is generating sufficient revenue to meet its expenses on interest.

(B) PSUs of Sectors other than Power Sector

The details of interest coverage ratio of PSUs of Sectors other than Power Sector[60] as per the latest finalised accounts during the period from 2014-15 to 2018-19 are given Table 5.14.

Table 5.14: Interest Coverage Ratio of State PSUs (Sectors other than Power Sector)

(₹ in crore)

Year	Interest	EBIT	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio	
				More than 1	Less than 1
2014-15	290.04	965.16	16	5	11
2015-16	248.14	763.93	16	4	12
2016-17	206.27	-1,464.76	16	3	13
2017-18	257.83	439.21	16	5	11
2018-19	373.87	927.06	14	5	9

[59] Remaining five Power Sector companies had not availed any kind of loan.

[60] Excluding five inactive PSUs (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu and Kashmir Road Development Corporation Limited and (5) Jammu and Kashmir International Trade Centre Corporation Limited, two Working PSUs : (1) Jammu and Kashmir Medical Supplies Corporation Limited (2) Jammu and Kashmir State Forest Corporation Limited which never submitted their accounts since inception, four PSUs, (1) Jammu and Kashmir Bank Financial Services Limited (2) Jammu and Kashmir Police Housing Corporation Limited (3) Jammu and Kashmir State Cable Car Corporation Limited and (4) Jammu and Kashmir Overseas Employment Corporation Limited which have not taken any loan and nine new PSUs incorporated during 2017-18 and 2018-19 which have not furnished the details.

Of the 14 State PSUs of Sectors other than the Power Sector having liability of loans from Government as well as Banks and other Financial Institutions during 2018-19, five PSUs had interest coverage ratio of more than one, whereas remaining nine PSUs had Interest Coverage Ratio below one, which indicated that these nine PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

5.1.19 Debt-Turnover Ratio of PSUs

(A) Power Sector

The JKSPDC recorded negative compounded annual growth of turnover and debt of 5.04 *per cent* and 9.98 *per cent*, respectively. The Debt-Turnover Ratio improved from 2.28 in 2014-15 to 1.33 during 2015-16. However, it further deteriorated to 1.84 in 2017-18 due to significant increase in Debt against the decrease in Turnover, as given in Table 5.15.

Table 5.15: Debt Turnover ratio relating to the JKSPDC

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government and others (Banks and Financial Institutions)	2,781.97	1,493.55	1,493.55	1,826.49	1,826.49
Turnover	1,220.62	1,119.90	1,119.90	992.46	992.46
Debt-Turnover Ratio	2.28:1	1.33:1	1.33:1	1.84:1	1.84:1

(Source: Compiled based on latest finalised accounts)

(B) Sectors other than Power Sector

During the last five years, the turnover of 19 PSUs[61] recorded compounded annual growth of 4.23 *per cent* and compounded annual growth of debt was 2.03 *per cent* due to which the debt turnover ratio declined from 0.52 in 2014-15 to 0.48 in 2018-19. The debt-turnover ratio ranged between 0.43 and 0.53 during this period, as given in Table 5.16.

Table 5.16: Debt Turnover Ratio relating to the 19 PSUs (Sectors other than Power Sector)

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government and others (Banks and Financial Institutions)	3,875.23	3,834.30	3,097.52	3,633.37	4,200.71
Turnover	7,449.34	7,296.59	7,238.03	7,579.22	8,792.44
Debt-Turnover Ratio	0.52:1	0.53:1	0.43:1	0.48:1	0.48:1

(Source: Compiled based on latest finalised accounts)

5.1.20 Inactive State PSUs

Four out of the six PSUs of Power Sector having a total investment of ₹ 0.20 crore towards share capital, were inactive as of 31 March 2019.

[61] Excluding five inactive PSUs: (1) Tawi Scooters Limited, (2) Himalayan Wool Combers Limited, (3) Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited, (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu and Kashmir Road Development Corporation Limited and (5) Jammu and Kashmir International Trade Centre Corporation Limited, nine newly incorporated PSUs during 2017-18 & 2018-19, two Working PSUs, (1) Jammu and Kashmir Medical Supplies Corporation Limited, (2) Jammu and Kashmir State Forest Corporation which never submitted their accounts since inception and one PSU, Jammu and Kashmir Overseas Employment Corporation Limited which had not prepare the profit and loss account.

Similarly, five of the 36 State PSUs in sectors other than Power Sector were non-working and were having a total investment of ₹ 56.40 crore[62] towards Capital (₹ 55.57 crore) and Long Term Loans (₹ 0.83 crore) as on 31 March 2019. The numbers of non-working PSUs at the end of each year during last five years ended 31 March 2019 are given below in Table 5.17.

Table 5.17: Inactive State PSUs

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Number of inactive PSUs in Power Sector	2	4	4	4	4
Number of inactive PSUs (Sector other than Power Sector)	3	4	5	5	5

(Source: Compiled from the information included in Audit Report (PSU), GoJ&K of respective years)

Out of five inactive PSUs in Sectors other than Power Sector, three PSUs[63] were under liquidation as they were not working since last 18 to 27 years.

The Government may take appropriate decision for winding up of these inactive PSUs.

5.1.21 Comments on Annual Accounts of Public Sector Undertakings

(A) Power Sector

Only one Power Sector PSU (CVPPPL) forwarded its Annual audited account to the Accountant General (Audit) during the period 01 October 2018 to 30 September 2019, which was selected for supplementary audit. One significant issue was noticed during supplementary audit of this Annual Account. The details of aggregate money value of the comments of Statutory Auditors and the C&AG, for the Annual Accounts finalised during last three years are given in Table 5.18.

Table 5.18: Impact of audit comments on Power Sector PSUs

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	-	-	1	4.19	1	15.60
2.	Increase in profit	-	-	1	63.22	-	-
3.	Increase in loss	-	-	-	-	-	-
4.	Decrease in loss	-	-	-	-	-	-
5.	Non-disclosure of material facts	-	-	2	112.83	-	-
6.	Errors of classification	-	-	-	-	-	-

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Government Companies)

[62] Tawi Scooters Limited: ₹ 1.63 crore, Himalyan Wool Combers Limited: ₹ 1.37 crore, Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (a subsidiary of Himalyan Wool Combers Limited): ₹ 0.40 crore, Jammu and Kashmir State Road Development Corporation Limited: ₹ 5.00 crore and Jammu and Kashmir International Trade Centre Corporation Limited: ₹ 48.00 crore.

[63] Tawi Scooters Limited, Himalyan Wool Combers Limited and Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited.

(B) Sectors other than Power Sector

Ten PSUs forwarded 21 Annual audited accounts to the Accountant General during the period from 01 October 2018 to 30 September 2019. The Audit Reports of Statutory Auditors and supplementary audit conducted by the C&AG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the C&AG, for the accounts finalised during last three years are given in Table 5.19.

Table 5.19: Impact of audit comments on State PSUs (Sector other than Power Sector)

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	2	2.33	2	0.16	3	16.86
2.	Increase in profit	-	-	2	0.05	1	0.03
3.	Increase in loss	1	0.06	3	1.55	8	103.69
4.	Decrease in loss	1	0.03	2	1.17	3	100.48
5.	Non-disclosure of material facts	1	2.56	4	21.82	1	95.71
6.	Errors of classification	4	30.98	5	97.39	13	48.43

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Government Companies)

During the year 2018-19, the Statutory Auditors had issued qualified certificates on 16 accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out 19 instances of non-compliance to the Accounting Standards in 12 accounts of five PSUs[64].

The State has three Statutory Corporations, Jammu and Kashmir State Road Transport Corporation (JKSRTC), Jammu and Kashmir State Financial Corporation and Jammu and Kashmir State Forest Corporation. The C&AG is the sole auditor in respect of JKSRTC. Out of the three working Statutory Corporations, Jammu and Kashmir State Forest Corporation failed to submit Annual Accounts since the date of entrustment of audit to C&AG (March 2000). Only one Corporation (Jammu and Kashmir State Financial Corporation) forwarded its annual accounts for the year 2017-18 and JKSRTC failed to forward any accounts during 01 October 2018 to 30 September 2019. The Statutory Auditors had given qualified certificates on annual accounts of Jammu and Kashmir State Financial Corporation for the year 2017-18.

The details of aggregate money value of the comments of Statutory Auditors and supplementary audit by the C&AG in respect of Statutory Corporations for the last three years are given in the Table 5.20.

[64] Jammu and Kashmir State Agro Industries Development Corporation Limited (six accounts), Jammu and Kashmir State Women's Development Corporation Limited (one account), Jammu and Kashmir Industries Limited (two accounts), Jammu and Kashmir Handicrafts (Sales and Export)Development Corporation Limited (one account) and Jammu and Kashmir Cements Limited (two accounts).

Table 5.20: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	-	-	-	-	-	-
2.	Increase in profit	-	-	-	-	-	-
3.	Increase in loss	1	28.04	1	15.14	-	-
4.	Decrease in loss	1	0.07	-	-	-	-
5.	Non-disclosure of material facts	1	8.58	-	-	-	-
6.	Errors of classification	1	12.17	1	5	2	19.43

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Statutory Corporations)

It is recommended that Jammu and Kashmir State Forest Corporation which has failed to submit any Annual Account since the date of entrustment of audit to C&AG take effective steps to liquidate the arrears in Accounts and thereby, ensure legislative oversight of its functioning.

The concerned PSUs may ensure strict compliance to Statutory norms for error free accounts to avoid over/ under statement of Profit/ Loss. JKPDC where errors were comparatively higher, needs to be more vigilant. Besides, Finance and Administrative Departments should oversee that corrective action is taken by these PSUs.

5.1.22 Performance Audit and Compliance Audit Paragraphs

(A) Power Sector

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2019, one audit paragraph relating to Power Sector Undertakings was issued to the Commissioner Secretary of Power Development Department, GoJ&K with request to furnish reply within six weeks. Reply from the Management/ State Government was awaited (September 2020). The total financial implication of the audit paragraph is ₹ 6.59 crore.

(B) Sectors other than Power

For the Report of the Comptroller and Auditor General of India (Sector other than Power Sector for the year ended 31 March 2019, three compliance audit paragraphs relating to Jammu and Kashmir Project Construction Corporation Limited and one Performance Audit regarding working of Jammu and Kashmir State Road Transport Corporation were issued to the Principal Secretaries/ Secretaries of the respective Administrative Departments with a request to furnish replies. Replies are awaited from State Government/ Department/ Management. The total financial implication of these audit paragraphs is ₹ 747.94 crore[65].

[65] Performance Audit on Working of Jammu and Kashmir State Road Transport Corporation: ₹ 737.57 crore; three compliance audit paragraphs: ₹ 10.37 crore.

5.1.23 Follow-up action on Audit Reports

The Report of the C&AG of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that these elicit appropriate and timely response from the executive. The Finance Department, Government of Jammu and Kashmir issued (June 1997) instructions to all Administrative Departments to submit replies/ explanatory notes to paragraphs/ reviews included in the Audit Reports of the C&AG of India within a period of three months, after their presentation to the legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (COPU). The position of explanatory notes on Audit Reports as of September 2019 was as follows:

Table 5.21:
Position of explanatory notes on Audit Reports related to PSUs not received
(as on 30 September 2020)

Year of Audit Report (Commercial/ PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and paragraphs in the Audit Report				Number of PAs/ paragraphs for which explanatory notes were not received			
		PAs		Paragraphs		PAs		Paragraphs	
		Power	Sectors Other than power	Power	Sectors Other than power	Power	Sectors Other than power	Power	Sectors Other than power
2000-01	6 April 2002	-	1	1	2		-	-	-
2001-02	21 June 2003	-	1	-	4		-	-	-
2002-03	23 August 2004	-	1	1	2		-	-	-
2003-04	23 March 2005	-	-	1	2		-	-	-
2004-05	27 March 2006	-	1	-	4		-	-	1
2005-06	8 February 2007/ 31 August 2009	-	3	1	1		1	-	-
2006-07	30 January 2008	-	1	-	5		-	-	-
2007-08	5 March 2009	-	1	-	3		-	-	-
2008-09	30 March 2010	-	1	-	3		-	-	2
2009-10	31 March 2011	1	-	-	3		-	-	-
2010-11	4 April 2012	-	1	-	5		-	-	-
2011-12	5 April 2013	-	2	-	-		1	-	-
2012-13	4 March 2014	-	-	1	2		-	-	1
2013-14	27 March 2015	-	1	-	6		-	-	-
2014-15	27 June 2016	-	1	4	3		-	-	-
2015-16	4 July 2017	1	-	-	6	1	-	-	3
Up to 2015-16		**2**	**15**	**9**	**51**	**1**	**2**	**-**	**7**
2016-17	23 September 2020	-	1	-	6	-	-[66]	-	-
2017-18	23 September 2020	-	1	2	5	-	-	-	-
Total		**2**	**17**	**11**	**62**	**1**	**2**	**-**	**7**

As seen from the Table 5.21, out of 11 paragraphs/ performance audits[67] of Power Sector, explanatory notes in respect of only one Performance Audit on Jammu and Kashmir State Power Development Corporation Limited was awaited (September 2020).

[66] The Audit Reports 2016-17 and 2017-18 presented in the Parliament on 23.09.2020. Since the prescribed period of three months for submission of explanatory notes has not expired since their presentation in the Parliament, hence nil shown below the columns the PAs/ paragraphs for which explanatory notes were not received.

[67] Performance Audit is considered as one Paragraph, the Paras for Reports of 2016-17 and 2017-18 not considered as mentioned in footnote 65.

Similarly, out of 66 paragraphs/ performance audits of Sectors other than Power Sector, explanatory notes to nine paragraphs/ performance audits in respect of two departments, which were commented upon, were awaited (September 2019).

5.1.24 Compliance to Reports of COPU

Action Taken Notes (ATN) on five paragraphs of Power Sector PSUs pertaining to two Reports of the COPU and Action Taken Notes (ATN) on 45 paragraphs pertaining to eight Reports of the COPU of Sectors other than Power Sector and presented to the State Legislature between April 2005 to March 2018 had not been received as of September 2019, as indicated in Table 5.22.

Table 5.22: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total number of recommendations in COPU Report	Number of recommendations where ATNs not received
Power Sector paras			
2015-16 (47th Report)	01	02	02
2017-18 (49th Report)	01	04	03
Total	**02**	**06**	**05**
Sectors other than Power Sector paras			
2004-05 (40th Report)	01	06	05
2009-10 (42nd Report)	01	13	04
2010-11 (43rdReport)	01	02	01
2011-12 (44th Report)	01	05	01
2013-14 (46th Report)	01	14	01
2015-16 (47th Report)	01	15	06
2016-17 (48th Report)	01	06	03
2017-18 (49th Report)	01	25	24
Total	**08**	**86**[68]	**45**

These Reports of COPU contained recommendations in respect of paragraphs pertaining to ten departments which appeared in the Reports of the C&AG of India for the years 2000-01 to 2015-16.

It is recommended that the Government may ensure:

- **Sending of replies to inspection reports/ draft paragraphs/ performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule;**
- **Recovery of loss/ outstanding advances/ overpayments within the prescribed period; and**
- **Revamping of the system of responding to audit observations.**

[68] Pertains to 57 paragraphs/ Performance Audits that featured in the Audit Reports for the years 2000-01 to 2015-16.

Chapter VI

Performance Audit

State Public Sector Undertakings

CHAPTER VI

PERFORMANCE AUDIT

Transport Department

Jammu and Kashmir State Road Transport Corporation

6.1 Working of the Jammu and Kashmir State Road Transport Corporation

The Jammu and Kashmir State Road Transport Corporation (the Corporation) a transport undertaking wholly owned by the Government, with the aim to cater to the transport needs, both of passengers and goods for the public in the State was setup in September 1976. A Performance Audit of the Corporation for the period 2014-15 to 2018-19 brought out instances of certain deficiencies in planning, operational performance, internal controls etc. While the total financial implication of this Performance Audit is ₹ 737.57 crore, some of the highlights of the Performance Audit are as under:

Highlights

- **Despite 20 *per cent* increase in Paid up Share Capital from ₹ 204.74 crore in 2014-15 to ₹ 245.57 crore in 2018-19, there was a 33 *per cent* increase in accumulated losses from ₹ 1,229.56 crore to ₹ 1,639.01 crore which indicated that capital infused by the Government was not efficiently utilised by the Corporation.**

  (Paragraph: 6.1.6)

- **The Planning Wing of the Corporation had not prepared any perspective plan or long term plan for its revival.**

  (Paragraph: 6.1.7)

- **Shortfall in achievement of targets of operative fleet and revenue collection targets during the period from 2014-15 to 2017-18 ranged between 28 *per cent* to 33 *per cent* and 31 *per cent* and 37 *per cent,* respectively. The overall shortfall in achievement of target of revenue during the period from 2014-15 to 2017-18 was ₹ 165.22 crore.**

  (Paragraph: 6.1.7.1)

- **The Corporation failed to earn its operational revenue, as operation loss ranged between ₹ 15.03 per Km to ₹ 34.68 per Km during the period from 2014 to 2019.**

  (Paragraph: 6.1.8)

- **The Corporation could not improve on the availability of vehicles as the overall fleet strength during the period from 2014-15 to 2018-19 decreased by 133 vehicles (14 *per cent*), despite addition of 142 vehicles during the same period.**

  (Paragraph: 6.1.9)

- **Fleet Operations during the period from 2014-15 to 2018-19 ranged between 51 *per cent* and 59 *per cent* and detention of vehicles in workshop ranged between 29 *per cent* to 44 *per cent.* Percentage of idle vehicles increased from five *per cent* in 2014-15 to 19 *per cent* in 2018-19.**

(Paragraph: 6.1.9.2)

- **Scrutiny of records in sampled units, Depot and Sub-depots revealed that even after allowing the prescribed provision for detention, there was excess detention of vehicles in workshops, which impacted the revenue generation of the Corporation by ₹ 135.88 crore, during the period from 2014-15 to 2018-19.**

(Paragraph: 6.1.9.2)

- **Failure to acquire the ownership title of properties, non-valuation of properties, non-recovery of compensation of land transferred, non-utilisation of properties, non-renewal of leases, indicated inadequate initiative of the Corporation to optimally manage its assets.**

(Paragraph: 6.1.13)

- **Services of drivers/ conductors were not utilised effectively, as the drivers/ conductors remained attached with the vehicles detained at workshops despite the required staff available at the workshops, resulting in payment of ₹ 44.95 crore to staff remaining idle.**

(Paragraph: 6.1.14)

- **Internal control mechanism of the Corporation was inadequate, Board meetings, monthly meetings, administrative inspections and vigilance checks were not conducted regularly.**

(Paragraph: 6.1.15)

6.1.1 Introduction

The State Government of Jammu and Kashmir (GoJ&K) established the Government Transport Undertaking (GTU) in June, 1948 which was subsequently converted into Jammu and Kashmir State Road Transport Corporation (JKSRTC) under the Road Transport Corporation Act, 1950 in September 1976. The aim of the Corporation was to cater to the requirement of transport of both passengers and goods in the State. The Corporation is a transport undertaking wholly owned by the Government of Jammu and Kashmir State. As per information provided by the Department, the Corporation has around one *per cent* share of vehicles in Public Transport[1] in the State of Jammu and Kashmir, during the period 2014-15 to 2018-19. The requirement of State was therefore being catered mainly through privately owned buses/ mini-buses and load carriers.

[1] Public transport includes passenger vehicles like buses/ mini-buses and load carriers like trucks/ tippers.

6.1.2 Organisational structure

The Managing Director is the Chief Executive Officer of the Corporation who is assisted by a Joint Managing Director and Financial Advisor and Chief Accounts Officer. There are five General Managers (GMs), five Deputy General Managers (DGMs) and 17 Managers looking after the day to day operations of the Corporation. The organisational structure is given in ***Appendix 6.1.1***.

6.1.3 Audit objectives

The main objectives of the performance audit were to assess whether:

- Financial and operational planning activities at apex level to provide adequate transport service across the State, improved the performance and optimise the operating costs of the Corporation.
- Purchase of spares and other materials were made according to State Financial rules in an economical manner.
- The assets of the Corporation, *inter alia*, including fleet, land, buildings, workshops, human resources, etc. were utilised effectively.
- The Corporation has an efficient and effective internal control and monitoring system in place.

6.1.4 Audit scope and methodology

A Performance Audit on the working of the Corporation covering the period from the year 2014-15 to 2018-19 was conducted during 2019-20. The Corporation had 50 operational units[2] out of which a sample of 18 units[3] (as detailed in ***Appendix 6.1.2)*** and the Corporate Office were selected for the Performance Audit. The sample for Audit was selected on the basis of volume of operations, fleet held and revenue generation by the respective units.

A Performance Audit on the working of the Corporation for the period 2003-04 to 2007-08 was earlier reviewed and incorporated in the Report of Comptroller and Auditor General of India, Government of Jammu and Kashmir for the year ended March 2009, which was partially discussed by the Committee on Public Undertakings (COPU) of the State Legislature. The COPU had not given any recommendations on the above performance audit, but had issued certain directions to the Department in its 47th Report. However, as per 49th Report of the COPU compliance on these directions (February 2018) had not been provided by the Government.

The audit objectives were discussed with the Management in an Entry Conference held on 16 May 2019. The audit findings were reported to Management and discussed in an Exit Conference (10 November 2020). The replies of the Corporation received in January 2020 and in the Exit Conference have been suitably incorporated in this report.

[2] Which includes 16 main units, 13 Depots and 21 sub-offices/ Traffic Control Points (TCPs).
[3] Which includes 13 main units, three Depots and two booking offices.

6.1.5 Audit criteria

The audit criteria was fixed on the basis of the principles adopted by the Corporation which *inter alia*, included:

- Jammu and Kashmir Financial Code,
- Road Transport Corporation Act, 1950,
- Manual of the Corporation on Operations, Manual on Purchases in JKSRTC, and
- General Financial Rules along with Budget documents of Corporation including other sanctions and orders issued from time to time.

AUDIT FINDINGS

6.1.6 Financial issues

The Paid up Share Capital[4] of the Corporation increased from ₹ 204.74 crore as at the end of financial year 2014-15 to ₹ 245.57 crore at the end of financial year 2018-19 as given in Table 6.1.2. However, the Government of India (GoI) has not made any contribution towards Share Capital during the last five years ending March 2019. The Financial Position of the Jammu and Kashmir State Road Transport Corporation for the period from 2014-15 to 2018-19 is given in Table 6.1.1:

Table 6.1.1: Receipts of Corporation during 2014-19

(₹ in crore)

Year	Grants/ financial assistance received from			Operating revenue	Other receipts[5]	Total receipts
	GoI	State Government				
		Plan	Non-plan in the form of loan			
1	2	3	4	5	6	7=(2+3+4+5+6)
2014-15	-	-	35.54	83.09	14.34	132.97
2015-16	-	5.95	35.54	78.53	22.20	142.22
2016-17	-	5.00	30.00	79.45	18.60	133.05
2017-18	-	3.75	30.00	80.09	25.17	139.01
2018-19	4.49	17.90	30.00	79.71	17.09	149.19
Total	**4.49**	**32.60**	**161.08**	**400.87**	**97.40**	**696.44**

(Source: Records of the Corporation)

The operating revenues declined from ₹ 83.09 crore in 2014-15 to ₹ 79.71 crore in 2018-19 and comprised about 58 *per cent* of total receipts during the period from 2014 to 2019. The non-plan grants received from the State Government which decreased from ₹ 35.54 crore in 2014-15 to ₹ 30.00 crore in 2018-19, comprised around 23 *per cent* of total receipts during the period from 2014 to 2019; showed a decline of 16 *per cent*. The State Government provided Non-plan budgetary support in the form of loans for which no repayments were made by the Corporation. As the Corporation was running in losses, no dividend was paid to the State Government against its investments.

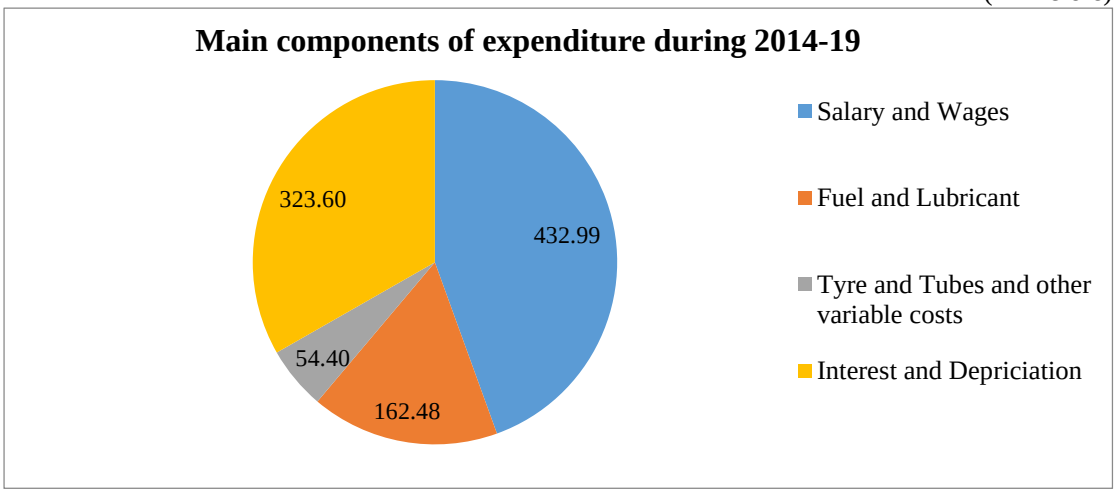
The revenue earned was spent on salary, allowances and other operational expenses, while the financial assistance received from GoI was utilised for purchase of buses

[4] Includes share of ₹ 15.01 crore of the Government of India (GoI) as of March 2015.
[5] Other receipts include rent, interest on FDRs and other miscellaneous receipts.

under different schemes[6]. The main components of the expenditure during the period from 2014 to 2019 (Chart 6.1.1) were Salary and wages ₹ 432.99 crore (44 *per cent)*, overheads, interest and depreciation ₹ 323.60 crore (33 *per cent)*; Fuel and Lubricant ₹ 162.48 crore (17 *per cent)*, tyres/ tubes/ spares, Motor Vehicle tax and Passenger tax and other variable costs of ₹ 54.40 crore (six *per cent)*.

Chart 6.1.1: Components of Expenditure

(₹ in crore)



(Source: Records of the Corporation)

The Annual Accounts up to the year 2013-14 prepared by the Corporation had been audited by the Principal Accountant General (Audit) as of March 2019. The Annual Accounts for the years 2014-15 to 2018-19 were not prepared and finalised on time. The audit of these accounts is completed and Separate Audit Reports for the period from 2014 to 2019 are under finalisation.

Position of the Assets and Liabilities as reflected in the provisional accounts prepared for the period from 2014-15 to 2018-19 is given in Table 6.1.2

Table 6.1.2: Position of assets and liabilities

(₹ in crore)

Year	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Liabilities					
Paid up Capital	204.74	210.69	217.92	223.18	245.57
Borrowings	550.48	586.02	616.02	646.02	676.02
Other Liabilities	621.98	679.15	751.74	821.39	872.11
Accumulated Loses	(-) 1,229.56	(-)1,311.83	(-) 1,415.23	(-) 1,518.30	(-) 1,639.01
Total	**147.64**	**164.03**	**170.45**	**172.29**	**154.69**
Assets					
Gross Block[7]	67.97	64.05	64.53	77.06	74.45
Depreciation	06.61	06.10	6.28	06.61	7.09
Net-block	61.36	57.95	58.25	70.45	67.36
Current Assets,	86.28	106.08	112.20	101.84	87.33
Total	**147.64**	**164.03**	**170.45**	**172.29**	**154.69**

(Source: Information provided by the Corporation)

[6] Atal Mission for Rejuvenation and Urban Transformation and Intelligent Transport Management system scheme.

[7] Cost of fixed assets (land, buildings, fleet, tool plant, machinery etc.).

Although the paid up capital increased by 20 *per cent*, from ₹ 204.74 crore in 2014-15 to ₹ 245.57 crore in 2018-19, the accumulated losses during the same period increased by 33 *per cent*, from ₹ 1,229.56 crore to ₹ 1,639.01 crore. This indicates that funds infused by the State in the Corporation could not generate adequate revenue. Further, due to persistent losses, the Corporation even failed to deposit its share of contribution towards Provident Fund of employees with the Provident Fund Office and had to pay penal interest amounting to ₹ 1.46 crore during the period from 2014 to 2019 which could have been avoided through timely payments.

6.1.7 Planning

To sustain the public utility in the times to come, adequate Planning for long term as well as short term strategies are essential for running the utility effectively. It is therefore, necessary to frame a long term perspective plan as well as annual plans based on market input/ survey and other parameters. The Corporation had a Planning Wing headed by an Assistant Director. The main aim of Planning Wing was to conduct survey of passengers from origin to destination, prepare feedback reports, cross check the revenue earned and revenue realised and report to higher management for review and corrective action. The Planning Wing was also entrusted to fix the target and monitor the achievements.

The Planning Wing of the Corporation had not prepared any perspective plan or long term plan. It was stated by the Assistant Director (Planning) that no instructions from the Management were received in this regard. Further, the Managing Director stated that a revival plan was under consideration of the higher management/ Administrative Department. However, as seen from the records the revival plan was under consideration since June 2018 only.

Further, no survey was conducted regarding passenger feedback, quality of services, cross check of revenue earned and other[8] parameters as prescribed in the Operational Manual. In addition, analysis for losses in operations and non-achievement of targets fixed for fleet operations and revenue generation was not carried out.

Audit scrutiny (May 2019) revealed that the targets were fixed for 2017-18 based on previous year achievements (2016-17). The basis of fixing the targets for remaining years was not available on record. Planning Wing was only associated with compiling of the progress reports of the units. However, directions based on inputs for improving the services from the Planning Wing and any plan to minimise the losses was not available with the Corporation.

On this being pointed out (May 2019), the Managing Director stated (January 2020) that due to shortage of manpower survey, passenger feedback, cross check of revenue earned/ realised, etc. could not be undertaken. It was also stated that introduction of Intelligent Transport System, fresh survey, classification and rescheduling of bus

[8] Position of reporting time and actual time of departure, research data pertaining to improving the services, status of loss making vehicles, reporting and departure time of vehicles, researching of data regarding viability of routes, vehicles performance, etc.

services, utilisation of manpower, etc. was under process in the Corporation as of January 2020.

6.1.7.1 Targets for fleet operations and revenue collection

The yearly targets are fixed by the Planning Wing of the Corporation based on the monthly performance reports which are received from the operating units. However, the Corporation fixed these targets without consulting the unit heads. The target and achievement with respect to revenue and operations during the period 2014-15 to 2017-18 is depicted in the Table 6.1.3.

Table 6.1.3: Targets and achievement during 2014-15 to 2017-18

(Figures in bracket represent per cent)

Year	Available Fleet	Fleet Operation as per targets	Achievement of fleet Operated	Shortfall	Targets of revenue collection (₹ in crore)	Achievement of revenue collection (₹ in crore)	Shortfall in revenue collection (₹ in crore)
(1)	(2)	(3)	(4)	(5)= (3-4)	(6)	(7)	(8)= (6-7)
2014-15	934	664 (71)	469	195 (29)	131.43	83.44	47.99 (37)
2015-16	819	614 (75)	443	171 (28)	115.79	79.74	36.05(31)
2016-17	776	655 (84)	436	219 (33)	123.53	79.95	43.58(35)
2017-18	786	642 (82)	442	200 (31)	117.69	80.09	37.60 (32)
2018-19	Targets were not fixed						
Total					**488.44**	**323.22**	**165.22 (34)**

(Source: Based on information provided by planning wing of the Corporation)

The targets fixed during the period 2014-15 to 2017-18 for operation of the fleet ranged between 71 and 84 *per cent* of the available fleet. Even these targets for the operative fleet were not fully achieved. Shortfall in achievement of targets of the operative fleet during the period 2014-15 to 2017-18 ranged between 28 *per cent* and 33 *per cent.* Accordingly, the shortfall in revenue collection also ranged between 31 *per cent* and 37 *per cent* against the fixed targets. The overall shortfall in achievement of target of revenue collection during the period 2014-15 to 2017-18 was ₹ 165.22 crore, although targets were set after keeping into consideration the detention of vehicles for repair and maintenance in workshop. Targets for 2018-19 were not set.

In reply, the Managing Director stated (January 2020) that due to over aged fleet, frequent off roadings, shortage of manpower and turmoil in valley, the operational and financial targets were not achieved.

The fact remains that before fixing the targets the Corporation should have taken into consideration the constraints like over aged fleet, shortage of manpower etc.

Scrutiny of records in sampled units and Depot (including Sub-depots) revealed that the targets fixed during the period from 2014-15 to 2017-18 ranged between 65 *per cent* and 87 *per cent* of the common fleet available for these units and the shortfall in achievement of targets of operative fleet during the same period ranged between 15 *per cent* and 69 *per cent* with overall shortfall[9] in projected revenue collection to the extent of ₹ 119.20 crore as detailed in ***Appendix 6.1.3***. The highest shortfall in

[9] Difference between Projected Revenue by the Company during fixing of Targets for the year less Actual Revenue realised.

achievement of targets of operative fleet was observed in Doda Depot, where the shortfall ranged between 64 *per cent* and 69 *per cent*.

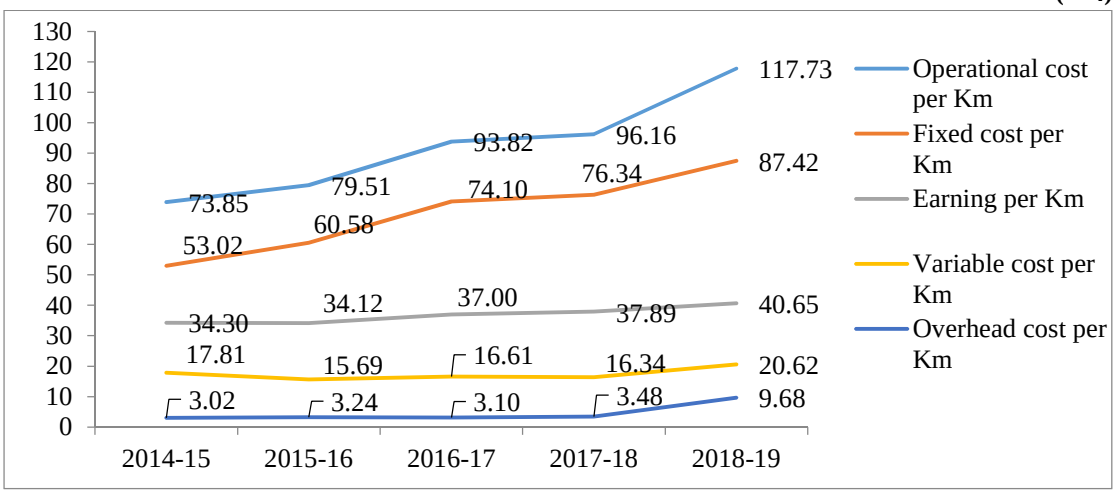
The Managing Director stated (January 2020) that buses are kept parked to meet the Government's demand on special/ emergent occasions. It was also stated that on intra-district routes, Corporation faces stiff competition from Light Commercial Vehicles (LCVs)/ private operators, however, transport facility was provided on unproductive routes for convenience of public. Reasons for parking of buses were also attributed to frequent *hartals*, aged fleet unable to compete with new good quality LCVs/ buses and detention of vehicles/ manpower. The reply is not tenable as the Corporation is a commercial organisation and it is bound to face competition from private entities. Further, the Corporation needs to upgrade its fleet by proper funding either by borrowing or seeking assistance from the Government.

6.1.8 Operating Issues

The working results depicting the outcomes of the operations of the Corporation on the basis of its provisional accounts for the period from 2014-15 to 2018-19 are given in ***Appendix 6.1.4***. Operating revenue of the Corporation which included traffic earnings, passes and season tickets, re-imbursement against concessional passes, fare realised from private operators under Kilo Metre (KM) Scheme etc., had decreased from ₹ 83.09 crore in 2014-15 to ₹ 79.71 crore in 2018-19 (four *per cent*) with the lowest being ₹ 78.54 crore in 2015-16. However, the operating expenditure which included fixed cost (personnel, depreciation, interest), variable cost (fuel/ lubricants, tyres/ tubes, spares) and overhead cost, during the same period had increased by 24 *per cent* from ₹ 119.48 crore in 2014-15 to ₹ 147.71 crore in 2018-19. Though effective Kms[10] of operations decreased by 46.15 lakh Km (19 *per cent*) from 242.23 lakh Km in 2014-15 to 196.08 lakh Km in 2018-19, year-wise trend of costs and earnings per Km is depicted in Chart 6.1.2:

Chart 6.1.2: Year-wise trend of costs and earnings

(In ₹)



(Source: Records of the Corporation)

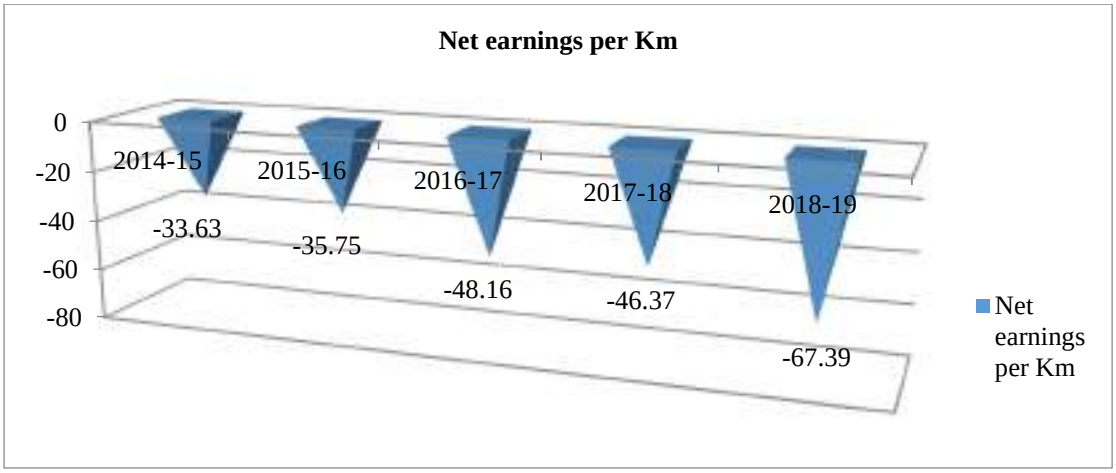
[10] Distance run by the fleet of the Corporation.

Although the operating revenue per Km of the Corporation had increased from ₹ 34.30 in 2014-15 to ₹ 40.65 in 2018-19 (18.51 *per cent*), the fixed cost per Km increased from ₹ 53.02 to ₹ 87.42 (64.88 *per cent*) and the operational cost increased from ₹ 73.85 to ₹ 117.73 per Km (59.42 *per cent*). This impacted the operational net earnings per Km which decreased from (-) ₹ 33.63 to (-) ₹ 67.39 (Chart 6.1.3). The operating cost (excluding depreciation and interest) per Km also increased from ₹ 49.33 in 2014-15 to ₹ 75.33 in 2018-19 (***Appendix 6.1.4***) and the operating net earnings per Km decreased from (-) ₹ 15.03 to (-) ₹ 34.68. This had contributed to the increase in accumulation of losses which went from (-) ₹ 1,229.56 crore in 2014-15 to (-) ₹ 1,639.01 crore (33 *per cent*) in 2018-19. Year-wise decrease in the net earnings of the Corporation are depicted in Chart 6.1.3 and the reasons for losses have been discussed in the succeeding paragraphs.

Chart 6.1.3:

Decline in net earnings per Km of the Corporation during the period from 2014 to 2019

(In ₹)



(Source: Records of the Corporation)

6.1.9. Operational Performance of the Corporation

6.1.9.1 Fleet strength

Management is required to manage and augment its assets to run the business operations efficiently in order to obtain optimal output of its available resources. The Corporation was not able to add adequate number of vehicles to improve its fleet strength during 2014-15 to 2018-19. On the contrary, the number of vehicles decreased by 14 *per cent* (from 964 to 831) despite adding 142 new vehicles[11]. The fleet strength of the Corporation, during the last five years including over aged vehicles, is given in Table 6.1.4.

[11] Trucks: 76; Buses: 66.

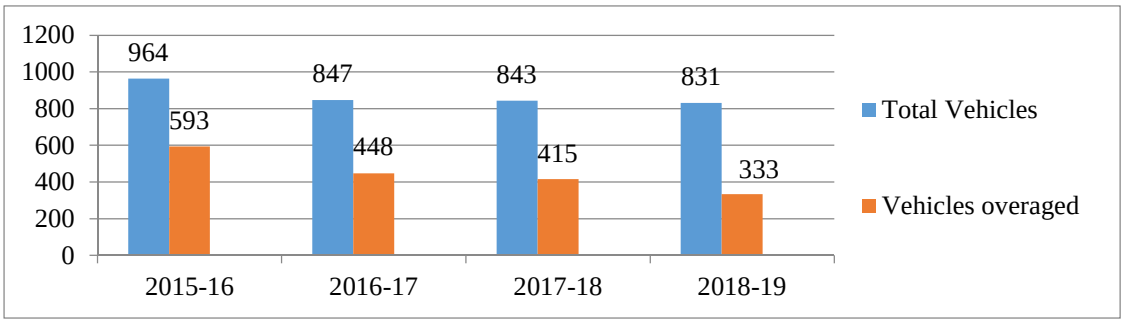
Table 6.1.4: Fleet strength of Corporation

Year	Buses	Trucks	Total	No. of over age vehicles			Percentage of over aged fleet
				Buses	Trucks	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (7/4)*100
2014-15	610	354	964	NA[12]	NA	NA	NA
2015-16	610	354	964	340	253	593	62
2016-17	529	318	847	244	204	448	53
2017-18	525	318	843	213	202	415	49
2018-19	512	319	831	191	142	333	40

(Source: Performance Reports of Corporation for the years 2014-15 to 2018-19/ data provided by the Corporation)

As per the norms[13] fixed (January 2011) by the Administrative Department, buses plying above four lakh Km or are 10 years old and trucks plying above five lakh Km or are 12 years old whichever is later, are due for condemnation. Despite the defined norms, the over-aged vehicles run by the Corporation ranged between 40 *per cent* and 62 *per cent* during the period 2015-16 to 2018-19 as can be seen from the Chart 6.1.4.

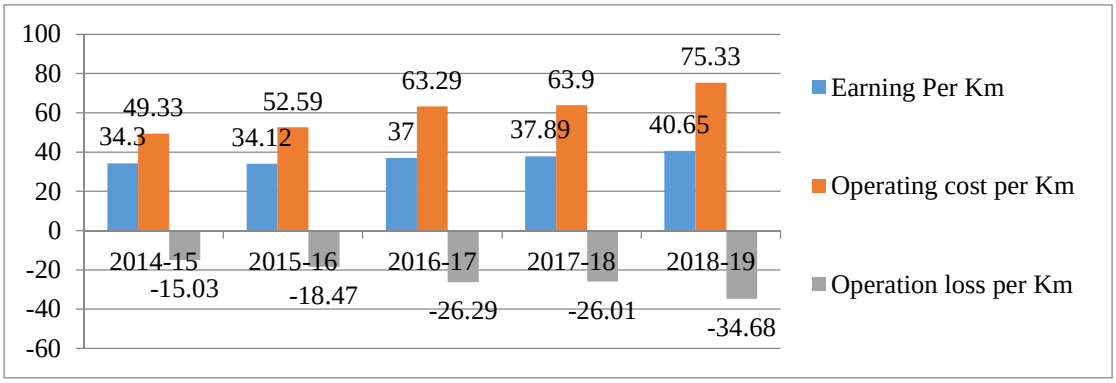
Chart 6.1.4: Year wise fleet strength and over age vehicles of Corporation



(Source: Performance Reports of the Corporation for the years 2014-15 to 2018-19/ data provided by the Corporation)

The Corporation also failed to recover operational revenue, and the operation loss[14] per Km ranged between ₹ 15.03 per Km to ₹ 34.68 per Km during the period from 2014 to 2019 as shown in Chart 6.1.5.

Chart 6.1.5: Earnings per Km *vis a vis* Operating cost per Km



(Source: Records of the Corporation)

[12] Not available.
[13] Fixed vide Order No. 6 TR-2011 issued by the Transport Department.
[14] Revenue Earnings per Km run of vehicles during the year less the operational cost per Km run (fixed and variable cost excluding depreciation and interest) during that year.

6.1.9.2 Utilisation of vehicles/ fleets

The year-wise operative strength of vehicles held by the Corporation is given in Table 6.1.5.

Table 6.1.5: Operative strength of vehicles

Year	Commercial Fleet held	Fleet Operated		Idle fleet		Detention	
		Vehicles	*Per cent*	Vehicles	*Per cent*	Vehicles	*Per cent*
(1)	(2)	(3)	*(4)*	(5)	*(6)*	(7)	*(8)*
2014-15	914	469	51	45	5	400	44
2015-16	820	443	54	41	5	336	41
2016-17	786	436	55	60	8	290	37
2017-18	746	442	59	63	8	241	32
2018-19	797	416	52	148	19	233	29

(Source: Records of the Corporation)

Operation of fleet held during the period 2014-15 to 2018-19 ranged between 51 *per cent* and 59 *per cent* and detention of vehicles in workshop ranged between 29 *per cent* and 44 *per cent.* Therefore, the number of vehicles lying idle in the Corporation had increased from five *per cent* in 2014-15 to 19 *per cent* in 2018-19.

Scrutiny of records in sampled units, Depot and Sub-depots revealed that the detention of vehicles in the workshops was higher than the projected detention of 15 *per cent* to 35 *per cent* during the period 2014-15 to 2018-19. The actual detention of vehicles in workshops during 2014-15 to 2018-19 ranged between 26 *per cent* to 80 *per cent* and exceeded these provisions, which had implication on revenue generation to the extent of ₹ 135.88 crore as detailed in ***Appendix 6.1.5*.**

The Managing Director stated (January 2020) that a small number of vehicles have been replaced which resulted in non-replacement of old age fleet of the Corporation. Further, it was stated that due to *hartals/ bandhs* and other security issues, shortage of technical manpower in workshops has also resulted in low utilisation of fleet.

However, the fact remains that Corporation could not improve on utilisation of vehicles/ fleet effectively. Audit analysis in ten sampled units[15], revealed that the average operative fleet was in the range of 20 and 79 *per cent* during the period 2014-15 to 2018-19 as compared to the All India Average (AIA)[16] of 88.7 *per cent.* As detailed in ***Appendix 6.1.6***, the less utilisation of the fleet in the sampled units as compared to the All India Average, had revenue earning potential of ₹ 284.75 crore.

6.1.9.3 Viability of Routes

In order to ensure the economic viability of operations, the cost benefit analysis of routes was to be carried out before starting a new route. Audit carried out the analysis of 13 out of 22 routes in the jurisdiction of Manager Passenger Service, Jammu and Manager Tourist Service, Jammu. It was noticed that:

[15] MPS, Jammu; MPS, Srinagar; MTS, Srinagar; MTS, Jammu; TM Load, Jammu; TM Load, Srinagar; Doda Depot; Sub-depot, Kishtwar; Sub-depot, Ramban; Manager City Service Division, Srinagar.

[16] AIA of fleet utilisation (Operative fleet of the total fleet held), as per report of Central Institute of Road Transport for the year 2016-17.

(I) Operations on nine routes (Table 6.1.6) were started either without any cost benefit analysis or on the instructions of higher authorities.

Table 6.1.6: Routes operated *vis-a-vis* revenue earned and expenses incurred on oil

(₹ in lakh)

Sl. No.	Name of route	Period	Journeys executed (in Nos.)	Cost of Fuel	Revenue earned	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5-6)
1.	Banihal-Jammu-Banihal	July 2017 to May 2018	149	3.96	1.88	2.08
2.	Jammu-Rabita Burgani	September 2018 to February 2019	59	0.92	0.70	0.22
3.	Jammu-Shivkhori	May 2014 to February 2018	75	2.30	1.55	0.75
4.	Jammu–Bamyal	April 2014 to February 2018	163	1.78	1.38	0.40
5.	Jammu-Chigyal-Jammu	March 2018 to August 2018	180	1.95	1.48	0.47
6.	Ladies special	April 2016 to September 2018	1,557	5.17	1.02	4.15
7.	Secretariat services	April 2014 to March 2019	2,845	9.61	5.69	3.92
8.	Jagti Ladies special	October 2014 to March 2019	1,468	7.96	4.33	3.63
9.	Jammu-Katra Srinagar	April 2014 to March 2019	12,067	7.59	1.92	5.67

(Source: Records of the Corporation)

As seen from the Table 6.1.6, the Corporation could not even recover the cost of fuel from the operations on these nine routes.

Further, a few instances on composite cost of journey *vis-à-vis* revenue earned is mentioned in Table 6.1.7.

Table 6.1.7: Revenue earned and expenses incurred on oil, driver/ conductor and incidentals

(₹ in lakh)

Sl. No.	Name of service	Days of service	Period of operation	Journeys executed (in Nos.)	Incidental expenses	Cost of fuel and expenditure on Driver/ Conductor	Total	Revenue earned	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)=(8-9)
1.	Chamba Mandi	2 days	May 2015 to April 2016	235	0.09	7.22	7.31	7.30	0.01
2.	Batote	2 days	July 2017 to August 2017	22	0.01	0.62	0.63	0.56	0.07
3.	Farori Dartal	2 days	August 2015 to October 2015	73	0.03	2.66	2.69	2.22	0.47
4.	Gajansoo Chargali	1 day	July 2017 to October 2017	53	0.02	0.28	0.30	0.23	0.07
Total					**0.15**	**10.78**	**10.93**	**10.31**	**0.62**

(Source: Records of the Corporation) (Journey incidentals calculated on basis of Driver ₹ 25 per journey: Conductor ₹ 15 per journey)

In the instances mentioned in Table 6.1.7, the composite cost of journeys which includes the cost of fuel, expenditure on driver/ conductor and journey incidentals

amounting to ₹ 10.93 lakh could not be met from the revenue of ₹ 10.31 lakh earned through these operations.

On this being pointed out, the Manager Passenger Services (MPS), Jammu confirmed (August 2019) that cost analysis of routes shall be done in future before starting the operations. However, the Manager Tourist Service (MTS), Jammu stated that the profitability of the routes is not monitored by his office as the operation of buses was directed from the GM office. The fact remains that the Corporation operated non-viable routes and also did not carry out prudent cost benefit analysis.

(II) In the sampled units[17] the running operation cost of vehicles[18] of ₹ 178.55 crore exceeded the revenue earned of ₹ 154.16 crore, resulting in deficit of ₹ 24.39 crore during 2014-19.

The MPS, Jammu stated (August 2019) that the unit shall take effective steps to reduce the running cost. However, the MPS, Srinagar stated that the JKSRTC is a Government undertaking as such it needs to run the buses even on those routes which are not run by the private sectors.

(III) In relation to the Manager Tourist Services (MTS), Srinagar and City Service Srinagar, fleet remained idle either for want of demand or for want of drivers. In City Service, Srinagar four to seven vehicles remained idle daily on an average, while in MTS, Srinagar about 13 to 43 vehicles on average remained idle per day during the period from 2014 to 2019. Further, in City Service Division, Srinagar, each bus performed about one journey per day within the city, which indicated gross under utilisation of buses in the unit. Thus, under utilisation/ idling of vehicles has impacted the overall revenue earnings of these two units by ₹ 19.43 crore[19] during the period from 2014 to 2019.

The Manager City Service Division, Srinagar intimated that buses remained idle for want of demand, while the MTS, Srinagar stated that due to prevailing situation in the valley, inadequate crew and low inflow of tourists, the vehicles remained idle.

The Managing Director stated (January 2020) that JKSRTC deployed its services to meet social obligations towards society being a Government Organisation. JKSRTC deploys vehicles on unproductive and rough routes to meet demand of local population, emergency conditions etc.

However, the fact remains that adequate survey of new routes needs to be conducted before start of the operation in order to control losses.

6.1.9.4 Scheduled operations

It was noticed during the period of review, that out of five major Depots of the Corporation only MPS, Srinagar, Jammu and Doda had schedules for operation of

[17] Manager Passenger Service, Jammu (Inter-State Division): ₹ 8.93 crore; Manager Passenger Service, Jammu (District service): ₹ 1.79 crore; Manager Passenger Service, Srinagar: ₹ 9.17 crore; Traffic Manager City Service, Srinagar: ₹ 4.50 crore.

[18] Cost of HSD, salary of driver and conductor, taxes and trip money etc.

[19] City Service, Srinagar: ₹ 1.60 crore; MTS, Srinagar: ₹ 17.83 crore.

buses, while in case of MTS both at Srinagar and Jammu, there was no regular schedule prepared for operation of buses. Audit also observed that Corporation could not perform the scheduled journeys either due to non-availability of vehicles or other infrastructure issues. During test check of two divisions; MPS, Srinagar and Doda, following points were noticed:

- In MPS, Srinagar during the period from 2014 to 2019, non-performance of scheduled operations ranged between 24 *per cent* (5,809 journeys) and 51 *per cent* (12,059 journeys) which had a potential financial implication of ₹ 10.47 crore. The MPS, Srinagar stated (September 2019) that due to heavy detention of vehicles and non-preference of Corporation vehicles by passengers, the unit could not ply the buses. It was also stated that aged and downgraded vehicles from interstate operation were provided to this unit which resulted in their frequent breakdown causing skipping of scheduled journeys and consequently low flow of passengers in JKSRTC Buses.
- Similarly, in the Doda district 38,478[20] scheduled journeys were missed during the period from 2014 to 2019, impacting the revenue earnings by ₹ 7.40 crore. The Depot Manager, Doda stated (September 2019) that due to non-availability of vehicles and adequate workshop facilities, the schedule journeys could not be performed. This is indicative of the fact that despite availability of fleet at other units, the Corporation failed to ply vehicles on these routes.
- The Corporation plied buses in neighboring States of Punjab, Himachal Pradesh, Rajasthan, Uttar Pradesh (UP), Uttarakhand, Haryana and UT of Chandigarh as per the reciprocal MoUs/ agreements/ Temporary Permissions. The schedule of journeys performed is regulated as per the Kilometer run/ passenger basis/ fare basis, etc. These MoUs/ agreements/ temporary permissions were 13 to 30 years old[21]. The Corporation could not avail the opportunity fully as per the MoUs/ agreements/ temporary permissions as it was not able to undertake a total of 65,411 journeys on these routes. The potential operating revenue of ₹ 61.15 crore could not be generated during the period from 2014 to 2019 as detailed in Table 6.1.8.

Table 6.1.8: Year-wise non-execution of scheduled operations on Interstate routes

Year	Schedule Journeys	Journeys Performed	Journeys not performed	Revenue loss[22] due to non-performing of journeys (in ₹ crore)
1	**2**	**3**	**4**	**5**
2014-15	24,741	12,649	12,092	9.78
2015-16	24,741	11,865	12,876	11.57
2016-17	24,741	11,240	13,501	13.01
2017-18	24,741	10,992	13,749	13.42
2018-19	24,741	11,548	13,193	13.36
Total	**1,23,705**	**58,294**	**65,411**	**61.15**

(Source: Records of the Corporation)

[20] Doda: 13,101; Kishtwar: 12,276; Ramban: 13,101

[21] Punjab: June 1983/ September 1988; Himachal: November 1986/ November 1999; Haryana: June 1976/ November 2005; Rajasthan: December 2000; Uttarakhand: August 2004; UP: Not available.

[22] Worked out on the basis of average revenue earned from a journey on each route during each year.

- Scrutiny of records also revealed that the Corporation paid advance tax to other States[23] on the basis of criteria fixed in the MoUs or mutual agreements. Audit analysis revealed that the Corporation did not ply the required number of buses in four States which resulted in non-performance of scheduled journeys for which Passenger Tax of ₹ 82.59 lakh[24] was paid.

The Managing Director stated (January 2020) that due to non-availability of fleet, blockade and *hartals*, the scheduled journeys were missed and the matter regarding payment of Passenger Tax shall be probed to avoid unnecessary payments. The reply is not acceptable as the Corporation not only missed the scheduled journeys but also non-renewal of old agreements resulted in infructuous payment of ₹ 82.59 lakh as Passenger Tax.

6.1.9.5 Operation in remote areas

The Corporation is mandated to cater the transport needs of the remote areas so that population therein are connected to main urban areas. Test check of two units MPS, Jammu and Traffic Manager, Doda revealed that out of eight remote routes allotted to MPS, Jammu only one route was operated during the period from 2015 to 2018. However, none of these remote routes was operated during 2018-19. Similarly, out of 45 remote area operative routes under Manager, Doda District, only 11 were operational. In reply to the audit observations, the MPS, Jammu stated that these routes were operated on the instructions of higher authorities and later on closed due to non-profitability. The Traffic Manager, Doda stated that 24 to 29 routes could not be operated during the period from 2014 to 2019 due to non-availability of fleet in the Depot and heavy detention of vehicles.

The Managing Director stated (January 2020) that operations in remote areas were affected due to non-availability of mechanically fit fleet capable of operating on rough roads. It was also stated that after observing passenger flow in these areas, private operators started operating their vehicles on these routes, therefore services were withdrawn.

The Corporation, therefore could not fulfill the objective of regular operations to remote areas due to lack of mechanically fit fleet capable of operating on rough roads.

6.1.9.6 Consumption of fuel

An expenditure of ₹ 159.77 crore out of a total expenditure of ₹ 986.02 crore was incurred on High Speed Diesel (HSD) and lubricant during the period 2014-15 to 2018-19 which comprised about 16 *per cent* of the overall expenditure. Audit compared the consumption of HSD with reference to All India average of 4.95[25] Kilometer per litre (Kmpl) as detailed in Table 6.1.9.

[23] Punjab, Rajasthan, Uttar Pradesh, Uttrakhand.
[24] Punjab: ₹ 71.76 lakh; Rajasthan: ₹ 2.67 lakh; Uttar Pradesh: ₹ 5.29 lakh; Uttarakhand: ₹ 2.87 lakh.
[25] Report on Performance of State Undertakings for 2016-17, Central Institute of Road Transport.

Table 6.1.9: Excess consumption of HSD as compared All India average

Year	Total Km covered (in lakh)	Fuel issued (in lakh liters)	Cost of fuel (₹ in lakh)	Average KMPL	Fuel to be consumed as per AIA (in lakh litres) (Col 2/4.95)	Excess Consumption of fuel (in lakh litres) (Col 3-6)	Average cost of fuel per litre (In ₹) (Col 4/3)	Revenue Implication (₹ in lakh) (Col 7x8)
1	2	3	4	5	6	7	8	9
2014-15	244.53	60.01	3,652.28	4.07	49.40	10.61	60.86	645.72
2015-16	233.28	56.26	2,837.66	4.15	47.13	9.13	50.44	460.52
2016-17	217.31	52.42	2,903.89	4.15	43.90	8.52	55.40	472.01
2017-18	213.60	51.77	3,134.65	4.13	43.15	8.62	60.55	521.94
2018-19	199.34	47.77	3,448.17	4.17	40.27	7.50	72.18	541.35
Total						**44.38**		**2,641.54**

(Source: Performance Report and Balance sheet figure for the year 2014-15 to 2018-19)

As seen from the Table 6.1.9, the average fuel consumption in the range of 4.07 to 4.17 Kmpl during the period 2014-15 to 2018-19 was lesser than the All India average of 4.95 Kmpl which resulted in consumption of 44.38 lakh liters of excess fuel costing ₹ 26.42 crore.

Scrutiny of records of seven sampled units[26] revealed that the scale of fuel consumption on different routes was not fixed by the Corporation. The average fuel consumption in respect of bus fleet in these units ranged between 3.71 Kmpl and 4.51 Kmpl, while in respect of truck fleet it ranged between 3.44 Kmpl and 3.90 Kmpl as detailed in ***Appendix 6.1.7.*** The Corporation also has not made any serious efforts to standardise the scale for consumption of fuel.

In reply, the Managing Director stated (January 2020) that due to old age of the fleet and hilly terrain, fuel scale could not be maintained. It was further stated that matter will be reviewed for minimising the consumption of fuel. The reply is not tenable as the Corporation should have standardised the scale of consumption for each vehicle of different make on different route in order to ensure economy, accountability and efficiency in consumption of fuel.

6.1.10 Operation of truck fleet

The Corporation has two main units, one each at Jammu and Srinagar which overlook the operation of trucks. The position of truck fleet during the years 2014-19 is given in the Table 6.1.10.

Table 6.1.10: Position of truck fleet

(Number of trucks)

Year	Commercial fleet available for operation	Average fleet operated	Average fleet idle	Detention for want of repair
(1)	(2)	(3)	(4)	(5)
2014-15	334	211 (63)	16 (5)	107 (32)
2015-16	306	203 (66)	15 (5)	88 (29)
2016-17	299	200 (67)	31 (10)	68 (23)
2017-18	263	193 (73)	27 (10)	43 (16)
2018-19	315	185 (59)	85 (27)	45 (14)

(Source: Planning wing of the Corporation, figures in parenthesis are in per cent)

[26] City Service, Srinagar; MTS, Srinagar; MTS, Jammu; MPS, Jammu; MPS, Srinagar; Traffic Manager Load, Jammu; Traffic Manager Load, Srinagar.

Average trucks operated during the period 2014-15 to 2018-19 ranged between 59 *per cent* and 73 *per cent* of the fleet strength, while the detention for want of repairs during the same period was between 14 *per cent* and 32 *per cent.* Trucks remaining idle increased from five *per cent* in 2014-15 to 27 *per cent* in 2018-19.

The Targets and Achievement of the truck units for the period from 2014-15 to 2017-18 is given in Table 6.1.11.

Table 6.1.11: Unit-wise targets and Achievement in respect of truck fleet

Name of unit	Year	Common fleet held	Targets fleet operative	Achievement of operative	Less operative (*per cent*)	Targets of revenue (₹ in lakh)	Achieve-ment of revenue (₹ in lakh)	Shortfall in revenue (₹ in lakh) (*per cent*)
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**
T.M[27]. (Load) Jammu	2014-15	112	84 (75)	63 (75)	21 (25)	1,326.51	1,075.21	251.30 (19)
	2015-16	110	83 (75)	57 (69)	26 (31)	1,374.30	985.59	388.71 (28)
	2016-17	106	90 (85)	67 (74)	23(26)	1,664.52	1,160.09	504.43 (30)
	2017-18	112	95 (85)	70 (74)	25 (26)	1,634.04	1,183.87	450.17 (28)
	2018-19	Targets were not fixed						
	Total					**5999.37**	**4404.76**	**1,594.61**
T.M. (Load) Srinagar	2014-15	222	167 (75)	148 (89)	19 (11)	2,807.60	2,289.04	518.56 (18)
	2015-16	196	147 (75)	142 (97)	2 (01)	2,372.68	2,302.10	70.58 (3)
	2016-17	193	164 (85)	133 (81)	31 (19)	2,777.97	2,359.32	418.65 (15)
	2017-18	187	159 (85)	123 (77)	36 (23)	2,668.24	2,254.20	414.04 (16)
	2018-19	Targets were not fixed						
	Total					**10,626.49**	**9,204.66**	**1,421.83**
	Grand Total					**16,625.86**	**13,609.42**	**3,016.44**

(Source: Progress Reports of units, figures in parenthesis are in per cent, targets of 2018-19 not fixed)

Shortfall of target of revenue from operation of the truck fleet during the period 2014 to 2018 ranged between one *per cent* and 31 *per cent*, despite the fact that targets were fixed on the basis of 75 *per cent* to 85 *per cent* of the total available fleet. This led to overall shortfall of ₹ 30.16 crore in revenue targets during the period from 2014 to 2018.

On this being pointed out (June 2019), the Traffic Manager (Load), Srinagar stated that due to abolition of SRO (*Sadriya Riyasat Order)* 157[28] the demand has reduced and revenue earning got affected to a large extent. It was also stated that 44 trucks are lying idle for want of drivers. The Traffic Manager, Jammu stated that shortfall in achievement of targets is due to heavy detention of vehicles at the workshop.

The Managing Director stated (January 2020) that targets were fixed on basis of age of fleet and detentions. However, targets could not be achieved due to decline in trained manpower in workshops, prevailing situation in the valley, shortage of drivers, etc.

The reply is not acceptable as the Corporation is hiring trucks from other private agencies for carriage and simultaneously keeping its own trucks idle. This indicates that

[27] Traffic Manager.
[28] As per SRO 157, it was mandatory for the Government departments to utilise services of JKSRTC.

despite demand, the Corporation failed to effectively utilise its truck fleet. In addition, the Corporation could have utilised the drivers attached to vehicles undergoing maintenance and repairs, effectively on fleet duty.

6.1.10.1 Detentions in respect of truck fleet

Scrutiny of records in two units handling the truck fleet revealed that despite keeping provision[29] for detention of 15 *per cent* to 25 *per cent* of net fleet strength during the period from 2014 to 2019, there was excess detention of vehicles at workshops. It was noticed that during the period from 2014 to 2019, the average excess detention of vehicles ranged between four to 13 vehicles per day of the truck fleet as detailed in Table 6.1.12.

Table 6.1.12:
Unit-wise detention of truck fleet at workshops for repair and maintenance during 2014-15 to 2018-19

Name of units	Year	Average Net Fleet[30] held	Average Fleet operated	Average Fleet detained (*per cent*)	Provision of detention for the year	Average Excess detention above the provision	Average net revenue earned per vehicle/ Day (₹)	Revenue impact due to excess detention (₹ in lakh)
1	2	3	4	5	6	7	8	9=7x8x365
T.M. (Load), Jammu	2014-15	109	63	38 (35)	27 (25)	11	4,631	185.93
	2015-16	108	57	40 (37)	27 (25)	13	4,705	223.25
	2016-17	107	67	27 (25)	16 (15)	11	5,333	214.12
	2017-18	107	70	24 (22)	16 (15)	08	5,512	160.95
	2018-19	112	75	23 (21)	17 (15)	06	5,743	125.77
(A) Total								**910.02**
T.M. (Load), Srinagar	2014-15	216	148	63 (29)	54 (25)	09	4,196	137.84
	2015-16	206	142	55 (27)	51 (25)	04	4,503	65.74
	2016-17	185	133	35 (19)	28 (15)	07	4,822	123.20
	2017-18	156	123	20 (13)	23 (15)	No excess detention	5,260	0
	2018-19	198	110	16 (08)	30 (15)		5,991	0
(B) Total								**326.78**
Total (A+B)								**1,236.80**

(Source: Progress reports of units, figures in parenthesis are in per cent, targets of 2018-19 not fixed)

As is clear from Table 6.1.12, the detention of truck fleet in excess of the norms fixed for each year had an overall impact of ₹ 12.37 crore[31] on the revenue earnings of the Corporation during the period from 2014 to 2019. Despite the fact that there were two full-fledged workshops catering to the requirement of repair and maintenance for truck fleet, the Corporation failed to limit the extra idle detention period of truck fleet due to lack of spares, tyres, etc.

It was further noticed that the detention was also not only on account of repairs at workshops but also vehicles were grounded due to non- availability of drivers as described hereunder:

[29] As indicated in the targets for the years 2014-15 to 2017-18. Since targets for 2018-19 were not fixed provisions of 2017-18 have been indicated.

[30] Total fleet except those kept for auction or transferred to other units.

[31] Traffic Manager (Load), Jammu: 2014-15: ₹ 185.93 lakh; 2015-16: ₹ 223.25 lakh; 2016-17: ₹ 214.12 lakh; 2017-18: ₹ 160.95 lakh and 2018-19: ₹ 125.77 lakh and Traffic Manager (Load), Srinagar: 2014-15: ₹ 137.84 lakh; 2015-16: ₹ 65.74 lakh; 2016-17: ₹ 123.20 lakh; 2017-18: NIL and 2018-19: NIL.

Scrutiny of records (July 2019) in the office of Traffic Manager (Load), Jammu revealed that drivers were not available for an average of six vehicles during the period January 2019 to March 2019, which had a revenue implication to the extent of ₹ 35.48 lakh. It was stated that maximum drivers retired in the period from 2018 to 2019, as a result of which the vehicles were grounded.

Similarly, in the Office of the Traffic Manager (Load), Srinagar, 17,671 vehicle days were lost due to non-availability of drivers which resulted in loss of potential revenue of ₹ 10.80 crore during the period from 2018 to 2019. Although drivers were available at workshops with detained vehicles, they were not deployed by the Corporation.

In reply, the Managing Director stated (January 2020) that due to shortage of adequately trained manpower at workshops, non-availability of spare parts and financial crunch, there was detention of vehicles.

6.1.10.2 Non-fulfillment of demand of goods carrier vehicles

As per *Sadriya Riyasat Order* (SRO) 157 of 26 April 2001, the Government Departments had to hire trucks from JKSRTC only, as per need. The Government Departments were required to obtain No Objection Certificate (NOC) from JKSRTC before hiring from Private entities. The Corporation also had the flexibility of Contract Hiring of Trucks (CHT) from private transporters based on the demand of goods carriage vehicles. This SRO 157, was however, abolished on March 2018.

Test check of Traffic Manager (Load), Jammu revealed that the Corporation had not assessed the requirement of trucks for carriage of goods for the period from 2014 to 2019. Even the total demand could not be furnished to Audit by the unit in Srinagar.

The demand and supply of operation for goods carriage including Contract Hiring of Trucks (CHT) from Private transporters is given in Table 6.1.13.

Table 6.1.13: Demand and supply of trucks required on various occasions for goods carriage

(Unit number of occasions)

Year	TM, Jammu				TM, Srinagar			
	Demand	Supply		Shortfall	Demand	Supply		Shortfall
		JKSRTC	CHT			JKSRTC	CHT	
2014-15	46,655	7,805	31,639	7,211	The Srinagar Unit had not maintained this data	-	-	Could not be assessed due to non-provision of information by the unit
2015-16	62,758	10,434	41,274	11,050		26,925	26,777	
2016-17	70,830	12,378	56,720	1,732		39,803	28,995	
2017-18	64,101	13,426	49,851	824		38,558	34,049	
2018-19	66,936	14,679	50,041	2,216		36,805[32]	--	
Total	**3,11,280**	**58,722 (19)**	**2,29,525 (74)**	**23,033 (7)**				

(Source: Records of the Corporation)

As observed in Audit, despite purchase of new 63 trucks during 2018-19, the Traffic Manager (Load), Jammu could not supply adequate vehicles as per the demand in Jammu Division. It was also, noticed that on one hand, the Corporation was hiring trucks from private entities in Jammu while keeping its trucks idle at Srinagar as detailed in paragraph 6.1.10.1. The Jammu unit of the Corporation could cater only to

[32] Total deployment was made only on 1,211 occasions.

19 *per cent* demand from its own fleet during period from 2014 to 2019 for supply of trucks required for carriage of goods. Despite engaging private contractor for meeting the bulk requirement (74 *per cent*), there was a shortfall of seven *per cent* in meeting the overall demand. Demand of trucks was not assessed at Srinagar, as a result the rationale for allocation of trucks among the two units could not be assessed in Audit. It was seen that although 36,805 truck days were available, only 1,211 were deployed by JKSRTC in Srinagar in 2018-19.

On this being pointed out (June 2019) in Audit, it was stated by the Traffic Manager (Load), Jammu that the fleet strength of JKSRTC is less as compared to CHT Contractor, due to which share of CHT Contractor is higher in meeting the demand of the Food Civil Supplies and Consumer Affairs (FCS&CA) and other Government Departments. This also indicates that actual requirement was not assessed at the Corporate level. It is to mention that 36 to 100 trucks of Corporation remained idle for want of drivers (April 2018 to March 2019) in office of the Traffic Manager (Load), Srinagar which comprised 19 to 50 *per cent* of available operative truck fleet of 201 in the unit.

The Managing Director accepted (January 2020) the findings of Audit and stated, that every effort shall be made to meet the demand.

The non-supply of adequate trucks as per demand of goods carriage vehicles by the Corporation, despite a provision of hiring from private sources, led to an opportunity of generating revenue being lost.

6.1.10.3 Non-recovery of outstanding amounts

The Corporation transports goods of Government Departments and gets a receipt (Challan) as a proof of delivery of goods at destination, based on which bills are raised against each Department. The amounts outstanding from Government Departments was ₹ 16.64 crore as on 31 March 2019 in respect of 52 offices as detailed in ***Appendix 6.1.8***. Scrutiny of records (July 2019) in the office of Manager (Load), Jammu, revealed that out of the ₹ 16.64 crore outstanding as on 31 March 2019, an amount of ₹ 10.16 crore[33] was outstanding against Food, Civil Supplies and Consumer Affairs Department alone since last three to six years. Included in this amount was ₹ 45.58 lakh[34] which has not been received due to non-production of goods delivery challans.

The Managing Director stated (January 2020) that matter is being pursued regularly to clear the outstanding amount.

Although the Corporation was running at a substantial loss, the efforts to recover outstanding amounts from the concerned Departments/ agencies was inadequate.

6.1.11 Procurement

The Corporation purchases its buses and trucks out of grants provided by the Government under different schemes as there are no internal resources to fund

[33] 2013-14: ₹ 2.29 crore; 2014-15: ₹ 1.65 crore; 2015-16: ₹ 5.89 crore; 2016-17: ₹ 0.33 crore.

[34] 2014-15: ₹ 2.52 lakh; 2015-16: ₹ 1.95 lakh: 2016-17: ₹ 7.83 lakh; 2017-18: ₹ 11.75 lakh; 2018-19: ₹ 23.53 lakh.

the capital expenditure. The Corporation auctioned 348 condemned vehicles (234 buses and 114 trucks) during the period from 2014-15 to 2018-19, against which it could replace only 142 vehicles (66 new buses[35] and 76 new trucks[36]).

In its vision document (July 2018), the Corporation projected a requirement of 1,500 buses and 1,000 trucks. However, it did not initiate any major action to purchase new vehicles by financing from its own resources, other financial institutions or from the Government. This was indicative of the fact that neither the Government nor the Corporation was taking effective steps in enhancing its fleet strength. Due to inadequate fleet strength, the operational revenue of the Corporation did not increase and it was solely dependent on Government grants even for meeting its establishment expenditure.

6.1.11.1 Short deduction of penalty

The Corporation placed (December 2017) supply orders for purchase of 32 fully built up, 44 seater BS IV buses. As per the supply order, the buses were to be delivered within a period of 60 days from the issue of the order. Penalty of ₹ 800 and ₹ 1,600 per vehicle per day was to be deducted from the final bill, for delays in delivery upto 15 days and beyond 15 days respectively.

Scrutiny of records revealed that Corporation had received 32 buses and deducted ₹ 12.48 lakh from the final bill on account of delays ranging between 30 and 33 days. However, the actual delay in receipt of these buses had ranged between 44 days and 47 days[37] and the supplier was liable to pay ₹ 23.49 lakh. Non-recovery of penalty at prescribed rates, resulted in short deduction of ₹ 11.01 lakh.

On this being pointed out (February 2019) it was stated that (August 2019) the recovery shall be affected after consultation with the General Manager (Passenger and Services).

6.1.11.2 Purchase of other parts

As per the Purchase/ Operational Manual, the Corporation was required to categorise the components of purchase in to ABC category[38], periodically review the stock level at the Headquarters, carryout the stock verification of stores and carryout Vital Essential Desirable (VED) analysis of the consumption/ wear and tear of vehicle parts. The purchase of tyres, batteries, other spares parts is made through designated Committees; Departmental Purchase Committee (DPC) I for bulk purchase and DPC II for small purchases. An expenditure of ₹ 28.47 crore[39] was incurred on procurement of tyres, tubes, accessories, batteries and spares during the period 2014-15 to 2018-19.

Audit examined the process of raising of requirement and purchase of tyres and batteries. To assess timeliness and efficiency of supply of tyres and batteries, the details

35 2014-15: Nil; 2015-16: 02: 2016-17: 16; 2017-18: 32; 2018-19:16
36 2014-15: Nil; 2015-16: Nil: 2016-17: 13; 2017-18: 63; 2018-19: Nil.
37 Eight buses: 44 days; 12 buses: 46 days and 12 buses: 47 days.
38 Category A Vehicles/ Engine complete built up, Category B Bus tyre, battery, HSD and Category C spares and other small parts.
39 Tyres/ Tubes/ Flaps: ₹ 11.45 crore; Battery: ₹ 1.08 crore; Spares: ₹ 15.94 crore.

of requirements and purchases of tyres and batteries made by the Corporation during the period from 2014 to 2019 is given in Table 6.1.14.

Table 6.1.14: Year-wise purchase of tyres and batteries

(*unit in numbers*)

Year	Requirement		Actually purchased		Shortfall	
	Tyres	Batteries	Tyres	Batteries	Tyres	Batteries
(1)	(2)	(3)	(4)	(5)	(6)= (2-4)	(7)= (3-5)
2014-15	1,460	488	1,110	430	350	58
2015-16	2,090	585	1,686	483	404	102
2016-17	1,453	360	1,222	82	231	278
2017-18	1,332	492	886	207	446	285
2018-19	696	Not assessed	536	Nil	160	-
Total	**7,031**	**1,925**	**5,440**	**1,202**	**1,591**	**723**

(Source: Information provided by the Corporation)

As against the requirement of 7,031 tyres and 1,925 batteries only 5,440 tyres (77 *per cent*) and 1,202 batteries (62 *per cent*) were purchased. Moreover, the Corporation did not assess the requirement of its spares, batteries, tyres, etc. at the start of the financial year. The requisitions were being made throughout the year. As a result, the Corporation had to place the supply orders from time to time which led to unavailability of these components causing extended periods of detention of vehicles at workshops. This had an impact on operation of vehicles.

The Managing Director stated (January 2020) that due to paucity of funds, the components could not be maintained on VED basis. The Managing Director further stated (January 2020) that efforts shall be made to avoid the detention on account of spare parts, etc.

6.1.12 Management of Workshops

Audit examined records of five[40] (out of a total of eight) workshops to assess their functioning. The repair of engines is carried out by two Central Workshops[41] out of which the workshop at Jammu was selected for Audit scrutiny. It was noticed that there was excess periods of detention of vehicles for want of engine repair, spares, tyres, batteries, etc.

Audit also carried out the analysis of detention of vehicles beyond the prescribed period of 15 days in the workshops to ascertain whether the Corporation was able to manage the workshops in an efficient manner. It was seen that there was no defined timelines for out-shedding of vehicles in these workshops, which resulted in huge delays in repair and maintenance.

In the sampled four workshops[42], it was seen that, during the period from 2014-15 to 2018-19, 976 vehicles were detained for 60,959 vehicles days[43] beyond the allowed

[40] Load, Jammu; Load, Srinagar; PMD, Jammu; PMD, Srinagar; Central Workshop, Jammu.

[41] One each at Jammu and Pampore.

[42] Load, Jammu: 295 trucks for 10,796 days; Load, Srinagar: 64 trucks for 2,853 days; PMD, Jammu: 380 buses for 30,127 days; PMD, Srinagar: 237 buses for 17,183 days.

[43] The detention period has been calculated only for those vehicles which were detained for more than 15 days in the workshop.

15 days detention period for want of annual fitness, spares, tyres and engine overhauling etc., which impacted the revenue earnings of the Corporation by ₹ 50.18 crore[44] as detailed in the ***Appendix 6.1.9***.

The Central Workshop, Jammu had a requirement of 62 personnel as intimated by Deputy General Manager. However, only 22 to 16 personnel were working on an average in the workshop, during the period 2014 to 2019. Audit analysis revealed that 174 vehicles[45] remained in Central Workshops Jammu during this period, for engine repair/ spare parts over a period of 15,984 vehicle days which impacted the revenue earnings of the Corporation by ₹ 6.40 crore[46].

In reply it was stated that detention was due to non-availability of adequate manpower, spares, outdated tools and machinery which was more than 15 years old and non-availability of power back-up.

The Managing Director stated (January 2020) that due to financial crisis the spares parts were not available. It was also stated that staff strength of the Corporation was poor. However, the fact remains that the Corporation failed to assess the basic requirements of the workshop which includes adequate manpower, skilled technicians, electricity, spares, tyres, and other accessories leading to unnecessary extended detention of vehicles. The facility of electricity was limited at the unit resulting in consumption of 0.53 lakh litre of HSD during the period 2014 to 2019. This was due the fact that regular power supply was discontinued (August 2012) due to non-payment of electricity dues.

6.1.13 Management of Fixed Assets

Prudent Asset Management is one of the important requirements of any commercial undertaking, especially when the Corporation is running at huge losses. Audit scrutiny of records of 29 properties[47] held by the Corporation, revealed that title/ transfer papers were not available in respect of seven[48] properties.

The deficiencies observed in management of fixed assets by the Corporation is detailed in the Table 6.1.15.

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44 Load, Jammu: 10,796 days, ₹ 5.42 crore; Load, Srinagar: 2,853 days, ₹ 1.43 crore; PMD, Jammu: 30,127 days, ₹ 38.05 crore; PMD, Srinagar: 17,183 days, ₹ 5.28 crore.

45 150 buses for 14,651 vehicle days and 24 trucks for 1,333 vehicle days.

46 Calculated on the basis of average revenue collected through operations of a truck/ bus during each year.

47 Kashmir: 14; Jammu: 13; Ladakh: 2

48 1. Load bearing structure (two storied) at TRC, Srinagar, 2. Load bearing structure office and workshop at Bypass, Bemina, 3. Depot office and office block at Anantnag; 4. Load bearing structure at Sopore, 5. PMD Workshop at Narwal Jammu, 6. Land at office of Traffic Manager Load, Jammu 7. Land at Load Workshop Narwal, Jammu.

Table 6.1.15: Status of test-checked cases out of 29 properties held by the Corporation

Sl. No.	Name of property	Area	Remarks
1.	Load bearing structure situated at TRC (Workshop and office single and two storied respectively) Srinagar.	Out of 485 kanals, 22 *kanals* taken over by the Government for construction of Tehzeeb Mahal	20 *kanals* handed over to Art and Culture Department during 2012. Although 23 *kanals* of alternate land was identified by the Government at Nowgam, alternate land yet to be received.
2.	Hotel Building three storied Load bearing structure with CGI roofing plus vacant land situated at Lal Chowk, Srinagar	32 room shops of the building and hotel rooms under Jammu and Kashmir Tourism Development Corporation (JKTDC) on 6 *kanals* of land.	The rent agreement was not on record and no rent was being paid by the JKTDC. Out of 29 shops only 14 were paying the rent while remaining 15 had not paid rent since 2012. No concrete steps were taken to recover the rent or cancel the rent arrangements of shops and properties.
3.	Land situated at Budgam Kashmir	6.5 *kanals*	Land purchased by JKSRTC but title yet to be transferred.
4.	Central Workshop main building and two workshop buildings at Pampore, Kashmir (Load bearing structure)	82 *kanals*	Out of 182 *kanals*, 100 *kanals* were transferred to Planning and Development Department. Land evaluation and the amount to be received was awaited.
5.	Open land situated at Pulwama, Kashmir	20.11 *kanals*	Although ₹ 20.82 lakh has been deposited with the Deputy Commissioner, Pulwama but the land has not been allotted.
6.	Open land situated at Zangli, Kupwara	4 *kanals*	Reasons for non utilisation of land gainfully were not intimated.
7.	Regional Office, Jammu	31.01 *kanals*	Land measuring 13 *kanals* transferred to other Departments however, no compensation/ cost was provided to the Corporation. Action taken for claiming/ recovery of compensation was awaited.
8.	Central Workshop, Jammu	21.17 *kanals*	Out of 110 *kanals* of land at Central Store, Vikram Chowk Jammu only 21 *kanals* was under occupation with the Corporation, as the land was provided for road widening and construction of Kala Kendra. However, against the alternate land of 600 *kanals* to be provided, only 56 *kanals* had actually been provided to the Corporation. No action was taken for claiming the balance 544 *kanals* of land.
9.	Depot Office, Udhampur	29.01 *kanals*	The Depot Office at Udhampur is under occupation with CRPF since 1994. Action taken to recover the rent and evacuation of property was awaited in Audit.

(Source: Records of the Corporation)

Thus, the failure to acquire the ownership title of properties, get the valuation of properties done, reclaim the properties under occupation of other authorities, non-recovery of adequate compensation of land transferred, non-utilisation of properties under possessions to optimum level, non-renewal of leases, etc., indicated that the Corporation was not managing its assets efficiently.

The Managing Director, accepting the observation, stated (January 2020) that a Committee shall be formed to oversee the ownership issues and prudent utilisation of property.

6.1.14 Manpower Management

The prime responsibility of the Management is to ensure that the appropriate official is assigned the right duty/ assignment. The manpower needs to be regulated as per the sanctioned strength. The sanctioned strength of posts, men in position (MIP) and vacant posts during the period from 2014-15 to 2018-19 is depicted in Table 6.1.16.

Table 6.1.16: Year-wise sanctioned strength and men in position

(in Numbers)

Name of posts	Sanctioned strength	2014-15		2015-16		2016-17		2017-18		2018-19	
		MIP	Vacant	MIP	Vacant	MIP	Vacant	MIP	Vacant	MIP	Vacant
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Managing Director	1	1	0	1	0	1	0	1	0	1	0
JMD/ FA & CAO	2	2	0	2	0	2	0	2	0	2	0
General Manager	5	2	3	1	4	2	3	3	2	3	2
DGM	6	2	4	1	5	5	1	5	1	5	1
AD Planning	1	1	0	1	0	1	0	1	0	1	0
DAO	2	2	0	2	0	2	0	1	1	1	1
TM	16	6	10	6	10	5	11	9	7	7	9
WM	8	8	0	8	0	5	3	5	3	5	3
Driver	1,245	512	733	499	746	538	707	515	730	498	747
Conductor	700	402	298	395	305	362	338	311	389	300	400
Other	1,617	1,188	429	1,170	447	1,022	595	1,050	567	1,027	590
Total	**3,603**	**2,126**	**1,477**	**2,086**	**1,517**	**1,945**	**1,658**	**1,903**	**1,700**	**1,850**	**1,753**
As *per cent* of sanctioned strength		**59**	**41**	**58**	**42**	**54**	**46**	**53**	**47**	**51**	**49**

(Source: Information provided by the Corporation)

As against the overall sanctioned strength of 3,603 posts, the men in position decreased from 2,126 in 2014-15 to 1,850 in 2018-19, thereby leading to steady increase in the number of vacant posts from 41 *per cent* to 49 *per cent*.

As per the Manual of Operations, the standard vehicle to manpower ratio of 1:3 has been adopted by the Corporation. It was observed that the vehicle manpower ratio[49] of Corporation during the period 2014-2015 to 2018-19 ranged between 1:2.32 and 1:2.55 which was below the standard ratio of 1:3. The maximum number of vacancies were in respect of drivers and conductors. An Audit analysis was carried out in respect of drivers/ conductors detained with vehicles in workshops. It was observed that in three[50] units of Jammu region, detention of drivers with vehicles at workshops ranged between 129 and 225 days during the period from 2014-15 to 2018-2019, while that of conductors ranged between 12 and 73 days. Similarly, in two[51] units of Kashmir region, the detention of drivers at workshops during the period 2014 to 2018, ranged between 58 and 73 days, while in respect of conductors it ranged between 12 and 42 days. The payment made to these idle drivers/ conductors assigned to vehicles at workshops amounted[52] to ₹ 44.95 crore[53] during the period from 2014 to 2019.

As test drivers are available in workshops, detention of regular driver/ conductors of vehicles in workshops along with their vehicles was not required, the payment of ₹ 44.95 crore towards salary to the idle drivers/ conductors was avoidable apart from non-utilisation of their services elsewhere.

49 2014-15: (1:2.32); 2015-16: (1:2.54); 2016-17:(1:2.47); 2017-18: (1:2.55); 2018-19: (1:2.32)
50 MTS, Jammu; MPS, Jammu; TM, Load Jammu.
51 MPS, Srinagar; TM, load Srinagar.
52 Worked out on the basis of average salary of driver/ conductor during each year.
53 Drivers: ₹ 26.45 crore; Conductors: ₹ 18.50 crore.

6.1.15 Internal control

The following points related to the internal control mechanism were noticed:

- Only ten Meetings of the Board were held during the period 2014 to 2019 although 20 were required to be held as per the JKSRTC Act.
- As per the Manual of Operations, the monthly meetings with head of units was to be held at General Manager Level. In Jammu Division, only eight and 15 meetings were held at GM level during 2017-18 and 2018-19 respectively. The record and information regarding meetings conducted by GM, Srinagar was not produced/ furnished to audit.
- The Management had not done any administrative inspections of Units at GM level. It was also noticed that the time table for departure/ arrival of buses in the Depots was not available on display boards in the bus terminals.
- No records were maintained at GM level for vigilance checks except by GM, Jammu who intimated that 19 vigilance checks were made during the period 2018 to 2019.
- In MPS, Jammu the flying squad for *en-route* checking of tickets was not functional from April 2014 to November 2018.
- There was no online booking facility provided by the Corporation except in the Delhi-Jammu route.
- No survey was conducted by the Corporation to ascertain the satisfaction level of commuters with respect to services provided by the Corporation.
- Scrutiny also revealed that three non-commercial vehicles were provided to non-entitled officers[54] without any approval from higher authorities. Test check of three log books out of 15 which were made available to Audit, revealed that Petrol Oil Lubricants (POL) of 50,023 liters was issued during the period from 2014 to 2019 for vehicles used by non-entitled officers which added further ₹ 25.01 lakh to the loss of Corporation.
- Under section 146 read with section 140 of the Motor Vehicle Act, 1988, there is a requirement for taking insurance against third party risk by the operator. The Government exempted[55] the Corporation from third party insurance subject to condition that it will maintain a separate fund for the purpose and financial statutory obligation of the Motor Accidents Claim Tribunal (MACT). However, the Corporation had not maintained separate fund which resulted in violation of the Government order and during the period 2014-15 to 2018-19 the Corporation had paid ₹ 6.86 crore as compensation[56] to third party claimants.

The Managing Director (January 2020) stated that serious efforts shall be made to improve the internal control mechanism for the Corporation and Audit shall be intimated accordingly.

[54] DGM, Manager and other subordinate staff.
[55] Vide Government Order No. 21-TR 2005 dated 23.3.2005
[56] Including penal interest.

6.1.16 Conclusions

The Corporation, did not frame any viable long term and short term plan for its revival. The parameters adopted for fixing of targets as well as day to day operations were not framed in consultation with operational unit heads and the targets fixed were not achieved fully. Further, the operational performance suffered due to under utilisation of vehicles, running of buses on non-profitable/ non-viable routes, skipping of scheduled journeys, less plying of fleet on Interstate routes, idling of vehicles, etc. The Corporation could not ply the vehicles in remote areas to fulfill its obligations. Management of workshops suffered due to lack of basic infrastructure, timely supply of spares, tyres, batteries, skilled manpower, leading to huge detention/ idling of vehicles and impacted its earnings. Weakness of internal controls was evident from non-holding of prescribed number of board meetings/ monthly meetings, non-conducting of regular inspections/ vigilance checks etc. The overall financial implication of this audit intervention is ₹ 737.57 crore.

6.1.17 Recommendations

The Management may consider to:

- *Optimise the planning parameters as per Operational Manual and frame the realistic targets. Besides, the long term planning needs to be formulated to make the Corporation self-reliant.*
- *The operational losses need to be minimised by improving on utilisation and performance of available fleet of vehicles. The manpower available in the Corporation should be utilised optimally to prevent idling of staff/ vehicles, in order to improve overall performance. Besides, proper surveys to ascertain the viability and profitability of routes should be conducted before starting new operations.*
- *The Corporation may consider creating separate verticals for operation of buses and trucks as independent cost/ profit center to exercise better financial and operational control.*
- *The assets of the Corporation may be used prudently after obtaining their title, and a time bound programme to replace age old fleet with new vehicles be taken up after proper surveys so as to ensure profitability.*
- *The procurement of spares/ tyres etc. in a time bound manner be ensured to avoid unnecessary detention of vehicles and manpower at workshops.*
- *The internal control mechanism needs to be strengthened.*

Chapter VII

Compliance Audit

State Public Sector Undertakings

CHAPTER VII

COMPLIANCE AUDIT

This chapter contains four paragraphs of Compliance Audit pertaining to two PSUs (Jammu and Kashmir Projects Construction Corporation Limited and Jammu and Kashmir State Power Development Corporation Limited). The observations relate to expenditure incurred in excess of sanctioned cost, non-recovery of excess expenditure, short realisation of administrative overheads and execution of works in excess of approved costs. The monetary implication of these observations is ₹ 16.96 crore.

Public Works Department

Jammu and Kashmir Projects Construction Corporation Limited

7.1 Expenditure incurred on construction of a bridge in excess of sanctioned cost

Jammu and Kashmir Projects Construction Corporation Limited did not restrict the work of construction of a bridge and allied works within the sanctioned cost, resulting in non-recovery of expenditure of ₹ 1.88 crore incurred on the work.

The Jammu and Kashmir State Cabinet approved[1] (July 2005) the construction of a Bridge over river Chenab at *Meri Mendraiya* to provide connectivity to the villages[2] of Akhnoor Tehsil of District Jammu. In terms of the cabinet decision, the Jammu and Kashmir Project Construction Corporation Limited (Company) was to execute the work. The Company submitted (November 2005) an initial cost offer of ₹ 17.50 crore which was subsequently enhanced (February 2007) to ₹ 22.84 crore due to change in the proposal from a steel arch bridge to concrete bridge. Subsequently, the Government of India (GoI) under Central Road Fund (CRF) accorded (September 2007) administrative approval for construction of a balanced Cantilever Pre-Stressed Concrete Bridge over river Chenab at *Meri Mendraya* at an estimated cost of ₹ 21.82 crore.

The Chief Engineer, Public Works (R&B) Department, Jammu (Project Authority) finally awarded (March 2008) the work of construction of the bridge to the Company on a lump sum contract basis at a sanctioned cost of ₹ 21.82 crore. The Company took up the construction of the bridge in October 2008. Subsequently, the Company, submitted (June 2010) a revised cost offer of ₹ 24.25 crore for the work against the approved estimated cost of ₹ 21.82 crore. The enhanced cost was not accepted (May 2011) by the Project Authority stating that the bridge was sanctioned by the GoI under CRF and further funds were being demanded arbitrarily by the Company. The Company was also directed to submit fresh cost offer on factual and work done/ realistic basis.

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1 Vide Order No: 245-PW (R&B) of 2005 dated 07 July 2005.

2 Bala, Balgarha, Barui, Chakhar, Gorde, Grattal, Karefal Lassu, Majoor Mandrian, Noor, Piyan, Rangani, Tacharwan, Tung etc.

Audit scrutiny (June 2018) of the records revealed that a total amount of ₹ 22.01 crore[3] was received by the Company, and the value of work executed was ₹ 23.89 crore (March 2020) as per Company records. This exceeded the amount received by the Company by ₹ 1.88 crore[4] (8.5 *per cent*). The Company had again demanded (November 2014) additional funds of ₹ 2.24 crore[5] from the Project Authority for completion of the project. The Project Authority however, informed (November 2014) the Company that excess up to only 10 *per cent* of the sanctioned cost (₹ 21.82 crore), was permissible under the CRF Guidelines, subject to furnishing of item-wise/ component wise details of cost escalation with full justification. The Company despite lapse of more than 87 months from the date of handing over (December 2012) of the bridge, had not provided the justification (March 2020) for cost escalation leading to non-release of funds by the Project Authority.

Thus, failure of the Company to restrict the value of work done within the sanctioned cost or provide justification for cost escalation within 10 *per cent* of the sanctioned cost, resulted in non-recovery of ₹ 1.88 crore.

In reply, the Deputy General Manager Unit 7, Jammu and Kashmir Project Construction Corporation, Jammu confirmed (July 2018) that Project Authority had released funds totaling to ₹ 22.01 crore against the proposed revised cost of ₹ 24.25 crore and ₹ 2.24 crore had been demanded. It was further stated that excess cost over sanctioned cost of the project was due to enhancement[6] of service tax from 4.2 *per cent* to 10.5 *per cent* and introduction of labour cess.

The reply is not tenable as, despite directions from the Project Authority (March 2008) that the project cost should not exceed ₹ 21.82 crore, the Company executed the work and incurred an expenditure of ₹ 23.89 crore. Further, the Company is yet to submit (March 2020) the item-wise/ component wise details of cost escalation with full justification for completing the work, to avail the enhanced cost.

The matter was referred to Company/ Government in April 2020; their replies were awaited (September 2020).

It is recommended that works taken up for construction by the Company should be executed within the sanctioned cost.

7.2 Non-recovery of excess expenditure incurred on construction of a bridge

Jammu and Kashmir Projects Construction Corporation Limited constructed a bridge over Darhali Nallah, Ujjhan (Rajouri) without ensuring the approval of revised cost offers and release of funds, which resulted in expenditure of ₹ 6.85 crore not being reimbursed.

The Public Works Department, the Project Authority (PA) awarded (April 1998) construction of single lane steel super-structure bridge to provide access to the local

[3] The Project Authority had initially released ₹ 1.80 crore upto (2006-07) prior to allotment of work in (2008) under CRF and ₹ 20.21 crore after allotment of work upto 2012.
[4] Difference of value of work done of ₹ 23.89 crore and funds receipt of ₹ 22.01 crore.
[5] Difference of revised cost of ₹ 24.25 crore and funds receipt of ₹ 22.01 crore.
[6] From 4.2 *per cent* to 8.4 *per cent* and then from 8.4 *per cent* to 10.5 *per cent.*

population of the villages[7] of the District Rajouri, along with the approach roads over Darhali Nallah at Ujjhan (Rajouri) at an estimated cost of ₹ 3.00 crore[8], to the Jammu and Kashmir Projects Construction Corporation Limited (Company). The work was to be completed within 30 months of the award of the contract (October 2000).

The Company submitted two revised cost offers (between June 2004 and July 2009) of the project to the Project Authority as given in Table 7.2.1. The scope of work was revised in June 2012 from 162 metre single lane to 178 metre (44.5 m x 4) span single lane bridge, and the cost had to be further revised to ₹ 13.75 crore. The revised cost offers were yet to be approved (June 2019) by the Project Authority.

Table 7.2.1: Periodical cost revisions of the project by JKPCC

Particulars	Date of proposal	Estimated cost (₹ in crore)
(a)	(b)	(c)
Initial proposal	April 1998	3.00
First revision	June 2004	7.12
Second revision	July 2009	10.72
Third revision	June 2012	13.75

Audit scrutiny (October 2018) of the records revealed the following:

- Though revised proposals were not sanctioned and adequate funds were not released (only ₹ 1.55[9] crore released upto 2011-12), the Company started (January 2011) the work of the sub-structure of the bridge at an estimated cost of ₹ 3.40 crore and completed it in May 2011.
- The Administrative Approval (AA) was conveyed (February 2013) by the Project Authority for construction of the super structure of the bridge at a cost of ₹ 6.70 crore under funding from National Bank for Agriculture and Rural Development (NABARD). The AA of the project, *inter alia*, stipulated that the work shall be taken up for execution only after authorisation of funds by the NABARD authority.
- The balance work of the bridge including super-structure was allotted (October 2014) to M/s A.K. Constructions (contractor) at an estimated cost of ₹ 5.75 crore. The work, started by the contractor in March 2015, was completed in September 2016. The total value of work done as booked by the Company was ₹ 8.40 crore.
- Though no further fund was released by the Project Authority, an amount of ₹ 5.66 crore was released by the Company to the contractor between July 2015 and October 2019.

Thus, failure of the Company to restrict the expenditure to receipts of fund led to non-recovery of ₹ 6.85 crore[10] from the Project Authority.

The Deputy General Manager, Jammu and Kashmir Projects Construction Corporation Limited Unit 8 Rajouri, stated (May 2019) that the work was taken up and completed

7 Dhandkot, Kassian and Danna, Khurd, Leeran, Madhoon, Maluth, Nadian and Ujjhan.
8 Bridge: ₹ 1.50 crore; approach road: ₹ 1.50 crore.
9 2003-04: ₹ 0.05 crore; 2010-11: ₹ 0.50 crore and 2011-12: ₹ one crore.
10 Difference of value of work done (₹ 8.40 crore) and funds receipt (₹ 1.55 crore).

on the verbal directions of the Minister Public Works of the State Government and Project Authority had assured release of funds. It was also stated that despite several reminders Project Authority and NABARD had not released funds after September 2011.

The reply is not tenable as the Company executed the sub structure work without receipt of adequate funds and the super structure work without authorisation of funds from NABARD. Besides, the Administrative Approval on the revised cost offers submitted by the Company from time to time was not obtained even after the execution of the works. Thereby an excess expenditure of ₹ 6.85 crore incurred out of Company's own resources which could not be recovered from the Project Authority.

The matter was referred to Government/ Company in June 2020; their replies were awaited (September 2020).

It is recommended that adequate steps may be taken to recover the excess expenditure incurred on behalf of the Project Authority and projects be executed after ensuring availability of funds.

7.3 Short realisation of administrative overheads

Despite clear instructions of the Project Authority to restrict the value of work to ₹ 20.50 crore for construction of Niki Tawi bridge, the Company exceeded the sanctioned cost, resulting in short realisation of administrative overheads of ₹ 1.64 crore.

Consequent to the damage of Niki Tawi bridge owing to floods of September 2014, road link to isolated hamlet[11] across the Tawi river was disrupted. To mitigate the problems faced by the public of the area, the Government of Jammu and Kashmir (GoJ&K) allotted (December 2014) construction of a 300-metre span pre-stressed concrete double lane bridge over Niki Tawi river on the upstream side of existing bridge under the Prime Minister Development Package to the Public Works Department, GoJ&K. The Chief Engineer, Roads and Buildings (R&B), Jammu (Project Authority) allotted (December 2014) the work of construction of bridge to Jammu and Kashmir Projects Construction Corporation Limited (Company) for an estimated cost of ₹ 20.50 crore. The Company submitted (December 2014) the cost offer of ₹ 30.25 crore for the project. The cost offer was not accepted by the Project Authority and the Company was instructed (December 2014) to complete the job within the sanctioned cost of ₹ 20.50 crore. Accordingly, the sanctioned amount of ₹ 20.50 crore was released by the Project Authority.

The Company was required to charge administrative overheads at the rate of 10 *per cent* on the project cost.

Audit scrutiny (June 2018) of records revealed that without the approval of the cost offer of ₹ 30.25 crore submitted to Project Authority, the Company allotted[12]

[11] Consisting of approximately 45 villages namely Ram Bagh, Kullaian, Sura Chack, Ganshau Chack, Kirpollpur, Nandian, Mandal Fillan, Sardare Chack, Wazir Chack, Top, Sumh, HariPur, Takutera, Suanjian, Mukuial, Lohra Kalian etc.

[12] On the recommendations (April 2015) of contract committee of GoJ&K.

(June 2015) the work of construction of the bridge to a contractor[13] at an estimated cost of ₹ 21.72 crore on turnkey basis. The construction work of the bridge was taken up (November 2015) by the contractor and completed in March 2017, for which the Company had incurred (March 2020) an expenditure of ₹ 20.13 crore. Accordingly, the applicable administrative overheads works out to ₹ 2.01 crore.

However, executing the work for construction of bridge without the approval of revised cost resulted in short realisation of administrative overheads of ₹ 1.64 [14] crore despite lapse of more than two years from the date of completion of the bridge. This affected the Company's profitability and its ability to meet administrative cost.

After this was pointed out (June 2018) in Audit, the Deputy General Manager Unit 7 Jammu and Kashmir Projects Construction Corporation stated (June 2019) that the allotment for estimated cost of ₹ 21.72 crore was as per decision of the contract committee and the actual cost of the project was ₹ 30.25 crore and work allotted was well within the cost offer.

The reply is not tenable as the initial estimate of ₹ 30.25 crore was not agreed to (December 2014) by the Project Authority, and clear instructions to restrict the job within the sanctioned cost of ₹ 20.50 crore was given. Besides, the administrative overheads amounting to ₹ 1.64 crore were also not recovered.

The matter was referred to Government/ Company in May 2020; their replies were awaited (September 2020).

The Company may ensure recovery of administrative expenses on projects executed.

Power Development Department

Jammu and Kashmir State Power Development Corporation Limited

7.4 Execution of work in excess of approved cost

Failure of the Company to execute work under Rajiv Gandhi Grameen Vidyutikaran Yojana as per the approved cost, led to financial loss of ₹ 1.92 crore, besides, non-receipt of ₹ 4.67 crore from the REC since 2014-15.

Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched (April 2005) by the Government of India (GoI) through Rural Electrification Corporation (REC) to provide electricity connections free of cost to below poverty line households. The scheme was to be executed in seven districts[15] by the Jammu and Kashmir State Power Development Corporation Limited (Company). The Company, after inviting tenders awarded contract (December 2009) in three districts to M/s Pir Panchal Construction Pvt. Ltd. Joint Venture (contractor). The work was required to be completed in 12 months from the date of issue of Letter of Intent. The District/ Project-wise position is detailed in the Table 7.4.1.

[13] M/s A. K. Construction, Builders and Engineers.

[14] Expenditure incurred ₹ 20.13 crore plus administrative overheads of ₹ 2.01 crore (10 *per cent* of expenditure of ₹ 20.13 crore) less amount of ₹ 20.50 crore received from the Project Authority is ₹ 1. 64 crore.

[15] Anantnag, Baramulla, Doda, Poonch, Pulwama, Kupwara and Rajouri.

Table 7.4.1: District/ Project-wise position of RGGVY projects

(₹ in crore)

Sl. No.	Project	Initial sanctioned cost	Awarded cost	Revised sanctioned cost	Date of completion	Delay in months
1	2	3	4	5	6	7
1.	Rajouri	29.97	37.77	79.97	May 2014	41
2.	Poonch	16.96	18.42	26.59	February 2014	38
3.	Doda	37.64	45.02	57.40	January 2015	49
	Total	**84.57**	**101.21**	**163.96**		

(Source: Allotment orders/ information provided by the Company)

The Company received a total amount of ₹ 156.57 crore from REC as detailed in the Table 7.4.2:

Table 7.4.2: Status of amounts received for execution of RGGVY works in three districts

(₹ in crore)

Sl. No.	RGGVY Project	Amount received from REC	Amount approved by REC after the closure of the project	Expenditure incurred	Excess expenditure over the amount approved by REC	Value of inventory transferred to J&K Power Development Department	Financial loss	Amount not received from REC so far
1	2	3	4	5	6= (5-3)	7	8=(6-7)	9 = (4-3)
1.	Rajouri	79.76	80.34	82.74	2.40	0.93	1.47	0.58
2.	Poonch	25.65	25.65	26.72	1.07	0.62	0.45	-
3.	Doda	51.16	Not Approved	55.25	-	1.18	Nil	4.09[16]
	Total	**156.57**	**105.99**	**164.71**	**3.47**	**2.73**	**1.92**	**4.67**

(Source: Physical/ Financial progress reports/ information furnished by the Company)

The works were completed with delays ranging between 38 and 49 months from the scheduled date of completion, incurring a total expenditure of ₹ 164.71 crore. Out of this expenditure of ₹ 164.71 crore, the Company had incurred an expenditure of ₹ 109.46 crore in respect of RGGVY Projects of Rajouri and Poonch districts. The closure proposals of Projects of Rajouri and Poonch districts were approved by REC for ₹ 105.99 crore. The RGGVY works in Doda district was closed in January 2015 after incurring an expenditure of ₹ 55.25 crore by the Company. The closure proposal was yet to be approved by REC (July 2020).

Audit scrutiny (May 2017) of the records revealed that the reasons for delay as recorded in the reply of the Company included, *inter alia*, delay in tendering process, Right of Way (RoW) issues, public hindrance during execution, inclement weather and snow prone or inaccessible areas etc. The Company had incurred an expenditure of ₹ 164.71 crore against the amount of ₹ 156.57 crore received from REC as indicated in the Table 7.4.2 above. The closure proposals in respect of RGGVY Projects of Rajouri and Poonch districts on which Company had incurred the expenditure of ₹ 109.46 crore were approved by REC for ₹ 105.99 crore. After taking into account the value of surplus inventory of ₹ 1.55 crore transferred or recoverable from Jammu and Kashmir Power Development Department (JKPDD), the Company had to bear financial loss of ₹ 1.92 crore due to expenditure beyond the approved cost. In addition to this, in the closure proposal of Rajouri only ₹ 79.76 crore had been received from REC so far against the approved amount of ₹ 80.34 crore, thereby resulting in non-receipt of ₹ 0.58 crore.

The closure proposals of RGGVY works in Doda district was, however, not approved by REC despite a lapse of 64 months from the date of closing of work (January 2015)

[16] Closure proposal of Doda not approved, therefore expenditure incurred (₹ 55.25 crore) less by amount received (₹ 51.16 crore) is equal to ₹ 4.09 crore.

by the Company. Audit noticed (May 2017) that the work in respect of Doda district was not completed due to non-availability of alternate land after land slide at the earmarked site and for want of Forest clearance. Final expenditure of ₹ 55.25 crore in Doda district had been booked by the Company against which REC released funds amounting to ₹ 51.16 crore, resulting in non-receipt of ₹ 4.09 crore. Further, an amount of ₹ 1.18 crore is recoverable from Jammu and Kashmir Power Development Department in respect of surplus inventory transferred.

In reply, the Chief Engineer, Generation Wing, Jammu stated (July 2020) that the closure proposal of Doda project is pending as the five receiving stations (33/ 11 KV) constructed by the contractor have not been handed over to the concerned utilities so far. It was also stated that the surplus material handed over to Power Development Department had not been approved by REC but was procured by Company out of its own resources to be recovered from Power Development Department.

The reply is not tenable as the Company had incurred excess expenditure on Rajouri and Poonch projects beyond approved financial cost accorded by the REC, which has led to financial loss of ₹ 1.92 crore. Besides, the Company had not completed the works of Doda project and could not receive the amount of ₹ 4.67 crore (Rajouri: ₹ 0.58 crore; Doda: ₹ 4.09 crore) from REC since 2014-2015.

The matter was referred to Government/ Company in May 2020; their replies were awaited (September 2020).

It is recommended that the Company/ Government should ensure timely execution of work within the approved cost.

Srinagar/ Jammu **(ILA SINGH)**
The 11 February 2021 **Principal Accountant General (Audit)**
Jammu & Kashmir and Ladakh

Countersigned

New Delhi **(GIRISH CHANDRA MURMU)**
The 02 March 2021 **Comptroller and Auditor General of India**

Appendices

Appendix 1.1.1

(Refer Paragraph: 1.4; Page: 2)

Statement showing the funds transferred directly to the various State Implementing Agencies under Programmes/ Schemes outside the State budget during 2018-19

(₹ in lakh)

Sl. No.	Name of the GoI Scheme	Implementing agencies in the State	Government of India Releases
			2018-19
1.	Member of Parliament Local Area Development Scheme (MPLADS)	District Deputy Commissioners	4,000.00
2.	Buddhist and Tibetian Institutions and Memorials	Institute of Buddhist Studies	2,567.08
3.	Assistance of IHMS/ FCIS/ IITTM/ NIWS, etc.	Institute and Hotel Management and Catering Technology	659.05
4.	Solar Power -Off grid	Ladakh Renewable Energy Development Agency	1,482.39
5.	Scheme for Prevention of Alcoholism and Substance (Drugs) Abuse	Council for Rehabilitation of Widows, Orphans, Handicapped and Old Persons (Victims of Militancy)	20.04
6.	Assistance to Voluntary Organisations for providing Social Defence Services	Council for Rehabilitation of Widows, Orphans, Handicapped and Old Persons	300.00
7.	Atal Innovation Mission (AIM) including Self Employment and Talent Utilization (SETU)	Various Higher Secondary Schools	252.00
8.	Electronic Governance	Jammu and Kashmir e-Governance (JKeGA)	379.00
9.	Support to National Institute of Technology (NIT)	National Institute of Technology, Srinagar	19,159.00
10.	National Mission on Teachers and Training	Shri Mata Vaishno Devi University (SMVDU)	269.00
11.	National Programme for Diary Development	J&K Milk Producers Co-operative Limited	1,539.35
12.	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production	9,147.70
13.	Pradhan Mantri Sampada Yojana	Khyber Agro Farms (P) Ltd.	150.07

Sl. No.	Name of the GoI Scheme	Implementing agencies in the State	Government of India Releases
			2018-19
14.	Rashtriya Krishi Vikas Yojana	Sher-e-Kashmir University of Agricultural Sciences and Technology (SKUAST) Jammu	133.00
15.	Scheme for faster Adoption and Manufacturing of Hybrid and Electric Vehicle in India (FAME-India)	Jammu and Kashmir State Road Transport Corporation (JKSRTC)	449.40
16.	e-Court Phase-II	Registrar General, High Court of Jammu and Kashmir	26.00
17.	National Programme for Youth and Adolescent Development	Jawahar Institute of Mountaineering and Winter Sports	303.88
18.	Scheme for Differently Abled Persons	Bandipora College of Information Technology, Composite Regional Centre, Srinagar/ Kashmir, Research Institute of Education & Solar Technology	254.16
19.	Biotechnology Research and Development	SKUAST Jammu/ Kashmir, SKIMS, Islamic University of Science and Technology	1,131.44
20.	One Stop Centre	Deputy Commissioner/ OSC, District Programme Officer	150.20
21.	Research Education Training and Outreach	University of Kashmir, The Kashmir Environmental and Social Organisation	82.10
22.	Amended Technology Upgradation Fund Scheme (ATUFS)	Jammu and Kashmir Bank Ltd.	201.59
23.	Central Assistance for Pakul Dul HEP under J&K PMDP Grant to Chenab Valley Power	Chenab Valley Power Projects (Pvt.) Ltd.	10,000.00
24.	Industrial Infrastructure Upgradation Scheme (IIUS)	State Industrial Development Corporation, J&K (SIDCO)	72.80
25.	Infrastructure Development and Capacity Building	Jammu and Kashmir State Industrial Development Corporation (SIDCO)	332.82

Sl. No.	Name of the GoI Scheme	Implementing agencies in the State	Government of India Releases
			2018-19
26.	Innovation, Technology Development and Deployment	Sher-e-Kashmir University of Agricultural Sciences and Technology J&K [SKUAST-J&K], University of Kashmir, Jammu University, Shri Mata Vaishno Devi University, Technology Business Incubation Centre	197.46
27.	Kala Sanskriti Vikas Yojana	Various Cultural and Welfare Societies in Jammu and Kashmir	572.74
28.	Khelo India National Programme for Development of Sports	Islamic University of Science & Technology (IUST), Awantipora, Pulwama, Kashmir & Director Youth Services & Sports J&K	1,584.00
29.	Land Records Modernisation Programme	Jammu and Kashmir Land Records Management Agency(JaKLaRMA)	30.00
30.	Management Support to Rural Development Programmes and Strengthening of District Planning Process	Institute of Management and Public Administration (IMPA)/ Regional Extension Training Centre Budgam	17.50
31.	Nai Manzil- The Integrated Education And Livelihood Initiative	Comtech Institute of Technology/ National Education Society and Social Welfare Organisation/ Society for Development and Training/ National Institute for Technical Trainings	687.34
32.	National AIDS and STD Control Programme	J&K State AIDS Prevention & Control Society-[JKSAPCS]	857.76
33.	Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD)	J&K State Cable Car Corporation Limited	552.09
34.	Small Hydro Power-Grid Interactive	Renewable Energy Development Agency Kargil/ Jammu and Kashmir State Power Development Corporation Limited	7,044.84
35.	Setting Up of New IIMs	Indian Institute of Management Jammu.	544.00

Sl. No.	Name of the GoI Scheme	Implementing agencies in the State	Government of India Releases
			2018-19
36.	Scheme for Fund for Regeneration of Traditional Industries (SFURTI)	J&K Khadi And Village Industries Board	873.59
37.	Science and Technology Institutional and Human Capacity Building	University of Kashmir/ Shri Mata Vaishno Devi University/ Indian Institute of Integrative Medicine/ Sher-e-Kashmir University of Agricultural Sciences and Technology of J&K	958.85
38.	Research Training and Studies and Other Road Safety Schemes	Transport Commissioner, J&K/ J&K State Road Transport Corporation	747.50
39.	Research and Development	Sher-e-Kashmir University of Agricultural Sciences and Technology of J&K, University of Kashmir, Jammu University, Department of Ecology, Environment and Remote Sensing, National Institute of Technology Srinagar.	364.93
40.	Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	J&K Tourism Development Corporation Limited (JKTDCL)/ J&K State Cable Car Corporation Limited J&KCCC)	3,454.28
41.	Upgrading Skills and Training in Traditional Arts/ Crafts for Development (USTTAD)	Bandipora College of Information Technology	560.00
42.	Pradhan Mantri Vandana Yojana	Social Welfare Department, Jammu & Kashmir/ Jammu & Kashmir Government	602.42
43.	Rashtriya Gokul Mission	Jammu & Kashmir State Implementing Agency	1,744.97
44.	Beti Bachao Beti Padao	Dy. Commissioner BBB Samba, Pulwama, District Development Commissioner Shopian, District Magistrate Jammu, Udhampur, Rajouri, Anantnag, etc.	380.17
45.	Setting Up of New IITs	Indian Institute of Technology, Jammu	3,101.00

Sl. No.	Name of the GoI Scheme	Implementing agencies in the State	Government of India Releases
			2018-19
46.	Establishment Expenditure AYUSH	Jammu University, SKUAST Kashmir, Bhaderwah Development Authority, National Research Institute for Sowa-Rigpa	142.50
47.	Family Welfare Schemes	University of Kashmir	77.80
48.	Works under Road Wing	Various Individuals & Private Construction Companies	6,916.08
49.	Wind Power-Off grid	Ladakh Renewable Energy Development Agency	27.19
50.	Welfare Grant and Miscellaneous	Various Individuals	114.50
51.	Strengthening of Existing Branches and Establishment of 27 Branches of NCDC	Sher-e-Kashmir Institute of Medical Sciences, Government Medical College, Jammu	112.75
52.	Skill Development Initiative	National Education Society & Social Welfare Organization, Evergreen Institute of Computer & Technical Education, Bandipora College of Information Technology, Super Computer College, Comtech IT Educational Institute	790.23
53.	Space Science Promotion	Central University of Jammu	118.68
54.	Industrial & Entrepreneurship Development	Indian Institute of Integrative Medicine	2,208.87
55.	Other Autonomous Bodies	National Research Institute for Sowa-Rigpa	100.00
56.	Other Schemes	Other schemes	968.34
	Total		**89,514.45**

Appendix 2.2.1

(Refer Paragraph: 2.2.3 ; Page: 12)

Statement showing the List of 131 DDOs alongwith details of 1,138 Bank Accounts maintained by them

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
Revenue Department			
1.	Assistant Commissioner (AC), General (Relief), Jammu	Flood 2014, Prime Minister Development Package (PMDP), Relief	5 (Other than JK Bank : 04)
2.	Assistant Commissioner Revenue (ACR), (Rental), Jammu	Land/ Rent Compensation, Secret Funds	12 (Other than JK Bank : 01)
3.	ACR (Land Compensation), Jammu	Land/ Rent Compensation, Border Out Post, Jammu-Akhnoor Road	5
4.	Tehsildar, Jammu	Land Compensation, Salary, Drought, Relief	4
5.	Sub Divisional Magistrate (SDM), North, Jammu	Salary/ Office Expenses, Land Compensation, Relief, Sansad Adarsh Gram Yojana (SAGY), Election	12 (Other than JK Bank : 04)
6.	Deputy Commissioner, Jammu	Election	2
7.	SDM, Akhnoor	Salary, Compensation, Relief, Election, Pradhan Mantri Gram Sadak Yojana (PMGSY)	7 (Other than JK Bank : 01)
8.	Tehsildar, Akhnoor	Salary, Honorarium, Drought 2011, Border Firing Migrants, Ex-gratia crop Compensation, Rental Compensation	19
9.	SDM South, Jammu	Salary, Land Compensation, Election, Relief	4 (Other than JK Bank : 01)
10.	Tehsildar, Bishnah	Salary/ Remuneration, Election, Levy, Rental/ Crop Compensation, Relief Paddy	10
11.	Tehsildar, Arnia	Salary, Compensation, Relief Border Firing	4
12.	Tehsildar, R.S Pura	Relief 2009, Salary/ Office Expenses, Migrant, Rental compensation, Mines	5
13.	Tehsildar, Sunderbani	Salary, Land Hiring, Drought, Census	5

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
14.	SDM, Nowshara	Salary, Border Escalation, Relief General, Land Acquisition, Flood 2014	5 (Other than JK Bank : 01)
15.	Tehsildar, Rajouri	Rent, Election, Salary, Drought, Migrant Relief, Others	5
16.	Tehsildar, Siot	Salary and others	1
17.	Additional Deputy Commissioner (ADC), Sunderbani	Salary, Relief	2 (Other than JK Bank : 01)
18.	Tehsildar, Nowshera	Salary, Election, Land Compensation/ Hiring, Relief	5
19.	Deputy Commissioner (DC), Reasi	General, Land Acquisition, Relief, Election	4
20.	Tehsildar, Reasi	General, Relief, Census	4
21.	Tehsildar, Katra	Salary, Relief	2
22.	Tehsildar, Pouni	General, Relief	2
23.	Tehsildar, Arnas	General	1
24.	Tehsildar, Mahore	Election, General, Relief	3
25.	DC, (ACR), Rajouri	Salary, Relief	3 (Other than JK Bank : 01)
26.	Tehsildar, Kalakote	Salary, Election, Relief, Levy	5
27.	Tehsildar, Manjakote	Salary	1
28.	ADC, Kalakote	Land Acquisition, Salary, Assistant Returning Officer, ERO 84 Assembly Segment, Flood Relief 2014	5 (Other than JK Bank : 01)
29.	Tehsildar, Thannamandi	Relief, Salary, Election, Army Rent, Census	5
30.	Tehsildar, Kunzer	Salary, Relief, Levy	3 (Other than JK Bank : 01)
31.	Tehsildar, Kreeri	Salary, Relief	2
32.	Tehsildar, Shargole	Relief	2
33.	Tehsildar, Dangarpora	Salary, Relief	2
34.	Tehsildar, Sankoo	Relief/ Land, Compensation/ Rent, Salary	2
35.	SDM, Pattan	MH 2053	1
36.	SDM, Sankoo	Salary, Relief	2

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
37.	DC, Kargil	Salary, Relief, Land Compensation	5 (Other than JK Bank : 01)
38.	DC, Baramulla	Relief, Ex-Gratia, Natural Disaster Relief, Security Related Expenditure	4
39.	AC (Revenue), Baramulla	Security Related Expenditure, Land Rent	2
40.	Tehsildar, Tangmarg	Salary, Agrarian Reform Wing, Levy Account, Relief Account, Army Rent	8
41.	Tehsildar, Sopore	Salary, Relief, Army Rent, Levy	7 (Other than JK Bank : 01)
42.	Tehsildar, Baramulla	Salary, Census, Army Rent, Relief, Levy	8
43.	Tehsildar, Doru	Relief, Levy, Rent	3
44.	Tehsildar, Kokernag	Salary, Relief	2
45.	Tehsildar, Anantnag	Relief	2
46.	Tehsildar, Shahabad	Salary, Relief	2
47.	Tehsildar, Pahalgam	Salary, Relief	3
48.	Tehsildar, Sallar	Salary, Relief	2
49.	Tehsildar, Shangus	Salary and others	1
50.	Tehsildar, Qazigund	Salary, Relief	2
51.	Tehsildar, Larnoo	Relief	1
52.	SDM, Drass	Salary and Relief	1
53.	DC, Anantnag	Salary and Levy (Tehsildar Consolidation), Land Compensation, Relief, Khundru Fire Accident, Cash in lieu of Ex-Gratia	10
54.	Tehsildar, Srigufwara	Relief, Salary	2
55.	Tehsildar, Mattan	Relief, Salary	2
56.	Tehsildar, Drass	Salary and others	1
57.	Tehsildar, Kargil	Salary and others	1
58.	Tehsildar, Bijbehara	Relief	1

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
Rural Development Department			
59.	Block Development Officer (BDO), Akhnoor	Salary and Works, Swacch Bharat Mission (SBM), Member Parliament Local Area Development (MPLAD), 13th Finance Commission (FC), Constituency Development Fund (CDF), Rashtriya Gram Swaraj Abhiyan (RGSA), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 14th FC	47 (Other than JK Bank : 19)
60.	BDO, Katra	MGNREGA, Salary/ Office Expenses, SBM, CDF/ MPLAD, Panchayti Raj Institutions (PRIs), 14th FC, Panchayat Fund (PF)	28 (Other than JK Bank : 07)
61.	BDO, Khrahballi	Salary , Office Expenses, MGNREGA, MPLAD, CDF, SBM, 14th FC, PRI, Border Area Development Programme (BADP), Revenue	28 (Other than JK Bank : 07)
62.	BDO, Thakrakote	Salary, SBM, CDF, State Disaster Relief Fund (SDRF), 13th and 14th FC	12
63.	BDO, Samwan	BADP, Salary/ Officer Expenses , CDF, SBM, MGNREGA, MPLAD, 14th FC	11 (Other than JK Bank : 01)
64.	District Panchayat Officer (DPO), Reasi	SBM, Salary	3
65.	Assistant Commissioner Development (ACD) Rural Reasi	Salary, MGNREGA, Pradhan Mantri Awas Yojana (PMAY), MPLAD, Indira Awas Yojana (IAY), 13th FC	6
66.	BDO, Sundarbani	Salary, MGNREGA, SBM, MPLAD, Works, PRI, 13th and 14th FC	24 (Other than JK Bank : 09)
67.	BDO, Siot	Salary, Works, SBM, MGNREGA, MPLAD, 13th and 14th FC	29 (Other than JK Bank : 05)
68.	BDO, Khour	Salary, MPLAD, BADP, CDF, SBM, Mobile Towers, MGNREGA, 14th FC	46 (Other than JK Bank : 19)

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
69.	BDO, Lamberi	Salary, MPLAD, Works, MGNREGA, SBM, 13th and 14th FC	17 (Other than JK Bank : 03)
70.	BDO, Nowshera	Salary, Works, SBM, MPLAD, MGNREGA, PRI, Revenue Panchayat, 13th and 14th FC	37 (Other than JK Bank : 18)
71.	DPO, Rajouri	SBM, PRI, 13th FC, Salary, Election	7
72.	ACD, Jammu	MGNREGA, MPLAD, CDF, IAY, 13th FC	9 (Other than JK Bank : 03)
73.	DPO, Jammu	Salary, SBM (Gramin), RGSA	3
74.	BDO, Mathwar	13th/ 14th FC, MPLAD, Salary and Works, SBM (G), SAGY, MLA/ CDF, SDRF, IAY, Mobile Tower, MGNREGA, RGSA	34 (Other than JK Bank : 10)
75.	BDO, Maira Mandrian	MPLAD, Salary, MGNREGA, SBM (G), Nirmal Bharat Abhiyan (NBA), 13th/ 14th FC	22 (Other than JK Bank : 16)
76.	BDO, Pargwal	General, NBA/ SBM, MGNREGA, 14th FC	15 (Other than JK Bank : 12)
77.	BDO, Bhalwal	Goods and Services Tax, 13th/ 14th FC, Sampoorna Grameen, Rozgar Yojana (SGRY), CDF, Model Village, MGNREGA, Total Sanitation, Campaign (TSC)/ SBM, Swarnajayanti Gram Swarojgar Yojana (SGSY)	32 (Other than JK Bank : 01)
78.	BDO, Reasi	General, MGNREGA, TSC/ SBM, 14th FC	17 (Other than JK Bank : 02)
79.	BDO, Pouni	General, TSC/ SBM, MGNREGA, 14th FC	28 (Other than JK Bank : 02)
80.	BDO, Panthal	13th FC, MGNREGA, General, SBM(G), MPLAD, Panchayat Fund	16
81.	BDO, Bhomag	13th FC, MGNREGA, CDF/ IAY, SBM(G), General, Veterinary Building, Model Village,14th FC	15

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
82.	BDO, Rajouri	MGNREGA, Tameer Project, IAY, 13th/ 14th FC, SBM(G), General	24 (Other than JK Bank : 05)
83.	ACD, Rajouri	IAY Normal/ Flood, MPLAD, 13th FC, SDRF, MGNREGA, Salary	9 (Other than JK Bank : 01)
84.	BDO, Manjakote	General, 13th/ 14th FC, NREGA, BADP, MPLAD, Bunkers, SBM(G)	31 (Other than JK Bank : 01)
85.	BDO, Doongi	General, Salary, CDF/ MLA, Bunkers, TSC/ SBM, MGNREGA, 14th FC	24
86.	BDO, Thannamandi	14th FC, Salary, MGNREGA, Works	23
87.	BDO, Kalakote	MGNREGA, CDF (MLA/ MLC), Salary, MPLAD, SBM, Youth Services and Sports, 13th / 14th FC	30 (Other than JK Bank : 02)
88.	BDO, Sankoo	MNREGA, IAY, SBM, Salary, 13th/ 14th FC	18
89.	BDO, Sangrama	MNREGA, SBM, IAY, Salary, 13th/ 14th FC	11
90.	BDO, Pashkum	MNREGA, SBM, Tower, IAY, Salary, 14th FC	8
91.	BDO, Tangmarg	MNREGA, 13th/ 14th FC, IAY, Salary, SBM	24
92.	BDO, Kunzer	MNREGA, IAY, TSC/ SBM, 13th/ 14th FC	13
93.	BDO, Boniyar	MNREGA, SBM, 13th/ 14th FC, IAY, Salary	16 (Other than JK Bank : 01)
94.	ACD, Baramulla	MNREGA, IAY/ PMAY, Salary, 13th FC	5
95.	DPO, Kargil	SBM, 12th/ 13th FC, Tower, Salary	5
96.	DPO, Baramulla	SBM, Salary, Railway Compensation, Mobile Tower	6 (Other than JK Bank : 01)
97.	BDO, Rohama	MGNREGA, SBM, IAY, Salary, 13th/ 14th FC	43 (Other than JK Bank : 03)

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
98.	ACD, Anantnag	IAY, CDF, MPLAD, Land Compensation Salary, 13th FC	12 (Other than JK Bank : 03)
99.	ACD, Kargil	IAY, 13th FC, MGNREGA	5 (Other than JK Bank : 03)
100.	BDO, Achbal	MGNREGA, Salary, SBM, IAY	4
101.	BDO, Anantnag	SBM, MGNREGA	2
102.	BDO, Bijbihara	SBM, IAY, 13th FC	4
103.	BDO, Breng	Salary, SBM, IAY, 13th FC	7 (Other than JK Bank : 02)
104.	BDO, Chittergul	SBM, CDF, 13th FC	4
105.	BDO, Dachnipora	MGNREGA, Salary, SBM, IAY, 13th FC	8 (Other than JK Bank : 01)
106.	BDO, Hiller	MGNREGA, SBM, Salary	3
107.	BDO, Khoveri Pora	MGNREGA	1
108.	BDO, Kargil	SBM, IAY	3 (Other than JK Bank : 01)
109.	BDO, Larkipora	SBM etc.	2 (Other than JK Bank : 02)
110.	BDO, Larnoo	SBM	1
111.	BDO, Pahalgam	MGNREGA, Salary, SBM, IAY	4
112.	BDO, Qazigund	SBM, 13th FC	3 (Other than JK Bank : 01)
113.	BDO, Sagam	Salary, MGNREGA, CDF, SBM, 13th FC	5
114.	BDO, Shahabad	SBM, Constituency Development Scheme (CDS), 13th FC, MGNREGA	6
115.	BDO, Shangus	13th FC, IAY	6
116.	BDO, Tespool Salikoot Gund Mangal Pore (TSG)	MGNREGA, SBM, IAY, TSC/ SBM	5 (Other than JK Bank : 02)

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
117.	BDO, Verinag	Salary, SBM	2
118.	BDO, Vessu	SBM, Tower Fee, CDS	4
119.	DPO, Anantnag	12th FC	1
120.	Executive Engineer, Rural Engineering Wing (REW), Anantnag	Works	1
121.	Executive Engineer, REW, Baramulla	Salary, 13th FC, MGNREGA	4
Public Works Department (PWD)			
122.	Executive Engineer, (PWD), Reasi	Salary, Rashtriya Madhimik Shiksha Abhiyan (RMSA), National Rural Health Mission (NRHM)	3 (Other than JK Bank : 01)
123.	Executive Engineer, Roads & Buildings (R&B), Rajouri	RMSA, NRHM, Degree Collage Budhal, Optical Fiber Cable (OFC), Salary/ works	7
124.	Executive Engineer, PWD (R&B), Division I, Jammu	Salary, SDRF, mobile towers, NRHM, Rashtriya Uchchatar Shiksha Abhiyan (RUSA)	5
125.	Executive Engineer, PWD (R&B), Division III, Jammu	For Official Transactions, OFC, SDRF, RMSA, RUSA, NRHM	7
126.	Executive Engineer (R&B), Baramulla	RMSA, Salary	2
127.	Executive Engineer (R&B) II, Kargil	Salary, RMSA/ Doordarshan (DD)/ Atal Mission for Rejuvenation and Urban Transformation (AMRUT)/ OFC/ Khadi village, Government Degree college (GDC)/ National Health Mission (NHM)	3
128.	Executive Engineer (R&B), Uri	Salary, DDO Account, RMSA	4
129.	Executive Engineer, Suru Valley Division, Kargil	RMSA	1
130.	Executive Engineer (R&B) Division, Anantnag	RMSA	1
131.	Executive Engineer (R&B) Division, Vailoo	RMSA	1
TOTAL			**1,138**

Appendix 2.2.2

(Reference Paragraph: 2.2.4.4; Page: 16)

Statement showing details of land compensation held in Bank Account instead of Deposit Heads

(₹ in lakh)

Sl. No.	Particulars of DDO/ Account holder	Name of Bank	Type of Account	Account No.	Balance amount as of 31 March				
					2015	2016	2017	2018	2019
1.	Assistant Commissioner Revenue Kargil	JK Bank	Current Account	0096010200000484	159.24	113.25	142.76	184.88	266.75
2.	Deputy Commissioner Kargil	JK Bank	Saving Bank	0096040500003299	104.56	14.18	1.09	1.12	1.13
		State Bank of India	Saving Bank	30579562208	NA	3.58	4.48	270.46	17.93
3.	Assistant Commissioner Revenue (Land Compensation) Jammu	JK Bank	Current Deposit	0045010200002042	NA	153.46	22.93	NA	5271.78
		JK Bank	Current Deposit	0321010200000106	NA	NA	NA	NA	1594.08
4.	Sub Divisional Magistrate (N) Jammu	JK Bank	Current Deposit	0433010200000048	3.72	7.64	567.67	592.06	59.66
5.	Deputy Commissioner Reasi	JK Bank	Current Deposit	29010200002005	164.86	61.34	35.65	95.44	93.27
6.	Sub Divisional Magistrate (S) Jammu	JK Bank	Current Deposit	0077010200000154	NA	NA	1132.46	5199.44	202.88
Total					**432.38**	**353.45**	**1,907.04**	**6,343.40**	**7,507.48**

NA : Not available
(Source: Departmental records and Bank Statements)

Appendix 2.2.3

(Reference Paragraph: 2.2.4.7 (A); Page: 18)

Details of units where estimated cost of planned works was far less than the funds released

(₹ in lakh)

Sl. No.	Particulars of the Rural Development Block	Funds provided under 14th F.C Award for 2015-16 (1st and 2nd installment)	No of works planned in the works plan	Estimated cost of works planned/ Authorization accorded by DDC	Funds remained un-utilized
1.	BDO Bhalwal	276.50	84	266.26	10.24
2.	BDO Bhomag	55.65	18	51.69	3.96
3.	BDO Kalakote	122.22	62	103.82	18.40
4.	BDO Panthal	56.20	16	52.07	4.13
5.	BDO Vessu	132.82	79	115.85	16.97
6.	BDO Phalgam	134.81	105	127.27	7.54
7.	BDO Chittergul	431.95	114	155.97	275.98
8.	BDO Verinag	134.23	48	114.18	20.05
9.	BDO Qazigund	114.53	77	109.51	5.02
10.	BDO Larnoo	190.02	124	150.87	39.15
11.	BDO Anantnag	194.89	156	194.09	0.80
12.	BDO Shangas	166.40	94	134.59	31.81
13	BDO Khoveripora	297.01	245	244.66	52.35
14.	BDO Shahabad	171.66	72	164.03	7.63
15.	BDO Boniyar	86.97	78	73.79	13.18
		2,565.86	**1,372**	**2,058.65**	**507.21**

(Source: Departmental records and Bank Statements)

Appendix 2.2.4

(Reference Paragraph: 2.2.4.7 (B); Page: 18)

Block-wise details of unutilised funds in respect of incomplete and non-executed schemes

(₹ in lakh)

Sl. No.	Particulars of Rural Development Block	Funds provided under 14th F.C Award for 2015-16 (1st and 2nd instalment)	No. of works planned	No. of works executed	No. of schemes not executed/ not completed	Funds un-utilised
1.	BDO Bhalwal	276.50	84	56	28	88.26
2.	BDO Bhomag	55.65	18	09	09	14.09
3.	BDO Kalakote	122.22	62	56	06	18.40
4.	BDO Maira Mandrian	68.19	17	15	02	9.11
5.	BDO Panthal	56.20	16	10	06	20.53
6.	BDO Pargwal	87.64	20	16	04	21.10
7.	BDO Rajouri	171.79	NA	NA	NA	19.87[1]
8.	BDO Reasi	97.82	41	22	19	51.42
9.	BDO Vessu	132.82	79	76	03	22.57
10.	BDO Phalagam	134.81	105	95	10	67.72
11.	BDO Chittergul	431.95	114	105	09	287.98
12.	BDO Verinag	134.23	48	39	09	41.04
13	BDO Qazigund	114.53	77	48	29	15.74
14.	BDO Larnoo	190.02	124	103	21	60.51
15.	BDO Anantnag	194.89	156	130	26	08.50
16.	BDO Shangas	166.40	94	84	10	50.73
17.	BDO K.Pora	297.01	245	178	67	104.01
18.	BDO Shahabad	171.66	72	65	07	29.60
19.	BDO Kunzer	77.25	49	49	0	1.16
20.	BDO Tangmarg	146.15	119	96	23	14.15
21.	BDO Rohama	116.77	127	57	70	33.55
22.	BDO Boniyar	86.97	78	68	10	21.39
23.	BDO Sangrama	141.06	121	43	78	66.18
24.	BDO Pashkum	25.85	05	05	00	0.96
25.	BDO Sankoo	110.70	71	71	00	2.34
26.	BDO Katra	57.88	22	10	12	26.34
27.	BDO Samwan	21.92	04	03	01	11.99
28.	BDO Khour	177.96	114	94	20	18.29
29.	BDO Kharahballi	63.75	33	29	04	11.40
30.	BDO Thakrakote	39.15	14	12	02	3.67
31.	BDO Nowshera	106.15	113	72	41	48.23
32.	BDO Siot	80.45	49	41	08	11.60
33.	BDO Akhnoor	179.91	83	80	03	6.11
34.	BDO Sunderbani	117.74	85	65	20	42.16
	Total	**4,453.99**	**2,459**	**1,902**	**557**	**1,250.70**

NA : Not available (Source: Departmental records and Bank Statements)

[1] BDO Rajouri did not provide the details of works planned, executed and incomplete, however, out of ₹ 23.27 lakh released in respect of Panchayat Palam ₹ 3.40 lakh have been utilized and ₹ 19.87 lakh were unutilised.

Appendix 2.3.1

(Reference Paragraph: 2.3; Page: 23)

(a) Statement showing details of ration cards received and issued in 11 test-checked offices of Food Civil Supplies and Consumer Affairs Department

Sl. No.	Name of the Assistant Director	Receipt of ration card				Ration card issued				Balance ration card			
		Category of ration card				Category of ration card				Category of ration card			
		Non-PHH (APL)/ Exclusion	PHH (BPL-others)	PHH (AAY)	Total	Non-PHH (APL)/ Exclusion	PHH (BPL-others)	PHH (AAY)	Total	Non-PHH (APL)/ Exclusion	PHH (BPL-others)	PHH (AAY)	Total
1.	Samba	37,374	37,500	2,500	77,374	26,880	33,770	2,079	62,729	10,494	3,730	421	14,645
2.	Rajouri	82,482	92,200	15,975	1,90,657	66,366	92,100	15,800	1,74,266	16,116	100	175	16,391
3.	Rural II	24,335	64,689	3,600	92,624	22,707	62,526	2,325	87,558	1,628	2,163	1275	5,066
4.	Rural-I	75,691	21,399	7,863	1,04,953	63,717	21,399	7,663	92,779	11,974	0	200	12,174
5.	Doda	33,013	60,200	10,600	1,03,813	31,114	58,669	10,199	99,982	1,899	1,531	401	3,831
6.	Poonch	33,328	51,203	9,212	93,743	28,431	48,050	9,035	85,516	4,897	3,153	177	8,227
7.	Ramban	27,700	37,000	5,740	70,440	25,715	36,980	5,301	67,996	1,985	20	439	2,444
8.	City Circle-I	10,100	0	0	10,100	6,800	0	0	6,800	3,300	0	0	3,300
9.	Kathua	36,900	85,100	9,000	1,31,000	36,900	48,611	4,613	90,124	0	36,489	4,387	40,876
10.	Kishtwar	15,000	31,300	5,000	51,300	11,709	21,667	4,659	38,035	3,291	9,633	341	13,265
11.	Reasi	22,500	37,200	8,500	68,200	20,733	31,412	6,153	58,298	1,767	5,788	2,347	9,902
	Total	**3,98,423**	**5,17,791**	**77,990**	**9,94,204**	**3,41,072**	**4,55,184**	**67,827**	**8,64,083**	**57,351[1]**	**62,607**	**10,163**	**1,30,121**

(Source: Based on Departmental records in respect of 11 test checked units)

[1] Includes 7,348 ration cards of Exclusion category in Samba (1,204), Rajouri (1,906), Doda (2,383), Poonch (1,000) and Kishtwar (855).

(Appendix 2.3.1 contd.)

(b) Statement showing short remittance of sale proceeds of ration cards issued in 11 test-checked units

Sl. No.	Name of the Assistant Director	Cost of balance ration card				Cost due to be remitted for ration card issued				Amount remitted	Balance amount
		Category of ration card				Category of ration card					
		Non-PHH (APL)/ Exclusion	PHH (BPL-others)	PHH (AAY)	Total	Non-PHH (APL)/ Exclusion	PHH (BPL-others)	PHH (AAY)	Total		
1.	Samba	10,49,400	2,79,750	12,630	13,41,780	26,88,000	25,32,750	62,370	52,83,120	34,73,775	18,09,345
2.	Rajouri	16,11,600	7,500	5,250	16,24,350	66,36,600	69,07,500	4,74,000	1,40,18,100	1,05,86,589	34,31,511
3.	Rural II	1,62,800	1,62,225	38,250	3,63,275	22,70,700	46,89,450	69,750	70,29,900	60,60,545	9,69,355
4.	Rural-I	11,97,400	0	6,000	12,03,400	63,71,700	16,04,925	2,29,890	82,06,515	78,13,890	3,92,625
5.	Doda	1,89,900	1,14,825	12,030	3,16,755	31,11,400	44,00,175	3,05,970	78,17,545	41,45,855	36,71,690
6.	Poonch	4,89,700	2,36,475	5,310	7,31,485	28,43,100	36,03,750	2,71,050	67,17,900	60,62,215	6,55,685
7.	Ramban	1,98,500	1,500	13,170	2,13,170	25,71,500	27,73,500	1,59,030	55,04,030	36,12,810	18,91,220
8.	City Circle-I	3,30,000	0	0	3,30,000	6,80,000	0	0	6,80,000	70,000	6,10,000
9.	Kathua	0	27,36,675	1,31,610	28,68,285	36,90,000	36,45,825	1,38,390	74,74,215	69,72,390	5,01,825
10.	Kishtwar	3,29,100	7,22,475	10,230	10,61,805	11,70,900	16,25,025	1,39,770	29,35,695	17,28,835	12,06,860
11.	Reasi	1,76,700	4,34,100	70,410	6,81,210	20,73,300	23,55,900	1,84,590	46,13,790	28,09,450	18,04,340
	Total	**57,35,100**	**46,95,525**	**3,04,890**	**1,07,35,515**	**3,41,07,200**	**3,41,38,800**	**20,34,810**	**7,02,80,810**	**5,33,36,354**	**1,69,44,456**

(Source: Based on Departmental record in respect of 11 test checked units)

Appendix 2.5.1

(Reference Paragraph: 2.5; Page: 28)

Statement showing physical and financial status of storage tanks ending July 2020 under BADP

Sl. No	Name of the work (Storage tanks)	Estimated cost (₹ in lakh)	Expenditure (₹ in lakh)	Forest land (in hectare)	Private land (in hectare)	Remarks
1.	Brinyal	453.78	63.88	0.00	30.00	Work held up for land acquisition
2.	Checki Dudipora	65.00	40.09	0.00	0.00	Partially completed and semi functional. Allied works held up for want of forest clearance
3.	Choyal Doori Bown	105.00	13.27	0.949	0.00	Work held up for want of forest clearance
4.	Changmulla	100.00	39.55	0.00	0.00	Partially executed, work held up for want of forest clearance
5.	Galgazna Turkpora	25.00	12.00	0.21	0.00	Semi functional, forest clearance awaited
6.	Bakhinard Sodal	87.00	58.55	0.262	0.00	Earthen embankment completed. Balance work pending for want of funds
7.	Batnar Tulwari	100.00	56.91	0.53	0.00	Earthen embankment 80 *per cent* completed. Widening/ deepening of water body/ allied works pending for want of funds.
8.	Kinjaldoori Nichama	81.00	38.29	0.00	0.00	Work abandoned as the site selected, failed in soil testing
9.	Zabnar Vogbal	90.00	0.00	0.90	0.00	Forest clearance awaited
10.	Churnar Daril	90.00	0.00	0.90	0.00	Forest clearance awaited
11.	Nagni Shartigam	85.00	0.00	0.00	0.80	Forest clearance awaited
12.	Lazinard Parrynar	75.00	23.53	0.00	0.00	Semi-functional. Allied works pending for want of funds
13.	Waripora	127.00	19.60	0.00	0.00	Deeping, widening partially completed. Intake channel and allied works pending for want of funds
14.	Yamlar	50.00	16.64	0.00	0.00	Semi-functional. Allied works pending for want of funds

Sl. No.	Name of the work (Storage tanks)	Estimated cost (₹ in lakh)	Expenditure (₹ in lakh)	Forest land (in hectare)	Private land (in hectare)	Remarks
15.	Nagmulla	62.00	46.07	0.00	0.00	Semi Functional/ allied works pending for want of funds
16.	Nowsar	85.00	41.98	0.00	0.00	Semi Functional/ allied works pending for want of funds
17.	Star ganie	86.00	2.80	0.90	0.00	Forest clearance awaited
18.	Kanzpaw	82.00	37.30	0.90	0.00	Partially completed/ allied works pending for want of funds
19.	Chowdary sar	122.00	71.07	0.90	0.00	Partially competed/ allied works pending for want of funds
20.	Dugsar	88.00	21.19	0.50	0.00	Semi Functional/ allied works held up for want of funds
21.	Sadhuganga	101.47	0.00	0.80	0.00	Not taken up due to non-availability of NoC from Forest Department
22.	Aabnar	93.00	0.00	0.90	0.00	Not taken up due to non-availability of NoC from Forest Department
23.	Singri sar	82.00	0.00	0.70	0.00	Not taken up due to non-availability of NoC from Forest Department
24.	Gunsnar	85.00	5.30	0.00	0.00	Site near Army ammunition depot for which clearance from Army was not obtained
25.	Zinnar	92.00	0.00	0.00	0.00	Work not taken up
26.	Branwari	80.00	0.00	0.90	0.00	Work stopped due to non-availability of NoC from Forest Department
27.	LIS Kandi Nutnussa	50.00	34.66	0.00	0.00	Functional, allied works held up for want of funds
Total		**2,642.25**	**642.68**	**10.251**	**30.80**	

(Source: Departmental records)

Appendix 3.1.1

(Reference Paragraph: 3.10; Page: 43)

Unit-wise details of recovery accepted and recovery effected cases during 2018-19

(Amount ₹ in lakh)

Sl. No.	Name of the unit	Recovery accepted cases		Recovery made	
		No. of cases	Amount of recovery accepted	No. of cases	Amount recovered
1.	Commercial Taxes Officer, Circle-H, Jammu	6	39.20	8	41.58
2.	Commercial Taxes Officer, Circle-A, Jammu	2	0.54	2	0.54
3.	Commercial Taxes Officer, Kargil	2	23.14	21	31.78
4.	Chief Judicial Magistrate, Kargil	1	9.20	1	1.00
5.	Deputy Commissioner Recovery, Jammu	12	72.46	12	72.46
6.	Commercial Taxes Officer, Circle-I, Udhampur	23	82.74	2	5.73
7.	Commercial Taxes Officer, Circle-B, Jammu	4	16.41	-	-
8.	Commercial Taxes Officer, Circle-J, Jammu	5	1.82	5	1.82
	Total	**55**	**245.51**	**51**	**154.91**

(Source: Information compiled by the Office)

Appendix 5.1.1
(Reference paragraph: 5.1.7; Page: 58)
Statement showing position of equity and outstanding loans relating to State PSUs (of Sectors other than Power Sector) as on 31 March 2019

(₹ in crore)

Sl. No.	Sector and Name of the PSU	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				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	**Social Sector**										
	I. Working Government Companies										
1.	Jammu and Kashmir State Agro Industries Development Corporation Limited	Agriculture production	30 January 1970	2.60	0.94	0	3.54	68.70	0	0	68.70
2.	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	Agriculture production	10 April 1978	6.00	3.20	0	9.20	112.64	0	0	112.64
3.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	Social Welfare	1 April 1986	19.32	28.05	0	47.37	0	0	58.66	58.66
4.	Jammu and Kashmir State Women's Development Corporation Limited	Social Welfare	10 May1996	10.00	0	0	10.00	0	0	62.37	62.37
5.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	Industries and Commerce	28 November 1975	89.91	0	0	89.91	10.38	0	0	10.38
6.	Jammu and Kashmir State Industrial Development Corporation Limited	Industries and Commerce	17 March 1969	17.65	0	0	17.65	8.05	0	0	8.05
7.	Jammu and Kashmir Industries Limited	Industry and Commerce	4 October 1960	16.27	0	0	16.27	663.04	0	0	663.04
8.	Jammu and Kashmir Overseas Employment Corporation Limited	Finance	10 October 2010	4.06	0	0	4.06	0	0	0	0
9.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	Industries and Commerce	6 January 1970	7.08	0.89	0	7.97	150.02	0	0	150.02
10.	Jammu and Kashmir State Handloom Development Corporation Limited	Industries and Commerce	29 June 1981	3.49	1.50	0	4.99	151.38	0	0	151.38
11.	Jammu and Kashmir Medical Supplies Corporation Limited	Health	31 March 2014	0.05	0	0	0.05	0	0	0	0
12.	Jammu & Kashmir Trade Promotion Organisation	Industries and Commerce	30 May 2018	5.00	0	0	5.00	The Companies have not yet submitted their accounts to this office for supplementary audit since inception.			
13.	Jammu & Kashmir Asset Reconstruction limited	Finance	28 April 2017	1.02	0	0.98	2.00				
14.	AIC-Jammu & Kashmir EDI Foundation	Industries and Commerce	07 September 2018	0.05	0	0	0.05				
15.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	IT and Communication	07 March 2019	0.01	0	0	0.01				
16.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	Finance	25 September 2018	0.25	0	0	0.25				

Sl. No.	Sector and Name of the PSU	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				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)
	Total I A			**182.76**	**34.58**	**0.98**	**218.32**	**1,164.21**	**0**	**121.03**	**1,285.24**
	II. Inactive Company										
17.	Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	Industries and Commerce	29 November 1991	0.40	0	0	0.40	NA			
	Total II A			**0.40**	**0**	**0**	**0.40**	**0**	**0**	**0**	**0**
	Total A (I+II)			**183.16**	**34.58**	**0.98**	**218.72**	**1164.21**	**0**	**121.03**	**1285.24**
B	Competitive Sector										
	I. Working Government Companies										
18.	Jammu and Kashmir Cements Limited	Industries and Commerce	24 December 1974	52.01	0	0	52.01	14.35	0	28.27	42.62
19.	Jammu and Kashmir Minerals Limited	Industries and Commerce	5 February 1960	8.00	0	0	8.00	220.52	0	0	220.52
20.	Jammu and Kashmir State Cable Car Corporation Limited	Tourism	28 November 1988	23.57	0	0	23.57	0	0	0	0
21.	Jammu and Kashmir Bank Limited	Finance	10 October 1938	32.98	0	22.72	55.70	0	0	2,623.96	2,623.96
22.	Jammu and Kashmir Bank Financial Services Limited	Finance	27 August 2009	0	0	20.00	20.00	0	0	0	0
23.	Jammu and Kashmir State Financial Corporation	Finance	2 December 1959	172.35	0	0.52	172.87	1.00	0	31.14	32.14
24.	Jammu and Kashmir State Road Transport Corporation	Transport	1 September 1976	195.95	15.01	24.79	235.75	675.45	0	0	675.45
25.	Jammu and Kashmir State Tourism Development Corporation Limited	Tourism	13 February 1970	23.50	0	0	23.50	4.26	0	0	4.26
26.	Jammu and Kashmir State Forest Corporation Limited	Forest	1 July 1979	9.03	0	0	9.03	62.14	0	0	62.14
	Total I B			**517.39**	**15.01**	**68.03**	**600.43**	**977.72**	**0**	**2,683.37**	**3,661.09**
	II. Inactive Companies										
27.	Tawi Scooters Limited	Industries and Commerce	15 December 1976	0.80	0	0	0.80	0.83	0	0	0.83
28.	Himalayan Wool Combers Limited	Industries and Commerce	24 January 1978	1.37	0	0	1.37	0	0	0	0
	Total II B			**2.17**	**0**	**0**	**2.17**	**0.83**	**0**	**0**	**0.83**
	Total B (I+II)			**519.56**	**15.01**	**68.03**	**602.60**	**978.55**	**0**	**2,683.37**	**3,661.92**
C	**Others**										
	I. Working Government Companies										
29.	Jammu and Kashmir Projects Construction Corporation Limited	Public Works	22 May 1965	1.53	0	0	1.53	0	0	0	0
30.	Jammu and Kashmir Police Housing Corporation Limited	Home	26 December 1997	2.05	0	0	2.05	0	0	0	0

Sl. No.	Sector and Name of the PSU	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				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)
31.	Jammu Smart City Limited	Urban Development	8 September 2017	0.10	0	0	0.10	The Companies have not yet submitted their accounts to this office for supplementary audit since inception.			
32.	Srinagar Smart City Limited	Urban Development	8 September 2017	0.10	0	0	0.10				
33.	Jammu Mass Rapid Transit Corporation Pvt. limited	Urban Development	12 March 2019	0.02	0	0	0.02				
34.	Srinagar Mass Rapid Transit Corporation Pvt. limited	Urban Development	13 March 2019	0.02	0	0	0.02				
	Total I C			3.82	0	0	3.82	0	0	0	0
	II. Inactive Companies										
35.	Jammu and Kashmir Road Development Corporation Limited	Public Works	31 March 2014	5.00	0	0	5.00	The Companies have not yet submitted their accounts to this office for supplementary audit since inception.			
36.	Jammu and Kashmir International Trade Centre Corporation Limited	Industries and Commerce	1 February 2014	48.00	0	0	48.00				
	Total II C			**53.00**	**0**	**0**	**53.00**	**0**	**0**	**0**	**0**
	Total C (I+II)			**56.82**	**0**	**0**	**56.82**	**0**	**0**	**0**	**0**
	Grand Total (A+B+C)			**759.54**	**49.59**	**69.01**	**878.14**	**2,142.76**	**0**	**2,804.4**	**4,947.16**

(Source: Compiled based on the information furnished by the PSUs)

Appendix 5.1.2
(Reference paragraph: 5.1.9; Page: 61)
Statement showing equity, loans, guarantees outstanding as per Finance Account of GoJ&K vis-à-vis records of State PSUs (of Sectors other than Power Sector) as on 31 March 2019

(₹ in crore)

Sl. No.	Name of PSU	As per records of the State PSUs			As per Finance Accounts of GoJ&K			Difference		
		Paid up capital	Loans outstanding	Guarantee committed	Paid-up capital	Loans outstanding	Guarantee committed	Paid-up capital	Loans outstanding	Guarantee committed
1	2	3	4	5	6	7	8	9	10	11
1.	Jammu and Kashmir State Agro Industries Development Corporation Limited	2.60	68.70	0	2.6	45.93	0	0	22.77	0
2.	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	6.00	112.64	0	6	12.67	0	0	99.97	0
3.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	19.32	0	58.45	18.02	0	58.45	1.30	0	0
4.	Jammu and Kashmir State Women's Development Corporation Limited	10	0	58.68	13.66	0	58.68	-3.66	0	0
5.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	89.91	10.38	0	4.12	0	0	85.79	10.38	0
6.	Jammu and Kashmir State Industrial Development Corporation Limited	17.65	8.05	0	45.81	0	0	-28.16	8.05	0
7.	Jammu and Kashmir Industries Limited	16.27	663.03	0	18.09	382.74	0	-1.82	280.29	0
8.	Jammu and Kashmir Overseas Employment Corporation Limited	4.06	0	0	1.35	0	0	2.71	0	0
9.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	7.08	150.02	0	6.70	0	0	0.38	150.02	0

Sl. No.	Name of PSU	As per records of the State PSUs			As per Finance Accounts of GoJ&K			Difference		
		Paid up capital	Loans outstanding	Guarantee committed	Paid-up capital	Loans outstanding	Guarantee committed	Paid-up capital	Loans outstanding	Guarantee committed
1	2	3	4	5	6	7	8	9	10	11
10.	Jammu and Kashmir State Handloom Development Corporation Limited	3.49	151.37	0	12.81	0	0	-9.32	151.37	0
11.	Jammu and Kashmir Medical Supplies Corporation Limited	0.05	0	0	0.05	0	0	0	0	0
12.	Jammu and Kashmir Cements Limited	52.01	14.35	0	30.27	0	0	21.74	14.35	0
13.	Jammu and Kashmir Minerals Limited	8.00	220.52	0	26.74	1.86	0	-18.74	218.66	0
14.	Jammu and Kashmir State Cable Car Corporation Limited	23.57	0	0	23.82	0	0	-0.25	0	0
15.	Jammu and Kashmir Bank Limited	32.98	0	0	32.98	0	0	0	0	0
16.	Jammu and Kashmir Bank Financial Services Limited	0	0	0	0	0	0	0	0	0
17.	Jammu and Kashmir State Financial Corporation	172.35	1.00	31.14	163.85	0	0	8.50	1.00	31.14
18.	Jammu and Kashmir State Road Transport Corporation	195.95	675.44	0	182.75	376.73	0	13.20	298.71	0
19.	Jammu and Kashmir State Tourism Development Corporation Limited	23.5	4.26	0	23.51	0	0	-0.01	4.26	0
20.	Jammu and Kashmir State Forest Corporation Limited	9.03	62.14	0	9.03	0	0	0	62.14	0
21.	Jammu and Kashmir Projects Construction Corporation Limited	1.53	0	0	1.53	0	0	0	0	0
22.	Jammu and Kashmir Police Housing Corporation Limited	2.05	0	0	2.05	0	0	0	0	0
						14.94[1]			-14.94	
	Total	**697.40**	**2,141.90**	**148.27**	**625.74**	**834.87**	**117.13**	**71.66**	**1,307.03**	**31.14**

[1] As per finance account loan amount of ₹ 14.94 crore was advance under loan for Tourism (loan to public sector and other undertakings).

Appendix 5.1.3 (A)

(Referred to paragraph: 5.1.10: Page: 62)

Status relating to submission of Accounts

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Number of PSUs	23	23	24	24	24[2]
2.	Number of accounts submitted during current year	19	29	24	40	23
3.	Number of PSUs which finalised accounts for the current year	3	3	3	3	3[3]
4.	Number of previous year accounts finalised during current year	16	26	21	37	20
5.	Number of PSUs with arrears in accounts	20	21	21	21	21[4]
6.	Number of accounts in arrears	190	183	181	163	162

[2] Arrears of accounts in respect of two Power Sector PSU's viz. Jammu and Kashmir Power Trading Company Limited and Jammu and Kashmir Power Transmission Company Limited incorporated in March 2013 and another two Power Sector PSUs viz. Jammu Power Distribution Company Limited and Kashmir Power Distribution Company Limited incorporated in June 2013 have not been considered since these PSUs neither been operationalised nor have rendered their accounts since inception, besides five inactive and nine newly incorporated non power PSUs have also not been considered.

[3] Chenab Valley Power Project Private Limited, Jammu and Kashmir Bank Limited and Jammu and Kashmir Bank Financial Services Limited.

[4] Arrears of accounts in respect of Jammu and Kashmir State Forest Corporation and Jammu and Kashmir Medical Supplies Corporation Limited not considered since the Companies had not submitted any account since its inception.

Appendix 5.1.3 (B)

(Reference paragraph: 5.1.10: Page: 63)

Statement showing position of State Government investment in working State PSUs Accounts of which are in arrears as of September 2019

(₹ 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 State Government during the period for which accounts are in arrears		
					Loans	Subsidy	Total
A	**Working Government Companies**						
1.	J&K State Agro Industries Development Corporation Limited	2009-10	3.54	9	3.53	0	3.53
2.	J&K State Horticultural Produce Marketing and Processing Corporation Limited	2004-05	9.20	14	24.77	0	24.77
3.	J&K Small Scale Industries Development Corporation Limited	2009-10	3.12	9	0	0	0
4.	J&K State Industrial Development Corporation Limited	2013-14	14.47	5	0	0	0
5.	J&K Project Construction Corporation Limited	2013-14	1.97	5	0	0	0
6.	J&K Police Housing Corporation Limited	2009-10	2.00	9	0	0	0
7.	J&K State Handloom Development Corporation Limited	2010-11	4.66	8	25.44	0.44	25.88
8.	J&K Handicrafts (Sale and Export) Development Corporation Limited	2000-01	6.16	18	33.52	0	33.52
9.	J&K Industries Limited	2010-11	16.27	8	39.34	0	39.34
10.	J&K Minerals Limited	1999-00	8.00	19	37.55	0	37.55
11.	J&K State Tourism Development Corporation Limited	2012-13	15.96	6	0	0	0
12.	J&K Scheduled Castes, Scheduled Tribes and Other Backward Classes Development Corporation Limited	2001-02	10.63	17	26.40	6.76	33.16
13.	J&K State Women's Development Corporation Limited	2017-18	10.00	1	3	0	3
14.	J&K Cements Limited	2011-12	45.77	7	0	0	0
15.	J&K State Cable Car Corporation Limited	2010-11	23.57	8	0	0	0
16.	J&K State Overseas Employment Corporation Limited	2010-11	2.56	8	0	0	0
17.	Jammu and Kashmir State Power Development Corporation Limited	2013-14	45.00	5	0	0	0
	Total A		**222.88**	**156**	**193.55**	**7.20**	**200.75**
B	**Working Statutory Corporations**						
18.	J&K State Road Transport Corporation	2013-14	178.37	5	161.08	0	161.08
19.	J&K State Financial Corporation	2017-18	186.07	1	5.00	0	5.00
	Total B		**364.44**	**6**	**166.08**	**0**	**166.08**
	Total (A+B)		**587.32**	**162**	**359.63**	**7.20**	**366.83**

Appendix 5.1.3 (C)
(Reference paragraph: 5.1.12(B1): Page: 66)
Return on Investment-Jammu and Kashmir Bank Limited

(₹ in lakh)

Year	Equity	Equity added	Grants/ Subsidy	Dividend receipts	Disinvestments receipts	No. of Years	Rate of interest (r)	1+r	Inception value of equity added	Inception value of Grants\ Subsidy	PV of Disinvestments receipts	PV of Dividend receipts	Cost of investment	No of Shares	Market Price per Share	Market Value of Share	Current Value of Investment	ROI	CAGR
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t
								(1+h)	c/ product of i since inception to year value of (g-1)	d/ product of i since inception to year value of (g-1)	f*product of i from the year to the last year	e*product of i from the year to the last year	b+Σj+Σk			O*P	q+Σl+Σm	((r-n)/ n)/ g	((Current year ROI/ ROI of 1999-2000)^1/ (g-1)-1)*100
1998-99	4847.78	0	0	773.26	0	1	0.1088	1.11	0.00	0	0.00	4967.65	4847.78	48477802	28.00	13573.78	18541.43	282.47	-
1999-2000	4847.78	0	0	902.13	0	2	0.1196	1.12	0.00	0	0.00	5226.90	4847.78	48477802	36.15	17524.73	27719.28	235.90	-16.49
2000-01	4847.78	0	0	1031.01	0	3	0.0923	1.09	0.00	0	0.00	5335.48	4847.78	48477802	37.30	18082.22	33612.25	197.78	-16.32
2001-02	4847.78	0	0	1288.76	0	4	0.1120	1.11	0.00	0	0.00	6105.78	4847.78	48477802	73.35	35558.47	57194.28	269.95	-1.50
2002-03	4847.78	0	0	1546.52	0	5	0.1054	1.11	0.00	0	0.00	6588.98	4847.78	48477802	113.85	55191.98	83416.77	324.14	3.50
2003-04	4847.78	0	0	2577.53	0	6	0.1095	1.11	0.00	0	0.00	9934.53	4847.78	48477802	493.15	239068.28	277227.60	936.44	27.09
2004-05	4847.78	0	0	2062.02	0	7	0.0897	1.09	0.00	0	0.00	7163.25	4847.78	48477802	363.05	175998.66	221321.23	637.92	14.54
2005-06	4847.78	0	0	2062.02	0	8	0.0815	1.08	0.00	0	0.00	6573.60	4847.78	48477802	450.80	218537.93	270434.09	684.81	13.49
2006-07	4847.78	0	0	2964.16	0	9	0.1166	1.12	0.00	0	0.00	8737.44	4847.78	48477802	643.15	311784.98	372418.59	842.47	14.64
2007-08	4847.78	0	0	3995.17	0	10	0.1407	1.14	0.00	0	0.00	10546.80	4847.78	48477802	678.55	328946.13	400126.52	815.38	12.50
2008-09	4847.78	0	0	4256.02	0	11	0.0794	1.08	0.00	0	0.00	9849.58	4847.78	48477802	314.80	152608.12	233638.10	429.04	4.27
2009-10	4847.78	0	0	5670.56	0	12	0.0945	1.09	0.00	0	0.00	12157.87	4847.78	48477802	681.70	330473.18	423661.03	719.94	8.88
2010-11	4847.78	0	0	6701.57	0	13	0.0903	1.09	0.00	0	0.00	13127.82	4847.78	48477802	874.00	423695.99	530011.67	833.31	9.43
2011-12	4847.78	0	0	8634.71	0	14	0.0828	1.08	0.00	0	0.00	15513.79	4847.78	48477802	919.00	445511.00	567340.47	828.79	8.63
2012-13	4847.78	0	0	12887.63	0	15	0.0819	1.08	0.00	0	0.00	21384.30	4847.78	48477802	1191.00	577370.62	720584.39	984.28	9.33
2013-14	4847.78	0	0	12887.63	0	16	0.0714	1.07	0.00	0	0.00	19765.50	4847.78	48477802	1538.00	745588.59	908567.86	1165.12	9.91
2014-15	4847.78	0	0	5412.81	0	17	0.0768	1.08	0.00	0	0.00	7748.28	4847.78	484778020	95.05	460781.51	631509.06	760.40	6.38
2015-16	4847.78	0	0	4510.67	0	18	0.0725	1.07	0.00	0	0.00	5996.38	4847.78	484778020	60.50	293290.70	470014.64	533.08	3.81
2016-17	4847.78	3655.51	0	0	0	19	0.0783	1.08	705.30	0	0.00	0.00	5553.08	521333071	75.00	390999.80	567723.74	532.82	3.59
2017-18	4847.78	3655.51	0	0	0	20	0.0723	1.07	654.08	0	0.00	0.00	6207.16	556858392	60.35	336064.04	512787.97	408.06	1.95
2018-19	4847.78	0	0	0	0	21	0.0720	1.07	0.00	0	0.00	0.00	6207.16	556858392	53.70	299032.96	475756.89	360.22	1.22

Appendix 5.1.4

(Reference paragraph: 5.1.11 (A) and 5.1.15 (A); Page: 64 and 69)

Detail showing financial position and working results of six power sector Companies as per their latest finalised Accounts as of 30 September 2019

(₹ in crore)

Sl. No.	Activity and name of the power Sector Undertaking	Period of accounts	Net profit/ loss before interest and tax	Net profit/ loss after interest and tax	Turn over	Paid up capital	Long term loan	Capital employed[5]	Net worth[6]	Accumulated profit/ loss
1	2	3	4	5	6	7	8	9	10	11
A.	**Power generation PSUs**									
1.	Jammu and Kashmir State Power Development Corporation Limited	2013-14	433.41	160.23	992.46	5	1,826.49	1,652.68	-173.81	-178.81
2.	Chenab Valley Power Projects Private Limited (Deemed Government Company)	2018-19	19.01	13.06	0	1,439.18	0	1,477.46	1,477.46	38.23
Sub-total			**452.42**	**173.29**	**992.46**	**1,444.18**	**1,826.49**	**3,130.14**	**1,303.65**	**-140.58**
B.	**Power transmission PSU**									
3.	Jammu and Kashmir Power Transmission Company Limited	-	-	-	-	0.05	The Company though incorporated in March 2013 has not yet submitted its Accounts to this office for supplementary audit.			
Sub-total						**0.05**				
C.	**Power distribution PSUs**									
4.	Jammu Power Distribution Company Limited	-	-	-	-	0.05	The Company though incorporated in June 2013 has not yet submitted its Accounts to this office for supplementary audit.			
5.	Kashmir Power Distribution Company Limited	-	-	-	-	0.05	The Company though incorporated in June 2013 has not yet submitted its Accounts to this office for supplementary audit.			
Sub-total						**0.10**				
D.	**Other PSU**									
6.	Jammu and Kashmir Power Trading Company Limited	-	-	-	-	0.05	The Company though incorporated in March 2013 has not yet submitted its Accounts to this office for supplementary audit.			
Sub-total						**0.05**				
Grand total			**452.42**	**173.29**	**992.46**	**1,444.38**	**1,826.49**	**3,130.14**	**1,303.65**	**-140.58**

[5] Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

[6] Net worth = Sum total of paid up share capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

Appendix 5.1.5

(Reference paragraph: 5.1.11 (B): Page: 64)

Summarised financial results of State PSUs (of Sectors other than Power Sector) as per their latest finalised Accounts as of 30 September 2019

(₹ in crore)

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalized	Net profit/ loss before dividend, interest and tax	Net profit/ loss after dividend, interest and tax	Turn over	Paid up capital	Long Term Loan	Capital employed	Net Worth	Free Reserves and Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11	12
A	**Social Sector**										
	I. Working Government Companies										
1.	Jammu and Kashmir State Agro Industries Development Corporation Limited	2009-10	2018-19	-0.96	-1.42	42.06	3.54	20.94	-17.62	-38.56	-42.10
2.	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	2004-05	2018-19	1.08	0.39	4.56	9.20	49.68	-7.19	-56.87	-66.07
3.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	2001-02	2016-17	-0.85	-1.27	0.11	10.63	10.76	16.38	5.62	-5.01
4.	Jammu and Kashmir State Women's Development Corporation Limited	2017-18	2019-20	2.52	1.12	4.14	10.00	96.42	122.2	25.78	15.78
5.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	2009-10	2018-19	0.91	0.37	359.9	3.12	9.77	0.42	-9.35	-12.47
6.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-18.62	-20.54	19.16	14.47	24.36	-108.16	-132.52	-146.99
7.	Jammu and Kashmir Industries Limited	2010-11	2018-19	-6.39	-39.84	2.66	16.27	565.67	-32.46	-598.13	-614.40
8.	Jammu and Kashmir Overseas Employment Corporation Limited	2010-11	2013-14	0	0	0	2.56	0	2.56	2.56	0
9.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2000-01	2018-19	-1.99	-4.24	2.83	6.16	30.47	-2.62	-33.09	-39.25
10.	Jammu and Kashmir State Handloom Development Corporation Limited	2010-11	2018-19	-1.03	-6.75	6.63	4.66	83.57	2.05	-81.52	-86.18
11.	Jammu and Kashmir Medical Supplies Corporation Limited	-	-	-	-	-	0.05	The Company though incorporated in March 2014 has not yet submitted its Accounts to this office for supplementary audit.			
12.	Jammu & Kashmir Trade Promotion Organisation	-	-	-	-	-	5.00	The Company incorporated in May 2018 has not yet submitted its Accounts to this office for supplementary audit.			
13.	Jammu & Kashmir Asset Reconstruction limited	-	-	-	-	-	2.00	The Company incorporated in April 2017 has not yet submitted its Accounts to this office for supplementary audit.			

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalized	Net profit/ loss before dividend, interest and tax	Net profit/ loss after dividend, interest and tax	Turn over	Paid up capital	Long Term Loan	Capital employed	Net Worth	Free Reserves and Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11	12
A	**Social Sector**										
	I. Working Government Companies										
14.	AIC-Jammu & Kashmir EDI Foundation	-	-	-	-	-	0.05	The Company incorporated in September 2018 has not yet submitted its Accounts to this office for supplementary audit.			
15.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	-	-	-	-	-	0.01	The Company incorporated in March 2019.			
16.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	-	-	-	-	-	0.25	The Company though incorporated in September 2018 has not yet submitted its Accounts to this office for supplementary audit.			
	Total A-I			**-25.33**	**-72.18**	**442.05**	**87.97**	**891.64**	**-24.44**	**-916.08**	**-996.69**
	II. Inactive Government Company										
17.	Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	1991-92	1999-2000	0	0	0	0.40	NA	0	0	0
	Total A-II			**0**	**0**	**0**	**0.40**	**0**	**0**	**0**	**0**
	Total A (I+II)			**-25.33**	**-72.18**	**442.05**	**88.37**	**891.64**	**-24.44**	**-916.08**	**-996.69**
B	**Competitive Environment sector**										
	I. Working Government Companies										
18.	Jammu and Kashmir Cements Limited	2011-12	2019-20	9.21	6.30	120.5	45.77	30.54	98.6	68.06	22.29
19.	Jammu and Kashmir Minerals Limited	1999-2000	2018-19	-5.45	-8.60	6.20	8.00	119.69	26.13	-93.56	-101.56
20.	Jammu and Kashmir State Cable Car Corporation Limited	2010-11	2013-14	6.23	6.23	12.51	23.57	0	19.60	19.60	-3.97
21.	Jammu and Kashmir Bank Limited	2018-19	2019-20	1,009.65	464.88	7,675.56	55.7	2,623.96	5,630.62	3,006.66	2,950.96
22.	Jammu and Kashmir Bank Financial Services Limited	2018-19	2019-20	-1.04	-0.72	4.43	20.00	0	15.66	15.66	-4.34
23.	Jammu and Kashmir State Tourism Development Corporation Limited	2012-13	2015-16	0.26	0.26	30.74	15.96	4.26	16.34	12.08	-3.88
	Total B-I			**1,018.86**	**468.35**	**7,849.94**	**169.00**	**2,778.45**	**5,806.95**	**3,028.5**	**2,859.50**
	II. Working Statutory Corporations										
24.	Jammu and Kashmir State Financial Corporation	2017-18	2018-19	-40.37	-40.65	4.00	186.07	15.35	25.27	9.92	-176.15
25.	Jammu and Kashmir State Road Transport Corporation	2013-14	2017-18	-44.74	-92.90	87.18	178.37	1,079.45	109.7	-969.75	-1,148.12

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalized	Net profit/ loss before dividend, interest and tax	Net profit/ loss after dividend, interest and tax	Turn over	Paid up capital	Long Term Loan	Capital employed	Net Worth	Free Reserves and Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11	12
B	**Competitive Environment sector**										
	II. Working Statutory Corporations										
26.	Jammu and Kashmir State Forest Corporation Limited	-	-	-	-	-	9.03	Accounts for the years 1996-97 and onwards not received. (The Corporation was incorporated in 1978-79, however, its audit was entrusted to the CAG from1996-97).			
	Total B-II			**-85.11**	**-133.55**	**91.18**	**373.47**	**1094.80**	**134.97**	**-959.83**	**-1324.27**
	III. Inactive Government Company										
27.	Tawi Scooters Limited	1989-90	1991-92	-0.06	-0.06	0	0.8	0.83	-	-	-1.04
28.	Himalayan Wool Combers Limited	1999-2000	2000-01	-1.29	-1.29	0	1.37	0	-	-	-10.49
	Total B-III			**-1.35**	**-1.35**	**0**	**2.17**	**0.83**	**-**	**-**	**-11.53**
	Total B (I+II+III)			**932.4**	**333.45**	**7941.12**	**544.64**	**3874.08**	**5941.92**	**2068.67**	**1523.7**
C	**Others**										**-**
	I. Working Government Companies										
29.	Jammu and Kashmir Projects Construction Corporation Limited	2013-14	2018-19	7.77	4.78	402.13	1.97	0.33	63.87	63.54	61.57
30.	Jammu and Kashmir Police Housing Corporation Limited	2009-10	2018-19	10.87	7.33	7.14	2.00	0	21.86	21.86	19.86
31.	Jammu Smart City Limited	-	-	-	-	-	0.10	The Company though incorporated in September 2017 has not yet submitted its Accounts to this office for supplementary audit.			
32.	Srinagar Smart City Limited	-	-	-	-	-	0.10	The Company though incorporated in September 2017 has not yet submitted its Accounts to this office for supplementary audit.			
33.	Jammu Mass Rapid Transit Corporation Pvt. limited	-	-	-	-	-	0.02	The Company incorporated in March 2019.			
34.	Srinagar Mass Rapid Transit Corporation Pvt. Limited	-	-	-	-	-	0.02	The Company incorporated in March 2019.			
	Total C-I			**18.64**	**12.11**	**409.27**	**4.21**	**0.33**	**85.73**	**85.4**	**81.43**
	II. Inactive Government Companies										
35.	Jammu and Kashmir Road Development Corporation Limited	-	-	-	-	-	5.00	The Company though incorporated in March 2013 has not yet submitted its Accounts to this office for supplementary audit.			

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalized	Net profit/ loss before dividend, interest and tax	Net profit/ loss after dividend, interest and tax	Turn over	Paid up capital	Long Term Loan	Capital employed	Net Worth	Free Reserves and Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11	12
C	**Others**										
	II. Inactive Government Companies										
36.	Jammu and Kashmir International Trade Centre Corporation Limited	-	-	-	-	-	48.00	The Company though incorporated in February 2014 has not yet submitted its Accounts to this office for supplementary audit.			
	Total C-II		-	-	-	-	**53.00**	-	-	-	-
	Total C-(I+II)			**18.64**	**12.11**	**409.27**	**57.21**	**0.33**	**85.73**	**85.4**	**81.43**
	Grand Total (A+B+C)			**925.71**	**273.38**	**8,792.44**	**690.22**	**4,766.05**	**6,003.21**	**1,237.99**	**608.44**
	Working Government Companies			**1,012.17**	**408.28**	**8,701.26**	**261.18**	**3,670.42**	**5,868.24**	**2,197.82**	**1,944.24**
	Working Statutory Corporations			**-85.11**	**-133.55**	**91.18**	**373.47**	**1094.8**	**134.97**	**-959.83**	**-1,324.27**
	Working PSUs (I+II)			**927.06**	**274.73**	**8792.44**	**634.65**	**4765.22**	**6003.21**	**1237.99**	**619.97**
	Inactive Government Companies			**-1.35**	**-1.35**	**0**	**55.57**	**0.83**	**0**	**0**	**-11.53**

Appendix 5.1.6
(Reference paragraph: 5.1.12 (B-2): Page: 67)

Profit making State PSUs (of Sectors other than Power Sector) as per their latest finalised Accounts as of 30 September 2019

Name of Company		Jammu and Kashmir Cements Limited	Jammu and Kashmir State Cable Car Corporation Limited	Jammu and Kashmir Bank Limited	Jammu and Kashmir State Women's Development Corporation Limited	Jammu and Kashmir State Tourism Development Corporation Limited	Jammu and Kashmir Police Housing Corporation Limited	Jammu and Kashmir Projects Construction Corporation Limited	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	Jammu and Kashmir Small Scale Industries Development Corporation Limited
PBIT (₹ in crore)	2014-15	3.61	6.23	1,014.71	-	1.38	0.60	0.01	0.89	-
	2015-16	5.86	6.23	818.50	2.18	0.26	1.22	0.97	-	-
	2016-17	5.86	6.23	-	4.10	0.26	8.00	0.82	-	-
	2017-18	10.84	6.23	497.98	2.29	0.26	10.87	7.77	-	-
	2018-19	9.21	6.23	1,009.65	2.52	0.26	10.87	7.77	-	0.91

Appendix 5.1.7 (A)

(Reference paragraph: 5.1.13 (A): Page: 68)

Statement showing State Government funds infused in five Power Sector Undertakings since inception till 31 March 2019

(₹ in crore)

Year	Jammu and Kashmir State Power Development Corporation Limited			Jammu and Kashmir Power Transmission Company Limited	Jammu Power Distribution Company Limited	Kashmir Power Distribution Company Limited	Jammu and Kashmir Power Trading Company Limited	Total		
	Equity	IFL[7]	IFL converted into equity	Equity	Equity	Equity	Equity	Equity	IFL	IFL converted into equity
1994-95	5.00	0	0	0	0	0	0	5.00	0	0
1995-96	0	0	0	0	0	0	0	0	0	0
1996-97	0	0	0	0	0	0	0	0	0	0
1997-98	0	0	0	0	0	0	0	0	0	0
1998-99	0	0	0	0	0	0	0	0	0	0
1999-2000	0	0	0	0	0	0	0	0	0	0
2000-01	0	0	0	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	0	0	0	0
2009-10	0	0	0	0	0	0	0	0	0	0

[7] Interest free loan.

Year	Jammu and Kashmir State Power Development Corporation Limited			Jammu and Kashmir Power Transmission Company Limited	Jammu Power Distribution Company Limited	Kashmir Power Distribution Company Limited	Jammu and Kashmir Power Trading Company Limited	Total		
	Equity	IFL[8]	IFL converted into equity	Equity	Equity	Equity	Equity	Equity	IFL	IFL converted into equity
2010-11	0	0	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0.05	0	0	0.05	0.10	0	0
2013-14	0	0	0	0	0.05	0.05	0	0.10	0	0
2014-15	0	0	0	0	0	0	0	0	0	0
2015-16	0	0	0	0	0	0	0	0	0	0
2016-17	0	0	0	0	0	0	0	0	0	0
2017-18	0	0	0	0	0	0	0	0	0	0
2018-19	0	0	0	0	0	0	0	0	0	0
Total	**5.00**	**0**	**0**	**0.05**	**0.05**	**0.05**	**0.05**	**5.20**	**0**	**0**

[8] Interest free loan.

Appendix 5.1.7 (B)

(Reference paragraph: 5.1.13(B); Page: 68)

Statement showing State Government funds infused in State PSUs (of Sectors other than Power Sector) during the period from 1999-2000 to 2018-19

(₹ in crore)

Sl. No.	1		2		3		4		5		6	
Year	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited		Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited		Jammu and Kashmir State Women's Development Corporation Limited		Jammu and Kashmir State Industrial Development Corporation Limited		Jammu and Kashmir Industries Limited		Jammu and Kashmir Overseas Employment Corporation Limited	
	Equity	IFL[9]	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
1999-2000	0	0	0.10	0	0.03	0	1.00	0	0	0	0	0
2000-01	0	0	0.10	0	0.03	0	0	0	0	0	0	0
2001-02	0	0	0.10	0	0.03	0	0.80	0	0	0	0	0
2002-03	0	0	0.35	0	0.23	0	0	0	0	0	0	0
2003-04	0	0	1.50	0	0.50	0	0	0	0	0	0	0
2004-05	0	0	1.53	0	0.90	0	0	0	0	0	0	0
2005-06	0	0	2.80	0	0.50	0	0	0	0	0	0	0
2006-07	0	0	0.70	0	0.50	0	0	0	0	0	0	0
2007-08	0	0	0.70	0	0.50	0	0	11.55	0	0	0	0
2008-09	0	0	0.20	0	0.16	0	0	0	0	0	0	0
2009-10	0	0	1.00	0	1.00	0	0	0	0	0	0	0
2010-11	0	0	1.00	0	1.00	0	0	0	0	0	4.06	0
2011-12	0	0	1.00	0	1.09	0	0	0	0	0	0	0
2012-13	0	0	1.00	0	1.00	0	0	0	0	0	0	0
2013-14	0	0	0.90	0	0.63	0	0	0	0	0	0	0
2014-15	0	0	0.90	0	0.31	0	0	0	0	0	0	0
2015-16	0	0	0.90	0	0	0	0	0	0	0	0	0
2016-17	0	0	0.90	0	0	0	0	0	0	0	0	0
2017-18	0	3.50	0.90	0	0	3.00	0	0	0	1.37	0	0
2018-19	0	3.00	0.45	0	0	3.00	0	0	0	1.37	0	0
Total	**0**	**6.50**	**17.03**	**0**	**8.41**	**6.00**	**1.80**	**11.55**	0	**2.74**	**4.06**	**0**

[9] Interest free loan.

Sl. No.	7		8		9		10		11		12	
Year	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited		Jammu and Kashmir State Handloom Development Corporation Limited		Jammu and Kashmir Medical Supplies Corporation Limited		Jammu and Kashmir Cements Limited		Jammu and Kashmir Minerals Limited		Jammu and Kashmir State Cable Car Corporation Limited	
	Equity	IFL[10]	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
1999-2000	0.35	0	0	0	0	0	0	0	0	0	0.16	0
2000-01	0.45	0	0	0	0	0	0	0	0	0	0.15	0
2001-02	0.30	0	0	0	0	0	0	0	0	0	0.14	0
2002-03	0.13	0	0	0	0	0	0	0	0	0	9.15	0
2003-04	0.20	0	0	0	0	0	0	0	0	0	0.60	0
2004-05	0.20	0	0.35	0	0	0	0	0	0	0	0.25	0
2005-06	0.25	0	0	0	0	0	4.00	0	0	0	0	0
2006-07	0	0	0.30	0	0	0	1.00	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	7.27	0	0	0	0	0
2009-10	0	0	1.56	0	0	0	0	0	0	0	0	0
2010-11	0	0	0	0	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	4.00	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0.05	0	2.25	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	3.62	0	0	0	0
2015-16	0	0	0	0	0	0	0	0	0	0	0	0
2016-17	0	0	0	0	0	0	0	0	0	0	0	0
2017-18	0	4.25	0	5.11	0	0	0	0	0	1.11	0	0
2018-19	0	5.25	0	2.80	0	0	0	5.00	0	0.76	0	0
Total	**1.88**	**9.50**	**2.21**	**7.91**	**0.05**	**0**	**18.52**	**8.62**	**0**	**1.87**	**10.45**	**0**

[10] Interest free loan.

Sl. No.	13		14		15		16		17		18	
Year	Jammu and Kashmir Bank Limited		Jammu and Kashmir State Financial Corporation Limited		Jammu and Kashmir State Road Transport Corporation		Jammu and Kashmir State Tourism Development Corporation Limited		Jammu and Kashmir Road Development Corporation Limited		Jammu and Kashmir International Trade Centre Corporation Limited	
	Equity	IFL[11]	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
1999-2000	0	0	0	0	5.00	0	0.50	0	0	0	0	0
2000-01	0	0	0	0	3.38	0	0.45	0	0	0	0	0
2001-02	0	0	0	0	0.45	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	3.43	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0	0	0	0	0
2004-05	0	0	0.80	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	0	0	0	0	0	0
2009-10	0	0	0	0	13.53	0	0	0	0	0	0	0
2010-11	0	0	0	0	5.00	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	5.00	0	0	0	0	0	0	0
2013-14	0	0	17.50	0	3.75	0	0	0	5.00	0	48.00	0
2014-15	0	0	0	0	0	0	0	0	0	0	0	0
2015-16	0	0	0	0	5.95	0	0	0	0	0	0	0
2016-17	3.66	0	0	0	5.00	0	0	0	0	0	0	0
2017-18	3.55	0	87.88	2.48	3.75	30.00	0	0	0	0	0	0
2018-19	0	0	15.00	5.00	17.90	30.00	0	0	0	0	0	0
Total	**7.21**	**0**	**121.18**	**7.48**	**68.71**	**60.00**	**4.38**	**0**	**5.00**	**0**	**48.00**	**0**

[11] Interest free loan.

Sl. No.	19		20		21		22		23		24		25		26		27		28	
Year	Jammu & Kashmir Asset Reconstruction Limited*		Jammu Smart City Limited*		Srinagar Smart City Limited*		Jammu & Kashmir Trade Promotion Organisation		AIC-Jammu & Kashmir EDI Foundation		Jammu & Kashmir Infrastructure Development Finance Corporation Private Limited		Jammu & Kashmir I.T. Infrastructure Development Private Limited		Jammu Mass Rapid Transit Corporation Private Limited		Srinagar mass Rapid Transit Corporation Private Limited		Jammu and Kashmir Small Scale Industries Development Corporation Limited	
	Equity	IFL[12]	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
1999-2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000-01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009-10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010-11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2015-16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2016-17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2017-18	1.02	0	0.10	0	0.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2018-19	0	0	0	0	0	0	5.00	0	0.05	0	0.25	0	0.01	0	0.02	0	0.02	0	86.79^	0
Total	**1.02**	**0**	**0.10**	**0**	**0.10**	**0**	**5.00**	**0**	**0.05**	**0**	**0.25**	**0**	**0.01**	**0**	**0.02**	**0**	**0.02**	**0**	**86.79**	**0**

*These three PSUs viz. Jammu & Kashmir Asset Reconstruction Limited, Jammu Smart City Limited and Srinagar Smart City Limited wearing ₹ 1.22 crore as State Government equity were incorporated in 2017-18, however, equity infused by State Government in these PSUs were not taken considered in 2017-18 which have now been included in the year 2018-19.

^ Conversion of plan funds received from State/Central Government and premium received against land allotted to various industrial units in the industrial estates managed by Corporation.

[12] Interest free loan.

Appendix 5.1.7(C)

(Reference paragraph: 5.1.13(B); Page: 68)

Year-wise investment by the State Government and present value (PV) of Government investment for the period from 1999-2000 to 2018-19

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net Interest free loan given by the State Government during the year	Interest free loan converted into Equity during the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year
A	B	C	D	E	F=C+D-E	G=B+F	H	I=G*(1+H/100)	J=G*H/100	K
Upto 1999-2000	347.29	7.14	0	0	7.14	354.43	11.96	396.82	42.39	48.40
2000-01	396.82	4.56	0	0	4.56	401.38	9.23	438.43	37.05	92.76
2001-02	438.43	1.82	0	0	1.82	440.25	11.2	489.56	49.31	182.06
2002-03	489.56	13.29	0	0	13.29	502.85	10.54	555.85	53.00	249.26
2003-04	555.85	2.80	0	0	2.80	558.65	10.95	619.82	61.17	304.91
2004-05	619.82	4.03	0	0	4.03	623.85	8.97	679.81	55.96	-4.75
2005-06	679.81	7.55	0	0	7.55	687.36	8.15	743.38	56.02	68.90
2006-07	743.38	2.50	0	0	2.50	745.88	11.66	832.85	86.97	150.32
2007-08	832.85	1.20	11.55	0	12.75	845.60	14.07	964.58	118.98	201.28
2008-09	964.58	7.63	0	0	7.63	972.21	7.94	1,049.40	77.19	232.25
2009-10	1,049.40	17.09	0	0	17.09	1,066.49	9.45	1,167.27	100.78	354.68
2010-11	1,167.27	11.06	0	0	11.06	1,178.33	9.03	1,284.73	106.40	499.02
2011-12	1,284.73	6.09	0	0	6.09	1,290.82	8.28	1,397.70	106.88	705.53
2012-13	1,397.70	7.00	0	0	7.00	1,404.70	8.19	1,519.74	115.04	1,232.83
2013-14	1,519.74	78.08	0	0	78.08	1,597.82	7.14	1,711.90	114.08	1,048.22
2014-15	1,711.90	1.21	3.62	0	4.83	1,716.73	7.68	1,848.57	131.84	378.25
2015-16	1,848.57	6.85	0	0	6.85	1,855.42	7.25	1,989.94	134.52	264.80
2016-17	1,989.94	9.56	0	0	9.56	1,999.50	7.83	2,156.06	156.56	-1,809.73
2017-18	2,156.06	96.08	50.82	17.50	129.40	2,285.46	7.23	2,450.70	165.24	32.62
2018-19	2,450.70	126.71	56.18	0	182.89	2,633.59	7.20	2,823.21	189.62	274.10
Total		**412.25**	**122.17**	**17.5**	**516.92**					

(Source: Compiled based on latest information furnished by the respective PSUs as of March 2019)

Appendix 5.1.8
(Reference paragraph: 5.1.15(B): Page: 70)

Summarised financial results of State PSUs (of Sectors other than Power Sector) as per their latest finalised Accounts as of 30 September 2019

(₹ in crore)

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Free reserves	Accumulated profit/ loss	Deferred revenue expenditure	Net worth
1	2	3	4	5	6	7	8	9
A	**Social Sector**							
	I. Working Government Companies							
1.	Jammu and Kashmir State Agro Industries Development Corporation Limited	2009-10	2018-19	3.54	0	-42.10	0	-38.56
2.	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	2004-05	2018-19	9.20	9.42	-75.49	0	-56.87
3.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	2001-02	2016-17	10.63	0	-5.01	0	5.62
4.	Jammu and Kashmir State Women's Development Corporation Limited	2017-18	2019-20	10.00	0	15.78^	0	25.78
5.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	2009-10	2018-19	3.12	0	-12.47	0	-9.35
6.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	14.47	0	-146.99	0	-132.52
7.	Jammu and Kashmir Industries Limited	2010-11	2018-19	16.27	0	-614.4	0	-598.13
8.	Jammu and Kashmir Overseas Employment Corporation Limited*	2010-11	2013-14	2.56	0	0	0	2.56
9.	Jammu and Kashmir Handicrafts (Sales and Export)Development Corporation Limited	2000-01	2018-19	6.16	0	-39.25	0	-33.09
10.	Jammu and Kashmir State Handloom Development Corporation Limited	2010-11	2018-19	4.66	0	-86.18	0	-81.52
	Total A-I			**80.61**	**9.42**	**-1,006.11**	**0**	**-916.08**
B	**Competitive Environment sector**							
	I. Working Government Companies							
11.	Jammu and Kashmir Cements Limited	2011-12	2019-20	45.77	0	22.29	0	68.06
12.	Jammu and Kashmir Minerals Limited	1999-2000	2018-19	8.00	0	-101.56	0	-93.56
13.	Jammu and Kashmir State Cable Car Corporation Limited	2010-11	2013-14	23.57	0	-3.97	0	19.60
14.	Jammu and Kashmir Bank Limited	2018-19	2019-20	55.69	2,950.97	0	0	3,006.66
15.	Jammu and Kashmir Bank Financial Services Limited	2018-19	2019-20	20.00	0	-4.34	0	15.66
16.	Jammu and Kashmir State Tourism Development Corporation Limited	2012-13	2015-16	15.96	0	-3.88	0	12.08
	Total B-1			**168.99**	**2,950.97**	**-91.46**	**0**	**3,028.50**

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Free reserves	Accumulated profit/ loss	Deferred revenue expenditure	Net worth
1	2	3	4	5	6	7	8	9
	II. Working Statutory Corporations							
17.	Jammu and Kashmir State Financial Corporation	2017-18	2018-19	186.07	0	-176.15	0	9.92
18.	Jammu and Kashmir State Road Transport Corporation	2013-14	2017-18	178.37	0	-1148.12	0	-969.75
	Total B-II			**364.44**	**0**	**-1,324.25**	**0**	**-959.83**
	Total B (I+II)			**535.43**	**2,950.97**	**-1,415.73**	**0**	**2,068.67**
C	**Others**							
	I. Working Government Companies							
19.	Jammu and Kashmir Projects Construction Corporation Limited	2013-14	2018-19	1.97	0	61.57	0	63.54
20.	Jammu and Kashmir Police Housing Corporation Limited	2009-10	2018-19	2.00	0	19.86	0	21.86
	Total C			**3.97**	**0**	**81.43**	**0**	**85.4**
	Grand Total (A+B+C)			**618.01**	**2,960.39**	**-2,340.41**	**0**	**1,237.99**

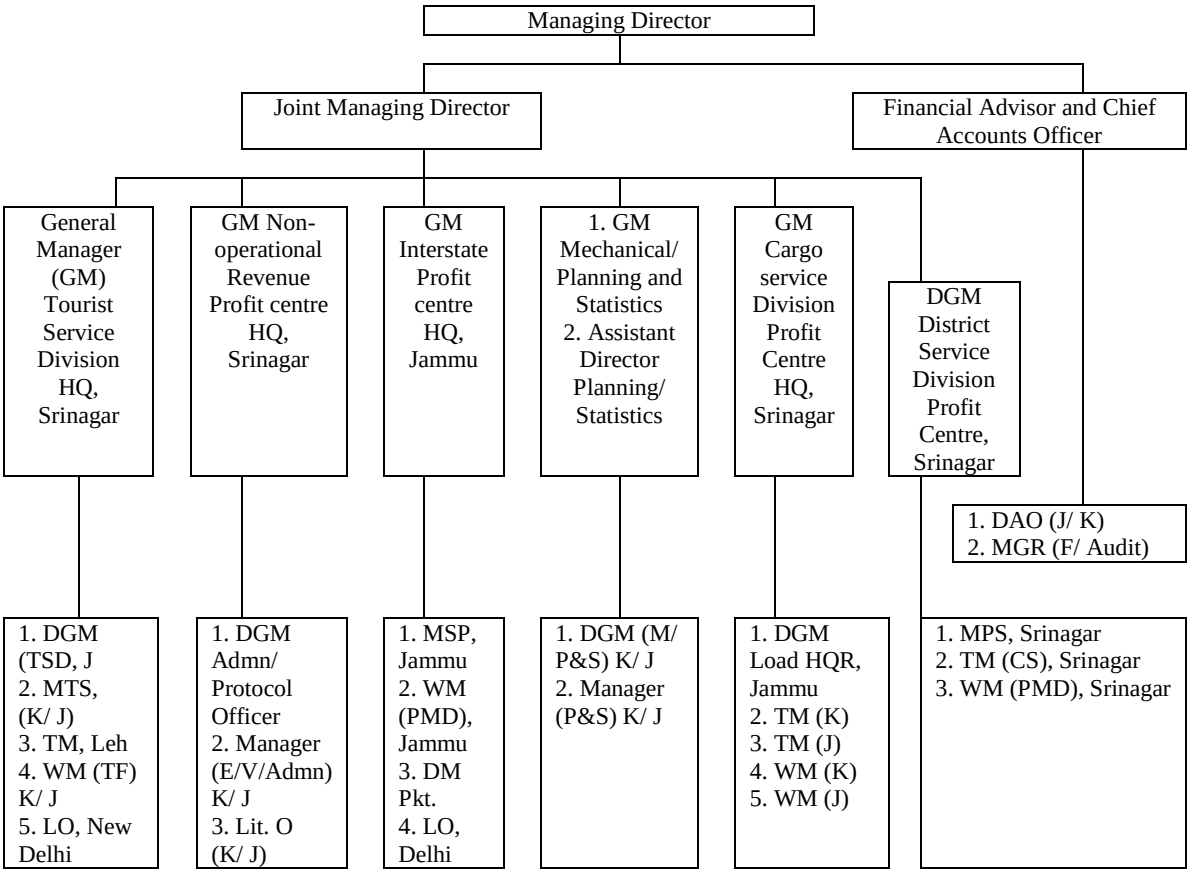
^Accumulated profit of ₹ 15.78 crore includes free reserves breakup whereof not available.

*****Although one account of 2010-11 in respect of Jammu and Kashmir Overseas Employment Corporation Limited was finalized but it had not submitted the Profit and Loss Account, therefore paid up capital has been taken as net worth.

Appendix 6.1.1

(Reference Paragraph: 6.1.2; Page: 81)

Organisational Structure



(Source: Records of the Corporation)

Appendix 6.1.2

(Reference Paragraph: 6.1.4; Page: 81)

Statement giving details of units of the Corporation and the sample selected

Sl. No.	Units of the Corporation	Units selected in the sample	Depots of the Corporation	Depots selected in the sample	Sub depots of the Corporation	Booking offices of the Corporation	Booking office selected in the sample	TCPs of the Corporation
1.	MTS, Srinagar	MTS, Srinagar	Sopore	Doda	Khananbal	Uri		Qazigund
2.	MPS, Srinagar	MPS, Srinagar	Baramulla	Pathankote	Baramulla	Bandipora		Banihal
3.	Manager City Service, Srinagar	Manager City Service, Srinagar	Kupwara	Liaison Officer, Delhi	Kupwara	Kulgam		Nowgam
4.	MPS, Jammu	MPS, Jammu	Handwara		Sopora	Wanpoh		Ramban
5.	MTS, Jammu	MTS, Jammu	Pulwama			Katra	Katra	Khilani
6.	TM Load, Srinagar	TM Load, Srinagar	Anantnag			Samba		Lakhanpur
7.	TM Load, Jammu	TM Load, Jammu	Udhampur			Malikpur,	Malikpur	Sonmarg
8.	Works Manager (Load), Srinagar	Works Manager (Load), Srinagar	Kishtwar			Amritsar		
9.	Works Manager (PMD), Srinagar	Works manager (PMD), Srinagar	Doda			Jalandhar		
10.	Works manager (CWS/ TF), Pampore	Works Manager (PMD), Jammu	Pathankote			Ludhiyana		
11.	Works Manager (PMD), Jammu	Works Manager (Load), Jammu	Liasion Officer, Delhi					
12.	Works Manager (Load), Jammu	Works Manager Central Workshop, Jammu	Leh					
13.	Works Manager Tourist Fleet, Jammu	DAO Office, Jammu	Kargil					
14.	Works Manager Central Workshop, Jammu							
15.	DAO Office, Jammu							
16.	DAO Office, Srinagar							

The units were selected on the basis of volume of operations maintenance of the fleet and volume of revenue generation. In addition to this the purchase process/ manpower management/ maintenance of assets was seen at Head office level.

Appendix 6.1.3

(Reference Paragraph: 6.1.7.1; Page: 85)

Targets and Achievement in respect of sampled units

Name of Units	Year	Comm. Fleet held	Targets fleet operative	Achievement of fleet operative (in *per cent*)	Shortfall in fleet operative (in *per cent*)	Targets of revenue (₹ In lakh)	Ach. of revenue (₹ in lakh)	Less revenue (₹ in lakh)
MPS, Jammu	2014-15	201	141 (70)	60 (43)	81 (57)	4,782.61	2,719.74	2,062.87
	2015-16	172	129 (75)	54 (42)	75 (58)	4,256.72	2,568.88	1,687.84
	2016-17	155	131 (85)	55 (42)	76 (58)	4,015.79	2,549.82	1,465.97
	2017-18	160	128 (80)	56 (44)	72 (56)	3,928.80	2,508.36	1,420.44
	Total							**6,637.12**
MTS, Jammu	2014-15	75	53 (71)	45 (85)	08 (15)	1,018.54	628.38	390.16
	2015-16	73	55 (75)	38 (69)	17 (31)	831.29	674.16	157.13
	2016-17	73	62 (85)	44 (71)	18 (29)	1,077.12	649.53	427.59
	2017-18	82	65 (79)	42 (65)	23 (35)	762.12	605.29	156.83
	Total							**1,131.71**
MTS, Srinagar	2014-15	193	136 (70)	85 (63)	51 (37)	2,278.64	1,462.06	816.58
	2015-16	171	129 (75)	80 (62)	49 (38)	1,998.49	1,321.93	676.56
	2016-17	147	118 (80)	79 (67)	39 (33)	2,009.66	1,183.26	826.40
	2017-18	143	114 (80)	82 (72)	32 (28)	2,072.16	1,191.72	880.44
	Total							**3,199.98**
MPS, Srinagar	2014-15	79	51 (65)	39 (76)	12(24)	646.50	370.52	275.98
	2015-16	69	52 (75)	39 (75)	13 (25)	558.90	375.36	183.54
	2016-17	62	53 (85)	30 (57)	23 (43)	516.92	294.19	222.73
	2017-18	63	50 (79)	39 (78)	11 (22)	482.04	372.31	109.73
	Total							**791.98**
Depot, Doda	2014-15	15	11 (73)	04 (36)	07 (64)	42.36	36.99	5.37
	2015-16	15	11 (73)	04 (36)	07 (64)	64.71	43.36	21.35
	2016-17	15	13 (87)	04 (31)	09 (69)	43.39	31.38	12.01
	2017-18	15	12 (80)	04 (33)	08 (67)	69.42	42.01	27.41
	Total							**66.14**
Sub-depot, Kishtwar	2014-15	12	8 (67)	4 (50)	4 (50)	43.79	25.81	17.98
	2015-16	12	9 (75)	4 (44)	5 (56)	46.41	29.68	16.73
	2016-17	12	10 (83)	4 (40)	6 (60)	47.52	25.99	21.53
	2017-18	12	10 (83)	4 (40)	6 (60)	56.73	34.68	22.05
	Total							**78.29**
Sub-depot, Ramban	2014-15	7	5 (71)	3 (60)	2 (40)	19.78	15.91	3.87
	2015-16	6	5 (83)	3 (60)	2 (40)	15.12	12.85	2.27
	2016-17	5	4 (80)	2 (50)	2 (50)	14.79	9.34	5.45
	2017-18	5	4 (80)	2 (50)	2 (50)	18.43	14.95	3.48
	Total						**53.05**	**15.07**
G. Total								**11,920.29**

(Source: Records of the Corporation)

Appendix 6.1.4

(Reference Paragraph: 6.1.8; Page: 86)

Working results of the Corporation as per its provisional Accounts during the period 2014 to 2019

(₹ in crore)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Total Revenue	97.43	100.74	98.05	105.26	98.70
2.	Operating Revenue[1]	83.09	78.54	79.45	80.09	79.71
3.	Non-operational revenue	14.34	22.20	18.60	25.17	18.99
4.	Total Expenditure	178.88	183.00	201.45	203.28	219.40
5.	Operating Expenditure[2]	119.48	121.05	135.89	135.08	147.71
6.	Operating Profit/ Loss (2-5)	(-) 36.39	(-) 42.51	(-) 56.44	(-) 54.99	(-) 68.00
7.	Profit/ Loss for the year (4-1)	(-) 81.45	(-) 82.26	(-) 103.40	(-) 98.02	(-) 120.70
8.	Accumulated Profit/ Loss	**(-) 1,229.56**	**(-) 1,311.83**	**(-) 1,415.23**	**(-) 1,518.30**	**(-) 1,639.01**
9.	Fixed Costs:					
	(i) Personnel Costs	***69.04***	***77.48***	***93.56***	***93.18***	***99.73***
	(ii) Depreciation	***6.62***	***06.11***	***06.29***	***06.61***	***07.09***
	(iii) Interest	***52.78***	***55.85***	***59.27***	***61.59***	***64.59***
	Total Fixed Costs:	**128.44**	**139.44**	***159.12***	**161.38**	**171.41**
10.	Variable Costs:					
	(i) Fuel & Lubricants	36.95	29.03	29.59	26.93	34.91
	(ii) Tyres & Tubes	1.85	1.99	1.25	1.30	0.78
	(iii) Spares/ Other Items	3.51	4.31	4.10	5.56	3.81
	(iv) Other Variable Costs	0.82	0.78	0.73	0.76	0.94
	Total Variable Costs:	**43.13**	**36.11**	**35.67**	**34.55**	**40.44**
11.	**Overhead cost**	**7.31**	**7.46**	**6.66**	**7.35**	**18.99**
12.	**Total cost**	**178.88**	**183.01**	**201.45**	**203.28**	**230.84**
13.	**Operating expenditure**	**119.48**	**121.05**	**135.89**	**135.08**	**147.71**
14.	Effective kilometers operated (in lakh)	242.23	230.17	214.72	211.39	196.08
15.	Gross earning per km(1/14)	40.22	43.77	45.66	49.79	50.34
16.	Earnings per kilometer (₹) (2/14)	34.30	34.12	37.00	37.89	40.65
17.	Fixed cost per kilometer (₹) (9/14)	53.02	60.58	74.11	76.34	87.42
18.	Variable cost per kilometer (₹) (10/14)	17.81	15.69	16.61	16.34	20.62
19.	Operational Cost *per* kilometer (₹) (12/14)	73.85	79.51	93.82	96.16	117.73
20.	Operating Cost per kilometer (13/14)	49.33	52.59	63.29	63.90	75.33
21.	Operational Net Earnings per kilometer (₹) (15-19)	-33.63	-35.74	-48.16	-46.37	-67.39
22.	Operating Net Earnings per kilometer (₹) (16-20)	-15.03	-18.47	-26.29	-26.01	-34.68
23.	Overhead cost per Km (₹) (11/14)	3.02	3.24	3.10	3.48	9.68

(Source: Records of the Corporation)

[1] Operating revenue includes traffic earnings, passes and season tickets, re-imbursement against concessional passes, fare realised from private operators under KM Scheme, etc.

[2] Operating expenditure includes fixed cost, variable cost and overhead cost.

Appendix 6.1.5

(Reference Paragraph: 6.1.9.2; Page: 89)

Detention of vehicles in sampled units

Units	Year	Average Fleet Available	Average Fleet operated	Average Fleet detained (in *per cent*)	Detention allowed (in *per cent*)	Excess detention (in *per cent*)	Revenue earned/ vehicle/ Day (in ₹)	Revenue loss (₹ in lakh)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	
MPS, Jammu	2014-15	140	60	79 (56)	42 (30)	37 (47)	12,419	1,677.18
	2015-16	124	54	70 (56)	31 (25)	39 (56)	12,998	1,850.26
	2016-17	108	55	53 (49)	16 (15)	37 (70)	12,701	1,715.27
	2017-18	109	56	53 (49)	22 (20)	31 (58)	12,271	1,388.46
	2018-19	111	54	56 (50)	22 (20)	34 (61)	13,407	1,663.80
	Total							**8,294.97**
MPS, Srinagar	2014-15	81	39	38 (47)	28 (35)	10 (26)	2,779	101.43
	2015-16	71	39	27 (38)	18 (25)	09 (33)	2,995	98.38
	2016-17	62	30	21 (34)	09 (15)	12 (57)	3,149	137.92
	2017-18	61	39	17 (28)	12 (20)	05 (29)	3,165	57.76
	2018-19	58	33	15 (26)	12 (20)	03 (20)	3,629	39.74
	Total							**435.23**
MTS, Srinagar	2014-15	224	85	126 (56)	67 (30)	59 (47)	4,540	977.68
	2015-16	191	80	93 (49)	48 (25)	45 (48)	4,236	695.76
	2016-17	170	79	76 (45)	26 (15)	50 (66)	4,019	733.46
	2017-18	175	82	68 (39)	35 (20)	33 (49)	3,888	468.31
	2018-19	164	66	55 (34)	33 (20)	22 (40)	4,645	372.99
	Total							**3,248.20**
MTS, Jammu	2014-15	75	45	30 (40)	22 (30)	08 (27)	3,845	112.27
	2015-16	75	38	36 (48)	19(25)	17 (47)	4,855	301.25
	2016-17	73	44	28 (38)	13(18)	15 (54)	4,121	225.63
	2017-18	68	42	27 (40)	15(22)	12 (44)	3,989	174.72
	2018-19	86	53	33 (38)	19(22)	14 (42)	3,203	163.67
	Total							**977.54**
Depot Doda	2014-15	15	4	11 (73)	04 (30)	07 (64)	2,509	64.10
	2015-16	15	6	09 (60)	04 (25)	05 (56)	2,183	39.84
	2016-17	15	4	11 (73)	02 (15)	09 (82)	2,102	69.05
	2017-18	15	4	11 (73)	03(20)	08 (73)	2,895	84.53
	2018-19	15	3	12 (80)	03(20)	09 (75)	2,903	95.36
	Total							**352.88**
Sub-Depot Kishtwar	2014-15	12	4	08 (67)	03(30)	05 (63)	1,797	32.79
	2015-16	12	4	08 (67)	03 (25)	05 (63)	2,291	41.81
	2016-17	12	4	08 (67)	02 (15)	06 (75)	2,056	45.02
	2017-18	12	4	08 (67)	02 (20)	06 (75)	2,255	49.38
	2018-19	12	4	08 (67)	02 (20)	06 (75)	2,156	47.21
	Total							**216.21**
Sub-Depot Ramban	2014-15	7	3	04 (57)	02 (30)	02 (50)	1,520	11.10
	2015-16	6	2	04 (67)	02 (25)	02 (50)	1,377	10.05
	2016-17	5	2	03 (60)	01 (15)	02 (67)	1,844	13.46
	2017-18	5	2	03 (60)	01 (20)	02 (67)	2,257	16.47
	2018-19	5	2	03 (60)	01 (20)	02 (67)	1,657	12.09
	Total							**63.17**
	Gross Total							**13,588.20**

(Source: Records of the Corporation)

Appendix 6.1.6
(Reference Paragraph: 6.1.9.2; Page: 89)
Under-utilisation of vehicles in sampled units

Name of units	No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
MPS, Jammu	1	Average fleet held	140	124	108	109	111
	2	Average fleet in workshop/ idle	80	70	53	53	57
	3	Average fleet operated	60	54	55	56	54
	4	Percentage of fleet on road	42.86	43.55	50.93	51.38	48.65
	5	Percentage of fleet off road	57.14	56.45	49.07	48.62	51.35
	6	Fleet utilisation as per All India average of 88.7 *per cent*	124	110	96	97	98
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	45.84	45.15	37.77	37.32	40.05
	8	Shortfall in fleet utilisation as per (AIA)	64	56	41	41	44
	9	Average revenue earned/ vehicle/ day (in ₹)	12,419	12,998	12,701	12,271	13,407
	10	Average revenue earned/ vehicle/year (₹ in lakh)	45.33	47.44	46.36	44.79	48.93
	11	Loss of traffic revenue (₹ in crore)	29.01	26.57	19.01	18.36	21.53
Total		**Total loss**					**₹ 114.48 crore**
MPS, Srinagar	1	Average fleet held	81	71	62	61	58
	2	Average fleet in workshop/ Idle	42	32	32	22	25
	3	Average fleet operated	39	39	30	39	33
	4	Percentage of fleet on road	48.15	54.93	48.39	63.93	56.90
	5	Percentage of fleet off road	51.85	45.07	51.61	36.07	43.10
	6	Fleet utilisation as per All India average at the rate of 88.7 *per cent*	72	63	55	54	51
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	40.55	33.77	40.31	24.77	31.80
	8	Shortfall in fleet utilisation as per (AIA)	33	24	25	15	18
	9	Average revenue earned/ vehicle/ day (in ₹)	2,779	2,995	3,149	3,165	3,629
	10	Average revenue earned/vehicle/ year (₹ in lakh)	10.14	10.93	11.49	11.55	13.25
	11	Loss of traffic revenue(₹ in crore)	3.35	2.62	2.87	1.73	2.38
Total		**Total loss**					**₹ 12.95 crore**
MTS, Srinagar	1	Average fleet held	224	191	170	175	164
	2	Average fleet in workshop/ idle	139	111	91	93	98
	3	Average fleet operated	85	80	79	82	66
	4	Percentage of fleet on road	37.95	41.88	46.47	46.86	40.24
	5	Percentage of fleet off road/ idle	62.05	58.12	53.53	53.14	59.76
	6	Fleet utilisation as per All India average 88.7 *per cent*	199	169	151	155	145
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	50.75	46.82	42.23	41.84	48.46
	8	Shortfall in fleet utilisation as per (AIA)	114	89	72	73	79
	9	Average revenue earned/ vehicle/ day (in ₹)	4,540	4,236	4,019	3,888	4,645
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	16.57	15.46	14.67	14.19	16.95
	11	Loss of traffic revenue(₹ in crore)	18.89	13.76	10.56	10.36	13.39
Total		**Total loss**					**₹ 66.96 crore**
MTS, Jammu	1	Average fleet held	75	74	72	68	86
	2	Average fleet in workshop/ idle	30	36	28	27	33
	3	Average fleet in operated	45	38	44	41	53
	4	Percentage of fleet on road	60.00	51.35	61.11	60.29	61.63
	5	Percentage of fleet off road	40.00	48.65	38.89	39.71	38.37
	6	Fleet utilisation as per All India average 88.7 *per cent*	67	66	64	60	76
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	28.70	37.35	27.59	28.41	27.07
	8	Shortfall in fleet utilisation as per (AIA)	22	28	20	19	23
	9	Average revenue earned/ vehicle/ day (in ₹)	3,845	4,855	4,121	3,989	3,203
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	14.03	17.72	15.04	14.55	11.69
	11	Loss of traffic revenue (₹ in crore)	3.09	4.96	3.01	2.77	2.69
Total		**Total loss**					**₹ 16.52 crore**

Name of units	No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
TM (Load), Jammu	1	Average fleet held	109	107	107	107	112
	2	Average fleet in workshop/ idle	46	50	40	37	37
	3	Average fleet in operated	63	57	67	70	75
	4	Percentage of fleet on road	57.80	53.27	62.62	65.42	66.96
	5	Percentage of fleet off road	42.20	46.73	37.38	34.58	33.04
	6	Fleet utilisation as per All India average 88.7 *per cent*	97	95	95	95	99
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	30.90	35.43	26.08	23.28	21.74
	8	Shortfall in fleet utilisation as per (AIA)	34	38	28	25	24
	9	Average revenue earned/ vehicle/ day (in ₹)	4,631	4,705	5,333	5,512	5,742
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	16.90	17.17	19.46	20.12	20.96
	11	Loss of traffic revenue (₹ in crore)	5.75	6.53	5.45	5.03	5.03
Total		**Total loss**					**₹ 27.79 crore**
TM (Load), Srinagar	1	Average fleet held	216	206	185	156	198
	2	Average fleet in workshop/ idle	68	64	52	33	88
	3	Average fleet in operated	148	142	133	123	110
	4	Percentage of fleet on road	68.52	68.93	71.89	78.85	55.56
	5	Percentage of fleet off road	31.48	31.07	28.11	21.15	44.44
	6	Fleet utilisation as per All India average 88.7 *per cent*	192	183	164	138	176
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	20.18	19.77	16.81	9.85	33.14
	8	Shortfall in fleet utilisation as per (AIA)	44	41	31	15	66
	9	Average revenue earned/ vehicle/ day (in ₹)	4,196	4,503	4,822	5,260	5,991
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	15.31	16.43	17.60	19.20	21.87
	11	Loss of traffic revenue (₹ in crore)	6.74	6.74	5.46	2.88	14.43
		Total loss					**₹ 36.25 crore**
Depot, Doda	1	Average fleet held	15	15	15	15	15
	2	Average fleet in workshop/ idle	11	09	11	11	12
	3	Average fleet in operated	04	06	04	04	03
	4	Percentage of fleet on road	26.67	40.00	26.67	26.67	20.00
	5	Percentage of fleet off road	73.33	60.00	73.33	73.33	80.00
	6	Fleet utilisation as per All India average 88.7 *per cent*	13	13	13	13	13
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	62.03	48.70	62.03	62.03	68.70
	8	Shortfall in fleet utilisation as per (AIA)	9	7	9	9	10
	9	Average revenue earned/ vehicle/ day (in ₹)	2510	2184	2103	2895	2903
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	9.16	7.97	7.67	10.57	10.59
	11	Loss of traffic revenue (₹ in crore)	0.82	0.56	0.69	0.95	1.06
		Total loss					**₹ 4.08 crore**
Sub-Depot, Kishtwar	1	Average fleet available	12	12	12	12	12
	2	Average fleet in workshop/ idle	08	08	08	08	08
	3	Average fleet in operation *	04	04	04	04	04
	4	Percentage of fleet on road	33.33	33.33	33.33	33.33	33.33
	5	Percentage of fleet off road	66.67	66.67	66.67	66.67	66.67
	6	Fleet utilisation as per All India average 88.7 *per cent*	11	11	11	11	11
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	55.37	55.37	55.37	55.37	55.37
	8	Shortfall in fleet utilisation as per (AIA)	7	7	7	7	7
	9	Average revenue earned/ vehicle/ day (in ₹)	1,797	2,291	2,056	2,256	2,156
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	6.56	8.36	7.50	8.23	7.87
	11	Loss of traffic revenue (₹ in crore)	0.46	0.59	0.53	0.58	0.55
		Total loss					**₹ 2.71 crore**

Name of units	No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Sub Depot, Ramban	1	Average fleet held	07	06	05	05	05
	2	Average fleet in workshop/ idle	04	04	03	03	03
	3	Average fleet in operated	03	02	02	02	02
	4	Percentage of fleet on road	42.86	33.33	40.00	40.00	40.00
	5	Percentage of fleet off road	57.14	66.67	60.00	60.00	60.00
	6	Fleet utilisation as per All India average 88.7 *per cent*	6	5	4	4	4
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	45.84	55.37	48.70	48.70	48.70
	8	Shortfall in fleet utilisation as per (AIA)	3	3	2	2	2
	9	Average revenue earned/ vehicle/ day	1520	1377	1844	2257	1657
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	5.55	5.03	6.73	8.24	6.05
	11	Loss of traffic revenue (₹ in crore)	0.17	0.15	0.13	0.16	0.12
		Total loss					**₹ 0.73 crore**
Manager City Service, Srinagar	1	Average fleet held	20	18	23	21	18
	2	Avg. fleet in workshop/ idle	13	10	08	08	07
	3	Average fleet operated	07	08	15	13	11
	4	Percentage of fleet on road	35.00	44.44	65.22	61.90	61.11
	5	Percentage of fleet off road/ idle	65.00	55.56	34.78	38.10	38.89
	6	Fleet utilisation as per All India average 88.7 *per cent*	18	16	20	19	16
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	53.70	44.26	23.48	26.80	27.59
	8	Shortfall in fleet utilisation as per (AIA)	11	8	5	6	5
	9	Average revenue earned/ vehicle/ day	1407	2304	1578	1885	1909
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	5.13	8.41	5.76	6.88	6.97
	11	Loss of traffic revenue (₹ in crore)	0.56	0.67	0.29	0.41	0.35
		Total loss					**₹ 2.28 crore**

Total (114.48+12.95+66.96+16.52+27.79+36.25+4.08+2.71+0.73+2.28) = ₹ 284.75 crore

(Source: Records of the Corporation)

Appendix 6.1.7

(Reference Paragraph: 6.1.9.6; Page: 94)

Fuel Consumption in sampled units

Name of units	Year	Total km covered (In lakh)	Total fuel consumed (lakh litres)	Cost of HSD (In lakh)	AV. KMPL	Actual fuel to be consumed against AIA of 4.95 KMPL (lakh litres) (col-1/ 4.95)	Excess consumption of fuel lakh litre (col. 2-col.5)
		1	**2**	**3**	**4**	**5**	**6**
MTS, Srinagar	2014-15	32.19	8.09	402.63	3.98	6.50	1.59
	2015-16	30.17	6.96	402.63	4.33	6.09	0.87
	2016-17	25.60	5.67	311.61	4.51	5.17	0.50
	2017-18	25.50	6.12	360.50	4.17	5.15	0.97
	2018-19	22.11	5.83	397.82	3.79	4.47	1.36
Total		**135.57**	**32.67**	**1,875.19**		**27.38**	**5.29**
MTS , Jammu	2014-15	16.20	4.23	233.74	3.83	3.27	0.96
	2015-16	19.00	4.53	202.65	4.19	3.84	0.69
	2016-17	19.30	4.54	248.63	4.25	3.90	0.64
	2017-18	16.39	3.91	221.96	4.19	3.31	0.60
	2018-19	18.19	4.18	280.98	4.35	3.67	0.51
Total		**89.08**	**21.39**	**1,187.96**		**17.99**	**3.40**
MPS , Jammu	2014-15	103.82	24.20	1,364.31	4.29	20.97	3.23
	2015-16	96.90	22.49	1,115.01	4.31	19.58	2.91
	2016-17	93.62	21.83	1,298.43	4.29	18.91	2.92
	2017-18	91.89	21.49	1,288.20	4.28	18.56	2.93
	2018-19	91.99	21.36	1,407.06	4.31	18.58	2.78
Total		**478.22**	**111.37**	**6,473.01**		**96.60**	**14.77**
MPS, Srinagar	2014-15	14.67	3.47	197.98	4.23	2.96	0.51
	2015-16	15.12	3.58	182.34	4.22	3.05	0.53
	2016-17	10.03	2.58	119.44	3.89	2.03	0.55
	2017-18	12.67	3.03	188.05	4.18	2.56	0.47
	2018-19	09.57	2.28	157.62	4.20	1.93	0.35
Total		**62.06**	**14.94**	**845.43**		**12.53**	**2.41**
City Service, Srinagar	2014-15	0.61	0.16	8.87	3.81	0.12	0.04
	2015-16	1.93	0.52	25.63	3.71	0.39	0.13
	2016-17	2.78	0.64	35.26	4.34	0.56	0.08
	2017-18	3.12	0.76	44.65	4.11	0.63	0.13
	2018-19	1.91	0.48	33.47	3.98	0.39	0.09
Total		**10.35**	**2.56**	**147.88**		**2.09**	**0.47**
Traffic Manager Load, Srinagar	2014-15	38.75	9.94	NA	3.90	7.83	2.11
	2015-16	36.69	10.02	374.74	3.66	7.41	2.61
	2016-17	34.49	9.42	506.26	3.66	6.97	2.45
	2017-18	32.63	8.59	490.73	3.80	6.59	2.00
	2018-19	23.44	6.15	385.14	3.81	4.74	1.41
Total		**166**	**44.12**	**1,756.87**		**33.54**	**10.58**
Traffic Manager Load , Jammu.	2014-15	24.15	6.43	277.18	3.76	4.88	1.55
	2015-16	21.37	5.63	246.7	3.80	4.32	1.31
	2016-17	23.69	6.31	425.59	3.75	4.79	1.52
	2017-18	20.86	6.07	346.08	3.44	4.21	1.86
	2018-19	22.93	5.98	393.36	3.83	4.63	1.35
Total		**113.00**	**30.42**	**1,688.91**		**22.83**	**7.59**

(Source: Records of the Corporation)

Appendix 6.1.8
(Reference Paragraph: 6.1.10.3; Page: 98)
Details of outstanding amounts against various Departments as on 31 March 2019

Sl. No.	Name of the Agency	Amount (₹)
1.	Chief Agriculture Officer, Budgam	12,899
2.	Manager S.M farm, Padgampora	9,03,512
3.	Potato Development Officer, Srinagar	4,69,278
4.	Joint Director Agriculture Inputs	14,06,735
5.	Deputy Commissioner, Srinagar	1,40,97,936
6.	New Gas Company, Srinagar	3,60,776
7.	Deputy Director Estates, Srinagar	90,466
8.	Additional Deputy Commissioner, Baramulla	53,692
9.	Regional Transport Officer, Srinagar	1,41,547
10.	Chief Horticulture Officer, Budgam	4,295
11.	Executive Engineer Irrigation and flood control, Baramulla	2,650
12.	Superintendent Industrial Training Institute, Hajin	17,003
13.	Assistant Director (A&C) Ministry of textile , Baramulla	84,722
14.	Chief Accounts officer JK Cement Limited	3,69,948
15.	Executive Engineer Public Health Engineering Division Kupwara	40,366
16.	Divisional Commissioner Kashmir	5,62,884
17.	Floriculture Department, Anantnag	4,319
18.	Executive Director Rehabilitation council camp office Jammu/ Srinagar	14,555
19.	Chief Education officer, Srinagar	9,090
20.	Director Rural Development Department Lal Mandi Srinagar	40,524
21.	Deputy Commissioner Baramulla	47,440
22.	Post Office Srinagar	6,200
23.	Chief Agriculture Officer, Anantnag	4,319
24.	Principal S.P College, Srinagar	20,069
25.	Women's college, Zakoora	13,815
26.	Assistant Regional Transport Officer Budgam	4,268
27.	Deputy Commissioner, Kupwara	32,590
28.	Senior Technical Officer JK Energy Development Agency, Bemina	38,293
29.	Joint Director Information	9,111
30.	Director Horticulture Planning and Marketing Rajbagh	33,90,902
31.	M/S LRL	1,52,060
32.	M/S IMTS Srinagar	17,97,800
33.	General Manager SICOP, Srinagar	3,17,318
34.	Chief Electoral Officer J&K Government	22,316
35.	Accounts officer BSNL, Srinagar	6,24,848
36.	Sub Divisional Agriculture Officer Bandipora	54,927
37.	Director Tourism Srinagar	10,98,712
38.	Executive Engineer Roads and Buildings Leh	47,63,172
39.	Executive Engineer Construction Leh	32,54,966
40.	Executive Engineer Khalsi Leh	40,23,020
41.	Executive Engineer Nayooma Leh	8,99,113
42.	Executive Engineer Power Development Department, Leh	8,05,938

Sl. No.	Name of the Agency	Amount (₹)
43.	Executive Engineer Public Health Engineering Leh	2,84,110
44.	Executive Engineer Irrigation and Flood Control, Leh	42,330
45.	Divisional Forest Officer, Kargil	58,347
46.	Executive Engineer Zanskar, Kargil	3,59,407
47.	Executive Engineer Public Works Division, 1st Kargil	1,05,70,179
48.	Executive Engineer Public Works Division, Sankoo Kargil	5,18,237
49.	Ex. Engineer Public Health Engineering, Kargil	3,38,896
50.	Ex. Engineer Roads and Buildings, Kargil	50,26,898
51.	Food Civil Supplies and Consumer Affairs Department Jammu	60,76,472
52.	Food Civil Supplies and Consumer Affairs Department Srinagar	10,30,84,670
	Total	**16,64,27,940**

(Source: Records of the Corporation)

Appendix 6.1.9

(Reference Paragraph: 6.1.12; Page: 101)

Workshop Management and detention of vehicles with revenue implications in sampled workshops

A. Workshop-wise detention of vehicles								
Year	**Load, Jammu**		**Load, Srinagar**		**PMD, Jammu**		**PMD, Srinagar**	
Annual fitness	**Vehicles**	**Days**	**Vehicles**	**Days**	**Vehicles**	**Days**	**Vehicles**	**Days**
2014-15	7	429			25	755	17	658
2015-16	7	316			49	1,988	13	55
2016-17	23	854			47	5,937	6	246
2017-17	25	635			74	6,109	3	71
2018-19	19	466	4	143	23	2,251	34	1,166
Total	**81**	**2,700**	**4**	**143**	**218**	**17,040**	**73**	**2,196**
Spare								
2014-15	20	1,112			27	1,137	39	2,223
2015-16	42	1,466			10	487	7	1,492
2016-17	24	598			21	574	17	729
2017-17	31	876			40	1,530	8	71
2018-19	24	505	20	502	15	549	8	164
Total	**141**	**4,557**	**20**	**502**	**113**	**4,277**	**79**	**4,679**
Tyre								
2014-15	13	683			0	0	0	0
2015-16	12	428			12	497	0	0
2016-17	0	0			10	504	7	411
2017-17	0	0			2	41	1	21
2018-19	2	38	7	600	6	241	0	0
Total	**27**	**1,149**	**7**	**600**	**30**	**1,283**	**8**	**432**
Composite for want of Tyre+Spare+Annual fitness +Engine Overhauling +Battery								
2014-15	8	879			2	208	25	3,131
2015-16	3	80			0	0	16	1,711
2016-17	16	440			4	3,266	18	2,743
2017-17	9	301			0	0	10	758
2018-19	4	124	33	1,608	0	0	8	1,533
Total	**40**	**1824**	**33**	**1,608**	**6**	**3,474**	**77**	**9,876**
Accident								
2014-15	4	443			2	255	0	0
2015-16	0	0			4	1,893	0	0
2016-17	1	90			5	1,860	0	0
2017-17	1	33			2	45	0	0
2018-19	0	0	0	0	0	0	0	0
Total	**6**	**566**	**0**	**0**	**13**	**4,053**	**0**	**0**
Year	**Total vehicles**	**Total days**	**Total vehicles**	**Total days**	**Total vehicles**	**Total days**	**Total vehicles**	**Total days**
2014-15	52	3,546			56	2,355	81	6,012
2015-16	64	2,290			75	4,865	36	3,258
2016-17	64	1,982			87	12,141	48	4,129
2017-18	66	1,845			118	7,725	22	921
2018-19	49	1,133	64	2,853	44	3,041	50	2,863
Total	**295**	**10,796**	**64**	**2,853**	**380**	**30,127**	**237**	**17,183**

B. Revenue implications due to detention of vehicles at workshops												
Year	**Load, Jammu**			**Load, Srinagar**			**PMD, Jammu**			**PMD, Srinagar**		
	Days	**Average Revenue per day (₹)**	**Amount (₹ in crore)**	**Days**	**Average Revenue per day (₹)**	**Amount (₹ in crore)**	**Days**	**Average Revenue per day (₹)**	**Amount (₹ in crore)**	**Days**	**Average Revenue per day (₹)**	**Amount (₹ in crore)**
2014-15	3,546	4,631	1.64				2,355	12,419	2.92	6,012	2,779	1.67
2015-16	2,290	4,705	1.07				4,865	13,022	6.34	3,258	2,995	0.98
2016-17	1,982	5,333	1.05				12,141	12,520	15.20	4,129	3,149	1.30
2017-18	1,845	5,512	1.01				7,725	12,271	9.48	921	3,165	0.29
2018-19	1,133	5,742	0.65	2,853	5,038	1.43	3,041	13,525	4.11	2,863	3,629	1.04
Total	**10,796**		**5.42**	**2,853**		**1.43**	**30,127**		**38.05**	**17,183**		**5.28**

(Source: Records of the Corporation)

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सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Prime Minister's Development Package for the year ended 31 March 2019

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

JAMMU & KASHMIR

This Report is Digitally Signed for laying in the Parliament.

Digitally Signed by:
Raghvendra Singh, Director (IS)
O/o C&AG of India

Government of Jammu and Kashmir

Report No. 2 of the year 2021

Report of the
Comptroller and Auditor General of India

on

Prime Minister's Development Package

for the year ended 31 March 2019

Government of Jammu and Kashmir

Report No. 2 of the year 2021

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PREFACE

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

This Report contains six chapters, **Chapter I** to **Chapter VI**. **Chapter I** presents an overview of the Package announced for J&K on 07 November 2015 by the Prime Minister of India, **Chapter II** to **Chapter V** present the significant observations of audit on implementation of 16 PMDP projects by the erstwhile State of Jammu & Kashmir and **Chapter VI** contains the Conclusions and Recommendations of Audit in respect of implementation of these 16 PMDP projects.

The cases mentioned in the Report are among those which came to notice in the course of test audit conducted during May 2019 to November 2019 covering the period from 2015-16 to 2018-19. Instances relating to the period subsequent to March 2019 have also been included, wherever necessary and status of completion of works has been subsequently updated to indicate the latest status.

Executive Summary

EXECUTIVE SUMMARY

Background

A comprehensive reconstruction plan for the erstwhile State of Jammu & Kashmir (J&K), was announced by the Prime Minister of India on 07 November 2015. The Prime Minister's Development Package (PMDP), included 63 projects with a total outlay of ₹ 80,068 crore under following five sectors (pillars):

- Humanitarian Relief[1],
- Crisis Management[2],
- Social Infrastructure[3],
- Development Projects[4] and
- Economic Infrastructure[5]

The core objective of the PMDP, a Reconstruction Plan was to expand the economic infrastructure; provide basic services; give thrust to employment and income generation; provide relief and rehabilitation to the victims of September 2014 floods and to strengthen the Disaster Management Framework of the erstwhile State. The PMDP also seeks to strengthen the economic and social infrastructure to provide for the balanced development of the three regions, Jammu, Kashmir and Ladakh of the erstwhile State of J&K.

Under the PMDP, six Ministries/ Agencies of the Government of India are implementing 24 projects with project outlay of ₹ 44,083 crore and 14 Departments/ Agencies of Government of Jammu & Kashmir (GoJ&K) are implementing 39 projects with project outlay of ₹ 35,985 crore. A total amount of ₹ 11,100.28 crore was released and an expenditure of ₹ 9,282.84 crore was incurred, till March 2019 in relation to these 39 projects.

The Audit objectives were to assess whether for implementation of the projects:

- Funds were released, accounted for and utilised by the implementing agencies;
- Structural mechanisms were in place; Infrastructural facilities and staff requirements for implementation of the projects were adequate and effective;
- Compliance with the provisions of applicable financial rules and standing orders/ instructions;
- Employment had been achieved and whether it was in accordance with laid down norms;
- Eligible beneficiaries were identified properly and financial assistance had been paid to them as per laid down norms;

1 With an outlay of ₹ 6,313 crore.
2 With an outlay of ₹ 5,858 crore.
3 With an outlay of ₹ 8,057 crore.
4 With an outlay of ₹ 5,521 crore.
5 With an outlay of ₹ 54,319 crore.

- Execution of the works was carried out economically and efficiently; and
- Monitoring of flood management works of Jhelum river and Mechanism for restoration of damaged infrastructure was in place.

The Audit Sample was drawn up based on the physical and financial targets *vis-a-vis* their achievements including risk and materiality factors. Accordingly, 16 projects out of 39 projects of PMDP being implemented by the GoJ&K, under four sectors, Humanitarian Relief, Crisis Management, Social Infrastructure and Development Projects **(*Appendix 1.2*)** were test-checked by audit, during the period from April 2019 to November 2019.

An Entry Conference was held with the Principal Secretary, Planning Development and Monitoring Department, GoJ&K on 20 May 2019, wherein the objective, scope, criteria and methodology of audit were discussed. The Audit findings were discussed in an Exit Conference held with the Financial Commissioner, Department of Finance, GoJ&K on 20 August 2020 which was attended by all Heads of Departments/ Implementing agencies of the GoJ&K. The replies of the Department have been suitably incorporated in the report, as appropriate.

While the total financial implication of this audit intervention is ₹ 2,125.21 crore, significant findings and related recommendations relating to different Sectors, have been abstracted in the following paragraphs.

Humanitarian Relief

Assistance for completely damaged, severely damaged and partially damaged houses

The Government of Jammu & Kashmir (Finance Department) had retained ₹ 102.80 crore out of ₹ 1,194.85 crore released by the GoI. The flood affected residential houses had been categorised on the basis of initial reports of non-technical officials in making assessment of damages. In seven test checked districts, out of 1.69 lakh houses identified as damaged immediately after floods of September 2014, 1.58 lakh households were paid assistance under SDRF, 1.46 lakh households under PMNRF and 1.40 lakh households under the PMDP as on March 2019. The financial assistance of ₹ 63.45 lakh in 184 cases has been provided in Jammu and Rajouri districts, for households which were not on the list prepared post the floods of September 2014. In six districts, excess financial assistance of ₹ 73.85 lakh was paid to 85 affected households into their Bank accounts. The Assistant Commissioner (Revenue), Rajouri, had diverted, ₹ 16.10 lakh without authorisation, for purchase of articles and restoration works/ clearance of work done liabilities. There was delay in release of funds ranging between 47 days to 31 months by the Finance Department to the Department of Disaster Management, Relief, Rehabilitation and Reconstruction.

(Paragraphs: 2.2.2, 2.2.2.1, 2.2.2.2, 2.2.4, 2.2.4.2 and 2.2.4.3)

Rehabilitation package for Jammu migrants

The database of Jammu migrants and their families had not been prepared and were further not updated on account of births, deaths, separation etc. despite the Criminal Investigation Department (CID) of J&K identifying the eligible beneficiaries, after due verification of the migrant families. Payment of arrears amounting to ₹ 78.63 lakh was made to 72 migrant families, who were neither in list prepared by the CID of J&K nor were they on the list prepared on the directions of Courts. Excess disbursement of cash assistance of ₹ 67.14 lakh to 84 migrant families and inadmissible payment of arrears of ₹ 75.53 lakh was made to 49 migrant families for the period prior to their registration as migrants. Besides, excess payment of arrears of ₹ 28.99 lakh to 159 migrant families on account of interest on cost of ration was also observed. No cash assistance was paid to 20 migrant families after their registration as migrants, although free ration to these families was allowed.

(Paragraphs: 2.3.3, 2.3.4, 2.3.5, 2.3.6 and 2.3.7)

Rehabilitation package for one time settlement for families from Pakistan occupied Jammu and Kashmir (POJK) and Chhamb Displaced persons

Under this package assistance of ₹ 2,000 crore from the GoI for a one-time settlement was to be provided to 36,384 families displaced from Pakistan occupied Jammu and Kashmir (POJK) in 1947 and from Chhamb during the years 1965 and 1971. However, no survey was carried out/ data base maintained for establishing the identities of displaced persons including families residing outside Jammu and Kashmir. Sixty four ineligible or doubtful cases were paid financial assistance of ₹ 3.52 crore. In addition to the above, in 40 cases involving 80 applicants, copies of same documents were used twice and assistance had been claimed twice separately by individuals by splitting families or by misrepresentation of facts, which led to undue/ wrong payment of ₹ 2.31 crore.

(Paragraphs: 2.4.1, 2.4.2, 2.4.6, 2.4.7 and 2.4.9)

Interest subvention on assistance for restoration of livelihood of traders/ self employed/ business establishments

The main objective of the Scheme was to provide financial assistance for restoration of livelihood of traders/ the self-employed/ business establishments etc; affected during floods of September 2014 in Jammu and Kashmir. However, interest subvention to the extent of ₹ 0.75 crore was provided by Banks for 107 accounts which were not eligible. An amount of ₹ 456.26 crore (57 *per cent*) had been diverted from the funds released for the project towards settlement of outstanding loan of 19 houseboat owners not affected by the floods of September 2014 (₹ 1.47 crore), outstanding balance of interest on Artisan Credit Cards (₹ 26 crore), Kisan credit card scheme (₹ 244.10 crore), Chief Minister's Business Interest Relief Scheme (₹ 180 crore), towards a private trust (₹ 0.55 crore) and towards destitute women/ damaged houses (₹ 4.14 crore). Financial assistance of ₹ 39.15 lakh was disbursed to 425 business units/ traders in excess of the prescribed limit, out of which ₹ 0.35 lakh was recovered.

(Paragraphs: 2.5.1, 2.5.3.2, 2.5.4.1, 2.5.4.2, 2.5.5, 2.5.5.1 and 2.5.5.2)

Raising of Five India Reserve Battalions in J&K

To cater to deployments arising out of sudden and widespread eruption of unrest, Ministry of Home Affairs, GoI sanctioned (February 2016) a project for 'Raising of Five India Reserve (IR) Battalions' under the PMDP. An expenditure of ₹ 116.21 crore had been incurred on the project and utilisation of funds was 58 *per cent* ending March 2019. However, there was overall shortage of 1,238 personnel (25 *per cent*) against the sanctioned strength of 5,035 Police personnel for the newly created five IR Battalions. The shortages in senior ranks (Head Constable onwards) was 88 *per cent.*

(Paragraphs: 2.6.1, 2.6.2 and 2.6.4)

Crisis Management

Construction of Additional Girls Hostels in Higher Education Institutions

The construction work of Girl's Hostels in Government Degree Colleges was allotted, in four out of the five selected colleges to the Jammu and Kashmir Housing Board on nomination basis. The construction of hostels which was scheduled to be completed within eight months from the date of award (February 2018) was yet to be completed (October 2020), depriving hostel facilities to girl students of selected Colleges. This was despite ₹ 23.75 crore being released directly (July 2017 to October 2018) into the Bank accounts of seven Government Degree Colleges by the University Grants Commission, against the sanctioned cost of ₹ 50 crore. An expenditure of only ₹ 15.29 crore (including the funds released under the erstwhile State Plan) was incurred (September 2020).

(Paragraphs: 3.2.1 and 3.2.3)

High End Security and Law and Order System in Jammu and Kashmir

Procurement of non- proprietary Medium Bullet Proof Vehicles (MBPVs) stated to be proprietary, despite the urgency projected, with delays from two manufacturers at different and higher rates, resulted in additional expenditure of ₹ 9.20 crore and non procurement of the required number of vehicles sanctioned.

(Paragraph: 3.3.2.2)

Comprehensive Plan for Flood Management of River Jhelum and its tributaries Phase I

There was a shortfall of targets in terms of dredging that was required under the Project to increase the carrying capacity of flood waters of the Jhelum river and through the Flood Spill Channel (FSC). The critical areas of the FSC to increase the evacuation capacity of flood waters were still under excavation.

(Paragraph: 3.4.6.1)

The Department did not forfeit any amount from the performance bank guarantee of the contractor engaged for dredging for failure to adhere to the terms and conditions of the contract.

(Paragraphs: 3.4.6.1 (I and II))

Permanent Restoration of Damaged Infrastructure

The main objective of the project 'Permanent restoration of damaged infrastructure' was to restore infrastructure damaged due to floods of September 2014. Under the project, 9,076 works/ schemes were taken up for execution in selected seven Departments.

An expenditure of ₹ 610.85 crore had been incurred on 5,707 works which were taken up for execution without obtaining requisite administrative approvals and technical sanctions. Further an expenditure of ₹ 328.88 crore was also incurred for execution of 5,285 works without invitation of tenders in a non-transparent manner.

(Paragraphs: 3.5.1, 3.5.3 and 3.5.4)

Social Infrastructure

Stepping up efforts under Himayat scheme

The Jammu & Kashmir State Rural Livelihood Himayat Management Mission (JKSRLM), prepared the three years plan for 2016-19 and 2019-22 without any baseline survey and analysis to map the skill gap. In the implementing Unit (HMMU), against 340 sanctioned posts there was a shortfall of 63 *per cent* of posts at the Apex level, with 100 *per cent* shortfall at district and block levels. There were significant delays in start of projects by 20 Programme Implementing Agencies, with respect to deemed date and actual date of commencement. Against a target of 53,547 youth to be trained, only 4,494 youth (8 *per cent*) were trained, during the period from 2016-17 to 2018-19. Further, out of 4,494 trained youth, only 732 youth (16 *per cent*) were placed in jobs. The teams were not in place to monitor the process.

(Paragraphs: 4.2.5, 4.2.7, 4.2.7.1, 4.2.8 and 4.2.9)

Enhanced rate of remuneration to Special Police Officers (SPOs) from ₹ 3,000 per month to ₹ 6,000 per month

The main objective of the Project was to improve the living conditions of Special Police Officers (SPOs). The adhoc approach adopted in selection of SPOs by the Department, resulted in 2,650 SPOs which had to be disengaged. Further, in the test checked districts, excess manpower was retained without regularisation.

(Paragraphs: 4.3.1 and 4.3.2)

Development Projects

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

The water distribution network under the Water Supply Scheme in Leh project although laid for an area which was a dumping site, had remained incomplete. Non-acquisition of land before taking up works of water supply project, Anantnag resulted in delayed execution of the scheme and idling of machinery/ equipment, rendering expenditure of ₹ 4.14 crore unproductive.

(Paragraphs: 5.2.4.1 (I and II))

There was a delay in tendering, execution of works and pendency in acquisition of land for construction of Sewerage Treatment Plant in Jammu city, which remained incomplete, despite incurring an expenditure of ₹ 6.36 crore.

(Paragraph: 5.2.4.2 (I))

The Department had taken up construction of Septage Treatment Plant in Jammu city without ascertaining realistic values of septage in the field, without resolving technical issues and in absence of environmental clearance. As a result, the project could not be completed rendering an expenditure of ₹ 4.16 crore unfruitful. The Septage management scheme in Srinagar city could not completed due to non-finalisation of contract for procurement of suction-cum-jetting machines for about three years, with expenditure of ₹ 7.67 crore having been incurred on the project.

(Paragraphs: 5.2.4.3 (I and II))

The purpose of installation of Intelligent Lighting System in Jammu city could not be achieved due to non-execution of certain essential components of the project (Red Light Signal Violation Detection (RLVD) system) and non existence of mechanism for monitoring violation of traffic signals at 64 intersections, which defeated the objective of the project. The site selection related issues severely hampered the multi car parking projects in Anantnag, Jammu and Srinagar.

(Paragraphs: 5.2.4.5 (I) and 5.2.4.6)

Balance Central Share Liability of ongoing Jawaharlal Nehru National Urban Renewal projects for the State of Jammu and Kashmir

Non-acquisition of land in time bound manner coupled with the delays in settlement of issues and improper planning in execution of work by the Department, resulted in the project of 'Solid Waste Management' in Leh remaining incomplete, despite availability of funds and this led to disposal of the waste of the town in open fields posing threat to environment and public health. Besides an expenditure of ₹ 9.18 crore had remained largely unfruitful.

(Paragraph: 5.3.3.2)

Failure of the Department to acquire land for construction of tube wells for 'Water supply scheme Leh', led to non-establishment of its source which resulted in idle investment of ₹ 51.10 crore. An amount of ₹ 10.48 crore was diverted from the project 'Improvement of road network at Leh' for execution of unapproved items/ works.

(Paragraphs: 5.3.3.3 and 5.3.3.4)

Externally Aided Project of Jammu and Kashmir Urban Sector Development Investment Programme and Completion of pending projects under PMRP 2004: Counterpart Funding - ADB II

The aggregate increase over original contract amount of eight sub-projects ranged between 24 *per cent* and 80 *per cent* and the cost of these sub-projects was revised without obtaining approval of the Asian Development Bank. The objective of sub-projects '(i) Assessment and analysis of Non Revenue Water (NRW) by way of supply, installation and removal of domestic water meters and (ii) Management for reduction of NRW by installation of water meters with automated meter readers' to reduce water losses in identified locations and to prepare a comprehensive Non-Revenue Water reduction plan was not achieved, as the extent of water losses could not be assessed because of gaps in project execution and lack of basic data regarding water supply distribution network, updated pipeline network and customer database not being provided by the line Department to the Contractor.

(Paragraphs: 5.4.5.3 and 5.4.7)

Construction of Government Tourist assets in lieu of damaged/ destroyed assets

The Department had no plans in place for Operation and Management of the tourist assets reconstructed under this project. As of September 2020, out of 23 sub-projects, 15 sub-projects had been completed and one sub-project was dropped while seven sub-projects were under execution.

(Paragraphs: 5.5.1 and 5.5.4)

Recommendations

The Government should:

- *Take steps to recover inadmissible and extra payments disbursed to ineligible beneficiaries to whom financial assistance has been provided;*
- *Prepare a sustainable database of migrants, to capture and update details of migrants so as to provide assistance to genuine migrant families in time;*
- *Recoup the funds diverted from the Interest Subvention Project for payment to beneficiaries under other schemes/ programmes and commitments of GoJ&K;*
- *Take effective steps to address issues of land acquisition, delays, land compensation involved in these projects;*
- *Streamline the process of procurement for vehicles/ equipment under High End Security Project so that purchases are made timely and for required numbers;*
- *Provide adequate manpower to Battalions to make them fully operational;*
- *Put in place mechanism to prevent misuse of funds including temporary embezzlement and provide proper structural support by recruiting staff at district and block levels for effective implementation, including liaison and monitoring of the technical support agency of the Himayat scheme;*

- *Adhere to time frames for submission of Utilisation Certificates to the Government of India, financial closure and preparation of project completion reports;*
- *Coordinate and dovetail efforts of all involved Agencies/ Departments for timely completion of projects, especially those involving external aid;*
- *Engage domain experts for assistance in terms of technical and heavy engineering involved projects; and*
- *Fix responsibility and take appropriate action against officials responsible for lapses like diversion of funds, execution of work without tender etc.*

Chapter-I

Introduction

CHAPTER - I

1.1 Introduction

A Comprehensive Reconstruction Plan, the Prime Minister's Development Package (PMDP) was announced for the erstwhile State of Jammu & Kashmir (J&K) on 07 November 2015 with an outlay of ₹ 80,068 crore by the Prime Minister of India. This package included 63 projects which are grouped under five sectors called core pillars. These five core pillars are:

- Humanitarian Relief,
- Crisis Management,
- Social Infrastructure,
- Development Projects and
- Economic Infrastructure

The PMDP, *inter alia*, aims at expanding the economic infrastructure; ensuring the basic services; give thrust to employment and income generation; providing relief and rehabilitation to the victims of September 2014 floods; and to strengthen the Disaster Management Framework of the erstwhile State. The Reconstruction Plan also seeks to strengthen the economic and social infrastructure to ensure balanced development of the three regions[1] of the erstwhile State of J&K. The Ministry of Home Affairs (MHA), Government of India (GoI) is the nodal agency at the GoI level for monitoring implementation of PMDP projects in the erstwhile State of J&K. The individual projects are being implemented under direct supervision of the concerned Ministry of the GoI.

The financial package under the PMDP with number of Projects being executed by the GoI and the Government of J&K (GoJ&K) are given in **Table 1.1**.

Table 1.1: Sector wise details of projects under PMDP

Sl. No.	Sector	Number of Projects		Project Costs (₹ in crore) (Percentage of total outlay)	Amount Sanctioned GoI (₹ in crore)	Expenditure (₹ in crore)
		GoI	GoJ&K			
1.	Humanitarian Relief	0	7	6,313.00 *(8)*	6,307.38	3,181.84
2.	Crisis Management	0	7	5,858.00 *(7)*	4,212.63	2,248.53
3.	Social Infrastructure	6	4	8,057.00 *(10)*	8,652.42	1,530.77
4.	Development Projects	1	12	5,521.00 *(7)*	4,173.09	1,639.15
5.	Economic Infrastructure	17	9	54,319.00 *(68)*	33,763.55	19,805.11
	Total	**24**	**39**	**80,068.00**	**57,109.07**	**28,405.40**

(Source: Monitoring report on PMDP 2015; status as on 31 March 2019)

[1] Jammu, Kashmir and Ladakh.

Overall, 63 projects were included under the PMDP with a total project outlay of ₹ 80,068 crore against which ₹ 57,109.07 crore (71 *per cent*) was sanctioned and ₹ 30,808.31 crore (38 *per cent*) was released by the GoI as of 31 March 2019. The expenditure incurred up to 31 March 2019 was ₹ 28,405.40 crore. The project wise details along with the project cost, sanctioned cost, funds released and expenditure incurred till 2018-19 are given in ***Appendix 1.1***.

The Departments/ Agencies of GoI were executing 24 projects and ₹ 19,708.02 crore was released till March 2019, out of which an expenditure of ₹ 19,122.56 crore was incurred. Similarly, the Departments/ Agencies of the GoJ&K executed 39 projects with a project outlay of ₹ 35,985 crore for which ₹ 11,100.28 crore was released and expenditure of ₹ 9,282.84 crore incurred till March 2019.

1.2 Audit Objectives

The Audit objectives were to assess whether:

- Structural mechanisms were in place by the GoJ&K for implementation of the projects and Infrastructural facilities; staff requirements for implementation of the projects was adequate and effective;
- Funds were released, accounted for and utilised by the implementing agencies of GoJ&K on time and in compliance with the provisions of applicable financial rules and standing orders/ instructions;
- Primary objective of ensuring employment to at least 70 *per cent* of the trainees had been achieved and whether selection of Project Implementing Agencies and trainees in the Himayat Scheme was in accordance with laid down norms;
- Flood affected households/ traders were identified properly and surveys conducted for identification of the beneficiaries were adequate and financial assistance had been paid to the eligible beneficiaries as per laid down norms;
- Adequate survey for damaged works, priority works under crisis management was carried out effectively, execution of the works was carried out economically and efficiently; and
- Mechanism for monitoring of flood management works of river Jhelum/ Permanent restoration of damaged infrastructure was in place; the damaged assets were identified properly, the damaged infrastructure had been fully restored and is functional and monitoring and evaluation of the projects was adequate and effective.

1.3 Audit Criteria

The Audit criteria have been derived from the following sources:

- J&K Financial Code and J&K Public Works Account Code, instructions/ sanctions issued by the GoJ&K/ GoI from time to time for implementation of the projects and Performance indicators framed by the GoI/ GoJ&K;
- Norms and Specifications provided in the Detailed Project Report (DPR) and physical/ financial progress reports, tender documents;
- Guidelines framed for appointment and regularisation of Special Police Officers (SPOs) by the Home Department, GoJ&K; Orders/ instructions issued by the GoJ&K for identification of households/ traders affected by the floods of September 2014 and various orders, notifications, circulars, instructions issued by the GoI/ GoJ&K for payment of financial assistance to the affected beneficiary households/ business units;
- Guidelines of Interest Subvention Scheme and decisions of Jammu & Kashmir State Level Bankers Committee (JKSLBC) relating to implementation of the Scheme in the erstwhile State; Operational Guidelines of Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) and Standard Operating Procedures issued by Jammu & Kashmir State Rural Livelihood Mission; and
- Reports of damaged assets and instructions/ orders issued by the Department for execution of flood management works and Flood Management Programme (FMP) Guidelines of GoI.

1.4 Audit Scope and Methodology

The PMDP is a package of 63 individual projects, with individual objectives; individual financing strategy as well as different implementing agencies for execution of projects during the period 2014-15 to 2015-2019. Though the objective of each project is different yet they are categorised broadly under five different sectors for implementation purpose. For drawing up the Audit Sample while preparing this Audit Report, on the basis of physical and financial targets *vis-a-vis* their achievements including risk and materiality factors, 16 projects of PMDP out of 39 projects being implemented by the GoJ&K, under four sectors, Humanitarian Relief, Crisis Management, Social Infrastructure and Development Projects **(*Appendix 1.2*)** were test-checked by audit during April 2019 to November 2019. The audit findings are discussed in detail under Chapter II to Chapter V of this Report. No project under the sector of Economic Infrastructure was selected for Audit since majority of the projects are executed by the Departments/ Agencies of GoI.

An Entry Conference was held with the Principal Secretary, Planning Development and Monitoring Department, GoJ&K on 20 May 2019, wherein the objective, scope, criteria and methodology of audit were discussed. Audit findings were discussed in an Exit Conference held with the Financial Commissioner, Department of Finance, GoJ&K on 20 August 2020 which was attended by all Heads of Departments/

Implementing agencies of the GoJ&K. The replies of the Department have been suitably incorporated in the report.

The Indian Audit and Accounts Department acknowledges the cooperation and assistance provided by the concerned Departments of GoJ&K in production of records and furnishing of information during the conduct of this audit assignment.

Chapter-II

Humanitarian Relief

CHAPTER - II

Humanitarian Relief

2.1 Introduction

Humanitarian relief involving assistance to the families affected by the floods of September 2014 in the form of enhanced ex-gratia relief for reconstruction of houses; assistance for rehabilitation of livelihood in the form of interest subvention for traders/ self-employed/ business establishments etc.; Rehabilitation package for one time settlement of families from Pakistan Occupied Jammu and Kashmir (POJK) and Displaced Persons (DPs) of Chhamb and provision of transit accommodation and additional jobs for Kashmiri migrants were to be provided under the Prime Minister's Development Package (PMDP).

Under Humanitarian Relief, seven[1] projects were to be completed at an outlay of ₹ 6,313 crore. Out of these seven projects, five projects with a combined outlay of ₹ 4,313 crore were selected in Audit for test check details of which are given in **Table 2.1**.

Table 2.1: Project cost and expenditure of selected five projects as of March 2019

(₹ in crore)

Sl. No.	Projects	Project Outlay	Funds released GoI	Expenditure (March 2019) *(Percentage* to project outlay*)*	Unutilised fund
1.	Assistance for completely damaged/ severely damaged/ partially damaged houses	1,200	1,194.85	1,043.55 (87)	151.30
2.	Rehabilitation Package for Jammu migrants.	13	13	13 (100)	-
3.	Rehabilitation package for one time settlement of 36,384 families from POJK and Chhamb DPs.	2,000	1,159.16	1,159.16 (58)	-
4.	Interest subvention on assistance for restoration of livelihood for traders/ self-employed/ business establishments etc.	800	800	800 (100)	-
5.	India Reserve (IR) Battalion (5 in J&K at approximate cost of ₹ 60 crore per Battalion)	300	199.09	116.13 (39)	82.96
	Total	**4,313**	**3,366.10**	**3,131.84**	**234.26**

(Source: Monitoring Reports on PMDP prepared by State Government)

As seen from the **Table 2.1**, the estimated cost of the five selected projects was ₹ 4,313 crore, whereas the funds released by the GoI was ₹ 3,366.10 crore and expenditure (March 2019) was ₹ 3,131.84 crore respectively. Thus, total expenditure incurred on these five projects was less than the funds available as of 31 March 2019.

[1] 1. Assistance for completely damaged/ severely damaged/ partially damaged houses; 2. Interest subvention on assistance for restoration of livelihood for traders/ self-employed/ business establishments; 3. State Government jobs to additional 3,000 Kashmiri migrants; 4. Construction of 6,000 transit accommodations in the Kashmir valley; 5. Rehabilitation package for one-time settlement of 36,384 families from POJK and Chhamb DPs; 6. Rehabilitation package for Jammu migrants; and 7. IR Battalion (5 in J&K).

The GoJ&K also could not avail the benefit of ₹ 946.90 crore out of the total outlay of ₹ 6,313 crore.

The sampling methodology has been indicated in ***Appendix 1.2*** of Chapter I and the audit findings thereof are discussed in the succeeding paragraphs.

Department of Disaster Management, Relief, Rehabilitation and Reconstruction

2.2 Assistance for completely damaged, severely damaged and partially damaged houses

2.2.1 Introduction

The floods in the month of September 2014 resulted in full/ severe/ partial damage to *Pucca/ Kacha* houses[2] in the erstwhile State of J&K. The erstwhile State Government conducted surveys (September-October 2014) at district level after these floods and identified 2.35 lakh houses as damaged. An assessment was also made to establish whether the damage to the houses was total/ severe/ partial. Thereafter, assistance for repair of houses damaged due to these floods was disbursed under three different schemes. The first tranche was released from the State Disaster Relief Fund (SDRF), the second tranche released from the Prime Minister's National Relief Fund (PMNRF) and the third tranche has been provided under the Prime Minister's Development Package (PMDP). At the Apex level, the Scheme is implemented by the Department of Disaster Management, Relief, Rehabilitation and Reconstruction, GoJ&K and at district level by the concerned Deputy Commissioners (DCs) of the 20 flood affected districts and Sub-Divisional Magistrates and Tehsildars at tehsil level.

2.2.2 Financial assistance

The first instalment of the financial assistance was paid in 2014-15 to households affected by flood through the respective Sub-Divisional Magistrates (SDMs)/ Tehsildars immediately after the floods under SDRF, while the second instalment was paid during 2015-16 under PMNRF by the GoI, directly into the bank accounts of house owners through Direct Benefit Transfer (DBT), on the basis of details furnished by the GoJ&K. The third instalment of the financial assistance under the PMDP had been paid from 2016 onwards by the respective DCs through DBT to the house owners.

As against a project outlay of ₹ 1,200 crore sanctioned (January 2016) by the Government of India under the PMDP, only ₹ 1,194.85 crore were released as the Utilisation Certificates (UCs) were not furnished. Further out of the amount of ₹ 1,194.85 crore received by the Finance Department, GoJ&K, only ₹ 1,085.60 crore was released through Disaster Management, Relief, Rehabilitation and Reconstruction Department, GoJ&K to 20 DCs up to June 2019 as indicated in **Table 2.2.1**.

[2] *Pucca* houses: strong houses made up of wood, bricks, cement, iron rods and steel and *Kacha* house: houses made of wood, mud, straw and dry leaves.

Table 2.2.1: District wise Fund released and Expenditure incurred (as of June 2019)

(₹ in crore)

Sl. No.	Name of the district	Funds released	Expenditure incurred
1.	Anantnag	99.66	98.91
2.	Bandipora	40.56	39.84
3.	Baramulla	35.92	35.41
4.	Budgam	88.15	78.13
5.	Doda	3.04	3.02
6.	Ganderbal	0.82	0.81
7.	Jammu	62.93	62.03
8.	Kathua	8.77	8.77
9.	Kishtwar	2.41	2.41
10.	Kulgam	19.62	19.62
11.	Kupwara	0.21	0.21
12.	Poonch	20.80	20.80
13.	Pulwama	75.59	75.59
14.	Rajouri	65.11	49.82
15.	Ramban	7.53	7.53
16.	Reasi	29.34	29.13
17.	Samba	4.56	4.56
18.	Shopian	7.28	7.28
19.	Srinagar	500.31	494.36
20.	Udhampur	12.99	12.98
	Total	**1,085.60**	**1,051.21**

(*Source: Information furnished by Department of Relief, Rehabilitation and Disaster Management*)

During the period from January 2016 to June 2019, an expenditure of ₹ 1,051.21 crore had been incurred under the PMDP on account of payment of compensation for 2.18 lakh houses damaged due to floods of September 2014 in 20 districts of the erstwhile State of J&K and an amount of ₹ 6.45 crore was released up to September 2020 to six[3] districts and an unutilised amount of ₹ 102.80 crore was retained by the Finance Department as of September 2020.

In seven districts (Budgam, Baramulla, Bandipora, Jammu, Rajouri, Srinagar and Poonch), an expenditure of ₹ 780.39 crore was incurred out of ₹ 813.78 crore released. In these seven districts, out of 69 tehsils/ Sub-Divisions (SDs) 25 tehsils/ SDs had been covered in Audit. Further, for these 25 tehsils/ SDs out of 0.95 lakh houses which were identified as damaged, records relating to payment of compensation for 0.14 lakh houses (15 *per cent*) were test checked in Audit.

2.2.2.1 Delay in sanction of financial assistance

Finance Department, GoJ&K sanctioned funds in favour of the Department of Disaster Management, Relief, Rehabilitation and Reconstruction, GoJ&K during the period from March 2016 to January 2020, with delays ranging from 47 days to 31 months. The belated release of funds delayed payment of financial assistance to the affected households in the districts causing hardship to the beneficiaries. It was also

[3] Baramulla: ₹ 22.90 lakh; Budgam: ₹ 149.25 lakh; Ganderbal: ₹ 0.40 lakh; Kulgam: ₹ 2.85 lakh; Pulwama: ₹ 265.45 lakh; and Shopian: ₹ 204 lakh.

seen that in the third tranche, under the PMDP, the GoJ&K accorded (June 2016) sanction for release ₹ 10.02 crore out of ₹ 29.98 crore in favour of the Deputy Commissioner, Budgam to disburse cash assistance among the flood affected households. This was not disbursed to the beneficiaries on the grounds that they did not receive release order of ₹ 10.02 crore. As a result, the funds could not be availed during 2016-17 despite sanction being made as early as June 2016. Subsequently only ₹ 1.49 crore has been released in January 2020 for District Budgam with the result that although the affected households had already been identified immediately after the floods, but some of the damaged households were not paid assistance in District Budgam.

2.2.2.2 Diversion of Financial assistance

The Assistant Commissioner (Revenue), Rajouri diverted (August/ September 2018), an amount of ₹ 16.10 lakh out of the PMDP funds towards purchases and restoration/ clearance of work done liability as indicated in **Table 2.2.2**.

Table 2.2.2: Diversion of funds during the period from August 2018 to September 2018

Sl. No.	Date of transfer of funds	Amount (₹)	Particulars
1.	21.08.2018	25,350	Purchase of articles from M/s P S Electronics out of interest amount.
2.	17.09.2018	45,000	For medical treatment of private individual out of interest amount.
3.	18.09.2018	31,000	Purchase of Microwave from M/s P S Electronics out of interest amount.
4.	18.09.2018	11,00,000	Restoration/ clearance of liabilities of works (i) Drilling of Bore well of 200 mm at Majoor of WSS Shahdhara Sharief (₹ 6 lakh). (ii) Revival of WSS and Drilling of Bore well of 200 mm near Abdullah bridge Rajouri (₹ 5 lakh).
5.	18.09.2018	3,88,000	Restoration/ clearance of liabilities of works of improvement and restoration of road at Atti Gali Panchayat. Atti Block Rajouri.
6.	20.09.2018	21,000	Purchase of articles from M/s P S Electronics out of interest amount.
	Total	**16,10,350**	

(Source: Records of Assistant Commissioner (Revenue), Rajouri)

This expenditure of ₹ 16.10 lakh included ₹ 1.22 lakh transferred (August/ September 2018) from interest accrued in the Bank Account and ₹ 14.88 lakh for restoration/ clearance of liabilities out of funds meant for disbursement of financial assistance under the PMDP to households in Rajouri district affected during the floods of September 2014. Thus, genuine flood victims were deprived of the assistance sanctioned and released by the Government.

The Additional Deputy Commissioner, Rajouri, office of Deputy Commissioner, Rajouri while confirming the facts stated (August 2020) that the amount would be recouped to the PMDP account.

2.2.2.3 Non-utilisation of funds

An amount of ₹ 128.05 crore was sanctioned under the PMDP to the Deputy Commissioners, Rajouri and Jammu during the period from 2015-16 to 2018-19 for disbursement to the flood affected households against which an expenditure of ₹ 111.91 crore was incurred leaving balance of ₹ 16.14 crore (13 *per cent*) which was surrendered at the end of the respective years as given in the **Table 2.2.3**.

Table 2.2.3 Non-utilisation of Funds

(₹ in crore)

Sl. No.	Name of office	Funds sanctioned	Expenditure incurred	Non-utilisation/ surrender of funds
1.	Deputy Commissioner, Rajouri	65.11	49.88	15.23
2.	Deputy Commissioner, Jammu	62.94	62.03[4]	0.91
	Total	**128.05**	**111.91**	**16.14**

(Source: Departmental records)

It was noticed (September 2019) in Audit that out of ₹ 22 crore released (March 2016) by the Deputy Commissioner, Rajouri, the Assistant Commissioner (Revenue), Rajouri withdrew ₹ 13.22 crore (March 2016) from the Treasury and surrendered ₹ 8.78 crore thereby depriving financial assistance to the flood affected households. Further, ₹ 9.90 lakh (including interest of ₹ 2.48 lakh) out of ₹ 13.22 crore continued to remain unutilised in the Bank account as of August 2020, thereby depriving genuine flood victims of financial assistance of ₹ 7.42 lakh.

The Assistant Commissioner (Revenue), Rajouri stated (October 2019) that no beneficiary approached the office to intimate that the Bank had not transferred money into their account.

The fact, however, remains that reconciliation was not carried out to ensure disbursement of financial assistance to left over households.

Further, the GoJ&K sanctioned ₹ 62.94 crore under the PMDP to the Deputy Commissioner, Jammu during the period from 2014-2015 to 2016-17 for disbursement to flood affected victims against which ₹ 0.91 crore was surrendered in March 2017. Audit noticed that though ₹ 62.03 crore was shown utilised for payment of assistance to 17,357 beneficiaries, ₹ 1.82 crore remained unspent (November 2019) in the Bank accounts of the Assistant Commissioner (Revenue), Jammu, thus depriving 564 affected households of financial assistance besides inflating the figures of expenditure. As per the information made available, an amount of ₹ 47.95 lakh had further been disbursed (December 2019) among beneficiaries leaving ₹ 1.34 crore still unspent in the Bank accounts.

2.2.3 Assessment of Damages

The GoJ&K accorded (March 2014) sanction for adoption of the Standard Operating Procedure (SOP) to combat disasters whereby the Deputy Commissioners of the

[4] Out of ₹ 62.03 crore, ₹ 1.82 crore remained unspent in Bank accounts.

concerned districts are to sanction claims as admissible under SDRF. The claims in respect of damage to immovable private property was required to be assessed by the Committee under the Chairmanship of Additional District Development Commissioner with Assistant Commissioner (Revenue), the concerned Tehsildar, the Executive Engineer (R&B) as members. It was observed in audit that:

- Additional District Development Commissioner, Assistant Commissioner (Revenue) and the Executive Engineer (R&B) had not been involved in assessment of damages to private infrastructure like residential houses, cattle sheds etc. in the cases test checked at tehsils/ Sub-divisions of Rajouri and Jammu districts. Instead, the damages had been assessed on the basis of reports of the concerned Sarpanchs, Patwaries, Girdawars, Naib Tehsildars and recommendations of the concerned Tehsildars. The flood affected houses were classified as fully, severely and partially damaged houses on the basis of reports of the concerned Sarpanchs/ Patwaris etc. who were not technically competent in making assessment of damages, as per the SOP.
- Further during test check of records of the Tehsils/ Sub-divisions of Budgam, Jammu, Poonch, Rajouri, and Srinagar districts, it was noticed that houses were categorised as fully, severely and partially damaged on the basis of records and reports of non-technical persons without any scrutiny by technically qualified personnel although as per the SOP technical members such as Executive Engineer (R&B) were to be a part of the assessment process.
- The Approved lists of beneficiaries in Tehsils/ Sub-divisions of Khoie Pattan, Sopore of Baramulla district did not bear signatures of all the members nominated for this purpose as per the SOP. Thereby, all members were not associated during surveys/ spot visits for assessment of damages to private properties.

The Deputy Commissioner, Jammu while confirming (August 2020) the observation of Audit stated that in view of large scale damage due to flash flood and landslides in Jammu it was not possible for the Centralised District Level Committee to assess damages in all parts of the district and it was felt necessary to relax existing procedure for faster disposal as per verbal directions of the Divisional Commissioner, Jammu. The Deputy Commissioner, Budgam stated (August 2020) that subordinate field agencies were directed to conduct damage assessments as per norms in vogue and the concerned Tehsildars submitted damage assessment reports for their respective territorial jurisdictions.

The Deputy Commissioner, Baramulla stated (July 2019) that lists were prepared at Tehsil level with signatures of Tehsildars and after that other members had signed/ authenticated the lists at District level which were available at District Headquarters. The reply confirms that lists of beneficiaries were drawn up at Tehsil level without conducting the basic surveys as per the SOP to assess damages caused to private properties as well as evaluation by technical members, the absence of which raises

doubt as to whether genuine beneficiaries have been provided financial assistance under this project.

2.2.4 Assistance to damaged houses

The main objective of the project was to provide financial assistance to the households whose houses were damaged in the floods of September 2014 and accordingly the GoJ&K provided (February 2016) financial assistance as per the scale prescribed under the PMDP. The composite financial assistance provided to a damaged household under SDRF, PMNRF and PMDP is indicated in **Table 2.2.4**:

Table 2.2.4: Composite Financial assistance for damaged households

(Amount in ₹)

Category of damaged houses	Financial assistance sanctioned			Total financial assistance
	SDRF	PMNRF	PMDP	
	1	2	3	4 (1+2+3)
Fully Damaged *Pucca House*	75,000	1,00,000	2,50,000	4,25,000
Fully Damaged *Kacha House*	17,600	50,000	1,00,000	1,67,600
Severely Damaged *Pucca House*	12,600	50,000	1,25,000	1,87,600
Severely Damaged *Kacha House*	3,800	10,000	50,000	63,800
Partially Damaged *Pucca House*	3,800	25,000	20,000	48,800
Partially Damaged *Kacha House*	2,300	5,000	10,000	17,300

(Source: Information furnished by Department of Relief, Rehabilitation and Disaster Management)

The Cash assistance under PMNRF was disbursed (2015-16) by the National Disaster Management Authority (NDMA), GoI to households affected by the flood, whose complete details were uploaded on the PFMS website on or before 31 March 2016. Thereafter, uploading of data of beneficiaries for payment of assistance under PMNRF was closed (31 March 2016). The third instalment of cash assistance, under the PMDP was to be transferred by the concerned Deputy Commissioners directly through Direct Benefit Transfer (DBT) into the bank accounts of only those flood affected households who had previously been provided assistance under PMNRF. As of June 2019, an amount of ₹ 1,051.21 crore was shown utilised by the Department under the PMDP for disbursement among 2.18 lakh[5] flood affected households (beneficiaries) in 20 districts of the State. The details of financial assistance payable and paid to each damaged household overall and separately under SDRF, PMNRF and PMDP was not maintained in a centralised database at State level as a result Audit could not ascertain the number of damaged households deprived of financial assistance overall, as well as separately under these three tranches. However, the position of houses damaged and households assisted by the Department under SDRF, PMNRF and the PMDP separately in seven test checked districts is given in **Table 2.2.5**.

[5] Fully damaged *Pucca* houses: 0.11 lakh; Fully damaged *Kacha* houses: 0.11 lakh; Severely damaged *Pucca* houses: 0.37 lakh; Severely damaged *Kacha* houses: 0.14 lakh; Partially damaged *Pucca* houses: 1.06 lakh; and Partially damaged *Kacha* houses: 0.39 lakh.

Table 2.2.5: Numbers of damaged households as of March 2019

Sl. No.	District	No. of houses damaged	No. of damaged households paid assistance under		
			SDRF	PMNRF	PMDP
(1)	(2)	(3)	(4)	(5)	(6)
1.	Bandipora	7,699	7,699	7,160	7,258
2.	Baramulla	8,668	8,668	8,553	8,553
3.	Budgam	14,076	14,076	13,687	11,148
4.	Jammu	20,864	20,627	17,627	17,357
5.	Poonch	7,427	7,427	7,409	5,893
6.	Rajouri	18,242	12,277	13,147	12,077
7.	Srinagar	92,120	86,973	78,633	77,569
	Total	**1,69,096**	**1,57,747**	**1,46,216**	**1,39,855**

(Source: Records of test-checked Deputy Commissioners)

As can be seen from the **Table 2.2.5**, in the seven test checked districts, out of 1.69 lakh houses identified as damaged immediately after floods of September 2014, 1.58 lakh households were paid assistance under SDRF, 1.46 lakh households under PMNRF and 1.40 lakh households under the PMDP.

Audit noticed the following:

- In Srinagar district, the category of 405 damaged households were revised (May 2016) by the Deputy Commissioner (DC), Srinagar based on representations by the affected owners of houses. This was done after the cut-off date of 31 March 2016 and therefore, could not be uploaded on PFMS. Therefore, the owners of these houses were deprived of the additional amount in the second tranche and financial assistance of ₹ 4.52 crore under the PMDP as per their entitlement in the revised category. No mechanism for relaxation of condition for payment under the PMDP or to get beneficiaries uploaded after 31 March 2016 was evolved by the department.
- In five Tehsils[6] of Jammu district, 425 damaged households identified by the Survey Committee after the floods of September 2014, were not paid assistance of ₹ 1.48 crore under the PMDP as of August 2020. No reasons were furnished by the DC, Jammu despite specifically being asked in Audit.
- In Rajouri district, a Committee under the Chairmanship of Additional District Development Commissioner was constituted (December 2015) for verification of left out cases eligible for relief, post floods of September 2014. A total of 2,632 cases were placed before the Committee, out of which 1,732 cases (including 1,383 cases of damaged houses) were found (March 2017) genuine, hence recommended for sanction of ex-gratia relief. However, these affected families had not been given assistance under the PMDP.

The DC, Budgam stated (August 2020) that the cases of left out houses damaged due to floods of 2014 were communicated to the Divisional Commissioner, Kashmir but no payment had been released to these left out households under PMDP. The DC,

[6] Khour, Kharabali, Pargwal, Mandal and Maira Mandrian.

Rajouri stated (September 2019) that demand for relief had been projected to the GoJ&K for release of funds which was awaited.

However, as of September 2020 these affected families had not been given assistance under the PMDP.

2.2.4.1 Incorrect categorisation of beneficiaries

The third instalment of financial assistance was to be released under the PMDP by the respective Deputy Commissioners (DCs) to the affected households who had been paid a second instalment under PMNRF and whose complete details were uploaded on PFMS website by 31 March 2016.

Audit noticed (June 2019) that in Hajin Tehsil of Bandipora District, status of eight affected households was revised unauthorisedly by the Tehsildar, Hajin from severely *pucca* to fully *pucca* under PMDP which led to additional payment of ₹ 10 lakh during the period from January 2017 to April 2017, through DBT mode.

The Deputy Commissioner, Bandipora stated (June 2019) that these eight cases were paid for fully *pucca* category in SDRF as such these were paid under fully *pucca* category in the PMDP as well.

The reply is not acceptable as the records provided did not show status of damaged households of these beneficiaries under fully *pucca* category. The Assistant Commissioner (Revenue), Bandipora, however, stated (August 2020) that recovery of ₹ 0.25 lakh had been made from one beneficiary and notices had been served in respect of remaining beneficiaries.

2.2.4.2 Inadmissible payment of Assistance

In six tehsils of Jammu district and Sunderbani sub-division of Rajouri district, assistance of ₹ 63.45 lakh was paid under the PMDP as indicated in **Table 2.2.6**, although 184 houses were not in the list of houses damaged by the floods of September 2014.

Table 2.2.6: Inadmissible payment

Name of District	Name of Tehsil/ Sub-Division	Number of beneficiaries	Inadmissible assistance paid (₹ in lakh)
Jammu	Maira Mandrian	44	15.30
	Mandal	42	13.85
	Pargwal	36	12.60
	Khour	18	6.90
	Chouki Choura	16	6.00
	Kharabali	13	1.30
Rajouri	Sunderbani	15	7.50
	Total	**184**	**63.45**

(Source: Records of test-checked SDMs/ Tehsildars)

The Deputy Commissioner, Jammu stated (August 2020) that Tehsil level committees were constituted for assessment of damages caused to household properties by flood of September 2014 and on the basis of fresh representations received by Tehsildars from affected households, other genuine left out cases were also recommended by the concerned Tehsildars for payment under SDRF.

The reply is not tenable as the payments in the instant cases were made under the PMDP to households whose houses were not included in the assessment reports.

Audit further noticed the following:

- In two Tehsils (out of 6 Tehsils) selected for test check, in Poonch district, the names of 60 beneficiaries to whom assistance was paid (September 2019) did not exist in the SDRF beneficiary list, thereby resulting in inadmissible payment of assistance of ₹ 14.50 lakh under the PMDP.
- Two beneficiaries were paid (November 2016) assistance of ₹ 0.20 lakh under SDM, Sunderbani on the basis of reports of assessment of damages which were not approved by the concerned Tehsildar.
- In two tehsils of Poonch district, 147 households[7] under three categories (*Kacha* fully, *Kacha* partially and *Pucca* severely) were subsequently added to the list of damaged houses finalised under SDRF and paid assistance under the PMDP. This resulted in inadmissible payment of assistance of ₹ 37.45 lakh to these 147 ineligible beneficiaries.

The DC, Poonch stated (October 2019) that concerned staff would be asked to look into the matter and clarify the position.

Thus, assistance was paid to house owners whose names did not figure in the damage assessment reports/ SDRF survey list, resulting in inadmissible payments to these house owners.

2.2.4.3 Extra payment of cash assistance

The financial assistance was to be transferred into the bank accounts of the identified flood affected households through DBT mode. Audit noticed (July 2019 to September 2019) that in six districts excess assistance of ₹ 73.85 lakh was credited into Bank accounts of 85 beneficiaries as given in **Table 2.2.7**.

Table 2.2.7: Excess payment of assistance

(₹ in lakh)

Sl. No.	District	Number of beneficiaries	Assistance due	Assistance paid	Inadmissible assistance paid
1.	Srinagar	10	11.30	21.80	10.50
2.	Budgam	38	34.48	69.48	35.00
3.	Baramulla	2	1.45	2.90	1.45
4.	Bandipora	17	10.50	22.00	11.50
5.	Rajouri	16	7.50	19.40	11.90
6.	Poonch	2	2.25	5.75	3.50
	Total	**85**	**67.48**	**141.33**	**73.85**

(Source: Records of test-checked SDMs/ Tehsildars)

After being pointed out (September 2019) in Audit, the Deputy Commissioner, Rajouri issued directions (September 2019) to the concerned Tehsildars to fix responsibility and recover the excess amount. The Deputy Commissioner, Budgam stated (August 2020) that an order was issued to concerned Tehsildars to recover excess amount and that ₹ 10.48 lakh had been recovered and further recovery

[7] Mendhar: 146 (Kacha fully: 24 and Kacha partially: 122) and Balakote: 1 (Pucca severely).

was under process. The Assistant Commissioner (Revenue), Bandipora stated (August 2020) that recovery of ₹ 2.05 lakh had been effected in seven cases[8] and notices had been served (August 2020) to remaining beneficiaries who had received extra relief.

2.2.4.4 Category of affected households

The financial assistance was to be transferred into the bank accounts of the identified flood affected households on the basis of category of damaged houses as per basic survey assessment reports and lists framed during disbursement of first instalment of assistance under SDRF. Audit noticed the following:

- In Rajouri district, status of 13 affected households[9] were revised to the category[10] of damaged houses entitled for more compensation due to which there was an excess payment of financial assistance of ₹ 8.70 lakh. Further, the status of 24 affected households[11] was revised to the category[12] of damaged houses entitled for lesser compensation due to which there was savings of financial assistance of ₹ 3.30 lakh.
- In Rajouri district, the status of 51 affected households[13] were revised to the category[14] of damaged houses entitled for more compensation, during uploading of data for payment of assistance under PMNRF. This resulted in extra payment of financial assistance of ₹ 21.35 lakh to these 51 beneficiaries under PMNRF. Though payment under the PMDP had not been released in favour of these beneficiaries but despite adjusting instalment of financial assistance under the PMDP, an amount of ₹ 15.45 lakh still remained recoverable from these beneficiaries. Further, four affected households in Rajouri district were revised irregularly to category of damaged houses entitled for more compensation, thereby resulting in additional payment of ₹ 3.50 lakh under the PMDP.
- In Sumbal tehsil, nine households under partially pucca category were uploaded for payment of assistance under PMNRF. The beneficiaries were entitled to assistance of ₹ 0.25 lakh each under PMNRF. However, these beneficiaries were paid ₹ 0.50 lakh each under PMNRF resulting in additional payment of ₹ 2.25 lakh. Though the payment under the PMDP had not been released in favour of these beneficiaries but despite adjusting instalment of financial assistance under PMDP, ₹ 0.45 lakh remained recoverable from these beneficiaries. In reply Tehsildar, Sumbal stated (November 2019) that the extra amount paid would be recovered.

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8 Tehsils Bandipora: one; Hajin: one; Sumbal Sonawari: five.

9 Tehsil Rajouri: 4 and Sub-division Sunderbani: 9.

10 Pucca partially to Kacha fully, Kacha partially to Kacha fully, Kacha fully to Pucca fully, cattle shed to Kacha Partially, Kacha partially to Kacha severely and Kacha partially to Pucca partially.

11 Tehsil Rajouri: 20 and Sub-division Sunderbani: 4.

12 Pucca partially to Kacha partially, Kacha severely to Kacha partially, Kacha fully to Kacha partially.

13 Tehsil Rajouri: 42 and Sub-division Thanamandi: 9.

14 Pucca partially/ Kacha partially to Kacha fully.

- In Baramulla district due to wrong classification of category of damaged houses, ₹ 0.97 lakh had been credited into Bank accounts of household beneficiaries in excess of the admissible assistance.
- In Hajin Tehsil, due to incorrect categorisation of damaged houses, five beneficiaries were paid ₹ 0.83 lakh lesser than the prescribed limits under PMNRF while as in 17 cases the beneficiaries were paid excess amount of ₹ 2.83 lakh. Tehsildar, Hajin had recovered ₹ 0.30 lakh in two cases and also stated (November 2019) that steps would be taken to arrange payment of balance amount in respect of the beneficiaries by taking up the matter with concerned authorities.
- Similarly in Bandipora Tehsil, due to wrong categorisation of damaged houses, three beneficiaries were paid ₹ 0.65 lakh lesser than the prescribed limits under PMNRF while in three other cases the beneficiaries were paid excess amount of ₹ 0.55 lakh. In reply Tehsildar, Bandipora stated (December 2019) that matter would be taken up for the payment of balance amount in respect of beneficiaries who received less payment and in other cases, steps would be taken to recover excess amount paid to the beneficiaries.
- In Poonch district, category of damages to houses of 13 beneficiaries was changed at the time of making payments under the PMDP. In respect of five beneficiaries, category of damages was changed[15] unauthorisedly from lower to higher entitlements which resulted in excess payment of ₹ 5.30 lakh. However, in respect of eight beneficiaries the extent of damages was reduced from higher category of entitlement to lower category resulting in lesser payment of ₹ 5.60 lakh. In reply the DC, Poonch stated (October 2019) that facts would be got verified from records and factual position ascertained.
- In Tehsil Maira Mandrian, ten beneficiaries were wrongly classified[16] under category of damaged houses which were entitled for lesser compensation thereby resulting in excess payment of financial assistance of ₹ 2.70 lakh. However, in 11 cases the affected households of the tehsil were classified under lower category[17] of damaged houses and were paid lesser financial assistance to the extent of ₹ 5.50 lakh. The Department did not reply to this audit observation.

2.2.5 Redressal of grievances

The GoJ&K, in compliance to directions of the High Court (December 2015) constituted a Committee in each district affected by the floods of September 2014 with the Deputy Commissioner of the concerned District as Chairman, Assistant Commissioner (Revenue) as member and Tehsildar of the concerned Tehsil as Member Secretary. The Committee was to look into the complaints submitted by flood affected people and take remedial measures, so as to settle the grievances of the

[15] Cattle shed to Partially Kacha house, partially Pucca to fully Pucca, severely Kacha to fully Kacha, partially Kacha to fully Kacha and fully Kacha to fully Pucca.
[16] Kacha severely to Kacha fully, Kacha partially to Kacha severely, Cow shed to Kacha partially.
[17] Kacha fully to Kacha severely.

affected persons in a time bound manner. The Committee was also to submit report to the Government in Relief and Rehabilitation Department regarding disposal of complaints on a monthly basis.

Audit examination (September/ November 2019) of records showed that details of complaints submitted by flood affected people, measures taken for redressal of grievances and reports furnished to the Government on monthly basis in this regard along with relevant records/ registers had not been maintained (September 2019) in Rajouri and Jammu districts. As a result, no monitoring of complaints of the flood affected people for redressal of grievances could be carried out.

In Poonch district, records relating to redressal of grievances for non-payment of assistance *vis-a-vis* wrong categorisation of damages were not maintained (October 2019). Although grievances were stated to have been addressed immediately before finalising list of beneficiaries under SDRF, the factual position could not be verified in audit due to non-maintenance of these records.

2.3 Rehabilitation package for Jammu migrants

2.3.1 Introduction

The GoJ&K accorded (February 2003) sanction[18] for payment of cash assistance and supply of free ration to families who had migrated from rural districts in the Jammu region, mainly from the Doda, Reasi, Rajouri, Ramban and Udhampur districts. As per GoJ&K, Relief and Rehabilitation Department's proposal (January 2016), a total of 1,054[19] families were to be given payment of such assistance. Cash assistance and free ration to these migrants was being released continuously from October 2007 onwards. Further, as per orders of the Supreme Court (July 2006)/ High Court (April 2016), these migrants were paid arrears from April 2004 to September 2007. With effect from 18 November 2015, this package of Cash assistance and free Ration to migrants from Jammu to be made at par with migrants from Kashmir Division, was approved (December 2015) under the PMDP by the Ministry of Home Affairs (MHA), Government of India (GoI). Accordingly, the GoJ&K accorded (30 December 2015) sanction for payment of cash assistance to registered Jammu migrants at a rate of ₹ 2,500 per person per month subject to a maximum of ₹ 10,000 per family per month with effect from 18 November 2015, as well as ration at the existing scale. Subsequently, the rates of cash relief were enhanced with effect from 13 June 2018 to the rate of ₹ 3,250 per head per month subject to a ceiling of ₹ 13,000 per family per month.

The Criminal Investigation Department (CID), Jammu was earlier mandated to identify the eligible beneficiaries after conducting verification of 1,489 identified migrant families (October 2007), who migrated from various districts of Jammu

[18] Cash assistance of ₹ 400 per person per month subject to a maximum of ₹ 1,600 per family per month, Atta at the rate of 9 Kg per member of a family per month, Rice at the rate of 2 Kg per member of a family per month, Kerosene oil at the rate of 10 litres per family per month, Cash assistance at the rate of ₹ 300 per month per head of cattle for purchase of fodder for each family.

[19] Comprising 4,952 members.

province. The Relief and Rehabilitation Commissioner (Migrants), Jammu had directed (December 2009) that any family who was not figuring in the list received from CID authorities should not be considered for registration or release of any assistance.

2.3.2 Financial position

The recurring expenditure incurred on account of cash assistance and free ration by the GoJ&K on Jammu migrants is reimbursed by GoI under Security Related Expenditure (SRE). During the period from 2015-16 to 2018-19, GoJ&K released ₹ 69.52 crore and expenditure of ₹ 58.45 crore was incurred by the Department on account of cash assistance and food grains in respect of Jammu migrants as given in **Table 2.3.1**.

Table 2.3.1: Financial Status as on March 2019

(₹ in crore)

Sl. No.	Year	Funds sanctioned	Expenditure incurred
1.	2015-16	4.00	2.62
2.	2016-17	31.52	26.29
3.	2017-18	17.00	14.13
4.	2018-19	17.00	15.41
	Total	**69.52**	**58.45**

(Source: Figures furnished by the Relief and Rehabilitation Commissioner (Migrants), Jammu)

Funds amounting to ₹ 69.52 crore sanctioned during the period 2015-19 included allocation of ₹ 13 crore by the GoI under the PMDP for the project which had been disbursed in full. Further, during the period from 2019-20 to 2020-21 (September 2020), an expenditure of ₹ 25.81 crore was incurred against release of ₹ 35.56 crore under SRE by the Department.

2.3.3 Non-formulation of policy for the migrants

As of August 2020, the Department had not adopted any policy for inclusion/ deletion of family members due to birth or death, bifurcation, rehabilitation for return of migrant families of Jammu and discontinuation of cash assistance and free ration after acquiring any Government job by the beneficiaries.

The updated database of Jammu migrants to indicate the details of occupation, number of family members, original place of residence, present address etc. had not been prepared (August 2020) by the Department. Absence of a database with periodical updated details of members of migrant families could result in release of cash assistance and supply of free ration to ineligible persons/ families.

The Relief and Rehabilitation Commissioner (Migrant), Jammu stated (August 2020) that the General Administration Department, GoJ&K constituted (January 2020) a Committee which recommended (July 2020) inclusion and bifurcation of Jammu migrant families. The Administrative Department had also been approached to take up the matter with the Ministry of Home Affairs, GoI. It was also stated that matter for accord of sanction for issuance of data forms to registered Jammu migrant families in order to prepare a database of these families had been taken up with the Administrative Department.

Thus, in the absence of a database, it could not be ensured that only eligible beneficiaries have been paid assistance under the Schemes.

2.3.4 Payment of relief to ineligible migrant families

Tehsildar, Mahore (Reasi district) had paid relief benefits to 25 families who did not find a place in the list furnished by CID. These families had been paid arrears of ₹ 27.26 lakh along with the monthly cash assistance. Further, in the case of Tehsildar Reasi, arrears of ₹ 51.37 lakh from April 2004 to September 2007 was paid to 47 migrant families who neither existed in CID list nor in of the list of High Court.

The Relief and Rehabilitation Commissioner (Migrant), Jammu stated (July 2020) that the Tehsildar concerned had been requested (July 2020) to provide details of disbursement. As payment of ₹ 78.63 lakh was made to beneficiaries not featuring in the designated lists, the same needs to be investigated so that recovery is effected from ineligible beneficiaries.

2.3.5 Payment of enhanced cash assistance to ineligible migrant families

As per Government Orders of GoJ&K, February 2003 and December 2015, migrants from the Jammu Division were entitled to cash assistance of ₹ 400 per head per month subject to a maximum of ₹ 1,600 per family per month till 17 November 2015 and thereafter, at the rate of ₹ 2,500 per head per month subject to a maximum of ₹ 10,000 per family per month. Zonal Officers (Relief), Nanak Nagar and Jagti (A) Zone, Jammu however, paid enhanced cash assistance of ₹ 1,000 per month per head prior to effective date of the order resulting in inadmissible cash assistance of ₹ 67.14 lakh[20] to 84 migrant families for the period from 2012-13 to 17 November 2015.

The Relief and Rehabilitation Commissioner (Migrant), Jammu stated (July 2020) that relevant records of Zonal Officers (Relief), Nanak Nagar and Jagti (A) Zone, Jammu would be examined and quantum of excess cash assistance would be recovered from the concerned beneficiaries.

In Udhampur district, 72 families cleared by CID agencies and approved by district level screening-cum-coordination committee were registered as migrants in October 2007. On the directions (14 July 2011) of the Deputy Commissioner, Udhampur, the Tehsildar, Udhampur submitted (27 July 2011) that these 72 migrant families were registered/ entitled for getting arrears with effect from October 2007. However, arrears of ₹ 75.53 lakh were paid to 49 migrant families out of 72 Jammu migrant families for the period prior to their registration as migrants (May 2004 to September 2007) as detailed in ***Appendix 2.3.1***.

The CID, Jammu after conducting verification (October 2007) identified 1,489 families who had migrated from various districts of the Jammu region. The Relief and Rehabilitation Commissioner (Migrant), Jammu directed (December 2009) that any family who was not figuring in the list received from the CID authorities should not be considered for registration or release of any assistance and requested the Deputy

[20] Nanak Nagar Zone: ₹ 65 lakh; Jagti (A) Zone: ₹ 2.14 lakh.

Commissioners, Ramban, Reasi and Udhampur to ensure that no fresh registration of any migrant family who was not figuring in the CID list be allowed.

In compliance to orders (April 2016) of the High Court of Jammu & Kashmir regarding payment of arrears for the period from April 2004 to September 2007 to 994 identified migrant families of Jammu region with 9 *per cent* interest from January 2010, the Relief and Rehabilitation Department, GoJ&K accorded (November 2016) sanction to release of ₹ 16.09 crore in favour of the Relief and Rehabilitation Commissioner (Migrants), Jammu for payment to the registered Jammu migrants. Accordingly, the Relief and Rehabilitation Commissioner (Migrants), Jammu released (December 2016), ₹ 2.47 crore in favour of Deputy Commissioner, Udhampur for disbursement of arrears to Jammu migrants. The payment was to be made to the registered/ genuine Jammu migrants after due verification. The High Court of Jammu and Kashmir vide another order, directed (March 2017) the Department to consider claims of the remaining 59 Jammu migrant families in district Udhampur for payment of arrears.

It was noticed in Audit that:

- Tehsildar, Mahore had paid arrears of ₹ 2.39 lakh (April 2004 to September 2007) to two migrant families who did not exist in the Court list.
- Tehsildar, Reasi while releasing payment of arrears to migrant families from Jammu in pursuance of the orders of the High Court, had not taken into account number of members in each migrant family and paid excess arrears of ₹ 2.06 lakh to five migrant families. Also, arrears in respect of two Jammu migrant families had been paid on the basis of reduced number of family members, resulting in less payment of arrears of ₹ 1.99 lakh. This indicated that actual number of members of migrant families as per the CID and Court lists were ignored while making payment of arrears.

The Relief and Rehabilitation Commissioner (Migrants), Jammu stated (August 2020) that the concerned Deputy Commissioners have been requested (August 2020) to provide factual report with documentary evidence and that Tehsildar, Udhampur informed (August 2020) that payment of arrears on account of relief and free ration for the period from May 2004 to September 2007 was disbursed as per orders of the High Court.

The reply of Tehsildar, Udhampur is not tenable as 49 migrant families in Udhampur were registered in the year 2007 and also did not figure in the Court list. The arrears therefore, were not due to migrants as they did not figure in Court list and they were not registered.

2.3.6 Excess payment of arrears on account of interest on cost of ration

The High Court of Jammu and Kashmir directed (April 2016) that payment of arrears be made to identified migrant families of Jammu region for the period from April 2004 to September 2007 with 9 *per cent* interest from January 2010. Arrears amounting to ₹ 2.43 crore on account of cash assistance and ration for the period from May 2004 to September 2007 along with interest at the rate of 9 *per cent* was paid to 159 migrant families by the Tehsildar, Udhampur. The interest was paid both on cash assistance as well as cost of ration instead of restricting it to cash assistance component only. This resulted in excess payment of arrears of ₹ 28.99 lakh to 159 migrant families. Further, no interest on arrears on account of ration was paid to such migrants by the Tehsildars Mahore, Reasi and Zonal Officer, Nanak Nagar, Jammu.

In reply, the Relief and Rehabilitation Commissioner (Migrants), Jammu stated (July 2020) that as per the directions of the Court, interest at the rate of 9 *per cent* was payable and restricted on cash assistance component and that Tehsildar, Udhampur had been requested to clarify disbursement of arrears on food grains component of the free ration.

Further progress in the matter was awaited (December 2020).

2.3.7 Denial of cash assistance to migrant families

Free ration was allowed by the Relief and Rehabilitation Commissioner (Migrants), Jammu to 20 Jammu migrant families[21] registered during 1999-2000. However, cash assistance had not been paid to these 20 registered migrant families though free ration was being provided to them. Audit could not ascertain reasons from the records of the Department for supply of only free ration without payment of cash assistance to these 20 migrant families.

The Relief and Rehabilitation Commissioner (Migrants), Jammu stated (August 2020) that the Administrative Department had been requested for necessary directions in the matter.

2.3.8 Retention of funds

Disbursement of cash relief has been made through Direct Benefit Transfer (DBT) mode on the Public Financial Management System (PFMS) portal since November 2017. Audit noticed that the bank account of Tehsildar, Reasi had an undisbursed balance of ₹ 50.18 lakh as of 29 August 2019. Further, the Tehsildar, Reasi had remitted ₹ 17 lakh into Government account as of 31 March 2020.

The Relief and Rehabilitation Commissioner (M), Jammu stated (July 2020) that retention of funds in the official account would be taken up with the concerned official and that since November 2017, cash relief had been made through DBT mode on PFMS portal and the same was running successfully.

Further progress in the matter was awaited (December 2020).

[21] Nanak Nagar Zone: 17 families and Jagti Zone (A): 3 families.

2.4 Rehabilitation package for one-time settlement for families from Pakistan Occupied Jammu and Kashmir (POJK) and Chhamb Displaced persons

2.4.1 Introduction

The project was aimed to provide financial assistance of ₹ 5.5 lakh as one-time settlement to each displaced family with GoI assistance of ₹ 5,49,692 and GoJ&K share of only ₹ 308. The project was to be funded by a contribution of ₹ 2,000 crore from GoI and the GoJ&K was to contribute ₹ 1.12 crore. Payment to the beneficiaries was to be made by Direct Benefit Transfer (DBT) through Public Financial Management System (PFMS) by GoI, MHA in respect of Central share and GoJ&K in respect of State share to 36,384 families belonging to any of the categories of Displaced Persons (DPs) of Pakistan Occupied Jammu and Kashmir (POJK) 1947, DPs of Chhamb 1965 and 1971 (camp/ non-camp).

The Provincial Rehabilitation Officer (Custodian of Evacuees Property), Jammu was responsible for submission of cases in respect of displaced families belonging to the category of 'POJK 1947' after identification through verifiable and credible documents to the Divisional Commissioner, Jammu. Similarly, the Deputy Commissioners of concerned districts were responsible for submission of cases to the Divisional Commissioner, Jammu in respect of displaced families belonging to the category of 'Chhamb 1965 and 1971 (camp/ non-camp)' after identification through verifiable and credible documents.

2.4.2 Identification of displaced families

As per the guidelines stipulated (December 2016) of the GoI the GoJ&K was to prescribe credible and verifiable documents for identification of displaced persons. As per instructions (December 2016) of the State Government, the Displaced Persons (DPs) or their legal heirs were to submit duly filled applications along with documents to the designated authorities in support of their claims for assistance under the project. Common documents prescribed for all categories of DPs include Permanent Resident Certificate (PRC), Aadhar card, Aadhar linked Bank account number, Mandate Form duly attested by the concerned Bank.

The documents required for identification of 'DPs of POJK 1947' were:

- Form A duly certified by the Provincial Rehabilitation Officer (PRO)/ Deputy PRO or Loan ledger duly certified by PRO/ Deputy PRO;
- Nominal Roll (Registration number) duly certified by PRO/ Deputy PRO; and
- Order of allotment of plot of land/ residential quarter duly certified by PRO/ Deputy PRO.

The documents required for 'DPs of Chhamb 1965 and 1971 (camp)' were:

- Land ownership records;
- Copy of ration card; and
- Voter list.

The DPs of 'Chhamb 1965 and 1971 (non-camp)' were also required to furnish proof of payment of ₹ 25,000 by National Human Rights Commission (NHRC) to them in lieu of allotment of land.

During a meeting[22] (February 2018) to review the progress of the project, it was decided (February 2018) that PRO, Jammu was required to prepare complete data of displaced persons of POJK 1947 including such families who were residing outside the State. The PRO had assured that the data would be prepared and submitted by 10 March 2018.

Audit noticed (October 2019) that neither survey for identification of genuine displaced persons of POJK was conducted nor the data of displaced families including those families residing outside the State had been prepared, resulting in recommendation of ineligible cases to the MHA for disbursement of assistance, as detailed in the subsequent paragraphs.

The PRO, Jammu accepted (August 2020) that the data of displaced persons could not be prepared due to lack of staff/ infrastructure and overburden of work.

In the absence of the data on displaced persons, the correctness of payments to beneficiaries could not be verified in audit.

2.4.3 Financial Status

The project stipulated (December 2016) that as per the decision of the GoI, the entire process of disbursement of components of both the GoI and the GoJ&K was to be completed within four months (April 2017). In the review meeting[23] on this project, the GoJ&K was requested to accelerate uploading details of eligible beneficiaries with verified Aadhar linked Bank accounts and expedite disbursement of assistance to the beneficiaries. Further, the GoJ&K made a commitment[24] that disbursement through DBT was likely to be completed by 2018 and it was emphasised in November 2017[25] that uploading of beneficiaries' data would be expedited by the GoJ&K.

Year wise position of assistance disbursed through DBT to the beneficiaries during the period from 2016-17 to 2018-19 is given in **Table 2.4.1**.

Table 2.4.1: Assistance to Beneficiaries

(₹ in crore)

Year	Amount disbursed by MHA	Number of Beneficiaries assisted	Amount disbursed by GoJ&K	Number of beneficiaries assisted
2016-17	9.33	175	5.28	96
2017-18	470.00	10,348	-	-
2018-19	679.83	16,003	-	-
Total	**1,159.16**	**26,526**	**5.28**	**96**

(Source: Monitoring report of PMDP of J&K Government, March 2020)

As seen from the **Table 2.4.1**, the GoJ&K disbursed (December 2016) financial assistance to 96 displaced families (at the rate of ₹ 5.50 lakh each) amounting to

[22] Meeting chaired by the Minister for 'Disaster Management, Relief, Rehabilitation and Reconstruction' GoJ&K.

[23] Meeting held on 27.04.2017 by the Home Minister, GoI.

[24] In Meeting held on 31.07.2017 by Home Secretary, GoI.

[25] In Meeting held from 20 to 30 November 2017 by Home Secretary, GoI.

₹ 5.28 crore through cheques out of its own resources at the time of the roll out of the project. The GoJ&K, thus, incurred expenditure of ₹ 4.16 crore in excess of the required State share of ₹ 1.12 crore for 36,384 displaced families at the rate of ₹ 308 per family. Subsequently, the Department of Disaster Management, Relief, Rehabilitation and Reconstruction, GoJ&K, had uploaded 32,039 beneficiaries (₹ 1,386.14 crore) on PFMS ending 31 August 2020.

2.4.4 Inadequate infrastructural support

As per the scheme guidelines (December 2016), infrastructural support to the PRO, Jammu was to be strengthened by providing the requisite manpower and Information Technology (IT) resources[26].

For upgradation of IT infrastructure for implementation of the scheme, the Planning Development and Monitoring Department, GoJ&K released (February 2017) ₹ five lakh in favour of District Development Commissioner (DDC), Jammu who incurred (March 2017) the expenditure on purchase of Computer Hardware[27] and accessories etc.

However, DDC, Jammu issued only two Desktop PCs, one HP printer and two UPS to the Displaced Persons (DP) Cell while the rest of the items were diverted to other sections in the office not related to implementation of the scheme.

Further, for upgradation of IT infrastructure, the Divisional Commissioner, Jammu released (February 2017) ₹ 3.50 lakh in favour of PRO, Jammu who incurred (March 2017) expenditure of ₹ 1.18 lakh on purchase of Computer Hardware, accessories and one photocopier and surrendered ₹ 2.32 lakh.

Thus, the requisite infrastructure had not been provided by the Department as envisaged in the scheme guidelines.

Displaced persons of POJK 1947

2.4.5 Identification of beneficiaries without genuine documents

The guidelines of this scheme required the GoJ&K to prescribe a mechanism for identification of beneficiaries as stated in paragraph 2.4.2.

Analysis of data collected in respect of 460 cases[28], out of 2730 test checked cases revealed that legal heir certificates from Assistant Commissioners (Revenue)/ Tehsildars in support of claims had been sought in 75 cases (16 *per cent*) only. However, in respect of remaining 385 cases (84 *per cent*) either documents like Court decree (34 *per cent*), Power of Attorney (30 *per cent*) and affidavits (11 *per cent*) had been sought or no documentary proof (9 *per cent*) had been obtained.

As is evident from the cases with deficiencies in documentation, the Department had not put in place a robust mechanism for identification of legal heirs of displaced

[26] Manpower (Naib Tehsildar: one; Girdawars: two; Data Entry Operators: three); Computer hardware/ software: Computer/ Desktop along with peripherals: three.
[27] Desktop PCs: 3, Laptop: one.
[28] In PRO, Jammu.

persons and no proper procedure was adopted with regard to requirement of legal heir certificates/ affidavits/ Power of Attorney/ Court decree etc.

PRO, Jammu stated (August 2020) that uniform procedure was not possible as allotments were separate in nature and documents such as decree from Civil Court and legal heir certificate from Tehsildar supported by affidavits and Power of Attorney were equally important and were entertained only after consultation with higher authorities. Non formulation of uniform procedure resulted in gaps in implementation of the project, as highlighted in the subsequent paragraphs.

2.4.6 Recommendation of compensation to ineligible claimants

One-time assistance was to be paid to registered displaced person, if alive, otherwise it was required to be divided among legal heirs in required proportions. Audit noticed that no control register had been maintained by the PRO, Jammu for recording details of copies of Form A[29]/ Loan ledger[30]/ Nominal Roll[31] (certified by PRO/ Deputy PRO) issued to claimants in accordance with the guidelines (December 2016) to guard against their usage by the claimants more than once for claiming assistance under the scheme. In 40 cases involving 80 applicants ***(Appendix 2.4.1)***, copies of the same documents were used twice and assistance had been claimed twice separately by individuals by splitting families or by misrepresentation of facts. This had resulted in recommendation of ineligible cases of displaced families with consequent undue/ wrong payment of ₹ 2.31 crore**.**

The PRO, Jammu stated (August 2020) that either full/ part recovery had been made in eight cases, payments withheld/ account frozen in three cases and recovery proceedings were initiated in three cases, while verification was being conducted in 12 cases and separate family proofs had been annexed with files in 14 cases. However, proof of family in respect of 14 cases was not annexed with the reply.

2.4.7 Incomplete documents

The documents required for identification of 'DPs of POJK-1947' as per the instructions of the GoJ&K (December 2016) were:

- Form A duly certified by the Provincial Rehabilitation Officer (PRO)/ Deputy PRO or Loan ledger duly certified by PRO/ Deputy PRO;
- Nominal Roll (Registration number) duly certified by PRO/ Deputy PRO; and
- Order of allotment of plot of land/ residential quarter duly certified by PRO/ Deputy PRO.

Audit noticed (September 2019) the following omissions in recommending cases for assistance under the project by the PRO, Jammu.

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29 Declaration Form taken from displaced persons giving details of family, address in POJK and J&K and place where he/ she wants to get settled in J&K.

30 Record of loan paid by Government to the displaced person after their registration as refugee in 1947.

31 Statement of recoveries made from ex-gratia claims of beneficiaries by the Assistant Settlement Commissioner, Jammu.

- Family members mentioned in the original registration documents (Form A/ loan ledger) were ignored;
- Misrepresentation of facts by 10 claimants regarding family members;
- Mismatch in names/ address in POJK in original documents with details given by claimants;
- Persons born around 1947 claiming compensation or giving no objection certificate to others not finding a mention in original documents;
- Original documents without family details at the time of displacement; and
- Documents such as POA/ affidavits were not placed on record instead only affidavits relied upon when legal heir certificates were required to be produced ***(Appendix 2.4.2 & 2.4.3)***.

These omissions had resulted in recommendation of 54 ineligible/ doubtful cases (***Appendix 2.4.4)*** involving financial assistance of ₹ 2.97 crore. In reply PRO, Jammu stated (August 2020) that necessary documents were being sought from the claimants in 18 cases and verification was initiated in two cases while no response was furnished in one case and reply did not address the audit observation in respect of 33 cases.

Displaced Persons of Chhamb (1965/ 1971)

2.4.8 Displaced families residents in relief camps

Test check of records of 256 cases of displaced persons who lived in relief camps in Jammu district revealed that copies of ration cards were not found attached in 57 cases (22 *per cent*) and in 15 cases (six *per cent*) ration cards attached were not legible. Copies of Permanent Resident Certificate (PRC) were found not attached in 40 cases (16 *per cent*) and in seven cases (three *per cent*) records of allotment of land were not obtained from beneficiaries. Further, in 29 cases (11 *per cent*) though records of land allotment were available, these were not authenticated/ signed by the Tehsildar. Audit further noticed that in 201 cases (out of 256 cases) power of attorney from legal heirs was found attached only in 29 cases (14 *per cent*), in 154 cases (77 *per cent*) involving payment of ₹ 7.47 crore, only affidavits of legal heirs were on record and in 18 cases (nine *per cent*) involving payment of ₹ 0.80 crore, no document was attached to establish genuineness of claimants.

The Assistant Commissioner (Revenue), Jammu stated (October 2019) that compensation cases were supported by documentary evidence and there was no scope for payment to unauthorised/ ineligible beneficiaries. The reply is contrary to the facts as mentioned in following paragraphs.

2.4.9 Compensation paid to ineligible claimants

The documents required for identification of DPs of Chhamb 1965 and 1971 (camp) as per the instructions of the GoJ&K (December 2016) were:

- Land ownership records;
- Copy of ration card; and
- Voter list

Audit noticed (October 2019) the following omissions in cases recommended by the Deputy Commissioner, Jammu, for assistance under the project.

- Family members mentioned in the original registration documents were ignored;
- Concealment of information by claimants regarding family members;
- Mismatch in names in original documents with details given by claimants;
- Disposal of cases without ration card which contain names of family members during their stay in relief camps;
- Non-enclosing of adoption deed in cases where adopted son was the claimant; and
- Documents such as Power of Attorney/ affidavits were not placed on record.

These irregularities had resulted in recommendation of ten ineligible/ doubtful cases (***Appendix 2.4.5)*** involving financial assistance of ₹ 54.96 lakh by the Deputy Commissioner, Jammu.

The Assistant Commissioner (Revenue), Jammu stated (December 2019) that cases were finalised after completion of all required formalities.

The reply is not acceptable as necessary documents were not available in the individual case files and observation specific replies were not furnished to audit.

The Government should formulate a time line to identify and recommend cases of eligible families for payment of financial assistance under the project. The Government may take action to recover inadmissible financial assistance paid and also fix responsibility for recommending ineligible cases for financial assistance under the project.

2.4.10 Displaced families not residents in relief camps

The documents prescribed by the GoJ&K for finalisation of cases pertaining to Chhamb refugees who had not resided in camps included proof of payment of ₹ 25,000 by National Human Rights Commission in lieu of allotment of land besides Permanent Resident Certificate (PRC) of the claimant.

Out of 261 case files test checked in Audit in Jammu district, in 17 cases (seven *per cent*) the PRC was not found attached though their cases were recommended for payment.

The Assistant Commissioner (Revenue), Jammu stated (December 2019) that as per guidelines PRC of any of the family members was required to be provided. The reply

is not acceptable as PRC of the claimant was required to be provided for finalisation of the case.

In one case[32], an amount of ₹ 25,000 was paid[33] by NHRC, although the name of displaced person and his father's name did not match with the claimant[34] recommended by the Deputy Commissioner, Jammu for payment of compensation.

The Assistant Commissioner (Revenue), Jammu stated (December 2019) that Mul Singh (son of Sohan Singh) and Mool Raj (son of Sawan Singh) was one and the same person.

The reply was not acceptable as documents in support of the contention were not produced by the Department.

Finance Department

2.5 Interest subvention on assistance for restoration of livelihood of traders/ self- employed/ business establishments

2.5.1 Introduction

In order to provide financial assistance for restoration of livelihood of traders/ self-employed/ business establishments etc., affected by floods in September 2014 in the State of Jammu and Kashmir (J&K), the Scheme for Interest Subvention was sanctioned (April 2016) by the Government of India (GoI) under the 'Prime Minister's Development Package (PMDP)'. A provision of ₹ 800 crore was made (November 2015) to meet the challenge of livelihood restoration of industrial and business enterprises affected by the devastating flood. As per the scheme guidelines (February 2016), interest subvention was to be restricted only to those units availing credit facility from Banks for business purposes (trading and manufacturing activities) and affected by the floods of September 2014. Under this project, a total number of 28,246 business units identified by the Jammu and Kashmir State Level Bankers Committee (JKSLBC) and whose accounts were restructured immediately after flood of September 2014 were to be extended financial assistance by way of interest subvention. Further, 50,081 small traders/ businessmen (having annual turnover upto ₹ 10 lakh) identified by the Divisional Commissioner, Kashmir on the basis of recommendations of the concerned Deputy Commissioners were to be provided financial assistance to the extent of 50 *per cent* of actual losses suffered by them. Implementation of the Scheme was reviewed in Audit by test check of records of the Finance Department GoJ&K, Jammu and Kashmir State Level Bankers Committee, Director Finance, Chief Minister's Secretariat, GoJ&K and Director Tourism, Kashmir and the concerned Deputy Commissioners.

2.5.2 Structural mechanism and Fund Position

The Jammu & Kashmir Bank Limited (JKBL) was the convener of JKSLBC in the State. The scheme was implemented by the Principal Secretary, Finance Department,

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32 Mool Raj S/o Sawan Singh.
33 Mul Singh S/o Sohan Singh.
34 Case file no. 2898- Cheque No. 413128 dated 28.05.2005 -Code no. 706/117.

GoJ&K, through JKSLBC/ JKBL, the Chief Minister's Secretariat and Deputy Commissioners of eight districts[35] in the Kashmir Division.

The GoI accorded sanction for release (April 2016) of ₹ 800 crore to the GoJ&K, Finance Department and the Finance Department, GoJ&K in turn released[36] ₹ 617.92 crore to JKSLBC/ JKBL, ₹ 187.37 crore to the Chief Minister's Secretariat and ₹ 1.47 crore to the Director Tourism, Kashmir during the period from July 2016 to January 2019.

2.5.3 Restructured accounts and financial arrangements

As per Paragraph 2.5 of the scheme guidelines, 28,246 business units with a total outstanding liability of ₹ 2,480 crore[37] as on February 2016, were to be provided restructuring/ enhancement of benefits[38] by 30 Banks in Jammu & Kashmir, post the floods of September 2014. Further, 50,081 small traders/ businessmen having annual turnover up to ₹ 10 lakh, were also to be provided financial assistance to the extent of 50 *per cent* of the actual losses suffered by them with a cap of ₹ one lakh in case of units having annual turnover up to ₹ five lakh and a cap of ₹ two lakh in case of units with annual turnover up to ₹ 10 lakh. The list of these trading/ business units had been drawn on the basis of recommendations of the respective Deputy Commissioners.

The GoJ&K, accorded (April 2016) sanction for utilisation of ₹ 800 crore under the scheme as follows:

- Subsidising interest to the extent of 50 *per cent*, for the period from 01 September 2014 to 31 December 2015 in case of 28,246 traders/ business units affected by the floods in September 2014 with a cap of ₹ 5 lakh per unit (involving financial implication of ₹ 175 crore).
- Grant of five *per cent* interest subvention with effect from 01 January 2016 with a cap of ₹ five lakh per business unit in respect of the above 28,246 business units (involving financial implication of ₹ 92 crore per annum and ₹ 368 crore for a period of four years).
- Assistance to small traders and business establishments with turnover up to ₹ 10 lakh (involving a financial implication of ₹ 132 crore).
- Cover[39] 50 *per cent* of the losses of 50,081 traders having annual turnover of less than ₹ 10 lakh per annum who had suffered losses due to the flood of September 2014 and identified by the respective Deputy Commissioners. The ceiling for this subsidy was ₹ one lakh for traders having turnover of ₹ five

[35] 1. Anantnag, 2. Bandipora, 3. Baramulla, 4 Budgam, 5. Kulgam, 6. Pulwama, 7. Shopian and 8. Srinagar.

[36] ₹ 6.76 crore in excess of GoI sanction released by the Finance Department out of State Government resources.

[37] The loan outstanding as of 31 December 2015 in case of these units was ₹ 2,035.12 crore (Principal: ₹ 1,838.17 crore and Interest: ₹ 196.95 crore) which had increased to ₹ 2,480 crore in February 2016.

[38] Enhancement benefits: Restructuring involves modification of terms of the credit by way of altering the repayment period and/ or enhancement of existing credit limits.

[39] As per the decision of GoJ&K.

lakh or less and ceiling of ₹ two lakh for traders with turnover between ₹ five lakh and ₹ ten lakh.

- The balance provision[40] of ₹ 125 crore was to be utilised to cover left over borrowers from institutions like State Financial Corporation (SFC) and Non-Banking Financial Companies (NBFCs) etc.

The JKSLBC had initially identified 28,246 accounts of traders/ business units affected by the floods in September 2014 which were restructured immediately after floods of September 2014. The number of accounts was revised (July 2017) to 23,491 accounts after excluding agriculture loans and personal loans in accordance with the scheme guidelines. An interest subvention of ₹ 161.84 crore[41] was extended to these 23,491 accounts.

Further, out of the 50,081 small[42] traders/ businessmen identified by the Deputy Commissioners which were affected by floods, financial assistance of ₹ 135.47 crore had been disbursed (September 2020) to 48,638 traders/ business units.

Although there was a provision for left over borrowers from institutions like SFC and NBFCs etc. for which ₹ 125 crore was earmarked, financial assistance to not even a single beneficiary had been provided under this provision (August 2020).

2.5.3.1 Interest subvention to restructured accounts

As per paragraphs 4.1 and 4.3 of the scheme guidelines, interest to the extent of 50 *per cent* for the period from 1 September 2014 to 31 December 2015 with a cap of ₹ five lakh per unit and five *per cent* interest subvention with effect from 1 January 2016 to 31 December 2019 with a cap of ₹ five lakh per business unit per annum, were to be provided in respect of 28,246 traders/ business units/ self-employed, affected by the flood.

The JKSLBC forwarded the tentative Bank wise details of 28,246 identified accounts which were restructured to the GoJ&K, on the basis of which the GoJ&K framed the scheme guidelines by earmarking ₹ 543 crore for providing interest subvention on these accounts. The list of 28,246 restructured accounts initially identified by JKSLBC was revised to 23,491 restructured accounts after exclusion of personal and agriculture loans from the list. Out of a total of ₹ 543 crore, financial assistance of only ₹ 161.84 crore was extended to 23,491 accounts leaving scope for diversion of scheme funds as discussed in subsequent paragraphs 2.5.4.1 to 2.5.4.2 of this Report.

2.5.3.2 Interest subvention to ineligible borrowers

As per the scheme guidelines[43] the JKBL was to provide interest subvention of 50 *per cent* of the interest charged for 11,449 identified restructured accounts between 01 September 2014 and 31 December 2015 and five *per cent* of the interest

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40 As. per the order (April 2016) of GoJ&K.

41 ₹ 57.36 crore for subsidising interest of 50 *per cent* for period from 1 September 2014 to 31 December 2015 and ₹ 104.48 crore for grant of five *per cent* of interest subvention from 1 January 2016 to 30 September 2018.

42 Having annual turnover of up to ₹ 10 lakh.

43 Para No. 11 and 12.

with effect from 01 January 2016 per annum for each business unit/ trader. Accordingly, restructured accounts of the entities affected by the floods of September 2014, were eligible for the Rehabilitation/ Revival Package under the scheme.

Audit noticed (June 2019) that Accounts of nine borrowers which were sub-standard[44] prior to the floods of September 2014, were subsequently included in the list of 11,449 accounts prepared by the JKBL and provided (July 2016) interest subvention of 50 *per cent* of the interest charged during 01 September 2014 to 31 December 2015, amounting to ₹ 16.49 lakh as detailed in ***Appendix 2.5.1***. Further, interest subvention of five *per cent* for the period from 01 January 2016 to 30 September 2018 amounting to ₹ 36.62 lakh was also provided (December 2016 to January 2019) to these nine borrowers as detailed in ***Appendix 2.5.2***.

Similarly, out of 6,167 accounts restructured after the floods of September 2014 by Ellaquai Dehati Bank, 98 accounts were already sub-standard prior to floods of September 2014. These accounts were provided (July 2016 to January 2019) interest subvention amounting to ₹ 21.46 lakh.

Thus, interest subvention to the extent of ₹ 74.57 lakh was provided for 107 accounts of two Banks which were sub-standard prior to floods of September 2014 and were as such, ineligible as per the scheme guidelines.

The JKBL stated (August 2020) that as per scheme guidelines of Special Rehabilitation/ Revival Package for persons affected by natural calamity (Flood 2014) in J&K, outstanding standard loans as on 31 August 2014 were eligible under the scheme and that out of nine accounts, eight accounts were standard as on 31 August 2014 and were eligible for rehabilitation under the scheme. The remaining one[45] borrower was provided interest subvention under the Flood Rehabilitation Scheme and ₹ 20 lakh released in his favour would be recovered and refunded to the Government through JKSLBC.

The reply of the Bank management is not acceptable as nine accounts which were sub-standard as on 30 June 2014 were irregularly included in the list of 11,449 restructured accounts by the JKBL and provided interest subvention.

In view of these findings, it is recommended that the GoJ&K review all cases where interest subvention has been allowed to ensure only genuine claims are accepted and recovery effected from units not meeting the criteria but have availed this benefit.

2.5.3.3 Excess disbursal for interest subvention

I. As per the scheme guidelines[46], a ceiling of ₹ five lakh per annum per unit for all accounts put together, was fixed for providing interest subvention for the period up to September 2014.

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44 An account is classified as sub-standard by the Bank when the principal or interest payment thereof is overdue. An account becomes a Non-Performing Asset (NPA), if the principal or interest payment thereof is overdue for period of 90 days or more.

45 M/s Jhelum Roller Floor Mills.

46 Para 11 and 12 of the Scheme guidelines.

Audit examination of records of JKSLBC revealed that three borrowers had been provided benefit under interest subvention by JKBL and HDFC Bank, beyond the prescribed limit (up to September 2018) thereby resulting in excess payment of ₹ 5.45 lakh as detailed in ***Appendix 2.5.3***.

The JKSLBC, while accepting the observation, stated (August 2020) that no technical mechanism was available for checking account IDs of the beneficiaries on inter-bank basis and that the J&K Bank Limited had been advised to recover the excess amount from the identified borrowers, where the benefit through the JKBL and the HDFC Bank collectively had exceeded ₹ five lakh per annum.

The details of recovery were, however, awaited (August 2020).

II. As per the scheme guidelines[47], the units which were affected by the floods of September 2014 and had been provided financial assistance under the Chief Minister's Flood Relief Fund (CMFRF) were eligible under the Scheme for interest subvention to the extent of loan outstanding with the Banks. The guidelines further stipulate[48] that the total benefit from both the sources (CMFRF and Interest Subvention) was not to exceed ₹ five lakh. For this purpose, the Divisional Commissioners were to forward list of affected traders/ self-employed/ business establishments to JKSLBC for verification by the concerned Bank branches.

Audit noticed (June 2019) that no such list had been forwarded to the JKSLBC as a result Audit could not verify the total benefit under two sources (CMFRF and Interest Subvention) which did not exceed ₹ five lakh for these beneficiaries.

The JKSLBC management admitted (August 2020) that it had not received any such list from any office.

In view of these findings, it is recommended that the GoJ&K review all cases where interest subvention has been allowed without combining the different sources under the same category and effect recovery from units wherever appropriate.

2.5.3.4 Absence of mechanism to monitor business activity

The scheme guidelines[49] provided that in case the trader/ business unit closed the business activity or changed its location up to two years after availing interest subvention, the unit would be asked to refund subsidy after giving an opportunity of being heard.

However, examination of records (June 2019) showed that the JKSLBC had not put in place any mechanism to monitor business activity and change of location of the trader/ business unit. Hence, the JKSLBC could not ensure compliance of the applicable conditions.

The JKSLBC management, while admitting the audit observation, stated (August 2020) that instructions/ eligibility criteria under the scheme, as received from

47 Para 3.3 (d) of the Scheme guidelines.
48 As per para 5.8 of the Scheme guidelines.
49 Para 3.5 and 3.6 of the Scheme guidelines.

the GoJ&K for seeking claims were disseminated to the member Banks which had lodged claims under the scheme. It was also stated that as and when any recovered amount/ benefit from the Banks were received, the same would be refunded to State Government.

Thus, in the absence of any such mechanism, audit could not ascertain the quantum of such traders/ business units who had availed the benefit of interest subvention and subsequently closed the business activity or changed their location up to two years and were supposed to refund the availed subsidy.

2.5.4 Diversion of scheme funds

As per GoI sanction order (April 2016), the assistance under this scheme was to be utilised for providing only interest subvention assistance for restoration of livelihood of traders/ self-employed/ business establishments affected due to floods in Jammu & Kashmir during September 2014 and who were availing credit facilities from Banks.

Audit noticed (July 2019) cases of diversion of ₹ 452.12 crore (56 *per cent*) from total scheme funds of ₹ 806.76 crore, as discussed in the succeeding sub-paragraphs.

2.5.4.1 Diversion of assistance to houseboat owners

Audit noticed that Finance Department released (January 2018) ₹ 1.47 crore to the Department of Tourism, GoJ&K for waiver of loans in respect of 19 houseboat owners who had turned defaulters with Banks for loans taken earlier as one-time settlement of these cases. The Director Tourism, Kashmir disbursed (March 2018), ₹ 1.47 crore[50] to nine banks for settlement of these loans, which was not eligible to be covered under the scheme.

These houseboat owners were not affected during September 2014 floods and the waiver of these loans was a violation of the scheme guidelines.

The Joint Director (Resources), Finance Department, while confirming the audit observation, stated (August 2020) that the then Finance Minister, GoJ&K proposed one-time waiver of all such loan cases on the pattern of previous budget announcements in his budget speech 2018 and accordingly the assistance was released in favour of these 19 houseboat owners who had turned defaulters with Banks as a one-time settlement of these cases.

The interest subvention for the loans advanced needs to be recovered as they do not conform to the scheme guidelines.

[50] The loan of ₹ 55 lakh sanctioned by the banks in their favour between February 2004 and February 2005 had accumulated to ₹ 1.47 crore including interest thereon.

2.5.4.2 Diversion of assistance to ineligible schemes

I. Artisan Credit Card scheme

The Artisan Credit Card (ACC)[51] scheme was initiated (2002) by the Indian Bank Association (IBA) to provide a convenient credit facility to the artisans in the State of J&K. The scheme aimed to provide credit facilities to the artisans, weavers, members of cooperative societies and craftsmen engaged in different activities to start independent ventures of their own. The financial assistance was to be in the form of loan with a ceiling of ₹ one lakh from various Banks and financial institutions. The GoI, was to provide interest subsidy at 10 *per cent* on the loan over a period of five years.

Audit noticed (July 2019) that the JKBL had disbursed (July 2016 to February 2017) an amount of ₹ 26 crore as interest subvention among 36,891 artisan beneficiaries post release (July 2016) of ₹ 26 crore by the GoJ&K in favour of JKBL under the 'Prime Minister's Development Package' for settlement of outstanding balance of interest on Artisan Credit Cards. The GoJ&K also directed (July 2016) the Industries and Commerce (I&C) Department/ JKBL to ensure that only genuine flood affected (September 2014) ACC holders are covered by putting in place a proper verification mechanism.

The ACC was a scheme existing prior to the announcement of the PMDP and was not eligible for assistance under Interest Subvention Scheme. Moreover, specific linkage to losses occurred due to flood had not been done.

The Joint Director (Resources), Finance Department stated (August 2020) that in a policy decision taken in a meeting (July 2016) held under Chairmanship of the then Finance Minister of the erstwhile State of J&K, it was decided that ₹ 26 crore outstanding on account of interest subvention be provided as one time relief to the artisan community as this class was badly affected by September 2014 floods and that verification of genuine beneficiaries vested with I&C Department and J&K Bank.

The reply confirmed the audit observation that funds released by the GoI for the scheme were diverted towards commitment of the GoJ&K for payment of interest subsidy to artisans under the ACC scheme which was not admissible.

II. Kissan Credit Card scheme

Similarly, the Kissan Credit Card (KCC)[52] scheme was a pre-existing scheme introduced in 1998 by the Reserve Bank of India to provide adequate and timely support[53] from the Banking system. The GoJ&K released funds amounting to ₹ 244.78 crore between July 2016 and June 2017 to JKSLBC for further disbursement

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51 The scheme approved by Reserve Bank of India and the Development Commissioner (Handicrafts), Ministry of Textile, GoI has been adopted by the banks for implementation.

52 The card is offered by Commercial Banks, Regional Rural Banks, Small Finance Banks and Public Cooperatives. The KCC allows cash credit to farmers to take care of crop related expenses like seeds, fertilisers, pesticides, electricity and diesel charges etc.

53 Through a single window with flexible and simplified procedure to the farmers for their cultivation and other needs.

to the Banks operating the KCC scheme in the State. The JKSLBC in turn released ₹ 134.30 crore in three tranches during the period from July 2016 to June 2017 to JKBL which in turn credited (January 2017 to April 2018) the amount in 66,015 KCC accounts holders of all 22 districts of the State. The JKSLBC further released ₹ 109.80 crore to 19 other banks for 49,302 accounts of KCC. Also, an amount of ₹ 0.04 crore was wrongly credited by JKBL on 05 July 2016 to 33 borrowers who were ineligible. The balance amount of ₹ 0.64 crore was refunded (October 2017/ April 2018) to the GoJ&K by the JKSLBC.

Audit observed (July 2019) that sanction of funds by the GoJ&K was in violation of Interest Subvention scheme guidelines and resulted in diversion of funds to the extent of ₹ 244.10 crore as the scheme was not extendable to agricultural production loans. Further, it was observed that while extending Interest Subvention Scheme under the PMDP to KCC and while making the payment, specific linkage to losses occurred due to flood had not been done by the JKSLBC/ Banks. Also, the deviations to the scheme guidelines and Government sanction orders thereof were not issued with the approval of the GoI.

The Joint Director (Resources), Finance Department stated (August 2020) that in a policy decision taken in a meeting (July 2016) held under the Chairmanship of the then Finance Minister of erstwhile State of J&K, it was decided that outstanding balance as on 31 March 2015 against all those KCC beneficiaries whose accounts were standard as on 31 August 2014 as well as those whose sanctioned amount limit was ₹ one lakh would be considered for 50 *per cent* waiver under the scheme as the loan taken against KCC.

The reply confirmed that scheme funds released by the GoI were diverted towards agriculture production loans of farmers under KCC scheme and resulted in violation of the guidelines of the Interest Subvention scheme.

III. Chief Minister's Business Interest Relief Scheme

The GoJ&K launched the Chief Minister's Business Interest Relief Scheme (CMBIRS) [54] with effect from 01 January 2018.

As per the scheme, the GoJ&K was to contribute one-third of the monthly installment/ interest payment of the borrower if he had actually paid two-third of the monthly installment earlier. The scheme was applicable to the restructured accounts affected by the floods of September 2014 as also the accounts restructured after the unrest of 2016.

Under the CMBIRS, the Finance Department, GoJ&K released ₹ 200 crore[55] in favour of the JKSLBC between March 2018 and March 2019. Out of this, an amount of ₹ 199.96 crore had been remitted up to March 2019 to 15[56] Banks operating in the erstwhile State of J&K.

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54 On the announcement made in the Budget Speech for 2018-19 by the Finance Minister, GoJ&K.

55 Including ₹ 180 crore out of PMDP funds.

56 Including the JKBL: ₹ 190.20 crore.

An amount of ₹ 180 crore received from the GoI and payment made to beneficiaries under CMBIRS towards commitment of the GoJ&K made during Budget session of 2018-19, was not as per the guidelines of the Interest Subvention Scheme of the PMDP. Further scrutiny of records (July 2019) revealed that out of release of ₹ 190.20 crore to JKBL, ₹ 41.32 crore[57] was provided to only 19 borrowers as detailed in ***Appendix 2.5.4***. Further, out of these 19 borrowers, accounts of ten borrowers[58] to whom benefit of interest subvention of ₹ 21.02 crore had been provided (between March 2018 and March 2019), were not at all affected during flood of September 2014 and they had been restructured only after the unrest of 2016 under Special Rehabilitation Package.

The Joint Director (Resources), Finance Department stated (August 2020) that sanction was accorded (March 2018) for roll out of CMBIRS as per announcement made by the then Finance Minister in his budget speech 2018-19 and that the verification of genuine beneficiaries vested with JKBL.

The reply confirmed that funds released by the GoI were diverted by the GoJ&K for its own commitment and not for payment under the scheme of Interest Subvention.

IV. Assistance to a private trust

The JKBL had initially sanctioned (December 2017) a term loan of ₹ 8.50 crore to M/s DP Dhar Memorial Trust for construction of a Centre for Visually Impaired children. In order to provide the benefit of the Interest Subvention scheme under the PMDP, the GoJ&K sanctioned (May 2018), ₹ 1.86 crore[59] for the Trust to be disbursed through the JKBL. The interest subvention was to be released on annual basis.

Audit observed (July 2019) that the JKBL commenced the disbursement of loan of ₹ 8.50 crore in February 2018 and also had released interest subvention of ₹ 0.35 crore (19 *per cent* of the sanctioned amount of ₹ 1.86 crore) during the period between June 2018 to June 2019. Further, the Trust had also been provided financial assistance of ₹ 0.20 crore as subvention of 50 *per cent* of interest charged from 01 September 2014 to 31 December 2015 and five *per cent* interest subvention from 01 January 2016 to 30 September 2018. There was no provision for release of assistance to a Private Trust in the Interest Subvention scheme, that too for one that has not been affected by the floods of September 2014 and has resulted in diversion of scheme funds of ₹ 0.55 crore towards a private institution.

The Joint Director (Resources), Finance Department, GoJ&K stated (August 2020) that the Government released the amount in favour of M/s DP Dhar Memorial Trust

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57 Assistance ranging between ₹ 0.69 crore and ₹ 5.73 crore had been provided to single borrower.

58 1. M/s HK Cement Industries Pvt. Limited, 2. Khyber Industries Pvt. Limited, 3. Trumbo Industries Pvt. Limited, 4. Peak Auto Jammu Pvt. Limited, 5. Peaks Agro Warehousing Pvt. Limited, 6. J&K Cements Limited, 7. Kashmir Fruit Preservers Partners, 8. Kashmir Premium Apples Pvt. Limited, 9. Shaheen Agro Fresh Pvt. Limited and 10. HN Aggrieve Pvt. Limited.

59 Interest subsidy of five *per cent* i.e. 50 *per cent* interest subvention of the project loan for a period of seven years (including moratorium period of two years from the date of disbursement).

on the basis of requisition made by JKBL as a policy decision and that it was done for a noble cause.

The reply confirmed that funds released by the GoI for Interest Subvention scheme were diverted towards payment of interest subsidy in favour of a private trust, which was a violation of the scheme guidelines.

2.5.5 Disbursement of assistance through the Chief Minister's Flood Relief Fund

During the period from April 2015 to March 2016, ₹ 101.89 crore was released by the Director (Finance), Chief Minister's Secretariat to the Deputy Commissioners of eight districts[60] of Kashmir Division for payment to remaining small traders/ business units with turnover up to ₹ 10 lakh and not linked to the formal credit system[61]. Subsequently, under the PMDP, ₹ 187.37 crore was released (September 2017) by the Finance Department, GoJ&K which included ₹ 101.89 crore towards recoupment of expenditure incurred out of Chief Minister's Flood Relief Fund (CMFRF) earlier and ₹ 85.48 crore in favour of Chief Minister's Secretariat. This amount of ₹ 85.48 crore was further released (November 2017) to the Deputy Commissioners of four districts[62] of Kashmir Division for further disbursal to these small traders/ business units.

Significant observations of Audit are discussed in the subsequent paragraphs.

2.5.5.1 Diversion of financial assistance for small business units/ traders

The scheme of Interest Subvention for the identified 50,081 business units/ small traders was restricted to addressing the financial assistance to these entities.

The scheme funds to the extent of ₹ 4.01 crore had been utilised towards payment to 903 destitute women in eight districts of Kashmir Division. Also, in two tehsils of Srinagar district, ₹ 12.77 lakh had been utilised towards payment of assistance to damaged residential houses (₹ 8.59 lakh) and to beneficiaries of State Disaster Relief Fund (SDRF) (₹ 4.18 lakh) which was not covered under the Interest Subvention scheme.

On this being pointed out (May 2019) in Audit, the Additional Deputy Commissioner, Budgam stated (May 2019) that matter regarding diversion of assistance had been taken up with the concerned Tehsildars. The Additional Deputy Commissioner, Srinagar stated (July 2019) that payments had been made by the respective Tehsildars as per the directives of the then Deputy Commissioners.

The reply confirmed the audit observation that ₹ 4.01 crore had been diverted from the scheme.

The Government should fix responsibility and take appropriate action against officials responsible for all diversion of scheme funds.

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60 Anantnag: ₹ 20.38 crore; Bandipora: ₹ 5.30 crore; Baramulla: ₹ 1.33 crore; Budgam: ₹ 11.21 crore; Kulgam: ₹ 4.36 crore; Pulwama: ₹ 10 crore; Shopian ₹ 0.31 crore; and Srinagar: ₹ 49 crore.

61 Banks and Cooperative Societies constitute formal sector of credit.

62 Anantnag: ₹ 12.99 crore; Kulgam: ₹ 0.67 crore; Pulwama: ₹ 7.58 crore; and Srinagar: ₹ 64.24 crore.

2.5.5.2 Extra payment of assistance

The GoJ&K decided (April 2016) to cover 50 *per cent* of losses, of small traders/ business units for traders who had suffered losses from the floods of September 2014. For small traders/ business units with turnover of ₹ five lakh or less, the assistance was to be limited to ceiling of ₹ one lakh and for traders with turnover between ₹ five lakh and ₹ ten lakh, the ceiling was ₹ two lakh.

Audit noticed that:

- In Srinagar district in the three tehsils[63], an assistance of ₹ 21.20 lakh was disbursed to 39 affected traders against the admissible assistance of ₹ 11.05 lakh. The amount was credited twice into the accounts of these beneficiaries during the period from January 2016 to February 2019, which resulted in excess disbursement of ₹ 10.15 lakh.

After being pointed out (June 2019) in Audit, the Tehsildar, Khanyar effected recovery of only ₹ 0.35 lakh from two beneficiaries and the progress of recovery of remaining cases was awaited.

- In Baramulla district, assistance of ₹ 58.01 lakh was paid to 386 business units/ small traders[64], which was 100 *per cent* of the assessed loss, instead of 50 *per cent* of the total losses suffered. This resulted in excess payment of assistance of ₹ 29 lakh to 386 business units/ traders.

Home Department

2.6 Raising of Five India Reserve Battalions in Jammu and Kashmir

2.6.1 Introduction

To bridge the growing gap in the security grid which was increasingly devolving on the Jammu and Kashmir (J&K) Police and that J&K Police had inadequate manpower to cater to deployments arising out of sudden and widespread eruption of unrest, Ministry of Home Affairs (MHA), Government of India (GoI) sanctioned (February 2016) a project for 'Raising of five India Reserve (IR) Battalions' under the PMDP. The GoJ&K issued (September 2016) necessary instructions/ sanction for raising of five[65] IR Battalions in five districts[66].

2.6.2 Financial Management

As per the funding pattern of the project, out of ₹ 34.92 crore required for raising each IR Battalion, the GoI was to reimburse ₹ 26.19 crore which was 75 *per cent* of the standard cost. In addition, the GoI was to reimburse subject to a ceiling of ₹ 25 crore, 50 *per cent* of the infrastructure cost[67] for each Battalion on submission of requisite details of the expenditure incurred on creation of infrastructure. The

63 1. Khanyar, 2. Srinagar South and 3. Srinagar Central

64 317 business units/ traders, with turnover upto ₹ 5 lakh and 69 business units/ traders with turnover between ₹ 5 lakh and ₹ 10 lakh.

65 IR Battalions 21, 22, 23, 24 and 25

66 Districts of Bandipora, Kishtwar, Leh, Pulwama and Udhampur.

67 Excluding cost of the land.

reimbursement of standard cost of raising and capital infrastructure costs was to be met from the funds allotted under the Security Related Expenditure (SRE) scheme as Grants-in-aid. The position of funds received and expenditure incurred during the period from 2017-18 to 2018-19 is given in **Table 2.6.1**.

Table 2.6.1: Fund position

(₹ in crore)

Year	Funds released			Expenditure incurred			Closing balance	Percentage utilisation of funds
	GoI share	State share	Total	GoI share	State share	Total		
2017-18	43.25	3.49	46.74	28.48	3.49	31.97	14.77	68
2018-19	127.32	25.00	152.32	84.24	-	84.24	68.08	55
Total	**170.57**	**28.49**	**199.06**	**112.72**	**3.49**	**116.21**		

(Source: Progress Reports furnished by Police Headquarters, J&K)

As seen from the **Table 2.6.1**, the utilisation of funds was 68 *per cent* (2017-18) and 55 *per cent* (2018-19) with an unspent balance of ₹ 68.08 crore, as on 31 March 2019. However, there was no firm commitment to spend the balance amount.

On this being pointed out (September 2019) in Audit, the reason put forth by the Department for less spending was attributed to law and order situation in the valley and unrest.

The Department also stated (August 2020) that an expenditure of ₹ 136.22 crore had been incurred till June 2020 and procurement under components of clothing, communication and vehicles was completed, while supply orders had been placed for balance items under the component of Arms and ammunition.

2.6.3 Delay in acquisition of land

For establishment of the newly created Battalions and creating the required infrastructure, land was to be acquired at five locations in the districts of Bandipora, Kishtwar, Leh, Pulwama and Udhampur. The process of acquisition of land was to be completed within six months[68] (August 2016). As of November 2019, land was acquired only at three locations Kishtwar, Leh and Pulwama. Acquisition of land was under process at the remaining two locations of Bandipora and Udhampur. There had been considerable delay in acquisition of land due to change of sites and belated payment of compensation to private land owners resulting in non-creation of infrastructure and consequent accumulation of unspent balances under the project.

The Department attributed (August 2020) delay to considerable time involved in land acquisition process, land disputes and shifting of land at Udhampur and Leh.

The reply is not acceptable as the time schedule for land acquisition was six months from date of sanction (February 2016) of the project, which had not been achieved (August 2020).

[68] From the date of sanction of the project.

2.6.4 Deficient manpower

For establishment of five IR Battalions at five different locations, the GoJ&K created (September 2016) 5,035 additional posts of different cadres (1,007 posts per Battalion). To make these battalions functional, it was imperative for the Department to recruit/ post staff against these posts at the earliest. The cadre-wise position of posts created, posts filled and shortfall as of March 2019 is given in the **Table 2.6.2**.

Table 2.6.2: Manpower position

Sl. No.	Name of the post	Number of posts created	Number of persons engaged	Shortfall	Percentage shortfall
1.	Commandant	5	4	1	20
2.	Deputy Commandant	15	-	15	100
3.	Deputy Superintendent of Police (DSP)	35	9	26	74
4.	Inspectors	35	4	31	89
5.	Sub-Inspectors (SI)	115	13	102	89
6.	Assistant Sub-Inspectors (ASI)	90	29	61	68
7.	Head Constables (HC)	800	77	723	90
8.	Constables	3,375	3,321	54	2
9.	Others	345	340	5	1
10.	Ministerial Staff	35	-	35	100
11.	Wireless staff	165	-	165	100
12.	Medical staff	20	-	20	100
Total		**5,035**	**3,797**	**1,238**	**25**

(Source: Position of sanctioned posts and men-in-position furnished by the Police Headquarters, J&K)

The overall shortfall in recruitment/ appointment of various categories of posts for five IR Battalions was 25 *per cent* with post wise shortfall ranging between one *per cent* and 100 *per cent.* The shortage at senior ranks[69] was as high as 88 *per cent* as of September 2020.

The Department stated (August 2020) that during recruitment for five IR Battalions, 341 posts of constables remained unfilled due to non-availability of candidates in reserved categories.

The reply does not address the observations regarding shortages of personnel in senior rank (Head Constable onwards) posts which formed a critical component of the project.

[69] Head constable, Assistant Sub-Inspector, Sub-Inspector, Inspector and Deputy Superintendent of Police.

Chapter-III

Crisis Management

CHAPTER - III

Crisis Management

3.1 Introduction

The Crisis Management segment under the PMDP includes seven[1] projects to be executed at an estimated cost of ₹ 5,858 crore including a Comprehensive Flood Control Project for River Jhelum and its tributaries including dredging and de-silting; assistance for permanent restoration of damaged public infrastructure assets strengthening the Disaster Management Framework in the State, including setting up of Emergency Operation Centres and allied infrastructure etc.

Under the Crisis Management segment out of a total of seven projects, four[2] projects with an outlay of ₹ 2,830 crore were test checked in Audit.

The financial details including expenditure incurred on these four projects are given in **Table 3.1.1**.

Table 3.1.1: Project wise details of cost *vis-a-vis* expenditure incurred (as on 31 March 2019)

(₹ in crore)

Sl. No.	Projects	Project cost	Funds sanctioned	Released	Expenditure	Unutilised funds *(Percentage)*
1.	Construction of Additional Girls Hostels in Higher Education Institutions	50	23.75	23.75	9.16	14.59 *(61)*
2.	High end security and law order system in J&K	500	501.86	501.86	261.96	239.90 *(48)*
3.	Comprehensive plan for Flood Management of River Jhelum and its tributaries (Phase I)	280	287.43	287.43	280.87	6.56 *(2)*
4.	Permanent Restoration of damaged infrastructure	2,000	1,178.34	1,178.34	915.17	263.17 *(22)*
	Total	**2,830**	**1,991.38**	**1,991.38**	**1,467.16**	**524.22 *(26)***

(Source: Departmental records)

Out of a total outlay of ₹ 2,830 crore for these four projects as given in **Table 3.1.1**, ₹ 1,991.38 crore was sanctioned and released by the GoI and an expenditure of ₹ 1,467.16 crore had been incurred as on 31 March 2019, leaving an unutilised balance of ₹ 524.22 crore (26 *per cent*) as on March 2019.

[1] (i) Construction of Additional Girls Hostel in Higher Education Institutions; (ii) High end security and law order system in J&K by Home Department; (iii) Plan for Comprehensive Flood Management of River Jhelum and its tributaries (Phase-I); (iv) Plan for comprehensive Flood Management of River Jhelum & its tributaries (Phase-II); (v) Permanent Restoration of damaged infrastructure; (vi) Restoration of damaged Horticulture areas and development of Horticulture in J&K; and (vii) 90 *per cent* Grant portion of World Bank Assistance for Jhelum-Tawi flood reconstruction project.

[2] (i) Construction of Additional Girls Hostel in Higher Education Institutions; (ii) High end security and law order system in J&K by the Home Department; (iii) Plan for Comprehensive Flood Management of River Jhelum and its tributaries (Phase I); and (iv) Permanent Restoration of damaged infrastructure.

Higher Education Department

3.2 Construction of additional Girls Hostels in Higher Education Institutions

The Department of Higher Education, Government of Jammu & Kashmir (GoJ&K) submitted a proposal (October 2016) for Construction of Seven Girls Hostels[3] in Government Degree Colleges (GDCs). This was approved (March 2017) under the Prime Minister's Development Package (PMDP) by the Government of India (GoI) for a total project cost of ₹ 50 crore. The works[4] of the project were technically vetted by the Development Commissioner (Works) for ₹ 48.41 crore and the period for completion was eight months (February 2018) from the date of issue of authorisation order. The assistance from the GoI, through the University Grants Commission (UGC) was 100 *per cent* of the approved cost, subject to the condition that expenditure over and above the allocation by UGC was to be met by the Institutions from their own resources.

Out of the seven Girls Hostels to be constructed, five[5] Girls Hostels in GDCs were selected for test check in audit.

As seen from the records and photographs given in paragraph 3.2.3, out of the five test checked Girls Hostels in GDCs where the construction of Hostels was proposed, work of construction of three[6] Girls Hostels was at different stages. In the remaining two[7] Girls Hostels, work had been stopped at plinth level due to lack of specific experience of the executing agencies as well as the knowhow of the new technology[8] being adopted despite incurring (March 2019) an expenditure of ₹ 3.01 crore. None of the Girls Hostels were complete, as detailed in the subsequent paragraphs.

3.2.1 Financial Management

Out of the sanctioned cost of ₹ 50 crore, an amount of ₹ 23.75 crore was released (July 2017 to October 2018) by the UGC directly into the Bank accounts of the seven GDCs who in turn released ₹ 10.22 crore to the construction agencies[9].

During the period 2019-20 and 2020-21 (September 2020), an amount of ₹ 9 crore was further released by the UGC into the Bank accounts of three GDCs which in turn released ₹ 11.59 crore to the construction agencies. The balance funds of ₹ 12 crore remained with the colleges as of September 2020 as given in **Table 3.2.1**.

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3 Government Degree Colleges (i) Paloura (Jammu), (ii) Rajouri, (iii) Bhaderwah (initially approved for Thatri-Doda), (iv) Bemina (Srinagar), (v) Kargil, (vi) Pulwama and (vii) Kupwara.

4 Six works in March 2018 and remaining work in Bhaderwah in December 2018.

5 Government Degree Colleges (i) Paloura (Jammu), (ii) Rajouri, (iii) Bhaderwah, (iv) Bemina (Srinagar) and (v) Kargil (Ladakh).

6 GDCs (i) Paloura (Jammu), (ii) Rajouri and (iii) Bhaderwah.

7 Bemina (Srinagar) and Kargil (Ladakh).

8 Pre-Engineered Structure Technology.

9 J&K Housing Board (six colleges): ₹ 9.06 crore; JKPHC (one college): ₹ 1.16 crore.

Table 3.2.1: Fund position as of September 2020

(₹ in crore)

Period	Sanctioned cost	Funds released by UGC	Released to construction Agencies	Unutilised balance
2017-18	50.00	8.00	9.06*	0.00
2018-19		15.75	1.16	14.59
2019-20		7.00	6.59	15.00
2020-21 (ending September 2020)		2.00	5.00	12.00
Total	**50.00**	**32.75**	**21.81***	

*Includes ₹ 1.06 crore (GDC Kupwara: ₹ 1.02 crore and GDC Kargil: ₹ 0.04 crore) released (May 2017) by the Higher Education Department under State Plan funds.

(Source: Departmental records)

Audit further noticed (October 2020) that for four out of the five sampled colleges, where the Jammu and Kashmir Housing Board (JKHB) was the construction agency, an expenditure of ₹ 12.23 crore was incurred (September 2020). However, Utilisation Certificates (UCs), had been submitted (between November 2017 and August 2020) for ₹ 15.29 crore by the construction agency, thereby resulting in submission of inflated UCs to the extent of ₹ 3.06 crore. Moreover, as against the sanctioned amount of ₹ 50 crore for construction of seven Girls Hostels in GDC, total amount of ₹ 33.81 crore was released by UGC. Out of this, ₹ 16.67 crore was spent for seven Girls Hostel as of September 2020.

The Director Planning, Higher Education Department, GoJ&K stated (July 2020) that UCs were issued on the basis of work done which included material brought on site of work.

The reply is not tenable as the actual expenditure incurred included material booked in advance by the executing Divisions and therefore, UCs submitted were inflated. Further, as the differential amount was still lying in the Bank Accounts of the GDCs, the possibility of misutilisation/ misappropriation in future, cannot be ruled out.

The Director Planning, Higher Education Department, GoJ&K attributed (July 2020) the poor progress of work to the late receipt of structural drawings and technical sanctions and also to the prevailing security environment and the long winter season in the Kashmir Division. He further stated that the construction of three[10] girls hostels in Jammu Division was nearing completion, which was, however, not supported by documents in the case of two[11] GDCs and the photographs ***(in Para No. 3.2.3)*** taken on 30 September 2020.

The reply is not acceptable as none of the Girls Hostels taken up for construction in the four[12] Degree Colleges which were required to be completed by February 2018, had been completed (October 2020) even after 31 months from the original date of completion, and having a provision of pre-engineered structures in the DPR for expeditious completion.

[10] GDCs (i) Paloura (Jammu), (ii) Rajouri and (iii) Bhaderwah.

[11] GDCs (i) Paloura and (ii) Rajouri.

[12] GDCs (i) Paloura Jammu (ii) Rajouri (iii) Bemina Srinagar and (iv) Kargil Ladakh.

Thus, the objective of time bound creation (February 2018) of hostels to ameliorate the hardships faced by girl students was not achieved, despite availability of adequate funds.

3.2.2 Building Committees

As seen from the records made available, Building Committees had not been constituted in GDC, Kargil of Ladakh Division and GDC, Paloura, Jammu. In the remaining three[13] colleges even though the Building Committees had been constituted, these had not exercised any control over execution of works in two Colleges[14].

3.2.3 Construction of Hostels

The Planning Development and Monitoring Department, GoJ&K instructed (October 2012) that the JKHB, may in addition to its duties of developing colonies participate in competitive bidding process related to the construction/ execution of mega works/ projects of Health and Education sectors in the capital cities of Jammu and Srinagar and its adjacent districts.

Construction work of hostels in four[15], out of five sampled colleges with the project cost of ₹ 35 crore was allotted on nomination basis. Although the work of four Girls Hostels was being constructed by a Government Agency (JKHB) on nomination basis, without any tendering process[16], the same were yet to be completed. An expenditure of ₹ 12.23 crore had been incurred on these hostels as of September 2020.

The construction of Girls Hostels in GDCs was to be completed within a period of eight months (February 2018) failing which a monthly penalty at the rate of 2 *per cent* of the cost was to be imposed on the JKHB. No penalty for delay in completion of works was initiated by the Department even after two and half years so as to expedite their completion.

The Director Planning, Higher Education Department, GoJ&K stated (July 2020) that the JKHB, is a Government executing agency for various projects/ works of other Departments and has been empowered to take up such projects. It was also stated (July 2020) that reasons for delay were attributed by the executing agencies to disturbance in the valley and as a result workshop for pre-engineered structure could not be established in Srinagar.

The reply is not acceptable as the JKHB has attributed (July 2019) the delay to the lack of specific experience and knowhow of new technology (pre-engineered structure) at the time of commencement of work leading to stoppage of work after plinth level.

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13 GDCs (i) Bhaderwah, (ii) Rajouri and (iii) Bemina.

14 GDC, Bemina and GDC, Rajouri.

15 GDCs (i) Paloura, (ii) Rajouri, (iii) Bemina and (iv) Kargil.

16 The Minister for Education, GoJ&K on 16 May 2017 chaired the meeting, wherein authorisation for construction of Girls Hostels by JKHB was conveyed.

Thus, failure of the Department to ensure timely completion of hostel buildings despite availability of funds and entrustment of work on nomination basis, resulted in non-achievement of objective to provide hostel facilities to 936 girl students of five sampled colleges.

Necessary steps should be taken up to expedite completion of the Project works of the Girls Hostels so that the benefits of the scheme reach to the girls students.

Home Department

High end security and law and order system in Jammu and Kashmir

3.3 Introduction

With a view to enable the Jammu and Kashmir Police to respond promptly to various law and order situations, counter insurgency operations and handling of law and order through the use of latest technology and non-lethal equipment without damage to life and property, a Project[17] was approved (October 2017) by the Ministry of Home Affairs (MHA), Government of India (GoI) under the PMDP at a cost of ₹ 500 crore. The project was scheduled to be completed by March 2020. The salient features of the Project were to:

- Establish integrated command centres involving two central command centres one each in Srinagar and Jammu, district command centres and Closed Circuit Television (CCTV) surveillance system for the National Highway from Lakhanpur to Srinagar,
- Provide CCTV cameras, IP Based Video surveillance system, Electric Boom Barriers, Hydraulic cranes, Bullet Resistant Jackets, Deep Search Metal Detectors etc,
- Provide specially designed anti-riot vehicles, helmets, gas masks, group shield specially for Women protection units, Bullet Proof (BP) Bunker Vehicle[18], wireless communication centre for better communication and law and order situation.

3.3.1 Financial Management

Initially expenditure is incurred from State Funds and after the claim for reimbursement is lodged with MHA through the Finance Department, GoJ&K, the GoI releases funds to the State Government through Security Related Expenditure (SRE) mechanism for reimbursement of the entire cost of the project. The position of funds released and the expenditure incurred during the period from 2016 to 2019 under the project is given in **Table 3.3.1**.

Table 3.3.1: Status of Funds and Expenditure
(as on 31 March 2019)

(₹ in crore)

Year	Funds released	Expenditure incurred (*Percentage*)	Unutilised funds
2016-17	18.30	15.53 *(85)*	2.77
2017-18	311.69	154.34 *(50)*	157.35
2018-19	171.87	92.09 *(54)*	79.78
Total	**501.86**	**261.96** *(52)*	

(Source: Progress Reports of the Project)

During the period from 2016 to 2019, the GoJ&K released ₹ 501.86 crore out of which an expenditure of ₹ 261.96 crore (52 *per cent*) was incurred by the Department.

[17] Project No. 42 of PMDP.
[18] Special Bullet Proof Vehicle with predetermined safety standards.

The percentage of expenditure *vis-a-vis* funds available during the period ranged between 50 and 85 respectively. The unspent balances increased from ₹ 2.77 crore as of April 2017 to ₹ 79.78 crore at the close of March 2019. Further, during the year 2019-20 an amount of ₹ 119 crore was sanctioned by the GoI under the project and an expenditure of ₹ 29.77 crore had been incurred by the Department, leaving a balance of ₹ 89.23 crore unutilised as of 31 March 2020. During the year 2020-21 (up to August 2020), an amount of ₹ 25.15 crore was released by the GoI against which no expenditure had been incurred (August 2020).

3.3.2 Procurement of equipment

Under the project 56 items/ works were to be procured/ installed out of which procurement/ installation of 33 items/ works (59 *per cent*) were completed by the Department as of August 2020, as detailed in ***Appendix 3.3.1***.

- The integrated command centres and its linked components had not been taken up for execution as of 31 August 2020.
- Procurement of 413 CCTVs for Police Stations was under tendering process (August 2020).
- 669 vehicles of various types (Bullet proof Bunkers, Rakshak vehicles, Gypsy, Anti-Riot vehicles, Hydraulic crane, JCB, Tractor) were sanctioned, 547 vehicles had been procured of which 499 vehicles had been delivered as of August 2020.

The following significant deficiencies were noticed in Audit.

3.3.2.1 Purchases without tendering

Rule 8.4 of the Jammu and Kashmir Financial Code provides that purchase of stores should be made in the most economical manner and in accordance with definite requirements of public service. Further, Rule 166 of General Financial Rules 2017, GoI provides that procurement from a single source may be resorted to:

- If it is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods.
- In case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of competent authority obtained.

Purchases worth ₹ 100.27 crore which included vehicles, Body protectors, Bullet Proof patkas[19], Anti-Riot vehicles, Farm track tractor and Backhoe loader were made by the Police Headquarter (PHQ), J&K either on repeat order basis or from original manufacturers, without ascertaining reasonability of rates by way of inviting tenders etc; as detailed in ***Appendix 3.3.2***.

After the matter was referred (June 2020) to the Government, the Department in reply stated (August 2020) that the PHQ, J&K purchased Bullet Resistant vehicles directly

[19] Bullet Proof patkas: Bullet proof scarves worn beneath helmets.

from original manufacturers/ authorised dealers, as a proprietary item to meet urgent requirement of J&K Police for anti-militancy operations and law and order duties in view of prevailing security scenario after approval of the State Level Purchase Committee (SLPC). It was also stated that vehicles and other items were purchased by the J&K Police from original manufacturers on lowest company rates applicable to Government Departments as proprietary items and the vehicles were not available on GeM[20].

The reply is not tenable in view of the fact that similar machinery/ equipment and Bullet Proof vehicles were manufactured by several firms and that reasonability of rates even from authorised dealers/ firms was not ensured by the Department.

3.3.2.2 Purchases from specific firms

Audit scrutiny of records revealed that the Department had made purchases from particular firms/ single source, which resulted in avoidable expenditure of ₹ 9.20 crore, as discussed in the succeeding paragraphs.

A. Purchase of Medium Bullet Proof vehicles

The GoI sanctioned (July 2016) ₹ 18.30 crore for purchase of 40 Bullet Proof Vehicles[21] including 15 Medium Bullet Proof (4×4 Drive) Vehicles (MBPV). The Police Headquarters (PHQ) sent a proposal (August 2016) to the Home Department of the State Government for purchase of:

- Seven MBPVs, BS III from M/s Ashok Leyland Limited for ₹ 54.16 lakh per vehicle; and
- Eight Tata Light Armoured Troop Carriers, BS III from M/s Tata Motors Limited for ₹ 48.09 lakh per vehicle.

In its recommendation, the PHQ had clarified (September 2016) that both MBPVs, BS III and Armoured Troop Carriers, BS III were Medium Bullet Proof (4x4 Drive) Vehicles (MPBV) as sanctioned by MHA, GoI and purchase of these vehicles from original manufactures[22] on DGS&D rates/ lowest company rates as recommended by the SLPC. The Home Department, GoJ&K accorded (October 2016) sanction for purchase of 15 MBP (4x4 Drive) vehicles and released ₹ 18.30 crore[23] in favour of Director General of Police, J&K subject to certain conditions which included that purchase of these vehicles be made on most economical rates.

The PHQ, J&K thereafter placed (October 2016) orders for supply of 15 (4x4 Drive) MBP vehicles as per their proposal to Home Department, GoJ&K (August 2016).

As manufacture or sale of BS III vehicles was not permitted in India after 31 March 2017, the PHQ, GoJ&K asked both the firms to manufacture vehicles with BS IV compliant engines. Thereafter, supply order in favour of M/s Ashok Leyland

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20 Government e Marketplace.

21 15 MBPVs at a rate of ₹ 0.52 crore per vehicle and 25 Bullet Proof SUV vehicle at a rate of ₹ 0.42 crore per vehicle.

22 M/s Ashok Leyland Limited and M/s Tata Motors Limited.

23 Including purchase of 25 Bullet proof SUV vehicles.

Limited was modified (August 2017) to ₹ 56.32 lakh per vehicle after including additional charges for conversion of BS III to BS IV and Good and Service Tax thereon. Although the Supply order was not modified, M/s Tata Motors Limited offered (February 2018) a rate of ₹ 50.12 lakh per vehicle with BS-IV specifications. However, the firm made supply of eight vehicles at a rate of ₹ 41.83 lakh per vehicle.

Thus, rates of MBP Vehicles of M/s Tata Motors Limited were lesser as compared to M/s Ashok Leyland Limited by ₹ 14.49 lakh per vehicle, the Department purchased only eight such vehicles from the firm and remaining seven MBP vehicles from M/s Ashok Leyland Limited. M/s Ashok Leyland Limited supplied (September/ October 2017) seven MBP vehicles at a cost of ₹ 3.94 crore[24]. M/s Tata Motors Limited supplied eight vehicles at a cost of ₹ 3.35 crore[25] in March/ April 2018. Balance payment of ₹ 62.15 lakh after adjustment of ₹ 9.83 lakh on account of delayed supply was made in favour of M/s Ashok Leyland Limited in April 2018, while balance payment of ₹ 7.63 lakh in favour of M/s Tata Motors Limited was not made due to delayed supply of vehicles.

Thus, the Department purchased seven MBP vehicles at higher rates from M/s Ashok Leyland Limited, thereby incurring an extra expenditure of ₹ 1.01 crore.

After the matter was referred (June 2020) to the Government, the Department stated (August 2020) that the PHQ had initially purchased Medium BP Bunkers Vehicles from two Original Equipment Manufacturers (OEMs) from M/s Tata Motors Limited and M/s Ashok Leyland Defence Systems Limited, being proprietary items as the same were not available on GeM. Based on operational requirement and constraints of delivery in view of prevailing security scenario, order for 15 Medium BP Bunkers under PMDP was given to the two firms.

The fact however remains that despite lower rates offered by M/s Tata Motors Limited for MBP vehicles, seven vehicles were procured from M/s Ashok Leyland Defence Systems Limited at higher rates.

B. Purchase of Medium BP vehicles for CRPF

The GoI sanctioned (October 2017) procurement of 125[26] Bullet Proof (BP) vehicles for CRPF at a cost of ₹ 34.75 crore under the project. The Home Department, GoJ&K accorded (January 2018) sanction in favour of DGP, J&K for advance drawal of ₹ 15.20 crore for purchase of 30 Medium BP vehicles to be placed at the disposal of CRPF subject to the condition that the purchase should be made on most economical rates, after ascertaining reasonability of rates and fulfillment of codal formalities from original manufactures.

Two firms[27] offered (February 2018) their rates for supply of 30 Medium BP vehicles. Instead of purchase of these Medium BP vehicles on most economical rates[28] offered

[24] At the rate of ₹ 56.32 lakh per vehicle with deduction of ₹ 9.83 lakh for late supply of vehicles.
[25] At the rate of ₹ 41.83 lakh per vehicle.
[26] 80 BP Gypsy, 30 Medium BP Vehicles and 15 Mahindra Vehicles.
[27] M/s Ashok Leyland Defence System Limited at the rate of ₹ 58.11 lakh per vehicle and M/s Tata Motors Limited at the rate of ₹ 50.12 lakh per vehicle.
[28] At the rate of ₹ 50.12 lakh per vehicle.

by M/s Tata Motors Limited, the PHQ, J&K placed (February 2018) order for supply of 26 Medium BP vehicles[29] with M/s Ashok Leyland Defence System Limited at higher rate (₹ 58.11 lakh) per vehicle and thereafter requested (April 2018) MHA, GoI to accord *post facto* sanction for purchase of these vehicles within the approved budget of ₹ 15.20 crore. MHA, GoI informed (April 2018) the DGP, J&K that purchase of vehicles of a particular make was discussed in SRE Standing Committee Meeting (February 2018) wherein it was decided that the GoJ&K should procure items as per their laid down procedures within the sanctioned amount by MHA, GoI. The DGP, J&K however, placed (February 2018) the orders at higher rates in favour of M/s Ashok Leyland Defence System Limited and made (June 2018) advance payment (90 *per cent* of the value of the supply order) of ₹ 13.60 crore to the firm. Thus, procurement of 26 Medium BP vehicles at higher rates by the PHQ, J&K resulted in extra expenditure of ₹ 2.08 crore.

After the matter was referred (June 2020) to the Government, the Department stated (August 2020) that the PHQ, J&K had purchased 26 Ashok Leyland Medium BP Bunker, BS IV as a proprietary item, on the recommendations of CRPF made on the basis of decision of their Board of officers and after approval of competent authority/ SLPC. The reply should be viewed in light of the fact that lowest rates offered by another reputed firm M/s Tata Motors Limited for similar type of Medium BP vehicles had been ignored by the Department and that recommendations of CPRF made at behest of decision of their Board, were neither on record nor produced with the reply.

C. Purchase of BP Vehicles

The GoI accorded (October 2017) sanction for procurement of 63 Bullet proof (BP) Bunker Vehicles at a cost of ₹ 22.05 crore and 100 Bullet proof (BP) Bunkers for Police stations at a cost of ₹ 50.67 crore under the project. The Home Department, J&K Government accorded sanction in favour of DGP, J&K subject to the condition that purchases should be made on most economical rates, after ascertaining reasonability of rates and fulfillment of codal formalities.

Audit scrutiny (September 2018 and September 2019) of records revealed the following:

For Medium BP vehicles, a rate of ₹ 58.11 lakh per vehicle was offered (February 2018) by M/s Ashok Leyland Defence System Limited and ₹ 50.12 lakh by M/s Tata Motors Limited. The Home Department, J&K accorded (March 2018) sanction for purchase of 38 BP Bunkers (Ashok Leyland Medium BP Vehicle) at a rate of ₹ 58.11 lakh per vehicle and released (March 2018) ₹ 22.08 crore to DGP, J&K. However, the funds lapsed at the end of financial year 2017-18 which were revalidated by the Home Department and released (March 2019) in favour of DGP, J&K. Thereafter, the PHQ, GoJ&K without obtaining offers from the registered manufacturers placed (February 2019) order for supply of 38 BP Bunkers at a rate of

[29] 4WD, BS IV, upgraded model 'Topchi' with 3,607 mm wheel base.

₹ 57.06 lakh per vehicle in favour of M/s Ashok Leyland Defence System Limited on the basis of proforma invoice (February 2019) of the firm. The PHQ, GoJ&K released (February 2019) advance (90 *per cent*) payment of ₹ 19.52 crore in favour of the firm.

Thus, by ignoring the offer of M/s Tata Motors Limited and instead procuring BP Bunkers from M/s Ashok Leyland Defence System Limited at higher rates, an additional expenditure of ₹ 2.64 crore had been incurred by the Department**.** After the matter was referred (June 2020) to the Government, the Department stated (August 2020) that PHQ, J&K had purchased 38 BP Bunkers from Original Equipment Manufacture (OEM), M/s Ashok Leyland Defence Systems Limited, Chennai, as a proprietary item, on reasonable/ tender approved rate and that due procedure was followed in the instant procurement. The reply should be viewed in light of the fact that offer of M/s Tata Motors Limited was not deliberated upon and purchases had been made at higher rates from M/s Ashok Leyland Defence Systems Limited.

II. For the purchase of 100 BP Bunkers for Police stations, the Home Department, GoJ&K accorded (January 2018) sanction for drawal of an advance of ₹ 50.67 crore by the DGP, J&K. The PHQ, J&K sought (January 2018) approval of MHA, GoI for the purchase of 94[30] BP Bunkers within approved budget of ₹ 50.67 crore which was not granted. However, the PHQ placed (February 2018) order for supply of 50 Medium Bullet Proof Vehicle (MBPV)[31] at a cost of ₹ 58.11 lakh per vehicle with M/s Ashok Leyland Defence System Limited, Chennai to be supplied within four months while no supply order was placed with M/s Tata Motors Limited. Thereafter, the PHQ, GoJ&K requested (April 2018) MHA, GoI to accord *post facto* sanction for purchase of these vehicles within the approved budget but the MHA, GoI informed (April 2018) that purchase of vehicles of a particular make was discussed (February 2018) in SRE Standing Committee Meeting wherein it was decided that State Government should procure items as per their laid down procedures within sanctioned amount by the MHA. The Home Department, J&K Government revised (June 2018) sanction to procurement of 50 Ashok Leyland Medium BP bunkers (at a rate of ₹ 58.11 lakh per vehicle) at a cost of ₹ 29.06 crore and supply order in favour of M/s Ashok Leyland Defence System Limited was partially modified (January 2019) by the PHQ for supply of vehicles at a rate of ₹ 57.06 lakh per vehicle. Thereafter, the PHQ released (January 2019) advance (90 *per cent*) payment of ₹ 25.68 crore in favour of the firm.

Thus, by procuring BP Bunkers from M/s Ashok Leyland Defence System Limited at higher rates, the Department had incurred an additional expenditure ₹ 3.47 crore. After the matter was referred (June 2020) to the Government, the Department stated (August 2020) that the PHQ, GoJ&K purchased the first lot of 50 BP Bunkers (out of 100) for Police Stations from M/s Ashok Leyland Defence Systems Limited Chennai, as a Proprietary item, on approved tender rate and that due procedure had been followed in the instant procurement. The fact remains that purchases were not made in

30 Tata Light Armoured Troop carrier: 50 and Ashok Leyland Medium BP Bunker: 44.
31 4WD BS-IV.

economical manner after ascertaining reasonability of rates by way of involving M/s Tata Motors who had offered rate of ₹ 50.12 lakh for the same vehicle.

Although the Department had taken the plea that MBP Vehicles are a proprietary item, the process of placing supply orders with both the firms was self-contradictory. Thus, considering the nature of urgency in such purchases, the Department may adopt a streamlined procedure, consistent with the objectives of High end security.

Jal Shakti Department

3.4 Comprehensive plan for Flood Management of River Jhelum and its tributaries, Phase I

3.4.1 Introduction

Srinagar city suffered record flooding in September 2014 as a result of abnormally high and widespread rainfall particularly in the southern part of the catchment area of River Jhelum. The area flooded was about 850 square Kms. In Srinagar, the floodwaters were about 1.5 metres above the river embankments and large parts of the city were inundated by water up to 6 metres. In order to avoid the immediate threat of floods from River Jhelum, the Department prioritised flood mitigation measures under the Project 'Priority Works Plan for Comprehensive Flood Management of river Jhelum and its tributaries: Phase I' which includes increasing capacity of the Flood Spill Channel (FSC) to discharge the flood water, dredging and construction of flood protection structures on river Jhelum. The main objective of the project was to minimise the flood damages in future through immediate measures.

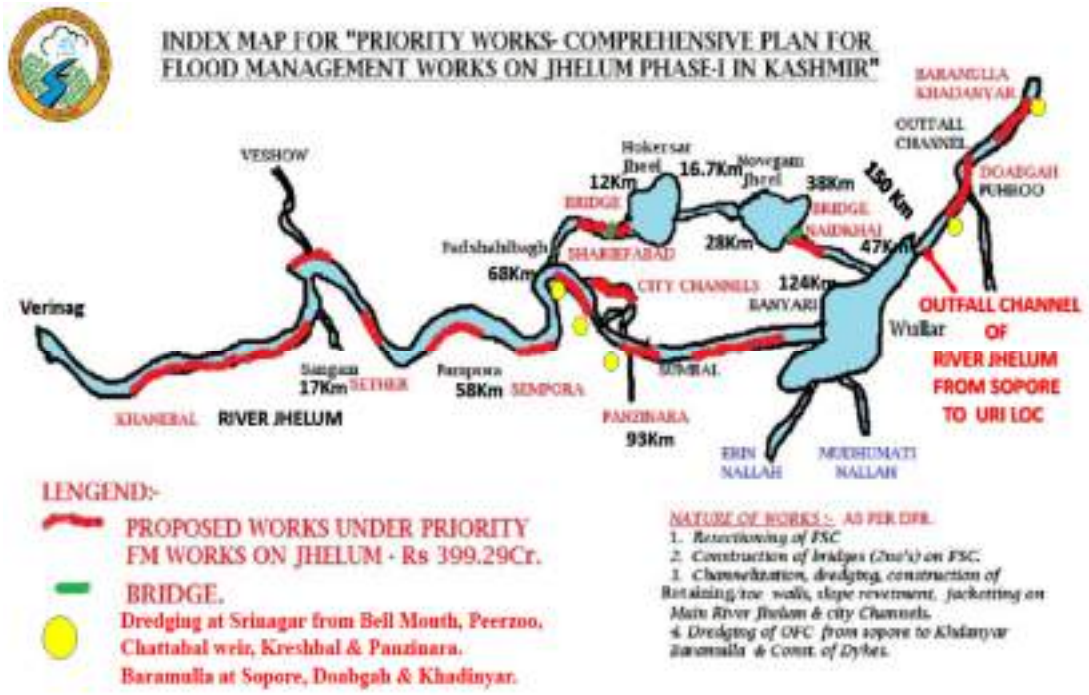
3.4.2 Phase I Project

The Project[32] sanctioned by the Government of India (GoI) in March 2016 at an estimated cost of ₹ 399.29 crore, aimed at increasing the carrying capacity of flood water through the Flood Spill Channel (FSC) and to ensure durability of banks of the river Jhelum, avoid immediate threat of flood and minimise flood damages in future. The major components of the project are as follows:

- Land acquisition for widening of the FSC at Shariefabad and Naidhkhai[33];
- Re-sectioning/ earth cutting of the FSC Channel at Shariefabad and Naidhkhai[34];
- Construction of two bridges on the FSC at Shariefabad and Naidhkhai[35];
- Dredging of river Jhelum in Stretches[36] at Srinagar and Baramulla; and
- Flood protection and Anti-erosion works on river Jhelum, construction of retaining/ toe walls and Gabion/ crate protection works at vulnerable spots

32 Project No. 61 of PMDP.
33 Estimated Cost of ₹ 142.33 crore.
34 Estimated Cost of ₹ 81.75 crore.
35 Estimated Cost of ₹ 35.29 crore.
36 Estimated Cost of ₹ 27.01 crore.

from Khanabal to Hajin including channelisation of outflow of city channels *Sunri* and *KutKul*[37].



(Source of Map: Executive Engineer Flood Spill Channel Division, Narbal)

3.4.3 Financial Management

The estimated cost of the project under the PMDP was ₹ 399.29 crore and the funding pattern under the Flood Management Programme (FMP) was in the ratio of 70:30 between the GoI and the GoJ&K respectively. After deducting an amount of ₹ 22.52 crore as auditing and other establishment charges, the net cost was ₹ 376.77 crore under the FMP, of which only the land acquisition component amount was ₹ 142.33 crore. The GoI share for the project was ₹ 234.44 crore. The year-wise position of funds released by the GoI/ GoJ&K *vis-a-vis* expenditure incurred against the Project during the period from 2015-16 to 2018-19 is given in **Table 3.4.1**.

Table 3.4.1: Fund position
(as on 31 March 2019)

(₹ in crore)

Year	Opening balance (GoI)	Amount sanctioned		Total funds available	Expenditure incurred			Unutilised balance (GoI share)
		GoI share	GoJ&K share		GoI share	GoJ&K Share	Total *(Percentage)*	
2015-16	-	20.68	35.33	56.01	Nil	35.33	35.33 *(63)*	20.68
2016-17	20.68	40.56	45.01	106.25	40.49	45.01	85.50 *(80)*	20.75
2017-18	20.75	92.06	Nil	112.81	75.30	-	75.30 *(67)*	37.51
2018-19	37.51	40.57	13.22	91.30	71.52	13.22	84.74 *(93)*	6.56
Total		**193.87**	**93.56**		**187.31**	**93.56**	**280.87**	

(Source: Statement of Chief Engineer, I&FC Department, Kashmir)

[37] Estimated Cost of ₹ 81.60 crore.

The **Table 3.4.1** indicates that out of total funds of ₹ 287.43 crore sanctioned by the GoI and the GoJ&K during the period from 2015-16 to 2018-19, an expenditure of ₹ 280.87 crore had been incurred on the project, as of March 2019. The percentage utilisation of available funds ranged between 63 and 93 during the years from the period 2015-16 to 2018-19. No share of the GoJ&K was released during 2017-18 and only ₹ 93.56 crore was released by the GoJ&K during 2018-19 without recording any reasons for the short release. Further, during the year 2019-20, an amount of ₹ 26.37 crore[38] was released under the project and an expenditure of ₹ 32.93 crore[39] was incurred by the Department.

After the matter was referred (June 2020) to the Government, the Chief Engineer, Irrigation and Flood Control (I&FC) Department, Kashmir stated (July 2020) that the total cumulative expenditure of the project ending March 2020 was ₹ 313.79[40] crore leaving a balance of ₹ 85.49 crore[41] as on 01 April 2020 and that central assistance was generally released at the fag end of the financial year, which resulted in less utilisation of funds.

3.4.4 Project execution

The execution of the project started during 2015-16 and was to be completed within two years by March 2017. However, the completion period was extended by the Department up to March 2019 on the grounds of unrest in the Kashmir valley in the immediate past six months and also due to the delay in release of assistance of the GoI.

The Chief Engineer (CE), Irrigation and Flood Control (I&FC) Department, Kashmir stated (July 2020) that vulnerability assessment had to be redone due to series of flash floods during the year 2015, which threw up more vulnerable spots requiring immediate attention and that these were executed and achievements shown by the Department were reflection of the work done.

The reply was not tenable as protection works to the extent of 6,431.34 RM[42] (42 *per cent*) at vulnerable spots of river Jhelum were not completed and deviation from the approved Detailed Project Report (DPR) was not got regularised from the Government of India (GoI).

3.4.5 Flood Management measures

Flood control measures were in the form of continuous maintenance and improvements of the FSC and the banks of River Jhelum. The significant findings are highlighted in the succeeding paragraphs.

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38 GoI share: ₹ 20.29 crore and GoJ&K share: ₹ 6.08 crore.
39 GoI share: ₹ 26.84 crore and GoJ&K share: ₹ 6.09 crore.
40 GoI share: ₹ 214.15 crore and GoJ&K share: ₹ 99.64 crore.
41 GoI share: ₹ 20.29 crore and GoJ&K share: ₹ 65.20 crore.
42 RM: Running metre.

3.4.5.1 Flood Mitigation measures in Flood Spill Channel

The length of the FSC from its off take at Padhshahi Bagh, Srinagar upto its entry in Wullar Lake including the water bodies of Hokersar Jheel and Nowgham Jheel is 49 Kilometres (Kms). The FSC was built in the year 1904 to divert 8,000 cusecs of excess flood discharge from river Jhelum through Padshahi Bagh to Wullar Lake which again drains into river Jhelum at Sopore. The priority works undertaken under the project in the FSC, *inter-alia,* included land acquisition, re-sectioning/ earthwork cutting at RD[43] 6,055 metre to RD 11,947 metre and RD 38,068 metre to RD 39,860 metre, besides construction of bridges over FSC at Shariefabad and Naidhkhai. Re-sectioning of FSC at different sections were treated as per the provisions of approved DPR.

3.4.5.2 Flood spill channel

I. Land acquisition

Re-sectioning of the Flood Spill Channel (FSC) at various locations was critical item of work of the project. Land measuring 1,761 *kanals* and 13 *marlas* was to be acquired by the Department to facilitate this component of work. The Department could take possession of 1,683 *kanals* and 10 *marlas* land out of the required 1,761 *kanals* and 13 *marlas* land and acquisition of 78 *kanals* and 3 *marlas* of land (RD 39,443 metre to RD 39,824 metre i.e 381 metre) (4 *per cent*) was yet to be completed (September 2020).

Furthermore, 24 structures coming within the ambit of widening portion of FSC were not taken over/ dismantled by the Department. In addition to this, the detailed accounts of advance payment of ₹ 43.60 crore released (between March 2016 and March 2019) through the Collector for further disbursement to owners for compensation of land had not been obtained from the Revenue Department, as of September 2020. The mutation of land was not made in favour of the Department in the Revenue Records.

After the matter was referred (June 2020) to the Government, the Chief Engineer (CE), I&FC Department, Kashmir stated (July 2020) that bills for compensation of land acquisition were deposited into the concerned Treasury for payment to land owners but due to Covid-19 pandemic and instructions from the Finance Department, GoJ&K that bills should not be entertained till 30 June 2020, possession of land was delayed. Reasons for delay in acquisition of land were also attributed to holding of multiple Price Negotiation Committees (PNCs) during the period from March 2016 to March 2019 and non-availability of the Collector for some time.

The reply of the Department confirms the fact that land acquisition processes was not completed in a time bound manner.

Thus, re-sectioning of FSC remained incomplete as of September 2020.

[43] RD: Running Distance.

II. Shortfall in re-sectioning

Due to sedimentation and encroachments over the years, the capacity of the FSC had been reduced to 6,000 cusecs. In order to increase the flood water carrying capacity of FSC up to 8,700 cusecs, re-sectioning was required to be done at various sites. As against the target of 18.11 lakh cum of earth for excavation, 13.13 lakh cum of earth had been excavated, as of March 2019, resulting in shortfall in excavation of 4.98 lakh cum of earth (27 *per cent*).

Picture showing unexcavated portion of FSC at RD 38.068-39.860 on 28 December 2019

After the matter was referred (June 2020) to the Government, the CE, I&FC Department, Kashmir stated (July 2020) that land acquisition process was speeded up and considerable progress had been achieved since March 2019. As of July 2020, only 0.50 lakh cum and 1.50 lakh cum of earth was excavated from Shariefabad and Naidhkhai stretches, respectively. It was further stated that slippage was due to delay in PNCs which had to be done thrice for separate stretches during the period from April 2015 to March 2019, as the land owners were reluctant to accept the rates offered to them.

The reply confirms the delay in land acquisition, as well the target for balance quantity of earth excavation of 2 lakh cum could not be achieved even as of September 2020, thereby hampering the full utilisation of an enhanced carrying capacity of the re-sectioned FSC.

3.4.5.3 Bridges

As per the DPR of the project, a temporary road cutting across the FSC at Shariefabad (Running Distance (RD) 9.60 Km) was to be replaced by a bridge at an estimated cost of ₹ 20.56 crore. The construction of the bridge was entrusted to Jammu and Kashmir Projects Construction Corporation (JKPCC) in March 2017, which was to be completed by March 2019. The work of fabrication and assembling of trussed girders for spans P1 & P2 and construction of approaches for Shariefabad bridge was still under progress (September 2020).

Thus, due to non-completion of construction of the bridge the objective of increasing carrying capacity of flood waters at the Shariefabad site, could not be achieved.

After the matter was referred (June 2020) to the Government, the CE, I&FC, Kashmir stated (July 2020) that reason for delay in completion of bridge in the stipulated time, as per JKPCC was that procurement of structural steel and key construction material had put brakes on early completion of the bridges. It was further stated that Shariefabad bridge was completed to the extent of 90 *per cent* and would be launched in August 2020.

(Incomplete bridge over the FSC at Shariefabad 28 December 2019)

Since this work could not be completed, the existing temporary road at Shariefabad continued to obstruct the FSC. As a result, the waterway remained constricted at this site.

3.4.6 Flood Management measures in river Jhelum

The priority works identified under the project were based on improving existing flood water carrying capacity of River Jhelum downstream of Khanabal to the Outfall Channel (OFC) at Baramulla and included construction of toe protection/ retaining walls, Gabion/ crate work, revetment on river Jhelum from Khanabal to Baramulla.

The significant audit findings are highlighted in the succeeding paragraphs.

3.4.6.1 Dredging of River Jhelum

The contracts for dredging of river Jhelum as per the terms and conditions of the order of allotment provides for forfeiture of the entire performance bank guarantee/ security in the event of any breach of contract or failure to perform or observe any of the conditions of the contract by the firm. On completion of the entire work, the Performance Security was to be returned to the firm.

I. Bell mouth from Padhshahi Bagh Srinagar to Panzinara

The dredging of seven lakh cum of bed material from Bell mouth (off take point of FSC at Padhshahi Bagh Srinagar) to Panzinara (6.07 Km) in the river Jhelum was awarded (May 2016) to a contractor[44] by the CE, I&FC Department, Kashmir on the recommendations of the State Level Contract Committee (SLCC) at a cost of ₹ 20.23 crore, with stipulated date of completion as January 2017.

[44] M/s Reach Dredging Ltd., Kolkata.

A. According to the terms and conditions of the contract, the firm was required to dredge out seven lakh cum of river bed material from six different sites. The contractor dredged out only 0.84 lakh cum bed material (12 *per cent*) of total quantity allotted up to January 2017 and thereby attracted the forfeiture of the performance guarantee as per the terms and conditions of the contract. However, CE, I&FC Department, Kashmir in a SLCC meeting held on 10 October 2017 proposed for shifting of the dredging sites to other spots outside the scope of DPR.

This was, however, not agreed to by the SLCC[45] instead, the SLCC directed the CE, I&FC Department, Kashmir to put on notice the contractor firm to honor the contractual obligations and to also extend the period of completion of contract up to March 2018 on the same terms and conditions, as in the original contract. However, even in the extended period dredging of only 5.015 lakh cum of bed material, which is 72 *per cent* of allotted quantity was achieved. The performance bank guarantee, however, was not invoked by the Department.

The Contractor continued to dredge beyond March 2018 to the extent of 1.85 lakh cum of river bed material for which payment of ₹ 5.34 crore[46] was also made. The Contractor dredged out bed material aggregating 6.86 lakh cum (98 *per cent*) for which payment of ₹ 19.81 crore was made during August 2016 to February 2019.

After the matter was referred (June 2020) to the Government, the CE, I&FC, Kashmir stated (July 2020) that the Cabinet Sub-Committee under the Chairmanship of the then Chief Minister, had directed (May 2017) to continue work without formal extension of the contract and thus, there was no reason for forfeiture of performance guarantee and that there was no pending claim against the work.

The reply was not tenable as there was less execution of work even in the extended period of contract March 2018, which attracted forfeiture of bank performance guarantee in light of the provisions of terms and conditions of contract.

Thus, the contractor was extended undue benefit as well had no compulsion imposed on him to complete the work expeditiously, as was required under this project.

B. Audit further noticed that the contractor did not carry out dredging as per the targets fixed at critical locations was as shown in the following **Table 3.4.2**.

[45] In its meeting held on 10 October 2017.

[46] ₹ 4 crore in July 2018 and ₹ 1.34 crore in February 2019.

Table 3.4.2: Dredging of river Jhelum

(In cum)

Sl. No.	Description of site	Target	Achievement	Extra achievement	Less achievement
1.	Bell mouth of FSC to DC office RD 68.606 Kms to RD 74.763 Kms	1,48,999	1,78,406	29,407	-
2.	DC office to Weir RD 74.753 Kms to RD 79.045 Kms	30,950	-	-	30,950
3.	Wier to Guzerbal RD 79.045 Kms to RD 82.467 Kms	1,68,129	1,89,533	21,404	-
4.	Guzerbal bridge to Panzinara RD 82.467 Kms to RD 93.050 Kms	2,73,000	2,80,256	7,256	-
5.	Islands	42,244	12,007	-	30,237
6.	Miscellaneous Shivpore	36,678	26,330	-	10,348
	Total	**7,00,000**	**6,86,532**	**58,067**	**71,535**

(Source: Documents obtained from EE, I&FC Division, Srinagar)

Though the overall achievement of dredging of river bed material was 6.86 lakh cum (98 *per cent*) against target of 7 lakh cum, the dredging was not carried out as per the requirements fixed at six sites. In fact, 0.58 lakh cum extra bed material was dredged out at three[47] sites on the other hand, no dredging at all was carried out at one site[48] and at two sites[49] less dredging was done. Consequently, a total of 0.72 lakh cum (ten *per cent* of estimated removal through dredging) of river bed material was not dredged at these three sites. Also the SLCC observed[50] that if the allotted stretches are not dredged, these stretches may be exposed to the progressive silt deposition overtime leading to high probability of inundation of low lying surrounding areas along with these stretches during the incidence of floods.

The CE, I&FC Department, Kashmir has not furnished any specific reply.

Thus, the execution of the work was not as per the terms and conditions of the contract besides would limit the efficacy of the dredging works in river Jhelum for increased flow as was also observed by the SLCC.

II. Sopore to Sheeri Baramulla

The work of dredging of river Jhelum from Sopore to Sheeri Baramulla (Out Fall Channel) was allotted to a Contractor[51] in November 2016 at a cost of ₹ 26.77 crore and letter of intent was issued on 16 January 2016 with the completion period of 20 months (15 September 2017). As per the terms and conditions of the contract, the Contractor was required to dredge out 9.15 lakh cum of river bed material and in the event of any breach of contract or failure to perform or observe any of the conditions of the contract, entire performance bank guarantee was to be forfeited.

The contractor dredged out only 4.20 lakh cum (46 *per cent* of allotted quantity) of river bed material up to September 2017. The SLCC[52] asked the CE, I&FC Department, Kashmir to get the work completed through the contractor and extend the date of completion. The CE I&FC, Kashmir extended the date of completion from September 2017 to March 2018. Despite, the extended date of completion, the

47 Sl. No 1, 3 and 4 of Table 3.4.2.
48 Sl. No. 2 of Table 3.4.2.
49 Sl. No. 5 and 6 of Table 3.4.2.
50 In its minutes of meeting on 10th of October 2017.
51 M/s Reach India Limited.
52 In its minutes of meeting of 10 October 2017.

Contractor dredged out only 7.41 lakh cum of bed material (81 *per cent*) thereby 1.74 lakh cum of river bed material (19 *per cent*) remained undredged. The Contractor was paid ₹ 21.66 crore during the period from 2016 to March 2019. The Department did not forfeit performance bank guarantee available with it for failure to complete allotted work by March 2018 as per terms and conditions of the contract and instead released the full amount to the contractor in May 2018.

After the matter was referred (June 2020) to the Government, the CE, I&FC Department, Kashmir stated (July 2020) that the target in terms of quantity was based on preliminary DPR level assessment on the basis of which tenders were invited and during execution detailed survey was conducted and actual requirement worked out and that in some cases locals did not allow dredging for fear of weakening of embankments which also affected progress. It was further stated that desired objective of removing bottleneck and facilitating quick drainage of flood water had been substantially achieved and as such there was no reason to forfeit performance bank guarantee of the contractor.

The reply was not tenable as sections do remain in the river due to non-dredging of 1.74 lakh cum of river bed material, which would limit the desired speed of flow.

III. Clearance of bottlenecks at different sites

The DPR of the Phase I envisages the clearance of bottlenecks at various spots in order to increase the carrying capacity of flood water of river Jhelum. Two spots were identified at RD 50.130 Km to 50.380 Km and RD 7.070 Km to 8.060 Km where 2.02 lakh cum of river bed material was to be dredged out as per the details given in the **Table 3.4.3**. Only 11,698 cum (8 *per cent*) of the targeted 1.42 lakh cum was dredged from Khanabal to Kadalbal, Pampore (August 2019) and no dredging was done against the target of 0.60 lakh cum from Sether to Sempore, Pampore (July 2019).

Table 3.4.3: Status of dredging works

(In cum)

Sl. No.	Description of site	Target	Achievement	Shortfall (*Per cent*)
1.	Dredging of River Jhelum from Sether to Sempore, Pampore from RD 50.130 Km to 50.380 Km at Galandhar (July 2019)	60,000	Nil	60,000 (100)
2.	Dredging/ deepening/ widening of River Jhelum from Khanabal to Kadalbal, Pampore from RD 7.070 Km to 8.060 Km (August 2019)	1,42,000	11,698	1,30,302 (92)
	Total	**2,02,000**	**11,698**	**1,90,302**

(Source: Departmental records of Field offices of I&FC Department)

Only 11,698 cum of river bed material was dredged out against the targeted 2.02 lakh cum leaving 94 *per cent* of work not executed at the identified spots, in river Jhelum thereby flood threat was only partially mitigated.

The CE, I&FC Department, Kashmir stated (July 2020) that dredging had been carried out as per recommendations of Central Water and Power Research Station (CWPRS) which advised against dredging in head reaches as the same would be counter productive.

The reply is not tenable as dredging was to be done from Sether to Sempore, Pampore and Khanabal to Kadalbal which lie at middle sectors of river Jhelum and not at head reaches.

3.4.7 Execution of protection works

Protection works including laying of piles, preparing slope of bunds, retaining walls etc., were to be executed by three Divisions under this project for an estimated cost in DPR/ allotted cost of ₹ seven crore, where excess expenditure of ₹ 4.96 crore (September 2020) was incurred as indicated in **Table 3.4.4**. These additional items of works, especially for laying of Geo-synthetic bags resulted in extra cost being incurred by the executing Divisions, without approval of the competent authority.

Table 3.4.4: Excess expenditure on execution of extra items of works

(₹ in crore)

Name of the executing Division	Spots/ Sites of execution of works	Period	Estimated DPR cost	Expenditure incurred	Excess Expenditure	Remarks
I&FC Division, Sumbal	RD 105.462 Km to RD 109.356 Km and RD 112.791 Km to RD 115.314 Km (at Pandaboni and Bagnitar)	March 2017 to March 2019	4.29	7.69	3.40	Excess expenditure incurred on items not provided in original DPR including utilisation of Geo-synthetic bags and pile works at Pandaboni as per design obtained from NIT Srinagar.
FC Division, Anantnag	RD 0 to 14,880 metres (Upstream and downstream of Khanabal bridge and Padshahi Bagh)	March 2017 to March 2019	2.07	2.87	0.80	Excess expenditure was booked due to increase in height of retaining wall which was beyond the scope of the original DPR of the project.
I&FC Division, Srinagar	Spot 3 and 4 at Kursoo Rajbagh	March 2017 to March 2019	0.64	1.40	0.76	Excess expenditure booked due to increase in height of retaining wall and execution of additional quantities of concrete by way of providing of raft to address capacity issues which were not provided in DPR of the project.
	Total		**7.00**	**11.96**	**4.96**	

(Source: Information received from I&FC Divisions; Sumbal, Anantnag and Srinagar)

The CE, I&FC Department, Kashmir stated (July 2020) that due to site conditions the scope of work such as increase in height of retaining wall and additional quantities of concrete/ earthwork etc. was changed and therefore, the quantities for work done increased. Besides, the use of Geo-synthetic bags was resorted to being modern

innovation for these kinds of works, where time was of essence, resulting in extra expenditure.

The reply was not tenable as the bulk of extra expenditure was due to the use of Geo-synthetic bags, especially not being included in the DPR of the project and not suitable for river training purposes.

3.4.8 Other interesting points

In additions to the observations common to various projects highlighted in the earlier paragraphs, the other observations of general nature specific to sub-projects or group of sub-projects are discussed in the following paragraphs.

3.4.8.1 Sanction of estimates

For execution of works, the field Divisions prepare estimates and these estimates are sanctioned by the competent authority as per the delegation of powers[53]. Audit examination of records of five Divisions[54] revealed that in respect of 68 works out of 98 estimates examined, the original allotted cost of ₹ 19.81 crore was revised to ₹ 35.60 crore through extensions. The range[55] of the excess of ₹ 15.79 crore over original/ allotted cost of work was 26 *per cent* to 298 *per cent,* during the period 2016-17 to 2018-19.

It was also observed that the excess over original/ allotted cost was beyond the powers of the Departmental Officers. As a result, the possibility of splitting of the estimates cannot be ruled out and thereby the necessary scrutiny at appropriate levels did not take place.

The Chief Engineer, Irrigation and Flood Control Department, Kashmir stated (July 2020) that works were mostly of protection/ restoration nature where weak or breached spots were to be strengthened and plugged and that it was not possible or practicable to wait for tendering process to execute these works for fear of widening of damages which would compromise security and safety of habitation residing near these damaged embankments and as such the existing contract was extended to cover entire damages.

The reply is not acceptable as though the works were stated to be urgent, but the fact remained that excess over the allotted cost was done beyond the financial powers of the respective officers.

3.4.8.2 Irregular execution of works

(I) In order to ensure the competitiveness and transparency in the execution of works, the Divisional authorities were required to invite tenders for each work. However,

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53 In case of EEs and SEs: Within the limit of 5 *per cent* of the sanctioned estimates provided the amount does not exceed the limit of their powers to sanction estimates technically. Chief Engineer: Up to limit of 5 *per cent* of the amount of the original estimates as per Rule 5.11, Book of Financial Powers of J&K.

54 (i) FSC Division, Narbal; (ii) I&FC Division, Sumbal; (iii) I&FC Division, Srinagar; (iv) FC Divisions, Kakapora; and (v) FC Division, Anantnag.

55 51 works with excess in the range of 26 to 100 *per cent* and 17 works excess in the range of 101 to 298 *per cent*.

two[56] Divisions executed 116 works without inviting tenders which was in contravention of the financial rules. These works were routine in nature including construction of paths, toe walls and other strengthening works of embankments/ bunds. Thus, an expenditure of ₹ 3.99 crore incurred on the works during the period 2016-19 was irregular.

The Chief Engineer, Irrigation and Flood Control Department, Kashmir stated (July 2020) that sometimes situation arise when the Department could not wait for execution of works in normal mode of tendering and under compulsion has to resort to departmental execution and that the Divisions had executed urgent nature of works to prevent damages to life and property and also provide immediate relief. The reply is not tenable as the works executed were not emergent in nature, therefore the extant rules under Financial Code Volume I were required to be followed.

(II) Rule 9-3 of the J&K State Financial Code provide for obtaining of administrative approval and technical sanction before taking up works for execution.

Audit examination of records of six executing Divisions, entrusted with execution of priority works, revealed that 185 works on river Jhelum were executed during the period 2015-19 in anticipation of administrative approval and technical sanction and an expenditure of ₹ 100.18 crore had been incurred.

The CE, I&FC, Kashmir stated (July 2020) that the project had been approved and funds released by the GoI and as such it might be construed that administrative approval was given by the GoJ&K. Though, it was acknowledged that technical sanction was to be accorded before start of work but the condition had not been met and that procedural lapses by certain divisions need to be condoned in view of urgent nature of works executed to prevent damage to life and property.

The reply is not tenable as works have to be executed only after administrative approval and technical sanction is accorded.

3.4.8.3 Carriage of earth from FSC to dumping sites

The Executive Engineer, FSC Division, Narbal incurred an expenditure of ₹ 3.77 crore during March 2016 to March 2018 on carriage of 3.20 lakh cum of excavated earth on spots between RD 6,554 metre and RD 38,818 metre for de-silting of Flood Spill Channel, Narbal for smooth and uninterrupted flow of flood water. Since the pre-natural surface level and post-natural surface level[57] of site where the excavated material was dumped was not recorded therefore, the expenditure of ₹ 3.77 crore incurred on carriage of earth from FSC to dumping site, could not be verified in Audit (July 2020).

After the matter was referred (June 2020) to the Government, the CE, I&FC, Kashmir stated (July 2020) that both pre-natural surface level and post natural surface level of

[56] (i) FC Division, Anantnag: ₹ 65.83 lakh (8 works) (ii) I&FC Division, Srinagar: ₹ 3.33 crore (108 works).

[57] Pre-natural surface level is the ground level of dumping site before dumping the excavated material. post-natural surface level is such surface level of ground when excavated material is dumped at the site and new surface level emerges.

dumping sites had been recorded and were available with the divisional office but being of voluminous nature these had not been attached with the works register. The earth obtained from excavation was partly dumped in embankment for raising of bunds and surplus earth was carried to designated sites for which pre and post dumping cross-sections were maintained/ recorded and updated constantly. The reply was not tenable as supporting documents indicating pre and post cross sections of dumping sites and carriage details of earth from source to stocking site were not provided to Audit.

3.4.8.4 Misappropriation of funds

An amount of ₹ six lakh was drawn by the Executive Engineer, Irrigation and Flood Control Division, Sumbal in March 2017 without any documentary evidences/ voucher passed. On verification from the office of the Accountant General (A&E), J&K, Srinagar, it was noticed (June 2019) that a voucher worth ₹ 8,600 for maintenance of photocopier in place of drawn amount of ₹ six lakh was submitted alongwith the monthly account. The misappropriation of funds was facilitated due to lack of proper internal control and monitoring mechanism and evident negligence of the Drawing and Disbursing Officer to check correctness of bills or to get these verified in accordance with standing Financial Rules.

After being pointed out (June 2019) in Audit, the Executive Engineer, I&FC Division, Sumbal admitted the irregularity and recovered ₹ 5.94 lakh (exclusive of one *per cent* labour cess) from the concerned official. Audit also noticed (June 2019) that in Flood Control Division, Anantnag ₹ 0.59 lakh was drawn in favour of M/s Sky Tech, Srinagar for drafting of encroachment details twice (in January 2019 and in March 2019). After being pointed out in audit, the Executive Engineer admitted (July 2019) irregularity and recovered (November 2019) excess amount of ₹ 0.59 lakh from the firm.

After the matter was referred (June 2020) to the Government, the CE, I&FC, Kashmir stated (July 2020) that misappropriated amounts were recovered and action against the official of I&FC Division, Sumbal had been initiated. It was also stated that directions had been issued to all Divisions/ Establishment sections to take utmost care while spending public funds.

3.4.9 Absence of Quality assurance mechanism

Quality assurance is a way of preventing mistakes and defects in manufactured products and avoiding problems when delivering products or services to consumers. It refers to the management of the quality of raw materials, assemblies, products and components, services related to production and inspection process. The material used for construction of irrigation structures was required to be tested to ensure quality standards. Also, the bunds raised were to be subjected to Proctor density tests[58]. Audit

[58] Proctor density tests is a compaction test of soil in which in a laboratory the optimal moisture content at which a given soil type will become most dense and achieve its maximum dry density is verified.

noticed (between May 2019 and December 2019) that five[59] implementing divisions had not developed any mechanism for ensuring quality assurance before releasing payment in respect of work done claims. In the absence of any mechanism of carrying out tests of materials like testing of geo-textile bags, cement and iron, execution of sub-standard priority works could not be ruled out. Also, the structures constructed under priority works of the Project were not got tested at any stage.

After the matter was referred (June 2020) to the Government, the CE, I&FC Department, Kashmir stated (July 2020) that the Department is very old and over the period of time evolved a robust mechanism for assuring adherence to quality standards. While key construction material was procured generally through Steel Authority of India Limited and J&K Cements Limited who had stringent quality controls, field tests like density etc. were being conducted as per requirement. The reply should be seen in light of the fact that the executing Divisions had no mechanism for carrying out tests of materials and even geo-synthetic bags which were utilised first time by the Department were not tested at any stage.

Dredging works form a critical component of this project and significant shortfalls in quantities required to be dredged at identified sites increases the probability of progressive silt deposition over time and reducing the carrying capacity of the river Jhelum, consequential inundation of surrounding areas during floods, negating the gains achieved by dredging.

The Department should ensure that the shortfalls in terms of dredging works are made good at least in the Phase II of this project.

Planning Development and Monitoring Department

3.5 Permanent restoration of damaged infrastructure

3.5.1 Introduction

The Project 'Permanent Restoration of Damaged Infrastructure' was sanctioned (October 2016) by the Government of India (GoI) under the Prime Minister's Development Package (PMDP) at a cost of ₹ 2,000 crore for restoration of infrastructure damaged due to floods of September 2014. Under this Project[60], 22 Departments/ Agencies of the GoJ&K had been provided funds for execution of various works/ schemes for restoration of damaged infrastructure under their control. The Project was monitored by the Planning, Development and Monitoring Department (PD&MD), of the GoJ&K. Sanction order for a total amount of ₹ 1,263.34 crore was received during the period from 2016-17 to 2018-19. The GoI released ₹ 1,178.34 crore[61] for the project during the above period, against which ₹ 915.17 crore (78 *per cent*) was utilised as of 31 March 2019. The details of the funds approved, sanctioned and utilised by 22 Departments/ agencies of the GoJ&K for the project is given in ***Appendix 3.5.1***.

[59] (i) I&FC Division, Srinagar (ii) I&FC Division, Sumbal (iii) I&FC Division, Baramulla (iv) FC Division, Anantnag and (v) FC Division, Kakapora.

[60] Project no. 29 of PMDP.

[61] 2016-17: ₹ 1,093.34 crore and 2018-19: ₹ 85 crore.

Seven[62] out of 22 Departments/ Agencies were selected for audit on the basis of funds sanctioned, expenditure incurred as well as number of works taken up for execution. The sampled Departments executed 9,076 works, out of which 6,710 works (74 *per cent*) were selected in Audit as indicated in the **Table 3.5.1**. A total amount of ₹ 1,044.19 crore (89 *per cent*) was released to the selected Departments out of which an expenditure of ₹ 875.98 crore (84 *per cent* of sanctioned amount) had been incurred ending 31 March 2019.

Table 3.5.1: Status of works selected as on March 2019

(₹ in crore)

Sl. No.	Name of the Department	Funds sanctioned	Expenditure incurred (*per cent*)	Number of works/ schemes to be executed	Audit sample (No. of Works) (*per cent*)	Physical Achievement (Works completed)	Percentage (Works completed)
1.	Public Works (R&B)	415.00	377.41 *(91)*	1,002	709 (71)	701	99
2.	Irrigation & Flood Control[63]	252.16	219.46 (87)	4,822	3,709 (77)	3,709	100
3.	Industries & Commerce	149.96	147.01(98)	36	36 (100)	36	100
4.	School Education	100.22	22.88 (23)	760	718 (93)	421	59
5.	Public Health Engineering (PHE)	53.64	51.82 (97)	2,412	1,500 (62)	1,500	100
6.	Higher Education	50.00	35.58 (71)	16	10 (63)	02	20
7.	Estates	23.21	21.82 (94)	28	28 (100)	28	100
	Total	**1,044.19**	**875.98**	**9,076**	**6,710**	**6,397**	

(Source: Monitoring Report on PMDP 2015 as of 31 March 2019 and also Departmental figures)

As on September 2020, an expenditure of ₹ 926.35 crore was incurred by these seven selected Departments and 6,515 works had been completed against 6,710 works under the project.

Audit findings

Audit findings common across seven selected Departments are discussed in the following paragraphs.

3.5.2 Diversion of funds

The Government Order issued (December 2016) for PMDP by the Planning and Development Department, GoJ&K stated[64] that funds allocated under the project were to be utilised for specific purposes and cannot be re-appropriated/ diverted. In four Departments, it was noticed that a total amount of ₹ 29.29 crore was diverted on items/ activities which were not part of the project for which specific amount was sanctioned, as given in ***Appendix 3.5.2***.

The Government may fix responsibility and take appropriate action against officials responsible for diversion of funds.

Project Implementation

3.5.3 Execution of works without administrative approval and technical sanction

The seven selected Departments had executed 5,707 works (63 *per cent*) out of total 9,076 works without the Administrative Approval (AA) and Technical Sanction (TS) of the competent authority, on which a total expenditure of ₹ 610.85 crore was

62 Estates, Higher Education, Industries & Commerce, Irrigation & Flood Control, PHE, Public Works (R&B) and School Education.

63 Including ₹ 2.50 crore sanctioned for Flood protection works.

64 Condition (iv) of the Government Order issued (December 2016).

incurred during the period from 2014 to 2019, details of which are given in ***Appendix 3.5.3***.

In reply the Department(s) stated the reasons to be (i) emergency nature of works, (ii) presumption that the Administrative Approval (AA)/ Technical Sanction (TS) is already accorded (though actually it was not), (iii) inclusion of works in approved action plans were construed by the department as requisite approval etc.

The replies are not tenable as it was negligence on part of the Department(s) to execute works without obtaining the AA and TS.

The Government may fix responsibility in respect of execution of works without obtaining the AA and TS.

3.5.4 Execution of works without invitation of tenders

Four Departments had executed 5,285 works involving an expenditure of ₹ 328.88 crore without invitation of tenders, as detailed in ***Appendix 3.5.4***, in violation of instructions contained in the sanction orders.

In reply, it was stated that:

- The works had been executed without invitation of tenders on reasonable rates on urgent basis (I&FC Department);
- The works had been executed without invitation of tenders for immediate restoration of utilities on reasonable market rates prevailing at that time (PHE Department);
- As per the directions of Higher Authorities and Public Representatives on approval basis {PW (Roads and Buildings) Department}; and
- Works in some cases were allotted to the contractors of other projects in view of urgency (Industries and Commerce Department).

The replies are not tenable as the Department(s) failed to follow the Codal provisions and in turn could not ensure that the works were awarded at the most competitive rates.

The Government may fix responsibility in respect of execution of works without invitation of tenders.

3.5.5 Clearance of pending claims

As per condition (i) of sanction order (February 2017), the executing agency was required to ensure payment to be booked for those State Disaster Response Fund (SDRF) works which were executed during September 2014 floods and no other liability of prior or post September 2014 floods was to be cleared from the funds released. However, it was observed (May 2019 to November 2019) that:

- In the I&FC Department, six[65] executing Divisions had utilised ₹ 52.21 lakh on payment of liabilities created during May 2012 and August 2014 prior to floods of

[65] Flood Control Divisions: Akhnoor (₹ 1.37 lakh), Kathua (₹ 21.93 lakh), Jammu (₹ 6.18 lakh), Irrigation and Flood Control Divisions: Poonch (₹ 8.64 lakh), Rajouri (₹ 4.72 lakh) and Irrigation Division-II, Jammu (₹ 9.37 lakh).

September 2014 on account of procurement of material/ works completed prior to floods.

The Joint Director (Planning), PD&MD stated (August 2020) that some of the liabilities pertain to procurement of material prior to September 2014 which had been utilised for restoration of public infrastructure damaged due to floods of September 2014 and remaining liabilities were reflected in the damage reports.

The reply is not tenable as material worth ₹ 21.93 lakh had been utilised for pre-existing works and works costing ₹ 28.75 lakh had been executed prior to floods, for which only liability was pending.

- Six executing Divisions[66] of Public Health Engineering, Department had utilised ₹ 6.96 lakh on payment of liabilities of 10 works executed during October 2012 to August 2014, prior to the floods of September 2014.

The Joint Director (Planning), PD&MD accepting the audit observation stated (August 2020) that expenditure was incurred to clear previous claims of the contractor on Water Supply Scheme, Rakiban for which litigation was filed in the Labour Court whereas the Executive Engineers (EEs) of five Divisions accepting the audit observation stated (July 2019 to November 2019) that payment was made keeping in view the pressure from contractors.

3.5.6 Incorrect projection of work done

- The Chief Engineer, PW (R&B) Department, Jammu forwarded (April 2016) to the Commissioner Secretary, PW(R&B) Department, a statement of work done claims amounting to ₹ 155.47 crore in respect of 276 roads for sanctioning of funds under the project. The statement included work done claims of ₹ 4.57 crore in respect of eight works[67] pertaining to four[68] Divisions. However, these eight works in actual were awarded for execution between May 2016 and March 2017 after furnishing of statement of work done claims to higher authorities in April 2016.

The Chief Engineer, PW (R&B) Department, Jammu stated (August 2020) that work wise action plan of macadamisation[69] of roads for ₹ 200 crore was submitted (February 2016) for approval and accordingly, the Administrative Department released work-wise funds.

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66 PHE Divisions: Baramulla (₹ 0.25 lakh), Bijbehara (₹ 1.19 lakh), Kulgam (₹ 2.14 lakh), Qazigund (₹ 0.90 lakh), Rajouri (₹ 1.03 lakh), and PHE Hydraulic Division, Uri (₹ 1.45 lakh).

67 (1) Main Road Trikuta Nagar including allied links (2) Road from Macca Masjid and Main Road Gulmarg Colony including allied links (3) (i) Satwari to Technical Gate (Double Lane : 400 Mtrs) (ii) Technical Gate to MH Gate (Double Lane: 600 Mtrs), (iii) Satwari Chowk to Manik Shah Chowk (Three Lane: 650 Mtrs) (iv) Manik Shah Chowk to Technical Gate (Three Lane: 550 Mtrs) (4) Kullian Laswara road including link road to Draptha Village (50 mm thick BM +25 mm thick SDBC) (5) City Road in Jammu West Constituency (a) Rehari Chungi to Patoli via Sarwal (b) Rehari Chungi to Patoli via Subash Nagar and Toph Chowk (c) Subash Nagar to Shiv Nagar (d) Rehari colony to Shakti Nagar via Rajpura (e) Patoli Chowk to Paloura Chowk (f) Main Bakshi Nagar Road (g) Rehari Colony to Maheshpura Chowk via Baby Caterers (h) Canal head to Toph Bridge via A.G. Office including road Toph Chowk via Best price (6) Kamini mohalla Nagrota (7) Ghagwal Town road, Ghagwal Rajpura Road (3.00 km Double lane and 4.50 km Single lane) and Ghagwal - Raghu Chak Malani road and (8) Dayalachak-Hiranagar-Jandi road (single lane).

68 Construction Division (CD I), Jammu (4), CD II, Jammu (2), Kathua (1) and Samba (1).

69 To pave by laying and compacting successive layers of broken stone, with water, asphalt or hot tar.

The reply however, does not address the issue of projecting the works not actually done, as completed.

- An amount of ₹ 11.26 crore was sanctioned (August 2016 and March 2017) to I&FC Division, Poonch for 159 works executed after the floods of September 2014 to clear the outstanding liabilities. Of this, payment of ₹ 2.23 crore was made for 61 works which were, however, executed between August 2016 and March 2018 after the receipt of funds incorrectly projected as having been executed.

The Joint Director (Planning), PD&MD stated (August 2020) that 61 works were in continuation to 98 works already completed.

The reply is not acceptable as funds were sanctioned for clearance of work done claims and the Division had taken up execution of 61 works which were distinctly executed only after the receipt of funds.

The Government may fix responsibility in respect of irregular execution of works under this project.

3.5.7 Delay in completion of works

I. The Notice Inviting Tender (NIT) issued by the Directorate of Rashtriya Madhyamik Shiksha Abhiyan, GoJ&K, envisaged imposition of penalty up to 10 *per cent* of total allotment if works were not completed in time. Three[70] Divisions had taken up 65 works[71] at an approved cost of ₹ 7.92 crore during October 2017 to May 2018 with completion period of 30 days to 90 days. However, the contractors did not adhere to timelines in completion of works and instead completed these works, with delays ranging between 22 and 493 days (38 works were delayed for more than 90 days). The Department failed to invoke the penalty clause for the delay in completion of works.

The Joint Director (Planning), PD&MD stated (August 2020) that in some cases delay had occurred in completion of works due to climatic considerations coupled with unrest which prevailed for some months.

The reply is not tenable as these were repair works and not original works for which short period of working season was required.

II. In Higher Education Department, the work of 'Construction of library cum PG Block at S.P. College Srinagar' was allotted (February 2017) to a contractor at a cost of ₹ 3.29 crore. The contractor was required to start the work within one week. However, the contractor started the work in January 2018 after 11 months from the date of award of the contract. No action was taken against the contractor for delayed start of work as no provision of penalty etc. had been incorporated in the contract by the Department.

[70] Construction Division IV Jammu, Construction Divisions I and II, Srinagar.
[71] Completed works: 30 and ongoing works: 35.

The reply (August 2020) of the Department did not specifically mention the reasons for delay in start of the work, rather gave reasons for delay in the award of work.

Public Works (R&B) Department

3.5.8 Execution of road works

In eight[72] out of 19 selected Divisions in the PW (R&B) Department, GoJ&K, the road length executed in respect of 153 works was not in consonance of the targeted road length as indicated in **Table 3.5.2**.

Table 3.5.2: Target and achievement of road length as on March 2020

Sl. No.	Deviation in execution	No. of Divisions	No. of works	Target length for repairs as per Action Plan (Km)	Actual length of repairs executed (Km)	Excess (+)/ Short (-) (Km)
1.	Excess	7	59	331.68	476.49	(+) 144.81
2.	Short	7	89	813.07	390.85	(-) 422.22
3.	Non-execution	3	5	14.75	Nil	(-) 14.75

(Source: Progress reports of Executing Divisions)

As indicated in **Table 3.5.2**, the following deviations were noticed in 153 works for execution of repairs:

- In case of 59 roads in seven Divisions, where excess road length of a total of 144.81 KM[73] was executed as of March 2020, it was mainly due to allotment of additional works on approval/ agreement basis on directions of local MLAs/ higher authorities without entering into tendering process.
- In case of 89 roads in seven Divisions where there was a shortfall of 422.22 KM[74] road length repaired, the roads were shown completed as per Utilisation Certificate (UC) submitted by Public Works (R&B) Department, GoJ&K but were shown incomplete in the Monthly Progress Report. The figures recorded in the UC were inflated, accordingly.

As there is a mismatch between the progress and expenditure incurred, it needs to be investigated and responsibility needs to be fixed.

- In the case of five roads in three Divisions, with a total road length of 14.75 KM[75] on which expenditure of ₹ 1.59 crore[76] (March 2020) was incurred but shown as not executed at all (March 2020). The funds stated to have been spent, had been diverted for other activities/ items not related to the project.

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72 (i) Basohli, (ii) CD-I Jammu, (iii) CD-II Jammu, (iv) CD-III Jammu, (v) Kathua, (vi) Katra, (vii) Samba and (viii) Udhampur.

73 (i) CD-I Jammu: 15 works (27.40 KM), (ii) CD-II Jammu: 18 works (34.86 KM), (iii) CD-III Jammu: 03 works (5.63 KM), (iv) Kathua: 11 works (55.50 KM), (v) Katra: 01 works (02.30 KM), (vi) Samba: 02 works (09.00 KM) and (vii) Udhampur: 09 works (10.12 KM).

74 (i) Basohli: 02 works (5.50 KM), (ii) CD-I Jammu: 39 works (190.80 KM), (iii) CD-II Jammu: 17 works (114.70 KM), (iv) CD-III Jammu: 04 works (04.36 KM), (v) Katra: 13 works (21.26 KM), (vi) Samba: 09 works (57.20 KM) and (vii) Udhampur: 05 works (28.40 KM).

75 (i) CD-I Jammu: 03 works (11 KM), (ii) CD-III Jammu: 01 works (01.25 KM), (iii) Kathua: 01 work (2.50 KM).

76 Liabilities of old works: ₹ 2.73 lakh, Other works: ₹ 153.59 lakh, Irregular purchase of material: ₹ 2.20 lakh, Irregular purchase of stationery: ₹ 0.28 lakh.

- The Planning Development and Monitoring Department, GoJ&K had released ₹ 7.21 crore during 2016-17 for a total 33 Macadamisation works[77]. These were not executed as of March 2020, for which no reasons were on record.

The Joint Director (Planning), PD&MD, while accepting the observation stated (August 2020) that the concerned Executive Engineers had informed that efforts were being made for completion of projects and that extra road lengths were executed on the basis of on spot directions of public representatives/ higher authorities.

As the additional works on the roads were executed without invitation of tenders, the Department could not ensure the competitive pricing of the works. The same needs to be investigated to ascertain the correct facts and fix responsibility for negligence, if any.

3.5.9 Bridge and flood protection works

Eight[78] works were sanctioned at a cost of ₹ 15 crore for Leh, out of which five[79] works were completed, as of 31 March 2020.

The work for 'Reconstruction of 72 meter span through type motorable steel bridge' over river Zanskar at Tschuthang in Leh was approved (December 2016) by the GoI at a cost of ₹ 5.44 crore. The required funds for this purpose were sanctioned by the Commissioner Secretary (PD&MD), GoJ&K in December 2016. The work for design, fabrication, launching and commissioning of the bridge was allotted (July 2017) by the District Superintending Engineer, PWD Circle, Leh to the contractor on turnkey basis at a cost of ₹ 3.50 crore. The work was completed in September 2018 after incurring expenditure of ₹ 3.58 crore.

Audit noticed (September 2019) that out of total expenditure of ₹ 3.58 crore, an amount of ₹ 4.29 lakh was diverted (March 2018-February 2019) towards expenditure on office expenses and wages of casual workers. The unspent balance was ₹ 1.86 crore.

On being pointed out (September 2019) in Audit, the Executive Engineer, Construction Division, Leh stated (August 2020) that payments towards daily rated wagers has been made as the same was covered under work charged and contingencies of the project and needs not to return back to GoI.

The reply is not tenable as the work was allotted on turnkey basis for design, fabrication, launching and commissioning of the bridge and wages to be paid to daily rated staff working in Division has to be debited to Head 'Wages' instead of debiting to work contingencies.

The liability on account of office expenses and wages of casual workers be cleared from the appropriate head, the money spent is to be recouped and refunded to the GoI.

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77 Jammu: 10 works, Kashmir: 23 works.
78 Bridges: 5; Flood Protection works: 2; and building work: 1.
79 Bridges: 3 and flood protection works: 2.

Further, as the unspent balance of ₹ 1.86 crore has not been revalidated, the same needs to be refunded to the GoI.

3.5.10 Payment for filling/ cutting of shoulders on road works

During a meeting held (May 2015) by the Chief Engineer, PWD (R&B), Jammu with representatives of Hot mix plant holders/ firms, it was decided (May 2015) that wherever shoulders of roads were required to be improved by filling or cutting, the same was to be borne by the bidder/ contractor as per the contractual conditions and that nothing extra was to be paid on this account as the rates were all inclusive.

Audit examination (May to November 2019) of records relating to improvement of riding quality of surface roads executed under the project in seven selected Divisions[80] revealed that in respect of 43 works, payment of ₹ 3.60 crore was made on account of filling of shoulders at different rates, though it was not part of the NIT/ work order.

The Joint Director (Planning), PD&MD while accepting the audit observation stated (August 2020) that the extra payment pointed out by the audit will be recovered after reconciliation.

However, status of recovery is awaited (December 2020).

3.5.11 Irregular allotments/ execution of up-gradation of road work

Work of up-gradation of three single lane roads[81] by way of providing and laying of 30 mm thick Semi Dense Bituminous Concrete (SDBC) including cost of bitumen in stretches was allotted (September 2015) by the Superintending Engineer, Jammu-Kathua Circle to a firm[82] for ₹ 1.55 crore. On the basis of on spot directions of Local MLA (then Industries and Commerce Minister) and on the basis of proposal (September, October 2015 and December 2015) of the executing division, in the absence of supporting executive orders, additional works for ₹ 3.85 crore were allotted (October 2015, January 2016) on approval basis at marginally less rates[83] to the two related firms[84] by revising[85] the scope of roads. Examination of records revealed that against the total allotment of ₹ 5.40 crore, payments of ₹ 7.21 crore was made by the executing division resulting in excess expenditure over allotment by ₹ 1.81 crore.

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80 (i) Basohli: 02 works (₹ 0.30 crore), (ii) CD-I Jammu: 11 works (₹ 1.56 crore), (iii) CD-II Jammu: 05 works (₹ 0.12 crore), (iv) CD-III Jammu: 06 works (₹ 0.47 crore), (v) Kathua: 9 works (₹ 0.43 crore), (vi) Samba: 04 works (₹ 0.45 crore) and (vii) Udhampur: 06 works (₹ 0.27 crore).

81 (i) Bari Brahmna-Badhori road Km 4th (500-600)-Km 9th, (ii) Channi-Kartholi road-Km 1st and (iii) Kaluchak-Purmandal road Km 1st-16th.

82 M/s Jagdambey Road Builders Hot Mix Plant.

83 50 mm BM at the rate of ₹ 9,450 per cum and 25 mm thick SDBC at the rate of ₹ 330 per sqm.

84 M/s Jagdambey Road Builders Hot Mix Plant and M/s A.D. Buildcon.

85 Upgradation of Bari Brahmna-Badhori road Km 4th (500-600)-Km 9th in stretches to full road, Kaluchak-Purmandal road in stretches in Km 1st-16th to full road from Km 1st to Km 3rd and Km 4th to Km 16th in stretches and Km 5th-7th of Kaluchak-Purmandal road.

For completion of the extended scope, one more work[86] was allotted (January 2017) for ₹ 1.04 crore by the SE, Jammu-Kathua Circle to a firm[87] after invitation of tenders (November 2016) which was again enhanced (March 2017) on approval basis for an additional amount of ₹ 3.86 crore.

The Joint Director (Planning), PD&MD stated (August 2020) that quantities of work exceeded in respect of Kaluchak-Purmandal road as on public demand Bituminous Macadam was laid on full width of road which increased the area and in respect of Bari-Brahmna-Badhori road though tenders were invited for repair of damaged portion on 5.50 Km of road the then Industries and Commerce Minister requested for laying of Macadam on full width and complete length of 5.50 Km.

The fact remains that against approved/ tendered work, the specifications were changed and additional works for ₹ 7.71 crore were allotted (October 2015, January 2016, March 2017) on approval basis. There was also excess execution of work over allotments at a total cost of ₹ 1.81 crore. Enhancement/ allotment of work without competitive bidding/ supplementary agreements was inappropriate in terms of applicable rules/ regulations.

3.5.12 Irregular release of payments

As per Public Works Account Code[88], payments to contractors is required to be made after passing of bills in the prescribed running account bill formats duly filled in with required details. Audit examination (November 2019) of records of EE, PWD (R&B), Division-II, Jammu revealed that 11 vouchers valuing ₹ 67.68 lakh were passed for payment on letter heads of Firms in violation of provisions.

The Joint Director (Planning), PD&MD stated (August 2020) that practice would be avoided in future and the contractor's bills would be accepted as per Rules/ Financial Code.

Irrigation and Flood Control Department

3.5.13 Financial position of the project

Funds of ₹ 252.16 crore[89] were sanctioned in favour of PHE, I&FC Department (Administrative Department). Of this, ₹ 247.28 crore was further sanctioned by the Administrative Department in favour of implementing agencies for execution of 4,822 works, with ₹ 4.88 crore retained by the Administrative Department. Out of ₹ 247.28 crore, the executing agencies incurred an expenditure of ₹ 221.96 crore, with unspent balance of ₹ 25.32 crore[90] as on September 2020 and all the works stood completed.

The Joint Director (Planning) PD&MD attributed (August 2020) less utilisation of funds to allotment of works on rates less than the estimated cost, non-receipt of

86 P/L of 50 mm BM and 25 mm SDBC on Kaluchak-Purmandal road Km 9th and 10th Double lane.
87 M/s A.D. Buildcon.
88 Para 284 to 291.
89 ₹ 249.66 crore sanctioned by PD&MD and ₹ 2.50 crore by Finance Department.
90 ₹ 25.32 crore out of funds sanctioned by PD&MD.

verification reports from the concerned District Development Commissioners (DDCs) and non-preference of bills by the contractors in some cases.

3.5.14 Irregular expenditure on execution of unapproved works

Eight[91] divisions executed 739 works which were not approved by the funds sanctioning authority and an expenditure of ₹ 24.27 crore had been incurred (March 2017) thereon which was irregular and indicated poor internal control. Of this, an expenditure of ₹ 5.43 crore was incurred (September 2016 to March 2017) in excess of allotted cost of ₹ 11.28 crore in respect of 251 works. Further, ₹ 78.43 lakh was diverted (December 2016 to March 2017) on purchase of material such as crate mesh, cement and other items by these eight Divisions, despite the fact that funds were sanctioned (by the Irrigation and Flood Control Department) work-wise indicating that incorrect liability of work done claims was projected by the executing divisions.

The Joint Director (Planning), PD&MD stated (August 2020) that liability statements were framed as per estimated cost of works and that few unforeseen works were restored post floods on verbal instructions of concerned DDCs and local representatives at that time. The fact, however, remained that no ex-post facto approvals had been obtained for the same.

Industries and Commerce (I&C) Department

3.5.15 Identification of PMDP Projects

In violation of the conditions laid down in the sanction orders which envisaged that expenditure was to be incurred on the approved projects and works, five[92] projects, which were not part of 36 projects approved by the GoI during July/ October 2016 under 'The Aggregative Macro Economics and Infrastructure Rebuilding Plan (TAMEIR)', were taken up under the PMDP and expenditure of ₹ 12.53 crore was incurred (March 2019) on their execution. Besides, two projects approved at a cost of ₹ 0.18 crore under the PMDP were not taken up for execution. Details are given in the following **Table 3.5.3**.

[91] (i) FCD Anantnag, (ii) ID Anantnag, (iii) I&FC Division, Baramulla, (iv) ID Kulgam, (v) I&FC Division, Sopore, (vi) I&FC Division, Srinagar, (vii) FBI Division, Tangmarg and (viii) Hydraulic Division, Uri.

[92] SICOP-(4): Industrial Estates Bagh-e-Ali Mardan Khan, Digiana, Sanat Nagar and Zainakote, HDC-(1): Export Oriented Handloom Development Project, Samba.

Table 3.5.3: Non-PMDP Projects funded under PMDP

(₹ in crore)

Sl. No.	Projects not covered under PMDP		Sl. No.	PMDP projects left uncovered	
	Name of Project	Amount		Name of Project	Amount
1.	Upgradation of Infrastructure at IE Zainakote (SICOP)	2.80	1.	Reconstruction/ repair of damages to DIC building at Anantnag, CFC Sether and Lether centre at exhibition ground	0.12
2.	Upgradation of Infrastructure at IE Sanatnagar (SICOP)	3.00	2.	Restoration of damage infrastructure of craft community center, quality control office, chowkidar hut at Solina, Srinagar	0.06
3.	Upgradation of Infrastructure at IE Bagh-i-Ali Mardhan Khan (BAMK) (SICOP)	1.50			
4.	Upgradation of Infrastructure at IE Digiana (SICOP)	0.73			
5.	Upgradation of machinery at Export Oriented Handloom Development Project Samba (JKHDC)	4.50			
	Total	**12.53**		**Total**	**0.18**

(Source: Sanction orders and progress reports)

The Joint Director (Planning), PD&MD stated (August 2020) that 4 works[93] worth ₹ 9.73 crore were taken up with 10 *per cent* flexibility as authorised by PD&MD with approval of the competent authority. The reply is not tenable as non-PMDP projects were funded from PMDP.

3.5.16 Delay in sanction of funds

The PD&MD sanctioned (December 2016) ₹ 149.96 crore to the Industries and Commerce Department under the Project No 29. Audit noticed that these funds were sanctioned by the Industries and Commerce Department to the implementing agencies after delay[94] ranging between 58 days and 406 days. Of this, ₹ 91.55 crore (61 *per cent*) was sanctioned after delay of 58 days whereas ₹ 58.41 crore (39 *per cent*) was sanctioned after delay ranging between 327 and 406 days.

Table 3.5.4: Delay in sanction of funds

Sanctioned by PD&MD		Sanctioned by Industries and Commerce Department			Delay in days
Order No. and date	Amount (₹ in crore)	Order No. and date	No. of projects	Amount (₹ in crore)	
339 PD of 2016 dated 26.12.2016	149.96	59 Ind of 2017 dated 10.03.2017 (SIDCO)	10	58.31	58
		59 Ind of 2017 dated 10.03.2017 (SICOP)	20	33.24	58
		271 Ind of 2017 dated 04.12.2017 (SIDCO) (Balance sanction of funds)	-	48.53	327
		63 Ind of 2018 dated 21.02.2018 (Director Industries)	01	0.05	406
		64 Ind of 2018 dated 21.02.2018 (SICOP)	03	5.23	406
		65 Ind of 2018 dated 21.02.2018 (SICOP)	01	0.10	406
		67 Ind of 2018 dated 22.02.2018 (HDC)	01	4.50	406
	149.96		**36**	**149.96**	

(Source: Sanction orders)

93 (i) Up-gradation of Infrastructure at IE Bagh-i-Ali Mardhan Khan (ii) Up-gradation of Infrastructure at IE Digiana, (iii) Up-gradation of Infrastructure at IE Sanatnagar and (iv) Up-gradation of machinery at Export Oriented Handloom Development Project Samba.

94 Calculated after allowing a margin of 15 days for transfer of funds.

The Joint Director (Planning), PD&MD stated (August 2020) that completion of procedural formalities, preparation of DPRs, administrative approvals and time taken in seeking advance drawal of funds from the competent authority at times do cause delay in release of funds.

3.5.17 Deduction of charges by Small Scale Industries Development Corporation (SICOP)

As per the conditions laid down in the sanction orders, funds were not to be utilised on contingencies and unapproved items.

Against the sanctioned (March 2017) funds of ₹ 2.86 crore for one[95] work, SICOP deducted ₹ 14.30 lakh as agency charges and transferred balance amount of ₹ 2.72 crore to Jammu Kashmir Handloom Development Corporation (JKHDC) without executing any work.

The Joint Director (Planning), PD&MD stated (August 2020) that SICOP was a commercial Organisation and SICOP service charges were part of the DPR prepared and amount deducted as such, was not irregular. The fact remained that SICOP refunded the amount back after deducting agency charges without executing any work envisaged in the DPR.

3.5.18 School Education Department

In all, 718 repair and renovation works relating to permanent restoration of damaged infrastructure in the School Education Department were identified in December 2016 for execution, at an estimated cost of ₹ 107.61 crore. Of this, 536 works (75 *per cent*) were completed by the Department (September 2020), 99 works were under progress (expenditure: ₹ 30.53 crore) and 83 works were not taken up for execution as of September 2020. Against a total sanction of ₹ 100.22 crore under the project, ₹ 66.14 crore (66 *per cent*) were utilised by the Department during the period from 2016-17 to 2020-21 (September 2020). The Department attributed climatic considerations and unrest prevailed in the past as reasons for delay in completion of works. The fact remained that the works were identified in December 2016 and were still not complete.

3.5.19 Execution of works

As of September 2020, 83 works as discussed above, at an estimated cost of ₹ 7.72 crore could not be taken up due to land dispute (12 works), insufficient funds (22 works), shifting and clubbing of school buildings (7 works), frequent change of executing agencies (5 works) or works not taken up as per reconstruction plan (37 works).

The Joint Director (Planning) PD&MD stated (August 2020) that the Engineering Wing created in June 2017 took some time to set up with the required manpower etc. and as such the start of the execution of works was delayed. However, substantial

[95] Purchase of plant & machinery at Srinagar (₹ 2.86 crore).

progress had been achieved in accomplishing the target and delay had also been caused due to the climatic conditions and unrest which prevailed for some time in the past. The reply is not tenable as 83 works which were originally identified in December 2016 for execution/ restoration could not be taken up.

3.5.20 Bank Guarantees

Audit examination of records revealed that Bank Guarantees (BGs) of seven works equivalent to ₹ 11.01 lakh which had expired between 25 February 2018 and 14 February 2019, were not revalidated before their expiry date.

The Joint Director (Planning), PD&MD attributed (August 2020) this to lack of manpower in newly established construction divisions and directed the concerned Executive Engineers to get the BGs revalidated immediately, wherever pending.

Public Health Engineering Department

3.5.21 Financial position

Out of sanctioned funds of ₹ 53.64 crore, the PHE, I&FC Department (Administrative Department) in turn sanctioned ₹ 51.97 crore only in favour of executing agencies by retaining ₹ 1.67 crore since March 2017 which was confirmed by the Department (August 2020) citing non-receipt of verified work done claims.

Higher Education Department

Based on the report of the Committee of Principals constituted in September 2014, the Planning Development and Monitoring Department approved (September 2016) an allotment of ₹ 50 crore under the PMDP for Permanent restoration of damaged infrastructure of the Higher Education Department. Under the project, 16 works were prioritised during 2016-17 for execution at a cost of ₹ 50 crore in seven Government colleges[96]. The works were to be completed within two years.

Audit examination of records revealed that 10 works in three selected colleges[97] (out of seven colleges and 16 works) were taken up at an approved cost of ₹ 39.08 crore. Of this, only five works were completed (50 *per cent*) and balance five works on which an expenditure of ₹ 23.68 crore was incurred were incomplete (September 2020). The delay in completion was attributed to poor execution of work by the contractors with the impact that the benefits of creation of new infrastructure could not be provided to the students.

3.5.22 Short utilisation of funds

While the amount received during the period 2016-19 was ₹ 50 crore, ₹ 42.67 crore (85 *per cent*) was utilised (September 2020) and ₹ 7.33 crore remained unutilised for past four financial years (September 2020).

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96 (i) Government Degree College, Anantnag, (ii) Government Degree College for Women, Anantnag, (iii) Government Degree College, Bemina, (iv) Government Degree College, Bijbehara, (v) Amar Singh College, Srinagar, (vi) College of Education Srinagar, and (vii) Sri Pratap College, Srinagar.

97 (i) Government Degree College for Women, Anantnag, (ii) Government Degree College, Bemina and (iii) Sri Pratap College, Srinagar.

3.5.23 Execution of new works

The expenditure was to be incurred only on approved restoration works of existing damaged buildings of selected colleges. It was observed that ten works were already repaired/ restoration works were already carried out, still funds were obtained for creation of new assets. Ten new construction works[98] with a total project cost of ₹ 39.08 crore in three selected colleges (out of seven) were taken up (2016-17) for execution by construction agencies[99] and an expenditure of ₹ 32.78 crore was incurred as of September 2020. Audit noticed (May, June 2019) that old existing damaged infrastructure[100] had already been repaired/ restored via local college funds and the buildings were fully functional during 2015-16. The funds were utilised for creation of new assets which could have been used for other restoration activities.

The Joint Director (Planning), PD&MD stated (August 2020) that minor repairs in some of the old existing buildings had already been carried out of the college local funds. Due to devastating floods of September 2014, some buildings got damaged beyond the scope of repair/ renovation and a conscious decision was taken to dismantle such buildings and construct them afresh for proper functioning of these educational institutions. The reply was not tenable as, in the joint inspection conducted by audit with departmental representatives it was noticed that old existing infrastructure was fully functional. Further, the funds were sanctioned for approved restoration works and not for new construction works.

Photographs showing restored old existing infrastructure and taking up of new constructions		
Old and new Hostel Block of S.P. College, Srinagar as on 01 January 2020	**Old and new Library block of Government Women's College, Anantnag as on 05 March 2020**	**Old and new Administrative Block of Government Degree College, Bemina, Srinagar as on 10 May 2019**

3.5.24 Delay in award of work

The work 'Construction of three storied hostel block at S.P College, Srinagar' was allotted (January 2018) at a cost of ₹ 2.53 crore to a contractor by the Superintending

98 Construction of buildings like library cum PG and hostel block, academic block, administrative block.
99 Public Works Department, Jammu and Kashmir Housing Board and SICOP.
100 Including academic block, library block and administrative block of Government Degree College for Women, Anantnag, Government Degree College, Bemina and Sri Pratap College, Srinagar.

Engineer (R&B) Circle, Srinagar/ Budgam, with the scheduled completion period of 500 days. Audit noticed (July 2019) that the contract was awarded after a delay of 355 days from the date of Notice Inviting Tender (January 2017). Delay in award of contract subsequently resulted in delays in completion of the project (September 2020).

The Joint Director (Planning), PD&MD stated (August 2020) that delay in award of contract had been due to non-fulfilment of various conditions such as submission of performance securities, experience certificates by the bidders which took some time and that law and order conditions prevailing in the State during the year 2016 had further delayed the process. The reply is not acceptable as identical work regarding 'construction of Library cum PG Block' at S P College, Srinagar was allotted (February 2017) in time to a contractor by the Chief Engineer, PW, (R&B) Department, Srinagar against the NIT dated December 2016.

Estates Department

Proposals for execution of 34 restoration works were submitted by the Director, Estates Department to the Planning, Development and Monitoring Department (PD&MD) for restoration of infrastructure damaged due to floods of September 2014. Of ₹ 48.21 crore sanctioned (November 2014 and December 2016) under SPA and PMDP, an amount of ₹ 25 crore was received as Special Plan Assistance (SPA) by the Department till February 2015 which was utilised in full (March 2016). Out of the 34 restoration works, six works[101] were completed under SPA funding after incurring an expenditure of ₹ 4.04 crore and 28 works were under progress as of March 2016. The balance ₹ 23.21 crore was received (2016-19) by the Department under Prime Ministers Development Package (PMDP) of which ₹ 22.26 crore was utilised on execution of remaining 28 works. The balance ₹ 0.95 crore was still unspent (September 2020).

3.5.25 Other major issues

- Out of ₹ 85 crore[102] sanctioned (September 2018) by the Ministry of Finance, GoI as a '*Special Assistance-Capital to the Prime Minister's Reconstruction Plan (PMRP) State Government for State's Annual Plan 2018-19*', the Finance Department allocated (October 2018) ₹ 2.50 crore in favour of the PHE, I&FC Department under the PMDP for execution of 21 flood protection works, against a project cost of ₹ 5 crore. The utilisation certificate for ₹ 2.50 crore was submitted by the CE, Irrigation & FC Department Jammu to Administrative Department in April 2019. Reasons for transfer of funds by the Finance Department under PMDP that had been received under PMRP from the GoI were awaited (December 2020). While the matter was referred (June 2020) to the Government, their reply has not been received.

[101] Excluding one work which was physically completed during implementation of PMDP without any releases under PMDP.

[102] Housing and Urban Development Department: ₹ 75 crore; District Development Commissioner Kargil: ₹ 7.50 crore; and PHE/ I&FC Department: ₹ 2.50 crore.

Audit examination of records (June and July 2019) of Small Scale Industries Development Corporation Limited **(**SICOP) and State Industrial Development Corporation Limited (SIDCO) under Industries and Commerce Department GoJ&K revealed that ₹ 107.14 crore[103] were sanctioned for execution of works on construction and upgradation of 13 projects[104] and was stated to be utilised during the period 2017-19. However, these works were located at such places[105] where no floods were reported.

The Joint Director (Planning), PD&MD stated (August 2020) that damages caused to various Industrial Estates were captured in the DPRs prepared by the SICOP/ SIDCO and that Industrial Estate, Ghatti Kathua was established on foothills and overflowing waters caused damages to the infrastructure. It was also stated that Industrial Estates Bari-Brahmana and Samba were also submerged due to continuous heavy rains and as such restorations of these works were thought necessary to save the infrastructures from further deterioration/ damages. The reply was not tenable as there were no floods reported (Ghatti Kathua, Bari Brahmna, Samba etc.) in the areas where these works had been executed. Besides, notification of the District Development Commissioner regarding areas affected by floods was not produced to audit.

Audit noticed that ₹ 1.98 crore was utilised by the Estates Department during 2017-18 on repairs and renovation works of Government bungalows[106] situated in Jammu where no floods had occurred thereby resulting in irregular expenditure.

The Joint Director (Planning), PD&MD stated (August 2020) that the Planning Development and Monitoring Department released funds only after scrutinising works damaged due to devastating floods of 2014 and expenditure incurred on some buildings damaged due to heavy rainfall and storm occupied by the VIPs and VVIPs. The reply was not tenable as there were no documented instances/ reporting of VVIP buildings being damaged due to floods.

3.5.26 Monitoring

The GoJ&K constituted (April 2016) a monitoring committee headed by the Chief Secretary and comprising Member Secretary and 15 other members to review progress on monthly basis and provide guidance for formulation of action plans. During audit of Industries and Commerce Department, it was noticed (July 2019) that the committee had met only twice (December 2016 and September 2017) during the period from 2016-17 to 2018-19 as against requirement of 36 times.

A team, deputed (September 2017) by NITI Aayog (GoI), had also inspected the sites/ locations of various project works executed under the PMDP. However, the report though called for was neither made available by the Industries and Commerce Department nor by the Estates Department.

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103 SIDCO (K): ₹ 40.63 crore; SIDCO (J): ₹ 61.48 crore; SICOP (J): ₹ 5.03 crore.

104 Jammu: 8; Kashmir: 5.

105 Industrial Estates: Jammu, Kathua, Pulwama, Samba, Sopore, Srinagar and Udhampur.

106 Gandhi Nagar, Muthi, Rehari, Sarwal, Ved Mandir and Wazarat road.

The Joint Director (Planning), PD&MD stated (August 2020) that in respect of I&C Department the Administrative Department/ HODs periodically reviewed progress of projects with the concerned implementing/ executing agency, whereas in respect of Estates Department it was stated that no adverse report or otherwise were received from the team deputed by Government of India for Inspection of sites/ location of various works executed under the PMDP.

The reply is not acceptable as after the Department did not provide the NITI Aayog report, the same was obtained by Audit from the NITI Aayog itself and as per report of NITI Aayog team (September 2017)[107], the team was not satisfied with the explanation given for the works undertaken for VIP bungalows at Panama Chowk and Bikram Chowk, Jammu.

[107] Furnished by NITI Aayog to Audit in December 2020.

Chapter-IV

Social Infrastructure

CHAPTER - IV

Social Infrastructure

4.1 Introduction

Social infrastructure under the PMDP included, *inter alia*, creation of two All India Institute of Medical Sciences (AIIMSs) like institutions for health care in the State; establishment of Indian Institute of Management (IIM), Jammu and Indian Institute of Technology (IIT), Jammu to be executed by the GoI; one lakh youth to be trained for self-employment and wage employment placement linked skilled training under Himayat scheme; construction of indoor and outdoor stadia in the erstwhile State to encourage sports persons and to increase economic activity in the region. Other schemes like enhanced rate of remuneration to Special Police Officers (SPOs) from ₹ 3,000 per month to ₹ 6,000 per month for two years; undertaking Pashmina promotion programme etc. are also part of this segment.

In the Social Infrastructure segment of the PMDP, ten projects with a total outlay of ₹ 8,057 crore were taken up for development, out of which two projects were selected for detailed test check. These were:

- The 'Himayat' scheme with a total outlay of ₹ 1,601.51 crore including an infusion of ₹ 250 crore exclusively from funds allocated under the PMDP.
- Enhanced rate of remuneration to SPOs with an estimated cost of ₹ 450 crore for a two year period from funds allocated under the PMDP.

Department of Rural Development and Panchayati Raj

4.2 Stepping up efforts under Himayat scheme

4.2.1 Introduction

The Ministry of Rural Development (MoRD), GoI, launched 'Himayat' (October 2011) which subsequently functioned as a separate vertical under the scheme of Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) for the erstwhile state of Jammu and Kashmir which covered the urban as well as rural youth under both categories of:

- Below Poverty Line (BPL); and
- Above Poverty Line (APL)

In order to impart skills to facilitate employment in the formal sector as well as for self-employment, training of one lakh youth at an estimated cost of ₹ 1,601.51 crore over a period of five years, with ₹ 250 crore as the funding under the PMDP was fixed (November 2015) by the MoRD, GoI. Subsequently, MoRD, GoI revised (July 2016) this target to 1.24 lakh youth, along with placement assurance of at least 70 *per cent* of the target group to be achieved by November 2020. The training, both residential and non-residential was to be imparted for courses on computer oriented skills, soft skills, communication skills in English as well as technical skills etc. The duration of courses was to range from three to twelve months.

4.2.2 Structural mechanism

Although the State Government had established a Jammu & Kashmir State Rural Livelihood Mission (JKSRLM), the Himayat Management Mission, a dedicated Mission of GoJ&K, was specifically constituted to implement the programme[1] in the erstwhile state of J&K. This Mission, was to work under the supervision of Department of Rural Development and Panchayati Raj, GoJ&K with a Himayat Mission Management Unit (HMMU) at the State level, headed by a Chief Operating Officer (COO) and Units in Gram Panchayat (GP) at the village level. The field units of HMMU were responsible for identification and counselling of the youth for generating awareness about the programme and facilitating placement in support with the Programme Implementing Agencies (PIAs), who were external agencies to be selected by HMMU on the recommendation of National Institute of Rural Development (NIRD), Hyderabad and approval by State Level Project Review Committee (SLPRC).

As of June 2019, 28 PIAs were engaged for training youth in various trades/ skills through 54 training centres.

4.2.3 Audit Sample

The HMMU and 14[2] out of 54 training centres imparting training were selected by Simple Random Sampling Without Replacement (SRSWOR) method and the beneficiaries in the 14 training centres sampled were selected randomly for detailed scrutiny.

4.2.4 Implementation

Examination (June 2019) of the records relating to implementation of the programme, revealed that although the HMMU was established (July 2016) at the State level, no support staff at district and block levels were engaged to assist HMMU in effective implementation of the programme. The GPs were therefore not involved in reaching out to the poorest households within their jurisdiction to generate awareness and in facilitating mobilisation of the youth (up to January 2019), for implementation of the programme at grass root level. The participation in the activities by GPs was initiated by the Department only from January 2019 onwards. Consequently the progress required to be achieved by March 2019 was not achieved.

The Director Finance, Department of Rural Development and Panchayati Raj stated (August 2020) that scheme was initially promoted through Self Help Groups (SHGs) formed under the UMEED[3] programme of JKSRLM, as Panchayats were constituted only at the fag end of 2018 and the number of PIAs were very less during the early part of the scheme implementation.

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1 Mission Document.

2 1. Baba Saheb Ambedkar, Delhi; 2. Brite Neon, Jammu; 3. Data Pro, Jammu; 4. Earthcon Construction, Srinagar; 5. Fidelis Corporate Solutions Private Limited; 6. ICA, Samba; 7. IL&FS- 1, Budgam; 8. IL&FS-1, Kupwara; 9. IL&FS 1 Udhampur; 10. Intelligence Manpower, Kathua; 11. JKDAG, Budgam; 12. Mass Info Tech, Kathua; 13. Rooman Technology; and 14. Syadwad, Delhi.

3 A scheme being operated by the JKSRLM.

The reply is not relevant as the absence of support staff at district and block levels to coordinate on behalf of the HMMU limited the impact of the scheme.

4.2.5 Planning

The scheme guidelines[4] envisage the preparation of a State Perspective Implementation Plan (SPIP) to articulate strategies to achieve the projected outputs. This was to be followed by the preparation of an Annual Action Plan, to be submitted to the GoI by 01 December of each year. The SPIP was required to project the number of youth, their skill requirements, for a medium term covering seven years, the trades and sectors covered for which training needed to be imparted and identification of areas for innovation and for special projects as well as placement for the beneficiaries trained under the scheme. The baseline information from Skill Gap Assessment (SGA), market scans and surveys and literature reviews etc. was to be collated to undertake a situation analysis of the scenarios in the State to capture details of youth from various categories of poor and vulnerable communities, so as to impart skills to them through training.

Audit noticed (May 2019) that the SPIP covering a period of seven years was not prepared and instead the Mission submitted (July 2016) a three year plan for the first phase for the period from 2016 to 2019, followed by another three year plan in February 2019, for the period from 2019 to 2022. The plans were also submitted without identification of trades to be covered under the programme.

In the absence of the baseline survey, the Department could not prepare the situation analysis of the scenario in the State for skilling the poor which was expected to capture the details of various categories of youth from the poor and vulnerable sectors to be brought into skilling programmes with the result that the objective to bridge the skill gap of the State could be achieved partially only, as of August 2020.

The Director Finance, Department of Rural Development and Panchayati Raj, GoJ&K stated (August 2020) that Ministry of Rural Development, GoI desired that State should submit a three-year Action Plan for skill/ training of youth in various skills and their subsequent placements in private sector and that the HMMU was in the process of identification of institutions/ agencies to conduct skill gap analysis for which the proposal was under submission with the Administrative Department.

The reply is however silent as to how the inputs to the Action Plan were to flow as the baseline information from the skill gap assessment, a necessary prerequisite, was yet to be conducted (August 2020).

Thus, inefficient planning and without any critical inputs hampered the scheme in achieving its desired goals as detailed in paragraph 4.1.1.

[4] Para 4.6 of the Guidelines issued on July 2016.

4.2.6 Financial Management

Himayat scheme is a separate vertical of DDU-GKY which is funded fully by the GoI for skill training modules. These training modules were to be implemented through the State Government by a dedicated Himayat Mission Management Unit (HMMU). The annual allocation[5] for the scheme was to be released by the GoI, on the basis of poverty ratios and absorption capacity of States.

Initially, the funds received from GoI were required to be transferred to Mission Director, State Rural Livelihood Mission (SRLM) within a period of three days by the State Government, subsequently increased (September 2018) to 15 days. In case of delay in release of funds to the Mission Director within the prescribed period, the State Government was to pay 12 *per cent* interest for the period of delay beyond the specified period.

The position of funds released and expenditure incurred during the period from 2016 to 2019 is detailed in **Table 4.2.1**.

Table 4.2.1: Financial position
(as on 31 March 2019)

(₹ in crore)

Year	Opening Balance	Funds sanctioned by GoI	Delay in release by GoJ&K	Total availability	Expenditure (Percentage)	Unutilised funds
2016-17	-	45.22	--	46.72	30.40 (65)	16.32
		1.50	222 days			
2017-18	16.32	2.36	--	76.42	28.02 (37)	48.40
		57.74	107 days			
2018-19	48.40	64.67	Between 13 and 16 days	179.32	76.42 (43)	102.90
		66.25	--			
Total		**237.74**		**302.46**	**134.84 (57)**	

(Source: Receipt Expenditure Statement of Himayat Mission)

The funds were released after delays ranging between 13 days to 222 days during the period from 2016-17 to 2018-19. Accordingly, the State Government was liable to pay interest of ₹ 2.81 crore to the Mission on account of delayed releases (May 2019).

The Joint Director (Planning) Department of Rural Development and Panchayati Raj, GoJ&K, while accepting the observation stated (June 2020) that delay in release of funds was due to time taken to follow up the processing procedures between the Administrative Department and the Finance Department, GoJ&K.

Further, during the year 2019-20, an amount of ₹ 234.94 crore was sanctioned by the GoI, against which GoJ&K released ₹ 52.68 crore in favour of the Mission and retained ₹ 182.26 crore. An expenditure of ₹ 23.83 crore was incurred during the year leaving unutilized balance of ₹ 314.01 crore at the close of 31 March 2020.

4.2.6.1 Withdrawal of funds

The HMMU directed (March 2017) the Programme Implementing Agencies (PIAs) to use a single dedicated bank account for all receipts and linked disbursements to be

[5] As per the para 5.1 of the guidelines.

mapped to the Central Plan Scheme Monitoring System (CPSMS) of GoI in accordance with the Standard Operating Procedure (SOP). The PIAs were required to transfer the amounts from this dedicated Bank account only when the funds were required to be disbursed.

As per the related records, three[6] PIAs engaged by the HMMU for imparting training had withdrawn ₹ 23.01 crore from the dedicated DDU-GKY Bank account during the period from 2017 to 2019 as given in **Table 4.2.2**.

Audit noticed (May 2019) that instead of making payment from the dedicated account, these three PIAs transferred the amounts as given in **Table 4.2.2** to other Bank accounts in violation of the SOP. Only one[7] refunded ₹ 9.13 crore. The balance ₹ 13.88 crore (60 *per cent*) was with the PIAs, even after two years had lapsed.

Table 4.2.2: Withdrawal of funds
(as on June 2019)

(₹ in crore)

Sl. No.	Name of Programme Implementing Agency	Amount advanced	Amount withdrawn	Amount recouped	Amount outstanding	Penalty	Total pending Recovery
1.	M/s Surya Wires Private Limited	12.36	9.37	9.13	0.24	0.29	0.53
2.	M/s Apollo Medskills Limited	8.18	7.39	0.00	7.39	0.16	7.55
3.	M/s Orion Edutech Private Limited	7.39	6.25	0.00	6.25	0.16	6.41
	Total	**27.93**	**23.01**	**9.13**	**13.88**	**0.61**	**14.49**

(Source: Mission records)

On this being pointed out (May 2019), the Director Finance, Department of Rural Development and Panchayati Raj stated (August 2020) that M/s Surya Wires Private Limited had returned/ deposited ₹ 9.13 crore only out of ₹ 9.37 crore up to the end of March 2019. No further details of the recoupment of the balance ₹ 13.88 crore were furnished.

When the matter was further pursued (January 2021) with the Department, details of the updated status of recoupment, the COO, Himayat furnished the following updated information:

- In case of M/s Surya Wires Pvt. Ltd., ₹ 10.09 crore has been recouped and a penalty of ₹ 0.29 crore has been imposed by the HMMU.
- In the case of M/s Apollo Medskills Limited, the entire amount of ₹ 7.39 crore has been recouped and the HMMU has imposed a penalty of ₹ 0.16 crore.
- In case of M/s Orion Edutech Pvt. Ltd., ₹ 3.14 crore has been recouped and a penalty of ₹ 0.16 lakh has been imposed by the HMMU.

[6] 1. M/s Appolo Medskills Limited; 2. M/s Orion Edutech Private Limited; and 3. M/s Surya wires Limited.

[7] M/s Surya Wires Private Limited.

As can be seen from the chronology of events, funds were made available to the PIAs without monitoring their requirement in gross violation of the SOP. Further, although this had been pointed out in the first audit reports of the PIAs, there was no concerted action by HMMU to ensure recovery of the diverted amounts at the earliest.

Thus, temporary embezzlement of a total amount of ₹ 23.01 crore by three PIAs in gross violation of the SOP was not acted upon.

The reasons for such lapse involving a substantial amount of ₹ 23.01 crore and giving undue benefit to private entities needs to be investigated and responsibility needs to be fixed. Further, adequate steps should be taken to ensure that such lapses do not occur in future.

4.2.6.2 Separate Bank Account for Administrative cost

As per instructions issued (September 2018) by the MoRD, GoI, a separate dedicated Bank account for transactions relating to administrative cost was required to be opened under this scheme. However, a separate Bank account was opened by the HMMU only on 29 January 2020 in the J&K Bank, nearly three years after implementation of the scheme, that too, after specifically being instructed (September 2018) by the GoI. In the absence of a separate Bank account from 18 September 2018 to 28 January 2020, the expenditure related to administrative expenses were not maintained in a transparent manner and therefore the same could not be examined by Audit, defeating the very purpose for which the instructions were issued.

Adequate steps should be taken to ensure that such lapses do not occur in future.

4.2.6.3 Deduction of Income Tax at Source

As per section 194 of Income Tax Act, Income Tax is to be deducted when funds were provided to PIAs for imparting training as Tax Deduction at Source (TDS). It was, however, noticed (May 2019) that in case of seven PIAs[8], TDS of ₹ 55 lakh was not deducted from these PIAs who were imparting training to unemployed youth, at source from payments made to these PIAs thereby extending undue benefit to these PIAs as well as violating the provisions of the Act.

On this being pointed out (May 2019), the Director Finance, Department of Rural Development and Panchayati Raj, GoJ&K while accepting (August 2020) the observation on non-deduction of TDS (Income Tax) stated that the same was due to non-allotment of TAN numbers. It was further stated that the same would be recovered from the concerned PIAs while releasing second instalment.

The provisions regarding deduction of Income Tax from the payments to PIAs may be stringently enforced by the Department, in order to avoid penalties being imposed.

[8] 1. Apollo Medskills; 2 Cap Foundation; 3. IL&FS; 4. Manpower Group; 5. Orion Education; 6. Surya Wires; and 7. Team Lease Services.

4.2.7 Commencement of Projects

The HMMU issues orders regarding deemed date of commencement of the projects after these projects are sanctioned. It was imperative for the PIAs to adhere to the time schedule for commencement of the projects for effective implementation of programme. However, as seen from the records of the COO, HMMU, there were significant delays in commencement of projects in the case of 20 PIAs, where the difference between deemed date of commencement and the actual date of commencement of the projects was in a range of 9 days and 169 days, despite availability of funds and engagement of a Technical Support Agency (TSA).

4.2.7.1 Progress in training and placement of youth

Training[9] in domain areas/ skills with an assured employment after completion of training to the youth is provided by PIAs under Himayat programme. The PIAs are responsible for conducting training of youth with expected outcome of 70 *per cent* of trainees to be placed at entry level service/ manufacturing sector jobs within or outside the State. The GoJ&K was requested[10] to mobilise candidates for training and activate existing Self Help Groups (SHGs) for this purpose. The year wise position of targets fixed for training of unemployed youth, achievements and trained youth placed in jobs during the years from 2016 to 2019 is given in **Table 4.2.3**.

Table 4.2.3: Position of trainings and placements

Sl. No.	Year	Targets (Number of Trainees)	Achievements (Percentage)	Placements made (percentage *vis-a-vis* total numbers trained)
1.	2016-17	9,200	0 (0)	0 (0)
2.	2017-18	18,352	123 (1)	0 (0)
3.	2018-19	25,995	4,371 (17)	732 (17)
	Total	**53,547**	**4,494 (8 *per cent*)**	**732 (16 *per cent*)**

(Source: Records of Himayat Mission)

As seen from the **Table 4.2.3**, although a target number of 53,547 youth were to be trained during the period from 2016 to 2019, the achievement was only 4,494 (8 *per cent)*[11]. There were 27 active PIAs which had provided training to 4,494 candidates and 6,871 candidates were undergoing training as of 31 March 2019. Though during the years 2016-17 and 2017-18, only 123 youth were trained and no placements thereof were made during these years. Further, out of a total of 4,494 youth trained, only 732 youth (16 *per cent*) were placed in jobs during the period from 2016 to 2019. For the year 2019-20, no targets were fixed though 10,045 unemployed youth were trained against which 2,582 youth (26 *per cent*) were placed in jobs.

9 Duration of Training programs were ranging from 3 to 12 months.

10 In the review meeting held by the Principal Secretary to Prime Minister on 13 August 2016.

11 Training provided in trades viz. Test Engineer software, Banking associate, Retail sales associate, Health care Multipurpose worker, Medical Laboratory Technician, Sales Director, Insurance Sales associate, Medical sales representative, Light Motor Vehicle (LMV) Driver level-III, Hospitality Assistant, Security Guard, Assistant Electrician, Fashion Designer, Sewing Machine operator etc.

The Director Finance, Department of Rural Development and Panchayati Raj, GoJ&K stated (August 2020) that there were challenges in providing placement to the candidates as there was low potential of employment within the State due to limited organised private sector opportunities and unwillingness of candidates to move out of the State for taking up jobs outside the State. To increase the number of placements, the HMMU had organised a Job fair in June 2019 wherein 10 Companies offered jobs to 194 candidates. Further, eight more job fairs had been conducted for providing job opportunities to the trained candidates.

The reply is partially correct as several new institutions like IIT, IIM, specialised Institutions have been set up in the state during this period.

Thus, despite the increased achievement in 2019-20, there needs to be more concerted efforts to make the scheme a success.

4.2.8 Human Resource Management

To oversee the implementation of the programme, the GoJ&K was required to appoint adequate staff so that a fulltime dedicated team headed by Chief Operating Officer (COO) is in place. The Block Programme Managers (BPM) as well as number of Community Resource Persons (CRP) were also required to be appointed and cost of professionals engaged at the block level and below was provided for in the programme costs.

As of March 2019, only 6 posts[12] against 16 sanctioned posts[13] were filled/ occupied, a shortfall of 63 *per cent* at the Apex level. The position did not improve during 2019-20, as the vacancy was 54 *per cent* of the available posts as of March 2020. At district and block level, the shortfall was 100 *per cent* although 340 posts [14] were sanctioned.

The Director Finance, Department of Rural Development and Panchayati Raj, GoJ&K stated (August 2020) that proposal for engagement of staff at State/ district level on outsourced basis, on the suggestion of MoRD, GoI was under process in the Administrative Department.

The proposal of HMMU for engagement of staff on outsourced basis continues to remain under process with the Administrative Department.

The GoJ&K may consider taking a decision on the proposal on a priority basis.

4.2.9 Monitoring mechanism

A comprehensive approach was required to assist the PIAs and States in achievement of agreed goals of this scheme. To monitor the performance of PIAs against agreed performance indicators, the concurrent monitoring through web based internet application was required along with an Enterprise Resource Planning (ERP) system

12 COO (1), SPMs (3), DEO (2).
13 COO (1), SPMs (7), SO (1), PA (1), Accounts Assistant (2), DEO (4).
14 District Functionaries (22), Block Functionaries (318).

and deployment of independent monitors. High level quality teams were required to be established within PIA and the HMMU to ensure quality monitoring.

Audit examination of records (May 2019) revealed that the Mission had engaged (January 2019) NABARD Consultancy Services (NABCONS) as the Technical Support Agency (TSA). However, the program faced challenges due to non-deployment of sufficient staff by the TSA to undertake the envisaged activities. The Ministry of Rural Development, GoI and GoJ&K were directed[15] (November 2017), to accelerate synergies as well as pace of implementation and the GoJ&K was to appoint seven to eight thematic specialists to enhance industry connect of the related components of the scheme which was yet to be done (August 2020). Thus, quality monitoring teams were not in place despite being provided for under the scheme.

The Director Finance, Department of Rural Development and Panchayati Raj, GoJ&K stated (August 2020) that HMMU had engaged NABCONS as TSA to undertake concurrent monitoring of the projects in May 2018 and that with respect to deployment of staff by NABCONS all the staff in required number were deployed by them as per MOU between HMMU and NABCONS. Further, a two days Chief Executive Officers meet was organised by HMMU during February 2020 at Jammu and dignitaries from the Industry committed to provide job opportunities to Himayat trained candidates besides offering linkages to PIAs in supporting other activities of the project.

However, as was seen from the communication (January 2019) of the COO, HMMU to the Vice President, NABCONS, New Delhi, those were the difficulties being faced by the HMMU in terms of both number and capacity of the human resource, deployed by the NABCONS.

The monitoring mechanism needs to be strengthened for the scheme to attain the goals set.

4.2.10 Impact assessment

As per guidelines[16] of the scheme, impact assessment was required to be conducted by the HMMU.

Audit, however, observed that no impact assessment and evaluation of the scheme had been conducted through independent studies by the HMMU as of June 2020.

To assess impact of the scheme on the rural/ urban youth of the State, Audit interacted with 211 beneficiaries in selected 13 training centres (out of 54 training centres). Some of the important aspects relating to programme management, provision of basic amenities, facilities provided to the youth, awareness of masses, satisfaction level of beneficiaries etc., derived from the interviews held are mentioned in the **Table 4.2.4**.

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15 As per decision taken in the review meeting held by the Union Home Secretary on 20-30 November 2017.

16 Para 3.2.1.7 (v) of the Scheme guidelines.

Table 4.2.4: Beneficiary interview

Sl. No.	Questionnaire	Ratio	Response (In numbers)	Percentage
1.	Whether the youth under training is residential/ Non-residential	Residential/ Non-residential	74/137	35/65
2.	Qualification of youth undergoing training	10th and above but under-Graduate/ Graduate	193/18	91/9
3.	Gender of the youth	Male/ Female	114/97	54/46
4.	Category: whether General/ SC, ST, OBC	General/ SC, ST, OBC	128/83	61/39
5.	Whether the youth is under training or has completed the training period	Under training/ trained	211	100
6.	Awareness of the youth about the programme/ scheme	Through counselling/ relatives, friends	76/135	36/64
7.	How the youth was selected for training	Aptitude test/ otherwise	197/14	93/7
8.	Whether the stream was selected by the youth or was it allotted by the training centre	By the youth/ by the Centre	129/82	61/39
9.	Quality of food and accommodation available at the training centre	Good/ Normal	74/0 (only residential)	100
10.	Whether admissible payment of honorarium (non-residential) has been received or not	Received/ Not received	88/49 (Interacted 137 only)	64/36
11.	Satisfaction level the youth regarding Job opportunities	Yes/ No	211/0	100

(Source: Beneficiary Survey Reports)

The Director Finance Department of Rural Development and Panchayati Raj, GoJ&K stated (August 2020) that extensive impact assessment was not conducted for the programme but individual success stories of various candidates undergoing skill training who were placed in different Companies had been recorded and the Mission would undertake impact assessment and evaluation once the substantial number of trainees with assured placement is achieved.

Home Department

4.3 Enhanced rate of remuneration to Special Police Officers (SPOs) from ₹ 3,000 per month to ₹ 6,000 per month

4.3.1 Introduction

In order to augment operational capability of the erstwhile State police, a scheme for engagement of Special Police Officers (SPOs) was introduced in 1995. Although, this scheme was in existence since 1995, a specific project under the PMDP of GoI for ₹ 450 crore was approved (March 2016) with the objective of improving living conditions of Special Police Officers (SPOs) by enhancing their monthly remuneration in a graded manner[17] from ₹ 3,000 to a maximum of ₹ 6,000, with effect from January 2016. The project was to be implemented for two financial years 2015 to 2017 or up to the currency of Security Related Expenditure (SRE) scheme, whichever was earlier.

[17] Condition 1 of the order dated 5 January 2016.

Out of 79 auditee units, 20 units were selected for detailed check by judgmental sampling method by adopting the criteria of maximum number of SPOs deployed for sample selection.

In this project, Ministry of Home Affairs (MHA), GoI was to provide resource support to the State Government by reimbursement of expenditure through Security Related Expenditure (SRE). At the State level, the project was implemented by Director General of Police (DGP) under the overall supervision of Principal Secretary, Home Department, GoJ&K with Senior Superintendents of Police (SSPs) as implementing agencies.

Scrutiny of performance of SPOs by the Department (March 2019) at the behest of GoI resulted in disengagement of 2,650 SPOs (18 *per cent*) out of 14,539 SPOs engaged during the period from 2013 to 2019.

The entire cost of the project of ₹ 450 crore had been incurred by the Department while regular honorarium charges of SPOs were booked under SRE being reimbursed by the GoI.

4.3.2 Compliance to Instructions

I. Vacant Posts

Total number of 25,474 posts of SPOs were sanctioned by GoI during the year 1995 and thereafter 10,000 additional posts of SPOs were sanctioned in September 2016, raising the total number of sanctioned posts of SPOs to 35,474. Audit observed that only 30,231 SPOs were in position as on September 2019 against 35,474 sanctioned posts and total SPOs in position increased to only 32,169 as of August 2020, leaving a vacancy of 3,305 (about 9 *per cent*) despite the increased honorarium.

Thus, despite the incentive provided under the Scheme the vacancies of the order of nine *per cent* continued to exist.

II. Retention of SPOs

The MHA, GoI directed (August 2017) that 4,251[18] posts of SPOs which were lying vacant, were required to be kept in abeyance till the process adopted by the GoJ&K for their recruitment was approved by the GoI. Instructions were issued (August 2017) by the Police Headquarters (PHQ), GoJ&K that there would be no engagement of SPOs till further orders from the MHA, GoI. However, 1,066 SPOs in 12 sampled offices of the Department were retained in excess of the sanctioned limit and wages up to December 2017 were drawn contrary to the said instructions.

The Department stated (August 2020) that due to late receipt of the MHA communication, the process of engagement continued and concurrence for 940 SPOs engaged during the period was accorded by the MHA in March 2018.

[18] 1,089 out of 25,474 (upto September 2016) sanctioned posts and 3,162 out of 10,000 (from September 2016) sanctioned posts.

The reply is not acceptable as 1,066 SPOs were retained though concurrence for retention was for 940 SPOs only.

Thus, manpower in excess of the authorised numbers continue and are being paid without regularisation of their services.

It is recommended that the existing vacancies be filled up expeditiously with adherence to due process so as to achieve the benefits proposed in the Scheme.

Chapter-V

Development Projects

Chapter - V

Development Projects

5.1 Introduction

Development projects includes sectors relating to Tourism, Agriculture, Horticulture, Urban Development etc. including funding for Externally Aided Projects. There are 13[1] projects with a total project outlay of ₹ 5,521 crore in this sector. Out of these 13 projects, five projects with an outlay of ₹ 2,285 crore as detailed in **Table 5.2.1** were selected for test check in Audit. The findings thereof are discussed in the succeeding paragraphs.

Table 5.2.1: Details of project cost and expenditure as on March 2019

(₹ in crore)

Sl. No.	Projects	Project cost	Funds sanctioned	Expenditure (March 2019)	Unutilised funds *(Percentage)*
1.	Atal Mission for Rejuvenation and Urban Transformation (AMRUT)	744	328.88	250.00	78.88 *(24)*
2.	Balance Central share liability of ongoing JnNURM projects for the State of Jammu & Kashmir	163	130.24	78.18	52.06 *(40)*
3.	EAP project of J&K Urban Sector Development Investment Programme	712	622.28	622.28	Nil
4.	Completion of pending projects under PMRP 2004: Counterpart Funding - ADB-II	566	313.96	313.96	Nil
5.	Construction of Govt. Tourist assets in lieu of damaged/ destroyed assets	100	74.70	45.09	29.61 *(40)*
	Total	**2,285**	**1,470.06**	**1,309.51**	**160.55** ***(11)***

(Source: Departmental Monitoring report on PMDP-2015 - Status as on 31 March 2019)

Against the total project cost of ₹ 2,285 crore for the five selected projects mentioned above, an amount of ₹ 1,470.06 crore was released and an expenditure of ₹ 1,309.51 crore had been incurred with an unutilised balance of ₹ 160.55 crore (11 *per cent*) as of 31 March 2019.

1 (i) Development of Tourism in the State (₹ 400 crore for 5 years) New Projects; (ii) Construction of Government Tourist assets in lieu of damaged/ destroyed assets; (iii) 12 Development Authorities, 3 Tourist circuits, Setting up of 50 Tourist villages proposed under PMRP 2004 and Conservation of Wular lake; (iv) AMRUT; (v) Smart Cities Mission; (vi) Swachh Bharat Mission; (vii) Balance Central share liability of ongoing JnNURM projects for the State of Jammu & Kashmir; (viii) Construction of Cold Storage facilities at Leh & Kargil; (ix) 50 *per cent* subsidy support for setting up solar driers; (x) Modernization of NIT Srinagar; (xi) EAP project of J&K urban sector development investment programme; (xii) Completion of pending projects under PMRP 2004: Counterpart Funding- ADB-II; and (xiii) Completion of pending projects under PMRP 2004: Rehabilitation of Dal- Nageen Lake.

Housing and Urban Development Department

5.2 Atal Mission for Rejuvenation and Urban Transformation

5.2.1 Introduction

The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme was launched by the Government of India (GoI) in June 2015 in the erstwhile State of Jammu & Kashmir. Under AMRUT, all cities above one lakh population were designated as Mission cities. The AMRUT scheme was subsumed in the Prime Minister's Development Package (PMDP) with effect from November 2015.

The objective of the AMRUT scheme was to:

- Ensure access to tap water with assured supply and sewerage connection for every household;
- Increase aesthetic value of cities by developing greenery and well maintained open spaces; and
- Reduce pollution by switching to public transport or constructing facilities for non-motorised transport.

In the erstwhile State of J&K, five mission cities[2] were selected (June 2015/ June 2016) by the GoI under the AMRUT scheme, where 92 sub-projects[3] under five sectors[4] were identified for execution by the Housing and Urban Development Department, GoJ&K. An Apex Committee (AC) was constituted (August 2015) by the GoI, with the Secretary, Ministry of Urban Development (MoUD), GoI and representatives of related Ministries of GoI and organisations supervising the Mission at national level as members. The AC is mandated to approve a State Annual Action Plan (SAAP) submitted by the State Level High Powered Steering Committee (SHPSC) constituted in October 2015 and chaired by the Chief Secretary, GoJ&K. The SHPSC is also responsible for identifying gaps in infrastructure on the basis of Service Level Benchmarks (SLBs)[5] and for approving projects after being technically appraised and sanctioned by State Level Technical Committee (SLTC) constituted in October 2015.

Out of the five Mission cities in the erstwhile state of J&K, four sample Mission cities (Anantnag, Jammu, Leh and Srinagar) were selected in Audit by judgemental sampling method taking the criteria of expenditure and social factors into consideration.

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2 (i) Anantnag, (ii) Jammu, (iii) Kargil, (iv) Leh and (v) Srinagar.

3 Initially there were 92 sub-projects to which one more sub-project was also added, however, subsequently two sub-projects were dropped leaving behind 91 sub-projects to be executed as of September 2020.

4 (i) Water supply, (ii) Sewerage and septage, (iii) Drainage, (iv) Urban transport and (v) Green spaces/ parks.

5 Set of standard performance parameters for water and sanitation sectors as per Ministry of Urban Development (GoI).

5.2.2 Financial management

The funds for the AMRUT scheme were to be shared by the GoI and GoJ&K in the ratio of 90:10. The status of funds sanctioned by the GoI and the GoJ&K under the scheme to the State Mission Director (AMRUT), GoJ&K and its further release by Mission Director to designated officers of Mission cities, during the period 2015 to 2019 is given in **Table 5.2.2**.

Table 5.2.2: Financial status as on 31 March 2019

(₹ in crore)

Year	Opening balance	Funds released during the year		Interest Accrued	Funds available	Funds released by Mission Director to the designated officers of Mission cities	Unutilised balances with Mission Director
		GoI Share	GoJ&K Share				
2015-16	-	31.77	13.75	0.08	45.60	0.003	45.60
2016-17	45.60	37.89	-	1.73	85.22	64.01	21.21
2017-18	21.21	202.65	24.00	1.09	248.95	54.32	194.63
2018-19	194.63	11.32	7.50	1.18	214.63	200.87	13.76
Total		**283.63**	**45.25**	**4.08**		**319.20**	

(Source: Departmental records)

During the period from 2015-2016 to 2018-2019, funds ranging between ₹ 13.76 crore and ₹ 194.63 crore had remained unutilised with the Mission Director.

Further, project funds ranging between ₹ 25.48 crore to ₹ 54.73 crore were lying unutilised with six[6] designated offices of Mission cities/ implementing agencies at the close of each year during the period from 2015-2016 to 2018-2019 resulting in blockage of funds. Against the availability of ₹ 181.86 crore[7] during the year 2019-20, an amount of ₹ 141.73 crore was released by the Mission Director, leaving a balance of ₹ 40.13 crore unutilised as of 31 March 2020.

The Mission Director, as per guidelines[8] was required to release funds either directly to the Urban Local Bodies (ULBs)/ parastatals into their nodal accounts or keep the funds in one single account with any scheduled Bank. The funds were required to be released through the Public Financial Management System (PFMS). However, the State Mission Director (AMRUT) had neither kept scheme funds in a single Bank account nor were funds released through PFMS to the ULBs/ parastatal during the period 2015-2016 to 2018-2019. Further, the designated offices of the Mission cities of Jammu Municipal Corporation (JMC), Srinagar Municipal Corporation (SMC), Director ULB Kashmir and Chief Executive Officer (CEO), Leh did not maintain separate accounts of scheme funds, as per the scheme guidelines. As a result, the expenditure incurred by the designated officers of Mission cities and implementing agencies under the scheme during the period 2015 to 2019 was not available either with the Mission Director or at Administrative Department level.

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6 (i) Jammu Municipal Corporation (JMC): ₹ 4.27 crore, (ii) Chief Executive Officer (CEO), Leh: ₹ 11.85 crore, (iii) Chief Engineer, UEED, Srinagar: ₹ 14.85 crore, (iv) Executive Engineer, UEED Jammu: ₹ 11.53 crore, (v) Srinagar Municipal Corporation (SMC): ₹ 0.49 crore and (vi) Director Urban Local Bodies (ULBs), Kashmir: ₹ 11.74 crore.

7 Includes opening balance of ₹ 13.76 crore and interest of ₹ 0.80 crore.

8 Para 9.5 of the guidelines of AMRUT scheme.

The Department/ implementing agencies were registered with the PFMS belatedly[9]. As a result, an important tool for real time monitoring of utilisation of funds could not be utilised, despite being stipulated in the guidelines[10] of the scheme.

5.2.3 Scheme implementation

Award of contract

Execution of works in respect of five sectors that were taken up under the scheme in the five mission cities are the following:

- Water supply;
- Sewerage and septage;
- Drainage;
- Urban transport; and
- Green spaces/ parks

The sector wise status of sub-projects approved and completed in the mission cities, as of March 2019 is given in the **Table 5.2.3**.

Table 5.2.3: Status of Sector-wise sub-projects as of March 2019

Sector	Water supply	Sewerage and Septage	Urban Transport	Drainage	Green spaces/ parks	Total
Sub-projects approved	11	14	19	31	17	92
Expenditure incurred (₹ in crore)	15.00	72.00	50.00	103.00	10.00	250.00
Sub-projects awarded	11	12	17	31	16	87
Sub-projects completed	0	1	3	11	10	25
Percentage completion of sub-projects	0	7	16	35	59	27
Sub-projects sampled in audit	3	11	12	13	6	45

(Source: Departmental records)

As seen from the **Table 5.2.3**, out of 92 sub-projects under the scheme, works for execution of 87 sub-projects had been awarded during the period from June 2015 to March 2019 and execution of 25 sub-projects (27 *per cent*) was completed as of March 2019. As per the information furnished by the Department, execution of 31 sub-projects during the period from April 2019 to September 2020 had been completed. Audit sample of 45 sub-projects (as detailed in ***Appendix 5.2.1***) was selected by adopting the criteria of expenditure and social factors into consideration as detailed in ***Appendix 1.2***.

Significant audit findings in respect of four[11] sectors (out of five) are mentioned in the succeeding paragraphs.

[9] March 2018 to August 2020.
[10] Paragraph 9.5 of the scheme guidelines.
[11] (i) Water supply; (ii) Sewerage and septage; (iii) Drainage; and (iv) Urban transport.

5.2.4 Progress of execution of projects

(A) Water Supply Sector

The guidelines[12] of the AMRUT scheme envisages that the urban local body of the mission city was required to prepare Service Level Improvement Plans (SLIP) for identification of service level gaps in water supply zones and sewerage/ septage so that each household of the mission city is included for the water supply and sewerage/ septage connections. However, of 11 sub-projects under water supply sector, only one sub-project has been completed (September 2020).

Audit scrutiny of three[13] sampled sub-projects in the selected four Mission cities revealed the following deficiencies in the two sub-projects.

5.2.4.1 Water supply schemes

I. Leh

Under the 'Augmentation and Reorganisation of left out areas of Leh town' sub-project, Bamgarh Zone was approved by State Level High Powered Steering Committee (SLHPSC) under State Annual Action Plan (SAAP) 2015-16 for supply of drinking water. The DPR (May 2016) of water supply scheme envisaged laying of the distribution network, rising main, construction of Service Reservoir (SR), installation of pumping machine/ creation of sub-station and construction of chowkidar quarter at an estimated cost of ₹ 4.88 crore.

Audit examination (September 2019) of records of the Executive Engineer (EE), Public Health Engineering (PHE) Division, Leh revealed that identification and selection of the site of the area/ zone for which water supply scheme was made and approved (May 2016) was a dumping site, without any built up area or a residential colony. The Department, without reviewing the site conditions of the area/ zone allotted (November/ December 2016 and April 2017) works of the scheme to contractors for laying of main distribution line, construction of service reservoir and laying of rising main. Only three[14] components out of six[15] of the work, were completed (September 2020) and work on other three[16] components was under progress. As a result, the work of the sub-project of the scheme was not completed, despite incurring an expenditure of ₹ 3.06 crore by the Department.

The Director Planning, H&UDD, GoJ&K stated (August 2020) that the scheme was targeted to be fully completed in current working season and attributed delay in its completion to limited working season in Ladakh region.

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12 Para 6 of AMRUT guidelines.

13 (i) Providing water supply to the University area Anantnag, (ii) Providing/ laying, commission and maintenance of old Ganderbal power house water treatment plant and (iii) Providing/ laying of distribution network etc. at Leh.

14 Construction of service reservoir; Chowkidar quarter and chain link fencing.

15 Construction of service reservoir; rising main; distribution network; chowkidar quarter; chain link fencing and pumping machinery.

16 Rising main; distribution network and pumping machinery.

The reply is silent regarding the audit observation of site selection and non-existence of the built up area.

The Department should take steps on priority for gainful utilisation of the assets created so as to ensure achievement of the objective of the project along with safe water supply.

II. Anantnag

In order to provide drinking water supply to the University Campus, South Kashmir at Anantnag, a water supply project at an estimated cost of ₹ 6.20 crore (civil cost: ₹ 3.08 crore and mechanical cost: ₹ 3.12 crore) was approved (December 2016) by the SHPSC. The EE, Public Health Engineering Division, Bijbehara allotted execution of civil components of scheme to a contractor at a cost of ₹ 1.62 crore (March 2017), for completion within 180 days.

As per the available records of PHE Division, Bijbehara, the contractor could not start construction of 2.60 lakh gallon service reservoir at identified site at Sarnal, Anantnag due to non-acquisition of land by the Department. Though an alternate site was provided by the District administration after a gap of 18 months (September 2018), the site required significant earth work for construction of service reservoir. This led to increase in cost of the scheme by ₹ 0.74 crore.

An expenditure of ₹ 1.65 crore had been incurred (September 2020) on civil components of the scheme, which were still incomplete. Further, the electro-mechanical machinery and equipment costing ₹ 2.49 crore procured by the EE, Mechanical Division, Awantipora during the period February to March 2019 were installed (June 2020) after a gap of more than one year from the date of procurement and have been commissioned (September 2020).

After being pointed out (January 2020) in Audit, the EE, Mechanical Division, Awantipora stated (February 2020) that due to non-completion of civil structures, delayed transfer of land by the District Administration and turmoil in valley, expenditure incurred became unproductive. It was further stated (January 2021) that scheme could not be completed due to non-completion of civil works. The Executive Engineer, PHE Division, Bijbehara attributed (January 2020) delay in execution of work and cost escalation to change of site conditions and non-availability of land. Thus, non-availability of land before taking up work, resulted in delay in execution of the scheme, thereby rendering the expenditure of ₹ 4.14 crore[17] largely unfruitful (September 2020).

(B) Sewerage and Septage sector

Out of 14 sub-projects under Sewerage and Septage sector, one sub-project was completed by March 2019 and additionally eight sub-projects were completed as of September 2020. In four sampled mission cities, 11 sub-projects were selected by

[17] Civil components: ₹ 1.65 crore, Mechanical components: ₹ 2.49 crore.

Audit for test check. The audit findings in respect of six sub-projects are discussed in the following paragraphs.

5.2.4.2 Sewerage treatment plant and Sewerage network system

I. Jammu city

The Department decided (May 2016) to construct 4 Million Litre Day (MLD), Sewerage Treatment Plant (STP) with sewer network for discharge of sewage of Jammu city after treatment into river Tawi. The proposal was approved (May 2016) by SLTC/ SHPC and the land at village Rakh Raipur Satwari, Jammu was identified (June 2016) for construction of STP. The DPR was approved (3 August 2016) by the SHPC at a cost of ₹ 28.77 crore, however, subsequently it was decided (30 August 2016) to shift the location of STP at Bhagwati Nagar, Jammu due to non-acquisition of land at the identified site. Accordingly, the DPR for new location of project was revised at a cost of ₹ 27.51 crore (January 2017). Audit scrutiny revealed the following:

- The Chief Engineer, UEED, Jammu directed (April 2017) the EE, Sewerage and Drainage Division, Jammu to invite tenders for STP and Sewerage network separately. However, single tender was invited (May 2017) for both 4 MLD, STP and Sewerage network of five Nallahs. This tender was cancelled due to lack of response. Thereafter, tenders for construction of 4 MLD STP[18] were invited again during July and August 2017 which could not be finalised either due to lack of response or receipt of single bid. Finally (September 2017), M/s M. M Enviro Project Private Limited (being L-1 among three bidders) was awarded (November 2017) construction of STP at a cost of ₹ 6.95 crore to be completed in two years. Tenders for the project were also delayed because the DPR referred to adoption of SBR technology[19]. The environmental clearance for construction of STP was not obtained (August 2020) from the State Pollution Control Board. The civil work has been completed to the extent of 80 *per cent*, procurement/ installation of electro mechanical equipment has been completed to the extent of 80 and 70 *per cent* respectively at an expenditure of ₹ 6.36 crore (November 2020). Thus, due to delay in tendering process, non-finalisation of contract in time, the construction of STP could not be completed as of November 2020 despite incurring an expenditure of ₹ 6.36 crore, with the result that untreated sewage water was still being discharged in river Tawi, causing pollution.

- Tenders for construction of sewerage network by the process of laying sewer lines, construction of manholes including house connections in respect of five Nallahs of Jammu city, were invited five times between May 2017 and October 2017. The bid could not be finalised (October 2017) due to lack of response to the tenders. A single firm responded to the sixth tender call (November 2017) and quoted price of ₹ 29.60 crore against advertised cost of

[18] On SBR technology including operation and maintenance for five years, construction of office building, boundary wall, approach road and all electro mechanical components.

[19] SBR (Sequential Batch Reactors) are a type of activated sludge process for the treatment of waste water.

₹ 20.60 crore. A committee constituted in November 2017 headed by the Superintending Engineer (S&D circle), Jammu reported (December 2017) that rates quoted in BOQ by the Department had been inadvertently mentioned for NP (Non-Pressure)-2 RCC (Reinforced Cement Concrete) pipes instead of NP-3 RCC pipes, resulting in increase in cost of the project to ₹ 27.54 crore. The Consent for execution of work at a negotiated cost of ₹ 27.54 crore was sought (December 2017) from the bidder by the EE (S&D), Division, Jammu. The SLCC however, decided (February 2018) that the cost of ₹ 22.60 crore (being 10 *per cent* above advertised cost of ₹ 20.60 crore) be offered to the bidder. Thereafter, the work was allotted (April 2018) to the contractor at a cost of ₹ 22.60 crore to be completed in 18 months (i.e. by September 2019). The Contractor, after conducting a survey, reported (August 2018) that fresh creeks had developed on the proposed trunk sewer line alignment. Further, due to narrow width of river in the proposed alignment, velocity of flowing water was extremely high during rainy season which could cause failure of the structure, therefore laying sewer line on the left side of the river on gravity basis was not possible due to anomalies found at ground levels. Thereafter, the contractor proposed (August 2018) redesigning/ realignment of trunk sewer by constructing pumping station at different locations and accordingly submitted (March 2019) revised design to the Department. The contractor again reported (April 2019) that proposed trunk sewer line could not be laid without disturbing existing structures in the vicinity of bridges. The Department requested (April 2019) the District Development Commissioner, Jammu for providing 33 *Marlas* land at different locations for construction of four Intermediate Pumping Stations for the project. The Executive Engineer, (S&D) Division, Jammu thereafter revised the cost of the project to ₹ 51.67 crore (July 2020) against original estimate of ₹ 27.51 crore with an overall cost overrun of ₹ 24.16 crore. The revised cost, however is yet to be approved (November 2020). The contractor completed construction of 17 Kms (out of 36.45 Kms)/ trunk line of 2,200 meters (out of 5.48 Kms) at an expenditure of ₹ 9.82 crore (November 2020). The construction of sewerage network system of five nallahs could not be commenced due to non-availability of encumbrance free land and preparation of estimates without adequate survey, which was indicative of its faulty planning, thereby resulting in denial of intended benefits of the scheme to the public.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UUD stated (August 2020) that execution/ completion of sub-project was delayed due to land dispute at initial stage that was resolved and the project was targeted to be completed in current year, whereas construction of sewerage network on five Nallahs was under execution and 40 *per cent* work stood completed (August 2020). The fact remains that work on the project was still incomplete, as of November 2020.

5.2.4.3 Septage Management Projects

I. Septage Management project for Jammu city

In Jammu city, the effluent from septic tanks of households in the uncovered areas of Zone III was getting discharged directly in nearby Nallahs/ streams or open fields and ultimately flowing into the streams. To provide sewage facility in these areas[20], the project 'Septage Management Project (SMP)' was approved (May 2016) by SLTC, under the scheme. The land for construction of SMP was identified at Chatha, Jammu and the DPR based on ASP technology was prepared by the consultant[21] for the project, at an estimated cost of ₹ 8.65 crore. The project had six[22] components which also included the construction of Septage Treatment Plant (STP) at Bhagwati Nagar, Jammu to cater to the requirements of the areas under 'B' and 'C' Divisions of Jammu city, instead of specific areas of Zone III as the Floriculture Department did not hand over the land at Chatha to UEED.

Audit examination of records (June 2019) revealed the following:

(i) As per the DPR, the Septage Treatment Plant of 164 KLD capacity at an estimated cost of ₹ 5.53 crore was based on Activated Sludge Process (ASP) technology[23]. The trial run of all essential units was to be carried out for six months after testing and commissioning. As per the records of the EE, (S&D) Division, Jammu, the bids were invited between July 2016 and September 2016 for construction of Septage Treatment Plant on ASP technology by the Department at Bhagwati Nagar, Jammu. The tender could not be finalised due to the bids not fulfilling the required conditions. The Contract Committee of the Department decided (March 2017) that possibilities for the STP be explored for adopting the latest technology only after obtaining clearance from State Pollution Control Board (SPCB) and expertise from IITs/ National Environment Engineering Research Institute. The EE, SPCB suggested analysis of samples of actual septage at different locations for various parameters[24] and thereafter suggested modified version of septic tanks with Anaerobic Digester to treat septage anaerobically, as ASP technology was not cost effective and pragmatic. The Department allotted (August 2017) the work of construction of STP (capacity: 164 Kilo Litre per Day (KLD)) based on ASP technology to a contractor[25] on turnkey basis at an estimated cost of ₹ 4.37 crore, without obtaining clearance from the SPCB. The firm was selected on single tender basis and work for construction of STP was to be completed within 12 months and in case of delay in completion of work, penalty up to 10 *per cent* of the contract value was to be imposed for first six months.

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20 (i) Bahu east, (ii) Bahu west, (iii) Gandhi Nagar, (iv) Trikuta Nagar and (v) Nanak Nagar.

21 M/s ALPS Engineers PMR Associates.

22 Activated Sludge Process (ASP) type Septage Treatment Plant complete (₹ 3.52 crore), vehicle and equipment (₹ 3.11 crore), Building and other allied works (₹ 89.92 lakh), Electrification (₹ 11.72 lakh), Transformer and transmission line (₹ 58.41 lakh) and Project contingencies (₹ 41.15 lakh).

23 As per Environment Engineer (SPCB) Jammu, dry mass having high values of BOD are to be diluted first with water to create effluent having parameters as of sewage waste (low BOD and TSS value) and treated later on through ASP.

24 Like bio-chemical oxygen demand, chemical oxygen demand and total solids etc.

25 M/s Sophisticated Industrial Materials, New Delhi.

However, after incurring an expenditure of ₹ 4.16 crore as of November 2020, work on construction of STP (excluding allied works) was completed (September 2020) after a delay of twenty six months and the plant was put on trial run. However, allied works of the sub-project were still in progress (November 2020) with the result that the STP could not be put to use rendering expenditure of ₹ 4.16 crore unfruitful. Further, no penalty had been imposed on the firm/ contractor for the delay.

II. Septage Management Scheme for Srinagar city

AMRUT guidelines (Para 6.10) stipulated that no project should be taken up for execution unless land is available and no project work order should be issued unless clearances from all concerned Departments have been received. As per the survey carried out by the Sewerage and Drainage Division-I, Srinagar, effluent from septic tanks in Zone-I[26] and Zone-II[27] of Srinagar city was discharged directly into nearby Nallahs or open field and undigested sewage[28] was flowing directly into streams, thereby polluting water bodies and creating an unhygienic environment. The Septage Management Scheme for effective sewage treatment for these Zones was approved (May 2016) by SHPSC under AMRUT at an estimated cost of ₹ 18.75 crore. The components of the project included construction of two Septage Treatment Plants (STPs) at a cost of ₹ 11.26 crore and procurement of 54 Sucker Jetting machines[29] at a cost of ₹ 7.49 crore. Construction of two Septage Treatment Plants at Alluchi Bagh (for Zone I) and Achan (for Zone II) had been completed and commissioned (September 2020) at a cost of ₹ 7.67 crore (allotted cost of ₹ 8.59 crore). Audit scrutiny of records of the EE (S&D), Division-I, Srinagar revealed the following issues:

- Statutory clearances[30] for construction of STPs were not obtained (September 2020) and outlet of STP at Alluchi Bagh was flowing into the flood channel even as the clearances from respective Departments were pending (September 2020). On being pointed out in Audit (February 2020), EE(S&D), Division-I, Srinagar stated (February 2020) that the project had been completed (August 2018) and matter regarding 'No Objection Certificates (NoCs)' had not been taken up with the concerned agencies/ Departments. The EE further stated (January 2021) that NoC of one project (Achan) had been obtained and of other project (Allochi Bagh), NoC was under process.
- The Commissioner, SMC and Director, Urban Local Bodies, Srinagar initiated the process for procurement of 54 suction-cum-jetting machines (estimated cost: ₹ 7.49 crore) in December 2016 but could not finalise the tenders for the same till March 2019. Supply orders were subsequently placed (between May 2019 and July 2019) on recommendations (April 2019) of the committee constituted (April 2019) for procurement of 15 machines through GeM Portal, out of which

[26] Dal Gate, Lal Chowk, Rajbagh, Sarai Bala.
[27] Mehjoor Nagar, Natipora, Chanapora, Baghat Barzulla.
[28] Untreated waste water and excrement conveyed in sewers.
[29] Required for collection and transportation of septic waste of households to the STP.
[30] Pollution Control Board, Irrigation and Flood Control Department and Roads and Bridges Department.

12 machines were received (September 2020). The Executive Officer, Srinagar Municipal Corporation attributed (December 2019) delay in procurement of machines to non-finalisation of contract and stated that in the absence of requisite clearances, the actual performance indicators against the designed standards could not be assessed.

After the matter was referred (June 2020) to the Government, the Director Planning H&UDD, while accepting (August 2020) the audit contention stated that procurement of machine was delayed till completion of proposed Septage Management Plants (STPs) and that 12 machines (out of 15) had been received.

(C) Drainage sector

Out of 31 sub-projects under Drainage sector, 11 sub-projects had been completed as of March 2019 and additionally 12 sub-projects were completed as of September 2020. Of these, 13 sub-projects in four sampled mission cities were selected in Audit and the Important Audit findings in respect of one sub-project are as follows:

5.2.4.4 Storm water drainage scheme in Srinagar city

The EE, City Drainage Civil, Srinagar proposed (2016-17) a project for storm water drainage of Gangbug area of Srinagar city, as the area did not have a proper drainage system and surface water overflow caused flooding and water stagnation in the Gangbug area. The DPR of the project was approved (December 2016) under AMRUT at an estimated cost of ₹ 1.95 crore, which included laying of Ductile Iron (K7) pipes for 5,680 meters length of drain, with necessary manholes.

Audit noticed (February 2020) that EE, Civil Drainage Division, Srinagar laid 5,436 metres of the drain with RCC NP3 pipes instead of Ductile Iron (K7) pipes which were originally approved as per DPR, at a cost of ₹ 1.32 crore during the period from August 2017 to August 2018. The EE City Drainage Civil, Srinagar incurred (August 2018) extra expenditure of ₹ 74.85 lakh on laying of RCC pipes procured at higher rates against the approved Ductile Iron (K7) pipes.

After this was pointed out in Audit (February 2020), the EE, Civil Drainage Division, Srinagar stated (January 2021) that DPR was prepared by a firm[31] and vetted by another Consulting firm[32] without conducting survey/ examination of requirements and that the matter had been taken up with the consultant and action taken would be intimated to Audit. However, the contract was advertised as per BOQ approved by the competent authority.

The reply should be seen in light of the fact that though DPR had specified providing Ductile Iron (K7) pipes, yet the contractor had laid RCC NP3 pipes at higher rates.

(D) Urban Transport Sector

Urban Transportation sector is aimed at providing basic services to households and build up amenities in cities to improve the quality of life.

[31] M/s WAPCOS Ltd.
[32] M/s IPE Global.

Out of 19 sub-projects under Urban transport sector, which include traffic management system, contract for 17 sub-projects had been awarded, while construction of only three sub-projects had been completed (March 2019) and additionally four sub-projects were completed as of September 2020.

Of these, 12 sub-projects (out of 19) in four sampled mission cities were selected for Audit, on the basis of expenditure incurred and important Audit findings issues in respect of seven sub-projects are given in the succeeding paragraphs.

5.2.4.5 Jammu city

I. Traffic Management System

The DPR for 'Installation of Intelligent Traffic Light System (ITLS)' for Jammu city proposed by JMC under SAAP 2015-16 at an estimated cost of ₹ 27.50 crore[33] was approved (January 2016) by SHPSC with four main components[34]. The objective of the project was that intelligent traffic lights system should be capable of integration with city surveillance system, interchange of data with the existing system of Vahan-Sarthi project of Regional Transport Office (RTO), generating real time reports and challans including images for presentation in the Court of law for investigation/ analysis.

Against four components of work, the JMC invited tenders[35] for three components with tendering for one component[36] being excluded. The tenders could not be finalised by the JMC between April 2016 and June 2016, due to participation of less than three bidders. On the third occasion (September 2016) two bidders out of three bidders[37] were found to be lacking in at least one of the essential pre-qualification requirement[38] by the SLCC during the technical evaluation (November 2016). The SLCC decided (November 2016) to allot contract to the sole qualified bidder to M/s DIMTS at a cost of ₹ 14.25 crore, who was declared qualified (November 2016) by the contract committee in Technical/ Financial evaluation, with the work to be completed within six months from the date of allotment order (January 2017). The firm was required to provide an integrated system to control and monitor all 64 intersections from a common command control center. The traffic lights at 64 junctions including setting up of a control room were completed (June/ October 2018) at a cost of ₹ 14.51 crore. After installation of traffic lighting system at 64 intersections, the Traffic Department placed (between March 2018 and

33 Including ₹ 8.40 crore for comprehensive AMC from 3rd year upto 10th year of its completion.

34 (1) 'Survey, design, supply, installation, commissioning and maintenance of intelligent traffic signal system with operation & monitoring of traffic lights from a centralized control room remotely at 34 locations in Jammu city'; (2) Upgradation of all existing 30 fixed time standalone traffic signal system to intelligent traffic system with operation and monitoring of the traffic lights from a centralized control room remotely; (3) Survey, design, supply, installation, commissioning and maintenance of pedestrian signal lights at existing 30 locations in Jammu city'; and (4) Survey, design, supply, installation, commissioning and maintenance of red light signal violation detection with vehicle registration number plate recognition system to cover one intersection in Jammu city.

35 April 2016, June 2016 and September 2017.

36 Survey, design, supply, installation and maintenance of Red Light Signal Violation Detection (RLVD) with vehicle registration number plate recognition system to cover intersections in Jammu city.

37 M/s DIMTS (T-1); M/s ONNYX (T-2) and M/s J&K SICOP (T-3).

38 Experience of maintenance of 40 lights with C-DAC technology.

July 2019) 31 intersections on signal mode and 33 intersections on blinking mode for periods ranging between 12 and 16 months, indicating the limited functionality of these traffic signals. This indicated that proper assessment of site, traffic and requirement of junctions was not made before installation of traffic lighting system.

After being pointed out in Audit, the EE (Electric), Jammu Municipal Corporation (JMC), while accepting the audit observation, stated (August 2019) that all junctions would be brought under the intelligent traffic management system in future and that tender for RLVD for 16 junctions was under way.

Thus, non-execution of work on Red Light Signal Violation Detection (RLVD) and non-existence of mechanism for monitoring violations of traffic signals at 64 intersections besides putting 33 signals at blinking mode defeated the very purpose of installation of Intelligent Traffic Lighting System and rendered expenditure of ₹ 14.51 crore incurred on the project largely unfruitful, as of December 2020.

II. Srinagar city

Keeping in view the heavy vehicular and pedestrian traffic, the Srinagar Municipal Corporation (SMC) in consultation with Traffic police authorities proposed (2015-16) installation and upgradation of Intelligent Traffic Lighting System[39] in Srinagar city. The project approved (December 2016) by SHPSC at an estimated cost of ₹ 15.92 crore was bifurcated into two phases. Work on Phase I of the project[40] was allotted (February 2017) at a cost of ₹ 4.15 crore to a contractor for completion in six months. Audit noticed (December 2019) that the contractor could not take up execution of work during March 2017 to September 2017, due to pending permission for road cuttings from Roads & Building (R&B) Department. The contractor finally started work in September 2017 and had completed 65 *per cent* of the work, as of September 2020.

The Joint Commissioner (Works), SMC, Srinagar stated (February 2020) that matter regarding start of work at new locations had been taken up with the Chief Engineer, PWD (R&B) Department, Kashmir and notice for delay in execution of work had been issued (October 2019) to the contractor. No progress had been achieved in allotment of second phase of the project to be executed at an estimated cost of ₹ 10.46 crore (January 2020). As of January 2021, work on the project was incomplete.

The Department, while accepting the audit observation, attributed (June 2020) the delay to law and order issues and pending permission for road alterations from R&B Department.

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[39] Part-A: Installation of 21 new junctions: ₹ 6.95 crore, Part-B: Upgradation of existing 20 fixed time standalone: ₹ 4.23 crore, Part-C: Installation of Pedestrian Signal lights at existing 28 Junctions: ₹ 0.64 crore, Part D: Standalone Mode Traffic Signals at 21 Junctions and Part E: Installation of Red light signal violation detector at one intersection: ₹ 0.45 crore.

[40] Phase-I installation of 5 Junctions, upgradation of 5 Junctions, Standalone 10 Junctions, RLVD-1 Junction and installation of centralised control room at an estimated cost of ₹ 5.46 crore.

Thus, despite availability of funds, the very purpose of installation of system could not be achieved, as of September 2020.

5.2.4.6 Parking facilities

Projects for construction of Parking facilities at the four[41] selected Mission Cities were taken up under AMRUT during 2015 to 2017. The succeeding paragraphs highlight audit findings regarding the parking facilities in the three selected Mission Cities.

I. Anantnag City

Construction of a multi-level car parking sub-project at Janglat Mandi, Anantnag was taken up (May 2017) by the Executive Engineer[42] at an estimated cost of ₹ 17 crore. The work for construction of car parking was allotted (October 2017) to a contractor for ₹ 14.45 crore, to be completed within 24 months. The cost of the sub-project increased by ₹ 1.55 crore to ₹ 16 crore as the foundation was changed from pile to raft, on the basis of soil test carried out by the EE, Urban Local Bodies, Kashmir. This indicated that proper survey was not carried out while preparing the DPR. As of September 2020, about 85 *per cent* of the work of the sub-project was completed.

On being pointed out (December 2019) in Audit, the Executive Engineer, Urban Local Bodies, Kashmir stated (January 2020) that the DPR of the sub-project was prepared on the basis of assumed safe bearing capacity of soil, entailing change from pile to raft foundation, thereby enhancing allotted cost from ₹ 14.45 crore to ₹ 16 crore.

II. Jammu City

A. Panjthirthi

The JMC had initially engaged (2015-16), a firm[43] for conducting the geo-technical investigation of the site for construction of this sub-project. The firm reported (June 2015) that the proposed site was developed as a dumping area for more than 25 years. Although it was known that the site was a dumping ground, the same site was proposed by JMC (April 2015) to SLCC (July 2016) for taking up as a parking project under AMRUT. The SLCC approved (April 2017) the project and the work was allotted (June 2017) by the JMC to the contractor at a cost of ₹ 26.20 crore, to be completed in two years. Another consultant was engaged (August 2016) on nomination basis, for providing the designs and drawings and was paid ₹ 12.07 lakh[44].

The contractor was not able to start the work after allotment due to non-submission of working drawings by the consultant. Further, the Chief Engineer, Design, Inspections and Quality Control Department, Jammu, also advised (April 2018) to get the geological investigation of the site done which was conducted (May/ June 2018) by a

41 Anantnag (May 2017); Jammu (April 2015 and March 2017); Srinagar (2016-17); and Leh (2015-16).
42 Executive Engineer, Urban Local Bodies, Kashmir.
43 M/s Bharat Analytic House Pvt. Ltd., Jammu.
44 September 2017 and February 2018.

separate Consultant[45] at a cost of ₹ 13.69 lakh. The Geological Consultant reported (June 2018) that the site was filled with mixed waste material up to 16 meters and suggested to put the pit foundation at a minimum five metres below the filling area. The Joint Commissioner, JMC eventually proposed (August 2018) for the cancellation of the contract, due to probable increase of cost on new items of work necessitated by the deficiencies[46] in the selected site. The JMC had initially incurred (August 2017) an expenditure of ₹ 9.40 lakh for shifting of utilities from the site.

Thus, due to selection of unsuitable site, an expenditure of ₹ 35.16 lakh[47] incurred till January 2019 on Preliminary expenses and shifting of utilities, was rendered wasteful.

B. Peerkho

The project for construction of Multi-tier car parking was approved under AMRUT by the SLTC and SHPSC in March 2017 and August 2017 and was to be completed in October 2017 at an estimated cost of ₹ 19.90 crore along the right bank of Nallah near Peerkho temple, Jammu. An expenditure of ₹ 25.60 lakh had been incurred (May/ June 2017) on preparation of DPR of the project. The contract could not be finalised till September 2018 due to difficult site conditions including steep hill slope at the proposed site. The proposal for construction of the car parking even at the proposed alternate site along the bank of river Tawi was dropped, due to non-availability of encumbrance free land.

The selection of unsuitable land for construction of multi-level car parking at the site resulted in wasteful expenditure of ₹ 25.60 lakh on preparation of DPR. The Joint Commissioner (works) JMC confirmed (October 2019) that proposal had been dropped due to non-availability of land.

III. Srinagar City

Work for construction of car parking at Sheikh Bagh, Srinagar was allotted (April 2017) for ₹ 22.61 crore to a contractor to be completed within 36 months. The Department revised (June 2018) the DPR of this sub-project due to three chinar trees coming in the alignment of the car parking. This led to increase in cost of the project by ₹ 43 lakh on account of increase in plinth area, indicating that proper survey was not done before preparing the DPR.

As of September 2020, project works to the extent of 59 *per cent* had been completed after incurring expenditure of ₹ 15.43 crore. While accepting the Audit Observation (January 2020), the Financial Advisor and Chief Accounts Officer of Srinagar Development Authority attributed the delay and increase in cost to bottlenecks coming to the notice of executing agency after start of work, entailing change in project design/ specification.

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45 M/s Ishan Calibration, Jammu.

46 The site included two terraces with sloped surface area (40 *per cent* of total area), and the initial estimate of the project was prepared assuming Soil Bearing Capacity (SBC) in a plain area and no geo-tech investigation was carried out in the sloped part of the land comprising waste fill in material

47 (i) Shifting of utilities: ₹ 9.40 lakh; (ii) Total of consultancy services: ₹ 25.76 lakh.

5.3 Balance Central share liability of ongoing Jawaharlal Nehru National Urban Renewal Mission projects for the State of Jammu and Kashmir

5.3.1 Introduction

The Jawaharlal Nehru National Urban Renewal Mission (JnNURM) launched by the Ministry of Urban Development (MoUD), Government of India (GoI) in December 2005 and was implemented in the State of Jammu and Kashmir in 2007. The Mission, a reform driven fast track programme to ensure planned development of identified cities; focused on efficiency in urban infrastructure/ service delivery mechanism, community participation and on enhancing accountability of Urban Local Bodies (ULBs). The Mission had four sub-missions which included Urban Infrastructure and Governance (UIG), Basic Services to the Urban Poor (BSUP), Urban Infrastructural Development Scheme for Small and Medium Towns (UIDSSMT) and Integrated Housing and Slum Development Programme (IHSDP). The MoUD instructed (August 2015) that all incomplete projects under the scheme sanctioned during the period 2005-12 in which 50 *per cent* or more of the additional central assistance had been released and physical progress was 50 *per cent* or more as on 31 March 2014, as well as all such projects sanctioned during the period 2012-14 would be funded under AMRUT. Out of all the projects of JnNURM, J&K, seven projects[48] which could not be completed due to cost revision, non-availability of second/ final instalment and incorporation of some additional components were targeted under funding from the Prime Minister's Development Package (PMDP).

The MoUD, GoI acts as nodal ministry for implementation of projects under UIG/ UIDSSMT. The Commissioner/ Secretary Housing and Urban Development Department assisted by the Chief Executive Officer (CEO), Jammu and Kashmir State Urban Infrastructural Development Agency (SUIDA) oversee the implementation of the Mission in the State. Four out of seven projects were implemented by the Chief Executive Officer, Ladakh Autonomous Hill Development Council (LAHDC), Leh, one road project each of Doda and Ganderbal was implemented by the Directors, Urban Local Bodies, Kashmir and Jammu while one Sewerage project, Srinagar pertaining to Srinagar Municipal Corporation was executed by the National Building Construction Corporation.

5.3.2 Financial Status

The seven held up projects, with an estimated cost of ₹ 378.75 crore, were sanctioned during 2005 to 2014 under erstwhile JnNURM. The GoI released additional ₹ 127.24 crore under the PMDP during February-March 2017 on these projects apart from ₹ 188.39 crore released under JnNURM. The project-wise status of funds sanctioned and released along with expenditure incurred during the period from 2013 to 2020, is given in the **Table 5.3.1**.

[48] Two projects sanctioned (1) Sewerage Project, Srinagar (2) Road Project, Doda during the period 2005-12 and five projects (1) Road Project, Ganderbal (2) Water supply scheme, Leh (3) Improvement of Road Network, Leh (4) Solid waste Management, Leh and (5) Sewerage Project, Leh sanctioned during the period 2012-14.

Table 5.3.1: Position of funds

(₹ in crore)

Sl. No.	Name of the Project	Additional assistance released by GoI			State share released	Total assistance released	Expenditure incurred	Unutilised funds *(Percentage)*
		Previous scheme[49]	PMDP	Total				
1.	Sewerage Scheme, Srinagar	77.76	21.30	99.06	13.29	112.35	112.35	- *(0)*
2.	Road Project, Doda	1.94	1.94	3.88	0.43	4.31	2.28	2.03 *(47)*
3.	Road Project, Ganderbal	10.88	6.19	17.07	1.21	18.28	16.05	2.23 (*12*)
4.	Water Supply Scheme, Leh	31.72	31.72	63.44	3.52	66.96	50.74	16.22 *(24)*
5.	Improvement of Road Network, Leh	34.44	34.44	68.88	3.83	72.71	63.85	8.86 *(12)*
6.	Solid waste Management, Leh	4.92	4.92	9.84	0.55	10.39	8.64	1.75 *(17)*
7.	Sewerage Project, Leh	26.73	26.73	53.46	2.97	56.43	40.77	15.66 *(28)*
	Total	**188.39**	**127.24**	**315.63**	**25.80**	**341.43**	**294.68**	**46.75 *(14)***

(Source: Departmental records)

Against sanctioned cost of ₹ 378.75 crore in respect of seven projects, the total Central share committed was ₹ 327.58 crore and the balance amount of ₹ 51.17 crore was to be provided by the State. As of March 2020, a total of ₹ 341.43 crore[50] was released, out of which an expenditure of ₹ 294.68 crore was incurred, leaving ₹ 46.75 crore (14 *per cent*) unutilised.

After the matter was referred (June 2020) to the Government, the Director Planning, Housing and Urban Development Department (H&UDD) stated (August 2020) that Central assistance of ₹ 21.30 crore released for Sewerage Project, Srinagar had been utilised in full while against release of ₹ 8.13 crore for Road Projects, Doda and Ganderbal under the PMDP, ₹ 3.96 crore had been utilised for Road project Ganderbal and balance was being refunded to the GoI.

5.3.3 Project execution

The works under the five projects[51] selected for test check (estimated cost: ₹ 221.65 crore) of the Mission executed by the State/ UT Government were not complete, as of March 2020 due to non-acquisition of land, non-finalisation of contracts, delayed process in settlement of issues and incorporation of additional components of works of these projects. Audit examination of records relating to implementation of selected projects revealed the following.

5.3.3.1 Improvement of Road project in Doda

A DPR for improvement of interior roads of Doda town at a cost of ₹ 4.56 crore was prepared by the Public Works (R&B) Department, with a view to accommodate 500 Passenger Car Units (PCU) per day against existing capacity of 25 units per day and to provide connectivity to interior areas of Doda town for mobility of goods and passengers and relief and rehabilitation services during natural calamities. The project

49 Prime Minister's Reconstruction Plan

50 Centre: ₹ 315.63 crore and State: ₹ 25.80 crore.

51 1. Road project Doda; 2. Water supply scheme, Leh; 3. Improvement of Road Network, Leh; 4. Solid waste Management, Leh and 5. Sewerage Project Leh.

was approved (December 2006) by the State Level Steering Committee (SLSC)[52] at an estimated cost of ₹ 4.31 crore to widen three[53] interior roads to single lane and construct a new double lane road. Land was to be acquired by the Department for which a provision of ₹ 96 lakh for compensation had been kept in the DPR. As per UIDSSMT guidelines, implementing agencies were required to open and maintain separate Bank accounts for each project in a Commercial Bank for all receipts and expenditure. Audit examination (June 2019) of records of the Executive Engineer (EE), R&B Division, Doda revealed that ₹ 4.31 crore was released under UIDSSMT (₹ 2.37 crore)/ PMDP (₹ 1.94 crore) by the Director, ULB, Jammu to the Division for construction of roads during 2007-08 to 2018-19. Out of ₹ 4.31 crore, an amount of ₹ 2.28 crore was spent (September 2020) on construction of these three roads, while as ₹ 1.94 crore had remained un-utilised in the current Bank account and was subsequently remitted (November 2019) into the Government account. Audit noticed (June 2019) that despite incurring expenditure of ₹ 1.04 crore on works of two roads[54] allotted between March 2008 and January 2009, the project could not be completed due to non-acquisition of land, before award of contracts and stay orders issued (October 2013) by the Jammu and Kashmir High Court. Audit further noticed that EE, R&B Division, Doda after incurring expenditure of ₹ 1.20 crore on the third road[55] submitted (December 2018) a revised estimate of ₹ 4.02 crore to the District Superintending Engineer, PWD (Roads & Buildings), Doda for accord of administrative approval as the work could not be completed in time due to delayed settlement of land compensation cases. The administrative approval was not accorded as of March 2020. Due to non-acquisition of encumbrance free land before allotment of work, construction of roads could not be completed (September 2020) even after incurring expenditure of ₹ 2.28 crore, besides objective of providing improved connectivity to the interior areas of Doda town for mobility of passengers and goods could not be achieved.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UDD stated (August 2020) that execution of work on two road projects could not be carried out in full due to non-acquisition of land which was objected to by the land owners and stayed by the High Court and widening of link road was completed up to 50 *per cent*. It was further stated that work was unlikely to be executed in near future and that unspent balance of ₹ 2.01 crore was being refunded back to the GoI.

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52 Comprising Chief Minister/ Minister of Urban Development/ Minister of Housing as Chairman, Minister of Urban Development as Vice-Chairman and Minister Housing, Concerned Mayors/ Chairpersons of Urban Local Bodies, MPs/ MLAs, Secretary (PHE), Secretary (MA), Secretary (Finance), Secretary (Housing) as members and Secretary (Urban Development) as Member Secretary.

53 (1) Link road from Agriculture complex to Bharath (2) Link road from New Bus stand to Nagri Via Tondwah (3) Old Iddgah road and its extension upto Akramabad.

54 (1) Link road from Agriculture complex to Bharath (2) Link road from New Bus stand to Nagri Via Tondwah.

55 Old Iddgah road and its extension upto Akramabad.

5.3.3.2 Solid Waste Management project, Leh

The Ladakh Autonomous Hill Development Council entrusted preparation of DPR for Solid Waste Management System (SWMS) for Leh town to M/s Tetra Tech, New Delhi during the year 2007-08. As per the DPR, 13.53 tons of waste was generated in Leh town per day, of which 6.27 tons was bio-degradable, 3.27 tons recyclable and 1.84 tons construction waste. The components of SWMS included primary and secondary waste collection, storage and transportation of waste, followed by processing and disposal. The SLSC approved (March 2013) SWMS under UIDSSMT, at an estimated cost of ₹ 10.94 crore. The SWM facility was proposed at a site located at village Chuchot/ Stoke by the Municipal Council, Leh.

Audit scrutiny (September 2019) of records of the Executive Engineer (EE), Construction Division, Leh revealed that the Division, constructed an approach road at a cost of ₹ 40.02 lakh during the period from October 2013 to November 2015, in anticipation of acquisition of land at Chuchot for establishment of SWMS Project. Due to objection raised by locals to the construction of SWMS, the site was changed (August 2015) to Shakshaliyu due to which the constructed portion of road could not be utilised (September 2019) resulting in unfruitful expenditure of ₹ 40.02 lakh. The key construction material purchased by the Division at a cost of ₹ 2.50 crore during October 2013 to March 2014 had not been utilised on the project and was diverted (September 2013 to April 2016) and utilised on construction of roads and buildings not related to the Project.

Audit further noticed (September 2019) that EE, Construction Division, Leh awarded (November 2016 and August 2017) the work 'Construction and assistance in operation and maintenance of in-vessel compost plant and development of Solid Waste Management System' at Shakshaliyu on a turnkey basis to M/s WAPCOS Limited. The Department revised (July 2017) DPR of the project and the revised cost was retained at ₹ 10.94 crore but some components[56] of previous DPR had been deleted to increase cost of other components, resulting in cost escalation of ₹ 1.76 crore in respect of these components. Audit further noticed that M/s WAPCOS Limited in turn awarded (December 2017) execution of work at a cost of ₹ 5.89 crore to M/s 3R Management Private Limited for completion within 12 working months. However, execution of the project had not been completed by the contractor as of March 2020. Reasons for non-completion were not provided by the Department.

Audit also observed that 10,000 dust bins purchased by the Municipal Committee, Leh at a cost of ₹ 75.28 lakh against an allocation of ₹ 80 lakh during 2015 to 2016 for primary collection of waste had been issued to the householders. The Department had belatedly allotted (September 2019) construction of Sanitary Landfill at the site to M/s 3R Management Private Limited, New Delhi at a cost of ₹ 1.05 crore for completion of work in four months. The work on Sanitary landfill was completed in March 2020. Audit noticed (September 2019) that due to non-establishment of

[56] Primary collection of waste: ₹ 70.38 lakh; Secondary collection of waste: ₹ 8.17 lakh, Sanitary Landfill: ₹ 66.74 lakh; In vessel Compost plant: ₹ 4.59 lakh; and Protection work at new site: ₹ 26.09 lakh.

SWMS, solid waste of town was being disposed of by the Municipal Committee, Leh in open at Bombgard thus, creating unhygienic environment in the area. On spot inspection (September 2019) of the site by Audit together with departmental officials revealed that segregation of biodegradable and non-biodegradable waste was not made before being transported on trial basis to SWM site. Further, no mechanical system was in place for separation of non-biodegradable waste and staff had also not been deployed for segregation of waste at the ramp. An expenditure of ₹ 8.64 crore (against release of ₹ 10.39 crore) on the establishment of SWMS had been incurred by the Department, as of September 2020.

Solid waste at the ramp of Solid Waste Management Facility at Shakhshaliyu carried to IVC system without segregation (11 September 2019)

Thus, due to non-acquisition of land in time and improper planning in execution of work, the project could not be completed, despite availability of funds rendering expenditure of ₹ 9.18 crore unfruitful. The Executive Engineer Construction Division, Leh stated (September 2019 and June 2020) that work could not be completed within the prescribed time due to non-finalisation of site and delay in allotment of contract and that work on the project was in progress and would be completed in shortest possible time.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UDD stated (August 2020) that landfill site, road work and boundary wall had almost been completed and that project was being commissioned shortly. Further updation is awaited (August 2020).

5.3.3.3 Improvement of Road Network at Leh

The project 'Improvement of road network of Leh' was approved (March 2013) by the State Level Screening Committee (SLSC) under JnNURM at a cost of ₹ 76.53 crore. Under the project, 80 roads were identified (March 2011) for improvement/ upgradation by the Department.

Audit examination (September 2019) of records of the Executive Engineer, R&B Division, Leh revealed that an amount of ₹ 72.71 crore had been released for the project ending March 2019. After incurring expenditure of ₹ 23.84 crore (as of

March 2017) the DPR was revised (July 2017) and five[57] new items of work with estimated cost of ₹ 15.30 crore were included in the revised DPR indicating that scope of work of the project had been significantly changed by the Department. The revised DPR and new items of work were not approved by the SLSC. An expenditure of ₹ 8.26 crore was incurred during July 2017 to August 2019 on these new items of work in anticipation of approval by the competent authority and ₹ 2.23 crore was spent on procurement of machinery/ equipment, repair of vehicles, salary of casual labourers not related to the project. The Department had completed (March 2020) construction of only 24 roads along with allied items of work[58] after incurring an expenditure of ₹ 63.84 crore. Also, the Division diverted an amount of ₹ 10.48 crore from the project funds for execution of unapproved works/ items etc.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UDD stated (August 2020) that 80 *per cent* of works were completed and that balance works had been allotted to contractors and were expected to be completed during 2020-21.

5.3.3.4 Water Supply Scheme, Leh

In order to supplement the existing water supply system in Leh town, the Ladakh Autonomous Hill Development Council (LAHDC) entrusted (September 2008) preparation of DPR for 'Augmentation and reorganisation of water supply scheme for Leh' to a Consultant[59]. According to the DPR submitted (October 2011) by the firm, water availability for the town from existing sources was inadequate for the present population and highly inadequate for the requirements of the population in future. The DPR envisaged construction of one infiltration well, rising main, five lift stations, five service reservoirs and a distribution network. The project was approved (March 2013) by the SLSC at an estimated cost of ₹ 70.49 crore for submission to GoI for sanction under UIDSSMT. Audit examination (September 2019) of records of Executive Engineer, PHE Division, Leh revealed that the Central Ground Water Board (CGWB) was requested (February 2014) to carry out hydrogeological survey to assess feasibility for construction of tube wells in and around Choglamsar. CGWB had recommended (September 2014) that the area was feasible for construction of tube wells. As of September 2019, the Department had not been able to acquire land for construction of tube wells resulting in non-development of source for water supply. Though construction of service reservoirs of the scheme had been completed as of March 2015 but the work for construction of infiltration well could not be awarded during the period from September 2013 to June 2016 due to lack of response to the tenders. Without ensuring functional source for water supply, the Department had incurred (as of September 2020) an expenditure of ₹ 51.10 crore on construction of

[57] Beautification of Leh Bazar by way of: (1) providing and laying of Granite stone (₹ 22.05 lakh), (2) providing and laying of chilling flag stone (₹ 3.64 crore), (3) side drain, utility duct and road pavement (₹ 6.48 crore), (4) Construction of road from old SSP residence to New Bus Stand (₹ 67 lakh) and (5) Providing for electrification of Bazar by PDD (₹ 3.50 crore) and contingencies thereon (₹ 79.76 lakh).

[58] Central divider 0.30 Km, Side drain, foot path, central verge, utility duct, Installed street lights, RCC pavements, MS pipe crossings.

[59] M/s Tetra Tech India Limited New-Delhi.

remaining components[60] of the scheme and also diverted ₹ 1.23 crore towards maintenance and repairs of works which were not related to the project.

Thus, failure of the Department to acquire land for construction of tube wells and also to award work for construction of infiltration well, resulted in non-establishment of source for water supply, resulting in idle investment of ₹ 51.10 crore on the project. The objective of enhancing water availability for inhabitants of the town and for future population growth also could not be achieved.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UDD stated (August 2020) that possession of land had been taken and tenders for construction of five tube wells were floated and expected to be completed by end of the year. It was also stated that after availability of water from the tube wells, the laid distribution network would be utilised to full capacity.

5.3.3.5 Sewerage system for Leh

For collection, transportation, treatment and disposal of sewage and sullage discharged from communities, LAHDC decided (August 2011) to establish sewerage system for Leh town. The DPR of the project submitted (November 2011) by M/s Tetra Tech Limited (firm) envisaged construction of 6.5 MLD[61] Sewerage Treatment Plant (STP) with MBBR[62] technology, three pumping stations, three lift stations and laying of sewer lines in three network zones. The SLSC approved (March 2013) the project at an estimated cost of ₹ 59.39 crore for submission to GoI for sanction under UIDSSMT and an amount of ₹ 56.43 crore had been released for the project ending March 2019.

Audit examination (September 2019) of records of EE, PHE Division, Leh revealed that the Department entrusted (December 2016) construction[63] of 6.5 MLD STP at Agling Leh to M/s WAPCOS Limited (GoI undertaking) on turnkey basis at a cost of ₹ 20.40 crore for completion in two years and advanced (March 2017) ₹ one crore to the firm as mobilisation advance. As per the scope of work stipulated in the Memorandum of Agreement executed by the Department with M/s WAPCOS Limited, the latter had to invite E-tender for appointment of construction agency for execution of the project. Tenders for establishment of STP on the basis of Sequencing Batch Reactors (SBR) technology in place of MBBR technology were invited twice by M/s WAPCOS Limited during March 2017 to July 2017 and could not be finalised due to higher rates quoted by the bidders. Even after reducing capacity of STP from 6.5 to 3 MLD, work of STP could not be awarded. M/s Nitasha Constructions was declared (February 2018) qualified with offer of ₹ 21.03 crore (in third tendering) but the work could not be awarded due to budgetary constraints. The Department

60 Five reservoirs: ₹ 2.15 crore; Laying of rising main: ₹ 3.85 crore, Distribution main: ₹ 40.32 crore and Contingencies: ₹ 2.02 crore.
61 Million Litres per Day.
62 Moving Bed Biofilm Reactor.
63 Including design, consultancy, erection, commissioning, operation and maintenance.

cancelled (April 2018) the agreement executed with M/s WAPCOS Limited for non-finalisation of contract.

After the Department itself invited (June 2018) tenders, M/s Nitasha Constructions qualified for execution of work at a cost of ₹ 14.38 crore and letter of intent was issued in September 2018. As the firm did not take up work of STP, the Department forfeited (June 2019) bid security of ₹ 30 lakh. The Department however, incurred an expenditure of ₹ 1.93 crore on construction of compound wall at the proposed STP site.

The Department after incurring an expenditure of ₹ 29.48 crore (March 2017) on laying of sewer lines of the project, decided (July 2017) to take up only those sewer lines which flow by gravity. The construction of pumping stations was withdrawn in revised DPR (July 2017) while cost of sewer lines had increased. The Department, in anticipation of establishment of STP incurred an expenditure of ₹ 40.77 crore on construction of sewer lines (₹ 38.35 crore), compound wall (₹ 1.93 crore) and house sewer connections (₹ 0.49 crore) at STP site (March 2020). Thus, failure of the Department to finalise contract of STP of the project, resulted in idle investment of ₹ 40.77 crore in creation of infrastructure.

After the matter was referred (June 2020) to the Government, the Director Planning, H&UDD stated (August 2020) that work of STP had been awarded in February 2020 to be completed by July 2021 and that the infrastructure created for proper disposal of sewage and sludge would be fully utilised. The fact remains that despite approval of the Project in March 2013 and lapse of over six years the sewerage system could not be established in Leh.

Planning Development and Monitoring Department

5.4 Externally Aided Project of Jammu and Kashmir Urban Sector Development Investment Programme and Completion of pending projects under PMRP 2004: Counterpart Funding –ADB II

5.4.1 Introduction

The Jammu and Kashmir Urban Sector Development Investment Programme (JKUSDIP) was approved (31 May 2007) for execution by the Asian Development Bank (ADB) to promote economic growth in Jammu & Kashmir through expansion of basic urban infrastructure and provide better living conditions to people of two capital cities of Jammu & Srinagar and other towns of the State. The original period of implementation of the programme was eight years from the date of approval of the program, which was extended by ADB from time to time and finally closed on 30 May 2017.

Three tranches comprising 50 sub-projects[64] were taken up for execution with a loan of ₹ 1,021 crore and counterpart share of ₹ 673 crore. The counterpart share of ₹ 359.04 crore was received during the currency of Prime Minister Reconstruction

[64] Tranche 1: 10 sub-projects; Tranche 2: 33 sub-projects and Tranche 3: 7 sub-projects.

Package (PMRP). After announcement of the Prime Ministers Development Package (PMDP), a provision for an amount of ₹ 1,278[65] crore was kept for completing the works of 42 sub-projects which had either remained incomplete or had not been taken up for execution under PMRP. Details of sub-projects taken up under PMRP and the PMDP funding are given in ***Appendix 5.4.1***.

As per the information made available to Audit (October 2020), out of total of 44 sub-projects (including 2 sub-projects re-allotted against one terminated sub-project), 41 sub-projects had been completed (February 2015 to September 2020) and two sub-projects were in progress as of September 2020. Out of these 44 sub-projects, 15 sub-projects (34 *per cent*), involving a total expenditure of ₹ 663.45 crore (47 *per cent*) were selected for scrutiny in Audit. The sub-projects were selected under each category of completed, ongoing and procurements (5 sub-projects for each) by using judgemental sampling on the basis of expenditure incurred on their execution.

5.4.2 Organisational Set up

Jammu and Kashmir Economic Reconstruction Agency (JKERA) was governed by a body with the Minister of Planning as its Chairman, Chief Executive Officer (CEO) of JKERA as its Member Secretary and other members comprising Chief Secretary, Principal Secretary Planning Development and Monitoring Department (PD&MD) and three Members of Legislative Assembly (MLAs) one each from Jammu, Kashmir and Ladakh. The Governing Body has the responsibility of providing policy guidance for implementation of the programme and CEO is the executive authority for implementation of the programme.

5.4.3 Selection and execution

As per schedule V of loan agreement executed between ADB and the GoI, an executive committee was required to be established by GoJ&K to guide JKERA on matters relating to project activities. A Local Level Steering Committee (LLSC) was also required to be established to facilitate interaction between JKERA and participating agencies for selection of sub-projects, review their scope and design and coordinate between various agencies for approvals and clearances. Neither were these Committees formed nor was a shelf of projects framed in coordination with the line Departments for placing it before the LLSC. As a result, sub-projects were randomly taken up for execution, without prioritising these as per specific needs of the state.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S) PD&MD stated (August 2020) that selection of sub-projects was done with the approval of Board of Governors (BOG) after deliberations and discussion with the line departments. The fact remains that LLSC was to facilitate interaction between JKERA and participating agencies for selection of sub-projects and that BOG was not competent for selection of sub-projects, instead it had to guide JKERA in all matters relating to implementation and execution of sub-projects.

[65] ADB loan: ₹ 712 crore; Counterpart share: ₹ 566 crore.

5.4.4 Financial management

The ADB loan for the project was approved (May 2007) for ₹ 2,425 crore through Multi-tranche Financing Facility (MFF) comprising loan of ₹ 1,500 crore and counterpart share of ₹ 925 crore. The ADB loan was received by Department of Economic Affairs (DEA), Ministry of Finance, Government of India (GoI) and passed on to GoJ&K as Additional Central Assistance (ACA). The counterpart share for implementation of programme was also borne by GoI. Under the PMDP, the GoJ&K received (October 2015 to November 2017) ₹ 936.24 crore comprising ADB loan of ₹ 622.28 crore and counterpart share of ₹ 313.96 crore. Till March 2019, the JKERA received ₹ 1,679.17 crore comprising ADB loan of ₹ 1,006.17 crore (includes ₹ 3.41 crore released by ADB directly[66] to those contractors who had opted for payment of their claims in foreign currency) and counterpart share of ₹ 673 crore for completion of 44 sub-projects under the PMDP. In addition, JKERA also received an amount of ₹ 24 crore out of State plan funds for execution of those sub-projects of JKUSDIP which were either state funded or had not been approved by ADB for financing. The year-wise status of receipts by JKERA and expenditure incurred during the period from 2014-15 to 2018-19 is given in **Table 5.4.1**.

Table 5.4.1: Fund Status

(₹ in crore)

Year	Opening Balance	Funds received during the year				Total availability of funds	Expenditure incurred	Balance
		ADB loan	GoI share	State share	Misc. receipts#			
2014-15	15.51[67]	78.36	47.00	0	0.56	141.43	157.27	(-) 15.84
2015-16	(-) 15.84	201.91	104.04	0	0.54	290.65	305.50	(-) 14.85
2016-17	(-) 14.85	196.97	200.00	21.00	1.29	404.41	324.28	80.13
2017-18	80.13	214.14	113.96	3.00	1.92	413.15	395.42	17.73
2018-19	17.73	152.65	0	0	1.71	172.09	158.68	13.41
Total		**844.03**	**465.00**	**24.00**	**6.02**	**-**	**1,341.15**	**-**

includes savings Bank interest and sale of bid documents
(Source: Records of JKERA)

As against the total availability of ₹ 1,354.56 crore during 2014-15 to 2018-19, an expenditure of ₹ 1,341.15 crore was incurred by JKERA, leaving unutilised balance of ₹ 13.41 crore, as on 31 March 2019.

As per the information made available by JKERA (October 2020), an amount of ₹ 80 crore were received by JKERA out of the State Plan during the period April 2019 to September 2020 for completion of ongoing sub-projects against which an expenditure of ₹ 68.24 crore was incurred during the same period, leaving an unspent balance of ₹ 26.93 crore as on 30 September 2020.

Audit further noticed as follows:

5.4.4.1 Delay in sanction of funds

As per condition of the sanction orders, funds should be transferred to implementation agencies immediately after receipt from the GoI. Audit noticed (September 2019) that

66 In accordance with the provisions contained in Chapter-7 of Loan Disbursement Handbook of ADB.
67 ₹ 15.51 crore closing balance of PMRP for the year 2013-14.

an amount of ₹ 1,307.69[68] crore received from the GoI during the period March 2014 to November 2017 was released in favour of JKERA by the J&K Finance Department with delays ranging between 5 days and 790 days. The funds retained by the Finance Department during the period 2014-15 to 2018-19 ranged between ₹ 3.19 crore and ₹ 167.23 crore, thereby hampering the progress of execution of various sub-projects, as discussed in the succeeding paragraphs. Due to delay in completion of sub-projects within the loan closure period (30 May 2017), the GoJ&K received (August 2009 to November 2017) ₹ 1,006.17 crore only from ADB against an approved amount of ₹ 1,021 crore, thereby resulting in loss of ADB loan assistance of ₹ 14.83 crore.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that delay in release of funds was due to precarious liquidity position faced by erstwhile State of Jammu and Kashmir.

5.4.4.2 Utilisation Certificates

As per condition laid down in fund release order of the GoI, the GoJ&K had to submit Utilisation Certificates (UCs) to NITI Aayog, GoI. The UCs were to be submitted on the basis of funds utilised by the executing agency (JKERA). Audit noticed (May 2019) that against counterpart funds of ₹ 673 crore received (December 2008 to July 2017) by JKERA, UCs had been submitted (December 2016) to PD&MD for an amount of ₹ 337.30 crore only and UCs for the balance amount of ₹ 335.70 crore had not been submitted, as of March 2020, although the funds had been utilised in full as of March 2019.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that UCs for the remaining amount would be submitted at the earliest. However, as per the information furnished (16 October 2020), the utilisation certificates for the remaining amount had not been submitted by JKERA.

5.4.4.3 Diversion of funds

As per the condition laid down in the release orders of funds by the GoI, funds released for the Project were to be utilised for the purpose for which it was sanctioned. Audit noticed (July 2019/ September 2019) that counterpart funds of ₹ 53.02 crore received (December 2008 to July 2017) for execution of ADB approved sub-projects were diverted (October 2009 to March 2019) towards execution of five JKUSDIP sub-projects[69] to be funded by the GoJ&K, thereby hampering the progress and completion of sub-projects approved by ADB.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S) PD&MD stated (August 2020) that proposal for taking up five packages

[68] ADB loan of ₹ 842.69 crore and counterpart funds of ₹ 465 crore.

[69] Fabrication of office premises: ₹ 2.83 crore, Construction of office complexes at Srinagar: ₹ 17.50 crore, SNP 3: ₹ 17.31 crore, SNP 3A: ₹ 8.72 crore and SNP 3B: ₹ 6.66 crore.

funded by the GoJ&K was approved[70] by Board of Governors (BOG) and that funds utilised for the said packages were later on recouped by the GoJ&K. It was further stated that an expenditure of ₹ 2.83 crore was incurred after obtaining approval of the Chief Minister and the same had been reimbursed by the funding agency under incremental expenses.

The reply is not tenable as the funds utilised on four sub-projects funded by the GoJ&K had not been recouped (September 2020) and necessary approval required from the GoI was not obtained before incurring such expenditure.

5.4.4.4 Unadjusted advances

As per generally accepted accounting principles, amounts advanced for execution of various works/ services should be debited to the final head of account and expenditure booked only after obtaining detailed accounts/ utilisation certificates. Non-rendering of detailed accounts/ utilisation certificates for advances granted for a particular work even after the completion of that work is fraught with the risk of misappropriation of funds. Audit noticed (July 2019) that ₹ 153.30 crore were advanced to various Agencies/ Departments for shifting of utilities, conducting surveys, land compensation etc. against which detailed accounts/ UCs were received for an amount of ₹ 114.85 crore only and the balance amount of ₹ 38.45 crore was awaiting adjustment as of March 2020, despite lapse of period ranging between 15 months and 128 months. The amount outstanding against various Departments/ Agencies ranged between ₹ 0.21 lakh and ₹ 10.81 crore for the period ranging between July 2009 and December 2018. It was also noticed that amounts advanced to various agencies were debited directly to the final head and expenditure was booked without obtaining adjustment accounts from the concerned Agencies/ Departments, as no such details were reflected in the statement of closing balance ending March 2020. This indicates lack of monitoring over the adjustment of advances and potential risk of misappropriation of JKUSDIP funds.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S) PD&MD stated (August 2020) that concerned line departments had not furnished UCs and amounts had remained unadjusted despite repeated correspondences with them.

As per the information provided by the Director Finance, JKERA (October 2020), no further adjustment accounts were obtained from the concerned agencies by JKERA as of September 2020. However, ₹ 24.91 lakh was further advanced by JKERA during the period April 2019 to June 2020, thereby aggregating unadjusted advances to ₹ 38.70 crore (September 2020).

5.4.4.5 Loan assistance

(i) As per Paragraph 3.5 of Loan Disbursement Handbook of ADB, it was imperative upon JKERA to complete all the sub-projects within the stipulated time

[70] In its 16th meeting held on 10 January 2011.

period and claim reimbursement of ADB loan component, as per the approved ratio, well before the closure date of project of 31 May 2017. Audit noticed (June 2019) that two sub-projects[71] were completed (September 2017) after a delay of four months and six months respectively from the stipulated date of completion. As a result of the delay in completion of these sub-projects, an amount of ₹ 52.83 crore[72] only was reimbursed by ADB against an agreed loan amount of ₹ 60.44 crore[73] due to the expiry of loan period, resulting in loss of potential loan assistance of ₹ 7.61 crore[74]. Delay in completion of sub-projects was attributed (November 2019) by JKERA to delay in shifting of utilities and non-issue of timely permissions by the line departments which was reiterated (August 2020) by the Joint Director (P&S) PD&MD after the matter was referred (June 2020) to the Government.

(ii) Paragraph 1.12 of Procurement Guidelines of ADB envisages that ADB finances expenditure for goods and works that are procured and executed in accordance with the provisions of the contract agreements. If there is any incomplete, inaccurate and misleading information regarding terms and conditions of the contract, ADB reserves the right to declare the contract as mis-procurement. On the recommendations of the Bid Evaluation Committee (BEC), the contract for Sewerage Network Package 3 was approved for allotment for ₹ 39.96 crore out of which ₹ 32.77 crore was to be released by ADB as per ratio fixed under loan agreement.

Audit noticed (September 2019) that a copy of internal correspondence between ADB and JKERA pertaining to the contract was endorsed (September 2008) to the contractor during final stage of award of contract. As a result of non-adherence to the confidentiality conditions of procurement, the loan package for the contract was cancelled by ADB, resulting in loss of ADB assistance of ₹ 32.77 crore. The Director Finance, JKERA was directed (October 2015) to conduct an enquiry into the matter and submit a report within one month.

Audit scrutiny (September 2019) of records revealed that neither was the report submitted nor any action taken against the defaulting official for committing violations of confidentiality conditions of procurement.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that matter would be investigated.

As no action had been taken by JKERA (September 2020), which could have served as a deterrent, no precedence/ mechanism was established for prevention of recurrence of similar incidents in future.

5.4.5 Programme implementation

The status of execution of 44 sub-projects under the PMDP and 15 sampled sub-projects are shown in the table below:

[71] Mechanised Car Parking, Jammu and Non-Revenue Water (NRW) Reduction Management Contract.
[72] Mechanised Car Parking Jammu: ₹ 34.38 crore; NRW Reduction Management: ₹ 18.45 crore.
[73] Mechanised Car Parking Jammu: ₹ 40.25 crore; NRW Reduction Management: ₹ 20.19 crore.
[74] Mechanised Car Parking Jammu: ₹ 5.87 crore; NRW Reduction Management: ₹ 1.74 crore.

Table 5.4.2: Status of projects under PMDP
(as on 31 March 2019)

Particulars	Total Sub-projects	Projects completed during February 2015 to June 2019	Delay in completion of projects (in days)	Project terminated	Delay in completion of ongoing sub-projects (in days)	Cost escalation in sub-projects (₹ in crore)	Cost over run in sub-projects (₹ in crore)
Sub-projects under PMDP	44	37	30 to 1710	1	781 to 1379	302.62 (18 sub-projects)	318.50 (13 sub-projects)
Sub-Projects selected	15	11	30 to 1710	-	781 to 1379	180.17 (9 sub-projects)	197.33 (7 sub-projects)

(Source: MPRs and records of JKERA)

As per the information submitted (October 2020) to Audit by JKERA, there was cost overrun of ₹ 349.57 crore in respect of 14 sub-projects as of September 2020. Also, delay in completion of two ongoing sub-projects was to the extent of 1,451 days and 1,538 days as of September 2020.

The details of 15 sampled sub-projects selected by using judgemental sampling on the basis of expenditure incurred on their execution are given in ***Appendix 5.4.2***. Significant audit findings in relation to 12 sub-projects are discussed in the following paragraphs.

5.4.5.1 Faulty estimates

Before taking up execution of a particular work, proper survey of the site is required to be conducted so that the drawings and designs are prepared as per site conditions and estimates are framed on the basis of specifications mentioned in the detailed drawings and designs. This is of utmost importance as it leads to execution of works in a planned manner within the estimated quantities and its completion in a time bound manner within the allotted costs.

Audit scrutiny of records (October 2019/ November 2019) revealed variations between the quantities of works approved as per Bill of Quantities (BOQ) and quantities actually executed in respect of five sampled sub-projects[75]. These works were taken up at a total estimated cost of ₹ 144.91 crore during September 2012 to February 2017 and an expenditure ₹ 160.61 crore was incurred on their execution as of 31 March 2019. Out of total 394 items of works in five sub-projects, only 29 items (7 *per cent*) were executed as per original estimates. In respect of 113 items (29 *per cent*), an expenditure of ₹ 75.04 crore was incurred against estimated cost of ₹ 48.74 crore due to execution of works in excess of the original estimates thus, resulting in excess expenditure of ₹ 26.30 crore, which comprises an increase of 54 *per cent* over the original cost. Remaining 252 items (64 *per cent*) of works were either executed less than the approved quantities or were not executed at all. It was also noticed (October 2019/ November 2019) that additional works costing ₹ 27.79 crore, not forming a part of original estimates, were got executed as per the site requirements and changes in original drawings and designs. This indicates that

[75] (i) Sewage package 3A, (ii) Sewerage package 3B, (iii) Bikram chowk Flyover, (iv) Landfill cell 2 and (v) Raw water pipeline Doodhganga.

proper surveys were not conducted before execution of the works, which resulted in preparation of faulty and unrealistic estimates.

As per the decisions taken in the 21st Governing Body Meeting of JKERA (July 2018), all cases of variations were required to be placed before a sub-committee comprising the Principal Secretary Finance, Commissioner/ Secretary, PD&MD and Commissioner/ Secretary, HUDD for examination and subsequent recommendations to the Board of Governors for approval thereof. In contravention to this, the cost variations below/ above the allotted costs were got approved by Tender Approval Committee[76] (TAC) of JKERA which otherwise was to be approved by the sub-committee. After being pointed out (October 2019/ November 2019) in Audit, JKERA stated (November 2019) that additional/ extra items of works were executed as per site requirements and changes in specifications based on Geo-technical investigations.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that additional extra items of work were executed as per site requirements and changes based on Geo-technical investigations and that variations in various BOQ items were reflected as per design specifications, site requirements and additional requirement of the project in the execution phase. It was also stated that variation had been approved by the competent authority of JKERA as well as ADB.

The reply is not acceptable as the DPR of Jammu Flyover was already prepared on the basis of geo-technological survey and its structural design was vetted by IIT, Roorkee before the award of contract. In respect of remaining four projects, geo-technical survey was not conducted at all and changes were made as per the site requirements, thereby indicating that estimates were not framed on a realistic basis.

5.4.5.2 Bid Evaluation

Two sub-projects[77] involving similar items of works within same topography, were put to bid with the identical rates for same items of work in both the sub-projects. The two bids were opened by the Bid Evaluation Committee (BEC) on same day. One contractor offered identical rates for the same items for both the bids. However, while negotiating, the BEC allotted similar items of works to the contractor at different rates resulting in extra expenditure of ₹ 58 lakh. The variations arose due to application of different rates of discount at the time of negotiations, while approving rates of these two contracts.

After the matter was referred to the Government in June 2020, the Joint Director (P&S), PD&MD attributed (August 2020) it to varying specifications and different site conditions.

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[76] Internal committee of JKERA headed by CEO of the Agency.

[77] Sewerage Package-3A (Areas of Indra Vihar, Patoli Mangotrian, Toph Sherkhanian, Bhawani Nagar, part Janipur Colony and Mandlik Nagar Sewerage), package-3B (Areas of Ramzanpura, part Janipur Colony, Pamposh Colony and part Paloura).

The reply is not tenable as the estimate as well as rates quoted by the contractor for these items of work in respect of both contracts were same and the works were initially allotted at same rates in the original contract, which also clearly indicated similar site conditions in the areas of execution under these two contracts.

5.4.5.3 Cost revision of sub-projects

Appendix 1 sub-rule 3 of ADB Procurement Guidelines provides that if there is an aggregate increase in cost of the contract by more than 15 *per cent* of the original price, the necessary 'no objection certificate' to proposed extension, modification or change order is to be obtained from the ADB. It was, however, noticed (November 2019) that cost of eight sub-projects[78] was revised from ₹ 505.73 crore to ₹ 773.36 crore involving cost revision of ₹ 267.63 crore without obtaining approval of the ADB. The aggregate increase over original contract amount ranged between 24 *per cent* and 80 *per cent.* The Accounts Officer, JKERA stated (December 2019) that cost over-run was due to inclusion of additional items of works.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that variations and cost overruns were due to inclusion of additional items of works, duly approved by the Tender Approval Committee (TAC) and that necessary approval of ADB had also been obtained.

The reply is not tenable as approval of the ADB was not obtained in respect of sub-projects test checked in audit.

5.4.6 Construction of mechanised Multi-level Parking, Jammu

To overcome the problem of traffic congestion and reduce the menace of roadside parking in areas of old city, Jammu, the agency proposed (August 2013) to construct a fully automatic multi-level car parking facility at an already existing open parking space accommodating around 300 cars. Against parking requirement of 1776[79] cars, a draft Summary Appraisal Report (SAR) for construction of 10 floor mechanised automated multilevel parking facility for accommodating 720 cars was submitted (October 2013) by a Design and Supervision Consultant[80] (DSC), projecting it as a latest technology parking system with minimum maintenance costs, which was followed by submission (June 2014) of Detailed Project Report (DPR) for an estimated cost of ₹ 70.03 crore. However, during discussions held (November 2014) with ADB Mission, the proposal was changed from fully automatic to semi-automatic on the plea that a ten floor parking system required sophisticated technology and would get outdated very soon, thereby contradicting its own statements recorded in the SAR/ DPR wherein it was proposed to construct a 10 floor mechanised automated multilevel parking system, projecting it as a latest technology system with minimum maintenance costs. Another reason stated for changing the proposal was non-

[78] 30 MLD-STP, Landfill cell 2, Jammu Flyover, Srinagar Flyover, S&D of SWM Equip for SMC Lot-2, S&D of SWM Equip for SMC-Dumpers Lot-3, Storm Water Drains at Digiana and Storm Water Drains at Rawalpora.

[79] Requirement for 2016 on the basis of survey conducted by M/s RITES Ltd. (GoI Enterprise).

[80] M/s Shah Technical Consultants (STC).

availability of No Objection Certificate (NoC) from Jammu Municipal Corporation (JMC), which was not based on facts as the NoC for construction of the same was already accorded (July 2014) by Jammu Municipal Corporation (JMC), the authority competent to accord building permissions. Thus, due to communication of incorrect information, the proposal for construction of a fully automatic mechanised car parking facility for accommodating 720 cars was changed to a semi-automatic mechanised car parking facility for 352 cars.

The sub-project was completed (September 2017) by the contractor after a delay of 120 days at a total cost of ₹ 47.08 crore. Further, an expenditure of ₹ 0.02 crore was booked to the sub-project during the period April 2020 to September 2020, taking the total expenditure on the sub-project to ₹ 47.10 crore.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S) PD&MD stated (August 2020) that proposal was changed in order to comply with the guidelines of ADB regarding restriction of height of car parking structure to surrounding buildings.

The reply is not tenable as no such guidelines were issued by ADB and the proposal was changed by ADB Mission due to misrepresentation of facts by JKERA wherein a 14 floor automatic car parking system was projected instead of a 10 floor parking system and apprehensions regarding grant of NoC for the same which, however, had already been issued by JMC well in advance.

5.4.7 Management of Non-Revenue Water (NRW) in Jammu

Two sub-projects[81] for assessment, analysis and reduction management of Non-Revenue Water (NRW) [82] in Jammu were sanctioned (January 2015/ March 2016) with a total original cost of ₹ 30.84 crore[83]. The work was physically completed between December 2016 and September 2017. As per the information submitted by JKERA, a total expenditure of ₹ 26.27 crore[84] was incurred on these two sub-projects ending September 2020. Audit of the sub-projects revealed the following.

A. Assessment of non-revenue water

In order to assess the quantum of NRW and develop a comprehensive NRW reduction plan for a pilot zone[85] of 20 identified District Metered Areas (DMAs), the executing agency (JKERA), without any DPR, awarded (January 2015) the work for installation and removal of domestic water meters and ultrasonic flow meters to a contractor at a negotiated amount of ₹ 4.60 crore. The assessment and analysis of water losses was to be done on the basis of data gathered by obtaining readings from domestic water meters and ultrasonic flow meters installed at the identified locations and the work

81 (i) Assessment and analysis of NRW by way of supply, installation and removal of domestic water meters and (ii) Management for reduction of NRW by installation of water meters with automated meter readers.

82 Water losses in the distribution system.

83 Assessment and analysis of NRW: ₹ 4.60 crore; Management for reduction of NRW: ₹ 26.24 crore.

84 Assessment and analysis of NRW: ₹ 1.98 crore; Management for reduction of NRW: ₹ 24.29 crore.

85 With 30,000 households.

was to be completed within 12 months (April 2016). As per the contract agreement, the contractor had to procure eight portable ultrasonic flow meters and 1,800 dry dial inferential type multi jet domestic water meters at a total cost of ₹ 64.50 lakh[86] and assess the extent of water losses by way of installation and removal of domestic water meters in targeted 15,000 households and ultrasonic flow meters at targeted 1,500 locations. Audit noticed (June 2019) that the work was not completed in full by the contractor even after extending (December 2016) the period of contract. The contract was finally fore-closed (July 2016) and shown as completed (December 2016) after incurring an expenditure of ₹ 1.98 crore. As per the note submitted (January 2018) by the Project Manager Hydraulic, JKERA, the contract was foreclosed on the grounds that there was no further scope of work. Against a target of 15,000 households and 1,500 locations, installation and removal of domestic water meters and ultrasonic flow meters was done at only 7,107 households (47 *per cent*) and 817 locations (54 *per cent*), resulting in incomplete study besides non achievement of objective of preparing a comprehensive NRW reduction plan consequently rendering expenditure of ₹ 1.98 crore as unproductive.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that study of NRW reduction was not conducted in 20 DMAs of Jammu city and the programme was implemented in identified 4 DMAs under subject package due to time constraints and availability of ADB funding.

The reply is not acceptable because neither was the quantum of Non-Revenue Water (NRW) assessed in the identified DMAs nor were any steps taken to develop a comprehensive NRW reduction plan.

B. Monitoring mechanism

As per clause 3.4.1 of NRW reduction management contract, after completion of the studies at the designated locations, the equipments purchased under the contract were required to be handed over by the contractor to the line department in good working condition, to enable their use in subsequent studies.

Audit noticed (June 2019) that out of 8 ultrasonic flow meters and 1,800 domestic water meters handed over (December 2018) to the PHE City Division-I, Jammu, only 448 domestic water meters were found to be in good working condition. There was no mechanism put in place to verify the condition of retrieved material before handing over these to the line department. The remaining 1,352 water meters and 8 flow meters costing ₹ 58 lakh were handed over (December 2018) in unserviceable condition, in violation of the terms and conditions of the contract. Thus, the usable life of 1,352 water meters and 8 flow meters was reduced.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that 1,352 water meters had been erroneously termed as unserviceable by PHED in its Goods Received (GR) statement.

[86] Ultrasonic flow meters at the rate of ₹ 4,80,000 and Domestic water meters at the rate of ₹ 1,450.

The reply is not acceptable as the Executive Engineer, PHED had stated (June 2019) that the material was of no use to them, as it was unserviceable. Absence of mechanism to ensure that material was handed over by the contractor in working condition, resulted in reduction in the usable life of the equipment, thereby denying the full advantage of the expenditure amount.

C. Installation of Equipment

With a view to reduce water losses, a contract for installation of domestic water meters with Automatic Meter Reading (AMR) facility in four selected sampled zones[87] (out of 20 identified DMAs selected for assessment and analysis) was awarded (March 2016) to the contractor at a cost of ₹ 26.24 crore with period of completion as twelve months. The contract envisaged providing service connections with domestic water meters in 4,300 households; installation of electro-magnetic flow meters at identified locations; assessment of flow; and pressure in the network besides operation and maintenance of the water supply system. In order to achieve the objectives of the contract, a Memorandum of Understanding (MoU) was to be executed between the JKERA and the line department, under which the basic data of consumers and pipe distribution network was to be provided by the line department to the Contractor. As per the contract, 75 *per cent* payment was to be released to the contractor on receipt of material, 15 *per cent* after laying and installation of domestic water meters and remaining 10 *per cent* after testing and commissioning.

Audit noticed (June 2019) that due to failure on part of JKERA to execute MoU with the line department (PHED), the basic data of water supply distribution network, updated pipeline network and customer database was not provided to the Contractor. Consequently, the equipment[88] procured were not installed in full. Against 4,300 domestic water meters (valuing ₹ 5.61 crore) and 15 electro-magnetic flow meters (valuing ₹ 35.26 lakh), only 3,485 domestic water meters (valuing ₹ 4.22 crore) and 7 electromagnetic flow meters (valuing ₹ 15.05 lakh) were installed and the contract was finally closed in September 2017. The remaining uninstalled material comprising 815 water meters, 8 flow meters and allied equipments costing ₹ 2.74 crore was handed over to the PHED and was lying unutilised in the Divisional store of PHE City Division-I Jammu (June 2019). A payment of ₹ 2.06 crore[89] was made (August 2016 to September 2017) to the contractor for these supplies. Failure on part of JKERA to coordinate and execute MoU with the line department for providing basic data of water supply distribution network and consumer database to the contractor, resulted in idle investment of ₹ 2.06 crore.

Similarly, three Hand Held Units (HHUs) costing ₹ 21.30 lakh for Automatic Meter Reading (AMR), on domestic water meters were also not put to use (June 2020) as water meter readings had never been recorded at 3,485 service connections, where

87 Trikuta Nagar-A, Trikuta Nagar-B, Shastri Nagar and Karan Nagar.

88 Sluice valve, Foot valve, Butterfly valve, Automatic metre reader, Woltman meters, Electromagnetic flow meters.

89 75 *per cent* of total cost of procured but not installed material.

water meters had been installed, thereby rendering the expenditure incurred on their purchase and installation as unfruitful.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD, while admitting the audit observation, stated (August 2020) that despite significant correspondences with the PHED by JKERA, requesting for sharing details for providing service connections, there was a delay in sharing these details and the scope was reduced and remaining un-utilised material was transferred to the PHED for installation.

5.4.8 Construction of Flyovers at Jammu and Srinagar

In order to decongest traffic on road junctions and improve connectivity to different areas, it was proposed (January 2010 and May 2010) to construct two four-lane flyovers, one from Bikram Chowk to Women College at Jammu and another from Jehangir Chowk to Rambagh Natipora at Srinagar at an estimated cost of ₹ 67.31 crore and ₹ 219.26 crore, respectively. The works were allotted (April 2013) to Contractors[90] at a cost of ₹ 64.30 crore and ₹ 200.74 crore respectively with period of completion as 36 months. The sub-project Bikram Chowk flyover was completed in May 2017 at a cost of ₹ 84.84 crore. As per the information furnished (October 2020) by JKERA, Jehangir Chowk flyover had also been completed (September 2020) after incurring an expenditure of ₹ 379.67 crore.

The contract for construction of Jehangir Chowk flyover at Srinagar was allotted (April 2013) at a total cost of ₹ 200.74 crore and was stipulated to be completed by April 2016. The item wise rates allotted under the contract were applicable throughout the period of execution of the project without any provision for revision of unit rates. As per Clause 13.8 of the terms and condition of contract, the contractor was entitled to payment of price adjustment on account of rise in cost of labour and goods and an amount of ₹ 5.47 crore was paid to the contractor on this account for the period July 2016 to May 2019.

Audit however, noticed (November 2019) that rates of various items of works, allotted under the contract, were revised (July 2016) by JKERA on the basis of prevailing market rates of material and labour and the works executed beyond July 2016 were paid to the contractor at revised rates. Revision of rates, in addition to payment of price adjustments resulted in inadmissible and extra payment of ₹ 29.63 crore to the contractor.

After the matter was referred (June 2020) to the Government, the Joint Director (P&S), PD&MD stated (August 2020) that revision of rates had been approved (April 2017) by the Government on recommendations of a committee.

The reply is not acceptable as price adjustment amounting to ₹ 5.47 crore was already paid to the contractor on account of rise in cost of labour and goods and revision of

[90] M/s Valecha Engineering Ltd Mumbai and M/s Simplex Infrastructure Pvt. Ltd., Mumbai.

rates in the instant case had resulted in undue benefit to the contractor, amounting to ₹ 5.47 crore.

5.4.9 Delayed supplies

As per clause 27.1 of the General Conditions of Contract, penalty at rate of a half *per cent* per week of delay subject to a maximum of 10 *per cent* of the contract value was to be imposed upon the contractor for delayed supplies. Audit noticed (June 2019) that supplies under four sub-projects[91] with a total outlay of ₹ 5.69 crore were received with delays ranging between 7 weeks and 21 weeks. However, no action was initiated to levy penalty amounting to ₹ 36.62 lakh[92], as envisaged in the contract, on the defaulting contractors while releasing their payments. Non-imposition of penalty resulted in undue financial aid to them.

The Joint Director (P&S) PD&MD stated (August 2020) that delay in contract agreement had not been attributed to the contractor and reasons for same were not clear as per available office records and that the records would be checked and report shared with Audit.

The reply indicates lack of serious attempt to complete the projects in time.

Tourism Department

5.5 Construction of Government Tourist assets in lieu of damaged/ destroyed assets

5.5.1 Introduction

The project 'Construction of Government Tourist assets in lieu of assets destroyed in the floods of September 2014' was sanctioned (September 2016) under the Prime Minister's Development Package (PMDP). This project is a part of the Swadesh Darshan Scheme by the Ministry of Tourism (MoT), GoI. The total outlay of the project was ₹ 98.70 crore with 23 sub-projects (components) comprising 109 works/ schemes. Out of the 23 sub-projects, 11 sub-projects were selected in Audit taking into consideration the project cost/ expenditure and geographical location as detailed in ***Appendix 1.2***.

As of March 2019, only three sub-projects were completed, 19 sub-projects were under execution and one sub-project had been dropped. As per the information furnished by Department, 15 sub-projects had been completed, one sub-project was dropped and seven sub-projects were under execution as of September 2020. Further, out of 11 sub-projects selected, only five sub-projects[93] had been completed and six sub-projects were under execution (September 2020).

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91 Solid waste management equipment for SMC, S&D of solid waste management equipment for SMC, S&D equipment for PHED Srinagar and Supply delivery of equipment for use in SMC.

92 Calculated at a minimum rate of 0.50 *per cent.*

93 Development of tourist facilities at SKICC, Development of Khadinar Park Baramulla, Development of tourist facilities at Nageen, Development of tourist facilities at Mughal Gardens and Development of tourist facilities at Mansar Lake.

Against project cost of ₹ 66.97 crore in respect of 11 sub-projects comprising 70 works, ₹ 33.69 crore was sanctioned in favour of 10 Agencies/ Departments for execution of works of these sub-projects (September 2020). It was noticed that damage reports were not prepared/ available in respect of six sub-projects and sanctions were accorded without assessing the extent of damages. The status of 11 sampled sub-projects ending September 2020 is given in ***Appendix 5.5.1***.

During the year 2015, nearly 1.33 crore tourists had visited[94] J&K while the number had increased to 1.69 crore during the year 2018 and declined to 1.32 crore during the year 2019. The revenue realised by the GoJ&K on account of rent from tourist assets and catering services increased from ₹ 1.37 crore during 2014-15 to ₹ 2.94 crore during 2018-19.

5.5.2 Financial Management

Funds under the Project were released by the GoI directly to the Jammu and Kashmir (J&K) State Cable Car Corporation[95] during the period from 2016-17 to 2018-19 which after authorisation by the Department, released funds to the implementing agencies for execution of various works under the project. The year-wise status of funds released *vis-a-vis* expenditure incurred by the implementing agencies during the period from 2016-17 to 2018-19, under the project is given in **Table 5.5.1**.

Table 5.5.1: Fund Position as of March 2019

(₹ in crore)

Sl. No.	Year	Funds provided by GoI	Total funds available with JKCCC	Funds utilised	Unspent balance at the close of the year	Percentage utilisation of funds
(1)	(2)	(3)	(4)	(5)	(6) = (4-5)	(7)
1.	2016-17	19.47	19.47	-	19.47	0
2.	2017-18	27.51	46.98	34.99	11.99	74
3.	2018-19	27.72	39.71	10.10	29.61	25
	Total	**74.70**		**45.09**		

(Source: Monitoring Report on PMDP issued by GoJ&K)

From the above table, it is seen that utilisation of funds was only between zero *per cent* and 74 *per cent* during the years 2016-17 to 2018-19 respectively. Audit further observed that:

- The sanctioned project cost was ₹ 98.70 crore, out of which an amount of ₹ 74.70 crore (76 *per cent*) was released (September 2020) by the GoI credited directly into the Bank account of J&K State Cable Car Corporation under intimation to the GoJ&K. The GoJ&K was required to complete the project by providing the balance funds. The final installment of ₹ 24 crore was to be reimbursed by GoI on receipt of the Utilisation Certificate for the entire project cost of ₹ 98.70 crore. As the GoJ&K did not release balance ₹ 24 crore to the implementing agencies for completion of the works of the project, it could not furnish utilisation certificate of entire sanctioned amount of the project. Thereby

94 Information furnished by the Department.
95 A Jammu and Kashmir State Public Sector Undertaking (PSU).

the claim of reimbursement of the balance amount from GoI could not be preferred.

Thus, assets remained incomplete and GoJ&K could not avail funding to the extent of ₹ 24 crore.

- J&K Cable Car Corporation Limited released (July 2017) ₹ 78 lakh to J&K Housing Board for execution of sub-project 'Development of tourist facilities around *Khusalsar* Lake'. However, no works were executed by the Board as the area was not identified/ demarcated by the Project Authority. As a result, the sub-project was dropped (February 2019) by the GoI. As per the UCs submitted (November 2018) to GoI of India, an expenditure of ₹ 82 lakh was shown incurred, thereby incorrectly reporting the expenditure to the GoI. Therefore, not only funds were lying with the implementing agency in Bank Account, but also the expenditure incurred was not reduced from the reported figures (August 2020). The risk of misappropriation of the Government money exists in such a situation.
- The Subsidiary accounts and the audited statements of accounts were required[96] to be prepared and submitted to higher authorities. Audit scrutiny of records of ten[97] executing agencies revealed that the same was not being done.

In reply, the Deputy Director, Tourism (M&W), Jammu, CEO, Rajouri and CEO, Surinsar-Mansar Development Authority while accepting the observation, stated (June/ July 2019) that the subsidiary records/ accounts would be maintained.

The Subsidiary accounts and the audited statements of accounts mandatorily to be prepared so that applicable financial controls can be exercised.

5.5.3 Project execution

As per the J&K Financial Code[98], no work should be commenced or liability incurred in connection with it, until administrative and technical sanction is accorded.

However, it was noticed that 84 sub-works of eight sub-projects allotted at a cost of ₹ 15.47 crore were executed by six[99] executing agencies without accord of Technical Sanctions, and an expenditure of ₹ 10.98 crore had been incurred (2016-17 to 2018-19) thereon.

After this was pointed out (June 2019) in audit, the CEO, Rajouri Development Authority stated (June 2019) that the DPR for the works sanctioned under the project was submitted (July 2018) to the Administrative Department for accord of Administrative Approval and technical sanction. However, the Development Commissioner, Works raised certain observations which were cleared (January 2019)

96 Condition 15 of the sanction order.

97 Dy. Director (M&W) Jammu and Srinagar, Surinsar-Mansar Development Authority, Rajouri Development Authority, Poonch Development Authority, Floriculture Department, SKICC, Gulmarg Development Authority, J&K Housing Board (Unit-II); and LAWDA.

98 Rule 9.3 of the J&K Financial Code.

99 (i) Deputy Director Tourism, Srinagar, (ii) SKICC, (iii) EE Floriculture Department, Srinagar, (iv) Gulmarg Development Authority, (v) Surinsar-Mansar Development Authority and (vi) Rajouri Development Authority.

but the technical sanction was pending as on the date of Audit (June 2019), which was more than two years from commencement of work in certain cases. The Chief Executive Officer, Surinsar-Mansar Development Authority stated (July 2019) that the DPRs were submitted (June 2019) to the Administrative Department but the technical sanction was awaited (July 2019).

- As per the sanction order[100], the Executing Agency/ GoJ&K should follow the codal procedures of inviting tenders for award of works for execution. In three[101] implementing agencies, 23 sub-works of three sub-projects were executed without invitation of tenders, in contravention of the conditions of the sanction order and Financial rules. An expenditure of ₹ 4.12 crore had been incurred during the period 2016-17 to 2018-19 on these works was thus, irregular.

The CEO, Poonch Development Authority accepting the observations, stated (August 2019) that instructions had been noted for compliance in future. No reply was received from the other two implementing agencies.

- As per the sanction order[102], financial assistance from the GoI was to be utilised for the purpose for which it was released. An expenditure of ₹ 83.45 lakh was incurred by three[103] executing agencies on 11 sub-works which were not approved under the project.

After the matter was referred (June 2020) to the Government, the Director Planning, Tourism Department, GoJ&K stated (August 2020) that the Project/ sub-components were executed strictly as per sanction of Ministry of Tourism (MoT), GoI and whenever any new component was added or dropped same was done with the approval of MoT, GoI.

The reply did not address the specific 11 sub-works pointed out in Audit and approval of MoT, GoI, though called for, was not produced to audit.

- The powers[104] to sanction excess over original estimates is to be exercised as delegated in the Book of Financial Powers, GoJ&K. In three[105] implementing agencies, under three sub-projects in case of 19 sub-works for cost of ₹ 1.92 crore excess over original estimates/ allotments ranging from 29 *per cent* to 15,959 *per cent* of original estimates/ allotments was allowed through execution of supplementary agreements. The cost of these 19 works was revised to ₹ 6.02 crore from the original estimates/ allotments. An expenditure of ₹ 2.64 crore had been incurred on these works (March 2019).

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100 Condition 13 of the sanction order of September 2016 issued by the GoI.

101 (i) SKICC, (ii) J&K Housing Board and (iii) Poonch Development Authority.

102 Condition 7 of the sanction order of September 2016 issued by the GoI.

103 (i) Deputy Director (M&W) Srinagar, (ii) SKICC and (iii) Gulmarg Development Authority.

104 Chief Engineers up to limit of 5 *per cent* of sanctioned amount of the original estimates and to the Superintending Engineers/ Executive Engineers is limited to 5 per cent of the sanctioned estimates provided the amount does not exceed the limit of their powers to technically sanction estimates. Para 5.11 of Book of Financial Powers, GoJ&K.

105 (i) Deputy Director Tourism (M&W) Srinagar, (ii) SKICC and (iii) Gulmarg Development Authority.

- Rajouri Development Authority had created tourist assets with cafeteria, VIP hut etc. for tourists at Chingus during the period from 2008-09 to 2010-11 at a cost of ₹ 1.04 crore. There were also numerous tourist assets in private sector in the vicinity of the Chingus. The Authority obtained sanction (September 2016) for another new sub-project for construction of cafeteria and other facilities. As seen from the records, the sub-project was sanctioned and authorised by the Administrative Department, without considering the existing tourist facilities and without ascertaining actual footfall of tourists in the area. The project was under process of tendering as of June 2019. The CEO Rajouri Development Authority stated (June 2019) that the sub-project was sanctioned and authorised by the Administrative Department.

The Government should fix responsibility in respect of works executed irregularly under the project.

5.5.4 Provision for management and maintenance of assets

As per condition (8) of sanction order of September 2016 issued by the GoI, the State GoJ&K should undertake the responsibility for maintenance and management of assets created under the project. Two cafeterias at Tourist Reception Centre, Poonch and Nature park, Rajouri were completed (2018-19) at a cost of ₹ 1.25 crore. A number of assets like Tourist Information Center, Tourist Cafeteria, Gender based Toilets etc. were to be created under the project which required staff like cooks, waiters, receptionists etc. Audit scrutiny of records of three implementing agencies[106] revealed that the Department did not formulate any plan for operation and management of assets. Audit examination of records of the Deputy Director, Maintenance and Works, (M&W), Jammu revealed that the Department had not undertaken any action plan for skill development/ training programmes under the project.

After the matter was referred (June 2020) to the Government, the Director Planning Tourism Department stated (August 2020) that some of the completed assets had already been outsourced and the Department was formulating policy for operation and management of all assets including those created under the PMDP (Swadesh Darshan).

Audit noticed (June/ July 2019) that two Development Authorities (Rajouri and Poonch) outsourced the Tourist Cafeterias to private contractors for operation and management in contravention of the conditions of sanction order.

In reply, the CEO Poonch Development Authority stated (August 2019) that as per instructions of the Secretary to Government, Tourism Department, GoJ&K the completed assets had to be put to outsourcing for maintenance and operation as there was shortage of trained staff for running assets.

[106] Dy. Director (M&W) Jammu, Rajouri Development Authority and Poonch Development Authority.

The fact remains that outsourcing of assets was also not successful as in the case of Poonch Tourist Reception Center rent of ₹ 28 lakh for the years 2014 to 2019 was outstanding against the contractors. The CEO, Rajouri Development Authority stated (June 2019) that assets were outsourced as per instructions dated February 2019 of the Administrative Department. However, there were instances where the contractors had not paid rent of assets outsourced to them and the Department had not formulated plans for operation/ management and maintenance of assets created under the project, as specified in sanction order of the project.

Chapter-VI

Conclusions and Recommendations

CHAPTER - VI

Conclusions and Recommendations

6.1 Conclusions

The PMDP, a comprehensive reconstruction plan was formulated in the aftermath of the floods of September 2014 in the erstwhile State of Jammu and Kashmir (J&K). The five sectors (pillars) of Humanitarian Relief, Crisis Management, Social Infrastructure, Development Projects and Economic Infrastructure formed the platform for providing relief, rehabilitation and development in the State of J&K.

Under the PMDP, 14 Government Departments of the erstwhile State of J&K along with multiple implementing agencies, were to execute 39 projects with a total outlay of ₹ 35,985 crore. Out of which, ₹ 23,569.96 crore was sanctioned upto the period ending 31 March 2019. The total funds released was, however, ₹ 11,100.28 crore, out of which an amount of ₹ 9,282.84 crore was utilised.

Success of the PMDP therefore, was dependent, *inter alia*, on various factors like timely completion of the projects, sequential execution of package relief to the beneficiaries etc.

Only ₹ 11,100.28 crore was released for 39 projects as on 31 March 2019. Of this, ₹ 7,515.28 crore were released for 16 Selected Projects in audit and an expenditure of ₹ 6,493.35 was incurred as on 31 March 2019.

The following conclusions are drawn based on the significant audit findings highlighted in this Audit Report. The total financial implication of this audit intervention is ₹ 2,125.21 crore.

A. Humanitarian Relief

A.1 Assistance for completely damaged, severely damaged and partially damaged house

The main objective under Humanitarian Relief was to provide timely financial assistance to the households, particularly the houses damaged during floods of September 2014. However, out of ₹ 1,194.85 crore released by the Government of India, the GoJ&K retained ₹ 102.80 crore, thus, depriving beneficiaries of timely financial assistance. An amount of ₹ 1.82 crore remained in Bank accounts depriving 564 affected households of the financial assistance in district Jammu. Further, some beneficiaries were paid assistance though these houses were not damaged during floods as per damage reports. Additionally, extra cash assistance of ₹ 73.85 lakh was credited into Bank accounts of 85 beneficiaries. Furthermore, financial assistance of ₹ 63.45 lakh in 184 cases was provided for households which were not in the list prepared for flood of September 2014.

A.2 Rehabilitation package for Jammu migrants

The Department failed to create an updated database and policy for updation on account of births/ deaths/ separations of Jammu migrants. Cases of payment of arrears to migrant families who did not exist either in CID list or in the Court list; excess payment of arrears on account of interest on cost of ration; and inadmissible payment of arrears to migrant families for the period prior to their registration were noticed in Audit.

A.3 Interest subvention on assistance for restoration of livelihood of traders/ self-employed/ business establishments

Interest subvention was irregularly provided by banks which were rendered substandard prior to floods of September 2014, hence these cases were not eligible. In all, ₹ 456.26 crore of the amount was diverted from scheme funds towards settlement of outstanding loans of houseboat owners and for small business units/ traders not affected by September 2014 floods, Artisan Credit Cards; Kissan Credit Card scheme; Chief Minister's Business Interest Relief Scheme; a private trust etc. Cases of excess payment beyond prescribed limits were also noticed.

A.4 Raising of Five India Reserve Battalions in Jammu and Kashmir

Despite availability of funds, acute shortages in ranks of Head Constables, ASIs, SIs, Inspectors, DSPs were observed.

B. Crisis Management

B.1 Construction of additional Girls Hostels in Higher Education Institutions

Construction of four out of the five girls hostels was assigned to the J&K Housing Board on nomination basis. However, despite the provision for technology for faster execution, none of the girls hostels was complete, depriving the girl students of residential educational accommodation.

B.2 High end Security and law and order system in Jammu and Kashmir

The procedure adopted by the Department for procurement of the Bullet Proof vehicles, Bunkers was not streamlined and as a result, vehicles were procured at higher rates.

B.3 Comprehensive Plan for Flood Management of River Jhelum and its tributaries Phase I

There was a significant shortfall of targets in terms of dredging that was required under the Project to increase the carrying capacity of flood waters of the Jhelum river and through the Flood Spill Channel (FSC). Critical areas of the FSC to increase the evacuation capacity of flood waters were still under excavation.

The Department did not forfeit any amount from the performance bank guarantee of the contractor engaged for dredging for failure to adhere to the terms and conditions of the contract.

B.4 Permanent Restoration of Damaged Infrastructure

The works were taken up without administrative approvals and Technical Sanctions and there was diversion of funds on taking up unapproved works.

C. Social Infrastructure

C.1 Stepping up efforts under Himayat Scheme

State Perspective Implementation Plan for seven years was not prepared and Mission could submit only three year plan without any baseline survey and skill gap analysis. Delays were observed in fund transfer amongst various agencies. Teams were not in place to monitor the defined process of mobilization, training, placement of youth and impact assessment.

D. Development Projects

D.1 Atal Mission for Rejuvenation and Urban Transformation in Jammu and Kashmir

The Department could not ensure availability of encumbrance free land, clearance from utility departments for sub-projects prior to their allotment for execution of works. The Department had taken up construction of Septage Treatment Plant (STP) in Jammu city without ascertaining realistic values of septage in the field, without resolving technical issues and in absence of environmental clearance. The Septage management scheme in Srinagar city was not completed due to non-finalisation of contract for procurement of suction-cum-jetting machines for about three years. The purpose of installation of Intelligent Lighting System in Jammu city could not be achieved due to non-execution of certain essential components of the project such as Red Light Signal Violation Detection (RLVD) system and integration with IT applications to monitor and control 64 intersections from common command control center.

D.2 Balance Central share liability of ongoing Jawaharlal Nehru National Urban Renewal Mission projects for the State of Jammu and Kashmir

Delay in settlement of issues, improper planning in execution of work by the Department led to Solid Waste Management Project in Leh not being completed despite availability of funds and the authorities disposing waste of the town in open fields in an unhygienic manner. In case of “Improvement of road network at Leh” funds were diverted. There was failure of the Department to acquire land for construction of tube wells and award work for infiltration well under “Water Supply Scheme Leh”.

D.3 Externally Aided Project of Jammu and Kashmir Urban Sector Development Investment Programme and Completion of pending projects under PMRP 2004: Counterpart Funding –ADB II

Revision in costs of sub-projects without approval of ADB were noticed. The objective of sub-projects to reduce water losses in identified locations and to prepare comprehensive Non-Revenue Water reduction plan was not achieved, as the extent of water losses could not be assessed, due to gaps in execution of project.

D.4 Construction of Government Tourist assets in lieu of damaged/ destroyed assets

The Department did not formulate plan for operation and maintenance of its tourist assets. As of September 2020, out of 23 sub-projects, 15 sub-projects had been completed and one sub-project was dropped while seven sub-projects were under execution.

In conclusion, it is noticed that there has been less spending in the majority of the projects. Baseline surveys and databases critical to the functioning of the scheme were also not in place and codal provisions were not adhered to while executing projects.

6.2 Recommendations

The Government should:

- *Take steps to recover inadmissible and extra payments disbursed to ineligible beneficiaries to whom financial assistance has been provided;*
- *Prepare a sustainable database of migrants to capture and update details of migrants so as to provide assistance to genuine migrant families in time;*
- *Recoup the funds diverted from the Interest Subvention project for payment to beneficiaries under other schemes/ programmes and the commitments of GoJ&K;*
- *Take effective steps to address issues of land acquisition, delays, land compensation involved in these projects;*
- *Streamline the process of procurement for vehicles/ equipment under High End Security project so that purchases are made timely and for required numbers;*
- *Adequate manpower is provided to Battalions to make them fully operational;*
- *Put in place mechanism to prevent misuse of funds including temporary embezzlement and provide proper structural support by recruiting staff at district and block levels for effective implementation, including liaison and monitoring of the technical support agency of the Himayat scheme;*

- *Adhere to time frames for submission of Utilisation Certificates to the Government of India, financial closure and preparation of project completion reports;*
- *Coordinate and dovetail efforts of all involved Agencies/ Departments for timely completion of projects, especially those involving external aid;*
- *Engage domain experts for assistance in terms of technical and heavy engineering involved projects; and*
- *Fix responsibility and take appropriate action against officials responsible for lapses like diversion of funds, execution of work without tender etc.*

Srinagar/ Jammu
The

(Dr. Abhishek Gupta)
Principal Accountant General (Audit)
Jammu & Kashmir

Countersigned

New Delhi
The

(Girish Chandra Murmu)
Comptroller and Auditor General of India

Appendices

Appendix 1.1

(Reference Paragraph: 1.1)

Statement showing details of PMDP projects executed by Departments/ Agencies of GoI and GoJ&K alongwith funds released and expenditure incurred ending March 2019

(A) Ministry/ Department wise financial position of PMDP projects

(₹ in crore)

Sl. No.	Ministry GoI/ Department GoJ&K	No. of Projects	PMDP cost	Sanctioned cost	Funds released			Funds utilised			Percentage expenditure against	
					GoI Share	GoJ&K Share	Total	GoI Share	GoJ&K Share	Total	Sanctioned cost	Releases
A. Projects executed by Departments/ Agencies of GoI												
1.	Ministry of Defence	4	2,147.00	2,203.99	1,845.82	0.00	1,845.82	1,745.82	0.00	1,745.82	79.21	94.58
2.	Ministry of Road Transport & Highways	14	34,671.00	24,090.49	15,471.07	200.00	15,671.07	15,411.91	200.00	15,611.91	84.81	99.62
3.	Ministry of Health & Family Welfare	1	4,000.00	3,489.00	90.84	0.00	90.84	14.76	0.00	14.76	0.42	16.25
4.	Ministry of Human Resource Development	3	2,100.00	1,945.41	302.84	0.00	302.84	182.08	0.00	182.08	9.36	60.12
5.	Ministry of Power	1	1,115.00	1,788.41	1,699.00	89.42	1,788.42	1,473.42	89.42	1,562.84	87.39	87.39
6.	Ministry of Textiles	1	50.00	21.81	9.03	0.00	9.03	5.15	0.00	5.15	23.61	57.03
	Sub-Total (A)	**24**	**44,083.00**	**33,539.11**	**19,418.60**	**289.42**	**19,708.02**	**18,833.14**	**289.42**	**19,122.56**	**57.02**	**97.03**
B. Projects executed by Departments/ Agencies of GoJ&K												
1.	Horticulture Department	3	529.00	500.00	197.89	23.24	221.23	138.82	15.59	154.41	30.88	69.80
2.	Finance/ Planning Department	5	5,428.00	4,841.34	2,936.88	56.28	2,993.15	3,207.28	48.77	3,256.04	67.25	108.78
3.	Public Works (Roads & Buildings) Department	2	6,000.00	356.36	70.58	0.00	70.58	70.58	0.00	70.58	19.81	100.00
4.	Health & Medical Education Department	1	900.00	900.00	723.02	0.00	723.02	645.24	0.00	645.24	71.69	89.24
5.	Higher Education Department	1	50.00	50.00	23.75	0.00	23.75	9.06	0.00	9.06	18.12	38.15
6.	Disaster Management, Relief & Rehabilitation and Reconstruction Department	5	5,213.00	5,207.38	2,482.01	0.00	2,482.01	2,265.71	0.00	2,265.71	43.51	91.29
7.	Home Department	3	1,250.00	1,250.00	1,122.46	28.49	1,150.95	799.60	28.48	828.08	66.25	71.95

Sl. No.	Ministry GoI/ Department GoJ&K	No. of Projects	PMDP cost	Sanctioned cost	Funds released			Funds utilised			Percentage expenditure against	
					GoI share	GoJ&K share	Total	GoI share	GoJ&K share	Total	Sanctioned cost	Releases
8.	Science & Technology Department	3	2,350.00	343.11	27.80	2.56	30.36	26.16	2.56	28.72	8.37	94.59
9.	Power Development Department	4	8,243.00	5,146.29	1,503.97	131.66	1,635.63	739.32	97.85	837.17	16.27	51.18
10.	Rural Development Department	1	250.00	1,581.10	232.39	0.00	232.39	134.84	0.00	134.84	8.53	58.02
11.	Tourism Department	3	2,241.00	650.18	358.27	0.00	358.27	223.10	0.00	223.10	34.31	62.27
12.	Housing & Urban Development Department	5	1,873.00	2,144.91	604.23	163.21	767.44	357.72	86.55	444.27	20.71	57.89
13.	Irrigation & Flood Control Department	2	1,458.00	399.29	193.86	117.59	311.45	187.39	116.28	303.67	76.05	97.50
14.	Youth Services & Sports Department	1	200.00	200.00	100.05	0.00	100.05	81.95	0.00	81.95	40.98	81.91
	Sub-Total (B)	**39**	**35,985.00**	**23,569.96**	**10,577.16**	**523.03**	**11,100.28**	**8,886.77**	**396.08**	**9,282.84**	**39.38**	**83.63**
	Grand Total	**63**	**80,068.00**	**57,109.07**	**29,995.76**	**812.55**	**30,808.31**	**27,719.91**	**685.50**	**28,405.40**	**49.74**	**92.20**

(Source: Monitoring Report on PMDP Projects issued by the GoJ&K)

(B) Project-wise financial details of PMDP projects implemented by various Agencies/ Departments

(₹ in crore)

Sl. No.	Name of the Project	Project No.	PMDP cost	Sanctioned cost	Funds released			Funds utilised			Percentage of expenditure against	
					GoI share	GoJ&K share	Total	GoI share	GoJ&K share	Total	Sanctioned cost	Releases
Projects executed by Government of India Agencies/ Departments												
A-Ministry of Defence												
1.	Relocation of 216 Transit Camp	01	150.00	107.55	100.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00
2.	Special repairs to road and buildings within BB Cantt, Kalai Bridge, Sukhalo Bridge, Bridge on NH-144A	02	57.00	57.55	51.93	0.00	51.93	51.93	0.00	51.93	90.23	100.00
3.	Srinagar-Uri-LOC road, Srinagar – Leh Road via Kargil and Uri-Kaman post (LOC)	03	233.00	1,417.21	1,233.10	0.00	1,233.10	1,233.10	0.00	1,233.10	87.01	100.00
4.	Nimu Padam Darcha Road	04	1,707.00	621.68	460.79	0.00	460.79	460.79	0.00	460.79	74.12	100.00
	Sub-Total		**2,147.00**	**2,203.99**	**1,845.82**	**0.00**	**1,845.82**	**1,745.82**	**0.00**	**1,745.82**	**79.21**	**94.58**
B- Ministry of Road Transport & Highways												
5.	Projects proposed to be taken up under Bharat Mala	05	2,700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
6.	Zojila Tunnel	06	9,090.00	6,808.69	23.75	0.00	23.75	20.86	0.00	20.86	0.31	87.83
7.	Tunnels at Lechulung and Tanglang pass	07	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
8.	Jammu-Akhnoor-Poonch road	08	5,100.00	918.90	74.75	0.00	74.75	26.98	0.00	26.98	2.94	36.09
9.	Chenani–Sudh Mahadev-Goha road	09	2,100.00	255.90	12.01	0.00	12.01	3.51	0.00	3.51	1.37	29.23

Sl. No.	Name of the Project	Project No.	PMDP cost	Sanctioned cost	Funds released			Funds utilised			Percentage of expenditure against	
					GoI share	GoJ&K share	Total	GoI share	GoJ&K share	Total	Sanctioned cost	Releases
10.	Batote-Kishtwar-Simthan pass-Anantnag road	10	130.00	130.00	130.00	0.00	130.00	130.00	0.00	130.00	100.00	100.00
11.	Semi ring road Jammu	11	1,400.00	1,891.00	420.27	70.00	490.27	420.27	70.00	490.27	25.93	100.00
12.	Semi ring road Srinagar	12	1,860.00	1,860.00	462.92	130.00	592.92	462.92	130.00	592.92	31.88	100.00
13.	Jammu-Udhampur section (kms 15 to 67)	13	83.00	1,814.00	2,638.00	0.00	2,638.00	2,638.00	0.00	2,638.00	145.42	100.00
14.	Udhampur-Ramban road (Kms 67 to 89, 130 to 151)	14	2,137.00	2,137.00	1,123.60	0.00	1,123.60	1,123.60	0.00	1,123.60	52.58	100.00
15.	Tunnel Project: Chenani Nashri section (Kms 89 to 130)	15	781.00	2,519.00	4,703.90	0.00	4,703.90	4,703.90	0.00	4,703.90	186.74	100.00
16.	Ramban Banihal road (kms 151 to 187)	16	2,169.00	2,169.00	462.31	0.00	462.31	462.31	0.00	462.31	21.31	100.00
17.	Srinagar Banihal section (Kms 187 to 189.35 & Kms 220.70 to 286.11)	17	735.00	1,600.00	2,834.37	0.00	2,834.37	2,834.37	0.00	2,834.37	177.15	100.00
18.	Tunnel project: Qazigund-Banihal section (kms 189.35 to 204.70)	18	1,386.00	1,987.00	2,585.19	0.00	2,585.19	2,585.19	0.00	2,585.19	130.11	100.00
	Sub-Total		**34,671.00**	**24,090.49**	**15,471.07**	**200.00**	**15,671.07**	**15,411.91**	**200.00**	**15,611.91**	**64.81**	**99.52**
C-Ministry of Health and Family Welfare												
19.	Creation of two AIIMS like institutions (a) AIIMS Jammu	19	2,000.00	1,661.00	48.34	0.00	48.34	12.47	0.00	12.47	0.75	25.80
	(b) AIIMS Kashmir		2,000.00	1,828.00	42.50	0.00	42.50	2.29	0.00	2.29	0.13	5.39
	Sub-Total		**4,000.00**	**3,489.00**	**90.84**	**0.00**	**90.84**	**14.76**	**0.00**	**14.76**	**0.88**	**31.19**
D- Ministry of Human Resource Development												
20.	IIM Jammu (with possibility of out campus in Valley)	20	1,000.00	561.47	61.90	0.00	61.90	61.90	0.00	61.90	11.02	100.00

Sl. No.	Name of the Project	Project No.	PMDP cost	Sanctioned cost	Funds released			Funds utilised			Percentage of expenditure against	
					GoI share	GoJ&K share	Total	GoI share	GoJ&K share	Total	Sanctioned cost	Releases
21.	IIT at Jammu	21	1,000.00	1,283.94	240.94	0.00	240.94	85.00	0.00	85.00	6.62	35.28
22.	Modernisation of NIT Srinagar	22	100.00	100.00	0.00	0.00	0.00	35.18	0.00	35.18	35.18	
	Sub-Total		**2,100.00**	**1,945.41**	**302.84**	**0.00**	**302.84**	**182.08**	**0.00**	**182.08**	**9.36**	**60.12**
E- Ministry of Power												
23.	Srinagar Leh 220 KV Transmission Line	23	1,115.00	1,788.41	1,699.00	89.42	1,788.42	1,473.42	89.42	1,562.84	87.39	87.39
	Sub-Total		**1,115.00**	**1,788.41**	**1,699.00**	**89.42**	**1,788.42**	**1,473.42**	**89.42**	**1,562.84**	**87.39**	**87.39**
F-Ministry of Textiles												
24.	Pashmina Promotion Programme	24	50.00	21.81	9.03	0.00	9.03	5.15	0.00	5.15	2.61	57.03
	Sub-Total		**50.00**	**21.81**	**9.03**	**0.00**	**9.03**	**5.15**	**0.00**	**5.15**	**2.61**	**57.03**
	Total GoI		**44,083.00**	**33,539.11**	**19,418.60**	**289.42**	**19,708.02**	**18,833.14**	**289.42**	**19,122.56**	**57.02**	**97.03**
Projects executed by State Government/ Agencies												
A- Horticulture Department												
25.	Restoration of damaged Horticulture areas and development of Horticulture in J&K	25	500.00	500.00	197.89	22.34	220.23	138.82	15.23	154.05	30.81	69.95
26.	50 *per cent* subsidy support for setting up of solar driers	26	20.00	0.00	0.00	0.50	0.50	0.00	0.36	0.36		72.00
27.	Cold storage facility at Leh and Kargil	27	9.00	0.00	0.00	0.50	0.50	0.00	0.00	0.00		0.00
	Sub-Total		**529.00**	**500.00**	**197.89**	**23.34**	**221.23**	**138.82**	**15.59**	**154.41**	**30.88**	**69.80**
B- Finance/ Planning Department												
28.	Interest subvention on assistance for restoration of livelihood for traders/ self-employed/ business establishments	28	800.00	800.00	800.00	0.00	800.00	800.00	0.00	800.00	100.00	100.00

Sl. No.	Name of the Project	Project No.	PMDP cost	Sanctioned cost	Funds released			Funds utilised			Percentage of expenditure against	
					GoI share	GoJ&K share	Total	GoI share	GoJ&K share	Total	Sanctioned cost	Releases
29.	Permanent restoration of damaged infrastructure	29	2,000.00	1,263.34	1,176.34	0.00	1,178.34	1,448.75	0.00	1,448.74	114.68	122.95
30.	EAP project of J&K Urban Sector Development Investment Program	30	712.00	712.00	622.28	0.00	622.28	622.28	0.00	622.28	87.40	100.00
31.	Counterpart Funding ADB-II	31	566.00	566.00	313.96	0.00	313.96	313.96	0.00	313.96	55.47	100.00
32.	90 *per cent* grant portion of World Bank assistance for JTFRP	32	1,350.00	1,500.00	22.30	56.28	78.57	22.30	48.77	71.06	4.74	90.44
	Sub-Total		**5,428.00**	**4,841.34**	**2,934.88**	**56.28**	**2,993.15**	**3,207.29**	**48.77**	**3,256.04**	**67.25**	**108.78**
C- Public Works (Roads and Buildings) Department												
33.	Srinagar – Shopian – Qazigund	33	1,800.00	161.91	3.58	0.00	3.58	3.58	0.00	3.58	2.21	100.00
34.	Kargil Zanskar Road	34	4,200.00	194.45	67.00	0.00	67.00	67.00	0.00	67.00	34.46	100.00
	Sub-Total		**6,000.00**	**356.36**	**70.58**	**0.00**	**70.58**	**70.58**	**0.00**	**70.58**	**19.81**	**100.00**
D- Health and Medical Education Department												
35.	Creation of Infrastructure in District Hospitals, Sub DHs and PHCs over 05 years	35	900.00	900.00	723.02	0.00	723.02	645.24	0.00	645.24	71.69	89.24
	Sub-Total		**900.00**	**900.00**	**723.02**	**0.00**	**723.02**	**645.24**	**0.00**	**645.24**	**71.69**	**89.24**
E- Higher Education Department												
36.	Additional Girls Hostels in Higher Education Institutions	36	50.00	50.00	23.75	0.00	23.75	9.06	0.00	9.06	18.12	38.15
	Sub-Total		**50.00**	**50.00**	**23.75**	**0.00**	**23.75**	**9.06**	**0.00**	**9.06**	**18.12**	**38.15**

Sl. No.	Name of the Project	Project No.	PMDP cost	Sanctioned cost	Funds released			Funds utilised			Percentage of expenditure against	
					GoI share	GoJ&K share	Total	GoI share	GoJ&K share	Total	Sanctioned cost	Releases
F- Disaster Management, Relief & Rehabilitation and Reconstruction Department												
37.	Assistance for completely damaged/ severely damaged/ partially damaged houses	37	1,200.00	1,194.38	1,194.85	0.00	1,194.85	1,043.55	0.00	1,043.55	87.37	87.34
38.	State Government jobs to additional 3,000 Kashmiri migrants	38	1,080.00	1,080.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
39.	Construction of 6,000 transit accommodations in the Kashmir valley	39	920.00	920.00	115.00	0.00	115.00	50.00	0.00	50.00	5.43	43.48
40.	Rehabilitation package for Jammu migrants	40	13.00	13.00	13.00	0.00	13.00	13.00	0.00	13.00	100.00	100.00
41.	Rehabilitation package for one time settlement of 36,384 families from POJK and Chhamb Displaced Persons	41	2,000.00	2,000.00	1,159.16	0.00	1,159.16	1,159.16	0.00	1,159.16	57.96	100.00
	Sub-Total		**5,213.00**	**5,207.38**	**2,482.01**	**0.00**	**2,482.01**	**2,265.71**	**0.00**	**2,265.71**	**43.51**	**91.29**
G- Home Department												
42.	High end security and law and order system in J&K	42	500.00	500.00	501.85	0.00	501.86	261.95	0.00	261.95	52.39	52.20
43.	IR Battalion (5 in J&K)	43	300.00	300.00	170.60	28.49	199.09	87.65	28.48	116.13	38.71	58.33
44.	Enhance rate of remuneration to SPOs from ₹ 3,000 pm to ₹ 6,000 pm	44	450.00	450.00	450.00	0.00	450.00	450.00	0.00	450.00	100.00	100.00
	Sub-Total		**1,250.00**	**1,250.00**	**1,122.45**	**28.49**	**1,150.95**	**799.60**	**28.48**	**828.08**	**66.25**	**71.95**
H- Science and Technology Department												
45.	Two Solar Pilot Projects of 20 MW each in Leh and Kargil	45	250.00	240.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Sl. No.	Name of the Project	Project No.	PMDP cost	Sanctioned cost	Funds released			Funds utilised			Percentage of expenditure against	
					GoI share	GoJ&K share	Total	GoI share	GoJ&K share	Total	Sanctioned cost	Releases
46.	Solar off-Grid Home System/ Street Light	46	100.00	95.66	24.22	2.56	26.78	24.22	2.56	26.78	27.99	99.99
47A.	Small Hydro Power Projects: (a) Upto 10 MW Projects	47A	1,000.00	7.45	3.58	0.00	3.58	1.94	0.00	1.94	26.04	54.19
47B.	(b) More than 10 MW upto 25 MW projects	47B	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Sub-Total		**2,350.00**	**343.11**	**27.80**	**2.56**	**30.36**	**26.16**	**2.56**	**28.72**	**8.37**	**94.59**
I- Power Development Department												
48.	Pakal Dul project (4x250= 100 MW) – J&K share	48	4,153.00	1,192.00	500.00	0.00	500.00	500.00	0.00	500.00	41.95	100.00
49.	Price escalation under PMRP-2004 project on transmission and distribution network	49	195.00	194.56	130.00	0.00	130.00	65.85	0.00	65.85	31.85	50.65
50.	Distribution: Special Assistance for augmentation of infrastructure for distribution system	50	3,790.00	3,491.93	873.97	131.66	1,005.63	173.47	97.85	271.32	7.77	26.98
51.	Distribution: Advance technology interventions: Smart grids and smart meters	51	105.00	267.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Sub-Total		**8,243.00**	**5,146.29**	**1,503.97**	**131.66**	**1,635.63**	**739.32**	**97.85**	**837.17**	**16.27**	**51.18**
J- Rural Development Department												
52.	Stepping up efforts under Himayat scheme, 1,00,000 youth to be trained	52	250.00	1,581.00	232.39	0.00	232.39	134.84	0.00	134.84	8.53	58.02
	Sub-Total		**250.00**	**1,581.00**	**232.39**	**0.00**	**232.39**	**134.84**	**0.00**	**134.84**	**8.53**	**58.02**

Sl. No.	Name of the Project	Project No.	PMDP cost	Sanctioned cost	Funds released			Funds utilised			Percentage of expenditure against	
					GoI share	GoJ&K share	Total	GoI share	GoJ&K share	Total	Sanctioned cost	Releases
K- Tourism Development												
53.	Development of Tourism in the State – New projects	53	2,000.00	470.48	227.88	0.00	227.88	134.51	0.00	134.51	28.59	59.03
54.	Construction of Govt. tourist assets in lieu of damaged/ destroyed assets	54	100.00	98.70	74.70	0.00	74.70	45.09	0.00	45.09	45.68	60.36
55A.	(a) 12 Development Authorities, 3 Tourist Circuits, setting up of 50 Tourist Villages proposed under PMRP 2004 and	55A	81.00	81.00	55.69	0.00	55.69	43.50	0.00	43.50	53.70	78.11
55B.	(b) Conservation of Wular Lake	55B	60.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Sub-Total		**2,241.00**	**650.18**	**358.27**	**0.00**	**358.27**	**223.10**	**0.00**	**223.10**	**34.31**	**62.27**
L- Housing and Urban Development Department												
56.	AMRUT	56	744.00	593.05	265.15	45.25	310.40	221.00	29.00	250.00	42.15	80.54
57.	Smart Cities Mission	57	500.00	1,000.00	106.00	40.00	146.00	23.19	0.00	23.19	2.32	15.88
58.	Swachh Bharat Mission	58	193.00	151.63	105.85	74.96	180.81	38.35	54.55	92.90	61.27	51.38
59.	Balance Central Share liability of ongoing JnNURM projects	59	163.00	127.23	127.23	3.00	130.23	75.18	3.00	78.18	61.45	60.03
60.	Rehabilitation of Dal – Nageen Lake	60	273.00	273.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Sub-Total		**1,873.00**	**2,144.91**	**604.23**	**163.21**	**767.44**	**357.72**	**86.55**	**444.27**	**20.71**	**57.89**

Sl. No.	Name of the Project	Project No.	PMDP cost	Sanctioned cost	Funds released			Funds utilised			Percentage of expenditure against	
					GoI share	GoJ&K share	Total	GoI share	GoJ&K share	Total	Sanctioned cost	Releases
M- Public Health Engineering, Irrigation and Flood Control Department												
61	Plan for Comprehensive Flood Management of River Jhelum and its tributaries Phase-I	61	280.00	399.29	193.86	93.59	287.45	187.39	93.49	280.88	70.34	97.71
62	Plan for Comprehensive Flood Management of River Jhelum and its tributaries Phase-II	62	1,178.00	0.00	0.00	24.00	24.00	0.00	22.79	22.79		94.96
	Sub-Total		**1,458.00**	**399.29**	**193.86**	**117.59**	**311.45**	**187.39**	**116.28**	**303.67**	**76.05**	**97.50**
N- Youth Services and Sports Department												
63	Support for sports infrastructure, facilities of coaches/ trainers etc.	63	200.00	200.00	100.05	0.00	100.05	81.95	0.00	81.95	40.98	81.91
	Sub-Total		**200.00**	**200.00**	**100.05**	**0.00**	**100.05**	**81.95**	**0.00**	**81.95**	**40.98**	**81.91**
	Total State		**35,985.00**	**23,569.96**	**10,577.16**	**523.13**	**11,100.29**	**8,886.77**	**396.00**	**9,282.84**	**39.38**	**83.63**
	Grand Total		**80,068.00**	**57,109.07**	**29,995.76**	**812.55**	**30,808.31**	**27,719.91**	**685.50**	**28,405.40**	**49.74**	**92.20**

(Source: Monitoring Report on PMDP Projects issued by the GoJ&K)

Appendix 1.2
(Reference Paragraphs: 1.4, 5.2.3 and 5.5.1)
Audit sampling of selected PMDP projects

Name of the scheme	Implementing Agency	Districts/ Units selected	Sampling Procedure
Audit sample for Humanitarian Relief projects			
Assistance for completely damaged/ severely damaged/ partially damaged houses – Approximate 73,000 *Kacha* houses and 1,58,000 *Pucca* houses	Disaster Management, Relief, Rehabilitation and Reconstruction Department, J&K	Seven districts viz (1) Srinagar (2) Budgam (3) Baramulla (4) Bandipora (5) Jammu (6) Rajouri (7) Poonch. Further, 25 tehsils/ SDMs[1] out of 69 tehsils/ SDMs in these seven selected districts had been covered in Audit and records relating to payment of compensation in respect of 0.14 lakh (15 *per cent*) out of 0.95 lakh damaged houses in these 25 selected tehsils/ SDMs were test checked	Districts had been selected on the basis of judgement sampling and beneficiaries were selected on the basis of Random Sampling by using systematic sampling method
Rehabilitation Package for Jammu migrants	Disaster Management, Relief, Rehabilitation and Reconstruction Department, J&K	Reasi, Jammu, Udhampur	Selective (Judgement) sampling method
Rehabilitation package for one-time settlement of 36,384 families from POJK and Chhamb Displaced Persons	Disaster Management, Relief, Rehabilitation and Reconstruction Department, J&K	PRO Jammu and DC Jammu	Selective (Judgement) sampling method
Interest subvention on assistance for restoration of livelihood for traders/ self-employed/ business establishments etc.	Finance Department, J&K	J&KSLBC, Finance Department, Director Tourism, CM Secretariat, concerned DCs	Selective (Judgement) sampling method
IR Battalion (five in J&K at approximate cost of ₹ 60 crore per Battalion)	Home Department, J&K	All Five IR Battalions	100 *per cent* checked
Audit sample for Crisis Management projects			
Additional Girls Hostel in Higher Education	J&K Housing Board, J&K Police Housing Corporation	Five GDCs in Jammu, Rajouri, Bhaderwah, Bemina Srinagar and Kargil	Non-probability (Selective) sampling method on the basis of expenditure and social factors
High end security and law order system in J&K	Home Department	Administrative Secretary Home Department and DGP J&K	Selective sampling method on the basis of expenditure
Plan for Comprehensive Flood Management of River Jhelum and its tributaries (Phase-I)	Chief Engineer Irrigation and Flood Control Department Srinagar (Kashmir)	Chief Engineer I&FC Department and six executing Divisions	Selective sampling method on the basis of expenditure
Permanent Restoration of damaged infrastructure	20 Departments/ Agencies	Seven Departments viz R&B, I&FC, PHE, School Education, Higher Education, Estates and Industries & Commerce	Selective sampling method on the basis of expenditure

[1] Three tehsils/ SDMs (North, South and Central) in Srinagar district, three tehsils/ SDMs (Budgam, B. K. Pora and Narbal) in Budgam district, four tehsils/ SDMs (Pattan, Sopore, Khoie and Uri) in Baramulla district, two tehsil/ SDMs (Hajan and Sumbal) in Bandipora district, three tehsils/ SDMs (Rajouri, Thanamandi and Sunderbani) in Rajouri district, two tehsils/ SDMs (Haveli and Poonch) in Poonch district and eight tehsils/ SDMs (Jammu South, Mandal, Khour, Chowki Chaura, Marh, Pargwal, Khara Bali and Maira Mandrain) in Jammu district.

Name of the scheme	Implementing agency	Districts/ Units selected	Sampling procedure
Audit sample for Social Infrastructure projects			
Stepping up efforts under HIMAYAT scheme, One lakh youth to be trained in self – employment through placement linked scheme over five years	Department of Rural Development and Panchayati Raj, Government of Jammu and Kashmir through Himayat Mission Management unit (HMMU), Jammu and Kashmir State Rural Livelihood Mission (JKSRLM)	Administrative Secretary, CEO Himayat Mission and 14 training Centres (Jammu: 6; Kashmir: 6 and Delhi: 2) out of 54 training centres	Simple Random Sampling
Enhanced rate of remuneration to SPOs from ₹ 3,000 per month to ₹ 6,000 per month	Director General of Police through its implementing agencies *viz* Senior Superintendents of Police (SSPs)/ Superintendents of Police (SPs) etc. under the supervision of the Principal Secretary to Home Department, Government of Jammu and Kashmir	20 implementing units (out of 79 units) of the Department	Selective sampling based on strength of SPOs in units
Audit sample for Development projects			
Atal Mission for Rejuvenation and Urban Transformation (AMRUT) in Jammu and Kashmir	Urban Local Bodies, J&K Chief Executive Officer (CEO), Leh	Four Mission cities (Srinagar, Jammu, Leh and Anantnag)	Selective sampling method on the basis of expenditure and social factors
Balance Central share liability of ongoing JnNURM projects for the State of Jammu & Kashmir	Chief Executive Officer, Ladakh Autonomous Hill Development Council (LAHDC), Leh, the Directors, Urban Local Bodies, Kashmir and Jammu, the National Building Construction Corporation	Five sub-projects in Srinagar, Doda and Leh cities	Selective sampling method on the basis of expenditure and social factors
EAP Project of J&K Urban sector development investment programme	Jammu and Kashmir Economic Reconstruction Agency (JKERA)	15 sub-projects out of 44 executed in Jammu and Srinagar cities	Selective sampling method on the basis of expenditure and risk factors
Completion of pending projects under PMRP-2004: Counterpart Funding – ADB-II			
Construction of Government Tourist assets in lieu of damaged/ destroyed assets	Jammu and Kashmir Cable Car Corporation Ltd, Jammu and Kashmir Housing Board (JKHB), Lakes and Waterways Development Authority, Director Tourism Kashmir, Director Tourism Jammu, Director Floriculture Kashmir, SKICC, four Development Authorities (Gulmarg, Rajouri, Poonch and Surinsar-Mansar)	11 sub-projects out of 23 sub-projects sampled	Selective sampling method on the basis of project cost/ expenditure and geographical area

Appendix 2.3.1
(Reference Paragraph: 2.3.5)
Statement showing details of Jammu migrants registered in October 2007 but arrears paid for the period from May 2004 to September 2007

Sl. No.	Name of head of migrant family	Father's/ Husband's Name	Arrears paid (Amount in ₹)
1.	Abdul Razaq	Ahmad Gani	1,61,584
2.	Asha Devi	Wd/o Bishan Singh	1,16,797
3.	Balbir Singh	Thakur Dass	1,57,974
4.	Banti Devi	Wd/o Nand Lal	79,231
5.	Bimla Devi	Mangat Ram	1,16,797
6.	Bishan Singh	Ganesha	1,54,360
7.	Breet Singh	Tej Ram	1,61,584
8.	Chuni Lal	Prem Nath	1,68,803
9.	Durga Dass	Dolo	1,57,974
10.	Faqeer Mohd	Khudha Baksh	1,54,360
11.	Gulab Singh	Laksha	1,65,193
12.	Gulam Hussain	Raajwah	1,61,584
13.	Hem Raj	Tej Ram	1,79,634
14.	Isher Singh	Ram chand	1,57,974
15.	Jaswant Singh	Chuni Lal	1,54,360
16.	Jodh Ram	Tej Ram	1,65,803
17.	Kalyan Singh	Lal Chand	1,57,974
18.	Krishan Lal	Lal Chand	1,65,193
19.	Krishan Lal	Sukhi Ram	1,57,974
20.	Krishan Singh	Kartar Singh	1,65,193
21.	Krishan Singh	Tej Ram	1,54,360
22.	Krishan Singh	Jai Singh	1,57,974
23.	Lal Singh	Lakshman	1,54,360
24.	Mangat Ram	Sukhi Ram	1,54,360
25.	Millap Singh	Bodh Raj	1,57,974
26.	Mohan Lal	Ram Krishen	1,57,974
27.	Mohd Hanif	Janga	1,72,413
28.	Mohd. Hussain	Fateh Din	1,68,803
29.	Mohd. Hussain	Janga	1,65,193
30.	Mohinder Paul	Shiv Ram	1,61,584
31.	Mohd Khalil	Sher Khan	1,90,459
32.	Naryan Singh	Lal Man	1,61,584
33.	Om Singh	Thakur Dass	1,57,974
34.	Omkar Singh	Dhyan Singh	1,54,360
35.	Parlad Singh	Bansi Lal	1,16,797

Sl. No.	Name of head of migrant family	Father's/ Husband's Name	Arrears paid (Amount in ₹)
36.	Punjab Singh	Gota Thakur	1,65,193
37.	Ram Saran	Chatru	1,54,360
38.	Ram Singh	Chuni Lal	1,57,974
39.	Sanja Singh Katoch	Sher Singh	1,57,974
40.	Santosha Devi	Wd/o Nasib Singh	1,16,797
41.	Shabil Singh	Lakhu	1,61,584
42.	Sham Singh	Gogar Singh	1,54,360
43.	Sher Singh	Amar Nath	1,57,974
44.	Sher Singh	Dilmani	1,57,974
45.	Soba Ram	Anant Ram	1,65,193
46.	Sunit Singh	Thakur Dass	1,61,584
47.	Suram Devi	Shiv Ram	1,61,584
48.	Swami Raj	Ram Dass	1,16,797
49.	Vijay Kumari	Ram Dass	1,16,797
	Total		**75,52,660**

(Source: Departmental records of Tehsildar Udhampur)

Appendix 2.4.1
(Reference Paragraph: 2.4.6)
Statement showing undue/ wrong payments of Assistance

(Amount in ₹)

Sl. No.	File No.	Name of the displaced person with parentage	Amount	Sl. No.	File No.	Name of the displaced person with parentage	Amount
1.	13610	Matwal Singh S/o Hira	55,000	21.	14942	Mian Singh S/o Madan Singh	1,83,230
	15759	Matwal Singh S/o Hira Singh			15800	Mian Singh S/o Madan Singh	
2.	33	Raghubir Singh S/o Ganda Singh	5,49,692	22.	4735	Isher Singh S/o Sunder Singh	5,49,692
	6558	Raghubir Singh S/o Ganda Singh	0		9000	Isher Singh S/o Sunder Singh	
3.	2851	Gian Chand S/o Devi Dass	5,49,692	23.	4606	Sham Lal S/o Ram Chand	1,83,230
	7629	Gian Chand S/o Devi Dass	5,49,692		17925	Sham Lal S/o Ram Chand	
4.	1454	Harnam Singh S/o Jagat Singh	5,49,692	24.	14486	Om Prakash S/o Beli Ram	5,49,692
	18161	Harnam Singh S/o Jagat Singh	5,49,692		17666	Om Prakash S/o Beli Ram	5,49,692
5.	2299	Chuni Lal S/o Beli Ram	0	25.	17817	Netar Singh S/o Gurdit Singh	3,66,461
	17087	Chuni Lal S/o Beli Ram	5,49,692		18431	Netar Singh S/o Gurdit Singh	0
6.	3244	Faqir Chand S/o Narain Dass	0	26.	4932	Teja Singh S/o Kishen Singh	0
	16539	Faqir Chand S/o Narain Dass	5,49,692		17077	Teja Singh S/o Kishen Singh	5,49,692
7.	2425	Kasturi Lal S/o Sunder Dass	5,49,692	27.	14076	Sadhu Singh S/o Hari Singh	0
	11603	Kasturi Lal S/o Sunder Dass	5,49,692		14654	Sadhu Singh S/o Hari Singh	5,49,692
8.	8882	Inder Chand S/o Ram Kishan	1,83,230	28.	12484	Balwant Singh S/o Isher Singh	1,83,230
	9192	Inder Chand S/o Ram Kishan	3,66,461		17528	Balwant Singh S/o Isher Singh	
9.	9543	Bhagwan Singh S/o Kahan Singh	1,83,230	29.	15008	Bala Ram S/o Sohan Lal	0
	18063	Bhagwan Singh S/o Kahan Singh			15050	Bala Ram S/o Sohan Lal	4,12,269
10.	3938	Gian Chand S/o Sham Dass	5,49,692	30.	9222	Harnam Singh S/o Chhattar Singh	0
	16270	Gian Chand S/o Sham Dass	5,49,692		15894	Harnam Singh S/o Chhattar Singh	5,49,692
11.	18200	Gurbux Singh S/o Bhola Singh	2,74,846	31.	13329	Kishan Singh S/o Dewan Singh	5,49,692
	18209	Gurbux Singh S/o Bhola Singh	2,74,846		16379	Kishan Singh S/o Dewan Singh	
12.	11747	Gian Singh S/o Hira Singh	5,49,692	32.	9086	Daulat Ram S/o Amir Chand	0
	9980	Gian Singh S/o Hira Singh			15108	Daulat Ram S/o Amir Chand	5,49,692
13.	9836	Hira Singh S/o Lal Singh	5,49,692	33.	3669	Mool Singh S/o Bhola Singh	5,49,692
	10855	Hira Singh S/o Lal Singh			14091	Mool Singh S/o Bhola Singh	
14.	8481	Raghbir Singh S/o Kartar Singh	5,49,692	34.	10273	Jagat Ram S/o Moti Ram	0
	10157	Raghbir Singh S/o Kartar Singh			15472	Jagat Ram S/o Moti Ram	1,83,230
15.	358	Jagat Ram S/o Shiv Ram	5,49,692	35.	10993	Amar Nath S/o Kalu Ram	1,83,230
	4168	Jagat Ram S/o Shiv Ram	5,49,692		15104	Amar Nath S/o Kalu Ram	0
16.	1464	Nanak Chand S/o Gopi Chand	5,49,692	36.	15808	Attar Singh S/o Pritam Singh	1,83,230
	3063	Nanak Chand S/o Gopi Chand			16428	Attar Singh S/o Pritam Singh	0
17.	15341	Jai Kishen S/o Thakur Dass	2,74,846	37.	14840	Kirpal Singh S/o Isher Singh	5,49,692
	16232	Jai Kishen S/o Thakur Dass	2,74,846		18566	Kirpal Singh S/o Isher Singh	5,49,692
18.	10552	Ram Chand S/o Jagat Ram	5,49,692	38.	2137	Sunder Dass S/o Gokal Chand	0
	14081	Ram Chand S/o Jagat Ram			14492	Sunder Dass S/o Gokal Chand	5,49,692
19.	6099	Roop Singh S/o Mool Singh	2,74,846	39.	5351	Sain Dass S/o Ram Chand	5,49,692
	14914	Roop Singh S/o Mool Singh	2,74,846		18601	Sain Dass S/o Ram Chand	5,49,692
20.	15160	Puran Chand S/o Bala Ram	78,527	40.	3613	Ishro W/o Late Beli Ram	5,49,692
	18477	Puran Chand S/o Bala Ram			12636	Ishro W/o Late Beli Ram	5,49,692
					Total		**2,30,83,162**

(Source: Departmental records)

Appendix 2.4.2

(Reference Paragraph: 2.4.7)

Case-1: Misrepresentation of fact by claimant

File No.	Name of the displaced person with parentage (POJK address as per applicant)	Family details as per Form A	Family details as per Ledger register	Family details at present	Remarks	Conclusion
11295	Badri Nath S/o Gopi Chand Nagaraki, Haveli, Poonch	POJK address: Narwalket Badri Nath-self Mela Ram-brother	POJK address: Narwal Plandri Self Mela Ram	Udhay Kapoor S/o Badri Nath	Udhay Kapoor has averred in affidavit that Mela Ram had died in 1947 in holocaust in Pakistan and that he was unmarried throughout his life. Court decree referred to in the covering statement has not been kept on record	Udhay Kapoor's averment regarding Mela Ram was contradictory as name of a person who had died in Pakistan would not have appeared in Form A/ Ledger register.
Reply of the Department: Provincial Rehabilitation Officer Jammu stated (August 2020) that the case had been approved on the basis of legal heir certificate, decree and affidavit produced by applicant. The reply is silent about contradiction about Mela Ram's status.						

(Source: Departmental records)

Appendix 2.4.3

(Reference Paragraph: 2.4.7)

Case-2: Mismatch between Form A and details furnished by claimant

File No.	Name of the displaced person with parentage (POJK address as per applicant)	Family details as per Form A	Family details at present	Remarks
2866	Sewa Singh S/o Kirpal Singh Bhurka Bagh, Poonch	Self Hartej Kour-wife Uttam Devi-mother Kirat Singh-son Manjeet Kour-daughter	Kirat Singh S/o Sewa Singh Manjeet Kour W/o Late Sewa Singh Mohinder Kour D/o Late Sewa Singh	Family details are as per court decree in favour of Kirat Singh wherein his mother (Manjeet Kour) and sister (Mohinder Kour) are the defendants. Hartej Kour and Manjeet Kour described as wife and daughter of Sewa Singh in Form A have not been referred to in the case. No affidavit in this regard on record
PRO stated (August 2020) that Kirat Singh mentioned in Form A was considered as others were female members. The reply is not acceptable as family members mentioned in Form A do not match with family details of the claimant.				

(Source: Departmental records)

Appendix 2.4.4
(Reference Paragraph: 2.4.7)
Statement showing details of 54 ineligible/ doubtful cases

(Amount in ₹)

Sl. No.	File No.	Name of the displaced person with parentage	Amount	Sl. No.	File No.	Name of the displaced person with parentage	Amount
1.	8367	Gopal Singh S/o Attar Singh	5,49,692	28.	9241	Gian Singh S/o Jawahar Singh	5,49,692
2.	8104	Jodh Singh S/o Hira Singh	5,49,692	29.	18443	Ganesh Dass S/o Dhani Ram	5,49,692
3.	11295	Badri Nath S/o Gopi Chand	5,49,692	30.	18533	Kaka Singh S/o Sunder Singh	5,49,692
4.	12550	Harnam Singh S/o Hira Singh	5,49,692	31.	16380	Sant Singh S/o Rattan Singh	5,49,692
5.	15457	Balwant Singh S/o Partap Singh	5,49,692	32.	6919	Beli Ram S/o Kala Ram	5,49,692
6.	18187	Sardar Singh S/o Chet Singh	5,49,692	33.	17636	Lehna Singh S/o Partap Singh	5,49,692
7.	14030	Faqir Chand and Ganga Ram Sons of Gokal Chand	5,49,692	34.	1583	Bhajan Singh S/o Saroop Singh	5,49,692
8.	7620	Lal Chand S/o Kala Ram	5,49,692	35.	3790	Shiv Ram S/o Gopi Chand	5,49,692
9.	11005	Krishen Lal S/o Beli Ram	5,49,692	36.	713	Kirpal Singh S/o Gulab Singh	5,49,692
10.	12902	Man Singh S/o Bishan Singh	5,49,692	37.	6735	Lal Chand S/o Kaka Ram	5,49,692
11.	9021	Lal Chand S/o Faquir Chand	5,49,692	38.	1904	Bhagat Ram S/o Kaka Ram	5,49,692
12.	7350	Sunder Singh S/o Hira Singh	5,49,692	39.	623	Balwant Singh S/o Roop Singh	5,49,692
13.	17948	Nand Lal S/o Faqir Chand	5,49,692	40.	3002	Bhagat Singh S/o Devi Singh	5,49,692
14.	6198	Joginder Singh S/o Bhagat Singh	5,49,692	41.	3501	Khem Singh S/o Dharam Singh	5,49,692
15.	5278	Amar Nath S/o Kanshi Ram	5,49,692	42.	17684	Khem Chand S/o Kalyan Chand	5,49,692
16.	10403	Hari Singh S/o Sant Singh	5,49,692	43.	17688	Pritam Singh S/o Tirath Singh	5,49,692
17.	1270	Amar Nath S/o Kanshi Ram	5,49,692	44.	11877	Yog Raj S/o Hari Chand	5,49,692
18.	845	Hakam Singh S/o Jawahar Singh	5,49,692	45.	2703	Moti Ram S/o Sunder Dass	5,49,692
19.	8634	Sant Singh S/o Mohan Singh	5,49,692	46.	12956	Bhagwan Singh S/o Mangal Singh	5,49,692
20.	12108	Tara Singh S/o Laiq Singh	5,49,692	47.	13059	Om Prakash S/o Thakur Dass	5,49,692
21.	12471	Pritam Singh S/o Labh Singh	5,49,692	48.	3097	Jwala Singh S/o Attar Singh	5,49,692
22.	13034	Gian Chand S/o Sunder Dass	5,49,692	49.	13461	Babu Ram S/o Faquir Chand	5,49,692
23.	13511	Man Singh S/o Bishan Singh	5,49,692	50.	3861	Bindraban S/o Basia Ram	5,49,692
24.	13118	Paras Ram S/o Hari Chand	5,49,692	51.	4545	Baldev Singh S/o Amar Singh	5,49,692
25.	7223	Amar Nath S/o Bindraban	5,49,692	52.	9196	Shankar Dass S/o Faqir Chand	5,49,692
26.	3081	Sewa Singh S/o Kirpal Singh	5,49,692	53.	13684	Bhagat Singh S/o Gurdit Singh	5,49,692
27.	2866	Sewa Singh S/o Kirpal Singh	5,49,692	54.	7404	Hari Chand S/o Bishan Dass	5,49,692
					Total		**2,96,83,368**

(Source: Departmental records)

Appendix 2.4.5
(Reference Paragraph: 2.4.9)
Statement showing details of 10 ineligible/ doubtful cases

(Amount in ₹)

Sl. No.	File No.	Name of the displaced person with parentage	Amount	Sl. No.	File No.	Name of the displaced person with parentage	Amount
1.	2541	Pirthi Singh S/o Moti Singh	5,49,692	6.	1139	Prem Chand S/o Mithu Ram	5,49,692
2.	758	Jai Singh S/o Sansar Singh	5,49,692	7.	3053	Rajo Devi W/o Late Chura Ram	5,49,692
3.	1003	Rano Devi W/o Late Dharam Singh S/o Khajoor Singh	5,49,692	8.	2525	Mangu Ram S/o Kheru Ram	5,49,692
4.	46	Prem Chand S/o Sadhu	5,49,692	9.	933	Jalli Ram S/o Amar Nath	5,49,692
5.	149	Rohlu Ram S/o Mohni Ram	5,49,692	10.	3134	Major Singh S/o Jagtu Singh	5,49,692
					Total		**54,96,920**

(Source: Departmental records)

Appendix 2.5.1

(Reference Paragraph: 2.5.3.2)

Statement showing providing of subvention of 50 *per cent* of interest charged between 01 September 2014 and 31 December 2015 to ineligible accounts

(Amount in ₹)

Name Of Borrower	Account Number	Customer ID	Interest charged from 01.09.2014 to 31.12.2015	Interest subvention to the extent of 50 *per cent* (subject to a cap of ₹ 5 lakh per unit)
Universal Sales Agency Prop. Tahir Ali "Irfan" Kursoo Raj Bagh	0252020100000370	000754372	7,67,590	
Universal Sales Agency Prop. Tahir Ali "Irfan" Kursoo Raj Bagh	0252260120000034	000754372	1,66,901	
		Total	**9,34,491**	**4,67,246**
Splendid Developers & Builders	0005020100004420	000871238	8,47,234	
Splendid Developers & Builders	0005260120000032	000871238	18,119	
		Total	**8,65,353**	**4,32,677**
Meer Handicrafts Prop. Bilal Ahmad Mir	0101020100008002	004113306	1,02,953	
Meer Handicrafts Prop. Bilal Ahmad Mir	0101260120000010	004113306	0	
Meer Handicrafts Prop. Bilal Ahmad Mir	0101260120000012	004113306	15,496	
		Total	**1,18,449**	**59,225**
M/s Posh Pharma Pharmaceuticals Distributors Prop. Ab. Rouf Wani	0231020100000869	004856886	75,793	
M/s Posh Pharma Pharmaceuticals Distributors Prop. Ab. Rouf Wani	0231260120000037	004856886	18,068	
		Total	**93,861**	**46,931**
Bilal Ahmad Mir	0391260000000004	001201127	14,468	
Bilal Ahmad Mir	0391266100000019	001201127	86,189	
		Total	**1,00,657**	**50,329**
Mohamad Amien Bhat	0134020100000671	002519936	81,161	
Mohamad Amien Bhat	0134260120000032	002519936	31,489	
		Total	**1,12,650**	**56,325**
Jehlum Roller Flour Mills	0081020100001257	002871586	17,81,975	
Jehlum Roller Flour Mills	0081260120000021	002871586	16,69,551	
		Total	**34,51,526**	**5,00,000**
Shabir Ahmad Bhat S/o Mohd Subhan Bhat	0231260000000002	004343126	11,122	
Shabir Ahmad Bhat S/o Mohd Subhan Bhat	0231266100000055	004343126	34,223	
		Total	**45,345**	**22,673**
Noor Fashion Design Prop. Masrat	0002260000000002	008158943	7,648	
Noor Fashion Design Prop. Masrat	0002265550000007	008158943	19,033	
		Total	**26,681**	**13,341**
		Grand Total		**16,48,747**

(Source: Departmental records)

Appendix 2.5.2

(Reference Paragraph: 2.5.3.2)

Statement showing providing of subvention of five *per cent* of interest charged from 01 January 2016 to 31 December 2018 to ineligible accounts

(Amount in ₹)

Name of the Borrower	Amount of 5 *per cent* subvention for interest charged from 01.01.2016 to 31.12.2016	Amount of 5 *per cent* subvention for interest charged from 01.01.2017 to 31.12.2017	Amount of 5 *per cent* subvention for interest charged from 01.01.2018 to 31.03.2018	Amount of 5 *per cent* subvention for interest charged from 01.04.2018 to 30.06.2018	Amount of 5 *per cent* subvention for interest charged from 01.07.2018 to 30.09.2018	Total Amount of 5 *per cent* subvention for interest charged from 01.01.2016 to 30.09.2018
Universal Sales Agency Prop. Tahir Ali 'Irfan' Kursoo Raj Bagh	3,34,126	3,29,225	1,00,634	70,548	96,969	9,31,502
Splendid Developers & Builders	2,60,719	3,04,869	76,567	79,184	82,288	8,03,627
Bilal Ahmad Mir	24,730	35,739	7,186	6,664	6,407	80,726
Mohamad Amien Bhat	38,386	36,113	7,940	7,841	7,670	97,950
Jehlum Roller Flour Mills	5,00,000	5,00,000	5,00,000	0	0	15,00,000
Meer Handicrafts Prop.- Bilal Ahmad Mir	38,019	35,412	6,427	9,568	9,463	98,889
Shabir Ahmad Bhat S/o Mohd Subhan Bhat	15,451	13,290	2,007	1,564	774	33,086
M/s Posh Pharma Pharmaceuticals Distributors Prop. Ab. Rouf Wani	33,723	25,983	1,705	1,685	1,634	64,730
Noor Fashion Design Prop. Masrat	9,533	22,556	6,344	6,501	6,430	51,364
Grand Total						**36,61,874**

(Source: Departmental records)

Appendix 2.5.3

(Reference Paragraph: 2.5.3.3)

Statement showing providing of interest subvention in excess of cap of ₹ five lakh

(Amount in ₹)

Name of the Borrower	Address of the Borrower	50 *per cent* interest subvention for the period from 01.09.14 to 31.12.2015		5 *per cent* interest subvention for the period from 01.01.16 to 31.12.16		5 *per cent* interest subvention for the period from 01.01.17 to 31.12.17		5 *per cent* interest subvention for the period from 01.01.18 to 30.09.18		Amount disbursed in excess of cap of ₹ 5 lakh
		HDFC Bank	JK Bank	HDFC Bank	JK Bank	HDFC Bank	JK Bank	HDFC Bank	JK Bank	
Himalayan Rolling Steel Industries Pvt. Ltd.	JK SIDCO Industrial Estate Rangreth, Srinagar-190005	86,721.06	5,00,000	1,99,570	5,00,000	1,17,634	0	13,530	5,00,000	2,99,821
Radiant Public School	Anantnag-192101	0	5,00,000	33,421	4,72,691	44,112	0	2,869	4,75,307	6,112
Trumboo Trading Co.	Hyderpora, By-Pass, Srinagar-190014	0	5,00,000	2,18,965	5,00,000	52,367	0	19,929	5,00,000	2,38,894
Total										**5,44,827**

(Source: Departmental records)

Appendix 2.5.4

(Reference Paragraph: 2.5.4.2 (III))

Statement showing providing of interest subvention under CM's Business Interest Relief Scheme

Name of Account holder	Customer ID	Amount (₹ in crore)
Peak Auto Pvt. Limited	001865428	5.73
HK Cement Industries Pvt. Limited	006176494	4.48
Khyber Industries Pvt. Limited	001402359	2.60
Trumbo Industries Pvt. Limited	000627715	2.89
Peak Auto Jammu Pvt. Limited	011557556	2.80
Saifco Cements Pvt. Limited	001402041	2.00
Jamkash Vehicle ads	004226807	2.14
Shuhul Automobiles	001758506	1.52
Himalayan Rolling Steel Industries Pvt. Limited	006313874	4.02
Peaks Agro Warehousing Pvt. Limited	009158848	2.00
J&K Cements Limited	001394354	1.84
Iqbal Motor Transport Services	001403176	1.10
Kashmir Fruit Preservers Partners	007278311	0.89
Kashmir Premium Apples Pvt. Limited	009162922	1.32
Gravity Concrete Solutions Pvt. Limited	006426313	1.01
Shaheen Agro Fresh Pvt. Limited	007922392	1.36
Hassan Road Construction Co. Pvt. Limited	002517779	0.69
Pinnacle Resorts Pvt. Limited	001563269	2.09
HN Agriserve Pvt. Limited	007940879	0.84
Grand total		**41.32**

(Source: Departmental records)

Appendix 3.3.1
(Reference Paragraph: 3.3.2)
Physical Status of various components of Project as of 31 August 2020

Sl. No.	Description/ category of items/ works	Quantity/ works sanctioned (in numbers)	Quantity/ works completed (in numbers)	Status/ Remarks
Part-A (Sanctioned amount: ₹ 203.26 crore)				
1.	BP Rakshak	25	25	Procurement Completed
	BP Bunker	15	15	Procurement Completed
2.	Rakshak Vehicles	67	67	Procurement Completed
3.	Bullet proofing of 100 Gypsy	100	100	Upgradation Completed
4.	BP Gypsy	74	74	Procurement Completed
5.	BP Bunkers for Police stations	100	50	Under progress
6.	BP Jackets for CRPF	9,000	9,518	Procurement Completed
7.	BP Patkas by PHQ	11,000	12,765	Procurement Completed
8.	BP JCB	01	01	Procurement Completed
	BP Tractor	01	01	
9.	BP Morchas	60	00	Under progress
10.	BP Vehicles for CRPF (Gypsy)	80	80	Procurement Completed (Only Base vehicles handed over to CRPF)
	BP Vehicles for CRPF (Mahindra Marksman)	10	10	Procurement completed
	BP Vehicles for CRPF (BP Rakshak)	05	05	Procurement completed
	BP Vehicles for CRPF (BP Bunker)	30	26	Procurement completed with regard to 26 bunkers. Purchase process of 4 BP Bunkers under progress
	Total	**20,568**	**22,737**	
Part-B (Sanctioned amount: ₹ 296.74 crore)				
1.	Central Command Centers with allied works and equipment 01 each at Srinagar and Jammu	02	00	Revised proposal for State wide CCTV Surveillance System with command centres for ₹ 116 crore has been approved in June 2019. Implementation process has been initiated by PHQ. The tendering process for hiring of consultant was completed. Agreement between the parties (Consultant and PHQ J&K) was being signed to frame DPR and initiate process for procurement of State wide CCTV Surveillance System.
2.	District Command Centers with allied works and equipment (Except Leh and Kargil)	18	00	
3.	Video Management System, Video Analysis, Data analysis, facial recognition and other allied features etc. including Big Data Analysis	01	00	
4.	Integrated Command/ control vehicles for use on site in case of emergencies	20	00	
5.	Connectivity and bandwidth costs per year	01	00	
6.	District Command Centres for Leh And Kargil	02	00	
7.	Quick Response Centres at all district Hqrs	25	00	

Sl. No.	Description/ category of items/ works	Quantity/ works sanctioned (in numbers)	Quantity procured/ works sanctioned (in numbers)	Status/ Remarks
8.	Light weight BR Jackets	6,240	8,000	Procurement completed
9.	BR Vest Light weight	700	00	Purchases under progress
10.	Bomb Suits	05	00	Purchases under progress
11.	Satellite Phones	50	50	Procurement completed
12	Hydraulic crane	13	13	Procurement completed
13	Electric Boom Barrier	12	12	Procurement completed
14	RFID Based vehicle access control system	10	10	Procurement completed
15	Instruction detection system with fencing component	23	23	Procurement completed
16	Blast Inhibitor	08	09	Procurement completed
17	Pre Initiator for RCIEDs	04	00	Item not to be purchased
18	Shoot House	01	00	Supply order placed
19	Containerised shoot house	02	00	Supply order placed
20	Unmanned Aerial Vehicle	06	00	Tendering under process
21	BP Patka	7,000	9,000	Procurement completed
22	CCTV cameras with allied accessories for all police stations/ police posts	413	00	Tendering under process
23	IP Based Video Surveillance System (VIP Locations)	20	01	Tendering under process
24	Specially designed Anti-Riot vehicles equipped with IP cameras for video footage	130	87	Orders placed with M/s Tata Motors (67) and M/s Mahindra (20). 20 Mahindra vehicles and 19 Tata vehicles received. 48 in pipeline. Proposal submitted for procurement for 43 more vehicles
25	BP Bunkers	63	38	Supply order for (38) BP Bunkers placed with M/s Mahindra. 17 received and remaining under survey
26	BP Rakshak	55	55	Procurement completed
27	Body Protector Suits	14,620	15,000	Procurement completed
28	Pepper Launching Non-Lethal System	50	00	Tendering under process
29	Anti-Riot Helmet	5,000	7,976	Completed. Sanction sought for additional procurement from the Government
30	Anti-Riot Gas Mask	3,334	00	Tendering under process
31	PC Lathi	20,000	00	Tendering process completed. Technical evaluation/ physical demonstration under process
32	Optical Fibro Scope	25	25	Procurement completed
33	Multipurpose belt	2,500	00	Tendering process completed. Technical evaluation/ physical demonstration under process

Sl. No.	Description/ category of items/ works	Quantity/ works sanctioned (in numbers)	Quantity procured/ works sanctioned (in numbers)	Status/ Remarks
34	Anti-Riot Group Shield	1,740	00	Tendering process completed. Technical evaluation/ physical demonstration under process
35	Knee and Elbow protection pads	10,000	2,551	Procurement completed
36	Riot shock baton	18,333	00	Tendering process completed. Technical evaluation/ physical demonstration under process
37	Shin Guard	18,400	4,563	Procurement completed
38	Spotter Xtreme night	30	00	Item not to be purchased
39	Corner shot assembly	35	00	Supply order placed
40	Ballistic Group shields	100	00	CRPF, which is purchasing light weight ballistic shields has been requested to purchase ballistic shields for J&K police as well. CRPF agreed. Funds being transferred to CRPF
41	Wall Through Radar	10	10	Procurement completed
42	Search Lights (Dragon)	1,500	1,500	Procurement completed
43	Monoculor Night Sight	20	20	Procurement completed
44	Tactical Ladder (Multipurpose)	43	39	Procurement completed
45	Reflex Sight/ holographic sight on weapon	30	40	Procurement completed
46	Special women protection Units to counter crime against women	08	05	-
	Total	**1,10,602**	**49,027**	
	Grand Total (A+B)	**1,31,170**	**71,764**	

Total items: (10+46= 56)
Procurement completed = 33 items
(Source: Departmental records)

Appendix 3.3.2
(Reference Paragraph: 3.3.2.1)
Statement showing Position of purchases without tenders

Sl. No.	Item	Supply order No. & date	Name of the firm	Quantity	Amount paid (₹ in crore)	Remarks
1.	Bullet proof SUV vehicles/ Mahindra Rakshak	MT/ veh-proc-3/ 2016-17/ 7025-29 dated 26.10.2016	M/s Mahindra Defence System Limited, New Delhi	25	10.59	GoI had sanctioned (October 2017) purchase of 25 BP Rakshak at a cost of ₹ 10.50 crore. Supply order placed with the firm without ascertaining reasonability of rates
2.	Mahindra Scorpio BP (Rakhshak Plus)	MT/veh/ proc-04/ 2017-18/ 178-82 dated 08.01.2018	M/s Mahindra Defence System Limited	67	26.15	GoI had sanctioned (October 2017) purchase of 67 Rakshak vehicles at a cost of ₹ 30.15 crore. Supply order placed with the firm without ascertaining reasonability of rates
3.	B P Patkas	Prov-II/sec-86/2017-18/ 77716-20 dated 28.10.2017 supply order dated 27.10.2017	M/s PEC Ltd.	20,000	9.44	GoI had sanctioned (October 2017) purchase of 18,000 BP Patkas at a cost of ₹ 13.85 crore. Supply order placed with the firm without ascertaining reasonability of rates
4.	Body protectors	Prov-I/UE-49/2016-17/ 27262-66 dated 15.04.2016 and supply order dated June 2017	M/s Rubber Private Ltd.	15,000	15.18	GoI had sanctioned (October 2017) purchase of 14,620 Body protector suits at a cost of ₹ 13.35 crore. Supply order placed with the firm on the basis of earlier tenders of March 2015 (Repeat order basis)

Sl. No.	Item	Supply order No. & date	Name of the firm	Quantity	Amount paid (₹ in crore)	Remarks
5.	Farmtrac Tractor and Tipper trolley	MT/veh-proc-03/ 2017-18/ 379-83 dated 18.01.2018	M/s South Kash sales	One Farmtrac Tractor and one Backhoe loader	0.36	GoI had sanctioned (October 2017) purchase of one BP JCB and BP Tractor each at a cost of ₹ 70 lakh. Supply order placed with the firm without ascertaining reasonability of rates
6.	Specially designed Anti-Riot vehicles	MT/veh-proc-05/ 2016-17/ 1770-73 dated 13.02.2019	M/s Tata Motors Limited Gurgaon, Haryana	80	13.84	GoI had sanctioned (October 2017) purchase of 130 'specially designed Anti-Riot vehicles equipped with IP cameras for video footage' at a cost of ₹ 15.60 crore. Supply order placed with the firm without ascertaining reasonability of rates
7.	Specially designed Mahindra defence system	MT/veh-proc-05/ 2016-17/2045-47dated 28.02.2019	M/s Mahindra Defence System Limited	20	3.24	
8.	BP (Suv) Mahindra Scorpio	MT/veh-proc-05/ 2016-17/ 2042-44 dated 28.02.2019	M/s Mahindra Defence System Limited	55	21.47	GoI had sanctioned (October 2017) purchase of 55 BP Rakshak at a cost of ₹ 22 crore. Supply order placed with the firm without ascertaining reasonability of rates
	Total				**100.27**	

(Source: Records of Department)

Appendix 3.5.1

(Reference Paragraph: 3.5.1)

Details of Departments/ Agencies of the State Government for whom the funds have been approved, released as well as utilised under the PMDP as of 31 March 2019

(₹ in crore)

Sl. No.	Name of the Department/ Agency	Amount approved	Amount sanctioned	Amount utilised
1.	Public Works (Roads and Buildings) Department	400.00	400.00	362.41
2.	Estates Department	23.21	23.21	21.82
3.	Industries and Commerce Department	149.96	149.96	147.01
4.	Higher Education Department	50.00	50.00	35.58
5.	School Education Department	100.22	100.22	22.88
6.	Social Welfare Department	5.00	5.00	2.66
7.	Relief & Rehabilitation: (i) Irrigation & Flood control works	254.66	252.16	219.46
	(ii) Water Supply works	53.64	53.64	51.82
8.	Forest	10.00	10.00	6.05
9.	Leh	15.00	15.00	15.00
10.	Animal & Sheep Husbandry Department	5.15	5.15	3.96
11.	Fisheries Department	0.50	0.50	0.48
12.	Agriculture Kashmir	6.00	6.00	3.19
13.	Horticulture Kashmir	4.00	4.00	1.97
14.	Horticulture Planning and Marketing	5.75	5.75	5.71
15.	JK AGROS	4.00	4.00	4.00
16.	Sher-e-Kashmir University of Agricultural Science and Technology, Jammu	6.00	6.00	6.00
17.	Sher-e-Kashmir University of Agricultural Science and Technology, Kashmir	2.00	2.00	2.00
18.	Floriculture Kashmir	1.50	1.50	1.50
19.	Command Area Development Kashmir	0.25	0.25	0.25
20.	Sericulture Jammu and Kashmir	1.50	1.50	1.42
21.	Kargil	15.00	7.50	0.00
22.	Urban Development	150.00	75.00	0.00
	Total	**1,263.34**	**1,178.34**	**915.17**

(Source: Monitoring Report on PMDP-2015 as on 31 March 2019)

Appendix 3.5.2
(Reference Paragraph: 3.5.2)
Statement showing diversion of funds

(₹ in crore)

Sl. No.	Name of the Department	Funds diverted	Particulars	Reply of the Department	Remarks
1.	Public Works (Roads and Buildings)	26.04	Payment of wages, purchase of stationary, POL, execution of other works, office expenses etc.	The funds had been booked towards office expenses, Stationery, Wages, petrol oil and lubricants etc., debited towards three *per cent* contingencies inbuilt in the Detailed project report.	The DPR in respect of PMDP works has not been prepared by the Department
2.	Irrigation and Flood Control	0.21	Payment of wages, refreshment charges, purchase of photocopier, kerosene oil, gas, stationary etc.	The payments were made in absence of any separate head, to comply the directions of the Hon'ble High Court and purchases were made out of overall savings.	The amount diverted from PMDP was not regularised by the competent authority
3.	Industries and Commerce	2.83	Payment of wages, purchase of yarn, dyes, chemicals, power & fuel, clearance of liabilities prior to floods of September 2014	J&K SIDCO had made payment of ₹ 1.85 crore to the Power Development Department as decided and approved by the J&K SIDCO Management.	The decision was taken by the SIDCO Management in absence of any approval from the competent authority. No reply was furnished in respect of balance diverted amount of ₹ 0.98 lakh
4.	Public Health Engineering	0.21	Payment of carriage charges, POL, photography charges, uploading of Income Tax returns etc.	The contingency charges were incurred for carriage of material by means of mechanical transport as well as head load and on Photostate of documents related to flood restoration schemes.	The amount diverted from PMDP was not regularised by the competent authority
	Total	**29.29**			

(Source: Departmental records)

Appendix 3.5.3
(Reference Paragraph: 3.5.3)
Statement showing works executed without Administrative Approval/ Technical Sanction

(₹ in crore)

Sl. No.	Name of the Department	No. of works	Expenditure	Reply of the Department (August 2020)
1.	Public Works (Roads and Buildings)	280	166.95	Works were executed as per approved action plan which was deemed to be administrative approval.
2.	Irrigation and Flood Control	3,709	175.25	The works being of emergency nature were executed in anticipation of accord of administrative approval.
3.	Industries and Commerce	35	149.23	The works were executed on emergency basis.
4.	School Education	145	21.31	It was presumed that administrative approvals and technical sanctions had been accorded by the R&B Department as the estimates were prepared by them.
5.	Public Health Engineering	1,500	44.62	The works being of emergency nature had been executed in anticipation of accord of administrative approval/ technical sanction.
6.	Higher Education	10	31.23	The scheme/ project sanctioned by the GoI on the basis of Detailed Project Report and which is 100 *per cent* funded by GoI, shall be construed as administrative approval by the Government.
7.	Estates	28	22.26 (SPA: 20.96; PMDP: 22.26)	In view of exigency shown to accommodate the Government employees, officers/ Ministers; works were executed by the Estate Division Jammu/ Srinagar in anticipation of administrative approval.
	Total	**5,707**	**610.85**	

(Source: Departmental records)

Appendix 3.5.4
(Reference Paragraph: 3.5.4)
Statement showing works executed without invitation of tenders

Sl. No.	Name of the Department	No. of works	Expenditure incurred (₹ in crore)	Reply of the Department
1.	Irrigation and Flood Control	3,709	175.25	The works had been executed without invitation of tenders on reasonable rates on urgent basis.
2.	Industries and Commerce	10	5.86	The works were executed through transparent tendering process as the SICOP had its own approved annual rates and J&K SIDCO allotted works on e-tendering basis and in some cases, works were allotted to the contractors for other projects in view of urgency.
3.	Public Health Engineering	1,500	44.62	In view of immediate restoration of utilities, the works had been executed without invitation of tenders on reasonable market rates prevailing at that time.
4.	Public Works (PW) Roads and Buildings (R&B)	66	103.15	The works were taken up without call of tenders at the directions of Higher Authorities and Public Representatives on approval basis.
	Total	**5,285**	**328.88**	

(Source: Departmental records)

Appendix 5.2.1

(Reference Paragraph: 5.2.3)

Sector-wise details of Projects under AMRUT Mission (2015-20) in J&K State

(₹ in crore)

Sl. No.	Name of project	DPR cost	Allotted cost	Expenditure	Remarks
1.	Design, construction, erection and commissioning of 164 KLD Septage Treatment Plant at Bhagwati Nagar, Jammu	5.53	4.37	3.25	Selected
2.	Purchase of Sewer/ Jetting machine etc.	3.10	3.10	3.10	Selected
3.	Sewerage Treatment of 5 *nallahs* (a) Design, construction, installation, commissioning and testing of 4.00 MLD sewerage treatment plant (STP) for 5 No. *nallahs* falling on left side of River Tawi	27.52	7.80	2.03	Selected
4.	(b) Construction of sewerage system by way of laying of sewers construction of manhole for 5 nallahs		22.60	0.00	Selected
Drainage sector					
5.	Construction of deep drain Rajiv/ Bikram Chowk	1.25	1.08	1.05	
6.	Construction of deep drain Vasant Vihar	2.18	1.60	1.77	Selected
7.	Construction of deep drain Saraswati Vihar	1.87	1.60	1.67	Selected
8.	Construction of deep drain Sunder Nagar	2.54	3.08	0	
9.	Construction of deep drain Sharika Vihar	3.64	2.83	1.61	Selected
10.	Construction of deep drain along Tawi Canal in Extension Trikuta Nagar	2.08	1.63	1.70	
11.	Construction of drainage network in ST Mohalla	5.23	3.69	2.32	Selected
12.	Construction of drainage network in Swagat Vihar Deeli	1.70	1.20	1.34	Selected
13.	Construction/ Improvement of main Rehari Nallah	1.60	1.14	1.42	Selected
14.	Construction of Peerkho Nallah	4.63	3.69	1.15	
15.	Construction/ upgradation of drainage scheme from canal road (Aggarwal complex)	6.87	5.28	0.73	
16.	Construction of drainage network Kamla Palace (Phase-2)	5.31	4.40	0.38	
17.	Improvement/ upgradation of Rehari Nallah D/s Jewel Chowk	3.58	3.27	1.96	Selected
18.	Construction of drainage scheme at Christian graveyard	1.21	1.07	1.05	
19.	Construction of Nallah and drainage network near Nidesh Apartments	21.86	18.12	11.37	Selected
20.	Improvement/ Construction of drainage system from CM residence	1.45	1.18	0.65	

Sl. No.	Name of project	DPR cost	Allotted cost	Expenditure	Remarks
21.	Construction/ upgradation of drainage nallahs passing through Trikuta Nagar, Gandhi Nagar etc.	10.39	8.64	0	
22.	Drainage network of Digiana, Preet Nagar etc.	5.38	4.36	2.43	Selected
23.	Construction of deep drain from Daily Excelsior etc.	6.90	4.91	0	
24.	Construction of Rajiv Nagar Nallah	9.37	0	0	
Urban Transport Sector					
25.	Development of Pedestrian Walkways, Footpaths and cycle tracks	5.46	4.24	2.06	Selected
26.	Intelligent Traffic System Jammu	19.09	14.25	8.40	Selected
27.	Construction of Multi-Tier Parking at Panjtirthi, Parade, circular road and Gandhi Nagar	24.00	27.87	0	Selected
28.	Construction of Multi-Tier parking at Peerkho	19.90	0	0	Selected
Green Spaces Sector					
29.	Development of Green space on both sides of different nallahs Jammu	5.04	3.97	2.63	Selected
30.	Development of park alongside of nallah, Muthi Camp JDA	1.28	0.78		
	Total projects = 30 Selected = 20				
(2) Anantnag					
Sewerage & Septage Sector					
1.	Alternate Tech for Septage Treatment 62 KLD	3.44	3.30	2.85	
2.	Construction of 4 MLD STPs and Sewerage Pipe Line (a) Design, construction, installation, commissioning of 4.00 MLD STP at Anantnag	40.22	13.90	5.49	Selected
3.	(b) Construction of sewerage system by laying sewers, manhole and house connections at Anantnag		16.81	9.14	Selected
4.	Procurement of sewer jetting machines & suckets	1.55	0	0	Selected
Drainage Sector					
5.	Construction of storm water drains in uncovered areas	12.07	3.652	8.28	Selected
6.	Construction of storm water drains at KP Road etc.		2.7285		

Sl. No.	Name of project	DPR cost	Allotted cost	Expenditure	Remarks
7.	Construction of storm water drains at Khanabal & Janglat Mandi etc.		3.2950		
Green Spaces					
8.	Development of Park at Sheerpora Anantnag	0.56	0.33	0.30	
9.	Development/ Beautification of Khanabal corridor	0.31	0.36	0.16	Selected
10.	Construction of park at Anantnag	0.93	0.7905	0	
Water Supply					
11.	Providing water supply in University Area	6.20	1.62	1.10	Selected
Urban Transport					
12.	Construction of multi-level parking at Janglat Mandi	17.00	14.45	0.28	Selected
	Total projects = 12 Selected = 10				
(3) Kargil					
Sewerage & Septage					
1.	Septage management and procurement of machines	3.20	3.04	1.70	
Water Supply					
2.	Laying of distribution network and construction of service reservoirs etc. (a) Providing, laying and fitting of gravity main 300 mm etc.	12.10	5.075	5.00	
3.	(b) Construction of pre-setting tank, clarrifloculator etc.		4.400		
4.	Construction of two chowkidar quarters		0.18		
5.	Construction of approach road		0.428		
6.	Development of lift water supply scheme along with energy efficient pumping	2.96	1.75	0.39	
7.	Upgradation/ laying of distribution network including lift irrigation scheme SR Chanchik to Lankoor etc.	19.27	11.53	0.11	
8.	Development of two quick-win parks Indra Nagar at Baroo	0.30	0.31	0.27	
9.	Development of parks at Sheer bagh Baroo	1.80	1.40	1.20	
10.	Development of parks at Bul Bul Bagh	0.902	0.6651	0.60	
(4) Srinagar					
Sewerage and Septage sector					
1.	Alternate Tech. of Septage treatment (a) Design, construction, erection, testing and commissioning of 130 KLD Septage Treatment Plant at Achan, Srinagar Zone-II	8.61	4.70	5.12	Selected

Sl. No.	Name of project	DPR cost	Allotted cost	Expenditure	Remarks
2.	(b) Design, construction, erection, testing and commissioning of 164 KLD Septage Treatment Plant at Alluchi-Bagh/ Tengpora, Srinagar Zone -1	10.41	5.94		Selected
3.	Sewerage scheme for peripheral area of Dal Lake Zone 2 and 3 of LAWDA	24.80	18.85	7.88	
4.	Sucker/ Jetting Machines	7.90		Not allotted yet	Selected
Drainage Sector					
5.	Construction of Drainage network in waste Stagnant areas (Zone 1, 2 & 3) At Lal Chowk	10.88	9.45	8.42	
6.	At Shalteng	18.16	14.71	6.18	Selected
7.	At Indra Nagar	21.03	9.67	5.23	
8.	At Malbagh	8.49	5.22	4.73	
9.	Construction/ upgradation of Dewatering stations	4.00	3.24	1.86	
10.	Storm water Drainage scheme for Gangbuk Area	12.67	8.14	8.14	Selected
11.	Rejuvenation of Bari Nambal (A) Patch works 250 M each (i) Section 1st MP school side	6.80			Selected
	ii) Section 2nd MP school side				
	(iii) Section 1st Baba Dawood Khaki Bridge onwards				
	(iv) Section 2nd Baba Dawood Khaki Bridge onwards				
12.	Rejuvenation of Bari Nambal (A) Dredging works (i) RD 0 to 370.79 M (ii) RD 370.79 to 831.65 M (iii) RD 831.65 to 1,044.64 M (iv) RD 1,044.64 to 1,294 M (v) RD 1,294 to 1,412.93 M (vi) RD 0 to 250 M- Kuchoos with 2 boatmen (vii) RD 250 to 500 M-supply of Kuchoos with 2 boatmen (viii) RD 500 to 750 M- Supply of Kuchoos with 2 boatmen (ix) RD 750 to 1,000 M- Supply of Kuchoos with 2 boatmen (x) RD 1,000 to 1,500 M- Supply with 2 boatmen		1.50	Nil	Selected
Urban Transport Sector					
13.	Construction of Multi-tier Parking at Sheikh Bagh	23.04	22.61	6.59	Selected
14.	Construction of Multi-tier Parking at SMG	30.05	26.91	9.46	

Sl. No.	Name of project	DPR cost	Allotted cost	Expenditure	Remarks
15.	(a) Idle Parking at Pantha chowk	5.00	1.28	1.13	
	(b) Construction of 3 No. passenger waiting sheds at bus terminal Pantha chowk		0.299		
	(c) Development of road by way of macadmisation of Bus terminal Pantha chowk		2.07		
16.	Intelligent Traffic system Phase-I	5.46	4.15	0.00	Selected
17.	Procurement of buses	10.10	10.1	2.23	
18.	Development of walkways/ footpaths and cycle tracks Shreen Bagh	1.02	1.02		Selected
19.	Development of walkway footpath along Peerbagh bund	2.05	1.83	0.65	
20.	Development of green patch from Rambagh to tengpora bund	1.58	1.53	0.62	
21.	Development of walkway/ footpath at shreen Bagh bund (Darish Kadal side)	0.70	0.70	0.16	Selected
22.	Construction of cycle track along Nishat soth from Nishat towards Rainawari	2.94	0.00	Not allotted yet	Selected
23.	Intelligent Traffic system Phase–II	10.46		Not tendered yet	Selected
Green spaces					
24.	Development of Green spaces along Jehlum Bunds	1.09	0.92	0.70	Selected
25.	Creation of buffer zones at SLF site at Achan	1.33	0.94	0.00	Selected
26.	Extension of Tulip Garden	1.56	0.59	0.56	
27.	Development of park/ green space (Bemina Park)	2.20	1.80	1.46	
28.	Rejuvenation of Bari Nambal-Phase III	5.00	0.41		
29.	Rejuvenation of Brari Nambal-Phase IV	5.11		Not allotted yet	
Water Supply					
30.	Providing/ laying, commissioning including operation and maintenance for one year of 1,200 mm dia K-9 Ductile iron pipe line from fore bay of old Ganderbal Power House Water treatment plant at Rangil on turnkey basis	20.19	20.66	2.00	Selected
	Total projects = 30 Selected = 23				
(5) Leh					
Sewerage and Septage sector					
1.	Procurement of two sucker and Jetting Machines	1.92	0.37		
Water Supply Sector					
2.	Providing/ laying of distribution network including replacement of defective pipes and construction of SWR & GSR distribution component	4.88	1.15		Selected

Sl. No.	Name of project	DPR cost	Allotted cost	Expenditure	Remarks
3.	Reservoir Component		0.44		
4.	Rising main component		1.28		
Green spaces Sector					
5.	Improvement/ Development of existing 4 Number of parks & Development of various quick-in-parks in ULB (A) Murtsey Park	1.60	0.60	0.65	Selected
6.	(B) Manali park		0.68	0.68	Selected
7.	Creation of Green spaces at Manglay bagh	2.40	2.54		
Urban Transport Sector					
8.	Construction of foot over bridge near SNM hospital	2.71	0.83	0.00	
9.	Traffic Management in Leh town by creating median divider & Mini Parking system	0.70	0.61	0.34	
10.	Development of Multi-Tier Parking	27.83	26.95	0.00	Selected
	Total projects = 10 Selected = 4				

District wise number of total sub-projects and the number of sub-projects selected

Sl. No.	Name of the city/ town Selected	Total sub-projects	Sub-projects selected
1.	Jammu	30	18
2.	Anantnag	12	7
3.	Srinagar	30	16
4.	Kargil	10	Not selected
5.	Leh	10	4
	Grand total	**92**	**45**

(Source: Departmental records and approved guidelines)

Appendix 5.4.1
(Reference Paragraph: 5.4.1)
Details of PMRP/ PMDP funded projects taken up by JKERA under JKUSDIP

(₹ in crore)

Sl. No.	Sub-project Name	Original cost	Revised cost	Expd. PMRP	Expd. PMDP	Total expd. March 2019	Cost escalation	Cost overrun	Date of start	Stipulated date of completion	Actual date of completion	Financial progress March 2019 *(Percentage)*	Physical progress March 2020 *(Percentage)*	Remarks
1.	Approach road to Sanitary Landfil site at Srinagar	2.20	2.57	2.57	0.00	2.57	0.37	0.37	18.06.2008	17.10.2008	17.08.2011	100.00	100.00	Projects taken up and completed under PMRP
2.	Procurement of works at sanitary Landfil site (Cell 1) at Achan Srinagar	14.59	24.11	23.77	0.00	23.77	9.53	9.18	24.12.2008	01.06.2011	21.08.2015	100.00	100.00	
3.	Harwan Nishat raw water pipeline	16.58	15.05	14.31	0.00	14.31	0.00	0.00	18.11.2010	11.05.2011	17.05.2015	100.00	100.00	
4.	Procurement of mobile water tankers and O&M equipment for PHED Lot 4	0.30	0.32	0.32	0.00	0.32	0.03	0.03	10.12.2013	09.06.2014	09.07.2014	100.00	100.00	
5.	Procurement of SWM equipment for SMC Lot 4	0.96	1.03	1.03	0.00	1.03	0.07	0.07	28.10.2013	10.06.2014	10.07.2014	100.00	100.00	
6.	Procurement of solid waste management equipment for Srinagar Municipal Corporation Lot 5	2.56	3.10	3.10	0.00	3.10	0.54	0.54	30.09.2014	30.03.2015	30.07.2015	100.00	100.00	
7.	S&D of Solid Waste Management equipment for Srinagar Municipal Corporation Lot-2	1.90	2.37	2.30	0.07	2.37	0.47	0.47	14.06.2014	13.12.2014	14.05.2015	100.00	100.00	Projects taken under PMRP but completed (financially) under PMDP

Sl. No.	Sub-project Name	Original cost	Revised cost	Expd. PMRP	Expd. PMDP	Total expd. March 2019	Cost escalation	Cost overrun	Date of start	Stipulated date of completion	Actual date of completion	Financial progress March 2019 *(Percentage)*	Physical progress March 2020 *(Percentage)*	Remarks
8.	Supply and delivery of Solid Waste Management equipment for Srinagar Municipal Corporation - Dumper Lot 3	2.46	3.05	3.02	0.03	3.05	0.59	0.59	14.06.2014	13.12.2014	14.02.2015	100.00	100.00	Projects taken under PMRP but completed (financially) under PMDP
9.	Lot 3: Supply of pickup vehicle/ delivery Van Srinagar	0.25	0.25	0.23	0.02	0.25	0.00	0.00	14.06.2014	13.02.2015	14.09.2015	100.00	100.00	
10.	Lot 5: Supply & delivery of back Hoe Loader of type JCB 3dx Super	0.38	0.38	0.34	0.04	0.38	0.00	0.00	30.09.2014	29.06.2015	16.09.2015	100.00	100.00	
11.	Sewerage network package-1 at Jammu	26.91	24.44	14.75	0.09	14.84	0.00	0.00	01.12.2009	31.05.2012	Terminated	NA	67.96	Terminated under PMRP and re-allotted under PMRP
12.	Sewerage network package-2 at Jammu	42.92	60.85	22.28	-0.07	22.21	17.93	0.00	01.12.2009	30.11.2012	Terminated	NA	31.45	
13.	Sewerage network in Bakshi Nagar, Shakti Nagar, Jammu WW-7	58.08	58.06	2.65	53.35	56.00	0.00	0.00	28.09.2015	27.12.2016	31.03.2018	96.44	99.00	Balance works of S. No 11 & 12 clubbed together
14.	Construction of 30 MLD STP Jammu	28.61	36.73	30.88	5.85	36.73	8.12	8.12	09.06.2010	08.12.2012	30.04.2017	100.00	100.00	
15.	Construction of Sanitary Landfill Cell No. 2 at existing Landfill site, Srinagar	18.61	33.59	22.96	8.98	31.94	14.98	13.33	29.08.2012	28.12.2013	03.09.2018	95.11	100.00	

Sl. No.	Sub-project Name	Original cost	Revised cost	Expd. PMRP	Expd. PMDP	Total expd. March 2019	Cost escalation	Cost overrun	Date of start	Stipulated date of completion	Actual date of completion	Financial progress March 2019 *(Percentage)*	Physical progress March 2020 *(Percentage)*	Remarks
16.	Sewerage network storm drains in Bakshi Nagar, Janipur, Shiv Nagar and Shakti Nagar Jammu	10.83	11.03	2.13	7.94	10.07	0.20	0.00	27.06.2014	26.12.2015	31.10.2017	86.17	100.00	
17.	Jehangir Chowk to Rambagh- Natipora Flyover in Srinagar	200.74	340.43	169.63	192.50	362.13	139.69	161.39	22.06.2013	21.06.2016	(In progress)	71.34	98.50	
18.	Construction of Bikram Chowk Flyover Jammu	64.30	81.35	28.09	56.75	84.84	17.05	20.54	15.05.2013	14.05.2016	30.05.2017	99.60	100.00	
19.	Rehabilitation and Channelisation of Storm water Drains in Channi Himmat Jammu	14.87	13.02	7.67	6.23	13.90	0.00	0.00	15.05.2013	14.05.2015	30.05.2017	97.05	100.00	
20.	Construction of tube wells including installation of M&E equipment Lot I Jammu	18.76	21.19	2.87	16.11	18.98	2.43	0.22	01.07.2013	30.06.2016	31.08.2017	83.72	100.00	
21.	Replacement of worn-out pipeline and laying of new pipelines at Jammu	35.76	25.04	5.61	10.58	16.19	0.00	0.00	15.07.2013	14.07.2016	In progress	66.66	80.00	
22.	Construction of parking facility Near Lal Chowk, Srinagar	26.75	27.52	5.41	17.44	22.85	0.77	0.00	24.08.2013	23.02.2015	30.05.2017	77.86	100.00	

Sl. No.	Sub-project Name	Original cost	Revised cost	Expd. PMRP	Expd. PMDP	Total expd. March 2019	Cost escalation	Cost overrun	Date of start	Stipulated date of completion	Actual date of completion	Financial progress March 2019 *(Percentage)*	Physical progress March 2020 *(Percentage)*	Remarks
23.	Surface water drainage system in Athwajan, Srinagar	40.40	45.92	11.40	21.62	33.02	5.52	0.00	30.08.2013	29.08.2016	Terminated (27.12.2018)	66.35	78.00	Terminated
	Balance works of surface water drainage system in Athwajan, Srinagar	4.30	4.30	0.00	0.00	0.00	0.00	0.00	20.03.2019	19.06.2019	In progress	Nil	21.76	Balance works re-allotted
24.	Replacement of worn-out machineries in tube wells in Jammu	23.26	24.12	4.44	21.34	25.78	0.86	2.52	26.10.2013	25.10.2015	31.08.2017	94.52	100.00	
25.	Procurement of solid waste management equipment for Srinagar Municipal Corporation Lot 1	1.56	1.90	1.90	0.00	1.90	0.34	0.34	03.08.2015	02.02.2016	02.03.2016	100.00	100.00	
26.	Construction of tube Wells including installation of M&E equipment under City water supply Lot 2 Jammu	12.02	11.64	2.68	7.44	10.12	0.00	0.00	01.07.2013	30.06.2015	31.08.2017	81.25	100.00	
27.	Storm water drains at Digiana, Gangyal, Ashram, Thanger and tributary Jammu	82.10	113.72	41.34	78.28	119.62	31.62	37.52	05.11.2014	04.02.2017	30.05.2017	99.24	100.00	
28.	Supply, installation and removal of domestic water meters in Jammu	4.60	2.08	0.81	1.07	1.88	0.00	0.00	09.04.2015	08.04.2016	31.12.2016	95.38	100.00	

Sl. No.	Sub-project Name	Original cost	Revised cost	Expd. PMRP	Expd. PMDP	Total expd. March 2019	Cost escalation	Cost overrun	Date of start	Stipulated date of completion	Actual date of completion	Financial progress March 2019 *(Percentage)*	Physical progress March 2020 *(Percentage)*	Remarks
29.	Lot 1: supply and delivery of water tankers of different capacities	3.51	3.55	0.35	3.20	3.55	0.04	0.04	03.08.2015	02.02.2016	03.03.2016	99.87	100.00	
30.	Storm water drainage system Rawalpora chowk to Chanapora Srinagar	107.01	162.12	42.33	132.01	174.34	55.11	67.33	09.06.2014	08.12.2016	28.02.2019	96.67	100.00	
31.	Rehabilitation of water supply pipe Network Zone 2,3,4 & 5 in Jammu	72.98	73.48	9.80	55.90	65.70	0.49	0.00	26.02.2015	25.10.2016	31.12.2017	93.69	100.00	
32.	New Mehjoor bridge at Jawahar Nagar & two Grade Separators in Srinagar	41.83	64.68	2.73	44.56	47.29	22.85	5.46	24.06.2015	23.12.2016	30.06.2019	57.01	100.00	
33.	Raw water pipeline from higher reaches of Doodhganga Srinagar	43.05	43.17	9.44	24.88	34.32	0.12	0.00	10.10.2014	09.10.2016	Terminated (27.12.2018)	76.99	87.00	Terminated
	Balance works of raw water pipeline from higher reaches of Doodhganga	3.98	3.98	0.00	0.00	0.00	0.00	0.00	27.05.2019	26.08.2019	In progress	Nil	10.60	Balance works re-allotted
34.	Construction of sanitary Landfill Cell 3 at existing Landfill site at Achan, Srinagar	19.55	19.55	0.00	11.12	11.12	0.00	0.00	12.09.2015	08.07.2016	03.09.2018	47.53	100.00	

Sl. No.	Sub-project Name	Original cost	Revised cost	Expd. PMRP	Expd. PMDP	Total expd. March 2019	Cost escalation	Cost overrun	Date of start	Stipulated date of completion	Actual date of completion	Financial progress March 2019 *(Percentage)*	Physical progress March 2020 *(Percentage)*	Remarks
35.	Upgradation and upliftment of existing drainage pumping stations in Srinagar Lot A	30.26	30.24	0.00	22.62	22.62	0.00	0.00	01.10.2015	24.12.2016	28.02.2019	66.85	100.00	
36.	Upgradation & upliftment of existing drainaged pumping stations in Srinagar	20.84	16.24	0.00	11.46	11.46	0.00	0.00	01.10.2015	24.12.2016	28.02.2019	59.25	100.00	
37.	Bhawani Nagar, Jammu (State funded)	47.25	52.88	30.24	-7.93	22.31	0.00	0.00	01.12.2009	30.11.2012	Terminated (27.02.16)	NA	44.25	Terminated under PMDP
38.	Bhawani Nagar, Jammu	12.91	16.41	0.00	9.23	9.23	3.50	0.00	10.02.2017	09.02.2018	In progress	56.22	82.00	Balance works of S.No-37 above
39.	Janipur, Jammu	10.63	14.09	0.00	6.66	6.66	3.46	0.00	10.02.2017	09.02.2018	In progress	47.26	68.00	
40.	S&D of equipment for PHED Srinagar various pumps Srinagar Lot 1	0.25	0.25	0.00	0.25	0.25	0.00	0.00	18.05.2016	17.08.2016	10.11.2016	100.00	100.00	
41.	S&D of equipment for PHED Srinagar Auto prime pumps 5-CuSec Lot 2	0.60	0.60	0.00	0.60	0.60	0.00	0.00	19.05.2016	18.08.2016	23.05.2017	99.77	100.00	
42.	S&D of equipment for PHED Srinagar Auto prime pumps 3-CuSec Lot 3	0.66	0.66	0.00	0.65	0.65	0.00	0.00	28.05.2016	27.08.2016	23.05.2017	99.82	100.00	
43.	S&D of equipment for PHED Srinagar self-prime pumps 77.5 Lts/Sec Lot 4	0.24	0.24	0.00	0.24	0.24	0.00	0.00	19.05.2016	18.08.2016	28.02.2017	99.37	100.00	

Sl. No.	Sub-project Name	Original cost	Revised cost	Expd. PMRP	Expd. PMDP	Total expd. March 2019	Cost escalation	Cost overrun	Date of start	Stipulated date of completion	Actual date of completion	Financial progress March 2019 *(Percentage)*	Physical progress March 2020 *(Percentage)*	Remarks
44.	S&D of equipment for PHED Srinagar DG Set 320kva (2) 11 KV/ 440v, 100 KVA HT Dist. Trans. Lot 5	0.66	0.66	0.00	0.66	0.66	0.00	0.00	07.06.2016	06.08.2016	18.10.2016	100.00	100.00	
45.	S&D of Ultra-Sonic flow meters of diameters: (A) 600 mm to 1,200 velocity	0.18	0.18	0.00	0.18	0.18	0.00	0.00	16.06.2016	15.09.2016	02.12.2016	100.00	100.00	
46.	Supply & delivery of water tanker 4k Lot 5	0.63	0.63	0.00	0.50	0.50	0.00	0.00	27.06.2016	26.10.2016	30.07.2017	80	100.00	
47.	Lot 6: supply and delivery of small excavator, portable Asphalt, concrete	0.35	0.35	0.00	0.35	0.35	0.00	0.00	01.08.2016	15.09.2016	15.11.2016	100.00	100.00	
48.	Lot 9: Supply and delivery of hydraulic mobile crane	0.59	0.59	0.00	0.59	0.59	0.00	0.00	01.10.2016	31.01.2017	10.05.2017	100.00	100.00	
49.	Lot 10: Supply and delivery of equipment for use in SMC	0.67	0.67	0.00	0.66	0.66	0.00	0.00	19.10.2016	18.01.2017	17.05.2017	99.66	100.00	
50.	Lot 11: Supply and delivery of equipment for use in SMC	0.59	0.59	0.00	0.59	0.59	0.00	0.00	17.10.2016	09.01.2017	26.05.2017	100.00	100.00	

Sl. No.	Sub-project Name	Original cost	Revised cost	Expd. PMRP	Expd. PMDP	Total Expd. March 2019	Cost escalation	Cost overrun	Date of start	Stipulated date of completion	Actual date of completion	Financial progress March 2019 *(Percentage)*	Physical progress March 2020 *(Percentage)*	Remarks
51.	Construction and operation of multi-level parking Jammu	46.11	46.50	0.00	47.08	47.08	0.39	0.97	03.03.2016	02.06.2017	30.09.2017	92.86	100.00	
52.	Procurement of NRW reduction management contract domestic water meter in Jammu	26.24	24.80	0.00	22.97	22.97	0.00	0.00	28.03.2016	27.03.2017	30.09.2017	92.60	100.00	
53.	Supply & installation of bulk flow meters in Jammu	23.16	22.98	0.00	20.50	20.50	0.00	0.00	10.06.2016	09.03.2017	15.03.2018	89.20	100.00	
	Total	**1,272.28**	**1,589.24**	**523.38**	**915.19**	**1,438.57**	**333.60**	**329.03**						

(Source: Departmental records)

Appendix 5.4.2

(Reference Paragraph: 5.4.5)

Statement showing details of JKUSDIP sub-projects selected as sample for test-check

(₹ in crore)

Sl. No.	Sub-project Name	Original cost	Revised cost	Expd. PMRP	Expd. PMDP	Total Expd. March 2019	Cost escalation	Cost overrun	Date of start	Target date of completion	Actual date of completion	Delay (days)	Financial progress March 2019 *(Percentage)*	Physical progress March 2020 *(Percentage)*	Remarks
1.	Bhawani Nagar, Jammu (3-A)	12.91	16.41	0.00	9.23	9.23	3.50	0.00	10.02.2017	09.02.2018	In Progress	781	56.22	82.00	Balance work of terminated contract
2.	Janipur, Jammu (3-B)	10.63	14.09	0.00	6.66	6.66	3.46	0.00	10.02.2017	09.02.2018	In Progress	781	47.26	68.00	
3.	Supply/ installation/ removal of domestic water meters	4.60	2.08	0.81	1.07	1.88	0.00	0.00	09.04.2015	08.04.2016	31.12.2016	267	95.38	100.00	
4.	Upgradation & upliftment of existing Drainage Pumping Stations in Srinagar Lot A	30.26	30.24	0.00	22.62	22.62	0.00	0.00	01.10.2015	24.12.2016	28.02.2019	796	66.85	100.00	
5.	S&D of equipment for PHED Srinagar- DG Set etc. Lot 5	0.66	0.66	0.00	0.66	0.66	0.00	0.00	07.06.2016	06.08.2016	18.10.2016	73	100.00	100.00	
6.	S&D of equipments for use in SMC	0.67	0.67	0.00	0.66	0.66	0.00	0.00	19.10.2016	18.01.2017	17.05.2017	119	100.00	100.00	
7.	Raw Water Pipeline from higher reaches-Doodhganga	43.05	43.17	9.44	24.88	34.32	0.12	0.00	10.10.2014	09.10.2016	Terminated (27.12.2018)	1269	80.96	87.00	Terminated
	Balance works retendered	3.98	3.98	0.00	0.00	0.00	0.00	0.00	27.05.2019	26.08.2019	In Progress		Nil	10.60	Balance works
8.	NRW reduction management contract in Jammu	26.24	24.80	0.00	22.97	22.97	0.00	0.00	28.03.2016	27.03.2017	30.09.2017	187	92.60	100.00	
9.	Construction of Landfill Cell No. 2 at existing Landfill site	18.61	33.59	22.96	8.98	31.94	14.98	13.33	29.08.2012	28.12.2013	03.09.2018	1710	99.44	100.00	
10.	Jehangir Chowk to Rambagh- Natipora Flyover in Srinagar	200.74	340.43	169.63	192.50	362.13	139.69	161.39	22.06.2013	21.06.2016	In Progress	1379	87.54	98.50	

Sl. No.	Sub-project Name	Original cost	Revised cost	Expd. PMRP	Expd. PMDP	Total Expd. March 2019	Cost escalation	Cost overrun	Date of start	Target date of completion	Actual date of completion	Delay (days)	Financial progress March 2019 *(Percentage)*	Physical progress March 2020 *(Percentage)*	Remarks
11.	Construction of Bikram Chowk Flyover, Jammu	64.30	81.35	28.09	56.75	84.84	17.05	20.54	15.05.2013	14.05.2016	30.05.2017	381	99.60	100.00	
12.	S&D of SWM equipment for SMC Lot-2	1.90	2.37	2.30	0.07	2.37	0.47	0.47	14.06.2014	13.12.2014	14.05.2015	152	100.00	100.00	
13.	S&D of SWM Equipment For SMC Dumper Lot 3	2.46	3.05	3.02	0.03	3.05	0.59	0.59	14.06.2014	13.12.2014	14.02.2015	63	100.00	100.00	
14.	S&D of Water Tankers of different Capacities Lot 1	3.51	3.55	0.35	3.20	3.55	0.04	0.04	03.08.2015	02.02.2016	03.03.2016	30	100.00	100.00	
15.	Construction and operation of Multi-Level Parking Jammu	46.11	46.50	0.00	47.08	47.08	0.39	0.97	03.03.2016	02.06.2017	30.09.2017	120	100.00	100.00	
	Total	**470.63**	**646.94**	**236.60**	**397.36**	**633.95**	**180.29**	**197.33**							

(Source: Departmental records)

Appendix 5.5.1
(Reference paragraph: 5.5.1)
Status of sampled sub-projects as of September 2020

(₹ in crore)

Sl. No.	Name of sub-project	Project cost	Funds provided by GoI	No. of works	Executing Agency	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Development of Tourist facilities at SKICC	9.25	7.19	6	Sher-e-Kashmir International Convention Centre	Sub-project completed without preparation of damage report.
2.	Development of Tourist facilities at Dal Lake	9.50	5.69	3	Sher-e-Kashmir International Convention Centre	No damage report was prepared. Sub-project had not been completed and execution of works were under progress.
3.	Development of Tourist facilities at Bababemb Lagoon	8.25	2.45	8	Lakes and Waterways Development Authority	Sub-project had not been completed and execution of works were under progress.
4.	Development of Tourist park at Athwajan, Srinagar	4.47	0.89	7	J&K Housing Board	Sub-project had not been completed and execution of works were under progress.
5.	Development of Khadinar Park-Baramulla	1.80	1.11	4	Gulmarg Development Authority	Sub-project had been completed.
6.	Development of Tourist facilities at Nageen	5.20	3.31	6	Director Tourism Kashmir	Sub-project completed without preparation of damage report.
7.	Development of Tourist facilities at Mughal Gardens-Nishat Bagh, Shalimar Bagh and Harwan	6.95	1.22	6	Director Floriculture	Project cost of sub-project was sanctioned in excess of cost of damages. Project had been completed.
8.	Development of Tourist Facilities at Surinsar Lake	1.50	-	1	Surinsar-Mansar Development Authority	Damage report was not available. Sub-project had not been completed and execution of works were under progress.
9.	Development of Tourist facilities at Mansar Lake	1.23	0.90	2	Surinsar-Mansar Development Authority	Sub-project completed but the damage report was not available.
10.	Development of Tourist facilities at Bhagwati Nagar, Jammu	15.96	9.02	15	Director Tourism Jammu	Project cost of sub-project was sanctioned in excess of cost of damages. Sub-project had not been completed and execution of works were under progress.
11.	Development of Tourist Facilities at Rajouri/ Nowshera/ Poonch	2.86	1.91	12	Rajouri Development Authority and Poonch Development Authority	No damage report was available. Sub-project had not been completed and execution of works were under progress.
	Total	**66.97**	**33.69**	**70**		

(Source: Departmental records)

Glossary of Abbreviations

Glossary of Abbreviations

Abbreviation	Expanded form
A&E	Accounts and Entitlements
AA	Administrative Approval
AC	Apex Committee
ACA	Additional Central Assistance
ACC	Artisan Credit Card
ADB	Asian Development Bank
AIIMS	All India Institute of Medical Sciences
AMR	Automatic Meter Reading
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
APL	Above Poverty Line
ASI	Assistant Sub-Inspectors
ASP	Activated Sludge Process
BAMK	Bagh-i-Ali Mardhan Khan
BEC	Bid Evaluation Committee
BOG	Board of Governors
BOQ	Bill of Quantity
BP	Bullet Proof
BPL	Below Poverty Line
BPM	Block Programme Managers
BSUP	Basic Services to the Urban Poor
CAPD	Consumer Affairs and Public Distribution
CAPFs	Central Armed Police Forces
CCTV	Closed Circuit Television
CD	Construction Division
CE	Chief Engineer
CEO	Chief Executive Officer
CFC	Craft Facility Centre
CGWB	Central Ground Water Board
CID	Criminal Investigation Department
CM	Chief Minister
CMBIRS	Chief Minister’s Business Interest Relief Scheme
CMFRF	Chief Minister’s Flood Relief Fund
COO	Chief Operating Officer
CPSMS	Central Plan Scheme Monitoring System
CRP	Community Resource Persons
CRPF	Central Reserve Police Force
Cum	Cubic Metre
CWC	Central Water Commission
CWPRS	Central Water and Power Research Station
DBT	Direct Benefit Transfer
DC	Deputy Commissioner
DDC	District Development Commissioner
DDU-GKY	Deen Dayal Upadhyaya Grameen Kaushalya Yojana

Abbreviation	Expanded form
DEA	Department of Economic Affairs
DGP	Director General of Police
DGS&D	Director General of Supplies and Disposals
DIC	District Industries Centre
DMAs	District Metered Areas
DPs	Displaced Persons
DPR	Detailed Project Report
DSC	Design and Supervision Consultant
DSP	Deputy Superintendent of Police
EAP	Externally Aided Project
EE	Executive Engineer
EOCs	Emergency Operation Centres
ERP	Enterprise Resource Planning
FBI Division	Ferozpor Basin Irrigation Division
FC	Flood Control
FCR	Facility Completion Report
FMP	Flood Management programme
FSC	Flood Spill Channel
GDCs	Government Degree Colleges
GeM	Government e Marketplace
GIS	Geographic Information System
GoI	Government of India
GoJ&K	Government of Jammu and Kashmir
GP	Gram Panchayat
GR	Goods Received
GST	Goods and Services Tax
H&UDD	Housing and Urban Development Department
HC	Head Constables
HHUs	Hand Held Units
HMMU	Himayat Mission Management Unit
I&C	Industries and Commerce
I&FC	Irrigation and Flood Control
IBA	Indian Bank Association
IE	Industrial Estate
IHSDP	Integrated Housing and Slum Development Programme
IIM	Indian Institute of Management
IIT	Indian Institute of Technology
INTACH	Indian National Trust for Art and Culture Heritage
IR Battalions	India Reserve Battalions
IT	Information Technology
ITLS	Intelligent Traffic Light System
J&K	Jammu and Kashmir
JKBL	Jammu & Kashmir Bank Limited
JKCCC	Jammu & Kashmir Cable Car Corporation
JKERA	Jammu & Kashmir Economic Reconstruction Agency

Abbreviation	Expanded form
JKHB	Jammu & Kashmir Housing Board
JKHDC	Jammu & Kashmir Handloom Development Corporation
JKPCC	Jammu & Kashmir Projects Construction Corporation
JKPHC	Jammu & Kashmir Police Housing Corporation
JKSLBC	Jammu & Kashmir State Level Bankers Committee
JKSRLM	Jammu & Kashmir State Rural Livelihood Mission
JKUSDIP	Jammu & Kashmir Urban Sector Development Investment Programme
JMC	Jammu Municipal Corporation
JnNURM	Jawaharlal Nehru National Urban Renewal Mission
KCC	Kissan Credit Card
Kms	Kilometres
LAHDC	Ladakh Autonomous Hill Development Council
LLSC	Local Level Steering Committee
M&E	Machinery and Equipment
M&W	Maintenance and Works
MBBR	Moving Bed Biofilm Reactor
MBPV	Medium Bullet Proof Vehicles
MD	Managing Director
MHA	Ministry of Home Affairs
MLA	Member Legislative Assembly
MLD	Million Litres a day
MoHUA	Ministry of Housing and Urban Affairs
MoRD	Ministry of Rural Development
MoT	Ministry of Tourism
MOU	Memorandum of understanding
MOUD	Ministry of Urban Development
MT	Metric Ton
NABARD	National Bank for Agriculture and Rural Development
NABCONS	NABARD Consultancy Services
NBFCs	Non-Banking Financial Companies
NDMA	National Disaster Management Authority
NHRC	National Human Rights Commission
NIT	Notice Inviting Tender
NoC	No objection certificate
NP	Non-pressure
NRW	Non-Revenue Water
OBC	Other backward class
OEMs	Original Equipment Manufacturers
OFC	Outfall Channel
P&S	Planning and Statistics
PC	Personal Computer
PCR	Project Completion Report

Abbreviation	Expanded form
PCUs	Passenger Car Units
PD&MD	Planning, Development and Monitoring Department
PDD	Power Development Department
PFMS	Public Financial Management System
PG	Post Graduate
PHE	Public Health Engineering
PHED	Public Health Engineering Department
PHQ	Police Headquarters
PIAs	Programme Implementing Agencies
PMDP	Prime Minister's Development Package
PMNRF	Prime Minister's National Relief Fund
PMRP	Prime Minister's Reconstruction Plan
PNCs	Price Negotiation Committees
POA	Power of Attorney
POJK	Pakistan Occupied Jammu Kashmir
PRC	Permanent Resident Certificate
PRO	Provincial Rehabilitation Officer
PW (R&B)	Public Works (Roads and Buildings)
RCC	Reinforced cement concrete
RD	Running Distance
RLVD	Red Light Signal Violation Detection
RM	Running metre
RTO	Regional Transport Officer
S&D	Sewerage and Drainage
SAAP	State Annual Action Plan
SAR	Summary Appraisal Report
SBR	Sequential Batch Reactors
SC	Scheduled caste
SDBC	Semi Dense Bituminous Concrete
SDM	Sub Divisional Magistrate
SDRF	State Disaster Relief Fund
SE	Superintending Engineer
SFC	State Financial Corporation
SGA	Skill Gap Assessment
SHGs	Self Help Groups
SHPSC	State Level High Powered Steering Committee
SI	Sub-Inspectors
SICOP	Small Scale Industries Development Corporation
SIDCO	State Industries Development Corporation
SKICC	Sher-I-Kashmir International Convention Centre
SLBs	Service Level Benchmarks
SLCC	State Level Contract Committee
SLIP	Service Level Improvement Plans
SLPC	State Level Purchase Committee
SLSC	State Level Screening Committee
SLTC	State Level Technical Committee

Abbreviation	Expanded form
SMC	Srinagar Municipal Corporation
SMP	Septage Management Project
SOP	Standard Operating Procedure
SPA	Special Plan Assistance
SPCB	State Pollution Control Board
SPIP	State Perspective Implementation Plan
SPOs	Special Police officers
Sqm	Square Metres
SR	Service Reservoir
SRE	Security Related Expenditure
SRLM	State Rural Livelihood Mission
SRO	Statutory Rule and Order
SRSWOR	Simple Random Sampling Without Replacement
SSPs	Senior Superintendents of Police
SSR	Sanctioned Schedule of Rates
ST	Scheduled tribe
STP	Sewerage/ Septage Treatment Plant
SUIDA	State Urban Infrastructural Development Agency
SWMS	Solid Waste Management System
TAC	Tender Approval Committee
TAM	Triangular Aerial Mast
TAMEIR	The Aggregative Macro Economics and Infrastructure Rebuilding Plan
TDS	Tax Deduction at Source
TS	Technical Sanction
TSA	Technical Support Agency
UC	Utilisation Certificate
UEED	Urban Environmental Engineering Department
UGC	University Grants Commission
UIDSSMT	Urban Infrastructural Development Scheme for Small and Medium Towns
UIG	Urban Infrastructure and Governance
ULBs	Urban Local Bodies
UPS	Uninterrupted power supply
UT	Union Territory
VIPs	Very Important Persons

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सत्यमेव जयते

State Finances Audit Report
of
the Comptroller and Auditor General of India

for the year 2019-20 (01.04.2019 to 30.10.2019)

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Government of Jammu and Kashmir

Report No. 3 of the year 2021

State Finances Audit Report

of

the Comptroller and Auditor General of India

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PREFACE

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

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

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

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

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

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

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

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

Executive Summary

EXECUTIVE SUMMARY

Background

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

The Report

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

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

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

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

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

Audit findings

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

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

(Para 1.5.1)

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

(Para 1.6.1)

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

(Para 2.3.2.1.2)

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

(Para 2.3.2.2.1)

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

(Para 2.3.2.2.2)

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

(Para 2.3.2.2.3)

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

(Para 2.4.2.1)

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

(Para 2.4.2.2)

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

(Para 2.4.3.2)

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

(Para 2.4.3.3)

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

(Para 2.5.2)

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

(Para 2.7.3)

Chapter-III- Budgetary Management:

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

(Para 3.3.1)

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

(Para 3.3.2)

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

(Para 3.4.1)

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

(Para 3.4.2)

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

(Para 3.5.2)

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

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

(Para 4.7)

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

(Para 4.8)

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

(Para 4.9)

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

(Para 4.13)

Chapter-I

Overview

CHAPTER-I

OVERVIEW

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

1.1 Profile of the State

The State of Jammu and Kashmir (J&K) was strategically located with its borders touching Pakistan and China and was spread over a geographical area of 2.22 lakh sq. km. Jammu & Kashmir was the 6th largest state of India occupying 6.76 per cent of the country's geographical area. The three regions of the State viz. Kashmir, Jammu and Ladakh were organised into 22 districts. Consequent on the reorganisation of the State of Jammu and Kashmir, under the Jammu & Kashmir Reorganisation Act, 2019, the State of Jammu and Kashmir was reorganised as Union Territory of Jammu & Kashmir and Union Territory of Ladakh (w.e.f 31 October 2019). The Union Territory of Jammu & Kashmir is constituted of all districts of erstwhile Jammu & Kashmir State except Leh and Kargil districts and Union Territory of Ladakh is constituted of Leh and Kargil districts of the erstwhile Jammu & Kashmir State. The profile of the erstwhile State and the development indicators relating to major infrastructure is reflected in ***Appendix 1.1***.

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

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

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

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

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

1.1.1 Gross State Domestic Product of the State

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

1.2 Basis and Approach to State Finances Audit Report

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

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

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

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

- Various audit reports of the CAG of India.

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

1.3 Report Structure

The SFAR is structured into the following four Chapters:

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

1.4 Overview of Government Accounts Structure and Budgetary Processes

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

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

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

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

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

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

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

Apart from above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account of the State. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

There is a constitutional requirement under Section 79 of the Constitution of erstwhile State of Jammu & Kashmir to present before both the Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the Government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. The original budget for the year 2019-20 was for the complete year i.e 01 April 2019 to 31 March 2020. However, as a consequence of the reorganisation that took place w.e.f 31st October 2019, the pre-actuals/Revised Estimates for seven months (01 April 2019 to 30 October 2019) as reflected in the demand for Grants 2020-21 passed (March 2020) by the Parliament have been taken as the Budget Estimates in this report.

Revenue receipts consist of tax revenue, non-tax revenue, share of Union Taxes/ Duties, and grants from Government of India.

Revenue expenditure consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government departments and various services, interest payments on debt incurred by the Government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The **Capital receipts** consist of:

- **Debt receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, etc.;

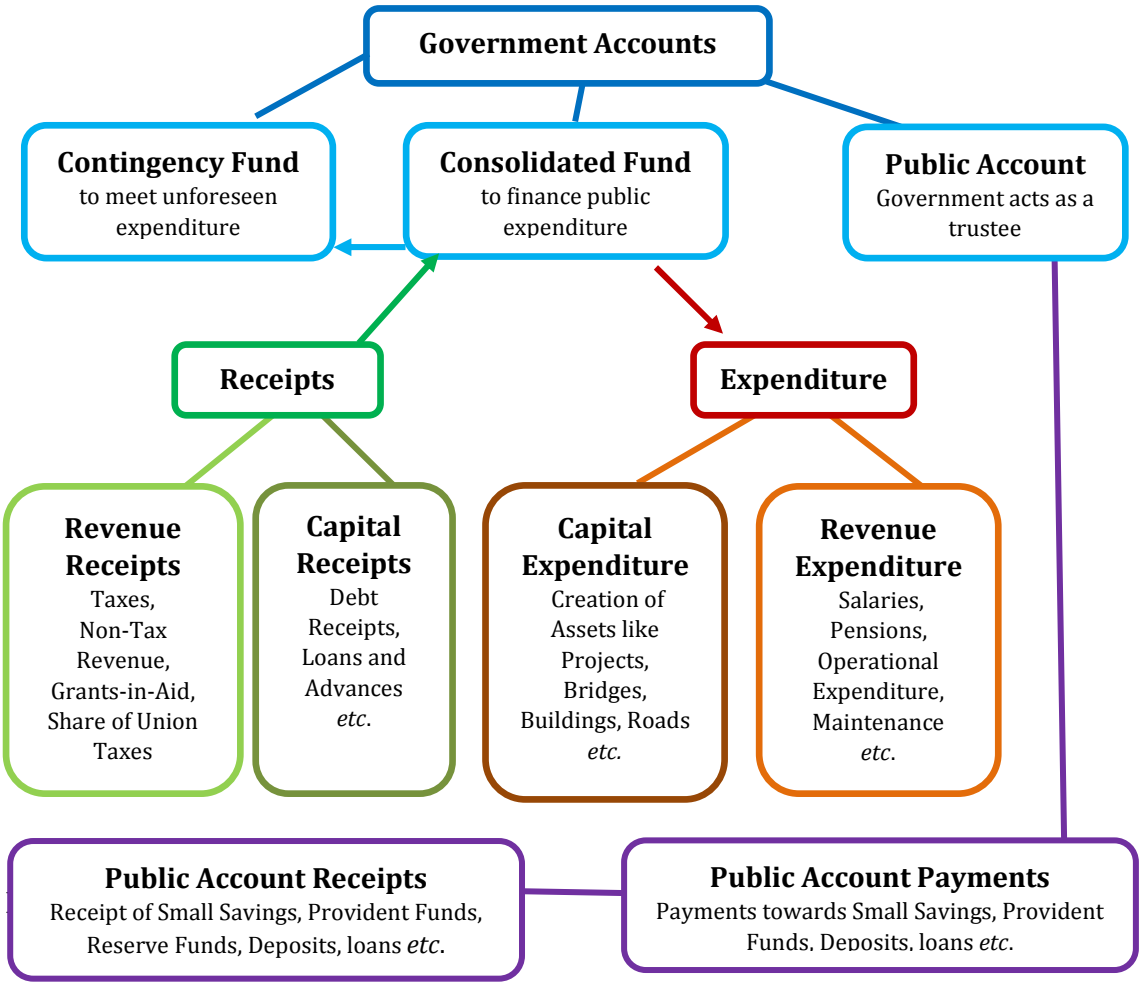
- **Non-debt receipts:** Proceeds from disinvestment, Recoveries of loans and advances;

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

1.5 Structure of Government Accounts and Budgetary Processes

Government finances comprise the following:

Chart 1.1: Structure of Government Accounts



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

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

1.5.1 Snapshot of Finances

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

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

(₹ in crore)

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

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

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

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

1.5.2 Snapshot of Assets and liabilities of the Government

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

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

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from Public Account and Reserve Funds, and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. Although the State has been bifurcated (w.e.f 31 October 2019), the assets and liabilities of erstwhile State are yet to be distributed between the newly created Union Territories. The position of assets and liability for current year and previous year is shown in **Table 1.2**.

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

(₹ in crore)

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

1.6 Fiscal Balance: Achievement of Deficit and Total Debt Targets

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

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

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

1.6.1 Deficit Parameters

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

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

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

1.7 Deficits and Total Debt after examination in Audit

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

1.7.1 Post audit - Deficits

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

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

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

Source: Finance Accounts

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

1.7.2 Post audit – Total Public Debt

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

Chapter-II

Finances of the State

CHAPTER-II

FINANCES OF THE STATE

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

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

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

2.2 Sources and Application of Funds

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

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

(₹ in crore)

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

Source: Finance Accounts

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

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

Chart 2.1: Composition of resources (*In per cent*)

₹ comes from

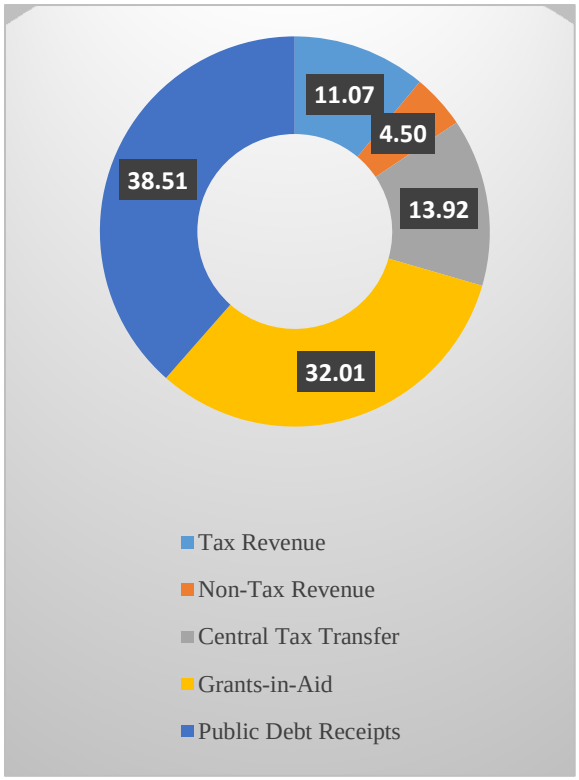
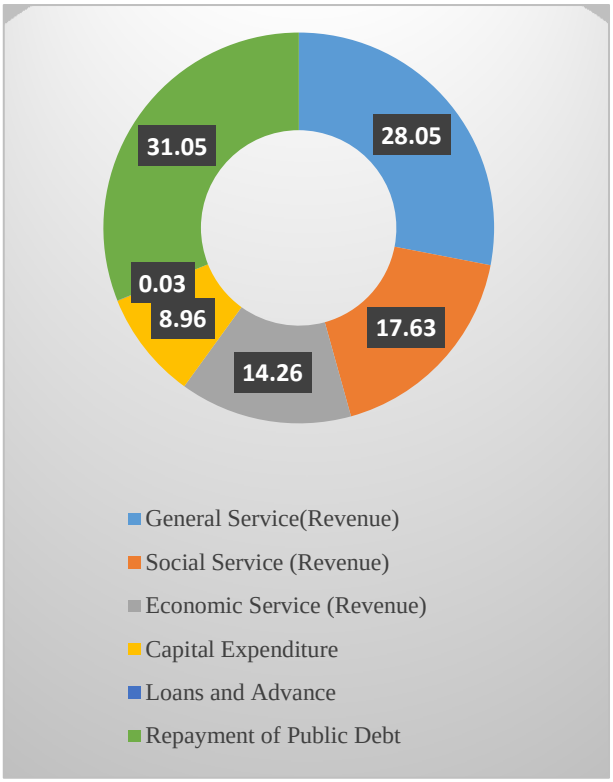


Chart 2.2: Application of resources (*In per cent*)

₹ goes to



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

2.3 Resources of the State

The resources of the State are described below:

1. **Revenue receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).

2. **Capital receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. Both revenue and capital receipts form part of the Consolidated Fund of the State.

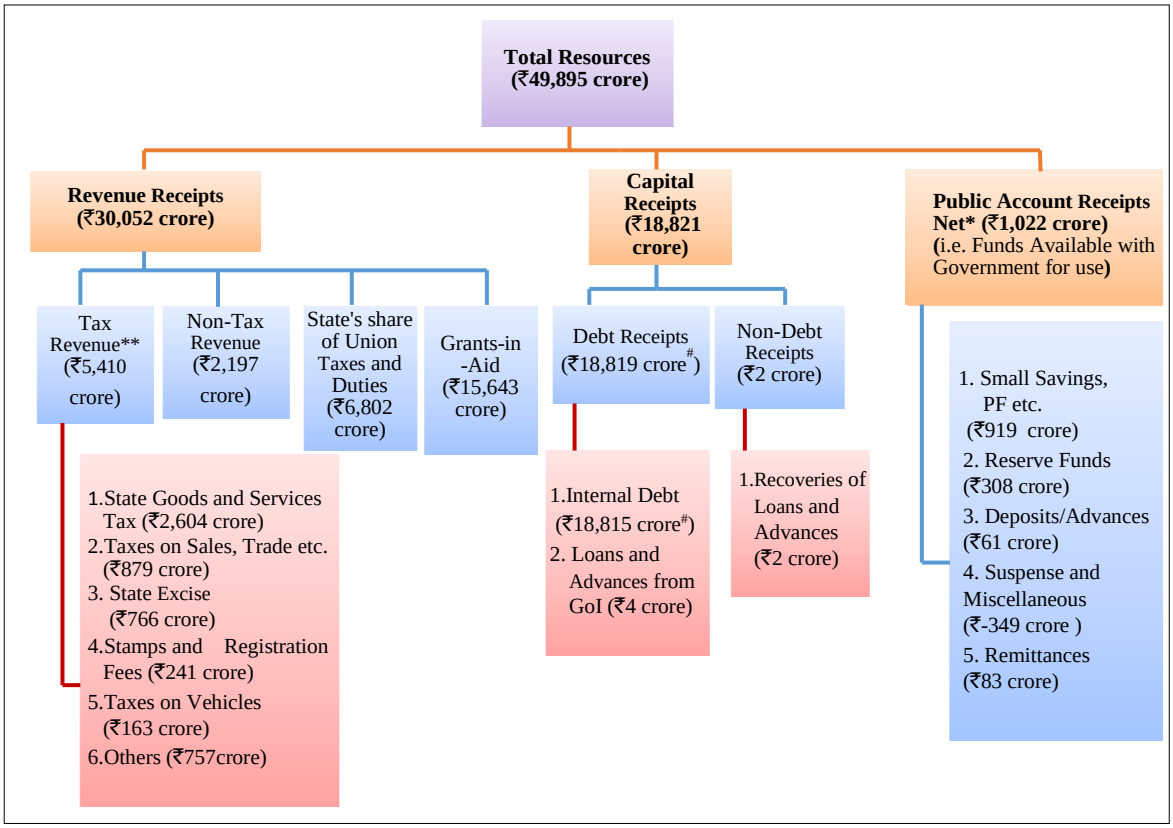
3. **Net Public Accounts receipts**: There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

These are kept in the Public Account set up under Section 115 (2) of the Constitution of erstwhile state of Jammu and Kashmir and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.3.1 Receipts of the State

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

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



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

2.3.2 State's Revenue Receipts

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

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

(₹ in crore)

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

Source: Finance Accounts

2.3.2.1 State's Own Resources

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

2.3.2.1.1 Own Tax Revenue

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

Table 2.3: Components of State's Own Tax Revenue

(₹ in crore)

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

Source: Finance Accounts

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

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

2.3.2.1.2 State Goods and Services Tax (SGST)

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

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

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

(₹in crore)

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

 # Source: State Government

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

2.3.2.1.3 Audit of GST Receipts

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

2.3.2.1.4 Non-Tax Revenue

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

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

(₹in crore)

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

Source: Finance Accounts

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

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

2.3.2.2 Transfers from the Centre

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

2.3.2.2.1 Central Tax transfer

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

Table 2.6: Central Tax Transfers

(₹in crore)

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

Source : Finance Accounts

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

2.3.2.2.2 Grants-in-aid from GoI

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

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

(₹in crore)

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

Source: Finance Accounts

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

2.3.2.2.3 Fourteenth Finance Commission Grants

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

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

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

(₹in crore)

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

** Including State share of total grant.*
Source: XIV-FC Report, Finance Accounts and State Government

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

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

2.3.3 State's performance in Mobilisation of Resources

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

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

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

(₹in crore)

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

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

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

2.4 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. This paragraph along with sub-paragraphs gives the allocation of expenditure in the State.

2.4.1 Composition of Expenditure

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

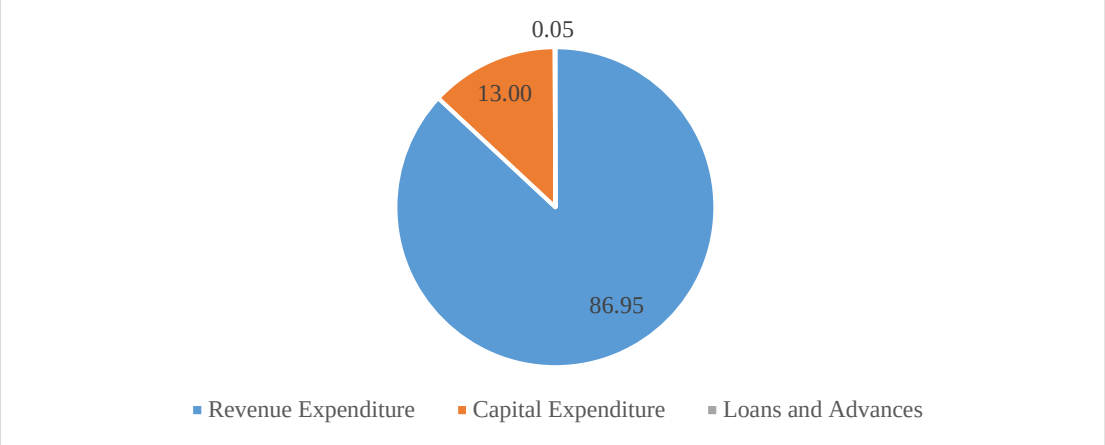
Table 2.10: Total expenditure and its composition

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

Source : Finance Accounts

Chart 2.4: Total Expenditure: share of its components

(in per cent)



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

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

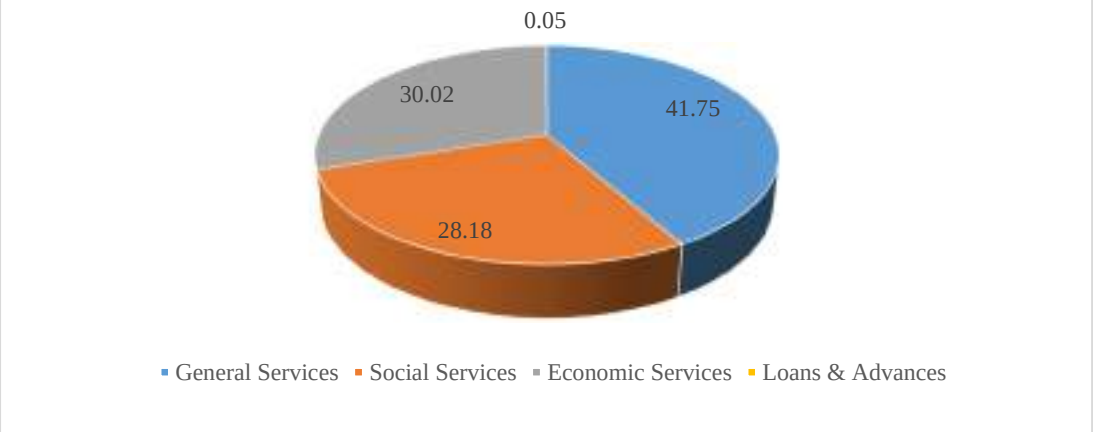
Table 2.11: Relative share of expenditure of various sectors

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

Source: Finance Accounts

Chart 2.5: Total Expenditure - Expenditure by activities

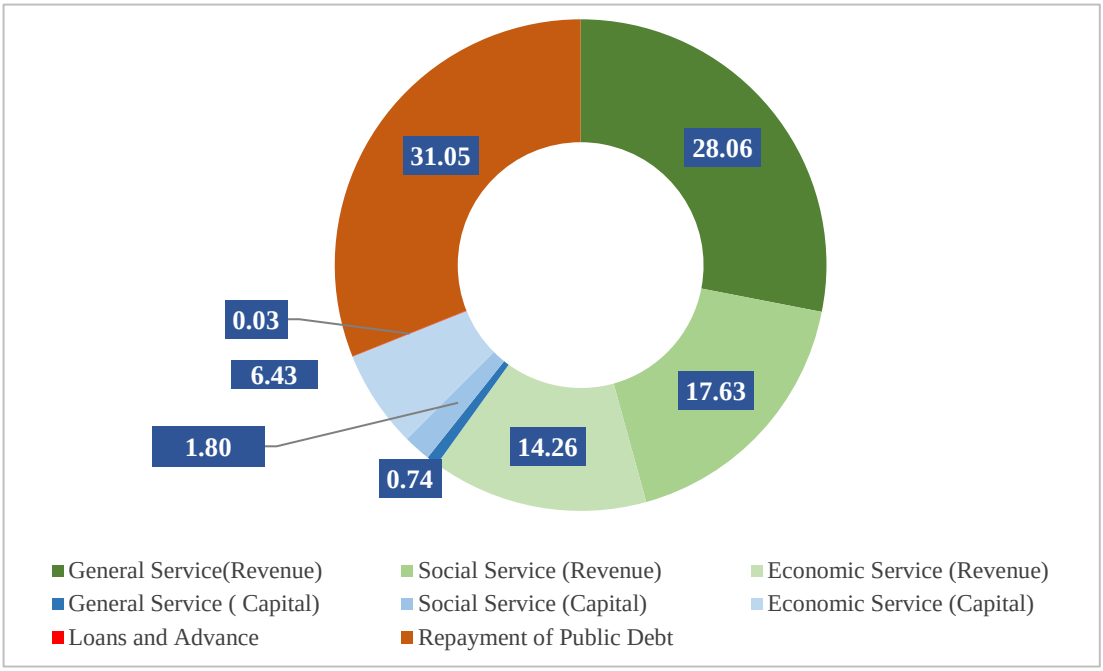
(in per cent)



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

Chart 2.6: Pie Chart for the Composition of Expenditure

(in per cent)



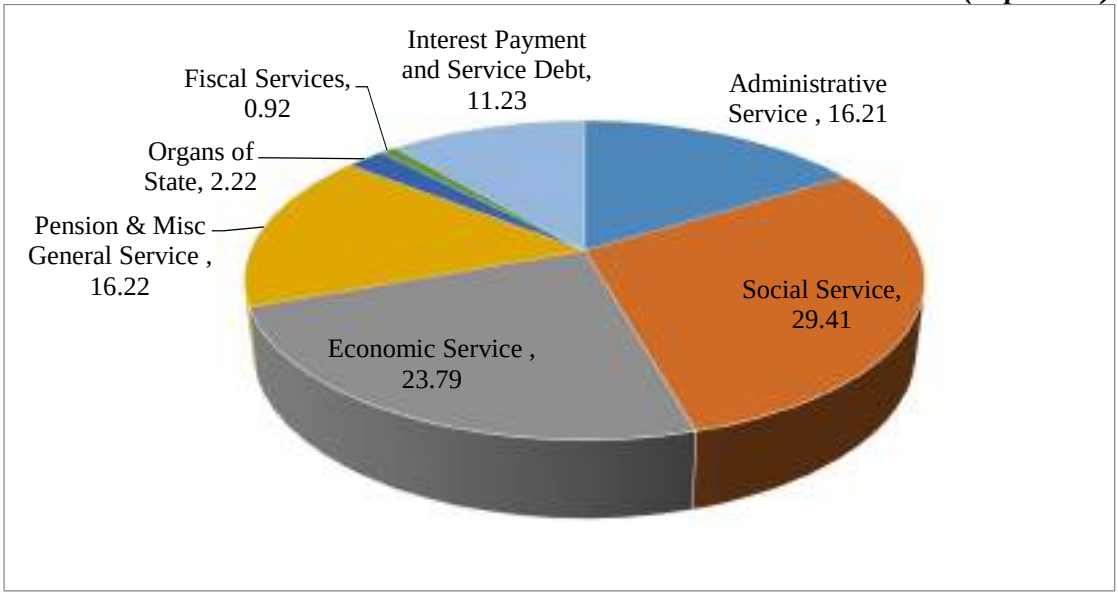
It can be seen from above pie chart that Repayment of Public debt account for 31.05 *per cent* and General Services account for 28.80 *per cent* of total expenditure. Social Services and Economic Services account for 40.12 *per cent* of total expenditure.

2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. During the period 01 April 2019 to 30 October 2019, the Revenue Expenditure (₹30,244 crore) constituted 86.95 *per cent* of the Total Expenditure (₹34,782 crore), and was more than the Revenue Receipts of ₹30,052 crore during the period. The sector wise distribution of the Revenue expenditure during the period is shown in the **Chart 2.7**.

Chart 2.7: Sector-wise distribution of Revenue Expenditure

(in per cent)



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

2.4.2.1 Committed Expenditure

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

Table 2.12: Components of Committed Expenditure

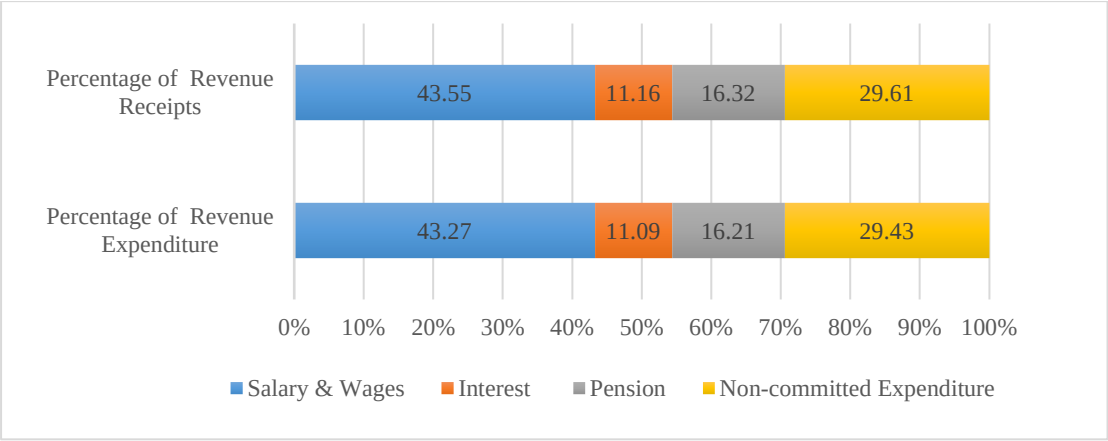
(₹in crore)

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

Source: Finance Accounts

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

(in per cent)



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

2.4.2.2 Undischarged liabilities in National Pension System

In terms of the Defined Contribution Pension Scheme, the State Government Employees recruited on or after 1 January 2010 who are covered by the Scheme contribute 10 *per cent* of basic pay and dearness allowance, which is matched by the State Government with equal amount. As per Government instructions dated 17 January 2019, all treasury officers/Drawing and Disbursing officers were advised that the pension contributions received between 1st to 18th of the month may be uploaded by 23rd of the same month and contributions received between 19th to 31st of the month may be uploaded by 10th of the following months.

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

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

2.4.2.3 Subsidies

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

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

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

Source- Finance Accounts

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

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

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

Table 2.14: Financial Assistance to Local Bodies etc.

(₹in crore)

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

Source: Finance Accounts

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

2.4.3 Capital Expenditure

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

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

2.4.3.1 Quality of Capital Expenditure

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

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

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

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

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

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

2.4.3.3 Quantum of loans disbursed and recovered

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

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

(₹in crore)

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

Source: Finance Accounts

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

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

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

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

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

2.4.3.4 Implementation of Ujwal Discom Assurance Yojana (UDAY)

With the objective of ensuring financial turnaround of Power Distribution Companies (DISCOM), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal Discom Assurance Yojana (UDAY) to improve the operational and financial efficiency of the State DISCOM. States were to take 75 *per cent* of DISCOM debt as on September 2015 over two years i.e 50 *per cent* of DISCOM debt shall be taken in 2015-16 and 25 *per cent* in 2016-17.

In March 2016, the Ministry of Power, Government of India and Government of Jammu and Kashmir signed a Memorandum of Understanding (MOU) under the scheme UDAY-"Ujwal DISCOM Assurance Yojana" and borrowed funds to the tune of ₹3,537.55 crore (₹2,140 crore in 2015-16 and ₹1,397.55 crore in 2016-17) from RBI, by issue of Non Statutory Liquidity Ratio (SLR) bond at the rates ranging between 7.07 *per cent* to 8.72 *per cent*, with maturity date ranging from March 2022 to October 2031. The function of electricity supply to consumers was being handled departmentally in the State, so this money was utilised by the State Government to clear liabilities of the Central Public Sector Undertakings (CPSUs). State Government's annual interest liability on UDAY Bonds for the complete year 2019-20 was ₹284.12 crore. Against this, the State Government paid interest amounting ₹191.85 crore towards interest on bonds issued under UDAY Scheme during the period 01 April 2019 to 30 October 2019. Bonds amounting to ₹353.755 crore will also be maturing every year from 2021-22 to 2031-32. Consequent to the re-organistaion of the state, the Jammu & Kashmir Power Develpoment Department has been unbundled and two DISCOMs have been created vide Government Order No 191-PDD of 2019 dated 23 October 2019.

2.4.4. Expenditure Priorities

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

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

(*in per cent*)

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

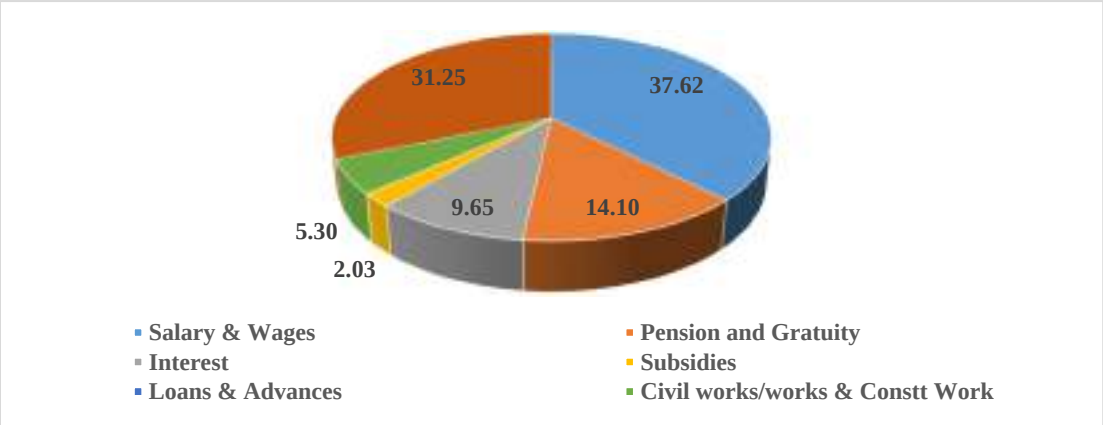
During 2019-20 (01April 2019 to 30 October 2019) the State's expenditure priority on education, health and capital expenditure is lower than the respective averages of the Special Category States.

2.4.5 Object Head wise Expenditure

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

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

(in per cent)



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

2.5 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 115(2) of the Constitution of erstwhile State of Jammu & Kashmir and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these transactions. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account Balances

In respect of sums credited to the Public Accounts of the State, the Government acts as a trustee or banker and bears a fiduciary liability. Major constituents of the Public Accounts are State Provident Fund, Insurance/Pension Funds, Reserve Funds, Deposits and Advances. Besides, the Public Accounts section of the Government Accounts is also used to record transitory and pass through transactions under Suspense and Miscellaneous and Remittance heads before their final accounting to appropriate receipt or payment head of account, and also cash balance transactions. **Table 2.17** given below shows component-wise net balances in Public Account of the State.

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

(₹ in crore)

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

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

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

2.5.2 Reserve Funds

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

Table 2.18: Closing Balances under Reserve Funds

(₹in crore)

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

Source: Finance Accounts

2.5.2.1 Consolidated Sinking Fund

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

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

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

2.5.2.2 State Disaster Response Fund

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

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

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

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

5 ₹34.46 crore (₹29.47 crore + ₹4.99 crore) - ₹34.38 crore

6 ₹892.25 crore + ₹10.86 crore + ₹405.00 crore + ₹34.38 crore - ₹71.01 crore

2.5.2.3 Guarantee Redemption Fund

The State Government set up a Guarantee Redemption Fund (GRF) in 2005-06 to meet liabilities arising from invoking of Guarantees extended to various State Government Entities. Under the guidelines, the State Government has not specified the amount required to make minimum annual contribution to the Fund. However, the RBI guidelines of 2013 on the GRF mentions that it is desirable for the State Government to contribute a minimum of one *per cent* of outstanding Guarantees at the beginning of the year in the year of constitution of the Fund, and thereafter a minimum of 0.50 *per cent* every year to achieve a corpus of minimum three to five *per cent* of the outstanding Guarantees of the previous year.

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

2.6 Debt Management

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

2.6.1 Debt profile: Components

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

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

Table 2.19: Components of debt as on 30 October 2019

(₹in crore)

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

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

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

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

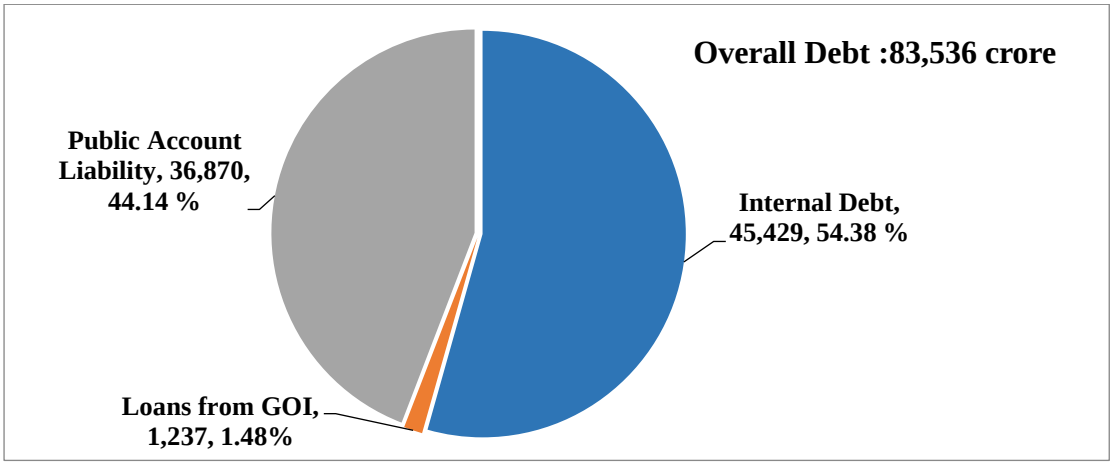
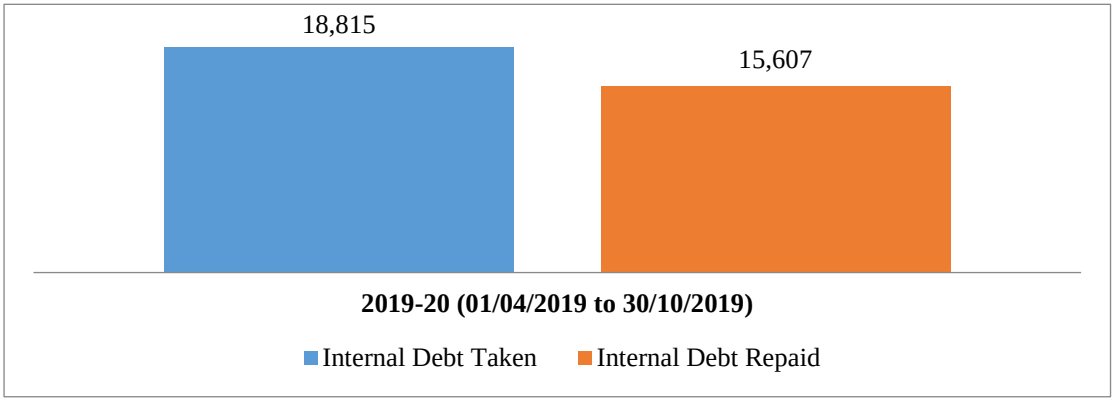


Chart 2.11: Internal debt taken *vis-à-vis* repaid

(₹in crore)



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

Table 2.20: Components of fiscal deficit and its financing pattern

(₹in crore)

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

Source Finance Accounts

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

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

(₹in crore)

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

Source: Finance Accounts

2.7. Debt Analysis

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

a) During the period 01 April 2019 to 30 October 2019 the net debt available was ₹1,089 crore.This was 5.79 *per cent* of public debt receipt of ₹18,819 crore during the period.

b) Debt Repayments/Debt Receipts: During 01 April 2019 to 30 October 2019 the Debt repayment to Debt Receipts was 83.25 *per cent* resulting in only 16.75 *per cent* of debt receipts being available with the State Government.

c) Rate of growth of outstanding debt (percent*age*): Outstanding Public debt at the beginning of the year 2019-20 was ₹43,513 crore which increased to ₹46,666 crore at the end of 30 October 2019 showing increase of 7.25 *per cent*.

d) Percentage of Interest payment to Revenue Receipt: During 2019-20 (01 April 2019 to 30 October 2019) the percentage of Interest Payment to Revenue Receipt was 6.87 *per cent*.

Table 2.22: Position of outstanding Public Debt

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

Source Finance Accounts
**Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government.*
#Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

2.7.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable.

Table 2.23: Utilisation of borrowed funds

(₹in crore)

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

Source: Finance Accounts

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

2.7.2 Status of Guarantees – Contingent Liabilities

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

Table 2.24: Guarantees given by the State Government

(₹in crore)

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

Source Finance Accounts

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

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

2.7.3 Management of Cash Balances

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

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

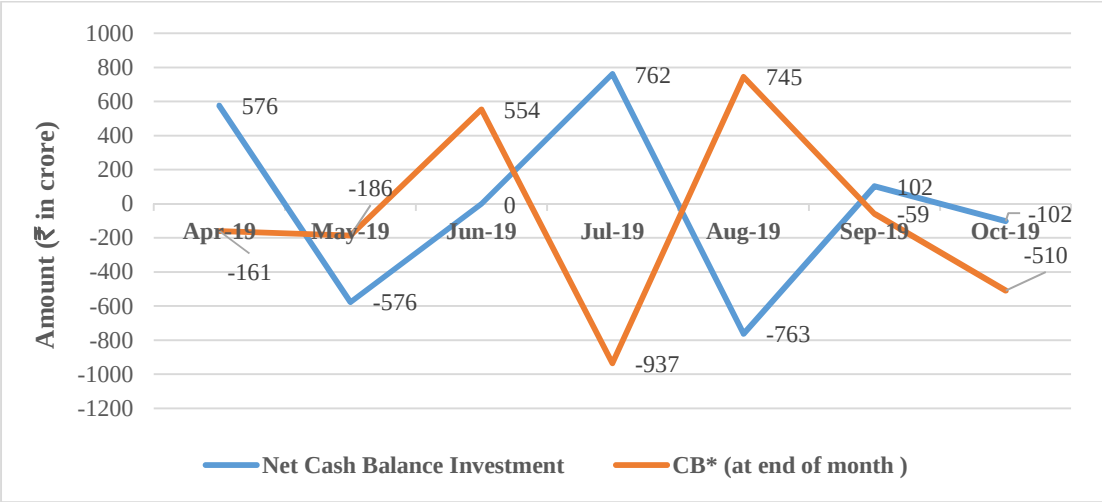
Table 2.25: Cash Balances and their investment during the period 01 April 2019 to 30 October 2019

(₹ in crore)

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

Source: Finance Accounts

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



**Cash balance with RBI*

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

2.8 Conclusions

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

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

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

2.9 Recommendation

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

Chapter-III

Budgetary Management

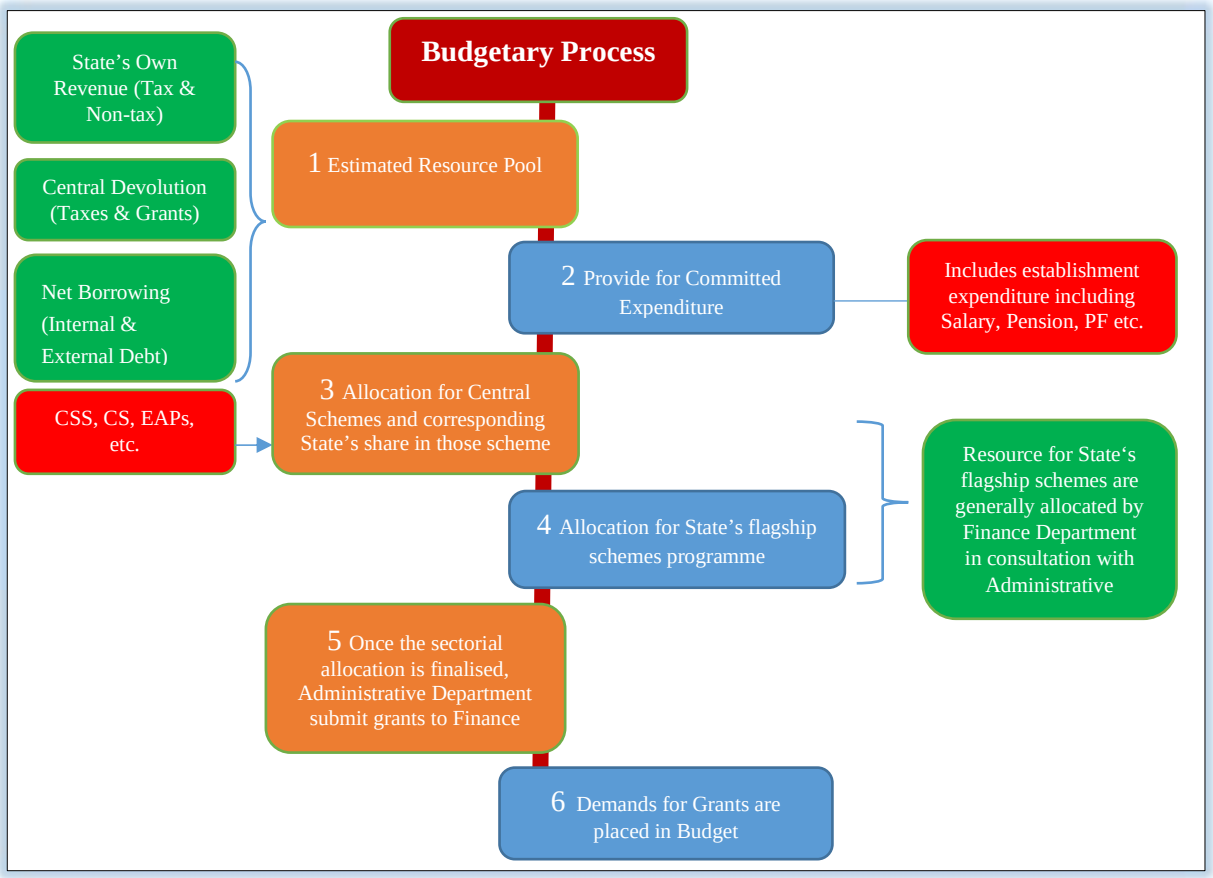
CHAPTER-III

BUDGETARY MANAGEMENT

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of voted grants and appropriations charged for different purposes as specified in the scheduled appended to the Appropriation Acts. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to Finance Accounts. Budget glossary is given in ***Appendix 5***. A typical budget preparation process in a State is given in ***Chart 3.1***.

Chart 3.1: Budget Process

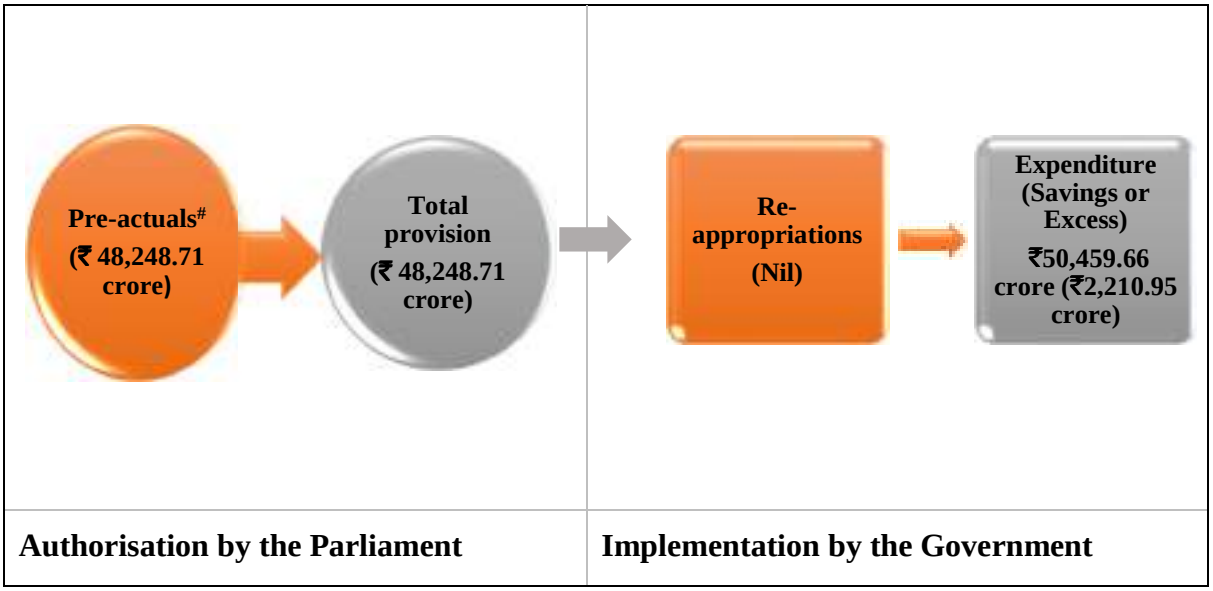


CSS: Centrally Sponsored Schemes; CS: Central Schemes.

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

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

Chart 3.2: Components of Budget



Source: Appropriation Accounts
#-Pre actuals in the Demand for Grants 2020-21 passed by Parliament

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

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

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

(₹in crore)

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

3.1.2. Charged and Voted disbursements

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

3.2. Appropriation Accounts

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.3. Comments on integrity of Budgetary and Accounting Process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Section 81 of the Constitution of erstwhile State of Jammu and Kashmir. Expenditure on new scheme should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

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

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

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

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

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

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

3.4 Large Savings under Capital section not surrendered

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

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

(₹in crore)

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

Source: Appropriation Accounts

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

3.4.1 Substantial Savings

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

3.4.2 Percentage of Utilisation of Provision under each Grant

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

3.4.3 Persistent Savings

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

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

(₹ in crore)

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

Source: Appropriation Accounts

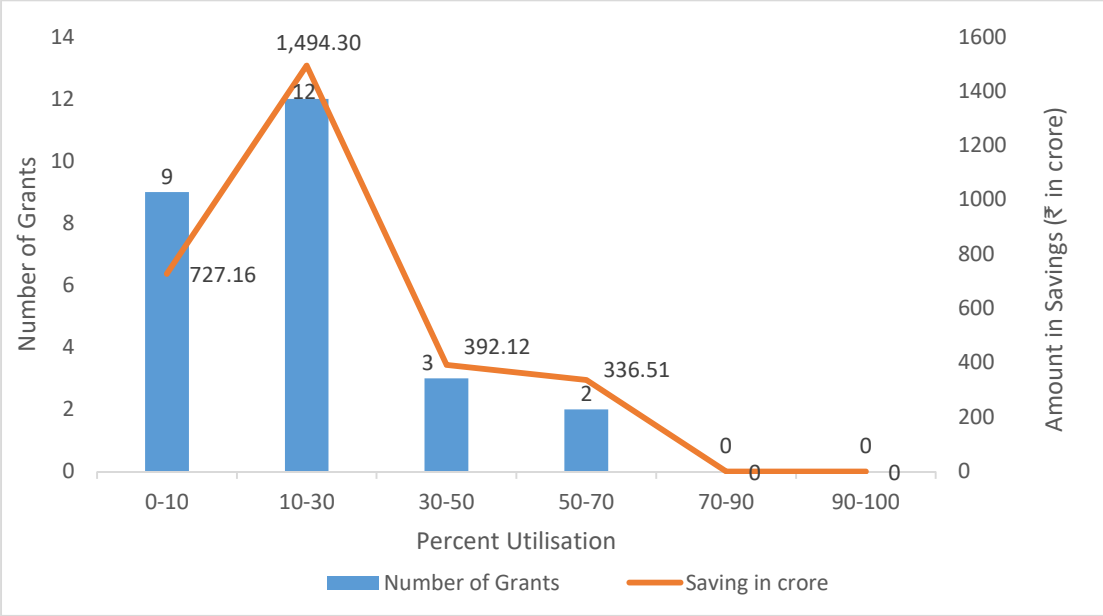
Persistent savings in four grants over the years indicated that budgetary controls in the departments were not effective and the need and flow of expenditure were not adequately scrutinised for assessing the fund requirement. Persistent savings by above departments also indicate that either the schemes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

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

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

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

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



3.5 Excess over provisions requiring regularisation

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

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

3.5.1 Persistent Excess in the Grant

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

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

(₹in crore)

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

(Figures in brackets indicate percentage of excess expenditure over the provisions)
Source: Appropriation Accounts

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

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

3.5.2 Regularisation of Excess Expenditure of previous financial years

As per Section 82 of the Constitution of erstwhile State of Jammu and Kashmir, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Section, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As the Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, the excess expenditure aggregating ₹1,18,692.88 crore for the years 1980-2019 as detailed in ***Appendix 3.5*** is yet to be regularised by the State Legislature. After including further excess expenditure of ₹5311.53 crore (***Appendix 3.6)*** during 2019-20 (01 April 2019 to 30 October 2019) as brought out in the preceding Sub-section, the aggregate excess expenditure amounting to ₹1,24,004.41 crore as on 30 October 2019 needs to be regularised as per extant provisions. Excess expenditure remaining un-regularised for such extended period vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.6 Grants-in-aid for creation of Capital Assets

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

As per IGAS 2, Grant-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorised by President on the advice of the Comptroller and Auditor General of India. It was noticed that there has been a persistent booking of GIA as Capital expenditure from 2015-16 to 2019-20 (01 April 2019 to 30 October 2019) as shown in the table below.

Table 3.6: Extent of classification of GIA as Capital Expenditure

(₹in crore)

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

Source: Finance Accounts

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

3.7 Comments on transparency of Budgetary and Accounting Process

3.7.1 Lump Sum Budgetary Provisions

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

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

Table 3.7: Comments on transparency of Budgetary and Accounting Process

(₹in crore)

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

3.8 Comments on effectiveness of Budgetary and Accounting Process

3.8.1 Budget projection and gap between expectation and actual

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

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

(₹in crore)

	Nature of expenditure	Original Grant/ App.	Supplementary Grant/ App.	Total	Actual expenditure	Net Saving (-)/ Excess(+)	Surrender during October 2019	
							Amount	*per cent*
Voted	I. Revenue	26,394.76	0.00	26,394.76	26,854.16	+459.40	Nil	Nil
	II. Capital	5,889.16	0.00	5,889.16	4,529.29	-1,359.87	Nil	Nil
	III. Loans & Advances	12.25	0.00	12.25	16.29	+4.04	Nil	Nil
	Total	**32,296.17**	0.00	**32,296.17**	**31399.74**	**-896.43**	Nil	Nil
Charged	V. Revenue	1,776.24	0.00	1,776.24	3,394.15	(+)1,617.91	Nil	Nil
	VII. Capital	0.00	0.00	0.00	0.00	0.00	Nil	Nil

	Nature of expenditure	Original Grant/ App.	Supplementary Grant/ App.	Total	Actual expenditure	Net Saving (-)/ Excess(+)	Surrender during October 2019	
							Amount	*per cent*
	VIII. Public Debt-Repayment	14,176.30	0.00	14,176.30	15,665.77	(+)1,489.47	Nil	Nil
	Total	**15,952.54**	0.00	**15,952.54**	**19,059.92**	(+)**3,107.38**	Nil	Nil
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	0.00	0.00	Nil	Nil
	Grand Total	**48,248.71**	**0.00**	**48,248.71**	**50,459.66**	(+)**2,210.95**	Nil	Nil

***Source**: Appropriation Accounts*

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

3.9 Review of Selected Grants

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

3.9.1 Grant No. 17: Health & Medical Education Department

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

(₹in crore)

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

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

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

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

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

(₹in crore)

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

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

(i) Against total allocation of ₹294.27 crore under the Grant, an expenditure of ₹677.95 crore has been booked and an amount of ₹383.68 crore (130 *per cent*) has been spent without budgetary provisions during 2019-20 (01 April 2019 to 30 October 2019). This resulted in excess over budget provisions by ₹383.68 crore and needs to be regularised. The Major Head/Sector wise breakup is given in the **Table 3.10** above.

(ii) There was one case (Sub Head/scheme) under the Major Head 4235, where an amount of ₹0.21 crore was incurred without any Budgetary Provisions as shown in **Table 3.11** below:

[1] Includes an amount of ₹405 crore transferred to Major Head 8121-General and Other Reserve Fund

Table 3.11: Expenditure without Budget Provision

(₹in crore)

MH	SM	MI	GH	SH	Budget Allocation	Expenditure
4235	01	201	0011	2165	0	0.21
Total					**0**	**0.21**

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

Table 3.12: Excess Expenditure over the Grant

(₹in crore)

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

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

Table 3.13: Less Expenditure (Saving) against the Provision

(₹in crore)

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

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

3.10 Conclusions

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

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

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

3.11 Recommendations

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

- Excess expenditure over grants may be regularised at the earliest.
- Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.

Chapter-IV

Quality of Accounts and Financial Reporting Practices

CHAPTER-IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

Issues related to completeness of accounts

4.1 Funds outside Consolidated Fund or Public Account of the State

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

The Water Usage Charges are being levied at 05 paisa to 25 paisa per cu.m.[1] of water on Hydel power generating companies under the provisions of the Jammu and Kashmir Water Resources (Regulation and Management) Act, 2010 amended on 25 October 2012 and 27 October 2014. Under the Act, a Fund was to be constituted as an account number in the Jammu and Kashmir Bank or allotted a proper account head. The amount realised as water usage charges was to be deposited in the account/head so created, and utilised for establishment of Hydroelectric and Multi-purpose Hydro Electric Projects and for buying back Hydroelectric Power Projects already established in the State and purchase of power. As on 30 October 2019 an amount of ₹4.53 crore on account of water usage charges/interest was in the Water Usage Fund Account (Saving Bank Account) which remained out of Consolidated Fund of the State.

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

[1] Cubic meter

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

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

4.2 Loans of State Government not being credited to Consolidated Fund

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

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

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

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

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

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

(₹in crore)

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

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

4.5 Funds transferred directly to State Implementing Agencies

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

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

(₹in crore)

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

4.6 Deposits of Local Funds

State Panchayati Raj Act provides that Block Development Council and Halqa Panchayat would maintain Block Development Council Fund and Halqa Panchayat Fund respectively (under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds) which would include all the money realised or realisable under the Act and all money otherwise received by the PRIs, such as grants received from Government and its own revenue, which includes tax and non-tax receipt of a Panchayat. The Acts also envisages that the Municipal Fund is to be held by the Municipality. All the money realised or realisable under this act and all money otherwise received by the Municipalities are kept in the Municipal Fund under the Major Head 8448- Deposits of Local Funds-102-Municipal Funds. The Panchayat Fund has remained in operative since more than ten years.

Table 4.3: Deposits of Local Funds

(₹in crore)

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

Issues related to transparency

4.7 Delay in submission of Utilisation Certificates

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

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

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

(₹in crore)

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

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

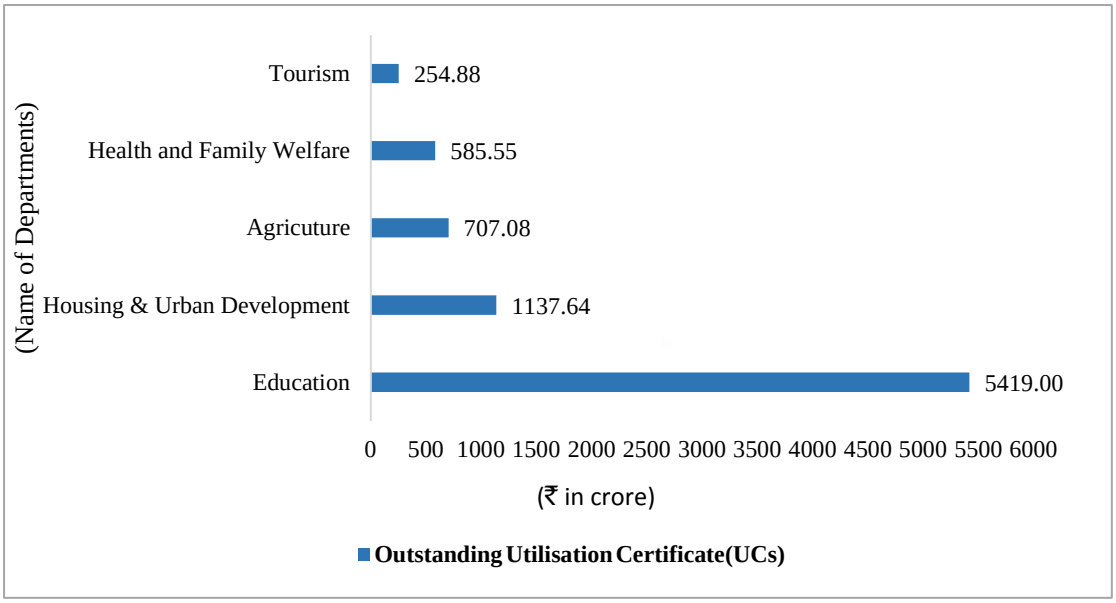
Table 4.5: Year wise break up of outstanding UCs

(₹in crore)

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

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

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



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

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

4.8 Abstract Contingent Bills

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

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

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

(₹in crore)

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

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

Chart 4.2: Pending DC Bills in respect of major Departments

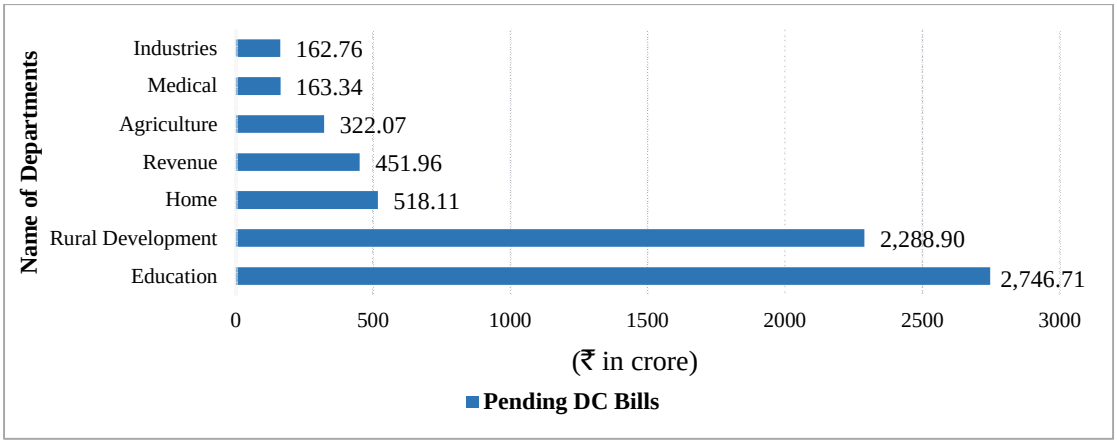


Table 4.7: Awaited DC bills from Departments

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

Source: Finance Accounts

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

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

4.9 Indiscriminate use of Minor Head 800

Minor Head 800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided in the accounts. Routine operation of Minor Head 800 is to be discouraged, since it renders the accounts opaque.

During the period from 01 April 2019 to 30 October 2019, ₹2,159.92 crore, including revenue receipt of ₹1,692.97 crore[2] under 34 Revenue Major Heads of Accounts constituting about 7.19 *per cent* of the total Revenue Receipts of ₹ 30,051.98 crore, was recorded under the Minor Head 800-'Other Receipts'. Similarly, expenditure of ₹1,140.33 crore under 47 Major Heads of Accounts constituting about 3.28 *per cent* of total expenditure of ₹34,766.01 crore was booked under Minor Head 800-'Other Expenditure'. Instances where a substantial proportion (50 *per cent* or more/significant amount) of the receipts and expenditure under a Major Head was classified under the Minor Head 800-Other Receipts/Expenditure are shown in the tables below. Classification of large amounts booked under the Minor Head 800, does not give the fair picture in accounts.

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

Major Head	Total Expenditure including Expenditure under Minor Head 800	Expenditure under Minor Head 800	Percentage of Expenditure under Minor Head 800 to Total Expenditure under the Major Head
	(₹ in crore)		
2075-Misc. General Services	1.36	1.00	73.53
2250-Other Social Services	1.74	0.92	52.87
4070-Capital Outlay on Other Administrative Services	1.84	1.84	100.00
4216-Capital Outlay on Housing	76.54	76.54	100.00
4217-Capital Outlay on Urban Development	388.07	201.06	51.81
4401-Capital Outlay on Crop Husbandry	26.00	16.87	64.88
4405-Capital Outlay on Fisheries	3.51	3.51	100.00
4406- Capital Outlay on Forestry and Wildlife	20.52	14.12	68.81
4801- Capital Outlay on Power Projects	79.16	79.16	100.00
4852-Capital Outlay on Iron and Steel Industries	3.14	3.14	100.00
5452-Capital Outlay on Tourism	22.52	22.52	100.00
5475- Capital Outlay on Other General Economic Services	91.41	91.41	100.00

[2] Representing ₹987.99 crore collection from consumers, ₹700.00 crore Subsidy by debit to Major Head 2801-"Power" and contra credit to Major Head 0801-"Power" on account of Sale of Power by Electricity Department and ₹4.98 crore Misc. Power receipts

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

Major Head	Total Receipts including Receipts under Minor Head 800	Receipts under Minor Head 800	Percentage of Receipts under Minor Head 800 to Total Receipts under the Major Head
	(₹ in crore)		
00029-Land Revenue	86.06	63.87	74.22
00049-Interest Receipt	9.58	7.88	82.25
0055-Police	39.44	19.83	50.28
0059-Public Works	14.31	13.35	93.29
0070-Other Administrative Services	63.38	57.05	90.01
0215-Water Supply and Sanitation	15.54	7.95	51.16
0235-Social Security and Welfare	12.71	12.71	100.00
0408-Food, Storage and Warehousing	10.97	10.97	100.00
0701-Major and Medium Irrigation	215.93	215.78	99.93
0702-Minor Irrigation	4.77	4.77	100.00
0801-Power	1,692.97	1,692.97	100.00

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

Issues related to measurement

4.10: Outstanding balance under Major Suspense and DDR heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads.

Table 4.10: Balances under Suspense and Remittances

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

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

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

4.11 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that receipts and expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E). Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

Table 4.11: Status of Reconciliation of Receipts and Expenditure figures

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

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

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

4.12 Reconciliation of Cash Balances

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

Issues related to disclosure

4.13 Compliance with Accounting Standards

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

Table 4.12: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	**IGAS-2:** *Accounting and Classification of Grants-in-Aid*	To prescribe the principles for accounting and classification of Grants-in-aid in the Financial Statements of Government both as a grantor as well as a grantee.	Not complied (Statement 10 of Finance Accounts)	(i) Certain Grants-in-Aid to be classified under Revenue Section have been classified under Capital Section (ii) Information has not been furnished in respect of Grants in Aid given in kind by the State Government (October 2019).
2.	**IGAS-3:** *Loans and Advances made by Government*	To ensure adequate disclosure on loans and advances made by the Government consistent with best international practices	Not complied (Statement 7 and 18 of Finance Accounts)	Details of recoveries in arrears and accrued interest thereon not furnished by State Government.

4.14 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

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

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

Table 4.13: Non-submission of accounts by Autonomous Bodies

(₹ in crore)

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

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

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

so far been presented to the State Legislature, as required under the Statutes under which these Bodies were created. Delay/Arrears in finalisation of accounts carries the risk of financial irregularities going undetected and entails possibility of fraud and mis-appropriation. This has also deprived the State Legislature the opportunity to get a feedback on their activities and financial performance.

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

4.15 Departmental Commercial Undertakings/Corporations/Companies

The departmental undertakings of certain Government departments performing activities of commercial nature are required to prepare *proforma* accounts in the prescribed format annually. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay is fraught with risk of fraud and leakage of public money.

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

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

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

4.16 Non-submission of details of Grants/Loans given to Bodies and Authorities

In order to identify institutions/organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971(C&AG's DPC Act), the Government/HODs are required to furnish to Audit every year

- detailed information about the financial assistance given to various institutions,
- the purpose for which the assistance is granted, and
- total expenditure of the institutions.

Further, Regulation on Audit and Accounts (Amendments) 2020 provides that Governments and HODs, who sanction grants and/or loans to bodies or authorities, shall furnish to Audit by the end of July every year, a statement of such bodies and authorities to which grants and/or loans aggregating ₹10 lakh or more were paid during the preceding year, indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority. The information in this regard is not being furnished by the State Government.

4.17 Follow up action on State Finances Audit Report

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

Report of the Comptroller and Auditor General of India on State Finances is being prepared since 2008-09 and Reports till the year 2015-16 have been tabled in the State Legislature. The State/UT has been under Governors/President rule since 20 June 2018 as such the State Finances Audit Report for the year 2016-17 to 2018-19 have been tabled in the Parliament along with the other Audit Reports. Action Taken Notes on these Reports were not furnished by the Government.

4.18 Conclusions

- Non-submission of the UCs means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved.
- Non-submission/delay in submission of accounts by the Bodies receiving substantial funding from the State Budget is a serious financial irregularity. Thus, there was no feedback on activities and financial performance of these bodies.

- Advances drawn through Abstract Contingent Bills and their detailed countersigned bills not submitted increased the possibility of wastage/ misappropriation/malfeasance, etc.
- Significant amount of expenditure and receipts booked under Minor Head 800-Other Expenditure and 800-Other Receipts under various Major Head affects the transparency in the accounts.

4.19 Recommendations

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

Srinagar/Jammu
The 29 December 2022

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

Countersigned

New Delhi
The 31 January 2022

(Girish Chandra Murmu)
Comptroller and Auditor General of India

APPENDICES

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

A. General Data		
Sl. No.	**Particulars**	**Figures**
1	Area	2.22 lakh sq. Kms
2	Population (As per Census 2011)	1.25 crore
3	Density of population (as per 2011 Census) (All India Density=382 persons per Sq.Km)	124 per sq. Kms
4	Population below poverty line (BPL)for 2011-12# (All India Average=21.9 *per cent*)	10.4
5	Literacy (as per 2011 Census) (All India Average=73.0 *per cent*)	67.2
6	Infant mortality @ (per 1000 live births) (All India Average=33 per 1000 live births)	23
7	Life Expectancy at birth@ (All India Average=69.4 years (2013-17)	74

B. Financial Data@					
Sl. No.	**Particulars (CAGR)**	**Figures (in *per cent*)**			
		2010-11 to 2018-19		**2018-19 to 2019-20^**	
		Special Category States	**Jammu & Kashmir**	**Special Category States**	**Jammu & Kashmir**
a.	Revenue Receipts	12.26	11.00	-9.88	-41.34
b.	Own Tax Revenue	13.29	13.84	-8.10	-44.94
c.	Non-Tax Revenue	13.92	18.84	-19.72	-49.48
d.	Total Expenditure	12.56	12.82	-6.05	-46.13
e.	Capital Expenditure	11.41	4.18	-15.60	-46.25
f.	Revenue Expenditure on Education	12.75	17.92	-8.16	-56.27
g.	Revenue Expenditure on Health	15.50	17.23	-4.96	-46.04
h.	Salary & Wages	12.05	15.35	-7.07	-45.84
i.	Pension	16.56	16.33	3.05	-34.79

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

Appendix-1.2
(Reference: Paragraph: 1.5.1)
Time Series Data[1] on the State Government Finances

(₹ in crore)

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

[1] Difference of ₹ one crore, wherever occurring, is due to rounding off

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

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

Source: Finance Accounts

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

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

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

(₹ in crore)

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

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

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

Explanatory Notes

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

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

(₹ in crore)

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

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

Source: Finance Accounts

Appendix-2.1
Methodology Adopted for the Assessment of Fiscal Position

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

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

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

Appendix-3.1
(Reference: Paragraph: 3.3.1)
Expenditure incurred without Authority of Law

Sl. No.	Grant/ Appropriation	Major Heads of Accounts	Expenditure (₹ in crore)	Number of Schemes/Sub Heads
1.	01	2015 & 2062	2.80	2
2.	03	3451, 3475 & 5475	1.62	4
3.	07	4202	16.26	1
4.	08	2049, 2071, 2075, 2235, 6003 & 6004	2,309.66	11
5.	10	2014	0.51	2
6.	11	4852 & 4853	3.64	3
7.	12	2415, 4401, 4402 & 4705	103.95	4
8.	13	2403 & 4403	3.07	9
9.	14	2401 & 2506	0.75	4
10.	15	2408 & 3475	91.91	3
11.	16	5054	74.46	2
12.	17	2210, 2211 & 4210	144.53	16
13.	18	2225, 2235, 2236 & 4235	158.63	12
14.	19	4216 & 4217	277.60	6
15.	21	4406	8.38	1
16.	24	4059	0.77	1
17.	26	4405	0.8	1
18.	27	2202 & 4202	40.96	2
19.	28	2501, 2515 & 4515	7.52	4
20.	32	4401	5.73	1
21.	33	4235	0.21	1
22.	34	4202	0.29	1
23.	36	2425	0.03	1
	Total		**3,254.08**	**92**

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

(₹in crore)

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

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

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

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

(₹in crore)

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

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

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

(₹in crore)

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

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

Appendix-3.5
(Reference: Paragraph: 3.5.2)

Excess expenditure for the years 1980-81 to 2018-19 requiring regularisation

(₹in crore)

Year	No. of Grants/ Approp-riation	Grant/Appropriation No.	Excess	Status of regularise-tion
1980-81	16	1,5,6,7,8,9,12,13,14,16,18,19,20,21,22,23	227.90	Not regularised
1981-82	13	1,3,5,6,8,13,14,16,18,19, 20,21,23	41.99	
1982-83	10	6,8,9,12,14,18,19,21,22,23	119.74	
1983-84	12	1,5,6,7,8,14,18,19,20,21, 22,23	176.75	
1984-85	10	1,6,8,10,14,16,18,19,21,23	65.42	
1985-86	10	1,4,6,10,17,18,19,22,23,26	19.64	
1986-87	15	1,2,4,6,7,8,10,13,18,19,20,22,23,25,26	104.22	
1987-88	17	1,2,3,5,6,8,10,12,13,18,19,21,22,23,24,26, 27	177.32	
1988-89	14	1,2,8,9,10,12,13,15,17,18, 22,23,26,27	438.42	
1989-90	09	1,7,8,11,12,20,21,23,24	205.23	
1990-91	11	1,2,5,8,12,17,19,21,23,25,26	427.72	
1991-92	13	1,2,5,7,8,11,12,14,21,22, 23,26,27	1,152.23	
1992-93	14	1,4,5,8,10,11,12,14,16,20, 21,23,24,26	1,029.71	
1993-94	17	2,3,5,8,10,12,13,14,17,18, 20,21,22,23,24,26,27	1,730.03	
1994-95	14	5,6,8,9,10,12,13,14,20,21, 23,24,26,27	2,057.49	
1995-96	19	2,5,6,8,9,10,11,12,13,16,17,18,20,21,23,24,25,26,27	2,936.89	
1996-97	18	2,4,5,6,8,10,11,12,13,14,16,18,20,21,23,24,26,27	3,482.20	
1997-98	16	1,2,4,6,8,9,12,13,16,18,21,22,23,24,26,27	4,189.21	
1998-99	06	4,5,6,8,23,27	4,185.25	
1999-2000	12	2,3,6,8,9,12,17,18,20,23,24,26	5,851.08	
2000-01	11	1,6,8,9,12,16,18,23,25, 26, 27	6,310.25	Not regularised
2001-02	15	3,5,6,8,11,17,18,20,21,23,25,26,27,28,29	6,393.41	
2002-03	15	3,5,6,7,8,12,14,16,17,18,21,23,25,26,28	505.61	
2003-04	18	3,5,7,8,12,13,14,15,16,17,18,20,21,23,24, 25,26,28	9,770.53	
2004-05	15	3,6,8,9,12,14,15,16,18,20,25,26,27,28,29	2,108.42	
2005-06	16	3,5,8, 10,12,15, 16,17,18, 20,21,23,25, 26,27,28	12,954.06	
2006-07	14	8,12,14,15,16,17,18,20,21,23,25,26,27,28	2,150.03	

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Status of regularisation
2007-08	14	6,8,11,12,14,15,16,20,24,25,26,27,28,29	2,277.91	
2008-09	15	5,6,8,11,12,15,16,19,20,22,23,24,25,26,27	3,277.38	
2009-10	14	1,6,8,11,15,16,18,20,23,24,25,26,27,29	4,062.58	
2010-11	14	5,6,8,9,16,18,19,22,23,25,26,27,28,29	6,130.76	
2011-12	14	1,6,8,11,12,15,16,18,19,20,23,25,26,27	5,638.79	
2012-13	12	1,5,8,11,13,16,18,20,23,25,26,27	4,741.57	
2013-14	13	4,6,7,8,14,15,16,18,20,23,24,25,28	4,469.79	
2014-15	12	2,6,7,8,11,16,18,19,21,23,24,25	1,099.28	
2015-16	11	4,6,7,8,15,16,17,18,23,26,28	4,258.62	
2016-17	12	3,4,5,8,11,15,16,19,23,26,28,29	2,896.86	
2017-18	08	3,5,8,16,23,24,28,29	6,397.06	
2018-19	07	3,5,8,15,16,17,30	4,631.53	
		Total	**1,18,692.88**	

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

(₹ in crore)

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

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

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

(₹in crore)

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

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

(₹in crore)

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

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

(₹ in crore)

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

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

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

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

(₹ in lakh)

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

Source Finance Accounts of respective years

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

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

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

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

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

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

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

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

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

Appendix-5
Glossary of important Budget related terms

1. ***'Accounts' or 'actuals' of a year* -** are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.

2. ***'Administrative approval' of a scheme, proposal or work* -** is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.

3. ***'Annual financial statement'* –** – Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.

4. ***'Appropriation'* -** means the amount authorised by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.

5. ***'Charged Expenditure'* -** means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.

6. ***'Consolidated Fund of India/ State-*** All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.

7. ***'Contingency Fund'*** is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive /Government to meet unforeseen expenditure arising in the course of a year pending its authorisation by the Parliament/State Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/State Legislature approves it through the Supplementary Demands.

8. **'*Controlling Officer (budget)*'** - means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.

9. ***'Drawing and Disbursing Officer' (DDO)*** – means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function

10. ***'Excess Grant'* –** Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularisation by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.

11. ***'New Service' –*** As appearing in Article 115(1)(a)/205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/State Legislature earlier, including a new activity or a new form of investment.

12. *'**New Instrument of Service'***-** means relatively large expenditure arising out of important expansion of an existing activity.

13. ***'Public Accounts'***- means the Public Account referred to in Section 115 (2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.

14. ***'Reappropriation'*** **-** means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.

15. ***'Revised Estimate'*** **-** is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.

16. ***'Supplementary Demands for Grants'***- means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorised in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.

a) **Cash Supplementary** is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the State.

b) There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the State Legislature, allows to utilise the savings of one of the Sections for any other Section.

c) **Token Supplementary** allows to utilise the savings within the same section of the grant.

17. ***'Major Head'*** - means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.

18. ***"Sub-Major Head"*** - means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head.

19. ***'Minor Head'*** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.

20. ***"Sub-Head"*** - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.

21. ***'Major Work'*** - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.

22. ***'Minor Work'*** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.

23. ***"Modified Grant or Appropriation"*** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.

24. ***"Supplementary or Additional Grant or Appropriation"*** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.

25. ***"Schedule of New Expenditure"*** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.

26. ***"Token demand"*** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.

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सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Compliance Audit of Social, General, Economic and Revenue Sectors for the year ended 31 March 2020

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Government of Union Territory of Jammu and Kashmir

Report No. 4 of the year 2021

Report of the

Comptroller and Auditor General of India

on

Compliance Audit of Social, General, Economic and Revenue Sectors

for the year ended 31 March 2020

Government of Union Territory of Jammu and Kashmir

Report No. 4 of the year 2021

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2020 has been prepared in accordance with Article 151 of the Constitution of India. As per the decision of the Government of India, Ministry of Finance (June 1994), wherever President's Rule is extended beyond one year, the C&AG's Report relating to the State would be placed in Parliament. Hence, this Report is being sent to President for laying in the Parliament. Consequent to the reorganisation of the State of Jammu and Kashmir, under the Jammu & Kashmir Reorganisation Act, 2019, the Report is also being sent to the Lieutenant Governors of the successor Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

This Report contains six chapters in **three** parts.

Part-A: Revenue Sector

This part contains significant findings of audit of receipts and expenditure of major revenue earning departments conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Part-B: Social, General and Economic Sectors (Departments)

This part contains significant results of compliance audit of the departments/ autonomous bodies of the Government of Union Territory of Jammu and Kashmir under the Social, General and Economic Sectors, conducted as per provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Part-C: Social, General and Economic Sectors (Public Sector Undertakings)

This part deals with the results of test audit of Government Companies and Statutory Corporations for the year ended March 2020.

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 Section 619 of the Companies Act 1956 and Sections 139 and 143 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 2019-20 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 2019-20 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.

Overview

OVERVIEW

This Report is in three parts. **Part-A** covers compliance audit findings of Revenue Sector comprising three paragraphs on Irregular allowance of input tax credit and Short levy of tax involving ₹ 2.14 crore. Some of the findings are mentioned below:

Part A: Revenue Sector

General

During the year 2019-20, the overall receipts of the erstwhile State and Union Territory (UT) increased by 2.7 *per cent* over the previous year. The revenue raised by the erstwhile State and UT Government (₹ 13,726.60 crore) was 26 *per cent* of the total revenue receipts against 28 *per cent* in the preceding year. The balance 74 *per cent* of the receipts during 2019-20 came from the Government of India (GoI), of which, 82.50 *per cent* was received in the form of Grants-in-aid. These Grants-in-aid constituted 60.97 *per cent* of the total receipts of the erstwhile State/ UT.

(Paragraph: 1.1.1)

Test-check of the records of 82 units out of 398 auditable units of State Taxes, State Excise, Transport and Law Department conducted during the year 2019-20 showed under assessment/ short levy/ loss of revenue aggregating ₹ 127.72 crore in 14,572 cases. During the year, departments concerned accepted under assessment and other deficiencies of ₹ 3.36 crore identified in 72 cases pointed out by audit during 2019-20 and previous years. The Departments recovered ₹ six lakh during 2019-20 in seven cases pertained to audit findings of the period prior to 2019-20.

(Paragraph: 1.10)

Compliance Audit

Failure of the Assessing Authority, State Taxes Circle, Reasi, Jammu (Udhampur-II) to disallow the input tax credit claimed by the dealer during the period of suspension of his registration certificate resulted in short demand of ₹ 22.36 lakh.

(Paragraph: 2.3.1)

Assessing Authority, State Taxes Circle-C Jammu failed to detect the concealment of Interstate Purchases, verify the genuineness of outward stock transfer during 2013-14 which resulted in short levy of tax, interest and penalty to the extent of ₹ 1.38 crore.

(Paragraph: 2.4.1)

Assessing Authority, State Taxes Circle-L Jammu accepted the credit claims against the returned goods without verification of actual credit notes at the time of assessment of a dealer which resulted in short demand of ₹ 53.69 lakh.

(Paragraph: 2.4.2)

Part B: Social, General and Economic Sectors (Departments)

Part B of the Report contains compliance audit observations on the Departments/ Autonomous Bodies under Social, General and Economic Sectors of the Government of UT of Jammu and Kashmir. This part of Report contains six paragraphs involving

financial implications of ₹ 230.27 crore related to compensatory afforestation, non-utilisation of funds, unfruitful expenditure, etc. Some of the major findings are mentioned below.

General

The total expenditure of the erstwhile State and the UT was ₹ 62,961 crore during 2019-20. During the period 1 April 2019 to 30 October 2019, the total expenditure of the erstwhile state of Jammu and Kashmir was ₹ 34,782 crore and from 31 October 2019 to 31 March 2020, the expenditure of the UT of Jammu and Kashmir was ₹ 28,179 crore

(Paragraph: 3.2)

Compliance Audit

The construction of a Poultry Breeding Farm and Hatchery project at Kupwara for subsidiary income generation of women/ weaker sections was taken up without administrative approval of the changed site. The expenditure of ₹ 1.78 crore incurred thus far on the project did not yield any benefits.

(Paragraph: 4.1)

Release of funds by the State Project Director (SPD) Sarva Shiksha Abhiyan (SSA) under civil works (capital component) plan 2016-17, to the Directors of School Education Jammu and Kashmir without any action plan for its utilisation resulted in blocking of ₹ 21.48 crore.

(Paragraph: 4.2)

The Compensatory Afforestation Fund Management and Planning Authority (CAMPA) did not conduct survey before preparation of Annual Plan of Operations (APOs) to collect physical data for identifying degraded forests. Alternate non-forest land was not transferred to forest department for compensatory afforestation as required under Jammu and Kashmir Forest Conservation Act. Site specific schemes were not prepared by the Forest Divisions for Compensatory afforestation at sites contiguous to or in the proximity of forest in respect of forest land of 2,757.78 hectares diverted for non-forest purpose. ₹ 9.24 crore (out of total expenditure of ₹ 140.25 core) out of CAMPA funds were spent on inadmissible components such as purchase of office equipment, construction of office complex etc. There was irregular expenditure of CAMPA funds of ₹ 15.12 crore on establishment of two zoos.

(Paragraph: 4.3)

Failure of SSP, Udhampur to ascertain functionality of existing pipeline for supply of water before taking up construction of Overhead Tank resulted in unfruitful expenditure of ₹ 0.64 crore.

(Paragraph: 4.4)

The unspent balances on account of labour cess had increased from ₹ 296.19 crore to ₹ 622.05 crore during the five-year period ended March 2020. Out of 1,09,915 beneficiaries registered in the sampled districts up to the date of launch (June 2017) of the digitisation process, the registration records of only 27,853 workers (25 *per cent*) were uploaded as of September 2020. The registrations were made without submitting the valid age proof, employment certificates. The Board failed to renew the insurance policy taken from LIC, to provide assistance to nominees/ dependents of workers on their disability/ death. Out of 89,800 workers recommended for micro credit facility, only 148 workers were issued credit cards and no worker had availed the credit facility as of March 2020 resulting in non-utilisation of ₹ 30 crore deposited with the Bank as security. The Board failed to implement pension scheme for workers who had attained the age of 60**.**

(Paragraph: 4.5)

The Department prepared detailed project reports (DPR) for construction of roads without undertaking proper surveys of the area. The DPRs did not include requirements of bridges and compensation for houses coming in proposed alignment of roads resulting in unfruitful expenditure of ₹ 2.57 crore incurred on works besides not achieving intended connectivity benefits.

(Paragraph: 4.6)

Part C: Social, General and Economic Sectors (Public Sector Undertakings)

Part C of the Report covers the audit findings of the Public Sector Undertakings of all sectors of the Government of Jammu and Kashmir comprising compliance audit on 'Activities of Extraction and sale of Timber in Jammu and Kashmir Forest Development Corporation Limited' having financial implication of ₹ 186.14 crore.

Some of the major findings are mentioned below:

As on 31 March 2020, there were 42 PSUs (six in Power Sector and 36 in Sectors other than Power Sector), including three Statutory Corporations under the audit jurisdiction of the Comptroller and Auditor General of India (C&AG); Out of these 42 PSUs, 32 are working and 10 are non-working (four in Power Sector and six in Sectors other than Power Sector). One PSU, Jammu and Kashmir Bank Limited, having a total paid-up equity of ₹ 71.36 crore is listed on the stock exchange since July 1998. During the year 2019-20, no PSU was incorporated whereas Government (erstwhile State/UT) of Jammu and Kashmir (GoJ&K) decided (24 October 2019) to wind up one PSU viz. J&K Asset Reconstruction Limited which was incorporated on 28 April 2017. The working PSUs registered an annual turnover of ₹ 11,298.17 crore as per their latest finalised accounts. There are 10 non-working PSUs, with an investment of ₹ 57.57 crore towards share capital (₹ 56.74 crore) and long term loans (₹ 0.83 crore), by the GoJ&K which are non-operational for the last six to 30 years.

(Paragraph: 5.1)

Out of 32 working PSUs, five government companies submitted their accounts of the year 2019-20 for audit. Accounts of 24 Government Companies and three Statutory Corporations were in arrears.

(Paragraph: 5.9)

As per the latest finalised accounts, eleven PSUs were profit making, while 13 PSUs were loss making. One PSU had not prepared its Profit and Loss account and remaining 17 PSUs were either non-working or had not submitted their annual accounts.

(Paragraph: 5.10(A) and (B))

Compliance Audit

The accumulated losses of the Company was ₹ 249.13 crore as of March 2020. Royalty of ₹ 395.67 crore was payable by the Company to State Forest Department for markings of trees. Forest area was categorised on unrealistic parameters leading to incorrect fixation of rates for extraction/ transportation of timber. Contactors/ *Amani* mates had abandoned work without converting the markings. Accumulated losses on account of timber was ₹ 283.89 crore which were neither made good nor written off. In East Marketing Division, Jammu physical verification was not conducted in the Sales Depots and Stores at regular intervals.

(Paragraphs: 6.1.2.2, 6.1.2.3, 6.1.3.2, 6.1.3.4 and 6.1.5)

Part ‘A’

Revenue Sector

Chapter I

General (Revenue Sector)

CHAPTER I

General (Revenue Sector)

1.1 Position of revenue receipts

1.1.1 The tax and non-tax revenues raised by the erstwhile State/ Union Territory (UT) Government of Jammu and Kashmir during the year 2019-20, the State/ UT's share of net proceeds of divisible Union taxes and duties assigned to the erstwhile State/ UT and Grant-in-aid received from the Government of India during the year are depicted in Table 1.1.

Table 1.1: Position of revenue receipts

(₹ in crore)

Sl. No.	Particulars	From 01.04.2019 to 30.10.2019 (erstwhile State of Jammu and Kashmir) (a)	From 31.10.2019 to 31.03.2020 (UT of Jammu and Kashmir) (b)	Total a+b (2019-20)
1.	• **Tax revenue**	5,410.51	4,056.49	9,467.00
	• **Non-tax revenue**	2,196.83	2,062.77	4,259.60
	Total	**7,607.34**	**6,119.26**	**13,726.60**
2.	• **Share of net proceeds of divisible Union taxes and duties**	6,801.81	-	6,801.81
	• **Grants-in-aid**	15,642.83	16,438.08	32,080.91[1]
	Total	**22,444.64**	**16,438.08**	**38,882.72**
3.	**Total revenue receipts of the Government (Total of 1 and 2)**	**30,051.98**	**22,557.34**	**52,609.32**
4.	**Percentage of 1 to 3**	**25**	**27**	**26**

(Source: Finance Accounts 2019-20)

During the year 2019-20, the revenue raised by the erstwhile State/ UT Government (₹ 13,726.60 crore) was 26 *per cent* of the total revenue receipts. The balance 74 *per cent* of the receipts during 2019-20 came from the Government of India (GoI) of which, 82.50 *per cent* was received in the form of Grants-in-aid. The Grants-in-aid from GoI constituted 60.97 *per cent* of the total receipts of the erstwhile State/ UT.

1.1.2 The details of the tax revenue raised during 2019-20 are given in Table 1.2.

[1] This includes Revenue deficit grant of ₹ 14,142 crore (₹ 8,249.50 crore received by the State Government under Finance commission grant from 01 April 2019 to 30 October 2019 and ₹ 5,892.50 crore received by UT Government under Special Assistance from the GoI from 31 October 2019 to 31 March 2020). This also includes ₹ 2,279.28 crore received from the GoI as compensation of loss due to implementation of Goods and Service Tax, against the receivable amount of ₹ 3,149.01 crore.

Table1.2: Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	From 01.04.2019 to 30.10.2019 (Jammu and Kashmir State)	From 31.10.2019 to 31.03.2020 (UT of Jammu and Kashmir)	Total (2019-20)
	(a)	(b)	(c)	(d=b+c)
1	Taxes on Sales, Trade etc. including GST	3,483.23	2,898.18	6,381.41
2	Taxes on Goods and Passengers	574.06	158.47	732.53
3	State Excise	766.05	587.67	1,353.72
4	Taxes and Duties on Electricity	97.74	0.23	97.97
5	Stamps Duty and Registration Fees	240.78	117.54	358.32
6	Taxes on Vehicles	162.59	246.08	408.67
7	Land Revenue	86.06	48.32	134.38
8	Others	0.0003	-	0.0003
	Total	**5,410.51**	**4,056.49**	**9,467.00**

(Source: Finance Accounts 2019-20)

1.1.3 The details of the non-tax revenue raised during 2019-20 are given in Table1.3.

Table 1.3: Details of Non-tax revenue raised

(₹ in crore)

Sl. No	Head of Revenue	From 01.04.2019 to 30.10.2019 (State of Jammu and Kashmir)	From 31.10.2019 to 31.03.2020 (UT of Jammu and Kashmir)	Total (2019-20)
	(a)	(b)	(c)	(d=b+c)
1.	Power	1,692.97	1,196.66	2,889.63
2.	Forestry and Wildlife	14.25	8.94	23.19
3.	Police	39.44	35.85	75.29
4.	Non-ferrous, Mining and Metallurgical Industries	28.37	14.61	42.98
5.	Water Supply and Sanitation	15.54	59.54	75.08
6	Public Works	14.31	7.96	22.27
7.	Medical and Public Health	16.91	11.32	28.23
8.	Interest Receipts	9.58	9.24	18.82
9.	Other Non-tax Receipts	365.46	718.65	1,084.11
	Total	**2,196.83**	**2,062.77**	**4,259.60**

(Source: Finance Accounts 2019-20)

1.2 Analysis of arrears of revenue[2]

The arrears of revenue as on 31 March 2020 in respect of certain major heads of revenue amounted to ₹ 1,021.66 crore, of which ₹ 651.88 crore was outstanding for more than five years, is depicted in Table 1.4.

Table 1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2020	Amount outstanding for more than five years as on 31 March 2020	Replies of Department
1.	Taxes on Sales/ VAT Trade etc.	974.08	619.02	An amount of ₹ 86.04 crore had been stayed by the courts/ appellate authorities and proposed for recovery as arrears of land revenue. Commissioner State Taxes, J&K stated (December 2020) that the Department takes various measures like issue of notice of demand (Dastak), issue of memo, seizure of bank accounts and thereafter attachment of immovable property in addition to this, arrest warrants are issued to ensure recovery of the arrears.
2.	Motor spirit tax	0.09	0.09	
3.	Entertainment tax	0.21	0.21	Out of total arrears of ₹ 47.49 crore, stay on ₹ 44.47 crore was granted by the court/ appellate authorities. However, balance arrears of ₹ 3.02 crore were recoverable as arrears under the Land Revenue Act. Excise Commissioner, J&K stated (November 2020) that action has been taken under Revenue Act for recoverable arrears and most of the cases were pending in the Hon'ble High Court.
4.	Toll Tax	28.24	28.00	
5.	State Excise	19.04	4.56	
Total		**1,021.66**	**651.88**	

(Source: Data provided by the Departments)

1.3 Arrears in assessments[3]

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed during the year and number of cases pending for finalisation at the end of the year as furnished by the State Taxes Department in respect of Sales Tax/ VAT and Taxes on Works contracts are given in Table 1.5.

Table 1.5: Arrears in assessments

Head of Revenue	Opening balance as on 1 April 2019	New cases due for assessment during 2019-20	Total assessments due	Cases disposed of during 2019-20	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	**2**	**3**	**4**	**5**	**6**	**7**
Sales Tax/ VAT	8,752[4]	10,095	18,847	15,582	3,265	82.67
Tax on Works Contract	37,295	1,634	38,929	15,324	23,605	39.36

(Source: Data provided by the Department)

2 The figures in this paragraph are only pertaining to UT of Jammu and Kashmir.

3 The figures in this paragraph are only pertaining to UT of Jammu and Kashmir.

4 Opening balance of arrears in assessment, cases of evasion, cases of refund also includes cases of Ladakh.

The assessments completed (out of the total cases due for assessment) was 83 *per cent* in respect of Sales Tax/ VAT and 39 *per cent* in the case of Taxes on Works Contract. The latter was attributed (December 2020) to the fact that the backlogs could not be cleared due to connectivity and other issues post August 2019. Moreover, the Government had issued Amnesty Scheme[5] which covered unassessed cases also. The scheme was further extended upto October 2020. A number of unassessed cases could not be assessed till time for payment of admitted taxes under the scheme expired.

In order to avoid the risk of time barring of assessments (five years), the Government may consider fixing a time limit for finalisation of the pending assessments and ensure that the time limit so fixed is adhered to by the Departmental Authorities.

1.4 Evasion of tax detected by the Department[6]

The details of cases of evasion of tax detected, cases finalised and the demands for additional tax raised, as reported by the Department are given in Table 1.6.

Table 1.6: Evasion of Tax

Sl. No.	Head of revenue	Cases pending as on 31 March 2019	Cases detected during 2019-20	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty etc. raised		Amount of demand recovered (₹ in crore)	Number of cases pending for finalisation as on 31 March 2020
					Number of cases	Amount of demand (₹ in crore)		
1.	Sales Tax/ VAT	285	1,401	1,686	1,630	25.25	0.88	56
2.	GST	23	2,758	2,781	2,761	10.76	9.52	20
3.	Toll Tax	-	238	238	238	0.56	0.56	-
	Total	**308**	**4,397**	**4,705**	**4,629**	**36.57**	**10.96**	**76**

(Source: Data furnished by the Department)

Against the total demand of ₹ 36.57 crore raised in 4,629 cases during 2019-20, an amount of ₹ 10.96 crore had been recovered which is 30 *per cent* of the total recoverable amount. In reply, Assistant Commissioner (Technical) State Taxes, UT of J&K stated (December 2020) that the recovery of arrears is less because the Government of J&K had extended the last date of Amnesty scheme upto 31st October 2020, wherein, there was 100 *per cent* waiving of interest and penalty if the dealers had deposited 100 *per cent* of Principal tax.

1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2019-20, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2019-20 as reported by the Department is given in Table 1.7.

5 Vide order no. 39 of FD dated 05.02.2018

6 The figures in this paragraph are only pertaining to UT of Jammu and Kashmir.

Table 1.7: Details of pendency of refund cases

Sl. No.	Particulars	GST		Sales tax/ VAT	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1.	Claims outstanding at the beginning of the year	517	13.21	11	2.49
2.	Claims received during the year	612	89.16	8	1.56
3.	Refunds made during the year	386	54.26	13	2.80
4.	Deficiency memos issued	21	2.13	-	-
5.	Balance outstanding at the end of the year	722	45.98	6	1.25

(Source: Data furnished by the Department)

The number of outstanding refund cases both under Sales Tax/ VAT and GST has increased by 37.87 *per cent* from 528 cases to 728 cases during 2019-20

On this being pointed out, Assistant Commissioner (Technical) State Taxes, UT of J&K stated (December 2020) that the pendency in processing of refunds under GST was mainly in all such cases where the show-cause notices were issued by the officers but the replies were pending from the applicants. It was also stated that the necessary instructions had already been issued to the officers processing the refunds, to minimize the pendency.

The Government may take effective steps for immediate disposal of the refund cases.

1.6 Response of the Government/ Departments to Audit

The Principal Accountant General (Audit), Jammu and Kashmir (PAG), conducts periodical inspection of the Government Departments to test-check the transactions, verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating findings, which are issued to the Heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The Head of the Office is required to take necessary corrective action on the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG (Audit) within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the Head of the Department and the Government.

Inspection Reports issued up to December 2019 in respect of State Taxes, State Excise, Motor Vehicle and Law Department disclosed that 5,006 paragraphs relating to 927 IRs, involving ₹ 2,266.10 crore remained outstanding at the end of June 2020 as mentioned along with the corresponding figures for the preceding two years in Table 1.8.

Table 1.8: Details of pending Inspection Reports

	June 2018	June 2019	June 2020
Number of IRs pending for settlement	811	859	927
Number of outstanding audit observations	4,111	4,539	5,006
Amount of revenue involved (₹ in crore)	1,216.35	2,095.52	2,266.10

1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2019 and the amounts involved in respect of State Taxes, Excise, Transport and Law Department (Revenue Sector) are mentioned in Table 1.9.

Table 1.9: Department-wise details of Inspection Reports/ Audit observations

Sl. No.	Name of the Department	Nature of receipts	Numbers of outstanding IRs	Numbers of outstanding audit observations	Money value involved (₹ in crore)
1.	State Taxes	Taxes on Sales, Trade etc.	571	3,689	1,966.99
2.	Excise	Excise	170	472	134.55
3.	Motor Vehicle	Taxes on Motor Vehicles	108	496	151.54
4.	Law	Stamps Duty and Registration fee	78	349	13.02
Total			**927**	**5,006**	**2,266.10**

Audit did not receive any replies from the heads of offices within four weeks from the date of issue of all the 82 IRs issued during 2019-20. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of Offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG (Audit) through the IRs. The Government constituted (January 2021) Audit Committee for the HoDs falling under the administrative control of Finance Department, J&K for the purpose of monitoring and ensuring compliance and settlement of outstanding Audit Observations/ Paras in terms of Regulation 145 of the Regulations on Audit and Accounts 2020 issued by the CAG of India.

It is recommended that the Government should advise the concerned Departments to hold Audit Committee Meetings frequently at least three meetings in a quarter to monitor the progress of settlement of paragraphs and also ensure that demands/ recoveries are addressed in time.

1.7 Status of Inspection Reports

The summarised position of the Inspection Reports of Departments of State Taxes, Excise, Law and Transport (Revenue Sector) issued during the last five years, paragraphs included in these Reports and their status as on 31 March 2020 are given in Table 1.10.

Table 1.10: Position of Inspection Reports

Sl No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
		IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graph	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1.	2015-16	668	3,189	1,230.36	70	494	76.86	07	140	25.90	731	3,543	1,281.32
2.	2016-17	731	3,543	1,281.32	51	403	329.16	28	237	424.04	754	3,709	1,186.44
3.	2017-18	754	3,709	1,186.44	89	767	173.79	09	110	41.24	834	4,366	1,318.99
4.	2018-19	834	4,366	1,318.99	54	632	960.10	07	160	52.77	881	4,838	2,226.32
5.	2019-20	881	4,838	2,226.32	82	493	123.57	17	212	44.93	945	5,119	2,304.96

5,119 paragraphs relating to 945 IRs involving ₹ 2,304.96 crore remaining outstanding at the end of the year 2019-20 indicated that adequate steps were not taken by the Departments resulting in increase of the outstanding IRs and Paragraphs.

1.8 Follow-up on Audit Reports

1.8.1 Non-submission of Action Taken Notes

The 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 Legislature.

It was, however, noticed that out of 110 audit paragraphs featuring in the Chapters of Revenue Sector of Audit Reports from 2000-01 to 2015-16[7], *suo-moto* ATNs in respect of 88 audit paragraphs had not been received up to 31 March 2020.

1.8.2 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 110 audit paragraphs featuring in the Revenue Sector of Audit Reports for the years from 2000-01 to 2015-16, only 17 audit paragraphs have been discussed by the PAC up to 31 March 2020. Recommendations in respect of 17 audit paragraphs including 12 partly discussed were made by the PAC, however, ATNs on the

[7] Audit Reports 2016-17 and 2017-18 presented in Parliament on 23 September 2020 and Audit Report 2018-19 presented in Parliament on 24 March 2021.

recommendations of the Committee is pending from the Government in respect of 13 paragraphs.

1.8.3 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last five years, those accepted by the Department and the amount recovered are given in Table 1.11.

Table 1.11: Paragraphs included in the Audit Reports of the last five years

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs (₹ in crore)	Number of paragraphs accepted	Money value of accepted paragraphs (₹ in crore)	Amount recovered during the year 2019-20 (₹ in crore)	Cumulative position of recovery of accepted cases as of 31 March 2020 (₹ in crore)
2014-15	4	0.76	4	0.76	Nil	0.10
2015-16	7	124.10	6	88.76	0.09	0.16
2016-17	8	2.14	8	2.14	Nil	0.20
2017-18	9	1.43	9	1.43	0.01	0.16[8]
2018-19	5	2.03	5	2.03	Nil	0.13
Total	**33**	**130.46**	**32**	**95.12**	**0.10**	**0.75**

It would be seen from the above that in respect of paragraphs featured in the Audit Reports 2014-15 to 2018-19, the Department/ Government accepted audit observations involving ₹ 95.12 crore, of which only ₹ 0.75 crore was recovered as of March 2020, which is only 0.79 *per cent* of the accepted amount. This indicates that the Government could not recover the dues fully even for the cases wherein the audit observations had been accepted by the Departments.

1.9 Audit Planning

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 2019-20, there were 398 auditable units (State Taxes, Excise, Transport and Law) out of which 129 (32 *per cent*) units were planned for audit and 82 units (64 *per cent*) were audited.

1.10 Results of audit

Position of local audit conducted during the year

Test-check of the records of 82 units[9] out of 398 auditable units[10] of State Taxes, State Excise, Transport and Law Department conducted during the year 2019-20 showed under assessment/ short levy/ loss of revenue aggregating ₹ 127.72 crore in 14,572

[8] Includes recovery of ₹ 15.80 lakh reflected in Audit Report for the year ended 31 March 2018.

[9] State Taxes Department: 37 units; Transport Department: 12 units; Excise Department: 11 units and Stamps Duty and Registration (Law Department): 22 units.

[10] State Taxes Department: 66 units; Motor Vehicle Department: 22 units; Excise Department: 44 units and Stamps Duty and Registration (Law Department): 266 units.

cases. During the year, departments concerned accepted under assessment and other deficiencies of ₹ 3.36 crore identified in 72 cases pointed out by audit during 2019-20 and previous years. The Departments recovered ₹ six lakh during 2019-20 in seven cases pertained to audit findings of the period prior to 2019-20. Unit-wise details of recoveries accepted are detailed in ***Appendix 1.1.1***.

1.11 Coverage of the Revenue Chapter

This Chapter of the Report contains three Compliance Audit paragraphs involving revenue implication of ₹ 2.14 crore.

Chapter II

Compliance Audit
(Revenue Sector)

CHAPTER II

Compliance Audit (Revenue Sector)

A. General

2.1 Tax administration

2.1.1 Goods and Services Tax

Sales Tax/ Value Added Tax/ Goods and Services Tax (comprehensive tax levied on supply of both goods and services) are administered by the Financial Commissioner, Finance Department of the Government of Jammu & Kashmir at the Government level. The Commissioner State Taxes is entrusted with overall control and superintendence of the State Taxes Department. He is assisted by three Additional Commissioners (one each in Jammu and Kashmir Divisions and one for Tax Planning), 19 Deputy Commissioners (Jammu: 09; Kashmir: 08 and one each for Headquarter and Judicial matters) and 10 Assistant Commissioners (Jammu: 05; Kashmir: 05). The Union Territory is divided into 61 State Taxes Circles (Jammu: 30; Kashmir: 31), each headed by one State Taxes Officer.

2.1.2 State Excise

The State Excise Department of J&K is responsible for charging of Excise Duties under J&K Excise Act 1901. The Department is headed by the Excise Commissioner who is assisted by four Deputy Excise Commissioners (Jammu: 03; Kashmir: 01) and 15 Excise and Taxation Officers (Jammu: 11; Kashmir: 04). There are 19 Distilleries/ Breweries/ Bottling Plants which fall within the jurisdiction of the Excise and Taxation Officer, Distilleries, Jammu.

2.1.3 Taxes on Vehicle

Receipts from the Transport Department are regulated under the Central and the State Motor Vehicles Acts and Rules made thereunder and are under the administrative control of the Transport Commissioner.

2.2 Results of audit

Test-check of records of 82 units out of a total of 398 units of State Taxes, State Excise, Transport and Law Departments conducted by Audit during the year 2019-20 revealed evasion of tax, under-assessment/ short levy of revenue, non/ short realisation of tax etc; aggregating ₹ 127.72 crore in 14,572 cases as detailed in ***Appendix 2.1***.

During the year 2019-20, an amount of ₹ 6.15 lakh of revenue was recovered by the Departments that had been pointed out in audit. Audit observations in this Report have revenue implication of ₹ 2.14 crore. The Departments/ Government have accepted audit observations.

B. COMPLIANCE AUDIT

Finance Department

2.3 Input Tax Credit

2.3.1 Short demand due to irregular allowance of input tax credit

Failure of the Assessing Authority, State Taxes Circle Reasi Jammu (Udhampur-II) to disallow the input tax credit claimed by the dealer during the period of suspension of his registration certificate resulted in short demand of ₹ 22.36 lakh.

Section 27 (7) of the Jammu and Kashmir Value Added Tax (VAT Act), 2005 stipulates that when any dealer to whom a certificate of registration is granted, fails to furnish any return or fails to pay any tax, penalty or interest payable under the Act, the certificate of registration of such dealer may be suspended by the prescribed Authority. Section 27 (8) of the above Act provides that suspension of certificate of registration will be withdrawn and registration certificate shall be restored on an application made by the dealer on furnishing evidence of payment of all taxes and on furnishing of overdue return(s) within 90 days of suspension. During the period the certificate of registration of a dealer remains suspended, he shall not be entitled to any benefits that a dealer whose certificate of registration is in force, is entitled to. The dealer is liable to pay interest and penalty under Section 51(4) and 69(1) (m) of VAT Act 2005. Further, Section 35 of the J&K VAT Act, 2005 stipulates that each and every return in relation to any tax period furnished by a registered dealer shall be scrutinised by the Assessing Authority within a period of three months of filing of such returns to verify the correctness of calculation, application of correct rate of tax and interest and input tax credit claimed therein.

Audit scrutiny (February 2019) of records of the State Taxes Circle Reasi- Jammu (Udhampur-II) revealed that due to non-furnishing of the return of 2nd quarter of accounting year 2013-14, the Certificate of Registration of a dealer was suspended during the period from 01 February 2014 to 30 March 2014. However, the dealer claimed input tax credit of ₹ 6.15 lakh during the 4th quarter of 2013-14, which included an amount of ₹ 5.32 lakh pertaining to the period during which the Certificate of Registration remained suspended. Audit observed that while scrutinising the return of the deemed assessed case (July 2014) of the dealer, the assessing authority failed to take notice of the period during which certification of registration of the dealer had remained suspended which resulted in irregular allowance of input tax credit of ₹ 5.32 lakh.

Thus, the failure to disallow the input tax credit resulted in short demand of ₹ 22.36 lakh[1].

[1] Tax: ₹ 5.32 lakh; Interest: ₹ 6.39 lakh; Penalty: ₹ 10.65 lakh.

On this being pointed out (February 2019), the Assessing Authority while rejecting the input tax credit of ₹ 5.32 lakh pertaining to the period of suspension, reassessed (March 2020) the case and raised demand of ₹ 23.43 lakh[2].

The matter was referred to Government/ Department in November 2020. The Assistant Commissioner, State Taxes (Technical), J&K stated (December 2020) that the Assessing Authority has referred the demand of ₹ 23.43 lakh to the Deputy Commissioner (Recovery), Jammu for realisation of taxes.

However, the reply of the Government was awaited (October 2021).

The Department should take effective measures under the provisions of the Act to realise the demand proceeds at the earliest. Reasons for lapses may be examined and responsibility for lapses may also be fixed.

2.4 Short Levy of Tax

2.4.1 Short levy of tax due to concealment of purchases

Assessing Authority State Taxes Circle-Ç Jammu failed to detect the concealment of Interstate Purchases, verify the genuineness of outward stock transfer during 2013-14 which resulted in short levy of tax, interest and penalty to the extent of ₹ 1.38 crore.

Section 42 (1) of the Jammu and Kashmir Value Added Tax Act 2005 provide that where after a dealer is assessed under section 37 to 40 of the Act for any year or part thereof, the Assessing Authority has reasons to believe that whole on any part of the turnover of the dealer in respect of any period has escaped assessment or has been under assessed, the Assessing Authority may serve a notice on the dealer and after giving the dealer a reasonable opportunity of being heard and making such enquiries as it considers necessary, proceed to assess to the best of its judgment, the amount of tax due from the dealer in respect of such turnover. Section 69(1) (f) of the Jammu and Kashmir Value Added Tax Act 2005, stipulates that if any person conceals his turnover or furnishes inaccurate particulars thereof, the appropriate authority shall direct that such person shall 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, as per section 6A of Central Sales Tax Act, 1956 where any dealer claims that he is not liable to pay tax under said Act in respect of any goods, on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or to his agent or principal, as the case may be and not by reason of sale, he may furnish to the Assessing Authority within the prescribed time or within such further time as that authority may for sufficient cause, permit, a declaration duly filed and signed by the Principal officer of the other place of business, or his agent or principal, as the case may be containing the prescribed particulars in the prescribed form obtained from the

[2] Tax: ₹ 5.32 lakh; Interest: ₹ 7.46 lakh; Penalty: ₹ 10.65 lakh.

prescribed authority, along with the evidence of dispatch of such goods. If the dealer fails to furnish such declaration, then the movement of such goods shall be deemed for all purposes of the Act to have been occasioned as a result of sale.

Audit check (December 2017) of records of State Taxes Circle-C Jammu showed that a dealer[3] had concealed interstate purchases worth ₹ 13.74 lakh during the accounting year 2013-14 which led to concealment of taxable turnover of ₹ 15.80 lakh[4]. Besides, the dealer had also claimed exemption on stock transfer of goods worth ₹ 5.09 crore against F-Forms in the course of interstate trade which was accepted by the Assessing Authority at the time of assessment (January 2017) under section 9(2) of the CST Act, 1956. Since the Registration Certificate of the dealer was silent about having any branch office or any clearing and forwarding agent in other states the stock transfer was irregular.

Thus, the failure of the Assessing Authority to detect the concealment of interstate purchases along with verifying the genuineness of stock transfer resulted in short levy of tax of ₹ 70.88 lakh on the taxable turnover of ₹ 5.25 crore (₹ 5.09 crore + ₹ 15.80 lakh). Besides, interest of ₹ 63.06 lakh and penalty of ₹ 4.27 lakh was also leviable.

On this being pointed out (December 2017), the Assessing Authority re-assessed (March 2019) the dealer and raised a demand of ₹ 1.67 crore[5] on the taxable turnover of ₹ 5.25 crore.

The matter was referred to Government/ Department in March 2021. The Commissioner State Taxes, J&K, Srinagar stated (May 2021) that proceedings were initiated against the dealer by issuance of statutory notice in VAT-19 dated 30 January 2018 for concealment of interstate purchases and claim of tax-free sales in the course of interstate trade and commerce while not having any branch office outside Jammu & Kashmir in the registration certificate. It was also stated that since the dealer failed to produce any documentary evidence in response to the notice issued, the Assessing Authority re-assessed the dealer and referred the demand of ₹ 1.67 crore against the dealer to Deputy Commissioner for realisation of taxes under Land Revenue Act. However, the reply of the Government was awaited (October 2021).

The Department may ensure recovery and fix the responsibility of the Assessing Authority for not implementing the prescribed provisions of the Act.

[3] Dealing in trade of dry fruits, cosmetics, confectionery, jams, juices and pickles.
[4] Concealed purchases of ₹ 13.74 lakh plus ₹ 2.06 lakh on account of 15 *per cent* incidentals.
[5] Tax: ₹ 70.88 lakh; Interest: ₹ 92.17 lakh and Penalty: ₹ 4.27 lakh.

2.4.2 Short levy of tax due to non-verification of credit claim of returned goods

Assessing Authority, State Taxes Circle-L Jammu accepted the credit claims against the returned goods without verification of actual credit notes at the time of assessment of a dealer which resulted in short demand of ₹ 53.69 lakh.

Section 26(3) read with Rule 10 of the Jammu and Kashmir (J&K), Value Added Tax (VAT) Act, 2005 and Rules made thereunder, provides that in case of goods returned or rejected by the purchaser, a credit note shall be issued by the selling dealer to the purchaser and a debit note will be issued by the purchaser to the selling dealer in a prescribed manner.

Audit scrutiny (September 2018) of records of State Taxes Circle-L, Jammu revealed that a dealer dealing in sale and purchase of Machinery Parts was assessed (March 2018) for the accounting year 2014-15 at a taxable turnover of ₹ 34.83 lakh. The dealer had shown returned goods worth ₹ 2.19 crore in his Trading Account for the year 2014-15 but the credit and debit notes in support of goods returned have not been issued by both the purchasing and selling dealers. The digital records of Lakhanpur Toll Plaza had not made any mention about return of goods to the dealer. Assessing Authority accepted the credit claim of dealer against returned goods without obtaining credit notes at the time of assessment (March 2018). Acceptance of credit claims against the returned goods without verification of actual credit notes, led to under assessment of turnover of ₹ 2.19 crore and consequent short demand of ₹ 53.69 lakh[6].

On this being pointed out (September 2018), the Assessing Authority re-assessed (March 2020) the dealer under section 42 of J&K VAT Act, 2005 and raised a demand of ₹ 64.31 lakh[7].

The matter was referred to Government/ Department in November 2020. The Assistant Commissioner State Taxes (Technical), J&K stated (December 2020) that the Assessing Authority has referred the demand of ₹ 64.31 lakh to the Deputy Commissioner (Recovery), Jammu for realisation of taxes. However, the reply of the Government was awaited (July 2021).

The Department should take effective measures under the provisions of the Act to realise the demand raised against the dealer at the earliest. Reasons for lapses may also be examined.

[6] Tax: ₹ 29.50 lakh; Interest: ₹ 24.19 lakh.
[7] Tax: ₹ 29.50 lakh; Interest: ₹ 34.81 lakh.

PART ‘B’

Social, General and Economic Sectors (Departments)

Chapter III

Introduction of Social, General and Economic Sectors (Departments)

CHAPTER III

Introduction of Social, General and Economic Sectors (Departments)

The Jammu and Kashmir Reorganisation Bill, 2019 was introduced in the Parliament on 05 August 2019. The Jammu and Kashmir Reorganisation Act, 2019 received the assent of the President of India on 09 August 2019. The Act provides for the reorganisation of the then existing State of Jammu and Kashmir and for matters connected therewith or incidental thereto into two Union Territories (UT) namely UT of Jammu and Kashmir and UT of Ladakh.

In terms of the said Act, the then State of Jammu and Kashmir existed up to 30 October 2019 and was reconstituted as a Union Territory with effect from 31 October 2019. The accounts of erstwhile State have therefore been prepared for the period 01 April 2019 to 30 October 2019 and those of the UT of Jammu and Kashmir for 31 October 2019 to 31 March 2020.

The original budget for the year 2019-20 for the erstwhile State of Jammu and Kashmir was for the complete year i.e 01 April 2019 to 31 March 2020. However, due to the reorganisation which took place w.e.f 31 October 2019, the pre-actuals for seven months (01 April 2019 to 30 October 2019) as reflected in the demand for Grants 2020-21 as passed (March 2020) by the Parliament have been taken as the Budget Estimates for the period 01 April 2019 to 30 October 2019 in this Report.

In pursuance to Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O 3938 (E) dated 31 October 2019 and Section 74 of the Jammu & Kashmir Reorganisation Act, 2019 the Hon'ble President of India had authorised the expenditure for the period 31 October 2019 to 31 March 2020 out of the Consolidated Fund of the Union Territory (UT) of the Jammu and Kashmir which was approved by the Parliament in month of March 2020. The Annual Financial Statements (AFS) for the year 2020-21 in respect of U.T of Jammu & Kashmir recorded Budget Estimates/ Revised Estimates in respect of Union Territory of Jammu & Kashmir for five months which have been taken as Budget Estimates for period 31 October 2019 to 31 March 2020 in this chapter of the report.

3.1 Budget Profile

During the period 01 April 2019 to 30 October 2019, the erstwhile Jammu and Kashmir State incurred expenditure of ₹ 58,569 crore against the budget estimate of ₹ 52,158 crore. Further, during the period 31 October 2019 to 31 March 2020, the Union Territory of Jammu and Kashmir incurred expenditure of ₹ 47,064 crore against the budget estimate of ₹ 59,108 crore. The position of budget and expenditure of erstwhile State and the Union Territory of Jammu and Kashmir is shown in Table 3.1.

Table 3.1: Budget and Expenditure of the erstwhile Government of State of Jammu and Kashmir and UT of Jammu and Kashmir during the period 2019- 20.

(₹ in crore)

Particulars	From 01.04.2019 to 30.10.2019 (Jammu and Kashmir State)		From 31.10.2019 to 31.03.2020 (UT of Jammu and Kashmir)	
	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure				
General Services	11,920	14,153	11,478	9,384
Social Services	8,953	8,895	11,387	8,615
Economic Services	7,298	7,196	8,542	4,721
Grants-in-aid[1] and contributions	-	-	-	-
Total (1)	**28,171**	**30,244**	**31,407**	**22,719**
Capital expenditure				
Capital Outlay	5,889	4,522	13,771	5,422
Loans and advances disbursed	12	16	87	38
Repayment of Public Debt[2]	14,176	15,666	10,053	13,149
Contingency Fund	-	-	-	-
Public Accounts disbursements[3]	3,909	8,163	3,791	4,253
Closing Cash balance	-	(42)	-	1,482.28 (42.08)
Total (2)	**23,987**	**28,325**	**27,702**	**24,345**
Grand Total (1+2)	**52,158**	**58,569**	**59,108**	**47,064**

(Source: Annual Financial Statements and Finance Accounts of the Government of erstwhile State of Jammu and Kashmir and UT of Jammu and Kashmir)

3.2 Application of resources of the erstwhile State/ UT Government

During the period 01 April 2019 to 30 October 2019, the total expenditure[4] of the erstwhile State of Jammu and Kashmir was ₹ 34,782 crore. During this period, the Capital Outlay constituted 13 *per cent* of total expenditure. During the period 31 October 2019 to 31 March 2020 the expenditure of Union Territory of Jammu and Kashmir was ₹ 28,179 crore and Capital Outlay constituted 19 *per cent* of total expenditure.

3.3 Funds transferred directly to Government Departments of the erstwhile State/ UT

During the period 01 April 2019 to 30 October 2019, various Ministries/ Departments of the Central Government released ₹ 349.66 crore directly to various Government departments of the erstwhile State of Jammu & Kashmir. Ministries/ Departments of the Central Government released ₹ 335.54 crore directly to the various Departments of the Union Territory Government of Jammu and Kashmir during the period from 31 October 2019 to 31 March 2020.

Thus, Government of India (GoI) transferred total ₹ 685 crore ***(Appendix 3.1.1)*** directly to various Government Departments of erstwhile State/ UT without routing

1 Grants-in-aid paid by the State Government is included in the General, Social and Economic Services.
2 Includes transactions under ways and means advances and overdraft.
3 Actuals exclude transactions of investment of cash balance and departmental cash balance.
4 Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances.

these through the erstwhile State/ UT Budget during the year 2019-20. Consequently, these amounts remained outside the Budgetary and Accounting system of the erstwhile State/ UT Government during the year.

3.4 Grants-in-aid from Government of India

The grants-in-aid received from Government of India during 2019-20 is depicted in Table 3.2.

Table 3.2: Grants-in-aid from GoI

(₹ in crore)

Particulars	From 01.04.2019 to 30.10.2019 (Erstwhile Jammu and Kashmir State)	From 31.10.2019 to 31.03.2020 (UT of Jammu and Kashmir)
Non-Plan Grants	-	-
Grants for Centrally Assisted State Plan Schemes/ Centrally Sponsored Schemes	4,181	3,407
Grants for Central and Centrally Sponsored Plan Schemes	-	-
Finance Commission Grants (Post Devolution Revenue Deficit Grant)	8,249	-
Grant for Rural Local Bodies	1,220	-
Grant for Urban Local Bodies	174	-
Grant-in-aid for State Disaster	405	-
Other transfers/ Grants to States/ Union Territories with Legislature	382	11,784
Compensation for loss of revenue arising out of implementing of GST	1,032	1,247
Total	**15,643**	**16,438**
Revenue Receipts	30,052	22,557
Percentage of total grants to Revenue Receipts	52	73

(Source: Finance Accounts of respective years)

During the period 01 April 2019 to 30 October 2019, the Government of erstwhile State of Jammu and Kashmir received ₹ 15,643 crore as Grants-in-Aid from Government of India which accounts for 52 *per cent* of revenue receipts. During the period 31 October 2019 to 31 March 2020, the Government of Union Territory of Jammu and Kashmir received ₹ 16,438 crore as Grants-in-aid from Government of India which accounts for 73 *per cent* of Revenue receipts during the period.

3.5 Audit process

The audit process starts with the risk assessment of various Departments, Autonomous Bodies, Schemes/ Projects which takes into account the criticality/ complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing the audit findings is issued to the Head of the Office with a request to furnish replies within one month. On receipt of replies, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India (C&AG). The audit findings incorporated in the Audit Report are based on test-check only of the transactions of the Government of Jammu and Kashmir.

During 2019-20, out of 5,634 Drawing and Disbursing Officers (DDOs) compliance audit of 847 was planned and audit of 617 DDOs of the State/ UT was conducted. Out of 502 units of 113 autonomous bodies (ABs) in the erstwhile state of J&K, audit of 45 units was planned while audit of 83 units[5] was conducted by the Office of the Principal Accountant General (Audit), Jammu & Kashmir.

3.6 Response of Government to Audit Report Paragraphs

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 which have a negative impact on 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. Six compliance paragraphs to be included in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Departments) for the year ended 31 March 2020 were sent to the Principal Secretaries/ Secretaries of the respective departments. Out of six compliance paras, the replies of Government to five compliance paras were awaited (October 2021).

3.7 Response of Government to Compliance Audit Reports

The hand book of instructions for speedy settlement of audit observations/ inspection reports (IRs) issued by the Government (Finance Department) provides for prompt response by the Executive to IRs issued by the Principal Accountant General (Audit) to ensure remedial/ rectification action in compliance with the prescribed rules and procedures. The heads of auditee offices and their controlling administrative Departments are required to comply with the observations contained in the inspection reports IRs and rectify the defects and report their compliance to the Principal Accountant General (Audit).

[5] 70 units (including Ladakh) for the period 01.04.2019 to 30.10.2019 and 13 units (excluding Ladakh) for the period 31.10.2019 to 31.03.2020.

Based on the results of test audit, 52,780 audit observations[6] contained in 11,924 IRs were outstanding for settlement as on 31 March 2020 as given in Table 3.3.

Table 3.3: Details showing the Audit observations outstanding at the end of 31 March 2020

Name of Sector	Opening Balance (01 April 2019)		Additions during the year 2019-20		Settled during the year 2019-20		Closing Balance (31 March 2020)	
	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
Social Sector (Non-PSUs)	5,584	26,792	455	4,258	99	1,065	5,940	29,985
General Sector (Non-PSUs)	1,717	5,687	76	477	60	459	1,733	5,705
Economic Sector (Non-PSUs)	4,230	17,044	250	1,733	229	1,687	4,251	17,090
Total	**11,531**	**49,523**	**781**	**6,468**	**388**	**3,211**	**11,924**	**52,780**

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.

Further, no Audit Committee was constituted during 2019-20. The respective Departments may constitute Audit Committees, hold its meetings and monitor the progress of settlement of paragraphs.

3.8 Follow-up on Audit Reports

3.8.1 Non-submission of *suo-motu* Action Taken Notes

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

It was, however, noticed that out of 561 audit paragraphs featuring in the Civil Chapters of Audit Reports from 2000-01 to 2018-19, *suo-motu* ATNs in respect of 275 audit paragraphs had not been received up to 31 October 2021.

[6] The figures include those of the UT of Ladakh.

3.8.2 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/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 561 Audit paragraphs featuring in the Civil Chapters of Audit Reports for the years from 2000-01 to 2018-19, only 245 audit paragraphs have been discussed by the PAC up to 31 March 2021. 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.

3.9 Non-submission/ delay in submission of Annual Accounts by Autonomous Bodies

Five Autonomous Bodies, whose Separate Audit Reports are required to be laid before the Legislature by virtue of Acts governing them, are required to be audited by the Comptroller and Auditor General (C&AG) of India under Sections 19 (3) and 20 (1) of the C&AG's DPC Act, 1971, had not furnished their annual accounts as given in Table 3.4.

Table 3.4: Non-submission of accounts by Autonomous Bodies

Sl. No.	Name of Body/ Authority	Delay in number of years	No. of accounts
1.	Compensatory Afforestation Management and Planning Authority	10	10 (2009-10 to 2018-19)
2.	Jammu and Kashmir State Housing Board	07	07 (2012-13 to 2018-19)
3.	Khadi and Village Industries Board	04	04 (2015-16 to 2018-19)
4.	Building and Other Construction Workers Welfare Board	06	06 (2013-14 to 2018-19)
5.	State Legal Service Authority	01	01 (2018-19)
	Total		**28**

Delay in submission of accounts in respect of these autonomous bodies was between one and ten years. Non-submission/ delay in submission of accounts by these autonomous bodies receiving funding from the State/ UT Budget is persisting for years. The delay in finalisation of accounts also carries the risk of financial irregularities going undetected. The matter of delay/ non submission of accounts by the autonomous bodies was brought to attention of the Chief Secretary, Government of UT of Jammu and Kashmir in the meeting held on 30 July 2021. It was assured that the Government will release further funds to the autonomous bodies only if they will submit their outstanding accounts.

Chapter IV

Compliance Audit of Social, General and Economic Sectors (Departments)

CHAPTER IV

Compliance Audit of Social, General and Economic Sectors (Departments)

This chapter contains six Compliance Audit observations pertaining to Social and General Sectors. The total financial implication of these observations is ₹ 230.27 crore.

Animal Husbandry Department

4.1 Delay in the Construction of Poultry Breeding Farm and Hatchery

The construction of a Poultry Breeding Farm and Hatchery project at Kupwara for subsidiary income generation of women/ weaker sections was taken up without administrative approval of the changed site. The expenditure of ₹ 1.78 crore incurred thus far on the project did not yield any benefits.

For development of a poultry breeding farm, to help generation of subsidiary income for women/ weaker sections of the society, the Director, Animal Husbandry, Kashmir submitted (June 2013) a Detailed Project Report (DPR) to the Secretary, Animal Husbandry Department for approval. The project planned at Gonipora Waripora, District Kupwara was estimated to cost ₹ 2.89 crore.

The project was administratively approved (February 2014) by Secretary, Animal Husbandry department at a cost of ₹ 2.48 crore[1] and was to be completed within three years. The project was to be funded from loan assistance (95 *per cent*) from National Bank for Agriculture and Rural Development (NABARD) and State share (five *per cent*).

Audit scrutiny of records of the office of Chief Animal Husbandry Officer (CAHO), Kupwara showed (July 2019) that the project site at Gonipora Waripora was identified in June 2011 but due to the objections raised (September 2015) by the local population, the construction works were not taken up. The proposal for setting up the project on an alternate site near District Police Line Kulangam mooted (March 2016) was also not approved by the Administrative Department citing that projects once sanctioned by NABARD for a particular place cannot be shifted to another place. The Director, Animal Husbandry submitted (October 2016) another proposal for shifting the site to a land identified at Tutigund, Handwara.

The Animal Husbandry department started (November 2016) setting up the project at Handwara though the Administrative Department did not approve the site. The administrative department despite itself not granting approval to change of site released funds during 2014-19[2] for the project. The Department prepared a revised DPR (2019) and estimated the revised cost at ₹ 7.04 crore attributing the rise to time

[1] Infrastructure cost (Plant & Machinery): ₹ 20.40 lakh and construction cost: ₹ 228.09 lakh.

[2] 2014-15: ₹ 0.75 crore; 2015-16: ₹ 0.15 crore; 2016-17: ₹ 1.49 crore; 2017-18: ₹ 0.95 crore; 2018-19; ₹ 3.59 lakh.

lapse and change in topography of the project site. Audit observed that the Animal Husbandry Department had spent ₹ 1.78 crore on the construction of hatchery complex and residential quarters and another ₹ 0.50 crore was advanced to a State PSU and Stores Procurement Department/ PWD for supply of material. The other essential project components viz Brooder House, Layer farm, Grower Farm, Office Building and Trench roofed Mortality curing unit were either incomplete or not taken up for execution (June 2019).

Thus, the envisaged benefits of the project i.e. to create subsidiary income generation Backyard Poultry Units for women/ weaker sections were incomplete and the expenditure of ₹ 1.78 crore incurred thus far on the project did not yield any benefits.

While explaining the reason for starting work at Handwara, without administrative approval, the EE, R&B Division, Handwara stated (July 2019) that the District Development Commissioner Kupwara had approved the new site and had directed to execute the work at Tutigund instead of Gonipora Waripora. The reply was not tenable as the site of project was changed without approval of Administrative Department which is evident from the fact that the District Development Commissioner had sought (July 2019) reasons from the EE for starting work without prior approval of site. Regarding the revised DPR submitted in 2019, the EE stated (January 2021) that it was required in view of the topography of the new area of execution of the project which necessitated development of land and providing other facilities at site such as development of platforms for making buildings, retaining walls, breast walls, brick fencing, cross drainage works and road development.

The matter was referred (March 2021) to Government/ Department; their replies were awaited (October 2021).

Education Department

4.2 Non-utilisation of funds released for civil works under Sarva Shiksha Abhiyan

Release of funds by the State Project Director (SPD) Sarva Shiksha Abhiyan (SSA) under civil works (capital component) plan 2016-17, to the Directors of School Education Jammu and Kashmir without any action plan for its utilisation resulted in blocking of ₹ 21.48 crore

The Project Approval Board (PAB) of Sarva Shiksha Abhiyan (SSA), Department of School Education and Literacy, Ministry of Human Resources Development (MoHRD), Government of India (GoI), in its 231st meeting (February 2016) approved the Annual Works Plan and Budget (AWP&B) 2016-17 for the State of Jammu and Kashmir. The AWP&B 2016-17 included civil works under SSA (Separate girls toilet, Boundary wall, furniture for government upper primary school and construction of building etc.). The State Project Director (SPD), SSA J&K released

(31 March 2017) ₹ 21.48 crore[3] in favour of Director School Education (DSE) Jammu (₹ 9.76 crore) and DSE Kashmir (₹ 11.72 crore) with the direction not to utilise these funds till further detailed instructions were issued.

Audit scrutiny (July 2020) of the records of DSE Jammu revealed that no further instructions for utilisation of these funds were received from SPD, SSA J&K. The amount of ₹ 9.76 crore was held in the official saving bank account and invested (March 2018) in Fixed Deposit Receipts (FDRs) for a period of six months. Interest of ₹ 3.13 crore accrued in the saving and fixed deposits was transferred (August 2020) to the Project Director Samagra Shiksha[4]. Similarly, ₹ 11.72 crore released (March 2017) to DSE, Kashmir also remained unutilised (December 2020) in the savings bank account due to non-receipt of any directions for their utilisation.

Failure of the Department to get Action Plan prepared by subordinate offices for utilisation of funds received under AWP&B 2016-17 and improper release of funds without a road map for their utilisation had resulted in blocking of ₹ 21.48 crore and non-fulfilment of objective of creating intended infrastructure under SSA.

On being pointed out in audit, DSE Jammu and DSE Kashmir stated (December 2020) that the funds remained unutilised as they had not raised any demand under the Civil Works SSA Plan 2016-17 for release of these funds besides, the instructions for utilisation of the funds released were also not received from the SPD. Further Project Director, Samagra Shiksha stated (February 2021) that as the works under different components were being finalised, the DSEs Jammu and Kashmir were instructed not to utilise the funds till further orders.

The School Education Department issued (March 2017) directions to the SPD, SSA/ RMSA that the funds available under SSA/ RMSA are released to the implementing agencies so as to ensure nil balance at the end of year in order to avoid any future cuts on account of unspent balance by GoI. Thus lack of planning, monitoring and coordination between the offices of SPD, Samagra Shiksha, DSE Jammu and DSE Kashmir resulted in blocking of ₹ 21.48 crore for the nearly four years.

The matter was referred to Government/ Department in February 2021; their replies are awaited (October 2021).

[3] Central share: ₹ 15.79 crore and State Share: ₹ 5.69 crore.

[4] Sarva Shiksha Abhiyan, Rashtriya Madhyamik Shiksha Abhiyan and Teacher Education were brought under Samagra Shiksha with effect from August 2018.

Forest, Ecology and Environment Department

4.3 Compensatory Afforestation, Fund Management and Planning Authority

The Compensatory Afforestation Fund Management and Planning Authority (CAMPA) did not conduct survey before preparation of Annual Plan of Operations (APOs) to collect physical data for identifying degraded forests. No alternate non-forest land was transferred to Forest department for compensatory afforestation as required under Jammu and Kashmir Forest Conservation Act. Site specific schemes were not prepared by the Forest Divisions for Compensatory afforestation at sites contiguous to or in the proximity of forest in respect of forest land of 2,757.78 hectares diverted for non-forest purpose. ₹ 9.24 crore (out of total expenditure of ₹ 140.25 core) out of CAMPA funds were spent on inadmissible components such as purchase of office equipment, construction of office complex etc. There was irregular expenditure of CAMPA funds of ₹ 15.12 crore on establishment of two zoos.

4.3.1 Introduction

Under the Jammu and Kashmir Forest Conservation Act (1997) and Government of India (GoI) guidelines, for any forest land transferred for non-forest purposes, alternate non-forest land equivalent to the transferred forest land is to be arranged and transferred to the Forest department prior to commencement of the project. Apart from this, cost of land in the form of Net Present Value (NPV)[5], cost of compensatory afforestation (CA), cost of trees (CoT), wild life development and other activities is recoverable from the user agency to which the land is diverted. However, in case alternate non-forest land is not available, the user agency will have to bear the cost of CA in degraded forest to the extent of double the area of forest land diverted.

In order to manage the money received on account of diversion of forest land, Central Adhoc Compensatory Afforestation Fund Management and Planning Authority (CAMPA) was constituted (April 2004) by the Government of India. In the erstwhile state of Jammu and Kashmir, the State Compensatory Afforestation Fund Management and Planning Authority (CAMPA) was constituted in November 2009 and Jammu and Kashmir (Compensatory Afforestation Fund Management and Planning Authority) Rules 2009 were made (November 2009) thereunder. The state/ UT level authority was under the chairmanship of Principal Chief Conservator of Forests (PCCF) and Government also framed (December 2018) Jammu and Kashmir Compensatory Afforestation Fund (CAF) Rules 2018. Under J&K Re-organisation Act 2019 (notified 30 October 2019), the Central Compensatory Afforestation Fund (CAF) Act 2016 was extended to the UT of Jammu and Kashmir with effect from 31.10.2019.

[5] Quantification of the environmental services provided for the forest area diverted for non-forestry uses as may be determined by an expert committee appointed by the Central Government.

According to these rules the compensation amount received from user agencies is to be deposited in the Government fund. The objectives of CAMPA include carrying out compensatory afforestation in addition to conservation, protection, and management of existing forests and wildlife.

A compliance audit covering the activities undertaken by J&K CAMPA during the period 2015-20 was undertaken by test check of records of Additional Principal Chief Conservator of Forests (APCCF), CAMPA along with Nodal Officer, Forest Conservation Act (FCA), Divisional Forest Officers (DFOs) Territorial, Social Forestry Department, Soil and Water Conservation Department and Wildlife Protection Department. Out of 35 forest divisions in the two regions of Jammu and Kashmir, 10 Forest Divisions[6] (29 per cent) were selected for test check of records by Probability proportional to size without Replacement (PPSWOR) method on the basis of total expenditure incurred under CAMPA during 2015-20. 17 divisions were also selected for test check of records in departments of Social Forestry (6), Soil and Water Conservation (6) and Wildlife protection (5).

4.3.2 Planning

4.3.2.1 Preparation of Annual Plan of Operations

As per Para XIII of Operational guidelines for CAMPA, the Annual Plan of Operations (APOs) was to be prepared after conducting detailed survey to collect physical data for identifying the treatment measures like planting in trenches in hilly areas, pit planting with water harvesting measures in flat areas, etc.

Audit noticed in all 27 selected divisions[7], no survey was conducted prior to preparation of APOs. The APOs were instead prepared on the basis of the financial limits fixed by PCCF. No funds were released during 2015-20 for survey in respect of 27 selected divisions. The impact of development project on the forest area and results of compensatory afforestation could not be realistically evaluated in absence of surveys. Non-conducting of survey also resulted in disputes necessitating change of sites at three places[8] for carrying out plantation.

The DFOs stated that informal talks were held with the people residing in the area where forest closures were to be developed and provisions for survey and demarcation were proposed in the APOs but no funds were released for the purpose of survey. The APCCF, CAMPA intimated (July 2021) that several Implementing Agencies (IAs) have now projected fund requirements for survey works during 2021-22 in their APOs which have been approved. APCCF, CAMPA further stated (November 2021) that specific survey requirements projected by DFOs in APOs would be met.

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6 Jammu, Udhampur, Eco Task Force, Reasi, Bhaderwah, Urban Forestry Jammu, Kamraj, Shopian, Anantnag, Tangmarg.

7 Jammu: 14, Kashmir: 13

8 From Co 42/ kunt (Banjar) to Co 37/ Cheralla (Bodhi), from Co 41 /kunt (Parsholla) to Co 57/ Bhalesha(Chanti) and from Co 41 kunt (Gulmana) to Co 57/ Bhalesha (Icher).

4.3.2.2 Delay in submission of Annual Plan of Operations

Para XIII (j) of Operational Guidelines envisage that implementing agency (IA) shall formulate their APOs for the forthcoming financial year by August which after technical appraisal shall be put up to the executive committee during November. The APOs with breakup of proposed activities and estimated cost thereof shall be put up to the Steering Committee on whose approval shall be communicated to the IAs by 31st December.

Audit noticed (April 2021) delays between one month to 16 months[9] in formulation of APOs by the IAs; between 21 days and eight months in accordance of approval by the EC; and between 23 days and eight months in approval by the SC.

Due to delay in preparation/ finalisation of APOs, the utilisation of funds of ₹ 18.69 crore was delayed. As a result, plantation of 10.694 lakh saplings for rehabilitation of 894.68 hectare of degraded forest, fencing of 3.03 lakh running feet (rft), 1.17 lakh pasture patch development works, raising of 17.4 lakh nursery plants and 1,964 cum of dry rubble stone masonry (DRSM) could not be carried out in respective years of plan.

In 20 of the 27 test checked divisions, during 2015-2020, utilisation of funds of ₹ 5.72 crore was delayed affecting plans of plantation of 1.53 lakh saplings for rehabilitation of 159.37 hectare of degraded forest, fencing of 0.707 lakh rft, 0.72 lakh of pasture patch development works, raising of 4.19 lakh nursery plants and 50 cum of dry rubble stone masonry (DRSM) could not be carried out. The APCCF stated (November 2021) that meetings of EC were held in December of the preceding year for APOs of 2019-22 and meetings of the SC were also held well before commencement of financial year. They added that unspent amount wherever required is revalidated in the next financial year for completion of plantation works. APCCF further stated that because of climatic conditions most of the afforestation works were being carried out during winter after melting of snow in February and due to short time period available for execution of works before close of the financial year some of the works spill over to the next financial year. The fact remained that climatic factors were not an unforeseen event and the Department should have factored them in implementation of APOs and timelines should have been adhered to.

4.3.3 Financial Management

4.3.3.1 Utilisation of Compensatory Afforestation Fund

The position of funds credited to Adhoc CAMPA, amounts released to IAs and unspent balances during 2015-20 is given in Table 4.3.1.

[9] Jammu: 5 forest divisions-2 months 28 days to 1 year 27 days; Kashmir: 13 divisions-one month to 16 months.

Table 4.3.1: Position of funds received, expenditure incurred and unspent balances

(₹ in crore)

Year	Receipts			Payments / Releases					Closing Balance
	Opening Balance	Money[10] Received	Total	Money invested in FDR's	Amount released to implementing agencies	Amount transferred/ Pledged to Adhoc CAMPA	Money Transfer To State Government[11]	Total	
2015-16	3.18	300.20	303.38	249.00	50.30	0.00	0.00	299.30	4.08
2016-17	4.08	680.93	685.01	491.50	58.66	102.98	0.00	653.14	31.87
2017-18	31.87	596.20	628.07	274.18	85.99	248.70	0.00	608.88	19.19
2018-19	19.19	301.61	320.80	51.00	115.61	146.45	0.00	313.06	7.74
2019-20	7.74	483.60	491.34	65.00	134.81	0.00	290.32	490.12	1.21

(Source: Departmental records)

Reasons for unspent balance ranging between ₹ 1.21 crore and ₹ 31.87 crore during 2015-20 were delay in formulation/ finalisation of APOs. The reasons for ₹ 1.21 crore remaining unspent at the end of 2019-20 were that the CAMPA transferred ₹ 290.32 crore out of ₹ 291.53 crore available to the State Government. The reasons for delay in release of funds to the IAs are discussed below:

CAMPA operational guidelines envisage that after clearance of APOs by the SC, first instalment of CAMPA funds is to be released to the IAs during the month of January and second instalment is to be released after obtaining the UCs from the IAs in respect of the first instalment. Audit observed release of first instalment of funds to the IAs with delays ranging between 12 days and 256 days, release in more than two instalments and also at the end of the financial years.

The APCCF, CAMPA attributed (August 2021) the delay in release of funds to delayed receipt of money from Adhoc CAMPA. It was further stated (November 2021) that the incomplete/ spill-over works of the approved APOs were revalidated for execution in the next financial year and the APOs were fully implemented in the following year. However, yearly progress of afforestation works suffered due to non-timely preparation of APOs, delayed release of funds leading to and spill over of works.

4.3.3.2 Variation in expenditure booked

Cross verification of records of Chief Accounts Officer (CAO) PCCF and CAMPA Cell (CC) showed that during 2015-20 against ₹ 505 crore released by CAMPA cell, the CAO PCCF, had shown an expenditure of ₹ 445.37crore. The variation in separate statements ranging between (-) ₹ 59.33 crore and (+) ₹ 16.12 crore was not reconciled. Further during 2015-18, against ₹ 194.95 crore released by CAO, PCCF, to the IAs, expenditure of ₹ 229.96 crore was shown in the monthly progress report of CAMPA cell.

[10] Money received including the encashment of FDRs including interest on FDRs, Charges received from the user agencies and Money received from the Adhoc CAMPA.

[11] Transferred to Government as per instructions of Government issued in November 2019.

APCCF, CAMPA stated (November 2021) stated that the Accounts Section and CAMPA Cell have been directed to reconcile the figures of releases/ expenditure.

4.3.3.3 Reconciliation of funds

Audit observed (July 2021) that in respect of approved APOs with expenditure of ₹ 93.42 crore, ₹ 141.74 crore was released to 26 Implementing Agencies (IAs) during 2015-20 resulting in irregular excess release of ₹ 48.32 crore.

APCCF, CAMPA contended (November 2021) that no excess amounts were released and that the unspent amounts in the approved APOs were revalidated in the next financial year and funds were released to IAs to meet exigency requirements. The fact remained that the CAMPA had failed to implement APOs in full in respective years and spill over of incomplete works with respective financial outlay was revalidated for next year as also discussed at ***Paragraph 4.3.3.1*** above.

- Test check (July 2021) of cash book and bank statements of Chief Accounts Officer (CAO), CAMPA Cell, showed that details/particulars of 242 credits amounting to ₹109.84 crore appearing during 2015-20 were not depicted in bank statements.
- In respect of 19 test checked cases of transfer of forest land (measuring 63.65 hectares) by the Forest Department to the user agencies, compensation of ₹ 8.11 crore deposited by the user agencies with the CAMPA Fund during 2015-20 was not appearing in the Cash book and bank account[12] resulting in non-accountal of ₹ 8.11 crore.

The CAO, PCCF assured (August 2021) that the matter would be taken up with the FCA section for reconciliation of figures.

4.3.3.4 Awaited receipt of CAMPA funds from the Adhoc CAMPA

Central Compensatory Afforestation Fund (CAF) Act 2016 was extended to the Union Territory (UT) of Jammu and Kashmir with effect from October 2019[13]. Consequently, in terms of Section 4 of the said Act, the Government notified (November 2019) establishment of 'Compensatory Afforestation Fund' into which money's to be received from user agencies in lieu of the diversion of the forest land for non-forestry purposes and monies to be received from National CAMPA[14] were to be deposited. Audit noticed (July 2021) that out of ₹ 1,006.95 crore[15](including accrued interest) credited to Ad hoc CAMPA during 2010-20, only ₹ 764.55 crore[16] was transferred to the CAF as of July 2021. The remaining amount of ₹ 242.40 crore

12 Current Bank Account CD-259 which was maintained for most of the transactions including the release/ distribution of funds among the IAs and one Saving Account SB-20 in the J&K Bank. The user agencies deposit the compensation amount in the Current Bank account CD-259 maintained in the J&K Bank.

13 In pursuance of J&K Re-organisation Act 2019 read with the J&K Reorganisational (Removal of difficulties) Order No. 2019 (notified vide S.O. 3912 (E) dated 30.10.2019).

14 Erstwhile Adhoc CAMPA which was dissolved and National CAMPA constituted in terms of CAF Rules 2018.

15 ₹ 1,298.30 (Jammu and Kashmir: ₹ 1,006.95 crore, Ladakh: ₹ 291.35 crore).

16 ₹ 408.35 crore: February 2020 and ₹ 356.20 crore: October 2020.

was lying with Ad hoc CAMPA. The matter was not pursued with the Adhoc CAMPA for transfer of the remaining amount to the UT.

4.3.3.5 Loss of interest income

- **Loss of interest due to non- opening of interest bearing bank account**

Rule 5(3) of CAMPA Rules 2009 stipulates that the money received in respect of CAMPA shall be kept in interest bearing accounts. Audit noticed (July 2021) that moneys received for compensatory afforestation was kept in current account by the CAO and seven IAs resulting in loss of minimum potential interest income of ₹ 1.43 crore[17].

The CAO, PCCF stated (August 2021) that as per Forest Conservation Rules of 2000, there was a provision to keep CAMPA funds in the current account. APCCF, CAMPA stated (November 2021) that after issuance of SRO 354 (CAMPA guidelines) in November 2009 the CAMPA accounts are now being kept in interest bearing accounts. The reply is not based on fact as funds were not kept in interest bearing accounts during 2015-20.

- **Loss of interest due to absence of investment policy**

According to Rule 12 of CAF Rules 2018 the EC of the CAMPA shall invest surplus amounts available in the Government Fund. J&K CAMPA operational guidelines also envisage utilisation of minor part of income from interest received on funds invested by State and Central CAMPA on management of State CAMPA.

Audit noticed (July 2021) that amounts ranging between ₹ 0.31 crore and ₹ 104 crore were kept for one month to 11 months in the bank account[18] during 2015-20. Non-investing of these sums into Fixed Deposit Receipts (FDRs) had resulted in loss of potential interest income of ₹ 3.03 crore. Audit also noticed that CAMPA encashed its FDRs prematurely despite having adequate balances in its bank accounts to meet its emergent requirements. The premature encashment of FDRs resulted in loss of potential interest income of ₹ 2.54 crore during 2015-20.

The CAO, PCCF stated (August 2021) that the amount was kept to meet the day to day expenses. The reply is not tenable, as CAMPA transactions relating to day to day expenses were carried out through the amounts in current accounts. The APCCF, CAMPA added (November 2021) that CAO, PCCF was being directed to take up the issue with concerned quarters and furnish report. No reply was offered explaining reasons for premature encashment of FDRs when adequate funds for meeting day to day expenses were available in current accounts and savings bank accounts.

4.3.3.6 Non-closure of saving and current bank accounts

In terms of Section 4(1) of Compensatory Afforestation Fund Act 2016, the Government established (November 2019) a special fund namely State Compensatory

[17] Jammu (seven implementing agencies: ₹ 0.26 crore), CAO, PCCF: ₹ 1.17 crore.
[18] SB-20 of J&K Bank.

Afforestation Fund. In terms of the notification all bank balances available with CAMPA were to be transferred to this new fund. However, balance of ₹ 1.23 crore in current account (CD-259) and ₹ 0.33 crore in savings bank account (SB-20) were yet (August 2021) be transferred.

The APCCF, CAMPA stated (November 2021) that all DFOs had been directed (May 2020) to close the CAMPA accounts at the end of 2019-20 and all moneys in the saving and current accounts have now been deposited with the State Fund.

4.3.4 Non maintenance of accounts records/non-finalisation of accounts

Non maintenance of accounts records

Rule 12 (3) of CAMPA Rules 2009 and Rule 29 of J&K Compensatory Afforestation Fund Rules 2018 provide for maintenance of accounts including Cash book, ledger, Journal, Public Funds Account register, Stock register, Fixed Asset register, etc..

In 27 selected divisions Audit noticed that only cash books and *Form 48* depicting payment details were maintained and other records had not been maintained. The non maintenance of full set of records as specified was not only non observance of instructions but also the Department could not assess and value its assets properly. The non maintenance of full set of records also contributed in the J&K CAMPA not being able to produce its financial statements since its inception.

The DFOs stated (September 2020 to April 2021) that instructions for maintenance of other records were noted for compliance. The APCCF, CAMPA stated (November 2021) that DFOs/ IAs have been directed to maintain all records relating to CAMPA in accordance with financial rules.

Non-finalisation of accounts

As per Rule 12 (3) of CAMPA Rules 2009, CAMPA was required to maintain proper accounts and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Accountant General. The accounts were to be certified by the Accountant General or any other person appointed by him in this behalf together with the audit report thereon. Audit observed that CAMPA had not prepared its annual accounts since its establishment. As of December 2020 preparation of 10 years of accounts[19]was in arrears. This non-finalisation of accounts is fraught with the risk of misappropriation besides the activities escape legislative oversight.

Additional PCCF/ CEO CAMPA informed (December 2020) that a CAG empanelled Chartered Accountancy firm has been engaged (January 2020) for preparation of financial statements for the period 2010-11 to 2019-20 at CAMPA headquarters as well as that of implementing agencies. APCCF, CAMPA informed (November 2021) that the CA firm has sought time till November 2021 to finalise the CAMPA accounts and to submit their report.

[19] 2010-11 to 2019-20

4.3.5 Programme implementation

4.3.5.1 Decrease in Moderate Dense Forest and Increase in degraded forests

Forest Survey of India undertakes assessment of Country's forest resources every two years, results of which are presented as 'India State of Forest Report' (ISFR). According to ISFR for the years 2013 and 2019 there was overall increase in forest area of Jammu and Kashmir from 22,538 sqkm to 23,612 sqkm. However, there was decrease in Moderate Dense Forest area from 8,760 Sq km in 2013 to 8,612 Sq km in 2019 while degraded forest area increased from 9,638 Sq km in 2013 to 10,719 Sq km in 2019.

The APCCF, CAMPA contended (November 2021) that increase in total forest cover of 1074 sq km and conversion of 141 sq km of moderate dense forest to very dense forest demonstrates success of the intervention under CAMPA. The fact remained that area of degraded forest had increased during the period 2013-19.

4.3.5.2 CAMPA Works

(A) Non-preparation of site-specific schemes for Compensatory Afforestation

Forest land diversion proposals were regulated under the Jammu and Kashmir Forest Conservation Act, 1997 under which the indents placed by user agencies in the office of PCCF were forwarded to the CCF/ CF/ DFO for processing the proposals. After completion of joint inspection, enumeration of trees, assessment of NPV, cost of trees and compensatory afforestation by the DFOs, the proposal were placed by PCCF before the State Forest Advisory Committee (SFAC) headed by the Chief Secretary. On approval by the SFAC, the administrative department issued orders for diversion of forest land.

The Scheme guidelines envisage Compensatory Afforestation (CA) to be done over an area equivalent to forest land diverted for non-forest use. As far as possible, the non-forest land should be contiguous to or in proximity of Reserve/ Protected Forest to enable the CAMPA to effectively manage the newly planted area. Guidelines also stipulate that after receipt of money, CAMPA shall accomplish the afforestation within a period of one year or two growing seasons after completion of developmental project.

Out of total 524 forest conservation act (FCA) cases in the State/UT, Government orders for diversion of 2,757.78 ha of forest land for non-forest purpose were issued in 455 cases during 2015-20 and compensation of ₹ 725.97 crore was received from user agencies. However, no site specific schemes were prepared by the concerned Forest Divisions to spend the amount on CA at sites contiguous to or in the proximity of forest land diverted.

Audit observed that in 11[20] sampled forest divisions dealing with forest land diversion cases no case wise/ site specific schemes were prepared for carrying out afforestation in lieu of diversion of forest land.

After being pointed out the APCCF stated (July 2021) that prior to 31October 2019 site specific schemes were not prepared for compensatory afforestation but lump-sum amounts were charged from the user agencies. It was further stated that the compensation money had been fully utilised for CA though clear linkage between the site at which forest land was diverted and the site at which CA was carried out had not been established and that site specific CA proposals approved after 31 October 2019 would be incorporated in the APOs 2022-23. It was also stated (August 2021) that it was being ensured that the site of CA was near the site at which forest land was diverted and maps / KMZ[21] files of land diversion sites and the proposed CA sites were being uploaded on PARIVESH[22] portal.

(B) Maintenance of Plantation Journal

Guidelines for 'Maintenance of Plantation Journal' envisage:

- Updation of Plantation journal of each unit at regular intervals.
- Recording of survival percentage of plantation during 2nd year to 4th year once in a year.
- Plants planted should be healthy, viable and of plantable size with proper root system.
- Data of growth of plants and species wise collar girth and height of individual plants.

In 23 divisions[23] out of 27 divisions checked, the plantation journals of 381 closures/ strips produced to Audit were not updated by recording enumeration of trees, survival rate of plants planted, inspection note of visiting officers and fire incidences. In 21 selected divisions[24] in respect of 173 closures plantation journals were not maintained. In all the selected divisions no certificate was recorded on the plantation journal that the saplings planted were healthy, viable and of plantable size with proper root system. Enumeration of 41.91 lakh plants planted was not carried out to ascertain the survival rate of plants.

In 17 divisions[25], despite availability of basic tools including GPS and camera, quantitative enumeration and measurement of collar girth and height of plants to assess effectiveness of plantation were not done. DFOs stated (September 2020 to April 2021) that instruction in this regard have been noted for compliance.

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20 Jammu: 7, Kashmir: 4
21 Zipped 'Keyhole markup language'.
22 Proactive and responsive facilitation by interactive and virtuous environmental single window hub.
23 Jammu: 13, Kashmir: 10
24 Jammu: 13, Kashmir: 8
25 Jammu: 13, Kashmir: 4

The APCCF, CAMPA stated (November 2021) that IAs have been directed to maintain/update the records of survival and growth of plants in the plantation journals.

(C) Survival rate of plants

Instances of poor survival rate of plants were observed in Audit. In Forest division Anantnag, plantation of 83000 conifer and 25000 broad leave plants in Chattapal nursery during 2015-16 had withered away and under Wildlife Warden Bijbehara plantation of plants during 2015-20 to maintain the proper habitat for wild animals in the protected areas had survival rate of only 10 *per cent.* This resulted in unfruitful expenditure of ₹ 55.40 lakh.

The APCCF, CAMPA stated (November 2021) that steps are being taken to recover the cost of damages from the staff concerned in Anantnag division. For poor survival rate of plants it was intimated that at the survival rate of plants was now in the range of 60 to 65 *per cent.*

4.3.6 Land management

4.3.6.1 Non-transfer of non-forest land for compensatory afforestation

As per Chapter 2 Para 2.3 of Guidelines and clarifications stipulated in Handbook of Forest Act 1980 and Forest Conservation Rules, Compensatory Afforestation (CA) is to be raised on suitable non-forest land equivalent to the area proposed for diversion at the cost to be paid by user agency. In cases where non-forest land is not available, CA could be carried out over degraded forest of twice the area being diverted. The status of land diverted for non-forest purpose in Jammu and Kashmir during the period 2015-20 is given in Table 4.3.4.

Table 4.3.3: Status of land diverted for non-forest purpose

(area in hectares)

Year wise	Forest Area	Wildlife Area	Total Area
2015-16	754.798	79.861	834.659
2016-17	152.968	196.112	349.08
2017-18	686.485	49.584	736.069
2018-19	231.237	0	231.237
2019-20	596.72	10.016	606.736
Grand Total	**2,422.21**	**335.573**	**2,757.781**

(*Source- Departmental records)*

No non-forest land was transferred to forest department for compensatory afforestation in the State/ UT.

In ten selected divisions, 174 cases involving 1,108.41 hectares of forest land was diverted for non-forest purpose. Out of this in 140 cases involving 1,010.81 hectares forest land, was diverted without receiving alternate land from district administration as required under Rules. In 25 cases, Revenue Authorities had shown availability of 97.60 hectares of non-forest land which was neither handed over by the Revenue

authorities to the Forest department nor was any action taken by the DFOs to initiate the process for taking over the non-forest land. In nine cases, only trees were involved and no forest land diversion was involved.

The Nodal Officer, FCA stated that in forest land diversion cases where non-forest land was not received, the concerned Deputy Commissioners had issued certificate of non-availability of non-forest land and the compensatory levies were charged from user agencies for afforestation over degraded forest area double in extent of the forest land diverted. It was also stated that in respect of cases in which availability of non-forest land was reported by the concerned Deputy Commissioner, the Forest department had taken up matter with the Revenue Department/ Forest Advisory Committee for mutation of such lands in favour of the department but the Revenue Department could not effect mutation in these cases.

4.3.6.2 Diversion of wetland without approval from National Wildlife Board

As per CAMPA guidelines, Net Present Value (NPV) for area of land forming part of wildlife/ protected area is to be recovered at five times of NPV for forest area. Further the Hon'ble Supreme Court directed (W/P 202/1995) that all matters for grant of permissions for implementation of projects in the areas falling in National Parks/ sanctuaries, including rationalisation of boundaries would be considered by the Standing Committee of the National Board for Wildlife (NBWL)[26]. Audit observed that ₹ 6.67 crore was received as compensation for diversion of 1.98 hectares of wetland area falling under Wildlife Warden Jammu. The land was diverted[27] for construction of 3.6 km of approach road[28]at Sajwal (Jourian) for which required approval had not been taken from National Board for Wildlife (NBWL).

The APCCF, CAMPA contended (November 2021) that the Hon'ble Supreme Court order mentioned National Parks and Wildlife Sanctuaries and not Conservation Reserves. They added that the instant case pertained to Pargal Wetland Conservation Reserve which does not fall in a National Park or Wildlife Sanctuary and that NBWL while considering another proposal falling in Sansoo Rakh conservation reserve for land diversion, had returned the proposal with the observation that the proposal had got no merit to be considered under the provisions of the Wildlife Protection Act, 1972. It was also stated that after the proposal was cleared by Standing Committee of the Board for Wildlife and Forest Advisory Committee after the Administrative Council had approved the proposal. The fact remained that NPV at five times of forest area, as applicable to National Parks and Wildlife Sanctuaries was recovered from user agency, which goes to show that the CAMPA had also considered the area as a national park. However, required approval of NBWL had not been sought before diversion of land.

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[26] On its own merits and in conformity with the orders and directions passed (between 09.05.2002 and 14.02.2020) by the Supreme Court.

[27] Case approved in the 112th meeting and government order issued vide no. 329-FST of 2019 dated 09.10.2019.

[28] In respect of 1,640 meter span bridge over river Chenab.

4.3.7 Realisation of NPV, CA and other charges

Outstanding compensation from user agencies

Audit noticed ₹ 238.33 crore was outstanding from 28 user agencies on account of compensation for diversion of forest land for non-forestry purpose during the period from January 2015 to September 2020.

Nodal officer FCA intimated (July 2021) that user agencies had since deposited the compensation amount and ₹ 91.97 crore was now outstanding receipt against 22 user agencies (details in ***Appendix 4.3.1***) and that in cases where validity period for depositing compensatory levies had lapsed, the administrative department had approved extension of validity period up to 31 July 2021. The APCCF, CAMPA stated (November 2021) that ₹ 91.94 crore was outstanding against 22 user agencies.

Short Realisation of damage charges- ₹ 22.27crore

Forest land measuring 77.51 hectares was diverted in the area falling under the jurisdiction of Wildlife warden, Shopian to one user agency[29] for execution of works of 400 KV Samba Amargarh transmission line. The terms and conditions of sanction stipulated that any damage done to the forest by the user agency, its employees or contractor should be charged from the user agency at the rate of 10 times the standard rate. The user agency had caused damage to trees valuing ₹ 2.48 crore during execution of project works in Hirpora wildlife sanctuary. Audit observed (March/ April 2021) that against the recoverable amount of ₹ 24.80 crore only ₹ 2.48 crore was recovered from the agency. Thus, there was short realisation of damage charges of ₹ 22.27 crore.

The APCCF, CAMPA stated (November 2021) that action would be taken by the department to recover cost of damages.

4.3.8 Expenditure not authorised in CAMPA guidelines

4.3.8.1 Expenditure on construction of buildings and purchase of vehicles

As per Rule 18 of J&K Compensatory Afforestation Fund (CAF) Rules 2018 and Rule 5(4) of CAF Rules 2018, monies received on account of NPV shall not be utilised for construction of buildings, purchase of vehicles, office equipments including air conditioners and generator sets. Audit noticed that Forest Divisions had spent ₹ 4.36 crore[30]out of CAMPA funds on inadmissible components such as purchase, maintenance, fuel, insurance of vehicles and purchase of office equipment and fixture. The DFO Urban Forestry Division, Jammu had utilised ₹ 4.88 crore on construction of office complex (2014-15: ₹ two crore, 2016-17: ₹ two crore, 2017-18: ₹ 0.38 crore, 2018-19: ₹ 0.50 crore) at Bachan Depot, Narwal, Jammu.

The APCCF, CAMPA stated (November 2021) that after extension of the CAF Act 2016 and CAF Rules 2018 to the UT of Jammu and Kashmir with effect from

[29] NRSS XXIS Transmission Limited.

[30] Jammu: 14 divisions ₹ 2.15 crore, Kashmir: 10 divisions ₹ 2.21 crore.

31 October 2019, expenditure under CAMPA is booked after approval of National Authority, MOEF&CC and no expenditure is being booked on inadmissible activities like purchase of staff car. It was further stated that no further release had been made under CAMPA for construction of office complex for which budgetary provisions was being made under budget for capital expenditure.

4.3.8.2 Irregular expenditure of CAMPA money on establishments of Zoos

Jammu and Kashmir Compensatory Afforestation Fund Rules 2018 envisage that monies received under NPV shall not be utilised for establishment, expansion and up-gradation of zoo and wildlife safari.

However, two wild life wardens[31] prepared master plan[32] for Jamboo Zoo and Mini Zoo Pahalgam[33] at a cost of ₹ 221.00 crore[34]. The proposals, forwarded to the APCCF CAMPA, were laid before Executive Committee (EC) and Steering Committee (SC) and approved in March 2016 and June 2017 respectively. The SC while deliberating (August 2018) on the activities of CAMPA decided to stop further funding as CAF rules prohibit such activity. By this time ₹ 15.12 crore had already been spent.

The APCCF, CAMPA stated (November 2021) that CAMPA rules applicable at that time did not provide for any restriction on incurring expenditure on zoos and that after restriction was imposed on use of CAMPA money on zoos under CAF Rules 2018, funding for zoos under CAMPA was not allowed. The fact remained that CAMPA guidelines did not provide for incurring expenditure on creation of zoos.

4.3.8.3 Irregular payments on acquisition of land for Gharana Wetland

Compensatory Afforestation Fund Rules 2018, state that monies received under NPV shall not be utilised for purchase of land and APOs should include not less than 80 *per cent* of project cost for forest and wildlife management and not more than 20 *per cent* on forest and wildlife related infrastructure and capacity building.

The proposal of Wildlife Wardens Jammu regarding habitat improvement, management and protection of Gharana Wetland was approved (January 2019) by the SC at a cost of ₹ 13.49 crore. The project cost included ₹ 13.20 crore for acquisition of land and establishment of Sewerage treatment plant (STP). Inclusion of acquisition of land was in contravention to CAF rules, which together with cost of STP constituted 98 *per cent* of the project cost. Thus APCCF, CAMPA had irregularly included cost of land and STP in the project cost.

Audit observed that ₹ 11.70 crore were transferred (August 2019) to SDM R.S Pura for survey, delineation, demarcation and acquisition of land for Gharana wetland. As of February 2021 the amount was lying in the J&K Bank Savings account of SDM, R.S Pura.

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31 WLD-Jambu Zoo and WLD-Bijbehara.

32 To promote international and eco-tourism, scientific breeding of endangered species, research and education, rehabilitation of injured and sick animals, generate employment and safari activity.

33 Expansion of zoo.

34 Jamboo Zoo: ₹ 121 crore, Mini Zoo Pahalgam: ₹ 100.00 crore.

Wildlife Warden Jammu replied that for acquisition of land for development of Gharana wetland ₹ 11.70 crore had been approved by the SC. The APCCF, CAMPA stated (November 2021) that the acquisition of land is provided under Sub rule (2) (h) of Rule 5 of CAF Rules 2018. The reply is not acceptable as the said Sub rule provides for voluntary relocation of villages from protected areas and not for purchase of land.

4.3.9 Monitoring and evaluation

The CAMPA consists of a Governing Body[35] (GB) which was assisted by Steering Committee[36] (SC), Executive Committee[37] (EC) and Monitoring Group[38] (MG). The GB of the CAMPA, responsible for laying down broad policy framework for functioning of CAMPA and reviewing its working, was required to meet once in a year. Audit noticed (December 2020) that no meeting was held by the GB after 21st January 2013.The MG of CAMPA was required to evolve independent system for concurrent monitoring and evaluation of works and prepare annual monitoring reports for submission to the Government and SC. The MG which was to meet once in three months had not held any meetings and had not prepared annual monitoring reports. APCCF stated (November 2021) that the Administrative Department had initiated the process for convening meeting of the Governing Body.

4.3.9.1 Funds for monitoring and evaluation

As per guidelines of CAMPA two *per cent* of funds are to be kept for monitoring and evaluation so as to ensure quality plantation with good survival rate. Audit observed in 27 selected divisions that though provision was made for monitoring and evaluation in the APOs for 2015-16 to 2017-18 no specific funds were sanctioned during 2015-20.

The APCCF, CAMPA assured (November 2021) to allocate specific funds as per requirements projected by DFOs in their APOs.

4.3.9.2 Inspection of CAMPA works

As per Operational Guideline and instructions issued by CAMPA, Foresters and Range officers have to inspect 100 *per cent* of CA works. DFOs, CFs and CCFs have

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35 With Chief Minister as Chairperson, Administrative Secretary of Forest as Member Secretary and Ministers of forest, Chief Secretary, and Administrative Secretaries of, Finance and Planning departments as members. During the continuation of proclamation under Article 356 of the Constitution of India, the reference to 'Chief Minister', shall, unless the context otherwise required, be construed as reference to 'Governor' and the references to Ministers for forest, shall, unless the context otherwise requires, be construed as reference to 'Advisor' in charge of the department.

36 With Chief Secretary as Chairperson and Administrative Secretaries of Forest, Finance and Planning departments as members.

37 With Principal Chief Conservator of Forests (PCCF) as Chairperson, Chief Executive Officer of CAMPA as Member Secretary and Chief Wildlife Warden and Chief Conservators of Forests, (1. Planning and Projects 2. Working Plan, Research and Training 3.Forest Conservation Act 4.CCF Jammu and 5.CCF Kashmir) as members.

38 With CCF (Planning and Projects) as Chairperson with CCF (FCA) and Conservator of Forests (Working Plan) as members.

to inspect minimum of 50, 20 and 10 *per cent* CA works. CAMPA wing has to inspect CA works at random.

Audit noticed in 18 selected divisions[39] that year wise record[40] of inspection of CA works carried out by officers/officials of the department had not been maintained and in plantation journals inspection notes of DFOs and ROs were not recorded.

The DFOs stated (September 2020 to April 2021) that the Foresters and guards remained present almost all the time during execution of works and Range officers and DFOs frequently visited and inspected the closures during fencing and plantation. They also assured for maintenance of records in future. The APCCF, CAMPA informed (November 2021) that independent monitoring of CAMPA works executed during 2018-21 by specifically constituted teams was currently in progress.

4.3.9.3 Monitoring of works by CAMPA Cell

Operational guidelines of CAMPA envisage that CAMPA cell headed by Conservator of forest/ Project Coordinator shall be responsible for supervision of works and for overseeing that the works are being executed as per approved APOs and prescribed guidelines. Guidelines also stipulate that the CAMPA Cell shall be responsible for regular monitoring of the project. Audit noticed (August 2021) huge shortfall[41] in the execution of works against targets during 2015-20 for which the CAMPA Cell had not sought reasons from implementing agencies.

APCCF, CAMPA stated (August 2021) that implementation of approved APOs was monitored in the meetings of EC and SC and review meetings by the PCCF and appropriate direction were issued. The fact remained that CAMPA works were not monitored by CAMPA Cell as envisaged in Operational guidelines of CAMPA.

The APCCF, CAMPA noted (November 2021) the observation for appropriate action.

4.3.9.4 Action taken on third party monitoring reports

In Jammu region, the Monitoring and Evaluation of works executed in East and West Forest Circles during 2010-12 was allotted (February 2014) to a third party NABCONS for ₹ 41.50 lakh and payment of ₹41.50 lakh was also made. NABCONS reported that:

- Monitoring reports and inspections records carried out in respect of CAMPA works by field level functionaries of the department were not provided to the agency;
- No area which was completely devoid of vegetation was taken for CA;

[39] Jammu: 14, Kashmir: 4

[40] Inspection notes.

[41] Treatment of degraded forest: 31 divisions, 1,778 ha; Execution of dry rubble stone masosnry: 13 divisions, 7,866 cum; Raising of plantation in departmental nurseries: 22 divisions, 26.24 lakh; Execution of pasture development works: 19 divisions, 7.02 lakh; Planting of trees in the degraded forests: 44 divisions 20.80 lakh; Execution of fencing works around treated degraded forest land: 45 divisions, 5.10 lakh rft; Execution of sowing and dibbling works: 25 divisions, 7.17 lakh rft.

- Incorrect choice of species of plants not suitable to the topography was one of the reasons for failure of plantation;
- Records were not maintained as per CAMPA guidelines and maintenance of records at divisional level was not satisfactory;

The monitoring and evaluation of works executed during 2010-11 and 2011-12 in South Circle, North Circle, and Social Forestry Division Anantnag was allotted (September 2013) to the University of Kashmir. The University was paid (June 2016) ₹ 5.52 lakh. The University in its report (April 2015) pointed out

- huge difference of 2.18 lakh between number of trees counted on ground and that recorded in the books in 19 compartments of eight divisions. The report pointed out that there were 18,715 empty pits in eight divisions.
- no plantation journal was maintained in CAMPA closures and no standard procedure was adhered to for plant spacing and number of plants per unit area.
- topographic and soil conservation status had impacted the success and survival rate of plant stocks raised in southeast and southwest.

Audit also noticed[42] no action/ remedial measures had been taken by the department on the monitoring reports. As a result, purpose of conducting monitoring and evaluation was not served and expenditure incurred was not fruitful.

The CAO, PCCF stated (August 2021) that the matter had been taken up with CAMPA Cell.

The APCCF, CAMPA stated (November 2021) that appropriate action would be taken on the findings of the evalutation reports.

4.3.11 Conclusions

Annual plans of operation were prepared without conducting survey. There was delay in formulation and approval of plans. CAMPA had not prepared its annual financial statements since its establishment and as of December 2020 financial statements of ten years was in arrear. Case wise details were not maintained to indicate whether afforestation was carried out in areas contiguous to or in proximity of reserve or protected Forest. Forest land was diverted for non-forest use without obtaining alternate land. Compensation amount for diversion of forest land for non forestry purposes was due from user agencies. Forest Divisions had incurred expenditure out of CAMPA funds on inadmissible components. Records of inspection of CAMPA works by officials of the department were not maintained. No action and remedial measures were taken by the department on monitoring reports.

[42] Inspection records not maintained (4.3.9.4), area completely devoid of vegetation was not taken for CA (4.3.5.2 (B)); non-maintenance of plantation journal (4.3.5.2(C)); huge difference between number of trees on ground and recorded on books (4.3.9.4).

4.3.12 Recommendations

- ***Timely preparation of Annual plan of operations after conducting survey;***
- ***Early finalisation of accounts and maintenance of accounts records as per rules;***
- ***Maintenance of case wise details of compensatory afforestation;***
- ***Charge penalty from user agencies for delay in payment of diversion charges; and***
- ***Expenditure is incurred as per CAMPA guidelines.***

Home Department

4.4 Unfruitful Expenditure due to non-functional Overhead Tank

Failure of SSP, Udhampur to ascertain functionality of existing pipeline for supply of water before taking up construction of Overhead Tank resulted in unfruitful expenditure of ₹ 0.64 crore.

To overcome the shortage of water in District Police Lines (DPL) at Udhampur, the Senior Superintendent of Police (SSP), Udhampur, proposed (October 2011) construction of an over head tank (OHT). The Police headquarters granted approval (July 2015) to the work and Public Health Engineering (PHE) Division Udhampur was approached for construction of the OHT which estimated (July 2015) the cost of construction at ₹ 0.66 crore. The funds were transferred in two instalments in October 2016 and March 2017.

Audit scrutiny of records (September 2020) of SSP, Udhampur showed that EE, PHE Division Udhampur, who prepared the DPR, had not kept the provision of pipelines for filling water into the tank and distribution of water to end-users in the construction proposal as they intended to use the existing pipelines. The PHE Division finding no source of supply of water for the OHT proposed (February 2016) two alternatives[43] for filling water into the tank and requested the SSP for framing of estimates to proceed with the work. However, no action was taken by the PHE Division for inspection of existing pipeline and no further efforts were made by the SSP to ascertain the functionality of the pipeline and its augmentation. The OHT work was completed (December 2017) at a cost of ₹ 0.64 crore but as it was not interconnected to the existing water inflow source and distribution network, it could not serve its envisaged purpose.

The Police Department took up (June 2018) matter regarding functionality of the pipeline with the PHE authorities who replied (May 2019) that owing to existing water supply pipeline being punctured at places it was not possible to fill the tank and

[43] 1. By laying a well design gravity main from Jakhani upto OHT.
2. By constructing a 20,000 gallons capacity sump tank and a pump room for lifting water from tank to OHT.

proposed to lay an alternative line at an estimated cost of ₹ 20.95 lakh. As of September 2020, the OHT was non-functional.

The Accounts Officer of District Police Office, Udhampur accepted (September 2020) that only the proposal for construction of OHT was submitted (July 2015) for approval and further stated that the matter of filling up the tank with the existing pipeline was taken up many times from June 2018 to July 2019 with the PHE authorities and reply thereof was awaited (September 2020).

The reply is not acceptable as PHE Division had intimated (May 2019) the damage to existing pipeline resulting in OHT not getting filled and construction of OHT was proposed/ completed without ascertaining the source of supply of water as well as the interconnection with the existing distribution pipelines.

Thus, improper preparation of DPR of construction of OHT and further non augmentation of water source and distribution pipelines had resulted in expenditure of ₹ 0.64 crore being rendered unfruitful besides denial of benefit to beneficiaries.

The matter was referred (May 2021) to the Government/ Department: their reply was awaited (October 2021).

Labour and Employment Department

4.5 Registration of Construction and Other Building Workers and payment of assistance by Building & Construction Workers Welfare Board, Jammu and Kashmir

The unspent balances on account of labour cess had increased from ₹ 296.19 crore to ₹ 622.05 crore during the five-year period ended March 2020. Out of 1,09,915 beneficiaries registered in the sampled districts up to the date of launch (June 2017) of the digitisation process, the registration records of only 27,853 workers (25 *per cent*) were uploaded as of September 2020. The registrations were made without submitting the valid age proof, employment certificates. The Board failed to renew the insurance policy taken from LIC, to provide assistance to nominees/ dependents of workers on their disability/ death. Out of 89,800 workers recommended for micro credit facility, only 148 workers were issued credit cards and no worker had availed the credit facility as of March 2020 resulting in non-utilisation of ₹ 30 crore deposited with the Bank as security. The Board failed to implement pension scheme for workers who had attained the age of 60.

4.5.1 Introduction

Ministry of Labour and Employment, Govt. of India enacted the legislation - Building and Other Construction Workers (Regulation of Employment and Condition of Services) Act, 1996. In order to address the issues concerning safety, health & welfare of workers employed in construction sector, Labour Department; the Govt. of the erstwhile state of Jammu and Kashmir notified (September 2006) Jammu and Kashmir Building and Other Construction Workers Welfare Board under Section

18(1) of the Act. To run the Boards and undertake welfare schemes, the GoI also introduced a bill for levy of Cess on all the works executed. Under the provisions of the Act, all workers (including those working with contractors) between 18 and 60 years of age and having worked for at least 90 days in the preceding twelve months, engaged in construction of roads, buildings, etc are eligible for registration and for obtaining assistance from the welfare schemes.

The Government notified (January 2006) collection of the Cess at the rate of one *per cent* from all Government Departments, Public Undertakings and other Government Bodies carrying out any building or other construction works from the year 2008 onwards on the tendered value of works undertaken but started paying assistance to the member workers only from financial year 2011-12. The Government also notified (June 2010) all Assistant Labour Commissioners in districts as Cess collectors to perform the function provided under Section 3 of the Act 1996 and Rule 4 of the Cess Rules 1998.

To assess the effectiveness of the welfare schemes run by the Board for construction and other building workers, an Audit was undertaken during the period July 2020 to October 2020. The audit exercise assessed the effectiveness of welfare activities undertaken in the six districts (Udhampur, Reasi, Kishtwar, Kulgam, Baramulla and Kupwara) out of 20 districts.

4.5.2 Fund management and Budget

The cess collected, the membership registration and renewal fee and interest earned on unspent funds kept in banks are the main resources for running the welfare schemes. The Board had not prepared its financial statements since the year 2013-14. The position of income and expenditure of the Board during the period 2015-20 was as under:

Table-4.5.1: Fund position of Board

(₹ in crore)

Year	Opening Balance	Total Receipts	Interest Earned	Total Availability	Expenditure			Closing Balance
					Assistance	Administrative	Total	
2015-16	221.32	86.65	42.92	350.89	52.09	2.61	54.7	296.19
2016-17	296.19	97.68	19.66	413.53	38.04	1.91	39.95	373.58
2017-18	373.58	131.23	14.77	519.58	67.36	2.07	69.43	450.15
2018-19	450.15	150.33	59.65	660.13	70.64	1.99	72.63	587.50
2019-20	587.50	114.19	4.92*	706.61	82.17**	2.39	84.56	622.05
Total		**580.08**	**141.92**		**310.3**	**10.97**	**321.27**	

(Source: Provisional accounts prepared by the Board)

**The amount of interest accrued/ earned on fixed deposits has not been accounted for as the same are under compilation.*

*** Includes ₹13.11 crore of Covid-19 Assistance*

The unspent funds of cess collected and membership fees had increased from ₹ 296.19 crore at the end of March 2016 to ₹ 622.05 crore at the end of March 2020.

The position of collection of cess and membership fees and expenditure on welfare schemes during the period 2015-20 in the six selected Districts was as under:

Table-4.5.2: Position of fund in sampled districts

(₹ in crore)

Year	Opening balance	Amount Received	Interest accrued	Total Availability	Expenditure			Surrender	Closing balance
					Assistance	Adminis -trative	Total (Percentage)		
2015-16	2.75	23.96	0.12	26.83	18.95	0.11	19.05 (71)	3.81	3.97
2016-17	3.97	15.43	0.12	19.52	16.75	0.12	16.87 (86)	2.00	0.65
2017-18	0.72	29.74	0.30	30.75	22.48	0.13	22.61 (74)	3.31	4.83
2018-19	4.41	29.45	0.23	34.09	22.48	0.08	22.56 (66)	8.98	2.55
2019-20	2.37	35.82	0.12	38.32	27.36	0.08	27.44 (72)	9.17	1.71

(Source: Worked out by Audit from records of Sampled District offices (ALCs))

Audit observed that the District ALCs, who were the cess collecting authorities, were allowed to retain the funds in their bank accounts for undertaking activities and transfer the unspent funds at the end of each financial year to the Board. However, it was observed that despite the standing orders the ALCs did not transfer funds and continued to retain them.

After being pointed out by Audit, the Board intimated (July 2021) that now the unspent balances were being deposited in the Board accounts at the end of the financial year.

It was also observed that ALCs were retaining these unspent balances in the savings bank accounts of the J&K Bank and hence earned interest. The Bank, however, changed the nature of account from savings account to current account of three[44] ALCs from April 2018. The ALCs had not taken up the issue with the Bank which resulted in the loss of interest of ₹ 11.54 lakh during the two years 2018-20.

4.5.2.2 Financial resources of BOCWWB

(A) Collection of Cess by ALCs at the District level

Collection of Cess is the duty of the ALC at the District level. The Cess received by each ALC from the principal employers is to be got deposited with the Building & other Construction Workers Welfare Board (BOCWWB), J&K as soon as it is received.

Audit observed (October 2020) that no control system existed in the Board to ensure that the Cess due on the payments made to contractors on account of construction works had been recovered/ received by it. Also no records/ registers depicting the details of receipts, agency from whom the Cess had been received and deposit of these receipts with the Board had been maintained by the ALCs. In the absence of any effective mechanism to capture the total amount of cess due, shortfall in cess

[44] Kulgam, Reasi and Udhampur.

collection by Board cannot be ruled out. Audit observed that the contractors and departments were depositing the cess due from them straight into bank accounts of the Board.

The Accounts Officer of the Board accepted (November 2020) the need for improvement of system to identify the source of cess which could not be done due to shortage of staff. The Board iterated (July 2021) that the responsibility for collection and deposit of cess thereof lies with the district level ALCs who have to approach Departments/ works establishments and municipalities and the Board was not in a position to work out details of establishments/ departments which credit the cess amounts in the bank accounts of the Board.

(B) Collection of Fee by ALCs at the District level

The ALCs in the six sampled districts had not maintained the details of receipts, deposit of registration fee, monthly contribution and renewal fee of registered workers. The ALCs had not maintained cash books for collection of membership fees from registered construction workers.

Audit calculated the amount of fees that was to be collected from workers vis-a-vis the actual collection.

Table 4.5.4: Details of collection of registration and Renewal fee from Workers

(₹ in lakh)

Year	Registration at the beginning of the Year	Registration during the Year	Amount due for collection	Amount actually collected	Amount not recovered/ collected from Construction Workers
2015-16	2,75,947	16,620	354.4	103.44	250.96
2016-17	2,92,567	29,668	392.62	158.35	234.27
2017-18	3,22,235	18,632	412.77	125.96	286.81
2018-19	3,40,867	39,840	464.82	104.74	360.08
2019-20	3,80,707	29,046	497.51	151.75	345.76
Total		**1,33,806**	**2,122.12**	**644.24**	**1,477.88**

(Source: Information furnished by Board)

The Board, against collectable amount of ₹ 21.22 crore from the registered workers, could collect only ₹ 6.44 crore. There was short realisation of ₹ 14.78 crore.

In the six sampled districts, against the due amount of ₹ 6.81 crore in the form of registration/ renewal fee, only ₹ 2.30 crore was collected, resulting in short realisation of ₹ 4.50 crore. It implies lack of publicity about the benefits of registration and its regular renewal amongst workers. Non- maintenance of the cash book reflecting there in actual details of receipts, deposition of registration/monthly contribution and renewal fee of registered workers is against the rules of financial propriety.

The ALCs stated (July 2020 to October 2020) that the workers were not coming forward for renewal of the registration. The ALCs did not reply on the issue of non maintenance of cash books.

4.5.3 Registration of workers

Registration of workers/ employees is mandatory for seeking benefit under the Scheme. Every building worker who has completed eighteen years of age, but has not completed sixty years of age, and who has been engaged in any building or other construction work for not less than ninety days during the preceding twelve months shall be eligible for registration and obtain benefits from the welfare schemes.

The position of the workers registered during 2015-20 is as under:

Table 4.5.5: Position of registration of workers

Number of workers registered ending March 2015	Number of fresh Registrations						Registrations cancelled ended March 2020	Total registered workers ending March 2020
	2015-16	2016-17	2017-18	2018-19	2019-20	Total		
2,75,947	16,620	29,668	18,632	39,840	29,046	1,33,806	993	4,08,760

(Source: Information furnished by Board)

Audit observed that the Board had not conducted any survey to ascertain the actual number of construction workers nor conducted any advertisement campaigns publicising benefits available under its welfare schemes to expand its reach amongst the workers.

Out of the 4.09 lakh registered workers with the Board, there were only 273 migrant workers registered in three[45] Districts. In the six sampled Districts, there was no registered migrant worker as of December 2020. Incidentally, a study[46] conducted in the year 2012 had placed the figure of migrant labour in Kashmir Valley alone at more than four lakh

Audit noticed that the Labour Department had carried out (May 2020) a survey to estimate the number of migrant labourers for possible evacuation in view of the Covid-19 pandemic. While confining the survey activity to only high migrant concentration population areas, the Department identified as many as 77,397 migrant workers. This high number itself is indicative of the fact that the registration process adopted by the Board was deficient and had the department made intensive efforts and adequately advertised the benefits of registration with the Board amongst workers, their registration would have been higher.

The following issues were noticed in audit with regard to registration of workers.

4.5.3.1 Online registration/ Computerisation of the records

The Board moved (December 2012) a proposal to the Government for computerisation of the records including switching-over to online registration of the

[45] Kathua, Anantnag and Bandipora.

[46] Indian J. Innovations Dev., Vol. 1, No. 9 -September 2012, Department of Sociology, Government MAM PG College Jammu-Problem of Migrant Work force and protection of Human rights in Jammu & Kashmir State.

workers and recording of benefits extended under the welfare schemes to bring transparency in its business. The automation proposal from Information Technology department (IT) of the Government did not fructify and the Board took up (January 2017) the matter with the Jammu and Kashmir Bank. The implementation of the project was started (June 2017) and the Board switched-over from manual system to online registration system from April 2018.

Audit scrutiny of the digitisation of the offline registration records (as of September 2020) of the six sampled Districts showed the following position:

Table 4.5.6: Details of digitisation of registration records in sampled districts

District	Total number of off line registrations	Data uploaded on online system	Data not uploaded (percentage)
Udhampur	11,966	5,103	6,863 (57)
Reasi	7262	4,988	2,244 (31)
Kishtwar	17,052	1,578	15,474(91)
Kulgam	10,997	1,189	9,808 (89)
Kupwara	25,843	4,070	21,773 (84)
Baramulla	36,795	10,925	25,870 (70)
Total	**1,09,915**	**27,853**	**82,032(75)**

(Source: Worked out by Audit from Sampled Districts (ALCs))

Out of 1,09,915 beneficiaries registered in the sampled districts in manual mode up to the date of launch (June 2017) of the digitisation process, the registration records of only 27,853 workers (25 *per cent*) had been uploaded as of September 2020.

Further, for digitisation of the data every worker when applying for registration online has to fill important details regarding name of the employer, name of the work and period of work/ no. of days he has worked as construction worker in the last 12 months etc. Audit noticed that none of these important fields were made mandatory in the online registration system so that non-filling of mandatory fields would automatically result in non-acceptance of registration forms.

Audit observed, in six sampled districts, that workers had been registered against:

- Two registration numbers (286)
- without disclosing their address (8,404) and
- without disclosing the 16 digit bank account number (5,139)
- The capturing of Aadhar number, which is a unique number for an individual, was not made mandatory to be captured in the system.
- The online portal had no provision for identifying registered workers on attaining the age of sixty years. Resultantly, 2,989 workers even though having attained the age of sixty years, in six sampled districts, continued to figure on the online portal.

The above shows that no data validation checks were built in the on line portal and data base.

The Board accepted and stated (July 2021) that the shortcomings in the portal have been taken up with the vendor for rectification.

4.5.3.2 Registration of workers without valid age proof.

A construction worker, to become a member, has to provide at least one of the following documents in support of age (i) school record (ii) birth certificate from competent authority (iii) Certificate from Register of deaths and births maintained by the village chowkidar and (iv) in the absence of above certificates, a certificate from the Medical officer not below the rank of an Assistant Surgeon of a Government Hospital would suffice.

Audit scrutiny of 751 sampled cases, in six selected districts showed that in 123 (16 *per cent*) cases, the registrations were made without submitting the prescribed proofs of age. The ALCs stated that the workers were registered on the basis of the details on their Aadhar cards. However, the reply is not tenable as the Board is yet to include Aadhar in the list of document acceptable for registration.

4.5.3.3 Registration of workers without Employer Certificate

A construction worker applying for membership has to furnish an employment certificate issued by an employer/ contractor registered with the Board. In case of non-availability of the certificate, an employment certificate issued by the registered construction workers union is acceptable.

Audit scrutiny of 751 sampled cases in six selected Districts showed that in 345 (46 *per cent*) cases employment certificates had been issued by the contractors/ unions/ persons who were not registered under the Act. This renders the payment of ₹ 17.96 lakh paid to such workers (235 out of 345 cases) in six test checked Districts irregular.

The Board stated (July 2021) that the matter would be taken up with the ALCs and instructions would be issued for strict compliance as per the Act and Rules.

4.5.4 Payment of Assistance

The Board is running various welfare schemes and provides assistance to its registered members for education of their wards, marriage of dependents, medical benefits including ex gratia payments in the event of disability, ex-gratia payments in the event of death, funeral expenses, maternity and other health problems and pension on attaining age of sixty years.

The payment of assistance under various categories to the beneficiaries during the years 2015-20 is detailed in the table below:

Table 4.5.7 Details of payment of assistance

(₹ in lakh)

Year	Assistance paid/ No of beneficiaries											
	Marriage		Death/ Funeral		Education		Chronic diseases		Disability		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2015-16	4,991	1,306.75	10	17.35	65,071	3,873.63	25	7.48	18	3.47	70,115	5,208.68
2016-17	7,432	892.75	406	793.1	30,973	1,958.18	248	140.34	97	19.22	39,156	3,803.59
2017-18	2,681	721.55	296	596.9	98,963	5,293.78	203	100.12	162	23.19	1,02,305	6,735.54
2018-19	1	0.25	310	654.89	93,622	6,257.26	251	118.45	241	32.68	94,425	7,063.53
2019-20	0	0	61	119.35	93,569	6,710.58	167	51.21	165	24.57	93,962	6,905.71
Total	**15,105**	**2,921.3**	**1,083**	**2,181.59**	**3,82,198**	**24,093.43**	**894**	**417.6**	**683**	**103.13**	**3,99,963**	**29,717.05**

(Source: Information furnished by the Board)

The Board extended assistance of ₹ 297.17 crore to construction workers or the next of kin during the period 2015-20. The payments released during the period from 2015-16 to 2019-20 constituted only 32 *per cent* of the total available fund of ₹ 943.32 crore.

4.5.4.1 Accidental, Life and Disability Insurance

Providing of assistance to nominees or dependents of registered building and other construction workers in case of his/ her natural or accidental death and assistance in case of injury causing their partial or permanent disablement was one of the aspects to be dealt with by the Board as per the provisions of the Act.

No action in this regard had been taken by the Board till March 2017 to get the construction workers insured. The Board decided (April 2017) to insure all the workers coming under the ambit of the programme under Pradhan Mantri Jeevan Jyoti Bima yojana and Pradhan Mantri Suraksha Bima Yojana and the LIC offered (September 2017) to insure all the workers for only ₹ 342 per worker per annum where the coverage would be from 01 June to 31 May each year. The Board was to pay only ₹ 100 per worker per annum for the insurance and the balance had to be contributed by the GoI. The board decided to insure only 1.50 lakh workers out of total registered 3,22,235 workers. The Board paid ₹ 51.75 lakh as premium to LIC on account of insurance coverage of 1.50 lakh workers covering the period from 01 January 2018 to 31May 2018. The Board did not pay (June 2018) the annual premium to renew the policies and thereafter also, with the result that the death claims in respect of 296 workers, whose kin preferred claims on their demise after 31 May 2018 and upto date of Audit, were not accepted by the LIC. The lapse of the Insurance scheme for the workers deprived at least 296 beneficiaries of the benefit from the scheme had it been continued.

On this being pointed out (October 2020), Board stated (July 2021) that the LIC demanded full details viz. proof of residence, age-proof, dependency certificates etc. with Aadhar Card in digital shape which could not be provided due to shortage of staff. The fact stays that the Board failed to renew the policies which deprived the kin of the workers of a major benefit, by payment of negligible annual premiums despite availability of adequate funds.

4.5.4.2 Credit facility

The Act under section 22 (2) provides that the Board may grant loan and subsidy to a local authority or an employer in aid of any scheme approved by the Government for the welfare of building workers in any establishment. The Board in its meeting (April 2017) decided to provide Micro Credit facilities up to ₹ 10,000 at one-year Marginal Cost of funds based lending rate (MCLR). The J&K Bank was appointed as the nodal Bank to provide the credit facility. The Board declared (November 2017) that out of a total of 3,36,987 workers; 1,25,176 workers were active. The Board provided the list of 89,800 workers out of a total of 1.25 lakh active workers to the Bank for the credit card facility in first phase. The Board deposited in March 2018, ₹ 30 crore with the Bank as security amount for extending micro credit.

Audit scrutiny (July 2020 to October 2020) revealed that only 13,776 credit cards had been handed over ending October 2020 to the ALCs by the Bank out of which 2,039 cards were issued to the Registered Workers upto October 2020. Of the issued cards, only 148 cards had however been activated by the Bank. Thus, out of the total 89,800 workers, the facility of micro credit had been provided to only 148 workers that too after lapse of one year.

It was observed (July 2020 to October 2020) that no worker had availed the credit facility as of March 2020 since the deposit (March 2018) of the security amount of ₹ 30 crore. This resulted in blockade of ₹ 30 crore besides defeating the intended purpose for which the money was deposited with the Bank.

The Board stated (July 2021) that the facility will be made operational by pursuing the matter very hard with the Bank. The reply of the Board is not acceptable as the MOU executed with Bank was silent about any condition/ time-frame of the issuance of the Cards to the beneficiaries.

Among the various welfare activities provided in the Act which are meant to improve the conditions of workers, the Board had failed to implement the following welfare measures.

A. Skill Development

The Board in its meeting (October 2015) decided to impart short-term skill development training programme for the female dependents of the workers. For this purpose, ₹ five crore was earmarked by the Board and the Chief Executive Officer of the Board was authorised to bring out a road-map. It was reiterated in the Board meeting of March 2016. Audit scrutiny of the records (October 2020) revealed that no action has been taken in this respect.

B. Housing-loan scheme

The Act under Section 22(c) provides for issuing loans and advances to the beneficiaries for construction of dwellings. The Board decided to approach J&K bank and a committee was constituted (January 2013) to work out the modalities, terms and conditions, financial implications and the quantum of loan payable to the workers. However, the committee did not submit its report (November 2020). Hence, the scheme did not take off and the workers continued to be deprived of the facility.

4.5.4.5 Old Age assistance

Audit observed (October 2020) in six selected districts that the Board had failed to pay pension to 2,989 workers who had attained the age of sixty which was to be paid under section 22 (b) of the Act.

4.5.5 Internal Control

During the course of audit, the internal control mechanism was found to be deficient in the following areas:-

A. Reconciliation

Audit observed in the six sampled districts that there were variations in the range of ₹ 1.08 lakh (Kishtwar) and ₹ 157.5 lakh (Baramulla) was found in the expenditure booked by ALCs vis-à-vis that in the Board records.

The Board stated (July 2021) that the reconciliations will be carried out to sort out the discrepancies pointed out by Audit.

B. Verification aspects

The programme guidelines (November 2012) provide for verification of the employment certificates by the Labour Inspector/ Officer. Out of 751 cases selected for test-check, Audit could not find the necessary certificates relating to the employment in 143 cases (19 *per cent*). In the remaining 608 cases, the certificate of verification was recorded by the concerned without the vital data i.e either the name of work (516 cases) or the period of employment (523 cases) or both. Audit on cross-verification of the above parameters with the records of the employers in 93 selected cases (in six test checked ALCs) found (July to October 2020) 73 cases where the workers had either not worked at all with the employers or had worked for less the 90 days with the employers in the 12 months preceding registration. This has resulted in undue payment of ₹ 4.50 lakh in these 73 cases alone. The quantum of the irregular expenditure on this count was not quantifiable in view of the non-maintenance of proper records and the huge number of cases involved.

The Board stated (July 2021) that the matter will be taken up down the line and fresh instructions will be issued to ALCs.

4.5.5.2 Maintenance of Records

Guidelines of the Act lay down that vital details of dependent family of a worker, assistance paid, details of monthly contribution, application register for claim of

benefits etc. was required to be maintained in the relevant registers provided for the purpose. Audit observed (July 2020 to October 2020) that relevant details mentioned above were not maintained in the registers which brings into question the correctness of processing of claims of workers. The ALCs in their reply accepted this deficiency in record maintenance while attributing it to shortage of space and manpower.

4.5.5.3 Board meetings

Rules provided the Board to meet once in two months but however, in the Board meeting (October 2015), it was decided that such meetings would be held on quarterly basis to consider any matter which is required for smooth functioning of the Board activities. Audit noticed (October 2020) that against 21 meetings due, only six meetings of the Board had been held during the period 2015 to 2020.

The Act under Section 4 and 5 also provides for constitution of various Committees and appointments for smooth and transparent functioning of the Board at State level.

The State Advisory Committee was constituted (July 2007) for a period of three years but was not re-constituted by the Government.

4.5.6 Conclusion

The Department had failed to generate awareness among the workers which deprived this vulnerable group from claiming benefits under the Act. Only a small fraction of the registered workers in J&K availed benefits under a few components of the Act. The Department has entirely failed in registering the eligible migrant labourers under the Act. Various welfare schemes meant to improve the living conditions of workers under the Act such as Housing scheme, insurance and old age pension were not implemented.

4.5.7 Recommendation

The following recommendations are provided to improve the working of the Board and to extend its benefits to the deserving Construction Workers.

- The department needs to organise awareness generation programmes for workers about the benefits of registration under the Act.
- Internal controls need to be strengthened which include addressing shortcomings in the online portal, maintenance and verification of records and regular conduct of internal audit.
- The Board should constitute the various committees as defined in the Act giving due representation to civil society and other stake holders.

Public Works Department

4.6 Unfruitful expenditure

The Department prepared detailed project reports (DPRs) for construction of roads without undertaking proper surveys of the area. The DPRs did not include requirements of bridges and compensation for houses coming in proposed alignment of roads resulting in unfruitful expenditure of ₹ 2.57 crore incurred on works besides not achieving intended connectivity benefits.

The Government of India (GoI), in its efforts to develop far flung and remote areas, initiated an action plan through National Bank of Agriculture and Rural Development (NABARD) for improvement and upgradation of roads.

Accordingly, Executive Engineer (EE) Public Works (PW), Roads and Bridges (R&B), Special Sub Division (SSD), Mahore proposed (February 2016 and December 2016) construction of three kilometers motorable road each from Kurd Bali to Barnaili and from Sonchal Gali to Chan via Bhallar at estimated cost of ₹ three crore and ₹ 2.70 crore respectively. The projects were sanctioned (March 2016 and March 2017) and targeted for completion by 2018-19 and 2019-20 respectively by availing financial assistance available from NABARD. The Detailed Project Reports (DPRs)[47] certified that sites had been inspected and proposals/specifications in the DPRs were satisfactory.

Case A Audit observed (September 2019) that work for construction of road from Kurd Bali to Barnaili was allotted (September 2016) to a contractor. After taking up execution (December 2016) and completing a part of the road, the work stopped (May 2018). It was noticed that a river *Ans* was falling in the proposed alignment of the road.

The EE, after a lapse of over two years, proposed (September 2018) a new DPR for construction of 135 meter span single lane steel girder bridge under Central Road Fund (CRF) at an estimated cost of ₹ 8.55 crore. As of June 2021 the approval to this DPR was awaited. As against the sanctioned amount of ₹ three crore[48] for construction of the road, ₹ 3.20 crore were released (2016-19) by the administrative department. An expenditure of ₹ 1.79 crore was incurred on the construction and balance ₹ 1.41 crore was surrendered (2017-19).

Thus, due to incomplete DPR which omitted planning for the bridge on the river coming in the alignment of the road and delay in sanction of the bridge under CRF, the construction of road from Kurd Bali to Barnaili remained incomplete as of June 2021. This had resulted in unfruitful expenditure of ₹ 1.79 crore incurred on the road besides not achieving its intended connectivity benefits.

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47 Accord of Administrative Approval: Kurd Bali to Barnaili (February 2016) ₹ three crore: Sonchal Galito Chain via Bhallar (December 2016) ₹ 2.69 crore.

48 RIDF Loan: ₹ 2.70 crore: State Government Contribution ₹ 0.30 crore.

The EE, Mahore stated (July 2020) that road work was in progress and that work could not be taken up on the other side of the river due to delay in sanction of the bridge and their inability to shift men and machinery across the river.

Case B Audit observed (September 2019) that a work of construction of road from Sonchal Gali to Chan via Bhallar (3 km) was awarded (November 2017) to a contractor at a cost of ₹ 2.69 crore. The contractor executed work on some components (Drain of 50 meters, walling of 50 metre cross drainage: four no, fair weather road of two km. and shingling of 1.5 km) on two km of road stretch and thereafter stopped the work (May 2018) as some houses were coming in the proposed alignment of the road and also a river *Ans* was falling in the alignment of the road.

The EE on finding this gap in the DPR proposed (July 2018) for construction of 150 metre span single lane motorable bridge at an estimated cost of ₹ 11.23 crore. As of June 2021 the approval to this DPR was awaited.

Against the sanctioned amount of ₹ 2.69 crore[49], the administrative department released (2017-18) ₹ 2.42 crore for the work. An expenditure of ₹ 77.77 lakh was incurred on the works and the balance ₹ 1.64 crore was surrendered. Thus the construction of road from Sonchal Gali to Chan via Bhallar remained incomplete (June 2021) resulting in unfruitful expenditure of ₹ 77.77 lakh incurred on the works besides not achieving their intended connectivity benefits.

The Department accepted fact of incomplete DPRs and their preparation without proper survey which resulted in non-inclusion of items such as connecting bridges for construction of roads and presence of houses in the alignment in the DPR. The EE Mahore added (June 2021) that ₹ 10 lakh was released (2019-20) for payment of compensation to concerned house owners and proposal for construction of bridge under Central Road Fund had been submitted for sanction.

Thus preparation of deficient DPRs due to not conducting proper survey resulted in unfruitful expenditure of ₹ 2.57 crore on incomplete road projects. The intended objectives of developing remote areas by improvement and upgradation of roads besides providing benefits of road connectivity to the area population remained unfulfilled.

The matter was referred (March 2021) to Government/ Department; their reply was awaited (October 2021).

The Department should ensure that DPRs are prepared after a detailed survey of site conditions and should include complete details of hurdles coming in the alignment of roads. The department should fix responsibility for preparation of these deficient DPRs.

[49] RIDF Loan: ₹ 2.42 crore, State Government Contribution: ₹ 0.27 crore.

PART ‘C’

Social, General and Economic Sectors (Public Sector Undertakings)

Chapter V

Functioning of Public Sector Undertakings

CHAPTER V

Functioning of Public Sector Undertakings

5.1 Introduction

5.1.1 General

The Public Sector Undertakings (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 the State/UT. These PSUs consist of Government Companies and Statutory Corporations. As on 31 March 2020, there were 42 PSUs (six in Power Sector and 36 in other Sectors), including three Statutory Corporations[1] under the audit jurisdiction of the Comptroller and Auditor General of India (C&AG); Out of these 42 PSUs, 32 are working and 10[2] are non-working (four in Power Sector and six in other Sectors). One PSU, Jammu and Kashmir Bank Limited, having a total paid-up equity of ₹ 71.36 crore is listed on the stock exchange since July 1998. The paid-up equity of ₹ 71.36 crore of the Bank is held partly by the Government of Jammu and Kashmir (68.18 *per cent*) and the remaining part by Foreign Institutional Investors, Resident Individuals and others (31.82 per cent)[3]. During the year 2019-20, no PSU was incorporated whereas Government of erstwhile state of Jammu and Kashmir (GoJ&K) decided (24 October 2019) to wind up one PSU viz. J&K Asset Reconstruction Limited which was incorporated on 28 April 2017 but had never started its operation since its incorporation.

There are two power generation Companies, Jammu & Kashmir Power Development Corporation Limited (JKPDC) and Chenab Valley Power Project Private Limited (CVPPP). CVPPP is a joint venture[4] Company with an investment of ₹ 1,780.08 crore[5] as of March 2020.

As a consequence of the unbundling of the Power Sector, one power transmission Company[6], two power distribution companies[7] and one Company[8] to conduct trading activities in power were incorporated by the GoJ&K. However, these Companies which have been incorporated between March 2013 and June 2013 are yet to start their commercial operations as of March 2020. In the absence of commercial operations by these companies, the power transmission and distribution activities

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1 Jammu & Kashmir State Financial Corporation, Jammu & Kashmir State Road Transport Corporation and Jammu & Kashmir State Forest Corporation.

2 Jammu & Kashmir Power Transmission Corporation Limited, Jammu Power Distribution Corporation Limited, Kashmir Power Distribution Corporation Limited, Jammu & Kashmir Power Corporation Limited, Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited), Tawi Scooters Limited, Himalayan Wool Combers Limited, Jammu & Kashmir Road Development Corporation Limited, Jammu & Kashmir International Trade Centre Corporation Limited and Jammu & Kashmir Asset Reconstruction Limited.

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

4 CVPPP is a joint venture of JKPDC, National Hydroelectric Power Corporation (NHPC) and Power Trading Corporation (PTC) wherein Government of Jammu & Kashmir has not made any investment.

5 JKPDC: ₹ 888.00 crore, NHPC: ₹ 888.00 crore and PTC: ₹ 4.08 crore.

6 Jammu & Kashmir Power Transmission Corporation Limited (March 2013).

7 Jammu Power Distribution Corporation Limited (June 2013) and Kashmir Power Distribution Corporation Limited (June 2013).

8 Jammu & Kashmir Power Corporation Limited (March 2013).

continue to be carried out by the Power Development Department of Jammu & Kashmir Government.

The 25[9] working PSUs registered an annual turnover of ₹ 11,298.17 crore and suffered an aggregate loss of ₹ 1,007.93 crore as of 31 December 2020 as per their latest finalised accounts.

There are 10[10] non-working PSUs, with an investment of ₹ 57.57 crore towards share capital (₹ 56.74 crore) and long term loans (₹ 0.83 crore), by the GoJ&K which are non-operational for the last six to 30 years.

5.2 Accountability Framework

Section 2 (45) of the Companies Act, 2013 (Act), defines a Government Company as any Company in which not less than 51 *per cent* of the paid-up share capital is held 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, and also includes a Company which is a subsidiary Company of a Government Company. The procedure for audit of Government Companies is laid down in Sections 139 and 143 of the Companies Act, 2013.

The C&AG of India appoints the Statutory Auditors of a Government Company and Government Controlled Other Company under Section 139(5) and (7) of the Companies Act, 2013. Section 139 (5) of the Companies Act, 2013 provides that the Statutory Auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the C&AG within a period of 180 days from the commencement of the financial year. Section 139 (7) of the Companies Act, 2013, however, provides that in the case of a Government Company or Government Controlled Other Company, the first auditor is to be appointed by the C&AG within 60 days from the date of registration of the Company and in case the C&AG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such an auditor.

Further, as per sub-Section 7 of Section 143 of the Companies Act 2013, the C&AG may, in case of any Company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause audit to be conducted of the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test audit. Thus, a Government Company or any other Company

[9] Excluding seven working PSUs, Jammu & Kashmir Medical Supplies Corporation Limited, Jammu & Kashmir IT Infrastructure Development Pvt. Limited and AIC-Jammu & Kashmir EDI Foundation, Jammu Smart City Limited, Srinagar Smart City Limited, Jammu Mass Rapid Transit Corporation Pvt. Limited, Srinagar Mass Rapid Transit Corporation Pvt. Limited which never submitted their accounts since inception.

[10] Jammu & Kashmir Power Transmission Corporation Limited, Jammu Power Distribution Corporation Limited, Kashmir Power Distribution Corporation Limited, Jammu & Kashmir Power Corporation Limited, Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited), Tawi Scooters Limited, Himalayan Wool Combers Limited, Jammu & Kashmir Road Development Corporation Limited, Jammu & Kashmir Assets Reconstruction Limited and Jammu & Kashmir International Trade Centre Corporation Limited.

owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to the audit by the C&AG. However, audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

5.3 Statutory Audit

The financial statements of the Government Companies (as defined in Section 2 (45) of the Companies Act 2013) are audited by Statutory Auditors, who are appointed by the C&AG as per the provisions of Section 139(5) or (7) of the Companies Act 2013. The Statutory Auditors submit a copy of the Audit Report to the C&AG including, among other things, financial statements of the Company under Section 143(5) of the Act 2013. These financial statements are also subject to supplementary audit by the C&AG within 60 days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act 2013.

Audit of Statutory Corporations is governed by their respective legislations. Out of the three Statutory Corporations, the C&AG is the sole auditor for Jammu and Kashmir State Road Transport Corporation only. Audit of Jammu and Kashmir State Financial Corporation and Jammu and Kashmir State Forest Corporation, is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

5.4 Role of Government and Legislature

The Government exercises control over the affairs of these PSUs through their Administrative Departments. The Chief Executive Officer and Directors to the Board are appointed by the Government.

The Legislature also monitors the accounting and utilisation of Government investment in the PSUs. The Annual Reports together with the Statutory Auditors' Reports and comments of the C&AG, in respect of the Government Companies and Separate Audit Reports of the C&AG in case of Statutory Corporations, are to be placed before the Legislature under Section 394 of the Companies Act, 2013 or as stipulated in the respective Acts. The Audit Reports of C&AG are submitted to the Government under Section 19A of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971.

5.5 Impact of contribution of Public Sector Undertakings

To assess the reasonable rate of return on the investment made in PSUs by the Government of Jammu & Kashmir (GoJ&K), ratios such as return on equity and return on capital employed are worked out. To assess the ability of the Companies to service the debt owed to Government, Banks and other financial institutions, Debt Turnover Ratio and Interest Coverage Ratio are worked out. In order to get a fair view about the impact and contribution of the PSUs separately towards the economy of the

State/UT, these PSUs are bifurcated into two categories, PSUs in Power Sector (six[11]) and PSUs in other Sectors (36[12]). Table 5.1 provides the details of turnover of the PSUs of J&K during the period 2015 to 2020.

Table 5.1: Details of turnover of PSUs

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover of Power Sector[13] as per latest finalised accounts	1,119.90	1,119.90	992.46	992.46	1,025.91
Turnover of PSUs of other Sectors as per latest finalised accounts	7,296.59	7,238.03	7,579.22	8,792.44	10,272.26

(Source: Compiled based on turnover figures of Power Sector)

5.6 Disinvestment, restructuring and privatisation of PSUs

During the year 2019-20, no disinvestment, restructuring and privatisation was done by the GoJ&K in any of the PSUs.

5.7 Investment in Public Sector Undertakings

Investment made in these 42 State PSUs in the form of equity and long term loans upto 31 March 2020 are given in Table 5.2.

Table 5.2: Activity-wise investment in PSUs

(₹ in crore)

Sector	Number of PSUs	Investment					
		Equity		Long term loans		Total	
		GoJ&K	Others	GoJ&K	Others	GoJ&K	Others
PSUs in Power Sector	6*	2,593.49	1,780.08	0	1,441.92	2,593.49	3,222.00
PSUs in Other Sectors	36^	801.03	119.11	2,208.38	2,275.37	3,009.41	2,394.48
Grand Total	**42**	**3,394.52**	**1,899.19**	**2,208.38**	**3,717.29**	**5,602.90**	**5,616.48**

(Source: Compiled based on information received from PSUs)

** Out of six Power Sector PSUs only two are active (JKPDC and CVPPP). The GoJ&K has not made any investment in CVPPP.*

*^ Details in **Appendix 5.1***

[11] Two Working PSUs: (1) Jammu & Kashmir Power Development Corporation Limited (JKPDC) and (2) Chenab Valley Power Project Private Limited (CVPPP) and four inactive PSUs: (1) Jammu & Kashmir Power Corporation Limited (2) Jammu & Kashmir Power Transmission Corporation Limited (3) Jammu Power Distribution Corporation Limited and (4) Kashmir Power Distribution Corporation Limited.

[12] 33 Government Companies and three Statutory Corporations (Jammu & Kashmir State Forest Corporation, Jammu & Kashmir State Financial Corporation and Jammu & Kashmir State Road Transport Corporation).

[13] Turnover pertains to only JKPDC as out of six Power Sector PSUs, four PSUs, (1) Jammu & Kashmir Power Corporation Limited (2) Jammu & Kashmir Power Transmission Corporation Limited (3) Jammu Power Distribution Corporation Limited and (4) Kashmir Power Distribution Corporation Limited are inactive and in CVPPP, the GoJ&K has not made any investment.

(A) As on 31 March 2020, out of total investment of ₹ 4,373.57 crore in equity of PSUs in the Power Sector, ₹ 2,593.49 crore (59.30 *per cent*) was contributed by the GoJ&K. The long term loans of ₹ 1,441.92 crore availed by JKPDC were from banks and other financial institutions.

As per the latest finalised accounts of 2014-15, the GoJ&K had infused ₹ 5,764.71 crore as plan fund to JKPDC for creation of capital assets as given in Table 5.3.

Table 5.3: Status of plan funds in JKPDC

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Accounts finalised upto	2011-12	2011-12	2013-14	2013-14	2014-15
Plan fund infused (₹ in crore)	5,346.91	5,346.91	5,753.83	5,753.83	5,764.71

As per records of Department, an amount of ₹ 5,318.61 crore[14] was outstanding as of March 2018 with JKPDC. The Government (December 2018) instructed JKPDC to adjust ₹ 3,668.81 crore[15] against the liability of Government on account of power purchase from the Company and issue of equity shares worth ₹ 2,588.34 crore[16] to the Government. The Company issued (August 2019), shares worth ₹ 2,588.34 crore in compliance of the Government Orders.

The adjustment of outstanding electricity bill of the Government against funds received for capital assets was irregular as the funds were provided by the Government for construction of the capital assets. Besides, the accounts of the Company were depicting these funds as capital reserves.

(B) As on 31 March 2020, the total investment (equity and long term loans) in 36 PSUs of other Sectors was ₹ 5,403.89 crore. The investment consisted of 17.03 *per cent* towards equity and 82.97 *per cent* in Long-term Loans. The Long Term Loans advanced by the GoJ&K constituted 49.25 *per cent* (₹ 2,208.38 crore), out of the total Long Term Loans (₹ 4,483.75 crore) whereas the remaining 50.75 *per cent* (₹ 2,275.37 crore) of the total Long Term Loans were availed from other financial institutions.

5.8 Budgetary support to Public Sector Undertakings

(A) Budgetary support for PSUs of the Power Sector

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

14 As per agenda note of 74th Meeting held in April 2019.

15 Total power purchase liability of the PDD towards JKPDC up to March 2018 was ₹ 3,668.81 crore which was adjusted against the funds amounting to ₹ 5,318.61 crore released to JKSPDC by the State Government up to March 2018.

16 The balance (₹ 1,649.80 crore) available with JKSPDC, the assets transferred to JKPDC (₹ 916.54 crore) by the State Government at token value of ₹ one in the year 1999 and 44 Mega Watt Stakna Hydroelectric Project (₹ 22 crore) transferred to JKPDC by the Power Development Department in 2011 together were treated as equity contribution.

Budgetary assistance of ₹ 2.34 crore was received by JKPDC from the GoJ&K during 2019-20. Assistance of ₹ 135 crore and ₹ 5.74 crore was received by JKPDC during 2017-18 and 2018-19, respectively. The GoJ&K provides guarantee to PSUs to seek financial assistance from Banks and financial institutions. The GoJ&K has not enacted a Guarantee Act prescribing limit for guarantees to be given by the GoJ&K and stipulating guarantee commission/ fee. However, the FRBM Act, 2006 lays down limit within which GoJ&K may give guarantee on the security of consolidated fund of the State. The GoJ&K also constituted (August 2006) Guarantee Redemption Fund for meeting obligations arising out of guarantees issued on behalf of the GoJ&K. Outstanding guarantee commitments[17] in power sector decreased by 29.56 *per cent* from ₹ 2,045.88 crore in 2017-18 to ₹ 1,441.08 crore during 2019-20. During the year 2019-20, no guarantee fee was paid by the power sector undertaking.

(B) Budgetary support to State PSUs in other Sectors

The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity in respect of State PSUs of other Sectors for the last three years ending March 2020 are given in Table 5.4.

Table 5.4: Details regarding budgetary support to State PSUs (other Sectors) during the period 2017-18 to 2019-20

(₹ in crore)

Sl. No.	Particulars[18]	2017-18		2018-19		2019-20	
		Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
1.	Equity Capital outgo	4	23.20[19]	13	40.42[20]	3	28.48
2.	Loans given	8	50.82	9	56.18	8	48.07
3.	Grants/Subsidy provided	7	126.85	7	43.17	11	98.16
	Total outgo (1+2+3)	**12**	**200.87**	**22**	**139.77**	**16**	**174.71**
4.	Loan repayment written off	-	-	-	-	-	-
5.	Loans converted into equity	1	72.88	-	-	-	-
6.	Guarantees issued	1	8.00	1	20.00	-	-
7.	Outstanding Guarantee Commitment	2	98.28	2	134.97	2	139.82

(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.*

17 2017-18: ₹ 2,045.88 crore, 2018-19: ₹ 1,687.12 crore, 2019-20: ₹ 1,441.08 crore.

18 Amount represents outgo from State Budget only.

19 The GoJ&K infused investment of ₹ 282 crore in Jammu & Kashmir Bank Limited against which bank had issued ₹ 3.55 crore shares (at premium of ₹ 78 per share against face value of ₹ 1 per share) 2017-18. The addition to share capital had been reflected accordingly.

20 Includes ₹ 6.57 crore in respect of nine new PSUs incorporated during 2017-18 and 2018-19.

In PSUs of other Sectors, the annual budgetary assistance ranged between ₹ 139.77 crore and ₹ 200.87 crore during the period 2017-18 to 2019-20. The budgetary assistance of ₹ 174.71 crore given during the year 2019-20 included ₹ 48.07 crore in the form of loans, ₹ 98.16 crore as grants/ subsidy and ₹ 28.48 crore on account of equity assistance.

Outstanding guarantee commitments increased by 3.59 *per cent* from ₹ 134.97 crore in 2018-19 to ₹ 139.82 crore[21] in 2019-20. During the year 2019-20, no guarantee fee was paid by PSUs of other Sectors.

5.9 Submission of accounts by Public Sector Undertakings

There were 32 working PSUs and accounts for the year 2019-20 were required to be submitted by 31 December 2020 by all the working PSUs.

Table 5.6: Position of accounts

Nature of PSUs	Total Number	Number of PSUs of which accounts received during the reporting period[22]				Number of PSUs of which accounts are in arrear (total accounts in arrear) as on 31 December 2020
		Accounts upto 2019-20	Accounts upto 2018-19	Accounts upto 2017-18	Total	
Working Government Companies[23]	29	5	4	2	11	24 (96)
Statutory Corporations	3	-	2	-	2	3 (5)
Total Working PSUs	**32**	**5**	**6**	**2**	**13**	**27 (101)**
Inactive Government Companies	10	-	2	-	2	10 (110)
Total	**42**	**5**	**5**	**-**	**8**	**37 (211)**

Out of 32 PSUs, five Government Companies[24] submitted their accounts for the year 2019-20 for audit by C&AG on or before 31 December 2020, and accounts of 24 Government Companies were in arrears. Further, five accounts of three Statutory Corporations were also in arrears.

The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the stipulated period. Details of arrears in finalisation of accounts are given in ***Appendix-5.2***.

The GoJK had provided ₹ 99.08 crore (Loan: ₹ 98.88 crore, Subsidy: ₹ 0.20 crore) to eight out of 32 working State PSUs, accounts of which had not been finalised by 31 December 2020 and in nine PSUs there was no investment by the GoJ&K during

[21] Jammu & Kashmir Women Development Corporation ₹ 67.66 crore and Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation ₹ 72.16 crore.

[22] From October 2019 to December 2020.

[23] Government PSUs include other Companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013.

[24] CVPPP, Jammu and Kashmir Bank Limited, Jammu & Kashmir Women's Development Corporation Limited, Jammu & Kashmir Trade Promotion Organisation and JKB Financial Services Limited.

the period for which the accounts are in arrears. Information in respect of the remaining nine PSUs was awaited (October 2021).

PSU-wise details of investment made by GoJ&K during the years for which accounts were in arrears as of December 2020 are shown in ***Appendix-5.3***.

Delay in finalisation of accounts not only results in violation of the provisions of the relevant statutes but correctness of accounts as well.

It is recommended that the Finance and concerned Administrative Department may ensure that:

- **The Government identify the constraints in timely preparation of accounts of the PSUs and take necessary steps for making the accounts up to date.**
- **The State PSU's take immediate corrective action for liquidating arrears in accounts and**
- **Budgetary support is not extended to such PSUs whose accounts are not current.**

Placement of Separate Audit Reports of Statutory Corporations

Separate Audit Reports (SARs) are audit reports of the C&AG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. Out of three working Statutory Corporations, none have submitted their accounts of 2019-20 by 31 December 2020.

The status of annual accounts of Statutory Corporations and placement of their SARs in Legislature is detailed in Table 5.7.

Table-5.7: Status of placement of SAR of the Statutory Corporations

Name of the Corporation	Year of Accounts	Month of placement of SAR
Jammu and Kashmir State Financial Corporation	2017-18 and 2018-19	Yet to be presented
Jammu and Kashmir State Road Transport Corporation	2013-14	February 2018
Jammu and Kashmir State Forest Corporation	-	SARs for the years 1996-97 to 2016-17 are under finalisation[25]

(Source: Compiled based on information furnished by the Jammu and Kashmir Legislative Assembly)

[25] Accounts for the years 1996-97 to 2013-14, for the years 2014-15 to 2016-17 and for the years 2017-18 to 2019-20 were submitted to the Principal Accountant General in October 2015, January 2020 and September 2021, respectively. Audit of accounts for the period from 1996-97 to 2013-14 was conducted in January/ February 2021. As of October 2021, reply to the preliminary audit observations was awaited from the Statutory Auditors of the Company. Audit for the years 2014-15 onwards are yet to be taken up.

5.10 Performance of Public Sector Undertakings

(A) Performance of PSUs of the Power Sector

The Public Sector Undertakings are expected to yield reasonable return on investment made by Government in these undertakings. The financial position and working results of six Companies of Power Sector as per their latest finalised accounts, as of 31 December 2020 are detailed in ***Appendix 5.4***.

The investment in the PSUs of the Power Sector was ₹ 4,076.95 crore[26] consisting of ₹ 1,785.23 crore as equity and ₹ 2,291.72 crore as long term loans. Out of this, GoJ&K has made an investment of ₹ 5.15 crore only in equity share capital in four[27] PSUs of the Power Sector. However, JKPDC, the only active PSU (with GoJK investment) of the Power Sector, was a profit making Company, with profits ranging from ₹ 433.41 crore to ₹ 668.95 crore as per five accounts[28] finalised during the period from 2014-15 to 2019-20.

(B) Performance in PSUs of other Sectors

The financial position and working results of the 36 State PSUs (other Sectors) as per their latest finalised accounts, as of 31 December 2020, are detailed in ***Appendix 5.5***.

The total investment in the PSUs of other Sectors was ₹ 4,886.01 crore comprising of Equity of ₹ 711.57 crore and Long Term Loans of ₹ 4,174.44 crore. Out of this investment of ₹ 4,886.01 crore, GoJ&K has made an investment of ₹ 2,656.53 crore in 26 PSUs[29] comprising of Equity of ₹ 606.29 crore and Long Term Loans of ₹ 2,050.24 crore.

The year-wise position of investment of GoJ&K in the PSUs during 2015-16 to 2019-20 is as follows:

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[26] As per latest finalised Accounts. This information may differ from the information furnished by the PSUs.

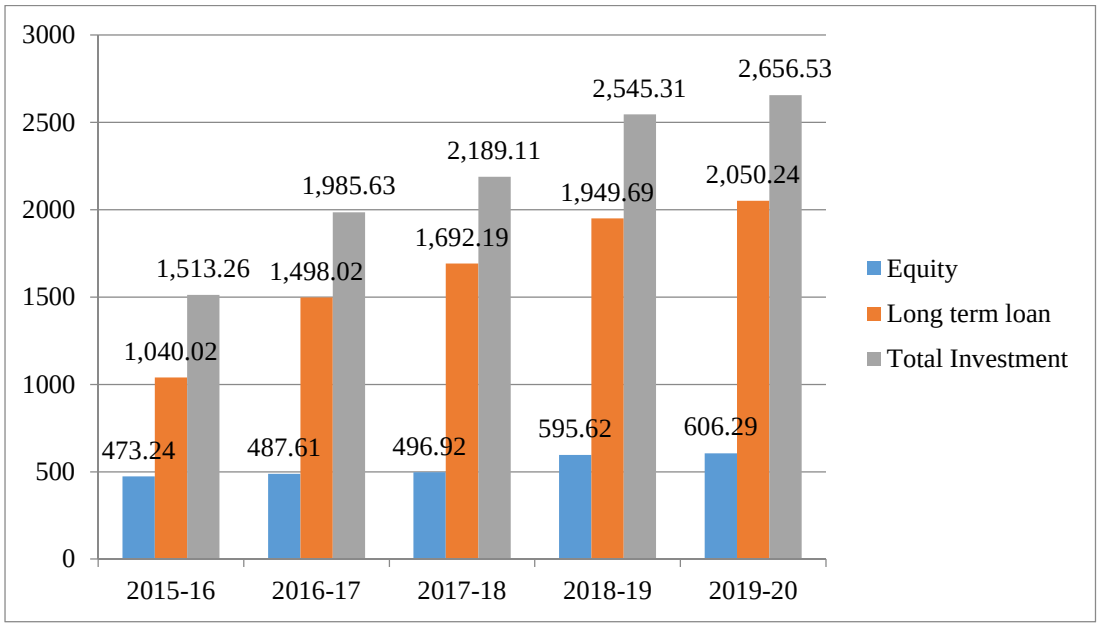
[27] Excluding Chenab Valley Power Project Private Limited which has not received any contribution from the GoJ&K and Kashmir Power Distribution Corporation Limited where the GoJ&K has not paid the subscribed capital of ₹ 0.05 crore.

[28] 2010-11: ₹ 460.45 crore, 2011-12: ₹ 668.95 crore, 2012-13: ₹ 489.51 crore, 2013-14: ₹ 433.41 crore and 2014-15: ₹ 457.96 crore.

[29] Excluding JKB Financial Services Limited wherein the GoJ&K has not made any investment, seven working PSU, Jammu & Kashmir Medical Supplies Corporation Limited, Jammu & Kashmir IT Infrastructure Development Pvt. Limited and AIC-Jammu & Kashmir EDI Foundation, Jammu Smart City Limited, Srinagar Smart City Limited, Jammu Mass Rapid Transit Corporation Pvt. Limited, Srinagar Mass Rapid Transit Corporation Pvt. Limited which never submitted their accounts since inception and two inactive Companies, Jammu and Kashmir Road Development Corporation Limited and Jammu and Kashmir International Trade Centre Corporation Limited.

Chart 5.1

Total investment of GoJ&K in PSUs Sectors (other Sectors)



(Source: As per latest finalised Accounts)

Out of total 36 PSUs of other Sectors, nine[30] are profit making and 13[31] are loss making as per their latest Annual Accounts finalised during the year 2019-20. One PSU[32] has not prepared its profit and loss accounts and remaining 13 PSUs are either non-working or had not submitted their Annual Accounts for supplementary audit during the year 2019-20.

It is recommended that since the continued existence of loss making PSUs causes a substantial drain on the public exchequer, the GoJ&K may review the functioning of all loss making PSUs.

5.11 Key Parameters

The profitability of a Company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on Investment (ROI) measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long term loans and is expressed as a percentage of

30 Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited, Jammu & Kashmir Women's Development Corporation Limited, Jammu & Kashmir Small Scale Industries Development Corporation Limited, Jammu & Kashmir Projects Construction Corporation Limited, Jammu & Kashmir Police Housing Corporation Limited, Jammu & Kashmir Cements Limited, Jammu & Kashmir Tourism Development Corporation Limited and Jammu & Kashmir State Financial Corporation and Jammu & Kashmir Cable Car Corporation Limited.

31 Jammu & Kashmir Agro Industries Development Corporation Limited, J&K Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited, Jammu & Kashmir State Industrial Development Corporation Limited, Jammu & Kashmir Industries Limited, Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited, Jammu & Kashmir Handloom Development Corporation Limited, Jammu & Kashmir Trade Promotion Organisation, Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited, Jammu & Kashmir Minerals Limited, Jammu & Kashmir Bank Limited, JKB Financial Services Limited, Jammu & Kashmir State Road Transport Corporation, Jammu & Kashmir State Forest Corporation.

32 Jammu & Kashmir Overseas Employment Corporation Limited.

profit to total investment. Return on Capital Employed (ROCE)[33] is a financial ratio that measures the Company's profitability and the efficiency with which its capital is used and is calculated by dividing Company's earnings before interest and taxes by capital employed. Return on Equity (ROE)[34] is a measure of performance calculated by dividing the net profit after tax by shareholders fund.

The key financial ratios used to assess the performance of the PSUs as per their latest finalised accounts are given in Table 5.8 (A), (B1) and (B2):

(A) Power Sector PSUs

Table 5.8 (A) Key parameters of Power Sector PSUs[35]

(In *per cent*)

	2015-16	2016-17	2017-18	2018-19	2019-20
ROCE	10.57	10.57	5.85	5.85	5.65
ROI	7.54	7.54	2.78	2.78	3.82
ROE	8.34	8.34	2.87	2.87	3.79

Investment based on Historical Cost

The ROCE decreased from 10.57 *per cent* during 2015-16 to 5.65 *per cent* during 2019-20. ROI ranged between 2.78 *per cent* and 7.54 *per cent* and ROE ranged between 2.87 *per cent* and 8.34 *per cent* during this period. These parameters have been worked out taking into consideration plan fund infusion (as given in Table 5.3) by GoJ&K.

(B-1) Listed PSUs of other Sectors

Only one PSU of GoJ&K, Jammu and Kashmir Bank Limited is listed since July 1998 on the stock exchange.

Table: 5.8 (B1) Key parameters of Listed PSU of other Sectors

(in *per cent*)

		2015-16	2016-17	2017-18	2018-19	2019-20
Jammu & Kashmir Bank Limited	**ROCE**	12.87	-36.75	11.55	17.93	-23.18
	ROI[36]	533.08	532.82	409.61	361.60	182.79
	ROE	10.10	-65.00	7.65	15.46	-61.63

33 ROCE = Earnings before Interest and Tax/ Capital Employed, Capital employed = Paid up share capital + free reserves and surplus + long term loans minus accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalized.

34 ROE=Profit after Tax/Share holders' Fund, Share holders' Fund = Paid up capital + free reserves and surplus– deferred revenue expenditure – accumulated losses.

35 Only one power PSU, Jammu & Kashmir Power Development Corporation Limited having investment made by GoJ&K is considered.

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

The ROCE and ROE was high during the period 2015-16 to 2018-19(except during 2016-17), mainly due to high Profit after tax earned by Jammu and Kashmir Bank Limited. During 2019-20, ROCE and ROE was negative due to loss suffered by it. The ROI showed a decreasing trend during the period 2015-16 to 2019-20. As a result, compounded annual growth rate also decreased from 3.81 *per cent* to (-) 2.05 *per cent* during the period 2015-16 to 2019-20 as detailed in ***Appendix 5.6(A)***.

(B-2) Non-Listed PSUs of other Sectors

Table: 5.8(B2): Key parameters of non-listed PSUs of other Sectors (on historical cost)

(in *per cent*)

		2015-16	2016-17	2017-18	2018-19	2019-20
Aggregate of PSUs for other Sectors	**ROCE**	-28.44	-22.91	-9.94	-22.17	NA[37]
	ROI[38]	-29.67	-34.09	-32.32	-29.39	-15.88
	ROE[39]	-	-	-	-	-
Profit Making PSUs	**ROCE***	7.68	9.05	8.83	11.02	19.38
	ROI^	6.85	7.52	24.35	23.37	39.37
	ROE	15.46	13.95	12.02	13.17	43.52
Loss Making PSUs	**ROCE***	-28.51	-34.24	-35.01	-47.89	-7.10
	ROI^	-63.10	-70.44	-55.45	-46.93	-59.16
	ROE	-	-	-	-	-

**Only Companies with positive capital employed were considered*

^ Excluding Companies[40] which have not prepared the Profit and Loss accounts

ROE for the Non-Listed PSUs of other Sectors could not be worked out as the aggregate Shareholders' fund for all the years remained negative.

ROCE in Tables 5.8 (B1) and (B2) has been worked out at face value of investment. Since there is no share premium in respect of Non-Listed PSUs of other Sectors PSUs, ROCE including share premium will not change. However, the ROCE worked at realised value[41] of investment in respect of Jammu & Kashmir Bank Limited is as follows:

37 ROCE cannot be worked out as the capital employed for 2019-20 was negative.

38 Equity infused by other than GoJ&K also considered while arriving at total ROI.

39 ROE for the Non Power Sector PSUs and loss making Non Power PSUs cannot be worked out as the total Share holders fund for all the years were negative.

40 For the years 2014-15 to 2017-18, five companies, Jammu & Kashmir Overseas Employment Corporation Limited, Jammu & Kashmir Medical Supplies Corporation Limited, Jammu & Kashmir State Road Development Corporation and Jammu & Kashmir International Trade Centre Corporation Limited and for the year 2018-19, additional nine newly incorporated companies and for the year 2019-20, Jammu & Kashmir Overseas Employment Corporation Limited, six inactive Companies and seven Companies which have not submitted their accounts since inception.

41 Investment including share premium.

Table 5.9: ROCE for Listed PSUs of other Sectors considering share premium

(in *per cent*)

Year	2015-16	2016-17	2017-18	2018-19	2019-20
Jammu & Kashmir Bank Limited	12.69	-33.78	10.12	16.17	-18.06

The ROCE after considering the share premium account of Jammu & Kashmir Bank Limited, ranged between -33.78 *per cent* to 16.17 *per cent* during the period 2015-16 to 2019-20.

Only 10 PSUs (details in ***Appendix 5.6(B)***) had Profit before Tax as per the latest finalised Annual Accounts during the period 2015-16 to 2019-20.Among these PSUs, the Jammu and Kashmir State Financial Corporation earned profit for the financial year 2018-19 and Jammu and Kashmir Bank incurred loss during the financial year 2019-20.

5.12 Rate of Real Return (RORR) on Government Investment

Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the investment as such calculations ignore the present value of money. Therefore, in addition to the calculation of return on funds invested on historical cost basis, the real rate of return on investment has also been calculated after considering the Present Value (PV) of money invested. PV was computed where funds had been infused by the GoJ&K as equity, interest free loan, interest free loan converted into equity. Grant/ subsidy given by the Government for operational and management expenses have not been considered as bifurcation of grant and subsidy for operational and management expenses and for other purpose was not available since inception of these companies till 31 March 2020.

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

- Interest free loans have been considered as fund infusion. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest free loans over the period.
- The average rate of interest on government borrowings for the concerned financial year was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year.

(A) PSUs of Power Sector

The GoJ&K infused ₹ 5.00 crore as equity in JKPDC. In addition to this, the State also provided Plan funds since inception of the Company (1994-95) for creation of Capital Assets, which could not be bifurcated, has not been considered. In order to bring the historical cost of investments to its Present Value (PV) at the end of each year upto 31 March 2020, the past investments/year wise equity infused by the GoJ&K in JKPDC was computed on the basis of following assumptions:

- Actual infusion by the GoJ&K in the form of equity;
- Plan fund given by GoJ&K, later converted into equity, has been added to the equity in the year 2019-20;
- Assets transferred to JKPDC by GoJ&K at book value have been treated as equity contribution in kind during the year 2019-20;
- The average interest rate on Government borrowings for the concerned financial year was adopted as compounded rate for arriving at PV since they represent the cost incurred by the government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the Government; and
- For the purpose of PV calculation of GoJ&K investment, the period from 2000-01 till 2019-20 has been taken for considering the investment of GoJ&K in JKPDC as on 31 March 2020.

The details of GoJ&K investment in the JKPDC in the form of equity and grants/subsidy since 2000-01 till 2019-20 and consolidated position of the PV of GoJ&K investment in JKPDC is indicated in Table 5.10:

Table 5.10: Year wise details of investment by the GoJ&K and its Present Value (PV) from 2000-01 to 2019-20

(₹ in crore)

Year	Total investment made by the Govt. in JKPDC at the beginning of the year	Equity infused by the GOJ&K during the year	Interest free loan granted by GoJ&K during the year	Total investment during the year	Total investment at year end	Average rate of interest	Present value of total investment at the end of the year
A	B	C	D	E = C+D	F=E+B	G	H=F*(1+G/100)
1999-2000	5	0	0	0	5	11.96	5.60
2000-01	5.60	0	0	0	5.60	9.23	6.11
2001-02	6.11	0	0	0	6.11	11.2	6.80
2002-03	6.80	0	0	0	6.80	10.54	7.52
2003-04	7.52	0	0	0	7.52	10.95	8.34
2004-05	8.34	0	0	0	8.34	8.97	9.09
2005-06	9.09	0	0	0	9.09	8.15	9.83
2006-07	9.83	0	0	0	9.83	11.66	10.97
2007-08	10.97	0	0	0	10.97	14.07	12.52
2008-09	12.52	0	0	0	12.52	7.94	13.51
2009-10	13.51	0	0	0	13.51	9.45	14.79
2010-11	14.79	0	0	0	14.79	9.03	16.12

Year	Total investment made by the Govt. in JKPDC at the beginning of the year	Equity infused by the GOJ&K during the year	Interest free loan granted by GoJ&K during the year	Total investment during the year	Total investment at year end	Average rate of interest	Present value of total investment at the end of the year
A	B	C	D	E = C+D	F=E+B	G	H=F*(1+G/100)
2011-12	16.12	0	0	0	16.12	8.28	17.46
2012-13	17.46	0	0	0	17.46	8.19	18.89
2013-14	18.89	0	0	0	18.89	7.14	20.24
2014-15	20.24	0	0	0	20.24	7.68	21.79
2015-16	21.79	0	0	0	21.79	7.25	23.37
2016-17	23.37	0	0	0	23.37	7.83	25.20
2017-18	25.20	0	0	0	25.20	7.23	27.02
2018-19	27.02	0	0	0	27.02	7.2	28.97
2019-20	28.97	2,588.34	0	2,588.34	2,617.31	7	2,800.52

The balance of investment of the GoJ&K in JKPDC at the end of 2019-20 was ₹ 3,111.96 crore as the GoJ&K made investments in the shape of equity amounting to ₹ 2,593.34 crore (₹ 2,588.34 crore + ₹ 5 crore) and plan fund amounting to ₹ 518.62 crore (not treated as equity or loans). The PV of investments of the GoJ&K upto 31 March 2020 worked out to ₹ 2,800.52 crore. The net earnings of JKPDC as per the latest finalised account for the year 2014-15 was ₹ 220.12 crore. Thus, against the PV amounting to ₹ 2,800.52 crore of the GoJ&K, the return was 7.86 *per cent*.

(B) PSUs in other Sectors

An analysis of the earnings *vis-à-vis* investments in respect of 35 PSUs[42] (in other sectors) where funds had been infused by the GoJ&K was carried out to assess the profitability of these PSUs. During the period from 2015-16 to 2019-20, these 35 PSUs had a positive return on investment (except for the year 2016-17& 2019-20).

The PSUs-wise position of 35[43] PSUs wherein the GoJ&K had made an investment in the form of equity and interest free loans is indicated in ***Appendix 5.7(A)***. Further, the position of Net Present Value of the investment relating to all the PSUs by the GoJ&K for the same period is indicated in ***Appendix 5.7(B)***.

The balance of investment by the GoJ&K in these PSUs at the end of 2019-20 increased to ₹ 910.82 crore[44] from ₹ 347.29 crore at the beginning of 1999-2000 as the GoJ&K made further investments in form of equity (₹ 440.73 crore) and interest free loans (₹ 140.30 crore)during the period 1999-2000 to 2019-20. The

[42] Excluding JKB Financial Services Limited wherein the GoJ&K had not made any investment.

[43] Between 1999-2020, investment was made only in 28 PSUs as mentioned in *Appendix 5.7(A).*

[44] Opening balance:(₹ 347.29 crore) + Equity: (₹ 440.73 crore) + Interest free loans: (₹ 140.30 crore)- Interest free loan converted into equity:(₹ 17.50 crore).

PV of the investment infused by the GoJ&K as on 31 March 2020 amounted to ₹ 3,070.71 crore.

During 2019-20, the net earnings of the PSEs was negative. Accordingly there were no returns.

5.13 Comparison of investment as per historical cost and as per present value of such investment

PSUs in Other Sectors

The Government had positive returns on investments in 35 PSUs during the period 2013-14 to 2019-20 with the exception of 2016-17 and 2019-20. Comparison of returns on investment at historical cost and at present value for these years as per the latest finalised accounts is given in Table 5.11.

Table 5.11: Comparison of return on investment

(₹ in crore)

Year	Total earnings	Funds invested by the GoJ&K	Return on investment on historical cost basis (*per cent*)	PV of the investment at end of the year[45]	Return on investment considering the present value of the investments (*per cent*)
2013-14	1,048.22	530.68	197.52	1,711.90	61.23
2014-15	378.25	535.51	70.63	1,848.57	20.46
2015-16	264.80	542.36	48.82	1,989.94	13.31
2016-17	-1,809.73	551.92	-327.90	2,156.06	-83.94
2017-18	32.62	681.32	4.79	2,450.70	1.33
2018-19	274.10	864.21	31.72	2,823.21	9.71
2019-20	-1,242.27	910.82	-136.39	3,070.71	-40.46

**During 2016-17 and 2019-20 the total earnings were negative due to losses incurred by Jammu and Kashmir Bank Limited*

The return earned on investment on historical cost basis was 197.52 *per cent* in 2013-14. It declined and dropped to (-) 136.39 *per cent* during 2019-20 mainly due to decrease in the profit after tax of two[46] Companies. Whereas, the returns earned considering the present value of the investments dropped from 61.23 *per cent* during 2013-14 to (-) 40.46 *per cent* during 2019-20. During 2016-17, the returns were negative due to losses of ₹ 1,632.29 crore incurred by Jammu and Kashmir Bank Limited.

[45] Arrived at by adding PV of GoJ&K investment and other investment.The present value on other equity has been calculated from 2013-14 onwards.

[46] (1) Jammu and Kashmir Bank Limited PAT (2013-14: ₹ 1,182.47 crore; 2019-20: ₹ -1139.41 crore) and (2) Jammu and Kashmir State Road Transport Corporation PAT (2013-14: ₹ -66.97 crore; 2019-20: ₹ -117.62 crore).

5.14 Erosion of Net worth of PSUs

(A) Power Sector

Net worth is the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The overall accumulated profit of JKPDC[47] was ₹ 41.31 crore as against the capital investment of ₹ five crore, resulting in positive net worth of ₹ 46.31 crore as detailed in ***Appendix 5.4*** and given in Table 5.12.

Table 5.12: Net worth of JKPDC as per the latest finalised Annual Accounts during period from 2015-16 to 2019-20

(₹ in crore)

Year	Paid up Capital at end of the year	Free Reserves	Accumulated Profit (+)/ Loss (-) at end of the year	Deferred revenue expenditure	Net worth
2015-16	5.00	Nil	-519.06	Nil	-514.06
2016-17	5.00	Nil	-519.06	Nil	-514.06
2017-18	5.00	Nil	-178.81	Nil	-173.81
2018-19	5.00	Nil	-178.81	Nil	-173.81
2019-20	5.00	Nil	41.31	Nil	46.31

**Source : As per latest finalised accounts of the Company*

JKPDC registered a net increase of ₹ 2,588.34 crore towards equity during the year 2019-20.

(B) PSUs in other Sectors

The capital investment, accumulated losses and free reserves of 23 State PSUs[48] (in other sectors) as per their latest finalised accounts were ₹ 707.00 crore, ₹ 3,010.94 crore and ₹ 1,777.49 crore respectively, resulting in net worth of (-) ₹ 526.45 crore as detailed in ***Appendix-5.8***. Analysis of investment and accumulated losses disclosed that net worth was eroded in nine out of the 23 PSUs as the capital investment and accumulated losses of these PSUs were ₹ 449.01 crore and ₹ 3,404.51 crore, respectively. Of these nine PSUs, the net worth erosion was the

[47] Excluding CVPPP wherein no investment was made by the GoJ&K and others four being inactive although ₹ 0.15 crore were invested by the GoJ&K in these Companies.

[48] Excluding six inactive PSUs (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu and Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu and Kashmir Road Development Corporation Limited and (5) Jammu and Kashmir International Trade Centre Corporation Limited, (6) Jammu & Kashmir Asset Reconstruction Limited and seven working PSU, Jammu & Kashmir Medical Supplies Corporation Limited, Jammu & Kashmir IT Infrastructure Development Pvt. Limited and AIC-Jammu & Kashmir EDI Foundation, Jammu Smart City Limited, Srinagar Smart City Limited, Jammu Mass Rapid Transit Corporation Pvt. Limited, Srinagar Mass Rapid Transit Corporation Pvt. Limited which never submitted their accounts since inception.

highest in Jammu & Kashmir State Road Transport Corporation (₹ 1,581.66 crore[49]), Jammu & Kashmir Industries Limited (₹ 737.19 crore[50]), Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited, (₹ 161.54 crore) and Jammu & Kashmir State Industrial Development Corporation Limited (₹ 129.35 crore[51]).

The total paid up capital, free reserves, total accumulated profit/loss, and total net worth of the 23 PSUs where the GoJ&K has made direct/indirect investment during the period 2015-16 to 2019-20 is indicated in the Table 5.13.

Table 5.13: Net worth of 23 PSUs as per the latest finalised accounts during the period 2015-16 to 2019-20

(₹ in crore)

Year	Paid up capital at end of the year	Free reserves[52]	Accumulated profit (+) loss (-) at end of the year	Net worth
2015-16	502.00	4,084.05	-1,885.63	2,700.42
2016-17	516.37	2,484.36	-2,049.16	951.57
2017-18	525.68	2,725.68	-2,150.57	1,100.79
2018-19	618.01	2,960.39	-2,340.41	1,237.99
2019-20	707.00	1,777.49	-3,010.94	-526.45

As can be seen from the above table, overall net worth had decreased from ₹ 2,700.42 crore in 2015-16 to ₹ -526.45 crore in 2019-20 for the 23 PSUs taken together. However, the net worth of 11 PSUs decreased, whereas seven PSU recorded an increase in net worth, in two PSUs net worth remained same and three PSUs submitted their accounts first time in 2019-20. As on 31 March 2020, 14 PSUs[53] showed positive net worth and nine PSUs continued to have negative net worth.

5.15 Dividend Payout

As per the latest finalised accounts during 2019-20, one Power Sector PSU, JKPDC and nine working PSUs of other Sectors earned an aggregate profit of ₹ 220.12 crore and ₹ 112 crore, respectively. However, no PSUs had declared any dividend for the year 2019-20.

49 As per latest finalised accounts for the year 2018-19.

50 As per latest finalised accounts for the year 2013-14.

51 As per latest finalised accounts for the year 2013-14.

52 Revenue & Other Reserves of Jammu and Kashmir Bank Limited during, 2015-16 (₹ 4,072.21 crore), 2016-17 (₹ 2,458.98 crore), 2017-18 (₹ 2,625.65 crore) and 2018-19 (₹ 2,950.97 crore) and 2019-20 (₹ 1777.49) have been taken as free reserves and accumulated profits.

53 (1) Jammu & Kashmir Scheduled Casts, Scheduled Tribes and Backward Classes Development Corporation Limited (2) JKB Financial Services Limited, (3) Jammu & Kashmir Small Scale Industries Development Corporation Limited, (4) Jammu & Kashmir Women's Development Corporation Limited, (5) Jammu & Kashmir Project Construction Corporation, (6) Jammu & Kashmir Police Housing Corporation Limited, (7) Jammu & Kashmir Cements Limited, (8) Jammu & Kashmir Tourism Development Corporation Limited, (9) Jammu & Kashmir Cable Car Corporation Limited and (10) Jammu & Kashmir Bank Limited (11) Jammu & Kashmir Trade Promotion Organisation (12) Jammu & Kashmir Infrastructure Development Corporation (13) Jammu & Kashmir State Forest Corporation (14) Jammu & Kashmir Overseas Employment Corporation Limited.

It is recommended that the GoJ&K may consider declaration of dividend policy for profit making PSUs.

5.16 Analysis of long term loans of the Companies

The analysis of the long term loans of the Companies which had leverage[54] during 2015-20 was carried out to assess the ability of the Companies to service the debt owed by the Companies to Government, banks and other financial institutions. This is assessed through the Interest Coverage Ratio (ICR) and Debt Turnover Ratio (DTR).

5.17 Interest Coverage Ratio

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

(A) PSUs of Power Sector

The details of interest coverage ratio of JKPDC[55] as per the latest finalised accounts during the period from 2015-16 to 2019-20 is given in Table 5.14.

Table 5.14: Interest coverage ratio of PSUs of the Power Sector

(₹ in crore)

Year	Accounts finalised up to	Interest	EBIT	Interest coverage ratio
2015-16	2011-12	227.34	668.95	2.94
2016-17	2011-12	227.34	668.95	2.94
2017-18	2013-14	155.78	433.41	2.78
2018-19	2013-14	155.78	433.41	2.78
2019-20	2014-15	134.57	457.96	3.40

As seen from the Table 5.14, JKPDC had interest coverage ratio of more than one during entire period from 2015-16 to 2019-20, indicating that the Company is generating sufficient revenue to meet its expenses on interest.

54 Use of borrowed fund to increase potential return of an investment.
55 Remaining five Power Sector companies had not availed any kind of loan.

(B) PSUs of other Sectors

The details of interest coverage ratio of PSUs of other Sectors[56] as per the latest finalised accounts during the period from 2015-16 to 2019-20 are given Table 5.15.

Table 5.15: Interest Coverage Ratio of State PSUs of other Sectors

(₹ in crore)

Year	Interest	EBIT	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio	
				More than 1	Less than 1
2015-16	248.14	763.93	16	4	12
2016-17	206.27	-1,464.76	16	3	13
2017-18	257.83	439.21	16	5	11
2018-19	373.87	927.06	14	5	9
2019-20	358.90	-910.00	14	6	8

Of the 14 State PSUs of Sectors other than the Power Sector having liability of loans from Government as well as Banks and other Financial Institutions during 2019-20, six PSUs[57] had interest coverage ratio of more than one, whereas remaining eight PSUs had Interest Coverage Ratio below one, which indicated that these eight PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

5.18 Debt-Turnover Ratio of PSUs

(A) Power Sector

The Debt-Turnover Ratio of JKPDC deteriorated to 2.23 in 2019-20 due to significant increase in Debt against meager increase in Turnover, as given in Table 5.16.

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

[57] Jammu & Kashmir State Horticulture Produce Marketing and Processing Corporation Limited, Jammu & Kashmir State Women's Development Corporation Limited, Jammu & Kashmir Small Scale Industries Development Corporation Limited, Jammu & Kashmir Cements Limited, Jammu & Kashmir State Cable Car Corporation Limited and Jammu & Kashmir State Financial Corporation.

Table 5.16: Debt Turnover ratio relating to the JKPDC

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Debt from Government and others (Banks and Financial Institutions)	1,493.55	1,493.55	1,826.49	1,826.49	2,291.72
Turnover	1,119.90	1,119.90	992.46	992.46	1,025.91
Debt-Turnover Ratio	1.33:1	1.33:1	1.84:1	1.84:1	2.23:1

(Source: Compiled based on latest finalised accounts)

(B) PSUs in other Sectors

The debt turnover ratio declined from 0.53 in 2015-16 to 0.41 in 2019-20. The debt-turnover ratio ranged between 0.41 and 0.53 during this period, as given in Table 5.17.

Table 5.17: Debt Turnover Ratio relating to the 20 PSUs (other Sectors)

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Debt from Government and others (Banks and Financial Institutions)	3,834.30	3,097.52	3,633.37	4,200.71	4,174.44
Turnover	7,296.59	7,238.03	7,579.22	8,792.44	10,272.26
Debt-Turnover Ratio	0.53:1	0.43:1	0.48:1	0.48:1	0.41:1

(Source: Compiled based on latest finalised accounts)

Declining debt-turnover ratio indicates that the PSU is generating enough revenue and they are in better position to service their debts.

5.19 Inactive State PSUs

Four out of the six PSUs of Power Sector having a total investment of ₹ 0.15 crore towards share capital, were inactive as of 31 March 2020.

Similarly, six of the 36 State PSUs in other Sectors were non-working and were having a total investment of ₹ 57.42 crore[58] towards Capital (₹ 56.59 crore) and Long Term Loans (₹ 0.83 crore) as on 31 March 2020. The numbers of non-working PSUs at the end of each year during last five years ended 31 March 2020 are given below in Table 5.18.

[58] Tawi Scooters Limited: ₹ 1.63 crore, Himalyan Wool Combers Limited: ₹ 1.37 crore, Jammu &Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (a subsidiary of Himalyan Wool Combers Limited): ₹ 0.40 crore, Jammu & Kashmir State Road Development Corporation Limited: ₹ 5.00 crore, Jammu & Kashmir International Trade Centre Corporation Limited: ₹ 48.00 crore and Jammu & Kashmir Asset Reconstruction Limited: ₹ 2.00 crore.

Table 5.18: Inactive State PSUs

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Number of inactive PSUs in Power Sector	4	4	4	4	4
Number of inactive PSUs (other Sectors)	4	5	5	5	6

(Source: Compiled from the information included in Audit Report (PSU), GoJ&K of respective years)

Out of six inactive PSUs in other Sectors, four PSUs[59] were under liquidation as they were not working since last one to 28 years.

The Government may take appropriate decision for winding up of these inactive PSUs.

5.20 Comments on Accounts of Public Sector Undertakings

(A) Power sector

Three[60] power sector PSUs forwarded their eight audited account to the Principal Accountant General during 1 October 2019 to 31 December 2020 and all were selected for supplementary audit. The details of aggregate money value of the comments of Statutory Auditors and the C&AG, for the Annual Accounts finalised during last three years are given in Table 5.19.

Table-5.19: Impact of audit comments on power sector PSUs

(₹ in crore)

Sl. No.	Particulars	2017-18		2018-19		2019-20	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	1	4.19	1	15.60	1	11.89
2.	Increase in profit	1	63.22	-	-	1	55.35
3.	Increase in loss	-	-	-	-	-	-
4.	Decrease in loss	-	-	-	-	-	-
5.	Non-disclosure of material facts	2	112.83	-	-	-	-
6.	Errors of classification	-	-	-	-	2	1,594.81

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Government Companies)

During the year 2019-20, the Statutory Auditors had issued qualified certificates on two accounts. The Statutory Auditors pointed out two instances of non-compliance to the Indian Accounting Standards in one account of Chenab Valley Power Projects Private Limited.

[59] Tawi Scooters Limited, Himalyan Wool Combers Limited, Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited, Jammu & Kashmir Asset Reconstruction Limited.

[60] Jammu & Kashmir Power Development Corporation Limited (2014-15), Chenab Valley Power Projects Private Limited (2019-20) and Kashmir Power Distribution Corporation Limited (2013-14 to 2018-19).

(B) PSUs in Other Sectors

12 PSUs forwarded 42 audited accounts to the Principal Accountant General during the period from 1 October 2019 to 31 December 2020. The Audit Reports of Statutory Auditors and supplementary audit conducted by the C&AG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the C&AG, for the accounts finalised during last three years are given in Table 5.20.

Table-5.20: Impact of audit comments on State PSUs (other sectors)

(₹ in crore)

Sl. No.	Particulars	2017-18		2018-19		2019-20	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	2	0.16	3	16.86	3	536.18
2.	Increase in profit	2	0.05	1	0.03	1	9.06
3.	Increase in loss	3	1.55	8	103.69	15	4.95
4.	Decrease in loss	2	1.17	3	100.48	3	0.19
5.	Non-disclosure of material facts	4	21.82	1	95.71	13	56.24
6.	Errors of classification	5	97.39	13	48.43	15	17.27

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Government Companies)

During the year 2019-20, the Statutory Auditors had issued qualified certificates on 22 accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out 103 instances of non-compliance to the Accounting Standards in 31 accounts of eight[61] PSUs.

There are three Statutory Corporations, Jammu & Kashmir State Road Transport Corporation (JKSRTC), Jammu & Kashmir State Financial Corporation and Jammu & Kashmir State Forest Corporation. The C&AG is sole auditor in respect of JKSRTC. During the period from 1 October 2019 to 31 December 2020, Jammu & Kashmir State Forest Corporation submitted Annual Accounts from 1996-97 to 2016-17 for audit and the comments of C&AG on these accounts were under process. Jammu & Kashmir State Financial Corporation forwarded its annual accounts for the year 2018-19 and the comments were issued. The Statutory Auditors had given qualified certificate on annual accounts of Jammu and Kashmir State Financial Corporation for the year 2018-19. JKSRTC forwarded its annual accounts for 2014-15 to 2018-19. However, the GoJ&K was requested to prescribe the format of accounts of JKSRTC as per the provisions of the Road Transport Corporation Act, 1950.

[61] Jammu & Kashmir Industries Limited, Jammu & Kashmir Handicrafts (S&E) Corporation Limited, Jammu & Kashmir Police Housing Corporation Limited, Jammu & Kashmir Handloom Development Corporation Limited, Jammu & Kashmir Small Scale Industries Development Corporation Limited, Jammu & Kashmir SC, ST & BC Development Corporation Limited, Jammu & Kashmir Tourism Development Corporation Limited and Jammu & Kashmir Bank Limited.

The details of aggregate money value of the comments of Statutory Auditors and supplementary audit by the C&AG in respect of Statutory Corporations for the last three years are given in Table 5.21.

Table-5.21: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2017-18		2018-19		2019-20	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	-	-	-	-	-	-
2.	Increase in profit	-	-	-	-	-	-
3.	Increase in loss	1	15.14	-	-	-	-
4.	Decrease in loss	-	-	-	-	-	-
5.	Non-disclosure of material facts	-	-	-	-	-	-
6.	Errors of classification	1	5	2	19.43	1	4.37

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Statutory Corporations)

The concerned PSUs may ensure strict Compliance to Statutory norms for error free accounts and to avoid over/under statement of Profit/Loss. Besides, Finance and Administrative Department should oversee that corrective action is taken by these PSUs.

5.21 Non Compliance with provisions of Accounting Standards/ IND AS

In exercise of the powers conferred by Section 469 of the Companies Act, 2013, read with Section 129 (1), Section 132 and Section 133 of the said Act, the Central Government prescribed Accounting Standards 1 to 7 and 9 to 29. Besides these, the Central Government notified 41 Indian Accounting Standards (Ind AS) through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016. During the course of supplementary audit, the CAG observed that the following companies had not complied with the Accounting Standards/Ind AS, which was also not reported by their statutory auditors:

Accounting Standard/ Ind AS		**Name of Company**	**Deviation**
Ind AS 10	Property, Plant and Equipment	Jammu and Kashmir Bank Limited	Disclosure made by the company that it has revalued its immovable properties during 2019-20 was not in accordance with the Accounting standard (AS 10) "Property Plant and Equipment".
Ind AS 7	Statement of Cash Flows	Chenab Valley Power Projects Private Limited	Disclosure with regard to components of cash and Cash equivalents and its reconciliation was not as per the requirement of Ind AS 7.
Ind AS 16	Property, Plant and Equipment		The Company had not segregated the expenses of Head Office into two classes i.e. those that are directly attributable to construction of projects and those that are not directly attributable to construction of projects instead the company had booked the entire expenditure under Capital Works In Progress which was not in accordance to Ind AS 16.

5.22 Corporate Governance

5.22.1 Provisions as contained in the Companies Act, 2013

The Companies Act, 2013 was enacted on 29 August 2013 replacing the Companies Act, 1956. In addition, the Ministry of Corporate Affairs has also notified (31 March 2014) Companies Rules 2014 on Management and Administration, Appointment and Qualification of Directors, Meetings of Board of Directors & its powers. The Companies Act, 2013 together with the Companies Rules provide a robust framework for Corporate Governance. The requirements *inter-alia* provide for:

- Qualifications for Independent Directors along with the duties and guidelines for professional conduct {Section 149(6) read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014}.
- Mandatory appointment of one woman director on the board in Public Companies having paid-up share capital of ₹ 100 crore or more or turnover of ₹ 300 crore or more {Section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014}.
- Appointment of Independent Directors in Public Companies and Mandatory establishment of certain committees like Audit Committee by the companies

having paid-up share capital of ₹ 10 crore or more, turnover of ₹ 100 crore or more, or outstanding loans, debentures and deposits, exceeding ₹ 50 crore. {Rule 4 of Companies (Appointment & Qualification of Directors) Rules, 2014 and Section 177(1) of the Companies Act, 2013}.

- Holding of a minimum of four meetings of Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board {Section 173(1)}.

5.22.2 Review of compliance by selected PSEs of the Corporate Governance provisions

As on 31 March 2020, there were 42 Public Sector Enterprises (PSEs) in Jammu and Kashmir under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). In the context of the policy of the Government to grant more autonomy to the PSEs, Corporate Governance has assumed importance.

For the purpose of the review, an assessment framework was prepared based on the provisions contained in the Companies Act, 2013. The review covers 22 working PSEs (which have forwarded their finalised accounts and are not under liquidation) for the year ended 31 March 2020. List of PSEs covered as well as PSEs excluded from this report is given in the ***Appendix 5.9(A)*** *and* ***5.9(B)*** respectively.

5.22.3 Composition and Meetings of Board of Directors

The Board is the most significant instrument of the Corporate Governance. It is the agency for the implementation of governance policies and practices. It is imperative that the Board devotes adequate attention to Corporate Governance and must be equipped with the requisite representation and its members should meet regularly. Section 173(1) of Companies Act, 2013 stipulates that the Board shall meet at least four times in a year with a maximum time gap of 120 days between two consecutive meetings. Only five Companies[62] conducted four or more than four meeting during the year 2019-20. Companies where the required number of meetings to be held in a year was not complied with during 2019-20 are given in ***Appendix 5.10***.

5.22.4 Independent Directors

According to Section 149 (6) of the Companies Act, 2013 an independent director means a director other than a managing director or a whole-time director or a nominee director, who is a person of integrity and possesses relevant expertise and experience. The presence of independent directors on the Board, capable of taking an independent view on the decisions of the management is widely considered as a means of protecting the interests of shareholders and other stakeholders. Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 provides that every public company with paid-up share capital of ₹ 10 crore or more or turnover of ₹ 100 crore or more or with aggregated outstanding loans, debentures and deposits

[62] Chenab Valley Power Project Private Limited, J&K Bank Financial Services limited, Jammu and Kashmir Bank, Jammu and Kashmir Infrastructure Development Finance Corporation and Jammu and Kashmir Trade Promotion Organisation.

exceeding ₹ 50 crore shall have at least two independent directors on their board. Only four PSEs were falling under these criteria is given in ***Appendix 5.11***. Only one PSE (Jammu and Kashmir Bank Limited) has appointed two Independent Director on its Board and met with the related criteria[63] provided under Schedule IV of Companies Act.

5.22.5 Woman Director in the Board

Section 149 (1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 provides that every public company having paid-up share capital of ₹ 100 crore or more or turnover of ₹ 300 crore or more shall have at least one woman Director in its Board. List of two such PSEs (J&K Bank Ltd. and J&K Small Scale Industries Development Corporation Ltd.) meeting these criteria in Jammu and Kashmir is given in ***Appendix 5.12***. Both the PSEs had woman Director on their Boards.

5.22.6 Filling-up the posts of Company Secretary

Timely filling up of vacancies in the posts of key managerial personnel, viz. Directors. Company Secretary *etc.* ensures the availability of required skill and expertise in the management of the Company. It was observed that 15 PSEs[64] fulfilled the criteria for appointment of Company Secretary. Of these in nine PSEs listed in Table 5.22, vacancies of Company Secretary were not filled.

Table 5.22: List of PSEs where post of Company Secretary was vacant

Sl. No.	Name of PSE
1.	J&K State Horticulture Produce Marketing and Processing Corporation Limited
2.	J&K SC, ST, BC Development Corporation Limited
3.	J&K State Women's Development Corporation Limited
4.	J&K Small Scale Industries Development Corporation Limited
5.	J&K State Industrial Development Corporation Limited
6.	J&K Industries Limited
7.	J&K Handicrafts (Sales and Export) Development Corporation Limited
8.	J&K Cements Limited
9.	J&K Minerals Limited

63 Issuance of letter of appointment, code of conduct, training of independent directors, attending general meetings of the Company and meeting of independent directors.

64 J&K Small Scale Industries Development Corporation Limited, J&K Industries Limited, J&K Bank Limited and J&K Bank Financial Services Limited.

5.22.7 Audit Committee

(A) Composition of Audit Committee

Section 177 (1) and (2) of the Companies Act, 2013, stipulate that there shall be an Audit Committee with a minimum of three directors with Independent Directors forming majority. Further, Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 provides that every public company with a paid-up capital of ₹ 10 crore or more or turnover of ₹ 100 crore or more or outstanding loans or borrowings or debentures or deposits exceeding ₹ 50 crore or more shall constitute an Audit Committee.

In terms of above stipulations, four companies listed in ***Appendix 5.11*** were required to constitute Audit Committee. However, only one PSE (Jammu and Kashmir Bank Limited) constituted the Audit Committee. Further, majority of the members of the Audit Committee in Jammu and Kashmir Bank Limited were Independent Directors.

(B) Review of Supplementary Audit findings of the CAG

All the PSEs are subject to the audit of the CAG as per the statutory mandate. Section 143 (6) of the Companies Act, 2013, authorises the CAG to carry out supplementary audit of accounts of Government Companies. Further, section 177 (4) (iii) of the Companies Act, 2013 provides that Audit Committee shall examine the financial statements and Auditors' Report thereon. Thus, in case of PSEs, it is the responsibility of the Audit Committee to review the findings of the CAG. The comments of the CAG on annual accounts had been reviewed by the Audit Committee in the case of Jammu and Kashmir Bank Limited only.

5.22.8 Other Committees

(I) Nomination and Remuneration Committee

Section 178 (1) of the Companies Act, 2013 and Rule 6 of the Companies (Meeting of Boards and its Powers), Rules 2014, stipulate that each PSE shall constitute a Nomination and Remuneration Committee comprising of at least three Directors, all of whom should be non-executive Directors and at least half shall be independent. Out of four PSEs required to have independent director in the Board (as discussed in Para 5.22.4), only Jammu and Kashmir Bank Limited had Nomination and Remuneration Committee in place.

In case of any contravention of the provisions of Section 177 (Audit Committee) and Section 178 (Nomination and Remuneration Committee), the company shall be punishable under Section 178(8) of the Companies Act, 2013 with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both.

However, it was noted that no such penalty had been imposed by the Registrar of the Companies during 2019-20.

5.22.9 Whistle Blower Mechanism

Two companies (J&K Bank Limited and J&K State Power Development Corporation Limited) had whistle blower mechanism in place as per requirement of Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Boards and its Powers), Rules 2014. However, review of the mechanism by the Audit committee (required under Para III (10) of Schedule IV of Companies Act, 2013 read with Rule 7 (2) of the Companies (Meeting of Boards and its Powers), Rules 2014 was done only by J&K Bank Limited.

5.22.10 Notice of Annual General Meeting

Section 101 of the Companies Act 2013 provides that a general meeting of a company may be called by giving not less than 21 days' notice either in writing or through electronic mode in such a manner as may be prescribed. Further, a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than 95 *per cent* of the members entitled to vote at such meeting. In two PSEs (J&K SC/ ST/ BC Development Corporation Limited and J&K Projects Construction Corporation Limited) notice was circulated less than 21 days before the AGM without consent of the required members.

List of PSEs where no AGM is held during 2019-20 is given in ***Appendix 5.13***.

5.23 Follow-up action on Audit Reports

The Report of the C&AG of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Jammu and Kashmir issued (June 1997) instructions to all Administrative Departments to submit replies/ explanatory notes to paragraphs/ reviews included in the Audit Reports of the C&AG of India within a period of three months after their presentation to the legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (COPU). The position of explanatory notes on Audit Reports as of September 2020 is given in ***Appendix 5.14***. was as under:-

Out of 11 paragraphs/ performance audits[65]of Power Sector, explanatory notes in respect of only one Performance Audit on Jammu and Kashmir Power Development Corporation Limited was awaited (October 2021).

Similarly, out of 79 paragraphs/ performance audits of other Sectors, explanatory notes to nine paragraphs/ performance audits in respect of two departments, which were commented upon, were awaited (October 2021).

[65] Performance Audit is considered as one Paragraph.

5.24 Compliance to Reports of COPU

Action Taken Notes (ATN) on five paragraphs of power sector PSUs pertaining to two Reports of the COPU and Action Taken Notes (ATN) on 45 paragraphs pertaining to eight Reports of the COPU for other sectors, and presented to the State Legislature between April 2005 to March 2018 had not been received (October 2021), as indicated in Table 5.23.

Table-5.23: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total number of recommendations in COPU Report	Number of recommendations where ATNs not received
Power sector paras			
2015-16 (47th Report)	01	02	02
2017-18 (49th Report)	01	04	03
Total	**02**	**06**	**05**
Other sector paras			
2004-05 (40th Report)	01	06	05
2009-10 (42nd Report)	01	13	04
2010-11 (43rdReport)	01	02	01
2011-12 (44th Report)	01	05	01
2013-14 (46th Report)	01	14	01
2015-16 (47th Report)	01	15	06
2016-17 (48th Report)	01	06	03
2017-18 (49th Report)	01	25	24
Total	**08**	**86**[66]	**45**

These Reports of COPU contained recommendations in respect of paragraphs pertaining to 10 departments which appeared in the Reports of the C&AG of India for the years 2000-01 to 2015-16.

It is recommended that the Government may:

- ***impress upon the respective Administrative Ministries/Departments to ensure compliance of provisions as contained in the Companies Act, 2013 and Companies Rules, 2014 so as to achieve the objectives of Corporate Governance in PSEs; and***
- ***ensure timely submission of explanatory notes and ATNs.***

[66] Pertains to 57 paragraphs/ performance audits that featured in the Audit Reports for the years 2000-01 to 2015-16.

Chapter VI

Compliance Audit of Social, General and Economic Sectors (PSUs)

Chapter VI

Compliance Audit of Social, General and Economic Sectors (PSUs)

Forest Department

6.1 Activities of Extraction and Sale of Timber in Jammu & Kashmir Forest Development Corporation Limited

The Company had accumulated losses of ₹ 249.13 crore at the end of March 2020. Outstanding Royalty of ₹ 395.67 crore was payable by the Company to State Forest Department. Timber/ markings valuing ₹ 2.71 crore became rotten/unsaleable. Unrealistic criteria for categorisation of forest area led to incorrect fixation of rates for extraction and transportation of timber. Contractors/ *Amani* mates abandoned work leading to markings/ timber valuing ₹ 17.61 crore being left unattended in the forest.

6.1.1 Introduction

The Jammu and Kashmir State Forest Corporation (J&KSFC) was established (July 1979) under the Jammu and Kashmir State Forest Corporation Act, 1978 (SFC Act). Audit of the accounts of the J&KSFC (from 1996-97 onwards), was entrusted (March 2000) to the Comptroller and Auditor General of India (C&AG) under Section 19(3) of the C&AG's (Duties, Powers and Conditions of services) Act, 1971. After repeal (March 2020) of the SFC Act, the Jammu and Kashmir Forest Development Corporation Limited (J&KFDC) was incorporated (December 2020) as a Company under the Companies Act, 2013.

The functions of J&KFDC (Company) included removal of trees from forests and their disposal, exploitation of forest resources, undertaking research programmes relating to forest and forest products, rendering technical advice to the Government on matters relating to forestry, management, maintenance and development of forests transferred to it by the Government. However, the Company was undertaking only removal of trees from forests and carrying out sale of timber.

As of March 2020, Advisor, in-charge Forest, Environment and Ecology, as Chairman of the Company and five directors, appointed by GoJ&K were running affairs of the Company.

The Company had four Extraction Circles, 13 Extraction Divisions, two Sales Circles and four Sales Divisions. Besides, the Company had two Fair Price Divisions. The Department of Forest, Environment & Ecology, GoJ&K transferred (July 2016) 868 Concessional Zone Timber Sale Depots (CTSD) to the Company.

Audit examined (October 2020 to March 2021) records (2015-16 to 2019-20) of the Company at its Head Office and in six[1], out of 13, Extraction Divisions. Records were also checked in two, out of four, Sales Divisions and two Fair Price Divisions.

[1] Jammu province: Kishtwar, Bhaderwah & Udhampur and Kashmir province: PP East Pulwama, Zangli & Ganderbal.

6.1.2 Accounts and Financial Management

6.1.2.1 Non-finalisation of accounts

After entrustment (March 2000) of audit of accounts (from 1996-97 onwards) of the Company to the C&AG of India, Statutory auditors were to be appointed for submission of certified accounts to the Principal Accountant General. Audit noticed that appointment of Statutory Auditors was made (December 2004) after a delay of over four years and accounts for the period from 1996-97 to 2003-04 were certified (December 2011) after a delay of 15 years. Further, accounts up to the year 2013-14, for the years 2014-15 to 2016-17 and for the years 2017-18 to 2019-20 were submitted to the Principal Accountant General in October 2015, January 2020 and September 2021, respectively. Audit of accounts for the period from 1996-97 to 2013-14 was conducted in January/ February 2021. As of November 2021, reply to the preliminary audit observations was awaited from the Statutory Auditors of the Company.

6.1.2.2 Financial Position

Financial position of the Company for the period from 2015-16 to 2019-20[2] are given in Table 6.1.

Table 6.1: Financial Position

(₹ in crore)

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1	Sales	136.72	147.35	212.20	171.90	148.71
2	Other income	33.04	21.54	2.04	2.32	8.31
3	Closing stock of timber (standing/extracted/sawn)	438.92	461.47	445.14	468.42	511.26
	(A) Total = 1+2+3	**608.68**	**630.36**	**659.38**	**642.64**	**668.28**
4	Opening Stock of timber (standing/extracted/sawn)	431.53	438.92	461.47	445.14	468.42
5	Direct expenditure	47.55	55.58	82.21	53.22	51.00
6	Direction and Administration expenses	103.19	110.16	119.66	138.52	144.11
7	Other expenditure	10.15	10.34	11.39	9.90	8.74
	(B) Total = 4+5+6+7	**592.42**	**615.00**	**674.73**	**646.78**	**672.27**
8	Net Profit/(Loss) for the year **(A-B)**	16.26	15.36	(15.35)	(4.14)	(3.99)
9	Accumulated Losses[3]	241.03	225.67	241.01	245.14	249.13

From the table above, it can be seen that:

- There was increase in revenue from ₹ 136.72 crore (2015-16) to ₹ 147.35 crore (2016-17). It reached the highest level of ₹ 212.20 crore during 2017-18 due to increase in sales which declined in subsequent years to ₹ 148.71 crore in 2019-20.
- Profit earned was ₹ 16.25 crore and ₹ 15.36 crore during 2015-16 and 2016-17, respectively. However, the Company suffered loss of ₹ 15.33 crore

[2] Figures are based on the accounts certified by the Chartered Accountants.
[3] The accumulated losses as on 31 March 2015 were ₹ 257.28 crore.

during 2017-18 mainly due to increase in direct expenditure[4] and direction and administration expenses[5]. It also suffered losses of ₹ 4.14 crore during 2018-19 and ₹ 3.99 crore during 2019-20.

- The accumulated losses stood at ₹ 249.13 crore as of March 2020 as against ₹ 257.28 crore as of March 2015.

The Management stated (April 2021) that increase/ decrease of sale was due to behavior of market and flow of imported timber led to decrease in sale. The Management also attributed (November 2021) losses to the implementation of Goods and Service Tax from July 2017 and re-organisation of J&K UT (Union Territory) after August 2019.

6.1.2.3 Royalty payable to Forest Department

As per agenda note placed before the meeting (April 2019) of the Board of Directors, ₹ 904.15 crore was payable by the Company to the Forest Department on account of royalty bills against markings[6] of trees handed over to the Company during the period 1979-80 to 2018-19. Against the outstanding of ₹ 904.15 crore, the Company paid ₹ 381.01 crore and supplied timber to the Forest Department valuing ₹ 377.30 crore as of March 2019, thus, leaving a balance of ₹ 145.84 crore as of March 2019. Accounts for 2018-19, however, showed that royalty payable to Forest Department was ₹ 395.67 crore. The variation of ₹ 249.83 crore was not reconciled by the Company.

Audit scrutiny of the royalty bills raised by Forest Department revealed that during 2015-20, the Company received markings of 27.26 lakh cft[7] under projects which also consisted green trees, for which full royalty rates were required to be booked in the accounts. Audit test checked records for 6.50 lakh cft of markings under projects and found that 5.74 lakh cft (88.31 *per cent*) was green marking and balance 0.76 lakh cft (11.69 *per cent*) was dry markings. The royalty payable against green markings of 5.74 lakh cft were not provided at full rates leading to short provisioning of royalty to the extent of ₹ 1.31 crore.

6.1.3 Extraction of timber

6.1.3.1 Receipt of marking and extraction done

The details of opening balance of markings available with the Company, fresh markings taken over, targets of extractions, shortfall in extractions, closing stock and losses relating to extraction of timber during the period 2015-16 to 2019-20 are given in Table 6.2.

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4 Due to (i) increase in quantity of markings taken over from the Forest Department which increased the royalty payable and (ii) increase in extraction of timber leading to increase in extraction charges.

5 Due to implementation of sixth pay commission and its impact in the subsequent years.

6 Trees identified/marked by State Forest Department for extraction of timber.

7 Jammu province: 22.72 lakh cft and Kashmir province: 4.54 lakh cft.

Table 6.2: Targets and achievements regarding extraction of timber

(In lakh cft)

Year	Opening balance of marking	Fresh marking received during the year	Total markings available for extraction	Targets for extraction of Standing volume	Extraction done (standing volume)	Targets of extraction (converted volume)	Extraction done (converted volume)	Percentage of shortfall	Timber handed back	Closing balance of marking	Percentage of converted volume to standing volume	% age of actual extraction to the total available
	i	ii	iii = i + ii	iv	v	vi	vii	viii = {(vi-vii)/vi} %	ix	x	(xi=vii/v) %	(xii=v/iii) %
2015-16	138.90	37.55	176.45	Not fixed	46.18	38	25.38	33.21		130.27	54.96	26.17
2016-17	80.27	53.03	133.30	Not fixed	52.20	43	29.96	30.32	0.31	80.79	57.39	39.16
2017-18	80.43	75.79	156.22	Not fixed	70.07	45	38.99	13.36	0.83	85.32	55.64	44.85
2018-19	84.86	45.68	130.54	80	60.51	40	33.61	15.98	1.23	68.80	55.54	46.35
2019-20	68.80	28.37	97.17	Not fixed	32.78	Not fixed	19.71	NA		64.39	60.13	33.73

(Source: Annual accounts for the period 2015-20 and agenda of meetings of BoDs)

Audit observed that:

- Extraction (converted volume) targets were not fixed for 2019-20. There was shortfall in achievement of targets during 2015-19 ranging between 13.36 *per cent* and 33.21 *per cent.* Division-wise targets were not fixed during 2015-20.
- No targets of extraction (standing volume) were fixed except for the year 2018-19. The percentage of extraction (standing volume) with respect to total markings available for extraction ranged between 26.17 *per cent* and 46.35 *per cent* during 2015-20. Acceptance of fresh markings despite non-extraction of available markings led to creation of liability on account of royalty and accumulation of inventory (standing volume).
- There was short accountal of 50 lakh cft [8] of marked trees valuing ₹ 160.93 crore[9] in the opening stock for 2016-17 as compared to closing stock of 2015-16. Minor variations in the opening balances were also observed in the subsequent years. Since no remedial action was taken by the Company, the variation of 50 lakh cft continued in its book up to March 2020. Variation in the balance of stocks is fraught with the risk of fraud/ misappropriation remaining undetected.

The Management while replying to the audit observation provided (November 2021) a new set of figures of opening balance, marking received and extraction done nullifying the variations. The revised figures provided were not acceptable as, the data in the table above was prepared on the basis of figures of annual accounts of the

[8] Short: In Extraction Divisions Doda (10.89 lakh cft), Kishtwar West (3.30 lakh cft), Kehmil (6.61 lakh cft), PP East (27.56 lakh cft), PP West (2.33 lakh cft), Zangli (1.90 lakh cft), Ganderbal (1.04 lakh cft), Handwara (1.04 lakh cft), Anantnag (0.78 lakh cft), Udhampur (0.26 lakh cft), Rajouri (0.37 lakh cft), Ramban (0.33lakh cft) and Excess: In Extraction Divisions Kishtwar East (4.01 lakh cft), Bhaderwah (1.60 lakh cft), Jammu (0.23 lakh cft) and Baramulla (0.57 lakh cft).

[9] Calculated on the basis of average sale rate of 585.64 per cft for 2015-16 with expected outturn of 27.48 lakh cft SV on the basis of percentage of actual outturn of 54.96 RV achieved during 2015-16).

Company and the allied working sheets which had been duly approved by the Board of the Directors of the Company and certified by the statutory auditor.

6.1.3.2 Categorisation of forest area for fixing estimated cost for extraction/ transportation of timber

The Steering Committee of the Company is empowered to revise rates for extraction/ transportation of timber as prescribed by the National Productivity Council. In Jammu province, the rates (applicable for lumbering operations) for 2015-16 were fixed in May 2015 and the same were revised in May 2019[10]. The coupes[11] of forests were categorised based on nine parameters[12] as A (upto 45 points), B (45-60), C (60-80) or D (above 80) in which the rates for category 'A' was the lowest and 'D' was highest.

Audit reviewed 82 project reports of three sampled Extraction Divisions[13] and noticed that only in three cases[14], project area had been categorised as 'C' and the remaining cases were categorised as 'D'. It was observed that the minimum points which could be assigned was 57 and thus, no coupe could be categorised as Class 'A' and the probability of categorising as class 'B' was also low. Thus, the criteria set for categorisation of the coupes were unrealistic resulting in higher rates being fixed for coupes which should've been under category 'A'.

The Management stated (September 2020/ November 2021) that the weightage distribution for categorisation of the compartment had been calculated as per the proforma devised by National Productivity Council and admitted that no compartments were categorised under Category 'A' and 'B'. It was further stated that the matter would be examined for rectification of 'A' and 'B' categories.

6.1.3.3 Allotment of works for extraction/transportation of timber

After preparation of project report for extraction and transportation of timber, the Company starts the process of allotment of work by inviting tenders or the work is directly allotted on *Amani* basis (engaging labour mates) without inviting tenders to facilitate small and petty contractors preferably local 'D' class contractors, who are unable to compete with bigger contractors. The Board of Directors (BoDs) restricted (March 2013) allotment of work on *Amani* basis to markings up to 40,000 cft (standing) with overall restriction of 33 *per cent.* This was further restricted (November 2018) to markings up to 20,000 cft with overall restriction of 20 *per cent* of the total allotment.

Division-wise allotment of works (on tender and *Amani* basis) and range of receipt of markings of trees (in each compartment) during 2015-20 is detailed in ***Appendix 6.1***. Analysis in audit showed that works for 77.76 lakh cft (51.76 *per cent*) were allotted on *Amani* basis out of which 54 works for 33.54 lakh cft were allotted breaching the limit of 40,000 cft or 20,000 cft.

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10 Applicable from the date of issuance of order.

11 Forest Coupe: An area within forest which is set aside to be operated/ harvested.

12 Distance from *pucca* road head, Distance from market, availability of labour, working period, security condition, topography/ terrain, mature/ quantity of the marking, terms/ conditions and prevalent local rate.

13 ED Udhampur: 22 cases, ED Kishtwar: 31 cases and ED Bhaderwah: 29 cases.

14 In ED Udhampur.

Out of 573 extraction works[15], only 122 works were allotted on tender basis. Remaining 451 works were allotted on *Amani* basis out of which only 285 works were allotted to Class D/ small contractors (63 *per cent*) and 166 works were allotted to Class A, B and C contractors. Besides, multiple works were allotted to same *Amani* mates, thereby defeating the purpose of allotment of work to small and petty contractors.

Further, in Extraction Division (ED) Ganderbal, out of 9.28 lakh cft allotted during 2015-20, two lakh cft (22 *per cent*) was allotted to one *Amani* mate who was a Class A contractor registered with the Company.

The Company had neither devised any criteria nor made any roster for selection of *Amani* mates and work was being allotted on the application of selective *Amani* mates, thus giving them undue favour.

The Management stated (November 2021) that the works on *Amani* mates were allotted for the following: (i) in case there was poor or no response from the contractors, (ii) to avoid loss of full working season which could lead to deterioration of markings affecting timber, (iii) to save cost escalation, (iv) for timely revenue generation and (v) to achieve the targets fixed for a particular financial year. The allotment of work on *Amani* basis was to serve the dual purpose of providing of extraction work to petty/ local contractors who could not compete with bigger contractors.

The reply of the Management is not tenable as allotment of works to *Amani* mates was made generally without resorting to the invitation of tender. Further, it was seen that works on *Amani* basis were also awarded to contractors registered as Class A indicating works being given to bigger contractors without tendering. Also, delay in execution of works was noticed in works executed on *Amani* basis as well.

6.1.3.4 Delay/ non-completion/ abandoning of works by the contractors/ *Amani* mates

As per agreement executed with contractors/ *Amani* mates for allotment of extraction/ transportation work, the timeline for completion of work was fixed in each case. In the event of failure to execute the contract in accordance with terms and conditions of the tender notice/ Agreement, the Company was to impose all or any of the penalties such as (i) terminate the contract and forfeit the Earnest Money Deposit/ Security deposit, (ii) impose penalty as decided by the management upto 10 *per cent* of the value of the contract and (iii) deregister/ black list the contractor/ *Amani* mate and (iv) execute the balance work at their risk and cost.

Audit noticed that there was delay in completion of work, ranging between one month and 72 months, in 103[16] out of 112 test checked cases[17] in six EDs. In 85 cases, the Company had granted extension of time for completion of work and token penalty

[15] Test checked EDs only.

[16] In nine cases, works were completed within scheduled time.

[17] Udhampur (9), Kishtwar (24), Bhaderwah (18), Ganderbal (22), Pulwama (20) and Zangli (19).

ranging between ₹ 500 and ₹ 39,500[18] was imposed in 84 cases[19]. In remaining 18 cases, neither the extension was granted nor was any penalty imposed. It was also observed that the Company only issued notices to the contractors/ *Amani* mates and did not invoke the provisions of the clauses of the agreement/ NIT which stipulated termination of contract, execution of balance work at the risk and cost of the contractor/ *Amani* mate and blacklisting of the defaulting contractor/ *Amani* mate.

Works partially executed and partially transported: Audit further observed that the contractors/ *Amani* mates left the work incomplete leaving the markings as well as rotten/ unsaleable timber in the Forest/ Transit Depots. However, no action was taken against the contractors/ *Amani* mates. Six cases, as detailed in ***Appendix 6.2*** revealed that 0.26 lakh cft of timber valuing ₹ 1.60 crore[20] was not transported by contractors to the Sale Depots as a result of which the timber had become (17,977 cft) or would become rotten/ unsaleable. Further, 0.51 lakh cft of markings with expected outturn of 0.18 lakh cft[21] valuing ₹ 1.11 crore had not been converted by the contractor/ *Amani* mates with the result that the condition of markings/ timber got deteriorated.

Works abandoned after partial execution and not transported: Ten case studies, as detailed in ***Appendix 6.3,*** revealed that the contractors/*Amani* mates had abandoned work without i) converting the markings of 1.76 lakh cft Round Volume (RV) with expected outturn of 0.80 lakh cft Sawn Volume (SV) valuing ₹ five crore, and (ii) without transporting the extracted timber of 2.02 lakh cft SV valuing ₹ 12.61 crore. This could result in deterioration of the unprocessed timber with the passage of time.

Works not started: In 31 cases[22], the contractors/ *Amani* mates failed to execute the work with the result markings of 3.070 lakh cft with expected outturn of 2.22 lakh cft valuing ₹ 13.79 crore remained un-attended.

The Management attributed (November 2021) delay/ abandoning of works by the contractors/ *Amani* mates to upward trends of labour rates and scarcity of labour in general due to developmental activities, reduction in working hours in a day due to security reasons, spread of marking in vast areas in view of dead end marked trees and erratic climatic conditions. They further added that penalties invoked were subject to the circumstances existing in the forest coupe.

The reply is not tenable, as during preparation of the project reports all the variables are to be suitably taken into consideration.

6.1.3.5 Expected outturn, rotting of timber and incurring of extra cost due to cancellation of contract

In detail review of 13 cases, the following was observed:

- In two cases due to unrealistic preparation of project report the markings rotted with expected outturn of 11,500 cft valuing ₹ 44.44 lakh (***Appendix 6.4***)

[18] Udhampur: ₹ 500-5,200, Kishtwar: ₹ 1,000- 39,500, Ganderbal: ₹ 500-15,000, Bhaderwah: ₹ 1,000-22,000, Pulwama : ₹ 2,000-15,900 and Zangli: ₹ 500-36,000.

[19] In one case, extension was granted without imposing penalty.

[20] Calculated at a rate of ₹ 625.40 per cft (weightage average sale rate for the period 2015-20).

[21] Calculated at weightage average conversion of timber from marking during the period 2015-20.

[22] Pulwama: 22 and Kupwara: 9

- Audit analysis of three cases[23] (***Appendix 6.5)***, revealed the Company failed to re-allot the cancelled contracts for transportation of extracted timber from Forest to Sales depots in time and could not recover extra cost of ₹ 1.09 crore[24] from the defaulting contractors. This also led to rotting of 6,773 cft of timber valuing ₹ 39.67 lakh and loss of expected outturn of 12,783 cft SV valuing ₹ 74.86 lakh.
- The expected outturn is to be fixed based on the norms and inspection of field staff of respective divisions. It was noticed there were abnormal variations in the expected outturn and actual outturn achieved. In one instance, it was observed that the outturn was 74 *per cent* in excess of the expected outturn. These cases are detailed in ***Appendix 6.6***.

The Management stated (November 2021) that the Company had received dry/ fallen/ diseased trees and actual outturn depend upon the quality of marking expected and that the actual outturn was available only after completion of all lumbering activities.

The project reports are to be prepared after receipt and inspection of markings received. However, the Company did not provide any specific reply for abnormal variation in expected and actual outturn.

6.1.3.6 Ineffective system of measurement of timber

Timber is measured while passing the stocks in the Forest after sawing and then the activities of off road transportation[25] (ORT)/ Road Transportation (RT) are carried out. Final measurement is done at Sale Depots and the same is recorded in the reconciliation statement issued by the Sales divisions. *Sharamandi* variation[26] is allowed upto five *per cent*, besides, additional two *per cent* is allowed for mahan[27] loss.

Sharamandi variations were allowed irrespective of the type of the ORT activity. In East Marketing Division, Jammu, against the dispatches of 25.24 lakh cft from Extraction Divisions, actual receipt was recorded at 23.49 lakh cft during the period 2015-20 and variations of 1.75 lakh cft was shown/allowed as *Sharamandi* variations. Variations were also noticed when the stock was again measured while making lots of timber for putting it to auction. In contrast to this, no variation was noticed when the supply was made to the CTSDs (three test checked EDs: 2.35 lakh cft[28]) during 2016-20.

The DM, East Marketing Division, Jammu stated (January 2021) that due to paucity of time during unloading stock in store, the checking was done as per ocular estimation but at the time of forming the lots, proper measurement of stocks was done in store depots with tape and kanda. It was also stated that variation occurred due to dryness and wear and tear of timber. The Management further stated

[23] 51 Kellar, 47 Kellar and 34 Dudu.
[24] C: 51/ Kellar: ₹ 21.08 lakh, C: 47/ Kellar: ₹ 53.18 lakh and C: 34/Dudu: ₹ 34.72 lakh (The contracts provided for completion of work at the risk and cost of defaulting contractor).
[25] Pathroo, pacci nali, tarspan, mahan and crane-Modes of off road transportation within forest area.
[26] Variation between measurement made in forest and measurement made at sales depot, Jammu.
[27] Off road transportation through nallah/ river.
[28] Udhampur: 0.59 lakh cft, Bhaderwah: 0.82 lakh cft and Kishtwar: 0.94 lakh cft.

(November 2021) that *Sharamandi* variations occurred during the process of extraction/ ORT. Some variation at Sales depots were due to breakage of scants due to small sized timber[29],

The Company should relook into the norms for *Sharmandi* variations allowed during supply of timber to prevent leakage of revenue.

6.1.3.7 Non accountal of marking

In case of Compartment-13/ Neeru, 2.08 lakh cft[30] were allotted (May 2012) to a contractor on tender basis. Up to October 2012, the contractor converted 83,139 cft[31] SV (1,57,929 cft RV) out of which 83,034 cft[32] SV was transported to the Sales Depot Jammu. As per Performance report of the Range (Neeru), the contractor had left 50,179 cft RV of Deodar species in the compartment as unconverted which was lying unattended in the Forest. However, performance/ progress report of the ED, Bhaderwah showed no balance of markings. The Committee constituted (February 2016) reported (March 2016) that due to oversight by staff 50,179 cft RV was reflected in the Performance report though there was nothing in the forest except 8,562 cft which was either rotten or hollow from which nothing could be extracted. Thus, non-accounting of 41,617 cft RV and rotting of 8,562 cft RV of marking of Deodar specie[33] led to loss of 26,414 cft SV of timber valuing ₹ 2.43 crore[34].

The DM, Bhaderwah stated (May 2021) that the Company took over dry/ diseased and fallen markings which further deteriorated with time and had no timber value; as per standing instructions, such markings were not converted resulting in balance shown in the records. After spot verification only 8,562 cft also having no timber value was found.

The reply made by the management is contradictory, as the balance shown in records was 50,179 cft whereas on spot verification by the Committee only 8,562 cft was found. Non-accountal of such significant quantity of marking indicated possibility of theft and pilferage.

6.1.4 Sale of timber

6.1.4.1 Targets and achievements in respect of sale of timber

The Company conducts sale of timber through open auction and fair price depots and also supplies[35] timber directly to the consumers at concessional rates. The position of targets fixed for sale of timber, achievements and shortfall during 2015-20 is given in Table 6.3.

29 Like Ballies, Hakries, Pharras, Trikona, etc.
30 1.91 lakh cft of deodar species and 0.17 lakh cft of kail species.
31 74,244 cft of Deodar and 8,895 cft of Kail species.
32 Balance 105 cft SV was shown as operational loss.
33 All the timber in respect of kail species has been extracted (8,895 cft out of 17,194 cft).
34 Calculated on the basis of average sale rate of Deodar during the year 2015-16, which was ₹ 919.12 per cft, for 26,414 cft (52.64 *per cent* actual outturn achieved in respect of 83,139 cft SV out of 1,57,929 cft RV.
35 The function was entrusted by the SFD to the J&KFDC from July 2016.

Table 6.3: Targets and achievements in respect of sale of timber

Year	Targets	Achievements	Shortfall	Shortfall (percentage)	Sales revenue (₹ in crore)	Sales revenue (per cft) in ₹
	(In lakh cft)					
2015-16	36.00	23.24	12.76	35.44	136.12	585.64
2016-17	43.50	19.81	23.69	54.46	117.78	594.58
2017-18	45.50	26.00	19.50	42.85	150.65	579.40
2018-19	41.00	20.68	20.32	49.56	138.77	671.19
2019-20	Not fixed	18.44	NA	NA	128.41	696.21

(Source: Targets as per Agenda of the meeting of the BoDs and achievements as per performance reports)

Audit noticed that division-wise targets were not fixed and no targets were fixed for 2019-20. Shortfall in achievement of targets during 2015-19 ranged between 35.44 *per cent* (2015-16) and 54.46 *per cent* (2016-17). Sales which stood at 23.24 lakh cft during 2015-16 decreased to 18.44 lakh cft during 2019-20. Sales revenue per cft which was ₹ 585.64 during 2015-16 increased to ₹ 696.21 during 2019-20.

The Management attributed (November 2021) the shortfall in sales revenue to local market demand and that imported timber had taken a chunk of the conifer sale.

The Company's reply was silent with regard to not fixing of division-wise targets and not fixing of targets for the year 2019-20.

6.1.4.2 Reduction/clearance sale

Timber is sold at Sales depots through auction at the reserve price fixed by the Steering Committee of the Company. The price of timber which could not be sold at reserve price is reduced by 15 *per cent* after two unsuccessful auctions and further reduced by 15 *per cent* if not sold in third auction. In case timber is not sold after reducing the reserve price twice, the timber is sold through auction by clearance sale even below the reduced reserve price.

Out of eight clearance sale auctions[36] conducted by the EMD, Jammu during 2017-18 to 2018-19, audit test checked four clearance sales wherein 0.65 lakh cft of timber was sold. The time analysis within which timber was received at Sales Depot, Jammu and clearance sale is given in Table 6.4.

Table 6.4: Time within which timber received in Sales Depot, Jammu and their clearance sale

Specie (in Cft)	Timber received before clearance sale (in months)					Total	Percentage to total
	1 to 6	7 to 12	13 to 18	19 to 24	More than 24		
Deodar	604.53	237.64	2,131.28	5,446.07	11,676.5	20,096	31
Kail	1,308.16	943.29	5,500.92	10260	11,832.5	29,845	46
Fir	214.36	261.79	3075.1	2,859.44	3,879.48	10,290.2	16
Chir	7	0	1,183.07	3661.1	39.85	4,891.02	7
Total	**2,134.05**	**1,442.72**	**11,890.37**	**22,226.7**	**27,428.3**	**65,122.1**	
Percentage to total	**3**	**2**	**18**	**34**	**42**		

[36] Volume of timber sold: 1.25 lakh cft.

Out of 65,122.10 cft of timber sold through clearance sale:

- 3,576.77 cft (five *per cent*) was received within one year,
- 11,890.37 cft (18 *per cent*) was received between one year to one and half years,
- 22,226.70 cft (34 *per cent*) was received within one and half years to two years, and
- 27,428.30 cft (42 *per cent*) was received more than two years from the date of clearance sale.

Out of 65,122.10 cft of timber sold by clearance sale, 20,096 cft (31 *per cent*) was that of Deodar species.

Sale of stock through clearance sale within one to two years of receipt, especially in case of durable species like Deodar indicated that the stocks received were of poor quality.

The Management stated (November 2021) that quality of conifer stocks received in the Sale Depots is of poor quality and the same could not be improved until good quality marking is received by the Company.

The reply could be viewed in light of the fact that there had been delay in execution of works as observed in the para above which also led to deterioration in quality of timber and consequently the Company resorted to clearance sale.

6.1.5 Inventory management

The position of sales and closing balance of timber during the period 2015-20 is given in ***Appendix 6.7***.

Losses accumulated on account of timber was ₹ 283.89 crore as of March 2020 (₹ 5.39 crore during 2015-19) on account of floods, fire, theft, transit shortage etc. which had neither been made good nor written off after approval of the Board of Directors.

Accounts Manual of the Company prescribes a maximum closing stock (as of March each year) of 10 *per cent* of annual targets of sale in a sale depot in Jammu province and seven *per cent* in Kashmir province. Audit noticed that the closing stock of timber in the East Marketing Division (EMD), Jammu was more than the annual sales during the period 2015-20 ranging between 109.55 *per cent* and 143.73 *per cent*[37]. The position of closing stock of timber in North Marketing Division, Srinagar ranged between 12.32 *per cent* and 40.55 *per cent* of annual sales during the period.

Out of closing stock of 5.06 lakh cft[38] of timber as on March 2020, 3.78 lakh cft (75 *per cent*) was received within one year before March 2020, 0.82 lakh cft (16 *per cent*) was received between one and two years, 0.37 lakh (seven *per cent*) was received between two to three years and 0.09 lakh (two *per cent*) cft was received between three and four years before March 2020. Holding of huge inventory was

[37] Except during 2018-19 when it was 89.97 *per cent.*

[38] In Stores at Sunjwan and Bachhan (under EMD, Jammu).

indicative of defective inventory management exposing the stocks to fire, flood, theft, deterioration over time and involving avoidable handling charges.

Stock of 35,650 cfts in three EDs[39] received from Transit Depots and Sales Depots had become unsaleable at CTSDs during May 2016 to March 2020 resulting in loss to the Company. Further, while bringing forward closing stock as on 31 March 2019, 393 cft of timber was short accounted for[40] as opening stock for 2019-20.

The Accounts Manual[41] of the Company provides for physical verification at least once a year. Audit noticed that no physical verification of stocks was conducted in Extraction Divisions during 2015-20 in contravention to provisions of the manual.

In the EMD, Jammu, physical verification was not conducted regularly[42] at Sales Depots and Stores. As per the PV reports, variations[43] were noticed. In North Sales Division, the PV reports of all the four Sales Depots showed excess ground balance of timber than the book balance to the extent of 1,05,556 cft during 2015-20. However, no action was taken to analyse variation in the stocks.

The Management attributed (November 2021) variations to operational loses like loading/ unloading, ORT operations, delay in completion of works turning the timber to firewood, and stated that the Company had taken steps to minimize losses. It was further stated that as Physical Verification Reports were not sent to Sales Circle/ Sales division, the necessary rectifications were not made in the sales records.

The fact remains that the losses incurred on account of timber since inception were yet to be either made good or written off by the BoDs. Besides, the reply of Company was silent regarding holding of inventory at sales division and deterioration of quality of timber.

6.1.6 Conclusion

- **Royalty of ₹ 395.67 crore was payable by the Company to State Forest Department for markings of trees.**
- **There was shortfall in achievement of extraction (converted volume) targets ranging between 13.36 *per cent* and 33.21 *per cent*; and extraction (standing volume) was done to the extent of 26.17 *per cent* and 46.35 *per cent* of the total markings available leading to accumulation of markings.**
- **Unrealistic criteria were set for categorisation of forest area led to incorrect fixation of rates for extraction/ transportation of timber.**
- **There was irregular allotment of contracts in contravention to the directions of the BoDs led to undue favour to the contractor.**

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39 ED Udhampur: 7,974 cft, ED Zangli: 8,876 cft and ED Pulwama: 18,800 cft.

40 In CTSD Domail 'A'.

41 Chapter X: Inventory Control.

42 PV not conducted: Sales depot Bachan for the years 2017-18 and 2019-20, Store at Bachan for the years 2016-17, 2017-18 and 2019-20, Sales depot, Sunjawan: for the years 2016-17, 2017-18 and 2019-20 and Store Sunjawan: for the years 2016-17 and 2017-18.

43 Store (Sunjwan), Sales Depot (Sunjwan), Store (Bachan).

- **Timber/ markings valuing ₹ 2.71 crore had become or would become rotten/ unsaleable as these had not been transported by contractors/ *Amani* mates to the Sale Depots or had not been converted to timber.**
- **Contractors/ *Amani* mates had abandoned work without converting the markings valuing ₹ 17.61 crore.**
- **There was Shortfall in achievement of sales targets ranged between 35.44 *per cent* and 54.46 *per cent* during 2015-19.**

6.1.7 Recommendations

- ***The Company may consider fixing targets of extraction commensurate with the available markings and endeavour to achieve the set targets;***
- ***The Company may device a mechanism to monitor the extraction and transportation of timber to avoid delays;***
- ***Forest area may be categorised on realistic criteria to ensure correct fixation of rates for extraction/transportation of timber;***
- ***Contract management may be strengthened; process of allotment of contracts should be transparent and in accordance with the directions issued by the BoDs; and***
- ***Efforts may be made to achieve sales targets to avoid accumulation of inventory and selling of timber in clearance sales with attendant losses.***

Srinagar/ Jammu
Dated: 01 February 2022

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

Countersigned

New Delhi
Dated: 15 February 2022

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix-1.1.1

(Reference Paragraph: 1.10)

Unit-wise details of recovery accepted and recovery effected cases during 2019-20

(₹ in lakh)

Sl. No.	Name of the unit	Recovery accepted cases		Recovery made	
		No. of cases	Amount of recovery accepted	No. of cases	Amount recovered
1.	State Taxes Officer, Circle A, Jammu	2	0.89	-	-
2.	State Taxes Officer, Budgam	10	61.35	-	-
3.	State Taxes Officer, Kupwara	9	13.49	-	-
4.	State Taxes Officer, Circle L, Jammu	4	31.34	-	-
5.	State Taxes Officer, Pulwama	10	35.92	-	-
6.	State Taxes Officer, Circle L, Jammu	1	5.58	-	-
7.	State Taxes Officer, Circle I, Udhampur	5	51.06	-	-
8.	State Taxes Officer, Circle II, Udhampur	10	16.27	-	-
9.	State Taxes Officer, Sopore	11	7.48	-	-
10.	State Taxes Officer, Circle E, Jammu	3	4.61	-	-
11.	State Taxes Officer, Circle I, Anantnag	5	104.90	-	-
12.	Excise and Taxation Officer, City range, South Jammu	1	1.88	1	1.88
13.	Excise and Taxation Officer, Kathua	1	1.47	1	1.47
14.	Excise and Taxation Officer, Toll Post, Upshi Leh	-	-	1	0.01
15.	Regional Transport Officer, Jammu	-	-	1	1.50
16.	Deputy Commissioner, Executive (Accounts), Jammu	-	-	2	0.23
17.	Secretary Legislative Assembly, Jammu	-	-	1	1.06
	Total	**72**	**336.24**	**7**	**6.15**

Appendix- 2.1

(Reference Paragraph: 2.2)

Statement showing evasion of tax, under assessment/ short levy of revenue/ non/ short realisation of tax during 2019-20

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
Taxes on Sales, Trade/ VAT, etc.			
01	Budgetary support to industrial units in Jammu & Kashmir by way of tax reimbursement	01	4.15
01	Evasion of tax due to suppression of sales/ turnover and concealment of purchases	99	28.10
02	Irregular exemption due to non-filing/ non-production of declaration forms	09	1.93
03	Under-assessment of Tax	8	0.13
04	Inadmissible/ incorrect/ excess allowance of Input Tax Credit	11	0.55
05	Other Irregularities	207	47.30
06	Expenditure	39	6.39
	Total	**374**	**88.55**
State Excise			
01	Short payment of assessment fee/ short levy of fine etc.	46	7.32
02	Other Irregularities	93	5.61
03	Expenditure	63	0.08
	Total	**202**	**13.01**
Taxes on Vehicle, Goods and Passengers			
01	Non-renewal of fitness certificates/ route permits and Non/ Short realisation of Passenger tax	4,050	4.93
02	Non/ short realisation of Token Tax	7,142	8.23
03	Other Irregularities	2,657	9.73
04	Expenditure	29	0.76
	Total	**13,878**	**23.65**
Stamp Duty and Registration Fee			
01	Lapsed Deposits	14	0.80
02	Stamp Duty	07	0.16
03	Other Irregularities	81	1.50
04	Expenditure	16	0.05
	Total	**118**	**2.51**
	Grand Total	**14,572**	**127.72**

Appendix- 3.1.1

(Reference Paragraph: 3.3)

Statement showing the funds transferred directly to the various State/ UT implementing agencies under Programmes outside the State/ UT budget during 2019-20

(₹ in lakh)

Sl. No.	GoI Scheme	Implementing agencies in the State	GoI release (01/04/2019 to 30/10/2019) (A)	GOI release (31/10/2019 to 31/03/2020) (UT of J&K) (B)	Total
1.	Atal Innovation Mission (AIM) including Self Employment and Talent Utilization (SETU)	Various Government Higher Secondary Schools	36.00	24.00	60.00
2.	Beti Bachao Beti Padhao	Various Dy. Commissioner, Government of Jammu and Kashmir	217.95	141.90	359.85
3.	Development of Infrastructure for Promotion of Health Research	Medical College, Srinagar	125.20	42.20	167.40
4.	Development of Nursing Services	Various Nursing Schools of Jammu and Kashmir	0.00	2,625.00	2,625.00
5.	Economic Census	Directorate of Economics & Statistics, Jammu and Kashmir	0.00	18.90	18.90
6.	Higher Education Statistics and Public Information System (HESPIS)	Higher Education, Jammu and Kashmir	0.00	5.65	5.65
7.	Integrated Management of Public Distribution System	Consumer Affairs & Public Distribution Department Jammu and Kashmir	0.00	68.14	68.14
8.	Innovation, Technology Development and Deployment	Jammu & Kashmir Council for Science and Technology	12.00	0.00	12.00
9.	Incentivization of Panchayat	Rashtriya Gram Swaraj Abhiyan	0.09	5.00	5.09
10.	Management Support to Rural Development Programs and Strengthening of District Planning Process	Regional Extension Training Centre Budgam	285.20	0.00	285.20
11.	Member of Parliament Local Area Development Scheme (MPLAD)	Various Distt. Deputy Commissioners, Government of Jammu and Kashmir	2,250.00	2,000.00	4,250.00
12.	National Organ Transplant Programme	Medical College, Jammu	71.00	0.00	71.00
13.	One Stop Center	Deputy Commissioner, Government of Jammu and Kashmir	23.02	73.36	96.38

Sl. No.	GoI Scheme	Implementing agencies in the State	GoI release (01/04/2019 to 30/10/2019) (A)	GOI release (31/10/2019 to 31/03/2020) (UT of J&K) (B)	Total
14.	Pradhan Mantri Matru Vandana Yojana	Social Welfare Department, Jammu & Kashmir Government	1,807.26	1,204.84	3,012.10
15.	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	30,046.90	26,362.32	56,409.22
16.	Price Monitoring Structure	Food and Supplies Department Government of Jammu and Kashmir	7.33	0.00	7.33
17.	Relief and Rehabilitation for Migrants and Repatriates	Dy. Commissioners/ Additional Deputy Commissioner of Jammu and Kashmir	0.00	26.50	26.50
18.	Research Training and Studies and Other Road Safety Schemes	Transport Commissioner, Jammu and Kashmir	0.00	954.66	954.66
19.	Science and Technology Institutional and Human Capacity Building	Government Colleges, Government of Jammu and Kashmir	46.08	0.00	46.08
20.	Women Help Line	Deputy Commissioner, Government of Jammu and Kashmir	34.08	0.00	34.08
21.	Strengthening of Public Distribution System Operations	Consumer Affairs & Public Distribution Department Jammu and Kashmir	0.00	1.35	1.35
22.	Schemes for Differently Abled Persons	Under Secretary, Commissioner for Persons with Disabilities, Jammu	3.70	0.30	4.00
	Total		**34,965.81**	**33,554.12**	**68,519.93**

Annexure-4.3.1

(Reference Paragraph: 4.3.7)

Outstanding Payments of compensation

(Amount in ₹)

Sl. No.	Name of user Agency	Payment outstanding (October 2021)
1	PWD (R&B)	2,56,451,474
2	Irrigation and Flood Control	11,74,887
3	PHE	25,67,270
4	NHA1	2,53,500
5	ARMY	96,263,435
6	GREF	63,923,451
7	PDD	14,513,647
8	PGCI	55,35,210
9	JAKEDA	81,85,411
10	JKSPDC	3,12,000
11	Bharti Ltd	21,528
12	CE PDD Maintenance	10,82,835
13	CE PDD System and Operation	18,221,432
14	Law and Justice	1,84,058,575
15	Director School Education	78,91,788
16	Health Department	38,850
17	Higher Education	47,348,305
18	IAF	2,07,630,772
19	NRSS	25,89,120
20	Patni Top Development Authority	1,73,425
21	Reliance	23,298
22	Vindhya Tele links Ltd	14,19,678
	Total	**9,19,679,891**

Appendix – 5.1
(Reference paragraph: 5.7)
Statement showing position of equity and outstanding loans relating to State PSUs (of Sectors other than Power Sector) as on 31 March 2020

(₹ in crore)

Sl. No	Sector and Name of PSU	Name of the Department	Month and year of Incorporation	Equity at the end of year 2019-20				Long term Loans at the end of year 2019-20			
				GoJK	GoI	Others	Total	GoJK	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
A.	**Social Sector**										
	I. Working Government Companies										
1	Jammu and Kashmir Agro Industries Development Corporation Limited	Agriculture production	30 January 1970	2.60	0.94	0.00	3.54	0	0	0	0
2	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	Agriculture production	10 April 1978	6.00	0	3.2	9.20	127.11	0	0	127.11
3	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	Social Welfare	1 April 1986	47.62	0	0	47.62	45.81	0	83.02	128.83
4	Jammu and Kashmir Women's Development Corporation Limited	Social Welfare	10 May 1996	10	0	0	10	0	0	95.71	95.71
5	Jammu and Kashmir Small Scale Industries Development Corporation Limited	Industries and Commerce	28 November 1975	89.91	0	0	89.91	0	0	0	0
6	Jammu and Kashmir State Industrial Development Corporation Limited	Industries and Commerce	17 March 1969	17.64	0	0	17.64	22.72	0	0	22.72
7	Jammu and Kashmir Industries Limited	Industry and Commerce	4 October 1960	16.27	0	0	16.27	264.99	0	0	264.99
8	Jammu and Kashmir Overseas Employment Corporation Limited	Finance	10 October 2010	4.06	0	0	4.06	0	0	0	0
9	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	Industries and Commerce	6 January 1970	7.08	0.89	0	7.97	63.95	0	0	63.95
10	Jammu and Kashmir Handloom Development Corporation Limited	Industries and Commerce	29 June 1981	4.99	0	0	4.99	153.03	0	0	153.03
11	Jammu & Kashmir Trade Promotion Organisation	Industries and Commerce	30 May 2018	0.03	0	0.02	0.05	0	0	0	0
12	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	Finance	25 September 2018	0.50	0	0	0.50	641.37	0	0	641.37
13	Jammu and Kashmir Medical Supplies Corporation Limited	Health	31 March 2014	0.05	0	0	0.05	The Companies have not yet submitted their accounts to this office for			

14	AIC-Jammu & Kashmir EDI Foundation	Industries and Commerce	7 September 2018	0.05	0	0	0.05	supplementary audit since inception.			
15	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	IT and Communication	7 March 2019	0.50	0	0	0.50				
	Total I A			**207.30**	**1.83**	**3.22**	**212.35**	**1,318.98**	**0**	**178.73**	**1,497.71**
	II. Inactive Company										
16	Jammu & Kashmir Asset Reconstruction Limited	Finance	28 April 2017	1.02	0	0.98	2.00	0	0	0	0
17	Jammu and Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	Industries and Commerce	29 November 1991	0.40	0	0	0.40				NA
	Total II A			**1.42**	**0**	**0.98**	**2.40**	**0**	**0**	**0**	**0**
	Total A (I+II)			**208.72**	**1.83**	**4.20**	**214.75**	**1,318.98**	**0**	**178.73**	**1,497.71**
B	**Competitive Sector**										
	I. Working Government Companies										
18	Jammu and Kashmir Cements Limited	Industries and Commerce	24 December 1974	49.86	0	0	49.86	16.64	0	31.09	47.73
19	Jammu and Kashmir Minerals Limited	Industries and Commerce	5 February 1960	8.00	0	0	8.00	136.38	0	0	136.38
20	Jammu and Kashmir Cable Car Corporation Limited	Tourism	28 November 1988	23.57	0	0	23.57	0	0	0	0
21	Jammu and Kashmir Bank Limited	Finance	10 October 1938	48.64	0	22.72	71.36		0	2,019.58	2,019.58
22	JKB Financial Services Limited	Finance	27 August 2009	0	0	20	20	0	0	0	0
23	Jammu and Kashmir State Financial Corporation	Finance	2 December 1959	172.35	0	0.54	172.89	8.29	0	45.87	54.16
24	Jammu and Kashmir State Road Transport Corporation	Transport	1 September 1976	205.52	67.89	1.93	275.34	704.61	0.10	0	704.71
25	Jammu and Kashmir Tourism Development Corporation Limited	Tourism	13 February 1970	15.96	0	0	15.96	4.26	0	0	4.26
26	Jammu and Kashmir State Forest Corporation	Forest	1 July 1979	9.03	0	0	9.03	18.06		0	18.06
	Total I B			**532.93**	**67.89**	**45.19**	**646.01**	**888.24**	**0.10**	**2,096.54**	**2,984.88**
	II. Inactive Companies										
27	Tawi Scooters Limited	Industries and Commerce	15 December 1976	0.8	0	0	0.8	0.83	0	0	0.83
28	Himalayan Wool Combers Limited	Industries and Commerce	24 January 1978	1.37	0	0	1.37	0	0	0	0
	Total II B			**2.17**	**0**	**0**	**2.17**	**0.83**	**0**	**0**	**0.83**

	Total B (I+II)			**535.1**	**67.89**	**45.19**	**648.18**	**889.07**	**0.1**	**2,096.54**	**2,985.71**
C	**Others**										
	I. Working Government Companies										
29	Jammu and Kashmir Projects Construction Corporation Limited	Public Works	22 May 1965	1.97	0	0	1.97	0.33	0	0	0.33
30	Jammu and Kashmir Police Housing Corporation Limited	Home	26 December 1997	2.00	0	0	2.00	0	0	0	0
31	Jammu Smart City Limited	Urban Development	8 September 2017	0.1	0	0	0.1	The Company has not yet submitted their accounts to this office for supplementary audit since inception.			
32	Srinagar Smart City Limited	Urban Development	8 September 2017	0.1	0	0	0.1	The Company has not yet submitted their accounts to this office for supplementary audit since inception.			
33	Jammu Mass Rapid Transit Corporation Pvt. Limited	Urban Development	12 March 2019	0.02	0	0	0.02	The Company has not yet submitted their accounts to this office for supplementary audit since inception.			
34	Srinagar Mass Rapid Transit Corporation Pvt. Limited	Urban Development	13 March 2019	0.02	0	0	0.02	The Company has not yet submitted their accounts to this office for supplementary audit since inception.			
	Total I C			**4.21**	**0**	**0**	**4.21**	**0.33**	**0**	**0**	**0.33**
	II. Inactive Companies										
35	Jammu and Kashmir Road Development Corporation Limited	Public Works	31 March 2014	5	0	0	5	The Company has not yet submitted their accounts to this office for supplementary audit since inception			
36	Jammu and Kashmir International Trade Centre Corporation Limited	Industries and Commerce	1 February 2014	48	0	0	48	The Company has not yet submitted their accounts to this office for supplementary audit since inception			
	Total II C			**53**	**0**	**0**	**53**	**0**	**0**	**0**	**0**
	Total C (I+II)			**57.21**	**0**	**0**	**57.21**	**0.33**	**0**	**0**	**0.33**
	Grand Total (A+B+C)			**801.03**	**69.72**	**49.39**	**920.14**	**2,208.38**	**0.10**	**2,275.27**	**4,483.75**

(Source: Compiled based on the information furnished by the PSUs)

Appendix – 5.2

(Referred to paragraph: 5.9)

Status relating to submission of accounts

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Number of PSUs	23	24	24	24	32[1]
2.	Number of accounts submitted during current year	29	24	40	23	111[2]
3.	Number of PSUs which finalised accounts for the current year	3	3	3	3	5[3]
4.	Number of previous year accounts finalised during current year	26	21	37	20	106
5.	Number of PSUs with arrears in accounts	21	21	21	21	27
6.	Number of accounts in arrears	183	181	163	162	101

1 Arrears of accounts in respect of 10 inactive PSUs have not been considered.

2 Out of 111 accounts received, 51 accounts have been finalised and 60 accounts were under process up to 31 December 2020.

3 Chenab Valley Power Project Private Limited, Jammu and Kashmir Bank Limited, Jammu & Kashmir Women's Development Corporation Limited, Jammu & Kashmir Trade Promotion Organisation and JKB Financial Services Limited.

Appendix -5.3

(Reference paragraph: 5.9)

Statement showing position of State Government investment in working State PSUs accounts of which are in arrears as of 31 December 2020

(₹ 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 State Government during the period for which accounts are in arrears		
					Loans	Subsidy	Total
A	**Working Government Companies**						
1	J&K Agro Industries Development Corporation Limited	2014-15	3.54	5	0.54	0	0.54
2	J&K Horticultural Produce Marketing and Processing Corporation Limited	2010-11	9.2	9	21	0	21
3	J&K Small Scale Industries Development Corporation Limited	2012-13	3.12	7	0	0	0
4	J&K State Industrial Development Corporation Limited	2013-14	17.64	6	0	0	0
5	J&K Project Construction Corporation Limited	2017-18	1.97	2	0	0	0
6	J&K Police Housing Corporation Limited	2010-11	2	9	0	0	0
7	J&K Handloom Development Corporation Limited	2018-19	4.99	1	2.30	0	2.30
8	J&K Handicrafts (Sale and Export) Development Corporation Limited	2018-19	8.52	1	5.75	0	5.75
9	J&K Industries Limited	2013-14	16.27	6	23.62	0	23.62
10	J&K Minerals Limited	2002-03	8	17	6.09	0	6.09
11	J&K Tourism Development Corporation Limited	2018-19	15.96	1	0	0	0
12	J&K Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	2017-18	46.92	2	6.33	0.20	6.53
13	J&K Cements Limited	2011-12	45.77	8	0.25	0	0.25
14	J&K Cable Car Corporation Limited	2012-13	23.57	7	0	0	0
15	J&K Overseas Employment Corporation Limited	2010-11	2.56	9	0	0	0

16	J&K Power Development Corporation Limited	2014-15	5.00	5	0	0	0
17	J&K infrastructure Development Finance Corporation Limited	2018-19	0.5	1	NA	NA	NA
18	J&K Medical Supplies Corporation Limited	*	NA	0	NA	NA	NA
19	Jammu Smart City Limited	*	NA	0	NA	NA	NA
20	Srinagar Smart City Limited	*	NA	0	NA	NA	NA
21	AIC-Jammu & Kashmir EDI Foundation	*	NA	0	NA	NA	NA
22	J&K I.T. Infrastructure Development Private Limited	*	NA	0	NA	NA	NA
23	Jammu Mass Rapid Transit Corporation Private Limited	*	NA	0	NA	NA	NA
24	Srinagar Mass Rapid Transit Corporation Private Limited	*	NA	0	NA	NA	NA
	Total A		**215.53**	**96**	**65.88**	**0.20**	**66.08**
B	**Working Statutory Corporations**						
25	J&K State Road Transport Corporation	2018-19	207.96	1	33	0	33
26	J&K State Financial Corporation	2018-19	172.89	1	0	0	0
27	Jammu and Kashmir State Forest Corporation Limited	2016-17	9.03	3	NA	NA	NA
	Total B		**389.88**	**5**	**33**	**0**	**33**
	Total (A+B)		**605.41**	**101**	**98.88**	**0.20**	**99.08**

*These companies have not submitted its account since inception.

Appendix – 5.4

(Reference paragraph: 5.10(A) and 5.14)

Detail showing financial position and working results of six power sector Companies as per their latest finalised accounts as of 31 December 2020

(₹ in crore)

Sl. No.	Activity and name of the power Sector Undertaking	Period of accounts	Net profit/ loss before interest and tax	Net profit/ loss after interest and tax	Turn over	Paid up capital	Long term loan	Capital employed[4]	Net worth[5]	Accumulated profit/ loss
1	2	3	4	5	6	7	8	9	10	11
A.	**Power Generation PSUs**									
1	Jammu and Kashmir Power Development Corporation Limited	2014-15	457.96	220.12	1,025.91	5	2,291.72	2,338.03	46.31	41.31
2	Chenab Valley Power Projects Private Limited	2019-20	19.47	14.22	**0**	1,780.08	0	1,832.59	1,832.59	52.51
Sub-total			**477.43**	**234.34**	**1,025.91**	**1,785.08**	**2,291.72**	**4,170.62**	**1,878.90**	**93.82**
B.	**Power Transmission PSU**									
3	Jammu and Kashmir Power Transmission Corporation Limited	2018-19	0.00	0.00	0.00	0.05	**0.00**	The Company has not yet started its operational activity.		
Sub-total			**0.00**	**0.00**	**0.00**	**0.05**	**0.00**		**0.00**	**0.00**
C.	**Power Distribution PSUs**									
4	Jammu Power Distribution Corporation Limited	-	0	0	0	0.05	The Company though incorporated in June 2013 has not yet submitted its Accounts to this office for supplementary audit.			
5	Kashmir Power Distribution Corporation Limited	2018-19	0.00	0.00	0.00	0	The Company has not yet started its operational activity.			
Sub-total			**0.00**	**0.00**	**0.00**	**0.05**				
D.	**Other PSU**									
6	Jammu and Kashmir Power Corporation Limited	-	-	-	-	0.05	The Company though incorporated in March 2013 has not yet submitted its Accounts to this office for supplementary audit.			
Sub-total						**0.05**				
Grand total			**477.43**	**234.34**	**1,025.91**	**1,785.23**	**2,291.72**	**4,170.62**	**1,878.90**	**93.82**

[4] Capital employed = Paid up Share Capital + Free Reserves and Surplus + Long term loans – Accumulated Losses-Deferred Revenue Expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

[5] Net worth = Sum total of paid up share capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

Appendix – 5.5

(Reference paragraph: 5.10 (B))

Summarised financial results of State PSUs (of Sectors other than Power Sector) as per their latest finalised accounts as of 31 December 2020

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit/ Loss before dividend, tax and interest	Net Profit/ Loss after interest and tax	Turnover	Paid up Capital	Long Term Loan	Capital employed	Net worth	Free Reserves/ accumulated Profit and Loss
A	**Social Sector**										
I	**Working Government Companies**										
1	Jammu and Kashmir Agro Industries Development Corporation Limited	2014-15	2020-21	-2.2	-2.2	36.41	3.54	25.06	-20.6	-45.66	-49.2
2	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2010-11	2020-21	33.66	31.46	5.31	9.2	23.85	-38.23	-62.08	-71.28
3	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2017-18	2019-20	-4.56	-5.97	0.88	46.92	78.46	82.1	3.64	-43.28
4	Jammu and Kashmir Women's Development Corporation Limited	2019-20	2020-21	2.6	0.67	7.56	10	95.71	131.67	35.96	25.96
5	Jammu and Kashmir Small Scale Industries Development Corporation Limited	2012-13	2019-20	2.34	1.24	748.84	3.12	9.02	63.15	54.13	51.01
6	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-18.62	-20.54	19.16	17.64	24.36	-104.99	-129.35	-146.99
7	Jammu and Kashmir Industries Limited	2013-14	2019-20	-0.64	-36.39	4.97	16.27	686.13	-51.06	-737.19	-753.46
8	Jammu and Kashmir Overseas Employment Corporation Limited	2010-11	2013-14	0	0	0	2.56	0	2.56	2.56	0
9	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	-1.62	-8.6	11.12	8.52	154.66	-6.88	-161.54	-170.06
10	Jammu and Kashmir Handloom Development Corporation Limited	2018-19	2020-21	-1.27	-1.28	38.37	4.99	150.73	22.73	-128	-132.99
11	Jammu & Kashmir Trade Promotion Organisation	2019-20	2020-21	-0.11	-0.16	0.003	5.23	0	5.2	5.2	-0.03

12	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2018-19	2019-20	-0.08	-0.06	0	0.5	0	0.44	0.44	-0.06
13	Jammu and Kashmir Medical Supplies Corporation Limited	-	-	-	-	-	-	The Company though incorporated in March 2014 has not yet submitted its account to this office for supplementary audit.			
14	AIC-Jammu & Kashmir EDI Foundation	-	-	-	-	-	-	The Company though incorporated in September 2018 has not yet submitted its account to this office for supplementary audit.			
15	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	-	-	-	-	-	-	The Company though incorporated in September 2018 has not yet submitted its account to this office for supplementary audit.			
	Total A-I			**9.50**	**-41.83**	**872.62**	**128.49**	**1,247.98**	**86.09**	**-1,161.89**	**-1,290.38**
II	**Inactive Government Companies**										
16	Jammu & Kashmir Asset Reconstruction Limited	-	-	0	0	0	2	NA	0	**0**	**0**
17	Jammu and Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	1991-92	1999-2000	0	0	0	0.4	NA	0	0	0
	Total A-II			**0**	**0**	**0**	**2.4**	**0**	**0**	**0**	**0**
	Total A (I+II)			**9.50**	**-41.83**	**872.62**	**130.89**	**1,247.98**	**86.09**	**-1,161.89**	**-1,290.38**
B	**Competitive Environment Sector**										
I	**Working Government Companies**										
18	Jammu and Kashmir Cements Limited	2011-12	2019-20	9.22	6.32	120.50	45.77	30.54	98.6	68.06	22.29
19	Jammu and Kashmir Minerals Limited	2002-03	2019-20	-5.16	-5.16	15.75	8.00	137.42	27.48	-109.94	-117.94
20	Jammu and Kashmir Cable Car Corporation Limited	2012-13	2020-21	19.94	14.36	31.36	23.57	0	41.19	41.19	17.62
21	Jammu and Kashmir Bank Limited	2019-20	2020-21	-896.69	-1,139.41	8,446.29	71.36	2,019.58	3,868.43	1,848.85	1,777.49
22	JKB Financial Services Limited	2019-20	2020-21	-2.2	-1.52	4.39	20.00	0	14.14	14.14	-5.86
23	Jammu and Kashmir Tourism Development Corporation Limited	2018-19	2020-21	1.60	1.60	53.81	15.96	4.26	23.02	18.76	2.8
	Total B-I			**-873.29**	**-1,123.81**	**8,672.10**	**184.66**	**2,191.80**	**4,072.86**	**1,881.06**	**1,696.40**
II	**Working Statutory Corporation**										
24	Jammu and Kashmir State Financial Corporation	2018-19	2019-20	3.96	3.18	6.03	172.89	39.43	39.35	-0.08	-172.97
25	Jammu and Kashmir State Road Transport Corporation	2018-19	2020-21	-56.11	-117.62	79.71	207.96	676.02	-905.64	-1,581.66	-1,789.62

26	Jammu and Kashmir State Forest Corporation	2016-17	2020-21	-15.36	-15.36	168.17	9.03	18.05	252.75	234.70	225.67
	Total B-II			**-67.51**	**-129.80**	**253.91**	**389.88**	**733.50**	**-613.54**	**-1,347.04**	**-1,736.92**
III	**Inactive Government Companies**										
27	Tawi Scooters Limited	1989-90	1991-92	-0.06	-0.06	0	0.8	0.83	-	-	-1.04
28	Himalayan Wool Combers Limited	1999-2000	2000-01	-1.29	-1.29	0	1.37	0	-	-	-10.49
	Total B-III			**-1.35**	**-1.35**	**0**	**2.17**	**0.83**	**-**	**-**	**-11.53**
	Total B (I+II+III)			**-942.15**	**-1,254.96**	**8,926.01**	**576.71**	**2,926.13**	**3,459.32**	**534.02**	**-52.05**
C	**Others**										
I	**Working Government Companies**										
29	Jammu and Kashmir Projects Construction Corporation Limited	2017-18	2019-20	45.52	45.52	464.67	1.97	0.33	72.25	71.92	69.95
30	Jammu and Kashmir Police Housing Corporation Limited	2010-11	2018-19	11.46	7.65	8.96	2.00	0	29.50	29.50	27.50
31	Jammu Smart City Limited	-	-	-	-	-	-	The Company though incorporated in September 2017 has not yet submitted its account to this office for supplementary audit.			
32	Srinagar Smart City Limited	-	-	-	-	-	-	The Company though incorporated in September 2017 has not yet submitted its account to this office for supplementary audit.			
33	Jammu Mass Rapid Transit Corporation Pvt. limited	-	-	-	-	-	-	The Company though incorporated in March 2019 has not yet submitted its account to this office for supplementary audit.			
34	Srinagar Mass Rapid Transit Corporation Pvt. limited	-	-	-	-	-	-	The Company though incorporated in March 2019 has not yet submitted its account to this office for supplementary audit.			
	Total C-I			**56.98**	**53.17**	**473.63**	**3.97**	**0.33**	**101.75**	**101.42**	**97.45**
II	**Inactive Government Companies**										
35	Jammu and Kashmir Road Development Corporation Limited	-	-	-	-	-	-	The Company though incorporated in March 2013 has not yet submitted its Accounts to this office for supplementary audit.			
36	Jammu and Kashmir International Trade Centre Corporation Limited	-	-	-	-	-	-	The Company though incorporated in February 2014 has not yet submitted its Accounts to this office for supplementary audit.			
	Total C-II			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Total C-(I+II)			**56.98**	**53.17**	**473.63**	**3.97**	**0.33**	**101.75**	**101.42**	**97.45**
	Grand Total (A+B+C)			**-875.67**	**-1,243.62**	**10,272.26**	**711.57**	**4,174.44**	**3,647.16**	**-526.45**	**-1,244.98**
	Working Government Companies			**-806.81**	**-1,112.47**	**10,018.35**	**317.12**	**3,440.11**	**4,260.7**	**820.59**	**503.47**
	Working Statutory Corporations			**-67.51**	**-129.8**	**253.91**	**389.88**	**733.5**	**-613.54**	**-1,347.04**	**-1,736.92**
	Working PSUs (I+II)			**-874.32**	**-1,242.27**	**10,272.26**	**707.00**	**4,173.61**	**3,647.16**	**-526.45**	**-1,233.45**
	Inactive Government Companies			**-1.35**	**-1.35**	**0.00**	**4.57**	**0.83**	**0.00**	**0.00**	**-11.53**

Appendix - 5.6 (A)

(Reference paragraph: 5.11(B1))

Return on Investment-Jammu and Kashmir Bank Limited

(₹ in lakh)

Year	Equity	Equity added	Grants\Subsidy	Dividend receipts	Disinvestments receipts	No. of Years	Rate of interest (r)	1+r	Inception value of equity added	Inception value of Grants\ Subsidy	PV of Disinvestments receipts	PV of Dividend receipts	Cost of investment	No of Shares	Market Price per Share	Market Value of Share	Current Value of Investment	ROI	CAGR
A	B	C	D	E	F	G	H	I	J	k	L	M	N	O	P	Q	R	S	T
								(1+h)	c/product of i since inception to year value of (g-1)	d/product of i since inception to year value of (g-1)	f*product of i from the year to the last year	e*product of i from the year to the last year	b+Σj+Σk			O*P	q+Σl+Σm	((r-n)/n)/g	((Current year ROI/ ROI of 1999-2000)^1/(g-1)-1)*100
1998-99	4,847.78	0	0	773.26	0	1	0.1088	1.11	0.00	0	0.00	4,967.65	4,847.78	48477802	28.00	13,573.78	18,541.43	282.47	
1999-2000	4,847.78	0	0	902.13	0	2	0.1196	1.12	0.00	0	0.00	5,226.90	4,847.78	48477802	36.15	17,524.73	27,719.28	235.90	-16.49
2000-01	4,847.78	0	0	1,031.01	0	3	0.0923	1.09	0.00	0	0.00	5,335.48	4,847.78	48477802	37.30	18,082.22	33,612.25	197.78	-16.32
2001-02	4,847.78	0	0	1,288.76	0	4	0.1120	1.11	0.00	0	0.00	6,105.78	4,847.78	48477802	73.35	35,558.47	57,194.28	269.95	-1.50
2002-03	4,847.78	0	0	1,546.52	0	5	0.1054	1.11	0.00	0	0.00	6,588.98	4,847.78	48477802	113.85	55,191.98	83,416.77	324.14	3.50
2003-04	4,847.78	0	0	2,577.53	0	6	0.1095	1.11	0.00	0	0.00	9,934.53	4,847.78	48477802	493.15	2,39,068.28	2,77,227.60	936.44	27.09
2004-05	4,847.78	0	0	2,062.02	0	7	0.0897	1.09	0.00	0	0.00	7,163.25	4,847.78	48477802	363.05	1,75,998.66	2,21,321.23	637.92	14.54
2005-06	4,847.78	0	0	2,062.02	0	8	0.0815	1.08	0.00	0	0.00	6,573.60	4,847.78	48477802	450.80	2,18,537.93	2,70,434.09	684.81	13.49
2006-07	4,847.78	0	0	2,964.16	0	9	0.1166	1.12	0.00	0	0.00	8,737.44	4,847.78	48477802	643.15	3,11,784.98	3,72,418.59	842.47	14.64
2007-08	4,847.78	0	0	3,995.17	0	10	0.1407	1.14	0.00	0	0.00	10,546.80	4,847.78	48477802	678.55	3,28,946.13	4,00,126.52	815.38	12.50
2008-09	4,847.78	0	0	4,256.02	0	11	0.0794	1.08	0.00	0	0.00	9,849.58	4,847.78	48477802	314.80	1,52,608.12	2,33,638.10	429.04	4.27
2009-10	4,847.78	0	0	5,670.56	0	12	0.0945	1.09	0.00	0	0.00	12,157.87	4,847.78	48477802	681.70	3,30,473.18	4,23,661.03	719.94	8.88
2010-11	4,847.78	0	0	6,701.57	0	13	0.0903	1.09	0.00	0	0.00	13,127.82	4,847.78	48477802	874.00	4,23,695.99	5,30,011.67	833.31	9.43
2011-12	4,847.78	0	0	8,634.71	0	14	0.0828	1.08	0.00	0	0.00	15,513.79	4,847.78	48477802	919.00	4,45,511.00	5,67,340.47	828.79	8.63
2012-13	4,847.78	0	0	12,887.63	0	15	0.0819	1.08	0.00	0	0.00	21,384.30	4,847.78	48477802	1,191.00	5,77,370.62	7,20,584.39	984.28	9.33
2013-14	4,847.78	0	0	12,887.63	0	16	0.0714	1.07	0.00	0	0.00	19,765.50	4,847.78	48477802	1,538.00	7,45,588.59	9,08,567.86	1,165.12	9.91
2014-15	4,847.78	0	0	5,412.81	0	17	0.0768	1.08	0.00	0	0.00	7,748.28	4,847.78	484778020	95.05	4,60,781.51	6,31,509.06	760.40	6.38
2015-16	4,847.78	0	0	4,510.67	0	18	0.0725	1.07	0.00	0	0.00	5,996.38	4,847.78	484778020	60.50	2,93,290.70	4,70,014.64	533.08	3.81
2016-17	4,847.78	3,655.51	0	0	0	19	0.0783	1.08	705.30	0	0.00	0.00	5,553.08	521333071	75.00	3,90,999.80	5,67,723.74	532.82	3.59
2017-18	4,847.78	3,525.00	0	0	0	20	0.0723	1.07	630.73	0	0.00	0.00	6,183.81	556858392	60.35	3,36,064.04	5,12,787.97	409.61	1.98
2018-19	4,847.78	0	0	0	0	21	0.0720	1.07	0.00	0	0.00	0.00	6,183.81	556858392	53.70	2,99,032.96	4,75,756.89	361.60	1.24
2019-20	4,847.78	1,566.00	0	0	0	22	0.0720	1.07	243.76	0	0.00	0.00	6,427.57	713450938	12.36	88,182.54	2,64,906.47	182.79	-2.05

Appendix – 5.6 (B)

(Reference paragraph: 5.11 (B2))

Profit making State PSUs (of Sectors other than Power Sector) as per their latest finalised accounts as of 31 December 2020

Name of the company		Jammu and Kashmir Cements	Jammu and Kashmir Cable Car Corporation Limited	Jammu and Kashmir Bank Limited	Jammu and Kashmir Women's Development Corporation Limited	Jammu and Kashmir Tourism Development Corporation Limited	Jammu and Kashmir Police Housing Corporation Limited	Jammu and Kashmir Projects Construction Corporation Limited	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	Jammu and Kashmir Small Scale Industries Development Corporation Limited	Jammu and Kashmir State Financial Corporation
PBIT (₹ in crore)	**2015-16**	5.86	6.23	818.5	2.18	0.26	1.22	0.97	-	-	-
	2016-17	5.86	6.23	-	4.1	0.26	8	0.82	-	-	-
	2017-18	10.84	6.23	497.98	2.29	0.26	10.87	7.77	-	-	-
	2018-19	9.21	6.23	1,009.65	2.52	0.26	10.87	7.77	-	0.91	-
	2019-20	9.21	19.94	-	2.60	1.60	11.46	45.52	33.66	2.34	3.96

Appendix – 5.7 (A)

(Reference paragraph: 5.12(B))

Statement showing State Government funds infused in State PSUs (of Sectors other than Power Sector) during the period from 1999-2000 to 2019-20

(₹ in crore)

Sl. No.	1		2		3		4	
	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited		Jammu and Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited		Jammu and Kashmir Women's Development Corporation Limited		Jammu and Kashmir State Industrial Development Corporation Limited	
	Equity	IFL[6]	Equity	IFL	Equity	IFL	Equity	IFL
1999-2000	0	0	0.1	0	0.03	0	1	0
2000-01	0	0	0.1	0	0.03	0	0	0
2001-02	0	0	0.1	0	0.03	0	0.8	0
2002-03	0	0	0.35	0	0.23	0	0	0
2003-04	0	0	1.5	0	0.5	0	0	0
2004-05	0	0	1.53	0	0.9	0	0	0
2005-06	0	0	2.8	0	0.5	0	0	0
2006-07	0	0	0.7	0	0.5	0	0	0
2007-08	0	0	0.7	0	0.5	0	0	11.55
2008-09	0	0	0.2	0	0.16	0	0	0
2009-10	0	0	1	0	1	0	0	0
2010-11	0	0	1	0	1	0	0	0
2011-12	0	0	1	0	1.09	0	0	0
2012-13	0	0	1	0	1	0	0	0
2013-14	0	0	0.9	0	0.63	0	0	0
2014-15	0	0	0.9	0	0.31	0	0	0
2015-16	0	0	0.9	0	0	0	0	0
2016-17	0	0	0.9	0	0	0	0	0
2017-18	0	3.5	0.9	0	0	3	0	0
2018-19	0	3	0.45	0	0	3	0	0
2019-20	0	2.25	0.25	6.33	0	1.5	0	0
Total	**0**	**8.75**	**17.28**	**0**	**8.41**	**7.5**	**1.8**	**11.55**

[6] Interest free loan.

Sl. No.	5		6		7		8		9		10	
	Jammu and Kashmir Industries Limited		Jammu and Kashmir Overseas Employment Corporation Limited		Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited		Jammu and Kashmir Handloom Development Corporation Limited		Jammu and Kashmir Medical Supplies Corporation Limited		Jammu and Kashmir Cements Limited	
	Equity	IFL[7]	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
1999-2000	0	0	0	0	0.35	0	0	0	0	0	0	0
2000-01	0	0	0	0	0.45	0	0	0	0	0	0	0
2001-02	0	0	0	0	0.3	0	0	0	0	0	0	0
2002-03	0	0	0	0	0.13	0	0	0	0	0	0	0
2003-04	0	0	0	0	0.2	0	0	0	0	0	0	0
2004-05	0	0	0	0	0.2	0	0.35	0	0	0	0	0
2005-06	0	0	0	0	0.25	0	0	0	0	0	4	0
2006-07	0	0	0	0	0	0	0.3	0	0	0	1	0
2007-08	0	0	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	0	0	0	0	7.27	0
2009-10	0	0	0	0	0	0	1.56	0	0	0	0	0
2010-11	0	0	4.06	0	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0	4	0
2012-13	0	0	0	0	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0	0.05	0	2.25	0
2014-15	0	0	0	0	0	0	0	0	0	0	0	3.62
2015-16	0	0	0	0	0	0	0	0	0	0	0	0
2016-17	0	0	0	0	0	0	0	0	0	0	0	0
2017-18	0	1.37	0	0	0	4.25	0	5.11	0	0	0	0
2018-19	0	1.37	0	0	0.5	5.25	0	2.8	0	0	0	5
2019-20	0	0	0	0	0	5.75	0	2.3	0	0	0	0
Total	**0**	**2.74**	**4.06**	**0**	**2.38**	**15.25**	**2.21**	**10.21**	**0.05**	**0**	**18.52**	**8.62**

[7] Interest free loan.

Sl. No.	11		12		13		14		15		16		17		18		19		20	
	Jammu and Kashmir Minerals Limited		Jammu and Kashmir Cable Car Corporation Limited		Jammu and Kashmir Bank Limited		Jammu and Kashmir State Financial Corporation		Jammu and Kashmir State Road Transport Corporation		Jammu and Kashmir Tourism Development Corporation Limited		Jammu & Kashmir Trade Promotion Organisation		Jammu & Kashmir Infrastructure Development Finance Corporation Private Limited		Jammu & Kashmir Small Scale Industries Development Corporation Limited		Jammu & Kashmir Asset Reconstruction Limited	
	Equity	IFL[8]	Equity	IFL	Equity	IFL	Equity	IFL	Equity	Equity	IFL	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
1999-2000	0	0	0.16	0	0	0	0	0	5	0	0	0	0	0	0	0	0	0	0	0
2000-01	0	0	0.15	0	0	0	0	0	3.38	0	0	0	0	0	0	0	0	0	0	0
2001-02	0	0	0.14	0	0	0	0	0	0.45	0	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	9.15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2003-04	0	0	0.6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004-05	0	0	0.25	0	0	0	0.8	0	0	0	0	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009-10	0	0	0	0	0	0	0	0	13.53	0	0	0	0	0	0	0	0	0	0	0
2010-11	0	0	0	0	0	0	0	0	5	0	0	0	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0	5	0	0	0	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	17.5	0	3.75	0	0	0	0	0	0	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2015-16	0	0	0	0	0	0	0	0	5.95	0	0	0	0	0	0	0	0	0	0	0
2016-17	0	0	0	0	3.66	0	0	0	5	0	0	0	0	0	0	0	0	0	0	0
2017-18	0	1.11	0	0	3.55	0	87.88	2.48	3.75	1.02	0	0	0	0	0	0	0	0	1.02	0
2018-19	0	0.76	0	0	0	0	15	5	17.9	0	0	0	0	0	0	0	86.79	0	0	0
2019-20	0	0	0	0	15.66	0	0	0	12.57	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**1.87**	**10.45**	**0**	**22.87**	**0**	**121.18**	**7.48**	**81.28**	**1.02**	**0**	**0**	**0**	**0**	**0**	**0**	**86.79**	**0**	**1.02**	**0**

[8] Interest free loan.

Sl. No.	21		22		23		24		25		26		27		28	
	Jammu Smart City Limited		Srinagar Smart City Limited		AIC Jammu & Kashmir EDI Foundation		Jammu & Kashmir IT Infrastructure Development Private Limited		Jammu Mass Rapid Transit Corporation Limited		Srinagar Mass Rapid Transit Corporation Limited		Jammu & Kashmir International Trade Centre		Jammu & Kashmir Road Development Corporation Limited	
	Equity	IFL[9]	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
1999-2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000-01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009-10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010-11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0	0	0	0	0	48.00	0	5.00	0
2014-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2015-16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2016-17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2017-18	0.10	0	0.10	0	0	0	0	0	0	0	0	0	0	0	0	0
2018-19	0	0	0	0	0.05	0	0.01	0	0.02	0	0.02	0	0	0	0	0
2019-20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0.10**	**0**	**0.10**	**0**	**0.05**	**0**	**0.01**	**0**	**0.02**	**0**	**0.02**	**0**	**48.00**	**0**	**5.00**	**0**

[9] Interest free loan.

Appendix-5.7(B)

(Reference paragraph: 5.12(B))

Year-wise investment by the State Government and present value (PV) of Government investment for the period from 1999-2000 to 2019-20

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net Interest free loan given by the State Government during the year	Interest free loan converted into Equity during the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year
A	B	C	D	E	F=C+D-E	G=B+F	H	I=G*(1+H/100)	J=G*H/100	K
Upto 1999-2000	347.29	7.14	0	0	7.14	354.43	11.96	396.82	42.39	48.4
2000-01	396.82	4.56	0	0	4.56	401.38	9.23	438.43	37.05	92.76
2001-02	438.43	1.82	0	0	1.82	440.25	11.2	489.56	49.31	182.06
2002-03	489.56	13.29	0	0	13.29	502.85	10.54	555.85	53	249.26
2003-04	555.85	2.8	0	0	2.8	558.65	10.95	619.82	61.17	304.91
2004-05	619.82	4.03	0	0	4.03	623.85	8.97	679.81	55.96	-4.75
2005-06	679.81	7.55	0	0	7.55	687.36	8.15	743.38	56.02	68.9
2006-07	743.38	2.5	0	0	2.5	745.88	11.66	832.85	86.97	150.32
2007-08	832.85	1.2	11.55	0	12.75	845.6	14.07	964.58	118.98	201.28
2008-09	964.58	7.63	0	0	7.63	972.21	7.94	1,049.40	77.19	232.25
2009-10	1,049.40	17.09	0	0	17.09	1,066.49	9.45	1,167.27	100.78	354.68
2010-11	1,167.27	11.06	0	0	11.06	1,178.33	9.03	1,284.73	106.4	499.02
2011-12	1,284.73	6.09	0	0	6.09	1,290.82	8.28	1,397.70	106.88	705.53
2012-13	1,397.70	7	0	0	7	1,404.70	8.19	1,519.74	115.04	1,232.83
2013-14	1,519.74	78.08	0	0	78.08	1,597.82	7.14	1,711.90	114.08	1,048.22
2014-15	1,711.90	1.21	3.62	0	4.83	1,716.73	7.68	1,848.57	131.84	378.25
2015-16	1,848.57	6.85	0	0	6.85	1,855.42	7.25	1,989.94	134.52	264.8
2016-17	1,989.94	9.56	0	0	9.56	1,999.50	7.83	2,156.06	156.56	-1,809.73
2017-18	2,156.06	96.08	50.82	17.5	129.4	2,285.46	7.23	2,450.70	165.24	32.62
2018-19	2,450.70	126.71	56.18	0	182.89	2,633.59	7.2	2,823.21	189.62	274.1
2019-20	2,823.21	28.48	18.13	0	46.61	2,869.82	7.0	3,070.71	200.89	-1,242.27
Total		**440.73**	**140.30**	**17.5**	**563.53**					

Source: Compiled based on latest information furnished by the respective PSUs as of March 2020.

Appendix – 5.8

(Reference paragraph: 5.14(B))

Summarised financial results of State PSUs (of Sectors other than Power Sector) as per their latest finalised accounts as of 31 December 2020

(₹ in crore)

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Free reserves	Accumulated profit/ loss	Deferred revenue expenditure	Net worth
1	2	3	4	5	6	7	8	9
A.	**Social Sector**							
	I. Working Government Companies							
1	Jammu and Kashmir Agro Industries Development Corporation Limited	2014-15	2020-21	3.54	0	-49.2	0	-45.66
2	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2010-11	2020-21	9.2	0	-71.28	0	-62.08
3	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2017-18	2019-20	46.92	0	-43.28		3.64
4	Jammu and Kashmir Women's Development Corporation Limited	2019-20	2020-21	10	0	25.96	0	35.96
5	Jammu and Kashmir Small Scale Industries Development Corporation Limited	2012-13	2019-20	3.12	0	51.01	0	54.13
6	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	17.64	0	-146.99	0	-129.35
7	Jammu and Kashmir Industries Limited	2013-14	2019-20	16.27	0	-753.46	0	-737.19
8	Jammu and Kashmir Overseas Employment Corporation Limited*	2010-11	2013-14	2.56	0	0	0	2.56
9	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	8.52	0	-170.06	0	-161.54
10	Jammu and Kashmir Handloom Development Corporation Limited	2013-14	2019-20	4.99	0	-132.99	0	-128
	Total A-I			**122.76**	**0**	**-1,290.29**	**0**	**-1,167.53**
B.	**Competitive Environment sector**							
	I. Working Government Companies							
11	Jammu & Kashmir Trade Promotion Organisation	2019-20	2020-21	5.23	0	-0.03	0	5.2
12	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2018-19	2019-20	0.5	0	-0.06	0	0.44
13	Jammu and Kashmir Cements Limited	2011-12	2019-20	45.77	0	22.29	0	68.06
14	Jammu and Kashmir Minerals Limited	2002-03	2019-20	8	0	-117.94	0	-109.94
15	Jammu and Kashmir Cable Car Corporation Limited	2012-13	2020-21	23.57	0	17.62	0	41.19
16	Jammu and Kashmir Tourism Development Corporation Limited	2018-19	2020-21	15.96	0	2.8	0	18.76

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Free reserves	Accumulated profit/ loss	Deferred revenue expenditure	Net worth
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
17	Jammu and Kashmir Bank Limited	2019-20	2019-20	71.36	1,777.49	0	0	1,848.85
18	JKB Financial Services Limited	2019-20	2019-20	20	0	-5.86	0	14.14
	Total B-I			**190.39**	**1,777.49**	**-81.18**	**0**	**1,886.70**
	II. Working Statutory Corporations							
19	Jammu and Kashmir State Financial Corporation	2018-19	2019-20	172.89	0	-172.97	0	-0.08
20	Jammu and Kashmir State Road Transport Corporation	2018-19	2020-21	207.96		-1,789.62	0	-1,581.66
21	Jammu and Kashmir State Forest Corporation	2016-17	2020-21	9.03	0	225.67	0	234.7
	Total B-II			**389.88**	**0**	**-1,736.92**	**0**	**-1,347.04**
	Total B (I+II)			**580.27**	**1,777.49**	**-1,818.10**	**0**	**539.66**
C.	**Others**							
	I. Working Government Companies							
22	Jammu and Kashmir Projects Construction Corporation Limited	2017-18	2019-20	1.97	0	69.95	0	71.92
23	Jammu and Kashmir Police Housing Corporation Limited	2010-11	2019-20	2	0	27.5	0	29.5
	Total C			**3.97**	**0**	**97.45**	**0**	**101.42**
	Grand Total (A+B+C)			**707.00**	**1,777.49**	**-3,010.94**	**0**	**-526.45**

*****Although one account of 2010-11 in respect of Jammu and Kashmir Overseas Employment Corporation Limited was finalized but it had not submitted the Profit and Loss Account, therefore paid up capital has been taken as net worth.

Appendix - 5.9 (A)
(As referred to in para 5.22.2)
List of SPSEs covered for Corporate Governance for the year 2019-20

Sl. No.	Name of SPSE	Whether Public or Private Limited
1.	J&K State Agro Industries Development Corporation Limited	Private
2.	J&K State Horticulture Produce Marketing and Processing Corporation Limited	Private
3.	J&K SC, ST, BC Development Corporation Limited	Private
4.	J&K State Women's Development Corporation Limited	Private
5.	J&K Small Scale Industries Development Corporation Limited	Public
6.	J&K State Industrial Development Corporation Limited	Private
7.	J&K Industries Limited	Public
8.	J&K Overseas Employment Corporation Limited	Public
9.	J&K Handicrafts (Sales and Export) Development Corporation Limited	Private
10.	J&K State Handloom Development Corporation Limited	Private
11.	J&K Trade Promotion Organisation	Private
12.	J&K Infrastructure Development Finance Corporation Pvt. Limited	Private
13.	J&K Cements Limited	Private
14.	J&K Minerals Limited	Private
15.	J&K State Cable Car Corporation Limited	Private
16.	J&K Bank Limited	Listed
17.	J&K Bank Financial Services Limited	Public
18.	J&K State Tourism Development Corporation Limited	Private
19.	J&K Projects Construction Corporation Limited	Private
20.	J&K Police Housing Corporation Limited	Private
21.	J&K State Power Development Corporation Limited	Private
22.	Chenab Valley Power Projects Private Limited	Private

Appendix - 5.9(B)
(as referred to in para 5.22.2)
List of SPSEs not covered for Corporate Governance for the year 2019-20

Sl. No.	Name of SPSE	Reasons for exclusion
1.	J&K Power Transmission Company Limited	The Company started its operations from 1 April 2020
2.	Jammu Power Distribution Company Limited	The Company started its operations from 1 April 2020
3.	Kashmir Power Distribution Company Limited	The Company started its operations from 1 April 2020
4.	J&K Power Trading Company Limited	The Company started its operations from 1 April 2020
5.	J&K Medical Supplies Corporation Limited	The Company has never submitted its accounts to this office since its incorporation in March 2014
6.	AIC-Jammu & Kashmir EDI Foundation	The Company has not yet started its business operations
7.	J&K I.T. Infrastructure Development Pvt. Limited	The Company has not yet started its business operations
8.	J&K State Handloom Handicrafts Raw Material Supplies Organisation Limited	The Company is under liquidation
9.	J&K 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.
10.	Tawi Scooters Limited	The Company is under liquidation
11.	Himalayan Wool Combers Limited	The Company is under liquidation
12.	Jammu Smart City Limited	The Company has not yet started its business operations
13.	Srinagar Smart City Limited	The Company has not yet started its business operations
14.	Jammu Mass Rapid Transit Corporation Pvt. limited	The Company has not yet started its business operations
15.	Srinagar Mass Rapid Transit Corporation Pvt. limited	The Company has not yet started its business operations
16.	J&K State Road Development Corporation Limited	The Company has not yet started its business operations
17.	J&K International Trade Centre Corporation Limited	The Company has not yet started its business operations

Appendix - 5.10

(Ref Para 5.22.3)

Details of SPSEs where less than four meetings were held

Sl. No.	Name of SPSE	No. of Meetings held
1.	J&K State Agro Industries Development Corporation Limited	1
2.	J&K State Horticulture Produce Marketing and Processing Corporation Limited	1
3.	J&K SC, ST, BC Development Corporation Limited	Nil
4.	J&K State Women's Development Corporation Limited	Nil
5.	J&K Small Scale Industries Development Corporation Limited	2
6.	J&K State Industrial Development Corporation Limited	1
7.	J&K Industries Limited	1
8.	J&K Overseas Employment Corporation Limited	Nil
9.	J&K Handicrafts (Sales and Export) Development Corporation Limited	2
10.	J&K State Handloom Development Corporation Limited	2
11.	J&K Cements Limited	2
12.	J&K Minerals Limited	2
13.	J&K State Cable Car Corporation Limited	1
14.	J&K State Tourism Development Corporation Limited	1
15.	J&K Projects Construction Corporation Limited	3
16.	J&K Police Housing Corporation Limited	2
17.	J&K State Power Development Corporation Limited	1

Appendix - 5.11

(As referred to in para 5.22.4 and 5.22.7)

List of SPSEs qualifying for having independent directors, Audit Committee and Nomination & Remuneration Committee on their Board.

(Public Company with paid-up share capital of ₹10 crore or more or turnover of ₹ 100 crore or more or with aggregated outstanding loans, debentures and deposits exceeding ₹ 50 crore)

(₹ in crore)

Sl. No.	Name of SPSE	Paid-up capital	Turnover	Aggregated outstanding loans, debentures and deposits
1.	J&K Small Scale Industries Development Corporation Limited	89.91	594.77	0.00
2.	J&K Industries Limited	16.27	6.30	264.99
3.	J&K Bank Limited	55.70	7,675.56	2,623.96
4.	J&K Bank Financial Services Limited	20.00	4.43	0.00

Appendix - 5.12

(As referred to in para 5.22.5)

List of SPSEs qualifying for having Woman Directors on their Board

(Public Company having paid-up share capital of ₹ 100 crore or more or turnover of ₹ 300 crore or more)

(₹ in crore)

Sl. No.	Name of SPSE	Paid-up capital	Turnover
1.	J&K Small Scale Industries Development Corporation Limited	89.91	594.77
2.	J&K Bank Limited	55.70	7,675.56

Note:- Shaded cell indicates criteria met by the SPSEs.

Appendix - 5.13

(As referred to in para 5.22.10)

SPSEs where Annual General Meeting was not held during 2019-20

Sl. No.	Name of SPSE
1.	J&K Police Housing Corporation Limited
2.	J&K Infrastructure Development Finance Corporation. Ltd.
3.	J&K Cable Car Corporation Limited
4.	J&K Cements Limited
5.	Jammu and Kashmir Bank Financial Services Limited
6.	J&K State Industrial Development Corporation ltd.
7.	J&K Agro Industries Development Corporation Limited
8.	J&K Women Development Corporation Limited
9.	J&K Industries Limited
10.	J&K Small Scale Industries Development Corporation Ltd.
11.	J&K Overseas Employment Corporation Limited
12.	J&K State Handicrafts (Sales and Export) Corporation Limited
13.	J& K Tourism Development Corporation
14.	J&K State Power Development Corporation Limited
15.	J&K Horticulture Produce Marketing and Processing Corporation Limited
16.	J&K Minerals Limited

Appendix - 5.14

(As referred to in para 5.23)

SPSEs where Annual General Meeting was not held during 2019-20

Position of explanatory notes on Audit Reports related to PSUs not received (as on 30 September 2020)

Year of Audit Report (Commercial/ PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and paragraphs in the Audit Report				Number of PAs/ paragraphs for which explanatory notes were not received			
		PAs		Paragraphs		PAs		Paragraphs	
		Power	Other than power	Power	Other than power	Power	Other than power	Power	Other than power
2000-01	6 April 2002	-	1	1	2		-	-	-
2001-02	21 June 2003	-	1	-	4		-	-	-
2002-03	23 August 2004	-	1	1	2		-	-	-
2003-04	23 March 2005	-	-	1	2		-	-	-
2004-05	27 March 2006	-	1	-	4		-	-	1
2005-06	8 February 2007/ 31 August 2009	-	3	1	1		1	-	-
2006-07	30 January 2008	-	1	-	5		-	-	-
2007-08	5 March 2009	-	1	-	3		-	-	-
2008-09	30 March 2010	-	1	-	3		-	-	2
2009-10	31 March 2011	1	-	-	3		-	-	-
2010-11	4 April 2012	-	1	-	5		-	-	-
2011-12	5 April 2013	-	2	-	-		1	-	-
2012-13	4 March 2014	-	-	1	2		-	-	1
2013-14	27 March 2015	-	1	-	6		-	-	-
2014-15	27 June 2016	-	1	4	3		-	-	-
2015-16	4 July 2017	1	-	-	6	1	-	-	3
Upto 2015-16		**2**	**15**	**9**	**51**	**1**	**2**	**-**	**7**
2016-17	23 September 2020	-	1	-	6	-	-	-	-
2017-18	23 September 2020	-	1	2	5	-	-	-	-
Total		**2**	**17**	**11**	**62**	**1**	**2**	**-**	**7**

Appendix-6.1
(as referred to in Para No. 6.1.3.3)
Allotment of works and range of receipt of markings of trees

Name of ED	Udhampur	Kishtwar	Bhaderwah	Ganderbal	Pulwama	Zangli	Total
Total works allotted (in lakh cft)	9.33	29.96	40.28	18.36	28.58	23.72	150.23
On tender basis	6.26	22.69	17.84	9.09	8.62	7.97	72.47
On *Amani* basis	3.07	7.27	22.44	9.27	19.96	15.75	77.76
Range of markings taken over							
Upto 40,000 cft (upto November 2018)	10	7	20	31	100	67	235
Upto 20,000 cft (December 2018 onwards)	2	Nil	1	14	53	24	94
20,000- 40,000 cft (December 2018 onwards)	Nil	Nil	Nil	1	Nil	7	8
40,000-50,000 cft	1	1	4	7	5	1	19
50,000-70,000 cft	Nil	1	7	Nil	Nil	3	11
70,000-1,00,000 cft	1	3	5	Nil	Nil	Nil	9
1,00,000 cft and above	Nil	1	6	Nil	Nil	Nil	7
Irregular allotment of works to *Amani* mates (No. of cases)	2	6	22	8	5	11	**54**
Irregular allotment (in lakh cft)	1.14	5.07	17.44	3.87	2.12	3.90	**33.54**

Appendix-6.2

(as referred to in Para No. 6.1.3.4)

Incomplete Execution and partial transportation of timber by contractors to Sale Depots

Sl. No.	Name of the Compartment and other details	Chronology of events	Audit observations/Remarks	Remarks
1.	C: 6 and 13/Basantgarh C: 13/Basantgarh RV: 0.232 lakh cft/ SV: 0.100 lakh cft Allotment on *Amani* basis DoA: December 2012 SDoC: August 2013 C: 6/Basantgarh RV: 0.33 lakh cft/ SV: 0.14 lakh cft DoA: December 2012 SDoC: August 2013 (RV: Round volume and SV: Sawn volume) (DoA: Date of allotment) (SDoC: Scheduled date of completion)	• Initially, both works were allotted to an *Amani* mate who abandoned (2011-12) both works after execution upto felling/ hand sawing of 3,202 cft only. • After inviting tenders, both works were further allotted in September 2012 to a contractor @ ₹ 154.10 per cft for 6/ Basantgarh and ₹ 170.05 per cft for 13/ Basantgarh.	• No action was taken against the original *Amani* mate except forfeiture of EMD of ₹ 0.79 lakh for both works. • The contractor deployed insufficient manpower and against SDoC of August 2013, the work was completed by February 2016 in respect of 13/ Basantgarh and against expected outturn of 10,000 cft, only 7,454 was extracted leading to shortfall of 2,122 cft, besides, 275 cft got rotten and 149 cft as Mahaan loss. • The work of 6/ Basantgarh was completed by December 2016 to the extent of 13,396 cft. 10,675 cft was transported to Jammu and, 2,721 cft remained lying at Crane head and Transit Depot which turned rot due to non-transportation by the contractor and also by the J&KFDC. In reply the DM, Udhampur stated (December 2020) that penalty shall be imposed after completing the codal formalities i.e. grant of extension. No reasons for non-transportation of remaining timber were assigned.	Rotten timber: 275 cft and 2,721 cft
2.	C : 35b/Dudu RV: 85,684 cft/ SV: 28,700 cft Allotted on tender basis DoA: May 2012 SDoC: May 2013	• The contractor did not execute the work as scheduled and delay occurred since inception, however, the GM /DM/Range Manager served (March/ May/ July/ September 2013 and June 2014) several notices. • The J&KFDC extended the period of completion of work upto May 2014 and again several notices issued in June/ August 2014 and August 2015	• Timber to the extent 25,691 cft of S.V (71,778 R.V) was dispatched to the Sale Depot, Jammu. • Balance marking to the extent of 13,906 cft (R.V) with expected outturn of 3,000 cft S.V was not extracted by the Contractor which turned rot and consequent loss to the J&KFDC. • No action was taken against the contractor for non-completion of work. • Despite of the facts that the contractor delayed the execution of work and also abandoned the balance work which led to rotting of marking, the J&KFDC also allotted two more works viz. C: 62 and	Marking: 13,906 cft with expected timber of 3,000 cft

Sl. No.	Name of the Compartment and other details	Chronology of events	Audit observations/Remarks	Remarks
		to the contractor to increase the sufficient skilled labour to complete the balance work.	63/Dudu (having RV: 0.549 and SV: 0.234 lakh cft) and C: 27a/Dudu (having RV: 0.202 and SV: 0.085 lakh cft), the work of which were also completed with delay of 15 months and four months respectively. In reply the DM, Udhampur stated (August 2015) that less outturn to the extent of 3,000 cft was condoned (June 2016) by the General Manager (West Circle), Jammu which was not based on the facts that the Contractor had not extracted that marking to the extent of 13,906 cft which might have rotten with passage of time.	
3.	C: 2 Simbool Total marking taken over 0.62 lakh cft from SFD during 2009-10 R.V: 0.54 lakh cft/ S.V: 0.269 lakh cft Allotted on tender basis DoA: June 2013 SDoC: May 2014	• The marking to the extent of 0.62 lakh cft was allotted to two *Amani* mates, who merely converted 0.08 lakh cft RV/ 0.021 lakh cft SV which remained unpassed and the contract was quashed. • Remaining marking to the extent of 0.54 lakh cft RV/ 0.269 lakh cft SV was allotted to another *Amani* mate.	• Out 0.54 lakh cft, the contractor converted 37,061 cft RV / 8,973 cft SV, of which 8,280 cft S.V was dispatched to Sale Depot Jammu and 608 cfts (85 cft operational losses) were lying in the forest. • Balance marking to the extent of 23,408 cft RV was not converted by the contractor at all. • The J&KFDC had not initiated any action against the contactor for delay/ non-execution of work though a period of more than six years had elapsed. Delay in execution of work resulted in rotting of markings of 23,408 cft besides, timber of 608 cft lying in the forest got rot.	Rotten timber: 608 cft and rotten marking: 23,408 cft with expected timber of 5,667 cft[1].
4.	Markings under Kiru and Kawar HEPs. R.V: 0.38 lakh cft / S.V: 0.285 lakh cft Allotted on *Amani* basis DoA: June 2017 SDoC: August 2018	The work of 0.20 lakh cft RV and 0.18 lakh cft RV was allotted to two *Amani* mates.	As on November 2020, out 0.38 lakh cft R.V, the *Amani* mates had converted to the extent 20,739 cft S.V, out of which 12,033 cft S.V only were dispatched. Balance 8,706 cft lying at transit depot (907 cft) and in forest (7,799 cft) unattended which had might become rotten/unsaleable with passage of time.	Rotten timber: 8,706 cft
5	C: 28-29 Sindh R.V: 0.046 lakh cft / S.V: 0.035 lakh cft	The contractor did not pay heed and not completed the work as per scheduled however the chief general	• Out of 0.046 lakh cft, 0.036 lakh cft was converted in respect of work allotted in 2016-17. • Out of additional marking, upto	Timber: 1,600 cft and 1,800 cft. Marking: 4,200 cft with

[1] On the basis of actual turnover achieved out of 37,061 cft RV, 8,973 cft SV was extracted which worked out 24 *per cent* and of 23,408 cft, expected outturn was 5,667 cft (24 *per cent* of 23,408 cft).

Sl. No.	Name of the Compartment and other details	Chronology of events	Audit observations/Remarks	Remarks
	Allotted on *Amani* basis DoA: 30.11.2017 SDoC: 31.12.2017 Additional marking R.V: 0.133 lakh cft S.V: 0.11 lakh cft Allotted to the existing *Amani* mate DoA: 04.09.2018 SDoC: 31.12.2018	manager-imposed penalty of ₹ 5,400 and granted extension upto December 2020 to the contractor.	October 2021, the contractor converted 0.091 lakh cft R.V cft (0.042 lakh cft R.V was left unconverted) with yield to the extent of 0.064 lakh cft S.V of which only 0.048 lakh cft was passed and balance 0.016 lakh cft was remained unpassed and lying in the forest. • Out of passed 0.048 lakh cft, only 0.03 lakh cft was transported to SD and remaining 0.018 lakh cft was lying at TD.	expected timber of 2,940 cft[2].
6	C: 34/Khuihama, Sec-A R.V: 1.16 lakh cft/ S.V: 0.70 lakh cft DoA: July 2017 SDoC: December 2018 34/Kh Sec-B R.V: 1.10 lakh cft/ S.V: 0.66 lakh cft DoA:July 2017 SDoC: December 2018	• Extension was granted twice upto 18-03-2020 after imposing token penalty of ₹ 10,000/ and ₹ 3,000/- respectively in respect of each section.	Section A: Upto October 2021, the contractor transported 0.582 lakh cft S.V to SD, Jammu, out of total converted 0.677 lakh cft S.V (1.074 lakh cft R.V). Balance of 0.018 lakh cft was lying at Transit depot and 0.077 lakh cft S.V in forest as unpassed. Remaining marking to the extent of 0.086 lakh cft R.V was not converted. • Similarly, in Sec: B, the contractor transported 0.664 lakh cft S.V to SD, Jammu, out of total converted 0.669 lakh cft S.V (1.096 cft R.V) and balance 0.013 lakh cft S.V was lying in forest. Remaining marking to the extent of 0.004 lakh cft R.V was not converted. In reply the DM, Ganderbal stated (March 2021) that the Compartment was under snow cover as such the balance work could not be executed.	Timber: 9,500 cft and 400 cft. Marking: 8,600 cft and 1,300 cft expected timber of 5,418 cft[3] and 793 cft[4].

[2] On the basis of actual turnover achieved out of 9,100 cft RV, 6,400 cft SV was extracted which worked out 70 *per cent* and of 4,200 cft, expected outturn was 2,940 cft (70 *per cent* of 4,200 cft).

[3] On the basis of actual turnover achieved out of 1.074 lakh cft RV, 0.677 lakh cft SV was extracted which worked out 63 *per cent* and of 8,600 cft, expected outturn was 5,418 cft (63 *per cent* of 8,600 cft).

[4] On the basis of actual turnover achieved out of 1.096 lakh cft RV, 0.664 lakh cft SV was extracted which worked out 61 *per cent* and of 1,300 cft, expected outturn was 793 cft (61 *per cent* of 1,300 cft).

Appendix - 6.3

(as referred to in Para No. 6.1.3.4)

Abandonment of work and non-transport of timber by Contractors

Sl. No.	Name of the Compartment and other details	Chronology of events	Audit observations	Remarks
1.	C: 51 Udil Total marking: 0.542 lakh cft. RV: 0.40 lakh cft/ SV: 0.210 lakh cft was allotted to two *Amani* mates equally. DoA: September 2017 SDoC: March 2018	• One *Amani* mate had never taken up the work. • Another *Amani* mate had executed the work of felling only and no further activity had been done by him till date.	• Despite the fact that the work of 52 abc Udil was assigned by contractor to the attorney holder, the Company allotted further work to him. • No action had been taken for allotment of balance marking of 0.142 lakh cft RV. • The *Amani* mate executed only felling activity of 0.13 lakh cft RV and no other activity was initiated. • The Company had not initiated any action against the *Amani* mates for delay in execution of work and non-taking up the work at all though a period of more than three years had elapsed and none of the timber was dispatched to the Sale depot Jammu. As such, chances of deterioration/ rotting of timber/markings could not be ruled out.	Marking: 54,200 cft with expected outturn of 28,455 cft[5]
2.	C: 35 abc Keshwan R.V: 1.095 lakh cft / S.V: 0.560 lakh cft Allotted on tender basis DoA: July 2018 SDoC: March 2019	• The work was allotted to a contractor whose performance was not satisfactory in case of C: 52 Udil. • The contractor did not execute agreement with the J&KFDC.	The contractor extracted 52,310 cft (excluding unpassed stock of 811 cft) which was lying in the forest (9,996 cft under pathroo activity, 5,600 in forest itself and 36,714 in span activity). None of the stocks had been dispatched to Sale Depot, Jammu as of October 2021 though the work was required to be completed by March 2019.	Timber: 52,310 cft
3.	C: 51 Kishtwar R.V: 0.413 lakh cft / S.V: 0.206 lakh cft Allotted to three	• Only one *Amani* mate took up the work. Remaining two *Amani* mates neither took up the work nor executed the agreement.	• Out of 13,800 cft (RV), the contractor converted 6,950 cft SV of timber. Of which 2,297 cft were transported to Sale Depot Jammu and 4,653 cfts	Timber: 4,653 cft. Marking: 27,492 cft with expected outturn of 13,746 cft[6].

[5] On the basis of expected outturn of 21,000 cft out of 40,000 cft i.e. 52.5 *per cent* for 54,200 cft.

[6] On the basis of actual turnover achieved out of 13,800 cft RV, 6,950 cft SV was extracted which worked out to 50 *per cent* and of 27,492 cft, expected outturn was 13,746 cft (50 *per cent* of 9,500 cft).

Sl. No.	Name of the Compartment and other details	Chronology of events	Audit observations	Remarks
	Amani mates DoA: June 2018 SDoC: April 2019	• In May 2019, the *Amani* mate represented for not to cut 10 *per cent* in the rates as per policy of the J&KFDC.	were still lying in forest as of October 2021. • Balance marking to the extent of 27,492 cft RV was unconverted as of October 2021 for which no action had been taken by the Company. In reply the DM, Kishtwar stated (May 2021) that for the left over work the higher authorities had been apprised to take decision.	
4.	C: 9 Kishtwar R.V: 0.907 lakh cft / S.V: 0.388 lakh cft Allotted to four *Amani* mates equally i.e 0.227 lakh cft. DoA: Aug 2017 SDoC: March 2018	-	• The *Amani* mates extracted 0.436 lakh cft SV (out of 0.80 lakh cft RV) which was not transported to the Sale Depot, Jammu and was lying in the forest (as of October 2021) though the work was required to be completed by March 2018. • Remaining 0.107 lakh cft RV was not converted by the *Amani* mates as of now (October 2021). In reply the DM, Kishtwar stated (May 2021) that for the left over work the higher authorities had been apprised to take decision.	Timber: 43,600 cft. Marking: 10,700 cft with expected outturn of 5,885 cft[7].
5.	C: 11Kishtwar R.V: 0.50 lakh cft S.V: 0.20 lakh cft Allotted to three *Amani* mates. DoA: July 2016 SDaC: March 2018	The work for 0.50 lakh cft was allotted to three *Amani* mates viz. (i) 0.20 lakh cft RV/ 0.08 lakh cft), (ii) 0.12 lakh cft RV/ 0.048 lakh cft and (iii) 0.18 lakh cft RV/ 0.072 lakh cft.	One *Amani* mate to whom 18,000 cft RV was allotted, extracted 1,600 cft SV (out of 3,864 cft RV) which remained unpassed and was lying in the forest. Remaining marking to the extent of 14,136 cft RV was not converted by him as of October 2021. In reply the DM, Kishtwar stated (May 2021) that for the left over work the higher authorities had been apprised to take decision.	Rotten timber: 1,600 cft. Rotten marking: 14,136 cft with expected outturn of 5,796 cft[8].

[7] On the basis of actual turnover achieved out of 80,000 cft RV, 43,600 cft SV was extracted which worked out to 55 *per cent* and of 10,700 cft, expected outturn was 5,885 cft (55 *per cent* of 10,700 cft).

[8] On the basis of actual turnover achieved out of 3,864 cft RV, 1,600 cft SV was extracted which worked out to 50 *per cent* and of 27,492 cft, expected outturn was 13,746 cft (50 *per cent* of 9,500 cft).

Sl. No.	Name of the Compartment and other details	Chronology of events	Audit observations	Remarks
6.	C: 65a/65b Sindh R.V:77,972 cft/ S.V: 0.385 lakh cft Allotted on tender basis DoA: September 2017 SDoC: June 2018	• Upto September 2017, the contractor extracted 2,200 cft SV (out of 4,179 cft RV). • The agency stopped the work with the plea that removal of trees is not required by them for tunnel construction.	The contractor did not transport the extracted timber to the extent of 2,200 cft to the Sale Depot and the same are deteriorating day by day and losing its value.	Timber: 2,200 cft
7.	53/Neeru	Section: II	Felling/ HS of 9,384 cft, out of which only 967 cft were dispatched and balance 185 lying at TD and 8,232 cft still lying in the forest area.	Timber:185 cft and 8,232 cft
8.	55ab/ Neeru	I to VI	Only felling and hand sawing activities were carried out, no ORT/ RT was done. Passed stocks to the extent of 56,505 cft and unpassed stocks to the extent of 13,500 cft were lying in the forest area in a scattered manner since September 2019 and no further activities have been carried out.	Timber left in forest: 56,505 cft and 13,500 cft
9.	6/ Jatota		Only felling and hand sawing of 17,040 cft was done as per work done report of 06-05-2019. Out of total markings 78 *per cent* was of Fir specie which is most vulnerable to vagaries of weather, as such, chances of their deterioration could not be ruled out. Range Manger also reported that 80 *per cent* of the stocks already turned rotten. The DM, Bhaderwah attributed (May 2021) reasons for delay to hostile weather and limited working season. The reply is not acceptable in view of the facts that no activities had been undertaken after May 2019 and more than two years elapsed since last activity undertaken and scheduled completion date i.e. December 2018.	Timber: 13,632 cft (80 *per cent* of 17,040 cft)

Sl. No.	Name of the Compartment and other details	Chronology of events	Audit observations	Remarks
10.	37/ Bhalessa	Total marking: 79,300 cft Marking converted: 19,700(outturn: 7,167 cft i.e. 36 *per cent*) Marking left unattended: 59,600 cft	Only felling and hand sawing of 7,167 cft (out of 19,700 cft RV) had been done by the contractor. No other activity had been undertaken since February 2016.	Timber left in the forest: 7,167 cft. Marking left unattended: 59,600 cft with expected outturn of 21,456 cft[9].

[9] On the basis of actual turnover achieved out of 19,700 cft RV, 7,167 cft SV was extracted which worked out to 36 *per cent* and of 59,600 cft, expected outturn was 21,456 cft (36 *per cent* of 59,600 cft).

Appendix-6.4

(as referred to in Para No. 6.1.3.5)

Non-completion of allotted works by Contractors

Sl. No.	Name of the Compartment and other details	Chronology of events	Audit observations/Remarks
1.	C: 28/Basantgarh Volume (Rounded Volume: RV) 44,033 cft Volume (Sawn Volume : SV) 23,000 cft DoA (Date of Award): February 2015 SDoC (Scheduled Date of Completion): May 2016 Initial allotted cost: ₹ 140.25 per cft. Cost revised to ₹ 168.48 per cft. Cost further revised to ₹ 323.66 per cft. Finally allotted cost: ₹ 287.25 per cft.	• Prepared (2012-13) PR with RV 44,033 cft and SV 23,000 cft envisaging cost of ₹ 140.25 per cft and tenders were invited (July 2012) but no response was received. • DM, ED, Udhampur proposed (June 2012) working out rates on revised norms rate, besides, increasing head carriage after Nikassi from 5 chain[10] to 33 chains (earlier arithmetical error of chains). • Cost revised to ₹ 168.48 per cft and tenders were invited (May 2013/ July 2013) but again no response. • On the recommendation of the committee constituted to access the ground situation, PR was further revised (February 2015) envisaging cost of ₹ 324.16 per cft mainly due to increase of Head carriage from 12 chains to 345 chains and expected outturn was also reduced from 23,000 cft to 19,500 cft, • The work was allotted (February 2015) to an *Amani* mate @ ₹ 287.25 per cft with scheduled date of completion as May 2016.	• Unrealistic projections in the PR led to delay in allotment of work and loss of 3,500 cft (SV) of timber valuing ₹ 20.50 lakh[11]. • The work was allotted on *Amani* basis at the rate of ₹ 287.25 per cft without inviting tenders in contravention to the directions of the BoDs which restricted allotment of work on *Amani* basis upto the volume of 40,000 cft RV only. In reply the DM, Udhampur stated (February 2021) that work was allotted on *Amani* basis having sawn volume less than 20,000 cft which is not tenable as restrictions were with regard to markings not the sawn volume.
2.	C: 45/I-II-III Dudu • Marking taken over to the extent of 72,282 cft (RV)/ 28,100 cft (SV) in November 2013. • PR prepared was in 2015 and tenders were invited thrice in June 2015/ September 2015/ December 2015 @ ₹ 146.60 per cft which fetched no response mainly due to envisaging incorrect distance of head carriage which increased from 0.5 to 3 km leading to increase in estimated cost to ₹ 178.87 per cft.	• A committee was constituted (July 2016) to explore the possibilities for exploitation of marking which submitted (August 2016) report that marking of Fir specie of 41,000 cft (RV) had rotten and only 31,300 cft (RV) of deodar and Kail species were physical fit for extraction with expected yield of 20,000 cft (including 10 *per cent* Standing marking of Fir). RV: 72,000 cft (total marking) / SV: 20,100 cft (6,700 cft each allotted among three *Amani* mates). DoA: January 2017 (in all three cases) SDoC: May 2018(I), April 2018(II) and April 2018 (III)	• Initially delay in preparation of PR and subsequently delay in inviting tenders (after two years of taking over of marking), besides, incorrect preparation of PR for head carriage led to no response from the contractors with the result 36,900 (90 *per cent* of 41,000 cft) of Fir markings with expected outturn of 8,000 cft SV turning rotten and consequent loss of ₹ 23.94 lakh[12] to the Company.

[10] One kilometer is equal to 33 chain.

[11] Calculated on the basis of sale rate for the year 2015-16 i.e ₹ 585.64 per cft.

[12] Calculated at the rate of ₹ 299.30 per cft (average rate of fir species for the year 2015-16) in respect of 8,000 cft of fir species.

Appendix-6.5
(as referred to in Para No. 6.1.3.5)
Non-completion of allotted works by Contractors

Sl. No.	Name of the Compartment and other details	Chronology of events	Audit observations	Remarks
1.	C: 51 Kellar Date of taking over of marking: May 2012 R.V: 1.064 lakh cft / S.V: 0.45 lakh cft Allotted on Tender basis at a rate of ₹ 130.45 per cft DoA: June 2012 SDoC: April 2013	• During 2012-13, the contractor extracted only 0.188 lakh cft SV (out of 0.394 lakh cft RV) but failed to dispatch the same to the Sale Depot Jammu. The J&KFDC quashed (June 2014) the contract and forfeited EMD of ₹ 1.39 lakh cft. • Subsequently the work of extraction and transportation of 0.67 lakh cft RV/ 0.265 lakh cft SV and transportation of 0.188 lakh cft SV (already extracted) was allotted (May 2017) at a rate of ₹ 210 per cft and ₹ 164.95 per cft respectively and scheduled to be completed by March 2018. • Additional marking of 0.56 lakh cft (R.V)/0.221 lakh cft (S.V) was allotted (May 2018) to the contractor. • The extension upto December 2019 was granted (August 2019) to the contractor for ORT and RT activities of 0.712 lakh cft by imposing penalty of ₹ 17,800/-.	• Committee constituted (October 2020) for Physical Verification of the old stocks dumped in the compartment submitted (November 2020) that 40 *per cent* of the 16,932 cft[13] i.e. 6,773 cft got rotten and also recommended that to avoid expenditure on transportation, the saleable stock (10,159 cft) should not be dispatched to Jammu and should be auctioned as is where is basis. As such, loss of ₹ 39.67 lakh[14] was suffered on account of rotting of timber due to non-completion of work by the original contractor, besides, extra cost incurred to the extent of ₹ 21.08 lakh[15] due to failure of the original contractor to complete the work. • Against the expected outturn of 0.221 lakh cft in case of additional marking, the contractor extracted 0.347 lakh cft showing around 57 *per cent* excess of the expected outturn which indicated that the PR had not been prepared realistically. • The second contractor transported 73,073 cft of timber and 16,932 cft (old extracted timber) was left in the forest. The DM, Kishtwar stated (May 2021) that the work was re-allotted for balance activities on the basis of revised norms of 2015-16, as such, there was no question of recovery of cost and also admitted that the PR was framed with casual approach, however, more outturn was due to green marking. Reply is not acceptable to the extent that recovery of cost was to be considered in terms of agreement and existence of green markings was known fact at the time of preparation of PR.	Loss of ₹ 39.67 lakh due to rotting of timber to the extent of 6,773 cft. Incurred extra cost of ₹ 21.08 lakh due to non-completion of the work by the original contractor.
2.	C: 47/Kellar R.V: 0.93 lakh cft/ S.V: 0.47 lakh cft Allotted to five *Amani* mates. RV: 0.20 lakh cft/ SV: 0.10 lakh cft each to three *Amani* mates,	• All the five *Amani* mates, extracted only 16,817 cft (S.V) out of fallen 35,365 cft RV of markings and rest 57,451 cft RV of markings remained un-felled/ unconverted. The contracts with all the *Amani* mates were quashed in November 2012. • The General Manager ordered (September 2013) for physical verification of passed stocks. However,	• The passed stock of 16,817 cft had remained scattered in the forest. However, payment of ₹ 3.46 lakh was made to the contractors. • Loss of expected outturn to the extent of 12,783 cft[16] SV valuing ₹ 74.86 lakh[17] due to delay in execution of wok by the original contractor and further delay in re-allotment of work. Besides, the	• Loss of expected outturn to the extent of 12,783 cft SV valuing ₹ 74.86 lakh • The Company incurred extra cost of ₹ 53.18

[13] The second contractor transported 1,868 cft of timber out of 18,800 cft.
[14] Calculated @ ₹ 585.64 per cft (average rate for the year 2015-16) for 6,773 cft.
[15] Calculated @ ₹ 79.55 per cft (i.e. difference of rate of ₹ 210 per cft and ₹ 130.45 per cft) for 26,500 cft (allotted in May 2017).
[16] 47,000 cft SV minus 16,817 cft SV minus 17,400 cft SV.
[17] Calculated @ ₹ 585.64 per cft(average rate for the year 2015-16) for 12,783 cft.

Sl. No.	Name of the Compartment and other details	Chronology of events	Audit observations	Remarks
	RV: 0.15 lakh cft / SV: 0.08 lakh cft to one and RV: 0.18 lakh cft / SV: 0.09 lakh cft to one. DoA: June-2010 SDoC: March-2011	no such PV was found on records. • The revised PR was prepared (2015-16) for 0.933 lakh cft (R.V) with expected outturn of 0.328 lakh cft (S.V). However, work was not allotted. Additional marking: • The work of 1.945 lakh cft (R.V)/ 0.854 lakh cft (S.V) was allotted (June 2018) to another contractor, which included fresh marking of 1.360 lakh cft (R.V)/ 0.68 lakh cft (S.V) and old marking of 0.585 lakh cft (R.V)/ 0.174 lakh cft (S.V). • SDoC by end of March 2019	Company incurred extra cost of ₹ 53.18 lakh[18] • The contractor completed the work of extraction and transportation to the tune of 87,856 cft and same was dispatched to various sale depot/ CTSDs. The reply furnished (May 2021) by the DM, Bhaderwah was not conclusive to the audit observations.	lakh.
3.	C: 34/Dudu RV : 0.739 lakh cft/SV: 0.278 lakh cft Allotted on tender basis DoA: October 2012 SDoC: August 2013	• Initially the work was allotted to a contractor @ ₹ 96.99 per cft. Though notices were issued the contractor failed to start the work and after nine month from the date of issue of LoI the contractor showed (July 2013) inability to execute the work due to illness and the J&KFDC quashed (October 2013) the contract and forfeited (October 2013) the EMD of ₹ 0.59 lakh. • After two years from date of quashing the original contractor, the work, after inviting tenders, was reallotted (October 2015,) to another contractor @ ₹ 207 per cft for 25,600 cft SV and was required to be completed by June 2016. • Power of attorney was further given (August 2016) to third contractor to complete the balance work due to ill health of contractor which was accepted (January 2017) by the J&KFDC.	• Actual outturn was achieved to the extent of 31,565 cft which indicated that PR was not prepared realistically. • Extra cost incurred to the extent of ₹ 34.72 lakh[19] was not recovered from the original contractor for getting the work completed at own risk and cost. • Despite of above odds, four works[20] involving 0.482 lakh cft of marking were also allotted to the original contractor on *Amani* basis though he was Class A contactor and non-local resident.	• Extra cost incurred to the extent of ₹ 34.72 lakh was not recovered from the original contractor for getting the work completed at own risk and cost.

[18] At the rate of`162.26 per cft (new rate of ₹ 254.70 per cft minus old rate of ₹ 92.44 per cft) for 17,400 cft i.e. ₹ 28.43 lakh and at the rate of ₹ 148.39 per cft (new rate of ₹ 209.92 per cft minus old rate of ₹ 61.53 per cft) for 16,817 cft i.e. ₹ 24.95 lakh.

[19] Extra cost of ₹ 110.01 per cft (₹ 207 per cft minus ₹ 96.99 per cft) for 31,565 cft timber.

[20] Four works: (i) 45a/ Dudu Sec: II (RV of 0.241 lakh cft and SV of 0.067 lakh cft), (ii) 76a/ Dudu (RV of 0.13 lakh cft and SV of 0.072 lakh cft), (iii) 95 AB/ Udhampur PMGSY Road (RV of 0.059 lakh cft and SV of 0.035 lakh cft) and (iv) 1/ N Ramnagar, PMGSY Road (RV of 0.052 lakh cft and SV of 0.031 lakh cft).

Appendix-6.6

(as referred to in Para No. 6.1.3.5)

Short /excess outturn of timber

Sl. No.	Basic details of the compartment	Chronology of event	Audit observations/ remark
1.	C: 12 Keshwan R.V: 1.873 lakh cft / S.V: 0.951 lakh cft DoA: May 2017 SDoC: April 2018	• The contractor carried out mahaan operations through side nallah in odd season for hauling down stocks up to the loading points instead of by head carriage, pathroo and rope span activities. Several notices were issued to the contractor to stop mahaning operation in view of increasing water level in the nallah. Flood occurred in the nallah on the intervening night of 16th and 17th June 2018 leading to accumulation of stocks in Kanchies and breakage of stocks.	• As of March 2018, out of 1.873 lakh cft RV, felling and conversion of only 1.713 lakh cft RV had been done by the contractor and 0.16 lakh cft though felled was not converted. • Against expected outturn of 0.951 lakh cft SV, only 0.789 lakh cft was extracted resulting in shortfall of 0.162 lakh cft (17 *per cent*). • Out of 0.789 lakh cft SV, only 0.633 lakh cfts was dispatched and 0.152 lakh cft (4,000 scants) was shown lost during flood/ mahaning operation/ pilferage. Besides, 0.004 lakh cft was under custody of SFD because of illicit damages/felling carried out by the contractor. • The J&KFDC had not made any recovery of the loss due to mahaan operation from the contractor.
2.	C: 24abc Keshwan R.V: 1.207lakh cft S.V: 0.48 lakh cft DoA: July 2018 SDoC: May 2019	The contractor extracted 0.687 lakh cft SV against expected outturn of 0.48 lakh cft.	• The contractor extracted 0.207 lakh cft (43 *per cent*) in excess of expected outturn which indicated that the PR was not prepared realistically.
3.	C: 136/Khuihama R.V: 0.441 lakh cft/ S.V: 0.265 lakh cft DoA: March 2017 SDoC: December 2017	• The sanction for allotment of work provides that, in case of alarming situation of less yield, the matter was required to be brought to the notice to DM immediately and no shortfall was to be recommended for condonation at a later stage. However, neither the Range Manager nor contractor reported the less outturn to the division in time.	• The contractor extracted and dispatched 0.14 lakh cft SV by end of November 2017 against the expected yield of 0.265 lakh cft. Thus there was less outturn of 0.123 lakh cft (54 *per cent*). • The Range Manager intimated (July 2018) about less outturn while applying for condonation of less outturn due to deterioration of the marking.
4.	C: 58/Kellar R.V: 1.123 lakh cft/ S.V: 0.543 lakh cft DoA: October 2014 SDoC: December 2015	• Felling and hand sawing was done to the extent of 42,916 cfts SV. Passing lists of 28,401 cft were not signed by the staff. • For shortage of 9,101 cft, the staff responsible for passing put the responsibility on each other. • The DM concerned recommended	• Out of expected outturn of 0.543 lakh cft SV, only 0.429 lakh cft was extracted leading to shortfall of 0.114 lakh cft. • As of March 2021, the contractor dispatched only 33,814 cft SV to Sale Depot Jammu/ CTSDs and remaining 9,101 cft valuing ₹ 56.92 lakh[21] was shown as shortage.

[21] Calculated at the rate of ₹ 625.40 per cft (average sale rate of the timber sold during the period 2015-20).

Sl. No.	Basic details of the compartment	Chronology of event	Audit observations/ remark
		(December 2017) a suitable penalty to be imposed on passing in-charge and concerned Range Manager. Recovery of salary of one month was effected from retiral benefits of Ex Range Manager (Kellar) and memorandum/article of charges were served to two passing In-charges. • The DM was appointed as inquiry officer to inquire into the matter. However, no enquiry report was found on records.	The DM, Bhaderwah stated (May 2021) that markings taken over were no to the mark and lot of timber value was lost due to heart rot in the markings which cannot be objectively estimated at the time of enumeration and markings. However, the DM was silent about the shortage of 9,101 cft of timber.
5.	C: 12/Kellar R.V: 1.230 lakh cft/ S.V: 0.60 lakh cft Allotted to five *Amani* mates DoA: March 2016 SDoC: March 2018	• Initially 0.20 lakh cft (RV)/ 0.10 lakh cft (SV) was allotted (March 2016) among five contractors and the remaining 0.23 lakh cft (RV) was also allotted proportionately among them.	• Out of 60,000 cft SV allotted among the *Amani* mates, only 49,029 cft was extracted resulting into less outturn of 10,971 cft. Out of 49,029 cft only 47,957 cft was dispatched to Sale Depots/ CTSDs. The reply furnished (May 2021) by the DM, Bhaderwah was not conclusive to the audit observations.
6.	Total marking received (Pakaldul HE project): C: 34a and 34b Dachhan DoA: February 2017 and April 2017 SDoC: December 2017 and April 2018	• Marking of 1.421 lakh cft RV (34a Dachhan) and 0.095 lakh cft RV (34b Dachhan) were allotted (February 2017 and April 2017) to a contractor • DM Kishtwar issued several notices on December 2017, January 2018 and April 2018 for slow progress of work to the contractor. • Additional markings of 0.488 lakh cft RV and 0.1941 lakh cft RV, taken over (July / August 2018) from SFD were allotted (January 2019) to the same contactor. Total work allotted R.V: 2.20 lakh cft / S.V: 1.753 lakh cft • Notices for slow progress of work were also issued to contractor in December 2018, January/ March 2019.	• As of December 2020, against 2.20 lakh cft RV only 2.04 lakh cft RV was extracted which should have expected outturn of 1.625 lakh cft SV. But actual outturn was 0.925 lakh cft SV leading to shortfall of 0.70 lakh cft (43 *per cent*). Reasons for very low outturn though most of the marking (97 *per cent*) was of green trees, were not ascertained by the company. • The Contractor had not taken up the remaining 0.16 lakh cft RV (including 0.095 lakh cft RV in C: 34b Dachhan)
7.	C: 25abc Keshwan R.V: 3.565 lakh cft/ S.V: 1.362 lakh cft DoA: August 2019 SDoC: December 2020	• After reporting alarming excess outturn by the contractor, GM East Circle directed (October 2019) the concerned DM to constitute a committee of Senior officials including territorial staff who shall visit the compartment and prepare a detail report along with the recommendation with of concerned DM.	• The felling and hand sawing of 2.37 lakh cft SV against the expected outturn of 1.362 lakh cft (i.e. 74 *per cent* excess) had been done by the contractor which indicated that the PR was not prepared realistically. • Out of 2.37 lakh cft, only 1.78 lakh cft was transported to Sales depot and 0.59 lakh cft was lying in the Forest (at transit depot: 0.38 lakh cft

Sl. No.	Basic details of the compartment	Chronology of event	Audit observations/ remark
		• The DM constituted (October) a committee comprising four members to report on the issue, however, no reporting had been done by the committee as of now (December 2020).	and at span: 0.21 lakh cft). • Range Manager, Keshwan stated (March 2021) that excess outturn was due to sound marking of Fir specie. • The reply is not tenable as huge variation in outturn indicated that projections were made unrealistically.
8.	C: 39 Padder R.V: 1.18 lakh cft / S.V: 0.59 lakh cft Allotted on Tender basis DoA: September 2015 SDoC: March 2016 Additional markings R.V: 0.43 lakh cft / S.V: 0.30 lakh cft Allotted on existing basis DoA: October 2016 SDoC: June 2017	The contractor extracted 1.23 lakh cft SV against expected outturn of 0.89 lakh cft.	• Out of 1.23 lakh cft, 1.21 lakh cft was transported to Sale Depot, Jammu/CTSDs. • Remaining 0.0284 lakh cft of timber was lying at span head which got rotten. • Excess outturn to the extent of 0.34 lakh cft (i.e. 38 *per cent*) indicated that PR was not prepared realistically. • No responsibility had been fixed for preparation of unrealistic PR. In reply the DM, Kishtwar stated (May 2021) that 0.0284 lakh cft was turned rotten due to delay in execution of work by the contractor.

Appendix-6.7

(as referred to in Para No. 6.1.5)

Position of sales and closing balance of timber

(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18		2018-19		2019-20	
		Volume (in lakh cft)	Value (₹ in crore)	Volume (in lakh cft)	Value (₹ in crore)	Volume (in lakh cft)	Value (₹ in crore)	Volume (in lakh cft)	Value (₹ in crore)	Volume (in lakh cft)	Value (₹ in crore)
1.	**Closing stock of timber**										
1a.	Timber in standing form	130.26	48.44	131.08	46.14	136.81	45.85	122.00	40.22	117.59	36.59
1b.	Timber in extracted/sawn form	264.36	390.48	274.54	415.32	272.48	399.29	276.42	428.20	278.96	474.66
1b(i).	**Notional balance (losses)(since 1979-80)**	**242.76**	**279.78**	**243.24**	**281.83**	**243.50**	**282.88**	**243.72**	**283.89**	**243.73**	**283.89**
1b(ii).	**Actual stock of timber in extracted/ sawn form**	**21.61**	**110.70**	**31.30**	**133.49**	**28.98**	**116.41**	**32.69**	**144.31**	**35.23**	**190.77**
	Jammu province	19.80	101.44	17.88	76.26	18.29	73.47	23.15	102.20	23.65	128.06
	Kashmir province	1.81	9.27	13.42	57.23	10.69	42.94	9.54	42.11	11.58	62.71
2.	**Stock loss during the year**	**0.25**	**1.28**	**0.48**	**2.05**	**0.26**	**1.05**	**0.23**	**1.01**	**0.00**	**0.00**

(Source: Accounts for the respective years and its working sheets)

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

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

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

Audit Report

of

the Comptroller and Auditor General of India

on the Union Territory Finances

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Government of Union Territory of Jammu and Kashmir

Report No. 2 of the year 2022

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PREFACE

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

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

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

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

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

Chapter V discusses the financial performance of Public Sector Undertakings.

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

Executive Summary

EXECUTIVE SUMMARY

Background

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

The Report

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

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

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

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

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

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

Audit findings

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

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

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

(Para 1.5)

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

(Para 1.7.1)

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

(Para 2.3.2.2)

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

(Para 2.4.2.1)

During 2020-21, Government of UT of Jammu and Kashmir invested ₹83.27 crore in two companies and one corporation and had total investment of ₹162.39 crore as on 31 March 2021. Erstwhile State Government had cumulative investment of ₹4,617.16 crore in 38 Companies (₹4,148.83 crore), three Statutory Corporations (₹374.34 crore), eight Co-operative Institutions/ Local Bodies (₹47.83 crore), two Rural Banks (₹45.82 crore) and two Joint Stock Companies (₹0.34 crore) ending 30 October 2019 which had not been divided between Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

(Para 2.4.3.2)

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

(Para 2.4.3.3)

During 2020-21, the balance under Reserve Funds of UT Jammu and Kashmir was ₹771.13 crore. There was also a cumulative aggregate balance in Reserve Funds at the end of 30 October 2019 amounting to ₹2,806 crore which was yet to be bifurcated between the two Union Territories till 31 March 2021.

(Para 2.5.2)

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

(Para 2.7.3)

Chapter-III Budgetary Management:

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

(Para 3.3.1)

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

(Para 3.3.2)

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

(Para 3.3.3)

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

(Para 3.4)

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

(Para 3.4.1)

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

(Para 3.5)

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

(Para 3.5.1)

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

(Para 3.8.2)

Chapter-IV Quality of Accounts and Financial Reporting Practices:

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

(Para 4.4)

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

(Para 4.5)

During 2020-21, ₹3,741.00 crore (7.13 *per cent* of the total Revenue Receipts) was classified under the Minor Head 800-'Other Receipts' and expenditure of ₹4,677.34 crore (7.41 *per cent* of Total Revenue and Capital Expenditure) was booked under Minor Head 800-'Other Expenditure' instead of depicting distinctly under relevant heads in the Finance Accounts which affects transparency in financial reporting.

(Para 4.6)

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

(Para 4.8)

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

(Para 4.10)

Chapter-V Financial Performance of Public Sector Undertakings:

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

(Para 5.4.1)

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

(Para 5.4.2)

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

(Para 5.4.5)

Chapter-I

Overview

CHAPTER-I

OVERVIEW

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

1.1 Profile of the Union Territory of Jammu and Kashmir

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

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

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the Union Territory in a given period of time. Growth of GSDP is an important indicator of the economy, as it denotes the extent of changes in the level of economic development of the State/UT over a period of time. Changes in sectoral contribution to the GSDP is also important to understand the changing structure of economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors. The GSDP of UT of Jammu and Kashmir during 2020-21 was ₹1,76,282 crore.

Table 1.1: GSDP compared to the GDP

(₹in crore)

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

Source: MOSPI, GoI website

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

1.2 Basis and Approach to Union Territory Finances Audit Report

In terms of Section 72 of Jammu and Kashmir Reorganisation Act, 2019, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of Union Territory of Jammu and Kashmir are to be submitted to the Lt. Governor of the Union Territory, who shall cause them to be laid before the Legislature of the Union Territory.

The Union Territory Finances Audit Report is prepared and submitted under Section 72 of Jammu and Kashmir Reorganisation Act, 2019.

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

Finance Accounts and Appropriation Accounts of the Union Territory constitute the core data for this report. Other sources include the following:

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

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

1.3 Report Structure

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

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

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

1.4 Overview of Government Account Structure and Budgetary Processes

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

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

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

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

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

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

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

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

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

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

Revenue Expenditure consists of all those expenditures of the government of Union Territory, which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The **Capital Receipts** consist of:

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

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

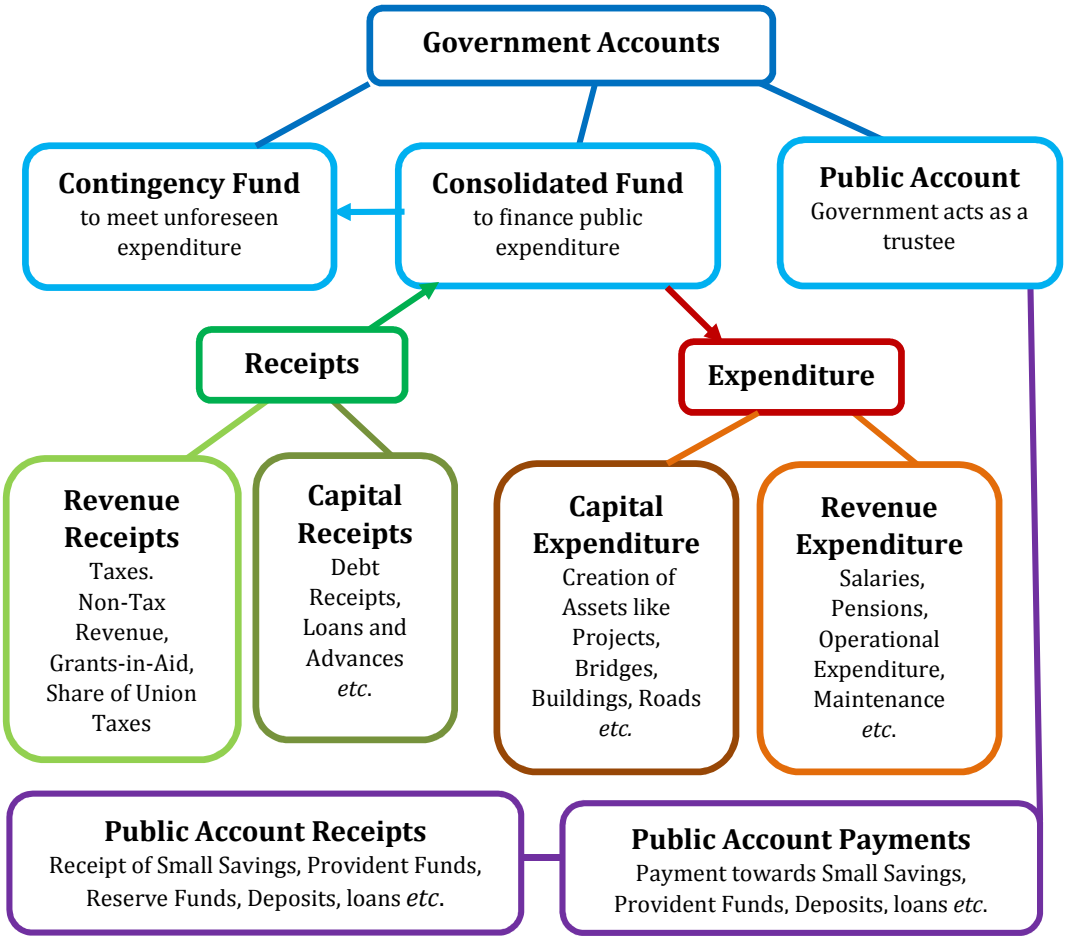
At present, we have an accounting classification system in Government that is both functional and economic.

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

1.4.1 Structure of Government Accounts

Chart 1.1: Structure of Government Accounts

Government finances comprise the following:



1.4.2 Budgetary Process

In terms of Section 41 of the Jammu and Kashmir Reorganisation Act 2019, the Lieutenant Governor of Union Territory of Jammu and Kashmir shall cause to be laid before Legislative Assembly, a statement of the estimated receipts and expenditure of the Union Territory, in the form of an Annual Financial Statement. In terms of Section 42, the statement is submitted to the Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Section 43 to provide for appropriation of the required money out of the Consolidated Fund.

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

1.5 Snapshot of Finances

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

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

(₹in crore)

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

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

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

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

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

1.5.1 Snapshot of Assets and Liabilities of the Government

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

Table 1.3: Summarised position of Assets and Liabilities

(₹in crore)

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

Liabilities			Assets		
C	Transfer to Contingency Fund	25			-
Contingency Fund		**-**	**Contingency Fund**		**-**
Public Account					
A	Small Savings, Provident Funds, etc.	2,186	A	Advances	-
B	Deposits	1,356	B	Remittance	-
C	Reserve Funds	771	C	Suspense and Miscellaneous	-
D	Remittances	635	**Cash balance (including investment in Earmarked Fund)**		1,448
E	Suspense and Misc Bal	121	**Total**		**17,436**
		-	**Deficit in Revenue Accounts**		**325**
Total		**17,761**	**Total**		**17,761**

Source: Finance Accounts

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

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

1.6 Fiscal Balance: Achievement of Deficit and Total Debt Targets

As per the Statements laid under FRBM Act in the Parliament by Union Territory of Jammu and Kashmir, no fiscal indicators-rolling targets were specified for the year 2020-21 in respect of Union Territory of Jammu and Kashmir.

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

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

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

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

1.7 Deficits after examination in Audit

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

1.7.1 Post Audit - Deficits

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

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

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

Source: Finance Accounts

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

1.7.2 Post Audit – Total Public Debt

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

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

(₹ in crore)

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

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

Source: Finance Accounts

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

At the end of the year 2020-21, the overall outstanding debt/liabilities of the Union Territory were understated by ₹755.65 crore by not accounting for the Suspense, Miscellaneous and Remittance balances, thereby understating the same with respect to GSDP by 0.43 *per cent.* Liabilities of Union Territory of Jammu and Kashmir to GSDP after taking into account the liability on account of Suspense and Miscellaneous and Remittance will increase from 8.44[1] *per cent* to 10.06 *per cent.*

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

Chapter-II

Finances of the Union Territory

CHAPTER-II

FINANCES OF THE UNION TERRITORY

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

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

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

2.2 Sources and Application of Funds

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

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

(₹in crore)

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

Source: Finance Accounts

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

The Composition of sources and application of funds in the Consolidated Fund of the Union Territory of Jammu and Kashmir during 2020-21 is given in **Chart 2.1** and **Chart 2.2**.

(In per cent)

Chart 2.1: Composition of resources ₹ comes from

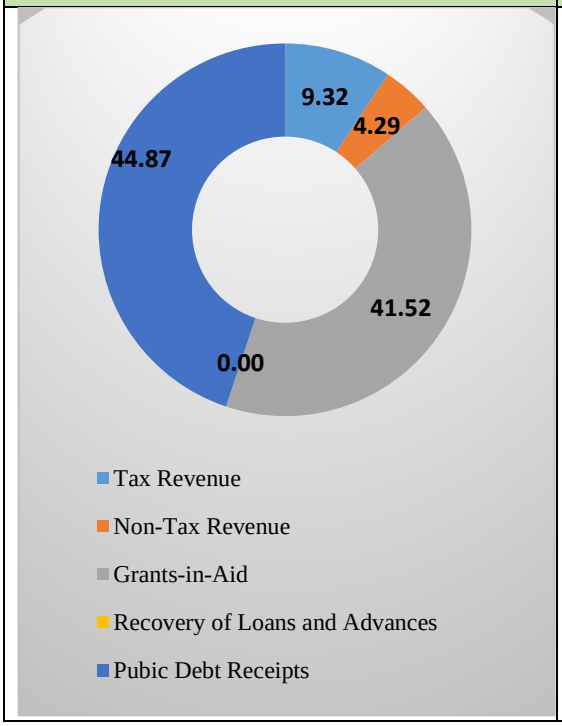
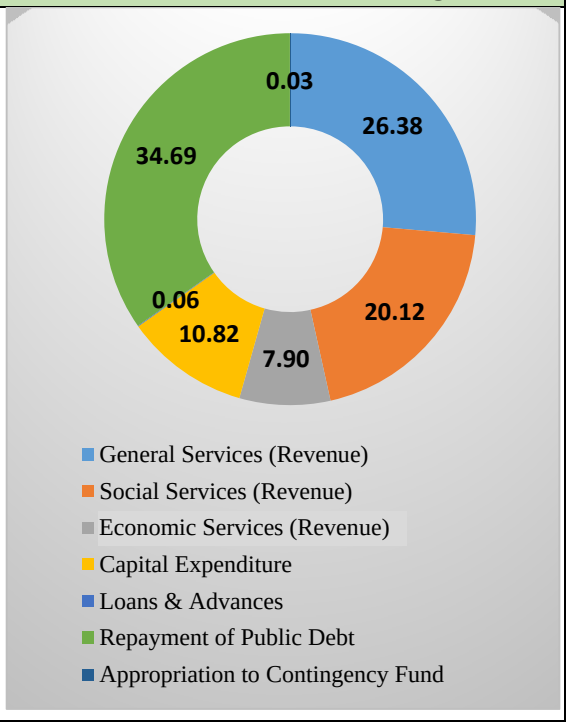


Chart 2.2: Application of resources ₹ goes to



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

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

The resources of the Union Territory are described below:

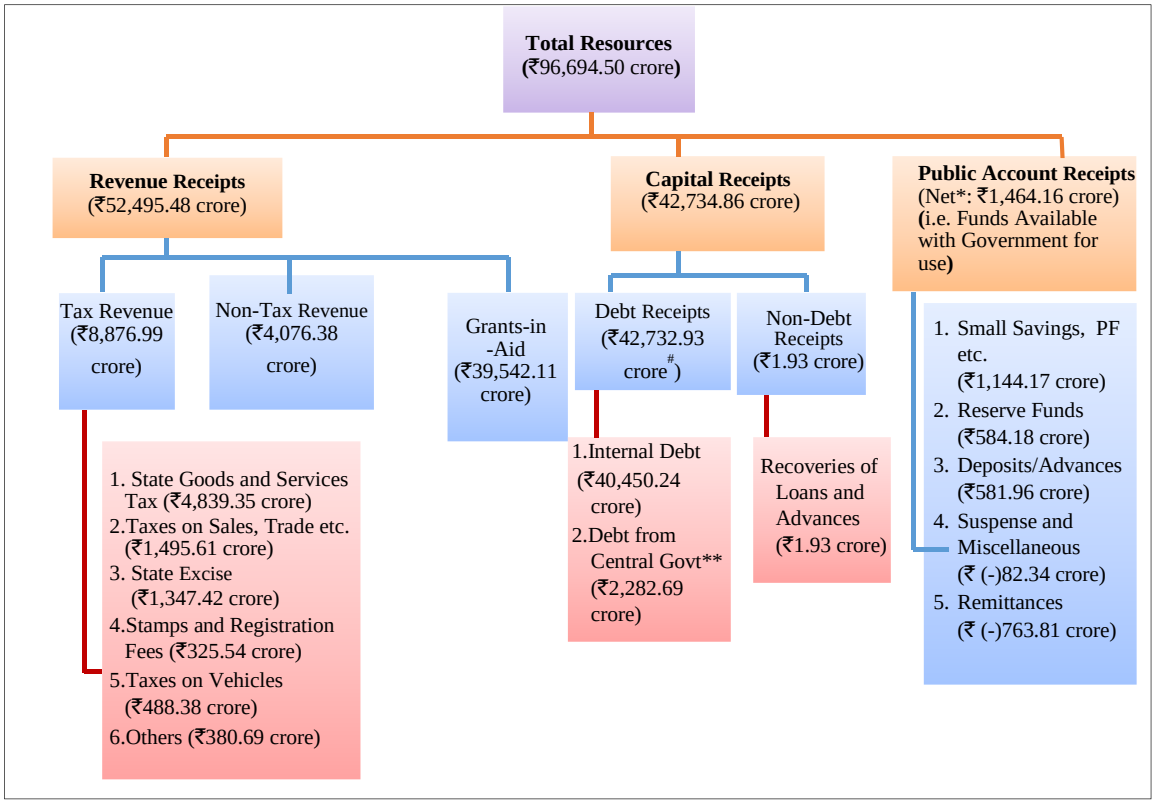
1. **Revenue Receipts** consist of tax revenue, non-tax revenue, and grants-in-aid from the Government of India (GoI).
2. **Capital Receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans,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

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

2.3.1 Receipts of the Union Territory

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

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



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

2.3.2 Union Territory's Revenue Receipts

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

Table 2.2: Components of Revenue Receipts

(₹in crore)

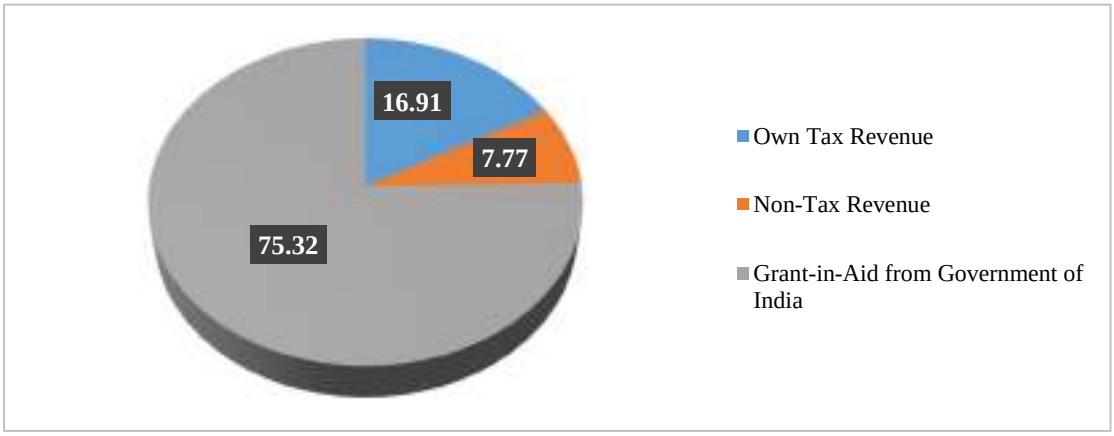
Parameters	2020-21	Percentage
Revenue Receipts (RR)	52,495.48	
Own Tax Revenue	8,876.99	16.91

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

Source of GSDP figures: website MOSPI GoI,

Chart 2.4 Components of Revenue Receipts

(in per cent)



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

2.3.2.1 Own Resources of UT of Jammu and Kashmir

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

(A) Own Tax revenue

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

Table 2.3: Components of Own Tax Revenue

(₹ in crore)

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

Source: Finance Accounts

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

(B) State Goods and Services Tax (SGST)

As per the GST (Compensation to States) Act, 2017, States/UT will be compensated for the shortfall in revenue arising on account of implementation of the goods and services tax considering an annual growth of 14 *per cent* from the base year, for a period of 5 years. The centre levies the Integrated GST (IGST) on inter-state supply of goods and services, and apportions the State's share of tax to the State where the goods or services are consumed. State Government implemented the Goods and Services Tax (GST) Act which became effective from 8th July 2017. According to GST (Compensation to the States) Act 2017, Central Government will compensate the States/UT for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State/UT shall be calculated for every financial year after the receipt of final revenue figures, as audited by the CAG of India. The base year (2015-16) revenue figure was finalised under GST Act. In case of Jammu and Kashmir, the Revenue was ₹4,766.30 crore during the base year (2015-16). The protected revenue for any year in a State/UT shall be calculated by applying the projected growth rate (14 *per cent* per annum) over the base year revenue of that State/UT. The protected revenue for the year 2020-21 in accordance with base year figure was ₹9,177.10 crore[1]. Against the protected revenue, the Revenue Receipt of the UT Government under GST including collection of taxes subsumed in GST during the year 2020-21 was ₹4,861.71 crore as detailed in ***Table 2.4***. Against the actual loss of ₹4,315.39 crore due to implementation of GST, GoI has released compensation of ₹4,271.02 crore as compensation including release of back to back loans amounting to ₹2,099.80 crore to the Union Territory in lieu of GST Compensation shortfall. It has resulted in less compensation to the extent of ₹44.37 crore during the year, as given below.

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

(₹in crore)

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

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

(C) Audit of GST Receipts

With automation of the collection of Goods and Services Tax (GST) having taken place, it is essential for audit to transition from sample checks to a comprehensive check of

[1] 4,766.30x(1+14/100)5=9,177.10 for 2020-21

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

(D) Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. ***Table 2.5*** depicts components of Non-Tax Revenue of the Union Territory during 2020-21.

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

(₹in crore)

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

Source: Finance Accounts

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

2.3.2.2 Transfers from the Centre

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

(A) Grants-in-aid from GoI

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

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

(₹in crore)

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

Source: Finance Accounts

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

(B) 15th Finance Commission Grants

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

2.3.3 Capital Receipts

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

Table 2.7: Composition of Capital Receipts

(₹in crore)

Sources of UT's Receipts	**2020-21**
Capital Receipts	**42,734.86**
Miscellaneous Capital Receipts	*0.00*
Recovery of Loans and Advances	*1.93*
Public Debt Receipts	**42,732.93**
Internal Debt	*40,450.24*
Loans and advances from GoI	*2,282.69**

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

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

2.3.4 UT's Performance in Mobilisation of Resources

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

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

(₹in crore)

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

Source: Budget document and Finance Accounts

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

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

2.4 Application of Resources

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

2.4.1 Composition of Expenditure

Table 2.9: Total expenditure and its composition

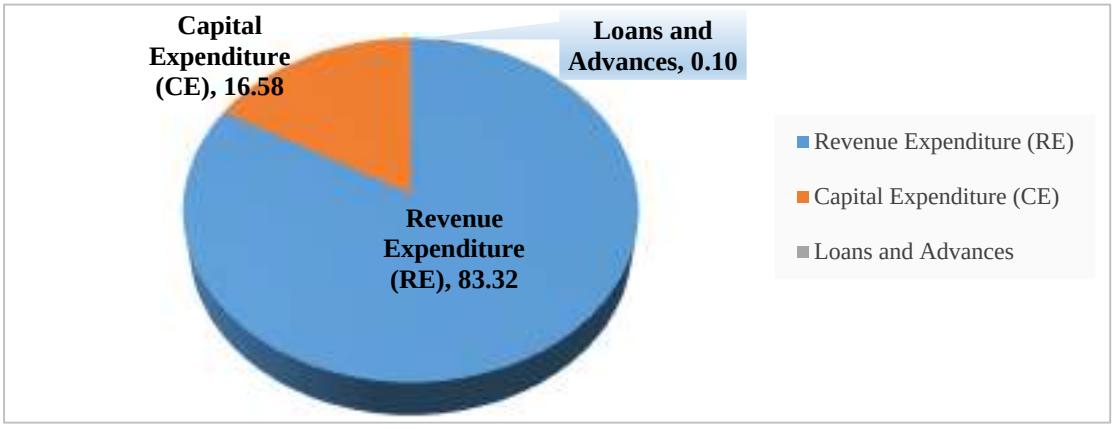
(₹ in crore)

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

Source: Finance Accounts

Chart 2.5 Total Expenditure: Share of its components

(In per cent)



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

Table 2.10: Relative share of various sectors of expenditure

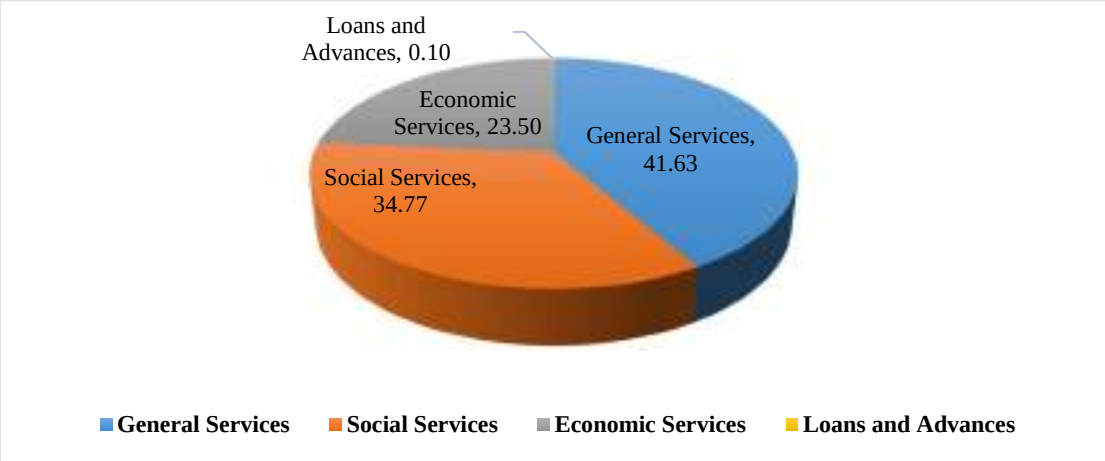
(₹in crore)

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

Source: Finance Accounts

Chart 2.6: Total expenditure - Expenditure by activities

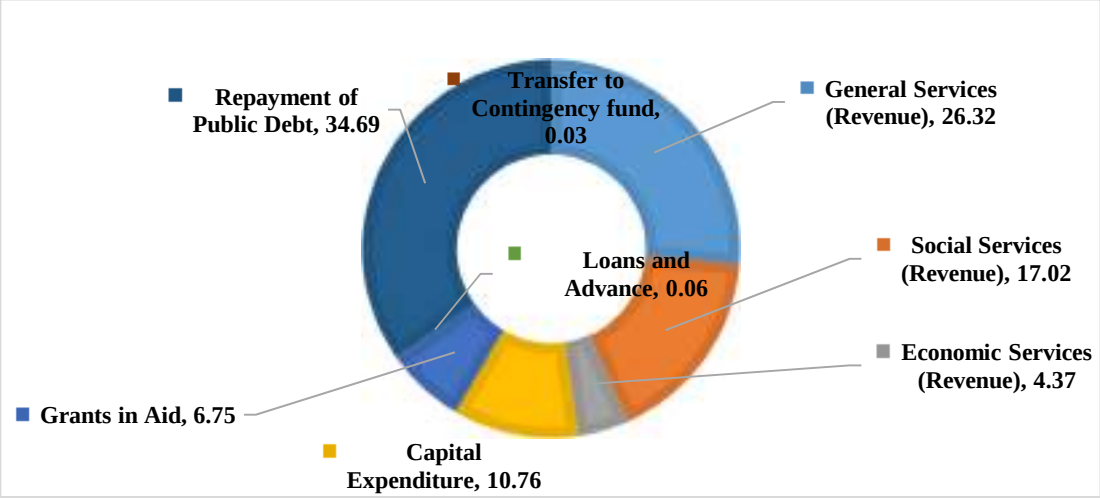
(In per cent)



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

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

(In per cent)



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

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

2.4.2 Revenue Expenditure

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

Table 2.11: Revenue Expenditure – Basic Parameters

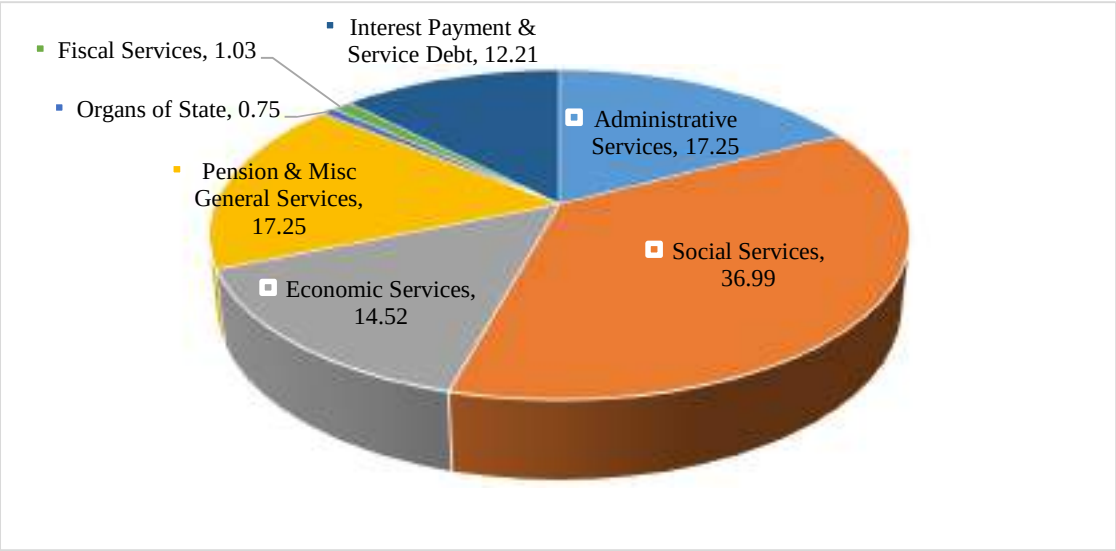
(₹ in crore)

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

Source: Finance Accounts

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

(In per cent)



During 2020-21, the combined share of Revenue Expenditure on Economic Services and Social services accounted for 51.51 *per cent and* General Services accounted for 48.49 *per cent* of Revenue Expenditure. The expenditure on Administrative Services (17.25 *per cent),* Interest payments & Servicing of debts (12.21 *per cent*), Pension & Miscellaneous General Services (17.25 *per cent*) were the major components of expenditure on General Services.

2.4.2.1 Committed Expenditure

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

Table 2.12: Components of Committed Expenditure

(₹in crore)

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

Source: Finance Accounts

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

2.4.2.2 Undischarged liabilities in National Pension System

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

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

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

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

2.4.2.3 Subsidies

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

Table 2.13: Expenditure on subsidies during 2020-21

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

Source: Finance Accounts

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

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

Financial assistance is provided by the Union Territory Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of Grants to local bodies and other institutions is presented in **Table 2.14.**

Table 2.14: Financial Assistance to Local Bodies etc.

(₹ in crore)

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

Source: Finance Accounts

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

2.4.3 Capital Expenditure

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

2.4.3.1 Quality of Capital Expenditure

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

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

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

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

UT of Jammu and Kashmir had total investment of ₹162.39 crore as on 31 March 2021 in one corporation (₹138.78 crore), one rural bank (₹2.35 crore), three companies (₹17.91 crore) and investment of (₹3.35crore) communicated by Registrar Co-operative Societies, J&K Government. In addition to above, erstwhile J&K State Government had cumulative investment of ₹4,617.16 crore in 38 Companies (₹4,148.83 crore), three Statutory Corporations (₹374.34 crore), eight Co-operative Institutions/ Local Bodies (₹47.83 crore), two Rural Banks (₹45.82 crore) and two Joint Stock Companies (₹0.34 crore) ending 30 October 2019 which had not been divided between Union Territory of Jammu and Kashmir and Union Territory of Ladakh. No dividend was received and credited to Government accounts during the year. ***Table 2.15*** gives overall picture of return on investment *vis-à-vis* the average cost of Government borrowing.

Table 2.15: Return on Investment

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

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

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

 # Investment at the end of the year X Difference between interest rate and return / 100

Source: Finance Accounts.

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

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

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing Loans and Advances to many of these institutions/organisations. ***Table 2.16*** presents the position of Loans and Advances outstanding as on 31 March 2021, interest receipts *vis-à-vis* interest payments during the year 2020-21.

Table 2.16: Quantum of loans disbursed and recovered during the year 2020-21.

(₹ in crore)

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

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

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

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

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

2.4.3.4 Capital blocked in incomplete works

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

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

(₹in crore)

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

Source: Finance Accounts.

2.4.3.5 Implementation of Ujwal Discom Assurance Yojana (UDAY)

With the objective of ensuring financial turnaround of Power Distribution Companies (DISCOM), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal Discom Assurance Yojana (UDAY) to improve the operational and financial efficiency of the State DISCOM. States were to take over 75 *per cent* of DISCOM debt as on September 2015 over two years i.e. 50 *per cent* of DISCOM debt was to be taken over in 2015-16 and 25 *per cent* in 2016-17. In March 2016, the Ministry of Power, Government of India and Government of Jammu and Kashmir signed a Memorandum of Understanding (MOU) under the scheme UDAY-"Ujwal DISCOM Assurance Yojana" and borrowed ₹3,537.55 crore (₹2,140 crore in 2015-16 and ₹1,397.55 crore in 2016-17) from RBI by issue of Non Statutory Liquidity Ratio (SLR) bond at rates ranging between 7.07 *per cent* to 8.72 *per cent* with maturity date from March 2022 to October 2031.The function of electricity supply to consumers was being handled departmentally in the State so the money was utilised by the State Government to clear liabilities towards the Central Public Sector Undertakings (CPSU). The State Government has to pay interest on the bonds and bonds amounting ₹353.75 crore will also be maturing every year from 2021-22 to 2031-32. During the year 2020-21, UT Government paid ₹284.12 crore towards interest on bonds issued under UDAY Scheme.

2.4.4 Expenditure priorities

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

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

(In per cent)

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

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

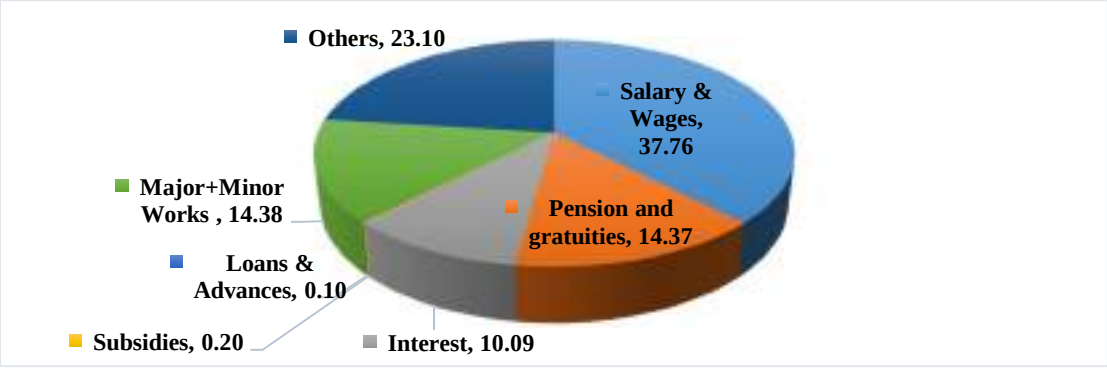
During the year 2020-21 the UTs expenditure priority on Health Sector, Capital Expenditure, and Total Expenditure was more than average of North Eastern and Himalayan States and expenditure priority on Revenue Expenditure, Social Sector Expenditure, Economic Sector Expenditure, Development Sector Expenditure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

2.4.5 Object head wise Expenditure

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

Chart 2.9: Object head wise Expenditure

(in per cent)



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

2.5 Public Account

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

2.5.1 Net Public Account Balances

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

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

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

(₹ in crore)

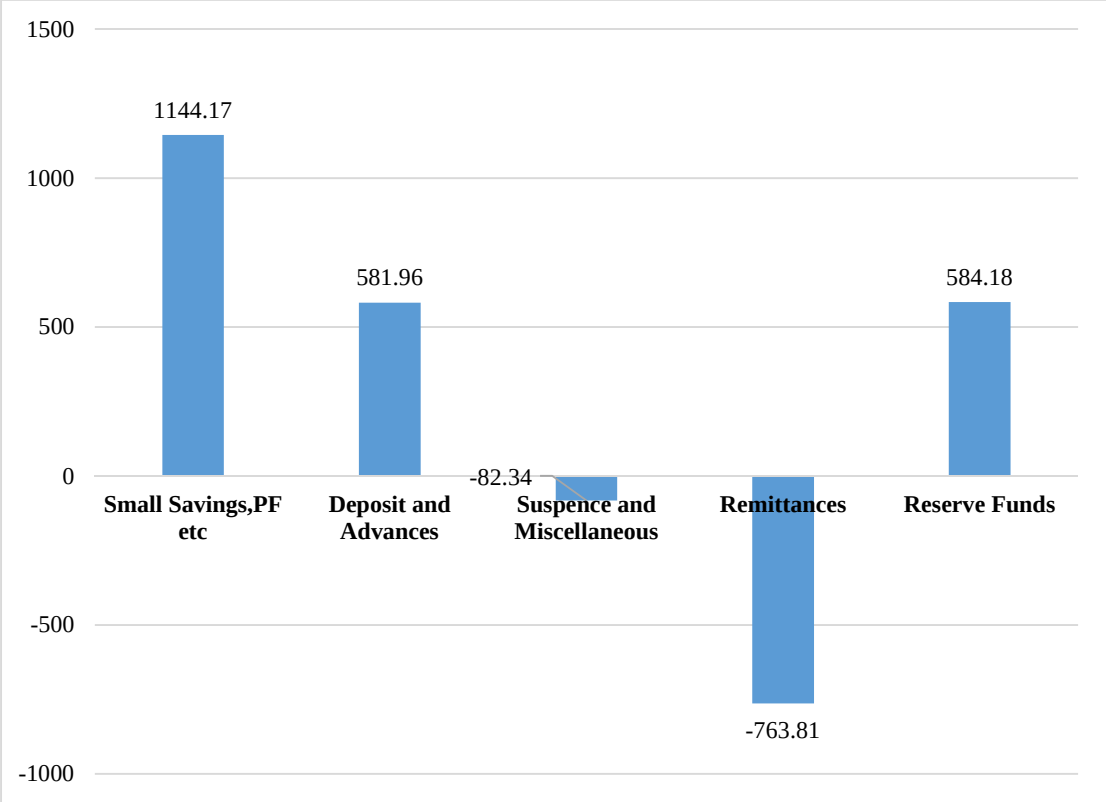
Sector	Sub Sector	2020-21
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-2,185.97 (-27,161.62)
J. Reserve Funds	(a) Reserve Funds bearing Interest	-780.89 (-1,260.62)
	(b) Reserve Funds not bearing Interest	9.76 (-1,533.95)
K. Deposits and Advances	(a) Deposits bearing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

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

The total credit balance under Public Accounts of UT of Jammu and Kashmir was ₹5,068.27 crore ending 31 March 2021. There was also a credit balance of ₹38,973 crore ending 30 October 2019 under Public Account of erstwhile State of Jammu and Kashmir which is yet to be bifurcated between Union Territory of Jammu and Kashmir and UT of Ladakh.

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

(₹ in crore)



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

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Accounts of the Government. These funds get contributions or grants from the Consolidated Fund of the UT of Jammu and Kashmir. The position of reserve funds in the accounts of Union Territory of Jammu and Kashmir is shown in the Table below. The total accumulated balance at the end of 31 March 2021 in these funds was ₹771.13 crore. Out of which ₹780.89 crore (Credit) was under interest bearing Reserve Fund and ₹9.76 crore (Debit) under Non-Interest bearing Reserve Fund. The Debit balance of ₹9.76 crore as on 31 March 2021 under Non-Interest bearing Reserve Fund is due to total accumulated net balance (Non-Interest bearing) in Reserve Funds as at the end of 30 October 2019, yet to be apportioned between successor Union Territories. The cumulative aggregate balance in these funds at the end of 30 October 2019 was ₹2,806 crore which is yet to be bifurcated between two UTs.

Table 2.20: Closing Balances under Reserve Funds

(₹in crore)

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

Source: Finance Accounts

2.5.2.1 Consolidated Sinking Fund

The Government of erstwhile Jammu & Kashmir State constituted (January 2012) a Consolidated Sinking Fund for amortisation of loans in 2012. This has been continued by the successor Union Territory of Jammu and Kashmir. As per guidelines of the Fund, Government may contribute 0.50 *per cent* of the outstanding liabilities {public debt + public account (excluding Suspense and Remittances)} as at the end of previous year. During the year 2020-21, an amount of ₹55.63 crore was contributed to this Fund by the Union Territory Government as against required contribution of ₹27.50 crore i.e. 0.50 *per cent* of total outstanding liabilities of ₹5,500.35 crore during the year 2020-21. The Contribution of ₹355.87 crore since inception of this fund by erstwhile State of Jammu and Kashmir to the Fund up to ending 30 October 2019 is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

2.5.2.2 State Disaster Response Fund

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

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

Table 2.21: Receipts and Expenditure under State Disaster Response Fund

(₹ in crore)

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

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

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

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

2.5.2.3 Guarantee Redemption Fund

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

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

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

2.5.2.4 Central Road Fund (CRF)

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

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

2.6 Debt Management

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

2.6.1 Debt profile: Components

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

Table 2.22: Component wise outstanding debt

(₹ in crore)

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

Source: Finance Accounts

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

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

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

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

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

(₹in crore)

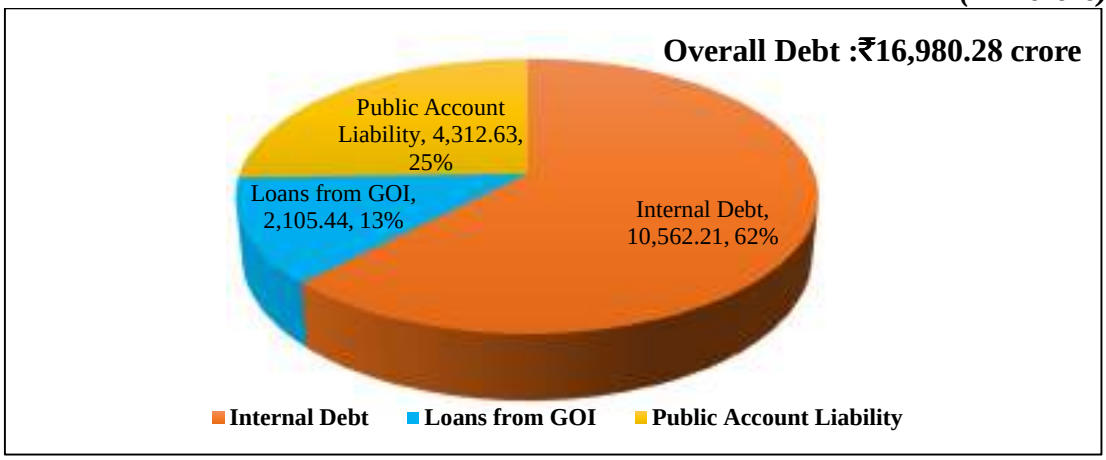
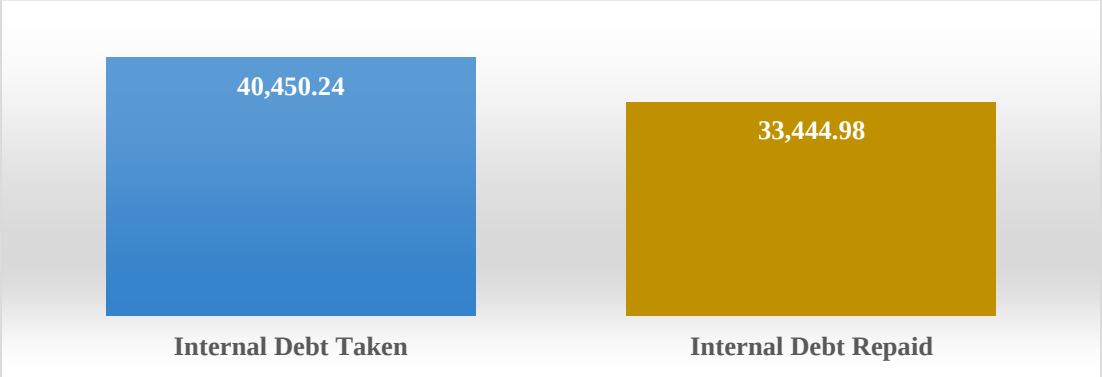


Chart 2.12: Internal debt taken *vis-à-vis* repaid

(₹in crore)



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

Table 2.23: Components of fiscal deficit and its financing pattern

(₹in crore)

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

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

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

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

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

(₹in crore)

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

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

2.7 Debt Analysis

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

Table 2.25: Position of Outstanding Public debt

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

Source Finance Accounts

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

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

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

Some of the indicators of debt sustainability are as under.

a) Net Public Debt available during the year 2020-21 was ₹4,887.23 crore which was just 11.44 *per cent* of debt receipt during the year.

b) Public Debt Repayments/Public Debt Receipts: During the year 2020-21 public debt repayment was 78.54 *per cent* of debt receipt resulting in only 21.46 *per cent* of public debt receipt was available with the Government.

c) Percentage of Interest payment on Public debt to total Revenue Receipts during the year 2020-21 was 8.16 *per cent.*

2.7.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable.

Table 2.26: Utilisation of borrowed funds during 2020-21

(₹in crore)

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

Source: Finance Accounts

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

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

2.7.2 Status of Guarantees – Contingent Liabilities

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

2.7.3 Management of Cash Balances

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

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

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

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

Table 2.27: Cash Balances and their investment

(₹in crore)

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

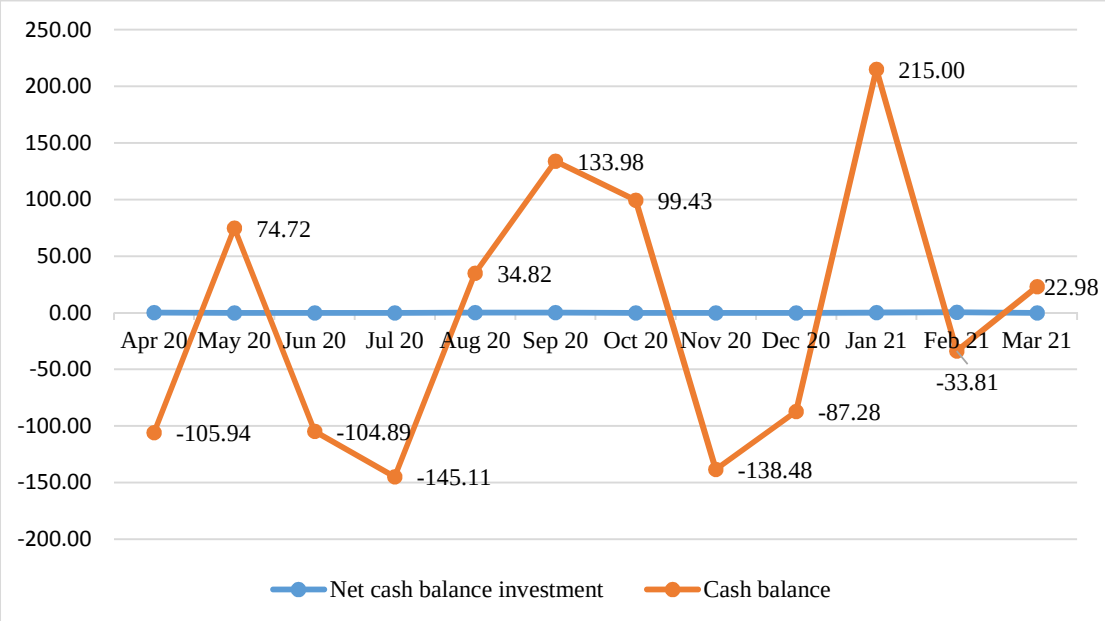
	Opening balance on 31 March 2020	Closing balance on 31 March 2021
Investments held in Cash Balance investment account	0.00	0.00
Total (A)	**1,482.28**	**1,447.69**
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	0.00	0.00
Permanent advances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

Source: Finance Accounts

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

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

(₹in crore)



Source: Finance Accounts

2.8 Conclusions

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

2.9 Recommendations

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

Chapter-III

Budgetary Management

CHAPTER-III

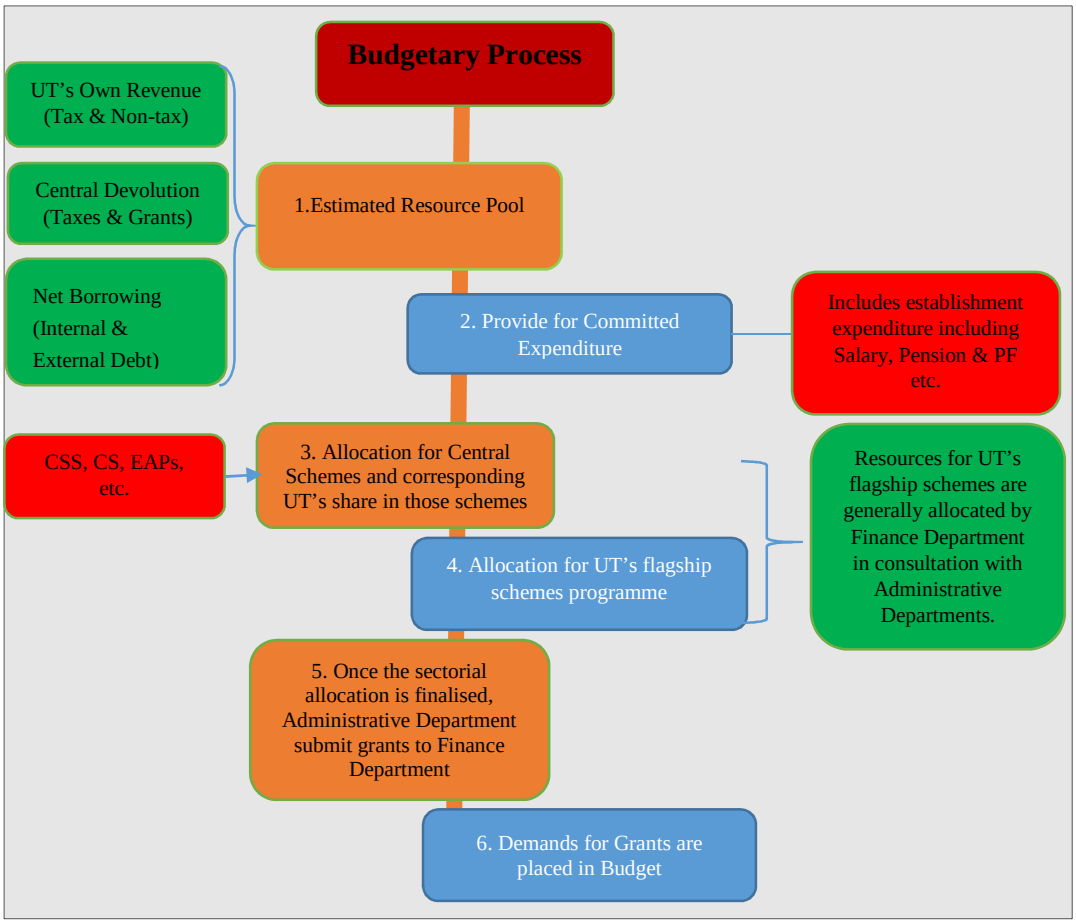
BUDGETARY MANAGEMENT

3.1 Budget Process

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

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

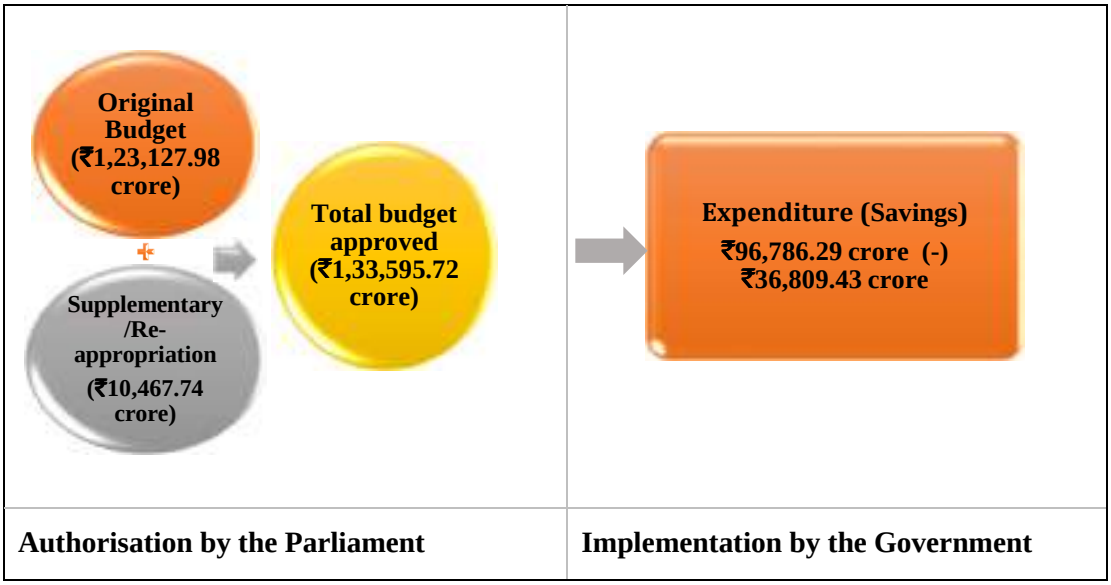
Chart 3.1: Budget Process



CSS: Centrally Sponsored Schemes; CS: Central Schemes.

The various components of budget 2020-21 are depicted in ***(Chart 3.2)***

Chart 3.2: Components of Budget



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

3.1.1 Summary of Total Provisions, Actual Disbursements and Savings during 2020-21

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

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

(₹in crore)

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

3.1.2. Charged and Voted disbursements

During 2020-21, against the budget provision of ₹1,00,254.92 crore under the Voted section, expenditure of ₹56,782.00 crore has been incurred, resulting into saving of ₹43,472.92 crore. However, against the budget provision of ₹33,340.81 crore under the *charged* section, expenditure of ₹40,004.29 crore has been made resulting into excess expenditure of ₹6,663.48 crore during the same period, as shown in the table above.

3.2. Appropriation Accounts

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be *charged* under the provisions is so *charged*. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.3 Comments on Integrity of Budgetary and Accounting Process

3.3.1 Expenditure incurred without authority of law

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

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

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

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

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

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

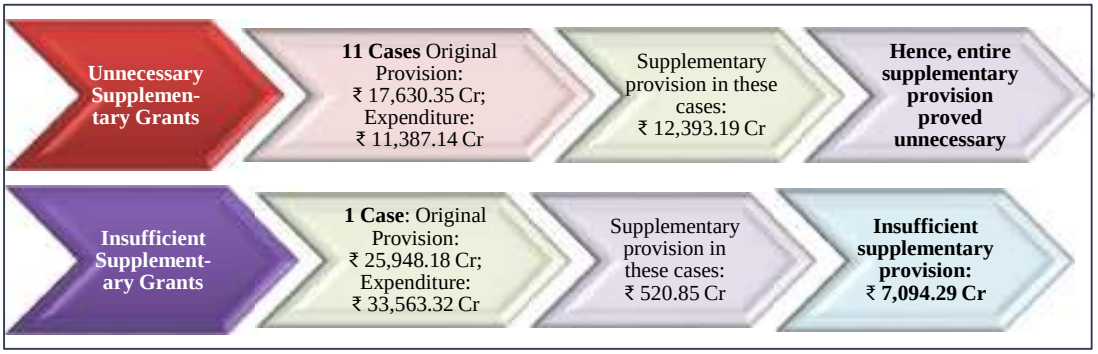
Sl. No.	Major Head of Account	Type of Misclassification	Amount *(₹in crore)*
1	4210, 4225, 4401 and 4515	Grant-in-aid classified as Capital Expenditure	61.59
2	4235	Salary booked as Capital Expenditure	0.17
3	4401, 4402 and 5055	Subsidy booked as Capital Expenditure	128.05
		Total	**189.81**

3.3.3 Unnecessary or Insufficient Supplementary Grants

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

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

Chart 3.3: Unnecessary and Insufficient Supplementary Provisions



Source: Appropriation Accounts

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

3.4 Substantial Savings

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

3.4.1 Percentage of utilisation of provision under each Grant

Audit examination of utilisation of grants revealed that out of 35 grants, in 34 grants, the utilisation ranged between 20 *per cent* and 83 *per cent.* In the remaining one grant there was over utilisation of 11 *per cent* resulting in excess over provisions during 2020-21 as detailed in ***Appendix 3.4***. Savings (underutilisation) by these departments is indicative of non-prioritising of schemes/works by the Government or inefficiency in implementation of schemes by the department concerned/implementing agencies. Overutilisation of grant indicates the incurring of excess expenditure over the budget provisions by the department during the period, which needs to be regularised, as per the existing rules and regulations.

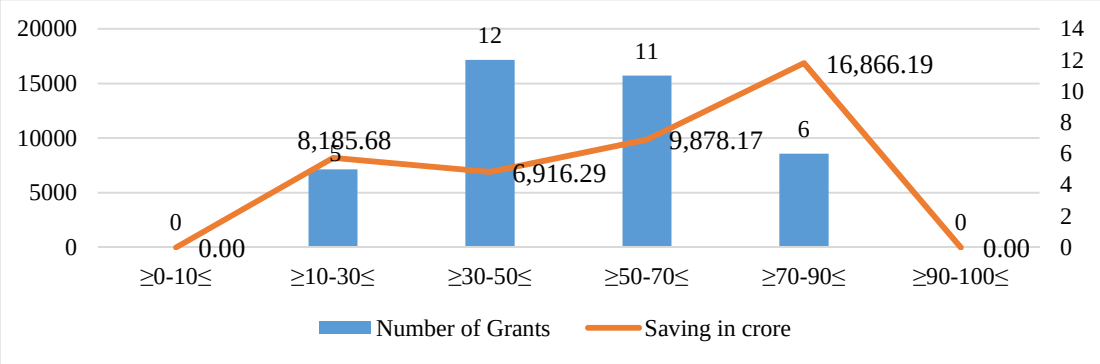
3.4.2 The distribution of the number of Grants/Appropriations grouped by the percentage of Savings

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

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

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

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



3.5 Grants with Nil Expenditure

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

3.5.1 Excess over provisions requiring regularisation

As per Section 43 of J&K Reorganisation Act 2019, no money shall be withdrawn from the Consolidated Fund of the Union Territory except under appropriation made by law passed in accordance with the provisions of this section.
Excess expenditure amounting to ₹7,094.29 crore under Capital *charged* section in Grant No. 08 (Finance Department) has been incurred by the Government during 2020-21.

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

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

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

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

3.6 Grants-in-aid for creation of Capital Assets

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

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

Table 3.3: Extent of classification of GIA as Capital Expenditure

(₹in crore)

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

Source: Finance Accounts

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

3.7 Comments on transparency of Budgetary and Accounting Process

3.7.1 Lump Sum Budgetary Provisions

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

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

Table 3.4: Comments on transparency of budgetary and Accounting process

(₹in crore)

Grant No.	Grant Name	MH	Provision	Expenditure	Total provision in the Grant	Percentage of lump sum provision to total provision of the Grant
8	Finance Department	2071-Pension and Other Retirement Benefits	7,297.29	8,008.92	**45,535.59**	17 *per cent*
		2030- Stamps & Registration	6.91	4.54		
		2049 - Interest Payments	292.18	1,052.96		
		Total	**7,596.38**	**9,066.42**		

3.8 Comments on effectiveness of Budgetary and Accounting Process

3.8.1 Budget projection and gap between expectation and actual

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

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

(₹in crore)

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

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

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

3.8.2 Rush of expenditure

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

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

(₹in crore)

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

Source: VLC Data

3.9 Review of selected Grants

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

3.9.1 Grant No: 06 - Power Development Department

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

(₹in crore)

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

(i) Against the total allocation of ₹17,401.35 crore under the Grant, an expenditure of ₹3,402.41 crore only was booked and an amount of ₹13,998.94 crore (80 *per cent*) remained unspent during the year which indicates that the department made unrealistic budget provisions during the year 2020-21 resulting in savings of ₹954.87 crore in Revenue Voted and ₹13,044.07 crore in Capital Voted section.

(ii) Entire budget provision of ₹12,037.22 crore in eight Schemes ***(Appendix 3.8)*** remained unutilised resulting in denial of intended benefits to the general public.

(iii) At the close of the year 2020-21, in 12 cases ***(Appendix 3.9)*** saving of ₹1,960.81 crore was not surrendered by the concerned department. The savings in grants is indicative of over assessment of grants resulting in savings and also non-surrender of funds (savings) is in contravention to the instructions of the Budget Manual.

3.9.2 Grant No: 08 - Finance Department

Table 3.8: Excess/Saving under Grant No. 8

(₹in crore)

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

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

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

(ii) An amount of ₹9,892.76 crore was incurred under 40 schemes/ Sub Heads (***Appendix 3.10***) without Budgetary Provisions during 2020-21 which needs to be regularised.

(iii) Entire budget provision of ₹2,656.07 crore involving 14 No. of schemes as detailed in ***Appendix 3.11*** remained unutilised during the year resulting in denial of intended benefits to the general public.

(iv) At the close of the year 2020-21, in 43 cases (***Appendix 3.12)***, saving of ₹3,561.38 crore was not surrendered by the concerned department. The savings in grants is indicative of over assessment of grants resulting in savings and also non-surrender of funds (savings) is in contravention to the instructions of the Budget Manual.

(v) Excess expenditure of ₹1,384.25 crore has been incurred in two schemes ***Appendix 3.13*** during the year 2020-21 which is required to be got regularised.

3.10 Conclusions

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

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

3.11 Recommendations

1. Government should be more realistic in its budgetary assumptions and ensure efficient control mechanisms to curtail savings/excess expenditure.
2. Excess expenditure over the approved grants may be regularised at the earliest.
3. Government may consider strengthening of financial monitoring to avoid rush of expenditure at fag end of the year.
4. Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.

Chapter-IV

Quality of Accounts and Financial Reporting Practices

CHAPTER-IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the Union Territory Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

Issues related to completeness of accounts

4.1 Funds outside Consolidated Fund or Public Account of the Union Territory of Jammu and Kashmir

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

4.1.1 Building and Other Construction Workers Welfare Cess

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

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

4.1.2 Water Usage Charges

The Water Usage Charges are being levied at 05 paisa to 25 paisa per cubic meter of water on Hydel power generating companies under the provisions of the Jammu and Kashmir Water Resources (Regulation and Management) Act, 2010 amended on 25 October 2012 and 27 October 2014. Under the Act, a Fund was to be constituted as an account in the Jammu and Kashmir Bank or allotted a proper account head. The amount realised as water usage charges was to be deposited in the account/head so created, and utilised for establishment of Hydroelectric and Multi-purpose Hydro Electric Projects and for buying back Hydroelectric Power Projects already established in the State and purchase of power. As on 31 March 2021 an amount of ₹15.31 crore on account of water usage charges/interest was in the Water Usage Fund Account (Saving Bank Account) which remained out of Consolidated Fund of the Union Territory of Jammu and Kashmir.

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

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

4.2 Funds transferred directly to Implementing Agencies

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

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

Table 4.1: Funds transferred by Government of India directly to Government Department.

(₹in crore)

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

Source: Finance Accounts

4.3 Deposit of Local Funds

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

Table 4.2: Deposits of Local Funds

(₹in crore)

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

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

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

Issues related to transparency

4.4 Delay in submission of Utilisation Certificates

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

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

(₹in crore)

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

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

3,215 number of Utilisation Certificates for grants paid up to 30 September 2019 amounting to ₹10,076.58 crore were outstanding up to 31 March 2021. Year wise breakup of outstanding UCs is shown below in **Table 4.4**.

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

(₹in crore)

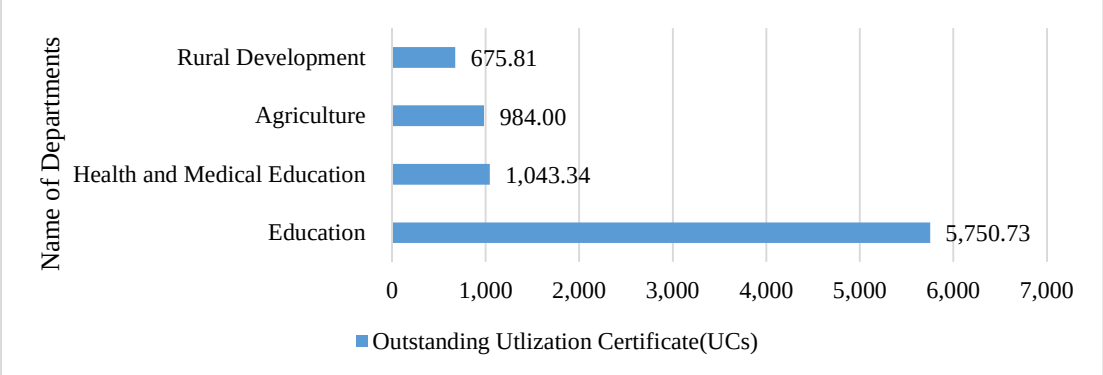
Year*	Number of UCs	Amount
Up to 2018-19	1,461	5,725.99
2019-20	345	1,248.21
2020-21	1,409	3,102.38
Total	**3,215**	**10,076.58**

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

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

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

(₹in crore)



Source: Finance Accounts

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

4.5 Abstract Contingent bills

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

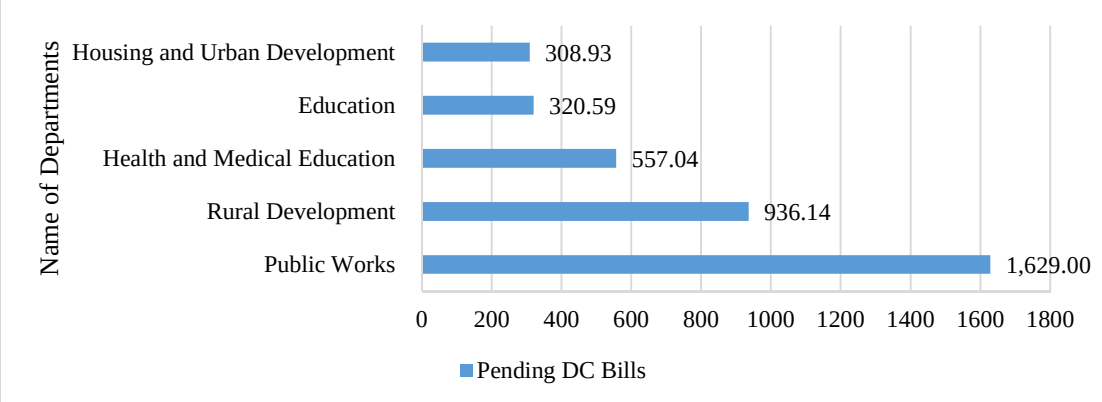
Table 4.5: Awaited DC bills from Departments of UT of Jammu and Kashmir

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

Source: Finance Accounts

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

(₹ in crore)



Source: Finance Accounts

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

4.6 Indiscriminate use of Minor Head-800

Minor Head-800-Other Receipts/Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided in the Accounts. Routine operation of Minor Head-800 for budgeting and accounting renders the Accounts opaque without identifying the Receipt/ Expenditure (as the case may be) to its appropriate object of Revenue or Expenditure. During the year 2020-21, ₹3,741.00 crore (including Revenue Receipt of ₹2,349.74 crore representing Sale of Power and Misc. Power Receipts under Major Head-0801) under 38 Revenue Major Heads of Accounts constituting 7.13 *per cent* of the total Revenue Receipts of ₹52,495.48 crore, was recorded under the Minor Head-800-'Other Receipts'. Similarly, Expenditure of ₹4,677.34 crore under 48 Major Heads of Accounts constituting 7.41 *per cent* of total Revenue and Capital Expenditure of ₹63,104.13 crore was classified under Minor Head- 800-'Other Expenditure'. Instances where a substantial proportion (50 *per cent* or more/significant amount) of the Receipts and Expenditure under a Major Head was classified/ booked under the Minor Head-800-Other Receipts/Expenditure are shown in the table below.

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

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

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

Source: Finance Accounts

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

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

Issues related to measurement

4.7 Outstanding balance under Major Suspense and DDR heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items have been shown as gross debit and credit balances for 2020-21 in **Table 4.8**.

Table 4.8: Balances under Suspense and Remittances

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

Source: Finance Accounts

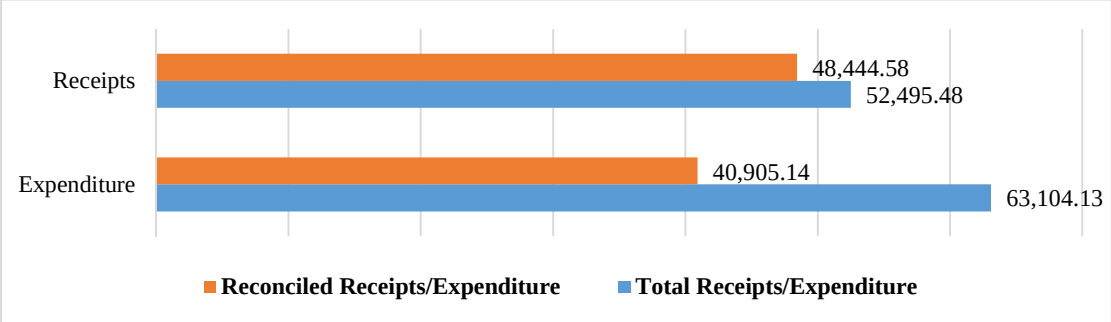
4.8 Non-reconciliation of Departmental figures

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

the receipts and expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E). Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

Chart 4.3: Status of reconciliation during period 2020-21

(₹in crore)



Source: Finance Accounts

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

4.9 Reconciliation of Cash Balances

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

Issues related to disclosure

4.10 Compliance with Accounting Standards

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

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

Table 4.9: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by UT Government	Impact of deficiency
1.	**IGAS-1:** *Guarantees Given by the Government– Disclosure requirements*	To ensure uniform and complete disclosure of such guarantees.	Complied (Statements 9 and 20 of Finance Accounts)	Detailed information like maximum amount of guarantee, addition, deletions of guarantees during the year, sector and class of guarantees for each institution has been furnished.
2	**IGAS-2:** *Accounting and Classification of Grants-in- Aid*	To prescribe the principles for accounting and classification of Grants-in-aid in the Financial Statements of Government both as a grantor as well as a grantee.	Not complied (Statement 10 of Finance Accounts)	(i) Certain Grants-in-Aid to be classified under Revenue Section have been classified under Capital Section (ii) Information has not been furnished in respect of Grants in Aid given in kind by the UT Government.
3.	**IGAS-3:** *Loans and Advances made by Government*	To ensure adequate disclosure on loans and advances made by the Government consistent with best international practices	Not complied (Statement 7 and 18 of Finance Accounts)	Details of recoveries in arrears and accrued interest thereon not furnished by UT Government.

4.11 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

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

Table 4.10: Non-submission of accounts by Autonomous Bodies

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

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

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

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

4.12 Departmental Commercial Undertakings/Corporations/Companies

The departmental undertakings of certain Government departments performing activities of commercial nature are required to prepare *proforma* accounts in the prescribed format annually. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay is fraught with risk of fraud and leakage of public money.

The Heads of the Government Departments are required to ensure that the undertakings prepare such accounts and submit the same to the Pr. Accountant General (Audit), Jammu and Kashmir for audit, within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System (PDS) under the Consumer Affairs and Public Distribution Department. The *proforma* accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not submitted their *proforma* accounts from 1968-69 to 2019-20. The *proforma* accounts have not been submitted by Food Civil Supplies & Consumer Affairs Department, Kashmir from 1975-76 to 2019-20 and by Food Civil Supplies & Consumer Affairs Department, Jammu from 1973-74 to 1997-98 and 1999-2000 to 2019-20. Due to non-

compliance with the basic requirements of the preparation of annual *proforma* accounts by the Departmentally Managed Commercial Undertakings, financial reporting may not be accurate and reliable.

The status of audit of Companies/Corporations of Union Territory of Jammu and Kashmir is shown in ***Appendix 4.2***. Accounts in respect of only four Companies were audited up to 2019-20 and accounts of four Companies and one corporation were audited up to 2018-19. In respect of 17 Companies / Corporations audit of accounts is in arrear for the period ranging between 5 to 17 years. Audit of J&K State Forest Corporation was entrusted in 1996-97 but Corporation has never submitted its account. J&K Medical Supplies Corporation Ltd was incorporated in March 2014 and it has also never submitted its accounts. In absence of timely finalisation of accounts, results of the investment of the Government remains outside the purview of Legislature and escape scrutiny by audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Risk of fraud and mis-utilisation of public money cannot be ruled out. The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Pr. Accountant General (Audit) within a specified time frame.

4.13 Non-submission of details of Grants/ Loans given to Bodies and Authorities

In order to identify institutions / organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971(C&AG's DPC Act), the Government / HODs are required to furnish to Audit every year

- detailed information about the financial assistance given to various institutions,
- the purpose for which the assistance is granted, and
- total expenditure of the institutions.

Further, Regulation on Audit and Accounts (Amendments) 2020 provides that Governments and HODs, who sanction grants and / or loans to bodies or authorities shall furnish to Audit by the end of July every year a statement of such bodies and authorities to which grants and / or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority. The Government, however, did not furnish the above mentioned information, which is in violation of Regulations on Audit and Account (Amendments) 2020.

4.14 Timeliness and Quality of Accounts

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

Other Issues

4.15 Follow up action on State Finances Audit Report

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

Report of the Comptroller and Auditor General of India on State Finances is being prepared since 2008-09 and Reports till the year 2015-16 have been tabled in the State Legislature. The State /UT has been under Governor's/President rule since 20 June 2018 as such the Report on State Finances /State Finances Audit Report for the year 2016-17, 2017-18 and 2018-19 have been tabled in the Parliament along with the other Audit Reports. Action Taken Notes on these Reports were not furnished by the State /UT Governments.

4.16 Conclusions

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

4.17 Recommendations

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

Chapter-V

Financial Performance of Public Sector Undertakings

CHAPTER-V

Financial Performance of Public Sector Undertakings

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

5.1 Definition of Government Company

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

Besides, any other Company[1] owned or controlled directly or indirectly, by the Central Government, or by any State or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies.

5.2 Mandate of Audit

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

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

PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the economy of J&K. As on 31 March 2021, there were 42 PSUs in Jammu and Kashmir under the audit jurisdiction of the CAG. These include 39 Government Companies (including six[2] inactive

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

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

Government Companies), two Statutory Corporations and one Government Controlled Other Company[3]. The names of these PSUs are given in ***Appendix 5.1***.

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

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

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

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

(₹ in crore)

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

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

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

5.4 Investment in PSUs and Budgetary support

5.4.1 Equity holding and Loans given

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

Table 5.2: Government of J&K investment in PSUs

(₹ in crore)

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

(Source: Compiled based on information received from PSUs)

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

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

5.4.2 Subsidy and Grant to PSUs

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

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

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

(₹ in crore)

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

(Source: Compiled based on information received from PSUs)

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

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

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

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

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

(₹ in crore)

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

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

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

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

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

5.4.4 Adequacy of assets to meet loan liabilities in PSUs

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

Table 5.5: Coverage of long term loans with total assets

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

(Source: Latest finalized accounts of PSUs).

5.4.5 Market Capitalisation of equity investment in Government Companies

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

[4] Unaudited current figures up to March 2021.

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

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

5.4.6 Disinvestment, restructuring and privatisation

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

5.5 Returns from PSUs

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

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

Table 5.6: Top three SPSEs which contributed maximum profit

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

(Source: Latest finalized accounts of PSUs).

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

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

5.5.1 Dividend payout by PSUs

As per the latest finalized accounts as of 30 November 2021, 12 PSUs earned an aggregate profit of ₹520.12 crore. No PSU had declared/ paid dividend[6].

5.6 Debt Servicing and legal compliances

5.6.1 Position of Long Term Loan of PSUs

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

Table 5.7: Details of Long Term Loan

(₹ in crore)

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

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

Long Term Loans of the PSUs decreased to ₹5,925.67 crore as on 31 March 2020 from ₹6,773.65 crore as at the end of March 2019. They increased to ₹12,290.48 crore at the end of March 2021 mainly due to the long term loans of ₹1,256.80 crore and ₹6,012.24 crore[7] availed by JKPDC and Jammu & Kashmir Power Corporation Limited respectively from banks and other financial institutions. GoJ&K share in total long term loan of the PSUs decreased from ₹2,142.76 crore by end of March 2019 to ₹1,437.72 crore by end of March 2021.

5.6.2 Interest Coverage in PSUs

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

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

Table 5.8: Interest Coverage Ratio of PSUs

(₹ in crore)

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

Of these 14 PSUs[8] having liability of loans from Government as well as Banks and other Financial Institutions during 2020-21, seven PSUs had interest coverage ratio of more than one, whereas remaining seven PSUs had Interest Coverage Ratio below one, which indicated that these seven PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

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

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

5.6.3 Age wise analysis of interest outstanding on Government Loans

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

Table 5.9: Interest outstanding on Government Loans

(₹in crore)

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

(Source: Compiled based on information received from PSUs)

5.7 Operating efficiencies of PSUs

5.7.1 Value of production

The details of value of production, total assets and capital employed[9] during 2018-19 to 2020-21 are given in **Table 5.10**.

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

(₹in crore)

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

(Source: Latest finalized accounts of the Companies)

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

5.7.2 Return on Investment in Listed PSUs

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

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

Table: 5.11 Return on Investment of Listed PSU

(***In per cent***)

	2016-17	2017-18	2018-19	2019-20	2020-21
ROI[10]	532.82	409.61	361.60	182.79	243.81

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

5.7.3 Return on Capital Employed and Equity in Listed PSUs

The profitability of a Company is traditionally assessed through return on equity and return on capital employed. Return on Capital Employed (ROCE)[11] is a financial ratio that measures the Company's profitability and the efficiency with which its capital is used and is calculated by dividing Company's earnings before interest and taxes by capital employed. Return on Equity (ROE)[12] is a measure of performance calculated by dividing the net profit after tax by shareholders fund.

Detail of ROCE and ROE of Jammu and Kashmir Bank Limited, the only listed Company, is given in **Table 5.12**:

Table 5.12: ROCE and ROE of Listed PSU

(***In per cent***)

	2016-17	2017-18	2018-19	2019-20	2020-21
ROCE	-36.75	11.55	17.93	-23.18	15.50
ROE	-65.00	7.56	15.46	-61.63	21.00

The ROCE and ROE was high during last five years (except during 2016-17 and 2019-20, mainly due to high Profit after tax earned by Jammu & Kashmir Bank Limited. During 2016-17 & 2019-20, ROCE and ROE was negative due to loss incurred by the Bank.

The ROCE worked at realised value[13] of investment in respect of Jammu & Kashmir Bank Limited is as follows:

Table 5.13: ROCE for Listed PSU considering share premium

(***In per cent***)

2016-17	2017-18	2018-19	2019-20	2020-21
-33.78	10.12	16.17	-18.06	12.20

The ROCE after considering the share premium account of Jammu &Kashmir Bank Limited, ranged between (-)33.78 *per cent* to 16.17 *per cent* during the period 2016-17 to 2020-21.

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[10] ROI= (Government's share of the Market Capitalisation of the Company as at 31 March of FY + Present Value of Dividend Receipts of the Government as at 31 March of FY + Present Value of Disinvestment Receipts of the Government as at 31 March of FY) – (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/Grants infused for meeting Operational and Administrative Expenditure as at Inception)/ (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/ Grants infused for meeting Operational and Administrative Expenditure as at Inception)/ Number of intervening annual periods

[11] ROCE = Earnings before Interest and Tax/ Capital Employed. Figures are as per the latest year for which accounts of the PSUs are finalised

[12] ROE=Profit after Tax/Share holders' Fund, Share holders' Fund = Paid up capital + Free Reserves and Surplus– Deferred Revenue Expenditure – Accumulated Losses

[13] Investment including share premium

5.7.4 Return on Capital Employed and Equity of Non-Listed PSUs

The details of ROCE and ROE of non-listed PSUs[14] during the period from 2016-17 to 2020-21 are given in **Table 5.14**.

Table 5.14: Return on Capital Employed and Equity

(₹ in crore)

Year	PBIT	PAT	Capital Employed	Shareholders Fund	RoCE	RoE
2016-17	609.46	226.74	6,586.07	3,273.31	9.25	6.93
2017-18	391.70	-8.52	7,826.10	3,999.47	5.01	-0.21
2018-19	350.81	-29.92	7,779.10	3,811.35	4.51	-0.79
2019-20	480.33	117.26	7,878.91	3,433.16	6.10	3.42
2020-21	437.75	-119.66	7,593.02	3,040.39	5.77	-3.94

The ROCE ranges between 4.51 *per cent* and 9.25 *per cent* and ROE ranges between (-)3.94 *per cent* and 6.93 *per cent* during the period 2016-17 to 2020-21.

5.7.5 Rate of real return (RORR) on Government Investment PSUs

In order to bring the historical cost of investment to its present value at the end of each year upto 31 March 2021, Present Value (PV) of money invested was computed where funds had been infused by the GoJ&K as equity, interest free loan and interest free loan converted into equity. Grant/ subsidy given by the Government for operational and management expenses have not been considered as bifurcation of grant and subsidy for operational and management expenses and for other purpose was not available since inception of these companies till 31 March 2021.

The PV in these undertakings was computed on the following assumptions:

- Interest free loans have been considered as fund infusion. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest free loans over the period.
- The average rate of interest on government borrowings for the concerned financial year was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year.
- The GoJ&K infused ₹5.00 crore as equity in JKPDC. In addition to this, the GoJ&K also provided Plan funds since inception of the Company (1994-95) for creation of Capital Assets, which could not be bifurcated, has not been considered. Plan fund given to JKPDD and Assets transferred to JKPDC by GoJ&K, later converted into equity, has been added to the equity contribution in the year 2019-20.
- JPDCL, KPDCL, JKPTCL and JKPCL started their operations w.e.f. 1 April 2020, hence, equity contribution was considered in the year 2020-21 for the purpose of PV calculation of GoJ&K investment.

[14] Excluding CVPPPL as all its projects are under construction

- For the purpose of PV calculation of GoJ&K investment, the period from 2000-01 till 2020-21 has been taken for considering the investment of GoJ&K in PSUs.

The year wise position of investment made by the GoJ&K in PSUs and calculation of Net Present Value of the investment relating to those PSUs wherein the GoJ&K had made investment is indicated in ***Appendix 5.7***.

The historical cost of investment by the GoJ&K in these PSUs at the end of 2020-21 increased to ₹3,565.74 crore[15] from ₹352.29 crore at the beginning of 1999-2000. The GoJ&K made investments in form of equity (₹3,107.79 crore) and interest free loans (₹123.16 crore) during the period 1999-2000 to 2020-21. Besides, GoJ&K made investment of ₹520.12 crore[16] in plan fund during this period in JKPDC.

The PV of the investment infused by the GoJ&K as on 31 March 2021 amounted to ₹6,329.96 crore. The net earnings of PSUs as per their latest finalized accounts was ₹314.11 crore.

An analysis of the earnings *vis-à-vis* investments in respect of 40[17] PSUs where funds had been infused by the GoJ&K was carried out to assess the profitability of these PSUs which is given in **Table 5.15**.

Table 5.15: Real Rate of Return

(₹in crore)

Financial year	PV of total investment at the beginning of the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	PV of total investment at the end of the year	Total Earnings[18]	RoRR
2016-17	2,013.32	9.56	2,022.881	7.83	2,181.27	-1,406.44	-69.53
2017-18	2,181.27	101.63	2,282.903	7.23	2,447.96	192.85	8.45
2018-19	2,447.96	143.92	2,591.876	7.20	2,778.49	434.33	16.76
2019-20	2,778.49	2632.7	5,411.19	7.2	5,800.80	-1,022.15	-18.89
2020-21	5,800.80	130.57	5,931.37	6.72	6,329.96	306.12	5.16

During the period from 2016-17 to 2020-21, these 40 PSUs had a positive return on investment (except for the year 2016-17 & 2019-20). During 2020-21, return on GoJ&K Investment on the basis of historical value was 8.81 *per cent*. However, the Real Rate of Return considering the present value of investment was 5.16 *per cent* only.

5.8 PSUs incurring losses

There were 16 PSUs that incurred losses during the year 2020-21 as per their latest finalized accounts as detailed in ***Appendix-5.8***. The losses incurred by these PSUs increased to ₹1,354.96 crore in 2019-20 from ₹216.93 crore in 2018-19 and decreased to ₹214.51 crore in 2020-21 as per their latest finalized accounts as given below in **Table 5.16**.

[15] Opening balance: (₹352.29 crore) + Equity: (₹3,107.79 crore) + Interest free loans: (₹123.16 crore) - Interest free loan converted into equity: (₹169.92 crore)

[16] This investment was made from 2018-19 to 2020-21 and investment before this period had been converted into equity of GoJ&K

[17] Excluding JKB Financial Services Limited and CVPPPL wherein the GoJ&K had not made any investment

[18] As per the latest finalized accounts

Table 5.16: Summary of PSUs that incurred losses during 2018-19 to 2020-21

(₹in crore)

Year	No of PSUs incurred loss	Net loss for the year	Accumulated Profit/ Loss	Net Worth[19]
A. Statutory Corporations				
2018-19	2	133.55	(-)1,324.27	(-)959.83
2019-20	2	132.98	(-)1,563.95	(-)1,309.35
2020-21	1	117.62	(-)1,634.94	(-)1,426.98
B. Government Companies				
2018-19	8	83.38	(-)1,039.83	(-)956.10
2019-20	11	1221.98	357.72	527.18
2020-21	14	93.71	(-)1,780.54	(-)1,643.83
C. Government Controlled Other Company				
2018-19	0	-	-	-
2019-20	0	-	-	-
2020-21	1	3.18	49.34	2,773.00
Total PSUs				
2018-19	10	216.93	(-)2,364.10	(-)1,915.93
2019-20	13	1,354.96	(-)1,206.23	(-)782.17
2020-21	16	214.51	(-)3,366.14	(-)297.81

(Source: Latest finalized accounts as on 30 September 2019, 31 December 2020 and 30 November 2021)

Out of total loss of ₹214.51 crore incurred by 16 PSUs in 2020-21, loss of ₹203.64 crore was attributed to seven PSUs listed in Table 5.17 which incurred loss of more than ₹five crore as per their latest information provided. The majority of the loss for the year 2019-20 is attributable to the loss of ₹1139.41 crore reported by Jammu and Kashmir Bank Limited. The bank reported profit in its operations in the year 2020-21 of ₹428.45 crore.

Table 5.17: PSUs (other than power sector) that incurred losses of more than ₹ five crore

Sl. No.	Name of the PSU	Net loss (₹ in crore)
1.	Jammu & Kashmir State Road Transport Corporation	117.62
2.	Jammu & Kashmir Industries Limited	36.39
3.	Jammu & Kashmir State Industrial Development Corporation Limited	20.54
4.	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	8.60
5.	Jammu & Kashmir Minerals Limited	8.38
6.	Jammu & Kashmir Tourism Development corporation	6.14
7.	Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	5.97

(Source: Latest finalised accounts as on 30 November 2021)

5.8.1 Erosion of Capital in PSUs

As on 31 March 2021, there were 18 PSUs with accumulated losses of ₹3,655.92 crore ***(Appendix 5.9).*** Of these 18 PSUs, 15 PSUs incurred losses amounting to ₹211.34 crore and three PSUs had not incurred loss, even though they had accumulated loss of ₹247.44 crore. The net worth of 11 out of 18 PSUs had been completely eroded by accumulated loss and their net worth was negative. The net worth of these 11 PSUs was (-)₹3,148.02 crore against equity investment of ₹458.04

[19] Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

crore as on 31 March 2021. Out of these 11 PSUs, whose capital had been eroded, two PSUs had earned profit of ₹34.64 crore during 2020-21.

5.9 Oversight Role of CAG

5.9.1 Audit of Public Sector Undertakings (PSUs)

Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a State Government Company and State Government Controlled Other Company [20] under Section 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

5.10 Appointment of statutory auditors of PSUs by CAG

Section 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a State Government Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year.

5.11 Submission of accounts by PSUs

5.11.1 Need for timely submission

According to Section 395 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating statutory corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of State.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Despite above, annual accounts of various PSUs were pending as on 31 December 2020, as detailed in the following paragraph.

[20] A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company. Any other company owned or controlled, directly, or indirectly, by the Central Government or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government controlled other Companies.

5.11.2 Timeliness in preparation of accounts by Government Companies

As of 31 March 2021, there were 40 Government Companies under the purview of CAG's audit. Of these, accounts for the year 2020-21 were due[21] from 35 Government Companies. However, only three Government Companies submitted their accounts for the financial year 2020-21 for audit by CAG on or before 30 November 2021. Accounts of 37 Government Companies were in arrears for various reasons. Details of arrears in submission of accounts of these are given in **Table 5.18** below:

Table 5.18: Details of arrears in submission of accounts

Particulars		Total
Total number of Companies under the purview of CAG's audit as on 31.03.2021		40
Less: New Companies from which accounts for 2020-21 were not due		0
Less: Companies under liquidation/ inactive[22]		6
Number of companies from which accounts for 2020-21 were due		34
Number of companies which presented the accounts for CAG's audit by 30 November 2021		3
Number of companies with accounts in arrears		31
Breakup of Arrears	(i) Defunct	0
	(ii) First Accounts not submitted	6
	(iii) Others	25
Age-wise analysis of arrears against 'Others' category	Up to one year (2020-21)	5
	Up to two years (2019-20 and 2020-21)	14
	Three years and more	17

Details of these companies along with the position of GoJ&K investment in these PSUs during the period of arrear accounts are indicated in ***Appendix 5.10***.

5.11.3 Timeliness in preparation of accounts by Statutory Corporations

As of 31 March 2021, there were two Statutory Corporations under the purview of CAG's audit. Audit of Statutory Corporations is governed by their respective legislations. Out of the two Statutory Corporations, the C&AG is the sole auditor for Jammu & Kashmir State Road Transport Corporation. In respect of Jammu & Kashmir State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

The accounts of Jammu & Kashmir State Road Transport Corporation and Jammu & Kashmir Financial Corporation for the years 2019-20 and 2020-21 were awaited as on 30 November 2021.

Details of these Corporations along with the position of GoJ&K investment in these Corporations during the period of arrear accounts are indicated in ***Appendix 5.10***.

5.12 CAG's oversight - Audit of accounts and supplementary audit

5.12.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. The statutory corporations

[21] The due date for submission of accounts has been considered as 30 November 2021

[22] Jammu & Kashmir Asset Reconstruction Limited, Tawi Scooters Limited, Himalayan Wool Combers Limited and Jammu & Kashmir State Handloom Handicrafts Raw Materials Supply Organisation Limited (under liquidation); Jammu & Kashmir State Road Development Corporation Limited and Jammu & Kashmir International Trade Centre (inactive)

are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such corporations.

5.12.2 Audit of accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by the CAG under Section 139 of the Companies Act 2013, conduct audit of accounts of the Government Companies and submit their reports thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power:

- to issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013 and
- to supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

5.12.3 Supplementary Audit of accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The statutory auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

5.13 Result of CAG's oversight role

Position of supplementary audit of the financial statements of the PSUs conducted by the Comptroller and Auditor General (CAG) of India for the year 2020-21 (or of earlier years which were finalized during current year) is discussed in the next paragraph.

5.13.1 Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013

Financial statements for the year 2020-21 were received from two[23] Government Companies and one Government Controlled Other Company[24] by 30 November 2021. Of these, financial statements of two[25] Government Companies were reviewed in audit by the CAG.

[23] Jammu and Kashmir Bank Limited and JKB Financial Services Limited
[24] Chenab Valley Power Projects Private Limited
[25] Non review certificate was given to JKB Financial Services Limited for the year 2020-21

32 accounts of previous years were also received during the period 1 January 2021 to 30 November 2021, of which non review certificates were issued for six accounts, comments were issued in case of five accounts and 21 accounts were pending as of 30 November 2021. Further, 42 accounts of 10 PSUs relating to previous years which were received before 1 January 2021 were also reviewed during current year. Of the 42 financial statements, Comments were issued for 32 accounts of eight PSUs and Management Letters were issued to two PSUs for 10 years of their accounts.

5.14 Recommendations

1. The Government may impress upon those PSUs with arrear in accounts to ensure early finalisation of their Financial Statements as in the absence of their finalisation, Government investments in such PSUs remain outside the legislative oversight; and
2. The UT Government needs to take an early decision regarding commencement of liquidation process in respect of the inactive PSUs as they are neither contributing to economy nor meeting the objectives for which they were set up.

(Pramod Kumar)
Principal Accountant General (Audit),
Jammu & Kashmir

Srinagar/Jammu
Dated: 08 May 2022

Countersigned

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

New Delhi
Dated: 18 May 2022

APPENDICES

Appendix 1.1
(Reference Paragraph: 1.5)
Time Series Data[1] on the UT Government Finances

(₹in crore)

Part-A Receipts		
Fiscal Aggregate	**31/10/2019 to 31/03/2020)**	**2020-21**
1. Revenue Receipts (a) + (b)	**22,557.34**	**52,495.48**
(a) Tax Revenue	4,056.49	8,876.99
(i) Revenue from UT's Own Taxes	4,056.49	8,876.99
Of which		
State Goods & Service Tax	2,115.75	4,839.35
Taxes on sales, trade, etc.	782.43	1,495.61
State Excise	587.67	1,347.42
Taxes on vehicles	246.08	488.38
Stamps and Registration fees	117.54	325.54
Land Revenue	48.32	60.57
Other Taxes	158.70	320.12
(ii) UT's share of Union taxes and duties	0.00	0.00
(b) Non-Tax Revenue	**18,500.85**	**43,618.49**
(i) UTs Own Non-Tax Revenue	2,062.77	4,076.38
Of which		
Power Department receipts	1,196.66	2,349.74
(ii) Grants-in-aid from the Union Government	16,438.08	39,542.11
State's Own Revenues (a) (i) + (b) (i)	6,119.26	12,953.37
Revenue transfers from Centre (a) (ii) + (b) (ii)	16,438.08	39,542.11
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	2.34	1.93
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	16,647.37	42,732.93
4. Total receipts in the Consolidated Fund (1+2+3)	**39,207.05**	**95,230.34**
5. Contingency Fund receipts	0.00	25.00
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	11,364.19	24,833.82
Gross Receipts (4+5+6)	**50,571.24**	**120,089.16**
Public Account Receipts (Net) including receipts in departmental cash chest and cash balance investment	**3,604.34**	1,464.16

[1] Difference of 01 crore, wherever occurring, is due to rounding off

Part-B Disbursements		
Fiscal Aggregate	**31/10/2019 to 31/03/2020)**	**2020-21**
1. Revenue Expenditure (a) + (b)=(i) + (ii) + (iii)	**22,719.43**	**52,633.75**
(a) CSS/CA	637.96	1,740.45
(b) Normal/General/SFE	22,081.47	50,893.30
(i) General Services (including interest payments)	9,383.75	25,521.16
(ii)Social Services	8,614.74	19,471.70
(iii)Economic Services	4,720.94	7,640.89
2. Capital Expenditure (a) + (b)=(i) + (ii) + (iii)	**5,422.20**	**10,470.38**
(a) CSS/CA	1,861.63	4,294.25
(b)/General	3,560.57	6,176.13
(i) General Services	733.57	776.24
(ii) Social Services	1,492.93	2,492.57
(iii) Economic Services	3,195.70	7,201.57
3. Disbursement of loans and advances	**38.14**	**61.64**
4. Total (1+2+3)	**28,179.77**	**63,165.77**
5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances) *of which*	**13,149.34**	**33,563.32**
Internal Debt (excluding Ways and Means Advances and Overdraft)	985.31	4,134.06
Net transactions under Ways and Means Advances and Overdraft	-295.18	-1,784.54
Loans and Advances from Government of India	58.91	118.34
6. Appropriation to Contingency Fund	**0.00**	**25.00**
7. Gross disbursement out of Consolidated Fund (4+5+6)	**41,329.11**	**96,754.09**
8. Contingency Fund disbursements	**0.00**	**0.00**
9. Gross Public Account disbursements	**7,759.85**	**23,369.66**
10. Gross disbursements (7+8+9)	**49,088.96**	**120,123.75**
11. Increase in Cash Balance	**1,482.28**	**-34.59**
12 Grand Total	**50,571.24**	**120,089.16**

Part-C Deficits		
Fiscal Aggregate	**31/10/2019 to 31/03/2020)**	**2020-21**
1. Revenue Surplus(+)/Revenue Deficit(-) (Revenue Receipts-Revenue Expenditure)	**-162.09**	**-138.27**
2. Fiscal Deficit(-)**/surplus** (+) **(Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts)**	**5,620.09**	**10,693.36**
3. Primary Deficit(-)/Surplus(+) (Fiscal Deficit – Interest Payment)	**3,088.46**	**4,320.90**
4. Interest Payments (included in revenue expenditure)	**2,531.63**	**6,372.46**
5. Financial Assistance to local bodies, etc.	**3,998.98**	**6531.86**
6. Ways and Means Advances/ overdraft availed (days)	**132 (overdraft on 51 days)**	**318 (overdraft on 58 days)**
7. Interest on WMA/Overdraft	**12.87**	**40.13**
8. Public Debt Receipts	**16,647.37**	**42,732.93**
9. Gross State Domestic Product at Current Prices (GSDP[2])	**170382**	**176,282.00**
10. Outstanding Public Debt[3] (year end) excluding Public Account	**3,498.03**	**12,667.64**
11. Outstanding guarantees (year end) plus interest	**1,324.54**	**1,486.07**
12. Maximum amount guaranteed (year end)	**5,204.84**	**12,564.18**
13. Number of incomplete projects	**NA**	**165**
14. Capital blocked in incomplete projects	**NA**	**464.91**
Total Expenditure/GSDP *(per cent)*	NA	35.83
Revenue Receipts/Total expenditure *(per cent)*	80.05	83.11
Revenue Expenditure/Total Expenditure *(per cent)*	80.62	83.33
Expenditure on Social Services/Total Expenditure *(per cent)*	35.87	34.77
Expenditure on Economic Services/Total Expenditure *(per cent)*	28.09	23.50
Capital Expenditure/Total Expenditure *(per cent)*	19.24	16.58
Capital Expenditure on Social and Economic Services/Total Expenditure *(per cent)*	16.64	15.35
Revenue Surplus/Revenue Deficit as *per cent* of GSDP	-	-0.08
Fiscal Deficit as *per cent* of GSDP	-	6.07
Primary Deficit as *per cent* of GSDP	-	2.45
Revenue Deficit/Fiscal Deficit *(per cent)*	-	-1.29
Liabilities/GSDP[4] *(per cent)*	-	9.63
Liabilities/Revenue Receipts*(per cent)*	-	32.35
Debt Redemption (Principal+Interest)/Total Debt Receipts for the year *(per cent)*	89	89
Return on Investment	Nil	Nil
Financial Assets/Liabilities	98	98

Source: Finance Accounts

[2] Figures of GSDP is from MOSPI website.
[3] Includes internal debt and Loan and Advances from Central Government only.
[4] Taking into account the liability of erstwhile State ending 30 October 2019, the liability to GSDP will 57.02 *per cent*

Appendix 1.2
(Reference Paragraph: 1.5.1)
Abstract of Receipts and Disbursements for the year 2020-21

(₹ in crore)

Receipts			Disbursements		
Various items	**2020-21**	**2020-21**	**Various items**	**2020-21**	**2020-21**
1	**2**	**3**	**4**	**5**	**6**
Section-A: Revenue					
I. Revenue Receipts		***52,495.48***	**I. Revenue Expenditure**		**52,633.75**
Own-Tax revenue	*8,876.99*		**General Services**		***25,521.16***
			Social Services		***19,471.70***
Non-Tax Revenue	*4,076.38*		Education, Sports, Art and Culture	*10,092.54*	
			Health and Family Welfare	*4,427.59*	
State's Share of Union Taxes	*0.00*		Water Supply, Sanitation/H&UD	*2,710.12*	
			Information and Broadcasting	*79.51*	
Centrally Sponsored Schemes			Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	*87.29*	
Finance Commission Grants	*0.00*		Labour and Labour Welfare	*46.07*	
Grants from Govt. of India (Other Transfer/ Grants to States)	39,542.11		Social Welfare and Nutrition	*1,983.29*	
			Others	*45.29*	
			Economic Services		**7,640.89**
			Agriculture and Allied Activities	*2,870.56*	
			Rural Development	*448.06*	
			Special Areas Programmes		
			Irrigation and Flood Control	*611.85*	
			Energy	*2812.84*	
			Industries and Minerals	*358.28*	
			Transport	*210.38*	
			Science, Technology and Environment	*41.94*	
			General Economic Services	*286.98*	
II. Revenue deficit carried over to Section –B		**138.27**	**II. Revenue Surplus carried over to Section-B**		
Total Section-A		**52,633.75**	**Total Section-A**		**52,633.75**

Receipts			Disbursements		
Various items	**2020-21**	**2020-21**	**Various items**	**2020-21**	**2020-21**
1	**2**	**3**	**4**	**5**	**6**
Section B: Capital					
III. Opening Cash balance including Permanent Advances and Cash Balance Investment		**1,482.28**	**III. Capital Outlay**		**10,470.38**
IV. Misc. Capital receipts		**0.00**	**General Services**		**776.24**
			Social Services		**2,492.57**
			Education, Sports, Art and Culture	*597.74*	
			Health and Family Welfare	*529.85*	
			Water Supply, Sanitation/H&UD	*848.69*	
			Information and Broadcasting	*0.44*	
			Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	*31.28*	
			Social Welfare and Nutrition	*468.50*	
			Other Social Services	*16.07*	
			Economic Services		**7,201.57**
			Agriculture and Allied Activities	*702.31*	
			Rural Development	*2,022.86*	
			Special Areas Programmes		
			Irrigation and Flood Control	*147.72*	
			Energy	*589.58*	
			Industries and Minerals	*163.76*	
			Transport	*2,627.86*	
			Science, Technology and Environment	*24.23*	
			General Economic Services	*923.25*	
V. Recoveries of Loans and Advances		**1.93**	**IV. Loans and Advances Disbursement**		**61.64**
Industries and Minerals	*1.27*		Industries and Minerals	*28.14*	
Government servants	*0.47*		Transport	*32.50*	
Others	*0.19*		Others	*01.00*	

Receipts			Disbursements		
Various items	**2020-21**	**2020-21**	**Various items**	**2020-21**	**2020-21**
1	**2**	**3**	**4**	**5**	**6**
VI. Revenue surplus			**V. Revenue deficit**		**138.27**
VII. Public Debt Receipts		**13,422.01**	**VI. Repayment of Public Debt**		**4,252.40**
Internal debt of the State Government other than Ways and Advances	*9,649.96*		Internal debt of the State Government other than Ways and Advances	*4,134.06*	
Loans and Advances from GOI	*2,282.69*		Repayment of Loans and Advances from GOI.	*118.34*	
Net Ways and Means Advance	*1,489.36*		Net Ways and Means Advance		
VIII. Appropriation to Contingency Fund		**25.00**	**VII. Appropriation to Contingency Fund**		**25.00**
IX. Amount recouped to Contingency Fund		**0.00**	**VIII-Expenditure from Contingency Fund**		**0.00**
X. Public Account Receipts		**24,833.82**	**IX-Public Account Disbursements**		**23,369.66**
Small Savings and Provident Funds	*5,968.29*		Small Savings and Provident Funds	*4,824.12*	
Reserve Funds	*790.67*		Reserve Funds	*206.49*	
Deposits and Advances	*3,427.29*		Deposits and Advances	*2,845.33*	
Suspense and Miscellaneous	*12,655.15*		Suspense and Miscellaneous	*12,737.49*	
Remittances	*1,992.42*		Remittances	*2,756.23*	
			X. Cash Balance at the end		**1,447.69**
			Deposits with Banks	*1,447.69*	
Total Section-B		**39,765.04**	**Total Section-B**		**39,765.04**

Explanatory Notes

1. *The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.*
2. *Government accounts being mainly on cash basis, the deficit on Government account indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation on stock figures etc. do not figure in the accounts.*
3. *Suspense and Miscellaneous balances include cheques issued but not paid and payments made on behalf of the UT and others pending settlement, etc.*

Appendix 1.2 (Continued)
Summarised financial position of the Government of UT of Jammu and Kashmir as on 31 March 2021

(₹ in crore)

As on 31 March 2020			As on 31 March 2021	
Liabilities				
	3,556.94	**Internal Debt**		**10,562.21**
3,415.92		Market Loans bearing interest	9,435.22	
(-)26.65		Loans from LIC	(-)169.64	
167.68		Loans from other Institutions	1,296.63	
	(-)58.91	**Loans and Advances from Central Government**		**2,105.44**
0.00		Pre 1984-85 Loans	0.00	
0.00		Non-Plan Loans	0.00	
(-)58.47		Loans for State /Union territories loan schemes	(-)175.81	
(-)0.44		Other Loans for States/ Union Territory with Legislature Schemes	2,281.25	
	0.00	**Contingency Fund**		**25**
	1,041.80	**Small Savings, Provident Funds, etc.**		**2185.97**
	186.95	**Reserve Funds**		**771.13**
	773.57	**Deposits**		**1,355.53**
	1,398.31	**Remittance Balances**		**634.50**
	203.71	**Suspense and Misc. Balances**		**121.15**
	0.00	**Surplus on Government Account**		**0.00**
	7,102.37	**Total**		**17,760.93**

As on 31 March 2020			As on 31 March 2021	
Assets				
	5,422.20	**Gross Capital Outlay on Fixed Assets**		**15,892.58**
81.12		Investments in shares of Companies, Corporations, etc.	162.39	
5,341.08		Other Capital Outlay	15,730.19	
	35.80	**Loans and Advances**		**95.51**
23.00		Industries and Minerals	40.13	
13.26		Transport	55.50	
		Energy		
		Agriculture and Allied Activities		
(-)0.01		Other Development Loans	0.50	
(-)0.15		Loans to Government servants and Miscellaneous Loans	(-)0.62	
	0.00	**Advances**		
	0.00	**Suspense and Miscellaneous Balances**		
	0.00	**Contingency Fund (un-recouped)**		**0.00**
		Contingency Fund (Corpus)		**25.00**
	1,482.28	**Cash**		**1,447.69**
0.00		Cash in Treasuries and Local Remittances	0.00	
1,482.28		Deposits with Bank	1,447.69	
	162.09	Cumulative Excess of Expenditure over Receipts		**300.14**
	7,102.37	**Total**		**17,760.93**

Source: Finance Accounts Assets and Liability ending 30/10/2019 in respect of erstwhile J&K State has not been apportioned between Union Territory of J&K and Union Territory of Ladakh.

Appendix 3.1

(Reference Paragraph: 3.3.1)

Expenditure incurred without authority of law

Sl. No.	Grant/ Appropriation	Major Heads of Accounts	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
1	02	2055	3.01	3
2	07	2202 and 4202	4.22	4
3	08	2049, 2075, 5475, 6003 and 6004	6,401.72	13
4	10	2014 and 2030	0.07	02
5	12	2402 and 4402	2.38	02
6	13	4403	0.58	02
7	15	4235	2.74	02
8	16	4059 and 5054	3.93	02
9	17	2210, 2211 and 4210	5.08	03
10	18	2235, 4225 and 4236	8.43	03
11	19	4217	156.40	03
12	21	2406 and 4406	120.00	10
13	23	2215	0.03	01
14	27	4202	0.02	01
15	28	2501	1.00	01
16	30	2225	4.73	01
	Total		**6,714.34**	**53**

Appendix 3.2

(Reference Paragraph: 3.3.3)

Cases of unnecessary Supplementary Grant/Appropriation

(₹in crore)

Sl.No	Number and Name of the Grant	Original Provision	Supplementary Provision	Actual Expenditure	Savings out of original provision
I- Revenue (Voted)					
1	10-Law Department	675.25	73.73	311.68	363.57
2	17-Health and Medical Education Department	4,900.70	315.80	4,427.59	473.11
3	18-Social Welfare Department	2,022.69	383.90	1,665.59	357.10
4	26-Fisheries Department	98.93	0.87	89.86	9.07
Total -I		**7,697.57**	**774.30**	**6,494.72**	**1,202.85**
II-Capital (Voted)					
5	3-Planning Department	1,364.97	33.00	499.32	865.65
6	6-Power Development Department	3,522.90	10,110.74	589.57	2,933.33
7	14-Revenue Department	12.45	76.00	3.64	8.81
8	16-Public Works Department	2,968.11	653.55	2,924.06	44.05
9	23-Public Health Engineering Department	704.72	539.04	311.28	393.44
10	17-Health and Medical Education Department	1,267.63	187.44	529.85	737.79
11	26-Fisheries Department	91.99	19.12	34.70	57.29
Total -II		**9,932.77**	**11,618.89**	**4,892.42**	**5,040.36**
Grand Total		**17,630.35**	**12,393.19**	**11,387.14**	**6,243.21**

Appendix 3.3
(Reference Paragraph: 3.4)
Substantial Savings

(₹in crore)

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percen-tage of Saving
1	**1**	**General Administration Department**				
		Revenue				
		Voted	515.33	381.46	133.87	
		Charged	24.45	19.24	5.21	
		Capital	0.00	0.00	0.00	
		Voted	288.12	86.63	201.49	
		Total	**827.89**	**487.33**	**340.57**	**41%**
2	**2**	**Home Department**				
		Revenue				
		Voted	8,104.07	6,893.28	1,210.78	
		Capital				
		Voted	1,111.45	223.46	887.99	
		Total	**9,215.52**	**7,116.75**	**2,098.77**	**23%**
3	**3**	**Planning Department**				
		Revenue				
		Voted	123.00	76.37	46.63	
		Capital				
		Voted	1,397.97	499.32	898.65	
		Total	**1,520.97**	**575.69**	**945.28**	**62%**
4	**4**	**Information Department**				
		Revenue				
		Voted	111.47	79.51	31.97	
		Capital				
		Voted	1.15	0.44	0.71	
		Total	**112.63**	**79.95**	**32.68**	**29%**
5	**6**	**Power Development Department**				
		Revenue				
		Voted	3,767.71	2,812.84	954.87	
		Capital				
		Voted	13,633.65	589.57	13,044.07	
		Total	**17,401.35**	**3,402.42**	**13,998.94**	**80%**
6	**7**	**Education Department**				
		Revenue				
		Voted	11,126.20	8,425.52	2,700.67	
		Capital				
		Voted	1,030.23	186.26	843.97	
		Total	**12,156.43**	**8,611.78**	**3,544.65**	**29%**
7	**9**	**Parliamentary Affairs Department**				
		Revenue				
		Voted	53.34	23.59	29.75	
		Charged	0.86	0.00	0.86	
		Capital				
		Voted	8.00	0.00	8.00	
		Total	**62.21**	**23.59**	**38.61**	**62%**

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving
8	**10**	**Law Department**				
		Revenue				
		Voted	748.98	311.68	437.30	
		Charged	58.42	49.27	9.15	
		Capital				
		Voted	109.00	49.04	59.96	
		Total	**916.40**	**409.99**	**506.41**	**55%**
9	**11**	**Industries and Commerce Department**				
		Revenue				
		Voted	467.64	251.33	216.32	
		Capital				
		Voted	494.25	183.63	310.63	
		Total	**961.90**	**434.95**	**526.95**	**55%**
10	**12**	**Agriculture Department**				
		Revenue				
		Voted	1,386.36	1,078.50	307.86	
		Capital				
		Voted	1,292.10	168.51	1,123.59	
		Total	**2,678.46**	**1,247.01**	**1,431.44**	**53%**
11	**13**	**Animal/ Sheep Husbandry Department**				
		Revenue				
		Voted	728.44	506.06	222.38	
		Capital				
		Voted	368.97	129.02	239.95	
		Total	**1,097.41**	**635.08**	**462.33**	**42%**
12	**14**	**Revenue Department**				
		Revenue				
		Voted	650.95	478.76	172.19	
		Capital				
		Voted	88.45	3.64	84.81	
		Total	**739.40**	**482.40**	**257.00**	**35%**
13	**15**	**Food Civil Supplies and Consumer Affairs Department**				
		Revenue				
		Voted	313.74	153.91	159.83	
		Capital				
		Voted	412.04	106.06	305.98	
		Total	**725.78**	**259.97**	**465.81**	**64%**
14	**16**	**Public Works Department**				
		Revenue				
		Voted	954.85	857.01	97.84	
		Capital				
		Voted	3,621.66	2,924.06	697.60	
		Total	**4,576.50**	**3,781.07**	**795.44**	**17%**

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percen-tage of Saving
15	**17**	**Health and Medical Education Department**				
		Revenue				
		Voted	5,216.51	4,427.59	788.92	
		Capital				
		Voted	1,455.07	529.85	925.22	
		Total	**6,671.57**	**4,957.44**	**1,714.14**	**26%**
16	**18**	**Social Welfare Department**				
		Revenue				
		Voted	2,406.59	1,665.59	741.00	
		Capital				
		Voted	115.23	36.55	78.68	
		Total	**2,521.82**	**1,702.14**	**819.68**	**33%**
17	**19**	**Housing and Urban Development Department**				
		Revenue				
		Voted	1,025.87	987.16	38.71	
		Capital				
		Voted	2,052.68	537.40	1,515.27	
		Total	**3,078.54**	**1,524.56**	**1,553.98**	**50%**
18	**20**	**Tourism Department**				
		Revenue				
		Voted	247.51	122.47	125.04	
		Capital				
		Voted	576.62	64.51	512.11	
		Total	**824.13**	**186.98**	**637.15**	**77%**
19	**21**	**Forest Department**				
		Revenue				
		Voted	1,244.73	1,067.95	176.78	
		Capital				
		Voted	1,060.72	119.35	941.37	
		Total	**2,305.45**	**1,187.30**	**1,118.15**	**49%**
20	**22**	**Irrigation and Flood Control Department**				
		Revenue				
		Voted	909.53	580.93	328.60	
		Capital				
		Voted	1,559.83	131.13	1,428.70	
		Total	**2,469.36**	**712.06**	**1,757.30**	**71%**
21	**23**	**Public Health Engineering Department**				
		Revenue				
		Voted	1,856.07	1,641.54	214.53	
		Capital				
		Voted	1,243.76	311.28	932.48	
		Total	**3,099.83**	**1,952.82**	**1,147.01**	**37%**
22	**24**	**Hospitality and Protocol Department**				
		Revenue				
		Voted	297.36	207.10	90.26	
		Capital				
		Voted	35.00	21.84	13.16	
		Total	**332.36**	**228.94**	**103.42**	**31%**

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving
23	**25**	**Labour Stationery and Printing Department**				
		Revenue				
		Voted	130.23	71.89	58.34	
		Capital				
		Voted	58.08	13.60	44.48	
		Total	**188.31**	**85.49**	**102.82**	**55%**
24	**26**	**Fisheries Department**				
		Revenue				
		Voted	99.80	89.86	9.95	
		Capital				
		Voted	111.11	34.70	76.41	
		Total	**210.91**	**124.56**	**86.35**	**41%**
25	**27**	**Higher Education Department**				
		Revenue				
		Voted	1,440.26	1,170.81	269.45	
		Capital				
		Voted	1,362.01	357.33	1,004.69	
		Total	**2,802.28**	**1,528.14**	**1,274.14**	**45%**
26	**28**	**Rural Development Department**				
		Revenue				
		Voted	954.68	453.77	500.90	
		Capital				
		Voted	5,284.09	2,022.87	3,261.22	
		Total	**6,238.76**	**2,476.64**	**3,762.12**	**60%**
27	**29**	**Transport Department**				
		Revenue				
		Voted	115.27	62.85	52.42	
		Capital				
		Voted	188.00	122.37	65.63	
		Total	**303.27**	**185.22**	**118.05**	**39%**
28	**30**	**Tribal Affairs Department**				
		Revenue				
		Voted	105.42	47.77	57.64	
		Capital				
		Voted	162.58	25.86	136.72	
		Total	**267.99**	**73.63**	**194.36**	**73%**
29	**31**	**Culture Department**				
		Revenue				
		Voted	68.91	48.79	20.12	
		Capital				
		Voted	129.38	4.06	125.32	
		Total	**198.29**	**52.85**	**145.44**	**73%**
30	**32**	**Horticulture Department**				
		Revenue				
		Voted	210.19	119.59	90.60	
		Capital				
		Voted	580.20	178.09	402.11	
		Total	**790.39**	**297.68**	**492.71**	**62%**

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percen-tage of Saving
31	**33**	**Disaster Management Relief Rehabilitation and Reconstruction Department**				
		Revenue				
		Voted	1,052.80	784.23	268.57	
		Capital				
		Voted	451.57	6.25	445.32	
		Total	**1,504.37**	**790.48**	**713.88**	**47%**
32	**34**	**Youth Services and Technical Education Department**				
		Revenue				
		Voted	737.88	459.51	278.37	
		Capital				
		Voted	252.66	55.32	197.34	
		Total	**990.54**	**514.83**	**475.71**	**48%**
33	**35**	**Science and Technology Department**				
		Revenue				
		Voted	18.24	10.48	7.76	
		Capital				
		Voted	148.49	23.24	125.24	
		Total	**166.73**	**33.72**	**133.01**	**80%**
34	**36**	**Cooperative Department**				
		Revenue				
		Voted	87.38	42.21	45.17	
		Capital				
		Voted	15.00	8.15	6.85	
		Total	**102.38**	**50.35**	**52.03**	**51%**
		Grand Total	**88,060.14**	**46,213.82**	**41,846.32**	

Appendix 3.4
(Reference Paragraph: 3.4.1)
Percentage of Utilisation of Provision under each Grant

(₹in crore)

Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilization
1	General Administration Department	827.89	487.33	**59%**
2	Home Department	9,215.52	7,116.75	**77%**
3	Planning and Development Department	1,520.97	575.69	**38%**
4	Information Department	112.63	79.95	**71%**
6	Power Development Department	17,401.35	3,402.42	**20%**
7	Education Department	12,156.43	8,611.78	**71%**
8	Finance Department	45,535.59	50,572.47	**111%**
9	Parliamentary Affairs Department	62.21	23.59	**38%**
10	Law Department	916.40	409.99	**45%**
11	Industry and Commerce Department	961.90	434.95	**45%**
12	Agriculture Department	2,678.46	1,247.01	**47%**
13	Animal/Sheep Husbandary Department-	1,097.41	635.08	**58%**
14	Revenue Department	739.40	482.40	**65%**
15	Food Civil Supplies and Consumer Affairs Department-	725.78	259.97	**36%**
16	Public Works Department	4,576.50	3,781.07	**83%**
17	Health and Medical Education Department	6,671.57	4,957.44	**74%**
18	Social Welfare Department	2,521.82	1,702.14	**67%**
19	Housing and Urban Development Department	3,078.54	1,524.56	**50%**
20	Tourism Department	824.13	186.98	**23%**
21	Forest Department	2,305.45	1,187.30	**51%**
22	Irrigation Department	2,469.36	712.06	**29%**
23	Public Health Engineering Department	3,099.83	1,952.82	**63%**
24	Hospitality and Protocol Department	332.36	228.94	**69%**
25	Stationery and Printing	188.31	85.49	**45%**
26	Fisheries Department	210.91	124.56	**59%**

Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilization
27	Higher Education Department	2,802.28	1,528.14	**55%**
28	Rural Development Department-	6,238.76	2,476.64	**40%**
29	Transport Department	303.27	185.22	**61%**
30	Tribal Affairs Department	267.99	73.63	**27%**
31	Culture Department	198.29	52.85	**27%**
32	Horticulture Department	790.39	297.68	**38%**
33	Disaster Management Relief Rehabilitation and Reconstruction Department	1,504.37	790.48	**53%**
34	Youth Services and Technical Education Department-	990.54	514.83	**52%**
35	Science and Technology Department	166.73	33.72	**20%**
36	Co-operative Department	102.38	50.35	**49%**
	Grand Total	**1,33,595.72**	**96,786.29**	

Appendix 3.5
(Reference Paragraph: 3.5)
Grants with Nil Expenditure

(₹in crore)

Sl. No.	Grant No	Major Heads of Accounts	Budget Allocation	Expenditure	Number of Schemes/Sub Heads
1	1	2070, 4075 and 5452	75.98	0	3
2	3	3454 and 5475	394.70	0	9
3	6	2801 and 4801	12,037.22	0	8
4	7	2202 and 4202	321.17	0	3
5	8	2030, 2075, 2049, 5475 and 6003	1,838.89	0	12
6	9	2011 and 7610	8.86	0	2
7	10	2014 and 2070	7.49	0	3
8	11	2851 and 4851	56.10	0	5
9	12	4401 and 4851	353.51	0	16
10	13	4403 and 4404	103.49	0	8
11	14	2030, 2235, 2401 and 4059	10.22	0	7
12	15	2408 and 4408	215.61	0	3
13	17	2210,4210 and 2211	104.66	0	11
14	18	2055, 2070, 2235, 2236, 4235 and 4236	157.75	0	15
15	19	4217	116.50	0	4
16	20	5452	17.26	0	2
17	21	4202, 4406 and 5425	924.25	0	5
18	22	4701	60.32	0	3
19	23	4215	158.66	0	1
20	27	4202 and 2202	340.40	0	4
21	28	2515 and 4515	693.51	0	7
22	31	4202	11.31	0	2
23	32	4401	59.47	0	2
24	34	4202	56.93	0	3
25	35	5425	10.68	0	1
Total			**18,134.91**	**0**	**139**

Appendix 3.6
(Reference Paragraph: 3.5.1)
Excess over provisions requiring regularisation

(₹in crore)

Sl. No	Grant Number	Total Grant/	Expenditure	Excess
		Appropriation		
I-Revenue Voted				
1	16- Public Works Department	357.98	382.2	24.22
Total I-(Revenue Voted)		**357.98**	**382.2**	**24.22**
II-Capital Voted				
2	27- Higher Education Department	107.70	137.36	29.66
Total II-(Capital Voted)		**107.70**	**137.36**	**29.66**
III-Capital Charged				
3	08-Finance Department	10,053.23	13,149.34	3,096.11
Total III-(Capital Charged)		**10,053.23**	**13,149.34**	**3,096.11**
IV-Revenue Charged				
4	08-Finance Department	1,806.01	2,531.63	725.62
Total IV-(Revenue Charged)		**1,806.01**	**2,531.63**	**725.62**
Total (I+II+III+IV)		**12,324.92**	**16,200.53**	**3,875.61**

Appendix 3.7
(Reference Paragraph: 3.5.2)
Excess expenditure during the period 1980-81 to 2019-20 (01/04/2019 to 30/10/2019) requiring regularisation

(₹in crore)

Year	No. of Grants/ Appro-priation	Grant/Appropriation No.	Excess	Status of regulari-sation
1980-81	16	1, 5, 6, 7, 8, 9, 12, 13, 14, 16, 18, 19, 20, 21, 22, 23	227.9	Not regularised
1981-82	13	1, 3, 5, 6, 8, 13, 14, 16, 18, 19, 20, 21, 23	41.99	
1982-83	10	6, 8, 9, 12, 14, 18, 19, 21, 22, 23	119.74	
1983-84	12	1, 5, 6, 7, 8, 14, 18, 19, 20, 21, 22, 23	176.75	
1984-85	10	1, 6, 8, 10, 14, 16, 18, 19, 21, 23	65.42	
1985-86	10	1, 4, 6, 10, 17, 18, 19, 22, 23, 26	19.64	
1986-87	15	1, 2, 4, 6, 7, 8, 10, 13, 18, 19, 20, 22, 23, 25, 26	104.22	
1987-88	17	1, 2, 3, 5, 6, 8, 10, 12, 13, 18, 19, 21, 22, 23, 24, 26, 27	177.32	
1988-89	14	1, 2, 8, 9, 10, 12, 13, 15, 17, 18, 22, 23, 26, 27	438.42	
1989-90	9	1, 7, 8, 11, 12, 20, 21, 23, 24	205.23	
1990-91	11	1, 2, 5, 8, 12, 17, 19, 21, 23, 25, 26	427.72	
1991-92	13	1, 2, 5, 7, 8, 11, 12, 14, 21, 22, 23, 26, 27	1,152.23	
1992-93	14	1, 4, 5, 8, 10, 11, 12, 14, 16, 20, 21, 23, 24, 26	1,029.71	
1993-94	17	2, 3, 5, 8, 10, 12, 13, 14, 17, 18, 20, 21, 22, 23, 24, 26, 27	1,730.03	
1994-95	14	5, 6, 8, 9, 10, 12, 13, 14, 20, 21, 23, 24, 26, 27	2,057.49	
1995-96	19	2, 5, 6, 8, 9, 10, 11, 12, 13, 16, 17, 18, 20, 21, 23, 24, 25, 26, 27	2,936.89	
1996-97	18	2, 4, 5, 6, 8, 10, 11, 12, 13, 14, 16, 18, 20, 21, 23, 24, 26, 27	3,482.20	
1997-98	16	1, 2, 4, 6, 8, 9, 12, 13, 16, 18, 21, 22, 23, 24, 26, 27	4,189.21	
1998-99	6	4, 5, 6, 8, 23, 27	4,185.25	
1999-2000	12	2, 3, 6, 8, 9, 12, 17, 18, 20, 23, 24, 26	5,851.08	
2000-01	11	1, 6, 8, 9, 12, 16, 18, 23, 25, 26, 27	6,310.25	
2001-02	15	3, 5, 6, 8, 11, 17, 18, 20, 21, 23, 25, 26, 27, 28, 29	6,393.41	
2002-03	15	3, 5, 6, 7, 8, 12, 14, 16, 17, 18, 21, 23, 25, 26, 28	505.61	
2003-04	18	3, 5, 7, 8, 12, 13, 14, 15, 16, 17, 18, 20, 21, 23, 24, 25, 26, 28	9,770.53	
2004-05	15	3, 6, 8, 9, 12, 14, 15, 16, 18, 20, 25, 26, 27, 28, 29	2,108.42	
2005-06	16	3, 5, 8, 10, 12, 15, 16, 17, 18, 20, 21, 23, 25, 26, 27, 28	12,954.06	

Year	No. of Grants/ Appro-priation	Grant/Appropriation No.	Excess	Status of regulari-sation
2006-07	14	8, 12, 14, 15, 16, 17, 18, 20, 21, 23, 25, 26, 27, 28	2,150.03	
2007-08	14	6, 8, 11, 12, 14, 15, 16, 20, 24, 25, 26, 27, 28, 29	2,277.91	
2008-09	15	5, 6, 8, 11, 12, 15, 16, 19, 20, 22, 23, 24, 25, 26, 27	3,277.38	
2009-10	14	1, 6, 8, 11, 15, 16, 18, 20, 23, 24, 25, 26, 27, 29	4,062.58	
2010-11	14	5, 6, 8, 9, 16, 18, 19, 22, 23, 25, 26, 27, 28, 29	6,130.76	
2011-12	14	1, 6, 8, 11, 12, 15, 16, 18, 19, 20, 23, 25, 26, 27	5,638.79	
2012-13	12	1, 5, 8, 11, 13, 16, 18, 20, 23, 25, 26, 27	4,741.57	
2013-14	13	4, 6, 7, 8, 14, 15, 16, 18, 20, 23, 24, 25, 28	4,469.79	
2014-15	12	2, 6, 7, 8, 11, 16, 18, 19, 21, 23, 24, 25	1,099.28	
2015-16	11	4, 6, 7, 8, 15, 16, 17, 18, 23, 26, 28	4,258.62	
2016-17	12	3, 4, 5, 8, 11, 15, 16, 19, 23, 26, 28, 29	2,896.86	
2017-18	8	3, 5, 8, 16, 23, 24, 28, 29	6,397.06	
2018-19	7	3, 5, 8, 15, 16, 17, 30	4,631.53	
2019-20 (01.04.2019 to 30.10.2019)	16	5, 7, 8, 9, 12, 15, 17, 18, 19, 21, 24, 26, 29, 32, 33, 34	5,311.53	
		Total	**1,24,004.41**	

Appendix 3.8
(Reference Paragraph: 3.9.1)
Nil Expenditure against the Budgetary Provision (Grant No-06)

(₹in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure
1	2801	80	101	0099	3314	1.48	0
2	2801	80	800	0099	2111	1.48	0
3	4801	01	800	0011	3319	11,025.00	0
4	4801	05	001	0011	1400	400.00	0
5	4801	05	001	0031	1307	319.12	0
6	4801	05	001	0031	1308	280.88	0
7	4801	05	800	0011	0250	2.25	0
8	4801	05	800	0011	0478	7.00	0
Total						**12,037.22**	**0**

Appendix 3.9
(Reference Paragraph:3.9.1)
Less Expenditure (Saving) against the Budgetary Provision not surrendered (Grant. No-06)

(₹in crore)

Sl. No	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less
1	2801	01	101	0099	1306	2,542.81	1,699.93	-842.88
2	2801	05	001	0099	1307	443.12	432.07	-11.05
3	2801	05	001	0099	1308	587.02	538.20	-48.82
4	2801	05	001	0099	1309	179.71	135.62	-44.09
5	2801	80	001	0099	1686	3.60	2.41	-1.19
6	2801	80	005	0099	2170	8.48	5.52	-2.96
7	4801	01	800	0011	2021	5.00	1.50	-3.50
8	4801	01	800	0031	2021	300.00	200.00	-100.00
9	4801	05	001	0011	1307	488.88	117.60	-371.28
10	4801	05	001	0011	1308	396.01	180.13	-215.88
11	4801	05	001	0011	1309	327.45	72.08	-255.37
12	4801	05	001	0011	1310	82.06	18.26	-63.80
Total						**5,364.14**	**3,403.33**	**-1,960.81**

Appendix 3.10
(Reference: Paragraph: 3.9.2)
Expenditure without Budgetary Provision (Grant No-08)

(₹in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure
1	2030	01	101	0099	1657	0	0.02
2	2030	01	101	0099	1659	0	0.02
3	2030	02	101	0099	0333	0	0.01
4	2030	02	101	0099	1658	0	1.49
5	2030	02	101	0099	1660	0	2.93
6	2030	02	101	0099	1663	0	0.07
7	2049	01	115	0099	9899	0	34.87
8	2049	01	115	0099	9901	0	5.26
9	2049	01	123	0099	0159	0	309.89
10	2049	01	200	0099	0186	0	100.57
11	2049	01	200	0099	0302	0	69.91
12	2049	01	200	0099	2121	0	98.20
13	2049	01	200	0099	2694	0	284.12
14	2049	01	200	0099	3002	0	0.09
15	2049	01	200	0099	3003	0	0.03
16	2049	01	200	0099	3005	0	1.33
17	2049	01	200	0099	3007	0	139.73
18	2049	01	305	0099	3004	0	8.95
19	2049	04	101	0099	1871	0	20.56
20	2049	04	109	0099	1920	0	40.06
21	2049	04	112	0099	1871	0	3.45
22	2049	60	701	0099	0163	0	5.11
23	2071	01	102	0099	2190	0	840.40
24	2071	01	102	0099	0000	0	69.13
25	2071	01	104	0099	2190	0	1,203.35
26	2071	01	104	-	-	0	2.44
27	2071	01	105	0099	2190	0	240.97
28	2071	01	111	0099	2190	0	10.15
29	2071	01	111	0099	-	0	0.15
30	2071	01	117	-	-	0	41.96
31	2075	-	104	0099	0975	0	0.15
32	5475	-	115	0011	1880	0	61.28
33	6003	-	101	0099	0162	0	0.22
34	6003	-	103	0099	0300	0	0.35
35	6003	-	109	0099	0303	0	0.16
36	6003	-	110	0099	9901	0	5,831.70
37	6003	-	111	0099	0159	0	348.65
38	6004	02	105	0099	1920	0	89.03
39	6004	09	101	0099	0848	0	1.00
40	7999	00	201	0000	0000	0	25.00
Total							**9,892.76**

Appendix 3.11
(Reference Paragraph: 3.9.2)
Nil Expenditure against the Budgetary Provision (Grant No-08)

(₹in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure
1	2030	02	102	0099	0344	12.75	0
2	2049	01	101	0099	0163	292.18	0
3	2049	01	201	0099	0184	45.58	0
4	2049	04	101	0099	0723	64.07	0
5	2049	04	104	0099	0171	310.57	0
6	2049	60	701	0099	2140	441.37	0
7	2054	-	800	0099	0418	525.00	0
8	2075	-	103	0099	0317	0.15	0
9	2235	60	102	0099	0668	4.50	0
10	5475	-	115	0011	0906	71.25	0
11	5475	-	115	0011	2354	30.00	0
12	5475	-	115	0011	8085	500.00	0
13	5475	-	115	0099	2218	10.00	0
14	6003	-	109	0099	0159	348.65	0
Total						**2,656.07**	**0**

Appendix 3.12
(Reference Paragraph: 3.9.2)
Less Expenditure (Saving) against the Budgetary Provision not surrendered (Grant No-08)

(₹in crore)

Sl. No	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less
1	2030	01	001	0099	0344	6.91	6.54	-0.37
2	2039	-	001	0099	0334	45.07	26.78	-18.29
3	2040	-	001	0099	0334	10.00	7.25	-2.75
4	2040	-	800	0099	1429	1.62	1.16	-0.46
5	2043	-	001	0099	0334	511.03	467.71	-43.32
6	2043	-	104	0099	0983	0.75	0.27	-0.48
7	2047	-	103	0099	0293	11.46	0.96	-10.50
8	2047	-	103	0099	2354	20.00	0.50	-19.50
9	2049	03	104	0099	2187	1,897.66	1,845.08	-52.58
10	2049	03	108	0099	0189	70.00	65.73	-4.27
11	2049	05	105	0099	0185	400.00	43.89	-356.11
12	2049	60	701	0099	1885	207.04	120.00	-87.04
13	2054	-	003	0099	0328	2.46	1.18	-1.28
14	2054	-	003	0099	0329	3.43	2.92	-0.51
15	2054	-	095	0099	0312	9.39	7.17	-2.22
16	2054	-	095	0099	0316	13.24	11.49	-1.75
17	2054	-	095	0099	0326	3.08	2.62	-0.46
18	2054	-	095	0099	2430	4.81	4.35	-0.46
19	2054	-	097	0099	0324	21.59	18.40	-3.19
20	2054	-	097	0099	0335	18.09	15.83	-2.26
21	2054	-	097	0099	2431	16.34	13.39	-2.95
22	2054	-	097	0099	2432	16.73	14.37	-2.36
23	2054	-	098	0099	0314	7.07	6.16	-0.91
24	2054	-	800	0099	0310	6.05	4.54	-1.51
25	2054	-	800	0099	0312	6.55	4.86	-1.69
26	2054	-	800	0099	1190	56.16	40.83	-15.33
27	2071	01	101	0099	2190	7,297.29	5,642.15	-1,655.14
28	2071	01	115	0099	2190	684.29	591.51	-92.78
29	2071	01	117	0031	2327	2.32	1.87	-0.45
30	2071	01	117	0099	2327	657.35	456.58	-200.77
31	2235	60	102	0099	0313	0.51	0.27	-0.24
32	2235	60	105	0099	0323	24.00	16.15	-7.85
33	2235	60	107	0099	0965	3.00	0.02	-2.98
34	3475	-	115	0099	1880	2.84	1.20	-1.64
35	4059	80	800	0011	2341	34.89	6.88	-28.01
36	5475	-	115	0011	2358	100.00	37.17	-62.83
37	5475	-	800	0011	1303	450.00	185.13	-264.87
38	5475	-	800	0099	8085	1,000.00	500.00	-500.00
39	6003	-	105	0099	0186	310.57	304.85	-5.72
40	6003	-	109	0099	0302	29.00	28.37	-0.63
41	6004	02	101	0099	0848	118.34	28.31	-90.03
42	6235	02	190	0099	0668	5.00	1.00	-4.00
43	6885	01	190	0099	1211	14.90	4.00	-10.90
Total						**14,100.83**	**10,539.44**	**-3,561.39**

Appendix 3.13
(Reference Paragraph: 3.9.2)
Excess Expenditure over the Budgetary Provision (Grant No-08)

(₹in crore)

Sl. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Excess
1	2049	01	101	0099	0191	3,059.58	3,175.61	116.03
2	6003	-	110	0099	2420	22,211.00	23,479.22	1,268.22
Total						**25,413.57**	**26,797.82**	**1,384.25**

Appendix 4.1
(Reference Paragraph: 4.2)
Direct transfer of Central Scheme Funds to UT Government departments (funds routed outside UT Budget) (unaudited figures)

(₹ in lakh)

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases
			2020-21
1	Atal Innovation Mission (AIM) including Self Employment and Talent Utilization (SETU)	Various Government Higher Secondary Schools	110.00
2	Assistance to State Agencies for Intra-state Movement of Food grains and FPS dealers margin under NFSA	Consumer Affairs & Public Distribution Department Jammu and Kashmir	13,784.68
3	Biotechnology Research and Development	Government Colleges for Women, M A Road, Srinagar, SKIMS, Soura, Srinagar.	68.00
4	Beti Bachao Beti Padhao	Various Dy. Commissioner, Government of Jammu and Kashmir	320.52
5	Development of Infrastructure for Promotion of Health Research	Medical College, Srinagar	47.99
6	Developing of Nursing Services	Various nursing schools of Jammu and Kashmir	1,125.00
7	Establishment and Strengthening of NCDC Branches and Health Initiatives Inter Sectoral Coordination for Preparation and Control of Zoonotic Diseases and Other Neglected Tropical Diseases Surveillance of Viral Hepatitis Anti Microbial Resistance	Government Medical College, Jammu/ Srinagar	3.96
8	e-Court Phase-II	Registrar General, High Court of Jammu and Kashmir	100.12
9	Extra Mural Research Projects through Research Institutes etc.	Government Ayurvedic Hospital, Jammu	9.00
10	Human Resource and Capacity Development	Government Medical College, Jammu	6.54
11	Integrated Scheme on Agriculture Census and Statistics	Agriculture Production Department of Jammu and Kashmir	313.78
12	Integrated Management of Public Distribution System	Consumer Affairs & Public Distribution Department Jammu and Kashmir	45.42
13	Innovation, Technology Development and Deployment	Jammu & Kashmir Council for Science and Technology	198.60
14	Infrastructure and Technology Development Schemes	District Development Commissioner, Budgam	103.58
15	Incentivization of Panchayat	Rashtriya Gram Swaraj Abhiyan	60.00
16	Member of Parliament Local Area Development Scheme (MPLAD)	Various Distt. Deputy Commissioners, Government of Jammu and Kashmir	2,250.00
17	Maintenance of National Highways-Financed from CRF	Transport Commissioner, Government of Jammu and Kashmir	20.00
18	One Stop Center	Deputy Commissioner, Government of Jammu and Kashmir	218.84
19	Pradhan Mantri Matru Vandana Yojana	Social Welfare Department, Jammu & Kashmir Government	750.11

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases
			2020-21
20	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	70,883.40
21	Pradhan Mantri Kisan Sampada Yojana- Mega Food Parks	Department of Horticulture, Government of Jammu and Kashmir	150.00
22	PM Formalization of Micro Food Processing Enterprises PM-FME	Department of Horticulture, Government of Jammu and Kashmir	668.64
23	Price Monitoring Structure	Consumer Affairs & Public Distribution Department Jammu and Kashmir	3.42
24	Research / Studies, Publicity, Monitoring and Evaluation of Development Schemes for Minorities	Government Degree College Sopore, Kashmir	2.50
25	Research Training and Studies and Other Road Safety Schemes	Transport Commissioner, Jammu and Kashmir	104.65
26	Science and Technology Institutional and Human Capacity Building	Government Degree Colleges	13.50
27	Sugar Subsidy Payable Under PDS	Consumer Affairs & Public Distribution Department Jammu and Kashmir	208.26
28	Support for Statistical Strengthening	Directorate of Economics & Statistics, Jammu and Kashmir	137.75
29	Women Help Line	Deputy Commissioner, Jammu	60.07
	Grand Total		**91,768.33**

Source Finance Account

Out of total amount of ₹ 27,61,19.19 lakh released by Government of India an amount of ₹ 9,17,68.33 lakh has been transferred to the various Government Department of UT of Jammu and Kashmir and ₹18,43,50.86 lakh to various Autonomous Bodies/ other Entities of the Government (including ₹ 59,18.14 lakh to Central agencies). Please refer also para 3 (xi) of Notes to Accounts Vol-I.

Appendix 4.2
(Reference Paragraph: 4.12)
Position of Arrears of Accounts as on 31 March 2021

Sl. No.	Name of the Company	Last audited up to 31/03/2021
1.	J&K State Power Development Corporation Ltd.	2014-15
2.	J&K State Industrial Development Corporation Ltd.	2013-14
3.	J&K Small Scale Industries Development Corporation Ltd.	2012-13
4.	J&K Minerals Limited	2002-03
5.	JK Cements Limited	2011-12
6.	J&K Handicrafts (S&E) Corporation Limited	2014-15
7.	J&K Handloom Development Corporation Limited	2013-14
8.	J&K Industries Limited	2013-14
9.	J&K Agro Industries Development Corporation Limited	2014-15
10.	J&K HPMC Ltd.	2010-11
11.	J&K Cable Car Corporation Limited	2010-11
12.	J&K Tourism Development Corporation Limited	2014-15
13.	J&K SC/ST/OBC Development Corporation Limited	2010-11
14.	J&K Projects Construction Corporation Limited	2013-14
15.	J&K Police Housing Corporation Limited	2010-11
16.	J&K Overseas Employment Corporation Limited	2010-11
17.	J&K Medical Supplies Corporation Ltd.	NA[1]
18.	J&K Bank Limited	2019-20
19.	J&K Bank Financial Services Limited	2019-20
20.	Chenab Valley Power Projects (P) Limited	2019-20
21.	J&K Women Development Corporation Limited	2018-19
22.	J&K Trade Promotion Organization	2019-20
23.	J&K Power Transmission Corporation Ltd	2018-19
24.	Kashmir Power Distribution Corporation Limited	2018-19
25.	J&K Infrastructure Development Finance Corporation Ltd	2018-19
Sl. No.	**Name of the Corporation**	**Last audited up to**
1.	J&K State Road Transport Corporation	2013-14
2.	J&K State Forest Corporation[2]	--
3.	J&K State Financial Corporation	2018-19

[1] The Company was incorporated in March 2014 and has never submitted its accounts to this office

[2] The audit of the Corporation was entrusted to this office from 1996-97 onwards. However, the Corporation has never submitted its accounts.

Appendix 5.1

(Reference paragraph: 5.3)

Detail of PSUs in Jammu and Kashmir under the audit jurisdiction of the CAG as on 31 March 2021

Sl. No.	Sector type and Name of PSU	Remarks
A	**Power Sector**	
I	**Working Government Companies**	
1.	Jammu & Kashmir Power Development Corporation Limited	-
2.	Jammu & Kashmir Power Transmission Corporation Limited	-
3.	Jammu Power Distribution Corporation Limited	The Company has not submitted its accounts since inception.
4.	Kashmir Power Distribution Corporation Limited	-
5.	Jammu & Kashmir Power Corporation Limited	-
II	**Working Government Controlled Other Company**	
6.	Chenab Valley Power Projects Private Limited	-
B	**Social Sector**	
I	**Working Government Companies**	
7.	Jammu & Kashmir Agro Industries Development Corporation Limited	-
8.	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	-
9.	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	-
10.	Jammu & Kashmir Women's Development Corporation Limited	-
11.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	-
12.	Jammu & Kashmir State Industrial Development Corporation Limited	-
13.	Jammu & Kashmir Industries Limited	-
14.	Jammu & Kashmir Overseas Employment Corporation Limited	-
15.	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	-
16.	Jammu & Kashmir Handloom Development Corporation Limited	-
17.	Jammu & Kashmir Trade Promotion Organisation	-
18.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	-
19.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	-
20.	Jammu & Kashmir Forest Development Corporation Limited	The Company was incorporated under the Companies Act, 2013 in December 2020 after repeal of J&K State Forest Corporation Act, 1978.
21.	Jammu & Kashmir Medical Supplies Corporation Limited	The Company has not submitted its accounts since inception.
22.	AIC-Jammu & Kashmir EDI Foundation	The Company has not submitted its accounts since inception.
II	**Inactive Government Companies**	
23.	Jammu & Kashmir Asset Reconstruction Limited	The Govt. has accorded sanction to voluntary winding up of the Company vide order no FD 453 of 2019 dated 24 October 2019.
24.	Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	The Company is under liquidation

Sl. No.	Sector type and Name of PSU	Remarks
C	**Competitive Environment Sector**	
I	**Working Government Companies**	
25.	Jammu & Kashmir Cements Limited	-
26.	Jammu & Kashmir Minerals Limited	-
27.	Jammu & Kashmir Cable Car Corporation Limited	-
28.	Jammu & Kashmir Bank Limited	-
29.	JKB Financial Services Limited	-
30.	Jammu & Kashmir Tourism Development Corporation Limited	-
II	**Working Statutory Corporation**	
31.	Jammu & Kashmir State Financial Corporation	-
32.	Jammu & Kashmir State Road Transport Corporation	-
III	**Inactive Government Companies**	
33.	Tawi Scooters Limited	The Company is under liquidation
34.	Himalayan Wool Combers Limited	The Company is under liquidation
D	**Others**	
I	**Working Government Companies**	
35.	Jammu & Kashmir Projects Construction Corporation Limited	-
36.	Jammu & Kashmir Police Housing Corporation Limited	-
37.	Srinagar Smart City Limited	-
38.	Jammu Smart City Limited	The Company has not submitted its accounts since inception.
39.	Jammu Mass Rapid Transit Corporation Pvt. limited	The Company has not yet started its business operations
40.	Srinagar Mass Rapid Transit Corporation Pvt. limited	The Company has not yet started its business operations
II	**Inactive Government Companies**	
41.	Jammu & Kashmir Road Development Corporation Limited	The Company has not yet started its business operations
42.	Jammu & Kashmir International Trade Centre	The Company has not yet started its business operations

Appendix 5.2
(Reference paragraph: 5.3)
Detail of turnover of PSUs as per their latest finalised accounts as of 30 November 2021

(₹in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Turnover
A	**Power Sector**			
I	**Working Government Companies**			
1.	Jammu & Kashmir Power Development Corporation Limited	2015-16	2020-21	1,037.85
2.	Jammu & Kashmir Power Corporation Limited	2016-17	2020-22	0
3.	Jammu & Kashmir Power Transmission Corporation Limited	2018-19	2020-21	0
4.	Jammu Power Distribution Corporation Limited	-	-	-
5.	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	0
II	**Working Government Controlled Other Company**			
6.	Chenab Valley Power Projects Private Limited	2002-21	2021-22	0
B	**Social Sector**			
I	**Working Government Companies**			
7.	Jammu and Kashmir Agro Industries Development Corporation Limited	2014-15	2020-21	36.41
8.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2010-11	2020-21	5.35
9.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2017-18	2019-20	0.88
10.	Jammu and Kashmir Women's Development Corporation Limited	2019-20	2020-21	7.56
11.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	2016-17	2021-22	438.50
12.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	19.16
13.	Jammu and Kashmir Industries Limited	2013-14	2019-20	4.97
14.	Jammu and Kashmir Overseas Employment Corporation Limited	2010-11	2013-14	0.00
15.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	11.12
16.	Jammu and Kashmir Handloom Development Corporation Limited	2018-19	2020-21	38.37
17.	Jammu & Kashmir Trade Promotion Organisation	2019-20	2020-21	0
18.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2018-19	2019-20	0
19.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2019-20	2020-21	0
20.	Jammu and Kashmir Forest Development Corporation Limited	2019-20	2021-22	148.71
21.	Jammu and Kashmir Medical Supplies Corporation Limited	-	-	-
22.	AIC-Jammu & Kashmir EDI Foundation	-	-	-
II	**Inactive Government Companies**			
23.	Jammu & Kashmir Asset Reconstruction Limited	-	-	-
24.	Jammu and Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	1991-92	1999-2000	-
C	**Competitive Environment Sector**			

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Turnover
I	**Working Government Companies**			
25.	Jammu and Kashmir Cements Limited	2011-12	2019-20	120.50
26.	Jammu and Kashmir Minerals Limited	2010-11	2020-21	14.30
27.	Jammu and Kashmir Cable Car Corporation Limited	2013-14	2021-22	37.20
28.	Jammu and Kashmir Bank Limited	2020-21	2021-22	8,111.09
29.	JKB Financial Services Limited	2020-21	2021-22	9.37
30.	Jammu and Kashmir Tourism Development Corporation Limited	2019-20	2021-22	45.90
II	**Working Statutory Corporation**			
31.	Jammu and Kashmir State Financial Corporation	2018-19	2019-20	6.03
32.	Jammu and Kashmir State Road Transport Corporation	2018-19	2020-21	79.71
III	**Inactive Government Companies**			
33.	Tawi Scooters Limited	1989-90	1991-92	-
34.	Himalayan Wool Combers Limited	1999-2000	2000-01	-
D	**Others**			
I	**Working Government Companies**			
35.	Jammu and Kashmir Projects Construction Corporation Limited	2018-19	2020-21	409.06
36.	Jammu and Kashmir Police Housing Corporation Limited	2014-15	2021-22	8.64
37.	Srinagar Smart City Limited	2018-19	2021-22	0
38.	Jammu Smart City Limited	-	-	-
39.	Jammu Mass Rapid Transit Corporation Pvt. limited	-	-	-
40.	Srinagar Mass Rapid Transit Corporation Pvt. limited	-	-	-
II	**Inactive Government Companies**			
41.	Jammu and Kashmir Road Development Corporation Limited	-	-	-
42.	Jammu and Kashmir International Trade Centre Corporation Limited	-	-	-
	Total			**10,590.68**

(Source: Latest finalized accounts of PSUs)

Appendix 5.3

(Reference paragraph: 5.4.1)

Statement showing position of equity and outstanding loans relating to PSUs as on 31 March 2021

(₹ in crore)

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2020-21				Long term Loans at the end of year 2020-21			
				GoJ&K	GoI	Others	Total	GoJ&K	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)
A.	**Power Sector**										
	I. Working Government Companies										
1.	Jammu and Kashmir Power Development Corporation Limited	Power Development Department (PDD)	Feb-1995	2,593.34	0	0	2,593.34	0	0	1,256.80	1,256.80
2.	Jammu Power Distribution Corporation Limited	PDD	June-2013	0.05	0	0	0.05	0	0	0	0
3.	Kashmir Power Distribution Corporation Limited	PDD	June-2013	0.05	0	0	0.05	0	0	0	0
4.	Jammu and Kashmir Power Transmission Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	0	0
5.	Jammu and Kashmir Power Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	6,012.24	6,012.24
	II. Working Government Controlled Other Company										
6.	Chenab Valley Power Projects (Pvt.) Ltd.	PDD	June-2011	0.00	0	2,479.78	2,479.78	0	0	0	0
	Total A			**2,593.54**	**0.00**	**2,479.78**	**5,073.32**	**0.00**	**0.00**	**7,269.04**	**7,269.04**
B.	**Social Sector**										
	I. Working Government Companies										
7.	Jammu and Kashmir State Agro Industries Development Corporation Limited	Agriculture production	30-Jan-70	2.60	0.94	0	3.54	71.68	0	0	71.68
8.	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	Agriculture production	10-Apr-78	6.80	3.20	0	10.00	10.25	0	0	10.25
9.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	Social Welfare	01-Apr-86	20.77	28.05	0	48.82	0	0	64.05	64.05
10.	Jammu and Kashmir State Women's Development Corporation Limited	Social Welfare	10-May-96	10.00	0	0	10.00	0	0	77.11	77.11
11.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	Industries and Commerce	28-Nov-75	89.91	0	0	89.91	0	0	0	0
12.	Jammu and Kashmir State Industrial Development Corporation Limited	Industries and Commerce	17-Mar-69	17.64	0	0	17.64	8.05	0	0	8.05
13.	Jammu and Kashmir Industries Limited	Industry and Commerce	04-Oct-60	16.27	0	0	16.27	264.99	0	0	264.99

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2020-21				Long term Loans at the end of year 2020-21			
14.	Jammu and Kashmir Overseas Employment Corporation Limited	Finance	10-Oct-10	4.06	0	0	4.06	0	0	0	0
15.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	Industries and Commerce	06-Jan-70	7.08	0.89	0	7.97	60.97	0	0	60.97
16.	Jammu and Kashmir State Handloom Development Corporation Limited	Industries and Commerce	29-Jun-81	3.49	1.5	0	4.99	67.96	0	0	67.96
17.	Jammu & Kashmir Trade Promotion Organisation	Industries and Commerce	30-May-18	2.55	0	2.68	5.23	0	0	0	0
18.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	Finance	25-Sep-18	0.5	0	0	0.5	0	0	1,347.37	1,347.37
19.	Jammu and Kashmir Medical Supplies Corporation Limited	Health	31-Mar-14	0.05	0	0	0.05	0	0	0	0
20.	AIC-Jammu & Kashmir EDI Foundation	Industries and Commerce	07-Sep-18	0.05	0	0	0.05	NA	NA	NA	NA
21.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	IT and Communication	07-Mar-19	0.5	0	0	0.5	0	0	0	0
22.	Jammu and Kashmir Forest Development Corporation Limited	Forest	01-Jul-79	9.03	0	0	9.03	18.00		0	18.00
	Total I B			**182.27**	**35.58**	**2.68**	**219.53**	**501.90**	**0**	**1,488.53**	**1,990.43**
	II. Inactive Company										
23.	Jammu & Kashmir Asset Reconstruction limited	Finance	28-Apr-17	1.02	0	0.98	2	0	0	0	0
24.	Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	Industries and Commerce	29-Nov-91	0.4	0	0	0.4	NA	NA	NA	NA
	Total II B			**1.42**	**0**	**0.98**	**2.40**	0	0	0	0
	Total B(I+II)			**183.69**	**33.58**	**4.66**	**221.93**	**501.90**	**0**	**1,488.53**	**1,990.43**
C.	**Competitive Sector**										
	I. Working Government Companies										
25.	Jammu and Kashmir Cements Limited	Industries and Commerce	24-Dec-74	49.86	0	0	49.86	16.34	0	31.09	47.73
26.	Jammu and Kashmir Minerals Limited	Industries and Commerce	05-Feb-60	8.00	0	0	8.00	169.78	0	0	169.78
27.	Jammu and Kashmir State Cable Car Corporation Limited	Tourism	28-Nov-88	23.57	0	0	23.57	0	0	0	0
28.	Jammu and Kashmir Bank Limited	Finance	10-Oct-38	48.64	0	22.72	71.36	0	0	2,015.20	2,015.20
29.	Jammu and Kashmir Bank Financial Services Limited	Finance	27-Aug-09	0	0	20.00	20.00	0	0	7.70	7.70
30.	Jammu and Kashmir State Financial Corporation	Finance	02-Dec-59	172.35	0	0.54	172.89	0	0	40.9	40.9
31.	Jammu and Kashmir State Road Transport Corporation	Transport	01-Sep-76	286.79	15.01	24.79	326.59	740.61	0	0	740.61

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2020-21				Long term Loans at the end of year 2020-21			
32.	Jammu and Kashmir State Tourism Development Corporation Limited	Tourism	13-Feb-70	15.96	0	0	15.96	8.26	0	0	8.26
	Total I C			**605.17**	**15.01**	**68.05**	**688.23**	**934.99**	**0**	**2,094.89**	**3,030.18**
	II. Inactive Companies										
33.	Tawi Scooters Limited	Industries and Commerce	15-Dec-76	0.80	0	0	0.80	0.83	0	0	0.83
34.	Himalayan Wool Combers Limited	Industries and Commerce	24-Jan-78	1.37	0	0	1.37	0	0	0	0
	Total II C			**2.17**	**0**	**0**	**2.17**	**0.83**	**0**	**0**	**0.83**
	Total C (I+II)			**607.34**	**15.01**	**68.05**	**690.40**	**935.82**	**0**	**2,094.89**	**3,031.01**
D.	**Others**										
	I. Working Government Companies										
35.	Jammu and Kashmir Projects Construction Corporation Limited	Public Works	22-May-65	1.53	0	0	1.53	0	0	0	0
36.	Jammu and Kashmir Police Housing Corporation Limited	Home	26-Dec-97	2.00	0	0	2.00	0	0	0	0
37.	Jammu Smart City Limited	Urban Development	08-Sep-17	0.10	0	0	0.10	0	0	0	0
38.	Srinagar Smart City Limited	Urban Development	08-Sep-17	0.10	0	0	0.10	0	0	0	0
39.	Jammu Mass Rapid Transit Corporation Pvt. limited	Urban Development	12-Mar-19	0.02	0	0	0.02	0	0	0	0
40.	Srinagar Mass Rapid Transit Corporation Pvt. limited	Urban Development	13-Mar-19	0.02	0	0	0.02	0	0	0	0
	Total I D			**3.77**	**0**	**0**	**3.77**	**0.00**	**0**	**0**	**0**
	II. Inactive Companies										
41.	Jammu and Kashmir Road Development Corporation Limited	Public Works	31-Mar-14	5.00	0	0	5.00	NA	NA	NA	NA
42.	Jammu and Kashmir International Trade Centre Corporation Limited	Industries and Commerce	01-Feb-14	48.00	0	0	48.00	NA	NA	NA	NA
	Total II D			53.00	0	0	53.00	NA	NA	NA	NA
	Total D (I+II)			**56.77**	**0**	**0**	**56.77**	**0.00**	**0**	**0**	**0**
	Grand Total (A+B+C+D)			**3,441.34**	**48.59**	**2551.49**	**6,042.42**	**1,437.72**	**0**	**10,852.46**	**12,290.48**

Source: Compiled based on information received from PSUs)

Appendix 5.4

(Reference paragraph: 5.4.3)

Equity and Loans outstanding as per Finance Accounts vis-à-vis records of PSUs upto March 2021

(₹in crore)

Sl. No.	Name of PSU	As per records of PSU			As per Finance Account			Difference		
		Paid up Capital	Loans Outstanding	Guarantee Committed	Paid up Capital	Loans Outstanding	Guarantee Committed	Paid up Capital	Loans Outstanding	Guarantee Committed
1	Jammu & Kashmir Power Development Corporation Ltd.	2,593.34	0	1,539.71	2,593.34	85.05	Awaited	0	-85.05	1,539.71*
2	Jammu & Kashmir Power Corporation Ltd.	0.05	0	6,012.24	0.05	0	Awaited	0	0	6,012.24*
3	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	6.80	10.25	0	6.80	12.67	0	0	-2.42	0
4	Jammu & Kashmir Women's Development Corporation Limited	10.00	0	73.87	10.00	0	27.63	0	0	46.24
5	Jammu & Kashmir Cements Limited	49.86	14.70	0	15.00	0	0	34.86	14.70	0
6	Jammu & Kashmir Minerals Limited	8.00	169.78	0	8.00	1.86	0	0	167.92	0
7	Jammu & Kashmir Tourism Development Corporation	15.96	8.26	0	5.00	0	0	10.96	8.26	0
8	Jammu & Kashmir State Road Transport Corporation	286.79	704.61	0	331.73	439.23	0	-44.94	265.38	0
	Total	**2,970.80**	**907.60**	**7,625.82**	**2,969.92**	**538.81**	**27.63**	**0.88**	**368.79**	**7,598.19**

(Source: Compiled based on information received from PSUs and Finance Accounts)

**Variations are due to information awaited in Finance Accounts*

Appendix 5.5
(Reference paragraph: 5.5)
Statement of Profit Making PSUs as per the latest finalised accounts as of 30 November 2021

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit after interest and tax
1.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2010-11	2020-21	31.47
2.	Jammu and Kashmir Women's Development Corporation Limited	2019-20	2020-21	0.67
3.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	2016-17	2021-22	1.57
4.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2019-20	2020-21	0.06
5.	Jammu and Kashmir Cements Limited	2011-12	2019-20	6.30
6.	Jammu and Kashmir Cable Car Corporation Limited	2013-14	2021-22	9.94
7.	Jammu and Kashmir Bank Limited	2020-21	2021-22	428.45
8.	JKB Financial Services Limited	2020-21	2021-22	2.67
9.	Jammu and Kashmir State Financial Corporation	2018-19	2019-20	3.18
10.	Jammu and Kashmir Projects Construction Corporation Limited	2018-19	2020-21	3.16
11.	Jammu and Kashmir Police Housing Corporation Limited	2014-15	2021-22	12.23
12.	Jammu and Kashmir Power Development Corporation Limited	2015-16	2020-21	20.42
	Total			**520.12**

(Source: Compiled based on latest finalised accounts of PSUs)

Appendix 5.6

(Reference paragraph: 5.7.2)

Return on Investment-Jammu & Kashmir Bank Limited (Listed PSU)

(₹in crore)

Year	Equity	Equity added	Grants\ Subsidy	Dividend receipts	Disinvest-ments receipts	No. of Years	Rate of interest (r)	1+r	Inception value of equity added	Inception value of Grants\ Subsidy	PV of Disinvest-ments receipts	PV of Dividend receipts	Cost of investment	No of Shares	Market Price per Share (Rs.)	Market Value of Share	Current Value of Investment	ROI	CAGR
A	B	C	D	E	F	g	H	I	J	k	l	M	N	O	P	q	R	S	U
								(1+h)	c/product of i since inception to year value of (g-1)	d/product of i since inception to year value of (g-1)	f*product of i from the year to the last year	e*product of i from the year to the last year	b+Σj+Σk			O*P	q+Σl+Σm	((r-n)/n)/g	((Current year ROI/ ROI of 1999-2000)^1/(g-1)-1)*100
1998-99	4,847.78	0	0	773.26	0	1	0.1088	1.1a1	0.00	0	0.00	4,967.65	4,847.78	4,84,77,802	28.00	13,573.78	18,541.43	282.47	
1999-2000	4,847.78	0	0	902.13	0	2	0.1196	1.12	0.00	0	0.00	5,226.90	4,847.78	4,84,77,802	36.15	17,524.73	27,719.28	235.90	-16.49
2000-01	4,847.78	0	0	1,031.01	0	3	0.0923	1.09	0.00	0	0.00	5,335.48	4,847.78	4,84,77,802	37.30	18,082.22	33,612.25	197.78	-16.32
2001-02	4,847.78	0	0	1,288.76	0	4	0.1120	1.11	0.00	0	0.00	6,105.78	4,847.78	4,84,77,802	73.35	35,558.47	57,194.28	269.95	-1.50
2002-03	4,847.78	0	0	1,546.52	0	5	0.1054	1.11	0.00	0	0.00	6,588.98	4,847.78	4,84,77,802	113.85	55,191.98	83,416.77	324.14	3.50
2003-04	4,847.78	0	0	2,577.53	0	6	0.1095	1.11	0.00	0	0.00	9,934.53	4,847.78	4,84,77,802	493.15	2,39,068.28	2,77,227.60	936.44	27.09
2004-05	4,847.78	0	0	2,062.02	0	7	0.0897	1.09	0.00	0	0.00	7,163.25	4,847.78	4,84,77,802	363.05	1,75,998.66	2,21,321.23	637.92	14.54
2005-06	4,847.78	0	0	2,062.02	0	8	0.0815	1.08	0.00	0	0.00	6,573.60	4,847.78	4,84,77,802	450.80	2,18,537.93	2,70,434.09	684.81	13.49
2006-07	4,847.78	0	0	2,964.16	0	9	0.1166	1.12	0.00	0	0.00	8,737.44	4,847.78	4,84,77,802	643.15	3,11,784.98	3,72,418.59	842.47	14.64
2007-08	4,847.78	0	0	3,995.17	0	10	0.1407	1.14	0.00	0	0.00	10,546.80	4,847.78	4,84,77,802	678.55	3,28,946.13	4,00,126.52	815.38	12.50
2008-09	4,847.78	0	0	4,256.02	0	11	0.0794	1.08	0.00	0	0.00	9,849.58	4,847.78	4,84,77,802	314.80	1,52,608.12	2,33,638.10	429.04	4.27
2009-10	4,847.78	0	0	5,670.56	0	12	0.0945	1.09	0.00	0	0.00	12,157.87	4,847.78	4,84,77,802	681.70	3,30,473.18	4,23,661.03	719.94	8.88
2010-11	4,847.78	0	0	6,701.57	0	13	0.0903	1.09	0.00	0	0.00	13,127.82	4,847.78	4,84,77,802	874.00	4,23,695.99	5,30,011.67	833.31	9.43
2011-12	4,847.78	0	0	8,634.71	0	14	0.0828	1.08	0.00	0	0.00	15,513.79	4,847.78	4,84,77,802	919.00	4,45,511.00	5,67,340.47	828.79	8.63
2012-13	4,847.78	0	0	12,887.63	0	15	0.0819	1.08	0.00	0	0.00	21,384.30	4,847.78	4,84,77,802	1191.00	5,77,370.62	7,20,584.39	984.28	9.33
2013-14	4,847.78	0	0	12,887.63	0	16	0.0714	1.07	0.00	0	0.00	19,765.50	4,847.78	4,84,77,802	1538.00	7,45,588.59	9,08,567.86	1165.12	9.91
2014-15	4,847.78	0	0	5,412.81	0	17	0.0768	1.08	0.00	0	0.00	7,748.28	4,847.78	48,47,78,020	95.05	4,60,781.51	6,31,509.06	760.40	6.38
2015-16	4,847.78	0	0	4,510.67	0	18	0.0725	1.07	0.00	0	0.00	5,996.38	4,847.78	48,47,78,020	60.50	2,93,290.70	4,70,014.64	533.08	3.81
2016-17	4,847.78	3,655.51	0	0	0	19	0.0783	1.08	705.30	0	0.00	0.00	5,553.08	52,13,33,071	75.00	3,90,999.80	5,67,723.74	532.82	3.59
2017-18	4,847.78	3,525.00	0	0	0	20	0.0723	1.07	630.73	0	0.00	0.00	6,183.81	55,68,58,392	60.35	3,36,064.04	5,12,787.97	409.61	1.98
2018-19	4,847.78	0	0	0	0	21	0.0720	1.07	0.00	0	0.00	0.00	6,183.81	55,68,58,392	53.70	2,99,032.96	4,75,756.89	361.60	1.24
2019-20	4,847.78	1,566.00	0	0	0	22	0.0720	1.07	243.76	0	0.00	0.00	6,427.57	71,34,50,938	12.36	88,182.54	2,64,906.47	182.79	-2.05
2020-21	4,847.78	0	0	0	0	23	0.0672	1.07	0.00	0	0.00	0.00	6,427.57	71,34,50,938	26.65	1,90,134.67	3,66,858.61	243.81	-0.67

Appendix 5.7

(Reference paragraph: 5.7.5)

Year-wise investment by the Government and present value (PV) of Government investment in non-listed PSUs for the period from 1999-2000 to 2020-21

(₹in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net Interest free loan given by the State Government during the year	Interest free loan converted into Equity during the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year
A	**B**	**C**	**D**	**E**	**F=C+D-E**	**G=B+F**	**H**	**I=G*(1+H/100)**
Upto 1999-2000	352.29	7.14	0	0	7.14	359.43	11.96	402.42
2000-01	402.42	4.56	0	0	4.56	406.98	9.23	444.54
2001-02	444.54	1.82	0	0	1.82	446.36	11.2	496.35
2002-03	496.35	13.29	0	0	13.29	509.64	10.54	563.36
2003-04	563.36	2.80	0	0	2.8	566.16	10.95	628.16
2004-05	628.16	4.03	0	0	4.03	632.19	8.97	688.89
2005-06	688.89	7.55	0	0	7.55	696.44	8.15	753.20
2006-07	753.20	2.50	0	0	2.5	755.70	11.66	843.82
2007-08	843.82	1.20	11.55	0	12.75	856.57	14.07	977.09
2008-09	977.09	7.63	0	0	7.63	984.72	7.94	1,062.90
2009-10	1,062.90	17.09	0	0	17.09	1,079.99	9.45	1,182.05
2010-11	1,182.05	11.06	0	0	11.06	1,193.11	9.03	1,300.85
2011-12	1,300.85	6.09	0	0	6.09	1,306.94	8.28	1,415.16
2012-13	1,415.16	7.00	0	0	7	1,422.16	8.19	1,538.63
2013-14	1,538.63	78.08	0	0	78.08	1,616.71	7.14	1,732.14
2014-15	1,732.14	1.21	3.62	0	4.83	1,736.97	7.68	1,870.37
2015-16	1,870.37	6.85	0	0	6.85	1,877.22	7.25	2,013.32
2016-17	2,013.32	9.56	0	0	9.56	2,022.88	7.83	2,181.27
2017-18	2,181.27	97.30	21.83	17.5	101.63	2,282.90	7.23	2,447.96
2018-19	2,447.96	120.74	23.18	0	143.92	2,591.88	7.20	2,778.49
2019-20	2,778.49	2616.82	15.88	0	2632.7	5,411.19	7.20	5,800.80
2020-21	5,800.80	83.47	47.1	0	130.57	5,931.37	6.72	6,329.96
Total		**3,107.79**	**123.16**	**17.5**	**3,213.45**			

(Source: Compiled based on latest information furnished by the respective PSUs as of March 2021)

Appendix 5.8

(Reference paragraph: 5.8)

Detail of Loss Making PSUs as per the latest finalised accounts as of 30 November 2021

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit(+)/ Loss(-) after interest and tax	Paid up Capital	Long Term Loan	Free Reserves	Accumulated Profit/Loss	Capital employed	Net worth
I	**Government Companies**									
1.	Jammu and Kashmir Agro Industries Development Corporation Limited	2014-15	2020-21	-2.20	3.54	25.06	0.00	-49.20	-20.60	-45.66
2.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2017-18	2019-20	-5.97	46.92	78.46	0.00	-43.18	82.20	3.74
3.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-20.54	17.65	24.36	0.00	-146.99	-104.98	-129.34
4.	Jammu and Kashmir Industries Limited	2013-14	2019-20	-36.39	16.27	686.13	0.00	-753.25	-50.85	-736.98
5.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	-8.60	8.52	154.66	0.00	-170.06	-6.88	-161.54
6.	Jammu and Kashmir Handloom Development Corporation Limited	2018-19	2020-21	-1.28	4.99	150.73	0.00	-140.20	15.52	-135.21
7.	Jammu & Kashmir Trade Promotion Organisation	2019-20	2020-21	-0.16	5.23	0	0	-0.03	5.20	5.20
8.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2018-19	2019-20	-0.06	0.50	0	0	-0.06	0.44	0.44
9.	Jammu and Kashmir Tourism Development Corporation Limited	2019-20	2021-22	-6.14	15.96	4.26	0.00	-3.35	16.87	12.61
10.	Jammu and Kashmir Minerals Limited	2010-11	2020-21	-8.38	8.00	263.83	0.16	-225.01	46.82	-217.01
11.	Jammu and Kashmir Forest Development Corporation Limited	2019-20	2021-22	-3.99	9.03	18.05	0.00	-249.13	-222.05	-240.10
12.	Jammu and Kashmir Power Transmission Corporation Limited	2018-19	2020-21	-0.0035	0.05	0	0	-0.03	0.02	0.02
13.	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	-0.0035	0	0	0	-0.03	-0.03	-0.03
14.	Jammu and Kashmir Power Corporation Limited	2016-17	2021-22	-0.0059	0.05	0	0	-0.02	0.03	0.03
	Total			**-93.71**	**136.66**	**1,405.54**	**0.16**	**-1,780.54**	**-238.29**	**-1,643.83**
II	**Statutory Corporation**									
15.	Jammu and Kashmir State Road Transport Corporation	2018-19	2020-21	**-117.62**	**207.96**	**676.02**	**0**	**-1,634.94**	**-750.96**	**-1,426.98**
III	**Government Controlled other Company**									
16.	Chenab Valley Power Projects Private Limited	2020-21	2021-22	**-3.18**	**2,723.66**	**0.00**	**0.00**	**49.34**	**2,773.00**	**2773.00**
	Grand Total			**-214.51**	**3,068.28**	**2,081.56**	**0.16**	**-3,366.14**	**1,783.75**	**-297.81**

Appendix 5.9

(Reference paragraph: 5.8.1)

Detail of PSUs having accumulated losses as per their latest finalised accounts as of 30 November 2021

(₹in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit(+)/ Loss(-) after interest and tax	Paid up Capital	Long Term Loan	Free Reserves	Free Reserves and accumulated Profit/Loss	Capital employed	Net worth
Government Companies										
1.	Jammu and Kashmir Agro Industries Development Corporation Limited	2014-15	2020-21	-2.2	3.54	25.06	0	-49.2	-20.6	-45.66
2.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2010-11	2020-21	31.46	9.2	23.85	0	-71.28	-38.23	-62.08
3.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2017-18	2019-20	-5.97	46.92	78.46	0	-43.18	82.20	3.74
4.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-20.54	17.65	24.36	0	-146.99	-104.98	-129.34
5.	Jammu and Kashmir Industries Limited	2013-14	2019-20	-36.39	16.27	686.13	0	-753.46	-51.06	-737.19
6.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	-8.6	8.52	154.66	0	-170.06	-6.88	-161.54
7.	Jammu and Kashmir Handloom Development Corporation Limited	2018-19	2020-21	-1.28	4.99	150.73	0	-132.99	22.73	-128
8.	Jammu & Kashmir Trade Promotion Organisation	2019-20	2020-21	-0.16	5.23	0	0	-0.03	5.2	5.2
9.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2018-19	2019-20	-0.06	0.5	0	0	-0.06	0.44	0.44
10.	Jammu and Kashmir Forest Development Corporation Limited	2019-20	2021-22	-3.99	9.03	18.05	0	-249.13	-222.05	-240.1
11.	Jammu and Kashmir Minerals Limited	2010-11	2020-21	-8.38	8	263.83	0.16	-225.01	46.82	-217.01
12.	JKB Financial Services Limited	2020-21	2021-22	2.67	20	0	0	-3.19	16.81	16.81
13.	Jammu and Kashmir Tourism Development Corporation Limited	2019-20	2021-22	-6.14	15.96	4.26	0	-3.35	16.87	12.61
14.	Jammu and Kashmir State Financial Corporation	2018-19	2019-20	3.18	172.89	39.43	0	-172.97	39.35	-0.08
15.	Jammu and Kashmir Power Transmission Corporation Limited	2018-19	2020-21	-0.0035	0.05	0	0	-0.03	0.02	0.02
16.	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	-0.0035	0	0	0	-0.03	-0.03	-0.03
17.	Jammu and Kashmir Power Corporation Limited	2016-17	2021-22	-0.0059	0.05	0	0	-0.02	0.03	0.03
	Total			**-56.41**	**338.75**	**1468.82**	**0.16**	**-2,020.98**	**-213.36**	**-1,682.18**
Statutory Corporation										
18.	Jammu and Kashmir State Road Transport Corporation	2018-19	2020-21	-117.62	207.96	676.02	0	-1,634.94	-750.96	-1,426.98
	Grand Total			**-174.027**	**546.71**	**2,144.84**	**0.16**	**-3,655.92**	**-964.32**	**-3,109.16**

Appendix 5.10

(Reference paragraph: 5.11.2)

Statement showing position of GoJ&K investment in working PSUs accounts of which are in arrears as of 30 November 2021

(₹in crore)

Sl. No.	Name of the Public Sector Undertakings	Year up to which accounts finalised	Paid-up capital	Period of accounts pending finalisation	Investment made by Government of J&K during the period for which accounts are in arrears				
					Equity	Loans	Grant	Subsidy	Total
A	**Working Government Companies**								
1	J&K Agro Industries Development Corporation Limited	2014-15	3.54	6	0	0.54	0	0.00	0.54
2	J&K Horticultural Produce Marketing and Processing Corporation Limited	2010-11	9.20	10	0.80	24.00	4.75	0.00	29.55
3	J&K Small Scale Industries Development Corporation Limited	2016-17	3.12	4	0	0	0	0.00	0.00
4	J&K State Industrial Development Corporation Limited	2013-14	17.64	7	0	0.00	237.28	0	237.28
5	J&K Project Construction Corporation Limited	2018-19	1.97	2	0	0.00	0	0.00	0.00
6	J&K Police Housing Corporation Limited	2014-15	2.00	6	0	0.00	0	0.00	0.00
7	J&K Handloom Development Corporation Limited	2018-19	4.99	2	0	4.60	11.80	0.00	16.40
8	J&K Handicrafts (Sale and Export) Development Corporation Limited	2018-19	8.52	2	0	7.50	10.21	0.00	17.71
9	J&K Industries Limited	2013-14	16.27	7	0	23.62	62.30	0.00	85.92
10	J&K Minerals Limited	2010-11	8.00	10	0	12.69	39.34	0.00	52.03
11	J&K Tourism Development Corporation Limited	2019-20	15.96	1	0	0.00	8.67	0.00	8.67
12	J&K Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	2017-18	46.92	3	1.65	14.23	6.35	0.20	22.43
13	J&K Women's Development Corporation Limited	2019-20	10.00	1	0	3.00	0	0.00	3.00
14	J&K Cements Limited	2011-12	45.77	9	0	0.25	2.63	0.00	2.88
15	J&K Cable Car Corporation Limited	2013-14	23.57	6	0	0.00	26.19	0.00	26.19
16	J&K Overseas Employment Corporation Limited	2010-11	2.56	10	0	0.00	0	0.00	0.00
17	J&K Infrastructure Development Finance Corporation Limited	2018-19	0.50	2	0	0.00	121.26	0.00	121.26
18	J&K I.T. Infrastructure Development Private Limited	2019-20	0.50	1	0	0.00	50.00	0.00	50.00
19	J&K Trade Promotion Organization	2019-20	5.23	1	0	0.00	0	0.00	0.00
20	J&K Power Development Corporation Limited	2014-15	5.00	6	0	0.00	143.07	0.00	143.07
21	J&K Power Transmission Corporation Limited	2018-19	0.05	2	0.05	0.00	253.09	0.00	253.14

Sl. No.	Name of the Public Sector Undertakings	Year up to which	Paid-up capital	Period of accounts	Investment made by Government of J&K during the period for which accounts are in arrears				
22	Kashmir Power Distribution Corporation Limited	2018-19	0	2	0	0.00	113.38	450.00	1097.79
23	J&K Forest Development Corporation Ltd.	2019-20	9.03	1	0	0.00	0	0.00	0.00
24	Srinagar Smart City Limited	2018-19	0.10	2	0	0.00	20.20	0.00	20.20
25	J&K Power Corporation Limited	2016-17	0.05	4	0.05	0.00	4,154.11	0.00	4,154.11
26	J&K Medical Supplies Corporation Limited	*	*	7	0	0.00	0	0.00	0.00
27	Jammu Smart City Limited	*	*	4	0.10	0.00	0	0.00	0.00
28	AIC-Jammu & Kashmir EDI Foundation+	*	*	3	0	0.00	0	0.00	0.00
29	Jammu Mass Rapid Transit Corporation Private Limited	*	*	2	0	0.00	0	0.00	0.00
30	Srinagar Mass Rapid Transit Corporation Private Limited	*	*	2	0	0.00	0	0.00	0.00
31	Jammu Power Distribution Corporation Limited	*	*	8	0.05	0.00	637.49	4,050.00	4687.54
	Total A			**133**	**2.70**	**90.43**	**6,437.90**	**4,500.20**	**11,031.27**
B	**Working Statutory Corporations**								
32	J&K State Road Transport Corporation	2018-19	207.96	2	93.84	65.50	0	0.00	159.34
33	J&K State Financial Corporation	2018-19	172.89	2	0	0.00	0	0.00	0.00
	Total B		**380.85**	**4**	**93.84**	**65.50**	**0**	**0.00**	**159.34**
	Total (A+B)			**137**	**96.54**	**155.93**	**6,437.90**	**4,500.20**	**11,190.61**

(Source: Latest finalized accounts of the companies for paid up capital and information provided by the Companies for Investment made by Government of J&K during the period for which accounts are in arrears)

**These companies have not submitted its account since inception*

+ The Company has not furnished the information for 2020-21

Appendix 6
Glossary of important Budget related terms

1. ***'Accounts' or 'actuals' of a year*** **-** are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2. ***'Administrative approval' of a scheme, proposal or work*** **-** is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3. ***'Annual financial statement'*** **-** Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.
4. ***'Appropriation'*** **-** means the amount authorized by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5. ***'Charged Expenditure'*** **-** means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6. ***'Consolidated Fund of India/ State'*** **-** All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7. ***'Contingency Fund'*****-** is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive /Government to meet unforeseen expenditure arising in the course of a year pending its authorization by the Parliament/State Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/State Legislature approves it through the Supplementary Demands.
8. ***'Controlling Officer (budget)'*** **-** means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9. ***'Drawing and Disbursing Officer' (DDO)*** **-** means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function
10. ***'Excess Grant'*** **-** Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that

requires regularization by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.

11. ***'New Service'*** **-** As appearing in Article 115(1)(a)/205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/State Legislature earlier, including a new activity or a new form of investment.
12. *'**New Instrument of Service'*** **-** means relatively large expenditure arising out of important expansion of an existing activity.
13. ***'Public Accounts'*** **-** means the Public Account referred to in Section 115 (2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.
14. ***'Re-appropriation'*** **-** means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
15. ***'Revised Estimate'*** **-** is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.
16. ***'Supplementary Demands for Grants'*** **-** means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.

    a) **Cash Supplementary -** is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the State.
    b) There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the State Legislature, allows to utilize the savings of one of the Sections for any other Section.
    c) **Token Supplementary -** allows to utilize the savings within the same section of the grant.

17. ***'Major Head'*** **-** means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.
18. ***'Sub-Major Head'*** **-** means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are

numerous and can conveniently be grouped together under such intermediate Head.

19. ***'Minor Head'*** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.
20. ***'Sub-Head'*** - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
21. ***'Major Work***' - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.
22. ***'Minor Work'*** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
23. ***'Modified Grant or Appropriation'*** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
24. ***'Supplementary or Additional Grant or Appropriation'*** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
25. ***'Schedule of New Expenditure'*** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.
26. ***'Token demand'*** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.

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सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Compliance Audit

for the year ended 31 March 2021

SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

GAURAV RAI

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Government of Union Territory of Jammu and Kashmir

Report No. 3 of the year 2022

Report of the
Comptroller and Auditor General of India
on
Compliance Audit

for the year ended 31 March 2021

Government of Union Territory of Jammu and Kashmir

Report No. 3 of the year 2022

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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

(₹ in crore)

Sl. No.	Particulars	2020-21
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 Section[1] 13 of the DPC Act. In addition, CAG also conducts audit of other Autonomous Bodies which are substantially financed by the Government under Section[2] 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.

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[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 weeks[3].

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

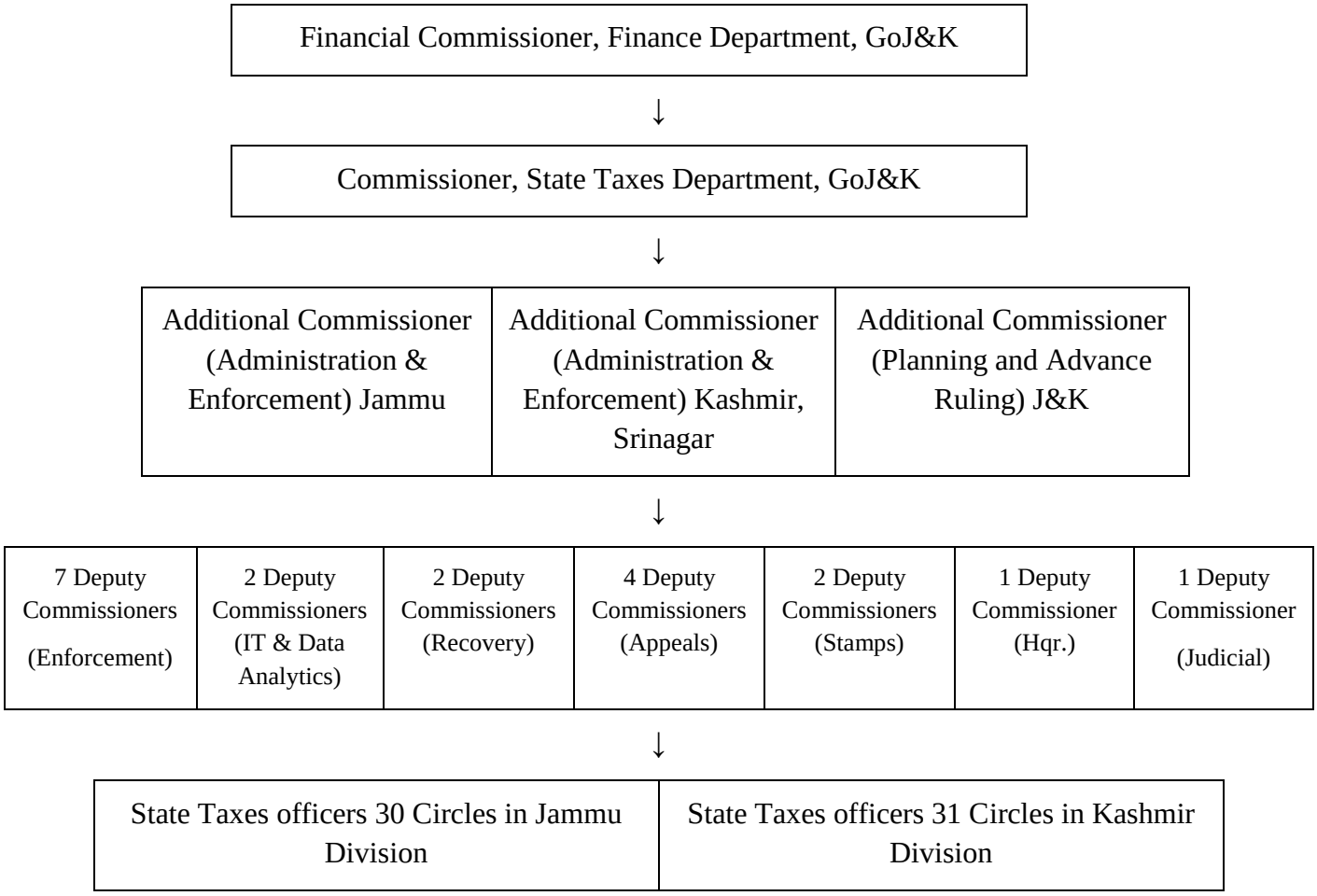
Timely refund mechanism constitutes a crucial component of tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernization of existing business. The provisions pertaining to refund contained in the GST laws aim to streamline and standardise 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 portal[1]. 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 two[2] dealers on 01 September 2020 and 02 May 2019 in Kashmir Division and of three[3] 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-filling 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

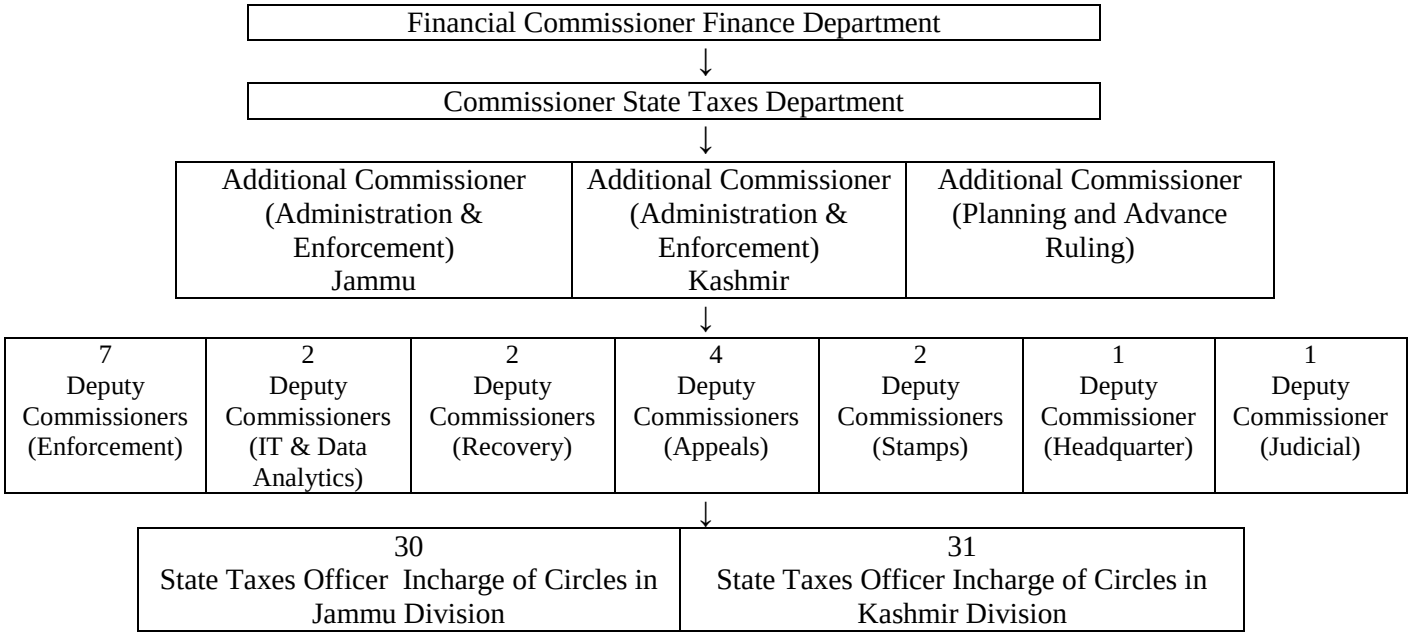
State Taxes Department

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 quarterly[1] 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-1and 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.

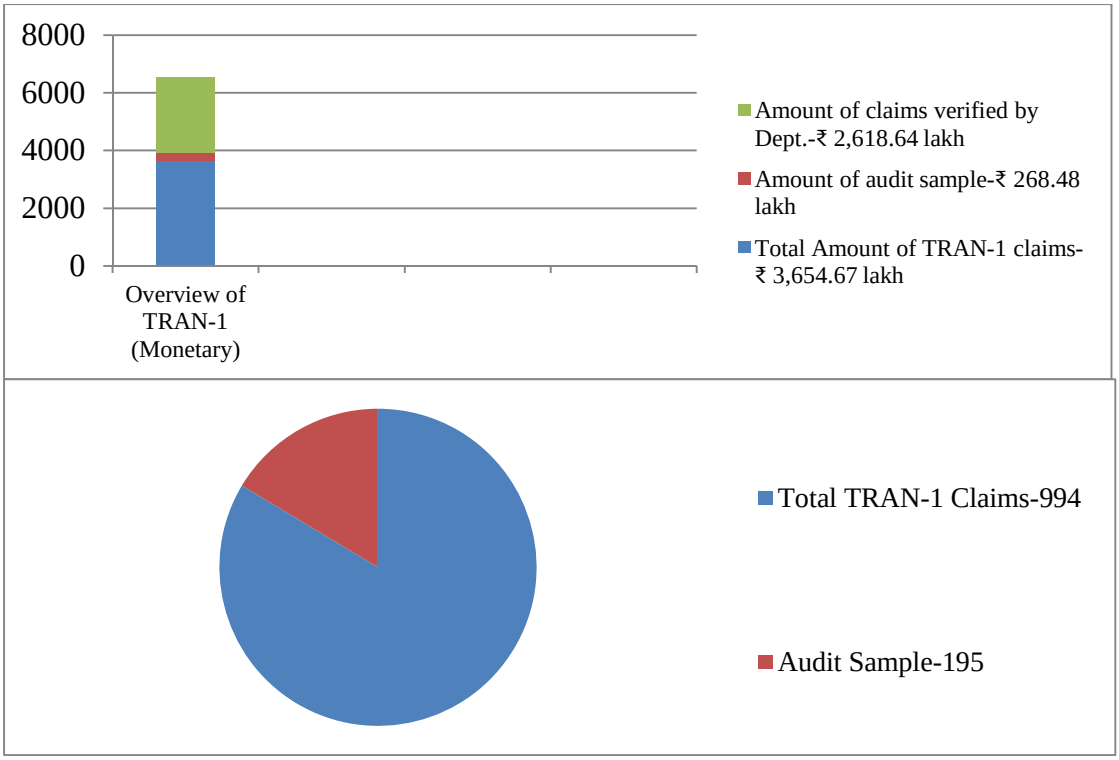
3.7 Audit findings

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

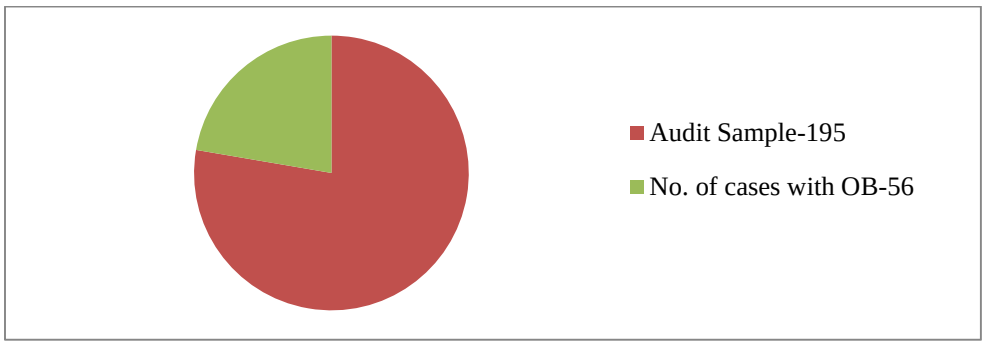
The transitional credit, one-time flow of input tax credit from the legacy regime into the GST regime, was available to both the taxpayers migrating from the previous regime as well as new registrants under GST. Out of a representative sample of 195 cases of transitional credit claims for the UT of J&K 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 739[1] personnel (30 *per cent*) of the total persons-in-position (2,462[2]), 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 Department[5] 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 two[6] 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 faculties[7] 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 posts[8] 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 Bhaderwah, 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 29[9] cases, interviews were conducted when applications received were less than three and in eight[10] 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, *adhoc*/ 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 crore[11] 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 200[12] 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

categories[13] 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 crore[14] 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 NAAS[15] 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 557[16] non-teaching employees out of a total of 1,794[17] 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 case[18] 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 *adhoc* 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 *adhoc* or contractual basis for a period of 89 days. Their period of their engagement was extended from time to time. These *adhoc*/ contractual employees were regularised (2015) without advertising the post.

The Registrar SKUAST-J stated (November 2021) that most of the *adhoc* 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 *adhoc* 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 Scheme[19] (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 Agriculture[20] 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 *adhoc* 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/ scientists[21] and 105 non-teaching employees[22] 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 crore[23] in respect of 53[24] 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 employees[25] 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 311[26] 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-Practicing 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 pay[27] 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 21[28] 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 crore[29] 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 components[1] 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 ULBs[2] (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 PTs[3] 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 toilet[4]. 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 installment[6] 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 two[7] 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 ULBs[8] 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, Bhaderwah, 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 18[9] 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 942[10] selected beneficiaries, 633 beneficiaries[11] 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 way[12], 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 beneficiaries[13] stated that NGOs had not constructed their IHHLs but they constructed IHHLs on their own. Out of these 238 beneficiaries, 137 stated[14] 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 beneficiaries[15] could not be traced out.

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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 IHHLs[16] 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 cases[17]. 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, 69[18] IHHLs were found dismantled by beneficiaries who stated that they were not worth use. 453[19] 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.

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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 two[20] 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 IHHLs[21]. 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 ULBs[22] of Jammu division, double payment of ₹ 3.15[23] 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 ULBs[24] 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 Bhaderwah 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 lakh[25] 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 crore[26] 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 PTs[27], ₹ 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 crore[2].

(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

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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 crore[3].

It was further noticed that the dealer had also disclosed 'Direct Income' of ₹ 1.66 crore[4] 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&KGST 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 lakh[5].

After this was pointed out in audit, the Assessing Authority re-assessed (February 2021) the dealer and raised a demand of ₹ 46.88 lakh[6] 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 lakh[7], 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 lakh[8] resulted in short levy of tax, interest and penalty amounting to ₹ 12.36 lakh[9]. 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 lakh[10].

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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 lakh[11].

(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 lakh[12]. 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 lakh[13].

(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 lakh[14] 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 lakh[15].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 lakh [16] 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 lakh[17]. 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 lakh[18] 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 spaces[19], 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 rent[20] 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 crore[21] 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

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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 six[22] Drawing and Disbursing Officers of Home department revealed that one-month additional salary was irregularly paid to 483[23] 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 crore[24] 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 started[25] 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 basis[26] 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 crore[27] 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 crore[28] 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 OBCs[29] (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 buildings[30], each having capacity of twenty-five students for use as hostels for OBC students, at Jammu and Srinagar. Though several notifications were published[31] 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 lakh[32] 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) invited[33] (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 crore[34]. 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 crore[35] 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 crore[36] (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

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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 Company[1] 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 six[2] inactive Government Companies with delay in accounts ranging between four years to 31 years), two Statutory Corporations and one Government Controlled Other Company[3]. The names of these PSUs are given in ***Appendix 7.1***.

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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

(₹ in crore)

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

(₹ in crore)

Sl. No.	Particulars	2018-19		2019-20		2020-21	
		Number of PSUs*	Amount	Number of PSUs*	Amount	Number of PSUs*	Amount
1.	Equity Capital outgo	9	120.74	3	2,616.82	7	83.47
2.	Loans given	9	56.18	8	48.07	7	51.85
3.	Grants/ Subsidy provided	8	48.91	12	100.50	11	3,016.38
	Total outgo		**225.83**		**2,765.39**		**3,151.70**
4.	Loan repayment written off	-	-	-	-	-	-
5.	Loans converted into equity	-	-	-	-	2	152.42
6.	Guarantees issued	1	20.00	-	-	-	-
7.	Outstanding Guarantee Commitment	3	1,822.09	3	1,580.90	5	7,698.97

(Source: Compiled based on information received from PSUs)

** Number of PSUs represents those PSUs which have received outgo from budget under one or more heads i.e. equity, loans and grants/ subsidies.*

The increase in assistance during 2020-21 was mainly due to grant/ subsidy given to four power sector PSUs (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 Company[4] 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 due[5] 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.

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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 two[7] Government Companies and one Government Controlled Other Company[8] by 30 November 2021. Of these, financial statements of two[9] 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 estimated[1] 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 Limited[2] (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/ Mini[3] Hydel Projects (MHPs) in the Jammu and Kashmir, the GoJ&K endowed (August 2009) the Jammu and Kashmir Energy Development Agency[4] (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).

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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 MWs[5] 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 sites[6], JKPDC made four[7] 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

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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 project[8] 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 agencies[9] 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 analysis[10] 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 forecasting[11]. 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 firm[12] by JKPDC on EPC turnkey basis at a cost of ₹ 217.56 crore[13]. An expenditure of ₹ 127.70 crore was incurred on execution of the projects after availing loan of ₹ 111.50 crore[14] from Rural Electrification Corporation and financial assistance of ₹ 16.20 crore (March 2012) from MNRE, GoI.

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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 six[15] 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 timelines[16] 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 method[17].

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 analysis[18] 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 crore[19]. 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 project[20] (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 project[21] with generation capacity of 3.75 MWs was selling power locally and other three projects[22] 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.

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[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 crore[1] by end of March 2021. The net block[2] of these assets as on 31 March 2021 was ₹ 1,755.33 crore. Audit examined[3] records of Corporate Office and four Zones[4] 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**.

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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 the 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 property[5] under SARFAESI Act, 2002[6] 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 crore[7].

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 structure[8] 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 years[9] in lieu of premium payable at ₹ 45 lakh per kanal[10] 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 crore[11] (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' & others[12] 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 options[14] 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 zones[15]. 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, Srinagar[16]. The Bank placed (February 2019) a work order[17] 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 rent[18] 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 lakh[19]. 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 lakh[20] 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 crore[21] 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 premises[22] 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 requests[23] 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 crore[24] 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 lakh[26] 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 lakh[27] during the period from February 2017 to March 2022.

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[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 lakh[28] 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 lakh[29] (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 hired[30] 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 premises[31] 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 lakh[32] 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/ HVAC[33] 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.

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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 works[34], 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 WOs, 373 WOs (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-lobby[35] at erstwhile Business Unit (BU) SSI Lal Chowk Srinagar at a cost of ₹ 194.15 lakh. After incurring expenditure of ₹ 20.51 lakh[36], 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 bidder[37] 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 orders[38] 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 portion[2] 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 Unit[3] of Jammu and Kashmir Bank Limited (Bank) revealed that a bill discounting facility[4] 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 crore[5] was outstanding against the borrower Company.

For implementation of four laning of Amravati-Chikhli National Highway project, ITNL was to achieve the financial closure[6]. 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 SARFAESI[8] 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 crore[9] had become doubtful.

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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 crore[10] favouring M/s Ace Engineering Infratech Private Ltd. (Company) and enhanced (December 2012) the same to ₹ 14 crore[11]. 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 crore[12] 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 crore[13] (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 Act[14], 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 crore[15] and the securities available with the Bank was only ₹ 2.85 crore[16] 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 crore[17].

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 Scheme[18] 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 days[19] 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 crore[20] to various SSI units for execution of order whereas the Company paid ₹ 1.91 crore[21] 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 charges[22] 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 lakh[23] with the tax authorities out of its own resources during November 2018 to March 2020[24] 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.	01CDOPK2216F2Z0	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 acknowledge-ment 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

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 acknowledge-ment 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 Irrgation 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 1akh	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

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 Jammu & Kashmir	6	6	1	2,32,467		
Jammu		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	01AALFA5121H1Z1	AA011119001385T/11-11-19	06-12-2019		26,73,070	21,72,184	23,26,205	13,47,651		
		GSP Power Projects	01AFVPP5777K1ZO	AA011119000567O/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	01AMAPD0231A1ZK	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-filling 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-filling 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)				Circle
						IGST	CGST	SGST	IGST	CGST	SGST	CESS	
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 Enterprsies	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)				Circle
						IGST	CGST	SGST	IGST	CGST	SGST	CESS	
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	01AAFFH0302R1ZQ		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	Jayy 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	15th BOM held on 8th Nov.2010 11 Est of 2011 dated 08.07.2011
2.	Electrician	1	Telephone technical	15th BOM held on 8th Nov.2010 Notification 12 of 2010 dated 31.12.2010.
3.	Assistant Registrar FV SC & AH RS Pura (Vacant)	1	Assistant Registrar (legal)	14th BoM, Notification 01 of 2010 dated 10.08.2010
4.	Jr. Stenographer (Division of veterinary clinical Medicine)	1	Jr. Physiotherapist	18th 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	16th BoM 20(Est) of 2011 dated 08.07.2011
8.	Accounts Assistant	4	Accountant	25 Secy of 2017 dated 23.11.2017 (28th BoM)
9.	Associate Dean. FOA	1	Dean Faculty of Basic science.	14 Secy of 2015 dated 02.07.2015 and 23rd BoM.
10.	Jr. Scientist Plant pathology (02 post)	1	Assistant professor Biotechnology	01 of 2010 dated 10.08.2010 (14th 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	16th BoM 20(Est) of 2011 dated 08.07.2011
14.	Animal Attendant/ Lab Attendant (02 post)	2	OCC	16th 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**

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 prepearation- 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.	Zampather	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.	Sirgwari-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-2nd	Kupwara	1.6	No response to RFQ/ Bid

Sl. No.	Name of Project	District	Capacity (in MWs)	Status
82	MHP Dahi-2nd	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	Saujian-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 Interirors	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 Interirors	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 Riyaaz 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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सत्यमेव जयते

Union Territory Finances Audit Report

of

the Comptroller and Auditor General of India

for the year ended 31 March 2022

SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

GAURAV RAI

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Government of Union Territory of Jammu and Kashmir

Report No. 1 of the year 2023

Union Territory Finances Audit Report

of

the Comptroller and Auditor General of India

for the year ended 31 March 2022

Government of Union Territory of Jammu and Kashmir

Report No.1 of the year 2023

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PREFACE

This Report for the year ended 31 March 2022 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act 2019. As per the decision of the Government of India, Ministry of Finance (June 1994), wherever President's Rule is extended beyond one year, the C&AG's Report would be placed in Parliament. Hence, this Report is being sent to President for laying in the Parliament.

Chapter I of this report describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and fiscal position including the deficits/ surplus.

Chapter II provides a broad perspective of the finances of the Union Territory, major fiscal aggregates, debt profile and key public accounts transactions based on the Finance Account of the Union Territory.

Chapter III is based on the Appropriation Accounts of the Union Territory of Jammu and Kashmir and reviews the appropriations and allocative priorities of the Union Territory Government and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter IV comments on the quality of accounts rendered by various authorities of the UT Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the UT Government.

Chapter V discusses the financial performance of Public Sector Undertakings.

The Report containing the findings of audit of transactions in various departments, audit of Statutory Corporations, Boards and Government Companies and observations on Revenue Receipts are presented separately.

Executive Summary

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Union Territory of Jammu and Kashmir is brought out to assess the financial performance of the Union Territory during the year 2021-22 *vis-à-vis* the Budget Estimates, to provide the Union Territory Government and UT Legislature with timely inputs based on audit analysis of financial data. The report analyses the structural profile of Government's receipts and disbursements.

The Report

Based on the audited accounts of the Government of Union Territory for the year ended 31 March 2022 and additional data such as Budget of the Union Territory, other data with Departmental Authorities, GSDP data and other UT related statistics, this report has been structured into the following five Chapters.

Chapter-I describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and UT's fiscal position including the deficits/ surplus.

Chapter-II provides a broad perspective of the finances of the Union Territory, debt profile of the Union Territory and key Public Account transactions, based on the Finance Accounts of the Union Territory.

Chapter-III is based on the Appropriation Accounts of the Union Territory of Jammu and Kashmir and reviews the appropriations and allocative priorities of the Government of Union Territory and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter-IV comments on the quality of accounts rendered by various authorities of the UT Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the UT Government.

Chapter-V discusses the financial performance of Public Sector Undertakings.

Audit findings

Chapter-I & II: Overview and Finances of the Union Territory

During 2021-22, Revenue Receipts increased by 13 *per cent* with respect to last year but it fell short off budget estimates by 39 *per cent*. Government could not keep its Fiscal Deficit and Primary Deficit within the projections estimated in the budget. Against projection of Revenue Surplus of ₹28,337 crore in budget there was Revenue deficit of ₹31 crore during 2021-22.

(Para 1.5)

There was Revenue Deficit of ₹30.83 crore in the accounts of Union Territory of Jammu and Kashmir for the year 2021-22 which was understated by ₹200.29 crore due to misclassification of Revenue Expenditure as Capital Expenditure, Non Payment of Interest on State Compensatory Afforestation Fund and Deposit. There was Fiscal Deficit of ₹11,150.61 crore during 2021-22 which was understated by ₹41.53 crore due to Non Payment of Interest on State Compensatory Afforestation Fund and State Compensatory Afforestation Deposit.

(Para 1.7.1)

The Government of Jammu and Kashmir had outstanding liability of ₹29,335.41 crore ending 31 March 2022. In addition to above, there is outstanding borrowings amounting to ₹2,122.77 crore of JKIDFC and an amount of ₹10,321.83 crore of JKPCL. Government has paid Principal/Interest on account of these borrowings.

(Para 1.7.2)

Grants-in-Aid from GoI (₹42,690.77 crore) constituted 72.07 *per cent* of the total revenue receipts of ₹59,238.50 crore for 2021-22.

(Para 2.3.2.2)

The total committed expenditure accounted for 75.93 *per cent* of Revenue Expenditure during 2021-22.

(Para 2.4.2.2)

During the year 2021-22, the Government of Union Territory of Jammu and Kashmir disbursed loans and advances of ₹73.77 crore and recovered loans and advances amounting to ₹1.03 crore. Out of total loans disbursed during 2021-22 loans amounting ₹40.00 crore was disbursed to J&K Road Transport Corporation Limited which already had outstanding loans of ₹439.23 crore ending 31 March 2021 (₹383.73 crore received from erstwhile State and ₹55.50 crore from UT of J&K). As per last audited accounts for the year 2018-19, JKRTC booked losses of ₹117.62 crore.

(Para 2.4.3.2)

The total accumulated balance at the end of 31 March 2022 in reserve funds was ₹920.13 crore. There is cumulative aggregate balance in these funds at the end of 30 October 2019 amounting ₹2,806 crore of erstwhile State of Jammu and Kashmir which is yet to be bifurcated between two successor UTs.

(Para 2.5.2)

The Government of Union Territory of Jammu and Kashmir maintained minimum cash balance of ₹1.14 crore on 62 days without resorting to Normal Ways and Advances and Overdraft and availed Normal Ways and Means Advances on 125 days and on 178 days it had to avail Overdraft too from RBI. The balance at the end of 31 March 2022 was ₹499.54 crore under Normal Ways and Means Advances.

(Para 2.7.3)

Chapter-III: Budgetary Management

An amount of ₹21,646.17 crore was incurred under 33 schemes/ Sub Heads in 10 Grants without Budgetary Provisions during 2021-22.

(Para 3.3.1)

During 2021-22, a sum of ₹158.76 crore of Revenue expenditure was disbursed under Capital Major Heads of expenditure, thereby, resulting in overstatement of Capital Expenditure and understatement of Revenue Expenditure and Revenue deficit to the extent of ₹158.76 crore.

(Para 3.3.2)

Supplementary provisions aggregating ₹3,919.78 crore obtained in 22 cases, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions

(Para 3.3.3)

There were huge savings of ₹100 crore and above by the departments under Capital Section in 22 grants amounting to ₹18,723.63 crore. Out of the 35 grants, except in Grant No. 08- Finance Department, there were savings in the remaining 34 Grants.

(Para 3.4)

Entire budget provision of ₹5,092.25 crore under 28 Grants involving 123 number of schemes remained unutilised during the year.

(Para 3.5)

The Excess expenditure amounting to ₹2,049.26 crore under Revenue Voted, Revenue *Charged* and Capital *charged* section in Grant No. 08-Finance Department and Revenue Voted section in Grant No. 16-Public Works Department incurred by the Government during 2021-22 is to be got regularised.

(Para 3.5.1)

The expenditure exceeding 50 *per cent* of the total expenditure for the year 2021-22 was incurred in March 2022 in respect of 25 Major Heads under 17 Grants.

(Para 3.7.2)

Chapter-IV: Quality of Accounts and Financial Reporting Practices

3,089 number of Utilisation Certificates for grants paid up to 30 October 2019 amounting to ₹8,158.32 crore by erstwhile State and 770 number of UCs for grants paid by UT of Jammu and Kashmir amounting to ₹3,137.11 crore were outstanding up to 31 March 2022.

(Para 4.5)

DCC bills in respect of ₹5,830.41 crore drawn on 2,154 number of AC bills drawn upto 30 October 2019 and DCC bills for ₹11,448.03 crore drawn on 1,139 AC bills post reorganization by UT of Jammu and Kashmir are outstanding ending 31 March 2022.

(Para 4.6)

During 2021-22, Receipts of ₹53,275.15 crore (89.93 *per cent* of the total Revenue Receipts of ₹59,238.50 crore of Union Territory of J&K) and Expenditure of ₹49,058.57 crore (69.77 *per cent* of total Revenue and Capital Expenditure of ₹70,316.36 crore) were reconciled with the Office of the Principal Accountant General (A&E).

(Para 4.9)

Certain Grants-in-aid to be classified under Revenue Section were classified under Capital Section and details in respect of Grants-in-aid given in kind was not provided (IGAS 2).

(Para 4.11)

In respect of eight Autonomous Bodies which were to render annual accounts to C&AG, 37 number of accounts were not rendered for the period ranging between one to 12 years.

(Para 4.12)

Chapter-V: Financial Performance of Public Sector Undertakings

As on 31 March 2022, of the total equity capital of ₹6,029.99 crore in Power Sector PSUs, ₹2,593.54 crore (43.01 *per cent*) was contributed by the GoJ&K. Further, the total equity investment of GoJ&K in 36 PSUs of sectors other than Power Sector was ₹975.87 crore. The Government had also advanced loans of ₹1,539.42 crore to PSUs functioning in other than power sector.

(Para 5.4.1)

Budgetary assistance of ₹3,473.11 crore was received by PSUs from the GoJ&K during 2021-22.

(Para 5.4.2)

The market value of shares of J&K Bank Limited was ₹3,013.22 crore as on 31 March 2022 as compared to ₹1,901.35 crore as on 31 March 2021.

(Para 5.4.5)

Chapter-I

Overview

CHAPTER-I

OVERVIEW

This chapter describes the basis and approach to the report and the underlying data provides overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and Union Territory's key fiscal position including the deficits/surplus.

1.1 Profile of the Union Territory of Jammu and Kashmir

The Union Territory (UT) of Jammu and Kashmir is located in Himalayan region of northern part of India. It has two divisions i.e. Jammu and Kashmir and has 20 districts. It has two Capitals i.e. Jammu during winter and Srinagar during summer. The projected population of UT of Jammu and Kashmir for the year 2022 is 1.35 crore. Kashmiri, Dogri, Hindi, Urdu and English are major languages of UT. GSDP during 2021-22 was ₹1,95,118 crore.

1.1.1 Gross State Domestic Product of the Union Territory of Jammu and Kashmir

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the UT in a given period of time. Growth of GSDP is an important indicator of the economy, as it denotes the extent of changes in the level of economic development of the State/UT over a period of time. Changes in sectoral contribution to the GSDP is also important to understand the changing structure of economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors. Comparison of growth of GSDP and GDP has been shown in ***Table 1.1***.

Table 1.1: GSDP compared to the GDP

(₹ in crore)

Year	**2019-20**	**2020-21**	**2021-22**
GDP (2011-12 Series)	2,00,74,856 (2nd RE)	1,98,00,914 (1st RE)	2,36,64,637 (AE)
Growth rate of GDP over previous year (in *per cent*)	6.2	-1.4	19.4
GSDP (2011-12 Series)	1,64,135	1,70,201	1,95,118
Growth rate of GSDP over previous year (in *per cent*)	N/A*	3.70	14.64

Source: Ministry of Statistics and Programme Implementation (MOSPI), GoI website.

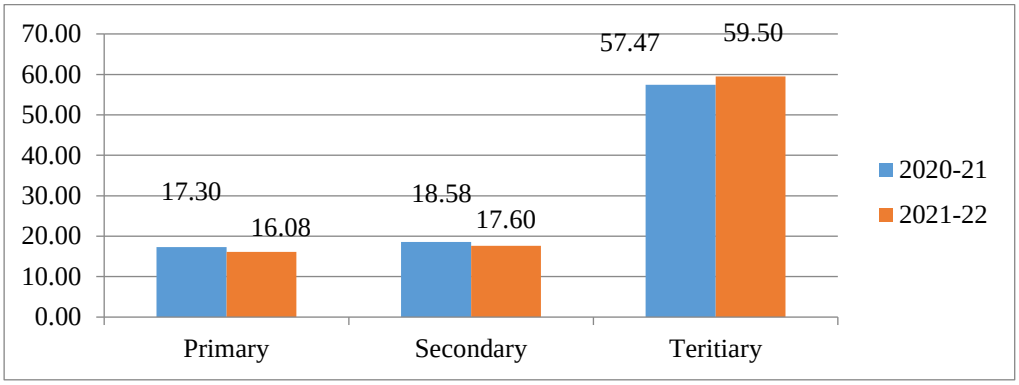
RE =Revised Estimates and AE= Advanced Estimates.

** Erstwhile State of J&K was bifurcated into two UTs w.e.f 31 October 2019.*

Sectoral contribution in GSDP during the year 2020-21 and 2021-22 has been depicted in ***Chart 1.1.***

Chart 1.1: Change in sectoral contribution to GSDP 2020-21 and 2021-22

(In per cent)



Source: Directorate of Economic and Statistics, J&K Government

During 2021-22, GSDP increased by ₹24,917 crore which is 14.64 *per cent* more than previous year. The growth of GSDP was due to increase under all three sectors, there was growth rate of 6.58, 8.59 and 18.69 *per cent* under Primary Sector, Secondary Sector, and Tertiary Sector respectively with respect to previous year. There was sharp increase in growth in some activities i.e. Hotel and Restaurants (212.83 *per cent*), Trade and Repair Services (37.50 *per cent*), Road Transport (34.63 *per cent*), Mining and quarrying (21.78 *per cent*), Other Services (33.31 *per cent*) and Real estate, ownership of dwelling & professional services (9.32 *per cent*). During the exit conference held in October 2022, it was stated by the Finance Department, that the economy of UT has shown recovery during 2021-22, after the pandemic year of 2020-21, resulting in increase in GSDP.

1.2 Basis and Approach to Union Territory Finances Audit Report

In terms of Section 72 of Jammu and Kashmir Reorganisation Act, 2019, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of UT of Jammu and Kashmir are to be submitted to the Lt. Governor of the UT, who shall cause them to be laid before the Legislature of the UT.

Pr. Accountant General (Accounts and Entitlements) prepares the Finance Accounts and Appropriation Accounts of the UT of Jammu and Kashmir, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the Government of UT of Jammu and Kashmir and the statements received from the Reserve Bank of India. These accounts are audited independently by the Pr. Accountant General (Audit), and certified by the CAG.

Finance Accounts and Appropriation Accounts of the UT constitute the core data for this report. Other sources include the following:

- Budget of the UT: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Pr. Accountant General (Audit);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other UT related statistics; and
- Various audit reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the Fiscal Responsibility and Budget Management Act, best practices and guidelines of the Government of India.

1.3 Report Structure

The Union Territory Finances Audit Report is structured into the following five Chapters:

Chapter – I	**Overview** This chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and UTs fiscal position including the deficits/ surplus.
Chapter – II	**Finances of the Union Territory** This chapter provides a broad perspective of the finances, debt profile of the UT of Jammu and Kashmir and key Public Account transactions, based on the Finance Accounts of the UT of Jammu and Kashmir for the year 2021-22.
Chapter – III	**Budgetary Management** This chapter is based on the Appropriation Accounts of UT of Jammu and Kashmir for the year 2021-22 and reviews the appropriations and allocative priorities of the Government of UT of Jammu and Kashmir and reports on deviations from Constitutional provisions relating to budgetary management.
Chapter – IV	**Quality of Accounts and Financial Reporting Practices** This chapter has comments on the quality of accounts rendered by various authorities of the UT Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the Government.
Chapter – V	**Financial Performance of Public Sector Undertakings** This chapter contains comments about the financial performance of Public Sector Undertakings of UT of Jammu and Kashmir during the year 2021-22.

1.4 Overview of Government Account Structure and Budgetary Processes

The Accounts of the Government of UT of Jammu and Kashmir are kept in three parts:

1. **Consolidated Fund of the Union Territory of Jammu and Kashmir (Section 67 of the Jammu and Kashmir Reorganisation Act 2019)**

   This Fund comprises all revenues received in the UT of Jammu and Kashmir by the Government of India or Lieutenant Governor of the UT of Jammu and Kashmir in relation to any matter with respect to which the Legislative Assembly of the UT of Jammu and Kashmir has power to make laws, and all grant made and all loans advanced to the UT of Jammu and Kashmir from the Consolidated Fund of India and all loans raised by the Government of India or the Lieutenant Governor of the UT of Jammu and Kashmir upon the security of the Consolidated Fund of the UT of Jammu and Kashmir and all moneys received by the UT of Jammu and Kashmir in repayment of loans shall form one Consolidated Fund. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in Jammu and Kashmir Reorganisation Act 2019.

2. **Contingency Fund of the Union Territory of Jammu and Kashmir (Section 69 of the Jammu and Kashmir Reorganisation Act 2019)**

   This Fund is in the nature of an imprest, which is established by the Legislature by law, and is placed at the disposal of the Lieutenant Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the Legislature of UT of Jammu and Kashmir. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the UT of Jammu and Kashmir.

3. **Public Accounts of the Union Territory of Jammu and Kashmir (Section 68 of the Jammu and Kashmir Reorganisation Act 2019)**

   Apart from above, all other public moneys received by or on behalf of the Lieutenant Governor, shall be credited to a Public Account entitled the Public Account of the UT of Jammu and Kashmir. The Public Account includes re-payables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest),

Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

Budget Document

There is a constitutional requirement under Section 41 of the Jammu and Kashmir Reorganisation Act 2019 to present before the Legislature of the UT, a statement of estimated receipts and expenditures of the government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

Revenue Receipts consists of Tax Revenue, Non-Tax Revenue, share of Union Taxes/ Duties, and grants from Government of India.
Revenue Expenditure consists of all those expenditures of the government of UT, which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The **Capital Receipts** consist of:

- **Debt Receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, etc.;
- **Non-debt Receipts:** Proceeds from disinvestment, Recoveries of loans and advances;

Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

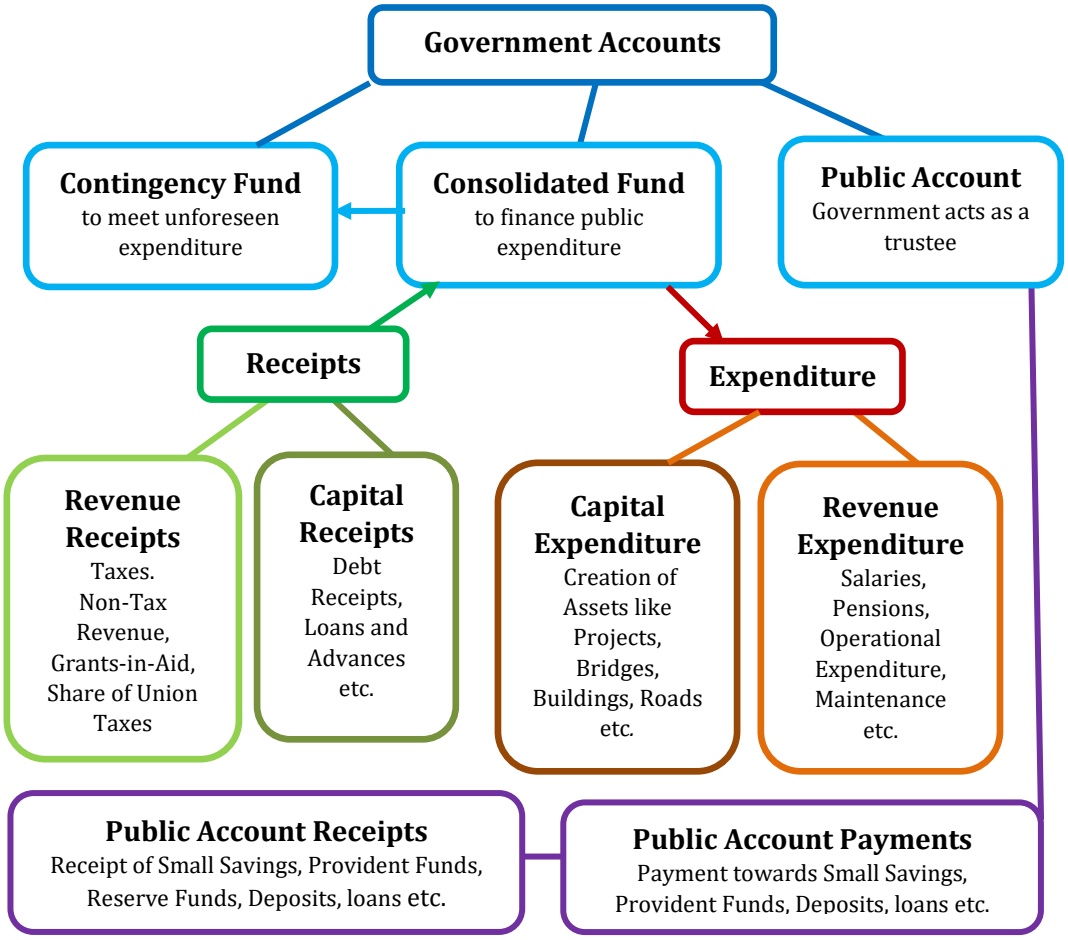
At present, we have an accounting classification system in Government that is both functional and economic.

	Attribute of transaction	**Classification**
Standardised in List of Major and Minor Heads by Controller General of Accounts	Function- Education, Health, etc. /Department	Major Head under Grants (4-digit)
	Sub-Function	Sub Major head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States/UT	Scheme	Sub-Head (2-digit)
	Sub scheme	Detailed Head (2-digit)
	Economic nature/Activity	Object Head-salary, minor works, etc. (2-digit)

1.4.1 Structure of Government Accounts

Chart 1.2: Structure of Government Accounts

Government finances comprise the following:



1.4.2 Budgetary Process

In terms of Section 41 of the Jammu and Kashmir Reorganisation Act 2019, the Lieutenant Governor of UT of Jammu and Kashmir shall cause to be laid before Legislative Assembly, a statement of the estimated receipts and expenditure of the UT, in the form of an Annual Financial Statement. In terms of Section 42, the statement is to be submitted to the Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Section 43 to provide for appropriation of the required money out of the Consolidated Fund.

In pursuance of Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O 3938 (E) dated 31 October 2019 issued consequent upon the proclamation issued on 31st day of October 2019, Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O. 3937(E) dated 31st October, 2019, under section 73 of Jammu and Kashmir Reorganisation Act, 2019, read with Article 239 and 239A of the Constitution and Section 74 of

the Jammu and Kashmir Reorganisation Act, 2019, the bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the UT of Jammu and Kashmir, of the moneys required to meet the expenditure *charged* on the Consolidated Fund and the grants made for the expenditure of the UT of Jammu and Kashmir for the financial year 2021-22 was introduced in Parliament (Lok Sabha) on 18 March 2021. It was passed by both the Houses on 18 March 2021 (Lok Sabha) and 23 March 2021 (Rajya Sabha) and was assented to on 25 March 2021. Appropriation Accounts of UT of Jammu and Kashmir for the period 2021-22 was audited and commented in ***Chapter 3*** of this Report.

1.5 Snapshot of Finances

The position of budget estimate and actual in respect of some components have been shown in ***Table 1.2***.

Table 1.2: Actual vs Budget for the year 2021-22

(₹ in crore)

Sl. No	Components	Actual 2020-21	(Budget Estimate) 2021-22	(Actual) 2021-22	Percentage of Actual to B.E.	Percentage of Actual to GSDP
1	Tax Revenue	8,877	16,276	11,707	71.93	6.00
	(i) Own Tax Revenue	8,877	16,276	11,707	71.93	6.00
	(ii) Share of Union Taxes/duties	-	-	-	-	-
2	Non-Tax Revenue	4,077	8,209	4,840	58.96	2.67
3	Grants-in-aid and Contributions	39,542	62,656	42,691	68.14	21.88
4	Additional Resource Mobilisation	0.00	10,000	0.00	0.00	0.00
5	**Revenue Receipts (1+2+3+4)**	**52,496**	**97,141**	**59,238**	**60.98**	**30.36**
6	Recovery of Loans and Advances	2	5	1	20.00	0.00
7	Other Receipts	0.00	828	0.00	0.00	0.00
8	Borrowings and other Liabilities#	10,693	10,647	11,151	104.73	5.72
9	**Capital Receipts (6+7+8)**	**10,695**	**11,480**	**11,152**	**97.14**	**5.72**
10	**Total Receipts (5+9)**	**63,191**	**1,08,621**	**70,390**	**64.80**	**36.08**
11	**Revenue Expenditure**	**52,634**	**68,804**	**59,269**	**86.14**	**30.38**
12	Interest payments	6,372	7,692	7,360	95.68	3.77
13	**Capital Expenditure**	**10,532**	**39,817**	**11,121**	**27.93**	**5.70**
14	Capital outlay	10,470	39,708	11,047	27.82	5.66
15	Loan and advances	62	109	74	67.89	0.04
16	Appropriation to Contingency Fund	25	0	0	0	0.00
17	**Total Expenditure (11+13+16)**	**63,191**	**1,08,621**	**70,390**	**64.80**	**36.08**

Sl. No	Components	Actual 2020-21	(Budget Estimate) 2021-22	(Actual) 2021-22	Percentage of Actual to B.E.	Percentage of Actual to GSDP
18	**Revenue Deficit /Surplus (5-11)**	**-138**	**28,337**	**-31**	**-0.11**	**-0.02**
19	**Fiscal Deficit {17-(5+6+7)**	**10,693**	**10,647**	**11,151**	**104.73**	**5.72**
20	**Primary Deficit (19-12)**	**4,321**	**2,955**	**3,791**	**128.29**	**1.94**

Source: Budget 2021-22 and Finance Accounts 2021-22.

#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 ₹3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

During 2021-22, Revenue Receipts increased by 13 *per cent* with respect to last year, but it fell short off budget estimates by 39 *per cent*. UT's own tax revenue increased by 32 *per cent* and non-tax revenue increased by 19 *per cent* with respect to previous year. There was increase in Revenue receipts by ₹6,742 crore and increase in Revenue Expenditure by ₹6,635 crore with respect to previous year which resulted in reduction of Revenue Deficit to ₹31 crore with respect to last year's Revenue Deficit of ₹138 crore. The increase in Capital expenditure by ₹589 crore was major contributor in increase of Fiscal Deficit. Government could not keep its Fiscal Deficit and Primary Deficit within the projections estimated in the budget. Against projection of Revenue Surplus of ₹28,337 crore in budget there was Revenue deficit of ₹31crore during 2021-22.

1.5.1 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. ***Appendix 1.2*** gives an abstract of such liabilities and assets as on 31 March 2022, compared with the corresponding position of previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, and the assets comprise mainly the capital outlay and loans and advances given by the UT Government and cash balances. Summarised position of assets and liabilities is depicted in ***Table 1.3***.

Table 1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
		2020-21	**2021-22**	***Per cent* increase**			**2020-21**	**2021-22**	***Per cent* increase**
Consolidated Fund									
A	Internal Debt	10,562	19,306	82.79	A	Gross Capital Outlay	15,893	26,940	69.51
B	Loans and Advances from GoI*	2,105	5,832	177.05	B	Loans and Advances	95	168	76.84
Contingency Fund									

Liabilities					Assets				
		2020-21	**2021-22**	***Per cent* increase**			**2020-21**	**2021-22**	***Per cent* increase**
A	Contingency Fund	25	25	0	A	Contingency Fund	25	-	(-)100
Public Account									
A	Small Savings, Provident Funds, etc.	2,186	1,592	(-)27.17	A	Remittance	-	698	100
B	Deposits	1,356	1,686	24.34	B	Cash balance (including investment in Earmarked Fund)	1,448	1,448	0
C	Remittances	635	-	-100	C	Total	17,461	29,254	67.54
D	Reserve Funds	771	920	19.33	D	Excess Expenditure over receipt	300	356	18.67
E	Suspense and Misc Balance	121	249	105.79					
	Total	**17,761**	**29,610**	**66.71**		**Total**	**17,761**	**29,610**	**66.71**

Source: Finance Accounts.

** Includes ₹3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.*

In addition, assets and liabilities of erstwhile State of Jammu and Kashmir ending 30 October 2019 are yet to be distributed between UT of Jammu and Kashmir and UT of Ladakh.

1.6 Fiscal Balance: Achievement of Deficit and Total Debt Targets

As per the Statements laid under FRBM Act in the Parliament by UT of Jammu and Kashmir, no rolling targets for the fiscal indicators were specified for the year 2021-22 in respect of UT of Jammu and Kashmir.

1.6.1 Fiscal Parameters of the Union Territory of Jammu and Kashmir

Revenue Deficits/Surplus: The difference between revenue expenditure and revenue receipts is revenue deficit. The UT of Jammu and Kashmir had revenue deficit of ₹30.83 crore during 2021-22.

Fiscal Deficit: Fiscal deficit is the difference between the Government's total expenditure and its total receipts excluding borrowings. During the year 2021-22 UT of Jammu and Kashmir had Fiscal Deficit of ₹11,150.61 crore, which was 5.72 *per cent* of GSDP.

Primary Deficit/Surplus refers fiscal deficit minus interest payments. During the year 2021-22 there was Primary Deficit (PD) of ₹3,790.30 crore. Primary deficit was 1.94 *per cent* of GSDP during the year.

1.7 Deficits after examination in Audit

In order to present better picture of UT finances, there is a tendency to classify revenue expenditure as capital expenditure and to conduct off budget fiscal operations.

1.7.1 Post Audit - Deficits

Misclassification of revenue expenditure as capital, short contributions to new pension scheme has impacted the Revenue and Fiscal Deficit as shown below.

Table 1.4: Revenue and Fiscal Deficit, post examination by Audit

Sl. No	Item	Impact on Revenue Deficit {Understated (+) / overstated (-)} *(₹ in crore)*	Impact on Fiscal Deficit Under Statement *(₹ in crore)*
1	Misclassification between Revenue and Capital	158.76	-
2	Non-Payment of Interest on State Compensatory Afforestation Fund MH 8121	25.61	25.61
3	Non-Payment of interest on State Compensatory Afforestation Deposit MH 8336	15.92	15.92
Total Net impact		**200.29**	**41.53**

Source: Finance Accounts.

There was Revenue Deficit of ₹30.83 crore in the accounts of UT of Jammu and Kashmir for the year 2021-22, which was understated by ₹200.29 crore due to misclassification of Revenue Expenditure of ₹158.76 crore (Grants-in-aid ₹63.60 crore and Subsidy ₹95.16 crore) as Capital Expenditure and Non Payment of Interest on State Compensatory Afforestation Fund (₹25.61 crore) and State Compensatory Afforestation Deposit (₹15.92 crore). There was Fiscal Deficit of ₹11,150.61 crore during 2021-22 which was understated by ₹41.53 crore due to Non-Payment of Interest on State Compensatory Afforestation Fund and State Compensatory Afforestation Deposit as shown in the table above.

1.7.2 Post Audit – Total Public Debt

As per the Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006, total liabilities means the liabilities under the Consolidated Fund and the Public Account and includes borrowings by the public sector undertakings and special purpose vehicles and other equivalent instruments including guarantees where the principal and /or interest are to be serviced out of the budget. The outstanding debt/liabilities can be split into various components as given in ***Table 1.5***.

Table 1.5: Components of outstanding debt/liabilities as on 31 March 2022

(₹in crore)

Borrowings and other liabilities as per Finance Accounts	Amount
Internal Debt (A)	**19,306.08**
Market Loans	15,022.22
Loans from other Institutions, etc.	197.81
Special Securities issued to the National Small Savings Fund of the Central Government	4,086.05
Loans and Advances from Central Government (B)	**5,831.75**
Non-plan Loans	0.00
Loans for State/UT Plan Schemes	-293.72
Others	6,125.47*
Liabilities upon Public Accounts (C)	**4,197.58**
Small Savings, Provident Funds, etc.	1,591.41
Deposits	1,686.04
Reserve Funds	920.13
Total (A+B+C)	**29,335.41**

Source: Finance Accounts. Liabilities upon Public Account is excluding Suspense & Miscellaneous and Remittance heads.

** Includes ₹5,945.29 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.*

Liabilities of UT of Jammu and Kashmir to GSDP is 11.99[1] *per cent*. Apart from the above, the Government of UT has disclosed an amount of ₹850.00 crore Off Budget Borrowings (OBBs) by Jammu & Kashmir Infrastructure Development Finance Corporation (JKIDFC) in the year 2021-22. This was in addition to OBBs of ₹1,400.00 crore taken by JKIDFC, in 2019-20 (₹650.00 crore) and 2020-21 (₹750.00 crore). The repayment of these loans were to be made by way of revision of taxes and duties. In this regard, it was further stated by the Director Finance, JKIDFC that principal of ₹127.23 crore had been repaid by the UT Government of Jammu and Kashmir. Thus, the outstanding amount of OBB on account of JKIDFC was ₹2,122.77 crore, as on 31st March 2022.

It was also intimated (November 2022) by the Finance Department, Government of UT of Jammu and Kashmir that there are Off budget borrowings by Jammu and Kashmir Power Corporation Ltd (JKPCL) amounting to ₹10,321.83 crore. Out of this total amount of ₹10,321.83 crore, ₹7,531.83 crore had been availed from Power Finance Corporation (PFC) and an amount of ₹2,790.00 crore had been availed from Rural Electrification Corporation (REC). No payment of principal has been done, as they are in the moratorium period. However, the

[1] The Debt to GSDP ratio has been arrived at after reducing back to back loans amounting to ₹ 5,945.29 crore (₹ 2,099.80 crore in 2020-21 & ₹ 3,845.49 crore in 2021-22) received in lieu of GST compensation.

interest payment on account of these loans is being done by the UT Government from its own resources.

Thus, as per Finance Department, UT Government there was outstanding off-budget borrowing amounting ₹2,122.77 crore raised by JKIDFC and loans amounting to ₹10,321.83 crore against JKPCL from Power Finance Corporation and Rural Electric Corporation ending 31 March 2022. Taking into account the above off budget borrowing the ratio of liabilities to GSDP will increase from 11.99 *per cent* to 18.37 *per cent.* There is also borrowing of erstwhile State of Jammu and Kashmir ending 30 October 2019 amounting to ₹83,536.63 crore which is yet to be bifurcated between two successor UTs.

Chapter-II

Finances of the Union Territory

CHAPTER-II

FINANCES OF THE UNION TERRITORY

This chapter provides a broad perspective of the finances of the Government of Jammu and Kashmir (UT) during the year 2021-22.

2.1 Major changes in Key Fiscal Aggregates vis-à-vis 2020-21

The major key fiscal aggregates of the UT for the year 2021-22 have been compared with fiscal aggregates for the year 2020-21.

Changes in key fiscal aggregates during 2021-22 w.r.t 2020-21

Revenue Receipt	✓Revenue receipts increased by 12.84 *per cent* ✓Own Tax receipts increased by 31.88 *per cent* ✓Own Non-tax receipts increased by 18.74 *per cent* ✓Grants-in-Aid from Government of India increased by 7.96 *per cent*
Revenue Expenditure	✓ Revenue expenditure increased by 12.61 *per cent* ✓ Revenue expenditure on General Services increased by 16.14 *per cent*. ✓ Revenue expenditure on Social Services increased by 7.51 *per cent*. ✓ Revenue expenditure on Economic Services increased by 13.81 *per cent* ✓ Expenditure on Grants-in-Aid decreased by 25.70 *per cent*
Capital Expenditure	✓ Capital expenditure increased by 5.51 *per cent* ✓ Capital expenditure on General Services decreased by 15.10 *per cent* ✓ Capital expenditure on Social Services increased by 9.23 *per cent* ✓ Capital expenditure on Economic Services increased by 6.44 *per cent*
Public Debt	✓ Public Debt Receipts increased by 26.47 *per cent* ✓ Repayment of Public Debt increased by 23.87 *per cent*

Public Accounts	✓ Public Account Receipts increased by 9.62 *per cent* ✓ Disbursement of Public Account increased by 22.14 *per cent*
Cash Balance	✓ Cash balance decreased by ₹0.04 crore during 2021-22 compared to previous year

2.2 Sources and Application of Funds

The summary of components of the sources and application of funds of the Union Territory during the year 2020-21 and 2021-22 is as under.

Table 2.1: Details of Sources and Application of funds during 2020-21 and 2021-22

(₹ in crore)

	Particulars	**2020-21**	**2021-22**	**Increase/ decrease**
Sources	Opening Cash Balance with RBI and other cash balances	1,482.28	1,447.69	-34.59
	Revenue Receipts	52,495.48	59,238.50	6,743.02
	Recoveries of Loans and Advances	1.93	1.03	-0.90
	Public Debt Receipts (Net)	9,169.61*	12,470.19*	3,300.58
	Public Account Receipts (Net)	1,464.16	-1,319.63	-2,783.79
	Total	**64,613.46**	**71,837.78**	**7,224.32**
Application	Revenue Expenditure	52,633.75	59,269.33	6,635.58
	Capital Outlay	10,470.38	11,047.03	576.65
	Disbursement of Loans and Advances	61.64	73.77	12.13
	Closing Cash Balance with RBI and other cash balances	1,447.69	1,447.65	-0.04
	Total	**64,613.46**	**71,837.78**	**7,224.32**

Source: Finance Accounts.

**Includes ₹2,099.80 crore &₹3,845.49 crore back-to-back loans from GoI in lieu of GST Compensation shortfall during 2020-21 and 2021-22 respectively.*

Revenue receipts are the biggest source (82.46 *per cent*) of revenue and biggest part (82.50 *per cent)* of resources are utilised towards Revenue Expenditure.

The composition of sources and application of funds in the Consolidated Fund of the Union Territory of Jammu and Kashmir during 2021-22 is given in ***Chart 2.1*** and ***Chart 2.2***.

(In per cent)

Chart 2.1: Composition of resources ₹comes from

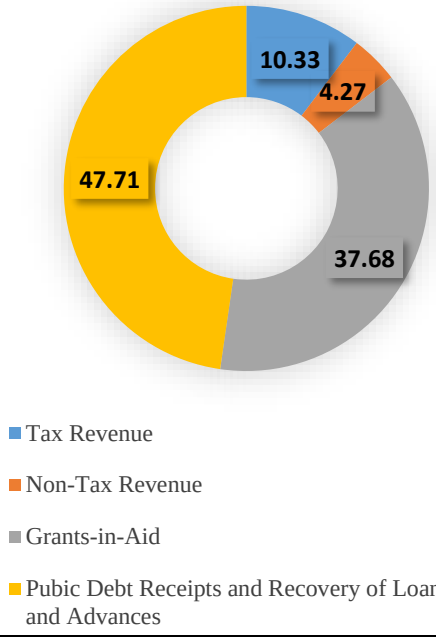
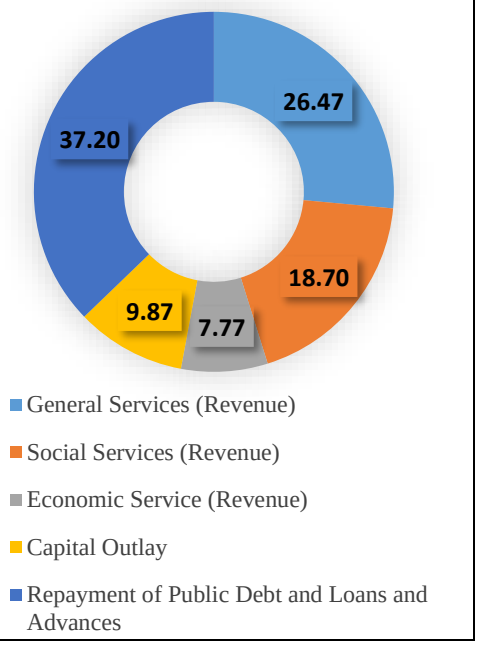


Chart 2.2: Application of resources ₹goes to



Public Debt Receipts and Grants-in-Aid together constitute 85.39 *per cent* of resources of UT of Jammu and Kashmir. Repayment of Public Debt and Expenditure on General Services (Revenue) together accounted for 63.60 *per cent* of total expenditure.

2.3 Resources of the Union Territory of Jammu and Kashmir

The resources of the Union Territory (UT) are described below:

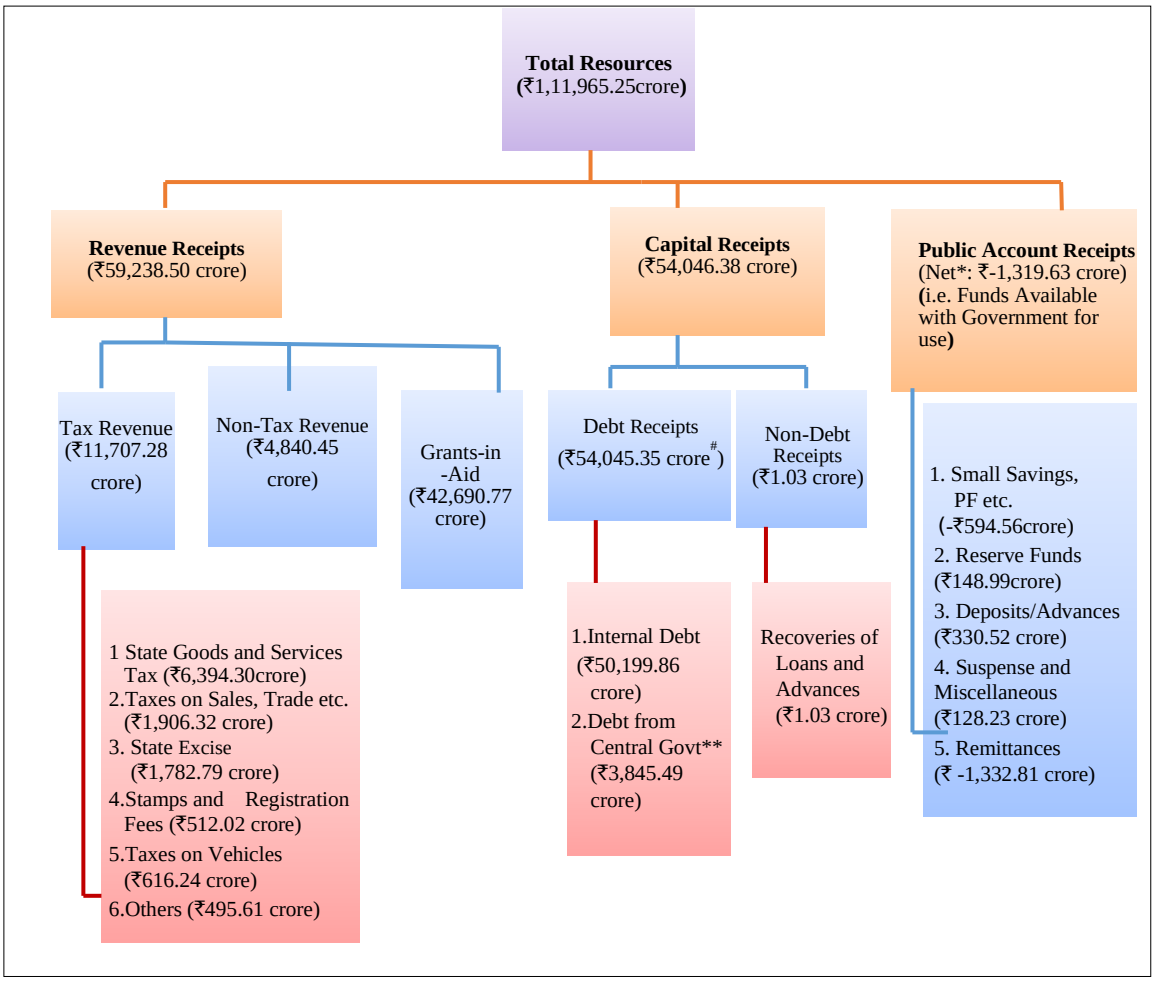
1. **Revenue Receipts** consist of tax revenue, non-tax revenue, and grants-in-aid from the Government of India (GoI).
2. **Capital Receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. Both revenue and capital receipts form part of the Consolidated Fund of the UT.
3. **Net Public Accounts Receipts**: There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

   These are kept in the Public Account set up under Section 68(1) of the Jammu & Kashmir Reorganisation Act 2019 and are not subject to vote by the Union Territory's Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.3.1 Receipts of the Union Territory

Revenue and Capital are the two streams of receipts that constitute the resources of the Union Territory Government. Revenue Receipts consist of Tax Revenues, Non-Tax Revenues, and Grants-in-Aid from the Government of India (GoI). Capital Receipts comprise Miscellaneous Capital Receipts such as proceeds from Disinvestments, Recoveries of Loans and Advances, Debt Receipts from internal sources (Market Loans, Borrowings from financial institutions/ commercial banks) and Loans and Advances from GoI as well as accruals from Public Account. ***Chart 2.3*** showing the composition of resources of the Union Territory during the current year is given below**.**

Chart 2.3: Composition of receipts of the UT of Jammu and Kashmir during 2021-22



Source: Finance Accounts.

**Public Accounts Receipts Net {₹(-)1,319.63 crore} =Public Accounts Receipts (₹27,223.47crore) less Public Accounts Disbursements (₹28,543.10 crore)*

*** Includes ₹ 3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.*

 # Includes Ways and Means Advance.

2.3.2 Union Territory's Revenue Receipts

The components of revenue receipts of UT of Jammu and Kashmir and their share in revenue receipts, during 2020-21 and 2021-22 is as shown in ***Table 2.2.***

Table 2.2: Trend and Components of Revenue Receipts

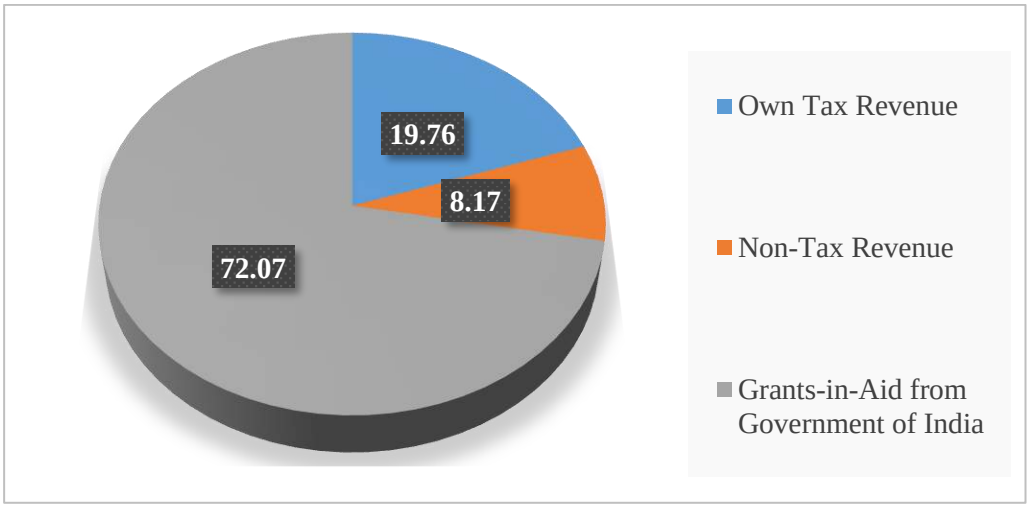
(₹ in crore)

Components	2020-21	2021-22	Percentage
Total Revenue Receipts (RR)	**52,495.48**	**59,238.50**	
Own Tax Revenue	8,876.99	11,707.28	19.76
Non-Tax Revenue	4,076.38	4,840.45	8.17
Grants in Aid from Government of India	39,542.11	42,690.77	72.07
GSDP	1,70,201	1,95,118	
Revenue Receipts to GSDP (percentage)	30.84	30.36	

Source of GSDP figures: Ministry of Statistics and Programme Implementation (MOSPI)GoI website.

Chart 2.4: Components of Revenue Receipts

(In per cent)



Out of total Revenue Receipts of ₹59,238.50 crore during 2021-22, the Grants-in-Aid from GoI (₹42,690.77 crore) constituted 72.07*per cent* of total revenue receipts.

2.3.2.1 Own Resources of UT of Jammu and Kashmir

Government's performance in mobilisation of resources is assessed in term of its own tax resources comprising revenue from its own tax and non-tax sources. Details of own tax revenue, own non tax revenue and its components are shown in following sub paragraphs.

(A) Own Tax revenue

Own tax revenues of the UT consist of State Goods and Services Tax (SGST), State Excise, Taxes on Vehicles, Stamp Duty and Registration fees, Land revenue, Taxes on Goods and Passengers, etc. Component wise breakup of Own tax revenue is shown in the table below.

Table 2.3: Components of Own Tax Revenue

(₹ in crore)

	2020-21	**2021-22**	**Percentage Increase**
Taxes on Sales, Trade etc.	1,495.61	1,906.31	27.46
SGST	4,839.35	6,394.31	32.13
State Excise	1,347.42	1,782.79	32.31
Taxes on Vehicles	488.38	616.24	26.18
Stamp duty and Registration fees	325.54	512.02	57.28
Land Revenue	60.57	113.28	87.02
Taxes on Goods and Passengers	0.90	5.73	536.67
Other Taxes	319.22	376.60	17.98
Total	**8,876.99**	**11,707.28**	**31.88**

Source: Finance Accounts.

There was increase in all components of own tax revenue during 2021-22 with respect to previous year 2020-21 and own tax revenue showed an increase of 31.88 *per cent* with respect to previous year. SGST, State Excise and Taxes on Sales/Trade etc. showed maximum increase of ₹1,554.95 crore, ₹435.37 crore and ₹410.70 cores respectively. The highest percentage increase with respect to 2020-21 was 536.67 *per cent* and 87.02 *per cent* under Taxes on Goods and Passengers and Land Revenue respectively.

(B) State Goods and Services Tax (SGST)

Goods and Services Tax (GST) Act became effective in Jammu and Kashmir with effect from 8th July 2017. During the year 2021-22, the State/UT GST collection was ₹6,394.31 crore compared to ₹4,839.35 crore in 2020-21, registering an increase of ₹1,554.96 crore (32.13 *per cent*). This includes Advance Apportionment of IGST amounting to ₹4,334.63 crore. The Government of Union Territory of Jammu and Kashmir received compensation of ₹892.56 crore as Revenue Receipt on account of loss of revenue arising out of implementation of GST during 2021-22. Further, the Government of Union Territory of Jammu and Kashmir also received ₹3,845.49 crore debt during 2021-22 (total debt of ₹5,945.29 crore as on 31 March 2022) as back-to-back loan from the Central Government in lieu of GST compensation, which would not be treated as debt of the Government of Union Territory for any norms which may be prescribed by the Finance Commission as per the decision of Department of Expenditure, Government of India. The audit of revenue figures has been taken up to assess the compensation payable under GST (Compensation to States) Act 2017.

(C) Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. ***Table 2.4*** depicts components of Non-Tax Revenue of the Union Territory during 2021-22.

Table 2.4: Components of UT's Non-Tax Revenue

(₹ in crore)

Revenue Head	2020-21	2021-22	Percentage Increase (+) /Decrease (-)
Interest Receipts	**17.86**	**16.54**	**-7.39**
Dividend and Profits	**0.00**	**0.00**	**-**
Other Non-Tax Receipts	**4,058.52**	**4,823.91**	**18.86**
a) Power	*2,349.74*	*2,715.75*	*15.58*
b) Medium Irrigation	*996.66*	*886.62*	*-11.04*
c) Non-Ferrous Mining and Metallurgical Industries	*227.91*	*128.78*	*-43.50*
d) Water Supply and Sanitation	*93.89*	*111.88*	*19.16*
e) Education, Sports, Art and Culture	*41.33*	*474.12*	*1,047.16*
f) Police	*39.91*	*68.68*	*72.09*
g) Other misc.	*309.08*	*438.08*	*41.74*
Total	**4,076.38**	**4,840.45**	**18.74**

Source: Finance Accounts.

Non-Tax revenue receipts increased by 18.74 *per cent* during 2021-22 with respect to previous year and major increase was under power, water supply and sanitation, Education, Sports Art and Culture, Police and other Misc. head. Medium irrigation and Non-ferrous Mining and Metallurgical Industries showed a decline in receipt with respect to previous year. Receipt under Education, Sports, Art and Culture increased by 1,047.16 *per cent* during 2021-22 with respect to 2020-21, due to remittance of ₹461.61 crore by Chief Accounts Officer (CAO) Samagra Shiksha J&K on account of salary of teachers.

2.3.2.2 Transfers from the Centre

Transfers from the Centre is constituted of Grants-in-Aid and devolution under Finance Commission Award.

(A) Grants-in-aid from GoI

The details of Grants-in-aid (GIA) from Government of India is shown below.

Table 2.5: Grants-in-aid from Government of India

(₹ in crore)

Head	2020-21	2021-22
Grants for Centrally Sponsored Schemes (CSS)	6,533.49	6,713.77
Other transfers/Grants to States/Union Territories with Legislature	33,008.62	35,977.00
Total	**39,542.11**	**42,690.77**
Percentage of GIA to Revenue Receipts	75.32	72.07

Source: Finance Accounts

Grants-in-Aid from GoI (₹42,690.77 crore) constituted 72.07 *per cent* of the total revenue receipts of ₹59,238.50 crore for 2021-22. The percentage of GIA to Revenue receipts has declined from 75.32 *per cent* to 72.07 *per cent* which showed Government's dependence on Grants in Aid from Government of India has reduced to that extent.

(B) 15th Finance Commission Grants

There is no devolution of share of taxes to Union Territory under 15th Finance Commission Award. However as per Finance Commission recommendation one *per cent* of the net proceeds of Union taxes is to be retained by the Central Government for financing the requirements of Union Territories of Jammu & Kashmir and Ladakh and 41 *per cent* as against 42 *per cent* of net proceeds of Union Taxes is to be divisible among 28 States.

2.3.3 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Table 2.6: Composition of Capital Receipts

(₹ in crore)

Sources of UT's Receipts	2020-21	2021-22	Growth rate (per cent)
Capital Receipts	**42,734.86**	**54,046.38**	**26.47**
Miscellaneous Capital Receipts	*0.00*	*0.00*	*-*
Recovery of Loans and Advances	*1.93*	*1.03*	*-46.63*
Public Debt Receipts	**42,732.93**	**54,045.35**	**26.47**
Internal Debt	*40,450.24*	*50,199.86*	*24.10*
*Loans and advances from GoI**	*2,282.69*	*3,845.49*	*68.46*

Source: Finance Accounts.

**Includes ₹2,099.80 crore 2020-21 and ₹3,845.49 crore 2021-22 as back-to-back loans from GoI in lieu of GST Compensation shortfall.*

Total Capital receipts of Union Territory of Jammu and Kashmir increased from ₹42,734.86 crore during 2020-21 to ₹54,046.38 crore during 2021-22. There was an increase of 26.47 *per cent* during 2021-22 with respect to previous year. Internal debt receipts of ₹50,199.86 crore was the major component of total capital receipt of ₹54,046.38 crore and it showed increase of ₹9,749.63 crore.

Government of Union Territory of Jammu and Kashmir received ₹3,845.49 crore as back to back loans from GoI, in lieu of GST compensation shortfall and ₹1.03 crore on account of recovery of loans and advances.

2.3.4 UT's Performance in Mobilisation of Resources

The UT's performance in mobilisation of resources is assessed in terms of its own resources comprising Own Tax and Non-Tax sources. The Union Territory of Jammu and Kashmir's Own Tax and Own Non-Tax Receipts for the year 2021-22 *vis-à-vis* budget estimates are given below:

Table 2.7: Tax and Non-Tax Receipts *vis-à-vis* projections

(₹ in crore)

	Budget Estimates	Actual	Percentage of actual over Budget estimates
Own Tax Revenue	16,276	11,707	71.93
Non-Tax Revenue	8,209	4,840	58.96
Total	**24,485**	**16,547**	**67.58**

Source: Budget document and Finance Accounts.

The collection under own resources fell short by 32.42 *per cent* of Budget Estimates. The UT Government could not achieve its own targets for Own Tax Revenue and Own Non-Tax Revenue in the Budget Estimates. Own Tax Revenue fell short by 28.07 *per cent* and Non tax revenue fell short by 41.03 *per cent* of budget estimates. UT's own resources (Own Tax Revenue and Own Non-Tax Revenue) of ₹16,547.73 crore during the year 2021-22 was 36.77 *per cent* of committed expenditure (salaries & wages, interest payments and pension) of ₹45,000.95 crore for the year 2021-22.

2.4 Application of Resources

The Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the UT is not at the cost of expenditure directed towards development of capital infrastructure and social sector. The sub-paragraphs give the analysis of allocation of expenditure in Union Territory of Jammu and Kashmir.

2.4.1 Composition of Expenditure

Table 2.8: Trend of expenditure and its composition

(₹ in crore)

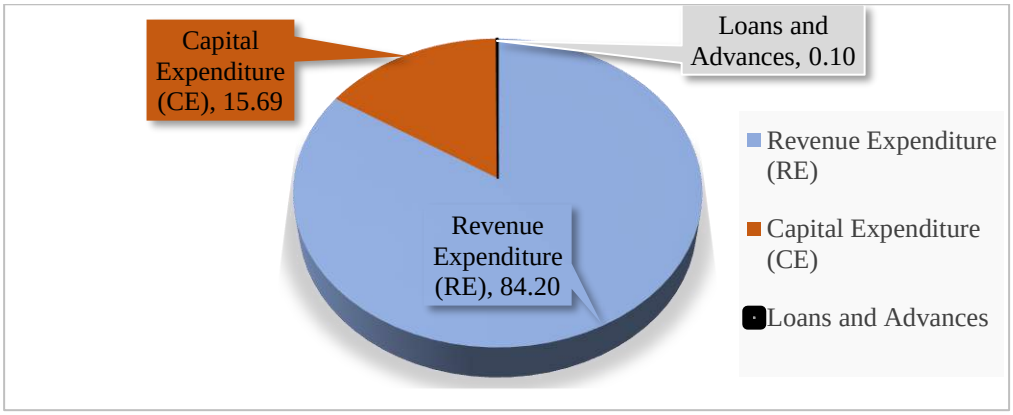
Parameters	2020-21	2021-22	Percentage
Revenue Expenditure (RE)	**52,633.75**	**59,269.33**	**84.20**
Capital Expenditure (CE)	**10,470.38**	**11,047.04**	**15.69**
Loans and Advances	**61.64**	**73.77**	**0.10**
Total Expenditure (TE)	**63,165.77**	**70,390.14**	**100.00**
TE/GSDP *(per cent)*	37.11	36.08	
RE/GSDP *(per cent)*	30.92	30.38	
CE/GSDP *(per cent)*	6.15	5.66	

Parameters	2020-21	2021-22	Percentage
Loans and Advances /GSDP *(per cent)*	0.04	0.04	

Source: Finance Accounts.

Chart 2.5: Total Expenditure- Share of its components

(In per cent)



Percentage of Revenue Expenditure and Capital Expenditure to GSDP during the year 2021-22 was 30.38 *per cent* and 5.66 *per cent* respectively.

Table 2.9: Relative share of various sectors of expenditure

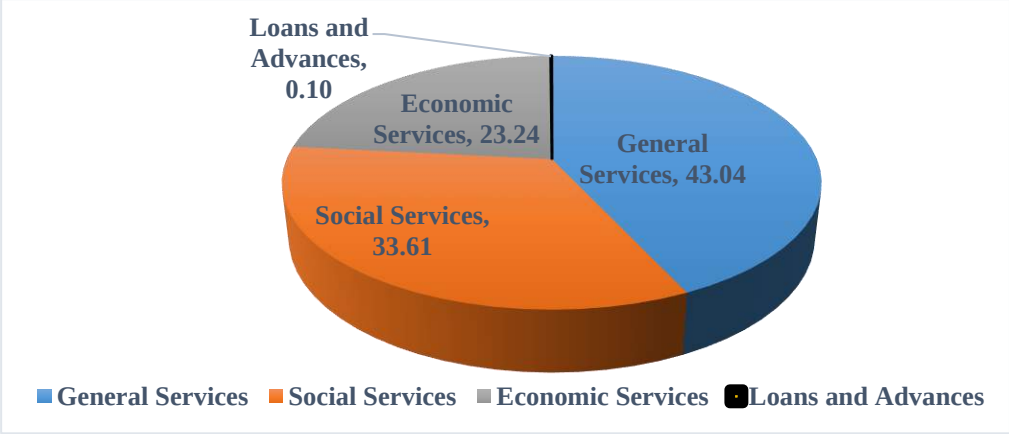
(₹ in crore)

Parameters	2020-21	2021-22	Percentage Increase
General Services	26,297.40	30,298.89	15.22
Social Services	21,964.27	23,655.75	7.70
Economic Services	14,842.46	16,361.73	10.24
Loans and Advances	61.64	73.77	19.68

Source: Finance Accounts.

Chart 2.6: Total expenditure - Expenditure by activities

(In per cent)

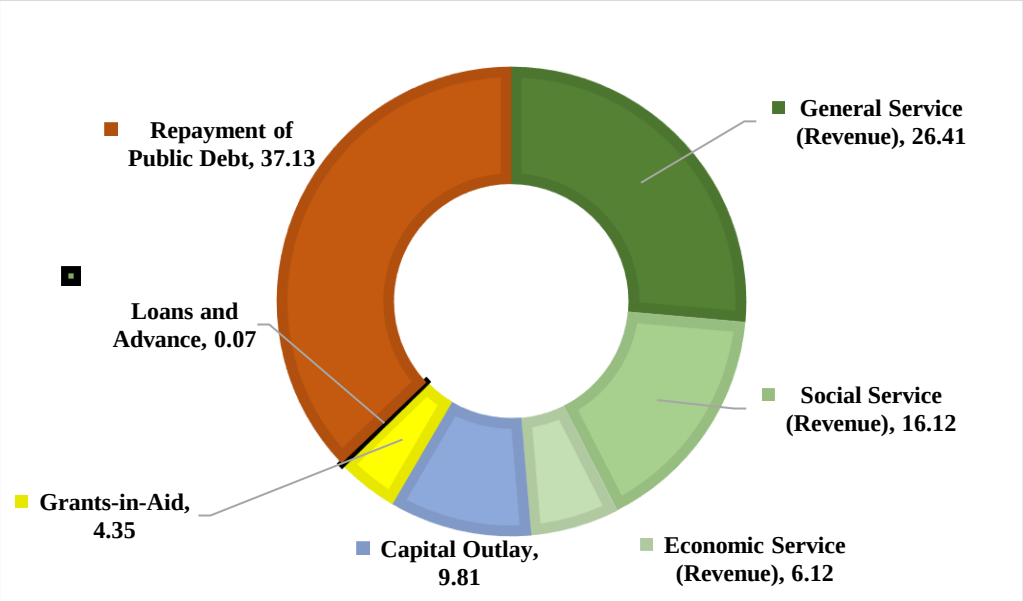


During 2021-22, the combined share of Social and Economic Services which

represented Development Expenditure was 56.85 *per cent* of total expenditure and 43.04 *per cent* of total expenditure was incurred on General Services.

Chart 2.7: Composition of expenditure by function during 2021-22

(In per cent)



It can be seen from above that repayment of Public debt accounted for 37.13 *per cent* which was the largest component of total expenditure and General Services (Revenue) accounts for 26.41 *per cent* of total expenditure. Expenditure on Social and Economic Service (Revenue) accounts for 22.24 *per cent* and Grants-in-Aid accounts for 4.35 *per cent.* Capital expenditure accounts for 9.81 *per cent* of total disbursement from the Consolidated Fund during 2021-22.

2.4.2 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the UT's infrastructure and service network. ***Table 2.10*** presents Revenue Expenditure and basic parameters of Union Territory of Jammu and Kashmir.

Table 2.10: Revenue Expenditure – Basic Parameters

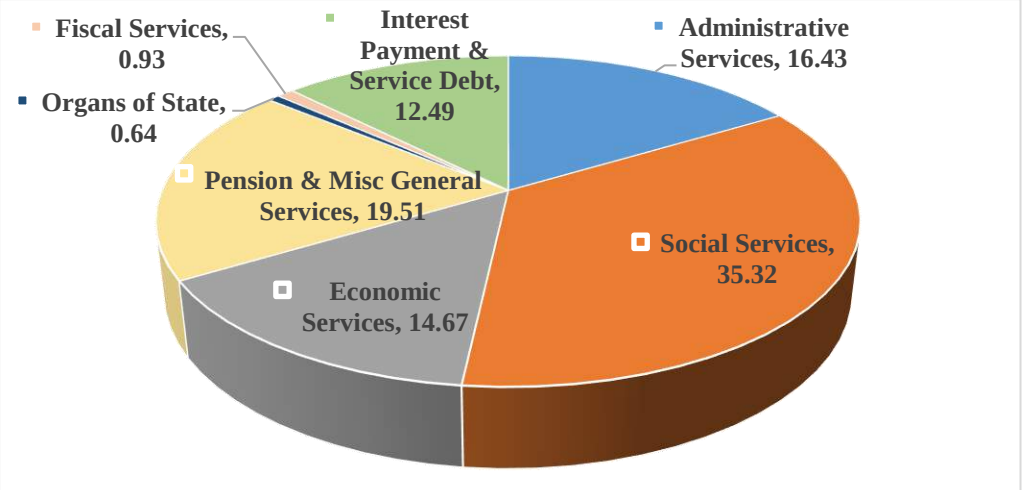
(₹ in crore)

Parameters	**2020-21**	**2021-22**
Total Expenditure (TE)	63,165.77	70,390.14
Revenue Expenditure (RE)	52,633.75	59,269.33
Revenue Expenditure as percentage of TE	83.33	84.20
RE/GSDP *(per cent)*	30.92	30.38
RE as percentage of RR	100.26	100.05

Source: Finance Accounts.

Chart 2.8: Sector wise distribution of Revenue Expenditure during 2021-22

(In per cent)



During 2021-22, the combined share of Revenue Expenditure on Economic Services and Social services accounted for 49.99 *per cent and* General Services accounted for 50.01 *per cent* of Revenue Expenditure. The expenditure on Administrative Services (16.43 *per cent)*, Interest payments & Servicing of debts (12.49 *per cent*), Pension & Miscellaneous General Services (19.51 *per cent*) were the major components of expenditure on General Services.

2.4.2.1 Major Changes in Revenue Expenditure

The revenue expenditure increased by ₹6,635.58 crore (12.61 *per cent)* from ₹52,633.75 crore in 2020-21 to ₹59,269.33 crore in 2021-22. Significant increase/decrease of above ₹100 crore under Major Heads of Accounts with regard to revenue expenditure of the UT during the current year as compared to Revenue Expenditure of the previous year is shown in ***Table 2.11***.

Table 2.11: Significant increase/decrease in revenue expenditure with respect to previous year

(₹ in crore)

Major Head	2020-21	2021-22	Increase/ Decrease(-)
2071 Pension and other retirement benefits	9,078.11	11,563.00	2,484.89
2049 Interest Payments	6,372.46	7,360.31	987.85
2202 General Education	9,570.80	10,320.50	749.70
2055 Police	7,112.39	7,636.11	523.72
3054 Roads and Bridges	210.37	620.78	410.41
2801 Power	2,812.84	3,131.10	318.26
2211 Family Welfare	212.33	407.84	195.51
2236 Nutrition	405.88	574.90	169.02
2217 Urban Development	987.16	755.78	-231.38

The major increase of ₹2,484.89 crore was under Pension and other retirement benefits with respect to previous year. The increase was due to revision in

Government contribution of Defined Contribution Pension Scheme percentage and disbursement of other retirement benefits.

Increase under expenditure on Interest Payments is mainly due to meeting liability on account of interest on Internal debt and other obligation.

Increase under General Education was mainly due to increased expenditure on Mid-Day Meals, Primary, Secondary and Higher Education. Increase under Police was mainly due to increased expenditure on Special Police, District Police and Modernization of Police Force.

The expenditure under Roads and Bridges increased due to more transfer of Central Fund and increased expenditure on Direction and Administration.

Expenditure under Power increased due to increased expenditure on purchase of power. Expenditure under Tourism increased due to more expenditure on Tourist centers, promotion and publicity.

Major decrease under Urban Development was due to disbursement of less assistance to local bodies.

2.4.2.2 Committed Expenditure

The committed expenditure of the UT Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It has first charge on Government resources. Heavy Committed expenditure leaves the Government with lesser flexibility for development sector.

Table 2.12: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	**2020-21**	**2021-22**
Salaries & Wages	23,851.70	26,077.64
Interest Payments	6,372.46	7,360.31
Expenditure on Pensions & gratuities	9,078.11	11,563.00
Total	**39,302.27**	**45,000.95**
As a percentage of Revenue Receipts (RR)		
Salaries & Wages	45.44	44.02
Interest Payments	12.14	12.42
Expenditure on Pensions & gratuities	17.29	19.52
Total	**74.87**	**75.96**
As a percentage of Revenue Expenditure (RE)		
Salaries & Wages	45.31	44.00
Interest Payments	12.11	12.42
Expenditure on Pensions & gratuities	17.25	19.51
Total	**74.67**	**75.93**

Source: Finance Accounts.

Salary and Wages accounted for 44.00 *per cent* of Revenue Expenditure during 2021-22. The total committed expenditure accounted for 75.93 *per cent* of Revenue Expenditure and it is equal to 75.96 *per cent* of Revenue Receipts during 2021-22. It shows that major portion of revenue receipts was exhausted

to meet committed expenditures and Government was left with less than 25 *per cent* of its revenue receipts for other expenditure.

2.4.2.3 Undischarged liabilities in National Pension System

In terms of the Defined Contribution Pension Scheme, the State Government Employees recruited on or after 1 January 2010 who are covered under the Scheme, the employee contributes 10 *per cent* of basic pay and dearness allowance, which is matched by the Government with equal amount. Government of Union Territory contribution has, however, been enhanced to 14 *per cent* in May 2021 (Government of Union Territory of Jammu and Kashmir S.O No. 178 dated 20 May 2021) with retrospective effect from 1 April 2020.

During the year 2021-22, total contribution to Defined Contribution Pension Scheme was ₹1,587.13 crore (Employee's contribution ₹652.55 crore and Government of Union Territory contribution ₹934.58 crore).

The Government of Union Territory transferred ₹1,587.13 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension Scheme. Out of which ₹1,574.89 crore was transferred from this Head of Deposit Account to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank. As on 31 March 2022, an amount of ₹11.71 crore was lying under the Major Head 8342- "Other Deposits"-117 "Defined Contribution Pension Scheme" (New Pension Scheme) for the Government Employees awaiting transfer to NSDL/Trustee Bank. There was also liability of ₹53.67 crore required for transfer to NSDL/Trustee Bank pertaining to erstwhile State of Jammu and Kashmir ended 30 October 2019 (pre re-organisation) yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

2.4.2.4 Subsidies

Amounts being booked under the object head 'subsidies' have been shown below.

Table 2.13: Expenditure on subsidies during 2021-22

Particulars	2020-21	2021-22
Non-Committed Expenditure (₹ in crore)	13,331.48	14,268.38
Subsidy (₹ in crore)	128.24	95.16
Subsidy as percentage of Non-Committed Expenditure	0.96	0.67
Subsidies as a percentage of Revenue Receipts	0.24	0.16
Subsidies as a percentage of Revenue Expenditure	0.24	0.16

Source: Finance Accounts

The expenditure on subsidies by Union Territory of J&K has decreased from ₹128.24 crore in 2020-21 to ₹95.16 crore in 2021-22. It constituted 0.16 *per cent* of Revenue Receipts (₹59,238.50 crore) and Revenue Expenditure (₹59,269.33

crore). Horticulture Department was provided maximum subsidy (₹88.72 crore) which was 93.23 *per cent* of total expenditure on subsidy during the year.

2.4.2.5 Financial Assistance by the UT Government to Local Bodies and other Institutions

Financial assistance is provided by the Union Territory Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of Grants to local bodies and other institutions is presented in ***Table 2.14.***

Table 2.14: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	**2020-21**	**2021-22**
(A) Local Bodies		
Municipal Corporations	502.15	388.43
Others	356.32	256.03
Total (A)	**858.47**	**644.46**
(B) Others		
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2,256.56	2,205.67
Development Authorities	68.43	71.08
Jammu and Kashmir Power Companies*	2,759.98	1,188.23
Other Institutions	588.42	761.41
Total (B)	**5,673.39**	**4,226.39**
Total (A+B)	**6,531.86**	**4,870.85**
Revenue Expenditure	**52,633.75**	**59,269.33**
Assistance as percentage of Revenue Expenditure	12.41	8.22

Source: Finance Accounts

**J&K Power Development Corporation, Jammu Power Discom, Kashmir Power Discom and JK Power Corporation Ltd*

Jammu and Kashmir Power Companies were the major beneficiary of assistance, which received financial assistance of ₹1,188.23 crore, which was 24.39 *per cent* of total financial assistance disbursed during 2021-22. Grant-in-Aid as percentage of Revenue expenditure has declined from 12.41 *per cent* to 8.22 *per cent.*

2.4.3 Capital Expenditure

Capital Expenditure (Capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Capex is being met from budgetary support and extra budgetary resources/off budget. The share of capital expenditure (excluding loans and advances) in total expenditure was 15.69 *per cent* during 2021-22.

2.4.3.1 Major Changes in Capital Expenditure

Capital outlay increased by ₹576.66 crore (5.51 *per cent*) from ₹10,470.38 crore in 2020-21 to ₹11,047.04 crore in 2021-22. Significant variations of ₹100 crore and above under various Major Heads of Accounts with regard to Capital Outlay of the UT during the current year as compared to previous year is shown in table below.

Table 2.15: Significant increase/decrease of more than ₹100 crore with respect to previous year

(₹ in crore)

Major Head description	2020-21	2021-22	Increase(+)/ Decrease(-)
4801-Capital outlay on Power Projects	589.58	1,230	(+)640.42
4210-Capital outlay on Medical and Public Health	529.85	636.79	(+)106.94
4515-Capital outlay on Other Rural Development Programmes	2,022.86	1,267.65	(-)755.21
4215-Capital outlay on Water Supply and Sanitation	311.28	174.99	(-)136.29

Source Finance Accounts.

Increased expenditure under Capital Outlay on Power Projects was mainly due to more expenditure on works under MH-4801 Capital Outlay on Power Projects 01- Hydel Generation 800- Other Expenditure, 011-General, 2021- Generation with respect to previous year.

Increase in expenditure under Capital Outlay on Medical and Public Health was mainly due to increase in expenditure on New Medical Colleges, Implementation of Ayush and Strengthening of State Drug Regulatory Authority.

There was major decrease under Capital Outlay on other Rural Development Programme and Capital Outlay on Water Supply and Sanitation, the decrease was due to less expenditure on works under National Rural Drinking Water Programme (Jammu), Augmentation of Srinagar City Master Plan Water Supply compared to last year.

2.4.3.2 Quantum of loans disbursed and recovered

The Government has been providing Loans and Advances to many of the institutions/organisations, such as Co-operative Societies, Corporations, Companies and Government servants. ***Table 2.16*** presents the position of Loans and Advances outstanding as on 31 March 2022, interest receipts *vis-à-vis* interest payments during the year 2020-21 and 2021-22.

Table 2.16: Quantum of loans disbursed and recovered during the year 2020-21 and 2021-22

(₹ in crore)

Quantum of loans disbursed and recovered	2020-21	2021-22
Opening Balance of loans outstanding	35.80 (1,740.44)	95.51 (1,740.44)
Amount advanced during the year	61.64	73.77
Amount recovered during the year	1.93	1.03
Closing Balance of the loans outstanding	95.51 (1,740.44)	168.25 (1,740.44)
Net addition	59.71	72.74
Interest received on loans and Advances	Nil	0.13
Interest rate on Loans and Advances given by the Government.	Nil	Nil
Rate of Interest paid on the outstanding borrowings* of the Government	7.01	7.10
Difference between the rate of interest paid and interest received (*per cent*)	7.01	7.10

Source: Finance Accounts.
** Worked out on borrowings including Outstanding borrowing of erstwhile State which is to be apportioned between successor UTs.*

During the year 2021-22, the Government of Union Territory of Jammu and Kashmir disbursed loans and advances of ₹73.77 crore and recovered loans and advances amounting to ₹1.03 crore. Out of total loans disbursed during 2021-22 loans amounting to ₹40.00 crore was disbursed to J&K Road Transport Corporation Limited (JKRTC) which already had outstanding loans of ₹439.23 crore ending 31 March 2021 (₹383.73 crore received from erstwhile State and ₹55.50 crore from UT of J&K). As per last audited accounts for the year 2018-19, JKRTC booked losses of ₹117.62 crore. Recoveries of Loans and Advances are not forthcoming from loss making public sector undertakings. No assessment about potential recoverability of these loans has been made in the FRBM Statements. The Government of UT of Jammu and Kashmir had total outstanding loans and advances of ₹168.25 crore ending 31 March 2022. In addition, there were Loans and Advances of ₹1,740.44 crore disbursed by the Government of erstwhile State which were outstanding ending 30 October 2019 and were yet to be divided between Union Territory of Jammu and Kashmir and Union Territory of Ladakh. It was intimated in Exit Conference that the Government is looking forward to disinvestment in PSUs not doing well.

2.4.3.3 Capital blocked in incomplete works

As per information regarding incomplete works estimated cost more than rupee one crore furnished by the Government, 397 Capital Works having original estimated cost of ₹1,518.66 crore, taken up by four Departments (viz. Irrigation and Flood Control Department, Jammu (61 works) and Jal Shakti (PHE) Department Kashmir (216 work) Jal Shakti (PHE) Department Jammu (119

Works)) and Mechanical Engineering Department Kashmir (one) targeted to be completed during the period 2012-13 to 2014-15 and 2017-18 to 2021-22 were incomplete at the end of the year 2021-22. Cumulative expenditure of ₹1,095.52 crore incurred on these incomplete works got blocked.

Table 2.17: Age-wise Profile of incomplete projects as on 31 March 2022

(₹ in crore)

Target year of completion	No of incomplete works	Estimated Cost	Expenditure ending 31 March 2022
2012-13	01	1.57	3.52
2013-14	02	6.95	6.44
2014-15	09	49.42	43.25
2017-18	02	3.90	3.71
2018-19	05	10.65	9.83
2019-20	85	205.40	176.71
2020-21	203	971.87	674.10
2021-22	90	268.90	177.96
Total	**397**	**1,518.66**	**1,095.52**

Source: Finance Accounts.

Table 2.18: Department wise position of incomplete works

(₹ in crore)

Name of the Department	No of works	Estimated Cost	Expenditure ending 31 March 2022
Irrigation and Flood Control Department, Jammu	61	848.15	614.22
Jal Shakti (PHE) Department, Kashmir	216	363.66	233.65
Jal Shakti (PHE) Department, Jammu	119	306.15	246.95
Mechanical Engineering Department, Kashmir	01	0.70	0.70
Total	**397**	**1,518.66**	**1,095.52**

Source: Finance Accounts.

2.4.3.4 Implementation of Ujwal Discom Assurance Yojana (UDAY)

With the objective of ensuring financial turnaround of Power Distribution Companies (DISCOM), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal Discom Assurance Yojana (UDAY) to improve the operational and financial efficiency of the State DISCOM. States were to takeover 75 *per cent* of DISCOM debt as on September 2015 over two years i.e. 50 *per cent* of DISCOM debt was to be taken over in 2015-16 and 25 *per cent* in 2016-17. In March 2016, the Ministry of Power, Government of India and Government of Jammu and Kashmir signed a Memorandum of Understanding (MOU) under the scheme UDAY-"Ujwal DISCOM Assurance Yojana" and borrowed ₹3,537.55 crore (₹2,140 crore in 2015-16 and ₹1,397.55 crore in 2016-17) from RBI by issue of Non Statutory Liquidity Ratio (SLR) bond at rates ranging between 7.07 *per cent* to 8.72 *per cent* with maturity date from March 2022 to October 2031. The function of electricity supply to consumers was being handled departmentally, so the money was utilised by the

Government to clear liabilities towards the Central Public Sector Undertakings (CPSU). The Government has to pay interest on the bonds and bonds will also be maturing every year from 2021-22 to 2031-32. During the year 2021-22, Government paid ₹284.12 crore towards interest on bonds issued under UDAY Scheme and also paid principal amounting to ₹214 crore.

2.4.4 Expenditure priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health etc. Fiscal priority is the Ratio of expenditure under a category to aggregate expenditure for a particular sector. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. The expenditure priority of Government of UT of Jammu and Kashmir during 2020-21 and 2021-22 is shown in ***Table 2.19.***

Table 2.19: Expenditure priority with regards to Health, Education, Capital expenditure etc.

(*In per cent*)

Year	TE/ GSDP	RE/ TE	CE/ TE	SSE/ TE	ESE/ TE	DE/ TE	Education/ TE	Health & FW/ TE
2020-21	37.11	83.33	16.67	34.77	23.59	58.37	16.28	7.85
2021-22	36.08	84.20	15.80	33.61	23.35	56.96	15.66	7.98

T.E: Total expenditure, RE: Revenue Expenditure, CE: Capital Outlay + Loans and Advances, SSE: Social Sector Expenditure, ESE: Economic Sector Expenditure and DE: Development Expenditure (Social Sector+ Economic Sector).

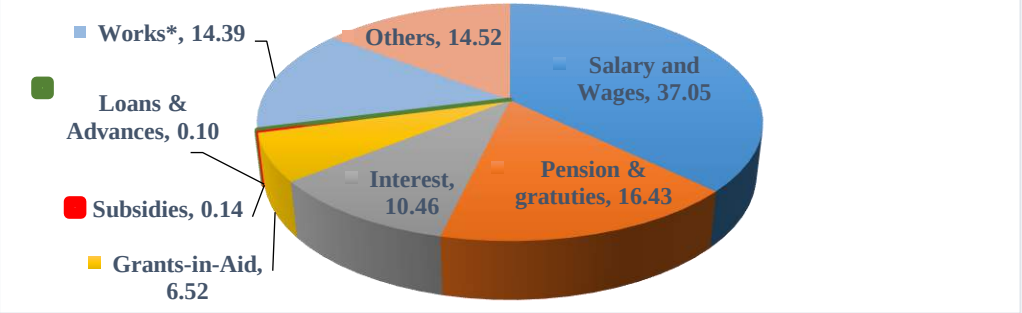
During the year 2021-22 the UTs expenditure on all above sectors increased but its percentage to total expenditure declined except for Revenue expenditure.

2.4.5 Object head wise Expenditure

Object head wise expenditure gives information about the object/ purpose of the expenditure.

Chart 2.9: Object head wise Expenditure

(In per cent)



*Major Works+ Minor Works+ Construction

Salary and wages of UT of Jammu and Kashmir accounted for 37.05 *per cent* and pension and gratuities accounted for 16.43 *per cent* of total expenditure. It

indicates that more than 53 *per cent* of total expenditure was on Salary & Wages and Pension & gratuities. Major, Minor Works and construction works together accounted for 14.39 *per cent* of total expenditure.

2.5 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Section 68(1) of the Jammu & Kashmir Reorganisation Act 2019 and are not subject to vote by the Legislature. The Government acts as a banker in respect of these transactions. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account Balances

In respect of sums credited to the Public Accounts of the Union Territory of Jammu and Kashmir, the UT Government acts as a trustee or banker and bears a fiduciary liability. Major constituents of the Public Accounts are State Provident Fund, Insurance/Pension Funds, Reserve Funds, Deposits and Advances. Besides, the Public Accounts section of the Government Accounts is also used to record transitory and pass through transactions under Suspense and Miscellaneous and Remittance heads before their final accounting to appropriate receipt or payment head of account, and also cash balance transactions. ***Table 2.20*** given below shows component-wise net balances in Public Account of the State/UT.

Table 2.20: Component-wise net balances in Public Account at close of the years

(₹ in crore)

Sector	Sub Sector	2020-21	2021-22
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-2,185.97 (-27,161.62)	-1,591.41 (-27,161.62)
J. Reserve Funds	(a) Reserve Funds bearing Interest	-780.89 (-1,260.62)	-873.86 (-1,260.62)
	(b) Reserve Funds not bearing Interest	9.76 (-1,533.95)	-46.27 (-1,533.95)
K. Deposits and Advances	(a) Deposits bearing Interest	-474.74 (-53.67)	-495.52 (-53.67)
	(b) Deposits not bearing Interest	-880.79 (-6,860.56)	-1190.52 (-6,860.56)
	(c) Advances	0.00 (12.69)	0.00 (12.69)
L. Suspense and Miscellaneous	(b) Suspense	-121.14 (344.15)	-249.38 (344.15)

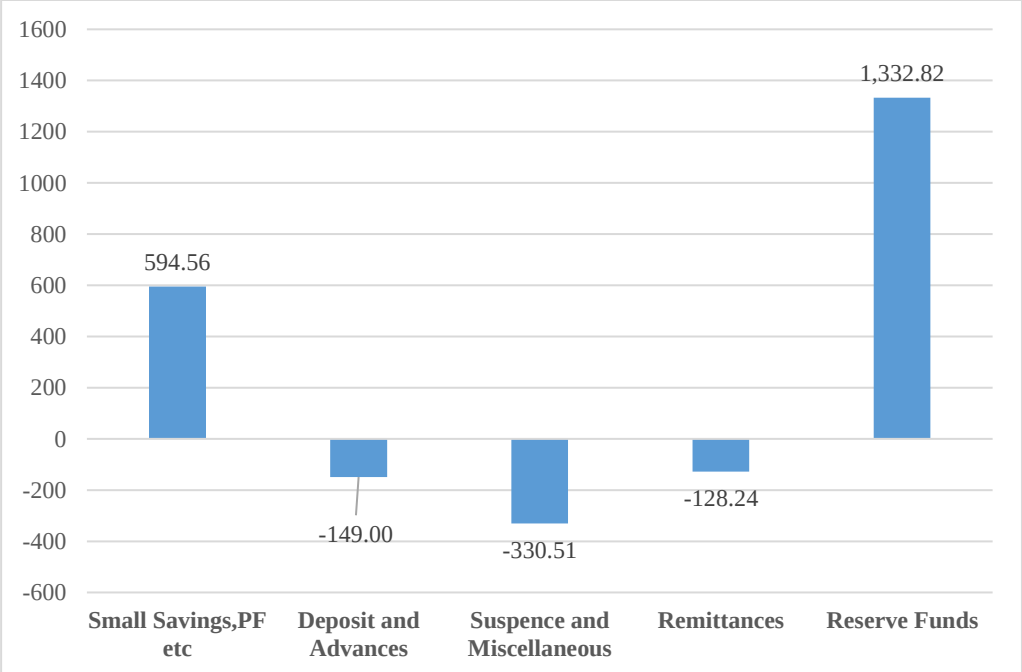
Sector	Sub Sector	2020-21	2021-22
	(c) Other Accounts	-0.0002 (389.01)	-0.0002 (389.01)
M. Remittances	(a) Money Orders, and other Remittances	-632.57 (-2,856.74)	689.07 (-2,856.74)
	(b) Inter-Governmental Adjustment Account	-1.93 (9.26)	9.25 (9.26)
Total		**-5,068.27 (-38,972.05)**	**-3,748.64 (-38,972.05)**

Source: Finance Accounts.
Note: +ve denotes debit balance and –ve denotes credit balances

The total credit balance under Public Accounts of UT of Jammu and Kashmir was ₹3,748.64 crore ending 31 March 2022. There was also a credit balance of ₹38,972.05 crore ending 30 October 2019 under Public Account of erstwhile State of Jammu and Kashmir, which is yet to be bifurcated between Union Territory of Jammu and Kashmir and UT of Ladakh.

Chart 2.10: Yearly change in Balances in Public Account of UT of J&K during 2021-22

(₹ in crore)



During the year 2021-22, major change occurred in Small Savings, PF etc. and Remittances components of Public Account.

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Accounts of the Government. These funds get contributions or grants from the Consolidated Fund of the UT of Jammu and Kashmir.The position of reserve funds in the accounts of UT of Jammu and Kashmir is shown in the Table below. The total accumulated balance at the end of 31 March 2022 in these funds was ₹920.13 crore out of which ₹873.86 crore (Credit) was under interest bearing Reserve Fund and ₹46.27 crore (Credit) under Non-Interest bearing Reserve Fund. There is cumulative aggregate balance in these funds at the end of 30 October 2019 amounting ₹2,806 crore of erstwhile State of Jammu and Kashmir which is yet to be bifurcated between two successor UTs.

Table 2.21: Closing Balances under Reserve Funds

(₹ in crore)

RESERVE FUNDS	2020-21	2021-22
Reserve Funds Bearing interest		
State Disaster Response Fund	16.32	109.29
State Compensatory Afforestation Fund	764.57	764.57
Total - Reserve Fund Bearing Interest	**780.89**	**873.86**
Reserve Funds Not Bearing interest		
Sinking fund	55.63	100.63
Other Development and Welfare Funds	-90.38	-103.72
General Insurance Fund (Janta Insurance)	20.12	37.01
Guarantee Redemption Fund	2.00	4.00
Other Funds	2.87	8.35
Total - Reserve Funds Not Bearing interest	**(-)9.76**	**46.27**
Total -Reserve Funds	**771.13**	**920.13**

Source: Finance Accounts.

@ Balances ending 30 October 2019 of erstwhile State were not apportioned between the two UTs (UT of Jammu & Kashmir and UT of Ladakh). As such, opening balance of UT of Jammu & Kashmir has been taken as zero, due to which there were negative closing balances.

2.5.2.1 Consolidated Sinking Fund

No Consolidated Sinking Fund was separately created in Union Territory of Jammu and Kashmir after re-organisation of the erstwhile State of Jammu and Kashmir. The Government of erstwhile State of Jammu and Kashmir set up the Consolidated Sinking Fund for amortisation of loans in January 2012. According to the guidelines of the Fund, Government may contribute a minimum of 10 *per cent* of 0.5 *per cent* of the outstanding liabilities as at the end of 2010-11 every year beginning with the financial year 2011-12 upto 2021-22 to make it equal to 0.5 *per cent* of outstanding liabilities of 2010-11. In addition, contribution in respect of incremental liabilities as from year to year thereafter shall be made at 0.5 *per cent* of such incremental liabilities so as to reach the level deemed sufficient to meet the objective of the Scheme. The Government of Union

Territory continued with the existing Fund and in the year 2021-22, Government of Union Territory of Jammu and Kashmir contributed ₹45.00 crore. The amount required to be contributed to the Fund as per guidelines of 2012 could not be worked out as the available balance under the Fund amounting to ₹355.87 crore as on 30 October 2019 (pre re-organisation) is yet to be apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh. The total accumulation of the Fund (for the period 31 October 2019 to 31 March 2022- post re-organisation) was ₹100.63 crore as on 31 March 2022.

2.5.2.2 State Disaster Response Fund

In terms of guidelines on constitution and administration of the State Disaster Response Fund (under Major Head '8121- General & Other Reserve Funds' which is under interest bearing section), the Central and State Governments are required to contribute to the fund in the proportion of 90:10. On Re-organisation of the State of Jammu and Kashmir into two new Union Territories, the Union Territory of Jammu and Kashmir continued with the Fund. During the year 2021-22, an amount of ₹279.00 crore on account of 'Grants towards contribution to Union Territory Disaster Response Fund' was released by the Ministry of Home Affairs, Government of India. The Government of Union Territory of Jammu and Kashmir transferred ₹361.23 crore (Central share ₹279.00 crore, Union Territory share ₹31.00 crore, interest ₹49.61 crore and unspent balance ₹1.62 crore) to the Fund under Major Head 8121-122 SDRF. The contributions to the Fund, expenditure and the balance therein relating to Union Territory of Jammu and Kashmir during the year 2021-22 are as under:

Table 2.22: Receipts and Expenditure under State Disaster Response Fund

(₹ in crore)

Opening balance (1 April 2021)	Contribution by Centre	UT Share	Receipts under NDRF	Total receipts during the year	Amount set off (MH 2245-05)	Balance in the fund
16.32	279.00	31.00	Nil	361.23*	268.26	109.29

**Includes interest ₹ 49.61 crore and unspent balance ₹ 1.62 crore*

There was opening balance of ₹16.32 crore under the Fund as on 1 April 2021 and during the year 2021-22, Government of Union Territory of Jammu and Kashmir transferred ₹361.23 crore (Central Share ₹279.00 crore, Union Territory share ₹31.00 crore, interest ₹49.61 crore and unspent balance of ₹1.62 crore) and credited to the Fund. Expenditure of ₹268.26 crore was incurred during the year 2021-22 under Minor Head-101 Gratuitous Relief, leaving a balance of ₹109.29 crore as on 31 March 2022. The balance under the Fund has not been invested by the Government of UT of Jammu and Kashmir.

There was Gross balance of ₹1,271.48 crore under State Disaster Response Fund (SDRF) as on 30 October 2019 which is yet to be apportioned between the two new successor Union Territories *viz* Union Territory of Jammu and Kashmir and Union Territory of Ladakh. An amount of ₹10.86 crore stood invested from the Fund leaving net un-apportioned balance of ₹1,260.62 crore.

2.5.2.3 Guarantee Redemption Fund

The RBI guidelines of 2013 on the Guarantee Redemption Fund (GRF) mentions that it is desirable for the Government to contribute a minimum of one *per cent* of outstanding Guarantees at the beginning of the year in the year of constitution of the Fund, and thereafter a minimum of 0.50 *per cent* every year to achieve a corpus of minimum three to five *per cent* of the outstanding Guarantees of the previous year.

The Government of Union Territory of Jammu and Kashmir has not framed Guarantee Redemption Fund Act as on 31 March 2022. Further, the Guarantee Redemption Fund Scheme of erstwhile State of Jammu and Kashmir did not have any target for contribution to the Fund.

During the year, Government of UT of Jammu and Kashmir contributed only ₹2.00 crore to the Fund. The total accumulation of the Fund was ₹4.00 crore as on 31 March 2022 (₹2.00 crore as on 31 March 2021) for the period post re-organisation *viz.* 31 October 2019 to 31 March 2022. There was also balance of ₹20.42 crore in the Fund as on 30 October 2019 pre re-organisation yet to be apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh. The entire amount of ₹24.42 crore [₹4.00 crore relating to UT of Jammu and Kashmir (31 October 2019 to 31 March 2022) and ₹20.42 crore relating to erstwhile State of Jammu and Kashmir (upto 30 October 2019)] has not been invested by the Government.

2.5.2.4 Central Road Fund (CRF)

Government of India provides annual grants under the Central Road Fund (CRF) to the Government of Union Territory to incur expenditure on specific road projects. During the year 2021-22, the Government of Union Territory received grants of ₹320.78 crore towards CRF and transferred the entire amount to the Deposit Head- 8449 through expenditure Head-3054. The Government of Union Territory incurred expenditure of ₹30.98 crore from the Fund during the year leaving closing balance of ₹367.14 crore in the Fund as on 31 March 2022.

There was also a balance of ₹573.33 crore as on 30 October 2019 (pre-re-organisation) under the Fund, which is yet to be apportioned between the Union Territories viz. Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

2.6 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

2.6.1 Debt profile: Components

Total debt of the State/UT Government typically constitutes of Internal debt of the State/UT (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government, and Public Account Liabilities. The components of the outstanding debt are given below.

Table 2.23: Component wise outstanding debt

(₹ in crore)

		2020-21	**2021-22**
Outstanding Overall Debt*		14,880.48	23,390.12
Public Debt	**Internal debt**	10,562.21	19,306.08
	Debt from GoI*	5.64	-113.54
Liabilities on Public Account		4,312.63	4,197.58
Off budget borrowing		-	12,444.60
Gross State Domestic Product (GSDP)		1,70,201	1,95,118
Debt/GSDP (*per cent*)		8.74	11.99
Total Debt Receipts		**52,919.18**	**64,784.48**
Total Debt Repayments		**41,439.26**	**52,429.36**
Total Debt Available		**11,479.92**	**12,355.12**
Debt Repayments/Debt Receipts (percentage)		**78.31**	**80.93**

Source: Finance Accounts

** Exclude ₹2,099.80 crore and ₹3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall received during 2020 -21 and 2021-22 respectively.*

Note: Liabilities on Public Account is excluding liabilities under Suspense and Misc. and Remittance Head

The overall outstanding debt with repayment liability is ₹23,390.12 crore. During 2021-22, debt repayment was 80.93 *per cent* of total debt receipts resulting in only ₹12,355.12 crore (19.07 *per cent*) of total debt receipts was available with the Government. During 2021-22, the increase in debt receipts was by 22 *per cent* whereas net debt available improved by 7.06 *per cent* with respect to 2020-21. Taking into account off budget borrowings, the debt to GSDP percentage of UT will increase from 11.99 *per cent* to 18.37 *per cent.*

Chart 2.11: Breakup of outstanding overall debt of UT of Jammu and Kashmir at the end of the year 2021-22

(₹ in crore)

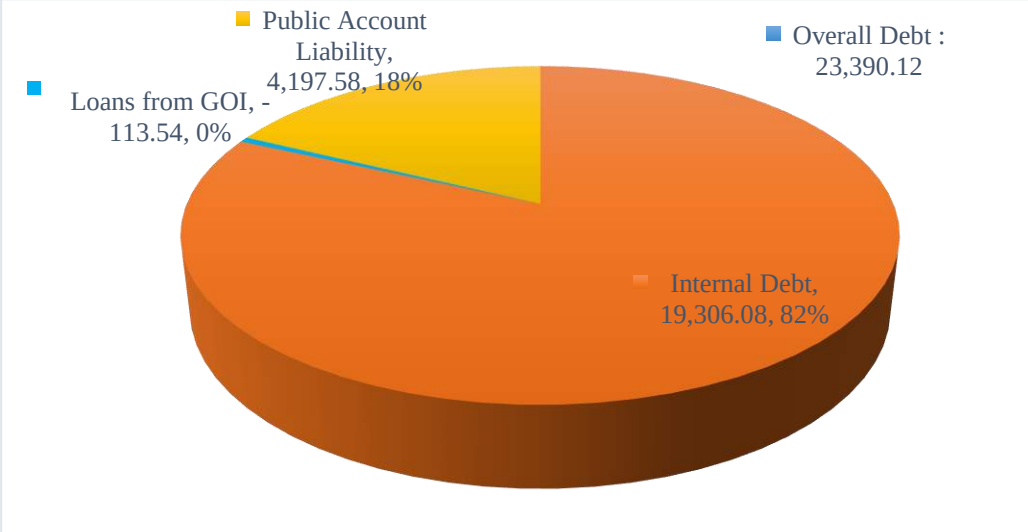
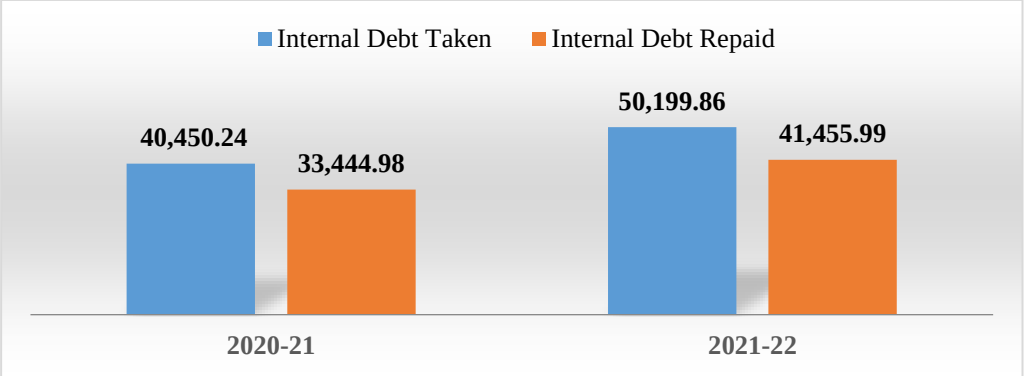


Chart 2.12: Internal debt taken vis-a-vis repaid

(₹ in crore)



The percentage of internal debt repaid to internal debt taken was 82.58 *per cent* during the year 2021-22.

Table 2.24: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		**2020-21**	**2021-22**
Composition of Fiscal Deficit		10,693.36	11,150.61
1	Revenue Deficit	-138.27	-30.83
2	Net Capital Expenditure	-10,470.38	-11047.04
3	Net Loans and Advances	-59.71	-72.74
4	Appropriation to Contingency Fund	-25.00	0
Financing Pattern of Fiscal Deficit			
1	Market Borrowings	7,508.66	4,088.00
2	Loans from GoI*	2,164.35	3,726.31
3	Special Securities issued to NSSF	-348.65	4,651.36
4	Loans from Financial Institutions	-154.75	4.52

Particulars		2020-21	2021-22
5	Small Savings, PF, etc.	1,144.17	-594.55
6	Deposits and Advances	581.96	330.52
7	Suspense and Miscellaneous	-82.34	128.23
8	Remittances	-763.81	-1,332.81
9	Reserve Fund	584.18	148.99
10	Contingency Fund	25.00	0
11	**Overall Deficit**	**10,658.77**	**11,150.57**
12	Increase/Decrease in cash balance	34.59	0.04
13	**Gross Fiscal Deficit**	**10,693.36**	**11,150.61**

Source: Finance Accounts
** Includes ₹2,099.80 crore and ₹3,845.49 crore as back-to-back loans from GoI during 2020-21 and 2021-22 respectively in lieu of GST Compensation shortfall.*

During 2021-22, Union Territory of Jammu and Kashmir has fiscal deficit of ₹11,150.61 crore. Special Securities issued to NSSF, Market borrowings and borrowings from Government of India were major sources to meet fiscal deficit. Small Savings, PF etc. contributed to meet fiscal deficit in 2020-21, but this year Government had to arrange funds for payments of Small Savings, PF etc.

Table 2.25: Receipts and disbursements under components financing the fiscal deficit (2021-22)

(₹ in crore)

Particulars		Receipt	Disbursement	Net
1	Market Borrowings	44,665.03	40,577.03	4,088.00
2	Loans from GOI*	3,845.49	119.18	3,726.31
3	Special Securities issued to NSSF	5,000.00	348.64	4,651.36
4	Loans from Financial Institutions	534.83	530.31	4.52
5	Small Savings, PF, etc.	6,023.99	6,618.54	-594.55
6	Deposits and Advances	4,282.24	3,951.72	330.52
7	Suspense and Miscellaneous	16,438.34	16,310.11	128.23
8	Remittances	46.01	1,378.82	-1,332.81
9	Reserve Fund	432.89	283.90	148.99
10	Contingency Fund	0	0	0
11	**Overall Deficit**	**81,268.82**	**70,118.25**	**11,150.57**
12	Increase/Decrease in cash balance	1,447.69	1,447.65	0.04
13	**Gross Fiscal Deficit**	**82,716.51**	**71,565.90**	**11,150.61**

Source: Finance Accounts.
** Includes ₹3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.*

2.7 Debt Analysis

The position of outstanding public debt and its comparison with other fiscal aggregates are shown below.

Table 2.26: Position of Outstanding Public debt

Debt Sustainability Indicators	2020-21	2021-22
Outstanding Public Debt[*] (₹in crore)	10,567.85	19,192.54
GSDP (₹in crore)	1,70,201	1,95,118
Rate of Growth of GSDP	3.70	14.64
Public Debt/GSDP	6.21	9.84
Average interest Rate of Outstanding Public Debt@ (*per cent)* (interest paid/OB of Public Debt + CB of Public Debt/2)	7.82	7.94
Percentage of Interest payment on Public Debt to Revenue Receipt	8.16	8.78
Percentage of Public Debt Repayment to Public Debt Receipt	78.54	76.93
Net Public Debt available to the UT[#] (₹in crore)	4,887.23	7,267.25
Net Public Debt available as *per cent* to Public Debt Receipts	11.44	13.45

Source Finance Accounts

[*]Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government. It excludes GST compensation of ₹₹2,099.80 crore and ₹3,845.49 crore received as back-to-back loans under debt receipts from Department of Expenditure, GoI during 2020-21 and 2021-22 respectively. The back-to-back loans would not be treated as debt of the UT for any norms which may be prescribed by the Finance Commission, etc.

@ Public debt (including outstanding public debt amounting ₹46,666.22 crore of erstwhile State) to GSDP.

[#]Net debt available to the UT Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

Some of the indicators of debt sustainability are as under.

a) Net Public Debt available during the year 2021-22 increased from ₹4,887.23 crore to ₹7,267.25 crore and net public debt available has improved from 11.44 *per cent* in 2020-21 to 13.45 *per cent* in 2021-22.

b) Public Debt Repayments/Public Debt Receipts: Ratio of public debt repayment to public debt receipt has improved from 78.54 *per cent* in 2020-21 to 76.93 *per cent* in 2021-22. It also indicates that 23.07 *per cent* of public debt receipt was available with the Government after repayment of earlier debts.

c) Percentage of Interest payment on Public debt to total Revenue Receipts increased from 8.16 *per cent* in year 2020-21 to 8.78 *per cent* during 2021-22.

d) There is outstanding public debt amounting to ₹46,666.22 crore of erstwhile State, which is yet to be apportioned between two UTs.

2.7.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable.

Table 2.27: Utilisation of borrowed funds during 2020-21 and 2021-22

(₹ in crore)

Year	1	2020-21	2021-22
Total Borrowings*	**2**	42,732.93	54,045.35
Repayment of earlier borrowings (Principal) (percentage)	**3**	33,563.32 (78.54)	41,575.17 (76.93)
Balance borrowings for capital expenditure (percentage)	**4**	9,169.61 (21.46)	11,047.04 (20.44)
Balance of borrowing for net disbursement of loans and advances (percentage)	**5**	NA	72.74 (0.13)
Portion of Revenue Expenditure met out of net available borrowings (percentage)	**6=2-3-4-5**	NA	1,350.40 (2.50)

Source: Finance Accounts.
** Includes ₹ 2,099.80 crore and ₹3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall during 2020-21 and 2021-22 respectively.*

During 2021-22, 76.93 *per cent* of borrowings were utilised towards repayment of earlier loans/borrowed funds resulting just 23.07 *per cent* of borrowed funds remaining available for development works. Out of that 20.57 *per cent* were utilised towards Capital Expenditure and disbursement of loans and advance and amount of ₹1,350.40 crore (2.50 *per cent*) was expended on revenue nature of expenditure.

2.7.2 Status of Guarantees – Contingent Liabilities

As at the end of the year 2021-22 (31 October 2019 to 31 March 2022) post re-organisation cumulative amount guaranteed by the Government of Union Territory is ₹12,328.80 crore (under reconciliation with Government of Union Territory of Jammu and Kashmir). Further, there is also outstanding Guarantees of ₹452.65 crore [revised data received from Principal Accountant General (Audit), Jammu and Kashmir] given by the erstwhile State of Jammu and Kashmir (ending 30 October 2019 pre re-organisation) which is yet to be apportioned between successor Union Territories of Jammu and Kashmir and Ladakh. No Guarantee Commission/ fee was received by Government of Union Territory of Jammu and Kashmir during 2021-22. J&K FRBM Act limit the amount of annual incremental risk weighted guarantees to 75 *per cent* of the Total Revenue Receipts in the year preceding the current year or at 7.5 *per cent* of GSDP of the year preceding the current year, whichever is lower. Outstanding Guarantee of UT during 2021-22 was within both these limit of ₹12,765 crore and ₹39,372 crore.

2.7.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, UT Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below

the agreed minimum amount on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government are revised by the RBI from time to time.

The Government of Union Territory of Jammu and Kashmir maintained minimum cash balance of ₹1.14 crore on 62 days without resorting to Normal Ways and Means Advances and Overdraft and availed Normal Ways and Means Advances on 125 days and on 178 days it had to avail Overdraft too from RBI. The balance at the end of 31 March 2022 was ₹499.54 crore under Normal Ways and Means Advances.

There was also a balance of ₹692.11 crore under Normal Ways and Means Advances as on 30 October 2019 which is yet to be apportioned between the successor Union Territories *viz.* Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

Union Territory Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are to be credited as receipts under the head '0049-Interest Receipts'. Position of cash balance and their investment is as under.

Table 2.28: Cash Balances and their investment

(₹ in crore)

	Opening balance on 31 March 2021	**Closing balance on 31 March 2022**
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India	1,447.69	1,447.65
Deposits with J&K Bank and other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	**1,447.69**	**1,447.65**
Investments held in Cash Balance investment account	0.00	0.00
Total (A)	**1,447.69**	**1,447.65**
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	0.00	0.00
Permanent advances for contingent expenditure with department officers	0.00	0.00
Investment in earmarked funds	0.00	0.00
Total (B)	**0.00**	**0.00**
Total (A + B)	**1,447.69**	**1,447.65**
Interest realised	**0.11**	**Nil**

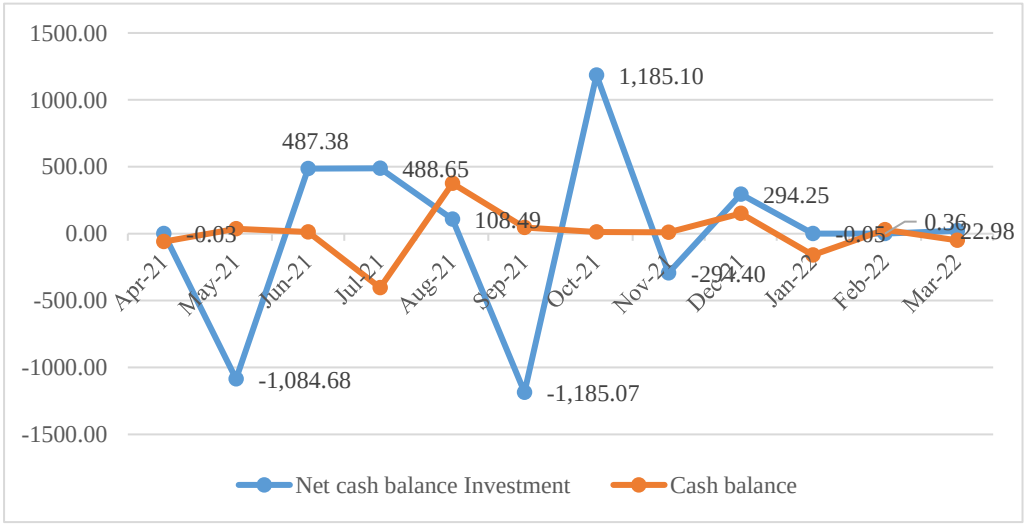
Source: Finance Accounts.

The Cash balance as on 31 March 2022 as per the record of Principal Accountant General was ₹1,447.65 crore (Debit) and that reported by the Reserve Bank of India (RBI)[1] was ₹1,445.73 crore (Credit). There was a net difference of ₹1.92 crore (Debit), mainly due to non-reconciliation by Government of UT of Jammu and Kashmir with RBI/Agency Bank. The difference is under reconciliation.

No amount was held in Cash Balance Investment Account by the Government of UT of Jammu and Kashmir at the close of the year 2021-22. There was no amount outstanding under Cash balance investment account. However, an amount of ₹383.92 crore was held in the Cash Balance Investment Account at the end of 30 October 2019, which is yet to be to be apportioned between UT of J&K and UT of Ladakh. No interest was earned on cash balance investment during 2021-22.

Chart 2.13: Month wise movement of Cash Balances and net cash balance investments during the year

(₹ in crore)



Source: Finance Accounts.

2.8 Conclusions

- Revenue Expenditure constituted of 84.20 *per cent* of Total Expenditure.
- Capital Outlay of ₹11,047.04 crore constituted 15.69 *per cent* of Total expenditure.
- Outstanding Public debt of UT of Jammu and Kashmir at the end of 31 March 2022 was ₹19,192.54 crore and there is also an amount of

[1] worked out by Principal Accountant General (A&E) by excluding transactions pertaining to the UT of Ladakh for the period 31 October 2019 to 31 March 2020, during which a single account was maintained by RBI in respect of both UTs (UT of J&K and UT of Ladakh)

₹46,666.22 crore at the end of 30 October 2019 which is to be bifurcated between two Union Territories.

- The Union Territory of Jammu and Kashmir had outstanding loans of ₹168.25 crore disbursed up to ending 31 March 2022. In addition to above, the Erstwhile State had outstanding loans amounting ₹1,740.43 crore disbursed up to ending 30 October 2019 which are to be distributed between two Union Territories.
- During 2021-22, the balance under reserve funds of UT of Jammu and Kashmir was ₹920.13 crore. There was also balance under Reserve funds at the end of 30 October 2019 amounting to ₹2,806 crore, which is to be bifurcated between two Union Territories.

2.9 Recommendations

1. The Government should explore ways to minimize its committed expenditure, so that more funds could be made available for development expenditure.
2. As recovery of loans advanced by the Government has been poor, the Government may consider treating loans and advances as grants and booking them as Revenue Expenditure for ensuring that accounts reflects the correct position.

Chapter-III

Budgetary Management

CHAPTER-III

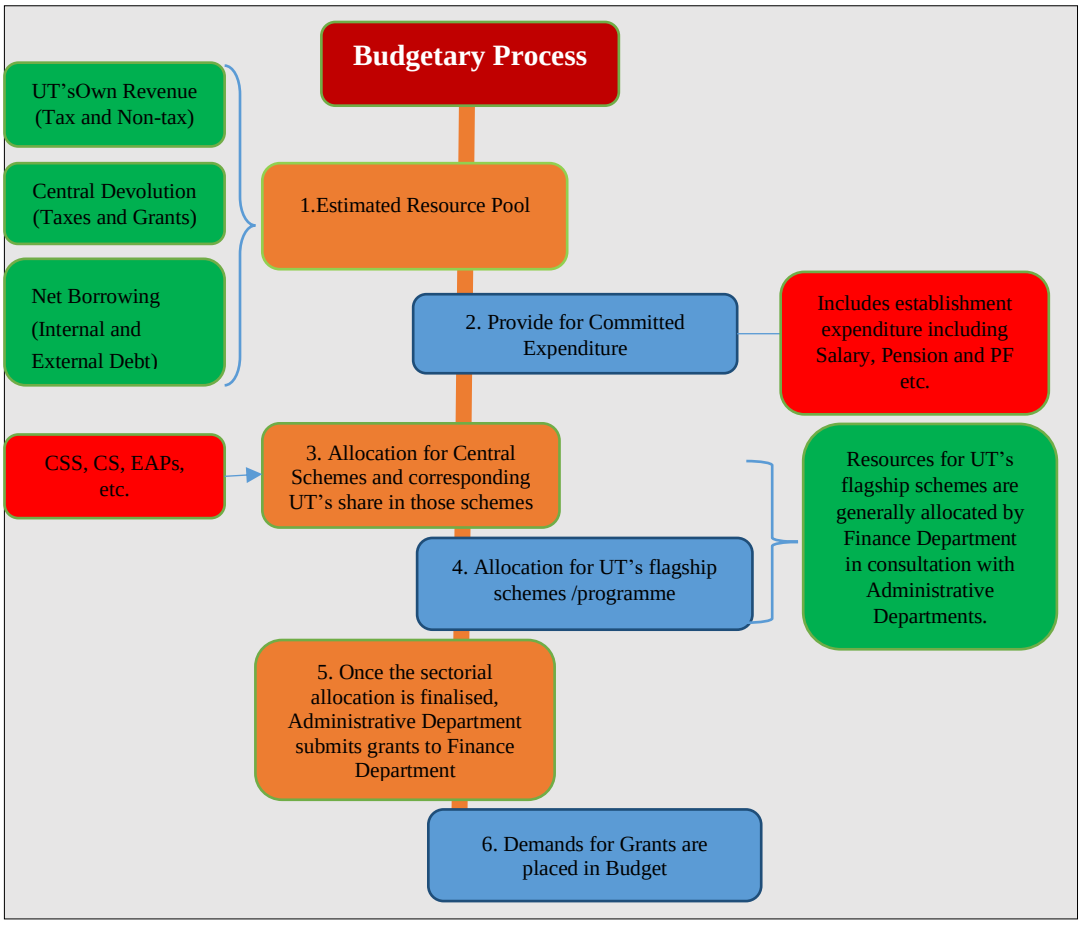
BUDGETARY MANAGEMENT

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Appropriation Accounts are accounts of the expenditure, voted and *charged*, of the Government for each financial year compared with the amounts of voted grants and appropriations *charged* for different purposes as specified in the schedule appended to the Appropriation Acts passed under Section 43 and 44 of the Jammu and Kashmir Reorganisation Act 2019.

Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to Finance Accounts. Budget glossary is given in ***Appendix 6.*** A typical budget preparation process is given in ***Chart 3.1***.

Chart 3.1: Budget Process

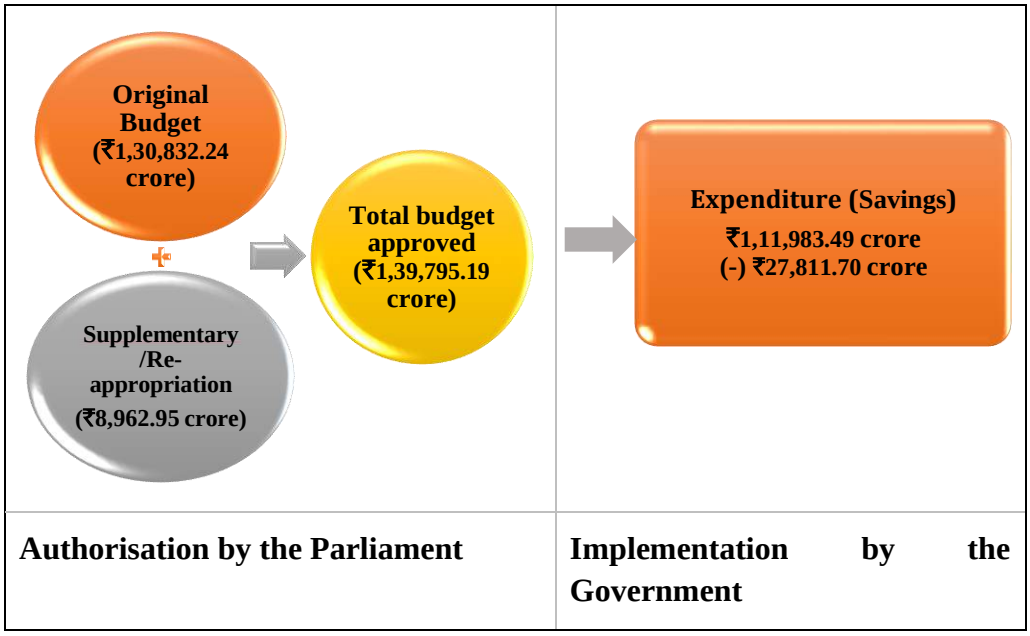


CSS: Centrally Sponsored Schemes; CS: Central Schemes.

After creation of Union Territory of Jammu and Kashmir by virtue of Jammu and Kashmir Reorganisation Act, 2019 w.e.f. 31 October, 2019, the Union

Territory of Jammu and Kashmir continues to be under the President's rule vide Gazette Notification S.O. 3937 (E), dated 31 October, 2019. The powers of the legislature of the Union Territory of J&K are exercised by or under the authority of the Parliament.The various components of budget 2021-22 are depicted in ***Chart 3.2***.

Chart 3.2: Components of Budget



Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts

3.1.1 Summary of total provisions, actual disbursements and savings during 2021-22

A summarised position of total budget provision, disbursement and saving/excess with its further bifurcation into voted/*charged* during 2021-22 is as under:

Table 3.1: Budget provision, disbursement and saving/excess during 2021-22

(₹ in crore)

Total Budget provision		Disbursements		Saving(-)/Excess(+)	
Voted	***Charged***	**Voted**	***Charged***	**Voted**	***Charged***
91,172.23	48,622.96	62,966.45	49,017.04	(-)28,205.78	(+)394.08

Source: Appropriation Accounts

During 2021-22, ₹28,205.78 crore (31 *per cent*) of savings was noticed in the voted section whereas excess expenditure of ₹394.08 crore (one *per cent*) was incurred in the *charged* section, as shown in the table above.

3.1.2 Charged and Voted disbursements

Break-up of total disbursement into *charged* and voted during 2020-21 and 2021-22 is given in the table below:

Table 3.2: Disbursement and Saving/Excess during 2020-21 and 2021-22

(₹ in crore)

Year	Disbursements		Saving(-)/ Excess(+)	
	Voted	***Charged***	**Voted**	***Charged***
2020-21	56,782.00	40,004.29	(-)43,472.92	(+)6,663.48
2021-22	62,966.45	49,017.04	(-)28,205.78	(+)394.08

Source: Appropriation Accounts.

As can be seen from the above table, the savings in the voted section have decreased from ₹43,472.92 crore in 2020-21 to ₹28,205.78 crore in the year 2021-22. Similarly, excesses have decreased from ₹6,663.48 crore in 2020-21 to ₹394.08 crore during the year 2021-22.

3.2 Appropriation Accounts

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be *charged* under the provisions is so *charged*. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.3 Comments on Integrity of Budgetary and Accounting Process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the Union Territory except under appropriation made by law passed in accordance with the provisions of section 43 of Jammu and Kashmir Reorganisation Act 2019.

An amount of ₹21,646.17 crore was incurred under 33 schemes/ Sub Heads in 10 Grants (***Appendix 3.1***) without Budgetary Provisions during 2021-22 which needs to be regularised.

3.3.2 Classification of expenditure of Revenue nature as Capital expenditure or vice-versa

Classification of expenditure of revenue nature as capital expenditure or vice-versa, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus.

During 2021-22, a sum of ₹158.76 crore of Revenue expenditure as detailed below was disbursed under Capital Major Heads of expenditure, thereby, resulting in overstatement of Capital Expenditure and understatement of

Revenue Expenditure and Revenue deficit to the extent of ₹158.76 crore. This includes Grant-in-aid of ₹63.60 crore under the schemes National Horticulture Mission, National Rural Livelihood Mission, Strengthening of State Drug Regulatory System, Implementation of AYUSH and Prevention and Control of Diseases. Besides this, there was mis-classification of subsidy amount of ₹95.16 crore for the schemes Replacement of Old Fleet, Soil Survey, Pradhan Mantri Krishi Sinchayi Yojna and National Horticulture Mission.

Table 3.3: Classification of expenditure of Revenue nature as Capital expenditure

Sl. No.	Major Head of Account	Type of Misclassification	Amount *(₹ in crore)*
1	4210,4515 and 4401	Grant-in-aid classified as Capital Expenditure	63.60
3	4401,4402 and 5055	Subsidy booked as Capital Expenditure	95.16
		Total	**158.76**

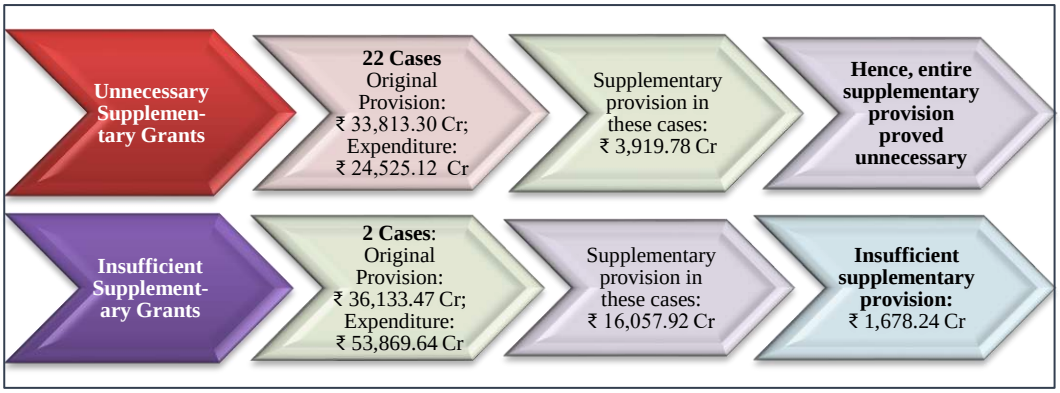
Source: Finance Accounts 2021-22.

3.3.3 Unnecessary or insufficient Supplementary Grants

As per section 44 of Jammu and Kashmir Reorganisation Act 2019, a Supplementary or Additional Grant over the provision made by the Appropriation Act for the year, can be made during the current financial year.

Supplementary provisions aggregating ₹3,919.78 crore obtained in 22 cases, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in ***Appendix 3.2.*** On the other hand, in grant 08-Finance Department, supplementary grant of ₹16,057.92 crore was not adequate to meet the requirement ***(Chart 3.3)***.

Chart 3.3: Unnecessary and Insufficient Supplementary Provisions



Source: Appropriation Accounts

The Government may consider preparing realistic budget estimates to avoid large savings and supplementary provisions.

3.4 Substantial Savings

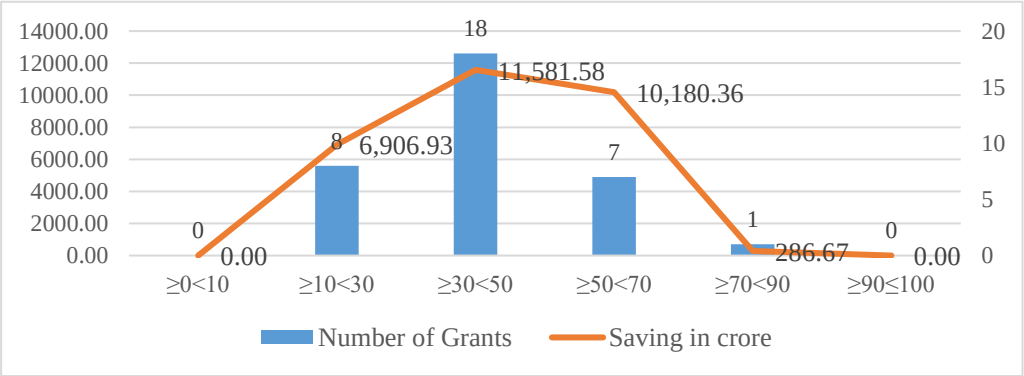
As per the Jammu and Kashmir Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. Out of the 35 grants, except in Grant no. 8- Finance Department, there were savings in the remaining 34 Grants. Out of these 34 grants, there were 33 grants in which savings of ₹10 crore and above had occurred as on 31st March 2022. In case of 26 grants, the savings of ₹100 crore and above were noticed, with the percentage savings ranging between 14 *per cent* and 86 *per cent*. However, no surrender in anticipation of savings was made by the concerned departments. The savings in these cases was ₹28,504.50 crore. Relevant details are indicated in ***Appendix 3.3***. The above savings also include huge savings of ₹100 crore and above by the departments under Capital Section in 22 grants amounting to ₹18,723.63 crore. Savings under Capital Section ranged between 42 *per cent* and 98 *per cent* of the total appropriation of the grant during 2021-22. The savings under Capital section indicate that the Government could not utilise the funds earmarked for developmental activities/creation of assets.

3.4.1 Percentage of utilisation of provision under each Grant

Audit examination of utilisation of grants shows that the percentage savings ranged between 10 *per cent* to 30 *per cent* amounting to ₹6,906.93 crore in eight grants, 30 to 50 *per cent* amounting to ₹11,581.58 crore in 18 grants, 50 to 70 *per cent* amounting ₹10,180.36 crore in seven grants and 70 *per cent* to 90 *per cent* amounting to ₹286.67 crore in one grant. In the remaining one grant (Grant No. 08- Finance Department), there was over utilisation of two *per cent* resulting in excess over provisions during 2021-22 as detailed in ***Appendix 3.4.*** Savings (under utilisation) by these departments is indicative of non-prioritising of schemes/works by the Government or inefficiency in implementation of schemes by the department concerned/implementing agencies. Over utilisation of grant indicates the incurring of excess expenditure over the budget provisions by the department during the period, which needs to be regularised, as per the existing rules and regulations.

Some of the departments wherein the savings in the respective grants were more than 50 *per cent* were Rural Development Department (₹3,196.11 crore, 64 *per cent*), Housing and Urban Development Department (₹2,382.21 crore, 63 *per cent*), Public Health Engineering Department (₹2,063.12 crore, 53 *per cent*) and Planning Department (₹1,238.81 crore, 68 *per cent*), which indicate that the Government could not utilise the funds earmarked for the planned purposes.

Chart 3.4: Distribution of number of Grants/Appropriations grouped by the percentage of savings



3.5 Grants with Nil expenditure

Entire budget provision of ₹5,092.25 crore under 28 Grants involving 123 number of schemes as detailed in ***Appendix 3.5*** which included the developmental schemes under Public Health Engineering, Irrigation and Flood Control, Housing and Urban Development, Power Development and Planning Department remained unutilised during the year resulting in denial of intended benefits to the general public. The provision could have been re-appropriated to the schemes/works where there was excess expenditure over the provision.

3.5.1 Excess over provisions requiring regularisation

As per Section 43 of Jammu and Kashmir Reorganisation Act 2019, no money shall be withdrawn from the Consolidated Fund of the Union Territory except under appropriation made by law passed in accordance with the provisions of this section.

Total excess expenditure amounting to ₹13,019.16 crore was incurred by the UT Government during the period 31 October 2019 to 31 March 2022 which includes excess expenditure amounting to ₹2,049.26 crore as detailed in ***Appendix 3.6*** under Revenue Voted, Revenue *Charged* and Capital *charged* section in Grant No. 08 (Finance Department) and Revenue Voted section in Grant No. 16-Public Works Department incurred by the Government during 2021-22. Excess expenditure remaining un-regularised for extended period vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.5.2 Persistent excesses in one Grant

The details of persistent excess expenditure during the period 2020-21 and 2021-22 are mentioned below.

Table 3.4: Details of excess expenditure noticed in one Grant during 2020-21 to 2021-22

(₹ in crore)

Description of Grant/Appropriation	2020-21	2021-22
Grant No. 08- Finance Department		
Capital *Charged*		
Total Grant	26,469.03	41,420.20
Expenditure	33,563.32	41,575.17
Excess	7,094.29	154.97
Revenue *Charged*		
Total Grant	0.00	7,093.67
Expenditure	0.00	7,360.31
Excess	0.00	266.64
Revenue Voted		
Total Grant	0.00	10,771.20
Expenditure	0.00	12,294.47
Excess	0.00	1,523.28
Total	**7,094.29**	**1,944.89**

Source: Appropriation Accounts of respective years.

As is evident from the above table, persistent excesses were noticed in Grant number 08-Finance Department. The excess was mainly under Major Head 2071-Pension and Other Retirement Benefits in Revenue Voted section during 2021-22 and under Major Head 6003-Internal Debt of the State Government in Capital *Charged* section during 2020-21. This is indicative of the fact that the proper budget exercise is not being carried out as was required under Paragraph 6.2.4 of Government of Jammu and Kashmir Budget Manual.

3.5.3 Regularisation of excess expenditure of previous financial years pertaining to erstwhile State of Jammu and Kashmir

As the Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, the excess expenditure aggregating ₹1,24,004.41 crore for the years 1980-81 to 2019-20 (1 April 2019 to 30 October 2019) pertaining to erstwhile State of Jammu and Kashmir, as detailed in ***Appendix 3.7*** is yet to be regularised. Excess expenditure remaining un-regularised for such extended period vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.6 Grants-in-Aid for creation of Capital Assets

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one Government to another Government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

As per IGAS 2, Grant-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee,

except in cases where it has been specifically authorised by President on the advice of the Comptroller and Auditor General of India.It has been seen that Grants-in-aid for capital assets are sometimes classified as capital expenditure. This leads to understatement of revenue deficit. It was noticed that there was booking of GIA as Capital expenditure during the year 2020-21 to 2021-22 as shown in the table below.

Table 3.5: Extent of classification of GIA as Capital Expenditure

(₹ in crore)

Item	2020-21	2021-22
GIA booked as Capital Expenditure	61.59	63.60
Total Capital Expenditure	10,470.38	11,047.04
Share of GIA in Capital Expenditure (*in per cent*)	0.59	0.58
Revenue Deficit (-)/ Revenue Surplus (+)	(-)138.27	(-)30.83
Revenue Deficit (-) /Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	(-)199.86	(-)94.43

Source: Finance Accounts (NTA) of respective years

The Union Territory Government has continued to book Grants-in-aid as capital expenditure over the period 2020-21 to 2021-22. This has resulted in understatement of revenue deficit to the tune of ₹61.59 crore and ₹63.60 crore during 2020-21 and 2021-22 respectively.

3.7 Comments on effectiveness of Budgetary and Accounting Process

3.7.1 Budget projection and gap between expectation and actual

The total provision for expenditure during 2021-22 was ₹1,39,795.19 crore. The actual expenditure during the year was ₹1,11,983.49 crore (80 *per cent)*. This resulted in savings of ₹27,811.70 crore during 2021-22. The summarised position of actual expenditure during 2021-22 against 35 grants/ appropriations is given below:

Table 3.6: Summarised position of actual expenditure *vis-à-vis* Budget (Original/Supplementary) provisions during 2021-22

(₹ in crore)

	Nature of expenditure	Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure	Net Saving (-) Excess(+)	Surrender during March 2022	
							Amount	per cent
Voted	I. Revenue	61,009.64	-975.5	60,034.14	51,827.46	-8,206.68	Nil	Nil
	II. Capital	35,654.32	-4,631.12	31,023.20	11,065.23	-19,957.97	Nil	Nil
	III. Loans & Advances	108.90#	6.00	114.90	73.77*	-41.13	Nil	Nil
	Total	**96,772.86**	**-5,600.62**	**91,172.24**	**62,966.46**	**-28,205.78**	**Nil**	**Nil**
Charged	IV. Revenue	7,794.16	-591.41	7,202.76	7,441.87	239.11	Nil	Nil
	V. Capital	0.00	0.00	0.00	0.00	0.00	Nil	Nil

	Nature of expenditure	Original Grant/App.	Supplementary Grant/App.	Total	Actual expenditure	Net Saving (-) Excess(+)	Surrender during March 2022	
							Amount	per cent
	VI. Public Debt-Repayment	26,265.22	15,154.98	41,420.20	41,575.17	154.97	Nil	Nil
	Total	**34,059.38**	**14,563.57**	**48,622.96**	**49,017.04**	**394.08**	**Nil**	**Nil**
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	0.00	0.00	Nil	Nil
	Grand Total	**1,30,832.24**	**8,962.95**	**1,39,795.19**	**1,11,983.49**	**-27,811.70**	**Nil**	**Nil**

Source: Appropriation Accounts.
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The savings in grants is indicative of over budgeting which is as much a financial irregularity as excess in expenditure in terms of Rule 6.2.4 of Jammu and Kashmir Budget Manual. Besides, excessive savings in some departments during the period is indicative of deprivation of other departments of the funds which they could have utilised and also non-surrender of funds (savings) is in contravention to the instructions of the Jammu and Kashmir Budget Manual.

3.7.2 Rush of expenditure

Rule 62 (3) of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided. Contrary to this, expenditure exceeding 50 *per cent* of the total expenditure for the year 2021-22 was incurred in March 2022 in respect of 25 Major Heads under 17 Grants and the percentage of expenditure ranged between 50 *per cent* and 100 *per cent*, as detailed in ***Appendix 3.8***.

The monthly pace of expenditure was not uniform, as 83 *per cent* of expenditure under 25 Major Heads was incurred in the last quarter of the financial year 2021-22.

3.8 Review of selected Grants

A review of Budgetary Procedure and control over expenditure in test checked two grants (Grant No. 35: Science and Technology Department) and (Grant No. 30: Tribal Affairs Department) out of 35 grants was undertaken and the audit observations are given in the following paragraphs.

3.8.1 Grant No. 35: Science and Technology Department

Against total allocation of ₹121.76 crore under the Grant, the total expenditure booked is ₹62.45 crore only. An amount of ₹59.31 crore (49 *per cent*) remained unspent during the year which indicates preparation of unrealistic budget estimates during 2021-22 by the Department. Saving of ₹4.36 crore in Revenue Voted and ₹54.95 crore in Capital Voted sections was noticed. No portion of saving of ₹59.31 crore was anticipated and surrendered. Major Head/Section-wise breakup is given as below:

Table 3.7: Budget provision under Revenue and Capital sections

(₹ in crore)

S. No	Revenue /Capital	Major Head	Original Grant	Supplementary Grant	Total	Expenditure Booked	Saving (-) (percentage)
1	**Revenue (Voted)**	3435	19.01	-3.15	15.85	11.49	-4.36(28)
2	**Capital (Voted)**	5425	105.91	0.00	105.91	50.96	-54.95(52)
	Total		**124.92**	**-3.15**	**121.76**	**62.45**	**-59.31(49)**

Source: Appropriation Accounts.

3.8.1.1 Injudicious re-appropriation

An amount of ₹3.81 crore as original grant was allotted under the Salary component of the Scheme "Additional Director Council for Science and Technology" (Sub Head-2172) under Major Head 3435-Ecology & Environment during 2021-22. However, audit noticed that withdrawal of ₹75.99 lakh under re-appropriation proved injudicious owing to the fact that there has been excess expenditure of ₹43.10 lakh under the Salary component.

3.8.1.2 Unnecessary supplementary grants

Budgetary allocations should be based on realistic proposals, good expenditure monitoring mechanism; strong scheme implementation capacities/ internal controls lead to optimal utilisation of funds on schemes to obtain intended benefits to the beneficiaries. Audit noticed that saving had occurred in the following scheme where supplementary grant of ₹50.00 thousand and above were provided to the department.

Table 3.8: Unnecessary supplementary grants

(₹ in lakh)

Major Head	Reference to Sub Head/Detailed Head	Original grant	Supplementary grant	Total grant	Actual expenditure	Savings	Percentage of savings
Revenue voted							
3435	**SH-2172**						
	002-Travel expenses	8.50	0.50	9.00	2.00	7.00	78
	009-Rent, Rates and Taxes	7.36	30.48	37.84	6.81	31.03	82
	103-Office Equipment's and appliances	5.00	0.50	5.50	3.54	1.96	36
	SH-2173						
	002-Travel Expenses	17.00	3.00	20.00	7.08	12.92	65
	006-Telephone	3.00	1.00	4.00	1.26	2.74	69
	007-Office Expenses	10.00	2.00	12.00	9.59	2.41	20
	008- Electric Charges	1.50	2.50	4.00	0.51	3.49	87
	009-Rent Rates and Taxes	13.00	1.00	14.00	7.90	6.10	44
	014-POL	10.00	1.00	11.00	7.69	3.31	30

Major Head	Reference to Sub Head/Detailed Head	Original grant	Supplementary grant	Total grant	Actual expenditure	Savings	Percentage of savings
	037-Professional and Special service charges	2.00	3.00	5.00	0.56	4.44	89
	071-Medical reimbursement	3.00	1.00	4.00	0.97	3.03	76

At times, while obtaining supplementary provision, the Departments report to legislature/Parliament large additional requirement for different purposes under various schemes/activities; but finally, they are unable to spend even the original budget provision which leads to large savings. As is evident from above table, huge amount of provision under certain sub heads was not utilised and there were savings by the departmental officers without giving any reason for the same. These savings were much more than the supplementary provisions which were indicative of budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism and weak internal control.

3.8.1.3 Less expenditure (saving) against the provision under Revenue and Capital Heads

(i) Revenue section

Against the budget allocation of ₹12.07 crore under the scheme Chief Executive Officer, Jammu and Kashmir Energy Development Agency (JAKEDA), Sub Head-2173 under Revenue section, an amount of ₹7.68 crore has been incurred, resulting into saving of ₹4.39 crore which includes a saving of₹3.86 crore under the salary component during 2021-22.

In reply, the department attributed the savings to non drawal of salaries of three officers who were repatriated to their parent departments and non-filling of vacant posts against which the funds for salaries had been projected in the budget. The reply is not tenable in view of the fact that despite department having been aware of non-filling of vacant posts for which projection was kept in the Budget; the savings could have been anticipated and surrendered well before the close of financial year.

(ii) Capital Section

Less expenditure (saving) against the provision under Capital Head is as follows:

Table 3.9: Less expenditure (saving) against the provision

(₹ in crore)

S. No	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less expenditure/ Savings
1	5425	-	800	0011	0868	7.91	5.94	1.97
2	5425	-	800	0011	1700	98.00	45.02	52.98
Total						**105.91**	**50.96**	**54.95**

Against the budget allocation of ₹7.91 crore under the scheme Scientific Services and Research (SH-0868), an amount of ₹5.94 crore has been incurred in the

Works component, resulting into saving of ₹1.97 crore during 2021-22. Similarly, against the budget allocation of₹98.00 crore under the scheme New Renewable Sources of Energy (SH-1700) in the Works component, an amount of ₹45.02 crore has been incurred, resulting into saving of ₹52.98 crore during 2021-22. The savings were not anticipated and surrendered.

In reply, the department attributed the savings to non-completion of works, late return of funds, non-submission of works plan by the implementing agencies besides, non-finalisation of tendering process, late acquisition of land and non-release of funds. The reply is not tenable as no effective monitoring mechanism is in place in the department to review and monitor the progress and execution of works, so that anticipated savings could be surrendered timely during the year.

3.8.1.4 Expenditure under Minor Head-800

Minor Head-800-Other Receipts/Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided in the Accounts. Routine operation of Minor Head-800 for budgeting and accounting renders the Accounts opaque without identifying the Receipt/ Expenditure (as the case may be) to its appropriate object of Revenue or Expenditure.

Audit noticed the following position of booking of Revenue and Capital expenditure under Minor Head 800-Other expenditure during 2021-22.

Table 3.10: Expenditure under Minor Head-800-Other expenditure

(₹ in crore)

Major Head	Total amount of Grant during 2021-22	Total expenditure under Minor Head 800-Other expenditure	Percentage of expenditure under Minor Head 800-Other expenditure
3435-Ecology and Environment	15.85	11.49	72
5425-Capital outlay on other Scientific and Environment Research	105.91	50.96	48
Total	**121.76**	**62.45**	**51**

It is noticed that whole budget amounting to ₹121.76 crore under Revenue and Capital head of accounts was provided under Minor Head 800- Other Expenditure. The entire amount of expenditure of ₹62.45 crore (51*per cent*) of the total amount of grant has been booked under the Minor Head-800-Other expenditure in the Revenue and Capital Heads of account during 2021-22. Reply to issue of non- budgeting under other available Minor Heads and budgeting only under Minor Head-800 is awaited from the department.

3.8.1.5. Single Nodal Accounts

In terms of Government of India (GoI), Ministry of Finance (MoF), Department of Expenditure, Office Memorandum (OM) dated 23.03.2021, zero balance Single Nodal Accounts (SNAs) were required to be opened for each Centrally Sponsored Schemes (CSS) operational either in the Union Territory or in any State. The Department had not opened any zero balance SNA during 2021-22. However, the Department had already two existing accounts[1] opened during the years 2015 and 2018 which were operational during 2021-22 and the scheme-wise funds to the tune of ₹42.26 crore[2] from GoI, Ministry of New and Renewable Energy were received (2021-22) directly in these accounts**.** The department utilized ₹37.01 crore on these projects and ₹05.25 crore remained un-utilised as on 31st March 2022. Audit, however, noticed that consequent upon the issuance of revised procedure vide GoI, MoF, Department of Expenditure, OM No.1/18/PFMS/FCD/2021 dated 09.03.2022 for flow of funds under central sector schemes through Central Nodal Agency (CNA), three zero balance SNAs for three[3] CSSs were opened (19.07.2022 and 27.07.2022) by the department and the funds are received through CNA on real time basis.

3.8.2 Grant No. 30: Tribal Affairs Department

Against the total allocation of ₹411.87 crore under the grant, an expenditure of ₹173.17 crore was booked and an amount of ₹238.70 crore (58 *per cent*) remained unspent during the year which indicates that the Department made unrealistic budget provisions during the year 2021-22. There is a saving of ₹64.40 crore (50 *per cent*) under the Revenue Head (Voted) and ₹174.30 crore (62 *per cent*) in the Capital Head (Voted) as detailed below:

Table 3.11: Budget provision, expenditure booked and savings under Revenue and Capital Heads

(₹ in crore)

S. No.	Revenue/Capital	Major Head	Original Grant	Supplementary Grant	Total	Expenditure Booked	Saving (-) (percentage)
1	**Revenue (Voted)**	2225	104.72	24.92	129.64	65.24	-64.40 (50)
2	**Capital (Voted)**	4225	273.43	8.80	282.23	107.93	-174.30 (62)
Total			**378.15**	**33.72**	**411.87**	**173.17**	**-238.70 (58)**

The following discrepancies were noticed among various scheme heads under the grant.

[1] For the schemes of Off-Grid and decentralized Solar PV Solar Street Lights P-III MNRE and Grid connected Solar Rooftop.

[2] Off-Grid and decentralized Solar PV Solar Street Lights P-III MNRE: ₹22.08 crore and Grid connected Solar Rooftop: ₹20.18 crore

[3] Grid connected Solar Rooftop ; PM-KUSUM Component-B and Off-Grid and decentralized Solar PV Solar Street Lights P-III MNRE

3.8.2.1. Unnecessary supplementary grants

Budgetary allocations should be based on realistic proposals, good expenditure monitoring mechanism; strong scheme implementation capacities/ internal controls lead to optimal utilisation of funds on schemes to obtain intended benefits to the beneficiaries. Audit noticed that savings had occurred in the following schemes Advisory Board for Gujjar and Bakerwal (Sub Head-0442), Welfare of Gujjar and Bakerwal (Sub Head-1796) and Director Tribal Affairs (Sub Head-2253) where supplementary grants of ₹ 50 thousand and above were provided to the Department.

Table 3.12: Unnecessary supplementary grants

(₹ in lakh)

Major Head	Reference to Sub Head/ Detailed Head	Original grant	Supplementary grant	Total grant	Actual expenditure	Savings	Percentage of savings
Revenue voted							
2225	**SH-0442**						
	001-Salary	108.90	1.14	110.04	67.42	42.62	39
	SH-1796						
	008-Electricity Charges	70.00	11.60	81.60	36.56	45.04	55
	011-Books, Periodicals and Publication	3.45	0.55	4.00	1.90	2.10	53
	017-Honorarium and Remuneration	22.54	1.96	24.50	3.20	21.30	87
	023-Maintenance and Repairs	10.00	2.00	12.00	8.73	3.27	27
	071-Medical reimbursement	3.00	0.93	3.93	0.00	3.93	100
	103-Office Equipments and Appliances	7.00	3.00	10.00	4.59	5.41	54
	SH-2253						
	006-Telephone	1.00	1.00	2.00	0.76	1.24	62

As is evident from above table, provision under supplementary grants in certain sub heads was not utilised and savings were made by the departmental officers without giving any reason for the same. These savings were much more than the supplementary provisions which were indicative of budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak internal control.

3.8.2.2. Excess expenditure against the allocation

Grant-in-aid of ₹16.00 crore under the supplementary grants has been provided in the scheme Tribal Sub Plan (SCA) Sub Head-1814 against which an expenditure of ₹21.13 crore has been booked, resulting in an extra expenditure

of ₹5.13 crore as detailed in ***Table 3.13***. The reasons for excess are awaited from department.

Table 3.13: Excess expenditure under Revenue Head of Account

(₹ in crore)

S.No.	MH	SM	MI	GH	SH	Budget allocation	Expenditure Booked	Excess
1	2225	02	800	0031	1814	16.00	21.13	5.13

3.8.2.3 Less expenditure against the allocation

(i) Revenue section

During the year 2021-22, against the budget allocation of ₹40.00 crore, an expenditure of ₹8.05 crore has been booked under the scheme Post Matric Scholarship, Sub Head (1829), resulting in to saving of ₹31.95 crore. Similarly, against the allocation of ₹42.46 crore under the scheme Welfare of Gujjar and Bakarwal, Sub-Head (1796), an expenditure of ₹29.36 crore has been booked, resulting in saving of ₹13.10 crore. Further, against the allocation of ₹1.39 crore under the Scheme Advisory Board for Gujjar and Bakarwals, Sub Head (0442), an expenditure of ₹0.81crore has been booked, resulting in saving of ₹0.58 crore and against the allocation of ₹10.11crore under Director Tribal Affairs Sub Head (2253), an expenditure of ₹8.37 crore has been booked, resulting in saving of ₹1.74 crore. The percentage of saving ranged between 17 and 80 *per cent.*

It was seen in audit that the department has not made any assessment with regard to coverage of eligible beneficiaries for the scholarship under the scheme Post Matric Scholarship. Neither any budget estimates nor any plan proposal were framed, in absence of which actual coverage of actual beneficiaries could not be verified. Non framing of projected requirement of eligible students resulted into huge unspent balance of scholarship under the scheme.

Table 3.14: Less expenditure (Savings) against the provision of funds

(₹ in crore)

S. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less/savings	Percentage of savings
1	2225	02	277	0031	1829	40.00	8.05	31.95	80
2	2225	03	102	0099	1796	42.46	29.36	13.10	31
3	2225	03	102	0099	0442	1.39	0.81	0.58	42
4	2225	03	102	0099	2253	10.11	8.37	1.74	17
Total						**93.96**	**46.59**	**47.37**	**50**

(ii) Capital section

Against the allocation of ₹100.00 crore under the scheme Infrastructure for welfare of Tribals, Sub-Head (0896), an expenditure of ₹61.28 crore has been booked, resulting in saving of ₹38.72 crore. Similarly, against budget allocation of ₹9.04 crore under 115-Works, component of Tribal Sub Plan, Sub-Head

(1814), an expenditure of ₹2.05 crore has been booked, resulting in saving of ₹6.99 crore. Further, under the Scheme Tribal Sub Plan, Sub-Head (1814), against the allocation of ₹65.25 crore, an expenditure of only ₹10.81 crore has been booked, resulting into saving of ₹54.44 crore. Against the allocation of ₹103.66 crore under Special Central Assistance (SCA to TSP), Sub-Head (2518), an expenditure of only ₹31.56 crore has been booked, resulting in to saving of ₹72.10 crore and under the scheme welfare of SC/ST Jammu Sub-Head (1827)-115 works against the allocation of ₹4.28 crore, an expenditure of ₹2.22 crore has been booked, resulting in saving of ₹2.06 crore during the year 2021-22. The percentage of savings ranged between 39 *per cent* and 83 *per cent*. The savings has resulted in slow progress in execution of works and delay in completion of works.

In reply, the Department attributed the savings and delay in completion of work to late finalization of formalities by the executing agencies such as availability of encumbrance free land, delay in finalisation of tenders, awarding of technical sanctions etc.

Table 3.15: Less expenditure (Savings) against the provision of funds

(₹ in crore)

S. No.	MH	SM	MI	GH	SH	Budget Allocation	Expenditure	Less/savings	Percentage of savings
1	4225	02	800	0011	0896	100.00	61.28	38.72	39
2	4225	02	800	0011	1814	9.04	2.05	6.99	77
3	4225	02	800	0031	1814	65.25	10.81	54.44	83
4	4225	02	800	0031	2518	103.66	31.56	72.10	70
5	4225	02	800	0031	1827	4.28	2.22	2.06	48
Total						**282.23**	**107.92**	**174.31**	**62**

3.8.2.4 Nil expenditure booked under provision of funds

Against the allocation of ₹1.84 crore under the scheme Welfare of SC/ST/OBC, Sub-Head (1827), ₹8.38 crore under the scheme SCA to TSP Sub-Head (2518) and ₹9.46 crore under the scheme Pre-Matric Scholarship for minority community, Sub-Head (1444), nil expenditure has been booked, resulting in saving of ₹19.68 crore under these three schemes during the year 2021-22.

Table 3.16: Nil expenditure booked under provision of funds

(₹ in crore)

S. No.	MH	SM	MI	GH	SH	Budget Allocation
1	2225	03	800	0031	1827	1.84
2	2225	03	102	0099	2518	8.38
3	2225	02	277	0031	1444	9.46
Total						**19.68**

3.8.2.5 Expenditure under Minor Head-800

Minor Head-800-Other Receipts/Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided in the Accounts. Routine operation of Minor Head-800 for budgeting and accounting renders the Accounts opaque without identifying the Receipt/ Expenditure (as the case may be) to its appropriate object of Revenue or Expenditure.

Audit noticed the following position of booking of Revenue and Capital expenditure under Minor Head 800-Other expenditure during 2021-22.

Table 3.17: Expenditure under Minor Head 800-Other expenditure

(₹ in crore)

Major Head	Total amount of Grant during 2021-22	Total expenditure under Minor Head 800-Other expenditure	Percentage of expenditure under Minor Head 800-Other expenditure
2225- Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	129.64	21.13	16
4225- Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	282.23	107.93	38
Total	**411.87**	**129.06**	**31**

As can be seen from the above table that an expenditure of ₹129.06 crore (31 *per cent*) of the total amount of grant has been booked under the Minor Head 800-Other expenditure in the Revenue and Capital Heads of account during 2021-22.

There are Minor Heads 277-Education and 282-Health under Major head 4225 under Sub Major Head 02 Welfare of Scheduled Tribes and 03-Welfare of backward classes. As per test check of the Work Activity Monitoring System[4] (Department wise) for the year 2021-22, it was noted that expenditure to the tune of ₹3.27 crore was incurred on account of Construction of CHC/PHC in tribal areas. Further, expenditure was incurred to the tune of ₹1.85 crore on account of Construction/Repair/Renovation of ST/G&B Hostels and ₹0.20 crore on Establishing E-classrooms/smart classes/libraries, sports and reading rooms at Middle School Dhanwan, District Rajouri. The above expenditures should have been budgeted and expended under Minor Heads 282-Health and 277-Education, but it was noticed that no expenditure has been budgeted/booked under these

[4] Source: beamsjk.gov.in

Minor Heads under Capital Major Head 4225. Department need to use relevant minor head while formulation of budget.
Reasons for use of Minor heads like 800- Other expenditures and 102 Economic development instead of more relevant heads are awaited from the department.

3.8.2.6 Single Nodal Accounts

Single Nodal Accounts were required to be opened by the department for each Centrally Sponsored Schemes (CSS) in every State or Union Territory vide Govt. of India, Ministry of Finance, Department of Expenditure PFMS Division, Office Memorandum (OM) F.No.1(13) PFMS/FCD/2020 dated 23-03-2021. Five SNAs for five centrally sponsored schemes i.e., SCA to TSS, Article 275 (1)-Constitution of India, Pre-Matric Scholarship to ST Students, Post-Matric Scholarship to ST Students &Support to Tribal Research Institute, J&K were opened by the department of Tribal Affairs on 29-01-2022. No funds were received by the department under CSSs during the year 2021-22 except one centrally sponsored scheme i.e., Support to Tribal Research Institute J&K under which funds to the tune of ₹2.00 crore were received at the fag end of the year 2021-22 and are being deposited into the SNAs during 2022-23.

3.9 Conclusions

- The overall utilisation of budget was 20 *per cent* less than the total amount of grants and appropriations during the year 2021-22. Budgetary allocations were based on unrealistic proposals as out of total 35 grants, in 22 grants, savings were more than ₹100 crore in the capital section.
- During 2021-22, ₹28,205.78 crore (31 *per cent*) of savings was noticed in the voted section where as excess expenditure of ₹394.08 crore (one *per cent*) was incurred in the *charged* section.
- Entire budget provision of ₹5,092.25 crore under 28 Grants involving 123 number of schemes remained unutilised during the year resulting in denial of intended benefits to the general public.
- Supplementary provisions aggregating ₹3,919.78 crore obtained in 22 cases, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions. On the other hand, in grant 08-Finance Department, supplementary grant of ₹16,057.92 crore was not adequate to meet the requirement.
- There were 33 grants in which savings of ₹ten crore and above had occurred as on 31st March 2022, which included 26 grants wherein savings of ₹100 crore and above were noticed.
- An amount of ₹21,646.17 crore was incurred under 33 schemes/ Sub Heads in 10 Grants without Budgetary Provisions during 2021-22.

- Expenditure exceeding 50 *per cent* of the total expenditure for the year 2021-22 was incurred in March 2022 in respect of 25 Major Heads under 17 Grants. The percentage of expenditure ranged between 50 *per cent* and 100 *per cent.*
- Against the total allocation of ₹121.76 crore under Grant No. 35-Science & Technology Department, the total expenditure booked is ₹62.45 crore only. An amount of ₹59.31 crore (49 *per cent*) remained unspent during the year which indicates preparation of unrealistic budget estimates during 2021-22 by the Department. Saving of ₹4.36 crore in Revenue Voted and ₹54.95 crore in Capital Voted sections was noticed. No portion of saving of ₹59.31 crore was anticipated and surrendered.
- Against the total allocation of ₹411.87 crore under Grant No. 30-Tribal Affairs Department, an expenditure of ₹173.17 crore was booked and an amount of ₹238.70 crore (58 *per cent*) remained unspent during the year which indicates that the Department made unrealistic budget provisions during the year 2021-22. There is a saving of ₹64.40 crore under the Revenue Head (Voted) and ₹174.30 crore in the Capital Head (Voted). No portion of saving of ₹238.70 crore was anticipated and surrendered.

3.10 Recommendations

1. Government should be more realistic in its budgetary assumptions and ensure efficient control mechanisms to curtail savings/excess expenditure.
2. Excess expenditure over the approved grants may be regularised at the earliest, along with fixing responsibility for incurring excess expenditure.
3. Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.
4. Government may consider strengthening of financial monitoring to avoid rush of expenditure at fag end of the year.

Chapter-IV

Quality of Accounts and Financial Reporting Practices

CHAPTER-IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the Union Territory Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

Issues related to completeness of accounts

4.1 Funds outside Consolidated Fund or Public Account of the Union Territory of Jammu and Kashmir

Section 67 of Jammu and Kashmir Reorganisation Act 2019 envisages that all revenues received in the Union Territory of Jammu and Kashmir by the Government of India or Lieutenant Governor of the Union Territory of Jammu and Kashmir in relation to any matter with respect to which the Legislative Assembly of the Union Territory of Jammu and Kashmir has power to make laws, and all grants made and all loans advanced to the Union Territory of Jammu and Kashmir from the Consolidated Fund of India and all loans raised by the Government of India or the Lieutenant Governor of the Union Territory of Jammu and Kashmir upon the Security of the Consolidated Fund of the Union Territory of Jammu and Kashmir and all moneys received by the Union Territory of Jammu and Kashmir in repayment of loans shall form one Consolidated Fund. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in Jammu and Kashmir Reorganisation Act, 2019. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the Consolidated Fund of the Union Territory of Jammu and Kashmir (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

4.1.1 Building and other Construction Workers Welfare Cess

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers. The Act, *inter alia*, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every Government to exercise the powers conferred under the Act. Accordingly, the erstwhile State Government of Jammu and Kashmir framed Building and Other

Construction Workers (Regulation of Employment and Conditions of Service) Rules 2006 under the Act and constituted Jammu and Kashmir Building and Other Construction Workers Welfare Board in 2007. The Board is responsible for the operation and maintenance of the amount credited by Government as Labour Cess Deposits. The Government of Union Territory of Jammu and Kashmir continued with the same rules. During 2021-22, opening balance with the Board on account of Labour cess was ₹601.61 crore. The receipts during the year were ₹175.60 crore and disbursements were ₹172.49 crore. The closing balance of Labour cess as on 31 March 2022 was ₹604.72[1] crore which remained out of Government account.

4.1.2 Water Usage Charges

The Water Usage Charges are being levied on Hydel power generating companies under the provisions of the Jammu and Kashmir Water Resources (Regulation and Management) Act, 2010 amended on 25 October 2012 and 27 October 2014. Under the Act, a Fund was to be constituted as an account in the Jammu and Kashmir Bank or allotted a proper account head. The amount realised as water usage charges was to be deposited in the account/head so created, and utilised for establishment of Hydroelectric and Multi-purpose Hydro Electric Projects and for buying back Hydroelectric Power Projects already established in the State and purchase of power. During 2021-22, no transaction was made in this fund account except for crediting of interest amounting to ₹0.55 crore and as on 31 March 2022, an amount of ₹15.53 crore on account of water usage charges/interest was lying in the Water Usage Fund Account (Saving Bank Account) which remained out of Government Account of the Union Territory of Jammu and Kashmir. The amount lying in the saving account on account of water usage charges and interest there upon needs to be credited to Government account. During the exit conference, it was assured that the amount will be taken in Government account.

4.1.3 District Mineral Foundation Trust

Section 9(B) of Mines and Minerals (Development and Regulation) Act, 1957 provides that in any district affected by mining related operations, the State Government shall, by notification, establish a trust, as a non-profit body, to be called the District Mineral Foundation. The objective of the District Mineral Foundation shall be to work for the interest and benefit of persons, and areas affected by mining related operations in such manner as may be prescribed by the State Government. The composition and functions of the District Mineral Foundation shall be such as may be prescribed by the State Government

The Jammu and Kashmir District Mineral Foundation (Composition, Contribution, Financing, Funding &Trust) Rules were notified vide SRO No 3

[1] Figures are provisional as accounts/balance sheet is yet to be finalized.

dated 11 January 2017. As per the Rules, the Government shall set up a fund under the Trust to be called as the District Mineral Foundation Trust Fund which shall be managed by the Executive Committee[2]. The Trust Fund shall receive Contribution Fund as per the contributions defined in these rules. The holders of mineral concessions, granted under the Act and rules made thereunder, shall make payments for contribution to the trust fund of amount payable to the State Government simultaneously with payments of the royalty.

As per rule 11(1), all holders of Major Mineral Concessions shall, in addition to royalty, pay to the respective District Mineral Foundation, an amount equivalent to such percentage of royalty as may be prescribed by the Central Government under sub-section (5) or sub-section (6) of section 9B of the Act as the case may be. As per rule 11(2), out of the total amount of royalty realized from the holders of Minor Mineral Concessions, 10 *per cent* shall be deposited/paid towards the respective trust by the department.

There are 20 District Mineral Foundation Fund Trust in UT of Jammu and Kashmir. During 2017-18 to 2021-22, the total collection under DMF Fund by all Trusts was amounting to ₹32.89 crore. Out of this total amount, a balance of ₹16.91 crore was lying in bank accounts of 18[3] District Mineral Foundation Trusts as on 31 March 2022. This amount remained out of Government Account. However, as per Government of India Ministry of Mines order dated 12 July 2021, no fund shall be transferred from District Mineral Foundation Trust to State exchequer. As per Constitution of India and as per J&K Re-organisation Act 2019, all receipts are to be accounted for either in Consolidated Fund or Public Accounts, but these receipts are being remitted into bank accounts of the respective District Mineral Foundation Trusts, as per the direction of Government.

4.2 Loans of UT Government not being credited to the Consolidated Fund

As per J&K FRBM Act 2006, the 'total liabilities' means the liabilities under the Consolidated Fund of the State and the Public Account of the State and includes borrowings by the public sector undertakings the special purpose vehicles and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the budget. As per Section 10 (3) of the FRBM Act 2006, whenever the Government undertakes to unconditionally and substantially repay the principal amount and/or pay the interest of any separate legal entity, it has to reflect such liability as the borrowings of the State.

[2] Divisional commissioner Kashmir/Jammu, Chairperson, Director Geology and Mining Kashmir/Jammu, Director Health Services Kashmir/Jammu, Director Rural Development, Kashmir/Jammu, Chief Engineer, PWD, Kashmir/Jammu, Special Invitees having knowledge and experience in Mineral Administration/exploration to be invited by the Chairperson.

[3] Jammu, Kathua, Samba, Reasi,Udhampur, Ramban, Doda, Kishtwar, Rajouri, Poonch, Srinagar, Anantnag, Kulgam, Ganderbal, Pulwama, Bandipura, Baramulla and Kupwara.

The Government of Union Territory has intimated an amount of ₹850.00 crore Off Budget Borrowings (OBBs) by Jammu & Kashmir Infrastructure Development Finance Corporation (JKIDFC) in the year 2021-22. This was in addition to OBBs of ₹1,400.00 crore taken by JKIDFC, in 2019-20 (₹650.00 crore) and 2020-21 (₹750.00 crore). The repayment of these loans were to be made by way of revision of taxes and duties. In this regard, it was further stated by the Director Finance, JKIDFC that principal of ₹127.23 crore had been repaid by the UT Government of Jammu and Kashmir. Thus, the outstanding amount of OBB was ₹2,122.77 crore as on 31 March 2022.

JK Power Corporation Ltd (JKPCL) purchases power for UT of Jammu and Kashmir. There was outstanding liability to the tune of ₹11,024.47 crore on account of purchase of power ending June 2020. Loans amounting to ₹11,024.47 crore were sanctioned for repayment of dues towards power generating companies, out of which ₹10,321.83 crore was lifted by JKPCL and was used for clearance of outstanding liability. It was intimated (November 2022) by the Finance Department, Government of UT of Jammu and Kashmir that out of this total amount of ₹10,321.83 crore, ₹7,531.83 crore had been availed from Power Finance Corporation (PFC) and an amount of ₹2,790.00 crore had been availed from Rural Electrification Corporation (REC). No payment of principal has been done, as they are in the moratorium period. However, the interest payment on account of these loans is being done by the UT Government from its own resources. Further, JKPCL has again created liability on account of purchase of power to the tune of ₹13,145.55 crore ending 31 March 2022.

Thus, as per Finance Department, UT Government, there were outstanding off budget borrowing amounting ₹2,122.77 crore raised by Jammu and Kashmir Infrastructure Development Finance Corporation and loans amounting to ₹10,321.83 crore against Jammu and Kashmir Power Corporation from Power Finance Corporation and Rural Electric Corporation ending 31 March 2022. These borrowing are being serviced by the Government from budget but this debt has not been included in liability of Government in accounts which is against the provision of JKFRBM Act.

4.3 Funds transferred directly to Implementing Agencies

Government of India (GoI) transfers substantial funds directly to State Implementing Agencies (SIAs) for implementation of various schemes and Programmes. The amount of funds transferred by the various Ministries/ Departments of GoI directly to SIAs of the Union Territory Government of Jammu and Kashmir during 2021-22 as per the Public Financial Management System (PFMS) portal of Controller General of Accounts (CGA) was ₹820.36 crore ***(Appendix 4.1)***. This is 12.22 *per cent* of the amount (₹6,713.77crore) released by the GoI for Centrally Sponsored Schemes as Grants-in-Aid through the Union Territory Budget. In addition to above, Central Government released

an amount of ₹3,190.72 crore directly to various Autonomous Bodies, Central Government Organisations, Societies etc.

The scheme where direct funding is more than ₹100 crore during the year 2021-22 are given below:

Table 4.1: Scheme where more than ₹100 crore funds transferred by Government of India directly to Government Department

(₹ in crore)

Sl. No.	Name of the Scheme of Government of India	Name of the Implementing Agencie	Government of India releases during 2021-22
1	Pradhan Mantri Kissan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	664.58

Source: Finance Accounts.

4.4 Deposit of Local Funds

Jammu and Kashmir Panchayati Raj Act provides that Halqa Panchayat would maintain Halqa Panchayat Fund which would include all the money realised or realisable under the Act and all money otherwise received by the PRIs, such as grants received from Government and its own revenue, which includes tax and non-tax receipt of a Panchayat. The Municipal Act envisages that the Municipal Fund is to be held by the Municipality. All the money realised or realisable under this Act and all money otherwise received by the Municipalities are to be kept in the Municipal Fund. These are kept under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds and 102-Municipal Funds. Receipt and expenditure under the aforesaid two local funds during 2021-22 is shown in ***Table 4.2***.

Table 4.2: Deposits of Local Funds

Local Funds			**Sl. No**	***(₹ in crore)***
Panchayat Fund	(8448-109)	Opening Balance	1	Nil
		Receipt	2	Nil
		Expenditure	3	Nil
		Closing Balance	4	Nil (0.27)
Total Closing Balance at end of the year				
Municipal Fund	(8448-102)	Opening Balance	5	275.27 (133.39)
		Receipt	6	616.38
		Expenditure	7	638.78
		Closing Balance	8	252.87 (133.39)

Source: Finance Accounts. Figures in bracket shows closing balance ending 30 October 2019 of erstwhile State of Jammu and Kashmir which has to be bifurcated between two UTs

There is no receipt and expenditure from the Panchayat Fund during 2021-22. However, there is a closing balance of ₹0.27 crore of erstwhile State of Jammu

and Kashmir. Municipal Fund has closing balance of ₹252.87 crore ending 2021-22, besides there is closing balance of ₹133.39 crore of erstwhile State of Jammu and Kashmir which is yet to be divided between the two Union Territories.

Issues related to transparency

4.5 Delay in submission of Utilisation Certificates

The Government of UT of Jammu and Kashmir has not framed revised rules relating to drawal of Grants-in-aid and submission of Utilisation Certificate (UCs) thereof. However, in terms of para 10.19 of the erstwhile State of Jammu and Kashmir (Pre re-organisation) Financial Code Volume-I, Utilisation Certificates (UCs) in respect Grants-in-Aid received by the Grantee should be furnished by the grantee to the authority that sanctioned it, within 18 months from the date of receipt of grant or before applying for a further grant on the same subject whichever is earlier. To the extent of non-submission of UCs, there is a risk that the amount shown in Finance Accounts may not have reached the beneficiaries.

The position of outstanding UCs relating to Union Territory of Jammu and Kashmir (post re-organisation) for the period from 31 October 2019 to 30 September 2020 is given in the ***Table 4.3***.

Table 4.3: Year-wise arrears in submission of Utilisation Certificates of UT of Jammu and Kashmir

Year*	Number of UCs Outstanding	Amount (₹ in crore)
2021-22 (31.10.2019 to 30.09.2020)	**770**	3,137.11
Total	**770**	**3,137.11**

** The year mentioned above relates to "Due year" i,e, after 18 months of actual drawal year*

The position of outstanding UCs relating to erstwhile State of Jammu and Kashmir drawn upto 30 October 2019 (yet to be apportioned) as on 31 March 2022 is given below.

Table 4.4: Year-wise arrears in submission of Utilisation Certificates of erstwhile State of Jammu and Kashmir

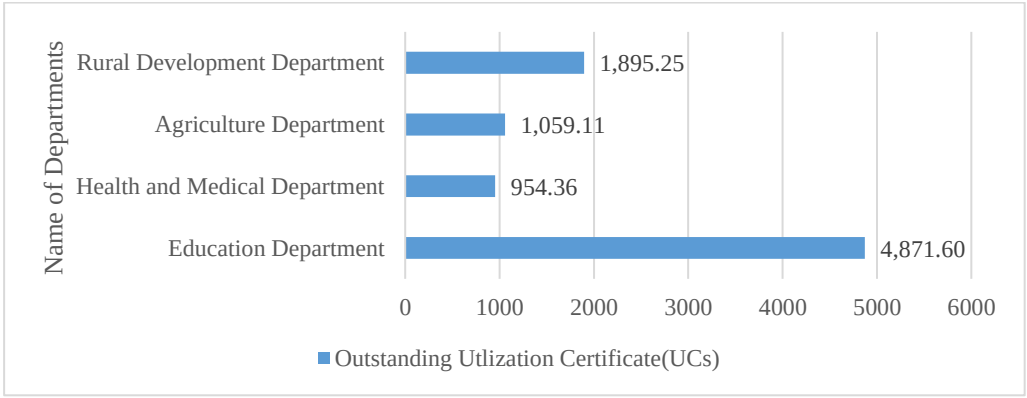
Year*	Number of UCs Outstanding	Amount (₹ in crore)
Upto 2019-20	1,737	6,186.73
2020-21	1,352	1,971.59
2021-22(01.10.2019 to 30.10.2019)	Nil	Nil
Total	**3,089**	**8,158.32**

** The year mentioned above relates to "Due year" i,e, after 18 months of actual drawal year*

There are 3,859 number of UCs amounting to ₹11,295.43 crore pertaining to erstwhile State and UT of Jammu and Kashmir outstanding as on 31 March 2022. Department wise breakup of total outstanding UCs shows that 77.73 *per cent* of total amount of outstanding UCs pertain to below noted four departments, of which 43.13 *per cent* of outstanding UCs pertain to Education department.

Chart 4.1: Outstanding UCs in respect of major Departments for the grants paid up to September 2020

(₹in crore)



Source: Finance Accounts.

Non-submission of the UCs means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against Grants-in-Aid meant for capital expenditure. It is imperative that the Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner. No UC was found outstanding from the two departments covered for detailed comprehensive audit of Grant i.e Department of Science and Technology and Department of Tribal Affairs. It was intimated in exit conference that reconciliation with respect to pending UCs will be conducted and settled on fast track mode.

4.6 Abstract Contingent bills

The Government of UT of J&K has not revised codal provisions for drawal of Abstract Contingent (AC) bills and settlement thereof. However, Financial Code Volume-I (Para 7.18) of erstwhile State of J&K envisage that when it is considered necessary to draw money from the Treasury for contingent expenditure of which vouchers cannot be readily obtained before payment. Drawing and Disbursing Officer (DDOs) are authorised to draw sums of money through AC bills. In terms of the erstwhile State of Jammu and Kashmir (pre re-organised) Financial Code para 7.10, DDOs are required to present Detailed Countersigned Contingent (DCC) bills containing vouchers in support of final

expenditure within two months from the date on which the advance was drawn. The year wise position of AC bills is as shown below.

Table 4.5 (A): Year-wise position of AC bills of UT of Jammu and Kashmir

Year	No of unadjusted AC Bills	Amount (₹ in crore)
Upto 2020-21 (31.10.2019 to 31.01.2021)	354	5,267.71
2021-22 (01.02.2021 to 31.01.2022)	785	6,180.32
Total	**1,139**	**11,448.03**

Table 4.5 (B): Year-wise position of DCC submission against AC bills

(₹ in crore)

Year	Opening balance		Addition		Clearance		Closing balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
31/10/2019 to 31/01/2020	**0**	**0**	**51**	**339.68**	**0**	**0**	**51**	**339.68**
2020-21	**51**	**339.68**	**333**	**5,059.58**	**30**	**131.55**	**354**	**5,267.71**
2021-22 (upto 31/01/2022)	**354**	**5,267.71**	**830**	**6,505.65**	**45**	**325.33**	**1,139**	**11,448.03**

As evident from the above table, the number of AC bills cleared was less than the number of new AC bills drawn during the respective periods. This resulted in increase in the number of unadjusted AC bills, resulting in a total of 1,139 bills amounting to ₹11,448.03 crore as on 31 March 2022.

DCC bills in respect of 2,154 AC bills amounting to ₹5,830.41 crore drawn upto 30 October 2019 by the erstwhile State of Jammu and Kashmir were awaited as on 31 March 2022. The bifurcation of these outstanding AC bills is yet to be done between successor Union Territories viz., Union Territory of Jammu and Kashmir and Union Territory of Ladakh. More than 70 *per cent* of DCC bills are awaited from five departments shown in ***Table 4.6.***

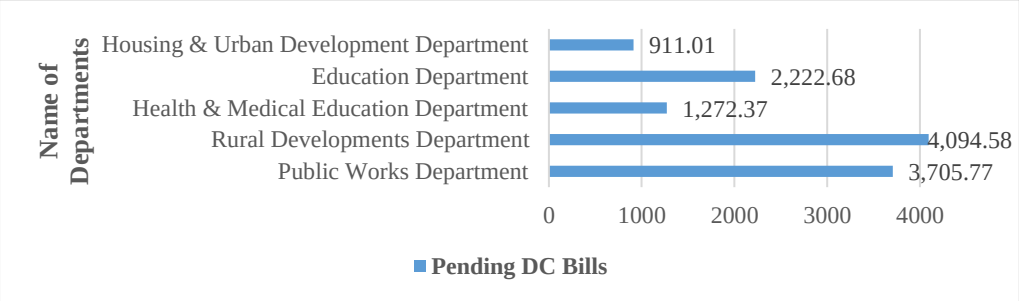
Table 4.6: Awaited DC bills from Departments of UT/Erstwhile State of Jammu and Kashmir

Sl. No	Name of the Department	Amount Outstanding *(₹ in crore)*	Percentage of total outstanding amount of ₹17,278.44 crore as on 31 March 2022
1	Public Works Department	3,705.77	21.45
2	Rural Development Department	4,094.58	23.70
3	Health and Medical Education Department	1,272.37	7.36
4	Education Department	2,222.68	12.86
5	Housing and Urban Development Department	911.01	5.27

Source: Finance Accounts.

Chart 4.2: Pending DCC Bills in respect of Major Departments of UT/ Erstwhile State of Jammu and Kashmir

(₹in crore)



Source: Finance Accounts.

554 AC bills amounting to ₹5,122.00 crore were drawn during the year 2021-22, out of which 391 AC bills amounting to ₹1,848.60 crore (36.09 *per cent*) were drawn in March 2022. Expenditure against AC Bills in March indicate that the drawals were primarily to exhaust the Budget Provisions and reveals inadequate budgetary control.

Comprehensive audit of two grants/ departments i.e Department of Tribal Affairs and Department of Science and Technology was conducted. It is noticed that Detailed Countersigned Contingent Bills for an amount of ₹8.73 crore and ₹19.15 crore were outstanding in respect of Advance drawals made by the Department of Tribal affairs and Department of Science and Technology respectively.

Detailed Countersigned Contingent Bills for an amount ₹8.73 crore is outstanding in respect of Advance drawals made by the Department of Tribal affairs. Out of ₹8.73 crore, an amount of ₹4.73 crore was drawn on account of pre- matric scholarship out of which ₹2.48 crore has been disbursed and balance amount of ₹2.25 crore has been remitted into SNA. An amount of ₹4.00 crore was drawn on account of Post Matric scholarship out of which ₹2.56 crore has been disbursed to beneficiaries and balance amount of ₹1.44 crore was still with Directorate Office which could not be disbursed due to inactive bank account number/non linking of Adhar with the bank account etc, the DCC bills of amount are still pending.

Detailed Countersigned Contingent Bills for an amount ₹19.15 crore is outstanding in respect of Advance drawals made by Department of Science and Technology. The above amount of advance drawn has been utilized but projects are yet to be completed and DCC bills are awaited. It was assured in exit conference that reconciliation with respect to pending DCC bills will be conducted and settled on fast track mode.

4.7 Indiscriminate use of Minor Head-800

Minor Head-800-Other Receipts/Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided in the Accounts. Routine operation of Minor Head-800 for budgeting and accounting renders the Accounts opaque, without identifying the Receipt/ Expenditure (as the case may be) to its appropriate object of Revenue or Expenditure. During the year 2021-22, ₹4,134.84 crore (including Revenue Receipt of ₹2,715.75 crore representing Sale of Power and Misc. Power Receipts under Major Head-0801) under 37 Revenue Major Heads of Accounts constituting 6.98 *per cent* of the total Revenue Receipts of ₹59,238.50 crore, was recorded under the Minor Head-800-'Other Receipts'. Similarly, expenditure of ₹4,289.52 crore under 36 Major Heads of Accounts constituting 6.10 *per cent* of total Revenue and Capital Expenditure of ₹70,316.37 crore was classified under Minor Head- 800-'Other Expenditure'. Instances where a substantial proportion (50 *per cent* or more/significant amount) of the Receipts and Expenditure under a Major Head was classified/ booked under the Minor Head-800-Other Receipts/Expenditure are shown in the table below.

The Government may consider depicting the amounts received and expenditure incurred under various schemes distinctly, instead of clubbing the Receipts and Expenditure of major schemes under the Minor Head 800-Other Expenditure and 800-Other Receipts, for better clarity in Accounts.

Table 4.7: Significant expenditure booked under Minor Head-800-Other Expenditure during the period 2021-22

Major Head	Total Expenditure including Expenditure under Minor Head- 800	Expenditure under Minor Head-800	Percentage of Expenditure under Minor Head-800 to Total Expenditure under the Major Head
	(₹ in crore)	*(₹ in crore)*	
2040-Taxes on Sales, Trade etc	1.49	1.27	85.23
2075-Miscellaneous General Services	2.36	2.00	84.75
4070-Capital Outlay on Other Administrative Services	10.31	10.31	100.00
4075-Capital Outlay on Miscellaneous General Services	1.06	1.06	100.00
4216- Capital Outlay on Housing	209.43	208.83	99.71
4220- Capital Outlay on Information and Publicity	0.21	0.21	100.00
4225- Capital Outlay on Welfare of SC/ST/OBC and Minorities	125.34	116.34	92.82
4236- Capital Outlay on Nutrition	26.86	26.86	100.00

Major Head	Total Expenditure including Expenditure under Minor Head- 800	Expenditure under Minor Head-800	Percentage of Expenditure under Minor Head-800 to Total Expenditure under the Major Head
4250-Capital Outlay on Other Social Services	15.96	10.46	65.54
4401-Capital Outlay on Crop Husbandry	362.86	194.51	53.60
4405-Capital Outlay on Fisheries	31.16	31.16	100.00
4406-Capital Outlay on Forestry and Wild life	127.84	75.54	59.09
5425-Capital Outlay on Other Scientific and Environmental Research	52.61	50.96	96.86
5452-Capital Outlay on Tourism	133.97	133.97	100.00

Source: VLC Data.

Table 4.8: Significant receipts booked under Minor Head-800–Other Receipts during 2021-22

Major Head	Total Receipts including Receipts under Minor Head-800	Receipts under Minor Head-800	Percentage of Receipts under Minor Head-800 to Total Receipts under the Major Head
	(₹ in crore)	*(₹ in crore)*	
0049-Interest Receipt	16.54	16.41	99.21
0059-Public Works	29.62	17.90	60.43
0070-Other Administrative Services	41.63	28.18	67.69
0071-Contributions and recoveries towards Pension and other retirement benefits.	8.19	5.12	62.52
0211-Family Welfare	0.03	0.03	100.00
0217-Urban Development	12.30	12.30	100.00
0235-Social Security and Welfare	5.62	5.62	100.00
0701-Major and Medium Irrigation	886.62	886.62	100.00
0702-Minor Irrigation	10.93	9.64	88.20
0801-Power	2,715.75	2,715.75	100.00
0853-Non-ferrous mining and Metallurgical Industries	128.78	81.77	63.50

Source: VLC Data.

Issues related to measurement

4.8 Outstanding balance under Major Suspense and DDR heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items have been shown as gross debit and credit balances for 2021-22 in ***Table 4.9*****.**

Table 4.9: Balances under Suspense and Remittances

Minor Head	2021-22		
	(Dr)	(Cr)	Net (Dr /Cr.)
			(₹ in crore)
8658- Suspense Account-			
101 PAO Suspense	107.20	0.01	107.19(Dr)
102 Suspense Account (Civil)	51.59	20.07	31.52(Dr)
109-RBI Suspense (Hqrs)	0.09	0.40	0.31(Cr)
110- RBI Suspense (Central Accounts)	0.67	0.18	0.49(Dr)
112- Tax Deducted at Source (TDS) Suspense	-	384.71	384.71(Cr)
123- All India Service officers Group Insurance Scheme	0.88	-	0.88(Dr)
139-GST- Tax Deducted at Source Suspense	0.72	5.16	4.44(Cr)
8782- Cash Remittance and Adjustments between officers rendering accounts to same Accountant General / Accounts Officers			
110-Misc Remittances	689.07	-	689.07 (Dr)
8793- Inter State Suspense Account	9.29	0.04	9.25(Dr)

Source: Finance Accounts.

There was also a net credit balance of ₹2,114.33 crore {₹733.16 crore (Debit) under Suspense and ₹2,847.49 crore (Credit) under Remittances} at the end of 30 October 2019 (pre re-organisation) relating to erstwhile State of Jammu and Kashmir under Suspense and Remittance Heads which is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh. Non-clearance of outstanding balances under these Heads affects the accuracy of receipt/ expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the Government of Union Territory.

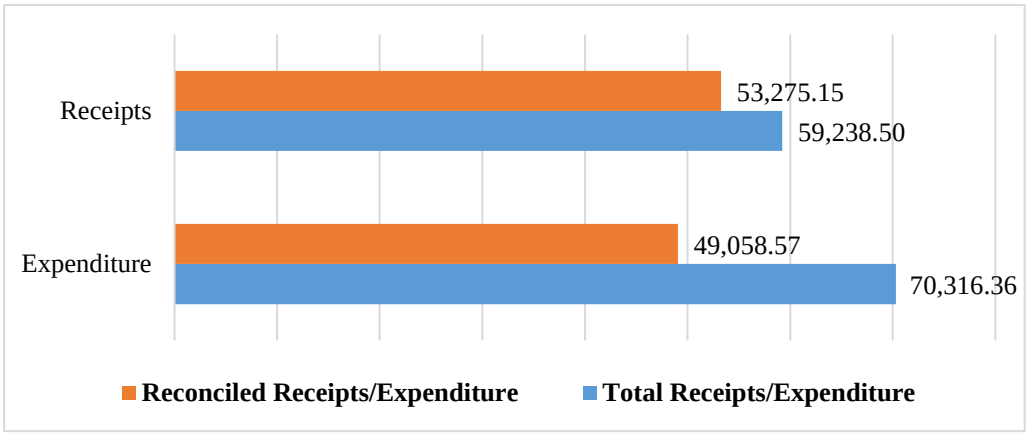
4.9 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the receipts and expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E). Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal

provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

Chart 4.3: Status of reconciliation during period 2021-22

(₹ in crore)



Source: Finance Accounts.

During the year 2021-22, receipts amounting to ₹53,275.15 crore (89.93 *per cent* of total receipts of ₹59,238.50 crore) and expenditure amounting to ₹49,058.57 crore (69.77 *per cent* of total expenditure of ₹70,316.36 crore) were reconciled by the Government of Union Territory of Jammu and Kashmir. In comparison, receipts amounting to ₹48,444.58 crore (92.28 *per cent* of total receipts of ₹52,495.48 crore) and expenditure amounting to ₹40,905.14 crore (64.82 *per cent* of total expenditure of ₹63,104.13 crore) were reconciled by the Government of Union Territory of Jammu and Kashmir with the Office of the Principal Accountant General (A&E) during 2020-21. It was assured in exit conference that efforts would be made for further improvement in reconciliation of annual receipts and disbursement.

4.10 Reconciliation of Cash Balances

The Cash balance as on 31 March 2022 as per the record of Principal Accountant General was ₹1,447.65 crore (Debit) and that reported by the Reserve Bank of India (RBI) [as worked out by Principal Accountant General (A&E)] was ₹1,445.73 crore (Credit). There was a net difference of ₹1.92 crore (Debit), mainly due to non-reconciliation by Government of Union Territory of Jammu and Kashmir with RBI/Agency Bank. The difference is under reconciliation.

There was also a net difference of ₹83.32 crore (Credit) between RBI and Principal Accountant General figure as on 30 October 2019 which is yet to be reconciled and apportioned between Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

Issues related to disclosure

4.11 Compliance with Accounting Standards

As per Section 71 of Jammu and Kashmir Re-organisation Act 2019, the Lieutenant Governor may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union Territory of Jammu and Kashmir. Further, as per Article 150 of the Constitution of India, the President of India, on the advice of the Comptroller and Auditor General of India, has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the Government of Union Territory of Jammu and Kashmir in 2021-22 and deficiencies therein are given below:

Table 4.10: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by UT Government	Impact of deficiency
1	**IGAS-2:** *Accounting and Classification of Grants-in-Aid*	To prescribe the principles for accounting and classification of Grants-in-aid in the Financial Statements of Government both as a grantor as well as a grantee.	Not complied (Statement 10 of Finance Accounts)	(i) Certain Grants-in-Aid to be classified under Revenue Section have been classified under Capital Section (ii) Information has not been furnished in respect of Grants in Aid given in kind by the UT Government.
2	**IGAS-3:** *Loans and Advances made by Government*	To ensure adequate disclosure on loans and advances made by the Government consistent with best international practices	Not complied (Statement 7 and 18 of Finance Accounts)	The closing balances have not been reconciled by the Loanee Entities/ Government of UT, The Government has not furnished figures in respect of certain loans and advances for which they maintain detailed accounts.

4.12 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Certification audit of accounts of Autonomous Bodies (AB's) set up by the Government is conducted under Section 19(2), 19(3) and 20(1) of Comptroller and Auditor General of India (DPC) Act 1971. The ABs coming under the audit purview as per the above Sections are required to submit the annual accounts to audit. In respect of eight Autonomous Bodies which were to render annual accounts to C&AG, 37 number of accounts were not rendered for the period ranging between one to 12 years as tabulated below:

Table 4.11: Non-submission of accounts by Autonomous Bodies

Sl. No.	Name of Body/Authority	Accounts pending (years)	No of accounts pending as on 31 March 2022
1	Compensatory Afforestation Management and Planning Authority (CAMPA)	12	12
2	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Srinagar Kashmir	11	11
3	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Jammu	01	01
4	JK Employee Provident Funds Organisation*(EPFO)	06	06
5	Jammu & Kashmir Housing Board	01	01
6	J&K Khadi and Village Industries Board (KVIB)	01	01
7	J&K Building and Other Construction Workers Welfare Board (BOCWWB)	02	02
8	J&K State Legal Service Authority (SLSA)	03	03
	Total		**37**

**Accounts for the year 2015-16 to 2019-20 were received from JKEPFO but the same were not approved by the Governing board. The matter has been taken up by the board with Government.*

Compensatory Afforestation Management and Planning Authority (CAMPA) has submitted the accounts for audit for period up to 2008-09, accounts for 12 years are pending. SKUAST, Kashmir, has not submitted its accounts for audit for last 11 years. Non-submission/delay in submission of accounts by these Bodies receiving substantial funding from the budget is a serious financial irregularity persisting for years. Despite taking up issue of preparation and submission of accounts to this office with the Government, the accounts are in arrears. In view of this non-compliance, the audited accounts of these Statutory Bodies have not so far been presented to the State/UT Legislature, as required under the Statutes under which these Bodies were created. Delay/Arrears in finalisation of accounts carries the risk of financial irregularities going undetected and entails possibility of fraud and mis-appropriation. This has also deprived the Legislature/Government the opportunity to get a feedback on their activities and financial performance.

The Government may take up the matter with the bodies for timely preparation and submission of accounts for presentation to the UT Legislature.

4.13 Departmental Commercial Undertakings/Corporations/Companies

The departmental undertakings of certain Government departments performing activities of commercial nature are required to prepare *proforma* accounts in the

prescribed format annually. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay is fraught with risk of fraud and leakage of public money.

The Heads of the Government Departments are required to ensure that the undertakings prepare accounts and submit the same to the Pr. Accountant General (Audit), Jammu and Kashmir for audit, within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System (PDS) under the Consumer Affairs and Public Distribution Department. The *proforma* accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not submitted their *proforma* accounts from 1968-69 to 2020-21. The *proforma* accounts have not been submitted by Food Civil Supplies & Consumer Affairs Department, Kashmir from 1975-76 to 2020-21 and Food Civil Supplies & Consumer Affairs Department, Jammu from 1973-74 to 1997-98 and 1999-2000 to 2020-21.

The status of audit of Companies/Corporations of Union Territory of Jammu and Kashmir is shown in ***Appendix 4.2***. Accounts in respect of only three Companies were audited up to 2020-21 and accounts of three Companies were audited up to 2019-20. In respect of 22 Companies/Corporations, audit of accounts is in arrear for the period ranging between 2 to 10 years. Despite taking up issue of preparation and submission of accounts to this office with the Government, the accounts are in arrears. In absence of timely finalisation of accounts, results of the investment of the Government remains outside the purview of Legislature and escape scrutiny by audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Pr. Accountant General (Audit) within a specified time frame.

4.14 Non-submission of details of Grants/ Loans given to Bodies and Authorities

In order to identify institutions/ organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971(C&AG's DPC Act), the Government / HODs are required to furnish to Audit every year:

- detailed information about the financial assistance given to various institutions,
- the purpose for which the assistance is granted, and

- total expenditure of the institutions.

Further, Regulations on Audit and Accounts (Amendments) 2020 provides that Governments and HODs, who sanction grants and / or loans to bodies or authorities shall furnish to Audit by the end of July every year a statement of such bodies and authorities to which grants and / or loans aggregating ₹10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority. The Government, however, did not furnish the above mentioned information, which is in violation of Regulations on Audit and Account (Amendments) 2020. In absence of above information audit could not identify the bodies /authorities attracting audit under Section 14 and 15 of C&AG's DPC Act.

4.15 Timeliness and Quality of Accounts

The accounts of receipts and expenditure of the Government of Union Territory of Jammu and Kashmir have been compiled based on the initial accounts rendered by 122 Treasuries (including 20 District Treasuries and one virtual Treasury), and Advices of the Reserve Bank of India. As the Government of Jammu and Kashmir had already switched over to Civil Accounting System for Works and Forest Divisions (in previous years), no monthly accounts were due from these Divisions during 2021-22. No account was excluded at the end of the year 2021-22.

Other Issues

4.16 Follow up action on State/UT Finances Audit Report

To ensure accountability of executives to the issues dealt with in various Audit Reports, the State Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish to Public Accounts Committee (PAC)/Committee on Public Undertaking (COPU), *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports, irrespective of the fact that these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Pr. Accountant General (Audit), within a period of three months from the date of presentation of Audit Reports in the State Legislature.

Report of the Comptroller and Auditor General of India on State Finances is being prepared since 2008-09 and Reports till the year 2015-16 have been tabled in the State Legislature. The State/UT has been under Governor's/President rule since 20 June 2018 as such the Report on State Finances /State Finances Audit Report for the year 2016-17, 2017-18, 2018-19, 1 April 2019 to 30 October 2019 and UT Finance Audit Report for the period 31 October 2019 to 31 March 2020 and 2020-21 have been tabled in the Parliament along with the other Audit

Reports. Action Taken Notes on these Reports were not furnished by the State /UT Governments.

4.17 Conclusions

- Non-submission of the UCs means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved.
- Non-submission/delay in submission of accounts by the Bodies receiving substantial funding from the Government is a serious financial irregularity. It deprived the Legislature the opportunity to get a feedback on activities and financial performance of these bodies.
- Advances drawn through Abstract Contingent Bills and their detailed countersigned bills not submitted increased the possibility of wastage/ misappropriation/ malfeasance, etc.
- Significant amount of expenditure and receipts booked under Minor head-800-Other Expenditure and 800-Other Receipts under various Major Heads affects the transparency in the accounts.

4.18 Recommendations

1. Timely submission of Utilisation certificates may be ensured by the department in respect of grants released for specific purpose.
2. Necessary steps may be taken to ensure adjustment of the advances drawn on the abstract contingent bills within the stipulated period as required under the extant rules.
3. The issue of timely preparation and submission of accounts may be taken with respective autonomous bodies.
4. Operation of omnibus Minor Head-800 should be discouraged.
5. The assets and liability ending 30 October 2019 may be apportioned between both the Union Territories.

Chapter-V

Financial Performance of Public Sector Undertakings

CHAPTER-V

FINANCIAL PERFORMANCE OF PUBLIC SECTOR UNDERTAKINGS

This chapter discusses the financial performance of Public Sector Undertakings (PSUs) as revealed from their accounts. PSUs comprise of Government of Jammu & Kashmir (GoJ&K) owned companies set up under the Companies Act, 2013, Statutory Corporations set up under the statutes enacted by the Parliament and Government Controlled Other Companies (GCOCs). Impact of significant comments issued after conducting supplementary audit of the financial statements of these PSUs by the Comptroller and Auditor General (CAG) of India for the year 2021-22 (or of earlier years which were finalised during the current year) has also been discussed in the Chapter.

5.1 Definition of Government Company

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a Company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the State Government and partly by one or more State Governments and includes a Company which is a subsidiary of a Government Company.

Besides, any other Company[1] owned or controlled directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies.

5.2 Mandate of Audit

Audit of Government companies and Government controlled other companies is conducted by the CAG under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made there under. Under the Companies Act, 2013, the CAG appoints Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has right to conduct a supplementary audit. The statutes governing Statutory Corporations require their accounts to be audited by CAG.

5.3 PSUs and their contribution to the GSDP of J&K

PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the economy of J&K. As on 31 March 2022, there were 42 PSUs in Jammu & Kashmir under

[1] Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014.

the audit jurisdiction of the CAG. These include 39 Government Companies (including six[2] inactive Government Companies), two Statutory Corporations and one Government Controlled Other Company[3]. The names of these PSUs are given in ***Appendix 5.1.***

One PSU (Jammu & Kashmir Bank Limited) is listed on the stock exchange. There are six inactive PSUs (including four under liquidation) having investment of ₹57.57 crore towards capital (GoJ&K: ₹56.59 crore and Others: ₹0.98 crore) and long term loans ₹0.83 crore (GoJ&K: ₹0.83 crore and Others: Nil). This is a critical area as the investments in inactive PSUs do not contribute to the economic growth of the J&K. The Government may therefore consider continuation these inactive PSUs early.

The ratio of turnover of the PSUs to the Gross State Domestic Product (GSDP) of J&K indicates the contribution of their activities in the economy of J&K. The details of turnover of PSUs are given in ***Appendix 5.2***.

Table 5.1 provides the details of turnover of the PSUs and GSDP of J&K for a period of three years ending March 2022.

Table 5.1: Details of turnover of PSUs *vis-a-vis* GSDP of J&K

(₹ in crore)

Particulars	2019-20	2020-21	2021-22
Turnover as per latest finalised accounts	11,298.17	10,590.68	10,515.82
GSDP of J&K	1,64,135.00	1,70,201.00	1,95,118.00
Percentage of Turnover to GSDP of J&K	6.88	6.22	5.39

Source: Ministry of Statistics and Programme Implementation (MOSPI), GoI website and latest finalised accounts of PSUs for year to year comparison.

The contribution of PSUs to the GSDP reduced from 6.88 *per cent* in 2019-20 to 5.39 *per cent* in 2021-22. The major contributors to turnover of PSUs in 2021-22 were Jammu & Kashmir Bank Limited (₹8,013.48 crore), Jammu & Kashmir Power Development Corporation Limited (₹1,037.85 crore) and Jammu & Kashmir Small Scale Industries Development Corporation Limited (₹438.50 crore).

5.4 Investment in PSUs and Budgetary support

5.4.1 (A) Quality of Investments in the Companies, Corporations and other bodies

During 2021-22, Government of UT of Jammu and Kashmir booked ₹69.37 crore as investment. However, Companies, Corporations and other bodies

[2] (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu & Kashmir Road Development Corporation Limited and (5) Jammu & Kashmir International Trade Centre and (6) Jammu & Kashmir Asset Reconstruction Limited

[3] Chenab Valley Power Projects (Private) Limited (CVPPPL), a joint venture of Jammu and Kashmir Power Development Corporation Limited(JKPDCL), National Hydroelectric Power Corporation (NHPC) and Power Trading Corporation (PTC) wherein Government of Jammu & Kashmir has not made any direct investment

concerned had shown an investment of ₹573.01 crore during 2021-22, thereby resulting in variation of ₹503.64 crore.

Out of total investment of ₹69.37 crore, an amount of ₹53.12 crore has been invested in J&K Road Transport Corporation (JKRTC), which had reported loss of ₹117.62 crore as per its last audited accounts for the year 2018-19.

UT of Jammu and Kashmir had total investment of ₹879.13 crore as on 31 March 2022 in 39 Companies (₹445.03 crore), two Statutory Corporations (₹191.90 crore), eight Co-operative Institutions/ Local Bodies (₹239.85 crore), two Rural Banks (₹2.35 crore). The major portion of investments has been made in JKRTC ₹191.91 crore and Chenab Valley Power Projects ₹409.15 crore.

Erstwhile J&K State Government had cumulative investment of ₹4,620.16 crore in 37 Companies (₹4,157.86 crore), three Statutory Corporations (₹368.31 crore), eight Co-operative Institutions/ Local Bodies (₹47.83 crore), two Rural Banks (₹45.82 crore) and two Joint Stock Companies (₹0.34 crore) ending 30 October 2019 which had not been apportioned between Union Territory of Jammu and Kashmir and Union Territory of Ladakh. No dividend was received and credited to Government accounts during the year. ***Table 5.2(A)*** gives overall picture of return on investment *vis-a-vis* the average cost of Government borrowing.

Table 5.2 (A): Return on Investment

(₹ in crore)

Investment/return/ cost of borrowings	**2020-21**	**2021-22**
Investment at the end of the year *(₹ in crore)*	306.12	879.13
Return *(₹ in crore)*	Nil	Nil
Return (*per cent)*	Nil	Nil
Average rate of interest on Government Borrowings (Public debt) (*per cent*)	7.82	7.94
Difference between interest rate and return (*per cent*)	7.82	7.94
Difference between cost of Government borrowings and return on investment *(₹ in crore)*[#]	23.94	69.80

 # Investment at the end of the year X Difference between interest rate and return
100

Source: Finance Accounts.

Average rate of interest paid on its borrowings by the Government during 2021-22 was 7.94 *per cent* against which Nil return on investment was received by the Government. Cost of borrowing of the Government during 2021-22 has increased from ₹23.94 crore to ₹69.80 crore. Taking into account the investment of erstwhile State amounting to₹4,620.17 crore, the cost of borrowing amounts to ₹436.64 crore.

5.4.1 (B) Equity holding and Loans given

Details of Investment made in 42 PSUs in form of equity and long term loans upto 31 March 2022 are given in ***Appendix 5.3.*** Sector wise summary of this investment is given in ***Table 5.2(B)***.

Table 5.2(B): Government of J&K investment in PSUs

(₹ in crore)

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	6,029.99	2,593.54	11,984.80	0.00	18,014.79	2,593.54
Non power Sector PSUs	36	1,127.51	975.87	6,176.05	1,539.42	7,303.56	2,515.29
Total	**42**	**7,157.50**	**3,569.41**	**18,160.85**	**1,539.42**	**25,318.35**	**5,108.83**

(Source: Compiled based on information received from PSUs)

The thrust of investment was mainly on power sector. This sector had attracted 71.15 *per cent* (₹18,014.79 crore) of total investment of ₹25,318.35 crore. The GoJ&K had invested 50.77 *per cent* (₹2,593.54 crore) of its total investment of ₹5,108.83 crore in power sector PSUs.

5.4.2 Subsidy and Grant to PSUs

The GoJ&K provides financial support to the PSUs in various forms through the annual budget as equity, loans, grants/subsidies, loans written off and loans converted into equity.

Summarized details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity in respect of PSUs for the last three years ending March 2022 are given in ***Table 5.3***.

Table 5.3: Details regarding budgetary support by GoJ&K to PSUs during the period 2019-20 to 2021-22

(₹ in crore)

Sl. No.	Particulars	2019-20		2020-21		2021-22	
		Number of PSUs*	Amount	Number of PSUs*	Amount	Number of PSUs*	Amount
1	Equity Capital outgo	3	2,616.82	7	83.47	3	554.32#
2	Loans given	8	48.07	7	51.85	9	73.27
3	Grants/Subsidy provided	12	100.50	11	3,016.38	14	2,845.52
	Total outgo		**2,765.39**		**3,151.70**		**3,473.11**
4	Loan repayment written off	-	-	-	-	-	-
5	Loans converted into equity	-	-	2	152.42	-	-
6	Guarantees	-	-	-	-	3	5,404.59

Sl. No.	Particulars	2019-20		2020-21		2021-22	
		Number of PSUs*	Amount	Number of PSUs*	Amount	Number of PSUs*	Amount
	issued						
7	Outstanding Guarantee Commitment	3	1,580.90	5	7,698.97	7	12,522.72

(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.*

 # This includes ₹ 500 crore in respect of J&K Bank. 16,76,72,702 equity share of ₹ one (face value) each issued to GoJK on preferential basis at the issue price of ₹29.82 per share (including share premium of ₹28.82 per share).

The increase in assistance during 2021-22 was mainly due to grant/subsidy given to five power sector PSUs viz. Jammu & Kashmir Power Development Corporation, 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 2021-22 were in case of Jammu & Kashmir Power Development Corporation Limited (₹1,209.83 crore), Jammu & Kashmir Power Corporation Limited (₹10,321.83 crore), Jammu & Kashmir Infrastructure Development Finance Corporation (₹750.00 crore), Jammu & Kashmir SC, ST and Backward Classes Development Corporation Limited (₹101.38 crore), Jammu & Kashmir Women's Development Corporation Limited (₹91.61 crore), Jammu & Kashmir and Ladakh Financial Corporation Limited (₹44.94 crore) and Jammu & Kashmir Cement Limited (₹3.13 crore).

5.4.3 Reconciliation with the Finance Accounts of the Government of Jammu and Kashmir

The figures in respect of equity, loans and guarantees outstanding as per records of PSUs should agree with that of the figures appearing in the Finance Accounts of the GoJ&K. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The mismatch between the figures furnished by the PSUs with those depicted in the Finance Account, as on 31 March 2022 is given in ***Table 5.4*** below:

Table 5.4: Equity and Loans outstanding as per Finance Accounts *vis-à-vis* records of PSUs upto March 2022

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records[4] of PSU	Difference
Share capital	3,032.27	3,078.09	45.82
Outstanding Loans	884.24	1,238.52	354.28
Guarantees	1,209.83	1,212.96	3.13

(Source: Compiled based on information received from PSUs and Finance Accounts)

[4] Unaudited current figures up to March 2022.

The differences occurred in respect of six PSUs as detailed in ***Appendix 5.4***. The differences between the figures are persisting for last many years. The issue of reconciliation of differences was also taken up with the PSUs and the Departments from time to time. Major difference in balances was observed in Jammu & Kashmir Power Development Corporation, Jammu & Kashmir Minerals Limited and Jammu & Kashmir Road Transport Corporation relating to outstanding loans.

It is recommended that the GoJ&K and the respective PSUs should reconcile the differences in accounts in a time-bound manner**.**

5.4.4 Adequacy of assets to meet loan liabilities in PSUs

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its loans/debts. The coverage of long term loans by value of total assets in 20 PSUs which had outstanding loans as per their latest finalized accounts as of 30 September 2022 is given in ***Table 5.5*** below:

Table 5.5: Coverage of long term loans with total assets

Nature of PSU	Positive Coverage				Negative Coverage			
	No. of PSUs	Long Term Loans	Assets	Percentage of Assets to Loans	No. of PSUs	Long Term Loans	Assets	Percentage of Assets to Loans
	(₹ in crore)				(₹ in crore)			
Government Company	13	5,805.22	1,50,111.84	2,585.81	0	0	0	0
Statutory Corporation	2	715.45	1,651.77	230.87	5	1,576.60	876.32	55.58
Total	**15**	**6,520.67**	**1,51,763.61**	**2,327.42**	**5**	**1,576.60**	**876.32**	**55.58**

(Source: Latest finalized accounts of PSUs).

5.4.5 Market Capitalisation of equity investment in Government Companies

Market Capitalisation represents market value of shares of companies which are listed. As on 31 March 2022, there was only one PSU viz. Jammu & Kashmir Bank Limited, having a total paid-up equity of ₹93.30 crore, listed on the stock exchange. The majority (70.12 *per cent*) of paid-up equity of ₹93.30 crore of the Bank is held by the Government of Jammu & Kashmir and the remaining (29.88 *per cent*)[5] by Foreign Institutional Investors, Resident Individuals and others. The market value of shares of Jammu & Kashmir Bank

[5] Indian Mutual Funds, Insurance Companies, Non-Resident Indian and Corporate Bodies

Limited was ₹3,013.22 crore as on 31 March 2022 as compared to ₹1,901.35 crore as on 31 March 2021.

5.4.6 Disinvestment, restructuring and privatisation

During the year 2021-22, there was no case of disinvestment, restructuring and privatisation of PSUs.

5.5 Returns from PSUs

There were 12 PSUs that reported profit in their latest financial statements as detailed in ***Appendix-5.5***. The reported profit earned increased to ₹566.10 crore in 2021-22 from ₹520.12 crore in 2020-21.

The details of top three PSUs which contributed maximum profit are summarised in ***Table 5.6***.

Table 5.6: Top three SPSEs which contributed maximum profit

Name of SPSE	Net profit (*₹ in crore*)	Percentage of profit to total SPSEs profit
Jammu & Kashmir Bank Limited	501.56	88.60
Jammu & Kashmir Power Development Corporation Limited	20.42	3.61
Jammu & Kashmir Police Housing Corporation Limited	12.23	2.16
Total	**534.21**	**94.37**

(Source: Latest finalized accounts of PSUs).

It may be seen that these three SPSEs had contributed 94.37 *per cent* of the total profit of ₹566.10 crore.

5.5.1 Dividend payout by PSUs

As per the latest finalized accounts as of 30 September 2022, 12 PSUs earned an aggregate profit of ₹566.10 crore. No PSU had declared/ paid dividend[6].

5.6 Debt Servicing and legal compliances

5.6.1 Position of Long Term Loan of PSUs

The details of long term loan of PSUs during the period 2019-20 to 2021-22 are as follows:

Table 5.7: Details of Long Term Loan

(₹ in crore)

Year	Long term Loans at the end of the year		
	GoJ&K	Others	Total
2019-20	1,567.01	4,358.66	5,925.67
2020-21	1,437.72	10,852.46	12,290.48
2021-22	1,539.42	16,621.43	18,160.85

[6] Only those PSUs were considered that had submitted accounts for 2021-22

Long Term Loans of the PSUs increased to ₹18,160.85 crore as on 31 March 2022 from ₹5,925.67 crore as at the end of March 2020 mainly due to the long term loans of ₹1,256.80 crore and ₹6,012.24 crore[7] availed by Jammu & Kashmir Power Development Corporation Limited (JKPDCL) and Jammu & Kashmir Power Corporation Limited (JKPCL) respectively from banks and other financial institutions during 2020-21 and ₹4,309.59 crore and ₹2,372.77 crore availed by JKPCL and Jammu & Kashmir Infrastructure Development Finance Corporation respectively during 2021-22. GoJ&K share in total long term loan of the PSUs decreased from ₹1,567.01 crore by end of March 2020 to ₹1,437.72 crore by end of March 2021 and increased to ₹1,539.42 crore by end of March 2022.

5.6.2 Interest Coverage in PSUs

Interest Coverage Ratio (ICR) is used to determine the ability of a Company to pay interest on outstanding debt and is calculated by dividing a Company's Earnings Before Interest and Taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser the ability of the Company to pay interest on debt. An ICR of below one indicates that the Company was not generating sufficient revenues to meet its expenses on interest.

The details of interest coverage ratio of PSUs as per the latest finalised accounts during the period from 2017-18 to 2021-22 are given below in ***Table 5.8***.

Table 5.8: Interest Coverage Ratio of PSUs

(₹ in crore)

Year	Interest	EBIT	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio	
				More than 1	Less than 1
2017-18	413.61	872.62	17	6	11
2018-19	529.65	1,360.47	15	6	9
2019-20	493.47	-452.04	15	7	8
2020-21	529.36	1,031.19	14	7	7
2021-22	535.22	1,104.64	14	7	7

(Source: Latest finalized accounts of PSUs).

Of these 14 PSUs[8] having liability of loans from Government as well as Banks

[7] Special Long Term Transition Loan amounting to ₹11,024.47 crore (Power Finance Corporation Limited: ₹8,234.47 crore and from REC Limited: ₹2,790 crore) sanctioned in favour of Jammu & Kashmir Power Corporation Limited for clearing overdues on account of power purchased, out of which loan amount of ₹6,012.24 crore has been availed during 2020-21 and ₹4,309.59 crore during 2021-22.

[8] Excluding: (A) six inactive PSUs (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu & Kashmir Road Development Corporation Limited and (5) Jammu & Kashmir International Trade Centre, (6) Jammu & Kashmir Asset Reconstruction Limited,
(B), four working PSU (1) Jammu & Kashmir Medical Supplies Corporation Limited, (2) AIC-Jammu & Kashmir EDI Foundation, (3) Jammu Mass Rapid Transit Corporation Pvt. Limited, (4) Srinagar Mass Rapid Transit Corporation Pvt. Limited, which never submitted their accounts since inception,

and other Financial Institutions during 2021-22, seven PSUs had interest coverage ratio of more than one, whereas remaining seven PSUs had Interest Coverage Ratio below one, which indicated that these seven PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

5.6.3 Age wise analysis of interest outstanding on Government Loans

As on 31 March 2022, interest amounting to ₹2,694.51 crore was outstanding on the long term loans of ten PSUs provided by GoJ&K. The age wise analysis of interest outstanding on Government Loans in PSUs is depicted in ***Table. 5.9***.

Table 5.9: Interest outstanding on Government Loans

(₹ in crore)

SI. No	Name of PSU	Outstanding Interest on GoJ&K Loan	Interest on GoJ&K loans outstanding for less than 1 year	Interest on GoJ&K loans outstanding for 1 to 3 years	Interest on GoJ&K loans outstanding for more than 3 years
1	Jammu & Kashmir Minerals Limited	950.94	19.27	38.54	893.13
2	Jammu & Kashmir Industries Limited	753.59	39.39	118.17	635.43
3	Jammu & Kashmir Road Transport Corporation	720.60	61.51	123.02	536.07
4	Jammu & Kashmir Handloom Development corporation Limited	88.17	0.00	0.00	88.17
5	Jammu & Kashmir Forest Development Corporation Limited	44.08	0.00	0.00	44.08
6	Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	17.37	1.10	3.52	12.75
7	Jammu & Kashmir Women Development corporation	2.61	0.00	0.00	2.61
8	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	1.99	0.17	0.76	1.06
9	Jammu & Kashmir Tourism Development Corporation Limited	0.20	0.00	0.00	0.20
10	Jammu & Kashmir Handicrafts (S&E) Development Corporation Limited	114.96	6.97	13.94	94.05
Total		**2,694.51**	**128.41**	**297.95**	**2,307.55**

(Source: Compiled based on information received from PSUs)

(C) 12 PSUs (1) JKB Financial Services Limited (2) Jammu & Kashmir Police Housing Corporation Limited (3) Jammu & Kashmir Cable Car Corporation Limited (4) Jammu & Kashmir Overseas Employment Corporation Limited (5) Jammu & Kashmir Trade Promotion Organisation (6) Srinagar Smart City Limited (7) Jammu & Kashmir Power Transmission Corporation Limited, (8) Jammu & Kashmir Power Corporation Limited, (9) Jammu Power Distribution Corporation Limited, (10) Kashmir Power Distribution Corporation Limited and (11) Jammu & Kashmir IT Infrastructure Development Pvt. Limited, (12) Jammu Smart City Limited and which have not availed any loan,

(D) five PSUs (1) Jammu & Kashmir Agro Industries Development Corporation Limited, (2) Jammu & Kashmir Forest Development Corporation Limited (3) Jammu & Kashmir Projects Construction Corporation Limited and (4) Jammu & Kashmir Handloom Development Corporation Limited (5) Jammu & Kashmir Infrastructure Development Finance Corporation P Limited which have not provided for the interest in their books of account, and

(E) one PSU viz. CVPPPL as all its projects are under construction.

5.7 Operating efficiencies of PSUs

5.7.1 Value of production

The details of value of production, total assets and capital employed[9] during 2019-20 to 2021-22 are given in ***Table 5.10***.

Table 5.10: Value of production, total assets and capital employed during 2019-20 to 2021-22

(₹ in crore)

Year	Value of production	Total assets	Capital employed
2019-20	11,298.17	1,26,488.40	5,960.28
2020-21	10,590.64	1,36,643.45	5,865.24
2021-22	10,515.82	1,48,646.69	7,381.74

(Source: Latest finalized accounts of the Companies)

Value of production decreased from ₹11,298.17 crore in 2019-20 to ₹10,515.82 crore in 2021-22. However, total assets increased to from ₹1,26,488.40 crore in 2019-20 to ₹1,48,646.69 crore in 2021-22. The Capital employed increased from ₹5,960.28 crore in 2019-20 to ₹7,381.74 crore in 2021-22.

5.7.2 Return on Investment in Listed PSU

Return on investment (ROI) is a performance metric to evaluate the efficiency of investment over time in comparison to alternate investment opportunities or a benchmark investment opportunity. Only one PSU of GoJ&K, Jammu & Kashmir Bank Limited is listed on the stock exchange. Calculation of ROI along with compound annual growth rate is given in ***Appendix 5.6***. The detail of ROI during last five years ending March 2022 is given in ***Table 5.11***.

Table: 5.11 Return on Investment of Listed PSU

(*In per cent*)

	2017-18	2018-19	2019-20	2020-21	2021-22
ROI[10]	409.61	361.60	182.79	243.81	291.95

The ROI showed a decreasing trend from 2017-18 to 2019-20, however it increased during 2020-21 and 2021-22. The compounded annual growth rate decreased from 1.98 *per cent* to (-)2.05 *per cent* during 2017-18 to 2019-20 and improved to (-)0.67 *per cent* during 2020-21 and to 0.14 *per cent* during 2021-22**.**

[9] Capital Employed= Paid-up Capital + Free Reserves and Surplus + Long Term Loans - Accumulated Losses - Deferred Revenue Expenditure.

[10] ROI= (Government's share of the Market Capitalisation of the Company as at 31 March of FY + Present Value of Dividend Receipts of the Government as at 31 March of FY + Present Value of Disinvestment Receipts of the Government as at 31 March of FY) – (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/Grants infused for meeting Operational and Administrative Expenditure as at Inception)/ (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/ Grants infused for meeting Operational and Administrative Expenditure as at Inception)/ Number of intervening annual periods

5.7.3 Return on Capital Employed and Equity in Listed PSUs

The profitability of a Company is traditionally assessed through return on equity and return on capital employed. Return on Capital Employed (ROCE)[11] is a financial ratio that measures the Company's profitability and the efficiency with which its capital is used and is calculated by dividing Company's earnings before interest and taxes by capital employed. Return on Equity (ROE)[12] is a measure of performance calculated by dividing the net profit after tax by shareholders fund.

Detail of ROCE and ROE of Jammu & Kashmir Bank Limited, the only listed Company, is given in ***Table 5.12***:

Table 5.12: ROCE and ROE of Listed PSU

(***In per cent***)

	2017-18	2018-19	2019-20	2020-21	2021-22
ROCE	11.55	17.93	-23.18	15.50	14.56
ROE	7.56	15.46	-61.63	21.00	20.47

The ROCE and ROE was high during last five years (except during 2019-20), mainly due to high profit after tax earned by Jammu & Kashmir Bank Limited. During 2019-20, ROCE and ROE was negative due to loss incurred by the Bank.

The ROCE worked at realised value[13] of investment in respect of Jammu & Kashmir Bank Limited is as follows:

Table 5.13: ROCE for Listed PSUs considering share premium

(***In per cent***)

2017-18	2018-19	2019-20	2020-21	2021-22
10.12	16.17	-18.06	12.20	10.67

The ROCE after considering the share premium account of Jammu &Kashmir Bank Limited, ranged between (-)18.06 *per cent* to 16.17 *per cent* during the period 2017-18 to 2021-22.

5.7.4 Return on Capital Employed and Equity of Non-Listed PSUs

The details of ROCE and ROE of non-listed PSUs[14] during the period from 2017-18 to 2021-22 are given in ***Table 5.14***.

[11] ROCE = Earnings before Interest and Tax/ Capital Employed. Figures are as per the latest year for which accounts of the PSUs are finalised

[12] ROE=Profit after Tax/Share holders' Fund, Share holders' Fund = Paid up capital + Free Reserves and Surplus– Deferred Revenue Expenditure – Accumulated Losses

[13] Investment including share premium

[14] Excluding six inactive PSUs, four PSUs initial accounts of which were not received since inception and one company viz. CVPPPL as all its projects are under construction

Table 5.14: Return on Capital Employed and Equity

(₹ in crore)

Year	PBIT	PAT	Capital Employed[15]	Shareholders Fund	ROCE	ROE
2017-18	391.70	-8.52	7,826.10	3,999.47	5.01	-0.21
2018-19	350.81	-29.92	7,779.10	3,811.35	4.51	-0.79
2019-20	480.33	117.26	7,878.91	3,433.16	6.10	3.42
2020-21	437.75	-119.66	7,593.02	3,040.39	5.77	-3.94
2021-22	437.10	-126.04	8,337.07	2,818.82	5.24	-4.47

The ROCE ranges between 4.51 *per cent* and 6.10 *per cent* and ROE ranges between (-)4.47 *per cent* and 3.42 *per cent* during the period 2017-18 to 2021-22.

5.7.5 Rate of Real Return (RORR) on Government Investment PSUs

In order to bring the historical cost of investment to its present value at the end of each year upto 31 March 2022, Present Value (PV) of money invested was computed where funds had been infused by the GoJ&K as equity, interest free loan and interest free loan converted into equity. Grant/ subsidy given by the Government for operational and management expenses have not been considered as bifurcation of grant and subsidy for operational and management expenses and for other purpose was not available since inception of these companies till 31 March 2022.

The PV in these undertakings was computed on the following assumptions:

- Interest free loans have been considered as fund infusion. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest free loans over the period.
- The average rate of interest on government borrowings for the concerned financial year was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year.
- The GoJ&K infused ₹5.00 crore as equity in JKPDCL. In addition to this, the GoJ&K also provided Plan funds since inception of the Company (1994-95) for creation of Capital Assets, which could not be bifurcated, has not been considered. Plan fund given to Jammu and Kashmir Power Development Department and Assets transferred to JKPDCL by GoJ&K, later converted into equity, has been added to the equity contribution in the year 2019-20.
- Jammu Power Distribution Company Limited, Kashmir Power Distribution Company Limited, Jammu and Kashmir Power Transmission Corporation Limited and JKPCL started their operations

[15] Including plan fund infusion of GoJ&K in JKPDCL

w.e.f. 1 April 2020, hence, equity contribution was considered in the year 2020-21 for the purpose of PV calculation of GoJ&K investment.

- For the purpose of PV calculation of GoJ&K investment, the period from 2000-01 till 2021-22 has been taken for considering the investment of GoJ&K in PSUs.

The year wise position of investment made by the GoJ&K in PSUs and calculation of Net Present Value of the investment relating to those PSUs wherein the GoJ&K had made investment is indicated in ***Appendix 5.7.***

The historical cost of investment by the GoJ&K in these PSUs at the end of 2021-22 increased to ₹4,136.69 crore[16] from ₹352.29 crore at the beginning of 1999-2000. The GoJ&K made investments in form of equity (₹3,662.11 crore) and interest free loans (₹139.79 crore) during the period 1999-2000 to 2021-22. Besides, GoJ&K made investment of ₹522 crore[17] in plan fund up to March 2022 in JKPDCL.

The PV of the investment infused by the GoJ&K as on 31 March 2022 amounted to ₹7,519.26 crore. The net earnings of PSUs as per their latest finalized accounts was ₹380.19 crore.

An analysis of the earnings *vis-à-vis* investments in respect of 40[18] PSUs where funds had been infused by the GoJ&K was carried out to assess the profitability of these PSUs which is given in ***Table 5.15***.

Table 5.15: Real Rate of Return

(₹ in crore)

Financial year	PV of total investment at the beginning of the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	PV of total investment at the end of the year	Total Earnings[19]	RORR
2017-18	2,181.27	101.63	2,282.903	7.23	2,447.96	192.85	7.88
2018-19	2,447.96	143.92	2,591.876	7.20	2,778.49	434.33	15.63
2019-20	2,778.49	2632.7	5,411.19	7.20	5,800.80	-1,022.15	-17.62
2020-21	5,800.80	130.57	5,931.37	7.82	6,395.20	306.12	4.79
2021-22	6,395.20	570.95	6,966.15	7.94	7,519.26	372.64	4.96

During the period from 2017-18 to 2021-22, these 40 PSUs had a positive return on investment (except for the year 2019-20). During 2021-22, return on GoJ&K investment on the basis of historical value was 9.01 *per cent.* However, the Real Rate of Return considering the present value of investment was 4.96 *per cent* only.

[16] Opening balance: (₹352.29 crore) + Equity: (₹3,662.11 crore) + Interest free loans: (₹139.79 crore) - Interest free loan converted into equity: (₹17.5 crore)

[17] This investment was made from 2018-19 to 2021-22 and investment before this period had been converted into equity of GoJ&K

[18] Excluding JKB Financial Services Limited and CVPPPL wherein the GoJ&K had not made any investment

[19] As per the latest finalized accounts

5.8 PSUs incurring losses

There were 17 PSUs that incurred losses during the year 2021-22 as per their latest finalized accounts as detailed in ***Appendix-5.8***. The losses incurred by these PSUs decreased to ₹186.28 crore in 2021-22 from ₹1,354.96 crore in 2019-20 as per their latest finalized accounts as given below in ***Table 5.16***.

Table 5.16: Summary of PSUs that incurred losses during 2019-20 to 2021-22

(₹ in crore)

Year	No of PSUs incurred loss	Net loss for the year	Accumulated Profit/ Loss	Net Worth[20]
A. Statutory Corporations				
2019-20	2	132.98	(-)1,563.95	(-)1,309.35
2020-21	1	117.62	(-)1,634.94	(-)1,426.98
2021-22	1	117.62	(-)1,634.94	(-)1,426.98
B. Government Companies				
2019-20	11	1221.98	357.72	527.18
2020-21	14	93.71	(-)1,780.54	(-)1,643.83
2021-22	16	68.66	(-)1,120.03	(-)986.72
C. Government Controlled Other Company				
2019-20	0	-	-	-
2020-21	1	3.18	49.34	2,773.00
2021-22	0	-	-	-
Total PSUs				
2019-20	13	1,354.96	(-)1,206.23	(-)782.17
2020-21	16	214.51	(-)3,366.14	(-)297.81
2021-22	17	186.28	(-)2,755.24	(-)2,413.70

Source: Latest finalized accounts as on 31 December 2020, 30 November 2021 and 30 September 2022.

Out of total loss of ₹186.28 crore incurred by 17 PSUs in 2021-22, loss of ₹177.70 crore was attributed to seven PSUs listed in ***Table 5.17*** which incurred loss of more than ₹five crore as per their latest information provided. The majority of the loss for the year 2019-20 is attributable to the loss of ₹1,139.41 crore reported by Jammu & Kashmir Bank Limited. The bank reported profit in its operations in the year 2020-21 of ₹428.45 crore and in the year 2021-22 of ₹501.56 crore.

Table 5.17: PSUs (other than power sector) that incurred losses of more than ₹five crore

Sl. No.	Name of the PSU	Net loss (₹ in crore)
1	Jammu & Kashmir Road Transport Corporation	117.62
2	Jammu & Kashmir State Industrial Development Corporation Limited	20.54
3	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	10.25

[20] Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

Sl. No.	Name of the PSU	Net loss (₹ in crore)
4	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	8.60
5	Jammu & Kashmir Minerals Limited	8.38
6	Jammu & Kashmir Tourism Development Corporation	6.14
7	Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	6.17

Source: Latest finalised accounts as on 30 November 2021.

It is recommended that GoJ&K may review the functioning of its loss making PSUs and consider measures to improve them since they are causing substantial drain on the public exchequer.

5.8.1 Erosion of Capital in PSUs

As on 31 March 2022, there were 20 PSUs with accumulated losses of ₹3,881.66 crore ***(Appendix 5.9).*** Of these 20 PSUs, 16 PSUs incurred losses amounting to ₹184.26 crore and four PSUs had not incurred loss, even though they had accumulated loss of ₹1,133.63 crore. The net worth of 13 out of 20 PSUs had been completely eroded by accumulated losses. The net worth of these 13 PSUs was (-)₹3,368.15 crore against equity investment of ₹505.42 crore as on 31 March 2022. Out of these 13 PSUs, whose capital had been eroded, three PSUs had earned profit of ₹3.29 crore during 2021-22. The details of 13 PSUs are given below.

Table 5.18: Details of PSUs whose net worth has been eroded as per their latest finalized accounts

(₹in crore)

Sl. No.	Name of PSU	Latest year of finalised accounts	Total paid up capital	Net Profit(+)/ Loss(-) after interest and tax	Accumulated Profit/ Loss	Net worth	State Government Equity (as on 31 March 2022)	State Government loans (as on 31 March 2022)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1	Jammu & Kashmir Agro Industries Development Corporation Limited	2018-19	3.54	0.04	-50.30	-46.76	2.60	25.19
2	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation	2016-17	9.20	-10.25	-134.76	-125.56	6.80	11.75

Sl. No.	Name of PSU	Latest year of finalised accounts	Total paid up capital	Net Profit(+)/ Loss(-) after interest and tax	Accumulated Profit/ Loss	Net worth	State Government Equity (as on 31 March 2022)	State Government loans (as on 31 March 2022)
	Limited							
3	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2018-19	47.37	-6.17	-49.35	-1.98	21.97	61.03
4	Jammu & Kashmir State Industrial Development Corporation Limited	2013-14	17.65	-20.54	-146.99	-129.34	17.64	22.72
5	Jammu & Kashmir Industries Limited	2018-19	16.27	0.07	-907.17	-890.90	16.27	264.99
6	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	8.52	-8.60	-170.06	-161.54	7.08	64.72
7	Jammu & Kashmir Handloom Development Corporation Limited	2018-19	4.99	-1.28	-132.99	-128.00	3.49	71.46
8	Jammu & Kashmir Forest Development Corporation Limited	2019-20	9.03	-3.99	-249.13	-240.10	9.03	18.06
9	Jammu & Kashmir Minerals Limited	2010-11	8.00	-8.38	-225.01	-216.85	8.00	169.78
10	Jammu & Kashmir and Ladakh Financial Corporation	2018-19	172.89	3.18	-172.97	-0.08	172.35	10.48

Sl. No.	Name of PSU	Latest year of finalised accounts	Total paid up capital	Net Profit(+)/ Loss(-) after interest and tax	Accumulated Profit/ Loss	Net worth	State Government Equity (as on 31 March 2022)	State Government loans (as on 31 March 2022)
11	Kashmir Power Distribution Corporation Limited	2018-19	0.00	0.00	-0.03	-0.03	0.05	0.00
12	Jammu Power Distribution Corporation Limited	2018-19	0.00	0.00	-0.03	-0.03	0.05	0.00
13	Jammu & Kashmir Road Transport Corporation	2018-19	207.96	-117.62	-1,634.94	-1,426.98	387.86	780.61
	Grand Total		**505.42**		**-3,873.73**	**-3,368.15**		

Note: Column 8 and 9 are unaudited figures.

5.9 Oversight Role of CAG

5.9.1 Audit of Public Sector Undertakings (PSUs)

Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a State Government Company and State Government Controlled Other Company[21] under Section 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes Governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

5.10 Appointment of statutory auditors of PSUs by CAG

Section 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a State Government Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year.

5.11 Submission of accounts by PSUs

5.11.1 Need for timely submission

According to Section 395 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after

[21] 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.

such preparation laid before both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating statutory corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of State.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Despite above, annual accounts of various PSUs were pending as on 30 September 2022, as detailed in the following paragraph.

5.11.2 Timeliness in preparation of accounts by Government Companies

As of 31 March 2022, there were 40 Government Companies under the purview of CAG's audit. Of these, accounts for the year 2021-22 were due[22] from 34 Government Companies[23]. However, only three Government Companies submitted their accounts for the financial year 2021-22 for audit by CAG on or before 30 September 2022. Accounts of 31 Government Companies were in arrears for various reasons. Details of arrears in submission of accounts of these are given in ***Table 5.19***.

Table 5.19: Details of arrears in submission of accounts

Particulars	Total
Total number of Companies under the purview of CAG's audit as on 31.03.2022	40
Less: New Companies from which accounts for 2021-22 were not due	0
Less: Companies under liquidation/ inactive[24]	6
Number of companies from which accounts for 2021-22 were due	34
Number of companies which presented 2021-22 accounts for CAG's audit by 30 September 2022	3
Number of companies with accounts in arrears	31

[22] The due date for submission of accounts has been considered as 30 September 2022

[23] Excluding inactive Companies

[24] 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)

Breakup of Arrears	(i) Defunct	0
	(ii) First Accounts not submitted	4
	(iii) Others	27
Age-wise analysis of arrears against 'Others' category	Up to one year (2021-22)	3
	Up to two years (2020-21 and 2021-22)	7
	Three years and more	24

Details of these companies along with the position of GoJ&K investment in these PSUs during the period of arrear accounts are indicated in ***Appendix 5.10.***

5.11.3 Timeliness in preparation of accounts by Statutory Corporations

As of 31 March 2022, 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 and Ladakh Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

The accounts of Jammu & Kashmir Road Transport Corporation and Jammu & Kashmir Financial Corporation for the years 2019-20 to 2021-22 were awaited as on 30 September 2022.

Details of these Corporations along with the position of GoJ&K investment in these Corporations during the period of arrear accounts are indicated in ***Appendix 5.10.***

5.12 CAG's oversight - Audit of accounts and supplementary audit

5.12.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. The statutory corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such corporations.

5.12.2 Audit of accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by the CAG under Section 139 of the Companies Act 2013, conduct audit of accounts of the Government Companies and submit their reports thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power:

- to issue directions to the statutory auditors under Section 143(5) of the Companies Act, 2013 and
- to supplement or comment upon the statutory auditor's report under Section 143(6) of the Companies Act, 2013.

5.12.3 Supplementary Audit of accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The statutory auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143(6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

5.13 Result of CAG's oversight role

Position of supplementary audit of the financial statements of the PSUs conducted by the Comptroller and Auditor General (CAG) of India for the year 2021-22 (or of earlier years which were finalized during current year) is discussed in the next paragraph.

5.13.1 Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013

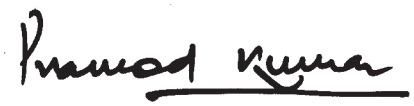
Financial statements for the year 2021-22 were received from two[25] Government Companies and one Government Controlled Other Company[26] by 30 September 2022. Of these, financial statements of two[27] Government Companies were reviewed in audit by the CAG.

[25] Jammu and Kashmir Bank Limited and JKB Financial Services Limited
[26] Chenab Valley Power Projects Private Limited
[27] Non review certificate was given to JKB Financial Services Limited for the year 2021-22

31 accounts of previous years in respect of 11 PSUs were also received during the period 1 December 2021 to 30 September 2022, of which comments were issued in case of 21 accounts and 10 accounts were pending as of 30 September 2022. Further, 36 accounts of six PSUs relating to previous years which were received before 1 December 2021 were also reviewed during current year and comments were issued for all these 36 accounts of six PSUs.

5.14 Recommendations

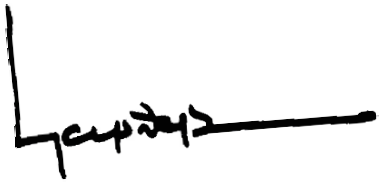
1. The Government may impress upon those PSUs with arrear in accounts to ensure early finalisation of their Financial Statements as in the absence of their finalisation, Government investments in such PSUs remain outside the legislative oversight; and
2. The Government needs to take an early decision regarding commencement of liquidation process in respect of the inactive PSUs as they are neither contributing to economy nor meeting the objectives for which they were set up.



Srinagar/ Jammu
Dated: 21 February 2023

(PRAMOD KUMAR)
Principal Accountant General (Audit)
Jammu and Kashmir

Countersigned



New Delhi
Dated: 06 March 2023

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1
(Reference Paragraph:1.5)
Time Series Data[1] on the UT Government Finances

(₹ in crore)

Part-A Receipts			
Fiscal Aggregate	**31/10/2019 to 31/03/2020**	**2020-21**	**2021-22**
1.Revenue Receipts (a) + (b)	**22,557.34**	**52,495.48**	**59,238.50**
(a) Tax Revenue	4,056.49	8,876.99	11,707.28
(i) Revenue from UT's Own Taxes	4,056.49	8,876.99	11,707.28
Of which			
State Goods & Service Tax	2,115.75	4,839.35	6,394.31
Taxes on sales, trade, etc.	782.43	1,495.61	1,906.31
State Excise	587.67	1,347.42	1,782.79
Taxes on vehicles	246.08	488.38	616.24
Stamps and Registration fees	117.54	325.54	512.02
Land Revenue	48.32	60.57	113.28
Other Taxes	158.70	320.12	382.33
(ii) UT's share of Union taxes and duties	0.00	0.00	0.00
(b) Non-Tax Revenue	**18,500.85**	**43,618.49**	**47,531.22**
(i) UTs Own Non-Tax Revenue	2,062.77	4,076.38	4,840.45
Of which			
Power Department receipts	1,196.66	2,349.74	2,715.75
(ii) Grants-in-aid from the Union Government	16,438.08	39,542.11	42,690.77
State's Own Revenues (a) (i) + (b) (i)	6,119.26	12,953.37	16,547.73
Revenue transfers from Centre (a) (ii) + (b) (ii)	16,438.08	39,542.11	42,690.77
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	2.34	1.93	1.03
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	16,647.37	42,732.93	54,045.36
4. Total receipts in the Consolidated Fund (1+2+3)	**39,207.05**	**95,230.34**	**1,13,284.89**
5. Contingency Fund receipts	0.00	25.00	0.00
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	11,364.19	24,833.82	27,223.48
Gross Receipts (4+5+6)	**50,571.24**	**1,20,089.16**	**1,40,508.37**
Public Account Receipts (Net) including receipts in departmental cash chest and cash balance investment	**3,604.34**	**1,464.16**	**-1,319.63**

[1] Difference of 01 crore, wherever occurring, is due to rounding off

Part-B Disbursements			
Fiscal Aggregate	**31/10/2019 to 31/03/2020**	**2020-21**	**2021-22**
1. Revenue Expenditure (a) + (b)=(i) + (ii) + (iii)	**22,719.43**	**52,633.75**	**59,269.33**
(a) CSS/CA	637.96	1,740.45	2,007.69
(b) Normal/General/SFE	22,081.47	50,893.30	57,261.64
(i) General Services (including interest payments)	9,383.75	25,521.16	29,639.86
(ii) Social Services	8,614.74	19,471.70	20,933.14
(iii) Economic Services	4,720.94	7,640.89	8,696.33
2. Capital Expenditure (a) + (b)=(i) + (ii) + (iii)	**5,422.20**	**10,470.38**	**11,047.04**
(a) CSS/CA	1,861.63	4,294.25	3,407.58
(b)/General	3,560.57	6,176.13	7,639.45
(i) General Services	733.57	776.24	659.03
(ii) Social Services	1,492.93	2,492.57	2,722.61
(iii) Economic Services	3,195.70	7,201.57	7,665.40
3. Disbursement of loans and advances	**38.14**	**61.64**	**73.77**
4. Total (1+2+3)	**28,179.77**	**63,165.77**	**70,390.14**
5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances)*of which*	**13,149.34**	**33,563.32**	**41,575.17**
Internal Debt (excluding Ways and Means Advances and Overdraft)	985.31	4,134.06	4,067.96
Net transactions under Ways and Means Advances and Overdraft	-295.18	-1,784.54	499.54
Loans and Advances from Government of India (Repayment)	58.91	118.34	119.18
6. Appropriation to Contingency Fund	**0.00**	**25.00**	**0.00**
7. Gross disbursement out of Consolidated Fund (4+5+6)	**41,329.11**	**96,754.09**	**1,11,965.31**
8. Contingency Fund disbursements	**0.00**	**0.00**	**0.00**
9. Gross Public Account disbursements	**7,759.85**	**23,369.66**	**28,543.10**
10. Gross disbursements (7+8+9)	**49,088.96**	**1,20,123.75**	**1,40,508.41**
11. Increase in Cash Balance	**1,482.28**	**-34.59**	**-0.04**
12 Grand Total	**50,571.24**	**1,20,089.16**	**1,40,508.37**

Part-C Deficits			
Fiscal Aggregate	**31/10/2019 to 31/03/2020**	**2020-21**	**2021-22**
1. Revenue Surplus(+)/Revenue Deficit(-) (Revenue Receipts-Revenue Expenditure)	**-162.09**	**-138.27**	**-30.83**
2. Fiscal Deficit(-)/**surplus** (+) **(Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts)**	**5,620.09**	**10,693.36**	**11,150.60**
3. Primary Deficit(-)/Surplus(+) (Fiscal Deficit –Interest Payment)	**3,088.46**	**4,320.90**	**3,790.29**
4. Interest Payments (included in revenue expenditure)	**2,531.63**	**6,372.46**	**7,360.31**
5. Financial Assistance to local bodies, etc.	**3,998.98**	**6,531.86**	**4,870.85**
6. Ways and Means Advances/overdraft availed (days)	**132 (overdraft on 51 days)**	**318 (overdraft on 58 days)**	**125 (overdraft on 78 days)**
7. Interest on WMA/Overdraft	**12.87**	**40.13**	**61.64**
8. Public Debt Receipts	**16,647.37**	**42,732.93**	**54,045.36**
9. Gross State Domestic Product at Current Prices (GSDP[2])	**1,64,135**	**1,70,201**	**1,95,118**
10. Outstanding Public Debt[3] (year end) excluding Public Account	**3,498.03**	**12,667.64**	**25,137.83**
11. Outstanding guarantees (year end) plus interest	**1,324.54**	**1,486.07**	**12,328.80**
12. Maximum amount guaranteed (year end)	**5,204.84**	**12,564.18**	**13,449.49**
13. Number of incomplete projects	**NA**	**165**	**397**
14. Capital blocked in incomplete projects	**NA**	**464.91**	**1,095.53**
Total Expenditure/GSDP *(per cent)*	NA	35.83	36.08
Revenue Receipts/Total expenditure *(per cent)*	80.05	83.11	84.16
Revenue Expenditure/Total Expenditure *(per cent)*	80.62	83.33	84.20
Expenditure on Social Services/Total Expenditure *(per cent)*	35.87	34.77	33.61
Expenditure on Economic Services/Total Expenditure *(per cent)*	28.09	23.50	23.24
Capital Expenditure/Total Expenditure*(per cent)*	19.24	16.58	15.69
Capital Expenditure on Social and Economic Services/Total Expenditure *(per cent)*	16.64	15.35	14.76
Revenue Surplus/Revenue Deficit as *per cent* of GSDP	-	-0.08	-0.02
Fiscal Deficit as *per cent* of GSDP	-	6.28	5.71
Primary Deficit as *per cent* of GSDP	-	2.54	1.94
Revenue Deficit/Fiscal Deficit *(per cent)*	-	-1.29	-0.28
Liabilities/GSDP[4]*(per cent)*	-	8.74(57.82)	11.99(54.80)
Liabilities/Revenue Receipts*(per cent)*	-	32.35	49.52
Debt Redemption (Principal+Interest)/Total Debt Receipts for the year *(per cent)*	89	89	87
Return on Investment	Nil	Nil	Nil
Financial Assets/Liabilities	98	98	99

Source: Finance Accounts

[2] Figures of GSDP is from MOSPI website.
[3] Includes internal debt and Loan and Advances from Central Government only.
[4] Liability to GSDP has been arrived at after reducing back to back loans and liability to GSDP after including liability of erstwhile State which is yet to be apportioned has been shown in bracket.

Appendix 1.2
(Reference Paragraph:1.5.1)
Abstract of Receipts and Disbursements for the year2021-22

(₹ in crore)

Receipts			Disbursements		
Various items	**2021-22**	**2021-22**	**Various items**	**2021-22**	**2021-22**
1	**2**	**3**	**4**	**5**	**6**
Section-A: Revenue					
I. Revenue Receipts		**59,238.50**	**I. Revenue Expenditure**		**59,269.33**
Own-Tax Revenue	*11,707.28*		**General Services**		***29,639.86***
			Social Services		***20,933.14***
Non-Tax Revenue	*4,840.45*		Education, Sports, Art and Culture	*10,851.32*	
			Health and Family Welfare	*4,977.19*	
State's Share of Union Taxes	*0.00*		Water Supply, Sanitation/H&UD	*2539.46*	
			Information and Broadcasting	*84.94*	
Centrally Sponsored Schemes			Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	*105.4*	
Finance Commission Grants	*0.00*		Labour and Labour Welfare	*56.95*	
Grants from Govt. of India (Other Transfer/ Grants to States)	42,690.77		Social Welfare and Nutrition	*2,270.18*	
			Others	*47.70*	
			Economic Services		**8,696.33**
			Agriculture and Allied Activities	*3,073.53*	
			Rural Development	*517.45*	
			Special Areas Programmes	*0.00*	
			Irrigation and Flood Control	*612.07*	
			Energy	*3131.1*	
			Industries and Minerals	*370.25*	
			Transport	*420.79*	
			Science, Technology and Environment	*45.16*	
			General Economic Services	*325.98*	
II. Revenue deficit carried over to Section –B		**30.83**	**II. Revenue Surplus carried over to Section-B**		
Total Section-A		**59,269.33**	**Total Section-A**		**59,269.33**

Receipts			Disbursements		
Various items	**2021-22**	**2021-22**	**Various items**	**2021-22**	**2021-22**
1	**2**	**3**	**4**	**5**	**6**
Section B: Capital					
III. Opening Cash balance including Permanent Advances and Cash Balance Investment		**1,447.69**	**III. Capital Outlay**		**11,047.04**
IV. Misc. Capital receipts		**0.00**	**General Services**		**659.03**
			Social Services		**2,722.60**
			Education, Sports, Art and Culture	*572.31*	
			Health and Family Welfare	*636.78*	
			Water Supply, Sanitation/H&UD	*835.40*	
			Information and Broadcasting	*0.22*	
			Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	*125.35*	
			Social Welfare and Nutrition	*536.57*	
			Other Social Services	*15.97*	
			Economic Services		**7,665.40**
			Agriculture and Allied Activities	*796.24*	
			Rural Development	*1,267.65*	
			Special Areas Programmes	*0.00*	
			Irrigation and Flood Control	*142.37*	
			Energy	*1,230*	
			Industries and Minerals	*129.21*	
			Transport	*2,667.58*	
			Science, Technology and Environment	*52.61*	
			General Economic Services	*1,379.74*	
V. Recoveries of Loans and Advances		**1.03**	**IV. Loans and Advances Disbursement**		**73.77**
Industries and Minerals	*0.21*		Industries and Minerals	*33.77*	
Government servants	*0.04*		Transport	*40.00*	
Others	*0.78*		Others	*0.00*	
VI. Revenue surplus			**V. Revenue deficit**		**30.83**

Receipts			Disbursements		
Various items	**2021-22**	**2021-22**	**Various items**	**2021-22**	**2021-22**
1	**2**	**3**	**4**	**5**	**6**
VII. Public Debt Receipts		**17,942.33**	**VI. Repayment of Public Debt**		**5,472.14**
Internal debt of the State Government other than Ways and Advances	*14,096.83*		Internal debt of the State Government other than Ways and Advances	*4,067.96*	
Loans and Advances from GOI	*3,845.49*		Repayment of Loans and Advances from GOI.	119.18	
Net Ways and Means Advance			Net Ways and Means Advance	*1285*	
VIII. Appropriation to Contingency Fund		**0.00**	**VII. Appropriation to Contingency Fund**		**0.00**
IX. Amount recouped to Contingency Fund		**0.00**	**VIII-Expenditure from Contingency Fund**		**0.00**
X. Public Account Receipts		**27,223.48**	**IX-Public Account Disbursements**		**28,543.10**
Small Savings and Provident Funds	*6,023.99*		Small Savings and Provident Funds	*6,618.55*	
Reserve Funds	*432.90*		Reserve Funds	*283.90*	
Deposits and Advances	*4,282.24*		Deposits and Advances	*3,951.73*	
Suspense and Miscellaneous	*16,438.34*		Suspense and Miscellaneous	*16,310.11*	
Remittances	*46.01*		Remittances	*1,378.82*	
			X. Cash Balance at the end		**1,447.65**
			Deposits with Banks	**1,447.65**	
Total Section-B		**46,614.53**	**Total Section-B**		**44,614.53**

Explanatory Notes

1. *The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.*
2. *Government accounts being mainly on cash basis, the deficit on Government account indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation on stock figures etc. do not figure in the accounts.*
3. *Suspense and Miscellaneous balances include cheques issued but not paid and payments made on behalf of the UT and others pending settlement, etc.*

Appendix 1.2 (Continued)
Summarised financial position of the Government of UT of Jammu and Kashmir as on 31 March 2022

(₹ in crore)

As on 31 March 2021			As on 31 March 2022	
Liabilities				
	10,562.21	**Internal Debt**		**19,306.08**
9,435.22		Market Loans bearing interest	**15,022.22**	
(-)169.64		Loans from LIC	301.22	
1,296.63		Loans from other Institutions	3,712.64	
	2,105.44	**Loans and Advances from Central Government**		**5831.75**
0.00		Pre 1984-85 Loans	0.00	
0.00		Non-Plan Loans	0.00	
(-)175.81		Loans for State /Union territories loan schemes	(-)293.72	
2,281.25		Other Loans for States/ Union Territory with Legislature Schemes	6,125.47	
	25	**Contingency Fund**		**25**
	2,185.97	**Small Savings, Provident Funds, etc.**		**1,591.41**
	771.13	**Reserve Funds**		**920.13**
	1,355.53	**Deposits**		**1,686.04**
	634.50	**Remittance Balances**		**0.00**
	121.14	**Suspense and Misc. Balances**		**249.38**
	0.00	**Surplus on Government Account**		**0.00**
		Difference in machine number		**0.02**
	17,760.92	**Total**		**29,609.81**

As on 31 March 2021			As on 31 March 2022	
Assets				
	15,892.58	**Gross Capital Outlay on Fixed Assets**		**26,939.61**
162.39		Investments in shares of Companies, Corporations, etc.	235.40	
15,730.19		Other Capital Outlay	26,704.21	
	95.51	**Loans and Advances**		**168.26**
40.13		Industries and Minerals	73.89	
55.50		Transport	95.50	
		Energy		
		Agriculture and Allied Activities		
0.50		Other Development Loans	0.27	
(-)0.62		Loans to Government servants and Miscellaneous Loans	(-)1.40	
	0.00	**Advances**		**0.00**
	0.00	**Suspense and Miscellaneous Balances**		**0.00**
	0.00	**Remittance Balances**		**698.32**
	0.00	**Contingency Fund(un-recouped)**		**0.00**
	25.00	**Contingency Fund (Corpus)**		**-**
	1,447.69	**Cash**		**1,447.65**
0.00		Cash in Treasuries and Local Remittances	0.00	
1,447.69		Deposits with Bank	1447.65	
	300.14	Cumulative Excess of Expenditure over Receipts		**355.97**
	17,760.92	**Total**		**29,609.81**

Source: Finance Accounts Assets and Liability ending 30/10/2019 in respect of erstwhile J&K State has not been apportioned between Union Territory of J&K and Union Territory of Ladakh.

Appendix 3.1
(Reference Paragraph: 3.3.1)
Expenditure incurred without authority of law

Sl. No.	Grant/ Appropriation	Major Heads of Accounts	Expenditure (₹ in crore)	Number of Schemes/Sub Heads
1	3	3454	0.03	1
2	8	2030, 2075, 2235,2049, 6003 and 6004	21,364.56	17
3	11	4851	0.45	2
4	12	4401 and 4402	7.32	3
5	16	5504	4.01	1
6	17	2210	0.59	3
7	18	2235 and 2236	0.28	2
8	21	2406 and 4406	0.03	2
9	27	4402	0.63	1
10	33	2245	268.26	1
Total			**21,646.17**	**33**

Source: Appropriation Accounts

Appendix 3.2
(Reference Paragraph: 3.3.3)
Cases of unnecessary Supplementary Grant/Appropriation

(₹ in crore)

S. No	Number and Name of the Grant	Original Provision	Supplementary Provision	Actual Expenditure	Savings out of original provision
I- Revenue (Voted)					
1	2- Home Department	8,865.06	363.26	7,464.15	1,400.91
2	3- Planning Department	130.54	8.20	98.72	31.82
3	15- Food Civil Supply and Consumer Affairs Department	278.02	1.43	159.80	118.22
4	17-Health and Medical Education Department	5,605.58	302.14	4,977.19	628.39
5	18-Social Welfare Department	2,506.02	461.77	1,960.68	545.34
6	19-Housing and Urban Development Department	896.73	19.73	755.78	140.95
7	21- Forest Department	1,534.00	1.99	1,150.09	383.91
8	27- Higher Education Department	1,365.24	33.27	1,206.67	158.57
9	30-Tribal Affairs Department	104.72	24.92	65.24	39.48
10	36-Co-Operative Department	65.17	9.36	48.87	16.30
Total -I		**21,351.08**	**1,226.07**	**17,887.19**	**3,463.89**
II-Revenue (Charged)					
11	1-General Administration Department	25.23	2.85	24.89	0.34
12	10- Law Department	78.50	2.51	56.67	21.83
Total -II		**103.73**	**5.36**	**81.56**	**22.17**
III-Capital (Voted)					
13	3- Planning Department	1,017.00	655.46	473.67	543.33
14	8- Finance Department	1,901.48	129.88	1,230.32	671.16
15	13- Animal/Sheep Husbandry Department	235.92	8.82	124.39	111.53
16	16-Public Works Department	4,088.87	1,515.72	2,956.70	1,132.17
17	17-Health and Medical Education Department	1,455.83	114.83	636.79	19.04

S. No	Number and Name of the Grant	Original Provision	Supplementary Provision	Actual Expenditure	Savings out of original provision
18	18-Social Welfare Department	173.77	19.37	69.29	104.48
19	19-Housing and Urban Development Department	2,709.99	171.95	660.41	2,049.58
20	26-Fisheries Department	102.11	6.19	31.17	70.94
21	30-Tribal Affairs Department	273.43	8.80	107.93	165.50
22	32-Horticulture Department	400.09	57.33	265.70	134.39
Total -III		**12,358.49**	**2,688.35**	**6,556.37**	**5,802.12**
Grand Total		**33,813.30**	**3,919.78**	**24,525.12**	**9,288.18**

Appendix 3.3
(Reference Paragraph: 3.4)
Substantial Savings

(₹in crore)

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving	Saving in capital section	Percentage of Saving under Capital Section
1	1	General Administration Department						
		Revenue						
		Voted	528.94	399.40	129.54			
		Charged	28.08	24.89	3.19			
		Capital						
		Voted	189.35	16.96	172.38		172.38	**91%**
		Total	**746.36**	**441.25**	**305.11**	**41%**		
2	2	Home Department						
		Revenue						
		Voted	9,228.32	7,464.15	1,764.17			
		Capital						
		Voted	971.28	186.88	784.39		784.39	**81%**
		Total	**10,199.60**	**7,651.03**	**2,548.56**	**25%**		
3	3	Planning Department						
		Revenue						
		Voted	138.74	98.72	40.02			
		Capital						
		Voted	1,672.46	473.67	1,198.79		1,198.79	**72%**
		Total	**1,811.20**	**572.39**	**1,238.81**	**68%**		
4	6	Power Development Department						
		Revenue						
		Voted	5,216.69	3,131.10	2,085.58			
		Capital						
		Voted	2,708.12	1,230.00	1,478.12		1,478.12	**55%**
		Total	**7,924.81**	**4,361.10**	**3,563.71**	**45%**		
5	7	Education Department						
		Revenue						
		Voted	10,206.03	9,141.15	1,064.88			
		Capital						
		Voted	795.24	306.85	488.39		488.39	**61%**
		Total	**11,001.27**	**9,448.00**	**1,553.27**	**14%**		
6	10	Law Department						
		Revenue						
		Voted	568.35	285.38	282.97			
		Charged	81.01	56.67	24.34			
		Capital						
		Voted	116.00	56.43	59.57			

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving	Saving in capital section	Percentage of Saving under Capital Section
		Total	**765.36**	**398.48**	**366.88**	**48%**		
7	11	Industry and Commerce Department						
		Revenue						
		Voted	377.96	277.14	100.83			
		Capital						
		Voted	415.96	146.73	269.23		269.23	**65%**
		Total	**793.92**	**423.87**	**370.05**	**47%**		
8	12	Agriculture Department						
		Revenue						
		Voted	1,240.42	1,091.81	148.62			
		Capital						
		Voted	1,182.54	182.74	999.80		999.80	**85%**
		Total	**2,422.96**	**1,274.55**	**1,148.42**	**47%**		
9	13	Animal/ Sheep Husbandary Department						
		Revenue						
		Voted	614.30	554.98	59.32			
		Capital						
		Voted	244.74	124.39	120.35		120.35	**49%**
		Total	**859.04**	**679.37**	**179.68**	**21%**		
10	14	Revenue Department						
		Revenue						
		Voted	785.20	521.64	263.56			
		Capital						
		Voted	37.45	7.02	30.43			
		Total	**822.65**	**528.66**	**294.00**	**36%**		
11	15	Food Civil Supplies and Consumer Affairs Department						
		Revenue						
		Voted	279.46	159.80	119.65			
		Capital						
		Voted	303.66	118.51	185.15		185.15	**61%**
		Total	**583.12**	**278.31**	**304.81**	**52%**		
12	16	Public Works Department						
		Revenue						
		Voted	1,182.25	1,286.62	-			
		Capital						
		Voted	5,604.59	2,956.70	2,647.89		2,647.89	**47%**
		Total	**6,786.83**	**4,243.32**	**2,543.51**	**39%**		

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving	Saving in capital section	Percentage of Saving under Capital Section
13	17	Health And Medical Education Department						
		Revenue						
		Voted	5,907.72	4,977.19	930.53			
		Capital						
		Voted	1,570.67	636.79	933.88		933.88	**59%**
		Total	**7,478.38**	**5,613.97**	**1,864.41**	**25%**		
14	18	Social Welfare Department						
		Revenue						
		Voted	2,967.79	1,960.68	1,007.10			
		Capital						
		Voted	193.14	69.29	123.85		123.85	**64%**
		Total	**3,160.93**	**2,029.97**	**1,130.96**	**36%**		
15	19	Housing And Urban Development Department						
		Revenue						
		Voted	916.46	755.78	160.68			
		Capital						
		Voted	2,881.94	660.41	2,221.53		2,221.53	**77%**
		Total	**3,798.40**	**1,416.19**	**2,382.21**	**63%**		
16	20	Tourism Department						
		Revenue						
		Voted	216.50	132.51	83.99			
		Capital						
		Voted	251.84	124.45	127.39		127.39	**51%**
		Total	**468.34**	**256.96**	**211.38**	**45%**		
17	21	Forest Department						
		Revenue						
		Voted	1,535.99	1,150.09	385.90			
		Capital						
		Voted	191.75	112.87	78.89			
		Total	**1,727.74**	**1,262.95**	**464.79**	**27%**		
18	22	Irrigation And Food Control Department						
		Revenue						
		Voted	696.16	583.54	112.62			
		Capital						
		Voted	769.19	125.22	643.97		643.97	**84%**
		Total	**1,465.35**	**708.76**	**756.59**	**52%**		
19	23	Public Health Engineering Department						
		Revenue						

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving	Saving in capital section	Percentage of Saving under Capital Section
		Voted	1,831.63	1,700.76	130.87			
		Capital						
		Voted	2,107.25	174.99	1,932.26		1,932.26	**92%**
		Total	**3,938.88**	**1,875.76**	**2,063.13**	**52%**		
20	27	Higher Education Department						
		Revenue						
		Voted	1,398.51	1,206.67	191.84			
		Capital						
		Voted	762.25	197.45	564.80		564.80	**74%**
		Total	**2,160.76**	**1,404.12**	**756.64**	**35%**		
21	28	Rural Development Department						
		Revenue						
		Voted	686.01	522.70	163.31			
		Capital						
		Voted	4,300.45	1,267.65	3,032.80		3,032.80	**71%**
		Total	**4,986.46**	**1,790.35**	**3,196.11**	**64%**		
22	30	Tribal Affairs Department						
		Revenue						
		Voted	129.64	65.24	64.40			
		Capital						
		Voted	282.23	107.93	174.30		174.30	**62%**
		Total	**411.86**	**173.16**	**238.70**	**58%**		
23	31	Culture Department						
		Revenue						
		Voted	59.52	41.03	18.49			
		Capital						
		Voted	274.32	6.14	268.18		268.18	**98%**
		Total	**333.84**	**47.17**	**286.67**	**86%**		
24	32	Horticulture Department						
		Revenue						
		Voted	162.84	131.83	31.02			
		Capital						
		Voted	457.42	265.70	191.72		191.72	**42%**
		Total	**620.26**	**397.53**	**222.74**	**36%**		
25	33	Disaster Management Relief Rehabilitation and Reconstruction Department						
		Revenue						
		Voted	972.95	813.37	159.58			
		Capital						

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percentage of Saving	Saving in capital section	Percentage of Saving under Capital Section
		Voted	115.43	59.51	55.92			
		Total	**1,088.38**	**872.88**	**215.50**	**20%**		
26	34	Youth Services And Technical Education Department						
		Revenue						
		Voted	609.91	476.47	133.44			
		Capital						
		Voted	236.77	72.33	164.44		164.44	**69%**
		Total	**846.68**	**548.80**	**297.88**	**35%**		
		Grand Total	**77,203.40**	**48,698.90**	**28,504.50**		**18,723.63**	

Source: Appropriation Accounts.

Appendix 3.4

(Reference Paragraph: 3.4.1)

Percentage of Utilization of Provision under each Grant

(₹in crore)

Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilization
1	General Administration Department	746.36	441.25	59%
2	Home Department	10,199.60	7,651.03	75%
3	Planning Department	1,811.20	572.39	32%
4	Information Department	126.89	85.16	67%
6	Power Development Department	7,924.81	4,361.10	55%
7	Education Department	11,001.27	9,448.00	86%
8	Finance Department	61,316.43	62,460.27	102%
9	Parliamentary Affairs Department	34.04	26.07	77%
10	Law Department	765.36	398.48	52%
11	Industry and Commerce Department	793.92	423.87	53%
12	Agriculture Department	2,422.96	1,274.55	53%
13	Animal/ Sheep Husbandary Department	859.04	679.37	79%
14	Revenue Department	822.65	528.66	64%
15	Food Civil Supplies and Consumer Affairs Department	583.12	278.31	48%
16	Public Works Department	6,786.83	4,243.32	63%
17	Health And Medical Education Department	7,478.38	5,613.97	75%
18	Social Welfare Department	3,160.93	2,029.97	64%
19	Housing And Urban Development Department	3,798.40	1,416.19	37%
20	Tourism Department	468.34	256.96	55%
21	Forest Department	1,727.74	1,262.95	73%
22	Irrigation And Food Control Department	1,465.35	708.76	48%
23	Public Health Engineering Department	3,938.88	1,875.76	48%
24	Hospitality Protocol Estates Parks & Gardens	283.76	196.56	69%
25	Labour Stationery and Printing Department	151.65	87.86	58%
26	Fisheries Department	218.97	131.22	60%
27	Higher Education Department	2,160.76	1,404.12	65%

Grant No.	Grant Name	Amount of Appropriation	Expenditure	Percentage utilization
28	Rural Development Department	4,986.46	1,790.35	36%
29	Transport Department	248.75	176.00	71%
30	Tribal Affairs Department	411.86	173.16	42%
31	Culture Department	333.84	47.17	14%
32	Horticulture Department	620.26	397.53	64%
33	Disaster Management Relief Rehabilitation and Reconstruction Department	1,088.38	872.88	80%
34	Youth Services And Technical Education Department	846.68	548.80	65%
35	Science And Technology Department	121.76	62.46	51%
36	Co-Operative Department	89.53	59.00	66%
	Grand Total	**1,39,795.19**	**1,11,983.49**	

Source: Appropriation Accounts.

Appendix 3.5
(Reference Paragraph: 3.5)
Grants with Nil Expenditure

(₹ in crore)

S. No	Grant No	Major Heads of Accounts	Budget Allocation	Expenditure	Number of Schemes /Sub Heads
1	1	2055,4059,4075 and 5452	58.64	0	4
2	2	2055, 4055 and 4059	46.30	0	5
3	3	3475 and 5475	440.68	0	9
4	6	4801	576.32	0	4
5	7	2202 and 4202	114.65	0	8
6	8	2075,2235,2049,5475,6235 and 6003	764.595	0	9
7	10	2014	5.48	0	1
8	11	4851	8.00	0	3
9	12	2402,4401 and 4851	387.31	0	11
10	13	4403	1.07	0	2
11	14	2401 and 4059	20.93	0	6
12	15	2408 and 4408	155.33	0	2
13	16	5054	15.72	0	2
14	17	2210, 2211 and 4210	105.46	0	10
15	18	2070,2225,2235,4225, 4236 and 4236	63.68	0	12
16	19	2217,4216 and 4217	274.92	0	8
17	21	4406	19.59	0	2
18	22	2701, 4701 and 4711	161.00	0	5
19	23	4215	1,602.02	0	2
20	25	4058	0.1	0	1
21	27	4202	42.25	0	2
22	28	2501 and 4515	68.80	0	5
23	29	2041	1	0	1
24	30	2225	19.68	0	3
25	31	4202	5	0	1
26	32	4401	0.38	0	1
27	33	4235	103.35	0	1
28	34	2230 and 4202	30	0	3
		Total	**5,092.25**		**123**

Appendix 3.6
(Reference Paragraph: 3.5.1)
Excess over provisions requiring regularization

(₹in crore)

Sl. No	Grant Number	Total Grant/ Appropriation	Expenditure	Excess
I-Revenue Voted				
1	8- Finance Department	10,771.20	12,294.47	1,523.28
2	16- Public Works Department	1,182.25	1,286.62	104.38
Total-I (Revenue Voted)		**11,953.44**	**13,581.10**	**1,627.65**
II-Revenue Charged				
3	8-Finance Department	7,093.67	7,360.31	266.64
Total-II (Revenue Charged)		**7,093.67**	**7,360.31**	**266.64**
III-Capital Charged				
4	8-Finance Department	41,420.20	41,575.17	154.97
Total-III (Capital Charged)		**41,420.20**	**41,575.17**	**154.97**
Total (I+II+III)		**60,467.31**	**62,516.58**	**2,049.26**

Appendix 3.7
(Reference Paragraph: 3.5.3)

Excess expenditure during the period 1980-81 to 2019-20 (01/04/2019 to 30/10/2019) requiring regularisation

(₹in crore)

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Status of regularisation
1980-81	16	1,5,6,7,8,9,12,13,14,16,18,19,20,21,22,23	227.9	Not regularised
1981-82	13	1,3,5,6,8,13,14,16,18,19, 20,21,23	41.99	
1982-83	10	6,8,9,12,14,18,19,21,22,23	119.74	
1983-84	12	1,5,6,7,8,14,18,19,20,21, 22,23	176.75	
1984-85	10	1,6,8,10,14,16,18,19,21,23	65.42	
1985-86	10	1,4,6,10,17,18,19,22,23,26	19.64	
1986-87	15	1,2,4,6,7,8,10,13,18,19,20,22,23,25,26	104.22	
1987-88	17	1,2,3,5,6,8,10,12,13,18,19,21,22,23,24,26,27	177.32	
1988-89	14	1,2,8,9,10,12,13,15,17,18, 22,23,26,27	438.42	
1989-90	9	1,7,8,11,12,20,21,23,24	205.23	
1990-91	11	1,2,5,8,12,17,19,21,23,25,26	427.72	
1991-92	13	1,2,5,7,8,11,12,14,21,22, 23,26,27	1,152.23	
1992-93	14	1,4,5,8,10,11,12,14,16,20, 21,23,24,26	1,029.71	
1993-94	17	2,3,5,8,10,12,13,14,17,18, 20,21,22,23,24,26,27	1,730.03	
1994-95	14	5,6,8,9,10,12,13,14,20,21, 23,24,26,27	2,057.49	
1995-96	19	2,5,6,8,9,10,11,12,13,16,17,18, 20,21,23,24,25,26,27	2,936.89	
1996-97	18	2,4,5,6,8,10,11,12,13,14,16,18, 20,21,23,24,26,27	3,482.20	
1997-98	16	1,2,4,6,8,9,12,13,16,18,21,22,23,24,26,27	4,189.21	
1998-99	6	4,5,6,8,23,27	4,185.25	
1999-2000	12	2,3,6,8,9,12,17,18,20,23,24,26	5,851.08	
2000-01	11	1,6,8,9,12,16,18,23,25, 26, 27	6,310.25	
2001-02	15	3,5,6,8,11,17,18,20,21,23,25,26,27,28,29	6,393.41	
2002-03	15	3,5,6,7,8,12,14,16,17,18,21,23, 25,26,28	505.61	
2003-04	18	3,5,7,8,12,13,14,15,16,17,18,20,21,23,24,25,26,28	9,770.53	
2004-05	15	3,6,8,9,12,14,15,16,18,20,25,26,27,28,29	2,108.42	

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Status of regularisation
2005-06	16	3,5,8, 10,12,15, 16,17,18, 20,21,23,25, 26,27,28	12,954.06	
2006-07	14	8,12,14,15,16,17,18,20,21,23,25,26,27,28	2,150.03	
2007-08	14	6,8,11,12,14,15,16,20,24,25,26,27,28,29	2,277.91	
2008-09	15	5,6,8,11,12,15,16,19,20,22,23,24,25,26,27	3,277.38	
2009-10	14	1,6,8,11,15,16,18,20,23,24,25,26,27,29	4,062.58	
2010-11	14	5,6,8,9,16,18,19,22,23,25,26,27,28,29	6,130.76	
2011-12	14	1,6,8,11,12,15,16,18,19,20,23,25,26,27	5,638.79	
2012-13	12	1,5,8,11,13,16,18,20,23,25,26,27	4,741.57	
2013-14	13	4,6,7,8,14,15,16,18,20,23,24,25,28	4,469.79	
2014-15	12	2,6,7,8,11,16,18,19,21,23,24,25	1,099.28	
2015-16	11	4,6,7,8,15,16,17,18,23,26,28	4,258.62	
2016-17	12	3,4,5,8,11,15,16,19,23,26,28,29	2,896.86	
2017-18	8	3,5,8,16,23,24,28,29	6,397.06	
2018-19	7	3,5,8,15,16,17,30	4,631.53	
2019-20 (01.04.2019 to 30.10.2019)	16	5,7,8,9,12,15,17,18,19,21,24,26,29,32,33,34	5,311.53	
		Total	**1,24,004.41**	

Appendix 3.8
(Reference Paragraph: 3.7.2)

Rush of expenditure (Major Heads with more than 50 per cent of expenditure in March alone)

(₹ in crore)

S. No.	G No.	MH	MH description	Ist Qtr. Exp.	2nd Qtr. Exp.	3rd Qtr. Exp.	4th Qtr. Exp.	March Exp.	Yearly Exp.	Exp. March *(Per cent)*
1	2	4070	Capital Outlay on other Administrative Services	0.00	0.00	0.00	4.58	4.07	4.58	89
2	3	5475	Capital Outlay on other General Economic Services	0.00	-0.05	7.42	32.68	27.64	40.05	69
3	4	4220	Capital Outlay on Information and Publicity	0.00	0.00	0.00	0.22	0.22	0.22	100
4	6	4801	Capital Outlay on Power Projects	13.67	17.55	203.58	995.20	827.17	1,230.00	67
5	8	2047	Other Fiscal Service	0.00	0.12	0.17	5.66	5.03	5.95	85
6	8	2048	Appropriation for reduction or avoidance of Debt	0.00	0.00	0.00	45.00	45.00	45.00	100
7	8	2075	Miscellaneous General Services	0.09	0.09	0.09	2.09	2.06	2.36	87
8	10	2030	Stamps and Registration	0.34	0.32	0.34	0.16	0.91	1.16	78
9	10	4059	Capital Outlay on Public Works	0.00	5.02	10.58	40.83	33.40	56.43	59
10	11	4852	Capital Outlay on Iron and Steel Industries	0.00	1.36	0.00	1.36	1.36	2.72	50
11	14	4059	Capital Outlay on Public Works	0.00	0.00	0.87	6.15	5.53	7.02	79
12	15	4235	Capital Outlay on Social Security and Welfare	0.00	0.00	0.00	3.53	3.53	3.53	100
13	15	4408	Capital Outlay on Food Storage and Warehousing	-0.88	-1.43	45.39	66.17	64.13	109.25	59
14	15	5475	Capital Outlay on other General Economic Services	0.00	0.00	0.00	0.38	0.24	0.38	64
15	18	2055	Police	0.00	0.00	0.00	3.10	3.10	3.10	100
16	18	2225	Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	3.21	2.72	4.98	29.25	20.30	40.16	51
17	18	4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	0.00	0.64	1.59	15.19	12.67	17.42	73

S. No.	G No.	MH	MH description	Ist Qtr. Exp.	2nd Qtr. Exp.	3rd Qtr. Exp.	4th Qtr. Exp.	March Exp.	Yearly Exp.	Exp. March *(Per cent)*
18	18	4235	Capital Outlay on Social Security and Welfare	0.20	2.60	7.12	15.08	15.79	25.00	63
19	19	4217	Capital Outlay on Urban Development	0.00	2.29	18.10	430.59	380.59	450.98	84
20	21	5425	Capital outlay on other Scientific and Environmental Research	0.01	0.26	0.32	1.06	0.94	1.65	57
21	23	4215	Capital Outlay on Water Supply and Sanitation	0.00	3.66	36.34	135.00	110.27	175.00	63
22	26	4405	Capital Outlay on Fisheries	0.00	0.41	7.66	23.10	15.76	31.17	51
23	29	5055	Capital Outlay on Road Transport	0.00	0.12	7.44	47.35	46.43	54.91	85
24	30	4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	0.00	0.04	12.73	95.15	72.07	107.92	67
25	34	4202	Capital Outlay on Education, Sports, Art and Culture	0.47	0.89	12.02	48.50	35.69	61.88	58
			Total (25 cases)	**17.11**	**36.61**	**376.74**	**2,047.38**	**1,733.90**	**2,477.84**	

Source: VLC Data

The negative figures are due to booking of receipts and recoveries (sale proceeds) shown as deduct recoveries, as per accounting procedure applicable to the Major Head, under various minor heads in Major Head 4408-Capital outlay on Food Storage and Warehousing and classification of recoveries of overpayments of previous years under Minor Head 911-Deduct Recoveries, in Major Head 5475-Capital outlay on other General Economic Services which has been rectified at the end of the year.

Appendix 4.1

(Reference Paragraph: 4.2)

Direct transfer of Central Scheme Funds to UT Government departments (funds routed outside UT Budget) (unaudited figures)

(₹ in lakh)

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases	Government of India Releases
			2020-21	2021-22
1	Atal Innovation Mission (AIM) including Self Employment and Talent Utilization (SETU)	Various Government Higher Secondary Schools	110.00	336.00
2	Assistance to State Agencies for Intra-state Movement of Foodgrains and FPS dealers margin under NFSA	Consumer Affairs & Public Distribution Department Jammu and Kashmir	13,784.68	4,750.57
3	Biotechnology Research and Development	Government Colleges for Women, M A Road, Srinagar, SKIMS, Soura, Srinagar.	68.00	-
4	Beti Bachao Beti Padhao	Various Dy. Commissioner, Government of Jammu and Kashmir	320.52	-
5	Development of Infrastructure for Promotion of Health Research	Medical College, Srinagar	47.99	32.19
6	Developing of Nursing Services	Various nursing schools of Jammu and Kashmir	1,125.00	-
7	Establishment Expenditure (EF&CL)	Pr. Chief Conservator of Forests Jammu and Kashmir	-	138.46
8	Establishment and Strengthening of NCDC Branches and Health Initiatives Inter Sectoral Coordination for Preparation and Control of Zoonotic Diseases and Other Neglected Tropical Diseases Surveillance of Viral Hepatitis Anti Microbial Resistance	Government Medical College, Jammu/ Srinagar	3.96	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases 2020-21	Government of India Releases 2021-22
9	e-Court Phase-II	Registrar General, High Court of Jammu and Kashmir	100.12	-
10	Extra Mural Research Projects through Research Institutes etc.	Government Ayurvedic Hospital, Jammu	9.00	16.00
11	Human Resource and Capacity Development	Government Medical College, Jammu	6.54	1.52
12	Health Sector Disaster Preparedness and Response and Human Resources Development for Emergency Medical Services	Government Medical College, Jammu	-	124.26
13	Integrated Scheme on Agriculture Census and Statistics	Agriculture Production Department of Jammu and Kashmir	313.78	207.17
14	Integrated Management of Public Distribution System	Consumer Affairs & Public Distribution Department Jammu and Kashmir	45.42	64.80
15	Innovation, Technology Development and Deployment	Jammu & Kashmir Council for Science and Technology	198.60	20.26
16	Infrastructure and Technology Development Schemes	District Development Commissioner, Budgam	103.58	-
17	Incentivization of Panchayat	Rashtriya Gram Swaraj Abhiyan	60.00	-
18	Management Support to Rural Development Programs and Strengthening of District Planning Process	Regional Extension Training Centre Budgam	-	16.61
19	National Organ Transplant Programme	Government Medical College, Jammu	-	22.00
20	Member of Parliament Local Area Development Scheme (MPLAD)	Various Distt. Deputy Commissioners, Government of Jammu and Kashmir	2,250.00	1,300.00
21	Maintenance of National Highways-Financed from CRF	Transport Commissioner, Government of Jammu and Kashmir	20.00	

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases 2020-21	Government of India Releases 2021-22
22	One Stop Center	Deputy Commissioner, Government of Jammu and Kashmir	218.84	-
23	Official Development Assistance for Sustainable	SPV-Aspirational, Baramulla/Kupwara	-	1,602.40
24	Pradhan Mantri Matru Vandana Yojana	Social Welfare Department, Jammu & Kashmir Government	750.11	-
25	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	70,883.40	66,458.12
26	Pradhan Mantri Kisan Sampada Yojana-Mega Food Parks	Department of Horticulture, Government of Jammu and Kashmir	150.00	-
27	PM Formalization of Micro Food Processing Enterprises PM-FME	Department of Horticulture, Government of Jammu and Kashmir	668.64	2.33
28	Price Monitoring Structure	Consumer Affairs & Public Distribution Department Jammu and Kashmir	3.42	-
29	Relief and Rehabilitation for Migrants and Repatriates	Dy. Commissioners/ Additional Deputy Commissioners of Jammu and Kashmir	-	12.00
30	Research/ Studies, Publicity, Monitoring and Evaluation of Development Schemes for Minorities	Government Degree College Sopore, Kashmir	2.50	2.50
31	Research Training and Studies and Other Road Safety Schemes	Transport Commissioner, Jammu and Kashmir	104.65	373.15
32	SAMARTHYA (BBBP Creche PMMVY Gender Budget Research Skilling Training etc.)	Social Welfare Department Jammu & Kashmir Government	-	4,037.77
33	SAMBAL (One Stop Centre Mahila Police Volunteer Women helpline Swadhar Ujjawala Widow homes etc.	Various One Stop Centres	-	388.85

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases 2020-21	Government of India Releases 2021-22
34	Science and Technology Institutional and Human Capacity Building	Government Degree Colleges	13.50	42.27
35	Sugar Subsidy Payable Under PDS	Consumer Affairs & Public Distribution Department Jammu and Kashmir	208.26	254.13
36	Support for Statistical Strengthening	Directorate of Economics & Statistics, Jammu and Kashmir	137.75	-
37	Women Help Line	Deputy Commissioner, Jammu	60.07	-
38	Other			0.25
	Grand Total		**91,768.33**	**80,203.61**

Source Finance Account.

Out of total amount of ₹ 3,99,276.12 lakh released by Government of India an amount of ₹80,203.61 lakh has been transferred to the various Government Department of Jammu and Kashmir and ₹3,19,072.50 lakh to various Autonomous Bodies/ other Entities of the Government (including ₹3,416.30 lakh to Central agencies). Please refer also para 3 (xiii) (a) of Notes to Finance Accounts Vol-I

Appendix 4.2
(Reference Paragraph: 4.13)
Position of Arrears of Accounts as on 31 March 2022

Sl. No.	Name of the Company	Last audited up to
1	J&K State Power Development Corporation Ltd.	2015-16
2	J&K State Industrial Development Corporation Ltd.	2013-14
3	J&K Small Scale Industries Development Corporation Ltd.	2016-17
4	J&K Minerals Limited	2010-11
5	JK Cements Limited	2011-12
6	J&K Handicrafts (S&E) Corporation Limited	2018-19
7	J&K Handloom Development Corporation Limited	2018-19
8	J&K Industries Limited	2013-14
9	J&K Agro Industries Development Corporation Limited	2014-15
10	J&K HPMC Ltd.	2014-15
11	J&K Cable Car Corporation Limited	2013-14
12	J&K Tourism Development Corporation Limited	2019-20
13	J&K SC/ST/OBC Development Corporation Limited	2017-18
14	J&K Projects Construction Corporation Limited	2018-19
15	J&K Police Housing Corporation Limited	2014-15
16	J&K Overseas Employment Corporation Limited	2010-11
17	J&K Bank Limited	2020-21
18	J&K Bank Financial Services Limited	2020-21
19	Chenab Valley Power Projects (P) Limited	2020-21
20	J&K Women Development Corporation Limited	2019-20
21	J&K Trade Promotion Organization	2019-20
22	J&K Power Transmission Corporation Ltd	2018-19
23	Kashmir Power Distribution Corporation Limited	2018-19
24	J&K Infrastructure Development Finance Corporation Ltd	2018-19
25	Srinagar Smart City limited	2017-18
26	J&K Forest Development Corporation	2012-13
Sl. No.	**Name of the Corporation**	**Last audited up to**
1	J&K Road Transport Corporation	2013-14
2	J&K Financial Corporation	2018-19

Appendix 5.1
(Reference paragraph: 5.3)
Detail of PSUs in Jammu & Kashmir under the audit jurisdiction of the CAG as on 31 March 2022

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 & Kashmir Small Scale Industries Development Corporation Limited	-
12	Jammu & Kashmir State Industrial Development Corporation Limited	-
13	Jammu & Kashmir Industries Limited	-
14	Jammu & Kashmir Overseas Employment Corporation Limited	-
15	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	-
16	Jammu & Kashmir Handloom Development Corporation Limited	-
17	Jammu & Kashmir Trade Promotion Organisation	-
18	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	-
19	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	-
20	Jammu & Kashmir Forest Development Corporation Limited	The Company was incorporated under the Companies Act, 2013 in December 2020 after repeal of J&K State Forest Corporation Act, 1978.
21	Jammu & Kashmir Medical Supplies Corporation Limited	The Company has not submitted its accounts since inception.
22	AIC-Jammu & Kashmir EDI Foundation	The Company has not submitted its accounts since inception.
II	**Inactive Government Companies**	
23	Jammu & Kashmir Asset Reconstruction Limited	The Govt. has accorded sanction to voluntary winding up of the Company vide order no FD 453 of 2019 dated 24 October 2019.
24	Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	The Company is under liquidation

Sl. No.	Sector type and Name of PSU	Remarks
C	**Competitive Environment Sector**	
I	**Working Government Companies**	
25	Jammu & Kashmir Cements Limited	-
26	Jammu & Kashmir Minerals Limited	-
27	Jammu & Kashmir Cable Car Corporation Limited	-
28	Jammu & Kashmir Bank Limited	-
29	JKB Financial Services Limited	-
30	Jammu & Kashmir Tourism Development Corporation Limited	-
II	**Working Statutory Corporation**	
31	Jammu & Kashmir and Ladakh 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 5.2
(Reference paragraph: 5.3)
Detail of turnover of PSUs as per their latest finalised accounts as of 30 September 2022

(₹in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Turnover
A	**Power Sector**			
I	**Working Government Companies**			
1	Jammu & Kashmir Power Development Corporation Limited	2015-16	2020-21	1,037.85
2	Jammu & Kashmir Power Corporation Limited	2018-19	2021-22	0
3	Jammu & Kashmir Power Transmission Corporation Limited	2018-19	2020-21	0
4	Jammu Power Distribution Corporation Limited	2018-19	2021-22	0
5	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	0
II	**Working Government Controlled Other Company**			
6	Chenab Valley Power Projects Private Limited	2021-22	2022-23	0
B	**Social Sector**			
I	**Working Government Companies**			
7	Jammu & Kashmir Agro Industries Development Corporation Limited	2018-19	2021-22	59.54
8	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2016-17	2021-22	6.49
9	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2018-19	2021-22	1.38
10	Jammu & Kashmir Women's Development Corporation Limited	2020-21	2021-22	4.10
11	Jammu & Kashmir Small Scale Industries Development Corporation Limited	2016-17	2021-22	438.50
12	Jammu & Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	19.16
13	Jammu & Kashmir Industries Limited	2018-19	2022-23	6.30
14	Jammu & Kashmir Overseas Employment Corporation Limited	2010-11	2013-14	0
15	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	11.12
16	Jammu & Kashmir Handloom Development Corporation Limited	2018-19	2020-21	38.37
17	Jammu & Kashmir Trade Promotion Organisation	2020-21	2021-22	0
18	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2019-20	2021-22	0
19	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2020-21	2022-23	0
20	Jammu & Kashmir Forest Development Corporation Limited	2019-20	2021-22	148.71
21	Jammu & Kashmir Medical Supplies Corporation Limited	-	-	-
22	AIC-Jammu & Kashmir EDI Foundation	-	-	-
II	**Inactive Government Companies**			
23	Jammu & Kashmir Asset Reconstruction Limited	-	-	-
24	Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	1991-92	1999-2000	-
C	**Competitive Environment Sector**			

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Turnover
I	**Working Government Companies**			
25	Jammu & Kashmir Cements Limited	2011-12	2019-20	120.50
26	Jammu & Kashmir Minerals Limited	2010-11	2020-21	14.30
27	Jammu & Kashmir Cable Car Corporation Limited	2013-14	2021-22	37.20
28	Jammu & Kashmir Bank Limited	2021-22	2022-23	8,013.48
29	JKB Financial Services Limited	2021-22	2022-23	9.48
30	Jammu & Kashmir Tourism Development Corporation Limited	2019-20	2021-22	45.90
II	**Working Statutory Corporation**			
31	Jammu & Kashmir and Ladakh Financial Corporation	2018-19	2019-20	6.03
32	Jammu & Kashmir Road Transport Corporation	2018-19	2020-21	79.71
III	**Inactive Government Companies**			
33	Tawi Scooters Limited	1989-90	1991-92	-
34	Himalayan Wool Combers Limited	1999-2000	2000-01	-
D	**Others**			
I	**Working Government Companies**			
35	Jammu & Kashmir Projects Construction Corporation Limited	2018-19	2020-21	409.06
36	Jammu & Kashmir Police Housing Corporation Limited	2014-15	2021-22	8.64
37	Srinagar Smart City Limited	2018-19	2021-22	0
38	Jammu Smart City Limited	2019-20	2021-22	0
39	Jammu Mass Rapid Transit Corporation Pvt. limited	-	-	-
40	Srinagar Mass Rapid Transit Corporation Pvt. limited	-	-	-
II	**Inactive Government Companies**			
41	Jammu & Kashmir Road Development Corporation Limited	-	-	-
42	Jammu & Kashmir International Trade Centre Corporation Limited	-	-	-
	Total			**10,515.82**

(Source: Latest finalized accounts of PSUs)

Appendix 5.3

(Reference paragraph: 5.4.1)

Statement showing position of equity and outstanding loans relating to PSUs as on 30 September 2022

(₹ in crore)

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2021-22				Long term Loans at the end of year 2021-22			
				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 & Kashmir Power Development Corporation Limited	Power Development Department (PDD)	Feb-1995	2,593.34	0	0	2,593.34	0	0	1,064.40	1,064.40
2	Jammu Power Distribution Corporation Limited	PDD	June-2013	0.05	0	0	0.05	0	0	0	0.00
3	Kashmir Power Distribution Corporation Limited	PDD	June-2013	0.05	0	0	0.05	0	0	0	0.00
4	Jammu & Kashmir Power Transmission Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	0	0.00
5	Jammu & Kashmir Power Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	10,321.83	10,321.83
	II. Working Government Controlled Other Company										
6	Chenab Valley Power Projects (Pvt.) Ltd.	PDD	June-2011	0	0	3,436.45*	3,436.45	0	0	598.57	598.57
	Total A			**2,593.54**	**0**	**3,436.45**	6,029.99	**0**	**0**	**11,984.80**	**11,984.80**
B	**Social Sector**										
	I. Working Government Companies										
7	Jammu & Kashmir Agro Industries Development Corporation Limited	Agriculture Production	30-Jan-70	2.6	0.94	0	3.54	25.19	0	0	25.19
8	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	Agriculture Production	10-Apr-78	6.80	3.20	0	10.00	11.75	0	0	11.75
9	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	Social Welfare	01-Apr-86	21.97	28.05	0	50.02	61.03	0	101.38	162.41
10	Jammu & Kashmir Women's Development Corporation Limited	Social Welfare	10-May-96	10.00	0	0	10.00	28.91	0	91.61	120.52
11	Jammu & 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 & Kashmir State Industrial Development Corporation Limited	Industries and Commerce	17-Mar-69	17.64	0	0	17.64	22.72	0	0	22.72
13	Jammu & Kashmir Industries Limited	Industry and Commerce	04-Oct-60	16.27	0	0	16.27	264.99	0	0	264.99

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2021-22				Long term Loans at the end of year 2021-22			
14	Jammu & Kashmir Overseas Employment Corporation Limited	Finance	10-Oct-10	4.06	0	0	4.06	0	0	0	0
15	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	Industries and Commerce	06-Jan-70	7.08	0.89	0	7.97	64.72	0	0	64.72
16	Jammu & Kashmir Handloom Development Corporation Limited	Industries and Commerce	29-Jun-81	3.49	1.5	0	4.99	71.46	0	0	71.46
17	Jammu & Kashmir Trade Promotion Organisation	Industries and Commerce	30-May-18	2.55	2.68	0	5.23	0.63	0	0	0.63
18	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	Finance	25-Sep-18	0.50	0	0	0.50	0	0	2,372.77	2372.77
19	Jammu & 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	
21	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	IT and Communication	07-Mar-19	0.50	0	0	0.50	0	0	0	0
22	Jammu & Kashmir Forest Development Corporation Limited	Forest	01-Jul-79	9.03	0	0	9.03	18.06	0	0	18.00
	Total I B			**192.50**	**37.26**	**0**	**229.76**	**569.46**	**0.00**	**2565.76**	**3135.22**
	II. Inactive Company										
23	Jammu & Kashmir Asset Reconstruction Limited	Finance	28-Apr-17	1.02	0.00	0.98	2.00	0.00	0.00	0.00	0.00
24	Jammu & Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	Industries and Commerce	29-Nov-91	0.40	0	0	0.40	NA	NA	NA	NA
	Total II B			**1.42**	**0**	**0.98**	**2.40**	0	0	0	0
	Total B(I+II)			**193.92**	**37.26**	**0.98**	**232.16**	**569.46**	**0**	**2565.76**	**3135.22**
C	**Competitive Sector**										
	I. Working Government Companies										
25	Jammu & Kashmir Cements Limited	Industries and Commerce	24-Dec-74	49.86	0	0	49.86	0	0	3.13	3.13
26	Jammu & Kashmir Minerals Limited	Industries and Commerce	05-Feb-60	8.00	0	0	8.00	169.78	0	0	169.78
27	Jammu & Kashmir Cable Car Corporation Limited	Tourism	28-Nov-88	23.57	0	0	23.57	0	0	0	0.00
28	Jammu & Kashmir Bank Limited	Finance	10-Oct-38	65.41	0	27.88	93.29	0	0	2,015.20	2015.20
29	Jammu & Kashmir Bank Financial Services Limited	Finance	27-Aug-09	0	0	20.00	20.00	0	0	7.60	7.60
30	Jammu & Kashmir and ladakh Financial Corporation	Finance	02-Dec-59	172.35	0	0.53	172.88	10.48	0	44.94	55.42
31	Jammu & Kashmir Road Transport Corporation	Transport	01-Sep-76	387.86	15.01	49.98	452.85	780.61	0	0	780.61
32	Jammu & Kashmir Tourism Development	Tourism	13-Feb-70	15.96**	0	0	15.96	8.26	0	0	8.26

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2021-22				Long term Loans at the end of year 2021-22			
	Corporation Limited										
	Total I C			**723.01**	**15.01**	**98.39**	**836.41**	**969.13**	**0**	**2070.87**	**3040**
	II. Inactive Companies										
33	Tawi Scooters Limited	Industries and Commerce	15-Dec-76	0.8	0	0	0.8	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)			**725.18**	**15.01**	**98.39**	**838.58**	**969.96**	**0**	**2070.87**	**3040.83**
D	**Others**										
	I. Working Government Companies										
35	Jammu & Kashmir Projects Construction Corporation Limited	Public Works	22-May-65	1.53	0	0	1.53	0	0	0	0.00
36	Jammu & Kashmir Police Housing Corporation Limited	Home	26-Dec-97	2.00	0	0	2.00	0	0	0	0.00
37	Jammu Smart City Limited	Urban Development	08-Sep-17	0.10	0	0	0.10	0	0	0	0.00
38	Srinagar Smart City Limited	Urban Development	08-Sep-17	0.10	0	0	0.10	0	0	0	0.00
39	Jammu Mass Rapid Transit Corporation Pvt. limited	Urban Development	12-Mar-19	0.02	0	0	0.02	0	0	0	0.00
40	Srinagar Mass Rapid Transit Corporation Pvt. limited	Urban Development	13-Mar-19	0.02	0	0	0.02	0	0	0	0.00
	Total I D			**3.77**	**0**	**0**	**3.77**	**0**	**0**	**0**	**0**
	II. Inactive Companies										
41	Jammu & Kashmir Road Development Corporation Limited	Public Works	31-Mar-14	5.00	0	0	5.00	0	0	0	0.00
42	Jammu & 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**			**53.00**				
	Total D (I+II)			**56.77**	**0**	**0**	**56.77**				
	Grand Total (A+B+C+D)			**3,569.41**	**52.27**	**3,535.82**	**7,157.50**	**1,539.42**	**0.00**	**16,621.43**	**18,160.85**

Source: Compiled based on information received from PSUs)

**This includes ₹ 100.00 crore share application money pending allotment.*

*** This includes ₹ 10.96 crore share application money pending allotment.*

Appendix 5.4

(Reference paragraph: 5.4.3)

Equity and Loans outstanding as per Finance Accounts vis-à-vis records of PSUs upto March 2022

(₹in crore)

Sl. No.	Name of PSU	As per records of PSU			As per Finance Account			Difference		
		Paid up Capital	Loans Outstanding	Guarantee Committed	Paid up Capital	Loans Outstanding	Guarantee Committed	Paid up Capital	Loans Outstanding	Guarantee Committed
1	Jammu & Kashmir Power Development Corporation Ltd.	2,593.34	0	1,209.83	2,593.34	85.05	1,209.83	0	-85.05	0
2	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	6.80	11.75	0	6.80	12.67	0	0	-0.92	0
3	Jammu & Kashmir Cements Limited	49.86	3.13	3.13	15.00	0	Awaited	34.86*	3.13	3.13**
4	Jammu & Kashmir Minerals Limited	8.00	169.78	0	8.00	1.86	0	0	167.92	0
5	Jammu & Kashmir Tourism Development Corporation	15.96	8.26	0	5.00	0	0	10.96***	8.26	0
6	Jammu & Kashmir Road Transport Corporation	387.86	780.61	0	387.86	479.23	0	0	301.38	0
7	Jammu & Kashmir Industries Limited	16.27	264.99	0	16.27	305.43	0	0	-40.44	0
	Total	**3,078.09**	**1,238.52**	**1,212.96**	**3,032.27**	**884.24**	**1,209.83**	**45.82**	**354.28**	**3.13**

(Source: Compiled based on information received from PSUs and Finance Accounts)

**Variation is due to contribution of GoJ&K ₹26.78 cr for new plant and ₹8.08 cr for grinding unit share certificates for which is pending with RoC.*

***Variations are due to information awaited in Finance Accounts*

**** Variation is due to share application money against which allotment is pending*

Appendix 5.5

(Reference paragraph: 5.5)

Statement of Profit Making PSUs as per the latest finalised accounts as of 30 September 2022

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit after interest and tax
1	Jammu & Kashmir Agro Industries Development Corporation Limited	2018-19	2021-22	0.04
2	Jammu & Kashmir Women's Development Corporation Limited	2020-21	2021-22	0.25
3	Jammu & Kashmir Small Scale Industries Development Corporation Limited	2018-19	2021-22	1.57
4	Jammu & Kashmir Cements Limited	2011-12	2019-20	6.30
5	Jammu & Kashmir Cable Car Corporation Limited	2013-14	2021-22	9.94
6	Jammu & Kashmir Bank Limited	2021-22	2022-23	501.56
7	JKB Financial Services Limited	2021-22	2022-23	2.88
8	Jammu & Kashmir and Ladakh Financial Corporation	2018-19	2019-20	3.18
9	Jammu & Kashmir Projects Construction Corporation Limited	2018-19	2020-21	3.16
10	Jammu & Kashmir Police Housing Corporation Limited	2014-15	2021-22	12.23
11	Jammu & Kashmir Power Development Corporation Limited	2015-16	2020-21	20.42
12	Chenab Valley Power Projects Private Limited	2021-22	2022-23	4.57
	Total			**566.10**

(Source: Compiled based on latest Finalized accounts of PSUs)

Appendix 5.6

(Reference paragraph: 5.7.2)

Return on Investment-Jammu & Kashmir Bank Limited (Listed PSU)

(₹ in lakh)

Year	Equity	Equity added	Grants\ Subsidy	Dividend receipts	Disinvest-ments receipts	No. of Years	Rate of interest I	1+r	Inception value of equity added	Inception value of Grants\ Subsidy	PV of Disinvest-ments receipts	PV of Dividend receipts	Cost of investment	No of Shares	Market Price per Share (Rs.)	Market Value of Share	Current Value of Investment	ROI	CAGR
A	B	C	D	E	F	g	H	I	J	k	l	M	N	O	P	q	R	S	U
								(1+h)	c/product of I since inception to year value of (g-1)	d/product of I since inception to year value of (g-1)	f*product of I from the year to the last year	e*product of I from the year to the last year	b+Σj+Σk			O*P	q+Σl+Σm	((r-n)/n)/g	((Current year ROI/ ROI of 1999-2000)^1/(g-1)-1)*100
1998-99	4,847.78	0	0	773.26	0	1	0.1088	1.11	0.00	0	0.00	4,967.65	4,847.78	4,84,77,802	28.00	13,573.78	18,541.43	282.47	
1999-2000	4,847.78	0	0	902.13	0	2	0.1196	1.12	0.00	0	0.00	5,226.90	4,847.78	4,84,77,802	36.15	17,524.73	27,719.28	235.90	-16.49
2000-01	4,847.78	0	0	1,031.01	0	3	0.0923	1.09	0.00	0	0.00	5,335.48	4,847.78	4,84,77,802	37.30	18,082.22	33,612.25	197.78	-16.32
2001-02	4,847.78	0	0	1,288.76	0	4	0.1120	1.11	0.00	0	0.00	6,105.78	4,847.78	4,84,77,802	73.35	35,558.47	57,194.28	269.95	-1.50
2002-03	4,847.78	0	0	1,546.52	0	5	0.1054	1.11	0.00	0	0.00	6,588.98	4,847.78	4,84,77,802	113.85	55,191.98	83,416.77	324.14	3.50
2003-04	4,847.78	0	0	2,577.53	0	6	0.1095	1.11	0.00	0	0.00	9,934.53	4,847.78	4,84,77,802	493.15	2,39,068.28	2,77,227.60	936.44	27.09
2004-05	4,847.78	0	0	2,062.02	0	7	0.0897	1.09	0.00	0	0.00	7,163.25	4,847.78	4,84,77,802	363.05	1,75,998.66	2,21,321.23	637.92	14.54
2005-06	4,847.78	0	0	2,062.02	0	8	0.0815	1.08	0.00	0	0.00	6,573.60	4,847.78	4,84,77,802	450.80	2,18,537.93	2,70,434.09	684.81	13.49
2006-07	4,847.78	0	0	2,964.16	0	9	0.1166	1.12	0.00	0	0.00	8,737.44	4,847.78	4,84,77,802	643.15	3,11,784.98	3,72,418.59	842.47	14.64
2007-08	4,847.78	0	0	3,995.17	0	10	0.1407	1.14	0.00	0	0.00	10,546.80	4,847.78	4,84,77,802	678.55	3,28,946.13	4,00,126.52	815.38	12.50
2008-09	4,847.78	0	0	4,256.02	0	11	0.0794	1.08	0.00	0	0.00	9,849.58	4,847.78	4,84,77,802	314.80	1,52,608.12	2,33,638.10	429.04	4.27
2009-10	4,847.78	0	0	5,670.56	0	12	0.0945	1.09	0.00	0	0.00	12,157.87	4,847.78	4,84,77,802	681.70	3,30,473.18	4,23,661.03	719.94	8.88
2010-11	4,847.78	0	0	6,701.57	0	13	0.0903	1.09	0.00	0	0.00	13,127.82	4,847.78	4,84,77,802	874.00	4,23,695.99	5,30,011.67	833.31	9.43
2011-12	4,847.78	0	0	8,634.71	0	14	0.0828	1.08	0.00	0	0.00	15,513.79	4,847.78	4,84,77,802	919.00	4,45,511.00	5,67,340.47	828.79	8.63
2012-13	4,847.78	0	0	12,887.63	0	15	0.0819	1.08	0.00	0	0.00	21,384.30	4,847.78	4,84,77,802	1191.00	5,77,370.62	7,20,584.39	984.28	9.33
2013-14	4,847.78	0	0	12,887.63	0	16	0.0714	1.07	0.00	0	0.00	19,765.50	4,847.78	4,84,77,802	1538.00	7,45,588.59	9,08,567.86	1165.12	9.91
2014-15	4,847.78	0	0	5,412.81	0	17	0.0768	1.08	0.00	0	0.00	7,748.28	4,847.78	48,47,78,020	95.05	4,60,781.51	6,31,509.06	760.40	6.38
2015-16	4,847.78	0	0	4,510.67	0	18	0.0725	1.07	0.00	0	0.00	5,996.38	4,847.78	48,47,78,020	60.50	2,93,290.70	4,70,014.64	533.08	3.81
2016-17	4,847.78	3,655.51	0	0	0	19	0.0783	1.08	705.30	0	0.00	0.00	5,553.08	52,13,33,071	75.00	3,90,999.80	5,67,723.74	532.82	3.59
2017-18	4,847.78	3,525.00	0	0	0	20	0.0723	1.07	630.73	0	0.00	0.00	6,183.81	55,68,58,392	60.35	3,36,064.04	5,12,787.97	409.61	1.98
2018-19	4,847.78	0	0	0	0	21	0.0720	1.07	0.00	0	0.00	0.00	6,183.81	55,68,58,392	53.70	2,99,032.96	4,75,756.89	361.60	1.24
2019-20	4,847.78	1,566.00	0	0	0	22	0.0720	1.07	243.76	0	0.00	0.00	6,427.57	71,34,50,938	12.36	88,182.54	2,64,906.47	182.79	-2.05
2020-21	4,847.78	0	0	0	0	23	0.0672	1.07	0.00	0	0.00	0.00	6,427.57	71,34,50,938	26.65	1,90,134.67	3,66,858.61	243.81	-0.67
2021-22	4,847.78	2194.36	0	0	0	24	0.0690	1.07	299.12	0	0.00	0.00	6726.69	93,28,86,594	32.30	3,01,322.37	4,78,046.30	291.95	0.14

Appendix 5.7

(Reference paragraph: 5.7.5)

Year-wise investment by the Government and present value (PV) of Government investment in non-listed PSUs for the period from 1999-2000 to 2021-22

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the GoJK during the year	Net Interest free loan given by the GoJK during the year	Interest free loan converted into Equity during the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year
A	**B**	**C**	**D**	**E**	**F=C+D-E**	**G=B+F**	**H**	**I=G*(1+H/100)**
Upto 1999-2000	352.29	7.14	0	0	7.14	359.43	11.96	402.42
2000-01	402.42	4.56	0	0	4.56	406.98	9.23	444.54
2001-02	444.54	1.82	0	0	1.82	446.36	11.2	496.35
2002-03	496.35	13.29	0	0	13.29	509.64	10.54	563.36
2003-04	563.36	2.80	0	0	2.8	566.16	10.95	628.16
2004-05	628.16	4.03	0	0	4.03	632.19	8.97	688.89
2005-06	688.89	7.55	0	0	7.55	696.44	8.15	753.20
2006-07	753.20	2.50	0	0	2.5	755.70	11.66	843.82
2007-08	843.82	1.20	11.55	0	12.75	856.57	14.07	977.09
2008-09	977.09	7.63	0	0	7.63	984.72	7.94	1,062.90
2009-10	1,062.90	17.09	0	0	17.09	1,079.99	9.45	1,182.05
2010-11	1,182.05	11.06	0	0	11.06	1,193.11	9.03	1,300.85
2011-12	1,300.85	6.09	0	0	6.09	1,306.94	8.28	1,415.16
2012-13	1,415.16	7.00	0	0	7	1,422.16	8.19	1,538.63
2013-14	1,538.63	78.08	0	0	78.08	1,616.71	7.14	1,732.14
2014-15	1,732.14	1.21	3.62	0	4.83	1,736.97	7.68	1,870.37
2015-16	1,870.37	6.85	0	0	6.85	1,877.22	7.25	2,013.32
2016-17	2,013.32	9.56	0	0	9.56	2,022.88	7.83	2,181.27
2017-18	2,181.27	97.30	21.83	17.5	101.63	2,282.90	7.23	2,447.96
2018-19	2,447.96	120.74	23.18	0	143.92	2,591.88	7.20	2,778.49
2019-20	2,778.49	2,616.82	15.88	0	2632.7	5,411.19	7.20	5,800.80
2020-21	5,800.80	83.47	47.1	0	130.57	5,931.37	7.82	6,395.20
2021-22	6,395.20	554.32	16.63	0	570.95	6,966.15	7.94	7,519.26
Total		**3,662.11**	**139.79**	**17.5**	**3,784.40**			

(Source: Compiled based on latest information furnished by the respective PSUs as of March 2022)

Appendix 5.8

(Reference paragraph: 5.8)

Detail of Loss Making PSUs as per the latest finalized accounts as of 30 September 2022

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit(+)/ Loss(-) after interest and tax	Paid up Capital	Long Term Loan	Free Reserves	Accumulated Profit/Loss	Capital employed	Net worth
I	**Government Companies**									
1	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2016-17	2021-22	-10.25	9.20	106.41	0.00	-134.76	-19.15	-125.56
2	Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2018-19	2021-22	-6.17	47.37	98.62	0.00	-49.35	96.64	-1.98
3	Jammu & Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-20.54	17.65	24.36	0.00	-146.99	-104.98	-129.34
4	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	-8.60	8.52	154.66	0.00	-170.06	-6.88	-161.54
5	Jammu & Kashmir Handloom Development Corporation Limited	2018-19	2020-21	-1.28	4.99	150.73	0.00	-140.20	15.52	-135.21
6	Jammu & Kashmir Trade Promotion Organisation	2020-21	2021-22	-1.10	5.23	0	0	-1.14	4.09	4.09
7	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2019-20	2021-22	-0.09	0.50	641.38	0	-0.16	641.72	0.34
8	Jammu & Kashmir Tourism Development Corporation Limited	2019-20	2021-22	-6.14	15.96	4.26	0.00	-3.35	16.87	12.61
9	Jammu & Kashmir Minerals Limited	2010-11	2020-21	-8.38	8.00	263.83	0.16	-225.01	46.98	-216.85
10	Jammu & Kashmir Forest Development Corporation Limited	2019-20	2021-22	-3.99	9.03	18.05	0.00	-249.13	-222.05	-240.10
11	Jammu Smart City Limited	2019-20	2021-22	-2.02	0	0	6.37	0	6.37	6.37
12	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2020-21	2022-23	-0.09	0.50	0	0	-0.03	0.47	0.47
13	Jammu & Kashmir Power Transmission Corporation Limited	2018-19	2020-21	-0.0035	0.05	0	0	-0.03	0.02	0.02
14	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	-0.0035	0	0	0	-0.03	-0.03	-0.03
15	Jammu & Kashmir Power Corporation Limited	2018-19	2021-22	-0.0035	0.05	0	0	-0.03	0.02	0.02
16	Jammu Power Distribution Corporation Limited	2018-19	2021-22	-0.0035	0	0	0	-0.03	-0.03	-0.03
	Total			**-68.66**	**127.05**	**1,462.30**	**6.53**	**-1,120.30**	**475.58**	**-986.72**
II	**Statutory Corporation**									
17	Jammu & Kashmir Road Transport Corporation	2018-19	2020-21	**-117.62**	**207.96**	**676.02**	**0**	**-1,634.94**	**-750.96**	**-1,426.98**
	Grand Total			**-186.28**	**335.01**	**2,138.32**	**6.53**	**-2755.24**	**-275.38**	**-2,413.70**

Appendix 5.9

(Reference paragraph: 5.8.1)

Detail of PSUs having accumulated losses as per their latest finalised accounts as of 30 September 2022

(₹in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit(+)/ Loss(-) after interest and tax	Paid up Capital	Long Term Loan	Free Reserves	Accumulated Profit/Loss	Capital employed	Net worth
Government Companies										
1	Jammu & Kashmir Agro Industries Development Corporation Limited	2018-19	2021-22	0.04	3.54	25.19	0	-50.30	-21.57	-46.76
2	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2016-17	2021-22	-10.25	9.2	106.41	0	-134.76	-19.15	-125.56
3	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2018-19	2021-22	-6.17	47.37	98.62	0	-49.35	96.64	-1.98
4	Jammu & Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-20.54	17.65	24.36	0	-146.99	-104.98	-129.34
5	Jammu & Kashmir Industries Limited	2018-19	2021-22	0.07	16.27	900.90	0.00	-907.17	10.00	-890.90
6	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	-8.6	8.52	154.66	0	-170.06	-6.88	-161.54
7	Jammu & Kashmir Handloom Development Corporation Limited	2018-19	2020-21	-1.28	4.99	150.73	0	-132.99	22.73	-128.00
8	Jammu & Kashmir Trade Promotion Organisation	2020-21	2021-22	-1.10	5.23	0	0	-1.14	4.09	4.09
9	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2019-20	2021-22	-0.09	0.50	641.38	0	-0.16	641.72	0.34
10	Jammu & Kashmir Forest Development Corporation Limited	2019-20	2021-22	-3.99	9.03	18.05	0	-249.13	-222.05	-240.10
11	Jammu & Kashmir Minerals Limited	2010-11	2020-21	-8.38	8.00	263.83	0.16	-225.01	46.98	-216.85
12	JKB Financial Services Limited	2020-21	2021-22	2.67	20.00	0	0	-3.19	16.81	16.81
13	Jammu & Kashmir Tourism Development Corporation Limited	2019-20	2021-22	-6.14	15.96	4.26	0	-3.35	16.87	12.61
14	Jammu & Kashmir and Ladakh Financial Corporation	2018-19	2019-20	3.18	172.89	39.43	0	-172.97	39.35	-0.08
15	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2020-21	2022-23	-0.09	0.50	0	0	-0.03	0.47	0.47
16	Jammu & Kashmir Power Transmission Corporation Limited	2018-19	2020-21	-0.0035	0.05	0	0	-0.03	0.02	0.02
17	Kashmir Power Distribution Corporation Limited	2018-19	2020-21	-0.0035	0	0	0	-0.03	-0.03	-0.03
18	Jammu & Kashmir Power Corporation Limited	2018-19	2021-22	-0.0035	0.05	0	0	-0.03	0.02	0.02
19	Jammu Power Distribution Corporation Limited	2018-19	2021-22	-0.0035	0	0	0	-0.03	-0.03	-0.03
	Total			**-60.68**	**339.75**	**2,427.82**	**0.16**	**-2,246.72**	**521.01**	**-1,906.81**
Statutory Corporation										
20	Jammu & Kashmir Road Transport Corporation	2018-19	2020-21	-117.62	207.96	676.02	0	-1,634.94	-750.96	-1,426.98
	Grand Total			**-178.30**	**547.71**	**3,103.84**	**0.16**	**-3,881.66**	**-229.95**	**-3,333.79**

Appendix 5.10

(Reference paragraph: 5.11.2)

Statement showing position of GoJ&K investment in working PSUs accounts of which are in arrears as of 30 September 2022

(₹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	2018-19	3.54	3	0	0	0	0	0
2	J&K Horticultural Produce Marketing and Processing Corporation Limited	2016-17	9.20	5	0.80	14.90	10.00	0	25.70
3	J&K Small Scale Industries Development Corporation Limited	2016-17	3.12	5	0	0	1.37	0	1.37
4	J&K State Industrial Development Corporation Limited	2013-14	17.64	8	0	0	272.58	0	272.58
5	J&K Project Construction Corporation Limited	2018-19	1.97	3	0	0	0	0	0
6	J&K Police Housing Corporation Limited	2014-15	2.00	7	0	0	0	0	0
7	J&K Handloom Development Corporation Limited	2018-19	4.99	3	0	8.90	11.80	0	20.70
8	J&K Handicrafts (Sale and Export) Development Corporation Limited	2018-19	8.52	3	0	11.25	15.89	0	27.14
9	J&K Industries Limited	2018-19	16.27	3	0	0	38.90	0	38.90
10	J&K Minerals Limited	2010-11	8.00	11	0	12.69	39.34	0	52.03
11	J&K Tourism Development Corporation Limited	2019-20	15.96	2	0	0	13.56	0	13.56
12	J&K Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	2018-19	47.37	3	2.40	21.55	1.10	0	25.05
13	J&K Women's Development Corporation Limited	2020-21	10.00	1	0	3.00	0	0	3.00
14	J&K Cements Limited	2011-12	45.77	10	0	5.82	2.63	0	8.45
15	J&K Cable Car Corporation Limited	2013-14	23.57	8	0	0	26.19	0	26.19
16	J&K Overseas Employment Corporation Limited	2010-11	2.56	11	0	0	0	0	0
17	J&K Infrastructure Development Finance Corporation Limited	2019-20	0.50	2	0	0	337.26	0	337.26
18	J&K I.T. Infrastructure Development Private Limited	2020-21	0.50	1	0	0	0	0	0
19	J&K Trade Promotion Organization	2020-21	5.23	1	0	0.63	0	0	0.63
20	J&K Power Development Corporation Limited	2015-16	5.00	6	0	0	743.86	0	743.86
21	J&K Power Transmission Corporation Limited	2018-19	0.05	3	0.05	0	427.07	0	427.12
22	Kashmir Power Distribution Corporation Limited	2018-19	0	3	0	0	1,196.02	450.00	1,646.02
23	J&K Forest Development Corporation Ltd.	2019-20	9.03	2	0	0	0	0	0
24	Srinagar Smart City Limited	2018-19	0.10	3	0	0	84.20	0	84.2
25	J&K Power Corporation Limited	2018-19	0.05	3	0.05	0	4,165.26	0	4,165.31
26	Jammu Power Distribution Corporation Limited	2018-19	0	3	0.05	0	1,095.57	1,050.00	2,145.62
27	Jammu Smart City Limited	2019-20	0	2	0.10	0	106.27	0	106.37
28	J&K Medical Supplies Corporation Limited	*	*	8	0	0	0	0	0
29	AIC-Jammu & Kashmir EDI Foundation[+]	*	*	4	0	0	0	0	0
30	Jammu Mass Rapid Transit Corporation Private Limited	*	*	3	0	0	0	0	0
31	Srinagar Mass Rapid Transit Corporation Private Limited	*	*	3	0	0	0	0	0
	Total A		**240.94**	**133**	**3.45**	**78.74**	**8,588.87**	**1,500.00**	**10,171.06**
B	**Working Statutory Corporations**								

Sl. No.	Name of the Public Sector Undertakings	Year up to which accounts	Paid-up capital	Period of accounts	Investment made by Government of J&K during the period for which accounts are in arrears				
32	J&K State Road Transport Corporation	2018-19	207.96	3	146.96	105.50	0	0	252.46
33	J&K and Ladakh Financial Corporation	2018-19	172.89	3	0	5.55	0	0	5.55
	Total B		**380.85**	**6**	**146.96**	**111.05**	**0**	**0**	**258.01**
	Total (A+B)		**621.79**	**139**	**150.41**	**189.79**	**8,588.87**	**1,500.00**	**10,429.07**

(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 2021-22

Appendix 6
Glossary of important Budget related terms

1. ***'Accounts' or 'actuals' of a year*** - are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2. ***'Administrative approval' of a scheme, proposal or work*** - is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3. ***'Annual financial statement'*** - Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.
4. ***'Appropriation'*** - means the amount authorized by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5. ***'Charged Expenditure'*** - means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6. ***'Consolidated Fund of India/ State'*** - All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7. ***'Contingency Fund'***- is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive /Government to meet unforeseen expenditure arising in the course of a year pending its authorization by the Parliament/State Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/State Legislature approves it through the Supplementary Demands.
8. **'*Controlling Officer (budget)'*** - means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9. ***'Drawing and Disbursing Officer' (DDO)*** - means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function
10. **'*Excess Grant'*** - Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that

requires regularization by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.

11. ***'New Service'*** **-** As appearing in Article 115(1)(a)/205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/State Legislature earlier, including a new activity or a new form of investment.
12. *'****New Instrument of Service'*** **-** means relatively large expenditure arising out of important expansion of an existing activity.
13. ***'Public Accounts'*** **-** means the Public Account referred to in Section 115 (2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.
14. ***'Re-appropriation'*** **-** means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
15. ***'Revised Estimate'*** **-** is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.
16. ***'Supplementary Demands for Grants'*** **-** means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.

    a) **Cash Supplementary -** is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the State.
    b) There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the State Legislature, allows to utilize the savings of one of the Sections for any other Section.
    c) **Token Supplementary -** allows to utilize the savings within the same section of the grant.
17. ***'Major Head'*** **-** means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.
18. ***'Sub-Major Head'*** **-** means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are

numerous and can conveniently be grouped together under such intermediate Head.

19. ***'Minor Head'*** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.
20. ***'Sub-Head'*** - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
21. ***'Major Work***' - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.
22. ***'Minor Work'*** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
23. ***'Modified Grant or Appropriation'*** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
24. ***'Supplementary or Additional Grant or Appropriation'*** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
25. ***'Schedule of New Expenditure'*** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.
26. ***'Token demand'*** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.

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Report of the Comptroller and Auditor General of India on Union Territory Finances for the year 2022-23

Government of Union Territory of Jammu and Kashmir

Report No. 1 of 2024

(Union Territory Finances Audit Report)

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PREFACE

This Report for the year ended 31 March 2023 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act, 2019 for laying in the Legislative Assembly.

Chapter I of this report describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and fiscal position including the deficits/ surplus.

Chapter II provides a broad perspective of the finances of the Union Territory, major fiscal aggregates, debt profile and key public accounts transactions based on the Finance Accounts of the Union Territory.

Chapter III is based on the Appropriation Accounts of the Union Territory of Jammu and Kashmir and reviews the appropriations and allocative priorities of the Union Territory Government and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter IV comments on the quality of accounts rendered by various authorities of the UT Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the UT Government.

Chapter V discusses the financial performance of Public Sector Undertakings.

The Report containing the findings of audit of transactions in various departments, audit of Statutory Corporations, Boards and Government Companies and observations on Revenue Receipts are presented separately.

Executive Summary

EXECUTIVE SUMMARY

About the Report

This Report of the CAG of India on the UT finances for the year 2022-23 provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to the UT's finances.

The executive summary highlights the contents of the report and through snapshots of important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projections, the reasons for variations and their impact.

Gross State Domestic Product (GSDP) (at current prices) grew by 35.95 *per cent* from ₹1,67,652 crore in 2020-21 to ₹2,27,927 crore in 2022-23. Budget outlay of the UT grew by 11.97 *per cent* from ₹1,33,595.72 crore in 2020-21 to ₹1,49,582.03 crore in 2022-23.

There was 14.01 *per cent* growth in GSDP during 2022-23 over the previous year. Revenue receipts grew at 16.44 *per cent* and the percentage of revenue receipts over GSDP increased from 29.63 *per cent* in 2021-22 to 30.26 *per cent* in 2022-23. Tax revenue increased by 5.37 *per cent* during the period and the UT's own revenue increased by 5.65 *per cent*. Total expenditure (revenue expenditure, capital expenditure and loans and advances) of the UT of Jammu and Kashmir increased by 4.89 *per cent* from ₹70,390.14 crore in 2021-22 to ₹73,832.65 crore. Of this, revenue expenditure showed 6.29 *per cent* increase from 2021-22.

Against the revenue deficit of ₹30.83 crore during 2021-22 there was a surplus of ₹5,976.61 crore during 2022-23, while fiscal deficit decreased from ₹11,150.60 crore in 2021-22 to ₹4,855.37 crore in 2022-23, decreasing by 56.46 *per cent*.

Receipt-Expenditure mismatch

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The UT has different sources of receipts such as Own Tax Revenue, Non-tax Revenue, Grants-in-aid from the Union Government and non-debt capital receipts. The UT Government's expenditure includes expenditure on revenue account as well as capital expenditure (assets creation, loans and advances, investments, etc).

From 2020-21 to 2022-23, revenue receipts of the UT grew by 31.39 *per cent* from ₹52,495.48 crore to ₹68,975.95 crore. Capital receipts[1] increased from ₹40,635.06 crore in 2020-21 to ₹50,200.89 crore during 2021-22, but again decreased to ₹38,115.80 crore during 2022-23.

The share of Grants-in-aid in revenue receipts rose from 72.07 *per cent* in 2021-22 to 74.65 *per cent* in 2022-23, indicating increased reliance on support from the Government of India. The UT Government received ₹6,029.68 crore as Central share

[1] Excluding back to back loans received during 2020-21 and 2021-22 as GST compensation shortfall.

for the Centrally Sponsored Schemes (CSSs) during 2022-23. Other transfers/Grants to States/Union Territories with Legislature amounting to ₹45,463.25 crore were also received by the UT Government during the year from the Government of India.

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the UT's infrastructure and service network. Between 2020-21 and 2022-23, revenue expenditure increased from ₹52,633.75 crore (31.39 *per cent* of GSDP) to ₹62,999.34 crore (27.64 *per cent* of GSDP). It consistently made up a significant portion (83 to 85 *per cent*) of the total expenditure during this period.

Result of expenditure beyond means

The gap between revenue receipts and revenue expenditure results in revenue deficit. As against the revenue deficit of ₹138.27 crore and ₹30.83 crore during 2020-21 and 2021-22 respectively, there was revenue surplus of ₹5,976.61 crore during 2022-23.

The UT Government spent ₹10,773.78 crore only on capital account. This was 14.59 *per cent* of the total expenditure in the year 2022-23. During 2022-23 the UT Government utilised 87.52 *per cent* of its current borrowings for repayment of borrowings (principal). Thus, the borrowed funds were being used mainly for repayment of borrowings instead of capital creation/ development activities.

The gap between the total expenditure and total non-debt receipts of the UT results in fiscal deficit. The fiscal deficit of the UT increased from ₹10,693.36 crore (6.38 *per cent* of GSDP) in 2020-21 to ₹11,150.60 crore (5.58 *per cent* of GSDP) in 2021-22, but decreased to ₹4,855.37 crore (2.13 *per cent* of GSDP) in 2022-23.

Under revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 75-76 *per cent* of revenue expenditure during 2020-21 (74.67 *per cent*) and 2022-23 (75.36 *per cent*). Committed expenditure increased by 20.80 *per cent* from ₹39,302.27 crore in 2020-21 to ₹47,475.27 crore in 2022-23 {an increase of 5.50 *per cent* over 2021-22 (₹2,474.32 crore)}.

In addition to committed expenditure, inflexible expenditure ranged between 2.94 *per cent* and 4.36 *per cent* of revenue expenditure during 2020-21 to 2022-23. Inflexible expenditure increased from ₹1,741.60 crore in 2021-22 to ₹2,199.44 crore in 2022-23, registering an increase of 26.29 *per cent*.

Taken together, the committed and inflexible expenditure in 2022-23 was ₹49,674.71 crore; 79 *per cent* of the revenue expenditure. Upward trend on committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

Subsidies component in non-committed expenditure

Within non-committed expenditure, there was a decreasing trend of subsidies, which decreased from ₹128.24 crore (0.96 *per cent*) in 2020-21 to ₹28.03 crore (0.18 *per cent*) in 2022-23.

Off-budget borrowings

The UT Government, through Public Sector Undertakings raised ₹23,911.53 crore as off-budget borrowings, which did not flow into the Consolidated Fund of the UT but are required to be repaid and serviced through the budget.

Contingent Liabilities on account of Guarantees

As of March 2023 the cumulative amount of outstanding guarantees against borrowings by the Union Territory Government (from 31 October 2019 onwards) post re-organisation was ₹24,867.44 crore. The annual increase of ₹12,538.64 crore in outstanding guarantees of the UT during 2022-23 was within the prescribed limits fixed in the FRBM Act, 2006. The outstanding guarantees for ₹24,867.44 crore as on 31 March 2023 were in respect of Power (₹22,513.61 crore); Cooperatives (-₹32.00 crore[2]); State Financial Corporation (₹13.66 crore) and other institutions (₹2,372.17 crore).

Fiscal sustainability

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of off-budget borrowings, guarantees, subsidies, etc. So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests, etc. and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes, transfer to reserve funds, transfer to local bodies, etc.

FRBM requirements and compliance with fiscal parameters

The FRBM Act/ Rules prescribes certain limits within which revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be maintained, and similarly for guarantees as a percentage of revenue receipts of the previous year. The Government of Jammu and Kashmir has not fixed any targets of fiscal indicators in the Medium Term Fiscal Policy Statement.

In 2022-23, the UT had a revenue surplus of ₹5,976.61 crore which comprised 2.62 *per cent* of GSDP; the fiscal deficit was 2.13 *per cent* of GSDP and the ratio of Public Liability to GSDP was 12.26 *per cent.* Further, if the quantum of off-budget borrowings is included as part of debt, the overall public liability (includes Public Debt and Public Account Liabilities) of the Government was 22.75 *per cent* of the GSDP.

[2] Minus figures due to non-apportionment of Assets and Liabilities as a result of re-organisation.

As per the debt stabilisation analysis, the public debt of the Government of Jammu and Kashmir has increased by 120 *per cent* from ₹10,567.85 crore in 2020-21 to ₹23,240.11 crore in 2022-23. Public debt-GSDP ratio of UT of Jammu and Kashmir has increased from 6.30 *per cent* in 2020-21 to 10.20 *per cent* in 2022-23 which cannot be considered as leading to stability. Ratio of interest payments on Public Debt to revenue receipts showed an increasing trend, from 8.16 *per cent* in 2020-21 to 9.08 *per cent* in 2022-23 which is indicative of decreased debt sustainability.

During 2020-21 and 2021-22, the UT had primary deficit, which later turned to primary surplus in 2022-23. The Domar gap (g-r) remained negative during 2020-21, which turned positive[3] in 2021-22 and 2022-23. Even though both the primary balance and Domar Gap remained positive in 2022-23, the same is not adequate to keep pace with the increase in outstanding debt in tandem with the increase in economic growth. This led to increase in Public Debt to GSDP ratio in 2022-23.

Misclassification in accounts

It was noticed that ₹219.13 crore of Revenue expenditure which included Grants-in-aid of ₹191.10 crore and subsidy of ₹28.03 crore was booked under the wrong head of account as Capital expenditure.

Funds to Single Nodal Agency

The Government of India and the UT Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the UT Government is transferred to the bank account of the SNA lying outside the Government Account.

The Government of Union Territory of Jammu and Kashmir received ₹6,131.40 crore[4] being Central share during the year. As on 31 March 2023, the Government transferred ₹3,514.36 crore being Central share and corresponding Union Territory share of ₹549.62 crore to the SNAs. Detailed vouchers and supporting documents of actual expenditure were not received by Principal Accountant General (A&E) office from the SNAs. As per the data available on Public Financial Management System (PFMS), ₹3,603.59 crore is lying unspent in the bank accounts of SNAs as on 31 March 2023. The UT Government is requested to make the details of the bills drawn, as it is of importance for completeness of the accounts, financial reporting and transparent financial control.

Funds outside Government Account

It was noticed that ₹772.20 crore collected on account of Labour Cess, Water Usage Charges, District Mineral Foundation Trust Fund and Social Responsibility Corpus Fund were kept in different bank accounts and did not form the part of Consolidated Fund or Public Account of the UT.

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[3] The main reason for the Domar gap turning positive was increase in GSDP, which in turn was attributed to significant economic recovery post-COVID-19 pandemic.

[4] Includes total grant under CSS ₹6,12,899.96 lakh under MH-1601-06-101-Central Assistance Share and an amount ₹240 lakh received under 113-Special Assistance for Livestock Census and Integrated Sample Survey CSS.

Going by the analysis and results as discussed above, the finances of the UT of Jammu and Kashmir is marked by increasing trend of liabilities (debt, guarantees, off-budget borrowings, etc.,) which pose risk to the target of debt stabilisation and debt sustainability.

Budget performance

The original demands for grants as per the Jammu and Kashmir (No.2) Appropriation Act, 2022 passed by the Parliament was ₹1,42,150.10 crore, which was followed by Supplementary Demands for Grants of ₹3,711.72 crore. The overall expenditure incurred during 2022-23 was ₹1,07,948.46 crore. However, the individual surrender orders for savings of ₹16,793.13 crore surrendered in the Appropriation Accounts 2022-23 were not produced to CAG. This was in violation of Article 114 (2) and Article 114 (3) of the Constitution and Section 14.8.1 of the Jammu and Kashmir Budget Manual 2020.

Further, in violation of Section 14.7.2 of the J&K Budget Manual 2020, in the Appropriation Accounts of 2022-23, out of surrender of savings of ₹16,793.13 crore (not supported by valid surrender orders), an amount of ₹3,086.79 crore was augmented/ re-appropriated by the UT Government from Capital to Revenue in eight grants and one appropriation and ₹633.42 crore was augmented/ re-appropriated from Revenue to Capital in seven grants, without legislative authorisation. Thus, amounts were re-appropriated across sections i.e., from revenue to capital and *vice-versa*.

Aggregate expenditure outturn

Aggregate expenditure outturn measures the deviation in actual expenditure (Actuals) compared with the Budget Estimate (BE) originally approved, both in terms of less than (-) and in excess (+) of approval. In the Revenue section, deviation in outturn compared with Budget Estimates (BE) was (-) 19.43 *per cent*. This was due to deviation upto ± 25 *per cent* in 18 grants, between ±25 *per cent* and ±50 *per cent* in 12 grants; and between ±50 *per cent* and ±100 *per cent* in five grants. In the Capital section, deviation in outturn compared with BE was (-) 37.03 *per cent*. This was due to deviation upto ±25 *per cent* in one grant, between ±25 *per cent* and ±50 *per cent* in five grants; and between ±50 *per cent* and ±100 *per cent* in 29 grants.

Expenditure composition outturn

Budget performance also looks at the extent to which the re-allocation between the main budget categories during execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In the Revenue section, deviation in outturn compared with Revised Estimates (RE) was (-) 16 *per cent*. This was due to deviation upto ± 25 *per cent* in 23 grants, between ± 25 *per cent* and ± 50 *per cent* in nine grants and between ± 50 *per cent* and ± 100 *per cent* in three grants. In the Capital section, deviation in outturn compared with RE was (-) 22 *per cent*. This was due to deviation

upto ± 25 *per cent* in three grants, between ± 25 *per cent* and ±50 *per cent* in eight grants, between ±50 *per cent* and ±100 *per cent* in 24 grants.

It was noticed that supplementary provisions of ₹2,091.95 crore during the year 2022-23 in 16 cases (more than ₹50 lakh in each case) proved unnecessary, as the expenditure did not come up even to the level of the original provisions. On the other hand, in grant 16-Public Works Department, augmentation of ₹124.06 crore was not adequate to meet the requirement and non-provision of supplementary amount in grant 8-Finance Department led to excess expenditure of ₹1,503.62 crore.

Regularisation of Excess over Grants/ Appropriations

The UT Government has to get excesses over grants/ appropriations regularised by the Legislature as per Articles 204 and 205 (1) (b) of the Constitution and Section 43 and Section 44 of the Jammu and Kashmir Re-organisation Act, 2019. It was observed that in 2022-23 there was excess expenditure of ₹2,830.17 crore under three grants which required regularisation. Further, excess expenditure of ₹1,24,004.41 crore during 1980-81 to 2019-20 (upto 30 October 2019) pertaining to the erstwhile State of Jammu and Kashmir and ₹13,019.16 crore during 2019-20 (from 31 October 2019 onwards) to 2021-22 were yet to be regularised. It was also noticed that an amount of ₹12,416.82 crore was incurred under 31 schemes/sub heads in six grants without budgetary provision during 2022-23 which needs to be regularised.

Overall budget reliability assessment indicates that the deviations between the actual expenditure and original budget as well as between the actual expenditure and the final budget were 24 per cent and 28 per cent respectively. Except for one grant where deviation was around five per cent, the remaining grants had deviations up to 25 per cent and even above. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice should need to deal with such deviations.

Quality of Accounts and Financial Reporting

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting, non or short-discharging of liabilities and compliance with IGAS.

Compliance with IGAS

As against the requirements of the Indian Government Accounting Standards (IGAS), the UT Government did not make compliance with IGAS-2: Accounting and Classification of Grants-in-Aid and IGAS-3: Loans and Advances made by the Government.

Utilisation Certificates against conditional grants

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 3,733 UCs amounting to ₹14,698.75 crore were pending as on 31st March 2023, out of which 2,431 UC's amounting to ₹8,142.65 crore pertained to the period prior to 30 October 2019 of the erstwhile State of Jammu and Kashmir.

DC bills against AC bills

Similarly, despite the requirement of submitting Detailed Countersigned Contingency (DC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills, 3,466 AC bills of ₹19,774.97 crore were pending for submission of DC bills as on 31st March 2023, out of which 1,877 AC Bills amounting to ₹5,583.15 crore pertained to the period prior to 30 October 2019 of the erstwhile State of Jammu and Kashmir.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non submission of UCs against conditional grants; non-submission of DC bills against AC bills; non-compliance with IGAS-2 and IGAS-3 have impacted the quality of accounts adversely.

Working of State Public Sector Undertakings

As on 31 March 2023, there were 42 State Public Sector Enterprises (SPSEs) in Jammu and Kashmir. They included 39 Government Companies (including six inactive Government Companies), two Statutory Corporations and one Government Controlled Other Company. Only four Government companies submitted their accounts for the financial year 2022-23 for supplementary audit by CAG on or before 30 September 2023. There were 11 PSUs that reported profit in their latest financial statements. The reported profit increased to ₹1,286.79 crore in 2022-23 from ₹566.10 crore in 2021-22.

The Government may impress upon those PSUs with arrears in accounts to expedite finalisation of their financial statements so that they remain within legislative oversight, and analyse the reasons for losses in those PSUs whose net worth has eroded and initiate steps to make their operations efficient and profitable.

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Chapter-I

Overview

CHAPTER-I

OVERVIEW

This chapter provides an overview of the structure of the Government accounts, budgetary processes, macro-fiscal analysis of key indices and the Union Territory (UT) of Jammu and Kashmir's key fiscal position.

1.1 Profile of the Union Territory of Jammu and Kashmir

The Union Territory (UT) of Jammu and Kashmir is located in the Himalayan region of the northern part of India. It has two divisions - Jammu and Kashmir - and has 20 districts. It has two capitals - Jammu during winter and Srinagar during summer. The projected population of the UT of Jammu and Kashmir for the year 2023 is 1.36 crore. Kashmiri, Dogri, Hindi, Urdu and English are the major languages of the UT. The erstwhile State's literacy rate was 67.20 *per cent* as per 2011 Census. ***(Appendix 1.1)***.

1.1.1 Gross State Domestic Product of the Union Territory of Jammu and Kashmir

Gross State Domestic Product (GSDP) is the value of all goods and services produced within the boundaries of the UT in a given period of time. The growth of GSDP is an important indicator of the economy, as it denotes the extent of changes in the level of economic development of the State/UT over a period of time.

Changes in sectoral contribution to GSDP is also important to understand the changing structure of the economy. Economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to Agriculture, Industry and Service sectors.

Trends in GSDP compared to GDP during the period 2019-20 to 2022-23 are shown in **Table 1.1**.

Table 1.1: GSDP compared to GDP

(₹ in crore)

Year	2019-20	2020-21	2021-22	2022-23
INDIA				
GDP (2011-12 Series)	2,01,03,593 (3rd RE)	1,98,29,927 (2nd RE)	2,34,71,012 (1st RE)	2,72,40,712 (PE)
GVA	1,83,81,117	1,81,88,780	2,14,38,883	2,47,42,871
Growth rate of GDP over previous year (in *per cent*)	6.37	-1.36	18.36	16.06
Growth rate of GVA over previous year (in *per cent*)	7.02	-1.05	17.87	15.41
Per Capita GDP (in ₹)	1,49,915	1,46,301	1,71,498	1,96,983
Union Territory				
GSDP (2011-12 Series)	1,64,103	1,67,652	1,99,917	2,27,927
GSVA	1,53,827	1,54,512	1,83,021	2,11,031

Year	2019-20	2020-21	2021-22	2022-23
Growth rate of GSDP over previous year (in *per cent*)	N/A*	2.16	19.25	14.01
Growth rate of GSVA over previous year (in *per cent*)	N/A*	0.44	18.45	15.30
Per Capita GSDP (in ₹)	1,23,730	1,25,441	1,48,472	1,68,063

Source: Ministry of Statistics and Programme Implementation (MOSPI), GoI website.
RE =Revised Estimates and PE= Provisional Estimates.
** Erstwhile State of J&K was bifurcated into two UTs w.e.f 31 October 2019.*

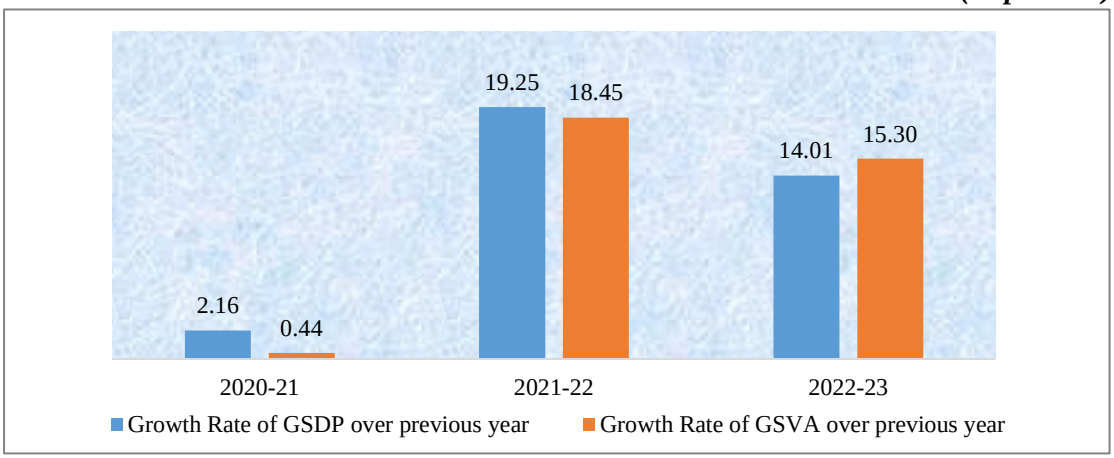
The Gross State Domestic Product (GSDP) in 2022-23 at current prices was ₹2,27,927 crore while GDP at current prices was ₹2,72,40,712 crore. The per capita GSDP of ₹1,68,063 in respect of the UT for the year 2022-23 was less than the per capita GDP of ₹1,96,983 of the country. However, the per capita GSDP in respect of the UT of J&K increased by 35.83 *per cent* from ₹1,23,730 in 2019-20 to ₹1,68,063 in 2022-23 as against increase of 31.40 *per cent* in per capita GDP of the country during the same period.

Gross Value Added (GVA) is being used for economic analysis by Government of India (GoI) and multilateral organisations like IMF and World Bank. GVA is considered a better indicator of economic growth compared to GDP as it ignores the impact of taxes and subsidies, while GDP is computed as the sum total of the various expenditures incurred in the economy including private consumption spending, Government consumption spending and gross fixed capital formation or investment spending, reflecting essentially on the demand conditions in the economy. Both measures have differences in treatment of net taxes as a result of which the inclusion of taxes in GDP may differ from the real output situation. From a policymaker's perspective it is therefore vital to have a comparison of GVA and GSVA data for better analysis and making policy interventions.

The trends in growth of GSDP and GSVA for the period 2020-21 to 2022-23 and sectoral growth in GSVA are indicated in **Chart 1.1** and **Chart 1.2** respectively.

Chart 1.1: Growth rate of GSDP vs GSVA 2020-21 to 2022-23

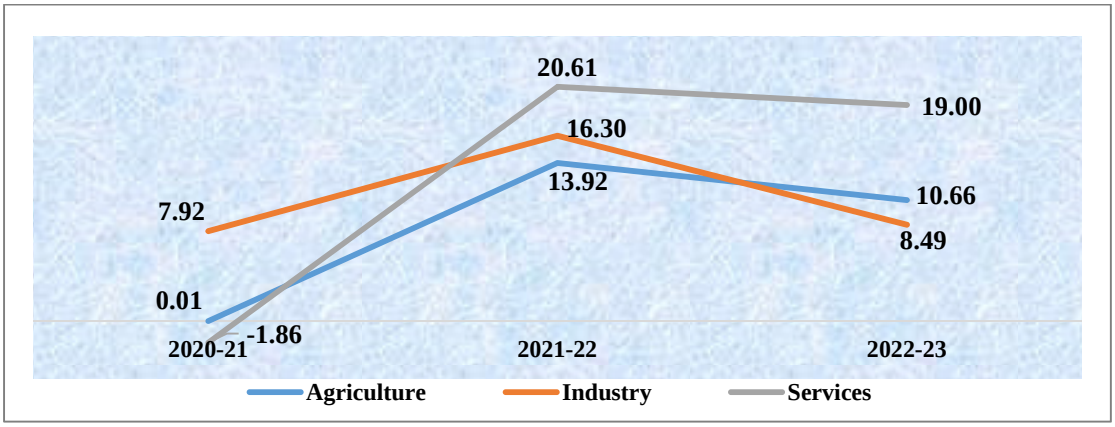
(In per cent)



Source: Ministry of Statistics and Programme Implementation GoI

Chart 1.2: Sectoral growth in GSVA during 2020-21 to 2022-23

(In per cent)



Source: Directorate of Economics and Statistics, J&K Government

During 2022-23, GSVA increased by ₹28,010 crore (15.30 *per cent*) over the previous year. The growth of GSVA was due to increase under all three contributing sectors viz, Agriculture, Industry and Services. The overall growth in GSVA during 2022-23 was lesser in comparison to 18.45 *per cent* increase noticed during 2021-22. The growth in all the contributing sectors viz, Agriculture, Industry and Services was less in comparison to growth during 2021-22.

There was significant increase in growth in some activities i.e trade and repair services (39.80 *per cent*), air transport (53.09 *per cent*), financial services (9.60 *per cent*), and real estate and ownership of dwelling & professional services (17.62 *per cent*).

1.2 Basis and Approach to Union Territory Finances Audit Report

In terms of Section 72 of Jammu and Kashmir Reorganisation Act, 2019, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of UT of Jammu and Kashmir are to be submitted to the Lieutenant Governor of the UT, who shall cause them to be laid before the Legislature of the UT.

Principal Accountant General (Accounts and Entitlements) prepares the Finance Accounts and Appropriation Accounts of the UT of Jammu and Kashmir from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the Government of UT of Jammu and Kashmir and the statements received from the Reserve Bank of India. These accounts are audited independently by the Principal Accountant General (Audit) and certified by the CAG.

Finance Accounts and Appropriation Accounts of the UT constitute the core data for this report. Other sources include the following:

- Budget of the UT: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;

- Results of audit carried out by the Office of the Principal Accountant General (Audit);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other UT related statistics; and
- Various audit reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the Fiscal Responsibility and Budget Management Act and best practices and guidelines of the Government of India. An entry conference was held on 23 August 2023 and the draft Audit Report was initially sent to the Government on 19 September 2023. However, in view of certain changes in the Appropriation Accounts 2022-23, the modified report was again sent to the Government on 9 April 2024. An exit conference was held with the Principal Secretary, Finance Department, Jammu and Kashmir Government on 30 April 2024. Departmental replies in respect of various audit findings received on 30 April 2024 and 14 May 2024 have been suitably incorporated in the Report.

1.3 Overview of Government Accounting Structure and Budgetary Processes

The accounts of the Government of UT of Jammu and Kashmir are kept in three parts:

1. **Consolidated Fund of the Union Territory of Jammu and Kashmir (Section 67 of the Jammu and Kashmir Re-organisation Act, 2019)**

   This Fund comprises all revenues received in the UT of Jammu and Kashmir by the Government of India or Lieutenant Governor of the UT of Jammu and Kashmir in relation to any matter with respect to which the Legislative Assembly of the UT of Jammu and Kashmir has power to make laws, and all grants made and all loans advanced to the UT of Jammu and Kashmir from the Consolidated Fund of India and all loans raised by the Government of India or the Lieutenant Governor of the UT of Jammu and Kashmir upon the security of the Consolidated Fund of the UT of Jammu and Kashmir and all moneys received by the UT of Jammu and Kashmir in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in the Jammu and Kashmir Re-organisation Act, 2019.

2. **Contingency Fund of the Union Territory of Jammu and Kashmir (Section 69 of the Jammu and Kashmir Re-organisation Act, 2019)**

   This Fund is in the nature of an imprest, which is established by the Legislature by law, and is placed at the disposal of the Lieutenant Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the Legislature of UT of Jammu and Kashmir. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the UT of Jammu and Kashmir.

3. Public Accounts of the Union Territory of Jammu and Kashmir (Section 68 of the Jammu and Kashmir Re-organisation Act, 2019)

Apart from the above, all other public moneys received by or on behalf of the Lieutenant Governor, shall be credited to a Public Account entitled the Public Account of the UT of Jammu and Kashmir. The Public Account includes re-payables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

Budget Document

There is a constitutional requirement under Section 41 of the Jammu and Kashmir Re-organisation Act, 2019 to present before the legislature of the UT, a statement of estimated receipts and expenditures of the government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on revenue account from other expenditures.

Revenue receipts consist of tax revenue, non-tax revenue, and grants from Government of India.

Revenue expenditure consists of all those expenditures of the Government of UT, which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

Capital Receipts consist of:

- **Debt Receipts:** Market Loans, Bonds, Loans from financial institutions, Net transactions under Ways and Means Advances, Loans and Advances from Central Government, etc.;
- **Non-debt Receipts:** Proceeds from disinvestment, Recoveries of loans and advances, etc.

Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

At present, there is an accounting classification system in Government that is both functional and economic.

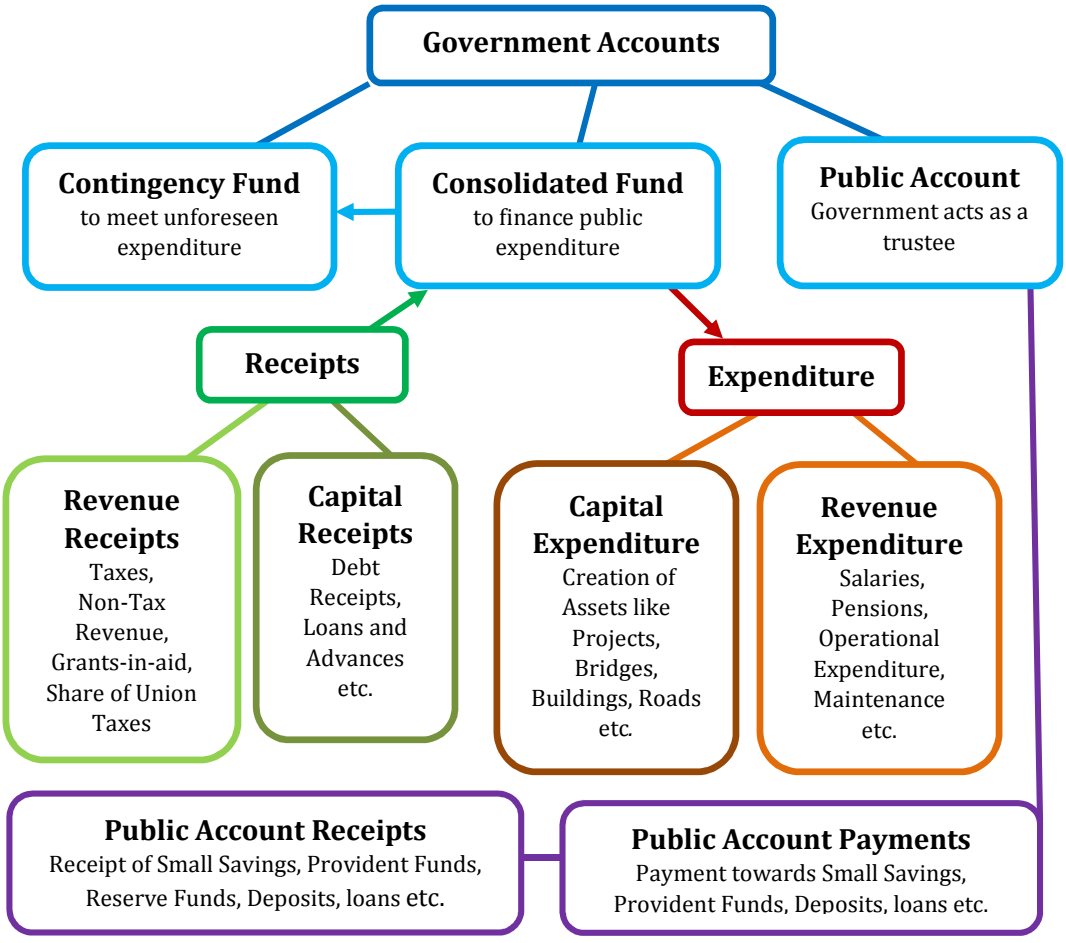
	Attribute of transaction	Classification
Standardised in List of Major and Minor Heads by Controller General of Accounts	Function- Education, Health, etc. /Department	Major Head under Grants (4-digit)
	Sub-Function	Sub Major head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States/UT	Scheme	Sub-Head (2-digit)
	Sub scheme	Detailed Head (2-digit)
	Economic nature/Activity	Object Head-salary, minor works, etc. (2-digit)

The functional classification lets one know the department, function, scheme, or programme and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt etc. Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance 0 and 1 is for revenue receipts, 2 and 3 for revenue expenditure etc. Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally 'Salary' object head is revenue expenditure, 'construction' object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

1.3.1 Structure of Government Accounts

The structure of Government accounts is depicted in **Chart 1.3**.

Chart 1.3: Structure of Government Accounts



Public Debt and Public Liability: In this Report, 'Public Debt' has been taken to comprise market borrowings, institutional loans, special securities issued to National Small Savings Fund (NSSF), loans given by Central Government etc. For this purpose the major heads 6003 and 6004- Public Debt have been taken into consideration.

Further, the transactions relating to 'Small Savings, Provident Fund etc.', 'Reserve Funds' and 'Deposit and Advances' under Public Account are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid. The transactions relating to 'Remittances' and 'Suspense' under Public Account include merely adjusting heads such as transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this Report, 'Public Liability' has been taken to include the transactions under major heads 8001 to 8554 relating to 'Small Savings Provident Fund, etc.', 'Reserve Funds' and 'Deposits and Advances' along with the transactions under major heads 6003 and 6004.

1.3.2 Budgetary Process

In terms of Section 41 of the Jammu and Kashmir Reorganisation Act 2019, the Lieutenant Governor of UT of Jammu and Kashmir shall cause to be laid before the Legislative Assembly, a statement of the estimated receipts and expenditure of the UT, in the form of an Annual Financial Statement. In terms of Section 42, the statement is to be submitted to the legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the legislature under Section 43 to provide for appropriation of the required money out of the Consolidated Fund.

In pursuance of Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O 3938 (E) dated 31 October 2019 issued consequent upon the proclamation issued on 31st day of October 2019, Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O. 3937(E) dated 31st October, 2019, under Section 73 of Jammu and Kashmir Re-organisation Act, 2019, read with Article 239 and 239A of the Constitution and Section 74 of the Jammu and Kashmir Re-organisation Act, 2019, the bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the UT of Jammu and Kashmir, of the moneys required to meet the expenditure *charged* on the Consolidated Fund and the grants made for the expenditure of the UT of Jammu and Kashmir for the financial year 2022-23 was introduced in Parliament (Lok Sabha) on 14 March 2022. It was passed by both the Houses on 14 March 2022 (Lok Sabha) and 23 March 2022 (Rajya Sabha) and was assented to by the President of India on 25 March 2022. The comments arising out of audit of Appropriation Accounts of UT of Jammu and Kashmir for the period 2022-23 are given in **Chapter 3** of this Report.

1.4 Snapshot of Finances

Time series data on the finances of the UT of Jammu and Kashmir for the period 2019-20[1] to 2022-23 is given in ***Appendix 1.2***. The position of budget estimate (BE), revised estimates (RE) and actuals in respect of some components for the year 2022-23 have been shown in **Table 1.2**.

Table 1.2: Actuals vs Budget for the year 2022-23

(₹ in crore)

Sl. No.	Components	Actuals 2021-22	Budget Estimate 2022-23	Revised Estimate 2022-23	Actuals 2022-23	Percentage of actuals to B.E.	Percentage of actuals to R.E.	Percentage of actuals to GSDP
1	Tax Revenue	11,707	16,666	16,303	12,335.47	74.02	75.66	5.41
	(i) Own Tax Revenue	11,707	16,666	16,303	12,335.47	74.02	75.66	5.41
	(ii) Share of Union Taxes and Duties	-	0	0	0	-	-	-
2	Non-Tax revenue	4,840	8,648	9,225	5,147.55	59.52	55.80	2.26
3	Grants-in-aid and Contributions	42,691	68,206	69,120	51,492.93	75.50	74.50	22.59
4	Additional Resource Mobilisation[2]	0	8,802	2,484	0	0	0	0
5	**Revenue Receipts (1+2+3+4)**	**59,238**	**1,02,322**	**97,132**	**68,975.95**	**67.41**	**71.01**	**30.26**
6	Recovery of Loans and Advances	1	5	5	1.33	26.6	26.6	0
7	Other Receipts	0	1,053	82	0	0	0	0
8	Borrowings and other Liabilities#	11,151*	9,570	9,570	4,855.37	50.74	50.74	2.13
9	**Capital Receipts (6+7+8)**	**11,152**	**10,628**	**9,657**	**4,856.70**	**45.70**	**50.29**	**2.13**
10	**Total Receipts (5+9)**	**70,390**	**1,12,950**	**1,06,789**	**73,832.65**	**65.37**	**69.14**	**32.39**
11	**Revenue Expenditure**	**59,269**	**71,615**	**75,004**	**62,999.34**	**87.97**	**83.99**	**27.64**
12	Interest payments	7,360	7,425	9,076	8,493.82	114.39	93.59	3.73
13	**Capital Expenditure and Loans and Advances**	**11,121**	**41,335**	**31,785**	**10,833.31**	**26.21**	**34.08**	**4.75**
14	Capital Expenditure	11,047	41,226	31,667	10,773.78	26.13	34.02	4.73
15	Loans and advances	74	109	118	59.53	54.61	50.45	0.03

1 From 31 October 2019 (the date of creation of Union Territory of Jammu and Kashmir).

2 BE 2022-23 includes Additional Resource Mobilisation (ARM)/ Channelising Resources into System Pool (CRISP) of ₹5,802 crore and Asset Monetisation of ₹3,000 crore. RE 2022-23 includes ARM/ CRISP/ Asset Monetisation of ₹2,484 crore.

Sl. No.	Components	Actuals 2021-22	Budget Estimate 2022-23	Revised Estimate 2022-23	Actuals 2022-23	Percentage of actuals to B.E.	Percentage of actuals to R.E.	Percentage of actuals to GSDP
16	Appropriation to Contingency Fund	0	0	0	0	0	0	0
17	**Total Expenditure (11+13+16)**	**70,390**	**1,12,950**	**1,06,789**	**73,832.65**	**65.37**	**69.14**	**32.39**
18	**Revenue Deficit /Surplus (5-11)**	**-31**	**+30,707**	**+22,128**	**+5,976.61**	**19.46**	**27.01**	**+2.62**
19	**Fiscal Deficit {17-(5+6+7)**	**-11,151**	**-9,570**	**-9,570**	**-4,855.37**	**50.74**	**50.74**	**-2.13**
20	**Primary Deficit/ Surplus (19-12)**	**-3,791**	**-2,145**	**-494**	**+3,638.45**	**169.62**	**736.53**	**+1.60**

Source: Budget 2022-23 and Finance Accounts 2022-23.
#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.
** Includes ₹3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.*

During 2022-23, revenue receipts increased by 16 *per cent* with respect to the previous year but fell short of the budget estimates by 33 *per cent* and revised estimates by 29 *per cent*. UT's own tax revenue increased by five *per cent* and non-tax revenue increased by six *per cent* with respect to the previous year.

During 2022-23, the increase of ₹9,738 crore (16.44 *per cent*) in revenue receipts was comparatively more than the increase of ₹3,730 crore (6.29 *per cent*) in revenue expenditure over the previous year. This led to revenue surplus of ₹5,976.61 crore during 2022-23 as against the revenue deficit of ₹31 crore during 2021-22. In addition to the increase in revenue receipts, decrease of ₹273 crore (2.47 *per cent*) in capital expenditure over the previous year was the major reason for decrease of fiscal deficit from ₹11,151 crore in 2021-22 to ₹4,855.37 crore in 2022-23.

Fiscal deficit and primary deficit during 2022-23 were within the projections estimated in the budget. However, the revenue surplus of ₹5,976.61 crore during 2022-23 was less than the amount projected in the budget estimates (₹30,707 crore) and revised estimates (₹22,128 crore).

Goods and Services Tax (GST) compensation is revenue of the UT Government under GST (Compensation to States) Act, 2017. During the current year, Government of Jammu and Kashmir received ₹418.12 crore as GST compensation.

1.4.1 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. ***Appendix 1.2*** gives an abstract of receipts and disbursements during 2022-23 and the summarised financial position of liabilities and assets as on 31 March 2023, compared with the corresponding position of the previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, while the assets comprise mainly

the capital expenditure and loans and advances given by the UT Government and cash balances. Summarised position of assets and liabilities is depicted in **Table 1.3**.

Table 1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
		2021-22	**2022-23**	***Per cent* increase/ decrease**			**2021-22**	**2022-23**	***Per cent* increase/ decrease**
Consolidated Fund									
A	Internal Debt	19,306	23,474	21.59	A	Gross Capital Expenditure	26,940	37,713	39.99
B	Loans and Advances from GoI*	5,832	5,711	(-)2.07	B	Loans and Advances	168	227	35.12
Contingency Fund									
A	Contingency Fund	25	25	0	A	Contingency Fund	-	-	-
Public Account									
A	Small Savings, Provident Funds, etc.	1,592	1,018	-36.06	A	Remittances	698	688	(-)1.43
B	Deposits	1,686	2,393	41.93	B	Cash balance (including investment in Earmarked Funds)	1,448	1,448	0
C	Remittances	-	-	-	C	Suspense and Misc. Balances	-	-	NA
D	Reserve Funds	920	1,296	40.87					
E	Suspense and Misc Balances	249	538	116.06					
	Total	**29,610**	**34,455**	**16.36**		**Total**	**29,254**	**40,076**	**36.99**
	Excess receipt over expenditure	-	5,621	NA	D	Excess Expenditure over receipt	356	-	(-)100
	Total	**29,610**	**40,076**	**35.35**		**Total**	**29,610**	**40,076**	**35.35**

Source: Finance Accounts.

** Includes back-to-back loans of ₹5,945.29 crore (₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively), in lieu of GST Compensation shortfall, which are not to be repaid by the UT Government from its resources.*

In addition, assets and liabilities of the erstwhile State of Jammu and Kashmir ending 30 October 2019 are yet to be distributed between UT of Jammu and Kashmir and UT of Ladakh.

During the exit conference (April 2024), the Department stated that the UT Government is also making re-payment of the liabilities related to the erstwhile State of Jammu and Kashmir, and this fact should also be considered.

Since the current Report relates to the UT Government, the figures relating to the UT Government only are indicated in the various tables and charts of the Report. Issues relating to the erstwhile State have been mentioned separately in the Report.

1.5 Fiscal Balance: Achievement of Deficit and Total Debt Targets

As per the Statements laid under FRBM Act in the Parliament by the UT of Jammu and Kashmir, no rolling targets for the fiscal indicators were specified for the year 2022-23 in respect of UT of Jammu and Kashmir.

1.5.1 Fiscal Parameters of the Union Territory of Jammu and Kashmir

Position of fiscal indicators like deficits and debt during the period 2020-21 to 2022-23 in respect of UT of Jammu and Kashmir were as under:

Table 1.4: Fiscal indicators of UT during the period 2020-21 to 2022-23

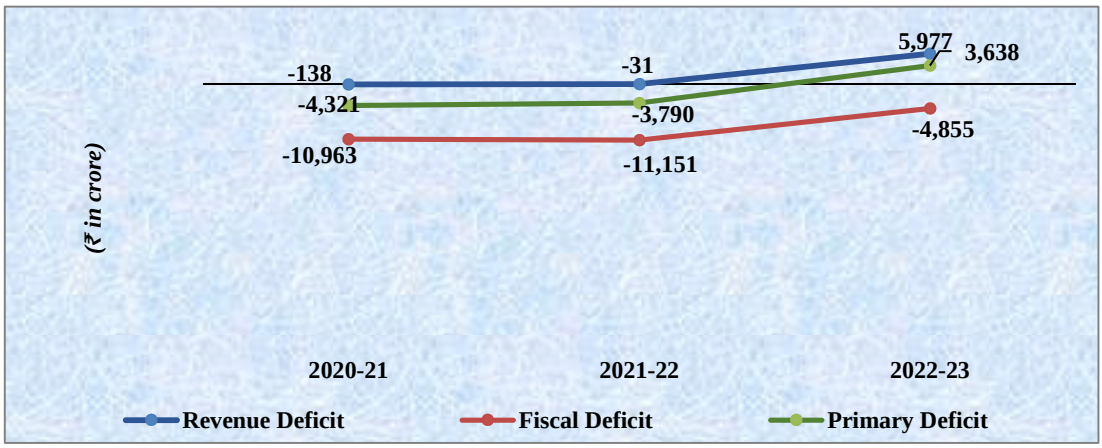
Fiscal Parameters	2020-21	2021-22	2022-23
Revenue Deficit (-) / Surplus (+) (₹ in crore)	(-) 138.27	(-) 30.83	(+) 5,976.61
Fiscal Deficit (-) / Surplus (+) (₹ in crore)	(-) 10,693.36	(-) 11,150.60	(-) 4,855.37
Primary Deficit (-)/Surplus (+)	(-) 4,320.90	(-) 3,790.29	(+) 3,638.45
Ratio of total outstanding liability* to GSDP (in *per cent*)	8.88	11.70	12.26
Revenue Surplus/Revenue Deficit as *per cent* of GSDP	(-) 0.08	(-) 0.02	(+) 2.62
Fiscal Deficit as *per cent* of GSDP	(-) 6.38	(-) 5.58	(-) 2.13
Primary Deficit as *per cent* of GSDP	(-) 2.58	(-) 1.90	(+) 1.60

Source: Finance Accounts 2020-21 to 2022-23

**Outstanding liabilities excludes the back-to-back loans of ₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively, as they were not to be treated as debt of the UT for any norms, as per the guidelines (August 2020).*

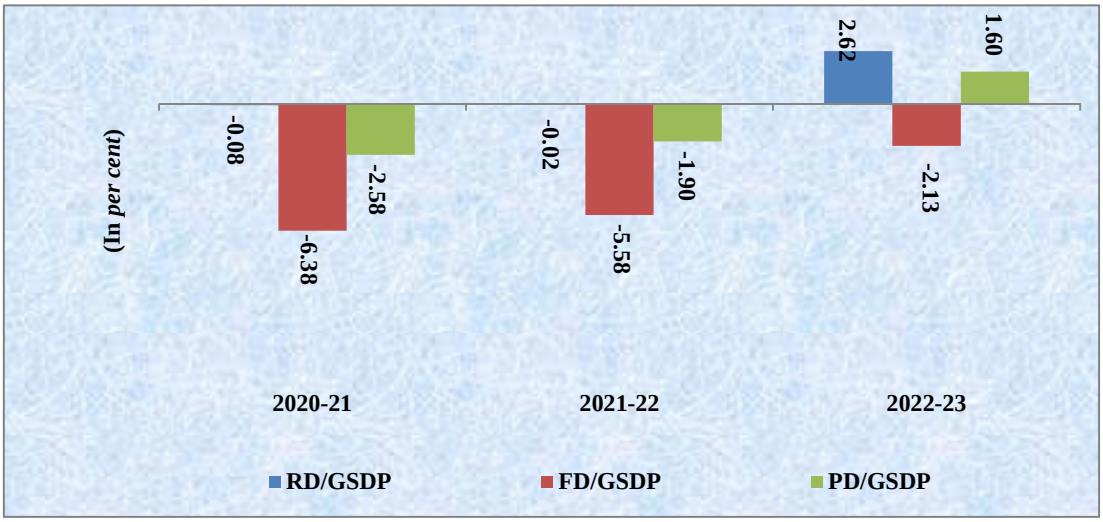
Charts 1.4 and **1.5** present the trends in deficit/ surplus parameters and trends relative to GSDP respectively over the period 2020-23.

Chart 1.4: Trends in Deficit/Surplus parameters during 2020-21 to 2022-23



(Source: Finance Accounts)

Chart 1.5: Trends in Deficit/Surplus relative to GSDP



(Source: Finance Accounts)

Revenue deficit indicates excess of revenue expenditure over revenue receipts. In terms of Jammu and Kashmir FRBM Act, 2006, the Government shall maintain revenue surplus and initiate steps for progressive strengthening of surplus. Although UT of Jammu and Kashmir had revenue deficit during 2020-21 and 2021-22, however there was revenue surplus of ₹5,976.61 crore during 2022-23.

Fiscal deficit, which represents total borrowings of the Government i.e. its total resource gap, decreased from ₹11,150.60 crore (5.58 *per cent* of GSDP) in 2021-22 to ₹4855.37 crore (2.13 *per cent* of GSDP) in 2022-23. Fiscal liabilities had been on the rise as it increased by 87.81 *per cent* from ₹14,880.48 crore in 2020-21 to ₹27,946.64 crore in 2022-23. The ratio of total outstanding liability to GSDP continuously increased from 8.88 *per cent* in 2020-21 to 12.26 *per cent* in 2022-23.

Primary deficit, which indicates the excess of primary expenditure (total expenditure net of interest payments) over non-debt receipts, was ₹4,320.90 crore (2.58 *per cent* of GSDP) in 2020-21 and ₹3,790.29 crore (1.90 *per cent* of GSDP) in 2021-22. However, there was a primary surplus of ₹3,638.45 crore during 2022-23.

1.6 Deficits after examination in Audit

In order to present a better picture of UT finances, there is a tendency to classify revenue expenditure as capital expenditure and to conduct off-budget fiscal operations.

1.6.1 Post Audit - Deficits

As per the FRBM Act, the UT Government must ensure compliance to the targets fixed for the fiscal indicators such as deficits, ceiling on debt and on guarantees, etc. The revenue deficit and the fiscal deficit as worked out for the UT gets impacted due to various circumstances such as misclassification of revenue expenditure as capital and off-budget fiscal operations. Besides, deferment of clear-cut liabilities, not depositing cess/ royalty to Consolidated Fund, short contribution to New Pension Scheme, Sinking Fund and Guarantee Redemption Fund, etc. also impacts the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the effect of misclassification of revenue expenditure/capital outlay and/or any such misclassification needs to be included and the impact of such irregularities needs to be reversed. Analysis of deficits after examination in audit are given in **Table 1.5**.

Table 1.5: Revenue and Fiscal Deficit, post examination by Audit

Sl. No.	Item	Impact on Revenue Deficit {Understated (+) / overstated (-)} *(₹ in crore)*	Impact on Fiscal Deficit (Under Statement) *(₹ in crore)*
1	Misclassification between Revenue and Capital	219.13	-
2	Non-payment of interest on State Compensatory Afforestation Fund MH 8121	25.61	25.61
3	Non-payment of interest on State Compensatory Afforestation Deposit MH 8336	16.21	16.21
Total Net impact		**260.95**	**41.82**

Source: Finance Accounts.

There was revenue surplus of ₹5,976.61 crore in the accounts of UT of Jammu and Kashmir for the year 2022-23, which was overstated by ₹260.95 crore (4.57 *per cent*) due to misclassification of revenue expenditure of ₹219.13 crore (Grants-in-aid: ₹191.10 crore and Subsidy: ₹28.03 crore) as capital expenditure and non-payment of Interest on State Compensatory Afforestation Fund (₹25.61 crore) and State Compensatory Afforestation Deposit (₹16.21 crore). There was fiscal deficit of ₹4,855.37 crore during 2022-23 which was understated by ₹41.82 crore (0.85 *per cent*) due to non-payment of interest on State Compensatory Afforestation Fund and State Compensatory Afforestation Deposit as shown in the table above.

After considering the above transactions, the revenue surplus and fiscal deficit during 2022-23 works out to ₹5,715.66 crore (2.51 *per cent* of GSDP) and ₹4,897.19 crore (2.15 *per cent* of GSDP) respectively.

1.6.2 Post Audit – Total Public Debt

As per the Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006, total liabilities mean the liabilities under the Consolidated Fund and the Public Account and includes borrowings by the public sector undertakings and special purpose vehicles and other equivalent instruments including guarantees where the principal and /or interest are to be serviced out of the budget. The outstanding debt/liabilities can be split into various components as given in **Table 1.6**.

Table 1.6: Components of outstanding debt/liabilities as on 31 March 2023

(₹ in crore)

Borrowings and other liabilities as per Finance Accounts	**Amount**
Internal Debt (A)	**23,473.66**
Market Loans	21,345.21
Loans from other institutions, etc.	34.87
Compensation and other bonds	-567.75
Ways and means advances from RBI	-576.07
Special Securities issued to the National Small Savings Fund of the Central Government	3,237.40
Loans and Advances from Central Government (B)	**5,711.74**
Non-plan loans	0
Loans for State/UT Plan Schemes	(-) 412.46
Others	6,124.20*
Liabilities upon Public Accounts (C)	**4,706.53**
Small Savings, Provident Funds, etc.	1,017.71
Deposits	2,393.09
Reserve Funds	1,295.73
Total (A+B+C)	**33,891.93**

Source: Finance Accounts. Liabilities upon Public Account is excluding Suspense & Miscellaneous and Remittance heads.

** Includes ₹5,945.29 crore (₹2,099.80 crore in 2020-21 & ₹3,845.49 crore in 2021-22) as back-to-back loans from GoI in lieu of GST Compensation shortfall.*

At the end of the year 2022-23, the overall outstanding debt/liabilities of the UT were understated by ₹23,762.09 crore by not accounting for Suspense and Miscellaneous: ₹538.23 crore (credit balance), Remittances: ₹687.67 crore (debit balance) and off-budget borrowings: ₹23,911.53 crore[3] (credit balance) thereby understating the same with respect to GSDP by 10.43 *per cent*. Taking into account the above off-budget borrowings, remittances and suspense and miscellaneous balances, the ratio of liabilities to GSDP will increase from 12.26 *per cent* to 22.69 *per cent.* There is also borrowing of the erstwhile State of Jammu and Kashmir ending 30 October 2019 amounting to ₹82,050.50 crore which is yet to be bifurcated between the two successor UTs.

[3] JKIDFC: ₹2,297.90 crore; JKPCL: ₹21,613.63 crore.

The Principal Secretary, Finance Department stated (May 2024) that the UT of J&K faces fiscal challenges due to high committed expenditure on salary, pensions, interest and power purchase. To address the fiscal challenges, the Ministry of Home Affairs (MHA) has upscaled the central assistance in recent years. Apart from this assistance, MHA has also provided incentives for industrialisation and equity support for hydro-electric projects. On its part, the UT Government initiated several reforms to restrain revenue expenditure, cut down wasteful expenditure and increase capital expenditure. These reforms aimed to address high staffing costs, high ATC losses, weak revenue base, low non-tax revenue and subsidy leakages.

Chapter-II

Finances of the Union Territory

CHAPTER-II

FINANCES OF THE UNION TERRITORY

This chapter provides a broad perspective of the finances of the Government of Jammu and Kashmir (UT) during the year 2022-23.

2.1 Major changes in Key Fiscal Aggregates *vis-à-vis* 2021-22

The major key fiscal aggregates of the UT for the year 2022-23 have been compared with fiscal aggregates for the year 2021-22.

Changes in key fiscal aggregates during 2022-23 w.r.t. 2021-22

Revenue Receipts	✓Revenue receipts increased by 16.44 *per cent.* ✓Own Tax receipts increased by 5.37 *per cent.* ✓Own Non-tax receipts increased by 6.34 *per cent.* ✓Grants-in-Aid from Government of India increased by 20.62 *per cent.*
Revenue Expenditure	✓Revenue expenditure increased by 6.29 *per cent.* ✓Revenue expenditure on General Services increased by 5.14 *per cent*. ✓Revenue expenditure on Social Services increased by 9.80 *per cent*. ✓Revenue expenditure on Economic Services increased by 1.80 *per cent.*
Loans and Advances	✓Disbursement of Loans and Advances decreased by 19.30 *per cent.* ✓Recoveries of Loans and Advances increased by 29.13 *per cent.*
Capital Expenditure	✓Capital expenditure decreased by 2.47 *per cent.* ✓Capital expenditure on General Services increased by 66.67 *per cent.* ✓Capital expenditure on Social Services decreased by 0.34 *per cent.* ✓Capital expenditure on Economic Services decreased by 9.18 *per cent.*
Public Debt	✓Public Debt Receipts decreased by 29.48 *per cent.* ✓Repayment of Public Debt decreased by 18.06 *per cent.*

Public Accounts	✓Public Account Receipts increased by 30.27 *per cent.* ✓Disbursement of Public Account increased by 21.42 *per cent.*
Cash Balance	✓Cash balance increased by ₹0.66 crore during 2022-23 compared to previous year.

2.2 Sources and Application of Funds

Comparison of the components of the sources and application of funds of the UT during the current year with those of the previous year is given in **Table 2.1**.

Table 2.1: Details of Sources and Application of funds during 2021-22 and 2022-23

(₹ in crore)

	Particulars	**2021-22**	**2022-23**	**Increase (+)/ decrease (-) *(per cent)***
Sources	Opening Cash Balance with RBI and other cash balances	1,447.69	1,447.65	-0.04 (0.003)
	Revenue Receipts	59,238.50	68,975.95	9,737.45 (16.43)
	Recoveries of Loans and Advances	1.03	1.33	0.30 (29.13)
	Public Debt Receipts (Net)*	12,470.19	4,047.57	-8,422.62 (67.54)
	Public Account Receipts (Net)	-1,319.63	808.46	2,128.09 (161.26)
	Total	**71,837.78**	**75,280.96**	**3,443.18 (4.79)**
Application	Revenue Expenditure	59,269.33	62,999.34	3,730.01 (6.29)
	Capital Expenditure	11,047.03	10,773.78	-273.25 (2.47)
	Disbursement of Loans and Advances	73.77	59.53	-14.24 (19.30)
	Closing Cash Balance with RBI and other cash balances	1,447.65	1,448.31	0.66 (0.05)
	Total	**71,837.78**	**75,280.96**	**3,443.18 (4.79)**

Source: Finance Accounts.

**Includes ₹3,845.49 crore back-to-back loans from GoI in lieu of GST Compensation shortfall during 2021-22.*

Revenue receipts were the biggest source (91.62 *per cent*) of revenue and the biggest part (83.69 *per cent)* of resources were utilised towards revenue expenditure.

The composition of sources and application of funds in the Consolidated Fund of the Union Territory of Jammu and Kashmir during 2022-23 is given in ***Charts 2.1*** and ***2.2***.

(In per cent)

Chart 2.1: Composition of resources

₹ comes from

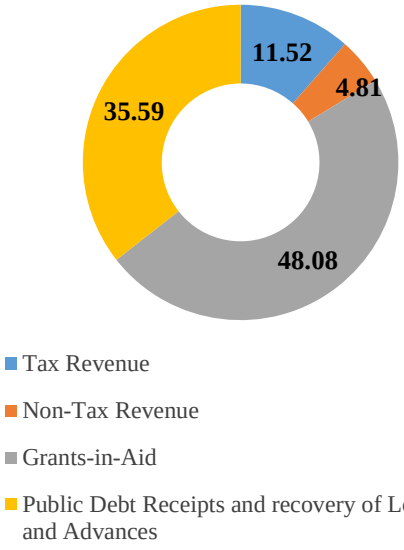
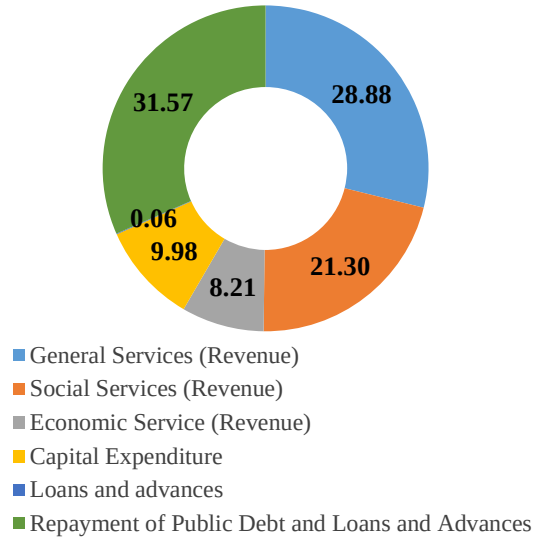


Chart 2.2: Application of resources

₹ goes to



Note: *Public debt receipts and repayments include ways and means advances.*

Public Debt Receipts and Grants-in-Aid together constituted 83.67 *per cent* of resources of UT of Jammu and Kashmir. Repayment of Public Debt and Expenditure on General Services (Revenue) together accounted for 60.45 *per cent* of total expenditure.

2.3 Resources of the Union Territory of Jammu and Kashmir

The resources of the Union Territory (UT) are described below:

1. **Revenue Receipts** consist of tax revenue, non-tax revenue and grants-in-aid from the Government of India (GoI).

2. **Capital Receipts** (debt and non-debt capital receipts) comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. Both revenue and capital receipts form part of the Consolidated Fund of the UT.

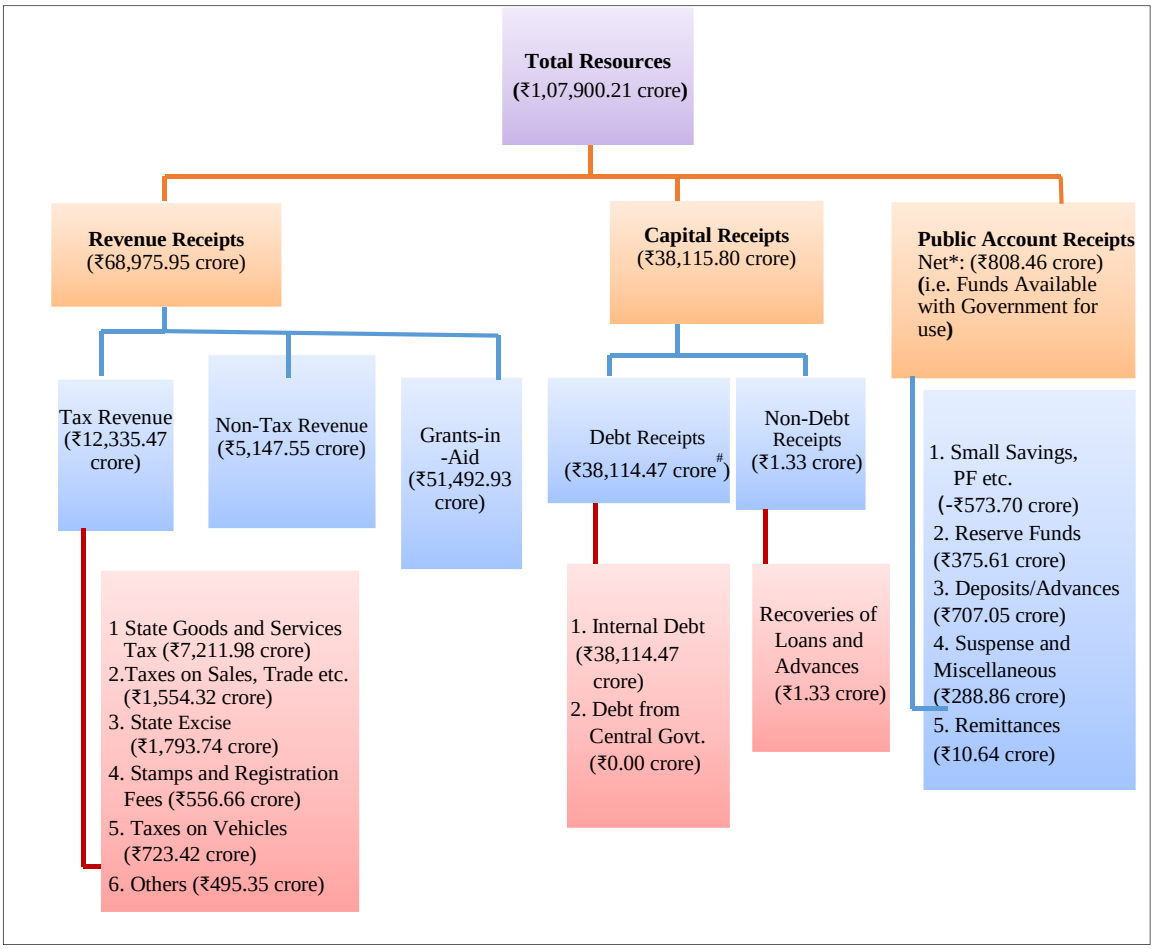
3. **Net Public Accounts Receipts**: There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

These are kept in the Public Account set up under Section 68(1) of the Jammu & Kashmir Re-organisation Act, 2019 and are not subject to vote by the Union Territory's Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.3.1 Receipts of the Union Territory

This paragraph provides the composition of the overall receipts. Besides the revenue and capital receipts, funds available in the Public Account (net of disbursement made from it) are also utilised by the Government to finance its deficit. The composition of total receipts of the UT is depicted in **Chart 2.3**.

Chart 2.3: Composition of receipts of the UT of Jammu and Kashmir during 2022-23



Source: Finance Accounts.
**Public Accounts Receipts Net {₹808.46 crore} =Public Accounts Receipts (₹35,464.84 crore) less Public Accounts Disbursements (₹34,656.38 crore)*
 # Includes Ways and Means Advance.

Out of the total resources of ₹1,07,900.21 crore of the UT Government during the year 2022-23, revenue receipts (₹68,975.95 crore) constituted 63.93 *per cent* while capital receipts (₹38,115.80 crore) and net Public Account Receipts (₹808.46 crore) constituted 35.32 *per cent* and 0.75 *per cent* of the total resources respectively.

2.3.2 Union Territory's Revenue Receipts

The components of revenue receipts of UT of Jammu and Kashmir and their share in revenue receipts during 2020-21 to 2022-23 is shown in **Table 2.2**. The trends and composition of revenue receipts over the same period are presented in ***Appendix 1.2***.

Table 2.2: Trend and Components of Revenue Receipts

(₹ in crore)

Components	2020-21	2021-22	2022-23
Revenue Receipts (RR)	**52,495.48**	**59,238.50**	**68,975.95**
Rate of growth of RR (*per cent*)	NA	12.84	16.44
Own Tax Revenue	**8,876.99**	**11,707.28**	**12,335.47**
Rate of growth of Own Tax Revenue (*per cent*)	NA	31.88	5.37
Non-Tax Revenue	**4,076.38**	**4,840.45**	**5,147.55**
Grants-in-aid from Government of India	**39,542.11**	**42,690.77**	**51,492.93**
Rate of growth of Grants-in-aid from Government of India (*per cent*)	NA	7.96	20.62
Own Revenue (Own Tax and Non-tax Revenue)	12,953.37	16,547.73	17,483.02
Rate of growth of Own Revenue (*per cent*)	NA	27.75	5.65
GSDP	1,67,652	1,99,917	2,27,927
Revenue Receipts to GSDP (*per cent*)	31.31	29.63	30.26
Rate of growth of GSDP (*per cent*)	NA	19.25	14.01
Buoyancy Ratios[1]			
Revenue Buoyancy w.r.t. GSDP	NA	0.67	1.17
UT's Own Revenue Buoyancy w.r.t. GSDP	NA	1.44	0.40
UT's Own Tax Revenue Buoyancy w.r.t. Revenue Receipts	NA	2.48	0.33

Source of GSDP figures: Ministry of Statistics and Programme Implementation (MOSPI) GoI website and Finance Account of J&K Government.

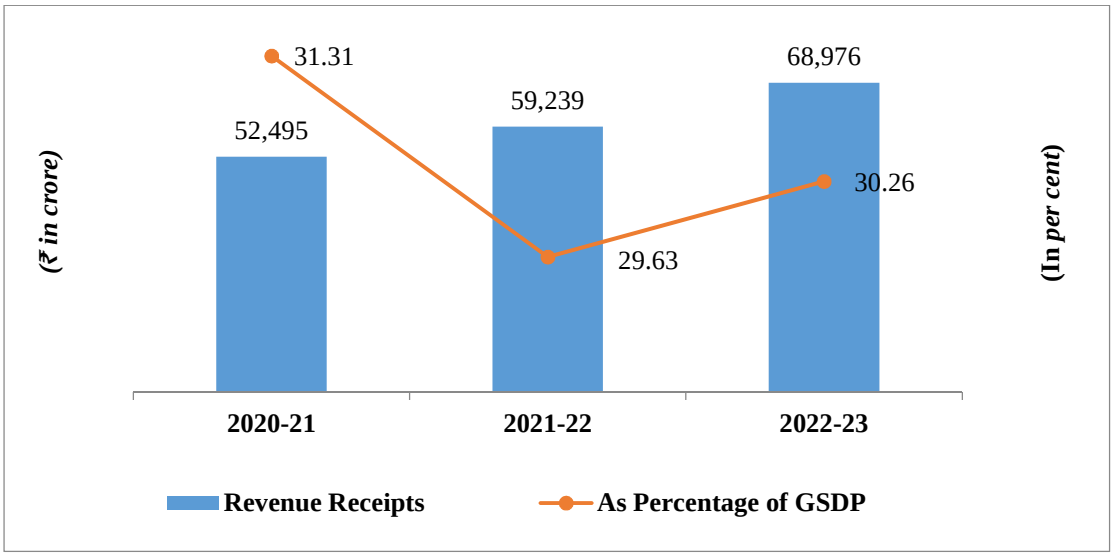
Table 2.2 shows that revenue receipts increased by 31 *per cent* from ₹52,495.48 crore in 2020-21 to ₹68,975.95 crore in 2022-23. Tax revenue and non-tax revenue increased by ₹3,458.48 crore (39 *per cent*) and ₹1,071.17 crore (26 *per cent*) during 2022-23 respectively in comparison to 2020-21. Grants-in-aid from GoI had increased by 30 *per cent* from ₹39,542.11 crore in 2020-21 to ₹51,492.93 crore in 2022-23.

The revenue buoyancy with reference to GSDP increased from 0.67 *per cent* in 2021-22 to 1.17 *per cent* in 2022-23. However, the buoyancy of UT's Own revenue to GSDP decreased from 1.44 *per cent* in 2021-22 to 0.40 *per cent* in 2022-23. The buoyancy of UT's Own tax revenue with reference to revenue receipts also decreased from 2.48 *per cent* in 2021-22 to 0.33 *per cent* in 2022-23. Out of total revenue receipts of ₹68,975.95 crore during 2022-23, the Grants-in-aid from GoI (₹51,492.93 crore) constituted 74.65 *per cent* of total revenue receipts.

An increasing trend of Grants-in-aid compared to own revenue buoyancy indicates more reliance on GoI support. Diversifying revenue resources and strengthening the local tax base are essential for sustainable fiscal stability and development. Trend of revenue receipts are shown in **Chart 2.4**.

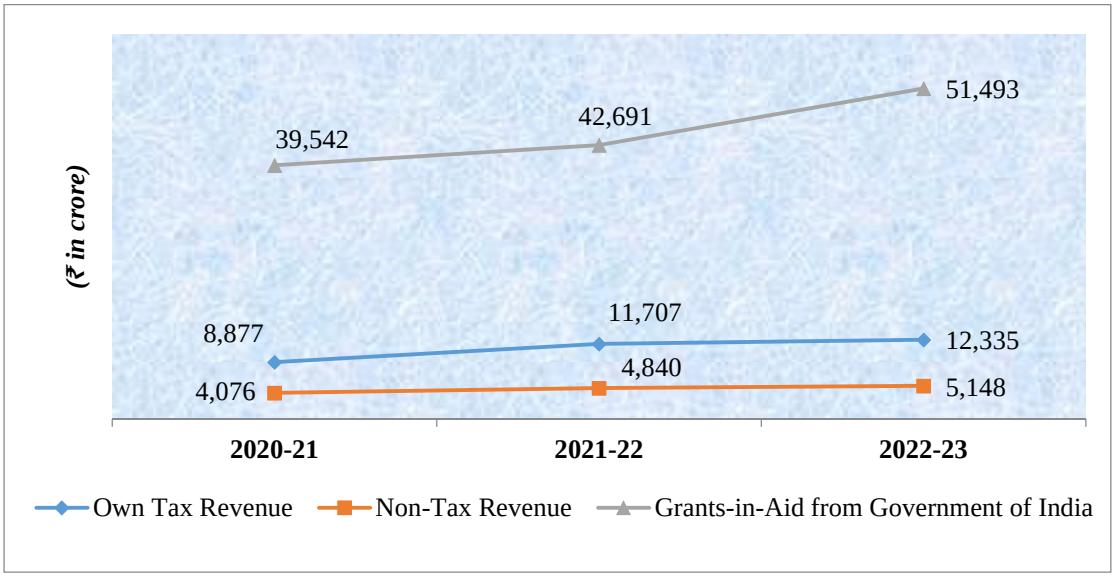
[1] Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable

Chart 2.4: Trend of Revenue Receipts



Trends in the composition of Revenue Receipts are given in **Chart 2.5**.

Chart 2.5: Trend of Components of Revenue Receipts



In reply, the Finance Department stated (April 2024) that for diversifying the revenue resources and to strengthen the local tax and non-tax base, the UT Government has taken up the revision of user charges generating different types of non-tax revenue. The revision of power tariff petitions was being moved by the Power Development Department to the Joint Electricity Regulatory Commission J&K and Ladakh at prescribed/ specified intervals of time.

2.3.2.1 Own Resources of UT of Jammu and Kashmir

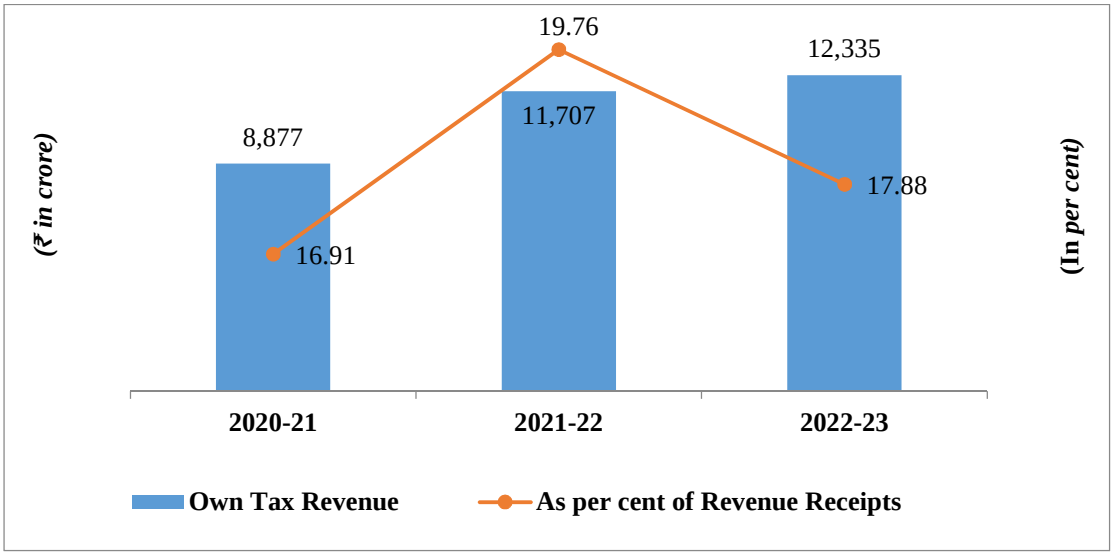
Government's performance in mobilisation of resources is assessed in terms of its own tax resources comprising revenue from its own tax and non-tax sources. Details of own tax revenue, own non- tax revenue and its components are shown in the following sub paragraphs.

(i) Own Tax revenue

Own tax revenues of the UT consist of State Goods and Services Tax (SGST), State Excise, Taxes on Vehicles, Stamp Duty and Registration fees, Land revenue, Taxes on Goods and Passengers, etc.

Trends of own tax revenue and analysis of its components during the period 2020-21 to 2022-23 are shown in **Chart 2.6** and **Table 2.3**.

Chart 2.6: Trend of own tax revenue during 2020-23



The Principal Secretary, Finance Department stated (May 2024) that the report creates an erroneous impression that own tax revenue has reduced from 20 *per cent* to 18 *per cent* of total revenue receipts in 2022-23.

The contention of the Department is not acceptable as the proportion of own tax revenue to total revenue receipts of the UT Government during 2021-22 and 2022-23 was only 19.76 *per cent* and 17.88 *per cent* respectively.

Table 2.3: Components of Own Tax Revenue

(₹ in crore)

Revenue Head	2020-21	2021-22	2022-23	Percentage Increase (+) / Decrease (-)	Sparkline
Taxes on Sales, Trade etc.	1,495.61	1,906.31	1,554.32	-18.46	
SGST	4,839.35	6,394.31	7,211.98	12.79	
State Excise	1,347.42	1,782.79	1,793.74	0.61	
Taxes on Vehicles	488.38	616.24	723.42	17.39	
Stamp Duty and Registration	325.54	512.02	556.66	8.72	
Land Revenue	60.57	113.28	131.60	16.17	
Taxes on Goods and Passengers	0.9	5.73	23.75	314.49	
Other Taxes	319.22	376.6	340	-9.72	
Total Taxes	**8,876.99**	**11,707.28**	**12,335.47**	**5.37**	

Source: Finance Accounts.

There was an increase in most of the components of own tax revenue during 2022-23 with respect to the previous year 2021-22 and own tax revenue showed an increase of

5.37 *per cent* with respect to the previous year. SGST (₹817.67 crore), Taxes on Vehicles (₹107.18 crore) and Stamp duty and Registration fees (₹44.64 crore) showed maximum increase. The highest percentage increase with respect to 2021-22 was 314.49 *per cent* and 17.39 *per cent* under Taxes on Goods and Passengers and Taxes on Vehicles respectively. Increase under Taxes on Goods and Passengers was mainly due to increase of ₹17.15 crore in Tolls on roads. Similarly, the increase under Taxes on Vehicles was due to increase of ₹58.94 crore in receipts under Indian Motor Vehicles Act and ₹48.24 crore in receipts under the State Motor Vehicles Taxation Acts, respectively.

The Principal Secretary, Finance Department stated (May 2024) that the UT government no longer had access to its important tax revenue of entry toll revenue which was subsumed with the introduction of GST. Debt servicing burden increased on account of increased capital investments as also the power sector loans. It was also confirmed that the reduction in revenue receipt from Motor Spirit Tax (MST) in 2022-23 was mainly on account of the reduction in base fuel price and the tax rates, which were undertaken to ameliorate the economic impact of COVID pandemic and alleviate the financial burden on the common man, though this meant lower tax revenues. To address this situation, the UT government enhanced its GST revenues with intensive drives for increasing awareness, enrolling all the dealers and increasing compliance in filing of returns and depositing tax liabilities. The government has ensured high tax buoyancy with GST to GSDP ratio touching 3.6 *per cent* in 2022-23. Further, the UT government launched transparent auctions for vends to boost excise revenues and to ensure transparency in allotments. The UT government also started the e-Stamping system which has enhanced stamps and registration revenues.

While Audit appreciates the efforts made by the Government, concerted efforts need to be made to enhance own revenue since the UT's own revenue buoyancy was only 0.40 *per cent* as against revenue buoyancy of 1.17 *per cent* during 2022-23. Further, the growth rate of 5.65 *per cent* in own tax and non-tax revenue of UT during 2022-23 was insignificant as compared to an increase of 20.62 *per cent* in respect of Grants-in-aid from GoI.

(a) State Goods and Services Tax (SGST)

As per the books of RBI, the amount of SGST receipts during 2022-23 was ₹7,272.19 crore while as per the Finance Accounts, the amount of SGST receipts was ₹7,211.98 crore. The difference of ₹60.21 crore was due to recovery from UT towards SGST refunds made by the Centre to the taxpayers on behalf of the UT (₹48.85 crore) and refunds made by the UT Government (₹11.36 crore).

(b) Audit of GST Receipts

The Government of India's decision to provide access to Pan-India data at GSTN premises was conveyed on 22 June 2020. In case of UT of Jammu and Kashmir, which

is a Model-II State[2], role-based access to back-end application was provided[3] to the office of the Principal Accountant General (Audit), Jammu and Kashmir on 25 November 2020. However, the access was limited to GSTN premises only and the audit teams are not authorised to access the Pan-India data.

(c) Analysis of arrears of revenue and arrears of assessment

The arrears of revenue indicate delayed realisation of revenue due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment. Both deprive the UT of potential revenue receipts and ultimately affect the revenue deficit.

Arrears of revenue

As on 31 March 2023, the arrears of revenue in respect of the following principal heads of revenue were ₹2,658.06 crore, of which ₹1,168.89 crore were outstanding for more than five years, as depicted in **Table 2.4**.

Table 2.4: Arrears of revenue

(₹ in crore)

Sr. No.	Head of revenue	Amount outstanding as on 31 March 2023	Amount outstanding for more than five years as on 31 March 2023	Replies of Department
1.	Goods and Services Tax	238.63	0	Commissioner, State Taxes Department J&K stated (September 2023) that steps like issuance of memo, seizure of bank accounts and thereafter attachment of immovable property have been taken. In addition arrest warrants are issued to ensure recovery of arrears.
2.	Taxes/VAT on Sales, Trade, etc.	2,374.28	1,124.05	
3.	Motor Spirit Tax	0.09	0.09	
4.	Entertainment Tax	0.21	0.21	Out of total arrears of ₹45.06 crore, stay on ₹42.98 crore was granted by the courts/ appellate authorities. Balance arrears of ₹2.08 crore are recoverable arrears under Land Revenue Act.
5.	Toll Tax	28.24	28.00	
6.	State Excise	16.61	16.54	
Total		**2,658.06**	**1,168.89**	

Source: Departmental Information

Arrears in assessment

The information on number of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed during the year and number of cases

[2] State which has opted for development of backend system by GSTN.

[3] Modules/ Functions: (1) Search ARN (2) Get Taxpayer Details (3) Record search (4) DSC Registration (5) Find GSTIN (6) User Login (7) MIS

pending for finalisation at the end of the year, as furnished by the Department of Excise and Taxation in respect of Sales Tax/VAT is depicted in **Table 2.5**.

Table 2.5: Arrears of assessment

Sr. No.	Head of Revenue	Cases pending at the beginning of 2022-23	New cases due for assessment during 2022-23	Total cases due for assessment	Cases disposed of during 2022-23	Balance at the end of the year	Percentage of disposal
1.	Sales Tax/VAT	258	32	290	32	258	11.03
2	Goods and Services Tax	0	702	702	639	63	91.03
3	Taxes on Works Contract	0	0	0	0	0	0
	Total	**258**	**734**	**992**	**671**	**321**	**67.64**

Source: Departmental information

As can be seen from the above table, although 67.64 *per cent* assessment cases were disposed of during 2022-23, 321 assessment cases were still pending at the close of the year. As against the disposal rate of 91.03 *per cent* in assessment of Goods and Services Tax, disposal rate of Sales Tax/ VAT cases was only 11.03 *per cent*, which needs to be improved.

(b) Details of evasion of tax detected by the Department, refund cases, etc.

Cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the UT Government. Promptness in disposal of refund cases is an important indicator of performance of the Department concerned.

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and demand for additional taxes raised are given in **Table 2.6**. Details of refund cases during the year 2022-23, as reported by the departments concerned, are depicted in **Table 2.7**.

Table 2.6: Evasion of tax detected

Sr. No.	Head of revenue	Cases pending as on 31 March 2022	Cases detected during 2022-23	Total	No. of cases in which assessment / investigation completed and additional demand with penalty, etc. raised		Amount of demand recovered *(₹ in crore)*	No. of cases pending for finalisation as on 31 March 2023
					No. of cases	Amount of demand *(₹ in crore)*		
1	Taxes on Sales/ VAT trade etc.	106	27	133	81	1.46	0	52
2	Goods and Services Tax	0	2,409	2,409	2,403	14.31	14.31	6
3	Excise	0	1	1	1	0.17	0.17	0
	Total	**106**	**2,437**	**2,543**	**2,485**	**15.94**	**14.48**	**58**

Source: Departmental information

Table 2.7: Details of refund cases

(₹ in crore)

Sr. No.	Particulars	GST		Sales Tax/VAT		State Excise	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	387	8.83	3	3.40	273	11.43
2.	Claims received during the year	764	119.31	8	0.57	10	0.23
3.	Refunds made during the year	389	80.25	7	0.62	140	5.34
4.	Refunds rejected during the year	206	20.28	0	0	0	0
5.	Balance outstanding at the end of year	556	27.61	4	3.35	143	6.32

Source: Departmental information

(ii) Non-Tax Revenue

Non-tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. **Table 2.8** depicts components of non-tax revenue of the Union Territory during 2020-21 to 2022-23.

Table 2.8: Components of UT's Non-Tax Revenue

(₹ in crore)

Revenue Head	2020-21	2021-22	2022-23	Percentage Increase (+) / Decrease (-)	Sparkline
Interest Receipts	17.86	16.54	18.79	13.60	
Dividend and Profits	0.00	0.00	0.00	0.00	
Other Non-Tax Receipts	4,058.52	4,823.91	5,128.76	6.32	
a) Power	*2,349.74*	*2,715.75*	*3,307.54*	*21.79*	
b) Medium Irrigation	*996.66*	*886.62*	*706.23*	*-20.35*	
c) Non-Ferrous Mining and Metallurgical Industries	*227.91*	*128.78*	*101.17*	*-21.44*	
d) Water Supply and Sanitation	*93.89*	*111.88*	*110.16*	*-1.54*	
e) Education, Sports, Arts and Culture	*41.33*	*474.12*	*12.53*	*-97.36*	
f) Police	*39.91*	*68.68*	*89.89*	*30.88*	
g) Other Misc.	*309.08*	*438.08*	*801.24*	*82.90*	
Total	**4,076.38**	**4,840.45**	**5,147.55**	**6.34**	

Source: Finance Accounts

Non-tax revenue receipts increased by 6.34 *per cent* during 2022-23 with respect to the previous year and the major increases were under power, police and Other Miscellaneous revenue heads (viz. Pension/ Miscellaneous General services, Village and small industries, social security and welfare etc). Medium irrigation and Non-ferrous Mining and Metallurgical Industries showed a decline in receipts with respect to the previous year. Receipts under Education, Sports, Art and Culture decreased by 97.36 *per cent* during 2022-23 with respect to the previous year due to remittance of ₹461.61 crore by Chief Accounts Officer (CAO) Samagra Shiksha J&K on account of salary of teachers during 2021-22.

The Finance Department stated (April 2024) that the departments having negative trend in non-tax revenue are being advised repeatedly to enhance the collection of non-tax revenues especially the Irrigation and Mining Department. Further, the departments which have shown progressive increase in their revenue receipts are being monitored regularly for better collection with enhanced targets.

2.3.2.2 Transfers from the Centre

Transfers from the Centre constituted of Grants-in-Aid and devolution under Finance Commission Award.

(A) Grants-in-aid from GoI

The details of Grants-in-aid (GIA) from Government of India (GoI) is shown in the following table:

Table 2.9: Grants-in-aid from Government of India

(₹ in crore)

Head	**2020-21**	**2021-22**	**2022-23**
Grants for Centrally Sponsored Schemes (CSS)	6,533.49	6,713.77	6,029.68
Other transfers/Grants to States/Union Territories with Legislature	33,008.62	35,977.00	45,463.25
Total	**39,542.11**	**42,690.77**	**51,492.93**
Increase/ decrease over previous year (*per cent*)	NA	7.96	20.62
Percentage of GIA to Revenue Receipts	75.32	72.07	74.65

Source: Finance Accounts

Table 2.9 shows that Grants-in-Aid from GoI (₹51,492.93 crore) constituted 74.65 *per cent* of the total revenue receipts of ₹68,975.95 crore for 2022-23. The percentage of GIA to revenue receipts increased from 72.07 *per cent* to 74.65 *per cent* which indicated Government's increasing dependence on Grants-in-aid from Government of India. Further the revenue surplus of ₹5,976.61 crore during 2022-23 was mainly due to increase of ₹8,802.16 crore in Grants-in-aid from GoI.

There was an increase of 20.62 *per cent* in GIA from GoI during 2022-23, which was mainly due to increase of ₹9,486.25 crore (26.36 *per cent*) under other transfers to the UT, partially offset by a decrease of ₹684.09 crore (10.19 *per cent*) under Grants for Centrally Sponsored Schemes.

Other transfers of ₹45,463.25 crore received by the UT during 2022-23, included Grants from Central Road and Infrastructure Fund (₹343.61 crore), Special assistance (₹44,701.68 crore) and GST Compensation (₹418.12 crore). The increase of ₹9,486.25 crore (26.36 *per cent*) in Other transfers was mainly due to increase of ₹9,938.02 crore (28.58 *per cent*) under Special assistance, partially compensated by decrease of ₹474.44 crore (53.15 *per cent*) in GST Compensation.

The Finance Department replied (April 2024) that the advice for increasing the UT's own tax and non-tax revenue for simultaneous decrease in GIA has been noted for mobilisation of available resources.

(B) Grants for Centrally Sponsored Schemes

Out of the grants of ₹6,029.68 crore[4] for Centrally Sponsored Schemes during 2022-23, major amounts were received for:

- Scheme of Modernisation of Police Force: ₹1,530.36 crore (decrease of ₹135.74 crore- 8.15 *per cent* over previous year);
- Pradhan Mantri Awas Yojana Rural; ₹1,031.58 crore (increase of ₹908.15 crore- 735.79 *per cent* over previous year);
- Pradhan Mantri Gram Sadak Yojana: ₹717 crore (decrease of ₹611.34 crore- 46.02 *per cent* over previous year);
- Saksham Anganwadi and Poshan (Umbrella ICDS-Anganwadi Services, Poshan Abhiyan Scheme for Adolescent Girls, National Creche Scheme): ₹479.01 crore (increase of ₹73.27 crore- 18.06 *per cent* over previous year);
- Flexible pool for Reproductive and Child Health (RCH) and Health System Strengthening, National Health Programme and National Urban Health Mission: ₹494.25 crore (increase of ₹494.25 crore over previous year);
- Samagra Shiksha Abhiyan: ₹364.97 crore (decrease of ₹590.01 crore- 61.78 *per cent* over previous year);
- Mahatma Gandhi National Rural Guarantee Programme: ₹346.25 crore (increase of ₹251.01 crore- 263.55 *per cent* over previous year); and
- Urban Rejuvenation Mission- 500 Cities: ₹158.60 crore (increase of ₹52.72 crore- 49.79 *per cent* over previous year).

Single Nodal Agency

The Government of India, Ministry of Finance Department of Expenditure, New Delhi vide Office Memorandum No. 1 (13)/PFMS/FCD/2020 dated 8 December 2021 provided that every State Government/UT is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The Single Nodal Agency will open a Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorised to conduct business by the State Government/UT. Further, as per the new procedure, it is the responsibility of the State Government/UT concerned to ensure that the entire unspent amount is returned by all the Implementing Agencies (IAs) to the Single Nodal Account of the Single Nodal Agency.

The Government of Union Territory of Jammu and Kashmir received ₹6,131.40 crore[5] being Central share during the year. As on 31 March 2023, the Government transferred

[4] Total grants under CSS ₹6,12,899.96 lakh less by ₹9,931.70 lakh on account of deduction of refund of unutilised GIA of previous years to the GOI.

[5] Includes total grant under CSS ₹6,12,899.96 lakh under MH-1601-06-101-Central Assistance Share and an amount ₹240 lakh received under 113-Special Assistance for Livestock Census and Integrated Sample Survey CSS.

₹3,514.36 crore being Central share and corresponding Union Territory share of ₹549.62 crore to the SNAs. Detailed vouchers and supporting documents of actual expenditure were not received by Principal Accountant General (A&E) office from the SNAs. As per the data available on Public Financial Management System (PFMS), ₹3,603.59 crore is lying unspent in the bank account of SNAs as on 31 March 2023.

The Finance Department stated (April 2024) that the revised procedure for release of CSS funds and implementation of the schemes through operation of Single Nodal Account (SNA) was implemented on 30 July 2022 and had several features to be implemented for operationalisation which included specific budgetary provisioning both for Central and UT share. This took a slightly longer time resulting in building up of unspent balances. However, the issue was being reviewed on several occasions even at the highest level by Hon'ble Lieutenant Governor for expediting judicious utilisation after observing all the pre-requisite codal formalities leading to positive results.

2.3.3 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Trends of capital receipts and its components during 2020-21 to 2022-23 are shown in **Table 2.10**.

Table 2.10: Composition of Capital Receipts

(₹ in crore)

Sources of UT's Receipts	2020-21	2021-22	2022-23
Capital Receipts*	**40,635.06**	**50,200.89**	**38,115.80**
Miscellaneous Capital Receipts	*0*	*0*	*0*
Recovery of Loans and Advances	*1.93*	*1.03*	*1.33*
Public Debt Receipts*	**40,633.13**	**50,199.86**	**38,114.47**
Internal Debt	*40,450.24*	*50,199.86*	*38,114.47*
Growth rate (per cent)		*24.10*	*-24.07*
*Loans and advances from GoI**	*182.89*	*0*	*0*
Growth rate (per cent)	*NA*	*-100*	*0*
Rate of growth of debt Capital Receipts (*per cent*)	NA	23.54	-24.07
Rate of growth of Non-debt Capital Receipts (*per cent*)	NA	-46.63	29.13
Rate of growth of GSDP (*per cent*)	2.16	19.25	14.01
Rate of growth of Capital Receipts (*per cent*)	NA	23.54	-24.07

Source: Finance Accounts.

**Excludes ₹2,099.80 crore in 2020-21 and ₹3,845.49 crore in 2021-22 received as back-to-back loans from GoI in lieu of GST Compensation shortfall.*

Total capital receipts of Union Territory of Jammu and Kashmir decreased from ₹54,046.38 crore during 2021-22 to ₹38,115.80 crore during 2022-23. There was a decrease of 29.48 *per cent* during 2022-23 with respect to the previous year. Internal

debt receipts of ₹38,114.47 crore was the major component of total capital receipts of ₹38,115.80 crore and it showed a decrease of ₹12,085.39 crore over the previous year.

The Finance Department stated (April 2024) that the decrease is actually the difference of additional internal debt receipts to the tune of ₹5,000 crore under NSSF that had been raised and received in the month of March 2022 (2021-22) as a one-time exception.

Audit is of the opinion that decrease was not solely due to decrease under NSSF receipts. As against the back to back loan of ₹3,845.49 crore received for shortfall of GST compensation during 2021-22, the UT Government has not received any such loan during 2022-23. Further, there was a decrease of ₹7,142.31 crore under ways and means advances and overdraft during 2022-23 (₹28,960.73 crore) in comparison to 2021-22 (₹36,103.03 crore). This has contributed to overall decrease in Capital receipts during 2022-23.

2.3.4 UT's Performance in Mobilisation of Resources

The UT's performance in mobilisation of resources is assessed in terms of its own resources comprising Own Tax and Non-Tax sources. The Union Territory of Jammu and Kashmir's Own Tax and Own non-tax receipts for the year 2022-23 *vis-à-vis* budget estimates/ revised estimates are given in the following table:

Table 2.11: Tax and Non-Tax Receipts *vis-à-vis* projections

(₹ in crore)

	Budget estimates	**Revised estimates**	**Actual**	**Percentage of variation of actual over budget estimates**	**Percentage of variation of actual over revised estimates**
Own Tax Revenue	16,666	16,303	12,335.47	-25.98	-24.34
Non-Tax Revenue	8,648	9,225	5,147.55	-40.48	-44.20
Total	**25,314**	**25,528**	**17,483.02**	**-30.94**	**-31.51**

Source: Budget document and Finance Accounts.

The collection under own resources fell short by 30.94 *per cent* of budget estimates and 31.51 *per cent* of revised estimates. The UT Government could not achieve its own targets for Own tax revenue and Own Non-tax revenue in the budget estimates/ revised estimates. Own tax revenue fell short by 25.98 *per cent* of budget estimates and 24.34 *per cent* of revised estimates. Within Own tax revenue, the SGST collection of ₹7,211.98 crore during 2022-23 fell short of both the budget and revised estimates of ₹10,600 crore by 31.96 *per cent*. Non-tax revenue fell short by 40.48 *per cent* of budget estimates and 44.20 *per cent* of revised estimates. UT's own resources (Own tax revenue and Own Non-tax revenue) of ₹17,483.02 crore during the year 2022-23 was 36.83 *per cent* of committed[6] expenditure of ₹47,475.27 crore for the year 2022-23.

[6] Salaries: ₹27,838.17 crore; Wages: ₹0.90 crore; Interest: ₹8,493.82 crore; Pension and Gratuities: ₹11,142.38 crore

The Finance Department stated (April 2024) that various steps have already been taken by the UT Government which will assist in lessening the gap between the actuals and the estimates.

2.4 Application of Resources

The Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the UT is not at the cost of expenditure directed towards development of capital infrastructure and social sector. The following sub-paragraphs give an analysis of allocation of expenditure in the Union Territory of Jammu and Kashmir.

Growth and composition of expenditure

Revenue expenditure: Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for day-to-day running of the organisation, including establishment and administrative expenses are classified as revenue expenditure.

Capital expenditure: All charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by the competent authority are classified as capital expenditure.

Loans and Advances: There are loans and advances made by the Government to Public Sector Undertakings (PSUs) and other parties.

Trends of overall expenditure and its components are shown in **Table 2.12** and ***Chart 2.7***.

2.4.1 Composition of Expenditure

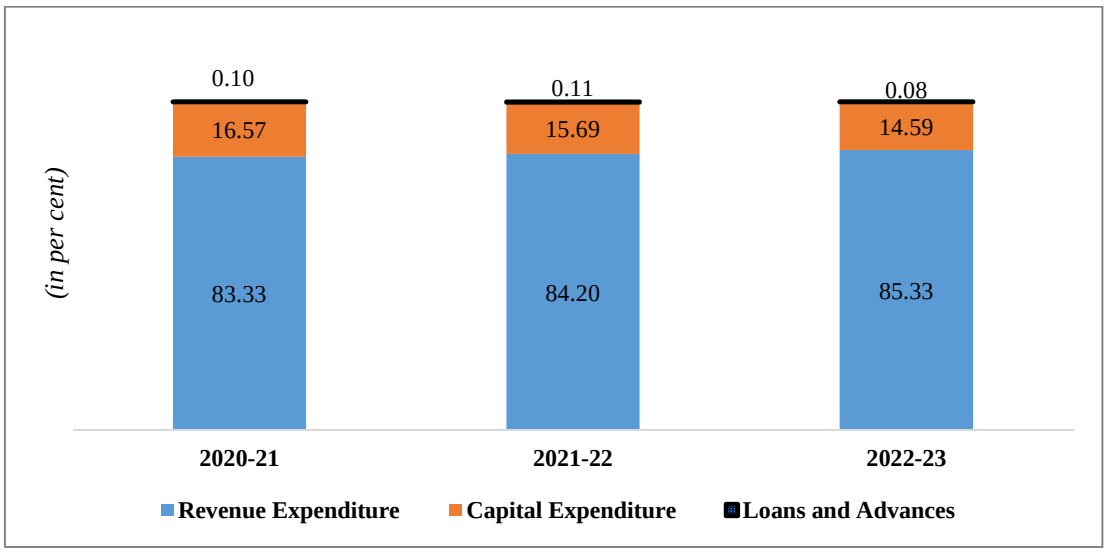
Table 2.12: Trend of expenditure and its composition

(₹ in crore)

Parameters	2020-21	2021-22	2022-23
Revenue Expenditure (RE)	**52,633.75**	**59,269.33**	**62,999.34**
Capital Expenditure (CE)	**10,470.38**	**11,047.04**	**10,773.78**
Loans and Advances	**61.64**	**73.77**	**59.53**
Total Expenditure (TE)	**63,165.77**	**70,390.14**	**73,832.65**
TE/GSDP *(per cent)*	37.68	35.21	32.39
RE/GSDP *(per cent)*	31.39	29.65	27.64
CE/GSDP *(per cent)*	6.25	5.53	4.73
Loans and Advances/GSDP *(per cent)*	0.04	0.04	0.03

Source: Finance Accounts.

Chart 2.7: Total Expenditure- Trends in share of its components



Total expenditure increased by ₹10,666.88 crore (16.89 *per cent*) from ₹63,165.77 crore in 2020-21 to ₹73,832.65 crore in 2022-23; however, the ratio of total expenditure to GSDP during this period decreased from 37.68 *per cent* to 32.39 *per cent*.

Revenue expenditure constituted the predominant proportion of total expenditure and increased from 83 *per cent* in 2020-21 to 85 *per cent* in 2022-23. On the other hand, the proportion of capital expenditure in total expenditure decreased from 17 *per cent* in 2020-21 to 15 *per cent* in 2022-23.

The Finance Department stated (May 2024) that despite revenue constraints, the Government expanded its capital investments to accelerate infrastructure development. Keeping in view several abandoned/stalled projects, the UT Government prioritised languishing projects based on their economic potential and social importance. Out of 2,356 prioritised projects, the Government commissioned 1,632 projects with sanctioned cost of ₹3,218 crore. Further, the road network has been significantly strengthened through PMGSY, RIDF and CRF funding.

However, keeping in view the trend of decrease in the relative share of capital expenditure during 2020-21 to 2022-23 and huge savings in the budget under capital components, more stringent steps need to be taken by the Government to ensure timely completion of capital projects and prompt utilisation of the funds.

Relative share of various sectors of expenditure during 2020-23 is depicted in **Table 2.13** and **Chart 2.8**.

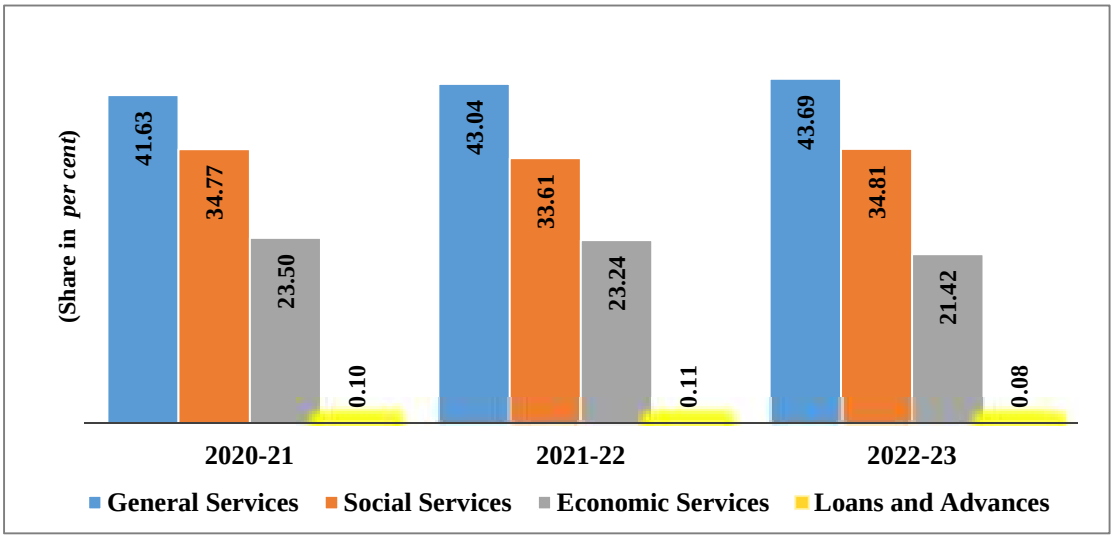
Table 2.13: Relative share of various sectors of expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23
General Services	26,297.40	30,298.89	32,260.50
Social Services	21,964.27	23,655.75	25,697.79
Economic Services	14,842.46	16,361.73	15,814.83
Loans and Advances	61.64	73.77	59.53
Total	**63,165.77**	**70,390.14**	**73,832.65**

Source: Finance Accounts.

Chart 2.8: Total expenditure - Expenditure by activities

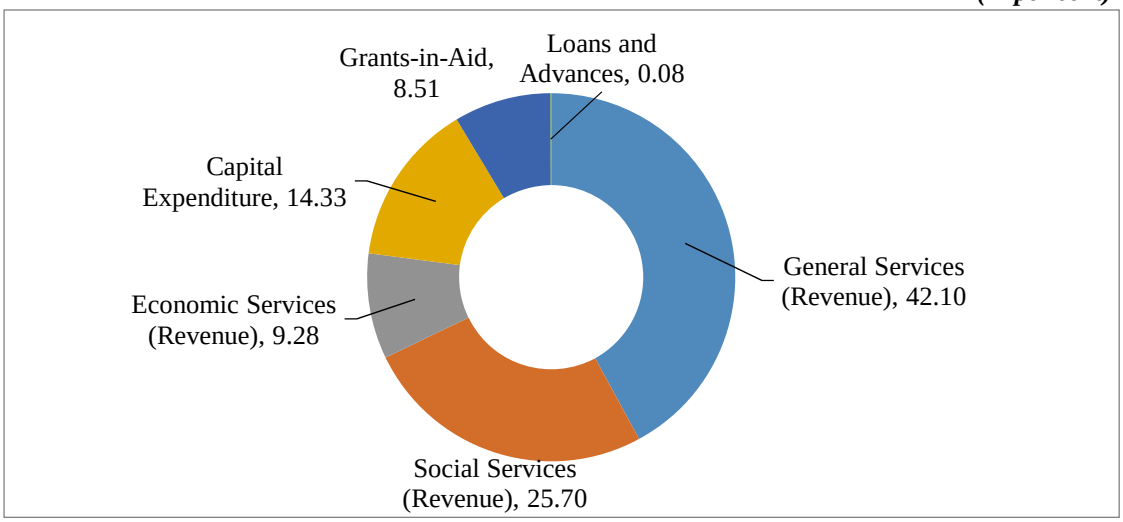


Relative share of various components of expenditure in the total expenditure showed marginal fluctuations. The share of General services in total expenditure increased from 41.63 *per cent* in 2020-21 to 43.69 *per cent* in 2022-23. However, the share of Economic services in total expenditure decreased from 23.50 *per cent* in 2020-21 to 21.42 *per cent* in 2022-23. The share of Social services in total expenditure during 2020-23 ranged between 33.61 *per cent* and 34.81 *per cent*.

The combined share of Social and Economic services which represented development expenditure decreased from 58.27 *per cent* in 2020-21 to 56.23 *per cent* in 2022-23. **Chart 2.9** shows the composition of expenditure by function during 2022-23.

Chart 2.9: Composition of expenditure by function during 2022-23

(in per cent)



It can be seen from above that General Services (Revenue) was the largest component accounting for 42.10 *per cent,* of total expenditure. Expenditure on Social and Economic service (Revenue) accounted for 34.98 *per cent* and Grants-in-aid accounted for 8.51 *per cent.* Capital expenditure accounted for 14.33 *per cent* of total disbursement from the Consolidated Fund during 2022-23.

The Finance Department stated (May 2024) that in 2022-23, the UT Government has improved the quality of its social services in education, health, rural development and social assistance sectors. There has been a sharp increase in enrolment of students in primary, middle and secondary schools, reduction in out-of-pocket expenditure and extension of cashless treatment to about 83 lakh individuals. Such efforts of the UT Government are reflected in the far better infant mortality rate, total fertility rate and life expectancy in Jammu and Kashmir than the national average. Besides, efforts have been made to construct PMAY houses which have quadrupled to 51,290 in 2022-23 and the number of works under Mahatma Gandhi National Rural Employment Guarantee Act has also quadrupled from 54,315 in 2019-20 to over 2,00,000 in 2022-23. The Government has expanded food security for its citizens (98 lakh beneficiaries) by providing subsidised food grains to all families in a graded fashion. There has been a complete revitalisation of sports in the UT through completion of 702 sports projects, construction of 100 Khelo India Centres and development of indoor sports complexes. The Government has invested in transforming the agriculture sector from subsistence farming to a profitable vocation by investing in cultivation, crop-diversification, and farmers insurance. The Government has also supported high density plantation, farm mechanisation and development of cold-storages for boosting the value addition in agriculture sector.

While Audit appreciates various measures taken by the Government to increase social and economic sector investment, the reply does not specifically address the reasons for increasing trend in expenditure on general services and consequent decreasing trend in the social and economic services expenditure over the past three years.

2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the UT's infrastructure and service network. **Table 2.14** presents revenue expenditure and basic parameters of Union Territory of Jammu and Kashmir.

Table 2.14: Revenue Expenditure – Basic Parameters

(₹ in crore)

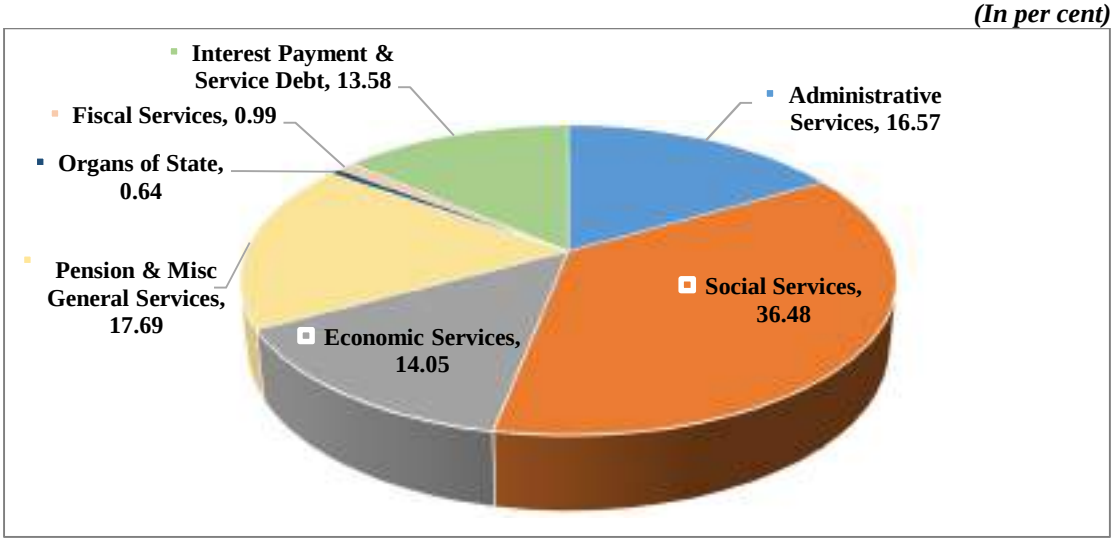
Parameters	**2020-21**	**2021-22**	**2022-23**
Total Expenditure (TE)	63,165.77	70,390.14	73,832.65
Revenue Expenditure (RE)	52,633.75	59,269.33	62,999.34
Rate of Growth of RE (*per cent*)	NA	12.61	6.29
Revenue Expenditure as percentage of TE	83.33	84.20	85.33
RE/GSDP *(per cent)*	31.39	29.65	27.64
Revenue Receipts (RR)	52,495.48	59,238.50	68,975.95
Rate of Growth of RR (*per cent*)	NA	12.84	16.44
RE as percentage of RR	100.26	100.05	91.34
Rate of Growth of GSDP (*per cent*)	NA	19.25	14.01
Buoyancy of Revenue Expenditure with			
GSDP (ratio)	NA	0.66	0.45
Revenue Receipts (ratio)	NA	0.98	0.38

Source: Finance Accounts.

Revenue expenditure increased by ₹10,365.59 crore (19.69 *per cent*) from ₹52,633.75 crore in 2020-21 to ₹62,999.34 crore in 2022-23. The percentage of revenue expenditure to GSDP decreased from 31.39 *per cent* in 2020-21 to 27.64 *per cent* in 2022-23. Buoyancy of revenue expenditure with reference to revenue receipts showed improvement.

Chart 2.10: Sector wise distribution of Revenue Expenditure during 2022-23

(In per cent)



During 2022-23, the combined share of revenue expenditure on Economic and Social services accounted for 50.53 *per cent* while General services accounted for 49.47 *per cent* of revenue expenditure. The expenditure on Administrative Services (16.57 *per cent)*, Interest payments and Servicing of debt (13.58 *per cent*) and Pension & Miscellaneous General Services (17.69 *per cent*) were the major components of expenditure on General Services.

2.4.2.1 Major Changes in Revenue Expenditure

Revenue expenditure increased by ₹3,730.01 crore (6.29 *per cent)* from ₹59,269.33 crore in 2021-22 to ₹62,999.34 crore in 2022-23. Significant increase/ decrease of above ₹100 crore under Major Heads of Accounts with regard to revenue expenditure of the UT during the current year as compared to revenue expenditure of the previous year is shown in **Table 2.15**.

Table 2.15: Significant increase/decrease in revenue expenditure with respect to previous year

(₹ in crore)

Major Head	2021-22	2022-23	Increase/ Decrease(-)
2049 Interest Payments	7,360.31	8,493.82	1,133.51
2055 Police	7,636.11	8,200.24	564.13
2202 General Education	10,320.50	10,825.01	504.51
2210 Medical and Public Health	4,569.35	5,027.89	458.54
2211 Family Welfare	407.84	701.06	293.22
2217 Urban Development	755.78	1,270.35	514.57
2235 Social Security and Welfare	1,384.20	1,680.35	296.15
2071 Pension and other retirement benefits	11,563.00	11,142.38	-420.62
2801 Power	3,131.10	2,768.74	-362.36
2236 Nutrition	574.90	417.76	-157.14

Table 2.15 shows that:

- Increase of ₹1,133.51 crore (15.40 *per cent*) in Interest Payments is mainly due to increase for meeting liability on account of interest on internal debt by ₹1,071.75 crore and other obligations by ₹23.39 crore;
- Increase of ₹564.13 crore (7.38 *per cent*) in Police was due to increase in expenditure on Special Police by ₹219.42 crore, District Police by ₹198.40 crore and internal security by ₹108.92 crore respectively.
- Increase of ₹504.51 crore (4.89 *per cent*) under General Education was due to increase in expenditure on Mid-Day Meals by ₹48.38 crore, Elementary Education by ₹722.57 crore and Higher Education by ₹202.82 crore.
- Increase of ₹458.54 crore (10.03 *per cent*) in Medical and Public Health was due to increase in expenditure on Urban Health Services by ₹62.25 crore, Rural Health Services by ₹308.01 crore and Medical Education by ₹81.12 crore.
- Increase of ₹293.22 crore (71.89 *per cent*) in Family Welfare was due to increase in expenditure on Direction and Administration by ₹264.34 crore and Rural Family Welfare services by ₹30.08 crore.
- In Urban Development increase of ₹514.57 crore (68.08 *per cent*) was due to increase in disbursement of assistance to local bodies by ₹509.68 crore.
- In Social Security and Welfare increase of ₹296.15 crore (21.39 *per cent*) was due to increased expenditure on Child Welfare by ₹106.53 crore, Women's Welfare by ₹22.94 crore, and National Family Benefit scheme by ₹123.16 crore.
- Major decrease of ₹420.62 crore (3.63 *per cent*) under Pension and other Retirement benefits was due to decrease in Superannuation and Retirement allowances by ₹297.28 crore, Gratuities by ₹106.93 crore and leave encashment by ₹26.50 crore.
- Decrease of ₹362.36 crore (11.57 *per cent*) in Power was due to decrease in expenditure on purchase of power by ₹455.59 crore,
- Decrease of ₹157.14 crore (27.33 *per cent*) in Nutrition was due to a decrease in expenditure on Special Nutrition programme by ₹156.60 crore.

The Finance Department stated (April 2024) that the reasons for increase/decrease in the expenditure of certain departments are being ascertained from the respective departments. They further added that the decrease of expenditure on power purchase was mainly due to payments made under off-budget borrowings (OBB) through revolving bill payment facility (RBPF).

2.4.2.2 Committed Expenditure

The committed expenditure of the UT Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It has first charge on Government resources.

Apart from the above, there are certain items of inflexible expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis unlike for variable transactions such as capital expenditure etc. For example, the following items may be considered as inflexible expenditure:

(i) Devolution to local bodies – Statutory devolutions to local bodies for pay and allowances (devolution/ transfer for capital expenditure)

(ii) Statutory requirements of contribution to Reserve Funds – Contributions to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation/ Response Fund (SDMF/SDRF), etc.

(iii) Recoupment of Contingency Fund – Amount recouped within the year.

(iv) Transfer of cess to reserve fund/ other body, which are statutorily required.

(v) Share contribution of CSS against the Central Fund received – Amount of UT share to be transferred to SNA/ spent by the UT.

(vi) Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure – Interest payment.

Upward trend on committed expenditure leaves the Government with lesser flexibility for the development sector. Trend analysis of committed and inflexible expenditure and its components is depicted in **Table 2.16** and share of committed expenditure in revenue expenditure is shown in **Chart 2.11**.

Table 2.16: Components of Committed and Inflexible Expenditure

(₹ in crore)

Components of Committed Expenditure	**2020-21**	**2021-22**	**2022-23**
Salaries & Wages	23,851.70	26,077.64	27,839.07
Interest Payments	6,372.46	7,360.31	8,493.82
Expenditure on Pensions	9,078.11	11,563.00	11,142.38
Total Committed expenditure	**39,302.27**	**45,000.95**	**47,475.27**
As a percentage of Revenue Receipts (RR)			
Salaries & Wages	45.44	44.02	40.36
Interest Payments	12.14	12.42	12.32
Expenditure on Pensions	17.29	19.52	16.15
Committed expenditure	**74.87**	**75.96**	**68.83**
As a percentage of Revenue Expenditure (RE)			
Salaries & Wages	45.31	44.00	44.19
Interest Payments	12.11	12.42	13.48
Expenditure on Pensions	17.25	19.51	17.69
Committed expenditure	**74.67**	**75.93**	**75.36**
Non-committed expenditure	**13,331.48**	**14,268.38**	**15,524.07**
Percentage of RE	**25.33**	**24.07**	**24.64**
Percentage of TE	**21.11**	**20.27**	**21.03**
Components of Inflexible expenditure			
Statutory devolutions to local bodies	901.74	673.01	1,182.69

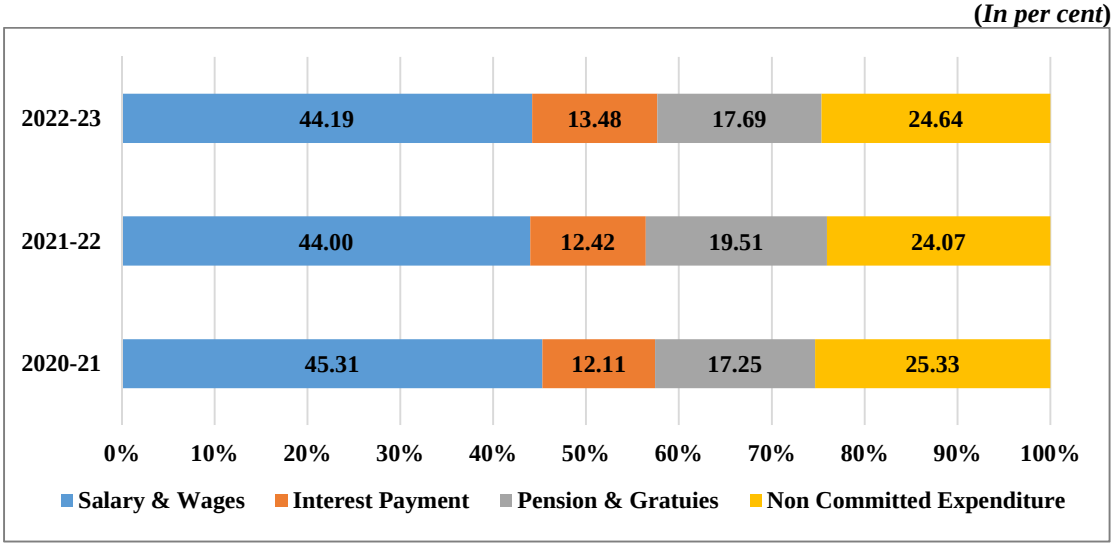
Components of Committed Expenditure	2020-21	2021-22	2022-23
Contribution to Reserve Funds	511.67	153.89	173.45
Recoupment of Contingency Fund	25.00	0	0
Transfer of cess to reserve fund/ other body	NA	NA	NA
Share contribution of CSS[7] against the Central Fund received	830.53	873.17	801.48
Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure	23.91	41.53	41.82
Total Inflexible expenditure	**2,292.85**	**1,741.60**	**2,199.44**
Inflexible expenditure as a percentage of Revenue Receipts (RR)	**4.37**	**2.94**	**3.19**
Inflexible expenditure as a percentage of Revenue Expenditure (RE)	**4.36**	**2.94**	**3.49**
Subsidies	128.24	95.16	28.03
Subsidies as percentage of non-committed expenditure	0.96	0.67	0.18

Source: Finance Accounts

Table 2.16 shows that the percentage of non-committed expenditure to revenue expenditure during 2020-21 to 2022-23 ranged between 24.07 *per cent* and 25.33 *per cent*. However, the percentage of committed expenditure to revenue expenditure ranged between 74.67 *per cent* and 75.93 *per cent*. The ratio of committed expenditure to revenue receipts during 2020-21 to 2022-23 ranged between 68.83 *per cent* and 75.96 *per cent*. It shows that major portion of revenue receipts was exhausted to meet committed expenditures and Government was left with 24.04 *per cent* to 31.17 *per cent* of its revenue receipts for other expenditure.

Chart 2.11: Share of committed expenditure in revenue expenditure

(*In per cent*)



Source: Finance Accounts

[7] Since the share contribution of CSS released by UT is not clearly discernable in the accounts during 2021-22 and 2022-23, the proportionate UT share as per SNA-01 generated from PFMS has been adopted during the years 2021-22 and 2022-23.

Salaries and wages

Expenditure on salaries and wages (₹27,839.07 crore) increased by 6.75 *per cent* during 2022-23 over the previous year (₹26,077.64 crore) and constituted 44.19 *per cent* of revenue expenditure.

Interest payment

The expenditure of ₹8,493.82 crore on interest payments during 2022-23 increased by 15.40 *per cent* over the previous year (₹7,360.31 crore). Interest on internal debt (₹6,227.55 crore), Small Savings and Provident Funds (₹1,910.10 crore), Loans and Advances from GoI (₹46.33 crore) and Reserve Funds (₹71.83 crore) were the major components of interest payments during 2022-23.

Pensions

The expenditure on pension and other retirement benefits to the UT Government pensioners (₹11,142.38 crore) during 2022-23 constituted 17.69 *per cent* of revenue expenditure. The expenditure on pension and other retirement benefits during 2022-23 decreased by 3.64 *per cent* over the previous year (₹11,563.00 crore). In comparison to 2021-22, Superannuation and Retirement allowances (₹6,925.53 crore) during 2022-23 decreased by ₹297.28 crore, Gratuities (₹1,251.19 crore) decreased by ₹106.94 crore and family pension (₹259.50 crore) decreased by ₹43.55 crore. However, the Government contribution for Defined Contribution Pension Scheme (₹1,002.01 crore) increased by ₹67.43 crore over the previous year.

2.4.2.3 Undischarged liabilities in National Pension System

In terms of the Defined Contribution Pension Scheme, J&K Government employees recruited on or after 1 January 2010 are covered under the Scheme. Under the scheme the employee contributes 10 *per cent* of basic pay and dearness allowance which is matched by the Government with an equal amount. Government of Union Territory contribution was enhanced to 14 *per cent* in May 2021 (Government of Union Territory of Jammu and Kashmir S.O No. 178 dated 20 May 2021) with retrospective effect from 1 April 2020.

During the year 2022-23, total contribution to Defined Contribution Pension Scheme was ₹1,773.57 crore (Employee's contribution: ₹771.56 crore and Government of Union Territory contribution: ₹1,002.01 crore).

The Government of Union Territory transferred ₹1,773.57 crore to the Public Account under Major Head-8342-117 Defined Contribution Pension Scheme, out of which ₹1,781.42 crore was transferred from this Head of Deposit Account to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank. As on 31 March 2023, an amount of ₹3.86 crore was lying under the Major Head 8342- "Other Deposits"-117 "Defined Contribution Pension Scheme" (New Pension Scheme) for Government employees awaiting transfer to NSDL/Trustee Bank. There was also a liability of ₹53.67 crore required to be transferred to NSDL/Trustee Bank pertaining to the erstwhile State of Jammu and Kashmir ended 30 October 2019

(pre re-organisation) which is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

The Finance Department stated (April 2024) that the transfer of ₹3.86 crore to NSDL and apportionment of ₹53.67 crore between two UTs has been noted for necessary action.

Inflexible expenditure

The components of Inflexible expenditure which include among others, statutory devolutions to local bodies and contribution to Reserve Funds fluctuated from ₹2,292.84 crore in 2020-21 to ₹1,741.60 crore in 2021-22 and ₹2,199.44 crore in 2022-23. Inflexible expenditure of ₹2,199.44 crore in 2022-23 comprised 3.49 *per cent* of revenue expenditure.

2.4.2.4 Subsidies

Amounts being booked under the object head 'subsidies' have been shown below.

Table 2.17: Expenditure on subsidies during 2020-21 to 2022-23

Particulars	2020-21	2021-22	2022-23
Non-Committed Expenditure *(₹ in crore)*	13,331.48	14,268.38	15,524.07
Subsidy *(₹ in crore)*	128.24	95.16	28.03
Subsidy as percentage of Non-Committed Expenditure	0.96	0.67	0.18
Subsidies as a percentage of Revenue Receipts	0.24	0.16	0.04
Subsidies as a percentage of Revenue Expenditure	0.24	0.16	0.04

Source: Finance Accounts

The expenditure on subsidies by Union Territory of J&K has decreased from ₹128.24 crore in 2020-21 to ₹28.03 crore in 2022-23. It constituted 0.04 *per cent* of revenue receipts (₹68,975.95 crore) and revenue expenditure (₹62,999.34 crore). Horticulture Department was provided maximum subsidy (₹28.02 crore) which was 99.96 *per cent* of total expenditure on subsidy during the year.

2.4.2.5 Financial Assistance by the UT Government to Local Bodies and other Institutions

Financial assistance is provided by the Union Territory Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of Grants to local bodies and other institutions is presented in **Table 2.18**.

Table 2.18: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2020-21	2021-22	2022-23
(A) Local Bodies			
Municipal Corporations	502.15	388.43	819.87
Others	356.32	256.03	330.66
Total (A)	**858.47**	**644.46**	**1,150.53**
(B) Others			
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2,256.56	2,205.67	2,792.66
Development Authorities	68.43	71.08	77.92

Financial Assistance to Institutions	2020-21	2021-22	2022-23
Jammu and Kashmir Power Companies*	2,759.98	1,188.23	1,286.88
Other Institutions	588.42	761.41	972.52
Total (B)	**5,673.39**	**4,226.39**	**5,129.98**
Total (A+B)	**6,531.86**	**4,870.85**	**6,280.51**
Revenue Expenditure	52,633.75	59,269.33	62,999.34
Assistance as percentage of Revenue Expenditure	12.41	8.22	9.97

Source: Finance Accounts

**J&K Power Development Corporation, Jammu Power Discom, Kashmir Power Discom and JK Power Corporation Ltd*

During the current year, financial assistance to the local bodies and other institutions increased by ₹1,409.66 crore (29 *per cent*) over the previous year. Major increase was under Financial assistance given to Local bodies (₹506.07 crore; 78.53 *per cent*) and Educational Institutions (₹586.99 crore; 26.61 *per cent*).

Educational Institutions and Jammu and Kashmir Power Companies were the major beneficiaries of assistance, as they received 44.47 *per cent* and 20.49 *per cent* respectively of total financial assistance disbursed during 2022-23. Grants-in-Aid as percentage of revenue expenditure during 2022-23 was 9.97 *per cent* in comparison to 8.22 *per cent* during 2021-22.

Major recipients of financial assistance are shown in **Table 2.19**.

Table 2.19: Major recipients of financial assistance during the year 2022-23

(₹ in crore)

Recipient	Amount
Jammu Municipal Corporation	469.67
Srinagar Municipal Corporation	350.20
Urban Local Bodies (Kashmir)	193.96
Urban Local Bodies (Jammu)	136.70
National Rural Livelihoods Mission	133.20
Jammu and Kashmir Power Companies[8]	1,286.88
Medical Education Training and Research	1,061.11
Government Educational Institutions	552.71
Kashmir University	334.36
Sher-e-Kashmir University of Agriculture Sciences and Technology Kashmir	279.00
Jammu University	250.17
Sher-e-Kashmir University of Agriculture Sciences and Technology Jammu	127.75

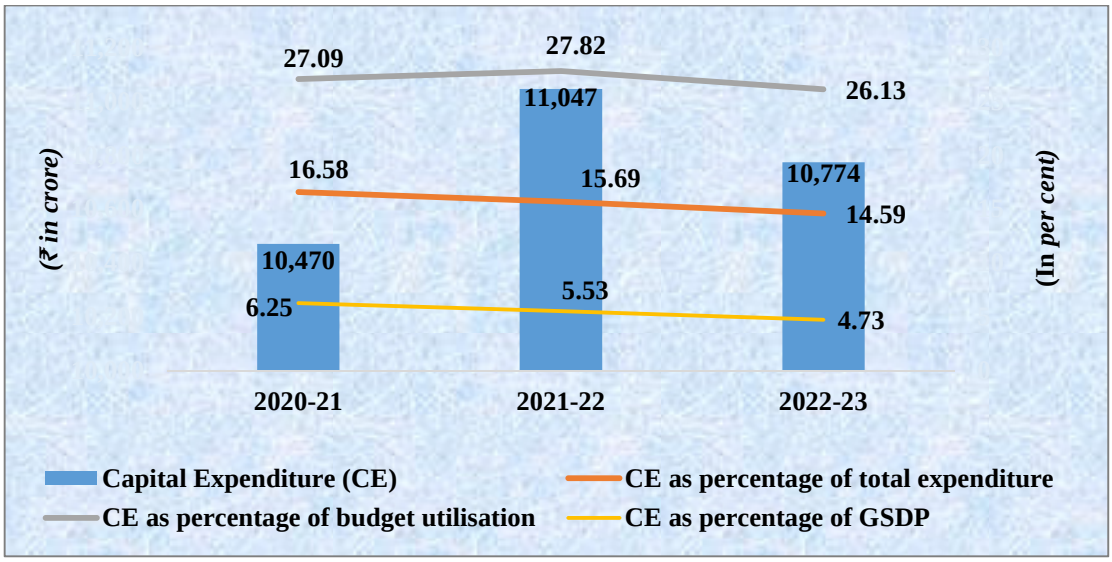
The Finance Department replied (April 2024) that the increase in GIA to Municipal Corporations and power companies is mainly attributable to devolution of powers to Urban Local Bodies and Municipal Corporations and unbundling of power companies for their operational expenses.

[8] J&K Power Development Corporation: ₹14.24 crore; Jammu Power Discom: ₹497.93 crore; Kashmir Power Discom: ₹601.64 crore; Power Trading Corporation: ₹173.07 crore

2.4.3 Capital Expenditure

Capital Expenditure (Capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Capex is being met from budgetary support and extra budgetary resources/off budget. It also includes investments made by the UT Government in Companies/Corporations. Trends of capital expenditure in the UT over the period 2020-21 to 2022-23 is given in **Chart 2.12**.

Chart 2.12: Capital Expenditure in the UT



Capital expenditure increased by ₹576.66 crore (5.51 *per cent*) during 2021-22, however, it decreased by ₹273.26 crore (2.47 *per cent*) during 2022-23. Percentage of capital expenditure in total expenditure showed a declining trend and decreased from 16.58 *per cent* in 2020-21 to 14.59 *per cent* during 2022-23. Utilisation of budget for capital expenditure decreased from 27.82 *per cent* in 2021-22 to 26.13 *per cent* in 2022-23. Capital expenditure to GSDP ratio decreased from 6.25 *per cent* in 2020-21 to 4.73 *per cent* in 2022-23.

The Finance Department stated (May 2024) that the report indicates capital expenditure of the UT as ₹10,774 crore and it excludes the capital investments of important interventions of the Central Government like the Jal Jeevan Mission. Under the JJM, substantial investment was made in 2022-23 to increase tap water connections in rural areas. There was dramatic improvement in provision of water supply to households in the entire UT by investing capital funds in 6,596 works for construction of bore-wells/tube-wells, commissioning of water treatment/filtration plants, development of overhead tanks and laying of pipe network. Through these works, the Government has doubled the coverage of pipe water supply with the number of household tap connections expanding from 5.8 lakh connection in March 2016 to about 10 lakh by March 2023.

The Audit opinion on Capital expenditure is based on information contained in the Finance Accounts 2022-23, wherein the funds routed through the Consolidated Fund of UT of Jammu and Kashmir are being captured. As regards investment made in Jal Jeevan Mission, the funds have been released by the GoI directly to the implementing

agencies and have not been routed through the Consolidated Fund of the UT of Jammu and Kashmir. Further, the details of incomplete projects of all the Departments of UT Government as of March 2023 were not provided for inclusion in the Finance Accounts 2022-23.

2.4.3.1 Major Changes in Capital Expenditure

Capital outlay decreased by ₹273.26 crore (2.47 *per cent*) from ₹11,047.04 crore in 2021-22 to ₹10,773.78 crore in 2022-23. Significant variations of ₹100 crore and above under various Major Heads of Accounts with regard to capital outlay of the UT during the current year as compared to the previous year is shown in the table below.

Table2.20: Significant increase/decrease of more than ₹100 crore with respect to previous year

(₹ in crore)

Major Head description	2021-22	2022-23	Increase (+)/ Decrease (-)
4059- Capital Outlay on Public Works	534.80	887.40	352.60
4202- Capital outlay on Education, Sports, Art and Culture	572.31	851.87	279.56
4217- Capital Outlay on Urban Development	450.98	772.91	321.93
4515-Capital outlay on Other Rural Development Programmes	1,267.65	2,436.38	1,168.73
4711-Capital Outlay Flood Control Projects	45.87	170.16	124.29
4210-Capital outlay on Medical and Public Health	636.79	365.76	-271.03
4216- Capital Outlay on Housing	209.43	7.71	-201.72
4235- Capital Outlay on Social Security and Welfare	509.70	363.51	-146.19
4801-Capital outlay on Power Projects	1,230.00	722.46	-507.54
5054- Capital outlay on Roads and Bridges	2,612.67	2,091.39	-521.28
5475- Capital outlay on Other General Economic Services	1,245.77	557.98	-687.79

Source: Finance Accounts.

Increased expenditure under Capital Outlay on Other Rural Development programmes was mainly due to more expenditure on 103-Rural Development, 101-Panchayati Raj and 102-Community Development with respect to the previous year.

Increased expenditure under Capital Outlay on Public Works was mainly due to more expenditure on 01-Office buildings.

Increase in expenditure under Capital Outlay on Urban Development was mainly due to increase in expenditure on 03-Integrated Development of Small and Medium Towns and 60- Other Urban Development Schemes.

Decreased expenditure under Capital Outlay on Power Projects was mainly due to less expenditure on works underMH-4801 Capital Outlay on Power Projects, 01- Hydel Generation, with respect to the previous year.

Decreased expenditure under Capital Outlay on Roads and Bridges was mainly due to less expenditure on 03- State Highways and 04- District and other Roads, with respect to the previous year.

Decreased expenditure under Capital Outlay on Other General Economic Services was mainly due to less expenditure under 800- Other Expenditure with respect to the previous year.

The Finance Department stated (April 2024) that the decreasing trend in capital expenditure in certain departments shall be conveyed to the concerned agencies for taking expeditious action.

2.4.3.2 Quality of capital expenditure

Capital expenditure includes investments in Cooperative Banks, Societies and Government Companies with an expected return. This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year.

(i) Quality of investments in the companies, corporations and other bodies

UT of Jammu and Kashmir had total investment of ₹1,311.59 crore as on 31 March 2023 in 40 Companies (₹860.51 crore), two Statutory Corporations (₹193.91 crore), eight Co-operative Institutions/ Local Bodies (₹239.85 crore), and two Rural Banks (₹17.32 crore). The major portion of investments has been made in JKRTC - (₹193.91 crore) and Chenab Valley Power Projects - (₹557.15 crore).

The erstwhile J&K State Government had cumulative investment of ₹4,620.16 crore in 37 Companies (₹4,157.86 crore), three Statutory Corporations (₹368.31 crore), eight Co-operative Institutions/ Local Bodies (₹47.83 crore), two Rural Banks (₹45.82 crore) and two Joint Stock Companies (₹0.34 crore) ending 30 October 2019 which had not been apportioned between Union Territory of Jammu and Kashmir and Union Territory of Ladakh. No dividend was received and credited to Government accounts during the year. **Table 2.21** gives the overall picture of return on investment vis-à-vis the average cost of Government borrowing.

Table 2.21: Return on Investment

(₹ in crore)

Investment/return/ cost of borrowings	2020-21	2021-22	2022-23
Investment at the end of the year *(₹ in crore)*	306.12	879.13	1,311.59
Return *(₹ in crore)*	Nil	Nil	Nil
Return (*per cent)*	Nil	Nil	Nil
Average rate of interest on Government Borrowings (*per cent*)	6.65	6.95	7.60[9]
Difference between interest rate and return (*per cent*)	6.65	6.95	7.60
Difference between cost of Government borrowings and return on investment *(₹ in crore)*[#]	20.36	61.10	99.68

 # Investment at the end of the year X *Difference between interest rate and return*
100

Source: Finance Accounts.

Average rate of interest paid on its public debt by the Government during 2022-23 was 7.60 *per cent* against which nil return on investment was received by the Government. Cost of borrowing of the Government during 2022-23 has increased from ₹20.36 crore to ₹99.68 crore. Taking into account the investment of the erstwhile State amounting to ₹4,620.17 crore, the cost of borrowing amounts to ₹450.81 crore.

[9] Interest paid ₹8,242.92 crore on public borrowings during 2022-23 as *per cent* of Average Public debt and other liabilities of UT and erstwhile State excluding back to back loans received from GoI in lieu of GST Compensation ((OB: ₹1,06,926.76 crore + CB ₹1,09,997.14 crore)/2 = ₹1,08,461.95 crore).

The Finance Department stated (May 2024) that the report indicates that ₹1,311.59 crore was invested in PSUs in 2022-23 with little return. But most of the investment has been as equity investment in Chenab Valley Power Projects Limited (CVPPL) for developing hydro-electric projects. These projects are under construction and any revenue generation in such infrastructure projects is possible only after commissioning. Further, the investments in State Road Transport Corporation have ensured turnaround of the corporation. Further, 11 companies reported profits in 2022-23.

The reply is not acceptable in view of the fact that although 11 PSUs cited by the Finance Department had recorded profits during 2022-23, as per the Finance Accounts 2022-23, the Government of J&K did not get any returns from the investment of ₹1,311.59 crore made in these PSUs as of 31 March 2023.

(ii) Reconciliation of Government Investments with Accounts of Companies

The figures of Government investments as equity in Public Sector Undertakings (PSU) should agree with those appearing in the accounts of the PSUs. Reconciliation of figures is necessary to figure out the differences in accounts of PSUs and Finance Accounts of the UT Government.

Government of UT of Jammu and Kashmir booked ₹30.87 crore as investment during 2022-23. However, Companies, Corporations and other bodies concerned had shown an investment of ₹349.47 crore during 2022-23, thereby resulting in variation of ₹318.60 crore. The UT Government stated (August 2023) that few PSUs which are not able to balance their budgets and meet their expenses are provided budgetary support to be classified as loans. Funds provided under Capital budget are classified as capital investment in the PSUs. It was also stated that there is a need to reconcile the figures. As such reconciliation should be carried out in a time bound manner to resolve the difference.

2.4.3.3 Quantum of loans disbursed and recovered

In addition to the investments in co-operative societies, corporations and companies, the UT Government has also been providing loans and advances to many institutions/organisations. **Table 2.22** presents the position of outstanding loans and advances as on 31 March 2023 and interest receipts *vis-à-vis* interest payments by the UT Government on its borrowings during the years 2020-21 to 2022-23.

Table 2.22: Quantum of loans disbursed and recovered during the year 2020-21 to 2022-23

(₹ in crore)

Quantum of loans disbursed and recovered	2020-21	2021-22	2022-23
Opening Balance of loans outstanding*	35.80 (1,740.44)	95.51 (1,740.44)	168.26[10] (1,740.44)
Amount advanced during the year	61.64	73.77	59.53
Amount recovered during the year	1.93	1.03	1.33
Closing Balance of loans outstanding*	95.51 (1,740.44)	168.25 (1,740.44)	226.46 (1,740.44)
Net addition	59.71	72.74	58.20

[10] ₹16,825.65 lakh rounded to ₹168.26 crore

Quantum of loans disbursed and recovered	2020-21	2021-22	2022-23
Interest received on Loans and Advances	Nil	0.13	0.47
Interest received *vis-à-vis* loans outstanding (*per cent*)	Nil	0.08	0.21
Rate of interest paid on outstanding borrowings** of the Government	6.65	6.95	7.60[11]
Difference between the rate of interest paid and interest received (*per cent*)	(-) 6.65	(-) 6.87	(-) 7.39

Source: Finance Accounts.
** Figures in brackets are the balances of Outstanding loans of the erstwhile State of Jammu and Kashmir as on 30 October 2019, yet to be apportioned between the two newly created UTs.*
***Worked out on borrowings including Outstanding borrowings of the erstwhile State (₹82,050.50 crore) which is to be apportioned between successor UTs, but excluding Back to Back loans in lieu of GST compensation (2020-21: ₹2,099.80 crore; 2021-22: ₹5,945.29 crore and 2022-23: ₹5,945.29 crore).*

During the year 2022-23, the Government of Union Territory of Jammu and Kashmir disbursed loans and advances of ₹59.53 crore and recovered loans and advances amounting to ₹1.33 crore. Out of total loans disbursed during 2022-23, loans amounting to ₹52.03 crore was disbursed as loan assistance to Public Sector Units of Industries and Minerals. Loan amounting to ₹7.50 crore was disbursed to J&K Road Transport Corporation Limited (JKRTC) which already had outstanding loans of ₹479.23 crore ending 31 March 2022 (₹383.73 crore received from erstwhile State and ₹95.50 crore from UT of J&K). As per last audited accounts for the year 2018-19, JKRTC booked losses of ₹117.62 crore. Recoveries of Loans and Advances are not forthcoming from loss making public sector undertakings. No assessment about potential recoverability of these loans has been made in the FRBM Statements.

The Government of UT of Jammu and Kashmir had total outstanding loans and advances of ₹95.51 crore ending 31 March 2021 which increased to ₹226.46 crore at the end of 31 March 2023. In addition, there were Loans and Advances of ₹1,740.44 crore disbursed by the Government of the erstwhile State which were outstanding as on 30 October 2019 and were yet to be divided between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

As against the loan amount ranging between ₹59.53 crore to ₹73.77 crore advanced during 2020-23, the recovery of loans during the same period ranged between ₹1.03 crore and ₹1.93 crore only. Interest receipts of ₹0.47 crore during 2022-23 was only 0.21 *per cent* of the outstanding loans at the end of 2022-23.

The Finance Department replied (April 2024) that non-assessment of potential recoverability in the FRBM statements has been noted for necessary action.

2.4.3.4 Capital blocked in incomplete works

An assessment of trends in capital blocked in incomplete capital works would also indicate quality of capital expenditure. Blocking of funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the UT of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years lead to extra burden in terms of servicing of debt

[11] Interest paid ₹8,242.92 crore on public borrowings during 2022-23 as *per cent* of Average Public debt and other liabilities of UT and erstwhile State excluding back to back loans received from GoI in lieu of GST Compensation ((OB: ₹1,06,926.76 crore + CB ₹1,09,997.14 crore)/2 = ₹1,08,461.95 crore).

and interest liabilities. Details of age-wise and department-wise incomplete projects are shown in **Tables 2.23** and **2.24** respectively.

Table 2.23: Age profile of incomplete projects as on 31 March 2023

(₹ in crore)

Year of comme-ncement	No of incomplete projects	Estimated cost	Expenditure (as on 31 March 2023)
2010-11	1	4.24	5.58
2011-12	1	17.34	16.86
2015-16	1	9.50	6.23
2016-17	1	3.56	3.34
2017-18	6	33.42	24.28
2018-19	15	37.26	18.22
2019-20	4	26.89	19.58
2020-21	15	56.45	32.13
2021-22	3	10.65	6.27
2022-23	1	2.34	1.22
Total	**48**	**201.65**	**133.71**

Table 2.24: Department-wise profile of incomplete projects as on 31 March 2023

(₹ in crore)

Department	No. of incomplete projects	Estimated cost	Expenditure (as on 31 March 2023)
Jal Shakti (PHE) Department, Jammu	4	7.89	5.93
Public Works Roads and Bridges Department Jammu	44	193.76	127.78
Total	**48**	**201.65**	**133.71**

Source: Finance Accounts.

The expenditure of ₹133.71 crore incurred on 48 incomplete projects was yet to yield the intended benefits. Out of 48 incomplete projects, 29 projects on which expenditure of ₹94.09 crore had been incurred, pertained to the period prior to the year 2020-21. Delay in completion of projects not only adversely affected the quality of expenditure but also deprived the UT of intended benefits and economic growth.

The Finance Department during the exit conference stated (April 2024) that the BEAMS portal will provide a full picture on incomplete projects and all the departments will be directed to provide the requisite information on incomplete projects to PAG (A&E).

2.4.3.5 Implementation of Ujwal Discom Assurance Yojana (UDAY)

With the objective of ensuring financial turnaround of Power Distribution Companies (DISCOM), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal Discom Assurance Yojana (UDAY) to improve the operational and financial efficiency of the State DISCOM. States were to takeover 75 *per cent* of DISCOM debt as on September 2015 over two years i.e. 50 *per cent* of DISCOM debt was to be taken over in 2015-16 and 25 *per cent* in 2016-17. In March 2016, the Ministry of Power, Government of India and Government of Jammu and Kashmir signed a Memorandum of Understanding (MOU) under the scheme UDAY-"Ujwal DISCOM Assurance Yojana" and borrowed ₹3,537.55 crore (₹2,140 crore in 2015-16 and ₹1,397.55 crore in 2016-17) from RBI by issue of Non-Statutory Liquidity Ratio (SLR) bond at rates ranging between 7.07 *per cent* to 8.72 *per cent* with maturity date from March 2022 to October 2031. The function of electricity supply to consumers was being handled departmentally, so the money was utilised by the Government to clear liabilities towards the Central Public Sector

Undertakings (CPSU). The Government has to pay interest on the bonds and bonds will also be maturing every year from 2021-22 to 2031-32. During the year 2022-23, the Government paid ₹265.87 crore towards interest on bonds issued under UDAY Scheme and has also so far paid principal amounting to ₹567.76 crore (including ₹353.76 crore paid during 2022-23).

2.4.4 Expenditure priorities

Enhancing human development levels requires the UT to step up its expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to total expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. Fiscal priority[12] of the UT Government with regard to expenditure on social and economic sectors, etc. is shown in **Table 2.25**.

Table 2.25: Expenditure priority with regards to Health, Education, Capital expenditure etc.

(In *per cent*)

	TE/GSDP	CE/TE	Education/TE	Health/ TE
North Eastern and Himalayan States Average (2020-21)	27.44	15.81	16.88	7.03
North Eastern and Himalayan States Average (2021-22)	27.50	17.45	15.93	7.24
North Eastern and Himalayan States Average (2022-23)	27.24	15.52	15.77	6.95
Jammu and Kashmir (2020-21)	37.68	16.67	16.28	7.85
Jammu and Kashmir (2021-22)	35.21	15.80	15.66	7.98
Jammu and Kashmir (2022-23)	32.39	14.67	15.99	8.25

Source: Figures calculated on the basis of Finance Accounts of the respective States/UT
TE: Total Expenditure and CE: Capital Expenditure (includes Loans and advances disbursed)

Table 2.25 shows that:

- The UT Government's total expenditure as proportion of GSDP decreased from 37.68 *per cent* in 2020-21 to 32.39 *per cent* in 2022-23 whereas for North Eastern and Himalayan States (NE&HS), it decreased from 27.44 *per cent* to 27.24 *per cent* during the same period.
- Capital expenditure facilitates asset creation which generates opportunities for higher growth. Ratio of capital expenditure to total expenditure in respect of UT of Jammu and Kashmir decreased from 16.67 *per cent* in 2020-21 to 14.67 *per cent* in 2022-23 and it was below the ratio for NE&HS. This ratio for NE&HS decreased from 15.81 *per cent* to 15.52 *per cent* during the same period.

[12] Ratio of expenditure in that category to Total Expenditure (TE).

- The ratio of expenditure on education to total expenditure in UT of Jammu and Kashmir decreased from 16.28 *per cent* in 2020-21 to 15.99 *per cent* in 2022-23. The ratio also decreased from 16.88 *per cent* to 15.77 *per cent* in case of NE&HS during the same period.
- The ratio of expenditure on health to total expenditure in Jammu and Kashmir increased from 7.85 *per cent* in 2020-21 to 8.25 *per cent* in 2022-23, whereas it decreased from 7.03 *per cent* to 6.95 *per cent* in case of NE&HS during the same period.

The Principal Secretary Finance Department stated (May 2024) that the report creates an impression that the UT government gives lower priority to Education and Health sectors in total expenditure. The comparison with North-eastern and Himalayan states has weak foundations as these States do not require the security related expenditure as in J&K. The UT government requires a large police force for ensuring peace and harmony and for tackling externally induced threats. Further, the investments made by the UT government in education sector ensured sharp increase in enrolment of students in primary, middle and secondary schools. In health sector, the UT government's investments in SEHAT initiative has substantially reduced out-of-pocket expenditure and extended cashless treatment to UT's citizens. There has been an unprecedented expansion in medical education with construction of new Medical Colleges and increase of MBBS seats from 500 to 1,300 within the past three years.

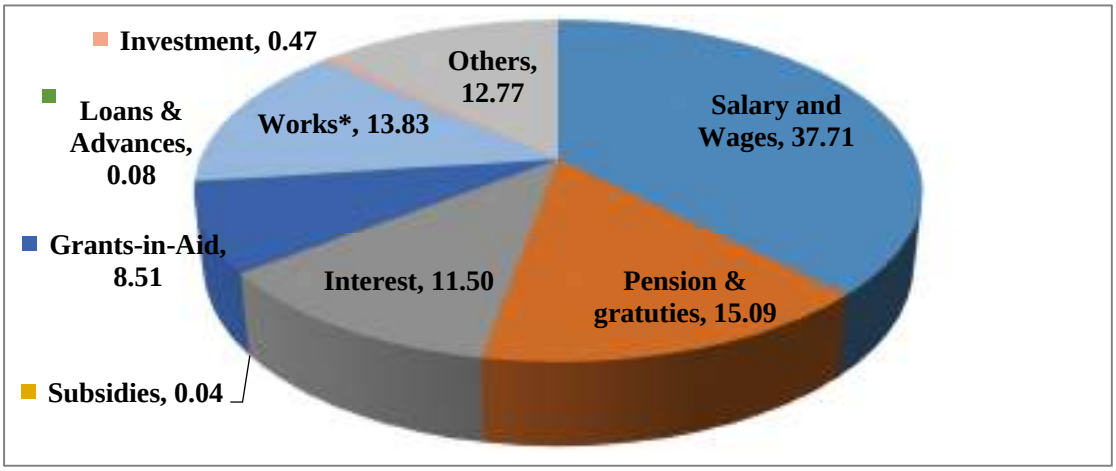
The reply is not acceptable. As can be seen from the data in **Table 2.25**, the proportion of expenditure on Education and Health in the total expenditure of UT of J&K during 2022-23 was 15.99 *per cent* and 8.25 *per cent* which was more than that of the NE&HS. As such, the audit opinion regarding increase or decrease in expenditure on Education and Health is based on factual position.

2.4.5 Object head wise Expenditure

Object head wise expenditure gives information about the object/ purpose of the expenditure.

Chart 2.13: Object head wise Expenditure

(In per cent)



*Source: Finance Accounts; *Works includes expenditure on works, Construction works and Minor Works; Investment figures as per information provided by the concerned PSUs (Statement 19)*

Salary and wages of UT of Jammu and Kashmir accounted for 37.71 *per cent* and pension and gratuities accounted for 15.09 *per cent* of total expenditure. It indicates that more than 52.80 *per cent* of total expenditure was on Salary & Wages and Pension & gratuities. Major, Minor Works and construction works together accounted for 13.83 *per cent* of total expenditure.

The Finance Department stated (April 2024) that the audit observation has been noted and action would be taken accordingly.

2.5 Public Accounts

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Section 68(1) of the Jammu & Kashmir Re-organisation Act, 2019 and are not subject to vote by the Legislature. The Government acts as a banker in respect of these transactions. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account Balances

In respect of sums credited to the Public Accounts of the Union Territory of Jammu and Kashmir, the UT Government acts as a trustee or banker and bears a fiduciary liability. Major constituents of the Public Accounts are State Provident Fund, Insurance/Pension Funds, Reserve Funds, and Deposits and Advances. Besides, the Public Accounts section of the Government Accounts is also used to record transitory and passthrough transactions under Suspense and Miscellaneous and Remittance heads before their final accounting to appropriate receipt or payment head of account, and also cash balance transactions. ***Table 2.26*** given below shows the component-wise net balances in Public Account of the UT.

Table2.26: Component-wise net balances in Public Account at close of the years

(₹ in crore)

Sector	Sub Sector	2020-21	2021-22	2022-23
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-2,185.97 (-27,161.62)	-1,591.41 (-27,161.62)	-1,017.71 (-25,735.23)
J. Reserve Funds	(a) Reserve Funds bearing Interest	-780.89 (-1,260.62)	-873.86 (-1,260.62)	(-) 1,183.99 (-1,260.62)
	(b) Reserve Funds not bearing Interest	9.76 (-1,533.95)	-46.27 (-1,533.95)	-111.74 (-1,533.95)
K. Deposits and Advances	(a) Deposits bearing Interest	-474.74 (-53.67)	-495.52 (-53.67)	-501.79 (-53.67)
	(b) Deposits not bearing Interest	-880.79 (-6,860.56)	-1,190.52 (-6,860.56)	-1,891.30 (-6,800.82)
	(c) Advances	0 (12.69)	0 (12.69)	0 (12.69)
L. Suspense and Miscellaneous	(b) Suspense	-121.14 (344.15)	-249.38 (344.15)	-538.23 (344.15)
	(c) Other Accounts	-0.0002 (389.01)	+0.0004 (389.01)	-0.0004 (389.01)

Sector	Sub Sector	2020-21	2021-22	2022-23
M. Remittances	(a) Money Orders, and other Remittances	-632.57 (-2,856.74)	689.07 (-2,856.74)	689.12 (-2,856.74)
	(b) Inter-Governmental Adjustment Account	-1.93 (9.26)	9.25 (9.26)	-1.45 (9.26)
Total		**-5,068.27 (-38,972.05)**	**-3,748.64 (-38,972.05)**	**-4,557.09 (-37,485.92)**

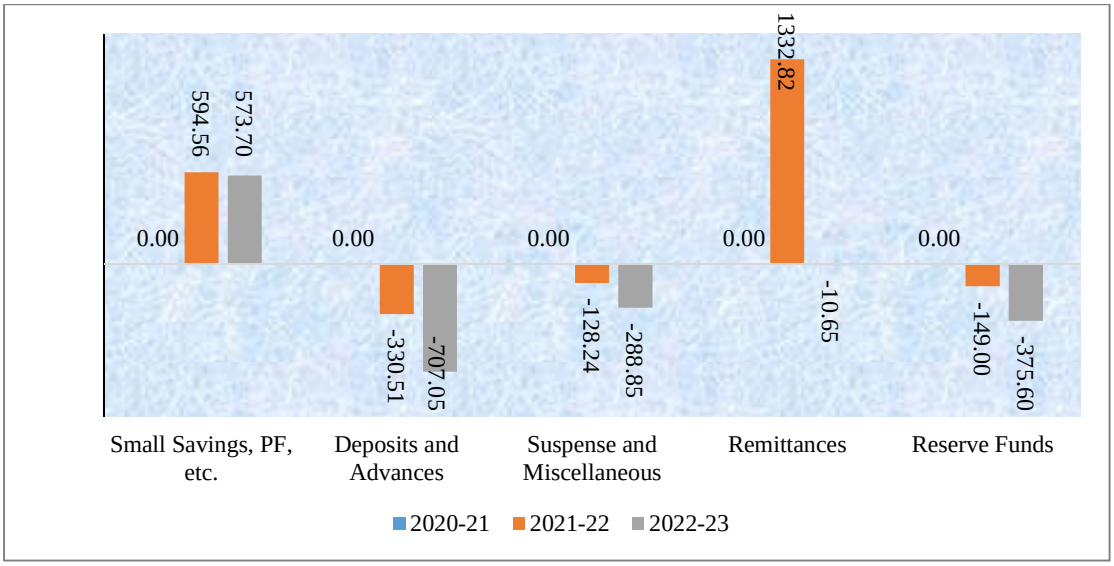
Source: Finance Accounts.
Note: +ve denotes debit balance and –ve denotes credit balances. The figures in brackets indicate balances of the erstwhile State of Jammu and Kashmir yet to be apportioned between the two newly created UTs.

The total credit balance under Public Account of UT of Jammu and Kashmir was ₹4,557.09 crore ending 31 March 2023. There was also a credit balance of ₹37,485.92 crore ending 30 October 2019 under Public Account of the erstwhile State of Jammu and Kashmir, which is yet to be bifurcated between the Union Territory of Jammu and Kashmir and UT of Ladakh.

The Finance Department stated (April 2024) that the audit observation has been noted for further necessary action.

Chart 2.14: Yearly change in Balances in Public Account of UT of J&K during 2022-23

(₹ in crore)



During the year 2022-23, major changes occurred in Suspense and Miscellaneous, Reserve Funds and Deposits and advances components of Public Account.

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Accounts of the Government. These funds are met from contributions or grants from the Consolidated Fund of the UT of Jammu and Kashmir. It comprises interest bearing reserve funds and reserve funds not bearing interest. Details of reserve funds are available in Statements 21 and 22 of the Finance Accounts. There were two interest bearing funds and five reserve funds not bearing interest as on 31 March 2023. The balances lying in these reserve funds as on 31 March 2023 are given in **Table 2.27**.

Table 2.27: Closing Balances under Reserve Funds

(₹ in crore)

Reserve funds	2020-21	2021-22	2022-23
Reserve Funds Bearing interest			
State Disaster Response Fund	16.32	109.29	419.42
State Compensatory Afforestation Fund	764.57	764.57	764.57
Total - Reserve Fund Bearing Interest	**780.89**	**873.86**	**1,183.99**
Reserve Funds Not Bearing interest			
Sinking fund	55.63	100.63	159.54
Other Development and Welfare Funds	-90.38	-103.72	-106.62
General Insurance Fund-Janta Insurance	20.12	37.01	37.08
Guarantee Redemption Fund	2.00	4.00	5.00
Other Funds	2.87	8.35	16.74
Total – Reserve Funds Not Bearing interest	**(-)9.76**	**46.27**	**111.74**
Total -Reserve Funds	**771.13**	**920.13**	**1,295.73**

Source: Finance Accounts.

@ Balances ending 30 October 2019 of erstwhile State were not apportioned between the two UTs (UT of Jammu & Kashmir and UT of Ladakh). As such, opening balance of UT of Jammu & Kashmir has been taken as zero, due to which there were negative closing balances.

The total accumulated balance at the end of 31 March 2023 in these funds was ₹1,295.73 crore out of which ₹1,183.99 crore (Credit) was under interest bearing Reserve Fund and ₹111.74 crore (Credit) under Non-Interest bearing Reserve Fund. There is cumulative aggregate balance in these funds at the end of 30 October 2019 amounting to ₹2,805.43 crore of the erstwhile State of Jammu and Kashmir which is yet to be bifurcated between the two successor UTs.

The Finance Department stated (April 2024) that the audit observation has been noted for further necessary action.

2.5.2.1 Consolidated Sinking Fund

No Consolidated Sinking Fund was separately created in the Union Territory of Jammu and Kashmir after re-organisation of the erstwhile State of Jammu and Kashmir. The Government of the erstwhile State of Jammu and Kashmir set up the Consolidated Sinking Fund for amortisation of loans in January 2012. According to the guidelines of the Fund, Government may contribute a minimum of 10 *per cent* of 0.5 *per cent* of the outstanding liabilities as at the end of 2010-11 every year beginning with the financial year 2011-12 upto 2021-22 to make it equal to 0.5 *per cent* of outstanding liabilities of 2010-11. In addition, contribution in respect of incremental liabilities as from year to year thereafter shall be made at 0.5 *per cent* of such incremental liabilities so as to reach the level deemed sufficient to meet the objective of the Scheme. The Government of Union Territory of Jammu and Kashmir continued with the existing Fund and in the year 2022-23 contributed ₹58.91 crore. The amount required to be contributed to the Fund as per guidelines of 2012 could not be worked out as the available balance under the Fund amounting to ₹355.87 crore as on 30 October 2019 (pre re-organisation) is yet to be apportioned between the Union Territory of Jammu and Kashmir and Union

Territory of Ladakh. The total accumulation of the Fund (for the period 31 October 2019 to 31 March 2023-post re-organisation) was ₹159.54 crore as on 31 March 2023.

The Finance Department stated (April 2024) that the apportionment of balances between the two UTs has been noted for further necessary action. It was further added that the UT Government has also decided to participate in the scheme of Consolidated Sinking Fund of the RBI and has completed the process for the same.

2.5.2.2 State Disaster Response Fund

In terms of guidelines on constitution and administration of the State Disaster Response Fund (under Major Head '8121- General & Other Reserve Funds' which is under interest bearing section), the Central and State Governments are required to contribute to the fund in the proportion of 90:10. On re-organisation of the State of Jammu and Kashmir into two new Union Territories on 30 October 2019, the Government of Union Territory of Jammu and Kashmir continued with the State Disaster Response Fund. During the year 2022-23, an amount of ₹279.00 crore on account of 'Grants towards contribution to Union Territory Disaster Response Fund' was released by the Ministry of Home Affairs, Government of India. The Government of Union Territory of Jammu and Kashmir transferred ₹381.83 crore (Central share ₹279.00 crore, Union Territory share ₹31.00 crore, interest ₹71.83 crore) to the Fund under Major Head 8121-122 SDRF. The contributions to the Fund, expenditure and the balance therein relating to Union Territory of Jammu and Kashmir during the year 2022-23 are as under:

Table 2.28: Receipts and Expenditure under State Disaster Response Fund

(₹ in crore)

Opening balance (1 April 2022)	Contribution by Centre	UT Share	Receipts under NDRF	Total receipts during the year	Amount set off (MH 2245-05)	Balance in the fund
109.29	279.00	31.00	Nil	381.83*	71.70	419.42

**Includes interest of ₹71.83 crore*

There was opening balance of ₹109.29 crore under the Fund as on 1 April 2022 and during the year 2022-23, Government of Union Territory of Jammu and Kashmir transferred ₹381.83 crore (Central Share ₹279.00 crore, Union Territory share ₹31.00 crore, interest ₹71.83 crore) to the Fund. Expenditure of ₹71.70 crore was incurred during the year 2022-23 under Minor Head-101 Gratuitous Relief, leaving a balance of ₹419.42 crore as on 31 March 2023. The balance under the Fund has not been invested by the Government of UT of Jammu and Kashmir.

There was gross balance of ₹1,271.48 crore under State Disaster Response Fund (SDRF) as on 30 October 2019 which is yet to be apportioned between the two new successor Union Territories *viz* Union Territory of Jammu and Kashmir and Union Territory of Ladakh. An amount of ₹10.86 crore stood invested from the Fund leaving net un-apportioned balance of ₹1,260.62 crore.

The Finance Department stated (April 2024) that the audit observation has been noted for further necessary action.

2.5.2.3 Guarantee Redemption Fund

The RBI guidelines of 2013 on the Guarantee Redemption Fund (GRF) mentions that it is desirable for the Government to contribute a minimum of one *per cent* of outstanding guarantees at the beginning of the year in the year of constitution of the Fund, and thereafter a minimum of 0.50 *per cent* every year to achieve a corpus of minimum three to five *per cent* of the outstanding guarantees of the previous year.

The erstwhile State Government had set up (August 2006) a Guarantee Redemption Fund to meet the liabilities arising from invoking of guarantees extended to various Government entities. The erstwhile State Government had not specified the amount required to make the minimum annual contribution to the Fund.

The Government of UT of Jammu and Kashmir has not enacted any specific Guarantee Act, which would prescribe the limit of guarantees which can be given by the Government of the UT of Jammu and Kashmir and charging of commission/ fee thereupon.

During the year, the Government of UT of Jammu and Kashmir, without enacting its own Guarantee Act contributed only ₹1.00 crore to the Guarantee Redemption Fund. The total accumulation of the Fund for the period post re-organisation *viz.* 31 October 2019 to 31 March 2023 was ₹5.00 crore. There was also a balance of ₹20.42 crore in the Fund as on 30 October 2019 (pre re-organisation) yet to be apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh. The entire amount of ₹25.42 crore [₹5.00 crore relating to UT of Jammu and Kashmir (31 October 2019 to 31 March 2023) and ₹20.42 crore relating to erstwhile State of Jammu and Kashmir (upto 30 October 2019)] has not been invested by the Government. As per Statement 9 of the Finance Accounts 2022-23, the UT Government had not invoked any guarantee during 2022-23.

The Finance Department stated (April 2024) that the apportionment of balances between two UTs has been noted for further necessary action. It further added that the UT Government has also decided to participate in the scheme of GRF of the RBI for which the process has been completed and the same shall be in operation in due course of time.

2.5.2.4 Central Road and Infrastructure Fund (CRIF)

Government of India provides annual grants under the Central Road and Infrastructure Fund (CRIF) to the Government of Union Territory to incur expenditure on specific road projects. During the year 2022-23, the Government of Union Territory received grants of ₹343.61 crore towards CRIF and transferred the entire amount to the Deposit Head-8449 through expenditure Head-3054. The Government of Union Territory incurred expenditure of ₹34.70 crore from the Fund during the year leaving closing balance of ₹676.05 crore[13] in the Fund as on 31 March 2023.

[13] Opening balance of ₹367.14 crore plus receipts ₹343.61 crore less disbursement of ₹34.70 crore.

There was also a balance of ₹573.33 crore as on 30 October 2019 (pre-re-organisation) under the Fund, which is yet to be apportioned between the Union Territories viz. Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

The Finance Department replied (April 2024) that the audit observation has been noted for further necessary action.

2.5.3 Funds outside Consolidated Fund or Public Account of the Union Territory of Jammu and Kashmir

Section 67 of Jammu and Kashmir Re-organisation Act, 2019 envisages that all revenues received in the Union Territory of Jammu and Kashmir by the Government of India or Lieutenant Governor of the Union Territory of Jammu and Kashmir in relation to any matter with respect to which the Legislative Assembly of the Union Territory of Jammu and Kashmir has power to make laws, and all grants made and all loans advanced to the Union Territory of Jammu and Kashmir from the Consolidated Fund of India and all loans raised by the Government of India or the Lieutenant Governor of the Union Territory of Jammu and Kashmir upon the security of the Consolidated Fund of the Union Territory of Jammu and Kashmir and all moneys received by the Union Territory of Jammu and Kashmir in repayment of loans shall form one Consolidated Fund. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in Jammu and Kashmir Re-organisation Act, 2019. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the Consolidated Fund of the Union Territory of Jammu and Kashmir (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

Section 68 of the Jammu and Kashmir Re-organisation Act, 2019 states that public moneys, other than those credited to the Consolidated Fund of the Union Territory or the Contingency Fund of the Union Territory of Jammu and Kashmir, received by or on behalf of the Lieutenant Governor, shall be kept in the Public Account of the Union Territory of Jammu and Kashmir.

2.5.3.1 Building and other Construction Workers Welfare Cess

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers. The Act, *inter alia*, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every Government to exercise the powers conferred under the Act. Accordingly, the erstwhile State Government of Jammu and Kashmir framed the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2006 under the Act and constituted the Jammu and Kashmir Building and Other Construction Workers Welfare Board in 2007. The Board is responsible for the operation and maintenance of the amount credited by Government as Labour Cess Deposits. The Government of Union Territory of Jammu and Kashmir continued with the same rules. During

2022-23, opening balance with the Board on account of labour cess was ₹604.72 crore. The receipts during the year were ₹242.22 crore and disbursements were ₹129.65 crore. The closing balance of labour cess as on 31 March 2023 was ₹717.29 crore[14].

2.5.3.2 Water Usage Charges

Water usage charges are being levied on Hydel power generating companies under the provisions of the Jammu and Kashmir Water Resources (Regulation and Management) Act, 2010 amended on 25 October 2012 and 27 October 2014. Under the Act, a Fund was to be constituted as an account in the Jammu and Kashmir Bank or allotted a proper account head. The amount realised as water usage charges was to be deposited in the account/head so created, and utilised for establishment of Hydroelectric and Multi-purpose Hydro Electric Projects and for buying back Hydroelectric power projects already established in the erstwhile State and purchase of power. During 2022-23, no transaction was made in this fund account except for crediting of interest amounting to ₹0.46 crore. As on 31 March 2023, an amount of ₹15.99 crore on account of water usage charges/interest was lying in the Water Usage Fund Account (Saving Bank Account) which remained out of Government Account of the Union Territory of Jammu and Kashmir. The amount lying in the savings account on account of water usage charges and interest thereupon needs to be credited to Government account.

The Finance Department stated (April 2024) that the audit observation has been noted for further necessary action.

2.5.3.3 District Mineral Foundation Trust

Section 9(B) of Mines and Minerals (Development and Regulation) Act, 1957 provides that in any district affected by mining related operations, the State Government shall, by notification, establish a trust, as a non-profit body, to be called the District Mineral Foundation. The objective of the District Mineral Foundation shall be to work for the interest and benefit of persons, and areas affected by mining related operations in such manner as may be prescribed by the State Government. The composition and functions of the District Mineral Foundation shall be such as may be prescribed by the State Government.

The Jammu and Kashmir District Mineral Foundation (Composition, Contribution, Financing, Funding & Trust) Rules were notified vide SRO No. 3 dated 11 January 2017. As per the Rules, the Government shall set up a fund under the Trust to be called as the District Mineral Foundation Trust Fund which shall be managed by the Executive Committee[15]. The Trust Fund shall receive Contribution Fund as per the contributions defined in these rules. The holders of mineral concessions granted under the Act and rules made thereunder, shall make payments for contribution to the trust fund of amounts payable to the State Government simultaneously with payments of royalty.

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14 Figures are provisional as accounts/balance sheet is yet to be finalised (August 2023).

15 Divisional Commissioner, Kashmir/Jammu, Chairperson, Director Geology and Mining Kashmir/Jammu, Director, Health Services, Kashmir/Jammu, Director, Rural Development, Kashmir/Jammu, Chief Engineer, PWD, Kashmir/Jammu, Special Invitees having knowledge and experience in Mineral Administration/exploration to be invited by the Chairperson.

As per rule 11(1), all holders of major mineral concessions shall, in addition to royalty, pay to the respective District Mineral Foundation, an amount equivalent to such percentage of royalty as may be prescribed by the Central Government under sub-section (5) or sub-section (6) of section 9B of the Act as the case may be. As per Rule 11(2), out of the total amount of royalty realised from the holders of minor mineral concessions, 10 *per cent* shall be deposited/paid towards the respective trust by the department.

There are 20 District Mineral Foundation Fund (DMF) Trusts in the UT of Jammu and Kashmir. Against the total collection of ₹28.10 crore[16] under DMF Fund by all Trusts upto the end of 2022-23, an expenditure of ₹3.43 crore had been incurred during 2022-23. A balance of ₹24.67 crore under DMF Fund was lying in bank accounts of 20[17] District Mineral Foundation Trusts as on 31 March 2023. This amount remained out of Government Account. However, as per Government of India Ministry of Mines order dated 12 July 2021, no fund shall be transferred from District Mineral Foundation Trust to the State exchequer. As per Constitution of India and as per J&K Re-organisation Act 2019, all receipts are to be accounted for either in the Consolidated Fund or Public Accounts, but these receipts are being remitted into the bank accounts of the respective District Mineral Foundation Trusts, as per the directions of Government.

The Finance Department stated (April 2024) that the District Mineral Foundation Trust bears a closing balance of ₹22.41 crore as on 31 March 2023 in all the accounts of 20 districts. It was also stated that necessary instructions shall be sought from the concerned competent authority for its correct accounting and will be shared with Audit.

2.5.3.4 Social Responsibility Corpus fund

In terms of Government Order 50-F of 2016 dated 23 February 2016 the Finance Department Jammu and Kashmir Government, issued a sanction for creation of 'Social Responsibility Corpus Fund' in the Excise Department. The fund was to support the de-addiction centres, take measures to reduce the incidence of drunk driving, promote road safety etc. As per Excise policy, the holders of liquor license were to contribute towards the 'Social Responsibility Corpus Fund' as per rates fixed from time to time. The Department was to make an equal contribution to the contribution made by the stakeholders/ liquor industries.

The amount received in the Social Responsibility Corpus Fund is being credited into the savings bank account maintained at J&K Bank. There was an opening balance of ₹12.55 crore in the bank account as on 01 April 2022. An amount of ₹2.01 crore was received during 2022-23 on account of contribution of license holders (₹1.13 crore), Government (₹0.50 crore) and interest (₹0.38 crore) from the bank. After incurring expenditure of ₹0.31 crore, there was a closing balance of ₹14.25 crore in the account as on 31 March 2023. The amount lying in the savings bank account was outside the

[16] Includes Opening balance of ₹17.23 crore, receipts of ₹10.54 crore and interest of ₹0.33 crore

[17] Jammu, Kathua, Samba, Reasi, Udhampur, Ramban, Doda, Kishtwar, Rajouri, Poonch, Srinagar, Anantnag, Kulgam, Ganderbal, Pulwama, Bandipura, Baramulla, Shopian, Budgam and Kupwara.

Government account and needs to be accounted for either in the Consolidated Fund or Public Accounts.

The Finance Department stated (April 2024) that the fund was being deposited in a bank account and as per rules needs to be accounted for in the Consolidated Fund or Public Account which has been noted for necessary action.

2.5.4 Loans of UT Government not being credited to the Consolidated Fund

As per J&K FRBM Act 2006, 'total liabilities' means the liabilities under the Consolidated Fund of the State and the Public Account of the State and includes borrowings by the public sector undertakings, the special purpose vehicles and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the budget. As per Section 10 (3) of the FRBM Act 2006, whenever the Government undertakes to unconditionally and substantially repay the principal amount and/or pay the interest of any separate legal entity, it has to reflect such liability as the borrowings of the State.

The Government of Union Territory of Jammu and Kashmir did not disclose the off budget liabilities in their budget documents/ annual financial statements. However, the Director (Resources) Jammu and Kashmir Finance Department intimated (January 2024) that after the re-organisation of the UT of Jammu and Kashmir, Off Budget Borrowings (OBBs) of ₹23,911.53 crore availed by Jammu & Kashmir Infrastructure Development Finance Corporation (JKIDFC: ₹2,297.90 crore) and Jammu and Kashmir Power Corporation Ltd (JKPCL: ₹21,613.63 crore) were outstanding as of 31 March 2023. JKIDFC has raised these borrowings to fund the long pending projects languishing at various stages. However, JKPCL availed these borrowings to clear the outstanding electricity dues and for power purchase of the UT. Repayment of principal of ₹74.87 crore[18] and interest of ₹1,423.79 crore[19] had been made during 2022-23. These borrowings are being serviced by the Government from the budget but this debt has not been included in liability of Government in the accounts which is against the provisions of JKFRBM Act.

The Accounts officer Finance Department stated (June 2024) that the Government is not paying any commission to these PSUs. However, it was confirmed that the repayment of principal and interest in respect of JKIDFC is presently being made by Government through the budgetary route and in case of JKPCL it is made on monthly basis by way of issuing Inter Governmental Adjustment (IGA) Advice to the RBI Nagpur.

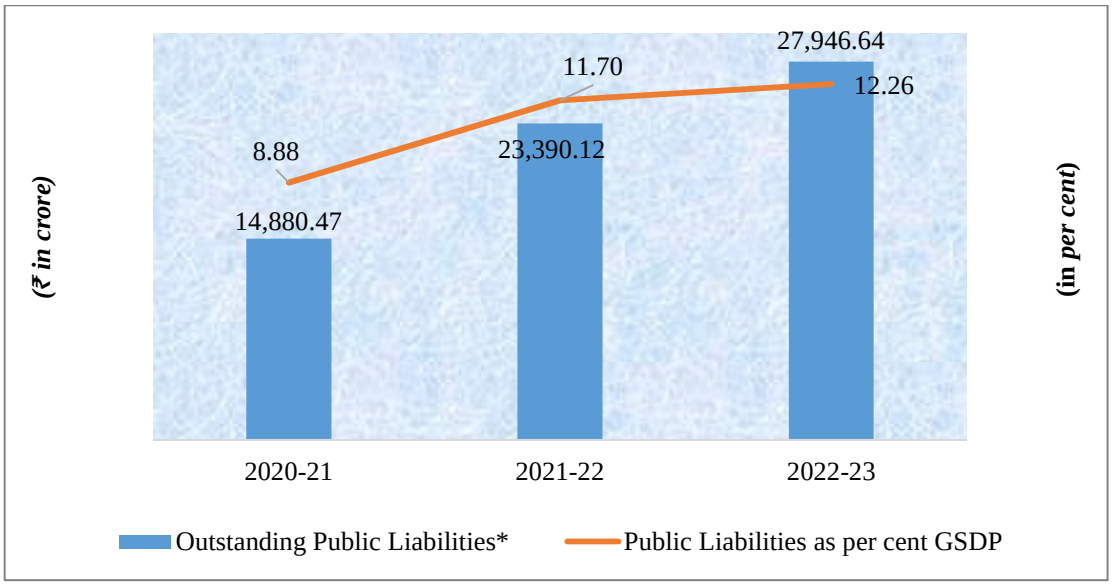
2.6 Public Liability Management

Management of public liabilities is the process of establishing and executing a strategy for managing the Government's liabilities in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other

[18] JKIDFC: ₹74.87 crore; JKPCL: Nil
[19] JKIDFC: ₹188.66 crore; JKPCL: ₹1,235.13 crore

annual budget announcements. Outstanding liability of UT along with its percentage to GSDP for the years 2020-21 to 2022-23 is depicted in **Chart 2.15**.

Chart 2.15: Outstanding Public Liability and its percentage to GSDP



** The back-to-back loan amount of ₹2,099.80 crore during 2020-21 and ₹3,845.49 crore during 2021-22 received from GoI in lieu of GST Compensation shortfall has been excluded from the total outstanding amount at the end of 2020-21, 2021-22 and 2022-23 respectively.*

2.6.1 Liability profile: Components

Total liabilities of the State/UT Government typically constitutes of Internal debt of the State/UT (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government, and Public Account liabilities. The components of the outstanding liability for the period 2020-21 to 2022-23 are given below.

Table 2.29: Component wise outstanding liability trends

(₹ in crore)

	2020-21	**2021-22**	**2022-23**
Outstanding total liability*	**14,880.48**	**23,390.12**	**27,946.64**
Public Debt	**10,567.85**	**19,192.54**	**23,240.11**
Internal debt	*10,562.21*	*19,306.08*	*23,473.66*
Loans from GoI[20]	*5.64*	*-113.54*	*-233.55*
Public Account liabilities	**4,312.63**	**4,197.58**	**4,706.53**
Small savings, Provident funds etc.	2,185.97	1,591.41	1,017.71
Reserve funds bearing interest	780.89	873.86	1,183.99
Reserve funds not bearing interest	-9.75	46.27	111.74
Deposits bearing interest	474.73	495.52	501.79

[20] The back-to-back loan amount of ₹2,099.80 crore during 2020-21 and ₹3,845.49 crore during 2021-22 received from GoI in lieu of GST Compensation shortfall has been excluded from the total outstanding loan amount of ₹2,105.44 crore, ₹5,831.75 crore and ₹5,711.74 crore at the end of 2020-21, 2021-22 and 2022-23 respectively.

	2020-21	2021-22	2022-23
Deposits not bearing interest	880.79	1,190.52	1,891.30
Off budget borrowing	**-**	**12,444.60**	**23,911.53**
Rate of growth of outstanding total liabilities (*per cent*)	NA	57.19	19.48
Gross State Domestic Product (GSDP)	1,67,652	1,99,917	2,27,927
Liability/GSDP (*per cent*)	8.88	11.70	12.26
Borrowings and other liabilities (as per Statement 6 of Finance Accounts)			
Total Receipts[21]	**50,819.38**	**60,938.99**	**49,242.28**
Total Repayments (including ways and means advances)	**41,439.26**	**52,429.36**	**44,685.76**
Net Funds available (including ways and means advances)	**9,380.12**	**8,509.63**	**4,556.52**
Repayments/ Receipts (*per cent*)	**81.54**	**86.04**	**90.75**

Source: Finance Accounts

**Outstanding total liability includes Public Debt, Small savings, Provident funds etc. Reserve funds and Deposits*

The total liabilities of the UT Government had been on the rise as it increased by 87.81 *per cent* from ₹14,880.48 crore in 2020-21 to ₹27,946.64 crore in 2022-23. Public Debt increased by ₹12,672.26 crore (119.91 *per cent*) during 2020-23, wherein the Internal debt recorded major increase of ₹12,911.45 crore (122.24 *per cent*) and Loans from GOI[22] decreased by ₹239.19 crore during the same period. Public account liabilities increased by ₹393.90 crore (9.13 *per cent*) during 2020-23 and the major increase was under Reserve funds bearing interest (₹403.10 crore, 51.62 *per cent*) and Deposits not bearing interest (₹1,010.51 crore, 114.73 *per cent*).

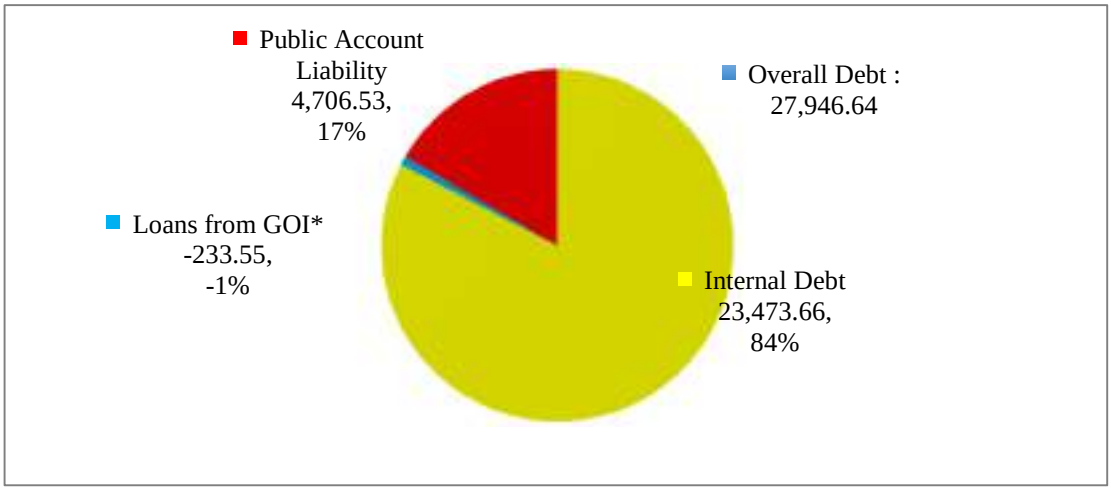
During 2022-23, the repayment of borrowings was 90.75 *per cent* of total borrowing receipts resulting in only ₹4,556.52 crore (9.25 *per cent*) of total borrowing receipts being available with the Government. During 2022-23, the borrowing receipts decreased by 19 *per cent* and the net debt available declined by 46 *per cent* with respect to 2021-22. Taking into account off budget borrowings of ₹23,911.53 crore, the liability to GSDP percentage of UT will increase from 12.26 *per cent* to 22.75 *per cent.* Break up of outstanding liabilities at the end of 2022-23 is shown in **Chart 2.16**.

[21] Excludes back-to-back loan amount of ₹2,099.80 crore and ₹3,845.49 crore received from GoI in lieu of GST Compensation shortfall during 2020-21 and 2021-22, respectively.

[22] Excluding back-to-back loans received from GoI in lieu of GST Compensation

Chart 2.16: Break-up of outstanding overall liabilities of UT of Jammu and Kashmir at the end of the year 2022-23

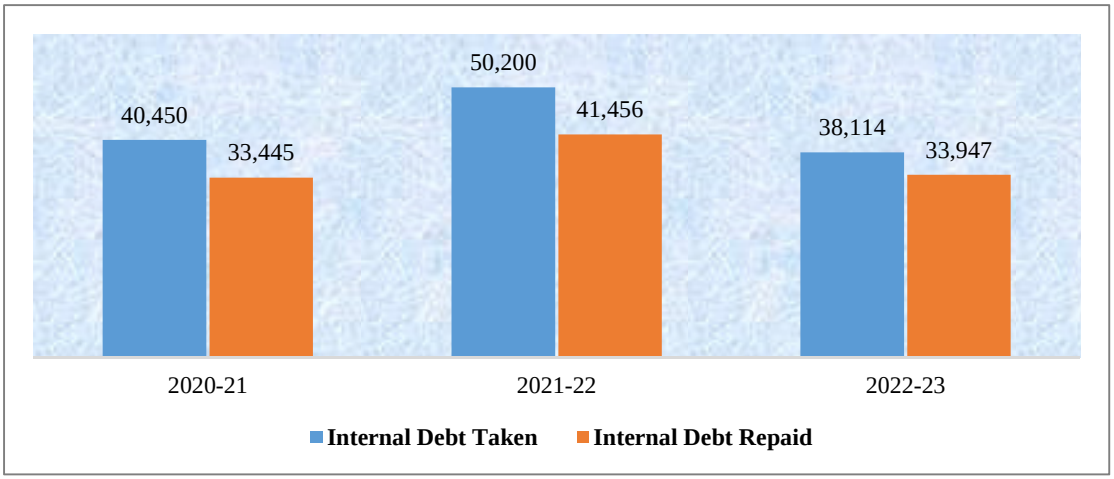
(₹ in crore)



**Excludes the back to back loans of ₹2,099.80 crore and ₹3,845.49 crore received during 2020-21 and 2021-22 respectively from GoI in lieu of GST compensation shortfall.*

Chart 2.17: Internal debt taken *vis-à-vis* repaid

(₹ in crore)



Source: Finance Accounts

Internal debt of the UT Government increased by ₹12,911.45 crore (122 *per cent*) from ₹10,562.21 crore in 2020-21 to ₹23,473.66 crore in 2022-23 **(Table 2.30)**. An amount of ₹6,214.65 crore was paid towards interest on internal debt during 2022-23. The percentage of internal debt repaid to internal debt taken was 89.07 *per cent* during the year 2022-23.

The Principal Secretary Finance Department stated (May 2024) that the UT of J&K continues to service both the pre-August 2019 and the post-August 2019 liabilities. Hence the repayment and interest components being serviced are higher.

Audit is of the view that apportionment of assets and liabilities of the erstwhile State of Jammu and Kashmir between the two newly created Union Territories will ensure the extent of liabilities for which the UT of Jammu and Kashmir is liable to make repayments.

Table 2.30 depicts financing pattern of the fiscal deficit during 2020-23.

Table 2.30: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		**2020-21**	**2021-22**	**2022-23**
Composition of Fiscal Deficit		-10,693.36	-11,150.61	-4,855.37
1	Revenue Deficit/Surplus	-138.27	-30.83	+5,976.61
2	Net Capital Expenditure	-10,470.38	-11047.04	-10,773.78
3	Net Loans and Advances	-59.71	-72.74	-58.20
4	Appropriation to Contingency Fund	-25.00	0	0
Financing Pattern of Fiscal Deficit				
1	Market Borrowings	7,508.66	4,088.00	4893.62
2	Loans from GoI*	2,164.35	3,726.31	-120.00
3	Special Securities issued to NSSF	-348.65	4,651.36	-848.64
4	Loans from Financial Institutions	-154.75	4.52	122.59
5	Small Savings, PF, etc.	1,144.17	-594.55	-573.70
6	Deposits and Advances	581.96	330.52	707.05
7	Suspense and Miscellaneous	-82.34	128.23	288.86
8	Remittances	-763.81	-1,332.81	10.64
9	Reserve Funds	584.18	148.99	375.61
10	Contingency Fund	25.00	0	0
10	**Overall Deficit**	**10,658.77**	**11,150.57**	**4,856.03**
11	Increase (-) /Decrease (+) in cash balance	34.59	0.04	-0.66
12	**Gross Fiscal Deficit**	**10,693.36**	**11,150.61**	**4,855.37**

Source: Finance Accounts

**Includes ₹2,099.80 crore and ₹3,845.49 crore as back-to-back loans from GoI during 2020-21 and 2021-22 respectively in lieu of GST Compensation shortfall.*

During 2022-23, Union Territory of Jammu and Kashmir had fiscal deficit of ₹4,855.37 crore. Market borrowings were major sources to meet fiscal deficit.

The components of receipt and disbursements financing the fiscal deficit during the year 2022-23 are depicted in **Table 2.31** and the financing of fiscal deficit during 2022-23 is expressed through **Chart 2.18**.

Table 2.31: Receipts and disbursements under components financing the fiscal deficit (2022-23)

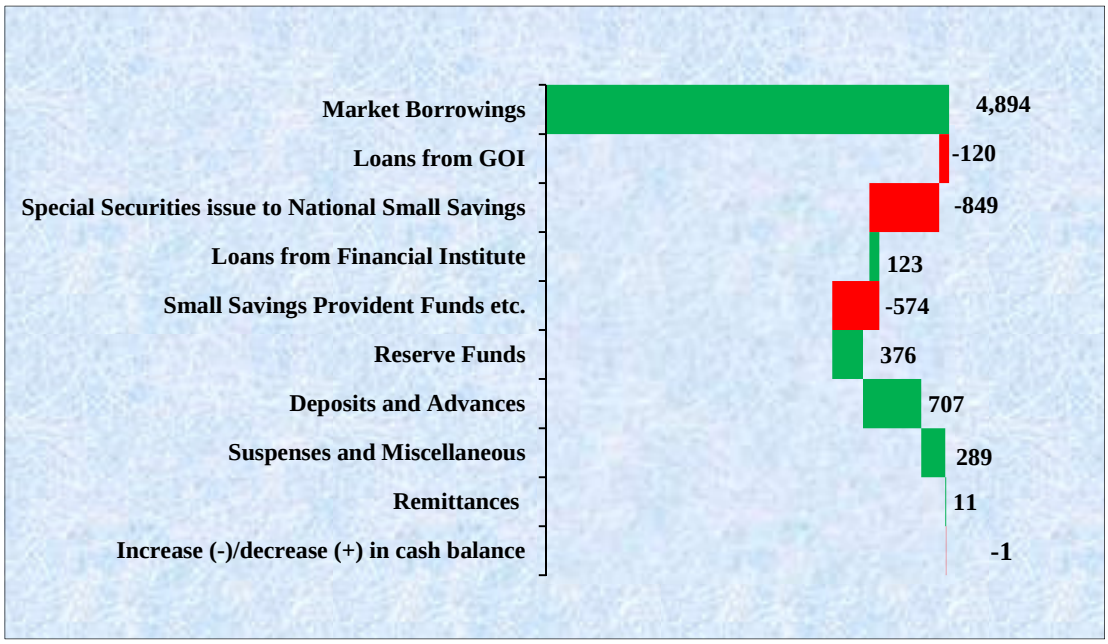
(₹ in crore)

Particulars		**Receipt**	**Disbursement**	**Net**
1	Market Borrowings	37,433.73	32,540.11	4,893.62
2	Loans from GOI*	0	120.00	-120.00
3	Special Securities issued to NSSF	0	848.64	-848.64
4	Loans from Financial Institutions	680.75	558.16	122.59
5	Small Savings, PF, etc.	6,062.49	6,636.19	-573.70
6	Deposits and Advances	4612.87	3,905.82	707.05
7	Suspense and Miscellaneous	24,335.85	24,046.99	288.86
8	Remittances	1.18	-9.46	10.64
9	Reserve Fund	452.45	76.84	375.61
10	Contingency Fund	0	0	0
10	**Overall Deficit**	**73,579.32**	**68,723.29**	**4,856.03**
11	Increase/Decrease in cash balance	1,447.65	1,448.31	-0.66
12	**Gross Fiscal Deficit**	**75,026.97**	**70,171.60**	**4,855.37**

Source: Finance Accounts.

**Includes ₹2,099.80 crore and ₹3,845.49 crore as back-to-back loans from GoI during 2020-21 and 2021-22 respectively in lieu of GST Compensation shortfall.*

Chart: 2.18: Financing of fiscal deficit during 2022-23



(Source: Finance Account)

The Finance Department stated (April 2024) that the audit observation regarding utilisation of market borrowings to meet fiscal deficit has been noted for necessary action.

2.7 Debt Sustainability Analysis

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters, Domar approach and compliance of macro-fiscal parameters to the respective FRBM targets. The results of the analysis are given in the following paragraphs:

(A) Debt sustainability refers to the ability of the UT to service its debt obligation now and in the future. Analysis of variations in debt sustainability indicators is given in **Table 2.32** and **Chart 2.19**.

Table 2.32: Trends in Debt Sustainability Indicators

Debt Sustainability Indicators	2020-21	2021-22	2022-23
Outstanding Public Debt* *(₹ in crore)* *(As on 31st March of each year)*	10,567.85	19,192.54	23,240.11
Rate of growth of outstanding Public Debt	NA	81.61	21.09
GSDP *(₹ in crore)*	1,67,652	1,99,917	2,27,927
Rate of Growth of GSDP	2.16	19.25	14.01
Public Debt/GSDP	6.30	9.60	10.20
Debt maturity profile of repayment of State/UT debt – including default history, if any	NA	NA	NA
Average interest Rate of Outstanding Public Debt@ (*per cent)*(interest paid/OB of Public Debt + CB of Public Debt/2)	7.82	7.94	8.48
Interest payment on Public Debt	4,282.38	5,202.93	6,260.98
Revenue Deficit/ surplus without Interest payment	4,144.11	5,172.10	12,237.59

Debt Sustainability Indicators	2020-21	2021-22	2022-23
Percentage of interest payment to Revenue Deficit/ surplus	-3,097.11	-16,876.19	+104.76
Percentage of Interest payment on Public Debt to Revenue Receipt	8.16	8.78	9.08
Percentage of Public Debt Repayment to Public Debt Receipt	78.54	76.93	89.38
Net Public Debt available to the UT[#] *(₹ in crore)*	4,887.23	7,267.25	-2,213.41
Net Public Debt available as *per cent* to Public Debt Receipts	11.44	13.45	-5.81
Primary Deficit (-)/ Surplus (+)	-4,320.90	-3,790.29	+3,638.45
Debt stabilisation (Quantum Spread[$] +Primary Deficit)	-4,919.04	-1,619.61	4,923.63

Source Finance Accounts

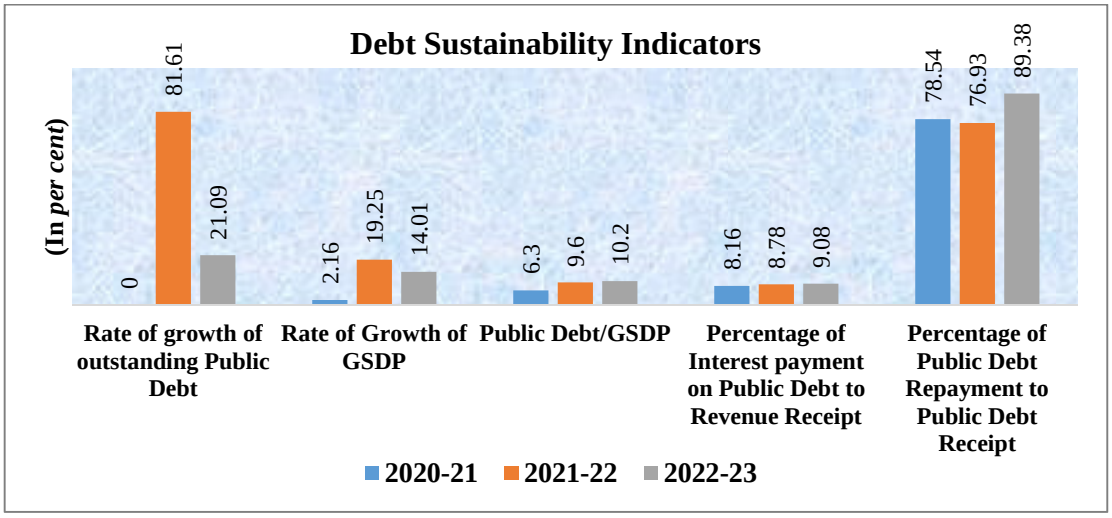
[*]Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government. It excludes GST compensation of ₹2,099.80 crore and ₹3,845.49 crore received as back-to-back loans under debt receipts from Department of Expenditure, GoI during 2020-21 and 2021-22 respectively. The back-to-back loans would not be treated as debt of the UT for any norms which may be prescribed by the Finance Commission, etc.

@ Public debt (including outstanding public debtamounting₹46,666.22 crore of erstwhile State).

[#]Net debt available to the UT Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

*[$] Quantum spread = (Debt * (GSDP growth rate - Interest rate))/100.*

Chart 2.19: Trends of Debt Sustainability Indicators



Source: Finance Accounts

Note: During 2020-21 and 2021-2023, Public debt excluded ₹2,099.80 crore and ₹5,945.29 crore (₹2,099.80 crore+₹3,845.49 crore) respectively as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the UT Government from its sources

Some of the indicators of debt sustainability are as under.

a) A falling debt-GSDP ratio can be considered as leading towards stability. However, Debt-GSDP ratio showed an increasing trend, from 6.30 *per cent* in 2020-21 to 10.20 *per cent* in 2022-23, which cannot be considered as leading to stability.

b) As against the Net Public Debt of ₹7,267.25 crore available in 2021-22, repayment of debt and interest exceeded the debt receipts during 2022-23 by ₹2,213.41 crore.

c) Public Debt Repayments/Public Debt Receipts: Higher the percentage of public debt repayments to public debt receipts, the greater the proportion of debt utilised for debt servicing rather than productively. Ratio of public debt repayment to public debt receipts had decreased from 78.54 *per cent* in 2020-21 to 76.93 *per cent* in 2021-22, but it again increased to 89.38 *per cent* during 2022-23. It indicates that 10.62 *per cent* of public debt receipt was available during 2022-23 with the Government after repayment of earlier debts.

d) Ratio of interest payments to revenue receipts is also a good measure of debt sustainability. Ratio of interest payments to revenue receipts showed an increasing trend from 8.16 *per cent* in 2020-21 to 9.08 *per cent* in 2022-23 which is indicative of decreased debt sustainability.

e) There is outstanding public debt amounting to ₹46,666.22 crore of the erstwhile State, which is yet to be apportioned between the two UTs.

(B) An analysis on debt sustainability was carried out based on a study by E.D Domar[23] [Domar, 1944]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GDP. The dynamics of public debt depending on the interest rate, growth rate of GSDP and the primary budget balance are as follows:

PB / **g-r**	**PB (Primary Balance) <0**	**PB (Primary Balance) >=0**
If g-r>0 (strong economic growth)	Real economic growth exceeds real interest rate provided that the Primary Deficit (PD) registered is stable and consistent with debt/ GSDP then the debt is sustainable.	Real economic growth exceeds real interest rate and records Primary Surplus (PS) then debt/GSDP ratio shall decrease and debt tends towards stable level therefore sustainable.
If g-r<0 (slow economic growth)	Real economic growth is lower than real interest rate and records PD. Then debt tends to increase without limitations and becomes unsustainable.	Real economic growth is lower than real interest rate and records PS. Then debt is no longer sustainable provided that it is not decreased in the medium or long run.

The results of applying the above parameters in the case of UT of Jammu and Kashmir are shown in **Table 2.33**.

[23] Domar model does not take into account maturity profile, composition, cost and risk characteristics of debt stock.

Table 2.33: Debt sustainability analysis based on Domar Model

Year	Real Growth (g)	Real Interest (r)	g-r (Domar gap)	Primary Deficit (-)/ Surplus(+) *(₹ in crore)*	Remarks
2020-21	-1.44	2.03	-3.47	(-) 4,320.90	As g-r<0 and PB<0, real economic growth is lower than real interest rate and records Primary Deficit (PD). Then debt tends to increase without limitations and becomes unsustainable.
2021-22	11.09	0.74	10.35	(-) 3,790.29	As g-r> 0 and PB<0; real economic growth exceeds real interest rate provided that the PD registered is stable and consistent with debt/GSDP then the debt is sustainable.
2022-23	8.01	2.16	5.85	(+) 3,638.45	As g-r> 0 and PB>0; Real economic growth exceeds real interest rate and records Primary Surplus (PS) then debt/GSDP ratio shall decrease and debt tends towards stable level therefore sustainable.

Note: Real Growth rate calculated for GSDP at constant prices.
Real Interest rate is the nominal interest rate adjusted for inflation.

In the initial two years of the subject period i.e. 2020-21 and 2021-22, the UT had primary deficit, which later turned to primary surplus in 2022-23. The Domar gap (g-r) remained negative during 2020-21, which turned positive[24] in 2021-22 and 2022-23. Even though both the Primary Balance and Domar Gap remained positive in 2022-23, the same is not adequate to keep the pace of increase in outstanding debt in tandem with the increase in the economic growth. This led to the increase in Public Debt to GSDP ratio in 2022-23.

From the above discussion, it can be concluded that Debt/GSDP ratio in the past two years has been on a slightly increasing trend and the debt stabilisation indicator was a non-uniform trend. Thus, it is too early to comment on the debt sustainability of the UT of J&K.

The Finance Department replied (April 2024) that the audit observation regarding debt sustainability has been noted for necessary action.

2.7.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 2.34** depicts the utilisation of borrowed funds during 2020-23.

[24] The main reason for the Domar gap turning positive was increase in GSDP, which in turn was attributed to significant economic recovery post-COVID-19 pandemic.

Table 2.34: Utilisation of borrowed funds during 2020-21 to 2022-23

(₹ in crore)

Sr. No.	Year	2020-21	2021-22	2022-23
1	Total borrowings[25]	42,097.29	48,880.23	38,922.93
2	Repayment of borrowings (Principal) (*percentage*)	33,563.32 (79.73)	41,575.17 (85.06)	34,066.90 (87.52)
3	Net capital expenditure[26] met out of borrowings(*percentage*)	8,533.97 (20.27)	7,305.06 (14.94)	4,856.03 (12.48)
4	Net of loans and advances met out of borrowings (*percentage*)	NA	NA	NA
5	Portion of Revenue Expenditure met out of net available borrowings (*percentage*)	NA	NA	NA
6	Total budget of the UT[27]	1,33,595.72	1,39,795.19	1,49,582.03
7	Expenditure against total budget	96,786.29	1,11,983.49	1,07,948.46
8	Repayment of borrowings (Principal) to total expenditure (*per cent*)	34.68	37.13	31.56

Source: Finance Accounts and Appropriation Accounts.

Table 2.34 shows that the repayment of borrowings (principal) to total expenditure of the UT ranged between 31.56 *per cent* and 37.13 *per cent* of the total expenditure during the period 2020-21 to 2022-23. During this period, the UT Government utilised 79.73 to 87.52 *per cent* of its current borrowings for repayment of borrowings (principal). Net capital expenditure ranged between 12.48 *per cent* and 20.27 *per cent* during the period 2020-2023. Thus, the major portion of borrowed funds was being used for repayment of borrowings instead of capital creation/ development activities. Further no amount was available for disbursing any loans or advances or for meeting other revenue expenditure. Though during 2020-21 and 2021-22, the UT Government spent 20.27 *per cent* and 14.94 *per cent* of the borrowed funds on capital expenditure, the expenditure decreased to 12.48 *per cent* during 2022-23.

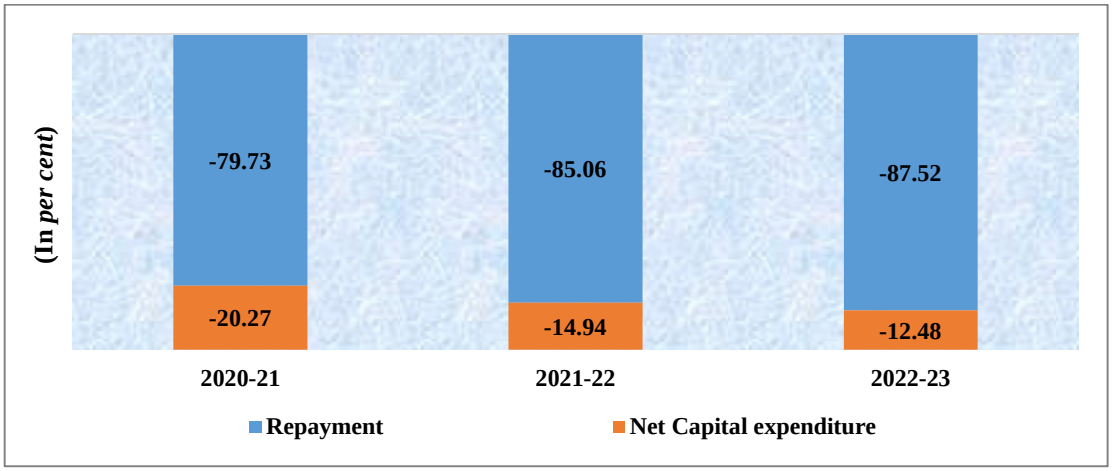
Trend of utilisation of borrowed funds during the period 2020-23 is depicted in **Chart 2.20**.

[25] Includes Public Debt receipts (2020-21: ₹42,732.93 crore; 2021-22: ₹54,045.35 crore; 2022-23: ₹38,114.47 crore) and Net of Public Accounts receipts (2020-21: ₹1,464.16 crore; 2021-22: ₹ (-)1,319.63 crore; 2022-23: ₹808.46 crore). These exclude back-to-back loans of ₹2,099.80 crore and ₹3,845.49 crore received from GoI in lieu of GST Compensation shortfall during 2020-21 and 2021-22 respectively.

[26] Total capital expenditure during 2020-21: ₹10,470.38 crore; 2021-22: ₹11,047.04 crore and 2022-23: ₹10,773.78 crore

[27] Total Budget during 2020-21 to 2022-23, includes Original, supplementary and reappropriations/ augmentations.

Chart 2.20: Trend of utilisation of borrowed funds



2.7.2 Status of Guarantees – Contingent Liabilities

As at the end of the year 2022-23 (31 October 2019 to 31 March 2023) post re-organisation cumulative amount guaranteed by the Government of Union Territory is ₹24,867.44 crore (under reconciliation with Government of Union Territory of Jammu and Kashmir). Further, there is also outstanding guarantees of ₹452.65 crore given by the erstwhile State of Jammu and Kashmir (ending 30 October 2019 pre re-organisation) which is yet to be apportioned between the successor Union Territories of Jammu and Kashmir and Ladakh. No guarantee commission/ fee was received by Government of Union Territory of Jammu and Kashmir during 2022-23. J&K FRBM Act limits the amount of annual incremental risk weighted guarantees to 75 *per cent* of the total revenue receipts in the year preceding the current year or at 7.5 *per cent* of GSDP of the year preceding the current year, whichever is lower. As per Statement 9 of the Finance Accounts, details of the guarantees and status of outstanding guarantees to total receipts for the last three years are given in **Table 2.35**.

Table 2.35: Guarantees given by the UT Government

(₹ in crore)

Guarantees	**2020-21**	**2021-22**	**2022-23**
Ceiling applicable to the outstanding amount of guarantees:			
(i) 75 *per cent* of revenue receipts of previous year	NA	39,371.61	44,428.88
(ii) 7.5 *per cent* of GSDP of previous year	12,307.73	12,573.90	14,993.78
(iii) Least of the above two	12,307.73	12,573.90	14,993.78
Outstanding amount of guarantees at the end of year	**1,486.07**	**12,328.80**	**24,867.44**
Increase in the amount of outstanding guarantees during the year	NA	10,842.73	12,538.64

Source: Finance Accounts and Annual Financial Statements

Increase[28] in outstanding guarantee of UT during 2022-23 was within the ceiling limit[29] of ₹14,993.78 crore. The outstanding guarantees for ₹24,867.44 crore as on 31 March 2023 were in respect of Power (₹22,513.61 crore); Cooperatives (-₹32.00 crore[30]); State Financial Corporation (₹13.66 crore) and Other institutions (₹2,372.17 crore).

The Finance Department stated (April 2024) that the audit observation regarding recovery of guarantee fee/ commission has been noted for implementation. Moreover, advice for apportionment of balances of the erstwhile state between two UTs has also been noted.

2.7.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, UT Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum amount on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/ Special Ways and Means Advances (SWMA)/ Overdrafts (OD) from time to time. The limit for ordinary WMA to the UT Government are revised by the RBI from time to time.

The Government of Union Territory of Jammu and Kashmir maintained minimum cash balance of ₹1.14 crore on 83 days without resorting to Normal Ways and Means Advances and Overdraft, availed Normal Ways and Means Advances on 147 days and on 135 days it had to avail Overdraft too from RBI. The balance at the end of 31 March 2023 was (-)₹576.07 crore under Normal Ways and Means Advances.

There was also a balance of ₹692.11 crore under Normal Ways and Means Advances as on 30 October 2019 which is yet to be apportioned between the successor Union Territories *viz.* Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

Union Territory Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are to be credited as receipts under the head '0049-Interest Receipts'.

It is not desirable that the UT Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use. Details of cash balances and their investment during 2021-22 and 2022-23 are given in **Table 2.36**.

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28 Increase: ₹12,538.64 crore (Outstanding guarantee 2022-23: ₹24,867.44 crore minus Outstanding guarantee 2021-22: ₹12,328.80 crore).

29 75 *per cent* of Revenue Receipts of ₹59,238.50 crore during 2021-22 is ₹44,428.88 crore and 7.5 *per cent* of GSDP of ₹1,99,917 crore during 2021-22 is ₹14,993.78 crore.

30 Minus figures due to non-apportionment of Assets and Liabilities as a result of reorganisation.

Table 2.36: Cash Balances and their investment

(₹ in crore)

	Closing balance on 31 March 2022	Closing balance on 31 March 2023
A. General Cash Balance		
Cash in treasuries	0	0
Deposits with Reserve Bank of India	1,447.65	1,448.31
Deposits with J&K Bank and other Banks	0	0
Remittances in transit – Local	0	0
Total	**1,447.65**	**1,448.31**
Investments held in Cash Balance investment account	0	0
Total (A)	**1,447.65**	**1,448.31**
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	0	0
Permanent advances for contingent expenditure with department officers	0	0
Investment in earmarked funds	0	0
Total (B)	**0**	**0**
Total (A + B)	**1,447.65**	**1,448.31**
Interest realized	**Nil**	**0.03**

Source: Finance Accounts.

The Cash balance as on 31 March 2023 as per the records of the office of the Principal Accountant General (A&E) was ₹1,448.31 crore (Debit) and that reported by the Reserve Bank of India (RBI)[31] was ₹1,445.66 crore (Credit). There was a net difference of ₹2.65 crore (Debit), mainly due to non-reconciliation by Government of UT of Jammu and Kashmir with RBI/Agency Bank. The difference is under reconciliation.

The Finance Department stated (April 2024) that the audit observation regarding crediting of profits derived from short- and long-term investment of treasury bills to MH-0049 Interest receipts has been noted for future compliance. Besides, reconciliation will be expedited.

The general cash balance of ₹1,448.31 crore at the close of the year was not even equal to the balance of ₹2,469.42 crore shown in cash in earmarked reserve funds, which means that reserve funds were used for other than intended purpose.

Details of Cash Balance Investment Account during 2020-23; and month-wise movement of cash balance and net cash balance investments at the end of month during the year 2022-23 are depicted in **Table 2.37** and **Chart 2.21** respectively.

[31] Worked out by Principal Accountant General (A&E) by excluding transactions pertaining to the UT of Ladakh for the period 31 October 2019 to 31 March 2020, during which a single account was maintained by RBI in respect of both UTs (UT of J&K and UT of Ladakh)

Table 2.37: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

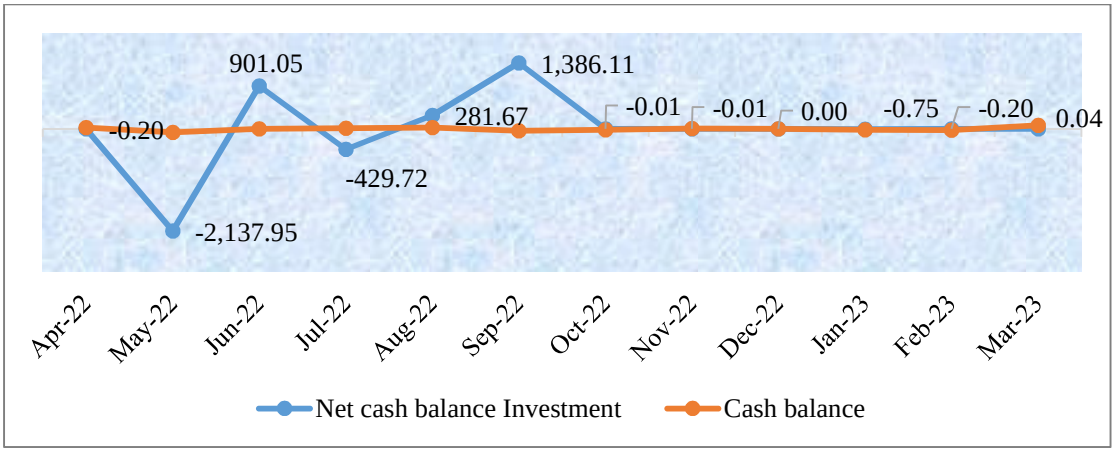
Year	Opening Balance	Closing Balance	Increase (+) / Decrease (-)	Interest earned
2020-21	0 (383.92)	0 (383.92)	-	0.11
2021-22	0 (383.92)	0.0001 (383.92)	0.0001	0
2022-23	0.0001 (383.92)	0.0001 (383.92)	-	0.03

(Source: Finance Account; Figures in parenthesis denotes the cash balance investment at the end of 30 October 2019 yet to be apportioned between UT of J&K and UT of Ladakh.)

Negligible amount was held in Cash Balance Investment Account by the Government of UT of Jammu and Kashmir at the close of the year 2022-23. However, an amount of ₹383.92 crore was held in the Cash Balance Investment Account at the end of 30 October 2019, which is yet to be to be apportioned between UT of J&K and UT of Ladakh. Government earned an interest of ₹0.03 crore on cash balance investment during 2022-23.

Chart 2.21: Month wise movement of Cash Balances and net cash balance investments during the year

(₹ in crore)



Source: Finance Accounts

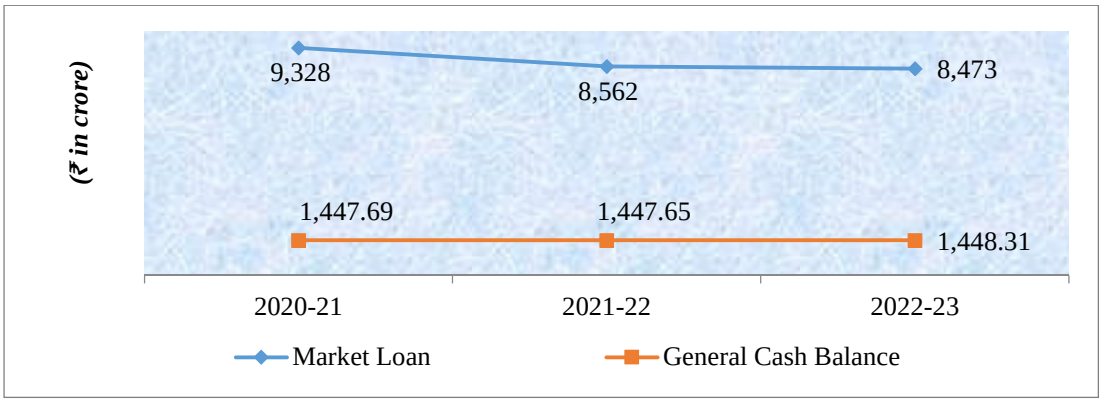
Table 2.38: Month wise cash balance and net cash balance Investment during 2022-23

(₹ in crore)

Month	Cash Balance	Net cash balance investment
April 2022	29.78	-0.20
May 2022	-68.50	-2,137.95
June 2022	5.31	901.05
July 2022	14.10	-429.72
August 2022	27.35	281.67
September 2022	-35.10	1,386.11
October 2022	-18.16	-0.01
November 2022	7.43	-0.01
December 2022	1.05	0
January 2023	-15.60	-0.75
February 2023	-23.38	-0.20
March 2023	76.78	0.04

Source Finance Accounts

Chart 2.22: Market Loans *vis-a vis* Cash Balance



Source: Finance Accounts

During the year 2022-23 UT Government could have avoided market borrowings to the extent of general cash balance (₹1,448.31 crore) held as deposit with Reserve Bank of India. An interest of ₹0.03 crore earned on cash balance was negligible in comparison to the average rate of interest of 8.48 *per cent* paid by the Government on Public Debt during 2022-23.

The Finance Department replied (April 2024) that the audit observation has been noted and will be examined.

2.8 Conclusion

- The revenue buoyancy with reference to GSDP of UT of Jammu and Kashmir increased from 0.67 *per cent* in 2021-22 to 1.18 *per cent* in 2022-23. However, the buoyancy of UT's Own revenue to GSDP decreased from 1.44 *per cent* in 2021-22 to 0.40 *per cent* in 2022-23. The percentage of Grants-in-Aid to revenue receipts increased from 72.07 *per cent* in 2021-22 to 74.65 *per cent* in 2022-23, which indicated Government's dependence on GoI support.

- The collection under own resources (Own Tax Revenue and Own Non-Tax Revenue) fell short by 30.94 *per cent* of budget estimates and 31.51 *per cent* of revised estimates. UT's own resources of ₹17,483.02 crore during 2022-23 were sufficient only to meet 36.83 *per cent* of the committed expenditure of ₹47,475.27 crore incurred on salaries, interest and pension etc., during the year.

- Total expenditure increased by ₹10,666.88 crore (16.89 *per cent*) from ₹63,165.77 crore in 2020-21 to ₹73,832.65 crore in 2022-23. Revenue expenditure constituted the predominant proportion (83 *per cent* in 2020-21 to 85 *per cent* in 2022-23) of total expenditure. However, capital expenditure decreased from 17 *per cent* in 2020-21 to 15 *per cent* in 2022-23. More than 52.80 *per cent* of total expenditure was on Salary & Wages and Pension & gratuities. Major, Minor Works and construction works together accounted for 13.83 *per cent* of total expenditure.

- The total liabilities of the UT Government had been on the rise as it increased by 87.81 *per cent* from ₹14,880.48 crore in 2020-21 to ₹27,946.64 crore in

2022-23. Taking into account off budget borrowings of ₹23,911.53 crore, the liability to GSDP percentage of UT will increase from 12.26 *per cent* to 22.75 *per cent.*

- Increasing trend in Debt-GSDP ratio from 6.30 *per cent* in 2020-21 to 10.20 *per cent* in 2022-23 and interest payments-revenue receipts ratio from 8.16 *per cent* in 2020-21 to 9.08 *per cent* in 2022-23 indicated decreased debt sustainability.
- The Government of UT of Jammu and Kashmir had total outstanding loans and advances of ₹226.46 crore ending 31 March 2023. In addition, there were loans and advances of ₹1,740.44 crore disbursed by the Government of the erstwhile State which were outstanding ending 30 October 2019 and were yet to be divided between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh. Recoveries of Loans and Advances are not forthcoming from loss making public sector undertakings. No assessment about potential recoverability of these loans has been made in the FRBM Statements.

2.9 Recommendations

The Government may:

- *Diversify revenue resources and strengthen the local tax base for attaining sustainable fiscal stability and development.*
- *Explore ways to minimise its committed expenditure, so that more funds could be made available for development expenditure.*
- *Take necessary measures to ensure debt sustainability.*

During the exit conference (April 2024), the Principal Secretary Finance accepted the audit recommendations.

Chapter-III

Budgetary Management

CHAPTER-III

BUDGETARY MANAGEMENT

3.1 Budget Process

The Office of the Principal Accountant General (Accounts and Entitlements) of Union Territory (UT) of Jammu and Kashmir is responsible for compilation and preparation of the Annual Accounts of the Union Territory Government. This is in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and Section 71 of Jammu and Kashmir Re-organisation Act, 2019.

The Appropriation Accounts of the Government of Union Territory of Jammu and Kashmir for the year 2022-23 presents the accounts of sums expended in the year ended 31st March 2023 compared with the sums specified in the schedules appended to the Appropriation Acts passed under Articles 204 and 205 of the Constitution of India.

The Annual Accounts have been compiled from the vouchers, challans and initial and subsidiary accounts as received from the treasuries, offices and departments of the Government of Union Territory of Jammu and Kashmir and the statements received from the Reserve Bank of India.

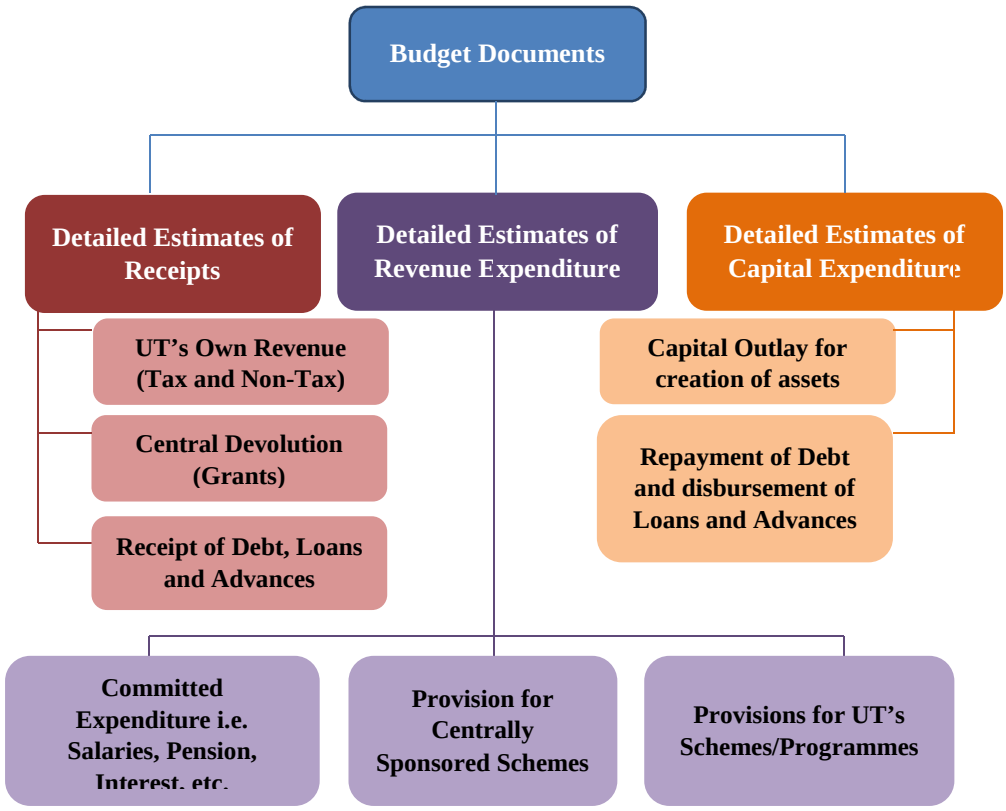
The audit of the Annual Accounts is conducted through the Office of the Principal Accountant General (Audit) in accordance with the requirements of Articles 149 and 151 of the Constitution of India, Section 72 of the Jammu and Kashmir Re-organisation Act, 2019 and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for expressing an opinion on these Accounts based on the results of such audit.

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Appropriation Accounts are accounts of the expenditure, voted and *charged*[1], of the Government for each financial year compared with the amounts of voted grants and appropriations *charged* for different purposes as specified in the schedules appended to the Appropriation Acts passed under Sections 43 and 44 of the Jammu and Kashmir Re-organisation Act, 2019.

Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts. Budget glossary is given in ***Appendix 6***. A typical budget preparation process is given in **Chart 3.1**.

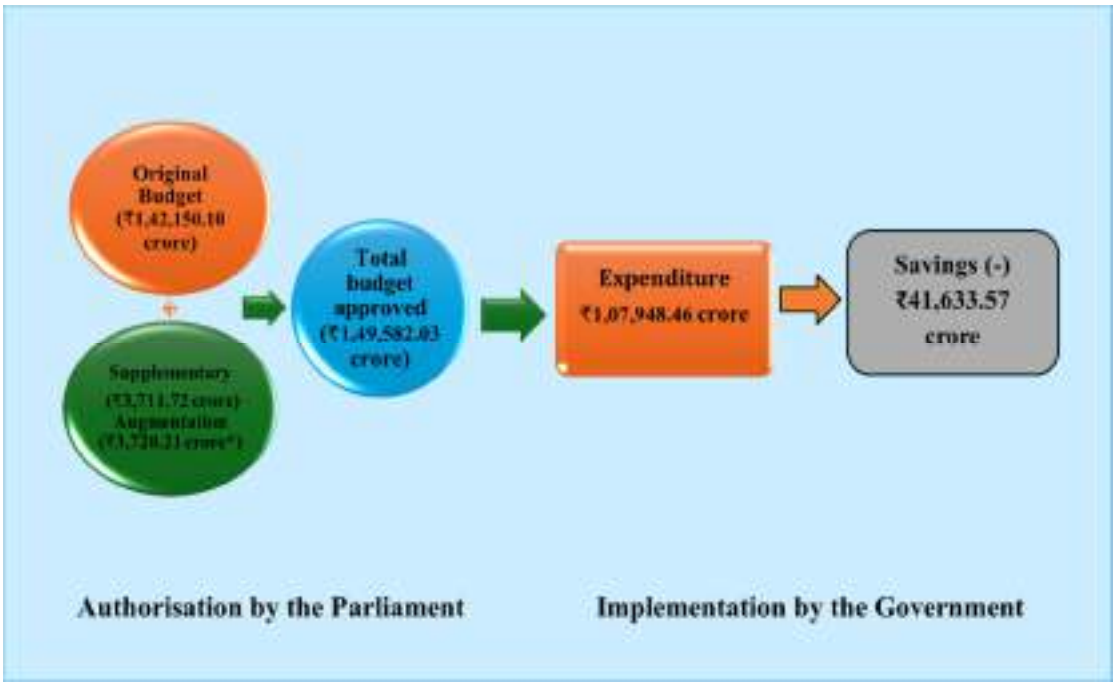
[1] **Charged expenditure**: Certain categories of expenditure (e.g. Salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the Consolidated Fund of the Union Territory and are not subject to vote by the Legislature. **Voted expenditure**: All other expenditure is voted by the Legislature.

Chart 3.1: Details of Union Territory Budget Documents



After creation of the Union Territory of Jammu and Kashmir by virtue of the Jammu and Kashmir Re-organisation Act, 2019 with effect from 31 October, 2019, the Union Territory of Jammu and Kashmir continues to be under President's rule vide Gazette Notification S.O. 3937 (E), dated 31 October, 2019. The powers of the legislature of the Union Territory of J&K are exercised by or under the authority of the Parliament.The various components of budget 2022-23 are depicted in **Chart 3.2**.

Chart 3.2: Flow Chart of Budget Implementation



**Includes augmentation of savings of ₹3,720.21 crore (from Revenue to Capital Heads: ₹3,086.79 crore and Capital to Revenue Heads: ₹633.42 crore) which is not in compliance with Article 114 of the Constitution and paras 14.7.2 and 14.7.3 of Jammu and Kashmir Budget Manual.)*
Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts 2022-23.

As per Article 114 (2) of the Constitution, no amendment shall be proposed to any such Bill in either House of Parliament which will have the effect of varying the amount or altering the destination of any grant so made or of varying the amount of any expenditure charged on the Consolidated Fund of India, and the decision of the person presiding as to whether an amendment is inadmissible under this clause shall be final. Article 114 (3) further states that subject to the provisions of Articles 115 and 116, no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law passed in accordance with the provisions of this article.

Section 14.8.1 of the Jammu and Kashmir Budget Manual 2020 states that once the final re-appropriation process is completed, implementation of a budget during a year gets concluded. The overall position of the behavior of the budget thus gets known and is reflected in the Appropriation Accounts prepared by the Comptroller & Auditor General of India. This account indicates the original estimates as approved by the Legislature and how these stand modified by the acts of re-appropriation, supplementary grants and acceptance of surrenders. Such accounts are prepared in respect of every individual Grant and presented to the Legislature by the Comptroller & Auditor General with comments.

The original demands for grants as per the Jammu and Kashmir (No.2) Appropriation Act, 2022 passed by the Parliament was ₹1,42,150.10 crore, which was followed by Supplementary Demands for Grants of ₹3,711.72 crore in respect of nine grants and one appropriation. The overall expenditure incurred during 2022-23 was ₹1,07,948.46 crore. As per Appropriation Account 2022-23, the UT Government

confirmed the surrender of savings. However, the individual surrender orders for savings of ₹16,793.13 crore surrendered in the Appropriation Accounts 2022-23 were not produced to CAG.

Further, Section 14.7.2 of the Jammu and Kashmir Budget Manual 2020 *inter alia* provides that within a grant also such orders which will aim at re-appropriation of funds from Revenue Account to Capital Account and *vice-versa* cannot be made. It was, however, seen that in the Appropriation Accounts, 2022-23 as per RE/modified grant, out of surrender of savings of ₹16,793.13 crore (not supported by valid surrender orders), an amount of ₹3,086.79 crore was augmented/re-appropriated by the UT Government from Capital to Revenue in eight grants and one appropriation and ₹633.42 crore was augmented/ re-appropriated from Revenue to Capital in seven grants, without legislative authorisation. Thus, amounts were re-appropriated across sections i.e., from revenue to capital and *vice-versa*. These augmentations to the original budget were shown under the heading "S" (Supplementary) in the summary statements along with the Supplementary budget figures. This was not in compliance with Article 114 of the Constitution and Para 14.7.2 of Jammu and Kashmir Budget Manual 2020.

After taking into account the augmented amount of ₹3,720.21 crore the total budget available during 2022-23 worked out to ₹1,49,582.03 crore, against which the expenditure incurred was ₹1,07,948.46 crore. The utilisation of budget was as such 28 *per cent* less than the total available amount during the year 2022-23.

The Finance Department stated (April 2024) that original budget of ₹1,42,150 crore and supplementary demands for grants of ₹3,711.72 crore was passed by Parliament. The revised budget for 2022-23 of ₹1,32,788.90 crore was also passed by the Parliament.

The reply is not acceptable as only the original budget of ₹1,42,150 crore and supplementary budget of ₹3,711.72 crore were approved by the Parliament in the Appropriation Act. The augmentation of savings of ₹3,720.21 crore by the UT Government during 2022-23 (from Revenue to Capital heads or *vice-versa*) was done without legislative approval.

During the exit conference (April 2024), the Finance Department stated that all re-appropriation orders and surrender orders will be submitted in a time-bound manner and re-appropriation/ augmentation of savings from revenue to capital and *vice-versa* shall be got regularised through approval of the competent authority.

The Principal Secretary Finance Department further stated (May 2024) that while the UT Government acknowledges the gaps in budgetary management and quality of reconciliation, many of these issues have deep roots and require sustained good governance. Further, online budgeting process through BEAMS portal and the online billing system through JKPaysys portal has been introduced eliminating chances of misclassification of accounts and ensuring expenditure monitoring on real-time basis. However, the PAG office uses the voucher level computerisation (VLC) which is still not integrated with JKPaysys and BEAMS portals. This increases the gaps in receipt of

data and monitoring by the PAG as the data inputs/ bills still need to be sent in physical format to the PAG office.

The integration of the UT Government's applications with the AG's system (VLC) needs detailed study for matching the formats and for ensuring compliance with the requirements of the Principal Accountant General (A&E) as per Government Accounting Standards which is a matter for discussion and beyond the scope of this Report.

3.1.1 Summary of total provisions, actual disbursements and savings during financial year 2022-23

A summarised position of total budget provision, disbursement and saving/ excess with its further bifurcation into voted/charged during 2022-23 for total 35 grants/ appropriations is given in **Table 3.1**.

Table 3.1: Budget provision, disbursement and saving/excess during the financial year 2022-23

(₹ in crore)

Description	Total Budget provisions		Disbursements		Savings	
	Voted	Charged	Voted	Charged	Voted	Charged
Revenue	68,993.26	9,203.79	54,419.45	8,579.89	-14,573.81	-623.90
Capital	38,546.11	0.0	10,822.69	0.0	-27,723.42	0.0
Loans and Advances	118	0.0	59.53	0.0	-58.47	0.0
Public Debt	0.0	32,720.87	0.0	34,066.90	0.0	1,346.03
Total	**1,07,657.37**	**41,924.66**	**65,301.67**	**42,646.79**	**-42,355.70**	**722.13**

Source: Appropriation Accounts 2022-23

During 2022-23, savings of ₹42,355.70 crore (39.34 *per cent*) was noticed in the voted section whereas excess expenditure of ₹722.13 crore (1.72 *per cent*) was incurred in the charged section, as shown in the table above.

3.1.2 Charged and Voted disbursements

Break-up of total disbursement into charged and voted during 2022-23 is given in **Table 3.2**.

Table 3.2: Disbursement and Saving/ Excess during 2022-23

(₹ in crore)

Year	Disbursements		Saving(-)/ Excess(+)	
	Voted	*Charged*	Voted	*Charged*
2022-23	65,301.67	42,646.79	(-)42,355.70	(+)722.13

Source: Appropriation Accounts 2022-23

As can be seen from the above table, there were savings of ₹42,355.70 crore in the voted section and excesses of ₹722.13 crore in the charged section during the year 2022-23.

3.1.3 Budget Marksmanship

Aggregate Expenditure Outturn

Aggregate expenditure outturn measures the deviation in actual expenditure (Actuals) compared with the Budget Estimate (BE) originally approved, both in terms of less than and in excess of approval, as given in **Table 3.3**.

Table 3.3: Comparison of Budget Estimates and Actual Outturn during the year 2022-23

(₹ in crore)

Description	Approved Budget (Original + Supplementary) (BE)	Actual Outturn	Difference between Actuals and BE*
(1)	(2)	(3)	(4)
Revenue	78,197.05	62,999.34	(-)15,197.71
Capital	71,384.98	44,949.12	(-)26,435.86
Total	**1,49,582.03**	**1,07,948.46**	**(-)41,633.57**

**Excess of actuals over original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure*
Source: Appropriation Accounts 2022-23

In the Revenue section, there was saving of 19.43 *per cent* compared with Budget Estimates (BE). This was due to excess/ saving up to 25 *per cent* in 18 grants, between 25 *per cent* and 50 *per cent* in 12 grants; and between 50 *per cent* and 100 *per cent* in five grants **(*Appendix 3.1*)**.

In the Capital section, there was saving of 37.03 *per cent* compared with BE. This was due to saving/ excess up to 25 *per cent* in one grant, between 25 *per cent* and 50 *per cent* in five grants; and between 50 *per cent* and 100 *per cent* in 29 grants **(*Appendix 3.2*)**.

Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition as shown in **Table 3.4**.

Table 3.4: Comparison of Budget Estimates, Revised Estimates and Actual Outturn during the year 2022-23

(₹ in crore)

Description	Approved Budget (Original + Supplementary) (BE)	Revised (RE)	Actuals Outturn	Difference between BE and RE	Difference between Actual and RE*
(1)	(2)	(3)	(4)	(5)	(6)
Revenue	78,197.05	75,003.95	62,999.34	3,193.10	(-)12,004.61
Capital	71,384.98	57,784.95	44,949.12	13,600.03	(-)12,835.83
Total	**1,49,582.03**	**1,32,788.90**	**1,07,948.46**	**16,793.13**	**(-)24,840.44**

**Excess of actuals over revised estimate is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure*
Source: Appropriation Accounts 2022-23 and Demand for Grants 2023-24.

In the Revenue section, there was saving of 16.01 *per cent* compared with Revised Estimates (RE). This was due to excess/saving up to 25 *per cent* in 23 grants, between 25 *per cent* and 50 *per cent* in nine grants and between 50 *per cent* and 100 *per cent* in three grants. **(*Appendix 3.3*)**.

In the Capital section, there was saving of 22.21 *per cent* compared with RE. This was due to excess/ saving up to 25 *per cent* in three grants, between 25 *per cent* and 50 *per cent* in eight grants and between 50 *per cent* and 100 *per cent* in 24 grants. **(*Appendix 3.4*)**.

3.2 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the Schedules appended to the Appropriation Act passed under Article 204 of the Constitution of India. Appropriation Accounts are on gross basis. These Accounts depict the original budget provisions, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts, thus, facilitate understanding of utilisation of funds, management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.3 Integrity of Budgetary and Accounting Process

3.3.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the Union Territory except under appropriation made by law passed in accordance with the provisions of Section 43 of Jammu and Kashmir Re-organisation Act 2019.

An amount of ₹12,416.82 crore was incurred under 31 schemes/ Sub Heads in six Grants (***Appendix 3.5***) without budgetary provision during 2022-23 which needs to be regularised.

The Finance Department stated (May 2024) that as per the BEAMS records, there was excess of ₹3,036.62 crore only and that too in respect of one grant (internal debt - Finance Department), which has been already conveyed to Audit.

It was also stated that the UT government has transitioned to the online budgeting process through BEAMS portal, which eliminates chances of expenditure without budgetary provision and misclassification of accounts. The PAG office uses the

voucher level computerisation (VLC) which is still not integrated with JKPaysys and BEAMS portals. The login access for the portals can be shared with PAG office.

However, the reply does not address the audit observation regarding the expenditure of ₹12,416.82 crore incurred without budget provision in all the 31 schemes/ sub-heads under 13 Major Heads of six grants.

3.3.2 Classification of expenditure of Revenue nature as Capital expenditure or vice-versa

Classification of expenditure of revenue nature as capital expenditure or *vice-versa*, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus.

During 2022-23, a sum of ₹219.13 crore of revenue expenditure as detailed below was disbursed under Capital Major Heads of expenditure, thereby resulting in overstatement of capital expenditure and understatement of revenue expenditure and overstatement of revenue surplus to the extent of ₹219.13 crore. This includes Grants-in-aid of ₹191.10 crore under the schemes National Rural Livelihood Mission, Strengthening of State Drug Regulatory System, upgradation of Government Medical Colleges for increasing PG and MBBS/UG seats and Implementation of AYUSH and Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PM-FME). Besides this, there was mis-classification of subsidy amount of ₹28.03 crore for the schemes of National Horticulture Mission.

Table 3.5: Classification of expenditure of Revenue nature as Capital expenditure

Sl. No.	Major Head of Account	Type of Misclassification	Amount *(₹ in crore)*
1	4210,4515 and 4401	Grants-in-aid classified as Capital Expenditure	191.10
2	4401	Subsidy booked as Capital Expenditure	28.03
		Total	**219.13**

Source: Finance Accounts 2022-23.

During the exit conference (April 2024), the Department stated that the correct classification of such expenditure has been followed in the 2023-24 accounts.

3.3.3 Unnecessary or insufficient Supplementary Grants

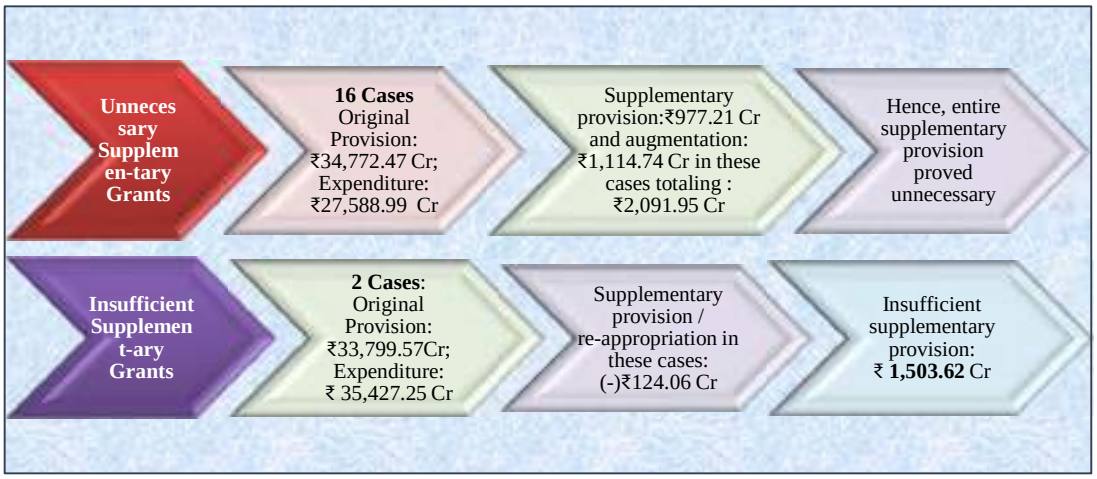
As per Section 44 of the Jammu and Kashmir Re-organisation Act, 2019 a Supplementary or Additional Grant over the provision made by the Appropriation Act for the year, can be made during the current financial year.

Supplementary provisions and augmentation aggregating ₹2,091.95 crore[2] obtained in 16 cases, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in

[2] Supplementary provision: ₹977.21 crore in 9 grants; Augmentation: ₹1,114.74 crore in 11 grants

Appendix 3.6. On the other hand, in Grant 16-Public Works Department, augmentation of ₹124.06 crore was not adequate to meet the requirement and non-provision of supplementary amount in Grant 8-Finance Department led to excess expenditure (**Chart 3.3**).

Chart 3.3: Unnecessary and Insufficient Supplementary Provisions



Source: Appropriation Accounts 2022-23

The Government may prepare realistic budget estimates to avoid large savings and supplementary provisions.

The Finance Department stated (April 2024) that the Supplementary Demand for Grants of 2022-23 to the extent of ₹3,711.72 crore in respect of nine Grants was approved by the Parliament on 29 March 2023 and only two days of financial year 2022-23 were left for making the expenditure resulting in less utilisation under supplementary provisions in 2022-23.

The reply, however, does not provide any explanation as to why the expenditure incurred under these grants was less than the original budget and did not provide the reasons for not keeping adequate provisions in the supplementary demand in respect of two grants where there was excess expenditure.

3.4 Substantial savings and surrenders

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or unrealistic estimating, it is a matter of concern. All Estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should consider this while exercising final check on the estimates.

Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism and weak scheme implementation capacities/weak internal controls promote release of funds towards the end of the financial year. Excessive savings in some heads also deprive other Departments of the funds which they could have utilised.

As per the Jammu and Kashmir Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. Out of the 35 grants, there were savings in all the 35 grants. All these 35 grants have savings of ₹10 crore and above as on 31st March 2023. As per Appropriation Account 2022-23 it was confirmed by the UT Government that savings had been surrendered. However, the individual surrender orders for savings of ₹16,793.13 crore surrendered in the Appropriation Accounts 2022-23 were not furnished to CAG and as such it could not be ascertained as to whether the surrenders were made timely by the concerned departments.

In case of 31 grants, savings of ₹100 crore and above were noticed, with the percentage savings ranging between five *per cent* and 83 *per cent*. The savings in these cases were ₹41,347.05 crore. Relevant details are indicated in ***Appendix 3.7***. The above savings also include huge savings of ₹100 crore and above by the departments under Capital section in 25 grants amounting to ₹26,201.32 crore. Savings under Capital section ranged between 38 *per cent* and 99 *per cent* of the total appropriation of the grant during 2022-23. The savings under Capital section indicate that the Government could not utilise the funds earmarked for developmental activities/creation of assets.

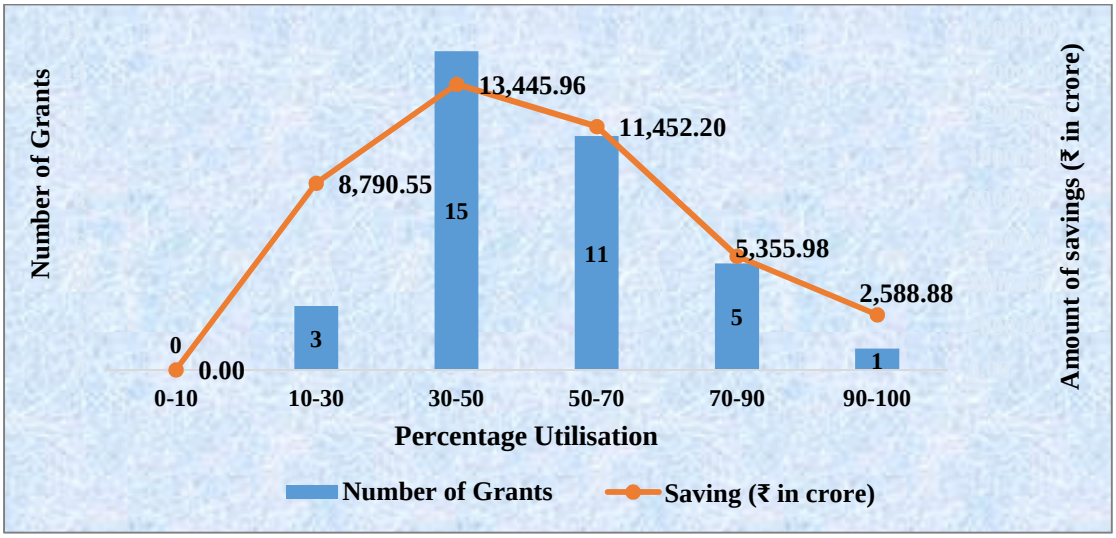
Analysis of grants and appropriations further showed that in 35 cases (under 27 grants) during the year 2022-23, savings (excluding surrenders) exceeded ₹100 crore in each case (***Appendix 3.8)***.

Further, it was also observed that in 38 cases under 27 grants, there were persistent savings exceeding ₹100 crore in each case during 2020-21 to 2022-23 (***Appendix 3.9)***.

It was noticed that savings (exceeding ₹ one crore in each case) under 17 Grants and two Appropriations amounting to ₹11,092.06 crore (***Appendix 3.10)*** were not surrendered at all. Further, it was also noticed that an amount of ₹1,690.58 crore was surrendered under Grant 08-Finance Department (Capital-Charged) though there was an excess expenditure of ₹1,346.04 crore thereunder.

Details of grants grouped by percentage of utilisation along with total savings during 2022-23 are shown in ***Appendix 3.11*** and **Chart 3.4**.

Chart 3.4: Distribution of number of Grants/Appropriations grouped by the percentage of utilisation along with total savings



Some of the departments wherein the savings in the respective grants were more than 50 *per cent* were Science & Technology Department (₹102.85 crore, 69 *per cent*), Law Department (₹477.50 crore, 53 *per cent*), Horticulture Department (₹386.41 crore, 56 *per cent*), Public Health Engineering Department (₹8,032.61 crore, 80 *per cent*), Co-operative Department (₹108.75 crore, 57 *per cent*), Food Civil Supplies and Consumer Affairs Department (₹430.07 crore, 63 *per cent*), Irrigation and Flood Control Department (₹1,372.24 crore, 62 *per cent*), Tribal Affairs Department (₹422.68 crore, 74 *per cent*) and Culture Department (₹335.26 crore, 83 *per cent*) which indicated that the Government could not utilise the funds earmarked for the planned purposes.

The Principal Secretary Finance Department stated (May 2024) that since the launch of BEAMS portal, the surrender of savings is reported on-line in the portal. While framing the revised estimates, the Departments also account for the surrender of savings during formulation of revised estimates. Accordingly, surrender of savings are accounted for by the Finance Department through BEAMS portal only. It was also stated that the individual surrender orders are being furnished on the lines of the grant-wise statement on surrenders which is already submitted to PAG.

The reply given by the Department is not acceptable, as para 1.2.43 of Jammu and Kashmir Budget Manual, 2020 clearly states that the inclusion of increased expenditure in the revised estimates does not supersede the necessity for applying for an additional appropriation nor are the revised estimates the proper channel for such applications. Similarly, the revised estimates do not obviate the necessity for formal surrender of sums unlikely to be spent.

The *post facto* sanction[3] for acceptance of surrender of savings of ₹12,004.61 crore under Revenue section and ₹12,835.83 crore under Capital section aggregating ₹24,840.44 crore for the financial year 2022-23 in respect of 36 demands accorded

[3] Vide order (no 167-F of 2024 dated 10.05.2024)

(May 2024) by the Finance Department could not be accepted as the Accounts of UT of Jammu and Kashmir for the year 2022-23 had already been approved by the Comptroller and Auditor General of India on 28 February 2024. Besides, the surrenders accepted by the Finance Department in the above order are grant-wise and did not provide full classification with regard to Major Head, Sub-Major Head, Minor Head, Group Head, Sub Head, Detailed Head etc.

3.5 Grants with Nil expenditure

The entire budget provision of ₹5,508.88 crore under 26 Grants involving 150 number of schemes as detailed in ***Appendix 3.12*** which included developmental schemes under Public Health Engineering, Irrigation and Flood Control, Housing and Urban Development, Power Development, Higher Education Department and Health & Medical Education Department remained unutilised during the year resulting in denial of intended benefits to the general public. The provision could have been re-appropriated to the schemes/works where there was excess expenditure over the provision.

In reply, it was stated (April 2024) that there are only some schemes where nil expenditure has been made. However, the observation has been noted and departments will be advised to project the realistic budget provision in future.

3.5.1 Excess over provisions requiring regularisation

As per Section 43 of the Jammu and Kashmir Re-organisation Act, 2019 no money shall be withdrawn from the Consolidated Fund of the Union Territory except under appropriation made by law passed in accordance with the provisions of this section.

Total excess expenditure amounting to ₹15,849.33 crore[4] was incurred by the UT Government during the period 31 October 2019 to 31 March 2023 which included excess expenditure amounting to ₹2,830.17 crore as detailed in ***Appendix 3.13*** under Revenue Charged and Capital Charged sections in Grant No. 08 (Finance Department), Revenue Voted section in Grant No. 16-Public Works Department and Revenue Voted section in Grant No. 19-Housing and Urban Development Department incurred during 2022-23. Excess expenditure remaining un-regularised for extended periods vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

The Finance Department stated (April 2024) that on comparing the actual expenditure during 2022-23 with the RE figures, there was excess expenditure only in one out of four instances pointed out in audit. It was also stated that the observation has been noted and it will be regularised by the legislature in due course of time.

The reply is not acceptable as Appropriation Accounts compare excess/savings in expenditure with reference to the budget (Original and Supplementary) approved by Parliament in the Appropriation Act and not with reference to RE. Keeping in view

[4] 2019-20 (31 October 2019 to 31 March 2020): ₹3,875.61 crore; 2020-21: ₹7,094.29 crore; 2021-22: ₹2,049.26 crore; 2022-23: ₹2,830.17 crore.

expenditure against amounts approved in the Appropriation Act, there was excess expenditure during 2022-23 in respect of all four instances pointed out by Audit.

3.5.2 Persistent excesses in one Grant

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring legislative sanction but also indicative of bad planning, which could be avoided by keeping track of expenditure progression with the budget made for the purpose.

Persistent excesses were noticed in Grant No. 08- Finance Department under capital charged section during the years 2020-21 to 2022-23. Persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on a realistic basis. Such repeated excess expenditure is in violation of the will of the legislature. Strictly, not a rupee can be spent without prior legislative authorisation and, therefore, this is to be viewed seriously. Persistent excesses may be due to improper estimation at the time of preparation of the budget.

The details of persistent excess expenditure during the period from 2020-21 to 2022-23 are mentioned in the following table:

Table 3.6: Details of excess expenditure in Grant No. 08 during 2020-21 to 2022-23

(₹ in crore)

Description of Grant/Appropriation	**2020-21**	**2021-22**	**2022-23**
Grant No. 08- Finance Department			
Capital *Charged*			
Total Grant	26,469.03	41,420.20	32,720.87
Expenditure	33,563.32	41,575.17	34,066.91
Excess	7,094.29	154.97	1,346.04

Source: Appropriation Accounts of respective years.

As is evident from the above table, persistent excesses were noticed in Grant No. 08-Finance Department. The excess was mainly under Major Head 6003-Internal Debt of the State Government in Capital Charged section during 2022-23. This is indicative of the fact that proper budgeting exercise was not being carried out as was required under Paragraph 6.2.4 of Government of Jammu and Kashmir Budget Manual.

The Finance Department stated (April 2024) that the excess expenditure was mainly for meeting the requirement of repayment of WMA and OD. It was also stated that observation has been noted and it will be regularised by the Legislature in due course of time.

3.5.3 Regularisation of excess expenditure of previous financial years pertaining to erstwhile State of Jammu and Kashmir

As the Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, the excess expenditure aggregating to ₹1,24,004.41 crore for the years 1980-81 to 2019-20 (1 April 2019 to 30 October 2019) pertaining to the erstwhile State of Jammu

and Kashmir, as detailed in ***Appendix 3.14,*** is yet to be regularised. Excess expenditure remaining un-regularised for such extended periods vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

The Finance Department stated (April 2024) that the legacy issue of excess expenditure for the years 1980-81 to 2019-20 of the erstwhile state of Jammu and Kashmir will be regularised by the legislature in due course of time.

3.6 Grants-in-Aid for creation of Capital Assets

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one Government to another Government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

As per IGAS[5] 2, Grants-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorised by the President on the advice of the Comptroller and Auditor General of India. It has been seen that Grants-in-aid (GIA) for capital assets are sometimes classified as capital expenditure. This leads to understatement of revenue deficit and over statement of revenue surplus. It was noticed that there was booking of GIA as Capital expenditure during the financial year 2022-23 as shown in the table below.

Table 3.7: Extent of classification of GIA as Capital Expenditure

(₹ in crore)

Item	2022-23
GIA booked as Capital Expenditure	191.10
Total Capital Expenditure	10,773.78
Share of GIA in Capital Expenditure (*in per cent*)	1.77
Revenue Deficit (-)/ Revenue Surplus (+)	(+)5,976.61
Revenue Deficit (-) /Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	(+)5,785.51

Source: Finance Accounts (NTA) of respective years

The Union Territory Government booked Grants-in-aid as capital expenditure during 2022-23. This has resulted in overstatement of revenue surplus of ₹191.10 crore during 2022-23.

The Finance Department stated (April 2024) that such expenditure has been shifted to revenue budget in 2024-25.

[5] Indian Government Accounting Standards

3.7 Effectiveness of Budgetary and Accounting Process

3.7.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprive other departments of the funds which they could have utilised.

The total provision for expenditure during 2022-23 was ₹1,49,582.03 crore. The actual gross expenditure during the year was ₹1,07,948.46 crore (72.17 *per cent)*. This resulted in savings of ₹41,633.57 crore during 2022-23 of which only ₹16,793.13 crore (40.34 *per cent*) was surrendered. The summarised position of actual expenditure during 2022-23 against 35 grants/ appropriations is given below:

Table 3.8: Summarised position of actual expenditure *vis-à-vis* Budget (Original/ Supplementary) provisions during 2022-23

(₹ in crore)

Nature of expenditure		Original Grant/ App.	Supplementary Grant/ App. (S) and Augmentation (A)			Total	Actual expenditure[6]	Net Saving (-)/ Excess (+)	Surrender during 2022-23	
			S	A	S+A				Amount	*Per cent*
Voted	I. Revenue	64,077.39	3,480.17	1,435.70	4,915.87	68,993.26	54,419.45	-14,573.81	3,190.39	21.89
	II. Capital	37,705.35	216.44	624.32	840.76	38,546.11	10,822.69	-27,723.42	11,909.44	42.96
	III. Loans & Advances	108.90#	0	9.10	9.10	118.00	59.53*	-58.47	Nil	Nil
	Total	**1,01,891.64**	**3,696.61**	**2,069.12**	**5,765.73**	**1,07,657.37**	**65,301.67**	**-42,355.70**	**15,099.83**	**35.65**
Charged	IV. Revenue	7,537.59	15.11	1,651.09	1,666.20	9,203.79	8,579.89	-623.91	2.72	0.44
	V. Capital	0	0	**0**	**0**	0	0	0	0	Nil
	VI. Public Debt Repayment	32,720.87	0	**0**	**0**	32,720.87	34,066.90	1,346.04	1,690.58	NA
	Total	**40,258.46**	**15.11**	**1,651.09**	**1,666.20**	**41,924.66**	**42,646.79**	**722.13**	**1,693.30**	**NA**
Appropriation to Contingency Fund (if any)		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Grand Total	**1,42,150.10**	**3,711.72**	**3,720.21**	**7,431.93**	**1,49,582.03**	**1,07,948.46**	**-41,633.57**	**16,793.13**	**40.34**

Source: Appropriation Accounts.
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Composition of expenditure is given in **Table 3.9**.

[6] The expenditure figures shown are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (Nil) and Capital Heads (₹48.91 crore).

Table 3.9: Composition of expenditure

Parameters	Amount *(₹ in crore)*	Percentage
Revenue expenditure	62,999.34	58.36
Capital expenditure	10,822.69	10.02
Loans and Advances	59.53	0.06
Public Debt	34,066.90	31.56
Total expenditure	**1,07,948.46**	**100.00**

The savings in grants is indicative of over budgeting which is as much a financial irregularity as excess in expenditure in terms of Rule 6.2.4 of the Jammu and Kashmir Budget Manual. Besides, excessive savings in some departments during the period is indicative of deprivation of other departments of the funds which they could have utilised and also non-surrender of funds (savings) is in contravention of the instructions of the Jammu and Kashmir Budget Manual.

The position of original and supplementary budget, revised estimate and actual expenditure for the year 2022-23 is given in **Table 3.10**.

Table 3.10: Original Budget, Supplementary Budget, Revised Estimate and Actual Expenditure during 2022-23

(₹ in crore)

Particulars (Appropriation accounts)	2022-23
Original budget (OB)	1,42,150.10
Supplementary Budget	7,431.93[7]
Total Budget (TB)	1,49,582.03
Revised Estimate (RE)	1,32,788.90
Actual Expenditure (AE)	1,07,948.46
Savings (TB-AE)	41,633.57
Percentage of Supplementary	5.23
Percentage of Overall Savings / Excess to the overall provision	27.83
TB-RE	16,793.13
RE-AE	24,840.44
(TB-RE) as *per cent* of TB	11.23
(RE-AE) as *per cent* of TB	16.61

Source: Appropriation Accounts and Annual Financial Statements.

Table 3.10 shows that during 2022-23, RE was always lower than TB of the UT. The gap between RE and TB during 2022-23 was 11.23 *per cent*. The supplementary provisions[8] during the year 2022-23 were 5.23 *per cent* of the original provisions. However, the supplementary provisions proved unnecessary as the expenditure did not come up even to the level of the original budget provisions during the year. The overall savings remained 27.83 *per cent* of the budget provisions during the year 2022-2023.

This reflects that the budgetary allocations were based on unrealistic proposals.

[7] Includes supplementary amount of ₹3,711.72 crore and augmentations of ₹3,720.21 crore.
[8] Including reappropriations and augmentations

The Finance Department stated (April 2024) that due care is taken at the time of preparation and consolidation of RE for reducing the extent of savings in the budget. Further, availability of the revised estimates in the last week of March 2022-23 was attributed as one of the reasons for savings across the Demands for Grants.

Keeping in view overall savings of 27.83 *per cent* of the budget provision during 2022-23, effective measures need to be taken to ensure optimum utilisation of the budget and avoid savings in future.

3.7.2 Rush of expenditure

Rule 62(3) of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided.

Government funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure.

Contrary to this, expenditure exceeding 50 *per cent* of the total expenditure for the year 2022-23 was incurred in March 2023 in respect of 14 Major Heads under 10 Grants and the percentage of expenditure ranged between 50 *per cent* and 100 *per cent* as detailed in ***Appendix 3.15***.

The pace of expenditure during each quarter was not uniform as 80 *per cent* of expenditure under these 14 Major Heads was incurred in the last quarter of the financial year 2022-23.

The Finance Department of Jammu and Kashmir Government instructed (March 2022) that not more than 30 *per cent* of the budget estimate may be spent in the last quarter of the financial year and during the month of March, expenditure should be limited to 15 *per cent* of the budget estimates. The restriction of 30 *per cent* and 15 *per cent* expenditure ceiling was to be enforced both scheme-wise as well as for Demand for Grants as a whole, subject to RE ceilings.

It was noticed in audit that the expenditure incurred in three grants during the last of quarter of 2022-23 and five grants during the month of March 2023 as detailed in **Tables 3.11** and **3.12** exceeded the ceiling fixed by the Finance Department.

Table 3.11: Details of grants where expenditure during last quarter of 2022-23 exceeded the prescribed ceiling

(₹ in crore)

Grant No.	Revised Estimate (RE)	Ceiling[9] within which expenditure to be incurred during last quarter	Expenditure during the last quarter of 2022-23	Expenditure incurred in excess of the fixed limit
8-Finance Department	55,126.08	16,537.82	23,448.54	6,910.72

[9] 30 *per cent* of RE

Grant No.	Revised Estimate (RE)	Ceiling[9] within which expenditure to be incurred during last quarter	Expenditure during the last quarter of 2022-23	Expenditure incurred in excess of the fixed limit
16-Public Works Department	5,166.64	1,549.99	1,919.05	369.06
33-Disaster Management Relief Rehabilitation and Reconstruction Department	1,172.58	351.77	483.02	131.25

Table 3.12: Details of grants where expenditure during March 2023 exceeded the prescribed ceiling

(₹ in crore)

Grant No.	Revised Estimate (RE)	Ceiling[10] within which expenditure to be incurred during March 2023	Expenditure during March 2023	Expenditure incurred in excess of the fixed limit
18-SocialWelfare Department	3,083.79	462.57	498.45	35.88
19-Housing and Urban Development Department	3,583.32	537.50	544.19	6.69
20-Tourism Department	496.24	74.44	85.63	11.19
33-Disaster Management Relief Rehabilitation and Reconstruction Department	1,172.58	175.89	433.07	257.18
36-Co-Operative Department	191.33	28.70	32.67	3.97

There is a need to maintain a steady pace of expenditure and avoid rush of expenditure during the last quarter/ last month of the financial year.

The Finance Department stated (April 2024) that to avoid rush of expenditure in the closing months of the financial year particularly in the month of March, the Government has introduced expenditure reforms through austerity measures. The Departments have been advised to book 30 *per cent* of expenditure during the last quarter of the financial year with 15 *per cent* ceiling in the month of March. The Departments have also been advised to maintain a steady pace of expenditure and avoid rush of expenditure during the last quarter and last month of the financial year.

3.8 Review of selected Grants

A review of budgetary procedure and control over expenditure in two test-checked grants (Grant No. 31: Culture Department) and (Grant No. 34: Youth Services and Technical Education Department) out of 35 grants was undertaken and the audit observations are given in the following paragraphs.

[10] 15 *per cent* of RE

3.8.1 Grant No. 31: Culture Department

(i) Introduction

Grant Number 31 – Culture Department includes Major Head 2202- General Education, 2205 - Art and Culture, 3452 - Tourism, 3454 - Census Surveys and Statistics and 4202 - Capital Outlay on Education, Sports, Art and Culture.

(ii) Budget and Expenditure

The overall position of budget provisions, actual disbursement and savings under the grant for the last three years (2020-21 to 2022-23) is given in **Table 3.13**.

Table 3.13: Budget and Expenditure during the years 2020-21 to 2022-23

(₹ in crore)

Year	Section	Budget provision	Total	Expenditure	Unutilised provision and its percentage
2020-21	Revenue -Original (Voted)	68.91	68.91	48.79	20.12 (29.20)
	Supplementary	0			
	Capital-Original (Voted)	129.38	129.38	4.06	125.32 (96.86)
	Supplementary	0			
Total		**198.29**	**198.29**	**52.85**	**145.44 (73.35)**
2021-22	Revenue -Original (Voted)	64.42	59.52	41.03	18.49 (31.07)
	Supplementary	-4.90			
	Capital-Original (Voted)	525.82	274.32	6.14	268.18 (97.76)
	Supplementary	-251.50			
Total		**333.84**	**333.84**	**47.17**	**286.67 (85.87)**
2022-23	Revenue-Original (Voted)	67.35	79.49	59.56	19.93 (25.07)
	Supplementary	0			
	Augmentation	12.14			
	Capital-Original (Voted)	325.82	325.82	10.49	315.33 (96.78)
	Supplementary	0			
Total		**405.31**	**405.31**	**70.05**	**335.26 (82.72)**

Source: Appropriation Accounts 2022-23

Against the total allocation of ₹405.31 crore under the Grant during the year 2022-23, the total expenditure booked was ₹70.05 crore only. Savings of ₹335.26 crore (83 *per cent*) during the year indicated preparation of unrealistic budget estimates by the Department. Savings of ₹19.93 crore in Revenue Voted and ₹315.33 crore in Capital Voted section was noticed. Out of savings of ₹315.33 crore under Capital component, savings of ₹201.70 crore was stated to have been surrendered, but valid surrender orders to ascertain the timely surrender of funds were not available. Further, savings of ₹12.14 crore in Capital component were irregularly augmented to Revenue component.

As can be seen from **Table 3.13**, the un-utilised budget provision under Capital (Voted) during the last three years ranged between 97 *per cent* and 98 *per cent*, which reflects negligent capital expenditure by the Government.

3.8.1.1 Withdrawal of Entire Grant of ₹1.29 crore

An amount of ₹1.29 crore was allocated in Detailed Demand for Grant under Major Head 3454-Census Surveys and Statistics, SM 02-Surveys and Statistics, MI-110-Gazetteer and Statistical Memoirs, GH 0099-General, SH 0468-State Gazetteers, but the entire amount was shown withdrawn in Supplementary Grant/ Re-appropriation.

In reply, the Director Finance, Government of Jammu and Kashmir, Civil Secretariat Culture Department stated (August 2023) that the grant of ₹1.29 crore was actually meant for the State Gazetteers Unit, but the said Unit was closed by the Government and the existing employees were transferred to the Directorate of Archives, Archaeology and Museums. As such, the entire grant of ₹1.29 crore was withdrawn.

The Finance Department replied (April 2024) that the entire grant was withdrawn due to closure of the State Gazetteers Unit.

3.8.1.2 Unnecessary Supplementary Grants/ Augmentation

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year. When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for supplementary or additional grant or appropriation. Budgetary allocations should be based on realistic proposals, good expenditure monitoring mechanism; strong scheme implementation capacities/internal control leading to optimal utilisation of funds on schemes to obtain intended benefits to the beneficiaries.

Audit analysis showed that supplementary provision/ augmentation of ₹2.42 crore in the following cases proved unnecessary as the expenditure incurred did not come up even to the level of the original provision as shown in **Table 3.14**.

Table 3.14: Unnecessary Supplementary Grant

(₹ in crore)

Sr. No.	Head of Account	Original Budget	SG	Total	Actual expenditure	Savings out of Original Provisions
1.	2202-80-004-0099-0278-008 - Electricity charges - General Education	0.07	0.06	0.13	0.01	0.12
	2202-80-004-0099-0278-009 – Rent Rates and Taxes – General Education	0.10	0.14	0.24	0.12	0.12
Total		**0.17**	**0.20**	**0.37**	**0.13**	**0.24**

Sr. No.	Head of Account	Original Budget	SG	Total	Actual expenditure	Savings out of Original Provisions
2.	2205-105-0099-0221-001 - Salary - Art and Culture	15.94	0.62	16.56	12.53	4.03
	2205-105-0099-0221-008 - Electricity Charges - Art and Culture	0.47	0.03	0.50	0.33	0.17
	2205-105-0099-0221-010 - Material And Supplies - Art and Culture	0.09	0.01	0.10	0.07	0.03
	2205-105-0099-0221-037 - Professional And Special Service Charges - Art and Culture	0.01	0.005	0.02	0	0.02
	2205-105-0099-0221-103- Office Equipment and Appliances- Art and Culture	0.01	0.16	0.17	0	0.17
Total		**16.52**	**0.83**	**17.35**	**12.93**	**4.42**
3.	4202-04-106-0011-0117-115 – Works –Capital Outlay on Education, Sports, Art and Culture	0	1.39	1.39	0	1.39
Total		**0**	**1.39**	**1.39**	**0**	**1.39**
Grand Total		**16.69**	**2.42**	**19.11**	**13.06**	**6.05**

Source: Appropriation Accounts 2022-23

Reasons for unnecessary supplementary grant were awaited from the department (August 2023).

The Finance Department stated (April 2024) that the Department will be advised to project realistic budget in future.

3.8.1.3 Persistent savings

Persistent savings under four major heads in seven schemes was observed during the period 2020-21 to 2022-23 which indicates non-achievement of the projected financial outlays in the respective years as shown in **Table 3.15**.

Table 3.15: Persistent Savings (Grant No. 31)

(₹ in crore)

Sr. No.	Head of account	2020-21	2021-22	2022-23
1	2202-80-004-0099-0278- General Education-Research and Publication (Kashmir)	1.34	0.38	1.36
2	2205-104-0099-0272-Art And Culture-Development of Archives	3.44	1.95	1.24
3.	2205-105-0099-0221-Art And Culture – Government Libraries and Reading Rooms, Jammu	5.90	3.11	4.84
4	3452-01-800-0099-2299-Tourism – Mubarak Mandi, Jammu Heritage Society	1.08	2.25	1.48
5	4202-04-106-0031-0117- Capital Outlay on Education, Sports, Art and Culture	4.44	5.00	1.92
6	4202-104-0011-0272-Capital Outlay on Education, Sports, Art and Culture, Development of Archives	106.06	151.85	99.45
7	4202-105-0011-1890-Capital Outlay on Education, Sports, Art and Culture, Directorate of Libraries	7.95	6.18	5.38

Source: Appropriation Accounts 2022-23

In reply, the Accounts officer, Mubarak Mandi Jammu Heritage Society (MMJHS) stated (August 2023) that persistent savings were on account of insufficient staff posted in the society by the Administrative Department. During all these years the affairs of the society were managed by the staff deputed to the society which was even less than 1/3rd of its sanctioned strength.

The Finance Department stated (April 2024) that the Department will be advised to take corrective measures in future.

3.8.1.4 Entire provision remained unutilised

It was observed that the entire budget allocation remained unutilised under four schemes in nine detailed heads during 2022-23, indicating non-implementation of schemes as shown in **Table 3.16**.

Table 3.16: Entire provision remained un-utilised under Grant No-31

(₹ in crore)

S. No.	Head of Account	Original Budget	Re-appropriation/ Supplementary	Savings
1.	2202-80-004-0099-0278-003 -Research and Publication (Kashmir)-Leave Travel Concession	0.05	0	0.05
2.	2202-80-004-0099-0278-071 – Research and Publication (Kashmir)-Medical Reimbursement	0.03	0	0.03
3.	2205-104-0099-0272-054 – Art and Culture-Furniture and Furnishings	0.01	0	0.01
4.	2205-105-0099-0221-003 – Art and Culture-Leave Travel Concession	0.13	0	0.13
5.	2205-105-0099-0221-037-Art and Culture-Professional and Special Service Charges	0.015	0.005	0.02
6.	2205-105-0099-0221-043–Art and Culture-Uniform	0.01	0	0.01
7.	2205-105-0099-0221-071–Art and Culture-Medical Reimbursement	0.07	0	0.07
8.	2205-105-0099-0221-103–Art and Culture-Office Equipment and Appliances	0.01	0.16	0.17
9.	4202-04-106-0011-0117-115–Capital Outlay on Education, Sports, Art and Culture- Works	0	1.39	1.39
10	4202-04-106-0031-0117-115–Capital Outlay on Education, Sports, Art and Culture- Works	5.00	-3.08	1.92

Source: Appropriation Accounts 2022-23

Reasons for non-utilising the entire provision were awaited from the department (August 2023).

The Finance Department stated (April 2024) that the observation has been noted and the Department will be advised to project realistic demand in future.

3.8.1.5 Huge savings

Complete accuracy of estimates may not always be possible but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or unrealistic estimating, it is a matter of concern. All Estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Department should consider this while

exercising final check on the estimates. Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism, weak scheme implementation capacities/weak internal controls promote release of funds towards the end of the financial year. Excessive savings in some heads also deprive other Departments of the funds which they could have utilised.

During the course of grant audit, it was noticed that huge savings had occurred in the following schemes during the year 2022-23.

Table 3.17: Huge Savings

(₹ in crore)

Head of Account	Total Appropriation	Expenditure	Savings (-) (*Per cent*)
2202-80-004-0099-0278	4.66	3.29	1.37 (*29*)
2205-102-0099-0117	15.00	4.00	11.00 (*73*)
2205-104-0099-0272	11.42	10.18	1.24 (*11*)
2205-105-0099-0221	20.42	15.58	4.84 (*24*)
3452-01-800-0099-2299	2.60	1.11	1.49 (*57*)
4202-04-101-0011-0117	5.87	0.37	5.50 (*94*)
4202-04-104-0011-0272	106.00	6.55	99.45 (*94*)
4202-04-105-0011-1890	8.95	3.57	5.38 (*60*)

Source: Appropriation Accounts 2022-23

The Finance Department stated (April 2024) that the observation has been noted and the Department will be advised to project realistic demand in future.

3.8.1.6 Single Nodal Accounts

In terms of Government of India (GoI), Ministry of Finance (MoF), Department of Expenditure, Office Memorandum (OM) dated 23-03-2021, zero balance Single Nodal Accounts (SNAs) were required to be opened for each Centrally Sponsored Scheme (CSS) operational either in the Union Territory or in any State. The Department had not opened any zero balance SNA during 2022-23.

In reply, the Director Finance, Government of Jammu and Kashmir, Civil Secretariat Culture Department stated (August 2023) that no SNA account has been opened in the Culture Department as the funds of Central share for one scheme are being transferred to Raja Rammohan Library Foundation Kolkata directly by the Government of India. The Union Territory share is being transferred through the Director Libraries and Research J&K.

3.8.2 Grant No. 34: Youth Services and Technical Education Department

(i) Introduction

Grant: 34 Youth Services and Technical Education Department includes Major Heads 2203-Technical Education, 2204-Sports and Youth Services, 2230-Labour & Employment, 4202-Capital Outlay on Education, Sports and Culture and 4250- Capital Outlay on other Social Services.

(ii) Budget and Expenditure

The overall position of budget provisions viz., actual/disbursement and savings under the grant for the last three years (2020-21 to 2022-23) is as under:

Table 3.18: Budget and Expenditure during the years 2020-21 to 2022-23

(₹ in crore)

Year	Section	Budget Provision	Total	Expenditure	Unutilised provision and its percentage
2020-21	Revenue Original (Voted)	737.88	737.88	459.51	278.37
	Supplementary	-			(38)
	Capital –Original(V)	252.66	252.66	55.32	197.34
	Supplementary	-			(78)
Total		**990.54**	**990.54**	**514.83**	**475.71 (48)**
2021-22	Revenue Original (Voted)	652.97	609.91	476.47	133.44
	Supplementary	-43.06			(22)
	Capital –Original (V)	245.77	236.77	72.33	164.44
	Supplementary	-9.00			(69)
Total		**846.68**	**846.68**	**548.8**	**297.88 (35)**
2022-23	Revenue Original (V)	666.87	666.87	524.18	142.69
	Supplementary	0			(21)
	Capital –Original (V)	244.99	265.85	165.88	99.97
	Supplementary	5.65			(38)
	Augmentation	15.21			
Total		**932.72**	**932.72**	**690.06**	**242.66 (26)**

Source: Appropriation Accounts 2022-23

Against total allocation of ₹932.72 crore under the Grant during the year 2022-23, the total expenditure booked was ₹690.06 crore only and there were savings of ₹242.66 crore (26 *per cent*). Savings of ₹142.69 crore and ₹99.97 crore were noticed in Revenue Voted and Capital Voted sections respectively.

Out of savings of ₹142.69 crore under revenue component, savings of ₹15.21 crore were stated to have been surrendered, but valid surrender orders to ascertain the timely surrender of funds were not available. Further, savings of ₹15.21 crore in Revenue component were irregularly augmented to Capital component.

The un-utilised budget provision under Revenue (Voted) during 2020-21 to 2022-23 ranged between 21 *per cent* and 38 *per cent*, whereas the un-utilised budget provision under Capital (Voted) ranged between 38 and 78 *per cent.*

3.8.2.1 Persistent savings

Persistent savings under five major heads in six schemes was observed during the period 2020-21 to 2022-23 which indicates non-achievement of the projected financial outlays in the respective years as shown in **Table 3.19**.

Table 3.19: Persistent savings (exceeding ₹ one crore)

(₹ in crore)

S. No.	Head of Account	2020-21	2021-22	2022-23
Revenue (Voted)				
1.	2203-001-0099-0530-Directorate of Technical Education	67.55	49.58	43.43
2.	2204-001-0099-0244-Direction and Administration	199.37	37.22	20.83
3.	2230-02-001-0099-1644-Craftsman training	11.80	6.30	4.18
Capital (Voted)				
4	4202-01-201-0011-1427-Physical Education	112.24	93.59	64.96
5	4202-01-201-0011-1551-Engineering/Technical colleges and Institutes	16.93	6.76	6.81
6	4250-800-0011-1644-Craftsman training	11.25	7.35	12.02

The Finance Department stated (April 2024) that the observation has been noted and the Department will be advised to project realistic budget provisions in order to avoid savings in future.

3.8.2.2 Entire provision remained unutilised

It was observed that the entire budget allocation of ₹35 crore remained unutilised under two schemes in three detailed heads during 2022-23, indicating non-implementation of schemes as shown in **Table 3.20**.

Table 3.20: Entire provision remained un-utilised under Grant No-34

(₹ in crore)

S. No.	Head of Account	Amount unutilised
1.	2203-112-0031-6016-SANKALP[11]	18.00
2.	2203-112-0099-6016-SANKALP	2.00
3.	2230-03-101-0031-PMKVY	15.00
	Total	**35.00**

The Finance Department stated (April 2024) that the funds under Centrally sponsored schemes with corresponding UT share are provided after credit of the Central share. The Central share of funds in respect of schemes mentioned in the para were not received during 2022-23, as such the budget allocation of ₹35.00 crore remained unutilised.

3.8.2.3 Entire provision withdrawn

It was observed that the entire budget allocation of ₹20 crore was withdrawn under three detailed heads in two schemes during 2022-23, indicating non-implementation of schemes as shown in **Table 3.21**.

[11] Skills Acquisition and Knowledge Awareness for Livelihood Promotion

Table 3.21: Entire provision withdrawn

(₹ in crore)

S. No.	Head of Account	Amount withdrawn
1.	2230-02-001-0099-1644-Craftsman training (003-LTC)	1.00
2.	4202-01-800-0011-2400-Skill Development mission (115-Works)	1.00
3.	4202-02-800-0031-2400-Skill Development Mission (115-Works)	18.00
	Total	**20.00**

3.8.2.4 Unnecessary supplementary Grants/ Augmentations

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year. When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for supplementary or additional grant or appropriation.

Audit analysis showed that supplementary provision of ₹44.76 crore in the following cases proved unnecessary as the expenditure incurred (₹3.54 crore) did not come up even to the level of the original provision as shown in **Table 3.22**.

Table 3.22: Unnecessary supplementary grants/ augmentations

(₹ in crore)

S. No.	Head of Account	Budget Allocation *(₹ in crore)*			Actual Expenditure	Savings (*Per cent*)
		Original	Supplementary/ augmentation[12]	Total Grant		
Revenue (Voted)						
1	2203-112-0031-1551-028-Grants–in-aid	10.00	4.45	14.45	2.87	11.58
2.	2203-001-0099-0530-021-Training	0.13	4.87	5.00	0.66	4.34
3.	2203-201-0031-6016-028-SANKALP	0	18.00	18.00	0	18.00
4.	2203-201-0099-6016-028-SANKALP	0	2.00	2.00	0	2.00
5.	2230-02-001-0099-1644-021-Training	0.03	0.72	0.75	0.01	0.74
Total Revenue (Voted)		**10.16**	**30.04**	**40.20**	**3.54**	**36.66**
Capital (Voted)						
6.	4202-105-0011-0530-Technical Education	0	4.06	4.06	0	4.06
7.	4202-201-0031-6000-Strengthening of infrastructure of institutions	0	3.50	3.50	0	3.50

[12] In respect of all the Revenue heads at Serial No 1 to 5 it is re-appropriated amount. In capital heads against Serial No. 6 it is supplementary amount of ₹4.06 crore. However, in respect of other capital heads from S No 7 to 11 it is re-appropriation or augmentation.

S. No.	Head of Account	Budget Allocation *(₹ in crore)*			Actual Expenditure	Savings (*Per cent*)
		Original	Supplementary/ augmentation[12]	Total Grant		
8.	4202-800-0011-6000-Strengthening of infrastructure of institutions	0	1.50	1.50	0	1.50
9	4202-800-0031-6000-Strengthening of infrastructure of institutions	0	3.50	3.50	0	3.50
10.	4250-203-0031-1644-017- Craftsman training	0	0.05	0.05	0	0.05
11	4250-203-0031-1644-021-Craftsman training	0	2.11	2.11	0	2.11
Total Capital (Voted)		**0**	**14.72**	**14.72**	**0**	**14.72**
Grand total		**10.16**	**44.76**	**54.92**	**3.54**	**51.38**

Supplementary provisions/re-appropriation of ₹30.04 crore (Revenue Voted) during the year 2022-23 proved unnecessary as the expenditure of ₹3.54 crore did not come up even to the level of the original provision of ₹10.16 crore. Further, nil expenditure was incurred against the supplementary provisions/ augmentation of ₹14.72 crore (Capital Voted). Overall savings (₹51.38 crore) in these cases was 115 *per cent* of the supplementary provisions/ re-appropriation (₹44.76 crore) which is indicative of budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism and weak internal controls.

The Finance Department stated (April 2024) that the observation has been noted for taking corrective measures.

3.8.2.5 Excess expenditure against the allocations

An expenditure of ₹1.39 crore under three detailed heads of MH-2204 has been made against the allocation of ₹1.30 crore resulting in excess expenditure of ₹0.09 crore as detailed in **Table 3.23**.

Table 3.23: Excess expenditure against the allocations

(₹ in crore)

S. No.	Head of Account	Budget allocation	Expenditure Booked	Excess
1	2204-001-0099-0244-010-Material and supplies	0.55	0.58	0.03
2	2204-001-0099-0244-020- Machinery and equipment	0.15	0.16	0.01
3.	2204-001-0099-0244-103-Office Equipments and appliances	0.60	0.65	0.05
Total		**1.30**	**1.39**	**0.09**

The Finance Department stated (April 2024) that allocations are made at the Major head and sub head level and there is no excess expenditure. However, the reply is silent regarding excess expenditure in respect of the detailed heads pointed out in audit.

3.8.2.6 Less expenditure (Savings) against the provision of funds under Revenue and Capital heads

During the year 2022-23 less expenditure was booked against the allocation under five Revenue and Capital sub-heads of the Head of Account as detailed in **Table 3.24**.

Table 3.24: Less expenditure against allocations

(₹ in crore)

S. No.	MH	MI	GH	SH	Budget Allocation	Expenditure	Less/ savings (*per cent*)
Revenue (Voted)							
1.	2203	001	0099	0530	156.20	112.77	43.43 (28%)
2.	2230	001	0099	1644	168.08	126.24	41.84 (25%)
Capital (Voted)							
3.	4202	201	0011	1427	147.32	82.36	64.96(44%)
4.	4202	201	0011	1551	23.31	12.44	10.87(47%)
5.	4250	800	0011	1644	21.50	9.48	12.02(56%)

The Finance Department stated (April 2024) that the observation has been noted and the Department will be advised to project realistic budget provisions to avoid savings in future.

3.8.2.7 Huge savings not surrendered

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or unrealistic estimating, it is a matter of concern. All Estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should consider this while exercising final check on the estimates. Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism and weak scheme implementation capacities/weak internal controls promote release of funds towards the end of the financial year. Excessive savings in some heads also deprive other Departments of the funds which they could have utilised.

During the year 2022-23, total provision of ₹666.87 crore (Revenue-Voted) and ₹265.85 (Capital-Voted) was made under Grant-34 Youth services and Technical Education Department against which only ₹524.18 crore and ₹165.88 crore was incurred resulted in huge savings of ₹142.69 crore (21 *per cent*) and ₹99.97 crore (38 *per cent*) respectively. Out of savings of ₹142.69 crore under Revenue component, savings of ₹15.21 crore which were stated to have been surrendered, were irregularly augmented to Capital component.

The Finance Department stated (April 2024) that the observation has been noted.

3.8.2.8 Single Nodal Accounts

In terms of Government of India (GoI), Ministry of Finance (MoF), Department of Expenditure, Office Memorandum (OM) dated 23-03-2021, zero balance Single Nodal

Accounts (SNAs) were required to be opened for each Centrally Sponsored Scheme (CSS) operational either in the Union Territory or in any State.

The details of five centrally sponsored schemes, along with the balances lying in these accounts, are indicated in **Table 3.25**.

Table 3.25: Details of Centrally Sponsored Schemes

(₹ in lakh)

Sl. No.	Scheme/SNA	Name of bank with A/C No	Opening balance	Amount deposited during 2022-23	Expenditure	Closing balance as on March 2023	Reasons for unutilised funds
1	Skill strengthening of Industrial Value Enhancement-STRIVE	Bank of India Satwari, Jammu 790610210000014	352.39	247.44	399.91	199.92	The child agencies could not finalise the entire expenditure against the drawing limit set in their favour
2	**Strengthening of Infrastructure for Institutional Training (SIIT)**						
(i)	Setting up of New Polytechnics	J&K Bank Moving Cell J&K Civil Sectt. J&K /0110040570000038	0	5,811.00	1,676.78	4,134.22	The funds remained unspent as various implementing agencies could not fulfill all codal procedures at their levels for civil works and procurement of machinery and equipment.
(ii)	Community Development Through Polytechnics	-do-	0	40.00	12.30	27.70	-do-
(iii)	Upgradation of existing Govt. ITI into Model ITI-ITI Srinagar	-do	0	350.00	102.46	247.54	-do-
3	National Apprenticeship Promotion Scheme (NAPS)	J&K Bank Moving Cell J&K Civil Sectt. J&K/ 0110010100000334	9.96	0	0	9.96	Amount credited by GOI during 2016-17 remained unspent due to non-availability of registered establishments/ apprentices under the scheme

(Source: Information provided by Technical Education Department)

The Finance Department stated (April 2024) that they are consistently pursuing this issue with the departments for opening of zero balance accounts in SNAs and timely utilisation of SNA balance. The matter will be vigorously pursued with the line departments for early utilisation of SNA balances.

3.9 Conclusion

- The overall utilisation of budget was 28 *per cent* less than the total amount of grants and appropriations during the year 2022-23. There were savings of ₹42,355.70 crore (39 *per cent*) in the voted section and excess expenditure of ₹722.13 crore (1.72 *per cent*) in the charged section.
- An amount of ₹12,416.82 crore was incurred under 31 schemes/Sub Heads in 6 Grants without budgetary provisions during 2022-23.
- Supplementary provisions and augmentation aggregating ₹2,091.95 crore obtained in 16 cases, involving ₹50 lakh or more in each case, during the year proved unnecessary as the expenditure did not come up to the level of the original provisions. On the other hand, in Grant 16-Public Works Department, augmentation of ₹124.06 crore was not adequate to meet the requirement and non-provision of supplementary amount in Grant 8-Finance Department led to excess expenditure of ₹1,503.62 crore.
- There were 35 grants in which savings of ₹10 crore and above had occurred as on 31st March 2023, which included 31 grants wherein savings of ₹100 crore and above were noticed. Budgetary allocations were based on unrealistic proposals as out of total 35 grants, in 25 grants, savings were more than ₹100 crore in the capital section.
- The entire budget provision of ₹5,508.88 crore under 26 Grants involving 150 number of schemes remained unutilised during the year resulting in denial of intended benefits to the general public.
- Expenditure exceeding 50 *per cent* of the total expenditure for the year 2022-23 was incurred in March 2023 in respect of 14 Major Heads under 10 Grants. The percentage of expenditure ranged between 50 *per cent* and 100 *per cent.*
- Against the total allocation of ₹405.31 crore under Grant No. 31-Culture Department, the total expenditure booked is ₹70.05 crore only. Savings of ₹335.27 crore (83 *per cent*) indicated preparation of unrealistic budget estimates by the Department. Savings of ₹19.93 crore in Revenue Voted and ₹113.64 crore in Capital Voted sections was noticed. Out of savings of ₹315.33 crore in Revenue component ₹201.70 crore was surrendered.
- Against the total allocation of ₹932.72 crore under Grant No. 34-Youth Services and Technical Education Department, an expenditure of ₹690.06 crore was booked and there were savings of ₹242.66 crore (26 *per cent*). The savings under the Revenue Head (Voted) and Capital Head (Voted) were ₹142.69 crore and ₹99.97 crore respectively. Out of savings of ₹142.69 crore under revenue component, ₹15.21 crore was stated to have been surrendered and irregularly augmented to Capital component.

3.10 Recommendations

1. Government should be more realistic in its budgetary assumptions and ensure efficient control mechanisms to curtail savings/excess expenditure.
2. Excess expenditure over the approved grants may be regularised at the earliest, along with fixing responsibility on officials concerned for incurring excess expenditure.
3. Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.
4. Government may consider strengthening of financial monitoring to avoid rush of expenditure at the fag end of the year.
5. The system for timely submission of surrender orders and re-appropriation orders to the Principal Accountant General (A&E) needs to be enforced.
6. Re-appropriation/augmentation from Revenue to Capital Heads or *vice-versa* need to be stopped.

The Finance Department stated (April 2024) that the recommendations have been noted for compliance and the Finance Department from time to time has advised the departments for preparing realistic budget figures and avoid rush of expenditure at the fag end of the year.

During the exit conference (April 2024), the Principal Secretary Finance accepted the audit recommendations.

Chapter-IV

Quality of Accounts and Financial Reporting Practices

CHAPTER-IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the Union Territory Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is thus one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

Issues related to completeness of accounts

4.1 Non-discharge of liability in respect of interest towards interest bearing deposits/ Reserve Funds

The Government has a liability to provide and pay interest on the amounts in interest-bearing Deposits/Reserve Funds. Audit observed that ₹41.82 crore was required to be paid as interest on the balance of ₹1,248.38 crore lying under interest-bearing deposits/Reserve Funds as on 1 April 2022 as shown in **Table 4.1**. Non-payment of interest liability has resulted in overstatement of revenue surplus and understatement of fiscal deficit to that extent.

Table 4.1: Details of non-discharge of liability in respect of interest towards interest-bearing deposits/Reserve Funds

(*₹ in crore*)

Sr. No.	Name/Head of the interest-bearing deposit/Reserve Fund	Opening Balance as on 1 April 2022	Basis for calculation of interest	Amount of interest not provisioned
1.	State Compensatory Afforestation Fund-MH-8121	764.57	As per circulars issued by the Ministry of Environment, Forest & Climate Change at the annual rate of 3.35 *per cent.*	25.61
2	State Compensatory Afforestation Deposit-MH-8336	483.81		16.21
	Total	**1,248.38**		**41.82**

4.2 Funds transferred directly to Implementing Agencies

Government of India (GoI) transfers substantial funds directly to State Implementing Agencies (SIAs) for implementation of various schemes and programmes. The amount of funds transferred by the various Ministries/ Departments of GoI directly to SIAs of the Union Territory Government of Jammu and Kashmir during 2022-23 as per the Public Financial Management System (PFMS) portal of Controller General of Accounts (CGA) was ₹786.95 crore ***(Appendix 4.1)***. This constituted 1.14 *per cent* and 1.53 *per cent* of total revenue receipts (₹68,975.95 crore) and Grants-in Aid (₹51,492.93 crore) respectively. The direct transfer of funds to the implementing agencies decreased by 1.88 *per cent* as compared to 2021-22 (from ₹802.04 crore in 2021-22 to ₹786.95 crore in 2022-23). In addition to the above, Central Government released an amount of ₹3,450.39 crore directly to various Autonomous Bodies/ other

entities of the Government. The schemes where direct funding was more than ₹100 crore during the year 2022-23 are given below:

Table 4.2: Scheme where more than ₹100 crore funds transferred by Government of India directly to Government Departments

(₹ in crore)

Sl. No.	Name of the GoI Scheme	Name of the Implementing Agency	Government of India releases during 2022-23
1	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	524.82
2	Strengthening of Public Distribution System Operations	Consumer Affairs and Public Distribution Department Jammu and Kashmir	115.52

Source: Finance Accounts.

The Finance Department stated (April 2024) that GoI transferred funds to the SNA accounts through various ministries/ department directly to the State Implementing Agencies (SIA). Since the funds have been transferred directly to the SIA, no comments can be furnished on this account. However, Consumer Affairs and Public Distribution (CAPD) and Agriculture Production Department have confirmed the direct receipt of funds in their bank accounts.

4.3 Deposit of Local Funds

Jammu and Kashmir Panchayati Raj Act, 1989 provides that Halqa Panchayat would maintain Halqa Panchayat Fund which would include all moneys realised or realisable under the Act and all moneys otherwise received by the Panchayati Raj Institutions (PRIs), such as grants received from Government and its own revenue, which includes tax and non-tax receipt of a Panchayat. The Municipal Act, 2000 envisages that the Municipal Fund is to be held by the Municipality. All moneys realised or realisable under this Act and all moneys otherwise received by the Municipalities are to be kept in the Municipal Fund. These are kept under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds and 102-Municipal Funds. Receipt and expenditure under the aforesaid two local funds during 2022-23 is shown in **Table 4.3**.

Table 4.3: Deposits of Local Funds

S. No.	Local Funds			*(₹ in crore)*
1	Panchayat Fund	(8448-109)	Opening Balance	Nil (0.27)
			Receipt	Nil
			Expenditure	Nil
			Closing Balance	Nil (0.27)
2	Municipal Fund	(8448-102)	Opening Balance	252.87 (133.39)
			Receipt	1003.21
			Expenditure	916.72
			Closing Balance	339.36 (133.39)

Source: Finance Accounts. Figures in bracket shows closing balance ending 30 October 2019 of erstwhile State of Jammu and Kashmir which has to be bifurcated between the two UTs

There was no receipt and expenditure from the Panchayat Fund during 2022-23. However, there was a closing balance of ₹0.27 crore of the erstwhile State of Jammu and Kashmir. The Municipal Fund had a closing balance of ₹339.36 crore ending 2022-23. Besides there was a closing balance of ₹133.39 crore of the erstwhile State of Jammu and Kashmir which is yet to be divided between the two Union Territories.

Issues related to transparency

4.4 Delay in submission of Utilisation Certificates

The Government of UT of Jammu and Kashmir has not framed revised rules relating to drawal of grants-in-aid and submission of Utilisation Certificate (UCs) thereof. However, as per para 10.19 of the erstwhile State of Jammu and Kashmir (Pre re-organisation) Financial Code Volume-I, UCs in respect of grants-in-aid received by the grantee should be furnished by the grantee to the authority that sanctioned it within 18 months from the date of receipt of grant or before applying for a further grant on the same subject, whichever is earlier. To the extent of non-submission of UCs, there is a risk that the amount shown in the Finance Accounts may not have reached the beneficiaries.

The position of outstanding UCs relating to the Union Territory of Jammu and Kashmir (post re-organisation) for the period from 31 October 2019 to 30 September 2021 is given in **Table 4.4**.

Table 4.4: Year-wise arrears in submission of Utilisation Certificates of UT of Jammu and Kashmir

Year*	Number of UCs outstanding	Amount *(₹ in crore)*
2021-22 (31.10.2019 to 30.09.2020)	**725**	2,985.54
2022-23 (01.10.2020 to 30.09.2021)	**577**	3,570.56
Total	**1,302**	**6,556.10**

** The year mentioned above relates to "Due year" i,e, after 18 months of actual drawal year*

The position of outstanding UCs relating to the erstwhile State of Jammu and Kashmir drawn upto 30 October 2019 (yet to be apportioned) as on 31 March 2023 is given in **Table 4.5**.

Table 4.5: Year-wise arrears in submission of Utilisation Certificates of the erstwhile State of Jammu and Kashmir

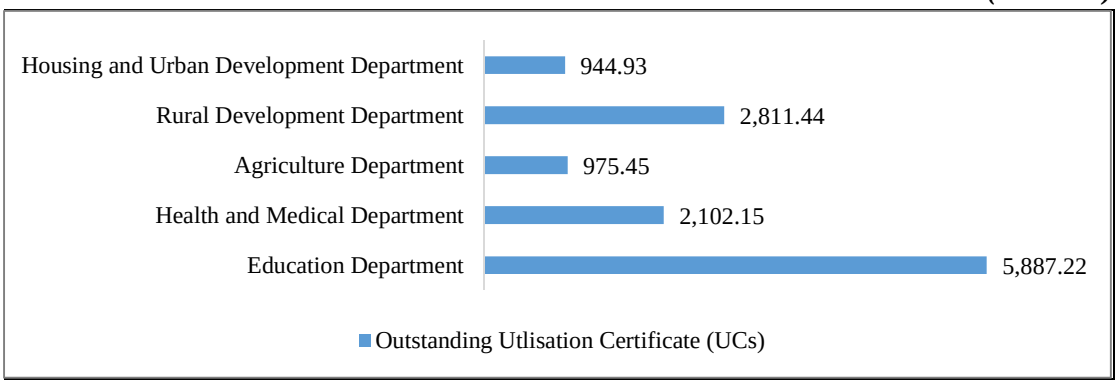
Year*	Number of UCs outstanding	Amount *(₹ in crore)*
Upto 2013-14	228	744.88
2014-15	34	52.72
2015-16	196	442.10
2016-17	226	765.52
2017-18	428	2,309.23
2018-19	318	1,201.22
2019-20	296	665.54
2020-21	705	1,961.44
Total	**2,431**	**8,142.65**

** The year mentioned above relates to "Due year" i,e, after 18 months of actual drawal year*

There are 3,733 number of UCs amounting to ₹14,698.75 crore pertaining to the erstwhile State and UT of Jammu and Kashmir outstanding as on 31 March 2023. Department-wise break-up of total outstanding UCs shows that 86.55 *per cent* of total amount of outstanding UCs pertain to the below-mentioned five departments, of which 40.05 *per cent* of outstanding UCs pertain to Education department.

Chart 4.1: Outstanding UCs in respect of major Departments for the grants paid up to September 2021

(₹ in crore)



Source: Finance Accounts and information from A&E Office.

Non-submission of UCs means that the authorities have not explained as to how the funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against grants-in-aid meant for capital expenditure. It is imperative that the Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

Out of two Departments/grants covered for detailed comprehensive audit of grants, there was no UC outstanding from Culture Department (Grant No 31). However, UCs for an amount of ₹9.67 crore drawn by Accounts Officer, Directorate of Skill Development during November 2019 to March 2021 was outstanding (March 2023) from the Youth Services and Technical Education Department (Grant No 34).

During the exit conference (April 2024), the Finance Department stated that the concerned line departments are being directed to ensure submission of UCs in a time-bound manner.

4.5 Abstract Contingent bills

The Government of UT of J&K has not revised codal provisions for drawal of Abstract Contingent (AC) bills and settlement thereof. However, Financial Code Volume-I (Para 7.18) of the erstwhile State of J&K envisages that when it is considered necessary to draw money from the Treasury for contingent expenditure of which vouchers cannot be readily obtained before payment, Drawing and Disbursing Officers (DDOs) are authorised to draw sums of money through AC bills. In terms of the erstwhile State of Jammu and Kashmir (pre re-organisation) Financial Code para 7.10, DDOs are required to present Detailed Countersigned Contingent (DCC) bills containing vouchers in

support of final expenditure within two months from the date on which the advance was drawn. The year-wise position of AC bills is shown below.

Table 4.6(A): Year-wise position of AC bills of UT of Jammu and Kashmir

Year	No of unadjusted AC bills	Amount *(₹ in crore)*
2019-20 (from 31.10.2019 onwards)	50	294.25
2020-21	267	4,611.37
2021-22	718	5,748.00
2022-23 (01.02.2022 to 31.01.2023)	554	3,538.20
Total	**1,589**	**14,191.82**

Table 4.6(B): Year-wise position of DCC bills submission against AC bills

(₹ in crore)

Year	Opening balance		Addition		Clearance		Closing balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
31/10/2019 to 31/01/2020	0	0	51	339.68	0	0	51	339.68
2020-21	51	339.68	333	5,059.58	30	131.55	354	5,267.71
2021-22	354	5,267.71	830	6,505.65	45	325.33	1,139	11,448.03
2022-23 (upto 31/01/2023)	1,139	11,448.03	577	3,544.42	127	800.63	1,589	14,191.82

As evident from the above table, the number of AC bills cleared was less than the number of new AC bills drawn during the respective periods. This resulted in increase in the number of unadjusted AC bills, resulting in a total of 1,589 bills amounting to ₹14,191.82 crore as on 31 March 2023.

DCC bills in respect of 1,877 AC bills amounting to ₹5,583.15 crore drawn upto 30 October 2019 by the erstwhile State of Jammu and Kashmir were awaited as on 31 March 2023.

Table 4.6 (C): Year-wise position of AC bills of the erstwhile State of Jammu and Kashmir

Year	No of unadjusted AC Bills	Amount *(₹ in crore)*
2004-05	10	0.86
2005-06	64	31.32
2006-07	64	17.20
2007-08	115	29.19
2008-09	40	17.95
2009-10	33	27.62
2010-11	64	21.56
2011-12	87	24.50
2012-13	178	77.48
2013-14	322	203.03
2014-15	400	308.92
2015-16	84	147.56
2016-17	9	4.06
2017-18	78	347.18
2018-19	207	2,205.04
2019-20 (upto 31.10.2019)	122	2,119.68
Total	**1,877**	**5,583.15**

The bifurcation of these outstanding AC bills is yet to be done between the successor Union Territories viz., Union Territory of Jammu and Kashmir and Union Territory of Ladakh. More than 82 *per cent* of DCC bills are awaited from seven departments as shown in **Table 4.7**.

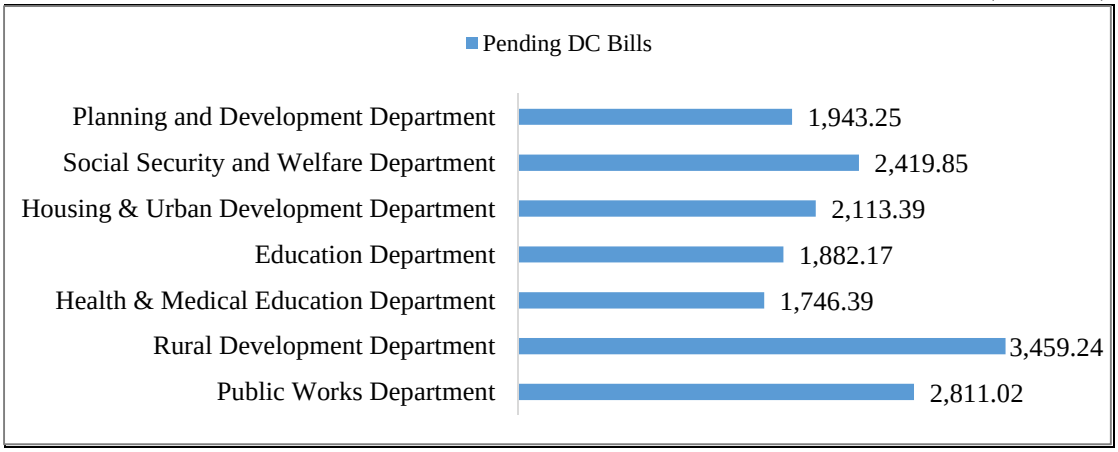
Table 4.7: DC bills awaited from Departments of UT/Erstwhile State of Jammu and Kashmir

Sl. No	Name of the Department	Amount Outstanding *(₹ in crore)*	Percentage of total outstanding amount of ₹19,774.97 crore as on 31 March 2023
1	Rural Development	3,459.24	17.49
2	Public Works	2,811.02	14.22
3	Social Security and Welfare	2,419.85	12.24
4	Housing and Urban Development	2,113.39	10.69
5	Planning and Development	1,943.25	9.83
6	Education	1,882.17	9.52
7	Health and Medical Education	1,746.39	8.83

Source: Finance Accounts and information from A&E Office.

Chart 4.2: DCC Bills pending in respect of Major Departments of UT/ Erstwhile State of Jammu and Kashmir

(₹ in crore)



Source: Finance Accounts and information from A&E office.

Further, 384 AC bills amounting to ₹3,310.85 crore were drawn during the year 2022-23, out of which 145 AC bills amounting to ₹709.58 crore (21.43 *per cent*) were drawn in March 2023. Expenditure against AC bills in March indicates that the drawals were primarily to exhaust the budget provisions and reveals inadequate budgetary control.

A comprehensive audit of two grants/ departments, i.e, Culture Department and Youth Services and Technical Education Department was conducted. It was noticed that DCC bills for an amount of ₹24.98 crore was outstanding in respect of advance drawals made by Directorate of Youth Services and Sports (₹1.24 crore), Technical Education Department (₹22.49 crore) and Directorate of Libraries & Research (₹1.25 crore).

During the exit conference (April 2024), the Finance Department stated that the concerned line departments are being directed to ensure submission of DC bills in a

time-bound manner. It was also assured that all the departments will be urged to expedite the submission of DC bills to Principal Accountant General (A&E) office.

4.6 Indiscriminate use of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 is to be discouraged since it renders the accounts opaque. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

During the year 2022-23, ₹5,585.14 crore (including revenue receipts of ₹3,307.54 crore representing Sale of Power and Misc. Power Receipts under Major Head-0801) under 34 Revenue Major Heads of Accounts constituting 8.10 *per cent* of the total revenue receipts of ₹68,975.95 crore, was recorded under the Minor Head-800-'Other Receipts'.

Similarly, expenditure of ₹3,482.97 crore under 37 Major Heads of Accounts constituting 4.72 *per cent* of total Revenue and Capital Expenditure of ₹73,773.12 crore was classified under Minor Head- 800-'Other Expenditure'.

Instances where a substantial proportion (50 *per cent* or more/ significant amount) of the receipts and expenditure under a Major Head was classified/ booked under the Minor Head-800-Other Receipts and Other Expenditure are shown in ***Appendix 4.2*** and ***Appendix 4.3***.

The Government may consider depicting the amounts received and expenditure incurred under various schemes distinctly, instead of clubbing the receipts and expenditure of major schemes under the Minor Head 800-Other Expenditure and 800-Other Receipts, for better clarity in Accounts.

The Finance Department stated (April 2024) that over the last few years, the use of Minor Head-800 has been discouraged and appropriate Minor Head is incorporated in the Budget classification. But sometimes there is difficulty in avoiding Minor Head-800, as appropriate Minor Head is not provided in the list of Major and Minor Head of Accounts. However, the observation has been noted and steps will be taken to minimise the use of Minor Head-800 (other expenditure). Further, during the exit conference (April 2024), the Finance Department intimated that there is a decreasing trend in booking of expenditure/ revenue under Minor Head 800.

Issues related to measurement.

4.7 Outstanding balance under Major Suspense and DDR heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items have been shown as gross debit and credit balances for 2022-23 in **Table 4.8**.

Table 4.8: Balances under Suspense and Remittances

Minor Head	2020-21			2021-22			2022-23		
	(Dr)	(Cr)	Net (Dr/ Cr.)	(Dr)	(Cr)	Net (Dr/ Cr.)	(Dr)	(Cr)	Net (Dr/ Cr.)
									(₹ in crore)
8658- Suspense Account-									
101-PAO Suspense	56.67	0.01	56.66 (Dr.)	107.20	0.01	107.19 (Dr.)	152.48	0.24	152.24 (Dr)
102-Suspense Account (Civil)	47.97	2.44	45.55 (Dr.)	51.59	20.07	31.52 (Dr.)	7.64	194.61	186.97 (Cr)
109-RBI Suspense (Hqrs)	0.16	0.05	0.11 (Dr.)	0.09	0.40	0.31 (Cr.)	0.08	0.18	0.10 (Cr)
110- RBI Suspense (Central Accounts)	0.91	0.08	0.83 (Dr.)	0.67	0.18	0.49 (Dr.)	0.92	0.10	0.82 (Dr)
112- Tax Deducted at Source (TDS) Suspense	-	221.00	221.00 (Cr.)	-	384.71	384.71 (Cr.)	-	500.13	500.13 (Cr)
123- All India Service officers Group Insurance Scheme	-	-	-	0.88	-	0.88 (Dr.)	0.87	-	0.87 (Dr)
139-GST- Tax Deducted at Source Suspense	1.02	5.15	4.13 (Cr.)	0.72	5.16	4.44 (Cr.)	-	4.96	4.96 (Cr)
8782- Cash Remittance and Adjustments between officers rendering accounts to same Accountant General/ Accounts Officers									
110-Misc Remittances	-	632.57	632.57 (Cr.)	689.07	-	689.07 (Dr.)	689.12	-	689.12 (Dr)
8793- Inter State Suspense Account	-	1.93	1.93 (Cr.)	9.29	0.04	9.25 (Dr.)	0.02	1.47	1.45 (Cr)

Source: Finance Accounts.

There was also a net credit balance of ₹2,114.33 crore {₹733.16 crore (Debit) under Suspense and ₹2,847.49 crore (Credit) under Remittances} at the end of 30 October 2019 (pre re-organisation) relating to the erstwhile State of Jammu and Kashmir under Suspense and Remittance Heads which is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh. Non-clearance of outstanding balances under these Heads affects the accuracy of receipt/ expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the Government of Union Territory.

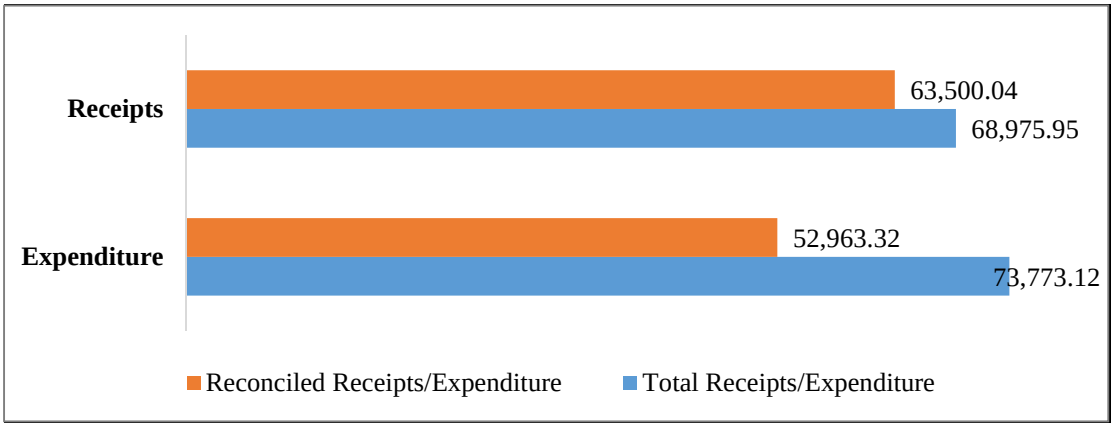
4.8 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the receipts and expenditure during the financial year recorded in their books are to be reconciled by them every month with that recorded in the books of the Accountant General (A&E). Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/ adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of

receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

Chart 4.3: Status of reconciliation during period 2022-23

(₹ in crore)



Source: Finance Accounts.

During the year 2022-23, receipts amounting to ₹63,500.04 crore (92.06 *per cent* of total receipts of ₹68,975.95 crore) and expenditure amounting to ₹52,963.32 crore (71.79 *per cent* of total expenditure of ₹73,773.12 crore) were reconciled by the Government of Union Territory of Jammu and Kashmir.

In comparison, receipts amounting to ₹53,275.15 crore (89.93 *per cent* of total receipts of ₹59,238.50 crore) and expenditure amounting to ₹49,058.57 crore (69.77 *per cent* of total expenditure of ₹70,316.36 crore) were reconciled by the Government of Union Territory of Jammu and Kashmir with the Office of the Principal Accountant General (A&E) during 2021-22.

The Finance Department stated (April 2024) that since the accounts for the year 2022-23 stand closed, as such reconciliation for accounts of the said year is not permissible. However, Director Finance/Financial Advisors/Chief Accounts Officers of Administrative Departments have been instructed to conduct the reconciliation for accounts of 2023-24 before close of UT Accounts by the Principal Accountant General (A&E).

4.9 Reconciliation of Cash Balances

The Cash balance as on 31 March 2023 as per the records of the Principal Accountant General (A&E) was ₹1,448.31 crore (Debit) and that reported by the Reserve Bank of India (RBI) [as worked out by Principal Accountant General (A&E)] was ₹1,445.66 crore (Credit). There was a net difference of ₹2.65 crore (Debit), mainly due to non-reconciliation by the Government of Union Territory of Jammu and Kashmir with RBI/ Agency Bank. The difference is under reconciliation.

There was also a net difference of ₹83.32 crore (Credit) between RBI and Principal Accountant General's figures as on 30 October 2019 which is yet to be reconciled and apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

The Finance Department stated (April 2024) that the difference shown in the report is sorted out by the Treasury Officers/ RBI and Principal Accountant General (A&E) office as a routine on Verified Date-wise Monthly Statements (VDMS).

During the exit conference (April 2024), the Department intimated that efforts will also be made to reduce the suspense balances and carry out the reconciliation of expenditure, receipts and cash balances.

Issues related to disclosure

4.10 Compliance with Accounting Standards

As per Section 71 of the Jammu and Kashmir Re-organisation Act 2019, the Lieutenant Governor may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union Territory of Jammu and Kashmir. Further, as per Article 150 of the Constitution of India, the President of India, on the advice of the Comptroller and Auditor General of India, has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the Government of Union Territory of Jammu and Kashmir in 2022-23 and deficiencies therein are given in **Table 4.9**.

Table 4.9: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by UT Government	Impact of deficiency
1	**IGAS-1:** *Guarantees given by the Government - Disclosure requirements.*	To ensure uniform and complete disclosure of such guarantees.	Complied (Statements 9 and 20 of Finance Accounts)	There is no impact.
2	**IGAS-2:** *Accounting and Classification of Grants-in- Aid*	To prescribe the principles for accounting and classification of Grants-in-aid in the Financial Statements of Government both as a grantor as well as a grantee.	Not complied (Statement 10 of Finance Accounts)	(i) Certain Grants-in-Aid to be classified under Revenue Section have been classified under Capital Section. (ii) Information has not been furnished in respect of Grants-in-aid given in kind by the UT Government.
3	**IGAS-3:** *Loans and Advances made by Government*	To ensure adequate disclosure on loans and advances made by the Government consistent with best international practices.	Not complied (Statement 7 and 18 of Finance Accounts)	The closing balances have not been reconciled by the Loanee Entities/ Government of UT. The Government has not furnished figures in respect of certain loans and advances for which they maintain detailed accounts.

(*Source: Finance Accounts*)

4.11 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Certification audit of accounts of Autonomous Bodies (ABs) set up by the Government is conducted under Sections 19(2), 19(3) and 20(1) of Comptroller and Auditor General

of India (DPC) Act, 1971. The ABs coming under the audit purview as per the above Sections are required to submit the annual accounts to audit. In respect of eight Autonomous Bodies which were to render annual accounts to C&AG, 33 accounts were not rendered for periods ranging between 2 to 13 years as tabulated in **Table 4.10**.

Table 4.10: Arrears of accounts by Autonomous Bodies as on 31 March 2023

Sl. No.	Name of Body/Authority	Accounts pending (years)
1	Compensatory Afforestation Management and Planning Authority (CAMPA)	2009-10 to 2021-22
2	Sher-e-Kashmir University of Agricultural Sciences and Technology (SKUAST), Srinagar Kashmir	2020-21 and 2021-22
3	Sher-e-Kashmir University of Agricultural Sciences and Technology (SKUAST), Jammu	2020-21 and 2021-22
4	JK Employee Provident Funds Organisation (EPFO)	2015-16 to 2018-19[1]
5	Jammu & Kashmir Housing Board	2019-20 to 2021-22[2]
6	J&K Khadi and Village Industries Board (KVIB)	2020-21 and 2021-22
7	J&K Building and Other Construction Workers Welfare Board (BOCWWB)	2019-20 to 2021-22
8	J&K State Legal Services Authority (SLSA)	2018-19 to 2021-22

Compensatory Afforestation Management and Planning Authority (CAMPA) has submitted its accounts for audit for the period up to 2008-09 and accounts for the last 13 years from 2009-10 are pending. JK Employee Provident Funds Organisation (EPFO) has not submitted its accounts for audit for the years 2015-16 to 2018-19.

Non-submission/ delay in submission of accounts by these Bodies receiving substantial funding from the budget is a serious financial irregularity persisting for years. In view of this non-compliance, the audited accounts of these Statutory Bodies have not so far been presented to the legislature, as required under the Statutes under which these bodies were created. Delay/ arrears in finalisation of accounts carries the risk of financial irregularities going undetected and entails possibility of fraud and misappropriation. This has also deprived the legislature/ Government of the opportunity to get feedback on their activities and financial performance.

The Government may impress upon these Autonomous Bodies the need for timely preparation and submission of accounts.

During the exit conference (April 2024), the Finance Department stated that there are certain constraints being faced in finalisation of the old accounts of JK EPFO due to not constituting the Board of Trustees. However, the submission of accounts will be ensured in case of other autonomous bodies.

[1] The accounts for the years 2015-16 to 2018-19 were received unapproved from the Organisation.
[2] Accounts from 2015-16 to 2018-19 are under audit process.

4.12 Departmental Commercial Undertakings/Corporations/Companies

The departmental undertakings of certain Government departments performing activities of commercial nature are required to prepare *proforma* accounts in the prescribed format annually. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay is fraught with the risk of fraud and leakage of public money.

The Heads of the Government Departments are required to ensure that the undertakings prepare accounts and submit the same to the Pr. Accountant General (Audit), Jammu and Kashmir for audit, within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System (PDS) under the Consumer Affairs and Public Distribution Department. The *proforma* accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not submitted their *proforma* accounts from 1968-69 to 2021-22. The *proforma* accounts have not been submitted by Food Civil Supplies & Consumer Affairs Department, Kashmir from 1975-76 to 2021-22 and Food Civil Supplies & Consumer Affairs Department, Jammu from 1973-74 to 1997-98 and 1999-2000 to 2021-22.

The status of audit of Government Companies/ Corporations is shown in ***Appendix 4.4***. Accounts in respect of only four Companies were audited up to 2021-22. In respect of 33 Companies/ Corporations, audit of 145 accounts was in arrears for period ranging between one to eleven years. In absence of timely finalisation of accounts, results of the investment of the Government remained outside the oversight of the legislature. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency would not be taken in time. The Government may ensure that the departmental undertakings prepare their accounts and submit the same to the Principal Accountant General (Audit) within a specified time frame.

During the exit conference (April 2024), the Finance Department pointed out various constraints in finalisation of accounts of certain PSUs. However, they assured that all the PSUs shall be directed to comply with the statutory provisions regarding submission of accounts.

4.13 Non-submission of details of Grants/ Loans given to Bodies and Authorities

In order to identify institutions/organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C&AG's DPC Act), the Government/HODs are required to furnish to Audit every year:

- detailed information about the financial assistance given to various institutions,
- the purpose for which the assistance is granted, and

- total expenditure of the institutions.

Further, Regulations on Audit and Accounts (Amendments) 2020 provides that Governments and HODs who sanction grants and / or loans to bodies or authorities shall furnish to Audit by the end of July every year a statement of such bodies and authorities to which grants and / or loans aggregating ₹10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority. The Government, however, did not furnish the above-mentioned information regularly, which is in violation of Regulations on Audit and Accounts (Amendments) 2020. In absence of above information audit is facing difficulties in identifying the bodies /authorities attracting audit under Sections 14 and 15 of C&AG's DPC Act.

4.14 Timeliness and Quality of Accounts

The accounts of receipts and expenditure of the Government of Union Territory of Jammu and Kashmir have been compiled based on the initial accounts rendered by 122 Treasuries (including 20 District Treasuries and one virtual Treasury), and Advices of the Reserve Bank of India. As the Government of Jammu and Kashmir had already switched over to Civil Accounting System for Works and Forest Divisions (in previous years), no monthly accounts were due from these Divisions during 2022-23. No account was excluded at the end of the year 2022-23.

Other Issues

4.15 Follow up action on State/ UT Finances Audit Report

To ensure accountability of executives to the issues dealt with in various Audit Reports, the J&K Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish to Public Accounts Committee (PAC)/ Committee on Public Undertaking (COPU), *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports, irrespective of whether these were taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Principal Accountant General (Audit), within a period of three months from the date of presentation of Audit Reports in the Legislature.

The Report of the Comptroller and Auditor General of India on State Finances is being prepared since 2008-09 and Reports till the year 2015-16 have been tabled in the State Legislature. The State/UT has been under Governor's/ President rule since 20 June 2018 and as such the Report on State Finances /State Finances Audit Report for the years 2016-17, 2017-18, 2018-19, 1 April 2019 to 30 October 2019 and UT Finance Audit Report for the period 31 October 2019 to 31 March 2020, 2020-21 and 2021-22 have been tabled in the Parliament along with the other Audit Reports. Action Taken Notes on these Reports were not furnished by the State /UT Governments.

4.16 Conclusion

- Non-submission of 3,733 UCs amounting to ₹14,698.75 crore means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved.
- Non-submission of Detailed Countersigned Bills of advances drawn through Abstract Contingent Bills increased the possibility of wastage/ misappropriation of the sums drawn.
- Non-submission/ delay in submission of accounts by the bodies receiving substantial funding from the Government is a serious financial irregularity. It deprived the Legislature of the opportunity to get feedback on activities and financial performance of these bodies.
- Significant amount of expenditure and receipts booked under Minor Head-800-Other Expenditure and 800-Other Receipts under various Major Heads affects transparency in the accounts.

4.17 Recommendations

- Timely submission of utilisation certificates needs to be ensured by the department in respect of grants released for specific purpose.
- Steps need to be taken to ensure adjustment of the advances drawn on abstract contingent bills within the stipulated period as required under the extant rules.
- The issue of timely preparation and submission of accounts may be taken up with the concerned autonomous bodies.
- Operation of omnibus Minor Head-800 needs to be discouraged.

During the exit conference (April 2024), the Finance Department accepted the audit recommendations.

Chapter-V

Financial Performance of Public Sector Undertakings

CHAPTER-V

FINANCIAL PERFORMANCE OF PUBLIC SECTOR UNDERTAKINGS

This chapter discusses the financial performance of Government of Jammu & Kashmir (GoJ&K) owned companies, Statutory Corporations and Government Controlled Other Companies (GCOCs). Impact of significant comments issued after conducting supplementary audit of the financial statements of these Public Sector Undertakings (PSUs) by the Comptroller and Auditor General (CAG) of India for the year 2022-23 (or of earlier years which were finalised during the current year) has also been discussed in the Chapter.

5.1 Definition of Government Company

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a Company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the State Government and partly by one or more State Governments and includes a Company which is a subsidiary of a Government Company.

Besides, any other Company[1] owned or controlled directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies.

5.2 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 thereunder. Under the Companies Act, 2013, the CAG appoints Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has right to conduct a supplementary audit. The statutes governing Statutory Corporations require their accounts to be audited by CAG.

5.3 PSUs and their contribution to the GSDP of J&K

PSUs consist of Government Companies, Government owned Other Companies and Statutory corporations. PSUs are established to carry out activities of commercial nature keeping in view the welfare of the people and occupy an important place in the economy of J&K. As on 31 March 2023, there were 42 PSUs in Jammu & Kashmir under the audit jurisdiction of the CAG. These included 39 Government Companies, two Statutory Corporations and one Government Controlled Other Company[2] (***Appendix 5.1)***.

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[1] Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014.

[2] Chenab Valley Power Projects (Private) Limited (CVPPPL), a joint venture of Jammu and Kashmir Power Development Corporation (JKPDC), National Hydroelectric Power Corporation (NHPC) and Power Trading Corporation (PTC).

The 39 Government Companies included six[3] inactive companies (including four under liquidation). The Government of Jammu and Kashmir had investment of ₹57.42 crore in these inactive companies (Capital - ₹56.59 crore and Long Term Loans - ₹0.83 crore). This is a critical area and the Government may like to take an early decision to wind up the inactive PSUs as they do not contribute to the economic growth.

One Company, Jammu & Kashmir Bank Limited, is listed on the National Stock Exchange and Bombay Stock Exchange.

The ratio of turnover of the PSUs to the Gross State Domestic Product (GSDP) of J&K indicates the contribution of their activities in the economy of J&K. The details of turnover of PSUs are given in ***Appendix 5.2***.

Table 5.1 provides the details of turnover of the PSUs and GSDP of J&K for a period of three years ending March 2023.

Table 5.1: Details of turnover of PSUs *vis-à-vis* GSDP of J&K

(₹ in crore)

Particulars	2020-21	2021-22	2022-23
Turnover as per latest finalised accounts	10,590.68	10,515.82	12,084.74
GSDP of J&K	1,67,651.77	1,99,917.42	2,27,927.30
Percentage of Turnover to GSDP of J&K	6.32	5.26	5.30

Source: GSDP figures at Current prices as per Ministry of Statistics and Programme Implementation (MOSPI), GoI website and figures of turnover of PSUs as per their latest finalized accounts.

The contribution of PSUs to GSDP reduced from 6.32 *per cent* in 2020-21 to 5.30 *per cent* in 2022-23. The major contributors to turnover of PSUs in 2022-23 were Jammu & Kashmir Bank Limited (₹9,355.11 crore), Jammu & Kashmir Power Development Corporation Limited (₹1,037.85 crore) and Jammu & Kashmir Small Scale Industries Development Corporation Limited (₹629.36 crore).

5.4 Investment in PSUs and Budgetary support

5.4.1 Equity holding and Loans given

Details of investment made in 42 PSUs in the form of equity and long term loans upto 31 March 2023 are given in ***Appendix 5.3***. Sector wise summary of this investment is given in **Table 5.2**.

Table 5.2: Sector - wise investment of Government of J&K in PSUs

(₹ in crore)

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	6,510.62	2,593.54	23,369.01	0	29,879.63	2,593.54
Non power Sector PSUs	36	1,296.32	1,109.48	7,340.72	1,833.94	8,637.04	2,943.42
Total	**42**	**7,806.94**	**3,703.02**	**30,709.73**	**1,833.94**	**38,516.67**	**5,536.96**

(Source: Compiled based on information received from PSUs)

[3] (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu &Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu & Kashmir Road Development Corporation Limited (5) Jammu & Kashmir International Trade Centre and (6) Jammu & Kashmir Asset Reconstruction Limited

The thrust of PSU investment was on the power sector. The power sector had attracted 77.58 *per cent* (₹29,879.63 crore) of total investment of ₹38,516.67 crore. The GoJ&K had invested 46.84 *per cent* (₹2,593.54 crore) of its total investment of ₹5,536.96 crore in power sector PSUs.

5.4.2 Subsidy and Grant to PSUs

The GoJ&K provides financial support to the PSUs in various forms through the annual budget as equity, loans, grants/ subsidies, loans written off and loans converted into equity.

Summarised 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 2023 are given in **Table 5.3**.

Table 5.3: Details regarding budgetary support by GoJ&K to PSUs during the period 2020-21 to 2022-23

(₹ in crore)

Sl. No.	Particulars	2020-21		2021-22		2022-23	
		Number of PSUs*	Amount	Number of PSUs*	Amount	Number of PSUs*	Amount
1.	Equity Capital outgo	7	83.47	3	554.32#	3	151.20
2.	Loans given	7	51.85	9	73.27	8	23.05
3.	Grants/Subsidy provided	11	3,016.38	14	2,845.52	15	1,995.48
	Total outgo		**3,151.70**		**3,473.11**		**2,169.73**
4.	Loan repayment written off	-	-	-	-	-	-
5.	Loans converted into equity	2	152.42	-	-	1	4.86
6.	Guarantees issued	-	-	3	5,404.59	5	12,926.34
7.	Outstanding Guarantee Commitment	5	7,698.97	7	12,522.72	7	25,086.73

(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.*

 # This includes ₹500 crore in respect of J&K Bank, 16,76,72,702 equity shares of ₹one (face value) each issued to GoJ&K on preferential basis at the issue price of ₹29.82 per share (including share premium of ₹28.82 per share)

During the year 2022-23, assistance in the form of grant was provided to Jammu & Kashmir Infrastructure Development Finance Corporation (₹238.77 crore), Srinagar Smart City Limited (₹127.04 crore), Jammu Smart City Limited (₹107.01 crore) and Jammu and Kashmir State Industrial Development Corporation Limited (₹42.05 crore). The overall decrease in assistance during 2022-23 was mainly due to lesser amount of grant/subsidy given to two Power companies viz., Jammu & Kashmir Power Development Corporation Limited (from ₹600.78 crore in 2021-22 to Nil in 2022-23) and Jammu Power Distribution Corporation Limited (from ₹1,058.08 crore in 2021-22 to ₹659.99 crore in 2022-23.

The major guarantee commitments outstanding at the end of 2022-23 were in respect of Jammu & Kashmir Power Corporation Limited (₹21,613.62[4] crore), Jammu & Kashmir Infrastructure Development Finance Corporation (₹2,297.90 crore), Jammu & Kashmir Power Development Corporation Limited (₹899.99 crore), Jammu & Kashmir SC, ST and Backward Classes Development Corporation Limited (₹104.38 crore) and Jammu & Kashmir Women's Development Corporation Limited (₹108.23 crore).

5.4.3 Reconciliation with the Finance Accounts of the Government of Jammu and Kashmir

The figures in respect of equity, loans and guarantees outstanding as per records of PSUs should agree with that of the figures appearing in the Finance Accounts of the GoJ&K. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The mismatch between the figures furnished by the PSUs with those depicted in the Finance Account, as on 31 March 2023 is given in **Table 5.4** below:

Table 5.4: Equity and Loans outstanding as per Finance Accounts *vis-à-vis* records of PSUs upto March 2023

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records[5] of PSU	Difference
Share capital	3,034.27	3,080.09	45.82
Outstanding Loans	891.74	1,996.48	1,104.74
Guarantees	903.42	903.42	0

(Source: Compiled based on information received from PSUs and Finance Accounts)

The differences were observed in respect of seven PSUs (***Appendix 5.4)***. The issue of reconciliation of differences was also taken up with the PSUs and the Departments from time to time. Major difference in balances was observed in Jammu & Kashmir Power Development Corporation (₹646.85 crore), Jammu & Kashmir Minerals Limited (₹167.92 crore) and Jammu & Kashmir Road Transport Corporation (₹302.09 crore) relating to outstanding loans.

It is recommended that the GoJ&K and the respective PSUs should reconcile the differences in accounts in a time-bound manner**.**

5.4.4 Adequacy of assets to meet loan liabilities in PSUs

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of that entity's assets must be greater than the sum of its loans/debts. The coverage of long term loans by value of total assets in 20 PSUs which had outstanding loans as per their latest finalised accounts as of 30 September 2023 is given in **Table 5.5**:

[4] For loans raised from REC Limited and Power Finance Corporation Limited
[5] Unaudited current figures up to March 2023.

Table 5.5: Long term loans with total assets

Nature of PSU	Positive Coverage				Negative Coverage			
	No. Of PSUs	Long Term Loans	Assets Coverage	Percentage of Assets to Loans	No. of PSUs	Long Term Loans	Assets	Percentage of Assets to Loans
	(₹ in crore)				*(₹ in crore)*			
Statutory Corporation	2	727.40	1,656.54	227.73	0	0	0	0
Government Company	14	8,043.96	1,68,693.68	2,097.15	4	719.08	231.81	32.24
Total	**16**	**8,771.36**	**1,70,350.22**	**1,942.12**	**4**	**719.08**	**231.81**	**32.24**

(Source: Latest finalised accounts of PSUs)

5.4.5 Market Capitalisation of equity investment in Government Companies

Market Capitalisation represents market value of shares of companies which are listed. As on 31 March 2023, there was only one PSU viz. Jammu & Kashmir Bank Limited, having a total paid-up equity capital of ₹103.15 crore[6]. It is listed on the National Stock Exchange and Bombay Stock Exchange. The majority (63.41 *per cent*) of paid-up equity of ₹103.15 crore of the Bank is held by the Government of Jammu & Kashmir and the remaining (36.59 *per cent*)[7] by Foreign Institutional Investors, Resident Individuals and others. The market value of shares of Jammu & Kashmir Bank Limited was ₹5,070.75[8] crore as on 31 March 2023 as compared to ₹3,013.22 crore as on 31 March 2022.

5.4.6 Disinvestment, restructuring and privatisation

During the year 2022-23, there was no case of disinvestment, restructuring and privatisation of PSUs.

5.5 Returns from PSUs

There were 11 PSUs that reported profit in their latest financial statements (***Appendix 5.5)***. The reported profit earned increased to ₹1,286.79 crore in 2022-23 from ₹566.10 crore in 2021-22.

The PSUs which contributed the most to profit (as per their finalised financial statements of the year 2022-23) were:

Table 5.6: SPSEs which contributed profit

Name of SPSE	Net profit (*₹ in crore*)	Percentage of profit to total SPSEs profit
Jammu & Kashmir Bank Limited	1,197.38	93.05
Chenab Valley Power Projects Private Limited	24.69	1.92
Total	**1,222.07**	

6 Includes ₹65.41 crore of GoJ&K

7 Indian Mutual Funds, Insurance Companies, Non-Resident Indian and Corporate Bodies

8 1031479861 shares @ ₹49.16 per share (closing price of one share on Bombay Stock Exchange).

The Principal Secretary Finance Department stated (May 2024) that the UT Government undertook a review of existing PSUs to streamline their functioning and improve profitability and quality of services. As a result, 11 PSUs have reported profits in their financial statements of 2022-23. Further, the UT Government is endeavouring to downscale/close the PSUs which are making losses consistently. The divestment of J&K Cements Limited was undertaken in 2022-23. The contention of the Government is, however, not borne out of facts as the 11 PSUs which have reported profits (***Appendix 5.5***) are as per the latest available finalised accounts as of 30 September 2023. Out of the 11 PSUs, only four accounts pertain to the year 2022-23 while the rest seven accounts are of earlier financial periods, some of which are as early as 2013-14, 2015-16 and 2016-17. In case of divestment of J&K Cements Limited, the Government initiated the process during 2022-23.

5.5.1 Dividend payout by PSUs

The Jammu & Kashmir Bank Limited is the only PSU which had declared/ paid dividend[9]. It paid dividend of 50 *per cent* on its paid up share capital for the year ending 31 March 2023.

5.6 Debt Servicing and legal compliances

5.6.1 Position of Long Term Loans of PSUs

The details of long term loans of PSUs during the period 2020-21 to 2022-23 are as follows:

Table 5.7: Details of Long Term Loans

(₹ in crore)

Year	Long term Loans at the end of the year		
	GoJ&K	Others	Total
2020-21	1,437.72	10,852.46	**12,290.18**
2021-22	1,539.42	16,621.43	**18,160.85**
2022-23	1,833.94	28,875.80	**30,709.73**

Long term loans of the PSUs increased to ₹30,709.73 crore as on 31 March 2023 from ₹12,290.18 crore as at the end of March 2021 mainly due to the long term loans of ₹4,309.59 crore and ₹2,372.77 crore availed by Jammu & Kashmir Power Corporation Limited (JKPCL) and Jammu & Kashmir Infrastructure Development Finance Corporation respectively during 2021-22 and ₹11,291.79 crore[10] and ₹424.92 crore availed by JKPCL and Chenab Valley Power Project (Pvt.) Limited (CVPPPL) respectively during 2022-23. The total long term loan extended by GoJ&K to PSUs increased from ₹1,437.72 crore at the end of March 2021 to ₹1,833.94 crore at the end of March 2023. In percentage terms, the share of GoJ&K loans to total long term loans declined from 11.70 to 5.97 *per cent.*

[9] Only those PSUs were considered that had submitted accounts for 2022-23.

[10] Special Long Term Transition Loan amounting to ₹2,0164.26 crore (Power Finance Corporation (PFC) Limited:₹5,100.00 crore and₹3,000.00 crore) and Rural Electrification Corporation (REC) Limited: ₹9,064.26 crore and ₹3,000.00 crore)sanctioned during the year 2022-23 in favour of Jammu & Kashmir Power Corporation Limited for clearing overdues on account of power purchased and transmission charges; out of which loan amounting to ₹5,443.58 crore (PFC Limited:₹1,960.02 crore and from REC Limited:₹3,483.56 crore) and ₹5,848.21 crore (PFC Limited:₹2993.74 crore and from REC Limited: ₹2,854.47 crore)has been availed during 2022-23 respectively.

5.6.2 Interest Coverage in PSUs

Interest Coverage Ratio (ICR) is used to determine the ability of a Company to pay interest on outstanding debt and is calculated by dividing a Company's Earnings Before Interest and Taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser the ability of the Company to pay interest on debt. An ICR of below one indicates that the Company was not generating sufficient revenues to meet its expenses on interest.

The details of interest coverage ratio of PSUs, which had liability of loans from Government, banks and other financial institutions as per the latest finalised accounts during the period from 2020-21 to 2022-23 are given below in **Table 5.8**.

Table 5.8: Interest Coverage Ratio of PSUs

(₹ in crore)

Year	Interest	EBIT	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio	
				More than 1	Less than 1
2020-21	529.36	1,031.19	14	7	7
2021-22	535.22	1,104.64	14	7	7
2022-23	545.30	1,768.03	16	7[11]	9[12]

5.6.3 Age wise analysis of interest outstanding on Government Loans

As on 31 March 2023, interest amounting to ₹3,126.84 crore was outstanding on the long term loans of nine PSUs provided by GoJ&K. The age wise analysis of interest outstanding on Government loans in PSUs is depicted in **Table. 5.9**.

Table 5.9: Interest outstanding on Government Loans

(₹ in crore)

SI. No	Name of PSU	Outstanding Interest on GoJ&K Loan	Interest on GoJ&K loans outstanding for less than 1 year	Interest on GoJ&K loans outstanding for 1 to 3 years	Interest on GoJ&K loans outstanding for more than 3 years
1.	Jammu & Kashmir Minerals Limited	970.21	19.27	38.54	912.40
2,	Jammu & Kashmir Industries Limited	793.47	0	118.17	675.30
3.	Jammu & Kashmir Road Transport Corporation	1,101.95	61.59	123.18	917.18

[11] 1. Jammu & Kashmir Women's Development Corporation Limited; 2. Jammu & Kashmir Small Scale Industries Development Corporation Limited; 3. Jammu & Kashmir Industries Limited; 4. Jammu & Kashmir Bank Limited; 5. JKB Financial Services Limited; 6. Jammu & Kashmir Power Development Corporation Limited; and 7. Chenab Valley Power Projects Private Limited

[12] 1. Jammu& Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited; 2. Jammu & Kashmir State Industrial Development Corporation Limited; 3. Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited; 4. Jammu & Kashmir Cements Limited; 5. Jammu & Kashmir Minerals Limited; 6. Jammu & Kashmir Tourism Development Corporation Limited; 7. Jammu & Kashmir Road Transport Corporation; 8. Jammu & Kashmir and Ladakh Financial Corporation; and 9. Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited.

SI. No	Name of PSU	Outstanding Interest on GoJ&K Loan	Interest on GoJ&K loans outstanding for less than 1 year	Interest on GoJ&K loans outstanding for 1 to 3 years	Interest on GoJ&K loans outstanding for more than 3 years
4.	Jammu & Kashmir Handloom Development Corporation Limited	88.17	0	0	88.17
5.	Jammu & Kashmir Forest Development Corporation Limited	44.08	0	0	44.08
6.	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2.01	0.25	1.76	0
7.	Jammu & Kashmir Tourism Development Corporation Limited	0.20	0	0	0.20
8.	Jammu & Kashmir Handicrafts (S&E) Development Corporation Limited	121.93	0	20.91	101.02
9.	Jammu &Kashmir Cements Limited	4.82	0.13	0.25	4.44
Total		**3,126.84**	**81.24**	**302.81**	**2,742.79**

(Source: Compiled based on information received from PSUs)

5.7 Operating efficiencies of PSUs

5.7.1 Turnover

The details of turnover, total assets and capital employed[13], of all PSUs as per their latest finalised financial statements, during the three years 2020-21 to 2022-23 are given in **Table 5.10**.

Table 5.10: Turnover, total assets and capital employed during 2020-21to 2022-23

(₹ in crore)

Year	Turnover	Total assets	Capital employed
2020-21	10,590.64	1,36,643.45	5,865.24
2021-22	10,515.82	1,48,646.69	7,381.74
2022-23	12,084.74	1,74,475.64	9,048.71

(Source: Latest finalized accounts of the Companies)

The turnover recorded increased from ₹10,590.64 crore in 2020-21 to ₹12,084.74 crore in 2022-23. The total assets of PSUs recorded increase from ₹1,36,643.45 crore in 2020-21 to ₹1,74,475.64 crore in 2022-23. The assets had increased majorly in Jammu and Kashmir Bank Limited, Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited, Kashmir Power

[13] Capital Employed= Paid-up Capital + Free Reserves and Surplus + Long Term Loans - Accumulated Losses - Deferred Revenue Expenditure.

Distribution Corporation Limited and Jammu Power Distribution Corporation Limited. The Capital employed in the PSUs increased from ₹5,865.24 crore in 2020-21 to ₹9,048.71 crore in 2022-23.

5.7.2 Return on Investment in Listed PSU

Return on investment (ROI) is a performance metric to evaluate the efficiency of investment over time in comparison to alternate investment opportunities or a benchmark investment opportunity. Only one PSU, Jammu & Kashmir Bank Limited, is listed on the stock exchange. Calculation of ROI along with compound annual growth rate is given in ***Appendix 5.6***. The details of ROI during the last three years ending March 2023 are given in **Table 5.11**.

Table: 5.11 Return on Investment of Listed PSUs

(*in per cent*)

	2020-21	**2021-22**	**2022-23**
ROI[14]	243.81	291.95	395.17

The ROI increased from 243.81 *per cent* in 2020-21 to 395.17 *per cent* in 2022-23. The compounded annual growth rate improved from (-) 0.67 *per cent* in 2020-21 to 1.41 *per cent* in 2022-23.

5.7.3 Return on Capital Employed and Equity in Listed PSUs

The profitability of a company is traditionally assessed through return on equity and return on capital employed. Return on Capital Employed (ROCE)[15] is a financial ratio that measures the Company's profitability and the efficiency with which its capital is used and is calculated by dividing the Company's earnings before interest and taxes by capital employed. Return on Equity (ROE) [16] is a measure of performance calculated by dividing the net profit after tax by shareholders' funds.

Details of ROCE and ROE of Jammu & Kashmir Bank Limited, the only listed Company, is given in **Table 5.12**:

Table 5.12: ROCE and ROE of Listed PSU

(*In per cent*)

	2020-21	**2021-22**	**2022-23**
ROCE	15.50	14.56	24.07
ROE	21.00	20.47	37.95

[14] ROI= (Government's share of the Market Capitalisation of the Company as at 31 March of FY + Present Value of Dividend Receipts of the Government as at 31 March of FY + Present Value of Disinvestment Receipts of the Government as at 31 March of FY) – (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/Grants infused for meeting Operational and Administrative Expenditure as at Inception)/ (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/ Grants infused for meeting Operational and Administrative Expenditure as at Inception)/ Number of intervening annual periods

[15] ROCE = Earnings before Interest and Tax/ Capital Employed. Figures are as per the latest year for which accounts of the PSUs are finalised

[16] ROE=Profit after Tax/Share holders' Fund, Share holders' Fund = Paid up capital + Free Reserves and Surplus less Deferred Revenue Expenditure and Accumulated Losses

The ROCE and ROE was high due to high Profit After Tax earned by the Jammu & Kashmir Bank Limited.

The ROCE worked out at realised value[17] of investment in respect of Jammu & Kashmir Bank Limited is as follows:

Table 5.13: ROCE for Listed PSUs considering share premium

(*In per cent*)

2020-21	2021-22	2022-23
12.20	10.67	17.69

5.7.4 Return on Capital Employed and Equity of Non-Listed PSUs

The details of ROCE and ROE of non-listed PSUs[18] during the period from 2020-21 to 2022-23 are given in **Table 5.14**.

Table 5.14: Return on Capital Employed and Equity of non-listed PSUs

(₹ in crore)

Year	PBIT	PAT	Capital Employed	Shareholders Fund	RoCE	RoE
2020-21	437.75	-119.66	7,593.02	3,040.39	5.77	-3.94
2021-22	437.10	-126.04	8,337.07	2,818.82	5.24	-4.47
2022-23	310.75	-187.81	8,777.51	2,563.93	3.54	7.32

5.7.5 Rate of real return (RORR) of Government Investment in PSUs

In order to bring the historical cost of investment to its present value at the end of each year upto 31 March 2023, Present Value (PV) of money invested was computed where funds had been infused by GoJ&K as equity, interest free loan and interest free loan converted into equity. Grant/ subsidy given by the Government for operational and management expenses have not been considered as bifurcation of grant and subsidy for operational and management expenses and for other purpose was not available since inception of these companies till 31 March 2023.

The PV in these undertakings was computed on the following assumptions:

- Interest free loans have been considered as fund infusion. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest free loans over the period.
- The average rate of interest on government borrowings for the concerned financial year was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year.

[17] Investment including share premium
[18] Excluding CVPPPL as all its projects are under construction

- GoJ&K infused ₹5.00 crore as equity in JKPDCL. In addition to this, the GoJ&K also provided Plan funds since inception of the Company (1994-95) for creation of Capital Assets, which could not be bifurcated, has not been considered. Plan fund given to JKPDD and Assets transferred to JKPDC by GoJ&K, later converted into equity, has been added to the equity contribution in the year 2019-20.
- Jammu Power Distribution Company Limited (JPDCL), Kashmir Power Distribution Company Limited (KPDCL), Jammu and Kashmir Power Transmission Company Limited (JKPTCL) and Jammu and Kashmir Power Corporation Limited (JKPCL) started their operations with effect from 01 April 2020, hence, equity contribution was considered in the year 2020-21 for the purpose of PV calculation of GoJ&K investment.
- For the purpose of PV calculation of GoJ&K investment, the period from 2000-01 till 2022-23 has been taken for considering the investment of GoJ&K in PSUs.

The year- wise position of investment made by GoJ&K in PSUs and calculation of Net Present Value of the investment relating to those PSUs wherein the GoJ&K had made investment is indicated in ***Appendix 5.7***.

The historical cost of investment by GoJ&K in these PSUs at the end of 2022-23 increased to ₹3,958.65 crore[19] from ₹352.29 crore at the beginning of 1999-2000. Besides, GoJ&K made investment of ₹522 crore[20] in JKPDC in the shape of plan fund up to March 2022.

The PV of the investment infused by GoJ&K as on 31 March 2023 amounted to ₹8,345.92 crore. The net earnings of PSUs as per their latest finalised accounts was ₹1,034.26 crore[21].

[19] Opening balance:(₹352.29 crore) + Equity: (₹3,813.31 crore) + Interest free loans: (₹162.84 crore) less Interest free loan converted into equity:(₹17.5 crore)

[20] This investment was made from 2018-19 to 2021-22 and investment before this period had been converted into equity of GoJ&K

[21] Includes earnings of JKB Financial Services Limited (₹1.21 crore), CVPPPL (₹24.69 crore)

An analysis of the earnings *vis-à-vis* investments in respect of 31[22] PSUs where funds had been infused by GoJ&K was carried out to assess the profitability of these PSUs which is given in **Table 5.15**.

Table 5.15: Real Rate of Return

(₹ in crore)

Financial year	PV of total investment at the beginning of the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	PV of total investment at the end of the year	Total Earnings[23]	RoRR
2020-21	5,800.80	130.57	5,931.37	7.82	6,395.20	306.12	4.79
2021-22	6,395.20	570.95	6,966.15	7.94	7,519.26	372.64	4.96
2022-23	7,519.26	174.25	7,693.51	8.48	8,345.92	1,008.36	12.08

5.8 PSUs incurring losses

There were 20 PSUs that reported losses as per their latest finalised accounts as detailed in ***Appendix 5.8***. The losses incurred by PSUs decreased to ₹214.51 crore in 2020-21 to ₹186.28 crore in 2021-22 and increased to ₹252.53 crore in 2022-23 as per their latest finalised accounts (**Table 5.16)**.

Table 5.16: Summary of PSUs that incurred losses during 2020-21 to 2022-23

(₹ in crore)

Year	No of PSUs incurred loss	Net loss for the year	Accumulated Profit/ Loss	Net Worth[24]
A. Statutory Corporations				
2020-21	1	117.62	(-) 1,634.94	(-) 1,426.98
2021-22	1	117.62	(-) 1,634.94	(-) 1,426.98
2022-23	2	122.23	(-) 1,818.88	(-) 1,438.03
B. Government Companies				
2020-21	14	93.71	(-) 1,780.54	(-) 1,643.83
2021-22	16	68.66	(-) 1,120.03	(-) 986.72
2022-23	18	130.30	(-) 2,422.46	(-) 2,253.33
C. Government Controlled Other Company				
2020-21	1	3.18	49.34	2,773.00
2021-22	0	-	-	-
2022-23	0	-	-	-
Total PSUs				
2020-21	16	214.51	(-) 3,366.14	(-) 297.81
2021-22	17	186.28	(-) 2,755.24	(-) 2,413.70
2022-23	20	252.53	(-) 4,241.34	(-) 3,691.36

(Source: Latest finalised accounts as on 30 November 2021, 30 September 2022 and 30 September 2023)

[22] Excluding JKB Financial Services Limited and CVPPPL wherein the GoJ&K had not made any investment, six government companies are inactive and three companies have not submitted their first accounts as on 30 September 2023.

[23] As per the latest finalised accounts

[24] Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

Out of the total loss of ₹252.53 crore incurred by 20 PSUs in 2022-23, loss of ₹234.15 crore was in respect of ten PSUs listed in **Table 5.17** which reported losses of more than ₹ five crore as per their latest information provided.

Table 5.17: PSUs (other than power sector) that incurred losses of more than ₹ five crore

Sl. No.	Name of the PSU	Net loss *(₹ in crore)*
1.	Jammu & Kashmir State Road Transport Corporation	117.62
2.	Jammu & Kashmir State Industrial Development Corporation Limited	20.54
3.	Jammu & Kashmir Cements Limited	25.46
4.	Jammu & Kashmir Tourism Development Corporation	14.72
5.	Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	10.10
6.	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	8.60
7.	Jammu & Kashmir Minerals Limited	18.08
8.	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	7.35
9.	Jammu & Kashmir Industries Limited	5.95
10.	Jammu & Kashmir Handloom Development Corporation Limited	5.73
	Total	**234.15**

(Source: Latest finalised accounts as on 30 September 2023)

GoJ&K may like to review the functioning of its loss making PSUs and initiate measures to improve their efficiency as they are causing substantial drain on the public exchequer.

5.8.1 Erosion of Capital in PSUs

As on 31 March 2023, there were 19 PSUs with accumulated losses of ₹4,241.34 crore **(*Appendix 5.9)***. These 19 PSUs had reported losses amounting to ₹250.51 crore in their latest finalised accounts. The net worth of 14 out of 19 PSUs had been completely eroded by their accumulated loss. Out of these 14 PSUs, the net worth of one PSU was negative for the last one year, of two PSUs for two years, another one for three years and the remaining 10 PSUs for the last five or more than five years. The net worth of these 14 PSUs was (-) ₹3,699.38 crore against equity investment of ₹537.12 crore as on 31 March 2023. The details of these 14 PSUs are in the following table:

Table 5.18: Details of PSUs whose net worth has been eroded as per their latest finalised accounts

(₹ in crore)

Sl. No.	Name of PSU	Period of accounts	Paid up Capital	Net Profit (+)/ Loss (-) after interest and tax	Accumulated Profit/ Loss	Net worth	Period since when Net worth has remained negative (no. of years)	Government Equity (as on 31 March 2023)	Government Loans (as on 31 March 2023)
1	2	3	4	5	6	7	8	9	10
1.	Jammu and Kashmir Agro Industries Development Corporation Limited	2021-22	3.54	-2.77	-55.99	-52.45	2017-18 (5)	2.60	25.19
2.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2018-19	9.20	-7.35	-150.46	-141.26	2014-15 (5)	6.80	14.75
3.	Jammu and Kashmir Scheduled Castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2019-20	47.62	-10.10	-59.45	-11.83	2018-19(2)	23.17	67.34
4.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	17.64	-20.54	-146.99	-129.35	2009-10 (5)	17.64	22.72
5.	Jammu & Kashmir Industries Limited	2020-21	16.27	-5.95	-871.60	-855.33	2016-17 (5)	16.27	264.99
6.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	8.52	-8.60	-170.06	-161.54	2014-15 (5)	7.08	65.16
7.	Jammu and Kashmir Handloom Development Corporation Limited	2020-21	4.99	-5.73	-146.19	-141.20	2016-17 (5)	3.49	72.09
8.	Jammu and Kashmir Forest Development Corporation Limited	2019-20	9.03	-3.99	-249.13	-240.10	2015-16 (5)	9.03	18.00
9.	Jammu & Kashmir Cement Limited	2021-22	15.50	-25.46	-234.44	-218.94	2017-18 (5)	49.86	17.98

Sl. No.	Name of PSU	Period of accounts	Paid up Capital	Net Profit (+)/ Loss (-) after interest and tax	Accumulated Profit/ Loss	Net worth	Period since when Net worth has remained negative (no. of years)	Government Equity (as on 31 March 2023)	Government Loans (as on 31 March 2023)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
10.	Jammu and Kashmir Minerals Limited	2013-14	8.00	-18.08	-312.14	-303.98	2009-10 (5)	8.00	169.78
11.	Jammu and Kashmir Tourism Development Corporation Limited	2020-21	15.96	-14.72	-18.08	-2.12	2020-21(1)	15.96	8.26
12.	Kashmir Power Distribution Corporation Limited	2019-20	0	-3.22	-3.25	-3.25	2018-19 (2)	0.05	0
13.	Jammu and Kashmir State Road Transport Corporation	2018-19	207.96	-117.62	-1,634.94	-1,426.98	2014-15 (5)	389.86	788.82
14.	Jammu & Kashmir and Ladakh Financial Corporation	2020-21	172.89	-4.61	-183.94	-11.05	2018-19(3)	172.35	18.03
	Total		**537.12**	**-248.74**	**-4,236.66**	**-3,699.38**			

(Source: Latest finalised accounts as on 30 September 2023 and information received from PSUs)
Note: Column 9 and 10 figures are obtained from respective PSUs.

Further as per latest finalised accounts of these 14 PSUs, against their total income of ₹728.19 crore their total expenditure was ₹976.93[25] crore, resulting in gap of ₹248.74 crore. The total borrowings of these PSUs stood at ₹2,560.26 crore at the end of that year.

5.9 Oversight Role of CAG

5.9.1 Audit of Public Sector Undertakings (PSUs)

Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a State Government Company and State Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the Legislature.

5.10 Appointment of statutory auditors of PSUs by CAG

Section 139(5) of the Companies Act, 2013 provides that the statutory auditors in case of a State Government Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year.

[25] Out of total expenditure of ₹976.93 crore, ₹812.32 crore was incurred on indirect expenditure viz Employees benefits, administrative expenses and other expenses etc.

5.11 Submission of accounts by PSUs

5.11.1 Need for timely submission

According to Section 394 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 the State/UT.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration by the shareholders.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Despite the above, annual accounts of various PSUs were pending as on 30 September 2023, as detailed in the following paragraph.

5.11.2 Timeliness in preparation of accounts by Government Companies

As of 31 March 2023, there were 40 Government Companies under the purview of CAG's audit. Of these, accounts for the year 2022-23 were due[26] from 34 Government Companies[27]. However, only four Government Companies submitted their accounts for the financial year 2022-23 for supplementary audit by CAG on or before 30 September 2023. Accounts of 30 Government Companies were in arrears for various reasons. Forty-nine years of accounts of 14 companies, whose net worth had been eroded, were in arrears. Details of arrears in submission of accounts of these are given in **Table 5.19 (A)** below:

[26] The due date for submission of accounts has been considered as 30 September 2023
[27] Excluding six inactive Companies

Table 5.19 (A): Details of arrears in submission of accounts

Particulars		Total
Total number of Companies under the purview of CAG's audit as on 31.03.2023		40
Less: New Companies from which accounts for 2022-23 were not due		0
Less: Companies under liquidation/ inactive[28]		6
Number of companies from which accounts for 2022-23 were due		34
Number of companies which presented the accounts for CAG's audit by 30 September 2023		4
Number of companies with accounts in arrears		30
Breakup of Arrears	(i) Defunct	0
	(ii) First Accounts not submitted	3[29]
	(iii) Others	27
Age-wise analysis of arrears against 'Others' category	Up to one year (2022-23)	3
	Up to two years (2021-22 and 2022-23)	5
	Three years and more	19

Details of these companies along with the position of GoJ&K investment in these PSUs during the period of arrear accounts are indicated in ***Appendix 5.10***.

In case of eight PSUs the pendency in finalisation of financial statements ranged from 5 to 12 years as shown in **Table 5.19 (B)**.

Table 5.19 (B): Instances of large pendency in finalisation of accounts

Sl. No.	Name of the PSU	No. of accounts pending finalisation
1	J&K State Industrial Development Corporation Limited	9
2	J&K Police Housing Corporation Limited	6
3	J&K Minerals Limited	9
4	J&K Cable Car Corporation Limited	9
5	J&K Overseas Employment Corporation Limited	12
6	J&K Power Development Corporation Limited	7
7	J&K Medical Supplies Corporation Limited	7
8	AIC-Jammu & Kashmir EDI Foundation	5

[28] 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)

[29] Three PSUs (AIC- Jammu & Kashmir EDI Foundation, Jammu Mass Rapid Transit Corporation Pvt. Ltd. and Srinagar Mass Rapid Transit Corporation Pvt. Ltd.).

5.11.3 Timeliness in preparation of accounts by Statutory Corporations

As of 31 March 2023, 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 and Ladakh Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

The accounts of Jammu & Kashmir Road Transport Corporation for the period from 2019-20 to 2022-23 and Jammu & Kashmir and Ladakh Financial Corporation for the years 2021-22 to 2022-23 were awaited as on 30 September 2023.

Details of these Corporations along with the position of GoJ&K investment in these Corporations during the period of arrear accounts are indicated in ***Appendix 5.10***.

During the exit conference (April 2024), the Departmental representatives assured that all the PSUs shall be directed to comply with the statutory provisions regarding submission of accounts.

5.12 CAG's oversight - Audit of accounts and supplementary audit

5.12.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. The statutory corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such corporations.

5.12.2 Audit of accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013 conduct audit of accounts of the Government Companies and submit their reports thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power:

- to issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013 and
- to supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

5.12.3 Supplementary Audit of accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under Section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

5.13 Result of CAG's oversight role

Position of supplementary audit of the financial statements of the PSUs conducted by the Comptroller and Auditor General (CAG) of India for the year 2022-23 (or of earlier years which were finalised during the current year) is discussed in the next paragraph.

5.13.1 Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013

Financial statements for the year 2022-23 were received from three[30] Government Companies and one Government Controlled Other Company[31] by 30 September 2023. They were all reviewed in audit.

Thirty seven accounts of previous years in respect of 17 PSUs were also received during the period 1 October 2022 to 30 September 2023, of which comments were issued in case of 19 accounts and 18 accounts were pending finalisation as of 30 September 2023. Further, 46 accounts of 17 PSUs relating to previous years which were received before 1 October 2022 were also reviewed during the current year and comments were issued for all these 46 accounts of 17 PSUs. The important results of the review are detailed in the following table:

[30] Jammu and Kashmir Bank Limited, Jammu & Kashmir Trade Promotion Organisation and JKB Financial Services Limited

[31] Chenab Valley Power Projects Private Limited

Table 5.20: Significant comment issued on Financial Statements

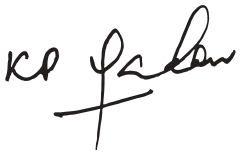
Sl. No.	Name of PSU	Year of Accounts	Impact of Audit
1.	Chenab Valley Power Projects Pvt Limited	2022-23	Provision for committed capital expenditure did not include ₹30.83 crore of cost of land pronounced (August 2018) by Government of J&K under Resettlement and Rehabilitation Plan for project-affected families in respect of construction of Kwar Hydro Electric Project which resulted in understatement of Leasehold land (Assets) by ₹35.83 crore, understatement of provisions for committed capital expenditure (Provisions) by ₹30.83 crore and overstatement of capital advances under Non-Current Assets by ₹5.00 crore.
2.	J&K Industries Limited	2020-21	The Company treated ₹29.12 crore received from District Collector, Land Acquisition, Srinagar against the transfer of 146 kanal land through the Company to the J&K Police Department as its income. The land was transferred (October 2017) by Industries & Commerce Department to the Company with the direction to transfer the same to the J&K Police Department against payment of ₹94.90 crore. As the land was not an asset of the Company, the transfer proceeds of ₹94.90 crore received by the Company from J&K Police Department was a liability/ payable to Govt. of J&K instead of booking the same as income of the Company resulting in overstatement of other income for the current year by ₹29.12 crore (Previous years ₹65.78 crore), understatement of current liabilities by ₹94.90 crore, understatement of the loss for the year by ₹29.12 crore and accumulated loss by ₹94.90 crore.
3.	J&K IT Infrastructure Development Limited	2021-22	The Company treated unutilised amount of grants for construction of IT Towers in Jammu and Srinagar as Capital Grants despite non-fulfillment of attached terms and conditions instead of as Current Liabilities.

5.14 Recommendations

The Government may:

1. Impress upon those PSUs with arrears in accounts to expedite finalisation of their financial statements so that they remain within legislative oversight; and
2. Analyse the reasons for losses in those PSUs whose net worth has eroded and initiate steps to make their operations efficient and profitable.

During the exit conference (April 2024), the Principal Secretary Finance accepted the audit recommendations.



(K. P. YADAW)
Principal Accountant General (Audit),
Jammu and Kashmir

Jammu/ Srinagar
Dated: 17 February 2025

Countersigned

New Delhi
Dated: 03 March 2025

(K. SANJAY MURTHY)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1
(Reference Paragraph: 1.1; page 1)
Profile of Jammu & Kashmir

A. General Data			
Sl. No.	**Particulars**		**Figures**
1	Area		2.22 lakh Sq. Kms
2	Population (Projected 2023)	Jammu & Kashmir UT	1.36 crore
		Jammu & Kashmir UT and Ladakh	1.39 crore
3	Density of Population (Jammu & Kashmir UT and Ladakh) (All India Density: 422.26 persons per Sq.Kms) (Source: Population Projection 2011-2036 for India & States)		62.56 per Sq. Kms
4	Population below poverty line (BPL)^ (All India Average = 21.92 *per cent*)		10.35
5	Literacy (as per 2011 Census)$ (All India Average = 73.00 *per cent*)		67.20
6	Infant mortality @ (per 1000 live births)$$ (All India Average = 28 per 1000 live births-2020)		17
7	Life Expectancy at birth@ (All India Average = 70 years (2016-20)		74.3
8	Human Development Index (India)**	2020	0.642
		2021	0.633
9	Per Capita GSDP CAGR (2013-14 to 2022-23)	Jammu & Kashmir UT & Ladakh	9.50
		North Eastern and Himalayan States	8.83
10	GSDP CAGR (2013-14 to 2022-23)	Jammu & Kashmir UT & Ladakh	10.13
		North Eastern and Himalayan States	10.14
11	Population Growth (2013 to 2023)	Jammu & Kashmir	8.63
		All India (inclusive of UT's)	11.68

B. Financial Data					
Sl. No.	**Particulars (CAGR)**	**Figures (in *per cent*)**			
		2020-21 to 2021-22		**2021-22 to 2022-23**	
		North Eastern and Himalayan States	**Jammu & Kashmir**	**North Eastern and Himalayan States**	**Jammu & Kashmir**
a.	Revenue Receipts	18.08	12.84	10.93	16.44
b.	Own Tax Revenue	19.62	31.88	17.39	5.37
c.	Non-Tax Revenue	2.89	18.74	32.79	6.34
d.	Total Expenditure	16.26	11.44	13.10	4.89
e.	Capital Expenditure (including loans and advance)	28.31	5.59	0.65	-2.59
f.	Revenue Expenditure on Education (General Education and Technical Education)	8.28	7.93	11.59	4.88
g.	Revenue Expenditure on Health& Family Welfare	18.04	12.41	9.15	15.10
h.	Salary & Wages	7.51	9.33	9.81	6.75
i.	Pension	25.75	27.37	10.74	-3.64

Source: Area – Forest Survey Report (2021), Population – Population projection for India and States 2011-2036 by National Commission on Population, Ministry of Health & Family Welfare, Literacy Rate – Census of India 2011, IMR- SRS Bulletin (2020), Poverty BPL – MoSPI, Life Expectancy – SRS based abridged Life Tables (2016-20), Fiscal Priority by Economic Advisor O/o CAG of India.

^ MoSPI (Based on Tendulkar Methodology),

$ Economic Survey 2021-22,

$$ SRS Bulletin (2020)

@ SRS Based Abridged life Tables 2016-20, Registrar General of India

*** UNDP Report HDR 2020*

Appendix 1.2
(Reference Paragraph: 1.4; page 8)
Time Series Data[1] on the UT Government Finances

(₹ in crore)

Part-A Receipts				
Fiscal Aggregate	**31/10/2019 to 31/03/2020**	**2020-21**	**2021-22**	**2022-23**
1.Revenue Receipts (a) + (b)	**22,557.34**	**52,495.48**	**59,238.50**	**68,975.95**
(a) Tax Revenue	**4,056.49**	**8,876.99**	**11,707.28**	**12,335.47**
(i) Revenue from UT's Own Taxes	4,056.49	8,876.99	11,707.28	12,335.47
Of which				
State Goods & Service Tax	2,115.75	4,839.35	6,394.31	7,211.98
Taxes on sales, trade, etc.	782.43	1,495.61	1,906.31	1,554.32
State Excise	587.67	1,347.42	1,782.79	1,793.74
Taxes on vehicles	246.08	488.38	616.24	723.42
Stamps and Registration fees	117.54	325.54	512.02	556.66
Land Revenue	48.32	60.57	113.28	131.60
Other Taxes	158.70	320.12	382.33	363.75
(ii) UT's share of Union taxes and duties	0	0	0	0
(b) Non-Tax Revenue	**18,500.85**	**43,618.49**	**47,531.22**	**56,640.48**
(i) UTs Own Non-Tax Revenue	2,062.77	4,076.38	4,840.45	5,147.55
Of which				
Power Department receipts	1,196.66	2,349.74	2,715.75	3,307.54
(ii) Grants-in-aid from the Union Government	16,438.08	39,542.11	42,690.77	51,492.93
UT's Own Revenues (a) (i) + (b) (i)	6,119.26	12,953.37	16,547.73	17,483.02
Revenue transfers from Centre (a) (ii) + (b) (ii)	16,438.08	39,542.11	42,690.77	51,492.93
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	2.34	1.93	1.03	1.33
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	16,647.37	42,732.93	54,045.36	38,114.47
4. Total receipts in the Consolidated Fund (1+2+3)	**39,207.05**	**95,230.34**	**1,13,284.89**	**1,07,091.75**
5. Contingency Fund receipts	0	25.00	0	0
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	11,364.19	24,833.82	27,223.48	35,464.84
Gross Receipts (4+5+6)	**50,571.24**	**1,20,089.16**	**1,40,508.37**	**1,42,556.59**
Public Account Receipts (Net) including receipts in departmental cash chest and cash balance investment	**3,604.34**	**1,464.16**	**-1,319.63**	**808.46**

[1] Difference of 0.01 crore, wherever occurring, is due to rounding off

Part-B Disbursements				
Fiscal Aggregate	**31/10/2019 to 31/03/2020**	**2020-21**	**2021-22**	**2022-23**
1. Revenue Expenditure (a) + (b)=(i) + (ii) + (iii)	**22,719.43**	**52,633.75**	**59,269.33**	**62,999.34**
(a) CSS/CA	637.96	1,740.45	2,007.69	1,997.43
(b) Normal/General/SFE	22,081.47	50,893.30	57,261.64	61,001.91
(i) General Services (including interest payments)	9,383.75	25,521.16	29,639.86	31,162.12
(ii) Social Services	8,614.74	19,471.70	20,933.14	22,984.37
(iii) Economic Services	4,720.94	7,640.89	8,696.33	8,852.85
2. Capital Expenditure (a) + (b) = (i) + (ii) + (iii)	**5,422.20**	**10,470.38**	**11,047.04**	**10,773.78**
(a) CSS/CA	1,861.63	4,294.25	3,407.58	3,353.45
(b) General	3,560.57	6,176.13	7,639.45	7,420.33
(i) General Services	733.57	776.24	659.03	1,098.38
(ii) Social Services	1,492.93	2,492.57	2,722.61	2,713.42
(iii) Economic Services	3,195.70	7,201.57	7,665.40	6,961.98
3. Disbursement of loans and advances	**38.14**	**61.64**	**73.77**	**59.53**
4. Total (1+2+3)	**28,179.77**	**63,165.77**	**70,390.14**	**73,832.65**
5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances) *of which*	**13,149.34**	**33,563.32**	**41,575.17**	**34,066.90**
Internal Debt (excluding Ways and Means Advances and Overdraft)	985.31	4,134.06	4,067.96	3,910.56
Net transactions under Ways and Means Advances and Overdraft	-295.18	-1,784.54	499.54	1,075.61
Loans and Advances from Government of India (Repayment)	58.91	118.34	119.18	120.01
6. Appropriation to Contingency Fund	**0**	**25.00**	**0**	**0**
7. Gross disbursement out of Consolidated Fund (4+5+6)	**41,329.11**	**96,754.09**	**1,11,965.31**	**1,07,899.55**
8. Contingency Fund disbursements	**0**	**0**	**0**	**0**
9. Gross Public Account disbursements	**7,759.85**	**23,369.66**	**28,543.10**	**34,656.38**
10. Gross disbursements (7+8+9)	**49,088.96**	**1,20,123.75**	**1,40,508.41**	**1,42,555.93**
11. Increase in Cash Balance	**1,482.28**	**-34.59**	**-0.04**	**0.66**
12 Grand Total	**50,571.24**	**1,20,089.16**	**1,40,508.37**	**1,42,556.59**

Part-C Deficits				
Fiscal Aggregate	**31/10/2019 to 31/03/2020**	**2020-21**	**2021-22**	**2022-23**
1. Revenue Surplus (+)/Revenue Deficit (-) (Revenue Receipts-Revenue Expenditure)	**-162.09**	**-138.27**	**-30.83**	**+5,976.61**
2. Fiscal Deficit (-)**/Surplus** (+) **(Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts)**	**-5,620.09**	**-10,693.36**	**-11,150.60**	**-4,855.37**
3. Primary Deficit (-)/Surplus (+) (Fiscal Deficit –Interest Payment)	**-3,088.46**	**-4,320.90**	**-3,790.29**	**+3,638.45**
4. Interest Payments (included in revenue expenditure)	**2,531.63**	**6,372.46**	**7,360.31**	**8,493.82**
5. Financial Assistance to local bodies, etc.	**3,998.98**	**6,531.86**	**4,870.85**	**6,280.51**
6. Ways and Means Advances/overdraft availed (days)	**132 (overdraft on 51 days)**	**318 (overdraft on 58 days)**	**125 (overdraft on 78 days)**	**147 (overdraft on 135 days)**
7. Interest on WMA/Overdraft	**12.87**	**40.13**	**61.64**	**47.34**
8. Public Debt Receipts	**16,647.37**	**42,732.93**	**54,045.36**	**38,114.47**
9. Gross State Domestic Product at Current Prices (GSDP[2])	**1,64,103**	**1,67,652**	**1,99,917**	**2,27,927**
10. Outstanding Public Debt[3] (year end) excluding Public Account	**3,498.03**	**12,667.64**	**25,137.83**	**29,185.40**
11. Outstanding guarantees (year end) plus interest	**1,324.54**	**1,486.07**	**12,328.80**	**24,867.44**
12. Maximum amount guaranteed (year end)	**5,204.84**	**12,564.18**	**13,449.49**	**34,832.87**
13. Number of incomplete projects		**165**	**397**	**48**
14. Capital blocked in incomplete projects		**464.91**	**1,095.53**	**133.71**
Total Expenditure/GSDP *(per cent)*	NA	37.68	35.21	32.39
Revenue Receipts/Total expenditure *(per cent)*	80.05	83.11	84.16	93.42
Revenue Expenditure/Total Expenditure *(per cent)*	80.62	83.33	84.20	85.33
Expenditure on Social Services/Total Expenditure *(per cent)*	35.87	34.77	33.61	34.81
Expenditure on Economic Services/Total Expenditure *(per cent)*	28.09	23.50	23.24	21.42
Capital Expenditure/Total Expenditure *(per cent)*	19.24	16.58	15.69	14.59
Capital Expenditure on Social and Economic Services/Total Expenditure *(per cent)*	16.64	15.35	14.76	13.10
Revenue Surplus/Revenue Deficit as *per cent* of GSDP	-	-0.08	-0.02	+2.62
Fiscal Deficit as *per cent* of GSDP	-	-6.38	-5.58	-2.13
Primary Deficit as *per cent* of GSDP	-	-2.58	-1.90	+1.60
Revenue Deficit/Fiscal Deficit *(per cent)*	-	-1.29	-0.28	123.09
Liabilities/GSDP[4]*(per cent)*	-	8.88(58.70)	11.70 (53.49)	12.26(48.26)
Liabilities/Revenue Receipts *(per cent)*	-	28.35	39.48	40.52
Debt Redemption (Principal+Interest)/Total Debt Receipts for the year *(per cent)*	89	89	87	106
Return on Investment	Nil	Nil	Nil	Nil
Financial Assets/Liabilities	98	98	99	116

Source: Finance Accounts

[2] Figures of GSDP is from MOSPI website.

[3] Includes internal debt and Loan and Advances from Central Government only.

[4] Liability to GSDP has been arrived at after reducing back to back loans from liability during 2020-21 (₹16,980.28 crore - ₹2,099.80 crore = ₹14,880.48 crore), 2021-22 (₹29,335.41 crore - ₹5,945.29 crore = ₹23,390.12 crore) and 2022-23: ₹33,891.93 crore - ₹5,945.29 crore = ₹27,946.64 crore). The liability to GSDP after including liability of erstwhile State amounting to ₹83,536.63 crore during 2020-21 and 2021-22 and ₹82,050.50 crore during 2022-23 which is yet to be apportioned has been shown in bracket.

Appendix 1.2 (Continued)
(Reference Paragraph: 1.4; page 8)
Abstract of Receipts and Disbursements for the year 2022-23

(₹ in crore)

Receipts			Disbursements		
Various items	**2021-22**	**2022-23**	**Various items**	**2021-22**	**2022-23**
1	**2**	**3**	**4**	**5**	**6**
Section-A: Revenue					
I. Revenue Receipts	***59,238.50***	**68,975.95**	**I. Revenue Expenditure**	**59,269.33**	**62,999.34**
Own-Tax Revenue	*11,707.28*	*12,335.47*	**General Services**	**29,639.86**	**31,162.12**
			Social Services	***20,933.14***	**22,984.37**
Non-Tax Revenue	*4,840.45*	*5,147.55*	Education, Sports, Art and Culture	*10,851.32*	*11,427.44*
			Health and Family Welfare	*4,977.19*	*5,728.95*
State's Share of Union Taxes	*0*	*0*	Water Supply, Sanitation/H&UD	*2,539.46*	*3,119.84*
			Information and Broadcasting	*84.94*	*104.98*
Centrally Sponsored Schemes	*6,713.77*	*6,029.68*	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	*105.40*	*95.55*
Finance Commission Grants	*0*	*0*	Labour and Labour Welfare	*56.95*	*48.09*
Grants from Govt. of India (Other Transfer/ Grants to States)	*35,977.00*	*45,463.25*	Social Welfare and Nutrition	*2,270.18*	*2,409.12*
			Others	*47.70*	*50.40*
			Economic Services	**8,696.33**	**8,852.85**
			Agriculture and Allied Activities	*3,073.53*	*3,355.44*
			Rural Development	*517.45*	*578.97*
			Special Areas Programmes	*0*	*0*
			Irrigation and Flood Control	*612.07*	*639.33*
			Energy	*3,131.10*	*2,768.74*
			Industries and Minerals	*370.25*	*437.16*
			Transport	*420.79*	*666.01*
			Science, Technology and Environment	*45.16*	*48.48*
			General Economic Services	*325.98*	*358.72*
II. Revenue deficit carried over to Section –B	**30.83**	**0**	**II. Revenue Surplus carried over to Section-B**		**5,976.61**
Total Section-A	**59,269.33**	**68,975.95**	**Total Section-A**	**59,269.33**	**68,975.95**

Receipts			Disbursements		
Various items	**2021-22**	**2022-23**	**Various items**	**2021-22**	**2022-23**
1	**2**	**3**	**4**	**5**	**6**
Section B: Capital					
III. Opening Cash balance including Permanent Advances and Cash Balance Investment	**1,447.69**	**1,447.65**	**III. Capital Outlay**	**11,047.04**	**10,773.78**
IV. Misc. Capital receipts	**0**	**0**	**General Services**	**659.03**	**1,098.38**
			Social Services	**2,722.61**	**2,713.42**
			Education, Sports, Art and Culture	*572.31*	*851.87*
			Health and Family Welfare	*636.79*	*365.76*
			Water Supply, Sanitation/H&UD	*835.40*	*989.39*
			Information and Broadcasting	*0.22*	*0.04*
			Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	*125.35*	*100.92*
			Social Welfare and Nutrition	*536.57*	*387.72*
			Other Social Services	*15.97*	*17.72*
			Economic Services	**7,665.40**	**6,961.98**
			Agriculture and Allied Activities	*796.24*	*586.61*
			Rural Development	*1,267.65*	*2,436.39*
			Special Areas Programmes	*0*	*0*
			Irrigation and Flood Control	*142.37*	*258.40*
			Energy	*1,230.00*	*722.46*
			Industries and Minerals	*129.21*	*100.92*
			Transport	*2,667.58*	*2,094.11*
			Science, Technology and Environment	*52.61*	*37.17*
			General Economic Services	*1,379.74*	*725.92*
V. Recoveries of Loans and Advances	**1.03**	**1.33**	**IV. Loans and Advances Disbursement**	**73.77**	**59.53**
Industries and Minerals	*0.01*	*0.01*	Industries and Minerals	*33.77*	*52.03*
Government servants	*0.78*	*0.81*	Transport	*40.00*	*7.50*
Others	*0.24*	*0.51*	Others	*0*	*0*

Receipts			Disbursements		
Various items	**2021-22**	**2022-23**	**Various items**	**2021-22**	**2022-23**
1	**2**	**3**	**4**	**5**	**6**
VI. Revenue surplus	**0**	**5,976.61**	**V. Revenue deficit**	**30.83**	**0**
VII. Public Debt Receipts	**17,942.33**	**9,153.75**	**VI. Repayment of Public Debt**	**5,472.14**	**5,106.18**
Internal debt of the State Government other than Ways and Advances	*14,096.84*	*9,153.75*	Internal debt of the State Government other than Ways and Advances	*4,067.96*	*3,910.56*
Loans and Advances from GOI	*3,845.49*	*0*	Repayment of Loans and Advances from GOI.	*119.18*	*120.01*
Net Ways and Means Advance	-	-	Net Ways and Means Advance	*1,285.00*	*1,075.61*
VIII. Appropriation to Contingency Fund	**0**	**0**	**VII. Appropriation to Contingency Fund**	**0**	**0**
IX. Amount recouped to Contingency Fund	**0**	**0**	**VIII-Expenditure from Contingency Fund**	**0**	**0**
X. Public Account Receipts	**27,223.48**	**35,464.84**	**IX-Public Account Disbursements**	**28,543.10**	**34,656.38**
Small Savings and Provident Funds	*6,023.99*	*6,062.49*	Small Savings and Provident Funds	*6,618.55*	*6,636.19*
Reserve Funds	*432.90*	*452.45*	Reserve Funds	*283.90*	*76.84*
Deposits and Advances	*4,282.24*	*4,612.87*	Deposits and Advances	*3,951.72*	*3,905.82*
Suspense and Miscellaneous	*16,438.34*	*24,335.85*	Suspense and Miscellaneous	*16,310.11*	*24,046.99*
Remittances	*46.01*	*1.18*	Remittances	*1,378.82*	*-9.46*
			X. Cash Balance at the end	**1,447.65**	**1,448.31**
			Deposits with Banks	*1,447.65*	*1,448.31*
Total Section-B	**46,614.53**	**52,044.18**	**Total Section-B**	**44,614.53**	**52,044.18**

Explanatory Notes

1. *The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.*
2. *Government accounts being mainly on cash basis, the deficit on Government account indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation on stock figures etc. do not figure in the accounts.*
3. *Suspense and Miscellaneous balances include cheques issued but not paid and payments made on behalf of the UT and others pending settlement, etc.*

Appendix 1.2 (Continued)
Summarised financial position of the Government of UT of Jammu and Kashmir as on 31 March 2023

(₹ in crore)

As on 31 March 2022			As on 31 March 2023	
Liabilities				
	19,306.08	**Internal Debt**		**23,473.66**
15,022.22		Market Loans bearing interest	21,345.21	
(-) 301.22		Loans from LIC	(-) 432.76	
499.54		Ways and Means Advances from Reserve Bank of India (RBI)	(-) 576.07	
4,085.54		Loans from other Institutions	3,137.28	
	5,831.75	**Loans and Advances from Central Government**		**5,711.74**
0		Pre 1984-85 Loans	0	
0		Non-Plan Loans	0	
(-) 293.72		Loans for State /Union territories loan schemes	(-) 412.46	
6,125.47		Other Loans for States/ Union Territory with Legislature Schemes	6,124.20	
	25.00	**Contingency Fund**		**25.00**
	1,591.41	**Small Savings, Provident Funds, etc.**		**1,017.70**
	920.13	**Reserve Funds**		**1,295.74**
	1,686.04	**Deposits**		**2,393.09**
	0	**Remittance Balances**		**0**
	249.38	**Suspense and Misc. Balances**		**538.23**
	0	**Surplus on Government Account**		**5,620.67**
	0.02	**Difference in machine number**		**0**
	29,609.81	**Total**		**40,075.83**

As on 31 March 2022			As on 31 March 2023	
Assets				
	26,939.61	**Gross Capital Outlay on Fixed Assets**		**37,713.39**
235.40		Investments in shares of Companies, Corporations, etc.	266.27	
26,704.21		Other Capital Outlay	37,447.12	
	168.26	**Loans and Advances**		**226.46**
73.89		Industries and Minerals	125.90	
95.50		Transport	103.00	
0		Energy	0	
0		Agriculture and Allied Activities	(-) 0.07	
0.27		Other Development Loans	(-) 0.16	
(-)1.40		Loans to Government servants and Miscellaneous Loans	(-) 2.21	
	0	**Advances**		**0**
	0	**Suspense and Miscellaneous Balances**		**0**
	698.32	**Remittance Balances**		**687.67**
	0	**Contingency Fund(un-recouped)**		**0**
	0	**Contingency Fund (Corpus)**		**0**
	1,447.65	**Cash**		**1,448.31**
0		Cash in Treasuries and Local Remittances	0	
1,447.65		Deposits with Bank	1,448.31	
	355.97	Cumulative Excess of Expenditure over Receipts		**0**
	29,609.81	**Total**		**40,075.83**

Source: Finance Accounts Assets and Liability ending 30/10/2019 in respect of erstwhile J&K State has not been apportioned between Union Territory of J&K and Union Territory of Ladakh.

Appendix 3.1
(Reference Paragraph: 3.1.3; page 80)
Budget Estimates and Actual Outturn under Revenue Section

(*₹ in crore*)

Grant No.	Budget Estimate			Actual Outturn			Deviation	Percentage
	Revenue Voted	Revenue Charged	Total	Revenue Voted	Revenue Charged	Total		
1	560.11	30.66	590.77	417.79	23.70	441.49	-149.28	-25.27
2	9,764.67	0	9,764.67	8,035.35	0	8,035.35	-1,729.32	-17.71
3	154.67	0	154.67	100.34	0	100.34	-54.33	-35.13
4	131.95	0	131.95	104.98	0	104.98	-26.97	-20.44
6	6,310.51	0	6,310.51	2,768.74	0	2,768.74	-3,541.77	-56.12
7	11,017.35	0	11,017.35	9,444.52	0	9,444.52	-1,572.83	-14.28
8	14,212.29	9,075.77	23,288.06	11,952.32	8,493.82	20,446.14	-2,841.92	-12.20
9	57.82	0.87	58.69	23.63	0	23.63	-35.06	-59.74
10	680.78	96.50	777.28	309.91	62.36	372.27	-405.01	-52.11
11	447.18	0	447.18	341.14	0	341.14	-106.04	-23.71
12	1,339.36	0	1,339.36	1,179.40	0	1,179.40	-159.96	-11.94
13	722.21	0	722.21	588.36	0	588.36	-133.85	-18.53
14	906.72	0	906.72	581.94	0	581.94	-324.78	-35.82
15	318.26	0	318.26	178.56	0	178.56	-139.7	-43.89
16	1,202.76	0	1,202.76	1,360.34	0	1,360.34	157.58	13.10
17	6,996.00	0	6,996.00	5,728.95	0	5,728.95	-1,267.05	-18.11
18	3,004.64	0	3,004.64	2,095.17	0	2,095.17	-909.47	-30.27
19	1,330.06	0	1,330.06	1,270.35	0	1,270.35	-59.71	-4.49
20	228.85	0	228.85	161.98	0	161.98	-66.87	-29.22
21	1,688.43	0	1,688.43	1,248.01	0	1,248.01	-440.42	-26.08
22	810.29	0	810.29	609.36	0	609.36	-200.93	-24.80
23	1,936.27	0	1,936.27	1,746.35	0	1,746.35	-189.92	-9.81
24	229.91	0	229.91	184.87	0	184.87	-45.04	-19.59
25	108.50	0	108.50	74.08	0	74.08	-34.42	-31.72
26	119.04	0	119.04	107.90	0	107.90	-11.14	-9.36
27	1,482.66	0	1,482.66	1,412.91	0	1,412.91	-69.75	-4.70
28	815.32	0	815.32	583.85	0	583.85	-231.47	-28.39
29	117.32	0	117.32	76.27	0	76.27	-41.05	-34.99
30	135.10	0	135.10	64.86	0	64.86	-70.24	-51.99
31	79.49	0	79.49	59.56	0	59.56	-19.93	-25.07
32	192.93	0	192.93	144.81	0	144.81	-48.12	-24.94
33	1,027.58	0	1,027.58	847.06	0	847.06	-180.52	-17.57
34	666.87	0	666.87	524.18	0	524.18	-142.69	-21.40
35	21.03	0	21.03	11.92	0	11.92	-9.11	-43.32
36	176.33	0	176.33	79.69	0	79.69	-96.64	-54.81
Total	**68,993.26**	**9,203.80**	**78,197.05**	**54,419.45**	**8,579.88**	**62,999.34**	**-15,197.71**	**19.43**

Source: Appropriation Accounts 2022-23.

Appendix 3.2
(Reference Paragraph: 3.1.3; page 80)
Budget Estimates and Actual Outturn under Capital Section

(*₹ in crore*)

Grant No.	Budget Estimate			Actual Outturn			Deviation	Percentage
	Capital Voted	Capital Charged	Total	Capital Voted	Capital Charged	Total		
1	206.59	0	206.59	41.51	0	41.51	-165.08	-79.91
2	1,242.82	0	1,242.82	267.41	0	267.41	-975.41	-78.48
3	974.92	0	974.92	452.30	0	452.30	-522.62	-53.61
4	100.48	0	100.48	0.04	0	0.04	-100.44	-99.96
6	2,457.58	0	2,457.58	722.46	0	722.46	-1,735.12	-70.60
7	944.41	0	944.41	462.51	0	462.51	-481.90	-51.03
8	1,444.80	32,720.87	34,165.67	351.80	34,066.91	34,418.71	253.04	0.74
9	4.00	0	4.00	0	0	0	-4.00	-100.00
10	122.00	0	122.00	49.51	0	49.51	-72.49	-59.42
11	555.80	0	555.80	143.20	0	143.20	-412.60	-74.24
12	1,496.04	0	1,496.04	235.06	0	235.06	-1,260.98	-84.29
13	266.10	0	266.10	110.81	0	110.81	-155.29	-58.36
14	93.50	0	93.50	15.19	0	15.19	-78.31	-83.75
15	369.38	0	369.38	79.01	0	79.01	-290.37	-78.61
16	5,217.87	0	5,217.87	2,761.44	0	2,761.44	-2,456.43	-47.08
17	1,882.56	0	1,882.56	365.76	0	365.76	-1,516.80	-80.57
18	198.07	0	198.07	91.85	0	91.85	-106.22	-53.63
19	3,112.88	0	3,112.88	780.62	0	780.62	-2,332.26	-74.92
20	278.95	0	278.95	156.14	0	156.14	-122.81	-44.03
21	200.76	0	200.76	65.64	0	65.64	-135.12	-67.30
22	1,409.99	0	1,409.99	238.68	0	238.68	-1,171.31	-83.07
23	8,051.46	0	8,051.46	208.77	0	208.77	-7,842.69	-97.41
24	51.21	0	51.21	31.53	0	31.53	-19.68	-38.43
25	67.58	0	67.58	10.03	0	10.03	-57.55	-85.16
26	125.80	0	125.80	12.61	0	12.61	-113.19	-89.98
27	862.25	0	862.25	222.47	0	222.47	-639.78	-74.20
28	4,627.85	0	4,627.85	2,436.39	0	2,436.39	-2,191.46	-47.35
29	65.50	0	65.50	15.76	0	15.76	-49.74	-75.94
30	432.79	0	432.79	80.35	0	80.35	-352.44	-81.43
31	325.82	0	325.82	10.49	0	10.49	-315.33	-96.78
32	498.98	0	498.98	160.69	0	160.69	-338.29	-67.80
33	566.62	0	566.62	99.24	0	99.24	-467.38	-82.49
34	265.85	0	265.85	165.88	0	165.88	-99.97	-37.60
35	127.91	0	127.91	34.17	0	34.17	-93.74	-73.29
36	15.00	0	15.00	2.90	0	2.90	-12.10	-80.67
Total	**38,664.12**	**32,720.87**	**71,384.98**	**10,882.22**	**34,066.91**	**44,949.12**	**-26,435.86**	**-37.03**

Source: Appropriation Accounts 2022-23.

Appendix 3.3
(Reference Paragraph: 3.1.3; page 81)
Revised Estimates and Actual Outturn under Revenue Section

(*₹ in crore*)

Grant No.	Revised Estimate			Actual Outturn			Deviation	Percentage
	Revenue Voted	Revenue Charged	Total	Revenue Voted	Revenue Charged	Total		
1	497.05	28.81	525.86	417.79	23.70	441.49	-84.37	-16.04
2	9,764.67	0	9,764.67	8,035.35	0	8,035.35	-1,729.32	-17.71
3	132.54	0	132.54	100.34	0	100.34	-32.2	-24.29
4	120.51	0	120.51	104.98	0	104.98	-15.53	-12.89
6	4,404.50	0	4,404.50	2,768.74	0	2,768.74	-1,635.76	-37.14
7	11,017.35	0	11,017.35	9,444.52	0	9,444.52	-1,572.83	-14.28
8	14,212.29	9,075.77	23,288.06	11,952.32	8,493.82	20,446.14	-2,841.92	-12.20
9	34.80	0	34.80	23.63	0	23.63	-11.17	-32.10
10	680.78	96.50	777.28	309.91	62.36	372.27	-405.01	-52.11
11	431.71	0	431.71	341.14	0	341.14	-90.57	-20.98
12	1,274.44	0	1,274.44	1,179.40	0	1,179.40	-95.04	-7.46
13	675.66	0	675.66	588.36	0	588.36	-87.3	-12.92
14	838.77	0	838.77	581.94	0	581.94	-256.83	-30.62
15	229.56	0	229.56	178.56	0	178.56	-51	-22.22
16	1,202.76	0	1,202.76	1,360.34	0	1,360.34	157.58	13.10
17	6,598.16	0	6,598.16	5,728.95	0	5,728.95	-869.21	-13.17
18	2,960.10	0	2,960.10	2,095.17	0	2,095.17	-864.93	-29.22
19	1,330.06	0	1,330.06	1,270.35	0	1,270.35	-59.71	-4.49
20	217.29	0	217.29	161.98	0	161.98	-55.31	-25.45
21	1,549.51	0	1,549.51	1,248.01	0	1,248.01	-301.5	-19.46
22	692.25	0	692.25	609.36	0	609.36	-82.89	-11.97
23	1,936.27	0	1,936.27	1,746.35	0	1,746.35	-189.92	-9.81
24	229.70	0	229.70	184.87	0	184.87	-44.83	-19.52
25	107.37	0	107.37	74.08	0	74.08	-33.29	-31.00
26	110.71	0	110.71	107.90	0	107.90	-2.81	-2.54
27	1,453.84	0	1,453.84	1,412.91	0	1,412.91	-40.93	-2.82
28	750.59	0	750.59	583.85	0	583.85	-166.74	-22.21
29	104.91	0	104.91	76.27	0	76.27	-28.64	-27.30
30	132.30	0	132.30	64.86	0	64.86	-67.44	-50.98
31	79.49	0	79.49	59.56	0	59.56	-19.93	-25.07
32	156.72	0	156.72	144.81	0	144.81	-11.91	-7.60
33	1,027.58	0	1,027.58	847.06	0	847.06	-180.52	-17.57
34	651.66	0	651.66	524.18	0	524.18	-127.48	-19.56
35	20.64	0	20.64	11.92	0	11.92	-8.72	-42.25
36	176.33	0	176.33	79.69	0	79.69	-96.64	-54.81
Total	**65,802.87**	**9,201.08**	**75,003.95**	**54,419.45**	**8,579.88**	**62,999.34**	**-12,004.61**	**-16.01**

Source: Appropriation Accounts2022-23.

Appendix 3.4
(Reference Paragraph: 3.1.3; page 81)
Revised Estimates and Actual Outturn under Capital Section

(*₹ in crore*)

Grant No.	Revised Estimate			Actual Outturn			Deviation	Percentage
	Capital Voted	Capital Charged	Total	Capital Voted	Capital Charged	Total		
1	121.71	0	121.71	41.51	0	41.51	-80.2	-65.89
2	662.69	0	662.69	267.41	0	267.41	-395.28	-59.65
3	870.65	0	870.65	452.30	0	452.30	-418.35	-48.05
4	50.48	0	50.48	0.04	0	0.04	-50.44	-99.92
6	2,075.04	0	2,075.04	722.46	0	722.46	-1,352.58	-65.18
7	598.51	0	598.51	462.51	0	462.51	-136	-22.72
8	807.74	31,030.29	31,838.03	351.80	34,066.91	34,418.71	2,580.68	8.11
9	0	0	0	0	0	0	0	0
10	122.00	0	122.00	49.51	0	49.51	-72.49	-59.42
11	458.39	0	458.39	143.20	0	143.20	-315.19	-68.76
12	788.31	0	788.31	235.06	0	235.06	-553.25	-70.18
13	243.86	0	243.86	110.81	0	110.81	-133.05	-54.56
14	46.85	0	46.85	15.19	0	15.19	-31.66	-67.58
15	369.38	0	369.38	79.01	0	79.01	-290.37	-78.61
16	3,963.88	0	3,963.88	2,761.44	0	2,761.44	-1,202.44	-30.33
17	1,882.56	0	1,882.56	365.76	0	365.76	-1516.8	-80.57
18	123.69	0	123.69	91.85	0	91.85	-31.84	-25.74
19	2,253.26	0	2,253.26	780.62	0	780.62	-1,472.64	-65.36
20	278.95	0	278.95	156.14	0	156.14	-122.81	-44.03
21	139.23	0	139.23	65.64	0	65.64	-73.59	-52.85
22	1,409.99	0	1,409.99	238.68	0	238.68	-1,171.31	-83.07
23	2,530.49	0	2,530.49	208.77	0	208.77	-2,321.72	-91.75
24	51.21	0	51.21	31.53	0	31.53	-19.68	-38.43
25	44.71	0	44.71	10.03	0	10.03	-34.68	-77.57
26	118.00	0	118.00	12.61	0	12.61	-105.39	-89.31
27	729.75	0	729.75	222.47	0	222.47	-507.28	-69.51
28	4,413.75	0	4,413.75	2,436.39	0	2,436.39	-1,977.36	-44.80
29	45.00	0	45.00	15.76	0	15.76	-29.24	-64.98
30	432.79	0	432.79	80.35	0	80.35	-352.44	-81.43
31	124.13	0	124.13	10.49	0	10.49	-113.64	-91.55
32	498.98	0	498.98	160.69	0	160.69	-338.29	-67.80
33	145.00	0	145.00	99.24	0	99.24	-45.76	-31.56
34	265.85	0	265.85	165.88	0	165.88	-99.97	-37.60
35	72.85	0	72.85	34.17	0	34.17	-38.68	-53.10
36	15.00	0	15.00	2.90	0	2.90	-12.1	-80.67
Total	**26,754.68**	**31,030.29**	**57,784.95**	**10,882.22**	**34,066.91**	**44,949.12**	**-12,835.83**	**-22.21**

Source: Appropriation Accounts2022-23.

Appendix 3.5
(Reference Paragraph: 3.3.1; page 81)
Expenditure incurred without authority of law

Sl. No.	Grant/ Appropriation	Major Heads of Accounts	Expenditure *(₹ in crore)*	Number of Schemes/Sub Heads
1	8	2030, 2075, 2235, 2049, 6003, 6004	12,343.93	18
2	11	2851	0.31	2
3	12	2401, 2851, 4401	0.13	3
4	17	4210	0.02	1
5	18	2225, 2235, 4235	0.73	6
6	33	2245	71.70	1
Total			**12,416.82**	**31**

Source: Appropriation Accounts2022-23.

Appendix 3.6

(Reference Paragraph: 3.3.3; page 83)

Cases of unnecessary and insufficient Supplementary Grant/Appropriation

A: Cases of Unnecessary supplementary grant/ appropriation

(₹ in crore)

S. No.	Number and Name of the Grant	Original Provision	Supple-mentary Provision	Augmen-tation	Supplemen-tary and augmenta-tion	Actual Expenditure	Savings out of original provision
I- Revenue (Voted)							
1	2- Home Department	9,588.37	0	176.31	176.31	8,035.35	1,553.02
2	7-Education Department	10,888.37	0	128.98	128.98	9,444.52	1,443.85
3	10-Law Department	637.11	43.67	0	43.67	309.91	327.20
4	17-Health and Medical Education Department	6,388.63	607.37	0	607.37	5,728.95	659.68
5	23-Public Health Engineering Department	1,805.63	0	130.64	130.64	1,746.35	59.28
6	24-Hospitality Protocol Estates Parks & Gardens	226.55	3.36	0	3.36	184.87	41.68
7	31- Culture Department	67.35	0	12.14	12.14	59.56	7.79
8	33- Disaster Management Relief Rehabilitation and Reconstruction Department	994.10	0	33.47	33.47	847.06	147.04
9	36-Co-Operative Department	85.08	91.25	0	91.25	79.69	5.39
	Total –I	**30,681.19**	**745.65**	**481.54**	**1,227.19**	**26,436.26**	**4,244.93**
II-Revenue (Charged)							
10	10- Law Department	81.39	15.11	0	15.11	62.36	19.03
	Total –II	**81.39**	**15.11**	**0**	**15.11**	**62.36**	**19.03**

III-Capital (Voted)							
11	15- Food Civil Supplies and Consumer Affairs Department	306.26	0	63.11	63.11	79.01	227.25
12	17- Health and Medical Education Department	1,484.72	0	397.83	397.83	365.76	1,118.96
13	22- Irrigation and Flood Control Department	1,237.69	54.27	118.04	172.31	238.68	999.01
14	30- Tribal Affairs Department	282.23	147.76	2.80	150.56	80.35	201.88
15	32- Horticulture Department	454.00	8.77	36.21	44.98	160.69	293.31
16	34- Youth Services and Technical Education Department	244.99	5.65	15.21	20.86	165.88	79.11
Total -III		**4,009.89**	**216.45**	**633.20**	**849.65**	**1,090.37**	**2,919.52**
Grand Total (A)		**34,772.47**	**977.21**	**1,114.74**	**2,091.95**	**27,588.99**	**7,183.48**

B: Cases of Insufficient supplementary provisions

S. No.	Number and Name of the Grant	Original Provision	Supple-mentary Provision	Augmentation	Supple-mentary and augmen-tation	Total budget approved	Actual Expendi-ture	Excess over approved budget
I-Revenue voted								
1	16-Public Works department	1,078.70	0	124.06	124.06	1,202.76	1,360.34	157.58
Total-I		**1,078.70**	**0**	**124.06**	**124.06**	**1,202.76**	**1,360.34**	**157.58**
II-Capital Charged								
2	8-Finance Department	32,720.87	0	0	0	32,720.87	34,066.91	1,346.04
Total-II		**32,720.87**	**0**	**0**	**0**	32,720.87	**34,066.91**	**1,346.04**
Grand total (B)		**33,799.57**	**0**	**124.06**	**124.06**	**33,923.63**	**35,427.25**	**1,503.62**

Appendix 3.7
(Reference Paragraph: 3.4; page 84)
Substantial Savings

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percen-tage of Saving	Saving in Capital section	Percentage of Saving under Capital Section
1	1	General Administration Department						
		Revenue						
		Voted	560.11	417.79	142.32			
		Charged	30.66	23.70	6.96			
		Capital						
		Voted	206.59	41.51	165.08		165.08	**80%**
		Total	**797.36**	**483.00**	**314.36**	**39%**		
2	2	Home Department						
		Revenue						
		Voted	9,764.67	8,035.35	1,729.32			
		Capital						
		Voted	1,242.82	267.41	975.41		975.41	**78%**
		Total	**11,007.49**	**8,302.76**	**2,704.73**	**25%**		
3	3	Planning Department						
		Revenue						
		Voted	154.67	100.34	54.33			
		Capital						
		Voted	974.92	452.30	522.62		522.62	**54%**
		Total	**1,129.59**	**552.64**	**576.95**	**51%**		
4	4	Information Department						
		Revenue						
		Voted	131.95	104.98	26.97			
		Capital						
		Voted	100.48	0.04	100.44		**100.44**	**99.9%**
		Total	**232.43**	**105.02**	**127.41**	**54%**		
5	6	Power Development Department						
		Revenue						
		Voted	6,310.51	2,768.74	3,541.77			
		Capital						
		Voted	2,457.58	722.46	1,735.12		1,735.12	**71%**
		Total	**8,768.09**	**3,491.20**	**5,276.89**	**60%**		
6	7	Education Department						
		Revenue						
		Voted	11,017.35	9,444.52	1,572.83			
		Capital						
		Voted	944.41	462.51	481.90		481.89	**51%**
		Total	**11,961.76**	**9,907.03**	**2,054.73**	**17%**		

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percen-tage of Saving	Saving in Capital section	Percentage of Saving under Capital Section
7	8	Finance Department						
		Revenue						
		Voted	14,212.29	11,952.32	2,259.97			
		Charged	9,075.77	8,493.82	581.95			
		Capital						
		Voted	1,444.80	351.80	1,093.00			
		Charged	32,720.87	34,066.91	-1,346.04			
		Total	**57,453.73**	**54,864.85**	**2,588.88**	**5%**		
8	10	Law Department						
		Revenue						
		Voted	680.78	309.91	370.87			
		Charged	96.50	62.36	34.14			
		Capital						
		Voted	122.00	49.51	72.49			
		Total	**899.28**	**421.78**	**477.50**	**53%**		
9	11	Industry and Commerce Department						
		Revenue						
		Voted	447.18	341.14	106.04			
		Capital						
		Voted	555.80	143.20	412.60		412.60	**74%**
		Total	**1,002.98**	**484.34**	**518.64**	**52%**		
10	12	Agriculture Department						
		Revenue						
		Voted	1,339.36	1,179.40	159.96			
		Capital						
		Voted	1,496.04	235.06	1,260.98		**1,260.98**	**84%**
		Total	**2,835.40**	**1,414.46**	**1,420.94**	**50%**		
11	13	Animal/ Sheep Husbandary Department						
		Revenue						
		Voted	722.21	588.36	133.85			
		Capital						
		Voted	266.10	110.81	155.29		155.29	**58%**
		Total	**988.31**	**699.17**	**289.14**	**29%**		
12	14	Revenue Department						
		Revenue						
		Voted	906.72	581.94	324.78			
		Capital						
		Voted	93.50	15.19	78.31			
		Total	**1,000.22**	**597.13**	**403.09**	**40%**		
13	15	Food Civil Supplies and Consumer Affairs Department						

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percen-tage of Saving	Saving in Capital section	Percentage of Saving under Capital Section
		Revenue						
		Voted	318.26	178.56	139.70			
		Capital						
		Voted	369.38	79.01	290.37		290.37	**79%**
		Total	**687.64**	**257.57**	**430.07**	**63%**		
14	16	Public Works Department						
		Revenue						
		Voted	1,202.76	1,360.34	-157.58			
		Capital						
		Voted	5,217.87	2,761.44	2,456.43		2,456.43	**47%**
		Total	**6,420.63**	**4,121.78**	**2,298.85**	**36%**		
15	17	Health And Medical Education Department						
		Revenue						
		Voted	6,996.00	5,728.95	1,267.05			
		Capital						
		Voted	1,882.56	365.76	1,516.80		1,516.80	**81%**
		Total	**8,878.56**	**6,094.71**	**2,783.85**	**31%**		
16	18	Social Welfare Department						
		Revenue						
		Voted	3,004.64	2,095.17	909.47			
		Capital						
		Voted	198.07	91.85	106.22		**106.22**	**54%**
		Total	**3,202.71**	**2,187.02**	**1,015.69**	**32%**		
17	19	Housing And Urban Development Department						
		Revenue						
		Voted	1,330.06	1,270.35	59.71			
		Capital						
		Voted	3,112.88	780.62	2,332.26		**2,332.26**	**75%**
		Total	**4,442.94**	**2,050.97**	**2,391.97**	**54%**		
18	20	Tourism Department						
		Revenue						
		Voted	228.85	161.98	66.87			
		Capital						
		Voted	278.95	156.14	122.81		122.81	**44%**
		Total	**507.80**	**318.12**	**189.68**	**37%**		
19	21	Forest Department						
		Revenue						
		Voted	1,688.43	1,248.01	440.42			
		Capital						
		Voted	200.76	65.64	135.12		135.12	**67%**
		Total	**1,889.19**	**1,313.65**	**575.54**	**30%**		

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percen-tage of Saving	Saving in Capital section	Percentage of Saving under Capital Section
20	22	Irrigation And Food Control Department						
		Revenue						
		Voted	810.29	609.36	200.93			
		Capital						
		Voted	1,409.99	238.68	1,171.31		1,171.31	**83%**
		Total	**2,220.28**	**848.04**	**1,372.24**	**62%**		
21	23	Public Health Engineering Department						
		Revenue						
		Voted	1,936.27	1,746.35	189.92			
		Capital						
		Voted	8,051.46	208.77	7,842.69		7,842.69	**97%**
		Total	**9,987.73**	**1,955.12**	**8,032.61**	**80%**		
22	26	Fisheries Department						
		Revenue						
		Voted	119.04	107.90	11.14			
		Capital						
		Voted	125.80	12.61	113.19		113.19	90%
		Total	**244.84**	**120.51**	**124.33**	**51%**		
23	27	Higher Education Department						
		Revenue						
		Voted	1,482.66	1,412.91	69.75			
		Capital						
		Voted	862.25	222.47	639.78		639.78	**74%**
		Total	**2,344.91**	**1,635.38**	**709.53**	**30%**		
24	28	Rural Development Department						
		Revenue						
		Voted	815.32	583.85	231.47			
		Capital						
		Voted	4,627.85	2,436.39	2,191.46		2,191.46	**47%**
		Total	**5,443.17**	**3,020.24**	**2,422.93**	**45%**		
25	30	Tribal Affairs Department						
		Revenue						
		Voted	135.10	64.86	70.24			
		Capital						
		Voted	432.79	80.35	352.44		352.44	**81%**
		Total	**567.89**	**145.21**	**422.68**	**74%**		
26	31	Culture Department						
		Revenue						
		Voted	79.49	59.56	19.93			
		Capital						

Sl. No.	Grant No.	Name of the Grant or Appropriation	Appropriation	Expenditure	Saving	Percen-tage of Saving	Saving in Capital section	Percentage of Saving under Capital Section
		Voted	325.82	10.49	315.33		315.33	**97%**
		Total	**405.31**	**70.05**	**335.26**	**83%**		
27	32	Horticulture Department						
		Revenue						
		Voted	192.93	144.81	48.12			
		Capital						
		Voted	498.98	160.69	338.29		338.29	**68%**
		Total	**691.91**	**305.50**	**386.41**	**56%**		
28	33	Disaster Management Relief Rehabilitation and Reconstruction Department						
		Revenue						
		Voted	1,027.58	847.06	180.52			
		Capital						
		Voted	566.62	99.24	467.38		467.38	**82%**
		Total	**1,594.20**	**946.30**	**647.90**	**41%**		
29	34	Youth Services And Technical Education Department						
		Revenue						
		Voted	666.87	524.18	142.69			
		Capital						
		Voted	265.85	165.88	99.97		**99.7**	**38%**
		Total	**932.72**	**690.06**	**242.66**	**26%**		
30	35	**Science and Technology Department**						
		Revenue						
		Voted	21.03	11.92	9.11			
		Capital						
		Voted	127.91	34.17	93.74		93.74	**73%**
		Total	**148.94**	**46.09**	**102.85**	**69%**		
31	36	**Co-operative Department**						
		Revenue						
		Voted	176.33	79.69	96.64			
		Capital						
		Voted	15	2.9	12.10			
		Total	**191.33**	**82.59**	**108.74**	**57%**		
		Grand Total	**1,48,879.34**	**1,07,532.29**	**41,347.05**			

Source: Appropriation Account 2022-23.

Appendix 3.8
(Reference Paragraph: 3.4; page 84)
Details of grants having large savings excluding surrenders (exceeding ₹100 crore) during the year 2022-23

(₹ in crore)

S. No.	Number and Name of grant	Total budget provision	Actual expenditure	Savings	Surrender	Savings excluding surrender
1	2	3	4	5	6	7
Revenue (Voted)						
1.	02-Home Department	9,764.67	8,035.35	1,729.32	0	1,729.32
2.	06-Power Development Department	6,310.51	2,768.74	3,541.77	1,906.01	1,635.76
3.	07-Education Department	11,017.35	9,444.52	1,572.83	0	1,572.83
4.	08-Finance Department	14,212.29	11,952.32	2,259.97	0	2,259.97
5.	10-Law Department	680.78	309.91	370.87	0	370.87
6.	14-Revenue Department	906.72	581.94	324.78	67.95	256.83
7.	17-Health And Medical Education Department	6,996.00	5,728.95	1,267.05	397.84	869.21
8.	18-Social Welfare Department	3,004.64	2,095.17	909.47	44.55	864.92
9.	21-Forest Department	1,688.43	1,248.01	440.42	138.92	301.50
10.	23-Public Health Engineering Department	1,936.27	1,746.35	189.92	0	189.92
11.	28-Rural Development Department	815.32	583.85	231.47	64.73	166.74
12.	33-Disaster Management Relief Rehabilitation and Reconstruction Department	1,027.58	847.06	180.52	0	180.52
13.	34-Youth Services And Technical Education Department	666.87	524.18	142.69	15.21	127.48
Total		**59,027.43**	**45,866.35**	**13,161.08**	**2,635.21**	**10,525.87**
Revenue (Charged)						
14.	08- Finance	9,075.77	8,493.82	581.95	0	581.95
Total		**9,075.77**	**8,493.82**	**581.95**	**0**	**581.95**
Capital (Voted)						
15.	02-Home Department	1,242.82	267.41	975.41	580.13	395.28
16.	03-Planning Department	974.92	452.30	522.62	104.27	418.35

S. No.	Number and Name of grant	Total budget provision	Actual expenditure	Savings	Surrender	Savings excluding surrender
17.	06-Power Development Department	2,457.58	722.46	1,735.12	382.54	1,352.58
18.	07-Education Department	944.41	462.51	481.90	345.90	136.00
19.	08-Finance Department	1,444.80	351.80	1,093.00	637.06	455.94
20.	11-Industry and Commerce Department	555.80	143.20	412.60	97.41	315.19
21.	12-Agriculture Department	1,496.04	235.06	1,260.98	707.73	553.25
22.	13-Animal/ Sheep Husbandry Department	266.10	110.81	155.29	22.24	133.05
23.	15-Food Civil Supplies and Consumer Affairs Department	369.38	79.01	290.37	0	290.37
24.	16-Public Works Department	5,217.87	2,761.44	2,456.43	1,253.99	1,202.44
25.	17-Health And Medical Education Department	1,882.56	365.76	1,516.80	0	1,516.80
26.	19-Housing And Urban Development Department	3,112.88	780.62	2,332.26	859.62	1,472.64
27.	20-Tourism Department	278.95	156.14	122.81	0	122.81
28.	22-Irrigation And Flood Control Department	1,409.99	238.68	1,171.31	0	1,171.31
29.	23-Public Health Engineering Department	8,051.46	208.77	7,842.69	5,520.97	2,321.72
30.	26-Fisheries Department	125.80	12.61	113.19	7.80	105.39
31.	27-Higher Education Department	862.25	222.47	639.78	132.50	507.28
32.	28-Rural Development Department	4,627.85	2,436.39	2,191.46	214.11	1,977.35
33.	30-Tribal Affairs Department	432.79	80.35	352.44	0	352.44
34.	31-Culture Department	325.82	10.49	315.33	201.70	113.63
35.	32-Horticulture Department	498.98	160.69	338.29	0	338.29
Total		**36,579.05**	**10,258.97**	**26,320.08**	**11,067.97**	**15,252.11**
G Total (Revenue + Capital)		**1,04,682.25**	**64,619.14**	**40,063.11**	**13,703.18**	**26,359.93**

Source: Appropriation Accounts 2022-23.

Appendix 3.9

(Reference Paragraph: 3.4; page 84)

Details of grants having persistent savings (exceeding ₹100 crore) during the years 2020-2023

(₹ in crore)

S. No.	Name of Grant	2020-21	2021-22	2022-23
Revenue (V)				
1.	01-General Administration Department	133.87	129.54	142.32
2.	02-Home Department	1,210.78	1,764.17	1,729.32
3.	06-Power Development Department	954.87	2,085.58	3,541.78
4.	07-Education Department	2,700.67	1,064.88	1,572.83
5.	10-Law Department	437.30	282.97	370.87
6.	11-Industry and Commerce Department	216.32	100.83	106.04
7.	12-Agriculture Department	307.86	148.62	159.96
8.	14-Revenue Department	172.19	263.56	324.78
9.	15-Food Civil Supplies and Consumer Affairs Department	159.83	119.65	139.70
10.	17-Health And Medical Education Department	788.92	930.53	1,267.05
11.	18-Social Welfare Department	741.00	1,007.10	909.48
12.	21-Forest Department	176.78	385.90	440.42
13.	22-Irrigation And Flood Control Department	328.60	112.62	200.93
14.	23-Public Health Engineering Department	214.53	130.87	189.92
15.	28-Rural Development Department	500.90	163.31	231.47
16.	33-Disaster Management Relief Rehabilitation and Reconstruction Department	268.57	159.58	180.52
17.	34-Youth Services and Technical Education Department	278.37	133.44	142.69
Capital (V)				
18.	01-General Administration Department	201.49	172.38	165.08
19.	02-Home Department	887.99	784.39	975.41
20.	03-Planning Department	898.65	1,198.79	522.62
21.	06-Power Development Department	13,044.07	1,478.12	1,735.12
22.	07-Education Department	843.97	488.39	481.89
23.	08-Finance Department	1,420.57	801.05	1,093.00
24.	11-Industry and Commerce Department	310.63	269.23	412.60
25.	12-Agriculture Department	1,123.59	999.80	1,260.98
26.	13-Animal/ Sheep Husbandry Department	239.95	120.35	155.29
27.	15-Food Civil Supplies and Consumer Affairs Department	305.98	185.15	290.37

S. No.	Name of Grant	2020-21	2021-22	2022-23
28.	16-Public Works Department	697.60	2,647.89	2,456.43
29.	17-Health And Medical Education Department	925.22	933.88	1,516.80
30.	19-Housing And Urban Development Department	1,515.27	2,221.53	2,332.26
31.	20-Tourism Department	512.11	127.39	122.81
32.	22-Irrigation And Flood Control Department	1,428.70	643.97	1,171.31
33.	23-Public Health Engineering Department	932.48	1,932.26	7,842.69
34.	27-Higher Education Department	1,004.69	564.80	639.78
35.	28-Rural Development Department	3,261.22	3,032.80	2,191.47
36.	30-Tribal Affairs Department	136.72	174.30	352.44
37.	31-Culture Department	125.32	268.18	315.33
38.	32-Horticulture Department	402.11	191.72	338.29

Source: Appropriation Accounts of respective years.

Appendix 3.10

(Reference Paragraph: 3.4; page 84)

Details of Appropriations/Grants in which savings (exceeding ₹ one crore in each case) not surrendered at all

(*₹ in crore*)

Sr. No.	Number and Name of Grant	Revenue/ Capital	Total Grant Appropriation	Actual expenditure	Savings
1	2	3	4	5	6 (4-5)
Voted Grant					
1.	02-Home Department	Revenue	9,764.67	8,035.35	1,729.32
2.	07-Education Department	Revenue	11,017.35	9,444.52	1,572.83
3.	08-Finance Department	Revenue	14,212.29	11,952.32	2,259.97
4.	10-Law Department	Revenue	680.78	309.91	370.87
		Capital	122.00	49.51	72.49
5.	15-Food Civil Supplies and Consumer Affairs Department	Capital	369.38	79.01	290.37
6.	17-Health And Medical Education Department	Capital	1,882.56	365.76	1,516.80
7.	19-Housing And Urban Development Department	Revenue	1,330.06	1,270.35	59.71
8.	20-Tourism Department	Capital	278.95	156.14	122.81
9.	22-Irrigation And Flood Control Department	Capital	1,409.99	238.68	1,171.31
10.	23-Public Health Engineering Department	Revenue	1,936.27	1,746.35	189.92
11.	24-Hospitality Protocol Estates Parks & Gardens	Capital	51.21	31.53	19.68
12.	30-Tribal Affairs Department	Capital	432.79	80.35	352.44
13.	31-Culture Department	Revenue	79.49	59.56	19.93
14.	32-Horticulture Department	Capital	498.98	160.69	338.29
15.	33-Disaster Management Relief	Revenue	1,027.58	847.06	180.52

Sr. No.	Number and Name of Grant	Revenue/ Capital	Total Grant Appropriation	Actual expenditure	Savings
1	**2**	**3**	**4**	**5**	**6 (4-5)**
	Rehabilitation and Reconstruction Department				
16.	34-Youth Services and Technical Education Department	Capital	265.85	165.88	99.97
17.	36-Co-Operative Department	Revenue	176.33	79.69	96.64
		Capital	15.00	2.90	12.10
Total			**45,551.53**	**35,075.56**	**10,475.97**
ChargedAppropriation					
18.	08-Finance Department	Revenue	9,075.77	8,493.82	581.95
19.	10-Law Department	Revenue	96.50	62.36	34.14
Total			**9,172.27**	**8,556.18**	**616.09**
Grand Total			**54,723.80**	**43,631.74**	**11,092.06**

Source: Appropriation Accounts 2022-23.

Appendix 3.11
(Reference Paragraph: 3.4; page 84)
Percentage of Utilisation of Provision under each Grant

(₹ in crore)

Sr. No.	Grant No.	Total Budget	Total Expenditure	Savings	Utilisation (*Per cent*)	Range of utilisation (*Per cent*)
1.	23	9,987.73	1,955.12	8,032.61	19.58	10 to 30
2.	30	567.89	145.21	422.68	25.57	
3.	31	405.31	70.05	335.26	17.28	
Total		**10,960.93**	**2170.38**	**8790.55**		
4.	3	1,129.59	552.64	576.95	48.92	30 to 50
5.	4	232.43	105.02	127.41	45.18	
6.	6	8,768.09	3,491.20	5,276.89	39.82	
7.	9	62.69	23.63	39.06	37.70	
8.	10	899.28	421.78	477.50	46.90	
9.	11	1,002.98	484.34	518.64	48.29	
10.	12	2,835.40	1,414.46	1,420.94	49.89	
11.	15	687.64	257.57	430.07	37.46	
12.	19	4,442.94	2,050.97	2,391.97	46.16	
13.	22	2,220.28	848.04	1,372.24	38.19	
14.	25	176.07	84.11	91.96	47.77	
15.	26	244.84	120.51	124.33	49.22	
16.	32	691.91	305.50	386.41	44.15	
17.	35	148.94	46.09	102.85	30.95	
18.	36	191.33	82.59	108.74	43.16	
Total		**23,734.41**	**10,288.45**	**13,445.96**		
19.	1	797.36	483.00	314.36	60.58	50 to 70
20.	14	1,000.22	597.13	403.09	59.70	
21.	16	6,420.63	4,121.78	2,298.85	64.20	
22.	17	8,878.56	6,094.71	2,783.85	68.65	
23.	18	3,202.71	2,187.02	1,015.69	68.29	
24.	20	507.80	318.12	189.68	62.65	
25.	21	1,889.19	1,313.65	575.54	69.53	
26.	27	2,344.91	1,635.38	709.53	69.74	
27.	28	5,443.17	3,020.24	2,422.93	55.49	
28.	29	182.81	92.03	90.78	50.34	
29.	33	1,594.20	946.30	647.90	59.36	
Total		**32,261.56**	**20,809.36**	**11,452.20**		
30.	2	11,007.49	8,302.76	2,704.73	75.43	70 to 90
31.	7	11,961.76	9,907.03	2,054.73	82.82	
32.	13	988.31	699.17	289.14	70.74	

Sr. No.	Grant No.	Total Budget	Total Expenditure	Savings	Utilisation (*Per cent)*	Range of utilisation (*Per cent)*
33.	24	281.12	216.40	64.72	76.98	
34.	34	932.72	690.06	242.66	73.98	
Total		**25,171.40**	**19,815.42**	**5,355.98**		
35.	8	57,453.73	54,864.85	2,588.88	95.49	90 to 100
Total		**57,453.73**	**54,864.85**	**2,588.88**		

Source: Appropriation Accounts 2022-23.

Appendix 3.12
(Reference Paragraph: 3.5; page 86)
Grants with Nil Expenditure

(₹ in crore)

S. No.	Grant No.	Major Heads of Accounts	Budget Allocation	Expendi-ture	Number of Schemes/ Sub Heads
1	1	2055, 3451, 4075	31.18	0	4
2	2	2055, 4055, 4059, 4070, 4235	16.23	0	5
3	3	5475	41.60	0	5
4	6	4801	574.27	0	5
5	7	2202	5.66	0	4
6	8	2075, 2235, 2049, 6235 and 6003	1,258.39	0	7
7	10	2014	5.43	0	1
8	11	2851, 4851, 4853	75.97	0	7
9	12	4401, 4402 and 4851	67.07	0	8
10	13	4403	43.50	0	2
11	14	2401 and 4059	5.83	0	4
12	15	4235 and 4408	97.36	0	4
13	17	2210, 2211 and 4210	109.40	0	16
14	18	2070, 2225, 2235, 2236, 4225 and 4235	84.97	0	31
15	19	4217	294.67	0	8
16	21	4406	5.83	0	3
17	22	4701, 4702 and 4711	297.72	0	6
18	23	4215	2,000.00	0	2
19	26	4405	93	0	2
20	27	2202, 4202	218.11	0	3
21	28	2501 and 4515	96.00	0	9
22	29	5055	5.00	0	1
23	30	2225	9.46	0	1
24	31	4202	3.31	0	2
25	34	2203, 2230, 4202 and 4250	49.67	0	8
26	36	2425	19.25	0	2
		Total	**5,508.88**	**0**	**150**

Appendix 3.13
(Reference Paragraph: 3.5.1; page 86)
Excess over provisions requiring regularisation

(i) Details of Grants/ appropriations where Excess over provisions incurred by the UT Government during 2022-23

(₹ in crore)

Sl. No.	Grant Number	Total Grant/ Appropriation	Expenditure	Excess
I-Revenue Voted				
1	19-Housing and Urban Development Department	1,137.00[5]	1,270.35	133.35
2	16- Public Works Department	1,078.70[6]	1,360.34	281.64
Total-I (Revenue Voted)		**2,215.70**	**2,630.69**	**414.99**
II-Revenue Charged				
3	8-Finance Department	7,424.68[7]	8,493.82	1,069.14
Total-II (Revenue Charged)		**7,424.68**	**8,493.82**	**1,069.14**
III-Capital Charged				
4	8-Finance Department	32,720.87	34,066.91	1,346.04
Total-II (Capital Charged)		**32,720.87**	**34,066.91**	**1,346.04**
Total (I+II)		**42,361.25**	**45,191.42**	**2,830.17**

(ii) Excess expenditure incurred by the UT Government during the period 2019-20 (30 October 2019 onwards) to 2021-22 requiring regularisation

(₹ in crore)

Year	No. of Grants/ Appropriation	Grant/ Appropriation No.	Excess	Status of regularisation
2019-20 *(30 October 2019 to 31 March 2020)*	3	8, 16, 27	3,875.61	Not regularised
2020-21	1	8	7,094.29	
2021-22	2	8, 16	2,049.26	
		Total	**13,019.16**	

[5] Does not include augmentation of ₹193.06 crore
[6] Does not include augmentation of ₹124.06 crore
[7] Does not include augmentation of ₹1651.09 crore

Appendix 3.14
(Reference Paragraph: 3.5.3; page 88)

Excess expenditure during the period 1980-81 to 2019-20 (01/04/2019 to 30/10/2019) requiring regularisation

(₹ in crore)

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Status of regularisation
1980-81	16	1, 5, 6, 7, 8, 9, 12, 13, 14, 16, 18, 19, 20, 21, 22, 23	227.9	Not regularised
1981-82	13	1, 3, 5, 6, 8, 13, 14, 16, 18, 19, 20, 21, 23	41.99	
1982-83	10	6, 8, 9, 12, 14, 18, 19, 21, 22, 23	119.74	
1983-84	12	1, 5, 6, 7, 8, 14, 18, 19, 20, 21, 22, 23	176.75	
1984-85	10	1, 6, 8, 10, 14, 16, 18, 19, 21, 23	65.42	
1985-86	10	1, 4, 6, 10, 17, 18, 19, 22, 23, 26	19.64	
1986-87	15	1, 2, 4, 6, 7, 8, 10, 13, 18, 19, 20, 22, 23, 25, 26	104.22	
1987-88	17	1, 2, 3, 5, 6, 8, 10, 12, 13, 18, 19, 21, 22, 23, 24, 26, 27	177.32	
1988-89	14	1, 2, 8, 9, 10, 12, 13, 15, 17, 18, 22, 23, 26, 27	438.42	
1989-90	9	1, 7, 8, 11, 12, 20, 21, 23, 24	205.23	
1990-91	11	1, 2, 5, 8, 12, 17, 19, 21, 23, 25, 26	427.72	
1991-92	13	1, 2, 5, 7, 8, 11, 12, 14, 21, 22, 23, 26, 27	1,152.23	
1992-93	14	1, 4, 5, 8, 10, 11, 12, 14, 16, 20, 21, 23, 24, 26	1,029.71	
1993-94	17	2, 3, 5, 8, 10, 12, 13, 14, 17, 18, 20, 21, 22, 23, 24, 26, 27	1,730.03	
1994-95	14	5, 6, 8, 9, 10, 12, 13, 14, 20, 21, 23, 24, 26, 27	2,057.49	
1995-96	19	2, 5, 6, 8, 9, 10, 11, 12, 13, 16, 17, 18, 20, 21, 23, 24, 25, 26, 27	2,936.89	
1996-97	18	2, 4, 5, 6, 8, 10, 11, 12, 13, 14, 16, 18, 20, 21, 23, 24, 26, 27	3,482.20	
1997-98	16	1, 2, 4, 6, 8, 9, 12, 13, 16, 18, 21, 22, 23, 24, 26, 27	4,189.21	
1998-99	6	4, 5, 6, 8, 23, 27	4,185.25	
1999-2000	12	2, 3, 6, 8, 9, 12, 17, 18, 20, 23, 24, 26	5,851.08	
2000-01	11	1, 6, 8, 9, 12, 16, 18, 23, 25, 26, 27	6,310.25	
2001-02	15	3, 5, 6, 8, 11, 17, 18, 20, 21, 23, 25, 26, 27, 28, 29	6,393.41	

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Status of regularisation
2002-03	15	3, 5, 6, 7, 8, 12, 14, 16, 17, 18, 21, 23, 25, 26, 28	505.61	
2003-04	18	3, 5, 7, 8, 12, 13, 14, 15, 16, 17, 18, 20, 21, 23, 24, 25, 26, 28	9,770.53	
2004-05	15	3, 6, 8, 9, 12, 14, 15, 16, 18, 20, 25, 26, 27, 28, 29	2,108.42	
2005-06	16	3, 5, 8, 10, 12, 15, 16, 17, 18, 20, 21, 23, 25, 26, 27, 28	12,954.06	
2006-07	14	8, 12, 14, 15, 16, 17, 18, 20, 21, 23, 25, 26, 27, 28	2,150.03	
2007-08	14	6, 8, 11, 12, 14, 15, 16, 20, 24, 25, 26, 27, 28, 29	2,277.91	
2008-09	15	5, 6, 8, 11, 12, 15, 16, 19, 20, 22, 23, 24, 25, 26, 27	3,277.38	
2009-10	14	1, 6, 8, 11, 15, 16, 18, 20, 23, 24, 25, 26, 27, 29	4,062.58	
2010-11	14	5, 6, 8, 9, 16, 18, 19, 22, 23, 25, 26, 27, 28, 29	6,130.76	
2011-12	14	1, 6, 8, 11, 12, 15, 16, 18, 19, 20, 23, 25, 26, 27	5,638.79	
2012-13	12	1, 5, 8, 11, 13, 16, 18, 20, 23, 25, 26, 27	4,741.57	
2013-14	13	4, 6, 7, 8, 14, 15, 16, 18, 20, 23, 24, 25, 28	4,469.79	
2014-15	12	2, 6, 7, 8, 11, 16, 18, 19, 21, 23, 24, 25	1,099.28	
2015-16	11	4, 6, 7, 8, 15, 16, 17, 18, 23, 26, 28	4,258.62	
2016-17	12	3, 4, 5, 8, 11, 15, 16, 19, 23, 26, 28, 29	2,896.86	
2017-18	8	3, 5, 8, 16, 23, 24, 28, 29	6,397.06	
2018-19	7	3, 5, 8, 15, 16, 17, 30	4,631.53	
2019-20 (01.04.2019 to 30.10.2019)	16	5, 7, 8, 9, 12, 15, 17, 18, 19, 21, 24, 26, 29, 32, 33, 34	5,311.53	
		Total	**1,24,004.41**	

Appendix 3.15
(Reference Paragraph: 3.7.2; page 91)

Rush of expenditure (Major Heads with more than 50 *per cent* of expenditure in March alone)

(₹ in crore)

S. No.	G. No.	MH	MH description	1st Qtr. Exp.	2nd Qtr. Exp.	3rd Qtr. Exp.	4th Qtr. Exp.	March Exp.	Yearly Exp.	Exp. March *(Per cent)*
1	8	2048	Appropriation for reduction or avoidance of Debt	0	0	0	58.91	58.91	58.91	100
2	8	6885	Other Loans to Industries and Minerals	0	0	0	2.00	2.00	2.00	100
3	18	2055	Police	0	0	0	2.77	2.77	2.77	100
4	4	4220	Capital Outlay on Information and Publicity	0	0	0	0.04	0.04	0.04	100
5	29	4059	Capital Outlay on Public Works	0	0.06	0.43	5.04	4.68	5.53	84.63
6	8	2075	Miscellaneous General Services	0.12	0.05	0.04	1.06	1.02	1.27	80.31
7	29	5055	Capital Outlay on Road Transport	0	0.03	0.49	2.20	2.14	2.72	78.68
8	10	4059	Capital Outlay on Public Works	0	4.98	6.72	37.80	31.59	49.50	63.82
9	22	4711	Capital Outlay on Flood Control Projects	0	9.01	36.30	124.85	107.42	170.16	63.13
10	30	4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0	0.57	10.93	68.85	46.98	80.35	58.47
11	15	4408	Capital Outlay on Food Storage and Warehousing	-0.13	-0.96	-0.37*	74.99	40.23	73.53	54.71
12	2	4055	Capital Outlay on Police	3.51	18.32	23.63	134.14	95.76	179.60	53.32
13	8	2047	Other Fiscal Services	0.15	0.87	3.72	7.48	6.49	12.22	53.11
14	18	2225	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1.86	1.93	4.74	22.15	16.19	30.68	52.77
15	21	4406	Capital Outlay on Forestry and Wildlife	0.32	2.55	14.71	39.78	28.91	57.36	50.40
			Total (15 cases)	**5.83**	**37.41**	**101.34**	**582.06**	**445.13**	**726.64**	

Source: VLC Data

*The negative figures are due to booking of receipts and recoveries (sale proceeds) shown as deduct recoveries, as per accounting procedure applicable to the Major Head, under various minor heads in Major Head 4408-Capital outlay on Food Storage and Warehousing and classification of recoveries of overpayments of previous years under Minor Head 911-Deduct Recoveries.

Appendix 4.1
(Reference Paragraph: 4.2; page 107)
Direct transfer of Central Scheme Funds to UT Government departments (funds routed outside UT Budget) (unaudited figures)

(₹ in lakh)

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases		
			2020-21	2021-22	2022-23
1	Atal Innovation Mission (AIM) including Self Employment and Talent Utilisation (SETU)	Various Government Higher Secondary Schools	110.00	336.00	46.00
2	Agriculture Census and Statistics	Agriculture Production Department Jammu and Kashmir	0	0	200.92
3	Assistance to State Agencies for Intra-state Movement of Foodgrains and FPS dealers margin under NFSA	Consumer Affairs & Public Distribution Department Jammu and Kashmir	13,784.68	4,750.57	0
4	Ayushman Bharat-PM Jan Arogya Yojana (PMJAY)	Health and Family Welfare	0	0	8,561.69
5	Biotechnology Research and Development	Government Colleges for Women, M A Road, Srinagar, SKIMS, Soura, Srinagar.	68.00	0	0
6	Beti Bachao Beti Padhao	Various Dy. Commissioner, Government of Jammu and Kashmir	320.52	0	0
7	Development of Infrastructure for Promotion of Health Research	Medical College, Srinagar	47.99	32.19	0
8	Development of Nursing Services	Various Nursing schools of Jammu and Kashmir	1,125.00	0	0
9	Establishment Expenditure (EF&CC)	Pr. Chief Conservator of Forests Jammu and Kashmir	0	138.46	476.28

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases		
			2020-21	2021-22	2022-23
10	Establishment and Strengthening of NCDC Branches and Health Initiatives Inter Sectoral Coordination for Preparation and Control of Zoonotic Diseases and Other Neglected Tropical Diseases Surveillance of Viral Hepatitis Anti Microbial Resistance	Government Medical College, Jammu/ Srinagar	3.96	0	0
11	e-Court Phase-II	Registrar General, High Court of Jammu and Kashmir	100.12	0	0
12	Extra Mural Research Projects through Research Institutes etc.	Government Ayurvedic Hospital, Jammu	9.00	0	0
13	Human Resource and Capacity Development	Government Medical College, Jammu	6.54	17.52	0
14	Health Sector Disaster Preparedness and Response and Human Resources Development for Emergency Medical Services	Government Medical College, Jammu	0	124.26	0
15	Integrated Scheme on Agriculture Census and Statistics	Agriculture Production Department of Jammu and Kashmir	313.78	207.17	0
16	Integrated Management of Public Distribution System	Consumer Affairs & Public Distribution Department Jammu and Kashmir	45.42	64.80	115.87
17	Innovation, Technology Development and Deployment	Jammu & Kashmir Science, Technology and Innovation Council	198.60	20.26	0

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases		
			2020-21	2021-22	2022-23
18	Infrastructure and Technology Development Schemes	District Development Commissioner, Budgam	103.58	0	0
19	Incentivisation of Panchayat	Rashtriya Gram Swaraj Abhiyan	60.00	0	0
20	Management Support to Rural Development Programs and Strengthening of District Planning Process	Regional Extension Training Centre Budgam	0	16.61	0
21	National Organ Transplant Programme	Government Medical College, Jammu	0	22.00	0
22	Member of Parliament Local Area Development Scheme (MPLAD)	Various Distt. Deputy Commissioners, Government of Jammu and Kashmir	2,250.00	1,300.00	2,200.00
23	Maintenance of National Highways-Financed from CRF	Transport Commissioner, Government of Jammu and Kashmir	20.00	0	0
24	One Stop Centre	Deputy Commissioner, Government of Jammu and Kashmir	218.84	0	0
25	Official Development Assistance for Sustainable	SPV-Aspirational, Baramulla/Kupwara	0	1,602.40	0
26	Pradhan Mantri Matru Vandana Yojana	Social Welfare Department, Jammu & Kashmir Government	750.11	0	0
27	Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	Department of Agriculture Production, Government of Jammu and Kashmir	70,883.40	66,458.12	52,482.10
28	Pradhan Mantri Kisan Sampada Yojana- Mega Food Parks	Department of Horticulture, Government of Jammu and Kashmir	150.00	0	0

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases		
			2020-21	2021-22	2022-23
29	PM Formalisation of Micro Food Processing Enterprises (PM-FME)	Department of Horticulture, Government of Jammu and Kashmir	668.64	2.33	0
30	Price Monitoring Structure	Consumer Affairs & Public Distribution Department Jammu and Kashmir	3.42	0	0
31	Relief and Rehabilitation for Migrants and Repatriates	Dy. Commissioners/ Additional Deputy Commissioners of Jammu and Kashmir	0	12.00	65.00
32	Research/ Studies, Publicity, Monitoring and Evaluation of Development Schemes for Minorities	Government Degree College Sopore, Kashmir	2.50	2.50	0
33	Research Training and Studies and Other Road Safety Schemes	Transport Commissioner, Jammu and Kashmir	104.65	373.15	101.90
34	SAMARTHYA (BBBP Creche PMMVY Gender Budget Research Skilling Training etc.)	Social Welfare Department Jammu & Kashmir Government	0	4,037.77	2,060.28
35	Scheme for differently Abled persons	Under Secretary, Commissioner for Persons with Disabilities, Jammu	0	0	16.00
36	SAMBAL (One Stop Centre Mahila Police Volunteer Women helpline Swadhar Ujjawala Widow homes etc.)	Various One Stop Centres	0	388.85	0
37	Science and Technology Institutional and Human Capacity Building	Government Degree Colleges	13.50	42.27	0

Sl. No.	Name of the GOI Scheme	Implementing agencies in the UT	Government of India Releases		
			2020-21	2021-22	2022-23
38	Strengthening of Public Distribution system operations	Consumer Affairs & Public Distribution Department Jammu and Kashmir	0	0	11,551.90
39	Sugar Subsidy Payable Under PDS	Consumer Affairs & Public Distribution Department Jammu and Kashmir	208.26	254.13	476.32
40	Support for Statistical Strengthening	Directorate of Economics & Statistics, Jammu and Kashmir	137.75	0	0
41	Works under Roads Wing	Deputy Commissioner, Pulwama	0	0	340.89
42	Women Help Line	Deputy Commissioner, Jammu	60.07	0	0
43	Other		0	0.25	0
	Grand Total		**91,768.33**	**80,203.61**	**78,695.15**

Source Finance Account.

Out of total amount of ₹4,23,734.48 lakh released by Government of India an amount of ₹78,695.15 lakh has been transferred to the various Government Department of Jammu and Kashmir and ₹3,45,039.33 lakh to various Autonomous Bodies/ other Entities of the Government. Please refer also para 3 (xvi) of Notes to Finance Accounts Vol-I

Appendix 4.2
(Reference Paragraph: 4.6; page 113)
Significant expenditure booked under Minor Head-800-Other Expenditure during the period 2022-23

Major Head	Total Expenditure including Expenditure under Minor Head- 800	Expenditure under Minor Head-800	Percentage of Expenditure under Minor Head-800 to Total Expenditure under the Major Head
	(₹ in crore)	*(₹ in crore)*	*(Per cent)*
2040-Taxes on Sales, Trade etc.	1.85	1.19	64.43
2075-Miscellaneous General Services	1.27	1.00	78.67
4070-Capital Outlay on Other Administrative Services	22.04	22.04	100.00
4075-Capital Outlay on Miscellaneous General Services	7.56	7.56	100.00
4210- Capital Outlay on Medical and Public Health	365.76	240.49	65.75
4216- Capital Outlay on Housing	7.71	6.55	85.00
4217- Capital Outlay on Urban Development	772.91	424.84	54.97
4220- Capital Outlay on Information and Publicity	0.04	0.04	100.00
4225- Capital Outlay on Welfare of SC/ST/OBC and Minorities	100.92	100.52	99.60
4236- Capital Outlay on Nutrition	24.21	24.21	100.00
4250-Capital Outlay on Other Social Services	17.72	9.48	53.46
4401-Capital Outlay on Crop Husbandry	270.24	161.56	59.78
4405-Capital Outlay on Fisheries	12.61	12.61	100
4406-Capital Outlay on Forestry and Wild life	76.20	42.99	56.41
5425-Capital Outlay on Other Scientific and Environmental Research	37.17	34.17	91.94
5452-Capital Outlay on Tourism	167.94	167.94	100.00
5475- Capital Outlay on Other General Economic Services	557.98	318.68	57.11

Source: VLC Data.

Appendix 4.3
(Reference Paragraph: 4.6; page 113)
Significant receipts booked under Minor Head-800–Other Receipts during 2022-23

Major Head	Total Receipts including Receipts under Minor Head-800	Receipts under Minor Head-800	Percentage of Receipts under Minor Head-800 to Total Receipts under the Major Head
	(₹ in crore)	*(₹ in crore)*	(*Per cent*)
0039- State Excise	1,793.74	1,001.30	55.82
0049-Interest Receipt	18.79	18.29	97.36
0059-Public Works	55.19	39.24	71.10
0070-Other Administrative Services	39.00	21.20	54.37
0071-Contributions and recoveries towards Pension and other retirement benefits.	5.26	4.44	84.53
0075- Miscellaneous General Services	96.57	85.90	88.95
0211-Family Welfare	0.07	0.07	100.00
0216-Housing	4.76	2.46	51.68
0217-Urban Development	11.04	11.04	100.00
0220-Information and Publicity	0.04	0.04	100.00
0230-Labour and Employment	8.82	4.78	54.20
0235-Social Security and Welfare	10.04	10.04	100.00
0406- Forestry and Wild Life	214.49	166.08	77.43
0408-Food Storage and Warehousing	1.73	1.73	100.00
515- Other Rural Development Programmes	6.16	6.16	100.00
0701-Major and Medium Irrigation	706.23	706.23	100.00
0702-Minor Irrigation	9.32	5.83	62.58
0801-Power	3,307.54	3,307.54	100.00
0853-Non-ferrous mining and Metallurgical Industries	101.17	54.49	53.86
1452- Tourism	9.80	9.75	99.57

Source: VLC Data.

Appendix 4.4
(Reference Paragraph: 4.12; page 118)
Position of Arrears of Accounts as on 31 March 2023

S. No.	Name of the Company	Last Audit upto	Accounts received upto	No of accounts in arrears	Remarks
1.	Jammu & Kashmir Power Development Corporation Limited	2015-16	2015-16	6	
2.	Jammu & Kashmir State Industrial Development Corporation Limited	2013-14	2013-14	8	
3.	Jammu & Kashmir Small Scale Industries Development Corporation Limited	2017-18	2018-19	3	Comments for the year 2018-19 issued on 8 June 2023
4.	Jammu & Kashmir Minerals Limited	2010-11	2010-11	11	
5.	Jammu & Kashmir Cements limited	2011-12	2011-12	10	
6.	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2018-19	3	
7.	Jammu & Kashmir Handloom Development Corporation Limited	2018-19	2020-21	1	Comments for the years 2019-20 and 2020-21 issued on 19 April 2023
8.	Jammu & Kashmir Industries Limited	2018-19	2019-20	2	Comments for the years 2019-20 issued on 8 June 2023
9.	Jammu & Kashmir Agro Industries Development Corporation Limited	2020-21	2021-22	0	Comments for the years 2021-22 issued on 8 June 2023
10.	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2016-17	2016-17	5	
11.	Jammu & Kashmir Cable Car Corporation Limited	2013-14	2013-14	8	
12.	Jammu & Kashmir Tourism Development Corporation Limited	2019-20	2019-20	2	
13.	Jammu & Kashmir Women's Development Corporation Limited	2020-21	2020-21	1	
14.	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2019-20	2019-20	2	

S. No.	Name of the Company	Last Audit upto	Accounts received upto	No of accounts in arrears	Remarks
15.	Jammu & Kashmir Bank Limited	2021-22	2021-22	0	
16.	Jammu & Kashmir Bank Financial Services Limited	2021-22	2021-22	0	
17.	Jammu & Kashmir Projects Construction Corporation Limited	2018-19	2018-19	3	
18.	Jammu & Kashmir Police Housing Corporation Limited	2014-15	2014-15	7	
19.	Chenab Valley Power Project Private Limited	2021-22	2021-22	0	
20.	Jammu & Kashmir Overseas Employment Corporation Limited	2010-11	2010-11	11	
21.	Jammu & Kashmir Medical Supplies Corporation Limited	2014-15	2014-15	7	
22.	Jammu & Kashmir Trade Promotion Organisation	2021-22	2021-22	0	
23.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2019-20	2019-20	2	
24.	Kashmir Power Distribution Corporation Limited	2018-19	2018-19	3	
25.	Jammu & Kashmir Power Transmission Corporation Limited	2018-19	2018-19	3	
26.	Jammu Smart City Limited	2019-20	2019-20	2	
27.	Srinagar Smart City Limited	2018-19	2018-19	3	
28.	Jammu & Kashmir Power Corporation Limited	2018-19	2018-19	3	
29.	Jammu Power Distribution Corporation Limited	2018-19	2019-20	2	Comments for the year 2019-20 accounts issued on 24 August 2023
30.	Jammu & Kashmir Entrepreneurship Development Institute (JKEDI)	-	-	4	Accounts in arrear since 2018-19.
31.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2021-22	2021-22	0	
32.	Jammu & Kashmir International Trade Centre Corporation Limited (Inactive)	-	-	8	Accounts in arrear since 2014-15.
33.	Jammu & Kashmir Road Development Corporation Limited (Inactive Company)	-	-	8	Accounts in arrear since 2014-15.
34.	Jammu Mass Rapid Transit Corporation Pvt. Limited	-	-	3	Accounts in arrear since 2019-20.

S. No.	Name of the Company	Last Audit upto	Accounts received upto	No of accounts in arrears	Remarks
35.	Srinagar Mass Rapid Transit Corporation Pvt. limited	-	-	3	Accounts in arrear since 2019-20.
36.	Jammu & Kashmir Asset Reconstruction Limited	-	-	5	Accounts in arrear since 2017-18
37.	Jammu & Kashmir Forest Development Corporation Limited	2012-13	2019-20	2	SARs for the years 2013-14 to 2017-18 and 2018-19 to 2019-20 issued on 22 June 2023 and 31 August 2023 respectively.
	Total			**141**	
	Name of the Corporation				
38.	Jammu & Kashmir Road Transport Corporation	2018-19	2018-19	3	
39.	Jammu & Kashmir and Ladakh Financial Corporation	2018-19	2020-21	1	SARs for the year 2019-20 and 2020-21 issued 3 October 2023.
	Total			**4**	
	Grand Total			**145**	

Appendix 5.1
(Reference Paragraph: 5.3; page 121)
Detail of PSUs in Jammu & Kashmir under the audit jurisdiction of the CAG as on 31 March 2023

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 & Kashmir Small Scale Industries Development Corporation Limited	-
12.	Jammu & Kashmir State Industrial Development Corporation Limited	-
13.	Jammu & Kashmir Industries Limited	-
14.	Jammu & Kashmir Overseas Employment Corporation Limited	-
15.	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	-
16.	Jammu & Kashmir Handloom Development Corporation Limited	-
17.	Jammu & Kashmir Trade Promotion Organisation	-
18.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	-
19.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	-
20.	Jammu & Kashmir Forest Development Corporation Limited	The Company was incorporated under the Companies Act, 2013 in December 2020 after repeal of J&K State Forest Corporation Act, 1978.
21.	Jammu & Kashmir Medical Supplies Corporation Limited	The Company has not submitted its accounts since inception.
22.	AIC-Jammu & Kashmir EDI Foundation	The Company has not submitted its accounts since inception.
II	**Inactive Government Companies**	
23.	Jammu & Kashmir Asset Reconstruction Limited	The Govt. has accorded sanction to voluntary winding up of the Company vide order no FD 453 of 2019 dated 24 October 2019.
24.	Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	The Company is under liquidation
C	**Competitive Environment Sector**	

Sl. No.	Sector type and Name of PSU	Remarks
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 and Ladakh 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 5.2
(Reference Paragraph: 5.3; page 122)
Detail of turnover of PSUs as per their latest finalised accounts as of 30 September2023

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalised	Turnover
A	**Power Sector**			
I	**Working Government Companies**			
1.	Jammu & Kashmir Power Development Corporation Limited	2015-16	2020-21	1,037.85
2.	Jammu & Kashmir Power Corporation Limited	2018-19	2021-22	0
3.	Jammu & Kashmir Power Transmission Corporation Limited	2018-19	2020-21	0
4.	Jammu Power Distribution Corporation Limited	2019-20	2022-23	204.66
5.	Kashmir Power Distribution Corporation Limited	2019-20	2023-24	0
II	**Working Government Controlled Other Company**			
6.	Chenab Valley Power Projects Private Limited	2022-23	2023-24	0
B	**Social Sector**			
I	**Working Government Companies**			
7.	Jammu & Kashmir Agro Industries Development Corporation Limited	2021-22	2022-23	38.01
8.	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2018-19	2023-24	3.00
9.	Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2019-20	2022-23	2.10
10.	Jammu & Kashmir Women's Development Corporation Limited	2020-21	2021-22	4.10
11.	Jammu & Kashmir Small Scale Industries Development Corporation Limited	2018-19	2022-23	629.36
12.	Jammu & Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	19.16
13.	Jammu & Kashmir Industries Limited	2020-21	2023-24	8.55
14.	Jammu & Kashmir Overseas Employment Corporation Limited	2010-11	2013-14	0
15.	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	11.12
16.	Jammu & Kashmir Handloom Development Corporation Limited	2020-21	2022-23	23.46
17.	Jammu & Kashmir Trade Promotion Organisation	2022-23	2023-24	0
18.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2020-21	2023-24	0
19.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2021-22	2022-23	0
20.	Jammu & Kashmir Forest Development Corporation Limited	2019-20	2021-22	148.71
21.	Jammu & Kashmir Medical Supplies Corporation Limited	2015-16	2023-24	0
22.	AIC-Jammu & Kashmir EDI Foundation	-	-	-
II	**Inactive Government Companies**			
23.	Jammu & Kashmir Asset Reconstruction Limited	-	-	-
24.	Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	1991-92	1999-2000	-

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalised	Turnover
C	**Competitive Environment Sector**			
I	**Working Government Companies**			
25.	Jammu & Kashmir Cements Limited	2021-22	2023-24	0
26.	Jammu & Kashmir Minerals Limited	2013-14	2023-24	9.70
27.	Jammu & Kashmir Cable Car Corporation Limited	2013-14	2021-22	37.20
28.	Jammu & Kashmir Bank Limited	2022-23	2023-24	9,355.11
29.	JKB Financial Services Limited	2022-23	2023-24	9.42
30.	Jammu & Kashmir Tourism Development Corporation Limited	2020-21	2023-24	35.34
II	**Working Statutory Corporation**			
31.	Jammu & Kashmir and Ladakh Financial Corporation	2020-21	2022-23	6.20
32.	Jammu & Kashmir Road Transport Corporation	2018-19	2020-21	79.71
III	**Inactive Government Companies**			
33.	Tawi Scooters Limited	1989-90	1991-92	-
34.	Himalayan Wool Combers Limited	1999-2000	2000-01	-
D	**Others**			
I	**Working Government Companies**			
35.	Jammu & Kashmir Projects Construction Corporation Limited	2018-19	2020-21	409.06
36.	Jammu & Kashmir Police Housing Corporation Limited	2016-17	2023-24	12.92
37.	Srinagar Smart City Limited	2018-19	2021-22	0
38.	Jammu Smart City Limited	2019-20	2021-22	0
39.	Jammu Mass Rapid Transit Corporation Pvt. limited	-	-	-
40.	Srinagar Mass Rapid Transit Corporation Pvt. limited	-	-	-
II	**Inactive Government Companies**			
41.	Jammu & Kashmir Road Development Corporation Limited	-	-	-
42.	Jammu & Kashmir International Trade Centre Corporation Limited	-	-	-
	Total			**12,084.74**

(Source: Latest finalized accounts of PSUs)

Appendix 5.3
(Reference Paragraph: 5.4.1; page 122)
Statement showing position of equity and outstanding loans relating to PSUs as on 31 March 2023

(₹ in crore)

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2022-23				Long term Loans at the end of year 2022-23			
				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 & Kashmir Power Development Corporation Limited	Power Development Department (PDD)	Feb-1995	2,593.34	0	0	2,593.34	0	0	731.90	731.90
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 & Kashmir Power Transmission Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	0	0
5.	Jammu & Kashmir Power Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	21,613.62	21,613.62
	II. Working Government Controlled Other Company										
6.	Chenab Valley Power Projects (Pvt.) Ltd.	PDD	June-2011	0	0	3,917.08*	3,917.08	0	1,023.49	0	1,023.49
	Total A			**2,593.54**	**0**	**3,917.08**	**6,510.62**	**0**	**1,023.49**	**22,345.52**	**23,369.01**
B.	**Social Sector**										
	I. Working Government Companies										
7.	Jammu & Kashmir Agro Industries Development Corporation Limited	Agriculture production	30-Jan-70	2.60	0.94	0	3.54	25.19	0	0	25.19
8.	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	Agriculture production	10-Apr-78	6.80	3.20	0	10.00	14.75	0	0	14.75
9.	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	Social Welfare	01-Apr-86	23.17	28.05	0	51.22	67.34	0	104.38	171.72
10.	Jammu & Kashmir Women's Development Corporation Limited	Social Welfare	10-May-96	10.00	0	0	10.00	27.66	0	108.22	135.88
11.	Jammu & 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 & Kashmir State Industrial Development Corporation Limited	Industries and Commerce	17-Mar-69	17.64	0	0	17.64	22.72	0	0	22.72
13.	Jammu & Kashmir Industries Limited	Industry and Commerce	04-Oct-60	16.27	0	0	16.27	264.99	0	0	264.99

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2022-23				Long term Loans at the end of year 2022-23			
14.	Jammu & Kashmir Overseas Employment Corporation Limited	Finance	10-Oct-10	4.06	0	0	4.06	0	0	0	0
15.	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	Industries and Commerce	06-Jan-70	7.08	0.89	0	7.97	65.16	0	0	65.16
16.	Jammu & Kashmir Handloom Development Corporation Limited	Industries and Commerce	29-Jun-81	3.49	1.50	0	4.99	72.09	0	0	72.09
17.	Jammu & Kashmir Trade Promotion Organisation	Industries and Commerce	30-May-18	2.55	2.68	0	5.23	2.34	0	0	2.34
18.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	Finance	25-Sep-18	0.50	0	0	0.50	250.00	0	2,297.90	2,547.90
19.	Jammu & 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	130.46	7.34	0	137.80	0	1.03	0	1.03
21.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	IT and Communication	07-Mar-19	0.50	0	0	0.50	0	0	0	0
22.	Jammu & Kashmir Forest Development Corporation Limited	Forest	03 Dec-20 (incorporated as a statutory corporation in Jul-79	9.03	0	0	9.03	18.00	0	0	18.00
	Total I B			**324.11**	**44.60**	**0**	**368.71**	**830.24**	**1.03**	**2,510.50**	**3,341.77**
	II. Inactive Company										
23.	Jammu & Kashmir Asset Reconstruction limited	Finance	28-Apr-17	1.02	0	0.98	2.00	0	0	0	0
24.	Jammu & Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	Industries and Commerce	29-Nov-91	0.40	0	0	0.40	NA	NA	NA	NA
	Total II B			**1.42**	**0**	**0.98**	**2.40**	0	0	0	0
	Total B(I+II)			**325.53**	**44.60**	**0.98**	**371.11**	**830.24**	**1.03**	**2,510.50**	**3,341.77**
C.	**Competitive Sector**										
	I. Working Government Companies										
25.	Jammu & Kashmir Cements Limited	Industries and Commerce	24-Dec-74	49.86	0	0	49.86	17.98	0	36.42	54.40
26.	Jammu & Kashmir Minerals Limited	Industries and Commerce	05-Feb-60	8.00	0	0	8.00	169.78	0	0	169.78
27.	Jammu & Kashmir Cable Car Corporation Limited	Tourism	28-Nov-88	23.57	0	0	23.57	0	0	0	0
28.	Jammu & Kashmir Bank Limited	Finance	10-Oct-38	65.41	0	37.74	103.15	0	0	2,892.31	2,892.31
29.	Jammu & Kashmir Bank Financial Services Limited	Finance	27-Aug-09	0	0	40.00	40.00	0	0	7.84	7.84
30.	Jammu & Kashmir and Ladakh Financial Corporation	Finance	02-Dec-59	172.35	0	0.53	172.88	18.03	0	58.68	76.71
31.	Jammu & Kashmir Road Transport Corporation	Transport	01-Sep-76	389.86	15.01	49.88	452.85	788.82	0	0	788.82

Sl. No.	Sector and Name of PSU	Name of Department	Month & year of Incorporation	Equity at the end of year 2022-23				Long term Loans at the end of year 2022-23			
32.	Jammu & Kashmir Tourism Development Corporation Limited	Tourism	13-Feb-70	15.96**	0	0	15.96	8.26	0	0	8.26
	Total I C			**725.01**	**15.01**	**128.15**	**866.27**	**1,002.87**	**0**	**2,995.25**	**3,998.12**
	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)			**727.18**	**15.01**	**128.15**	**868.44**	**1,003.70**	**0**	**2,995.25**	**3,998.95**
D.	**Others**										
	I. Working Government Companies										
35.	Jammu & Kashmir Projects Construction Corporation Limited	Public Works	22-May-65	1.53	0	0	1.53	0	0	0	0
36.	Jammu & Kashmir Police Housing Corporation Limited	Home	26-Dec-97	2.00	0	0	2.00	0	0	0	0
37.	Jammu Smart City Limited	Urban Development	08-Sep-17	0.10	0	0	0.10	0	0	0	0
38.	Srinagar Smart City Limited	Urban Development	08-Sep-17	0.10	0	0	0.10	0	0	0	0
39.	Jammu Mass Rapid Transit Corporation Pvt. Limited	Urban Development	12-Mar-19	0.02	0	0	0.02	0	0	0	0
40.	Srinagar Mass Rapid Transit Corporation Pvt. limited	Urban Development	13-Mar-19	0.02	0	0	0.02	0	0	0	0
	Total I D			**3.77**	**0**	**0**	**3.77**	**0**	**0**	**0**	**0**
	II. Inactive Companies										
41.	Jammu & Kashmir Road Development Corporation Limited	Public Works	31-Mar-14	5.00	0	0	5.00	0	0	0	0
42.	Jammu & 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**		**53.00**	**0**	**0**	**0**	**0**
	Total D (I+II)			**56.77**	**0**	**0**	**56.77**	**0**	**0**	**0**	**0**
	Grand Total (A+B+C+D)			**3,703.02**	**59.61**	**4,046.21**	**7,806.94**	**1,833.94**	**1,024.52**	**27,851.27**	**30,709.73**

Source: Compiled based on information received from PSUs)

**This includes ₹224.69 crore share application money pending allotment.*

*** This includes₹ 10.96 crore share application money pending allotment.*

Appendix 5.4

(Reference Paragraph: 5.4.3; page 124)

Equity and Loans outstanding as per Finance Accounts vis-à-vis records of PSUs upto 31 March 2023

(₹ in crore)

Sl. No.	Name of PSU	As per records of PSU			As per Finance Account			Difference		
		Paid up Capital	Loans Outstanding	Guarantee Committed	Paid up Capital	Loans Outstanding	Guarantee Committed	Paid up Capital	Loans Outstanding	Guarantee Committed
1	Jammu & Kashmir Power Development Corporation Ltd.	2,593.34	731.90	899.99	2,593.34	85.05	899.99	0	646.85	0
2	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	6.80	14.75	0	6.80	12.67	0	0	2.08	0
3	Jammu & Kashmir Cements Limited	49.86	17.98	3.43	15.00	0	3.43	34.86*	17.98	0
4	Jammu & Kashmir Minerals Limited	8.00	169.78	0	8.00	1.86	0	0	167.92	0
5	Jammu & Kashmir Tourism Development Corporation	15.96	8.26	0	5.00	0	0	10.96*	8.26	0
6	Jammu & Kashmir Road Transport Corporation	389.86	788.82	0	389.86	486.73	0	0	302.09	0
7	Jammu & Kashmir Industries Limited	16.27	264.99	0	16.27	305.43	0	0	-40.44	0
	Total	**3,080.09**	**1,996.48**	**903.42**	**3,034.27**	**891.74**	**903.42**	**45.82**	**1,104.74**	**0**

(Source: Compiled based on information received from PSUs and Finance Accounts of Government of Jammu and Kashmir – for the year ended 2022-23)

** Variation is due to share application money against which allotment is pending*

Appendix 5.5
(Reference Paragraph: 5.5; page 125, 126)
Statement of Profit Making PSUs as per their latest finalised accounts as of 30 September 2023

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit after interest and tax
1.	Jammu & Kashmir Women's Development Corporation Limited	2020-21	2021-22	0.25
2.	Jammu & Kashmir Small Scale Industries Development Corporation Limited	2018-19	2022-23	1.09
3.	Jammu & Kashmir Cable Car Corporation Limited	2013-14	2021-22	9.94
4.	Jammu & Kashmir Bank Limited	2022-23	2023-24	1,197.38
5.	JKB Financial Services Limited	2022-23	2023-24	1.21
6.	Jammu & Kashmir Projects Construction Corporation Limited	2018-19	2020-21	3.16
7.	Jammu & Kashmir Police Housing Corporation Limited	2016-17	2023-24	14.99
8.	Jammu & Kashmir Power Development Corporation Limited	2015-16	2020-21	20.42
9.	Chenab Valley Power Projects Private Limited	2022-23	2023-24	24.69
10.	Jammu & Kashmir Medical Supplies Corporation	2015-16	2023-24	0.11
11.	Jammu Power Distribution Company Limited	2019-20	2022-23	13.55
	Total			**1,286.79**

(Source: Compiled based on latest Finalized accounts of PSUs)

Appendix 5.6

(Reference Paragraph: 5.7.2; page 129)

Return on Investment-Jammu & Kashmir Bank Limited (Listed PSU)

(₹ in lakh)

Year	Equity	Equity added	Grants\ Subsidy	Dividend receipts	Disinvest-ments receipts	No. of Years	Rate of interest I	1+r	Inception value of equity added	Inception value of Grants\ Subsidy	PV of Disinvest-ments receipts	PV of Dividend receipts	Cost of investment	No. of Shares	Market Price per Share (Rs.)	Market Value of Share	Current Value of Investment	ROI	CAGR
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t
								(1+h)	c/product of i since inception to year value of (g-1)	d/product of i since inception to year value of (g-1)	f*product of i from the year to the last year	e*product of i from the year to the last year	b+Σj+Σk			o*p	q+Σl+Σm	((r-n)/n)/g	((Current year ROI/ ROI of 1999-2000)^1/ (g-1)-1)*100
1998-99	4,847.78	0	0	773.26	0	1	0.1088	1.11	0	0	0	4,967.65	4,847.78	4,84,77,802	28.00	13,573.78	18,541.43	282.47	
1999-2000	4,847.78	0	0	902.13	0	2	0.1196	1.12	0	0	0	5,226.90	4,847.78	4,84,77,802	36.15	17,524.73	27,719.28	235.90	-16.49
2000-01	4,847.78	0	0	1,031.01	0	3	0.0923	1.09	0	0	0	5,335.48	4,847.78	4,84,77,802	37.30	18,082.22	33,612.25	197.78	-16.32
2001-02	4,847.78	0	0	1,288.76	0	4	0.1120	1.11	0	0	0	6,105.78	4,847.78	4,84,77,802	73.35	35,558.47	57,194.28	269.95	-1.50
2002-03	4,847.78	0	0	1,546.52	0	5	0.1054	1.11	0	0	0	6,588.98	4,847.78	4,84,77,802	113.85	55,191.98	83,416.77	324.14	3.50
2003-04	4,847.78	0	0	2,577.53	0	6	0.1095	1.11	0	0	0	9,934.53	4,847.78	4,84,77,802	493.15	2,39,068.28	2,77,227.60	936.44	27.09
2004-05	4,847.78	0	0	2,062.02	0	7	0.0897	1.09	0	0	0	7,163.25	4,847.78	4,84,77,802	363.05	1,75,998.66	2,21,321.23	637.92	14.54
2005-06	4,847.78	0	0	2,062.02	0	8	0.0815	1.08	0	0	0	6,573.60	4,847.78	4,84,77,802	450.80	2,18,537.93	2,70,434.09	684.81	13.49
2006-07	4,847.78	0	0	2,964.16	0	9	0.1166	1.12	0	0	0	8,737.44	4,847.78	4,84,77,802	643.15	3,11,784.98	3,72,418.59	842.47	14.64
2007-08	4,847.78	0	0	3,995.17	0	10	0.1407	1.14	0	0	0	10,546.80	4,847.78	4,84,77,802	678.55	3,28,946.13	4,00,126.52	815.38	12.50
2008-09	4,847.78	0	0	4,256.02	0	11	0.0794	1.08	0	0	0	9,849.58	4,847.78	4,84,77,802	314.80	1,52,608.12	2,33,638.10	429.04	4.27
2009-10	4,847.78	0	0	5,670.56	0	12	0.0945	1.09	0	0	0	12,157.87	4,847.78	4,84,77,802	681.70	3,30,473.18	4,23,661.03	719.94	8.88
2010-11	4,847.78	0	0	6,701.57	0	13	0.0903	1.09	0	0	0	13,127.82	4,847.78	4,84,77,802	874.00	4,23,695.99	5,30,011.67	833.31	9.43
2011-12	4,847.78	0	0	8,634.71	0	14	0.0828	1.08	0	0	0	15,513.79	4,847.78	4,84,77,802	919.00	4,45,511.00	5,67,340.47	828.79	8.63
2012-13	4,847.78	0	0	12,887.63	0	15	0.0819	1.08	0	0	0	21,384.30	4,847.78	4,84,77,802	1,191.00	5,77,370.62	7,20,584.39	984.28	9.33
2013-14	4,847.78	0	0	12,887.63	0	16	0.0714	1.07	0	0	0	19,765.50	4,847.78	4,84,77,802	1,538.00	7,45,588.59	9,08,567.86	1,165.12	9.91
2014-15	4,847.78	0	0	5,412.81	0	17	0.0768	1.08	0	0	0	7,748.28	4,847.78	48,47,78,020	95.05	4,60,781.51	6,31,509.06	760.40	6.38
2015-16	4,847.78	0	0	4,510.67	0	18	0.0725	1.07	0	0	0	5,996.38	4,847.78	48,47,78,020	60.50	2,93,290.70	4,70,014.64	533.08	3.81
2016-17	4,847.78	3,655.51	0	0	0	19	0.0783	1.08	705.30	0	0	0	5,553.08	52,13,33,071	75.00	3,90,999.80	5,67,723.74	532.82	3.59
2017-18	4,847.78	3,525.00	0	0	0	20	0.0723	1.07	630.73	0	0	0	6,183.81	55,68,58,392	60.35	3,36,064.04	5,12,787.97	409.61	1.98
2018-19	4,847.78	0	0	0	0	21	0.0720	1.07	0	0	0	0	6,183.81	55,68,58,392	53.70	2,99,032.96	4,75,756.89	361.60	1.24
2019-20	4,847.78	1,566.00	0	0	0	22	0.0720	1.07	243.76	0	0	0	6,427.57	71,34,50,938	12.36	88,182.54	2,64,906.47	182.79	-2.05
2020-21	4,847.78	0	0	0	0	23	0.0672	1.07	0	0	0	0	6,427.57	71,34,50,938	26.65	1,90,134.67	3,66,858.61	243.81	-0.67
2021-22	4,847.78	2194.36	0	0	0	24	0.0690	1.07	299.12	0	0	0	6,726.69	93,28,86,594	32.30	3,01,322.37	4,78,046.30	291.95	0.14
2022-23	4,847.78	985.93	0	0	0	25	0.0848	1.08	125.60	0	0	0	6,852.30	103,14,79,861	49.16	5,07,075.50	6,83,799.43	395.17	1.41

Appendix 5.7

(Reference Paragraph: 5.7.5; page 131)

Year-wise investment by the Government and present value (PV) of Government investment in non-listed PSUs for the period from 1999-2000 to 2022-23

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the GoJ&K during the year	Net Interest free loan given by the GoJ&K during the year	Interest free loan converted into Equity during the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year
A	B	C	D	E	F=C+D-E	G=B+F	H	I=G*(1+H/100)
Upto 1999-2000	352.29	7.14	0	0	7.14	359.43	11.96	402.42
2000-01	402.42	4.56	0	0	4.56	406.98	9.23	444.54
2001-02	444.54	1.82	0	0	1.82	446.36	11.2	496.35
2002-03	496.35	13.29	0	0	13.29	509.64	10.54	563.36
2003-04	563.36	2.80	0	0	2.8	566.16	10.95	628.16
2004-05	628.16	4.03	0	0	4.03	632.19	8.97	688.89
2005-06	688.89	7.55	0	0	7.55	696.44	8.15	753.20
2006-07	753.20	2.50	0	0	2.5	755.70	11.66	843.82
2007-08	843.82	1.20	11.55	0	12.75	856.57	14.07	977.09
2008-09	977.09	7.63	0	0	7.63	984.72	7.94	1,062.90
2009-10	1,062.90	17.09	0	0	17.09	1,079.99	9.45	1,182.05
2010-11	1,182.05	11.06	0	0	11.06	1,193.11	9.03	1,300.85
2011-12	1,300.85	6.09	0	0	6.09	1,306.94	8.28	1,415.16
2012-13	1,415.16	7.00	0	0	7.00	1,422.16	8.19	1,538.63
2013-14	1,538.63	78.08	0	0	78.08	1,616.71	7.14	1,732.14
2014-15	1,732.14	1.21	3.62	0	4.83	1,736.97	7.68	1,870.37
2015-16	1,870.37	6.85	0	0	6.85	1,877.22	7.25	2,013.32
2016-17	2,013.32	9.56	0	0	9.56	2,022.88	7.83	2,181.27
2017-18	2,181.27	97.30	21.83	17.5	101.63	2,282.90	7.23	2,447.96
2018-19	2,447.96	120.74	23.18	0	143.92	2,591.88	7.20	2,778.49
2019-20	2,778.49	2,616.82	15.88	0	2,632.7	5,411.19	7.20	5,800.80
2020-21	5,800.80	83.47	47.1	0	130.57	5,931.37	7.82	6,395.20
2021-22	6,395.20	554.32	16.63	0	570.95	6,966.15	7.94	7,519.26
2022-23	7,519.26	151.20	23.05	0	174.25	7,693.51	8.48	8,345.92
Total		**3,813.31**	**162.84**	**17.50**	**3,958.65**			

(Source: Compiled based on latest information furnished by the respective PSUs as of March 2023)

Appendix 5.8

(Reference Paragraph: 5.8; page 132)

Detail of Loss Making PSUs as per the latest finalised accounts as of 30 September 2023

(₹ in crore)

Sl. No.	Sector type and Name of PSU	Period of accounts	Year in which finalised	Net Profit(+)/ Loss(-) after interest and tax	Paid up Capital	Long Term Loan	Free Reserves	Accumulated Profit/Loss	Capital employed	Net worth
I	**Government Companies**									
1.	Jammu & Kashmir Agro Industries Corporation Limited	2021-22	2022-23	-2.77	3.54	25.19	0	-55.99	-27.26	-52.45
2.	Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2018-19	2023-24	-7.35	9.20	3.14	0	-150.46	-138.12	-141.26
3.	Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	2019-20	2022-23	-10.10	47.62	111.99	0	-59.45	100.16	-11.83
4.	Jammu & Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-20.54	17.64	24.36	0	-146.99	-104.99	-129.35
5.	Jammu & Kashmir Industries Limited	2020-21	2023-24	-5.95	16.27	979.68	0	-871.60	124.35	-855.33
6.	Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	-8.60	8.52	154.66	0	-170.06	-6.88	-161.54
7.	Jammu & Kashmir Handloom Development Corporation Limited	2020-21	2022-23	-5.73	4.99	155.33	0	-146.19	14.13	-141.20
8.	Jammu & Kashmir Trade Promotion Organisation	2022-23	2023-24	-1.20	5.23	2.34	0	-3.87	3.70	1.36
9.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2020-21	2023-24	-0.23	0.50	1,277.37	0	-0.39	1,277.48	0.11
10.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2021-22	2022-23	-0.33	0.50	0	0	-0.36	0.14	0.14
11.	Jammu & Kashmir Forest Development Corporation Limited	2019-20	2021-22	-3.99	9.03	18.05	0	-249.13	-222.05	-240.10
12.	Jammu & Kashmir Cements Limited	2021-22	2023-24	-25.46	15.50	59.10	0	-234.44	-159.84	-218.94
13.	Jammu & Kashmir Minerals Limited	2013-14	2023-24	-18.08	8.00	297.10	0.16	-312.14	-6.88	-303.98
14.	Jammu & Kashmir Tourism Development Corporation Limited	2020-21	2023-24	-14.72	15.96	4.26	0	-18.08	2.14	-2.12
15.	Jammu Smart City Limited	2019-20	2021-22	-2.02	0	0	6.37	0	6.37	6.37
16.	Jammu & Kashmir Power Transmission Corporation Limited	2018-19	2020-21	-0.0035	0.05	0	0	-0.03	0.02	0.02
17.	Kashmir Power Distribution Corporation Limited	2019-20	2023-24	-3.22	0	0	0	-3.25	-3.25	-3.25
18.	Jammu & Kashmir Power Corporation Limited	2018-19	2021-22	-0.0035	0.05	0	0	-0.03	0.02	0.02
	Total			**-130.30**	**162.60**	**3,112.57**	**6.53**	**-2,422.46**	**859.24**	**-2,253.33**
II	**Statutory Corporation**									
19.	Jammu & Kashmir Road Transport Corporation	2018-19	2020-21	**-117.62**	**207.96**	**676.02**	**0**	**-1,634.94**	**-750.96**	**-1,426.98**
20.	Jammu & Kashmir and Ladakh Financial Corporation	2020-21	2022-23	**-4.61**	**172.89**	**51.38**	**0**	**-183.94**	**40.33**	**-11.05**
	Total			**-122.23**	**380.85**	**727.40**	**0**	**-1,818.88**	**-710.63**	**-1,438.03**
	Grand Total			**-252.53**	**543.45**	**3,839.97**	**6.53**	**-4,241.34**	**148.61**	**-3,691.36**

Appendix 5.9

(Reference Paragraph: 5.8.1; page 133)

Detail of PSUs having accumulated losses as per their latest finalised accounts as of 30 September 2023

(₹ in crore)

SI. No.	Sector type and Name of PSU	Period of accounts	Year in which finalized	Net Profit(+)/ Loss(-) after interest and tax	Paid up Capital	Long Term Loan	Free Reserves	Accumulated Profit/Loss	Capital employed	Net worth
I	**Government Companies**									
1.	Jammu and Kashmir Agro Industries Development Corporation Limited	2021-22	2022-23	-2.77	3.54	25.19	0	-55.99	-27.26	-52.45
2.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	2018-19	2023-24	-7.35	9.20	3.14	0	-150.46	-138.12	-141.26
3.	Jammu and Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	2019-20	2022-23	-10.10	47.62	111.99	0	-59.45	100.16	-11.83
4.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-20.54	17.64	24.36	0	-146.99	-104.99	-129.35
5.	Jammu & Kashmir Industries Limited	2020-21	2023-24	-5.95	16.27	979.68	0	-871.60	124.35	-855.33
6.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2018-19	2020-21	-8.60	8.52	154.66	0	-170.06	-6.88	-161.54
7.	Jammu and Kashmir Handloom Development Corporation Limited	2020-21	2022-23	-5.73	4.99	155.33	0	-146.19	14.13	-141.20
8.	Jammu & Kashmir Trade Promotion Organisation	2022-23	2023-24	-1.20	5.23	2.34	0	-3.87	3.70	1.36
9.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	2020-21	2023-24	-0.23	0.50	1,277.37	0	-0.39	1,277.48	0.11
10.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	2021-22	2022-23	-0.33	0.50	0	0	-0.36	0.14	0.14
11.	Jammu and Kashmir Forest Development Corporation Limited	2019-20	2021-22	-3.99	9.03	18.05	0	-249.13	-222.05	-240.10
12.	Jammu and Kashmir Cements Limited	2021-22	2023-24	-25.46	15.50	59.10	0	-234.44	-159.84	-218.94
13.	Jammu and Kashmir Minerals Limited	2013-14	2023-24	-18.08	8.00	297.10	0	-312.14	-6.88	-303.98
14.	Jammu and Kashmir Tourism Development Corporation Limited	2020-21	2023-24	-14.72	15.96	4.26	0	-18.08	2.14	-2.12
15.	Jammu and Kashmir Power Transmission Corporation Limited	2018-19	2020-21	-0.0035	0.05	0	0	-0.03	0.02	0.02
16.	Kashmir Power Distribution Corporation Limited	2019-20	2023-24	-3.22	0	0	0	-3.25	-3.25	-3.25
17.	Jammu and Kashmir Power Corporation Limited	2018-19	2021-22	-0.0035	0.05	0	0	-0.03	0.02	0.02
	Total			**-128.28**	**162.60**	**3,112.57**	**0.16**	**-2,422.46**	**852.87**	**-2,259.70**
II	**Statutory Corporation**									
18.	Jammu and Kashmir State Road Transport Corporation	2018-19	2020-21	-117.62	207.96	676.02	0	-1,634.94	-750.96	-1,426.98
19.	Jammu & Kashmir and Ladakh Financial Corporation	2020-21	2022-23	-4.61	172.89	51.38	0	-183.94	40.33	-11.05
	Total			**-122.23**	**380.85**	**727.40**	**0**	**-1,818.88**	**-710.63**	**-1,438.03**
	Grand Total			**-250.51**	**543.45**	**3,839.97**	**0.16**	**-4,241.34**	**142.24**	**-3,697.73**

Appendix 5.10

(Reference Paragraphs: 5.11.2 and 5.11.3; pages 137)

Statement showing position of GoJ&K investment in working PSUs accounts of which are in arrears as of 30 September 2023

(₹ 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	2021-22	3.54	1	0	0	0	0	0
2	J&K Horticultural Produce Marketing and Processing Corporation Limited	2018-19	9.20	4	0.80	11.40	3.56	0.02	15.78
3	J&K Small Scale Industries Development Corporation Limited	2018-19	89.91	4	0	0	1.37	0	1.37
4	J&K State Industrial Development Corporation Limited	2013-14	17.64	9	0	0	314.63	0	314.63
5	J&K Project Construction Corporation Limited	2018-19	1.97	4	0	0	0	0	0
6	J&K Police Housing Corporation Limited	2016-17	2.00	6	0	0	0	0	0
7	J&K Handloom Development Corporation Limited	2020-21	4.99	2	0	4.88	0.55	0	5.43
8	J&K Handicrafts (Sale and Export) Development Corporation Limited	2018-19	8.52	4	0	11.69	19.17	0	30.86
9	J&K Industries Limited	2020-21	16.27	2	0	0	13.30	0	13.30
10	J&K Minerals Limited	2013-14	8.00	9	0	8.60	21.79	0	30.39
11	J&K Tourism Development Corporation Limited	2020-21	15.96	2	0	0	11.99	0	11.99
12	J&K Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	2019-20	47.62	3	3.60	21.54	2.25	0	27.39
13	J&K Women's Development Corporation Limited	2020-21	10.00	2	0	4.50	0	0	4.50
14	J&K Cements Limited	2021-22	15.50	1	0	0	0	0	0
15	J&K Cable Car Corporation Limited	2013-14	23.57	9	0	0	26.19	0	26.19
16	J&K Overseas Employment Corporation Limited	2010-11	2.56	12	0	0	0	0	0
17	J&K Infrastructure Development Finance Corporation Limited	2020-21	0.50	2	0	0	454.83	0	454.83
18	J&K I.T. Infrastructure Development Private Limited	2021-22	0.50	1	0	0	0	0	0
19	J&K Power Development Corporation Limited	2015-16	5.00	7	0	0	745.74	0	745.74
20	J&K Power Transmission Corporation Limited	2018-19	0.05	4	0.05	0	607.03	0	607.08
21	Kashmir Power Distribution Corporation Limited	2019-20	0	3	0	0	1,684.19	0	1,684.19
22	J&K Forest Development Corporation Ltd.	2019-20	9.03	3	0	0	0	0	0
23	Srinagar Smart City Limited	2018-19	0.10	4	0	0	211.24	0	211.24
24	J&K Power Corporation Limited	2018-19	0.05	4	0	0	4,185.13	0	4,185.13

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
25	Jammu Power Distribution Corporation Limited	2019-20	0.05	3	0.05	0	1,550.14	600.00	2,150.19
26	Jammu Smart City Limited	2019-20	0	3	0.10	0	213.28	0	213.38
27	J&K Medical Supplies Corporation Limited	2015-16	0.05	7	0	0	0	0	0
28	AIC-Jammu & Kashmir EDI Foundation	*	*	5	0	0	0	0	0
29	Jammu Mass Rapid Transit Corporation Private Limited	*	*	4	0	0	0	0	0
30	Srinagar Mass Rapid Transit Corporation Private Limited	*	*	4	0	0	0	0	0
	Total A		**292.58**	**128**	**4.60**	**62.61**	**10,066.38**	**600.02**	**10,733.61**
B	**Working Statutory Corporations**								
31	J&K State Road Transport Corporation	2018-19	207.96	4	148.96	113.00	0	0	261.96
32	J&K and Ladakh Financial Corporation	2020-21	172.89	2	0	7.55	0	0	7.55
	Total B		**380.85**	**6**	**148.96**	**120.55**	**0**	**0**	**269.51**
	Total (A+B)		**673.43**	**134**	**153.56**	**183.16**	**10,066.38**	**600.02**	**11,003.12**

(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 their first account.*

Appendix 6
(Reference Paragraph: 3.1; page 75)
Glossary of important Budget related terms

1. ***'Accounts' or 'actuals' of a year* -** are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2. ***'Administrative approval' of a scheme, proposal or work* -** is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3. ***'Annual financial statement'*-** Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/UT Government for each financial year, laid before the Parliament /UT Legislature.
4. ***'Appropriation'* -** means the amount authorized by the Parliament/UT Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5. *'**Charged Expenditure'* -** means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6. ***'Consolidated Fund of India/ UT'*-** All revenues of the Union/UT Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ UT. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7. ***'Contingency Fund'*-**is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive /Government to meet unforeseen expenditure arising in the course of a year pending its authorization by the Parliament/UT Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/UT Legislature approves it through the Supplementary Demands.
8. ***'Controlling Officer (budget)'*-** means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9. ***'Drawing and Disbursing Officer' (DDO)*-**means a Head of Office and also any other Officer so designated by the Finance Department of the UT Government, to draw bills and make payments on behalf of the UT Government. The term shall also include a Head of Department where he himself discharges such function.

10. ***'Excess Grant'-*** Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularization by obtaining excess grant from the Parliament /UT Legislature.

11. ***'New Service'-*** New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/UT Legislature earlier, including a new activity or a new form of investment.

12. *'**New Instrument of Service'-*** means relatively large expenditure arising out of important expansion of an existing activity.

13. ***'Public Accounts'-*** The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/UT Legislature, as they are not moneys issued out of the Consolidated Fund of India/UT.

14. ***'Re-appropriation'-*** means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.

15. ***'Revised Estimate'-*** is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.

16. ***'Supplementary Demands for Grants'-*** means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.

    a) **Cash Supplementary-**is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the UT.

    b) There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the UT Legislature, allows to utilize the savings of one of the Sections for any other Section.

    c) **Token Supplementary-**allows to utilize the savings within the same section of the grant.

17. ***'Major Head'-***means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the UT. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.

18. ***'Sub-Major Head'-***means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head.
19. ***'Minor Head'*** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.
20. ***'Sub-Head'*** - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
21. ***'Major Work***' - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.
22. ***'Minor Work'*** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
23. ***'Modified Grant or Appropriation'*** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
24. ***'Supplementary or Additional Grant or Appropriation'*** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
25. ***'Schedule of New Expenditure'*** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.
26. ***'Token demand'*** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.

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लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India on Public Health Infrastructure and Management of Health Services for the period ended March 2022

Government of Union Territory of Jammu and Kashmir

Report No. 2 of 2025

(Performance Audit - Civil)

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Comptroller and Auditor General of India
on
Public Health Infrastructure and Management of Health Services
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(Performance Audit - Civil)

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PREFACE

This Report of the Comptroller and Auditor General (CAG) of India on Public Health Infrastructure and Management of Health Services for the period ended March 2022 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act 2019 for laying in the Legislative Assembly.

This Report contains IX chapters.

Chapter I contains the organisational setup and brief introduction about the Public Healthcare facilities in the UT of Jammu and Kashmir.

Chapter II contains the audit findings pertaining to availability of Human Resources in the Health and Medical Education Department.

Chapter III contains the audit observations on availability of Healthcare services in Jammu and Kashmir (Outpatient Department and In-patient Department)

Chapter IV contains the audit observations relating to availability of drugs, medicines, equipment and other consumables.

Chapter V contains the audit observations pertaining to availability of healthcare infrastructure in J&K.

Chapter VI contains significant audit findings relating to budgetary outlay and expenditure of the Health and Medical Education Department.

Chapter VII deals with the audit findings pertaining to implementation of Centrally Sponsored Schemes in J&K.

Chapter VIII contains the significant findings pertaining to adequacy and effectiveness of Regulatory Mechanisms.

Chapter IX deals with the Sustainable Development Goal 3 and its adoption in J&K.

The instances mentioned in this Report are those which came to notice during test-check of records of 2016-17 to 2020-21. Instances relating to the period subsequent to March 2021 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

National Health Policy (NHP), 2017 was adopted to strengthen and prioritise the role of the Government in shaping health system in all its dimensions. Considering the goals laid down in NHP 2017 and experience in COVID-19 pandemic, the Performance Audit (PA) on "Public Health Infrastructure and Management of Health Services" was conducted to assess the adequacy of financial resources allocated, availability of health infrastructure, manpower, machinery and equipment in the Health Institutions (HIs) as well as efficacy in the management of health services in the State. The Performance Audit also covers the efficacy of the regulatory framework being enforced by the Government to regulate public/private health sector, schemes being implemented by Government of India through State Government and overall linkage with the Sustainable Development Goal-3. The audit was conducted for the period 2016-21 but wherever feasible, the data has been updated up to 2021-22 or later.

The Ministry of Health and Family Welfare, Government of India, has issued (first in 2007 and revised in 2012 and 2022) a set of uniform standards called the Indian Public Health Standards (IPHS) to improve the quality of healthcare delivery in the country and serve as a benchmark for assessing performance of healthcare delivery system. The IPHS norms for District Hospitals (DHs), Sub-District Hospitals (SDHs), Community Health Centres (CHCs), Primary Health Centres (PHCs) and Sub-Centres (SCs) prescribe standards for the services, manpower, equipment, drugs, building and other facilities. These include the standards to bring the health institutions to a minimum acceptable functional grade (indicated as essential) with scope for further improvement (indicated as desired).

In addition to IPHS, various standards and guidelines on healthcare services issued by Government of India such as the Assessor's Guidebook for Quality Assurance; Bio-Medical Waste Management Rules; and Drugs and Cosmetic Rules were used to evaluate the healthcare facilities in health institutions.

As per National Family Health Survey (2019-21) and Sample Registration System (SRS) Bulletin 2020, the health indicators in Jammu and Kashmir (J&K) in respect of Infant Mortality Rate (16.3 against national average of 35.2), Neonatal Mortality Rate (9.8 against national average of 24.9 per 1,000 live births), death rate (4.6 against national average of 6 per 1000 population) and girl children born (976 against national average of 929) for every 1,000 boys were better than the national average.

However, for health indicators like mothers whose last birth was protected against neonatal tetanus, mothers who consumed iron folic acid tablets for 100 days (29.8 *per cent* against national average of 44.1 *per cent*) and 180 days (15.9 *per cent* against national average of 26 *per cent*), average out-of-pocket expenditure per delivery in a public health facility (₹ 5,145 against national average of ₹ 2,916) births delivered by Caesarean section in public (42.7 *per cent* against national average of 14.3 *per cent*) and private (82.1 *per cent* against national average of 47.4 *per cent)*

health facilities and sex ratio of the total population (females per 1,000 males) the national indicators were better than UT.

In respect of Sustainable Development Goals (SDGs), the UT adopted 34 indicators out of 41 indicators at the national level; covering 12 targets at UT level out of 13 targets at national level.

As far as Ayushman Bharat (AB) is concerned, we have included findings related to Health & Wellness Centres (HWC) and have also considered implementation of AB while making recommendations in various areas of health sector.

There were persistent shortages in all the cadres in the health institutions. Government had not ensured availability of posts in the health sector as the sanctioned posts were not in keeping with the population to be served, affecting the health services adversely. This shortage was quite high in several key posts such as doctors, staff nurses, paramedical and other staff who play a very important role in delivering comprehensive healthcare to the beneficiaries. Available manpower including the crucial manpower has not been distributed uniformly across the districts. Against the sanctioned strength of 46,115 posts, the UT of J&K had 30,745 (67 *per cent*) doctors, nurses and paramedical staff as of March 2022. One government doctor was serving a population of 2,191 (2,461 in case of allopathic doctors) in the UT of J&K. The ratio of availability of doctor was better than the States of Haryana (4,081 doctors for 2.51 crore people i.e. one allopathic doctor per 6,212 persons) and Punjab (one allopathic doctor for 6,390 persons).

There was skewed distribution of manpower as shortfall of overall manpower was lowest (11.52 *per cent*) in Kulgam District and highest (43.55 *per cent*) in Kishtwar District.

There was a shortage of specialists in Health and Medical Education Department (H&MED). Shortage of manpower in District Hospitals (DHs) had affected delivery of medical services resulting in either the patients having to wait in queues outside the OPDs for a long time or compelling the patients to approach other hospitals having such facility.

Under the National Health Mission (NHM), shortage of doctors, paramedical staff and nurses in the UT of J&K was respectively 19 *per cent*, 08 *per cent* and 16 *per cent* in 2021-22. In the six sampled districts, although most of the emergency services were available in all the sampled District Hospitals except DH, Handwara, availability of Emergency Operation Theatre was not available in seven SDHs (out of 18 test-checked). Blood storage unit was not available in 10 SDHs (out of 18 test-checked) and nine CHCs (out of 10 test-checked).

The Outpatient Department (OPD) services of ENT, Psychiatry, Ophthalmology and Skin & VD were not available in eight, nine, six and 13 DHs respectively. Moreover, all the required essential OPD services were not available in all 18 test-checked Sub-District Hospitals (SDHs) and all OPD services as required as per IPHS norms

were not available in the 10 test-checked Community Health Centres (CHCs). Registration counters were also not found adequate in Tertiary Level Hospitals (TLHs) and District Hospitals (DHs).

All In-patient Department (IPD) services as per IPHS 2012 norms were available in only three DHs out of six test-checked DHs. In respect of 28 sampled SDHs/ CHCs, all IPD services were available in only seven SDHs and one CHC. OT services were available in all test-checked DHs. Out of sampled 18 SDHs, OT facility was available in 11 SDHs. Out of 52 sampled PHCs, only two PHCs (Majalta and Achabal) had OT facility for surgical procedures such as Vasectomy, Tubectomy and Hydrocelectomy.

Ambulance service was available in all test-checked DHs and SDHs/ CHCs except SDH Langate. However, ambulance service was available in only 19 out of 52 sampled PHCs.

The Discharge Rate was more than 90 *per cent* in five out of six sampled DHs (except DH Ramban) which indicated that the hospitals are providing healthcare facility to the patients efficiently. The referral out rate in respect of five out of six sampled DHs was less than 10 *per cent* whereas the referral out rate in respect of DH Ramban was higher as compared to other HIs. It was also observed in case of DH Ramban that there was shortage of doctors, non-availability of essential drugs and poor availability of equipment.

Audit assessed availability of drugs against essential drugs list (EDL) as notified by the H&MED and equipment listed in IPHS norms. There was shortage of essential drugs and equipment in all test-checked HIs. Availability of the prescribed essential equipment was also found deficient in test-checked institutions. There was delay in finalisation of rate contracts that would have had adverse impact on timely supply of drugs/ equipment to the health institutions. There was delay in empanelment of laboratories for testing and analysis of drugs and in furnishing of test/analysis reports by empanelled laboratories. Non-implementation of e-Aushadhi/ Drug and Vaccine Distribution Management System for the entire chain of drug supply was also observed.

Estimation, planning and creation of requisite infrastructure facilities are essential for ensuring the provision of optimum level of healthcare facilities. There was inadequate availability of Sub-Centres (SCs) and CHCs in the UT of J&K. In the six sampled Districts, there was shortage of SCs (45 *per cent*) and CHCs (81 *per cent*)**.**

Although the requisite number of Health and Wellness Centres (HWCs) have been upgraded, there was shortage of infrastructure, availability of services, human resources, diagnostic services etc. in the HWCs in the six selected Districts. Out of 415 construction works taken up for execution under National Health Mission, Prime Minister's Development Programme (PMDP) and Languishing Projects programme, 177 works were completed and 238 works remained incomplete. Works under District Plan, National Bank for Agriculture and Rural Development (NABARD) and Border Area Development Programme (BADP) remained incomplete either due to dispute or

non-execution of balance works. Out of sampled 10 CHCs, six CHCs did not have beds as per norms. Out of 18 sampled SDHs, 11 SDHs had less than 31 beds. Out of 52 selected Primary Health Centres (PHCs), seven PHCs were functioning without beds and 33 PHCs were lacking required number of beds as per Indian Public Health Standards (IPHS) 2012.

Total expenditure of GoJ&K during 2016-17 to 2021-22 was ₹ 3,60,198.78 crore while expenditure on the health sector was ₹ 25,127.63 crore against budget allotment of ₹ 30,513.98 crore. Expenditure on Health sector *vis-a-vis* total expenditure of the erstwhile State/ UT Government had increased from 5.84 *per cent* in 2016-17 to 7.98 *per cent* in 2021-2022. Expenditure on the health sector accounted for 6.98 *per cent* of the total expenditure of the erstwhile State/ UT for the period 2016-17 to 2021-22. The expenditure on Health sector to erstwhile State/ UT GSDP had increased from 2.25 *per cent* in 2016-17 to 2.95 *per cent* in 2020-21 but decreased to 2.80 *per cent* during 2021-22. Further, the shortfall in utilisation of allotted funds ranged between three *per cent* and 26 *per cent* during the period 2016-22.

The objective of *Janani Suraksha Yojana* (JSY) under NHM was to reduce the maternal and infant mortality rate. The percentage of institutional deliveries remained in the range of 92 *per cent* and 95 *per cent* during 2016-2022. During 2016-22, cash incentives under JSY were provided to beneficiaries ranging between 56 *per cent* and 73 *per cent* of institutional deliveries in erstwhile State/ UT of J&K. However, in six selected Districts cash incentives were provided to 97 *per cent* beneficiaries. Maternal mortality and infant mortality had decreased from 132 to 84 and 2,288 to 2,108 respectively during 2016-22.

In the six sampled Districts, maternal deaths declined from 31 to 23 during 2016-21 and again increased to 31 during 2021-22, whereas infant deaths declined from 234 to 76 during 2016-22.

Under Janani Shishu Suraksha Karyakram (JSSK), an initiative to assure free services to all pregnant women and sick new-borns accessing public health institutions, achievements in respect of targets for deliveries to be benefitted declined from 90 *per cent* to 77 *per cent* during 2016-21. The achievement increased to 95 *per cent* in 2021-22.

The achievement against the targets in respect of sick new-borns to be treated was more than the targets fixed in four years (2017-18 to 2019-20 and 2021-22).

Against target of 13,49,948 doses each for BCG, OPV, PV, IPV, Hep-B, DPT-B, and Measles, the achievement had ranged between 71 *per cent* and 94 *per cent* whereas the achievement in respect of DPT-5, TT-10 and TT-16 was 64, 56 and 40 *per cent* respectively during 2016-22 in the erstwhile State/ UTof J&K.

There was lack of an adequate mechanism whereunder drug samples were to be referred to State Drugs Controller (SDC) for testing on regular basis. For registration

and regulation of the Clinical Establishments (CEs), no survey was conducted to ascertain the actual number of CEs eligible for registration. As a result, the possibility of CEs operating without registration could not be ruled out. There was disparity in rates of various pathological/radiological tests. Requisite annual reports were not submitted by some of the Health Care Facilities (HCFs) under Bio-Medical Waste (BMW) Management Rules, 2016 and authorisation was not obtained by the occupier or operator handling BMW in all cases.

Recommendations:

In view of the above mentioned findings, Audit recommends the following:

The Government should consider revising the sanctioned strength of Health Department at par with the IPHS norms and posting of staff in health institutions at par with the sanctioned strength in the primary, secondary and tertiary healthcare institutions. Government should bring out a long-term strategy and policy to reduce variations in doctor-population ratio across districts.

Government should ensure availability of all OPD services, IPD services, emergency services, OT services, maternity services and ICU services in all health institutions and basic diagnostic services at secondary level health facilities as prescribed under IPHS norms. Steps should be taken to improve and strengthen auxiliary and support services to improve overall healthcare experience.

Availability of essential drugs and equipment should be ensured at all health institutions. Delay in finalisation of rate contracts should be avoided to ensure timely supply of drugs/ equipment to the health institutions. e-Aushadhi/ Distribution Management System (DVDMS) portal should be utilised optimally by end users for maintenance of stocks and distribution of items to their sub-stores and to the patients.

The Government may look into the issues of delays in commencement and completion of planned infrastructural works with a view to removing bottlenecks and ensure speedy completion.

Government may consider utilising the allocated budget to ensure availability of ample and quality healthcare infrastructure and services to the people. Government may release funds to the State Health Society well in time for effective utilisation of funds in programme implementation.

Government may consider disbursement of incentive to all the beneficiaries under Janani Suraksha Yojana (JSY) and providing adequate essential drugs and consumables under Janani Shishu Suraksha Karyakram (JSSK) for effective implementation of the schemes. Government may also attempt to increase awareness and outreach through various activities for making the target population aware of the benefits of sterilisation and spacing methods.

The targeted number of inspections may be carried out to ensure quality of the drugs and drug samples may be referred to State Drug Controller for testing on regular

basis. Government may ensure that all utilities generating Bio-Medical waste comply with the provisions with regard to authorisation and submission of annual returns.

CHAPTER-I
INTRODUCTION

CHAPTER-I

Introduction

The health sector is one of the important social sectors, which is directly concerned with the welfare of the populace and is the barometer of the structural and technological developments/ improvements of any State/ Union Territory. Access to preventive, promotive and curative healthcare services is a basic right of the people.

National Health Policy, 2017 consists of Specific Quantitative Goals and Objectives outlined under three broad components viz. (a) Health Status and Programme Impact (b) Health Systems Performance and (c) Health Systems Strengthening. These goals are aligned to achieve sustainable development in the health sector in keeping with the policy thrust.

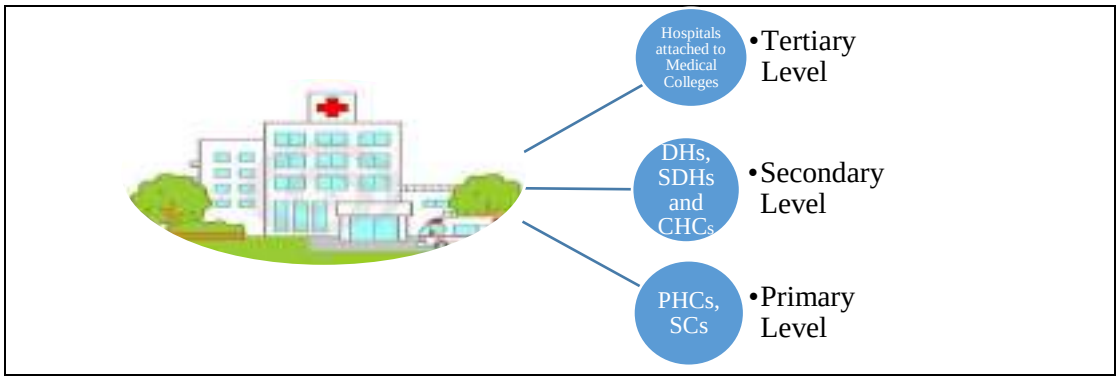
1.1 Public healthcare facilities in the UT of Jammu and Kashmir

India's public health system has been developed over the years as a three-tier system, namely primary, secondary, and tertiary level of health care. Sub-Centres (SCs) and Primary Health Centres (PHCs) including New Type Primary Health Centres[1] (NTPHCs) and Urban Primary Health Centres (UPHCs) are primary level healthcare units which provide initial healthcare services to the people. Patients requiring more serious health care attention are referred to the second tier of the healthcare system consisting of Community Health Centres (CHCs), Sub-District Hospitals (SDHs) and District Hospitals (DHs) established in each district for providing preventive, promotive and curative healthcare services. A Tertiary Hospital is a hospital that provides tertiary care, which is healthcare from specialists in a large hospital after referral from primary care and secondary care. Tertiary healthcare services are provided by the hospitals associated with the Government Medical Colleges. All the three levels of primary, secondary and tertiary healthcare services in the UT are administered by the Department of Health and Medical Education, Jammu and Kashmir.

Indian Public Health Standards (IPHS) are a set of uniform standards envisaged to improve the quality of healthcare delivery in the country. IPHS norms were revised in 2012 and 2022 keeping in view the changing protocols of the existing programmes and introduction of new programmes, especially for Non-Communicable Diseases. The UT Government of Jammu and Kashmir has not adopted IPHS norms so far.

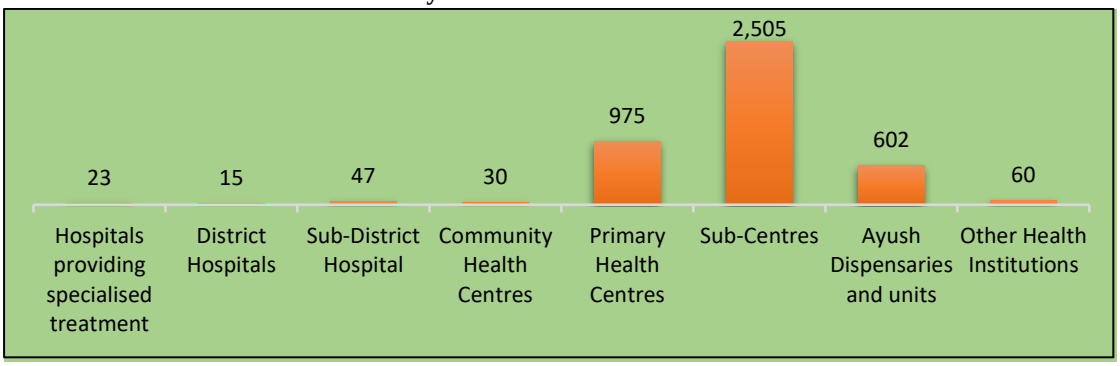
[1] Vide G.O. No. 345-HME of 2012 dated 16.05.2012, the nomenclature of 'Allopathic Dispensary (AD)' was changed to New Type Primary Health Centres (NTPHCs) and AD has been treated as PHC.

Public healthcare facilities in Jammu and Kashmir



As per Census 2011, UT of Jammu and Kashmir[2] had a population of 1.23 crore. As of March 2022, there were 4,257 healthcare facilities in the UT of JK. The category-wise details are given in **Chart 1.1**.

Chart 1.1: Availability of healthcare facilities as of 31 March 2022



(Source: Information furnished by the Administrative Department, Directors, Health Services, Jammu/ Kashmir, Director AYUSH, JK and Chief Medical Officers concerned)

(Other health institutions includes Emergency/ Accident Hospitals, District Tuberculosis Centres, Mobile Medical Units, Leper Hospital, District Malaria units, STD/ VD Centres etc.)

1.2 Health Services

Health services provided by the hospitals can broadly be divided into following categories:

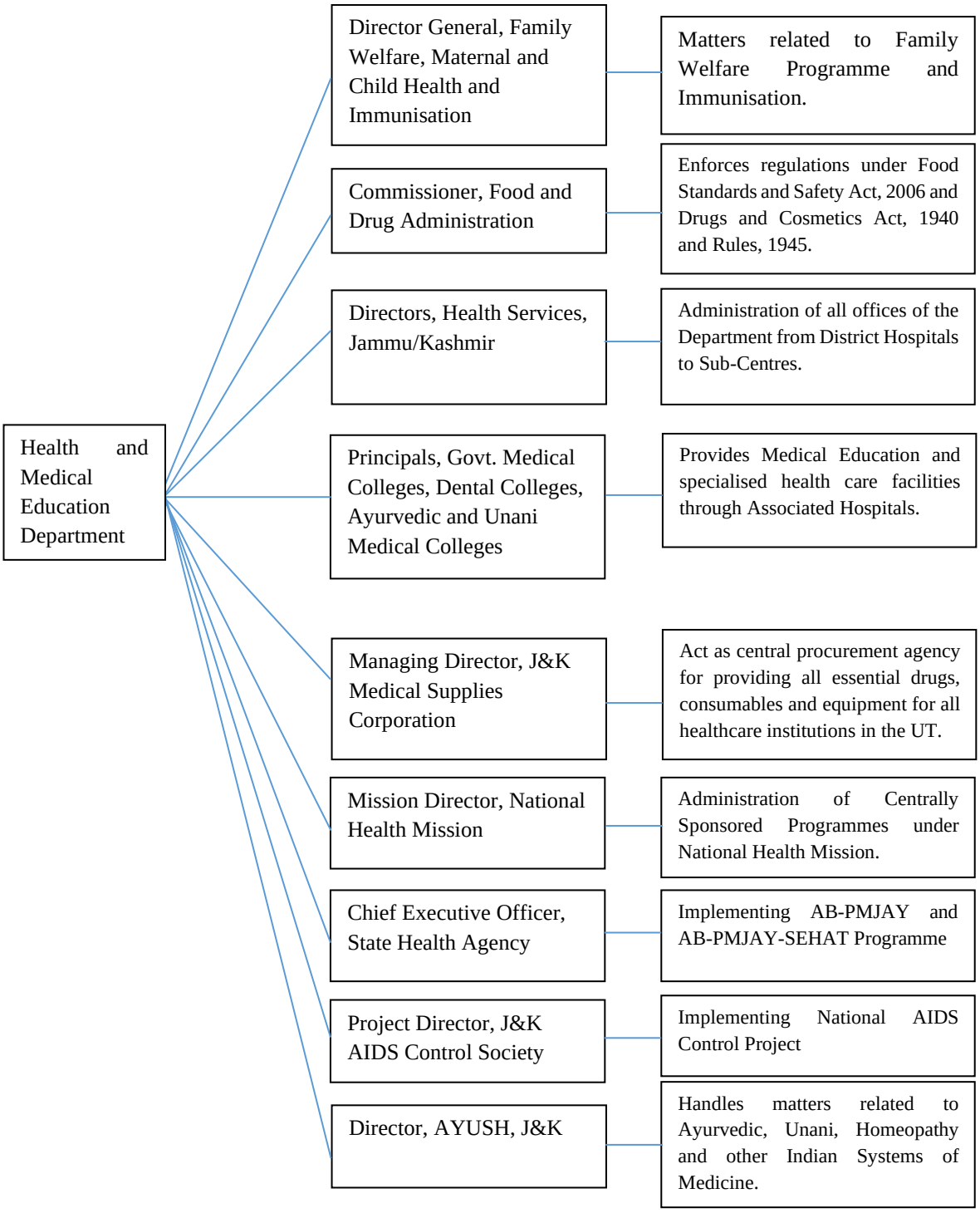
Line services ➢ Outdoor Patient Department ➢ Indoor Patient Department ➢ Emergency services ➢ Super Specialty (Operation Theatre, Intensive Care Unit) ➢ Maternity services ➢ Blood Bank ➢ Diagnostic services	***Support services*** ➢ Oxygen services ➢ Dietary services ➢ Laundry services ➢ Bio-Medical Waste Management ➢ Ambulance services ➢ Mortuary services
Auxiliary services ➢ Patient safety ➢ Patient registration ➢ Grievances/complaint redressal ➢ Stores	***Resource Management*** ➢ Building infrastructure ➢ Human Resource ➢ Drugs and Consumables ➢ Equipment

[2] excluding Union Territory of Ladakh

Given the importance of the health sector in Jammu and Kashmir, a Performance Audit (PA) on 'Public Health Infrastructure and Management of Health Services' (PHIMS) covering the period from 2016-17 to 2020-21 was conducted during December 2021 to December 2022. The information has been updated to 2021-22 (wherever applicable).

1.3 Organisational Setup

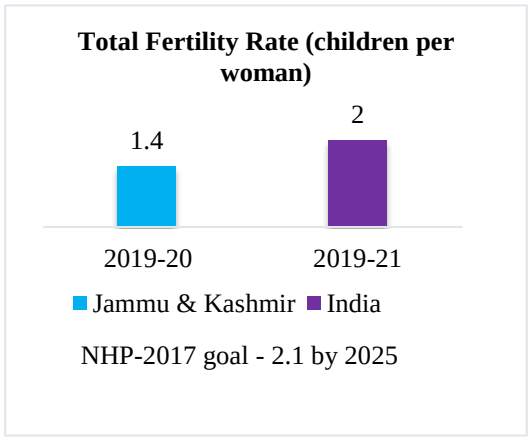
The organisational setup of the Health and Medical Education Department (H&MED) is as under:

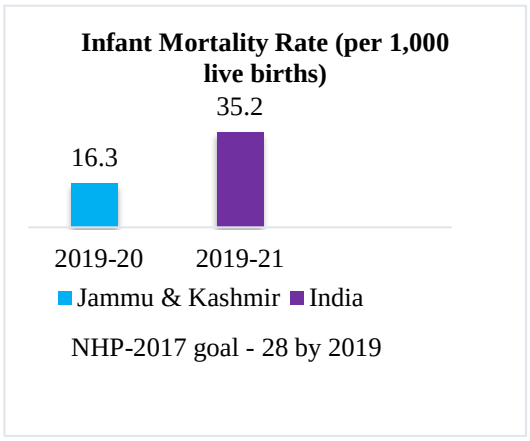


1.4 Status of Health Indicators in the UT of J&K

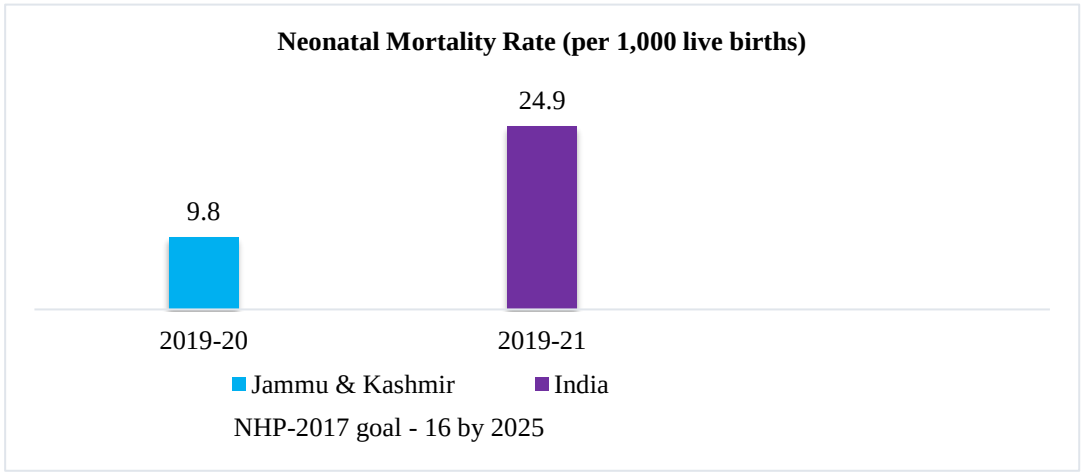
The healthcare services in a State/UT can be evaluated on the basis of the achievement against the benchmark of health indicators. Data of health indicators at an all-India level was depicted in the National Family Health Survey (NFHS-5) for the period 2019-21 whereas data of health indicators for Jammu and Kashmir was included in the said survey for the year 2019-20. The status of some important health indicators of UT of J&K *vis-a-vis* the national average and National Health Policy (NHP)-2017 goals is given in **Chart 1.2**.

Chart 1.2: Health Indicators in the UT of J&K





(Source: NFHS-5 (2019-20) for J&K, 2019-21 for India and NHP-2017)

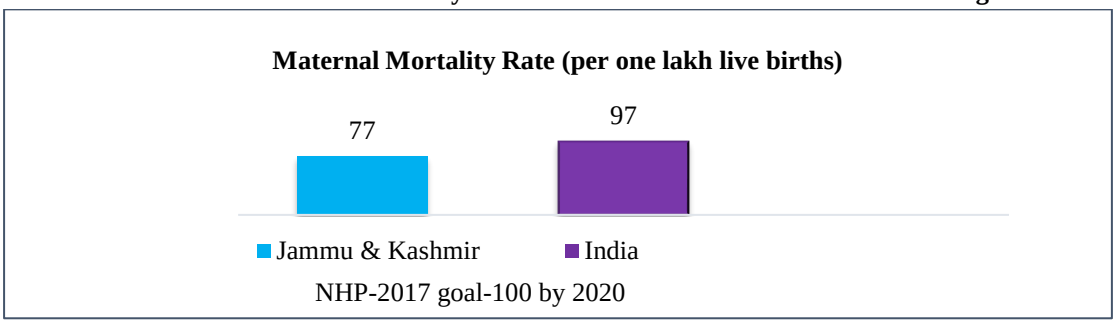


(Source: NFHS-5 (2019-20) for J&K, 2019-21 for India and NHP-2017)

The UT of J&K performed better in terms of IMR and NMR and achieved the targets of NHP-2017. Total Fertility Rate (TFR) (children per woman) in the UT was 1.4, whereas it was 2 at the national level and Infant Mortality Rate (IMR) was 16.3 against the national average of 35.2. Neonatal Mortality Rate (NMR) was 9.8, whereas it was 24.9 at the national level.

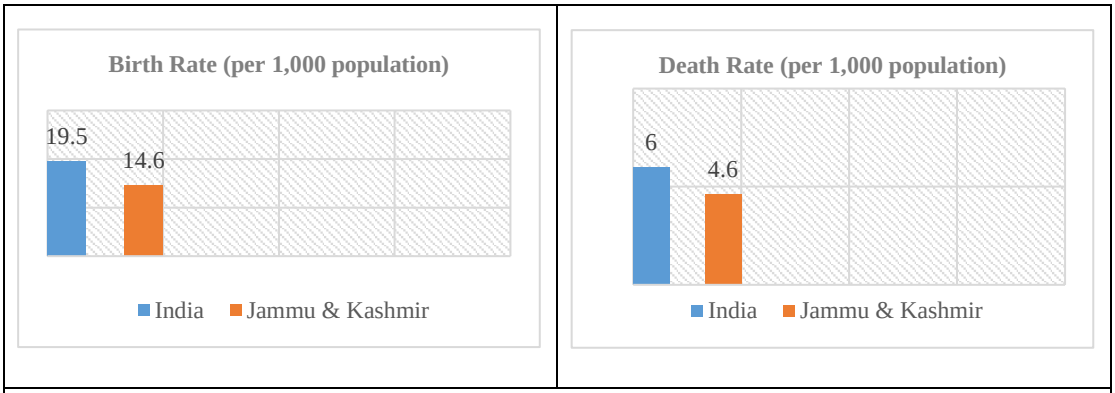
As per Sample Registration System (SRS) Bulletin 2018-20, Maternal Mortality Rate (MMR) of 77 in respect of UT of J&K was better than the national average of 97 as detailed in **Chart 1.3.**

Chart 1.3: Maternal mortality rate in the State/ UT *vis-a-vis* National average



The birth rate and death rate of a State/UT is also considered as one of the indicators for evaluation of healthcare services. A comparison of the birth rates and death rates of Jammu and Kashmir with the national average as per SRS Bulletin, 2020 is given in **Chart 1.4**.

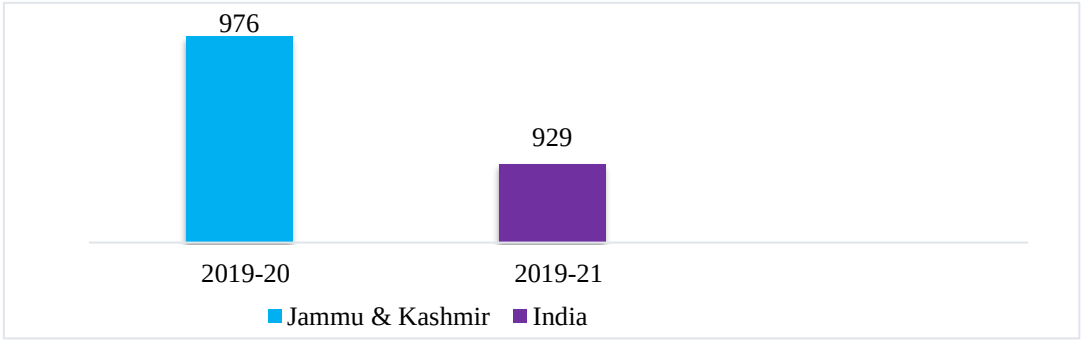
Chart 1.4: Comparison of birth/ death rate of Jammu and Kashmir with national average



(Source: SRS Bulletin, 2020)

The sex ratio at birth is a crucial index to determine how many females are born in comparison to males. Sex ratio at birth of children in the State/UT in 2019-20 and at the national level in 2019-21 are given in **Chart 1.5**.

Chart 1.5: Sex Ratio at birth for children born in the last five years (females per 1,000 males)



(Source: NFHS-5 (2019-20 for J&K and 2019-21 for India)

UT of J&K has a better sex ratio as compared to national average. Against the national average of 929 girl children born for every 1,000 boys as per NFHS-5 (2019-21), J&K has 976 girl children for every 1,000 boys as per NFHS-5 (2019-20).

1.5 Performance of UT of J&K in National Family Health Surveys

The National Family Health Survey provides information on population, health and nutrition for India and each State/ Union Territory (UT). Some of the important health indicators of J&K are given in **Table 1.1**.

Table 1.1: Performance of UT of J&K *vis-a-vis* India in important health indicators

Indicator	NFHS-4 (2015-16)		NFHS-5	
	J&K	India	J&K (2019-20)	India (2019-21)
Sex ratio of the total population (females per 1,000 males)	971	991	948	1020
Under-five mortality rate (U5MR)	37.6	49.7	18.5	41.9
Mothers who had an antenatal check-up in the first trimester (*per cent)*	76.7	58.6	86.6	70
Mothers who had at least 4 antenatal care visits (*per cent*)	81.2	51.2	80.9	58.1
Mothers whose last birth was protected against neonatal tetanus[3] (*per cent)*	87.3	89	91.9	92
Mothers who consumed iron folic acid for 100 days or more when they were pregnant (*per cent)*	30.2	30.3	29.8	44.1
Mothers who consumed iron folic acid for 180 days or more when they were pregnant (*per cent)*	16.7	14.4	15.9	26
Registered pregnancies for which the mother received a Mother and Child Protection (MCP) Card (*per cent)*	88.7	89.3	97.3	95.9
Mothers who received postnatal care from a doctor/nurse/LHV/ANM/midwife/other health personnel within 2 days of delivery (*per cent)*	74.7	62.4	84.2	78
Average out-of-pocket expenditure per delivery in a public health facility (₹)	4,225	3,197	5,145	2,916
Children born at home who were taken to a health facility for a check-up within 24 hours of birth (*per cent)*	1.0	2.5	3.3	4.2
Children who received postnatal care from a doctor/nurse/LHV/ANM/midwife/other health personnel within 2 days of delivery (*per cent)*	NA	NA	81.5	79.1
Institutional births (*per cent)*	85.5	78.9	92.4	88.6
Institutional births in public facility (*per cent)*	77.9	52.1	86.8	61.9

[3] Includes mothers with two injections during the pregnancy for their last birth, or two or more injections (the last within 3 years of the last live birth), or three or more injections (the last within 5 years of the last birth), or four or more injections (the last within 10 years of the last live birth), or five or more injections at any time prior to the last birth.

Indicator	NFHS-4 (2015-16)		NFHS-5	
	J&K	India	J&K (2019-20)	India (2019-21)
Home births that were conducted by skilled health personnel[4] (*per cent)*	2.2	4.3	3.0	3.2
Births attended by skilled health personnel (*per cent)*	87.4	81.4	95.1	89.4
Births delivered by Caesarean section (*per cent)*	33.4	17.2	41.7	21.5
Births in a private health facility that were delivered by caesarean section (*per cent)*	75.5	40.9	82.1	47.4
Births in a public health facility that were delivered by caesarean section (*per cent)*	35.5	11.9	42.7	14.3

	Health indicators above National average
	Health indicators below National average

(Source: NFHS 4 (2015-16) and NFHS 5 (2019-20 for J&K and 2019-21 for India)

(i) In NFHS-5 (2019-21), the performance of J&K was better than the National average for parameters like Under-five mortality rate (U5MR), mothers who had an antenatal check-up in the first trimester and mothers who had at least 4 antenatal care visits. The UT also featured better in the areas of institutional births, institutional births in public facility and births attended by skilled health personnel.

However, in the following areas the UT was below the national level: Sex ratio of the total population (females per 1,000 males) was 1,020 at the national level whereas in J&K, it was 948. Mothers whose last birth was protected against neonatal tetanus was marginally below the national level. Similarly, mothers who consumed iron folic acid tablets for 100 days and 180 days were also below the national level. Average out-of-pocket expenditure per delivery in a public health facility in J&K was higher than the national average. Moreover, births delivered by Caesarean section in public and private health facilities were higher than the national level.

(ii) Performance of J&K in NFHS-5 (2019-20) in comparison to the previous survey, i.e. NFHS-4 (2015-16) improved for parameters like Under-five mortality rate (U5MR), mothers who received antenatal check-up in the first trimester, institutional births, births attended by skilled health personnel. The performance also deteriorated on many health indicators such as sex ratio of the total population (females per 1,000 males), mothers who consumed iron folic acid for 100 days and 180 days or more when they were pregnant also decreased marginally. Further, the average out-of-pocket expenditure per delivery in a public health facility has risen from ₹ 4,225 to ₹ 5,145 while the number of births delivered by Caesarean section in public as well as private health facilities has increased.

[4] Doctor/ Nurse/ LHV/ ANM/ midwife/ other health personnel.

1.6 Audit Objectives

The National Health Policy (NHP) 2017 builds on the progress made in 14 years since the last NHP came out in 2002. The context had changed in four major ways:

- First, although maternal and child mortality have rapidly declined, there is a growing burden on account of non-communicable diseases and some infectious diseases.
- The second important change is the emergence of a robust healthcare industry estimated to be growing at double digit.
- The third change is the growing incidences of catastrophic expenditure due to healthcare costs, which are presently estimated to be one of the major contributors to poverty.
- Fourth, rising economic growth enables enhanced fiscal capacity.

Therefore, National Health Policy (NHP) was adopted to respond to these contextual changes. The primary aim of NHP 2017 is to inform, clarify, strengthen and prioritise the role of the Government in shaping health systems in all its dimensions.

Considering the goals laid down in NHP 2017 and experience in COVID-19 pandemic, it has become crucial to assess the adequacy of financial resources, availability of health infrastructure, manpower, machinery and equipment in the health institutions, as well as efficacy in the management of health services in the Union Territory (UT), through existing policy interventions and look at the scope for further improvement.

Thus, to ensure timely and systematic corrections, a Performance Audit (PA) on the Public Health Infrastructure and Management of Health Services in the UT of Jammu and Kashmir was taken up.

The objective of the Performance Audit is to provide a holistic view of the healthcare sector in the UT of J&K, i.e. a macro picture using State-level information and data and a micro-picture arising from detailed audit analysis/ findings on maintenance of infrastructure and delivery of healthcare services. This has been done by assessing the following:

- The availability of the necessary human resources at all levels, e.g. doctors, nursing, paramedics, etc;
- The availability of drugs, medicines, equipment and other consumables;
- The availability and management of healthcare infrastructure;
- Adequacy of the funding for healthcare;
- The funding and spending under various schemes of the Government of India;

- The adequacy and effectiveness of the regulatory mechanisms for ensuring that quality healthcare services are provided in/ by the public/ private healthcare institutions/ practitioners; and

- Whether Government spending on health has improved the health and well-being conditions of the people as per SDG-3.

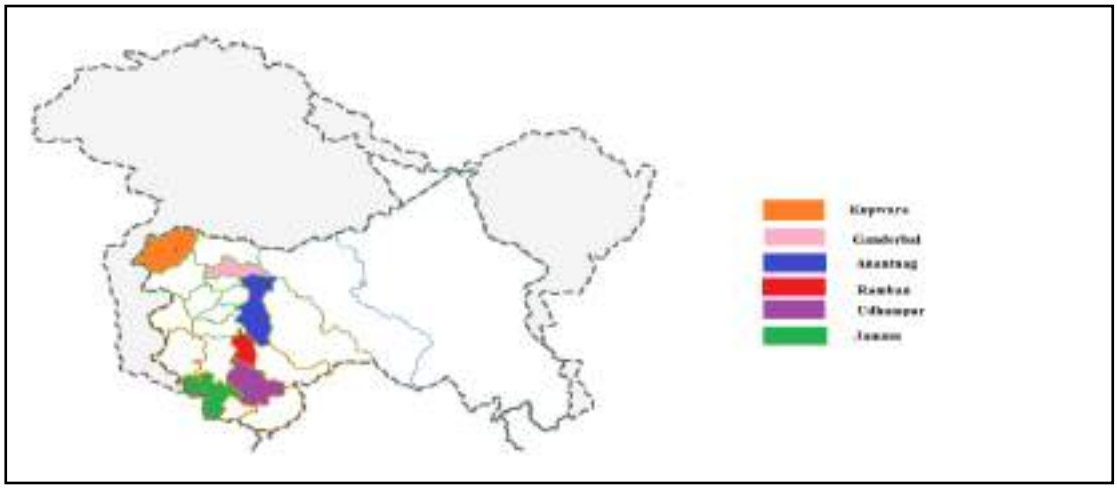
1.7 Audit Scope and Methodology

The Performance Audit covering the period from 2016-17 to 2020-21 was conducted from December 2021 to December 2022 and wherever feasible, the data has been updated up to 2021-22. The audit scope covered the healthcare facilities (both Allopathic and AYUSH) at primary, secondary and tertiary levels by scrutinising the records of the Administrative Department, Mission Director, National Health Mission; Director General Family Welfare, Maternal and Child Health (MCH) and Immunisation; three[5] Directors; Managing Director, Jammu and Kashmir Medical Supplies Corporation Limited (JKMSCL); State Drug Controller (SDC) including Drug Testing Laboratories; two[6] Principals; Medical Superintendents concerned; Chief Medical Officers; District AYUSH Officers and Block Medical Officers (BMOs). Previously Performance Audit of National Rural Health Mission, Jammu Division (Paragraph 2.1 of Report No. 01 of the year 2017) and Performance Audit of National Rural Health Mission, Kashmir Division (Paragraph 2.2 of Report No. 03 of the year 2018) were published in the CAG's Audit Report highlighting the issues of financial management, infrastructure and availability of human resources. The above reports were not discussed in Public Accounts Committee as of March 2022.

Selection of offices/ healthcare institutions for scrutiny of records was conducted at two stages. In Stage-I, six[7] out of 20 Districts of UT of J&K were selected by applying the sampling method of Probability Proportional to Size Without Replacement (PPSWOR). In Stage-II, Sub-Centres (SCs), Primary Health Centres (PHCs) and AYUSH Dispensaries/ units were sampled by applying the method of Simple Random Sampling Without Replacement (SRSWOR) in respect of six selected Districts as detailed in **Chart 1.6.** In respect of tertiary level health institutions, nine out of 19 were selected by judgmental sampling in the capital cities of Srinagar and Jammu. Districts selected for field audit in UT of J&K are depicted in **Map 1.1**.

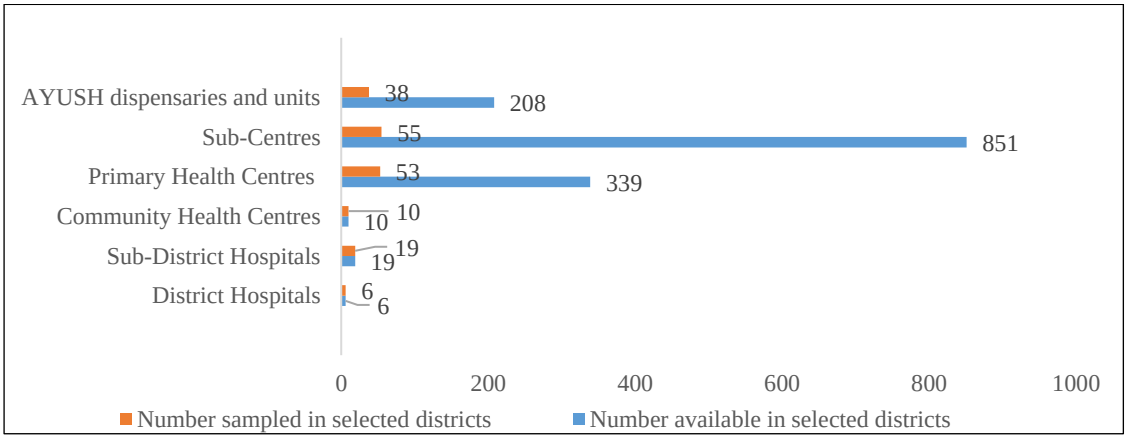
5 Directors Health Services, Kashmir and Jammu and Director, AYUSH, Jammu and Kashmir.
6 Principals Government Medical Colleges, Srinagar and Jammu.
7 Anantnag, Ganderbal, Jammu, Kupwara, Ramban and Udhampur.

Map 1.1: Districts selected for field audit in UT of J&K



The details of the number of health institutions in the selected Districts and the number of sampled health institutions are given in **Chart 1.6**.

Chart 1.6: Number of health institutions in selected Districts as of March 2022 and number of sampled HIs



The list of sampled[8] health institutions (HIs) is given in ***Appendix 1.1***.

The audit methodology involved scrutiny of records/ documents, eliciting response to audit queries, collection of information through questionnaires/ proformas as well as survey of doctors and patients for end-user satisfaction. Apart from that, joint physical inspection of assets of HIs, stores and civil works was also conducted.

An entry conference was held (December 2021) with the Additional Chief Secretary, H&MED, Jammu and Kashmir wherein the audit objectives, audit criteria, audit scope

[8] After selection of the sample, SDH Achabal (May 2022) and PHC Kanalwan (February 2022) were found to be non-functional at a later stage. As such, 18 SDHs and 52 PHCs were test-checked. Out of selected nine hospitals providing specialised services, only seven were test-checked. Further, the DH, Anantnag was designated as 300-bedded District Hospital Vide G.O. No. 298-HME of 2018 dated 24.04.2018 and the administrative control of DH, Anantnag was transferred to Govt. Medical College, Anantnag vide G.O. No. 753-HME of 2019 dated 05.08.2019. However, for the purpose of data collection, it was treated as DH, Anantnag. In order to cover the maternity services in District Anantnag, the data from Maternal and Child Care Hospital (MCCH), Anantnag was obtained as the maternity services were not available in DH, Anantnag.

and methodology were discussed.

The exit conference was held (October 2023) with the Administrative Secretary, H&MED, Jammu & Kashmir wherein the audit findings were discussed. The Administrative Secretary, H&MED acknowledged the audit findings.

1.7.1 Doctors'/ patients' survey

A survey of 77 doctors, 1,545 Outpatient Department (OPD) patients and 574 In-patient Department (IPD) patients, selected on random basis, was conducted during the performance audit in order to obtain feedback from doctors and patients. The outcome of the survey has been depicted in **Chapter III**.

1.8 Audit Criteria

The PA was benchmarked against criteria derived from the following sources:

- Indian Public Health Standards, 2012;
- National Health Policy, 2017;
- Sustainable Development Goals;
- Professional Conduct, Etiquette and Ethics Regulation, 2002;
- Drugs and Cosmetics Act, 1940;
- Bio-Medical Waste Management Rules, 2016;
- National AYUSH Mission;
- Atomic Energy (Radiation Protection) Rules, 2004;
- National Accreditation Board for Hospitals;
- Assessors Guidebook for Quality Assurance;
- Clinical Establishment Act;
- Medical Council of India (MCI) Act, 1956 replaced by National Medical Commission Act, 2019;
- NITI Aayog Reports;
- Orders/instructions/reports issued by the GoI/ State/ UT Government from time to time; and
- Jammu and Kashmir (J&K) Financial Rules, General Financial Rules and Book of Financial Powers.

1.9 Consideration of Ayushman Bharat in this Report

Ayushman Bharat (AB), the flagship health scheme of the Government of India, was launched in September 2018 to achieve Universal Health Coverage as recommended in the National Health Policy, 2017. AB adopts a continuum of care approach, comprising two inter-related components which are detailed in **Table 1.2**.

Table 1.2: Components of Ayushman Bharat

Health and Wellness Centres (HWCs)	• Transform existing 1,50,000 Sub-Centres and Primary Health Centres into HWCs. • Delivery of Comprehensive Primary Health Care (CPHC) including free essential drugs and diagnostic services covering maternal and child health services and non-communicable diseases. • Operationalise 12,500 Health and Wellness Centres under AYUSH in a phased manner during 2019-20 to 2023-24.
Pradhan Mantri Jan Arogya Yojana (PM-JAY)	• Provides a cover of ₹ 5 lakh per family per year for secondary and tertiary care hospitalisation in public and private empaneled hospitals in India. • Over 10.74 crore poor and vulnerable families (approximately 50 crore beneficiaries) are eligible for these benefits. • Provides cashless access to healthcare services for the beneficiary at the point of service, that is, the hospital. • Services include approximately 1,393 procedures covering all the costs related to treatment, including but not limited to drugs, supplies, diagnostic services, physician's fees, room charges, surgeon charges, OT and ICU charges etc. • In order to provide the benefits of AB PM-JAY to all residents of Jammu and Kashmir (more than 20 lakh families), a scheme by the name of AB PM-JAY SEHAT was launched on 26 December 2020.

The State Health Agency (SHA), a society registered under the J&K Societies Registration Act, 1941 has been implementing PMJAY for poor and vulnerable families since 2018. After the launch of PM-JAY SEHAT in December 2020, the scheme is being implemented by the SHA for all beneficiaries of Jammu and Kashmir under PM-JAY SEHAT. In the UT of J&K, 207[9] Public and Private Hospitals were empaneled with AB-PM-JAY/ AB- PM-JAY SEHAT as on January 2023.

As per the Beneficiary Identification System[10] (BIS) data, there were 102.45 lakh beneficiaries under PM-JAY/ PM-JAY SEHAT under 25.72 lakh families as of March 2022. In order to avail the benefits under PM-JAY/ PM-JAY SEHAT, these beneficiaries were required to get themselves registered under these schemes. Out of 102.45 lakh beneficiaries, 66.11 lakh (65 *per cent*) beneficiaries were registered under PM-JAY/ PM-JAY SEHAT as on 31 March 2022. Coverage of beneficiaries across districts is detailed in **Table 1.3**.

Table 1.3: Coverage of Beneficiaries across districts under PM-JAY/ PM-JAY SEHAT (as on 31 March 2022)

Sl. No.	Name of District	Total number of beneficiaries	Total number of beneficiaries registered	Percentage of registered beneficiaries
1.	Anantnag	7,87,365	5,25,857	66.78
2.	Bandipora	3,43,622	2,13,879	62.24
3.	Baramulla	9,00,814	5,73,748	63.69
4.	Budgam	6,20,922	4,09,689	65.98

9 Public Hospitals: 115 and Private Hospitals: 92

10 Beneficiary Identification System is a process of applying the identification criteria on the Social Economic and Caste Census (SECC) and *Rashtriya Swasthya Bima Yojana* (RSBY) database to approve/ reject the applications entitled for the benefits.

Sl. No.	Name of District	Total number of beneficiaries	Total number of beneficiaries registered	Percentage of registered beneficiaries
5.	Doda	3,55,117	2,35,737	66.38
6.	Ganderbal	2,68,057	1,70,371	63.55
7.	Jammu	13,00,828	7,76,502	59.69
8.	Kathua	5,35,720	3,47,028	64.77
9.	Kishtwar	2,09,231	1,29,779	62.02
10.	Kulgam	3,89,602	2,65,657	68.18
11.	Kupwara	7,04,816	3,76,984	53.48
12.	Poonch	3,94,691	2,57,029	65.12
13.	Pulwama	5,05,151	3,29,488	65.22
14.	Rajouri	5,43,072	4,29,178	79.02
15.	Ramban	2,56,057	1,83,402	71.62
16.	Reasi	2,64,481	1,83,529	69.39
17.	Samba	2,52,638	1,78,492	70.65
18.	Shopian	2,56,713	1,74,566	68.00
19.	Srinagar	9,03,762	5,09,393	56.36
20.	Udhampur	4,52,418	3,40,741	75.31
	Total	**1,02,45,077**	**66,11,049**	**64.52**

(Source: State Health Agency)

An All-India Performance Audit of PM-JAY in which Jammu and Kashmir was one of the sampled States/ UTs was conducted for the period up to March 2021. In the current Report, audit findings regarding infrastructure relating to Health and Wellness Centres (HWCs) have been included in **Chapter-V**.

1.10 Acknowledgement

Audit acknowledges the cooperation of the Government of Jammu and Kashmir (GoJ&K). Audit also appreciates the assistance provided by the field functionaries of the Department of Health and Medical Education for smooth conduct of audit.

1.11 Organisation of audit findings

The audit findings, conclusions and recommendations relating to the audit objectives have been reported in the succeeding chapters as detailed below:

Chapter-II	Human Resources
Chapter-III	Healthcare Services
Chapter-IV	Availability of drugs/medicines, equipment and other consumables

Chapter-V	Healthcare Infrastructure
Chapter-VI	Financial Management
Chapter-VII	Implementation of Centrally Sponsored Schemes
Chapter-VIII	Adequacy and effectiveness of regulatory mechanisms
Chapter-IX	Implementation of Sustainable Development Goal-3

CHAPTER-II
HUMAN RESOURCES

CHAPTER-II

Human Resources

2.1 Introduction

The health workforce can be defined as "all people engaged in actions whose primary intent is to enhance health". The health workforce includes staff that provide health services such as doctors, nurses etc. as well as administrative and support staff that do not deliver services directly but are essential to the performance of the health systems.

Availability of manpower and related issues have been discussed in the succeeding paragraphs.

2.2 Human Resources in the erstwhile State/ UT

Delivery of quality healthcare services in hospitals largely depends on adequate availability of doctors, nurses, paramedical and other supporting staff. Availability of human resources (including AYUSH) in the erstwhile State/UT of J&K during the period 2016-22 is detailed in **Table 2.1**.

Table 2.1: Sanctioned/ effective strength of human resources in the State/ UT

Year	Sanctioned strength					Effective strength				
	Doctors	Nurses	Paramedical staff	Other supporting staff	Total	Doctors	Nurses	Paramedical staff	Other supporting staff	Total (percentage shortfall)
2016-17	8,373	3,874	12,780	14,084	39,111	4,743	2,955	9,612	9,283	26,593 (32)
2017-18	8,522	3,874	12,764	14,143	39,303	4,933	3,042	9,471	8,346	25,792 (34)
2018-19	9,991	4,396	13,524	15,841	43,752	5,575	3,179	9,657	8,688	27,099 (38)
2019-20	9,820	4,707	11,563	15,509	41,599	6,096	3,288	8,118	8,191	25,693 (38)
2020-21	9,841	4,793	13,800	16,163	44,597	6,093	3,471	9,036	8,534	27,134 (39)
2021-22	9,886	4,837	13,897	17,495	46,115	5,926	3,389	11,021	10,409	30,745 (33)

(Source: Figures provided by the Administrative Department)

It may be seen from **Table 2.1** that there was overall shortfall ranging between 32 *per cent* and 39 *per cent* in human resources during the period 2016-17 to 2020-21. However, the shortfall decreased to 33 *per cent* in 2021-22 from 39 *per cent* in 2020-21 mainly due to increase in paramedical and other supporting staff.

In addition to the above, 3,292 personnel were outsourced as of March 2022 under various categories such as security staff, sanitary workers, data entry operators, unskilled attendants, drivers, sweepers etc. in respect of both allopathy and AYUSH services in the UT of J&K.

The availability of staff under various categories in various health institutions (HIs) as of March 2022 is given in **Table 2.2**.

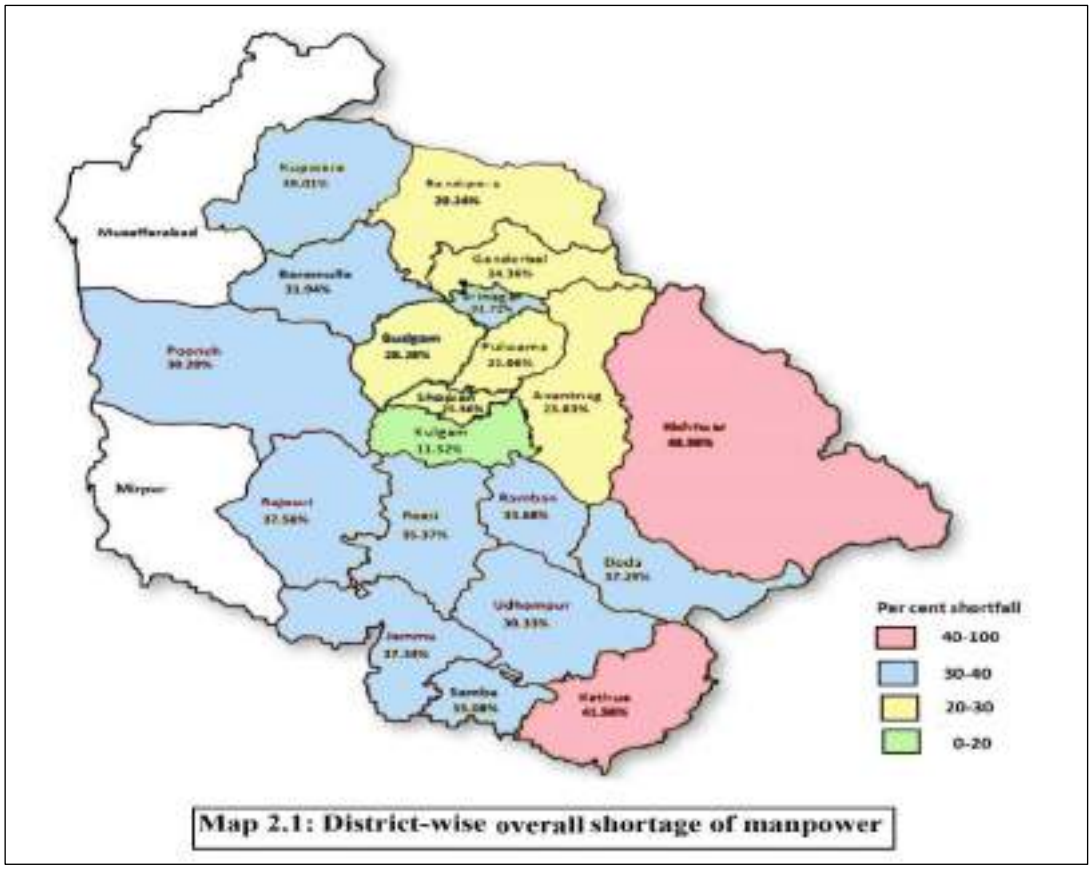
Table 2.2: Staff strength in various types of health institutions as of March 2022

Health Institutions	Doctors			Nurses			Paramedics			Others		
	SS	PIP	SF	SS	PIP	SF	SS	PIP	SF	SS	PIP	SF
Medical Colleges	3,154	1,604	1,550 (49)	1,054	754	300 (28)	1,074	657	417 (39)	3,274	1,702	1,572 (48)
Hospitals associated with Medical Colleges	909	426	483 (53)	2,512	1,899	613 (24)	1,755	1,115	640 (36)	4,238	2,750	1,488 (35)
DHs	748	538	210 (28)	333	208	125 (38)	699	448	251 (36)	589	400	189 (32)
SDHs	908	700	208 (23)	451	309	142 (31)	1,460	1,025	435 (30)	758	517	241 (32)
CHCs	413	283	130 (31)	205	109	96 (47)	708	483	225 (32)	488	314	174 (36)
PHCs	2,024	1,340	684 (34)	520	382	138 (27)	3,515	2,626	889 (25)	3,140	2,310	830 (26)
SCs	0	0	0	0	0	0	0	0	0	5,150	3,933	1,217 (24)
Other HIs	152	94	58 (38)	47	30	17 (36)	162	104	58 (36)	149	92	57 (38)
AYUSH Dispensaries and units and hospitals	664	614	50 (8)	3	3	0	575	412	163 (28)	167	112	55 (33)
Total	**8,972**	**5,599**	**3,373 (38)**	**5,125**	**3,694**	**1,431 (28)**	**9,948**	**6,870**	**3,078 (31)**	**17,953**	**12,130**	**5,823 (32)**

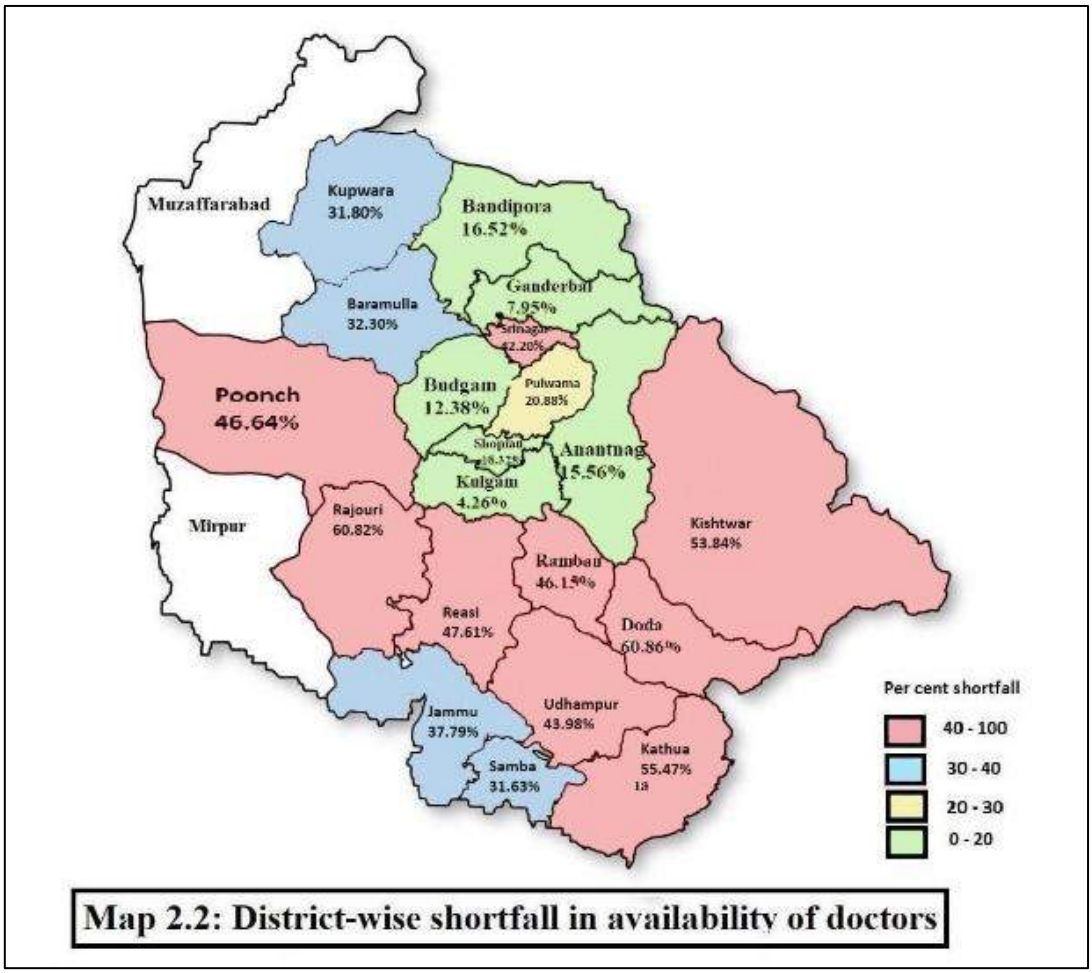
(Source: Information furnished by HIs/CMOs/BMOs etc.)
SS: Sanctioned Strength; PIP: Person-in- Position; SF: Shortfall. Figures in brackets indicate percentage

It may be seen that the figures furnished by the health institutions for the year 2021-22 differ from those in Table 2.1 (as provided by the Administrative Department). The matter of reconciliation of data of these two tables was taken up with the Department; despite repeated reminders, the response was awaited (January 2025).

As detailed in **Table 2.2**, there was overall shortfall of 32.63 *per cent* in human resources under the HIs of the UT of J&K. The details of district-wise shortfall in human resources as of March 2022 as compared with the sanctioned strength are shown in **Maps 2.1 to 2.5**.



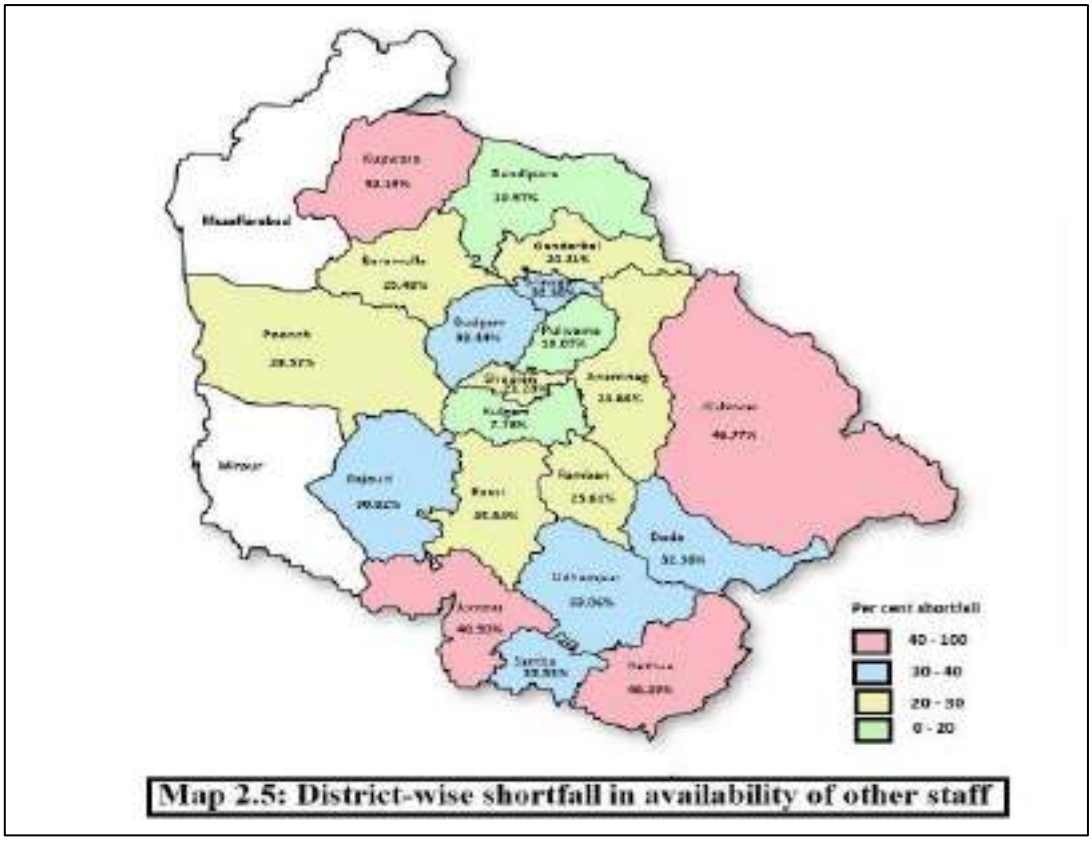
Map 2.1: District-wise overall shortage of manpower



Map 2.2: District-wise shortfall in availability of doctors

Map 2.3: District-wise shortfall in availability of nursing staff

Map 2.4: District-wise shortfall in availability of paramedical staff



Map 2.5: District-wise shortfall in availability of other staff

It is evident from **Maps 2.1 to 2.5** that the distribution of available manpower in the 20 districts of Jammu and Kashmir was not uniform as detailed below:

- Shortfall of overall manpower was lowest (11.52 *per cent*) in Kulgam District and highest (43.55 *per cent*) in Kishtwar District.
- It was observed that posts of doctors were lying vacant in all the districts. Shortfall in the category of doctors was more than 40 *per cent* in nine districts[1]. It was lowest (4.26 *per cent*) in Kulgam District and highest (60.86 *per cent*) in Doda District.
- Shortfall in the category of nursing staff was more than 40 *per cent* in four districts[2]. It was lowest (10.71 *per cent*) in Kishtwar District and highest (56.60 *per cent*) in Budgam District.
- Shortfall in the category of paramedical staff was more than 40 *per cent* only in Reasi District (43.03 *per cent*) while it was lowest (14 *per cent*) in Udhampur District.
- Shortfall in the category of other staff was more than 40 *per cent* in four districts[3]. It was lowest (7.78 *per cent*) in Kulgam District and highest (52.19 *per cent*) in Kupwara District.

1 Doda, Kathua, Kishtwar, Poonch, Rajouri, Ramban, Reasi, Srinagar and Udhampur
2 Baramulla, Budgam, Samba and Shopian
3 Jammu, Kathua, Kishtwar and Kupwara

This shows a skewed distribution of available manpower across districts.

The details of vacancies of doctors, nurses and paramedical staff referred by H&MED to J&K Public Service Commission (JKPSC) and J&K Services Selection Board (JKSSB) and recruitment made during 2016-22 are given in **Table 2.3**.

Table 2.3: Details of posts referred and recruitments made during 2016-22

Year	Doctors			Nurses			Paramedical staff		
	Posts referred	Recruitments made	Vacancy at the end of the year	Posts referred	Recruitments made	Vacancy at the end of the year	Posts referred	Recruitments made	Vacancy at the end of the year
2016-17	380	146	3,630	292	88	919	47	380	3,168
2017-18	629	404	3,589	69	2	832	102	60	3,293
2018-19	1,060	1,437	4,416	590	0	1,217	490	15	3,867
2019-20	32	21	3,724	80	575	1,419	214	211	3,445
2020-21	926	637	3,748	496	0	1,322	292	11	4,764
2021-22	585	171	3,960	25	0	1,448	392	0	2,876
Total	**3,612**	**2,816**	**-**	**1552**	**665**		**1,537**	**677**	

(Source: Information furnished by JKPSC/ JKSSB)

The **Table 2.3** indicates that 2,816 doctors, 665 nurses and 677 paramedical staff were recruited during 2016-22. However, even after the recruitments, there was shortage of 3,960 (40 *per cent*) doctors, 1,448 (30 *per cent*) nurses and 2,876 (21 *per cent*) paramedical staff as of March 2022 as also indicated in **Table 2.1**.

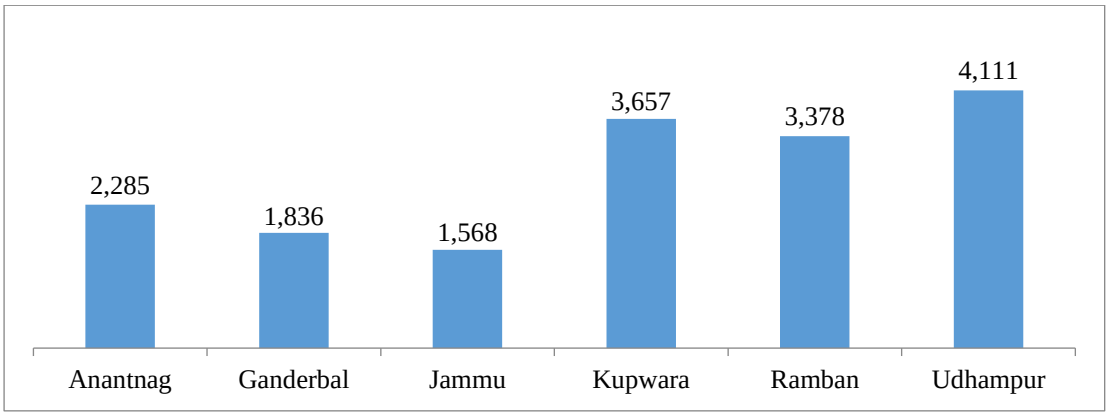
2.3 Doctor Population Ratio

As per 2011 Census, population of UT of Jammu and Kashmir was 1,22,67,013[4]. World Health Organisation (WHO) prescribes norm of one doctor per thousand population.

As of March 2022, one Government doctor[5] was serving a population of 2,191 (2,461 in case of allopathic doctors) in the UT of J&K. The ratio of availability of doctor was better than the States of Haryana (4,081 doctors for 2.51 crore people i.e. one allopathic doctor per 6,212 persons) and Punjab (one allopathic doctor for 6,390 persons). The availability of Government doctors at district level was not uniform in the selected six Districts, and it varied from as low as one Government doctor for 1,568 people in Jammu District to as high as one Government doctor for 4,111 people in Udhampur District as depicted in **Chart 2.1**.

[4] After excluding the population of UT of Ladakh as per Census-2011.
[5] Audit examined availability of only Government doctors per thousand population.

Chart 2.1: Population per Government doctor in the selected Districts



2.4 Human Resources under AYUSH

Against the sanctioned strength of 1,533 personnel[6] in the Directorate of AYUSH (DoA) in the UT, the effective strength was 1,222 (shortage of 20 *per cent*) as of March 2022. There was, however, variation in the sanctioned and effective strength in respect of data provided by the DoA and information provided by the District AYUSH Officers and concerned Medical Superintendents as detailed in **Table 2.4.**

Table 2.4: Variation in sanctioned and effective strength of staff

Particulars	Sanctioned strength of staff		Variation	Effective strength of staff		Variation
	as provided by DoA	as compiled by Audit		as provided by DoA	as compiled by Audit	
Medical Officers, Pharmacists, Nurses and Nursing Orderlies	1,423	1,409	14	1,137	1,141	4
Other staff[7]	110	110	Nil	85	85	Nil
Total	**1,533**	**1,519**	**14**	**1,222**	**1,226**	**4**

(Source: Information provided by the DoA and concerned HIs)

Reasons for variation in sanctioned and effective strength of staff between data furnished by DoA and data furnished by District AYUSH Officers and concerned Medical Superintendents were not furnished by DoA.

(A) AYUSH Dispensaries (ADs) are the independent basic/ primary healthcare institutions in AYUSH sector providing preventive, promotive and curative AYUSH healthcare services whereas AYUSH Units[8] (AU) are secondary level AYUSH institutions. The AUs also provide specialised procedures like

6 Includes Medical Officers, Pharmacists, Nursing staff, Administrative staff etc.

7 Includes Director AYUSH, Dy. Directors, Assistant Directors, Accounts Officer, A&B Grade Specialists, Junior/Senior Assistants etc.

8 AYUSH units are typically smaller and offer more limited range of services.

Ksharsutra/ Panchkarma/ Regimenal therapies[9] in addition to the preventive, promotive, curative and rehabilitative services. The AYUSH units are functioning on co-location basis within the Allopathic HIs.

The structure of manpower in an AYUSH Dispensary (AD) is one Medical Officer (MO), one Pharmacist and one Nursing Orderly (NO). The manpower requirement is at least one MO for AYUSH units (AUs).

The position of sanctioned and effective strength as on March 2022 of MOs, Pharmacists and NOs in 602 (ADs: 571 and AYUSH units: 31) HIs is given in **Table 2.5**.

Table 2.5: Position of Manpower in ADs, AUs and AYUSH Hospitals

Category	Sanctioned strength			Effective strength			Shortage (-)/Excess (+)		
	AD	AU	AYUSH Hospitals	AD	AU	AYUSH Hospitals	AD	AU	AYUSH Hospitals
Medical Officers (MO)	578	68	18	540	56	18	(-) 38 (7 *per cent*)	(-) 12 (18 *per cent*)	Nil
Pharmacists	573		2	410		2	(-) 163 (28 *per cent*)		Nil
Nurses	-		3	-		3	-		Nil
Nursing Orderly/ other staff	144		23	98		14	(-) 46 (32 *per cent*)		9
Total	**1,363**		**46**	**1,104**		**37**	**(-) 259 (19 *per cent*)**		**9**

(Source: Information furnished by District AYUSH/Nodal Officers, concerned AYUSH Hospitals)

Audit observed that:

- Adequate number of MOs were posted in ADs, AUs and AYUSH Hospitals. However, out of 602 HIs, MOs in 40 ADs and three AYUSH units were not available.

- In 195 ADs, there was no sanctioned strength of Pharmacists whereas in remaining 376 ADs, 573 posts of Pharmacists were sanctioned against which only 410 Pharmacists were in position. In 79 ADs, no Pharmacist was posted despite having sanctioned posts.

- In two[10] AYUSH Hospitals, there was no shortage of MOs, Nurses and Paramedics against the sanctioned posts. However, against the sanctioned strength of 23 other staff, there was shortage of nine personnel.

[9] *Ksharsutra Therapy*: It is an effective treatment for piles; *Panchkarma Therapy*: The therapy involves five actions that helps in cleansing the body of accumulated toxins; Regimenal Therapy: It is a special technique of treatment to improve the constitution of the body by removing waste materials and improving the defence mechanism of the body.

[10] Govt. Ayurvedic Hospital, Jammu and Govt. Unani Hospital, Shalteng Srinagar

In respect of 38 sampled ADs, Audit noticed that as of March 2022:

- Against the sanctioned strength of 38 Medical Officers, 38 Pharmacists and eight Nursing Orderlies there were 37 Medical Officers, 33 Pharmacists and 5 Nursing Orderlies were available.

- Posts of Pharmacist and Nursing Orderly was not sanctioned in 16 and 30 ADs respectively.

- Although having sanctioned posts three[11] and two[12] ADs were without MOs and Pharmacists respectively, while in three[13]ADs, Nursing Orderly were not posted against the sanctioned posts.

The Chief Accounts Officer, Directorate of AYUSH, J&K stated (January 2025) that 30 Medical Officers selected by JKPSC have been posted in those HIs which were without MOs. Moreover, vacancies of 37 MOs have also been referred to JKPSC for filling up on priority basis. Further, 115 posts of Pharmacists and 59 posts of MTS (Nursing Orderlies) have been referred to JKSSRB. Moreover, Multipurpose Workers and Unskilled Attendants have been hired on outsourcing basis for filling the gap of paramedical staff.

(B) Under Ayushman Bharat scheme, ASHAs were required to be attached with AYUSH Health and Wellness Centres (AH and WCs) at the norm of one per 1,000 population to ensure *Prakriti*[14] analysis of individuals above 18 years of age, regular Yoga at these Centres, referral and follow-up care of patients. Audit observed that against
317 approved AH and WCs, ASHAs were attached with only 141 AH and WCs as of March 2022.

- Yoga Instructors were to be engaged on part-time basis in all AH and WCs. Against the requirement of 317 Yoga Instructors for AH and WCs, the Department had deployed (March 2022) only 216 Yoga Instructors.

The Chief Accounts Officer, Directorate of AYUSH, J&K stated (January 2025) that in 523 AH and WCs, services of 2,401 ASHAs are being utilised. It was further stated that 20 Yoga Instructors have left the job and presently 196 Yoga Instructors are working. However, Yoga trainings have been imparted to Medical Officers and Pharmacists/ support staff for ensuring availability of Yoga services in all AH and WCs.

11 N.P. Grain, Khail Seer Mangla and Mahu
12 Mahu and Khanwdwal
13 Ranipora, Hapatnard, Bamloora
14 *Prakriti* analysis is Ayurveda's unique way of determining a body type for an individual

2.5 Human Resources in Drug and Food Control Organisation

Drug and Food Control Organisation plays a vital role in providing safe and quality drugs to the consumers/ patients and in making safe and hygienic quality food articles available to the public. Audit, however, noticed that against 239 sanctioned posts, only 156 personnel were in position as on March 2022, indicating a shortage of 35 *per cent* in manpower. Significant shortage of 53 *per cent* was noticed in Combined Food and Drug Laboratory, Jammu as detailed in **Table 2.6.**

Table 2.6: Position of manpower in Drug and Food Control Organisation

Name of the DDO	Sanctioned strength	Effective strength	Shortage (-)/Excess (+)
Controller, Drug and Food Control Organisation	31	22	(-) 9 (29 *per cent*)
Dy. Controller, Jammu	61	41	(-) 20 (33 *per cent*)
Dy. Controller, Kashmir	65	51	(-) 14 (22 *per cent*)
Combined Food and Drug Laboratory, Jammu	38	18	(-) 20 (53 *per cent*)
Drug Laboratory, Kashmir	44	24	(-) 20 (45 *per cent*)
Total	**239**	**156**	(-) 83 (35 *per cent*)

(Source: Information furnished by State Drugs Controller, J&K)

Shortage of staff in Drug and Food Control Organisation adversely affected the functioning of the organisation in discharging its duties as discussed in **Chapter VIII** of this report.

The State Drugs Controller, Drug and Food Control Organisation Jammu and Kashmir stated (January 2025) that all the direct quota vacancies of various category of posts have been referred to Administrative Department from time to time for further referral to the respective recruiting agencies.

2.6 Human Resources in Jammu Kashmir Medical Supplies Corporation Limited

Jammu and Kashmir Medical Supplies Corporation Ltd. (JKMSCL) was established (May 2013) to improve the health scenario in J&K by facilitating purchase and distribution of quality and affordable medicines and equipment through a rigorous procurement process. The position of availability of manpower in JKMSCL as of March 2022 is given in **Table 2.7**.

Table 2.7: Availability of manpower in JKMSCL

Number of employees posted in JKMSCL	Employees whose salary drawn on sanctioned strength of JKMSCL	Employees deployed from sister offices on temporary basis	Outsourced Employees
188	22	70	96

(Source: information furnished by JKMSCL)

A total of 188 personnel were deployed in various offices of the company. Out of these employees, 70 employees were temporarily deployed from various Departments/ HIs from where they were drawing their salary and 96 employees were outsourced.

On the recommendations (October 2014) of the Establishment Committee for creation of 48 additional posts viz, Company Secretary, Programmer/ System Administrator, Deputy General Managers, Data Entry Operators/ Computer Assistants etc. for JKMSCL, the Board of Directors of JKMSCL authorised (October 2018) the Managing Director of JKMSCL to get the proposal vetted by the Finance Department.

The Department stated (November 2023) that the matter regarding seeking concurrence of the Finance Department regarding creation of 48 posts was taken up with the Administrative Department from time to time, however no response was received till date.

The Financial Advisor/ CAO, JKMSCL stated (January 2025) that no response was received from the concerned Department of creation of 48 posts.

2.7 Human Resources under NHM

To overcome shortage of staff, supplementary manpower was also engaged under NHM for implementation of several schemes. The availability of staff under NHM including AYUSH staff in J&K during the period 2016-22 is given in **Table 2.8**.

Table 2.8: Availability of staff under NHM in J&K

Year	Medical Officers		Staff Nurses		Paramedical staff		Other staff	
	Permissibility	In-position (percentage shortfall)	Permissibility	In-position (percentage shortfall)	Permissibility	In-position (percentage shortfall)	Permissibility	In-position (percentage shortfall)
2016-17	1,626	1,429 (12)	1,103	901 (18)	5,414	4,630 (14)	631	655 (0)
2017-18	1,524	1,423 (7)	1,129	941 (17)	5,414	4,759 (12)	637	550 (14)
2018-19	1,533	1,331 (13)	1,640	966 (41)	5,415	4,821 (11)	634	549 (13)
2019-20	1,617	1,343 (17)	1,862	911 (51)	5,021	4,538 (10)	570	487 (15)
2020-21	1,614	1,309 (19)	1,958	1,620 (17)	5,038	4,867 (3)	584	496 (15)
2021-22	1,739	1,403 (19)	2,312	1,931 (16)	7,123	6,540 (8)	815	724 (11)

(Source: Information furnished by NHM, J&K)

The position depicted in the T**able 2.8** indicates that shortage of Medical Officers was ranging between 12 *per cent* and 19 *per cent* during 2016-17 to 2021-22. However, shortage of paramedical staff had significantly reduced from 14 *per cent* in 2016-17 to 08 *per cent* in 2021-22. Shortage of nurses had reduced from 18 *per cent* in 2016-17 to 16 *per cent* in 2021-22. Shortage of other staff was also reduced from 14 *per cent* in 2017-18 to 11 *per cent* in 2021-22.

2.8 Human Resources in the sampled Districts

Position of sanctioned and available doctors, nurses and paramedical staff as of March 2022 in the six sampled Districts in all HIs is given in **Table 2.9**.

Table 2.9: Availability of staff in the sampled Districts

Category	Position	District					
		Anantnag	**Ganderbal**	**Jammu**	**Kupwara**	**Ramban**	**Udhampur**
Doctors	Sanctioned	559	176	1,569	349	156	241
	Available	472	162	976	238	84	135
	Shortage (*per cent*)	87(16)	14 (8)	593 (38)	111 (32)	72 (46)	106 (44)
Nurses	Sanctioned	227	59	1,606	164	62	100
	Available	152	47	1,102	119	42	70
	Shortage (*per cent*)	75 (33)	12 (20)	504 (31)	45 (27)	20 (32)	30 (30)
Paramedical staff	Sanctioned	653	299	1,826	598	289	403
	Available	489	196	1,174	388	202	337
	Shortage (*per cent*)	164 (25)	103 (34)	652 (36)	210 (35)	87 (30)	66 (16)
Others	Sanctioned	897	299	3,184	550	241	502
	Available	671	225	1,876	268	168	326
	Shortage (*per cent*)	226 (25)	74 (25)	1,308 (41)	282 (51)	73(30)	176 (35)

(Source: Information furnished by concerned CMOs)

Audit observed that:

- Shortfall in respect of doctors ranged between 8 *per cent* (District Ganderbal) and 46 *per cent* (District Ramban).
- Shortfall in respect of nurses ranged between 20 *per cent* (District Ganderbal) and 33 *per cent* (District Anantnag).
- Shortfall in respect of paramedical staff ranged between 16 *per cent* (District Udhampur) and 36 *per cent* (District Jammu).
- Shortfall in respect of other staff ranged between 25 *per cent* (Districts Anantnag and Ganderbal) and 51 *per cent* (District Kupwara).

The Chief Accounts Officer, Directorate of Health Services Jammu stated (January 2025) that proposal for creation of posts as per IPHS norms has been submitted to the Administrative Department.

2.9 Human Resources in selected Tertiary Level Health Institutions

The details of available manpower in major categories in the selected tertiary level health institutions are shown in **Table 2.10**.

Table 2.10: The position of manpower as of March 2022

Cadre	Major Category	Government Medical College Jammu[15]			Government Medical College Srinagar[16]		
		SS	PIP	Shortfall *per cent*	SS	PIP	Shortfall *per cent*
Doctors	Professor	87	50	37 (43)	124	89	35 (28)
	Associate Professor	94	39	55 (59)	131	64	67 (51)
	Assistant Professor	97	55	42 (43)	178	78	100 (56)
	Lecturers	170	88	82 (48)	285	73	212 (74)
	Other Specialists	312	211	101 (32)	521	344	177 (34)
	MOs/other doctors	78	39	39 (50)	264	146	118 (45)
	Total	**838**	**482**	**356 (42)**	**1,503**	**794**	**709 (47)**
Supporting staff	Staff Nurses	1,306	927	379 (29)	1,094	933	161 (15)
	Paramedical staff	748	459	289 (39)	843	593	250 (30)
	Other staff	1,941	1,132	809 (42)	2,724	1,837	887 (33)
	Total	**3,995**	**2,518**	**1,479 (37)**	**4,661**	**3,363**	**1,298 (28)**
Grand Total		**4,833**	**3,000**	**1,835 (38)**	**6,164**	**4,157**	**2,007 (33)**

(Source: Information furnished by the Principals and Medical Superintendents concerned)

As seen from the **Table 2.10**, when compared with the sanctioned strength, there were shortages across above mentioned categories with overall shortage of 38 and 33 *per cent* in GMC Jammu and GMC Srinagar respectively.

2.9.1 Government Medical College, Jammu

- There was overall shortage of 356 doctors in GMC Jammu (including the sampled Associated Hospitals) as of March 2022 (Professor: 43 *per cent*, Associate Professor: 59 *per cent*, Assistant Professor: 43 *per cent* and Lecturers: 48 *per cent*) against the sanctioned strength of 838.
- Against the sanctioned post of 78 MOs/ other doctors, 39 were posted as of March 2022.
- There was an overall shortage of 29 *per cent* of staff nurses when compared with the sanctioned strength as of March 2022. Similarly, 39 *per cent* shortage was also noticed in paramedical staff.
- There was an overall shortage of 42 *per cent* of other staff.

[15] Including the sampled TLHs GMC & Hospital Jammu, SMGS Hospital Jammu and Super Specialty Hospital, Jammu

[16] Including the sampled TLHs SMHS Hospital Srinagar, Lalla Ded Hospital Srinagar, G.B. Pant Hospital Srinagar and Super Specialty Hospital Srinagar

2.9.2 Government Medical College, Srinagar

- There was overall shortage of 709 doctors in GMC Srinagar (including the sampled Associated Hospitals) as of March 2022 (Professor: 28 *per cent*, Associate Professor: 51 *per cent*, Assistant Professor: 56 *per cent* and Lecturers: 74 *per cent*) against the sanctioned strength of 1,503.

- Against the sanctioned post of 264 Medical Officers (MOs)/ other doctors, 146 were posted as of March 2022.

- There was an overall shortage of 15 *per cent* of staff nurses when compared with the sanctioned strength as of March 2022. Similarly, 30 *per cent* shortage was also noticed in paramedical staff.

- There was an overall shortage of 33 *per cent* of other staff.

2.10 Norms for allocation of Human Resources

Indian Public Health Standards (IPHS) 2012 guidelines prescribe minimum number of doctors, nurses, paramedical staff and support staff to be available in different Hospitals from DHs up to the Sub-Centre level according to the number of sanctioned beds. Details of IPHS 2012 norms are given in **Table 2.11**.

Table 2.11: IPHS 2012 norms for allocation of Human Resources

Sl. No.	Type of Health Institution	Bed capacity	IPHS 2012 norms for manpower (essential + desirable)
1.	Sub-Centre (Type A)	1	03 (ANM:2 and Health Worker:1)
2.	Primary Health Centre	4 to 6	18 (Doctors:2, Nurses:4, Paramedics and Others:12)
3.	Community Health Centre	30	52 (Doctors:11, Nurses:11, Paramedics:14 and Others:16)
4.	Sub-District Hospital	31 to 50	83 (Doctors:23, Nurses:20, Paramedics:28 and Others:12)
		51 to 100	121 (Doctors:31, Nurses:30, Paramedics:45 and Others:15)
5.	District Hospital	100	120 (Doctors:32, Nurses:45, Paramedics:31 and Others:12)
		200	184 (Doctors:37, Nurses:90, Paramedics:42 and Others:15)
		300	272 (Doctors:50, Nurses:135, Paramedics:66 and Others:21)
		400	345 (Doctors:58, Nurses:180, Paramedics:81 and Others:26)
		500	422 (Doctors:68, Nurses:225, Paramedics:100 and Others:29)

(Source: IPHS Guidelines 2012)

2.11 Manpower in District Hospitals

Shortage/ excess of doctors, nurses and paramedics against the IPHS 2012 norms and sanctioned strength in the sampled DHs is detailed in **Table 2.12**.

Table 2.12: Position of manpower in the sampled District Hospitals as of March 2022

District Hospital	Cadre	IPHS 2012 norms	Sanctioned Strength(SS)	Available	Shortage (-)/ Excess (+) as per IPHS 2012 norms	Shortage/ Excess as per SS
DH Anantnag including MCCH (Beds: 410)	Doctors	68	61	45	(-)23	(-)16
	Nurses	225	42	22	(-)203	(-)20
	Paramedics	100	69	33	(-)67	(-)36
	Others	29	65	63	(+)34	(-)2
DH Ganderbal (Beds: 130)	Doctors	37	26	21	(-)16	(-)5
	Nurses	90	14	9	(-)81	(-)5
	Paramedics	42	55	38	(-)4	(-)17
	Others	15	7	3	(-)12	(-)4
DH Jammu (Beds: 160)	Doctors	37	55	44	(+)7	(-)11
	Nurses	90	36	34	(-)56	(-)2
	Paramedics	42	49	35	(-)7	(-)14
	Others	15	70	28	(+)13	(-)42
DH Handwara (Beds: 73)	Doctors	32	50	30	(-)2	(-)20
	Nurses	45	22	11	(-)34	(-)11
	Paramedics	31	28	23	(-)8	(-)5
	Others	12	6	5	(-)7	(-)1
DH Ramban (Beds: 50)	Doctors	32	34	20	(-)12	(-)14
	Nurses	45	24	14	(-)31	(-)10
	Paramedics	31	32	20	(-)11	(-)12
	Others	12	11	7	(-)5	(-)4
DH Udhampur (Beds: 200)	Doctors	37	58	37	0	(-)21
	Nurses	90	32	21	(-)69	(-)11
	Paramedics	42	36	34	(-)8	(-)2
	Others	15	52	32	(+)17	(-)20

(Source: Figures furnished by the sampled DHs)

Data in the **Table 2.12** indicates that there was shortage of 02 to 23 doctors against the IPHS norms in four[17] out of six sampled DHs and shortage of 05 to 21 doctors against the sanctioned strength in all the six test-checked DHs. Effective strength of doctors in DH Jammu was more than the IPHS norms.

In nursing cadre, the shortage was 31 to 203 and 02 to 20 against the IPHS norms and sanctioned strength respectively in six sampled DHs.

In paramedics cadre, there was shortage of four to 67 paramedics against the IPHS norms whereas shortage of two to 36 paramedics was noticed against the sanctioned strength in six DHs.

2.11.1 Shortage of specialists in District Hospitals

DHs provide specialised medical services including Medicine, Surgery, Radiology, Orthopaedics, Paediatrics, Ophthalmology, ENT etc. IPHS 2012 norms provides for 16 types of Departments/ specialties in a DH. Audit analysed the availability of specialists in respect of 14 Departments/ specialties. The Department/ Specialty-wise availability of doctors in the DHs of UT of J&K as of March 2022 is given in the **Table 2.13**.

[17] DHs Anantnag, Ganderbal, Handwara and Ramban

Table 2.13: Availability of doctors in specialist cadre in DHs of UT of J&K

Sl. No.	Department	Sanctioned Strength	Availability of specialists	Shortfall	Percentage shortfall
1.	General Medicine	43	31	12	28
2.	General Surgery	43	30	13	30
3.	Obstetrics and Gynaecology	43	38	5	12
4.	Paediatrics	26	20	6	23
5.	Anaesthesia	43	29	14	33
6.	Ophthalmology	19	13	6	32
7.	Orthopaedics	27	18	9	33
8.	Radiology	11	6	5	45
9.	Pathology	11	7	4	36
10.	ENT	19	10	9	47
11.	Dental	47	41	6	13
12.	Dermatology and Venereology	7	3	4	57
13.	Psychiatry	7	4	3	43
14.	AYUSH	19	15	4	21
Total		**365**	**265**	**100**	**27**

(Source: Information furnished by the concerned DHs)

In terms of IPHS 2012 norms, there was a shortage of critical specialists such as Dermatologists, ENT specialists followed by Radiologists and Psychiatrists. However, the least shortage was noticed in case of Obstetrician and Gynaecologist (12 *per cent).*

Further, the availability of doctors in the specialist cadre in the sampled DHs as of March 2022 is detailed in **Table 2.14**.

Table 2.14: Availability of doctors in specialist cadre in the sampled DHs as of March 2022

Sl. No.	Department	Anantnag			Ganderbal			Handwara			Jammu			Ramban			Udhampur			Total		
		IPHS	SS	PIP	IPHS	SS	PIP	IPHS	SS	PIP	IPHS	SS	PIP	IPHS	SS	PIP	IPHS	SS	PIP	IPHS	SS	PIP
1.	General Medicine	5	4	2	2	2	1	2	4	3	2	3	2	2	0	0	2	3	1	**15**	**16**	**9**
2.	General Surgery	4	3	2	2	2	1	2	4	2	2	2	2	2	1	0	2	3	1	**14**	**15**	**8**
3.	Obstetrics and Gynaecology	6	3	3	3	2	2	2	3	2	3	3	3	2	2	2	3	5	3	**19**	**18**	**15**
4.	Paediatrics	5	2	1	3	1	1	2	1	1	3	1	1	2	1	1	3	3	2	**18**	**9**	**7**
5.	Anaesthesia	4	4	2	2	2	2	2	3	1	2	4	3	2	2	1	2	3	1	**14**	**18**	**10**
6.	Ophthalmology	2	2	2	1	1	1	1	0	0	1	4	3	1	1	0	1	2	1	**7**	**10**	**7**
7.	Orthopaedics	2	2	1	1	1	1	1	2	0	1	2	2	1	2	1	1	3	2	**7**	**12**	**7**
8.	Radiology	2	2	2	1	0	0	1	0	0	1	1	1	1	1	0	1	3	1	**7**	**7**	**4**
9.	Pathology	4	1	1	2	0	0	1	1	0	2	1	1	1	1	1	2	1	1	**12**	**5**	**4**
10.	ENT	2	2	2	1	1	1	1	1	1	1	2	2	1	1	0	1	1	1	**7**	**8**	**7**
11.	Dental	3	2	2	1	3	3	1	3	3	1	2	2	1	3	3	1	3	2	**8**	**16**	**15**

Sl. No.	Department	Anantnag			Ganderbal			Handwara			Jammu			Ramban			Udhampur			Total		
		IPHS	SS	PIP	IPHS	SS	PIP	IPHS	SS	PIP	IPHS	SS	PIP	IPHS	SS	PIP	IPHS	SS	PIP	IPHS	SS	PIP
12.	Dermatology	1	0	0	1	1	1	1	0	0	1	1	0	1	1	0	1	1	1	**6**	**4**	**2**
13.	Psychiatry	1	1	1	1	0	0	1	1	1	1	1	0	1	0	0	1	0	0	**6**	**3**	**2**
14.	AYUSH	2	1	1	1	0	0	1	2	2	1	2	2	1	0	0	1	2	2	**7**	**7**	**7**
Total		**43**	**29**	**22**	**22**	**16**	**14**	**19**	**25**	**16**	**22**	**29**	**24**	**19**	**16**	**9**	**22**	**33**	**19**	**147**	**148**	**104**

(Source: Information furnished by the sampled DHs)

****IPHS 2012 norms, SS: Sanctioned Strength, PIP: Person-in-position***

- The data in **Table 2.14** indicates that there was shortfall of 44 doctors as per the sanctioned strength for six sampled DHs. In percentage terms, the availability of doctors in specialist cadre was highest in Ganderbal District (88 *per cent*) and lowest in Ramban District (56 *per cent*) against the sanctioned strength.

- Audit noticed that there was shortfall of 50 specialists (45 *per cent*) against IPHS norms in the Departments of General Medicine (06), General Surgery (06), O and G (04), Paediatrics (11), Anaesthesia (04), Radiology (03), Pathology (08), Dermatology and Venereology (04) and Psychiatry (04). There was shortfall of 44 specialists (46 *per cent*) against posts sanctioned by GoJ&K for these Departments. However, the availability of Dental specialists in the sampled DHs was seven more than the IPHS 2012 norms.

- The post of specialists for Forensic and Microbiology was not sanctioned for any of the six sampled DHs.

Although GoJ&K had sanctioned posts for many Departments, it did not provide the manpower as per sanctioned strength. As a result, there was shortage of specialists in all Departments except AYUSH. Shortage of manpower in DHs affects delivery of medical services resulting in either the patients having to wait in queues outside the OPDs for a long time or compelling them to approach other hospitals having such facility.

2.12 Manpower in Sub-District Hospitals

In the UT of J&K, there were 47 Sub-District Hospitals as of March 2022. Sub-District Hospitals being below DH level but above block hospital level (CHC) require specialist services to be provided to patients. Manpower availability in the cadre of doctors, nurses, paramedical and other staff in the 18 sampled SDHs as of March 2022 is detailed in **Table 2.15**.

Table 2.15: Availability of Manpower in the sampled SDHs as of March 2022

Sl. No.	Name of the SDH	No. of Beds	IPHS 2012 Norms				Doctors		Nurses		Paramedics		Other Staff	
			Doctors	Nurses	Paramedics	Others	SS	PIP	SS	PIP	SS	PIP	SS	PIP
1	Bijbehara	30	23	20	28	12	17	17	7	4	17	14	9	8
2	Dooru	30					16	15	2	2	37	31	4	4
3	Kokernag	30					16	15	8	8	50	42	3	3

Sl. No.	Name of the SDH	No. of Beds	IPHS 2012 Norms				Doctors		Nurses		Paramedics		Other Staff	
			Doctors	Nurses	Paramedics	Others	SS	PIP	SS	PIP	SS	PIP	SS	PIP
4	Seer Hamdan	30					28	25	9	5	28	16	13	9
5	Shangus	20					9	3	7	5	15	10	3	2
6	Kangan	30					28	25	11	4	26	16	35	21
7	Bishnah	50					16	16	7	7	33	29	15	9
8	Jagti	34					20	11	15	2	35	3	3	1
9	Marh	20					9	9	7	4	25	21	7	4
10	R.S Pura	30					13	9	7	7	45	33	37	25
11	Sarwal	50					43	34	19	13	54	33	10	8
12	Langate	30					2	2	7	5	10	9	2	2
13	Sogam	33					18	11	4	2	12	11	2	2
14	Tangdar	30					12	7	4	2	12	7	2	1
15	Ramnagar	30					13	10	7	7	34	30	12	6
16	Akhnoor	60					33	23	15	12	82	52	14	11
17	Kot Bhalwal	75	31	30	45	15	19	12	6	1	18	16	20	8
18	Kupwara	150					53	37	73	66	42	35	17	17
Total		**762**	**438**	**390**	**555**	**225**	**365**	**281**	**215**	**156**	**575**	**408**	**208**	**141**

(Source: Information furnished by the sampled SDHs)
(SS: Sanctioned Strength; PIP: Person-in-Position)

The data in **Table 2.15** indicates that there was shortage of 84 (23 *per cent*) doctors, 59 (27 *per cent*) nurses, 167 (29 *per cent*) paramedics and 67 (32 *per cent*) other staff in the sampled SDHs against the sanctioned strength. When compared with IPHS 2012 norms, there was shortage of 157 (36 *per cent*) doctors, 234 (60 *per cent*) nurses, 147 (26 *per cent*) paramedics and 84 (37 *per cent*) other staff. However, in SDHs Bijbehara, Bishnah, Marh and Langate the availability of doctors was as per the sanctioned strength. In SDHs Dooru, Kokernag, Bishnah, R.S. Pura and Ramnagar the availability of nurses was as per the sanctioned strength.

2.12.1 Shortage of Specialists in Sub-District Hospitals

The availability of Specialists in the SDHs of UT of J&K as of March 2022 is given in **Table 2.16**.

Table 2.16: Availability of doctors in specialist cadre in SDHs of J&K as of March 2022

Sl. No.	Department	Sanctioned Strength	Availability of specialists	Shortfall
1.	General Medicine	53	31	22
2.	General Surgery	60	37	23
3.	Obstetrics and Gynaecology	61	45	16
4.	Dermatology	2	1	1
5.	Paediatrics	49	34	15
6.	Anaesthesia	51	38	13
7.	ENT	14	10	4
8.	Ophthalmology	12	11	1
9.	Orthopaedics	19	11	8
10.	Radiology	7	4	3
11.	Dental	61	58	3
12.	Pathology	6	5	1
13.	Psychiatry	2	2	0
Total		**397**	**287**	**110**

(Source: Information furnished by the concerned SDHs)

The data in **Table 2.16** indicates that against the sanctioned strength of 397 posts of specialists, only 287 (72 *per cent*) were available. The shortfall was higher in General Surgery, General Medicine and Obstetrics and Gynaecology as compared to other Departments.

Audit further observed that in the sampled SDHs, the specialist posts were either not sanctioned for the SDHs or if sanctioned, there was non-availability of specialists as detailed in **Table 2.17**.

Table 2.17: Non-availability of specialists in the sampled SDHs as of March 2022

Sl. No.	Name of the Department	SDHs lacking sanctioned post of specialist (Numbers)	SDHs without specialist against the sanctioned post (Numbers)
1.	Medicine	Kokernag, Langate, Marh, Tangdar (4)	Shangus, Ramnagar (2)
2.	Surgery	Langate, Marh (2)	Shangus, Sogam, Ramnagar (3)
3.	Obstetrics and Gynaecology	Langate, Marh (2)	Shangus, Tangdar (2)
4.	Paediatrics	Langate, Marh, Tangdar (3)	Seer Hamdan, Shangus, Jagti, Kot-Bhalwal, Sogam (5)
5.	Anaesthesia	Bijbehara, Dooru, Bishnah, Marh, Langate (5)	Shangus, Sogam, Tangdar (3)
6.	ENT	Bijbehara, Dooru, Bishnah, Marh, R.S.Pura, Langate, Sogam, Tangdar, Ramnagar (9)	Kokernag, Kangan, Kupwara (3)
7.	Ophthalmology	Bijbehara, Dooru, Kokernag, Kot-Bhalwal, Marh, R.S.Pura, Langate, Sogam, Tangdar, Ramnagar (10)	Jagti (1)
8.	Orthopaedics	Bijbehara, Dooru, Kokernag, Kot-Bhalwal, Marh, R.S.Pura, Langate, Sogam, Tangdar, Ramnagar (10)	Shangus (1)
9.	Radiology	Bijbehara, Kokernag, Kangan, Bishnah, Kot-Bhalwal, Marh, R.S.Pura, Langate, Sogam, Tangdar, Ramnagar (11)	Jagti (1)
10.	Dental	Langate (1)	Nil

Due to non-availability of specialists in the SDHs, the patients either approached the DHs or private health centres for specialised treatment.

2.12.2 Non-sanctioning of specialist post of doctors in SDH Marh

Audit noticed that PHC Marh was upgraded (August 2002) to SDH. There were eight Casualty Doctors/ General Duty Medical Officers but no posts of specialist doctors were sanctioned even after lapse of more than 19 years as of March 2022. During the period 2016-22, 2,95,195 patients visited the SDH Marh for treatment. Non-sanctioning of specialist post of doctors resulted in deprival of specialised healthcare facilities to the local population.

Picture 2.1: Sub-District Hospital, Marh

The Block Medical Officer, Marh stated (December 2024) that no post of specialist has been sanctioned.

2.13 Human Resources in Community Health Centres

CHC is a 30-bedded hospital providing specialist care in Medicine, Obstetrics and Gynecology, Surgery, Paediatrics, Dental and AYUSH. In the UT of J&K, there were 30 CHCs as of March 2022. The manpower availability for CHC as per IPHS 2012 norms (essential and desirable) is 52 (Doctors:11, Nurses:11, Paramedics:14 and Other staff:16). Manpower availability in the cadre of doctors, nurses, paramedical and other staff in the 10 sampled CHCs as of March 2022 is detailed in **Table 2.18**.

Table 2.18: Availability of Manpower in the sampled CHCs

Sl. No.	Name of the CHC	No. of beds	Doctors		Nurses		Paramedics		Other staff	
			SS	PIP	SS	PIP	SS	PIP	SS	PIP
1.	Sohanjana	17	17	13	6	6	38	30	8	5
2.	Jourian	10	20	14	8	2	37	10	9	4
3.	Khour	30	15	8	7	1	15	8	8	6
4.	Gool	20	14	6	8	6	21	14	5	3
5.	Banihal	30	14	13	8	7	32	22	24	15
6.	Batote	20	14	7	10	6	30	17	24	11
7.	Kralpora	30	19	11	8	7	19	18	6	5
8.	Zachaldara	10	4	4	6	0	6	4	12	7
9	Kralgund	10	3	3	2	0	10	9	6	4
10.	Chenani	110	16	12	7	5	19	16	20	14
Total		**-**	**136**	**91**	**70**	**40**	**227**	**148**	**122**	**74**

(Source: Information furnished by the sampled CHCs)
(SS: Sanctioned Strength; PIP: Person-in-Position)

It is evident from the **Table 2.18** that out of 10 sampled CHCs, 05 CHCs have adequate strength of doctors as per IPHS norms. However, against the sanctioned strength there was a shortage of 45 (33 *per cent*) doctors, 30 (43 *per cent*) nurses, 79 (35 *per cent*) paramedics and 48 (39 *per cent*) other staff in the sampled CHCs.

2.13.1 Shortage of Specialists in Community Health Centres

The availability of Specialists as of March 2022 in the CHCs of UT of J&K is given in **Table 2.19.**

Table 2.19: Availability of doctors in specialist cadre in CHCs of UT of J&K

Sl. No.	Department	Sanctioned Strength	Availability of specialists	Shortfall
1.	General Medicine	73	51	22
2.	Paediatrics	24	13	11
3.	General Surgery	25	14	11
4.	Dental	36	32	4
5.	Obstetrics and Gynaecology	25	19	6
6.	AYUSH	4	4	0
Total		**187**	**133**	**54**

(Source: Information furnished by the concerned SDHs)

The **Table 2.19** indicates that against the sanctioned strength of 187 posts of specialists, only 133 (71 *per cent*) were available. The shortfall was higher in General Medicine (22 Specialists) followed by Paediatrics and General Surgery (11 Specialists each). There was no shortage of AYUSH doctors against the sanctioned strength.

Further, the Specialist posts were either not sanctioned for the CHCs or if sanctioned, there was non-availability of specialists in the sampled CHCs as detailed in **Table 2.20**.

Table 2.20: Non-availability of Specialists in the sampled CHCs as of March 2022

Sl. No.	Name of the Department	CHCs lacking sanctioned post of specialist	CHCs without specialist against the sanctioned post
1.	Medicine	Banihal, Batote, Kralgund, Zachaldara	Gool, Jourian, Khour, Sohanjana, Chenani
2.	Surgery	Kralgund, Zachaldara	Batote, Chenani, Gool, Khour, Sohanjana
3.	Obstetrics and Gynaecology	Batote, Gool, Kralgund, Zachaldara	Khour
4.	Paediatrics	Kralgund, Zachaldara	Batote, Chenani, Gool, Khour, Kralpora
5.	Dental	Nil	Gool

The **Table 2.20** shows that in nine CHCs, there were no specialists in the Department of Medicine and in seven CHCs, there were no specialists of Surgery and Paediatrics.

Thus, sanctioned strength of the CHCs was not based on any objective criteria. Non-availability of specialist manpower in the sampled CHCs had resulted in non-delivery of medical services to patients who were compelled to take services of higher level health institutions.

2.14 Human Resources in Primary Health Centres

As per IPHS 2012, a PHC has to be manned by a Medical Officer, three staff nurses and nine paramedical and other staff. In the UT of J&K, out of 975 PHCs, there were no doctors in 301 PHCs, no nurses in 669 PHCs, no paramedical staff in 149 PHCs and no other supporting staff in 351 PHCs.

Status of manpower in 52 sampled PHCs in six sampled Districts as of March 2022 is given in **Table 2.21**.

Table 2.21: Status of manpower in the sampled PHCs as of March 2022

Sl. No.	Name of District	No. of PHCs test-checked	PHCs functioning without							
			MO	Nurses	Laboratory Technician	Pharmacist	Accountant cum Data Entry Operator	Health Worker (Female)	Health Assistant (Male)	Health Assistant (Female)
1.	Anantnag	9	1	6	4	1	9	1	9	7
2.	Ganderbal	6	0	4	4	5	6	1	3	6
3.	Jammu	10	3	8	8	1	10	4	10	10
4.	Kupwara	10	4	8	6	5	9	3	7	8
5.	Ramban	7	4	2	7	4	7	7	7	7
6.	Udhampur	10	3	8	1	9	2	7	8	8
Total		**52**	**15**	**36**	**30**	**25**	**43**	**23**	**44**	**46**

(Source: Information furnished by the concerned CMOs/BMOs)

The data in the **Table 2.21** shows that MOs were not available in 15 PHCs (29 *per cent*). Nurses were not available in 36 PHCs (69 *per cent*). Lab Technicians were not available in 30 PHCs (58 *per cent*) while Pharmacists were not available in 25 PHCs (48 *per cent*). There was non-availability of Health Workers (Female) in 23 PHCs (44 *per cent*), Health Assistants (Male) in 44 PHCs (85 *per cent*) and Health Assistants (Female) in 46 PHCs (88 *per cent*). Further, Accountant cum Data Entry Operator was not available in 43 out of 52 test-checked PHCs.

Audit also observed that the PHC Alinbass had sanctioned strength of one Medical Officer, one Laboratory Technician, one Pharmacist, one Health Assistant (Male) and one Staff Nurse as of March 2022. However, all the sanctioned posts remained vacant and one Pharmacist was working in the PHC on attachment basis for vaccination and other routine hospital work (February 2023). Due to non-posting of required staff, the people of the area were deprived of health services; besides, the building of PHC Alinbass completed (January 2015) at a cost of ₹ 232.80 lakh could not be made fully functional (March 2022).

2.15 Human Resources in Sub-Centres

As per IPHS 2012 norms, one Auxiliary Nurse and Midwife (ANM)/ Health Worker (Female) and one Health Worker (Male) are required for functioning of a Sub-Centre (SC). The status of manpower availability in 55 sampled SCs is given in **Table 2.22**.

Table 2.22: Status of manpower in the sampled SCs as of March 2022

Sl. No.	Name of District	Number of SCs sampled	Number of SCs where no ANM/Health Worker (Female) posted	Number of SCs where no Health worker (Male) posted
1.	Anantnag	10	2	9
2.	Ganderbal	6	0	6
3.	Jammu	10	0	8
4.	Kupwara	10	2	7
5.	Ramban	9	4	4
6.	Udhampur	10	1	3
Total		**55**	**9**	**37**

(Source: Information provided by SCs)

The **Table 2.22** shows that in 55 sampled SCs in six test-checked Districts, no ANM/ Health Worker (Female) and Health Worker (Male) were posted in nine and 37 SCs respectively. This was indicative of the fact that these SCs were not working with their optimal strength.

2.16 Non-availability of staff in Trauma Care Centres

Accidental trauma is considered as a leading cause of mortality and morbidity in India. An accepted strategy of Trauma Care Centre (TCC) is that if basic life support, first aid and placement of fluids can be arranged within the first hour of injury, lives of many of the accident victims can be saved. As per Digest of Statistics 2020-21, GoJ&K, 699 people died and 5,951 people sustained injuries in 4,903 road accidents during the year 2020 in the UT. Out of these, 106 persons[18] died and 725 persons[19] were injured in the sampled Districts of Udhampur and Ramban which recorded 553 accidents.

Ministry of Health and Family Welfare, GoI signed a Memorandum of Understanding (MoU) with the GoJ&K for upgradation and strengthening of emergency facilities of seven hospitals in the State/ UT including one each in the sampled DHs of Udhampur and Ramban for providing Trauma Care Services. Audit observed that:

- The TCC with necessary equipment was established (February 2016) in DH Udhampur at a cost of ₹ 4.58 crore[20] but it could not be made functional due to non-availability of technical staff and doctors despite sanctioning of manpower (34 posts) for TCC Udhampur. Non-availability of manpower had not only resulted in idle investment of ₹ 4.58 crore on construction of TCC but also deprived the patients of envisaged facilities.

Picture 2.2: Idle machinery and equipment in Trauma Centre Udhampur

Picture 2.3: Non-functional OT in Trauma Centre Udhampur

The Medical Superintendent, Associated Hospital GMC, Udhampur stated (January 2025) that the Trauma Care Centre could not be made functional due to non-availability of staff and space.

18 Udhampur: 60 and Ramban: 46
19 Udhampur: 487 and Ramban: 238
20 Civil works: ₹ 0.90 crore; equipment: ₹ 3.68 crore

- Sanction was accorded (October 2019) for creation of 34 posts for Trauma Centre Ramban established in the old building of DH Ramban. However, as of November 2023, against the sanctioned strength of 35 (Specialist doctors:eight, MOs:six, Nurses: seven and Other staff: 14) staff, only six (Consultant Paediatric: one, MOs: three, Nurse: one and Other staff: one) staff were posted. Some equipment were received and were functional. However, in absence of required staff, the Trauma Care Centre was being used as Maternal ward, Dialysis unit, District Early Intervention Centre (DEIC) unit and operation theatre.

2.17 Conclusion

Human resources, an essential resource for health management, witnessed persistent shortages in all the cadres in the health institutions. Government had not ensured availability of posts in the health sector considering that the sanctioned posts were not in keeping with the population to be served, thereby adversely affecting health services. This shortage was quite high in several key posts such as Doctors, Staff Nurses, Paramedics, etc. who play a very important role in delivering comprehensive healthcare to the beneficiaries. Moreover, available manpower including the crucial manpower has not been distributed uniformly across the districts.

2.18 Recommendations

In light of the audit findings, GoJ&K may consider:

- ***Revising the sanctioned strength of Health Department at par with the IPHS norms, posting of staff in health institutions at par with the sanctioned strength in the primary, secondary and tertiary healthcare institutions. Government should bring out a long-term strategy and policy to reduce variations in doctor-population ratio across districts; and***
- ***Allocating human resources in the health institutions throughout the UT in a uniform manner in order to minimise skewed distribution of manpower across the districts. Availability of infrastructure and other crucial components should also be considered during such rationalisation.***

CHAPTER-III
HEALTHCARE SERVICES

CHAPTER-III

Healthcare Services

Introduction

High-quality healthcare services involve the right care at the right time and responding to the users' needs and preferences, while minimising harm and wastage of resources. Quality healthcare increases the likelihood of desired health outcomes.

The availability of line and support services in the DHs as on March 2022 is given in **Table 3.1**

Table 3.1: Availability of line and support services in DHs of UT of J&K

Name of the HI	Availability of the service												
	Emergency	Imaging Diagnostic	Pathology	Ambulance	Blood Bank	Bio-Medical Waste Management	Mortuary	ICU	Oxygen service	Dietary service for normal patient other than JSSK (Maternity)	Dietary Service for JSSK (Maternity)	Laundry service within the institution	Laundry service outsourced
DH Anantnag	A	A	A	A	A	A	A	A	A	NA	A	NA	A
DH Kulgam	A	A	NA	A	A	A	NA	A	A	NA	A	NA	A
DH Shopian	A	A	NA	A	A	A	A	A	A	NA	A	A	NA
DH Pulwama	A	A	A	A	A	A	A	A	A	NA	A	A	NA
DH Bandipora	A	A	NA	A	A	A	A	A	A	NA	A	A	NA
DH Handwara	A	A	A	A	A	A	A	A	A	NA	A	A	NA
DH Budgam	A	A	A	A	A	A	A	NA	A	NA	A	A	NA
DH Ganderbal	A	A	A	A	A	A	NA	NA	A	NA	A	A	NA
DH Srinagar	A	A	A	A	A	A	NA	A	A	NA	A	NA	A
DH Ramban	A	A	A	A	A	A	A	NA	A	NA	A	A	NA
DH Jammu	A	A	A	A	A	A	NA	A	A	Yes	A	NA	A
DH Reasi	A	A	A	A	A	A	A	A	A	Yes	A	NA	NA
DH Poonch	A	A	A	A	A	A	A	A	A	Yes	A	A	NA
DH Samba	A	A	NA	A	A	A	A	A	A	NA	A	A	NA
DH Kishtwar	A	A	A	A	A	A	A	A	A	NA	NA	NA	NA
DH Udhampur	A	A	A	A	A	A	A	NA	A	NA	A	A	NA

(Source: Information furnished by the District Hospital concerned)
Available: A; Not Available: NA

It is evident from the **Table 3.1** that services such as Emergency, Imaging Diagnostics, Ambulance, Blood Bank, Bio-Medical Waste Management and Oxygen were available in DHs in UT. Dietary service was provided to *Janani Shishu Suraksha*

Karyakaram (JSSK) patients in all DHs except DH Kishtwar. Dietary service for regular patients other than maternity patients admitted under JSSK was available in only three[1] DHs. Laundry service, either institutional or outsourced, was available in all DHs except DH Kishtwar and DH Reasi.

Audit observations on delivery of timely and quality healthcare services in Outpatient Department (OPD), In-patient Department (IPD), Intensive Care Unit (ICU), Operation Theatre (OT), Emergency and Diagnostic services are discussed in the succeeding paragraphs.

3.1 Outpatient Department

The specific objectives of IPHS 2012 norms for DHs, SDHs and CHCs are to provide comprehensive and optimal expert care to the community and to achieve and maintain an acceptable standard of quality of care. As per IPHS norms, Essential (Minimum Assured Services)/ Desirable (which should be aspired to be achieved) services of General Medicine (GM), General Surgery, Orthopaedics, Obstetrics and Gynaecology (O and G), Ophthalmology, Paediatrics, ENT[2], Skin and VD[3], Dental etc. were required to be available in the OPDs of HIs.

3.1.1 Availability of OPD services in DHs

Details of availability/ non-availability of OPD services in DHs of the UT of J&K as of March 2022 are given in **Table 3.2**

Table 3.2: Availability of OPD services in DHs of UT of J&K

Sl. No.	Name of the DH	Availability of OPD services									
		ENT	GM	Paed.	GS	Oph.	Dental	O & G	Psy.	Ortho	Skin &VD
1.	DH Anantnag/ MCCH Anantnag	A	A	A	A	A	A	A	A	A	NA
2.	DH Bandipora	NA	A	A	A	A	A	A	NA	A	NA
3.	DH Budgam	A	A	A	A	NA	A	A	NA	A	NA
4.	DH Ganderbal	A	A	A	A	A	A	A	A	A	A
5.	DH Handwara	A	A	A	A	NA	A	A	A	NA	NA
6.	DH Jammu	A	A	A	A	A	A	A	NA	A	NA
7.	DH Kishtwar	NA	A	A	A	A	A	A	NA	A	NA
8.	DH Kulgam	NA	A	A	A	A	A	A	NA	A	NA
9.	DH Poonch	NA	A	A	A	NA	A	A	NA	A	NA
10.	DH Pulwama	A	A	A	A	NA	A	A	A	A	NA
11.	DH Ramban	NA	NA	A	NA*	NA	A	A	NA	A	NA
12.	DH Reasi	NA	A	A	A	NA	A	A	A	A	NA
13.	DH Samba	NA	A	A	A	A	A	A	NA	A	NA
14.	DH Shopian	NA	A	A	A	A	A	A	NA	NA	NA
15.	DH Srinagar	A	A	A	A	A	A	A	A	A	A
16.	DH Udhampur	A	A	A	A	A	A	A	A	A	A

(Source: Information furnished by the DHs)
(GM: General Medicine; Paed.: Paediatrics; GS: General Surgery; Oph.: Ophthalmology; O&G: Obstetrics & Gynaecology; Psy.: Psychiatry; Ortho: Orthopaedics)
A: Available; NA: Not available, *: consultant surgeon was available on deputation (regular surgeon was not available)

[1] DH Jammu, DH Reasi and DH Poonch
[2] Ear, Nose and Throat
[3] Venereal Diseases

It is evident from the **Table 3.2** that services of Paediatrics, Dental and O and G were available in all DHs. However, services of ENT, Psychiatry, Ophthalmology, Skin and VD were not available in eight, nine, six and thirteen DHs respectively. The service was not available mainly due to non-availability of specialist in the respective categories.

The shortage of manpower is discussed in **Paragraph 2.2**.

3.1.2 Availability of essential OPD services in SDHs

Specialist services are provided through SDHs. As per IPHS 2012 norms, the SDH is expected to provide minimum assured services (essential). In the sampled 18 SDHs, status of availability of essential OPD services is given in **Table 3.3**.

Table 3.3: Availability of essential OPD services in SDHs

Sl. No.	Name of the SDH	General Medicine	Surgery	O & G	Paediatrics	ENT	Ophthalmology	Orthopaedics	Dentistry	AYUSH
1.	R.S. Pura	A	A	A	A	A	A	A	A	NA
2.	Jagti	A	A	A	NA	A	NA	A	A	NA
3.	Kot-Bhalwal	A	A	A	NA	NA	NA	NA	A	NA
4.	Marh	A	NA	A	NA	NA	A	NA	A	NA
5.	Bishnah	A	A	A	A	NA	A	A	A	NA
6.	Akhnoor	A	A	A	A	A	A	A	A	NA
7.	Sarwal	A	A	A	A	A	A	A	A	NA
8.	Kangan	A	A	A	A	NA	A	A	A	NA
9.	Sogam	A	NA	A	NA	NA	NA	NA	A	NA
10.	Kupwara	A	A	A	A	NA	A	A	A	NA
11.	Langate	A	NA	NA	NA	NA	NA	NA	NA	NA
12.	Tangdar	NA	A	A	NA	NA	NA	NA	A	NA
13.	Ramnagar	A	NA	A	A	NA	NA	NA	A	NA
14.	Seer Hamdan	A	A	A	NA	A	A	A	A	NA
15.	Bijbehara	A	A	A	A	NA	NA	A	A	NA
16.	Dooru	A	A	A	A	NA	NA	NA	A	NA
17.	Shangus	A	NA	NA	NA	NA	NA	NA	A	NA
18.	Kokernag	NA	A	A	A	NA	NA	NA	A	NA

(Source: Information furnished by the sampled SDHs)
(A: Available; NA: Not available)

From the **Table 3.3**, it may be seen that Dentistry was available in all SDHs except SDH Langate. However, AYUSH service was not available in any of the selected SDHs. Apart from AYUSH, all other essential services were available in three SDHs. Out of the nine services discussed above, only one service was available in SDH Langate, two services in SDH Shangus and three services were available in SDH Tangdar. The service was not available due to non-availability of specialist in the respective categories as discussed in **Paragraph 2.12**.

3.1.3 Availability of OPD services in CHCs

As per IPHS 2012 norms, General Medicine, Surgery, Obstetrics and Gynaecology, Paediatrics, Dental and AYUSH Services should be available in CHCs.

In the 10 sampled CHCs, status of availability of OPD services is given in **Table 3.4.**

Table 3.4: Availability of OPD services in CHCs

Sl. No.	Name of the CHC	General Medicine	Surgery	O and G	Paediatrics	Dentistry	AYUSH
1.	Sohanjana	A	A	A	A	A	NA
2.	Jourian	A	A	A	A	A	NA
3.	Khour	A	NA	A	NA	A	A
4.	Gool	A	NA	NA	NA	NA	NA
5.	Banihal	A	A	A	A	A	NA
6.	Batote	NA	NA	NA	NA	A	NA
7.	Kralpora	A	A	A	NA	A	NA
8.	Zachaldara	A	NA	NA	NA	A	NA
9	Kralgund	A	NA	NA	NA	A	NA
10.	Chenani	A	A	A	A	A	NA

(Source: Information furnished by the sampled CHCs)
AA: Available; NA: Not available)

The **Table 3.4** indicates that out of the ten sampled CHCs, all prescribed services except AYUSH were available in four CHCs. However, Surgery, AYUSH and Paediatrics OPD were not available in five, nine and six CHCs respectively. While essential services of General Medicine and O and G were not available in one and four CHCs respectively. The non-availability of services could be ascribed to non-sanctioning of post of specialists or non-availability of specialists against the sanctioned posts which has been discussed in **Paragraph 2.13.**

The Chief Accounts Officer, Directorate of Health Services Jammu stated (January 2025) that sanctioning of Consultant/ Specialist posts and posting of Consultant/Specialist is DHs/ SDHs/ CHCs is within the purview of Administrative Department.

3.1.4 Availability of OPD services in PHCs

As per IPHS 2012 norms, six hours of OPD services (four hours in the morning and two hours in the afternoon) are required for six days in a week at PHC level. No specific OPD services are prescribed in IPHS for PHCs. OPD services were available in all the test-checked PHCs as per physical survey.

3.1.5 Availability of basic facilities in OPD area

According to IPHS 2012 norms, HIs should provide adequate seating arrangement in the waiting area, potable drinking water and functional/ clean toilets to waiting patients/ attendants. Availability of basic facilities in the sampled HIs is detailed in **Table 3.5.**

Table 3.5: Availability of basic facilities in sampled HIs

Sl. No.	Facility	Number of HIs having basic facilities in OPD		
		TLH (7)	DH (6)	SDH/CHCs (28)
1	Seating facility in OPD premises	7	5	21
2	Toilets in OPD premises	7	6	24
3	Drinking water facility in OPD area	6	5	17

(Source: Information provided by the Department)

The data in the **Table 3.5** shows that basic facilities were available in all sampled DHs except drinking water facility in DH Handwara. Out of the sampled 28 SDHs/ CHCs, seven SDHs/ CHCs lacked seating facility, four lacked toilets and drinking water was not available in the OPD area in 11 SDHs/ CHCs. Similarly, out of seven TLHs, basic facilities were available except drinking water facility in SMHS Srinagar.

3.1.6 Patient satisfaction survey for outdoor patients

NHM Assessor's Guidebook for Quality Assurance provides for conducting Patient Satisfaction survey at periodic intervals. Audit noticed that no outpatient satisfaction survey had been conducted by the sampled HIs during 2016-22 except DH Ramban which received patient feedback in 2021-22 through the app *Mera Aspataal*. However, results of patient survey of 1,545 outpatients[4] of sampled HIs carried out by Audit are detailed in **Table 3.6**

Table 3.6: Availability of facilities as per patient satisfaction survey

Availability of facility	Tertiary level HIs (210 patients)	DHs (120 patients)	SDHs/CHCs (420 patients)	PHCs (520 patients)	SCs (275 patients)
Adequate seating arrangement	112 (53)	69 (58)	188 (45)	253 (49)	96 (35)
Drinking water	81 (39)	60 (50)	143 (34)	88 (17)	55 (20)
Neat and clean toilet	95 (45)	45 (38)	193 (46)	220 (42)	74 (27)
Adequacy of registration counters	123 (59)	74 (62)	256 (61)	238 (46)	30 (11)
Availability of staff at registration counter	208 (99)	120 (100)	419 (100)	305 (59)	75 (27)
Cleanliness of OPD area	207 (99)	117 (98)	391 (93)	419 (81)	221 (80)
Patient calling system	144 (69)	110 (92)	228 (54)	333 (64)	168 (61)
Doctor explained the nature of ailment in an understandable way	197 (94)	119 (99)	416 (99)	419 (81)	240 (87)
Availability of prescribed medicines in the pharmacy	03 (1)	63 (53)	113 (27)	282 (54)	173 (63)
Recommended pathological tests done in the hospital	183 (87)	45 (38)	115 (27)	50 (10)	0
Recommended radiological tests done in the hospital	183 (87)	49 (41)	122 (29)	22 (4)	0

(Source: Patient's satisfaction survey)

[4] 30 outpatients per tertiary level hospital (seven hospitals), 20 outpatients per DH (six DHs); 15 outpatients per SDH/ CHC (28 SDHs/CHCs), 10 outpatients per PHC (52 PHCs) and five outpatients per SC (55 SCs)

Out of 330 patients surveyed in the TLHs and DHs:

- 63 (53 *per cent*) patients stated that they were provided with prescribed medicines in DHs whereas about one *per cent* patients were provided with prescribed medicines in TLHs.

- 141 (43 *per cent*) and 181 (55 *per cent*) patients were satisfied with the availability of drinking water and seating arrangements respectively whereas 190 (58 *per cent*) patients mentioned lack of clean toilets in TLHs and DHs.

- 76 (23 *per cent*) patients were not satisfied with the patient calling system.

Out of 420 patients surveyed in the test checked SDHs/ CHCs:

- Only 113 (27 *per cent*) patients stated that they were provided with the prescribed medicines.

- 143 (34 *per cent*) and 188 (45 *per cent*) patients were satisfied with the availability of facilities of drinking water and seating arrangements respectively whereas 227 (54 *per cent*) patients pointed out lack of clean toilets and 164 (39 *per cent*) patients stated the inadequacy of registration counters.

- 192 (46 *per cent*) patients were not satisfied with the patient calling system.

Similarly, in PHCs and SCs combined, about 57 *per cent* patients (455 out of 795) were provided prescribed medicines. 652 (82 *per cent*) and 446 (56 *per cent*) patients complained of non-availability of drinking water and seating arrangements respectively.

3.1.7 Flow of patients in OPD

To avail outpatient services in the hospitals, outpatients first register at the Outdoor Patient Department (OPD). After registration, the doctors examine the patients and either prescribe diagnostic tests for evidence based diagnosis or prescribe drugs as per their own diagnosis during consultation.

3.1.7.1 Registration of Outpatients

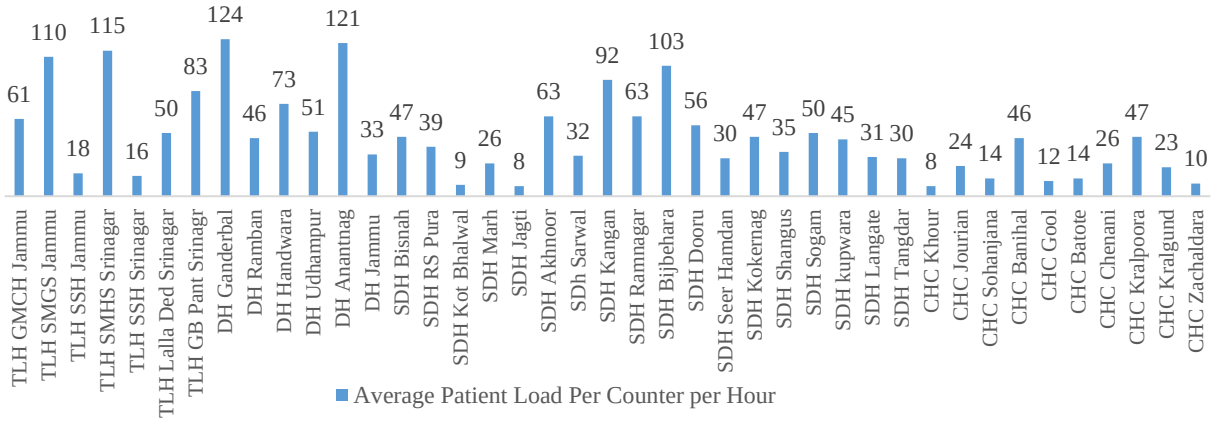
Registration is a process by which a patient's name and identity are enrolled into the records of the hospital in order to provide services of the hospital to the patient and to keep a track of various services that are availed by each patient.

Audit observed that there was no computerised system for registration and patient management in the test checked primary and secondary level hospitals.

Deputy Director (HQ), Health Services Kashmir admitted (January 2023) that there was no computerised system for registration and patient management in primary and secondary level HIs.

Assessor Guidebook for Quality Assurance in District Hospitals (Vol-1) estimates the average time required for registration to be 3-5 minutes per patient, which roughly works out to about 12-20 patients/ hour per counter. Audit examined the number of patients registered during 2016-22 in seven sampled TLHs, six DHs and 28 CHCs/ SDHs along with availability of registration counters and observed that adequate number of registration counters were not available as detailed in **Chart 3.1.**

Chart 3.1 Average Patient load per counter per hour during 2016-22, in seven sampled TLH[5]s, six sampled DHs, 18 SDHs and 10 CHCs



(Source: Information provided by the HIs)

The average patient load per counter per hour varied from 16 (SSH, Srinagar) to 115 (SMHS, Srinagar) in TLHs , 33 (DH Jammu) to 124 (DH, Ganderbal) in DHs, 08 (SDH Jagti) to 103 (SDH Bijbehara) in SDHs and 08 (CHC Khour) to 47 (CHC Kralpoora) in CHCs. The HIs having higher patient load against the norms should consider increasing the number of counters. The result of higher number of patients was visible in long queues in the hospitals as depicted in the photographs below:

OPD patients at registration counters in SDH Akhnoor (18.07.2022)	**OPD patients waiting at registration counters in SDH R.S.Pura (08.06.2022)**

[5] 310 OPD working days were taken in respect of TLHs for the purpose of calculation of Avg. Patient load/counter/hour

3.1.7.2 Waiting Time for Outpatients

Audit surveyed patients for determining waiting time for registration of patients at the registration counters, waiting time between registration and consultation with the doctor and time taken by the doctor for evaluation of patients. The response of the patients in the test checked HIs is detailed in **Table 3.7.**

Table 3.7: Average turnaround time

Type of HI		Tertiary level HIs (7)	DH (6)	SDHs (18)	CHCs (10)	Total
No. of outpatients surveyed per HI		30	20	15	15	
Total no. of outpatients surveyed		210	120	270	150	750
Waiting time for registration (in minutes)	**Up to 5**	17	38	113	157	325
	6-10	75	18	7	41	141
	11-15	52	18	4	41	115
	More than 15	66	46	26	31	169
Waiting time between registration and consultation (in minutes)	**Up to 15**	31	38	91	197	357
	16-30	48	49	36	63	196
	31-60	90	27	21	7	145
	More than 60	41	6	2	3	52
Time taken by doctor (in minutes)	**Up to 5**	129	73	88	146	436
	6-10	67	35	54	106	262
	11-15	9	9	7	14	39
	More than 15	5	3	1	4	13

(Source: Patient's survey)

- Out of 750 outpatients surveyed at various health institutions, 325 (43 *per cent*) patients stated that they were able to get themselves registered within five minutes. However, for the same category the percentage was 32 *per cent* in respect of patients surveyed at DHs and only eight *per cent* in respect of TLHs.

- 34 *per cent* patients at TLHs and DHs took over 15 minutes for registration.

- In TLHs, 62 *per cent* patients waited for more than 30 minutes to consult the doctor after registration.

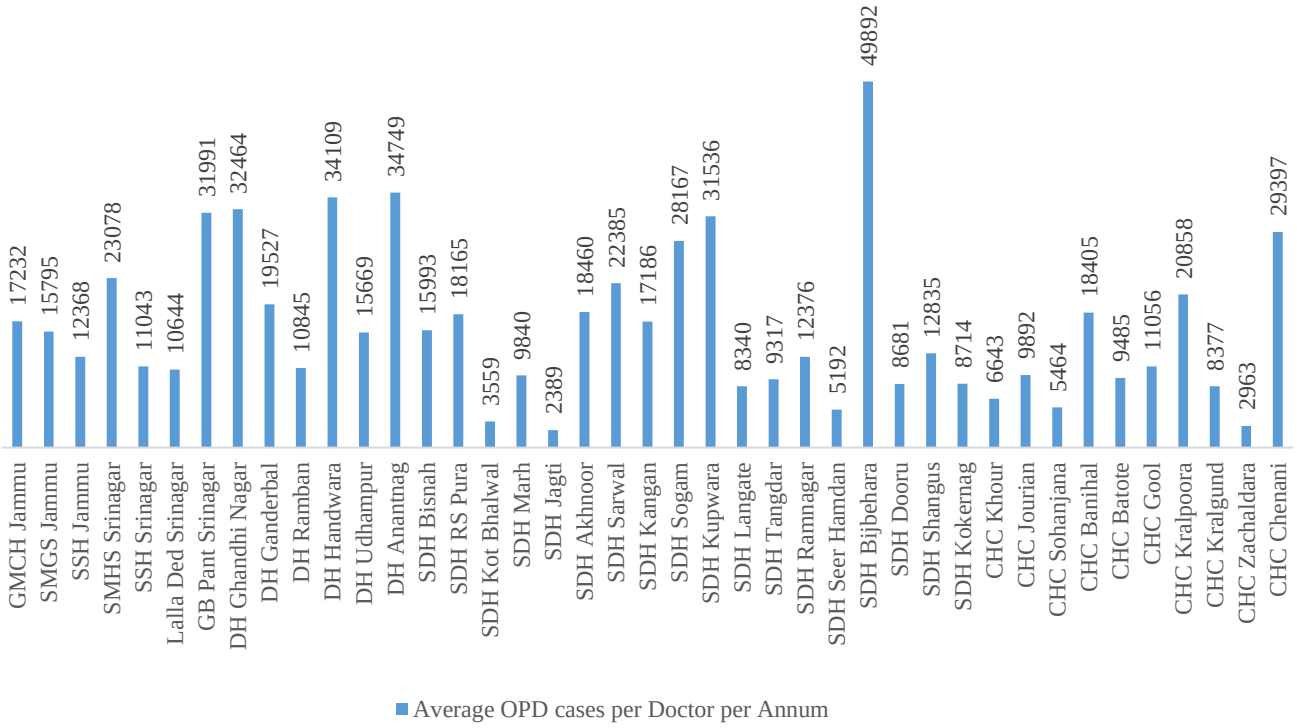
- In DHs/ SDHs/ CHCs, 40 *per cent* patients waited for more than 15 minutes to consult the doctor after registration.

Doctors examined 58 *per cent* patients for only five minutes in all HIs and only 13 (less than two *per cent*) patients stated that the doctors had examined them for over 15 minutes.

3.1.7.3 OPD cases per doctor per annum and consultation time per patient in OPD

OPD cases per day per doctor is an indicator for measuring efficiency of OPD services in a hospital. Average OPD cases per doctor per annum of each individual HI for the period 2016-22 is detailed in **Chart 3.2.**

Chart 3.2: Details of average OPD cases per doctor per annum during 2016-22



(Source: Information furnished by the Department)

The average OPD cases per doctor per annum was highest in SDH Bijbehara (49,892) and lowest in SDH Jagti (2,389).This shows that the availability of doctors is required to be ensured as per the patient load in the health institutions. Such analysis could form the basis for the creation of posts for doctors as well as their deployment.

Overall average consultation time available to patients in TLHs, DHs and SDHs[6]/ CHCs during 2016-22 is detailed in **Table 3.8**.

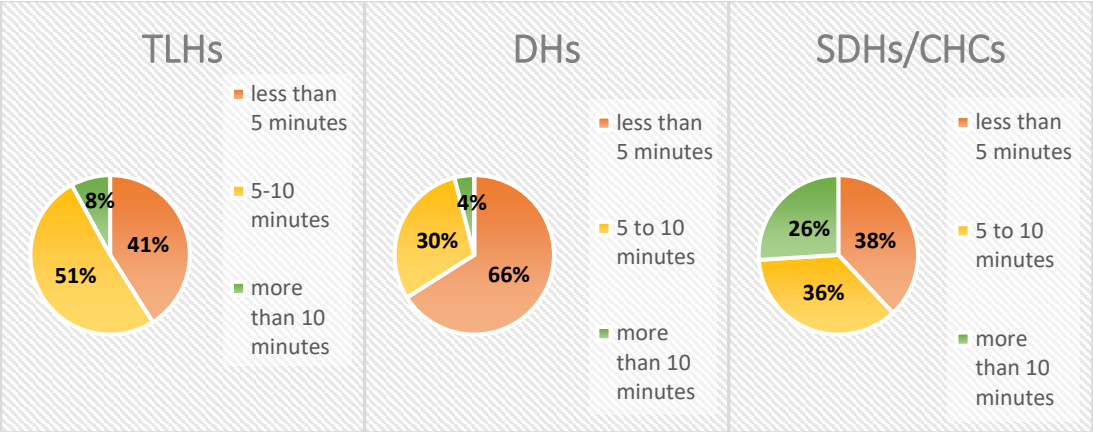
Table 3.8: Average consultation time available to patients in HIs during 2016-22

Consultation time	Number of patients during 2016-22 (in lakh)		
	Tertiary level HIs	DHs	SDHs/CHCs
Less than 5 minutes	59.69	65.24	55.81
5 to 10 minutes	73.35	29.06	52.32
More than 10 minutes	11.22	3.71	37.86

(Source: Information furnished by the Department)

[6] PHC Kot-Bhalwal and Government Hospital Jagti were upgraded as SDH in June 2018 and June 2019 respectively. Accordingly, the period as PHC was not considered for calculation

Percentage of average consultation time given to patients



3.1.7.4 Prescription Audit

Regulations 1.4 and 1.5 of the Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 provide that every physician shall display the registration number accorded to him/ her by the State Medical Council/ Medical Council of India in all his/ her prescriptions and should as far as possible prescribe drugs with generic names.

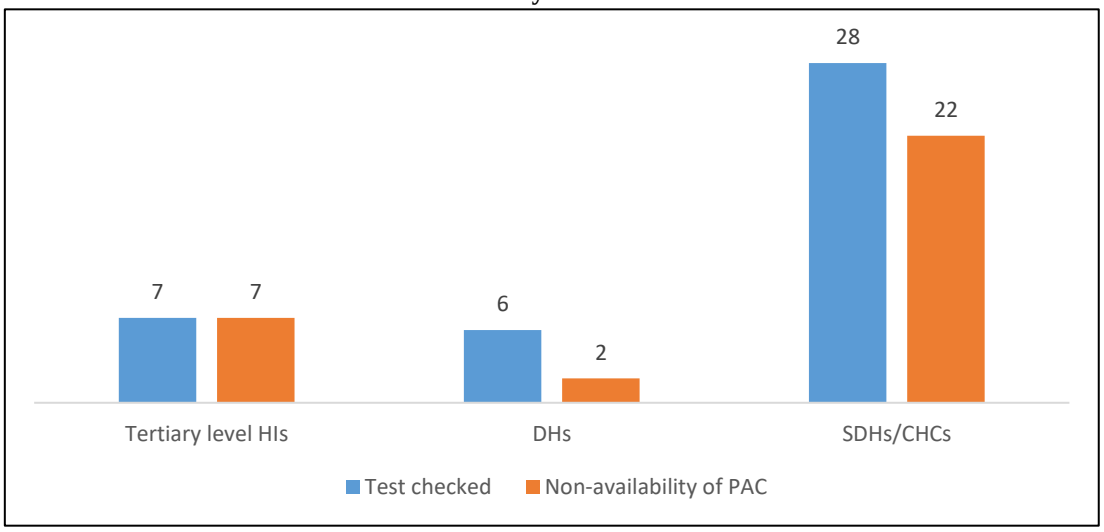
GoJ&K accorded (February 2020) sanction for constitution of Prescription Audit Committees (PAC) for Secondary and Tertiary level hospitals. The PAC shall prepare and submit fortnightly reports to the respective Heads of Departments (HODs). According to the sanction a Nodal Officer was to be nominated for collection of at least one *per cent* of prescriptions written by the Government doctors in OPDs on daily basis at random. The prescriptions collected by the Nodal Officer shall be scrutinised by the PAC to see whether:

- Prescriptions have name of doctor with registration number and are written legibly in capital letters over his/ her signature.
- Generic drugs are prescribed with preference given to drugs which are available free in the hospital.
- Unnecessary diagnostic tests/ procedures are prescribed, and patients are referred to private clinics/ specialists without requirement.
- Drugs are prescribed in contravention to the provisions of the Drugs and Cosmetics Act and regulations.

Audit observed that as of March 2022, PACs had not been constituted in any of the seven sampled TLHs, two[7] out of six sampled DHs and 22 out of 28 sampled CHCs/ SDHs as depicted in **Chart 3.3**.

[7] DH Ganderbal and DH Handwara

Chart 3.3: Non-availability of PACs in test checked HIs



Though PACs were framed in four DHs and six SDHs/CHCs, the purpose thereof was not fulfilled, as discussed in **Table 3.9**.

Table 3.9: Non-fulfillment of objectives of PACs in four DHs and six SDHs/CHCs

Sl. No.	Name of the HIs	Remarks
1.	DH Gandhi Nagar, Jammu	The prescription audit was conducted during January 2021 but it was discontinued after DH, Gandhi Nagar was designated as COVID dedicated hospital. The process was again started w.e.f. April 2022. It was noticed (April 2022) by the committee that only 66 *per cent* drugs were prescribed by generic names, in 77 *per cent* prescriptions date of next visit was not written and 50 *per cent* prescription are not signed legibly by the doctor.
2.	DH, Ramban	The PAC was framed in June 2021 and the prescription audit was conducted twice during the month of June 2021.
3.	DH Anantnag	Though PAC was set up in October 2020, nothing was on record about prescription audit undertaken.
4.	DH Udhampur	The prescription audit was conducted during January 2021 to August 2021 and thereafter stopped due to COVID-19 pandemic.
5.	SDH, Sarwal	The PAC was constituted in January 2021 and prescription audit started from May 2021 and the reports were submitted to the DHS Jammu on monthly basis instead of fortnightly basis..
6.	SDH, Akhnoor	The PAC was constituted in February 2020. Due to spread of COVID-19 in March 2020, no report was furnished to higher authorities.
7.	SDH, Marh	The PAC was constituted in March 2021. No prescription audit was conducted.
8.	SDH, Jagti	The PAC was set up in February 2021. The reports for the months of September-November 2021 only were made available to audit.
9.	SDH Ramnagar	The PAC was constituted in December 2020. No prescription audit was conducted.
10.	CHC Chenani	The PAC was constituted in October 2021. No prescription audit was conducted.

(Source: Information furnished by the concerned sampled HIs)

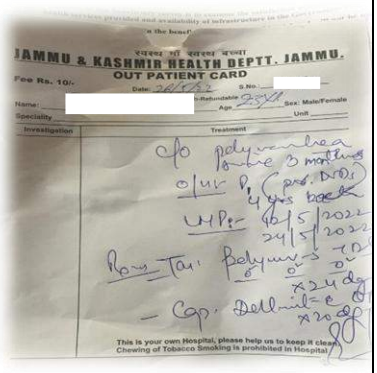
Audit collected prescriptions on the spot from the outpatients and found shortcomings in them as detailed in **Table 3.10.**

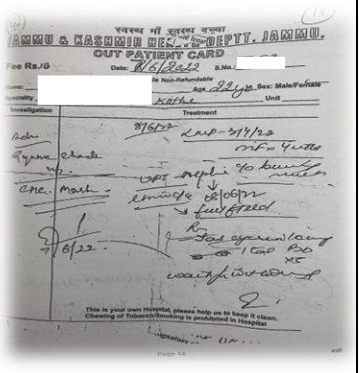
Table 3.10: Shortcomings in prescriptions given to outpatients

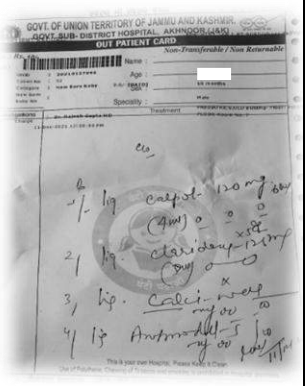
Number of prescriptions	Tertiary level Hospitals (5)	DHs (6)	SDHs/CHCs (28)
Test checked	183	111	300
Of which not written legibly	14	46	84
Of which not written in capital letters	182	111	299
Of which without name of doctor	129	82	277
Of which without signature of doctor	102	48	136
Of which not having registration number of doctor	183	95	284
Of which generic medicines not prescribed	157	67	194

(Source: Patient's satisfaction survey from concerned sampled HIs)

From the table above it is evident that the norms relating to prescriptions had not been adhered to by the HIs.







Prescriptions not written legibly, not written in capital letters and without name and registration number of doctor.

The Medical Superintendent, Associated Hospital GMC, Udhampur stated (January 2025) that the Prescription Audit Committee will be instructed to activate Prescription Audit. The Medical Superintendent, Govt. Hospital Gandhi Nagar, Jammu stated (January 2025) the Prescription Audit is conducted on regular basis. The Chief Medical Officer, Jammu stated (January 2025) that all the Block Medical Officers are conducting the Prescription Audit. The Chief Medical Officer, Udhampur stated (January 2025) that the SDH/ CHC will be instructed to activate Prescription Audit Committee.

3.2 In-patient Department (IPD)

In-patient Department (IPD) refers to the areas of the hospital where patients are admitted on the basis of the doctor's assessment carried out in the OPD, Emergency Services or Ambulatory Care.

3.2.1 Availability of IPD services in sampled DHs/ SDHs/ CHCs

IPHS 2012 norms provides for availability of specialist in-patient services pertaining to General Medicine, General Surgery, Ophthalmology, Paediatrics etc. in the DH, SDH and CHC.

Availability of required in-patient services in the test-checked DHs as of March 2022 is detailed in **Table 3.11.**

Table 3.11: Availability of in-patient services in test checked DHs

Sl. No.	Name of the DH	GM	GS	Oph	Ortho	Phy	Psy	Gyane	Paed	Dental
1.	Anantnag	A	A	A	A	NA	NA	A	A	NA
2.	Ganderbal	A	A	A	A	A	A	A	A	A
3.	Jammu	A	A	A	A	A	A	NA	A	A
4.	Handwara	A	A	A	A	A	A	A	A	A
5.	Ramban	A	A	A	A	A	NA	A	A	A
6.	Udhampur	A	A	A	A	A	A	A	A	A
GM: General Medicine, GS: General surgery, Oph: Ophthalmology, Orth: Orthopedics, Phy: Physiotherapy, Psy: Psychiatry, Gynae: Gynaecology, Paed: Paediatric										

(Source: Information provided by the Department)
(A: Available; NA: Not available)

General Medicine, General Surgery, Ophthalmology, Orthopedic and Paediatric services were available in all six test-checked DHs while Gynaecology service was not available in DH Jammu only. There was lack of Physiotherapy, Psychiatry and Dental services in DH Anantnag and Psychiatry service in DH Ramban.

Availability of IPD services in CHCs/ SDHs is detailed in **Table 3.12.**

Table 3.12: Availability of IPD services in CHCs/ SDHs

Sl. No.	Name of SDH/CHC	General Medicine	Obstetrics and Gynaecology	General Surgery	Ophthalmology	Paediatric
1.	R.S. Pura	A	A	A	A	A
2.	Jagti	A	A	A	NA	NA
3.	Kot-Bhalwal	A	A	A	NA	NA
4.	Marh	A	A	A	NA	NA
5.	Bishnah	A	A	A	A	A
6.	Akhnoor	A	A	A	A	A
7.	Sarwal	A	A	A	A	A
8.	Kangan	A	A	A	A	A
9.	Sogam	A	A	NA	NA	NA
10.	Kupwara	A	A	A	A	A
11.	Langate	A	A	NA	NA	A
12.	Tangdar	A	A	A	NA	NA
13.	Ramnagar	A	A	NA	A	A
14.	Seer Hamdan	A	A	A	A	A
15.	Bijbehara	A	A	A	NA	A
16.	Dooru	A	A	A	NA	NA
17.	Shangus	A	A	NA	NA	NA
18.	Kokernag	A	A	A	NA	NA
19.	Sohanjana	A	A	NA	NA	NA
20.	Jourian	NA	NA	NA	NA	NA
21.	Khour	A	A	NA	NA	NA

Sl. No.	Name of SDH/CHC	General Medicine	Obstetrics and Gynaecology	General Surgery	Ophthalmology	Paediatric
22.	Gool	A	A	NA	NA	NA
23.	Banihal	A	A	A	A	A
24.	Batote	NA	NA	NA	NA	A
25.	Kralpora	A	A	NA	NA	NA
26.	Zachaldara	A	A	NA	NA	NA
27.	Kralgund	A	A	NA	NA	NA
28.	Chenani	A	NA	A	NA	NA
	Total -28	**26**	**25**	**16**	**9**	**12**

(Source: Information provided by the Department)
(A: Available; NA: Not available)

The data in **Table 3.1.2** indicates that all IPD services were available in eight SDHs/ CHCs. General Surgery, Ophthalmology and Paediatric services were available in 16 (57 *per cent*), nine (32 *per cent*) and 12 (43 *per cent*) SDHs/ CHCs respectively. The selected IPD services were not available in CHC Jourian. In CHC Batote, only Paediatric service was available. Non-availability or shortage of these IPD services indicated that patients were either referred to TLHs/ DHs or had to opt for private hospitals resulting in additional financial burden on the patients.

The Chief Accounts Officer, Directorate of Health Services, Jammu stated (January 2025) that regular gap analysis is being done by the concerned BMOs and Medical Superintendents to ensure optimal functioning of IPD services in all respects.

3.2.2 Evaluation of IPD services through Outcome Indicators

The IPD services provided during 2016-22 in the test checked HIs were evaluated through certain Outcome Indicators (OIs) such as Bed Occupancy Rate[8] (BOR), Bed Turnover Rate[9] (BTR), Discharge Rate[10] (DR), Referral Out Rate[11] (ROR), Average Length of Stay[12] (ALoS), Leave Against Medical Advice[13] (LAMA) Rate and Absconding Rate[14].

[8] BOR is an indicator of the productivity of the hospital services and is a measure of verifying whether the available infrastructure and processes are adequate for delivery of health services. As per IPHS, the BOR of hospitals should be at least 80 *per cent.*

[9] BTR is the rate of usage of beds in an In-patient Department in a given period and is a measure of the utilization of the available bed capacity and serves as an indicator of the efficiency of the hospital. High BTR indicates high utilisation of the in-patient beds in a Department while low BTR could be due to fewer patient admissions or longer duration of stay in the Departments.

[10] Discharge rate measures the number of patients leaving a hospital after receiving due health care. High discharge rate denotes that the hospital is providing health care facilities to the patients efficiently, on the other hand low rate of discharge means that the health care facilities were not adequate.

[11] ROR denote refer to higher centres that the facilities for treatments were not available in the hospitals.

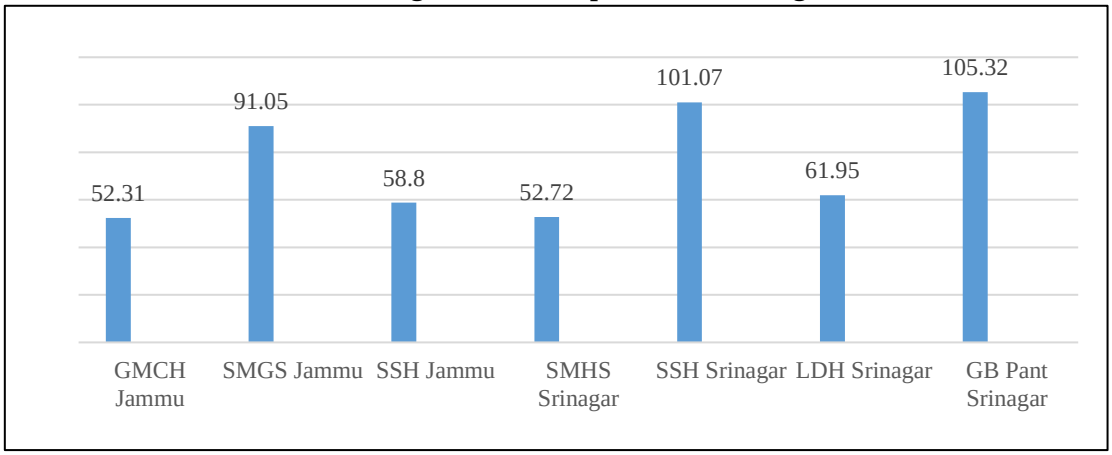
[12] ALoS is an indicator of clinical care capability and to determine effectiveness of interventions. ALoS is the time between the admission and discharge/death of the patient.

[13] LAMA is the term used for a patient who leaves the hospital against the advice of the doctor.

[14] Absconding Rate refers to patients who leave the hospital without informing the hospital authorities.

The average BOR[15] in the seven sampled TLHs during the period 2016-22 is given in **Chart 3.4.**

Chart 3.4: Average BOR in sampled TLHs during 2016-22



It was observed that the average BOR was above 80 *per cent* in case of three TLHs.

Average BOR in respect of six sampled DHs and 28 CHCs/ SDHs was not calculated/relevant information not provided by the concerned HIs.

On being pointed out by Audit, the three[16] CMOs and two[17] Medical Superintendents of District Hospitals concerned stated (December 2023 and January 2024) that in future BOR shall be calculated. The Medical Superintendent, Govt. Hospital Gandhi Nagar stated (January 2024) that BOR of hospital is available w.e.f. April 2022. The reply from three[18] CMOs and three[19] Medical Superintendents of District Hospitals is awaited.

The Bed Turnover Ratio (BTR[20]), Discharge rate[21] and Average Length of Stay[22] (ALoS) for TLH is detailed in **Table 3.13**.

Table 3.13: BTR, Discharge rate and ALoS in Tertiary Level Hospitals

Name of HI	Average BTR (No. of patients per bed in a year)	Discharge rate *per cent*	Average length of stay (No. of days)
GMCH, Jammu	42.43	93	4.19
SMGS Hospital, Jammu	70.96	98	4.61
SSH Jammu	19.15	95	10.61
SMHS Hospital Srinagar	100.57	97	1.86
SSH Srinagar	89.84	99	4.06
Lal Ded Hospital Srinagar	52.88	99	4.23
G.B. Pant Hospital Srinagar	92.99	96	3.97

(Source: Information furnished by the HIs)

15 BOR= (Total Patient bed days / 100)/Available Patient bed days
16 Jammu, Ramban and Udhampur
17 Ramban and Udhampur
18 Anantnag, Ganderbal and Kupwara
19 Anantnag, Ganderbal and Handwara
20 BTR= Total number of discharges/Availability of functional beds
21 Discharge rate = Total Number of discharges*100/total number of admission
22 AloS= Total patient bed days/Total number of admission

The average referral out rate[23], LAMA[24] rate and Absconding rate[25] could not be worked out either due to non-providing or partial providing of data by the concerned HIs or there were no such cases. It was observed that:

- Average BTR of SMHS Hospital, Srinagar was 100.57 during 2016-22, which shows that one bed catered to the needs of more than 100 patients. On the other hand, BTR of SSH Jammu was quite low as compared to other HIs.
- Discharge rate in respect of all the seven sampled TLHs was more than 90 *per cent*, which indicated that the hospitals are providing healthcare facility to the patients efficiently.

The outcome indicators in the sampled DHs is detailed in **Table 3.14.**

Table 3.14: Outcome indicators of IPD services in District Hospitals

Name of HI	Average BTR (No. of patients per bed in a year)	Discharge rate *per cent*	Referral out rate *per cent*	LAMA rate *per cent*	Absconding rate *per cent*
DH Anantnag	154.28	94	6.00	0	0
DH Ganderbal	71.80	91	9.20	0	0
DH Handwara	184.92	90	9.47	0.46	0
DH Jammu	92.41	93	6.58	NA	NA
DH Ramban	132.59	84	16.19	0.01	NA
DH Udhampur	95.54	90	9.58	0	0

(Source: Information furnished by the HIs)

It can be observed that:

- Average BTR in three sampled DHs was more than 100 during 2016-22 which indicated high utilisation of beds whereas in respect of DH Ganderbal it was quite low which indicated fewer patient admission or longer duration of stay of patients in the hospital as compared to other HIs.

- The DR was more than 90 *per cent* in five out of six sampled DHs (except DH Ramban) which indicated that the hospitals are providing healthcare facility to the patients efficiently.

- The referral out rate in respect of five out of six sampled DHs was less than 10 *per cent* whereas the referral out rate in respect of DH Ramban was higher as compared to other HIs. It was also observed in case of DH Ramban that there was shortage of doctors (discussed in **Paragraph 2.8**), non-availability of essential drugs (discussed in **Paragraph 4.1.1**) and poor availability of equipment (discussed in **Paragraph 4.3**). This indicated that healthcare facilities were not adequate in DH Ramban.

[23] ROR= Total number of cases referred*100/Total number of admission
[24] LAMA rate= Total number of LAMA*100/Total number of admission
[25] Absconding rate= Total number of absconding*100/Total number of admission

- The LAMA and absconding rate was either nil or negligible in respect of sampled DHs.

- In absence of data on average patient bed days, the average length of stay in respect of sampled DHs could not be worked out.

Similarly, the outcome indicators (OIs) of sampled SDHs/ CHCs are given in **Table 3.15.**

Table 3.15: Outcome Indicators of sampled SDHs/ CHCs

Name of District	Name of SDH/CHC	Average BTR (No. of patients per bed in a year)	Discharge rate *per cent*	Referral out rate *per cent*	LAMA rate *per cent*	Absconding rate *per cent*
Anantnag	Bijbehara	300.72	96	6.6	0	0
	Dooru	134.88	93	6.99	0	0
	Kokernag	178.09	88	11.82	0	0
	Seer Hamdan	153.79	100	0.22	0	0
	Shangus	196.43	95	5.21	0.05	0
Ganderbal	Kangan	178.63	88	12.02	0	0
Jammu	Akhnoor	162	98	13.82	0	0
	Bishnah	114.79	87	12.77	0	0
	Jagti	9.50	98	2.00	0	0
	Jourian	125.72	86	13.93	0	0
	Khour	20.45	98	7.69	0	0
	Kot-Bhalwal	18.30	94	10.36	0	0
	Marh	73.74	98	14.21	0	0
	R.S.Pura	128.81	95	12.33	0	0
	Sarwal	140.46	96	3.88	0	0
	Sohanjana	61.61	98	10.08	0	0
Kupwara	Kralgund	98.38	97	2.54	0	0
	Kralpora	253.05	86	13.55	0	0
	Kupwara	157.99	87	15.62	3.5	0
	Langate	200.71	99	0.51	0	0
	Sogam	175.15	90	10.29	0	0
	Tangdar	203.38	98	2.23	0.06	0
	Zachaldara	101.48	79	21.21	0	0
Ramban	Banihal	105.76	80	19.73	0.02	0
	Batote	67.42	92	7.79	0	0
	Gool	76.17	90	10.3	0	0
Udhampur	Chenani	29.35	99	9.74	0	0
	Ramnagar	158.68	93	7.14	0	0

(Source: Information furnished by HIs)

The **Table 3.15** indicates that:

- Average BTR in respect of 19 SDH/ CHCs was more than 100, which indicated high utilisation of beds, while in SDH/ CHCs Jagti, Khour, Kot-Bhalwal, Marh, Sohanjana, Batote and Chenani BTR was comparatively low.

- Discharge rate in all the sampled SDHs/ CHCs ranged from 79 to 99 *per cent*, which indicated efficient healthcare facility.

- The referral out rate was more than 15 *per cent* in SDHs/ CHCs Kupwara, Zachaldara and Banihal whereas in 12 SDHs/ CHCs, it was between 10 and 15 *per cent*.

3.2.3 Patient Satisfaction Survey of indoor patients

NHM Assessor's Guidebook for Quality Assurance provides for conducting of monthly Patient Satisfaction survey.

Audit observed that no in-patient Satisfaction Survey had been conducted by the hospital authorities during 2016-21 except in LD Hospital Srinagar, SDH Langate and CHC Kralgund. In-patient Satisfaction Survey was conducted during 2018-19 and 2019-20 in DH Jammu. The level of patient satisfaction revealed by a survey of 574 in-patients by audit is indicated in **Table 3.16.**

Table 3.16: Level of patient satisfaction revealed during survey of 574 in-patients

Particulars	TLHs (140 patients surveyed)	DHs (90 patients surveyed)	SDHs/CHCs (267 patients surveyed)	PHCs (77 patients surveyed)
	No. of patients satisfied			
Promptness of response of nurses in the ward	140 (100)	90 (100)	267 (100)	67 (87)
Prescribed drugs made available at Pharmacy and wards	101 (72)	70 (78)	170 (64)	35 (45)
Availability of prescribed investigations (lab/radiology)	131 (94)	87 (97)	173 (65)	26 (34)
Expenditure incurred by the in-patients out of own pocket on medicines/ diagnostic tests	33 (24)	21 (23)	114 (43)	33 (43)
Informed consent taken from family member/ attendant before treatment and procedures	138 (99)	63 (70)	170 (64)	45 (58)
Promptness in attending to complaints	138 (99)	90 (100)	179 (67)	57 (74)
Availability of manpower during day and night	139 (99)	90 (100)	202 (76)	42 (55)
Behaviour of the staff being good	140 (100)	90 (100)	266 (100)	67 (87)
Effective security system in place at patient care areas	139 (99)	49 (54)	87 (33)	2 (3)
Providing of sufficient food	125 (89)	32 (36)	40 (15)	2 (3)
Providing of food as per the diet prescribed by the doctor	0	15 (17)	19 (7)	2 (3)
Clean and adequate toilet facility available for male and female patients	93 (66)	56 (62)	179 (67)	16 (21)
Garbage removed from patient care area regularly	140 (100)	72 (80)	223 (84)	49(64)

(Source: Patient's Satisfaction Survey)

- In all sampled TLHs, DHs and SDHs/ CHCs, 100 *per cent of* patients were satisfied with the promptness of response of nurses in wards and behaviour of staff.

- In the sampled TLHs, out of 140 patients surveyed 24 *per cent* in-patients incurred out of pocket expenditure for drugs/ diagnostic tests etc. while 72 *per cent* patients were provided drugs in the institutions and 89 *per cent* patients were provided

sufficient food. However, all in-patients stated that diet was not provided as prescribed by the doctor as uniform diet was provided to all patients.

- One-third of the patients were not satisfied with the toilet facilities in DHs and SDHs/ CHCs.
- 22 *per cent* and 36 *per cent* in-patients respectively in DHs and SDHs/ CHCs stated that they were not provided prescribed drugs in the HIs.
- 23 *per cent* and 43 *per cent* in-patients respectively in DHs and SDHs/ CHCs had incurred expenditure on drugs/ diagnostics out of own pocket.
- 46 *per cent* and 67 *per cent* in-patients were not satisfied with the security system at IPD of secondary level Hospitals in DHs and SDHs/ CHCs respectively.
- 64 *per cent* and 85 *per cent* of in-patients were not satisfied with the availability of sufficient food whereas 83 *per cent* and 93 *per cent* stated that food provided was not as prescribed by the doctor in the DHs and SDHs/ CHCs respectively.

In PHCs;

- 55 *per cent* patients stated that they were not provided prescribed drugs through pharmacy.
- 79 *per cent* patients were not satisfied with the availability of toilet facility.
- 97 *per cent* patients stated that they were not satisfied with the security system in place at patient care areas, availability of sufficient food and providing of food as per diet plan.

Thus, due to non-conducting of patient satisfaction survey in most of the sampled HIs, the HI authorities were unable to develop an effective action plan for quality improvement in health facilities by identifying gaps on the basis of feedback from patients.

3.2.4 Operation Theatre services

Operation Theatre (OT) is an essential service that is to be provided to the patients. IPHS norms 2012 for DHs prescribe OTs for elective major surgery, emergency surgeries and ophthalmology/ ENT (ear, nose and throat) surgeries.

The status of availability of OTs in the DHs as of March 2022 is given in **Table 3.17**.

Table 3.17: Availability of Operation Theatres in District Hospitals

Availability of OTs	District Hospitals					
	Anantnag	Ganderbal	Handwara	Jammu	Ramban	Udhampur
Elective major surgery	A	A	A	A	A	A
Emergency surgeries	A	A	A	A	A	A
Ophthalmology/ENT surgeries	A	A	A	A	A	A

(Source: Information furnished by the HIs)
(A: Available; NA: Not available)

The table above indicates that the OTs for elective major surgeries, emergency services and Ophthalmology/ ENT surgeries were available in all the sampled DHs as of March 2022.

IPHS 2012 guidelines also prescribe OTs for elective major surgeries and emergency surgeries in SDHs. The status of availability of OTs in the sampled 18 SDHs as of March 2022 is given in **Table 3.18.**

Table 3.18: Availability of Operation Theatres in sampled SDHs

Sl. No.	Name of the SDH	OT for Elective major surgery	OT Emergency surgeries
1.	R.S. Pura (30)	NR	A
2.	Jagti (34)	NR	NA
3.	Kot-Bhalwal (75)	A	NA
4.	Marh (20)	NR	NA
5.	Bishnah (50)	NR	A
6.	Akhnoor (60)	A	A
7.	Sarwal (50)	NR	A
8.	Kangan (30)	NR	NA
9.	Sogam (33)	NR	A
10.	Kupwara (150)	A	A
11.	Langate (30)	NR	A
12.	Tangdar (30)	NR	A
13.	Ramnagar (30)	NR	A
14.	Seer Hamdan (30)	NR	NA
15.	Bijbehara (30)	NR	A
16.	Dooru (30)	NR	NA
17.	Shangus (20)	NR	NA
18.	Kokernag (30)	NR	NA

(Source: Information furnished by HIs)
(A: Available; NA: Not Available; NR: Not Required)

Data in the **Table 3.18** indicates that OT for emergency service was available in 10 out of 18 test-checked SDHs.

IPHS norms 2012 prescribe OT facility at CHC level but the same was not available in seven[26] out of 10 test-checked CHCs. However in three[27] CHCs minor OT was available.

IPHS norms 2012 for PHCs prescribe optional OT services in PHCs for performing selected surgical procedures such as Vasectomy, Tubectomy and Hydrocelectomy. Out of 52 sampled PHCs, only PHC Majalta (District Udhampur) and PHC Achabal (District Anantnag) had OT facility for these surgical procedures.

3.2.5 Physical verification of OT area

Availability of facilities as revealed during physical verification by Audit of the OT area of six selected DHs is detailed in **Table 3.19.**

[26] Batote, Gool, Khour, Jourian, Kralpora, Kralgund and Zachaldara
[27] Gool, Batote, Kralpoora,

Table 3.19: Availability of facilities revealed during physical verification

Facilities	DHs					
	Anantnag	**Ganderbal**	**Handwara**	**Jammu**	**Ramban**	**Udhampur**
Piped suction	Yes	Yes	No	Yes	Yes	Yes
Adequate oxygen supply	Yes	Yes	Yes	Yes	Yes	Yes
Uninterrupted electric supply with power backup	Yes	Yes	Yes	Yes	Yes	Yes
Heating system	Yes	Yes	Yes	No	Yes	Yes
Air-conditioning	Yes	Yes	Yes	Yes	Yes	Yes
Proper ventilation	Yes	Yes	Yes	No	No	Yes
Accessible to surgical ward	Yes	Yes	Yes	Yes	Yes	Yes
Accessible to Pathology	No	No	Yes	Yes	Yes	Yes
Accessible to blood bank	No	Yes	Yes	Yes	Yes	Yes
Changing room	Yes	Yes	Yes	No	Yes	Yes
Pre-operative room	Yes	Yes	Yes	Yes	No	Yes
Post –operative room	Yes	Yes	Yes	Yes	Yes	Yes
Regularly fumigated	Yes	Yes	Yes	Yes	Yes	Yes

(Source: Information provided by concerned HIs)

The data in **Table 3.19** indicates that almost all the necessary facilities were available in the OTs in the DHs except that piped suction in DH Handwara, heating system and proper ventilation in DH Jammu and pre-operative room and proper ventilation in DH Ramban were not available.

3.2.6 Surgeries performed per surgeon

As per NHM Assessor's Guidebook, surgeries performed per surgeon are an indicator to measure efficiency of hospitals.

Analysis of selected sample of surgeries performed in the test-checked DHs during the last quarter of 2021-22 indicated substantial variation in the number of major and minor surgeries performed per surgeon as detailed in **Table 3.20.**

Table 3.20: Major and minor surgeries per surgeon in the last quarter of 2021-22

Name of District Hospital	Surgeries performed per surgeon			Eye surgeries performed per surgeon
	General	**ENT**	**Ortho**	
Anantnag	25	32	19	37
Ganderbal	84	66	39	63
Handwara	57	52	117	32
Jammu	400	89	643	283
Ramban	95	0	96	0
Udhampur	120	44	140	71

(Source: Information provided by the sampled DHs)

As can be seen from the **Table 3.20**, general surgeries performed per surgeon were maximum in DH Jammu while these were minimum in DH Anantnag. No ENT and Eye surgeries were performed in DH Ramban due to non-availability of specialists.

3.2.7 Availability of equipment and drugs for OTs

Against essential drugs and equipment prescribed in NHM Assessor's Guidebook for OTs, Audit checked availability of 23 types of drugs and 29 equipment in the six test-checked DHs during the selected months[28] for the period 2016-17 to 2020-21. Significant shortages were observed as detailed in **Table 3.21**

Table 3.21: Availability of essential drugs and equipment in OTs

Sl. No.	Name of the District Hospital	Percentage shortage of	
		Essential drugs	Essential equipment
1.	Anantnag	65-74	34-45
2.	Ganderbal	35-65	59
3.	Handwara	30-61	76-86
4.	Jammu	30-48	45
5.	Ramban	61-70	55 -66
6.	Udhampur	39 -65	41

(Source: Records of test-checked hospitals)

- Shortage of essential drugs in OTs of all selected DHs ranged between 30 *per cent* and 74 *per cent*.

- Shortage of equipment was 76 to 86 *per cent* in DH Handwara, 59 *per cent* in DH Ganderbal, 45 *per cent* in DH Jammu and in DH Ramban shortage ranged between 55 *per cent* and 66 *per cent*.

In absence of required drugs and equipment, the patients may have to avail this facility from other sources.

3.2.8 Intensive Care Unit

3.2.8.1 Availability of ICU services in District Hospitals

As per IPHS 2012 norms, critically ill patients suffering from head injuries, severe haemorrhage, acute coronary occlusion, kidney and respiratory catastrophe, poisoning etc. are to be provided with lifesaving medical aid and nursing care by highly specialised staff in Intensive Care Unit (ICU) of District Hospital. The number of patients requiring intensive care may be about 05 to 10 *per cent* of total medical and surgical patients in a hospital.

Audit observed that four (Anantnag, Handwara Jammu and Udhampur) out of six DHs had Intensive Care Unit (ICU) and two (Ganderbal and Ramban) DHs were without ICU as of March 2022. However, ICU in DH Udhampur was non-functional due to non-availability of required manpower.

[28] November-2016, May-2017, April-2018, January-2020 and February-2021

ICU equipment lying idle in DH, Udhampur (27.06.2022)

Thus, in absence of ICU, patients in serious condition in need of ICU services were likely to be referred to other hospitals.

The Chief Accounts Officer, Directorate of Health Services, Jammu stated (January 2025) that ICU in DH Udhampur is non-functional due to non-availability of staff and space while as ICU service is available in DH Ramban.

3.2.8.2 Availability of essential equipment in ICU

IPHS 2012 norms prescribe a minimum of four beds in ICU of a DH. Audit observed that the availability of ICU beds in the sampled DHs[29] having availability of ICU services were more than those prescribed in the IPHS norms.

IPHS norms also envisage each bed in the ICU to be equipped with essential equipment such as High-end Monitor, Ventilator, Oxygen therapy devices, Deep vein thrombosis prevention devices, suction and Infusion pumps. Defibrillator, Ultrasound for invasive procedures and Arterial Blood Gas Analysis Machine should be available in the ICU as common facilities. The requirement and availability of ICU equipment in three test checked DHs where ICUs were functional as of March 2022 are detailed in **Table 3.22.**

Table 3.22: Requirement and availability of ICU equipment in District Hospitals

Name of the equipment	DH Anantnag (12 ICU beds)		Handwara (11 ICU beds)		Jammu (8 ICU beds)	
	Required	Available	Required	Available	Required	Available
High end monitor	12	12	11	3	8	6
Ventilator	12	15	11	5	8	18
Oxygen therapy devices	12	6	11	Nil	8	7
Deep vein thrombosis prevention suction devices	12	3	11	Nil	8	Nil

[29] DH Anantnag: 12 ICU beds; DH Handwara: 11 ICU beds; DH Jammu: 08 ICU beds

Name of the equipment	DH Anantnag (12 ICU beds)		Handwara (11 ICU beds)		Jammu (8 ICU beds)	
	Required	Available	Required	Available	Required	Available
Infusion pumps	12	12	11	Nil	8	Nil
Ultrasound	1	1	1	Nil	1	1
Defibrillator	1	5	1	1	1	1
Arterial Blood Gas (ABG) Analysis Machine	1	2	1	Nil	1	1

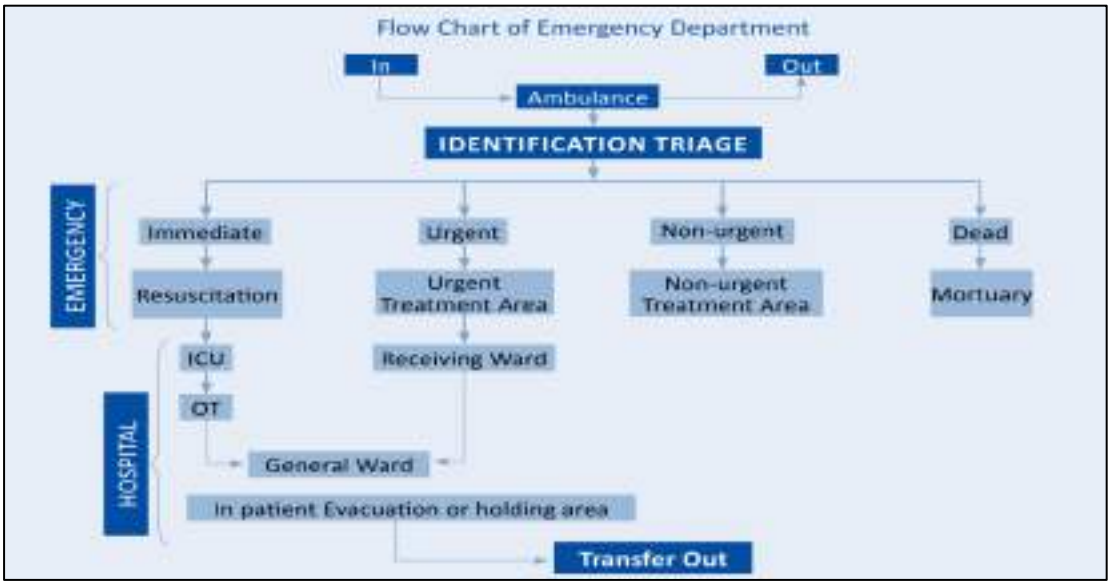
(Source: Information provided by the test checked hospitals)

It can be seen from the **Table 3.22** that ICUs in DH Anantnag and DH Jammu had adequate equipment, while Oxygen therapy devices, Deep vein thrombosis prevention suction devices, Infusion pumps, Ultrasound and ABG analysis machine were not available in DH Handwara. The facility of deep vein thrombosis prevention devices suction and infusion pumps was not available in DH Jammu.

3.2.9 Emergency Department

Emergency Department is the first point of contact for any critically ill patient needing immediate medical attention. Flow chart of Emergency Department is given in **Chart 3.5**.

Chart 3.5: Flow chart of Emergency Department



3.2.9.1 Availability of emergency services in DHs and SDHs

As per IPHS 2012 norms for DHs and SDHs, 24x7 operational emergency with dedicated emergency room shall be available with adequate manpower. Emergency shall have dedicated triage, resuscitation and observation area. Separate provision for examination of rape/ sexual assault victims should be made available in the emergency as per the guidelines of the Supreme Court.

Emergency should have mobile X-ray, laboratory, side labs, plaster room and minor OT facilities. Sufficient separate waiting areas and public amenities for patients and relatives should be located in such a way that these do not disturb functioning of emergency services. Further, procedures under emergency services required for Assault injuries/ Bowel injuries/ Head injuries/ Stab injuries/ Multiple injuries/ Perforation/ Intestinal obstruction should be available.

As per NHM Assessors' Guidebook 2013, emergency protocols should be defined and implemented for head injury, snake bite, poisoning, drawing etc. The facility should have a disaster management plan in place. The status of emergency services available in the sampled hospitals is given in **Table 3.23**.

Table 3.23: Availability of emergency services in sampled DHs

Particulars	DH Anantnag	DH Ganderbal	DH Handwara	DH Jammu	DH Ramban	DH Udhampur
Availability of Emergency OT	Yes	Yes	No	Yes	Yes	Yes
Availability of infrastructure in the hospital Emergency ward	Yes	Yes	No	Yes	Yes	Yes
Availability of infrastructure relating to Trauma Ward such as bed capacity, machinery and equipment etc.	Yes	Yes	No	No	Yes	Yes
Availability of surgical facilities for Emergency Appendectomy	Yes	Yes	Yes	Yes	Yes	Yes
Availability of facilities to diagnose and to treat for Hypoglycemia, Ketosis and Coma	Yes	Yes	Yes	Yes	Yes	No
Availability of Assault injuries/Bowel injuries/Head injuries/Stab injuries/Multiple injuries/Perforation/Intestinal obstruction	Yes	No	Yes	Yes	Yes	Yes
Availability of Emergency laboratory services	Yes	Yes	Yes	Yes	Yes	Yes
Availability of Blood Bank in close proximity to Emergency Department	Yes	Yes	Yes	Yes	Yes	Yes
Availability of mobile X-ray/ laboratory, side labs/plaster room	Yes	Yes	Yes	No	Yes	Yes
Availability of Emergency Operation Theatre for Maternity/Orthopaedic Emergency/Burns and Plastic and neurosurgery cases round the clock.	Yes	Only Maternity OT	No	No	Yes	Yes
Availability of facilities for accidents and emergency services including poisoning and trauma care	Yes	Yes	Yes	Yes	Yes	Yes
Availability of separate emergency ward for examination of rape/sexual assault victim	Yes	No	No	No	Yes	Yes

Particulars	DH Anantnag	DH Ganderbal	DH Handwara	DH Jammu	DH Ramban	DH Udhampur
Availability of sufficient separate waiting areas and public amenities in emergency ward for patients and relatives.	Yes	Yes	No	Yes	No	Yes
Availability of emergency protocols in emergency ward	Yes	Yes	No	Yes	Yes	Yes
Availability of disaster management plan in emergency ward.	Yes	Yes	No	Yes	Yes	Yes

(Source: Information furnished by sampled hospitals)

It is evident from the table above that most of the emergency services were available in all the sampled HIs except DH Handwara.

Availability of emergency services in sampled SDHs is given in **Table 3.24.**

Table 3.24: Availability of emergency services in sampled SDHs

Availability of facilities in test checked SDHs	Anantnag District (out of test checked 05 SDHs)	Ganderbal District (out of test checked 01 SDH)	Jammu District (out of test checked 07 SDHs)	Kupwara District (out of test checked 04 SDHs)	Udhampur District (out of test checked 01 SDH)
Emergency OT	1	0	6	3	1
Infrastructure in the hospital Emergency ward	4	1	6	4	1
Infrastructure relating to trauma ward such as Bed capacity, machinery and equipment etc.	3	1	5	4	0
Surgical facilities for Emergency Appendectomy	2	0	4	3	0
To diagnose and to treat for Hypoglycemia, Ketosis and Coma	2	0	3	4	1 (Only for hypoglycemia
To treat Assault injuries/Bowel injuries/Head injuries/Stab injuries/Multiple injuries/Perforation/Intestinal obstruction	4	0	4	3	0
Emergency laboratory services	3	1	7	4	1
Blood bank/blood storage unit in close proximity to Emergency Department	0 (Blood bank not available in 4)	0 (Blood bank not available in 1)	0 (Blood bank not available in 4)	0 (Blood bank not available in 1)	0
Mobile X-ray/laboratory, side labs/plaster room	0	0	4	2	0
Emergency Operation Theatre for Maternity/Orthopaedic Emergency/Burns and Plastic and neurosurgery cases round the clock.	0	0	5 (only for maternity)	3	1 (Only for maternity)

Availability of facilities in test checked SDHs	Anantnag District (out of test checked 05 SDHs)	Ganderbal District (out of test checked 01 SDH)	Jammu District (out of test checked 07 SDHs)	Kupwara District (out of test checked 04 SDHs)	Udhampur District (out of test checked 01 SDH)
Facilities for accidents and emergency services including poisoning and trauma care	4	1	7	4	0
Separate provision emergency ward for examination of rape/sexual assault victim	1	1	7	2	1
Sufficient separate waiting areas and public amenities in emergency ward for patients and relatives.	4	1	7	4	1
Emergency protocols in emergency ward	4	1	7	3	1
Disaster management plan in emergency ward.	4	1	7	3	1

(Source: Information furnished by sampled hospitals)

Data in the **Table 3.24** indicates that:

- The facility of Emergency OT was not available in seven SDHs out of 18 sampled SDHs/ CHCs.
- The surgical facilities for Emergency Appendectomy and Assault injuries/ Bowel injuries/ Head injuries/ Stab injuries/ Multiple injuries/ Perforation/ Intestinal obstruction were not available in nine and seven SDHs respectively out of sampled 18 SDHs/ CHCs.
- Blood Bank/ blood storage unit was not available in 10 out of 18 SDHs whereas in seven SDHs, it was not in close proximity to the Emergency Department.

The Chief Accounts Officer, Directorate of Health Services, Jammu stated (January 2025) that availability of emergency services in DHs and SDHs are in tune with IPHS norms except wherever there is shortage of staff.

3.2.9.2 Availability of routine and emergency care in CHCs

IPHS 2012 norms for CHCs provide for care of routine and emergency cases. Specific mention is made of handling of emergencies like Dengue Haemorrhagic Fever, Cerebral Malaria and others like dog and snake bite cases, Poisoning, Congestive heart failure, Left Ventricular failure, Pneumonias, meningoencephalitis, acute respiratory conditions, status epilepticus, burns, shock, acute dehydration etc. Availability of care of routine and emergency cases in CHCs is given in **Table 3.25.**

Table 3.25 Availability of routine and emergency cases in 10 sampled CHCs

Availability of routine and Emergency care service	Name of CHC									
	Sohanjana	Jourian	Khour	Batote	Gool	Banihal	Chenani	Zachaldara	Kralpora	Kralgund
Dengue Haemorrhagic fever	No	No	No	No	No	Yes	No	No	No	No
Cerebral malaria	Yes	No	Yes	No	No	Yes	No	No	No	No
Dog and snake bite cases	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Poisonings	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Congestive Heart Failure	No	No	No	No	No	Yes	No	No	Yes	Yes
Left Ventricular Failure	No	No	No	No	No	No	No	No	Yes	No
Pneumonia	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No
Meningo-encephaltis	No	No	No	No	No	No	No	No	No	No
Acute respiratory conditions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Status Epilepticus	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	No
Burns	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Shock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Acute dehydration	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obstetric care including surgical interventions like Caesarean section and other medical interventions	Yes	No	No	No C-Section	No	Yes	Yes	No	No	No

(Source: Information furnished by sampled hospitals)

It is evident from the **Table 3.25** that out of 10 test checked CHCs:

- Treatment of Dengue Haemorrhagic fever was only available in CHC Banihal.
- Treatment of Celebral Malaria was not available in seven CHCs except in CHC Sohanjana, CHC Khour and CHC Banihal.
- Treatment of dog and snake bite cases, poisoning, acute respiratory conditions, acute dehydration was available in all the sampled CHCs.

3.2.9.3 Management of Emergency cases in PHCs

As per IPHS 2012 norms for PHCs, 24-hour emergency services such as appropriate management of injuries and accident, First Aid, stitching of wounds, incision and drainage of abscess, stabilisation of the condition of the patient before referral, treatment of dog bite/ snake bite/ scorpion bite cases and other emergency services should be provided in PHCs. These services are to be provided primarily by the nursing

staff. However, in case of need, Medical Officer may be available to attend the emergencies on call basis. 24-hour delivery services-both normal and assisted including appropriate and prompt referral for cases needing specialist care should be ensured.

Availability of emergency services in PHCs of the six sampled Districts is detailed in **Table 3.26.**

Table 3.26: Availability of emergency services in PHCs

Sl. No.	Name of District	Number of test checked PHCs/NTPHCs/UPHCs	24-hours management of selected emergency services	Emergency on call basis, 24-hour normal delivery services and referral services
			Availability of services in no. of PHCs	
1.	Anantnag	9	4	4
2.	Ganderbal	6	2	1
3.	Jammu	10	0	0
4.	Kupwara	10	3	3
5.	Ramban	7	2	1
6.	Udhampur	10[30]	2	3
	Total	**52**	**13**	**12**

(Source: Information furnished by the sampled HIs)

It is evident from the **Table 3.26** that out of the sampled 52 PHCs, 24-hour management of selected emergency services and emergency on call basis, 24-hour normal delivery services and referral were available in 13 and 12 PHCs respectively.

3.2.9.4 Emergency Management of Covid-19

Coronavirus disease (COVID-19) is an infectious disease caused by SARS-CoV-2[31] virus. The COVID-19 pandemic in India was part of the worldwide pandemic that started at the beginning of December 2019. Symptoms of COVID-19 include fever, cough, headache, fatigue, breathing difficulties, loss of smell and taste etc. The surge of COVID cases put the healthcare infrastructure in the whole country including J&K under huge stress. Audit reviewed the emergency response of the public healthcare system of J&K to derive important lessons for future preparedness.

i) COVID-19 cases in J&K

The details of COVID-19 cases as of March 2022 are given in **Table 3.27**

Table 3.27: COVID-19 cases during 2019-22

Year	Active positive cases of previous year	COVID cases during the year	Total cases
2019-20	0	55	55
2020-21	51	1,30,905	1,30,956
2021-22	2,531	3,22,777	3,25,308
Total		**4,53,737**	

(Source: Figures furnished by State Health Society)

[30] NTPHC Latyar is not 24*7

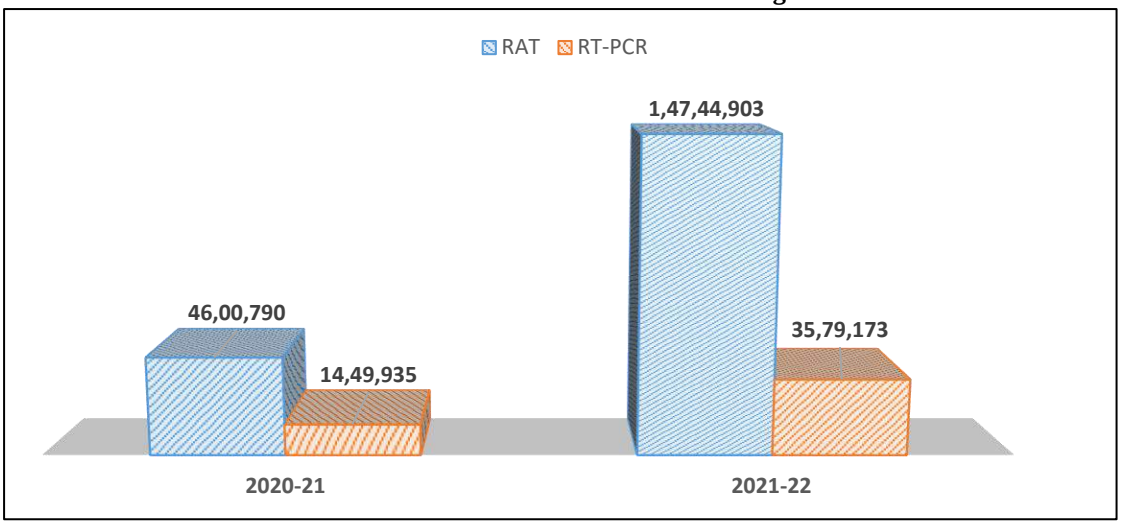
[31] Severe acute respiratory syndrome coronavirus 2

ii) COVID-19 tests

RT-PCR[32] and Rapid Antigen Test (RAT) [33] were commonly used to trace COVID-19 infection cases.

As of March 2022, a total of 243.75 lakh COVID-19 tests were conducted in the UT of J&K as detailed in the following Chart:

Chart 3.6: Covid-19 tests conducted in the UT of J&K during 2020-21 and 2021-22



(Source: Figures furnished by State Health Society)

iii) Emergency Response and Health Systems Preparedness Package (COVID Package)

The Emergency COVID Response Plan (ECRP) 2020-21 under Emergency Response and Health Systems Preparedness Package (COVID Package) was approved (November 2020) by GoI for the UT of J&K for ₹ 171.70 crore. The main components were testing and lab strengthening, procurement (excluding central supply), engagement of additional human resources, incentive to human resources, IEC activities for COVID etc.

Out of ₹ 43.74 crore received under ECRP by the Principal, GMC, Srinagar, funds of ₹1.84 crore were advanced to various Departments/Associated Hospitals[34] by the Principal, GMC, Srinagar during July 2020 and December 2021 for implementation of various activities. However, neither the adjustment accounts nor the utilisation certificates were furnished by the concerned institution in absence of which actual utilisation of ₹ 1.84 crore could not be ascertained.

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32 Real time Reverse Transcription-Polymerase Chain Reaction test is a method of testing to directly detect the presence of virus in the sample.

33 RAT is a rapid diagnostic test that gives result faster than RT-PCR test but it had a higher chance of missing active infection

34 Executive Engineer, MHCH Division, Srinagar (₹ 0.54 crore), Executive Engineer, R&B Division 2nd Srinagar (₹ 0.10 crore), Medical Superintendent, G.B.Pant Hospital, Srinagar (₹ 0.12 crore), Medical Superintendent, SMHS Hospital Srinagar (₹ 0.80 crore) and Medical Superintendent, CD Hospital, Srinagar (₹0.26 crore)

iv) Emergency COVID Response Package-II

The proposal for Emergency COVID Response Package-II (ECRP-II) under "COVID-19 Emergency Response and Health System Preparedness Package Phase-II" was approved (August 2021) by GoI for ₹ 211.04 crore for implementation from July 2021 to March 2022. As per the laid-down condition, all the approved activities were to be completed well before March 2022.

The key deliverables to be achieved under ECRP-II and outcome as of March 2022 in respect of selected HIs is given in **Table 3.28.**

Table 3.28: Key deliverables under ECRP-II in respect of selected HIs

Sl. No.	Milestones to be achieved by March 2022	Actual achievement
1.	Establishment of RT-PCR Labs in 10 DHs	No RT PCR Labs was established (June 2022) in 10 DHs including in selected DHs Handwara and Ramban.
2.	Establishment of Paediatric Centre of Excellence (PCoE) in SMGS Hospital Jammu and in New 500 bedded Paediatric Hospital Bemina, Srinagar.	Not established as of December 2023 due to non-installation of software[35] set up in SMGS Hospital Jammu and in New 500 bedded Paediatric Hospital Bemina.
3.	Establishment of 12 bedded ICU at District Hospitals Ganderbal, Udhampur, Ramban, Anantnag and Govt. Hospital Gandhi Nagar Jammu, Handwara	Work in progress in DH Udhampur and DH Handwara (February 2023). The work in respect of DH Ganderbal, DH Ramban, DH Anantnag and DH Jammu has been completed.
4.	Establishment of 30-bedded Paediatric ward at DHs Anantnag, Ganderbal and Udhampur.	Work in progress in GMC Anantnag (February 2023). 24 bedded ward established in DH Ganderbal instead of approved 30-bedded ward and work in DH Udhampur completed.

(Source: Information provided by concerned HIs)

No reasons were furnished (February 2023) by the Mission Director, NHM, J&K for non-achievement of milestones.

v) Supply of ventilators and oxygen concentrators

• Ventilators

A ventilator is a device that supports or takes over the breathing process by pumping air into the lungs. People including those with severe COVID-19 symptoms, who stay in Intensive Care Units (ICU) may need the support of a ventilator.

During the period from March 2020 to March 2021 (March 10, 2021), 1,056 ventilators were received in the State/UT either by procurement (105) or donation (40) or under PM Cares (911). The details of ventilators received in the UT of J&K during 2021-22 were not furnished to audit. 219 ventilators were received in 18 out of 34 sampled secondary level HIs and 408 ventilators were received in seven TLHs during 2019-22.

[35] Tele-ICU is a combination of telemonitoring software and hardware integration. It is a web based solution that will facilitate monitoring of vital health parameters of patients connecting through web app and mobile app over network to view at Nursing station and patient at TELEICU.

Audit noticed that out of 219 ventilators received in 18 secondary level HIs, 17 ventilators in four[36] HIs were not being used due to non-availability of trained manpower, oxygen generation plant and delay in installation by the engineering staff. This indicated that the ventilators were issued without ascertaining the availability of required infrastructure and manpower in these HIs. The audit contention is substantiated by the fact that 26 ventilators were shifted (May 2021) to GMC Hospital, Jammu from six[37] secondary level HIs of Jammu District due to non-availability of trained manpower and oxygen plant in these HIs.

The Block Medical Officer, Akhnoor stated (January 2025) that all the four ventilators are installed and functional in the new building of SDH Akhnoor.

Out of 408 ventilators received in seven TLHs, four[38] ventilators were kept (December 2023) as reserve for pandemic exigencies, the rest were installed.

Ventilators lying idle at SDH, Akhnoor (23.12.2021)	**Ventilators lying unused in SDH, Ramnagar (20.05.2022)**

- **Oxygen Concentrators**

An oxygen concentrator (OC) is a medical grade machine which is used to deliver oxygen to patients with breathing related disorders. Surge in COVID-19 infection had resulted in an alarming increase in the number of active cases which led to spike in demand for OCs.

In the six selected Districts and six[39] Tertiary Level Hospitals, 5,616 Oxygen Concentrators (OCs) were received by the HIs by March 2022.

Audit noticed that out of these 5,616 OCs, 4,322 OCs were stated to be installed (as on March 2022) leaving a balance of 1,294 OCs which were yet to be put to use.

[36] DH Ganderbal (6), SDH, Akhnoor (4), SDH Kupwara (2), SDH Ramnagar (5)
[37] SDH Akhnoor (6), CHC Jourian (5), SDH R.S.Pura (2), CHC Khour (4), CHC Sohanjana (5) and SDH Sarwal (4)
[38] SMHS, Srinagar (2) and SSH, Srinagar (2)
[39] SSH Jammu, GMCH Jammu, SMGS Jammu, SMHS Srinagar, SSH Srinagar and Lalla Ded Hospital, Srinagar

OCs lying in sealed covers in store at CHC, Jourian (28.12.2021)	**OCs lying packed in store of SDH, Ramnagar (20.05.2022)**

The Block Medical Officer, Akhnoor stated (January 2025) that the Oxygen Concentrators are kept as buffer stock and are being used as and when necessity arises.

Supply of ventilators and OCs to the HIs without actual requirement had led to non-utilisation of machinery.

3.2.10 Blood Bank

IPHS 2012 norms provides for establishment of Blood Bank in DHs and blood storage unit (BSU) in the SDHs/ CHCs. All relevant guidelines and requirements of various Acts should be followed in setting up of a Blood Bank. Blood Bank was available in all the six sampled DHs. Availability of facilities in Blood Banks in six DHs and adherence to connected norms therein are detailed in **Table 3.29**.

Table 3.29: Availability of facilities in Blood Banks in six sampled DHs

Sl. No.	Facilities	Anantnag	Ganderbal	Handwara	Jammu	Ramban	Udhampur
1.	Separate reporting room for doctors	Yes	Yes	Yes	Yes	Yes	Yes
2.	Blood Bank validates the test results from external labs on regular basis.	Yes	No	Yes	Yes	Yes	Yes
3.	Blood group displayed prominently in the Blood Bank	Yes	Yes	Yes	No	Yes	Yes
4.	Blood Bank adhering to NACO guidelines	Yes	Yes	Yes	Yes	Yes	Yes

Sl. No.	Facilities	Anantnag	Ganderbal	Handwara	Jammu	Ramban	Udhampur
	and Drugs and Cosmetic Act						
5.	Blood Bank practicing first in first out policy for reduction of waste (Blood).	Yes	Yes	Yes	Yes	Yes	Yes
6.	Refrigerator for storing blood	Yes	Yes	Yes	Yes	Yes	Yes
7.	Adequate storage capacity	Yes	Yes	Yes	Yes	Yes	Yes
8.	Records of donor and receiver maintained properly	Yes	Yes	Yes	Yes	Yes	Yes
9.	24 hours power supply with power backup	Yes	Yes	Yes	Yes	Yes	Yes

(Source: Information provided by the concerned HIs)

It is evident from the **Table 3.29** that all norms were being adhered to in four out of six test- checked DHs. DH, Jammu was not displaying blood group and DH, Ganderbal had not got blood test results validated from external labs on a regular basis.

Out of 28 test-checked SDHs/ CHCs, BSUs were available in nine[40] SDHs/ CHCs. The license to operate blood storage units in SDH, Ramnagar and CHC, Chenani, had expired in January 2020 and September 2020 respectively but had not been renewed.

Further, 13[41] BSUs were approved for establishment in SDHs/ CHCs under NHM in 2018-19. The Directors Health Services, Jammu/ Kashmir were directed (December 2019) to establish the BSUs on priority by March 2020. Audit noticed that despite the lapse of over three years as of December 2023 eight[42] BSUs had been established.

3.2.11 Diagnostic Services

Efficient and effective Radiological and Pathological diagnostic services are amongst the most essential health care facilities for delivering quality treatment to the public based on accurate diagnosis. Many of the important Radiology and Pathology tests were not performed in the sampled HIs due to lack of required equipment and skilled manpower. Significant audit findings are discussed in the succeeding paragraphs:

40 SDHs Akhnoor, Bijbehara, Bishnah, Kupwara, Ramnagar, Sarwal, Sogam, Tangdar and CHC Chenani

41 R.S.Pura, Banihal, Ramgarh, Sohanjana, Vijaypur, Mendhar, Bishnah, Kangan, Zainpora, Qazigund, Nagam, Beerwah, Pattan

42 CHCs Qazigund, Beerwah, Nagam, Pattan, Banihal, Mendhar, Vijaypur and SDH Bishnah.

3.2.11.1 Radiology and other major Diagnostic Services

i) Availability of Radiology and other major diagnostic services in sampled DHs

Radiology is a branch of medicine that uses imaging technology to diagnose and treat disease. Availability of adequate functional radiology equipment with consumables and skilled human resources are key requirements for delivery of quality radiology services.

IPHS 2012 norms prescribe availability of radiology diagnostic services of X-ray, dental X-ray, Ultrasonography, CT Scan etc. in DHs. IPHS also prescribe diagnostic services under cardiac investigation, ENT, Ophthalmology, Endoscopy and Respiratory in DHs.

Availability of various diagnostic services in the test checked DHs is detailed in **Table 3.30.**

Table 3.30: Availability of Radiology Diagnostic services in sampled DHs

Name of Service	Name of Test/Diagnostic Service	DH Anantnag	DH Ganderbal	DH Handwara	DH Jammu	DH Ramban	DH Udhampur
Radiology	X-ray for chest, Skull, Spine, Abdomen, bones	Yes	Yes	Yes	Yes	Yes	Yes
	Dental X-ray	Yes	Yes	Yes	Yes	Yes	Yes
	Ultrasonography	Yes	Yes	Yes	Yes	Yes	Yes
	CT Scan	Yes	No	Yes	Yes	Yes	Yes
	Barium Swallow, Barium meal, Barium enema, IVP	Yes	Yes	Yes	No	Yes	No
	MMR (Chest)	Yes	No	No	No	No	No
	HSG	Yes	Yes	No	No	No	No
Cardiac Investigation	ECG	Yes	Yes	Yes	Yes	Yes	Yes
	Stress Tests	Yes	No	No	No	No	No
	ECHO	Yes	Yes	No	Yes	No	Yes
ENT	Audiometry	Yes	Yes	No	Yes	Yes	Yes
	Endoscopy for ENT	Yes	Yes	Yes	Yes	No	No
Ophthalmology	Refraction by using Snellen's chart	Yes	Yes	Yes	Yes	Yes	Yes
	Retinoscopy	Yes	Yes	Yes	Yes	Yes	Yes
	Ophthalmoscopy	Yes	Yes	Yes	Yes	Yes	Yes
Endoscopy	Laparoscopic (diagnostic)	Yes	Yes	No	Yes	No	Yes
	Oesophagus	Yes	Yes	No	Yes	No	Yes
	Stomach	Yes	Yes	No	Yes	No	Yes
	Colonoscopy	Yes	Yes	No	Yes	No	No
	Bronchoscopy	Yes	No	No	No	No	No
	Arthroscopy	Yes	No	No	Yes	No	No
	Hysteroscopy	Yes	Yes	No	No	No	Yes
Respiratory	Pulmonary function tests	Yes	No	No	Yes	Yes	Yes

(Source: Information furnished by the sampled HIs)

It can be observed from the **Table 3.30** that:

- CT Scan services were available in five out of six test checked DHs except DH, Ganderbal.

- Facility of Barium swallow, Barium meal, Barium enema, IVP was not available in DH, Jammu and DH, Udhampur.

- Endoscopy for ENT was not available in DH, Ramban and DH, Udhampur.

ii) Availability of Radiology Diagnostic Services in sampled SDHs

IPHS 2012 norms provide that facilities of X-ray for Chest, Skull, Spine, Abdomen, bones, Dental X-ray and Ultrasonography with Colour Doppler should be available in an SDH. Availability of these imaging services in the sampled SDHs is detailed in **Table 3.31.**

Table 3.31: Availability of Radiology Diagnostic services in sampled SDHs

Sl. No.	Name of the SDH	X-ray for Chest, Skull, Spine, Abdomen, bones	Dental X-ray	Ultrasonography with Colour Doppler
1.	R.S. Pura	**Yes**	**Yes**	**Yes**
2.	Jagti	**Yes**	**No**	**Yes**
3.	Kot-Bhalwal	**Yes**	**Yes**	**Yes**
4.	Marh	**Yes**	**Yes**	**Yes**
5.	Bishnah	**Yes**	**No**	**Yes**
6.	Akhnoor	**Yes**	**Yes**	**Yes**
7.	Sarwal	**Yes**	**Yes**	**Yes**
8.	Kangan	**Yes**	**Yes**	**Yes**
9.	Sogam	**Yes**	**Yes**	**No**
10.	Kupwara	**Yes**	**Yes**	**Yes**
11.	Langate	**Yes**	**Yes**	**Yes**
12.	Tangdar	**Yes**	**Yes**	**Yes**
13.	Ramnagar	**Yes**	**No**	**Yes**
14.	Seer Hamdan	**Yes**	**Yes**	**Yes**
15.	Bijbehara	**Yes**	**Yes**	**Yes**
16.	Dooru	**Yes**	**Yes**	**Yes**
17.	Shangus	**Yes**	**Yes**	**Yes**
18	Kokernag	**Yes**	**Yes**	**Yes**

(Source: Information furnished by the sampled SDHs)

The data in **Table 3.31** indicates that major shortages in availability of imaging services were not there at SDH level. However, Dental X-ray was not available in three SDHs and Ultrasonography facility was not available in SDH, Sogam.

iii) Availability of Radiology Diagnostic Services in sampled CHCs

IPHS 2012 norms provide that X-ray for Chest, Skull, Spine, Abdomen, bones, Dental X-ray and Ultrasonography (desirable) facilities should be available in a CHC. Availability of these imaging services in the sampled CHCs is detailed in **Table 3.32.**

Table 3.32: Availability of Radiology Diagnostic services in sampled CHCs

Sl. No.	Name of the CHC	X-ray for Chest, Skull, Spine, Abdomen, bones	Dental X-ray	Ultrasonography (desirable)
1.	Sohanjana	**Yes**	**Yes**	**Yes**
2.	Jourian	**Yes**	**Yes**	**Yes**
3.	Khour	**Yes**	**No**	**Yes**
4.	Gool	**Yes**	**Yes**	**Yes**
5.	Banihal	**Yes**	**Yes**	**Yes**
6.	Batote	**Yes**	**Yes**	**No**
7.	Kralpora	**Yes**	**Yes**	**Yes**
8.	Zachaldara	**Yes**	**Yes**	**Yes**
9.	Kralgund	**Yes**	**Yes**	**Yes**
10.	Chenani	**Yes**	**Yes (but not installed as of March -2021)**	**Yes**

(Source: Information furnished by the sampled CHCs)

The data in **Table 3.32** indicates that the imaging services were available in all the sampled CHCs except that Dental X-ray was not available in CHC, Khour.

Further, the Minimum Standard Requirements for the Medical Colleges for (150 admissions) prescribe radiological equipment in the Department of Radio-Diagnosis. Availability of radiological equipment in the sampled TLHs is detailed in **Table 3.33.**

Table 3.33: Availability of radiological services in sampled TLHs

Name of radiological equipment	GMCH Jammu	SMGS Jammu	SSH Jammu	SMHS Srinagar	Lal Ded Srinagar	SSH Srinagar	G.B.Pant Srinagar
X-ray	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ultrasonography	Yes	Yes	Yes	Yes	Yes	Yes	Yes
CT Scan	Yes	Yes	Yes	Yes	No	Yes	Yes
Mammography	Yes	No	No	Yes	No	No	No
MRI	Yes	No	No	Yes	No	No	No

(Source: Information furnished by the sampled TLHs)

MRI and Mammography facility were available only in GMCH Jammu and SMHS Srinagar.

3.2.11.2 Laboratory Services

HIs should be able to perform all tests required to diagnose epidemics or important diseases from public health point of view. IPHS 2012 norms prescribe 70, 39 and 29 types of laboratory investigations under five categories of Clinical Pathology, Pathology, Microbiology, Serology and Biochemistry to be carried out in the DHs, SDHs and CHCs respectively. Audit observations regarding these services are discussed in the succeeding paragraphs.

i) Availability of Laboratory Services in District Hospitals

The laboratory services were being provided through in-house laboratories in HIs. Availability of laboratory services in the sampled DHs is detailed in **Table 3.34.**

Table 3.34: Availability of laboratory investigations in sampled DHs

Sl. No.	Name of HI	Clinical Pathology (29)	Pathology (8)	Microbiology (7)	Serology (7)	Biochemistry (19)
1.	DH Anantnag	21	2	1	2	12
2.	DH Ganderbal	19	2	7	2	10
3.	DH Handwara	19	0	0	4	12
4.	DH Jammu	22	0	0	2	11
5.	DH Ramban	20	1	1	4	11
6.	DH Udhampur	22	3	0	6	10

(Source: Information furnished by sampled DHs)

76-100 *per cent*	51-75 *per cent*	26-50 *per cent*	Upto 25 *per cent*

The maximum laboratory investigations among six sampled DHs were available in DH Udhampur while DH Handwara and DH Jammu had maximum shortfall in laboratory services. Availability of investigations under Pathology were not available in DH Handwara and DH Jammu while Microbiology investigations were not available in DHs, Handwara, Jammu and Udhampur.

ii) Availability of Laboratory Services in SDHs

Against 39 types of laboratory investigations prescribed in IPHS 2012 norms for SDHs, availability in sampled SDHs is detailed in **Table 3.35.**

Table 3.35: Availability of laboratory services in sampled SDHs

Sl. No.	Name of SDH	Clinical Pathology (24)	Pathology (1)	Microbiology (4)	Serology (4)	Biochemistry (6)
1.	R.S. Pura	21	1	1	4	4
2.	Jagti	10	0	0	3	2
3.	Kot-Bhalwal	11	0	2	4	4
4.	Marh	12	0	1	4	4
5.	Bishnah	14	0	1	4	4
6.	Akhnoor	19	1	1	4	4
7.	Sarwal	20	1	1	2	3
8.	Kangan	16	0	1	4	4
9.	Sogam	18	0	1	3	4
10.	Kupwara	18	1	2	4	5
11.	Langate	12	0	1	4	3
12.	Tangdar	18	1	1	4	4
13.	Ramnagar	14	1	1	4	5
14.	Seer Hamdan	12	0	0	4	4
15.	Bijbehara	17	0	1	4	4
16.	Dooru	16	0	1	4	4
17.	Shangus	7	0	1	3	4
18.	Kokernag	0	1	4	4	6

(Source: Information furnished by sampled DHs)

76-100 *per cent*	51-75 *per cent*	26-50 *per cent*	Upto 25 *per cent*

The data in **Table 3.35** above indicates that there was maximum shortfall in pathology services in SDH Jagti, SDH Shangus and SDH Kokernag.

iii) Availability of Laboratory services in sampled CHCs

IPHS 2012 norms prescribe 29 types of laboratory investigations to be available in the CHCs. Availability of laboratory services in sampled CHCs is detailed in **Table 3.36.**

Table 3.36: Availability of laboratory services in sampled CHCs

Sl. No.	Name of HI	Clinical Pathology (18)	Pathology (1)	Microbiology (2)	Serology (3)	Biochemistry (5)
1.	Sohanjana	13	0	1	3	5
2.	Jourian	13	1	1	3	1
3.	Khour	10	1	0	2	1
4.	Gool	11	0	0	3	5
5.	Banihal	10	1	1	3	5
6.	Batote	11	0	1	3	5
7.	Kralpora	14	0	1	3	5
8.	Zachaldara	12	0	1	3	5
9.	Kralgund	11	0	0	3	2
10.	Chenani	14	0	1	3	5

(Source: Information furnished by sampled CHCs)

76-100 *per cent*	51-75 *per cent*	26-50 *per cent*	Upto 25 *per cent*

Information in the **Table 3.26** indicates Serology tests were adequate in all sampled CHCs. Pathology tests were not available in seven out of 10 sampled CHCs and Microbiology tests were not available in three CHCs. In absence of required pathology services the patients had to approach other institutions for availing the required services.

iv) Availability of Laboratory services in sampled TLHs

In seven test-checked TLHs, the position of availability of laboratory services in TLHs is given in **Table 3.37.**

Table 3.37: Availability of laboratory test in TLHs

Sl. No.	Name of the HI	Total number of tests*	Tests available	Shortfall	Percentage shortfall
1.	GMC Hospital Jammu	41	24	17	41
2.	SMGS Hospital Jammu	41	28	13	32
3.	SSH Jammu	41	30	11	27
4.	SMHS Srinagar	41	32	9	22
5.	SSH Srinagar	41	32	9	22
6.	GB Pant Hospital Srinagar	41	18	23	56
7.	LD Hospital Srinagar	41	22	19	46

(Source: Information furnished by the concerned HIs)
****As per Minimum Standard Requirements for the Medical Colleges (for 150 Admissions Annually) Regulations 1999 issued by Medial Council of India.***

The data in the **Table 3.37** indicates that there was shortfall in availability of pathology investigations in all the TLHs and percentage shortfall ranged between 22 *per cent* and 56 *per cent*.

3.2.11.3 Laboratory Equipment

- **Availability of laboratory equipment in sampled DHs**

IPHS 2012 norms prescribe 83 types of laboratory equipment for the DHs. It was, however, observed that the full range of prescribed laboratory equipment was not available as of March 2022 in the test-checked DHs as detailed in **Table 3.38.**

Table 3.38: Availability of laboratory equipment in sampled DHs

Sl. No.	Name of HI	Number of pathological equipment required as per IPHS	Equipment available	Shortfall (*percentage*)
1.	DH Anantnag	83	35	48 (58)
2.	DH Ganderbal	83	43	40 (48)
3.	DH Handwara	83	25	58 (70)
4.	DH Jammu	83	33	50 (60)
5.	DH Ramban	83	51	32 (39)
6.	DH Udhampur	83	41	42 (51)

(Source: Information furnished by the sampled DHs)

Shortfall less than 50 *per cent*	Between 50-60 *per cent*	More than 60 *per cent*

The **Table 3.38** indicates that the shortfall was maximum in DH Handwara (70 *per cent*) of laboratory equipment as compared with the other DHs.

- **Availability of laboratory equipment in sampled SDHs**

IPHS 2012 norms prescribe 33 laboratory equipment for SDHs. There was shortfall in availability of laboratory equipment in sampled SDHs as of March 2022 as detailed in **Table 3.39**.

Table 3.39: Availability of laboratory equipment in sampled SDHs

Sl. No.	Name of SDH	Number of laboratory equipment required as per IPHS	Equipment available	Shortfall (*percentage*)
1.	R.S. Pura	33	16	17 (51)
2.	Jagti	33	12	21 (64)
3.	Kot-Bhalwal	33	14	19 (58)
4.	Marh	33	16	17 (51)
5.	Bishnah	33	15	18 (54)
6.	Akhnoor	33	25	8 (24)
7.	Sarwal	33	18	15 (45)
8.	Kangan	33	15	18 (54)
9.	Sogam	33	32	3 (9)
10.	Kupwara	33	4	29 (88)
11.	Langate	33	19	14 (42)
12.	Tangdar	33	2	31 (94)
13.	Ramnagar	33	16	17 (51)
14.	Seer Hamdan	33	14	19 (58)
15.	Bijbehara	33	13	20 (61)
16.	Dooru	33	18	15 (45)
17.	Shangus	33	12	21 (64)
18.	Kokernag	33	15	18 (54)

(Source: Information furnished by the sampled SDHs)

Shortfall less than 50 *per cent*	Between 50-60 *per cent*	More than 60 *per cent*

The **Table 3.39** indicates that maximum shortfall of laboratory equipment was in SDH Tangdar and SDH Kupwara.

- **Availability of laboratory equipment in sampled CHCs**

IPHS 2012 norms prescribe 25 laboratory equipment for a CHC. However, full range of prescribed laboratory equipment was not available as of March 2022 in the test-checked CHCs as detailed in **Table 3.40.**

Table 3.40: Availability of laboratory equipment in sampled CHCs

Sl. No.	Name of CHC	Number of laboratory equipment required as per IPHS	Equipment available	Shortfall (*percentage*)
1.	Sohanjana	25	17	8 (32)
2.	Jourian	25	13	12 (48)
3.	Khour	25	10	15 (60)
4.	Gool	25	13	12 (48)
5.	Banihal	25	17	8 (32)
6.	Batote	25	14	11 (44)
7.	Kralpora	25	19	6 (24)
8.	Zachaldara	25	12	13 (52)
9.	Kralgund	25	20	5 (20)
10.	Chenani	25	15	10 (40)

(Source: Information furnished by the sampled CHCs)

Shortfall less than 50 *per cent*	Between 50-60 *per cent*	More than 60 *per cent*

The data in **Table 3.40** indicates that maximum shortfall (60 *per cent*) of laboratory equipment was in CHC Khour.

3.2.12 Maternity Services

Maternal Mortality Rate (MMR) and Infant Mortality Rate (IMR) are important indicators of the quality of maternity services available in HIs. As per the Sample Registration System report by Registrar General of India, against MMR of 97 at the national level, MMR in UT of J&K was 77 during 2018-20. Further, as per National Family Health Survey-5, IMR was 16.3 in the UT during 2019-20 as compared to 35.2 at national level during the year 2019-21.

Antenatal care (ANC), Intrapartum care (IPC) and Postnatal care (PNC) are the major components of maternity services.

3.2.12.1 Antenatal Care

Antenatal care (ANC) is the systematic supervision of women during pregnancy to monitor the progress of foetal growth and to ascertain the well-being of the mother and the foetus. ANC involves general and abdominal examination, laboratory investigations, comprehensive abortion care and management of complications such as Reproductive Tract Infection (RTI) and Sexually Transmitted Infection (STI).

i) ANC checkup of pregnant women

One of the major aims of safe motherhood is to register all pregnant women before they attain 12 weeks of pregnancy and provide them with services such as four antenatal checkups. As per the 'Guidelines for Antenatal Care and Skilled Attendance at Birth', the suggested schedule for antenatal visits is: 1st visit: within 12 weeks preferably as soon as pregnancy is suspected for registration of pregnancy and first antenatal check-up, 2nd visit: between 14 and 26 weeks, 3rd visit: between 28 and 34 weeks and 4th visit between 36 weeks and term.

To prevent anaemia, pregnant women need to be given one tablet of Iron Folic Acid (IFA: 100 mg elemental iron and 0.5 mg folic acid) every day for at least 100 days, starting after the first trimester (14-16 weeks of pregnancy). IFA dose is repeated three months after child birth.

Further, the administration of two doses of Tetanus Toxoid (TT) is an important step in the prevention of maternal and neonatal tetanus (tetanus of the newborn). The first dose of TT should be administered as soon as possible, preferably when the women register for ANC and the second dose is to be given one month after the first, preferably at least one month before the expected date of delivery.

Percentage of pregnant women registered and ANC, TT and IFA tablets provided to them in the UT of J&K as per NFHS-5 is detailed in **Table 3.41.**

Table 3.41: Indicators of Antenatal Care, TT administration and IFA tablets in the UT of J&K

Indicators	2019-20
ANC received in the first trimester *per cent*	86.6
Pregnant women received at least four ANC *per cent*	80.9
TT administration *per cent*	91.9
IFA (180 days) *per cent*	15.9

(Source: NFHS-5 survey report)

Audit observed that six test checked DHs[43] had facilities of specialised ANC. Details of pregnant women registered, check-ups received by them and medicinal doses provided to them during 2016-22 in the test-checked DHs are given in **Table 3.42.**

Table 3.42: Pregnant women registered and checkups/ medicinal doses provided to them

Year	Check-up received at				Women given Tetanus Toxide dose		Women given Iron Folic Acid Tablets
	Registration	14-26 weeks	28-34 weeks	36th week	TT1	TT2	
2016-17	15,341	17,717	17,865	7,714	7,486	5,000	2,499
2017-18	15,079	14,864	11,428	7,047	11,814	11,651	6,024
2018-19	14,267	10,899	8,425	5,401	11,213	10,505	1,091
2019-20	6,547	8,952	7,417	4,729	5,702	5,283	1,206
2020-21	1,600	9,913	7,353	4,315	1,519	1,325	1,379
2021-22	7,256	12,044	9,539	6,193	7,019	5,841	8,252
Total	**60,090**	**74,389**	**62,027**	**35,399**	**44,753**	**39,605**	**20,451**

(Source: Information furnished by sampled DHs,)

[43] Maternity services provided in MCCH, Anantnag instead of DH Anantnag

- The number of pregnant women registering themselves at the DHs had decreased from 15,341 during 2016-17 to 7,256 during 2021-22.

- Number of pregnant women registered for ANC during 2016-22 to the extent of 60,090 had reduced at the time of final ANC after 36th week of pregnancy by 41 *per cent*. This was indicative that pregnant women had shifted to other HIs for delivery.

- Out of 60,090 registered pregnant women, only 39,605 (66 *per cent*) had received 2nd dose of TT and only 34 *per cent* were provided IFA supplementation.

ii) Laboratory investigations

Guidelines for ANC and Skilled Attendance at Birth prescribe conducting six laboratory investigations (Blood group including Rh[44] factor, VDRL[45]/ RPR[46], HIV[47], Rapid Malaria, Blood sugar and HBsAg[48]) during visit by pregnant women at SDHs/ CHCs for ANC to identify pregnancy related complications.

Audit observed that:

- In SDH Jagti, only the facility of pathological investigation of Blood Sugar was available.

- The facility of Rapid Malaria test was not available in 13 SDHs/ CHCs (43 *per cent*) out of the sampled 28 SDHs/ CHCs which was prescribed for detection of Pregnancy Malaria which can lead to cases of maternal anemia, premature delivery, intrauterine growth retardation, and delivery of low birth-weight infants.

iii) Management of RTI/ STI

Reproductive Tract Infections (RTIs) including Sexually Transmitted Infections (STIs) present a huge burden of disease and adversely impacts the reproductive health of people. The consequences of RTI/ STI can be severe and life-threatening, such as Pelvic Inflammatory Disease (PID), Ectopic Pregnancy and adverse pregnancy outcomes including abortion, stillbirth, preterm birth and congenital infections (due to Syphilis, HSV, Hepatitis-B virus and HIV). National Guidelines (July 2014) on prevention, management and control of RTI/ STI provides for 13 essential RTI/ STI drugs.

Details of RTI/ STI patients treated in sampled DHs during 2016-22 and shortfall in availability of drugs in DHs are given in **Table 3.43:**

---

44 Rhesus factor
45 Venereal Disease Research Laboratory
46 Rapid Plasma Reagin
47 Human Immuno deficiency Virus
48 Hepatitis B Surface Antigen

Table 3.43: Availability of essential RTI/STI drugs in sampled DHs

Particulars	DH Ganderbal	DH Handwara	DH Jammu	DH Ramban
Number of patients treated for RTI/STI during 2016-22	3,597	7,330	2,572	224
Average availability of drugs out of 13 essential RTI/STI drugs during test checked months (November 2016, May 2017, April 2018, January 2020, February 2021 and August 2021)	4	3	3	5
Percentage shortfall of drugs (out of 13)	69	77	77	62

(Source: Information furnished by the sampled HIs)

It is evident from the **Table 3.43** that there was shortfall in availability of essential RTI/ STI drugs ranging between 62 *per cent* and 77 *per cent* in four out of six sampled DHs during 2016-22. No RTI/ STI patient was treated in DH Udhampur during 2016-21 however during 2021-22, despite 35 patients attended the HI. No RTI/ STI patient attended the MCCH Anantnag during 2016-22.

Similarly, there was also shortfall in availability of essential RTI/ STI drugs in the sampled 28 SDHs/ CHCs as detailed in **Table 3.44.**

Table 3.44: RTI/ STI patients treated and availability of essential RTI/STI drugs in SDHs/ CHCs

Sl. No.	Name of SDH/CHC	Number of patients treated for RTI/STI during 2016-22	Average availability of essential RTI/STI drugs (out of 13 drugs)
1.	R.S. Pura	2,245	2
2.	Jagti	426	5
3.	Kot-Bhalwal	104	4
4.	Marh	2,079	5
5.	Bishnah	357	9
6.	Akhnoor	285	5
7.	Sarwal	14,150	3
8.	Kangan	840	5
9.	Sogam	12,872	1
10.	Kupwara	37,376	13
11.	Langate	44	7
12.	Tangdar	2,200	Nil
13.	Ramnagar	1,094	5
14.	Seer Hamdan	633	Nil
15.	Bijbehara	1,059	2
16.	Dooru	170	4
17.	Shangus	2,468	2
18.	Kokernag	6,244	12
19.	Sohanjana	11,457	5
20.	Jourian	10	7

Sl. No.	Name of SDH/CHC	Number of patients treated for RTI/STI during 2016-22	Average availability of essential RTI/STI drugs (out of 13 drugs)
21.	Khour	352	3
22.	Gool	69	7
23.	Banihal	13,455	2
24.	Batote	360	7
25.	Kralpora	1,226	6
26.	Zachaldara	3,687	5
27.	Kralgund	23	8
28.	Chenani	0	6

(Source: Information furnished by the sampled HIs)

More than 10 drugs	6-10 drugs	1-5 drugs	Nil drugs

The **Table 3.44** indicates that out of 28 sampled SDHs/ CHCs:

- there was non-availability of essential RTI/ STI drugs in two SDHs.
- average one to five drugs were available in 16 SDHs/ CHCs.
- average six to 10 drugs were available in eight SDHs/ CHCs.
- only two SDHs/CHCs had average availability of more than 10 drugs.
- During the period covered in audit, 2,833 RTI/ STI patients were stated to be treated in SDH Tangdar (2,200) and SDH Seer Hamdan (633) despite absence of specific RTI/ STI essential drugs. This indicated that the patients had to arrange the drugs themselves.

3.2.12.2 Intrapartum care (IPC)

Intrapartum is the time period from onset of labor to childbirth. Proper care during labor and childbirth saves not only mothers and their newborn babies, but also prevents stillbirths, neonatal deaths and other complications.

Audit observations on IPC have been discussed in the succeeding paragraphs:

• Preparation of partograph

The partograph is a tool for monitoring maternal and foetal well-being during the active phase of labour, and a decision-making aid when abnormalities are detected. Scrutiny of records of HIs revealed that out of six sampled DHs, three DHs partially used the partograph, whereas partographs were not used during 2016-22 in three DHs. 16 out of 28 test-checked SDHs/ CHCs had not used partographs and 12 SDHs/ CHCs[49] had either fully or partially used them.

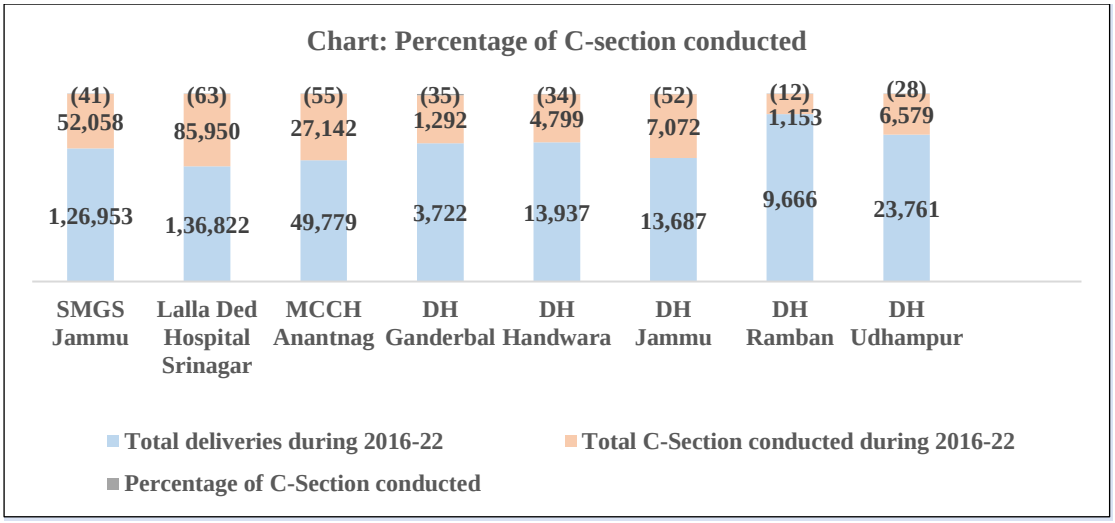
[49] SDHs Sarwal, Kupwara, Langate, Ramnagar, Seer Hamdan, Bijbehara, Dooru, Kokernag, Shangus, Marh and CHCs Kralpora and Kralgund

i) Caesarean Section deliveries

A Caesarean Section (C-Section) delivery is a lifesaving surgical procedure for the mothers and babies when certain complications appear during pregnancy or labour. NHM Guidelines on "Engaging General Surgeons for performing Caesarean Sections and managing Obstetric Complications" envisage that around 8-10 *per cent* of total delivery cases require C-section.

C-Sections conducted out of total deliveries in the selected two TLHs and six DHs are depicted in **Chart 3.7.**

Chart 3.7: Caesarian Sections deliveries conducted in Health Institutions



(Source: Information furnished by the respective HIs)

The data in the **Chart 3.7** shows that:

- A high percentage of total deliveries in two[50] TLHs beyond the percentage envisaged in NHM guidelines was conducted through C-Section.
- During 2016-22, out of 1,14,552 deliveries in sampled DHs, the C-section deliveries were 48,037 (42 *per cent*). The higher percentage of C-section deliveries was in DH Jammu (52 *per cent*) and MCCH Anantnag (55 *per cent*).
- 12 *per cent* C-section deliveries out of total deliveries in DH Ramban were however, close to the norms.

The C-Section deliveries in the sampled SDHs/ CHCs were 24 *per cent* of total deliveries (88,260).

The percentage of C-section deliveries in the HIs of the State/ UT was more than the national average of 14.3 *per cent* as per NFHS-5 (2019-21). The percentage of C-section deliveries as per NFHS-5 stood at 42.7 *per cent.*

[50] SMGS Hospital, Jammu and Lal Ded Hospital, Srinagar

In view of the higher rate of C-Section deliveries, the Mission Director, National Health Mission, J&K directed (February 2022) for conducting of C-Section audit to curb the rising trend of Caesarean births and to ensure judicious use of C-Section in only medically indicated cases.

ii) Postnatal Care

MNH Toolkit provides for Zero day immunisation for four vaccines viz. BCG[51], OPV[52], Hepatitis 'B' and Vitamin 'K' to newborns. The details of birth dose vaccination given to newborns in six test-checked HIs during 2016-22 are given in **Table 3.45.**

Table 3.45: Details of birth dose vaccination to newborns in sampled DHs during 2016-22

Sl. No.	Name of HI	Newborn (Live Birth) in HI	*Per cent* of newborns[53] given the vaccination dose			
			BCG	OPV	Hepatitis-B	Vit-K
1.	MCCH Anantnag	48,748	134	134	109	93
2.	DH Ganderbal	3,713	104	100	97	69
3.	DH Handwara	13,937	99	97	96	97
4.	DH Jammu	13,629	103	103	94	100
5.	DH Ramban	9,442	108	98	98	100
6.	DH Udhampur	23,603	124	119	104	100

(Source: Information furnished by sampled HIs)

From the **Table 3.45** it could be seen that the selected hospitals were fairly regular in administering zero day vaccination.

Details of birth dose vaccination administered to newborns in 28 test-checked SDHs/ CHCs during 2016-22 are given in **Table 3.46.**

Table 3.46: Details of birth dose vaccination to newborns in sampled SDHs/CHCs during 2016-22

Name of sampled District.	Number of SDHs/CHCs	Newborn (Live Birth)	*Per cent* of newborns given the vaccination dose			
			BCG	OPV	Hepatitis-B	Vit-K
Anantnag	5	15,480	100	100	100	100
Ganderbal	1	4,722	101	101	100	101
Jammu	10	23,367	108	108	100	100
Kupwara	7	28,736	105	115	104	81
Ramban	3	9,467	100	100	100	100
Udhampur	2	6,321	101	101	101	101

(Source: Information furnished by sampled HIs)
(Red: Less than 100)

Percentage immunisation given to newborns in the 28 test-checked SDHs/ CHCs was also satisfactory in the sampled Districts. However, the administration of Vitamin-K was 81 *per cent* in District Kupwara due to shortage of Vitamin-K supply during the period.

[51] Bacille Calmette-Guerin
[52] Oral Polio Vaccine
[53] Including newborns not delivered in concerned HI.

The status of immunisation of newborns in two TLHs during 2016-22 is given in **Table 3.47.**

Table 3.47: Status of immunisation of newborns in two TLHs during 2016-22

Name of Hospital	Newborn (Live Birth)	*Per cent* of newborns given vaccination			
		BCG	OPV	Hepatitis-B	Vit-K
SMGS Hospital	1,25,121	92	92	83	65
Lalla Ded Hospital	1,39,129	85	85	77	83[54]

(***Source: Records of test checked hospitals)***

As can be seen from the **Table 3.47**, during 2016-22 immunisation of newborns in SMGS Hospital Jammu ranged between 65 *per cent* and 92 *per cent* and in Lal Ded Hospital it ranged between 77 *per cent* and 85 *per cent*. In respect of administering of Vitamin-K in SMGS Hospital Jammu, the data was provided for normal deliveries only.

Thus, the mechanism of providing vaccination was better at the secondary level than at the tertiary level.

3.2.13 Doctor Survey

An interaction by Audit with 78 doctors in six DHs (16 doctors) and SDHs/ CHCs (62 doctors) revealed the following:

- About 67 *per cent* doctors were posted in HIs (DHs:13, SDHs/ CHCs: 39) for over two years.
- Out of 78 doctors, 53 doctors were post-graduate (DHs;13, SDHs/ CHCs: 40).
- 26 (33 *per cent*) doctors (DH: 04, SDHs/ CHCs: 22) stated that the required infrastructure was not available in the hospital.
- On an average one doctor was attending 67 patients per day in OPD/ IPD (DH:75, SDH/ CHC:59).
- 15 doctors (DH: 01, SDHs/ CHCs:14) were not aware of medical records kept in the hospital.
- 16 doctors (DHs: 05, SDHs/ CHCs: 11) stated that generic medicines were not available in hospital pharmacy.
- Manual on Standard Treatment Guidelines was not available in the chambers of 56 doctors (DHs: 08, SDHs/ CHCs: 48).
- 71 out of 78 doctors felt the need for improvement in the health care infrastructure by making equipment, machinery, drugs etc. available as per requirements of the patients.

[54] Data was taken for 2018-19 to 2021-22, as in 2016-17 and 2017-18 data was not available.

- 70 doctors confirmed availability of proper monitoring system in the HIs for patients requiring long term/ continuous treatment.

3.2.14 Support services

3.2.14.1 Liquid Medical Oxygen

Liquid Medical Oxygen is high purity oxygen used for medical treatment, and is developed for use in the human body. The oxygen supply is provided in hospitals through centralised oxygen supply, oxygen cylinders and oxygen concentrators.

Audit observed that:

- Centralised oxygen supply was available in four out of six selected DHs. In DH Handwara and DH Jammu, oxygen supply was provided through oxygen cylinders.

- Out of 28 SDHs/ CHCs, centralised oxygen supply was available only in eight[55] SDHs/ CHCs.

- There was adequate buffer stock of oxygen cylinders and oxygen concentrators in all test- checked DHs and SDHs/ CHCs except CHC Batote.

Availability of oxygen generation plants and their capacity in the sampled TLHs is detailed in **Table 3.48.**

Table 3.48: Availability of oxygen generation plants and their capacity in the sampled TLHs

Sl. No.	Name of the HI	Number of oxygen generation plants available	Available capacity (LPM[56])
1.	GMCH Jammu	10	8,700
2.	SSH Jammu	5	3,375
3.	SMGS Hospital Jammu	6	5,400
4.	SMHS Hospital Srinagar	6	5,600
5.	SSH Srinagar	3	2,300
6.	LD Hospital Srinagar	2	1,625
7.	G.B.Pant Hospital Srinagar	3	1,440
	Total	**35**	**28,440**

(Source: Information furnished by Departmental authorities)

One Liquid Medical Oxygen Tank of 20 kilolitre capacity was also installed in the GMC Hospital Jammu to cater to the needs of the patients.

3.3.14.2 Dietary service

IPHS norms 2012 envisage that dietary service of a hospital is an important therapeutic tool. It is, therefore, essential that the quality and quantity of diet provided to patients

[55] SDH Dooru, SDH Kangan, SDH Kot-Bhalwal, SDH Kupwara, SDH Sogam, SDH Tangdar, SDH Sarwal and CHC Banihal

[56] Litre per minute

should be of the requisite standard. Various aspects pertaining to providing diet to patients is detailed in **Table 3.49**.

Table 3.49: Availability of dietary facilities in the sampled HIs

Particulars	Available in number of TLHs (out of 7)	Available in number of DHs (out of 6)	Available in number of SDHs/ CHCs (out of 28)
Institutional mechanism for providing diet to patients	Nil	Nil	Nil
Outsourcing of diet	7	5	8
Availability of diet register	7	5	10
Mechanism for providing various types of diet (normal, dry, semisolid) to patients	1	1	2
Conducting of quality check	5	3	1
Conducting of quantity check	2	3	1
Availability of Dietician	2	Nil	Nil

(Source: Information provided by the concerned HIs)

Audit observed the following points in the sampled HIs.

- In absence of institutional mechanism for providing diet in all sampled HIs, all seven sampled TLHs, five out of six sampled DHs and eight out of 28 sampled SDHs/ CHCs were providing diet to patients through outsourcing. Dietary services were not available in DH Anantnag and in seven SDHs/ CHCs whereas the diet under the scheme JSSK was only being provided by DH Ganderbal and 13 SDHs/ CHCs.

- Diet register was available in all the TLHs, in five DHs and in 10 SDHs/ CHCs.

- There was no mechanism of providing diet to patients as prescribed by the doctors in all the HIs except in SSH Srinagar, DH Udhampur, SDH Kupwara and CHC Khour.

- The quality check of diet was being conducted in five TLHs, three DHs and in SDH Kupwara.

- The quantity check of diet was being conducted in two TLHs, three DHs and in SDH Kupwara.

- Dietician was not available in five TLHs and in none of the six sampled DHs and 28 SDHs/ CHCs.

In view of the above-mentioned observations, Audit could not derive an assurance that quality diet was provided to patients in the test-checked HIs.

3.2.14.3 Laundry services

IPHS 2012 norms provide that hospital laundry should be provided with necessary facilities for segregated collection, drying, pressing and storage of soiled and cleaned linens. It may be outsourced.

Audit observed that as of March 2022, laundry service was available in five[57] out of six test checked DHs except DH Handwara. Out of 28 sampled SDHs/ CHCs, laundry service was available in only four[58] SDHs.

HIs not having laundry facility were getting linen washed by employing someone on call basis or sending linen to a HI having laundry facility. Lack of laundry services poses health risk to both staff and patients.

Linen being washed in the open in SDH Marh (District Jammu) in absence of laundry facility (08.12.2021)

i) Availability of linen in hospital

IPHS 2012 norms prescribe 24 types of linen that are required for patient care services in hospitals. The availability of linen in sampled HIs is detailed in **Table 3.50.**

Table 3.50: Availability of linen in sampled DHs during 2021-22

Sl. No.	Type of linen	Availability of linen					
		DH Anantnag	DH Ganderbal	DH Handwara	DH Jammu	DH Ramban	DH Udhampur
1.	Bed sheets	Yes	Yes	Yes	Yes	Yes	Yes
2.	Bedspreads	No	No	No	No	No	No
3.	Blankets (Red and Blue)	Yes	Yes	Yes	Yes	Yes	Yes
4.	Patna Towels	No	No	Yes	No	No	No
5.	Table cloth	No	No	No	No	No	Yes
6.	Draw sheets	No	Yes	Yes	Yes	Yes	Yes
7.	Doctor's overcoats	Yes	Yes	Yes	Yes	Yes	Yes
8.	Hospital workers' OT coat	No	Yes	No	Yes	Yes	Yes
9.	Patient's house coat (Female)	No	No	No	Yes	No	Yes
10.	Patient's Pyjama Shirt (for male)	No	No	No	Yes	No	Yes
11.	Over-shoes pairs	No	No	No	Yes	Yes	Yes
12.	Pillows	No	Yes	Yes	Yes	Yes	Yes
13.	Pillows cover	No	Yes	Yes	Yes	Yes	Yes
14.	Mattresses (Foam) for adult	Yes	Yes	Yes	Yes	Yes	Yes
15.	Paediatric mattresses	No	No	No	Yes	No	No
16.	Abdominal sheets for OT	No	Yes	Yes	Yes	No	Yes

[57] DH Anantnag, DH Ganderbal, DH Jammu, DH Ramban and DH Udhampur
[58] SDH Bishnah, SDH Akhnoor, SDH Kangan and SDH Sarwal

Sl. No.	Type of linen	Availability of linen					
		DH Anantnag	DH Ganderbal	DH Handwara	DH Jammu	DH Ramban	DH Udhampur
17.	Perineal sheets for OT	No	No	No	Yes	No	Yes
18.	Leggings	No	No	No	Yes	No	No
19.	Curtain cloth windows and doors	No	No	No	Yes	Yes	Yes
20.	Uniform/Apron	Yes	Yes	Yes	Yes	No	Yes
21.	Mortuary sheets	No	No	No	Yes	Yes	Yes
22.	Mats (nylon)	No	No	No	No	No	Yes
23.	Mackintosh sheets	No	Yes	No	Yes	Yes	Yes
24.	Apron for cook	No	No	No	Yes	No	No

(Source: Information furnished by sampled HIs)

It is evident from the **Table 3.50** that:

- The prescribed types of linen were not available in all the sampled HIs.
- The maximum shortfall of linen was in DH Anantnag whereas the minimum shortfall of linen was observed in DH Jammu.

In respect of the 28 sampled SDHs/ CHCs, availability of linen was in the range of four to 24 types. The maximum shortfall of 20 types of linen was observed in SDH Marh whereas in SDH Sogam and Kupwara, there was no shortfall.

ii) Cleanliness of linen

A hospital should provide clean and hygienic linen to patients for preventing infection among patients and hospital staff. The status of cleanliness of linen in the sampled DHs during 2021-22 is given in **Table 3.51**.

Table 3.51: Status of cleanliness of linen in sampled DHs during 2021-22

Particulars	DH Anantnag	DH Ganderbal	DH Jammu	DH Handwara	DH Ramban	DH Udhampur
Bed sheets changed on daily basis (with colour code)	Yes	Yes	Yes	No	Yes	Yes
Daily collection of soiled linen	Yes	Yes	Yes	Yes	Yes	Yes
Daily delivery of cleaned linen	Yes	Yes	Yes	Yes	Yes	Yes
Register of maintenance of linen available	Yes	Yes	Yes	Yes	Yes	Yes
Records of quantity of linen received from laundry available	Yes	Yes	Yes	No	Yes	Yes

(Source: Information furnished by sampled HIs)

The data in the **Table 3.51** indicates that cleanliness of linen was ensured in five out of six sampled DHs. In DH Handwara bed sheets were neither changed on a daily basis nor were records of quantity of linen received from laundry available.

The status of cleanliness of linen in the sampled 28 SDHs/ CHCs is detailed in **Table 3.52.**

Table 3.52: Status of cleanliness of linen in sampled SDHs/CHCs during 2021-22

Name of the District	Number of sampled SDHs/CHCs	Number of HIs where				
		Bed sheets changed on daily basis (with colour code)	Soiled linen collected daily	Cleaned linen delivered daily	Register of maintenance of linen was available	Records of quantity of linen received from laundry available
Anantnag	5	3	4	5	3	3
Ganderbal	1	0	0	1	0	0
Jammu	10	10	10	9	9	9
Kupwara	7	5	6	6	5	5
Ramban	3	3	2	2	2	1
Udhampur	2	2	1	1	2	2

(Source: Information furnished by sampled HIs)

It is evident from the **Table 3.52** that hospitals were not providing hygienic and clean bed linen to patients exposing them to the risk of infection.

3.2.14.4 Ambulance Services

IPHS 2012 norms provide for availability of 24-hour ambulance service in DHs, SDHs and CHCs. It is also desirable to have an ambulance in PHCs to provide emergency services.

Out of 1,263 ambulances under the control of Directorate of Health Services, Jammu & Kashmir, 121 ambulances were off the road (requiring repair: 09; outlived their useful life: 112) and 143 ambulances were beyond economic repair as of March 2022.

It was observed that in the sampled 06 DHs and 28 SDHs/ CHCs, ambulance service was available except in SDH Langate.

Out of 52 test-checked PHCs, ambulance service was not available in 33 (63 *per cent*) PHCs with the result the patients were deprived of ambulance service at the time of emergency.

- **Operationalisation of 102/108 Ambulance Service**

Toll free numbers 102 and 108 dedicated for providing ambulance service to pregnant women and infants and for attending medical emergency calls respectively was launched (March 2020) under JK Emergency Medical Service (JKEMS) in the UT of Jammu and Kashmir. As of March 2023, there was a fleet of 203 Critical Care Ambulances (Advance Life Support: 139; Basic Life Support: 64) and 286 Patient Transport Ambulances under Janani Shishu Suraksha Karyakram (JSSK) which were responding to Toll free numbers 102 and 108 in the UT of J&K. Year wise work done by JKEMS (102-108) Ambulance Service is detailed in **Table 3.53.**

Table 3.53: Patients served by JKEMS as of March 2022

Particulars	Total patients served since launch upto March 2022
Patients served by 102	27,819
Patients served by 108	1,13,515
Total	**1,41,334**

(Source: Information furnished by NHM, J&K)

The data in **Table 3.53** indicates that as of March 2022, on an average 194 patients[59] per day were served by 102-108 Ambulance service. Category wise patients served under 102 and 108 ambulances is detailed in **Table 3.54.**

Table 3.54: Category wise patients served under 102 and 108 ambulances

Total Patients served under 102	Upto March 2022	Total patients served under 108	Up to March 2022
Pregnant Women	5,475	Medical Emergency, Police Emergency, Fire Emergencies	48,396
Infants	396		
Other referral drop back	21,912		
Any other	36	Pregnancy Emergencies	38,056
		COVID	12,144
		Any other	14,919
Total	**27,819**		**1,13,515**

(Source: Information furnished by NHM, J&K)

It can be seen from the **Table 3.54** that 21,912 patients availed the referral drop back facility out of a total of 27,819 patients by 102 ambulances. Further, as many as 86,452 emergency cases (48,396 medical emergencies and 38,056 pregnancy emergencies) were served by 108 ambulances. A total of 12,144 patients related to COVID-19 had also been shifted to nearby dedicated COVID-19 HIs through 108 ambulances.

- **Average Response Time**

The average response time for urban and rural areas is 20 minutes and 30 minutes respectively. It was fixed by agreement (JKMSCL and BVG INDIA LTD) in August 2019.

The average response time in urban and rural areas by 108 ambulances during 2020-21 and 2021-22 is given in **Table 3.55.**

Table 3.55: Average response time in urban and rural areas by 108 ambulance service

Year	Urban area	Rural area
2020-21	17 minutes 53 seconds	22 minutes
2021-22	11 minutes 05 seconds	14 minutes 25 seconds

(Source:- National Health Mission J&K)

The average response time had improved in urban as well as in rural areas during 2021-22 as compared to 2020-21. Data regarding average response time by 102 ambulances was not provided.

[59] 1,41,334 patients / (365 days x 2 years)

- **Average calls per day**

The average calls per day during 2020-21 and 2021-22 under 102 and 108 ambulance services is given in **Table 3.56.**

Table 3.56: Average calls per day and answer time during 2020-22

Year	Average calls per day		Answer time	
	102	108	102	108
2020-21	1,867	1,020	09 seconds	08 seconds
2021-22	1,272	1,079	08 seconds	07 seconds

(Source:- National Health Mission J&K)

The data in **Table 3.56** indicates that the calls received under 102/ 108 were answered within nine seconds.

3.2.14.5 Mortuary

As per IPHS 2012 norms, mortuary provides facilities for keeping dead bodies and conducting autopsy.

Audit observed that mortuary was available in five out of six sampled DHs except DH Gandhi Nagar, Jammu. Out of 28 test-checked SDHs/ CHCs, mortuary was available in 12 SDHs/ CHCs. However, mortuary in eight[60] SDHs/ CHCs was functional and in four[61] SDHs/ CHCs, the mortuary was non-functional due to lack of infrastructure.

3.2.14.6 Patient Safety

i) Infection Control

Infection control in hospitals is vital for maintaining a safe environment for both patients and staff in the hospitals.

NHM Assessor's Guidebook requires that for cleaning and disinfection of patient care areas, standard practices be followed through maintenance of a checklist for hygiene and infection control in a hospital. Also for prevention and measurement of hospital associated infection, a Hospital Infection Control Committee (HICC) should be constituted.

Availability of checklist for hygiene and infection control and status of HICC as of March 2022 in the test checked hospitals is detailed in **Table 3.57.**

Table 3.57: Availability of checklist for infection control and status of constitution of HICCs

Availability of checklist for hygiene and infection control		Constitution of Hospital Infection Control Committee	
DHs (6)	SDHs/CHCs (28)	DHs (6)	SDHs/CHCs (28)
Five	12	05	15

(Source: Information furnished by sampled HIs)

[60] SDH R.S.Pura,, SDH Bishnah, SDH Akhnoor, SDH Kangan, SDH Kupwara, SDH Tangdar, SDH Ramnagar, and CHC Chenani.

[61] SDH Kot-Bhalwal, SDH Dooru, CHC Khour and CHC Sohanjana

It was observed that checklist for hygiene and infection control was not available in DH Handwara whereas the HICC was not constituted in DH Anantnag.

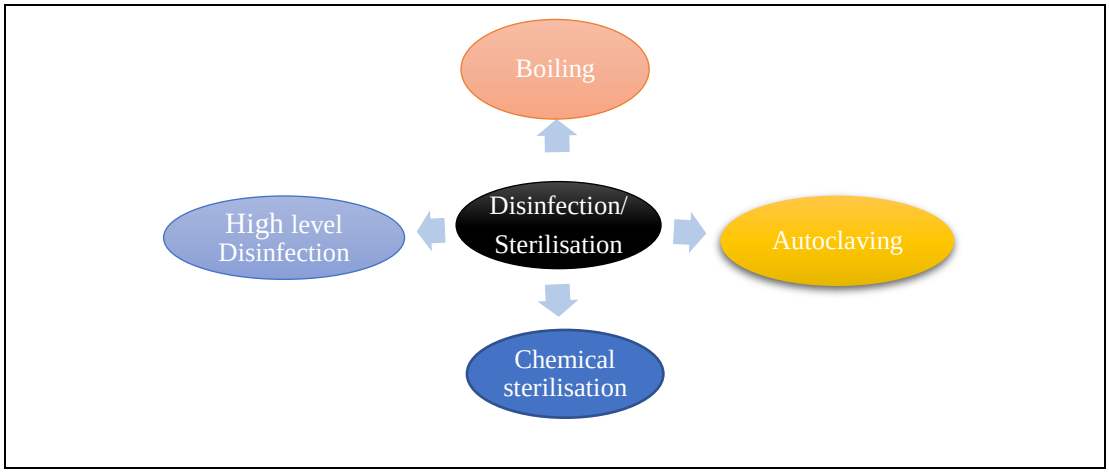
Further, out of 28 sampled SDHs/ CHCs, checklist for hygiene and infection control was available in 12 SDHs/ CHCs. HICC was constituted in 15 SDHs/ CHCs.

In six out of seven test-checked TLHs (except SMHS Hospital, Srinagar), a checklist for hygiene and infection control was maintained and HICC had been set up.

ii) Disinfection and Sterilisation

NHM Assessor's Guidebook recommends Boiling, Autoclaving, High Level Disinfection (HLD) and Chemical Sterilisation process for disinfection/ sterilisation of instruments and equipment in the health facility.

Various methods of disinfection and sterilisation



Status of availability of methods of disinfection and sterilisation in the sampled HIs is given in **Table 3.59.**

Table 3.59: Availability of methods of disinfection and sterilisation

Hospitals	Number of HIs where methods available			
	Boiling	Autoclaving	Chemical Sterilisation	High level disinfection
Tertiary Level Hospitals (7)	07	07	07	07
DHs (6)	05	06	04	04
SDHs/CHCs(28)	27	25	16	08

(Source: Information furnished by sampled HIs)

It is evident from the **Table 3.59** that all the methods of disinfection and sterilisation were not available in most of the sampled HIs.

iii) Disaster management in hospitals

NHM Assessor's Guidebook for Quality Assurance envisages preparation of Disaster Management Plan (DMP) and constitution of Disaster Management Committee.

Audit however observed that DMP was prepared and DMC was constituted by four[62] TLHs. Out of six sampled DHs, DMP was framed by three[63] DHs and DMC was constituted by four[64] DHs. Similarly, out of 28 sampled SDHs/ CHCs, DMP was prepared by 13 SDHs/ CHCs and DMC was constituted by 14 SDHs/ CHCs.

iv) Safety from fire

Fire safety is important and necessary in the workplace in order to prevent and protect against destruction caused by fire. Fire safety reduces the risk of injury and damage to buildings that fires can cause.

IPHS 2012 norms provide for ready availability of fire-fighting equipment such as fire extinguishers (FEs), sand buckets etc. Availability of fire safety equipment in the sampled TLHs is detailed in **Table 3.60.**

Table 3.60: Availability of fire safety equipment in sampled TLHs

Name of the HI	NOC obtained from F&ES Department	Fire extin-guisher	Smoke and heat detector	Smoke alarm	Fire hydrants	Sand bucket	Backup water for fire	Evacuation plan routes for fire exit	Fire extin-guisher at power backup area	Underground static water tank
GMCH Jammu	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
SMGS Jammu	No	30 expired out of 71	Non-functional	No	Yes	Yes	Yes	No	Yes	Yes
SSH Jammu	No	All 116 expired	Non-functional	No	Non-functional	Yes	Yes	No	No	Yes
SMHS Srinagar	Yes	Yes	No	No	No	No	No	Yes	Yes	No
SSH Srinagar	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
LD Srinagar	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
G.B. Pant Srinagar	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes

(Source: Information furnished by the concerned HIs)

Data in the **Table 3.60** indicates that:

- NOC from Fire and Emergency Services (F&ES) Department was obtained by only SMHS Hospital Srinagar.
- FEs were installed in all the HIs. However, FEs were found expired in SMGS Hospital Jammu and SSH Jammu.
- Smoke and heat detectors were available in three HIs, were not available in two HIs and were found non-functional in SMGS Hospital, Jammu and SSH, Jammu.

62 GMCH Jammu, SMGS Jammu, G.B. Pant Hospital Srinagar and Lal Ded Hospital Srinagar.
63 DH Ganderbal, DH Jammu and DH Udhampur
64 DH Ganderbal, DH Jammu, DH Handwara and DH Udhampur.

- Smoke alarms were installed in three HIs.
- Fire hydrants were available in five HIs and were found non-functional in SSH Jammu.
- Sand buckets, the basic fire safety measure were available in five HIs.
- Backup water availability for fire, availability of FEs at power back up area and availability of underground static water tank was available in six HIs.
- Evacuation plan route for fire exit in case of emergency was available in four HIs.

Availability of fire safety equipment in the sampled DHs is given in **Table 3.61**.

Table 3.61: Availability of fire safety equipment in sampled six DHs

Name of the HI	NOC obtained from F&ES Department	Fire extin-guisher (FE)	Smoke and heat detector	Smoke alarm	Fire hydrants	Sand bucket	Backup water for fire	Evacuation plan routes for fire exit	FE at power backup area	Underground static water tank
DH Anantnag	No	Yes	No	No	No	No	No	No	Yes	No
DH Ganderbal	No	Yes	No	No	Yes	No	No	No	No	No
DH Handwara	No	Yes	No	No	No	No	No	No	No	No
DH Jammu	No	Yes	Yes	No	No	Yes	No	No	Yes	No
DH Ramban	No	Yes	Yes	Yes	Yes	No	No	No	No	No
DH Udhampur	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes

(Source: Information furnished by the concerned HIs)

It is evident from the **Table 3.61** that:

- NOC from the F&ES Department had not been obtained by any of the DHs.
- FEs were installed in all the sampled DHs.
- Smoke and heat detectors were installed in three (50 *per cent*) HIs.
- Smoke alarms, fire hydrants, sand buckets and fire extinguishers at power backup area were found installed in four HIs.
- Backup water facility for fire, evacuation plan route for fire exit and underground static water tank was available in five HIs.

Availability of fire safety equipment in 28 sampled SDHs/ CHCs is given in **Table 3.62.**

Table 3.62: Availability of fire safety equipment in sampled 28 SDHs/CHCs

Particulars	Name of the District					
	Anantnag	Ganderbal	Jammu	Kupwara	Ramban	Udhampur
	Number of SDHs/CHCs sampled (5)	Number of SDHs/CHCs sampled (1)	Number of SDHs/CHCs sampled (10)	Number of SDHs/CHCs sampled (7)	Number of SDHs/CHCs sampled (3)	Number of SDHs/CHCs sampled (2)
NOC obtained from F&ES Department	1	0	1	Information not available	0	0
Fire extinguishers	5	1	9 (not available in SDH Jagti)	6 (not available in CHC Kralgund)	3	2
Smoke and hea Detectors	1	0	6	1	2	2
Smoke alarm	0	0	6	1	2	2
Fire Hydrants	2	1	3	0	1	0
Sand buckets	0	0	4	1	0	0
Backup water for fire	3	0	4	0	1	0
Evacuation plan routes for fire exit	0	0	2	0	0	2
Fire extinguisher at power backup area	4	1	3	3	0	0
Underground static water tank	3	0	4	1	0	0

(Source: Information furnished by the concerned HIs)

Available	Partially available	Not available

Audit observed that:

- NOC from F&ES Department was obtained by only SDH Kokernag and SDH Bishnah out of 28 sampled SDHs/ CHCs.
- Fire extinguishers were available in all the sampled SDHs/ CHCs except SDH Jagti and CHC Kralgund.
- Smoke and heat detectors were not installed in all the sampled SDHs/ CHCs of five out of six sampled Districts. Smoke and heat detectors were installed in SDH Ramnagar and CHC Chenani in District Udhampur.
- Fire hydrants were not installed in the sampled SDHs/ CHCs of District Kupwara and District Udhampur.

- Sand buckets were not available in sampled SDHs/ CHCs of District Anantnag, Ganderbal, Ramban and Udhampur.

- Backup water facility for fire was not available in sampled SDHs/ CHCs of District Ganderbal, Kupwara and Udhampur.

- Evacuation plan route for exit in case of fire were not marked in sampled SDHs/ CHCs of District Anantnag, Ganderbal, Kupwara and Ramban.

- FEs at power backup area were not installed in sampled SDHs/ CHCs of Ramban and Udhampur District.

- The facility of underground water static tank was not available in sampled SDHs/ CHCs of District Ganderbal, Ramban and Udhampur.

3.2.15 Grievances/complaints Redressal

For effective redressal of grievances of patients, NHM Assessor's Guidebook provides for a defined and established grievance redressal system. There should be a system of periodic review of patient complaints.

Details of complaints received and disposed of during 2016-22 in seven TLHs are given in **Table 3.63**.

Table 3.63: Number of complaints received and disposed of during 2016-22 in sampled TLHs

Name of the HI	Number of complaints received during 2016-22	Number of complaints disposed during 2016-22	Remarks
GMC Hospital Jammu	1	1	Records not available for the period 2016-20.
SMGS Hospital Jammu	1	1	Records not available for the period 2016-20
SSH Jammu	7	7	There was no mechanism for redressal of grievances during 2016-21
SMHS Srinagar	0	0	Records not maintained for the period 2016-22
SSH Srinagar	0	0	No grievance cell was in place in the hospital during 2016-22
LD Hospital Srinagar	47	47	
G. B. Pant Hospital Srinagar	47	49 (including 2 OB)	

(Source: Information furnished by the concerned HIs)

It is evident from the **Table 3.63** that either the record of complaints was not available or there was no mechanism in place for redressal of patient grievances in the TLHs except LD Hospital, Srinagar and G. B. Pant Hospital, Srinagar. Thus, due to non-maintenance of records of complaints, it could not be verified whether these hospitals had properly attended to the complaints of the patients.

In respect of sampled DHs, the number of complaints received and disposed of during 2016-22 is indicated in **Table 3.64.**

Table 3.64: Number of complaints received and disposed of during 2016-22 in sampled DHs

Name of the HI	Number of complaints received during 2016-22	Number of complaints disposed during 2016-22
DH Anantnag	69	69
DH Ganderbal	3	3
DH Handwara	24	24
DH Jammu	12	12
DH Ramban	Nil	Nil
DH Udhampur	11	11

(Source: Information furnished by the concerned HIs)

The data in the **Table 3.64** indicates that maintenance of data relating to redressal of grievances of patients was better in secondary care HIs as compared to TLHs.

3.3 Conclusion

The OPD services of ENT, Psychiatry, Ophthalmology, Skin and VD were not available in eight, nine, six and 13 DHs respectively. In 18 sampled SDHs, all the 09 essential OPD services were not available, and the shortfall ranged from one to 08 services. Similarly, against the requirement of 06 essential OPD services, there was a shortfall ranging from one to five services in 10 sampled CHCs. AYUSH services were not available in test-checked 18 SDHs and 09 CHCs (except CHC, Khour). Registration counters were also not found adequate in TLHs and DHs leading to long queues. PACs had not been framed in seven TLHs, two DHs and 22 CHCs/ SDHs. All basic facilities were not available in OPD area of all SDH/ CHCs.

All IPD services as per IPHS 2012 norms were available in three DHs out of six test-checked DHs. In respect of 28 sampled SDHs/CHCs, all IPD services were available in only seven SDHs and one CHC. OT services were available in all test-checked DHs. The OT facility was not available in SDHs Jagti, Marh, Kangan, Seer Hamdan, Dooru, Shangus and Kokernag. Out of 52 sampled PHCs, only two PHCs (Majalta and Achabal) had OT facility for surgical procedures such as Vasectomy, Tubectomy and Hydrocelectomy. Therefore, patients had to avail these facilities in other HIs.

Out of seven sampled TLHs, average BOR was above 80 *per cent* in case of three TLHs. While average BOR in respect of six sampled DHs and 28 CHCs/ SDHs was not calculated by the concerned HIs. Referral out rate in DH Ramban was higher as compared to other DHs. The referral out rate was more than 15 *per cent* in SDH Kupwara and CHCs Zachaldara and Banihal.

ICU services were not available in DH Ganderbal and DH Ramban. ICU in DH Udhampur was non-functional due to non-availability of staff. In Emergency services, most of the emergency services were available in all the test-checked DHs except for DH Handwara. It was noticed that the availability of Emergency OT was not available

in seven SDHs. Blood storage unit was not available in 10 out of 18 SDHs. Out of 10 sampled CHCs, treatment of Dengue Haemorrhagic fever was available only in CHC Banihal, treatment of Celebral Malaria was available only in three CHCs (Sohanjana, Khour and Banihal). Treatment of dog and snake bite cases, poisoning, acute respiratory conditions and acute dehydration was available in all the sampled CHCs. Out of 52 sampled PHCs, 24-hour management of selected emergency services was available in 13 PHCs and emergency on call basis, 24-hour normal delivery services and referral was available 12 PHCs.

Out of 219 ventilators received in 18 secondary level HIs, 17 ventilators in four HIs were not being used as of date of Audit due to non-availability of trained manpower, oxygen generation plant and delay in installation by the engineering staff. Out of 5,616 OCs, 4,322 OCs were installed and 1,294 OCs were not put to use.

Out of six sampled DHs, all the prescribed Radio Diagnostic services as per IPHS 2012 norms were available only in DH Anantnag. Endoscopy facility was not available in DH Ramban and DH Handwara. Further, facility of Barium swallow, Barium meal, Barium enema, IVP was not available in DH Jammu and DH Udhampur and DH Ganderbal did not have facility for CT scan.

Out of 18 sampled SDHs, all the three prescribed Radio Diagnostic services as per IPHS 2012 norms were available in 14 SDHs. Similarly, out of 10 CHCs, all the three prescribed/ desirable Radio Diagnostic services as per IPHS 2012 norms were available in eight CHCs. All sampled health institutions were not providing the full quota of prescribed pathology services, which implies that patients had to avail these services outside.

In two sampled TLHs and six sampled DHs, the rate of C-Section deliveries during 2016-22 was beyond the percentage envisaged in NHM guidelines. Percentage of C-section deliveries in HIs of State/ UT (42.70 *per cent*) was more than the national average of 14.3 *per cent* as per NFHS-5 (2019-21).

Among laundry services, the prescribed types of linen were not available in all the sampled HIs. The maximum shortfall of linen was in DH Anantnag whereas the minimum shortfall of linen was observed in DH Jammu. In respect of sampled 28 SDHs/CHCs, availability of linen was in the range of four to 24. The maximum shortfall of 20 types of linen was observed in SDH Marh whereas in SDH Sogam and Kupwara, there was no shortfall.

Ambulance service was available in all test-checked DHs and SDHs/CHCs except SDH Langate. However, ambulance service was available in only 19 out of 52 sampled PHCs. Out of 41 sampled HIs, seven TLHs, five DHs and eight SDHs/CHCs were providing diet to patients through outsourcing. Dietary services were not available in DH Anantnag and seven SDHs/CHCs. Dietary service was being provided by DH Ganderbal and 13 SDHs/CHCs to patients admitted under JSSK.

Out of sampled 41 TLHs/ DHs/ SDHs/ CHCs, NOC from Fire and Emergency Services Department was obtained only in respect of three HIs.

3.4 Recommendations

In the light of the audit findings, GoJ&K may consider the following:

- ***Ensure availability of basic facilities and registration counters in OPDs of each hospital at all levels, and ensure availability of doctors as per the patient load in the health institutions;***
- ***Ensure that all OPD services, IPD services, emergency services, OT services, maternity services and ICU services as prescribed under IPHS norms for different health institutions are made available to the beneficiaries;***
- ***Ensure availability of basic diagnostic services as prescribed under IPHS norms at secondary level health facilities; and***
- ***Take steps to improve and strengthen auxiliary and support services so that the overall healthcare experience is improved.***

CHAPTER-IV

AVAILABILITY OF DRUGS, MEDICINES, EQUIPMENT AND OTHER CONSUMABLES

CHAPTER-IV

Availability of drugs, medicines, equipment and other consumables

Drugs, medicines, equipment and other consumables constitute vital components for delivering comprehensive health services. With a view to relieving the service providers[1] of the additional burden of procurement of medicines, surgical equipment, machinery and vehicles and their distribution to various public health institutions (HIs), the J&K Government approved (May 2013) establishment of Jammu and Kashmir Medical Supplies Corporation Limited (JKMSCL) under the administrative control of the Health and Medical Education Department (H&MED). JKMSCL was incorporated in March 2014 as a Company under the Companies Act, 1956.

Audit findings on various components of drugs and equipment management in the health institutions are discussed in the succeeding paragraphs.

4.1 Availability of Essential Drugs

Essential medicines are those that satisfy the priority health care needs of the population. Essential medicines are intended to be available at all times in adequate amounts and in appropriate dosage forms. H&MED notified (July 2018) an Essential Drug List (EDL) for Government Hospitals of J&K for the period 2016-18 containing 558 drugs (885 formulations). However, the drugs/medicines in the list were not categorised for use in HIs at various levels. A revised EDL was subsequently notified (July 2019) containing 345 drugs (479 formulations) for its implementation in the Government Hospitals of Jammu and Kashmir.

4.1.1 Availability of Essential Drugs in DHs

As per the EDL of July 2019, 266 drug formulations were notified for District Hospitals (DHs). Average availability[2] of essential drug formulations under 28 categories for DHs is given in **Table 4.1**.

Table 4.1: Average availability of essential drug formulations in test-checked DHs

Sl. No.	Category (drugs)	Anantnag	Handwara	Ganderbal	Ramban	Udhampur	Jammu
1.	Anaesthetics (21)	18	5	3	1	10	10
2.	Analgesics, Antipyretics, non-steroidal Anti-Inflammatory medicines (7)	5	4	3	3	3	3
3.	Anti-allergics and medicines used in anaphylaxis (11)	9	5	3	2	7	3
4.	Anti-dotes and other substances in poisoning (5)	3	1	2	0	3	1
5.	Anti-convulsants/Anti-epileptics (13)	12	1	1	1	9	1

[1] Nine Head of Departments (HoDs)/ Doctors

[2] Average availability of drug formulations for two test-checked months of January 2020 and February 2021.

Sl. No.	Category (drugs)	Anantnag	Handwara	Ganderbal	Ramban	Udhampur	Jammu
6.	Anti-infective medicines (27)	22	10	6	6	19	9
7.	Anti-Parkinsonism medicines (1)	0	0	0	0	0	0
8.	Medicines affecting the blood (6)	4	4	1	1	4	2
9.	Cardiovascular medicines (27)	16	13	2	2	9	2
10.	Dermatological medicines (5)	2	1	0	0	1	1
11.	Disinfectants and Antiseptics (13)	10	2	0	0	6	2
12.	Medicines for Urology (3)	2	2	1	1	2	1
13.	Gastrointestinal medicines (9)	8	6	3	4	8	6
14.	Hormones (4)	3	0	0	0	2	1
15.	Immunologicals (6)	3	2	2	1	5	1
16.	Muscle relaxants and Cholinesterase Inhibitors (2)	2	1	0	1	1	2
17.	Ophthalmological Preparations (6)	5	0	0	0	1	0
18.	Oxytocics and Anti- Oxytocics (9)	0	2	2	1	5	2
19.	Psychotherapeutic Medicines (20)	7	0	1	1	4	3
20.	Medicines acting on respiratory tract (5)	3	0	0	0	3	1
21.	Solutions correcting water, electrolyte and acid base disturbances (12)	12	8	4	3	11	6
22.	Vitamins and Minerals (4)	4	0	0	0	2	0
23.	Anti-malarial medicines (1)	1	0	0	0	0	0
24.	RNTCP[3]medicines (21)	0	0	0	0	2	0
25.	Anti- retroviral medicines (13)	0	0	0	0	0	0
26.	Vaccines (5)	0	0	0	0	5	0
27.	Radio Contrasts (7)	1	0	0	0	2	1
28.	Miscellaneous (3)	2	1	1	0	2	0
Total availability (266)		**154**	**68**	**35**	**28**	**126**	**58**
Percentage availability		**58**	**26**	**13**	**11**	**47**	**22**

(Source: Information furnished by test-checked HIs)

Colour Code:	**76-100 *per cent***	**51-75 *per cent***	**25-50 *per cent***	**Below 25 *per cent***

It is evident from the **Table 4.1** that the overall average availability of essential drug formulations was ranging between 11 *per cent* (DH Ramban) and 58 *per cent* (DH Anantnag).

The Financial Advisor/ CAO JKMSCL stated (January 2025) that the procurement procedure involves demand generation, supply management and tendering process to get the quality hospital supplies. It is further stated that out of 28 categories, three[4] formulations are being provided to various healthcare facilities by the Ministry of Health & Family Welfare, GoI and three[5] formulations are available on the active rate contract of JKMSCL at present out of six[6] formulations which were not available in the

[3] Revised National Tobacco Control Programme
[4] (i) RNTCP medicines (ii) Anti-retroviral medicines and (iii) Vaccines
[5] (i) Radio Contrasts (ii) Oxytocics and Anti-Oxytosis and (iii) Anti-Parkinsonism
[6] (i) Anti-Parkinsonism medicines (ii) Oxytocics and Anti-Oxytocics (iii) RNTCP medicines (iv) Anti-retroviral medicines (v) Vaccines and (vi) Radio Contrasts.

active rate contracts of JKMSCL. The reasons for non-availability of essential drugs were non-execution of supplies by suppliers due to meager quantity, COVID pandemic and Not of Standard Quality report of drugs at the time of quality testing.

4.1.2 Availability of Essential Drugs in SDHs/ CHCs

As per the EDL of July 2019, 214 drug formulations were notified for SDHs and CHCs. The average percentage availability[7] of 214 essential drug formulations under 27 categories during the months of January 2020 and February 2021 in respect of sampled SDHs/CHCs is given in **Table 4.2**.

Table 4.2: Average availability of essential drug formulations in test-checked SDHs/ CHCs

Sl. No.	Name of the District	Name of the HI	Number of drug formulations available (out of 214)	Average percentage availability of drug formulations
1.	Anantnag	SDH Seer Hamdan	43	20
2.		SDH Bijbehara	33	15
3.		SDH Shangus	54	25
4.		SDH Kokernag	52	24
5.		SDH Dooru	108	50
6.	Kupwara	SDH Sogam	20	9
7.		SDH Kupwara	19	9
8.		SDH Langate	34	16
9.		SDH Tangdar	37	17
10.	Ganderbal	SDH Kangan	43	20
11.	Jammu	SDH Akhnoor	100	47
12.		SDH Bishnah	80	37
13.		SDH Jagti	23	11
14.		SDH Kot-Bhalwal	43	20
15.		SDH Marh	40	19
16.		SDH R.S.Pura	30	14
17.		SDH Sarwal	43	20
18.	Udhampur	SDH Ramnagar	41	19
19.	Kupwara	CHC Kralpora	71	33
20.		CHC Kralgund	34	16
21.		CHC Zachaldara	109	51
22.	Jammu	CHC Khour	33	15
23.		CHC Jourian	62	29
24.		CHC Sohanjana	51	24
25.	Ramban	CHC Gool	78	36
26.		CHC Banihal	39	18
27.		CHC Batote	72	34
28.	Udhampur	CHC Chenani	58	27

(Source: Information furnished by test-checked HIs)

[7] Average availability of drug formulations for two test-checked months of January 2020 and February 2021.

As evident from the **Table 4.2**, the average availability of essential drug formulations was below 25 *per cent* in respect of 18 out of 28 sampled SDHs/ CHCs whereas in respect of the other nine SDHs/ CHCs, it was ranging between 25 and 50 *per cent*. CHC Zachaldara had availability of more than 50 *per cent* essential drug formulations.

4.2 Availability of AYUSH Essential Medicines

Department of AYUSH, Ministry of Health and Family Welfare (now Ministry of AYUSH) had prescribed (March 2013) 277 essential Ayurveda drugs and 288 essential Unani drugs. Average availability of Ayurvedic and Unani drugs during the period 2016-21 in the sampled Districts[8] is shown in **Table 4.3**.

Table 4.3: Availability of Ayurvedic and Unani essential drugs in test-checked Districts

Sl. No.	Name of the District	Average availability of Ayurvedic drugs during 2016-21 (*per cent*)	Average availability of Unani drugs during 2016-21 (*per cent*)
1	Anantnag	17 (6)	33 (11)
2	Ganderbal	31 (11)	53 (18)
3	Jammu	44 (16)	19 (7)
4	Kupwara	18 (6)	30 (10)
5	Ramban	107 (39)	45 (16)
6	Udhampur	22 (8)	17 (6)

(Source: Information furnished by District AYUSH Officers)

Colour Code:	**76-100 *per cent***	**51-75 *per cent***	**25-50 *per cent***	**Below 25 *per cent***

As seen from the **Table 4.3**, the average availability of essential Ayurvedic drugs in Ramban District was 39 *per cent* as compared to other sampled Districts where the average availability ranged between six and 16 *per cent*. In respect of average availability of essential Unani drugs, it ranged between six and 18 *per cent* only in the sampled districts.

Shortage of drugs had adverse impact on the services and there was high possibility that the unavailable drugs were being procured by the patients from the open market incurring expenditure out of own pocket defeating the purpose of free drug policy.

4.3 Availability of equipment in selected DHs

Under IPHS 2012 norms, essential equipment are worked out keeping in mind the assured services recommended for various grades of District Hospitals as per their bed capacity. The equipment required were worked out under 14 different categories and their availability as of March 2021 was checked in the test-checked DHs and the findings have been tabulated in **Table 4.4**.

[8] The essential Ayurvedic and Unani drugs are stored in the drug store at District level for further issuance to dispensaries under the administrative control of District AYUSH Officer.

Table 4.4: Position of availability of equipment in the selected DHs (as on March 2021)

Sl. No.	Type of equipment	101-200 beds	301-500 beds	Anantnag (410)	Handwara (73)	Ganderbal (130)	Ramban (50)	Udhampur (200)	Jammu (160)
1	Imaging	4	7	7	3	3	3	4	3
2	X-Ray Room Accessories	7	7	3	3	5	5	6	7
3	Cardiopulmonary equipment	13	15	13	8	11	11	12	10
4	Labour ward & Neo Natal and special New Born Care Unit equipment	27	27	16	20	15	19	24	21
5	General Equipment for Special New Born care unit	11	11	10	4	9	6	11	11
6	Disinfection of special New Born Care Unit Equipment	11	11	1	3	7	5	10	11
7	Immunisation Equipment	13	13	12	2	13	11	12	12
8	Ear, Nose, Throat equipment	16	18	15	5	6	1	6	11
9	Eye equipment	24	25	17	13	13	9	19	22
10	Dental equipment	42	42	27	24	30	22	29	25
11	Laboratory equipment	51	58	15	21	25	29	34	24
12	Endoscopy equipment	3	7	3	1	1	1	0	1
13	Anesthesia equipment	15	15	14	12	14	14	13	14
14	Post Mortem equipment	8	8	7	5	6	2	4	0
	Total	**245**	**264**	**160**	**124**	**158**	**138**	**184**	**172**
	Percentage			**61**	**51**	**64**	**56**	**75**	**70**

(Source: Information furnished by HIs)
Figures in brackets indicates number of beds in the HI

Colour Code:	**76-100 *per cent***	**51-75 *per cent***	**25-50 *per cent***	**Below 25 *per cent***

It can be observed from the **Table 4.4** that the overall availability of essential equipment was satisfactory in all the sampled DHs and it ranged between 51 *per cent* and 75 *per cent*.

The Financial Advisor/ CAO JKMSCL stated (January 2025) that the procurements are made on the basis of requisitions submitted by the Heads of the Department, subject to budgetary provisions.

4.3.1 Availability of equipment in sampled SDHs

IPHS 2012 norms recommend essential equipment for Sub-District Hospitals under different categories. Availability of essential equipment under 12 different categories were scrutinised in the sampled SDHs. The number of essential equipment available in

sampled SDHs under the recommended categories as of March 2021 is given in **Table 4.5**.

Table 4.5: Availability of equipment in sampled SDHs (as on March 2021)

Type of equipment	No.of equipment required		Seer Hamdan	Bijbehara	Shangus	Kookernag	Dooru	Sogam	Kupwara	Langate	Tangdar	Kangan	Akhnoor	Bisnah	Jagti	Kot Bhalwal	Marh	RS Pura	Sarwal	Ramnagar
	31-50 beds	51-100 beds	30 beds	30 beds	20 beds	30 beds	30 beds	33 beds	150 beds	30 beds	30 beds	30 beds	60 beds	50 beds	34 beds	75 beds	20 beds	30 beds	50 beds	30 beds
Imaging Equipment	3	5	2	2	3	3	2	2	2	3	2	2	3	2	2	4	3	3	2	3
X - Ray Room Services	6	6	5	5	6	6	5	4	3	5	4	1	4	2	5	6	6	5	5	6
Cardio Pulmonary	8	11	8	6	6	8	8	7	11	5	6	8	11	7	5	6	5	6	8	7
Labour ward & Neo Natal	17	20	14	9	14	13	16	17	17	14	14	16	14	13	12	10	12	10	16	14
Immunization Equipment	13	13	8	0	12	9	12	9	7	9	7	9	10	12	12	13	12	11	13	10
Ear,Nose & Throat Equipment	17	17	3	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	3	2
Eye Equipment	22	9	6	15	9	13	11	9	3	10	7	16	5	7	5	3	6	12	18	15
Dental Equipment	4	4	4	4	4	4	4	4	3	3	3	3	4	3	3	4	4	4	2	3
Lab Equipment	27	32	21	13	11	17	17	26	2	17	2	13	27	13	11	14	14	15	16	14
Surgical Equipment	27	29	12	11	10	25	17	12	20	7	14	17	25	20	11	11	14	21	25	21
Anesthesia Equipment	15	14	14	15	3	15	13	10	12	9	12	12	13	15	10	3	12	14	15	12
Post Mortem Equipment	10	10	0	0	1	10	5	6	6	2	7	7	2	6	0	0	4	8	2	6
Total	**169**	**170**	**97**	**80**	**79**	**123**	**110**	**106**	**86**	**84**	**78**	**104**	**118**	**100**	**79**	**74**	**92**	**109**	**125**	**113**
Percentage			**57**	**47**	**47**	**73**	**65**	**63**	**51**	**50**	**46**	**62**	**69**	**59**	**47**	**44**	**54**	**64**	**74**	**67**

(Source: Information furnished by HIs)

Colour Code:	**76-100 *per cent***	**51-75 *per cent***	**25-50 *per cent***	**Below 25 *per cent***

The average availability of equipment in the sampled SDH Sarwal was 74 *per cent* followed by SDH Kokernag (73 *per cent*) and SDH Akhnoor (69 *per cent*). However, the availability of equipment in SDH Kot-Bhalwal 44 *per cent*.

4.4 Procurement of drugs/ medicines and machinery/ equipment

To ensure a systematic and uniform approach for procurement of drugs/ medicines and machinery/ equipment and to achieve the highest operating standards, with emphasis on transparency and accountability, JKMSCL framed (January 2016) 'Standard

Procurement Procedures (SPP)'. JKMSCL invited e-bidding for procurement of material including drugs/ medicines, machinery/ equipment and other materials.

4.4.1 Time taken in finalisation of rates

The following issues were noticed in Notice Inviting Tender (NITs) and finalisation of Rate Contract (RC)/ Annual Rate Contract (ARC).

- JKMSCL had not prescribed any timeline in SPP for finalisation of technical/ financial evaluation, meeting of the State Level Purchase Committee (SLPC) and issue of ARC. Audit scrutiny of 42 test-checked NITs of allopathic drugs/ medicines (12), AYUSH drugs/ medicines (three) and machinery/ equipment (27) out of 70 NITs finalised during March 2016 to January 2022 revealed that considerable time was consumed at various stages of procurement as detailed in **Table 4.6**. Details of these tenders are given in **Appendix 4.1.**

Table 4.6: Time taken in procurement of Allopathic/ AYUSH drugs and Machinery/ equipment

Particulars	No. of test-checked NITs	Time taken from NIT to TEC[9]	Time taken from TEC to FEC[10]	Time taken from FEC to SLPC	Time taken from NIT to SLPC
		(In days)			
Allopathic drugs and medicines	12	15- 376	1-94	0-51	56-436
Ayush drugs and medicines	3	159-449	0-4	15-54	178-503
Machinery/ equipment and other items[11]	27	4-328	0-364	0-516	85-707

(Source: Data furnished by JKMSCL)

Audit observed that overall time taken from issue of NIT to finalisation of ARC/ RC (date of SLPC) ranged between 56 and 707 days. The indenting Departments (including HIs) forward requisitions for procurement of drugs/ medicines as per the requirement on the basis of Essential Drug List (EDL). Delay in finalisation of rate contract would have had adverse impact on timely supply of drugs/equipment to the health institutions.

After being pointed out in Audit, the Financial Advisor/ CAO JKMSCL stated (January 2025) that a Logistic Cell has been established (May 2023) in JKMSCL to provide data to the tendering sections with regard to rate contract of the items nearing expiry, at least three months prior to the expiry of valid rate contracts. It was further stated that all the HoDs were requested to provide Essential Equipment List (EEL) in order to finalise the rate contract of EEL to ensure annual generation of demand and further procurement.

4.5 Quality Control Mechanism

JKMSCL is the nodal agency for procurement of generic drugs, medicines, surgical items, sutures, equipment/ machinery and allied items with 'Zero Quality Tolerance'

[9] Technical Evaluation Committee
[10] Financial Evaluation Committee
[11] Hospital furniture, dressing/suture items, disposable items and blood bags

and their distribution at affordable price among various Government HIs of the State/ UT.

4.5.1 Delay in empanelment of laboratories for testing and analysis of drugs

During January 2017 to January 2021, three NITs were floated for empanelment of laboratories for testing/ analysis of drugs/ medicines. Time taken to complete the process for empanelment of laboratories in these cases is detailed in **Table 4.7**.

Table 4.7: Time taken to complete the process of empanelment of laboratories

Particulars	Test- checked NITs	Date of NIT	Date of finalisation	Time taken from NIT to TEC	Time taken from TEC to FEC	Time taken from FEC to SLPC	Time taken from NIT to SLPC
				(*In days*)			
Allopathic drugs and medicines	JKMSCL/tend./Empl. Lab/2017/5	31.01.2017	15.12.2018	338	8	337	683
AYUSH drugs and medicines	JKMSCL/Empl.Labs/ Ayd/Unani/2017/284	17.01.2018	11.02.2019	379	1	10	390
	JKMSCL/Empl.Labs/ Ayd/Unani/2021/448	18.01.2021	10.08.2021	81	117	6	204

(Source: Data furnished by JKMSCL)

In absence of any timeline for finalisation of rate contract, the time taken from issue of NIT to finalisation of the rate (date of SLPC) ranged between 204 and 683 days.

The Financial Advisor/ CAO JKMSCL stated (January 2025) that for finalising the rate contract, JKMSCL has to go through a lengthy procedure in case of empanelment of laboratories for test analysis of drugs/ medicines which are to be administered directly to patients.

4.5.2 Delay in furnishing of test/ analysis report by the empaneled laboratories

As per Quality Control Policy and Procedure of JKMSCL framed in December 2016, the empaneled laboratories were required to furnish test reports within 10 days of receipt of sample in case of tablets, capsules, pessaries, ointments, powder and liquid oral preparations and within 21 days in case of I.V. fluids and injections.

Audit test-checked five months (one month each year) during which 921 samples were sent to the empaneled laboratories[12] for testing/ analysis of drugs/ medicines. Details of samples sent, reports received within time and reports not received within time are given in **Table 4.8**.

[12] 2016-17: 4; 2017-18: 5; 2018-19: 9; 2019-20: 6, 2020-21: 4

Table 4.8: Test reports of samples received within time/ not received within time

Particulars	Nov-16		May-17		Apr-18		Jan-20		Feb-21		Total	
	Tab	Inj	Tab	Inj	Tab	Inj	Tab	Inj	Tab	Inj	Tab	Inj
Total samples sent for quality check	55	49	145	124	183	87	162	47	41	28	586	335
Samples which were reported within time	20	32	100	114	112	17	124	41	32	24	388	228
Sample reports not received in time	35	17	45	10	71	70	38	6	9	4	198	107

(Source: Data furnished by JKMSCL, Tab: Tablets; Inj: Injections)

Out of samples of 586 tablets and 335 injections sent for quality check, reports of only 388 tablets (66.2 *per cent*) and 228 injections (68 *per cent*) were received in time of which two samples were found 'Not of Standard Quality'. Similarly, two samples were also found 'Not of Standard Quality' in respect of sample reports of 198 tablets and 107 injections not received in time.

Delay in receipt of sample reports of 198 tablets and 107 injections is summarised in **Table 4.9**.

Table 4.9: Delay in receipt of sample reports

Delay (*in days*)	Tablets	Injections
Upto 10	122	83
11 to 30	65	16
31 to 50	7	1
51 to 100	3	5
100 onwards	1	2
Total	**198**	**107**

(Source: Departmental records)

The above table indicated that in most of the cases there was delay in receipt of sample reports by upto one month.

The Financial Advisor/ CAO attributed (January 2025) the reasons for delay by the laboratories to furnish the test reports to non-availability of Standard Testing Procedures for non-pharmacopeial items, re-testing of samples by the laboratories in case of any doubtful results, receipt of test reports through offline mode prior to 2020 etc.

4.6 Procurement of suture items from a single supplier

In the Report of the Comptroller and Auditor General of India on Revenue Sector and Public Sector Undertakings (Social, General and Economic Sectors) for the year ended 31 March 2018, the irregularity of extending undue benefit by JKMSCL to a single supplier (M/s Johnson and Johnson) for procurement of suture material valuing ₹ 25.48 crore during October 2017 to March 2019 rejecting the other tenderers was pointed out. During the current Performance Audit, it was noticed that during 2019-21,

JKMSCL had continued to procure the suture material valuing ₹ 9.68 crore from the same supplier (M/s Johnson and Johnson). JKMSCL had recorded in its file noting that in response to NIT (2019-20), M/s Johnson and Johnson had quoted high rates regarding 130 items which seemed unreasonable and there was lack of clarity in the price quoted by other bidders in respect of the remaining items as to whether the price quote was for each box or piece. It was also mentioned in the file that there was ambiguity in arriving at the lowest bidder. Consequently, JKMSCL then requested M/s Johnson and Johnson to revalidate their last contract (2016-17) to serve the dual purpose of procuring approved items from the firm while simultaneously according substantial benefit to the state exchequer. The justification on record regarding procurement of suture material on the basis of the old contract is not acceptable, as JKMSCL should have issued fresh tenders to ensure fair competitive bidding.

The Financial Advisor/ CAO JKMSCL stated (January 2025) that the existing rate contract was extended under compulsion in the best interest of patient care after due approval of the competent authority. New rate contract for various sutures was finalised in November 2021 in favour of M/s Meditronics India Pvt. Ltd. and M/s Johnson & Johnson Ltd.

4.7 Availability of reagents for conducting CECT Scanning

Contrast Enhanced Computed Tomography (CECT) scanning is often considered the best method for detecting abdominal pain, suspected cancer, kidney or gall bladder stone and various infections/ inflammations. In this test, intravenous contrast dye is ingested into the body which helps provide a detailed view of the blood vessels. It also helps a doctor to take a clearer and closer view of internal organs and soft tissues and assess the progress of treatment of any illness.

Records of CT scanning section of two test-checked TLHs[13] of Jammu revealed that scanning of 1,20,083 patients was conducted during 2016-2022, out of which CECT scanning was conducted on 24,482 patients. Audit noticed that during the period 2016-2021 the reagent (contrast-dye) required for conducting CECT scanning had not been procured through JKMSCL/ open market for issue to CT/ CECT scanning section which also had not requisitioned the same at any stage, resulting in non-issue of required reagent to 20,328 patients who had undergone CECT scanning during 2016-21. Due to non-procurement of CECT reagents, there was every possibility that underprivileged and poor patients may have had to purchase this from the open market thereby increasing their out-of-pocket expenditure. During 2021-22, out of 4,154 patients who underwent CECT scanning, only 14 *per cent* (582) patients were provided the required reagent (contrast-dye).

[13] SMGS Hospital and GMC Hospital, Jammu

4.8 Store Management

4.8.1 Physical Verification of Drug Warehouses (DWHs)

Rule 213 (1) and (2) of GFR-2017 prescribes physical verification of fixed assets at least once in a year and recording of outcome of verification in a corresponding register.

Audit noticed that physical verification of DWHs had not been conducted regularly by the Physical Verification Committee constituted by JKMSCL. During 2016-22, physical verification of the four DWHs (Anantnag, Baramulla, Bemina and Nagrota) was conducted once in June 2021 and that of three DWHs (Rajouri, Doda and Kathua) was conducted in November and December 2020. The Committee pointed out mismanagement of available storage space, improper maintenance of records, delay in verification and submission of bills without valid reasons, non-displaying of labels on the racks etc.

The Financial Advisor/ CAO, JKMSCL stated (January 2025) that physical verification of all the regional drug warehouses has been completed upto 2024.

4.8.2 Storage and dispensing of drugs at HIs

As per NHM Assessors Guidebook for Quality Assurance, the stores must have prescribed facilities for storage of drugs and defined procedures for inventory management and dispensing of drugs. Details of facilities in pharmacy areas of seven test-checked TLHs, six DHs and 28 SDHs/ CHCs as revealed by a visit of the areas by Audit are given in **Table 4.10**.

Table 4.10: Facilities in pharmacy areas of test-checked TLHs, DHs and SDHs/CHCs

Sl. No.	Parameters	Availability		
		TLHs (07)	DHs (06)	SDHs/ CHCs (28)
1	Labelled shelves/racks	5	5	22
2	Away from water and heat	7	6	28
3	Drugs stored above the floor	4	6	26
4	Drugs stored away from walls	6	6	23
5	Display instructions for storage of vaccines	4	5	20
6	Functional temperature monitoring device in freezers	5	6	24
7	Maintenance of temperature chart of deep freezers	3	5	21
8	Drugs kept under lock and key	7	6	28
9	Poisons kept in a locked cupboard	5	3	21

(Source: Data furnished by concerned HLs)

The data in **Table 4.10** indicates inadequate facilities in the pharmacy area of the test-checked HIs.

4.9 Non-implementation of e-Aushadhi system

To improve drug warehousing and supply chain management in all Government Hospitals in the State, GoJ&K launched (2015) e-Aushadhi/ Drug and Vaccine Distribution Management System (DVDMS) portal, a web based supply chain

management application at Jammu and Kashmir Medical Supplies Corporation Ltd (JKMSCL). Through the DVDMS portal, the system was to keep check on purchases, inventory management and distribution of various drugs and surgical items to various regional and District drug warehouses, DHs, CHCs, SDHs and PHCs.

Audit noticed that while DVDMS had been made functional at JKMSCL level but the end users (SDHs/ CHCs and PHCs) were using it only for uploading requirement of drugs and not for maintenance of stock and distribution of items to their sub-stores. Further, DVDMS was not being used for distribution of drugs to the patients, which was its final objective.

In a review meeting (23 April 2019), the Administrative Department decided to implement the DVDMS in the year 2019 by 6th May at the DH level, by 31st May at the SDH/ CHC level and by 30th June at PHC (including UPHCs) level. Audit noticed that as of June 2022, the decision had not been implemented even after lapse of over three years with the result that the health institutions continued to use DVDMS only for annual uploading of requirement and not for maintenance of stock and further distribution to their sub-stores.

Implementation of DVDMS can help in reducing cases like the following instances of non-utilisation or expiry of drugs noticed by audit:

- Out of 140 kits of RTI/ STI drugs received (September 2017) in DH Ramban, 111 kits had expired due to non-utilisation. The Medical Superintendent, DH Ramban stated (December 2023) that the kits were received without submission of specific requisition for supply of the same. The kits could not be utilised due to less number of patients suffering from RTI/ STI disease reporting at the health facility.

- Out of 1,55,540 kits for five tests (Hb, blood sugar, urine protein, HIV, Rapid pregnancy test) procured by the Directorate of AYUSH during 2019-2022, only 43,783 kits were utilised for testing, 82,207 kits remained unutilised with dispensaries and 29,550 kits expired. The Director, AYUSH J&K stated (October 2023) that these kits could not be utilised/expired due to non-availability of AYUSH staff and decrease in footfall of patients during COVID-19 pandemic.

- During 2016-2019, 59,800 injections/tablets whose shelf life had expired were declared unfit for human consumption and were destroyed in CHC Banihal. The Block Medical Officer, Banihal stated (December 2023) that due to non-issue/ issue of lesser quantity, non-existence of system for assessment of required drugs and identification of surplus drugs, the quantity of un-issued medicines/ drugs kept on accumulating over the years which resulted in expiry of shelf life.

The Financial Advisor/ CAO, JKMSCL stated (January 2025) that there were about 100 *per cent* active users at the level of Chief Medical Officers and Block Medical

Officers whereas at District Hospital level, Medical Colleges level and at CHC/ PHC level, there were about 60 per cent to 80 per cent active users as of December 2024.

4.10 Non-functional machinery and equipment

Audit noticed that 10 equipment[14] valuing ₹ 0.82 crore were lying non-functional in SMGS Hospital Jammu as on March 2022 though all these equipment were under warranty and procured during 2017-2021, thus rendering the expenditure of ₹ 0.82 crore incurred on procurement of these equipment unfruitful.

4.11 Jhelum Tawi Flood Recovery Project (JTFRP)-World Bank Aided Project

JKMSCL executed agreements with suppliers/ manufacturers for supply of items worth ₹ 289.69 crore sanctioned under World Bank aided projects.

Records showed that out of 5,868 items, 68 items valuing ₹ 10.22 crore were not received (March 2022) whereas 3,150 items valuing ₹ 123.41 crore were received with delay ranging between three and 306 days.

The Financial Advisor/ CAO JKMSCL J&K stated (January 2025) that against the purchase orders of ₹ 290 crore, 100 *per cent* supplies have been executed by the concerned companies.

In addition, 24 machines/ items valuing ₹ 1.61 crore received under World Bank funded project and issued to Trauma Care Centre, Udhampur had remained non-functional since date of receipt resulting in idle investment of ₹ 1.61 crore due to non-availability of staff.

The Medical Superintendent, Associated Hospital GMC Udhampur attributed (January 2025) non-functioning of Trauma Care Centre to non-availability of staff and adequate space.

Further, in spite of the fact that DH Ramban was already provided (January 2014) Laparoscopic equipment alongwith accessories worth ₹ 30.68 lakh by the Director Health Services, Jammu, two more "Full HDlcg Fleurosense Technology Laparoscope Endovision Set" valuing ₹ 1.08 crore was supplied (January 2021) by the JKMSCL to the hospital. Audit noticed that DH Ramban had not projected any such requirement. Further, laparoscopic equipment already lying with the hospital remained idle since June 2019 due to non-availability of trained paramedical staff. Supplying of equipment without any requisition by the user Department and in absence of trained manpower resulted in idling of laparoscopic equipment.

The Medical Superintendent, District Hospital Ramban stated (November 2023) that the laproscopic procedures have been started w.e.f. October 2022 and about 110

[14] Incubator, Pulse Oximeter, Radiant Warmer, Wall Monitor, Infusion Pump, C-Pap, Phototherapy Machine, Defibrilator, Patient Monitor and CTG machine

procedures have been performed as of November 2023. The machinery supplied in 2014 is in use with ENT Department of DH Ramban.

4.12 Conclusion

Availability of all essential drugs/medicines was not ensured in the test-checked health institutions. Absence of essential drugs may have compelled the beneficiaries to look and arrange for these medicines from outside. Therefore, procurement and availability of drugs/ medicines left a lot of scope for improvement for delivery of quality health care services to the masses in the UT of J&K. Availability of prescribed essential equipment was also found insufficient in the test-checked institutions. Delay in finalisation of rate contract would have had adverse impact on timely supply of drugs/ equipment to the health institutions. In the quality assurance aspect, issues such as delay in empanelment of laboratories for testing and analysis of drugs and delay in furnishing of test/ analysis reports by empanelled laboratories were noticed. Non-implementation of e-Aushadhi system for the entire chain of drug supply was also observed.

4.13 Recommendations

In view of the audit findings, GoJ&K may consider:

- ***Taking suitable steps to address the shortfall of drugs, equipment and other consumables in the healthcare institutions;***
- ***Avoiding delay in finalisation of rate contracts to ensure timely supply of drugs/ equipment to the health institutions;***
- ***Making efforts for timely empanelment of laboratories and obtaining of test/ analysis reports of drugs to provide quality drugs to the beneficiaries; and***
- ***Utilising e-Aushadhi/ DVDMS system optimally starting from placing of indents by the health institutions till final distribution of drugs to patient.***

CHAPTER-V

HEALTHCARE INFRASTRUCTURE

CHAPTER-V

Healthcare Infrastructure

Health infrastructure being the basic support for delivery of public health services, is an important indicator for understanding the health care policy and welfare mechanism in a State. It signifies the investment priority of the State with regard to creation of healthcare facilities. To deliver quality health services in the public health facilities, adequate and properly maintained building infrastructure is of critical importance.

In an effort to improve the quality of services and provide a uniform benchmark to assess the functionality of public health facilities, a set of standards known as the Indian Public Health Standards (IPHS) were first developed in the year 2007 and revised in 2012. These standards cover Sub-Health Centres (SHCs), Primary Health Centres (PHCs), Community Health Centres (CHCs), Sub-District Hospitals (SDHs) and District Hospitals (DHs). They provide guidance on the infrastructure, human resource, drugs, diagnostics, equipment, quality and governance requirements for delivering health services at these facilities. However, the UT Government of Jammu and Kashmir has neither adopted IPHS norms nor framed their own norms till date.

5.1 Requirement and availability of healthcare facilities

As per Census 2011, UT of Jammu and Kashmir had a population of 1.23 crore. As per IPHS 2012 norms, to provide healthcare services in the tribal, hilly or difficult areas of the State, a Sub-Centre (SC) for approximately 3,000 population, Primary Health Centre (PHC) for approximately 20,000 population and Community Health Centre (CHC) for approximately 80,000 population are required. The Sub-District Hospital (SDH) caters to about 5-6 lakh people. Every District is expected to have a District Hospital.

The availability of health institutions against requirement as of March 2022 is given in **Table 5.1**.

Table 5.1: Availability of health institutions in the UT of J&K as of March 2022

Type of health institution	Requirement of health institutions as per IPHS 2012 norms vis-a-vis population as per Census 2011	Number of health institutions existing	Shortfall (*per cent*)
Sub-Centre	4,078	2,505	1,573 (39)
Primary Health Centre	602	975	---
Community Health Centre	142	30	112 (79)
Sub-District Hospital	22	47	---

Type of health institution	Requirement of health institutions as per IPHS 2012 norms vis-a-vis population as per Census 2011	Number of health institutions existing	Shortfall (*per cent*)
District Hospital	20	15[1]	---
Hospitals associated with Medical Colleges	--	23	---
AYUSH Dispensaries and units	--	602	---

(Source: Information furnished by the Administrative Department, Directors, Health Services, Jammu/Kashmir, Director, AYUSH, J&K and Chief Medical Officers concerned)

It was noticed that 30 CHCs and 2,505 SCs were available in the UT of J&K as of March 2022 against the requirement of 142 CHCs and 4,078 SCs as per IPHS 2012 norms. Shortages in CHCs and SCs were 79 *per cent* and 39 *per cent* respectively. The details of District-wise requirement and availability of CHCs, PHCs and SCs as per population norms as of March 2022 are given in **Table 5.2**.

Table 5.2: District-wise requirement and availability of SCs, PHCs and CHCs as per population norms as of March 2022

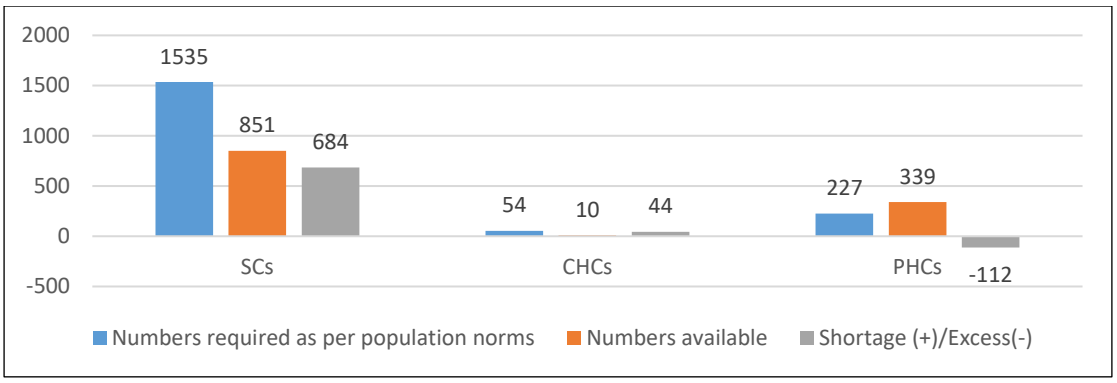
Sl. No.	Name of the District	Population as per Census 2011	SCs			PHCs			CHCs		
			R	A	S(-) /E(+)	R	A	S(-) /E(+)	R	A	S(-) /E(+)
1.	Anantnag	10,78,692	359	139	(-)220	53	60	(+)7	13	0	(-)13
2.	Bandipore	3,92,232	130	70	(-)60	19	27	(+)8	4	3	(-)1
3.	Baramulla	10,08,039	336	186	(-)150	50	86	(+)36	12	0	(-)12
4.	Budgam	7,53,745	251	134	(-)117	37	74	(+)37	9	4	(-)5
5.	Doda	4,09,936	136	167	(+)31	20	40	(+)20	5	2	(-)3
6.	Ganderbal	2,97,446	99	64	(-)35	14	32	(+)18	3	0	(-)3
7.	Jammu	15,29,958	509	183	(-)326	76	102	(+)26	19	3	(-)16
8.	Kathua	6,16,435	205	190	(-)15	30	53	(+)23	7	0	(-)7
9.	Kishtwar	2,30,696	76	87	(+)11	11	26	(+)15	2	1	(-)1
10.	Kulgam	4,24,483	141	117	(-)24	21	45	(+)24	5	0	(-)5
11.	Kupwara	8,70,354	290	235	(-)55	43	63	(+)20	10	3	(-)7
12.	Poonch	4,76,835	158	137	(-)21	23	44	(+)21	5	0	(-)5
13.	Pulwama	5,60,440	186	96	(-)90	28	48	(+)20	7	0	(-)7
14.	Rajouri	6,42,415	214	203	(-)11	32	54	(+)22	8	4	(-)4
15.	Ramban	2,83,713	94	85	(-)9	14	32	(+)18	3	3	0
16.	Reasi	3,14,667	104	103	(-)1	15	33	(+)18	3	2	(-)1
17.	Samba	3,18,898	106	82	(-)24	15	21	(+)6	3	1	(-)2
18.	Shopian	2,66,215	88	55	(-)33	13	16	(+)3	3	2	(-)1
19.	Srinagar	12,36,829	412	27	(-)385	61	69	(+)8	15	1	(-)14
20.	Udhampur	5,54,985	184	145	(-)39	27	50	(+)23	6	1	(-)5
Total		**1,22,67,013**	**4,078**	**2,505**	**(-)1,573**	**602**	**975**	**(+)373**	**142**	**30**	**(-)112**

(Source: Figures furnished by the Chief Medical Officers/ Block Medical Officers concerned)
(R: Requirement; A: Availability; S: Shortfall; E: Excess)

[1] Vide G.O.No:753-HME of 2019 dated 05.08.2019, the administrative control of five DHs Anantnag, Baramulla, Doda, Kathua and Rajouri was transferred to five new Government Medical Colleges in the respective Districts and are serving as Referral/ Associated Hospitals.

In the six sampled Districts, there was shortage of SCs (45 *per cent*) and CHCs (81 *per cent*) as detailed in **Chart 5.1**.

Chart 5.1: Availability of healthcare facilities in six sampled Districts as of March 2022



Further, variation was also seen across Districts in terms of population per CHC/PHC/SC as detailed in **Table 5.3**.

Table 5.3: District-wise number of persons per CHC/PHC/SC

Sl. No.	Name of the District	Population as per Census 2011	No. of SCs	No. of persons per SC	No. of PHCs	No. of persons per PHC	No. of CHCs	No. of persons per CHC
1.	Anantnag	10,78,692	139	7,760	60	17,978	0	-
2.	Bandipore	3,92,232	70	5,603	27	14,527	3	1,30,744
3.	Baramulla	10,08,039	186	5,420	86	11,721	0	-
4.	Budgam	7,53,745	134	5,625	74	10,186	4	1,88,436
5.	Doda	4,09,936	167	2,455	40	10,248	2	2,04,968
6.	Ganderbal	2,97,446	64	4,648	32	9,295	0	-
7.	Jammu	15,29,958	183	8,360	102	15,000	3	5,09,986
8.	Kathua	6,16,435	190	3,244	53	11,631	0	-
9.	Kishtwar	2,30,696	87	2,652	26	8,873	1	2,30,696
10.	Kulgam	4,24,483	117	3,628	45	9,433	0	-
11.	Kupwara	8,70,354	235	3,703	63	13,815	3	2,90,118
12.	Poonch	4,76,835	137	3,481	44	10,837	0	-
13.	Pulwama	5,60,440	96	5,838	48	11,676	0	-
14.	Rajouri	6,42,415	203	3,165	54	11,897	4	1,60,604
15.	Ramban	2,83,713	85	3,338	32	8,866	3	94,571
16.	Reasi	3,14,667	103	3,055	33	9,535	2	1,57,334
17.	Samba	3,18,898	82	3,889	21	15,186	1	3,18,898
18.	Shopian	2,66,215	55	4,840	16	16,638	2	1,33,108
19.	Srinagar	12,36,829	27	45,808	69	17,925	1	12,36,829
20.	Udhampur	5,54,985	145	3,827	50	11,100	1	5,54,985
Total		**1,22,67,013**	**2,505**		**975**		**30**	

(Source: Figures furnished by the Chief Medical Officers/ Block Medical Officers concerned)

It is evident from **Table 5.3** that SCs in only 11 out of 20 Districts were nearing the norm of 3,000 population per SC. The population norm of 20,000 per PHC were adhered to by all the 20 Districts. In respect of CHCs, only Ramban District was nearing the norm of 80,000 population.

5.2 Establishment of new Medical Colleges and creation of AIIMS in the UT of J&K

As of March 2022, there were 13 Medical Colleges in the UT of J&K. Four Medical Colleges viz. Government Medical College, Jammu, Government Medical College, Srinagar, Indira Gandhi Government Dental College, Jammu and Government Dental College, Srinagar existed in the erstwhile State of J&K as of April 2016. During 2016-22, seven medical colleges were sanctioned under the CSS "Establishment of New Medical Colleges", out of which five[2] were functioning as of March 2022. The physical and financial status of New Medical Colleges as of March 2022 is detailed in **Table 5.4**.

Table 5.4: Physical and financial status of new Medical Colleges as of March 2022

(₹ in crore)

Sl. No.	Name of the Medical College	Year of sanction	Estimated cost	Targeted date of completion	Expenditure incurred as of March 2022	Physical status as of March 2022
1.	GMC Anantnag	2016-17	116.53	March 2024	97.19	Ongoing
2.	GMC Baramulla	2016-17	139.00	June 2022	87.50	Ongoing
3.	GMC Doda	2016-17	139.00	March 2024	132.53	Ongoing
4.	GMC Rajouri	2016-17	139.00	October 2022	137.36	Completed in March 2023 after incurring expenditure of ₹ 139 crore
5.	GMC Kathua	2017-18	139.00	September 2024	131.37	Ongoing
6.	GMC Udhampur	2019-20	325.00	March 2025	0.44	Ongoing
7.	GMC Handwara	2019-20	325.00	December 2026	0.05	Ongoing

(Source: Information furnished by the Medical College concerned)

In addition, Ayurvedic Medical College, Akhnoor (Jammu) and Unani Medical College cum Hospital, Ganderbal sanctioned in 2011-12 started functioning with IPD services in August 2021 and January 2022 respectively in the UT of J&K.

➢ Creation of two AIIMS for healthcare in capital cities of J&K

In order to provide quality tertiary healthcare, medical education, nursing education and research, the Union Cabinet approved (January 2019) establishment of two[3] All India Institute of Medical Sciences (AIIMS) in J&K. The physical and financial progress of the project as of March 2022 is given in **Table 5.5**.

[2] GMC Anantnag, GMC Baramulla, GMC Doda, GMC Rajouri and GMC Kathua

[3] Vijaypur, Jammu and Awantipora, Kashmir

Table 5.5: Physical and financial progress of AIIMS in J&K

(₹ in crore)

Name of the project	Sanctioned cost	Funds released	Funds utilised	Physical status
AIIMS Jammu	1661.00	605.00	520.00	52 *per cent*
AIIMS Kashmir	1828.00	364.51	303.17	10 *per cent*

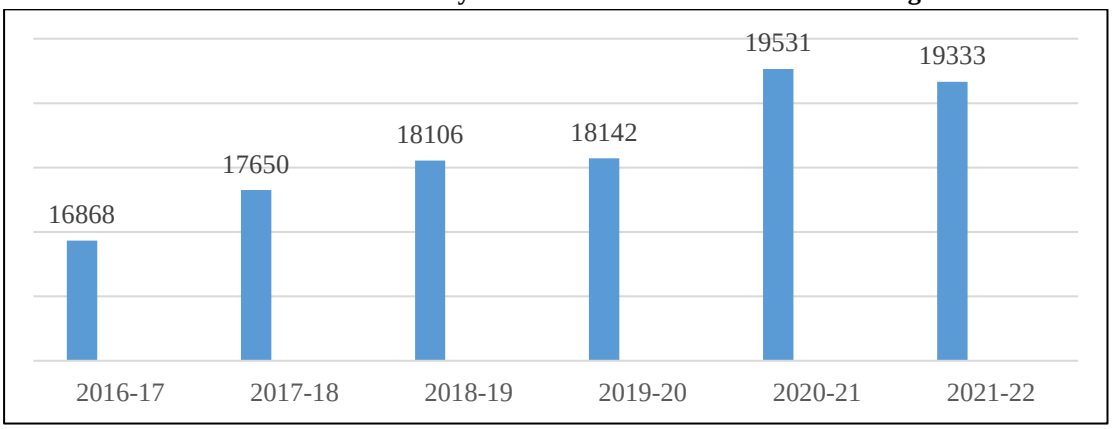
(Source: PMDP Progress Report)

The targeted date for completion was December 2023 for AIIMS Jammu whereas it is September 2025 for AIIMS Kashmir. The construction of AIIMS Jammu was yet to be completed (April 2024). The Deputy Director (Admin) AIIMS Vijaypur Jammu stated (January 2025) that OPD, IPD and OT services have been operationalised during August/ September 2024. Establishment of two AIIMS will add around 1,500 beds (750 beds for each AIIMS).

5.3 Availability of beds in the health institutions

The position of availability of beds in the health institutions of the State/ UT during 2016-2022 is detailed in **Chart 5.2**.

Chart 5.2: Year-wise availability of beds in the State/ UT of J&K during 2016-22



(Source: Figures provided by the Administrative Department)

Availability of beds in the HIs of the State/ UT had increased by 16 *per cent* during 2016-21 and decreased marginally during 2021-22 due to reduction in COVID-19 centres in the UT of J&K.

In the six sampled Districts, the position of availability of beds during 2016-22 is given in **Table 5.6**.

Table 5.6: Availability of beds in six sampled Districts during 2016-22

Year	Number of beds					
	Anantnag	Ganderbal	Jammu	Kupwara	Ramban	Udhampur
2016-17	874	212	602	425	200	423
2017-18	874	212	602	428	200	433
2018-19	1,044	248	637	428	200	439

Year	Number of beds					
	Anantnag	**Ganderbal**	**Jammu**	**Kupwara**	**Ramban**	**Udhampur**
2019-20	1,124	368	721	493	200	471
2020-21	1,169	363	757	493	200	531
2021-22	1,169	507	1,003	493	211	531
Percentage increase from 2016-17 to 2021-22	**34**	**139**	**67**	**16**	**6**	**26**

(Source: Figures furnished by CMOs concerned)

During 2016-2022, there was increase in number of beds in all six sampled Districts ranging between 06 and 139 *per cent*. The increase in number of beds in Districts Ganderbal and Jammu during 2021-22 was attributed to COVID-19 pandemic and increase in local as well as migratory population for augmenting the healthcare facilities.

5.3.1 Availability of beds in DHs

The availability of beds in the DHs[4] during 2016-22 is given in **Table 5.7**.

Table 5.7: Availability of beds in DHs during 2016-17 to 2021-22

Sl. No.	Name of the HI	No. of beds required as per IPHS 2012 norms	Number of beds available					
			2016-17	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**
1.	DH Anantnag and MCCH Anantnag	100-500	240	240	410	410	410	410
2.	DH Bandipore	100-500	-	-	100	100	150	150
3.	DH Budgam	100-500	80	80	80	80	80	80
4.	DH Ganderbal	100-500	30	30	30	100	100	130
5.	DH Jammu	100-500	150	150	160	160	160	160
6.	DH Kishtwar	100-500	100	100	100	100	100	100
7.	DH Kulgam	100-500	85	105	145	200	200	200
8.	DH Handwara	100-500	80	80	80	73	73	73
9.	DH Poonch	100-500	200	200	200	200	200	200
10.	DH Pulwama	100-500	60	60	60	200	200	200
11.	DH Ramban	100-500	50	50	50	50	50	50
12.	DH Reasi	100-500	100	100	100	100	100	100

[4] Vide G.O.No. 298-HME of 2018 dated 24.04.2028, the DHs Anantnag, Baramulla, Rajouri, Doda and Kathua were attached with the New Medical Colleges in the respective Districts and serve as 'Referral Hospitals/Associated Hospitals'. The administrative control of these hospitals was transferred to concerned Government Medical Colleges vide G.O. No. 753-HME of 2019 dated 05.08.2019. Since District Anantnag was selected as sampled District, only the data of Associated Hospital Anantnag was taken as DH Anantnag.

Sl. No.	Name of the HI	No. of beds required as per IPHS 2012 norms	Number of beds available					
			2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
13.	DH Samba	100-500	100	100	100	100	100	100
14.	DH Shopian	100-500	50	50	50	100	100	100
15.	DH Srinagar	100-500	200	200	200	200	200	200
16.	DH Udhampur	100-500	200	200	200	200	200	200
Total			**1,725**	**1,745**	**2,065**	**2,373**	**2,423**	**2,453**

(Source: Information furnished by the Medical Superintendent concerned)

There was 42 *per cent* increase in number of beds in the DHs as the number of beds had increased from 1,725 in 2016-17 to 2,453 in 2021-22. However, adequate beds in accordance with IPHS 2012 norms of minimum 100 beds were not available in DH Budgam and in sampled DHs Handwara and Ramban.

5.3.2 Availability of beds in SDHs/ CHCs/ PHCs

As per IPHS 2012, the SDH should have minimum 31 beds, CHC should have 30 indoor beds and a PHC should cover a population of 20,000 with six indoors/ observation beds.

Out of sampled 10 CHCs, four CHCs have beds as per the IPHS norms whereas six CHCs did not have beds as per norms as shown in **Table 5.8**. Amongst 18 sampled SDHs, 07 SDHs have adequate beds as per IPHS norms whereas 11 SDHs had less than 31 beds. However, out of these 11 SDHs, 09 SDHs had 30 beds.

Table 5.8: Shortage of beds in selected SDHs and CHCs as of March 2022

Sampled District	SDH	No. of beds available in SDH	CHC	No. of beds available in CHC
Anantnag	Kokernag	30	-	-
	Dooru	30	-	-
	Seer Hamdan	30	-	-
	Bijbehara	30	-	-
	Shangus	20	-	-
Ganderbal	Kangan	30	-	-
Jammu	R.S.Pura	30	Sohanjana	16
	Kot-Bhalwal	75	Khour	30
	Marh	20	Jourian	10
	Bishnah	50		
	Akhnoor	60		
	Jagti	34		
	Sarwal	50		
Kupwara	Sogam	33	Kralpora	30
	Kupwara	150	Kralgund	10
	Langate	30	Zachaldara	10

Sampled District	SDH	No. of beds available in SDH	CHC	No. of beds available in CHC
	Tangdhar	30		
Ramban	-	-	Banihal	30
	-	-	Batote	20
	-	-	Gool	20
Udhampur	Ramnagar	30	Chenani	110

(Source: Test-checked SDHs and CHCs)

Colour code:	**Adequate**	**Short**

It was further noticed that out of 52 selected PHCs, seven[5] PHCs were functioning without beds and 33 PHCs were lacking required number of beds as per IPHS 2012.

5.3.3 Availability of beds for maternal care and childcare

Maternal care and childcare services were available in all the DHs as of March 2022. A comparison of availability of beds for maternal and childcare during 2016-17 and 2021-22 in the DHs is given in **Table 5.9**.

Table 5.9: Availability of beds for maternal care and childcare during 2016-17 and 2021-22

Sl. No.	Name of the HI	Availability of beds for			
		Maternal care		Child care	
		2016-17	2021-22	2016-17	2021-22
1.	MCCH Anantnag	96	96	14	14
2.	DH Bandipore	DH started w.e.f. July 2019	25	DH started w.e.f. July 2019	25
3.	DH Budgam	20	20	8	12
4.	DH Ganderbal	8	20	8	10
5.	DH Jammu	20	20	12	12
6.	DH Kishtwar	10	10	7	7
7.	DH Kulgam	13	14	0	7
8.	DH Handwara	20	20	18	19
9.	DH Poonch	50	50	32	32
10.	DH Pulwama	26	40	6	26
11.	DH Ramban	20	20	5	5
12.	DH Reasi	5	12	3	7
13.	DH Samba	20	20	10	10
14.	DH Shopian	8	10	0	16
15.	DH Srinagar	30	30	0	30
16.	DH Udhampur	36	36	35	35
Total		**382**	**443**	**158**	**267**

(Source: Information furnished by Medical Superintendents concerned)

There was 16 and 69 *per cent* increase in availability of number of beds in the DHs for maternal care and childcare respectively as the number of beds increased from 382 in 2016-17 to 443 in 2021-22 for maternal care and 158 in 2016-17 to 267 in 2021-22 for childcare.

[5] Kawa, Ari, Bain Bajalta, Digiana, Domana, Mugalpora and Gundishot

5.4 Citizen's Charter

IPHS 2012 norms provide for displaying prominently a Citizen's Charter for the Health Institutions indicating the services available, user fees charged, if any, and a grievance redressal system. During survey of the test-checked hospitals, it was noticed that while all the selected TLHs/ DHs/ SDHs/ CHCs displayed Citizen's Charter, the Charter of all these HIs did not display complete information about services. The deficiencies noticed in displaying services on the Citizen's Charter is detailed in **Table 5.10**.

Table 5.10: Services displayed by sampled HIs in the Citizen's Charter

Services displayed on the Citizen's Charter	Out of 7 Tertiary Level Hospitals[6]	Out of 6 DHs	Out of 28 CHCs/SDHs
Patient rights	5	3	3
Availability of services and entitlements in the Departments	5	5	13
User charges	3	3	15
Availability of OPD services and timing of OPD services Department-wise	4	3	12
Availability of diagnostic services	6	3	12
Available emergency and trauma care services	4	3	9
Availability of family welfare, maternity and childcare services	3	3	14
Availability of immunisation services	4	3	14
Availability of ambulance services	3	4	10
Responsibilities of users	3	3	0

(Source: Information provided by concerned HIs)

5.5 Health and Wellness Centres

The National Health Policy, 2017 recommended strengthening the delivery of primary healthcare, through establishment of "Health and Wellness Centres (HWCs)" as the platform to deliver Comprehensive Primary Healthcare and called for a commitment of two thirds of the health budget to primary healthcare.

As per Ayushman Bharat Comprehensive Primary Healthcare through Health and Wellness Centres Operational guidelines of February 2018, the Government of India (GoI) announced that 1,50,000 Health & Wellness Centres (HWCs) would be created by transforming existing SCs and PHCs to deliver Comprehensive Primary Healthcare and declared this as one of the two components of Ayushman Bharat. The other component of Ayushman Bharat, namely the Pradhan Mantri Jan Arogya Yojana (PMJAY) aims to provide financial protection for secondary and tertiary care hospitalisation in public and private empanelled hospitals in India.

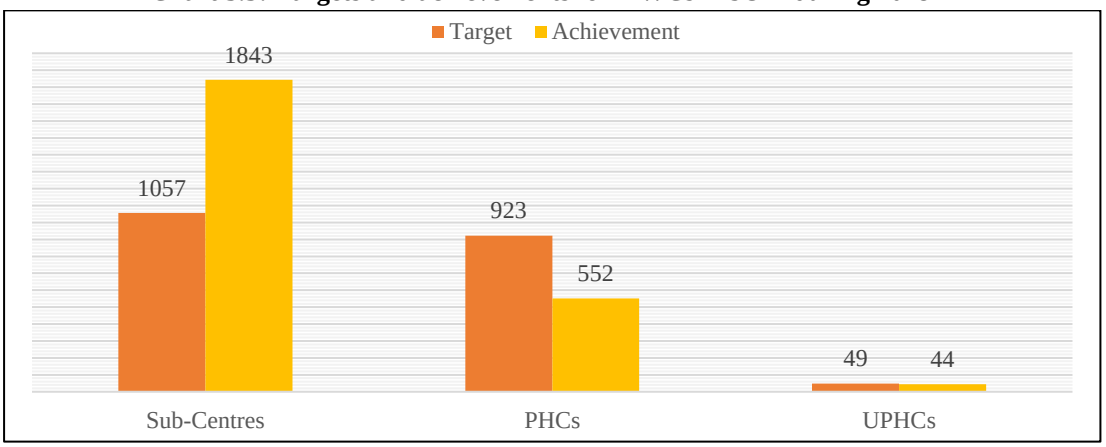
[6] (i) Govt. Medical College & Hospital, Jammu (ii) SMGS Hospital, Jammu (iii) Super Specialty Hospital, Jammu (iv) Lalla Ded Hospital, Srinagar (v) SMHS Hospital, Srinagar (vi) Super Specialty Hospital, Srinagar and (vii) G.B. Pant Hospital, Srinagar.

(A) Conversion of SCs and PHCs to Health and Wellness Centres

Ayushman Bharat Operational Guidelines stipulate that necessary infrastructure was to be created and manpower was to be provided for conversion of SCs and PHCs to Health and Wellness Centres (HWCs).

Audit noticed that against the target of conversion of 2,029 health institutions (SCs/ PHCs/ UPHCs), 2,439 HIs were upgraded to HWCs as of March 2022 in the UT of Jammu and Kashmir as shown in **Chart 5.3**.

Chart 5.3: Targets and achievements for HWCs in J&K during 2018-22



(Source: Information furnished by NHM J&K)

In the six[7] sampled Districts, 865 (SCs: 650, PHCs: 199 and UPHCs: 16) HWCs were established against the target of 719 (SCs: 381, PHCs: 320 and UPHCs: 18) HWCs as of March 2022.

(B) Non-availability of required infrastructure in HWCs

As per Ayushman Bharat Operational Guidelines, prescribed healthcare services, human resources, civil infrastructure upgrade and diagnostic services were to be provided in the HWCs.

Audit observed that required basic infrastructure and amenities were not available in HWCs of the sampled Districts as of March 2022 as detailed in the succeeding paragraphs:

(i) Non-availability of Healthcare Services

Operational Guidelines of Ayushman Bharat prescribe that 12[8] types of healthcare services would be delivered at HWC.

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7 Anantnag: 181; Ganderbal: 79; Jammu: 187; Kupwara: 246; Ramban: 55 and Udhampur: 117

8 (i) Care in pregnancy and child-birth (ii) Neonatal and infant healthcare services (iii) Childhood and adolescent healthcare services (iv) Family planning, contraceptive services and other reproductive healthcare services (v) Management of communicable diseases-National Health Programmes (vi) General out-patient care for acute simple illness and minor ailments (vii) Screening, Prevention, Control and management of non-communicable diseases (viii) Care for common Ophthalmic and ENT problems (ix) Basic Oral healthcare (x) Elderly and palliative healthcare services (xi) Emergency medical services and (xii) Screening and basic management of mental health ailments

It was noticed that all 12 types of healthcare services were being provided by 810 out of 865 HWCs of the six sampled Districts. In Ramban District, all 12 types of healthcare services were not available in 11-29 HWCs out of 55 HWCs.

(ii) Shortage of human resources

Section 2 of Operational Guidelines (Inputs for Health and Wellness Centre) of Ayushman Bharat Comprehensive Primary Healthcare through Health and Wellness Centres (February 2018) requires that there should be at least three service providers (one Mid-Level Health Provider (Community Health Officer) and at least two Multi-Purpose Workers [MPW]) in each upgraded SC. In addition, a team of Accredited Social Health Activist (ASHA) workers (at the norm of one ASHA worker per 1,000 patients) is to be provided.

It was noticed that out of 865 HWCs in six sampled Districts, Mid-Level Health Providers (MLHP) were available in 617 HWCs whereas 248 HWCs lacks the availability of MLHP. At least two MPWs were not available in 381 HWCs. ASHA was available in all HWCs except 25 HWCs of District Ganderbal as of March 2022 as detailed in **Table 5.11**.

Table 5.11: Non-availability of manpower in HWCs in sampled Districts as of March 2022

Sl. No.	Non-availability of	Anantnag (181)	Kupwara (246)	Ganderbal (79)	Jammu (187)	Udhampur (117)	Ramban (55)	Total (865)
1	One Mid-Level Health Provider (MLHP) who would be a Community Health Officer (CHO)	43	37	25	77	37	29	248
2	At least two Multi-Purpose Workers (MPW)	35	197	45	86	0	18	381
3	Accredited Social Health Activist (ASHA)	0	0	25	0	0	0	25

(Source: Information furnished by Chief Medical Officers concerned)

(iii) Non-availability of essential civil infrastructure

Ayushman Bharat Guidelines prescribe that major civil infrastructure upgrade would largely be required for developing the Sub-Health Centre as Health and Wellness Centre.The basic essential facilities, as detailed in **Table 5.12**, were not available in the upgraded HWCs in the sampled Districts as of March 2022.

Table 5.12: Number of HWCs deficient in essential civil infrastructure

Sl. No.	Essential requirement of infrastructure	No. of HWCs in which infrastructure was not available (out of 865)
1.	A well-ventilated clinic room with examination space and office space for Mid-Level Health Provider/Community Health Officer	57
2.	Storage space for storing medicines, equipment, documents, health cards and registers	58
3.	Designated space for lab/ diagnostic centre	252
4.	Separate male and female toilets	608
5.	Deep burial pit for bio medical waste management	579
6.	Assured water supply that can be drawn and stored locally	240
7.	Electricity supply linked to main lines or adequate solar source, inverter or back-up generator as appropriate	230
8.	Patient waiting area covered to accommodate at least 20-25 chairs	620
9.	Adequate residential facilities for the service providers	803
10.	Space/ room for yoga	340
11.	Facilities for people with disabilities	715

(Source: Information furnished by the CMOs concerned)

The data in **Table 5.12** indicated that out of 865 HWCs in six sampled Districts, 808 HWCs were having well-ventilated clinic room with examination and office space and 807 HWCs have adequate storage space for storing medicines, equipment, documents etc. However, basic requirements of water and electricity supply was not available in 240 and 230 HWCs respectively whereas 608 HWCs lacked availability of separate male and female toilets. Further, the designated space for lab/ diagnostic centre was not available in 252 HWCs and space/ room for yoga was not available in 340 HWCs. There was non-availability of facilities for people with disabilities in 715 HWCs.

(iv) Non-availability of required Diagnostic Services at HWCs

Ayushman Bharat Guidelines provide an indicative list of eight types of required diagnostic services. During scrutiny of records, it was noticed that the required diagnostic services viz. Haemoglobin, Urine Pregnancy Rapid Test, Urine Dipstick-Urine albumin and Sugar and Blood Glucose were available in all 865 HWCs of the six sampled Districts. However, Malaria Smear, Rapid Diagnostic Test Kit for Dengue, Sickle Cell Rapid Test and collection of sputum samples were not available in 482, 561, 441 and 05 HWCs respectively.

The Chief Medical Officers Anantnag and Kupwara attributed (December 2023) the reason for non-availability of diagnostic services to non-prevalence of Dengue and Malaria in Anantnag and Kupwara Districts. The Chief Medical Officer Ganderbal, Ramban and Jammu admitted non-availability of facility of diagnostic services in the HWCs.

Existing SCs and PHCs were transformed into HWCs to ensure universal access to an expanded range of comprehensive primary health services and to deliver quality healthcare services but this target could not be achieved due to lack of infrastructure, health services, diagnostic services, shortage of manpower etc.

Some illustrations regarding status of HWCs are shown in the following photographs.

Well maintained HWC-Kurag (District Ganderbal)

HWC-Naryana Lower (District Jammu) in good condition with separate toilets

HWC-Sangaldan (District Ramban) in good condition

HWC-Ossu (District Udhampur) without ventilation and adequate space

HWC-Hutmulla (District Kupwara) without ramp	**HWC-Awoora (District Anantnag) without ramp**

5.5.1 AYUSH Health and Wellness Centres

The AYUSH system advocates holistic wellness approach aiming at prevention of diseases and promotion of health and well-being. GoI has granted approval (March 2020) to operationalise 12,500 AYUSH Health and Wellness Centres (AH&WCs) through States/ UTs in Centrally Sponsored Scheme mode and under the broad umbrella of National AYUSH Mission (NAM) by upgrading the already functional AYUSH dispensaries or Sub-Health Centres.

(i) Conversion of AYUSH dispensaries to AYUSH Health and Wellness Centres

Out of 571 AYUSH dispensaries in the UT of J&K, 317 dispensaries were upgraded during 2019-22 to AH&WCs. In the six sampled Districts, out of 198 AYUSH dispensaries, 104 AYUSH dispensaries were upgraded to AH&WCs.

(ii) Non-availability of Healthcare Services

Operational Guidelines of Ayushman Bharat AYUSH Health and Wellness Centres proposed Ayurveda interventions under 12 service delivery areas. The availability/ shortfall of these services in respect of the six sampled Districts is given in **Table 5.13**.

Table 5.13: Availability of Healthcare services in AH&WCs

Sl. No	Availability of healthcare services	Anantnag (23)	Kupwara (14)	Ganderbal (12)	Jammu (24)	Udhampur (17)	Ramban (14)	Total (104)	Shortfall
1.	Care in pregnancy and child-birth	0	14	0	0	17	0	31	73
2.	Neonatal and infant healthcare services	0	0	0	0	0	0	0	104
3.	Childhood and adolescent healthcare services	0	14	12	22	17	0	65	39
4.	Family planning, contraceptive services and other reproductive healthcare services	0	0	0	0	17	0	17	87

Sl. No	Availability of healthcare services	Anantnag (23)	Kupwara (14)	Ganderbal (12)	Jammu (24)	Udhampur (17)	Ramban (14)	Total (104)	Shortfall
5.	Management of Communicable diseases -National Health Programmes	0	14	0	6	17	0	37	67
6.	General outpatient care for acute simple illness and minor ailments	23	14	12	24	17	14	104	0
7.	Screening, Prevention, Control and Management of Non-Communicable diseases.	23	14	12	24	17	14	104	0
8.	Care for Common Ophthalmic and ENT problems.	23	14	12	23	17	0	89	15
9.	Basic Oral health care.	23	14	12	21	17	0	87	17
10.	Elderly and Palliative healthcare services.	23	14	12	24	17	0	90	14
11.	Emergency Medical Services including Burns and Trauma	0	0	0	0	0	0	0	104
12.	Screening and basic management of mental health ailments.	23	14	0	17	17	0	71	33

(Source: Information furnished by District Ayush Officers concerned)
Figures in the brackets indicate number of AYUSH-H&WCs in the District

The data in **Table 5.13** indicates that out of 104 AH&WCs, services deliveries of family planning, contraceptive services and other reproductive healthcare services were available in 87 AH&WCs whereas the service delivery of care in pregnancy and child-birth was available in 73 AH&WCs. However, service deliveries under Neonatal and infant health care service, emergency medical services including burns and trauma were not available in all 104 AH&WCs. The balance 10 services were not available in 14-87 AH&WCs. In 14 AH&WCs in Ramban District, only two[9] services were available.

(iii) Shortage of human resources

Paragraph 5.1 of Operational Guidelines (HWC Team) requires that there should be Community Health Officer (CHO) assisted by Multi-Purpose workers (MPW), Auxiliary Nurse Midwife (ANM) and Accredited Social Health Activist (ASHA). Upgraded AYUSH dispensaries may have pharmacist, nursing staff or technicians and qualified yoga instructor on part-time basis for all HWCs.

It was noticed that as on 31st March, 2022:

- CHO was available in 103 out of 104 AH&WCs.
- No MPW and ANM was available in all 104 AH&WCs.
- Nursing staff/ technician was not available in 96 AH&WCs.

[9] (i) General outpatient care for acute simple illness and minor ailments (ii) Screening, prevention, control and management of non-communicable diseases.

- No Pharmacist was available in 29 AH&WCs.
- Yoga instructor was not available in 55 AH&WCs.
- ASHA was available in 102 out of 104 AH&WCs,

(iv) Non-availability of essential civil infrastructure

The deficiency in availability of basic essential requirements for strengthening a facility to serve as a Health and Wellness Centre as per Paragraph 11 of the operational guidelines is detailed in **Table 5.14**.

Table 5.14: Number of AH&WCs deficient in essential civil infrastructure

Sl. No.	Essential requirement of infrastructure	No. of AH&WCs in which infrastructure was not available as of March 2022 (out of 104)
1.	A well-ventilated clinic room with examination space and office space for Mid-Level Health Provider/ Community Health Officer	0
2.	Storage space for storing medicines, equipment, documents, health cards and registers	0
3.	Designated space for lab/ diagnostic centre	43
4.	Separate male and female toilets	49
5.	Deep burial pit for bio medical waste management	99
6.	Assured water supply that can be drawn and stored locally	21
7.	Electricity supply linked to main lines or adequate solar source, inverter or back-up generator as appropriate	6
8.	Patient waiting area covered to accommodate at least 20-25 chairs	73
9.	Adequate residential facilities for the service providers	102
10.	Space/ room for yoga	38
11.	Garden/space for display of medicinal plants	1

(Source: Information furnished by District AYUSH Officers concerned)

The data in **Table 5.14** indicates that all 104 AH&WCs have well-ventilated clinic room with examination space and office space for Mid-Level Health Provider/ Community Health Officer and storage space for storing medicines, equipment, documents, health cards and registers. However, water and electricity supply were not available in 21 and 06 AH&WCs respectively out of 104. Separate male and female toilets were not available in 49 AH&WCs whereas the designated space for lab/ diagnostic centre was not available in 43 AH&WCs. Further, space/ room for yoga was not available in 38 AH&WCs.

5.6 Execution of works

H&MED executed infrastructure works primarily under National Health Mission (NHM), Prime Minister's Development Package (PMDP) and Languishing projects. The details of works taken up for execution during 2016-2022 are given in **Table 5.15**.

Table 5.15: Works approved for execution and completed during 2016-22

Name of the Scheme	No. of ongoing works as of April 2016	No. of works approved for execution during 2016-2022	Total works	No. of works completed during 2016-2022	No. of ongoing works as on March 2022
National Health Mission (NHM)	68	69	137	69	68
Prime Minister's Development Package (PMDP)	0	140	140	104	36
Languishing projects	0	138	138	4	134
Total	**68**	**347**	**415**	**177**	**238**

(Source: Departmental figures)

Audit noticed that under NHM, construction and upgradation works of 137 healthcare facilities (including 68 ongoing works as on April 2016) were taken up, out of which 68 (50 *per cent*) works were incomplete as of March 2022.

- Out of 68 incomplete works, 33 works had remained incomplete for a period ranging between ten and 14 years.
- Fifteen works had remained incomplete for a period ranging between five and nine years whereas 20 works had remained incomplete for less than five years.

Under construction building of PHC Domana under NHM (02.02.2022)

PHC Domana functioning within the complex of AYUSH dispensary (02.02.2022)

5.6.1 Prime Minister's Development Package

A comprehensive Prime Minister's Development Package (PMDP) consisting of 63 individual projects was announced for J&K by the Hon'ble Prime Minister of India on 7 November 2015 with an outlay of ₹ 80,068 crore. One of the projects under PMDP was "Stepping up of support under creation of infrastructure in the District Hospitals, Sub-District Hospitals and PHCs over a period of five years" having sanctioned cost of ₹ 881.04 crore being implemented by H&MED of GoJ&K.

Audit noticed that:

➢ Out of 140 works under the project, as of March 2022, only 104 works had been completed after incurring expenditure of ₹ 500.49 crore.

➢ Out of the remaining 36 works, 16 works taken up for execution during the period 1995-96 to 2013-14 (prior to their inclusion under PMDP in 2015-16), remained incomplete even after incurring expenditure of ₹ 100.63 crore. The remaining 20 works taken up for execution after the announcement of PMDP had remained incomplete after incurring expenditure of ₹ 222.99 crore.

➢ Out of the above-mentioned 36 works, 35 works remained incomplete for periods ranging between three and 17 years, while one work remained incomplete since 1995-96.

Incomplete staff quarters at CHC Banihal taken up under PMDP	**Incomplete CHC Jourian (28.12.2021) taken up under PMDP**

The Department stated (November 2023) that all ongoing PMDP works are targeted for completion by/ before March 2024 and executing agencies have been directed to accelerate the pace of execution of works to achieve their completion well within the stipulated time.

➢ In order to overcome the acute shortage of space to accommodate the huge rush of patients in the old and dilapidated structure housing the Maternity and Childcare Hospital (M&CCH) Sherbagh, Anantnag, sanction was accorded (March 2017) by the Health & Medical Education Department for taking over of Rehmat-e-Alam Trust Hospital alongwith all its assets and liabilities. The sanction order also envisaged getting the infrastructure of the hospital upgraded through an executing agency of the State Government to a 125-bedded institution for subsequent shifting of M&CCH presently located at Sherbagh, Anantnag to this hospital. Accordingly, the balance work of the hospital was entrusted to Jammu and Kashmir Projects Construction Corporation Limited (JKPCC) during the year 2016-17 at a cost of ₹ 12.10 crore out of which ₹ 11.46 crore was released in favour of the executing agency. Expenditure of

₹ 5.25 crore was incurred as of March 2022 on account of raising 2nd and 3rd floors of Block A, B, C and 3rd slab of Blocks F and G and other civil works including truss[10]. However, during the course of execution of the work, safety audit of the building was entrusted (March 2020) to IIT Jammu on the directions of the then Advisor to Governor during his visit to the site in April 2019 and thereafter no further work was executed on the building. IIT Jammu finally reported (June 2021) that the building under structural audit is under-designed for hospital usage and should not be directly used for hospital usage. This not only resulted in unfruitful expenditure of ₹ 5.25 crore, but also deprived the population of the area of the intended benefits.

The Department stated (September 2022) that IIT Jammu had been requested to suggest latest technological interventions to make the building structurally safe to be used for hospital purpose.

The Principal, GMC Anantnag stated (January 2025) that the work is yet to be completed.

5.6.2 Languishing projects

GoJ&K accorded (September 2018) sanction to constitute a High Powered Committee (HPC) for approving unfunded infrastructure projects to be funded by Jammu and Kashmir Infrastructure Development Finance Corporation (JKIDFC), constituted simultaneously for raising loans from financial institutions including State/ Nationalised banks for completion of unfunded/ languishing infrastructure projects in the erstwhile State/ UT and by other new infrastructure projects which are a priority for the erstwhile State/ UT. Under the health sector, projects like construction/ up gradation/ renovation of health infrastructure in various Districts and Tertiary Level Hospitals of the UT were sanctioned.

The position of projects sanctioned, projects targeted for completion and projects actually completed under Languishing Projects scheme during the period 2018-2022 in respect of H&MED is given in **Table 5.16**.

Table 5.16: Projects approved and completed under Languishing Projects scheme

(₹in crore)

Year	Projects approved by HPC	Amount approved	Projects completed during the year	Expenditure as of March 2022
2018-19	102	290.76	0	165.66
2019-20	0	0	4	
2020-21	36	299.19	0	
2021-22	0	0	0	
Total	**138**	**589.95**	**4**	**165.66**

(Source: Information provided by Joint Director, Resources (Finance Department))

[10] A framework supporting a roof, bridge or other structure.

Audit noticed that:

- Against ₹ 589.95 crore approved for infrastructure projects, expenditure of only ₹ 165.66 crore (28 *per cent*) was incurred as of March 2022.
- Against 135 projects (target date for completion was not available for three projects) targeted for completion during 2018-2022, only four projects were completed after incurring expenditure of ₹ 3.25 crore as of March 2022. Delay in completion of these works ranged between one year and four years.
- In six sampled Districts, 53 works were taken up for execution during 2018-2022, out of which 49 works had remained incomplete after incurring expenditure of ₹ 97.47 crore.

Delay in completion of projects sanctioned under Languishing Projects Scheme had deprived the local population of the intended benefits.

NTPHC Gundishot (District Kupwara) functioning from a school building	**Incomplete structure of NTPHC Gundishot under Languishing projects**
NTPHC Ari (District Ganderbal) functioning from a rented shop	**Under-construction building of NTPHC Ari under Languishing projects**

The Chief Medical Officer, Ganderbal stated (January 2025) that NTPHC Ari has been completed and taken over (March 2024) by the BMO Kangan.

5.6.3 Works taken up under District Plan/NABARD/ BADP etc.

H&MED also took up works for execution under District Plan/ NABARD/ BADP etc. Details of such works taken up for execution in the six selected Districts are given in **Table 5.17**.

Table 5.17: Infrastructure works taken up under District Plan/NABARD/ BADP etc. during 2016-22

(₹in crore)

Name of the District	No. of works as of April 2016	Works taken up for execution during 2016-22	Total works	Works completed during 2016-22	Expenditure incurred on completed works	Ongoing works as of March 2022	Expenditure incurred on ongoing works
Anantnag	29	0	29	20	16.24	9	9.00
Ganderbal	6	15	21	17	9.25	4	1.58
Jammu	24	18	42	20	7.41	22	15.36
Kupwara	37	64	101	70	6.89	31	7.78
Ramban	12	32	44	20	5.22	24	8.42
Udhampur	29	57	86	52	36.42	34	11.83
Total	**137**	**186**	**323**	**199**	**81.43**	**124**	**53.97**

(Source: Information furnished by the Chief Medical Officers concerned)

It is evident from the table above that out of 323 works (137 ongoing works as on April 2016 and 186 works taken up for execution during 2016-2022), 199 works were completed during the period after incurring an expenditure of ₹ 81.43 crore and 124 works remained incomplete after incurring an expenditure of ₹ 53.97 crore as of March 2022.

Audit observed that:

- Construction work of five[11] health institutions of Jammu District were taken up for execution during 2010-2013 at an estimated cost of ₹ 6.68 crore. After incurring expenditure of ₹ 6.68 crore, the buildings were not taken over (November 2022) by the H&MED from the executing agency due to non-execution of works including sanitary fitting, electric works or other deficiencies. This had deprived the inhabitants of the area of better healthcare infrastructure and services.

SC Platan building District Jammu (19.03.2022)

Idle SC Kalah building District Jammu (19.03.2022)

The Chief Medical Officer, Jammu stated (January 2025) that the work of five health institutions vis. SC Platan, SC Kalah, SC Mallah, PHC Ghar Majoor and PHC Dori Dagar have been completed. All the five buildings have been taken over by the Department and are functional.

[11] SC Platan, SC Kalah, SC Mallah, PHC Ghar Majoor and PHC Dori Dager (SC Platan and PHC Ghar Majoor are working from the buildings, though not taken over by the Department)

- In District Kupwara, 14 works[12] estimated to cost ₹ 8.91 crore were taken up for execution during 2009-18. After incurring expenditure of ₹ 5.71 crore as of March 2021, these works could not be completed as of August 2022 and were at various stages of completion thus depriving the local population of intended benefits. The Chief Medical Officer, Kupwara stated (August 2022) that some incomplete works shall be completed during the current financial year and the remaining within the next two years.

- The Department had taken up execution of 17 works[13] in District Kupwara at a revised cost of ₹ 9.20 crore through various work executing agencies during 2009-10 and 2010-11. Despite incurring expenditure of ₹ 2.07 crore, all these 17 works were not complete as of March 2022 and were left half way at various stages due to cost escalation. Lapse of over 11 years since start of these works had resulted in unfruitful expenditure of ₹ 2.07 crore.

- In respect of four[14] works approved for execution in District Jammu during 2009-2014 at an estimated cost of ₹ 4.14 crore, ₹ 0.78 crore was advanced during 2009-10 and 2013-14 to the executing agencies without ensuring availability of land resulting in blocking of these funds for over eight to 12 years. The Chief Medical Officer, Jammu stated (January 2025) that the works could not be started as the process of land identification/ acquisition is in progress.

Out of the incomplete works as above, five construction works taken up at an estimated cost of ₹ 10.54 crore, are detailed in **Table 5.18**.

Table 5.18: Examples of some incomplete works

Sl. No.	Name of the District	Name of healthcare facility	Estimated cost	Expenditure incurred as of March 2022	Remarks
			(₹ in lakh)		
1.	Jammu	SC Bala	98.80	66.13	Building completed in 2020-21 but could not be taken over due to dispute with the land owner as confirmed by the Chief Medical Officer, Jammu (November 2022).
2.	Ganderbal	PHC Kullan	332.60	143.32	The building was taken up for execution by the J&K Housing Board in the year 2009-10 at an estimated cost of ₹ 143.32 lakh. The executing agency submitted (August 2015) to the DHS, Kashmir that due to poor soil strata consisting of filled

[12] NTPHC Nawgam, NTPHC Hajinar, SC Gundi Gujran, SC Tumina, SC Manwan, SC Moorie, MO's Quarter at PHC Behnipora, SC Kawari, SC Tumnard, NTPHC Diver, SC Hangikote, NTPHC Mankal, SC Haril and MO's Quarter Tangdar

[13] Construction of SCs at Sarajpora, Bahkiakaher, Dohama, Ahgam, Hajin, Palpora, Sonwani, Budbug, BadrehPayeen, Yamlar, Budshungi, Sodal, Pazalpora, Ucher, Badarkal, Construction of additional two room SC at Machipora and Construction of Allopathic Dispensary at Hayhama (District Kupwara)

[14] NTPHC Salehar, SC Shiva Patta, SC Gajansoo, SC Chatta

Sl. No.	Name of the District	Name of healthcare facility	Estimated cost	Expenditure incurred as of March 2022	Remarks
			(₹ in lakh)		
					up soil, the building needs RCC framed structure with raft foundation instead of normal load bearing structure and submitted (August 2015) a revised DPR for ₹ 332.60 lakh. The Chief Medical Officer, Ganderbal stated (January 2025) that the work of PHC Kullan is still at halt.
3.	Ramban	PHC Deeda	251.55	216.81	Work approved in 2010-11 under NABARD could not be taken up for execution till 2016-17 due to land dispute. Following change in the work site, the work was started during 2017-18 and an expenditure of ₹ 2.17 crore (November 2022) has been made. Pending release of balance funds, the finishing work had not been taken up as of November, 2022.
4.	Ramban	SC Tarana-Kheri	74.75	59.30	The building stands completed except for electrification and construction of boundary wall as of September 2022. The work could not be completed due to dispute with the land owner. As per the progress report furnished by the CMO Ramban, the work was incomplete ending December 2024.
5.	Kupwara	Allopathic Dispensary at PayerporaHayhama	166.85, revised to 296.00	128.47	Construction work of Allopathic Dispensary at Payerpora Hayhama was taken up by JKPCC at an estimated cost of ₹ 166.85 lakh during 2010-11.The Chief Medical Officer, Kupwara admitted (August 2022) that due to poor funding and slow pace, work could not be completed. However, an amount of ₹ 39 lakh was allotted for completion of the building and the work shall be completed during 2022-23 or the next year.
Total			**1,053.70**	**614.03**	

(Source: Information provided by the Department)

Non-completion/ non-taking over of the buildings by H&MED resulted in idle investment of ₹ 6.14 crore.

Locked newly constructed building of SC Bala (24.12.2021)	**Rented building of SC Bala (24.12.2021)**
Abandoned structure of PHC Kullan (District Ganderbal)	**Existing building of PHC Kullan (District Ganderbal)**

The Chief Medical Officer, Jammu stated (January 2025) that building of SC Bala was taken over by the Department in December 2023 and is functional.

5.7 Non-availability and non-maintenance of residential accommodation

As per IPHS 2012 norms, all essential medical and paramedical staff will be provided with residential accommodation. If accommodation cannot be provided due to any reason, then the staff may be paid house rent allowance and, in that case, they should stay in the vicinity, so that essential staff is available 24 x 7. Availability of residential accommodation in test checked DHs/ SDHs/ CHCs is given in **Table 5.19**.

Table 5.19: Availability of residential accommodation in test-checked DHs/ SDHs/ CHCs

Sl. No.	Name of the HI	Number of quarters available	Number of quarters occupied	Status
DH				
1.	DH Anantnag	6	6	-
2.	DH Ganderbal	0	0	-
3.	DH Handwara	3	3	-
4.	DH Jammu	6	6	-

Sl. No.	Name of the HI	Number of quarters available	Number of quarters occupied	Status
5.	DH Ramban	0	0	-
6.	DH Udhampur	18	11	Seven quarters are not in good condition
SDH				
1.	SDH Seer Hamdan	0	0	-
2.	SDH Bijbehara	0	0	-
3.	SDH Shangus	0	0	-
4.	SDH Dooru	2	2	-
5.	SDH Kokernag	3	3	-
6.	SDH Kangan	0	0	-
7.	SDH Kupwara	8	8	-
8.	SDH Sogam	2	2	-
9.	SDH Tangdar	0	0	-
10.	SDH Langate	2	2	-
11.	SDH R.S.Pura	6	0	Lying vacant for want of repairs and maintenance for the last six years.
12.	SDH Kot-Bhalwal	4	0	More than 35 years old. Beyond repair.
13.	SDH Marh	6	0	All the six quarters have been occupied by the Revenue Department for the last eight years.
14.	SDH Bishnah	0	0	-
15.	SDH Akhnoor	12	7	Five quarters need repair and maintenance.
16.	SDH Jagti	0	0	-
17.	SDH Sarwal	2	0	Quarters are in dilapidated condition and require repair and renovation.
18.	SDH Ramnagar	6	4	Two quarters need repair and renovation.
CHC				
1.	CHC Kralpora	0	0	
2.	CHC Kralgund	1	1	-
3.	CHC Zachaldara	1	1	-
4.	CHC Sohanjana	12	0	The staff quarters got damaged during the floods of 2014 and need extensive repair and maintenance, hence, are lying vacant.
5.	CHC Jourian	0	0	-
6.	CHC Khour	17	0	The quarters were constructed in 2019. However, they could not be utilised due to non-execution of some internal works by the executing agency.
7.	CHC Banihal	6	6	Needs repair and renovation.
8.	CHC Batote	15	14	One vacant quarter which needs repair and renovation.
9.	CHC Gool	2	0	Needs repair and renovation.
10.	CHC Chenani	6	1	Five quarters need repair.
Total		**146**	**77**	

(Source: Information furnished by the department)

It is evident from the **Table 5.19** that:

- Out of available 146 residential quarters at test-checked 34 health institutions, only 77 (53 *per cent*) were occupied by the staff.
- Out of 33 available residential quarters in 04 out of 06 sampled DHs, 26 residential quarters were occupied by the staff.
- Out of 53 residential quarters at 18 SDHs, 25 quarters were either in bad condition and required repair or were occupied by other Departments and the remaining 28 quarters were occupied by the staff.
- Out of 60 residential quarters at 10 CHCs, 23 quarters were occupied by the staff and the remaining 37 quarters either needed repair and renovation or were not handed over to the Department owing to non-execution of some internal works by the executing agency since 2019.
- In 11 health institutions (DHs: two; SDHs: seven and CHCs: two), no residential quarter was available for staff.

The Medical Superintendent, AH GMC Udhampur stated (December 2023) that no funds have been received for repair & renovation of staff quarters during 2016-22. The matter however, shall be taken up with the higher authorities. The Chief Medical Officer, Jammu stated (January 2025) that no funds have been received for repair and maintenance of staff quarters. The Chief Medical Officer, Udhampur stated (December 2023) that the proposal for repair/ renovation of residential quarters at SDH Ramnagar under UT CAPEX was submitted to Director, Health Services Jammu in May 2023 and the Superintending Engineer, PWD (R&B) was requested (April 2022) to prepare the DPR for repair of quarters at CHC Chenani. The Chief Medical Officer, Ramban stated (December 2023) that this office has taken up the matter with the concerned authorities for adequate release of funds to get the staff quarters repaired.

Further, the details of availability of residential quarters in the test-checked PHCs as on March 2022 is detailed in **Table 5.20**.

Table 5.20: Availability of residential accommodation in test-checked PHCs

Name of the District	No. of PHCs test checked	Number of PHCs having residential quarters	No. of quarters available	No. of quarters occupied	Status
Anantnag	9	3	5	3	Two quarters are yet to be handed over by the executing agency in respect of PHC Budroo Kalan.
Ganderbal	6	0	0	0	-
Jammu	10	0	0	0	-
Kupwara	10	3	3	3	-

Name of the District	No. of PHCs test checked	Number of PHCs having residential quarters	No. of quarters available	No. of quarters occupied	Status
Ramban	7	1	1	1	-
Udhampur	10	4	15	5	Quarters are being used for night duty room and for storage of medicines (PHC Majalta- two quarters). Posting of local staff (PHCs Madha and Garhi)
Total	**52**	**11**	**24**	**12**	

(Source: Information furnished by the Department)

It is evident from the **Table 5.20** that 24 quarters were available at 11 out of 52 test-checked PHCs. Of these, 12 were occupied by the staff and the remaining were lying vacant either due to posting of local staff, being used as drug store or non-handing over of quarters to the department by the executing agency. No staff quarter was available in 41 PHCs.

Status of residential accommodation

Vacant staff quarters at SDH, R.S Pura (09.06.2022)

Residential quarters of SDH Marh occupied by Revenue Department (22.06.2022)

Vacant staff quarters at CHC Sohanjana

Vacant residential quarters at CHC, Khour

Vacant staff quarters at PHC B. Kalan

The above findings reflect the lack of serious efforts on the part of the Department to get the damaged quarters renovated or to allot available quarters to staff.

5.8 Non-establishing of infrastructure

➢ Creation of separate isolation ward and Swine Flu H1N1 Laboratory

For molecular diagnosis of Swine Flu and other epidemics to tackle the situation arising due to Swine Flu virus, Ebola virus, HIV, Bird Flu etc. at Govt. Medical College (GMC) Jammu, a proposal for creation of Swine Flu H1N1 Laboratory along with separate isolation ward was submitted (February 2015) by the Principal, GMC Jammu to H&MED having total cost of ₹ 6.28 crore (₹ 2.98 for creation of isolation ward and ₹ 3.30 crore for Swine Flu H1N1 Laboratory). H&MED released (March 2015) funds of ₹ 6.30 crore in favour of Principal, GMC Jammu for establishment of H1N1 (Swine Flu) Testing Laboratory at GMC Jammu within the shortest possible time.

Audit observed that out of ₹ 6.30 crore, funds of ₹ three crore (₹ one crore in March 2015 and ₹ two crore in January 2016) were released in favour of the executing agency (PWD) for construction of isolation ward at GMCH Jammu. The executing agency completed the work and submitted (May 2016) Utilisation Certificate for funds of ₹ three crore (including funds advanced to Mechanical Division, GMC for ₹ 13.69 lakh and material at site valuing ₹ 39.31 lakh).

Further, for establishment of Swine Flu H1N1 Laboratory, the tenders invited (2015) by the purchase committee could not be finalised as only one firm qualified technical round of the tender. The Department approached the National Centre for Disease Control (NCDC), New Delhi and they recommended four specialised agencies out of which the Department had approached the three[15] specialised agencies. Finally, the work of establishment of BSL-3 Lab at GMC Jammu was authorised

[15] The Kartos International, the Biosafe Lab India Private Limited and The Techcomp (Singapore) Private Limited.

(September 2018) to the Biosafe Lab India Private Limited at a cost of ₹ 343.16 lakh by the Principal, GMC Jammu and the agreement was executed (December 2018) with the Firm. Audit further noticed that no provision was kept in the initial estimates (₹ 6.28 crore) for Supply, Testing, Installation and Commissioning (SITC) of electromechanical[16] works for operating of BSL-3 Lab at GMCH Jammu. Accordingly, the Administrative Approval for execution of the work "SITC of 500 KVA DG set with AMF panel, water softener plant, RO Plant and 1 MVA electric sub-station" was accorded (June 2022) at an estimated cost of ₹ 143.66 lakh against which funds of ₹ 75 lakh was placed (June 2022) at the disposal of Mechanical Engineering Department for operationalising BSL-3 Lab. However, the work of SITC of DG set and distribution panel with proper rated cables for making all interconnections between DG set, AMF panel and distribution panel is yet to be completed (December 2023).

The Department stated (December 2023) that all the equipment and machinery of the H1N1 Lab supplied by the vendor is awaiting final testing and commissioning and the lab can be operationalised by the end of January 2024.

Delay in operationalising the laboratory had deprived patients of the advanced healthcare facilities.

➢ Delay in establishment of a State Cancer Institute

For providing state of the art facilities to cancer patients and conducting research activities in various aspects of cancer care, the Ministry of Health & Family Welfare (MoH&FW), Government of India (GoI) communicated (February/ March 2014) its approval for setting up of a State Cancer Institute (SCI) at GMC Jammu under the Centrally Sponsored Scheme-National Programme for Prevention of Cancer, Diabetes, Cardio Vascular Disease and Strokes (NPCDCS). Against ₹ 120 crore proposed by the Principal GMC Jammu, MoH&FW approved (March 2018) grant-in-aid of ₹ 104 crore (civil works: ₹ 32 crore and equipment: ₹ 72 crore) and an amount of ₹ 16 crore was to be contributed by GoJ&K as matching State share.

Audit noticed that H&MED released (January 2020 and January 2021) Central share of ₹ 30.06 crore[17] to the Principal GMC for construction of the SCI and the work was stipulated to be completed by December 2021. Out of this, an expenditure of ₹ 29.62 crore was incurred by the executing agency (Chief Engineer PW (R&B) Department Jammu). Audit however noticed that against the targeted date of completion of March 2022, 90 *per cent* civil works have been completed (November 2023) and balance work stopped by the contractor due to non-payment of bills.

For procurement of the equipment, H&MED placed (January 2020 and January 2021) ₹ 40.14 crore[18], received from GoI for purchase of equipment, at the disposal of

[16] 500 KVA DG set with AMF panel, water softener plant, RO Plant and 1 MVA electric sub-station.
[17] January 2020: ₹ 13.06 crore & January 2021: ₹ 17 crore
[18] January 2020: ₹ 30.00 crore & January 2021: ₹ 10.14 crore

Director Finance, H&MED out of which ₹ 2.35 crore was released (December 2020) to Principal GMC for replacement of radiation source and upgradation of Tele-cobalt machine and ₹ 37.79 crore[19] was transferred (December 2020 and January 2021) to JKMSCL for purchase of the equipment. Out of ₹ 2.35 crore released to Principal GMC, ₹ 0.54 crore was advanced (April 2021) to Accounts Officer, Board of Radiation & Isotope Technology (BRIT) Mumbai for replacement of radiation source and balance amount of ₹ 1.81 crore was transferred (December 2021) to JKMSCL for purchase of new Tele-Cobalt machine thereby taking the total amount transferred to JKMSCL for purchase of equipment to ₹ 39.61 crore[20]. The Principal, Govt. Medical College Jammu intimated (December 2023) that the equipment is under procurement and is expected to be installed by March 2024.

Thus, due to slow execution of works by the executing agency, establishment of SCI at GMC Jammu has been delayed which subsequently delayed the procurement of necessary equipment and consequential deprival of advanced healthcare and specialised treatment to cancer patients.

➢ Regional Cancer Centre under National Cancer Control Programme

Ministry of Health & Family Welfare (MoH&FW), GoI approved (March 2008) development of GMC Jammu and its Associated Hospitals as additional Regional Cancer Centre (RCC) under the revised National Cancer Control Programme (NCCP). For managing the affairs and to oversee all aspects of development of the RCC, a Governing Body (GB) was also constituted (July 2008) under the Chairmanship of Secretary, H&MED. For carrying out construction activities and purchase of equipment, funds of ₹ three crore was placed (April 2008) at the disposal of Principal, GMC, Jammu. Out of ₹ three crore, an amount of ₹ 0.10 crore was to be utilised for construction activities. The RCC was also entitled to further funds of ₹ two crore which was to be released by MoH&FW after ascertaining the progress of the scheme.

Audit observed that for about six and a half years from the date of receipt of funds from GoI, no action was taken by the GB to oversee development of RCC except release (August 2012) of ₹ 10 lakh to the executing agency for civil works. Finally, a decision was taken (September 2014) for purchase of equipment amounting to ₹ 2.90 crore. An amount of ₹ 2.88 crore was spent between July 2014 and December 2020 for procurement of equipment and on miscellaneous items including transfer of ₹ 29.63 lakh to JKMSCL for procurement of pathology equipment. However, due to non-maintenance of relevant records, the status of receipt of equipment from JKMSCL could not be ascertained.

No further expenditure was incurred after December 2020 and ₹ 1.75 crore[21] (including interest of ₹ 1.63 crore) was lying unutilised (November 2023) with GMC

[19] ₹ 27.65 crore in December 2020 & ₹ 10.14 crore in January 2021
[20] ₹ 1,014.28 lakh, ₹ 2,765 lakh & ₹ 181.45 lakh
[21] FDR: ₹ 175.16 lakh & Bank: ₹ 0.27 lakh

Jammu. Due to slow progress in implementation of the scheme, the RCC at GMCH Jammu was deprived of the remaining amount of ₹ two crore receivable from GoI.

➢ Non-acquisition of land for construction of building

The Controller, Drug and Food Control Organisation released (August 2015 and February 2016) funds of ₹ 0.35 crore to the Deputy Commissioner, Pulwama for acquisition of land for construction of office building of Assistant Controller, Drugs and Assistant Commissioner, Food Safety in District Pulwama. These funds were transferred (March 2016) to the Collector, Land Acquisition, Pulwama. It was noticed (July 2022) by Audit that the land had not been transferred for construction of office building resulting in blocking of a sum of ₹ 0.35 crore for over seven years.

The Accounts Officer stated (August 2022) that the matter would be taken up with the Collector, Land Acquisition, Pulwama through Deputy Drug Controller, Drugs and Food Control Organisation, Kashmir for transfer of the land in favour of this organisation.

5.9 Deficiencies in infrastructure facilities as per the Medical Council of India Guidelines

Medical Council of India (MCI), replaced (September 2020) by National Medical Commission (NMC) prescribed minimum standard requirements for every Medical College on the basis of annual MBBS admission intake capacity. As per regulations, a Medical College and Associated Hospitals shall create infrastructure as per the minimum standards prescribed therein. Records revealed that GMC Jammu had annual MBBS admission intake capacity of 100 students during the period 2016-17 to June 2018. It was increased to 150 seats from June 2018. The intake capacity was subsequently increased (June 2019) to 180 students. Audit noticed that 20 Departments[22] were functional in GMC Jammu as per prescribed regulations. However, the infrastructure available in various Departments of GMC Jammu was far below the minimum standards prescribed by MCI.

The MCI minimum standard requirements for the Medical College provides for accommodation and infrastructure facilities for nine Departments. Out of nine Departments[23] of GMC Jammu for which minimum standard requirements for accommodation and infrastructure were prescribed by MCI, only two Departments (Blood Bank and Biochemistry) had complied with the basic minimum requirements. The deficiencies in the remaining seven Departments were far less than the minimum standard requirements prescribed by MCI. It was noticed that five Departments[24] did not have basic facility of lecture halls and one Department[25] did not have library.

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22 Excluding dentistry

23 Anatomy, Physiology, Biochemistry, Pathology, Microbiology, Pharmacology, Forensic Medicine, Community Medicine and Blood Bank.

24 Pathology, Microbiology, Pharmacology, Forensic Medicine and Community Medicine

25 Microbiology.

MCI had also conducted annual inspections of GMC Jammu for checking its compliance with minimum standard requirements but the reports thereof were not made available to Audit due to which observations made by MCI could not be ascertained.

5.10 Conclusion

There was shortage of health institutions (Sub-Centres and CHCs) in the UT of J&K. Shortage of beds were noticed in PHCs, CHCs and SDHs. Requisite number of HWCs have been upgraded but there was acute shortage of infrastructure, availability of services, human resources, diagnostic services etc. in the HWCs in the selected Districts. Out of 415 construction works taken up for execution under NHM/ PMDP/ Languishing projects programme, only 177 works were completed and 238 works remained incomplete resulting in denial of the intended benefits to the general public. The building infrastructure created under District Plan/ NABARD/ BADP etc. either remained incomplete or unutilised either due to dispute or non-completion of balance minor works. Out of available 170 residential quarters, only 89 quarters were allotted to the staff and remaining 81 quarters were either requiring repair/ renovation, occupied by other Department or not taken over by the Health Department from executing agencies for execution of balance works. Moreover, in 52 health institutions, no residential quarters were available for the staff. Further, the Swine Flu H1N1 Laboratory at GMCH Jammu could not be made functional.

5.11 Recommendations

In light of the audit findings, GoJ&K may consider:

- ***Setting up of adequate number of health institutions viz., SCs/ CHCs so that universal accessibility of healthcare is provided to all sections of society;***
- ***Strengthening HWCs by providing requisite infrastructure, medicines, equipment and diagnostic services to deliver Comprehensive Primary Health Care as envisaged under the operational guidelines of HWC;***
- ***To look into the issues of delays in commencement and completion of planned infrastructural works with a view to remove bottlenecks and ensure speedy completion; and***
- ***Provision of functional residential quarters for ensuring round-the-clock availability of medical/ paramedical staff.***

CHAPTER-VI

FINANCIAL MANAGEMENT

CHAPTER-VI

Financial Management

6.1 Introduction

Health facilities in Jammu and Kashmir work under the Health & Medical Education Department (H&MED).

6.2 Expenditure on healthcare *vis-a-vis* budget allotment

Total expenditure of GoJ&K during 2016-17 to 2021-22 was ₹ 3,60,198.78 crore while expenditure on the Health sector was ₹ 25,127.63 crore against budget allotment of ₹ 30,513.98 crore. Expenditure on the Health sector thus accounted for 6.97 *per cent* of the total expenditure of the State/ UT. The position of investment in the Health sector in the State/UT during the period 2016-2022 is given in **Table 6.1.**

Table 6.1: Statement showing the investment in Health sector in State/ UT during 2016-2022

(₹ in crore)

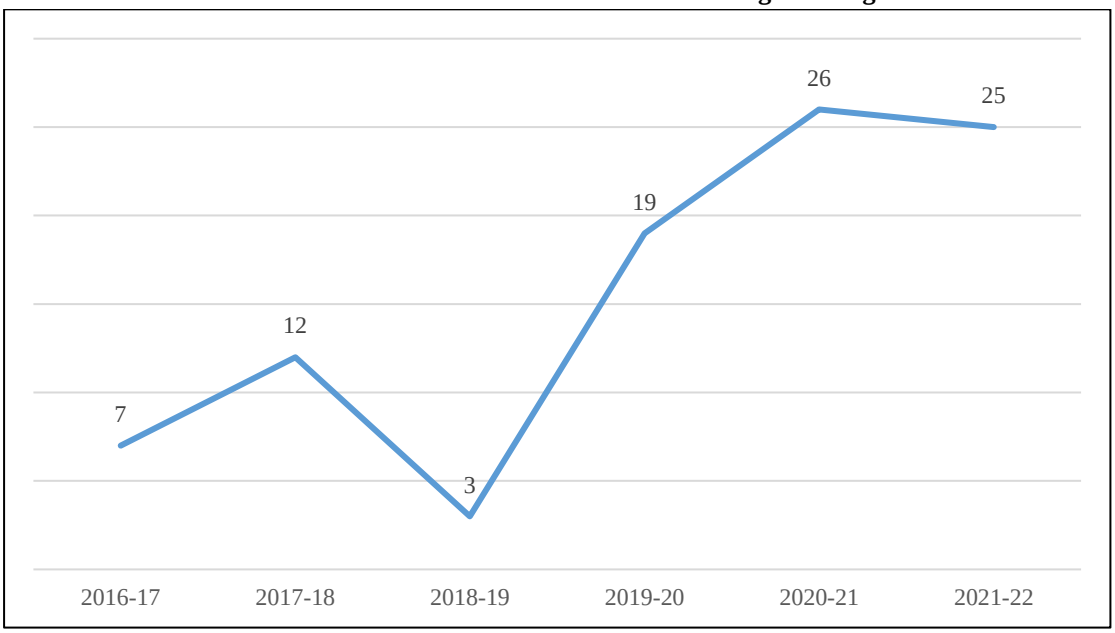
Year	State/ UT GSDP	Total expenditure of State/UT[1]	Budgetary outlay on Health sector			Expenditure on Health sector			Shortfall in utilisation of Health budget	Percentage of total expenditure on Health sector *vis-a-vis* State GSDP	Percentage of expenditure on Health sector *vis- a-vis* total expenditure of State/ UT Government
			CS	SS	Total	CS	SS	Total			
2016-17	1,24,848	48,097.71	393.49	2,643.12	3,036.61	394.48	2,415.86	2,810.34	226.27	2.25	5.84
2017-18	1,39,709	51,269.38	595.59	2,913.15	3,508.74	607.58	2,470.13	3,077.71	431.03	2.20	6.00
2018-19	1,59,859	64,503.55	596.45	3,982.77	4,579.22	1,158.47	3,265.29	4,423.76	155.46	2.76	6.86
2019-20 (01.04.2019 to 30.10.2019)		**34,766.01**		**2,277.07**			**2,093.51**		**183.56**		
2019-20 (31.10.2019 to 31.03.2020)		**28,141.63**		**2,962.37**			**2,150.88**		**811.49**		
2019-20	1,64,203	62,907.64	1,328.63	3,910.81	5,239.44	895.59	3,348.80	4,244.39	995.05	2.58	6.75
2020-21	1,67,652	63,104.13	1,678.21	4,993.37	6,671.58	932.48	4,024.96	4,957.44	1,714.14	2.95	7.85
2021-22	1,99,917	70,316.37	1,771.73	5,706.66	7,478.39	972.51	4,641.47	5,613.98	1,864.41	2.80	7.98
		3,60,198.78			**30,513.98**			**25,127.63**			

(Source: Figures from Ministry of Statistics and Program Implementation, State/UT Finance Accounts Vol-I and Appropriation Accounts 2016-17 to 2021-22)

Shortfall in utilisation of allotted funds ranged between three *per cent* and 26 *per cent* during the period 2016-2022. The trend of shortfall in utilisation of Health budget is depicted in **Chart 6.1**.

[1] Excluding Loans & Advances and Public Debt

Chart 6.1: Trend of shortfall in utilisation of Health budget during 2016-2022



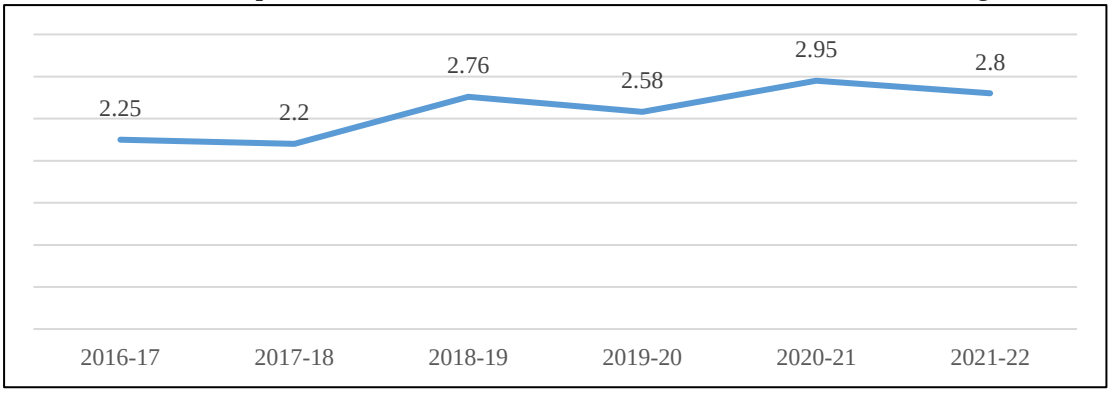
Shortfall in utilisation of funds has significantly increased from 2018-19 onwards as the Department failed to utilise available funds for Revenue and Capital expenditure as depicted in **Table 6.2**.

6.3 Funding target for Health sector

The National Health Policy, 2017 envisages increase of Government expenditure on health to 2.5 *per cent* of GDP by 2025 and increase of State sector health spending to more than eight *per cent* of the State budget by 2020. Audit noticed that:

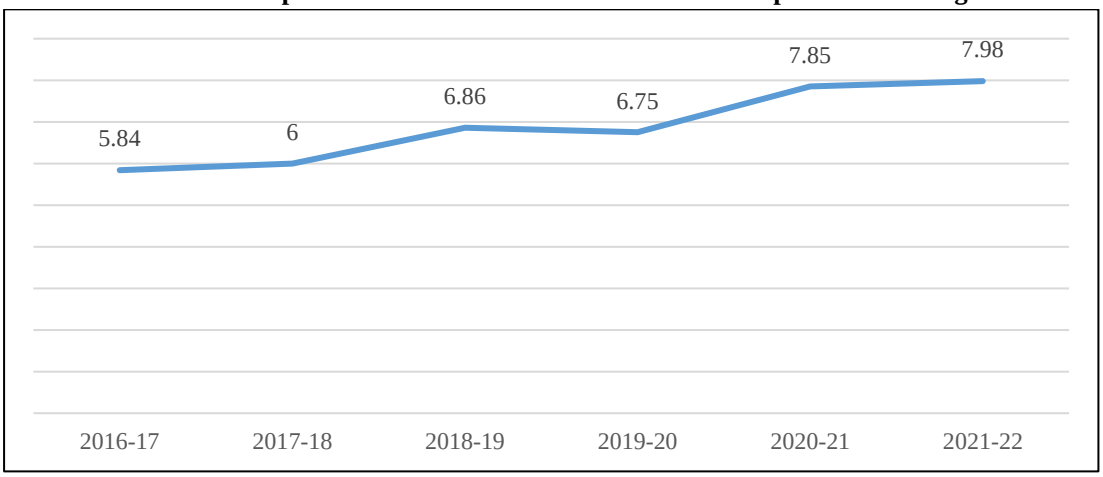
- The expenditure on Health sector to State/ UT GSDP had increased from 2.25 *per cent* in 2016-17 to 2.95 *per cent* in 2020-2021 but decreased to 2.80 *per cent* during 2021-22 as depicted in **Chart 6.2**.

Chart 6.2: Trend of expenditure on Health sector in the State/ UT *vis-a-vis* GSDP during 2016-2022



- Expenditure on Health sector *vis-a-vis* total expenditure of the State/UT Government had increased from 5.84 *per cent* in 2016-17 to 7.98 *per cent* in 2021-2022 as depicted in **Chart 6.3**.

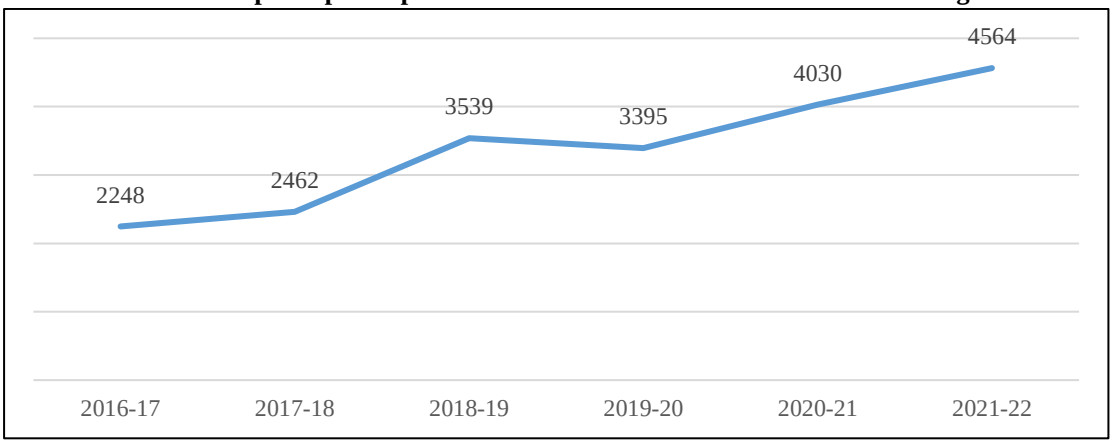
Chart 6.3: Trend of expenditure on Health sector *vis-a-vis* total expenditure during 2016-2022



Thus, there is still scope for the Government to increase expenditure on the Health sector.

Further, the per capita expenditure[2] in the Health sector increased from ₹ 2,248 in 2016-17 to ₹ 4,564 in 2021-22 as shown in **Chart 6.4**.

Chart 6.4: Trend of per capita expenditure in Health sector in the State/ UT during 2016-2022



(Source: J&K Government Appropriation Accounts for the years 2016-17 to 2021-22 and Census-2011)

Expenditure on different functions of the Government is either through Revenue expenditure or Capital expenditure. Revenue expenditure is that which has to be incurred for running of administration, maintenance of assets already created or meeting of pensionary and debt obligations of the Government. Capital expenditure, on the other hand, refers to activities which are undertaken as a result of implementation of pre-conceived plans.

Trend of expenditure under Revenue and Capital heads during 2016-2022 is given in **Table 6.2.**

[2] After taking into consideration the population of 1,25,41,302 for the erstwhile State of Jammu and Kashmir from 01.04.2016 to 30.10.2019 and 1,22,67,013 for UT of Jammu and Kashmir from 31.10.2019 to 31.03.2021 after excluding the population of UT of Ladakh (Census-2011)

Table 6.2: Expenditure incurred vis-a-vis Budget allotment under revenue and capital heads

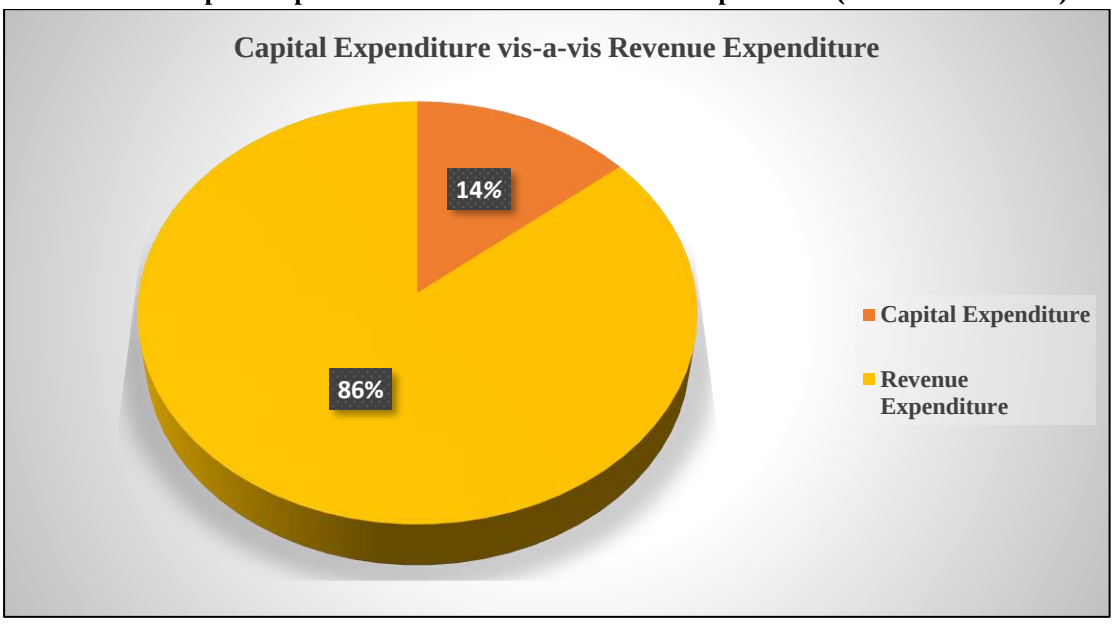
(₹ in crore)

Year	Revenue			Capital		
	Allotment	Expenditure	Shortfall percentage of expenditure against allotment	Allotment	Expenditure	Shortfall percentage of expenditure against allotment
2016-17	2,433.21	2,375.49	2	603.40	434.85	28
2017-18	2,715.73	2,567.13	5	793.01	510.58	36
2018-19	3,725.63	3,549.40	5	853.59	874.36	-
2019-20	4,385.69	3,699.07	16	853.75	545.33	36
2020-21	5,216.51	4,427.59	15	1,455.07	529.85	64
2021-22	5,907.72	4,977.19	16	1,570.67	636.79	59
Total	**24,384.49**	**21,595.87**		**6,129.49**	**3,531.76**	

(Source: J&K Government Appropriation Accounts for the years 2016-17 to 2021-22)

There was decline in utilisation of funds received under Capital heads during 2016-2022 except in 2018-19. Out of total expenditure of ₹ 25,127.63 crore incurred on Health during 2016-22, Revenue expenditure was ₹ 21,595.87 crore (86 *per cent*) while Capital expenditure was ₹ 3,531.76 crore (14 *per cent*) as indicated in **Chart 6.5**.

Chart 6.5: Capital Expenditure status *vis-a-vis* Revenue Expenditure (2016-17 to 2021-22)

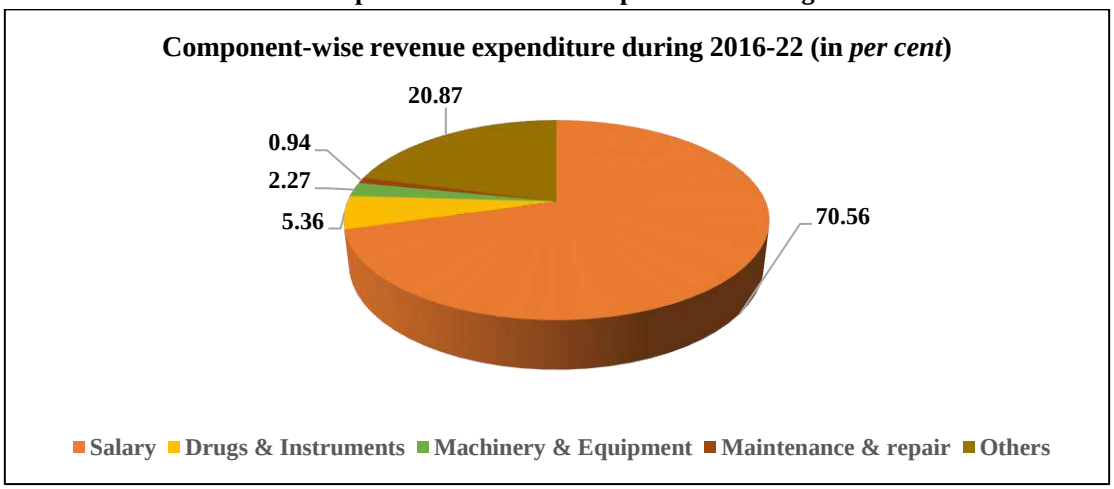


H&MED was not able to utilise Government funds due to shortage of manpower, inefficient procurement system in JKMSCL, delay in construction works etc. as discussed in **Chapters II, IV** and **V** of this report.

6.4 Component-wise revenue expenditure

The component-wise revenue expenditure incurred during 2016-2022 is given in **Chart 6.6**.

Chart 6.6: Component-wise revenue expenditure during 2016-2022



6.5 Allotment and Expenditure in selected Districts

Details of year-wise allotment of funds and expenditure incurred in the six sampled districts during 2016-22 are given in **Table 6.3**.

Table 6.3: Allotment and Expenditure in test-checked districts

(₹ in crore)

Year	Anantnag[3]		Ganderbal		Jammu		Kupwara		Ramban		Udhampur	
	B	E	B	E	B	E	B	E	B	E	B	E
2016-17	NA	NA	22.02	21.92 (100)	78.27	76.23 (97)	62.04	61.09 (98)	20.34	19.88 (98)	42.53	41.92 (99)
2017-18	NA	NA	23.01	22.91 (100)	82.68	74.23 (90)	83.87	77.44 (92)	18.44	17.90 (97)	43.34	41.28 (95)
2018-19	91.71	89.34 (97)	35.49	35.08 (99)	129.64	119.71 (92)	108.14	100.61 (93)	38.88	36.48 (94)	63.38	61.08 (96)
2019-20	72.43	55.02 (76)	41.51	31.67 (76)	49.81	47.39 (95)	109.21	85.47 (78)	31.74	23.16 (73)	66.57	57.39 (86)
2020-21	85.69	85.41 (100)	33.73	33.59 (100)	109.69	107.43 (98)	83.39	81.79 (98)	28.11	27.30 (97)	61.65	59.59 (97)
2021-22	96.22	95.75 (100)	38.08	37.69 (99)	130.68	126.51 (97)	94.49	91.16 (96)	37.50	29.55 (79)	75.97	69.21 (91)

(B: Budget; E: Expenditure)
(Source: Information furnished by concerned CMOs)
(Figures in bracket indicates percentage)

Utilisation of funds in the selected six districts was satisfactory and ranged between 73 *per cent* and 100 *per cent* during 2016-22.

[3] During the years 2016-17 and 2017-18, figures of budget and expenditure were not consolidated at district level in Anantnag District.

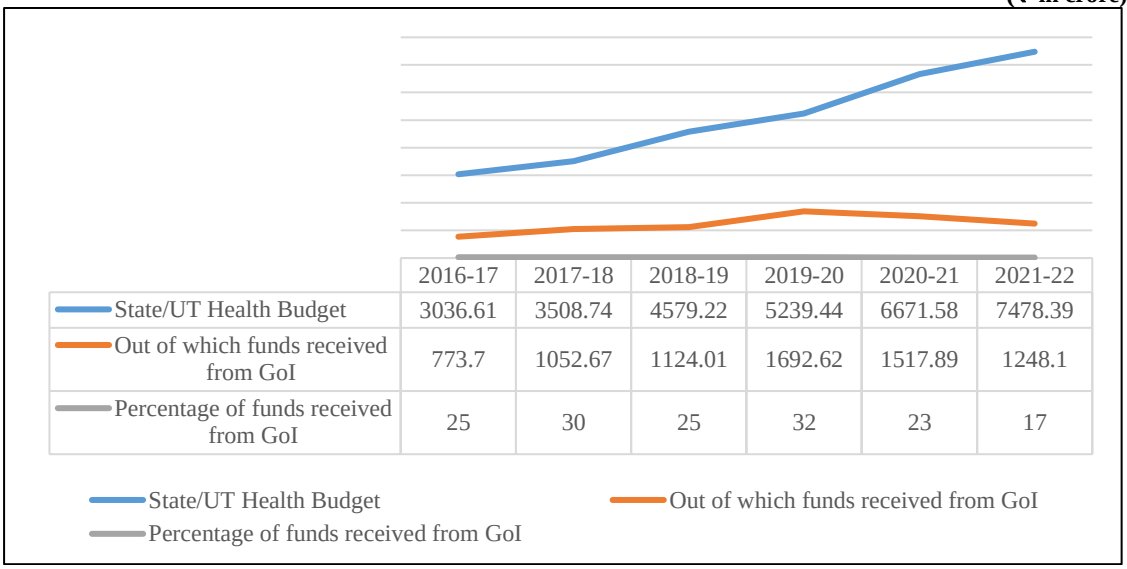
6.6 Funds received from GoI

Health being a State subject, the Central Government supplements the efforts of the State Governments in delivery of Health services mainly through Centrally Sponsored Schemes (CSSs) such as National Health Mission (NHM), National AYUSH Mission (NAM), Prime Minister's Development Package (PMDP) and Establishment of New Medical Colleges etc. Besides, National AIDS Control Programme (NACP), a Central Sector Scheme was also being implemented in the UT of J&K.

The percentage of funds received from GoI in comparison to the State/ UT Health budget ranged between 17 *per cent* and 32 *per cent* as shown in **Chart 6.7**.

Chart 6.7: Trend of percentage of State/ UT Health budget received from GoI

(₹ in crore)



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
State/UT Health Budget	3036.61	3508.74	4579.22	5239.44	6671.58	7478.39
Out of which funds received from GoI	773.7	1052.67	1124.01	1692.62	1517.89	1248.1
Percentage of funds received from GoI	25	30	25	32	23	17

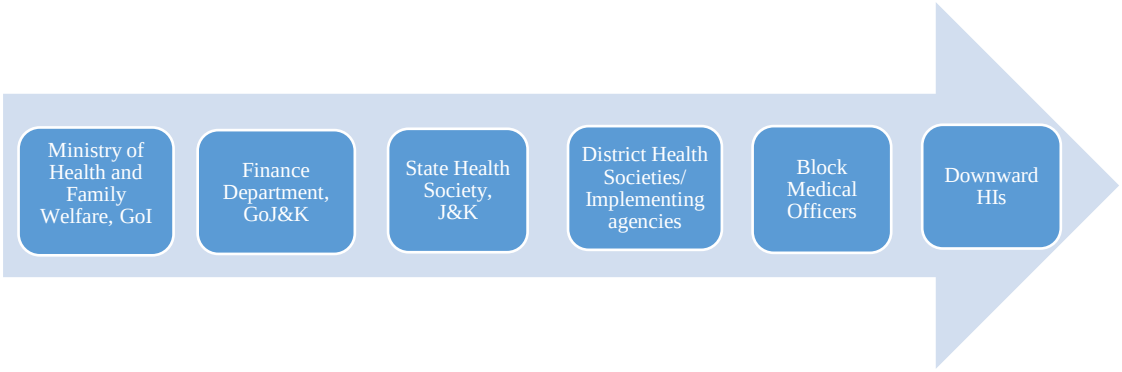
The percentage of funds received from GoI declined from 25 *per cent* in 2016-17 to 17 *per cent* in 2021-22.

The Director Finance, H&MED, J&K stated (December 2023) that in the interest of better patient care, developmental projects of non-recurring nature were approved under various Centrally Sponsored Schemes leading to increase in receipts from GoI. However, during the year 2021-22, less funds were received by the Department resulting in decline in the receipts.

6.6.1 Utilisation of funds under NHM

Among the CSSs, National Health Mission (NHM) is the flagship scheme of GoI to improve the overall Health status of the country by providing universal access to equitable, affordable, and quality healthcare services that are accountable and responsive to people's needs.

The funding pattern under the Mission was in the ratio of 90:10 between GoI and GoJ&K. The fund flow from GoI to Health Institutions (HIs) is as following:



Funds are released by GoI to the Finance Department of GoJ&K, which releases these funds to the State Health Society[4] (SHS) for further release to the HIs through District Health Societies and Block Medical Officers. The position of funds available and expenditure incurred under the Mission during 2016-2022 is given in **Table 6.4**.

Table 6.4: Funds available and expenditure incurred under NHM during 2016-2022

(₹ in crore)

Year	Opening balance	Release by GoI	State share	Total funds available	Expenditure *per cent*	Closing balance
2016-17	132.86	366.94	42.95	542.75	422.91 (78)	119.84
2017-18	119.84	440.96	54.69	615.49	432.86 (70)	182.63
2018-19	182.63	466.62	22.50	671.75	485.21 (72)	186.54
2019-20	186.54	641.05	99.60	927.19	737.15 (80)	190.04
2020-21	190.04	609.64	51.75	851.43	648.62 (76)	202.81
2021-22	202.81	668.93	102.98	974.72	865.49 (89)	109.23
Total		**3,194.14**	**374.47**		**3,592.24**	

(Source: Data furnished by NHM, J&K)

Audit noticed that funds ranging between 70 *per cent* and 89 *per cent* were utilised during 2016-2022. However, due to non-spending of the allotted funds, the closing balances increased from ₹ 119.84 crore in March 2017 to ₹ 202.81 crore in March 2021. The same, however, decreased to ₹ 109.23 crore ending March 2022 after incurring an expenditure of ₹ 865.49 crore during 2021-22.

The Mission Director, NHM, J&K stated (December 2022) that release of funds by the GoI/ GoJ&K at the fag end of the financial year had resulted in low utilisation of funds.

With effect from 1st July 2021, the revised procedure for release of funds under CSSs, including for National Health Mission, and monitoring utilisation of the funds released as stipulated by the Department of Expenditure, Ministry of Finance envisages that the entire unspent amount was required to be remitted by all implementing agencies to a Single Nodal Account (SNA). The Department, however, failed to provide the related documents in the absence of which Audit could not ascertain the actual amount remitted to the SNA. The Financial Advisor and CAO, NHM, J&K stated (September 2023) that preparation of details of the remittance of

[4] Responsible for implementation of the Mission in the State/ UT through Governing Body and Executive Committee.

unspent balances to SNA account is a time consuming process and some time was needed to share data.

6.6.1.1 Budget allocation and expenditure under National Health Mission

There was wide variation in the Budget provision and actual expenditure under NHM during 2016-17 to 2021-22. Important components under NHM with high variations in Budget provision and actual expenditure are shown in **Table 6.5**.

Table 6.5: Budget allocation and Expenditure on important components under NHM

Name of the scheme	Total allotment for 2016-17 to 2021-22 (₹ in crore)	Total expenditure for 2016-17 to 2021-22 (₹ in crore)	Percentage of total expenditure to allotment	Percentage utilisation					
				2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Reproductive, Maternal, Newborn Child Health plus Adolescent Health	1,065.38	645.05	61	81	67	66	73	40	42
Routine Immunisation and Integrated Pulse Polio Immunisation	72.64	39.25	54	54	54	77	65	46	37
Health System Strengthening under NRHM	2,872.71	1,714.68	60	67	58	65	59	54	61
National Vector Borne Disease Control Programme	5.82	3.07	53	92	61	42	54	44	31
Revised National Tuberculosis Control Programme	112.71	73.58	65	44	47	71	61	76	90
National Leprosy Elimination Control Programme	4.55	3.65	80	34	43	253	144	60	45
Integrated Disease Surveillance Programme	21.66	16.72	77	71	90	1,322	40	143	86

(Source: State Programme Implementation Plan and Financial Management Reports)

As can be seen from the **Table 6.5**, the percentage utilisation of funds varied across the years during 2016-17 to 2021-22 as mentioned below:

- In case of Reproductive, Maternal, Newborn Child Health plus Adolescent Health, out of the allotment of ₹ 1,065.38 crore, only ₹ 645.05 crore (61 *per cent*) was utilised.

- In case of Routine Immunisation and Integrated Pulse Polio Immunisation, the percentage of expenditure against allotment ranged between 37 and 77 *per cent*.

- Allotment for the Health System Strengthening under NRHM, was increased from ₹ 164.05 crore in the year 2016-17 to ₹ 697.92 crore in the year 2021-22 but utilisation of funds was only 61 *per cent* during 2021-22.

- In case of National Vector Borne Disease Control Programme and Revised National Tuberculosis Control Programme, utilisation of funds was only 53 *per cent* and 65 *per cent* respectively.

- There was wide variation in utilisation of funds under National Leprosy Elimination Control Programme during 2016-17 to 2020-21. Utilisation of funds was 34 *per cent* in 2016-17 and 253 *per cent* in 2018-19. Similarly, in respect of Integrated Disease Surveillance Programme, utilisation of funds was 1,322 *per cent* in 2018-19 and 40 *per cent* in 2019-20. The Financial Advisor and CAO, NHM, J&K stated (December 2023) that the expenditure was made on the approved activities out of the committed unspent balance of the last financial year(s).

6.6.1.2 Delay in release of funds received under NHM

Funds of ₹ 2,410.86 crore released by the GoI, Ministry of Health and Family Welfare (MoH&FW) to GoJ&K during 2016-17 to 2020-21 were not released by the Finance Department to State Health Society within the stipulated period of 15 days. Delay in release of funds ranged between 10 days and 615 days.

The Financial Advisor and CAO, NHM, J&K stated (July 2022) that after fulfilment of procedural formalities and availability of liquidity with the Finance Department, State Health Society receives the NHM funds from the J&K Government. However, some times the Ministry of Health and Family Welfare, GoI releases funds to the State Health Society at the fag end of the financial year due to which GoJ&K would not be able to release the funds during the financial year for which it was sanctioned.

6.6.1.3 Utilisation Certificates awaited

For implementation of various programmes of NHM, ₹ 39.21 crore was transferred by Principal, Government Medical College (GMC), Jammu and ₹ 5.18 crore by the

Principal, GMC, Srinagar to various HIs/ Departments[5] during 2016-2021. However, detailed accounts and Utilisation Certificates in respect of these funds were not obtained (September 2023) from the concerned HIs/ Departments to ascertain whether funds were utilised for the intended purposes of the programmes.

6.6.1.4 Non-utilisation of funds under Ayushman Bharat-Health and Wellness Centres

The National Health Policy, 2017 recommended strengthening delivery of primary healthcare through establishment of Health and Wellness Centres (AB-HWCs) as the platform to deliver comprehensive primary healthcare. For primary healthcare to be comprehensive, it needs to span preventive, promotive, curative, rehabilitative and palliative aspect of care. The GoI announced (February 2018) creation of HWCs by transforming existing Sub-Health Centres and Primary Health Centres.

The position of funds available and expenditure incurred under AB-HWCs during the period 2018-22 is given in **Table 6.6**.

Table 6.6: Funds available and expenditure incurred under AB-HWCs in J&K during 2018-22

(₹ in crore)

Year	Opening Balance	Funds released during the year	Total funds available during the year	Expenditure incurred during the year (*per cent*)	Closing Balance
2018-19	0.00	21.52	21.52	5.89 (27)	15.63
2019-20	15.63	26.69	42.32	20.19 (48)	22.13
2020-21	22.13	4.68	26.81	7.89 (29)	18.92
2021-22	18.92	8.08	27.00	9.97 (37)	17.03

(Source: Figures furnished by the SHS, NHM)

- Utilisation of funds ranged between 27 *per cent* and 48 *per cent* during the period 2018-2022 with the result the closing balance increased from ₹ 15.63 crore in March 2019 to ₹ 17.03 crore in March 2022.
- The unspent balances in the six selected Districts ranged between 05 *per cent* and 48 *per cent* during 2018-2022. As a result, there were deficiencies in providing healthcare services and civil infrastructure in the Health and Wellness Centres as discussed in **Chapter V** of this report.

6.6.2 National AIDS Control Programme

For checking spread of HIV[6]/AIDS[7], National AIDS Control Programme (NACP) is implemented in the State/ UT of J&K by J&K AIDS Control Society (JKACS) with the help of H&MED, other Government departments, Non-Government Organisations (NGOs), civil society etc. The programme is 100 *per cent* funded by GoI.

[5] SMGS Hospital Jammu; SSH Jammu; GMCH Jammu and HODs, Lalla Ded Hospital Srinagar, G.B.Pant Hospital Srinagar, SMHS Hospital, Srinagar and Bone & Joint Hospital, Srinagar

[6] Human Immunodeficiency Virus

[7] Acquired Immuno Deficiency Syndrome

The position of funds received under NACP and expenditure incurred thereagainst in the State/ UT during 2016-22 is given in **Table 6.7**.

Table 6.7: Funds received under NACP and expenditure incurred thereagainst during 2016-2022

(₹ in crore)

Year	Opening balance	Funds received during the year including interest	Total funds available	Expenditure during the year (*per cent*)	Closing balance
2016-17	0.06	8.00	8.06	6.80 (84)	1.26
2017-18	1.26	8.01	9.27	7.15 (77)	2.12
2018-19	2.12	8.64	10.76	10.01 (93)	0.75
2019-20	0.75	12.09	12.84	10.48 (82)	2.36
2020-21	2.36	14.57	16.93	11.78 (70)	5.15
2021-22	5.15	17.33	22.48	15.06 (67)	7.42

(Source: Information furnished by J&K AIDS Control Society)

As indicated in the **Table 6.7**, utilisation of funds by JKACS had declined from 84 *per cent* in 2016-17 to 67 *per cent* in 2021-22 with the result that the closing balance increased by about six times as of March 2022 as compared to March 2017. Non-utilisation of funds resulted in non-achievement of targets of activities under Information, Education and Communication (IEC) as depicted in Chapter VII of this report.

On being pointed out, the Assistant Director (F), JKACS stated (September 2023) that during COVID-19 period the funds utilised were below the estimated expenditure for the financial years 2020-21 and 2021-22. It was further stated that the expenditure was booked only after the submission of Red account[8]/ Utilisation Certificates by the District authorities and other agencies after the close of the financial year due to which there were unutilised funds at the end of the financial year.

6.6.3 National AYUSH Mission

Government of India (GoI) launched National AYUSH Mission (NAM) during 12th Plan to promote AYUSH medical system in States/ UTs. Under NAM, financial assistance is being provided by Ministry of AYUSH (MoA) to the State/ UT Governments for promotion of AYUSH healthcare facilities as per proposals made in the State Annual Action Plan (SAAP). MoA sanctions AYUSH funds on the basis of SAAPs submitted to it by GoJ&K which releases funds to the Directorate of AYUSH (DoA) for implementation of NAM in the State/ UT.

6.6.3.1 Receipt and utilisation of funds under NAM

During 2016-22, funds of ₹ 94.37 crore were approved by GoI as per the SAAP. Keeping in view the funding pattern of 90:10, GoI released ₹ 83.45 crore to GoJ&K out of due share of ₹ 84.93 crore. GoJ&K released ₹ 8.62 crore to DoA out of due share of ₹ 9.44 crore. Out of ₹ 83.45 crore released by GoI, GoJ&K released ₹ 79.85 crore to DoA during 2016-22.

[8] Detailed Contingent bills

Position of Central funds/ State share released by GoJ&K under NAM and expenditure incurred thereagainst by Directorate of AYUSH during 2016-2022 is given in **Table 6.8**.

Table 6.8: Position of funds released and expenditure incurred under NAM during 2016-22

(₹ in crore)

Year	Opening Balance	Funds received		Interest earned	Total availability	Expenditure incurred	Unspent balance (percentage of unspent balance to total availability)
		Central Share	State/UT Share				
2016-17	2.47[9]	7.08	0.00	0.00	9.55	0.55	9.00 (94)
2017-18	9.00	0.85	0.00	0.00	9.85	4.46	5.39 (55)
2018-19	5.39	16.06	0.00	0.00	21.45	6.67	14.78 (69)
2019-20	14.78	18.93	0.00	0.00	33.71	14.21	19.50 (58)
2020-21	19.50	9.63	0.39	0.46	29.98	18.89	11.09 (37)
2021-22	11.09	27.30	8.23	0.42	47.04	34.18	12.86 (27)
		79.85	**8.62**	**0.88**		**78.96**	

(Source: Figures furnished by the Directorate of AYUSH)

DoA was able to utilise ₹ 78.96 crore (86 *per cent*) of available funds of ₹ 91.82 crore[10]. There was, however, improvement in utilisation of funds from during 2019-22.

The GoI released funds to the State/ UT Government under NAM for approved activity of a particular year. The funds were required to be further released by the State/ UT Government within 15 days of receipt of funds from GoI.

Audit observed that after receipt of Central funds, GoJ&K had released the funds to DoA with delays[11] as detailed in **Table 6.9.**

Table 6.9: Delay in release of Central funds by GoJ&K

Delay (range in days)	Amount ₹ in crore
1-50	18.32
51-100	28.02
101-150	23.95
151-200	9.08
201 and above	0.48
Total	**79.85**

(Source: Information furnished by DoA)

Audit further noticed that in one case GoJ&K had released funds after 1,329 days of receipt of funds from GoI.

[9] Includes revalidated funds of ₹ 0.46 crore

[10] OB: ₹ 2.47 crore +CS: ₹ 79.85 crore + SS: ₹ 8.62 crore + Interest: ₹ 0.88 crore

[11] The days were calculated after excluding 15 days

The Chief Accounts Officer, Directorate of AYUSH, J&K stated (January 2025) that owing to procedural delay at higher authority level, the funds could not be released to SNA in time. Further, due to revised procedure, the flow of funds under NAM has improved.

6.6.4 Submission of wrong Utilisation Certificate

The Ministry of Health and Family Welfare, GoI sanctioned (January 2017) ₹ 13 crore for establishment of 'Modern Drug and Food Testing Laboratory at Lakhanpur, Kathua' under CSS 'Strengthening of State Drug Regulatory System'. The amount of ₹ 13 crore was released (January 2018) by H&MED at the fag end of the year in favour of Controller, Drug and Food Control Organisation, J&K after a delay of about one year. Due to non-utilisation of the sanctioned funds, ₹ 13 crore was revalidated (August 2018) by H&MED in favour of Controller, Drug and Food Control Organisation, J&K. Audit noticed that the latter had submitted (January 2019) Utilisation Certificate for ₹ 11.26 crore out of ₹ 13 crore to GoI well before accord of sanction (March 2019) by H&MED for advance drawal of ₹ 13 crore for establishment of 'Modern Drug and Food Testing Laboratory at Lakhanpur, Kathua'. The UC in January 2019 was furnished in anticipation of incurring of expenditure only to seek further funding under the project.

The State Drugs Controller, Drug and Food Control Organisation Jammu and Kashmir stated (January 2025) that the latest and corrected Utilisation Certificate stands submitted to the competent authority in January 2024.

6.6.5 Non-utilisation of funds

- The funds received for various schemes/programmes were either utilised partially or not utilised at all in GMC, Jammu. The unutilised funds were kept under fixed deposits for years together with a view to earn interest instead of utilising these for medical/ patient care services. An amount of ₹ 8.15 crore [including ₹ 1.75 crore pertaining to National Cancer Control Programme (NCCP) launched by the GoI in March 2008] was kept under fixed deposits as of September 2022. The Department could not furnish details of schemes/ programmes to which the remaining ₹ 6.40 crore pertained as no related records were maintained.

- In compliance to the sanction accorded (March 2020) by the H&MED for acquisition of land for 'Establishment of Medi-city at Vijaypur, District Samba' under Capex Budget 2019-20, the Director Health Services (DHS), Jammu credited (March 2020) ₹ 4.75 crore to Deposit Head and withdrew (March 2020) ₹ 2.76 crore as advance drawal for acquisition of 83 *kanals* of land belonging to J&K Evacuees' Property Department. The amount of ₹ 2.76 crore was kept in the current bank account of DHS, Jammu. Audit observed that due to non-acquisition of land the whole amount of ₹ 7.51 crore (₹ 4.75 crore + ₹ 2.76 crore) had remained unutilised (January 2023). Moreover, parking of ₹ 2.76 crore outside the exchequer in bank

account since March 2020 has a commensurate impact on the liquidity of the State/ UT.

On being pointed out by Audit, the Director Health Services, Jammu stated (October 2023) that ₹ 2.76 crore has been transferred (May 2023) into revenue account of the Government. It was further stated that the balance ₹ 4.75 crore remained kept in Civil Deposits in the absence of any directions from the Administrative Department for its utilisation.

- An amount of ₹ 5.21 crore was released (August 2015) under CSS 'Upgradation/Strengthening of State Nursing Services' to DHS Jammu for procurement of transport, lab equipment, AV aids, books, computer lab and furniture for four[12] ANM/ GNM schools. As these funds were not utilised during 2015-16, they were revalidated and again released to DHS Jammu in February 2017. Out of ₹ 5.21 crore, an expenditure of ₹ 1.08 crore was incurred by DHS, Jammu for procurement of lab equipment, furniture etc. Funds of ₹ 0.36 crore were placed at the disposal of four[13] CMOs concerned for procurement of petty items[14]. The Utilisation Certificates, however, were awaited (December 2023) from four CMOs. Besides, ₹ 0.61 crore was transferred to JKMSCL for procurement of lab items and ₹ 0.28 crore paid to SICOP against the bills of furniture. An amount of ₹ 2.68 crore was lying in the current bank account of DHS Jammu for over five years and details of ₹ 0.20 crore could not be ascertained during audit. Failure of the DHS Jammu to utilise available funds of ₹ 2.68 crore defeated the purpose for which the funds were released.

The Director Health Services, Jammu stated (October 2023) that ₹ 2.40 crore out of ₹ 2.68 crore has been transferred (May 2023) into revenue account of the Government and ₹ 0.28 crore retained being the liability created by CMO Kathua for purchase of furniture for GNM Kathua.

The Chief Accounts Officer, Directorate of Health Services Jammu stated (January 2025) that ₹ 0.28 crore have been remitted into Govt. account in January 2025.

6.6.6 Non-submission of Utilisation Certificates

JKMSCL received funds from HoDs of indenting departments as well as from H&MED for procurement and supply of the drugs/instruments and machinery/ equipment. JKMSCL was required to furnish UCs in respect of these funds to the HoDs concerned within 12 months of closure of the financial year in terms of Rule 238 (1) of GFR 2017. Audit observed that out of ₹ 1,550.78 crore received during 2019-22, UCs for only ₹ 762.88 crore (49 *per cent*) were submitted to H&MED.

[12] ANM Kishtwar (₹ 84.90 lakh), ANM Ramban (₹ 84.90 lakh), GNM Jammu (₹ 175.75 lakh) and GNM Udhampur (₹ 175.75 lakh)
[13] Jammu, Kishtwar, Ramban and Udhampur
[14] Books, AV aids, teaching material, mannequins etc.

UCs in respect of the funds received directly from the HoDs could not be reviewed in absence of complete records.

The Financial Advisor/ CAO JKMSCL stated (January 2025) that Utilisation Certificates amounting to ₹ 922.88 crore have been submitted to the concerned DDOs.

Non-submission of UCs in time indicated poor financial control.

6.7 Conclusion

There was shortfall in utilisation of allotted funds ranging between three *per cent* and 26 *per cent* against the budget allocated by GoJ&K on the Health sector during 2016-17 to 2021-22. The Government spending on the Health sector increased from 5.84 *per cent* of total expenditure in 2016-17 to 7.98 *per cent* in 2021-22. Expenditure on the healthcare sector was highly skewed in favour of Revenue expenditure with a smaller proportion of Capital expenditure. GoJ&K released funds to the State Health Society with delays. Funds were lying unutilised outside Government account in contravention of codal provisions.

6.8 Recommendations

In the light of the audit findings, GoJ&K may consider:

- ***Ensuring timely release of funds so that they are fully utilised to ensure availability of quality healthcare infrastructure and services to the people of the UT;***
- ***Reviewing the healthcare ecosystem in the UT to identify the constraints/ factors adversely impacting the absorptive capacity of funds and make concerted efforts for their resolution;***
- ***Releasing funds to the State/UT Health Society well in time for effective utilisation of the funds in programme implementation; and***
- ***Ensuring deposit of Government money lying outside Government account into the Consolidated Fund of the UT for its optimum utilisation.***
- ***Rigorous monitoring of expenditure to ensure that funds allotted are spent fully for intended purposes.***

CHAPTER-VII

IMPLEMENTATION OF CENTRALLY SPONSORED SCHEMES

CHAPTER-VII

Implementation of Centrally Sponsored Schemes

7.1 Introduction

Health being a State/ UT subject, the Central Government supplements the efforts of the State/ UT Governments in delivery of health services through various schemes of primary, secondary and tertiary care. The findings with respect to audit of implementation of Centrally Sponsored Schemes in the UT of J&K are discussed in the succeeding paragraphs

7.2 National Health Mission

Observations noticed during review of various components of NHM programme are discussed in the succeeding paragraphs.

7.2.1 Janani Suraksha Yojana (JSY)

Janani Suraksha Yojana (JSY) is a safe motherhood intervention under NHM being implemented with the objective of reducing maternal and neo-natal mortality by promoting institutional delivery. The scheme integrates cash assistance with delivery and post-delivery care. Janani Surakhsha Yojana (JSY) provides all pregnant women with a cash compensation of ₹ 1,400 in rural areas and ₹ 1,000 in urban areas.

The position of institutional deliveries and compensation provided to the beneficiaries during the period 2016-2022 in the UT of J&K is given in **Table 7.1**.

Table 7.1: Institutional/ home deliveries and compensation provided to beneficiaries in the State/ UT under JSY during 2016-2022

Year	Number of pregnant women registered	Total number of deliveries	Institutional deliveries (*per cent*)	Beneficiaries provided incentive under JSY (*per cent*)
2016-17	1,25,265	2,00,503[1]	1,85,440 (92)	1,23,181 (66)
2017-18	3,99,020	1,92,896	1,81,006 (94)	1,23,518 (68)
2018-19	3,98,421	1,96,921	1,86,614 (95)	1,36,364 (73)
2019-20	3,57,609	1,93,420	1,83,035 (95)	1,20,433 (66)
2020-21	3,71,639	1,77,960	1,66,338 (93)	1,00,267 (60)
2021-22	3,20,015	1,90,190	1,80,625 (95)	1,02,000 (56)

(Source: Figures furnished by the State Health Society)

Audit noticed that percentage of institutional deliveries remained in the range of 92 and 95 *per cent* during 2016-2022. However, cash compensation was provided to beneficiaries ranging between 56 *per cent* and 73 *per cent* of institutional deliveries. Poor coverage in providing incentive under JSY defeated the purpose of the mission to promote safe institutional deliveries.

[1] Figures include private as well as home deliveries.

The Financial Advisor and CAO NHM, J&K stated (December 2023) that only those mothers were being paid incentive who were registered on Reproductive and Child Health (RCH) online portal and have Aadhaar seeded bank account, which is a must for DBT mode. Some of the beneficiaries either had non-functional bank account or did not claim JSY incentive.

In respect of the six test checked Districts[2], the position regarding institutional deliveries and incentives provided under JSY is given in **Table 7.2**.

Table 7.2: Institutional deliveries and compensation provided to beneficiaries in selected Districts under JSY during 2016-2022

Year	Number of pregnant women registered	Total number of deliveries	Institutional deliveries (*per cent*)	Beneficiaries provided incentives under JSY
2016-17	96,754	52,353	48,306 (92)	47,206
2017-18	93,312	48,406	45,075 (93)	44,215
2018-19	89,083	49,739	46,967 (94)	47,709
2019-20	72,867	44,057	41,343 (94)	41,273
2020-21	72,074	39,959	36,713 (92)	36,686
2021-22	71,066	43,033	40,394 (94)	34,038
Total		**2,77,547**	**2,58,798 (93)**	**2,51,127 (97)**

(Source: Records of Chief Medical Officers of the selected Districts)

Institutional deliveries in the six selected Districts were about 93 *per cent* and 97 *per cent* beneficiaries were provided incentives during 2016-2022 against institutional deliveries.

7.2.2 Maternal and Infant mortality

The objective of NHM was to reduce the maternal and infant mortality rate. The position of maternal and infant deaths in the State/ UT during 2016-2022 is given in **Table 7.3**.

Table 7.3: Maternal and infant deaths in the State/ UT during 2016-2022

Year	Number of deaths	
	Maternal	Infants
2016-17	132	2,288
2017-18	99	2,375
2018-19	82	2,358
2019-20	97	2,486
2020-21	93	1,504
2021-22	84	2,108

(Source: Figures furnished by the State/UT Health Society)

The data in **Table 7.3** indicates that maternal mortality and infant mortality had decreased from 132 to 84 and 2,288 to 2,108 respectively during 2016-22.

[2] Anantnag, Ganderbal, Jammu, Kupwara, Ramban and Udhampur.

In the six sampled Districts, maternal deaths declined from 31 to 23 during 2016-21 and again increased to 31 during 2021-22 whereas infant deaths declined from 234 to 76 during 2016-2022.

7.2.3 Janani Shishu Suraksha Karyakram

Janani Shishu Suraksha Karyakram (JSSK) is an initiative to assure free services to all pregnant women and sick new-born accessing public health institutions. The scheme envisages free and cashless services to pregnant women including normal deliveries, Caesarean operations and also treatment of sick newborns (up to 30 days after birth) in all Government health institutions.

The targets in respect of deliveries to be benefitted and treatment of sick newborns and actual achievements in this regard in the State/ UT during the period 2016-2022 are given in **Table 7.4**.

Table 7.4: Achievements against targets for deliveries to be benefitted and treatment of sick newborns in the State/ UT during 2016-2022

Year	Targets for deliveries to be benefitted and actual achievements		Targets for sick newborns to be treated and actual achievement	
	Targets	Achievements (*per cent*)	Targets	Achievements (*per cent*)
2016-17	1,87,800	1,68,317 (90)	45,962	44,775 (97)
2017-18	1,87,800	1,65,163 (88)	45,962	51,742 (113)
2018-19	1,87,800	1,69,621 (90)	45,962	47,568 (103)
2019-20	1,87,800	1,62,110 (86)	45,960	51,798 (113)
2020-21	1,87,800	1,44,524 (77)	45,960	37,870 (82)
2021-22	1,72,000	1,63,247 (95)	45,111	48,141 (107)

(Source: Figures furnished by State Health Society)

The data in **Table 7.4** indicates that targets fixed for deliveries to be benefitted and sick newborns to be treated remained almost unchanged during 2016-2021 but achievements in respect of targets for deliveries to be benefitted declined from 90 to 77 *per cent*. The achievement increased to 95 *per cent* in 2021-22. The achievement against the targets in respect of sick new-borns to be treated was more than the targets fixed in four years (2017-18 to 2019-20 and 2021-22).

The Director (P and S) State Health Society, J&K stated (September 2023) that the achievement is based on the actual number of deliveries conducted at public health facilities. It was further stated that the targets were reduced because of exclusion of UT of Ladakh.

In five out of the six sampled Districts, during 2016-22, the achievement in respect of deliveries benefitted decreased from 81 to 76 *per cent* whereas in respect of Ganderbal District, no targets were fixed for deliveries to be benefitted during 2016-21. However, there was 92 *per cent* achievement against targets fixed for 2021-22. Similarly, out of

the six sampled Districts, no targets were fixed in three[3] Districts for treatment of sick new-born. In the remaining three[4] Districts the achievement in respect of treatment of sick new-born ranged between 47 and 81 *per cent* during 2016-22.

JSSK guidelines provide for availability of 39 essential drugs and 26 essential consumables for postnatal and intra-partum period in respect of C-section deliveries.

Audit observed that there was shortage in availability of essential drugs and consumables ranging between 28 *per cent* and 79 *per cent* in respect of drugs and 23 *per cent* and 73 *per cent* in respect of consumables in six selected DHs during 2016-21. The maximum shortage of 79 *per cent* drugs and 73 *per cent* consumables was observed in DH Handwara.

7.2.4 Immunisation

Immunisation Programme is one of the key interventions for protection of children from life threatening conditions which are preventable. Immunisation Programme in India was introduced in 1978 as Expanded Programme of Immunisation (EPI) and in 1985 it was expanded as Universal Immunisation Programme (UIP). The Immunisation activities have been an important component of National Reproductive and Child Health Programme under NHM. Under the Programme, vaccination is provided to prevent 11 vaccine preventable diseases such as Diphtheria, Pertussis, Tetanus, Polio, Measles, severe form of Childhood Tuberculosis, Hepatitis B, Meningitis, Pneumonia caused by Haemophilus Influenza type B, Rubella and Rotavirus Diarrhoea.

Details of vaccines provided under UIP for prevention of different diseases are given in **Table 7.5**.

Table 7.5: Details of vaccines administered for different diseases

Name of vaccine	Administered to
Bacillus Calmette- Guerin (BCG)	Protect the infants from tubercular meningitis and disseminated Tuberculosis
Oral Polio Vaccine (OPV)	Protect children from Poliomylitis.
Pentavalent Vaccine (PV)	Protect children from five diseases (Diphtheria, Pertussis, Haemophilis Influenza, Type B infection and Hepatitis B).
Fractional Inactivated Poliomylitis Vaccine (fIPV)	Boost protection against Poliomylitis.
Hepatitis-B (Hep-B)	Protect from Hepatitis B virus infection
Diphtheria, Pertussis and Tetanus (DPT) booster	Protect children from Diphtheria, Tetanus and Pertussis.
Measles Rubella (MR) Vaccine	Protect children from Measles and Rubella infection.
Tetanus and adult Diphtheria (TT/ Td)	Boost immunity against Diphtheria in adolescents at 10 and 16 years of age.
Rotavirus Vaccine (RVV)	Protect infants and children from Rotavirus Diarrhoea.

(Source: National Health Portal of India)

[3] Jammu, Kupwara and Anantnag
[4] Ganderbal, Ramban and Udhampur

Audit noticed that against target of 13,49,948 doses each for BCG, OPV, PV, IPV, Hep-B, DPT-B, and Measles, the achievement had ranged between 71 *per cent* and 94 *per cent* whereas the achievement in respect of DPT-5, TT-10 and TT-16 was 64, 56 and 40 *per cent* respectively during 2016-2022 as detailed in **Table 7.6**.

Table 7.6: Targets and achievements in respect of immunisation during 2016-22

Name of the vaccine	Targets	Achievements	Percentage achievement
BCG	13,49,948	11,63,547	86
OPV	13,49,948	11,03,997	82
PV	13,49,948	12,66,294	94
IPV	13,49,948	11,82,179	88
Hep-B	13,49,948	9,65,036	71
DPT-B	13,49,948	11,89,786	88
Measles	13,49,948	12,27,857	91
DPT-5	16,29,913	10,41,292	64
TT-10	15,44,128	8,70,332	56
TT-16	17,15,698	6,83,410	40

(Source: Information furnished by the Directorate of Family Welfare, MCH and Immunisation, J&K)

The lowest achievement was in respect of providing doses of TT-16 and highest in respect of PV. Further, the average achievement in respect of Rotavirus Vaccine was 64 *per cent* during 2019-22.

In five out of the six selected Districts (in Ramban District targets were not recorded) Audit observed that:

- BCG, OPV, PV, IPV, DPT-B and Measles were administered in excess of targets fixed during 2016-2022.
- Achievement in respect of Hep-B, DPT-5, TT-10 and TT-16 was 92, 89, 58 and 43 *per cent* respectively during 2016-2022.
- The Rotavirus Vaccine was also administered in excess of targets fixed during 2019-22.

Vitamin A is an important micronutrient for maintaining normal growth, regulating cellular proliferation and differentiation, controlling development and maintaining visual and reproductive functions. Vitamin A with two mega doses each year for children between nine months to five years of age was required to be provided. Audit observed that:

i) There was 12 *per cent* increase in administering Vitamin-A to children during 2016-2021. However, it had declined by eight *per cent* during 2021-22 with the result that there was shortfall of 20 *per cent* in achieving the target fixed for the year 2021-22.

ii) In five out of the six selected Districts (in Ramban District targets were not recorded) there was shortfall ranging between one *per cent* and 12 *per cent* against targets fixed during 2016-2022.

The Financial Advisor and CAO NHM, J&K stated (December 2023) that due to non-availability of rate contract of Vitamin A with JKMSCL, the procurement of Vitamin A got delayed.

7.2.5 Family Planning

The National Family Planning Programme aims to provide eligible couples with information and guidance on family planning methods and services available, to ensure individuals and couples lead a healthy, happy and prosperous life. Methods of contraception include oral contraceptive pills, implants, injectables, intra uterine devices, condoms, male and female sterilisation etc. Permanent methods of family planning are female sterilisation (Tubectomy or Tubal ligation) and male sterilisation (Vasectomy).

Targets in respect of male/ female sterilisation set for the years 2016-17 to 2021-22 and achievements thereagainst are given in **Table 7.7**.

Table 7.7: Achievement against targets for male/ female sterilisation during 2016-2022

Year	Male Sterilisation (Vasectomy)		Female Sterilisation (Tubectomy/ Laparoscopy)	
	Target	Achievement	Target	Achievement
2016-17	6,015	437 (7)	24,060	13,102 (54)
2017-18	6,348	340 (5)	25,394	10,479 (41)
2018-19	6,532	361 (6)	26,127	9,616 (37)
2019-20	397	271 (68)	10,577	7,667 (72)
2020-21	397	99 (25)	10,577	5,976 (56)
2021-22	397	122 (31)	24,810	8,774 (35)

(Source: Figures furnished by State Health Society)

Percentage achievement under Vasectomy was very poor ranging between five *per cent* and seven *per cent* during 2016-19. However, the percentage achievement under Vasectomy was improved during the period 2019-22 and ranged between 25 *per cent* and 68 *per cent*. Similarly, in respect of Tubectomy, percentage achievement increased from 54 *per cent* to *72 per cent* during 2016-20 and thereafter decreased to 35 *per cent* during 2021-22. Audit observed that H&MED significantly reduced the targets for 2019-20 but still failed to achieve 100 *per cent* targets. The Deputy Director (E&S), Family Welfare MCH and Immunisation J&K stated (September 2023) that the targets were reduced as these were excessively set using faulty methods and without accurately assessing the actual achievements during these years.

In five out of six selected Districts (in Ramban District targets were not recorded), percentage achievement under Vasectomy was very poor ranging between one *per cent* and 14 *per cent* whereas in respect of Tubectomy, achievement ranged between

18 *per cent* and 77 *per cent* during 2016-2022. There was nil achievement under Vasectomy in respect of Ganderbal District during 2016-21.

7.2.6 Birth spacing

Intrauterine devices (IUD), oral contraceptive pills and condoms are three main contraceptive methods of family planning to help birth spacing. Audit observed the following:

i) Achievement under distribution of oral contraceptive pills and condoms was satisfactory against targets fixed.

ii) In respect of IUD, during 2016-2019 achievement was low against targets ranging between 29 *per cent* and 47 *per cent.* Targets in respect of IUD were reduced by 68 *per cent* from 44,535 in 2018-19 to 14,098 in 2020-21, but the targets could still not be fully achieved as percentage achievement ranged between 57 *per cent* and 88 *per cent.* After targets were again increased during 2021-22, achievement was mere 28 *per cent*. No reasons were on record for reduction of targets under IUD.

Similarly, in five out of six selected Districts (in Ramban District targets were not recorded) achievement against targets in respect of IUD was low ranging between 27 *per cent* and 53 *per cent* during 2016-2022.

7.2.7 Rashtriya Bal Swasthya Karyakram

Rashtriya Bal Swasthya Karyakram (RBSK) is a programme to improve overall quality of life of children and provide them comprehensive healthcare. The programme involves screening of children from birth to 18 years of age for four Ds - Defects at birth, Diseases, Deficiencies and Development delays spanning 32 common health conditions for early detection and free treatment and management including surgeries at tertiary level.

Targets fixed under RBSK and achievements thereagainst in the State/ UT during 2016-2022 are detailed in **Table 7.8**.

Table 7.8: Achievement against targets fixed under RBSK in the State/ UT during 2016-2022

Year	Targets			Achievements			Children found positive for identified health conditions (0-18 years)	Children referred to CHC/DH/ Tertiary care institutions
	0-6 weeks	6 weeks to 6 years	6 years to 18 years	0-6 weeks	6 weeks to 6 years	6 years to 18 years		
2016-17	2,29,000	6,94,600	16,66,920	42,898 (19)	8,17,073	12,54,241 (75)	2,41,977	1,67,829
2017-18	2,29,000	6,94,600	16,66,920	57,736 (25)	8,82,640	14,39,259 (86)	3,01,043	1,92,111
2018-19	2,29,000	6,94,600	16,66,920	89,594 (39)	10,41,289	15,84,804 (95)	2,78,696	1,99,662
2019-20	2,29,000	6,94,600	16,66,920	64,140 (28)	8,75,514	11,96,436 (72)	2,16,258	1,55,857
2020-21	2,06,100	6,25,140	15,00,228	1,37,134 (16)		1,35,205 (9)	15,083	11,053
2021-22	2,06,100	6,25,140	15,00,228	1,17,196 (14)		3,44,169 (23)	74,331	59,619
Total								**7,86,131**

(Source: Figures furnished by State Health Society)

Audit observed that

i) Achievement regarding children screened in the age group 0-6 weeks was low ranging between 19 *per cent* and 39 *per cent* during 2016-20.

ii) In age group of 6-18 years, achievement was 72 *per cent* to 95 *per cent* during 2016-20. Though, there was low achievement in 2020-21, the achievement further increased to 23 *per cent* during 2021-22.

iii) 7,86,131 children were referred to CHC/ DH/ tertiary care institutions for advanced treatment during 2016-22.

Poor performance, particularly in the age group 0-6 weeks, was due to non-availability of trained staff of delivery points in comprehensive newborn screening and ASHAs under Home Based Newborns Care (HBNC) programme which was indicative that the objectives of the programme were not achieved. The achievements under 0-6 weeks and six weeks to six years were merged in 2020-21 and 2021-22 for which no reasons were on record.

The Director (P&S) State Health Society, J&K stated (September 2023) that the screening of children in the age group of six weeks to six years at *Anganwadi* Centres and 6 years to 18 years at Govt. and Govt. aided schools was affected due to COVID-19 pandemic.

The Financial Advisor and CAO NHM, J&K stated (December 2023) that children in the age group of 0-6 weeks are screened under the scheme through Comprehensive Newborn Screening at delivery points by existing staff of the health facilities.

In the six sampled Districts, Audit observed the following:

i) Achievement of children screened in the age group 6 to 18 years ranged between 11 *per cent* and 76 *per cent* during 2016-22.

ii) No targets were fixed by Anantnag, Udhampur and Jammu Districts in respect of age group 0-6 weeks during 2016-2022.

7.2.8 Accredited Social Health Activists

Accredited Social Health Activist (ASHA) is a trained female health activist in the community who creates awareness on health and its social determinants and mobilises the community towards local health planning and increased utilisation and accountability of existing health services. ASHA mobilises and facilitates the community in accessing health and health-related services available at various health institutions. As per the guidelines of ASHA issued in 2006, there should be one ASHA for a population of 1,000.

Audit observed that:

i) Against the cumulative target of engagement of 13,236 ASHA workers, 12,850 ASHA workers were in position in the State/ UT as of March 2022. In the six sampled Districts, there was 93 *per cent* to 99 *per cent* availability of ASHA workers.

ii) Capacity building of ASHA is critical in enhancing her effectiveness and to equip her with necessary knowledge and skills. About 88 *per cent* ASHAs were provided with the prescribed four rounds of training in the UT of J&K whereas in the six sampled Districts, 87 to 100 *per cent* ASHAs were provided the requisite training as of March 2022.

Further, ASHAs are responsible for facilitation of ante-natal checkups and for accompanying the mothers to the health institutions for treatment/ admission.

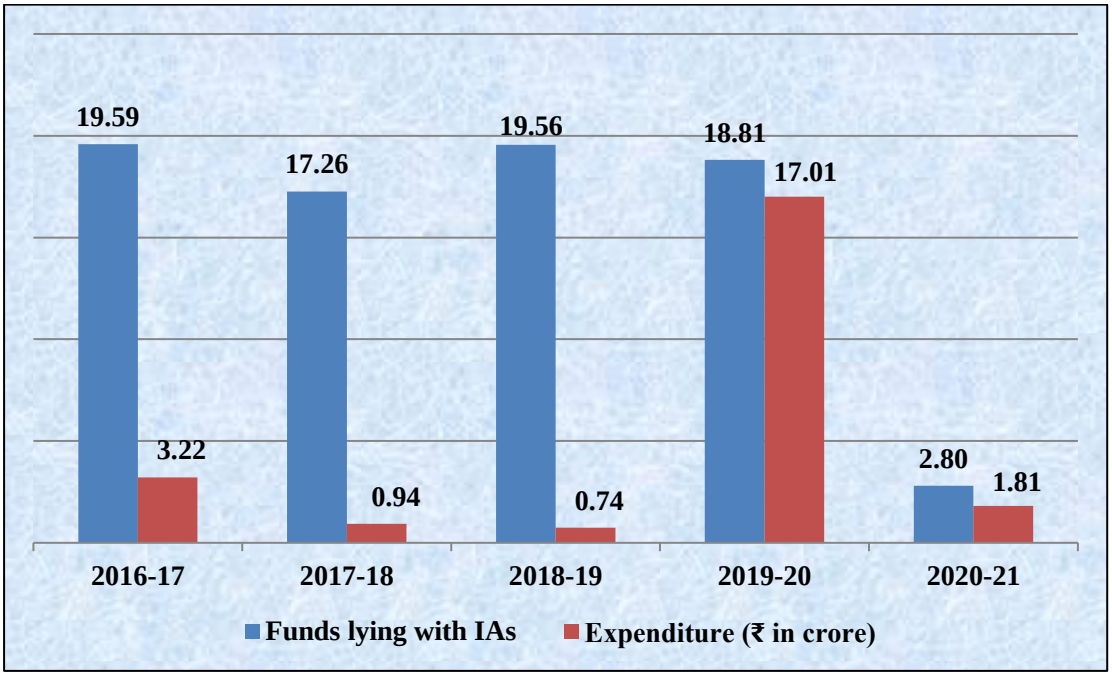
Audit observed that during 2016-2022, only 54 *per cent* to 75 *per cent* of women who gave birth at health institutions were accompanied by ASHAs whereas in the six sampled Districts the percentage ranged between 62 *per cent* and 87 *per cent* indicating that the assigned responsibilities have not been effectively performed by ASHAs despite the fact that there were sufficient number of trained ASHAs.

7.2.9 National Mental Health Programme

The objective of Mental Health Programme is to provide mental health services including preventive, promotion, and long-term continuing care at different levels of

District level health care system. The details of funds lying with the implementing agencies (IAs) *vis-a-vis* expenditure incurred on NMHP during the period 2016-21 is shown in **Chart 7.1**.

Chart 7.1: Funds lying with the implementing agencies and expenditure under NMHP in the State/UT of J&K



(Source: Information supplied by National Health Mission, J&K)

Audit observed that despite availability of funds during the years 2016-17 to 2018-19, the expenditure incurred ranged between 04 and 16 *per cent* only. The utilisation of funds improved during 2019-20 and it was 65 *per cent* in 2020-21.

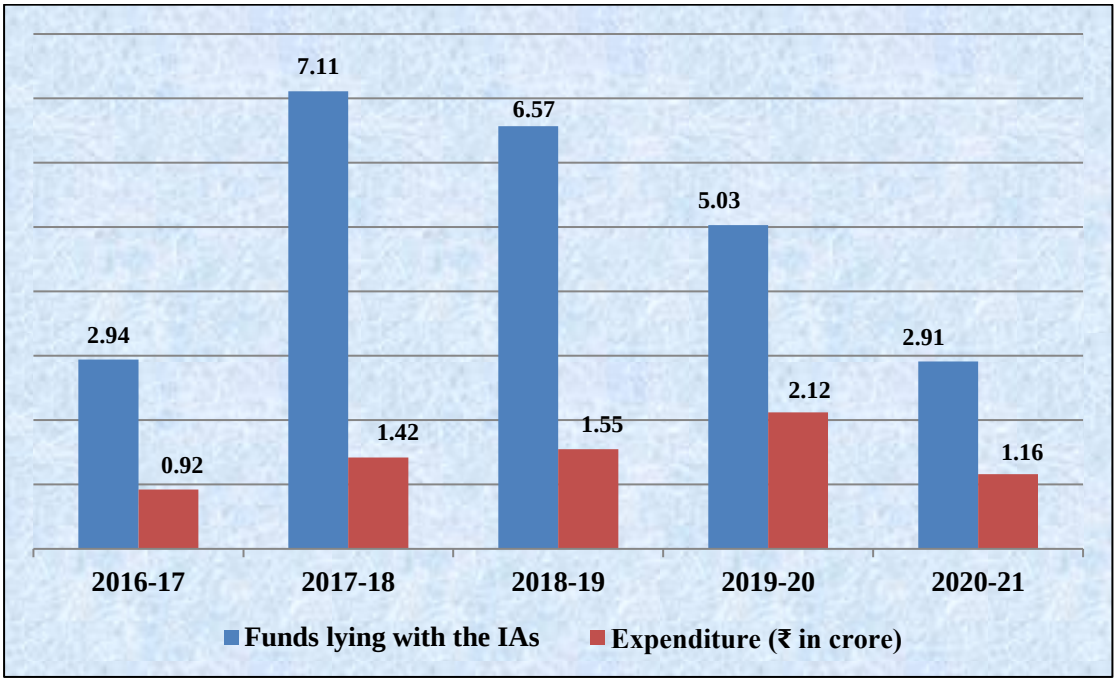
The Financial Advisor and CAO NHM, J&K stated (December 2023) that the District Mental Health Programme (DMHP) was not fully functional and the activities sanctioned under the programme could not be performed within the scheduled time.

7.2.10 National Programme for Healthcare for the Elderly (NPHCE)

The National Programme for Healthcare for the Elderly (NPHCE) is an articulation of the International and National commitments of the Government as envisaged under the UN Convention on the Rights of Persons with Disabilities (UNCRPD), National Policy on Older Persons (NPOP) adopted by the Government of India in 1999 and Section 20 of "The Maintenance and Welfare of Parents and Senior Citizens Act, 2007" dealing with provisions for medical care of Senior Citizens.

The details of funds lying with the IAs and expenditure incurred on National Programme for Healthcare for the Elderly (NPHCE) in the State/ UT of J&K during the period 2016-17 to 2020-21 is shown in **Chart 7.2**.

Chart 7.2: Funds lying with the IAs and expenditure under NPHCE in the State/UT of J&K



(Source: Information supplied by National Health Mission, J&K)

Audit observed that during the years 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21, the expenditure incurred was 31 *per cent*, 20 *per cent*, 24 *per cent*, 42 *per cent* and 40 *per cent* respectively. Keeping in view the increasing life expectancy, a focused approach needs to be adopted for geriatric care.

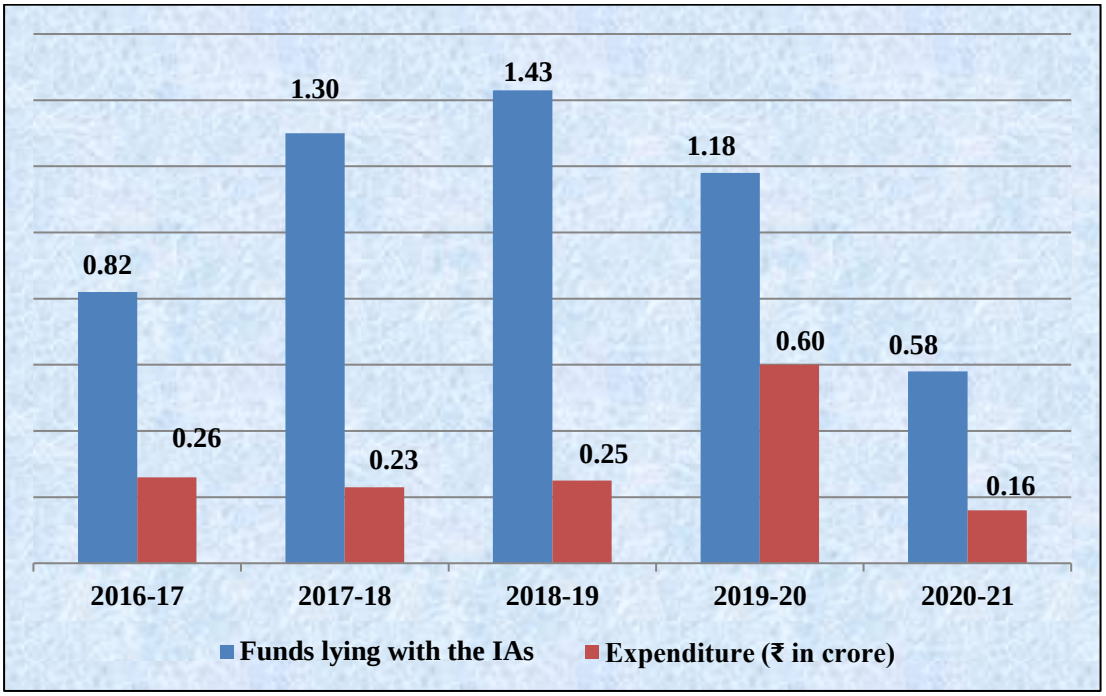
The Financial Advisor and CAO NHM, J&K stated (December 2023) that due to shortage of manpower, the funds sanctioned under salaries head remained unutilised and the activities could not be performed to optimal level.

7.2.11 National Tobacco Control Programme (NTCP)

Government of India launched the National Tobacco Control Programme (NTCP) in the year 2007-08, with the aim to - (i) create awareness about the harmful effects of tobacco consumption; (ii) reduce the production and supply of tobacco products; (iii) ensure effective implementation of the provisions under "The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003" (COTPA); (iv) help the people quit tobacco use; and (v) facilitate implementation of strategies for prevention and control of tobacco advocated by WHO Framework Convention of Tobacco Control.

The details of funds lying with the IAs and expenditure incurred on National Tobacco Control Programme (NTCP) is shown in **Chart 7.3**.

Chart 7.3: Funds lying with the IAs and expenditure under NTCP in the State/UT of J&K



(Source: Information supplied by National Health Mission, J&K)

Audit observed that due to low absorptive capacity of the Department to spend the allotted funds, the Department was unable to utilise the available funds during the years 2016-17 to 2020-21 which ranged between 17 *per cent* and 51 *per cent*.

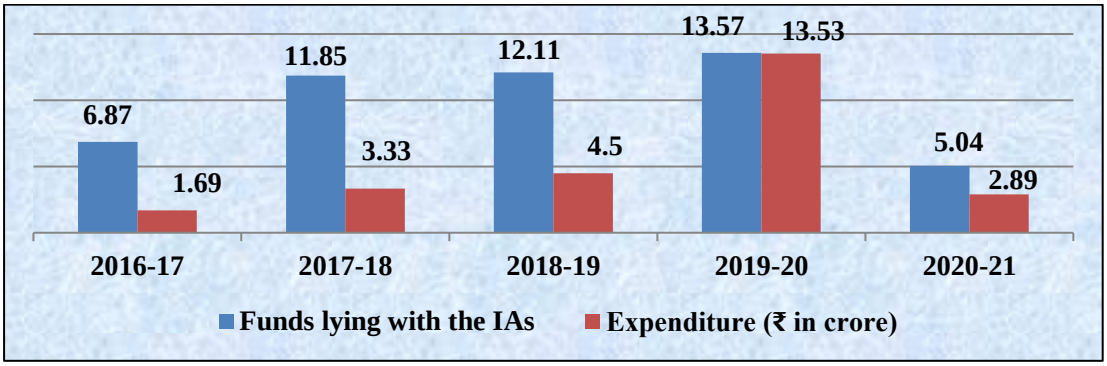
The Financial Advisor and CAO NHM, J&K stated (December 2023) that initially the processing of the funds approved was slow and moreover, the Tobacco Cessation Centres were established in all Districts during 2019-20. Due to COVID-19 pandemic during 2020-21, the activities could not be performed as a result of which the funds remained unutilised.

7.2.12 National Programme for Control of Blindness

The National Programme for Control of Blindness (NPCB) was launched in the year 1976 as a 100 *per cent* centrally sponsored programme with the goal of achieving a prevalence rate of 0.3 *per cent* of the population. The four-pronged strategy of the programme is strengthening service delivery, developing human resources for eye care, promoting outreach activities and public awareness and developing institutional capacity.

The details of funds lying with the IAs and expenditure incurred on National Programme for Control of Blindness (NPCB) in the State/ UT of J&K during the period 2016-17 to 2020-21 is shown in **Chart 7.4.**

Chart 7.4: Funds lying with the IAs and expenditure under NPCB in the State/UT of J&K



(Source: Information supplied by National Health Mission, J&K)

Audit observed that there was inconsistency in utilisation of funds under National Programme for Control of Blindness (NPCB) during the period 2016-21 which ranged between 25 *per cent* and 100 *per cent.*

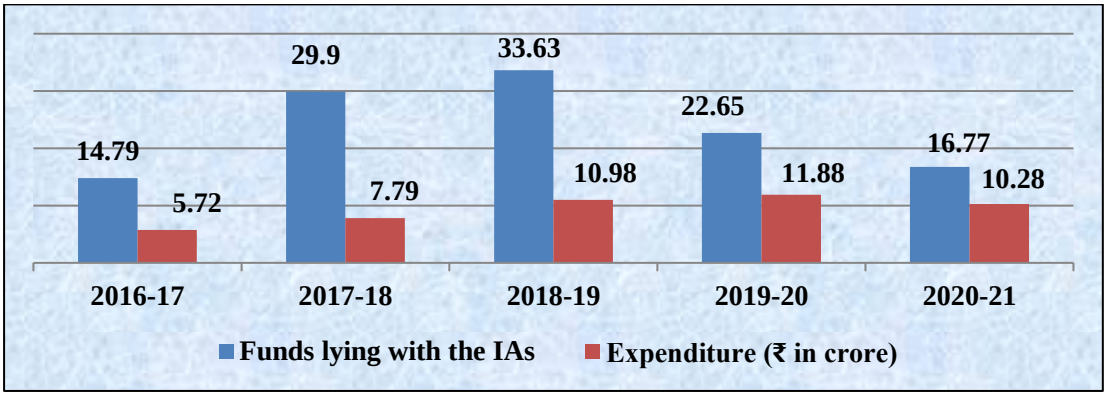
The Financial Advisor and CAO NHM, J&K stated (December 2023) that the processing of funds approved for construction of eye OTs at various DHs was slow and the work was completed for these eye OTs in 2022-23. Moreover, during COVID-19 pandemic all the cataract surgeries and distribution of spectacles was halted.

7.2.13 National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke

The Non-Communicable Diseases (NCD) like Cardiovascular diseases, Cancer, Chronic Respiratory Diseases, Diabetes etc. are estimated to account for around 60 *per cent* of all deaths. In order to prevent and control major NCDs, the National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS) was launched in 2010 with focus on strengthening infrastructure, human resource development, health promotion, early diagnosis, management and referral.

The details of funds lying with the IAs and expenditure incurred on NPCDCS by the NHM, J&K during the period 2016-17 to 2020-21 is shown in **Chart 7.5**.

Chart 7.5: Funds lying with the IAs and expenditure under NPCDCS in the State/UT of J&K



(Source: Information supplied by National Health Mission, J&K)

Audit observed that during the years 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21, the utilisation of funds was 39 *per cent*, 26 *per cent*, 33 *per cent*, 52 *per cent* and 61 *per cent* respectively which indicated that the Department failed to utilise the available funds.

The Financial Advisor and CAO NHM, J&K attributed (December 2023) reasons for low expenditure to delay in release of funds for various approved activities, non-availability of rate contract with JKMSCL and COVID-19 pandemic.

7.3 National AIDS and STD Control Programme

National AIDS and STD Control Programme (NACP) was launched by GoI in the year 1992. Phase I of NACP (1992-1999) focused on awareness generation and blood safety. Phase II (1999-2007) witnessed launch of direct interventions across the prevention-detection-treatment continuum with capacity building of States on programme management. Phase III (2007-2012) was the story of scale-up with programme management decentralised up to the District level. Phase IV (2012-2017) was a period of consolidation and enhanced government funding. Phase IV (Extension) of NACP was first approved for the period 2017-2020 and then extended up to 2020-21.

Targeted Intervention (TI) is one of the main components under NACP-IV. The programme is designed to reduce the rate of HIV transmission among the core group such as Female Sex Workers (FSWs), Men having Sex with Men (MSM), Injecting Drug Users (IDUs) and bridge population like migrants and truckers. The TI programme is being implemented through Community Based Organisations (CBOs), Non-Government Organisations (NGOs) and various government Departments. For implementation of the programme, funds are being placed at the disposal of CBOs, NGOs and Drawing and Disbursing Officers (DDOs).

Audit observed that detailed accounts/ Utilisation Certificates (UCs) in respect of funds released under NACP were outstanding against CBOs/ NGOs/ DDOs as of March 2022 as detailed in **Table 7.9**.

Table 7.9: Amounts for which Utilisation Certificates outstanding against CBOs/ NGOS/ DDOs

(₹ in lakh)

Particulars	Outstanding ending					
	March 2017	March 2018	March 2019	March 2020	March 2021	March 2022
CBOs/ NGOs/ DDOs	34.53	80.66	173.73	175.05	212.01	260.45

(Source: Data furnished by Chief Accounts Officer, AIDS Control Society, J&K)

The **Table 7.9** indicates that detailed accounts/ UCs outstanding against CBOs/ NGOs/ DDOs had increased eight times from ₹ 34.53 lakh in March 2017 to ₹ 260.45 lakh in March 2022.

The Assistant Director (Finance) J&K State AIDS Control Society stated (September 2023) that the expenditure was booked only after receipt of red[5] accounts/ utilisation from the District authorities and other agencies. Due to this there were unutilised funds at the end of the financial year. It was further stated that the last instalment was mostly received from NACO during the last week of March every year and it was not possible to utilise the funds without completion of codal formalities.

Further, the Information, Education and Communication (IEC) component of NACP played a great role in bringing awareness among the general population and helped in removing stigma and discrimination associated with AIDS. Audit noticed shortfall in achievement of some of the targets under IEC as depicted in **Table 7.10**.

Table 7.10: Shortfall in achievement of targets under IEC component of NACP

Name of the activity	2016-17		2017-18		2018-19		2019-20		2020-21		2021-22	
	T	A	T	A	T	A	T	A	T	A	T	A
Exhibition/Innovation (*number*)	-	-					10	8	Nil	9	-	-
Adolescent Education Programme (*number*)	500	322	500	100	700	400	400	300	450	250	200	200
Out of School Youth Programme (*number of programmes*)	2	2	22	7	-	-	40	26	30	30	20	20
Mainstreaming trainings (*persons sensitisation*)	1,500	1,500	3,280	3,280	3,431	3,431	1,210	1,080	4,800	830	1,720	1,680
Red Ribbon Clubs[6] in Colleges & Universities (*Number*)	116	116	24	4	150	142	8	8	94	94	30	30

(T: Targets; A: Achievements)
(Source: Information furnished by JKACS)

Audit observed that there was significant reduction in targets during the year 2021-22 due to outbreak of COVID-19 and IEC programmes being in the nature of outdoor activities. The fixed targets were, however, mostly achieved during 2021-22. Moreover, no targets were fixed in respect of exhibition/ innovation during the years 2016-17 to 2021-22 except for the year 2019-20. However, there was satisfactory progress in respect of spread of awareness through electronic media such as TV, Radio, Website etc.

The Assistant Director (Publicity), J&K AIDS Control Society attributed (September 2023) shortfall in achieving targets to outbreak of COVID-19, lack of timely necessary approvals, procedural/ administrative delays and non-availability of budget at that particular time. It was further stated that reduction or addition in the targets of IEC is not merely based on achievements of the previous years but also based

[5] Detailed contingent bills
[6] Red ribbon club is a movement started by GoI in educational institutions for awareness of AIDS.

on discussions during the formulation of Annual Action Plans, availability of funds and the need of that particular activity at regional level.

7.4 Conclusion

Various inconsistencies were noticed in implementation of Centrally Sponsored Schemes. Cash compensation under JSY was not provided to all the beneficiaries. There was shortage in availability of essential drugs and consumables under JSSK. The targets under Immunisation were not fully achieved. Besides this, achievement against the fixed target for sterilisation and spacing methods (IUD) was significantly low. The achievements against the targets fixed for screening of infants in the age group 0-6 weeks under RBSK was very poor. The targets under IEC component of NACP were not fully achieved.

7.5 Recommendations

In light of the audit findings, GoJ&K may consider;

- ***Disbursement of incentive to all the beneficiaries under JSY for effective implementation of the scheme;***
- ***Providing adequate essential drugs and consumables under Janani Shishu Suraksha Karyakram;***
- ***Prioritising immunisation of children of all age groups;***
- ***Conducting awareness programmes and holding camps to create awareness amongst the population of sterilisation and spacing methods; and***
- ***Prioritising screening of infants under RBSK.***

CHAPTER-VIII

ADEQUACY AND EFFECTIVENESS OF REGULATORY MECHANISMS

CHAPTER-VIII

Adequacy and effectiveness of regulatory mechanisms

National Health Accounts[1] (NHA) is a tool to describe health expenditures and flow of funds in both Government and private sector in the country. Focus of NHA is on describing (1) entities[2] that provide resources to spend for health goods and services in the health system; (2) entities[3] receiving and managing funds from financing sources to pay for or to purchase health goods and services; (3) entities[4] receiving finances to produce/ provide health goods and services; and (4) use of funds across various health care services[5].

Expenditure on healthcare services is incurred through the Government sector as well as the private sector. However, the role of Government is not limited to Government Hospitals but also includes regulation of the private sector hospitals, clinics, pharmacies, etc. in the healthcare sector. Therefore, the existence of a regulatory mechanism is important to protect healthcare consumers from health risks, provide a safe working environment for healthcare professionals and to ensure public health and welfare provided through health programmes.

Regulatory agencies thus monitor individual and corporate healthcare practitioners and facilities, inform the Government about changes in the way the healthcare industry operates, ensure that higher safety standards and local, State and federal guidelines are followed and attempt to improve healthcare quality. With a view to check the adequacy and effectiveness of the regulatory mechanisms, implementation of the following acts/rules have been analysed in audit:

- The Drugs and Cosmetics Act, 1940 and Rules, 1945.
- The Clinical Establishments (Registration and Regulation) Act, 2010 and Rules, 2020.
- Bio Medical Waste (BMW) Management Rules, 2016.
- Atomic Energy (Radiation Protection) Rules, 2004.

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1 National Health Accounts (NHA) estimates for India for Financial Year 2018-19 released in the year 2022.

2 (a) Union Government: 11.71 *per cent;* (b) State Government: 19.63 *per cent* (c) Local Bodies: 1.01 *per cent* (d) Enterprises: 5.51 *per cent;* (e) Household Revenues: 60.11 *per cent* and (f) Others: 2.03 *per cent.*

3 (a) Union Government: 11.30 *per cent* (b) State Government: 14.27 *per cent;* (c) Local Bodies: 2.84 *per cent;* (d) Government Health Insurance (GHI): 6.04 *per cent;* (e) Private Health Insurance: 7.25 *per cent;* (f) Other Schemes: 5.07 *per cent* and (g) Out of Pocket Expenditure: 53.23 *per cent.*

4 (a) Providers of Preventive Care: 5.34 *per cent;* (b) Government Hospitals: 17.34 *per cent;* (c) Others: 2.49 *per cent;* (d) Private Hospitals: 28.69 *per cent;* (e) Patient Transport: 3.50 *per cent;* (f) Government Clinics: 7.75 *per cent;* (g) Private Clinics: 4.37 *per cent*; (h) Diagnostic Labs: 3.92 *per cent;* (i) Pharmacies: 22.60 *per cent;* and (j) Administrative Agencies: 4.00 *per cent.*

5 (a) Governance and Administration: 3.96 *per cent;* (b) Preventive Care: 9.44 *per cent;* (c) Other functions: 3.03 *per cent;* (d) Pharmaceutical and other medical goods: 22.49 *per cent;* (e) Patient transport: 3.50 *per cent;* (f) Inpatient Curative Care: 34.55 *per cent;* (g) Outpatient Curative Care: 18.86 *per cent;* and (h) Lab and Imaging: 4.17 *per cent.*

8.1 The Drugs and Cosmetics Act, 1940 and Rules, 1945

One of the main interventions of GoJ&K is to achieve its public health objectives by ensuring that drugs available to the public are safe, efficacious and conform to the prescribed quality standards. Drug control is the only tool to ensure availability of drugs of the highest quality and purity. In order to provide safe, effective and quality drugs, the State Drug Controller (SDC) under Drugs and Food Control Organisation (D&FCO) is responsible for effective implementation of The Drugs and Cosmetics (D&C) Act 1940, and D and C Rules, 1945.

As of March 2022, there were 14,945 retail outlets, 7,129 wholesale drug premises and 84 manufacturing units. In addition, two drug testing laboratories at Srinagar and Jammu were also functioning in the UT of J&K.

8.1.1 Licensing of pharmacies

Section 18(c) of D&C Act, 1940 prohibits manufacture for sale or for distribution or sale of any drug except in accordance with the conditions of a licence issued for such purpose.

Audit noticed that during 2016-22, 160 unlicensed drug shops/ manufacturing units were detected during 1,01,217 inspections conducted by D&FCO.

The State Drugs Controller stated (January 2025) that the matters/ complaints as referred to Hon'ble courts are pending adjudication at different stages vis. Summons/ framing of charges/ under trial.

8.1.2 Shortcomings in drug testing

Rules 51 and 52 of the D&C Rules, 1945 authorise the Inspector to inspect any premises, take samples, send samples for testing or analysis and institute prosecution in respect of breaches of the Act or Rules thereunder. Audit noticed that:

- No targets for inspections were fixed during 2016-2022.
- During 2016-22, 21,832 samples were lifted in the UT in the course of 1,01,217 inspections and in the six selected Districts, 8,422 samples were lifted during 42,417 inspections.
- Out of 21,832 samples lifted, 20,451 samples were received for testing during 2016-22 against which 20,044 (98 *per cent*) samples were tested in the two provincial drug testing laboratories and 548 (about 3 *per cent*) samples were found 'Not of Standard Quality (NOSQ)'. However, after the manufacturers filed appeal for retesting of samples, 21 samples were sent for retesting to Central Drug Testing laboratory (CDTL), Kolkata and all were declared to be of Standard Quality.

On being pointed out in audit, the State Drugs Controller stated (October 2023) that the samples received do not include 1,381 samples which were referred to the Drug Testing Laboratories located outside UT of J&K and the clearance of backlog of 407 samples is a continuous process. It was also stated (August 2023) that the difference in the opinion of the analysts of the laboratories of UT/ CDTL, Kolkata can be attributed to calibrations, instrumental errors, separation techniques as also lack of acumen to test special categories of drug molecules.

The State Drugs Controller stated (January 2025) that the constraints of testing facility have been addressed to a larger extent by way of upgradation of two existing Drug Testing Laboratories and establishment (March 2024) of new 'Modern Drug Testing Laboratory' at Kathua.

Audit further observed that H&MED had not devised any mechanism under which samples were to be referred to SDC for testing on a regular basis. Instead the samples were lifted by SDC for testing on random basis or on complaint basis.

Rule 51(5) of the D&C Rules, 1945 empowers the Inspector to initiate prosecutions in respect of breaches of the Act and Rules thereunder.

As of March 2016, 466 cases were pending in the courts. During 2016-22, 244 prosecutions were launched and 121 cases were decided by the courts. The pending cases thus increased by 26 *per cent* (589 cases) ending March 2022. The conviction percentage in prosecution cases was a mere 23 *per cent* (56 cases) during 2016-22. In the six selected Districts, the conviction percentage was only 12 *per cent* (11 cases) in respect of 90 prosecution cases during 2016-22.

Low percentage of conviction indicated that the Department had failed to prove the breaches of the Act and Rules thereunder beyond all reasonable doubt.

8.1.3 Testing of medical devices

Medical Devices Rules, 2017 defines Medical devices as substances used for *in vitro* diagnosis and surgical dressings, surgical bandages, surgical staples, surgical sutures. ligatures, blood and blood component collection bag with or without anticoagulant, mechanical contraceptives (condoms, intrauterine devices, tubal rings), disinfectants, insecticides etc. For quality control and price monitoring, medical devices were brought under Government regulation as drugs with effect from April 2020.

Rule 18(1) of the Medical Device Rules (MDR), 2017 notified (January 2017) by Ministry of Health and Family Welfare under Drugs and Cosmetic Act, 1940 provides for designation of Medical Device Testing Officer (MDTO) by the Central Government and Rule 18 (2) provides for designation of Medical Device Officer (MDO) by the Central Government or, as the case may be, the State Government. Accordingly, H&MED designated (April 2018) 27 Drug Inspectors as MDOs after a delay of over a year. The SDC, D and FCO had taken up (June 2022) the matter for nomination of

MDTOs with the Central Drugs Standard Control Organisation and it was stated (August 2022) that the name(s) from the 15 notified MDTOs for the whole of India are to be proposed for the purpose of nomination to be appointed as MDTOs for Jammu and Kashmir at various Central Medical Device Testing Laboratories (CMDTL) with due approval of UT of Jammu and Kashmir. Thereafter, six MDTOs for six CMDTLs were nominated (December 2022) by the SDC, D&FCO, J&K for issue of notification for UT of J&K by GoI. However, Rule 18 (1) of the MDR, 2017 was amended (June 2023) and the State Governments were empowered to notify centrally notified MDTOs. Despite the matter been taken up (June 2023) with H&MED by the SDC, D&FCO, J&K for issue of notification of MDTOs, H&MED failed to take any action (September 2023). Since the notified CMDTLs entertained samples of medical devices only after the State/ UT gets MDTOs working in CMDTLs notified, the delay in issue of notification for nomination of MDTOs resulted in non-lifting of samples by the 27 nominated MDOs for testing by MDTOs. There was as such lack of adequate regulatory control in providing quality medical devices to consumers.

The State Drugs Controller, Drug and Food Control Organisation, Jammu and Kashmir stated (January 2025) that H&MED has notified (June 2024) MDTOs of six Central Medical Device Testing Laboratories for UT of J&K.

8.2 Clinical Establishments Act, 2010 and Rules thereunder

GoI repealed (August 2019) the Jammu and Kashmir Nursing Homes and Clinical Establishments (Registration and Licensing) Act, 1963 by the Jammu and Kashmir Reorganisation Act, 2019. The Central Act viz. The Clinical Establishment (Registration and Regulation) Act, 2010 was implemented in the State/ UT by issue of notification (May 2020) for Jammu and Kashmir Clinical Establishments (Registration and Regulation) Rules, 2020. By the same notification District Registering Authorities (DRA) were established for each District of J&K headed by District Magistrate as Chairperson, Chief Medical Officer as Convener and three other Members.

Prior to establishment of DRAs, the registering authorities were Directors, Health Services, Kashmir and Jammu under Jammu and Kashmir Nursing Homes and Clinical Establishments (Registration and Licensing) Act, 1963.

As per provision of Section 2(c) of the CEA, 2010, clinical establishment means a hospital, maternity home, nursing home, dispensary, clinic, sanatorium or an institution by whatever name called that offers services, facilities requiring diagnosis, treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicine established and administered or maintained by any person or body of persons, whether incorporated or not, and shall include a clinical establishment owned, controlled or managed by (a) a Government or a Department of the Government, (b) a trust, whether public or private; (c) a corporation registered under a central, provincial or state act, whether owned by the Government; (d) a local authority; and (e) a single doctor.

8.2.1 Institutional Mechanism

The institutional mechanism including role of National Council/ State Council and District Registration Authority as per Clinical Establishment (Registration and Regulation) Act, 2010 is as under:

National Council

- Classify the Clinical Establishments (CEs) into different categories.
- Develop and recommend minimum standards.
- Collect statistics and information in respect of CEs

State Council

- Compile and update the State Registers of CEs.
- Send monthly returns for updating the National Register
- Hear appeals against the orders of the authority

District Registration Authority

- Registration of CEs and renewal/ cancellation of registration of CEs.
- Inspection of CEs
- Maintenance of data for updating State Register.

Audit observed that even after lapse of over two years since CEs (Registration and Regulation) Rules, 2020 were notified, GoJ&K had not constituted the UT Council as of November 2022 and as such functions assigned to the UT Council remained unattended.

8.2.2 Registration of CEs

DRA is responsible for registration of CEs in a District. The details of CEs in the private sector in the test-checked six Districts as of March 2022 are given in **Table 8.1**.

Table 8.1: Clinical establishments in private sector in selected Districts as of March 2022

Sl No.	Name of the District	Clinics including polyclinics, dental clinics and others	Hospital/nursing homes	Diagnostic Labs
1	Anantnag	0	10	277
2	Ganderbal	23	0	52
3	Jammu	389	43	98
4	Kupwara	25	5	65
5	Ramban	5	1	20
6	Udhampur	63	6	35
	Total	**505**	**65**	**547**

(Source: Information furnished by Convener, District Registration Authority concerned)

The Clinical Establishment Act, 2010 provides for two types of registration (a) provisional registration for which no enquiry is to be done prior to grant of certificate of provisional registration and (b) permanent registration after complying with the prescribed minimum standards. With the implementation (May 2020) of the Central Act of 2010, all the previously issued registration certificates under the Act of 1963 stood cancelled.

Audit observed that:

- No survey was conducted by the DRAs concerned to ascertain the actual number of CEs in the District eligible for registration. As a result, the possibility of CEs operating without registration could not be ruled out. Provisional registration was granted after proprietors of the CEs approached the DRA on voluntary basis for registration of CE. The Chief Medical Officer, Jammu admitted (January 2025) the audit contentions. The Chief Medical Officer, Ramban stated (January 2025) that establishments not registered are being advised to get registered.

- As of November 2022, the system for registration of clinics had not been started in Anantnag District. As such, the number of clinics operating in Anantnag District could not be ascertained.

- Section 22 of the Act envisages that application for renewal of registration shall be made 30 days before expiry of validity of provisional registration. However, no system was in place by which provisional registrations about to expire could be watched by DRAs.

- Section 33 of the Act provides for inspection of registered CEs. As of March 2022, there were 1,117 registered CEs. However, no inspection was conducted by the sampled six DRAs except DRA Ganderbal who had conducted 24 inspections during 2021-22. No targets were fixed for inspections. Instead, the inspections were conducted on random or complaint basis. Due to non-conducting of adequate inspections, the violation of provisions of the Act by the registered CEs remained unnoticed.

- The monthly reports as required under Rule 31 (1) of the CEs (Registration and Regulation) Rules, 2020 were not submitted by the CEs to the three[6] DRAs.

- The DRA for registration of CEs under AYUSH was established (March 2021) after a delay of 10 months of notification of CEs (Registration and Regulation) Rules, 2020. Audit observed that as of December 2022, no CE had been registered in the six selected Districts under AYUSH even after lapse of about 21 months since the Rules were notified. The Director, AYUSH, J&K stated (February 2023) that the process of registration of CEs has been started by DRAs of all Districts. The Chief Accounts

[6] Kupwara, Ramban and Udhampur

Officer, Directorate of AYUSH, J&K stated (January 2025) that 206 CEs have been registered by District Registering Authorities.

8.3 Fixation of rates for delivery of services by private healthcare establishments

Affordability of healthcare is critical to ensure all income groups of the population have access to healthcare. H&MED had accorded (February 2012) sanction for rates to be charged by private CEs/ Nursing Homes/ Hospitals/ Diagnostic Centres from patients for treatment, diagnostic services and other facilities. However, the Hon'ble High Court of J&K in a writ petition (Kashmir Private Hospitals versus State and others) stayed (April 2012) the Government Order. Though the stay was vacated (August 2021) by the Hon'ble High Court of Jammu & Kashmir and Ladakh after a lapse of about nine years, H&MED failed to grant sanction (November 2023) either for the revised rates or for implementing the existing rates. This was indicative of a lackadaisical approach of the Department in dealing with the important issue of fixation of rates, a matter which closely concerns the public.

Absence of Government approved rates and lack of uniformity in rates charged by Healthcare Establishments (HEs) from consumers for various healthcare services had left ample scope for over-charging and profiteering by HEs. Some instances of charging of different rates by different CEs for the same tests are given in **Table 8.2**.

Table 8.2: Rates charged by private CEs *vis-a-vis* rates approved for Government HIs for various tests

(Amount in ₹)

Name of the test	Rates approved (January 2019) by H&MED for Govt. HIs	Rates being charged by private CEs			
		Swastik Diagnostic Laboratory Jammu	Dr Qadri's Hematology Centre and Clinical Laboratory, Srinagar	Medicare Diagnostic Laboratory Udhampur	Excess rate charged by private CEs w.r.t to govt. rates
Complete Blood Count (CBC)	80	170	160	200	2-2.5 times
Erythrocyte Sedimentation Rate (ESR)	10	60	70	70	6-7 times
Urea	20	70	80	80	3.5-4 times
Creatinine	20	70	90	80	3.5-4.5 times
Uric Acid	15	70	80	80	4.5-5.5 times
Liver Function Test	175	450	600	450	2.5-3.5 times
Lipid Profile	120	750	550	400	3.5-6 times
Platelet Count	15	70	120	100	4.5-8 times
Total Protein	15	80	80	50	3-5 times
Serum Amylase	35	220	350	250	6-10 times
Reticulocyte Count	20	170	250	100	5-12.5 times
Blood Sugar-Fasting	Free	35	70	50	
Urine examination	Free	100	70	60	
Stool examination	Free	50	70	60	

(Source: Information provided by the Administrative Department and concerned CMOs)

Disparity in rates of various pathological/ radiological tests was rampant in the UT of J&K. Rates charged by private CEs for pathological tests were two to more than 12 times higher than the rates fixed (January 2019) by H&MED for hospital investigations in Government HIs. Besides different rates were charged by private CEs for the same pathological tests. Private CEs were charging exorbitant rates for tests which were available free in Government HIs.

Further, no Government rates were fixed for consultation fee to be charged by private practitioners/ doctors as confirmed (January 2023) by the CMOs of five[7] out of six selected Districts.

Absence of fixed rates for consultation fee and diagnostic services had a direct bearing on lower income groups of society.

The Director Finance, H&MED, J&K stated (December 2023) that the rate revision will take some time to complete the process to revise the existing rates of private Clinical Establishments/ Nursing Homes/ Hospitals/ Diagnostic Centres.

8.4 Quality Certificate from NABL and NABH

National Accreditation Board of Laboratories (NABL) certificate signifies a ready means for customers to identify and select reliable testing, measurement and calibration services that are able to meet their needs. Accredited laboratories receive a form of international recognition, which allows their data and results to be more readily accepted.

Further, National Accreditation Board for Hospitals and Healthcare Providers (NABH) is a constituent board of Quality Council of India, set up to establish and operate accreditation programme for healthcare organisations. Accreditation results in improved quality of care and patient safety.

Audit noticed that:

- H&MED had framed (September 2012) a time schedule for getting 11 public HIs[8] accredited by NABH by April 2013. However, even after lapse of over nine years, no hospital had got accreditation from NABH. On being pointed out in audit, the Director Finance H&MED, J&K stated (December 2023) that no response has been received from the HODs. Out of 11 HIs, Audit took up the matter with the seven[9] sampled HIs, of which three[10] replied that they had not applied for accreditation. DH Anantnag had transferred an amount of ₹ 11.56 lakh to Quality Council of India in

[7] Anantnag, Jammu, Ganderbal, Kupwara and Udhampur

[8] (i) Govt. Hospital, Gandhi Nagar Jammu (ii) G.B.Pant Hospital, Srinagar (iii) CHC Akhnoor (iv) DH Kathua (v) DH Udhampur (vi) SMGS Hospital, Jammu (vii) L.D. Hospital, Srinagar (viii) DH Baramulla (ix) DH Anantnag (x) JLNM Hospital, Srinagar and (xi) SDH Chadoora

[9] (i) Govt. Hospital, Gandhi Nagar Jammu (ii) G.B.Pant Hospital, Srinagar (iii) SDH Akhnoor (iv) DH Udhampur (v) SMGS Hospital, Jammu (vi) L.D. Hospital, Srinagar (vii) DH Anantnag

[10] (i) Govt. Hospital, Gandhi Nagar Jammu (ii) DH Udhampur (iii) SDH Akhnoor

May 2017 as accreditation fee, but further outcome was not available with the DH. Medical Superintendent, Lalla Ded Hospital Srinagar stated (January 2025) that the process of obtaining NABH accreditation has already been taken up with the higher authorities. Medical Superintendent, SMGS Hospital Jammu stated (December 2023) that no application has been moved so far in absence of any directions from higher authorities for accreditation. Medical Superintendent, G.B.Pant Hospital (now Children Hospital) Srinagar stated (December 2023) that this hospital had remitted ₹ six lakh in March 2017 to the Quality Council of India for NABH accreditation. There was however, no communication between both the parties since 2017.

- As of March 2022, out of 373 HIs (DHs: 06; SDHs/ CHCs:28; PHCs:339) in the six test-checked Districts and 94 diagnostic labs in four test-checked Districts (except Districts[11] Anantnag and Ganderbal), no HI/ diagnostic lab in the public sector had been granted accreditation by NABH/ NABL. However, in Jammu District, three Hospitals/ Nursing Homes and three Laboratories in the private sector were granted NABH and NABL accreditation respectively. The Chief Medical Officer Ganderbal and Chief Medical Officer Anantnag stated (January 2025) that accreditation under NABH/ NABL has not been applied as no instructions have been received from higher authorities whereas the CMO, Kupwara stated (September 2023) that none of the hospitals across the District was falling under NABH/ NABL guidelines/ standards. The CMO Udhampur and CMO Jammu stated (January 2025) that no directions have been received from higher authorities for obtaining the NABH and NABL accreditation. The CMO Ramban stated (January 2025) that matter shall be taken afresh with the authorities in the light of audit observation.

Even though the NABH/ NABL accreditation is voluntary, the fact also remains that absence of accreditation results in lack of assurance of high standards of care and patient safety to the public.

The Combined Food and Drug Laboratory, Jammu was granted Certificate of Accreditation (January 2022) for a period of two years.

8.5 Bio-Medical Waste Management

The Bio-Medical Waste (BMW) Management Rules, 2016 stipulate the procedures for collection, handling, transportation, disposal and monitoring of BMW with clear roles for waste generators and Common BMW treatment facilitators (CBMWTF).

8.5.1 Grant of authorisation

In terms of Rule 10 of BMW Rules, every occupier or operator handling BMW, irrespective of the quantity is required to obtain authorisation from the State Pollution Control Board and Pollution Control Committee, as the case may be. Audit however

[11] Information not furnished by the CMOs Anantnag and Ganderbal

noticed that:

- During January 2017 to December 2022, 6,257 HIs had applied for authorisation, out of which authorisation was granted to 3,689 HIs by the J&K Pollution Control Committee[12] (JKPCC). Reasons for non-granting of authorisation included incomplete documents and unsatisfactory BMW management practices. Information for the year 2016 was not available with JKPCC.

- All the seven test-checked Tertiary Level Hospitals (TLHs) had applied for authorisation for handling BMW as of March 2021. However, none of the test-checked TLHs had been granted authorisation as of March 2024. Out of the six selected DHs, only four[13] DHs had applied for authorisation whereas two[14] DHs had not applied for authorisation. Authorisation was obtained by DH Jammu. Similarly, out of the selected 28 SDHs/ CHCs, 14 SDHs/ CHCs had applied for authorisation whereas nine[15] SDHs/ CHCs had not applied for authorisation. The authorisation in respect of remaining five[16] SDHs was not granted due to technical issues like revenue papers of the site and other observations raised by JKPCC. Out of 52 selected PHCs, only 10 PHCs had applied for authorisation. However, the authorisation has not been granted as of March 2024.

- There was no system by which expiry of authorisation could be watched by the Jammu & Kashmir Pollution Control Committee for necessary action for their renewal. Audit noticed an instance where the authorisation granted in respect of SDH Bishnah expired in November 2020. However, in absence of any system for watching of expired authorisation, the HI applied for renewal only in July 2022.

8.5.2 Constitution of Advisory Committee

Rule 11 of BMW Rules, 2016 provides for constitution of an Advisory Committee under the Chairmanship of the Health Secretary. The Advisory Committee shall meet at least once in six months and review all matters related to implementation of the provisions of these rules. Audit observed that:

- Advisory Committee re-constituted (July 2017) in the UT of J&K had conducted five (2018-19: one; 2019-20: four) meetings. Information regarding meetings conducted in 2016-17, 2017-18 and 2020-21 was not available with JKPCC. The information regarding number of Advisory Committee meetings conducted during 2016-22 was not available with H&MED.

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12 Jammu & Kashmir Pollution Control Committee came into existence vide notification dated 25th March 2021 of the Central Pollution Control Board

13 DHs Anantnag, Ganderbal, Jammu and Udhampur

14 DH Handwara and DH Ramban

15 CHC Sohanjana, CHC Jourian, CHC Khour, SDH Jagti, SDH R.S.Pura, SDH Langate, CHC Kralpora, CHC Gool and CHC Batote

16 SDHs Dooru, Bijbehara, Seer Hamdan, Shangus and Kokernag

8.5.3 Constitution of District Level Monitoring Committee

Rule 12 (4) of BMW Rules, 2016 provides that every State Government or Union Territory Administration shall constitute a District Level Monitoring Committee (DLMC) in the Districts under the chairmanship of the District Magistrate or Deputy Commissioner or Additional District Magistrate to monitor the compliance of the provisions of these rules in the healthcare facilities generating BMW and in CBMWTFs. DLMC had to submit its report regularly once in six months to the Advisory Committee and a copy to the State Pollution Control Board or Pollution Control Committee. Audit observed that:

- DLMC was constituted (July 2017) at District level to oversee the implementation of BMW Rules, 2016.

- Only Ramban District had submitted report to JKPCC in 2019-20. No information was available with JKPCC for the years 2016-17 to 2018-19 and 2020-21.

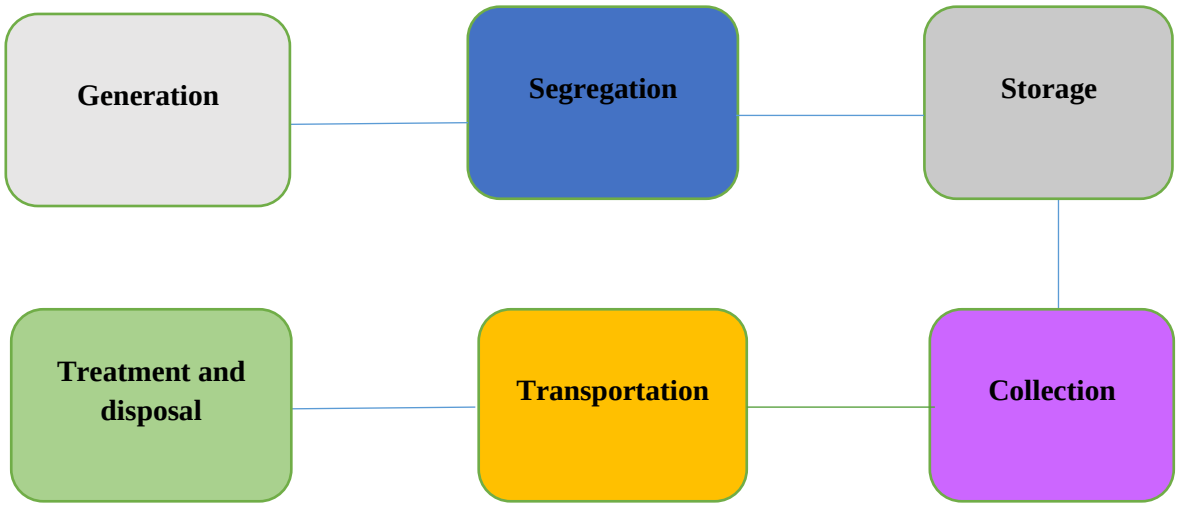
8.5.4 Submission of Annual Reports

Rule 13 of BMW Rules provides for submission of Annual Reports by every occupier or operator of CBMWTF to the prescribed authority.

Audit noticed that Annual reports had not been submitted by two[17] out of seven selected TLHs, two[18] out of six selected DHs and 10[19] out of 28 selected SDHs/ CHCs to JKPCC during 2016-21. SDH Jagti had also not submitted the Annual reports to JKPCC since its upgradation (June 2019) to 2020-21.

8.5.5 Stages of Bio-Medical Waste management

The following are the stages for management of BM waste.



[17] SMHS Hospital. Srinagar and Super Specialty Hospital, Srinagar
[18] DHs Handwara and Ramban
[19] Anantnag-3; Jammu-3; Kupwara-1; Ramban-2 and Udhampur-1

8.5.6 Generation, segregation, collection and disposal of Bio-medical waste

Rule 8 of BMW Rules, 2016 read with Schedule I requires HIs to segregate different categories of BMW in separate containers or bags at the source of generation.

Audit noticed that segregation of BMW at the source of generation in separate coloured bins was being done in 31 (DHs: 06; SDHs/ CHCs: 25) out of 34 test checked secondary level HIs and 37 out of 52 test-checked PHCs.

Colour coded bins at the point of generation in CHC Khour (19.03.2022)	**BMW Collection Point in SDH R.S Pura (10.06.2022)**

Further, in respect of liquid chemical waste generated in HIs, Rule 4 (j) of BMW Rules mandate segregation of waste at source and its pre-treatment or neutralisation prior to mixing with other effluents generated in HIs. Audit observed that:

- Out of 34 test-checked secondary level HIs, only DH Udhampur and SDH Kot-Bhalwal had established Effluent Treatment Plant (ETP) for pre-treatment of the liquid chemical waste.

- Only GMC Hospital, Jammu out of seven test-checked Tertiary Level Hospitals had established ETP.

Non-establishment of ETP was not only a violation of the BMW Rules but was also hazardous to public health at large.

ETP in DH, Udhampur (04.07.2022)	**ETP in SDH Kot-Bhalwal (25.01.2022)**

Incomplete ETP at DH Anantnag (22.04.2022)	**Incomplete ETP at SDH Dooru (11.04.2022)**

Rule 5 (a) of BMW Rules envisages that the operator of a CBMWTF is responsible for collection of BMW from HIs and its proper disposal. Audit observed that three[20] CBMWTFs had been authorised by JKPCC for collection and disposal of BMW from HIs. The HIs of the State/ UT had entered into agreements (on different dates) with these CBMWTFs for collection and disposal of BMW. Some instances came to the notice of audit, where after execution of agreement, the operator of the CBMWTF had failed to lift the BMW in violation of the stipulated terms and conditions.

- Though agreement (April 2021) was in place with the authorised CBMWTF[21], it had failed to lift BMW from CHC, Chenani which was burning the BMW in the open in close proximity to the CHC resulting in damage to the environment with possibility of spread of infection in the adjacent areas.

- Despite agreement (March 2020) in place with the CBMWTF, it was not lifting BMW from CHC, Jourian which was either burning the BMW in the open or burying it in a pit within the hospital complex. However, after continuous complaints, the firm started collection of BMW from January 2023 after a lapse of about 22 months.

BMW being burnt in the vicinity of CHC, Chenani (23.03.2022)	**BMW disposal in open in CHC, Jourian (28.12.2021)**

- Six DHs and 24 SDHs/ CHCs were disposing BMW through CBMWTF duly authorised by JKPCC and four[22] SDHs/ CHCs were disposing BMW either by burning it in the open or by deep burial within the complex.

[20] (i) Anmol Health Care, Samba (ii) Clean City Waste Management Co., Budgam and (iii) Kashmir Health Care, Lassipora.
[21] Anmol Health Care, Samba
[22] SDH Marh and CHCs Jourian, Gool and Banihal

BMW disposal in an open pit within SDH, Marh (26.11.2021)

8.6 Atomic Energy (Radiation) Protection Rules, 2004

As per Rule 3 of the Atomic Energy (Radiation Protection) Rules, 2004 issued by Department of Atomic Energy, GoI, no person shall, without a licence establish or decommission a radiation installation and no person shall handle any radioactive material, or operate any radiation generating equipment except in accordance with the terms and conditions of the licence.

Contrary to the provisions of the said Rules, Audit noticed that requisite license from Atomic Energy Regulatory Board (AERB) had not been obtained in two[23] out of six selected DHs, 12[24] out of selected 18 SDHs and eight[25] out of 10 selected CHCs where radiation generating equipment were available as of March 2022.

Rule 19 read with Rule 22 of the Atomic Energy (Radiation Protection) Rules, 2004 provides for appointment and responsibilities of a Radiological Safety Officer (RSO) who shall be responsible for advising and assisting the employer and licensee on safety aspects aimed at ensuring that the provisions of the Atomic Energy (Radiation Protection) Rules, 2004 are complied with. The RSO shall also carry out routine measurements and analysis of radiation and radioactivity levels in the controlled area and report on all hazardous situations along with details of any immediate remedial actions etc.

Audit observed that the post of Radiological Safety Officer was not existing in the Department. Thus, due to non-availability of RSO in the Department, the unnecessary exposure either due to equipment malfunction or human error remained unnoticed which may be harmful for the patients as well as the staff operating the equipment.

The Chief Accounts Officer, Directorate of Health Services, Jammu and Dy. Director Health Services, Kashmir admitted (January 2025) that no post of Radiological Safety Officer is existing in the Department.

[23] DHs Ganderbal and Handwara
[24] Anantnag: four; Jammu: five and Kupwara: three
[25] Jammu: three; Kupwara: three and Ramban: two

8.7 Conclusion

The envisaged regulatory mechanism was not functioning effectively to ensure responsible provision of health services to the people. No targets for inspections under the D and C Act, 1940 were fixed. There was lack of mechanism where-under drug samples were to be referred to SDC for testing on regular basis. There was delay in issue of notification for nomination of MDTOs. No Apex body (UT Council) was constituted by the GoJ&K under Clinical Establishments (Registration and Regulation), Rules, 2020 to ensure that the appeals against cases of de-registration and other penalties levied by the District Registering Authority can be heard. For the registration and regulation of the clinical establishments, no survey was conducted to ascertain the actual number of CEs eligible for registration. There was disparity in rates of various pathological/ radiological tests. Requisite annual reports were not submitted by some of the healthcare facilities under BMW Management Rules, 2016 and authorisation was not obtained by the occupier or operator handling BMW.

8.8 Recommendations

In view of the audit findings, GoJ&K may consider:

- ***Fixing of targets for inspections under the D&C Act, 1940 to ensure adequate regulatory control;***
- ***Referring drug samples to SDC for testing on regular basis;***
- ***Issuing notification for nomination of MDTOs at the earliest so that the samples of medical devices are got tested from the notified MDTLs;***
- ***Constituting a UT Council as required under Clinical Establishments (Registration and Regulation), Rules, 2020 to ensure that the appeals against cases of de-registration and other penalties levied by the District Registering Authority can be heard;***
- ***Framing a mechanism to ascertain the actual number of CEs eligible for registration so that CEs operating without registration can be identified; and***
- ***Ensuring compliance with Bio-Medical Waste Management Rules by all healthcare facilities with regard to obtaining requisite authorisation, submission of annual returns etc.***

CHAPTER-IX

SUSTAINABLE DEVELOPMENT GOAL 3

CHAPTER-IX

Sustainable Development Goal 3

With the aim of taking forward the success of Millennium Development Goals, the United Nations (UN) General Assembly, in its 70th session held on 25th September, 2015 adopted the document titled "Transforming our World: the 2030 Agenda for Sustainable Development". The document consisted of 17 Sustainable Development Goals (SDGs) and associated 169 targets which came into force with effect from 1st January, 2016. India was also a signatory to the agenda.

In India, National Institution for Transforming India (NITI) Aayog is responsible for overall coordination of the SDGs and the Ministry of Statistics and Programme Implementation (MoSPI) is responsible for the formulation of the National Indicator Framework (NIF) to monitor the SDGs.

9.1 Formulation of State Indicator Framework and District Indicator Framework

On the analogy of National Indicator Framework, GoJ&K prepared (October 2019) UT Indicator Framework (UTIF) which was updated from time to time. At the national level
Goal-3 has 13 targets and 41 indicators. GoJ&K identified 12 targets[1] and 34 indicators under Goal 3 (Sustainable Development Goal 3, regarding "Good Health and Well-Being").

A brief description of the 12 targets and 34 indicators under Goal 3 is given in **Table 9.1**.

Table 9.1: Brief description of 12 targets and 34 indicators under Goal 3

Target No.	Brief description	Indicators adopted
3.1	By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births.	4
3.2	By 2030, end preventable deaths of newborns and children under five years of age (with all countries), aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births.	2
3.3	By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.	6
3.4	By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.	1
3.5	Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol.	2
3.6	By 2020, halve the number of global deaths and injuries from road traffic accidents.	1
3.7	By 2030, ensure universal access to sexual and reproductive healthcare services, including for family planning, information and education, and integration of reproductive health into national strategies and programmes.	6
3.8	Achieve universal health coverage including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.	5
3.9	By 2030, substantially reduce the number of deaths and illness from hazardous chemicals and air, water, soil pollution and contamination.	2

[1] Target 3.d 'Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks' was not adopted

Target No.	Brief description	Indicators adopted
3.a	Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate.	1
3.b	Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha declaration on the agreement and public health, which affirms the right of developing countries to use to the full the provisions in the agreement on trade-related aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all.	1
3.c	Substantially increase health financing and recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing states.	3

(Source: Sustainable Development Goals-J&K Progress Report-2022)

A comparative analysis of indicators (Global Indicators Framework (GIF), National Indicators Framework and UTIF) proposed and adopted by the UT is given in ***Appendix 9.1***.

District Indicator Framework (DIF) of Union Territory of Jammu and Kashmir was also prepared as a subset of UTIF.

9.1.1 Tier-wise indicator for SDG 3

The Global Indicator Framework (GIF) for Sustainable Development Goals developed by the Inter-Agency and Expert Group on SDG Indicators (IAEG[2]-SDGs) comprises 231 indicators. Based on the level of methodological development and the availability of data, all these indicators have been classified into three tiers (Tier[3] I, II and III) to facilitate implementation. As of 4th February 2022, there were 25 indicators under Tier I, 03 under Tier II for SDG 3. For Tier III, methodology and standards are yet to be specified.

Tier-wise analysis of indicators adopted in NIF and UTIF is given in **Table 9.2.**

Table 9.2: Tier-wise indicator for SDG 3

Tier	No. of indicators in GIF	NIF indicators from GIF	NIF indicators from GIF adopted in UTIF
I	25	22	16
II	3	1	1
Total	**28**	**23**	**17[4]**

(Sources: Global Indicator Framework, National Indicator Framework and Union Territory Indicator Framework)

It is evident from the above table that most indicators are under Tier I.

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2 Constituted by United Nations Statistical Commission and agreed upon at the 48th session of the United Nations Statistical Commission held in March 2017 and adopted by the General Assembly on 6th July 2017.

3 **Tier I:** Indicator is conceptually clear, has an internationally established methodology and standards are available, and data are regularly produced by the countries for at least 50 *per cent* of countries and of the population in every region where the indicator is relevant.
Tier-II: Indicator is conceptually clear, has an internationally established methodology and standards are available, and data are not regularly produced by the countries.
Tier-III: No internationally established methodology or standards are yet available for the indicator, but methodology/standards are being evolved.

4 The six indicators not adopted were (i) 3.3.4-Prevalence of Hepatitis 'B' per one lakh population, (ii) 3.4.1-Number of deaths due to cancer, (iii) 3.8.2-Proportion of population with large household expenditures on health as a share of total household expenditure or income, (iv) 3.a.1-Percentage of adults 15 years and above with use of any kind of tobacco, (v) 3.b.2-Budgetary allocation for Department of Health Research and (vi) 3.d.1-International Health Regulations (IHR) capacity and health emergency preparedness.

9.1.2 Sustainable Development Goal 3 and its adoption in J&K

SDG 3 envisions ensuring healthy lives and promotion of well-being for all at all ages. The Goal addresses all major health priorities, including reproductive, maternal and child health; communicable, non-communicable and environmental diseases; universal health coverage; and access to safe, effective, quality and affordable medicines and vaccines. In addition, the new National Health Policy (NHP) 2017 is set in the context of SDGs. GoJ&K set up (June 2018) a State/ UT Level Committee for achievement of SDGs under the chairmanship of the Chief Secretary.

9.1.2.1 Planning and mapping budget for SDG 3

The National Health Policy 2017 envisaged allocation of resources for healthcare in accordance with development and financial indicators in a State/ UT. Audit observed that expenditure on public health decreased from 2.95 in 2020-21 to 2.80 *per cent* in 2021-22 of the GSDP. However, no action plan for achieving SDGs was formulated by the Department.

Though NITI Aayog had mapped Centrally Sponsored Schemes with the SDG targets, as of March 2022, no information was provided by the Planning, Development and Monitoring Department[5] in respect of interlinkages between goals and targets and mapping of schemes to SDG 3 though called for by Audit. Due to non-availability of the requisite information, the extent of integration of SDG 3 into the accounting and budgeting framework could not be ascertained by Audit.

Department of Health and Medical Education, Government of Jammu and Kashmir constituted (August 2022) an Inter-Sectoral Committee[6] for setting up of "Institutional Framework for improvement of health services with special focus on Sustainable Development Goals (SDGs), District Good Governance Index (DGGI) and Vision JK@2047". The aim was to strategise the policies, programmes and standards for achievement of SDG 3 to improve important health indicators by aligning the policies/ action plans with mapping of various schemes. The Committee was to meet once in a month to review the progress made with quantifiable targets and achievements on SDG. Audit noticed that the first meeting of the Committee was held in December 2023 i.e. more than 15 months after its constitution.

9.2 Health Indicators

The SDG India Index and Dashboard of NITI Aayog tracks the progress of the country as well as the States and UTs compositely on all SDGs as well as on each individual SDG. Every year, the indicators are reviewed and updated in view of evolving availability of data, and the index is computed to capture the individual as well as collective momentum on implementation of SDGs at State/ UT and national levels.

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5 Being the nodal department for recording the progress/designing targets on all indicators set under SDGs.

6 Comprising of Mission Director, National Health Mission, J&K-Chairman, Director General, Family Welfare, MCH and Immunisation-Co-chairman, Chief Executive Officer, State Health Agency-Member, Director Health Services, Jammu/ Kashmir-Members, Director Planning, NHM, J&K-Member, Programme Manager HMIS, NHM, J&K-Member Secretary and Representatives of the GMCs to be nominated by the respective Principals as Members.

9.2.1 Analysis of SDG 3 indicators

A comparison between a few SDG health indicators of Jammu and Kashmir with all India average health indicators is given in **Table 9.3**.

Table 9.3: Comparison of few SDG health indicators[7] of J&K with all India SDG health indicators

Target number	SDG indicator	Unit	Year	JK Value	All India value
3.1	3.1.1- Maternal Mortality Ratio	Per one lakh live births	2014-16	97	130
			2015-17	96	122
			2016-18	85	113
			2018-20	77	103
3.2	3.2.1-Under five mortality rate	Per 1,000 live births	2015	28	43
			2018	23	36
			2019	21	35
			2019-21 (NFHS-5)^	18.5	41.9
	3.2.2-Neonatal mortality rate	Per 1,000 live births	2015	20	25
			2018	17	23
			2019	15	22
			2019-21 (NFHS-5)^	9.8	24.9
3.3	3.3.2-Tuberculosis incidence	Per one lakh population	2016	72	217
			2018	90	199
			2019	81	193
			2020	61	188
3.4	3.4.2-Suicide mortality rate	Per one lakh population	2015	3.0	10.60
			2018	2.50	10.20
			2019	2.10	10.40
			2020	2.20	11.30
3.6	3.6.1-People killed in road accidents	Per one lakh population	2015	7.48	11.81
			2018	7.34	11.54
			2019	7.46	11.57
			2020	5.48	9.84
			2021	5.98	11.38
3.7	3.7.3-Institutional deliveries	Percentage	2015-16	85.60*	78.90
			2019-21	92.40	88.60
3.8	3.8.1-Married women (15-49 years) who use any modern Family planning methods	Percentage	2015-16	46.10	47.80
			2019-21	52.50	56.50
3.c	3.c.1-Health worker density	Per 10,000 population	2015	15.85	40.41
			2018	17.16	48.80
			2019	16.91	49.45

(Source: Sustainable Development Goals-J&K Progress Report-2022 and National Family Health Survey-5)
****given as 85.50 in NFHS-4***
^NFHS-5 for Jammu and Kashmir: 2019-20, NFHS-5 for all India: 2019-21

It can be observed from the table above that Jammu and Kashmir fared better than the national average in most of the parameters except 3.8.1 (married women using modern family planning methods) and 3.c.1 (health worker density). However, the information in the table includes data for Ladakh (except for NFHS-5 data for target number 3.2) as

[7] Data also comprises of the information of Ladakh except for NFHS-5 and for the years 2020 and 2021.

the information covers the period prior to implementation of the Jammu and Kashmir Reorganisation Act, 2019.

9.3 Conclusion

UT of J&K adopted 34 indicators out of 41 indicators at the national level covering 12 targets at UT level out of 13 targets at national level. As of December 2023, the Inter-Sectoral Committee only met once since its constitution.

9.4 *Recommendation*

In light of the audit findings, GoJ&K may consider:

- ***Ensuring Inter-Sectoral Committee meetings are held at regular intervals to monitor the progress and achievements of targets under SDG.***

Srinagar/ Jammu
Dated: 21 October 2025

(K. P. Yadaw)
Principal Accountant General (Audit)
Jammu and Kashmir

Countersigned

New Delhi
Dated: 10 November 2025

(K. Sanjay Murthy)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1

(Reference Paragraph 1.7)

Number of Sampled Health Institutions

Tertiary Level		Secondary level		Primary level	
Sl. No.	**Hospitals providing specialised treatment**	**Sl. No.**	**District Hospitals**	**Sl. No.**	**Primary Health Centres**
1.	Govt. Medical College & Hospital (GMC&H), Jammu	1.	DH, Anantnag	1.	Achabal
2.	Sri Maharaja Gulab Singh Hospital, Jammu	2.	DH, Ganderbal	2.	Awoora
3.	Super Speciality Hospital, Jammu	3.	DH, Gandhi Nagar, Jammu	3.	B. Kalan
4.	Govt. Ayurvedic Hospital, Jammu	4.	DH, Handwara	4.	Dethu
5.	G.B.Pant Children Hospital, Srinagar	5.	DH, Ramban	5.	Kanalwan
6.	Sri Maharaja Hari Singh Hospital, Srinagar	6.	DH, Udhampur	6.	Kapran
7.	Super Speciality Hospital, Srinagar		Community Health Centres (CHC) /Sub-District Hospitals (SDH)	7.	Khayar
8.	Lalla Ded Hospital, Srinagar	1.	SDH Seer Hamdan	8.	Kullar
9.	Govt. Unani Hospital, Srinagar	2.	SDH Bijbehara	9.	Larkipora
		3.	SDH Shangus	10.	Larnoo
		4.	SDH Dooru	11.	Ari
		5.	SDH Kokernag	12.	Gund
		6.	SDH Achabal	13.	Gutlibagh
		7.	SDH Kangan	14.	Kondbal
		8.	SDH Akhnoor	15.	Shallabugh
		9.	CHC Jourian	16.	Tullamulla
		10.	SDH Bishnah	17.	Bain Bajalta
		11.	SDH Kot Bhalwal	18.	Bambyal
		12.	SDH Marh	19.	Bhagwati Nagar
		13.	CHC Khour	20.	Bharore
		14.	SDH R.S.Pura	21.	Bus Stand
		15.	CHC Sohanjana	22.	Dhanger
		16.	SDH Jagti	23.	Digiana
		17.	SDH Sarwal	24.	Domana
		18.	SDH Kupwara	25.	Gurah Manhasan
		19.	SDH Sogam	26.	Jaswan
		20.	CHC Kralpora	27.	Ashpora
		21.	SDH Tangdar	28.	Chiterkoote
		22.	CHC Zachaldara	29.	Chowgal
		23.	SDH Langate	30.	Gundishat
		24.	CHC Kralgund	31.	Kandi
		25.	CHC Gool	32.	Magam
		26.	CHC Banihal	33.	Monabal

Tertiary Level		Secondary level		Primary level	
Sl. No.	**Hospitals providing specialised treatment**	**Sl. No.**	**District Hospitals**	**Sl. No.**	**Primary Health Centres**
		27.	CHC Batote	34.	Mugalpora
		28.	SDH Ramnagar	35.	Nowgam
		29.	CHC Chenani	36.	Tarathpora
				37.	Alinbass
				38.	Dharmkund
				39.	Digdool
				40.	Miatra
				41.	Sangaldan
				42.	Sari Pura
				43.	Surrundi
				44.	Badhole
				45.	Chanauta
				46.	Chiryai
				47.	Garhi
				48.	Kawa
				49.	Latyar
				50.	Madha
				51.	Majalta
				52.	Marta
				53.	Sermanjala
					Sub-Centres (SCs)
				1.	Aru
				2.	Bewoora
				3.	Dandipora
				4.	Darigund
				5.	Karshangam
				6.	Kawarigam
				7.	Lisser
				8.	Nai Basti
				9.	Panzgam
				10.	Shankerpora
				11.	Akhal
				12.	Balapati Lar
				13.	Bandaybagh
				14.	Gagangeer
				15.	Kurag
				16.	Treesa
				17.	Bala
				18.	Barni
				19.	Challana
				20.	Chargali
				21.	Gurah pattan
				22.	Jagti
				23.	Kharian
				24.	Kudwal
				25.	N S pura

Tertiary Level		Secondary level		Primary level	
Sl. No.	**Hospitals providing specialised treatment**	**Sl. No.**	**District Hospitals**	**Sl. No.**	**Primary Health Centres**
				26.	Naryana
				27.	Baderkal
				28.	Batlan Gundgujran
				29.	Check Hayan
				30.	Checksarmerg
				31.	Gulnar
				32.	Gund Chowgal
				33.	Hatmulla
				34.	Jub Nachian
				35.	Kalas
				36.	Kashmiri Manigah
				37.	Amkoot
				38.	Bawa
				39.	Salballa
				40.	Dachan Gali
				41.	Gagarnag
				42.	Harra
				43.	Khari Trana
				44.	Parihinder
				45.	Phagmulah
				46.	Bari
				47.	Chak Rakhwalan
				48.	Darsoo
				49.	Dehari
				50.	Kela
				51.	Kheen
				52.	Majua
				53.	Muttal
				54.	Narore
				55.	Ossu
					AYUSH Dispensaries
				1.	A K Pora
				2.	Hapatnard
				3.	Hardturoo
				4.	Marahama
				5.	Ranipora
				6.	Vessu
				7.	Y K Pora
				8.	Akhal
				9.	Fatehpora
				10.	Ganderbal
				11.	Rayil
				12.	Abdullian
				13.	Bhantidi

Tertiary Level		Secondary level		Primary level	
Sl. No.	**Hospitals providing specialised treatment**	**Sl. No.**	**District Hospitals**	**Sl. No.**	**Primary Health Centres**
				14.	Bishnah Town
				15.	Gho-Manhasan
				16.	K.A.Singh
				17.	Khandwal
				18.	Kheri Raipur
				19.	Kuthar
				20.	Majoua
				21.	Marh Drabi
				22.	Aafan
				23.	Dardapora
				24.	Doolipora
				25.	Khurhama
				26.	Mushikjal
				27.	Sanzipora
				28.	Ashmaar
				29.	Mahu
				30.	Paprian
				31.	Tangar
				32.	Barigarh
				33.	Dhanwalt
				34.	G.S. Banj
				35.	Khail Seer Manjla
				36.	Nagrota Panjgrain
				37.	Thalora
				38.	Udhampur

Appendix-4.1

(Reference Paragraph 4.4.1)

Details of 42 test-checked cases of Annual Rate Contract of allopathic drugs/ medicines, AYUSH drugs/ medicines and machinery/ equipment

Sl. No.	Category of items for which NIT issued	Date of NIT	Date of Technical Evaluation committee (TEC) meeting	Time taken for holding of TEC meeting from the date of issuance of NIT	Date of Financial Evaluation Committee (FEC) meeting	Time taken for holding of FEC Meeting from TEC meeting	Date of State Level Purchase Committee (SLPC) meeting	Time take for holding of SLPC meeting from the date of holding of FEC	Time taken for holding of SLPC from the date of issuance of NIT	Date of Issuance of Rate Contract	Time taken for issuance Rate contract from holding of SLPC meeting
Allopathic drugs and medicines											
1	JKMSCL/Tend/drug & Med/05/2017	02-02-2017	29-06-2017	147	20-09-2017	83	05-10-2017	15	245	15-11-2017	41
2	JKMSCL/Med/2018-19/287 (for medicine)	09-04-2018	16-07-2018	98	21-07-2018	5	08-08-2018	18	121	27-08-2018	19
3	JKMSCL/Med/2018-19/302 (for the procurement of Drugs & IV Fluids)	03-01-2019	27-03-2019	83	30-03-2019	3	10-04-2019	11	97	11-05-2019	31
4	JKMSCL/Med/2019/322 (supply for drugs)	04-06-2019	14-10-2019	132	16-10-2019	2	20-11-2019	35	169	06-01-2020	47
5	JKMSCL/Med/2019/361(for the procurement of essential drugs)	19-09-2019	06-01-2020	109	15-01-2020	9	18-01-2020	3	121	13-03-2020	55
6	JKMSCL/Med/2019/366(for the procurement of essential drugs)	08-11-2019	17-01-2020	70	18-01-2020	1	18-01-2020	0	71	04-02-2020	17

Sl. No.	Category of items for which NIT issued	Date of NIT	Date of Technical Evaluation committee (TEC) meeting	Time taken for holding of TEC meeting from the date of issuance of NIT	Date of Financial Evaluation Committee (FEC) meeting	Time taken for holding of FEC Meeting from TEC meeting	Date of State Level Purchase Committee (SLPC) meeting	Time take for holding of SLPC meeting from the date of holding of FEC	Time taken for holding of SLPC from the date of issuance of NIT	Date of Issuance of Rate Contract	Time taken for issuance Rate contract from holding of SLPC meeting
7	JKMSCL/Allop. Medicines/2020/402 (For the procurement of Allopathic Medicines)	23-06-2020	18-11-2020	148	20-11-2020	2	28-11-2020	8	158	07-12-2020	9
8	JKMSCL/Drugs for NHM/2020/433	02-12-2020	17-12-2020	15	30-12-2020	13	27-01-2021	28	56	04-02-2021	8
9	JKMSCL/Emergency/ Drugs/2021/440	05-01-2020	15-01-2021	376	02-03-2021	46	16-03-2021	14	436	16-04-2021	31
10	JKMSCL/Surfactant 4ml 2021/453	06-03-2021	23-03-2021	17	08-04-2021	16	29-05-2021	51	84	03-06-2021	5
11	JKMSCL/Drugs for PHCs & Sub Centres/2021/454	09-03-2021	24-03-2021	15	29-05-2021	66	16-06-2021	18	99	30-06-2021	14
12	JKMSCL/Allop. Med/2021/447	14-01-2021	24-02-2021	41	29-05-2021	94	28-06-2021	30	165	01-07-2021	3
AYUSH Drugs and Medicine											
1	JKMSCL/Ayd/Unani/ Med/2017/130	27-01-2017	18-11-2017	295	22-11-2017	4	22-12-2017	30	329	02-01-2018	11
2	JKMSCL/Ayd/Unani/ Med/2017/285	16-03-2018	08-06-2019	449	08-06-2019	0	01-08-2019	54	503	14-09-2019	44

Sl. No.	Category of items for which NIT issued	Date of NIT	Date of Technical Evaluation committee (TEC) meeting	Time taken for holding of TEC meeting from the date of issuance of NIT	Date of Financial Evaluation Committee (FEC) meeting	Time taken for holding of FEC Meeting from TEC meeting	Date of State Level Purchase Committee (SLPC) meeting	Time take for holding of SLPC meeting from the date of holding of FEC	Time taken for holding of SLPC from the date of issuance of NIT	Date of Issuance of Rate Contract	Time taken for issuance Rate contract from holding of SLPC meeting
3	JKMSCL/Ayd/Unani/ Med/2019/383	14-03-2020	20-08-2020	159	24-08-2020	4	08-09-2020	15	178	28-09-2020	20
Machinery/ equipment and other items											
1	NIT/JKMSCL/MACH/ BSL/2016-17/56	25-11-2016	20-12-2016	25	19-08-2017	242	07-11-2017	80	347	11-04-2018	155
2	NIT/JKMSCL/MACH/ 2016-17/275	04-09-2017	19-01-2018	137	01-02-2018	13	15-03-2018	42	192	11-04-2018	27
3	NIT/JKMSCL/MACH (II)/2017/280	18-11-2017	12-10-2018	328	13-10-2018	1	26-10-2018	13	342	28-12-2018	63
4	NIT/JKMSCL/MACH/ BSL/2017/283	20-12-2017	24-12-2017	4	07-03-2018	73	15-03-2018	8	85	21-04-2018	37
5	NIT/JKMSCL/MACH/ 2017/296	14-07-2018	20-09-2018	68	29-12-2018	100	12-01-2019	14	182	28-02-2019	47
6	NIT/JKMSCL/MACH/ 2017/300	23-10-2018	28-12-2018	66	25-01-2019	28	08-02-2019	14	108	28-02-2019	20
7	NIT/JKMSCL/MACH/ 2017/301	03-01-2019	08-06-2019	156	08-06-2019	0	14-06-2019	6	162	19-07-2019	35
8	NIT/JKMSCL/MACH/ 2017/317	15-05-2019	08-07-2019	54	03-01-2020	179	18-01-2020	15	248	28-02-2020	41
9	NIT/JKMSCL/MACH/ 2017/319	23-05-2019	28-08-2019	97	21-09-2019	24	25-09-2019	4	125	11-11-2019	47

Sl. No.	Category of items for which NIT issued	Date of NIT	Date of Technical Evaluation committee (TEC) meeting	Time taken for holding of TEC meeting from the date of issuance of NIT	Date of Financial Evaluation Committee (FEC) meeting	Time taken for holding of FEC Meeting from TEC meeting	Date of State Level Purchase Committee (SLPC) meeting	Time take for holding of SLPC meeting from the date of holding of FEC	Time taken for holding of SLPC from the date of issuance of NIT	Date of Issuance of Rate Contract	Time taken for issuance Rate contract from holding of SLPC meeting
10	NIT/JKMSCL/MACH/2017/348	25-07-2019	06-09-2019	43	12-06-2020	280	19-08-2020	68	391	19-09-2020	31
11	NIT/JKMSCL/MACH/2017/399	15-06-2020	06-08-2020	52	05-08-2021	364	10-08-2021	5	421	23-09-2021	44
12	NIT/JKMSCL/MACH/2017/405	11-07-2020	07-09-2020	58	28-11-2020	82	28-11-2020	0	140	02-12-2020	4
13	NIT/JKMSCL/MACH/2017/434	09-12-2020	09-01-2021	31	16-03-2021	66	16-03-2021	0	97	08-04-2021	23
14	JKMSCL/dressinf material/2018-19/291	20-04-2018	29-08-2018	131	13-10-2018	45	12-01-2019	91	267	11-02-2019	30
15	JKMSCL/dressinf material/2019-21/313	24-01-2019	13-09-2019	232	24-09-2019	11	25-09-2019	1	244	17-12-2019	83
16	JKMSCL/SURGICAL DISPOSABLE/2015/105	23-11-2015	07-04-2016	136	12-04-2016	5	26-04-2016	14	155	04-05-2016	8
17	JKMSCL/SURGICAL DISPOSABLE/2017/234	11-04-2017	15-09-2017	157	13-06-2018	271	04-07-2018	21	449	31-07-2018	27
18	JKMSCL/MED/2021/444	11-01-2021	23-06-2021	163	21-09-2021	90	25-09-2021	4	257	08-10-2021	13
19	JKMSCL/COMMONITEMS/2016/28	27-07-2016	24-09-2016	59	03-02-2017	132	04-07-2018	516	707	03-08-2018	30

Sl. No.	Category of items for which NIT issued	Date of NIT	Date of Technical Evaluation committee (TEC) meeting	Time taken for holding of TEC meeting from the date of issuance of NIT	Date of Financial Evaluation Committee (FEC) meeting	Time taken for holding of FEC Meeting from TEC meeting	Date of State Level Purchase Committee (SLPC) meeting	Time take for holding of SLPC meeting from the date of holding of FEC	Time taken for holding of SLPC from the date of issuance of NIT	Date of Issuance of Rate Contract	Time taken for issuance Rate contract from holding of SLPC meeting
20	JKMSCL/BLOODBAGS&KITS/2016/01	20-02-2016	28-05-2016	98	01-08-2016	65	16-11-2016	107	270	21-12-2016	35
21	JKMSCL/BLOODBAGS/2017/1473	23-11-2017	25-05-2018	183	13-06-2018	19	04-07-2018	21	223	04-09-2018	62
22	JKMSCL/MED/2021/449	18-01-2021	05-10-2021	260	02-12-2021	58	22-12-2021	20	338	10-01-2022	19
23	JKMSCL/FURNITURE/2015/110	28-11-2015	18-01-2016	51	11-03-2016	53	14-03-2016	3	107	18-03-2016	4
24	JKMSCL/HOSPITALFURNITURE/2017/233	07-04-2017	15-09-2017	161	13-06-2018	271	04-07-2018	21	453	07-08-2018	34
25	JKMSCL/HOSPITALFURNITURE/2019/309	16-01-2019	26-04-2019	100	01-07-2019	66	01-08-2019	31	197	19-12-2019	140
26	JKMSCL/HOSPITALFURNITUR/2019/311	17-01-2019	17-07-2019	181	24-07-2019	7	01-08-2019	8	196	13-12-2019	134
27	JKMSCL/HOSPITALFURNITURE/2021/439	02-01-2021	03-05-2021	121	06-05-2021	3	29-05-2021	23	147	05-06-2021	7

Appendix 9.1

(Reference Paragraph 9.1)

Statement of Indicators for Sustainable Development Goals 3

(Ensure healthy lives and promote well-being for all at all ages)

Targets		Indicators				
Global Target No.	**Targets of SDG 3**	**Global Indicators Framework for SDG of the 2030 Agenda and their Tier-wise classifications**		**National Indicator Framework (Version-3.0) developed by MOSPI as of 31.03.2021**	**Indicators adopted in India SDG Index 20-21**	**Indicators adopted by Jammu & Kashmir**
		Tier	**Indicators**			
3.1	By 2030, reduce the global maternal mortality ratio to less than 70 per 1,00,000 live births	I	3.1.1 Maternal mortality ratio	1. Maternal Mortality Ratio	Adopted	1. Maternal Mortality Ratio (Per 1,00,000 live births)
		I	3.1.2 Proportion of births attended by skilled health personnel	2. Percentage of births attended by skilled health personnel. (Period 05 years)		2. Percentage of births attended by skilled health personnel. (Period 05 years)
				3. Percentage of births attended by skilled health personnel. (Period 01 year)		3. Percentage of births attended by skilled health personnel. (Period 01 year)
				4. Percentage of women aged 15−49 years with a live birth, for last birth, who received antenatal care, four times or more. (Period 05 years/ 01 year)		4. Percentage of women aged 15−49 years with a live birth, for last birth, who received antenatal care, four times or more. (Period 05 years/ 01 year)
3.2	By 2030, end preventable deaths of newborns and children under 05 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births	I	3.2.1 Under-5 mortality rate	1. Under-5 mortality rate.	Adopted	5. Under-5 mortality rate per 1,000 live births
		I	3.2.2 Neonatal mortality rate	2. Neonatal mortality rate.		6. Neonatal mortality rate per 1,000 live births.
3.3	By 2030, end the epidemics of AIDS, tuberculosis, malaria and	I	3.3.1 Number of new HIV infections per 1,000 uninfected population, by	1. Number of new HIV infections per 1,000 uninfected population	Adopted	7. Number of new HIV infections per 1000 uninfected population

Targets		Indicators				
Global Target No.	**Targets of SDG 3**	**Global Indicators Framework for SDG of the 2030 Agenda and their Tier-wise classifications**		**National Indicator Framework (Version-3.0) developed by MOSPI as of 31.03.2021**	**Indicators adopted in India SDG Index 20-21**	**Indicators adopted by Jammu & Kashmir**
		Tier	**Indicators**			
	neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases		sex, age and key populations.			
		I	3.3.2 Tuberculosis incidence per 1,00,000 population	2. Tuberculosis incidence per 1,00,000 population	Adopted	8. Tuberculosis incidence per one lakh population
		I	3.3.3 Malaria incidence per 1,000 population	3. Malaria incidence per 1,000 population		9. Malaria incidence per 1,000 population
		I	3.3.4 Hepatitis B incidence per 1,00,000 population	4. Prevalence of Hepatitis "B" per 1,00,000 population		
		I	3.3.5 Number of people requiring interventions against neglected tropical diseases			
						10. Percentage of HIV Prevalence rate. (*UT specific*)
				5. Dengue: Case Fatality Ratio (CFR)		11. Dengue: Case Fatality Ratio (CFR)
				6.The proportion of grade-2 cases amongst new cases of Leprosy		12. The proportion of grade-2 cases amongst new cases of Leprosy
				7. Percentage of blocks reporting < 01 Kala Azar case per 10,000 population out of the total endemic blocks		
				8. Percentage of districts reporting < 1 *per cent* Microfilaria rate (MF) out of Targeted Endemic districts		
3.4	By 2030, reduce by one third premature mortality from non-communicable diseases	I	3.4.1 Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease	1. Number of deaths due to cancer		

Targets		Indicators				
Global Target No.	**Targets of SDG 3**	**Global Indicators Framework for SDG of the 2030 Agenda and their Tier-wise classifications**		**National Indicator Framework (Version-3.0) developed by MOSPI as of 31.03.2021**	**Indicators adopted in India SDG Index 20-21**	**Indicators adopted by Jammu & Kashmir**
		Tier	**Indicators**			
	through prevention and treatment and promote mental health and well-being	I	3.4.2 Suicide mortality rate	2. Suicide mortality rate	Adopted	13. Suicide mortality Rate (per 1,00,000 population.
3.5	Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol	II	3.5.1 Coverage of treatment interventions (pharmacological, psychosocial and rehabilitation and aftercare services) for substance use disorders	1. Number of persons treated in de-addiction centres		14. Number of persons treated in de-addiction centres.
		I	3.5.2 Alcohol per capita consumption (aged 15 years and older) within a calendar year in litres of pure alcohol	2. Percentage of population (men15-49 years) & women (15-49 years) who drink alcohol about once a week out of total population (men15-49 years) & women (15-49 years) who drink alcohol.		
				3. Percentage of population (men (15-54 years) and women (15-49 years)) who consume alcohol		15. Percentage of population (men 15-54 years) and women (15-49 years)) who consume alcohol
3.6	By 2020, halve the number of global deaths and injuries from road traffic accidents	I	3.6.1 Death rate due to road traffic injuries	1. People killed / injured in road accidents.	Adopted	16. People killed/injured in road accidents per one lakh population
3.7	By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration	I	3.7.1 Proportion of women of reproductive age (aged 15–49 years) who have their need for family planning satisfied with modern methods	1. Percentage of currently married women (15-49 years) who have their need for family planning satisfied with modern methods.		17. Percentage of currently married women aged (15-49 years) who have their need for family planning satisfied with modern methods
						18. Total Fertility Rate (*UT specific*)
				2. Percentage of currently married women (15-49 years) who use any modern		19.Percentage of currently married women (15-49 years) who use any modern

Targets		Indicators				
Global Target No.	**Targets of SDG 3**	**Global Indicators Framework for SDG of the 2030 Agenda and their Tier-wise classifications**		**National Indicator Framework (Version-3.0) developed by MOSPI as of 31.03.2021**	**Indicators adopted in India SDG Index 20-21**	**Indicators adopted by Jammu & Kashmir**
		Tier	**Indicators**			
	of reproductive health into national strategies and programmes			family planning methods		family planning methods
		I	3.7.2 Adolescent birth rate (aged 10–14 years; aged 15–19 years) per 1,000 women in that age group	3. Percentage of women aged 15-19 years who were already mothers or pregnant.		20. Percentage of women aged 15-19 years who were already mothers or pregnant.
				4.Adolescent birth rate (aged 15-19) per 1,000 women in that age group		21. Adolescent birth rate (aged 15-19) per 1,000 women in that age group
				5. Percentage of Institutional Births. (05 years/ 01 years)	Adopted	22. Percentage of institutional deliveries/births. (period 05 years/ 01 year)
3.8	Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	I	3.8.1 Coverage of essential health services	Not adopted		
		I	3.8.2 Proportion of population with large household expenditures on health as a share of total household expenditure or income	1. Proportion of population with large household expenditure on health as a share of total household expenditure or income.	*Monthly per capita out-of-pocket expenditure on health as a share of Monthly Per capita Consumption Expenditure (MPCE)	
				2. Percentage of currently married women (15-49 years) who use any modern family planning methods.		23. Percentage of currently married women (15-49 years) who use any modern family planning methods

Targets		Indicators				
Global Target No.	**Targets of SDG 3**	**Global Indicators Framework for SDG of the 2030 Agenda and their Tier-wise classifications**		**National Indicator Framework (Version-3.0) developed by MOSPI as of 31.03.2021**	**Indicators adopted in India SDG Index 20-21**	**Indicators adopted by Jammu & Kashmir**
		Tier	**Indicators**			
				3. Percentage of people living with HIV currently receiving ART among the detected number of adults and children living with HIV		24. Percentage of people living with HIV currently receiving ART among the detected number of adults and children living with HIV
				4. Prevalence of hypertension among men and women age 15-49 years 2015-16 (in percentage).		25. Prevalence of hypertension among men and women age 15-49 years.
				5. Percentage of population in age group 15-49 who reported sought treatment out of total population in that age group having diabetes.		
				6. Percentage of women aged 15-49 who have ever under gone Cervix examination.		26. Percentage of women aged 30-49 years who have ever under gone a screening test for Cervical cancer.
				7. Percentage of TB cases successfully treated (cured plus treatment completed) 21 among TB cases notified to the national health authorities during a specified period		27. Percentage of TB cases successfully treated (cured plus treatment completed) among TB cases notified to the national health authorities during a specified period
				8.Total physicians, nurses and midwives per 10,000 population		
3.9	By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	I	3.9.1 Mortality rate attributed to household and ambient air pollution	1.Proportion of men and women reporting Asthma in the age group 15-49 years.		28.Proportion of men and women reporting Asthma 15-49 years
		I	3.9.2 Mortality rate attributed to	Not adopted		

Targets		Indicators				
Global Target No.	**Targets of SDG 3**	**Global Indicators Framework for SDG of the 2030 Agenda and their Tier-wise classifications**		**National Indicator Framework (Version-3.0) developed by MOSPI as of 31.03.2021**	**Indicators adopted in India SDG Index 20-21**	**Indicators adopted by Jammu & Kashmir**
		Tier	**Indicators**			
			unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe Water, Sanitation and Hygiene for All (WASH) services)			
		I	3.9.3 Mortality rate attributed to unintentional poisoning	1. Mortality rate attributed to unintentional poisoning		29. Mortality rate attributed to unintentional poisoning per lakh population.
3.a	Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate	I	3.a.1 Age-standardized prevalence of current tobacco use among persons aged 15 years and older	1. Percentage of adults 15 years and above with use of any kind of tobacco (smoking and smokeless)		30. Percentage of women aged 15 -49 years and men aged 15-49 years with use of any kind of tobacco.
3.b	Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, 23 in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use	I	3.b.1 Proportion of the target population covered by all vaccines included in their national programme	1. Proportion of the target population covered by all vaccines included in their national programme	Adopted	31. Percentage of children aged 12-23 months fully immunised.

Targets		Indicators				
Global Target No.	**Targets of SDG 3**	**Global Indicators Framework for SDG of the 2030 Agenda and their Tier-wise classifications**		**National Indicator Framework (Version-3.0) developed by MOSPI as of 31.03.2021**	**Indicators adopted in India SDG Index 20-21**	**Indicators adopted by Jammu & Kashmir**
		Tier	**Indicators**			
	to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all					
		I	3.b.2 Total net official development assistance to medical research and basic health sectors	1. Budgetary allocation for department of Health Research		
		II	3.b.3 Proportion of health facilities that have a core set of relevant essential medicines available and affordable on a sustainable basis	Not adopted		
3.c	Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States	I	3.c.1 Health worker density and distribution	1. Total physicians, nurses and midwives per 10,000 population	Adopted	32. Health worker density per 10,000 population
				2. Percentage of government spending (Current and Capital)		33. Percentage of government spending (Current and Capital

Targets		Indicators				
Global Target No.	**Targets of SDG 3**	**Global Indicators Framework for SDG of the 2030 Agenda and their Tier-wise classifications**		**National Indicator Framework (Version-3.0) developed by MOSPI as of 31.03.2021**	**Indicators adopted in India SDG Index 20-21**	**Indicators adopted by Jammu & Kashmir**
		Tier	**Indicators**			
				in health sector to GDP.		expenditure) in health sector to GDP
						34. Percentage of government spending (Current and Capital expenditure) in health sector to total spending.
3.d	Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks	I	3.d.1 International Health Regulations (IHR) capacity and health emergency preparedness	3.d.1 International Health Regulations (IHR) capacity and health emergency preparedness		
		II	3.d.2 Percentage of bloodstream infections due to selected antimicrobial-resistant organisms	Not adopted		
Total	**13**	**Tier I = 25 Tier II = 3**	**28**	**41**	**9 + 1* different from NIF@**	**34**

@ NIF: National Indicators Framework developed by Ministry of Statistical Programme Implementation (MOSPI), GOI.

(Source: Global Indicators Framework, National Indicators Framework (Version-3.0), India SDG Index 20-21)

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लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India on Working of University of Jammu for the period ended March 2022

Government of Union Territory of Jammu and Kashmir

Report No. 3 of 2025

(Performance Audit - Civil)

Report of the
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PREFACE

This Report of Comptroller and Auditor General of India regarding Performance Audit on Working of Jammu University for the period ended 31 March 2022 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act, 2019 for laying in the Legislative Assembly.

This Performance Audit Report on Working of Jammu University contains following five Chapters.

Chapter-I: Introduction

Chapter-II: Academic and Research Activities

Chapter-III: Human Resources Management

Chapter-IV: Infrastructure Management

Chapter-V: Financial Management

The instances mentioned in this Report are those which came to the notice in the course of test audit during 2021-22 covering period from 2017-18 to 2021-22 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Audit was also guided by developments with regard to Human Resource and Infrastructure Management prior to the period of audit wherever required. Instances relating to the period subsequent to 2021-22 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 Performance Audit on Working of Jammu University. The Performance Audit was conducted with the objective to ascertain whether:

- The University had achieved its organisational goals and objectives in the areas of academics and research with reference to applicable laws and Regulations;
- Development and Management of Infrastructure and other assets were as per prescribed norms;
- Human Resource Management of academic and non-academic staff was efficient; and
- Financial Management and Internal Controls in ensuring economy, efficiency and effectiveness in functioning of the University were adequate.

The primary purpose of this Report is to bring to the notice of the Legislature the important results of audit. The audit findings of the Performance Audit Report are grouped into the following five chapters:

- Chapter 1: Introduction
- Chapter 2: Academic and Research Activities
- Chapter 3: Human Resources Management
- Chapter 4: Infrastructure Management
- Chapter 5: Financial Management

The University did not make efforts to establish industry academia linkage to make the students job ready. Choice based Credit system was partially implemented restricting choices available to students. The evaluation system suffered from operational and monitoring inadequacies. Delays in evaluation of results and thesis of PhD students were indicative of serious systemic problems affecting career mobility and academic progression of students. Monitoring research projects was inadequate as there were instances of abandoned projects and delays in completion of projects. Facilitation for innovation and entrepreneurship development programmes was dismal as the University Business Incubation and Innovation Centre (UBIIC) and Special Purpose Vehicle (SPV) set up for providing incubation support to potential startups remained non-functional. In 51 physically verified colleges (Government: 17 and Non-Government: 34), out of 331 teachers appointed in 24 Non-Government colleges, 113 teachers did not possess the prescribed qualifications.

Human Resources Management in the University was not efficient as there were irregular appointments and premature/ undue promotions. Recruitment Rules had not been framed for 77 out of 142 categories of non-teaching posts. Regularisation of adhoc/ contractual teaching/ academic staff was adopted as a mode of appointment. Lateral entry to direct entry level posts of Deputy Librarians led to undue favour to in-service employees. Appointments of in-service Assistant Registrars against open

merit posts of Deputy Registrars were made in violation of UGC norms. Irregular appointments to the posts of Readers/ Associate professors without required teaching experience compromised the minimum standards prescribed by UGC for maintaining quality of teaching. In absence of RRs for all posts, there was no uniform policy for career advancement of non-teaching staff. While a three-tier scheme was in operation for some non-teaching positions, there was undue extension of academic grade pays and Career Advancement Scheme of teachers to a selective group of non-teaching posts treated as non-vocation academic posts. UGC Career Advancement Scheme was extended to non-teaching posts treating them as equivalent to Assistant Registrars and Deputy Registrars which are regulated by UGC. Irregular financial upgradations with retrospective effect were allowed to non-teaching employees putting a burden on the State exchequer.

Inability of the University to start infrastructure works of off-site campuses before expiry of the 11th Plan (2007-12) resulted in disallowance of central grants which further led to stoppage of 30 works of which 15 projects were lying abandoned since March 2015. Due to significant variations in structural design and construction of additional floors not contemplated earlier, work on Girls Hostel was held up for nearly nine years. Getting additional works executed out of savings of tendered and allotted cost, through the same contractors, was a norm rather than an exception, which not only compromised transparency in allotment of works, but also resulted in undue benefit to contractors. There were also instances when equipment procured by various departments were lying idle due to lack of technical manpower.

The University could not optimally utilise financial assistance received from UGC, Department of Science and Technology etc. for infrastructure strengthening resulting in non-release of further installments. Due to non-preparation of a Consolidated Local Fund, balances under local funds of various PG departments and constituent offices remained outside the main account of the University resulting in understatement of revenue in the budget estimates. The University had not prepared annual account and balance sheet since its inception indicating lack of commitment on the part of the University. By specifying particular makes and models, the University had carried out purchases from single source resulting in non-transparency in the procurement process and reduced opportunity to get better prices and products through competitive bidding.

Recommendations:

The University may:

- *Take strict measures to avoid delay in evaluation of answer scripts and PhD thesis;*
- *May put in place a well-defined fair and transparent recruitment policy;*
- *Recruitment Rules may be finalised for all posts with well-defined stages of promotion to ensure probity and transparency in recruitment;*
- *Take measures for completion of held up works; and*
- *Devise a robust mechanism to ensure optimum utilisation of equipment procured.*

CHAPTER-I
INTRODUCTION

CHAPTER-I

INTRODUCTION

The University of Jammu and Kashmir was bifurcated into University of Jammu and University of Kashmir by the Jammu and Kashmir Universities Act (J&KUA) 1969. The said Act and the University Statutes 2010 give the framework for the functioning of the University of Jammu.

The University has the powers and functions to provide instructions in such branches of learning as it deems fit and make provision for research and advancement in various fields of education. The University holds examinations, grants degrees and confers academic distinctions on students who pursue approved courses of study in the University or in its constituent colleges/ institutions. It also maintains, recognises and affiliates colleges and other institutes.

1.1 Organisational setup

The University of Jammu is headed by Chancellor, while Vice-Chancellor is a whole time or part time Honorary Officer of the University. The Vice-Chancellor is assisted by Deans, Directors, Registrar, Joint Registrar and other functionaries. The Secretary to the Government Finance Department acts as the ex-officio Financial Advisor to the University. The University Council (UC) is the apex governing authority of the University, which is headed by the Chancellor with Education Minister and Vice-Chancellor among others as Members. The University Syndicate (US) is the Chief Executive Authority vested with the responsibility of framing budget estimates, drafting Statutes, holding controlling and administering funds, property and other assets. The Academic Council (AC) controls and regulates the standards of teaching, research and examination in the University and also prescribes syllabi and other courses of study. The academic activities are governed by the Guidelines, Regulations and Circulars issued by University Grants Commission (UGC), All India Council for Technical Education (AICTE), National Council for Teacher Education (NCTE) and other regulatory bodies in the education sector. Other Statutory Committees, viz. Finance Committee (FC), Campus Development and Works Committee etc. are also in place in the University. The organisational setup of the University is detailed in ***Appendix 1.1.***

The University of Jammu has eight faculties[1] with 38 departments[2] of teaching and

[1] (i) Arts (ii) Business Studies (iii) Education (iv) Law (v) Mathematical Sciences (vi) Science (vii) Life Sciences, and (viii) Social Sciences

[2] Buddhist Studies, Dogri, English, Hindi, Punjabi, Sanskrit, Urdu, Journalism & Media Studies, Business School, Commerce, School of Hospitality & Tourism Management, Education, Physical Education, Law, Law School, Mathematics, Statistics, Computer Sciences, Chemistry, Geology, Geography, Physics, Electronics, Remote Sensing, Home Science, Bio-Technology, Botany, Zoology, Environment Science, Economics, History, Political Science, Library Science, Sociology, Psychology, Strategic & Regional Studies, Lifelong Learning and Philosophy

research and eight centers[3] in its main campus. Apart from its main campus, the University has one constituent college[4] and eleven off-site campuses[5] spread across different districts in Jammu province. As of March 2022, the University had an enrollment of 4,329 students in the main campus, off-site campuses and constituent college. The main campus also has a Directorate of Distance Education (DDE) which offers courses in open and distance learning mode (ODL) with approximate student strength of 11,962. The University has over 167 affiliated colleges with an enrolment of over 74,178 students. The University ranked 50th in the National Institutional Ranking Framework (NIRF)-2024 in University Category. It obtained (December 2024) National Assessment and Accreditation Council (NAAC) with A++ grade for a period of seven years (2024-2031).

1.2 Audit Scope, Sample and Methodology

The working of University of Jammu was last reviewed and commented upon in the Report of the Comptroller and Auditor General of India for the year ended March 2008. The current Performance Audit of the University covered the period 2017-18 to 2021-22. The Audit Report has been updated with the replies received in February 2025. Audit was also guided by developments with regard to Human Resource and Infrastructure Management prior to the period of audit wherever required. During the Performance Audit, 33 *per cent* of infrastructure projects/ works in the University Works Department (UWD), equipment purchased by 38 departments and service records of the employees were test checked. Detailed scrutiny of academic records was also carried out in all 38 departments and all eight Centres within the main campus, one constituent college and seven functional off-site campuses. Various institutions and departments covered during Performance Audit are detailed in ***Appendix 1.2.***

An Entry Conference was held through virtual mode with the Vice-Chancellor and other University officials on 25 July 2022 wherein the scope, objectives, criteria and methodology of audit including selection of samples for examination of records were discussed. An Exit Conference was held with the Vice-Chancellor on 13 February 2025, wherein all the audit observations were discussed. The responses during the Exit Conference have been suitably incorporated in the report.

1.3 Audit Objectives

The Performance Audit was conducted to ascertain whether:

[3] Computer Centre, Centre for History and Culture of Jammu and Ladakh Region and Rinchen Bzangpo Art Gallery, Centre for Study in Museology, Centre for Women Study, Centre for IT and Enabled Services, Centre for International Centre for Cross Cultural Research and Human Resources Management, Centre for Human Genetics and Centre for Study of Social Exclusion and Inclusive Policy

[4] University Institute of Engineering and Technology Kathua

[5] Bhaderwah, Kathua, Kishtwar, Reasi, Ramnagar, Udhampur, Poonch, Billawar, Patnitop, Surankote and Doda

- The University had achieved its organisational goals and objectives in the areas of academics and research with reference to applicable laws and Regulations;
- Development and Management of Infrastructure and other assets were as per prescribed norms;
- Human Resource Management of academic and non-academic staff was efficient; and
- Financial Management and Internal Controls in ensuring economy, efficiency and effectiveness in functioning of the University were adequate.

1.4 Audit Criteria

Audit criteria was derived from the following sources/ records:

- J&KUA 1969, and Statutes of the University;
- UGC Act/ Guidelines/ Regulations and Quality Mandate as well as norms prescribed by AICTE and Distance Education Council (DEC);
- Guidelines and Internal Quality Assurance Cell Manual issued by NAAC;
- National Institutional Ranking Framework (NIRF) Manual;
- State/ Central PWD Manuals;
- Guidelines issued by funding agencies for the implementation of various schemes in the University;
- General Financial Rules, 2017; and
- Inclusive and Qualitative Expansion of Higher Education under 12th plan issued by UGC.

1.5 Acknowledgement

Audit acknowledges the cooperation extended by the University of Jammu in the conduct of the Performance Audit.

1.6 Audit Findings

The audit findings of the Performance Audit Report are grouped in the following Chapters:

- Chapter-II: Academic and Research Activities
- Chapter-III: Human Resources Management
- Chapter-IV: Infrastructure Development and Management
- Chapter-V: Financial Management

CHAPTER-II
ACADEMIC AND RESEARCH ACTIVITIES

CHAPTER-II

Academic and Research Activities

2.1 Academic Activities

The University was offering (March 2022) Doctorate Degree in 38 programmes, Master of Philosophy (MPhil)[1] in 24 programmes, 50 Master's Degree Programmes (MDPs), 19 undergraduate programmes, 10 post graduate diplomas and six certificate courses through eight faculties. It also offers postgraduate and undergraduate programmes through its affiliated colleges.

2.1.1 Non-approval/ Non-accreditation of Courses

AICTE is a national-level council responsible for regulating and standardising technical education in India. Interested Central/ State Public and Private Universities are required to obtain AICTE approval for all Technical Programmes/ Courses/ Intake capacity.

While NAAC under UGC gives institutional accreditation, National Board of Accreditation (NBA) under AICTE gives accreditation to technical programmes approved by AICTE. UGC Regulations (2012) and AICTE Regulations (2014) envisage that every Higher Education Institution (HEI) which has completed six years of existence or whose two batches have passed out, whichever is earlier, should apply for accreditation.

Records however showed that the University had obtained AICTE approval for only two technical programmes (MBA and MCA), while four technical programmes[2] were running without AICTE approval. NBA accreditation had not been obtained for MCA course, though approved by AICTE. As such the enrolled students could not avail the benefits available to an accredited institution/ program in terms of improvement in quality education guaranteed by periodic assessments by an overarching regulator. To quote an instance, in respect of M. Tech. Computer Science programme started from the year 2014, AICTE model curricula was not adhered to and there was unavailability of requisite laboratories and infrastructure.

Registrar stated (November 2023 and February 2025) that AICTE approval is not mandatory for the State Public and Central Universities. It was further added that the Department of Management, University of Jammu has already initiated the process of building requisite infrastructure as per the AICTE norms and the process of seeking AICTE approval will be initiated, once adequate infrastructure is built.

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1 M.Phil. stands discontinued with effect from 2021-22.

2 M. Tech (Computer Science), MBA (International Business), BBA (Hotel Management) and MBA (Hospitality and Tourism Management)

The fact however remains that AICTE approval is a benchmark of credibility that ensures educational programs meet national standards. Of the two programmes for which AICTE approval was obtained, the MCA course was not NBA accredited.

2.1.2 Nomenclature of Degrees and Programmes

Under Section 22 of the UGC Act, 1956, degrees which may be awarded by the Universities are specified by the UGC. Further, UGC notified in the Gazette of India (May 2009 and July 2014) the list of Academic Courses/ Degree(s) to be run by the Universities. As per the UGC Act, no University shall confer a Degree in violation of provisions of this notification and it shall be mandatory for the Universities to adhere to the approved nomenclature of degree(s).

Records however showed that the University had neither changed the nomenclature of Business Administration in Hotel Management (BBA-HM) to Bachelor of Hotel Management (BHM) nor modified the duration of the course from three years to four years. During 2016-22, University awarded 77 degrees in respect of BBA-HM courses.

While accepting the audit observation, Registrar stated (February 2025) that Board of Studies of School of Hospitality and Tourism Management had already endorsed the revision of nomenclature of BBA (HM) in accordance with the UGC specification of degrees. It was added that the decision in this regard shall be presented in the forthcoming Academic Council Meeting.

2.1.3 Running of Teachers Training Courses without Approval of NCTE

National Council for Teachers Education (NCTE) is a Statutory Body responsible for regulating Teacher Education Programmes. NCTE recognition ensures that these programmes meet national standards for quality, infrastructure, faculty and curriculum. UGC advised (June 2014) State Universities to align Teacher Education Programmes (TEPs) with the National Curriculum Framework for Teacher Education (NCFTE), 2009. NCTE came out (December 2014) with new Regulations in respect of 15 TEPs which included M.Ed., B.Ed., B.PED and M.PED, according to which in-service teachers in elementary education having completed an NCTE recognised TEP in face-to-face mode[3] were eligible for admission to B.Ed. programme in Open and Distance Learning (ODL) mode. Audit noticed the following:

- Although the University adopted (July 2015) NCTE Regulations, 2014 from 2015-16, NCTE recognition had not been obtained for the teachers training

[3] Diploma in Pre-School Education (DPSE), Diploma in Elementary Education (D.El.Ed.), Diploma in Physical Education (D.P.Ed.), Bachelor of Physical Education (B.P.Ed.), Master of Physical Education (M.P.Ed.) degree, Diploma in Arts Education etc. Apart from these, the programmes with older nomenclature like D.Ed., or any other but duly recognised by NCTE as face-to-face teacher education programmes may also be considered for admission in B.Ed.

courses offered and run by the University through the Department of Education (DoE) and affiliated colleges.

- The University did not adopt the revised norms of NCTE regarding admission to B.Ed. The eligibility criteria of having completed an NCTE recognised degree in TEP in face-to-face mode was omitted for admissions to the two year B.Ed. programme from the academic session 2021-22. Although the Directorate of Distance Education of the University did not make any fresh admissions to the B.Ed. programme during 2020-21, the University adopted revised (September 2021) Statutes and initiated admission process for the academic session 2021-23 without the approval of NCTE. This was in spite of the fact that AC had passed (February 2021) a resolution not to make any fresh admission to two year B.Ed. programme without approval of NCTE.

Registrar, stated (February 2025) that NCTE has given relaxation to the institutions located in UT of J&K until December 2024 to comply with their norms and standards.

The fact however remains that the university had neither applied for recognition under Section 14/15 of the NCTE Act 1993 (made applicable to J&K post abrogation of article 370) nor adhered to NCTE norms for faculty requirements and admissions to teachers training.

2.2 Academic Flexibility

As per NAAC Manual, academic flexibility denotes the curriculum choices and curriculum transactions available to the students. Academic flexibility can be ensured by introducing new courses, Choice Based Credit System (CBCS) and semester system, etc.

2.2.1 Partial Implementation of Choice Based Credit System (CBCS)

UGC, in its action plan for bringing about academic reforms in universities, advocated (March 2009) implementation of CBCS encompassing improvement in educational quality and excellence, inter-institution transferability of students and comparability of educational programmes across the country etc. The objective of implementation of the credit system was to allow students to pursue elective courses of their choice and enable their seamless mobility among the institutions across the states and country. The University adopted CBCS in September 2014.

Audit noted the following deficiencies in implementation of CBCS:

- As per UGC norms, CBCS provides choice to students to select from the prescribed UG/ PG programmes under three domains viz., Core and Elective and Foundation[4] with diverse choice of subjects based on learning needs, interests and aptitudes. Audit observed that while adopting the CBCS for PG programmes in its Statute, the University restricted the CBCS only to Core

[4] A foundation course prepares a student for a more advanced course

and Elective courses. As a result, the students could not avail themselves of the benefits of Foundation Courses meant for Knowledge Enhancement and Value Education.

- The CBCS framework notified by UGC prescribed allotting 60 *per cent* of credits to Core courses and 20 *per cent* each to Elective and Foundation courses. Audit observed that as per the course structure adopted (September 2014) by the University, Core courses were allotted 89 to 97 *per cent* of credits and Elective Courses were allotted 03 to 11 credits, thereby limiting the choice of Electives for students to opt for.
- As per UGC guidelines regarding implementation of CBCS, to ensure fairness in assessment, evaluation of the theoretical component of at least 50 *per cent* of Core Courses were required to be undertaken by external examiners who were also to set and assess question papers. For assessment of practical component of Core Courses and that of project reports/ thesis/ dissertation etc., the team of examiners were to comprise internal as well as external examiners.

  Audit noticed that no provision for external evaluation was kept in the Statutes at the time of adoption (September 2014) of CBCS, which was included in the Statute by a subsequent amendment (September 2017). The University had not engaged external examiners for evaluation of theoretical/ practical components and project reports/thesis/dissertation etc. External evaluation would ensure an independent perspective on the programmes performance. Not adopting of external evaluation was fraught with the risk of biases or limitations due to evaluators' involvement in the programme.

Registrar stated (November 2023) that external evaluation was undertaken in 2nd Semester of all PG programmes but with the outbreak of the pandemic, the proposal was put up before Academic Council for internal evaluation in place of external evaluation in 2nd semester for all PG programmes under CBCS and the proposal was approved. It was added (February 2025) that external evaluation shall be taken care of in the proposed draft Statutes of Postgraduate Programme under NEP 2020 with effect from session 2025-26. However, the reply was silent about restrictions in choices available *vis-a-vis* the framework of CBCS.

2.3 Industry/ Academia Partnerships and Collaboration with Academic Institutes

As per UGC Quality mandate, it is vital for an HEI to intensify University-Industry interaction to identify core knowledge and skills that graduates need to enhance their employability. Further as per paragraph 3.7 of the NAAC Manual, HEIs can seek collaboration with academic institutes, industry or other agencies of professional and social relevance. Range of activities could include training, student exchange, faculty exchange, research and resource sharing etc.

In order to integrate academic competence of the University and expertise of the industry for development and commercialisation of scientific research and imparting necessary skills to the students for enhancing their research and employability potential, the University established (July 2019) an Industry Academia Partnership Centre (IAPC). To run the centre under a mutually beneficial arrangement, the University entered into (December 2020) an MoU with a Pharmaceutical setup[5]. Notwithstanding this, audit noticed that the IAPC was not made functional as of July 2022.

Audit observed that 12 out of 38 academic departments/ centres of the University had not entered into any active collaboration with any industry or academic institute during 2017-22. As of March 2023, against 26 MoUs entered into by the University with other institutions at National and International level, only 02 were fully functional, 04 were partially functional and 20 MoUs were yet to be made functional. Due to non-functional MoUs, the University could not derive from these collaborations benefits such as student/ faculty exchange programmes, promotion of courses and pathways, funding for relevant research work and placement facilitation. Further, as a result, the students missed the opportunity of industry exposure and skill upgradation.

Convener IAPC stated (November 2022) that the process for setting up IAPC got delayed due to non-availability of required space for setting up of the laboratory.

Registrar added (November 2023) that allocation of ₹ five crore for IAPC came with the condition that more than 30 *per cent* of grant could not be spent on construction and absence of required space for setting up of the laboratory resulted in loss of time.

2.4 Facilitation for Innovation/ Start-up / Entrepreneurship

The University identified (February 2021) Research and Innovation as thrust areas under RUSA 2.0[6] in order to achieve heights in its journey of quality and excellence. As part of this initiative, the University established (April/ June 2019) University Business Incubation and Innovation Centre (UBIIC) and a Special Purpose Vehicle (SPV)[7] for pre-incubation and incubation of early-stage entrepreneurial technology based ventures and identification of potential entrepreneurs. As of March, an expenditure of ₹ 1.29 crore[8] was incurred by the two entities.

Audit scrutiny revealed that:

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5 RaCemix Molecules Private Ltd.

6 RUSA 2.0 stands for Rashtriya Uchchtar Shiksha Abhiyan Phase 2, a Centrally Sponsored Scheme (CSS) for strategically funding the State HEIs based on well defined, transparent norms linked to key academic, administrative and governance reforms.

7 Under Section 8 of Companies Act-2013

8 Workshops (₹ 4.58 lakh), salary payment (₹ 31.17 lakh), routine office/ miscellaneous expenses (₹ six lakh), civil/ electric works (₹ 8.50 lakh), furniture, air conditioners, digital podiums (₹ 70.56 lakh) and international travel (₹ 7.49 lakh).

- The institutional framework such as a Managing Committee and a full-time Director/ CEO were not put in place for SPV to carry out its activities. Board of Governors (BoG) of the SPV constituted (March 2021) for a two-year term had met only once (March 2021) resulting in lack of follow-up on the decisions taken in that meeting on having collaborations with angel investor companies willing to invest in J&K and on putting requisite policies in place etc.
- SPV had not framed strategies and policies for selection of incubates and had not worked out details of incubation programs. Except for organising (between September 2019 and March 2022) webinars/ symposia on generic awareness programmes, none of the intended activities for identification and enrolment of potential startups/ innovators so as to provide handholding and financial support for incubation of identified start-ups had been carried out by the UBIIC/ SPV.
- In the absence of having identified any potential startups and enrolling any innovators to provide legal/ financial services, expenditure of ₹ 27.68 lakh incurred (February 2020 to February 2022) by the SPV on professional fee of two consultancy firms and young professionals was rendered unproductive. The firms were disengaged in March 2021 and April 2022.
- MoUs were signed (April 2019) with two foreign universities[9] for collaborative support in areas of entrepreneurship, development, implementation of cooperative research projects and others. However, the intended activities were not carried out as of March 2023.
- Further, despite initiative of the SPV for establishment of Atal Community Innovation Centre[10] (ACIC), the University could not get approval of NITI Aayog, as it had not carried out an assessment of prerequisites including availability of at least 4,000 square feet of ready-to-use net carpet area for exclusive use by the ACIC. As a result, the University could not avail the Grant-in-Aid to the tune of ₹ 2.50 crore from NITI Aayog for this project. Against ₹ 2.50 crore matching grant to be provided by the University from internal resources for establishment of ACIC, ₹ one crore was transferred (November 2020) to SPV. The amount was lying unutilised in the books of SPV since November 2020.

  Thus, non-prioritisation of pre-requisites like providing space and formulating policy and institutional frameworks for these entities, resulted in denial of intended benefits of promoting the start-up ecosystem in the State/ UT besides

[9] University of California, Berkeley and University of South Florida, Florida

[10] Atal Innovation Mission (AIM), is a flagship initiative of NITI Aayog to promote a culture of Innovation and entrepreneurship, under which financial support in the form of Grant-in-Aid is provided to selected academic and non-academic institutions for establishment of Atal Community Innovation Centres.

rendering expenditure of ₹ 1.05 crore[11] incurred on furniture/ desktops/ professional services/ international travel unfruitful.

Director UBIIC and CEO SPV stated (June 2023) that setting up of startups/ entrepreneurships, identification of potential start-ups, enrollment of innovators could not be done in absence of any Incubation policy. Director SPV further added (June 2023) that the purchases had been made to provide infrastructure and other facilities so that funding agencies could be approached for running various programmes.

Registrar admitted (March 2024) that the bulk of the SPV's activities have been restricted to holding webinars on innovation and incubation and very little has been done in respect of startup activity. It was further added (February 2025) that due to space constraints, the implementation of the project has been delayed. It was assured that the University will adopt a multi-pronged approach to ensure the optimum utilisation of the available infrastructure while successfully commissioning prestigious national-level projects, including the Atal Community Innovation Centre (ACIC)**.**

2.5 Student Placements

As per NAAC Manual, student placement is one of the yardsticks for ranking an HEI. According to 'Quality Mandate for Higher Education Institutions in India' issued by UGC, an HEI should fulfil expectations of industry and prepare employable and skilled graduates.

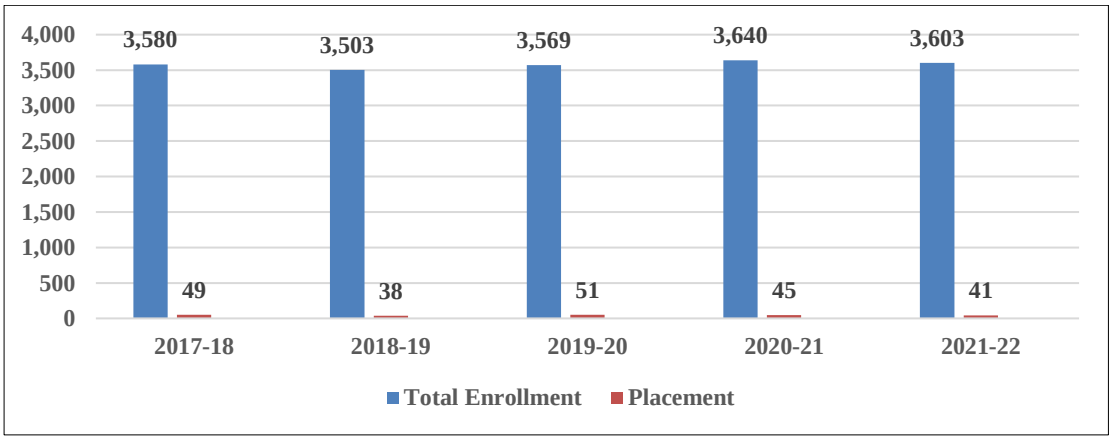
For facilitating placements and summer internship for the students, a Placement Cell (PC) headed by Dean Student Placements was in place in the University since 2009. Records showed that the PC had not followed any process/ calendar for placement activities.

Audit further observed that none of the students enrolled in general courses offered by the University had secured placements and the placement activity was restricted to a few select departments[12]. Out of over 1,000 students enrolled in professional departments such as MBA (International Business), MBA (Hospitality and Tourism) and MCA programme, only 224 had got placed during 2017-22 as depicted in **Chart 2.1:**

[11] Furniture: ₹ 30.93 lakh; Desktops: ₹ 39.62 lakh; Professional services: ₹ 27.69 lakh; and international travel: ₹ 7.49 lakh.

[12] The Business School, Department of Computer Science & Information Technology and International Centre for Cross Cultural Research & Human Resources (ICCCR & HRM)

Chart 2.1: Placement Data



(Source: Information provided by the University Placement Cell)

Dean Student's Placement stated (February 2023) that placement being an industry driven process, it was difficult to develop a structured calendar for placement activities and that majority of corporate placements was in respect of professional departments. Registrar, added (November 2023) that students enrolled in general courses usually opt for higher studies or prefer the Government sector as such placements in such courses is always less.

2.6 Preparedness for Implementation of NEP 2020

National Education Policy (NEP) 2020 rests on the principles of affordability, accessibility, quality, equity and accountability, at all levels of education from school education to higher education including professional and adult education.

The University created (December 2021) an NEP Cell to prepare the road map, work out modalities and modify Statutes for implementation of NEP 2020. However, no road map for comprehensive and holistic implementation of NEP in a phased manner was in place as of March 2022 resulting in lack of preparedness for implementation of NEP. NEP Cell remained restricted to preparation of curriculum framework/Statute for introduction of four year UG programme in the Government affiliated colleges of the University.

- As per implementation plan of NEP 2020, HEIs had to set up academic internal audit teams for mapping existing curricula, set up incubation centers to promote technological development, inter-disciplinary research, industry academia partnerships and hold workshops and training for faculty for developing output driven and value education based multi-disciplinary curriculum by the year 2021. Audit noticed that the University had not taken any of these initiatives as of March 2023.
- Against existing three year UG programmes, the University notified (November 2022) Statute for introduction of four year UG programmes under NEP 2020 in its affiliated colleges from academic session starting from

December 2022. However, instead of framing the entire course structure for four years, course curriculum was framed for only first two semesters in 35[13] out of 37 test-checked courses and that too without holding any consultative workshops with industry and subject experts from multidisciplinary universities across the country for inclusion of innovative practices in course curricula, flexibility in choice of subjects and employability of students. Against required 16 credits for vocational/ skill based courses, the University adopted a credit requirement of only six credits.

Registrar stated (February 2025) that NEP-2020 was implemented at the UG level with effect from 2022-23 on the directions of the Higher Education Department, UT Government of J&K. It was added that the Statutes/ Scheme of Master's Degree Programmes as per NEP-2020 are being prepared by the Committee constituted for the purpose and the same shall be implemented from the Academic Session 2025-26 onwards.

2.7 Conduct of Examinations and Evaluation of Answers Sheets

As per NAAC Manual, the effectiveness of examination system of HEI depends on regularity in conducting examination, quality of questions, extent of transparency in the system, time taken in declaration of results and mechanism for prompt action on possible errors etc.

2.7.1 Automation of examination wing

For reducing dependence on human intervention and putting in place an error free examination system, the UGC Report (2019) on 'Evaluation Reforms in HEIs in India' recommended automation of various examination functions right from registration of students to convocation through an integrated system.

Audit observed that the University had not initiated any action to ensure full automation of examination functions. Although the system of filling on-line forms for issue of marks cards, degrees and migration certificates had been introduced (July 2020), it was restricted to only submitting online applications and making payments. Students were required to deposit a hard copy of the online application in person after which applications were being processed manually.

Audit noticed instances of errors in the marks cards, which could have been avoided if the system was automated. Audit observed in 12 test-checked courses[14] that out of 21,712 marks cards issued to the students during 2017-22, incorrect registration numbers were entered and there were spelling errors in name/ parentage/ address etc.in 570 marks cards necessitating issue of duplicate marks cards. This had resulted in duplication of effort and inconvenience to students.

[13] Except Statistics and Environment Science

[14] B.Ed, MBBS, MBA, B.Tech/ BE, Bachelor's in Music & Fine Arts, B. Lib, M. Lib, LLB and ODL programmes in PG Hindi, PG Urdu, PG Dogri, PG Economics and PG English

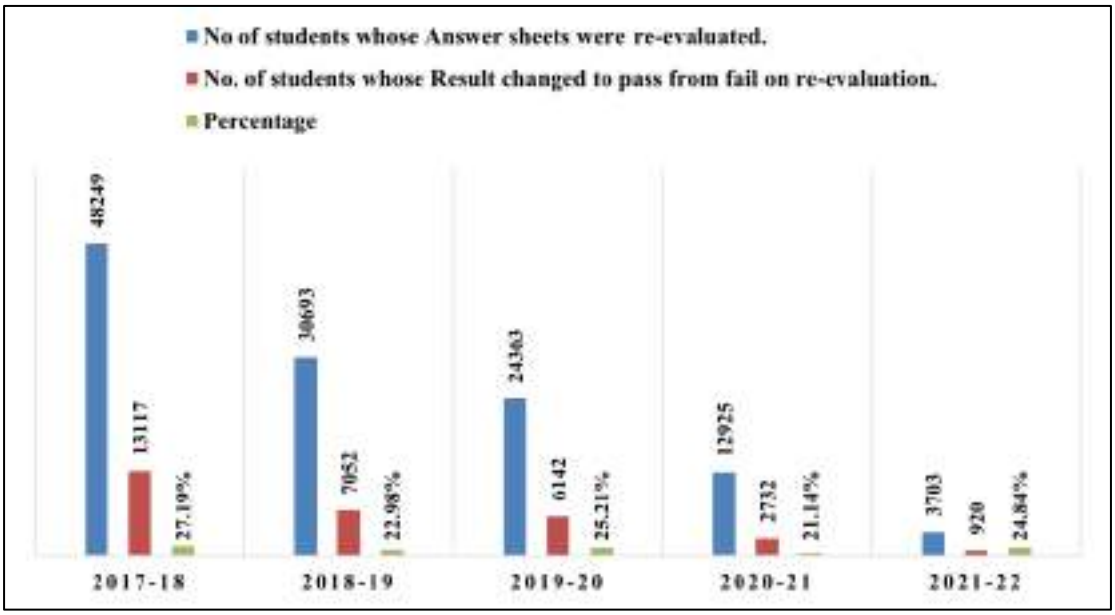
Further, out of 51 UG/ PG professional courses conducted by affiliated colleges and through Open & Distance Learning (ODL) mode, pre-printed marks cards were filled manually in respect of 24 UG/ PG professional courses. Computerised marks cards were generated in respect of 27 UG/ PG professional courses only.

While accepting the audit observation, Registrar stated (February 2025) that the University of Jammu is shifting to Samarth[15] for its range of examination related functions, after which it hopes to achieve full automation of its examination related functions.

2.7.2 Incorrect Evaluation of Answer Sheets

Audit assessed the accuracy of evaluation of answer sheets in the University on the basis of students whose marks had been increased after re-evaluation of their answer sheets during 2017-22. Details of students who applied for re-evaluation of their answer sheets and students whose result changed to pass from fail on re-evaluation during 2017-22 is given in **Chart 2.2:**

Chart 2.2 Students whose result got changed from fail to pass after re-evaluation



(***Source: Information provided by the Controller of Examinations***)

It can be seen from the **Chart 2.2** that the percentage of students whose result had got changed from fail to pass ranged between 21 and 27 *per cent* during 2017-22, indicating that there is a lot of scope for improvement in the examination system.

Registrar stated (February 2025) that to enhance accuracy, reduce errors and maintain uniform standards of evaluation, the University has devised instructions for evaluation for further circulation to the sub-examiners.

[15] Samarth platform is a comprehensive Enterprise Resource Planning (ERP) system launched by Ministry of Education in 2019, which provides Universities and HEIs a digital framework for planning management, delivery and monitoring of services.

2.7.3 Delay in Publishing Results of Re-evaluation

Records of the Examination Wing of the University showed that during 2017-22, in respect of 96 test-checked re-evaluation cases, results of only 29 cases (30 *per cent*) were declared within six weeks as stipulated in University Statutes. In respect of 22 cases (23 *per cent*), the delay in declaration of results ranged up to 10 days while in the remaining 45 cases (47 *per cent*), the delay ranged between 14 days and 135 days. Audit noticed that 8,498 final year undergraduate students had applied for re-evaluation of their answer scripts during 2017-18 to 2019-20, of which 2,919 students (34 *per cent*) were declared successful. Incorrect evaluation of answer scripts and delay in their re-evaluation carries the risk that the successful candidates are deprived of employment opportunities, further studies, enrolment in competitive exams etc., or forced to reappear for the same examination.

While accepting the audit observation, Registrar attributed (February 2025) the delays to high volume of applications, examiner unavailability, or the need for thorough quality checks to maintain fairness. It was assured that the University is implementing a tracking system for re-evaluation requests to streamline operations and improve efficiency. Additional evaluators are being engaged during peak periods to minimise delays, and a strict timeline for result declaration is being enforced.

2.7.4 Out of Syllabus Questions

UGC as part of its quality mandate recommended (2019) implementation of examination reforms, which included introduction of Question bank system as a measure for development of standards for setting quality question papers with the involvement of known experts from different institutions.

Further, Rule 79 and 80 of the University Statutes (Volume-II), stipulate setting up of a committee for appointment of paper setters for various examinations. Further, complaints, if any, against any question paper are dealt with by an Expert Committee (EC) nominated by the Vice-Chancellor of the University. If EC is of the opinion that the complaint deserves to be entertained, the relevant extracts from the complaint along with comments and suggestions of EC are forwarded to the paper setter.

Audit noticed that during 2017-22, the University had not constituted the committee for appointment of paper setters. In absence of the committee, a panel of paper setters in a particular subject is nominated by the convenors of respective Board of Studies and Controller of Examination further selects one among the panel for paper setting of that subject. Further, the University had not implemented examination reforms of UGC on adoption of Question bank system.

Audit noticed instances of ‘out of syllabus’ questions in 135 question papers of various UG/ PG programmes during 2017-22, which were examined by Expert Committee. Complaints regarding these question papers were examined by the EC which reported negligence and oversight during setting question papers such as

setting question paper from new syllabus instead of old syllabus and incomplete question papers etc. As per recommendations of the EC, re-examination was conducted in 13 cases and in 61 cases students were awarded grace marks. However, no action was taken against the defaulting paper setters. Audit noticed that 'out of syllabus' questions had caused avoidable hardship to students and loss to the University as it had to conduct re-examinations.

While accepting the audit observation, Registrar stated (February 2025) that issue of out of syllabus questions may have resulted from misinterpretation or oversight by paper setters. It was further stated that to prevent recurrence, the University is strengthening the moderation process by introducing additional layers of scrutiny and subject expert reviews.

2.7.5 Delay in Declaration of Results

Rule 57 of Chapter 38 of University Statutes (Volume II) stipulates that after the process of conducting the examination of a particular class is over, the Controller of Examinations shall ensure that the examination result is declared within 90 days.

Audit scrutiny of records of Examination Wing of the University revealed delay in publication of results after dates of examination. Out of 234 sampled cases of End Semester Examinations (ESE) for three-year UG programmes in affiliated colleges and for ODL students during 2017 to 2021, there was delay in publication of results in 110 (47 *per cent*) ESEs. Out of which, in 68 cases (62 *per cent*) there was delay ranging between 30 days and 376 days with a percentage delay ranging between 31 *per cent* and 59 *per cent* as detailed in **Table 2.1:**

Table 2.1: Delay in declaration of results of UG programmes during 2017-21

Year	No. of Exams conducted (sampled cases)	Results declared with delay	Percentage delay in declaration of results	No. of cases in which delay was above 30 days
2017	35	11	31	6 (ranging between 30 and 158 days)
2018	53	21	40	13 (ranging between 30 and 128 days)
2019	52	27	52	14 (ranging between 30 and 376 days)
2020	35	16	46	8 (ranging between 30 and 155 days)
2021	59	35	59	27 (ranging between 30 and 89)
Total	**234**	**110**	**47**	**68**

(*Source: Information provided by the Controller of Examinations*)

Information collected from 28 out of 38 test-checked PG departments in respect of declaration of results of ESEs revealed that there was delay in declaration of results in 16 departments, out of which delay in 12 departments ranged between 30 days and 1,014 days. Delays in declaration of results could also be attributed to non-automation of examination functions as discussed under **Paragraph 2.7.1**. Failure of the University to publish results in time leads to courses lagging and impacts academic mobility of the students.

While accepting the audit observation, Registrar stated (February 2025) that the University is in the process of implementing an Automated Result Processing System to minimise Manual intervention and reduce processing time.

2.8 Research Activities

As per NAAC Accreditation Manual, promotion of research is a significant responsibility of HEIs including Universities. The HEIs have to evolve appropriate policies and practices for undertaking research activities, make adequate resources available for research and encourage active involvement of teachers and scholars in research. The outcome of research includes inventions, number of patents obtained, number of research publications and providing of consultancy services by faculty.

2.8.1 Non-adherence to Minimum Standards for Appointing Research Supervisors

As per UGC Regulations on Minimum Standards and Procedure for award of PhD/ MPhil degree, 2016 a Research Supervisor should be a regular Professor of the University/ College concerned, with at least five research publications in referred journals or a regular Associate/ Assistant Professor of the University/ College concerned with a PhD degree and at least two research publications in referred journals.

Audit noted that the University had appointed (June 2019) two Academic Co-coordinators as Supervisors for guiding PhD scholars, thereby diluting the provisions of UGC Regulations on the issue.

Registrar stated (February 2025) that two Academic Coordinators were initially allowed to act as Co-Supervisor and subsequently one Academic Coordinator was appointed as Supervisor for guiding Ph.D. Scholars on the recommendations of the committee.

The fact remained that the recommendations were not in consonance with UGC Regulations on appointments of Research Supervisors.

2.8.2 Delay in Evaluation of PhD Thesis

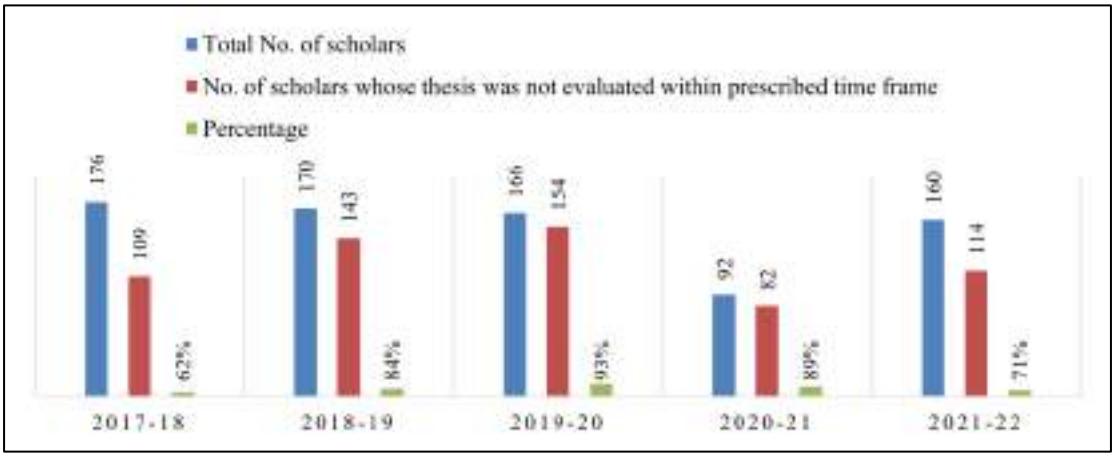
Rule 31 (e) of University Statutes stipulates that the Controller of Examination (CoE) shall complete evaluation of PhD thesis within six months from the date of submission of the thesis. Records of University showed that there were abnormal delays in evaluation of PhD thesis of Research scholars as detailed in **Table 2.2 and Chart 2.3:**

Table 2.2: Delay in evaluation of PhD thesis of Research scholars

Sl. No.	Year	Number of scholars	Number of scholars whose thesis was not evaluated as of March 2022	Number of scholars whose thesis was evaluated as of March 2022	Number of scholars whose thesis was evaluated within prescribed time	Number of scholars whose thesis was not evaluated within prescribed time (*percentage*)	Number of scholars whose thesis was evaluated with delay ranging between 30 days and 1,481 days
1	2017-18	176	0	176	67	109 (*62*)	81
2	2018-19	170	01	169	27	142 (*84*)	125
3	2019-20	166	03	163	12	151 (*93*)	149
4	2020-21	92	06	86	10	76 (*88*)	66
5	2021-22	160	15	145	46	99 (*68*)	73
	Total	**764**	**25**	**739**	**162**	**577 (*78*)**	**494**

(Source: Information provided by the Controller of Examinations)

2.3 Delay in evaluation of Ph.D Thesis



(*Source: Information provided by the Controller of Examinations*)

During 2017-22, out of 764 Research scholars who had submitted their thesis for evaluation, thesis of 739 were evaluated. Thesis of only 162 scholars (22 *per cent*) was evaluated within prescribed six months. Evaluation of thesis of 577 scholars (78 *per cent*) was not completed within the prescribed timeline. Delay in evaluation of thesis of 494 out of 577 scholars had ranged between 30 days and 1,481 days.

Registrar attributed (February 2025) the delay to COVID-19 pandemic, unavailability of subject-specific experts and procedural formalities. It was added that the University has streamlined the thesis evaluation process by introducing digital submission and electronic communication with examiners. It was further stated that efforts have been made to expand the panel of evaluators, ensuring faster assignment of theses to experts.

2.8.3 Externally Funded Research Projects

The University receives Grants-in-Aid from Ministry of Science and Technology (MoS&T), Indian Council of Medical Research (ICMR) and UGC etc., for carrying out basic/ applied research. The research proposals are forwarded to these external funding agencies through the office of Dean Research Studies (DRS). As of March 2022, the University had 86 ongoing externally funded projects (EFPs) which included 74 projects taken up during 2017-22 as detailed in **Table 2.3.**

Table 2.3: Details of externally funded projects as of March 2022

Sl. No.	Year	Running projects at the beginning of year	New projects taken up during the year	Projects concluded	Ongoing projects at the end of the year
1	2017-18	66	10	9	67
2	2018-19	67	19	12	74
3	2019-20	74	20	14	80
4	2020-21	80	5	13	72
5	2021-22	72	20	6	86
Total			**74**	**54**	

(***Source: Information provided by the Dean Research Studies***)

Audit noticed that after sanction of research projects by external funding agencies, there was no monitoring by DRS and the projects were handled by the respective Project Investigators (PIs). Interim yearly progress reports were not sought by DRS from PIs for mid-term review of projects for any course correction.

Non-monitoring of externally aided research projects by the University was noticed in five out of 72 test-checked research projects sanctioned between February 2012 and May 2019 at a cost of ₹ 2.11 crore by Ministry of Science & Technology (MoS&T) and Indian Council of Social Science Research (ICSSR). After these five projects were taken up during 2012-2019, they were abandoned after incurring an expenditure of ₹ 0.12 crore resulting in non-fulfilment of intended objectives due to reasons detailed in **Table 2.4**.

Table 2.4: Abandonment of five research projects

Sl. No.	Department/ Funding Agency	Projects	Date of Start	Cost (₹ in lakh)/ period of completion	Release/ expenditure (₹ in lakh)	Reasons for and comments on abandonment of works
1	Geology/ Science and Engineering Research Board (SERB)	Tectonic Geomorphology and Cenozoic Morphotectonic Evolution of Dharmshala-Palampur area in Himachal Pradesh	21.11.2013	23.96/ 36 months	12.96/ 6.27	PI left (December 2015) the job to serve another organisation. The University did not appoint co-PI to complete the research project. Unspent balance of

Sl. No.	Department/ Funding Agency	Projects	Date of Start	Cost (₹ in lakh)/ period of completion	Release/ expenditure (₹ in lakh)	Reasons for and comments on abandonment of works
						₹ 6.69 lakh was not refunded to the funding agency as of March 2023.
2	Law/ ICSSR	Efficacy of Building and Construction Workers Act 1996: A socio-legal study in Jammu Province	10.01.2018	2.50/ 12 months (Extended upto July 2019)	1.50/ 0.30	It was stated that 2nd instalment had remained untraced upto July 2019. Unspent balance was refunded (April 2022) to the funding agency.
3	Physics and Electronics/ Department of Science and Technology (DST)	Collaboration by Indian Physicist on Neutrino projects at Fermilab (USA)	28.03.2019	71.89/ 60 months	12.72/ Nil	The project was irregularly assigned to a PI who had to retire, after three months of allotment of Project, in June 2019. ₹ 15.19 lakh (including interest) refunded (August 2022) to the funding agency.
4	Biotechnology/ DST	Development and dissemination of appropriate technologies under Rural Action Technology Group (RUTAG)	13.03.2015	55.29/ 36 months	10/ 5.81	Though expenditure of ₹ 5.81 lakh was incurred on purchase of equipment, travel expenses etc., the University had not appointed required manpower to carry out intended activities. ₹ 4.19 lakh was refunded (February 2021) to the funding agency.
5	Biotechnology/ DST	Characterization of the germplasm and development of quality planting material in walnut	21.05.2019	57.85/ 36 months	36.48/ Nil	It was stated that the project could not be taken up as ₹ 25.42 lakh received as non-recurring grant for purchase of equipment could not be traced in time. Request made (November 2021) to

Sl. No.	Department/ Funding Agency	Projects	Date of Start	Cost (₹ in lakh)/ period of completion	Release/ expenditure (₹ in lakh)	Reasons for and comments on abandonment of works
						DST for purchase of equipment (Plant growth chamber) and utilisation of grant during financial year 2021-22 was not acceded to. Unspent amount of ₹ 36.48 lakh was not refunded to the funding agency as of March 2023.

(*Source: Based on information provided by the Dean Research Studies and Grants sections*)

Registrar stated (February 2025) that corrective measures have been taken by constituting a centralized committee for monitoring research projects.

2.8.4 Delay in Completion of Research Projects

Out of 86 ongoing research projects, eight projects taken up between 2012 and 2019 remained incomplete as of March 2023, despite lapse of timeline within which they were to be completed. Against the estimated cost of ₹ 250.12 lakh of these eight incomplete projects, an expenditure of ₹ 47.71 lakh was incurred as of March 2022 resulting in partial/ non-achievement of intended objectives. DRS wing had not called for interim progress reports of these incomplete projects.

Registrar stated (February 2025) that corrective measures have been taken by constituting a centralised committee for monitoring research projects. It was further added that the Research Advisory Council chaired by Vice-Chancellor also stands constituted to monitor progress of research projects.

2.8.5 Outcomes of Completed Research Projects

Out of 54 projects completed during 2017-22, completion reports in respect of nine projects pertaining to School of Biotechnology were not produced to audit. Out of the remaining 45 completed projects, audit analysed the outcome of 12 research projects with respect to their intended objectives and noticed as follows:

2.8.5.1 Results of Research/ Lack of Technology Transfer not disseminated

To ensure that research findings have an impact, the Chancellor emphasised (April 2018) that the University should share research reports with Government Departments/ Industry/ other social institutions to ensure that benefits of research reach the people at large. Moreover, as per guidance document on Good Academic Research Practices (GARP) released by UGC in the year 2020, researchers should

present all results of research including favourable, unfavourable and null findings in their reports to save time of future researchers who need not redo the work that has already been done.

Audit observed that though 54 projects were reported completed during 2017-22, their outcomes were not available with any centralised body in the University. Out of 12 completed projects analysed in audit, publications were made only in respect of eight projects.

Dean Research Studies (DRS) had no consolidated information regarding number of research papers published and their impact so that their quality could be assessed. Further, nothing was on record with DRS to suggest that research reports were submitted to and reviewed by funding agencies. Audit further observed that no mechanism was in place in the University for sharing research reports with Government Departments, industry or social organisations who could benefit from such research. Instances are detailed in ***Appendix 2.1*.**

While accepting the audit observation, Registrar stated (February 2025) that observation has been noted for necessary compliance. University shall be taking necessary steps in this regard and accordingly a Committee has been constituted for technology transfer possibilities.

2.8.5.2 Results of research not utilised

In respect of 06, out of 15 test-checked completed projects outcomes/ results of research in the shape of improved genotypes, molecular characterisations, seismological databases etc., having potential of long-term utilisation, had not been utilised for further studies for achieving long-term benefits ***(Appendix 2.2)***. There was no mechanism in the University for convergence/ pooling of research results so that output of one project would serve as input to other projects to maintain continuity in research for achieving long-term results.

While accepting the audit observation, Registrar stated (February 2025) that observation has been noted for necessary compliance. University shall be taking necessary steps in this regard and accordingly a Committee has been constituted for technology transfer possibilities.

2.8.5.3 Research and Innovation Cluster not institutionalised

With the objective of forging partnership with other Universities and research initiatives of the State/ UT departments, a Research and Innovation Cluster (RIC) was

approved (June 2020) by the UC with seven[16] centres of excellence. The RIC was to cater to needs of the faculty of the University and other HEIs of the region in a

[16] (i) Data Science and Artificial Intelligence Centre (ii) Discovery Genomics Centre (iii) Centre for Nanotechnology and Material Science (iv) Centre for Virology (v) Plant and Microbial Genetic Resource Centre (vi) Centre for Climate Change and Sustainable Development and (vii) Centre for Global Corporate Governance in Society.

diverse range of disciplines including Life Sciences, Physical Sciences, Earth Sciences, Material Sciences, Mathematical Sciences, Humanities and Business Studies. Each Centre was envisioned to develop patents/ products and undertake consultancy projects for further sustenance.

Audit noted that as of March 2022, the RIC and its constituent centres had not been set up. The University had neither prepared any road map for institutionalisation of RIC nor initiated any action for identifying subject matter experts, developing infrastructure and providing for recurring costs etc.

Registrar stated (February 2025) that Higher Education Department under CAPEX grant sanctioned ₹ 10.00 crore and ₹ 4.00 crore were allocated from internal resources for the construction of the Research Cluster.

2.9 Adherence to Affiliation Regulations

As per UGC Regulations 2009, a college either run by State Government or private body, seeking affiliation shall satisfy requirements prescribed by UGC or statutory/ regulatory body whichever is higher.

As per rule 12.6 of Chapter 4 of Statutes of the University of Jammu, before granting affiliation to a college, an Inspection Committee (IC) comprising University experts nominated by the Vice-Chancellor has to check whether there is demand for opening the college and whether infrastructural facilities, faculty, managing committee and other support systems have been put in place by the College authorities. Board of Inspection (BoI) of the University submits the report of the IC to the University Syndicate (US) which either refuses affiliation or grants permanent/ temporary affiliation to the newly established college.

As per rule 12.8 of chapter 4 of Statutes of the University of Jammu, temporary affiliation shall be granted initially for a period of one year which shall be extended/ renewed by the University on year-to-year basis through an inspection process. For grant of permanent affiliation, the college should have completed five years of satisfactory performance after getting temporary affiliation subject to fulfillment of other prescribed conditions.

Audit noticed that out of 132 temporary affiliated colleges, 84 colleges were functioning with temporary affiliation for periods ranging between 06 and 28 years. Despite ICs persistently pointing out deficiencies, the University failed to fix time frame for colleges/ institutes to set right those deficiencies. Instead, provisional affiliations continued to be granted to such colleges/ institutes year after year depriving the students of quality education.

Registrar stated (February 2025) that temporary affiliation of college is being extended on the basis of Inspection Reports submitted by the Committees constituted for the purpose. It was further stated that the University has not violated any Statute in

not allowing colleges to become permanent as many of the colleges do not fulfil the eligibility criteria.

The reply is to be seen in the light that the University Statutes permits to start programme in a college for the first year in a readily available building with the condition that the college shall complete the building by the end of the second year and move completely to the permanent building by the beginning of the third year, failing which the college shall not be granted extension/ renewal of temporary affiliation. Not initiating of action against the defaulting colleges resulted in not fulfilling of requirements for permanent affiliation and continuation of temporary affiliation.

2.10 Periodical Inspection of Affiliated Colleges

Rule 42 of Chapter IV of University Statutes provides for periodical inspection of each affiliate/ constituent college once every three years after grant of affiliation or after the inspection was last held. Further, as per Rule 35 of the University Statutes, the Board of Inspection (BoI) is responsible for receiving applications for affiliation and cause inspection to be made and lay its reports before the University Syndicate for decision.

Audit noticed that against the required 54 inspections in 32 colleges, which were granted permanent affiliation between 1955 and 2008, only 26 inspections had been conducted during 2017-22. Further, BoI had not met between August 2017 and June 2022, as such affiliations granted by the University to 50 colleges (Government: 37 and Non-Government: 13) between 2017-18 and 2021-22 were without oversight of BoI.

It was also noted that while framing inspection reports of colleges, the inspection teams did not capture details of key performance indicators such as availability of teaching/ non-teaching staff, infrastructure/ amenities and academic requirements in the proforma devised (January 2014) by the University for periodical inspection of colleges. This had resulted in not reporting of deficiencies in the availability of facilities in colleges as discussed under the succeeding Paragraph.

Registrar stated (February 2025) that as per the Statute, periodical inspection is not mandatory. The Registrar added that while carrying out inspection for grant of renewal/ extension of temporary affiliation of an institution, details of key performance indicators are reported as per updated proforma. It was further added that last meeting of the BoI was conducted on 30 July 2024 and next meeting is proposed to be conducted in the month of May 2025.

The reply is factually incorrect as Statute 42 of the University provides that BOI shall arrange periodical inspection of each affiliated/ constituent college and there is no mention of discretion in the Statutes. Besides, no meeting of BoI was held between

August 2017 to June 2022 and none of the inspection reports produced to audit was captured in prescribed proforma.

2.11 Availability of Infrastructure in Affiliated Colleges

As per provisions of Clause 2.4 of chapter 5 of University Statutes, the eligibility criteria for grant of affiliation for establishment of a new college includes possession of undisputed land, availability of academic and administrative building, laboratory, library, auditorium, sports facility and separate hostel for boys and girls etc. In exceptional cases, University Statutes permit to start programmes in a college for the first year in a readily available building with the condition that the college shall complete the building by the end of the second year and move completely to the permanent building by the beginning of the third year, failing which the college shall not be granted extension/ renewal of temporary affiliation.

Audit noted that as of March 2022:

- Seven out of 15 test-checked colleges and four out of 51 physically verified colleges, established between 2003 and 2019, were not having their own building and were operating from other buildings.
- In 29 out of 51 physically verified colleges, hostel facilities were not offered to students. Out of 22 colleges with hostel facility, mess facilities was available in only 17 colleges.
- Facility of Auditorium was available only in 13 out of 51 physically verified colleges.

Registrar stated (February 2025) that Construction work of the college buildings (except 2-3 colleges) is in progress and nearing completion. It was further added that the Government Colleges are available at the Tehsil level, so many of the students do not have the necessity to stay in the hostel. The reply is to be seen in the light that as per University Statutes the academic buildings and hostels are the basic infrastructure requirements for affiliation without which temporary affiliation cannot be extended beyond three years.

2.12 Appointment of Teaching Staff in violation of Norms

As per Clause 3.3.0 of the UGC Regulations on Minimum Qualification for Appointment of Teachers and other Academic Staff in Universities and Colleges minimum qualification for appointment as an Assistant Professor is Master's Degree with 55 *per cent* marks in the relevant/ allied subject. The candidate must have cleared the National Eligibility Test (NET) or State Level Eligibility Test (SLET) or State Eligibility Test (SET). However, the candidates who have been awarded a PhD shall be exempted from qualification NET/SLET/SET. The qualification and selection procedure for appointment of teachers on contract basis should be same as those applicable to a regularly appointed teacher. The appointments are to be made on the

recommendations of a duly constituted Selection Committee consisting of Chairperson of the Governing Body of the Institute, two subject experts, Principal of the College, Head of Department of the subject concerned and two nominees of the Vice-Chancellor of the affiliating University.

Pharmacy Council of India (PCI) and Nursing Council of India (NCI) stipulate a qualification of M. Pharma/ Pharma D and PhD/ M. Sc Nursing for being appointed as Pharmacy and Nursing teachers respectively. For appointment of teachers in colleges of education running B. Ed courses, NCTE prescribes a qualification of M.A (Social Science) and M. Ed or M.A (Education) and B.Ed.

Data collected from 51 physically verified colleges (Government: 17 and Non-Government: 34), showed that 113 teachers out of 331 teachers appointed in 24 Non-Government colleges did not possess the prescribed qualifications for appointment as such academic standards had been compromised by these colleges. Further, in 32 Non-Government colleges, 168 teachers were appointed on adhoc basis without the approval of the Selection Committee[17].

Further, as per provisions of 11.1 of Statutes of governing affiliation, each affiliated college requires to send a statement showing full particulars of the members of teaching staff available in various courses to the College Development Council (CDC) by 1st of August every year. However, none of the 51 physically verified colleges had submitted the said statement, indicating any change in the management and teaching staff and qualification of new staff. As of April 2023, the University had not taken any action against affiliated colleges for non-submission of the required report.

Registrar stated (February 2025) that University withheld the admission of two defaulting Non-Government colleges of education for session 2022-23 and has also initiated process to withhold admission of 2-3 more colleges which are deviating from the Statutes for the session 2023-24.

2.13 Irregular upgradation of UG colleges to PG Colleges

As per Rule 15 of Chapter-IV of the University Statutes, any proposal for raising the existing under-graduate college to post-graduate level shall be considered by the University if the college has permanent affiliation and a minimum B Grade NAAC Accreditation in addition to the required permanent faculty. The University Council (UC) also restricted (November 2010) introduction of PG programmes only to permanently affiliated degree colleges.

[17] Chairperson (Governing Body), Dean of Faculty Concerned, HoD or Senior Professor, two nominees of the VC, two subject experts and Principal (Concerned College)

Records showed that five[18] temporarily affiliated Non-Government UG colleges were upgraded (2017-22) to PG colleges. Besides, four out of these five UG colleges were not having NAAC accreditation.

Registrar stated (February 2025) that the University had upgraded three Non-Government nursing colleges and two colleges of education from UG to PG as per the norms of Indian Nursing Council and National Council of Teacher Education.

However, the fact remained that the upgradation of five UG Colleges to PG level was in contravention to the preliminary requirement prescribed in the University Statutes.

2.14 Accreditation of Affiliated Colleges

NAAC evaluates HEIs and awards ratings which remain valid for five years. As per Section 4.1 of UGC (Mandatory Assessment and Accreditation of HEI) Regulations, 2012, it shall be mandatory for each HEI to get accredited by NAAC after two batches of HEI have passed out or if the HEI has been in existence for six years, whichever is earlier. Further, the quality mandate of UGC requires that all colleges should be NAAC accredited by 2022.

Audit noticed that out of 114 colleges which were functioning for over six years, 93 colleges (82 *per cent*) were not NAAC accredited. Pursuant to a resolution (September 2011) of UC regarding upholding academic and quality standards in affiliated colleges, the University had prepared a set of guidelines to prepare colleges for NAAC accreditation. Compliance of these guidelines was to be checked during inspection of colleges for further action by CDC. However, the guidelines had not been implemented, and the University was yet to prepare colleges for NAAC accreditation.

While accepting the audit observation, Registrar stated (February 2025) that a circular has been issued by Director, CDC to the colleges to initiate the process for getting NAAC Accreditation.

2.15 Conclusion

The University did not make efforts to establish industry academia linkage to make the students job ready. University had obtained AICTE approval for only two technical programmes (MBA and MCA), while four technical programmes were running without AICTE approval. Choice based Credit system was partially implemented restricting choices available to students. The evaluation system suffered from operational and monitoring adequacies. Delays in evaluation of results and thesis of PhD students were indicative of serious systemic problems affecting career mobility and academic progression of students. The placement activity was restricted

[18] (i) Rajiv Gandhi College of Nursing, Chakbhalwal (ii) BEE ENN College of Nursing, Jammu (iii) Stephens College of Nursing, Jammu (iv) Rajiv Gandhi Memorial College of Education, Kathua; and (v) Bhartiya College of Education, Udhampur

to a few select departments. Out of 1000 students enrolled during 2017-22 only 224 students got placements through Placement Cell. Monitoring of research projects was inadequate as there were instances of abandoned projects and delays in completion of projects. University Business Incubation and Innovation Centre (UBIIC) and Special Purpose Vehicle (SPV) set up for providing incubation support to potential startups remained non-functional. University could not provide the facilitation for innovation, start-up and entrepreneurship Eighty-four colleges were functioning with temporary affiliation for periods ranging between six and 28 years. In 51 physically verified colleges (Government: 17 and Non-Government: 34), out of 331 teachers appointed in 24 Non-Government colleges, 113 teachers did not possess the prescribed qualifications.

2.16 *Recommendations*

- ***The Dean Research Studies should monitor research projects to avoid abandoning projects and delay in completion of projects.***
- ***A mechanism needs to be put in place for dissemination of results of research and convergence of research output.***
- ***Strict measures should be taken to avoid delay in evaluation of answer scripts and PhD thesis.***
- ***The University should strengthen the affiliation process to ensure only those colleges which comply with all regulatory requirements are granted affiliation. The University should also prepare inspection reports in prescribed formats covering areas of risk that may adversely affect the quality of education.***

CHAPTER-III

HUMAN RESOURCES MANAGEMENT

CHAPTER-III

Human Resources Management

3.1 Non-Framing of Recruitment Rules

Recruitment Rules (RRs) for teaching staff and select non-teaching posts of Registrar, Controller of Examinations (CoE), Deputy/ Assistant Registrars etc. are prescribed by UGC. For other non-teaching posts, the University was required to frame RRs in the light of Guidelines (December 2010) of Department of Personnel and Training (DoPT), Government of India (GoI) which were also endorsed (August 2015) by UGC.

Further, RRs are to be reviewed once in 05 years to effect such change as is necessary including need for additions to or reduction in the strength of employees. Instructions were issued by Administrative Reforms Inspections and Trainings Department[1] of the Government of Jammu and Kashmir (GoJ&K) to all Principal Secretaries, from time to time, the latest being in December 2020, to conduct a comprehensive review of RRs of all Gazetted/ Non-Gazetted services under their administrative control.

Audit observed that as of March 2022, RRs had not been framed for 77 categories out of 142 categories of non-teaching posts borne on the establishment of the University. In absence of Recruitment Rules, these posts were filled on the basis of eligibility criteria defined in the advertisement notice. In respect of the remaining 65 categories for which RRs were framed, the upper/ lower age limit was not prescribed for the recruitment of staff. Further, mode of recruitment and promotions were defined in respect of only eight posts, while regarding the remaining 57 categories, RRs prescribed only minimum qualification. Due to non-framing of RRs/ incompletions in RRs, there were arbitrary promotions and selective application of UGC and GoJ&K Rules as discussed in paragraphs **3.4.1.3** and **3.5.2.1**.

Audit further noticed that the University had also not carried out any restructuring of non-teaching cadre in harmony with the functional needs of the University. Instead, up-gradations were carried out in isolation, on a case-to-case basis, resulting in anomalies which paved way for litigations and extension of up-gradations to other cadres.

Audit also observed that fair and consistent application of rules for appointments, promotions and deployment of manpower were not ensured by the University. This had resulted in the University facing a substantial number of litigations on service matters. As of March 2022, out of the 436 cases filed against the University, 97 cases (22 *per cent*) pertaining to service matters were pending disposal/ final settlement.

[1] Administrative Reforms Inspections and Trainings Department is mandated to finalise/ update the recruitment rules of all Government Departments (Gazetted/ Non-Gazetted services)

Registrar stated (November 2023) that in cases where University has no rules of its own, J&K Civil Service Rules (CSR) are followed. It was further stated that rules of GoJ&K are being implemented in respect of age and while advertising the posts, age relaxation, if any, is given only after the approval of the statutory body. It was further added (February 2025) that Recruitment Rules are in the final stage of approval by the Higher Education Department.

3.2 Vacant Posts

3.2.1 Vacant Teaching Posts

As per UGC Regulations 2010 and 2018 on 'Minimum qualification for appointment of Teachers and other Academic staff in universities and colleges and measures for maintenance of standards in Higher Education' all the sanctioned/ approved posts in the University should be filled on an urgent basis. RUSA guidelines also envisage availability of teaching staff of at least 85 *per cent* of sanctioned strength and require filling up of vacancies in a phased manner.

The position of sanctioned strength of teaching posts and manpower in position as on 31st March 2022 is depicted in **Table 3.1:**

Table 3.1: Sanctioned strength of teaching posts and manpower in position as on 31st March 2022

Sanctioned position as on 31st March 2022			Effective position as on 31st March 2022 with shortfall in percentage		
Professor	**Associate professor**	**Assistant professor**	**Professor**	**Associate professor**	**Assistant professor**
59	86	242	13 (78 *per cent*)	27 (69 *per cent*)	200 (17 *per cent*)

(Source: Information provided by the University)

Against a sanctioned strength of 387 teachers in the University including two off-site campuses[2], only 240 regular teachers (62 *per cent)* were available as of March 2022. Out of 59 sanctioned posts of Professors, 46 posts were vacant and out of 86 sanctioned posts of Associate Professors, 59 posts were vacant. Similarly, out of 242 sanctioned posts of Assistant Professors, 42 were vacant.

Records further showed that in absence of sanctioned posts of Professors in seven academic departments[3] of the University, these departments were running without Professor. One post of Professor in each of the three departments[4] had been converted (between October 2013 and April 2015) into four Assistant Professor posts and one post of Professor in the department of Physics had been temporarily transferred (February 2008) to department of Economics. As of March 2022, the temporarily transferred post was yet to be reverted to the parent department. Five vacant posts of

2 Bhaderwah and Kathua

3 (i) Buddhist Studies (ii) Library Science (iii) Remote Sensing and GIS (iv) Electronics (v) School of Hospitality and Tourism Management (vi) Law School and (vii) Statistics

4 Statistics, Zoology and Law School

Associate Professors were converted to Assistant Professors between April 2012 and April 2014 in departments of Botany, Mathematics, Zoology and Library & Information Science. Two Academic Departments[5] were functioning since their establishment in 2008 and 2021 respectively without any sanctioned teaching posts. These departments were relying on the services of contractual lecturers having the potential to adversely affect the quality of teaching and the academic output.

Deputy Registrar (Creation and Recruitment) and Registrar stated (April 2023, November 2023) that for creation of 42 teaching positions, the matter was being pursued with the Administrative Department. The reply is not convincing as the University was time and again being advised by the GoJ&K to create new positions out of internal resources of the University.

Regarding absence of sanctioned post of professor in seven departments, Registrar stated (November 2023) that proposal for creation of 42 teaching positions has already been submitted to the higher authorities for consideration. Further, during the Exit Conference, Vice-Chancellor stated (February 2025) that conversion of post was necessitated due to non-availability of sufficient number of applications for higher teaching post and to adjust the teaching load.

3.2.2 Review of Vacant Non-Teaching Posts

As per guidelines issued (April 2017) by DoE, GoI and endorsed (July 2021) by Finance Department of GoJ&K, positions remaining vacant for more than two years were to be deemed abolished.

Audit observed that as of March 2022, 228 positions were vacant in non-teaching cadre out of which 173 posts were continuously lying vacant during 2017-22. Of these 173 posts, 18 posts created between April 1999 and April 2014 were vacant since their creation and RRs existed for only three posts. These 18 posts included three posts of Director/ Assistant Director sanctioned (February 2008) for two non-functional centres[6] and two posts of Senior Scientific Officer/ Scientific Officer under University Science Instrumentation Centre (USIC)[7] (vacant since 2003 and 2008) which were not to be continued as per recommendations of Joint Cadre Review Committee (JCRC) endorsed (October 2014) by UGC and adopted (June 2015) by the University.

Assistant Registrar (Creation and Recruitment) stated (May 2023) that 17 non-teaching vacant positions had been placed (April 2019) before the University Syndicate for review, keeping in view the changing needs of the University and that

5 Human Genetics and Journalism & Mass Communication

6 Media Studies Centre and Gandhian Centre for Peace and Conflict Studies

7 USIC was established (August 1987) in the University with UGC funding to provide service to the academic departments/ centres/ offices/ affiliated colleges in repairs and maintenance, of their instruments, assist analytical services on specialised instruments and to provide support facilities in designing and fabrication of teaching aids, kits and scientific equipment.

the matter which was pending with Financial Advisor Universities[8] (FAU) would be dealt with at the time of up-gradation of RRs.

Registrar stated (February 2025) that out of 170 vacant non-teaching positions available for direct recruitment, about 68 positions have been filled and the University is in process to fill the remaining vacant positions in the year 2025.

The replies were silent about not abolishing of vacant posts which were not to be continued as per recommendations of JCRC, which is also adopted by the University.

3.3 Creation/ Conversion/ Re-designation of Posts

Non-plan expenditure (establishment expenditure) of the University is mainly incurred out of grants provided by GoJ&K. Commissioner/ Secretary Finance Department who also acts as the Financial Advisor Universities (FAU) directed (March 2009) that salary of an incumbent appointed against a post of which the nomenclature is not in conformity with the one approved by the Planning and Finance Department is not drawn until proper approval of such re-designated nomenclature is obtained from the competent authority with prior concurrence of FAU. Further, as per University Statutes, creation of posts was to be sanctioned in consultation with FAU.

Audit observed that the University had created (between November 2006 and September 2008) 13 posts and converted/ re-designated (December 2002 to November 2021) 33 posts without obtaining the concurrence of FAU.

Registrar stated (February 2025) that the positions of Academic Coordinator and Coordinator Campuses were created with the qualifications prescribed by the UGC for the faculty positions in the pay scale of Lecturer and Reader respectively.

However, the reply was silent with regard to creation and selective conversion of posts without the approval of FAU.

3.4 Appointment of Staff in the University

UGC norms are applicable to the teaching faculty of Assistant Professors, Associate Professors, and Professors in addition to academic posts of Librarian, Deputy Librarian, Assistant Librarian and Deputy Director/ Director of Physical Education Department. The posts of Registrar, Deputy Registrar, Assistant Registrar and Controller of Examinations (CoE) are also regulated by UGC. Non-teaching staff in the University are governed by the University Statutes and GoJ&K rules.

3.4.1 Appointment of Teaching Staff

The revised UGC Regulations of 2010 prescribe three designations of Assistant Professors, Associate Professors and Professors in place of the then existing hierarchy

[8] Commissioner/ Secretary Finance Department who also acts as the Financial Advisor Universities

of Lecturers, Readers and Professors. Audit noticed the following deficiencies in the appointments of teaching staff.

3.4.1.1 Appointment of Teachers on Contract Basis in Excess of Norms

As per UGC Regulations 2010 on 'Minimum Qualification for appointment of teachers and other academic staff in Universities and colleges and measures for the maintenance of standards in Higher Education', teachers should be appointed on contract basis only when it is absolutely necessary and when the student-teacher ratio does not satisfy the laid down norms and in any case the number of appointments should not exceed 10 *per cent* of the total number of faculty positions of the University. Further, the University issued instructions (May 2015, February 2018, January 2019) to its departments that teachers to be engaged on contractual basis should not be more than the number of vacant positions in the respective Departments/ Centre/ Directorate.

Audit noticed that as of March 2022, the number of teachers working on contract basis in the main campus of the University including Directorate of Distance Education (DDE) was 121 (33 *per cent* of sanctioned 362). The excess 85 contractual teachers comprised 236 *per cent* of permissible limit of 36 contractual teachers[9]. This included four Departments[10] and one Centre[11]of the University, where, against sanctioned strength of 20 teachers, 18 were in position as of March 2022, and against two vacant positions, 17 contractual teachers stood engaged as of March 2022 resulting in excess appointment of 15 contractual teachers.

Further, although the salaries of contractual faculty engaged for self-financing courses were to be paid out of the Local Fund[12] of the respective department as per Government order of 2010, audit observed that salaries of contractual staff appointed under five self-financing courses[13] offered by three departments[14] were debited to Non-Plan funds received from GoJ&K.

While accepting the audit observation, Registrar stated (February 2025) that from the academic session 2024-25, the University has rectified the observation made by Audit and now the requirements of the concerned departments and off-site campuses are being rationalised by a duly constituted Rationalisation Committee. The reply was silent about payment of salaries of contractual staff of self-financing courses from Non-Plan funds.

9 10 *per cent* of 362 sanctioned posts

10 Physical Education, Environmental Sciences, Sociology, School of Hospitality & Tourism Management (SHTM)

11 International Centre for Cross Cultural Research & Human Resources (ICCCR & HRM)

12 Local Fund shall mean a fund which is maintained and administered by a department and to which such fees and charges realised from the students, as are not transferable to the University account, are credited.

13 M.SC Biochemistry, M.Sc. Microbiology, BBA(HM), MBA (H&T) and MSC (Remote Sensing)

14 School of Biotechnology, School of Hospitality and Tourism Management and Department of Remote Sensing & GIS

3.4.1.2 Irregular Appointments without Requisite Teaching Experience

UGC Regulations (1998 and 2010) stipulate mandatory requirements of teaching experience, research work and publications for the post of Associate Professor, Professor and other similar posts. These Regulations also stipulate requirement of five years' teaching experience (excluding the period spent for obtaining the research degrees) and/ or research work for appointment to the post of Reader. Further, 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 for the permanent post in continuation of ad-hoc or temporary service without any break.

Audit noticed that in respect of three cases, time spent on acquiring PhD, service rendered as guest lecturer, adhoc/ consolidated service etc. was included in teaching experience required for appointment of Associate Professors as detailed in **Table 3.2**

Table: 3.2 Appointments without Requisite Teaching Experience

Sl. No.	Irregularity	Reply
1	The University appointed (October 2007) a Reader in the Department of Home Science taking into account her experience as a guest lecturer in the University from June 1998 to June 2003 during which she also pursued PhD. This had also resulted in litigations against the University, which was pending as of March 2025.	Registrar stated (February 2025) that the candidate was appointed as Reader on the recommendations of the Selection Committee held on 07 September 2007. The fact, however, remained that time spent by the teacher in acquiring PhD and as guest lecturer does not qualify for being counted as past service for appointments against a post.
2	The candidature of a Reader appointed (December 2005) in the Department of Economics was considered by counting the period rendered by the candidate for fellowship between January 1996 and January 2002 towards teaching experience.	Registrar stated (February 2025) that the candidate was appointed as Reader on the recommendations of the duly constituted Selection Committee. The reply is not acceptable as no Selection Committee/ Governing Body can override the Regulations, being superior legislation enacted by an Act of the Parliament.
3	An incumbent lecturer was appointed (February 2007) as Reader in the Department of Management after counting the period of seven months and 18 days rendered by the appointee as lecturer in a college on ad-hoc basis, which being of less than one-year duration, did not qualify for counting as teaching experience.	Registrar stated (February 2025) that the candidate was appointed as Reader on the recommendations of the duly constituted Selection Committee against the available post, and there was no violation in the appointment. The reply is not acceptable as Selection Committee/ Governing Body cannot override the Regulations, being a superior legislation enacted by an Act of the Parliament.

3.4.1.3 Arbitrary Appointments in Violation of UGC Norms

As per UGC Regulations, 75 *per cent* of the posts of Deputy Registrars are to be filled by direct recruitment through an All-India advertisement and 25 *per cent* are to be filled by promotion of Assistant Registrars on the basis of merit cum seniority. University Statutes stipulate that the Selection Committee for appointment of officers below the rank of Joint Registrar and Deputy Librarian should comprise Vice-Chancellor as Chairman, Pro Vice-Chancellor (if any), FAU, a member of University Syndicate (nominated by Chancellor) and the Registrar.

Records of the University showed that for appointment of five Deputy Registrars, the University issued (October 2013, September 2015 and July 2017) three advertisement notices for the same post with different sets of eligibility criteria. While the notification of October 2013 did not stipulate any condition for a candidate to be a permanent resident of J&K, in subsequent notifications of September 2015 and July 2017, the requirement of Permanent Resident Certificate (PRC) was prescribed. By stipulating the condition of having PRC, the University not only violated the UGC norms requiring appointment of Deputy Registrars on the basis of All India Merit but also denied the right to 33 non-state subject shortlisted candidates included in the selection list prepared by the University after issue of notification of October 2013.

Further, while GoJ&K norms regarding age limit for appointment were stipulated in the notification of October 2013 and September 2015, the University in its notification of July 2017 incorporated a clause exempting lateral entry posts from the age bar.

By prescribing different criteria in different notifications, the University had violated the court judgment (2008) in the case "*K Manjusree vs State of Andhra Pradesh"* which held that 'Rules of the game cannot be changed midstream' as change of RRs midstream would result in arbitrary elimination of some of the candidates who were otherwise eligible to compete for the post for which the recruitment process was undertaken or alternatively arbitrarily enable some of the candidates who were not otherwise eligible to compete in accordance with the law as existed on the date when the recruitment process was initiated.

Out of 199 applicants competing for the post of Deputy Registrar, 53 applicants were shortlisted for interview and five in service Assistant Registrars were appointed during 2019, which included one ineligible candidate who had already crossed the prescribed age limit of 40 years (including relaxation of three years for in service candidates) on the date of issue of first advertisement in October 2013.

The Selection Committee for appointment of officers of the University constitute Vice-Chancellor, FAU, a member of University Syndicate (US) and the Registrar. Audit noticed that FAU had not participated (26 October 2019) in the selection proceedings for appointment of Deputy Registrars. A US member nominated to the

selection committee by the Vice-Chancellor had ceased to be a member of University of Jammu Syndicate on the date of holding of interviews as he had become a member of University of Kashmir Syndicate when it was reconstituted. While advertising the posts, the University had not provided for reservation to SC/ ST candidates as per percentage prescribed by GoJ&K in accordance with UGC guidelines, 2006 requiring strict implementation of Reservation Policy in the Universities.

Registrar stated (February 2025) that applicability of Permanent Resident Certificate (PRC) and age relaxation for lateral entry posts was resolved in the University Council vide its resolution No. 82.49 dated 22 April 2017. The reply is to be seen in the light that University Council decision cannot override the UGC Regulations.

During exit conference (February 2025), however, while admitting the audit observation of non-applicability of PRC to these posts, it was stated that there will be open advertisement at national level in future.

3.4.2 Filling Direct Recruitment Posts of Assistant Librarians by Lateral Entry

UGC Regulations (1998, 2010 and 2018) stipulate that direct recruitment to the academic posts of Assistant Librarian, Deputy Librarian and Librarian in the Universities and Colleges shall be on the basis of an All-India advertisement and on the recommendations of a duly constituted Selection Committee. The Regulations do not provide for appointment to the post of Assistant librarian through promotion.

The University adopted (February 1983) the recruitment and promotion policy for non-teaching posts of Junior Library Assistants (Semi-Professional Assistants) and Library Assistants (Professional Assistants) and authorised (May 1997) creation of academic posts of Assistant Librarians for the Central Library to the extent of 33 *per cent* of posts of Professional Assistants in the pay scale of ₹ 2,000-4,000 by corresponding reduction of equal number of posts of Professional Assistants. As per policy, the posts of Assistant Librarians were to be filled from amongst eligible Professional Assistants possessing ten years' experience as Library/ Professional Assistant. Taking recourse to this order, the University authorised (March 2008 to November 2015) promotion of Professional Assistants as Assistant Librarians on regular basis in the pay band of ₹ 15,600-39,100 with Academic Grade Pay (AGP) of ₹ 6,000. By filling the entry level posts of Assistant Librarians from non-teaching posts, the University had not only denied opportunities to aspiring meritorious candidates from all over India to apply for these posts but also granted higher pay and allowances to the extent of ₹ 0.72 crore to 12 test-checked Professional Assistants promoted between September 2009 and November 2015.

In charge (Establishment) stated (September 2022) that promotion of Professional Assistants to the post of Assistant Librarian was done as per the recruitment and promotion policy adopted by the University. The fact remained that the promotion policy adopted by the University was in violation of UGC Regulations.

Registrar clarified (February 2025) during exit conference that the promotions were made based on a scheme formulated by the Joint Committee University of Jammu and University of Kashmir. It was assured that the scheme would be withdrawn and henceforth appointments should be made through direct recruitment in consonance with UGC Regulations.

3.4.3 Appointment of Non-Teaching Staff

In absence of RRs for non-teaching positions borne on the establishment of the University, Audit observed that appointments of non-teaching staff were made by regularisation of ad-hoc/ contractual employees as instanced in the following paragraphs.

3.4.3.1 Irregular Appointments through Regularisation without Availability of Posts

Restriction on engagement of daily rated workers (DRWs)/ work charged employees was imposed[15] (March 1994) by GoJ&K which also authorised regularisation of DRWs engaged prior to the cutoff date of 31 March 1994 on the regular pay scale of Class IV, subject to having completed seven years of service.

Records showed that in violation of Government orders, the University had irregularly engaged 607 DRWs/ casual workers/ contractual employees between 2002 and 2011. The irregular engagements made in the absence of vacant posts were probed by a committee constituted (2012) by the Hon'ble Chief Minister in his capacity as Pro-Chancellor, which established malafide intentions and procedural irregularities in these appointments. While directing (August 2013) a strict action against the Vice-Chancellor, Registrars, officers and other officials for all acts of omission and commission, the Financial Advisor Universities (FAU) approved a roadmap for regularisation of contractual employees having completed seven years of uninterrupted service and paid regularly by the University out of non-plan funds. As per road map, such employees who could not be regularised against available post could be designated as 'helpers' with pay scales applicable to Class IV or Class III employees, with creation of Supernumerary and Temporary posts outside the existing hierarchy of the University.

Audit noticed that the University had not taken any action against officers responsible for irregular engagement of DRWs/ casual workers/ contractual employees as directed by FAU. Records showed that the University while notifying (April 2014) the roadmap, remodeled the framework issued by FAU and extended the scheme of regularisation also to contractual appointees paid from University resources. Audit noticed that the cutoff date had not been specified in the notification for accommodating contractual employees who had not completed seven years on the date of issue of notification.

[15] Vide SRO-64 of March 1994

Out of 607 daily wagers/ contractual employees, the University regularised (with effect from December 2014 onwards) 599 of them against 203 available posts of Junior Assistants, Semi-Professional Assistants, Junior Engineers, Computer Operators, Helpers/ Safaiwalas/ Malis etc. as and when these posts became available and by creating 396 Supernumerary posts.
These included, 51 employees whose salary had been drawn from internal resources of the University and five employees who did not have continuous service of seven years.
As of May 2022, there were 251 Supernumerary posts existing on the establishment of the University.

Registrar stated (February 2025) that the University had not regularised any person in the University under the roadmap after Reorganisation of Jammu and Kashmir State into Union Territory in the year 2019.

Reply was silent about the irregularities in appointment through regularisation.

3.4.3.2 Irregular Appointments

Audit noted irregular appointments against non-teaching post as detailed in **Table 3.3.**

Table: 3.3 Irregular Appointment for Non-Teaching post

Sl. No.	Irregularity	Reply
1	Based on the requisition (December 2007) of University of Jammu, the services of a Section Officer from Shri Mata Vaishno Devi University (SMVDU) were placed (December 2007) at the disposal of the University against a non-existent post of 'Officer on Special Duty', who was subsequently absorbed (July 2008) against a post of Media Officer (created in July 2008), without concurrence of FAU/ US/ AC and without advertising the post.	Registrar stated (November 2023) that the absorption of the incumbent was approved (February 2008) by the University Council and after approval of Chancellor a post of Media Officer was created. The fact remained that the absorption was done in violation of Statutes, and the approval of University Council cannot override the Statutes.
2	A contractual employee was appointed (December 2009) to the post of External Relation Officer (ERO) created (September 2008) without concurrence of FAU/ US, by ignoring other higher qualified shortlisted candidates possessing PG degree or diploma in Journalism and Tourism.	Registrar stated (February 2025) that post of ERO was created by competent authority and selection was made as per the University norms. The fact, however, remained that the post was created by then Registrar and advertised by the then Rector without the approval of Governing bodies and FAU.
3	A contractual appointee above 40 years of age was appointed (August 2013) to the post of Landscape Development Officer advertised in January 2013. The age relaxation of two years and 28 days granted to the appointee had not been referred to HED i.e. Administrative Department as required in terms of Government	Registrar stated (February 2025) that age relaxation was granted as per the rule mentioned in J&K Government Gazette dated 29 April 2010. The reply is not valid as the act referred to dealing with age relaxation for regularisation of contractual employees.

Sl. No.	Irregularity	Reply
	order of December 2000. Due to complaints received from various quarters, the matter was belatedly referred (February 2016) to the FAU but no responsibility had been fixed for favouritism extended by the then officers.	Whereas in the instant case, the appointment was made after advertisement of the post.

3.5 Career Advancement of Staff

3.5.1 Career Advancement of Teaching Staff

UGC Regulations 2010 specified the stages for promotion of teachers under Career Advancement Scheme (CAS) and made Academic Performance Indicator (API) mandatory for placement in the next higher grade. The Regulations stipulated performance-based evaluation of teaching, learning, professional development, research and academic contributions under three broad categories[16] with a mandatory minimum year-wise score of 75 per year under Category I, 15 per year under Category II and 10 to 40 per year for different stages in Category III.

3.5.1.1 Irregular Promotions due to Non-Adoption of Capping Procedure

UGC Regulations 2010 amended for the 2nd time in June 2013 referred to as UGC Regulations 2013 prescribed a cap on score claimed by the candidates on the basis of APIs in each sub categories under Category III (Research and Academic contribution) with 30 *per cent* weightage to research papers, 25 *per cent* to research publications, 20 *per cent* to research projects, 10 *per cent* for research guidance and 15 *per cent* for training courses and conferences. Further, UGC's clarification (August 2015) regarding implementation of Regulations 2013 reiterated that CAS of teachers shall be governed by the UGC Regulations which are in operation on the date the teacher becomes eligible for CAS and not on the date of interview. It was also clarified that UGC Regulations were mandatory and cannot be overlooked in any circumstances. The Regulations were to be implemented from the date of their notification (13 June 2013) in the Gazette of India.

Audit observed that the University continued with the Regulations 2010 without adopting the capping procedure till it adopted amended UGC Regulation 2013 in December 2015. Application of old Regulations 2010 resulted in irregular grant of CAS to ten teachers (whose cases were test checked) promoted between September

[16] **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, conferences, workshops undertaken and lectures delivered.

2013 and June 2014 who were otherwise to be assessed in accordance with the 2nd Amendment Regulation 2013.

By overlooking the exhaustive procedure provided in the Regulations for CAS teaching staff, the University failed to ensure that the teacher's engagement is not limited to a particular domain and extended the benefit of CAS even to those teachers who had no research credentials.

Registrar stated (February 2025) that there were no alterations in the basic eligibility criteria, however, there is modification/ alteration in the methodology for calculating API scores for Category-III (Research and Publications and Academic Contributions) whereby capping in this category was introduced.

The fact remained that the capping on score prescribed for each sub-category under Category III had not been adhered to.

3.5.1.2 Irregular Promotions due to Inadmissible Counting of Past Service

Cases noted by audit regarding irregular promotions due to inadmissible counting of past service are detailed in **Table 3.4** below:

Table 3.4: Irregular promotion due to inadmissible counting of past service

Sl. No.	Irregularity	Reply
1	A Lecturer appointed (June 2004) against a lien bound vacancy and subsequently regularised (November 2005) was retrospectively allowed (November 2014) the benefit of two and a half years of past service, rendered as Research Associate (RA) from 30 June 2000 to 20 January 2004, for her promotion to next scale. By extending the benefit of past service after which there was a break of over five months (21 January 2004 to 26 June 2004) during which she had been assigned a Research Project, the University conferred the undue benefit of ₹ 16.25 lakh to the teacher.	Registrar stated (February 2025) that benefit of the period was granted by the Competent Authority on the recommendations of a committee. The reply is not acceptable, as the decision of the Committee was not in consonance with the UGC Regulations and University Statutes.
2	Service rendered by a lecturer with corporate entities while on extraordinary leave from 19 February 2001 to 15 May 2003 and 21 July 2008 to 28 January 2010 was counted (June 2005 and April 2012) for increments and CAS which resulted in excess payment of ₹ 19.63 lakh for the period between February 2001 and March 2022 due to fixation of higher pay.	In Charge Administrator, Teaching Wing stated (September 2022) that the first spell of EOL was counted for increments and pensionary benefits after taking leave salary and pension contribution from the teacher and the second spell was counted for these purposes on the recommendation of a committee constituted for the purpose. The reply is not acceptable, as the decision of the Committee was not in consonance with the UGC Regulations and University Statutes.

3.5.2 Career Progression of Non-Teaching Staff

The career advancement of non-teaching staff other than non-teaching posts regulated by UGC norms, is governed by the University Statutes.

Test check of records of 360 out of 1,192 non-teaching employees of the University showed that inadmissible financial up-gradations had been granted to these employees due to faulty implementation of three tier CAS, premature promotions, and non-adoption of a uniform policy for promotions resulting in excess payment of pay and allowances and pensionary benefits as detailed in the succeeding paragraphs.

3.5.2.1 Irregular Grant of UGC Pay Scales and CAS to Non-Teaching Officers

Ministry of Human Resources Development (MoHRD) notified (December 2008) the scheme for revision of pay of teachers and equivalent cadres after which UGC constituted a Joint Cadre Review Committee (JCRC) for evolving a uniform cadre structure and rationalisation of pay scales, duties, qualifications of the posts of non-teaching staff. The recommendations of JCRC approved by MoHRD were communicated (October 2014) to all Universities by the UGC for implementation. As per these recommendations, CAS was to be allowed to Assistant Registrars and Deputy Registrars after eight and five years of service respectively. In respect of technical and similarly situated posts, system of MACP was applicable according to which upgradations are granted after a service of 10 years. University of Jammu adopted these recommendations from June 2015.

Audit observed that the University had created (between June 2004 and April 2014) various isolated[17] posts in the scale of ₹ 8,000-13,500 including the posts of Assistant Director Technology Support System, Public Relation Officers, Assistant Director/ Deputy Director Directorate of Internal Quality Assurance (DIQA) and Assistant Administrative Officers without framing RRs for these posts. Consequent to implementation of recommendations of the 6th Pay Commission, the incumbents to these posts were placed in the pay band of ₹ 15,600-39,100 with grade pay of ₹ 5,400. Instead of applying MACP uniformly for financial upgradation of these non-teaching posts, the University decided their career advancements in an ad-hoc and arbitrary manner on a case-to-case basis, with selective application of rules. The posts of Deputy Director, DIQA and Assistant Director Technology Support were treated as equivalent to Deputy Registrar and Assistant Registrars respectively, and UGC norms irregularly applied for their career progression. Similarly, a Career Advancement Scheme notified by the University of Kashmir was selectively adopted for financial upgradation of two Public Relation Officers (PROs) which allowed financial upgradation after a period of five years only against ten years applicable as per MACP. However, financial upgradation sought by an Assistant Administrative Officer on the analogy of Deputy Director, (DIQA) and Assistant Director Technology Support was refused, which led her to approach Court for redressal of grievances. Non application of MACP for financial upgradation resulted in excess payment of pay and allowance of ₹ 0.19 crore to four non-teaching employees.

[17] Isolated posts refers to a position that does not have feeder grade or promotional avenues.

Registrar stated (February 2025) that the University of Jammu had extended the benefits of scheme applicable to Assistant Registrars and equivalents in favour of Deputy Director, DIQA and Assistant Director, Centre for ITES&M[18]. It was further added that University Council of University of Kashmir in its 77th meeting (22 April 2017) approved the CAS of PROs and resolved that the same shall be applicable to University of Jammu which accordingly notified (07 May 2018) the same CAS for its PROs.

The reply reaffirms the audit observation that the University had not formulated a uniform career advancement scheme for its isolated posts and had irregularly extended the benefits of CAS applicable to Assistant Registrar/ Deputy Registrars to few selected posts.

3.5.2.2 Extension of academic Grade Pays to Non-Teaching Positions

Although there was no category of posts as 'non-vacation academic positions' in the UGC Regulations, audit noticed that University of Jammu had irregularly designated (December 2002) nine non-teaching posts[19] belonging to ICT and Technical/ Professional services as 'non-vacation academic posts' on the recommendations of the Joint Committee (JC) of the two universities of the State/ UT. Two upward movements applicable to teachers were extended to these 'non-vacation academic posts'.
Consequent upon implementation of the 6th Pay Commission recommendations, UGC created Academic Grade Pay (AGP) for teaching posts. As per Notification issued (December 2008) by MoHRD and UGC Regulations 2010, only Assistant Professor/ Associate Professor/ Professor, Librarian, Deputy Librarian, Assistant Librarian and Physical Education Teachers were eligible to get the AGP.

Audit observed that the University had irregularly extended (October 2009 to December 2014) benefit of AGP to four 'non-vacation academic posts' with retrospective effect from 2006 resulting in their further placements in higher AGPs under CAS applicable to teachers from time to time entailing excess payment of pay and allowances of ₹ 0.69 crore[20] as of March 2022 to the incumbent of these non-vacation academic posts**.**

Registrar stated (November 2023) that three incumbents working as System Manager, Scientist B and Programmer were given upward movement on the recommendation of the Committee constituted for the purpose followed by approval of University Syndicate, FAU and the University Council.

The reply is to be seen in the light of fact that academic grade pay was not applicable to these post as per UGC Regulation 2010 and MHRD notification (December 2008).

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18 IT Enabled Services and Management

19 System Manager, System Engineer, Project Engineer, Senior Scientific Officer, Programmer Computer, Electronic Engineer, Service and Development Engineer, Statistician and Computer Science

20 Calculated on the basis of MACP applicable to non-teaching posts

3.5.2.3 Excess Payment due to Grant of Premature Benefit of Three Tier Career Advance Scheme to Professional Assistants

The University notified (August 2013) a three-tier CAS in respect of Technical/ Isolated posts replacing the earlier two-tier CAS on the same terms and conditions as were prescribed for the ministerial and secretarial cadre. The scheme envisaged that employees holding Technical/ Isolated posts of consistent satisfactory service in one grade in substantive capacity as on 12 July 1996 or thereafter shall be eligible for placement in the Senior Scale in their respective cadre after completion of eight years of satisfactory service instead of ten years prescribed earlier. However, employees having benefitted under 1st upward movement under Reorganisation-cum Caderisation/ Scheme for Technical Staff after ten years of service were not eligible for first upward movement under the Scheme.

Records of the University showed that eight Professional/ Semi-professional Assistants who were not eligible for first upward movement under three tier CAS as they had been promoted/ upgraded under two-tier CAS after ten years of service were irregularly placed (September 2017) in the pay scale of ₹ 9,300-₹ 34,800 with AGP of ₹ 5,400 after a period of only eight years against a mandatory period of 10 years retrospectively between December 1999 and July 2012. The irregular premature placement of these eight employees earlier by two years resulted in an inadmissible payment of ₹ four lakh.

Registrar stated (February 2025) that three-tier CAS was adopted in favour of Library Staff in pursuance to resolution dated 15 April 2014 passed by University of Kashmir and concurrence of Financial Advisor Universities. It was further stated that as per the revised scheme, Semi-Professional Assistants and Professional Assistants are now given first step after eight years, second step after nine years and third step after ten years.

The reply is to be seen in the light of facts that the decision taken by University of Kashmir is not applicable/ binding upon the University of Jammu, both being separate entities with separate Governing bodies.

3.5.2.4 Extra Financial Burden of ₹ 1.07 crore due to Retrospective Upgradations

Based on representations received from 12 Computer Assistants (CAs) regarding disparity in their pay scales, the University forwarded (November 2009) cases for upgradation of their pay scale from ₹ 4,000-₹ 6,000 to ₹ 5,000-₹ 8,000 to FAU.

FAU accorded (April 2013) concurrence to the upgradation of pay scale on prospective basis with the assertion that it should not be made a precedent for upgradation in respect of other categories of posts. FAU clarified (May 2017) that such upgradation of 2013 shall not be construed as a promotion and, the period prior to upgradation of the post shall also be counted for the purpose of determination of eligibility for 1st/ 2nd/ 3rd step of Career Advancement Scheme (CAS).

However, instead of implementing the 2013 order of upgradation prospectively, the University authorities issued (June 2017) an order allowing upgradation of posts from the date of appointment resulting in excess fixation of pay in respect of 12 CAs and payment of arrears of ₹ 0.79 crore to them.

- Records further showed that the University converted (April 2014) 16 vacant posts of steno-typists carrying a pay scale of ₹ 5,200-₹ 20,200 (GP ₹ 2,400), into posts of CAs. Against these 16 posts, ten CAs were appointed in November/ December 2017 and 04 DRWs were regularised as CAs between March 2015 and October 2019.
  These 14 CAs were subsequently allowed (January 2020) the upgraded grade pay of ₹ 4,200 with effect from 15 January 2020. Irregular grant of higher pay scales to these 14 CAs resulted in excess payment of ₹ 0.44 crore to these employees, besides a monthly financial implication of ₹ 1.86 lakh as of March 2022.
- Placement of CAs in higher pay scale resulted in pay anomalies as CAs with a prescribed qualification of Graduate and one year diploma in Computer Sciences were brought at par with Assistant Programmers (APs) with a prescribed qualification of BE (IT)/ M.Sc Computer Sciences.
  The APs challenged (2017) the upgradation of CAs in the Court and while their case was pending in court, the University referred the case for their up-gradation to FAU who accorded (May 2021) concurrence to up-gradation of pay scale of APs from PB ₹ 9,300-₹ 34,800 (GP ₹ 4,200) to PB ₹ 9,300-₹ 34,800 plus GP ₹ 4,600 from the date of creation of the anomaly. However, instead of granting upgradation from April 2013, the University extended the benefit of revised pay scale to 12 APs from the date of appointment resulting in payment of arrears of ₹ 0.28 crore.

Registrar stated (February 2025) that pay scale of Computer Assistants was upgraded notionally from the date of appointment and prospectively with effect from 30 May 2013 to remove the anomaly between the counterparts.

The reply is to be seen in light of the fact that although FAU had directed (August 2010) to clearly indicate the hierarchical positions in a promotional scheme and the impact of any new dispensation on the cadre and scales at various levels, the University while considering the upgradation of CAs did not foresee its ramifications on other posts in the hierarchy.

3.5.2.5 Inadmissible Benefit of ₹ 0.11 crore in respect of Upgradation of Relinquished Post

A Computer Assistant (CA) appointed (May 2004) in the pay scale of ₹ 4,000-₹ 6,000 (revised to ₹ 5,200-₹ 20,200 with Grade Pay of ₹ 2,400) was selected (December 2009) for the post of Liaison Officer, in the pay scale of ₹5,500-₹9,000 (revised to ₹ 9,300-₹ 34,800 with Grade Pay of ₹ 4,200).

Consequent upon upgradation (May 2013) of the pay scale of 12 CAs from ₹ 5,200-₹ 20,200 with GP ₹ 2,400 to ₹ 9,300-₹ 34,800 with GP ₹ 4,200, the benefit

of the upgraded post was irregularly allowed (April 2018) to the officer from the date of his appointment as CA, despite the fact that his appointment as Liaison Officer was a fresh appointment in a different cadre. The period of service of five years rendered as CA was also counted for further up-gradation in his substantive post of Liaison officer, which resulted in further premature placements in ₹ 9,300-₹ 34,800 with Grade pay of ₹ 4,600 and ₹ 9,300-₹ 34,800 with G.P of ₹ 5,400 from May 2012 and May 2021 respectively. This had resulted in payment of excess pay and allowances of ₹ 0.11 crore besides recurring financial implication of ₹ 17,688 per month.

Registrar stated (February 2025) that counting of past service rendered as CA was granted (September 2017) for CAS of Liaison Officer as one-time dispensation in pursuance of communication received (June 2017) from FAU and action taken by Vice-Chancellor was confirmed by the 112th University Syndicate resolution of August 2017.

3.6 Pay and Entitlements

Audit examination of records of the University pertaining to pay and allowances, pensions, leave etc. revealed that inadmissible/ excess payments were made to various employees as brought out in the following paragraphs.

3.6.1 Irregular Release of Advance Increments for Acquiring Higher Qualification

Pursuant to implementation of the 7th Pay Commission, MoHRD withdrew (November 2017) incentive of advance increments that was granted to teachers before the year 2016 for acquiring higher qualification (MPhil/PhD). While approving (May 2018) implementation of the 7th Pay Commission, FAU also stipulated that advance incentives for acquiring degrees of PhD/ MPhil would no longer be granted.

Records showed that three/ five advance increments were allowed to 26 Assistant Professors who had acquired PhD degree between December 2016 and February 2022 on the basis of an order of December 2011 which was applicable after implementation of recommendations of the 7th Pay Commission. There was an additional financial burden of ₹ 1.20 crore on the finances of the University due to irregular grant of advance increments to these Assistant Professors.

During the Exit Conference, the Vice-Chancellor stated (February 2025) that the benefits of advance increments given after notification of UGC regulation 2018 had now been dispensed with.

The reply is to be seen in the light of facts that FAU disallowed (May 2018) these increments after implementation of recommendations of the 7th Pay Commission. Further, the Special Advisor to FAU had also called for (October 2021) reasons from Registrar of the University for restoring advance increments without the prior concurrence of the Finance Department with remarks as to why the amount spent on payment of advance increments may not be deducted from the grant of the University.

3.7 Conclusion

Human Resources Management in the University was not efficient as there were irregular appointments and premature/ undue promotions. Against a sanctioned strength of 387 teachers, only 240 regular teachers (62 *per cent)* were available as of March 2022. RRs had not been framed for 77 out of 142 categories of non-teaching posts. Regularisation of ad-hoc/ contractual teaching/ academic staff was adopted as a mode of appointment. Lateral entry to direct entry level posts of Deputy Librarians led to undue favour to in-service employees. Appointments of in-service Assistant Registrars against open merit posts of Deputy Registrars were made in violation of UGC norms. Irregular appointments to the posts of Readers/ Associate professors without required teaching experience compromised the minimum standards prescribed by UGC for maintaining quality of teaching. In absence of RRs for all posts, there was no uniform policy for career advancement of non-teaching staff. While a three-tier scheme was in operation for some non-teaching positions, there was undue extension of academic grade pays and Career Advancement Scheme of teachers to a selective group of non-teaching posts treated as non-vacation academic posts. UGC Career Advancement Scheme was extended to non-teaching posts treating them as equivalent to Assistant Registrars and Deputy Registrars which are regulated by UGC. Irregular financial upgradations with retrospective effect were allowed to non-teaching employees putting a burden on the State exchequer.

3.8 *Recommendations*

- ***The University may put in place a well-defined fair and transparent recruitment policy and Recruitment Rules may be finalised for all posts with well-defined stages of promotion to ensure probity and transparency in recruitment.***
- ***A uniform policy for career advancement of non-teaching staff needs to be adopted.***

CHAPTER-IV

INFRASTRUCTURE MANAGEMENT

CHAPTER-IV

Infrastructure Management

4.1 Infrastructure Development Plans

Infrastructure development works in the University are funded through a variety of sources which include grants from the Ministry of Education through various Centrally Sponsored Schemes, development grants from UGC, Plan funds of the GoI, Specific grants from various ministries like Ministry of Social Justice and Empowerment/ Ministry of Sports, Capital grants from State/ UT Government and earmarked infrastructure funds from internal resources. For projects outside the land bank in possession of the University, land is acquired through the Revenue Department of the State/ UT Government.

University Works Department (UWD) headed by an Executive Engineer (EE) is responsible for carrying out construction, repairs and maintenance works in the University. The EE is empowered to accord Technical Sanction to works up to ₹ 10 lakh and VC has full powers to accord Administrative Approval/ Technical Sanction subject to technical approval by Superintending Engineer. The Planning Board (PB) of the University are to assist the University Syndicate (US) in formulating perspective plans for executing development works in the University including screening development proposals of the departments and determining priorities in development programmes. Further, a post of Dean Planning and Development (DP&D) was created (October 2016) in the University to plan a road map for future development of the University, devise policy on expansion and diversification of University activities, prepare proposal for development of main and off-site campuses, prepare strategic plan of the University and fix priorities for various works.

Records of the University showed that as of March 2023, the last meeting held by the Planning Board was in February 2017 as such there was no follow-up on the development proposals of the Planning Board made before the year 2017. Further, DP&D had neither framed any policy/ strategic plan for expansion and diversification of infrastructure of the University nor prepared any road map/ Development Plan stipulating short/ mid/ long-term goals for infrastructure development.

In the absence of any perspective plan/ action plan outlining goals and targets for infrastructure development in off-site campuses, infrastructure projects were held up in five[1] off-site campuses since 2015. There was no definite timeline for land acquisition in respect of four campuses resulting in their non-establishment despite being approved during 2006-08 as discussed in the succeeding paragraphs.

Registrar stated (November 2023) that the latest meeting of the Planning Board was held in January 2023 wherein agenda regarding creation of teaching/ non-teaching

[1] Kishtwar, Reasi, Bhaderwah, Poonch and Udhampur

positions, requirement of funds for construction of new buildings, implementation of NEP 2020 etc., were discussed. It was further stated that the process of framing the updated institutional development plan in line with NEP-2020 was in progress.

The fact remained that in the absence of regular meetings of the Planning Board, the planning function remained impaired.

4.2 Infrastructure Development in off-site Campuses

With a view to providing higher education to the students of far-flung areas of Jammu province, UC approved (2006-08) opening of 11 off-site campuses at Bhaderwah, Kishtwar, Doda, Udhampur, Reasi, Ramnagar, Kathua, Billawar, Poonch, Patnitop and Surankote. Records showed that as of April 2023, four[2] out of 11 off-site campuses for which ₹ 2.70 crore was released between 2009 and 2014 had not been established due to non-acquisition of land, not taking of possession of land transferred by GoJ&K and absence of approach road to acquired land resulting in blockade of ₹ 2.70 crore for over nine years as detailed in **Table 4.1.**

Table 4.1: Details of non-establishment of off-site campuses

Sl. No	Name of campus	Year of sanction	Funds released	Status of Land acquisition	Remarks
1	Patnitop	April 2006	₹ one crore	431 kanal of land transferred by GoJ&K to the University (2013).	As of January 2023, execution of construction works could not be started due to absence of approach road to the campus site.
2	Surankote	February 2008	₹ 0.70 crore	1,255 kanal and 10 marla land transferred (April 2018) to Higher Education Department.	Possession of land not taken by the University despite requests by DC Poonch and HED in September 2018 and January 2019 respectively.
3	Doda	January 2008	Nil	No efforts made by the University to acquire land for establishing the campus.	The campus was initially made functional (December 2011, June 2012) in the premises of Boys' Higher Secondary School Doda with two-month certificate course. However, the University decided (April 2016) to shelve establishment of the campus.
4	Billawar	February 2008	₹ one crore	Land measuring 236 kanal and 13 marla though identified (August 2017) for establishment of the campus, not transferred to the University as of March 2023.	In absence of required infrastructure, the campus started functioning in the year 2015 temporarily from Government Degree College Billawar. As of March 2023, no academic activities were operational in the campus.

(***Source: Information provided by the Development section***)

[2] Patnitop, Doda, Billawar and Surankote

The Registrar stated (February 2023) that significant efforts were made to establish suitable accommodations for additional campuses, which however did not fructify as finding appropriate spaces for these campuses proved to be challenging. It was added that the University had made a recent decision to halt the introduction of new courses at these campuses until Government provides adequate land, infrastructure, faculty positions, and recurring grants to ensure their sustainability and proper functioning.

4.2.1 Idle Investment of ₹ 19.21 crore on Abandoned Works in off-site Campuses

UGC sanctioned (April 2011) one-time grant for infrastructure development of off-site campuses, in response to which the University sent (September 2011) DPRs. Based on DPRs, a grant of ₹ 113.60 crore, was sanctioned (November 2011) under the XIth Plan period (2007-2012) with campus-wise release for seven offsite campuses to be utilised upto March 2012. The first installment of ₹ 56.80 crore was released by UGC between November 2011 and January 2012.

Audit noticed that availability of encumbrance free sites for these seven off-site campuses was not ensured while preparing DPRs. There were delays in actual possession of land due to frequent change of sites, land disputes/ court cases and delays in tendering process. These projects were allotted to contractors between August 2012 and December 2014. This was in spite of the fact that UGC had allowed (August 2014) extension of time for completion of building projects up to March 2015 if works had been started before March 2012. UGC declined (February 2015) to further extend timeline for completion of works beyond March 2015 as the University had started construction works after the expiry of the 11th Plan period. The University was directed (April 2015) to refund the grants received by it along with 10 *per cent* interest thereon. The University stopped (March 2015) all ongoing 30 works after incurring an expenditure of ₹ 49 crore.

Of these 30 abandoned projects, 15 projects were approved (February 2019) under programme for Completion of Languishing Projects[3]. As of March 2022, nine works were completed at a cost of ₹ 20.39 crore and six projects estimated to cost ₹ 21.84 crore were under execution. The remaining 15 projects on which an expenditure of ₹ 19.21 crore had been incurred upto March 2015 were lying abandoned.

Thus, due to faulty planning of not ensuring encumbrance fee land for execution of infrastructure projects of off-site campuses, the University had lost the opportunity to avail central assistance for the purpose resulting in absence of required infrastructure in these campuses. Five[4] out of seven campuses were functioning from their own premises including one in pre-fabricated structure. Out of the balance two campuses, one[5] was functioning from a hired building and the other[6] from State/ UT Government building.

[3] A Jammu and Kashmir Government's scheme for funding incomplete or stalled projects
[4] Kathua, Ramnagar, Kishtwar, Bhaderwah and Udhampur
[5] Poonch
[6] Reasi

While attributing non-initiation of timely works in off-site campuses to remote locations with adverse climatic conditions, the Registrar (March 2024) stated that extension sought till March 2016 was not granted by UGC. It was added (February 2025) that the University was making every effort to secure funding for the remaining 15 incomplete projects.

4.3 Inadequacies in Infrastructure

4.3.1 Facilities for Differently Abled Students

The Persons with Disabilities Act, 1995/ 2016 envisages that differently abled persons should have access to education at all levels. The Report on 'Inclusive and Qualitative Expansion in Higher Education' issued by UGC under the 12th Five-year Plan envisages improvement in basic infrastructure facilities to enable differently abled students to access all institutions of higher education.

For providing facilities to disabled persons, the University projected (November 2014) a requirement of ₹ 1.06 crore for construction of nine ramps and connecting paths at its main campus under RUSA. Records, however, showed that against the projected requirement, the University had constructed only three ramps at a cost of ₹ 24.47 lakh for which no reasons were available on record. As of January 2023, out of 38 departments and eight centres in the main campus, ramps were available only in two departments and one Centre (Health Centre). Lifts were available only in the Administrative Block, Examination Block and Directorate of Distance Education functioning in multi-storied buildings.

Lack of facilities for differently abled students would be an impediment for such students to access higher education.

Registrar stated (November 2023) that due to space constraint in six out of nine buildings, work was taken up for only three ramps. It was further stated that the University is in the process of purchasing chairlifts in order to facilitate differently abled persons and senior citizens. The reply is a pointer to the fact that the requirement was projected without ascertaining space feasibility.

4.3.2 Inadequate Hostel Facilities

The University runs hostels for boys and girls in its main campus and off-site campuses. In the main campus there are four Boys Hostels[7] and three Girls Hostels[8] with capacity to accommodate 462 and 630 students respectively. The number of girl students in the waiting list had increased from 80 in 2017-18 to 200 in 2021-22. Construction of a Girls Hostel funded by MoSJ&E[9] (under Babu Jagjiwan Ram

[7] (i) Baba Jitto Boys Hostel (ii) Shree Vivekananda Boys hostel (iii) Nehru Hall Boys Hostel and (iv) Jambu Lochan Boys Hostel

[8] Sarojini Naidu Girls Hostel, Priyadarshani Girls Hostel and Chanderbagha Girls Hostel

[9] Ministry of Social Justice and Empowerment

Chatra Aawas Yojna) and RUSA started during July 2016 was held up since May 2017 after incurring an expenditure of ₹ 5.88 crore as the University could not complete the finishing works due to its failure to limit the scope of work within available funds. As an interim arrangement, the University accommodated waiting girl students in the Faculty Transit Guest House (FTGH) constructed for Human Resources Development Centre[10] (HRDC) from the academic session 2019-20. Against 200 girl students awaiting hostel facility, only 100 could be accommodated in the FTGH as of March 2022.

Out of seven off-site campuses, hostel buildings were complete and functional in two[11] campuses as of March 2022. In five off-site campuses, works of hostel buildings were held up after withdrawal of Prime Minister Reconstruction Programme (PMRP) funds by UGC in 2015 due to expiry of extension period of XIth Plan. As a result, hostels at three campuses[12] were being operated from rented accommodations and no hostel facilities existed in two[13] off-site campuses.

Provost Girls hostel stated (December 2022) that there was an acute shortage of hostel accommodation in the main campus due to not completing of the fourth girls' hostel.

Registrar stated (March 2024) that the halted work of hostel at Bhaderwah Campus was likely to resume after March 2024 under Capital Grants and the University was trying its best to arrange funds for completion of halted works of hostels in the campuses of Poonch and Kishtwar. During the Exit Conference, it was stated (February 2025) that the works which could not be completed under Languishing Scheme, had been projected for funding under Capital expenditure budget of the UT Government.

4.4 Execution of Works

4.4.1 Diversion of Funds and Faulty Preparation of DPRs

- For upgradation of infrastructure of the University of Jammu, ₹ 20.00 crore was sanctioned under Rashtriya Uchchatar Shiksha Abhiyan (RUSA 1.0) scheme by the Higher Education Department (nodal agency for implementation of the scheme) on the basis of DPRs prepared by the University. The projected works included construction of canteen, toilet blocks, Girls Hostel and renovation of Library, Auditorium etc., and Administrative Approval was accorded by Vice-Chancellor.

Against release (between June 2015 and August 2016) of ₹ 2.29 crore under RUSA 1.0 by Higher Education Department for construction of 13 toilet blocks at

[10] HRDC conducts training programmes like refresher, orientations, faculty development programmes for teachers
[11] Ramnagar and Kathua
[12] Bhaderwah, Poonch and Kishtwar
[13] Udhampur and Reasi

different locations in the University, construction of only four blocks[14] was completed (March 2017) at a cost of ₹ 52.64 lakh. While ₹ 1.68 crore was diverted towards other works[15], outcome of ₹ eight lakh was not ascertainable from records. Similarly, the University did not utilise ₹ 23.19 lakh provided by UGC for creation of 'basic facilities for women' such as toilets, common room, cyber cafe, gymnasium and medical room for the intended purpose up to 2015-16 and thereafter these funds were diverted towards construction of Girls Hostel.

EE, UWD attributed (August 2023) not constructing of the remaining toilets to paucity of space in the campus. Registrar stated (November 2023) that decision to construct only four toilet blocks was endorsed by the Site Selection Committee.

The fact remained that the approved DPRs were not based on actual surveys including assessment of availability of sites.

- On the basis of proposals submitted by the University, HED approved (February 2021) three building projects[16] to be executed out of State/ UT funds at an estimated cost of ₹ 7.00 crore. In case of two[17] works AA/ TS were not obtained prior to conceiving of the projects. As of March 2022, ₹ 3.50 crore released (October 2021) by HED for these works was parked in the bank account of the University as in two cases[18] the land was not suitable for construction and in respect of one work[19] involving construction of additional floors on the existing building, an internal committee of the University had opined against construction of additional floors on the plea that the building was already constructed up to the level of the original design.

Executive Engineer (UWD) stated (August 2023) that after putting the work involving construction of additional floors to tender in September 2022, the work has been allotted.

Thus, preparation of DPRs without feasibility study is indicative of poor planning resulting in not completing of works.

4.4.2 Execution of Works without Obtaining Technical Sanctions

As per University Statutes, Executive Engineer is empowered to accord Technical Sanction (TS) to works up to ₹ 10 lakh. Vice-Chancellor has full powers to accord TS subject to technical approval by the Superintending Engineer. In the absence of post of Superintending Engineer in the University till November 2019; there was no

[14] Rear gate, Academic staff quarters, Physical education near DRS and old campus
[15] Construction of Boys Hostel: ₹ 131 lakh, construction of Girls hostel: ₹ 16.81 lakh and extension works of cafeteria: ₹ 20 lakh
[16] (i) Construction of New Girls Hostel (ii) Construction of building for High Energy Physics Unit of Physics Department and (iii) Construction of building for Remote Sensing & GIS
[17] Department of Physics and Department of Remote Sensing & GIS
[18] Department of Physics and Department of Remote Sensing & GIS
[19] Girls Hostel

mechanism of obtaining technical approval for execution of works exceeding ₹ 10 lakh. Audit noticed that 11 test checked works each having an estimated cost over ₹ 10 lakh, with total estimated cost of ₹ 144.86 crore was taken up (between August 2012 and February 2020) under UGC 12th Plan, State plan, PMRP etc. without technical approval. Due to a non-existent mechanism for technical vetting of works till 2019, large scale deviations from DPRs resulting in holding up of works and execution of works outside Bills of Quantities (BOQ), were observed as discussed in the subsequent paragraphs.

Registrar stated (November 2023) that now no allotment is made without obtaining Technical Sanction from the Competent Authority.

4.4.3 Not Completing of Girls Hostel – Idle Investment of ₹ 5.31 crore

Administrative Approval for construction of Girls Hostel at a cost of ₹ 5.25 crore was accorded (March 2016) by the VC for funding from combined grants received under RUSA and Ministry of Social Justice and Empowerment (MoSJ&E).

Although the work was initially allotted[20] (July 2016) at a cost of ₹ 3.50 crore for construction of two storeys only, a revised AA was accorded[21] (November 2016) for ₹ 5.80 crore to cover the cost of basement necessitated due to low soil bearing capacity of soil noticed (July 2016) during execution. However, instead of completing the allotted work of basement and ground plus one floor, it was decided (December 2016) to construct structural part of the second and third floor, without finishing of ground and first floor for which an additional sanction of ₹ 71.80 lakh was accorded (December 2016), raising the total cost of project to ₹ 6.52 crore. Due to unavailability of further funds, the contractor stopped (May 2017) the work after completion of basement, ground floor, first floor without finishing and 2nd and 3rd floor (outer structure part only). A payment of ₹ 5.31 crore was made (up to October 2017) to the contractor for execution of civil and sanitary works. There was also a work done liability of ₹ 26.97 lakh payable to the contractor.

Thus, due to not framing of DPRs based on site conditions and imprudent decision to construct additional storeys without finishing the originally sanctioned/ allotted works, the Girls Hostel could not be completed within available funds resulting in idling of expenditure of ₹ 5.31 crore on partly completed works.

Registrar stated (February 2025) that the University Works Department was in the process of foreclosing the previous contract and putting the balance work to fresh tender after observing codal formalities.

[20] M/s Anil Kapahi vide allotment No:UWD/16-17/1016-21 dated 07 July 2016 (civil and sanitary)
[21] Vide order no: Fin/2016-17/6849-51 dated 07 November 2016

4.4.4 Award of Additional Works without Tendering

Rule-138 of the General Financial Rules (GFR-2017) stipulates that any anticipated or actual savings from a sanctioned estimate for a definite project, shall not, without special authority be applied to carry out additional work not contemplated in the original project. Rule-139 of GFR 2017 further stipulates limited tendering for work costing less than ₹ 10 lakh and open tendering for works costing more than ₹ 10 lakh.

Records of the University showed that savings of ₹ 2.65 crore in respect of nine test-checked works completed during 2017-18 to 2021-22 were diverted for execution of additional components of these works which were not originally allotted to the contractors. These works were allotted to the same contractors without following a tendering process at rates at which original works were allotted in violation of Rule 138 and Rule 139 of GFR 2017.

EE, UWD stated (July 2023, November 2023) that additional works were got executed by the same contractor out of savings in respect of original works on the basis of requirement received from the concerned departments. It was further stated that it was not feasible to call tenders being a time-consuming process. The reply is to be seen in the light of fact that by allotment of additional works to contractors on a nomination basis the University compromised on transparency and competition enshrined in GFR for public procurements.

4.4.5 Management of Assets

The Estate Wing headed by Estates Officer (EO) is responsible for the upkeep/ control of the University properties.

Audit noticed that EO of the University had not prepared a database of its properties in the old and new campuses, which included land, buildings, tools and plant, equipment, museum, auditoriums, canteens, kiosks and residential quarters. An asset register with details of cost and date of acquisition of each asset, depreciation charged during a year and net value at the close of a particular year was not maintained. Although Central Library procured 28,133 books and 668 journals during the period 2017-22 and had a total of 4.84 lakh books as of March 2022, physical verification of library books was not conducted in compliance of Rule 194 of General Financial Rules.

Deputy Registrar (DDE) stated (January 2023) that a committee has been constituted for conducting physical verification of library books.

Registrar stated (November 2023) that number of buildings under use/ functional in respect of new/ old University campus has already been prepared by Executive Engineer, UWD.

4.4.5.1 Non-Accountal of Equipment after Expiry of Project Life

Audit noticed that no system was in place in the University to account for equipment procured under various externally aided projects after expiry of project life.

Records revealed that although respective Project Investigators (PIs) had maintained registers to enter details of equipment procured under externally aided projects, they had not transferred equipment valuing ₹ 0.72 crore procured (between July 2012 and May 2019) for nine completed (between January 2013 and May 2022) projects to the concerned three departments after completion of project life. Non-accountal of equipment after expiry of project life was fraught with the risk of misappropriation as the equipment retained by PIs remain outside the ambit of periodic physical verification of stocks carried out by the University authorities.

Registrar stated (November 2023 and March 2024) that in the Business School, equipment like laptops, printers etc. remain in the possession of PIs who record the equipment in stock registers maintained by them. It was further stated that the equipment are returned to the department at the time of retirement of the PIs. The Registrar added that no equipment was purchased in the Department of Zoology. It was also stated all PIs were once again requested to make proper entry of equipment in the stock register in future too.

4.4.5.2 Idle Assets Valuing ₹ 3.82 crore

Physical inspection (January 2023) of School of Biotechnology (SoB) revealed that DNA Sequencing facility worth ₹ 1.63 crore[22] was lying unutilised since 2014-15 due to lack of technical manpower. Equipment worth ₹ 0.75 crore purchased between June 2019 and December 2021 was lying idle in the corridor of SOB. Equipment valuing ₹ 0.82 crore purchased (between June 2004 to January 2022) in two departments[23] and Health Centre in the main campus and one off-site campus of Kishtwar were either not installed or lying idle due to unavailability of technical manpower, unoperational allied equipment, unavailability of required space for their installation and discontinuation of one programme[24].

Records further showed that due to lack of trained manpower and provision of funds for operation and maintenance, a central heating system installed and commissioned (November 2010) in Bhaderwah Campus at a cost of ₹ 0.62 crore was lying non-functional since February 2011 after remaining functional between December 2010 and February 2011.

HoD, Physics stated (March 2023) that the equipment could not be made functional due to non-receipt of funds for its repair from the University. HoD Electronics stated

[22] Sequencer: ₹ 0.90 crore and Illumina MiSeq system.: ₹ 0.73 crore
[23] Physics and Electronics
[24] M.Sc Hydrology and Soil Dynamics

(January 2023) that construction of cabin for installation of machine has been completed, and the supplier has been requested to provide training about operational details of the machine.

Director, School of Biotechnology stated (Aug 2023) that the equipment were placed in the corridor as they generate a lot of heat. It was further stated that for effective use and maintenance, the University authorities had been requested for providing permanent technical manpower from time to time.

Registrar stated (November 2023 and March 2024) that audit observation regarding purchase of ultrasound machine and x-ray unit, are duly noted and acknowledged and further stated that the Health Centre is actively working to outsource radiologist and x-ray technician and efforts are underway to explore cost-effective strategies to make these facilities functional.

Thus, it can be inferred from the above that School of Biotechnology should have ensured proper space and adequate technical manpower before purchase of equipment.

4.5 Conclusion

Inability of the University to start infrastructure works of off-site campuses before expiry of the 11th Plan resulted in disallowance of central grants which further led to stoppage of 30 works of which 15 projects were lying abandoned since March 2015. Due to significant variations in structural design and construction of additional floors not contemplated earlier, work on Girls Hostel was held up for nearly 9 years. Getting additional works executed out of savings of tendered and allotted cost, through the same contractors, was a norm rather than an exception, which not only compromised transparency in allotment of works, but also resulted in undue benefit to contractors. There were also instances when equipment procured by various departments were lying idle due to lack of technical manpower.

4.6 *Recommendations*

- ***To provide basic infrastructure in off-site campuses, the University may take measures for completion of held up works.***
- ***Execution of works may be properly monitored to avoid large scale deviations.***
- ***Project works may be initiated only after proper assessment of site conditions so that the projects are executed timely.***
- ***Awarding of additional works out of savings needs to be discouraged.***
- ***The University may devise a robust mechanism to ensure optimum utilisation of equipment procured by various departments.***

CHAPTER-V

FINANCIAL MANAGEMENT

CHAPTER-V

Financial Management

5.1 Introduction

Government of Jammu and Kashmir (GoJ&K) provides grant-in-aid to the University mainly for salary of staff and development works. The University also receives assistance from Government of India (GoI), Ministry of Human Resources Development (MHRD) under Rashtriya Uchchatar Shiksha Abhiyan (RUSA) and University Grant Commission (UGC) for infrastructure, research, etc. Further, the University mobilises funds in the form of fee from students and by sponsoring research projects. Audit findings on fund management of the University are discussed in the succeeding paragraphs.

5.2 Financial Position

Financial position of the University during 2017-22 is given in **Table 5.1**.

Table 5.1: Details showing funds received and expenditure incurred

(₹ in crore)

Year	Opening Balance	Receipts during the year							Expenditure						Closing Balance
		State Govt.		Specific Grants (CSS etc)	Others (UGC, RUSA, DBT grants)	University Receipts	Total receipts	Total Availability	State Govt.		Specific Grants (CSS etc)	Others (UGC, RUSA, DBT grants)	University Receipts	Total Expenditure	
		Capex	Non-Plan						Capex	Non-Plan					
2017-18	22.58	5.00	137.00	11.60	1.62	47.47	202.69	225.27	4.93	165.94	8.67	5.36	0.00	184.90	40.37
2018-19	40.37	5.00	158.94	5.40	6.11	46.28	221.73	262.10	1.15	215.79	8.41	3.36	0.00	228.71	33.39
2019-20	33.39	4.00	185.00	4.19	34.09	47.30	274.58	307.97	0.82	243.55	6.08	10.64	0.00	261.09	46.88
2020-21	46.88	1.25	201.00	2.49	15.40	30.49	250.63	297.51	0.22	208.21	3.12	20.36	0.00	231.91	65.60
2021-22	65.60	0.00	197.00	4.73	0.52	40.33	242.58	308.18	2.95	242.63	4.12	11.83	0.00	261.53	46.64

(CSS: Centrally Sponsored Schemes; UGC: University Grants Commission; RUSA: Rashtriya Uchchtar Shiksha Abhiyan; DBT: Department of Biotechnology)
(Source: Information provided by Accounts Branch)

As can be seen from **Table 5.1**, there was an opening balance of ₹ 22.58 crore in 2017-18. Receipts of ₹ 1,192.21 crore of the University during 2017-22 included grants received from Government of J&K, University Grants Commission and under Centrally Sponsored Schemes in addition to internal resources of the University. Against available funds of ₹ 1,214.79 crore[1], the University spent ₹ 1,168.14 crore

[1] Total receipts during 2017-18 to 2021-22 plus Opening Balance of 2017-18.

during the period leaving an unspent balance of ₹ 46.64 crore. Percentage of unspent balances ranged between 13 *per cent* and 22 *per cent* during 2017-22.

5.3 Management of Funds

5.3.1 Loss of UGC/ DST Assistance due to non-completion of works

To improve infrastructure in universities and colleges, UGC provides financial assistance to universities under Special Assistance Programmes (SAP) and Plan schemes. Department of Science & Technology (DST) also provides support to universities by providing funds under heads 'For improvement of Science and Technology' (FIST) and 'Promotion of University Research and Scientific Excellence' (PURSE). Audit observed that the University had not utilised full potential of these schemes due to lack of planning and monitoring as detailed in the succeeding paragraphs.

- For infrastructure development of seven off-site campuses under the Prime Minister Reconstruction Programme (PMRP), UGC released (November 2011) ₹ 56.80 crore as 1st instalment (50 *per cent*) against the approved amount of ₹113.60 crore for utilisation during the 11th plan period (2007-2012). The projects allotted to contractors between August 2012 and December 2014 were stopped due to non-completion of works even after expiry of extension period of XIth Plan Period up to March 2015. An expenditure of ₹ 49 crore had been incurred on these works up to March 2015. UGC directed (April 2015) the University to refund the grants received by it along with 10 *per cent* interest citing inability of the University to start these works before expiry of the Plan Period. The University thus suffered a loss of balance funds of ₹ 56.80 crore. As of March 2022, the unspent balances amounting to ₹ 30.79 crore (including interest) was lying in the individual accounts of Rectors of six offsite campuses.

- With the objective of strengthening Research and Development (R&D) in the University, DST, GoI sanctioned (September 2017) ₹ 16.75 crore in favour of the University under 'Promotion of University Research and Scientific Excellence' (PURSE). Against 1st instalment of ₹ 6.19 crore released (September 2017) by DST, the University was able to spend only ₹ 5.36 crore on procurement of equipment and on conducting other activities under the scheme within the extended timeline of March 2022. As a result, further funds of ₹ 10.56 crore were not released by DST. The unspent balance of ₹ 1.31 crore including interest had not been refunded to the funding agency as of March 2022.

In reply, the Registrar, while attributing delay in purchase of equipment to import and other procedural delays in purchase through the GeM portal stated (November 2023) that the University has requested (December 2022) the DST for release of the next installment. The fact remained that the University could not utilise the full potential of the scheme due to lack of timely action.

- For providing Teaching Support/ Stabilised Power Supply to the University and augmenting infrastructure like computer laboratories, renovation of labs and procurement of books in 16 affiliated colleges, Ministry of Science & Technology (MoS&T) sanctioned (October 2009 to May 2012) ₹ 8.55 crore[2] under 'Special S&T support to universities and colleges in J&K State' for completion in five years. Against the release of the first installment of ₹ 4.45 crore to the University, ₹ 3.55 crore was to be further released to the affiliated colleges for augmentation of infrastructure and remaining ₹ 0.90 crore was to be spent by the University for Stabilisation of Power Supply and Teaching Support. Audit noticed that instead of releasing funds to affiliated colleges, the University made centralised purchases of ₹ 2.51 crore on behalf of colleges and spent ₹ 0.93 crore under 'Stabilisation of Power Supply and Teaching Support' for the University by diversion of balance fund from the grant meant for colleges. As the University was able to spend only ₹ 3.44 crore, it surrendered (March 2021) ₹ 1.01 crore to MoS&T after over eight years and lost the opportunity of availing further assistance of ₹ 5.11 crore. Further, the grant was kept in a non-interest bearing account of the University resulting in non-accrual of interest on the unutilised grant.

Scheme Coordinator stated (March 2023) that the documents were submitted to MoS&T (November 2016) for release of the 2nd installment of funds. The reply is not convincing as the University was not able to spend the 1st installment of funds, as such release of the 2nd installment by MoS&T was not possible.

5.4 Accounting Matters

5.4.1 Not Maintaining of Annual Accounts

As per Article 38 of the J&K Universities Act, the accounts of the University shall, once in every year and at the intervals of not more than fifteen months, be audited by auditors appointed by the Government. A copy of the accounts together with the auditor's report, shall be published in the Government Gazette. Article 16 of the Act requires Financial Advisor Universities (FAU) to submit the annual estimates and statement of accounts to the US and UC. Further as per University Statutes, the Deputy Registrar shall suggest ways and means for maintaining proper accounts of the University and regularly check-up cash balances in the accounts.

Audit noticed that the University had not prepared annual accounts such as Income Expenditure Account, Receipts and Expenditure Account and Balance Sheet since its inception. In absence thereof true and fair view of financial position of the University were not ascertainable. Although not preparing of Annual Accounts by the University was pointed out in the Reports of CAG of India for the years ended March 2002 and March 2008, no action to prepare annual accounts as per requirement of University Act and Statutes was taken by the University to ensure transparency in accounts.

[2] Stablised power supply to University: ₹ 0.45 crore; Teaching Support to University:₹ one crore and augmentation of infrastructure in affiliated colleges: ₹ 7.10 crore

Further, MoHRD recommended (2013) that all educational institutions should introduce a system of maintenance of accounts on accrual basis (double entry system) to ensure accountability and financial discipline so that end use of funds meet the needs of stakeholders. Audit noticed that as of March 2023, the University had not adopted double entry system as cash books were being maintained on the basis of actual receipts and payments (single entry system) in contravention of instructions of MoHRD.

Registrar stated (February 2025) that the University has appointed a Chartered Accountant for preparing Balance Sheets and auditing of accounts and the whole process will be completed shortly.

5.4.2 Surplus Funds not invested

As per Chapter XIV-A of University Statutes, local fund money which is not anticipated to be utilised immediately may be placed in fixed deposits for such periods as may be decided by the HoD concerned in consultation with the Local Fund Committee.

Audit noticed in two test-checked departments[3] that balances pertaining to local fund money ranging between ₹ 0.10 crore and ₹ 5.57 crore were not invested in fixed deposits but were lying in saving bank accounts for periods ranging between four months and 53 months during 2017-2022.

Registrar stated (November 2023) that audit suggestions had been noted for compliance and all departments have been instructed to place local fund money not anticipated to be utilised immediately in Fixed Deposits for such periods as may be decided by the HoD concerned in consultation with the Local Fund Committee.

5.4.3 Consolidated Local Fund not maintained

As per chapter XXIV of University Statutes, a part of fee realised from students and research scholars of the University at the time of admission[4] are to be credited to local funds maintained by the academic departments/ centres. The sums in local funds are to be utilised for the purpose for which they are collected. A separate annual statement of income and expenditure is required to be maintained for each local fund.

Further, savings at the end of each academic year (31 June) including interest earned on fixed deposits and saving bank accounts of local funds, lapsed library security deposits and any other collection which is not creditable to a Local Fund are to be transferred to the Consolidated Local Fund (CLF)[5].

Audit noticed that none of the departments of the University had prepared an annual statement of accounts in respect of local funds. Further, savings ranging between

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3 Dhanvantri Library and Local fund of College Development Council

4 On account of games, social activities, students' assistance, reading room, stationery, excursion and miscellaneous funds

5 A Consolidated Local Fund is a combined local fund to which savings under different local funds are credited

₹ 0.59 lakh and ₹ 3.93 crore had continued to remain in the local funds of departments as CLF was not created as of March 2022.

Registrar stated (November 2023 and February 2025) that a Consolidated Local Fund has now been created (November 2023) and all the departments have been asked to maintain a separate annual statement of income and expenditure for their local funds. It was further stated that the departments have been asked to transfer the savings and lapsed security deposits at the end of each academic year to the Consolidated Local Fund.

5.5 Internal Control Mechanism

Internal control refers to safeguards put in place by the management of an organisation to ensure that its activities are proceeding as planned. Audit noticed that the internal control was inadequate in the University, which had resulted in deficiencies in financial management, maintenance of accounts and procurement process. The internal audit wing of the University had not been strengthened to ensure control over financial irregularities and to set right deficiencies in maintenance of accounts. Audit noticed the following:

5.5.1 Deficiencies in Maintaining Cash Book-Short Accountal of ₹ 0.25 crore

There was an un-reconciled balance of ₹ 24.57 lakh as of March 2022 in the General Cash Book of Directorate of Distance Education due to variation in cash balance of revenue receipt between cash book and bank statement. Non-reconciliation of revenue receipts was fraught with risk of misappropriation of public money.

Similarly, Cash Book for the year 2017-18 and 2018-19 (up to August 2018) in respect of General Zorawar Singh Auditorium had not been prepared and the opening balance of ₹ 1.12 crore as on 01 September 2018 was adopted on the basis of the Bank statement.

Registrar stated (February 2025) that Centre for Distance and Online Education is in the process of reconciliation of the said Account and also studying the variations from the year 2017-22. In respect of General Zorawar Singh Auditorium, it was stated, that an enquiry-cum-disciplinary Committee was constituted (January 2024) to take action against the defaulting employee, whose pension and dues have been withheld by the University.

5.5.2 Deficiencies in Procurement

General Financial Rules (GFR) 2017 stipulate that public procurement procedure should ensure efficiency, economy and accountability in the system. Audit observed inadequacies in tendering process, lack of fairness/ objectivity in the selection of suppliers/ contractors and inefficiencies in post contract management, as detailed in **Table 5.2.**

Table 5.2: Irregularities/ Deficiencies in Procurement

Sl. No.	Irregularity	Audit Observation	Reply and Remarks
1	Procurements from Single Source.	In violation of Rule 166 of GFR 2017, 11 academic departments and the Examination Wing of the University had chosen products of specific make and model for procurement of generic products[6] outside GeM during 2017-22. These departments had not ensured economy in incurring expenditure by making purchases worth ₹ 2.83 crore from a single source despite the availability of other manufacturers/ dealers of similar products.	Registrar attributed (February 2025) single source purchases to specific requirements of instruments. The reply is not based on facts as most of the procurements were for generic products like desktops, printers and laptops. The Proprietary Article Certificate in the form prescribed in GFR had also not been obtained.
2	Procurements of ₹ 3.28 crore by Single or Limited Tender	In violation of Rule 161 and 162 of GFR 2017, two departments[7] of the University purchased paper and Laboratory Equipment worth ₹ 0.65 crore during 2017-22 on the basis of single tender. Further, three departments[8] procured (between March 2019 and September 2021) equipment worth ₹ 2.63 crore on the basis of only two tenders.	On being pointed out, it was stated (January 2023) by the In-charge Services Department that the rates of white paper were finalised based on tenders invited in 2017-18. Further, Registrar stated (November 2023 and March 2024) that three bids were received in respect of procurements in the Physics Department, out of which one bid was technically rejected. Financial bids of the remaining two firms were opened, and prior approval of competent authority was obtained before placement of order. The reply is not acceptable as in view of the inadequate response to tenders, the department should have re-tendered as per Rule 162 (i) of GFR 2017.
3	Procurements valuing ₹ 3.21 crore on repeat order basis	Without following a tendering process, the Controller of Examinations (CoE) allotted (June 2019) the job of result processing to an agency[9] at the revised (October 2013 and September 2015) rates with an increase of 10 *per cent* over previous rates. An amount of ₹ 1.91 crore was paid to the agency for the assigned work during 2017-22. Besides, CoE had also purchased Dome cameras and water coolers valuing ₹ 5.61 lakh on repeat order basis without ensuring reasonability of rates during the period. Similarly, CoE, DIQA and Director DDE had placed orders for printing of Annual Reports/ study material/ answer books on different agencies at the rates approved in previous years. A payment of ₹ 1.23 crore was made to the agencies during 2017-22 for these allotted tasks.	While in charge Services Department attributed (January 2023) non invitation of tenders to the lengthy process involved in tendering. Deputy Registrar (DDE) stated (January 2023) that the printing was got executed at earlier approved rates after approval of the Vice-Chancellor as one-time exception. CoE attributed (March 2023) assigning the job to the same agency to sensitivity involved in compilation of results. Registrar intimated (November 2023 and March 2024) the decision of CoE to address the issue. It was added (February 2025) that as on date the University is following the GFR rules. The plea taken by various functionaries of the University, however, are not acceptable and cannot be used as a conduit to avoid tendering process.

6 Desktops, printers, softwares, lab kits, stereomicroscope, oscilloscope etc.
7 Directorate of Distance Education: ₹ 45.81 lakh; Biotech: ₹ 19.47 lakh
8 Zoology: ₹ 23.85 lakh, Biotechnology: ₹ 41.84 lakh, Physics: ₹ 197.44 lakh
9 SAI data soft services Pvt. Ltd.

Sl. No.	Irregularity	Audit Observation	Reply and Remarks
4	Irregular Expenditure on Annual Maintenance Contracts	Executive Engineer (EE), University Works Department (UWD), Administrator, General Zorawar Singh Auditorium and Director SoB had executed AMCs with different agencies without invitation of tenders (06 cases) or on single tender basis (06 cases) and made (between March 2017 and March 2022) advance payment of ₹ 69.38 lakh to the agencies. No agreement had been executed with the firms specifying the terms and conditions regarding execution of contracts. As such, no EMD/ performance security/ Bank Guarantee was taken from the firm to safeguard the interest of the University.	While the not inviting of tenders was attributed (March 2024) by the Registrar to emergent nature of works, in respect of General Zorawar Singh Auditorium, it was stated that the matter had been noted for future compliance. It was added (February 2025) that as on date the University is following the GFR Rules 2017.
5	Procurements of books	Records showed that without ascertaining reasonability of rates by comparing rates offered by different booksellers, the University had procured 28,613 books valuing ₹ 1.82 crore from random booksellers at a discount of 20 *per cent* during 2017-22 for Central Library and DDE out of non-plan funds provided by GoJ&K.	Registrar stated (November 2023 and March 2024) that books were purchased as per the provisions of GFR-2017 and strictly as per the discount fixed by the competent authority. The reply is to be seen in the light of the fact that the University could have obtained a more competitive discount, had it sought rates of different booksellers and publishers.
6	Defective Tendering Process	• The Department of Physics had not verified the credentials of three vendors who had responded to tenders floated (November 2019) for procurement of an experimental setup. As two firms were authorised dealers of the selected vendor[10] from whom purchase of equipment was made at a cost of ₹ 14.18 lakh. This had rendered the tendering process extraneous. • For procurement of Spectrophotometer, Department of Chemistry (DoC) issued (June 2019) e-NIT which was cancelled (October 2019) due to a complaint from one[11] of the five bidders alleging that technical specifications favoured the selected vendor[12]. After modification of technical specifications, tenders were re-issued (October 2019) and two[13] out of three participants, were found (November 2019) technically qualified. Based on another complaint filed by L2 regarding L1 (M/s S.R Technomed) not qualifying	Registrar stated (February 2025) that procurements under GFR 166 (i) and 166 (iii) are done after following all the codal formalities by different departments and in many cases pre-bid meetings are conducted to clarify the doubts of prospective bidders and transparent procedures are being followed. The reply is vague and does not address the specific audit observation.

[10] M/s OSAW Industrial Products Private Limited, Ambala Cantonment, Haryana.
[11] M/s Toshvin Analytical Private Limited
[12] M/s Perkin Elmer Singapore Private Limited
[13] M/s Perkin Elmer Singapore Private Limited and M/s S.R Technomed

Sl. No.	Irregularity	Audit Observation	Reply and Remarks
		technically, afresh tender was floated (November 2019) and an order placed (February 2020) on the single tenderer[14] on whose complaint the department had declared L1 not being technically qualified. Thus, the Department did not follow a transparent tendering process and made purchase on a single tender basis resulting in irregular expenditure of ₹ 44.69 lakh. • In respect of procurement of Glove Box, Department of Chemistry (DoC) had technically disqualified one of the three bidders, who was fulfilling all the required specifications included in the tender notice floated by the Department in November 2019. This had rendered the tendering process ineffective resulting in procurement of equipment from a single source at a cost of ₹ 19.40 lakh.	
7	Irregular Expenditure of ₹ 17.32 lakh in excess of Requirement	The Department of Remote Sensing and Geographic Information System procured (January 2020) software[15] for 50 users with subscription of ₹ 9.32 lakh for five years. However, subscription for software was paid in advance for a further period of five years up to November 2030 making a total payment of ₹ 18.64 lakh for 10 years. Audit noticed that although the Department of Remote Sensing had only 28 workstations on which the software could be installed, procurement of software was made for 50 workstations resulting in an excess expenditure of ₹ 8.21 lakh for which there was no justification on record.	HoD Geology stated (February 2023) that software was procured for 50 users to meet the requirement of 24 postgraduate students and 08 registered scholars. Registrar stated (February 2025) that keeping in mind the objective of research and training, the concerned Department felt it appropriate to make advance subscription of five years to make savings on the ever-increasing cost of the software. The replies are not convincing as the purchase was not based on accessed needs resulting in the non-utilisation of 22 licensees.

5.6 Conclusion

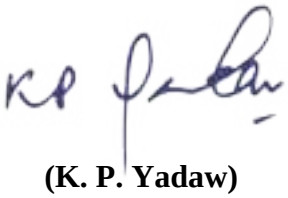
The University could not optimally utilise financial assistance received from UGC, DST etc. for infrastructure strengthening resulting in not releasing of further installments. Due to not maintaining of a Consolidated Local Fund, balances under local funds of various PG departments and constituent offices remained outside the main account of the University resulting in understatement of revenue in the budget estimates. The University had not prepared annual account and balance sheet since its inception increasing the risk in financial management and indicating lack of commitment towards it on the part of the University. By specifying particular makes and models, the University had carried out purchases from single source resulting in

[14] M/s Perkin Elmer Singapore Private Limited
[15] EIGAP Plus

lack of transparency in the procurement process and reduced opportunity to get better prices and products through competitive bidding.

5.7 *Recommendations*

- ***The University may ensure preparation of annual accounts and balance sheet to present a true and fair picture of its financial position.***
- ***The University may prepare a Consolidated Local Fund to credit savings available under each local fund so that they form part of the main account of the University and are taken into account during preparation of budget estimates.***
- ***The University may ensure transparency in the procurement process by following GFR for procurement of goods and services.***



Srinagar/ Jammu **(K. P. Yadaw)**
Dated: 21 October 2025 **Principal Accountant General (Audit),**
Jammu and Kashmir

Countersigned

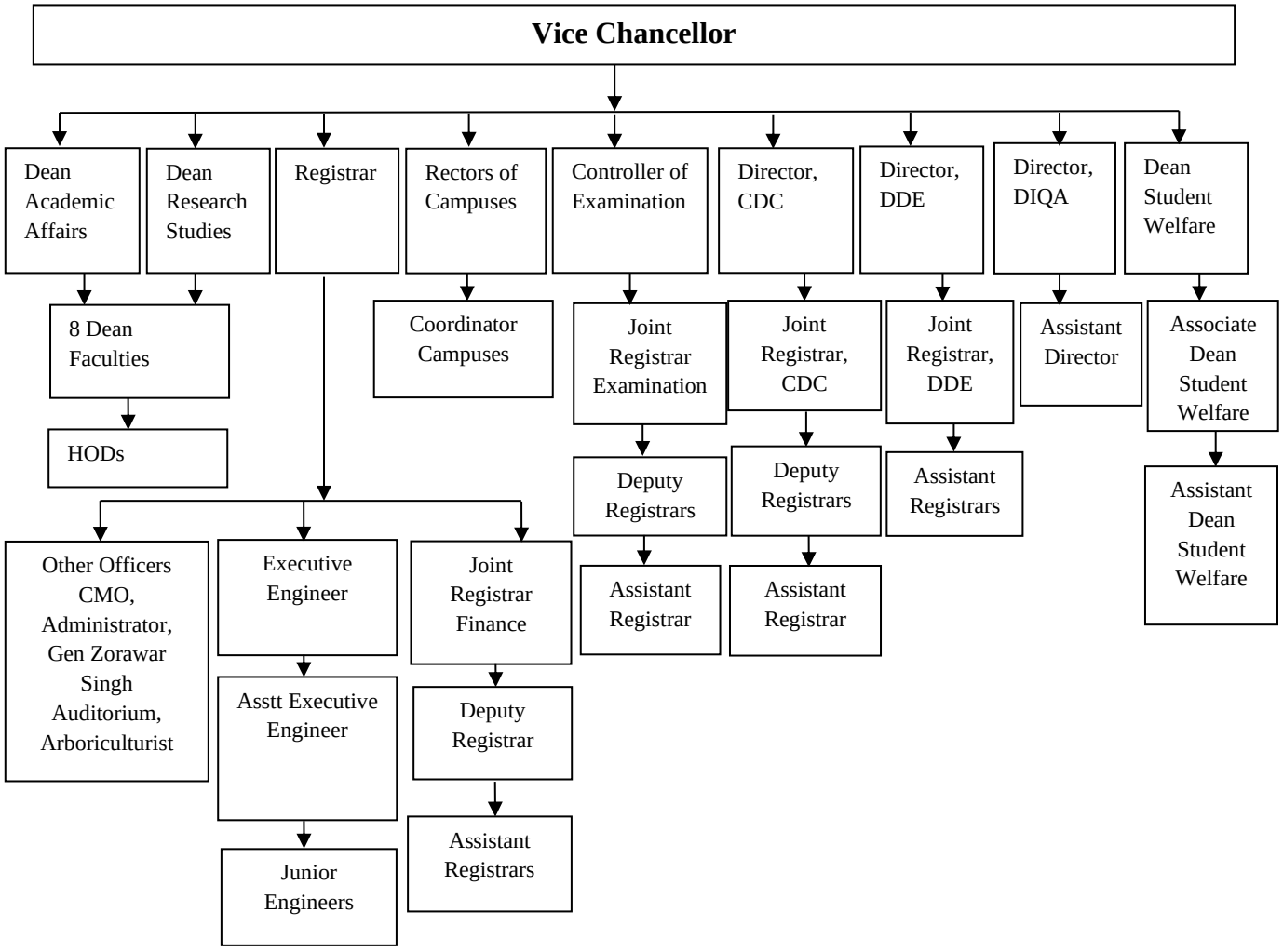
New Delhi **(K. Sanjay Murthy)**
Dated: 10 November 2025 **Comptroller and Auditor General of India**

APPENDICES

Appendix-1.1

(Reference Paragraph: 1.1)

Comprehensive Organisational setup of University of Jammu



Appendix 1.2

(Reference Paragraph: 1.2)

List of institutions and departments covered during performance audit

Sl. No.	Academic Departments	Sl. No.	Affiliated Colleges Physically verified
1	Buddhist Studies	1	Vivekananda College of Education, Lakhanpur
2	Dogri	2	Guru Gang Dev Ji College
3	English	3	Ashoka College of Education
4	Journalism and Media Studies	4	DRD College of Pharmacy, Kathua
5	Punjabi	5	Data Ranpat Dev College, Kathua
6	Sanskrit	6	Government Nursing College, Udhampur
7	Urdu	7	GDC (Boys), Udhampur
8	Hindi	8	Govt. College for Women, Udhampur
9	Commerce	9	Bhim Singh College of Education, Udhampur
10	The Business School	10	Kalra College of Education, Kud
11	School of Hospitality & Tourism Management	11	R.S College of Education, Kathua
12	Education	12	GDC, Ramnagar
13	Directorate of Sports and Physical Education	13	Shivalik College of Education.
14	Department of Law	14	Bhaskar Deg. College, Udhampur
15	The Law School	15	Surya College of Education, Kathua
16	Chemistry	16	GDC Women, Kathua
17	Geography	17	Thakur Dharam Singh College, Kathua
18	Geology	18	Ashoka Law College, Kathua
19	Physics	19	Rajiv Gandhi Memorial College of Education, Kathua
20	Remote Sensing	20	Rajiv Gandhi Degree College, Kathua
21	Home Science	21	GDC (Boys), Kathua
22	Electronics	22	Bhartiya College of Education, Udhampur

Sl. No	Academic Departments	Sl. No	Affiliated Colleges Physically verified
23	Economics	23	UIET, Kathua
24	History	24	Dogra Degree College, Bari Brahmana
25	Library & Information Science	25	Dogra College of Education, Bari Brahmana
26	Political Science	26	Dogra Law College, Bari Brahmana
27	Philosophy	27	Chenab College of Education, Kaluchak
28	Psychology	28	Ranjit College of Education, Kujwani
29	Sociology	29	GDC, Kunjwani
30	Strategic & Regional Studies	30	B.N College of Education
31	Life Long Learning	31	GDC, Sidhra
32	School of Biotechnology	32	Galaxy College of Education Sainik Colony
33	Botany	33	Bhargava Degree College, Samba
34	Environmental Science	34	Bhargava College of Education, Samba
35	Zoology	35	Stephens College of Nursing, Jammu
36	Computer Science & IT	36	Stephens Institute of Paramedical Science, Jammu
37	Mathematics	37	BMS College of Nursing, Jammu
38	Statistics	38	GDC, Bishnah
List of Test-Checked Colleges		39	GDC, Samba
1	Govt Nursing College Akhnoor	40	GDC, Vijaypur
2	Govt Nursing College Doda	41	GDC, RS Pura
3	Siddhi Vinayak Educational Society, Kathua	42	GDC, General Zorawar Singh, Reasi
4	Govt. Degree College Batote	43	GDC, Katra
5	Govt. Degree College Neeli Nallah, Udhampur	44	Govt. Nursing College, Reasi
6	Govt. Degree College Kalakote	45	Shri Vaishno Devi College of Education, Reasi
7	Govt. Degree College for Women Bhagwati Nagar	46	Harvard College of Education, Jammu
8	New Age Degree College, Phinter	47	Sher-e- College of Education, Jammu

Sl. No	List of Test-Checked Colleges	Sl. No	Affiliated Colleges Physically verified
9	SVS Degree College Rajouri	48	JK College of BBA
10	GDC Pouni (Reasi)	49	JK College of Education
11	Govt. Degree College Marheen, Kathua	50	Islamia Faridia College of Education, Kishtwar
12	GDC, Mandi	51	Govt Nursing College Kishtwar
13	GDC, Dudu Basant Garh	**Off-site Campuses**	
14	RB College of education, Rajbagh	1	Bhaderwah
15	Doda College of Education, Doda	2	Ramnagar
Department/Wings		3	Kathua
1	Director College Development Council	4	Poonch
2	Director Distance Education	5	Reasi
3	Controller Examination	6	Kishtwar
4	Director Internal Quality Assurance	7	Udhampur
5	University Works Department	**Centres**	
6	Director Special Purpose Vehicle	1	Computer Centre
7	Director University Business Incubation And Innovation Centre	2	Centre for History & Culture of Jammu & Ladakh Region & Rinchen Bzngpo Art Gallery
8	Dean Academic Affairs	3	Centre for Studies in Museology
9	Dean Research Studies	4	Centre for Women Studies
10	Dean Placement Cell	5	Centre for Information Technology & Enabled Services
		6	Centre for ICCR & HRM
		7	Centre for Study of Social Exclusion & Inclusive Policy
		8	Centre for Human Genetics

Appendix-2.1

(Reference paragraph: 2.8.5.1)

Details of not disseminating of results of the Research Projects

(₹in lakh)

Sl. No.	Name of the project	Cost	Exp.	Tenure in months (Date of completion)	Objectives	Achievements	Publications
1	**Culture of Giant Freshwater Prawn Macrobrachiumrosenbergii in Jammu (J&K)** **Funding agency-** DST **Sanction Date: 0**4.12.2014 **PI-** Seema Langer	10.91	7.55	24 Months (03.12.2016)	1. To establish grow out Technology for Scampi and to transfer this technology to farmers already practicing fin fish culture 2. To ensure availability of this price and palatable seafood to the tourist and serve local market.	The project proposal was an extension of work conducted during 2008-10 and was supposed to supply the seeds to farmers and help them in carrying out its grow out technology. Though the grow out technology protocol for successful culture of freshwater prawns had been stated to be framed & the validity accessed, the grow out technology which was supposed to add to economy of the state had not been shared with the state line department/ other stakeholders, so that the culture could be replicated on a large scale to meet the high demand in the state. Also, the recommendation for establishment of hatcheries to supply prawn seed had not been shared with the state line department for achieving the long-term objective of uplifting socio-economic status of farmers.	01 publication
2	**Tourism entrepreneurship for peace and development in Jammu and Kashmir** **Funding agency- ICSSR** **Sanction Date:** 31.03.2017 **PI-** Vinay Chohan	7.00	4.84	24 Months (31.07.2019)	1. To investigate the regional specific issues and challenges with regard to tourism entrepreneurship for peace and development, develop capacity building and reconciliation through entrepreneurial initiative such as counseling and mentorship support to potential startups with innovative ideas in the select model villages in Jammu and Kashmir to bring the youth of Jammu and Kashmir from anti-national and anti-social	One of the objectives of the study was to bring out impact of tourism as a mechanism for sustainable peace building process and devise a policy framework to inculcate entrepreneur environment for peace building. The findings of the study were too generic and there was no data to substantiate the findings. No potential startups were identified for providing mentorship support. Also, the suggestion for framing policies related to tourism and entrepreneurship to the state had not been shared with the policy makers of the state (Tourism department etc.)	No publication

Sl. No.	Name of the project	Cost	Exp.	Tenure in months (Date of completion)	Objectives	Achievements	Publications
					activities towards mainstream activity. 2. To devise the policy framework to inculcate and enrich suitable entrepreneurial environment for building peace and sustainable socio-economic development.		
3	**Strategic model for Sustainable Tourism Development exploring contemporary Indian practices** **Funding Agency-** UGC **Sanction Date –** 01.07.2015 **PI-** Parikshat Singh Manhas	11.34	10.57	36 Months (30.06.2018)	1. To study existing policies and practices in reference to sustainable development and climate at different Indian destinations. 2. To study participation of communities in capacity building for preservation of local ecology 3. To identify the underlying factors on the basis of which destination branding is developed 4. To study the impact of existing tourism practices on destination image and destination branding.	The study was supposed to identify the factors for development of destination branding and impact of existing tourism practices on destination image and destination branding. There was no specific observation substantiated by data for a predictive model. Recommendations arising out of the study which could help the policy makers in the state for attaining sustainable tourism development and improving destination image was not disseminated to stakeholders.	01 publication and another was stated to be under process.
4.	**Molecular characterization and genetic diversity of wild pomegranate** **Funding Agency:** SERB **Sanction Date:** 05.08.2014 **PI-** Ritu Mahajan	22.00	20.62	36 Months (November 2017)	1. Collection & Characterisation of genetic diversity in the germplasm of wild pomegranates from J&K and Himachal Pradesh using molecular markers 2. Characterisation of variation in germplasm for various biochemical traits like total phenolics, flavonoids, anthocyanins and their antioxidant activity.	Though the immediate objectives of the project *vis-a-vis* collection, comparison & characterisation of genetic diversity in germplasm of wild pomegranate was completed, recommendations for in-situ conservation and utilisation of the genetic resource as a source of natural antioxidants were not disseminated to the stakeholders for further utilisation in pharma industry or as food additive. Future work for possible application of wild pomegranate samples from mandi region for use as health supplement/ preservatives, as envisaged as a sequel to the project was yet to be proposed.	01
5.	**Green Synthesis of different biodegradable**	26.56	24.82	48 Months (February 2021)	1. Collection, extraction and evaluation of Bergenia liggulata &	The immediate objectives of the project viz; collection, extraction and isolation of bioactive	No publication

Sl. No.	Name of the project	Cost	Exp.	Tenure in months (Date of completion)	Objectives	Achievements	Publications
	nanoparticles for enhanced drug delivery of some phytoconstituents **Funding agency-** SERB **Sanction Date:** February 2017 **PI-** Dr. Madhulika Bhagat				Boswellia serrata for their antioxidant, antimicrobial and anti-cancer properties 2. Isolation & characterizations of molecules of B-boswellic acid from the plants and exploring their efficacy against anticancer, antioxidant & antimicrobial properties. 3. Preparing the biodegradable nanoparticles of the molecules for enhanced drug delivery	molecules from green resin extracts of two medicinal plants for their further evaluation against anticancer/ antioxidant/ antimicrobial activity and their further encapsulations within biodegradable nano-particles to enhance efficiency for controlled and sustained release was achieved; the results of the research were neither disseminated to stakeholders for clinical translation of the nano-formulations towards cancer treatment approaches; nor any further project proposal formulated for further extensive studies on cellular interactions encapsulated systems as envisaged. Besides, no publication has emanated from the project.	
6	**Store atmospherics and patronage intentions in Indian organized retail** **Funding agency-** UGC **Sanction Date:** July 2015 **PI-** Alka Sharma	10.38	6.05	36 Months (30.06.2018)	1. To explore the underlying factors of store atmospherics influencing the behavior of consumers 2. To understand the relationship between store image and patronage intentions 3. To evaluate the meditating effect of Store atmospherics on relationship between store image and patronage intentions 4. To suggest strategic interventions for managing store atmospheric to enhance patronage intentions	The study was carried out to examine the impact of various elements of store atmospherics on store image & use of store atmospherics as strategic tool for creating competitive advantages. Based on the findings, interventions for managing store atmospherics to enhance patronage intentions were spelt out in the completion report. However, the findings were not disseminated to/ marketers who could benefit from such study. Also, the results of the study were not utilized for future research to handle store atmospherics in retail context as envisaged.	02 publications under process
7	**In Vitro Conservation and phytochemical analysis of Curcuma zedoria Roscoe (safedhaldi)** **Funding agency-** SERB **Sanction Date:** 28.08.2017	31.24	31.19	36 Months (July 2022)	1. Collection and mass multiplication of C.Zedoaria (safedhaldi) and assessment of genetic stability of micro propagated & plants regenerated from cryo preserved material using molecular markers. 2. Comparison of germ plasm from NE with that of NW India for	Though a Protocol for the in vitro mass multiplication using direct and indirect shoot multiplication was standardised for the conservation of this plant, the results of the research were not shared with the state line departments (Agriculture/ Horticulture) for onward dissemination to the farmers of the state to achieve the expected outcome of raising rural	02

Sl. No.	Name of the project	Cost	Exp.	Tenure in months (Date of completion)	Objectives	Achievements	Publications
	PI- Dr. Ritu Mahajan				different phytoconstituents and antimicrobial activity.	employment and enhancement of their income and societal upliftment.	
8	**Studies on sex expression, pollination mechanism and breeding system of some common cucurbits of Jammu district.** **Funding agency-** DBT **Sanction Date:** 21.07.2015 **PI-** Prof. Namrata Sharma	17.08	12.40	36 Months (June 2018)	1. To study, identify and enlist wild and cultivated cucurbits growing in and around Jammu and its neighboring districts and work out the details of sex expression, pollination mechanism and breeding system operative in some selected cucurbits	Out of 23 species of wild and cultivated cucurbits, growing in wild and under cultivation, four species of cucurbits were studied for their morphology, floral phenology, percentage of fruit and seed growing in wild and under cultivation. However, there was no application part emanating from the project nor any dissemination of the enlisted species for further application of the results of research.	02
9	**Molecular characterization of Gene Mutations in Leukemias with special reference to Acute Myeloid Leukemia: a study of Jammu region of J&K State.** **Funding agency-** SERB **Name of PI-** Dr. Rupali Fotra **Sanction Date:** 28.06.2018	19.20	18.56	24 Months (Extended upto September 2020) 01.04.2020	2. To study the prevalence and risk of Acute Myeloid Leukemia and generate a database of common and novel mutations prevalent in the population of J&K state. 3. To screen the known mutations of genes among the patients diagnosed with acute myeloid leukemia. 4. To study the potential risk factors associated with the progression of acute myeloid leukemia.	The study aimed at generating a database of common and novel genetic mutations associated with Leukemia prevalent in the state and share the data with the experts in the field of cancer genetics. The results of qualitative and quantitative analysis of isolated genomic DNA for molecular characterization of mutations carried out on 213 confirmed Leukemia cases out of a study population of 456 patients were not disseminated/ shared with the experts in the field of cancer genetics nor did any publications emanate from the study. Further, the results of research were not utilised for further advance research in acute myeloid leukemia as a long-term objective of the project.	No publication

Appendix 2.2

(Reference paragraph: 2.8.5.2)

Non-Follow-Up of Research project's results

(₹in lakh)

Sl. No.	Name of the project (Funding Agency)	Cost	Exp.	Tenure in months	Objectives	Achievements	Publications
1	**Biodiversity and paleo biogeography of the microbiota from the Deccan Infra and intertrappean Beds of the malwa plateau Centre India** **Funding agency-** SERB **Sanction Date:** 20.06.2018 **PI-** Varun Parmar	37.36	20.39	36 Months 16.01.2022	1. To delineate fossiliferous Deccan Infra and intertrappean sections in the Malwa plateau 2. To document the biodiversity of the delineate Infra and intertrappean beds and to understand the compositional differences between the biota of Malwa region and main Deccan volcanic province 3. To reconstruct the paleo ecology of the fossiliferous horizons and the paleobiogeography of Peninsular India based on Biotic affinities.	Some findings of the project concluded on January 2022 were to be revalidated/ definitively confirmed by further extensive studies on the infra and intertrappean section all along the Narmada Valley. However, future research proposals for convergence of results of the research had not been formulated as of March-2023.	4 publications
2	**Crustal deformation studies in Jammu and Kashmir region** **Funding agency-** MoES **Sanction Date:** 7.12.2014 **PI-**GM Bhat	159.95	135.72	60 Months 16.12.2019	1. To understand the Dynamics involved and measurement of the strain accumulated in the western part of the Indian Plate through GPS network established in Jammu and Kashmir 2. Integrate GPS regional geology interpretation to model the details of the strain field in the region and its accumulation and release cycle 3. Synthesis of the historical earthquakes record in conjunction with the current record from the region for quantitative modeling.	Under the projects, GPS network at 8 sites was installed at the existing sites where BBS observatories were situated. Future research proposals for long term application potential for quantitative earthquake hazard mapping and other hazard mapping methods by utilising GPS data retrieved from 8 stations as envisaged had not been formulated as of March 2022.	1 publication
3	**Seismotectonic analysis of the Jammu region and its adjoining areas** **Funding agency-** MoES **Sanction Date:** 24.09.2014	193.14	141.63	60 Months (Extended upto March 2022) 30.09.2019	1. Continuous monitoring of seismicity in Jammu and its adjoining areas 2. To know the precise location of earthquake epicenters and estimate their source parameters 3. To determine source process from seismographs of by waveform modeling	The immediate objective of the projects viz. generation of data base of local and regional earthquakes through a network of seismic stations at seven locations (Jammu, Poonch, Rajouri, Bani, Bhaderwah, Doru and Tangdhar) for their further analysis to understand the seismicity pattern of J&K region in two	3 publications

Sl. No.	Name of the project (Funding Agency)	Cost	Exp.	Tenure in months	Objectives	Achievements	Publications
	PI- GM Bhat				4. Detailed understanding of this in more tectonic of the region 5. Evaluation of seismic potential of the major structural units in the region	prominent seismic cluster on which a 3D model was stated to be developed. The results of the research had not been utilised for further assessment of seismic zones of J&K. Further maintenance of seismographs purchased and installed also remained jeopardised in absence of any further project proposals.	
4	**Isolation, characterization and exploring antioxidant properties of some economically important bioactive compounds from Arisaema Sp growing in J&K** **Funding agency**- UGC **Sanction Date:** 01.07.2012 **PI**- Madhulika Bhagat	14.50	10.00	36 Months (30.06.2015)	1. Collection of different plant species of Arisaema genus belonging to J&K state. 2. Preparation of the extracts from arial and tuber parts of the plant species. 3. Identification and isolation of most active antioxidant species for phytochemical investigation. 4. Evaluation of antioxidant and free radical scavenging activity of the extract/compounds from selected Arisaema species.	The project envisaged evaluating the antioxidant properties of the species of Arisaema growing in north-west Himalayan region. Though the immediate objectives of the project viz; antioxidant power analysis of species of Arisaema found in high altitude forests of Himalayas were accomplished; studies on recognising their biological potentials which could serve as a basis for their commercial exploration and for development of new lead chemical for pharmaceuticals, had not been undertaken as sequel of the project as of March -2023.	No publication
5	**Cost effective approaches for production of novel microbial fibrinolytic proteases with high thrombolytic potential** **Funding agency**- ICMR **Sanction Date:** 25.03.2015 **PI**- BK Bajaj	36.14	29.59	36 Months (24.03.2018)	1. Investigation of fibrinolytic potential of bacterial and fungal strains isolated form unusual environmental niches. 2. Purification and characterization and evaluation of earmarked fibrinolytic proteases 3. Cloning and heterologous expression of fibrinolytic protease-encoding genes 4. Process optimization for cost-effective production of selected fibrinolytic protease using agro-residues as substrates under submerged as well as solid state fermentation and comparison of its production costs with that of available fibrinolytic (thrombolytic) proteases.	The project entailed production of novel fibrinolytic proteases form bacterial and fungal isolates and process development for cost effective production of enzymes with high fibrinolytic proteases by employing agricultural residues. Though the immediate objectives viz; production of efficacious fibronolytic proteases from newly isolated bacterial isolates from agro-waste resides was accomplished; the production process was not standardised for production of fungal fibrinolytic proteases for treatment of thrombosis as of March-2023.	3 publications

Sl. No.	Name of the project (Funding Agency)	Cost	Exp.	Tenure in months	Objectives	Achievements	Publications
6	**Characterization & Consolidation of Hippophae Genetic Resources & Propagation of Elite Genotypes for Varietal Evaluation** **Funding agency**- DBT **Sanction Date:** 21.08.2014 **PI**- Dr. Veenu Kaul	31.30	24.23	36 Months (20.02.2018)	1. Survey of Zanskar for raw material availability with respect to both H.rhamnoides & H. tibetana 2. Collection & Preparation of herbarium specimens of plants from Zanskar 3. Assess the nature & magnitude of variability at the morphological level for the development of descriptor for plants of Zanskar 4. Development of nurseries facilities at Leh & Kargil.	The project was undertaken in 2 phases with the expected outcome of assessment of variability in the most promising genotype of sea buckthorn & subsequent selection of superior plant types (Preferably thorn less) for further breeding program leading to production of elite genotypes. Though the immediate objectives of the project *vis-s-vis* collection, morphological characterisation & compilation of descriptors of germplasm of sea buckthorn was completed, the results were not utilised in further studies for achievement of long-term objectives. Further, in view of huge variations noticed in the features at Zanskar, further studies on characterization of germplasm had not been taken up. Also, Nursing facility at Kargil had not been developed though envisaged in the project.	7 papers published

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SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India on Conservation and Management of Lakes in Jammu and Kashmir for the period ended March 2022

Government of Union Territory of Jammu and Kashmir

Report No. 4 of 2025

(Performance Audit - Civil)

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PREFACE

This Report of the Comptroller and Auditor General (CAG) of India on Conservation and Management of Lakes for the period ended March 2022 has been prepared for submission to the Lieutenant Governor of Jammu and Kashmir under Section 72 of Jammu and Kashmir Reorganisation Act 2019 for laying in the Legislative Assembly.

This Report contains six chapters.

Chapter I includes introduction, organisational setup, audit objectives, audit criteria and audit scope, sample and methodology.

Chapter II gives an overview of statutory and regulatory arrangements for Conservation and Management of Lakes, changes in areas of Lakes and land use changes in Lakes.

Chapter III gives an overview of National and State/ UT programmes and Lake generic management activities for Conservation and Management of Lakes.

Chapter IV, V and **VI** contain the details of the implementation of Conservation and Management programmes/ plans undertaken and highlight the inadequacies in Conservation and Management in respect of Dal Lake, Wular Lake, Hokersar Lake, Mansar Lake, Surinsar Lake and Manasbal Lake.

The cases mentioned in the Report are among those which came to notice in the course of test audit covering the period from 2017-18 to 2021-22. Observations highlighted in the Performance Audit of Dal Lake included in the CAG's Audit Report 2006 and 2011 were also reviewed. Instances relating to the period subsequent to March 2022 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

Jammu and Kashmir is gifted with 697 natural Lakes[1] having great ecological and socio-economic significance. Keeping in view the significance of Lakes, threats faced by them and importance of Conservation and Management of Lakes for ecological sustainability, a Performance Audit (PA) of Conservation and Management of Lakes in J&K was taken up to assess whether the Government of Jammu and Kashmir (GoJ&K) had formulated policies and programmes for Conservation and Management of Lakes and whether these programmes and policies were effective in preserving/ conserving them. The PA covered the period from 2017-18 to 2021-22. The policy matters of Conservation and Management of Lakes prior to 2017 were also reviewed for holistic coverage of the issue. Instances relating to the period subsequent to March 2022 have also been included, wherever necessary. The audit sample included 63 Lakes (test-checked), of which six Lakes viz., Dal Lake, Wular Lake, Hokersar Lake, Manasbal Lake, Surinsar and Mansar Lakes were selected for detailed examination.

At the National Level, the Ministry of Environment, Forest and Climate Change (MoEF&CC) is the nodal agency committed to conservation and wise use of wetlands (including Lakes) within its territory. The administrative control of Lakes in J&K is vested with five Departments viz. Forest, Revenue, Agriculture, Housing and Urban Development and Tourism. The Forest Department in J&K was mandated (October 1989) to handle Conservation and Management of all 697 Lakes. Out of 697 Lakes, six Lakes viz. Wular, Dal, Anchar, Gilsar, Khushal Sar and Manasbal Lakes were transferred (1997-2012) to three Development Authorities. Audit observed that these Departments/ Authorities had fragmented mandate and responsibilities for fully complying with the entrusted mandate e.g. GoJ&K assigned (October 1989) EE&RSD to conduct a detailed survey of Lakes, study their physical, chemical and biological dynamics and on the basis of the data so collected, prepare detailed plans for development and monitoring of each Lake. However, the detailed survey was not carried out by the Department being deficient in technical manpower. There was no Centralised Development and Regulatory Authority and no specific legal statute/ Act for Conservation and Management of Lakes had been put in place. Due to the absence of a Lake specific Centralised Development and Regulatory Authority and specific legal statute/Act, there were diffused functions across various institutions, inadequacies in institutional arrangements for discharge of environmental functions related to Lakes, lack of cross-sectoral institutional convergence, monitoring and evaluation.

There were significant changes in land use and classification use of areas of Lakes. Analysis of remote sensing data for the period 2014-2020 related to 63 test-checked Lakes revealed that there was decrease of area of open water, and increase of area in other land uses like built-up, pasture, vacant land, fallow land, agriculture, horticulture, plantation etc. The Department stated that the data provided by Ecology Environment & Remote Sensing Department (EE&RSD) regarding land use/ classification use

[1] As per Atlas of J&K Department of Ecology, Environment and Remote Sensing (EE&RSD)

changes need to be validated by ground truthing. It was further stated that detailed remote sensing for all Lakes of J&K was not possible due to budget constraints, however it could be carried out for some major Lakes. The reply should be seen in the light of the fact that the Directory of Lakes and water bodies of J&K was prepared using high resolution data supported by limited field checks/ground truthing. The geo-coordinates of the 63 audit sampled Lakes provided by the EE&RSD were plotted by audit on Google Earth Pro on various timelines. It was found that seven Lakes[2] were not visible or had almost dried up. There were land use changes in Khushal Sar Lake and degradation/ shrinkage of Anchar Lake. Although Development Authorities were established for development of areas of five out of six detailed-checked Lakes, there were no clear directions and specific mandate with any of these authorities for Conservation and Management of Lakes.

GoJ&K had Conservation and Management programmes for only six Lakes viz. Dal, Wular, Hokersar, Manasbal, Surinsar and Mansar, which were examined in detail by audit. In respect of the remaining 691 Lakes, Forest Department neither identified the eligible Lakes nor formulated any plans to seek assistance under various programmes launched by the MoEF&CC. Approximately one *per cent* (₹ 560.65 crore) of CAPEX budget of Jammu and Kashmir during 2017-22 was allocated to six detailed-checked Lakes. In case of the 63 sampled Lakes, changes in the catchment area of Lakes had not been evaluated from time to time. Further, there was lack of assessment of water carrying capacity and water budget of Lakes. Flushing on scientific grounds, restoration of water quality of Lakes to their original trophic levels, evaluation and preservation of biodiversity, assessment of expected life of Lakes, identification and treatment of source points and non-source points of pollution, de-weeding and dredging as per laid down norms as well as public awareness among masses had either not been carried out or were inadequately implemented in respect of the 63 sampled Lakes.

Detailed audit examination of the six Lakes also disclosed several shortcomings regarding the implementation of their Conservation and Management programmes. There were land use changes in Dal Lake due to non-acquisition of land from Dal dwellers, malfunctioning of Sewage Treatment Plants (STPs), improper de-weeding mechanism and inadequate monitoring and surveillance mechanism. Consequently, the open water area in Dal Lake could not be restored. There were inadequacies in the implementation of Lake conservation programme under National Lake Conservation Programme (NLCP), Prime Minister's Reconstruction Plan (PMRP) and other programme activities. Audit also noticed deficiencies in installation and upgradation of STPs, treatment of solid waste, extracted weed and sludge as well as providing sewage disposal facilities to households and sewer networking of "*mohallas*". Inadequacies were also noticed in relocation and alignment of houseboats, shifting of hotels,

[2] (i) Rakh-i-Arth, (ii) Sether Gund Numbal, (iii) Marhama, (iv) Devpursar, (v) Mahtan, (vi) Chandargar Numbal and (vii) Galwal Talao.

augmentation of water budget of the Lake, restoration and development works, catchment management works and relocation/ rehabilitation of Dal Lake dwellers.

Due to non-constitution of monitoring bodies, the Conservation and Management programme of Wular Lake had suffered as policy matters of Wular Conservation and Management Authority (WUCMA) could not be decided. Non-formulation of detailed plan resulted in deprival of financial assistance from GoI for rejuvenation and restoration of Wular Lake. Insufficient afforestation in degraded forests resulted in increase of siltation in the Lake and consequent hastening ageing of the Lake.

The planned activities for survey and demarcation, catchment conservation, enhancement of water holding capacity and water quality improvement were inadequately carried out. Training programmes, awareness generation and research activities for ensuring capacity building, public awareness and monitoring of impact of Lake conservation activities were not carried out.

Similarly, in case of Hokersar Lake no comprehensive plan was formulated for Conservation and Management of the Lake. Wildlife Protection Department had formulated only annual plans which did not address the root causes of degradation of Lake such as change in hydrological regimes, pollution or loss of biodiversity in the Lake. Due to lack of survey and demarcation, Lake area measuring *2,528.10 kanals* of Hokersar Lake had been encroached upon.

Wildlife Warden-Kathua (WLW-Kathua) and Surinsar-Mansar Development Authority (SMDA) did not have a specific legal framework and clear demarcation of responsibility for Conservation and Management of the Surinsar and Mansar Lakes. In the absence of any comprehensive plan for Conservation and Management of Lakes, WLW-Kathua and SMDA were carrying out Lake-related activities in a ad-hoc manner. State level monitoring committee had not monitored Conservation and Management of the twin Lakes. WLW-Kathua and SMDA had not carried out demarcation of boundary of Surinsar and Mansar Lakes due to which the two Lakes had remained open to encroachments. No STPs were in place for treatment of sewage generated by inhabitants living in the vicinity of Lakes resulting in discharge of untreated waste and sewage into the Lakes. Introduction of exotic species into the Lake had resulted in dwindling of number of native fishes.

Similarly, no comprehensive plan was in place for Conservation and Management of Manasbal Lake. Wular Manasbal Development Authority (WMDA) did not have a specific legal framework and clear-cut responsibility for Conservation and Management of the Lake. Lake management plans were formulated, financed and implemented through annual plans, in which only marginal Lake related activities such as sanitation of the area, de-weeding and dredging of Lake were included. Non-demarcation of Manasbal Lake beyond seven kilometers of length exposed the Lake to encroachments. The sources of sewage entering the Lake, which were responsible for pollution in the Lake were not identified. Due to non-finalisation of Master Plan of the area, unrestricted development and construction work was going on around the Lake and there were cases of encroachment and unauthorised constructions.

Recommendations:

Lake Conservation and Management is a scientific process involving various activities, which require proper planning, adequate funding and technical expertise. As stated above, the Conservation and Management of Lakes suffered mainly due to anthropogenic activities which had remained unchecked, as no specific Centralised Development and Regulatory Authority was in place for specifically focusing on integrated and comprehensive management of Lakes.

The Government may explore the possibility of establishing a central and specialised Authority and equipped with the necessary resources to ensure focused, coordinated and accountable Conservation and Management of Lakes.

Manpower with technical and domain expertise including environmental and hydrological engineers, wetland ecologists, limnologists, remote sensing and Geographic Information System specialists, ornithologists and microbiologists should be provided.

Concerted efforts should to be made to formulate a comprehensive Conservation and Management plan for Lakes after taking into consideration all the relevant natural and anthropogenic factors affecting the health of Lakes.

The provisions of Wetlands (Conservation and Management) Rules should be enforced to delineate, demarcate and notify the boundaries of Lakes and to prohibit activities in the vicinity of Lakes. Generic Lake management activities viz. survey, categorisation, sewage treatment, flushing etc. need to be planned and carried out in a time-bound manner. Changes in the Lakes due to anthropogenic pressures need to be addressed by taking appropriate measures. Water sources of all Lakes need to be identified and protected from various sources of pollution. Appropriate measures should be taken for ensuring proper and scientific treatment of the sewage entering the Lakes.

The GoJ&K should place emphasis on Conservation and Management of Lakes by earmarking increased percentage of its budget for Conservation and Management of Lakes. Clearing of encroachment in Lake areas and launching of public awareness programmes should be prioritised.

Robust Lake management policy should be in place to ensure effective functioning and upgradation of Sewage Treatment Plants and proper treatment of sewage and solid waste.

LC&MA should prioritise and expedite various tasks such as providing sewage disposal facilities to households, establishing sewer networking of mohallas, relocating and aligning of houseboats, shifting of hotels, augmenting water budget of the Lake, implementing restoration and development works, catchment management works and relocating or rehabilitating Dal-dwellers.

Encroachments in the Lake and impact of inflow of nutrients into the Lake need to be monitored regularly and mitigation measures may be taken expeditiously.

Point sources/ non-point sources of pollution entering the lakes need to be identified and treated. Survey and demarcation of the Lake needs to be undertaken so that the Lake area is not susceptible to encroachment and concerted efforts should be made to clear encroachment of Lake area. Construction works going around the Lake need to be restricted.

Chapter-I
Introduction

Chapter-I

Introduction

1.1 Introduction

A Lake is a water body which generally holds certain volume of water in all seasons. Often described as 'Eye of the Earth', Lakes are the most beautiful and expressive features of the landscape and are an intrinsic part of our ecosystem. Jammu & Kashmir (J&K), having a diverse geographic and climatic composition, is replete with Lakes of considerably varying physicochemical and biological characteristics.

Being among the most productive ecosystems, Lakes directly or indirectly support millions of people by providing them goods and services including drinking water, fish, fodder, fuel, recreation, tourism etc. Lakes also support various life forms by providing habitat to aquatic flora and fauna. Lakes also contribute to purification of water by filtration of sediments and nutrients from surface water and help in ground water recharging, flood mitigation, stabilisation of local climate, recycling of nutrients etc. Lakes are a genetic reservoir for various species of plants and animals.

Lakes are one of the most rapidly degrading ecosystems. Dense human population, urbanisation, encroachments, anthropogenic pressures in the catchment area of Lakes and conversion of Lakes into other land uses[1] and discharge of untreated sewage into Lakes have resulted in their overexploitation. This further results in degradation of quality of Lake water and reduction in water quantity. Apart from these, deforestation, salinisation, and climate change also directly or indirectly affect the Lakes.

1.2 Performance Audit of Conservation and Management of Lakes in J&K

Jammu and Kashmir is gifted with 697 natural Lakes[2] having great ecological and socio-economic significance in the two divisions comprising 20 districts[3]. These Lakes include 185 Lakes which are more than five hectares in area such as the Wular Lake, the largest fresh water Lake in India and other famous Lakes[4].

Keeping in view, the significance of Lakes and threats faced by them and importance of Conservation and Management of Lakes for ecological sustainability, a Performance Audit (PA) of Conservation and Management of Lakes in Jammu and Kashmir was taken up to assess whether Government of J&K (GoJ&K) had policies and programmes

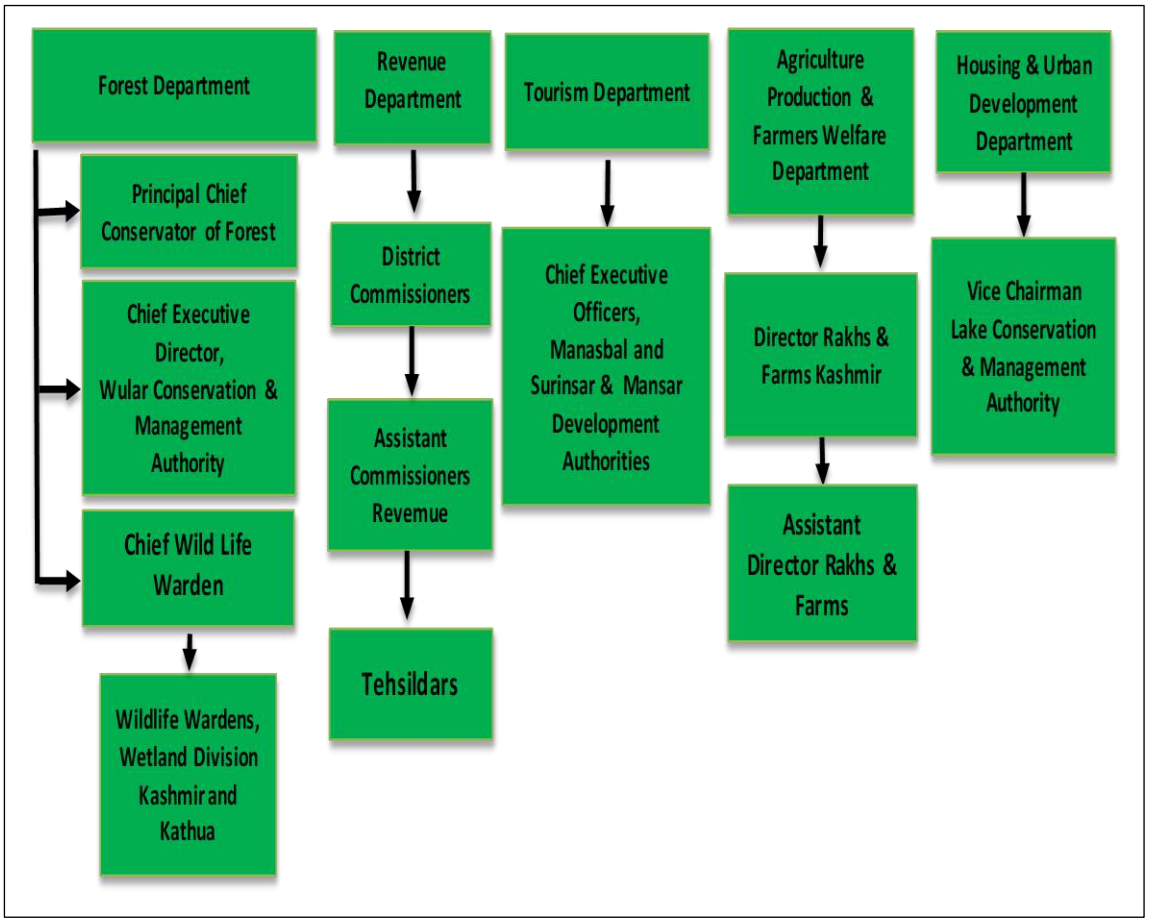
1 Agriculture, horticulture, built-up etc.
2 As per Atlas of J&K Department of Ecology, Environment and Remote Sensing
3 Jammu Division: Doda, Jammu, Kathua, Kishtwar, Poonch, Rajouri, Ramban, Reasi, Samba, Udhampur; Kashmir Division: Anantnag, Bandipore, Baramulla, Budgam, Ganderbal, Kulgam, Kupwara, Pulwama, Shopian, Srinagar.
4 Dal, Hokersar, Manasbal, Surinsar and Mansar

for Conservation and Management of Lakes and whether these programmes and policies were effective in preserving/ conserving them.

1.3 Organisational Setup

The administrative control of Lakes in J&K is vested with five Departments viz. Forest, Revenue, Agriculture, Housing & Urban Development and Tourism as detailed in the flow **Chart 1.1**.

Chart 1.1: Organisational Setup of five Departments responsible for administrative control of Lakes



Out of the 697 Lakes in J&K, 410 Lakes are located outside forests and 287 Lakes are inside forests. The Forest Department was mandated (October 1989) to handle Conservation and Management of all 697 Lakes in J&K. However, the administrative control of 402 Lakes was vested with concerned District Commissioners. Six Lakes[5] were transferred (1997 to 2012) by the GoJ&K to three Development Authorities. Details of Departments/ Authorities wise jurisdiction of Lakes are given in **Table: 1.1.**

[5] (i) Wular, (ii) Dal, (iii) Anchar, (iv) Gilsar, (v) Khushar Sar and (vi) Manasbal Lakes.

Table 1.1: Department/ Authority-wise administrative control of Lakes

Sl. No.	Name of the Administrative Department	Controlling Authority	Jurisdiction	Number of Lakes
1.	Forest Department	Principal Chief Conservator of Forest (PCCF)	Lakes within territorial jurisdiction/ boundaries of forests	255
		Wular Conservation and Management Authority (WUCMA)	Wular Lake	1
		Chief Wildlife Warden, Wildlife Protection Department (WPD)	Lakes within territorial jurisdiction of protected areas/ wildlife area	39
2.	Revenue Department	District Administrations	Lakes within the jurisdiction of the District Administration	397
3.	Agriculture Production Department	*Rakhs* and Farms Department	Part of Lakes of District Administration falling within jurisdiction of *Rakhs* and Farms	
4.	Housing and Urban Development Department	J&K, Lakes Conservation and Management Authority (LC&MA)	Dal, Anchar, Gilsar and Khushal Sar	4
5.	Tourism Department	Wular Manasbal Development Authority (WMDA) and Surinsar & Mansar Development Authority (SMDA)	Manasbal and Surinsar and Mansar Lakes	1[6]
Total				**697**

(Source: data compiled by audit from the records of various Departments)

1.4 Audit Objectives

The Performance Audit of Conservation and Management of Lakes was conducted to assess whether:

- Legal frameworks and institutional arrangements for management of Lakes were in place;
- Programmes and plans, generics of Lake management activities and fund management for Lakes were in place; and
- Implementation of Conservation and Management programmes of Lakes was efficient and effective.

[6] Two Lakes (Surinsar & Mansar) are falling under jurisdiction of WPD and have been counted at serial number "1" in sub-row 3rd (under Number of Lakes). As such these two Lakes have not been counted at serial number "5" of column four (under Number of Lakes).

1.5 Audit Criteria

The Performance Audit was assessed against the following criteria:

- Policies of GoJ&K relating to Conservation and Management of Lakes;
- Forest (Conservation) Act 1980, Wild Life (Protection) Act 1972, Water (Prevention and Control of Pollution) Act 1974, Environment (Protection) Act 1986, Biological Diversity Act 2002, National Environment Policy, 2006, National Wetland Conservation Programme, Guidelines for Conservation and Management of Wetlands in India 2009, Wetlands (Conservation and Management) Rules, 2010 and 2017 and J&K Water Resources (Regulation and Management) Act 2010;
- Detailed Project Reports of Dal Lake, Comprehensive Management Action Plan (CMAP) of Wular Lake and Annual Plans of Hokersar, Manasbal, Surinsar and Mansar Lakes;
- J&K Financial Rules, General Financial Rules 2017 and instructions issued by GoJ&K.

1.6 Audit Scope, Sample and Methodology

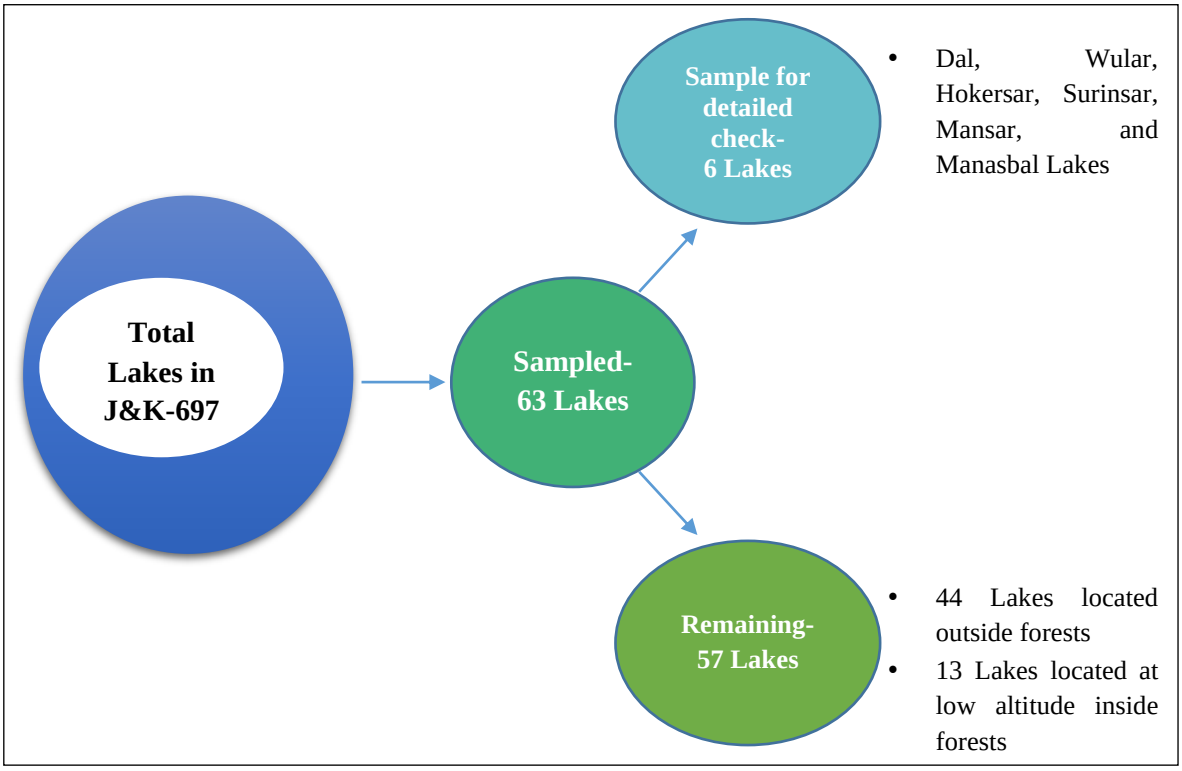
The Performance Audit (PA) covered the period from 2017-18 to 2021-22. However, policy matters of Conservation and Management of Lakes prior to 2017-22 and observations highlighted in the PA of Dal Lake included in the CAG's Audit Reports 2006 and 2011 were also reviewed. The spatio-temporal changes in Lakes and deterioration of their water quality are continuous processes that occur over a larger time span. To illustrate these changes, audit included images of the Lakes taken both from prior to and during the audit period. These images were obtained from GoJ&K and downloaded from Google Earth Pro software.

An entry conference was held on 23 May 2019 with the Commissioner/ Secretary, Housing and Urban Development Department and Secretary, Forest, Ecology and Environment Department wherein the audit objectives and scope of audit were discussed.

An exit conference was held on 19 September 2022 with the Commissioner/Secretary, Forest, Ecology and Environment Department, Principal Chief Conservator of Forest/ Member Secretary, Biodiversity Board, Chairman Pollution Control Board, Chief Wildlife Warden, Chief Executive Director, Wular Conservation and Management Authority, Regional Wildlife Warden, Kashmir and Special Secretary (Technical). During the exit conference, audit observations were largely accepted and it was stated that compliance of these observations was in progress.

The audit sample comprised 63 Lakes (test-checked Lakes) which constituted an area[7] of 25,303 hectares (87 *per cent*) of total area of 28,990 hectares of the 697 Lakes in Jammu and Kashmir. These 63 Lakes include six Lakes[8] which were selected for detailed examination.The remaining sample of 57 Lakes was based on 44 Lakes located outside forests and 13 Lakes located at low altitude inside forests. The Lakes outside forests being urban or semi-urban Lakes are more exposed to pollution and degradation due to urbanisation. Besides, low altitude Lakes inside forests were selected as these are also vulnerable to surrounding population as compared to the high attitude Lakes. The sample selected for audit examination is shown in **Chart 1.2**:

Chart 1.2: Sample selection of Lakes



The audit methodology comprised scrutiny of records in the offices of Director-Ecology, Environment and Remote Sensing Department, Principal Chief Conservator of Forests, Chief Wildlife Warden, J&K Pollution Control Board, J&K Biodiversity Board, Divisional Forest Officers, Water Resource Regulatory Authority, Director Rakhs & Farms, District Administrations (Tehsildars/ Naib Tehsildars), Wildlife Wardens and Development Authorities[9] of six Lakes viz. Dal, Manasbal, Wular, Hokersar, Surinsar and Mansar.

7 Area in 1967

8 Dal, Wular, Hokersar, Mansar, Surinsar and Manasbal.

9 Wildlife Wardens (Kathua and Wetland Division-Kashmir) Chief Executive Officer-WUCMA, Vice-Chairman-LC&MA, Chief Executive Officers (Manasbal, Surinsar & Mansar Development Authorities)

A questionnaire[10] based survey on 63 test-checked Lakes was also undertaken by audit. Further, audit utilised the satellite images of the Lakes provided by Ecology, Environment and Remote Sensing Department (EE&RSD) of GoJ&K to analyse the spatio-temporal changes in Lakes. For validating these changes, audit downloaded images of Lakes from Google Earth Pro Software to supplement the analysis and to illustrate the spatio-temporal changes in Lakes effectively. Further, joint physical verification of Lakes along with Departmental officials was also carried out to corroborate the audit findings.

The PA on the Conservation and Management of Lakes has been structured into six chapters.

Chapter I includes introduction, organisational setup, audit objectives, audit criteria, audit scope, sample and methodology.

Chapter II gives an overview of statutory and regulatory arrangements laid down for Conservation and Management of Lakes, changes in area of Lakes and land use changes in Lakes.

Chapter III gives an overview of National and State/ UT programmes and Lake generic management activities for Conservation and Management of Lakes.

Chapter IV, V and **VI** contain the details of the implementation of Conservation and Management programmes/ plans undertaken and highlight the inadequacies in Conservation and Management in respect of Dal Lake, Wular Lake, Hokersar Lake, Mansar Lake, Surinsar Lake and Manasbal Lake.

1.7 Acknowledgement

Indian Audit and Accounts Department acknowledges the cooperation and assistance provided by the concerned Departments/ Authorities / Bodies of GoJ&K in production of records and furnishing of information during the conduct of this audit. The replies received from various Departments/ Authorities/ Bodies from time-to-time as well as their responses during the Exit Conference have been suitably incorporated in the relevant paragraphs of this Report.

[10] It was designed by Audit on the basis of Lake management books viz. Lake Management Guidance January 2014, Practical Guide to Lake Management 2004, The Water (Prevention and Control of Pollution) Act 1974, Biological Diversity Act 2002, J&K Water Resources (Regulation and Management) Act 2010, Guidelines for National Lake Conservation Plan May 2008, Guidelines for National Wetland Conservation Programme June 2009, An Indian Perspective - Conservation and Management of Lakes July 2010, Wetland (Conservation & Management) Rules November 2010 & 2017, Guidelines for implementing Wetland (Conservation & Management) Rules 2017 and National Plan for conservation of aquatic ecosystems April 2019

Chapter-II
Statutory and regulatory arrangements for Conservation and Management of Lakes, changes in areas of Lakes and land use changes in Lakes

Chapter-II

Statutory and regulatory arrangements for Conservation and Management of Lakes, changes in areas of Lakes and land use changes in Lakes

2.1 Introduction

Article 48A of the Constitution of India envisages protection and improvement of the environment and safeguarding of forests and wildlife. As per the Article, the State shall endeavor to protect and improve the environment and to safeguard the forests and wildlife of the country. Article 21 also guarantees right to decent environment including pollution-free water and air.

At the national level, Ministry of Environment, Forest and Climate Change (MoEF&CC) is the nodal agency committed to conservation and wise use of wetlands (including Lakes) within its territory. At the GoJ&K level, Forest Department is entrusted with the responsibility for Conservation and Management of 697 Lakes.

Despite the mandate of Departments/ Authorities for conservation of Lakes, there were changes in the area of Lakes of J&K as detailed below:

2.2 Spatio-temporal changes in the area of Lakes in Kashmir and Jammu Divisions of J&K

Spatio-temporal changes in Lakes indicate changes in area of Lakes over a period of time. Audit analysis of the data (Atlas of Lakes & Wetlands of J&K[1]) obtained from J&K, Ecology, Environment and Remote Sensing Department (EE&RSD) revealed that the total area of Lakes in J&K decreased by 2,851.26 hectares compared to the base year 1967, with 2014 as reference year for Kashmir Division and 2020 for Jammu Division. The Division/ Department-wise details of Lakes are summarised in **Table 2.1** and detailed in ***Appendix-2.1.***

[1] Atlas is an inventory of Lakes that contains information on spatial extent, geo-coordinates, location and present status of each Lake/ wetland in J&K. The Atlases of Lakes & Wetlands were prepared by Ecology, Environment and Remote Sensing Department of GoJ&K in 2014 and 2020 for Kashmir and Jammu provinces respectively.

Table 2.1: **Changes in the area of Lakes in Jammu and Kashmir Divisions of J&K**

(Area in hectares)

Province	Number of Lakes in 1967	Disappeared Lakes		Decrease in area of Lakes				Increase in area of Lakes				No change in area of Lakes	
		No. of Lakes	Total Area[2]	No. of Lakes	Area in 1967	Area in 2014/ 2020	Total	No. of Lakes	Area in 1967	Area in 2014 / 2020	Total	No. of Lakes	Area in 2014/ 2020
Jammu	367	259	297.05	59	190.05	121.29	68.76	46	196.04	260.79	64.75	3	1.62
Kashmir	330	56	1,240.02	144	8,376.50	7,131.07	1,245.43	104	4,154.43	4,627.9	473.47	26	14,534.14
Total	**697**	**315**	**1,537.07**	**203**	**8,566.55**	**7,252.36**	**1,314.19**	**150**	**4,350.47**	**4,888.69**	**538.22**	**29**	**14,535.76**

(***Source: data of EE&RSD***)

There was disappearance of 315 Lakes having an area of 1,537.07 hectares and decrease in area of 1,314.19 hectares in respect of 203 Lakes. Thus, there was total decrease/ disappearance of area of 2,851.26 hectares[3] in 518 Lakes[4]. As a result, there was a loss in flora and fauna and other goods and services provided by these Lakes as referred in **Paragraph 1.1**. While the area of 150 Lakes increased by 538.22 hectares, there were no changes in areas of 29 Lakes. The reasons for increase in area of Lakes were not analysed/monitored by the concerned Departments.

2.2.1 Department/ Controlling Authority-wise change in area of Lakes

Department/ Controlling Authority-wise change in area of Lakes are summarised in **Table 2.2** and detailed in ***Appendix-2.2.***

Table 2.2: Department/ Controlling Authority-wise change in area of Lakes

(Area in hectares)

Department	Controlling Authority	Total Lakes	Decreased		Disappeared		Decrease in Lake area (equal to or more than 50 *per cent)*	Increase		Static		Decrease (-) / Increase (+) of Area { 10-(5+7) }
			Lake	Area	Lake	Area		Lake	Area	Lake	Area	
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*
Forest Department	PCCF	255[5]	98	223.20	80	217.85	32	69	143.92	9	49.88	-297.13
	WUCMA	1	-	-	-	-	-	-	-	1	13,325.35	
	WPD	39	20	156.78	-	-	-	18	51.80	1	754.21	-104.98
Revenue Department	District Administration	397	83	877.05	235	1,319.22	31	61	204.44	17	146.32	-1,991.83
Agriculture Department	*Rakhs* and Farms Department											

2 Water area of 1,537.07 hectares of 315 Lakes in 1967 had completely disappeared by 2014 in Kashmir Division and by 2020 in Jammu Division.

3 1,537.07 hectares plus 1,314.19 hectares.

4 315 disappeared Lakes plus 203 decreased Lakes.

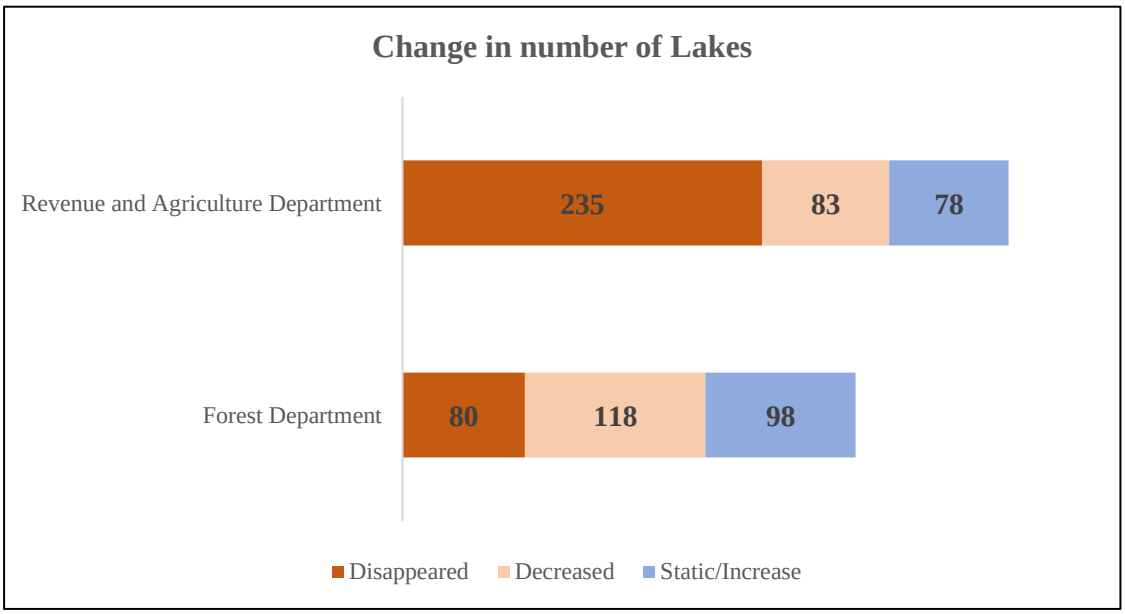
5 Excludes Wular Lake

Department	Controlling Authority	Total Lakes	Decreased		Disappeared		Decrease in Lake area (equal to or more than 50 *per cent)*	Increase		Static		Decrease (-) / Increase (+) of Area { 10-(5+7) }
			Lake	Area	Lake	Area		Lake	Area	Lake	Area	
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*
Housing and Urban Development Department	Lakes Conservation & Management Authority	4	2	57.16	-	-	-	2	138.06	-	-	80.90
Tourism Department	Manasbal Development Authority	1	-	-	-	-	-	-	-	1	260.00	-
Total		**697**	**203**	**1,314.19**	**315**	**1,537.07**	**63**	**150**	**538.22**	**29**	**14,535.76**	**-2,313.04**

(Source: data compiled by audit from records of Departments)

Out of the total 697 Lakes, 692 Lakes were under the control of Forest, Revenue and Agriculture Departments. The number of Lakes which disappeared, decreased, remained static or increased under these Departments is depicted in **Chart 2.1**:

Chart 2.1: Number of Lakes which disappeared, decreased, remained static or increased under Forest, Revenue and Agriculture Departments



Audit analysis of the data obtained from EE&RSD revealed the following:

- 315 Lakes (45 *per cent* of 697 Lakes) constituting a water area of 1,537.07 hectares had disappeared. These Lakes included 80 Lakes (25 *per cent*) falling under the jurisdiction of Forest Department and 235 Lakes (75 *per cent*) falling under the jurisdiction of Revenue Department and Agriculture Department.

- The water area of 203 Lakes[6] (29 *per cent* of 697 Lakes) had decreased by 1,314.19 hectares[7]. These Lakes included 63 Lakes wherein the decrease in water area was more than or equal to 50 *per cent*. Thus, there is a potential greater risk of extinction of these 63 Lakes. 203 Lakes included 98 Lakes (48 *per cent*), 83 Lakes (41 *per cent*), 20 Lakes (10 *per cent*) and two Lakes falling respectively under the jurisdiction of PCCF, District Administration, WPD and LC&MA.

- The water area of 150 Lakes (22 *per cent* of 697 Lakes) had increased by 538.22 hectares. These included 69 Lakes, 61 Lakes, 18 Lakes and two Lakes falling respectively under the jurisdiction of PCCF, District Administration, WPD and LC&MA.

- The water area of 14,535.76 hectares in 29 Lakes (four *per cent* of 697 Lakes) had remained static. These included 17 Lakes, nine Lakes, one each Lake respectively falling under the jurisdiction of District Administration, PCCF, WUCMA, WPD and WMDA.

Thus, disappearance/ decrease in the area of 518 Lakes (74 *per cent*) had resulted in degradation of ecosystem, loss of water, food and biodiversity, alteration in the interlinked carbon/ nutrient and water cycles as well as climate insecurity. Besides, shrinkage of Lake area was also one of the causes for massive floods in J&K in September 2014, as Lakes are natural flood balancing reservoirs/ defense for the flood regulating system. Research conducted by scholars from various institutions at State/ UT and National level had also attributed causes of floods to change in land use of Lakes.

Further, causes of increase in water area of 538.22 hectares in 150 Lakes were not monitored/analysed by the concerned Departments.

In absence of monitoring of reasons for increase in water area by the concerned Departments, Audit could also not ascertain whether increase in the surface area of 150 Lakes had actually led to increase in water volume of Lakes or not.

2.2.2 Spatio-temporal changes in area of audit sampled Lakes

Departments/ Authorities-wise analysis of the data of EE&RSD in respect of 63 test-checked Lakes revealed that there had been spatio-temporal changes between 1967 and 2020. The changes are summarised in **Table 2.3, Chart 2.2** and detailed in ***Appendix-2.3*.**

6 518 Lakes (Disappeared & decreased Lakes) minus 315 Lakes (Disappeared Lakes)

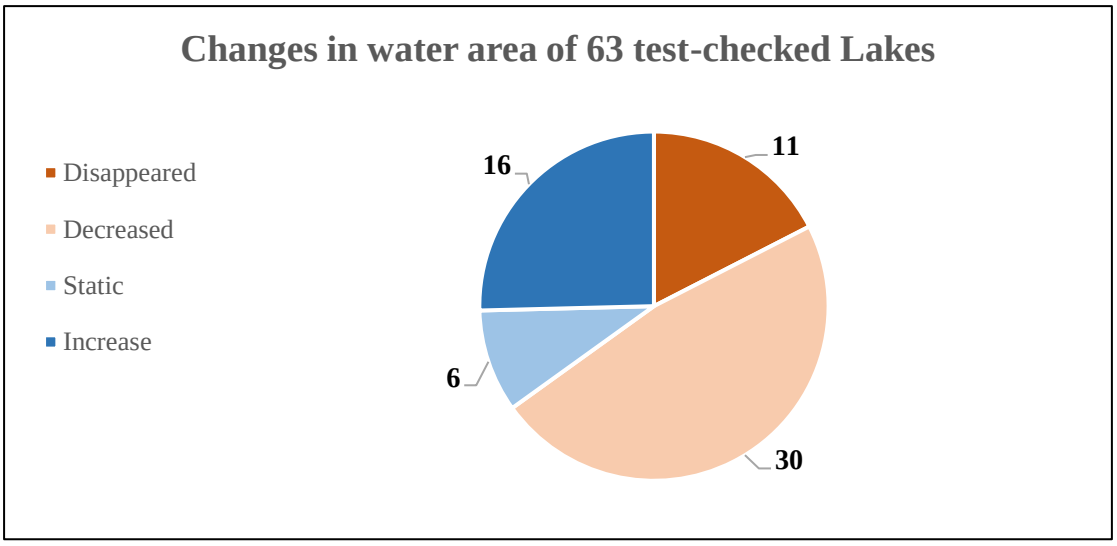
7 Total area = 2,851.27 hectares (area of 518 Lakes which have disappeared & decreased) minus 1,537.07 hectares (area of 315 Lakes which have disappeared)

Table 2.3: Spatial and Temporal changes in the 63 test-checked Lakes between 1967 and 2020

(Area in hectares)												
Department / Authority	Total Lakes	Disappeared Lake		Decrease in area of Lakes		Lake where decrease area ≥ 50%	Total area of decreased & disappeared Lakes	Increase in area		Static		Net Impact (10-8)
		No. of Lakes	Area	No. of Lakes	Area			No. of Lakes	Area	No. of Lakes	Area	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
PCCF	**9**	1	90.96	4	30.16	1	121.12	3	10.37	1	7.46	-110.75
WUCMA	**1**	-	-	-	-	-		-	-	1	13,325.35	-
WPD	**11**	-	-	4	132.76	-	132.76	6	23.88	1	754.21	-108.88
District Administration	**38**	10	933.22	20	689.52	3	1,622.74	6	141.52	2	52.72	-1,481.22
LC&MA	**3**	-	-	2	57.16	-	57.16	1	135.80	-	-	78.64
WMDA	**1**	-	-	-	-		-	-	-	1	260.00	-
Total	**63**	**11**	**1,024.18**	**30**	**909.60**	**4**	**1,933.78**	**16**	**311.57**	**6**	**14,399.74**	**-1,622.21**

(***Source: data of EE&RSD***)

Chart 2.2: Changes in water area of 63 test-checked Lakes



From the **Table 2.3**, it can be noticed that:

- The water area of 1,024.18 hectares in the case of 11 Lakes had disappeared.
- The water area of 909.60 hectares[8] in respect of 30 Lakes[9] had decreased which included four Lakes wherein the decrease in water areas was more than or

[8] 1,933.78 hectares (Decrease in area which includes area of disappeared Lakes) minus 1,024.18 hectares (area of disappeared Lakes).

[9] 41 Lakes (Decreased Lakes includes disappeared Lakes) minus 11 Lakes (Disappeared Lakes).

equal to 50 *per cent*. As a result, these Lakes were fraught with the risk of extinction.

- The water area of 16 Lakes had increased by 311.57 hectares.
- The water area of 14,399.74 hectares in six Lakes had remained static.

The disappearance of Lakes and decrease in the area of Lakes was primarily attributable to change in land use within the Lakes and their catchments as discussed in the subsequent paragraph. Apart from that, Audit noticed that deforestation, climate change and change in dynamics of catchment areas also contributed to disappearance of Lakes and decrease in water area of Lakes.

The change in the areas of Lakes was due to inadequacies in the Conservation and Management of Lakes in J&K as discussed in succeeding paragraphs of the Report.

2.3 Land use changes

There were changes in land use/ classification use in test-checked Lakes mainly due to continuous anthropogenic activities in and around Lakes, which had remained unchecked. No Lake-specific Centralised Development and Regulatory Authority was in place. Consequently, neither the evaluation nor the monitoring of land use changes could be conducted. Due to temporal change in land use, ecosystem of these Lakes had been critically affected.

Land use changes in Lakes indicate conversion of original land use to other uses through human interventions and other factors.

EE&RSD provided data and satellite images of 63 sampled Lakes for the period 2014-2020. However, images and data for the period prior to 2014 were not available[10] with the Department. Audit noticed that MoEF&CC had prepared (June 2011)[11]Atlases for each State and Union Territory of India, which contained only quantitative information depicting altitude and district-wise number of Lakes, but did not include names of Lakes.

Audit analysis of the data of EE&RSD indicated land use changes in the test-checked Lakes as discussed below: -

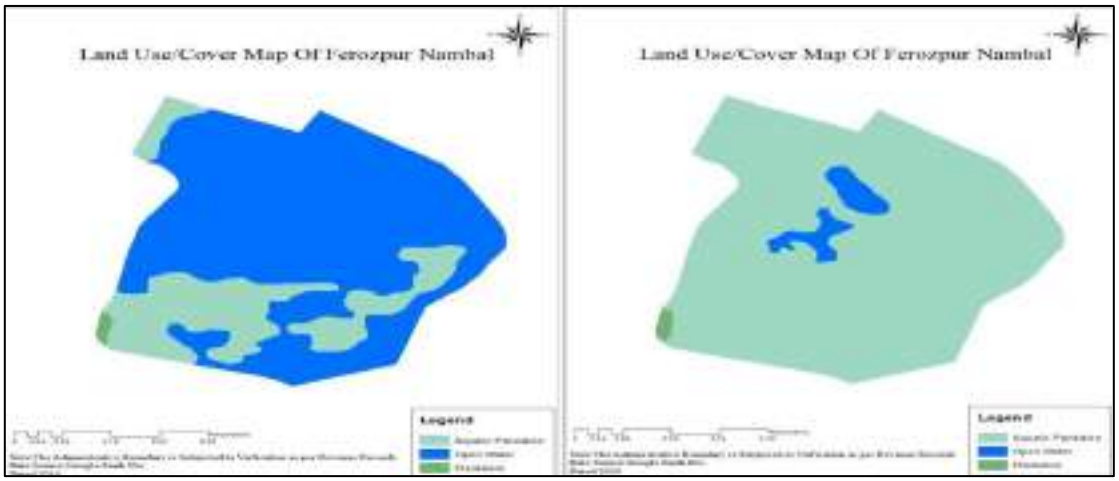
2.3.1 Analysis of remote sensing data to ascertain land use changes in Lakes

Audit analysis of remote sensing data of 63 test-checked Lakes provided by the EE&RSD, revealed land use changes between 2014 and 2020. For illustration**,** maps of four Lakes **(Maps 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7 and 2.8)** depict land-use changes in these Lakes during the period.

[10] Except that of Dal and Wular Lakes

[11] Under a project "National Wetland Inventory & Assessment- NWIA"

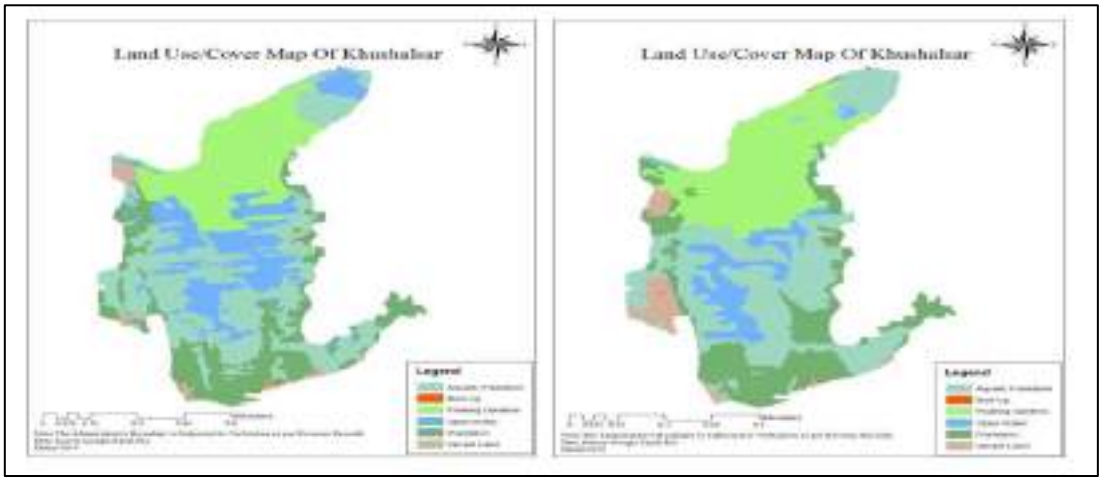
Ferozpur Nambal (Maps 2.1 and 2.2)



Area Ha (2014) **Area Ha (2020)**

Class Name	Area Ha (2014)	Area Ha (2020)
Open Water	20.37	1.14
Aquatic Plantation	6.35	25.56
Plantation	0.13	0.15
Total	**26.85**	**26.85**

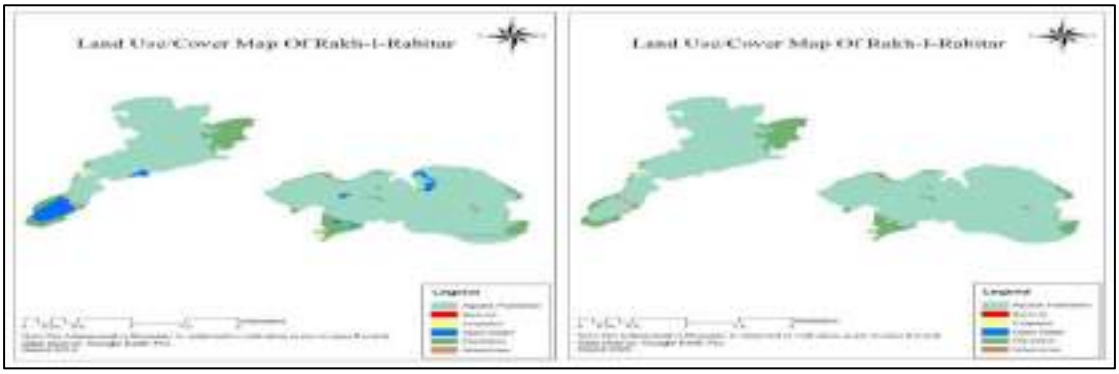
Khushal Sar (Maps 2.3 and 2.4)



Area Ha (2014) **Area Ha (2020)**

Class Name	Area Ha (2014)	Area Ha (2020)
Open Water	15.40	7.58
Aquatic Plantation	29.97	30.70
Floating Gardens	19.88	23.52
Plantation	16.97	18.42
Vacant land	1.63	3.65
Built-up	0.18	0.16
Total	**84.03**	**84.03**

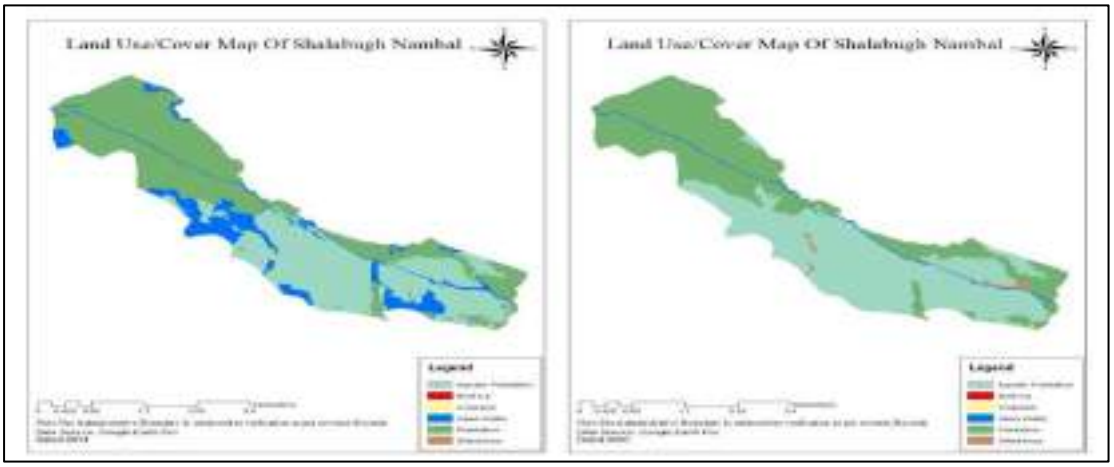
Rakh-i-Rabitar (Maps 2.5 and 2.6)



Area Ha (2014) **Area Ha (2020)**

Class Name	Area Ha (2014)	Area Ha (2020)
Open Water	16.12	0.08
Aquatic Plantation	340.19	358.43
Plantation	46.53	44.26
Vacant land	1.83	1.79
Cropland	1.15	1.15
Built-up	0.21	0.32
Total	**406.03**	**406.03**

Shalabugh Nambal (Maps 2.7 and 2.8)



Class Name	Area Ha (2014)	Area Ha (2020)
Open Water	204.06	20.46
Plantation	698.87	696.31
Aquatic Plantation	569.75	744.03
Silted Area	0.62	12.53
Built-up	0.82	0.79
Cropland	0.51	0.51
Total	**1,474.63**	**1,474.63**

Thus, there was consistent drop in open water in these four Lakes with corresponding increase in aquatic plantation in four Lakes and increase of floating gardens/ vacant land in one Lake.

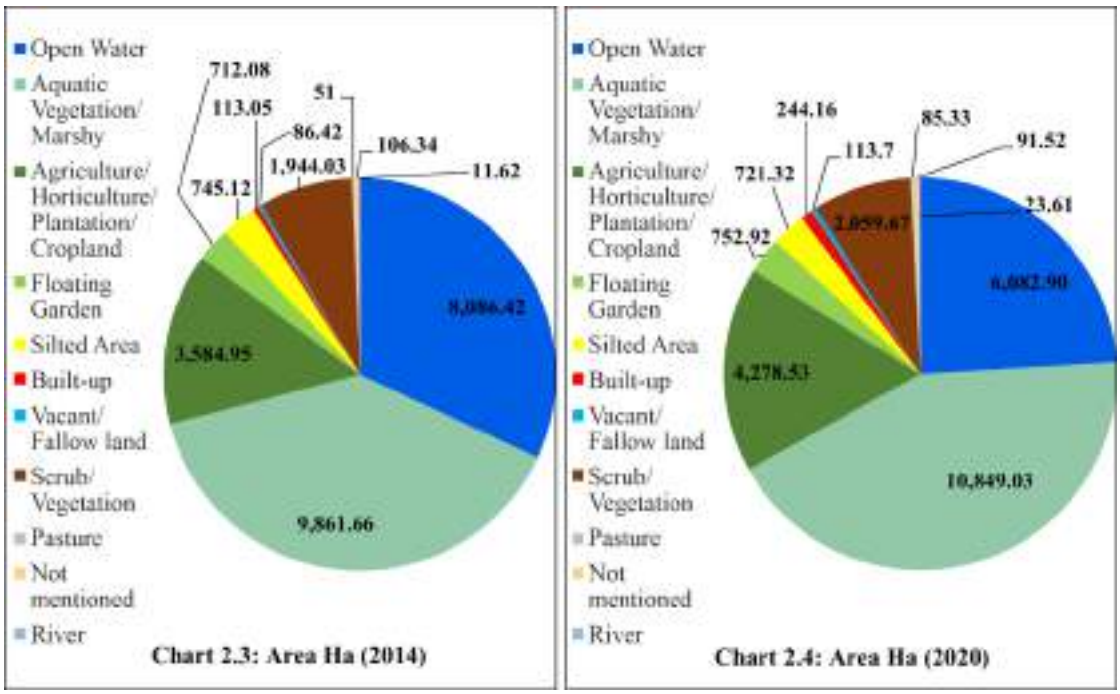
Audit analysis of remote sensing data for the period 2014-2020 related to 63 test-checked Lakes revealed overall land use/ classification use changes in these Lakes as summarised in **Table 2.4, Charts 2.3 and 2.4** and detailed in ***Appendix-2.4.***

Table 2.4: **Land Use/ Classification use changes in 63 test-checked Lakes**

(Area in hectare)			Decrease/ Increase and its percentage (2014 – 2020)			
Land Use/ Classification Use	**2014**	**2020**	**Decrease**	**Increase**	**Percentage Decrease**	**Percentage Increase**
Open Water	8,086.42	6,082.90	2,003.52		25	
Aquatic Vegetation / Marshy	9,861.66	10,849.03		987.37		10
Agriculture / Horticulture / Plantation/ Cropland	3,584.95	4,278.53		693.58		19
Floating Garden	712.08	752.92		40.84		6
Silted Area	745.12	721.32	23.80		3	
Built-up	113.05	244.16		131.11		116
Vacant / Fallow land	86.42	113.70		27.28		32
Scrub / Vegetation	1,944.03	2,059.67		115.64		6
Pasture	51	85.33		34.33		67
Not mentioned	106.34	91.52	14.82		14	
River	11.62	23.61		11.99		103
Total	**25,302.69**	**25,302.69**	**2,042.14**	**2,042.14**		

(*Source: audit analysis of data provided by EE&RSD*)

Charts 2.3 and 2.4: Land use/ Classification use changes in Lakes



It may be seen from the **Table 2.4** that there were overall land use/ classification use changes in 2,042.14 hectares within Lake areas. These changes included decrease of 2,003.52 hectares in open water, while there was increase in other land use changes viz. 131.11 hectares under built-up (116 *per cent*), 34.33 hectares under pasture (67 *per cent*), 27.28 hectares under vacant/ fallow land (32 *per cent*), 693.58 hectares under agriculture/ horticulture/plantation/ cropland (19 *per cent*), 115.64 hectares under scrub/vegetation (six *per cent*), etc. Lake-wise land use/ classification use changes are detailed in ***Appendix-2.4*.**

- **Anthropogenic pressures on 44 Lakes**

There were land use/ classification use changes (2014-20) in 44 Lakes against 63 audit sampled Lakes. The affected area was 2,086.67 hectares which included decrease of 2,062.87 hectares in open water (28 *per cent*) due to anthropogenic pressures, such as increase in other land use changes viz. 131.11 hectares under built up (116 *per cent*), 34.33 hectares under pasture (67 *per cent*), 726.39 hectares under agriculture/ horticulture/ plantation (21 *per cent*), 115.64 hectares under scrub/vegetation (six *per cent*) etc. within a short span of six years. Details of Lake-wise land use/ classification use changes due to anthropogenic pressures are summarised in **Table 2.5, Charts 2.5 and 2.6** and detailed in ***Appendix-2.5*.**

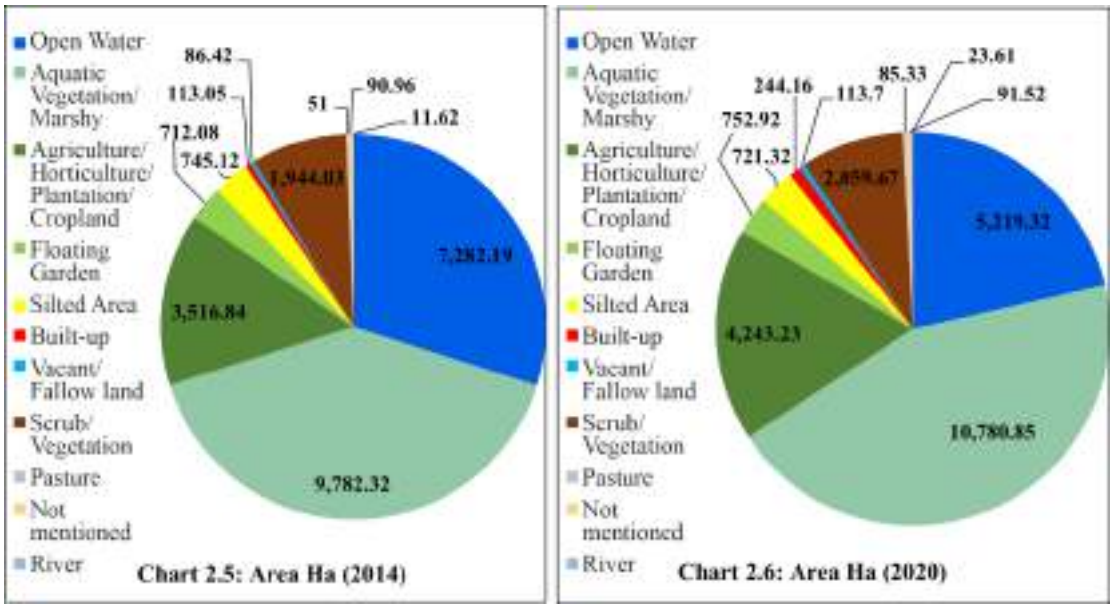
Table 2.5: Overall change in land use/ classification use in 44 Lakes due to anthropogenic pressures

(*Area in hectares*)

Decrease/ Increase and its percentage (2014–2020)						
Land Use/ Classification Use	**2014**	**2020**	**Decrease**	**Increase**	**Decrease Percentage**	**Increase Percentage**
Open Water	7,282.19	5,219.32	2,062.87		28	
Aquatic Vegetation / Marshy	9,782.32	10,780.85		998.53		10
Agriculture / Horticulture / Plantation/ Cropland	3,516.84	4,243.23		726.39		21
Floating Garden	712.08	752.92		40.84		6
Silted Area	745.12	721.32	23.80		3	
Built-up	113.05	244.16		131.11		116
Vacant / Fallow land	86.42	113.70		27.28		32
Scrub/ Vegetation	1,944.03	2,059.67		115.64		6
Pasture	51.00	85.33		34.33		67
Not mentioned	90.96	91.52		0.56		1
River	11.62	23.61		11.99		103
Total	**24,335.63**	**24,335.63**	**2,086.67**	**2,086.67**		

(*Source: audit analysis of data provided by EE&RSD*)

Charts 2.5 and 2.6: Overall change in land use/ classification use in 44 Lakes due to anthropogenic pressures



The concerned four Administrative Departments and Forest Department did not have Lake generic management programmes and as such they failed to check growing anthropogenic pressures around Lakes resulting in loss/ decrease in open water area and increase in aquatic vegetation. This adversely affected the ecosystem of the Lakes.

Thus, failure to formulate Conservation and Management programmes and to undertake Lake generic management activities by the District Administrations concerned and the Forest Department in respect of 44 Lakes resulted in anthropogenic pressures. These anthropogenic pressures led to land use changes in these Lakes. Neither the District Administrations concerned nor the Forest Department took any measures to check the land use changes.

The GoJ&K may analyse in detail the reasons for the change in land use of these Lakes, with expert assistance as required, for taking suitable rectificatory action.

- **Absence of open water area in 21 Lakes**

In 21 Lakes, there was no open water area and these Lakes had an overall change in land use of 338.02 hectares. There was decrease of 338.02 hectares (14 *per cent*) in aquatic vegetation due to increase in built-up (2,940 *per cent*), agriculture/ horticulture/ plantation/ cropland use (18 *per cent*) silted area (10 *per cent*), etc. Details of Lake-wise absence of open water, decrease/increase in aquatic vegetation are summarised in **Table 2.6, Charts 2.7 and 2.8** and detailed in ***Appendix-2.6.***

Table 2.6: Absence of open water and decrease in aquatic vegetation in 21 Lakes

(***Area in hectares***)

Decrease/ Increase and its percentage (2014–2020)						
Land Use/ Classification Use	**2014**	**2020**	**Decrease**	**Increase**	**Decrease Percentage**	**Increase Percentage**
Open Water	0.00	0.00	0.00			
Aquatic Vegetation / Marshy	2,341.41	2,003.39	338.02		14	
Agriculture / Horticulture / Plantation /Cropland	1,205.11	1,427.92		222.81		18
Silted Area	54.45	59.70		5.25		10
Built Up	3.56	108.24		104.68		2,940
Vacant / Fallow land	38.57	43.85		5.28		14
Total	**3,643.10**	**3,643.10**	**338.02**	**338.02**		

(***Source: audit analysis of data provided by EE&RSD***)

Charts 2.7 and 2.8: Absence of open water and decrease in aquatic vegetation in 21 Lakes

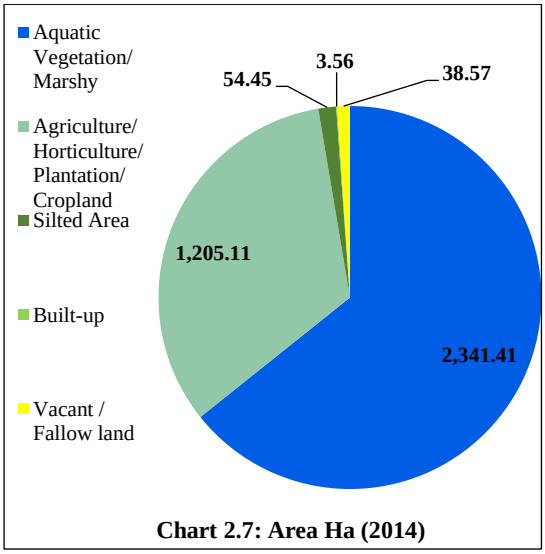


Chart 2.7: Area Ha (2014)

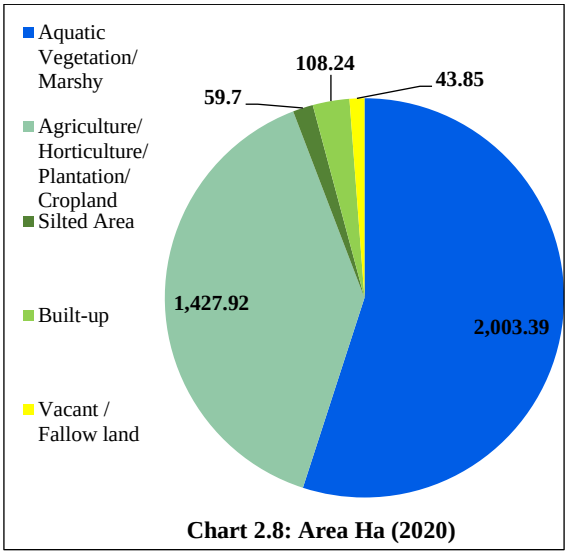


Chart 2.8: Area Ha (2020)

• Decrease in open water area of 20 Lakes

In respect of 20 Lakes, there was overall change in land use of 2,117.29 hectares with substantial decrease of 2,088.24 hectares (29 *per cent*) in open water area. This was due to increase in other land use such as aquatic vegetation by 1,335.51 hectares (18 *per cent*), agriculture/horticulture/plantation/cropland by 528.22 hectares (41 *per cent*), scrub/vegetation by 115.64 hectares (six *per cent*) etc. Details of Lake-wise decrease in open water are summarised in **Table 2.7, Charts 2.9 and 2.10** and detailed in ***Appendix-2.7*.**

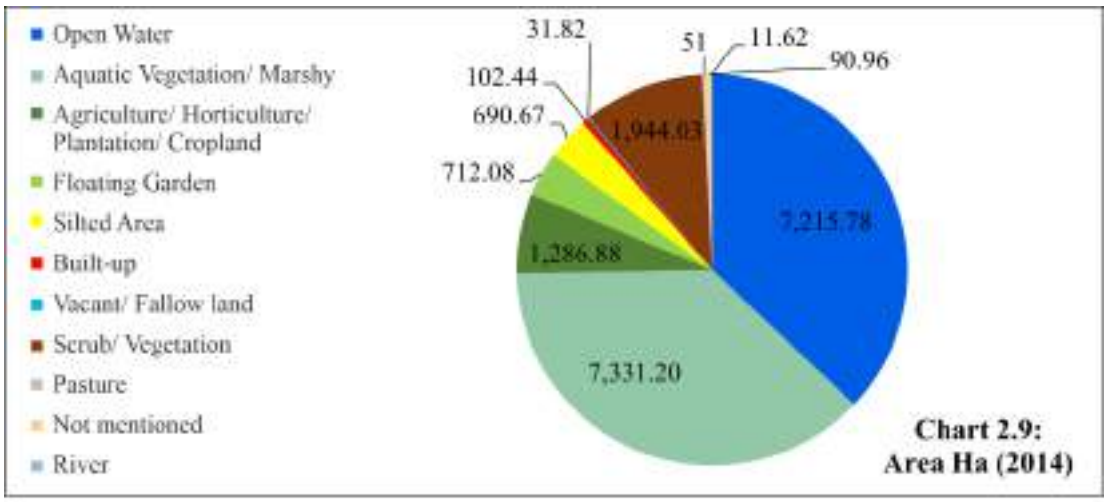
Table 2.7: Decrease in open water and change in other land use in 20 Lakes

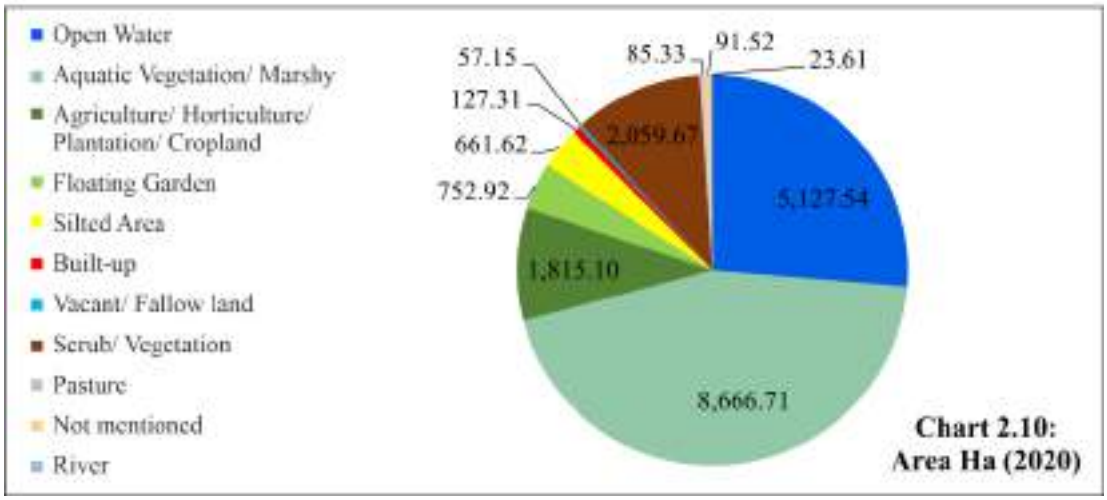
(***Area in hectares***)

Decrease/ Increase and its percentage (2014 – 2020)						
Land Use/ Classification Use	**2014**	**2020**	**Decrease**	**Increase**	**Decrease Percentage**	**Increase Percentage**
Open Water	7,215.78	5,127.54	2,088.24		29	
Aquatic Vegetation/ Marshy	7,331.20	8,666.71		1,335.51		18
Agriculture/ Horticulture / Plantation/Cropland	1,286.88	1,815.10		528.22		41
Floating Garden	712.08	752.92		40.84		6
Silted Area	690.67	661.62	29.05		4	0
Built Up	102.44	127.31		24.87		24
Vacant/ Fallow land	31.82	57.15		25.33		80
Scrub/ Vegetation	1,944.03	2,059.67		115.64		6
Pasture	51.00	85.33		34.33		67
Not mentioned	90.96	91.52		0.56		1
River	11.62	23.61		11.99		103
Total	**19,468.48**	**19,468.48**	**2,117.29**	**2,117.29**		

(***Source: audit analysis of data provided by EE&RSD***)

Charts 2.9 and 2.10: Decrease in open water and change in other land use in 20 Lakes





• Increase in open water area of 22 Lakes

In respect of 22 Lakes[12], there was overall change in land use of 86.28 hectares which included a meagre increase of 84.72 hectares (10 *per cent*) in open water which was due to decrease in aquatic vegetation, area being placed under agriculture/ horticulture/ plantation etc. As these Lakes were located inside forests, it was not known whether or not increase in open water was due to siltation, choking up of Lake outlets, melting of glaciers or heavy rainfall etc. in the areas of these Lakes. Details of Lake-wise increase in open water is summarised in **Table 2.8, Charts 2.11 and 2.12** and detailed in ***Appendix-2.8.***

Table 2.8: Increase in open water and change in other land use in 22 Lakes

(***Area in hectares***)

Land Use/ Classification Use	2014	2020	Decrease	Increase	Decrease Percentage	Increase Percentage
Open Water	870.64	955.36		84.72		10
Aquatic Vegetation/ Marshy	189.05	178.93	10.12		5	
Agriculture/ Horticulture/ Plantation /Cropland	1,092.96	1,035.51	57.45		5	
Built Up	7.05	8.61		1.56		22
Vacant/ Fallow land	16.03	12.70	3.33		21	
Not mentioned	15.38	0.00	15.38		100	
Total	**2,191.11**	**2,191.11**	**86.28**	**86.28**		

(***Source: audit analysis of data provided by EE&RSD***)

Charts 2.11 and 2.12: Increase in open water and change in other land use in 22 Lakes

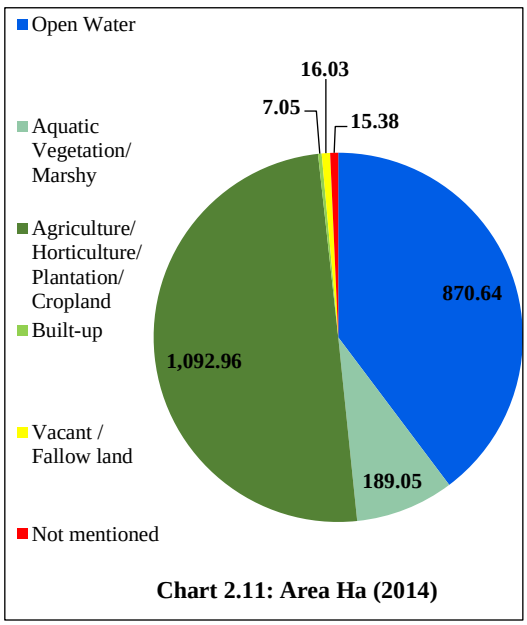


Chart 2.11: Area Ha (2014)

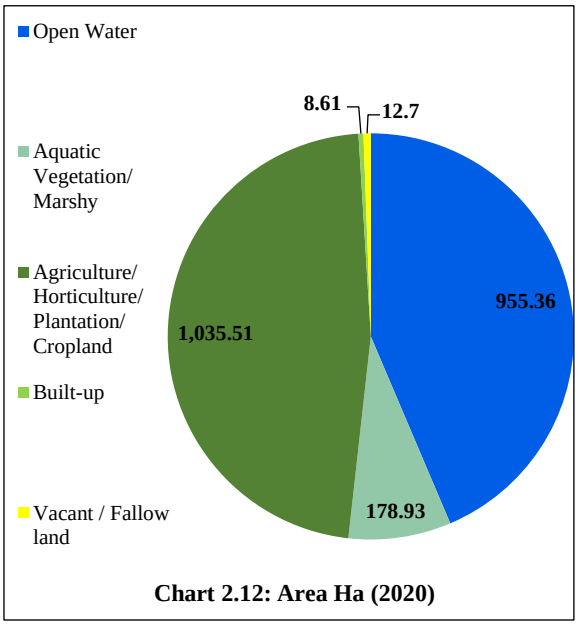


Chart 2.12: Area Ha (2020)

[12] Includes two Lakes (Kaplasar and Gagasar) where there was no change in the open water area.

The spatio-temporal changes in land use/ classification use in the test-checked Lakes was mainly due to anthropogenic activities, which had remained unchecked. As a result, ecosystem of these Lakes had been critically affected.

Director, EE&RSD stated (September 2022) that the data regarding water bodies was prepared by EE&RSD as a basic inventory for identifying water bodies so that the stakeholders may use it as reference data. It was further stated that the data of wetlands identified through remote sensing methodology require ground truth verification coupled with comparative date of satellite imagery, season, angle of pass, cloud cover etc. and reference to "disappearance" of Lakes should be taken as not being identifiable/ traceable on the satellite imagery used. It was also stated that data of land use/ land cover of water bodies may be treated as indicative and not conclusive.

During the exit conference (September 2022), it was stated that the data provided by EE&RSD regarding land use/ classification use changes need to be validated by ground truthing. It was further stated that detailed remote sensing for all Lakes of J&K was not possible due to budget constraints, however it could be carried out for some major Lakes.

The reply of EE&RSD is not convincing as the Department had acknowledged in the Directory of Lakes and water bodies of J&K (November 2018) that the final status of Lakes was prepared using latest high-resolution data supported by limited field checks/ ground truthing. This was also corroborated by paragraph 5 (b) "Inventorisation and collection of information on Water Bodies (Lakes and ponds)" in the revised action plan [submitted (March 2020) in compliance with the directions issued by the National Green Tribunal (NGT)] wherein it was mentioned that a Directory of Lakes and water bodies of J&K has been prepared by the EE&RSD using latest high resolution Linear Imaging and Self Scanning Sensor-III satellite data by Remote Sensing and GIS.

The reply of EE&RSD should also be seen in the light of 'Introduction of Atlas of wetlands of J&K of 2014' which stipulates that the Atlas outlines spatial extent of each Lake with geo-coordinates and location which will be an useful source of information for formulating an effective management action plan and regulatory mechanism for sustainable wise use and conservation of water resources of J&K. Further, the reply should be considered in light of the fact that while validation through ground truthing may provide the exact extent of land use/ classification use changes in Lakes, the data provided by EE&RSD offers a reasonably accurate representation of the changes in Lake areas.

2.3.2 Analysis of Google Earth Pro images to ascertain land use changes in Lakes and their catchments

The geo-coordinates of the 63 audit sampled Lakes provided by the EE&RSD were plotted (October 2022) by Audit on Google Earth Pro on various timelines. It was found

that seven Lakes[13] were not visible or had almost dried up. These seven were among the 11 Lakes that had disappeared as per the analysis of EE&RSD data, as detailed in **Paragraph 2.2.2.** There were land use changes in Khushal Sar Lake and degrading/ shrinking of Anchar Lake. Audit also conducted (November 2022) field verification, along with concerned Tehsildars, of Lakes and noticed that:

- **Lakes not visible or dried up**

Out of seven Lakes, Audit conducted joint physical verification of the four Lakes which were found to be dried up. The Lake areas were covered with weed, plantation and vegetation and roads had been constructed through Lake areas. The observation was also corroborated by the EE&RSD data which showed that these Lakes had disappeared during 2014-20. The photographs showing growth of weed, plantation, vegetation and constructed roads are given below:

Sethergund – Plantation	**Sethergund–Crop, weed and Plantation**
Marhama -Weed and Plantation	**Marhama Built-up at the fringe of Lake (marked in yellow)**

[13] (i) Rakh-a-Arth, (ii) Sethergund Numbal, (iii) Marhama, (iv) Devpursar, (v) Mahtan, (vi) Chandargar Numbal and (vii) Galwal Talao.

Rakh-i-Arth- Plantation and weed	**Rakh-i-Arth-Road**
Devpursar- Plantation	**Devpursar Vegetation and Weed and road**

- **Land use change in Khushal Sar Lake and degrading/ shrinking of Anchar Lake**

In respect of Khushal Sar and Anchar Lake, we noticed escalating anthropogenic pressure leading to abundance of weed, plantation, built-up and discharge of untreated sewage into the Lakes, as shown in satellite images **2.1, 2.2, 2.3 and 2.4** and following photographs. Restoration of open water of Khushal Sar Lake was being done by de-silting of the Lake through a Non-Governmental Organisation under Ahsaas scheme launched (2021) by the Government.

Google Earth Pro images of Khushal Sar Lake	
Satellite Image 2.1: 1 May 2014	**Satellite Image 2.2: 4 July 2015**
Khushal Sar Lake	
Lake area being restored by de-siltation	**Weed and Plantation**
Khushal Sar Lake	
Built-up at the fringe of the Lake	**Discharge of sewage from households into the Lake**

Google Earth Pro images of built-up area coming up in the Anchar Lake area (marked in yellow)	
Satellite Image 2.3: 6 Aug 2012	**SatelliteImage 2.4: 7 May 2022**
Vegetation, plantation and weed in the Lake	**Area marked in yellow shows car washing stations, automobile workshops and tin sheds in the vicinity of the Lake**

- **Land use changes in catchment areas of six Lakes checked in detail over a larger time span**

Audit analysed images of Google Earth Pro of six detailed-checked Lakes over a larger time span to detect periodic changes in these Lakes. Clear images for a uniform time period of all these Lakes were not available, and time period of clear images varied from Lake to Lake. The clear images available ranged from 2002 to 2022, with 2022 being the latest as detailed in ***Appendix-2.9*.**

Audit analysis of the images revealed that changes in land use as built-up in catchment areas including fringes of these Lakes had increased over a period of time. Encroachments within Lakes were also noticed.

The details and images of Lakes with changes in the catchments which included fringes and encroached areas of these Lakes are detailed in **Paragraphs 2.3.2, 4.3.2, 5.4.2 and sub-paragraphs of 6.1.3, 6.2.3 and 6.3.3.**

2.4 Absence of legal statute/ Act and Centralised Development and Regulatory Authority for Conservation and Management of Lakes

There was no Centralised Development and Regulatory Authority and no specific legal statute/ Act for Conservation and Management of Lakes had been put in place.

Although several legislations as discussed in the **Paragraph 1.5** were enacted for protection of environment which included provision for Conservation and Management of Lakes, no Authority with regulatory backing was established to restore, preserve and protect Lakes in Jammu and Kashmir.

A draft bill was prepared (April 2000) by J&K, Lakes Conservation and Management Authority to establish a Development and Regulatory Authority for Conservation and Management of Lakes. Due to the indifferent approach of GoJ&K, the proposed legislation could not be approved as of March 2022 despite lapse of over 22 years since preparation of bill.

Due to the absence of a Lake specific Centralised Development and Regulatory Authority and specific legal statute/ Act, there were diffused functions across various institutions, inadequacies in institutional arrangements for discharge of environmental functions related to Lakes, lack of cross-sectoral institutional convergence, monitoring/ evaluation and absence of Lake generic management activities related to conservation of Lakes as detailed in **Paragraphs 2.5 and 3.2**.

2.5 Lack of institutional arrangements for discharge of environmental functions related to Lakes

The Departments/ Authorities had fragmented mandate and responsibilities and had failed to fully comply with the entrusted mandate

Nine institutions[14] were assigned different functions related to environmental issues including those related to Lakes as detailed in ***Appendix-2.10*****.** Out of these nine institutions, six[15] were falling under the administrative control of the Forest Department which had a major role in discharging functions relating to Conservation and

[14] (i) Ecology, Environment and Remote Sensing Department (EE&RSD) (ii) Principal Chief Conservator of Forests (PCCF) (iii) Wildlife Protection Department (WPD) (iv) Union Territory Wetland Authority (UTWA) (v) Biodiversity Board (BDB) (vi) Pollution Control Board (PCB) (vii) Development Authorities, (viii) Rakhs and Farms Department and (ix) Water Resource Regulatory Authority (WRRA).

[15] EE&RSD, PCCF, WPD, PCB, BDB and UTWA.

Management of Lakes. Audit noticed inadequacies in discharge of specific functions by these institutions as discussed below:

1. J&K, Ecology, Environment and Remote Sensing Department (EE&RSD)

GoJ&K assigned (October 1989) EE&RSD to conduct a detailed survey of Lakes, study their physical, chemical and biological dynamics and on the basis of the data so collected, prepare detailed plans for development and monitoring of each Lake.

However, EE&RSD had not carried out detailed survey of Lakes due to which physical, chemical and biological dynamics of Lakes were not available for preparing development plans for these Lakes. Plans were prepared by the respective Departments/ Authorities (to which these Lakes were transferred) only in respect of six Lakes[16].

EE&RSD stated (February 2021) that it was deficient in technical manpower such as environmental and hydrological engineers, ecologist, limnologists, biologists, remote sensing and GIS specialist, although proposals for requirement of manpower resources were submitted to the Forest Department time and again (latest in August 2019). EE&RSD further stated that they did not have a laboratory and technical wing for devising strategy for planned development and maintenance of Lakes.

The fact remained that J&K Ecology, Environment & Remote Sensing Department had failed to carry out detailed survey of 697 Lakes and hence physical, chemical and biological dynamics of Lakes were not available for preparing development plans for these Lakes.

2. Principal Chief Conservator of Forest (PCCF), J&K

No comprehensive Conservation and Management programme/ plan was prepared for 255 Lakes falling under the jurisdiction of PCCF, although Annual Plan of Operations (APOs) for other forest management works[17] were prepared and executed.

Out of 255 Lakes under the jurisdiction of PCCF, 441.05 hectares of area of 178 Lakes had decreased/ disappeared (including five test-checked Lakes by Audit with an area of 121.12 hectares). The decreased area included an area of 80 disappeared Lakes which had area of 217.85 hectares (including one Lake test-checked by Audit with an area of 90.96 hectares) as detailed in **Table 2.2 and *Appendix-2.2* and Table 2.3 and *Appendix-2.3*.**

Divisional Forest Officers of Lidder, Kulgam, Mahore and Bhaderwah Divisions stated (February 2021) that the Forest Department did not have clear responsibility for Conservation and Management of Lakes and that due to lack of technical/ scientific manpower and laboratory the Conservation and Management of Lakes could not be carried out.

[16] Dal, Wular, Hokersar, Surinsar, Mansar and Manasbal

[17] Plantation of degraded forests, fencing/ demarcation of forest areas, establishment of nurseries etc.

The fact remains that the aforesaid 255 Lakes were under the jurisdiction of PCCF and no comprehensive Conservation and Management programme had been formulated for conservation of these Lakes.

3. Wildlife Protection Department (WPD)

There was no comprehensive cConservation and Management programme/ plans for 39 Lakes under the jurisdiction of WPD. Although APOs prepared and executed for management and habitat improvement of wildlife in protected areas included activity plans in respect of Lakes, the works executed as per APOs were not based on thorough survey and did not address the root causes of degradation of Lakes. As a result, there was decrease of 156.78 hectares in 20 Lakes (which included four Lakes test-checked by audit) having area of 132.76 hectares i.e. 85 *per cent*[18] of total area of these Lakes as detailed in **Table 2.2, *Appendix-2.2* and Table 2.3, *Appendix-2.3*.**

Audit, however, observed that WPD had carried out Lake Management activity plans such as survey, demarcation, de-silting, de-weeding and plugging of breaches in respect of three Lakes such as Hokersar, Surinsar and Mansar. These have been discussed in **Chapter-VI**.

WPD stated (October 2022) that as 53 high altitude Lakes were free from human pressures, they do not require any kind of intervention, management or restoration.

The reply does not address the fact that all the Lakes in J&K are high altitude Lakes as per the National Wetland Atlas. Also, the guidelines of MoEF&CC do not prescribe that Conservation and Management is not needed for high altitude Lakes. Further, although Lakes in protected areas are free from anthropogenic pressures, they may be facing problems of siltation and issues relating to water sources. As such, they also require Conservation and Management efforts.

4. Union Territory Wetland Authority (UTWA)

In J&K, Union Territory Wetland Authority (UTWA) was established (November 2020) after a lapse of over 11 years after issue (June 2009) of National Wetland Conservation Program Guidelines[19]. UTWA is responsible for identification, conservation and regulation of wetlands (including Lakes) in UTs as per Wetlands (Conservation and Management) Rules, 2017.

Although UTWA was to meet at least thrice a year, it had convened its first meeting in March 2021 after a lapse of more than one year since its establishment. UTWA fixed a timeline (between April 2021 and July 2021) for preparation of a Brief Document (BD) for 12 Lakes. Preparation of the brief document included geographic delineation of Lakes, demarcation of Lake boundary supported by accurate digital maps with coordinates and validation by ground-truthing and list of activities to be regulated and

[18] Decreased area of four sampled Lakes/ total decreased area (132.76/156.78)

[19] Superseded in 2017

permitted within the Lakes. However, no such brief document has been prepared as of 31 March 2022. Besides, no post/staff was sanctioned by GoJ&K for UTWA. Thus, J&K UTWA had remained non-operational.

UTWA stated (October 2022) that due to COVID-19 pandemic, the field work regarding preparation of BDs suffered and subsequently the BDs of Wular Lake and Dal-Nigeen Lakes were finalised. It was further stated that preparation of BDs of Ahansar, Waskusar, Khushal Sar-Gilsar, Narkara and Sanasar was in final stage. The reply of UTWA is not convincing as the Government business had continued during Covid-19 with Standard Operating Protocols. Further, the reply of UTWA is silent regarding not conducting statutory meetings.

5. Biodiversity Board, J&K (BDB)

J&K, Biodiversity Board (BDB) was established (February 2013) after a lapse of over 11 years since the Biological Diversity Act, 2002 was enacted.

Members of the Board were appointed (February 2013) for two years. Thereafter, no Board members were appointed for over three years up to August 2018. After the Board was reconstituted (September 2018) for two years, the Board met only twice till December 2020. During meetings, issues relating to staff creation and budget requirement were discussed but policy matters relating to plans and measures for conservation of biodiversity (including biodiversity of Lakes) in J&K were not addressed.

In contravention to the provisions of Biological Diversity Act, 2002, BDB had not carried out any survey to assess and evaluate details of biodiversity in respect of any of the 697 Lakes of J&K. It had not created the Biodiversity Fund and as such conservation and promotion of biological resources could not be carried out. Further, no post/ staff was sanctioned by GoJ&K for BDB. However, its affairs were being run by the staff in position in the Director, Research Institute of Forest.

UTWA and BDB stated that after enactment of J&K Reorganisation Act, 2019, BDB ceased to exist and GoJ&K constituted (September 2019) J&K Biodiversity Council (BDC) as per provisions of the Biological Diversity Act, 2002 and the Biological Diversity Rules, 2004. It was further stated that three meetings of BDC had been held to decide on matters pertaining to biodiversity conservation and its sustainable utilisation and that newly constituted BDC had taken several initiatives during the last two years including documentation of biodiversity by the Biodiversity Management Committee in the form of People's Biodiversity Registers (PBDRs) containing details of water bodies and flora and fauna. It was further stated that the BDC had initiated the process for creation of Biodiversity Fund Account.

The fact remains that no meetings of BDB were held between its establishment in February 2013 and reorganisation of J&K in August 2019. Further, the BDB had failed

to carry out survey to assess and evaluate details of biodiversity in respect of the 697 Lakes of J&K.

6. Jammu and Kashmir Pollution Control Board (JK-PCB)

JK-PCB had not taken measures for restoration and maintenance of natural water bodies and had not prepared plans/ programmes for prevention and control of water pollution as mandated under Water (Prevention and Control of Pollution) Act, 1974.

Although the PCB was to regularly monitor water quality of water bodies (including Lakes), the JK-PCB had conducted water quality testing of only five Lakes[20] as against 697 Lakes in J&K. Further, the testing was confined to only physico-chemical parameters and no testing for other parameters such as zooplankton and phytoplankton was done. J&K Pollution Control Board also failed to take measures for restoration and maintenance of natural water bodies and had not prepared plans/ programmes for prevention and control of water pollution of Lakes in J&K.

7. Development Authorities

Four Development Authorities[21] were established (between March 1997 and September 2012) under the Development Act 1970 for development of areas transferred to these Authorities. The areas transferred to these Authorities also included Lake areas. However, there was no specific mandate with any of the Development Authorities for Conservation and Management of Lakes.

8. Agriculture Production Department (*Rakhs* and Farms Department)

The *Rakhs* and Farms Department under Agriculture Production Department controls the land appurtenant to Lakes that are submerged in water during the rainy season and dry up during summers or autumn.

R&FD, in violation of Wetland Rules[22], transferred land appurtenant to three Lakes[23] measuring 712.30 hectares to other Departments for construction activities. Further, 210 hectares of land were under transfer as on March 2022 to other Departments. Transfer of land for construction purposes had caused shrinkage in these Lakes and disappearance of Gangbug Lake.

9. Water Resource Regulatory Authority (WRRA)

Water Resource Regulatory Authority (WRRA) was established (October 2012) after a lapse of two years since enactment (November 2010) of the Water Resources (Regulation and Management) Act, 2010. Functions of WRRA were to be discharged

[20] Dal, Surinsar, Mansar, Hokersar and Wular Lakes

[21] Lakes Conservation and Management Authority, Surinsar Mansar Development Authority, Wular Conservation and Management Authority and Wular Manasbal Development Authority.

[22] 2010 (modified in 2017)

[23] Rakh-i-Rabtar, Gungbug and Rakh-i-Arth

through a Committee which was constituted (October 2012) for a period of three years (up to October 2015). Thereafter, the second committee was appointed in October 2017 after a gap of over two years. The Committee discussed (July 2019) the progress of ongoing conservation works only for Wular Lake, instead of all 697 Lakes in J&K, as required under the provisions of the Water Resources (Regulation and Management) Act, 2010.

Water Policy and Plan (WP&P) was prepared (October 2017) by the WRRA after a lapse of about seven years since the WRRA Act was passed.

No plans were prepared for protection of water sources and prevention of encroachment on existing water bodies (includes Lakes) and improvement in water quality of water bodies (including Lakes) deteriorated due to pollution.

Thus, there was no Centralised Development and Regulatory Authority and no specific legal statute/ Act for Conservation and Management of Lakes. Even the Departments/ Authorities having fragmented mandate and responsibilities had failed to carry out Conservation and Management of Lakes in Jammu and Kashmir resulting in degradation of ecosystem of Lakes.

Commissioner Secretary, Forest, Ecology and Environment Department assured (September 2022) that the matters raised by Audit would be considered seriously and it was hoped that the working of the concerned Departments would show an assimilation of the issues raised which would lead to better performance in future.

The fact remained that the Forest Department and other Departments/ Authorities concerned had not only failed to prevent the land use change in Lake areas but had themselves carried out violation of Wetland Rules 2010 and 2017, by constructing roads through Lakes of Hokersar, Rakh-i-Arth and Devpursar. The Authorities may closely ascertain the causation for violation of the extant laws (under Section 15 of Environment (Protection) Act 1986, Section 3 of Forest (Conservation) Act 1980, Section 170 of J&K Water Resources (Regulation and Management) Act, etc. for Conservation and Management of Lakes.

2.6 Conclusion

There were significant changes in land use and classification use of areas in respect of Lakes. Audit analysis of the data obtained from EE&RSD revealed that out of total 697 Lakes, 315 Lakes (45 *per cent*) having water area of 1,537.07 hectares had disappeared, while water area of 203 Lakes[24] (29 *per cent*) had decreased. Further, Audit analysis of remote sensing data for the period 2014-2020 related to 63 test-checked Lakes revealed that there was decrease in area of open water expanse and increase of area under other land uses like built-up, pasture, vacant land, fallow land, agriculture, horticulture,

[24] 518 Lakes (disappeared & decreased Lakes) minus 315 Lakes (disappeared Lakes)

plantation and cropland. Although various existing laws, rules, and policies contained sporadic provisions for conservation and management of Lakes, there was no specific and comprehensive legal statute /Act dedicated to Conservation and Management of Lakes. Although Development Authorities were established for the development of areas including the areas of six detailed-checked Lakes, no clear and specific mandate had been put in place by these Authorities in their Acts for Conservation and Management of Lakes.

2.7 Recommendations

- ***Specific and comprehensive legal statute/Act for conservation and management of Lakes needs to be put in place by the GoJ&K.***
- ***Instead of the existing multiple agencies vested with the Administrative control over Lakes, GoJ&K may explore the possibility of establishing a Central and Specialised Authority through appropriate legislative enactment to ensure focused, coordinated and accountable Conservation and Management of Lakes and proper monitoring and evaluation of efforts in this regard.***
- ***Manpower with technical and domain expertise including environmental and hydrological engineers, wetland ecologists, limnologists, remote sensing and Geographic Information System specialists, ornithologists and microbiologists should be provided for Conservation and Management programmes of the Lakes.***
- ***Laboratories with sophisticated equipment should be established for carrying out research studies relating to Lakes. Besides, Scientific Advisory Committee needs to be constituted for scientific guidance regarding Conservation and Management of all Lakes in J&K.***

Chapter-III

Overview of Conservation and Management Programmes/ activities for Lakes

Chapter-III

Overview of Conservation and Management programmes/ activities for Lakes

3.1 Conservation Programmes for Lakes

Conservation and Management programmes of 691 Lakes in J&K could not be implemented by GoJ&K, as the Forest Department had neither identified the eligible Lakes nor formulated any plans to seek assistance under various programmes launched by MoEF&CC.

Ministry of Environment, Forest and Climate Change of India (MoEF&CC) in 1985, identified Conservation and sustainable Management of wetlands (including Lakes) as one of its important programmatic themes. The National Wetlands Conservation Programme (NWCP) was launched (1986) by MoEF&CC, GoI to provide financial assistance to the State Governments to prevent degradation of wetlands (including Lakes) and ensure wise use of wetlands for the benefit of local communities and overall conservation of biodiversity. Also, recognising the importance of urban and semi-urban Lakes degraded due to waste water discharge into Lakes, GoI launched (June 2001), the National Lake Conservation Plan (NLCP) to restore and conserve these Lakes by restoring their water quality and ecology.

In February 2013, to avoid overlap of activities and promote better synergies, NLCP and NWCP were merged into a National Plan for Conservation of Aquatic Ecosystems (NPCA). The objectives of NPCA were to stop and reverse the continued degradation and loss of Lakes and to achieve desired water quality and improvement in biodiversity by holistic conservation and restoration of Lakes. To seek financial assistance from GoI, the State Governments/ UT Administrations were to formulate integrated management plans for Lakes with minimum area equivalent to or greater than five hectares by identifying a comprehensive set of activities needed for conservation and sustainable Management of Lakes.

Audit observed that GoJ&K prepared Conservation and Management programmes/ plans for only six Lakes viz. Dal, Wular, Surinsar, Mansar, Manasbal and Hokersar. In respect of the remaining 691 Lakes, the GoJ&K neither identified the eligible Lakes nor were any plans formulated to seek assistance under various programmes launched by MoEF&CC.

Audit further observed that GoJ&K had also not formulated a comprehensive plan for scientific and effective conservation of Lakes. Comprehensive planning would have enabled formulation of action plans for restoration of health, serenity and sanctity of polluted Lakes. GoJ&K had neither conducted any survey for source water protection of Lakes nor was assessment of critical risk parameters carried out in respect of Lakes.

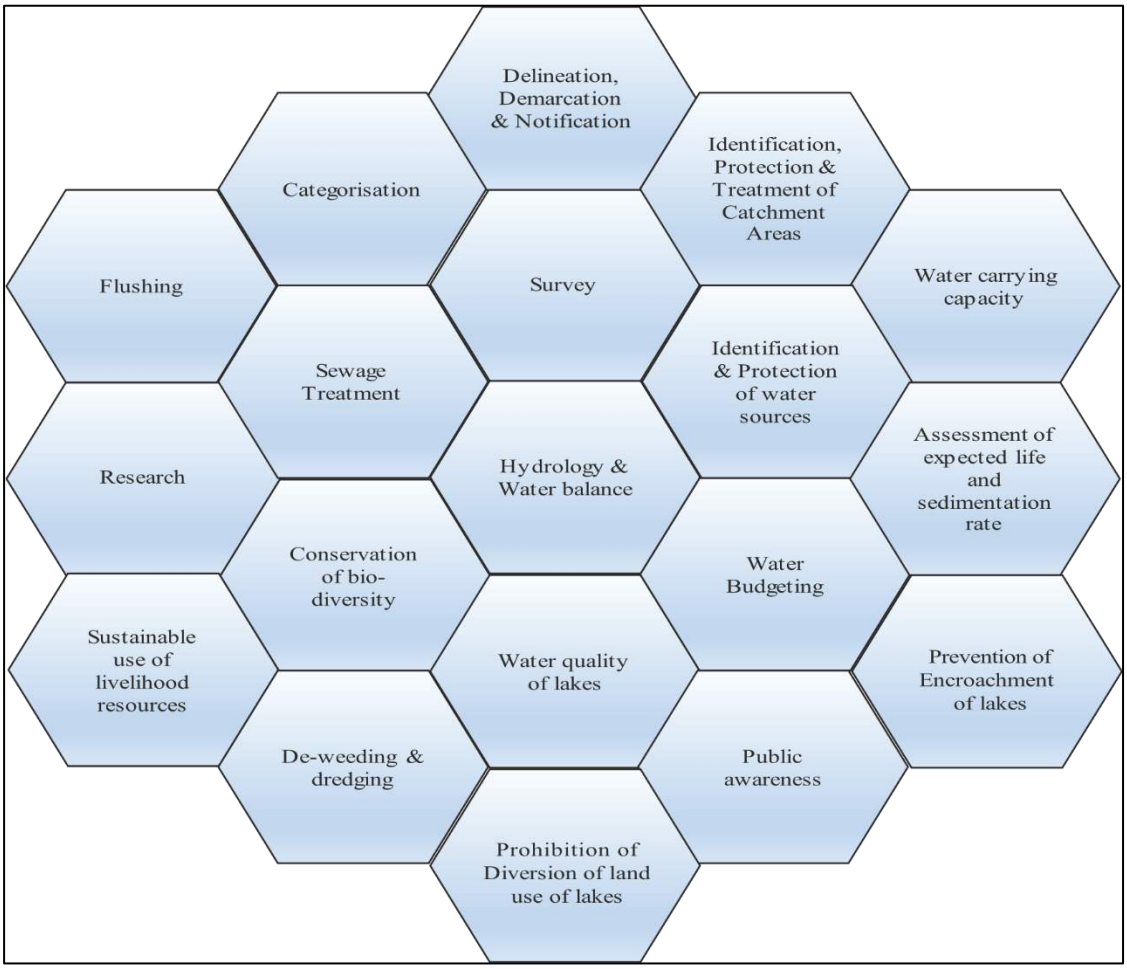
Due to lack of comprehensive programmes/ plans by GoJ&K, Conservation and Management could not be carried out for 691 Lakes in J&K as detailed in following paragraphs.

3.2 Generic activities for Lake management

No comprehensive survey, delineation, demarcation and notification of area of Lakes had been carried out for identification/ treatment of catchment areas, identification and protection of water sources, evaluation of water budget, improving water quality of Lakes by flushing, sewage treatment, biodiversity conservation, de-weeding and dredging, sustainable development of Lake resources, assessment of life of Lakes, research on Lakes and public awareness.

According to National Wetland Conservation Program (NWCP) and related Guidelines, Wetland Rules, books and publications on Lake management and Detailed Project Reports, the primary tasks for Conservation and Management of Lakes are survey, delineation, demarcation and notification of area of Lakes. These are to be followed by identification/ treatment of catchment areas, identification and protection of water sources, water budgeting, improving water quality of Lakes by flushing, sewage treatment of point and non-point sources, biodiversity conservation, de-weeding and dredging, sustainable development of Lake resources, assessment of life of Lakes, researches on Lakes and public awareness. Further, Wetland Rules (Conservation and Management), Rules 2010 and 2017 envisage prohibition of diversion of land use of Lakes. The pictorial representation of Lake generic management activities is given in **Chart 3.1:**

Chart 3.1: Pictorial representation of Lake generic management activities



Audit noticed the following deficiencies in the Lake generic management activities:

- **Survey of Lakes**

GoJ&K assigned (October 1989) EE&RSD to conduct a detailed survey of Lakes, study their physical, chemical and biological dynamics and on the basis of the data so collected, prepare detailed plans for development and monitoring of each Lake.

EE&RSD had conducted (May 2012) a survey in J&K and prepared a directory of Lakes and water bodies. An atlas of Lakes and wetlands of Kashmir/ Jammu Divisions was prepared (November 2018/ July 2020). These records indicated only the location and area of Lakes. The survey did not include assessment of physical and chemical dynamics such as topography, geology, soil quality and status of Private/ Government land in the vicinity of Lakes. This assessment was imperative for preparation of development plans for each Lake. In absence of this data, the impact of these factors on the Lake ecosystem could not be evaluated in respect of 697 Lakes.

EE&RSD had failed to conduct detailed survey of Lakes despite lapse of 31 years between its establishment in October 1989 and November 2020.

After establishment of J&K UTWA in November 2020, the responsibility for surveying of Lakes was transferred to UTWA. However, as of October 2022, UTWA had also not conducted any detailed survey of Lakes despite lapse of two years since its establishment. Non-conduct of detailed survey of Lakes exhibited a lackadaisical approach in Conservation and Management of Lakes.

- **Delineation, demarcation and notification of Lakes**

For Lakes outside forests, Wetland (Conservation and Management) Rules, 2010 and 2017 envisage that States/ UTs have to prepare a 'Brief Document' comprising broad geographic delineation of Lakes with demarcation of Lake boundary supported by accurate digital maps with coordinates and validation by ground truthing. The document should outline the list of activities to be regulated and permitted within the Lakes. After preparation of Brief Document, 402 Lakes (outside forest areas) were to be notified. The Brief Document had not been prepared by GoJ&K for these Lakes. Also, GoJ&K had not notified any Lake under Wetland Rules. Out of the remaining 295 Lakes falling in forest areas, the Forest Department notified (1945 and 1981) only 14 Lakes located in Wildlife areas.

Thus, geographic delineation of Lakes with demarcation of Lake boundary and notification of Lakes could not be done resulting in exposing Lakes to the threat of encroachments. Besides, non-notification of Lakes resulted in lack of focused effort for planning Conservation and Management of these Lakes.

District-wise details of Lakes outside forest areas which have disappeared and Lakes whose area had decreased by more than 50 *per cent* since 1967 are given in **Table 3.1.**

Table 3.1: District-wise details of disappeared Lakes and Lakes in which area had decreased by more than 50 per *cent*

Sl. No	District[1]	No. of Lakes outside forest areas	No of Lakes disappeared	Area of disappeared Lakes (in ha)	No. of Lakes of in which area decreased by 50 *per cent*	Area of these Lakes (in ha)
1.	Anantnag	2	2	306.29	0	0
2.	Bandipora	35	8	86.95	9	117.28
3.	Budgam	16	1	464.05	0	0
4.	Ganderbal	19	9	120.55	5	126.36
5.	Doda	7	2	1.06	0	0
6.	Jammu	79	57	44.84	3	1.6
7.	Kathua	33	31	13.62	2	1.29

[1] Out of 20 districts in J&K, in the two districts viz. Kulgam and Rajouri, no Lake falls outside forest area.

Sl. No	District	No. of Lakes outside forest areas	No of Lakes disappeared	Area of disappeared Lakes (in ha)	No. of Lakes of in which area decreased by 50 *per cent*	Area of these Lakes (in ha)
8.	Kishtwar	8	4	10.64	0	0
9.	Poonch	11	5	3	2	1.08
10.	Ramban	3	2	1.55	0	0
11.	Reasi	27	27	11.1	0	0
12.	Samba	73	62	38.48	2	1.64
13.	Udhampur	18	15	12.27	1	0.53
14.	Baramulla	10	0	0	4	37.77
15.	Kupwara	41	1	0.92	2	3.13
16.	Pulwama	9	4	56.60	1	3
17.	Srinagar	10	5	147.30	0	0
18.	Shopian	1	0	0	0	0
	Total	**402**	**235**	**1,319.22**	**31**	**293.68**

(Source: data obtained from EE&RSD)

As can be seen from the **Table 3.1**, 235 Lakes having an area of 1,319.22 hectares in 16 districts had disappeared. Besides, in 10 districts more than 50 *per cent* area (293.68 hectares) of 31 Lakes had decreased implying that these Lakes also face the risk of extinction.

- **Categorisation of Lakes**

Lakes are categorised as oligo trophic (having low nutrient content and usually having water of drinking quality), meso trophic (having medium-level nutrient content with usually clear water and submerged aquatic plants), eutrophic (having high nutrient content and abundance of plants due to high levels of oxygen) and hyper eutrophic (having high nutrients causing excessive plant/ algal growth).

No assessment was made in respect of 63 test-checked Lakes to determine their original category, changes in their category from time to time due to factors such as anthropogenic pressure, change in dynamics of catchment area and deforestation etc. As a result, changes in category of Lakes, if any, were not evaluated. For instance, in respect of Manasbal Lake, a research[2] conducted (March 2014) by the scholars indicated that the classification of the Lake had changed from mesotrophic to eutrophic.

[2] Ajaz Ahmad Magray and Tasleema Jan (Department of Education, University of Kashmir), India

- **Identification, protection and treatment of catchment areas**

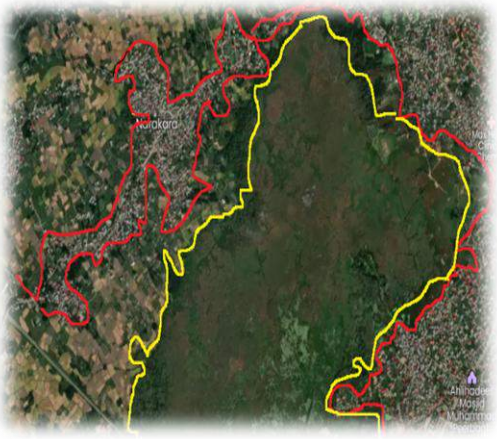
The interconnectivity between Lakes and their catchments is a central tenet in Lake Management. Lakes receive tonnes of sediment each year from the catchment areas due to *nallah* cuts, loose soils, denuded mountains and other natural geological processes. Water quality of a Lake depends largely on the conditions and dynamics of its catchment. Eutrophication related problems observed in Lakes are primarily linked to the nature of contributing catchment of the Lake. As the health of catchments is critical for existence of Lakes, it is vital to conduct survey of catchment area of Lakes and to identify, assess, understand, evaluate, protect and treat catchment areas[3] of Lakes. Instances of four test-checked Lakes where catchment area identification, evaluation, protection and treatment were absent are shown in **Satellite Images 3.1, 3.2, 3.3 and 3.4**.

Yellow line boundary indicates area of Lakes. The area marked in red (Ahansar Lake & Narkara) and green (Mansar & Surinsar Lake) is the built-up.

Satellite Image 3.1: Ahansar Lake

Satellite Image 3.2: Mansar Lake

Satellite Image 3.3: Narkara Numbal Lake



Satellite Image 3.4: Surinsar Lake

[3] In absence of a formally identified catchment area, a reasonable portion outside the open water boundary of the Lake has been considered as catchment area.

In respect of 61 out of 63 test-checked Lakes, the concerned Departments with whom Administrative control of these Lakes is vested had neither conducted any survey to assess, evaluate and understand catchment area of the Lakes nor were silt settling basins constructed to address siltation coming into these Lakes from catchment areas. In respect of remaining two test-checked Lakes[4], survey was conducted for assessment of catchment area and treatment was also carried out to redress the problem of siltation (discussed in **Chapters IV and V** of the report).

Due to non-identification, protection and treatment of catchment areas, there was change in land use within areas of Lakes. As a result, there was absence/ decrease of open water area in 41 Lakes critically affecting the ecosystem of these Lakes as discussed in the **sub-paragraphs "Absence of open water and decrease in open water" of Paragraph 2.3.1.**

- **Identification and protection of water sources of Lakes**

Snowfall and rainfall in the catchment areas of Lakes form the main source of water in the Lakes. The water from these sources reaches the Lakes through *nallahs*, springs and ground-water. For study of hydrology and water balancing of Lakes, it is very important to identify and protect water sources of Lakes. Under J&K Water Resources (Regulation and Management) Act 2010, J&K WRRA was mandated to identify and protect water sources of Lakes.

In respect of 63 test-checked Lakes, J&K WRRA had failed to fulfil its mandate, as no detailed survey was conducted to identify and quantify inflow from water sources of Lakes. As a result, water sources in catchment areas of Lakes could not be assessed, regulated and protected by Departments with whom jurisdiction of these Lakes was vested.

This was one of the causes for absence of open water area in 21 Lakes and decrease in open water of 20 Lakes as discussed in the **sub-paragraph "Absence of open water and Decrease in open water" of Paragraph 2.3.1.**

The concerned Departments attributed non-identification of water sources of Lakes to lack of Conservation and Management programme for Lakes.

- **Sewage treatment**

The sewage and untreated human waste entering the Lakes are the main causes responsible for pollution in Lakes. Out of 63 test-checked Lakes, 15 Lakes[5] are located inside forests. These 15 Lakes included 12 Lakes which were free from sewage and untreated human waste as there was no human population around these Lakes and the

[4] Catchment area of Dal Lake is 33.70 sq. kms and Wular is 333.74 sq. kms.

[5] Out of 15 Lakes inside forests, 12 Lakes (Munwar Sar, Sheshnag, Tson, Sarbal sar, Nilnag, Nundkul, Gangbal, Chirsar, Konsarnag, Mandik Sar, Gaga Sar and Simarsar) are free from sewage and untreated human waste.

remaining three[6] Lakes were surrounded by populated areas. Further, the remaining 48 test-checked Lakes (outside forests) were also surrounded by human population.

Audit noticed that sewage and other pollutants were treated only in respect of Dal Lake out of 63 test-checked Lakes, where Sewage Treatment Plants (STPs) were in place to treat sewage and untreated human waste entering the Lake. However, sewage was entering into the 50 Lakes[7] (includes six Lakes in Jammu Division and 44 Lakes in Kashmir Division) without any treatment. Division / District-wise details of Lakes into which sewage was entering without any treatment are given in ***Appendix-3.1*.** An instance of Haigam Lake where untreated sewage and animal waste were directly entering the Lake is shown in the following picture:

Cow dung at the fringe of the Lake is marked in yellow. Area marked in blue indicates the place where run-off from sewage and animal waste finds its way into the Lake resulting in deterioration in water quality of the Lake.

Haigam Lake

Out of 50 Lakes where sewage was entering the Lakes, it was noted from the responses of Tehsildars to the questionnaire based survey prepared by Audit that sewage from 0.91 lakh households (having 4.55 lakh human population and 2.75 lakh animal population) was entering into 34 Lakes. Out of these 34, in case of 29 Lakes there were 69 identified source point pollution locations wherefrom sewage was entering the Lakes and solid waste was dumped by the local population on the fringes of the Lakes (details are in ***Appendix-3.2*).** In the five Lakes, the sources of pollution were not identified. However, in respect of remaining 16 Lakes, information regarding number of households, human population, animal population and identified sources of pollution was not available with the concerned authorities.

Neither did the J&K Pollution Control Board take any action against the violators of environment laws/rules causing pollution in the Lakes nor did the local municipal authorities provide proper sites for dumping of waste and sewage treatment facilities.

[6] Surinsar, Mansar and Shalbugh.

[7] 63 test-checked Lakes minus 12 Lakes (within forests) free from sewage minus one Lake (Dal Lake) where STP is in place to treat sewage.

Hydrology and Water Balance

• Water carrying capacity of Lakes

For study of hydrology, water mass, depth and water balancing[8] of Lakes, it is important to assess water carrying capacity of Lakes.

Audit noticed that in respect of the 63 test-checked Lakes, water carrying capacity was not evaluated from time to time. As such, neither flood mitigation strategies could be evolved nor could water reserves be regulated.

• Water Budgeting

Water budget is accounting of water that flows into and out of a Lake. To maintain water carrying capacity of Lakes, it is essential to regularly monitor water budget of a Lake. In respect of 62[9] test-checked Lakes by Audit, water budget was neither evaluated nor monitored. In the questionnaire based survey conducted by Audit, it was reported that in 61 Lakes[10], entry and exit regulatory gates were not in place for regulating and maintaining of water budget of Lakes. Due to absence of gates, there was absence/ decrease of open water area in 41 test-checked Lakes as discussed in the **sub-paragraph "Absence of open water and Decrease in open water" of Paragraph 2.3.1.** Out of these 41 Lakes, water was lifted from nine Lakes for irrigation and drinking purposes. However, the quantity for lifting of water was not fixed to regulate water budget of these Lakes as shown in the following images:

Haigam Lake without regulatory gate but having wooden logs and cement bags at its exit point	**Water escaping from Haigam Lake on the other side of exit point due to non-availability of regulatory gate**

8 Water budgeting, flushing, flood mitigation etc.
9 In respect of Dal Lake, it was done up to 1998-99.
10 Dal Lake and Manasbal Lake have regulatory gates.

Hokersar Lake without regulatory gate but having iron needles and blocks at its exit point resulting in escaping/ loss of water in the Lake	**Water escaping from Hokersar Lake on exit point due to non-availability of regulatory gate resulting in escaping/ loss of water in the Lake**

- **Flushing of Lakes**

Flushing of a Lake has to be done to regulate re-circulation of Lake water and to improve the health of the Lake. Flushing rate of a Lake is worked out by dividing total outflow of Lake water by average water carrying capacity of the Lake.

Responses to the questionnaire based survey conducted by Audit revealed that in respect of 62[11] out of 63 test-checked Lakes there was no system in place for flushing of Lakes.

- **Assessment of expected life and acceleration/ deceleration of sediment accumulation rates in Lakes**

Sedimentation is a major problem in the Lakes. The rate of sedimentation through natural geological processes in the catchment of Lakes leads to their rapid shrinkage. Apart from these natural factors, the increasing population growth in and around the Lakes area leads to sedimentation of the Lakes and inflow of sewage and human wastes. All these factors accelerate degradation of the Lake environment.

The life of a Lake is estimated on the basis of bathymetric survey taking into account the sediment accumulation rate in the basin of the Lake and volume of the Lake.

Departmental replies to the questionnaire based audit survey revealed that except for Dal Lake, in respect of 62 test-checked Lakes, the volume of Lakes and sediment accumulation rates in their basins were not evaluated. As a result, the expected life of

[11] Flushing was done in Dal Lake but not in a scientific manner.

Lakes and pace of acceleration/ deceleration of sediment accumulation rates in their basins could not be estimated.

- **Water quality of Lakes**

Deterioration in water quality of a Lake severely affects its biodiversity, health, aesthetic view and recreational uses. For Conservation and Management of Lakes, their water quality has to be monitored and regulated.

JK-PCB is mandated with restoring and maintaining natural water bodies (including Lakes). It has to prepare plans and programmes for prevention and control of water pollution and regularly monitor water quality of water bodies (including Lakes). In 63 test-checked Lakes[12], neither plans and programmes for prevention and control of water pollution were in place nor was water quality of Lakes monitored by JK-PCB. As a result, changes in water quality of these Lakes from time to time could not be assessed.

Testing conducted by research scholars in respect of six detailed-checked Lakes[13] showed deterioration in water quality of these Lakes as discussed in **Chapters IV, V and VI** of this report.

- **De-Weeding and Dredging**

Unwanted plants or plant parts in a Lake are removed by harvesting of aquatic vegetation. Dredging of sediments is done for improving water flow in a Lake by removal of solid land masses accumulated due to siltation.

Out of 63 test-checked Lakes, de-weeding and dredging was not carried out in 57 Lakes, while in six Lakes[14] de-weeding and dredging was done without adhering to laid down mechanism as discussed in **Chapter IV, V and VI** of this Report. Due to absence/ improper de-weeding there was increase of 1,358.72 hectares[15] of aquatic vegetation in 23 Lakes. Further, due to absence/ inadequate dredging, there was net increase of 1,927.72[16] hectares in other land use[17] in 40 Lakes. Details of Lakes with land-use changes viz. increase/ decrease in aquatic vegetation, agriculture, built-up etc. are given in ***Appendix-3.3 and 3.4.***

[12] In case of Dal Lake, the water quality assessment was conducted by Research and Monitoring Wing of Lakes Conservation and Management Authority.
[13] Dal, Wular, Manasbal, Surinsar, Mansar and Hokersar
[14] Dal, Wular, Manasbal, Surinsar, Mansar and Hokersar.
[15] From 8,318.23 hectares (2014) to 9,676.95 hectares (2020).
[16] From 12,915.94 hectares (2014) to 14,843.66 hectares (2020).
[17] Cropland, floating garden, silted area, built-up, vacant/fallow land, agriculture, pasture, vegetation etc.

Weeds emerged in the Lake due to nutrient load, siltation, non-carrying out of de-weeding etc.	
Haigam Lake	**Anchar Lake**

- **Conservation of Biodiversity of Lakes**

Biodiversity of a Lake refers to a variety of life (plants, animals, fungi and micro-organisms) that have their habitat in and around a Lake. It is a key measure of the quality of the ecosystem of the Lake. The Biodiversity Board (BDB) is mandated with conservation and promotion of biological resources. As such, its role regarding conservation of biological diversity relating to Lakes for sustainable use of its components is vital.

In respect of 63 test-checked Lakes, BDB had not inventoried and monitored data of biodiversity existing in the ecosystem of these Lakes. Measures were not taken for conservation and promotion of biological resources of these Lakes. Information/ data of species already extinct, nearing extinction and exotic species with their impact on local flora and fauna of test-checked Lakes was not available with BDB. This information was not provided in response to the questionnaire based audit survey. Research conducted by various scholars of Universities indicated disappearance/ dwindling of indigenous fishes and native species of aquatic plants besides invasion of exotic species in three Lakes as discussed in **Paragraphs 5.8.1, 6.1.9 and 6.3.7.**

- **Sustainable use of Livelihood resources existing in the Lakes**

Lakes provide economic benefits to the local communities living in and around the Lake. They carry out fishing and extraction of aquatic vegetation for food and fodder. Economic resources generated from Lakes need sustainable development for sustaining the economy and livelihoods of those dependent on it. Some economic resources derived from Lakes are indicated in the following photographs:

Extraction of Nelumbo nucifera (Nudroo) from Anchar Lake	**Nudroo put on sale**
Extraction of water Chestnut, (Trapa bispinosa) from Wular Lake	**Collection of trapa for sale**
Fishing being carried out in Anchar Lake	**Fish being harvested from Wular Lake**
Sale of vegetables produced in the floating gardens of the Dal Lake	**Sale of vegetables produced in the floating gardens of the Dal Lake**

(Source: publications of EE&RSD)

Responses to the questionnaire based audit survey revealed that out of 48 test-checked Lakes located outside forests, 35 Lakes were used by the local community for fishing and extraction of aquatic vegetation. No information was provided in respect of the remaining 15 Lakes. No checks and balances were in place to ensure sustainable/

controlled fishing and extraction of aquatic vegetation in these Lakes. Lake-wise details of fishing and extraction of vegetation species are given in ***Appendix-3.5.***

- **Prevention of Diversion of Lake areas and encroachment of Lakes**

Lake areas had been encroached upon by conversion to built-up areas, plantation, agriculture fields, playgrounds etc., and the land of Lake area had been transferred by the Government for construction purposes in contravention of the Wetland Conservation and Management Rules, 2010 and 2017.

With the growth in population, the pressure on the Lakes and its surroundings as potential settlement areas has increased resulting in environmental degradation of Lakes. Wetland Conservation and Management Rules, 2010 and 2017 prohibit encroachment of Lake land and its conversion for non-Lake use. Audit noticed that in violation of the Rules, the Government had transferred Lake areas for non-Lake use and there was encroachment of Lake areas as detailed below:

- **Prevention of Diversion of Lake areas for construction purpose**

Out of 48 test-checked Lakes located outside forest areas, in 10 Lakes, 765.30 hectares of watery area had been transferred by the authorities of District Administration to various Government Departments for purposes including construction of residential quarters, office buildings, universities and schools. District Administration was in the process of further transferring 217.50 hectares of land in respect of two Lakes[18]. Details are given in ***Appendix-3.6 and 3.7.***

- **Prevention of Encroachment of Lakes**

Out of 48 test-checked Lakes located outside forest areas, in 39 Lakes, District Administration Authorities reported encroachment by way of illegal constructions, plantation, reclamation of land masses etc. However, extent of encroachment was not quantified by the Authorities of District Administration in respect of 34 Lakes. In respect of five Lakes[19], the concerned Tehsildars had quantified that 712.55 hectares of area of Lakes was under encroachment done by construction of roads, structures, plantation and paddy fields. No action was taken for clearing of encroachments by the Departments/ Authorities with whom jurisdiction of these Lakes was vested. Details are given in ***Appendix-3.8***.

- **Public awareness**

Successful Conservation and Management of Lakes depends upon involvement and cooperation of people who are associated directly with the Lakes. Public awareness programmes are required to highlight objectives of Conservation and Management of

[18] Hakimgund Numbal and Gungbugh-I.
[19] (i) Haigam Lake, (ii) Mirgund-II, (iii) Hokersar, (iv) Anchar and (v) Khushal Sar.

Lakes and how these would be helpful to the local population in bringing about better living conditions and improving the quality of life. Notice boards displaying instructions regarding "Dos and Don'ts" are to be put up in the surrounding areas of Lakes.

Departmental replies to the questionnaire based audit survey revealed that except for Dal Lake, in respect of 62 Lakes no public awareness programmes were held to apprise people about the importance of conservation of Lakes in bringing about better living conditions and improving the quality of life. Due to lack of public awareness, cow-dung and house-hold garbage was dumped in and around 34 Lakes as discussed in **sub paragraph "Sewage Treatment" of Paragraph 3.2**.

- **Research for management of Lakes**

Management of Lakes calls for continuous research to address drivers of change in the Lakes. However, Departmental replies to the questionnaire based audit survey revealed that except for Dal Lake, in respect of 62 Lakes, no research studies were carried out by the concerned Authorities to evaluate changes in water quality, assess condition of fishes, water birds, native species of flora and fauna and invasion of noxious species, if any, due to heavy inflow of silt, sewage into Lakes from catchment areas. As a result, changes in the ecosystem of the Lakes from time to time could not be evaluated.

3.3 Lack of emphasis on Conservation and Management of Lakes by the GoJ&K

For Conservation and Management activities of the Lakes, funds were allocated by GoJ&K to only six Lakes (selected for detailed-checked) as against 697 Lakes while there was no funding in 691 Lakes. However, the funds provided for the six Lakes were inadequate for their Conservation and Management. Funds of ₹ 560.65 crore were allocated (2017-22) for Conservation and Management of these six Lakes which was approximately one *per cent* of disbursement (2017-22) of ₹ 50,228.11 crore under CAPEX Budget of J&K. Apart from this, there was absence of Lake generic management activities and change in land use of Lakes noticed in the Audit test-checked Lakes as discussed in the preceding paragraph of this chapter. As a result, there were land use/ classification use changes in 518 Lakes[20] (74 *per cent*) in J&K due to lack of emphasis on Conservation and Management of Lakes. Details are in ***Appendix-3.9*.**

3.4 Conclusion

GoJ&K had Conservation and Management programmes for only six Lakes viz. Dal, Wular, Hokersar, Manasbal, Surinsar and Mansar. In respect of the remaining 691 Lakes, the concerned Departments neither identified the eligible Lakes nor were any

[20] Out of 697 Lakes.

plans formulated to seek assistance under various programmes launched by the MoEF&CC. Lake management was deficient, since there was no delineation, notification and demarcation of any of the 697 Lakes of Jammu and Kashmir. In case of the 63 test-checked Lakes, changes in trophic level in the catchment area of Lakes had not been evaluated from time to time. Further, there was lack of assessment of water carrying capacity and water budget of Lakes. Flushing on scientific grounds, restoration of water quality of Lakes to their origin levels, evaluation and preservation of biodiversity, assessment of expected life of Lakes had not been done. Identification and treatment of source point and non-source point pollutions, de-weeding/ dredging as per laid down norms and public awareness creation activities among masses had also not been carried out in respect of the test-checked Lakes. Lake areas had been encroached upon by conversion to built-up areas, plantation, agriculture fields, play grounds etc. The land of Lake area had been transferred by the Government for construction purposes in contravention of Wetland Conservation and Management Rules. GoJ&K had not laid emphasis on Conservation and Management of Lakes as approximately one *per cent* of its CAPEX Budget was allocated only to six Lakes.

3.5 Recommendations

- ***Generic Lake management activities such as survey, categorisation, sewage treatment, flushing etc. need to be planned and carried out in a time-bound manner.***
- ***The provisions of Wetlands (Conservation and Management) Rules should be enforced to delineate, demarcate and notify the boundaries of Lakes and to prohibit such activities that can harm the ecosystem of the Lakes.***
- ***Clearing of encroachment in Lake areas and launching of public awareness programmes should be prioritised.***
- ***The GoJ&K should place emphasis on Conservation and Management of Lakes by earmarking increased percentage of its budget for Conservation and Management of Lakes.***

Chapter-IV

Conservation and Management of Dal Lake

Chapter-IV

Conservation and Management of Dal Lake

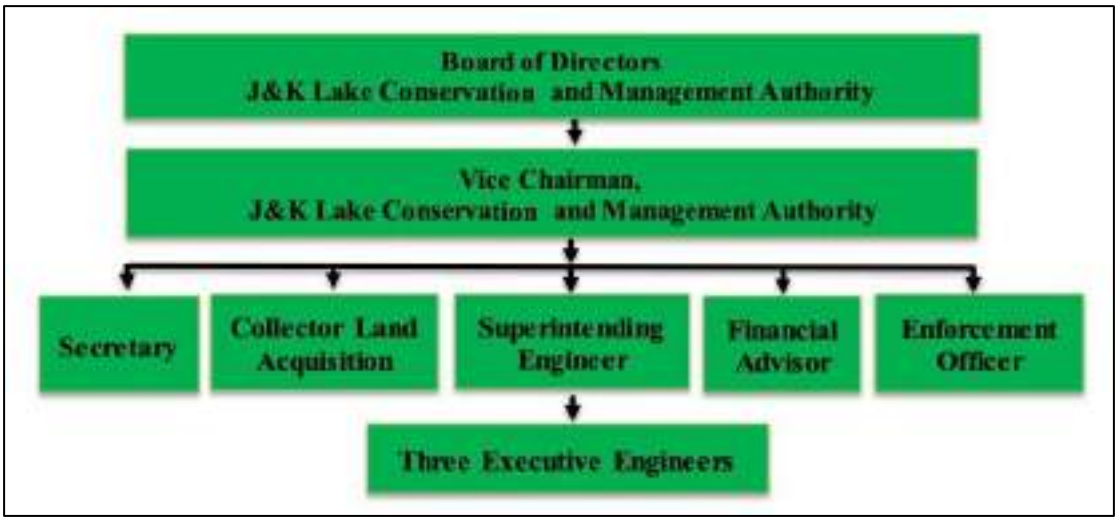
4.1 Introduction

The Dal Lake is located in Srinagar (34^{o} 5'N and 74^{o} 50'E) at an altitude of 1,583 meter above mean sea level. The Lake is regarded as the "liquid heart" of Srinagar. It is included among the most beautiful national heritage sites of the country.

4.2 Organisational Setup

The responsibility for Conservation and Management of Dal Lake lies with Lakes Conservation and Management Authority (LC&MA). Formerly known as the Lakes and Waterways Development Authority, LC&MA was constituted (1997) for development of Dal-Nigeen and Anchar Lakes. The administrative control of LC&MA, vests with Principal Secretary to Housing and Urban Development Department (H&UDD), GoJ&K. The executive decisions of LC&MA which includes programme implementation for Conservation and Management of Dal Lake are taken by the Board of Directors (BoD). BoD of LC&MA comprise nine members including a Chairman and a Vice-Chairman, appointed by the GoJ&K. The organisational setup of the LC&MA is illustrated in the **Chart 4.1**:

Chart 4.1: Organisational Setup of LC&MA



4.3 Land use changes within Dal Lake and its catchment

There were land use changes in the Dal Lake and its catchment due to non-acquisition of land from Dal Lake dwellers, malfunctioning of Sewage Treatment Plants, inadequate sewage treatment facilities, improper de-weeding mechanism and inadequate monitoring or surveillance mechanism. As a result, open water area in the Lake could not be restored or increased and inflow of nutrient load into the Lake caused prolific growth of weed in the Lake.

4.3.1 Analysis of remote sensing data of Ecology, Environment & Remote Sensing Department (EE&RSD) to ascertain Land use changes in Lake

There were Spatio-temporal changes in land use and water cover of Dal Lake during 2007-2020 as detailed in **Map 4.1, 4.2 and 4.3, Table 4.1 and Charts 4.2, 4.3 and 4.4**.

Map 4.1, 4.2 and 4.3: Spatio-temporal changes in land use and water cover of Dal Lake during 2007-2020

Map 4.1: 2007	Map 4.2: 2014	Map 4.3: 2020

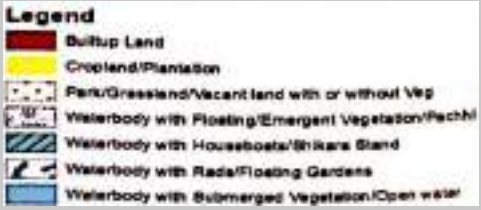
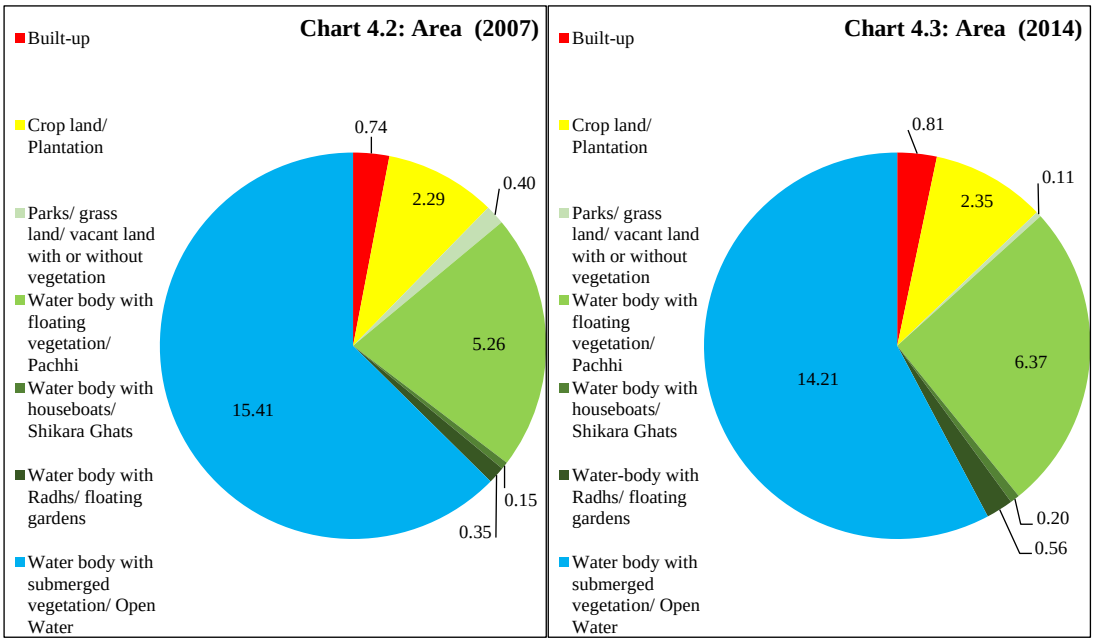


Table 4.1: Change in open water and other land use of Dal Lake

Area in sq. kms						
Sl. No	**Name**	**2007**	**2014**	**2020**	**Change in area during the period 2007 to 2020**	**Percentage change in area with respect to total area of Lake**
1	Built-up	0.743	0.812	1.025	0.282	1.15
2	Crop land / Plantation	2.29	2.351	2.849	0.559	2.27
3	Parks/ grass land/ vacant land with or without vegetation	0.403	0.11	0.36	-0.043	0.17 (Decrease)
4	Water body with floating vegetation/ *Pachhi*[1]	5.262	6.366	6.796	1.534	6.23
5	Water body with houseboats/ *shikara* Ghats	0.15	0.196	0.17	0.02	0.08
6	Water body with *radhs*[2]/ floating gardens	0.352	0.556	0.498	0.146	0.59
7	Water body with submerged vegetation/ Open water	15.405	14.214	12.907	-2.498	10.15 (Decrease)
Grand Total		**24.605**	**24.605**	**24.605**		

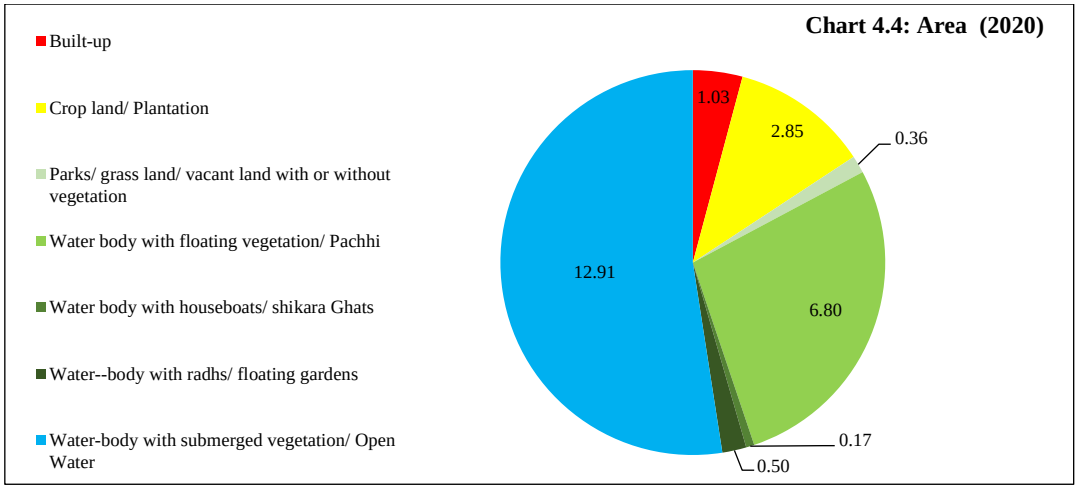
(Source: data of EE&RSD)

Charts 4.2, 4.3 and 4.4: Change in open water and other land use of Dal Lake



1 Floating vegetation in Kashmiri language.

2 Floating gardens in Kashmiri language.



It may be seen from **Table 4.1** that during 2007-2020, there was a decrease from 15.405 to 12.91 sq. km. (10.15 *per cent*) in the water body with submerged vegetation/ open water of the Lake, while there was increase in other land uses such as water body with floating vegetation/ *Pachhi* from 5.262 to 6.796 sq. km. (6.23 *per cent*), crop-land/ plantation from 2.29 to 2.85 sq. km. (2.27 *per cent*), built-up from 0.743 to 1.025 sq. km. (1.15 *per cent*) etc. There was decrease in parks/ grass land/ vacant land with or without vegetation from 0.40 to 0.36 sq. km. (0.17 *per cent*) due to dredging of some acquired land. The decrease in open water at the cost of other land use changes indicated anthropogenic pressures on the Lake. Neither were any concrete measures taken by LC&MA to regulate the land use of the Lake nor were reasons analysed for these land use changes.

Audit analysis revealed that land use changes were due to:

- non-acquisition of land from Dal Lake dwellers and non-dredging of land already acquired from them;
- malfunctioning of STPs and non-arresting of all point source/ non-point source of pollutions entering the Dal Lake from its catchments;
- improper de-weeding mechanism and;
- inadequate monitoring/ surveillance mechanism.

As a result, the open water area in the Lake decreased, could not be restored/ increased and inflow of nutrient load into the Lake resulted in prolific growth of weed. There were encroachments paving way for increase in floating vegetation and gardens, crop land, plantation, water area under houseboats and built-up as discussed in **Paragraphs 4.6.1, 4.6.2, 4.6.3, 4.6.4, 4.6.5, 4.6.6, sub-paragraph 3 of 4.6.8 "De-weeding of Lake" and Paragraphs 4.6.10, 4.6.11 and 4.11.**

H&UDD stated (December 2022) that yearly de-weeding Action Plan had been formulated in consultation with Research & Monitoring (R&M) wing of LC&MA and 4.8 sq.km. of lily pad was extracted during the previous two years. H&UDD further

added that CCTV cameras had been installed all along the periphery of the Lake and inspection motorboats had been procured for proper monitoring and surveillance.

The reply is not convincing as there was no progress in respect of six out of seven land uses and only part action had been taken in respect of 'Waterbody with submerged vegetation/ Open Water'.

4.3.2 Analysis of Google Earth Pro images to ascertain Spatio-temporal changes in the Lake and its catchments

Clear images of Dal Lake and its catchment areas available on Google Earth Pro for the period 2004 to 2022 indicated land use changes within the Lake and its catchment areas as detailed below:

- Gradual encroachments inside the Lake in areas of Mir Behri, Lati *Mohalla* and Nandapora.
- Increase in built-up in the catchment areas of Takiya Sangreshi, Danihama, Shalimar, Koshpora, Banigam etc. These areas are without sewer networking and sewage treatments and more than 80 *per cent* of water inflow in the Lake is received from tributaries passing through these catchment areas.
- Intensification in the habitation in catchment areas of Hazratbal, Habak and Nishat having non-upgraded/ inefficient Sewage Treatment Plants (STPs).
- Dense increase in the built-up in Rainawari area having partial sewer networking/ treatment system.

The Google Earth Pro images of catchment and encroached areas of Lake are shown in **Satellite Images 4.1 to 4.21.**

Satellite Image 4.1: Dal Lake and its catchment and encroached area within the Lake-2022

1. **Red marked boundary "A (Mir Behri, Lati *Mohalla* and Nandapora)" indicates encroached areas within Dal Lake. Zoomed images of these areas are given below.**
2. **Orange marked boundary "B- (Takiya Sangreshi, Danihama, Shalimar, Koshpora, Banigam etc.), C-(Nishat)", D- (Hazratbal & Habak) and E-(Rainawari)" indicate catchment areas of Dal Lake. Zoomed images of these catchment areas are given below.**

Satellite Image 4.2: A (Mir Behri, Lati *Mohalla* and Nandapora) -2007

Satellite Image 4.3: A (Mir Behri, Lati *Mohalla* and Nandapora) -2011

Satellite Image 4.4: A (Mir Behri, Lati *Mohalla* and Nandapora) -2015

Satellite Image 4.5: A (Mir Behri, Lati *Mohalla* and Nandapora -2022

Satellite Image 4.6: B-Shalimar, Dhanihama, Akhoon *Mohalla* etc.-2005

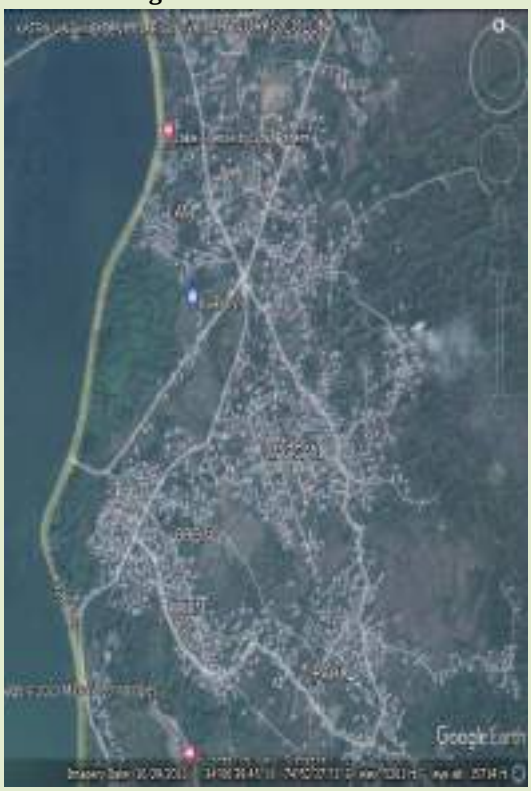
Satellite Image 4.7: B-Shalimar, Dhanihama, Akhoon *Mohalla* etc.-2012

Satellite Image 4.8: B-Shalimar, Dhanihama, Akhoon *Mohalla* etc.-2015

Satellite Image 4.9: B-Shalimar, Dhanihama, Akhoon *Mohalla* etc.-2022

Satellite Image 4.10: C-Nishat-2004

Satellite Image 4.11: C-Nishat-2011



Satellite Image 4.12: C-Nishat-2015

Satellite Image 4.13: C-Nishat-2022

Satellite Image 4.14: D-Hazratbal and Habak catchments-2007

Satellite Image 4.15: D-Hazratbal and Habak catchments-2012

Satellite Image 4.16: D-Hazratbal and Habak catchments-2015

Satellite Image 4.17: D-Hazratbal and Habak catchments-2022

Satellite Image 4.18: E-Rainawari-2004

Satellite Image 4.19: E-Rainawari-2012

Satellite Image 4.20: E-Rainawari-2015

Satellite Image 4.21: E-Rainawari-2022

4.4 Planning

LC&MA did not prepare DPR for left out activities in the initially approved DPR. Project Management Consultant had not been appointed by LC&MA. Discrepancies had not been sorted out in the Vision Document in respect of land proposed to be acquired from Dal-dwellers and a detailed damage report regarding damage caused by floods of September 2014 had not been prepared.

To improve water quality of Dal Lake and also to save it from degradation, GoJ&K launched (1977) the project 'Conservation of Dal Lake'. Works of the project were executed through Urban Environmental Engineering Department (UEED) up to 1996-97. Thereafter the project was transferred (March 1997) to J&K, Lakes and Waterways Development Authority which was renamed (November 2021) as Lake Conservation & Management Authority (LC&MA). LC&MA was entrusted with (August 1997) execution of two main components viz. Lake Conservation and Rehabilitation.

From September 2005, Conservation of Dal Lake Programme was included by MoEF&CC under National Lake Conservation Programme (NLCP). Detailed Project Report (DPR) for Conservation and Management of Dal Lake prepared by Indian Institute of Technology (IIT), Roorkee was approved (September 2005) by MoEF&CC under NLCP at a cost of ₹ 298.77 crore. The target date for completion of the project was 2010, which was extended by MoEF&CC from time to time with the latest extended date being March 2018. The project could not be completed as of March 2022 as discussed in the succeeding paragraphs of this chapter.

NLCP had two components viz. Lake Conservation & Management Programme and Rehabilitation and Resettlement Programme. The funding of Conservation and Management Programme was to be borne by the MoEF&CC, GoI while Resettlement and Rehabilitation Programme of families living in the Lake was to be funded by the State/ UT Government. The approved activities with sub-components along with their costs are detailed in ***Appendix-4.1*.**

Rehabilitation and Resettlement Programme (RRP) for resettlement of hamlet population living within/ along the Lake in new colonies by developing residential plots, initiated by GoJ&K in August 1997, was approved (May 2001) by the State Government at a cost of ₹ 135 crore. The cost of the programme was revised from time to time with the latest revised (March 2013) cost being ₹ 416.72 crore.

Further, Special Plan Assistance (SPA) of ₹ 356 crore was also approved (February 2012) by GoI under Prime Minister's Reconstruction Programme (PMRP) for acquisition of land pertaining to Dal-dwellers, relocation of Dal-dwellers and dredging of acquired land for Eco-restoration of land. The current Performance Audit covers implementation of activities approved under the NLCP for Conservation and Management of Dal Lake from September 2005 till March 2022.

Audit observed that one of the reasons for delay in the implementation of programme activities was due to not holding the scheduled meetings by the Board of Directors of LC&MA. As such, policy matters related to Conservation and Management of Dal Lake could not be addressed timely, and there was delay in utilisation of funds and underutilisation of funds as discussed in succeeding paragraphs of this chapter.

4.4.1 Non-preparation of DPR for left out activities in the initially approved DPR

MoEF&CC in a meeting (April 2006) pointed out various discrepancies in the DPR approved for NLCP, such as non-inclusion of a pedestrian mall along the Western Foreshore of the Lake and removal of bund at Nishat basin. It further suggested a mechanism for disposal of extracted weed and sludge from STPs. BoD was advised (April 2006) by MoEF&CC to include the left-over items in the project.

Audit examination revealed the following deficiencies:

- No follow up action was taken by the BoD of LC&MA for over eight years up to December 2014. The Coordination-cum-Monitoring Committee (CMC)[3] viewed (January 2015) the inaction of the LC&MA in preparation of the DPR of left-over activities seriously.
- Taking into consideration the impact of floods of the year 2014 on Dal Lake and non-coverage of sewerage networking of adjacent areas of Shalimar, Harwan and Khona Khan, the CMC directed LC&MA to prepare an in-house Project Report for taking up the matter with NITI Aayog. However, no action was taken by LC&MA as of March 2022.

Due to inaction of LC&MA and non-monitoring by BoD, the DPR for the left-out components was not prepared despite lapse of over 16 years since project was sanctioned (September 2005) under NLCP. As a result, the envisaged purposes of increasing water circulation in the Lake, delineation of the Lake and proper disposal of extracted weed and sludge could not be carried out. Further, sewage of Shalimar, Harwan and Khona Khan areas continued to be discharged into the Lake.

The Executive Engineer, Lake Division-I stated (June 2022) that action could not be taken due to prevailing conditions in the valley after abrogation of Article 370 followed by Covid-19. It was further stated that the proposals for left over activities would be formulated and laid before the Board of Directors for appropriate decision.

The reply should be seen in light of the fact that the proposals for left-over activities could have been prepared and placed before the BoD at least seven years prior to the abrogation of Article 370 and outbreak of Covid-19.

[3] Headed by Chief Secretary of Jammu and Kashmir with 16 members (eight from State Government, six from GoI and one each from two renowned universities)

H&UDD stated (December 2022) that DPR of ₹ 1,383.25 crore for construction of Western Foreshore Road from Khona Khan to Saida Kadal had been approved. They further added that since Nishat Bund prevented waves caused by gusty windstorms, which were disastrous for *shikaras*, houseboats and other structures, from entering into other basins, it was decided not to remove it. It was also stated that Memorandum of Understanding (MoU) had been signed between National Agricultural Cooperative Marketing Federation of India Limited (NAFED) and LC&MA for scientific disposal of waste (extracted weed and sludge from STPs) and its conversion into manure/ biogas.

The reply in respect of removal of Nishat Bund is not convincing as it was included in the pre-feasibility report prepared by IIT, Roorkee but was not incorporated in the DPR approved under NLCP and the need for removal of Nishat Bund was repeatedly felt with the latest being in the 2nd Coordination cum Monitoring Committee of LC&MA held in January 2015. Further, the assertion that gusty winds would prove disastrous to *shikaras* and other structures inside the Lake is not based on any technical survey report.

4.4.2 Project Management Consultant

NLCP envisaged appointment of Project Management Consultant (PMC) for planning the project schedule with respect to available funds and making amendments in the project, besides monitoring progress of the project to ensure quality standards and timely completion of the project.

Audit observed that despite a lapse of over 17 years since the Dal Lake was included under NLCP in September 2005, no PMC had been appointed by LC&MA as of December 2022.

While accepting the audit observation, the Executive Engineer, Lake Division-1 stated (June 2022) that the process for seeking expression of interest for appointment of PMC would be initiated.

H&UDD stated (December 2022) that although the LC&MA had not appointed any PMC, it had utilised the services of various experts engaged with UEED, experts from IIT, Roorkee and Council of Scientific & Industrial Research-National Environmental Engineering Research Institute, Nagpur from time to time. It was further stated that the LC&MA is now hiring Project Management Consultants for its future projects as needed.

The fact remains that no PMC had been appointed by LC&MA for over 17 years to provide continuous monitoring and to ensure quality standards and timely completion of the project.

4.4.3 Vision Document

On the directions (August 2013) of the Hon'ble High Court, Jammu and Kashmir, LC&MA was to get a Vision Document (VD) prepared in respect of land that was proposed to be acquired in the Lake area from the Dal-dwellers. The VD was to specify whether to develop the land in the shape of small islands as tourist attraction parks or add the land to water expanse of the Lake.

LC&MA invited (January 2014) tenders for preparation of VD and allotted work to Rites Limited (GoI enterprise). However, the allotment was cancelled without any reasons on record. Subsequently, LC&MA allotted (January 2016) preparation of VD to IIT, Roorkee which prepared draft VD for which LC&MA paid (March 2016) ₹ 1.26 crore to the Institute. Scientific Advisory Committee (SAC) of LC&MA pointed out various discrepancies[4] in the draft VD. The discrepancies pointed out were forwarded (September 2017) to IIT, Roorkee which stated that observations were outside the Terms of Reference (ToR) of the work allotted to it. The matter was placed before the Hon'ble High Court. The Hon'ble High Court observed (2016-17) that the VD had to be finalised at the earliest, and directed that the scope of the work be expanded to incorporate the comments/ observations of the SAC. Accordingly, LC&MA expanded (September 2017) the scope of work.

Audit observed that LC&MA had not taken any further action in this regard as of December 2022 resulting in unproductive expenditure of ₹ 1.26 crore on preparation of Vision Document. Further, 2,299 *kanals* of land acquired[5] by the LC&MA could not be added to the Lake to increase its water area or small islands as tourist attraction parks could also not be developed.

H&UDD stated (December 2022) that the decision of the Hon'ble High Court was conveyed to IIT, Roorkee in October 2017. It was further stated that an official from IIT Roorkee conducted extensive tour of the Dal Lake on 12 September 2022 in connection with finalisation of VD and Vice Chairman LC&MA requested the official to share final report as per directions of Hon'ble High Court.

The fact remained that even after communication of the Hon'ble High Court's decision in October 2017, the Vision Document had not been finalised as of December 2022.

4.4.4 Assessment of damages due to floods

After heavy floods in September 2014, LC&MA prepared a tentative damage report by which funds of ₹ 3.40 crore was sought for restoration of damaged infrastructure including damaged embankments, parapet walls, STPs etc.

4 Lack of reference to data used, inaccuracy in vegetation map of the Lake, errors in bathymetric data, lack of suggestions on future interventions in catchment areas

5 Under PMRP

Audit observed that no detailed damage report indicating losses caused in the catchment areas of the Lake and quantum of silt/ sediment that would have entered the Lake due to flow of water from River Jhelum and other catchment areas had been prepared. Consequently, impact assessment of damages to the Lake due to floods had not been made. It was further observed that LC&MA had received only ₹ 0.50 crore[6] as against ₹ 3.40 crore projected in the tentative damage report. Silt water in Dal Lake due to floods of September 2014 was also verified on Google Earth Pro as shown in **Satellite Image 4.22**:

Satellite Image 4.22: Yellow marked area in haze is the silt water in the Lake due to floods of September 2014

H&UDD stated (December 2022) that LC&MA had conducted detailed assessment of damages caused by flood including damage due to siltation and sedimentation. Further, it had conducted bathymetric survey in 2018-19 to identify pockets where impact of siltation was more and no significant siltation had taken place from Jhelum river side. It was further stated that siltation coming from Tailbal *Nallah* and other channels was removed on regular basis.

The reply is not acceptable as damage survey report appended with the reply furnished by H&UDD indicated that a large amount of silt had entered the Dal Lake through one of the tributaries of the Jhelum River (Chunti Khul).

[6] ₹ 0.25 crore in October 2014 and ₹ 0.25 crore in January 2015

Thus, the fact remained that LC&MA had not assessed in detail the quantum of silt/ sediment that had entered the Lake from River Jhelum and other catchment areas during the floods of September 2014.

4.5 Financial Management

4.5.1 Fund receipts and its utilisation

Apart from funds received under NLCP, LC&MA also received funds from GoI under PMRP, Basic Services to Urban Poor (BSUP) and from GoJ&K under Revenue/ CAPEX budget. There was underutilisation of funds ranging between ₹ 48.63 crore (44 *per cent*) and ₹ 280.68 crore (81 *per cent*) during 2017-22 as detailed in ***Appendix-4.2***. Under NLCP, underutilisation of funds ranged between ₹ nine crore (96 *per cent*) and ₹ 23.26 crore (74 *per cent*) as detailed in the ***Appendix-4.3***.

Underutilisation of funds was attributed to non-upgradation of STPs, non-establishment of common STP, non-shifting of house boats, non-construction of Padshahi canal, non-procurement of CCTVs/ other equipment, tardy implementation of PMRP Programme, non-holding of awareness programmes and third-party evaluation. This led to delay in completion of the NLCP and PMRP programmes due to which further assistance under PMRP could not be availed.

Further, funds released by LC&MA to the executing agencies were booked as expenditure without ascertaining actual expenditure incurred by them. There were balance amounts ranging between ₹ 1.08 crore and ₹ 2.16 crore, lying unspent with executing agencies at the end of each financial year as detailed in ***Appendix-4.4***.

The Financial Advisor, LC&MA attributed (June 2022) underutilisation of funds to late release of funds and limited working season available for executions of works during winters. H&UDD stated (December 2022) that the unspent balance would be refunded to GoI.

The reply does not provide specific reasons for underutilisation of funds during the period.

4.6 Programme implementation

Inadequacies were noticed in implementation of Lake conservation programme under NLCP, PMRP and other programme activities such as installation and upgradation of Sewage Treatment Plants (STPs), treatment of solid waste, extracted weed and sludge, sewage disposal facilities of households, sewer networking of *mohallas*, relocation and alignment of houseboats, shifting of hotels, augmentation of water budget of the Lake, restoration and development works, catchment management works, installation of CCTV surveillance and relocation/ rehabilitation of Dal dwellers.

Audit noticed inadequacies in implementation of Lake conservation programme under NLCP, PMRP and other programme activities[7] such as installation and upgradation of Sewage Treatment Plants (STPs), treatment of solid waste, extracted weed and sludge, sewage disposal facilities of households, sewer networking of *mohallas*, relocation and alignment of houseboats, shifting of hotels, augmentation of water budget of the Lake, restoration and development works, catchment management works, installation of CCTV surveillance and relocation/ rehabilitation of Dal dwellers as discussed in the succeeding paragraphs:

4.6.1 Sewage Treatment Plants

Areas having STPs and areas without sewer networking in the vicinity of Dal Lake is shown in the **Satellite Image 4.23** downloaded from Google Earth Pro:

Satellite Image 4.23: Areas having STPs and areas without sewer networking

	Areas marked in red do not have sewer networking.
	Areas marked in green have sewer networking with Sewage Treatment Plants at locations marked in orange.

➢ To treat the water flowing into the Lake from nearby habitations with liquid and solid wastes, construction of six STPs having capacity of 36.70 Minimal Liquid Discharge (MLD) was sanctioned under NLCP at a cost of ₹ 21.46 crore. The details of sanctioned STPs and sewer networking to be covered for these STPs are detailed in ***Appendix-4.5.***

The STPs were installed (2006 to 2013) by M/s Thermax Limited (the firm) at a cost of ₹ 45.01 crore. Audit analysed test reports (January 2016 to December 2018) of these

[7] Activities undertaken by GoJ&K from time to time for conservation and management of Lake such as construction of Sewage System for peripheral area of Saida Kadal to Ashai Bagh Bridge, installation of CCTV Surveillance and other activities carried out in respect of water bodies connected with the Dal Lake together with works executed in accordance with the DPR approved under NLCP.

STPs and found that sewage inflows were not treated as per desired parameters specified in the DPR/ NIT/ allotment order as detailed in **Table-4.2**.

Table 4.2: Treatment of sewage inflow by STPs

Name of STPs	Required norm for removal of physico-chemical indicators	Range of removal		Nitrate Nitrogen (NO_3-N) (Average percentage increase)	Norm for Chemical Oxygen Demand (COD)	Actual COD
		Ammoniacal Nitrogen (NH_3-N)	Total Phosphorus (PO_4)			
Hazratbal	> 90 *per cent* removal	15-49	14-52	41-148	< 50	61-100
Habak		14-43	18-53	35-108		120-137
Laam		14-47	39-56	26-161		45-102
Brari Numbal[8]		57-65	59-66	13-36		57-72
Nallah Aamir Khan		31-41	39-53	14-19		47-78

(Source: records of LC&MA)

It may be seen from the **Table 4.2** that against requirement of removal of more than 90 *per cent* physico-chemical indicators:

- Ammoniacal nitrogen was removed in the range of 14 to 49 *per cent* in respect of three STPs[9] while in two STPs[10] it ranged from 31 to 65 *per cent.*
- Total phosphorus was removed in the range of 14 to 56 *per cent*[11] in respect of three STPs while in two STPs[12] it ranged from 39 *per cent* to 66 *per cent*.
- There was an average increase in Nitrate Nitrogen from 13 to 161 *per cent.*
- Chemical Oxygen Demand (COD) was also mostly higher than 50 *per cent*, ranging up to 137.

Despite incurring expenditure of ₹ 45.01 crore on STPs, the STPs were not treating sewage as per the required parameters resulting in deterioration of water quality of the Lake.

Further, a performance certificate from the technology provider was required to be furnished by the firm for allotment of work of installation of STPs.

Audit however noticed that despite the firm not furnishing the required performance certificate, the work of installation of five STPs was allotted to the firm. No action was taken against the firm for unsatisfactory performance of STPs despite non-fulfillment of conditions[13] of NITs and contract allotment order.

8 The sixth STP at Welcome Hotel was amalgamated with STP Brari Numbal

9 Installed in 2006 (which needed upgradation) and installed in 2013.

10 Installed in 2013.

11 Installed in 2006 (which needed upgradation) and installed in 2013.

12 Installed in 2013.

13 In violation of contract conditions, the firm had not made any specific assessment of its own of sewage characteristics. It had also not made necessary modifications in design parameters to ensure that the plant was able to function as per the desired outcome.

Audit further noticed that:

- LC&MA had not co-opted three experts, one each from Ministry of Environment and Forests, GoI, National Environmental Engineering Research Institute (NEERI) and J&K State Pollution Control Board (J&KSPCB), as required under the terms of allotment order, to monitor the functioning of STPs.
- A thick green belt, required to be developed around the STPs to match with surrounding landscape and to overcome the problem of odour in the area due to presence of STPs, was not developed.

H&UDD stated (December 2022) that the three existing STPs did not have the facility to remove anmoniacal nitrogen. As such, it has been decided to merge these old technologies-based STPs with upcoming 30 MLD capacity STP which was approved under Atal Mission for Rejuvenation and Urban Transformation (AMRUT) 2.0 and UT CAPEX Plan. It was further stated that as an interim measure, the existing STPs have been refurbished and are functioning in accordance with JKPCB norms. It was added that in the green belt, LC&MA had constructed artificial wetlands for STP Habak and STP Hazratbal whereas red belt could not be developed for STP Laam due to non-availability of land.

The reply is not acceptable as the STPs had not performed as per the parameters specified in the approved DPR under NLCP. Further, the assertion that the existing STPs had been refurbished in accordance with JKPCB norms was not supported with any documentary evidence. It is to be further noted that in one of the research reports[14] it had been pointed out that the STPs are not only malfunctioning but are exacerbating the problem of Lake pollution.

➢ With regard to the peripheral area (in the area from Saida Kadal Bridge to Ashai Bagh Bridge), there was no provision included under NLCP for treatment of sewage generated by the households and these were being discharged directly into the Lake. For this purpose, a DPR was prepared (2018) by Urban Environmental Engineering Department (UEED) with estimated cost of ₹ 8.48 crore under 'Atal Mission for Rejuvenation and Urban Transformation' (AMRUT). The project scheduled to be completed within eight months included construction of one STP, laying of 2.60 km of main trunk sewer line, five km of lateral sewer lines and requisite house connections.

Audit observed that 27 *per cent* physical progress was reported in respect of the main trunk sewer line and lateral sewer lines, however, there was no financial progress as of March 2022. Due to non-completion of sewage networking system from Saida Kadal to Ashai Bagh Bridge, untreated sewage from the area continued to be discharged into the Lake.

[14] Impact of sewage treatment plant effluent on water quality of Dal Lake, Kashmir, India of January 2020 by Hafsa Farooq Chashoo, Adnan Abu-Bakr, MH Balkhi and others.

While admitting that the sewage networking system from Saida Kadal to Ashai Bagh Bridge is incomplete, H&UDD stated (December 2022) that the work of Intermediate Pumping Station (IPS) and sewer network from Saida Kadal bridge to Ashai Bagh had been commissioned and out of 750 households, 400 were connected with sewer lines and the remaining households would be covered shortly.

4.6.2 Non-upgradation of STPs and lack of sewer networking/ treatment facilities

As STPs were not meeting the required standards of nutrient reduction and there were no sewage treatment facilities in the catchment areas of Shalimar, Tailbal, Batapora etc., a proposal was placed (December 2015) before the BoD of LC&MA for preparation of Detailed Project Reports (DPRs) for upgradation of three STPs[15] and for construction of STP for catchment areas. Accordingly, preparation of DPR for upgradation of STPs and construction of STP for catchment areas was entrusted (January 2016) without invitation of tender to IIT, Roorkee at a cost of ₹ 0.91 crore. The decision to award this work to IIT, Roorkee was made by the BoD of LC&MA on the rationale that IIT, Roorkee had already prepared the basic DPR of Dal Lake. The DPR for upgradation of STPs, at a cost of ₹ 45.73 crore, was prepared (August 2016) for which LC&MA paid ₹ 0.44 crore to IIT, Roorkee.

Subsequently, LC&MA asked (August 2016) IIT, Roorkee to suggest if establishment of a common STP having capacity of 22-35 MLD would be advantageous instead of four separate STPs[16]. IIT, Roorkee suggested that establishment of a common STP was advantageous due to being cost effective and it could accommodate future pollution load in a better way. However, Monitoring Committee of LC&MA decided (April 2017) in favour of upgradation of three STPs and establishment of one common STP. One of the three STPs was to be upgraded by the end of 2018-19. Two STPs were to be upgraded and one common STP was to be installed by September 2020.

GoJ&K released (between September 2016 and March 2019) ₹ 7.36 crore to LC&MA for upgradation of three STPs and for works of sewer networking.

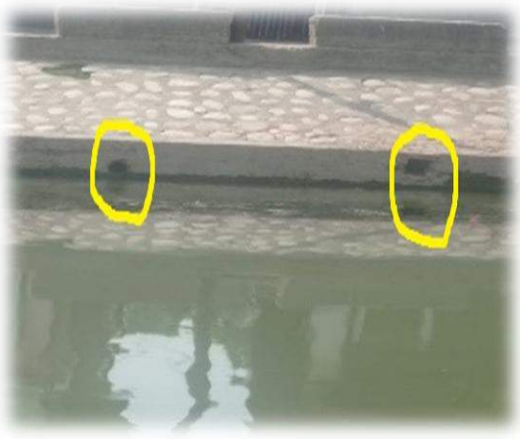
Audit observed that out of the released amount of ₹ 7.36 crore, only ₹ 0.44 crore was spent on preparation of DPR and the remaining amount of ₹ 6.92 crore remained unutilised for a period ranging up to 54 months[17]. Due to non-upgradation of three STPs and non-establishment of a common STP, excess nutrient load from the STPs and untreated sewage from the catchment areas continued to enter the Lake. Non-availability of sewage facilities in the catchment area and effluents entering the Lake through various *nallahs* were also noticed during joint physical inspection conducted (March 2020) by the audit team with officials from LC&MA.

15 Habak, Laam and Hazratbal with cumulative capacity of 15.2 MLD.
16 Upgrading of three and installation of one more for other catchment areas.
17 September 2016 to March 2021.

The Executive Engineer, Lake Division-II stated (June 2022) that refurbishment of three STPs, instead of upgradation, had been carried out by UEED at a cost of ₹ 8.68 crore and the matter regarding establishment of one common STP at Gupt-Ganga was under process in UEED.

H&UDD stated (December 2022) that in a meeting held (2016) with the representative of IIT, Roorkee, it was concluded that up-gradation of existing STPs was not a feasible option as it would result in loss to the exchequer. Instead, the Committee of Experts suggested refurbishing these STPs which was done through UEED. It was further stated that a DPR of ₹ 291.48 crore had been approved for sewerage network of left out areas including merging of the three existing STPs along with construction of one common STP at Gupt Ganga.

Thus, in absence of sewerage network in left out areas and due to non-construction of common STP, the untreated sewage continued to enter the Lake affecting its water quality as can be seen from the photographs taken during joint physical inspection carried out by audit with the officials of LC&MA.

Blood and residue from slaughtered chicken (Shalimar area) entering the channels through which water enters the Lake	**Untreated sewage from households finding its way into the inlet channel of the Lake**
	
Untreated sewage from households (Tailbal area) finding its way into the inlet channel of the Lake without treatment	**Garbage and untreated sewage from households (Tailbal area) finding its way into the inlet channel**

4.6.3 Sewage disposal facilities of households on either side of backwater channels

Intermediate Pumping Stations (IPSs) are to be set up in areas where sewer lines are so deep that no further related work can be executed. Accordingly, 11 IPSs were to be constructed at specific locations at a cost of ₹ 12.99 crore under NLCP. As of March 2014, seven IPSs were completed at a cost of ₹ 8.11 crore and in respect of the remaining four IPSs, ₹ 3.70 crore was spent with shortfall in execution of works ranging between 11 and 47 *per cent.* The shortfall was due to non-connectivity of sewer lines of the concerned households which were located at a very low level and could not be connected with four IPSs. Thus, sewage released from these households was discharged directly into the backwater channels of the Lake.

Audit examination further disclosed the following:

- Although the proposal for connecting these households by a common sewer line to the nearest IPSs was approved (June 2010) by the BoD, no further action was taken due to non-availability of funds under NLCP and delay in formulation of the project proposal.
- Eventually, sewer networking works[18] were approved (December 2016) under AMRUT at a cost of ₹ 26.50 crore. Besides providing sewer network to more locations by providing 13 low line pumping stations, main trunk sewer line, secondary and lateral sewers, house-to-house connectivity, mechanical and electric works and operation and maintenance for five years, the project works included pending works of connecting households to four IPSs. The works to be completed within 18 months were awarded (October 2017) by the UEED to a contractor at a cost of ₹ 18.85 crore. Out of ₹ 17 crore released to UEED for these works, ₹ 16.32 crore was spent as of December 2019. Expenditure of ₹ 12.94 crore was incurred on civil works with physical progress ranging between 36 and 85 *per cent* across various components.
- Despite payment of ₹ 1.79 crore made to a contractor for procurement of materials intended for executing mechanical and electric works, these works had not been executed by the contractor and materials were lying unutilised as of March 2022.

As a result, sewer networking works for connecting households on either side of the backwater channels could not be completed resulting in unproductive expenditure of ₹ 16.32 crore, while untreated sewage from these households continued to be released into the Lake.

H&UDD stated (December 2022) that low lying households could not be connected with the sewer line of STP Brari-Numbal and a DPR was being framed by UEED in collaboration with Srinagar Smart City to address the issue.

[18] Low Line Pumping stations, Secondary sewer lines, Lateral Sewer lines and house to house connectivity.

4.6.4 Sewer networking of Khona Khan area and its connectivity to the STP

There was no sewer network system in the catchment area between Dal Lake Gate and Khona Khan in the Western foreshore including house boats. Untreated waste water from this area was discharging into the Lake. Providing sewer network system and connecting it to one of the commissioned STPs was not included under NLCP.

After a lapse of 10 years from approval (September 2005) of conservation and management of Dal Lake under NLCP, a DPR was prepared (April 2015) for laying sewer network system at a cost of ₹ 8.28 crore in the area between Dal Lake Gate and Khona Khan in Western foreshore including houseboats. The sewer network to be connected to STP at Brari Numbal included works of trunk sewer, lateral sewers, house to house/ houseboat connectivity with laterals, intermediate pumping station etc. The works were to be completed within one year.

Audit noticed that as of March 2022, LC&MA had spent (2016-22) ₹ 6.16 crore[19] (74 *per cent* of DPR cost of ₹ 8.28 crore) on laying of sewer network system and 68 to 100 *per cent* of works were completed. Due to delay in tendering process and allotment of works as well as land dispute, works of connecting houses to main sewer lines, laying of pipes for 164 house boats, and laying of lateral sewer pipes were not executed despite a lapse of over seven years, after preparation of DPR.

Thus, expenditure of ₹ 6.16 crore could not yield the desired result as untreated sewage from households and houseboats of the area continued to be discharged into the Lake.

H&UDD stated (December 2022) that the main trunk sewer line, lateral and secondary sewers, IPS and rising main had been completed and the scheme was functional since 2018 but land dispute regarding a small patch of secondary sewers delayed house connection which would be completed by March 2023. With regard to houseboats, it was stated that the work for connecting the houseboats with the existing sewer line has been started.

The fact remained that untreated sewage from households continued to flow directly into the Lake as can be seen from the following pictures:

[19] ₹ 5.48 crore (2016-19) and ₹ 0.68 crore (2020-22).

Drains from households (marked in red) directly discharging into the Lake (Khona khan)	**Drains from households not connected to main drain**
Sewer (marked in red) from houseboats discharges untreated sewage into the Lake (Western foreshore area). Area marked in yellow depicts water quality at the place where water from sewer discharges directly into the Lake	

4.6.5 Disposal of solid waste, extracted weed and sludge

During the review meeting (April 2006) of MoEF&CC and LC&MA, it was decided that under 'Clean Development Mechanism Projects' (CDM) sponsored by MoEF&CC, bio-degradable component of solid waste, extracted weed and sludge from STPs would be combined for generating electrical power. LC&MA was to formulate a project report in accordance with CDM guidelines for submission to MoEF&CC.

Audit however noted that no such project report was prepared by LC&MA. After a lapse of over nine years, although LC&MA requested (December 2015) UEED to spare 1.5 *kanal* of land for creation of sludge beds for drying of generated sludge, no further action was taken by LC&MA as of December 2022. Thus, the problem of disposal of sludge generated from STPs, bio-degradable component of solid waste and extracted weeds remained unresolved.

The Executive Engineer-LD-I stated (June 2022) that DPR for treatment of bio-degradable component of solid waste and sludge at a cost of ₹ 13.54 core had been submitted to the Administrative Department. Further, it was stated that the project report regarding converting weed into compost, submitted by the Sher-i-Kashmir University of Agricultural Sciences & Technology, Kashmir (SKUAST-K) to LC&MA, was under consideration.

H&UDD stated (December 2022) that an MoU had been signed between National Agricultural Cooperative Marketing Federation of India (NAFED) and LC&MA for installation of weed processing compost plant, which would process more than 25,000 Metric Ton (MT) of weed per year. It was further stated that the disposal of sludge would be taken up under 30 MLD STPs to be built at Gupt Ganga Ishber for sludge disposal.

4.6.6 Relocation of House Boats and Hotels from Dal Lake

- **Houseboats**

Under NLCP, LC&MA spent (2005-11) ₹ 0.70 crore on pilot studies related to disposal of solid waste generated by people living in houseboats on the Lake. Pursuant to the directions (May 2013) of the Hon'ble High Court of J&K, LC&MA decided to relocate houseboats to Dole-Demb area. For this purpose, LC&MA was required to acquire land measuring 219 *kanal* and 11 *marla* out of PMRP funds. Information regarding land acquired and payments made for land acquisition was not provided by LC&MA to audit.

Audit further noticed that without floating tenders, LC&MA had hired (August 2013) the services of a private firm for preparation of project report for disposal of sewage and grey water generated by houseboats and decongestion of the area occupied by house boats. The firm was paid ₹ 0.11 crore for preparation of the project report. The estimated cost of the works in the project report was ₹ 29.81 crore[20]. After accord (November 2015) of Administrative Approval (AA) to the project, ₹ 11 crore was released (2016-19) to LC&MA under CAPEX.

As of March 2022, the main project component of sewerage networking system was not executed. Out of ₹ 11.69 crore projected for civil component, only civil works amounting to ₹ 4.85 crore[21] (41 *per cent*) were allotted to nine contractors for which ₹ 2.28 crore was paid (March 2022) against work done claims. LC&MA also paid (March 2016) ₹ 0.50 crore to Public Health Engineering (PHE) Department for water works, ₹ 0.50 crore (March 2016) to Electrical Maintenance & Rural Electrification Department for electric works and ₹ 2.70 crore to Smart City agency. Detailed account

[20] The project report included components of sewerage system (₹ 15.15 crore), civil works (₹ 11.69 crore), electrical System (₹ 1.99 crore) and water supply (₹ 0.98 crore)

[21] ₹ 4.85 crore (works of civil project component works allotted) to ₹ 11.69 crore (total civil project component works)

in respect of these payments amounting to ₹ 3.70 crore was not obtained from the concerned Departments/ agencies. This had resulted in unfruitful payment of ₹ 5.98 crore[22] incurred on the project and locking up of ₹ 5.02 crore[23] in LC&MA for over three years.

H&UDD stated (December 2022) that the plan for relocation and realignment of houseboats to Dole-Demb area was dropped keeping in view various environmental concerns raised by stakeholders. It was further stated that instead of relocating houseboats to Dole-Demb area, they were being connected with main existing sewer line of 16.1 MLD STP.

The fact, however, remains that untreated sewage from houseboats continues to be discharged into the Lake as of December 2022.

Thus, proper disposal of sewage generated by houseboats and decongestion of the area occupied by houseboats could not be carried out. As a result, untreated sewage from houseboats continued to be discharged into the Lake affecting its ecosystem.

Dense population of houseboats in Dal Lake was also verified from **Satellite Image 4.24** obtained from Google Earth Pro:

Satellite Image 4.24: Yellow marked areas of the Lake are densely populated with houseboats (February 2019)

[22] ₹ 2.28 crore plus ₹ 3.70 crore
[23] ₹ 11 crore minus ₹ 5.98 crore

Untreated sewage from houseboats entering the Lake	

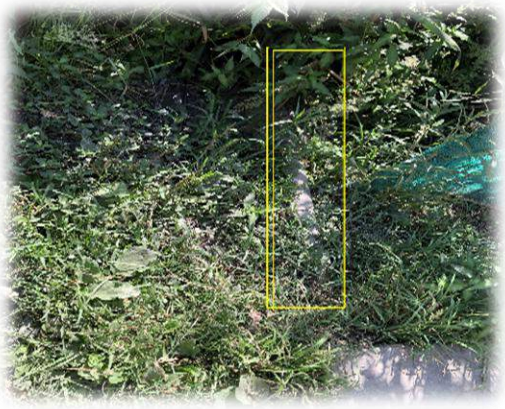
- **Hotels**

Sewage from 13 hotels situated inside/ alongside the Lake was directly entering the Lake. For shifting of these hotels, LC&MA took up (February 2009) the matter regarding transfer of land measuring 18 *kanals* at Lasjan with H&UDD. As H&UDD did not take any action for transfer of land, the BoD of LC&MA decided (July 2010) to relocate these hotels to its own land at Chandpora. Thereafter, LC&MA did not take any action in this regard for about 11 years. As of December 2022, shifting of hotels situated in the vicinity of the Lake could not take place and untreated sewage from hotels continued to be discharged into the Lake.

The Executive Engineer-Lake Division-I stated (June 2022) that the matter would be placed before Board of Directors for appropriate action.

H&UDD stated (December 2022) that the proposal to relocate 13 hotels situated inside the Lake to Lasjan could not mature due to non-transfer of land to LC&MA at Lasjan. It was further stated that in a High-Level Committee meeting chaired by the Divisional Commissioner, it was decided not to carry forward the rehabilitation process and onus was on hotels to either use existing peripheral sewer lines or install portable STPs for sewage discharge.

The reply is not acceptable because shifting the responsibility of sewage treatment entirely to the hotels does not absolve LC&MA of its commitments under NLCP.

Restaurant running inside the Lake	**Washroom facilities (hoarding marked in yellow) at the cost of water quality of the Lake**
Front view of a Hotel inside Dal Lake	**Untreated sewage (marked in yellow) behind the hotel discharging into the Lake**
	
Front view of a Hotel inside Dal Lake	**Untreated sewage (marked in yellow) behind the hotel entering into the Lake**

4.6.7 Augmentation of water budget of the Lake through Padshahi Canal

To improve water budget of the Lake during the lean/ dry period (June-July) and help flushing of the Lake by bringing additional two cubic meter (cum) of water per second from Sindh *Nallah* through Padshahi Canal, funds of ₹ 2.61 crore were earmarked under

NLCP as per approved DPR. The Padshahi canal was to be connected by a 580-meter-long link channel to Batapora *Nallah* of the Lake. The Batapora *Nallah* was to be improved by widening and raising embankments at spots.

The BoD decided (June 2010) to constitute a team of technical experts from LC&MA and Irrigation and Flood Control (I&FC) Department to work out modalities of the project. The recommendations of the team of experts were to be sent to the Administrative Department for approval. However, there was no further progress in this regard as of December 2022. Against earmarked funds of ₹ 2.61 crore, expenditure of only ₹ 0.35 crore was incurred on office and travel expenses. Besides capital funds of ₹ 2.26 crore[24] under the activity remained unutilised during the project implementation period.

Thus, the indifferent approach of LC&MA and lack of monitoring by the BoD resulted in non-augmentation of water budget of the Lake for over 16 years[25].

H&UDD stated (December 2022) that construction of link channel to Batapora *Nallah* was not possible. This was because a road had been constructed along its proposed alignment and removal of constructions which had come up on either side of Grata Kul up to Batapora *Nallah* was not possible, as it involved huge financial implications. It was further stated that funds under NLCP were being returned by LC&MA and the matter stood taken up with GoI.

The fact remained that alternative measures were not undertaken to augment water budget of the Lake.

4.6.8 Restoration and Development works

- **Dredging of the blocked channels**

Due to accumulation of sediment, channels inter-connecting different parts of the Lake were blocked to varying extents over a period of time. This was not only impeding circulation of water within the Lake but also hindering movement of boats and *shikaras.* One of the activities under NLCP was to widen and deepen channels which included dredging of 38 blocked channels. LC&MA was to prepare a bathymetric map of the Lake to have a clear picture about basin morphology to help in marking areas to be dredged.

Funds of ₹ 8.01 crore available under NLCP were utilised up to 2017-18 on dredging works and further expenditure of ₹ 3.01 crore[26] was incurred on dredging works under CAPEX. As of March 2022, a total expenditure of ₹ 11.02 crore was incurred on dredging of the Lake. Audit observed the following in this regard:

[24] ₹ 2.61crore minus ₹ 0.35 crore.
[25] Since September 2005 i.e. launch of NLCP.
[26] ₹ 0.67 crore during 2020-21 and ₹ 2.34 crore during 2021-22.

- Dredging of the Lake was carried out without conducting bathymetric survey of Lake morphology till 2018-19. Further, the bathymetric survey conducted in 2018-19 did not contain the details of location and quantum of silt deposited in Lake and its catchment area.
- Dredging works were not monitored properly, as no record indicating location/ channel-wise width and depth of the Lake where dredging was carried out was kept on record. Instead, mere year-wise physical and financial achievements were documented.
- No study was conducted to assess the impact of dredging carried out in the Lake.

H&UDD stated (December 2022) that bathymetric survey was conducted in 2018-19. They admitted that no bathymetric survey had been conducted prior to 2018-19.

The reply is not justified, as bathymetric survey conducted in 2018-19, annexed with the reply, is not comprehensive since it does not indicate locations and quantum of silt deposited in the Lake and its catchment area.

- **Dredging of settling basin**

Tailbal *Nallah* is the main source of water for the Lake and brings a lot of sediments from its catchment areas. The water of Tailbal *Nallah* along with water from other sources enters a natural auxiliary basin before entering the Lake. To prevent sediments from entering the Lake, a settling basin was constructed at the point where water of Tailbal *Nallah* enters the Lake. A study conducted (May 1998 to June 2000) by LC&MA revealed that the settling basin had an efficiency[27] of only 07 to 57 *per cent*.

Audit noticed that LC&MA had not conducted any bathymetric survey to ascertain the quantum of silt entrapped in the settling basin after its construction. No de-siltation of settling basin was carried out to improve its efficiency. A study conducted (March 2015) by J&K, EE&RSD indicated a decrease of 0.08 hectare in silt retention capacity of the basin in 2014 with respect to 2007. Decrease in silt retention capacity of the basin had the potential to hasten ageing process of the Lake.

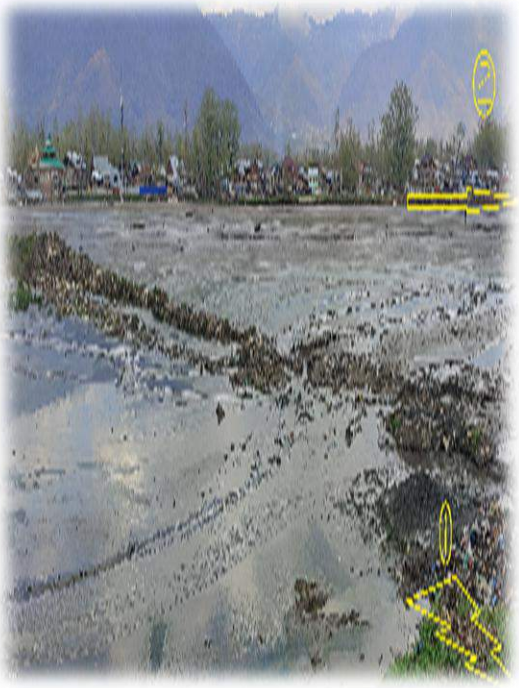
The Executive Engineer (EE), Lake Division-I admitted (June 2022) that bathymetric survey of the settling basin had not been conducted and stated that de-siltation of the settling basin to improve its efficiency was in progress from 2020 onwards. The EE added that due to non-availability of dykes for dumping of dredged out material, the material was being thrown into the auxiliary basin being part of the settling basin. The EE further stated that the auxiliary basin would also be retrieved as auctioning of dredged out material was under process. The EE further added that bathymetric survey

[27] Settling basin had an efficiency of 57 *per cent*. This means that if 100 metric tonnes of silt enters the settling basin through the *nallah*, only 54 metric tonnes of silt would be retained in the settling basin. Consequently, 46 metric tonnes of silt would still enter the Lake.

of the basin would be conducted and a schedule for the dredging process would be formulated.

H&UDD stated (December 2022) that based on the bathymetric survey report of 2018-19, 1.5 lakh cum of silt had been removed from the settling basin which resulted in improving its efficiency.

The reply should be seen in light of fact that the bathymetric report, annexed with the reply, does not indicate locations and quantum of silt deposited in the Lake and its catchments. Further, the report also does not indicate the dykes/ areas in which the removed silt was dumped. Moreover, the following photographs show silt dumped in the auxiliary basin of the Lake.

Material dredged out from the settling basin dumped into auxiliary basin (which acts as buffer zone against nutrients, silt and other materials) which is only about 15 feet from the settling basin	**Part of the auxiliary basin which had been converted into play field due to dumping of material dredged out from the Lake**
	

Increase of habitations in major inlet catchment areas of Dal Lake were also seen in the **Satellite Images 4.25 and 4.26** from Google Earth Pro.

Yellow marked area shows increase in built-up at the major water inlet of the Lake	
Satellite Image 4.25 (September 2003)	**Satellite Image 4.26 (September 2021)**

- **De-weeding of Lake**

NLCP, inter alia, envisaged de-weeding first in late spring and thereafter during late summer. The exercise was to be carried out before flowering/ fruiting and formation of propagules in plants. Weeds were to be removed at a controlled rate of 40 to 50 *per cent* (maximum up to 75 *per cent*) of submerged vegetation. Some selected areas were to be left undisturbed for fish spawning and waterfowl feeding.

Test check of records revealed that ₹ 28.01 crore[28] was spent on de-weeding carried out through contractors and Departmentally by harvesting machines. The expenditure included ₹ 16.18 crore spent[29] during the months other than the months specified for de-weeding. Untimely de-weeding leads to re-growth of vegetation in the Lake.

Records of the Lake Division-I wing of LC&MA did not clearly depict whether controlled de-weeding by removing only 40 to 50 *per cent* (maximum up to 75 *per cent*) of submerged vegetation had been carried out, to leave out areas undisturbed for fish spawning and waterfowl feeding.

The Executive Engineer, Lake Division-I stated (June 2022) that the needful would be done.

H&UDD stated (December 2022) that selective manual de-weeding operations were carried out annually in specified areas, during specified periods and to the extent of specified percentage as per recommendations of NLCP. It was further stated that as

[28] ₹ 18.28 crore (2016-20) spent under NLCP and ₹ 9.73 crore (2020-22) spent under CAPEX.

[29] ₹ 13.22 crore spent under NLCP and ₹ 2.96 crore (2020-22) spent under CAPEX.

envisaged in the DPR, impact of de-weeding for periods prior to, ongoing and afterwards were regularly studied by R&M wing. It was also added that skimming and removal of floating material were taken up regularly to maintain aesthetics of the Lake and for navigation of *shikaras*.

The reply is not acceptable as no documentary evidence was provided to audit regarding any survey conducted for identification of locations for de-weeding, quantification of weed growth or determination of optimal months for de-weeding. Further, details regarding the percentage of weed removal, excluding areas for fish spawning, were also not furnished during audit.

- **Development of Shalimar Channel**

For maintenance of 941 m Shalimar Channel from which water enters Dal Lake and to restore its navigational routes for tourists visiting the Shalimar garden and stop flow of garbage and silt into the Lake, the BoD decided (July 2012) to carry out dredging and shoreline treatment of channel together with construction of pedestrian mall.

For development of Shalimar Channel, 13 works to be completed in one to three months were allotted[30] (between 2014-15 and 2018-19) to 10 contractors at a cost of ₹ 3.59 crore. As of September 2019, the LC&MA had spent ₹ 2.73 crore on construction of channel. Audit noticed that only 366 m channel[31] had been completed. There was no progress in execution of works in respect of 87 m channel[32] and physical progress in respect of works of 488 m channel ranged between 10 and 88 *per cent*. However, these works taken up during 2014-15 were damaged and had not been restored as of December 2022.

Thus, restoration of Shalimar Channel by way of dredging, shoreline treatment and construction of pedestrian mall could not be completed despite lapse of over seven years from the timeline fixed for completion of works. As a result, expenditure of ₹ 2.73 crore could not yield expected results and sediments from banks of the Lake continued to be deposited into the Lake thereby contributing to ageing of the Lake.

The Executive Engineer, Lake Division-1 stated (June 2022) that the damaged works would be allotted to contractors afresh for restoration and trash chambers/ silt retention basins would be constructed to stop flow of garbage and silt into the Lake.

H&UDD stated (December 2022) that some slope stability works including works of ornamental parapet walls on either side of the channels and dredging had been completed. It was further stated that remaining development works such as those related

30 Seven were allotted during 2014-15, one during 2017-18 and five during 2018-19.
31 From RD-615 mtr to 981 mtr.
32 RD- 289 mtr to 376 mtr.

to pedestrian mall, ornamental foot bridges and jetties are now being executed under Srinagar Smart City Ltd project, which would be completed in April 2023.

The reply should be seen in light of the fact that high siltation was noticed (March 2022) during joint physical verification of the channel.

Area marked in red indicates channel without any toe-walling and area marked in yellow is damaged toe-wall. Cow-dung dumped (marked in white) at the fringe of the Shalimar Channel and run-off from it finds it way in the Lake through the channel.

4.6.9 Increase in area of floating gardens/ land masses

The floating gardens are made of heaps of weed and mud extracted from the Lake. These are used by cultivators for growing vegetables. Besides, fertile marshy land masses formed in shallow areas of the Lake are also used by cultivators for growing vegetables and willow/ poplar trees. Increase in area of floating gardens reduces water expanse, and use of fertilisers therein deteriorates water quality of the Lake. Decrease in silt retention basin increases siltation in the Lake as the basin retains silt before water enters in the Lake.

A comparison of data of the Lake furnished by J&K, Remote Sensing Department for the year 2007 and year 2014 indicated expansion of floating gardens/ houseboats and decrease in silt retention basin as detailed in **Table 4.3, Charts 4.5 and 4.6**.

Table 4.3: Changes in silt retention basin and coverage of water body

Category	Area in hectares (ha)		
	2007	2014	Change (2014-2007)
Silt retention basin	11.43	11.35	(-) 0.08
Water body with houseboats	0.47	0.56	0.09
Water body with floating/ emergent vegetation	14.53	14.61	0.08
Water body with submerged vegetation/ open	21.20	21.30	0.10

(Source: data of EE&RSD)

Charts 4.5 and 4.6: Changes in silt retention basin and coverage of water body

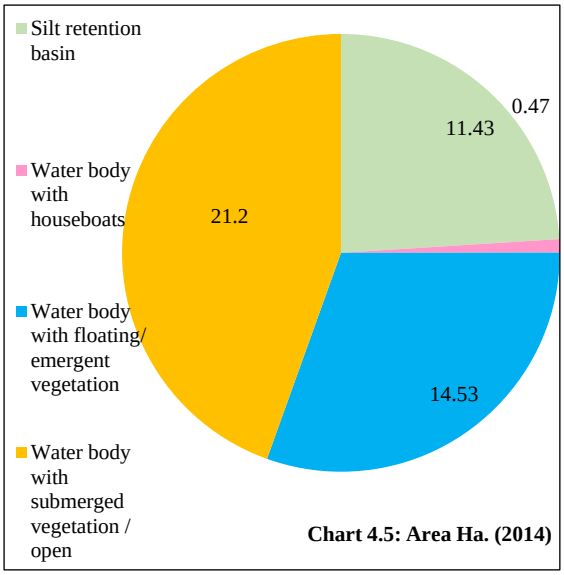


Chart 4.5: Area Ha. (2014)

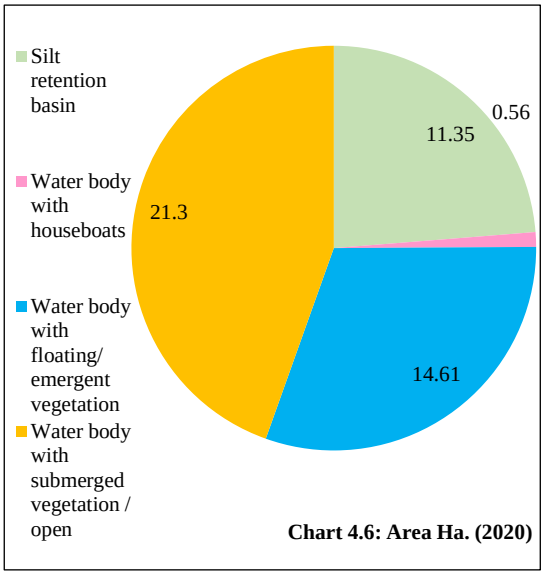


Chart 4.6: Area Ha. (2020)

H&UDD admitted (December 2022) that there was significant area under vegetation till 2020. They further added that the Department had launched a massive operation to check the proliferation of unwanted species and 4.8 sq.km. of area was cleared. It was further stated that dredging of detention ponds in the hinterland of Dal Lake to Northern Foreshore had been started to create more silt retention capacity and to increase its capacity to act as bio-filter for reducing influx of nutrients into the Lake.

4.6.10 Catchment Management Works

The lifeline of a Lake is its water sources. The catchment area of Dal Lake is spread over an area of 33,717 hectares. The Lake receives 80 *per cent* of its water budget from Tailbal *Nallah* and 18 *per cent* from small *nallahs* flowing from catchments on the other side of the Lake. To keep the Lake rejuvenated with substantial inflow of water from catchment areas, sediment/ sewage free inflow of water from catchment areas has to be ensured.

Audit observed that against 15 Micro Watershed Management Areas (MWMAs) identified in the DPR for Dal Lake, only four MWMAs[33] were sanctioned for Catchment Management Activities (CMAs) at a cost of ₹ 25.84 crore under NLCP.

Watershed Manager, LC&MA stated (June 2022) that the DPR of CMAs was unrealistic as no comprehensive survey was carried out by the firm which prepared DPR under NLCP. As a result, treatment of major 11 MWMAs (73 *per cent*) and major works of four catchment areas were missed under NLCP.

[33] Asthanpur, Saidpur, Hodura, and Bidan.

Further, against ₹ 25.84 crore earmarked for four MWMAs, ₹ 28.47 crore was spent[34] on structural, vegetative and livelihood improvement measures and on training/ evaluation and institutional strengthening.

Audit noticed the following shortcomings in catchment management works:

- **Structural Measures:** Structural measures included civil works for construction of retard gabion, stone walls and check dams in feeding *nallahs* of the Lake on which ₹ 13.31 crore was spent. Although physical achievement was 100 *per cent* in respect of four components, achievement ranged between 01 and 93 *per cent* in respect of five components[35].

- **Vegetative Measures:** Vegetative measures included afforestation, rejuvenation of degraded forests, pasture and horticulture development, trenching, fencing etc. ₹ 9.55 crore was spent for execution of these works. Physical achievement was 100 *per cent* in respect of four components, while it ranged between 20 and 86 *per cent* in respect of other four components. There was no progress in respect of three components despite allocation of ₹ 0.99 crore and in respect of two components no targets were set. ₹ 0.92 crore was spent on four works[36] which were not approved for catchment works. Although ₹ 5.24 crore was spent on plantation of 26.91 lakh saplings, no physical verification was carried out to ascertain survival/ mortality of plantations and maintenance of plantation was not ensured.

- **Improvement to Livelihood Strategies:** Under this component, ₹ 3.70 crore was approved for construction of water tanks and water trough for inhabitants of the catchment areas of the Lake. The component also included provision for carrying out entry point activity to provide thrift and credit facility to the local people. Against approved cost of ₹ 3.03 crore in respect of three components (water tanks, water trough and entry point activity), ₹ 4.02 crore was booked but ₹ 3.81 crore was actually spent (₹ 0.78 crore in excess of approved cost). ₹ 0.21 crore was diverted towards activities which were not part of livelihood strategies. Although ₹ 0.67 crore was allocated for thrift and credit facility meant for improvement of livelihood of inhabitants of the catchment areas, no expenditure was incurred on thrift and credit facility and ₹ 0.67 crore was diverted towards other activities.

- **Training and Evaluation:** ₹ 0.29 crore approved under the component included allocation of ₹ 0.13 crore in respect of training programmes for farmers to involve them in understanding their role in catchment farming. The component also included ₹ 0.16 crore for establishment of four gauge stations to monitor silt control in the catchment areas, and training programme for Watershed Development Teams

[34] ₹ 27.67 crore spent as on March 2015 plus ₹ 0.80 crore spent from April 2015 to March 2020.

[35] Contour stone wall, loose bold check dams, retard (lined), stabilisation of quarry and spur (gabion) hac.

[36] earthen contour bunding, earthen bag embankments, crib structures and brush wood check dam.

(WDTs) to look after watershed works and their maintenance. Against target of holding 200 training Programmes for farmers, only 13 training programmes (seven *per cent*) were held as of March 2022. Gauge stations were not established and WDTs were not constituted.

- **Institutional Strengthening:** ₹ 1.86 crore approved for Institutional Strengthening included provision for procurement of equipment, setting up GIS observatory/ silt monitoring system and establishment charges (including travelling expenses, purchase of vehicle and fuel). An expenditure of ₹ 1.56 crore was incurred on these purposes[37] except for GIS observatory and silt monitoring systems which had not been set up.

- Expenditure of ₹ 2.63 crore[38] was incurred in excess of allocation on catchment activities under NLCP.

Due to non-procurement/ establishment of gauge station and silt monitoring systems efficacy of catchment treatment works in arresting and bringing down the sediment load in the Lake could not be ascertained despite incurring expenditure of ₹ 28.47 crore on catchment activities. However, research reports detailed in ***Appendix-4.6***, indicated increase in nutrient and silt loads from catchment areas of the Lake which was one of the reasons for deterioration of water quality of the Lake. Audit analysed that shortfall in execution of activities was due to inadequate funding in the DPR under NLCP.

The Project Manager-Watershed stated (June 2022) that shortfall in achievement of targets was due to preparation of unrealistic DPR by the firm without conducting any survey to assess the problems in the catchment areas. The Project Manager added that for protection of water sources of the Lake, there was a need to get a comprehensive DPR for the entire catchment area prepared by a well-versed consultant/ firm.

H&UDD stated (December 2022) that cognisance had been taken regarding the audit observation in respect of non-procurement/ establishment of gauge station and silt monitoring systems. No specific reply was furnished by H&UDD in respect of the other observations.

- **Joint Inspection of catchment area**

During joint inspection of the catchment areas of Dal Lake conducted (03 March 2022) by the audit team with Watershed Management Team and officials of LC&MA, it was noticed that:

- There was shrinkage of *nallahs* due to encroachments.
- Plantation was being carried out by people on the fringes and inside *nallahs*.

[37] Procurement of equipment/ computer, expenditure on establishment charges, Travelling Allowance/ Daily Allowance, Petrol Oil and Lubricants and purchase of vehicle.

[38] ₹ 28.47 crore minus ₹ 25.84 crore.

- At four locations, *nallahs* were blocked by construction of roads by the Roads and Buildings (R&B) Department.
- A four-storey building was under construction on a wetland and the construction material was dumped into a *nallah*.
- There was siltation in *nallahs* and drains of households were flowing into *nallahs* and ultimately into the Lake.
- Heaps of garbage and cow dung were seen in the *nallahs* at various places.
- No dustbins and garbage lifting facility were seen around *nallahs*.

These factors led to deterioration in the water budget/ quality of the Lake. Photographic evidence is given below.

H&UDD stated (December 2022) that the reported illegal constructions which were influencing the topography of catchment area would be looked into through Enforcement Wing of LC&MA for appropriate action.

Toe walling of Tailbal *nallah* (a major source of water for Dal Lake) at Khawaja Colony done 25 feet inside the existing old toe wall resulting in shrinkage in the width of *nallah*

Extracted material dumped at the Lake fringe resulting in shrinkage of *nallah*

Huge private building under construction (without permission) in a *nallah* at Azad Colony, Batapora, from which water enters the Lake and construction material dumped into the *nallah*

Earth filling in Bata Khul and waste material dumped on fringe of *nallah*

Road constructed through *nallah* at Chatterhama, and cow dung dumped at the fringe of the nallah	**Road constructed through *nallah* at DFO Bagh**
Road constructed through *nallah* at DFO Bagh	**Check dams and road constructed through *nallah* at Chatterhama causing stoppage of water flow**
Road constructed through *nallah* without constructing culvert at Chatterhama	**Road constructed through *nallah* without constructing culvert at Chatterhama**
Width of Chatterhama *nallah* which was between 60 and 70 feet reduced to a width of 3-4 feet due to encroachment	**Sign board showing the road (constructed from Darbagh to Chatterhama) which passes through the *nallahs***

Illegal constructions at Saidpora (catchment area of the Dal Lake) 	**Illegal constructions at Saidpora (catchment area of the Dal Lake)**
Encroachment of Lake tributary at Mirza bagh colony 	**Illegal constructions at Saidpora (catchment area of the Dal Lake)**
Dumping of garbage at one of the *nallahs* at Chatterhama 	**Plantation being done in *nallah* at Saidnar**
Spot work done inside the Saidnar *nallah* thereby reducing the width of the *nallah* from 100-150 feet to 25 – 30 feet 	**Plantation done in the Maloori *nallah* near Saidpora bridge**

4.6.11 Installation of CCTV Surveillance

To stop illegal constructions along the periphery of the Dal Lake by responding faster to illegal transportation of construction material and to help in collection of evidence for such incidences, LC&MA proposed (December 2015) installation of 20 Closed Circuit Television (CCTV) cameras on poles along the Lake periphery and laying of 40 km of cable networking with a control room at a cost of ₹ 2.16 crore. For this purpose, ₹ 4.55 crore[39] was released (2017-22) by GoJ&K under CAPEX. The work for installation of CCTVs was allotted (April 2017) to a firm[40] at a cost of ₹ 1.62 crore. Terms and conditions of the contract stipulated that 90 *per cent* payment was to be made only after completion of installation work and the remaining 10 *per cent* of payment was to be made after commissioning of the project.

Against target of laying 40 km of cable, the firm laid only 19 km of cable and against requirement of installing 20 poles for cameras the firm installed only nine. However, payment of ₹ 0.46 crore was made (December 2017) to the firm in contravention of the contractual terms and conditions.

The work of providing power supply units to the CCTVs was allotted (January 2018) to a second firm at a cost of ₹ 0.10 crore. The second firm completed the work but only ₹ 0.06 crore was paid (June 2018) for the work. Thereafter, the second firm left the work and there was no further progress for about three years in laying of cable for remaining 21 km, establishment of control room and installation of the remaining cameras till May 2021. The work was re-allotted (June 2021) for which expenditure of ₹ 0.97 crore was incurred for completion of CCTV surveillance over already laid cable for 19 km in Phase-I and work stood completed. The control room had not been installed and capacity building by imparting training to officials of enforcement wing of LC&MA was not done.

Thus, surveillance against illegal construction and illegal transportation of construction material could not be ensured despite lapse of over seven years since CCTV surveillance project was proposed in December 2015.

H&UDD stated (December 2022) that the project under Phase-I including video wall and control room at dock yard has now been completed. It added that monitoring was being done through display units at Mechanical Division Dockyard and the process would be started during 2023 to cover the area from Dalgate to Habak under Phase-II.

The fact remains that despite lapse of seven years since the project was proposed in December 2015, Phase-II of the project under which vulnerable areas were to be covered, had not been completed.

[39] ₹ 70.00 lakh in 2017-18, ₹ 50.00 lakh in 2018-19, ₹ 60.00 lakh in 2019-20, ₹ 75.00 lakh in 2021-21 and ₹ 200.00 lakh in 2021-22

[40] M/s Ador Powertron limited

4.6.12 Relocation and Rehabilitation of Dal-dwellers

- **Under PMRP**

➢ GoI approved (February 2012) a Special Plan Assistance (SPA) of ₹ 356 crore under PMRP for payment of compensation in respect of acquisition of 14,992 *kanals* of land and 1,994 structures belonging to people living in and along the Dal Lake. These people were to be relocated to a place called Rakh-i-Arth in Bemina locality situated at a distance of six kilometers from the Lake.

The programme of SPA also envisaged purchase of dredging and allied machinery for dredging of acquired land masses to improve water quality, increase water expanse, aerate stagnant areas, prevent discharge of wastes and pollution of the Lake due to chemical and fertiliser usage for agricultural practices in the Lake. The project was to be completed within five years i.e. by (January 2017). ₹ 83.18 crore was released (February 2012) under SPA in the first phase. The programme could not be taken up till 2013 due to delay in release of funds at various levels[41].

As of December 2019, ₹ 63.73 crore was spent by LC&MA on acquisition of land and structures. Only 15 *per cent* land (2,299 *kanal* out of 14,992 *kanal*) and 16 *per cent*[42] structures had been acquired over a period of six years (2013-19). A total of 1,994 structures were targeted to be acquired in four phases. Out of 482 structures targeted to be acquired in phase-I, only 319 structures could be acquired.

Audit however noted that out of these 319 structures, 99 were acquired in first phase instead of the intended second (72), third (26) and fourth (1) phase. This indicated that acquisition of structures was done in an unplanned manner. In respect of 2,299 *kanal* of acquired land, no dredging was carried out for its reclamation to the Lake.

Failure of LC&MA in implementation of the project within the timeline of five years had resulted in non-release of funds of ₹ 272.82 crore from GoI under SPA, and degradation of the Lake continued due to discharge of wastes and chemical fertilisers by Lake dwellers into the Lake. Reasons for non-achievement of targets in the first phase as observed by audit were as follows:

- No meeting of the Board of Directors was convened by LC&MA during July 2012 to December 2015.
- The Collector wing of LC&MA lacked technical expertise due to which land compensation cases could not be settled during the period. There was delay ranging up to 42 months in execution of sale deed with the beneficiaries after their cases were decided by the High-Level Committee. There was also delay

[41] J&K Planning Department delayed release of funds to H&UDD by seven months which had further delayed releases in favour of LC&MA by three months. LC&MA also delayed release of funds to its implementing wing which ranged upto 24 months

[42] 319 out of 1,994 structures

ranging up to 82 months by LC&MA in taking possession of land for which compensation was paid and in making payments to the beneficiaries.

- Instead of holding full-fledged charge for a tenure of two years, the Vice Chairmen posted to LC&MA were holding additional charges[43] during April 2014 to July 2017.

H&UDD stated (December 2022) that structure owners whose cases were decided in HLC often resort to inordinate delays in execution of sale deed and completion of other formalities to seek additional plots or enhanced compensation. It added that since there was no provision of compulsory acquisition, no coercive measure could be taken by LC&MA to make Dal-dwellers comply with the decision/ instructions of the High-Level Committee.

The fact remains that the intended objective of relocating Dal Lake dwellers to Rakh-i-Arth could not be achieved despite lapse of over 10 years since launch of SPA in February 2012 as of March 2022.

➢ Audit also noted that out of 16 different dredging/ de-weeding machines costing ₹ 27.89 crore required to be purchased by LC&MA, only one machine was purchased (2018-19) for ₹ 0.50 crore.

The Executive Engineer, Lake Division-I stated (June 2022) that the slow pace of project work was due to demand for increase in land compensation by Dal dwellers who earn their livelihood from vegetables produced on the land proposed to be acquired. It was further stated that over time cost of compensation for land and structures to be acquired had escalated for which MoEF&CC expressed inability to provide for cost escalation.

H&UDD stated (December 2022) that considering the representation and demands of Dal dwellers who were reluctant to part with their properties as per existing rehabilitation scheme, LC&MA framed a revised DPR of ₹ 4,500 crore for acquisition of land, which was not approved. It was further stated that in a meeting of HLC and the Board, it was decided in principle to maintain status quo and a policy for the same was being framed.

The fact remains that the untreated sewage of Dal dwellers had continued to enter the Lake.

[43] 730 days {Mr. Shafat Noor Barlas (IAS) from 02.4.2014 to 22.7.2014 (112 days), Mr. Showkat Ahmad Zargar (KAS) from 15.10.2015 to 14.07.2016 (243 days) and Mr. Thaseen Mustafa 15.07.2016 to 24.07.2017 (375 days)}

- **Expenditure for Rehabilitation programme under CAPEX**

Rehabilitation programme under State plan envisaged resettlement of families residing inside the Lake on small islands and in the vicinity of Dal Lake by providing them with residential plots outside the Lake area.

The State Government initially approved (May 2001) the project for ₹ 135 crore which was revised from time to time. The project included land acquisition, development of plots, construction of roads, providing water and electricity, sewer networking and STPs and other basic amenities**.** Two sites were identified at Chandpora and Rakh-i-Arth for resettlement of concerned families.

Out of 1,132 *kanal* and 11 *marla* of land identified by LC&MA at Chandpora Srinagar, land measuring 581 *kanal* was acquired up to October 2003 at a cost of ₹ 8.32 crore. Since the land was falling in the green belt area of Srinagar Master Plan, it could not be developed into plots.

The State Government transferred (April 2006) land measuring 7,526 *kanal*[44] and seven *marla* at Rakh-i-Arth, Budgam to LC&MA for development of a colony. The colony was to be developed within five years at a cost of ₹ 402 crore. The land was falling within 10 km of a wildlife sanctuary for which environment clearance was to be obtained.

Audit observed that LC&MA had applied (September 2011) for environmental clearance after a lapse of over five years since transfer of land by the Government. Clearance was granted by the Government in July 2012. Thus, there was a delay of over six years in processing and obtaining of environmental clearance.

An amount of ₹ 62.07 crore was spent (March 2013) on acquisition of 3,390 *kanal* of land (₹ 16.37 crore) and on development of acquired land (₹ 45.70 crore). Due to delay in the rehabilitation process and inadequate funding, LC&MA submitted (June 2012) a revised DPR at a cost of ₹ 416.72 crore which was approved (March 2013) by GoJ&K with extended timeline for completion of rehabilitation process up to March 2018.

Against project cost of ₹ 416.72 crore, only ₹ 189.27 crore[45] was released and ₹ 181.90 crore was spent as of March 2022. The component wise physical and financial targets *vis-a-vis* achievements regarding rehabilitation of Dal-dwellers are detailed in **Table 4.4.**

[44] Including 50 *kanals* of proprietary land for which compensation at the rate of ₹ three lakh per *kanal* was to be paid and 7,050 *kanals* of land which was under occupation of *kamas* to whom compensation at the rate of ₹ 0.40 lakh per *kanal* was to be paid

[45] ₹ 164.27 crore ending March 2020 + ₹ 25 crore during 2020-21

Table: 4.4: Physical and financial targets *vis-à-vis* achievements regarding rehabilitation of Dal dwellers

Sl. No	Activity	Unit	Project Targets		Physical Achievement	Expenditure Incurred (₹ in crore)	Percentage of Physical Achievement
			Physical	Financial (₹ in crore)			
1.	Land acquisition	*Kanals*	7,050	29.50	5,632.00	23.03	80
2.	Earth filling	lakh cum	21.5	140.96	18.71	62.46	87
3.	Housing units	No.	10,600	111.30	485.00	3.07	5
4.	Development of Roads	Kms	82.5	82.41	23.10	29.63	28
5.	Laying of Sewerage Network	Kms	36.76	20.70	22.79	43.15	62
6.	Construction of Park	No.	26	2.44	4.00	0.67	15
7.	Electric & Water Supply	No.	84.5	40.01	Nil	11.63	Nil
8.	Solid Waste Management/ Environment Impact Assessment / Contingency	Job	3	17.29	Nil	8.24	Nil
	Total					**181.88**	

(Source: records of LC&MA)

It may be seen from the **Table 4.4** that although LC&MA acquired 80 *per cent* of land, only 485 housing units constituting five *per cent* of the target were developed. Further, the physical progress of electric and water supply as well as Solid Waste Management/ Environment Impact Assessment / Contingency was found to be nil.

Further, out of total earth works, earth filling of 21.5 lakh cum comprised 16 works for development of plots which were allotted (2012-14) to three contractors at a cost of ₹ 8.25 crore. After spending ₹ 5.27 crore, physical progress of works ranged between 20 and 80 *per cent*. As of March 2022, the works had remained abandoned for over six years resulting in unfruitful expenditure of ₹ 5.27 crore as sections 1-7 of bay 16 at Rakh-i-Arth could not be developed as plots for allotment to Dal dwellers. Neither reasons for abandoning of 16 works by the contractors nor documents regarding re-tendering/ re-construction of these works were provided to audit.

Against the target of acquiring 1,994 structures, only 319 (16 *per cent*) were acquired as of December 2022.

Inadequate funding, delay in obtaining environmental clearance and inadequate monitoring by the BoD resulted in delay in rehabilitation of 84 *per cent*[46] of Lake

[46] 319/1,994 structures

dwellers. As a result, Conservation and Management of Dal Lake got hampered as sewage generated by dwellers continued to be discharged into the Lake body.

H&UDD stated (December 2022) that LC&MA would prepare revised DPR of Phase-I of Rakh-i-Arth housing colony which would be complete in all respects. Regarding abandonment of 16 works, it was stated that these works were abandoned due to land dispute.

4.7 Other programme activities

LC&MA had not carried out studies to evaluate the impact of conditions in the catchment area of the Lake on Lake ecosystem. Impact of inflow of nutrients into the Lake was not monitored. Bathymetric survey was not carried out to evaluate impact of sediment inflow into the Lake. Water budget of the Lake had not been measured. Flushing of Lake was not done as per prescribed mechanism. Assessment of biodiversity of the Lake was not made for monitoring the ecosystem of the Lake. Study of seed bank to understand vegetative history of the Lake was not carried out. Rate of sedimentation in the Lake was not gauged to ascertain expected life of the Lake and interconnected Lakes of Anchar and Gilsar had remained without any conservation programme

4.7.1 Research studies in Catchment Area

NLCP envisaged study of various aspects of the Lake ecosystem including geological/ hydrological study of catchment area of the Lake and Lake bed, impact of snowfall/ rainfall on temporal discharge, behavior of ground water movement from catchment area and impact of drains flowing into the Lake.

Audit observed that no such study was carried out by LC&MA. In absence of study of catchment area, the impact of conditions in catchment area on the Lake ecosystem could not be evaluated.

Audit had highlighted presence of heavy metals like manganese, copper, lead, nickel, cadmium and arsenic which were far above permissible limits in the Lake in **Paragraph 3.2.10.5** of the CAG's Audit Report of Jammu and Kashmir for the year ended March 2006. Thereafter, LC&MA had not carried out any tests for detection of heavy metals in the Lake and its impact on aquatic life/ food chain as of March 2022.

Concentration of heavy metals in the Lake water results in high level of these elements in aquatic life such as fish which are being consumed by the humans at the top of the food chain. Pathological effects of these elements can cause damage to brain, liver and kidney.

H&UDD stated (December 2022) that it has decided to hire consultants from relevant fields to carry out studies in the catchment area and in this regard the matter had been taken up with Kashmir University and National Institute of Technology, Srinagar.

4.7.2 Nutrient load monitoring

Dal Lake receives large quantity of nitrogen and phosphorus from Dachigam *nallah*, Dara *nallah* and high altitude Marsar Lake. These snow-fed *nallahs* join to form Tailbal *nallah* which enters the Lake at the northern shore. Phosphorus and nitrogen promote prolific growth of weeds which results into retrogressive change in the ecosystem and reduction in open water area of the Lake.

As per data in the DPR approved (1998-99) under NLCP, total phosphorus inflow into the Lake was about 156.62 tons and outflow from the Lake was 80.62 tons. Inflow of organic nitrogen was 241.18 tons whereas outflow was 109.22 tons. Thus, 76 tons of phosphorus and 131.96 tons of inorganic nitrogen were entrapped within the Lake system.

Audit noticed that after 1998-99, inflow of phosphorous and nitrogen into the Lake and its impact on ecosystem of the Lake and on growth of weed and open water area of the Lake was not monitored.

H&UDD stated (December 2022) that nutrient load of nearly 50 sites was being monitored by scientists of Research and Monitoring wing of the LC&MA on a monthly basis and quarterly health report cards were issued.

The reply is not convincing as no monitoring reports with data of nutrients was provided in support of the reply.

4.7.3 Hydrology and water balance studies

Bathymetric study to measure underwater features[47] and rate of sedimentation of Dal Lake was carried out by IIT, Roorkee in October 2000. Although LC&MA had got Bathymetric survey conducted in 2018-19, the survey was not comprehensive as it did not indicate quantum of silt deposited and rate of sedimentation in the Lake. Thereafter, no such comprehensive survey was undertaken by LC&MA as of March 2022. Consequently, the impact of NLCP on sediment inflow into the Lake, water volume and depth of Lake could not be evaluated.

H&UDD stated (December 2022) that bathymetric survey of the Lake carried out by Indian Navy indicated the depth of the water body and identified the locations for dredging.

[47] Mean water level, minimum/ maximum/ average depth, minimum/ maximum/ average water of the Lake.

The reply should be seen in light of the fact that bathymetric report annexed with the reply does not indicate locations and quantum of silt deposited in the Lake and its catchment area.

4.7.3.1 Water budget of the Lake

For maintaining the water budget of the Lake, water inflow into and outflow from the Lake was needed to be measured for providing scientific basis for validation of other water balance studies.

Audit noticed that after measuring water budget up to 1998-99, LC&MA had not carried out any further measurement of water budget though it was provided for in the approved DPR of NLCP. As a result, decrease, increase, uniformity in the water budget of the Lake could not be determined by LC&MA.

H&UDD stated (December 2022) that water budget of the Lake was being regularly monitored by scientists of R&M wing of LC&MA.

The reply is not convincing as no monitoring reports with data regarding water budget was provided in support of the reply.

4.7.3.2 Flushing of the Lake

Flushing of a Lake means reducing the pollution by clean inflow of water with an equivalent outflow of polluted water. In the process, the clean water both displaces and mixes with the polluted water. Flushing of the Lake has to be done to ensure re-circulation of Lake water. Flushing rates of Dal Lake were to be worked out by dividing total outflow by average Lake capacity of 15 million cum as was laid in the approved DPR under NLCP.

Audit observed that this system had not been adopted for flushing of the Lake. The water outflow of the Lake was carried out without any laid down mechanism through three gates (two at Dal gate and one at Brari-Numbal) where crest level/ scale had been installed. No crest level/ scale was installed at the fourth outlet at Amir Khan *nallah*. Although the three outlets located at distant places from one another were required to be simultaneously controlled, audit noted that the outlets were manually and concurrently operated by only two persons casting doubt over the authenticity of the manual readings recorded in the log books of these outlets.

The Executive Engineer, Lake Division-I stated (June 2022) that the matter would be looked into and necessary action would be taken.

H&UDD stated (December 2022) that the water level of the Lake was being regulated by four outlet gates and flushing of discharge at outlet gates was being done strictly as per quantum of water inflow from sources of the Lake. It was further stated that water

level in Dal Lake was being maintained at 1,583.43 meters above sea level, and that any excess flow received from inflow channels was being flushed out from outlet gates.

The reply was silent regarding the audit concerns raised about the fact that the outlets were manually and concurrently operated by only two persons casting doubt over the authenticity of manual readings recorded in respect of these outlets.

4.7.4 Biodiversity in the Lake Ecosystem

DPR approved under NLCP envisaged the need for planned assessment of biodiversity of the Lake including preparation of species inventory and distribution pattern of species, identification of fugitive species, study of native and introduced populations, individual studies on invasive species and their impacts on native flora and fauna and identification of rare/ endangered species.

Audit observed that as of March 2022, no assessment of biodiversity of the Lake was made by LC&MA to monitor its ecosystem.

H&UDD stated (December 2022) that assessment of biodiversity was being done on a monthly basis and findings of these studies were included in the annual reports of LC&MA.

The reply is not acceptable as no monthly reports of assessment done in respect of biodiversity and annual reports were furnished to audit nor were these documents annexed with the reply.

4.7.4.1 Seed bank inventory

To understand vegetative history of the Lake and to explore possible restoration measures involving renewal of seed bank, a study of seed bank was to be carried out as per approved DPR under NLCP. Permissible limits of aquatic weeds were to be gauged and the Lake area was to be monitored and managed accordingly. Besides, the negative impact of excessive propagation of economically important plants was to be investigated for stability of the Lake's ecosystem.

Audit observed that as of March 2022, study of seed bank to understand vegetative history of the Lake was not carried out and permissible limits of aquatic weeds in the Lake were not gauged. Negative impact of excessive propagation of plants also was not investigated.

H&UDD admitted (December 2022) that no such study was conducted, since it was a research based study and infrastructure of LC&MA did not support such elaborate and extensive studies. It was further stated that LC&MA would consider and place the proposal before the Administrative Department for undertaking such a study.

4.7.5 Assessment of life expectancy of Lake

Expected life of a Lake is estimated by bathymetric study which measures underwater features of a water body and determines the rate of sedimentation therein. The Dal Lake has four basins of Hazratbal, Bod-dal, Gagribal and Nigeen.

Audit noticed that during implementation of NLCP, no survey was conducted in any of the four basins of the Dal Lake to gauge the rate of sedimentation to assess increase/ decrease in expected life of the Lake. As a result, impact of implementation of Conservation and Management Programme in overcoming ageing of the Lake by reducing sedimentation rate in the Lake was not ascertainable.

H&UDD stated (December 2022) that as per study conducted by Roorkee University, due to construction of settling basin in 1989, sedimentation rate in Hazratbal sub-basin had reduced considerably after 1986-87 as compared to the year 1963-64. It was further stated that LC&MA had carried out many works both in the catchment area as well as in the inflow channels to reduce further silt load from entering the Lake and dredging of settling basin to increase its efficiency was also in progress.

The reply does not address the specific audit observation regarding survey, which had not been conducted during implementation of NLCP to gauge the rate of sedimentation in the Lake and to determine the expected life of the Lake.

4.7.6 Conservation and Management Programme for interconnected water bodies

Interconnected Lakes of Anchar and Gilsar act as exit channels for outflow of water from Dal Lake. These two water bodies are essential for sustenance of the ecosystem of Dal Lake. The two water bodies were handed over by Revenue Department of GoJ&K to LC&MA between November 2002 and April 2003. Over time there has been reduction in the expanse of Anchar and Gilsar Lakes and water quality of these Lakes has also deteriorated due to encroachment and earth filling. Solid waste generated by inhabitants of shoreline areas of these water bodies also finds its way into these water bodies.

LC&MA prepared a Pre-Feasibility Report (PFR) for restoration and conservation of Anchar and Gilsar Lakes at a cost of ₹ five crore and submitted (June 2004) it to the H&UDD. Tenders invited (August 2005) for preparation of the project report could not be finalised by H&UDD. Centre and State coordination and monitoring committee[48] suggested (January 2007) a conservation programme for water bodies of Anchar, Gilsar and Khushal Sar through Department of Wetlands, MoEF&CC.

[48] Constituted by MoEF&CC for Conservation and Management of Dal Lake under NLCP.

Audit observed that no action had been taken by LC&MA up to May 2013 despite lapse of over seven years.

For restoration of these water bodies, LC&MA took up matter (June 2013) with MoEF&CC which conveyed (March 2014) that the proposal be submitted after finalisation of Guidelines in respect of National Plan for Conservation of Aquatic Ecosystem (NPCA). No action was taken by LC&MA up to August 2017.

LC&MA submitted (September 2017) a revised PFR with a cost of ₹ 100 crore to the Economic Reconstruction Agency (ERA) for funding by Asian Development Bank. As of March 2022, there was no further progress.

GoJ&K released (2016-18) ₹ 1.40 crore to LC&MA for preparation of project report for Conservation and Management of Anchar and Gilsar water bodies. LC&MA spent ₹ 0.34 crore on Electronic Total Station (ETS)[49]. No further action was taken for preparation of the project report resulting in blockage of ₹ 1.06 crore for over two years.

Thus, these two Lakes remained without any conservation programme for over 17 years since they were handed over to LC&MA.

Audit also observed that:

- Wet land and land under plantation/ paddy of Anchar and Gilsar Lakes measuring 6,261 *kanal* had neither been demarcated by boundary pillars nor included in asset records by LC&MA.
- Work for installation of ETS was allotted (January 2018) to M/s Sky Tech Engineers without inviting tenders.

The Executive Engineer (EE) admitted (June 2022) that there was no progress in the Conservation & Management of these two Lakes though these Lakes were directly or indirectly associated with Dal Lake. EE added that demarcation of the Lakes and maintaining of asset records would be done.

H&UDD stated (December 2022) that the Conservation and Management of Gilsar and Anchar water bodies had not been formally assigned to LC&MA. It added that conservation of these Lakes had been handed over to Srinagar Municipal Corporation (SMC)/ Irrigation & Flood Control Department (I&FCD) under AMRUT 2.0.

The reply is not satisfactory as Commissioner Secretary to Government, H&UDD had informed (2004) Vice Chairman, LC&MA that the latter was responsible for maintenance of these two Lakes. Moreover, the reply should be considered in light of the fact that H&UDD had released (2016-18) ₹ 1.40 crore to LC&MA for preparation of project report for Conservation and Management of Anchar and Gilsar water bodies,

[49] It is an electronic/optical instrument used for surveying and building construction.

which was not prepared. Further, the assertion of Department that these Lakes had been handed over to SMC and I&FCD under AMRUT 2.0 is not based on fact as only a few developmental measures concerning these Lakes are being carried out under AMRUT 2.0 and the Lakes remain in the custody of LC&MA.

4.8 Public Awareness

A field office had not been set up for creating public awareness to give boost to Tourism industry and a website for dissemination of information to tourists was not developed.

An amount of ₹ 5.41 crore was sanctioned under NLCP for creating public awareness about objectives of conservation of the Lake including steps taken by Government and other agencies for boosting the Tourism industry. A *Doonga* Boat[50] was to be used as field office for "Awareness Campaign Plan" and a website for dissemination of information to tourists was to be developed at an estimated cost of ₹ 0.75 crore.

Audit examination disclosed the following deficiencies:

- Although an amount of ₹ 1.39 crore was spent on activities relating to public awareness as of March 2022, no records detailing activity-wise targets/ achievements and monitoring reports were maintained.
- Out of expenditure of ₹ 0.41 crore incurred between April 2014 and March 2020, ₹ 0.26 crore was spent on activities not connected with public awareness such as advertisement of tenders, travelling expenses, hiring of taxis, refreshments etc.
- Only ₹ 0.11 crore was spent on public awareness and voucher details were not available in respect of expenditure of ₹ four lakh.
- No *Doonga* Boat and the requisite website for dissemination of information was created. Besides, ₹ 4.02 crore remained unutilised as of December 2022.

The Executive Engineer, Lake Division-I stated (June 2022) that due to time and cost overrun of components of public awareness, the NLCP funds got exhausted as such office could not be established in a *Doonga* Boat and website could not be created.

H&UDD stated (December 2022) that LC&MA had reached out to the general public through print, electronic and social media for creating mass awareness and had launched cleanliness drives in and around Lake through active participation of students, NGOs, public representatives etc. It was further stated that the website had been created and was being updated regularly. It added that *Doonga* boat was not required as two

[50] *Doonga* is a type of houseboat where many families live in Srinagar. The *Doonga* boat can also be used for various other purposes.

main offices entrusted with awareness programmes were located near the shoreline itself.

The reply was silent about diversion of ₹ 0.26 crore towards activities not connected with public awareness. Further, as per the DPR, the field office was to be established in a *Doonga* boat, which was not done.

4.9 Manpower Management

For effective implementation of Conservation and Management programme of Dal Lake, five Directors had not been appointed and Information Technology/ Management Information System/ Planning wings had not been created in LC&MA.

For effective implementation of Conservation and Management programme of Dal Lake, five Directors were projected for appointment under NLCP. Wings of Information Technology/ Management Information System and Planning were also to be created. Audit noted that Directors had not been appointed in LC&MA and Information Technology/ Management Information System/ Planning wings had not been created in LC&MA as of December 2022. The laboratory of LC&MA had remained without a Manager and Environment Engineer. Besides, three Assistant Directors were also not appointed in the wings of Rehabilitation, Regulation and Enforcement.

As per Government policy regarding posting of employees, a Government employee shall be posted on a post for a minimum tenure of two years and maximum of three years. In respect of important projects required to be completed in a time bound manner, maximum extension of five years can be granted.

Audit observed that the policy had not been followed in respect of LC&MA during April 2014 to March 2020, as out of seven regular Vice-Chairmen, five had tenures ranging between one and five months and two had tenure of about one year each. Besides, five Vice-Chairmen had additional charge of LC&MA for about three years.

H&UDD stated (December 2022) that it had already submitted a re-organisation plan approved by BoD to the Government and Finance Department had been requested by LC&MA to expedite the process of approval of the plan. The reply was silent about non-adherence to the Government policy regarding posting of Vice-Chairman in LC&MA.

4.10 Accounting Deficiencies

In terms of Section 21 of the Jammu and Kashmir Development Act, 1970, LC&MA is required to prepare annual accounts including balance sheet in consultation with the Government appointed auditor who should certify these accounts for forwarding to the Government which in turn has to lay them before both houses of the Legislature.

Audit noticed that LC&MA had not prepared annual accounts including balance sheet since its creation. Thus, the true picture of assets and liabilities of the authority was not known.

The Financial Advisor & Chief Accounts Officer stated (June 2022) that the process for appointment of CA to prepare the Annual Accounts is underway.

4.11 Monitoring Mechanism

Due to non-holding of required meetings by the statutory bodies such as Project Coordination-cum-Monitoring Committee, Board of Directors, Scientific Advisory Committee and High-Level Committee, there were inadequacies in monitoring mechanism for implementation of programmes for Conservation and Management of Lake.

For proper implementation of NLCP, PMRP and other programmes, the monitoring mechanism should have been efficient and effective so that objectives of Conservation and Management of the Lake were attained fully and within time. However, Audit noticed the following inadequacies in the monitoring mechanism for implementation of programmes for Conservation and Management of Dal Lake.

• Coordination-cum-Monitoring Committee (CMC)

To monitor and evaluate the work done under NLCP, Coordination-cum-Monitoring Committee (CMC) was constituted in June 2006. CMC, headed by Chief Secretary of Jammu and Kashmir with 16 members (eight from State Government, six from GoI and one each from two renowned universities), was required to meet quarterly. The first meeting scheduled to be held in September 2006, was held in January 2007 with only nine members. The second meeting held (January 2015) after a gap of eight years was attended by eight members from the State Government. No meeting was convened thereafter.

H&UDD stated (December 2022) that considering its size and status, the CMC had met as and when required.

The reply is not acceptable as according to the fund sanction order of NLCP, the CMC was required to meet quarterly.

• Board of Directors (BoD)

Against the requirement of meeting 56 times since launch of NLCP, the BoD had met only 23 times up to September 2019. Only four meetings were held between January 2015 and March 2022.

H&UDD stated (December 2022) that meetings of BoD were subject to requirement and as of August 2022, BoD had conducted 25 meetings.

The reply is not satisfactory as BoD itself had decided to meet more frequently and preferably every three months.

- **Monitoring Committee (MC)**

To monitor and oversee the mechanism for preserving and protecting the Lake, the State Government constituted (April 2016) the Monitoring Committee after a lapse of over 10 years from launch of NLCP.

Audit noted that frequency of meetings to be held by the MC during a year was not prescribed by the Government. As of March 2019, though the MC had met 17 times, no follow up action was taken in respect of issues discussed in the meetings.

H&UDD stated (December 2022) that Hon'ble High Court had disbanded (April 2021) all existing committees.

The reply is not satisfactory as the audit observation pertains to the period before April 2021.

- **Scientific Advisory Committee (SAC)**

To give scientific guidance for Conservation and Management of the Lake in various matters including aquatic ecology, hydrology and watershed management, Scientific Advisory Committee (SAC) was constituted (prior to 2012) by the Government.

Audit noticed that the SAC had not been reconstituted till November 2016 after expiry of its tenure in June 2012. The Committee had met only eight times falling short of requirement of quarterly meetings per year.

H&UDD stated (December 2022) that SAC had met on multiple occasions and its meetings were subject to availability of members.

The reply is not convincing as Government Order (November 2016) had envisaged that SAC will conduct quarterly meetings.

4.12 Impact Assessment

GoJ&K had not appointed Third Party Inspectors resulting in non-monitoring of performance of NLCP launched for Conservation and Management of Dal Lake.

Impact evaluation helps to demonstrate success or failure of a programme and provides accountability to all stakeholders. Besides, it provides evidence to make informed decisions for redesigning the current programme or for planning future interventions. However, Audit noticed as follows:

To monitor performance of NLCP, MoEF&CC accorded (December 2010) approval for conducting Third Party Inspection (TPI). TPI was to cover construction, commissioning, trial run and post-construction phases of the projects undertaken. The expenditure incurred on TPI was to be reimbursed by MoEF&CC against claims submitted by GoJ&K.

Audit noticed that as of March 2022, GoJ&K had not appointed TPI despite lapse of over nine years since approval for appointment of TPI was accorded by GoI. Thus, performance of NLCP launched for Conservation and Management of Dal Lake could

not be monitored by TPI and ₹ 1.50 crore released (March 2016) by GoJ&K to LC&MA for engagement of TPI also remained unutilised as of March 2022.

H&UDD stated (December 2022) that instead of TPI, LC&MA had utilised the services of experts from National Environmental Engineering Research Institute (NEERI), IIT Roorkee and Committee of Experts.

The reply is not satisfactory as approval for engagement of TPI was accorded by MoEF&CC and services of NEERI, IIT Roorkee and Committee of Experts did not form part of TPI.

4.13 Research carried out by scholars of various universities

Conclusions and suggestions of research reports were not taken into consideration by LC&MA for taking corrective measures in respect of Conservation and Management of Dal Lake.

Management of Lakes calls for continuous research to address the drivers of change in the Lake.

Audit noticed that LC&MA had not got research carried out to evaluate water quality of Dal Lake and to determine fishes and water bird population in the Lake. Dis-appearance of native species and invasion of noxious species, if any, due to heavy inflow of silt, sewage into Lake from its catchment area had also not been assessed. However, research carried out by scholars of various universities (Themes of research papers and conclusions/ suggestions of authors are detailed in ***Appendix-4.6*** indicated that the health of Lake had deteriorated due to factors detailed below:

- There was increase in nutrient and silt load in the catchment of the Lake.
- There was an increase in cases of encroachment in and around the Lake and increase in tourist influx.
- STPs were malfunctioning.
- Proposals of consultants were faulty.
- Sewerage system around the Lake including that of houseboats was incomplete.
- There was an increase in human settlements, within and around the Lake, discharging solid waste and sewage into the Lake.

Audit noted that LC&MA had not taken conclusions and suggestions of research outputs into consideration for taking corrective measures in respect of Conservation and Management of Dal Lake.

H&UDD stated (December 2022) that Research and Monitoring Division of LC&MA was conducting physico-chemical analysis of the Lake on a monthly basis and data so generated was being used for evaluation of anthropogenic pressures on the Lake. It added that STPs had been refurbished and were functioning as per Central Pollution Control Board norms and bird population was not monitored as LC&MA lacked technical manpower for doing the same. It was further stated that findings of studies referred by Audit were contrary to results observed by R&M wing.

The reply is not convincing as observations pointed out by Audit are based on independent researches carried out by scholars. Besides, no documentary evidence supporting the Department's assertion, that findings of studies referred by Audit were contrary to the results observed by R&M wing, was provided to Audit.

4.14 Conclusion

There were land use changes in Dal Lake due to non-acquisition of land from Dal dwellers, malfunctioning of STPs, improper de-weeding mechanism and inadequate monitoring and surveillance mechanism. Consequently, open water area in the Lake could not be restored. There were inadequacies in implementation of Lake conservation programmes under NLCP, PMRP and other programme activities such as installation and upgradation of Sewage Treatment Plants (STPs), treatment of solid waste, extracted weed and sludge as well as providing sewage disposal facilities of households and sewer networking of *mohallas*. Inadequacies were also noticed in relocation and alignment of houseboats, shifting of hotels, augmentation of water budget of the Lake, restoration and development works, catchment management works and relocation/ rehabilitation of Dal-dwellers.

4.15 Recommendations

- ***Changes in the area under water in respect of Dal Lake need to be attended to and monitored periodically.***
- ***Robust Lake management policy should be in place to ensure effective functioning and upgradation of Sewage Treatment Plants and proper treatment of sewage and solid waste.***
- ***LC&MA should prioritise and expedite various tasks such as providing sewage disposal facilities to households, establishing sewer networking of mohallas, relocating and aligning of houseboats, shifting of hotels, augmenting water budget of the Lake, implementing restoration and development works, catchment management works and relocating or rehabilitating Dal dwellers.***
- ***Public awareness programmes should be launched to prevent unauthorised constructions in Lake and change in Lake use area.***
- ***Impact of inflow of nutrients into the Lake need to be monitored by LC&MA.***

Chapter-V

Conservation and Management of Wular Lake

Chapter-V

Conservation and Management of Wular Lake

5.1 Introduction

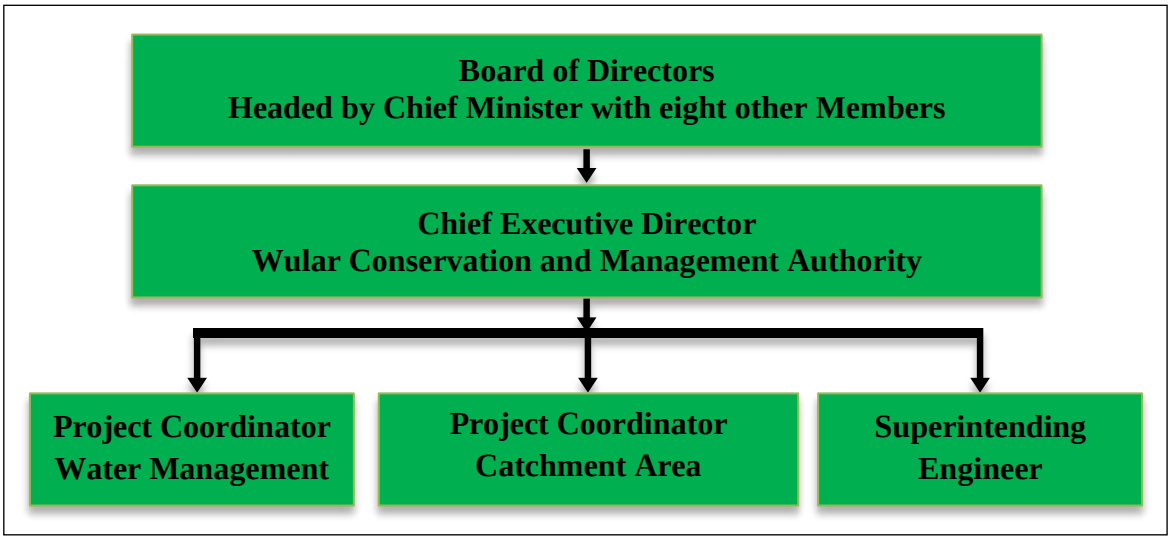
Wular Lake is located in the north-west of Kashmir at a distance of about 35 km from Srinagar. It is the largest freshwater Lake in India. Floating vegetation of the Lake provides fodder for domestic livestock and the Lake also contributes 60 *per cent* of fish production to the fishing industry of Jammu and Kashmir. Lake water is useful for irrigation and domestic needs. The Lake is largely shallow, with a maximum depth of 5.8 meters.

For implementation of Comprehensive Management Action Plan (CMAP) for Wular Lake, Wular Conservation and Management Authority (WUCMA) was established in September 2012 under Section 4 of the Jammu and Kashmir Development Act, 1970.

5.2 Organisational Setup

The Administrative control of the Wular Conservation and Management Authority (WUCMA) vests with Commissioner/ Secretary to the Government, Forest, Ecology and Environment Department, Jammu and Kashmir. The organisational setup of WUCMA is detailed in **Chart 5.1**:

Chart 5.1: Organisational setup of WUCMA



5.3 Establishment of Wular Conservation and Management Authority

There was a delay of over five years in implementation of Conservation and Management Programme of Wular Lake. Governing Body, Steering Committee and a Project Implementing Committee were not constituted. Statutory Body, constituted after a delay of five years, had not held any meeting. In the absence of the Governing Body, Steering Committee, Project Implementing Committee and non-holding of meetings by Statutory Body, Conservation and Management Programme of the Lake suffered as policy matters of Wular Conservation and Management Authority could not be decided.

- CMAP was prepared by M/s Wetlands International in June 2007 on behalf of J&K Wildlife Protection Department. For evaluation of CMAP, a technical committee was constituted (February 2010) by the Forest Department after about three years, which submitted the report in June 2010. For implementation of the Project, WUCMA was established in September 2012 under Section 4 of the Jammu and Kashmir Development Act, 1970 after a delay of over five years since preparation of CMAP. Thus, there was a delay of over five years between preparation of CMAP in June 2007 and establishment of WUCMA in September 2012. This in turn delayed the implementation of Conservation and Management Programme of Wular Lake.

- For running affairs of WUCMA and for providing overall guidance regarding Project implementation in respect of CMAP, Governing Body (GB), Steering Committee (SC), Project Implementing Committee (PIC) and Statutory Body (SB) were to be constituted. GB was to be constituted under the Chairmanship of Chief Minister/ Chief Secretary with 19 members, SC for overall guidance relating to implementation of projects and PIC having senior staff from WUCMA and other concerned Departments,

Audit noticed that no GB, SC and PIC were constituted as of December 2022. Although SB was constituted in September 2012, no meetings of SB were held as of December 2022.

- After the establishment of WUCMA, the Government did not create posts for the Authority. However, 41 officers/ officials were working in WUCMA on deputation from other Departments. Four out of five Chief Executive Directors (CED) held additional charge whereas one Chief Executive Director was deputed to the Authority for only 14 months. Two officers deputed to WUCMA held additional charge of Coordinator, Water Management and Assistant Engineer.

Although it was decided (October 2019) by the Chief Secretary in a review meeting that WUCMA would submit a proposal regarding requirement of staff, no action in this regard was taken as of March 2022. Thus, laxity in staff deployment continued in WUCMA despite lapse of over nine years since its establishment in September 2012.

In absence of key decision making bodies such as GB, SC and PIC and non-holding of meetings by the SB, Conservation and Management Programme of the Lake suffered as policy matters of WUCMA could not be decided and implemented promptly resulting in:

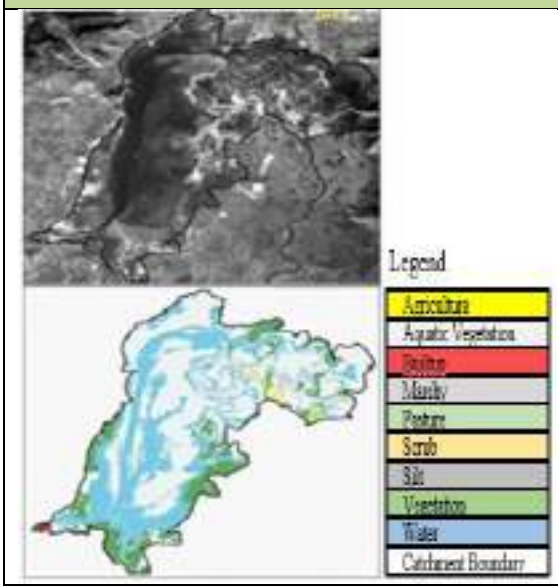
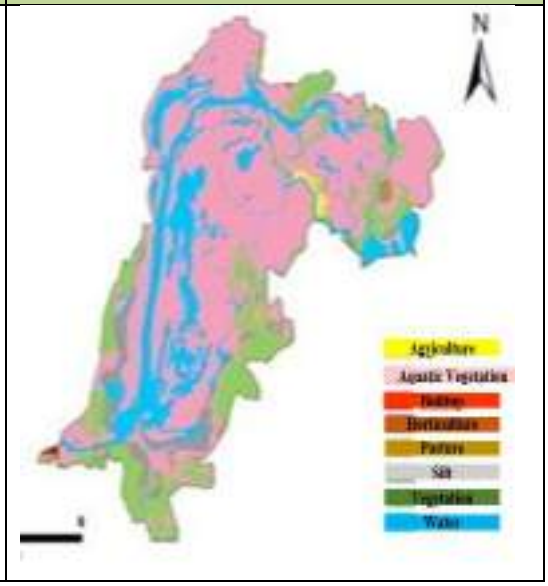
- Laxity in deployment of staff,
- Delay in the implementation of activities laid down under CMAP, and
- Delay in tendering and finalisation of contracts for consultancy services necessary for formulation of Comprehensive Conservation and Management Plan (CCMP) and preparation of DPR for the Lake as discussed in succeeding Paragraphs of this report.

5.4 Land use changes within the Lake and its catchment

5.4.1 Analysis of remote sensing data of EE&RSD to ascertain land use changes in the Lake

There was Spatio-temporal change in land use and water cover of Wular Lake during 2014-20 as detailed in **Maps 5.1 and 5.2, Table 5.1 and Charts 5.2 and 5.3**.

Maps 5.1 and 5.2: Spatio-temporal change in land use and water cover of Wular Lake during 2014-20

Map 5.1: (2014)	Map 5.2: (2020)
	

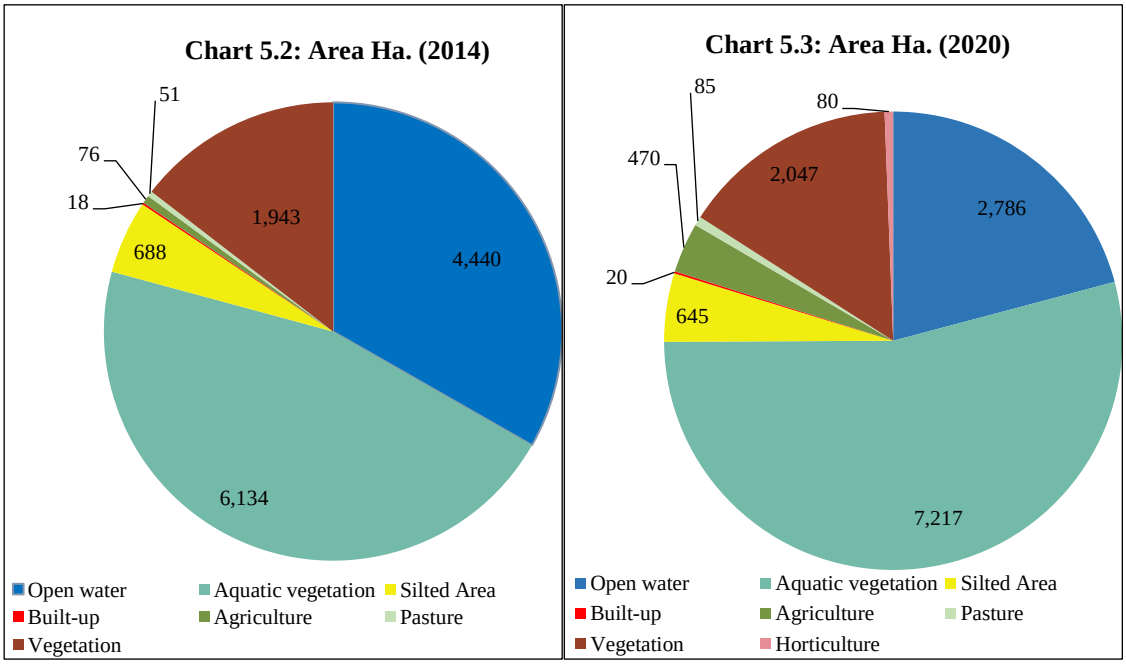
(Source: EE&RSD data)

Table: 5.1: Change in land use/ cover in Wular Lake

(Area in hectares)			Increase/ Decrease & its Percentage (2014 to 2020)			
Land-Use/ classification-Use Changes	**2014**	**2020**	**Increase**	**Decrease**	**Percentage Increase**	**Percentage Decrease**
Open water	4,440.00	2,785.70		1,654.30		37
Aquatic vegetation	6,134.00	7,216.60	1,082.60		18	
Silted Area	688.00	644.90		43.10		6
Built-up	18.00	19.79	1.79		10	
Agriculture	76.00	470.48	394.48		519	
Pasture	51.00	85.33	34.33		67	
Vegetation	1,943.00	2,046.72	103.72		5	
Horticulture	0.00	80.48	80.48		100	
Total	**13,350.00**	**13,350.00**	**1,697.40**	**1,697.40**		

(Source: data of EE&RSD)

Charts 5.2 and 5.3: Change in land use/ cover in Wular Lake



It may be seen from **Table 5.1** that during (2014-2020), there was an overall land use change of 1,697.40 hectares in the Lake. It included decrease of 1,654.30 hectares under open water area (37 *per cent*) and an alarming increase in other land use changes such as 1,082.60 hectares under aquatic vegetation (18 *per cent*), 394.48 hectares under agriculture (519 *per cent*), 103.72 hectares under vegetation (five *per cent*), 80.48 hectares under horticulture (100 *per cent)*, 34.33 hectares under pasture (67 *per cent)* and 1.79 hectares under built-up (10 *per cent)* during the period. Neither were any concrete measures taken by the WUCMA to regulate land use of the Lake nor had it analysed reasons for these land use changes.

Audit analysis revealed that land use changes in Lake were due to delay in the implementation of CMAP and non-formulation of CCMP and DPR for Conservation and Management of the Lake resulting in partial implementation of Lake management activities as detailed in **Paragraph 5.5.**

No sewage treatment system was in place to prevent entry of pollutants into the Lake, measures were not taken to prevent silt from entering into the Lake from its catchment area and there was absence of de-weeding due to which there was increase in aquatic vegetation. Inadequacies in the survey and demarcations coupled with absence of monitoring and surveillance had resulted in increase in other land use changes such as built-up, pastures, agriculture, vegetation and horticulture adversely affecting water quality and biodiversity of the Lake. As a result, there was loss of open water area of the Lake.

However, improvement was witnessed in land use under silted area which had decreased by 43.10 hectares (six *per cent*). This could be attributed to dredging of the

Lake done by WUCMA as discussed under **Sub Paragraph 2 "Dredging of Lake" of Paragraph 5.6.6.**

WUCMA stated (October 2022) that change in land use inferences drawn could not be agreed to on scientific basis, as aquatic vegetation and water expanse were supplementary, since vegetation growth was possible in areas having water. As such there was nothing alarming about the increase of area under aquatic vegetation. It was further stated that field study showed that none of the areas of the Lake was under horticulture, but it was assured that necessary ground truthing would be done and corrective action taken. It was also stated that no built-up area was increasing anywhere in the Lake as changes depicted in built-up were in an area of 21.2 sq. km, which was already in Government records.

The reply is not acceptable as the audit observation is based on the information provided by EE&RSD and WUCMA. The data provided itself showed that area under built-up and horticulture had respectively increased by 1.79 hectares and 80.48 hectares during 2014-20.

5.4.2 Analysis of Google Earth Pro images to ascertain Spatio-temporal changes in Lake and its catchments

Clear images of Wular Lake and its catchment area available on Google Earth Pro for the period 2006-2022 indicated:

- Increase in built-up in Bandipora catchment area of the Lake. These catchment area are without sewage treatment and the Lake receives water inflow from the *nallahs* of these catchment area and
- Substantial increase in built-up of two colonies viz. Sher Colony and Kanyari, within the Lake over a period of time.

The Google Earth Pro images of the Lake, its catchment and encroached areas within the catchment are shown in the **Satellite images 5.1 to 5.13**:

Satellite Image 5.1: Wular Lake and its catchment and encroached area within the Lake in 2022

1. **Red marked boundary "A (Sher Colony) and B (Kanyari)" indicates encroached area within Wular Lake. Zoomed images of these areas are given below.**
2. **Yellow marked boundary "C (Bandipora)" indicates areas of Wular Lake catchment. Zoomed images of these areas are given below.**

Satellite Image 5.2: A-Sher Colony- 2006

Satellite Image 5.3: A-Sher Colony -2013

Satellite Image 5.4: A-Sher Colony- 2018

Satellite Image 5.5: A-Sher Colony- 2022

Satellite Image 5.6: B-Kanyari- 2011

Satellite Image 5.7: B-Kanyari - 2015

Satellite Image 5.8: B-Kanyari -2018

Satellite Image 5.9: B-Kanyari -2022

Satellite Image 5.10: C-Bandipora- 2011

Satellite Image 5.11: C-Bandipora-2014

Satellite Image 5.12: C-Bandipora-2018

Satellite Image 5.13: C-Bandipora-2022

5.4.3 Decrease in the water area and water holding capacity of the Lake

Audit noticed that WUCMA had made a comparison of toposheets of 1911 with satellite images of 2007 which revealed a reduction of 45 *per cent* in water area of the Lake as the water area had reduced from 157.75 sq. km to 86.71 sq. km. The Lake area had reduced by 24 *per cent* from 176.88 sq. km in 2007 to 133.70 sq. km in 2020. The water holding capacity of the Lake had declined by one-fifth over the last three decades.

In reply, WUCMA stated (October 2022) that on the contrary the water holding capacity of the Lake had increased due to restoration of 4.35 sq.km. of critically silted area of the Lake. This was subsequently harboring economically important hydrophytes like water chestnuts and fishing was also being done in those areas. It was further stated that Wetland Atlas had made comparison with respect to 1967 toposheet and satellite image of 2014 and shown area of 133.25 sq.km. It was also stated that Atlas of wetlands (2006-07 to 2018-19) clearly indicated no significant change in water bodies of Kashmir.

The reply is not acceptable, since the audit observation regarding reduction in Lake area is based on records of WUCMA and EE&RSD.

5.5 Planning

Forest Department of GoJ&K had failed to provide a Detailed Comprehensive Plan for rejuvenation and restoration of Wular Lake. Due to non-hiring of consultancy services for preparation of Comprehensive Conservation and Management Plan (CCMP) and DPR for the Lake, agencies could not be approached for funding for Conservation and Management of the Lake.

Wular Lake Management Action Plan (MAP) and tentative two year action plans were formulated by WUCMA but these Plans were implemented either partially or on ad-hoc basis. Conservation and management of the Lake also suffered due to inadequate funding as discussed in the following paragraphs:

5.5.1 Comprehensive Management Action Plan

J&K Wildlife Protection Department got the Comprehensive Management Action Plan (CMAP), for Conservation and Management of Wular Lake, prepared (June 2007) by the Wetlands International, South Asia, New Delhi for submission to MoEF&CC, GoI. The cost of the CMAP for the Lake was ₹ 386.39 crore with targeted period of completion as five years. The CMAP envisaged seven activities viz. survey and demarcation, catchment conservation, water management, conservation of bio-diversity, eco-tourism development, sustainable resources development and livelihood improvement and institutional development. Against CMAP cost of ₹ 386.39 crore, only ₹ 120 crore was approved under 13th Finance Commission (FC) and only

₹ 60 crore was released between 2011-12 and 2014-2015. The programme was implemented up to 2019-20.

5.5.2 Missed funding opportunities for Conservation and Management of Wular Lake

The Forest Department had opportunities for availing assistance for Conservation and Management of the Wular Lake. However, due to inaction of the Forest Department these opportunities could not be availed as discussed below.

- **Failure to provide comprehensive plan for conservation of Lake to GoI**

The Forest Department of GoJ&K requested (October 2019) MoEF&CC, GoI to sanction fund of ₹ 1,500 crore for Conservation and Management of the Lake. The MoEF&CC conveyed (December 2019) that the Lake is covered under one of the transformative ideas for 100 days Action Plan for rejuvenation and restoration of 100 Wetlands across the country and asked (December 2019) for a Detailed Plan. As of March 2022, Forest Department GoJ&K had failed to provide a Detailed Comprehensive Plan of the Lake to GoI, which affected the Conservation and Management programme for rejuvenation and restoration of Wular Lake.

WUCMA stated (October 2022) that the entire budget of MoEF&CC for wetlands under NPCA[1] during 2020-21 was ₹ 70 crore, and financing ₹ 1,500 crore plan for Wular Lake was not possible. It was further stated that an Integrated Plan (IP) for ₹ 149.43 crore was prepared by WUCMA and approved by the UT Wetland Authority, which is under consideration of MoEF&CC.

The reply should be seen in light of fact that GoI had asked for a Detailed Action Plan (DAP) in December 2019. However, WUCMA failed to prepare the DAP as sought by the MoEF&CC, and an amount of only ₹ 70 crore was released by GoI during 2020-21. The fact also remains that Integrated Plan (IP) of Wular Lake was not approved as of December 2022.

- **Funding of Conservation and Management of Lake**

Chief Secretary (CS), GoJ&K held (October 2019) a review meeting on the working of WUCMA. As per decision taken in the meeting, a Detailed Project Report (DPR) was to be prepared for seeking funding from other agencies. WUCMA was to seek assistance from agencies/ consultants dealing with such projects. For preparation of DPR by domain experts, WUCMA sought (December 2019) assistance from the CEO, Economic Reconstruction Agency. Although the latter assured assistance in preparation of DPR, there was no progress in this regard. After over one year, WUCMA floated (December 2020) tenders for hiring consultancy for conducting surveys and studies,

[1] National Plan for Conservation of Aquatic ecosystems

formulation of Comprehensive Conservation and Management Plan (CCMP) and preparation of DPR for the Lake, including its associated wetland and catchment area. The Tender Evaluation Committee of WUCMA proposed (February 2021) to the Forest Department that the allotment of work be awarded in favour of the Rank-1 bidder. As of March 2022, approval of the Forest Department was awaited for allotment of consultancy services to the firm for preparation of CCMP and DPR. In the absence of CCMP and DPR, other agencies could not be approached for funding for Conservation and Management of Wular Lake.

WUCMA stated (October 2022) that although tenders were floated for consultancy and preparation of DPR, its allotment could not be finalised. It was further stated that for having a long term sustainable and scientific plan for the Lake, a study should be conducted by an Institute of national repute. National Institute of Hydrology which was selected for the purpose had submitted a proposal for carrying out such a study.

The reply is not convincing as directions of Chief Secretary (November 2019) for preparation of DPR were not complied with by the Forest Department. The reply should also be seen in light of the fact that no such long term sustainable and scientific plan for the Lake could be finalised as of October 2022.

- **Non-formulation of working plans**

Under 13th Finance Commission, a grant of ₹ 120 crore was approved for Conservation and Management of Wular Lake. However, due to non-formulation of working plans[2] for all Forest Territorial Divisions, grant of only ₹ 60 crore was released by GoI as release of subsequent grant was linked to the progress of formulation and finalisation of working plans. Non-release of remaining ₹ 60 crore resulted in shortfall in achievement of targets of planned activities as discussed in the report.

WUCMA stated (October 2022) that working plans were prepared for management of forest areas only as per the National Working Plan Code-2014.

The fact remained that non-formulation of working plans for all Forest Territorial Division resulted in non release of remaining grant of ₹ 60 crore which in turn led to shortfall in achievement of targeted activities for management of Wular Lake.

5.5.3 Fund management

5.5.3.1 Delay in release of funds

Due to delay in release/ revalidation of funds there was underutilisation of funds for Conservation and Management of the Lake

[2] These are an essential plan documents to be prepared for 10 to 15 years for the scientific management of natural Forest areas for each Forest Territorial Division.

Under 13th FC, Government of India released (2011-12 and 2014-15) ₹ 60 crore in two installments of ₹ 30 crore for implementation of CMAP. First instalment was released by the Forest Department to WUCMA in parts and after a delay of up to four months. WUCMA had to get the unspent balances revalidated for utilisation in the ensuing Financial Years. There was also delay by the Forest Department in revalidation of unspent funds ranging up to 360 days. Unspent balances of Financial Years 2016-17 and 2017-18 were revalidated in the last week of the subsequent Financial Years resulting in non-utilisation of funds by the WUCMA. Against unspent balance of ₹ 14.17 crore during 2017-18, ₹ 0.11 crore only was revalidated in the first month of the last quarter of the Financial Year.

Further, funds were also released by the Forest Department at the fag end of the Financial Years to WUCMA under CAPEX from the State Budget. Out of releases of ₹ 95.85 crore during 2020-21, ₹ 25 crore (26 *per cent*) were released on 03 February 2021 and ₹ 45.85 crore (48 *per cent*) was released on 28 March 2021.

Due to delay in release/ re-validation of funds there was underutilisation of funds because of limited working season in the valley.

5.5.3.2 Underutilisation of funds

Against ₹ 120 crore approved for Conservation and Management of Wular Lake only ₹ 60 crore (50 *per cent*) was released between 2011 and 2015 under 13th Finance Commission (FC). Against availability of ₹ 60 crore, underutilisation of funds ranged between ₹ 1.77 crore and ₹ 28.35 crore during 2011-20. The percentage underutilisation ranged between 17 *per cent* and 99 *per cent* during the said period. No further funds were released during 2016-20 under 13th FC due to non-formulation of working plans by WUCMA as discussed under **3rd bullet** of **Paragraph 5.5.2**.

Apart from this, GoJ&K approved ₹ 196.15 crore under CAPEX for 2020-22, of which only ₹ 149.87 crore were released, resulting in release of less fund of ₹ 46.28 crore (24 *per cent*) during the period. The details are given in the ***Appendix-5.1.***

5.6 Programme implementation

Dropping of three vital activities of bio-diversity conservation, eco-tourism development and sustainable resource development and livelihood improvement due to restricted funding under 13th FC had adversely affected Conservation and Management Programme of Wular Lake.

Under 13th FC, three vital activities of bio-diversity conservation, eco-tourism development and sustainable resource development and livelihood improvement were dropped due to restricted funding. This adversely affected Conservation and Management Programme of Wular Lake. An amount of ₹ 4.02 crore planned for mapping, ground truthing, boundary demarcation and bathymetric studies were not

spent resulting in non-clearing of encroached area of 0.36 sq. km of Lake area for paddy cultivation and increase in built-up area in catchment from 16.80 hectares (2011) to 19.79 hectares (2020). Only 517 hectares out of 1,603 hectares of the eroded pasture land was covered for treatment and only 517 hectares out of 1,251 hectares were covered for promotion of agro-forestry, sustainable horticulture practices and improvement of homesteads.

Against estimated 21.84 lakh willow trees to be removed, only 1.46 lakh were removed between 2007 and 2022. Out of 27 sq. kms of severely silted area, only 4.5 sq. kms area was dredged and dredged out material was dumped in the auxiliary basins of the Lake. Due to non-installation of STPs, untreated sewage from nine villages was being discharged into the Lake. Programme implementation in respect of Wular Lake has been discussed in the following Paragraphs.

5.6.1 Dropping of programme activities and cost reduction in programme activities of CMAP under 13th Finance Commission

CMAP envisaged execution of seven activities for Conservation and Management of Wular Lake. However, three activities were dropped while cost of four activities was reduced under 13th FC. Details of activity wise cost of programme activities, activities dropped, reduction in cost of activities and expenditure incurred is detailed in **Table 5.2**, **Charts 5.4 and 5.5.**

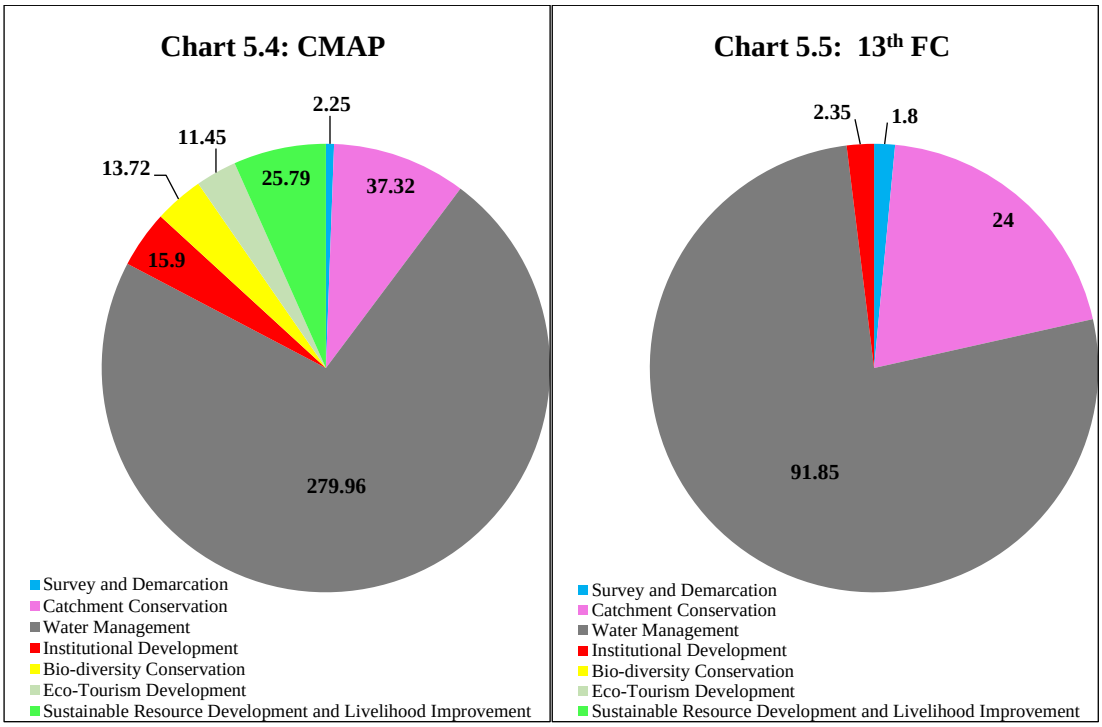
Table: 5.2: Dropping of activities of CMAP under 13thFC

(₹ in crore)

Sl. No	Activity	Cost approved under CMAP	Cost approved under 13th FC	Cost reduced/ dropped (*per cent* reduction)	Expenditure
1	Survey and Demarcation	2.25	1.80	0.45 (20)	2.22
2	Catchment Conservation	37.32	24.00	13.32 (36)	13.80
3	Water Management	279.96	91.85	188.11 (67)	42.58
4	Institutional Development	15.90	2.35	13.55 (85)	1.14
Total-A		**335.43**	**120.00**	**215.43**	**59.74**
1	Bio-diversity Conservation	13.72	0	13.72 (100)	0
2	Eco-Tourism Development	11.45	0	11.45(100)	0
3	Sustainable Resource Development and Livelihood Improvement	25.79	0	25.79 (100)	0
Total-B		**50.96**	**0**	**50.96**	**0**
Grand Total (A+B)		**386.39**	**120.00**	**266.39**	**59.74**

(Source: data provided by WUCMA)

Charts 5.4 and 5.5: Dropping of activities of CMAP under 13th FC



The dropping of these three vital activities had adversely affected Conservation and Management Programme of Wular Lake as detailed in **Table 5.3.**

Table:5.3: Probable effects due to dropping of activities

Sl. No	Programme activities dropped	Activities that could not be undertaken	Probable effects of not conducting such activities
1	Bio-diversity Conservation	• Baseline studies of distribution of endemic fish and their conservation needs. • Long term data collection to understand annual variation of native and migrant water birds and their linkage with habitat of water birds and climate. • Strengthening of protected bird areas and establishment of new bird sanctuaries. • Demarcation of new wildlife sanctuaries and strengthening of existing protected areas. • Construction of rescue/ rehabilitation centres for wildlife. • Maintaining connectivity of existing bird sanctuaries with other Lakes.	• Non-enhancement of diversity of endemic fish and wetland bird population. • Non-improvement in habitat of wildlife and water birds.
2	Eco-Tourism Development	• Comprehensive eco-tourism plan. • Development of key sites for birds and creating facilities for their observance such as watch towers and boat cruises.	Non-development of eco-tourism in and around the Lake resulting in denial of economic benefits to the local communities.

Sl. No	Programme activities dropped	Activities that could not be undertaken	Probable effects of not conducting such activities
3	Sustainable Resource Development and livelihood improvement	• Construction and operationalisation of three fish seed farms and five community owned hatcheries. • Extensive fish stocking measures. • Measures for ensuring non-fishing during May to June and generation of mass awareness against using harmful and illegal fishing methods. • Setting up of fish farm cooperatives. • Ensuring vegetation cutting in the Lake in a sustainable manner without any negative effect on biodiversity. • Creating alternate source of income through apiculture, mushroom cultivation, sericulture etc.	• Non-enhancement of fish yield through development of capture and culture fisheries. • Non-economic utilisation of aquatic vegetation; and • Non-improvement in livelihood of locals.

(Source: records of WUCMA)

WUCMA stated (October 2022) that the activities dropped under 13th FC were incorporated in Wular Action Plan under capital heads and most of the activities were being conducted. It was further stated that for eco-tourism development, sustainable resource management and livelihood improvement interpretation signages have been placed at various locations around the Lake and bird signages with Quick Response (QR) codes have been installed to help the visitors to know about the diversity of Lake harbors. It was also stated that to facilitate bird watching one watch tower and five floating bird hides have been constructed in the Lake and work on non-motorable walkway has been awarded which will help to boost tourism. Regarding biodiversity conservation, it was stated that Asian Water Bird Census was being conducted every year as part of monitoring of wetlands on Central Asian Flyway.

The fact remains that WUCMA had not carried out any detailed research to have a complete picture of biodiversity such as a scientific inventory of flora and fauna existing in and around the Lake. In absence of which, the placement of interpretation and bird signages could not be said to be based on detailed and correct information of existing flora and fauna. Further, in absence of long-term scientific study of the Lake, advantages of construction of non-motorable walkway around the Lake was also questionable, as the area was a buffer zone which minimise entry of silt into the Lake.

Also, merely conducting census of water birds is not sufficient, since it is only a preliminary stage for preparation of Detailed Action Plan for conservation of biodiversity.

5.6.2 Action Plan for implementation of Lake Management activities

For implementation of Comprehensive Conservation and Management Plan (CCMP) (2018-2023) of Wular Lake, WUCMA proposed (November 2020) an estimate of

₹ 2,000 crore to GoI. However, two-year action plan of ₹ 196.15 crore was approved under CAPEX budget for Conservation and Management of Wular Lake during 2020-22. The approved action plan included ₹ 3.67 crore for Bio-diversity Conservation and Eco-Tourism Development (two of the three activities dropped under 13th FC). No provision was made for Sustainable Resource Development and Livelihood Improvement. The funds approved under two-year plan (2020-22) were tentative and far less than the estimate of WUCMA. Thus, the total available funds of ₹ 256.15 crore[3] allocated for Conservation and Management of Wular Lake and physical achievement there against was miniscule.

Details of proposed estimates for CCMP of the Lake, approved cost thereof under tentative action plan and expenditure incurred are detailed in ***Appendix-5.2.***

WUCMA admitted (October 2022) that Wular Action Plan was a short-term plan drawn from overall Comprehensive Management Action Plan for Wular Lake with specific vision and objectives. It further stated that ₹ 2,000 crore funding was a long-term funding needed for gradual eco-restoration based on adaptive management principle and major activity of dredging of 3.35 sq. km of Wular Lake was achieved within the stipulated time.

The reply may be seen in light of the fact that against the approved amount of ₹ 196.15 crore for two-year action plan, only ₹ 149.87 crore was released, which was not commensurate with the planned activities. Similarly dredging of 3.35 sq. km over a period of 15 years amounted to only 12 *per cent* of 27 sq. km of silted area of the Lake, thereby depicting inadequate implementation.

5.6.3 Programme implementation approved under 13th FC and CAPEX Action Plan

Due to reduction in cost of four components by ₹ 215.43 crore[4] under 13th FC, physical targets of Conservation and Management of Wular Lake were reduced. Against approved cost of ₹ 120 crore, only ₹ 60 crore was released (2011-15) for execution of work of these four components and expenditure of ₹ 47.16 crore (79 *per cent*) was incurred as of March 2016. During 2016-20, expenditure of ₹ 11.82 crore was incurred only on dredging woks. Thus, there was tardy implementation and inadequate funding under 13th FC.

Although two years action plan for ₹ 196.15 crore was approved (2020-21) under CAPEX budget by GoJ&K, only ₹ 149.87 crore was released. Thus, there was short-release of fund of ₹ 46.28 crore (24 *per cent*) during the period.

[3] ₹ 60 crore under 13th FC and ₹ 196.15 crore under CAPEX.
[4] From ₹ 335.43 crore to ₹ 120 crore

Thus, management plan for the Lake was implemented in an adhoc/ partial manner. Besides, inadequate funding and pending approval of Forest Department for allotment of consultancy services to a firm for preparation of CCMP and DPR for Conservation and Management of Wular Lake had resulted in substantial shortfalls in the implementation of management activities of the Lake and other inadequacies as discussed in the succeeding Paragraphs.

5.6.4 Survey and Demarcation

Under 13th FC, ₹ 2.22 crore[5] was spent (2011-17) on digital mapping of Wular Lake and on construction of 1,159 geo-tagged demarcation pillars which delineated 83.6 km (98 *per cent*) of the Lake.

Under CAPEX Action Plan (2020-22), ₹ 4.02 crore was planned to be spent on mapping and ground truthing, boundary demarcation and maintenance of boundary pillars, bathymetric studies etc. No expenditure was incurred on these works. As such, 0.36 sq. km of Lake area under encroachment for paddy cultivation[6] could not be cleared and built-up area had also increased from 16.80 hectares (2011) to 19.79 hectares (2020).

WUCMA stated (October 2022) that Wular Lake was fully demarcated and encroachment was meagre, mostly in the form of plantations. It was further stated that out of 0.36 sq km of encroachment approximately only 0.19 sq km had remained to be cleared, which would be done in cooperation with Departments of Revenue and Forest.

The reply should be seen in view of the fact that while the Department had cleared 0.17 sq. km. of encroached area, built-up area had also increased in the catchment area of Lake.

5.6.5 Catchment Conservation

Degradation of catchments of Lake causes high levels of erosion which gives rise to siltation in a Lake. Wular Lake having an area of 1,14,401 hectares has six direct catchments[7]. The area of Lake includes forest area of 44,510 hectares, of which 13,353 hectares (30 *per cent*) is bare and denuded. To mitigate degradation of catchment area of the Lake, catchment works including afforestation of degraded forests, construction of check dams and water harvesting structures, landslide controls, management of high-altitude pastures and providing alternate source of energy to people of catchment area were planned (2011-12) for execution under CMAP.

5 Includes ₹ 0.42 crore diverted from other activities of the programme
6 As per survey conducted (April 2018) by WUCMA
7 Erin, Madhumati, Ningli, Wular-I, Gunder and Wular-II

- **Afforestation**

Under 13th FC, against target for afforestation of 2,620 hectares of land at a cost of ₹ 7.27 crore, only ₹ 5.11 crore[8] was spent for afforestation of 1,725 hectares (shortfall: 34 *per cent*) on fencing of land and on plantation and maintenance of 12 lakh saplings. No further plantation was done in degraded forest areas between April 2016 and March 2020 and no physical verification was conducted to ascertain survival/ mortality of plantation carried out.

Under CAPEX Action Plan (2020-21), against target for afforestation of 1,870 hectares of land at a cost of ₹ 8.53 crore, 2.42 crore was spent (28 *per cent*) to cover 235 hectares (shortfall: 87 *per cent*) by plantation of 2.28 lakh saplings.

Shortfall in achievement of targets resulted in insufficient afforestation in degraded forests resulting in increase of siltation in the Lake by 201.54 hectares between 2016 and 2020[9] and consequently contributing to hastening ageing of the Lake.

WUCMA stated (October 2022) that 30 *per cent* area in the catchment was bare and not necessarily denuded, as most of the bare mountains were dominated by shrub growth,which is a unique ecosystem in itself. It was further stated that allied Departments had carried out afforestation and rehabilitation in large areas thus supplementing efforts of WUCMA, which did not have to take up these activities in additional areas depicted in action plans. It was further stated that 80 *per cent* of the water enters the Lake through Jhelum river and as such, attributing siltation to lack of afforestation works in catchment area was not right.

The reply that WUCMA need not carry out afforestation plans contradicts the provision of afforestation activities under the CAPEX action plan. Further, it is pertinent to note that even the planned targets under the action plan could not be achieved, which was indicative of failure of implementation of the catchment conservation activity. The reply was also indicative of injudicious planning of WUCMA for not constructing silt settling basins at the water inflow/ entry points of the Lake. This was also suggested in the draft Environmental Impact Assessment (EIA) report prepared (2014) by the Centre of Research for Development (CORD), Kashmir University on behalf of WUCMA.

- **Control of soil erosion and landslides in degraded areas**

M/s Wetland International-South Asia assessed (June 2007) erosion intensity in six direct catchment area spread over 1,14,401 hectares around the Lake. It concluded that 71,162 hectares (62 *per cent*) of catchment area were of moderate and high erosion category. No details were available with WUCMA regarding geo-location and category

[8] It includes ₹ 3.33 crore spent as on ending March 2015 and ₹ 1.78 crore during 2015-20

[9] Source: data of EE&RSD.

(low/moderate/ high) of eroded areas so that erosion control works could be planned and executed.

Under 13th FC, six erosion control works[10] were to be executed at a cost of ₹ 10.07 crore. Only ₹ 5.95 crore[11] was spent on these works. There was shortfall in execution of works ranging between 28 and 100 *per cent.* The shortfall included non-construction of water harvesting structures. No erosion control works were executed during 2016-20 except incurring (2018-19) a meager expenditure of ₹ 0.01 crore. Besides, no survey was carried out by WUCMA to ascertain damages, if any, to project executed works.

Under the CAPEX plan of 2020-22, the works included under 13th FC were to be executed (except vegetation spurs/ plantation) at a cost of ₹ 2.49 crore. It was noticed that out of four targeted project works {Dry Random Rubble Masonry Works (DRSM), landslide erosion, gunny bags and water harvesting structures}, only two works of crate wire dams and stream bank protection were carried out at a cost of ₹ 1.41 crore.

- **Management of High-Altitude pastures**

The pastures in catchment area of Lakes are under constant pressure from nomadic population who graze their cattle and sheep in these areas. Area of 8,600 hectares in the catchment area of Wular Lake were identified (2019) as eroded pasture land by WUCMA.

Under 13th FC, 1,603 hectares of eroded pastures was planned for treatment at a cost of ₹ 3.76 crore. The treatment works included fodder and forage production, engineering works in *nallahs*, development of silvi-pasture, fodder management and veterinary support. Treatment works were carried out only in 517 hectares (32 *per cent*) at a cost of ₹ 1.13 crore. Sowing of fodder seeds was not carried out for development of fodder and forage in an area of 259 hectares during 2011-18. In 2018-19, ₹ 0.06 crore was spent on procurement of 11.27 quintals of fodder seed which was distributed to 585 persons. The criteria adopted for distribution of seed to selected persons was not on record. Production from seed sown by the beneficiaries and subsequent impact on the programme was not monitored and evaluated. Veterinary care and assistance for feed and breed improvement was not provided in respect of domestic animals of catchment area during the project implementation period.

Under the CAPEX action plan (2020-22), four works (development of silvi-pasture, maintenance on, farm fodder production and veterinary support) to be carried out in 623 hectares at a cost of ₹ 1.79 crore were not carried out.

[10] DRSM, crate wire dams, Stream Bank Protection, Land slide erosion, Gunny bags and water harvesting structures

[11] It includes ₹ 5.84 crore spent as on ending March 2015 and ₹ 0.11 crore during 2015-20

Thus, only 517 hectares (32 *per cent* of 1,603 hectares) of the eroded pasture land was covered for treatment.

- **Management of Horticulture and Dry Land Agriculture**

An area of 4,600 hectares land in catchment area of the Lake was under dry land agriculture. Ploughing of land across the contours creates channels, *nallahs* and *gullies* due to which there is soil erosion, contributing high sediment inflow into the Lake.

Under 13th FC, three works viz. promotion of agro-forestry, promotion of sustainable horticulture practices and improvement in management of homesteads were planned for execution on 1,251 hectares of land (27 *per cent* of 4,600 hectares of land under dryland agriculture) at a cost of ₹ 1.38 crore. As of March 2015, these works had been executed on only 517 hectares of land, with an expenditure of ₹ 0.70 crore (₹ 0.66 crore: as of March 2015, and ₹ 0.04 crore: during 2018-19).

Shortfall in execution of works during the period ranged between 62 and 68 *per cent***.** Out of plantation of 1.29 lakh saplings carried out during 2011-19, 6,500 saplings were distributed to 247 people during 2018-19. Criteria adopted for distribution of saplings was not on record. Execution of work under improved management of homesteads for coverage of 300 hectares was not carried out between the years 2015 and 2019. Physical verification was also not carried out to ascertain survival/ mortality of planted saplings to evaluate impact of plantation on the programme under 13th FC.

Under CAPEX action plan (2020-22), works of promotion of agro-forestry and sustainable horticulture practices by distributing plants and improvement management of homesteads were envisaged to be carried out to cover 233 hectares at a cost of ₹ 0.48 crore. However, these works were not carried out due to non-release of funds.

Thus, only 517 hectares (41 *per cent* of 1,251 hectares) were covered for execution of horticulture/ agriculture works.

- **Alternate source of energy**

To prevent degradation of forests by reducing dependence of villagers on forests for firewood, alternate source of energy was to be provided to the villagers living in forest areas of catchment of Lake as per CMAP.

Under 13th FC, development of village wood lots in 367 hectares and distribution of solar lights and heaters among the villagers were planned at a cost of ₹ 1.51 crore.

An amount of ₹ 0.91 crore (₹ 0.74 crore: as of March 2015, and ₹ 0.17 crore: 2018-19) was spent on development of village wood lots in 114 hectares (31 *per cent*) and 746 solar lanterns were distributed to the villagers.

The expenditure included ₹ 0.17 crore irregularly spent (March 2019) on purchase of 262 home solar lighting systems for distribution among beneficiaries of Antyodaya Anna Yojna/ Below Poverty Line. The expenditure did not form part of Lake conservation activities. No village wood lots were developed using 13th FC funding during 2016-20. No survey was conducted by WUCMA to ascertain total area to be covered for development of village wood lots and number of villagers to whom solar lights and heaters were to be issued.

Under CAPEX action plan (2020-22), the development of village wood lots over 40 hectares and promotion of smokeless hearths were planned at a cost of ₹ 1.15 crore. However, no specific targets were fixed for these activities. Despite the allocation, no such work was executed under CAPEX due to non-release of funds.

5.6.6 Water Management

CMAP envisaged enhancement of water holding capacity of the Lake by removal of plantation from the Lake, carrying out dredging in the Lake, ensuring improvement in water quality of the Lake through sewerage management, allocation of water for human and ecological purposes and purchase of equipment.

- **Enhancement of water holding capacity of the Lake**

CMAP had estimated (June 2007) that 21.84 lakh willow trees were existing around the Lake. It was suggested that these trees need to be uprooted by manual or mechanical means to enhance the water holding capacity of the Lake. WUCMA had not carried out fresh estimation of trees to ascertain whether there was increase in the number of willow trees around the Lake as over 15 years had passed since June 2007.

Under 13th FC, removal of willow plantation of 0.29 lakh trees was carried out till March 2016 at a cost of ₹ 0.16 crore. Stems and roots of trees were not removed leaving high chance of recurrence in growth of willow plantation. No removal of trees was carried out during 2016-20. While under CAPEX action plan (2020-22), 1.17 lakh willow trees were removed along with stems and roots at a cost of ₹ 0.04 crore.

Thus, against estimated 21.84 lakh willow trees, only 1.46 lakh tree (seven *per cent*) were removed (2007-22) over a period of 15 years at a cost of ₹ 0.20 crore.

WUCMA had not carried out survey to ascertain whether willow trees had regrown due to non-removal of stems and roots in respect of 0.29 lakh trees removed under 13th FC. No evaluation was done to ascertain whether removal of willow trees had enhanced water holding capacity of the Lake.

WUCMA stated (October 2022) that water holding capacity of the Lake can only be enhanced if removal of willows is followed by dredging of the silted areas. It was further stated that willow removal was being done in a phased manner to synchronise

with dredging operations, to prevent any shock to the wetland ecosystem and not to create glut in the market. It was also stated that in the last two years, 1.20 lakh willows were removed including grubbing generating a revenue of ₹ 24.34 crore.

The reply is not convincing as achievement of only seven *per cent* of the target of removal of 21.84 lakh willow trees set by WUCMA itself was indicative of failure in implementation of Lake water management activity.

- **Dredging of Lake**

As per CMAP, 27 sq. km. of Lake area was categorised as severely silted. To increase water capacity and open water area of the Lake, the Conservation and Management plans of the Lake under 13th FC and CAPEX funding provided for dredging of silted areas of the Lake.

Although ₹ 185.05 crore[12] was spent (2011-22) on dredging of Lake, only 4.5 sq. km. (17 *per cent*) of 27 sq. km. of severely silted area has been dredged as of March 2022. Dykes for dumping of dredged out material were not identified and dredged out material was dumped in the auxiliary basins of the Lake which remained seasonally submerged.

Native species of plants were not planted along the dumping sites to act as a filter for nutrients that might leach into the Lake. No studies were undertaken on impact of dredging on Lake ecology including invasion of species both in dredged part and in the hinterland of the Lake where the sediment was deposited.

WUCMA stated (October 2022) that all the dykes had been fully identified and pre/ post dredging survey of all dykes had been conducted. It was further stated that post dredging study was conducted through National Institute of Hydrology and that no dyke remained submerged in any season as most of the dyke areas were cultivated by people. It was also stated that dredged part did not have any weed and it had economically important plant and fish species envisioned in CMAP.

The reply should be seen in view of the fact that observation of Audit is based on the records of Agriculture Production Department and Irrigation and Flood Control Department, which had complained to WUCMA regarding the dumping of dredged-out material in the auxiliary basins of Lake.

- **Rejuvenating wetlands around Lake**

To rejuvenate wetlands associated with Wular Lake and provide bio-filters against nutrients, silt and other material coming into the Lake from its catchment area, ₹ 0.40 crore was approved without specifying physical targets under 13th FC. As of March 2020, no work was done in this regard. Under CAPEX, against ₹ 3.95 crore sanctioned

[12] ₹ 40.73 crore (2011-16 and 2018-20) under 13th FC and ₹ 144.32 crore (2020-22) under CAPEX

for desilting work of 1.58 lakh cum, de-silting of 0.48 lakh cum (30 *per cent*) was done at a cost of ₹ 1.18 crore. No evaluation was done to ascertain the number of associated wetlands rejuvenated.

Although there was increase in the water area of the Lake from 2,265 hectares (2011) to 2,786 hectares (2020) due to removal of trees, dredging and rejuvenation of wetlands around the Lake, the area of 2,786 hectares constituted only 36 *per cent* of the Lake area of 7,768 hectares recorded in 1969.

Audit noted that as against nil use of land for horticulture in 2011, there was land use of 80.48 hectares for horticulture in 2020. Area of siltation in the Lake had increased from 629 hectares in 2011 to 645 hectares in 2020 and pasture land also had increased from 55 hectares in 2011 to 85 hectares in 2020.

During the exit conference (September 2022), it was admitted that 27 sq. kms of Lake area was silted. It was further stated that forest Lakes would be taken care of by addressing the problems such as desilting, de-weeding, encroachments under mission "Amrit Sarovar".

WUCMA stated (October 2022) that feeder channel Naz (connecting Malgam *Rakh*) stood completely restored and adjoining Hygam wetland and Malgam *Rakh* were managed by WPD and Forest Department in a coordinated manner. It was also stated that variable of water expanse and aquatic vegetation could not be treated separately as aquatic vegetation could exist only in area having water.

The reply is not acceptable as it did not address the specific observation regarding rejuvenation of wetlands around the Lake.

- **Purchase of Equipment**

For dredging of the Lake, equipment such as cut section dredger, slurry piping, motorised carriage trucks, hydraulic excavators and weed harvesters were to be purchased by WUCMA under CMAP.

Although purchase of dredging equipment was sanctioned under 13th FC at a cost of ₹ 20.85 crore, the equipment had not been purchased. Instead, an expenditure of ₹ five lakh had been incurred (2015-16) under 13th FC on purchase of photocopiers, computers etc.

Under CAPEX Action Plan (2020-22), although ₹ three crore was sanctioned for purchase of equipment, no equipment was purchased.

WUCMA stated (October 2022) that it was not in favour of purchasing heavy machinery like dredgers as experience of having such equipment had not been encouraging with other Lake management authorities. It was further stated that over

time the technology becomes obsolete and such equipment become a burden on the Departments. Further allotment of work through tendering process ensured efficiency by access to modern technology.

The reply should also be seen in the light of fact that procurement of machinery was laid down in the CMAP (June 2007) approved by GoI.

5.6.7 Water Quality Improvement

For improvement of water quality, CMAP envisaged sewerage management in towns located in the periphery of the Lake by construction of three STPs, setting up of community based solid waste management system for markets and villages, segregation of recyclable and non-recyclable wastes and control of diffused pollution through wetland technology.

- **Construction of Sewage Treatment Plants**

To treat 8.94 MLD of waste water (containing 21.6 tonnes of inorganic nitrate and 15.6 tonnes of phosphorous) generated in Bandipore urban area and nine villages[13] in eastern and western sides of the Lake, three Sewage Treatment Plants (STPs) were to be constructed at three locations[14]. The STPs were to constructed at a cost of ₹ 13.92 crore under CMAP till 2021. As the cost of these STPs were neither included under 13th FC nor CAPEX plan (2020-22), these STPs could not be constructed.

Thus, untreated sewage from these nine residential areas continued to be discharged into the Lake causing pollution of inorganic nitrate and phosphorous in the Lake, which accelerates growth of aquatic vegetation and algae thereby affecting the ecosystem of the Lake.

WUCMA stated (October 2022) that water quality assessment was conducted on monthly basis and all parameters fall within the prescribed limits. It was further stated that construction of STPs would be undertaken in future subject to detailed assessment. It added that as villages around Wular Lake were spread all over, installation of STP or an alternative sewerage treatment methodology needed a scientific study before investing in them.

The reply is not justified as deterioration of water quality of the Lake, as pointed out in this report, had also been highlighted in the research conducted by the academicians[15]. Further, the discharge of sewage directly into the Lake from catchment area without any treatment and data of tests on physio-chemical properties of Lake by J&K Pollution

[13] Five villages on eastern side (Kulhama, Nadihal, Rampur, Gundpore and Shok baba) and four villages on western side (Watlab, Zuriman, Kenursa and Kanibathi)

[14] Watlab, Nadihal and Bandipore

[15] Research report by Zubair Ahmad Naik and Rahul Dabra published in International Research Journal of Modernization in Engineering Technology and Science

Control Board disproves the contention of WUCMA that all water quality parameters fall within the prescribed limits. Furthermore, approved CMAP (June 2007) by the GoI had already envisaged construction of three STPs around the Lake.

- **Community based Solid Waste Management systems for markets and villages**

CMAP (2011-2015) envisaged that for treatment of 29 tonnes[16] of solid waste generated by 25 markets and 25 villages in the vicinity of Wular Lake, a community based Solid Waste Management system was to be set up by construction of waste collection centers at common locations and waste was to be carried from households to these collection centres at a cost of ₹ 1.43 crore. An expenditure of ₹ one crore was booked as of March 2015 on establishment of solid waste management system. This expenditure included ₹ 0.83 crore advanced (2013-15) for purchase of garbage lifting vehicles and fabricated dustbins to Municipal Committee (MC) Bandipore which spent ₹ 0.39 crore on purchase of five vehicles and compact dustbins. The vehicles and dustbins did not have means to separate the recyclable and non-recyclable wastes. MC Bandipore did not have a proper dumping site for disposal of garbage which was being dumped on the fringes of Wular Lake at Nussu Zallwan causing pollution in the Lake. ₹ 0.44 crore was lying unspent with MC Bandipore. WUCMA had not devised a plan in collaboration with MC Bandipore to identify spots in the villages for location of collection centers. Consequently, waste collection centres could not be constructed.

Although an amount of ₹ 0.82 crore had been sanctioned under CAPEX plan (2020-22), however no expenditure was incurred in respect of disposal of solid waste.

WUCMA stated (October 2022) that although no scientific municipal waste management plant had been established, an amount of ₹ six crore had been sanctioned for developing a scientific plant for which work was underway. It was further stated that 10 bio-toilets had been constructed under CAPEX and toilet construction for each household had been achieved under Swachh Bharat Mission scheme of GoI.

- **Construction of Low-Cost Sanitation Units, Drains and Sedimentation Tanks**

For managing domestic sewage of 44 villages situated on the periphery of the Lake towards the north and east, 18,600 Low-Cost Sanitation Units (LCSUs) with twin leaching pits and flush latrines were to be constructed. Only six (less than one *per cent*) LCSUs were constructed at a cost of ₹ 0.19 crore under 13th FC as of March 2015[17].

Although construction of 120 LCSUs were planned (2020-22) at a cost of ₹ 1.21 crore under CAPEX action plan, no work was executed in this regard as of

16 Projection as per year 2007

17 ₹ 0.10 crore: paid as of March 2015 and liability of ₹ 0.09 crore cleared: 2015-20

October 2022. Thus, untreated human waste of these villages continued to be discharged into the Lake.

Further, for treatment of 1.03 MLD of domestic sewage of 10 villages (rural areas of Sonawari Tehsil) living in immediate southern proximity of the Lake, control of diffused pollution through wetland technology was to be done by constructing drains and sedimentation tanks for these villages. An expenditure of ₹ 0.34 crore was incurred (March 2016) on construction of two drains and sedimentation tanks and on 30 latrines which were not part of the plan. No technical report indicating area or type of pollution that was to be treated**,** was made available to audit. No further work was executed for construction of remaining eight drains and sedimentation tanks for other villages.

WUCMA stated (October 2022) that 10 bio-toilets had been constructed under CAPEX and toilet construction for each household had been achieved under Swachh Bharat Mission scheme of GoI.

- **Environmental Flows Team (EFT)**

Environmental Flows Team (EFT), with representation from all stakeholder Departments, was to be constituted for assessment of flow regimes of water sources of the Lake. The purpose was to estimate the requirement of water for functions and processes of the Lake while optimising allocation for other development purposes including agriculture, hydropower and domestic water supply.

Audit noted that no EFT had been constituted as of October 2022 and hence the mandated task of assessment of flow regimes of water sources of the Lake could not be carried out. Further, an amount of ₹ 0.26 crore earmarked under 13th FC was spent on the activities not forming part of the component, whereas no targets (physical/ financial) were fixed under CAPEX.

WUCMA stated (October 2022) that regular meetings were held with stakeholders, however formation of committees would be actively considered as pointed out by Audit.

5.7 Institutional Development, Capacity Building, Awareness Generation and Monitoring/ Evaluation

No training programmes were undertaken by WUCMA for capacity building and integrated Lake management and no expenditure was incurred for creation of infrastructure. No eco-rallies, conferences, nature camps, environment days and film shows were held by WUCMA for creating awareness. A laboratory for monitoring ecological, hydrological and socio-economic features of the Lake ecosystem was not established and evaluation of impact of Lake conservation programme by an independent agency was not put in place.

In respect of matters relating to administration and operations of WUCMA including capacity building, monitoring of Lake management activities and awareness generation, audit noticed as follows:

5.7.1 Administrative, operational and maintenance expenses

For administrative, operational and maintenance expenses of WUCMA, out of sanctioned ₹ 0.56 crore, only ₹ 0.28 crore was allocated under 13th FC. As of March 2016, ₹ 0.33 crore was spent for these purposes. The extra expenditure of ₹ 0.05 lakh was met from other heads of account. Under CAPEX, ₹ 2.52 crore was earmarked for construction of building for WUCMA. As of March 2022, construction of building was in progress and expenditure of ₹ 1.12 crore had been incurred thereon.

5.7.2 Capacity building and awareness generation

For capacity building, professional training in Integrated Lake Management was to be imparted to staff and infrastructure (including communication equipment and networking of offices) was to be created for Lake management. No training programmes had been undertaken by WUCMA. Instead, ₹ 29 lakh earmarked for these activities was spent as of March 2015 on activities such as Environment Flow Assessment, Implementation and Monitoring and Evaluation not forming part of the component. No expenditure was incurred during 2016-20.

Out of sanctioned amount of ₹ 21 lakh, only ₹ 11 lakh was allocated for awareness generation programmes which included developing resource material, organising nature camps for schools, holding eco-rallies, environment days and film shows. No eco-rallies, conferences, nature camps, environment days and film shows had been held by WUCMA. Instead, ₹ nine lakh was spent[18] as of March 2020 on unrelated activities such as purchase of furniture, fixtures and wages. No expenditure was incurred during 2016-20 under 13th FC. There was no demand raised for the activity during 2020-22 under CAPEX.

5.7.3 Monitoring and evaluation of impact of Lake conservation programme

The initial cost of implementation of CMAP was ₹ 386.29 crore which was reduced (2011-12) to ₹ 120 crore by a High Level Monitoring Committee (HLMC) headed by the Chief Secretary, GoJ&K. CMAP envisaged result based framework for monitoring and evaluation of impact of Lake conservation programme by an independent agency at a cost of ₹ one crore. As this component was dropped by HLMC, monitoring and evaluation of the programme by an independent agency was not in place. CMAP also envisaged establishment of a laboratory for monitoring ecological, hydrological and socio-economic features of the Lake ecosystem. Against ₹ 120 crore, only ₹ 60 crore was released under 13th FC. Due to reduction in programme cost, the component for

[18] It includes ₹ eight lakh spent as on March 2015 and ₹ one lakh during 2015-20

establishment of laboratory along with allied infrastructure was dropped by HLMC for implementation. As a result, the monitoring laboratory could not be established. Instead, ₹ 0.33 crore was diverted as of March 2016 towards unapproved components. No expenditure was incurred during 2016-20. Thus, monitoring of ecological, hydrological and socio-economic features of the Lake ecosystem could not be carried out.

5.7.4 Environmental Impact Assessment of CMAP

The work of Environmental Impact Assessment (EIA) was entrusted (July 2012) to the Centre of Research for Development (CORD), Kashmir University at a cost of ₹ 0.20 crore. The work was to be completed in six months and an advance payment of ₹ 0.10 crore was made in 2012-13 to CORD. CORD submitted (April 2014) the draft EIA report for evaluation to WUCMA before its finalisation. Despite lapse of over nine years from receipt of draft report, the EIA could not be finalised resulting in unfruitful expenditure of ₹ 0.10 crore. The draft EIA had suggested: -

- Setting up of adequate network of observation stations for monitoring in time and space the environmental, hydrological, metrological, hydro-biological and atmospheric processes in the Lake and its catchment area;
- Setting up of equipped laboratories and testing sites;
- A research study through a reputed research institute;
- Creation of vegetated buffers, carrying out crop rotations, construction of artificial wetlands, rejuvenation of springs and wetlands, water quality improvement measures etc.;
- To build settling basin on all the major inlets of Wular Lake on the pattern of Dal Lake; and
- To carry out analysis of sediment cores of the Lake and conduct bathymetric surveys to determine the appropriate depth and location at which dredging has to be carried out.

Thus, due to non-finalisation of the EIA report, the suggested measures had not been acted upon as of October 2022.

5.7.5 Internal control

WUCMA had not prepared assets register/ records as were required to be prepared under financial norms. Annual accounts including balance sheet which were required to be prepared under Section 21 of Jammu and Kashmir Development Act, 1970 were also not prepared. Thus, true and fair financial/ accounting picture of WUCMA was not ascertainable.

WUCMA stated (October 2022) that necessary action would be taken as pointed out by Audit.

5.8 Impact Assessment

WUCMA had not carried out any research to evaluate water quality of the Lake and to determine fish and water bird population in the Lake and it had not taken into consideration corrective measures regarding mitigation of deterioration in the health of the Lake suggested by research carried out by scholars of universities. Water area of the Lake had reduced (45 *per cent*) from 157.75 sq.km in 1911 to 86.71 sq.km in 2007, water holding capacity of the Lake had declined by one fifth during the last three decades and there was decrease of 1,654.30 hectares (37 *per cent of* 4,440 hectares) under open water area of the Lake.

Impact evaluation of a scheme/ programme helps to assess the success or failure of a scheme/ programme and helps in fixing accountability of stakeholders. Besides, it provides evidence to make informed decisions for redesigning the current programme or for planning future interventions. Impact assessment of Conservation and Management Programme of Wular Lake had not been carried out to find out whether implementation of the programme was a success or failure. Audit observed that the health of the Lake was deteriorating as discussed below:

5.8.1 Research activities

WUCMA had not carried out any research to evaluate water quality of the Lake and to determine fish and water bird population in the Lake. Disappearance of native species and invasion of noxious species, if any, due to heavy inflow of silt and sewage into the Lake from its catchment area had also not been assessed. However, research carried out by scholars of universities/ colleges[19] indicated that health of the Lake had deteriorated due to factors detailed below:

- Much of the area of the Lake has been brought under vegetation, agriculture, human settlement, Government Departments, tourist hotels etc.
- There was run-off of fertilisers, pesticides and herbicides from apple orchards and paddy fields in the encroached areas of the Lake. There was also direct discharge of untreated sewage coming from villages adjacent to the Lake.

No effort was made by WUCMA to consider corrective measures suggested in these research papers for ensuring effectiveness in the implementation of management plans of the Lake.

[19] During July-September 2017 by Zahoor ul Hasan, M. Imran Malik and T.A. Kanth of University of Kashmir and Government Degree College, Anantnag respectively.
During November 2016 by Rumysa K, Sharique A. Ali, Bilal A, Tariq Z and Farooq M from GDC Sopore, Safia Science College, Bhopal, Sher-i-Kashmir University of Agricultural Sciences and Technology, Kashmir, Bhoj (Open University), Bhopal, S.P. College, Srinagar respectively.
September 2020 by Zubair Ahmad Naik and Rahul Dabra from Department of Environmental Science Rudrabhishek Enterprises Ltd. India.

The Lake was shrinking at an alarming rate, and had become a reservoir of pollution. Indigenous fishes such as *Schizothorax richardsoni*i and *Bangana diplostoma* had disappeared. The themes of research papers of authors with their conclusions and suggestions are detailed in ***Appendix-5.3*.**

WUCMA stated (October 2022) that it had been conducting water quality assessment of the Lake on a monthly basis in respect of 17 parameters for the last three years in collaboration with Jammu and Kashmir Pollution Control Committee, and all results indicated that water quality of the Lake was within prescribed parameters. It was further stated that the Fisheries Department annually restocked the Lake with necessary fish seed, and during the current year five lakh fish seed were restocked in the Lake but local species such as *Schizothorax* could not be restocked as no scientific breakthrough had been achieved to produce them in seed farms. WUCMA however, accepted that more was needed to be done in this regard.

5.9 Conclusion

Due to non-constitution of monitoring bodies, the Conservation and Management Programme of Wular Lake had suffered as policy matters of Wular Conservation and Management Authority (WUCMA) could not be decided. Failure to provide Detailed Plan resulted in deprival of financial assistance from GoI for rejuvenation and restoration of Wular Lake. Insufficient afforestation in degraded forests resulted in increase in siltation in the Lake and consequently hastening the ageing of the Lake. Dropping of three vital activities of biodiversity conservation, eco-tourism development and sustainable resource development and livelihood improvement had adversely affected Conservation and Management programme. The planned activities for survey and demarcation, catchment conservation, enhancement of water holding capacity and water quality improvement were inadequately carried out. Training programmes, awareness generation and research activities for ensuring capacity building, public awareness and monitoring of impact of Lake conservation activities were not carried out.

5.10 Recommendations

- ***Encroachments in the Lake and impact of inflow of nutrients into the Lake need to be monitored regularly and mitigation measures may be taken expeditiously.***
- ***Changes in the area under water in Wular Lake need to be attended to and monitored periodically.***
- ***The Government may review the Conservation and Management Programmes undertaken in respect of Wular Lake to make them more effective and result-oriented.***

Chapter-VI

Conservation and Management of Hokersar, Mansar, Surinsar and Manasbal Lakes

Chapter-VI

Conservation and Management of Hokersar, Mansar, Surinsar and Manasbal Lakes

6.1 Conservation and Management of Hokersar Lake

6.1.1 Introduction

Hokersar Lake falls in the districts of Srinagar and Budgam. The Lake is fed by Doodhganga stream in the east and by Sukhnag *Nallah* in the west. The springs in and around the Lake and rainfall are other sources from which the Lake gets its water. The Lake has an outlet from where water discharges into river Jhelum. The Lake was notified[1] in July 1945 and was declared as Conservation Reserve under the Jammu and Kashmir Wildlife (Protection) Act, 1978. Given its value in maintaining livelihoods and ecological balance, the Lake was identified (1987) by the National Wetland Committee as one of the 16 important Lakes in the country. The Lake is being looked after by the Wildlife Warden, Wetland Division (WD), Kashmir.

Hokersar Lake

6.1.2 Organisational setup

The organisational set up of the Wildlife Warden, Wetland Division, Kashmir is shown in **Chart 6.1**:

[1] Vide Cabinet Order No: 710/ C of 1945 (G.G) dated 17.07.1945

Chart 6.1: Organisational setup of Wildlife Warden, Wetland Division, Kashmir

6.1.3 Land use changes within Lake and its catchment

Audit observed that due to non-identification of point source/ non-point source of pollution entering the Lake, non-taking of measures to prevent silt from entering the Lake, lack of dredging and construction of flood spill channel through the Lake area, there was decrease of seven *per cent* in open water area of the Lake and increase in other land uses such as 11.92 hectares under scrub (1,157 *per cent*), 2.14 hectares under siltation (104 *per cent*), 11.92 hectares under river (103 *per cent*), 1.72 hectares under built-up (102 *per cent*), 38.77 hectares under aquatic vegetation (42 *per cent*).

In absence of Comprehensive Conservation and Management Programme for Hokersar Lake, there was change in land use of the Lake with consequent deterioration in its health. Thus, the pristine glory of Hokersar Lake, being the queen of wetlands, was at the risk of extinction.

- **Analysis of remote sensing data of EE&RSD to ascertain Land use changes in Lake**

According to data of EE&RSD, there were spatio-temporal changes in land use of the Lake during 2014-20 as shown in **Maps 6.1, 6.2**, **Table 6.1 and Charts 6.2 and 6.3**.

Maps 6.1 and 6.2: Change in land use of Lake during 2014-2020

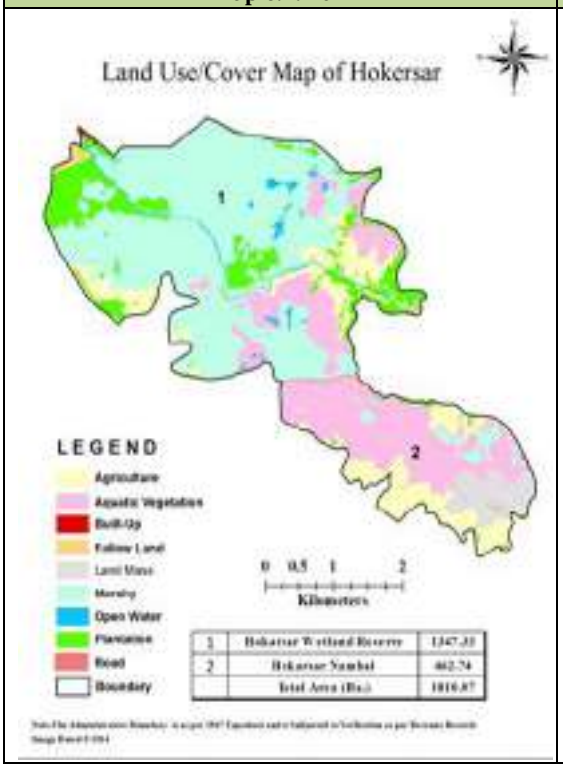
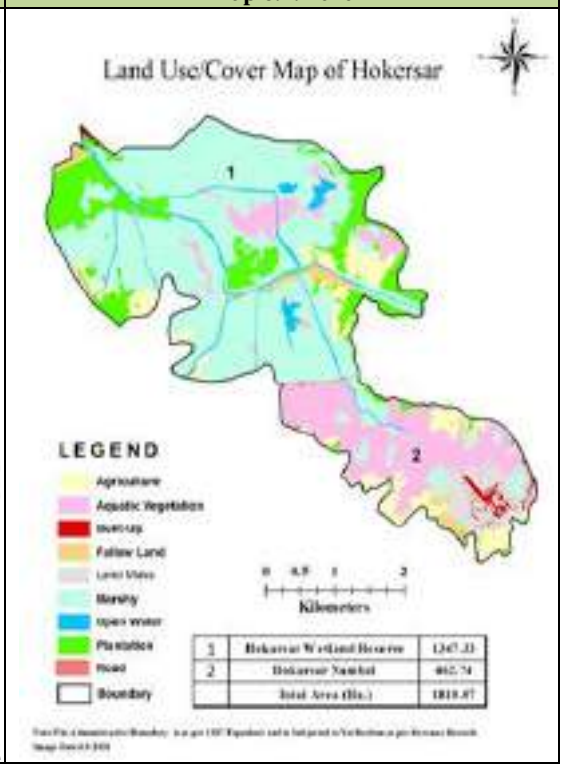
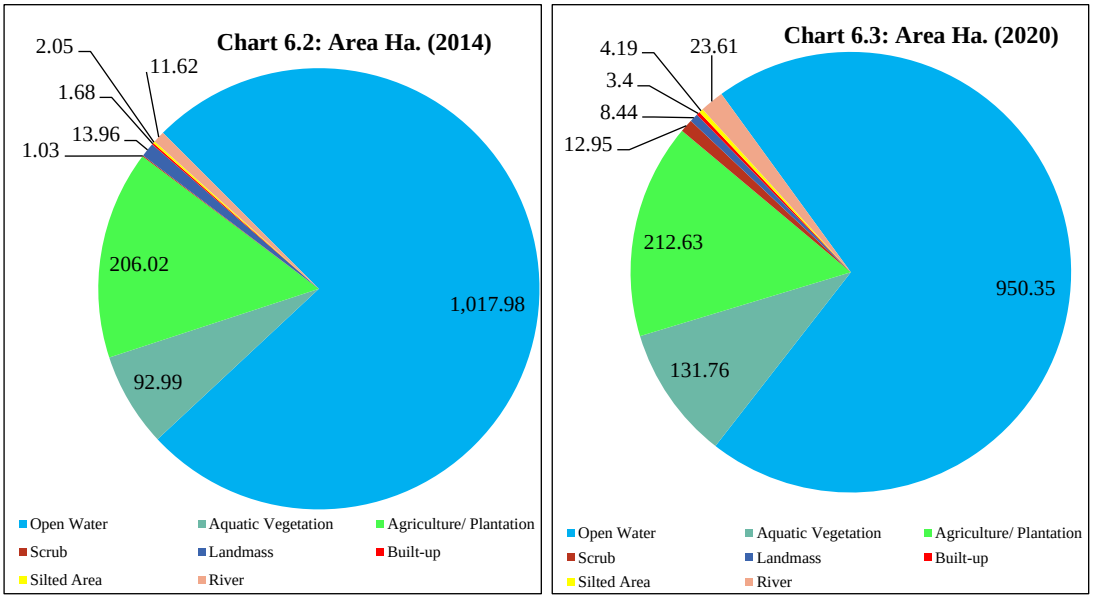
Map 6.1: 2014	Map 6.2: 2020
	

Table 6.1: Change in open water and other land use

Area in Hectares				Increase / Decrease and its Percentage (2014 to 2020)			
Sl. No.	**Land use/ Classification**	**2014**	**2020**	**Decrease**	**Increase**	**Percentage Decrease**	**Percentage Increase**
1	Open Water	1,017.98	950.35	67.63		7	
2	Aquatic Vegetation	92.99	131.76		38.77		42
3	Agriculture/ Plantation/	206.02	212.63		6.61		03
4	Scrub	1.03	12.95		11.92		1,157
5	Landmass	13.96	8.44	5.52		40	
6	Built-up	1.68	3.40		1.72		102
7	Silted Area	2.05	4.19		2.14		104
8	River	11.62	23.61		11.99		103
Grand Total		**1,347.33**	**1,347.33**	**73.15**	**73.15**		

(Source: data of EE&RSD)

Chart 6.2 and 6.3: Change in land use of Lake during 2014-2020



It may be seen from **Table 6.1** that during 2014-20, there was decrease of seven *per cent* in open water[2] of Hokersar Lake, whereas there was increase in other land uses such as 11.92 hectares under scrub (1,157 *per cent*), 2.14 hectares under siltation (104 *per cent*), 11.99 hectares under river (103 *per cent*), 1.72 hectares under built-up (102 *per cent*), 38.77 hectares under aquatic vegetation (42 *per cent*) etc. due to anthropogenic pressure on the Lake.

Audit analysis revealed that some of the contributing factors of land use changes were:

- WD-Kashmir had not identified point source/ non-point source of pollution entering the Lake and sewage treatment system was not in place for treatment of sewage entering the Lake from its catchment area. Nutrients entering into the Lake through sewer had given rise to prolific growth of weed in the Lake and adequate de-weeding mechanism was not in place.
- No measures were taken to prevent silt from entering into the Lake and there was lack of dredging of land masses in the Lake. This led to exploitation of these areas for other land uses such as agriculture, vegetation, crop land etc.
- The increase in the area under river was due to construction of flood spill channel through the Lake area, which was done without following laid down parameters as discussed in **Paragraph 6.1.4.1**.

As a result, there was a decrease in the open water area of the Lake.

The Forest, Ecology & Environment Department replied (October 2022) that the policy to maintain ecological character of wetlands was under consideration of the

[2] An area of Lake unobstructed by aquatic vegetation, boulders etc. adequate for navigation or swimming

Department. It was further stated that the local villagers who had raised plantations inside the wetland had started to cut and remove the plants to relieve Hokersar from unwanted vegetation. It was also stated that settlements and built-up area which had remained intact were being retrieved.

- **Analysis of Google Earth Pro images to ascertain Spatio-temporal changes in Lakes and its catchment**

Clear images of Hokersar Lake and its catchment area of Haji Bagh, Soibug and HMT (Zainakot) available on Google Earth Pro were taken for the period 2005-2022. These images indicate substantial increase in the built-up in these catchment area of Lake. The catchment area are without sewage treatments and the Lake receives water inflow from tributaries flowing through these catchment area. The Google Earth Pro images of the Lake indicating land use changes within the Lake and its catchment are shown in **Satellite Images 6.1 to 6.13**:

Satellite Image 6.1: Hokersar and its catchment in 2022

Yellow marked boundary "A- (Haji Bagh), B-(Soibugh) & C-(HMT)" indicates catchment areas of Hokersar. Zoomed images of these catchment areas are given in Satellite Images 6.2 to 6.13.

Satellite Image 6.2: A-Haji Bagh 2006	Satellite Image 6.3: A-Haji Bagh 2011
Satellite Image 6.4: A-Haji Bagh 2014	**Satellite Image 6.5: A-Haji Bagh 2022**

Satellite Image 6.6: B-Soibugh 2005

Satellite Image 6.7: B-Soibugh 2011

Satellite Image 6.8: B-Soibugh 2014

Satellite Image 6.9: B-Soibugh 2022

Satellite Image 6.10: C-HMT-2005

Satellite Image 6.11: C-HMT-2011

Satellite Image 6.12: C-HMT-2014

Satellite Image 6.13: C-HMT-2022

6.1.4 Planning

Instead of a comprehensive plan for Conservation and Management of the Lake, only annual plans were formulated, financed and implemented by the Wildlife Department. These plans did not address the root causes of degradation of the Lake, such as change in hydrological regimes, pollution or loss of biodiversity in the Lake. Water budget of the Lake could not be regulated in absence of hydraulic gate at water entry and exit point of the Lake. Siltation in the Lake could not be mitigated and water quality of the Lake could not be maintained due to lack of silt retention basin, catchment treatment works and STPs.

Instead of a comprehensive plan for Conservation and Management of the Lake, only annual plans were formulated and implemented by the Wildlife Protection Department. The management plans for the Lake were formulated, financed and implemented on annual basis. These plans did not address the root causes of degradation of the Lake, such as change in hydrological regimes, pollution or loss of biodiversity in the Lake.

As per MoEF&CC guidelines (2009) survey and demarcation for taking protection measures to avoid encroachments, water management, biodiversity conservation, sustainable resource development, weed control, pollution control and environmental education were to be carried out for Conservation and Management of the Lake. Inventories had to be prepared for catchment area of the Lake.

Audit observed that WD-Kashmir had not prepared any comprehensive project/ plan to address root causes of degradation of the Lake such as change in hydrological regimes, pollution, loss of biodiversity and encroachments. Instead, WD-Kashmir prepared only Annual Plan of Operations (APOs) which were based on aggregate estimations and cost analysis for a definite period of time. As APOs broadly covered Wildlife Management activities, physical/ financial achievements of meagre activities carried out for Lake management were not monitored and their impact was not evaluated by WPD.

6.1.4.1 Creation of flood spill channel

To safeguard Srinagar city and adjoining districts of Kashmir Province during floods, the Flood Spill Channel (FSC) at Padshahi Bagh was created (1904) for bypassing excess flood water from river Jhelum. The FSC which passes through Hokersar Lake was designed to carry a discharge of 17,000 cusecs of water, but due to siltation and accumulation of unwanted materials, its carrying capacity had reduced to 6,000 cusecs at take-off point.

To address the problem, Phase-I of the Comprehensive Flood Management Programme (CFMP) was prepared (September 2016) by the Irrigation and Flood Control Department (I&FCD), Kashmir at a cost of ₹ 399.29 crore. The CFMP included ₹ 55.27 crore for Lake management works such as drainage works, construction of

escape channels[3], dredging for side slope protection, providing hydraulic gates at water entry and exit points, catchment treatment works of Doodh Ganga and Sukhnag *nallah* and construction of STPs. For these works, use of 15 hectares of land of Hokersar Lake was sanctioned (September 2016) by the Wildlife Protection Department to I&FCD against a compensation of ₹ 5.24 crore on account of Net Present Value (NPV)[4] and fulfillment of the following conditions:

- Five *per cent* of the project cost was to be earmarked by the I&FCD for management of Lake;
- Eco-friendly engineering practice was to be followed during execution of works;
- Water level of at least 3-4 feet was to be maintained in the Lake throughout the year;
- A proper gradient was to be provided to facilitate free flow of water from streams/ channels entering the Lake from all sides;
- Water quality monitoring was to be carried out at frequent intervals to avoid pollution in the Lake;
- Excavated material was to be disposed of outside the Lake;
- Regulator/ lock gate was to be constructed to ensure adequate and regular water supply to the Lake;
- Gabion/ Gabion mattresses[5] were to be laid on side slopes and on the existing embankments of the channel for ensuring continuous flow of water and for easy discharge of the silt coming with floods;
- Sufficient number of sluice gates were to be constructed in the existing bunds of channel to avoid damage to flora and fauna of the Lake; and
- Wildlife Institute of India (WII) was to advise adequate mitigation measures to be taken in respect of the Lake during implementation of the CFMP.

Audit noticed that I&FCD had spent ₹ 46.29 crore (between May 2018 and March 2022) on construction of channel, dredging and side slope protection. No major works such as construction of hydraulic gates at water entry and exit points of the Lake, silt retention basin and STPs and mitigation measures were taken up for execution as of March 2022.

[3] Cunnet passing through Hokersar Lake.

[4] A mandatory one-time payment that a user has to make for diverting forestland for non-forest use under the Forest (Conservation) Act, 1980.

[5] These are a type of wired basket filled with various rocks or soil that helps prevent erosion, retain absence of hydraulic gate at water entry and exit point of the Lake slope, or provide a landscape element.

Thus, water budget of the Lake could not be regulated. Siltation in the Lake could not be mitigated due to lack of silt retention basin and catchment treatment works. Also, the water quality of the Lake could not be maintained for want of these works and construction of STPs. Photographic evidence of inadequacies in the execution of works noticed during joint inspection carried out by Audit with the officials of WLW-K is given below.

Flood spill channel is on the left side and on the right side is entry point of the Lake which is without regulatory gate, silt settling basin and effluent treatment plant.	**Exit point of the Hokersar Lake without regulatory gate causing water to flow away from the Lake turning it into land mass and being used as play field.**
Dredged out material dumped in the open water area of the Lake	**Equipment used for dredging by the contractor (I&FCD) at the entry point of the Lake was not removed from the Lake**

6.1.5 Underutilisation of funds for management of Lake

Out of ₹ 15.44 crore received (2017-22) by the WD-Kashmir under Central/ UT Schemes, ₹ 3.12 crore (20 *per cent*) was for management plans of Hokersar Lake. Audit noticed that only ₹ 1.61 crore was spent on the Lake, whereas ₹ 1.51 crore (48 *per cent*) had remained unutilised. Due to underutilisation of funds, management plans of the Lake were implemented inadequately.

6.1.6 Programme Implementation

An amount of ₹ 0.88 crore earmarked for survey and demarcation, ground truthing, remote sensing, mapping and delineation of the Lake was not spent by WD-Kashmir on intended purposes leaving the Lake exposed to encroachments. ₹ 0.28 crore was spent on de-weeding during months which were not specified months for de-weeding, while ₹ 0.14 crore was spent on dredging without any bathymetric survey. Point and non-point sources from which pollutants were entering the Lake had not been identified. WD-Kashmir had no comprehensive public awareness plan and no environmental education/ awareness programmes were held.

For Conservation and Management of a Lake, the activities to be carried out include survey and demarcation of the Lake, identification/ treatment of its catchment area, identification and protection of water sources, water budgeting, improving water quality of Lakes by flushing, biodiversity conservation, assessment of life of the Lake, sewage treatment in catchment area, prohibition in diversion of the Lake area. Lake management also included de-weeding and dredging of the Lake and generating public awareness. The deficiencies noticed in implementation of the Conservation and Management activities of the Lakes are discussed below:

6.1.6.1 Survey and Demarcation

To safeguard the Lake from threats of encroachment, survey and demarcation of the Lake was to be done based on revenue records, ground truthing and remote sensing followed by mapping and delineation of the Lake.

Audit observed that WD-Kashmir received ₹ 0.88 crore (₹ 0.79 crore: 2017-18 and ₹ 0.09 crore: 2020-21) for survey and demarcation, against which ₹ 0.04 crore was spent (2017-18) on items[6] not part of the component, while ₹ 0.84 crore (95 *per cent*) was surrendered. Thus, no survey of Lake was conducted leaving it exposed to encroachments as discussed in **Paragraph 6.1.8**.

The Forest, Ecology & Environment Department replied (October 2022) that survey and digital delineation of Hokersar wetland had been completed jointly with Revenue Department. Moreover, the process of fixing 100 specially designed cement concrete boundary demarcation pillars would be completed during the first two years of implementation of Management Action Plan. It was further stated that due to proprietary rights claimed by some locals over some portions of wetlands, it was difficult to draw a distinction between ownerships and encroachments in these wetlands. It was added that to ascertain the actual status of the land, the District Administration had ordered serious measures for undertaking joint demarcation of these

[6] Hiring of legal experts, purchase of equipment etc.

wetlands. The fact, however, remained that survey and demarcation of the Lake was not carried out.

6.1.6.2 De-weeding, De-silting and Dredging of Lake

- **De-weeding**

As per National Wetland Conservation Programme, Guidelines for Conservation and Management of Wetlands in India (2009), de-weeding is to be carried out for removing unwanted plants from the Lake. The exercise was to be carried out before flowering, fruiting and formation of propagules in plants. Weeds were to be removed at a controlled rate of 40 to 50 *per cent* (maximum up to 75 *per cent*) of submerged vegetation. Some selected areas were to be left undisturbed for fish spawning and feeding of waterfowls.

Out of ₹ one crore allocated (2017-22) for de-weeding/ de-silting of the Lake, an expenditure of ₹ 0.85 crore was incurred.

Audit noticed that expenditure of ₹ 0.85 crore included ₹ 0.71 crore incurred (2017-22) on de-weeding, out of which ₹ 0.28 crore was spent during months which were not specified months for de-weeding. WD-Kashmir did not have year/ basin/ area-wise vegetation map of the Lake alongwith data of weed cover. Data regarding areas from which weeds were removed and areas left undisturbed for spawning of fish and feeding of waterfowls was also not maintained. Impact assessment of de-weeding such as decrease/ increase in visibility and decrease/ increase in dissolved oxygen, nitrogen and phosphorus in Lake water was also not carried out.

During the exit conference (September 2022), it was stated that de-weeding works had been included in recently prepared five-year Integrated Management Plan.

- **Dredging**

Dredging is carried out to improve water flow in the Lake by removing nutrient rich sediments, shoals and solid land mass. Dredging of Lake has to be based on a bathymetric survey of the Lake, indicating location of blocked channels, area of the Lake to be dredged out, the depth up to which it has to be done, sites where the dredged out material has to be disposed of and cost involved.

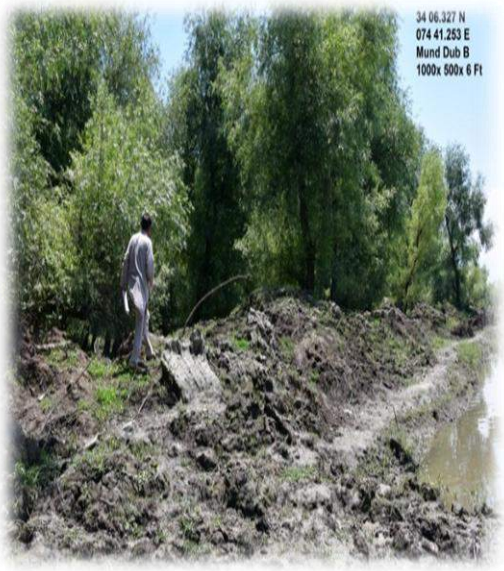
WD-Kashmir had spent (2017-22) an amount of ₹ 0.14 crore on dredging without any bathymetric survey. No record was maintained to show locations at which dredging was carried out and places where dredged out material was dumped. No study was conducted to assess the impact of dredging on the Lake.

During the exit conference (September 2022), it was stated that dredging works had been initiated for which two master dredgers had been deployed. It was further stated

that a process was underway to utilise the dredged-out material for production of bricks, for use in roads, paths, and other infrastructure within the Lake.

The Forest, Ecology & Environment Department further replied (October 2022) that the WPD had engaged consultant for conducting bathymetric study and on the basis of the data generated by the Engineering consultant surveyor, e-auction notice had been finalised for processing.

During joint inspection by the audit party with the members of the audited entity, accumulation of silt and dumping of dredged out silt by contractors at the fringes of the Lake were noticed. Photographic evidence is given below.

Silted areas where no de-siltation was done resulting in reduction of water area of the Lake	**De-silted/dredged out material dumped at the fringe of the Lake**
	

6.1.6.3 Discharge of untreated effluents into the Lake

Discharge of domestic waste from urban habitations near the Lake, percolation of nutrients due to surface run-off from agricultural activities in the catchment area and discharge of waste water from a hospital located near the Lake had the potential to cause eutrophication of the Lake.

WD-Kashmir had not identified point and non-point sources from which pollutants were entering the Lake.

During joint inspection by the audit party with the members of the audited entity, sewage and wastes entering the Lake from its catchment area were noticed. Photographic evidence is presented in the following photographs:

Garbage dumped at the embankment of flood spill channel at Jhelum Valley College-cum-hospital, due to which pollutants enter the Hokersar Lake

Water from drains finding its way into one of the water channels of the Lake at Dar *Mohalla*

Waste floating in water which finally enters into the Lake

Waste dumped at the fringe of / inside the Lake

6.1.7 Public Awareness

As per National Wetland Conservation Programme, Guidelines for Conservation and Management of Wetlands in India (2009), Environmental education and public awareness programmes were to be held by holding seminars/ workshops and way-side exhibits such as display boards and hoardings. Services of media were to be used and Self-Help Groups (SHGs) were also to be constituted for public awareness.

Audit noticed that WD-Kashmir had no comprehensive public awareness plan. Although ₹ 0.26 crore was allocated (2017-22) for public awareness, only ₹ 0.12 crore was spent thereon leaving ₹ 0.14 crore (56 *per cent*) unutilised. No records indicating annual targets/ achievements and monitoring reports were maintained. The expenditure of ₹ 0.12 crore was incurred on installation of hoardings and providing refreshment to participants. No environmental education/ awareness programmes were held.

6.1.8 Encroachment of Lake

Due to lack of survey and demarcation, land area of the Lake measuring 2,528.10 *kanals* had been encroached upon for erection of structures, plantation, development of vegetative gardens and cultivation of paddy.

There was no formal takeover of area of land when the Lake came (year 1978) under the control of WD-Kashmir from the Department of Fisheries. The WD-Kashmir did not have details of area (whether Government or proprietary) belonging to the Lake and its fringes. Due to lack of survey and demarcation, land of the Lake measuring 2,528.10 *kanals* had been encroached upon for erection of structures, plantation, development of vegetative gardens and cultivation of paddy. Although the WD-Kashmir had served notices to encroachers, no eviction could be ensured.

During the exit conference (September 2022), it was stated that demarcation of Lake would be followed by identification of encroachments and erection of pillars.

During joint inspection by the audit party with the members of the audited entity, various types of encroachments were noticed. Photographic evidence is given below.

Road illegaly constructed through the Lake at Kadalla *Mohalla* Zainakot 	**Dumping of garbage near bridge constructed within Lake for road connectivity to Kadalla *Mohalla* Zainakot**
Conversion of Lake area into play ground 	**Encroachment of Lake by conversion of Lake area into vegetation fields**
Encroachment of Lake by conversion of Lake area into plantation 	**Siltation of Lake area giving rise to illegal plantation/ encroachments**

6.1.9 Results of research carried out by scholars of universities and health of Lake

No measures were taken by WD-Kashmir in respect of observations of independent research reports regarding disappearance of some native species of aquatic plants and clogging of non-native species in the Lake. Measures were also not taken for overcoming decrease in depth of the Lake and for mitigation of deterioration in water quality of the Lake due to increase in nutrient loads.

WD-Kashmir had not carried out any research to evaluate water quality of the Lake and to study fishes and water bird population in the Lake. Disappearance of native species and invasion of noxious species, if any, due to heavy inflow of silt, sewage flowing into Lake from its catchment area had also not been assessed. However, research carried out by scholars of various universities on various themes of the Lake indicated that health of the Lake had deteriorated due to different factors as detailed in the succeeding Paragraphs:

- **Disappearance of native and invasion of exotic species of aquatic plants**

A research report (2019)[7] revealed that three aquatic plants viz. *Acoruscalamus, Euryale ferox,* and *Nelumbonucifera* had disappeared from the Lake, while non-native species such as *Azolla spp., Salvinianatans,* and *Menynanthese spp.* had clogged the Lake.

A research paper[8] titled 'Study on Phytosociology and biomass changes (above ground and below ground of emergent microphytes in Hokersar wetland of Kashmir)' revealed that a major part of the macrophytes (biomass/ organic matter) of the Lake was under the Lake soils and these macrophytes act as a huge carbon sink.

According to the Report, though the Lake was highly productive with a large carbon sequestration potential, there was a risk of losing it if measures were not taken to maintain the trophic status of the Lake by overcoming the problem of decrease in the depth of the Lake. However, no action was taken by the WD-Kashmir on the recommendation of the research reports.

- **Water quality of the Lake**

A research report (2019)[9] titled 'Current status of wetlands in Srinagar city: Threats, management, strategies, and future perspective' revealed that water quality of the Lake had deteriorated as there was increase in the nutrient loads[10] and decrease in dissolved oxygen in the Lake. This was attributed to untreated discharge of domestic sewage,

7 Current Status of Wetlands in Srinagar City: Threats, Management Strategies, and Future Perspectives (January 2020) by Shahid Ahmad Dar, Sami Ullah Bhat, Irfan Rashid and Sajad Ahmad Dar.
8 Published in November 2016 (Afreen J Lolu and two others)
9 By Shahid Ahmad Dar, Sami Ullah Bhat, Irfan Rashid and Sajad Ahmad Dar.
10 Phosphate phosphorous, nitrate nitrogen and anmoniacal nitrogen

agricultural effluents and animal waste into the Lake. The report suggested for adoption of proper bioremediation techniques to curtail release of major pollutants from catchments into the Lake. However, WD-Kashmir had taken no action on these suggestions.

These independent research outputs were not taken into consideration by the WD-Kashmir for preparation of plans for Conservation and Management of Hokersar Lake.

The Forest, Ecology & Environment Department replied (October 2022) that the health of Hokersar wetland alongwith all other important wetlands was being assessed by MoEF&CC and the results in the shape of health card were being published and uploaded on the national website.

The reply is not convincing as in the health card uploaded on the Wetlands of India Portal[11], the uploaded data pertains to the year 2019. Further, the uploaded health card states that only 60 to 80 *per cent* of samples were meeting the criteria of the BOD[12]/ COD[13]/ dissolved oxygen. No data has been uploaded on the Portal after 2019 despite lapse of over three years. Further, by shifting onus on the GoI, the Department cannot absolve from its responsibility to adopt a proper bioremediation technique to curtail release of major pollutants from catchments into the Lake as suggested in the research report.

6.1.10 Conclusion

Point sources/ non-point sources of pollution entering the Lake had not been identified. Lack of dredging and construction of flood spill channel through the Lake area had resulted in decrease in open water area of the Lake and increase in other land uses such as scrub, area under siltation, area under river, area under built-up structures and area under aquatic vegetation. No comprehensive plan was formulated for Conservation and Management of the Lake. Wildlife Protection Department had formulated only annual plans which did not address the root causes of degradation of Lake such as change in hydrological regimes, pollution or loss of biodiversity in the Lake. Due to lack of survey and demarcation, Lake area measuring 2,528.10 *kanals* had been encroached upon.

6.1.11 Recommendations

- ***Point sources/ non-point sources of pollution entering the Hokersar Lake need to be identified and treated.***
- ***Proper dredging of the Lake should be carried out to increase open water area of the Lake.***
- ***Survey and demarcation of the Lake needs to be undertaken so that the Lake area is not susceptible to encroachment and concerted efforts should be made to clear encroachment of 2,528.10 kanals of Lake area.***

[11] (https://indianwetlands.in)
[12] Biochemical Oxygen Demand
[13] Chemical Oxygen Demand

6.2 Conservation and Management of Surinsar and Mansar Lakes

6.2.1 Introduction

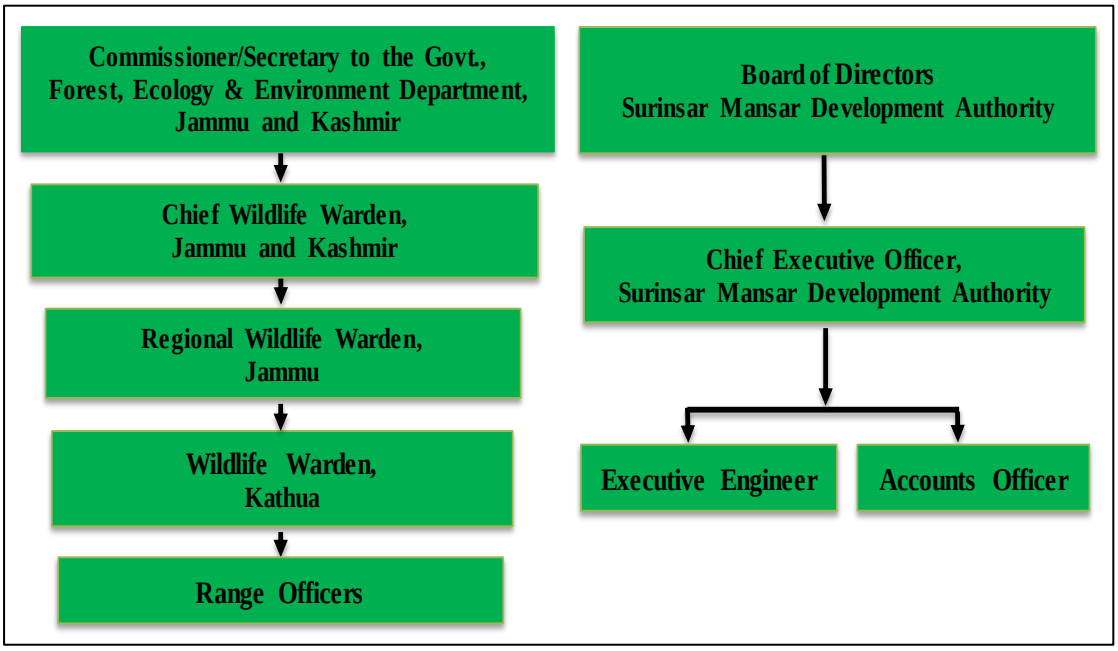
Mansar and Surinsar Lakes are situated about 60 km east of Jammu city in Udhampur and Jammu Districts respectively. The sources of water in the Lakes are springs in and around the Lake, rainfall and surface run-off. The Lake fringes are spread over an area of 0.90 Sq. km. The twin Lakes of Surinsar and Mansar are under the control and management of Wildlife Warden, Kathua (WLW-Kathua) and Surinsar-Mansar Development Authority (SMDA).

Mansar Lake	Surinsar Lake

6.2.2 Organisational Setup

The administrative control of WLW-Kathua and SMDA vests with Commissioner/ Secretary, Forest, Ecology, & Environment Department, GoJ&K and Commissioner/ Secretary, Tourism Department, GoJ&K respectively. The organisational setups of WLW-Kathua and SMDA are given in **Chart 6.4**:

Chart 6.4: Organisational setups of WLW-Kathua and SMDA



6.2.3 Land use changes in Surinsar and Mansar Lakes and their catchments

- **Analysis of remote sensing data of EE&RSD to ascertain land use changes within Surinsar and Mansar Lakes and their catchment area**

According to data of EE&RSD, there were spatio-temporal changes in land use of the Lakes during 2014-20 as detailed in **Table 6.2**

Table 6.2: Slight change in the open water of Surinsar and Mansar Lakes

Surinsar Lake		Mansar Lake	
2014	**2020**	**2014**	**2020**
Open water 28.60 hectares	Open water 28.59 hectares	Open water 58.61 hectares	Open water 59 hectares

(Source: data of EE&RSD)

Although there was slight change in open water of these Lakes falling within the protected zone of wildlife area, Lake conservation and management had suffered inadequacies as discussed in the succeeding Paragraphs:

- **Analysis of Google Earth Pro images to ascertain spatio-temporal changes in catchment of Mansar Lake**

Clear images of Mansar Lake and its catchment available on Google Earth Pro from 2002-2022 indicate gradual increase in built-up in the catchment/ at the fringes of the Lake i.e. in areas of Jassor, Lodili *Mohalla* and Moriyan. The catchment area are without any sewage treatment. The Google Earth Pro images of the Mansar Lake and its catchment area, depicting spatio-temporal changes in Lake, are shown in **Satellite Images 6.14 to 6.26:**

Satellite Image 6.14: Mansar and its catchment in 2022

Yellow marked boundary "A-(Jassor), B-(Lodili *Mohalla*) & C-(Moriyan)" indicates catchment area of Mansar. Zoomed images of these catchment area are given below: -

Satellite Image 6.15: A-Jassor-2002

Satellite Image 6.16: A-Jassor-2010

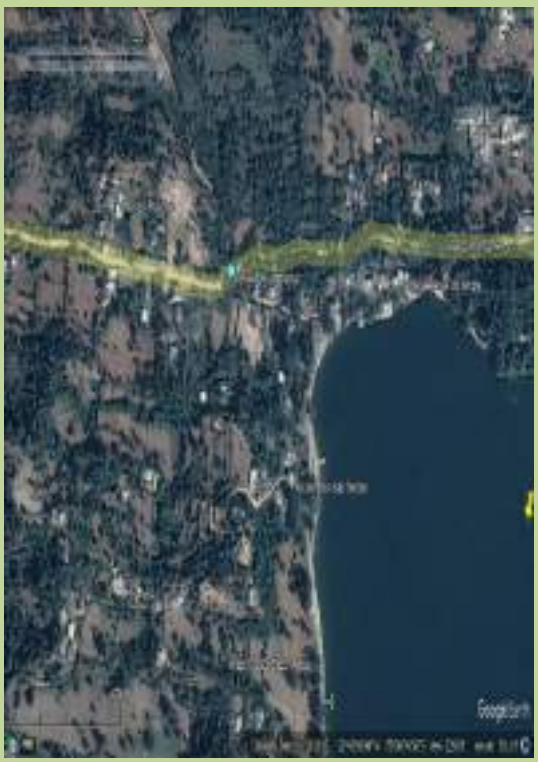
Satellite Image 6.17: A-Jassor-2015

Satellite Image 6.18: A-Jassor-2022

Satellite Image 6.19: B-Lodili *Mohalla*-2002

Satellite Image 6.20: B-Lodili *Mohalla* -2010

Satellite Image 6.21: B-Lodili *Mohalla* -2015



Satellite Image 6.22: B-Lodili *Mohalla* -2022

Satellite Image 6.23: C-Moriyan-2002

Satellite Image 6.24: C-Moriyan -2010

Satellite Image 6.25: C-Moriyan -2015

Satellite Image 6.26: C-Moriyan -2022

- **Analysis of Google Earth Pro images to ascertain Spatio-temporal changes in catchment of Surinsar Lake**

Clear images of Surinsar Lake available on Google Earth Pro from 2008-2022 indicate gradual increase in built-up and denudation of forests in the catchment of Lake i.e. in areas of Lower Padder and Upper Padder. The Google Earth Pro images of the Surinsar Lake and its catchment area, depicting spatio-temporal changes in Lake, are shown in **Satellite Images 6.27 to 6.39**:

Satellite Image 6.27: Surinsar and its catchment in 2022

Yellow marked boundary "A-(Lake Fringes), B-(Lower Padder) and C-(Upper Padder)" indicates catchment area of Surinsar. Zoomed images of these catchment area are given below:

Satellite Image 6.28: A-Lake fringes-2008

Satellite Image 6.29: A-Lake fringes -2013

Satellite Image 6.30: A-Lake fringes -2018

Satellite Image 6.31: A-Lake fringes -2022

Satellite Image 6.32: B-Lower Paddar-2008

Satellite Image 6.33: B-Lower Paddar -2013

Satellite Image 6.34: B-Lower Paddar -2018

Satellite Image 6.35: B-Lower Paddar -2022

Satellite Image 6.36: C-Upper Padder -2008

Satellite Image 6.37: C-Upper Padder -2013

Satellite Image 6.38: C-Upper Padder -2018

Satellite Image 6.39: C-Upper Padder -2022

6.2.4 Planning

Neither WLW-Kathua nor SMDA had a specific legal framework and clear demarcation of responsibility for Conservation and Management of Lakes. As of March 2022, SMDA had not finalised a master plan of the area resulting in continuous unplanned development and construction works in and around the Lakes. In absence of any comprehensive Integrated Management Plan for Conservation and Management of Lakes, WLW-Kathua and SMDA were carrying out Lake-related activities in an ad-hoc manner. Monitoring committee constituted (December 2020) to oversee Conservation and Management of the two Lakes had not held any meeting as of March 2022 to monitor Conservation and Management of the Lakes.

6.2.4.1 Mandate of the WLW-Kathua and SMDA

The SMDA was created on 26th June 2006 under Jammu and Kashmir Development Act, 1970 to promote and facilitate development of the area (including Lakes) falling under its jurisdiction. As per provisions of the Act, the SMDA had to prepare a master plan of the designated area for carrying out development of the area, including Mansar and Surinsar Lakes, indicating the proposed land usage and stages of development.

Audit examination revealed the following deficiencies:

- Despite a lapse of 16 years (as of March 2022) since its creation, SMDA could not finalise a master plan of the designated area. This resulted in continuous unplanned development and construction works in and around the Lakes thereby defeating the purpose for which SMDA was formed.
- SMDA had been largely preparing annual plans for execution of works related to tourism development of the area such as construction of view-points in and around Lakes, sanitation/ face-lifting of the area and creation of bathing *ghats* with only limited plans for Conservation and Management of Lakes.
- Lake-related plans were not based on baseline data. Although, a draft master plan for SMDA was submitted (April 2019) by SMDA to the Tourism Department for approval, Tourism Department had made observations (February 2020) regarding the master plan which were to be addressed by March 2020. The issues remained unaddressed and no further action in this regard was taken by SMDA (March 2022).
- There was no clear or specific mandate of WLW-Kathua regarding Conservation and Management of the twin Lakes. As these Lakes are part of Surinsar-Mansar Wildlife Sanctuary, they come under the management and control of WPD which had focused more on Wildlife management and less on Conservation and Management of Lakes.

Due to non-finalisation of master plan, there was unplanned urbanisation of the areas around the Lake because of which Conservation and Management of the Lakes suffered continuously.

The Forest, Ecology & Environment Department replied (October 2022) that SMDA is looking after the tourism related activities whereas WLW-Kathua is looking after the conservation work. It was further stated that WPD had taken up preparation of comprehensive management plan with Wildlife Institute of India (WII) which had recently submitted a draft management plan, which is yet to be finalised.

Thus, neither WLW-Kathua nor SMDA had a specific legal framework and clear responsibility for Conservation and Management of Lakes.

6.2.4.2 Preparation of Management Plans for Lake

As per Guidelines for National Lake Conservation Plan (NLCP) 2001 and National Wetland Conservation Programme 2009, later subsumed into National Plan for Conservation of Aquatic Ecosystems (NPCA), 2017, investment for conservation of wetlands shall be based on Integrated Management Plan (IMP) formulated by State/ UT Administration[14] and financial assistance under NPCA shall be on the basis of IMP.

Audit noticed that WPD had prepared an Integrated Plan for Wildlife Management of the area for the period (2006-11) which was approved (May 2012) by MoEF&CC under Prime Minister's Reconstruction Package (PMRP). The Plan was implemented from the year 2008-09 and stretched up to 2021-22. WII submitted (July 2019) a Rapid Survey Report regarding the course of action that would be followed for preparation of IMP for the period 2020-25. Thereafter, WPD advanced (August 2019) ₹ 18.63 lakh to WII. Subsequently, a draft Management plan of Mansar-Surinsar Wetlands was prepared (December 2021) by WII. The WPD made (December 2021) some observations on the plan for deliberation with WII which remained unaddressed (March 2022) and the IMP was not approved as of March 2022.

WLW-Kathua accepted (January 2021) the audit observation that it had carried out Lake related activities according to the earlier Management plan framed in 2006-11.

While a rejuvenation and development plan for Mansar Lake was drafted by the SMDA, the plan was not approved (March 2022). No management plan in respect of Surinsar Lake was prepared as of August 2022.

The Forest, Ecology & Environment Department replied (October 2022) that WPD had initiated the process for preparation of management plan of Surinsar-Mansar Lakes with WII which has carried out scientific studies for the purpose and final draft has been

[14] The Wetlands Authorities, created as per provisions of Wetlands (Conservation and Management) Rules, 2017, within States/ UT administration will be the nodal agency for all matters concerned with the implementation of NPCA.

received for finalisation. It was further stated that the comprehensive Mansar Rejuvenation Plan had been examined by WPD and comments thereon conveyed to Director Tourism, Jammu.
The reply should be seen in light of the fact that no details have been furnished in the reply such as date of taking up the matter with WII and agreement/ MoU entered into with the latter and date of receipt of draft for finalisation and reasons for its pendency.

Thus, in the absence of any comprehensive IMP for Conservation and Management of the two Lakes, both the Authorities (SMDA and WLW-Kathua) were carrying out Lake-related activities in a directionless and ad-hoc manner.
During the exit conference (September 2022), it was stated that the five-year Integrated Management Plan (IMP) of Lake have been prepared after the matter was raised by NGT and Audit.

6.2.4.3 State Level Monitoring Committee

To oversee the Conservation and Management of the two Lakes, the GoJ&K constituted (December 2020) a State Level Monitoring Committee. However, as of March 2022, no meeting of the committee was held with the result the Conservation and Management of the Lakes could not be overseen.

6.2.5 Underutilisation of funds for management of Lakes

Funds of ₹ 2.22 crore allocated (2017-22) to WLW-Kathua for management of Lakes were partly spent as ₹ 1.40 crore (63 *per cent*) had remained unutilised. Out of ₹ 5.03 crore received by SMDA under other Central/ State schemes during 2017-22 for Lake-specific activities, ₹ 4.68 crore was said to have been expended on Conservation and Management of twin Lakes.

WLW-Kathua received ₹ 32.28 crore under various Central/ State schemes during 2017-18 to 2021-2022 for Mansar and Surinsar Lakes. The amount included ₹ 2.22 crore (seven *per cent*) for Lake-specific activities. Audit noticed that ₹ 0.82 crore was spent on restoration of degraded habitat of turtles by construction of turtle breeding farm, providing safe passage for turtles from Lake to land, plantation of fruit bearing tress in the catchment area of the Lake, education and awareness. The meagre funds allocated for management of the Lakes were also partly spent as ₹ 1.40 crore (63 *per cent* of allocated amount on Lake-specific activities) had remained unutilised.

WLW-Kathua attributed (January 2021) underutilisation of funds to late release of funds in respect of Centrally Sponsored Scheme "NPCA" and non-submission of annual action plan under NPCA to higher authorities.

Similarly, ₹ 14.52 crore received by SMDA under other Central/State schemes during 2017-18 to 2021-22 included ₹ 5.03 crore (35 *per cent*) for Lake-specific activities.

Audit noticed that out of ₹ 5.03 crore, ₹ 4.68 crore was said to have been expended on Conservation and Management of twin Lakes.

6.2.6 Programme implementation

As of March 2022, SMDA and WPD had not prepared the document indicating demarcation of boundary of Surinsar-Mansar Lakes and as such the two Lakes had remained un-demarcated and open to encroachments. Provision for de-weeding of Surinsar-Mansar Lakes was not kept by WPD in Annual Plan of Operations (APOs) during 2017-21. SMDA and WPD had not conducted any survey to identify the point and non-point sources of waste and sewage entering the Lakes. No STPs were in place for treatment of sewage generated by inhabitants living in the vicinity of the Lakes resulting in discharge of untreated waste and sewage into the Lakes. SMDA had carried out construction works amounting to ₹ 4.36 crore within 50 m of the two Lakes during 2017-18 to 2021-22. WPD had failed to prevent illegal construction of private buildings within the periphery of 50 m of the Lake.

For Conservation and Management of a Lake the activities to be carried out included survey and demarcation of Lake, identification/ treatment of its catchment area, identification and protection of water sources, water budgeting, improving water quality of Lakes by flushing, biodiversity conservation, assessment of life of the Lake, sewage treatment in catchment area, prohibition in diversion of Lake area, preventing encroachments and stopping illegal lifting of water. Lake management also included de-weeding and dredging of Lake and generating public awareness. Against these activities, only catchment management works and efforts for conservation of turtles were done during the period 2017-22. The deficiencies noticed in the implementation of the Conservation and Management activities of the two Lakes are discussed below.

6.2.6.1 Demarcation

Wetlands (Conservation and Management) Rules, 2017 provide that the concerned Department/ Authority of the State Government or Union Territory Administration shall, within a period of one year from the date of publication of these rules[15], prepare a brief document in respect of each wetland identified for notification indicating boundary of wetland supported by accurate digital maps and validated by ground-truthing. Based on the brief document, the Department/ Authority had to make recommendations to the State Government or Union Territory Administration for notifying the wetlands. The document was also to demarcate catchment area (zone of influence) of wetlands and to indicate site-specific activities to be permitted and regulated within the wetland and its zone of influence.

[15] By 26 September 2018.

Records of SMDA and WLW-Kathua showed that the brief document indicating demarcation of the boundary of Surinsar-Mansar Lakes had not been prepared as of March 2022. No survey was conducted to assess the zone of influence (catchment area) including sources of water of the two Lakes. Thus, the two Lakes had remained un-demarcated and open to encroachments.

Against ₹ 3.78 crore earmarked by the WPD for catchment management works[16], ₹ 3.76 crore was spent as of March 2022 as afforestation, construction/ widening of drains and de-silting of silt chambers were not taken up. Therefore, flow of sediments and nutrients into the Lakes could not be prevented. Impact of works executed at a cost of ₹ 3.76 crore was also not assessed by the WLW-Kathua.

During the exit conference (September 2022), it was stated that catchment management works would be taken up on scientific lines and silt channels/ traps had been prepared to stop siltation of Lake.

6.2.6.2 De-Weeding

Audit noticed that provision for de-weeding of Surinsar/ Mansar Lakes was not kept by WPD in Annual Plan of Operations (APOs) during 2017-18 to 2020-21. This had resulted in growth of weeds in the two Lakes up to the level of water as can be seen from the pictures below. After being pointed out by audit, WPD made a provision of ₹ 2.98 lakh for de-weeding of both the Lakes in the APOs of 2021-22. An expenditure of ₹ 2.97 lakh was incurred on de-weeding of two Lakes during 2021-22.

WLW-Kathua stated (January 2021) that de-weeding of aquatic vegetation and dredging would be included in future APOs.

During the exit conference (September 2022), it was stated that process of de-weeding of Surinsar Lake had been initiated.

Photographic evidence of floating weeds in the Lakes is given below.

Floating weeds inside Surinsar Lake	**Growth of weeds at the fringe of Mansar Lake**

[16] Check walls in dry stones masonry, gully plugging in RS masonry dry, afforestation in area trench plantation etc.

6.2.6.3 Sewage treatment system and disposal of waste

- **Sewage system**

Wetlands (Conservation and Management) Rules, 2010 and 2017 prohibit discharge of untreated wastes and effluents from villages and other human settlements into wetlands.

Audit examination revealed the following deficiencies:

- SMDA and WPD had not conducted any exhaustive survey to identify the point and non-point sources[17] of waste and untreated sewage entering the Lakes.
- No STPs were in place for treatment of sewage generated by inhabitants living in the vicinity of the Lakes.
- Although SMDA projected (December 2018) requirement of ₹ 5.60 crore under PMDP (Phase-II) for installation of eight STPs[18] for these two Lakes and requested (November 2019) the Chief Engineer (UEED) to depute technical experts/ engineers to explore feasibility for installation of STPs and drainage systems, there was no further progress in this regard. As a result, funds could not be obtained from MoEF&CC for construction of STPs under PMDP (Phase-II).
- A provision of five STPs kept in the Mansar rejuvenation plan (2021) under PMDP Phase-II was yet to be approved as of March 2022.

Thus, untreated waste and sewage generated from the households in the vicinity of the two Lakes continued to be discharged into the Lakes resulting in deterioration in the water quality of these Lakes. Photographic evidence is given below:

Untreated sewage from households flowing into Mansar Lake

[17] Pollution originating from a single, identifiable source, such as a discharge pipe from a factory or sewage plant, is called point-source pollution. Pollution that does not originate from a single source, or point, is called non-point source pollution.

[18] Five at a cost of ₹ 3.50 crore for Mansar Lake and three at a cost of ₹ 2.10 crore for Surinsar Lake.

Drain water flowing into Surinsar Lake near a residential area	**Drain water from commercial establishments flowing into Mansar Lake**

- **Solid Waste Management**

Rule 4 of Wetlands (Conservation and Management) Rules, 2010 and 2017 prohibits dumping of solid waste within wetlands. Further, Waste Management Rules, 2016 (notified by MoEF&CC) prescribe actions to be taken for collection, transportation, treatment and disposal of waste together with monitoring and evaluation of compliance of these Rules.

Audit noticed that SMDA and WLW-Kathua had not taken measures for source segregation and door-to-door collection and disposal of solid waste generated by households in the vicinity of the Lakes. Though SMDA spent ₹ 0.35 crore during 2017-18 to 2021-22 on disposal of solid waste, it had not identified land for dumping of solid waste with the result waste generated by households, shops, visitors and pilgrims was being dumped on the fringes of these Lakes as depicted in the photographs below. The animal waste generated in the deer park situated along the banks of Mansar Lake was also finding its way into the Lake. Photographic evidence is given below.

Waste dumped by visitors at the fringes of Mansar Lake (26.01.2021)

Out of funds of ₹ 6.16 lakh released (2017-18 to 2021-22) by GoJ&K to WLW-Kathua for solid waste management, ₹ 1.74 lakh (28 *per cent*) was not spent.

SMDA stated (January 2021) that installation of STP and identification of land for dumping site were under process. WLW-Kathua stated (January 2021) that steps would be taken for disposal of garbage/ waste in a scientific manner and that the animal waste from the deer park would be disposed of by vermicomposting**.**

6.2.6.4 Construction works executed in contravention of wetland rules

Rule 4 of Wetlands (Conservation and Management Rules), 2010 and 2017 stipulates that no construction of a permanent nature except for boat jetties shall be undertaken by any Authority within 50 meters from the mean high flood level of a water body. Audit noticed that in contravention of these rules, SMDA had carried out construction works amounting to ₹ 4.36 crore within 50 meters of the two Lakes during 2017-18 to 2021-22. The works included construction/ upgradation of wooden viewpoints and construction of cemented tiled paths along the periphery of the two Lakes.

It was also noticed that WLW-Kathua had failed to prevent illegal construction of private buildings within the periphery of 50 m of the Mansar Lake, as can be seen in the following photographs.

Illegal constructions within 50 meters from Mansar Lake

The CEO, SMDA stated (Jan 2021) that SMDA was in the process of preparing a Master plan in consultation with the stakeholders to define land use of Lakes. It was further stated that the Directorate of Tourism had prepared Mansar Rejuvenation Plan in consultation with the Chief Wild Life Warden, Jammu to undertake the development of the area.

The reply was not relevant as no justification was offered by the CEO, SMDA regarding constructions carried out in the vicinity of the Lakes in contravention of Wetland Rules.

During the exit conference (September 2022), it was admitted that pathways constructed around Surinsar-Mansar were wrongly executed by SMDA. It was further stated that there had been improvement in coordination between WPD and SMDA.

6.2.7 Measures for conservation of turtles

Rapid Survey Report (RSR) of WII revealed (June 2019) that there were 26 turtles belonging to two species[19] in Mansar Lake and 17 turtles belonging to three species[20] in Surinsar Lake. Native to northern India, these turtle species enjoy protection under Schedule-I of the Indian Wildlife Protection Act, 1972. *Nilssonia Gangeticus* specie found in Mansar Lake is considered as vulnerable. As such, measures were needed to be taken by providing underground passage for this species, constructing turtle breeding cum basking farms on banks and developing nesting sites to support their population.

WII in its RSR (June 2019) as well as WLW-Kathua apprised (April 2022) CEO, SMDA that construction of concrete tiled path along the periphery of Lakes by SMDA without obtaining NOC from WLW-Kathua had resulted in raising of water level of these Lakes causing obstruction in movement of turtles to the shores of the Lakes for basking/ laying of eggs. As of March 2022, no action was taken in this regard by SMDA. Audit noticed (April 2022) during on spot verification that though construction of turtle breeding cum basking farms was completed (December 2022) by WLW-Kathua in Surinsar Lake, movement of turtles to the shores for laying eggs continued to remain hampered. Due to raising of water level, the breeding cum basking farm constructed (December 2022) in Mansar Lake was submerged in water.

The Forest, Ecology & Environment Department replied (October 2022) that serious efforts had been made by WPD for conservation of two species of turtles and that during the last three years, 10 turtle breeding grounds/ basking sites and five underpasses had been made in the Lakes. It was also stated that the water level in the Lakes had been lowered to expose the shore area.

The reply should be seen in light of the fact that during physical verification (December 2022) of Mansar Lake it was found that there were six breeding farms in the Lake out of which, one had continued to remain submerged, four were improperly fenced exposing turtle eggs to being eaten by stray animals/ birds and only one was in good condition. Photographic evidence is presented in the following photographs:

[19] 15 individuals of Nilssonia Gangeticus and 11 individuals of Lissemys Punctata.

[20] Lissemys Punctata, Nillsonia Gangeticus and Pangshura tecta.

Concrete wall constructed around Mansar Lake

Turtle breeding ground submerged in water

6.2.8 Other issues

Instead of delinking the source of water for water supply scheme from Mansar Lake, Jal Shakti Department continued to irregularly lift water of the Lake for supply of water. Water quality tests of the Lakes conducted (November/ December 2018) by the Pollution Control Board (PCB) revealed that Biological Oxygen Demand, Chemical Oxygen Demand, levels of ammonium nitrate and nitrate nitrogen were not within the permissible limits. Unofficial introduction into the Lake of exotic species had resulted in dwindling of native fishes.

6.2.8.1 Irregular Lifting of water

Rule 4 of Wetlands (Conservation and Management), Rules 2010 and 2017 stipulate that the wetlands shall be conserved and managed in accordance with the principle of 'wise use'. Further, these rules prohibit discharge of untreated wastes and effluents into the wetlands.

Under 'Water Supply Scheme Channi Mansar' a water filtration plant using water of Mansar Lake was completed in 1994. A new Water Supply Scheme (WSS) under

Accelerated Rural Water Supply Programme (ARSWP)/ Special Task Force with '*Gambhir Nallah'* as source of water was completed (March 2014) by the Department of Jal Shakti (Public Health Engineering) at a cost of ₹ 5.28 crore to meet increase in demand for water and delink its source from Mansar Lake.

Audit noticed that instead of delinking the source of water from Mansar Lake, Jal Shakti Department continued to irregularly lift water from the Lake for supply of water. Further, the residual waste from the water filtration plant was being discharged back into Mansar Lake in contravention of the Wetlands rules, thus affecting the physico-chemical properties of the Lake.

The fact of change in the physio-chemical properties was also corroborated (August 2019) by the J&K Pollution Control Board. Although several notices were issued (between May 2016 and March 2022) by the Wildlife Protection Department to the Jal Shakti Department, Udhampur, the latter continued to irregularly lift (March 2022) water from the Lake for the WSS.

WLW-Kathua stated (January 2021) that despite repeated reminders, the Jal Shakti Department continued unregulated siphoning of water from the twin Lakes.

Irregular lifting of water by Jal Shakti (PHE) Department from Mansar Lake

6.2.8.2 Water quality of the Lakes

National Green Tribunal (NGT) issued (September 2020) directions regarding prevention of littering of waste near the banks of the Lakes, prevention of direct entry of waste water from surrounding commercial establishments and households directly into Lakes and installation of Sewage Treatment Plants (STPs) around the Lakes. Water quality tests of Lakes conducted (November/ December 2018) by State Pollution Control Board (SPCB) revealed that Biological Oxygen Demand, Chemical Oxygen Demand, levels of ammonium nitrate and nitrate nitrogen were not within the permissible limits.

Although the SPCB (August 2019) had instructed SMDA to ensure that no untreated water is discharged into the Lakes, no action in this regard was taken by SMDA as of March 2022.

WLW-Kathua stated (January 2021) that water quality of the Lakes had deteriorated due to discharge of untreated sewage into the Lakes and that a proposal for installation of STPs around the Lakes under PMDP was under consideration.

6.2.8.3 Dwindling local fish species

As of June 2019, there were nine species[21] of native fishes in Surinsar-Mansar Lakes and exotic carp (*Cyprinus Carpio*) fish species in these Lakes. Rapid Survey Report of Wildlife Institute of India revealed (June 2019) that the number of native fishes had dwindled in Mansar Lake due to abundance of exotic carp species in the Lake and recommended for periodical removal of common carp species from the Lake.

Audit observed that although WLW-Kathua has put up a notice board for public information regarding prohibition of artificial feeding of fishes in Mansar Lake, no measures were taken by WLW-Kathua and SMDA to enforce the prohibition. It was also noted during joint physical verification (January 2021) that these exotic fishes were being fed with *atta* (flour) by pilgrims and tourists visiting the Lakes. As of March 2022, no action had been taken (March 2022) by the WLW-Kathua for removal of carp species from Mansar Lake.

WLW-Kathua stated (April 2022) that for revival of native aquatic fauna, provision of ₹ six lakh had been kept in the APO of Compensatory Afforestation Fund Management and Planning Authority (CAMPA) for the year 2022-23 for shifting of common carp in the Lakes.

The Forest, Ecology & Environment Department replied (October 2022) that due to religious sentiments of people regarding the fish of the Lakes, consultations were held with them for removal of exotic fish but only stakeholders of Surinsar Lake could be convinced and accordingly provision of ₹ six lakh was kept during 2022-23 for initiating the process in consultation with Fisheries Department.

The fact remained that as of March 2022, no measures were taken by WLW-Kathua and SMDA for removal of common carp species from the twin Lakes. As a result, native fish species in the Lakes continued to be affected. Photographic evidence is presented in the following photographs:

[21] Mansar Lake: (i) *Channa gachua*, (ii) *Danio rerio*, (iii) *Pethia conchonius*, (iv) *Rasbora daniconius* Surinsar Lake: (i) *Channa gachua*, (ii) *Channa punctatus*, (iii) *Danio rerio*, (iv) *Puntius chola* and (v) *Rasbora danicanius*

Dominant exotic carp fish species in Mansar Lake	**Tourists feeding *atta* (flour) to fishes in Mansar Lake**

6.2.9 Research carried out by scholars of universities

Management of Lakes calls for continuous research to address the drivers of change in the Lake. Audit noticed that WPD and SMDA had not got any research carried out to evaluate water quality of Mansar-Surinsar Lakes and to determine fishes and water bird population in the Lake. Disappearance of native species and invasion of noxious species, if any, due to heavy inflow of silt and sewage into Lake from its catchment area had also not been assessed. However, research carried out by scholars of various universities indicated that the health of the Lakes had deteriorated due to factors detailed in **Tables 6.3 and 6.4**.

Table 6.3: Mansar Lake-Conclusions and Suggestions in Research Reports

Sl. No.	Research Reports of Mansar Lake	Name of the researchers	Conclusions	Suggestions
1.	Water Quantity and Quality of Mansar Lake Located in the Himalayan Foothills, India of January 2009	Vijay Kumar, S.P. Rai and Omkar Singh of National Institute of Hydrology, Roorkee	Due to anthropogenic pressure around the Lake, wastes from surrounding areas, runoff from catchment area and residues from construction activities carried out around the Lake were entering the Lake causing increase in pollution of Lake water. There was absence of oxygen in the	Developing a buffer zone around the Lake to prevent nutrient inflow into the Lake from point and non-point sources and putting a ban on anthropogenic activities in the zone.

Sl. No.	Research Reports of Mansar Lake	Name of the researchers	Conclusions	Suggestions
			hypolimnion[22] zone of the Lake and increase in fish mortality due to circulation of hypolimnetic water in winter.	
2.	Biomonitoring the Health of Lake Mansar (Jammu), using Phytoplankton of November 2020	Assadullah Sheikh and Deepika Slathia of Department of Environmental Sciences, University of Jammu, J&K	There was high organic pollution in the Lake due to presence of algal genus. (Pollution index score: 36)	Formulation and implementation of sustainable management plan to prevent further deterioration of the Lake and regular monitoring of the Lake.
3.	Arithmetic Water Quality Index for evaluation of drinking water quality of Lake Mansar, J&K, India of 2018	Sheetu Dhar and Deepika Slathia of Department of Environmental Sciences, University of Jammu, J&K	Water quality parameters (electrical conductivity, turbidity, free carbon dioxide, bicarbonate, biological oxygen demand, chloride, calcium, magnesium, total hardness, phosphate, nitrate, silicate, sulphate) at the polluted site of the Lake, were higher in comparison with non-polluted site. The deterioration in quality of Lake water at the polluted site was due to direct discharge of domestic sewage, and agricultural run-off into the Lake. Siltation, deforestation and tourist pressure were also contributing to pollution in the Lake.	The authorities should take concrete steps on urgent basis to prevent the Lake from further deterioration and degradation.
4.	Tourism impact on physio-chemical parameters of the Mansar Lake of 2016	Pallavi Chauhan, Deepali Rana, Anil Bisht and Usha Sharma of Department of Zoology, Uttaranchal College of Biomedical Sciences and Hospital, Dehradun	Seasonal variation in the physio-chemical parameters of the Lake due to visit of tourists.	

[22] Lower region of a stratified water body that extends from the thermocline layer (warm water in the top of the water column and cold water in the bottom and these warm and cold layers do not mix) to the bottom of the Lake, and is isolated from circulation with the upper waters, thereby receiving little or no oxygen from the atmosphere. It is the coldest layer of a Lake in summer and the warmest layer during winter.

Table 6.4: Surinsar Lake-Conclusions and Suggestions in Research Reports

Sl. No	Research Reports of Surinsar Lake	Name of the researcher/ published by	Conclusions	Suggestions
1.	Water quality study of Surinsar Lake of 1994-95	Case study published by National Institute of Hydrology, Jammu	Deforestation and denudation in the catchment area of the Lake were causing degradation of Lake due to siltation.	As the Lake water was found fit for drinking, regular monitoring was needed to retain the quality of water in the Lake.
2.	Analysis of abiotic parameters of Surinsar Lake, Jammu (J&K) of 2013-14	Kunal Sharma, Meenu Sharma and Sapna Jangral of Department of Zoology, University of Jammu	The Lake water was found to be under stress as physio-chemical parameters were above the prescribed limits. As per research report, the surface run-off, waste discharge, bathing of cattle, washing, performing religious rituals, littering by tourists could be contributing factors for increased pollution in the Lake.	Generating public awareness and collective effort by stakeholders including Government, community members and NGOs to prevent the Lake from further deterioration.
3.	Study on zooplankton and water productivity of different Lakes in Jammu division, India of 2018	Sapna Kundal, Arup Giri, Indu Kumari and Rajesh Kumar of Department of Life Sciences, Arni University, Kathgarh, Himachal Pradesh.	Presence of a smaller number of zooplankton might be due to higher level of pollution in the Lake which was not suitable for growth of fishes.	Improvement in the quality of Lake water for sustenance of biodiversity of the Lake.

WLW-Kathua and SMDA had not taken conclusions and suggestions of the above-mentioned research outputs into consideration for taking corrective measures in respect of Conservation and Management of the twin Lakes.

6.2.10 Conclusion

WPD and SMDA did not have a specific legal framework and clear demarcation of responsibility for Conservation and Management of the two Lakes**.** In absence of any comprehensive Integrated Management Plan for Conservation and Management of Lakes, WPD and SMDA were carrying out Lake-related activities in a directionless and ad-hoc manner. The State Level Monitoring Committee had not monitored Conservation and Management of the twin Lakes. SMDA and WLW-Kathua had not carried out demarcation of boundary of Surinsar-Mansar Lakes due to which the two Lakes had remained open to encroachments. No STPs were in place for treatment of sewage generated by inhabitants living in the vicinity of the Lakes resulting in discharge of untreated waste and sewage into the Lakes. Introduction into the Lake of exotic species had resulted in dwindling of number of native fishes.

6.2.11 Recommendations

- ***Government should provide a specific legal framework and clear demarcation of responsibility to WPD and SMDA for undertaking Conservation and Management of the two Lakes.***
- ***Monitoring committee needs to oversee Conservation and Management of the Lakes.***
- ***The boundary of the two Lakes needs to be demarcated to avoid chances of encroachment of Lake area.***
- ***STPs are required to be installed for treatment of sewage generated by inhabitants living in the vicinity of the Lakes.***
- ***Exotic species of fishes need to be controlled to promote growth of native fishes.***
- ***Construction works going around the Lake need to be restricted.***

6.3 Conservation and Management of Manasbal Lake

6.3.1 Introduction

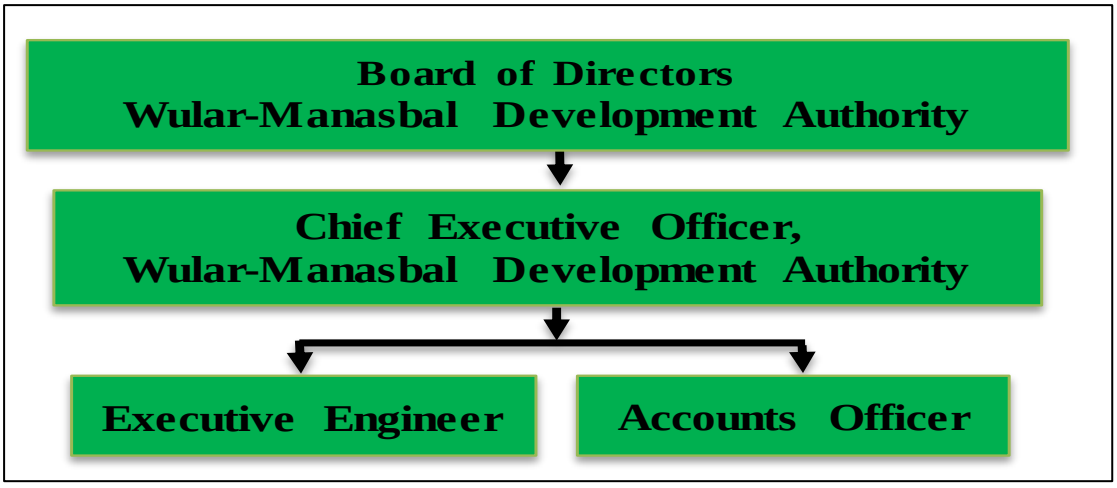
Manasbal, a fresh water Lake, is located in District Ganderbal and is the deepest Lake in Kashmir. The major source of water of the Lake is Lar Irrigation Khul and 1,200 springs existing in and around the Lake. Rainfall and melting snow in the catchment area of the Lake also form a source of water for the Lake. The Lake has an outlet from where water leaves the Lake and enters the river Jhelum. The Lake is looked after by the Wular Manasbal Development Authority (WMDA) which was created under Development Act, 1970.

Manasbal Lake

6.3.2 Organisational Setup

The administrative control of WMDA vests with Commissioner/ Secretary of the Tourism Department, Government of Jammu and Kashmir. The organisational setup of the WMDA is shown in **Chart 6.5**:

Chart 6.5: Organisational setup of Wular Manasbal Development Authority



6.3.3 Land use changes within the Lake and its catchment

- **Analysis of remote sensing data of EE&RSD to ascertain land use changes in Lake**

According to data of EE&RSD, there were spatio-temporal changes in land use of the Lake during 2014-20, as detailed in **Table 6.5, Maps 6.3 and 6.4 and Charts 6.6 and 6.7.**

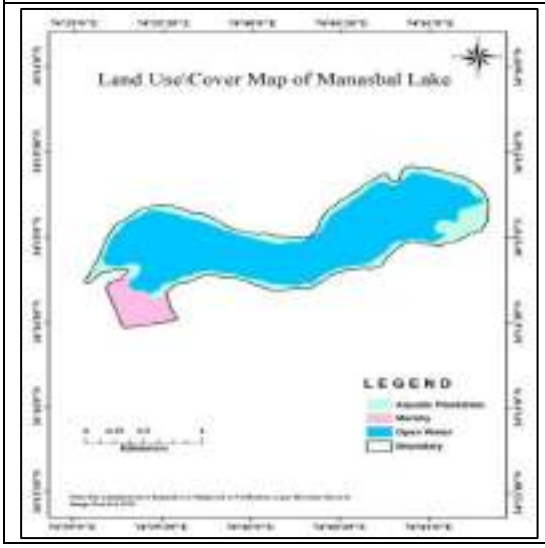
Table 6.5: Changes in land use of Manasbal Lake

Class Name	Area Ha (2014)	Area Ha (2020)
Aquatic Plantation	55.36	23.95
Marshy	19.35	19.24
Open Water	185.29	216.81
Total	**260**	**260**

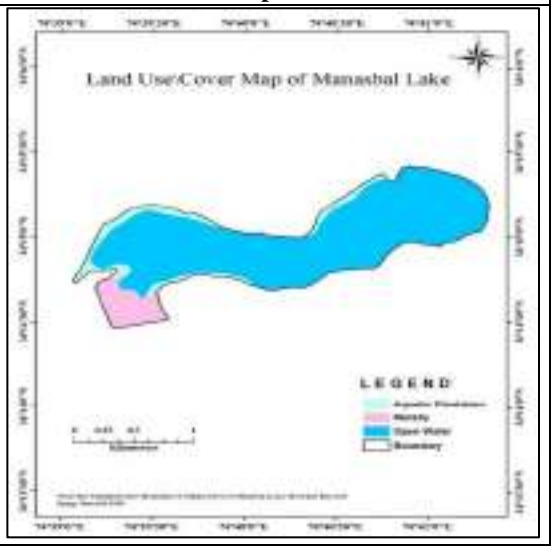
(Source: data of EE&RSD)

Maps 6.3 and 6.4: Changes in land use of Manasbal Lake

Map 6.3



Map 6.4



Charts 6.6 and 6.7: Changes in land use of Manasbal Lake

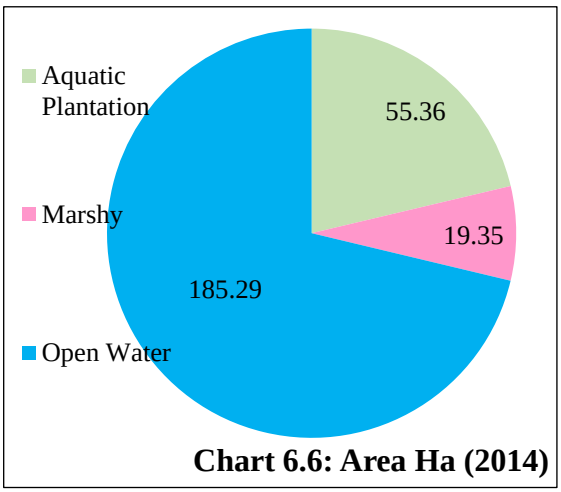


Chart 6.6: Area Ha (2014)

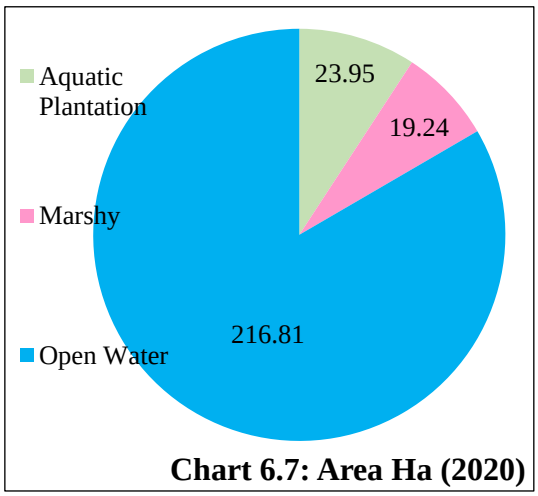


Chart 6.7: Area Ha (2020)

Even though Conservation and Management of the Lake had suffered from inadequacies, there was positive change in the open water area of the Lake which showed an increasing trend. However, causes of increase in water area, whether due to siltation, choking up of Lake outlets, melting of glaciers or heavy rainfall in the areas of these Lakes, were not monitored/ analysed by WMDA.

In absence of monitoring of these parameters by WMDA, Audit could also not ascertain whether increase in the surface area of Lakes had actually led to increase in water volume of the Lake or not.

- **Analysis of Google Earth Pro images to ascertain spatio-temporal changes in the catchment of Manasbal Lake**

Clear images of Manasbal Lake and its catchment area of Kondabal and Gratabal available on Google Earth Pro for the period 2002-2022 indicate increase in the built-up in these areas which also included Lake fringes. The Google Earth Pro images of the Lake and its catchment depicting spatio-temporal changes in the Lake are shown in the **Satellite Images 6.40 to 6.48**:

Satellite Image 6.40: Manasbal and its catchment in 2022

Yellow marked boundary "A-(Kondabal) & B-(Gratabal)" indicates catchment area of Manasbal. Zoomed images of these catchment area are given below.

Satellite Image 6.41: A-Kondabal-2002

Satellite Image 6.42: A-Kondabal-2011

Satellite Image 6.43: A-Kondabal-2016

Satellite Image 6.44: A-Kondabal-2022

Satellite Image 6.45: B-Gratabal-2002

Satellite Image 6.46: B-Gratabal -2011

Satellite Image 6.47: B-Gratabal -2016

Satellite Image 6.48: B-Gratabal -2022

6.3.4 Planning

Comprehensive plan for Conservation and Management of Manasbal Lake was not framed but Lake management plans were formulated, financed and implemented on annual basis. Works included in the annual plans were mostly related to tourism development with only marginal Lake-related activities such as sanitation of the area and de-weeding/ dredging of Lake. The annual plans did not address the root causes of degradation such as change in hydrological regimes, pollution or loss of biodiversity of the Lake. WMDA did not have a specific legal framework and clear-cut responsibility for Conservation and Management of the Lake. No meeting was held by WMDA after the year 2017. As such, policy decisions including those in respect of preparation of master plan and finalisation of proposals for Conservation and Management of the Lake, could not be taken.

6.3.4.1 Mandate of the WMDA

As per provisions in the Development Act 1970, WMDA had to prepare a master plan of the area falling under its jurisdiction for carrying out development of the area which also included Manasbal Lake.

Audit noticed that the master plan for the area had not been prepared and as such development activities in the area were carried out without any comprehensive planning. It was also noticed that WMDA did not have a specific legal framework and clear-cut responsibility for Conservation and Management of the Lake.

After being pointed out, WMDA stated (May 2022) that due to non-availability of requisite manpower[23] and laboratory it was not able to carry out Conservation and Management programme in respect of the Lake.

6.3.4.2 Oversight by the Board of Directors

As per Section 4 of the Development, Act 1970, the affairs and policy matters of WMDA were to be run by the Board of Directors with the Chief Minister as Chairman of the Board. Audit observed that only seven meetings were held by the WMDA between January 2006 and December 2017. No meeting was held thereafter. Without existence of the Board, policy decisions including in respect of the preparation of master plan and comprehensive plan for Conservation and Management of the Lake could not be taken.

[23] Environmental and Hydrological engineers, wetland ecologist, limnologists, ecologists, biologists, chemists, remote sensing and GIS specialist, hydrologists, ornithologists, micro biologists etc.

6.3.4.3 Funding for management of Lake

During the period between January 2006 and March 2022, WMDA spent ₹ 48.87 crore[24] on various tourist development activities. Out of this amount, only ₹ 3.04 crore[25] (six *per cent*) was spent on Lake-related activities such as sanitation of the area and de-weeding/ dredging and revival of springs of the Lake. Audit observed that major Lake generic activities could not be implemented as discussed in **Paragraph 6.3.5**.

6.3.5 Lake Management

Non-demarcation of seven km of length of the Lake had exposed the Lake to encroachments. An expenditure of ₹ 0.51 crore (2015-22) was incurred on de-weeding during the months which were not specified months for de-weeding. WMDA had spent ₹ 0.64 crore (2006-22) on dredging without any bathymetric survey. WMDA had not identified sources of sewage entering the Lake, which were mainly responsible for pollution in the Lake. For over 15 years, no outcome-based action had been taken to either shift the inhabitants of Kondabal village from the Lake area or to get STPs constructed resulting in continuous discharge of untreated sewage into the Lake.

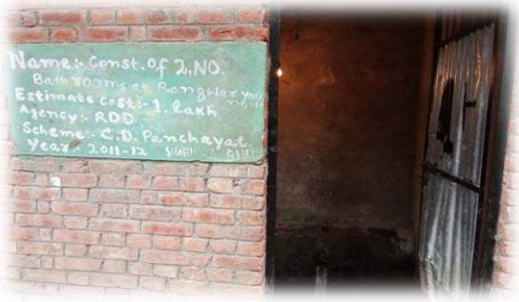
For Conservation and Management of the Lake the activities to be carried out included survey and demarcation of the Lake, identification and treatment of its catchment area, identification and protection of water sources, water budgeting, improving water quality of the Lake by flushing, biodiversity conservation, assessment of life of the Lake, sewage treatment in catchment area and prohibition in diversion of Lake area. Lake management also included de-weeding and dredging of the Lake and generating public awareness.

However, Audit noticed lack of survey, identification and treatment of catchment area, identification and protection of water sources, water budgeting, improving water quality of Lakes by flushing, biodiversity conservation, assessment of life of the Lake, sewage treatment in catchment area and prohibition in diversion of the Lake area and public awareness. Further, there were inadequacies in Lake management viz. demarcation, de-weeding and dredging and STPs as discussed in succeeding Paragraphs.

During joint inspection by the audit party with the members of the audited entity, non-protection of water sources was noticed. Photographic evidence is presented in the following photographs:

[24] ₹ 44.59 crore (January 2006 to March 2020) and ₹ 4.28 crore (April 2020 to March 2022)

[25] ₹ 2.44 crore (January 2006 to March 2020) and ₹ 0.60 crore (April 2020 to March 2022)

Water sources of the Lake not protected	
Two bathrooms constructed by Rural Development Department on a spring from which water flows to the Lake	**Dumping of garbage at the spring/ water source of the Lake at Rangwar Youngore**
	

6.3.5.1 Demarcation

Manasbal Lake was demarcated except for a length of seven km (from Kanabal to Naninara) which had not been demarcated due to land dispute and paucity of funds. Non-demarcation of a part of Lake exposed the Lake to encroachments. Photographic evidence is given below.

Due to non-demarcation of a part of the Lake, there were construction of illegal cow-shed and earth filing at fringe of the Lake at Hanji *Mohallah*	**Conversion of land mass into vegetable field by earthfilling at Hanji *Mohallah***

6.3.5.2 De-weeding of Lake

As per National Wetland Conservation Programme, Guidelines for Conservation and Management of Wetlands in India (2009), de-weeding is to be carried out for removing unwanted plants from the Lake. The exercise was to be carried out before flowering/ fruiting and formation of propagules in plants. Weeds were to be removed at a controlled rate of 40 to 50 *per cent* (maximum up to 75 *per cent*) of submerged vegetation. Some selected areas were to be left undisturbed for fish spawning and feeding of waterfowls.

During test check of records, it was observed that ₹ 1.24 crore[26] was paid (January 2006 to March 2022) by WMDA to contractors for de-weeding of Lake. The payment

[26] ₹ 1.02 crore (January 2006 to March 2020) and ₹ 0.22 crore (April 2020 to March 2022)

included ₹ 0.51 crore spent (2015-22) during the months which were not specified months for de-weeding.

WMDA did not have year/ basin/ area-wise vegetation map of the Lake alongwith data of weed cover. Data regarding areas from which weeds were removed and areas left undisturbed for spawning of fish and feeding of waterfowls was also not maintained. Impact assessment of de-weeding such as decrease/ increase in visibility through water and decrease/ increase in dissolved oxygen, nitrogen and phosphorus in Lake water was also not carried out.

6.3.5.3 Dredging of Lake

As per National Wetland Conservation Programme, Guidelines for Conservation and Management of Wetlands in India (2009), dredging is carried out to improve water flow in the Lake by removing nutrient rich sediments, shoals and solid land mass. Dredging of a Lake has to be based on a bathymetric survey of the Lake, indicating location of blocked channels, area of the Lake to be dredged out, the depth up to which it has to be done, sites where the dredged out material has to be disposed of and cost involved.

WMDA had spent (2006-22) ₹ 0.64 crore[27] on dredging without any bathymetric survey. No record was maintained to show locations at which dredging was carried out and places where dredged out material was dumped. No study was conducted to assess the impact of dredging on the Lake.

After being pointed out, WMDA stated (May 2022) that de-weeding and dredging of the Lake were being done as per need and availability of funds.

Photographic evidence of accumulation of silt in the Lake and growth of enormous weed/ red algae in the Lake is given below.

Source of water of Lake at Lar Khul carrying silt and garbage into the Lake. The accumulated silt and garbage not dredged out	**Dumped garbage and silt geting carried into the Lake from source of water at Lar khul. The accumulated silt and garbage was not dredged out**

[27] ₹ 0.60 crore (January 2006 to March 2020) and ₹ 0.04 crore (April 2020 to March 2022)

Growth of red algae in the Lake due to siltation and garbage entering into the Lake	**Growth of weed above 10 feet spread over an area of 1,000 meters in the Lake due to non carrying of de-weeding**

6.3.5.4 Treatment and disposal of waste/ sludge

WMDA had not identified sources of sewage entering the Lake which were responsible for pollution in the Lake. No system of wetland technology or STPs for treatment of waste generated by inhabitants living next to the Lake was in place.

Although the tendering process for preparation of DPR for setting up of STPs on the banks of Manasbal Lake in Kondabal village was started by WMDA (May 2007), the process was not finalised due to poor response to the tenders. Thereafter, no action was taken by WMDA for over five years up to August 2013.

WMDA decided (September 2013) to shift inhabitants of Kondabal village to Kohistan Colony and submitted (June 2015) request for release of funds to the administrative Department for acquisition of land measuring 149 *kanals* and 13 *marlas* for rehabilitation of 214 families. No further action was taken up to December 2017.

WMDA further decided (December 2017) to explore the possibility of shifting inhabitants of Kondabal village to Kohistan Colony or setting up an STPs for inhabitants of Kondabal. Accordingly, the Tourism Department assigned the preparation of DPR of two STPs at Kondabal to M/s Enco Safe Designs, which prepared the DPR at a cost of ₹ 5.91 crore.

Audit noticed that the population of the area had not been mentioned in the DPR for estimation of capacity of STPs for present and future use and also details were not indicated therein about parameters to be treated by the STPs. Civil works of one of the STPs, to be completed within six months, was allotted (November 2019) to a contractor at a cost of ₹ 0.55 crore. As of March 2020, the contractor was paid ₹ 0.55 crore for civil works executed by him. As of March 2022, the work remained abandoned as allotment of mechanical component of the STPs was not initiated. Funds of ₹ 0.30 crore received (2020-22) were lying unspent with the WMDA.

Thus, for over 15 years no outcome-based action had been taken to either shift the inhabitants of Kondabal village from the Lake area or to get STPs constructed resulting in continuous discharge of untreated sewage into the Lake.

Joint inspection by the audit team alongwith officials from WMDA revealed that drains and sewers were discharging waste directly into the Lake. Cow-dung and garbage were also dumped on the fringes of the Lake and into *nallahs* entering the Lake.

Photographic evidence is given below.

Sewage from drains entering the Lake	**Marked in yellow is the stagnation of sewage of houses creating cesspools near the Lake (Kondabal area)**
Dumping of cow-dung at the fringe of Lake (Hanji *Mohallah)*	**Wash off from garbage and silt at Lake fringe (parking space) entering Lake through one of the water sources of Lake (Lar Khul)**
Drain water entering the Lake in Kondabal area	**Impact of sewage and dumping of garbage turning Lake into cesspool**

6.3.6 Encroachment of Lake

WMDA did not have details (whether Government or proprietary) of land which formed part of the Lake and its fringes. Due to non-finalisation of Master Plan of the area, unrestricted development/ construction work was going on around the Lake and there were 40 cases of encroachment and unauthorised construction works.

After creation (January 2006) of WMDA, 1,192 *kanals* and six *marlas* of land was transferred to it by the Tourism Department. Audit observed that WMDA did not have details of land which formed part of the Lake and its fringes and details as to whether it was Government or proprietary land.

As per directions of the Hon'ble High Court, no construction can be raised within 500 square yards from the fringe of the Lake and WMDA has to grant permission for any development/ construction work carried out around the Lake in accordance with master plan of the area. Audit observed that due to non-finalisation of the Master Plan of the area by WMDA, unrestricted development/ construction work was going on around the Lake. Records of WMDA showed that there were 40 cases of encroachment and unauthorised construction works. WMDA had not demarcated 500 square yards from the fringes of the Lake area resulting in illegal construction of bathrooms, latrines, cowsheds and in dumping of cow dung on the fringes of the Lake.

Joint inspection of the area by audit alongwith WMDA officials also revealed that huge structures had come up close to the Lake.

Lime stone Kiln on the periphery of the Lake	**Illegal construction (new) coming up at the Lake fringe**
Illegal construction coming up within restricted zone of the Lake	**Illegal construction within restricted zone of the Lake**

6.3.7 Research carried out by scholars of various universities

WMDA had not carried out any research to evaluate water quality of the Lake and to study fish and water bird population in the Lake. Research carried out by scholars of various universities pointed out that stone quarrying was causing land use changes in the catchment area of the Lake, anthropogenic activities were causing discharge of effluents into the Lake and native fish species had become extinct.

WMDA had not carried out any research to evaluate water quality of the Lake and study fish and water bird population in the Lake. Disappearance of native species and invasion of noxious species, if any, due to heavy inflow of silt and sewage flowing into Lake from its catchment areas had also not been assessed. However, research carried out by scholars of various universities on various themes of the Lake indicated that:

- Land use changes were happening in the catchment area of the Lake as stone quarrying was ongoing in the catchment area of Lake, and
- Activities like bathing and washing of clothes by people of adjoining areas of the Lake and discharge of effluents of organic waste into the Lake were going on.

As a result, water quality of the Lake had deteriorated and was not fit for drinking purposes. Further, nutrient and silt load from the catchment area of the Lake had increased resulting in extinction of the abundantly available fish species (*Bortiabirdi*) and aquatic plant (*Eurayleferox*) in the Lake. Besides, dominance of *rotifera brachionus calyciflorus*[28] at the littoral zone was causing fast eutrophication of the Lake. Details of research papers are in the ***Appendix-6.1.***

6.3.8 Joint Inspection of catchment area of Manasbal Lake

WMDA had not carried out afforestation of mountain ranges of Gratabal and Konbal resulting in huge inflow of sediments into the Lake from these mountain ranges. Sewers from households living on the periphery of the Khul between village Wayul and village Lar enter the Khul and ultimately enter the Manasbal Lake. Heaps of waste/ garbage/ cow dung were being dumped at the fringes of the Khul/ *Nallah*. Solid waste dumpers/ dust bins and sewer networking system were not available in the Lake vicinity. Huge constructions had come up and WMDA had not carried out a detailed survey to ascertain details of illegal constructions/ encroachments in catchment area of the Lake.

The catchment area of the Manasbal Lake is a mountain range spread over 13 sq. km. The catchment receives precipitation through rainfall and snowfall which contributes water to the Lake through surface flow or from recharged aquifers. Joint inspection

[28] A microscopic or near-microscopic animal species occurring in freshwater.

(April 2022) by the audit team with officials of WMDA carried out in the catchment area[29] of the Lake revealed as follows:

6.3.8.1 Afforestation of catchment area

The Manasbal Lake is surrounded by two mountain ranges of Gratabal and Konabal. Gratbal mountains are devoid of forests whereas Konbal mountain range has a 10 *per cent* forest cover. Absence of forests had resulted in huge inflow of sediments into the Lake from these mountain ranges due to run-off during precipitation hastening ageing of the Lake with adverse consequences for the Lake ecosystem.

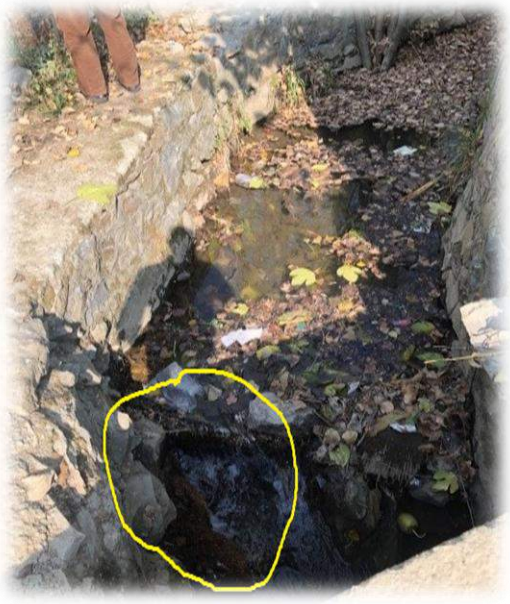
WMDA had not carried out afforestation of these mountain ranges either through the Forest Department or on their own as mandated by the National Wetland Conservation Programme, Guidelines for Conservation and Management of Wetlands in India (2009).

Denuded Forests (Gratabal and Kondabal) marked with yellow boundary

6.3.8.2 Solid Waste Management/ Sewer networking system in the catchment area

Lar Khul, a major source of water for Manasbal Lake, is an irrigation channel which receives water from Wayul *Nallah*. The surplus water from the Khul is discharged by Irrigation and Flood Control Department into the Lake. The sewers of the households located on the periphery of the Khul between village Wayul and village Lar enter the Khul and ultimately enter the Manasbal Lake. Heaps of waste /garbage/ cow dung were being dumped on the fringes of Khul/ *Nallah* and the Lake as sites had not been designated by the Irrigation Department/ Municipal Council/ WMDA for dumping of waste. Solid waste dumpers/ dust bins and sewer networking system were not available in the Lake vicinity. Photographic evidence is presented in the following photographs:

[29] Gratabal, Konabal, Lar Wayul Khul, Dub Khul, Hakeem *Mohalla*, Jaroka Bagh, Kondiangan, Gamdar, Potar *Mohalla*, Gulabbagh, Hanji *Mohalla*, Rather *Mohalla* and Bhagwaan *Mohalla.*

Household sewer discharged in the inlet of the Lake	Household sewer discharged in the inlet of the Lake
	

6.3.8.3 Non-availability of infrastructure to prevent pollutants from entering the Lake

Dumping site near Dub Khul at Hakeem *Mohalla* near I&FC regulatory gate	Run-off of silt and garbage (near Dub Khul) marked in yellow finding its way into one of the water sources of Lake
Run-off from garbage and silt finding its way into the Lake	**Garbage and silt causing reclamation of land mass and decrease in open water area**

Although annual contracts were entered into by WMDA for shifting of waste and de-weeded material away from the Lake, it had not created infrastructure such as trash chambers and artificial wetlands to stop garbage, silt and nutrients from entering the Lake. Joint inspection of audit team with officials of WMDA revealed that solid waste/ de-weeding material were dumped at the fringes of the Lake instead of shifting them away from the Lake resulting into leaching into the Lake. Photographic evidence is given below:photo

Disposal of solid waste and silt removed from the Lake and dumped at the fringes of the Lake near Jaroka Bagh	**Dumping of garbage at the main entry gate near open air theater (Lake fringes)**

6.3.9 Springs

The draft master plan of Wular and Manasbal villages envisaged that there were approximately 1,200 springs which serve as one of the water sources of Manasbal Lake. Audit noticed that WMDA had not carried out any survey to assess the actual number of springs in and around the Lake and ensure their protection.

It was further noticed that water from seven springs[30] restored by WMDA was discharging into the Lake. 13 springs[31] had not been restored/ protected by WMDA. Accumulation of silt around these springs was finding its way into the Lake and was hastening ageing of the Lake. Photographic evidence is given below:

Unprotected spring (marked in yellow) at Hakim *Mohallah*- Spring water with silt finding way into the Lake	**Unprotected spring (marked in yellow)- spring water with silt finding its way into the Lake**

30 Existing at {(near Temple-Kondbal, parking area, Main Park, one rural museum (Gratbal), Open air theatre and two at kralpora (Jamia-Masjid)}

31 Existing at {kondiangan, Gamdar, Khul *Mohalla* at Kondbal (two), near 2nd Rural museum, Potar *Mohalla* (two), Gulab bagh (two), Hanji *Mohalla* (two), Rather *Mohalla* and Bhagwaan *Mohalla*}

One of the springs restored by the WMDA

6.3.10 Constructions in the catchment area of Lake without building permission

There was construction in the catchment area of the Lake as substantial structures had come up without building permissions from WMDA. WMDA had not carried out a detailed survey in collaboration with the concerned Departments including Irrigation and Flood Control Department to ascertain details of illegal constructions/ encroachments in catchment area of the Lake.

6.3.11 Conclusion

No Comprehensive plan was in place for Conservation and Management of Manasbal Lake. WMDA did not have a specific legal framework and clear-cut responsibility for Conservation and Management of the Lake. Lake management plans were formulated, financed and implemented through annual plans in which only marginal Lake related activities such as sanitation of the area, de-weeding and dredging of the Lake were included. Non-demarcation of seven km of length of the Lake had exposed the Lake to encroachments. The WMDA had not identified sources of sewage entering the Lake, which were mainly responsible for pollution in the Lake. Due to non-finalisation of the Master Plan of the area, unrestricted development and construction work was going on around the Lake and there were 40 cases of encroachment and unauthorised construction works**.**

6.3.12 *Recommendations*

- ***A comprehensive plan for Conservation and Management of Manasbal Lake needs to be put in place.***
- ***The Government should provide a legal framework and clear responsibility for Conservation and Management of the Manasbal Lake.***
- ***The Lake area needs to be fully demarcated to avoid encroachments.***
- ***Sources from which pollutants enter the Lake needs to be identified and treated.***
- ***Construction works going on around the Lake need to be restricted and encroachments of Lake area need to be vacated.***

Srinagar/ Jammu
Dated: 21 October 2025

(K.P. Yadaw)
Principal Accountant General (Audit),
Jammu and Kashmir

Countersigned

New Delhi
Dated: 10 November 2025

(K. Sanjay Murthy)
Comptroller and Auditor General of India

Appendices

Appendix-2.1

(Reference: Paragraph No. 2.2)

Division/ Department-wise changes/ no-changes in the area of Lakes in J&K

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
1	2	3	4	5	6	7	8
Division-wise details of Disappeared Lake						*(Area in Hectares)*	
Jammu Division							
1	Kathua	Panjuth	Inside Forest	0.66	0.00	0.66	PCCF
2	Kathua	Gura	Inside Forest	0.31	0.00	0.31	PCCF
3	Kathua	Lohar Mela	Inside Forest	0.33	0.00	0.33	PCCF
4	Kishtwar	Tumula Sar	Inside Forest	2.71	0.00	2.71	PCCF
5	Kishtwar	Kannar Sar Bod	Inside Forest	0.78	0.00	0.78	PCCF
6	Kishtwar	Kannar Sar Lokut	Inside Forest	0.83	0.00	0.83	PCCF
7	Kishtwar	Muzim Sar	Inside Forest	2.19	0.00	2.19	PCCF
8	Kishtwar	Moshkhilsar Bod	Inside Forest	0.43	0.00	0.43	PCCF
9	Kishtwar	Moshkhilsar Lokut	Inside Forest	0.54	0.00	0.54	PCCF
10	Kishtwar	Kral Sar	Inside Forest	0.59	0.00	0.59	PCCF
11	Kishtwar	Sarital Sar	Inside Forest	2.43	0.00	2.43	PCCF
12	Kishtwar	Watal Sar	Inside Forest	1.02	0.00	1.02	PCCF
13	Kishtwar	Lu Sar	Inside Forest	2.44	0.00	2.44	PCCF
14	Kishtwar	Shupkanjan Sar	Inside Forest	2.59	0.00	2.59	PCCF
15	Kishtwar	Sunsar Sar	Inside Forest	5.09	0.00	5.09	PCCF
16	Kishtwar	Natismandu Sar	Inside Forest	1.65	0.00	1.65	PCCF
17	Kishtwar	Selo Nag	Inside Forest	2.01	0.00	2.01	PCCF
18	Kishtwar	Konala Nag	Inside Forest	1.53	0.00	1.53	PCCF
19	Kishtwar	Jammu Gat	Inside Forest	2.07	0.00	2.07	PCCF
20	Kishtwar	Patar Nag	Inside Forest	1.92	0.00	1.92	PCCF
21	Kishtwar	Unnamed Sar	Inside Forest	5.37	0.00	5.37	PCCF
22	Kishtwar	Mandik Sar	Inside Forest	90.96	0.00	90.96	PCCF
23	Kishtwar	Unnamed Sar	Inside Forest	8.21	0.00	8.21	PCCF
24	Poonch	Chandimarg Sar 1	Inside Forest	0.20	0.00	0.20	PCCF
25	Poonch	Chandimarg Sar 2	Inside Forest	0.33	0.00	0.33	PCCF
26	Poonch	Chandimarg Sar 3	Inside Forest	0.15	0.00	0.15	PCCF
27	Poonch	Chandimarg Sar 4	Inside Forest	0.18	0.00	0.18	PCCF
28	Poonch	Dugrian Sar 1	Inside Forest	0.30	0.00	0.30	PCCF
29	Poonch	Dugrian Sar 2	Inside Forest	0.81	0.00	0.81	PCCF
30	Poonch	Dugrian Sar 3	Inside Forest	0.60	0.00	0.60	PCCF
31	Poonch	Gum Sar Lokut	Inside Forest	0.76	0.00	0.76	PCCF
32	Poonch	Delewali Dhanni Sar	Inside Forest	1.66	0.00	1.66	PCCF
33	Poonch	Ding Sar 2	Inside Forest	0.48	0.00	0.48	PCCF
34	Poonch	Neel Sar 2	Inside Forest	1.09	0.00	1.09	PCCF
35	Poonch	Chamber Sar 1	Inside Forest	0.31	0.00	0.31	PCCF
36	Poonch	Chamber Sar 2	Inside Forest	0.14	0.00	0.14	PCCF
37	Poonch	Janjanwali Sar	Inside Forest	4.70	0.00	4.70	PCCF

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
38	Poonch	Marguri Sar 2	Inside Forest	0.90	0.00	0.90	PCCF
39	Poonch	Marguri Sar 3	Inside Forest	0.61	0.00	0.61	PCCF
40	Poonch	Rupri Sar	Inside Forest	0.84	0.00	0.84	PCCF
41	Rajouri	Thand Sar	Inside Forest	1.15	0.00	1.15	PCCF
42	Rajouri	Marguri Sar	Inside Forest	0.98	0.00	0.98	PCCF
43	Ramban	Sarkanth Gali Sar 1	Inside Forest	0.52	0.00	0.52	PCCF
44	Ramban	Sarkanth Gali Sar 2	Inside Forest	0.29	0.00	0.29	PCCF
45	Ramban	Rahun Sar	Inside Forest	0.66	0.00	0.66	PCCF
46	Ramban	Pathar Sar	Inside Forest	0.64	0.00	0.64	PCCF
47	Ramban	Yemul Talao	Inside Forest	0.34	0.00	0.34	PCCF
48	Reasi	High Alt. Lake	Inside Forest	1.05	0.00	1.05	PCCF
49	Samba	Sanur Talao	Inside Forest	0.94	0.00	0.94	PCCF
50	Samba	Patliwlaidabri Talao	Inside Forest	0.57	0.00	0.57	PCCF
51	Samba	Soram Talao	Inside Forest	0.26	0.00	0.26	PCCF
52	Samba	Leani Andari Talao	Inside Forest	0.50	0.00	0.50	PCCF
53	Samba	Dewan Sar	Inside Forest	1.40	0.00	1.40	PCCF
54	Samba	Muran Talao	Inside Forest	0.47	0.00	0.47	PCCF
55	Doda	Madsu Talao1	Outside Forest	0.32	0.00	0.32	DC
56	Doda	Madsu Talao2	Outside Forest	0.74	0.00	0.74	DC
57	Jammu	Nor Talao	Outside Forest	0.26	0.00	0.26	DC
58	Jammu	Meshiani Talao 1	Outside Forest	0.36	0.00	0.36	DC
59	Jammu	Meshiani Talao 2	Outside Forest	0.64	0.00	0.64	DC
60	Jammu	Pahtu Talao	Outside Forest	0.33	0.00	0.33	DC
61	Jammu	Gaur Talao	Outside Forest	0.38	0.00	0.38	DC
62	Jammu	Jandial Talao	Outside Forest	1.61	0.00	1.61	DC
63	Jammu	Chingaini Talao	Outside Forest	0.71	0.00	0.71	DC
64	Jammu	That Ranjan Talao	Outside Forest	0.83	0.00	0.83	DC
65	Jammu	Ghurota Talao	Outside Forest	1.83	0.00	1.83	DC
66	Jammu	Satowan Talao	Outside Forest	0.85	0.00	0.85	DC
67	Jammu	Barn Talao	Outside Forest	0.42	0.00	0.42	DC
68	Jammu	Sue Choi Talao	Outside Forest	0.82	0.00	0.82	DC
69	Jammu	Unnamed	Outside Forest	0.84	0.00	0.84	DC
70	Jammu	Uparla Bharda Talao	Outside Forest	0.42	0.00	0.42	DC
71	Jammu	Paraurian Talao	Outside Forest	0.43	0.00	0.43	DC
72	Jammu	Khalka Bharda	Outside Forest	0.54	0.00	0.54	DC
73	Jammu	Ghardarwan Sar 2	Outside Forest	0.68	0.00	0.68	DC
74	Jammu	Sungal Talao 2	Outside Forest	2.02	0.00	2.02	DC
75	Jammu	Pangiari Talao 1	Outside Forest	1.06	0.00	1.06	DC
76	Jammu	Pangiari Talao 2	Outside Forest	0.61	0.00	0.61	DC
77	Jammu	Gopala Sar	Outside Forest	0.56	0.00	0.56	DC
78	Jammu	Uparla Badgal Talao	Outside Forest	0.69	0.00	0.69	DC
79	Jammu	Khalka Badgal	Outside Forest	0.57	0.00	0.57	DC

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
		Talao					
80	Jammu	Gopala Talao	Outside Forest	0.87	0.00	0.87	DC
81	Jammu	Dhok Khalsa Talao	Outside Forest	0.75	0.00	0.75	DC
82	Jammu	Lehr Talao	Outside Forest	0.88	0.00	0.88	DC
83	Jammu	Jad Talao 2	Outside Forest	0.70	0.00	0.70	DC
84	Jammu	Bhiri Talao	Outside Forest	0.89	0.00	0.89	DC
85	Jammu	Mangu Di Patian Sar	Outside Forest	0.30	0.00	0.30	DC
86	Jammu	Parsot Talao	Outside Forest	0.57	0.00	0.57	DC
87	Jammu	Toteali Talao 2	Outside Forest	0.72	0.00	0.72	DC
88	Jammu	Thattar Talao 1	Outside Forest	0.76	0.00	0.76	DC
89	Jammu	Thattar Talao 2	Outside Forest	0.51	0.00	0.51	DC
90	Jammu	Mutthi Talao 2	Outside Forest	0.49	0.00	0.49	DC
91	Jammu	Palaura Talao	Outside Forest	1.78	0.00	1.78	DC
92	Jammu	Bhatoli Mangotrian	Outside Forest	1.53	0.00	1.53	DC
93	Jammu	Baukri Talao	Outside Forest	1.73	0.00	1.73	DC
94	Jammu	Baje Chak Talao	Outside Forest	0.75	0.00	0.75	DC
95	Jammu	Laswara Sar	Outside Forest	0.56	0.00	0.56	DC
96	Jammu	Dabbar Lalewala Sar	Outside Forest	0.83	0.00	0.83	DC
97	Jammu	Jhumbiyan Brahmanan Talao	Outside Forest	0.58	0.00	0.58	DC
98	Jammu	Khojipura Talao	Outside Forest	0.82	0.00	0.82	DC
99	Jammu	Chuhe Chak Talao	Outside Forest	0.45	0.00	0.45	DC
100	Jammu	Gajansu Talao	Outside Forest	0.89	0.00	0.89	DC
101	Jammu	Chak Gangu Talao	Outside Forest	0.65	0.00	0.65	DC
102	Jammu	Chatha Talao	Outside Forest	1.06	0.00	1.06	DC
103	Jammu	Sui Simbli Talao	Outside Forest	1.19	0.00	1.19	DC
104	Jammu	Amb Talao	Outside Forest	0.56	0.00	0.56	DC
105	Jammu	Uprala Manda Talao	Outside Forest	0.97	0.00	0.97	DC
106	Jammu	Dhanwal Sar	Outside Forest	1.54	0.00	1.54	DC
107	Jammu	Kata Khu Talao	Outside Forest	0.41	0.00	0.41	DC
108	Jammu	Turgual Talao	Outside Forest	0.37	0.00	0.37	DC
109	Jammu	Janti Talao	Outside Forest	0.48	0.00	0.48	DC
110	Jammu	Kurora Talao	Outside Forest	0.64	0.00	0.64	DC
111	Jammu	Akhnoor Talao	Outside Forest	1.10	0.00	1.10	DC
112	Jammu	Unnamed	Outside Forest	0.58	0.00	0.58	DC
113	Jammu	Ranjan Talao	Outside Forest	0.47	0.00	0.47	DC
114	Kathua	Mandrar1	Outside Forest	0.77	0.00	0.77	DC
115	Kathua	Mandrar2	Outside Forest	0.41	0.00	0.41	DC
116	Kathua	Diol1	Outside Forest	0.37	0.00	0.37	DC
117	Kathua	Diol2	Outside Forest	0.39	0.00	0.39	DC
118	Kathua	Diol3	Outside Forest	0.40	0.00	0.40	DC
119	Kathua	Ter	Outside Forest	0.26	0.00	0.26	DC
120	Kathua	Dharamkot1	Outside Forest	0.35	0.00	0.35	DC

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
121	Kathua	Dharamkot2	Outside Forest	0.29	0.00	0.29	DC
122	Kathua	Phainthar	Outside Forest	0.30	0.00	0.30	DC
123	Kathua	Bhaddu Talao1	Outside Forest	0.41	0.00	0.41	DC
124	Kathua	Bhaddu Talao2	Outside Forest	0.31	0.00	0.31	DC
125	Kathua	Bhaddu Talao3	Outside Forest	0.43	0.00	0.43	DC
126	Kathua	Kishanpur1	Outside Forest	0.46	0.00	0.46	DC
127	Kathua	Kishanpur2	Outside Forest	0.35	0.00	0.35	DC
128	Kathua	Katli Talao	Outside Forest	0.33	0.00	0.33	DC
129	Kathua	Satura	Outside Forest	0.56	0.00	0.56	DC
130	Kathua	Peiya 1	Outside Forest	0.26	0.00	0.26	DC
131	Kathua	Peiya 2	Outside Forest	0.20	0.00	0.20	DC
132	Kathua	Peiya 3	Outside Forest	0.29	0.00	0.29	DC
133	Kathua	Gurha Mandiyan	Outside Forest	0.42	0.00	0.42	DC
134	Kathua	Mela Wadda 1	Outside Forest	0.34	0.00	0.34	DC
135	Kathua	Mela Wadda2	Outside Forest	0.44	0.00	0.44	DC
136	Kathua	Barwal	Outside Forest	0.84	0.00	0.84	DC
137	Kathua	Karat	Outside Forest	0.66	0.00	0.66	DC
138	Kathua	Kali Ban	Outside Forest	0.32	0.00	0.32	DC
139	Kathua	Mule Da Tala	Outside Forest	0.24	0.00	0.24	DC
140	Kathua	Palghetar	Outside Forest	0.58	0.00	0.58	DC
141	Kathua	Govinda	Outside Forest	0.66	0.00	0.66	DC
142	Kathua	Kanaun	Outside Forest	0.44	0.00	0.44	DC
143	Kathua	Marla	Outside Forest	0.48	0.00	0.48	DC
144	Kathua	Naknal	Outside Forest	1.06	0.00	1.06	DC
145	Kishtwar	Hoksar	Outside Forest	1.21	0.00	1.21	DC
146	Kishtwar	Bimal Nag	Outside Forest	5.28	0.00	5.28	DC
147	Kishtwar	Padar Sar	Outside Forest	1.52	0.00	1.52	DC
148	Kishtwar	Shingdhar Sar	Outside Forest	2.63	0.00	2.63	DC
149	Poonch	Sarian Sar	Outside Forest	0.61	0.00	0.61	DC
150	Poonch	Jamianwali Sar 3	Outside Forest	0.55	0.00	0.55	DC
151	Poonch	Kunalan Sar	Outside Forest	0.65	0.00	0.65	DC
152	Poonch	Chinarmarg Sar 2	Outside Forest	0.80	0.00	0.80	DC
153	Poonch	Chinarmarg Sar 3	Outside Forest	0.39	0.00	0.39	DC
154	Ramban	Jabor Sar Lokut	Outside Forest	0.74	0.00	0.74	DC
155	Ramban	Tangar Sar	Outside Forest	0.81	0.00	0.81	DC
156	Reasi	Kotla Chakkar	Outside Forest	1.61	0.00	1.61	DC
157	Reasi	Bajopur	Outside Forest	0.70	0.00	0.70	DC
158	Reasi	Chakhar Talao	Outside Forest	0.46	0.00	0.46	DC
159	Reasi	Gorra Talao	Outside Forest	0.38	0.00	0.38	DC
160	Reasi	Tung Talao	Outside Forest	0.43	0.00	0.43	DC
161	Reasi	Rauta Talao	Outside Forest	0.24	0.00	0.24	DC
162	Reasi	Orka1	Outside Forest	0.28	0.00	0.28	DC
163	Reasi	Orka2	Outside Forest	0.27	0.00	0.27	DC
164	Reasi	Galali	Outside Forest	0.39	0.00	0.39	DC
165	Reasi	Kotli Panditan1	Outside Forest	0.39	0.00	0.39	DC
166	Reasi	Kotli Panditan2	Outside Forest	0.49	0.00	0.49	DC
167	Reasi	Sarot1	Outside Forest	0.35	0.00	0.35	DC

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
168	Reasi	Sarot2	Outside Forest	0.33	0.00	0.33	DC
169	Reasi	Ratikhad	Outside Forest	0.47	0.00	0.47	DC
170	Reasi	Kotli Gujran Talao	Outside Forest	0.34	0.00	0.34	DC
171	Reasi	Mathuwar1	Outside Forest	0.24	0.00	0.24	DC
172	Reasi	Mathuwar2	Outside Forest	0.31	0.00	0.31	DC
173	Reasi	Mathuwar3	Outside Forest	0.25	0.00	0.25	DC
174	Reasi	Chirangal1	Outside Forest	0.25	0.00	0.25	DC
175	Reasi	Chirangal2	Outside Forest	0.27	0.00	0.27	DC
176	Reasi	Chirangal3	Outside Forest	0.35	0.00	0.35	DC
177	Reasi	Kalyar Talao	Outside Forest	0.19	0.00	0.19	DC
178	Reasi	Arli	Outside Forest	0.50	0.00	0.50	DC
179	Reasi	Kun Darorian	Outside Forest	0.40	0.00	0.40	DC
180	Reasi	Karmal Talao	Outside Forest	0.28	0.00	0.28	DC
181	Reasi	Kairi	Outside Forest	0.35	0.00	0.35	DC
182	Reasi	Padmi Talao	Outside Forest	0.58	0.00	0.58	DC
183	Samba	Chhechwal Talao	Outside Forest	0.88	0.00	0.88	DC
184	Samba	Sujani Talao	Outside Forest	0.97	0.00	0.97	DC
185	Samba	Chhaliyari Talao	Outside Forest	1.10	0.00	1.10	DC
186	Samba	Chhaliyari Talao	Outside Forest	0.72	0.00	0.72	DC
187	Samba	Chak Bura Talao	Outside Forest	0.62	0.00	0.62	DC
188	Samba	Ragal Talao	Outside Forest	0.59	0.00	0.59	DC
189	Samba	Madwal Talao	Outside Forest	0.66	0.00	0.66	DC
190	Samba	Sambli Talao	Outside Forest	0.46	0.00	0.46	DC
191	Samba	Thali Sar	Outside Forest	0.42	0.00	0.42	DC
192	Samba	Galar Talao	Outside Forest	0.42	0.00	0.42	DC
193	Samba	Pangdaur Talao	Outside Forest	0.27	0.00	0.27	DC
194	Samba	Khunwal Talao	Outside Forest	0.73	0.00	0.73	DC
195	Samba	Ramblu Talao	Outside Forest	1.00	0.00	1.00	DC
196	Samba	Trindi Sangara Talao	Outside Forest	0.85	0.00	0.85	DC
197	Samba	Mahal Kalandariyan Talao	Outside Forest	0.53	0.00	0.53	DC
198	Samba	Ramgarh Talao	Outside Forest	0.92	0.00	0.92	DC
199	Samba	Chak Shama Talao	Outside Forest	1.47	0.00	1.47	DC
200	Samba	Kothe Manhasan Talao	Outside Forest	0.57	0.00	0.57	DC
201	Samba	Galwal Talao	Outside Forest	1.65	0.00	1.65	DC
202	Samba	Rasana Talao	Outside Forest	0.30	0.00	0.30	DC
203	Samba	Pekhri Talao	Outside Forest	0.52	0.00	0.52	DC
204	Samba	Nargal Talao	Outside Forest	0.36	0.00	0.36	DC
205	Samba	Nagrota Talao	Outside Forest	0.61	0.00	0.61	DC
206	Samba	Mautalian Kalan Talao	Outside Forest	0.24	0.00	0.24	DC
207	Samba	Kuppar Talao	Outside Forest	0.49	0.00	0.49	DC
208	Samba	Chak Largan Talao	Outside Forest	0.40	0.00	0.40	DC
209	Samba	Bajalta Talao	Outside Forest	0.34	0.00	0.34	DC

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
210	Samba	Sungali Talao	Outside Forest	0.45	0.00	0.45	DC
211	Samba	Panali Talao	Outside Forest	0.36	0.00	0.36	DC
212	Samba	Deani Talao	Outside Forest	0.50	0.00	0.50	DC
213	Samba	Barmal Talao	Outside Forest	0.30	0.00	0.30	DC
214	Samba	Mautalian Khurd Talao	Outside Forest	0.38	0.00	0.38	DC
215	Samba	Chat Talao	Outside Forest	0.56	0.00	0.56	DC
216	Samba	Bawali Talao	Outside Forest	0.59	0.00	0.59	DC
217	Samba	Birpur Talao	Outside Forest	0.62	0.00	0.62	DC
218	Samba	Narwal Talao	Outside Forest	0.40	0.00	0.40	DC
219	Samba	Kundanpur Talao	Outside Forest	0.49	0.00	0.49	DC
220	Samba	Ardhani Talao	Outside Forest	0.77	0.00	0.77	DC
221	Samba	Rajpur Kaular Talao	Outside Forest	0.44	0.00	0.44	DC
222	Samba	Basi Kalan Talao	Outside Forest	0.84	0.00	0.84	DC
223	Samba	Basi Khurd Talao	Outside Forest	0.49	0.00	0.49	DC
224	Samba	Palli Talao	Outside Forest	0.61	0.00	0.61	DC
225	Samba	Chhanm Talao	Outside Forest	1.60	0.00	1.60	DC
226	Samba	Dhiansar Rakh Talao	Outside Forest	0.91	0.00	0.91	DC
227	Samba	Kali Bari Talao	Outside Forest	0.37	0.00	0.37	DC
228	Samba	Karalian Kalan Talao	Outside Forest	0.58	0.00	0.58	DC
229	Samba	Sarwa Talao	Outside Forest	1.07	0.00	1.07	DC
230	Samba	Bhudwal Talao	Outside Forest	0.50	0.00	0.50	DC
231	Samba	Gori Khad Talao	Outside Forest	0.69	0.00	0.69	DC
232	Samba	Thalori Brahmanan Talao	Outside Forest	0.42	0.00	0.42	DC
233	Samba	Udh Mandi Talao	Outside Forest	1.07	0.00	1.07	DC
234	Samba	Kamila Talao	Outside Forest	0.72	0.00	0.72	DC
235	Samba	Narwal Lower Talao	Outside Forest	1.15	0.00	1.15	DC
236	Samba	Gangith Talao	Outside Forest	0.24	0.00	0.24	DC
237	Samba	Phatiyar Talao	Outside Forest	0.39	0.00	0.39	DC
238	Samba	Nikki Mutthi Talao	Outside Forest	0.51	0.00	0.51	DC
239	Samba	Badi Mutthi Talao	Outside Forest	0.28	0.00	0.28	DC
240	Samba	Palona Talao	Outside Forest	0.51	0.00	0.51	DC
241	Samba	Malangar Ki Chhan Talao	Outside Forest	0.81	0.00	0.81	DC
242	Samba	Kane Chhan Talao	Outside Forest	0.24	0.00	0.24	DC
243	Samba	Jutwal Talao	Outside Forest	0.31	0.00	0.31	DC
244	Samba	Mudgoli Talao	Outside Forest	0.22	0.00	0.22	DC
245	Udhampur	Trin Talao	Outside Forest	1.97	0.00	1.97	DC
246	Udhampur	Tror Talao 1	Outside Forest	0.35	0.00	0.35	DC
247	Udhampur	Tror Talao 2	Outside Forest	0.14	0.00	0.14	DC
248	Udhampur	Painthal Talao	Outside Forest	0.66	0.00	0.66	DC
249	Udhampur	Chak Talin Talao	Outside Forest	0.29	0.00	0.29	DC

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
250	Udhampur	Khandek Talao	Outside Forest	0.39	0.00	0.39	DC
251	Udhampur	Manun Talao	Outside Forest	0.77	0.00	0.77	DC
252	Udhampur	Chak Baghat Talao	Outside Forest	0.38	0.00	0.38	DC
253	Udhampur	Sira Talao	Outside Forest	1.02	0.00	1.02	DC
254	Udhampur	Serli Sar	Outside Forest	0.84	0.00	0.84	DC
255	Udhampur	Chakhar Talao	Outside Forest	0.43	0.00	0.43	DC
256	Udhampur	Khandra Talao	Outside Forest	0.45	0.00	0.45	DC
257	Udhampur	Barean Talao	Outside Forest	1.30	0.00	1.30	DC
258	Udhampur	Seoj Sar	Outside Forest	2.76	0.00	2.76	DC
259	Udhampur	Karkial Talao	Outside Forest	0.52	0.00	0.52	DC
Total Jammu (259 Lakes)				**297.05**	**0.00**	**297.05**	
Kashmir Division							
1	Anantnag	Kon Nag	Inside Forest	2.07	0.00	2.07	PCCF
2	Anantnag	Nagputan Sar 3	Inside Forest	4.72	0.00	4.72	PCCF
3	Bandipora	Unnamed Lake	Inside Forest	2.18	0.00	2.18	PCCF
4	Bandipora	Unnamed Lake	Inside Forest	0.82	0.00	0.82	PCCF
5	Bandipora	Unnamed Lake	Inside Forest	2.65	0.00	2.65	PCCF
6	Bandipora	Unnamed Lake	Inside Forest	2.65	0.00	2.65	PCCF
7	Bandipora	Chhamar Sar	Inside Forest	7.97	0.00	7.97	PCCF
8	Bandipora	Unnamed Lake	Inside Forest	0.91	0.00	0.91	PCCF
9	Bandipora	Unnamed Lake	Inside Forest	2.79	0.00	2.79	PCCF
10	Bandipora	Unnamed Lake	Inside Forest	2.86	0.00	2.86	PCCF
11	Bandipora	Unnamed Lake	Inside Forest	9.28	0.00	9.28	PCCF
12	Ganderbal	Kaul Sar	Inside Forest	1.05	0.00	1.05	PCCF
13	Ganderbal	Zajibal Sar	Inside Forest	1.02	0.00	1.02	PCCF
14	Ganderbal	Prain Gang Sar	Inside Forest	1.73	0.00	1.73	PCCF
15	Ganderbal	Prain Gang Sar	Inside Forest	0.41	0.00	0.41	PCCF
16	Ganderbal	Prain Gang Sar	Inside Forest	0.71	0.00	0.71	PCCF
17	Ganderbal	Prain Gang Sar	Inside Forest	0.45	0.00	0.45	PCCF
18	Ganderbal	Unnamed Lake	Inside Forest	0.45	0.00	0.45	PCCF
19	Ganderbal	Hoka Sar	Inside Forest	0.45	0.00	0.45	PCCF
20	Ganderbal	Lachnai Sar	Inside Forest	1.28	0.00	1.28	PCCF
21	Kulgam	Unnamed	Inside Forest	1.27	0.00	1.27	PCCF
22	Kulgam	Unnamed	Inside Forest	4.36	0.00	4.36	PCCF
23	Kulgam	Unnamed	Inside Forest	0.32	0.00	0.32	PCCF
24	Kupwara	Bran Khuda Sar	Inside Forest	3.51	0.00	3.51	PCCF
25	Pulwama	Unnamed	Inside Forest	0.72	0.00	0.72	PCCF
26	Pulwama	Unnamed	Inside Forest	0.73	0.00	0.73	PCCF
27	Anantnag	Marhama Wetland	Outside Forest	202.49	0.00	202.49	DC
28	Anantnag	Mahtan Wetland	Outside Forest	103.80	0.00	103.80	DC
29	Bandipora	Batagund Nambal	Outside Forest	15.34	0.00	15.34	DC
30	Bandipora	Bazipura Nambal	Outside Forest	16.96	0.00	16.96	DC
31	Bandipora	Paribal Nambal	Outside Forest	7.45	0.00	7.45	DC
32	Bandipora	Chak Chanadergar	Outside Forest	17.36	0.00	17.36	DC
33	Bandipora	Hakabor Nambal	Outside Forest	10.23	0.00	10.23	DC
34	Bandipora	Pahilpora Nambal	Outside Forest	1.39	0.00	1.39	DC

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35	Bandipora	Panjinara Nambal	Outside Forest	4.49	0.00	4.49	DC
36	Bandipora	Shalteng Nambal	Outside Forest	13.73	0.00	13.73	DC
37	Budgam	Rakh Arat	Outside Forest	464.05	0.00	464	DC
38	Ganderbal	Malshahibagh Nambal	Outside Forest	3.21	0.00	3.21	DC
39	Ganderbal	Barsu Nambal	Outside Forest	26.95	0.00	26.95	DC
40	Ganderbal	Kurag Nambal	Outside Forest	1.52	0.00	1.52	DC
41	Ganderbal	Kurag Nambal	Outside Forest	7.29	0.00	7.29	DC
42	Ganderbal	Devapura Nambal	Outside Forest	24.76	0.00	24.76	DC
43	Ganderbal	Gogajhigund Nambal	Outside Forest	3.42	0.00	3.42	DC
44	Ganderbal	Sindhbal Nambal	Outside Forest	28.38	0.00	28.38	DC
45	Ganderbal	Pahilpura Nambal	Outside Forest	4.13	0.00	4.13	DC
46	Ganderbal	Pethapura Nambal	Outside Forest	20.89	0.00	20.89	DC
47	Kupwara	Teki Pur Sar	Outside Forest	0.92	0.00	0.92	DC
48	Pulwama	Sethargund Nambal	Outside Forest	18.06	0.00	18.06	DC
49	Pulwama	Parigam Sar	Outside Forest	12.96	0.00	12.96	DC
50	Pulwama	Kisirgam Sar	Outside Forest	6.65	0.00	6.65	DC
51	Pulwama	Begambagh Nambal	Outside Forest	18.93	0.00	18.93	DC
52	Srinagar	Chak Nambal	Outside Forest	55.94	0.00	56	DC
53	Srinagar	Mojagund Nambal	Outside Forest	11.13	0.00	11	DC
54	Srinagar	Gangbugh Nambal	Outside Forest	47.37	0.00	47	DC
55	Srinagar	Gangbugh Nambal-II	Outside Forest	14.04	0.00	14	DC
56	Srinagar	Rakhsutu Mud Nambal	Outside Forest	18.82	0.00	19	DC
Total Kashmir (56 Lakes)				**1,240.02**	**0.00**	**1,240.02**	
Total Jammu and Kashmir (259+56=315 Lakes)				**1,537.07**	**0.00**	**1,537.07**	
Sl. No	**District**	**Name of Lake**	**Inside/Outside Forest**	**Topographic image (Topo) 1967**	**Satellite image (SI) 2020**	**Difference (5-6)**	**Controlling Authority**
Divison-wise details of Decrease in area of Lakes						**(Area in Hectares)**	
Jammu Division							
1	Jammu	Chata Sar	Inside Forest	0.52	0.40	0.12	PCCF
2	Jammu	Mawa Sar	Inside Forest	0.42	0.35	0.07	PCCF
3	Kishtwar	Gagar Nai Sar	Inside Forest	1.66	0.55	1.11	PCCF
4	Kishtwar	Handi Mandu Sar	Inside Forest	0.84	0.25	0.59	PCCF
5	Kishtwar	Hok Sar	Inside Forest	2.58	2.27	0.31	PCCF
6	Kishtwar	Kon Nag	Inside Forest	2.41	1.28	1.13	PCCF
7	Kishtwar	Kras Sar	Inside Forest	2.29	0.59	1.70	PCCF
8	Kishtwar	Malgarhu Sar 2	Inside Forest	1.55	0.64	0.91	PCCF
9	Kishtwar	Naginpathar Sar	Inside Forest	2.93	0.76	2.17	PCCF
10	Kishtwar	Naikhoi Nag	Inside Forest	7.52	2.28	5.24	PCCF
11	Kishtwar	Nilgur Sar Lokut	Inside Forest	3.71	0.26	3.45	PCCF
12	Kishtwar	Purmandal Sar	Inside Forest	3.25	2.47	0.78	PCCF
13	Kishtwar	Saras Nag	Inside Forest	7.24	5.44	1.80	PCCF

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
14	Kishtwar	Shil Sar	Inside Forest	3.22	2.63	0.59	PCCF
15	Kishtwar	Shil Sar Lokut	Inside Forest	2.24	1.31	0.93	PCCF
16	Kishtwar	Tulmula Sar	Inside Forest	6.95	6.74	0.21	PCCF
17	Poonch	Barhal Sar	Inside Forest	2.68	2.21	0.47	PCCF
18	Poonch	Bhag Sar	Inside Forest	7.66	7.45	0.21	PCCF
19	Poonch	Bod Gum Sar	Inside Forest	4.00	1.00	3.00	PCCF
20	Poonch	Chambar Sar	Inside Forest	12.53	11.39	1.14	PCCF
21	Poonch	Chhe Sar 1	Inside Forest	3.53	0.73	2.80	PCCF
22	Poonch	Chhe Sar 2	Inside Forest	2.93	1.68	1.25	PCCF
23	Poonch	Ding Sar 1	Inside Forest	2.14	0.84	1.30	PCCF
24	Poonch	Mahra Sar	Inside Forest	0.88	0.67	0.21	PCCF
25	Poonch	Neel Sar 1	Inside Forest	4.00	2.47	1.53	PCCF
26	Poonch	Sannan Sar	Inside Forest	27.51	22.06	5.45	PCCF
27	Rajouri	Panch Gabbar Sar	Inside Forest	6.77	3.46	3.31	PCCF
28	Reasi	Gaga Sar	Inside Forest	4.70	2.37	2.33	PCCF
29	Reasi	Jurya Sar	Inside Forest	2.09	0.09	2.00	PCCF
30	Reasi	Jurya Sar	Inside Forest	2.27	0.76	1.51	PCCF
31	Udhampur	Gharser	Inside Forest	0.87	0.46	0.41	PCCF
32	Doda	Kaplas Sar 1	Outside Forest	8.85	5.33	3.52	DC
33	Doda	Kaplas Sar 4	Outside Forest	1.68	0.58	1.10	DC
34	Jammu	Balowan Sar	Outside Forest	0.64	0.36	0.28	DC
35	Jammu	Barnai Sar	Outside Forest	0.66	0.54	0.12	DC
36	Jammu	Gahi Sar	Outside Forest	0.52	0.37	0.15	DC
37	Jammu	Ghandarwan Sar 1	Outside Forest	0.64	0.53	0.11	DC
38	Jammu	Kalith Sar	Outside Forest	1.79	1.24	0.55	DC
39	Jammu	Kot Sar 2	Outside Forest	0.50	0.41	0.09	DC
40	Jammu	Targoh Sar	Outside Forest	1.04	0.75	0.29	DC
41	Jammu	Tawa Sar	Outside Forest	0.87	0.34	0.53	DC
42	Jammu	Thinda Sar	Outside Forest	0.76	0.29	0.47	DC
43	Jammu	Garh Sar	Outside Forest	0.95	0.35	0.60	WLW
44	Jammu	Ghirana Wetland	Outside Forest	6.78	5.95	0.83	WLW
45	Kathua	Siyagot Sar 1	Outside Forest	0.82	0.08	0.74	DC
46	Kathua	Siyagot Sar 2	Outside Forest	0.91	0.36	0.55	DC
47	Kishtwar	Kali Nag	Outside Forest	15.12	9.88	5.24	DC
48	Poonch	Jamianwali Sar 1	Outside Forest	0.51	0.24	0.27	DC
49	Poonch	Jara Sar 1	Outside Forest	1.32	0.83	0.49	DC
50	Poonch	Jara Sar 2	Outside Forest	1.35	0.54	0.81	DC
51	Ramban	Jabor Sar Bod	Outside Forest	1.95	1.51	0.44	DC
52	Samba	Amwal Sar	Outside Forest	0.87	0.40	0.47	DC
53	Samba	Bari Khad Sar	Outside Forest	0.69	0.67	0.02	DC
54	Samba	Dughor Sar	Outside Forest	1.26	0.75	0.51	DC
55	Samba	Guru Salathian Sar	Outside Forest	1.52	0.35	1.17	DC
56	Samba	Mawa Sar	Outside Forest	1.40	0.86	0.54	DC
57	Samba	Rahiya Sar	Outside Forest	0.83	0.81	0.02	DC
58	Samba	Ranjri Sar	Outside Forest	1.20	0.91	0.29	DC
59	Udhampur	Kotla Sar	Outside Forest	0.73	0.20	0.53	DC
Total Jammu (59 Lakes)				**190.05**	**121.29**	**68.76**	

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
Kashmir Division							
1	Anantnag	Chhumanai Gali Sar	Inside Forest	3.39	3.03	0.36	PCCF
2	Anantnag	Chohar Nag Lokut	Inside Forest	4.59	3.55	1.04	PCCF
3	Anantnag	Dandabari Sar	Inside Forest	1.45	0.88	0.57	PCCF
4	Anantnag	Dod Chhiran Nag 1	Inside Forest	6.31	5.56	0.75	PCCF
5	Anantnag	Dod Chhiran Nag 2	Inside Forest	2.50	0.76	1.74	PCCF
6	Anantnag	Drinyan Sar	Inside Forest	1.20	1.14	0.06	PCCF
7	Anantnag	Girsar Nag	Inside Forest	1.47	0.36	1.11	PCCF
8	Anantnag	Gonhar Sar	Inside Forest	1.58	1.32	0.26	PCCF
9	Anantnag	Gurmisar	Inside Forest	1.46	0.79	0.67	PCCF
10	Anantnag	Kon Nag 1	Inside Forest	10.04	8.63	1.41	PCCF
11	Anantnag	Kon Nag Gali	Inside Forest	8.96	5.05	3.91	PCCF
12	Anantnag	Lakut Nag	Inside Forest	1.00	0.79	0.21	PCCF
13	Anantnag	Mawar Nag	Inside Forest	12.87	5.52	7.35	PCCF
14	Anantnag	Mawar Nag Lakut	Inside Forest	4.68	3.40	1.28	PCCF
15	Anantnag	Nagputan Sar 1	Inside Forest	3.75	3.07	0.68	PCCF
16	Anantnag	Nagputan Sar 2	Inside Forest	3.54	1.51	2.03	PCCF
17	Anantnag	Ruyil Sar	Inside Forest	0.59	0.29	0.30	PCCF
18	Anantnag	Sekiwas Sar	Inside Forest	0.47	0.25	0.22	PCCF
19	Anantnag	Shesh Nag	Inside Forest	64.05	53.72	10.33	PCCF
20	Anantnag	Sona Sar 1	Inside Forest	17.80	16.87	0.93	PCCF
21	Anantnag	Sorus Nag	Inside Forest	21.37	15.68	5.69	PCCF
22	Anantnag	Tuliyan Sar	Inside Forest	9.11	5.01	4.10	PCCF
23	Anantnag	Vimun sar	Inside Forest	1.19	0.79	0.40	PCCF
24	Anantnag	Zissar Nag 1	Inside Forest	5.91	2.04	3.87	PCCF
25	Anantnag	Zissar Nag 2	Inside Forest	4.22	2.24	1.98	PCCF
26	Anantnag	Chanda Sar	Inside Forest	12.34	10.76	1.58	WLW
27	Anantnag	Chhumanai Sar 2	Inside Forest	6.05	3.00	3.05	WLW
28	Anantnag	Doda Sar	Inside Forest	7.58	5.38	2.20	WLW
29	Anantnag	Gandpather Sar	Inside Forest	5.03	1.24	3.79	WLW
30	Anantnag	Munwar Sar	Inside Forest	9.11	8.25	0.86	WLW
31	Anantnag	Sona Sar Lakut / Sar	Inside Forest	0.86	0.52	0.34	WLW
32	Anantnag	Sona Sar 2	Inside Forest	19.31	18.51	0.80	WLW
33	Anantnag	Lakut Sar	Inside Forest	0.38	0.28	0.10	WLW
34	Anantnag	Budru Nag	Inside Forest	1.45	0.66	0.79	WLW
35	Anantnag	Hapat Sar	Inside Forest	0.65	0.47	0.18	WLW
36	Anantnag	Watis Sar	Inside Forest	2.54	1.64	0.90	WLW
37	Bandipora	Bod Hiram Pathri Sar	Inside Forest	7.45	0.66	6.79	PCCF
38	Bandipora	Bod Patalwan Sar	Inside Forest	37.49	31.90	5.59	PCCF
39	Bandipora	Ghulam Sar	Inside Forest	3.06	2.24	0.82	PCCF
40	Bandipora	Handmagar Sar	Inside Forest	3.41	3.01	0.40	PCCF
41	Bandipora	Hiram Pathri Sar	Inside Forest	4.35	3.01	1.34	PCCF
42	Bandipora	Krishan Sar	Inside Forest	34.87	6.44	28.43	PCCF

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
43	Bandipora	Logul Sar	Inside Forest	1.39	1.12	0.27	PCCF
44	Bandipora	Lokut Baib Nar Sar	Inside Forest	1.14	0.61	0.53	PCCF
45	Bandipora	Lokut Chiwti Chhamri Sar	Inside Forest	7.71	7.38	0.33	PCCF
46	Bandipora	Madmatti Sar	Inside Forest	43.61	36.86	6.75	PCCF
47	Bandipora	Nilnai Sar	Inside Forest	1.54	0.97	0.57	PCCF
48	Bandipora	Patalwan Sar	Inside Forest	32.65	31.37	1.28	PCCF
49	Bandipora	Raman Chhish Sar	Inside Forest	2.78	1.67	1.11	PCCF
50	Bandipora	Shira Sar	Inside Forest	2.50	2.21	0.29	PCCF
51	Bandipora	Vishan Sar	Inside Forest	53.19	47.62	5.57	PCCF
52	Bandipora	Watal Sar	Inside Forest	9.28	0.24	9.04	PCCF
53	Bandipora	Zad Sar	Inside Forest	10.31	3.68	6.63	PCCF
54	Bandipora	Kisar Sar	Inside Forest	6.59	5.91	0.68	WLW
55	Baramulla	Mirgund Jhil-I	Outside Forest	272.06	254.36	17.70	WLW
56	Budgam	Hokar Sar	Outside Forest	1,813.08	1,810.07	3.01	WLW
57	Ganderbal	Baribal Sar	Inside Forest	3.90	1.38	2.52	PCCF
58	Ganderbal	Doth Sar	Inside Forest	1.45	1.02	0.43	PCCF
59	Ganderbal	Hoka Sar	Inside Forest	4.21	1.38	2.83	PCCF
60	Ganderbal	Hoka Sar	Inside Forest	3.65	2.32	1.33	PCCF
61	Ganderbal	Nundkol	Inside Forest	38.99	36.63	2.36	PCCF
62	Ganderbal	Prain Gang Sar	Inside Forest	7.11	4.81	2.30	PCCF
63	Ganderbal	Sat Sar	Inside Forest	2.58	2.08	0.50	PCCF
64	Ganderbal	Sona Sar	Inside Forest	3.08	1.08	2.00	PCCF
65	Ganderbal	Shalabugh Nambal	Inside Forest	1,585.82	1,474.63	111.19	WLW
66	Kulgam	Bram Sar	Inside Forest	16.48	15.27	1.21	PCCF
67	Kulgam	Chandan Sar Lakut	Inside Forest	7.06	4.19	2.87	PCCF
68	Kulgam	Chir Sar	Inside Forest	22.04	6.90	15.14	PCCF
69	Kulgam	Dhaklar Sar	Inside Forest	32.90	30.76	2.14	PCCF
70	Kulgam	Hing Sar	Inside Forest	2.57	0.52	2.05	PCCF
71	Kulgam	Indar Sar	Inside Forest	6.01	4.44	1.57	PCCF
72	Kulgam	Makru Sar	Inside Forest	1.94	1.13	0.81	PCCF
73	Kulgam	Nandan Sar	Inside Forest	26.48	25.66	0.82	PCCF
74	Kulgam	Pambasar Sar	Inside Forest	0.43	0.28	0.15	PCCF
75	Kulgam	Ruprigali Sar	Inside Forest	13.55	11.14	2.41	PCCF
76	Kulgam	Unnamed	Inside Forest	0.57	0.14	0.43	PCCF
77	Kulgam	Unnamed	Inside Forest	1.99	1.57	0.42	PCCF
78	Kulgam	Chandan Sar	Inside Forest	16.94	15.38	1.56	WLW
79	Kulgam	Laksukh Sar	Inside Forest	31.42	30.27	1.15	WLW
80	Kupwara	Boban Sar	Inside Forest	0.82	0.81	0.01	PCCF
81	Kupwara	Gang Sar	Inside Forest	0.45	0.28	0.17	PCCF
82	Kupwara	Unnamed	Inside Forest	2.36	0.58	1.78	PCCF
83	Pulwama	Pambach Khod	Inside Forest	1.75	0.87	0.88	PCCF
84	Pulwama	Pambagai Lake	Inside Forest	1.41	0.36	1.05	PCCF
85	Bandipora	Baibnar Sar	Outside Forest	4.46	1.88	2.58	DC

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
86	Bandipora	Chandargar Nambal	Outside Forest	21.21	10.68	10.53	DC
87	Bandipora	Gosia Sar	Outside Forest	0.46	0.18	0.28	DC
88	Bandipora	Gund-I-Khalil Sar (Tsore Teng)	Outside Forest	21.68	3.24	18.44	DC
89	Bandipora	Khanpeth Nambal	Outside Forest	1.45	1.34	0.11	DC
90	Bandipora	Khomina Namball	Outside Forest	67.85	29.85	38.00	DC
91	Bandipora	Khurwan Sar	Outside Forest	10.76	9.43	1.33	DC
92	Bandipora	Mukhdamyari Nambal	Outside Forest	41.64	24.93	16.71	DC
93	Bandipora	Naidkhai Nambal	Outside Forest	40.67	38.89	1.78	DC
94	Bandipora	Naz Nambal	Outside Forest	11.73	8.69	3.04	DC
95	Bandipora	Poshwari Nambal	Outside Forest	9.14	3.20	5.94	DC
96	Bandipora	Rakh Hajan	Outside Forest	26.04	8.25	17.79	DC
97	Bandipora	Rakhi Dusilpor	Outside Forest	6.81	1.47	5.34	DC
98	Bandipora	Sadunara Hastikhan Nambal	Outside Forest	51.98	36.31	15.67	DC
99	Bandipora	Sarikhan Nambal	Outside Forest	23.41	5.03	18.38	DC
100	Bandipora	Shiekh Sar	Outside Forest	8.32	6.07	2.25	DC
101	Bandipora	Sudarkut Nambal	Outside Forest	172.73	143.81	28.92	DC
102	Bandipora	Tundpura Nambal	Outside Forest	23.54	16.91	6.63	DC
103	Bandipora	Zinipura Nambal	Outside Forest	57.25	40.43	16.82	DC
104	Baramulla	Buna Naugam Nambal	Outside Forest	248.44	200.37	48.07	DC
105	Baramulla	Ferozpur Nambal	Outside Forest	43.57	26.85	16.72	DC
106	Baramulla	Frozen Lake	Outside Forest	3.25	1.03	2.22	DC
107	Baramulla	Kanispora Nambal	Outside Forest	30.46	14.24	16.22	DC
108	Baramulla	Konsar Nar	Outside Forest	1.74	0.15	1.59	DC
109	Baramulla	Panznor Nambal	Outside Forest	25.60	7.86	17.74	DC
110	Ganderbal	Ahan Sar	Outside Forest	27.71	14.18	13.53	DC
111	Ganderbal	Ancher-II	Outside Forest	3.68	1.37	2.31	DC
112	Ganderbal	Gundmumin Nambal	Outside Forest	5.54	0.20	5.34	DC
113	Ganderbal	Hakimgund Nambal	Outside Forest	68.65	27.89	40.76	DC
114	Ganderbal	Khanpur Sar	Outside Forest	39.36	11.89	27.47	DC
115	Ganderbal	Rakh-i-Kujar	Outside Forest	449.73	382.74	66.99	DC
116	Ganderbal	Rakh-i-Rabitar	Outside Forest	698.45	406.03	292.42	DC
117	Ganderbal	Salhar Nag	Outside Forest	12.49	12.30	0.19	DC
118	Ganderbal	Waskur Sar	Outside Forest	72.66	22.18	50.48	DC
119	Kupwara	Awatkul Sar	Outside Forest	2.10	0.14	1.96	DC
120	Kupwara	Badrahar Sar	Outside Forest	3.07	2.99	0.08	DC
121	Kupwara	Bod Sar	Outside Forest	5.54	4.66	0.88	DC
122	Kupwara	Buta Sar	Outside Forest	4.03	3.67	0.36	DC
123	Kupwara	Chak Natnus Sar	Outside Forest	1.50	0.90	0.60	DC
124	Kupwara	Charlie Sar	Outside Forest	2.61	1.72	0.89	DC
125	Kupwara	Dadiwar Sar	Outside Forest	1.27	0.94	0.33	DC
126	Kupwara	Kan Sar	Outside Forest	19.98	14.99	4.99	DC

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
127	Kupwara	Khaipur Sar	Outside Forest	1.96	0.79	1.17	DC
128	Kupwara	Lasipur Sar	Outside Forest	3.06	3.01	0.05	DC
129	Kupwara	Lokut Sar	Outside Forest	1.50	1.42	0.08	DC
130	Kupwara	Maidanpura Sar	Outside Forest	0.92	0.56	0.36	DC
131	Kupwara	Muqam Sar	Outside Forest	2.04	1.61	0.43	DC
132	Kupwara	Nagradnar Sar	Outside Forest	1.91	1.58	0.33	DC
133	Kupwara	Narain Sar	Outside Forest	6.20	5.41	0.79	DC
134	Kupwara	Natnusa Sar	Outside Forest	7.17	6.00	1.17	DC
135	Kupwara	Rakh Shehtal	Outside Forest	2.78	2.48	0.30	DC
136	Kupwara	Rupi Sar	Outside Forest	3.35	3.16	0.19	DC
137	Kupwara	Thundus Sar	Outside Forest	1.70	1.23	0.47	DC
138	Pulwama	Chhatalan Sar	Outside Forest	3.14	0.14	3.00	DC
139	Pulwama	Galandar Sar	Outside Forest	47.75	29.94	17.81	DC
140	Pulwama	Malangpur Nambal	Outside Forest	131.20	124.68	6.52	DC
141	Pulwama	Phashakuri Sar	Outside Forest	11.57	6.10	5.47	WLW
142	Srinagar	Anchar Lake	Outside Forest	1,208.55	1,157.88	50.67	LC&MA
143	Srinagar	Bababemb	Outside Forest	33.40	31.00	2.40	DC
144	Srinagar	Khushalsar	Outside Forest	90.52	84.03	6.49	LC&MA
Total Kashmir (144 Lakes)				**8,376.50**	**7,131.07**	**1,245.43**	
Total Jammu and Kashmir (59+144=203 Lakes)				**8,566.55**	**7,252.36**	**1,314.19**	
Division-wise details of Increase in area of Lakes						**(Area in Hectares)**	
Jammu Division							
1	Jammu	Suruin Sar	Inside Forest	24.23	28.60	4.37	WLW
2	Kishtwar	Nagimandu Sar	Inside Forest	0.40	0.80	0.40	PCCF
3	Kishtwar	Zar Nag	Inside Forest	0.92	10.27	9.35	PCCF
4	Kishtwar	Kutabal Nag	Inside Forest	1.91	2.68	0.77	PCCF
5	Kishtwar	Margan Sar	Inside Forest	2.37	2.63	0.26	PCCF
6	Kishtwar	Drinyan Sar	Inside Forest	2.44	7.91	5.47	PCCF
7	Kishtwar	Khelan Nag	Inside Forest	2.95	7.85	4.90	PCCF
8	Kishtwar	Ditap Nag	Inside Forest	5.62	5.81	0.19	PCCF
9	Kishtwar	Saris Nag	Inside Forest	15.26	25.85	10.59	PCCF
10	Kishtwar	Naganandar Sar	Inside Forest	9.39	11.37	1.98	PCCF
11	Kishtwar	Nilgur Sar Bod	Inside Forest	6.94	7.49	0.55	PCCF
12	Kishtwar	Malgarhu Sar 1	Inside Forest	8.97	9.48	0.51	PCCF
13	Poonch	Gum Sar 2	Inside Forest	2.07	2.15	0.08	PCCF
14	Poonch	Marguri Sar 1	Inside Forest	5.43	5.53	0.10	PCCF
15	Poonch	Katori Sar	Inside Forest	9.85	10.32	0.47	PCCF
16	Rajouri	Bela Sar	Inside Forest	2.45	3.30	0.85	PCCF
17	Rajouri	Katori Sar	Inside Forest	3.21	4.39	1.18	PCCF
18	Rajouri	Simar Sar	Inside Forest	8.82	15.46	6.64	WLW
19	Reasi	Thinamarg	Inside Forest	0.45	1.02	0.57	PCCF
20	Udhampur	Mansar Lake	Inside Forest	57.19	58.61	1.42	WLW
21	Udhampur	Dalsar	Outside Forest	0.83	1.51	0.68	DC
22	Doda	Kaplas Sar 3	Outside Forest	1.09	1.12	0.03	DC
23	Doda	Kaplas Sar 2	Outside Forest	1.28	2.57	1.29	DC
24	Doda	Kaplas Nag	Outside Forest	1.96	2.10	0.14	DC

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
25	Jammu	Tacharwan Sar	Outside Forest	0.27	0.50	0.23	DC
26	Jammu	Barola Sar	Outside Forest	0.30	0.38	0.08	DC
27	Jammu	Mandrean Sar	Outside Forest	0.36	0.41	0.05	DC
28	Jammu	Barui Sar	Outside Forest	0.39	0.59	0.20	DC
29	Jammu	Patoni Sar	Outside Forest	0.40	0.52	0.12	DC
30	Jammu	Jagwal Sar	Outside Forest	0.41	0.68	0.27	DC
31	Jammu	Naugiran Sar	Outside Forest	0.46	0.51	0.05	DC
32	Jammu	Kot Sar 1	Outside Forest	0.54	0.78	0.24	DC
33	Jammu	Mundh Talao	Outside Forest	0.59	0.69	0.10	DC
34	Jammu	Tiriai Sar	Outside Forest	0.73	0.85	0.12	DC
35	Jammu	Gura Sar	Outside Forest	0.83	1.06	0.23	DC
36	Jammu	Akhnoor Sar	Outside Forest	1.09	1.98	0.89	DC
37	Jammu	Sangani Sar	Outside Forest	1.18	1.24	0.06	DC
38	Kishtwar	Kaintal Sar	Outside Forest	0.51	0.97	0.46	DC
39	Kishtwar	Shazun Nag	Outside Forest	1.98	3.48	1.50	DC
40	Kishtwar	Dudhar Sar	Outside Forest	3.39	7.59	4.20	DC
41	Poonch	Handnal Sar	Outside Forest	0.88	2.05	1.17	DC
42	Poonch	Jamianwali Sar 2	Outside Forest	0.90	0.93	0.03	DC
43	Samba	Pati Sar	Outside Forest	0.28	0.41	0.13	DC
44	Samba	Gura Sar	Outside Forest	0.40	0.47	0.07	DC
45	Samba	Kargal Sar	Outside Forest	0.90	1.02	0.12	DC
46	Udhampur	Kali Kund Sar	Outside Forest	3.22	4.86	1.64	DC
Total Jammu (46 Lakes)				**196.04**	**260.79**	**64.75**	
Kashmir Division							
1	Anantnag	Chang Sar	Inside Forest	0.84	1.13	0.29	PCCF
2	Anantnag	Dod Chhiran Nag 3	Inside Forest	3.03	3.20	0.17	PCCF
3	Anantnag	Langinal Nag	Inside Forest	3.60	5.45	1.85	PCCF
4	Anantnag	Charinag	Inside Forest	19.19	19.31	0.12	PCCF
5	Anantnag	Hirubagwan Sar	Inside Forest	16.47	16.84	0.37	PCCF
6	Anantnag	Chhumanai Sar	Inside Forest	7.86	18.01	10.15	WLW
7	Anantnag	Chhumanai Sar 1	Inside Forest	3.19	8.50	5.31	WLW
8	Anantnag	Dudhnag	Inside Forest	11.83	11.94	0.11	WLW
9	Anantnag	Handilsar	Inside Forest	18.80	19.63	0.83	WLW
10	Anantnag	Har Nag	Inside Forest	33.28	33.46	0.18	WLW
11	Anantnag	Hoka Sar	Inside Forest	3.62	4.36	0.74	WLW
12	Anantnag	Katar Nag	Inside Forest	2.90	3.19	0.29	WLW
13	Anantnag	Tarsar	Inside Forest	83.23	84.99	1.76	WLW
14	Anantnag	Tson	Inside Forest	8.87	14.14	5.27	WLW
15	Anantnag	Girwar Nag	Inside Forest	1.68	1.99	0.31	WLW
16	Anantnag	Gumhar/ Gumbar Sar	Inside Forest	1.94	2.39	0.45	WLW
17	Bandipora	Lokut Patalwan Sar	Inside Forest	0.15	1.07	0.92	PCCF
18	Bandipora	Lokut Sar	Inside Forest	0.89	5.53	4.64	PCCF
19	Bandipora	Lokut Chhitrar Nar Sar	Inside Forest	0.96	1.82	0.86	PCCF

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
20	Bandipora	Unnamed Lake	Inside Forest	0.98	1.03	0.05	PCCF
21	Bandipora	Gad Sar Lokut	Inside Forest	1.46	1.50	0.04	PCCF
22	Bandipora	Karunpathar Sar	Inside Forest	1.65	1.68	0.03	PCCF
23	Bandipora	Lokut Karunpathar Sar	Inside Forest	1.97	3.03	1.06	PCCF
24	Bandipora	Nabler Sar	Inside Forest	2.55	3.97	1.42	PCCF
25	Bandipora	Mianmarg Sar	Inside Forest	2.65	4.78	2.13	PCCF
26	Bandipora	Unnamed Lake	Inside Forest	3.20	4.44	1.24	PCCF
27	Bandipora	Gagar Sar	Inside Forest	3.48	4.80	1.32	PCCF
28	Bandipora	Sat Sar	Inside Forest	3.55	5.15	1.60	PCCF
29	Bandipora	Karu Sar	Inside Forest	4.02	7.39	3.37	PCCF
30	Bandipora	Suka Sar	Inside Forest	4.29	6.92	2.63	PCCF
31	Bandipora	Sarbal Sar	Inside Forest	25.28	26.55	1.27	PCCF
32	Bandipora	Kaul Sar	Inside Forest	9.88	10.20	0.32	PCCF
33	Bandipora	Gad Sar	Inside Forest	13.47	40.40	26.93	PCCF
34	Bandipora	Salnai Sar	Inside Forest	32.85	34.26	1.41	PCCF
35	Bandipora	Bod Chitti Chamri Sar	Inside Forest	7.50	10.28	2.78	PCCF
36	Bandipora	Nichnai Sar	Inside Forest	12.71	13.18	0.47	PCCF
37	Ganderbal	Salma Sar	Inside Forest	0.53	2.00	1.47	PCCF
38	Ganderbal	Masthokar Sar	Inside Forest	0.60	3.46	2.86	PCCF
39	Ganderbal	Krim Sar	Inside Forest	0.61	2.73	2.12	PCCF
40	Ganderbal	Nichinai Nag	Inside Forest	0.92	1.96	1.04	PCCF
41	Ganderbal	Kan Sar	Inside Forest	1.11	4.65	3.54	PCCF
42	Ganderbal	Sat Sar	Inside Forest	1.64	1.74	0.10	PCCF
43	Ganderbal	Sat Sar	Inside Forest	1.75	3.15	1.40	PCCF
44	Ganderbal	Gumbur Sar	Inside Forest	2.46	2.98	0.52	PCCF
45	Ganderbal	Gangabal Lake	Inside Forest	155.85	162.79	6.94	PCCF
46	Ganderbal	Yamhar Sar	Inside Forest	8.77	12.03	3.26	PCCF
47	Ganderbal	Kaul Sar	Inside Forest	6.78	11.82	5.04	PCCF
48	Ganderbal	Andurn Sar	Inside Forest	10.72	13.34	2.62	PCCF
49	Ganderbal	Lolgul Sar	Inside Forest	13.23	15.31	2.08	PCCF
50	Ganderbal	Kana Sar	Inside Forest	5.72	6.58	0.86	PCCF
51	Ganderbal	Yamhar Sar	Inside Forest	6.39	8.42	2.03	PCCF
52	Kulgam	Pambasar Sar	Inside Forest	0.49	1.21	0.72	PCCF
53	Kulgam	Rupri Gali Sar	Inside Forest	4.77	6.12	1.35	PCCF
54	Kulgam	Konsar Nag	Inside Forest	131.15	133.31	2.16	PCCF
55	Kulgam	Kotori Sar	Inside Forest	11.71	12.16	0.45	PCCF
56	Kulgam	Barani Sar	Inside Forest	11.52	13.02	1.50	PCCF
57	Kulgam	Golia Sar	Inside Forest	20.85	21.48	0.63	PCCF
58	Kulgam	Barani Sar Lakut	Inside Forest	11.18	11.38	0.20	PCCF
59	Kulgam	Bhag Sar	Inside Forest	66.70	70.11	3.41	WLW
60	Kupwara	Kaindogarnag Sar	Inside Forest	0.55	1.23	0.68	PCCF
61	Kupwara	Buna Wadar Sar	Inside Forest	0.77	1.74	0.97	PCCF
62	Kupwara	Nagradnar Sar	Inside Forest	1.00	3.53	2.53	PCCF
63	Kupwara	Yamrad Sar	Inside Forest	1.62	1.85	0.23	PCCF
64	Kupwara	Chornar Sar	Inside Forest	2.61	3.72	1.11	PCCF

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
65	Srinagar	Marsar Lake	Inside Forest	39.33	43.71	4.38	WLW
66	Bandipora	Malapura Sar	Outside Forest	1.87	25.97	24.10	DC
67	Bandipora	Rakh-I Malgom	Outside Forest	209.36	211.48	2.12	DC
68	Bandipora	Chanpaz Mahal Nambal	Outside Forest	11.43	14.42	2.99	DC
69	Bandipora	Chak Sudarkut Bala	Outside Forest	10.94	19.01	8.07	DC
70	Bandipora	Wudin Sar	Outside Forest	8.00	8.12	0.12	DC
71	Bandipora	Chirangpura Nambal	Outside Forest	7.32	21.12	13.80	DC
72	Bandipora	Malikpur Sar	Outside Forest	6.77	7.39	0.62	DC
73	Baramulla	Tungban Sar	Outside Forest	0.58	1.12	0.54	DC
74	Baramulla	Kantar Nag Sar	Outside Forest	1.62	2.50	0.88	DC
75	Baramulla	Gathgopal	Outside Forest	130.48	237.90	107.42	DC
76	Baramulla	Bod Nambal/Gad Sar	Outside Forest	57.33	57.49	0.16	DC
77	Baramulla	Mirgund Jhil-II	Outside Forest	47.16	49.88	2.72	WLW
78	Budgam	Narkura Nambal	Outside Forest	349.40	359.35	9.95	DC
79	Kupwara	Lalpura Sar	Outside Forest	0.73	1.19	0.46	DC
80	Kupwara	Mukam Shareif Sar	Outside Forest	0.91	1.09	0.18	DC
81	Kupwara	Sar	Outside Forest	0.92	0.96	0.04	DC
82	Kupwara	Redanag Sar	Outside Forest	1.00	1.68	0.68	DC
83	Kupwara	Chandigam Sar	Outside Forest	1.18	1.29	0.11	DC
84	Kupwara	Pal Nar Sar	Outside Forest	1.34	1.43	0.09	DC
85	Kupwara	Pir Sar	Outside Forest	1.50	2.23	0.73	DC
86	Kupwara	Doruswain Sar	Outside Forest	1.52	1.67	0.15	DC
87	Kupwara	Redanag	Outside Forest	1.59	1.73	0.14	DC
88	Kupwara	Manchher Sar	Outside Forest	1.65	1.83	0.18	DC
89	Kupwara	Bakihakar	Outside Forest	1.67	1.76	0.09	DC
90	Kupwara	Gujar Pattisar	Outside Forest	1.73	3.09	1.36	DC
91	Kupwara	Gund Manchar Sar	Outside Forest	1.75	2.42	0.67	DC
92	Kupwara	Natnus Sar	Outside Forest	1.91	2.95	1.04	DC
93	Kupwara	Sar	Outside Forest	1.96	2.03	0.07	DC
94	Kupwara	Kandi Sar	Outside Forest	2.14	2.46	0.32	DC
95	Kupwara	Bhagatpura Sar	Outside Forest	2.16	2.92	0.76	DC
96	Kupwara	Nurdin Khan Chak Sar	Outside Forest	2.27	3.23	0.96	DC
97	Kupwara	Sogam Sar	Outside Forest	2.62	4.72	2.10	DC
98	Kupwara	Nag Reddi	Outside Forest	2.72	3.72	1.00	DC
99	Kupwara	Sar	Outside Forest	2.87	3.42	0.55	DC
100	Pulwama	Drangbal Nambal	Outside Forest	11.91	15.55	3.64	DC
101	Pulwama	Ech Nambal	Outside Forest	5.86	10.11	4.25	DC
102	Pulwama	Bodsar/Chatlam	Outside Forest	53.11	56.57	3.46	WLW
103	Srinagar	Dal Lake	Outside Forest	2324.75	2460.55	135.80	LC&MA
104	Srinagar	Gilsar	Outside Forest	5.25	7.51	2.26	LC&MA
Total Kashmir (104 Lakes)				**4,154.43**	**4,627.90**	**473.47**	
Total Jammu and Kashmir (46+104=150 Lakes)				**4,350.47**	**4,888.69**	**538.22**	

Sl. No	District	Name of Lake	Inside/ Outside Forest	Topographic image (Topo) 1967	Satellite image (SI) 2020	Difference (5-6)	Controlling Authority
Division-wise details of area of Lakes remaining static						**(Area in Hectares)**	
Jammu Division							
1	Kishtwar	Kain Nag	Inside Forest	0.68	0.68	0.00	PCCF
2	Poonch	Chinarmarg Sar 1	Outside Forest	0.31	0.31	0.00	DC
3	Samba	Dansal Sar	Outside Forest	0.63	0.63	0.00	DC
Total Jammu (03 Lakes)				**1.62**	**1.62**	**0.00**	
Kashmir Division							
1	Anantnag	Chohar Nag	Inside Forest	10.67	10.67	0.00	PCCF
2	Budgam	Kharmarg Sar	Inside Forest	2.70	2.70	0.00	PCCF
3	Budgam	Sainmarg Sar	Inside Forest	3.60	3.60	0.00	PCCF
4	Budgam	Nil Nag	Inside Forest	7.46	7.46	0.00	PCCF
5	Budgam	Magrusar	Inside Forest	7.01	7.01	0.00	PCCF
6	Budgam	Ainpat Sar	Inside Forest	5.47	5.47	0.00	PCCF
7	Budgam	Ainpat Sar Bod	Inside Forest	10.33	10.33	0.00	PCCF
8	Shopian	Gumsar	Inside Forest	1.96	1.96	0.00	PCCF
9	Bandipora	Wular Lake	Outside Forest	13,325.35	13,325.35	0.00	DC
10	Baramulla	Haigam Jhil	Outside Forest	754.21	754.21	0.00	WLW
11	Budgam	Gurwan Sar Lokut	Outside Forest	1.53	1.53	0.00	DC
12	Budgam	Wogur Sar	Outside Forest	1.85	1.85	0.00	DC
13	Budgam	Chinamarg Sar	Outside Forest	2.17	2.17	0.00	DC
14	Budgam	Gurwan Sar	Outside Forest	2.56	2.56	0.00	DC
15	Budgam	Shiv Nag	Outside Forest	3.33	3.33	0.00	DC
16	Budgam	Gurwan Sar Bod	Outside Forest	4.66	4.66	0.00	DC
17	Budgam	Lokut Sar	Outside Forest	4.98	4.98	0.00	DC
18	Budgam	Bodh Sar	Outside Forest	43.87	43.87	0.00	DC
19	Budgam	Pam Sar	Outside Forest	23.95	23.95	0.00	DC
20	Budgam	Daman Sar	Outside Forest	14.32	14.32	0.00	DC
21	Budgam	Navkan Sar	Outside Forest	13.79	13.79	0.00	DC
22	Budgam	Pathri Sar	Outside Forest	11.00	11.00	0.00	DC
23	Budgam	Navkan Sar Lakut	Outside Forest	8.85	8.85	0.00	DC
24	Budgam	Khara Sar	Outside Forest	8.12	8.12	0.00	DC
25	Ganderbal	Manasbal Lake	Outside Forest	260.00	260.00	0.00	DC
26	Shopian	Thal Sar	Outside Forest	0.40	0.40	0.00	DC
Total Kashmir (26 Lakes)				**14,534.14**	**14,534.14**	**0.00**	
Total Jammu and Kashmir (03+26=29 Lakes)				**14,535.76**	**14,535.76**	**0.00**	

Province	Total Division – wise of J&K	Disappeared Lakes		Decrease in area of Lakes				Increase in area of Lakes				No change in area of Lakes	
		No. of Lakes	Total Area	No. of Lakes	Area in 1967	Area in 2014 / 2020	Total	No. of Lakes	Area in 1967	Area in 2014 / 2020	Total	No. of Lakes	Area in 1967
Jammu	**367**	**259**	**297.05**	**59**	**190.05**	**121.29**	**68.76**	**46**	**196.04**	**260.79**	**64.75**	**3**	**1.62**
Kashmir	**330**	**56**	**1,240.02**	**144**	**8,376.50**	**7,131.07**	**1,245.43**	**104**	**4,154.43**	**4,627.9**	**473.47**	**26**	**14,534.14**
Total	**697**	**315**	**1,537.07**	**203**	**8,566.55**	**7,252.36**	**1,314.19**	**150**	**4,350.47**	**4,888.69**	**538.22**	**29**	**14,535.76**

Appendix-2.2

(Reference: Paragraphs No. 2.2.1 and 2.5)

Department/ Jurisdiction/ Lake-wise details of change in area of Lakes

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
Details of Decreased area of Lakes falling under Jurisdiction of PCCF						**(Area In Hectares)**	
1	Jammu	Chata Sar	Inside Forest	0.52	0.40	0.12	PCCF
2	Jammu	Mawa Sar	Inside Forest	0.42	0.35	0.07	PCCF
3	Kishtwar	Gagar Nai Sar	Inside Forest	1.66	0.55	1.11	PCCF
4	Kishtwar	Handi Mandu Sar	Inside Forest	0.84	0.25	0.59	PCCF
5	Kishtwar	Hok Sar	Inside Forest	2.58	2.27	0.31	PCCF
6	Kishtwar	Kon Nag	Inside Forest	2.41	1.28	1.13	PCCF
7	Kishtwar	Kras Sar	Inside Forest	2.29	0.59	1.70	PCCF
8	Kishtwar	Malgarhu Sar 2	Inside Forest	1.55	0.64	0.91	PCCF
9	Kishtwar	Naginpathar Sar	Inside Forest	2.93	0.76	2.17	PCCF
10	Kishtwar	Naikhoi Nag	Inside Forest	7.52	2.28	5.24	PCCF
11	Kishtwar	Nilgur Sar Lokut	Inside Forest	3.71	0.26	3.45	PCCF
12	Kishtwar	Purmandal Sar	Inside Forest	3.25	2.47	0.78	PCCF
13	Kishtwar	Saras Nag	Inside Forest	7.24	5.44	1.80	PCCF
14	Kishtwar	Shil Sar	Inside Forest	3.22	2.63	0.59	PCCF
15	Kishtwar	Shil Sar Lokut	Inside Forest	2.24	1.31	0.93	PCCF
16	Kishtwar	Tulmula Sar	Inside Forest	6.95	6.74	0.21	PCCF
17	Poonch	Barhal Sar	Inside Forest	2.68	2.21	0.47	PCCF
18	Poonch	Bhag Sar	Inside Forest	7.66	7.45	0.21	PCCF
19	Poonch	Bod Gum Sar	Inside Forest	4.00	1.00	3.00	PCCF
20	Poonch	Chambar Sar	Inside Forest	12.53	11.39	1.14	PCCF
21	Poonch	Chhe Sar 1	Inside Forest	3.53	0.73	2.80	PCCF
22	Poonch	Chhe Sar 2	Inside Forest	2.93	1.68	1.25	PCCF
23	Poonch	Ding Sar 1	Inside Forest	2.14	0.84	1.30	PCCF
24	Poonch	Mahra Sar	Inside Forest	0.88	0.67	0.21	PCCF
25	Poonch	Neel Sar 1	Inside Forest	4.00	2.47	1.53	PCCF
26	Poonch	Sannan Sar	Inside Forest	27.51	22.06	5.45	PCCF
27	Rajouri	Panch Gabbar Sar	Inside Forest	6.77	3.46	3.31	PCCF
28	Reasi	Gaga Sar	Inside Forest	4.70	2.37	2.33	PCCF
29	Reasi	Jurya Sar	Inside Forest	2.09	0.09	2.00	PCCF
30	Reasi	Jurya Sar	Inside Forest	2.27	0.76	1.51	PCCF
31	Udhampur	Gharser	Inside Forest	0.87	0.46	0.41	PCCF
32	Anantnag	Chhumanai Gali Sar	Inside Forest	3.39	3.03	0.36	PCCF
33	Anantnag	Chohar Nag Lokut	Inside Forest	4.59	3.55	1.04	PCCF
34	Anantnag	Dandabari Sar	Inside Forest	1.45	0.88	0.57	PCCF
35	Anantnag	Dod Chhiran Nag 1	Inside Forest	6.31	5.56	0.75	PCCF
36	Anantnag	Dod Chhiran Nag 2	Inside Forest	2.50	0.76	1.74	PCCF
37	Anantnag	Drinyan Sar	Inside Forest	1.20	1.14	0.06	PCCF
38	Anantnag	Girsar Nag	Inside Forest	1.47	0.36	1.11	PCCF
39	Anantnag	Gonhar Sar	Inside Forest	1.58	1.32	0.26	PCCF
40	Anantnag	Gurmisar	Inside Forest	1.46	0.79	0.67	PCCF
41	Anantnag	Kon Nag 1	Inside Forest	10.04	8.63	1.41	PCCF
42	Anantnag	Kon Nag Gali	Inside Forest	8.96	5.05	3.91	PCCF
43	Anantnag	Lakut Nag	Inside Forest	1.00	0.79	0.21	PCCF
44	Anantnag	Mawar Nag	Inside Forest	12.87	5.52	7.35	PCCF
45	Anantnag	Mawar Nag Lakut	Inside Forest	4.68	3.40	1.28	PCCF
46	Anantnag	Nagputan Sar 1	Inside Forest	3.75	3.07	0.68	PCCF
47	Anantnag	Nagputan Sar 2	Inside Forest	3.54	1.51	2.03	PCCF
48	Anantnag	Ruyil Sar	Inside Forest	0.59	0.29	0.30	PCCF
49	Anantnag	Sekiwas Sar	Inside Forest	0.47	0.25	0.22	PCCF
50	Anantnag	Shesh Nag	Inside Forest	64.05	53.72	10.33	PCCF
51	Anantnag	Sona Sar 1	Inside Forest	17.80	16.87	0.93	PCCF
52	Anantnag	Sorus Nag	Inside Forest	21.37	15.68	5.69	PCCF
53	Anantnag	Tuliyan Sar	Inside Forest	9.11	5.01	4.10	PCCF
54	Anantnag	Vimun sar	Inside Forest	1.19	0.79	0.40	PCCF

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
55	Anantnag	Zissar Nag 1	Inside Forest	5.91	2.04	3.87	PCCF
56	Anantnag	Zissar Nag 2	Inside Forest	4.22	2.24	1.98	PCCF
57	Bandipora	Bod Hiram Pathri Sar	Inside Forest	7.45	0.66	6.79	PCCF
58	Bandipora	Bod Patalwan Sar	Inside Forest	37.49	31.90	5.59	PCCF
59	Bandipora	Ghulam Sar	Inside Forest	3.06	2.24	0.82	PCCF
60	Bandipora	Handmagar Sar	Inside Forest	3.41	3.01	0.40	PCCF
61	Bandipora	Hiram Pathri Sar	Inside Forest	4.35	3.01	1.34	PCCF
62	Bandipora	Krishan Sar	Inside Forest	34.87	6.44	28.43	PCCF
63	Bandipora	Logul Sar	Inside Forest	1.39	1.12	0.27	PCCF
64	Bandipora	Lokut Baib Nar Sar	Inside Forest	1.14	0.61	0.53	PCCF
65	Bandipora	Lokut Chiwti Chhamri Sar	Inside Forest	7.71	7.38	0.33	PCCF
66	Bandipora	Madmatti Sar	Inside Forest	43.61	36.86	6.75	PCCF
67	Bandipora	Nilnai Sar	Inside Forest	1.54	0.97	0.57	PCCF
68	Bandipora	Patalwan Sar	Inside Forest	32.65	31.37	1.28	PCCF
69	Bandipora	Raman Chhish Sar	Inside Forest	2.78	1.67	1.11	PCCF
70	Bandipora	Shira Sar	Inside Forest	2.50	2.21	0.29	PCCF
71	Bandipora	Vishan Sar	Inside Forest	53.19	47.62	5.57	PCCF
72	Bandipora	Watal Sar	Inside Forest	9.28	0.24	9.04	PCCF
73	Bandipora	Zad Sar	Inside Forest	10.31	3.68	6.63	PCCF
74	Ganderbal	Baribal Sar	Inside Forest	3.90	1.38	2.52	PCCF
75	Ganderbal	Doth Sar	Inside Forest	1.45	1.02	0.43	PCCF
76	Ganderbal	Hoka Sar	Inside Forest	4.21	1.38	2.83	PCCF
77	Ganderbal	Hoka Sar	Inside Forest	3.65	2.32	1.33	PCCF
78	Ganderbal	Nundkol	Inside Forest	38.99	36.63	2.36	PCCF
79	Ganderbal	Prain Gang Sar	Inside Forest	7.11	4.81	2.30	PCCF
80	Ganderbal	Sat Sar	Inside Forest	2.58	2.08	0.50	PCCF
81	Ganderbal	Sona Sar	Inside Forest	3.08	1.08	2.00	PCCF
82	Kulgam	Bram Sar	Inside Forest	16.48	15.27	1.21	PCCF
83	Kulgam	Chandan Sar Lakut	Inside Forest	7.06	4.19	2.87	PCCF
84	Kulgam	Chir Sar	Inside Forest	22.04	6.90	15.14	PCCF
85	Kulgam	Dhaklar Sar	Inside Forest	32.90	30.76	2.14	PCCF
86	Kulgam	Hing Sar	Inside Forest	2.57	0.52	2.05	PCCF
87	Kulgam	Indar Sar	Inside Forest	6.01	4.44	1.57	PCCF
88	Kulgam	Makru Sar	Inside Forest	1.94	1.13	0.81	PCCF
89	Kulgam	Nandan Sar	Inside Forest	26.48	25.66	0.82	PCCF
90	Kulgam	Pambasar Sar	Inside Forest	0.43	0.28	0.15	PCCF
91	Kulgam	Ruprigali Sar	Inside Forest	13.55	11.14	2.41	PCCF
92	Kulgam	Unnamed	Inside Forest	0.57	0.14	0.43	PCCF
93	Kulgam	Unnamed	Inside Forest	1.99	1.57	0.42	PCCF
94	Kupwara	Boban Sar	Inside Forest	0.82	0.81	0.01	PCCF
95	Kupwara	Gang Sar	Inside Forest	0.45	0.28	0.17	PCCF
96	Kupwara	Unnamed	Inside Forest	2.36	0.58	1.78	PCCF
97	Pulwama	Pambach Khod	Inside Forest	1.75	0.87	0.88	PCCF
98	Pulwama	Pambagai Lake	Inside Forest	1.42	0.36	1.06	PCCF
Total Decreased Lakes of PCCF (98 Lakes)				**787.91**	**564.70**	**223.20**	
Details of Decreased area of Lake falling under Jurisdiction of District Administration						**(Area In Hectares)**	
1	Doda	Kaplas Sar 1	Outside Forest	8.85	5.33	3.52	DC
2	Doda	Kaplas Sar 4	Outside Forest	1.68	0.58	1.10	DC
3	Jammu	Balowan Sar	Outside Forest	0.64	0.36	0.28	DC
4	Jammu	Barnai Sar	Outside Forest	0.66	0.54	0.12	DC
5	Jammu	Gahi Sar	Outside Forest	0.52	0.37	0.15	DC
6	Jammu	Ghandarwan Sar 1	Outside Forest	0.64	0.53	0.11	DC
7	Jammu	Kalith Sar	Outside Forest	1.79	1.24	0.55	DC
8	Jammu	Kot Sar 2	Outside Forest	0.50	0.41	0.09	DC
9	Jammu	Targoh Sar	Outside Forest	1.04	0.75	0.29	DC
10	Jammu	Tawa Sar	Outside Forest	0.87	0.34	0.53	DC
11	Jammu	Thinda Sar	Outside Forest	0.76	0.29	0.47	DC
12	Kathua	Siyagot Sar 1	Outside Forest	0.82	0.08	0.74	DC
13	Kathua	Siyagot Sar 2	Outside Forest	0.91	0.36	0.55	DC
14	Kishtwar	Kali Nag	Outside Forest	15.12	9.88	5.24	DC
15	Poonch	Jamianwali Sar 1	Outside Forest	0.51	0.24	0.27	DC
16	Poonch	Jara Sar 1	Outside Forest	1.32	0.83	0.49	DC

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
17	Poonch	Jara Sar 2	Outside Forest	1.35	0.54	0.81	DC
18	Ramban	Jabor Sar Bod	Outside Forest	1.95	1.51	0.44	DC
19	Samba	Amwal Sar	Outside Forest	0.87	0.40	0.47	DC
20	Samba	Bari Khad Sar	Outside Forest	0.69	0.67	0.02	DC
21	Samba	Dughor Sar	Outside Forest	1.26	0.75	0.51	DC
22	Samba	Guru Salathian Sar	Outside Forest	1.52	0.35	1.17	DC
23	Samba	Mawa Sar	Outside Forest	1.40	0.86	0.54	DC
24	Samba	Rahiya Sar	Outside Forest	0.83	0.81	0.02	DC
25	Samba	Ranjri Sar	Outside Forest	1.20	0.91	0.29	DC
26	Udhampur	Kotla Sar	Outside Forest	0.73	0.20	0.53	DC
27	Bandipora	Baibnar Sar	Outside Forest	4.46	1.88	2.58	DC
28	Bandipora	Chandargar Nambal	Outside Forest	21.21	10.68	10.53	DC
29	Bandipora	Gosia Sar	Outside Forest	0.46	0.18	0.28	DC
30	Bandipora	Gund-I-Khalil Sar(Tsore Teng)	Outside Forest	21.68	3.24	18.44	DC
31	Bandipora	Khanpeth Nambal	Outside Forest	1.45	1.34	0.11	DC
32	Bandipora	Khomina Namball	Outside Forest	67.85	29.85	38.00	DC
33	Bandipora	Khurwan Sar	Outside Forest	10.76	9.43	1.33	DC
34	Bandipora	Mukhdamyari Nambal	Outside Forest	41.64	24.93	16.71	DC
35	Bandipora	Naidkhai Nambal	Outside Forest	40.67	38.89	1.78	DC
36	Bandipora	Naz Nambal	Outside Forest	11.73	8.69	3.04	DC
37	Bandipora	Poshwari Nambal	Outside Forest	9.14	3.20	5.94	DC
38	Bandipora	Rakh Hajan	Outside Forest	26.04	8.25	17.79	DC
39	Bandipora	Rakhi Dusilpor	Outside Forest	6.81	1.47	5.34	DC
40	Bandipora	Sadunara Hastikhan Nambal	Outside Forest	51.98	36.31	15.67	DC
41	Bandipora	Sarikhan Nambal	Outside Forest	23.41	5.03	18.38	DC
42	Bandipora	Shiekh Sar	Outside Forest	8.32	6.07	2.25	DC
43	Bandipora	Sudarkut Nambal	Outside Forest	172.73	143.81	28.92	DC
44	Bandipora	Tundpura Nambal	Outside Forest	23.54	16.91	6.63	DC
45	Bandipora	Zinipura Nambal	Outside Forest	57.25	40.43	16.82	DC
46	Baramulla	Buna Naugam Nambal	Outside Forest	248.44	200.37	48.07	DC
47	Baramulla	Ferozpur Nambal	Outside Forest	43.57	26.85	16.72	DC
48	Baramulla	Frozen Lake	Outside Forest	3.25	1.03	2.22	DC
49	Baramulla	Kanispora Nambal	Outside Forest	30.46	14.24	16.22	DC
50	Baramulla	Konsar Nar	Outside Forest	1.74	0.15	1.59	DC
51	Baramulla	Panznor Nambal	Outside Forest	25.60	7.86	17.74	DC
52	Ganderbal	Ahan Sar	Outside Forest	27.71	14.18	13.53	DC
53	Ganderbal	Ancher-II	Outside Forest	3.68	1.37	2.31	DC
54	Ganderbal	Gundmumin Nambal	Outside Forest	5.54	0.20	5.34	DC
55	Ganderbal	Hakimgund Nambal	Outside Forest	68.65	27.89	40.76	DC
56	Ganderbal	Khanpur Sar	Outside Forest	39.36	11.89	27.47	DC
57	Ganderbal	Rakh-i-Kujar	Outside Forest	449.73	382.74	66.99	DC
58	Ganderbal	Rakh-i-Rabitar	Outside Forest	698.45	406.03	292.42	DC
59	Ganderbal	Salhar Nag	Outside Forest	12.49	12.30	0.19	DC
60	Ganderbal	Waskur Sar	Outside Forest	72.66	22.18	50.48	DC
61	Kupwara	Awatkul Sar	Outside Forest	2.10	0.14	1.96	DC
62	Kupwara	Badrahar Sar	Outside Forest	3.07	2.99	0.08	DC
63	Kupwara	Bod Sar	Outside Forest	5.54	4.66	0.88	DC
64	Kupwara	Buta Sar	Outside Forest	4.03	3.67	0.36	DC
65	Kupwara	Chak Natnus Sar	Outside Forest	1.50	0.90	0.60	DC
66	Kupwara	Charlie Sar	Outside Forest	2.61	1.72	0.89	DC
67	Kupwara	Dadiwar Sar	Outside Forest	1.27	0.94	0.33	DC
68	Kupwara	Kan Sar	Outside Forest	19.98	14.99	4.99	DC
69	Kupwara	Khaipur Sar	Outside Forest	1.96	0.79	1.17	DC
70	Kupwara	Lasipur Sar	Outside Forest	3.06	3.01	0.05	DC
71	Kupwara	Lokut Sar	Outside Forest	1.50	1.42	0.08	DC
72	Kupwara	Maidanpura Sar	Outside Forest	0.92	0.56	0.36	DC
73	Kupwara	Muqam Sar	Outside Forest	2.04	1.61	0.43	DC
74	Kupwara	Nagradnar Sar	Outside Forest	1.91	1.58	0.33	DC
75	Kupwara	Narain Sar	Outside Forest	6.20	5.41	0.79	DC
76	Kupwara	Natnusa Sar	Outside Forest	7.17	6.00	1.17	DC
77	Kupwara	Rakh Shehtal	Outside Forest	2.78	2.48	0.30	DC
78	Kupwara	Rupi Sar	Outside Forest	3.35	3.16	0.19	DC

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
79	Kupwara	Thundus Sar	Outside Forest	1.70	1.23	0.47	DC
80	Pulwama	Chhatalan Sar	Outside Forest	3.14	0.14	3.00	DC
81	Pulwama	Galandar Sar	Outside Forest	47.75	29.94	17.81	DC
82	Pulwama	Malangpur Nambal	Outside Forest	131.20	124.68	6.52	DC
83	Srinagar	Babademb	Outside Forest	33.40	31.00	2.40	DC
Total Decreased Lakes of DC (83 Lakes)				**2,669.07**	**1,792.02**	**877.05**	
Details of Decreased Lake falling under Jurisdiction of Wildlife Warden						**(Area In Hectares)**	
1	Anantnag	Chanda Sar	Inside Forest	12.34	10.76	1.58	WLW
2	Anantnag	Chhumanai Sar 2	Inside Forest	6.05	3.00	3.05	WLW
3	Anantnag	Doda Sar	Inside Forest	7.58	5.38	2.20	WLW
4	Anantnag	Gandpather Sar	Inside Forest	5.03	1.24	3.79	WLW
5	Anantnag	Munwar Sar	Inside Forest	9.11	8.25	0.86	WLW
6	Anantnag	Sona Sar Lakut / Sar	Inside Forest	0.86	0.52	0.34	WLW
7	Anantnag	Sona Sar 2	Inside Forest	19.31	18.51	0.80	WLW
8	Anantnag	Lakut Sar	Inside Forest	0.38	0.28	0.10	WLW
9	Anantnag	Budru Nag	Inside Forest	1.45	0.66	0.79	WLW
10	Anantnag	Hapat Sar	Inside Forest	0.65	0.47	0.18	WLW
11	Anantnag	Watis Sar	Inside Forest	2.54	1.64	0.90	WLW
12	Bandipora	Kisar Sar	Inside Forest	6.59	5.91	0.68	WLW
13	Baramulla	Mirgund Jhil-I	Outside Forest	272.06	254.36	17.70	WLW
14	Budgam	Hokar Sar	Outside Forest	1813.08	1810.07	3.01	WLW
15	Ganderbal	Shalabugh Nambal	Inside Forest	1585.82	1474.63	111.19	WLW
16	Kulgam	Chandan Sar	Inside Forest	16.94	15.38	1.56	WLW
17	Kulgam	Laksukh Sar	Inside Forest	31.42	30.27	1.15	WLW
18	Jammu	Garh Sar	Outside Forest	0.95	0.35	0.60	WLW
19	Jammu	Ghirana Wetland	Outside Forest	6.78	5.95	0.83	WLW
20	Pulwama	Phashakuri Sar	Outside Forest	11.57	6.10	5.47	WLW
Total Decreased Lakes of WLW (20 Lakes)				**3,810.51**	**3,653.73**	**156.78**	
Details of Decreased Lake falling under Jurisdiction of Lake Conservation & Management Authority						**(Area In Hectares)**	
1	Srinagar	Anchar Lake	Outside Forest	1208.55	1157.88	50.67	LC&MA
2	Srinagar	Khushalsar	Outside Forest	90.52	84.03	6.49	LC&MA
Total Decreased Lakes of LC&MA (2 Lakes)				**1,299.07**	**1,241.91**	**57.16**	
Total Decreased (98+83+20+2=203 Lakes)				**8,566.56**	**7,252.36**	**1,314.20**	

Statement showing details of Lakes where in decrease in Lake area was equal to or more than 50 *per cent* to total area

Sl. No.	District	Name of Lake	Inside/ Outside Forest	Topo 1967	SI 2020	Difference	Department	Decrease in Lake area equal to or more than 50 *per cent*
Statement showing details of Lakes where decrease in Lake area was equal to or more than 50 *per cent* to total area								
1	Kishtwar	Gagar Nai Sar	Inside Forest	1.66	0.55	1.11	PCCF	67
2	Kishtwar	Handi Mandu Sar	Inside Forest	0.84	0.25	0.59	PCCF	70
3	Kishtwar	Kras Sar	Inside Forest	2.29	0.59	1.70	PCCF	74
4	Kishtwar	Malgarhu Sar 2	Inside Forest	1.55	0.64	0.91	PCCF	59
5	Kishtwar	Naginpathar Sar	Inside Forest	2.93	0.76	2.17	PCCF	74
6	Kishtwar	Naikhoi Nag	Inside Forest	7.52	2.28	5.24	PCCF	70
7	Kishtwar	Nilgur Sar Lokut	Inside Forest	3.71	0.26	3.45	PCCF	93
8	Poonch	Bod Gum Sar	Inside Forest	4.00	1.00	3.00	PCCF	75
9	Poonch	Chhe Sar 1	Inside Forest	3.53	0.73	2.80	PCCF	79
10	Poonch	Ding Sar 1	Inside Forest	2.14	0.84	1.30	PCCF	61
11	Reasi	Gaga Sar	Inside Forest	4.70	2.37	2.33	PCCF	50
12	Reasi	Jurya Sar	Inside Forest	2.09	0.09	2.00	PCCF	96
13	Reasi	Jurya Sar	Inside Forest	2.27	0.76	1.51	PCCF	67
14	Anantnag	Dod Chhiran Nag 2	Inside Forest	2.50	0.76	1.74	PCCF	70
15	Anantnag	Girsar Nag	Inside Forest	1.47	0.36	1.11	PCCF	76
16	Anantnag	Mawar Nag	Inside Forest	12.87	5.52	7.35	PCCF	57
17	Anantnag	Nagputan Sar 2	Inside Forest	3.54	1.51	2.03	PCCF	57
18	Anantnag	Ruyil Sar	Inside Forest	0.59	0.29	0.30	PCCF	51
19	Anantnag	Zissar Nag 1	Inside Forest	5.91	2.04	3.87	PCCF	65
20	Bandipora	Bod Hiram Pathri Sar	Inside Forest	7.45	0.66	6.79	PCCF	91
21	Bandipora	Krishan Sar	Inside Forest	34.87	6.44	28.43	PCCF	82
22	Bandipora	Watal Sar	Inside Forest	9.28	0.24	9.04	PCCF	97
23	Bandipora	Zad Sar	Inside Forest	10.31	3.68	6.63	PCCF	64
24	Ganderbal	Baribal Sar	Inside Forest	3.90	1.38	2.52	PCCF	65
25	Ganderbal	Hoka Sar	Inside Forest	4.21	1.38	2.83	PCCF	67
26	Ganderbal	Sona Sar	Inside Forest	3.08	1.08	2.00	PCCF	65
27	Kulgam	Chir Sar	Inside Forest	22.04	6.90	15.14	PCCF	69
28	Kulgam	Hing Sar	Inside Forest	2.57	0.52	2.05	PCCF	80
29	Kulgam	Unnamed	Inside Forest	0.57	0.14	0.43	PCCF	75
30	Kupwara	Unnamed	Inside Forest	2.36	0.58	1.78	PCCF	75
31	Pulwama	Pambach Khod	Inside Forest	1.75	0.87	0.88	PCCF	50
32	Pulwama	Pambagai Lake	Inside Forest	1.42	0.36	1.06	PCCF	75
Total Decreased Lakes of PCCF (32 Lakes)				**169.92**	**45.83**	**124.09**		
Details of Decreased Lake falling under Jurisdiction of District Administration						**(Area In Hectares)**		
1	Doda	Kaplas Sar 4	Outside Forest	1.68	0.58	1.10	DC	65
2	Jammu	Tawa Sar	Outside Forest	0.87	0.34	0.53	DC	61
3	Jammu	Thinda Sar	Outside Forest	0.76	0.29	0.47	DC	62
4	Kathua	Siyagot Sar 1	Outside Forest	0.82	0.08	0.74	DC	90
5	Kathua	Siyagot Sar 2	Outside Forest	0.91	0.36	0.55	DC	60
6	Poonch	Jamianwali Sar 1	Outside Forest	0.51	0.24	0.27	DC	53
7	Poonch	Jara Sar 2	Outside Forest	1.35	0.54	0.81	DC	60
8	Samba	Amwal Sar	Outside Forest	0.87	0.40	0.47	DC	54
9	Samba	Guru Salathian Sar	Outside Forest	1.52	0.35	1.17	DC	77
10	Udhampur	Kotla Sar	Outside Forest	0.73	0.20	0.53	DC	73
11	Bandipora	Baibnar Sar	Outside Forest	4.46	1.88	2.58	DC	58
12	Bandipora	Chandargar Nambal	Outside Forest	21.21	10.68	10.53	DC	50
13	Bandipora	Gosia Sar	Outside Forest	0.46	0.18	0.28	DC	61
14	Bandipora	Gund-I-Khalil Sar (Tsore Teng)	Outside Forest	21.68	3.24	18.44	DC	85
15	Bandipora	Khomina Namball	Outside Forest	67.85	29.85	38.00	DC	56
16	Bandipora	Poshwari Nambal	Outside Forest	9.14	3.20	5.94	DC	65
17	Bandipora	Rakh Hajan	Outside Forest	26.04	8.25	17.79	DC	68
18	Bandipora	Rakhi Dusilpor	Outside Forest	6.81	1.47	5.34	DC	78
19	Bandipora	Sarikhan Nambal	Outside Forest	23.41	5.03	18.38	DC	79
20	Baramulla	Frozen Lake	Outside Forest	3.25	1.03	2.22	DC	68

Sl. No.	District	Name of Lake	Inside/ Outside Forest	Topo 1967	SI 2020	Difference	Department	Decrease in Lake area equal to or more than 50 *per cent*
21	Baramulla	Kanispora Nambal	Outside Forest	30.46	14.24	16.22	DC	53
22	Baramulla	Konsar Nar	Outside Forest	1.74	0.15	1.59	DC	91
23	Baramulla	Panznor Nambal	Outside Forest	25.60	7.86	17.74	DC	69
24	Ganderbal	Ancher-II	Outside Forest	3.68	1.37	2.31	DC	63
25	Ganderbal	Gundmumin Nambal	Outside Forest	5.54	0.20	5.34	DC	96
26	Ganderbal	Hakimgund Nambal	Outside Forest	68.65	27.89	40.76	DC	59
27	Ganderbal	Khanpur Sar	Outside Forest	39.36	11.89	27.47	DC	70
28	Ganderbal	Waskur Sar	Outside Forest	72.66	22.18	50.48	DC	69
29	Kupwara	Awatkul Sar	Outside Forest	2.10	0.14	1.96	DC	93
30	Kupwara	Khaipur Sar	Outside Forest	1.96	0.79	1.17	DC	60
31	Pulwama	Chhatalan Sar	Outside Forest	3.14	0.14	3.00	DC	96
Total Decreased Lakes of DC (31 Lakes)				**449.22**	**155.04**	**294.18**		

Details of Disappeared Lake jurisdiction-wise

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
1	2	3	4	5	6	7	8
Details of Disappeared Lake falling under Jurisdiction of PCCF						(Area In Hectares)	
1	Kathua	Panjuth	Inside Forest	0.66	0	0.66	PCCF
2	Kathua	Gura	Inside Forest	0.31	0	0.31	PCCF
3	Kathua	Lohar Mela	Inside Forest	0.33	0	0.33	PCCF
4	Kishtwar	Tumula Sar	Inside Forest	2.71	0	2.71	PCCF
5	Kishtwar	Kannar Sar Bod	Inside Forest	0.78	0	0.78	PCCF
6	Kishtwar	Kannar Sar Lokut	Inside Forest	0.83	0	0.83	PCCF
7	Kishtwar	Muzim Sar	Inside Forest	2.19	0	2.19	PCCF
8	Kishtwar	Moshkhilsar Bod	Inside Forest	0.43	0	0.43	PCCF
9	Kishtwar	Moshkhilsar Lokut	Inside Forest	0.54	0	0.54	PCCF
10	Kishtwar	Kral Sar	Inside Forest	0.59	0	0.59	PCCF
11	Kishtwar	Sarital Sar	Inside Forest	2.43	0	2.43	PCCF
12	Kishtwar	Watal Sar	Inside Forest	1.02	0	1.02	PCCF
13	Kishtwar	Lu Sar	Inside Forest	2.44	0	2.44	PCCF
14	Kishtwar	Shupkanjan Sar	Inside Forest	2.59	0	2.59	PCCF
15	Kishtwar	Sunsar Sar	Inside Forest	5.09	0	5.09	PCCF
16	Kishtwar	Natismandu Sar	Inside Forest	1.65	0	1.65	PCCF
17	Kishtwar	Selo Nag	Inside Forest	2.01	0	2.01	PCCF
18	Kishtwar	Konala Nag	Inside Forest	1.53	0	1.53	PCCF
19	Kishtwar	Jammu Gat	Inside Forest	2.07	0	2.07	PCCF
20	Kishtwar	Patar Nag	Inside Forest	1.92	0	1.92	PCCF
21	Kishtwar	Unnamed Sar	Inside Forest	5.37	0	5.37	PCCF
22	Kishtwar	Mandik Sar	Inside Forest	90.96	0	90.96	PCCF
23	Kishtwar	Unnamed Sar	Inside Forest	8.21	0	8.21	PCCF
24	Poonch	Chandimarg Sar 1	Inside Forest	0.2	0	0.2	PCCF
25	Poonch	Chandimarg Sar 2	Inside Forest	0.33	0	0.33	PCCF
26	Poonch	Chandimarg Sar 3	Inside Forest	0.15	0	0.15	PCCF
27	Poonch	Chandimarg Sar 4	Inside Forest	0.18	0	0.18	PCCF
28	Poonch	Dugrian Sar 1	Inside Forest	0.3	0	0.3	PCCF
29	Poonch	Dugrian Sar 2	Inside Forest	0.81	0	0.81	PCCF
30	Poonch	Dugrian Sar 3	Inside Forest	0.6	0	0.6	PCCF
31	Poonch	Gum Sar Lokut	Inside Forest	0.76	0	0.76	PCCF
32	Poonch	Delewali Dhanni Sar	Inside Forest	1.66	0	1.66	PCCF
33	Poonch	Ding Sar 2	Inside Forest	0.48	0	0.48	PCCF
34	Poonch	Neel Sar 2	Inside Forest	1.09	0	1.09	PCCF
35	Poonch	Chamber Sar 1	Inside Forest	0.31	0	0.31	PCCF
36	Poonch	Chamber Sar 2	Inside Forest	0.14	0	0.14	PCCF
37	Poonch	Janjanwali Sar	Inside Forest	4.7	0	4.7	PCCF
38	Poonch	Marguri Sar 2	Inside Forest	0.9	0	0.9	PCCF
39	Poonch	Marguri Sar 3	Inside Forest	0.61	0	0.61	PCCF
40	Poonch	Rupri Sar	Inside Forest	0.84	0	0.84	PCCF
41	Rajouri	Thand Sar	Inside Forest	1.15	0	1.15	PCCF
42	Rajouri	Marguri Sar	Inside Forest	0.98	0	0.98	PCCF
43	Ramban	Sarkanth Gali Sar 1	Inside Forest	0.52	0	0.52	PCCF
44	Ramban	Sarkanth Gali Sar 2	Inside Forest	0.29	0	0.29	PCCF
45	Ramban	Rahun Sar	Inside Forest	0.66	0	0.66	PCCF
46	Ramban	Pathar Sar	Inside Forest	0.64	0	0.64	PCCF
47	Ramban	Yemul Talao	Inside Forest	0.34	0	0.34	PCCF
48	Reasi	High Alt. Lake	Inside Forest	1.05	0	1.05	PCCF
49	Samba	Sanur Talao	Inside Forest	0.94	0	0.94	PCCF
50	Samba	Patliwlaidabri Talao	Inside Forest	0.57	0	0.57	PCCF
51	Samba	Soram Talao	Inside Forest	0.26	0	0.26	PCCF
52	Samba	Leani Andari Talao	Inside Forest	0.5	0	0.5	PCCF
53	Samba	Dewan Sar	Inside Forest	1.4	0	1.4	PCCF
54	Samba	Muran Talao	Inside Forest	0.47	0	0.47	PCCF
55	Anantnag	Kon Nag	Inside Forest	2.07	0	2.07	PCCF
56	Anantnag	Nagputan Sar 3	Inside Forest	4.72	0	4.72	PCCF
57	Bandipora	Unnamed Lake	Inside Forest	2.18	0	2.18	PCCF

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
58	Bandipora	Unnamed Lake	Inside Forest	0.82	0	0.82	PCCF
59	Bandipora	Unnamed Lake	Inside Forest	2.65	0	2.65	PCCF
60	Bandipora	Unnamed Lake	Inside Forest	2.65	0	2.65	PCCF
61	Bandipora	Chhamar Sar	Inside Forest	7.97	0	7.97	PCCF
62	Bandipora	Unnamed Lake	Inside Forest	0.91	0	0.91	PCCF
63	Bandipora	Unnamed Lake	Inside Forest	2.79	0	2.79	PCCF
64	Bandipora	Unnamed Lake	Inside Forest	2.86	0	2.86	PCCF
65	Bandipora	Unnamed Lake	Inside Forest	9.28	0	9.28	PCCF
66	Ganderbal	Kaul Sar	Inside Forest	1.05	0	1.05	PCCF
67	Ganderbal	Zajibal Sar	Inside Forest	1.02	0	1.02	PCCF
68	Ganderbal	Prain Gang Sar	Inside Forest	1.73	0	1.73	PCCF
69	Ganderbal	Prain Gang Sar	Inside Forest	0.41	0	0.41	PCCF
70	Ganderbal	Prain Gang Sar	Inside Forest	0.71	0	0.71	PCCF
71	Ganderbal	Prain Gang Sar	Inside Forest	0.45	0	0.45	PCCF
72	Ganderbal	Unnamed Lake	Inside Forest	0.45	0	0.45	PCCF
73	Ganderbal	Hoka Sar	Inside Forest	0.45	0	0.45	PCCF
74	Ganderbal	Lachnai Sar	Inside Forest	1.28	0	1.28	PCCF
75	Kulgam	Unnamed	Inside Forest	1.27	0	1.27	PCCF
76	Kulgam	Unnamed	Inside Forest	4.36	0	4.36	PCCF
77	Kulgam	Unnamed	Inside Forest	0.32	0	0.32	PCCF
78	Kupwara	Bran Khuda Sar	Inside Forest	3.51	0	3.51	PCCF
79	Pulwama	Unnamed	Inside Forest	0.72	0	0.72	PCCF
80	Pulwama	Unnamed	Inside Forest	0.73	0	0.73	PCCF
Total Disappeared Lakes of PCCF (80 Lakes)				**217.85**	**0**	**217.85**	
Details of Disappeared Lake falling under Jurisdiction of District Administration						**(Area In Hectares)**	
1	Doda	Madsu Talao1	Outside Forest	0.32	0	0.32	DC
2	Doda	Madsu Talao2	Outside Forest	0.74	0	0.74	DC
3	Jammu	Nor Talao	Outside Forest	0.26	0	0.26	DC
4	Jammu	Meshiani Talao 1	Outside Forest	0.36	0	0.36	DC
5	Jammu	Meshiani Talao 2	Outside Forest	0.64	0	0.64	DC
6	Jammu	Pahtu Talao	Outside Forest	0.33	0	0.33	DC
7	Jammu	Gaur Talao	Outside Forest	0.38	0	0.38	DC
8	Jammu	Jandial Talao	Outside Forest	1.61	0	1.61	DC
9	Jammu	Chingaini Talao	Outside Forest	0.71	0	0.71	DC
10	Jammu	That Ranjan Talao	Outside Forest	0.83	0	0.83	DC
11	Jammu	Ghurota Talao	Outside Forest	1.83	0	1.83	DC
12	Jammu	Satowan Talao	Outside Forest	0.85	0	0.85	DC
13	Jammu	Barn Talao	Outside Forest	0.42	0	0.42	DC
14	Jammu	Sue Choi Talao	Outside Forest	0.82	0	0.82	DC
15	Jammu	Unnamed	Outside Forest	0.84	0	0.84	DC
16	Jammu	Uparla Bharda Talao	Outside Forest	0.42	0	0.42	DC
17	Jammu	Paraurian Talao	Outside Forest	0.43	0	0.43	DC
18	Jammu	Khalka Bharda	Outside Forest	0.54	0	0.54	DC
19	Jammu	Ghardarwan Sar 2	Outside Forest	0.68	0	0.68	DC
20	Jammu	Sungal Talao 2	Outside Forest	2.02	0	2.02	DC
21	Jammu	Pangiari Talao 1	Outside Forest	1.06	0	1.06	DC
22	Jammu	Pangiari Talao 2	Outside Forest	0.61	0	0.61	DC
23	Jammu	Gopala Sar	Outside Forest	0.56	0	0.56	DC
24	Jammu	Uparla Badgal Talao	Outside Forest	0.69	0	0.69	DC
25	Jammu	Khalka Badgal Talao	Outside Forest	0.57	0	0.57	DC
26	Jammu	Gopala Talao	Outside Forest	0.87	0	0.87	DC
27	Jammu	Dhok Khalsa Talao	Outside Forest	0.75	0	0.75	DC
28	Jammu	Lehr Talao	Outside Forest	0.88	0	0.88	DC
29	Jammu	Jad Talao 2	Outside Forest	0.7	0	0.7	DC
30	Jammu	Bhiri Talao	Outside Forest	0.89	0	0.89	DC
31	Jammu	Mangu Di Patian Sar	Outside Forest	0.3	0	0.3	DC
32	Jammu	Parsot Talao	Outside Forest	0.57	0	0.57	DC
33	Jammu	Toteali Talao 2	Outside Forest	0.72	0	0.72	DC
34	Jammu	Thattar Talao 1	Outside Forest	0.76	0	0.76	DC
35	Jammu	Thattar Talao 2	Outside Forest	0.51	0	0.51	DC
36	Jammu	Mutthi Talao 2	Outside Forest	0.49	0	0.49	DC
37	Jammu	Palaura Talao	Outside Forest	1.78	0	1.78	DC

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
38	Jammu	Bhatoli Mangotrian	Outside Forest	1.53	0	1.53	DC
39	Jammu	Baukri Talao	Outside Forest	1.73	0	1.73	DC
40	Jammu	Baje Chak Talao	Outside Forest	0.75	0	0.75	DC
41	Jammu	Laswara Sar	Outside Forest	0.56	0	0.56	DC
42	Jammu	Dabbar Lalewala Sar	Outside Forest	0.83	0	0.83	DC
43	Jammu	Jhumbiyan Brahmanan Talao	Outside Forest	0.58	0	0.58	DC
44	Jammu	Khojipura Talao	Outside Forest	0.82	0	0.82	DC
45	Jammu	Chuhe Chak Talao	Outside Forest	0.45	0	0.45	DC
46	Jammu	Gajansu Talao	Outside Forest	0.89	0	0.89	DC
47	Jammu	Chak Gangu Talao	Outside Forest	0.65	0	0.65	DC
48	Jammu	Chatha Talao	Outside Forest	1.06	0	1.06	DC
49	Jammu	Sui Simbli Talao	Outside Forest	1.19	0	1.19	DC
50	Jammu	Amb Talao	Outside Forest	0.56	0	0.56	DC
51	Jammu	Uprala Manda Talao	Outside Forest	0.97	0	0.97	DC
52	Jammu	Dhanwal Sar	Outside Forest	1.54	0	1.54	DC
53	Jammu	Kata Khu Talao	Outside Forest	0.41	0	0.41	DC
54	Jammu	Turgual Talao	Outside Forest	0.37	0	0.37	DC
55	Jammu	Janti Talao	Outside Forest	0.48	0	0.48	DC
56	Jammu	Kurora Talao	Outside Forest	0.64	0	0.64	DC
57	Jammu	Akhnoor Talao	Outside Forest	1.1	0	1.1	DC
58	Jammu	Unnamed	Outside Forest	0.58	0	0.58	DC
59	Jammu	Ranjan Talao	Outside Forest	0.47	0	0.47	DC
60	Kathua	Mandrar1	Outside Forest	0.77	0	0.77	DC
61	Kathua	Mandrar2	Outside Forest	0.41	0	0.41	DC
62	Kathua	Diol1	Outside Forest	0.37	0	0.37	DC
63	Kathua	Diol2	Outside Forest	0.39	0	0.39	DC
64	Kathua	Diol3	Outside Forest	0.4	0	0.4	DC
65	Kathua	Ter	Outside Forest	0.26	0	0.26	DC
66	Kathua	Dharamkot1	Outside Forest	0.35	0	0.35	DC
67	Kathua	Dharamkot2	Outside Forest	0.29	0	0.29	DC
68	Kathua	Phainthar	Outside Forest	0.3	0	0.3	DC
69	Kathua	Bhaddu Talao1	Outside Forest	0.41	0	0.41	DC
70	Kathua	Bhaddu Talao2	Outside Forest	0.31	0	0.31	DC
71	Kathua	Bhaddu Talao3	Outside Forest	0.43	0	0.43	DC
72	Kathua	Kishanpur1	Outside Forest	0.46	0	0.46	DC
73	Kathua	Kishanpur2	Outside Forest	0.35	0	0.35	DC
74	Kathua	Katli Talao	Outside Forest	0.33	0	0.33	DC
75	Kathua	Satura	Outside Forest	0.56	0	0.56	DC
76	Kathua	Peiya1	Outside Forest	0.26	0	0.26	DC
77	Kathua	Peiya2	Outside Forest	0.2	0	0.2	DC
78	Kathua	Peiya3	Outside Forest	0.29	0	0.29	DC
79	Kathua	Gurha Mandiyan	Outside Forest	0.42	0	0.42	DC
80	Kathua	Mela Wadda1	Outside Forest	0.34	0	0.34	DC
81	Kathua	Mela Wadda2	Outside Forest	0.44	0	0.44	DC
82	Kathua	Barwal	Outside Forest	0.84	0	0.84	DC
83	Kathua	Karat	Outside Forest	0.66	0	0.66	DC
84	Kathua	Kali Ban	Outside Forest	0.32	0	0.32	DC
85	Kathua	Mule Da Tala	Outside Forest	0.24	0	0.24	DC
86	Kathua	Palghetar	Outside Forest	0.58	0	0.58	DC
87	Kathua	Govinda	Outside Forest	0.66	0	0.66	DC
88	Kathua	Kanaun	Outside Forest	0.44	0	0.44	DC
89	Kathua	Marla	Outside Forest	0.48	0	0.48	DC
90	Kathua	Naknal	Outside Forest	1.06	0	1.06	DC
91	Kishtwar	Hoksar	Outside Forest	1.21	0	1.21	DC
92	Kishtwar	Bimal Nag	Outside Forest	5.28	0	5.28	DC
93	Kishtwar	Padar Sar	Outside Forest	1.52	0	1.52	DC
94	Kishtwar	Shingdhar Sar	Outside Forest	2.63	0	2.63	DC
95	Poonch	Sarian Sar	Outside Forest	0.61	0	0.61	DC
96	Poonch	Jamianwali Sar 3	Outside Forest	0.55	0	0.55	DC
97	Poonch	Kunalan Sar	Outside Forest	0.65	0	0.65	DC
98	Poonch	Chinarmarg Sar 2	Outside Forest	0.8	0	0.8	DC
99	Poonch	Chinarmarg Sar 3	Outside Forest	0.39	0	0.39	DC

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
100	Ramban	Jabor Sar Lokut	Outside Forest	0.74	0	0.74	DC
101	Ramban	Tangar Sar	Outside Forest	0.81	0	0.81	DC
102	Reasi	Kotla Chakkar	Outside Forest	1.61	0	1.61	DC
103	Reasi	Bajopur	Outside Forest	0.7	0	0.7	DC
104	Reasi	Chakhar Talao	Outside Forest	0.46	0	0.46	DC
105	Reasi	Gorra Talao	Outside Forest	0.38	0	0.38	DC
106	Reasi	Tung Talao	Outside Forest	0.43	0	0.43	DC
107	Reasi	Rauta Talao	Outside Forest	0.24	0	0.24	DC
108	Reasi	Orka1	Outside Forest	0.28	0	0.28	DC
109	Reasi	Orka2	Outside Forest	0.27	0	0.27	DC
110	Reasi	Galali	Outside Forest	0.39	0	0.39	DC
111	Reasi	Kotli Panditan1	Outside Forest	0.39	0	0.39	DC
112	Reasi	Kotli Panditan2	Outside Forest	0.49	0	0.49	DC
113	Reasi	Sarot1	Outside Forest	0.35	0	0.35	DC
114	Reasi	Sarot2	Outside Forest	0.33	0	0.33	DC
115	Reasi	Ratikhad	Outside Forest	0.47	0	0.47	DC
116	Reasi	Kotli Gujran Talao	Outside Forest	0.34	0	0.34	DC
117	Reasi	Mathuwar1	Outside Forest	0.24	0	0.24	DC
118	Reasi	Mathuwar2	Outside Forest	0.31	0	0.31	DC
119	Reasi	Mathuwar3	Outside Forest	0.25	0	0.25	DC
120	Reasi	Chirangal1	Outside Forest	0.25	0	0.25	DC
121	Reasi	Chirangal2	Outside Forest	0.27	0	0.27	DC
122	Reasi	Chirangal3	Outside Forest	0.35	0	0.35	DC
123	Reasi	Kalyar Talao	Outside Forest	0.19	0	0.19	DC
124	Reasi	Arli	Outside Forest	0.5	0	0.5	DC
125	Reasi	Kun Darorian	Outside Forest	0.4	0	0.4	DC
126	Reasi	Karmal Talao	Outside Forest	0.28	0	0.28	DC
127	Reasi	Kairi	Outside Forest	0.35	0	0.35	DC
128	Reasi	Padmi Talao	Outside Forest	0.58	0	0.58	DC
129	Samba	Chhechwal Talao	Outside Forest	0.88	0	0.88	DC
130	Samba	Sujani Talao	Outside Forest	0.97	0	0.97	DC
131	Samba	Chhaliyari Talao	Outside Forest	1.1	0	1.1	DC
132	Samba	Chhaliyari Talao	Outside Forest	0.72	0	0.72	DC
133	Samba	Chak Bura Talao	Outside Forest	0.62	0	0.62	DC
134	Samba	Ragal Talao	Outside Forest	0.59	0	0.59	DC
135	Samba	Madwal Talao	Outside Forest	0.66	0	0.66	DC
136	Samba	Sambli Talao	Outside Forest	0.46	0	0.46	DC
137	Samba	Thali Sar	Outside Forest	0.42	0	0.42	DC
138	Samba	Galar Talao	Outside Forest	0.42	0	0.42	DC
139	Samba	Pangdaur Talao	Outside Forest	0.27	0	0.27	DC
140	Samba	Khunwal Talao	Outside Forest	0.73	0	0.73	DC
141	Samba	Ramblu Talao	Outside Forest	1	0	1	DC
142	Samba	Trindi Sangara Talao	Outside Forest	0.85	0	0.85	DC
143	Samba	Mahal Kalandariyan Talao	Outside Forest	0.53	0	0.53	DC
144	Samba	Ramgarh Talao	Outside Forest	0.92	0	0.92	DC
145	Samba	Chak Shama Talao	Outside Forest	1.47	0	1.47	DC
146	Samba	Kothe Manhasan Talao	Outside Forest	0.57	0	0.57	DC
147	Samba	Galwal Talao	Outside Forest	1.65	0	1.65	DC
148	Samba	Rasana Talao	Outside Forest	0.3	0	0.3	DC
149	Samba	Pekhri Talao	Outside Forest	0.52	0	0.52	DC
150	Samba	Nargal Talao	Outside Forest	0.36	0	0.36	DC
151	Samba	Nagrota Talao	Outside Forest	0.61	0	0.61	DC
152	Samba	Mautalian Kalan Talao	Outside Forest	0.24	0	0.24	DC
153	Samba	Kuppar Talao	Outside Forest	0.49	0	0.49	DC
154	Samba	Chak Largan Talao	Outside Forest	0.4	0	0.4	DC
155	Samba	Bajalta Talao	Outside Forest	0.34	0	0.34	DC
156	Samba	Sungali Talao	Outside Forest	0.45	0	0.45	DC
157	Samba	Panali Talao	Outside Forest	0.36	0	0.36	DC
158	Samba	Deani Talao	Outside Forest	0.5	0	0.5	DC
159	Samba	Barmal Talao	Outside Forest	0.3	0	0.3	DC
160	Samba	Mautalian Khurd Talao	Outside Forest	0.38	0	0.38	DC
161	Samba	Chat Talao	Outside Forest	0.56	0	0.56	DC

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
162	Samba	Bawali Talao	Outside Forest	0.59	0	0.59	DC
163	Samba	Birpur Talao	Outside Forest	0.62	0	0.62	DC
164	Samba	Narwal Talao	Outside Forest	0.4	0	0.4	DC
165	Samba	Kundanpur Talao	Outside Forest	0.49	0	0.49	DC
166	Samba	Ardhani Talao	Outside Forest	0.77	0	0.77	DC
167	Samba	Rajpur Kaular Talao	Outside Forest	0.44	0	0.44	DC
168	Samba	Basi Kalan Talao	Outside Forest	0.84	0	0.84	DC
169	Samba	Basi Khurd Talao	Outside Forest	0.49	0	0.49	DC
170	Samba	Palli Talao	Outside Forest	0.61	0	0.61	DC
171	Samba	Chhanm Talao	Outside Forest	1.6	0	1.6	DC
172	Samba	Dhiansar Rakh Talao	Outside Forest	0.91	0	0.91	DC
173	Samba	Kali Bari Talao	Outside Forest	0.37	0	0.37	DC
174	Samba	Karalian Kalan Talao	Outside Forest	0.58	0	0.58	DC
175	Samba	Sarwa Talao	Outside Forest	1.07	0	1.07	DC
176	Samba	Bhudwal Talao	Outside Forest	0.5	0	0.5	DC
177	Samba	Gori Khad Talao	Outside Forest	0.69	0	0.69	DC
178	Samba	Thalori Brahmanan Talao	Outside Forest	0.42	0	0.42	DC
179	Samba	Udh Mandi Talao	Outside Forest	1.07	0	1.07	DC
180	Samba	Kamila Talao	Outside Forest	0.72	0	0.72	DC
181	Samba	Narwal Lower Talao	Outside Forest	1.15	0	1.15	DC
182	Samba	Gangith Talao	Outside Forest	0.24	0	0.24	DC
183	Samba	Phatiyar Talao	Outside Forest	0.39	0	0.39	DC
184	Samba	Nikki Mutthi Talao	Outside Forest	0.51	0	0.51	DC
185	Samba	Badi Mutthi Talao	Outside Forest	0.28	0	0.28	DC
186	Samba	Palona Talao	Outside Forest	0.51	0	0.51	DC
187	Samba	Malangar Ki Chhan Talao	Outside Forest	0.81	0	0.81	DC
188	Samba	Kane Chhan Talao	Outside Forest	0.24	0	0.24	DC
189	Samba	Jutwal Talao	Outside Forest	0.31	0	0.31	DC
190	Samba	Mudgoli Talao	Outside Forest	0.22	0	0.22	DC
191	Udhampur	Trin Talao	Outside Forest	1.97	0	1.97	DC
192	Udhampur	Tror Talao 1	Outside Forest	0.35	0	0.35	DC
193	Udhampur	Tror Talao 2	Outside Forest	0.14	0	0.14	DC
194	Udhampur	Painthal Talao	Outside Forest	0.66	0	0.66	DC
195	Udhampur	Chak Talin Talao	Outside Forest	0.29	0	0.29	DC
196	Udhampur	Khandek Talao	Outside Forest	0.39	0	0.39	DC
197	Udhampur	Manun Talao	Outside Forest	0.77	0	0.77	DC
198	Udhampur	Chak Baghat Talao	Outside Forest	0.38	0	0.38	DC
199	Udhampur	Sira Talao	Outside Forest	1.02	0	1.02	DC
200	Udhampur	Serli Sar	Outside Forest	0.84	0	0.84	DC
201	Udhampur	Chakhar Talao	Outside Forest	0.43	0	0.43	DC
202	Udhampur	Khandra Talao	Outside Forest	0.45	0	0.45	DC
203	Udhampur	Barean Talao	Outside Forest	1.3	0	1.3	DC
204	Udhampur	Seoj Sar	Outside Forest	2.76	0	2.76	DC
205	Udhampur	Karkial Talao	Outside Forest	0.52	0	0.52	DC
206	Anantnag	Marhama Wetland	Outside Forest	202.49	0	202.49	DC
207	Anantnag	Mahtan Wetland	Outside Forest	103.8	0	103.8	DC
208	Bandipora	Batagund Nambal	Outside Forest	15.34	0	15.34	DC
209	Bandipora	Bazipura Nambal	Outside Forest	16.96	0	16.96	DC
210	Bandipora	Paribal Nambal	Outside Forest	7.45	0	7.45	DC
211	Bandipora	Chak Chanadergar	Outside Forest	17.36	0	17.36	DC
212	Bandipora	Hakabor Nambal	Outside Forest	10.23	0	10.23	DC
213	Bandipora	Pahilpora Nambal	Outside Forest	1.39	0	1.39	DC
214	Bandipora	Panjinara Nambal	Outside Forest	4.49	0	4.49	DC
215	Bandipora	Shalteng Nambal	Outside Forest	13.73	0	13.73	DC
216	Budgam	Rakh Arat	Outside Forest	464.05	0	464.05	DC
217	Ganderbal	Malshahibagh Nambal	Outside Forest	3.21	0	3.21	DC
218	Ganderbal	Barsu Nambal	Outside Forest	26.95	0	26.95	DC
219	Ganderbal	Kurag Nambal	Outside Forest	1.52	0	1.52	DC
220	Ganderbal	Kurag Nambal	Outside Forest	7.29	0	7.29	DC
221	Ganderbal	Devapura Nambal	Outside Forest	24.76	0	24.76	DC
222	Ganderbal	Gogajhigund Nambal	Outside Forest	3.42	0	3.42	DC
223	Ganderbal	Sindhbal Nambal	Outside Forest	28.38	0	28.38	DC

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
224	Ganderbal	Pahilpura Nambal	Outside Forest	4.13	0	4.13	DC
225	Ganderbal	Pethapura Nambal	Outside Forest	20.89	0	20.89	DC
226	Kupwara	Teki Pur Sar	Outside Forest	0.92	0	0.92	DC
227	Pulwama	Sethargund Nambal	Outside Forest	18.06	0	18.06	DC
228	Pulwama	Parigam Sar	Outside Forest	12.96	0	12.96	DC
229	Pulwama	Kisirgam Sar	Outside Forest	6.65	0	6.65	DC
230	Pulwama	Begambagh Nambal	Outside Forest	18.93	0	18.93	DC
231	Srinagar	Chak Nambal	Outside Forest	55.94	0	55.94	DC
232	Srinagar	Mojagund Nambal	Outside Forest	11.13	0	11.13	DC
233	Srinagar	Gangbugh Nambal	Outside Forest	47.37	0	47.37	DC
234	Srinagar	Gangbugh Nambal-II	Outside Forest	14.04	0	14.04	DC
235	Srinagar	Rakhsutu Mud Nambal	Outside Forest	18.82	0	18.82	DC
Total DC (235 Lakes)				**1,319.22**	**0**	**1,319.22**	
Total PCCF & DC (80+235=315 Lakes)				**1,537.07**	**0**	**1,537.07**	

Details of Increased area of Lakes jurisdiction-wise

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
1	2	3	4	5	6	7	8
Details of Increased area of Lake falling under Jurisdiction of PCCF						(Area In Hectares)	
1	Kishtwar	Nagimandu Sar	Inside Forest	0.4	0.8	0.4	PCCF
2	Kishtwar	Zar Nag	Inside Forest	0.92	10.27	9.35	PCCF
3	Kishtwar	Kutabal Nag	Inside Forest	1.91	2.68	0.77	PCCF
4	Kishtwar	Margan Sar	Inside Forest	2.37	2.63	0.26	PCCF
5	Kishtwar	Drinyan Sar	Inside Forest	2.44	7.91	5.47	PCCF
6	Kishtwar	Khelan Nag	Inside Forest	2.95	7.85	4.9	PCCF
7	Kishtwar	Ditap Nag	Inside Forest	5.62	5.81	0.19	PCCF
8	Kishtwar	Saris Nag	Inside Forest	15.26	25.85	10.59	PCCF
9	Kishtwar	Naganandar Sar	Inside Forest	9.39	11.37	1.98	PCCF
10	Kishtwar	Nilgur Sar Bod	Inside Forest	6.94	7.49	0.55	PCCF
11	Kishtwar	Malgarhu Sar 1	Inside Forest	8.97	9.48	0.51	PCCF
12	Poonch	Gum Sar 2	Inside Forest	2.07	2.15	0.08	PCCF
13	Poonch	Marguri Sar 1	Inside Forest	5.43	5.53	0.1	PCCF
14	Poonch	Katori Sar	Inside Forest	9.85	10.32	0.47	PCCF
15	Rajouri	Bela Sar	Inside Forest	2.45	3.3	0.85	PCCF
16	Rajouri	Katori Sar	Inside Forest	3.21	4.39	1.18	PCCF
17	Reasi	Thinamarg	Inside Forest	0.45	1.02	0.57	PCCF
18	Anantnag	Chang Sar	Inside Forest	0.84	1.13	0.29	PCCF
19	Anantnag	Dod Chhiran Nag 3	Inside Forest	3.03	3.2	0.17	PCCF
20	Anantnag	Langinal Nag	Inside Forest	3.6	5.45	1.85	PCCF
21	Anantnag	Charinag	Inside Forest	19.19	19.31	0.12	PCCF
22	Anantnag	Hirubagwan Sar	Inside Forest	16.47	16.84	0.37	PCCF
23	Bandipora	Lokut Patalwan Sar	Inside Forest	0.15	1.07	0.92	PCCF
24	Bandipora	Lokut Sar	Inside Forest	0.89	5.53	4.64	PCCF
25	Bandipora	Lokut Chhitrar Nar Sar	Inside Forest	0.96	1.82	0.86	PCCF
26	Bandipora	Unnamed Lake	Inside Forest	0.98	1.03	0.05	PCCF
27	Bandipora	Gad Sar Lokut	Inside Forest	1.46	1.5	0.04	PCCF
28	Bandipora	Karunpathar Sar	Inside Forest	1.65	1.68	0.03	PCCF
29	Bandipora	Lokut Karunpathar Sar	Inside Forest	1.97	3.03	1.06	PCCF
30	Bandipora	Nabler Sar	Inside Forest	2.55	3.97	1.42	PCCF
31	Bandipora	Mianmarg Sar	Inside Forest	2.65	4.78	2.13	PCCF
32	Bandipora	Unnamed Lake	Inside Forest	3.2	4.44	1.24	PCCF
33	Bandipora	Gagar Sar	Inside Forest	3.48	4.8	1.32	PCCF
34	Bandipora	Sat Sar	Inside Forest	3.55	5.15	1.6	PCCF
35	Bandipora	Karu Sar	Inside Forest	4.02	7.39	3.37	PCCF
36	Bandipora	Suka Sar	Inside Forest	4.29	6.92	2.63	PCCF
37	Bandipora	Sarbal Sar	Inside Forest	25.28	26.55	1.27	PCCF
38	Bandipora	Kaul Sar	Inside Forest	9.88	10.2	0.32	PCCF
39	Bandipora	Gad Sar	Inside Forest	13.47	40.4	26.93	PCCF
40	Bandipora	Salnai Sar	Inside Forest	32.85	34.26	1.41	PCCF
41	Bandipora	Bod Chitti Chamri Sar	Inside Forest	7.5	10.28	2.78	PCCF
42	Bandipora	Nichnai Sar	Inside Forest	12.71	13.18	0.47	PCCF
43	Ganderbal	Salma Sar	Inside Forest	0.53	2	1.47	PCCF
44	Ganderbal	Masthokar Sar	Inside Forest	0.6	3.46	2.86	PCCF
45	Ganderbal	Krim Sar	Inside Forest	0.61	2.73	2.12	PCCF
46	Ganderbal	Nichinai Nag	Inside Forest	0.92	1.96	1.04	PCCF
47	Ganderbal	Kan Sar	Inside Forest	1.11	4.65	3.54	PCCF
48	Ganderbal	Sat Sar	Inside Forest	1.64	1.74	0.1	PCCF
49	Ganderbal	Sat Sar	Inside Forest	1.75	3.15	1.4	PCCF
50	Ganderbal	Gumbur Sar	Inside Forest	2.46	2.98	0.52	PCCF
51	Ganderbal	Gangabal Lake	Inside Forest	155.85	162.79	6.94	PCCF
52	Ganderbal	Yamhar Sar	Inside Forest	8.77	12.03	3.26	PCCF
53	Ganderbal	Kaul Sar	Inside Forest	6.78	11.82	5.04	PCCF
54	Ganderbal	Andurn Sar	Inside Forest	10.72	13.34	2.62	PCCF
55	Ganderbal	Lolgul Sar	Inside Forest	13.23	15.31	2.08	PCCF
56	Ganderbal	Kana Sar	Inside Forest	5.72	6.58	0.86	PCCF
57	Ganderbal	Yamhar Sar	Inside Forest	6.39	8.42	2.03	PCCF
58	Kulgam	Pambasar Sar	Inside Forest	0.49	1.21	0.72	PCCF

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
59	Kulgam	Rupri Gali Sar	Inside Forest	4.77	6.12	1.35	PCCF
60	Kulgam	Konsar Nag	Inside Forest	131.15	133.31	2.16	PCCF
61	Kulgam	Kotori Sar	Inside Forest	11.71	12.16	0.45	PCCF
62	Kulgam	Barani Sar	Inside Forest	11.52	13.02	1.5	PCCF
63	Kulgam	Golia Sar	Inside Forest	20.85	21.48	0.63	PCCF
64	Kulgam	Barani Sar Lakut	Inside Forest	11.18	11.38	0.2	PCCF
65	Kupwara	Kaindogarnag Sar	Inside Forest	0.55	1.23	0.68	PCCF
66	Kupwara	Buna Wadar Sar	Inside Forest	0.77	1.74	0.97	PCCF
67	Kupwara	Nagradnar Sar	Inside Forest	1	3.53	2.53	PCCF
68	Kupwara	Yamrad Sar	Inside Forest	1.62	1.85	0.23	PCCF
69	Kupwara	Chornar Sar	Inside Forest	2.61	3.72	1.11	PCCF
Total Increased area - PCCF (69 Lakes)				**672.55**	**816.47**	**143.92**	
Details of Increased area of Lake falling under Jurisdiction of DC						**(Area In Hectares)**	
1	Udhampur	Dalsar	Outside Forest	0.83	1.51	0.68	DC
2	Doda	Kaplas Sar 3	Outside Forest	1.09	1.12	0.03	DC
3	Doda	Kaplas Sar 2	Outside Forest	1.28	2.57	1.29	DC
4	Doda	Kaplas Nag	Outside Forest	1.96	2.1	0.14	DC
5	Jammu	Tacharwan Sar	Outside Forest	0.27	0.5	0.23	DC
6	Jammu	Barola Sar	Outside Forest	0.3	0.38	0.08	DC
7	Jammu	Mandrean Sar	Outside Forest	0.36	0.41	0.05	DC
8	Jammu	Barui Sar	Outside Forest	0.39	0.59	0.2	DC
9	Jammu	Patoni Sar	Outside Forest	0.4	0.52	0.12	DC
10	Jammu	Jagwal Sar	Outside Forest	0.41	0.68	0.27	DC
11	Jammu	Naugiran Sar	Outside Forest	0.46	0.51	0.05	DC
12	Jammu	Kot Sar 1	Outside Forest	0.54	0.78	0.24	DC
13	Jammu	Mundh Talao	Outside Forest	0.59	0.69	0.1	DC
14	Jammu	Tiriai Sar	Outside Forest	0.73	0.85	0.12	DC
15	Jammu	Gura Sar	Outside Forest	0.83	1.06	0.23	DC
16	Jammu	Akhnoor Sar	Outside Forest	1.09	1.98	0.89	DC
17	Jammu	Sangani Sar	Outside Forest	1.18	1.24	0.06	DC
18	Kishtwar	Kaintal Sar	Outside Forest	0.51	0.97	0.46	DC
19	Kishtwar	Shazun Nag	Outside Forest	1.98	3.48	1.5	DC
20	Kishtwar	Dudhar Sar	Outside Forest	3.39	7.59	4.2	DC
21	Poonch	Handnal Sar	Outside Forest	0.88	2.05	1.17	DC
22	Poonch	Jamianwali Sar 2	Outside Forest	0.9	0.93	0.03	DC
23	Samba	Pati Sar	Outside Forest	0.28	0.41	0.13	DC
24	Samba	Gura Sar	Outside Forest	0.4	0.47	0.07	DC
25	Samba	Kargal Sar	Outside Forest	0.9	1.02	0.12	DC
26	Udhampur	Kali Kund Sar	Outside Forest	3.22	4.86	1.64	DC
27	Bandipora	Malapura Sar	Outside Forest	1.87	25.97	24.1	DC
28	Bandipora	Rakh-I Malgom	Outside Forest	209.36	211.48	2.12	DC
29	Bandipora	Chanpaz Mahal Nambal	Outside Forest	11.43	14.42	2.99	DC
30	Bandipora	Chak Sudarkut Bala	Outside Forest	10.94	19.01	8.07	DC
31	Bandipora	Wudin Sar	Outside Forest	8	8.12	0.12	DC
32	Bandipora	Chirangpura Nambal	Outside Forest	7.32	21.12	13.8	DC
33	Bandipora	Malikpur Sar	Outside Forest	6.77	7.39	0.62	DC
34	Baramulla	Tungban Sar	Outside Forest	0.58	1.12	0.54	DC
35	Baramulla	Kantar Nag Sar	Outside Forest	1.62	2.5	0.88	DC
36	Baramulla	Gathgopal	Outside Forest	130.48	237.9	107.42	DC
37	Baramulla	Bod Nambal/Gad Sar	Outside Forest	57.33	57.49	0.16	DC
38	Budgam	Narkura Nambal	Outside Forest	349.4	359.35	9.95	DC
39	Kupwara	Lalpura Sar	Outside Forest	0.73	1.19	0.46	DC
40	Kupwara	Mukam Shareif Sar	Outside Forest	0.91	1.09	0.18	DC
41	Kupwara	Sar	Outside Forest	0.92	0.96	0.04	DC
42	Kupwara	Redanag Sar	Outside Forest	1	1.68	0.68	DC
43	Kupwara	Chandigam Sar	Outside Forest	1.18	1.29	0.11	DC
44	Kupwara	Pal Nar Sar	Outside Forest	1.34	1.43	0.09	DC
45	Kupwara	Pir Sar	Outside Forest	1.5	2.23	0.73	DC
46	Kupwara	Doruswain Sar	Outside Forest	1.52	1.67	0.15	DC
47	Kupwara	Redanag	Outside Forest	1.59	1.73	0.14	DC
48	Kupwara	Manchher Sar	Outside Forest	1.65	1.83	0.18	DC
49	Kupwara	Bakihakar	Outside Forest	1.67	1.76	0.09	DC

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
50	Kupwara	Gujar Pattisar	Outside Forest	1.73	3.09	1.36	DC
51	Kupwara	Gund Manchar Sar	Outside Forest	1.75	2.42	0.67	DC
52	Kupwara	Natnus Sar	Outside Forest	1.91	2.95	1.04	DC
53	Kupwara	Sar	Outside Forest	1.96	2.03	0.07	DC
54	Kupwara	Kandi Sar	Outside Forest	2.14	2.46	0.32	DC
55	Kupwara	Bhagatpura Sar	Outside Forest	2.16	2.92	0.76	DC
56	Kupwara	Nurdin Khan Chak Sar	Outside Forest	2.27	3.23	0.96	DC
57	Kupwara	Sogam Sar	Outside Forest	2.62	4.72	2.1	DC
58	Kupwara	Nag Reddi	Outside Forest	2.72	3.72	1	DC
59	Kupwara	Sar	Outside Forest	2.87	3.42	0.55	DC
60	Pulwama	Drangbal Nambal	Outside Forest	11.91	15.55	3.64	DC
61	Pulwama	Ech Nambal	Outside Forest	5.86	10.11	4.25	DC
Total Increased area - DC (61 Lakes)				**874.18**	**1,078.62**	**204.44**	
Details of Increased area of Lake falling under Jurisdiction of WLW						**(Area In Hectares)**	
1	Jammu	Suruin Sar	Inside Forest	24.23	28.6	4.37	WLW
2	Rajouri	Simar Sar	Inside Forest	8.82	15.46	6.64	WLW
3	Udhampur	Mansar Lake	Inside Forest	57.19	58.61	1.42	WLW
4	Anantnag	Chhumanai Sar	Inside Forest	7.86	18.01	10.15	WLW
5	Anantnag	Chhumanai Sar 1	Inside Forest	3.19	8.5	5.31	WLW
6	Anantnag	Dudhnag	Inside Forest	11.83	11.94	0.11	WLW
7	Anantnag	Handilsar	Inside Forest	18.8	19.63	0.83	WLW
8	Anantnag	Har Nag	Inside Forest	33.28	33.46	0.18	WLW
9	Anantnag	Hoka Sar	Inside Forest	3.62	4.36	0.74	WLW
10	Anantnag	Katar Nag	Inside Forest	2.9	3.19	0.29	WLW
11	Anantnag	Tarsar	Inside Forest	83.23	84.99	1.76	WLW
12	Anantnag	Tson	Inside Forest	8.87	14.14	5.27	WLW
13	Anantnag	Girwar Nag	Inside Forest	1.68	1.99	0.31	WLW
14	Anantnag	Gumhar/ Gumbar Sar	Inside Forest	1.94	2.39	0.45	WLW
15	Kulgam	Bhag Sar	Inside Forest	66.7	70.11	3.41	WLW
16	Srinagar	Marsar Lake	Inside Forest	39.33	43.71	4.38	WLW
17	Baramulla	Mirgund Jhil-II	Outside Forest	47.16	49.88	2.72	WLW
18	Pulwama	Bodsar/Chatlam	Outside Forest	53.11	56.57	3.46	WLW
Total Increased area - WLW (18 Lakes)				**473.74**	**525.54**	**51.80**	
Details of Increased area of Lake falling under Jurisdiction of LC&MA						**(Area In Hectares)**	
1	Srinagar	Dal Lake	Outside Forest	2,324.75	2,460.55	135.8	LC&MA
2	Srinagar	Gilsar	Outside Forest	5.25	7.51	2.26	LC&MA
Total Increased area - LC&MA (02 Lakes)				**2,330.00**	**2,468.06**	**138.06**	
Total (69+61+18+02=150 Lakes)				**4,350.47**	**4,888.69**	**538.22**	

Details of Unchanged area of Lakes jurisdiction-wise

Sl. No.	District	Name of Lake	Inside/Outside Forest	Topo 1967	SI 2020	Difference (5-6)	Department
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Details of Unchanged area of Lake falling under Jurisdiction of PCCF						**(Area In Hectares)**	
1	Kishtwar	Kain Nag	Inside Forest	0.68	0.68	0	PCCF
2	Anantnag	Chohar Nag	Inside Forest	10.67	10.67	0	PCCF
3	Budgam	Kharmarg Sar	Inside Forest	2.7	2.7	0	PCCF
4	Budgam	Sainmarg Sar	Inside Forest	3.6	3.6	0	PCCF
5	Budgam	Nil Nag	Inside Forest	7.46	7.46	0	PCCF
6	Budgam	Magrusar	Inside Forest	7.01	7.01	0	PCCF
7	Budgam	Ainpat Sar	Inside Forest	5.47	5.47	0	PCCF
8	Budgam	Ainpat Sar Bod	Inside Forest	10.33	10.33	0	PCCF
9	Shopian	Gumsar	Inside Forest	1.96	1.96	0	PCCF
Total PCCF (09 Lakes)				**49.88**	**49.88**	**0**	
Details of Unchanged area of Lake falling under Jurisdiction of WUCMA						**(Area In Hectares)**	
1	Bandipora	Wular Lake	Outside Forest	13,325.35	13,325.35	0	WUCMA
Total WUCMA (01 Lake)				**13,325.35**	**13,325.35**	**0**	
Details of Unchanged area of Lake falling under Jurisdiction of DC						**(Area In Hectares)**	
1	Poonch	Chinarmarg Sar 1	Outside Forest	0.31	0.31	0	DC
2	Samba	Dansal Sar	Outside Forest	0.63	0.63	0	DC
3	Budgam	Gurwan Sar Lokut	Outside Forest	1.53	1.53	0	DC
4	Budgam	Wogur Sar	Outside Forest	1.85	1.85	0	DC
5	Budgam	Chinamarg Sar	Outside Forest	2.17	2.17	0	DC
6	Budgam	Gurwan Sar	Outside Forest	2.56	2.56	0	DC
7	Budgam	Shiv Nag	Outside Forest	3.33	3.33	0	DC
8	Budgam	Gurwan Sar Bod	Outside Forest	4.66	4.66	0	DC
9	Budgam	Lokut Sar	Outside Forest	4.98	4.98	0	DC
10	Budgam	Bodh Sar	Outside Forest	43.87	43.87	0	DC
11	Budgam	Pam Sar	Outside Forest	23.95	23.95	0	DC
12	Budgam	Daman Sar	Outside Forest	14.32	14.32	0	DC
13	Budgam	Navkan Sar	Outside Forest	13.79	13.79	0	DC
14	Budgam	Pathri Sar	Outside Forest	11	11	0	DC
15	Budgam	Navkan Sar Lakut	Outside Forest	8.85	8.85	0	DC
16	Budgam	Khara Sar	Outside Forest	8.12	8.12	0	DC
17	Shopian	Thal Sar	Outside Forest	0.4	0.4	0	DC
Total DC (17 Lakes)				**146.32**	**146.32**	**0**	
Details of Unchanged area of Lake falling under Jurisdiction of DC						**(Area In Hectares)**	
1	Baramulla	Haigam Jhil	Outside Forest	754.21	754.21	0	**WLW**
Total WLW (01 Lake)				**754.21**	**754.21**	**0**	
Details of Unchanged area of Lake falling under Jurisdiction of Wular-Manasbal Development Authority						**(Area In Hectares)**	
1	Ganderbal	Manasbal Lake	Outside Forest	260	260	0	WMDA
Total WMDA (01 Lake)				**260**	**260**	**0**	
Total Unchanged (09+01+17+01+01=29 Lakes)				**14,535.76**	**14,535.76**	**0**	

Appendix- 2.3

(Reference: Paragraph No. 2.2.2 and 2.5)

Department/ Authority-wise details of Spatio-temporal changes in sampled Lakes

Sl. No.	District	Name of Lake	Area In Hectares 1967	SI-2020	Decrease/ Disappear/ Increase (-) / Unchange
Department:- PCCF			**(Area in hectares)**		
1	Anantnag	Shesh Nag	64.05	53.72	10.33
2	Ganderbal	Nundkol	38.99	36.63	2.36
3	Kulgam	Chir Sar[1]	22.04	6.90	15.14
4	Reasi	Gaga Sar	4.70	2.37	2.33
Total decreased area (4 Lakes) PCCF			**129.78**	**99.62**	**30.16**
1	Kishtwar	Mandik Sar	90.96	0	90.96
Total disappeared area (1 Lake) PCCF			**90.96**	**0**	**90.96**
1	Bandipora	Sarbal Sar	25.28	26.55	-1.27
2	Ganderbal	Gangabal Lake	155.85	162.79	-6.94
3	Kulgam	Konsar Nag	131.15	133.31	-2.16
Total increased area (3 Lakes) PCCF			**312.28**	**322.65**	**10.37**
1	Budgam	Nil Nag	7.46	7.46	0.00
Total unchanged area (1 Lake) PCCF			**7.46**	**7.46**	
Total area of 9 Lakes			**540.48**	**429.73**	
Authority:- Wular Conservation & Management Authority					
1	Bandipora	Wular Lake	13,325.35	13,325.35	0.00
Total unchanged area (1 Lake) WUCMA			**13,325.35**	**13,325.35**	0.00
Department:- Wild Life Protection Department					
1	Anantnag	Munwar Sar	9.11	8.25	0.86
2	Ganderbal	Shalabugh Nambal	1,585.82	1,474.63	111.19
3	Baramulla	Mirgund Jhil-I	272.06	254.36	17.70
4	Budgam	Hokar Sar	1,813.08	1,810.07	3.01
Total decreased area (4 Lakes) WPD			**3,680.07**	**3,547.31**	**132.76**
1	Anantnag	Tson	8.87	14.14	-5.27
2	Jammu	Surinsar	24.23	28.60	-4.37
3	Rajouri	Simar Sar	8.82	15.46	-6.64
4	Udhampur	Mansar Lake	57.19	58.61	-1.42
5	Baramulla	Mirgund Jhil-II	47.16	49.88	-2.72
6	Pulwama	Bodsar/Chatlam	53.11	56.57	-3.46
Total increased area (6 Lakes) WPD			**199.38**	**223.26**	**23.88**
1	Baramulla	Haigam Jhil	754.21	754.21	0
Total unchanged area (1 Lake) WPD			**754.21**	**754.21**	
Total area of 11 Lakes			**4,633.66**	**4,524.78**	
Department:- District Administration					
1	Baramulla	Buna Naugam Nambal	248.44	200.37	48.07
2	Baramulla	Ferozpur Nambal	43.57	26.85	16.72
3	Bandipora	Sudarkut Nambal	172.73	143.81	28.92
4	Bandipora	Khomina Namball	67.85	29.85	38.00
5	Bandipora	Zinipura Nambal	57.25	40.43	16.82
6	Bandipora	Sadunara Hastikhan Nambal	51.98	36.31	15.67
7	Bandipora	Mukhdamyari Nambal	41.64	24.93	16.71

[1] Lakes where area decreased more than 50 *per cent*

Sl. No.	District	Name of Lake	Area In Hectares 1967	SI-2020	Decrease/ Disappear/ Increase (-) / Unchange
8	Bandipora	Naidkhai Nambal	40.67	38.89	1.78
9	Bandipora	Chandargar Nambal	21.21	10.68	10.53
10	Bandipora	Naz Nambal	11.73	8.69	3.04
11	Ganderbal	Rakh-i-Rabitar	698.45	406.03	292.42
12	Ganderbal	Rakh-i-Kujar	449.73	382.74	66.99
13	Ganderbal	Waskur Sar	72.66	22.18	50.48
14	Ganderbal	Hakimgund Nambal	68.65	27.89	40.76
15	Ganderbal	Ahan Sar	27.71	14.18	13.53
16	Kupwara	Narain Sar	6.20	5.41	0.79
17	Pulwama	Malangpur Nambal	131.20	124.68	6.52
18	Pulwama	Galandar Sar	47.75	29.94	17.81
19	Doda	Kaplas Sar 1	8.85	5.33	3.52
20	Ramban	Jabor Sar Bod	1.95	1.51	0.44
Total decreased area (20 Lakes) Distt. Admn			**2,270.22**	**1,580.70**	**689.52**
1	Anantnag	Marhama Wetland	202.49	0	202.49
2	Anantnag	Mahtan Wetland	103.80	0	103.80
3	Budgam	Rakh-i-Arth	464.05	0	464.05
4	Ganderbal	Devapura Nambal	24.76	0	24.76
5	Pulwama	Sethargund Nambal	18.06	0	18.06
6	Srinagar	Chak Nambal	55.94	0	55.94
7	Srinagar	Gangbugh Nambal	47.37	0	47.37
8	Srinagar	Gangbugh Nambal-II	14.04	0	14.04
9	Kathua	Naknal	1.06	0	1.06
10	Samba	Galwal Talao	1.65	0	1.65
Total disappeared area (10 Lakes) Distt. Admn.			**933.22**	**0.00**	**933.22**
1	Baramulla	Gathgopal	130.48	237.90	-107.42
2	Baramulla	Bod Nambal/Gad Sar	57.33	57.49	-0.16
3	Bandipora	Rakh-I Malgom	209.36	211.48	-2.12
4	Bandipora	Chak Sudarkut Bala	10.94	19.01	-8.07
5	Bandipora	Chirangpura Nambal	7.32	21.12	-13.80
6	Budgam	Narkura Nambal	349.40	359.35	-9.95
Total increased area (06 Lakes) Distt. Admn			**764.83**	**906.35**	**141.52**
1	Budgam	Bodh Sar	43.87	43.87	0.00
2	Budgam	Navkan Sar Lakut	8.85	8.85	0.00
Total unchanged area (02 Lakes) Distt. Admn			**52.72**	**52.72**	0
Total area of 38 Lakes			**4,020.99**	**2,539.77**	
Authority:- Lake Conservation and Management Authority					
1	Srinagar	Anchar Lake	1,208.55	1,157.88	-50.67
2	Srinagar	Khushalsar	90.52	84.03	-6.49
Total decreased area (02 Lakes) LCMA			**1,299.07**	**1,241.91**	**-57.16**
1	Srinagar	Dal Lake	2,324.75	2,460.55	135.80
Total increased area (01Lake) LCMA			**2,324.75**	**2,460.55**	**135.80**
Total area of 3 Lakes			**3,623.82**	**3,702.46**	**78.64**
Authority:- Wular-Manasbal Development Authority					
1	Ganderbal	Manasbal Lake	260.00	260.00	0.00
Total unchanged area (1 Lake) WMDA			**260.00**	**260.00**	**0**

Appendix-2.4

(Reference: Paragraph No. 2.3.1)

Lake-wise Land use/ Classification use changes in Lakes

(Area in hectares)

S. No	Name of lakes with decrease in Open Water	Open Water		Aquatic Vegetation / Marshy		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Scrub		Pasture		Marshy		Vegetation		Horticulture		Not mentioned		River		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	*2020*	*2014*
1	Bod Nambal /Gad sar	7.95	8.64	49.54	48.85																											*57.49*	*57.49*
2	Chandargar Nambal	0.21	0.34	8.27	8.14	0.36	0.36							1.01	1.01	0.83	0.83															*10.68*	*10.68*
3	Check Sadurkut Bala	0.77	3.61	13.77	10.93	3.37	3.37									1.10	1.10															*19.01*	*19.01*
4	Ferozpur Nambal	1.14	20.37	25.56	6.35									0.15	0.13																	*26.85*	*26.85*
5	Galandar sar	0.59	0.71	28.71	28.63							0.35	0.35	0.18	0.07	0.11	0.18															*29.94*	*29.94*
6	Khushalsar	7.58	15.40	30.70	29.97			23.52	19.88			0.16	0.18	18.42	16.97	3.65	1.63															*84.03*	*84.03*
7	Mukhdumyari Nambal	0.05	0.84	20.55	23.65											4.33	0.44															*24.93*	*24.93*
8	NaidKhai Nambal	1.00	1.54	37.03	36.59	0.86	0.76																									*38.89*	*38.89*
9	Rakh-i-Rabitar	0.08	16.12	358.43	340.19	1.15	1.15					0.32	0.21	44.26	46.53	1.79	1.83															*406.03*	*406.03*
10	Shallabugh Nambal	20.46	204.06	744.03	569.75	0.51	0.51			12.53	0.62	0.79	0.82	696.31	698.87																	*1474.63*	*1474.63*
11	Munwar Sar	8.10	8.25																											0.15		*8.25*	*8.25*
12	Wullar Lake	2785.70	4440.00	7216.60	6134.00					644.90	688.00	19.79	18.00					470.48	76.00			85.33	51.00			2046.72	1943.00	80.48	0.00			*13350.00*	*13350.00*
13	Chir Sar	6.50	6.90																											0.40		*6.90*	*6.90*
14	Surinsar	28.59	28.60																											0.01		*28.60*	*28.60*
15	Jabor Sar	0.50	0.64	1.01	0.87																											*1.51*	*1.51*
16	Naknal	0.00	0.46	0.75	0.29																											*0.75*	*0.75*
17	Galwal Taloa	0.27	0.32											0.03	0.03	0.90	0.85															*1.20*	*1.20*
18	Mandik sar																													90.96	90.96	*90.96*	*90.96*
19	Dal Lake	1307.70	1441.00			284.90	235.10	729.40	692.20			102.50	81.20			36.00	11.00															*2460.50*	*2460.50*
20	Hokersar	950.35	1017.98	131.76	92.99					4.19	2.05	3.40	1.68	81.49	87.11	8.44	13.96	131.14	118.91	12.95	1.03									23.61	11.62	*1347.33*	*1347.33*
	Total	*5127.54*	*7215.78*	*8666.71*	*7331.20*	*291.15*	*241.25*	*752.92*	*712.08*	*661.62*	*690.67*	*127.31*	*102.44*	*841.85*	*850.72*	*57.15*	*31.82*	*601.62*	*194.91*	*12.95*	*1.03*	*85.33*	*51.00*	*0.00*	*0.00*	*2046.72*	*1943.00*	*80.48*	*0.00*	*91.52*	*90.96*	*23.61*	*11.62*	*19468.48*	*19468.48*

(Area in hectares)

S. No	Name of lakes with increase in Open Water	Open Water		Aquatic Vegetation / Marshy		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Scrub		Pasture		Marshy		Vegetation		Horticulture		Not mentioned		River		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014
1	Chirangpura Nambal	2.63	1.05	15.62	15.32	2.87	4.75																									*21.12*	*21.12*
2	Bodsar/Chatlam	15.31	9.42	32.78	39.15									8.48	8.00																	*56.57*	*56.57*
3	Khomina Nambal	0.65	0.18	25.48	26.07	3.64	3.52							0.08	0.08																	*29.85*	*29.85*
4	Waskur Nambal	21.82	19.86	0.36	2.32																											*22.18*	*22.18*
5	Sudnara Hastikhan Nambal	4.69	1.23	31.55	35.01	0.08	0.08																									*36.32*	*36.32*
6	Ahan sar	14.00	10.98	0.18	3.20																											*14.18*	*14.18*
7	Shesh Nag	58.72	53.72																												5.00	*58.72*	*58.72*
8	Tson	14.15	14.14																												0.01	*14.15*	*14.15*
9	Sarbal Sar	26.80	26.55																												0.25	*26.80*	*26.80*
10	Nundkhul	37.66	36.63																												1.03	*37.66*	*37.66*
11	Nil Nag	9.81	7.46																												2.35	*9.81*	*9.81*
12	Bodh Sar	47.06	43.87																												3.19	*47.06*	*47.06*
13	Navkan Sar Lakut	9.82	8.85																												0.97	*9.82*	*9.82*
14	Gangbal	163.02	162.79																												0.23	*163.02*	*163.02*
15	Konsar Nag	134.87	133.31																												1.56	*134.87*	*134.87*
16	Narain Sar	5.79	5.41																												0.38	*5.79*	*5.79*
17	Mansar Lake	59.00	58.61																												0.39	*59.00*	*59.00*
18	Simar Sar	15.48	15.46																												0.02	*15.48*	*15.48*
19	Manasbal Lake	216.81	185.29	19.24	19.35									23.95	55.36																	*260.00*	*260.00*
20	Anchar lake	86.44	65.00	53.72	48.63							8.61	7.05	571.25	599.04	12.70	16.03	37.61	41.47									387.55	380.66			*1157.88*	*1157.88*
21	Kaplas sar	8.46	8.46																													*8.46*	*8.46*
22	Gaga Sar	2.37	2.37																													*2.37*	*2.37*
	Total	**955.36**	**870.64**	**178.93**	**189.05**	**6.59**	**8.35**	**0.00**	**0.00**	**0.00**	**0.00**	**8.61**	**7.05**	**603.76**	**662.48**	**12.70**	**16.03**	**37.61**	**41.47**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**387.55**	**380.66**	**0.00**	**15.38**	**0.00**	**0.00**	*2191.11*	*2191.11*

S. No	Name of lakes without open water area & decrease in Aquatic Plantation	Open Water		Aquatic Vegetation / Marshy		Cropland		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Horticulture		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014
1	Gathgopal			28.40	34.05							209.50	203.85							*237.90*	*237.90*
2	Haigam Jhil			450.60	455.07			38.01	33.54	1.37	1.37	159.22	159.22			105.01	105.01			*754.21*	*754.21*
3	Malangpora			110.22	112.11					0.53	0.53	11.09	9.32	2.84	2.72					*124.68*	*124.68*
4	Naaz Nambal			2.57	7.24	5.58	0.91													*8.15*	*8.15*
5	Rahh-i-Malgom			173.57	179.82	35.89	26.96					2.02	4.70							*211.48*	*211.48*
6	Zinipura Nambal			33.35	34.21	7.08	6.22													*40.43*	*40.43*
7	Buna Nowgam Nambal			178.68	179.46			21.69	20.91											*200.37*	*200.37*
8	Mehatan				103.80					103.80										*103.80*	*103.80*
9	Merhama				202.49											202.49				*202.49*	*202.49*
10	Sethergund Nambal				18.06											18.06				*18.06*	*18.06*
11	Rakh-i-Arth			31.40	31.71					0.72	0.57	97.86	86.25	0.61	0.70	317.13	328.57	16.34	16.26	*464.06*	*464.06*
12	Devpora Nambal									0.16	0.16	3.92	3.25	2.38	2.38	10.14	11.18	8.18	7.81	*24.78*	*24.78*
13	Chak Nambal			33.15	36.66					0.85	0.64			21.28	16.82	0.66	1.82			*55.94*	*55.94*
	Total	**0.00**	**0.00**	**1041.94**	**1394.68**	**48.55**	**34.09**	**59.70**	**54.45**	**107.43**	**3.27**	**483.61**	**466.59**	**27.11**	**22.62**	**653.49**	**446.58**	**24.52**	**24.07**	*2446.35*	*2446.35*

S.No	Name of lakes without open water area & increase in Acquatic Vegetation	Open Water		Aquatic Vegetation / Marshy		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Scrub		Pasture		Marshy		Vegetation		Horticulture		Not mentioned		River		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014
1	Mirgund Jhil-I			110.76	109.17	79.50	49.29							64.10	95.90																			*254.36*	*254.36*
2	Mirgund Jhil-II			22.84	20.20	6.22	7.84							20.82	21.84																			*49.88*	*49.88*
3	Sudarkut Nambal			136.20	132.34	1.07	1.35							6.54	10.12																			*143.81*	*143.81*
4	Rakh-i-Kujar			376.69	375.64									6.05	7.10																			*382.74*	*382.74*
5	Hakim Gund Numbal			26.24	25.55									1.65	2.34																			*27.89*	*27.89*
6	Gangbugh Nambal-II			9.31	9.28									0.08	0.12			4.66	4.65															*14.05*	*14.05*
7	Gangbugh Nambal			36.67	35.11							0.46	0.06	2.94	2.07	1.57	0.76	5.73	9.37															*47.37*	*47.37*
8	Narkara Nambal			242.74	239.44							0.35	0.23	16.49	19.89	15.17	15.19	1.90	1.90															*276.65*	*276.65*
	Total	**0.00**	**0.00**	**961.45**	**946.73**	**86.79**	**58.48**	**0.00**	**0.00**	**0.00**	**0.00**	**0.81**	**0.29**	**118.67**	**159.38**	**16.74**	**15.95**	**12.29**	**15.92**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	*1196.75*	*1196.75*

Overall change in classification of land use	Open Water		Aquatic Vegetation / Marshy		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Scrub		Pasture		Marshy		Vegetation		Horticulture		Not mentioned		River		Total	
	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	*2020*	*2014*
63 Lakes	6082.90	8086.42	10849.03	9861.66	433.08	342.17	752.92	712.08	721.32	745.12	244.16	113.05	2047.89	2139.17	113.70	86.42	1305.01	698.88	12.95	1.03	85.33	51.00	0.00	0.00	2046.72	1943.00	492.55	404.73	91.52	106.34	23.61	11.62	25302.69	25302.69

Appendix-2.5

(Reference: Paragraph No. 2.3.1)

Lake-wise land use/ classification use changes due to anthropogenic pressures.

(Area in hectares)

S. No	Name of lakes with decrease in Open Water	Open Water		Aquatic Vegetation / Marshy		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Scrub		Pasture		Marshy		Vegetation		Horticulture		Not mentioned		River		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014
1	Bod Nambal /Gad sar	7.95	8.64	49.54	48.85																											*57.49*	*57.49*
2	Chandargar Nambal	0.21	0.34	8.27	8.14	0.36	0.36							1.01	1.01	0.83	0.83															*10.68*	*10.68*
3	Check Sadurkut Bala	0.77	3.61	13.77	10.93	3.37	3.37									1.10	1.10															*19.01*	*19.01*
4	Ferozpur Nambal	1.14	20.37	25.56	6.35									0.15	0.13																	*26.85*	*26.85*
5	Galandar sar	0.59	0.71	28.71	28.63							0.35	0.35	0.18	0.07	0.11	0.18															*29.94*	*29.94*
6	Khushalsar	7.58	15.40	30.70	29.97			23.52	19.88			0.16	0.18	18.42	16.97	3.65	1.63															*84.03*	*84.03*
7	Mukhdumyari Nambal	0.05	0.84	20.55	23.65											4.33	0.44															*24.93*	*24.93*
8	NaidKhai Nambal	1.00	1.54	37.03	36.59	0.86	0.76																									*38.89*	*38.89*
9	Rakh-i-Rabitar	0.08	16.12	358.43	340.19	1.15	1.15					0.32	0.21	44.26	46.53	1.79	1.83															*406.03*	*406.03*
10	Shallabugh Nambal	20.46	204.06	744.03	569.75	0.51	0.51			12.53	0.62	0.79	0.82	696.31	698.87																	*1474.63*	*1474.63*
11	Munwar Sar	8.10	8.25																											0.15		*8.25*	*8.25*
12	Wullar Lake	2785.70	4440.00	7216.60	6134.00					644.90	688.00	19.79	18.00					470.48	76.00			85.33	51.00			2046.72	1943.00	80.48	0.00					*13350.00*	*13350.00*
13	Chir Sar	6.50	6.90																											0.40		*6.90*	*6.90*
14	Surinsar	28.59	28.60																											0.01		*28.60*	*28.60*
15	Jabor Sar	0.50	0.64	1.01	0.87																											*1.51*	*1.51*
16	Naknal	0.00	0.46	0.75	0.29																											*0.75*	*0.75*
17	Galwal Taloa	0.27	0.32											0.03	0.03	0.90	0.85															*1.20*	*1.20*
18	Mandik sar																													90.96	90.96	*90.96*	*90.96*
19	Dal Lake	1307.70	1441.00			284.90	235.10	729.40	692.20			102.50	81.20			36.00	11.00															*2460.50*	*2460.50*
20	Hokersar	950.35	1017.98	131.76	92.99					4.19	2.05	3.40	1.68	81.49	87.11	8.44	13.96	131.14	118.91	12.95	1.03											*1347.33*	*1347.33*
	Total	*5127.54*	*7215.78*	*8666.71*	*7331.20*	*291.15*	*241.25*	*752.92*	*712.08*	*661.62*	*690.67*	*127.31*	*102.44*	*841.85*	*850.72*	*57.15*	*31.82*	*601.62*	*194.91*	*12.95*	*1.03*	*85.33*	*51.00*	*0.00*	*0.00*	*2046.72*	*1943.00*	*80.48*	*0.00*	*91.52*	*90.96*	*23.61*	*11.62*	*19468.48*	*19468.48*

S. No	Name of lakes with increase in Open Water	Open Water		Aquatic Vegetation / Marshy		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Scrub		Pasture		Marshy		Vegetation		Horticulture		Not mentioned		River		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014
1	Khomina Nambal	0.65	0.18	25.48	26.07	3.64	3.52							0.08	0.08																	*29.85*	*29.85*
2	Sudnara Hastikhan Nambal	4.69	1.23	31.55	35.01	0.08	0.08																									*36.32*	*36.32*
3	Anchar lake	86.44	65.00	53.72	48.63							8.61	7.05	571.25	599.04	12.70	16.03	37.61	41.47									387.55	380.66					*1157.88*	*1157.88*
	Total	**91.78**	**66.41**	**110.75**	**109.71**	**3.72**	**3.60**	**0.00**	**0.00**	**0.00**	**0.00**	**8.61**	**7.05**	**571.33**	**599.12**	**12.70**	**16.03**	**37.61**	**41.47**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**387.55**	**380.66**	**0.00**	**0.00**	**0.00**	**0.00**	*1224.05*	*1224.05*

S. No	Name of lakes without open water area & decrease in Aquatic Plantation	Open Water		Aquatic Vegetation / Marshy		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Scrub		Pasture		Marshy		Vegetation		Horticulture		Not mentioned		River		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014
1	Gathgopal			28.40	34.05									209.50	203.85																	*237.90*	*237.90*
2	Haigam Jhil			450.60	455.07					38.01	33.54	1.37	1.37	159.22	159.22			105.01	105.01													*754.21*	*754.21*
3	Malangpora			110.22	112.11							0.53	0.53	11.09	9.32	2.84	2.72															*124.68*	*124.68*
4	Naaz Nambal			2.57	7.24	5.58	0.91																									*8.15*	*8.15*
5	Rahh-i-Malgom			173.57	179.82	35.89	26.96							2.02	4.70																	*211.48*	*211.48*
6	Zinipura Nambal			33.35	34.21	7.08	6.22																									*40.43*	*40.43*
7	Buna Nowgam Nambal			178.68	179.46					21.69	20.91																					*200.37*	*200.37*
8	Mehatan				103.80							103.80																				*103.80*	*103.80*
9	Merhama				202.49													202.49														*202.49*	*202.49*
10	Sethergund Nambal				18.06													18.06														*18.06*	*18.06*
11	Rakh-i-Arth			31.40	31.71							0.72	0.57	97.86	86.25	0.61	0.70	317.13	328.57									16.34	16.26			*464.06*	*464.06*
12	Devpora Nambal											0.16	0.16	3.92	3.25	2.38	2.38	10.14	11.18									8.18	7.81			*24.78*	*24.78*
13	Chak Nambal			33.15	36.66							0.85	0.64			21.28	16.82	0.66	1.82													*55.94*	*55.94*
	Total	**0.00**	**0.00**	**1041.94**	**1394.68**	**48.55**	**34.09**	**0.00**	**0.00**	**59.70**	**54.45**	**107.43**	**3.27**	**483.61**	**466.59**	**27.11**	**22.62**	**653.49**	**446.58**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**24.52**	**24.07**	**0.00**	**0.00**	**0.00**	**0.00**	*2446.35*	*2446.35*

S.No	Name of lakes without open water area & increase in Acquatic Vegetation	Open Water		Aquatic Vegetation / Marshy		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Scrub		Pasture		Marshy		Vegetation		Horticulture		Not mentioned		River		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014
1	Mirgund Jhil-I			110.76	109.17	79.50	49.29							64.10	95.90																	*254.36*	*254.36*
2	Mirgund Jhil-II			22.84	20.20	6.22	7.84							20.82	21.84																	*49.88*	*49.88*
3	Sudarkut Nambal			136.20	132.34	1.07	1.35							6.54	10.12																	*143.81*	*143.81*
4	Rakh-i-Kujar			376.69	375.64									6.05	7.10																	*382.74*	*382.74*
5	Hakim Gund Numbal			26.24	25.55									1.65	2.34																	*27.89*	*27.89*
6	Gangbugh Nambal-II			9.31	9.28									0.08	0.12			4.66	4.65													*14.05*	*14.05*
7	Gangbugh Nambal			36.67	35.11							0.46	0.06	2.94	2.07	1.57	0.76	5.73	9.37													*47.37*	*47.37*
8	Narkara Nambal			242.74	239.44							0.35	0.23	16.49	19.89	15.17	15.19	1.90	1.90													*276.65*	*276.65*
	Total	**0.00**	**0.00**	**961.45**	**946.73**	**86.79**	**58.48**	**0.00**	**0.00**	**0.00**	**0.00**	**0.81**	**0.29**	**118.67**	**159.38**	**16.74**	**15.95**	**12.29**	**15.92**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	*1196.75*	*1196.75*

No of Lakes having anthropogenic pressure	Open Water		Aquatic Vegetation / Marshy		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Scrub		Pasture		Marshy		Vegetation		Horticulture		Not mentioned		River		Total	
	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	*2020*	*2014*
44 Lakes	5219.32	7282.19	10780.85	9782.32	430.21	337.42	752.92	712.08	721.32	745.12	244.16	113.05	2015.46	2075.81	113.70	86.42	1305.01	698.88	12.95	1.03	85.33	51.00	0.00	0.00	2046.72	1943.00	492.55	404.73	91.52	90.96	23.61	11.62	24335.63	24335.63

Appendix-2.6

(Reference: Paragraph No. 2.3.1)

Lake-wise absence of open water, decrease/ increase in aquatic vegetation

(Area in hectares)

S. No	Name of lakes without open water area & decrease in Aquatic Plantation	Open Water		Aquatic Vegetation / Marshy		Cropland		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Horticulture		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014
1	Gathgopal			28.40	34.05							209.50	203.85							*237.90*	*237.90*
2	Haigam Jhil			450.60	455.07			38.01	33.54	1.37	1.37	159.22	159.22			105.01	105.01			*754.21*	*754.21*
3	Malangpora			110.22	112.11					0.53	0.53	11.09	9.32	2.84	2.72					*124.68*	*124.68*
4	Naaz Nambal			2.57	7.24	5.58	0.91													*8.15*	*8.15*
5	Rahh-i-Malgom			173.57	179.82	35.89	26.96					2.02	4.70							*211.48*	*211.48*
6	Zinipura Nambal			33.35	34.21	7.08	6.22													*40.43*	*40.43*
7	Buna Nowgam Nambal			178.68	179.46			21.69	20.91											*200.37*	*200.37*
8	Mehatan				103.80					103.80										*103.80*	*103.80*
9	Merhama				202.49											202.49				*202.49*	*202.49*
10	Sethergund Nambal				18.06											18.06				*18.06*	*18.06*
11	Rakh-i-Arth			31.40	31.71					0.72	0.57	97.86	86.25	0.61	0.70	317.13	328.57	16.34	16.26	*464.06*	*464.06*
12	Devpora Nambal									0.16	0.16	3.92	3.25	2.38	2.38	10.14	11.18	8.18	7.81	*24.78*	*24.78*
13	Chak Nambal			33.15	36.66					0.85	0.64			21.28	16.82	0.66	1.82			*55.94*	*55.94*
	Total	**0.00**	**0.00**	**1041.94**	**1394.68**	**48.55**	**34.09**	**59.70**	**54.45**	**107.43**	**3.27**	**483.61**	**466.59**	**27.11**	**22.62**	**653.49**	**446.58**	**24.52**	**24.07**	*2446.35*	*2446.35*

S.No	Name of lakes without open water area & increase in Acquatic Vegetation	Open Water		Aquatic Vegetation / Marshy		Cropland		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Horticulture		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014
14	Mirgund Jhil-I			110.76	109.17	79.50	49.29					64.10	95.90							*254.36*	*254.36*
15	Mirgund Jhil-II			22.84	20.20	6.22	7.84					20.82	21.84							*49.88*	*49.88*
16	Sudarkut Nambal			136.20	132.34	1.07	1.35					6.54	10.12							*143.81*	*143.81*
17	Rakh-i-Kujar			376.69	375.64							6.05	7.10							*382.74*	*382.74*
18	Hakim Gund Numbal			26.24	25.55							1.65	2.34							*27.89*	*27.89*
19	Gangbugh Nambal-II			9.31	9.28							0.08	0.12			4.66	4.65			*14.05*	*14.05*
20	Gangbugh Nambal			36.67	35.11					0.46	0.06	2.94	2.07	1.57	0.76	5.73	9.37			*47.37*	*47.37*
21	Narkara Nambal			242.74	239.44					0.35	0.23	16.49	19.89	15.17	15.19	1.90	1.90			*276.65*	*276.65*
	Total	**0.00**	**0.00**	**961.45**	**946.73**	**86.79**	**58.48**	**0.00**	**0.00**	**0.81**	**0.29**	**118.67**	**159.38**	**16.74**	**15.95**	**12.29**	**15.92**	**0.00**	**0.00**	*1196.75*	*1196.75*

S. No	No of Lakes having Loss of open water & change in other land use/Classification use	Open Water		Aquatic Vegetation / Marshy		Cropland		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Horticulture		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	*2020*	*2014*
	21 Lakes	0.00	0.00	2003.39	2341.41	135.34	92.57	59.70	54.45	108.24	3.56	602.28	625.97	43.85	38.57	665.78	462.50	24.52	24.07	3643.10	3643.10

Appendix-2.7

(Reference: Paragraph No. 2.3.1)

Lake-wise decrease in open water and change in other land use

(Area in hectares)

Statement showing lake-wise details having decrese in open water

S. No	Name of lakes with decrease in Open Water	Open Water		Aquatic Vegetation / Marshy		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Scrub		Pasture		Marshy		Vegetation		Horticulture		Not mentioned		River		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	*2020*	*2014*
1	Bod Nambal /Gad sar	7.95	8.64	49.54	48.85																											*57.49*	*57.49*
2	Chandargar Nambal	0.21	0.34	8.27	8.14	0.36	0.36							1.01	1.01	0.83	0.83															*10.68*	*10.68*
3	Check Sadurkut Bala	0.77	3.61	13.77	10.93	3.37	3.37									1.10	1.10															*19.01*	*19.01*
4	Ferozpur Nambal	1.14	20.37	25.56	6.35									0.15	0.13																	*26.85*	*26.85*
5	Galandar sar	0.59	0.71	28.71	28.63							0.35	0.35	0.18	0.07	0.11	0.18															*29.94*	*29.94*
6	Khushalsar	7.58	15.40	30.70	29.97			23.52	19.88			0.16	0.18	18.42	16.97	3.65	1.63															*84.03*	*84.03*
7	Mukhdumyari Nambal	0.05	0.84	20.55	23.65											4.33	0.44															*24.93*	*24.93*
8	NaidKhai Nambal	1.00	1.54	37.03	36.59	0.86	0.76																									*38.89*	*38.89*
9	Rakh-i-Rabitar	0.08	16.12	358.43	340.19	1.15	1.15					0.32	0.21	44.26	46.53	1.79	1.83															*406.03*	*406.03*
10	Shallabugh Nambal	20.46	204.06	744.03	569.75	0.51	0.51			12.53	0.62	0.79	0.82	696.31	698.87																	*1474.63*	*1474.63*
11	Munwar Sar	8.10	8.25																											0.15		*8.25*	*8.25*
12	Wullar Lake	2785.70	4440.00	7216.60	6134.00					644.90	688.00	19.79	18.00					470.48	76.00			85.33	51.00			2046.72	1943.00	80.48	0.00					*13350.00*	*13350.00*
13	Chir Sar	6.50	6.90																											0.40		*6.90*	*6.90*
14	Surinsar	28.59	28.60																											0.01		*28.60*	*28.60*
15	Jabor Sar	0.50	0.64	1.01	0.87																											*1.51*	*1.51*
16	Naknal	0.00	0.46	0.75	0.29																											*0.75*	*0.75*
17	Galwal Taloa	0.27	0.32											0.03	0.03	0.90	0.85															*1.20*	*1.20*
18	Mandik sar																													90.96	90.96	*90.96*	*90.96*
19	Dal Lake	1307.70	1441.00			284.90	235.10	729.40	692.20			102.50	81.20			36.00	11.00															*2460.50*	*2460.50*
20	Hokersar	950.35	1017.98	131.76	92.99					4.19	2.05	3.40	1.68	81.49	87.11	8.44	13.96	131.14	118.91	12.95	1.03									23.61	11.62	*1347.33*	*1347.33*
	Total	*5127.54*	*7215.78*	*8666.71*	*7331.20*	*291.15*	*241.25*	*752.92*	*712.08*	*661.62*	*690.67*	*127.31*	*102.44*	*841.85*	*850.72*	*57.15*	*31.82*	*601.62*	*194.91*	*12.95*	*1.03*	*85.33*	*51.00*	*0.00*	*0.00*	*2046.72*	*1943.00*	*80.48*	*0.00*	*91.52*	*90.96*	*23.61*	*11.62*	*19468.48*	*19468.48*

Appendix- 2.8

(Reference: Paragraph No. 2.3.1)

Lake-wise increase in open water & change in other Land use

(Area in hectares)

S. No	Name of lakes with increase in Open Water	Open Water		Aquatic Vegetation / Marshy		Cropland		Built Up		Plantation		Vacant / Fallowland		Agriculture		Horticulture		Not mentioned		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014
1	Chirangpura Nambal	2.63	1.05	15.62	15.32	2.87	4.75													***21.12***	***21.12***
2	Bodsar/Chatlam	15.31	9.42	32.78	39.15					8.48	8.00									***56.57***	***56.57***
3	Khomina Nambal	0.65	0.18	25.48	26.07	3.64	3.52			0.08	0.08									***29.85***	***29.85***
4	Waskur Nambal	21.82	19.86	0.36	2.32															***22.18***	***22.18***
5	Sudnara Hastikhan Nambal	4.69	1.23	31.55	35.01	0.08	0.08													***36.32***	***36.32***
6	Ahan sar	14.00	10.98	0.18	3.20															***14.18***	***14.18***
7	Shesh Nag	58.72	53.72																5.00	***58.72***	***58.72***
8	Tson	14.15	14.14																0.01	***14.15***	***14.15***
9	Sarbal Sar	26.80	26.55																0.25	***26.80***	***26.80***
10	Nundkhul	37.66	36.63																1.03	***37.66***	***37.66***
11	Nil Nag	9.81	7.46																2.35	***9.81***	***9.81***
12	Bodh Sar	47.06	43.87																3.19	***47.06***	***47.06***
13	Navkan Sar Lakut	9.82	8.85																0.97	***9.82***	***9.82***
14	Gangbal	163.02	162.79																0.23	***163.02***	***163.02***
15	Konsar Nag	134.87	133.31																1.56	***134.87***	***134.87***
16	Narain Sar	5.79	5.41																0.38	***5.79***	***5.79***
17	Mansar Lake	59.00	58.61																0.39	***59.00***	***59.00***
18	Simar Sar	15.48	15.46																0.02	***15.48***	***15.48***
19	Manasbal Lake	216.81	185.29	19.24	19.35					23.95	55.36									***260.00***	***260.00***
20	Anchar lake	86.44	65.00	53.72	48.63			8.61	7.05	571.25	599.04	12.70	16.03	37.61	41.47	387.55	380.66			***1157.88***	***1157.88***
21	Kaplas sar	8.46	8.46																	***8.46***	***8.46***
22	Gaga Sar	2.37	2.37																	***2.37***	***2.37***
	Total	**955.36**	**870.64**	**178.93**	**189.05**	**6.59**	**8.35**	**8.61**	**7.05**	**603.76**	**662.48**	**12.70**	**16.03**	**37.61**	**41.47**	**387.55**	**380.66**	**0.00**	**15.38**	**2191.11**	**2191.11**

Appendix- 2.9

(Reference: Paragraph No. 2.3.2)

Year / Location-wise clear images available on Google Earth Pro

Lake	Encroached Area within Lake	Catchment Area of the Lake	Year of Image {Clear Image Available (CIA)}														
			2002	2004	2005	2006	2007	2008	2010	2011	2012	2013	2014	2015	2016	2018	2022
Dal Lake	Mir-Behri, Lati Mohalla, inside Lake etc	-	-	-	-	-	CIA	-	-	CIA	-	-	-	CIA	-	-	CIA
	-	Takiya Sangreshi, Danihama, Shalimar, Koshpora, Banigam etc	-	-	CIA	-	-	-	-	-	CIA	-	-	CIA	-	-	CIA
	-	Nishat	-	CIA	-	-	-	-	-	CIA	-	-	-	CIA	-	-	CIA
	-	Hazratbal/ Habak	-	-	-	-	CIA	-	-	-	CIA	-	-	CIA	-	-	CIA
	-	Rainawari	-	CIA	-	-	-	-	-	-	CIA	-	-	CIA	-	-	CIA
Wular	Sher Colony	-	-	-	-	CIA	-	-	-	-	-	CIA	-	-	-	CIA	CIA
	Kanyari	-	-	-	-	-	-	-	-	CIA	-	-	-	CIA	-	CIA	CIA
	-	Bandipora	-	-	-	-	-	-	-	CIA	-	-	CIA	-	-	CIA	CIA
Hokersar	-	Haji Bagh	-	-	-	CIA	-	-	-	CIA	-	-	CIA	-	-	-	CIA
	-	Soibugh	-	-	CIA	-	-	-	-	CIA	-	-	CIA	-	-	-	CIA
	-	HMT	-	-	CIA	-	-	-	-	CIA	-	-	CIA	-	-	-	CIA
Mansar	-	Jassor Mohalla	CIA	-	-	-	-	-	CIA	-	-	-	-	CIA	-	-	CIA
	-	Ladili Mohalla	CIA	-	-	-	-	-	CIA	-	-	-	-	CIA	-	-	CIA
	-	Moriyan	CIA	-	-	-	-	-	CIA	-	-	-	-	CIA	-	-	CIA
Surinsar	-	Lake Fringes	-	-	-	-	-	CIA	-	-	-	CIA	-	-	-	CIA	CIA
	-	Lower Padder	-	-	-	-	-	CIA	-	-	-	CIA	-	-	-	CIA	CIA
	-	Upper Padder	-	-	-	-	-	CIA	-	-	-	CIA	-	-	-	CIA	CIA
Manasbal	-	Kondabal	CIA	-	-	-	-	-	-	CIA	-	-	-	-	CIA	-	CIA
	-	Gratabal	CIA	-	-	-	-	-	-	CIA	-	-	-	-	CIA	-	CIA

Appendix-2.10

(Reference: Paragraph No. 2.5)

Statement showing functions of the Departments/ Authorities/ Boards related to environmental issues which includes preparation of development plans for Lakes

1. J&K, Ecology, Environment and Remote Sensing Department (EE&RSD)

J&K Government had assigned (October 1989) survey and monitoring of Lakes of J&K and preparation of Development Plans for Lakes to EE & RSD. The department had to conduct detailed survey Lakes of the J&K and study their physical, chemical and biological dynamics and prepare detailed plans for development and management of Lakes.

2. Principal Chief Conservator of Forest (PCCF), J&K

PCCF controls all the forest area of J&K through its various divisions. The divisions prepare Annual Plan of Operations (APOs) for execution of various forest management activities such as plantation of degraded forests, fencing/ demarcation of forest areas, establishment of nurseries etc. Besides, J&K Forest Policy (2010) includes strategy for protection & conservation of Lakes and conservation of biodiversity in forests.

3. Wildlife Protection Department (WPD)

WPD controls wild area of J&K through its various divisions. The WPD prepares APOs for management and habitat improvement of wild life in protected areas which included some Lake specific activities viz. survey, demarcation, de-silting, de-weeding, plugging of breaches etc.

4. Union Territory Wetland Authority

National Wetland Conservation Program Guidelines for Conservation and Management of Lakes advised (June 2009) States to constitute Wetland Authority and subsequently Wetland Rules[2]-also envisaged establishment of Wetland Authority in each States / Union Territories. Further, Wetland Rules laid planning / strategies as detailed below:-

- demarcation of Lake boundary supported by accurate digital maps with coordinates and validated by ground-truthing;
- ecological character description of Lakes;
- comprehensive list of activities to be regulated & permitted within the notified Lakes & their zone of influence and mechanisms for maintenance of ecological character through promotional activities in cases wherein lands within boundary of notified Lakes or Lakes complex have private tenancy rights;

[2] 2010 superseded in 2017

- comprehensive digital inventory of all Lakes and its uploading on a web portal to be developed by the Central Government;
- measures for enhancing awareness within stakeholders and local communities;
- strategies for conservation and wise use of Lakes were to be defined; wise use being a principle for managing these ecosystems which incorporates capture of fisheries at subsistence level or harvest of aquatic plants and functions of water storage, groundwater recharging, flood buffering, values of recreation and cultural are maintained or enhanced;
- For notification of Lakes through Central Government, Brief Document comprising broad geographic delineation of Lakes, demarcation of Lake Boundary supported by accurate digital maps with coordinates and validated by ground-truthing, list of activities to be regulated & permitted within the Lakes, etc. was to be prepared.

5. Biodiversity Board, J&K

The Biological Diversity Act, 2002 envisaged conservation of biological diversity and sustainable use of its components. The Lake ecosystem includes wide range of biodiversity so role of BDB for conservation of biological diversity and sustainable use of its components relating to Lakes is very vital. The Act provided for establishment of Biodiversity Board (BDB), appointment of its members to exercise functions of BDB and constitution of Biodiversity Fund (BDF) to be used for conservation and promotion of biological resources.

6. Jammu and Kashmir Pollution Control Board (JK-PCB)

JK-PCB was established (1987) for restoration & maintaining natural water bodies, planning and programs for prevention and control of water pollution and regular monitoring of water quality of water bodies (including Lakes).

7. Development Authorities

There were four Development Authorities established under the Development, Act 1970, for development of the areas falling under their jurisdiction which included Lake areas also.

8. *Rakhs* and Farms Department (R&FD)

Activities of the Department includes receipts of one fourth of agriculture produce from cultivators who cultivate land pertaining to the Department. The cultivable land includes land of eight Lakes[3] (falling in six districts) which sometimes become dry during lean periods.

9. Water Resource Regularity Authority (WRRA)

Water Resources (Regulation and Management) Act 2010 included protection of physical integrity of Lakes & springs (including its source water protection) and their improvement for which WRRA was to be established. The Act envisaged establishment of Water Resource

[3] Sadurkut, Narkara, Chirangpura, Rakh-i-Rabtar, Gungbug, Rak-i-Kujar, Nowgam Jhil and Rakh-i-Arth

Regularity Authority to exercise the functions laid in Water Resources (Regulation and Management) Act 2010.

Further, Act laid preparation of Water Policy and Plan (WP&P) for development, management, planning, utilization & monitoring of water resources, preparation of plans for prevention of encroachment on existing water bodies. Also, Act laid constitution of Committee to discuss policy matters relating to functions of WRRA.

Appendix-3.1

(Reference: Paragraph No. 3.2)

Division/ District-wise details of Lakes in which sewage enters without any treatment

Sl. No.	Province	District	Name of The Water body	Inside / Outside	Remarks
1	Jammu	Jammu	Surinsar	Inside Forest	Lake having population around it though inside forest.
2		Udhampur	Mansar Lake	Inside Forest	
3		Doda	Kaplas Sar 1	Outside Forest	
4		Kathua	Naknal	Outside Forest	
5		Ramban	Jabor Sar Bod	Outside Forest	
6		Samba	Galwal Talao	Outside Forest	
Total		**6**		**6**	
1	Kashmir	Anantnag	Marhama Wetland	Outside Forest	
2		Anantnag	Mahtan Wetland	Outside Forest	
3		Baramulla	Haigam Jhil	Outside Forest	
4		Baramulla	Mirgund Jhil-I	Outside Forest	
5		Baramulla	Buna Naugam Nambal	Outside Forest	
6		Baramulla	Gathgopal	Outside Forest	
7		Baramulla	Bod Nambal/Gad Sar	Outside Forest	
8		Baramulla	Mirgund Jhil-II	Outside Forest	
9		Baramulla	Ferozpur Nambal	Outside Forest	
10		Bandipora	Wular Lake	Outside Forest	
11		Bandipora	Rakh-I Malgom	Outside Forest	
12		Bandipora	Sudarkut Nambal	Outside Forest	
13		Bandipora	Khomina Namball	Outside Forest	
14		Bandipora	Zinipura Nambal	Outside Forest	
15		Bandipora	Sadunara Hastikhan Nambal	Outside Forest	
16		Bandipora	Mukhdamyari Nambal	Outside Forest	
17		Bandipora	Naidkhai Nambal	Outside Forest	
18		Bandipora	Chandargar Nambal	Outside Forest	
19		Bandipora	Naz Nambal	Outside Forest	
20		Bandipora	Chak Sudarkut Bala	Outside Forest	
21		Bandipora	Chirangpura Nambal	Outside Forest	
22		Budgam	Hokar Sar	Outside Forest	
23		Budgam	Rakh Arat	Outside Forest	
24		Budgam	Narkura Nambal	Outside Forest	
25		Budgam	Bodh Sar	Outside Forest	
26		Budgam	Navkan Sar Lakut	Outside Forest	
27		Ganderbal	Shalabugh Nambal	Inside Forest	Lake having population around it though inside forest.
28		Ganderbal	Rakh-i-Rabitar	Outside Forest	
29		Ganderbal	Rakh-i-Kujar	Outside Forest	
30		Ganderbal	Manasbal Lake	Outside Forest	
31		Ganderbal	Waskur Sar	Outside Forest	

Sl. No.	Province	District	Name of The Water body	Inside / Outside	Remarks
32		Ganderbal	Hakimgund Nambal	Outside Forest	
33		Ganderbal	Ahan Sar	Outside Forest	
34		Ganderbal	Devapura Nambal	Outside Forest	
35		Kupwara	Narain Sar	Outside Forest	
36		Pulwama	Malangpur Nambal	Outside Forest	
37		Pulwama	Bodsar/Chatlam	Outside Forest	
38		Pulwama	Galandar Sar	Outside Forest	
39		Pulwama	Sethargund Nambal	Outside Forest	
40		Srinagar	Anchar Lake	Outside Forest	
41		Srinagar	Khushalsar	Outside Forest	
42		Srinagar	Chak Nambal	Outside Forest	
43		Srinagar	Gangbugh Nambal	Outside Forest	
44		Srinagar	Gangbugh Nambal-II	Outside Forest	
Total		**44**		**44**	
Grand Total				**50**	

Appendix-3.2

(Reference: Paragraph No. 3.2)

Details of Lakes, alongwith the number of households, human population and animal population, where sewage was discharged either directly into these Lakes or at the fringes of these Lakes

Sl. No.	Name of the water body	No of House Holds	Human Population	Animal Population	Sewer / Sewerage point	Total No. of sewer entry points
1	Marhama	1,000	5,000	3,000	Sather& Panjpora	2
2	Chandargar Nambal	1,000	5,000	3,000	Chandergeer near school & Panchayat ghar	2
3	Check Sader koot Bala	1,400	7,000	3,000	Not Assessed	0
4	Chirangpura Nambal	260	1,300	700	Bakshibal Chiranpora, ladipora	3
5	Khomina Nambal	800	4,000	1,000	Vijpara	1
6	Mukhdamyari Nambal	250	1,500	600	Shreeharikaran gund1	1
7	Naidkhai Nambal	3,000	15,000	8,000	Not Assessed	0
8	Naz Nambal	3,600	18,000	5,000	Ajas, Gund Saderkoot	2
9	Rakh-i- Malgom	1,100	5,500	2,100	Chandergeer & sudarkoot	2
10	Sadunara, Hastikhan Nambal	1,400	7,000	5,000	Ghulam yari, Sadunara, Banyari & sharki	4
11	Sudarkut Nambal	800	4000	500	Saderkoot payeen	1
12	Zinipura Numbal	140	700	900	Zoonipora, ashma , nabadi pora, safapora	4
13	Buna Nowgam Nambal	800	4000	2000	Rakhi Sultan pora	1
14	ferozpore Nambal	2,000	10,000	15,000	Pathanmohalla HanjiWeera, trikolbal	3
15	Gathgopal	1,200	5,000	13,000	Chakjamaal Mir channel	1
16	Haigam Jhil	525	2,595	1,500	Akhoon pora, Radigam and wandakh pora	3
17	Mirgund Jhil -1	6,000	30,000	60,000	Chaki-Kawoosa	1
18	Mirgund Jhil -ii	1,250	5,000	1,200	Allambal, wandakpora etc	2
19	Hokar sar	20,000	1,00,000	25,000	Soibugh, Gotpora , Lawaypora , Sozieth, Narbal	5
20	Narkara Nambal	15,000	75,000	2,000	Humhama , nadirgund, Sheikhpora	3
21	Rakhi -i- arith	12,000	60,000	15,000	khomeni chowk, Hamdiania Colony, Rakhi-i- arith	3
22	Ahan sar	300	1,500	1,000	Not Assessed	0
23	Devapur	1,200	6,000	10,000	Not Assessed	0
24	Hakeem gund Nambal	800	4,000	7,000	Hakeem gund	1
25	Rakh-i-Kujar	2,000	10,000	30,000	Nagbal, Beehama, Khujar fatepure	3
26	Rakh-i-Rabitar	4,200	21,000	28,000	zarigund, khurihama, Barsoo	3
27	Shalabugh	2,000	10,000	15,000	Takanwari , Kreshibal,Sangam & SKIMS	4
28	Bodsar/ Chattlan	150	750	600	Lolipora & konnibal	2
29	Galander sar	180	800	100	Kroncho and chandhar	2
30	Malangpora Nambal	500	2,500	3,000	Malangpora& Padgampora	2
31	Sathergund	195	975	8,000	Sathergund	1
32	Anchar Lake	5,000	25,000	1,500	SKIMS, Anchar, Daghpora Gadurah shalabugh	5
33	Khushalsar Lake	1,000	5,000	500	Zanimar, zadibal	2
34	Waskur sar	400	2,000	3,000	Not Assessed	0
Total		**91,450**	**4,55,120**	**2,75,200**		**69**

Appendix-3.3

(Reference: Paragraph No. 3.2)

Name of 23 Lakes where there was increase in aquatic vegetation, siltation, agriculture, built-up etc

S. No	Name of lakes with decrease in Open Water	Aquatic Vegetation / Marshy		Open Water		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Scrub		Pasture		Vegetation		Horticulture		River		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	*2020*	*2014*
1	Bod Nambal /Gad sar	49.54	48.85	7.95	8.64																									*57.49*	*57.49*
2	Chandargar Nambal	8.27	8.14	0.21	0.34	0.36	0.36							1.01	1.01	0.83	0.83													*10.68*	*10.68*
3	Check Sadurkut Bala	13.77	10.93	0.77	3.61	3.37	3.37									1.10	1.10													*19.01*	*19.01*
4	Ferozpur Nambal	25.56	6.35	1.14	20.37									0.15	0.13															*26.85*	*26.85*
5	Galandar sar	28.71	28.63	0.59	0.71							0.35	0.35	0.18	0.07	0.11	0.18													*29.94*	*29.94*
6	Khushalsar	30.70	29.97	7.58	15.40			23.52	19.88			0.16	0.18	18.42	16.97	3.65	1.63													*84.03*	*84.03*
7	NaidKhai Nambal	37.03	36.59	1.00	1.54	0.86	0.76																							*38.89*	*38.89*
8	Rakh-i-Rabitar	358.43	340.19	0.08	16.12	1.15	1.15					0.32	0.21	44.26	46.53	1.79	1.83													*406.03*	*406.03*
9	Shallabugh Nambal	744.03	569.75	20.46	204.06	0.51	0.51			12.53	0.62	0.79	0.82	696.31	698.87															*1474.63*	*1474.63*
10	Wullar Lake	7216.60	6134.00	2785.70	4440.00					644.90	688.00	19.79	18.00					470.48	76.00			85.33	51.00	2046.72	1943.00	80.48	0.00			*13350.00*	*13350.00*
11	Jabor S ar	1.01	0.87	0.50	0.64																									*1.51*	*1.51*
12	Naknal	0.75	0.29	0.00	0.46																									*0.75*	*0.75*
13	Hokersar	131.76	92.99	950.35	1017.98					4.19	2.05	3.40	1.68	81.49	87.11	8.44	13.96	131.14	118.91	12.95	1.03							23.61	11.62	*1347.33*	*1347.33*
14	Chirangpura Nambal	15.62	15.32	2.63	1.05	2.87	4.75																							*21.12*	*21.12*
15	Anchar lake	53.72	48.63	86.44	65.00							8.61	7.05	571.25	599.04	12.70	16.03	37.61	41.47							387.55	380.66			*1157.88*	*1157.88*
16	Mirgund Jhil-I	110.76	109.17			79.50	49.29							64.10	95.90															*254.36*	*254.36*
17	Mirgund Jhil-II	22.84	20.20			6.22	7.84							20.82	21.84															*49.88*	*49.88*
18	Sudarkut Nambal	136.20	132.34			1.07	1.35							6.54	10.12															*143.81*	*143.81*
19	Rakh-i-Kujar	376.69	375.64											6.05	7.10															*382.74*	*382.74*
20	Hakim Gund Numbal	26.24	25.55											1.65	2.34															*27.89*	*27.89*
21	Gangbugh Nambal-II	9.31	9.28											0.08	0.12			4.66	4.65											*14.05*	*14.05*
22	Gangbugh Nambal	36.67	35.11									0.46	0.06	2.94	2.07	1.57	0.76	5.73	9.37											*47.37*	*47.37*
23	Narkara Nambal	242.74	239.44									0.35	0.23	16.49	19.89	15.17	15.19	1.90	1.90											*276.65*	*276.65*
	Total	9676.95	8318.23	3865.40	5795.92	95.91	69.38	23.52	19.88	661.62	690.67	34.23	28.58	1531.74	1609.11	45.36	51.51	651.52	252.30	12.95	1.03	85.33	51.00	2046.72	1943.00	468.03	380.66	23.61	11.62	19222.89	19222.89

Increase in acquatic vegetation in respect of 23 Lakes						
Land Use/ Classification Use	**2020**	**2014**	**Decrease**	**Increase**	**Decrease Percentage**	**Increase Percentage**
Aquatic Vegetation / Marshy	9,676.95	8,318.23		1,358.72	0	16
Open Water	3,865.40	5,795.92	1,930.52		33	0
Cropland	95.91	69.38		26.53	0	38
Floating Garden	23.52	19.88		3.64	0	18
Silted Area	661.62	690.67	29.05		4	0
Built-up	34.23	28.58		5.65	0	20
Plantation	1,531.74	1,609.11	77.37		5	0
Vacant / Fallow land	45.36	51.51	6.15		12	0
Agriculture	651.52	252.30		399.22	0	158
Scrub	12.95	1.03		11.92	0	1,157
Pasture	85.33	51.00		34.33	0	67
Vegetation	2,046.72	1,943.00		103.72	0	5
Horticulture	468.03	380.66		87.37	0	23
River	23.61	11.62		11.99	0	103
Total	**19,222.89**	**19,222.89**	**2,043.09**	**2,043.09**		

Appendix-3.4

(Reference: Paragraph No. 3.2)

Name of 40 Lakes where non-dredging resulted in increase in aquatic vegetation and consequent increase in other land use changes

S. No	Name of lakes with decrease in Open Water	Open Water		Aquatic Vegetation / Marshy		Cropland		Floating Garden		Silted Area		Built Up		Plantation		Vacant / Fallow land		Agriculture		Pasture		Vegetation		Horticulture		Total	
		2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	2020	2014	*2020*	*2014*
1	Chandargar Nambal	0.21	0.34	8.27	8.14	0.36	0.36							1.01	1.01	0.83	0.83									*10.68*	*10.68*
2	Check Sadurkut Bala	0.77	3.61	13.77	10.93	3.37	3.37									1.10	1.10									*19.01*	*19.01*
3	Ferozpur Nambal	1.14	20.37	25.56	6.35									0.15	0.13											*26.85*	*26.85*
4	Galandar sar	0.59	0.71	28.71	28.63							0.35	0.35	0.18	0.07	0.11	0.18									*29.94*	*29.94*
5	Khushalsar	7.58	15.40	30.70	29.97			23.52	19.88			0.16	0.18	18.42	16.97	3.65	1.63									*84.03*	*84.03*
6	Mukhdumyari Nambal	0.05	0.84	20.55	23.65											4.33	0.44									*24.93*	*24.93*
7	NaidKhai Nambal	1.00	1.54	37.03	36.59	0.86	0.76																			*38.89*	*38.89*
8	Rakh-i-Rabitar	0.08	16.12	358.43	340.19	1.15	1.15					0.32	0.21	44.26	46.53	1.79	1.83									*406.03*	*406.03*
9	Shallabugh Nambal	20.46	204.06	744.03	569.75	0.51	0.51			12.53	0.62	0.79	0.82	696.31	698.87											*1474.63*	*1474.63*
10	Wullar Lake	2785.70	4440.00	7216.60	6134.00					644.90	688.00	19.79	18.00					470.48	76.00	85.33	51.00	2046.72	1943.00	80.48	0.00	*13350.00*	*13350.00*
11	Galwal Taloa	0.27	0.32											0.03	0.03	0.90	0.85									*1.20*	*1.20*
12	Chirangpura Nambal	2.63	1.05	15.62	15.32	2.87	4.75																			*21.12*	*21.12*
13	Bodsar/Chatlam	15.31	9.42	32.78	39.15									8.48	8.00											*56.57*	*56.57*
14	Khomina Nambal	0.65	0.18	25.48	26.07	3.64	3.52							0.08	0.08											*29.85*	*29.85*
15	Waskur Nambal	21.82	19.86	0.36	2.32																					*22.18*	*22.18*
16	Sudnara Hastikhan Nambal	4.69	1.23	31.55	35.01	0.08	0.08																			*36.32*	*36.32*
17	Ahan sar	14.00	10.98	0.18	3.20																					*14.18*	*14.18*
18	Manasbal Lake	216.81	185.29	19.24	19.35									23.95	55.36											*260.00*	*260.00*
19	Anchar lake	86.44	65.00	53.72	48.63							8.61	7.05	571.25	599.04	12.70	16.03	37.61	41.47					387.55	380.66	*1157.88*	*1157.88*
20	Gathgopal			28.40	34.05									209.50	203.85											*237.90*	*237.90*
21	Haigam Jhil			450.60	455.07					38.01	33.54	1.37	1.37	159.22	159.22			105.01	105.01							*754.21*	*754.21*
22	Malangpora			110.22	112.11							0.53	0.53	11.09	9.32	2.84	2.72									*124.68*	*124.68*
23	Naaz Nambal			2.57	7.24	5.58	0.91																			*8.15*	*8.15*
24	Rahh-i-Malgom			173.57	179.82	35.89	26.96							2.02	4.70											*211.48*	*211.48*
25	Zinipura Nambal			33.35	34.21	7.08	6.22																			*40.43*	*40.43*
26	Buna Nowgam Nambal			178.68	179.46					21.69	20.91															*200.37*	*200.37*
27	Mehatan				103.80							103.80														*103.80*	*103.80*
28	Merhama				202.49													202.49								*202.49*	*202.49*
29	Sethergund Nambal				18.06													18.06								*18.06*	*18.06*
30	Rakh-i-Arth			31.40	31.71							0.72	0.57	97.86	86.25	0.61	0.70	317.13	328.57					16.34	16.26	*464.06*	*464.06*
31	Devpora Nambal											0.16	0.16	3.92	3.25	2.38	2.38	10.14	11.18					8.18	7.81	*24.78*	*24.78*
32	Chak Nambal			33.15	36.66							0.85	0.64			21.28	16.82	0.66	1.82							*55.94*	*55.94*
33	Mirgund Jhil-I			110.76	109.17	79.50	49.29							64.10	95.90											*254.36*	*254.36*
34	Mirgund Jhil-II			22.84	20.20	6.22	7.84							20.82	21.84											*49.88*	*49.88*
35	Sudarkut Nambal			136.20	132.34	1.07	1.35							6.54	10.12											*143.81*	*143.81*
36	Rakh-i-Kujar			376.69	375.64									6.05	7.10											*382.74*	*382.74*
37	Hakim Gund Numbal			26.24	25.55									1.65	2.34											*27.89*	*27.89*
38	Gangbugh Nambal-II			9.31	9.28									0.08	0.12			4.66	4.65							*14.05*	*14.05*
39	Gangbugh Nambal			36.67	35.11							0.46	0.06	2.94	2.07	1.57	0.76	5.73	9.37							*47.37*	*47.37*
40	Narkara Nambal			242.74	239.44							0.35	0.23	16.49	19.89	15.17	15.19	1.90	1.90							*276.65*	*276.65*
	Total	3180.20	4996.32	10665.97	9718.66	148.18	107.07	23.52	19.88	717.13	743.07	138.26	30.17	1966.40	2052.06	69.26	61.46	1173.87	579.97	85.33	51.00	2046.72	1943.00	492.55	404.73	20707.39	20707.39

Non-dredging resulted increase in aquatic vegetation and consequent increase in other land use changes in respect of 40 Lakes						
Land Use/ Classification Use	**2020**	**2014**	**Decrease**	**Increase**	**Decrease Percentage**	**Increase Percentage**
Open Water	3,180.20	4,996.32	1,816.12		36	
Aquatic Vegetation / Marshy	10,665.97	9,718.66		947.31		10
Cropland	148.18	107.07		41.11		38
Floating Garden	23.52	19.88		3.64		18
Silted Area	717.13	743.07	25.94		3	
Built-up	138.26	30.17		108.09		358
Plantation	1,966.40	2,052.06	85.66		4	
Vacant / Fallow land	69.26	61.46		7.80		13
Agriculture	1,173.87	579.97		593.90		102
Pasture	85.33	51.00		34.33		67
Vegetation	2,046.72	1,943.00		103.72		5
Horticulture	492.55	404.73		87.82		22
Total	**20,707.39**	**20,707.39**	**1,927.72**	**1,927.72**		

Appendix- 3.5

(Reference: Paragraph No. 3.2)

Lake-wise details of fishing and extraction of vegetation species

Sl. No.	Name of the Lake	Items of livelihood extracted/ utilised from the Lakes
1.	Marhama Wet Land	fishing, extraction of Kalrun, typha, Bumb, Foder &weed
2.	Chandargar Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
3.	Check Sader koot Bala	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
4.	Chirangpura Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
5.	Khomina Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
6.	Mukhdamyari Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
7.	Naidkhai Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
8.	Naz Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
9.	Rakh-i- Malgom	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
10.	Sadunara, Hastikhan Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
11.	Sudarkut Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
12.	Zinipura Numbal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
13.	Buna Nowgam Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
14.	Ferozpore Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
15.	Gathgopal	fishing, extraction of Kalrun, typha, Bumb, Foder &weed
16.	Haigam Jhil	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
17.	Mirgund Jhil -1	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
18.	Mirgund Jhil -ii	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
19.	Hokar sar	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
20.	Narkara Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
21.	Rakh-i- arth	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
22.	Ahan sar	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
23.	Devapora	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
24.	Hakeem gund Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
25.	Manasbal	fishing, extraction of Nadroo, Bumb, Foder & weed
26.	Rakh-i-Kujar	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
27.	Rakh-i-Rabitar	fishing, extraction of Nadroo, Bumb, Foder & weed
28.	Shalabugh	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
29.	Waskur sar	fishing, extraction of vegetable , trapa, Foder & weed
30.	Bodsar/ Chattlan	fishing, extraction of Kalrun, typha, Bumb, Foder &weed
31.	Galander sar	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
32.	Malangpora Nambal	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
33.	Sathergund	fishing, extraction of Kalrun, typha, Bumb, Foder & weed
34.	Anchar	fishing, extraction of Nadroo, Kalrun, typha, Bumb, Foder & weed
35.	Khushal sar	fishing, extraction of Kalrun, typha, Bumb, Foder & weed

Appendix- 3.6

(Reference: Paragraph No. 3.2)

Ongoing transfer of Lake areas by the Government for construction purpose as on March 2022

Sl. No	Name of the Lake	To whom transferred	Nomenclature of constructions	Land transferred (in hectares)
1.	Naz numbal	Medical Deptt. Education Deptt. Industries Deptt. Police etc.	Construction of - Govt. Hospital, Degree College, Industrial Estates, quarters for Police Deptt. etc.	22.95
2.	Rakh-i-Arth,	Lake Conservation and Management Authority	Construction of Rehabilitation Colony	376.30
3.	Narkara	Agricultural University- Kashmir, Railway Deptt.	Construction of Bldgs. for KVK, Railways etc.	127.30
4.	Rakh-i-Rabitar	Central University & Education Deptt	Construction of Central University, Higher Secondary School, playground etc.	35.00
5.	Rakh-i-Khujar	Srinagar Development Authority (SDA) & CRPF	Construction of Quarters	4.25
6.	Waskursar	Industries Deptt & CRPF	Construction of Industrial Estates & quarters	6.00
7.	Hakimgund	Industries Deptt., SDA etc.	Construction of Skill Institute, Housing quarters etc.	1.00
8.	Bodsar/ Chatlam	Fisheries Deptt.	Construction of office, hut and fishponds.	1.00
9.	Sethargund	Flood Irrigation Deptt, Sericulture, Railway etc.	Construction of office buildings	4.50
10.	Gungbugh	SDA, Board of School Education, JVC-Hospital, Police	SDA, Board of School Education, JVC-Hospital, Police Headquarters etc.	187.00
Total				**765.30**

Appendix- 3.7

(Reference: Paragraph No. 3.2)

Transfer of Lake areas by the Government for construction uses

Sl. No.	Name of the Lake	Government of Government or other agencies / Body	Nomenclature of constructions & quantum of land transferred	Land transferred (in hectares)
1.	Hakimgund	Industries Deptt. SDA & Floriculture Deptt.	Construction of Skill Institute, Housing Colony & Office	7.50
2.	Gungbugh-I	JVC, SDA etc.	Hospital and Housing Colony	210.00
Total				**217.50**

Appendix-3.8

(Reference: Paragraph No. 3.2)

Details of five Lakes in which encroachments were reported by the Tehsildars

(Area in hectares)

Sl. No.	Name of Lake	District in which Lake fall	Encroachment by way of	Quantum of Illegal Encroachment
1.	Haigam Jhil	Baramulla	Structures and school etc.	573.50
2.	Mirgund Jhuil-II	Baramulla	Plantation and reclamation of land Masses etc.	3.00
3.	Hokar Sar	Budgam	Plantation and reclamation of land Masses etc.	126.05
4.	Anchar Lake	Srinagar	Plantation and reclamation of land Masses , roads & structures etc.	7.00
5.	Khushalsar	Srinagar	Plantation and reclamation of land Masses siltation weed, roads and structures etc.	3.00
Total				**712.55**

Appendix-3.9

(Reference: Paragraph No. 3.3)

Funds allocated by the Government of Jammu and Kashmir for conservation and management Plans/ activities for six detailed-checked Lakes

Year	Overall disbursement of State/ UT under capex funds	State / UT releases to Lakes under capex					(₹ in crore)
		Dal	Wular	Manasbal	Hokersar	Surinsar / Mansar	Total disbursement of capex funds to Lakes
2017-18	10,352.88	53.00	-	1.45	0.02	0.86	55.33
2018-19	8,413.58	32.25	-	1.35	0.05	0.90	34.55
2019-20	9,944.23	36.56	-	2.13	0.05	0.51	39.25
2020-21	10,470.38	100.51	95.85	0.79	0.00	0.00	197.15
2021-22	11,047.04	179.02	54.02	1.33	0.00	0.00	234.37
Total	**50,228.11**	**401.34**	**149.87**	**7.05**	**0.12**	**2.27**	**560.65**

Appendix-4.1
(Reference: Paragraph No. 4.4)

Approved activities and sub-components with sanctioned cost to be covered under the National Lake Conservation Plan

			(₹ in crore)
Sl. No	**Name of the Activity**	**Sub-components of the activities**	**Sanctioned cost**
1.	Sewage Treatment	Sewerage works; Sewage pumping stations; Sewage Treatment Plants and Treatment of waste within the Lake hamlet, house boats and peripheral villages.	96.92
2.	Solid Waste Management Works	Provisions for community bins, Garbage gabblers, Payments for NGOs for collection of solid wastes etc.	0.76
3.	Hydraulic Works	Diversion works on Tailbal *Nallah*, remaining works for outlet of *Nallah* Amir Khan & Brari-Numbal cut and extension of Padshahi Channel	12.83
4.	Restoration and Development Works	Dredging of blocked channels, De-weeding, Reed belt creation including dredging, Shoreline Development, works for carrying fresh water from springs/ streams to Lake, additional dredging/ De-weeding works, and Aerators.	49.62
5.	Catchment Management	Structural measures, Stone walls, Plantation, Vegetative measures, Improvement to livelihood strategies etc.	25.84
6.	Infrastructure Development	Research & Development, water quality, monitoring, laboratory etc. Building for labs and J&K, LWDA, Captive power plant, and Bathymetric survey/ equipment/ works	15.93
7.	Public Awareness	Creation of website; establishment of Donga boat; Education/ cultural activities relating to Lake etc.	5.41
8.	Unforeseen/ Miscellaneous items	-	4.36
9.	Provision for land acquisition	Compensation for acquisition of land within the Lake	87.10
Total			**298.77**

Appendix-4.2
(Reference: Paragraph No. 4.5.1)

Underutilisation of overall funds received by Lakes Conservation and Management Authority

								(₹ in crore)
Period	**Opening Balance**	**Capex**	**Revenue**	**NLCP (GoI)**	**Total**	**Expenditure**	**Closing Balance**	**Percentage underutilisation**
	(1)	**(2)**	**(3)**	**(4)**	**(5) =(1)+(2)+(3)+(4)**	**(6)**	**(7) =(5)-(6)**	**(8) =[(7)/(5)]*100**
2017-18	67.83	53	15.97	22	158.8	79.16	79.64	50.15
2018-19	79.64	32.25	25.49	-	137.38	87.31	50.07	36.45
2019-20	50.07	36.56	23.08	-	109.71	61.08	48.63	44.00
2020-21	48.63	100.51	32.07	-	181.21	46.29	134.92	74.45
2021-22	134.92	179.02	32.50		346.44	65.76	280.68	81.02

Appendix-4.3
(Reference: Paragraph No. 4.5.1)

Underutilisation of funds under National Lake Conservation Plan

						(₹ in crore)
Year	**Opening Balance**	**Receipts**	**Total availability**	**Expenditure**	**Closing Balance**	**Percentage underutilisation**
	(1)	**(2)**	**(3)**	**(4)**	**(5) =(3)-(4)**	**(6) =[(5)/(3)]*100**
2017-18	9.34	22.00	31.34	8.08	23.26	74.22
2018-19	23.26	-	23.26	10.42	12.84	55.20
2019-20	12.84	-	12.84	2.21	10.63	82.79
2020-21	10.63	--	10.63	1.29	9.34	88.00
2021-22	9.34	--	9.34	0.34	9.00	96.00

Appendix-4.4
(Reference: Paragraph No. 4.5.1)

Statement showing unspent balances lying with implementing agencies

(₹ in crore)

Division	Lake Division-I	Lake Division-II	Mechanical	Total
	(1)	(2)	(3)	(4)=(1)+(2)+(3)
31.03.2015	0.52	0.40	0.16	1.08
31.03.2016	0.45	0.59	0.23	1.27
31.03.2017	1.25	0.52	0.39	2.16
31.03.2018	0.66	0.41	0.54	1.61
31.03.2019	0.61	0.63	0.47	1.71

Appendix-4.5
(Reference: Paragraph No. 4.6.1)

Treatment of sewage inflow by Sewage Treatment Plants

Sl. No	Sewage Treatment Plants At	Capacity / treatment design (mld)	Design years since installation	Areas to be serviced
1.	Habak	3.2	15	Zukra, Habak and Habak Homheir
2.	REC / Hazratbal	7.5		Kashmir University, Nasim Bagh, Hazratbal, REC, Nagin Bagh, Mirza Bagh and Nagin Lake periphery including Kantar, Suderbal, Mahirwar Suderbal, and upto Ashai Bagh Bridge.
3.	Nala Amir Khan	5.4		Western side of Nagin Lake peripery including Gulwanpura *Mohalla*, Alamdar colony (A and B), Botashah *Mohalla*, Mugal *Mohalla*, Ashraf *Mohalla*, Lal Bazar, Bhagwanpura, Nawab Bagh, and Lepar Hospital
4.	Brari Numbal[4]	9.5		Moma Khan, Khajiarbal, Hathi Khan, Rainawari, Jogilankar & Miskeen Bagh etc.
5.	Hotel welcome	6.6		Buchwara, Gagribal & Durgjan
6.	Lam	4.5		Nishat, Lam, Brein Kralsangri, Guptganga, Karapura
Total		**36.7**		

[4] STP at Welcome Hotel was amalgamated with STP Brari Numbal

Appendix-4.6
(Reference: Paragraphs No. 4.6.10 and 4.13)

Themes of research papers and its authors, conclusions and suggestions relating to Dal Lake

Sl. No	Research Reports of Dal Lake	Conclusions	Suggestions
1.	Forecasting Past and Future Trend of Physio-chemical Parameters In Dal Lake, Srinagar Kashmir, India using Statistical Analysis and Modelling of December, 2019 by Ishtiyaq Ahmad Rather and Abdul Qayoom Dar	Increase in the nutrients from the catchment due to uncontrolled use of fertilizers and pesticides, unplanned urbanization, encroachment, in & around and tourist influx had resulted in the deterioration of the water quality of Dal Lake and consequently ecology of the Lake is changing. There is drop in the dissolved oxygen of the Lake. The considerable increase in the eutrophication cause hyper eutrophication of the Lake.	For future planning and management of the Lake, planning and implementation of Lake management strategies needed to refine and adapt to improve and preserve the present-day Lake water quality. Artificial Lake aeration should be installed to increase the dissolved oxygen levels in the Lake.
2.	Impact of sewage treatment plant effluent on water quality of Dal Lake, Kashmir, India of 01-2020 by Hafsa Farooq Chashoo, Adnan Abubakr, MH Balkhi & others	Sewage treatment plants installed to treat and improve wastewaters around Dal Lake is improper. STPs are not only malfunctioning but are exacerbating the problem of Lake pollution by bringing a catastrophic consequence as non-point sources of pollution are being made the point source of pollution. This has also manifested by an increase in the oxygen consumption in the hypolimnion, rise in the BOD, COD and the concentration of chlorides, sulphides, phosphorus and nitrogen. The same has also reported by Abu-Bakr & Kundangar (2009).	There is an urgent need to upgrade STPs so to reduce N & P concentrations more efficiently. The long term solution in our opinion is the adoption of proven Root Zone technology/ artificial wetland technology for waste water treatment. The same has been emphasized by Abu-Bakr and Kundangar (2004) and Abu-Bakr and Kundangar (2009)
3.	Environmental impact Assessment Studies on Dal Lake Kashmir of May 2018 by Shabeena Masoodi, M.R.D. Kundangar	Conservation measures to retrieve the Dal Lake are going on for last more than three decades yet there is no appreciable change in the ecological status of the Lake, the Lake continues under ecological stresses and the water quality does not show any significant improvement. The half-hearted approach and faulty proposal by the consultants have overshadowed the earlier achievements. The malfunctioning of STPs have made them point source pollutants. The incomplete sewerage system around Nigeen basin of Dal Lake has further aggravated the problems for the management practices. The houseboat sanitation had remained an unaccomplished job.	There is an urgent need to upgrade STPs to reduce N & P concentrations more efficiently. The long term solution in our opinion is the adoption of proven Root Zone technology/ artificial wetland technology for waste water treatment.
4.	Land use/cover mapping and assessing	There is rapid transformation of various landforms such as agricultural lands to residential class, water bodies into marshy	Land use and water quality are inseparable. Regulation of a proper land use plan in the Dal Lake

Sl. No	Research Reports of Dal Lake	Conclusions	Suggestions
	the impact of solid waste on water quality of Dal Lake catchment using remote sensing and GIS (Srinagar, India) of August 2018 by Junaid Qadir and Perminder Singh	and marshy into either residential or agriculture in the catchment of the Lake. The major land use in the Lake catchment is built-up-area. During the last 3 decades, the area under built-up had increased from 46.94 (ha) in 1981 to 79.54 (ha) in 2011, whereas area under aquatic vegetation had also increased from 54.26 (ha) in1981 to 90.15(ha) in 2011. Increase in the human settlement within and around the Lake and house boats are adding rich solid waste and direct sewer discharge in the Lake. As a result, there are drastic changes in the water quality of the Lake. This had led to eutrophication of the Lake and its ecosystem is deteriorating fast.	catchment is vital for preventing the further nutrient enrichment and sedimentation of the Lake waters.
5.	Assessing the impact of land use and land cover dynamics on water quality of Dal Lake, NW Himalaya, India of April 2020 by Shri Ishtiyaq Ahmad Dar & Shri Abdul Qayoom	The changing land-use practices in the Dal catchment have severe repercussions on its ecology and the long term socioeconomics of the whole Kashmir valley. The main reason for the deterioration of the water quality of Dal Lake is due to increased nutrient and silt loads from its catchment as a result of unprecedented LULC changes. There is decrease in the forest cover from 135.72 km^2 in 1980 to 118 Km^2 in 2018 during four decades. An aquatic vegetation within the Lake had increased 180.65 *per cent*, with only 2.03 km^2 of area in 1980 to 5.70 km^2 in 2018.The amount of nitrogen and phosphorus in the Lake is tremendous, thereby deteriorating its water quality. The ecology of the Lake got severely damaged, resulted in adversely affecting its flora and fauna. The sewage discharge from the urban catchment had amplified the eutrophication of the Lake as well.	A broad framework of policies for sustainable management of sewage of the urban Dal Lake catchment, and a concrete action plan for the conservation and restoration of Lake. Provided essential inputs to Policy makers in understanding the role of land use and land cover changes impacting the water quality of the Lake so there is need to frame an effective and eco-friendly land-use policy for its catchment.

Appendix-5.1
(Reference: Paragraph No. 5.5.3.2)

Details of funds releases, expenditure incurred and unspent fund in respect of Wular Lake

					(₹ in crore)
13th FC					
Period	**Opening balance**	**Funds received**	**Expenditure**	**Closing Balance**	**Underutilisation of funds (*per cent*)**
2011-12	00	30.00	3.50	26.50	88
2012-13	26.50	00	12.66	13.84	52
2013-14	13.84	00	5.31	8.53	62
2014-15	8.53	30.00	10.18	28.35	74
Total		**60.00**	**31.65**		
2015-16	28.35	00	13.74	14.61	52
2016-17	14.61	00	0.44	14.17	97
2017-18	14.17	00	0.11	14.06	99
2018-19	14.06	00	3.86	10.20	73
2019-20	10.20	00	8.43	1.77	17
Capex funds					
Period	**Fund Approved**	**Allocation**	**Expenditure**		**Remarks**
2020-21	196.15	95.85	95.85	-	**Funds of ₹ 46.28 crore were not released**
2021-22		54.02	54.02	-	
Total	**196.15**	**149.87**	**149.87**		

Appendix-5.2
(Reference: Paragraph No. 5.6.2)

Activity-wise approved tentative cost, expenditure incurred under CAPEX *vis-à-vis* proposed revised activity-wise cost estimates to be implemented for Comprehensive Conservation and Management Plan

(₹ in crore)

Sl. No	Activity	Cost approved under Action plan	Expenditure	Revised/cost overrun proposed
1.	Survey & Demarcation	4.00	0.17	13.00
2.	Catchment Conservation	14.20	3.83	95.18
3.	Water Management	171.76	144.73	1,554.67
4.	Bio-diversity Conservation	1.80	0.00	17.25
5.	Eco-Tourism Development	1.87	0.02	282.26
6.	Sustainable Resource Development & Livelihood Improvement	00	0.00	18.64
7.	Institutional Development	2.52	1.12	19.00
Total		**196.15**	**149.87**	**2,000.00**

Appendix-5.3
(Reference: Paragraph No. 5.8.1)

Themes of research papers and its authors, conclusion and suggestions relating to Wular Lake

Sl. No	Research Reports	Conclusions	Suggestions
Themes of research papers & its authors, conclusions and suggestions in respect of Wular Lake			
1	Dying Wular: A Progeny to Preserve dated September-2020 by Zubair Ahmad Naik & Rahul Dabra	Lake has been the victim of the ill planning practices within, around the as well as within the catchment of the Lake. Once known for the quality water and the aquatic life, has become reservoir of the pollution which comes in different forms through the water coming into it. The Lake is shrinking at an alarming rate besides the water quality is getting deteriorated on daily basis. The Lake had deteriorated or vanished in terms of size, ecology, productivity, water-quality, beauty, hydrography etc. At present it is undergoing degradation at a very fast pace. Much of its area has been brought under vegetation, agriculture, human settlement, government departments, tourist hotels etc. The problem of the Lake has not been well recognized until recently. A number of reports and active plans have appeared in recent years but the results are zero. Measures and steps have not been taken as yet to save Lake from becoming a cesspool.	The following remedial measures were laid: - ➢The government should take active role in conservation and maintenance of Lake. ➢People must be educated about modern scientific methods of sanitation, sewage, disposal and processing of the waste matter to avoid sewer pollution in the Lake. ➢Deforestation must be stopped and the process of afforestation be vitalised. ➢There should be only a regulated and controlled township at urban and local levels. ➢Encroachment upon parks, Lakes, rivers and streams must be stopped. ➢There is a need to improve Lakes hydrological connectivity with existing marshes. It will help in water absorption capacity of the wetland system to control flooding and increase retention capacity of Lake. ➢Government should decide to get the boundaries of the Lake identified and proposals formulated for its protection and preservation.
2	On the fish diversity, conservational management and rehabilitation aspects of Wular Lake, Kashmir India Dated 21 Nov, 2016 by Rumysa.K, Sharique A Ali & others	The population of Schizothracine fishes in Lake had considerably decreased over the years particularly after the introduction of common carp in 1956. The fish species like Schizothorax richardsonii and Bangana diplostoma once abundant and even caught in commercial quantities, which has now disappeared. The factors responsible for decline in indigenous fishes is the encroachment of the shallow areas of the Lake for agricultural activities as use of artificial fertilizers, pesticides and herbicides in apple orchards and paddy fields from nearby areas had effected the indigenous fishes. Besides, direct discharge of untreated sewage coming from highly populated villages, catchment runoff, tourist pressure etc. Combinations of these threat factors	➢ Master plan should be developed for the treatment of all point source of pollution entering into the Lake, especially for the sewage coming from the residential area of the Lake which otherwise will affect the water quality and will deteriorate over all ecosystem health. ➢Watershed management plan should be implemented along the catchment area of Lake and construction and human habitation should be prohibited ➢Deforestation and overgrazing should be properly controlled in order to prevent soil erosion and loss of biodiversity. ➢ Indiscriminate mining of sand should be restricted or minimized as this practice destroys the breeding grounds and dwelling place of Lake Fauna. ➢Sustainable fisheries development to maintain/ restore fish diversity and yield. ➢Control of invasive species and enhancing biodiversity. ➢To protect the Lake from silt problem brought in through main feeding channel-and other small streams, settling basins need to

Sl. No	Research Reports	Conclusions	Suggestions
		affect not only fishes but also puts freshwater biodiversity uniquely at risk.	construct near their points into the Lake. ➢ Large areas of the Lake have been illegally encroached and converted into paddy fields and vegetables gardens. The further encroachment in the Lake must be stopped. ➢ Continuous deposition and pouring of domestic wastes, garbage and dead animals into the channels which ends at Lake be stopped under strict orders.
3	Analyzing Vegetation Change Processes at Watershed Level: A Multi-temporal Study of the Wular Catchment dated September 2017 by Zahoor-ul-Hassan, M Imran Malik & T.A. Kanth	Catchment of the Lake is facing drastic changes in vegetation patterns mainly by unplanned utilization and management of natural resources due to influence of increased human activities. The major changes include the growth of hydrophytic vegetation due to increased nutrient levels and also the cultivation of water nuts, fodder etc. on the associated marshes. The change in the land use from paddy to the horticultural land is another important change that had occurred in the catchment. The degradation of forests and their conversion to the grasslands and wastelands is also an important anthropogenic impact on the Catchment.	Watershed is considered to be the ideal unit for analysis and management of natural resources for planning. The soil, vegetation and water are the basic resources, which interact and establish in a watershed. Hence, all these three resources have to be managed collectively and in an integrated way. The continuous monitoring of the land cover changes provides a better understanding of the interactions between human and natural phenomena to manage and use resources. Contain increasing encroachment and deterioration of water quality of Lake.

Appendix-6.1
(Reference: Paragraph No. 6.3.7)

Themes of research papers and its authors, conclusion and suggestions relating to Manasbal Lake

Sl. No	Research Report	Conclusions	Suggestions
1.	Coliform bacterial estimation: A tool for assessing water quality of Manasbal Lake of Kashmir, Himalaya by Sana Shafi, Azra N. Kamili, Manzoor A. Shah and Suhaib A. Bandh from the Department of Environmental Science/Botany/ Centre of Research for Development/ University of Kashmir	High density of total coliform bacteria in the Lake water indicated that the water quality had deteriorated and was not fit for drinking purposes. This was due to poor land use pattern in the immediate catchment and discharge of waste water into the Lake.	Control must be implemented to minimize bacterial transport to such natural systems.
2.	Assessing the Impact of Anthropogenic Activities on Manasbal Lake in Kashmir Himalayas by Irfan Rashid, Majid Farooq, Mohammad Muslim, Shakil Ahmad Romshoo from the Department of Earth Sciences, University of Kashmir, Srinagar	Stone quarrying and subsequent land system changes in the catchment were the main causes responsible for the deteriorating health of the Lake by adversely influencing the erosion and other land surface processes in its catchment area. As a result, there was increase in the nutrient and silt load and their discharge into the Lake. High sediment and nutrient loads have a direct bearing on the distribution of flora and fauna. This had caused extinction of a fish species (Bortia birdi) and an aquatic plant (Eurayle ferox) from the Lake.	Afforestation of barren areas with local coniferous forest species like Pinus wallichiana to reduce the silt load on the Lake body. Continuous monitoring of the Lake, its immediate surrounding and the catchment for land system changes, hydrochemistry, biodiversity and Lake hydrology to develop a robust strategy and action plan for the conservation and restoration of the Lake
3.	Rotifer community in Manasbal Lake of Kashmir of 2014 by Irfan Jamila, A. R. Yousuf, Muni Parveen, Khalida Hassan, Musharaf Rehman and Bashir A. Sheikh from the Center of Research for Development and Department of Zoology, University of Kashmir, Srinagar	Dominance of rotifera- Brachionus calyciflorus at littoral zone of the Lake indicating that Lake is tending fast towards eutrophication due to site being used for many activities like washing, bathing; effluents of organic wastes are discharged into the Lake.	

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SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India for the period ended March 2022

Government of Union Territory of Jammu and Kashmir

Report No. 5 of 2025

(Compliance Audit Report - Revenue and Public Sector Undertakings)

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PREFACE

This Report of Comptroller and Auditor General of India for the period ended March 2022 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act, 2019 for laying in the Legislative Assembly.

This Report contains Four Chapters. Chapter-I gives brief information regarding revenue receipts of the Government of Union Territory of Jammu and Kashmir. Chapter-II contains the significant audit findings noticed during compliance audit on revenue receipts. Chapter-III gives brief information regarding functioning of Public Sector Undertakings. Chapter-IV present significant audit findings noticed during compliance audit of Public Sector Undertakings.

The instances mentioned in this Report are those which came to the notice in the course of test audit during 2021-22 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 2021-22 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

About the Report

This Report covers matters arising out of the Compliance Audit on the Revenue Receipts of the Union Territory (UT) Government and their Public Sector Undertakings (PSUs). 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 four chapters as under:

Chapter I: Overview

This Chapter contains brief profile of the UT Government with receipts/ expenditure for the year 2021-22, 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 the Audit Reports.

Chapter-II: Compliance Audit (Revenue Receipts)

This chapter covers Subject Specific Compliance Audit on 'Department's Oversight on GST Payments and Returns Filing'. The key findings are as follows:

There was delay of more than five years in issue of Standard Operating Procedure (SOP) for Scrutiny of Returns for the years 2017-18 and 2018-19 which resulted in minimal scrutiny of returns conducted. Special Investigation Unit (SIU) which was responsible for providing of inputs for scrutiny and necessary action taken by State Taxes Officer (STO) was constituted in 2022-23. The intelligence inputs supposed to be forwarded to the concerned jurisdictional authorities from 2017-18 to 2020-21 were left out which might have resulted in chances of non-detection of unrealised revenue. Due to minimal/ non-scrutiny of monthly and annual returns like GSTR 3B and GSTR-9 cases of mismatch of turnover, taxable turnover, tax paid, ITC availed, due to figures reflected in returns and books of account having implication of revenue loss remain unnoticed.

Further cases of non-initiating of action against non-filers, non-cancellation of registration certificates of return defaulter dealers, non-payment of interest for late payment of tax, non-levy of late fee for delay in filing of returns, cases of un-discharged tax liability and cases in which action was initiated but not completed were also noticed.

Differences were noticed in the MIS report (MIS COMP 01) containing details of non-filers and the information provided by the STOs. Further, there were differences between the MIS reports and information provided by the STOs regarding cases of GSTR-3A and ASMT-13 issued and withdrawn.

Administrative passivity resulted in late issuance of SOP for scrutiny of returns and constitution of internal audit wing. Despite several reminders/ requests, the following records of the taxpayers pertaining to the Circle audit were not produced to Audit:

(i) Red flag reports received from GSTN and shared with Circle authorities.
(ii) Year wise scrutiny details in UT under GST.

Recommendations:

The Department may:

- ***ensure effective scrutiny of cases based on risk analysis; and***
- ***consider fixing year-wise targets to pursue inconsistencies and deviations pointed out by Audit.***

Chapter-III: Functioning of Public Sector Undertakings

As on 31 March 2022, there were 42 PSUs in Jammu & Kashmir under the audit jurisdiction of the CAG. These include 39 Government Companies (including six inactive Government Companies), two Statutory Corporations and one Government Controlled Other Company. One PSU (Jammu & Kashmir Bank Limited) is listed on the stock exchange. There are six inactive PSUs (including four under liquidation) having investment of ₹ 57.57 crore towards capital (GoJ&K: ₹ 56.59 crore and Others: ₹ 0.98 crore) and long term loans ₹ 0.83 crore (GoJ&K: ₹ 0.83 crore and Others: Nil).

(Paragraph: 3.3)

As of 31 March 2022, there were 40 Companies under the purview of CAG's audit. Of these, accounts for the year 2021-22 were due from 34 Government Companies However, only three Government Companies submitted their accounts for the financial year 2021-22 for audit by CAG on or before 30 September 2022. The accounts of Jammu & Kashmir Road Transport Corporation and Jammu & Kashmir Financial Corporation for the years 2019-20 to 2021-22 were awaited as on 30 September 2022.

(Paragraph: 3.6)

Chapter-IV: Compliance Audit (Public Sector Undertakings)

This chapter covers six Compliance Audit paragraphs.

(i) Implementation of Interest Subvention Scheme under Business Revival Package 2020 in Jammu and Kashmir

Government of Jammu and Kashmir (GoJ&K), approved (October 2020) scheme of interest subvention of five *per cent* for all borrowers excluding borrowers under

Kissan Credit Card (KCC), Artisans Credit Card (ACC), loan against deposits, loans under personal segments and Non-Banking Financial Corporation (NBFC) for a period of six months w.e.f. 01 April 2020.

It was noticed that the un-utilised amount of ₹ 85.75 crore remained locked up with Union Territory Level Banker's Committee for 341 days though as per the terms and conditions of the sanction, the funds were to be credited immediately to eligible beneficiaries.

Ineligible benefit of interest subvention of ₹ 59.21 crore was extended to 39,136 accounts. Benefit of interest subvention of ₹ 1.91 lakh was granted to 10 KCC accounts which were not to be covered under the scheme. JKBL also provided the benefit of interest subvention of ₹ 1.07 lakh to 22 accounts under personal segment.

(Paragraph: 4.1)

(ii) Doubtful recovery of ₹ 104.51 crore

Sanctioning of credit facilities by Jammu and Kashmir Bank Limited in favour of M/s Zenica Cars India Pvt. Limited without obtaining adequate collateral securities coupled with non-fulfillment of pre-disbursement conditions and poor monitoring of account led to doubtful recovery of ₹ 104.51 crore.

(Paragraph: 4.2)

(iii) Wasteful expenditure in creation of Jammu and Kashmir Asset Reconstruction Limited

Failure of Jammu and Kashmir Bank Limited and GoJ&K in making the Jammu and Kashmir Asset Reconstruction Limited operational resulted in wasteful expenditure of ₹ 82.18 lakh.

(Paragraph: 4.3)

(iv) Parking of surplus funds and loss of interest of ₹ 2.65 crore

Parking of surplus funds in violation of the Board's directives resulted in loss of interest of ₹ 2.65 crore to Jammu and Kashmir IT Infrastructure Development Private Limited (Company).

(Paragraph: 4.4)

(v) Avoidable interest payment of ₹ 6.88 crore

Non-depositing of advance tax on taxable income during the financial years 2015-16, 2017-18 and 2019-20 by Jammu and Kashmir State Power Development Corporation

Limited as per the provisions of the Income Tax Act, 1961 resulted in avoidable interest payment of ₹ 6.88 crore.

(Paragraph: 4.5)

(vi) Avoidable interest payment of ₹ 0.32 crore

Failure of Jammu and Kashmir Projects Construction Corporation Limited to deposit advance tax on taxable income on due dates for the Financial Year 2017-18 in accordance with the provisions of Income Tax Act, 1961 resulted in avoidable interest of ₹ 0.32 crore.

(Paragraph: 4.6)

CHAPTER-I

OVERVIEW

CHAPTER-I

OVERVIEW

1.1 Introduction

This Report covers matters arising out of the Compliance Audit on the Revenue Receipts of the Union Territory (UT) Government and their Public Sector Undertakings (PSUs). 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 four chapters as under:

- **Chapter I** contains a brief profile of the UT Government with the receipt/ expenditure for the year 2021-22, 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 'Department's Oversight on GST Payments and Returns Filing'.
- **Chapter III** 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 IV** contains audit observations relating to Compliance Audit of Public Sector Undertakings of UT Government.

1.2 Profile of the Union Territory of Jammu and Kashmir

The Union Territory of Jammu and Kashmir is constituted of 20 Districts. The projected population of Union Territory of Jammu and Kashmir for the year 2022 was 1.35 crore. Kashmiri, Dogri, Hindi, Urdu and English are major languages of UT. GSDP of UT of Jammu and Kashmir during 2021-22 was ₹ 1,95,118 crore.

The overall position of receipts and expenditure of the UT Government during the year 2021-22 is given below in **Table 1.1.**

Table 1.1: Overall receipts and expenditure during the year 2021-22

Sl. No	Components	Amounts *(₹ in crore)*
1	Own Tax Revenue	11,707
2	Own Non-Tax Revenue	4,840
3	Share of Union taxes/ duties	0
4	Grants-in-aid and Contributions	42,691
5	Additional Resource Mobilisation	0
6	**Revenue Receipts (1+2+3+4+5)**	**59,238**
7	Recovery of Loans and Advances	1
8	Other Receipts	0
9	Borrowings and other Liabilities	11,151[#]
10	**Capital Receipts (7+8+9)**	**11,152**
11	**Total Receipts (6+10)**	**70,390**
12	**Revenue Expenditure,** of which	**59,269**
13	Interest payments	7,360
14	**Capital Expenditure**	**11,121**
15	Capital outlay	11,047
16	Loan and Advances	74
17	Appropriation to Contingency Fund	0
18	**Total Expenditure (12+14+17)**	**70,390**

Source: Budget 2021-22 and Finance Accounts 2021-22

 # 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 ₹ 3,845.49 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 2021-22, the UT share of net proceeds of divisible Union taxes and duties assigned to the UT and Grant-in-aid received from the GoI during the year are depicted in **Table 1.2**

Table 1.2: Components of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2021-22
1.	**Revenue raised by the UT Government**	
	Tax revenue, of which	**11,707.28**
	Taxes on Sales, Trade etc. including GST	8,300.62
	Taxes on Goods and Passengers	5.73
	State Excise	1,782.79
	Taxes and Duties on Electricity	376.60
	Stamps Duty and Registration Fees	512.02
	Taxes on Vehicles	616.24
	Land Revenue	113.28
	Non-tax revenue, of which	**4,840.45**
	Power	2,715.75
	Forestry and Wildlife	201.23
	Police	68.68
	Non-ferrous, Mining and Metallurgical Industries	128.78
	Water Supply and Sanitation	111.88
	Public Works	29.62

Sl. No.	Particulars	2021-22
	Medical and Public Health	30.99
	Interest Receipts	16.54
	Other Non-tax Receipts	1,536.98
	Total	**16,547.73**
2.	**Receipts from the Government of India**	
	Share of net proceeds of divisible Union taxes and duties	-
	Grants-in-aid	42,690.77
	Total	**42,690.77**
3.	**Total revenue receipts of the State/ UT Government (Total of 1 and 2)**	**59,238.50**
4.	**Revenue raised by UT Government as a percentage of total revenue**	**27.93 %**

(Source: UT's Finance Accounts 2021-22)

During the year 2021-22, the revenue raised by the UT Government (₹ 16,547.73 crore) was 27.93 *per cent* of the total revenue receipts. The balance 72.07 *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 UT Government under GST (Compensation to States) Act, 2017. However, in addition to receiving the GST compensation of ₹ 892.56 crore as revenue receipts during the year 2021-22, the UT Government also received an amount of ₹ 3,845.49 crore as back-to-back loan from GoI in lieu of GST compensation shortfall under debt receipts of the UT Government, with no repayment liability for the Union Territory.

During the year 2021-22, the share of Capital Expenditure was 15.69 *per cent*, Revenue Expenditure was 84.20 *per cent* and Loans and Advances was 0.10 *per cent* of total expenditure. The combined share of Social Services (₹ 23,655.75 crore) and Economic Services (₹ 16,361.73 crore) which represented Development Expenditure was 56.85 *per cent* of total expenditure during 2021-22, and 43.04 *per cent* of total expenditure was incurred on General Services (₹ 30,298.89 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 Section[1] 13 of the DPC Act. In addition, CAG also conducts audit of other Autonomous Bodies which are substantially financed by the Government under Section[2] 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

[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 and 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 Section14.

methodologies for various audits are prescribed in the Regulations on Audit and Accounts (Amendments), 2020 and Auditing Standards issued by the Indian Audit and 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 Units.

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 2021-22, there were 148 auditable units (State Taxes: 86; State Excise: 40; Motor Vehicles: 22; Law and Registration[3]) out of which 30 units were planned for audit and were audited.

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.

1.5 Lack of response of Government to Audit

Principal Accountant General (Audit), Jammu and 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,

[3] In Jammu and Kashmir registration of documents and properties was done by the Judicial Officers under the Jammu and Kashmir Registration Act 1977 BK. Upon reorganization of the erstwhile State of Jammu and Kashmir into two Union Territories in terms of the Jammu and Kashmir Reorganization Act, 2019, Jammu and Kashmir Registration Act 1977 BK was repealed and the Registration Act, 1908 made applicable for registration of immovable properties and various types of deeds and documents. Department of Registration under the administrative control of Revenue Department was created as an independent and exclusive Department vide Government order No: 117-Rev (S) of 2019, dated 24th of October, 2019. The creation of cycle of units of Department of Registration has not been initiated yet. Accordingly, figure of auditable units, units planned and units audited of Department of Registration is not included in 148 auditable units. However, the position of IRs/ paragraphs relating to revenue stands included in Table 1.3 (additions during the year 2021-22).

find place in Inspection Reports. Serious irregularities are brought to the notice of the Government by the Office of the PAG.

As per the Regulations on Audit and Accounts (Amendments), 2020, the Officer in-charge of the auditee entity shall send the reply to an Inspection Report (IR) within four weeks of its receipt. On intimation by the PAG of any major irregularity[4], the Government shall undertake *prima facie* verification of facts and send a preliminary report to the PAG confirming or denying facts within three weeks of receipt of intimation. Where the fact of major irregularity is not denied by the Government in the preliminary report, the Government shall further send a detailed report to PAG within two months of preliminary report indicating the remedial action taken to prevent recurrence and action taken against those responsible for the lapse.

For speedy settlement of audit observations/ Inspection Reports (IRs), the Jammu and 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 2022 are given in **Table 1.3**.

Table 1.3: Position of outstanding IRs and paragraphs as on 31 March 2022

Name of Sector	Opening Balance (01 April 2021)		Additions during the year 2021-22		Settled during the year 2021-22		Closing Balance (31 March 2022)	
	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	965	5,070	42[5]	257[6]	19[7]	303[8]	988	5,024

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.

Four Audit Committee Meetings (ACMs) were held for Revenue Sector settling four Inspection Reports and 35 outstanding paragraphs with a money value of ₹ 7.90 crore.

It is recommended that Government should ensure that a procedure is put in place for (i) prompt replies to IRs/ paragraphs as per the prescribed time schedule, (ii) recovery

[4] Major irregularity means (a) an instance of suspected material fraud or collusion or corruption coming to notice in audit, or (b) an irregularity of serious nature involving public funds, particularly that relating to mismanagement, loss, waste, nugatory expenditure or loss of revenue, serious breakdown/ violation of internal controls etc.

[5] State Taxes: 13; State excise: 11; Motor Vehicle: 16; Registration: 02

[6] State Taxes: 92; State excise: 31; Motor Vehicle: 132; Registration: 02

[7] State Taxes: 05; State excise: 13; Motor Vehicle: 01

[8] State Taxes: 175; State excise: 65; Motor Vehicle: 63

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 and Accounts (Amendments), 2020 stipulate that responses to Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India should be sent within six weeks[9].

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. One compliance paragraph (Revenue sector) and six compliance paragraphs (Public Sector Enterprises) to be included in the Report of the Comptroller and Auditor General of India on Revenue Sector and PSEs for the year ended 31 March 2022 were sent to the Principal Secretaries/ Secretaries of the respective Departments. Out of these, the replies of Government of all these compliance paragraphs were awaited (May 2025).

1.7 Follow-up on Audit Reports

The follow-up on Audit Reports have been found to be inadequate as discussed below:

A. Non-submission of *suo-moto* Action Taken Notes

The erstwhile 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.

[9] 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

It was, however, noticed that out of 143 audit paragraphs related to Revenue Sector included in Audit Reports from 2000-01 to 2020-21, *suo-moto* ATNs in respect of 126 audit paragraphs had not been received up to 31 March 2025.

Similarly, it was, noticed that out of 104 audit paragraphs related to Public Sector Enterprises included in Audit Reports from 2000-01 to 2020-21, *suo-moto* ATNs in respect of 37 audit paragraphs had not been received up to 31 March 2025. The year-wise breakup is given in **Table 1.4**.

Table 1.4: Year-wise breakup of for which ATNs had not been received

Sl. No.	Year of Audit Report	Number of Paragraphs
1	2004-05	1
2	2005-06	1
3	2008-09	2
4	2011-12	1
5	2012-13	1
6	2015-16	4
7	2016-17	7
8	2017-18	8
9	2018-19	5
10	2019-20	1
11	2020-21	6
Total		**37**

B. Action taken on recommendations of the PAC/ COPU

Action Taken Notes, duly vetted by the Principal Accountant General (Audit) on the observations/ recommendations made by the PAC/ COPU 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 143 audit paragraphs featuring in the Revenue Sector of Audit Reports for the years from 2000-01 to 2020-21, only 17 audit paragraphs have been discussed by the PAC up to 31 March 2025. Recommendations in respect of 17 audit paragraphs were made by the PAC, however, ATNs on the recommendations of the Committee is pending from the UT Government in respect of 13 audit paragraphs.

Similarly, out of 104 audit paragraphs featuring in the Audit Reports of Public Sector Enterprises for the years from 2000-01 to 2020-21, only 67 audit paragraphs have been discussed by the Committee on Public Undertakings (COPU) up to 31 March 2025. Recommendations in respect of 66 audit paragraphs were made by the COPU, however, ATNs on the recommendations of the Committee is pending from the UT Government in respect of 50 audit paragraphs.

CHAPTER-II

COMPLIANCE AUDIT
(REVENUE RECEIPTS)

CHAPTER-II

COMPLIANCE AUDIT (REVENUE RECEIPTS)

Finance Department
(State Taxes Department)

2.1 Department's Oversight on GST Payments and Returns Filing

2.1.1 Introduction

Introduction of Goods and Service Tax (GST) has replaced multiple taxes levied and collected by the Centre and States. GST which came into effect from 08 July 2017 in J&K, is a destination-based consumption tax on the supply of goods or services or both levied on every stage of value addition. The Centre and States simultaneously levy GST on a common tax base. Central GST (CGST) and State GST (J&K GST)/ Union Territory GST (UTGST) are levied on intra-State supplies, and Integrated GST (IGST) is levied on inter-state supplies.

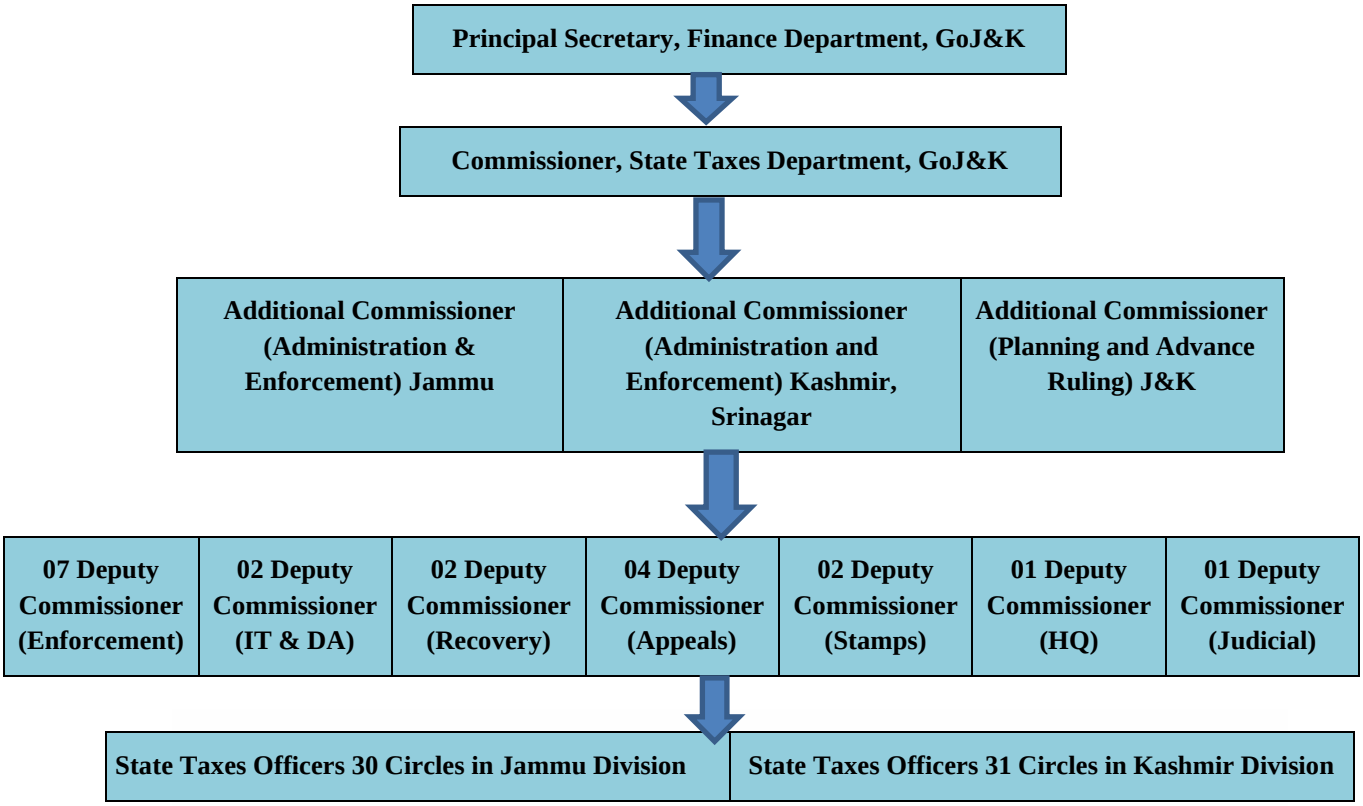
Section 59 of the J&K GST Act 2017 stipulates GST as a self-assessment based tax, whereby the responsibility for calculating tax liability, discharging the computed tax liability and filing returns is vested with the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties will be payable. Even if the business had no tax liability during a particular tax period, it must file a nil return mandatorily. Further, Section 61 of the Act read with Rule 99 of J&K GST Rules 2017 stipulate that the proper officer may scrutinise the return and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

This Subject Specific Compliance Audit (SSCA) was taken up considering the significance of the control mechanism envisaged for tax compliance and the oversight mechanism of the Jammu and Kashmir State Taxes Department (STD).

2.1.2 Organisational Setup

The Organisational Setup of Government of Jammu and Kashmir (GoJ&K) Taxes Department is shown in the **Chart 2.1.1**. The Department works under administrative control of the Finance Department and is headed by Commissioner, State Taxes.

Chart: 2.1.1 Organisational Setup



2.1.3 Audit Objectives

This audit was oriented towards providing assurance on the adequacy and effectiveness of systems and procedures adopted by the Department with respect to tax compliance under GST regime. Audit of 'Department's Oversight on GST Payments and Return Filing' was taken up with the following audit objectives to seek an assurance on:

(i) Whether the rules and procedures were designed to secure an effective check on tax compliance and were being duly observed by taxpayers; and

(ii) Whether the scrutiny procedures, internal audit and other compliance functions of the Circles were adequate and effective.

2.1.4 Audit Methodology and Scope

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags pertaining to the period July 2017 to March 2018 in case of Limited Audit and Detailed Audit and from July 2017 to March 2021 in respect of Circle Audit (Departmental Field Formation). Through data analysis, a set of 12 deviations were identified across the domains of Input Tax Credit, Discharge of tax liability, Registration and Return filing. Such deviations were followed up through a

centralised audit[1], whereby these deviations were communicated to the relevant State Tax Officers (STOs)/ Circles.

The ***centralised audit (Limited Audit)*** was supplemented by a detailed audit involving field visits for verification of records available with the jurisdictional field formations/ Circles. Returns and related attachments and information were accessed through the 'SSOID' application of the STD to examine data/ documents relating to taxpayers (viz. registration, tax payment, returns and other departmental functions). Compliance functions of the departmental formation such as scrutiny of returns, were also reviewed in selected circles.

The review of the scrutiny of returns by the Department and verification of taxpayers' records covered the period from July 2017 to March 2018, while the audit of the functions of selected Circles covered the period July 2017 to March 2021. The SSCA covered only the erstwhile State/ UT administered taxpayers. The audit was conducted from March 2022 to April 2023.

Entry conference of this SSCA was held on 16 December 2021 with Commissioner STD in which the audit objectives, sample selection, audit scope and methodology were discussed. The Exit Conference was held on 21 July 2023 with Commissioner STD in which the audit findings were discussed.

2.1.5. Sampling

A data-driven approach was adopted for planning, as also to determine the nature and extent of substantive audit. The sample for this SSCA comprised a set of deviations identified through data analysis for Limited audit that did not involve field visits; a sample of taxpayers for Detailed audit that involved field visits and scrutiny of taxpayer's records at departmental premises. Besides, a sample of Circles was also selected for evaluating the compliance functions of the Circles.

There are three distinct parts of this SSCA as under:

(i) Part I-Audit of Circles

Four circles with jurisdiction over more than one selected sample case for Detailed Audit were considered as the sample of Circles for evaluation of their oversight functions.

(ii) Part II-Centralised Audit (Limited Audit)

The sample for Limited audit was selected by identification of high-value or high-risk deviations from rules and inconsistencies between returns through data analysis for

[1] Centralised Audit did not involve seeking taxpayer's granular records such as financial statements related ledger accounts, invoices, agreements etc.

evaluation of the adequacy and effectiveness of the scrutiny procedure of the Department. Accordingly, 381 taxpayers were selected for Limited Audit.

(iii) Part III-Detailed Audit

It was conducted by accessing taxpayers' records through Circles for evaluation of the extent of tax compliance by taxpayers. The sample of taxpayers for Detailed Audit was selected on the basis of risk parameters such as Excess ITC, Tax Liability mismatch, Disproportionate exempted turnover to total turnover and Irregular ITC reversal. The 60 taxpayers selected for Detailed Audit comprised[2] of large, medium and small strata taxpayers as well as taxpayers selected randomly. The details of sample for Centralised/ limited audit, detailed audit and audit of Circles selected for this SSCA are brought out in ***Appendix 2.1.1***.

2.1.6. Audit criteria

The source of audit criteria comprised the provisions contained in the CGST/ J&K GST Act, IGST Act, and Rules made there under. The significant provisions are given in **Table 2.1.1**.

Table 2.1.1: Source of criteria

SI. No.	Subject	Act and Rules
1	Levy and collection	Section 9 of J&K GST Act 2017
2	Reverse Charge Mechanism	Section 9(3) of J&K GST Act and Section 5 (3) of IGST Act
3	Availing and utilizing ITC	Sections 16 to 21 under Chapter V of the J&K GST Act & Rules 36 to 45 under Chapter V of J&K GST Rules
4	Registrations	Section 22 to 25 of J&K GST Act & Rules 8 to 26 of J&K GST Rules
5	Supplies	Section 7 and 8 J&K GST Act. Schedule I, II and III of the J&K GST Act.
6	Valuation of supplies	Section 15 of J&K GST Act & Rules 27-34 of J&K GST Rules
7	Payment of Tax	Sections 49 to 53 under Chapter X of the J&K GST Act & Rules 85 to 88A under Chapter IX of the J&K GST Rules.
8	Filing of GST Returns	Sections 37 to 47 under Chapter IX of the J&K GST Act & Rules 59 to 68 and 80 to 81 under Chapter VIII of the J&K GST Rules. Part B of J&K GST Rules prescribes format of returns
9	Zero-rated supplies	Section 16 of IGST Act
10	Assessment and Audit functions	Sections 61, 62, 65 and 66 under Chapter XII & XIII of the J&K GST Act., Rules 99 to 102 under Chapter XI of J&K GST Rules 2017

In addition, the notifications and circulars issued by Central Board of Indirect Taxes and Customs (CBIC)/ STD relating to filing of returns, notifying the effective dates of filing of various returns, extending due dates for filing returns, rates of tax on goods and services, payment of tax, availing and utilising ITC, scrutiny of returns and oversight of tax compliance and Standard Operating Procedures (SOP) containing instructions to departmental officers on various aspects related to filing returns, scrutiny

[2] Sample comprising 36 large taxpayers, 18 medium taxpayers and 6 small taxpayers.

of returns, cancellation of registrations and verification of Director General of Analytics and Risk Management (DGARM) reports etc. also formed part of the audit criteria.

2.1.7. Audit Findings

Audit findings have been categorised into the following three categories: -

- Oversight on returns filing-Audit of Circles
- Limited Audit
- Detailed Audit

2.1.7.1 Oversight on returns filing- Audit of Circles

SSCA on Circle was conducted for the period 2017-18 to 2020-21 covering records of four STD Offices Circle-Baramulla-1, Circle-E Jammu, Circle-I Jammu, and Circle-L Jammu. The five parameters against which records were checked namely, Scrutiny of records, non-filers, cancellation of registrations, DGARM reports and Internal Audit. Audit universe and sample selected are given in **Table 2.1.2**

Table 2.1.2: Records of sample selection Circles

SI. No	Year	Audit Universe		Sample Selection	
		No. of STD Circles	No. of Registered Taxpayers	No. of STD Circles selected	No. of Registered Taxpayers
1	2017-18	61	81,462	04	6,553
2	2018-19	61	1,01,659	04	7,285
3	2019-20	61	1,14,970	04	7,313
4	2020-21	61	1,28,345	04	7,806

(Source: Information collected from Commissioner Office and Backend Portal)

2.1.7.2 Systematic issues observed

(I) Non-production of records

Despite several reminders/ requests, the following records of the taxpayers pertaining to the Circle audit were not produced to Audit.

(i) Red flag reports received from GSTN and shared with Circle authorities.

(ii) Year-wise scrutiny details in UT under GST.

On this being pointed out (June 2022), the Department did not reply (June 2023).

(II) Absence of mechanism for scrutiny of returns

As per Section 61(1) of the GST Act, 2017, the proper officer may scrutinise the return and related particulars furnished by the registered person to verify the correctness of the return. On being queried (June 2022) about the Guidelines/ Mechanism devised by

STD for scrutiny of returns, the Department replied (April 2023) that, the SOP were devised in December 2022. It was also stated that scrutiny of returns for the year 2017-18 were done as per the risk score assigned by BIFA (Business Intelligence & Fraud Analytics) module of GAIN (GST Analytics and Intelligence Network).

It is thus evident that the SOP was framed, with 65 months delay as GST got introduced in the month of July 2017, for proper scrutiny of taxpayers. As such, the cases were not scrutinised from 2017-18 to 2020-21 based on selection criteria. The reasons for late framing of SOP were not intimated (June 2023).

Further, Red flag reports of taxpayers belonging to the erstwhile State/ UT were received from GSTN in the form of raw data. These were sorted and sent by the Additional Commissioner Tax Planning to the concerned circle authorities for further necessary action. However, no information regarding the raw data received was made available by the STOs of selected circles. Further, Audit observed that Special Investigation Unit (SIU) was created at UT level to work as Business Intelligence Unit (BIU) in September 2022.

Thus, SIU which was responsible for providing of inputs for scrutiny and necessary action taken by STO was constituted in 2022-23. The intelligence inputs supposed to be forwarded to the concerned jurisdictional authorities from 2017-18 to 2020-21 were left out which might have resulted in chances of non-detection of unrealised revenue.

2.1.7.3 Compliance Issues

(I) Slow Pace of Scrutiny of Returns cases

Section 61 of the J&K GST Act 2017 stipulates that the proper officer may scrutinise the return and related particulars furnished by the taxpayers to verify the correctness of the returns and information. Under Rule 99 of J&K GST Rules 2017, discrepancies noticed, if any, be communicated to the taxpayer for seeking their explanation in form ASMT-10. If the explanation offered, by the tax payer in form ASMT-11, is found acceptable by the proper officer the proceeding shall be dropped, the taxpayer shall be informed accordingly in form ASMT-12, and no further action in the matter shall be taken. However, if the taxpayer does not furnish a satisfactory explanation or does not take any corrective action within the 30 days of being informed, the proper officer may initiate appropriate action, including the issue of demand notices in form DRC-01 under Section 73 or Section 74 of the Act.

Further, as per Section 61 of the J&KGST Act, where no satisfactory explanation is received within 30 days, or the accepted discrepancies are not rectified, the STO may proceed to determine tax under Section 73 or 74 of the Act or refer the matter to Internal Audit Party (IAP), Special Audit or Anti-Evasion.

Details of cases scrutinised during the financial years 2017-18, 2018-19, 2019-20, and 2020-21 in the sample selected State Taxes Circles is shown in the **Table 2.1.3.**

Table 2.1.3: Number of Returns Scrutinised

Sampled Circle	Baramulla	Circle E	Circle I	Circle L
Year	**As per STO**	**As per STO**	**As per STO**	**As per STO**
2017-18	0	0	0	0
2018-19	0	0	0	0
2019-20	5	0	8	0
2020-21	0	0	0	0
Total	**5**	**0**	**8**	**0**

(Source: information furnished by STOs)

The following deficiencies were noticed:

- All the STOs stated (April 2023) that the SOP on scrutiny of returns were issued in December 2022. No reasons for late framing of SOP were given.

- As per STO Circle Baramulla-I's information, one taxpayer had admitted and paid the tax liability of ₹ 0.04 lakh. It was also noticed that the due process was not completed in remaining cases.

- Audit observed that the STOs had not initiated any action against tax payers by proceeding to determine tax under Section 73 or 74 of the Act or referred the matter to IAP, Special Audit or Anti-Evasion, where no satisfactory explanation was received within 30 days, or who had not rectified the accepted discrepancies

Further the STOs of Circle-E Jammu, Circle-L Jammu and Circle-I Jammu replied that 22, 22 and 5 cases respectively recommended for the year 2017-18 under Section 61 of J&K GST after issuance of SOP are under process. Baramulla-I did not provide the relevant information.

Overall number of cases being scrutinised by the STOs/ Department are few despite of lapse of six years from the date of implementation of GST.

Recommendation

- ***The Department may ensure higher number of scrutiny of cases based on risk analysis and red flagging of cases.***

(II) Verification of Non-filers

As per Rule 68 of J&K GST Rules, 2017, GSTR-3A has to be issued to the taxpayer, where GST returns has not been filed. If the taxpayer still fails to file the return within 15 days of the receipt of notice, then an assessment order in ASMT-13 under Section 62 of the J&K GST Act read with Rule 100 of the J&K GST Rules has to be issued to determine tax liability of the taxpayers.

(a) Mismatch in data of non-filers

As per information made available (June 2022 to July 2022) by the STOs of selected circles, cases of non-filers of GST returns for years 2017-18 to 2020-21 were 'Nil' for Circle-I Baramulla, 'Nil' for Circle-E, 453 for Circle-L. For Circle-I, it was 'Nil' for year 2017-18 to 2019-20, and 90 for the year 2020-21.

However, examination (June 2022) of MIS report (MIS COMP 01) containing details of non-filers of various GST returns available on the GST backend portal revealed difference in data of non-filers vis-a-vis information provided by the STOs. The details of non-filers of GST returns as per MIS report (non-filers Report) are given in **Table 2.1.4.**

Table 2.1.4: Details of non-filers of GST returns as per MIS Report

Return Forms	GSTR-1	GSTR-3B	GSTR-4	GSTR-9
Circle-I Baramulla	0	0	0	0
Circle E Jammu	1,483	260	487	508
Circle I Jammu	614	133	114	231
Circle L Jammu	2,069	453	598	635
Total	**4,166**	**846**	**1,199**	**1,374**

(Source: MIS reports from backend portal)

When reasons for mismatch were sought (April 2023), it was stated (April 2023) that the online functionality of non-filer assessment was not available on portal and the same started working from November 2020 only. Further, it was stated that no reports in respect of non-filers were being generated before November 2020.

The reply of the Department does not explain the information mismatch and no reply in this regard was furnished by the Department (June 2023).

(b) Action initiated but assessment not completed

Data available, in respect of notice in GSTR-3A issued but assessment not completed, as per information provided by the STOs (June 2022 to July 2022), and available from MIS report (June 2022) is given in **Table 2.1.5**

Table 2.1.5: Details of cases under Assessment

Sample	Circle E		Circle I		Circle L		Circle-1 Baramulla	
Particular	**STO**	**MIS Report**	**STO**	**MIS Report**	**STO**	**MIS Report**	**STO**	**MIS Report**
GSTR-3A Issued	214	44	90	11	00	00	00	NA
ASMT-13 Issued	214	06	06	02	00	00	00	NA
Assessment Completed	26	NA	NA	NA	NA	NA	NA	NA
Demand Issued (₹ in Crore)	1.58	1.03	NA	NA	NA	NA	NA	NA

Sample	Circle E		Circle I		Circle L		Circle-1 Baramulla	
Particular	**STO**	**MIS Report**	**STO**	**MIS Report**	**STO**	**MIS Report**	**STO**	**MIS Report**
Recovery Made (₹ in Crore)	00	00	00	00	NA	NA	NA	NA
ASMT-13 Withdrawn	14	02	01	01	NA	NA	NA	NA
Pending Cases	**174**	**NA**	**84**	**NA**	**NA**	**NA**	**NA**	**NA**

(Source: information furnished by STOs and MIS report)

Discrepancies between the data provided by the STOs and MIS Report, in cases of GSTR-3A and ASMT-13 issued and withdrawn were noticed. It was seen that no recovery was done in completed cases. Once issued, ASMT-13 should not have been withdrawn, unless the returns are filed within the period of 30 days from the service of assessment order in ASMT-13. Cases were observed where the ASMT-13 is withdrawn, however, system does not reflect reason for withdrawal in such cases. On being pointed out (June 2022), it was stated (April 2023) that the online functionality of non-filer assessment was not available on portal as the same started working from November 2020 only and no reports in this respect were being generated before. Also, the withdrawal of ASMT-13 was allowed by the system itself.

The reply suggests that withdrawal of ASMT-13 is allowed without recording of reason for withdrawal, which suggests that there was lacuna in the system operating in the Department. Moreover, no reasons for the differences pointed out were furnished (June 2023).

The matter was brought (April 2023) to the notice of Additional Commissioner, Tax Policy Planning and Advance Ruling J&K. The reply was awaited (June 2023).

(c) Overview of non-filers and Returns not filed

As per the description of MIS report (Report ID MIS COMP 01[3]) GSTR-3B non-filers, the report helps to estimate the loss of revenue based on previous year's SGST paid in cash or through ITC of IGST, where GSTR-3B has not been filed.

On examination of these report, Audit observed that 7,219 returns in GSTR-3B were not filed by 846 taxpayers who during previous years had paid tax in cash or through ITC of IGST. The details for the years 2017-18 to 2020-21 is given as per **Table 2.1.6**.

Table 2.1.6: Details of non-filling of return in GSTR-3B

(₹ in lakh)

Sample	Number of non-filers	Number of Returns not filed	Expected SGST
Circle Baramulla-I	0	0	0
Circle E	260	2,175	230.01
Circle I	133	1,214	28.39

[3] Based on J&K GST paid by cash and J&K GST paid by IGST for previous years, total average J&K GST paid is calculated.

Sample	Number of non-filers	Number of Returns not filed	Expected SGST
Circle L	453	3,830	155.43
Total	**846**	**7,219**	**413.83**

(Source: GSTR-3B MIS COMP 01 reports from backend portal)

In respect of sampled Circles, the expected SGST was ₹ 413.83 lakh. The STOs did not take any cognizance of the defaulters and no action was initiated.

On being pointed out (June 2022), it was stated (April 2023) that the online functionality of non-filer assessment was not available on portal and the same started working from November 2020 only and no reports in respect of non-filers were being generated before November 2020.

The fact remains that STOs need to ensure issuance of GSTR-3A in case of non-filing of returns and follow it up with necessary actions either resulting in recovery or cancellation of registration with recovery.

(III) Cancellation of registrations

Cancellation of GST registration means that the taxpayer will no longer be a registered person under GST and will not have to pay or collect any GST, claim an input tax credit or file returns. GST registration cancellation is covered under Section 29 of the J&K GST Act and Rules 20 to 22 of the J&K GST Rules.

Following deficiencies were observed by the Audit: -

(a) *Suo-moto*/ on-application cancellation of registration

The information in relation to *suo-moto*/ on-application cancellation of registration provided (June 2022 to July 2022) by the State Taxes Officers (STOs) and information available (June 2022) in MIS Report on GST Backend Portal is depicted in **Table 2.1.7**

Table 2.1.7: Details of Suo-moto and on application cancellation

Particular	Circle I Baramulla		Circle E		Circle I		Circle L	
	STO	MIS REG 1.18	STO	MIS REG 1.18	STO	MIS REG 1.18	STO	MIS REG 1.18
Suo-Moto	882	899	644	507	201	201	598	612
On Application	80	106	206	209	31	31	150	150
Total	**962**	**1,005**	**850**	**716**	**232**	**232**	**748**	**762**
Difference	**43**		**134**		**00**		**14**	

On being enquired (June 2022 to July 2022), no reason for mismatch in data were furnished (June 2023) by STOs.

(b) Due diligence not exercised in cases of *suo-moto* cancellation of registration.

Rule 22(1) of the J&K GST Rules, 2017 states that in all cases of *suo-moto* cancellation, the STO has to issue a notice in REG-17 requiring the taxpayer to show cause within a period of seven working days as to why the registration shall not be cancelled. Details is depicted in **Table 2.1.8**.

Table 2.1.8: Cases of Cancellation

Particulars	Circle-1 Baramulla	Circle-E Jammu	Circle-I Jammu	Circle-L Jammu	Total
Suo-Moto Cancellation	882	644	201	598	2,325
Issuance of REG-17 SCN	00	11	01	00	12

(Source: information furnished by STOs)

Verification from GST back-end Portal revealed that detailed view of REG-17 was not available. So, in the absence of the details like date of issue, date of receipt of the response from taxpayer etc. related to REG-17, to ascertain whether the due process was followed or not, in all the cancellation cases, was not possible.

In response all, the STOs provided (June 2022 and April 2023) replies which did not pertain to specific query related to viewing of REG-17 information.

(c) Delay in cancellations

As per Rule 22 of the J&K GST Rules, 2017, the cancellation order in REG-19 has to be issued within 30 days from the date of application in case of cancellation on application by taxpayer or date of reply in the form of GST REG-18 to Show cause notice in the form of GST REG-17 in case of *suo-moto* cancellation. Delay in cancellation was noticed in all four sampled circle jurisdictions, the delay from date of application ranged from 01 to 1,076 days, as detailed in **Table 2.1.9**.

Table 2.1.9: Cases of delay in cancellation

Particulars\ Sample	Circle-I Baramulla	Circle-E Jammu	Circle-I Jammu	Circle-L Jammu
Cancellation Cases	1,005	716	232	762
Delayed Cases	232	291	21	87
Range (days)	01 to 307	01 to 497	06 to 495	01 to 1076

(Source: MIS reports from backend portal)

On being pointed out (April 2023), all the circles replied (April 2023) that the delay is caused as the verification of replies is very cumbersome process and delay is not intentional and due care will be taken in future.

(d) Follow-up action on non-filing of GSTR-10

As per Section 45 of the J&K GST Act, 2017, GSTR-10 has to be filed within three months of the effective date of cancellation or the date of order of cancellation, whichever is later. As per the information provided by selected STOs, the details of

GSTR-10 filed and action taken is given in **Table 2.1.10**. The details of GSTR-10 filing status through MIS report was not available during the course of audit.

Table 2.1.10: Details of Action taken against non-filers of Returns

Particulars/ Sample	Circle-I Baramulla	Circle-E Jammu	Circle-I Jammu	Circle-L Jammu
Cancellation Cases	962	850	232	762
GSTR-10 Filed	47	47	09	00
Action Taken against Non-Filers	00	00	00	00

(Source: information furnished by STOs)

As per Rule 68 of J&K GST Rules, 2017, GSTR-3A has to be issued to the taxpayer, where GSTR-10 has not been filed. If the taxpayer still fails to file the final return within 15 days of the receipt of notice, then an assessment order in ASMT-13 under Section 62 of the J&K GST Act read with Rule 100 of the J&K GST Rules shall have to be issued to determine the liability of the taxpayer under sub-section (5) of Section 29 of J&K GST Act. If the taxpayer files the final return within 30 days of the date of service of the order ASMT-13, the said order shall be deemed to have been withdrawn. However, the liability for payment of interest and late fee shall continue. If the said return remains unfurnished within the statutory period of 30 days from the issuance of order ASMT-13, the proper officer may initiate proceedings under Section 78 and recovery under Section 79 of the J&K GST Act.

As per information provided by the sampled circle STOs, no action was taken against non-filers of GSTR-10. The STOs neither issued notice in GSTR-3A nor was any ASMT-13 issued during this period. Thus, no recovery proceedings were initiated by the STO against the defaulters.

STO Circle Baramulla-I replied (June 2022) that proceedings against the dealers wherever applicable have been initiated now. Remaining three Circles' STOs stated (April 2023) that the online functionality of non-filer assessment was not available on portal and the same started working from November 2020 only and no reports in respect of non-filers were being generated before November 2020.

Now as the non-filers report are being generated, efforts to take timely action is required from STOs.

(IV) Compliance to DGARM Reports

With the aim of studying, interpreting and analysing the GST data and sharing the results with various stakeholders, DGARM was formed in July 2017 and it started functioning from June 2018 by generating reports on taxpayers on various risk parameters. The Circle Officer should take action on such reports received by Jurisdictional Executive Commissionerate. After due verification, compliance should be uploaded to the Directorate of Data Management (DDM).

The STOs Circle E, I, & L Jammu informed (June 2022) that they had not received any DGARM reports during 2017-18 to 2020-21 while the STO of Circle Baramulla-I stated (June 2022) that DGARM report for the one dealer had been received during the same period and after verification of same and taking action, the recovery of ₹ 0.66 crore was still pending.

(V) Internal Audit

As per Section 65 of the J&K GST Act, 2017, the Commissioner or any officer authorised by him, by way of a general or a specific order, may undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed. Section 2 (13) of the J&K GST Act, 2017, defines "Audit" as the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the Rules made thereunder or under any other law for the time being in force to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or the Rules made thereunder.

The information regarding the audit undertaken for the financial year 2017-18 was sought (September 2022) from the Department. The Department stated (May 2023) that there was no provision for internal audit by subordinate offices/ ranges. It was further stated that taxpayers were bound to get their accounts audited by Chartered Accountants (CAs). The matter was brought to the notice of Commissioner, STD, J&K for taking up the issue with appropriate authorities. However, Department on suggestion (September 2022) of Audit belatedly constituted (October 2022) the Internal Audit Wing (IAW) which is mandated to conduct audit under Section 65 of J&K GST Act. Thus, the delayed constitution of IAW resulted in non-initiation of internal audit of the taxpayers by the Department during July 2017 to September 2022 and possible delay/ non-detection of revenue evasion and recovery.

Recommendation

- ***Year-wise targets under Section 65 of J&K GST Act, 2017, may be fixed to ensure the timely compliance of internal audit along with recovery of pointed out amounts of dues before the time barring of cases.***

2.1.8 Limited Audit

2.1.8.1 Inconsistencies in GST Return

In Limited audit, deviations from rules and inconsistencies in returns filed and evaluation of the adequacy and effectiveness of the scrutiny procedure of the Department was checked.

Audit analysed GST returns data pertaining to 2017-2018 as made available by GSTN. Rule-based deviations, and logical inconsistencies between GST returns filed by

taxpayers were identified on a set of 12 parameters, which can be broadly categorised into two domains - ITC and Tax payments.

Out of the 13 prescribed GST returns[4], the following basic returns that apply to normal taxpayers were considered for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/ data:

- GSTR-1: Monthly return furnished by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.

- GSTR-3B: Monthly summary return of outward supplies and input tax credit claimed, along with payment of tax by the taxpayer to be filed by all taxpayers except those specified under Section 39(1) of the Act. This is the return that populates the credit and debits in the Electronic Credit Ledger and debits in Electronic Cash Ledger.

- GSTR-6: Monthly return for Input Service Distributors providing the details of their distributed input tax credit and inward supplies.

- GSTR-8: Monthly return to be filed by the e-commerce operators, who are required to deduct TCS (Tax collected at source) under GST, introduced in October 2018.

- GSTR-9: Annual return to be filed by all registered persons other than an Input Service Distributor (ISD), Tax Deductor at Source/ Tax Collector at Source, Casual Taxable Person and Non-Resident taxpayer. This document contains the details of all supplies made and received under various tax heads (CGST, SGST and IGST) during the entire year along with turnover and audit details for the same.

- GSTR-9C: Annual audit form for all taxpayers having a turnover above ₹ five crores in a particular financial year. It is basically a reconciliation statement between the annual returns filed in GSTR-9 and the taxpayer's audited annual financial statements.

- GSTR-2A: A system-generated statement of inward supplies for a recipient. It contains the details of all B2B transactions of suppliers declared in their Form GSTR-1/ 5, ISD details from GSTR-6, details from GSTR-7 and GSTR-8 respectively by the counterparty and import of goods from overseas on bill of entry, as received from ICEGATE Portal of Indian Customs.

[4] (i) GSTR-1, (ii) GSTR-3B, (iii) GSTR-4 (taxpayers under the Composition scheme), (iv) GSTR-5 (non-resident taxable person), (v) GSTR-5A (Non-resident OIDAR service providers), (vi) GSTR-6 (Input service distributor), (vii) GSTR-7 (taxpayers deducting TDS), (viii) GSTR-8 (E-commerce operator), (ix) GSTR-9 (Annual Return), (x) GSTR-10 (Final return), (xi) GSTR-11 (person having UIN and claiming a refund), (xii) CMP-08 and (xiii) ITC-04 (Statement to be filed by a principal/ job-worker about details of goods sent to/received from a job-worker).

The pan J&K data analysis pertaining to J&K jurisdiction on the 12 identified parameters and extent of deviations/ inconsistencies observed are summarised in ***Appendix* 2.1.2 and 2.1.3**. The details of data analysis undertaken is given in **Table 2.1.11 (a) and Table 2.1.11 (b).**

Table: 2.1.11 (a): Details of Data Analysis undertaken

SI. No.	Algorithm used	Impact
Domain: ITC		
1.	ITC available as per GSTR-2A with all its amendments was compared with the ITC availed in GSTR-3B in Table 4A (5) (accrued on domestic supplies) excluding the reversals in Table 4B (2) but including the ITC availed in the subsequent year from Table 8C of GSTR-9 and blocked credits.	ITC mismatch between GSTR-2A and GSTR-3B
2.	RCM in GSTR-3B Table 3.1(d) (with proof of tax paid) is compared with ITC availed due to RCM in GSTR-9 Table (6C+6D+6F); OR if GSTR-9 is not available, RCM liability in GSTR-3B Table 3.1 (d) is compared with ITC availed in GSTR-3B Table {4A(2) + 4A(3)}.	Incorrect availing of ITC under RCM
3.	ISD ITC availed in GSTR-9 Table 6G or GSTR-3B Table 4(A)(4) of recipient was compared with the sum of Table 5A, Table 8A, and Table 9A of GSTR-6 of distributor GSTINs	Incorrect availing of ISD credit
	Domain: Annual Return and financial statements (FS)	
4.	Negative figure in GSTR-9C Table 9R and examination of reasons provided in Table 10 for mismatch	Mismatch in tax paid between books of accounts and returns
5.	Positive figure in GSTR-9C Table 12F and examination of reasons provided in Table 13 for mismatch	Mismatch of ITC availed between Annual returns and Books of accounts
	Domain: Tax and Interest payment	
6.	RCM payments in GSTR-9 Table 4G (tax payable) were compared with ITC availed in GSTR-9 Table 6C, 6D and 6F (ITC availed). In cases where GSTR-9 was not available, RCM payment in GSTR-3B Table 3.1(d) was compared with GSTR-3B 4(A)(2) and 4A(3). Greater of difference in GSTR-9 and GSTR-3B considered where both were available	Short payment of tax under RCM versus ITC availed in GSTR-3B/ GSTR-9
7.	The greater of tax liability between GSTR-1 (Tables 4 to 11), considering advances and amendments, and GSTR-9 (Tables 4N, 10 and 11) was compared with tax paid details in GSTR-3B Tables 3.1(a) and 3.1(b). In cases where GSTR-9 was not available, GSTR-3B tax paid was compared with GSTR-1 liability	Unsettled liabilities
8.	E-commerce GSTR-8 became effective from 1 October 2018 when TCS provisions became effective. GSTINs declared in GSTR-8 who are also filing GSTR-4/CMP-08 under composition scheme.	Composition taxpayers also availing e-commerce facility
9.	Taxpayers who have not filed GSTR-3B but have filed GSTR-1 or where GSTR-2A available, indicating taxpayers carrying on the business without discharging tax	GSTR-3B was not filed but GSTR-1 is available

SI. No.	Algorithm used	Impact
10.	Interest calculated at the rate of 18 *per cent* on cash portion of tax payment on delayed filing of GSTR-3B vis-à-vis interest declared in GSTR-3B	Short payment of interest

Table 2.1.11 (b): Details of Data Analysis undertaken (Turnover mismatch)

SI. No.	Algorithm used	Impact
1.	Negative figure in GSTR-9C Table 5R and examination of reasons provided in Table 6 for mismatch	Mismatch in taxable turnover declared in GSTR-9C Table 7G
2.	Negative figure in GSTR-9C Table 7G and examination of reasons provided in Table 8 for mismatch	Mismatch in taxable turnover declared in GSTR-9C Table 7G

The pan J&K data analysis depicted many deviations with considerable money value which points towards lack of basic validation control that should have been built into the application software. For example, for unreconciled gross revenue (Table 5R of GSTR-9C), the number of instances for deviations were 50 amounting to ₹ 1,330.89 crore and for unreconciled taxable revenue (Table 7G of GSTR-9C), the number of deviations were 50 with money value of ₹ 1,271.74 crore. These huge money value figures indicated that controls to input and validate data in GST system and E-Way Bill (EWB) system may either not working properly or are entirely absent.

Audit issued 381 audit queries in Limited audit. The replies furnished by the STOs were examined. The audit findings are given as under:

(I) Result of Limited Audit

Out of 381 audit observation issued to the Department under 12 dimensions, initial responses in 368 cases had been received from the Department. In 13 cases, replies were not received from the Department. The 12 audit dimensions have been translated into compliance deviations, and is summarised in ***Appendix 2.1.4 and 2.1.5***. The category-wise details of cases are mentioned in ***Appendix 2.1.6-(I to VIII)***.

Summary of Centralised/ Limited Audit

Out of 381 audit observations issued, replies were not furnished by the Department in 13 cases amounting to ₹ 9.11 crore (details in ***Appendix 2.1.6-I***) which were related to mismatch of tax liability/ input tax credit amounting ₹ 6.05 crore (11 cases) and mismatch of Turnover amounting to ₹ 3.06 crore (two cases). The Department furnished the responses in 368 cases amounting to ₹ 2,760.72 crore, which relates to mismatch of tax liability/ input tax credit amounting to ₹ 163.66 crore in 270 cases and mismatch of Turnover amounting to ₹ 2,597.06 crore in 98 cases.

Out of the 270 responses received in respect of mismatch of tax liability/ input tax credit, in 80 cases the Department accepted the audit findings. Out of these 80 cases, in 30 cases recovery have been affected amounting to ₹ 2.06 crore (Column No 4 and 5 in ***Appendix 2.1.4***). In 46 cases, SCN/ ASMT-10 have been issued amounting to

₹ 59.96 crore (Column No 6 and 7 in ***Appendix 2.1.4***). In four cases involving amount of ₹ 1.18 crore, the Department accepted audit observation and stated that matter is under correspondence with taxpayer (Column No 8 and 9 in ***Appendix 2.1.4***).

Relatively higher rates of deviations were noticed in risk parameters such as mismatch in availing of ITC, mismatch in tax paid between books of accounts and annual return, cases where GSTR-3B not filed but GSTR-1 or GSTR-2A available, short payment of interest on delayed payments, undischarged liability *etc*.

In 184 cases (Column No 12, 14 and 16 in ***Appendix 2.1.4***), constituting 68.15 *per cent* of responses regarding tax liability/ Input Tax Credit, where the replies of the Department were acceptable to Audit; data entry errors by taxpayers comprised 83 cases (Column No 12 and 13 in ***Appendix 2.1.4***); the Department had proactively taken action in 56 cases (Column No 14 and 15 in ***Appendix 2.1.4***) and 45 cases (Column No 16 and 17 in ***Appendix 2.1.4***) had other valid explanations.

In six cases (Column No 18 and 19 in ***Appendix 2.1.4***), constituting 2.22 *per cent*, the Department did not accept the deviations pointed out by Audit without providing any documentary evidence.

Similarly, Audit also noticed turnover related mismatches in 98 cases (Column No 4, 6, 8, 12, 14, 16 and 18 in ***Appendix 2.1.5***). Of these, in two cases recovery has been affected (Column No 4 and 5 in ***Appendix 2.1.5***), in four cases SCN including ASMT-10 has been issued to the taxpayers (Column No 6 and 7 in ***Appendix 2.1.5***), in two cases Department stated that matter is under correspondence with tax payer (Column No 8 and 9 in ***Appendix 2.1.5***).

Out of 85 cases (Column No 12, 14 and 16 in ***Appendix 2.1.5***), where the replies of the Department were acceptable to Audit, data entry errors by taxpayers comprised 18 cases (Column No 12 and 13 in ***Appendix 2.1.5***); the Department had proactively taken action in one case (Column No 14 and 15 in ***Appendix 2.1.5***) and 66 cases (Column No 16 and 17 in ***Appendix 2.1.5***) had other valid explanations.

In five cases (Column No 18 and 19 in ***Appendix 2.1.5***) the Department did not accept the deviations pointed out by Audit without providing any documentary evidence.

Recommendation

- ***Department may urgently pursue inconsistencies and deviations pointed out by Audit in these 13 cases, for which responses have not been provided.***

One case from each audit dimensions in which the Department had accepted the audit objections are detailed in ***Appendix 2.1.7***. The cases are described below.

(i) Dimension-Mismatch of ITC availed GSTR-3B vs GSTR-2A

GSTR-2A is a purchase related dynamic tax return that is automatically generated for each business by the GST portal, whereas GSTR-3B is a monthly return in which summary of outward supplies along with ITC declared and payment of tax are self-declared by the taxpayer.

To analyse the veracity of ITC utilisation, relevant data were extracted from GSTR-3B and GSTR-2A for the year 2017-18, and the ITC paid as per suppliers' details was matched with the ITC credit availed by the taxpayer. The methodology adopted was to compare the ITC available as per GSTR-2A with all its amendments and the ITC availed in GSTR-3B in Table 4A(5)[5] considering the reversals in Table 4B(2)[6] but including the ITC availed in the subsequent year 2018-19 from Table 8C of GSTR-9.

ITC mismatch of ₹ 1.25 crore between GSTR-3B and GSTR-2A noticed in respect of a taxpayer, under STO Circle P-Jammu, was communicated (March 2022) to the STO. In response, the Department issued (December 2023) demand notice DRC-07 for ₹ 2.58 crore to the taxpayer. Further reply/ progress/ recovery was awaited (October 2024).

(ii) Dimension-Mismatch in availment of ITC on RCM

In Reverse Charge Mechanism, the liability to pay tax is fixed on the recipient of supply of goods or services instead of the supplier or provider in respect of certain categories of goods or services or both under Section 9(3) or Section 9(4) of the J&K GST/ CGST Act, 2017 and under sub-section (3) or sub-section (4) of Section 5 of the IGST Act, 2017.

GSTR-9 is an annual return to be filed once for each financial year, by the registered taxpayers who were regular taxpayers, including SEZ units and SEZ developers. The taxpayers are required to furnish details of purchases, sales, input tax credit or refund claimed or demand created etc.

To analyse the veracity of ITC availed on tax paid under Reverse Charge Mechanism (RCM) for the year 2017-18, the datasets pertaining to GSTR-3B and annual return GSTR-9 were compared to check whether the ITC availed on RCM was restricted to the extent of tax paid. The methodology adopted was to compare the RCM payments in GSTR-3B Table 3.1(d)[7] with ITC availed in GSTR-9 Table 6C[8], 6D[9] and 6F[10]. In cases where GSTR-9 was not available, the check was restricted within GSTR-3B,

5 All other eligible ITC
6 Other ITC reversed.
7 Inward supplies (liable to reverse charge)
8 Inward supplies receive from unregistered persons liable to reverse charge.
9 Inward supplies received from registered persons liable to reverse charge.
10 Import of services.

where the tax discharged part in R3B Table 3.1(d) was compared with the ITC availing part of R3B 4A (2)[11] and 4A (3)[12].

In case of a taxpayer under STO Circle-E Jammu, the tax paid under in Table 3.1(d) of GSTR-3B was ₹ 0.11 crore and the ITC availed in Table 4A(2) and (3) of GSTR-3B was ₹ 0.28 crore. This resulted in mismatch of ITC of ₹ 0.17 crore which was communicated (March 2022) to the STO. In response, the Department issued (December 2023) demand notice DRC-07 for ₹ 0.35 crore to the taxpayer. Further recovery/ action is awaited (October 2024).

(iii) Dimension-Mismatch of ITC availed on RCM without payment of Tax

The extent of availing of ITC under RCM for the year 2017-18 without discharging equivalent tax liability or, in other words, short payment of tax under RCM was analysed by comparing the datasets pertaining to GSTR-3B and annual return GSTR-9 to check whether the tax has been discharged fully on the activities/ transactions under RCM. In cases where GSTR-9 was filed, the RCM payments in Table 4G[13] was compared with ITC availed in Table 6C, 6D and 6F. In cases where GSTR-9 was not available, RCM payments in GSTR-3B Table 3.1(d)[14] was compared with GSTR-3B Table 4(A)(2)[15] and 4A(3)[16].

Audit observed that in case of taxpayer under STO Circle-J Kashmir, the RCM payments in Table 6.1 (B) of GSTR-3B was ₹ 0 and the ITC availed in Table 4(A)(3) of GSTR-3B was ₹ 0.02 crore. This resulted in excess in availment of ITC on RCM without payment of tax amounting to ₹ 0.02 crore which was communicated (March 2022) to the State Taxes Office/ Circle. In response, the Department confirmed (April 2022) the recovery of ₹ 0.02 crore.

(iv) Dimension-Mismatch in tax paid between annual return and tax paid in Table 9R of GSTR-9C

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of J&K GST Rules in form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in tax paid between the Annual Return and the books of account. Table 9 of the form GSTR-9C attempts to reconcile the tax paid by segregating the turnover rate-wise and comparing it with the tax discharged as per annual return GSTR-9. The unreconciled amounts could potentially indicate tax levied at incorrect rates, incorrect depiction of taxable turnover as exempt or *vice versa* or incorrect levy of CGST/ SGST/ IGST. There can also be situations wherein supplies/ tax declared are reduced through amendments (net of debit notes/

11 Import of services.
12 Inward supplies (liable to reverse charge).
13 Inward supplies on which tax is to be paid on reverse charge basis.
14 Inward supplies (liable to be reverse charge).
15 Import of services.
16 Inward supplies liable to be reverse charge other than Import of Goods and Services.

credit notes) in respect of the 2017-18 transactions carried out in the subsequent year from April to September 2018. Consequential interest payments both short payments and payments under incorrect heads also need to be examined in this regard**.**

Audit query on unreconciled payment of Tax in Table 9R of GSTR-9C, amounting to ₹ 0.41 crore was issued in respect of Taxpayer under STO Circle-Kishtwar Jammu and communicated (March 2022) to the STO. In response, the Department confirmed (December 2022) recovery of ₹ 0.41 crore (November 2022).

(v) Dimension-Mismatch of ITC between annual return and Table 12F of GSTR-9C

Table 12 of GSTR-9C reconciles ITC declared in annual return (GSTR-9) with ITC availed as per audited Annual Financial Statement or books of accounts. Column 12F of this Table deals with unreconciled ITC.

The certified reconciliation statement submitted by the taxpayer as required under the Rule 80(3) of J&K GST Rules in form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the Financial Statements**.**

In one case under STO Circle-P Jammu, unreconciled ITC of ₹ 0.30 crore declared in Table 12F of GSTR-9C, being ITC availed in GST returns in excess of eligible ITC based on Financial Statements, was noticed and communicated (March 2022) to the State Taxes Office. In response, the Department issued (December 2023) demand notice DRC07 for ₹ 0.21 crore to the taxpayer. Further progress/ recovery was awaited (October 2024)

(vi) Dimension-GSTR-3B not filed but GSTR-1 or GSTR-2A available

Taxpayers who have not filed GSTR-3B but have filed GSTR-1 or whose GSTR-2A was available were identified. GSTR-3B return is the only instrument through which the liability is offset and ITC is availed. The very availability of GSTR-1 and 2A and non-filing of GSTR-3B indicates that the taxpayers had undertaken/ carried on the business during the period but have not discharged their tax liability. These red flags potentially indicate cases of irregular passing on of ITC**.**

Undischarged Tax liability of ₹ 0.14 crore as a result of non-filing of GSTR-3B but have filed GSTR-1 was noticed in case of one taxpayer under Circle-I Kashmir and the same was communicated (March 2022) to the STO. In response, the Department issued (May 2022) demand notice DRC07 for ₹ 0.27 crore to the taxpayer.

(vii) Dimension-Short declaration of tax liability

GSTR-1 depicts the monthly details of outward supplies of Goods or Services. This details also assessed by the taxpayer and mentioned in annual return GSTR-9 in the relevant columns. Further, taxable value and tax paid thereof also shown in GSTR-3B.

To analyse the undischarged tax liability, relevant data were extracted from GSTR-1 and GSTR-9 for the year 2017-18 and the tax payable in these returns was compared with the tax paid as declared in GSTR-9. Where GSTR-9 was not available, a comparison of tax payable between GSTR-1 and GSTR-3B was resorted to. The amendments and advance adjustments declared in GSTR-1 and 9 were also considered for this purpose.

For the algorithm, Tables 4 to 11 of GSTR-1 and Tables 4N, 10 and 11 of GST-9 were considered. The greater of the tax liability between GSTR-1 and GSTR-9 was compared with the tax paid declared in Tables 9 and 14 of GSTR-9 to identify the short payment of tax. In the case of GSTR-3B, Tables 3.1(a)[17] and 3.1(b)[18] were taken into account**.**

It was observed that in case of one taxpayer under Circle-J Jammu, the tax payable in Table 4 to 11 of GSTR-1 was ₹ 13.47 crore and the tax payable declared in Tables 3.1(a) and 3.1(b) of GSTR-3B was ₹ 6.65 crore. This resulted in mismatch of tax liability amounting to ₹ 6.82 crore between GSTR-1 and GSTR-3B which was communicated (March 2022) to the State Taxes Office/ Circle. In response, the Department issued (August 2022) DRC07 amounting to ₹ 19.28 crore (Tax liability of ₹ 6.79 crore, Interest ₹ 5.70 and Penalty ₹ 6.79) to the taxpayer. Further progress/ recovery in this regard was awaited (June 2023).

(viii) Dimension-Short payment of interest

Section 50 of the Act stipulates that every person liable to pay tax in accordance with the provisions of this Act or the Rules made there under but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay interest at the rate notified.

The extent of short payment of interest on account of delayed remittance of tax during 2017-18 was identified using the tax paid details in GSTR-3B and the date of filing of the GSTR-3B. Only the net tax liability (cash component) has been considered to work out the interest payable**.**

Audit observed that a taxpayer under STO Circle-K Srinagar had interest liability of ₹ 3.68 crore on account of delayed net discharge of liability via cash of ₹ 16.04 crore. On being pointed out (March 2022), the Department issued (June 2022) DRC-07 for ₹ 3.68 crore to the taxpayer. Further progress was awaited (June 2023).

[17] Outward taxable supplies (other than zero rated, nil rated and exempted).
[18] Outward taxable supplies (zero rated).

(ix) Dimension-Irregular availing of ITC by recipient on ISD credit

To analyse whether the ITC availed by the taxpayer is in excess of that transferred by the Input Service Distributor (ISD), ITC availed as declared in the returns of the taxpayer is compared with the ITC transferred by the ISD in their GSTR-6. The methodology adopted was to compare Table 6G[19] of GSTR-9 or Table 4(A)(4)[20] of GSTR-3B of the recipient taxpayers under the jurisdiction of this erstwhile State/ UT with the sum of Table 5A[21], Table 8A[22], and Table 9A[23] of GSTR-6 of the respective ISD**.**

In case of taxpayer under Circle-E Jammu, Audit observed that the ITC availed in Table-6G of GSTR-9 was ₹ 1.39 crore and the ITC transferred by the ISD in Table (5A+8A+9A) of GSTR-6 was ₹ 1.17 crore. This resulted in excess availment of ITC transferred by the ISD amounting to ₹ 0.22 crore, which was communicated (May 2022) to the State Taxes Office. In response, the Department issued (December 2023) demand notice DRC07 for ₹ 0.48 crore to the taxpayer.

(x) Dimension-Mismatch of total turnover in Table 5R of GSTR-9C

Table 5 of GSTR-9C is the reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in annual return (GSTR-9). Column 5R of this Table captures the unreconciled turnover between the annual return GSTR-9, and that declared in the Financial Statement for the year after the requisite adjustments.

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of J&K GST Rules in form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in turnover reported in the Annual Return *vis-a-vis* the Financial Statements. The unreconciled amount in cases where the turnover declared in GSTR-9 is less than the Financial Statement indicates non-reporting, under-reporting, short-reporting, omission, error in reporting of supplies leading to evasion or short payment of tax. It could also be a case of non-reporting of both taxable and exempted supplies**.**

In one case under STO Circle-D Jammu, unreconciled turnover in Table 5R of GSTR-9C, amounting to ₹ 1.62 crore was noticed and communicated (March 2022) to the STO. In response, the Department reported (January 2023) recovery of ₹ 0.03 crore.

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19 ITC received from ISD.
20 Inward supplies from ISD.
21 Distribution of the amounts of eligible ITC for the tax period.
22 Mismatch of ITC reclaimed and distributed.
23 Redistribution of ITC distributed to a wrong recipient.

(xi) Dimension-Mismatch of taxable turnover in Table 7G of GSTR-9C

Table 7 of GSTR-9C is the reconciliation of taxable turnover. Column 7G of this Table captures the unreconciled taxable turnover between the annual return GSTR-9 and that declared in the financial statement for the year after the requisite adjustments.

The certified reconciliation statement submitted by the taxpayer as required under the Rule 80(3) of J&K GST Rules in Form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in taxable turnover reported in the Annual Return *vis-à-vis* the Financial Statements. The unreconciled amount in cases where the turnover in GSTR-9 is less than the Financial Statement indicates non-reporting, under-reporting, short-reporting, omission, error in reporting of taxable supplies. It could also be on account of non-reporting of both taxable and exempted supplies**.**

Audit query on unreconciled taxable turnover in Table 7G of GSTR-9C, amounting to ₹ 7.05 crore was noticed in respect of taxpayer under STO Circle-Budgam Kashmir and communicated (March 2022) to the STO. In response, the Department issued (December 2023) demand notice DRC-07 for ₹ 1.08 crore to the taxpayer. Further progress/ recovery in this regard was awaited (October 2024).

(II) Analysis of causative factors

Considering the Department's response to 368 cases out of the sample of 381 data deviations/ inconsistencies, the factors that caused the data deviations/ inconsistencies are as follows:

(a) Deviations from GST law and Rules

Out of the 12 audit dimensions summarised in ***Appendix 2.1.2 and 2.1.3,*** the Department accepted the audit observations or initiated examination in 88[24] cases with tax effect of ₹ 72.80 crore which represent a mismatch of turnover of ₹ 9.60 crore in 8 cases, mismatch of tax liability/ input tax credit of ₹ 63.20 crore in 80 cases. Out of these cases, the Department recovered ₹ 2.09 crore in 32 cases ***(Appendix 2.1.6-II)***, issued SCN/ DRC07 and ASMT10 in 50 cases for ₹ 62.97 crore ***(Appendix 2.1.6-III)*** which relates to mismatch of tax liability/ input tax credit amounting to ₹ 59.95 crore in 46 cases and mismatch of Turnover in four cases amounting to ₹ 3.02 crore. In six cases for ₹ 7.74 crore, Department stated that they are under correspondence with tax payer which relates to mismatch of tax liability/ input tax credit amounting to ₹ 1.18 crore in four cases and mismatch of turnover in two cases amounting to ₹ 6.56 crore (***Appendix 2.1.6-IV***).

[24] Recovered: 32 (₹ 2.09 crore), SCN/ASMT10: 50 (₹ 62.97 crore), and case under examination: 6 (₹ 7.74 crore)

(III) Data entry errors by taxpayers:

The data entry errors in 101 cases constituted 27.44 *per cent* of the total 368 responses received and 269[25] (73.09 *per cent)* responses out of total 368 responses received from the Department were accepted by the Audit. These data entry errors did not have any revenue implication. These data entry errors relate to mismatches in availing of ITC (74 cases), tax liability (nine cases) and turnover (18 cases) as detailed in ***Appendix 2.1.6-V***. An illustrative case is brought out below:

A deviation amounting to ₹ 0.54 crore was identified as unpaid RCM ITC of a taxpayer under Circle-Kupwara and the same was communicated (March 2022) to the STO of the Circle. On receipt of Department's reply (July 2022), it was seen that the deviation was caused due to a typographical error. The dealer had inadvertently mentioned regular ITC of ₹ 0.54 crore in Table 6D instead of Table 6B of GSTR-9 whereas the same has been correctly reflected in Table 4(A)5 of GSTR-3B. The system allowed for such data entry errors, which could have been avoided with proper validation controls.

(IV) Action taken before issue of Audit Queries:

As summarised in ***Appendix 2.1.4 and 2.1.5,*** the Department had already taken action in 57 cases constituting 15.49 *per cent* of the 368 responses received. Details are mentioned in ***Appendix 2.1.6-VI.***

(V) Valid explanations:

The Department had provided satisfactory explanations with relevant documents in 111 cases **{**Column 16 of **(*Appendix 2.1.4 and 2.1.5*)}** constituting 30.16 *per cent* of the 368 responses received. Details are mentioned in ***Appendix 2.1.6-VII.***

(VI) Cases where department's reply is furnished without documentary evidence

Department's reply in 11 cases amounting to ₹ 13.18 crore representing mismatch of tax liability/ input tax credit and mismatch in turnover in which Department did not accept audit observation without providing documentary evidence in support of its reply. Details of these cases are given in ***Appendix 2.1.6-VIII*.**

Recommendation:

- ***Department may consider introducing validation controls in GST Returns as highlighted above to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny***.

[25] DEE-101, ATBQ-57, Valid reply-111; 269/368*100=73.09 *per cent*

2.1.9. Detailed Audit of GST Returns

In a self-assessment regime, the onus of compliance with law is on the taxpayer. The role of the Department is to establish and maintain an efficient tax administration mechanism to provide oversight. With finite level of resources, for an effective tax administration, to ensure compliance with law and collection of revenue, an efficient governance mechanism is essential. An IT driven compliance model enables maintaining a non-discretionary regime of governance on scale and facilitates a targeted approach to enforce compliance.

From an external audit perspective, Audit also focused on a data driven risk based approach. Thus, apart from identifying inconsistencies/ deviations in GST returns through pan J&K data analysis, a detailed audit of GST returns was also conducted as a part of this review. A risk based sample of 60 taxpayers was selected for this part of the review. The methodology adopted was to initially conduct a desk review of GST returns and Financial Statements filed by the taxpayers as part of the GSTR-9C and other records available in the back end system to identify potential risk areas, inconsistencies/ deviations and red flags. Desk review was carried out in the CAG field audit office. Based on desk review results, detailed audit was conducted and the audit findings are categorised under a) Returns b) Utilisation of ITC and c) Discharge of tax liability.

2.1.9.1 Scope Limitation (Non-Production of Records)

There was scope limitation of Audit due to non-production of granular record by the Department. During the desk review of taxpayers' returns available in the backend system, Audit identified the risks related to excess ITC and tax liability mismatches for detailed examination. On the ITC dimension, the mismatches were identified by comparing GSTR-3B with GSTR-2A and GSTR-9, and the declarations made in Table 12 and 14 of GSTR-9C. On the tax liability dimension, the mismatches were identified by comparing GSTR-3B with GSTR-1 and GSTR-9 and the declarations in Table 5, Table 7 and Table 9 of GSTR-9C. However, in none of the selected cases, the Department provided the corresponding granular records such as the supplementary financial ledgers, invoices, agreement copies etc. required for examining the causative factors for mismatches of ITC and tax liability. Audit requisitioned these granular records of the taxpayers through the respective circles.

In none of the cases, requisitioned records were produced to Audit by the Department, due to which the identified risks in 51 cases relating to excess/ irregular ITC availing and undischarged tax liability of ₹ 66.33 crore could not be examined in detail by the Audit.

On being pointed out (September 2022), the Department during Exit Conference stated (June 2023) that the internal Audit under Section 65 of J&K GST Act had not been conducted till date and the required financial statements were not available with them.

It was also stated that the same could not be called for at that stage as there is no provision under the said Act.

2.1.9.2 Returns

Section 50 (1) of J&K GST Act, 2017, provides that every person who is liable to pay tax in accordance with the provisions of this Act or the Rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding 18 *per cent*, as may be notified by the Government on the recommendations of the Council.

(2) The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid.

The extent of short payment of interest on account of delayed remittance of tax during 2017-18 was identified using the tax paid details in GSTR-3B and the date of filing of the GSTR-3B. Only the net tax liability (cash component) was considered to work out the interest payable. In this regard, the discrepancies noticed were as below: -

(I) Non-payment of interest by taxpayers

Audit observed in 14 cases out of the 60 cases examined, that taxpayers had either filed their GSTR-3B returns with delay or had paid the net tax liability (cash component) belatedly but the interest amounting to ₹ 0.45 crore was not discharged. Out of the 14 cases, in 11 cases amount of ₹ 0.17 crore was recovered via DRC 03, in one case demand notice DRC07 was issued. In remaining two cases, reply of the Department had not been received. **(*Details in Appendix 2.1.8*)**.

Illustrative Case:

Under STO Circle-H Jammu, a tax payer had filed the GSTR-3B returns for the period August 2017 to February 2018 with delay but interest liability of ₹ 0.09 crore on delayed payment of tax of ₹ 1.69 crore (net liability discharged through cash) was not discharged. On being pointed out (December 2022), the Department stated (December 2023) that DRC-07 has been issued to the taxpayer.

(II) Late fee on belated/ non-filing of returns

Section 47 (2) of J&K GST Act states that any registered person who fails to furnish the return required under Section 44 by the due date shall be liable to pay a late fee of one hundred rupees for every day during which such failure continues subject to a maximum of an amount calculated at a quarter *per cent* of his turnover in the State.

Audit observed in 14 cases out of the 60 cases examined, that taxpayers had filed their GSTR-9/ 9C returns belatedly but late fee amounting to ₹ 0.13 crore was not

discharged. Out of the 14 cases, in six cases amount of ₹ 0.03 crore was recovered via DRC-03, in seven cases DRC-07 were issued and in one case, ASMT-10 was issued (October 2024). (***Details mentioned in Appendix 2.1.9***).

Illustrative case

Under STO Circle-R Kashmir, a tax payer had filed the GSTR-9 returns for the financial year 2017-18 after a delay of 415 days. Late fees on delayed filed returns worked out of ₹ 83,000/-. On being pointed out (November 2022), the Department stated (March 2023) that amount of ₹ 83,000/- was deposited by the taxpayer.

(III) Data entry errors or technical glitches

Audit observed the data entry mistakes were made by the taxpayers while filing GST returns. The data entry errors in the returns were noticed in seven cases involving amount of ₹ 2.10 crore (***detailed in Appendix 2.1.10***), constituting 11.67 *per cent* of the examined cases**.** The errors were mainly in the areas such as ITC for Table 4(A)5 which was inadvertently shown against Table 4(A) 3 RCM ITC in GSTR-3B, excess availing of ITC through Table 6J of GSTR-9 was due to wrongly showing the amount under table 8C of GSTR-9 instead of Table 6B, Tax paid under RCM was wrongly shown under Table 4(A)4 ISD of GSRT-3B instead of Table 4(A) 3 etc.

Illustrative case:

Under STO Circle Kathua-I, one dealer exhibited excess ITC in GSTR-9 through Table 6J. On being pointed out (November 2022), the Department stated (March 2023) that amount of ₹ 0.98 crore was inadvertently credited in Table 8C instead of Table 6B of the return GSTR-9, due to which excess ITC was reflected. The reply was found acceptable.

2.1.9.3 Utilisation of Input Tax Credit

Section 16(2) of the J&K GST Act prescribes the conditions for availing ITC, which are (i) Taxpayer should be in possession of tax invoice or any other specified tax-paying document, (ii) Taxpayer has received the goods or services, (iii) Tax has actually been paid by the supplier, (iv) Taxpayer has furnished the return to avail the ITC, (v) The value of the goods or services along with the tax should have been paid to the supplier within 180 days from the date of issue of invoice.

Rule 36 of J&K GST Rules prescribe the documentary requirements for claiming ITC. A tax payer can avail ITC based on the following documents namely (i) Invoice issued by a supplier of goods or services or both, (ii) Invoice issued by recipient along with proof of payment of tax, (iii) A debit note issued by supplier, (iv) Bill of entry or similar document prescribed under Customs Act, (v) Revised invoice and (vi) Document issued by Input Service Distributor.

(I) Mismatches in Input Tax Credit

Audit analysed the dataset of GSTR-2A in respect of selected taxpayers along with datasets of GSTR-3B, GSTR-9 and GSTR-9C filed by the taxpayers and noticed mismatches of Input Tax Credit and Reverse Charge Mechanism (RCM) among returns. Audit could not examine mismatches in detail since relevant granular records were not produced by the Department. The details of mismatches in input tax credit noticed by Audit are given in **Table 2.1.12**.

Table -2.1.12: Mismatch in Input Tax Credit claimed by taxpayers

SI. No	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Remarks
1	**ITC mismatch between GSTR-2A and GSTR-3B/ GSTR-9**: The ITC available as per GSTR-2A was compared with the ITC availed under GSTR-3B/ GSTR-9 return. ***(Appendix 2.1.11)***	30	18	64.19	On being pointed out (between November 2022 and January 2023), the Department replied (September 2024) that in seven cases recovery of ₹ 1.94 crore was made, in 22 cases DRC07 had been issued and in one case ASMT-10 was issued to the taxpayer.
2.	**Non/ short reversal of ITC availed for exempt and non-GST supplies**: As per Section 17(2) of Jammu and Kashmir GST Act 2017, read with Rules 42 of J&K GST Rules 2017, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies. ***(Appendix 2.1.12)***	7	5	0.97	On being pointed out (between November 2022 and December 2022), the Department replied (September 2024) that in three cases recovery of ₹ 1.89 lakh was made and in four cases demand notice DRC07 was issued.
3	**ITC mismatch between GSTR-2A and GSTR-9**: The ITC available as per GSTR-2A was compared with the ITC availed under Table 8A of GSTR-9 return. ***(Appendix 2.1.13)***	2	2	0.90	On being pointed out (between November 2022 and December 2022), the Department replied (September 2024) that in one case recovery of ₹ 0.27 lakh was made and in one case demand notice DRC07 was issued.

SI. No	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Remarks
4	**Unreconciled ITC in GSTR-9 after adjustments-** Table 8D of GSTR-9 captures the difference between ITC available as per GSTR-2A under Table 8A of GSTR-9 and that of availed as per GSTR-3B with subsequent period's adjustments under Table 8C of GSTR-9. The negative figure in Table 8D of GSTR-9 indicates that ITC is availed in excess over eligible. ***(Appendix 2.1.14)***	3	2	0.29	On being pointed out (between November 2022 and December 2022), the Department replied (September 2024) that in two cases recovery of ₹ 0.06 crore was made, in one case demand notice DRC07 was issued.

2.1.9.4. Tax Liability

(I) Un-discharged Tax Liability

The taxable event in the case of GST is supply of goods and/ or services. Section 9 of the Jammu and Kashmir GST Act 2017 is the charging section authorising levy and collection of tax called State/ Centre Goods and Services Tax on all intra-state supplies of goods or services or both, except on supply of alcoholic liquor for human consumption, on value determined under Section 15 of the Act ibid and at such rates not exceeding 20 *per cent* under each Act, i.e., CGST Act and J&K GST Act. Section 5 of the IGST vests levy and collection of Integrated GST on interstate supply of goods and services with Central Government with maximum rate of 40 *per cent*.

Audit findings and mismatches noticed related to discharge of tax liabilities are discussed below.

(II) Mismatches relating to discharge of tax liability

Audit scrutinised GSTR-1, GSTR-3B and GSTR-9 returns filed by the taxpayers for the year 2017-18 and noticed mismatch in discharge of tax liability by comparing the tax liability furnished in the returns. Audit could not examine these mismatches in detail since relevant granular records were not produced by the Department. The details of mismatches are given in **Table 2.1.13**.

Table -2.1.13: Mismatch related to discharge of tax liability

Sl. No	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Remarks
1.	**Un-discharged tax liability on comparing greater of the tax liability of GSTR-1, GSTR-9 with reference to Tax payment in GSTR-9/ 3B** GSTR-1 and GSTR-9 for the year 2017-18 and the tax payable in these returns was compared with the tax paid and declared in GSTR-9/ 3B. ***(Appendix-2.1.15)***	9	7	0.61	The Audit had pointed this out in November 2022 to January 2023, Department replied (September 2024) that in six cases recovery amounting to ₹ 0.14 crore was made, in three cases demand notice DRC07 was issued.(October 2024).

2.1.10. Conclusion

The Subject Specific Compliance Audit (SSCA) on Department's Oversight on GST Payments and Return Filing was undertaken in the context of varying trend of return filing and continued data inconsistencies with an objective of assessing the adequacy of the system in monitoring return filing and tax payments, extent of compliance and other departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for 2017-18. The SSCA entailed assessing the oversight functions of Jammu and Kashmir State Tax Department jurisdictional formations (Circles) at two levels i.e. at the data level through pan State/ UT data queries and at the functional level with a deeper detailed audit of Circles, GST returns and internal audit which involved accessing taxpayer records. The audit sample therefore comprised four Circles, 381 high value inconsistencies across 12 parameters selected through Pan-State queries and 60 taxpayers selected on risk assessment for detailed audit of GST returns for the year 2017-18

There was delay in issue of Standard Operating Procedure (SOP) for Scrutiny of Returns for the years 2017-18 and 2018-19 which resulted in minimal scrutiny of returns conducted. Due process not being followed on cancellation of registrations. It was also noticed that internal audit of the taxpayers was not conducted due to delay in constitution of the Internal Audit Wing.

Due to minimal/ non-scrutiny of monthly and annual returns like GSTR-3B and GSTR-9 cases, deviations were noticed in risk parameters such as mismatch in availing of ITC, mismatch in tax paid between books of accounts and annual return, cases where GSTR-3B not filed but GSTR-1 or GSTR-2A available, short payment of interest on delayed payments, undischarged liability *etc*.

Further, non-payment of interest for late payment of tax, non-levy of late fee for delay in filing of returns, mismatches in availing of ITC and cases of un-discharged tax liability were also noticed in the cases selected under detailed audit.

Administrative passivity resulted in late issuance of SOP for scrutiny of returns and constitution of internal audit wing.

2.1.11. *Recommendations*

- ***The Department may ensure higher number of scrutiny of cases based on risk analysis and red flagging of cases.***
- ***Year-wise targets under Section 65 of J&K GST Act, 2017, may be fixed to ensure the timely compliance of internal audit along with recovery of pointed out amounts of dues before the time barring of cases.***
- ***Department may urgently pursue inconsistencies and deviations for which responses have not been provided.***
- ***Department may consider introducing validation controls in GST Returns to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny.***

CHAPTER-III

FUNCTIONING OF PUBLIC SECTOR UNDERTAKINGS

CHAPTER-III

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).

3.1 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 Company[1] 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.

3.2 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.

3.3 PSUs in Jammu and 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 2022, there were 42 PSUs in Jammu & Kashmir under the audit jurisdiction

[1] Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014.

of the CAG. These include 39 Government Companies (including six[2] inactive Government Companies), two Statutory Corporations and one Government Controlled Other Company[3]. The names of these PSUs are given in ***Appendix 3.3.1.***

One PSU (Jammu & Kashmir Bank Limited) is listed on the stock exchange. There are six inactive PSUs (including four under liquidation) having investment of ₹ 57.57 crore towards capital (GoJ&K: ₹ 56.59 crore and Others: ₹ 0.98 crore) and long term loans ₹ 0.83 crore (GoJ&K: ₹ 0.83 crore and Others: Nil).

3.4 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 2022 are given in ***Appendix 3.3.2.*** Sector wise summary of this investment is given in **Table 3.1**.

Table 3.1: Government of J&K investment in PSUs

(₹ in crore)

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	6,029.99	2,593.54	11,984.80	0.00	18,014.79	2,593.54
Non power Sector PSUs	36	1,127.51	975.87	6,176.05	1,539.42	7,303.56	2,515.29
Total	**42**	**7,157.50**	**3,569.41**	**18,160.85**	**1,539.42**	**25,318.35**	**5,108.83**

(Source: Compiled based on information received from PSUs)

The thrust of investment was mainly on power sector. This sector had attracted 71.15 *per cent* (₹ 18,014.79 crore) of total investment of ₹ 25,318.35 crore. The GoJ&K had invested 50.77 *per cent* (₹ 2,593.54 crore) of its total investment of ₹ 5,108.83 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.

Summarised 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 2022 are given in **Table 3.2**.

[2] (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited (3) Jammu and Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu and 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 Jammu and Kashmir Power Development Corporation Limited (JKPDCL), National Hydroelectric Power Corporation (NHPC) and Power Trading Corporation (PTC), wherein Government of Jammu and Kashmir has not made any direct investment

Table 3.2: Details regarding budgetary support by GoJ&K to PSUs during the period 2019-20 to 2021-22

(₹ in crore)

Sl. No.	Particulars	2019-20		2020-21		2021-22	
		Number of PSUs*	Amount	Number of PSUs*	Amount	Number of PSUs*	Amount
1.	Equity Capital outgo	3	2,616.82	7	83.47	3	554.32#
2.	Loans given	8	48.07	7	51.85	9	73.27
3.	Grants/ Subsidy provided	12	100.50	11	3,016.38	14	2,845.52
	Total outgo		**2,765.39**		**3,151.70**		**3,473.11**
4.	Loan repayment written off	-	-	-	-	-	-
5.	Loans converted into equity	-	-	2	152.42	-	-
6.	Guarantees issued	-	-	-	-	3	5,404.59
7.	Outstanding Guarantee Commitment	3	1,580.90	5	7,698.97	7	12,522.72

(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.***

 # This includes ₹500 crore in respect of J&K Bank. 16,76,72,702 equity share of ₹one (face value) each issued to GoJK on preferential basis at the issue price of ₹29.82 per share (including share premium of ₹28.82 per share).

The increase in assistance during 2021-22 was mainly due to grant/ subsidy given to five power sector PSUs viz. Jammu and Kashmir Power Development Corporation, Jammu and Kashmir Power Corporation Limited, Jammu and Kashmir Power Transmission Corporation Limited, Jammu Power Distribution Corporation Limited and Kashmir Power Distribution Corporation Limited.

The increase in guarantee commitments in the year 2021-22 were in case of Jammu and Kashmir Power Development Corporation Limited (₹ 1,209.83 crore), Jammu and Kashmir Power Corporation Limited (₹ 10,321.83 crore), Jammu and Kashmir Infrastructure Development Finance Corporation (₹ 750.00 crore), Jammu and Kashmir SC, ST and Backward Classes Development Corporation Limited (₹ 101.38 crore), Jammu and Kashmir Women's Development Corporation Limited (₹ 91.61 crore), Jammu and Kashmir and Ladakh Financial Corporation Limited (₹ 44.94 crore) and Jammu and Kashmir Cement Limited (₹ 3.13 crore).

3.5 Oversight Role of CAG

Audit of Public Sector Undertakings (PSUs)

Comptroller and Auditor General of India (CAG) appoints the Statutory Auditors of a

State Government Company and State Government Controlled Other Company[4] 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.

3.6 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 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 30 September 2022, as detailed in the following paragraph.

[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.

(B) Timeliness in preparation of accounts by Government Companies

As of 31 March 2022, there were 40 Government Companies under the purview of CAG's audit. Of these, accounts for the year 2021-22 were due[5] from 34 Government Companies[6]. However, only three Government Companies submitted their accounts for the financial year 2021-22 for audit by CAG on or before 30 September 2022. Accounts of 31 Government Companies were in arrears for various reasons. Details of arrears in submission of accounts of these are given in **Table 3.3**:

Table 3.3: Details of arrears in submission of accounts

Particulars		Total
Total number of Companies under the purview of CAG's audit as on 31.03.2022		40
Less: New Companies from which accounts for 2021-22 were not due		0
Less: Companies under liquidation/ inactive[7]		6
Number of companies from which accounts for 2021-22 were due		34
Number of companies which presented 2021-22 accounts for CAG's audit by 30 September 2022		3
Number of companies with accounts in arrears		31
Breakup of Arrears	(i) Defunct	0
	(ii) First Accounts not submitted	4
	(iii) Others	27
Age-wise analysis of arrears against 'Others' category	Up to one year (2021-22)	3
	Up to two years (2020-21 and 2021-22)	7
	Three years and more	24

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 3.3.3.***

*(*C) Timeliness in preparation of accounts by Statutory Corporations

As of 31 March 2022, 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 CAG is the sole auditor for Jammu and Kashmir Road Transport Corporation. In respect of Jammu and Kashmir and Ladakh Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the CAG.

The accounts of Jammu and Kashmir Road Transport Corporation and Jammu and Kashmir Financial Corporation for the years 2019-20 to 2021-22 were awaited as on 30 September 2022.

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 3.3.3.***

[5] The due date for submission of accounts has been considered as 30 September 2022

[6] Excluding inactive Companies

[7] Jammu and Kashmir Asset Reconstruction Limited, Tawi Scooters Limited, Himalayan Wool Combers Limited and Jammu and Kashmir State Handloom Handicrafts Raw Materials Supply Organisation Limited (under liquidation); Jammu and Kashmir State Road Development Corporation Limited and Jammu and Kashmir International Trade Centre (inactive)

3.7 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 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.

3.8 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 2021-22 (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 2021-22 were received from two[8] Government Companies and one Government Controlled Other Company[9] by 30 September 2022. Of these, Financial Statements of two[10] Government Companies were reviewed in audit by the CAG.

31 accounts of previous years in respect of 11 PSUs were also received during the period 1 December 2021 to 30 September 2022, of which comments were issued in case of 21 accounts and 10 accounts were pending as of 30 September 2022. Further, 36 accounts of six PSUs relating to previous years which were received before 1st December 2021 were also reviewed during current year and comments were issued for all these 36 accounts of six PSUs.

3.9 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 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.***

[8] Jammu and Kashmir Bank Limited and JKB Financial Services Limited
[9] Chenab Valley Power Projects Private Limited
[10] Non-review certificate was given to JKB Financial Services Limited for the year 2021-22

CHAPTER-IV

COMPLIANCE AUDIT
(PUBLIC SECTOR UNDERTAKINGS)

CHAPTER-IV

COMPLIANCE AUDIT (PUBLIC SECTOR UNDERTAKINGS)

Finance Department

Jammu and Kashmir Bank Limited

4.1 Implementation of Interest Subvention Scheme under Business Revival Package 2020 in Jammu and Kashmir

4.1.1 Introduction

Considering the difficulties being faced by the various sectors of the economy in Jammu and Kashmir, a committee was constituted (August 2020) by the Industries and Commerce Department, Government of Jammu and Kashmir (GoJ&K) for preparing a proposal for relief and revival of the Business sector in the Union Territory. The Committee submitted (September 2020) its report after deliberations with various business associations in the UT.

Based on the recommendations of the Committee, the Finance Department, GoJ&K approved (October 2020) scheme of interest subvention of five *per cent* for all borrowers excluding borrowers under Kissan Credit Card (KCC), Artisans Credit Card (ACC), loan against deposits, loans under personal segments and Non-Banking Financial Corporation (NBFC) for a period of six months w.e.f. 01 April 2020. The benefit under the scheme was to be provided to those borrowers whose accounts were standard[1] as on 31 July 2019 or 31 March 2020, whichever is applicable. The scheme also provided for pending interest subvention under the rehabilitation schemes of 2014 and 2016.

The scheme was floated by Industries and Commerce Department, GoJ&K whereas the Finance Department, GoJ&K was the implementing agency and the Union Territory Level Banker's Committee (UTLBC)[2] acted as a monitoring agency for the scheme.

4.1.2 Audit Scope, Methodology and Criteria

The records relating to the implementation of Interest Subvention Scheme of 2020 were test checked in Industries and Commerce Department, Finance Department, UTLBC and four selected banks/ financial institutions[3]. The records of selected banks/ financial institutions for the period from July 2019 to February 2023 were examined between

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1 Credit Accounts for which the repayments of principal and/ or interest are being made on time or within the allowed grace period

2 UTLBC is a committee comprising of representatives from financial institutions operating in the UT Government.

3 Jammu and Kashmir Bank Limited, Jammu and Kashmir Gramin Bank, Anantnag Central Co-operative Bank, Jammu and Kashmir and Ladakh Financial Corporation.

November 2022 and March 2023. Business loan accounts in the selected banks/ financial institutions were evaluated against the sanction of the scheme.

The audit findings are discussed in the succeeding paragraphs.

4.1.3 Release and Utilization of Funds

The Finance Department, GoJ&K approved (October 2020) the Business Revival Package with financial implication of ₹ 950 crore for the Interest Subvention Scheme of 2020 and an amount of ₹ 139.24 crore for rehabilitation schemes of 2014 and 2016. The Finance Department, GoJ&K however, released ₹ 750 crore in three[4] tranches during October 2020 to May 2021 to UTLBC which included an amount of ₹ 138.03 crore, earmarked for rehabilitation schemes of 2014 and 2016.

Out of ₹ 750 crore, an amount of ₹ 526.50 crore was utilised towards five *per cent* Interest Subvention Scheme of 2020 and an amount of ₹ 137.75 crore was utilised for the Interest Subvention Schemes of 2014 and 2016. It was also noticed that the unutilised amount of ₹ 85.75 crore remained locked up with UTLBC for 341 days[5] though as per the terms and conditions of the sanction, the funds were to be credited immediately to eligible beneficiaries and were not to be parked unnecessarily. The UTLBC refunded the balance amount in April 2022.

On being pointed out by audit (April 2023), Government attributed (December 2023) the reasons for parking of funds to the receipt of representations by UTLBC from the trade bodies, individuals and firms claiming their eligibility under the scheme.

The reply of the Government is not satisfactory as the funds were required to be credited immediately to the eligible beneficiaries and were not to be parked as per terms and conditions of the sanction order, whereas the unutilised funds remained parked for 341 days with the UTLBC.

4.1.4 Interest Subvention to ineligible accounts

4.1.4.1 Providing Interest Subvention to sub standard accounts

As per the conditions of the Scheme, the benefit was to be provided to those borrowers whose accounts were standard as on 31 July 2019 or 31 March 2020 whichever is applicable.

It was noticed that Jammu and Kashmir Bank Limited (JKBL) provided interest subvention to 2.43 lakh accounts under the Scheme which included 1,243 accounts that were restructured by the JKBL in February 2017 under the Rehabilitation Package rolled out by it. Audit analysis showed that these 1,243 accounts were wrongly considered as standard accounts as on 31 July 2019 by the JKBL and were provided

[4] ₹ 250 crore on 28 October 2020; ₹ 250 crore on 29 January 2021; and ₹ 250 crore on 6 May 2021
[5] From 14 May 2021 to 19 April 2022

interest subvention of ₹ 6.78 crore under the scheme of 2020. These accounts were classified as Non-Performing Assets (NPA) by the Bank in March 2020 with retrospective effect in accordance with the RBI norms.

By considering these 1,243 accounts as standard accounts on 31 July 2019, the Bank extended undue benefit of interest subvention of ₹ 6.78 crore under the scheme of 2020, against the conditions governing the Scheme as these accounts were NPA as on 31 July 2019 as well as on 31 March 2020.

On being pointed out by audit (April 2023), JKBL confirmed that these accounts were downgraded as NPA w.e.f. February 2017. The Government replied (December 2023) that these accounts have been provided interest subvention as per the guidelines of the scheme as they were 'standard' as on 31 July 2019.

The reply of the Government has not taken into account the fact that the effective NPA classification dates of these accounts were when they were restructured (between November 2016 and February 2017).

4.1.4.2 Interest Subvention to more than one account of beneficiaries

The terms and conditions of the sanction orders for release of three tranches aggregating to ₹ 750 crore stipulated that only one account of beneficiary shall be eligible for relief under interest subvention. However, the Finance Department, GoJ&K neither framed the guidelines for implementation of the scheme nor communicated the terms and conditions for release of interest subvention to the banks, as a result of which, benefit was provided to more than one account of the beneficiaries. Audit noticed that

- An amount of ₹ 202.47 crore was credited by the JKBL to 65,456 accounts. Scrutiny of these accounts revealed that 30,019 beneficiaries, who had more than one account were provided subvention of ₹ 57.80 crore. This resulted in providing interest subvention of ₹ 57.80 crore to 35,437 ineligible accounts by the JKBL.

- Similarly, the J&K Grameen Bank (JKGB) credited an amount of ₹ 5.08 crore to 7,151 accounts of 3,452 beneficiaries who had more than one account. As a result, interest subvention amounting to ₹ 1.41 crore was provided to 3,699 ineligible accounts of these beneficiaries by JKGB.

On being pointed out in audit, the JKGB admitted (March 2023) that as per the guidelines received from UTLBC, there was no mention of any condition with regard to providing of benefit to only one account of the beneficiary. However, it can be seen that this condition was mentioned in the sanction of GoJ&K of October 2020.

The Government while endorsing the replies of JKBL and JKGB, stated (December 2023) that the condition regarding disbursement of interest subvention to more than one account of the beneficiary was not mentioned in the sanction order.

The Government's reply may be seen in light of the fact that all three sanction orders of the Finance Department contain the condition that only one account of the beneficiary was eligible for relief under the scheme.

4.1.4.3 Interest Subvention to KCC, ACC and loans under personal segment

As per the sanction order (October 2020) for the scheme, interest subvention was not to be provided to borrowers under KCC, ACC, loan against deposits and loan under personal segments.

Audit observed that JKBL violated the conditions for the release of interest subvention despite the same being clearly mentioned in the original sanction order for the Scheme. Scrutiny of beneficiary accounts revealed that benefit of interest subvention of ₹ 1.91 lakh was granted to 10 KCC accounts which were not to be covered under the scheme**.** It was also observed that JKBL provided the benefit of interest subvention of ₹ 1.07 lakh to 22 accounts under personal segment.

On being pointed out by audit (April 2023), the Government replied (December 2023) that out of 10 KCC accounts, eight accounts were eligible under the scheme as these were wrongly opened in KCC GL Head and the recovery of ₹ 1.41 lakh against the remaining two accounts shall be made. Further, it was stated that 22 accounts were eligible under the scheme as they were wrongly opened under GL Head *'Personal Saholiat'* instead of GL Head *'Saral Finance'*.

The reply of the Government regarding extending of benefit of interest subvention to 22 accounts opened under Personal segment is not acceptable as at the time of extending the scheme benefit, these accounts were categorised under the personal segment, rendering them ineligible for the benefits as per the scheme guidelines.

4.1.5 Conclusion

The scheme was formulated without conducting any survey with regard to its financial requirements. The guidelines/ terms and conditions for the release of the benefit under the scheme were not communicated to the Banks. Interest subvention of ₹ 6.78 crore was provided to 1,243 ineligible accounts which were substandard on 31 July 2019 as well as on 31 March 2020. Ineligible benefit of interest subvention of ₹ 59.21 crore was extended to 39,136 accounts by providing interest subvention in more than one account.

Finance Department

Jammu and Kashmir Bank Limited

4.2 Doubtful recovery of ₹ 104.51 crore

Sanctioning of credit facilities in favour of M/s Zenica Cars India Pvt. Limited without obtaining adequate collateral securities coupled with non-fulfillment of pre-disbursement conditions and poor monitoring of account led to doubtful recovery of ₹ 104.51 crore.

M/s Zenica Cars India Pvt. Limited (Borrower Company) was dealing in sale of Audi cars purchased from the manufacturer and the cars were pre-financed by M/s Volkswagen Finance Private Limited (VFPL) upto a period of 90 days. Jammu and Kashmir Bank Limited (Bank) sanctioned (March 2017) Cash Credit (CC) facility of ₹ 40 crore in favour of the Borrower Company for refinancing the inventories funded by VFPL. As per the arrangement, the finance to be granted by the Bank was for the maximum period of 90 days after the expiry of 90 days finance extended by VFPL. The Borrower Company was also availing various credit facilities from other lenders under the Multi Banking Arrangement.

The CC facility was granted against the primary security by way of hypothecation of inventories and book debts created out of funding of inventories of VFPL. The collateral security was also obtained by way of personal guarantee of the Directors of the Borrower Company and a property at Gurugram valuing ₹ 10.97 crore.

The Borrower Company availed (April 2017) CC facility of ₹ 39.95 crore from the Bank which was due for repayment by 28 July 2017. However, the Borrower Company could not repay the due amount and the outstanding balance as on 20 September 2017 was ₹ 39.89 crore. The Borrower Company requested (20 and 28 September 2017) for sanctioning of *ad hoc* facility of ₹ 10 crore for purchase of stocks in order to meet the demand of upcoming festival season and Bank Guarantee (BG) of ₹ five crore to be provided to VFPL. The Bank sanctioned (4 October 2017) the *ad hoc* facility of ₹ 10 crore for a period of 45 days against existing securities and BG of ₹ five crore against security of two plots at Chandigarh valuing ₹ 2.14 crore. The Borrower Company could not repay the credit facilities[6] within the stipulated time and the Bank granted extension for adjustment of account thrice[7] upto 8 June 2018.

Owing to non-servicing of the credit facilities[8] by the Borrower Company, the account was declared (31 August 2018) as NPA with outstanding balance of ₹ 55.65 crore and notice under SARFAESI Act, 2002 was issued (28 September 2018) followed by lodging (1 March 2019) of FIR against the Borrower Company for committing fraud.

[6] Including *adhoc* facility of ₹ 10 crore
[7] Extended up to 5 January 2018 and further extended up to 3 April 2018 and then up to 8 June 2018
[8] Including BG of ₹ five crore encashed (20 June 2018) by VFPL

One of the lenders, HDFC Bank Limited had also lodged (29 August 2018) an FIR against the Borrower Company with the Economic Offence Wing, New Delhi.

The outstanding balance against the Borrower Company as of May 2023 was ₹ 118.48 crore[9] whereas the value of securities available with the Bank was ₹ 13.97 crore[10]. An application for resolution under Insolvency and Bankruptcy Code, 2016 was filed (March 2021) by M/s VFPL in National Company Law Tribunal (NCLT) and the Resolution Professional had taken over the mortgaged properties of the Borrower Company.

Audit observed (November 2021) that:

- The Bank extended (October 2017) *ad hoc* facility of ₹ 10 crore to the Borrower Company against extension of charge on existing securities and BG of ₹ five crore against security of two plots valuing ₹ 2.14 crore despite the fact that the Borrower Company had defaulted, was irregular in servicing of existing credit facilities and was showing early warning signs of stress.

- The Bank granted three extensions to the Borrower Company for adjustment of its account and the due date for repayment was rescheduled from 28 July 2017 to 8 June 2018. As a result, the account escaped the NPA classification during the period between October 2017 and August 2018.

- The Bank assigned (March 2017) internal rating of 7 (moderate degree of default) to the Borrower Company. Further, ICRA Limited[11], an external rating agency had also assigned (October 2016) BBB rating for ₹ 150 crore bank facilities of the Borrower Company, which according to the Bank's Credit Policy carried a moderate degree of safety with moderate degree of credit risk. The Bank, however, did not obtain adequate tangible collateral security considering the credit risk perception as evident from the fact that against the outstanding NPA balance of ₹ 55.64 crore as of May 2023, the collateral securities were valued at ₹ 13.97 crore.

- As per the pre-disbursement conditions, the Borrower Company was to furnish a No Objection Certificate (NOC) from other lenders within three weeks of sanction certifying that inventories financed by the Bank would have exclusive charge over them. However, the Bank released the funds to the Borrower Company without obtaining NOC from other lenders as a result of which it could not take possession of the stocks.

- As per the sanction order, the Branch Management was required to disburse the credit as per the drawing powers available on stocks, debtors and creditors

[9] NPA balance: ₹ 55.64 crore and Unapplied Interest: ₹ 62.84 crore
[10] Primary Security: Nil and Collateral Security: ₹ 13.97 crore
[11] formerly Investment Information and Credit Rating Agency of India Limited

computed on monthly basis. However, the Drawing Power Register was not maintained by the Branch. Further, the stock audit which was required to be conducted on annual basis as per the Bank's credit policy was not conducted by the Bank indicating poor post-disbursement monitoring.

The Management replied (June 2023) that external rating of BBB assigned to the Borrower Company does not in any way infer that lenders cannot extend further exposure to the Borrower Company. Further, the Management admitted that the NOC from other lenders was not obtained by the Branch as per the sanction stipulation and the stock audit of the account was not conducted.

The Management's reply may be seen in light of the fact that the Bank did not obtain adequate collateral securities to safeguard its interest especially considering the credit risk involved in extending credit facilities to the Borrower Company and despite default in payment of credited loan. Further, non-fulfillment of pre-disbursement conditions and poor post-disbursement monitoring of account resulted in doubtful recovery of ₹ 104.51 crore[12] from M/s Zenica Cars India Pvt. Limited and undue favour.

The matter was referred to the Government in June 2023. The reply was awaited (April 2025).

Finance Department

Jammu and Kashmir Bank Limited

4.3 Wasteful expenditure in creation of Jammu and Kashmir Asset Reconstruction Limited

Failure of Jammu and Kashmir Bank Limited and GoJ&K in making the Jammu and Kashmir Asset Reconstruction Limited operational resulted in wasteful expenditure of ₹ 82.18 lakh

Pursuant to the Hon'ble Supreme Court's judgement (December 2016) wherein SARFAESI Act, 2002[13] was made applicable to Jammu and Kashmir, the Government of Jammu and Kashmir (GoJ&K) alongwith Jammu and Kashmir Bank Limited (JKBL) started (January/ February 2017) the process of setting up Jammu and Kashmir Asset Reconstruction Limited (Company). The Company was to purchase Non-Performing Asset (NPA) accounts from the banks in Jammu and Kashmir and to help them in releasing the funds blocked in NPAs. The initial capital of the Company was to be ₹ two crore, out of which GoJ&K was to subscribe ₹ 1.02 crore (51 *per cent*) and JKBL ₹ 0.98 crore (49 *per cent*). The JKBL applied (19 April 2017) for incorporation of the Company with the Registrar of Companies (RoC) and the Certificate of Incorporation was issued to the Company on 28 April 2017.

[12] Outstanding amount of ₹ 118.48 crore less value of securities available ₹ 13.97 crore
[13] The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

Scrutiny (April 2021) of the records of JKBL revealed that expenditure of ₹ 82.18 lakh[14] was incurred by the JKBL towards pre-incorporation expenses of the Company. Moreover, neither of the promoters viz. GoJ&K and JKBL paid the subscribed amount (equity). Further, the Board and Managing Director of the Company were not appointed by the GoJ&K and the Company did not obtain certificate of registration from the Reserve Bank of India to commence the business of Asset Reconstruction.

As the company was not able to start its operations within the stipulated period of one year, GoJ&K and JKBL decided (October 2019) to wind up the Company. Accordingly, JKBL took up the matter regarding removal of the Company with RoC. The formal notification/ order regarding the same was awaited (July 2024). JKBL requested (December 2019 and February 2020) GoJ&K to reimburse its share (51 *per cent*) of pre-incorporation expenses amounting to ₹ 41.91 lakh to JKBL. However, the GoJ&K had not reimbursed its share of expenses (July 2024).

Audit noticed that lackadaisical approach of the JKBL and GoJ&K in making the company operational rendered the pre-incorporation expenditure of ₹ 82.18 lakh as wasteful.

On being pointed out, the JKBL Management stated (July 2022) that GoJ&K failed to subscribe their share of Capital and delay in nomination of the Managing Director of the Company led to winding up of the Company.

The reply of the JKBL Management confirmed the audit contention that adequate measures were not taken by both the stakeholders to make the Company operational leading to wasteful expenditure of ₹ 82.18 lakh.

The matter was referred to the Government in June 2023. The reply was awaited (April 2025).

Industries and Commerce Department

Jammu and Kashmir IT Infrastructure Development Private Limited

4.4 Parking of surplus funds and loss of interest of ₹ 2.65 crore

Parking of surplus funds in violation of the Board's directives resulted in loss of interest of ₹ 2.65 crore.

Jammu and Kashmir IT Infrastructure Development Private Limited (Company) was incorporated (March 2019) with the mandate to develop IT infrastructure in the UT of J&K by way of establishing IT Parks/ Towers and Business Process Operations.

[14] Registration fee: ₹ 76.33 lakh; fee for hiring of professional services for drafting of Memorandum of Association/ Article of Association: ₹ 5.85 lakh

Accordingly, Government of Jammu and Kashmir (GoJ&K) released (March 2019) ₹ 5.50 crore (₹ five crore for construction of IT Towers and ₹ 0.50 crore as Equity contribution) to the Company. The GoJ&K further released (March 2022) ₹ 50 crore for construction of IT Towers at Jammu and Srinagar.

The Board of Directors (BoDs) of the Company in its first meeting (March 2019) resolved that the idle funds should not be kept in current account but income must be generated by way of secured investments exclusively like in liquid investments as permitted under Companies Act, 2013. Secured investment in liquid assets shall be treated as investment policy of the Company which includes investment in Fixed Deposits with Bank but not an investment in equity shares.

In order to construct IT Towers at Jammu and Srinagar, NBCC India Limited (Contractor) was engaged (January 2020) for planning, designing and execution of IT Towers and a Memorandum of Understanding (MoU) was also signed (January 2021) between the Company and the Contractor. The cost of IT Towers was estimated at ₹ 149.85 crore for Jammu and ₹ 168.47 crore for Srinagar. The sites were identified and possession of the sites at Jammu and Srinagar was handed over to the Company by Industries and Commerce (I&C) Department, GoJ&K in February 2021 and August 2021 respectively.

The BoDs in its 4th meeting (December 2021) decided to put the construction of IT Towers on hold and advised the Company Management to explore the larger market for IT investment in J&K. Meanwhile, the land identified for construction of IT Towers in Jammu and Srinagar was transferred back (March 2022) to I&C Department, GoJ&K. Subsequently, the land was allotted (February 2023) by the I&C Department to M/s Magna Buildtech Private Ltd. for establishment of IT Multipurpose Tower.

The Company parked the surplus funds[15] in its Current Account which not only violated the Board's directives but also resulted in interest loss of ₹ 2.65 crore[16] to the Company. Although the Company took up (November 2022) the matter regarding the investment of ₹ 50 crore as Fixed Deposits with the GoJ&K, there was no communication from the GoJ&K and the Company invested (June 2023) the amount of ₹ 50 crore in Fixed Deposits with the Jammu and Kashmir Bank Limited. Thus, the funds remained parked in the current account of the Company during the period between March 2022 and May 2023.

Further, due to indecisiveness on part of GoJ&K, the Company which was incorporated with the main objective to develop IT infrastructure in J&K could not achieve its objective even after lapse of more than four years from date of its incorporation and despite availability of funds of ₹ 55 crore. In May 2023, the Industries and Commerce

[15] ₹ 5.25 crore parked in current account between December 2019 and March 2021; ₹ 50 crore remained parked in the current account from March 2022 to April 2023

[16] ₹ 0.25 crore*0.04*572/365 + ₹ five crore*0.04*469/365= ₹ 0.27 crore; ₹ 50 crore*0.04*435/365 = ₹ 2.38 crore. Simple interest is calculated on the amount at rate of four *per cent* per annum

Department passed (May 2023) instructions for closure of the Company. However, the Company was still operational.

The Management replied (April 2022) that due to frequent changes of Managing Director, decision to invest the funds could not be taken. The Management further stated (June 2023) that the Company could not achieve its objective due to change (February 2022) in Government's policy with regards to Promotion of Foreign Investment in Industrial Sector in J&K.

Thus, idle parking of surplus funds by the Company in violation of its BoDs directives resulted in loss of interest of ₹ 2.65 crore.

The matter was referred to the Government in June 2023. The reply was awaited (April 2025).

Jammu and Kashmir Power Development Department

Jammu and Kashmir State Power Development Corporation Limited

4.5 Avoidable interest payment of ₹ 6.88 crore

Non-depositing of advance tax on taxable income during the financial years 2015-16, 2017-18 and 2019-20 by Jammu and Kashmir State Power Development Corporation Limited as per the provisions of the Income Tax Act, 1961 resulted in avoidable interest payment of ₹ 6.88 crore

Section 208 of the Income Tax Act, 1961 provides that advance tax shall be payable during a financial year in every case where the amount of such tax payable by the assessee during that year is ten thousand rupees or more. Further, Section 234A provides that in case the return of income for any assessment year is furnished after a due date or is not furnished, the assessee shall be liable to pay interest. Moreover, Section 234B of the Act stipulates that where in any financial year, an assessee who is liable to pay advance tax under section 208 has failed to pay such tax or where the advance tax paid by such assessee under the provisions of section 210 is less than 90 *per cent* of the assessed tax, the assessee shall be liable to pay interest for defaults in payments of advance tax. Section 234C further provides that where the advance tax paid by an assessee on its current income on or before the 15th day of June is less than fifteen *per cent* of the tax due or the amount of such tax paid on or before the 15th day of September is less than forty five *per cent* of the tax due or the amount of such tax paid on or before the 15th day of December is less than seventy five *per cent* of the tax due or the advance tax paid by the assessee on the current income on or before the 15th day of March is less than the tax due on the returned income then the assessee shall be liable to pay interest for deferment of advance tax.

Scrutiny of the records (December 2021) of the Jammu and Kashmir State Power Development Corporation Limited (Company) revealed that the Company had failed to deposit 90 *per cent* of the tax due on the assessed income as the advance tax during the financial years (FY) 2015-16, 2017-18 and 2019-20 as per the provisions of Sections 234B of Income Tax Act, 1961. Further, the Company did not timely pay the advance tax for these financial years as per the requirement of section 234C of the Act. As a result, it had to pay penal interest of ₹ 6.88 crore[17] at the time of filing of Income Tax Returns (ITRs) for the respective financial years.

The Income Tax Department, while assessing the Company under section 143(3) of the Act for the FYs 2015-16 (December 2018), 2017-18 (August 2021) and 2019-20 (August 2023) assessed that the Company was liable to pay penal interest of ₹ 8.17 crore[18] against the penal interest of ₹ 6.88 crore actually paid by the Company for these financial years under sections 234B and 234C of the Act. Further, the Tax Department also imposed penalty of ₹ 0.27 crore[19] on the Company under section 234A of the Act for FYs 2015-16 and 2017-18. The Company filed for Appeals under section 246A against the Assessment Orders for the FYs 2015-16 (January 2019), 2017-18 (September 2021) and 2019-20 (September 2023). However, the final outcome of the Appeals was awaited (September 2024).

The Management while accepting the audit contention stated (January 2022) that due to delay in receipt of dues of power sold to Power Development Department, Govt. of Jammu and Kashmir, the Company was facing liquidity crisis and was not in position to pay advance tax.

The reply may be viewed in light of the fact that the Company had bank balances of ₹ 48.46 crore, ₹ 39.75 crore and ₹ 203.61 crore as on 31 March 2016, 31 March 2018 and 31 March 2020, respectively. Further, despite being pointed out in the Report of the Comptroller and Auditor General of India on Revenue and Public Sector Undertakings of the Government of Jammu and Kashmir for the year ended 31 March 2018, the Company has continued with the practice of non-deposition of advance tax as per the provisions of the Act resulting in avoidable interest payment of ₹ 6.88 crore.

The matter was referred to the Government in June 2023. The reply was awaited (April 2025).

[17] 2015-16 (234B: ₹ 0.52 crore and 234C: ₹ 0.47 crore); 2017-18 (234B: ₹ 1.24 crore and 234C: ₹ 0.78 crore); 2019-20 (234B: ₹ 1.77 crore and 234C: ₹ 2.10 crore)

[18] 2015-16 (234B: ₹ 1.13 crore and 234C: ₹ 0.58 crore); 2017-18 (234B: ₹ 1.72 crore and 234C: ₹ 0.78 crore) and 2019-20 (234B: ₹ 1.86 crore and 234C: ₹ 2.10 crore)

[19] 2015-16: ₹ 0.26 crore and 2017-18: ₹ 0.01 crore

Public Works Department

Jammu and Kashmir Projects Construction Corporation Limited

4.6 Avoidable interest payment of ₹ 0.32 crore

Failure of Jammu and Kashmir Projects Construction Corporation Limited to deposit advance tax on taxable income on due dates for the Financial Year 2017-18 in accordance with the provisions of Income Tax Act, 1961 resulted in avoidable interest of ₹ 0.32 crore

Section 208 of the Income Tax Act, 1961 provides that advance tax shall be payable during a financial year in every case where the amount of such tax payable by the assessee during that year is ten thousand rupees or more. Section 234C of the Income Tax Act provides that where the advance tax paid by an assesse on its current income on or before the 15th day of June is less than fifteen *per cent* of the tax due or the amount of such tax paid on or before the 15th day of September is less than forty five *per cent* of the tax due or the amount of such tax paid on or before the 15th day of December is less than seventy five *per cent* of the tax due or the advance tax paid by the assesse on the current income on or before the 15th day of March is less than the tax due on the returned income then the assesse shall be liable to pay interest for deferment of advance tax.

Audit scrutiny (March 2022) of records of the Jammu and Kashmir Project Construction Corporation Limited (Company) revealed that the Company had deposited[20] advance tax for financial year 2017-18, however, the timelines fixed under section 234C of the Act were not adhered to. As a result, the Company had to pay interest of ₹ 0.32 crore for deferment of payment of advance tax under section 234C for the financial year 2017-18.

The Management replied (March 2022) that due to nature of activity being carried out and unpredictability associated with it, it is very difficult to anticipate volume of business to be achieved during the year and the profits to be earned thereon. For the year 2017-18, it was more difficult as the Company suffered loss of ₹ 3.95 crore and ₹ 25.24 crore during 2014-15 and 2015-16, respectively whereas profit of ₹ 3.33 crore was booked during 2016-17. Further, the system of accounting being manual and unorganized and poor Management Information System (MIS) of the Company had made it difficult to estimate the profit for the year 2017-18.

Reply of the Management may be seen in view of the fact that profitability of the Company depends on value of work done and there is a system in place to prepare the physical and financial progress reports covering all the works under execution by the Company on monthly basis. During the year 2016-17, the value of work done was

[20] ₹ 4.50 crore on 15th November 2017 and ₹ six crore on 28th of March 2018

recorded as ₹ 250.65 crore while the same was booked as ₹ 464.67 crore during 2017-18 implying that the Company was aware of sharp increase in its value of work done on monthly basis and the impact thereof on the Company's profitability during 2017-18. Further, devising and putting in place an organised system of accounting and proper MIS is the responsibility of the Company Management.

The matter was referred to the Government in June 2023. The reply was awaited (April 2025).

Srinagar/ Jammu
Dated: 21 October 2025

(K. P. Yadaw)
Principal Accountant General (Audit),
Jammu and Kashmir

Countersigned

New Delhi
Dated: 10 November 2025

(K. Sanjay Murthy)
Comptroller and Auditor General of India

APPENDICES

Appendix 2.1.1

(Referred to in Paragraph: 2.1.5)

[A] Detail of samples selected for 'Circle Audit'

Sl. No.	Circle	Return Year
1	Circle E-Jammu	2017-18 to 2020-21
2	Circle I-Jammu	2017-18 to 2020-21
3	Circle L-Jammu	2017-18 to 2020-21
4	Circle Baramulla I-Kashmir	2017-18 to 2020-21

[B]-Detail of sample selected for 'Centralized/ Limited Audit'

Sl. No.	GSTIN	Circle	Return Year
1	01XXXXXXXXN1ZK	Circle A-Jammu	2017-18
2	01XXXXXXXXN1ZK	Circle A-Jammu	2017-18
3	01XXXXXXXXE1ZS	Circle A-Kashmir	2017-18
4	01XXXXXXXXC1ZK	Circle A-Kashmir	2017-18
5	01XXXXXXXXP1ZY	Circle A-Kashmir	2017-18
6	01XXXXXXXXJ1ZD	Circle A-Kashmir	2017-18
7	01XXXXXXXXF1ZO	Circle A-Kashmir	2017-18
8	01XXXXXXXXM1ZV	Circle A-Kashmir	2017-18
9	01XXXXXXXXM1ZN	Circle Anantnag III-Kashmir	2017-18
10	01XXXXXXXXJ1ZM	Circle Anantnag III-Kashmir	2017-18
11	01XXXXXXXXA1ZU	Circle Anantnag II-Kashmir	2017-18
12	01XXXXXXXXP1Z1	Circle Anantnag II-Kashmir	2017-18
13	01XXXXXXXXH2Z5	Circle Anantnag I-Kashmir	2017-18
14	01XXXXXXXXA1ZO	Circle Anantnag I-Kashmir	2017-18
15	01XXXXXXXXP1ZY	Circle Anantnag I-Kashmir	2017-18
16	01XXXXXXXXD1ZU	Circle Anantnag I-Kashmir	2017-18
17	01XXXXXXXXA1ZR	Circle Bandipora-Kashmir	2017-18
18	01XXXXXXXXA1ZR	Circle Bandipora-Kashmir	2017-18
19	01XXXXXXXXQ1ZS	Circle Bandipora-Kashmir	2017-18
20	01XXXXXXXXL1ZY	Circle Baramulla I-Kashmir	2017-18
21	01XXXXXXXXD1Z8	Circle Baramulla I-Kashmir	2017-18
22	01XXXXXXXXC2Z1	Circle Baramulla I-Kashmir	2017-18
23	01XXXXXXXXC2Z1	Circle Baramulla I-Kashmir	2017-18
24	01XXXXXXXXK1ZU	Circle Baramulla I-Kashmir	2017-18
25	01XXXXXXXXQ1ZJ	Circle Baramulla I-Kashmir	2017-18
26	01XXXXXXXXL1ZR	Circle Baramulla I-Kashmir	2017-18
27	01XXXXXXXXK1ZU	Circle Baramulla I-Kashmir	2017-18
28	01XXXXXXXXF1Z1	Circle Baramulla II-Kashmir	2017-18
29	01XXXXXXXXK1Z0	Circle Baramulla-II-Kashmir	2017-18
30	01XXXXXXXXK1Z0	Circle Baramulla II-Kashmir	2017-18
31	01XXXXXXXXE1ZL	Circle Baramulla II-Kashmir	2017-18
32	01XXXXXXXXF1ZZ	Circle Baramulla III-(Sopore) Kashmir	2017-18
33	01XXXXXXXXH1ZB	Circle Baramulla III-(Sopore) Kashmir	2017-18
34	01XXXXXXXXP1ZA	Circle Baramulla III-(Sopore) Kashmir	2017-18
35	01XXXXXXXXN1ZB	Circle Baramulla III-(Sopore) Kashmir	2017-18
36	01XXXXXXXXF1ZJ	Circle Baramulla III-(Sopore) Kashmir	2017-18
37	01XXXXXXXXR1ZJ	Circle Baramulla III-(Sopore) Kashmir	2017-18
38	01XXXXXXXXF1ZJ	Circle Baramulla III-(Sopore) Kashmir	2017-18
39	01XXXXXXXXB1ZH	Circle Baramulla III-(Sopore) Kashmir	2017-18
40	01XXXXXXXXD1ZQ	Circle B-Jammu	2017-18
41	01XXXXXXXXK1ZL	Circle B-Jammu	2017-18
42	01XXXXXXXXJ2Z1	Circle B-Jammu	2017-18
43	01XXXXXXXXJ1ZW	Circle B-Jammu	2017-18
44	01XXXXXXXXB1ZZ	Circle B-Kashmir	2017-18
45	01XXXXXXXXG1Z5	Circle B-Kashmir	2017-18
46	01XXXXXXXXJ1ZC	Circle B-Kashmir	2017-18
47	01XXXXXXXXF1ZZ	Circle B-Kashmir	2017-18
48	01XXXXXXXXJ1ZB	Circle B-Kashmir	2017-18

Sl. No.	GSTIN	Circle	Return Year
49	01XXXXXXXXM1ZS	Circle B-Kashmir	2017-18
50	01XXXXXXXXL3Z0	Circle Budgam-Kashmir	2017-18
51	01XXXXXXXXK2ZR	Circle Budgam-Kashmir	2017-18
52	01XXXXXXXXF1ZU	Circle Budgam-Kashmir	2017-18
53	01XXXXXXXXF1ZU	Circle Budgam-Kashmir	2017-18
54	01XXXXXXXXG1ZX	Circle Budgam-Kashmir	2017-18
55	01XXXXXXXXJ1ZM	Circle Budgam-Kashmir	2017-18
56	01XXXXXXXXF1ZZ	Circle C-Jammu	2017-18
57	01XXXXXXXXG3Z9	Circle C-Jammu	2017-18
58	01XXXXXXXXF1ZQ	Circle C-Jammu	2017-18
59	01XXXXXXXXM1ZE	Circle C-Jammu	2017-18
60	01XXXXXXXXQ1Z7	Circle C-Kashmir	2017-18
61	01XXXXXXXXB1ZV	Circle D-Jammu	2017-18
62	01XXXXXXXXB1ZB	Circle D-Jammu	2017-18
63	01XXXXXXXXG1ZL	Circle D-Jammu	2017-18
64	01XXXXXXXXJ2ZG	Circle D-Jammu	2017-18
65	01XXXXXXXXC1ZA	Circle D-Jammu	2017-18
66	01XXXXXXXXQ1ZY	Circle D-Kashmir	2017-18
67	01XXXXXXXXF1ZY	Circle D-Kashmir	2017-18
68	01XXXXXXXXD2Z4	Circle D-Kashmir	2017-18
69	01XXXXXXXXC1ZU	Circle D-Kashmir	2017-18
70	01XXXXXXXXJ1ZA	Circle D-Kashmir	2017-18
71	01XXXXXXXXE1ZH	Circle D-Kashmir	2017-18
72	01XXXXXXXXL1ZA	Circle Doda-Jammu	2017-18
73	01XXXXXXXXH1ZZ	Circle Doda-Jammu	2017-18
74	01XXXXXXXXA2ZD	Circle Doda-Jammu	2017-18
75	01XXXXXXXXK2ZQ	Circle E-Jammu	2017-18
76	01XXXXXXXXB1ZE	Circle E-Jammu	2017-18
77	01XXXXXXXXH2ZO	Circle E-Jammu	2017-18
78	01XXXXXXXXE1ZX	Circle E-Jammu	2017-18
79	01XXXXXXXXC1Z3	Circle E-Jammu	2017-18
80	01XXXXXXXXM1ZG	Circle E-Jammu	2017-18
81	01XXXXXXXXH2Z9	Circle E-Jammu	2017-18
82	01XXXXXXXXG1ZD	Circle E-Jammu	2017-18
83	01XXXXXXXXK1ZL	Circle E-Jammu	2017-18
84	01XXXXXXXXC1ZM	Circle E-Jammu	2017-18
85	01XXXXXXXXK1ZL	Circle E-Jammu	2017-18
86	01XXXXXXXXG1ZD	Circle E-Jammu	2017-18
87	01XXXXXXXXC1ZM	Circle E-Jammu	2017-18
88	01XXXXXXXXC1Z8	Circle E-Jammu	2017-18
89	01XXXXXXXXH2Z9	Circle E-Jammu	2017-18
90	01XXXXXXXXG5ZZ	Circle E-Jammu	2017-18
91	01XXXXXXXXE1ZC	Circle E-Jammu	2017-18
92	01XXXXXXXXP1ZB	Circle E-Jammu	2017-18
93	01XXXXXXXXC1ZV	Circle E-Jammu	2017-18
94	01XXXXXXXXG1Z1	Circle E-Jammu	2017-18
95	01XXXXXXXXA1Z2	Circle E-Jammu	2017-18
96	01XXXXXXXXH2Z9	Circle E-Jammu	2017-18
97	01XXXXXXXXP1ZG	Circle E-Jammu	2017-18
98	01XXXXXXXXC1ZV	Circle E-Jammu	2017-18
99	01XXXXXXXXK2ZQ	Circle E-Jammu	2017-18
100	01XXXXXXXXL2ZB	Circle E-Jammu	2017-18
101	01XXXXXXXXR1ZY	Circle E-Kashmir	2017-18
102	01XXXXXXXXE1ZS	Circle E-Kashmir	2017-18
103	01XXXXXXXXP1Z4	Circle E-Kashmir	2017-18
104	01XXXXXXXXD1ZI	Circle F-Jammu	2017-18
105	01XXXXXXXXP1ZQ	Circle F-Jammu	2017-18
106	01XXXXXXXXN1ZC	Circle F-Kashmir	2017-18
107	01XXXXXXXXA1Z0	Circle F-Kashmir	2017-18
108	01XXXXXXXXF1Z8	Circle F-Kashmir	2017-18
109	01XXXXXXXXF1Z8	Circle F-Kashmir	2017-18
110	01XXXXXXXXA1ZN	Circle F-Kashmir	2017-18
111	01XXXXXXXXF1Z8	Circle F-Kashmir	2017-18

Sl. No.	GSTIN	Circle	Return Year
112	01XXXXXXXXN1ZC	Circle F-Kashmir	2017-18
113	01XXXXXXXXF1ZT	Circle Ganderbal-Kashmir	2017-18
114	01XXXXXXXXH1ZH	Circle G-Jammu	2017-18
115	01XXXXXXXXG1ZZ	Circle G-Jammu	2017-18
116	01XXXXXXXXN1Z6	Circle G-Jammu	2017-18
117	01XXXXXXXXJ1ZD	Circle G-Jammu	2017-18
118	01XXXXXXXXC1Z9	Circle G-Jammu	2017-18
119	01XXXXXXXXL1Z2	Circle G-Jammu	2017-18
120	01XXXXXXXXM1Z9	Circle G-Jammu	2017-18
121	01XXXXXXXXG1ZZ	Circle G-Jammu	2017-18
122	01XXXXXXXXA1ZV	Circle G-Jammu	2017-18
123	01XXXXXXXXM1ZR	Circle G-Jammu	2017-18
124	01XXXXXXXXG1ZT	Circle G-Jammu	2017-18
125	01XXXXXXXXA1ZV	Circle G-Jammu	2017-18
126	01XXXXXXXXR1Z0	Circle G-Jammu	2017-18
127	01XXXXXXXXR1ZI	Circle G-Kashmir	2017-18
128	01XXXXXXXXC1ZZ	Circle G-Kashmir	2017-18
129	01XXXXXXXXC1ZD	Circle G-Kashmir	2017-18
130	01XXXXXXXXH1ZD	Circle G-Kashmir	2017-18
131	01XXXXXXXXB1Z5	Circle G-Kashmir	2017-18
132	01XXXXXXXXC1ZZ	Circle G-Kashmir	2017-18
133	01XXXXXXXXR1ZV	Circle H-Jammu	2017-18
134	01XXXXXXXXC1ZR	Circle H-Jammu	2017-18
135	01XXXXXXXXF1ZV	Circle H-Jammu	2017-18
136	01XXXXXXXXN1ZM	Circle H-Jammu	2017-18
137	01XXXXXXXXF1ZV	Circle H-Jammu	2017-18
138	01XXXXXXXXR1ZV	Circle H-Jammu	2017-18
139	01XXXXXXXXJ1ZV	Circle H-Jammu	2017-18
140	01XXXXXXXXQ1ZW	Circle H-Jammu	2017-18
141	01XXXXXXXXQ1ZW	Circle H-Kashmir	2017-18
142	01XXXXXXXXB1Z8	Circle H-Kashmir	2017-18
143	01XXXXXXXXK1ZY	Circle H-Kashmir	2017-18
144	01XXXXXXXXE1ZY	Circle H-Kashmir	2017-18
145	01XXXXXXXXB1Z8	Circle H-Kashmir	2017-18
146	01XXXXXXXXC1ZJ	Circle I-Jammu	2017-18
147	01XXXXXXXXN3ZQ	Circle I-Jammu	2017-18
148	01XXXXXXXXR2ZG	Circle I-Jammu	2017-18
149	01XXXXXXXXF1ZU	Circle I-Jammu	2017-18
150	01XXXXXXXXP1Z4	Circle I-Jammu	2017-18
151	01XXXXXXXXK1ZE	Circle I-Jammu	2017-18
152	01XXXXXXXXC1ZJ	Circle I-Jammu	2017-18
153	01XXXXXXXXK1ZD	Circle I-Jammu	2017-18
154	01XXXXXXXXG2ZL	Circle I-Kashmir	2017-18
155	01XXXXXXXXR1Z2	Circle I-Kashmir	2017-18
156	01XXXXXXXXP1ZP	Circle I-Kashmir	2017-18
157	01XXXXXXXXM1ZF	Circle I-Kashmir	2017-18
158	01XXXXXXXXE1Z6	Circle I-Kashmir	2017-18
159	01XXXXXXXXC1ZF	Circle I-Kashmir	2017-18
160	01XXXXXXXXM1ZU	Circle I-Kashmir	2017-18
161	01XXXXXXXXB1ZV	Circle I-Kashmir	2017-18
162	01XXXXXXXXK1ZL	Circle I-Kashmir	2017-18
163	01XXXXXXXXH1ZM	Circle I-Kashmir	2017-18
164	01XXXXXXXXQ1ZQ	Circle I-Kashmir	2017-18
165	01XXXXXXXXF1ZA	Circle J-Jammu	2017-18
166	01XXXXXXXXA1ZQ	Circle J-Jammu	2017-18
167	01XXXXXXXXP1ZY	Circle J-Jammu	2017-18
168	01XXXXXXXXR1ZG	Circle J-Jammu	2017-18
169	01XXXXXXXXM2Z5	Circle J-Jammu	2017-18
170	01XXXXXXXXF1ZA	Circle J-Jammu	2017-18
171	01XXXXXXXXG1ZH	Circle J-Jammu	2017-18
172	01XXXXXXXXL1ZE	Circle J-Jammu	2017-18
173	01XXXXXXXXL1ZO	Circle J-Jammu	2017-18
174	01XXXXXXXXA1ZJ	Circle J-Jammu	2017-18

Sl. No.	GSTIN	Circle	Return Year
175	01XXXXXXXXF1ZA	Circle J-Jammu	2017-18
176	01XXXXXXXXM1Z7	Circle J-Kashmir	2017-18
177	01XXXXXXXXM1ZF	Circle J-Kashmir	2017-18
178	01XXXXXXXXC1ZG	Circle Kargil-Kashmir	2017-18
179	01XXXXXXXXG1ZM	Circle Kathua II-Jammu	2017-18
180	01XXXXXXXXH1ZC	Circle Kathua II-Jammu	2017-18
181	01XXXXXXXXH1ZL	Circle Kathua II-Jammu	2017-18
182	01XXXXXXXXK1ZQ	Circle Kathua II-Jammu	2017-18
183	01XXXXXXXXH1ZL	Circle Kathua II-Jammu	2017-18
184	01XXXXXXXXG1ZX	Circle Kathua II-Jammu	2017-18
185	01XXXXXXXXH1ZL	Circle Kathua II-Jammu	2017-18
186	01XXXXXXXXD1ZT	Circle Kathua II-Jammu	2017-18
187	01XXXXXXXXH1ZD	Circle Kathua II-Jammu	2017-18
188	01XXXXXXXXC2ZI	Circle Kathua I-Jammu	2017-18
189	01XXXXXXXXK1ZN	Circle Kathua I-Jammu	2017-18
190	01XXXXXXXXQ1ZC	Circle Kathua I-Jammu	2017-18
191	01XXXXXXXXR1Z2	Circle Kathua I-Jammu	2017-18
192	01XXXXXXXXL1ZZ	Circle Kathua I-Jammu	2017-18
193	01XXXXXXXXG1Z7	Circle Kathua I-Jammu	2017-18
194	01XXXXXXXXN1ZB	Circle Kathua I-Jammu	2017-18
195	01XXXXXXXXB1ZD	Circle Kathua I-Jammu	2017-18
196	01XXXXXXXXK1ZG	Circle Kathua I-Jammu	2017-18
197	01XXXXXXXXG1ZP	Circle Kathua I-Jammu	2017-18
198	01XXXXXXXXL1ZI	Circle Kathua I-Jammu	2017-18
199	01XXXXXXXXH1ZJ	Circle Kathua I-Jammu	2017-18
200	01XXXXXXXXE1Z4	Circle Kathua I-Jammu	2017-18
201	01XXXXXXXXR1ZK	Circle Kathua I-Jammu	2017-18
202	01XXXXXXXXJ1ZA	Circle Kathua I-Jammu	2017-18
203	01XXXXXXXXL1ZU	Circle Kathua I-Jammu	2017-18
204	01XXXXXXXXF1ZD	Circle Kathua I-Jammu	2017-18
205	01XXXXXXXXC2ZJ	Circle Kishtwar- Jammu	2017-18
206	01XXXXXXXXL1ZV	Circle Kishtwar- Jammu	2017-18
207	01XXXXXXXXF1Z9	Circle K-Jammu	2017-18
208	01XXXXXXXXF1Z9	Circle K-Jammu	2017-18
209	01XXXXXXXXR1ZU	Circle K-Jammu	2017-18
210	01XXXXXXXXE2Z2	Circle K-Jammu	2017-18
211	01XXXXXXXXA1ZT	Circle K-Kashmir	2017-18
212	01XXXXXXXXK1ZY	Circle Kulgam-Kashmir	2017-18
213	01XXXXXXXXL1ZE	Circle Kulgam-Kashmir	2017-18
214	01XXXXXXXXP1ZI	Circle Kupwara-Kashmir	2017-18
215	01XXXXXXXXR1Z3	Circle Kupwara-Kashmir	2017-18
216	01XXXXXXXXM1ZZ	Circle Kupwara-Kashmir	2017-18
217	01XXXXXXXXQ1ZS	Circle Leh-Kashmir	2017-18
218	01XXXXXXXXH2ZB	Circle Leh-Kashmir	2017-18
219	01XXXXXXXXH2ZB	Circle Leh-Kashmir	2017-18
220	01XXXXXXXXF1ZX	Circle Leh-Kashmir	2017-18
221	01XXXXXXXXG1ZS	Circle Leh-Kashmir	2017-18
222	01XXXXXXXXM1ZR	Circle Leh-Kashmir	2017-18
223	01XXXXXXXXH2ZB	Circle Leh-Kashmir	2017-18
224	01XXXXXXXXG1ZI	Circle Leh-Kashmir	2017-18
225	01XXXXXXXXD2Z3	Circle Leh-Kashmir	2017-18
226	01XXXXXXXXF1ZX	Circle Leh-Kashmir	2017-18
227	01XXXXXXXXJ1ZH	Circle Leh-Kashmir	2017-18
228	01XXXXXXXXA3ZO	Circle Leh-Kashmir	2017-18
229	01XXXXXXXXM1Z7	Circle L-Jammu	2017-18
230	01XXXXXXXXM1ZT	Circle L-Jammu	2017-18
231	01XXXXXXXXF1ZI	Circle L-Jammu	2017-18
232	01XXXXXXXXR1ZF	Circle L-Jammu	2017-18
233	01XXXXXXXXG1ZN	Circle L-Jammu	2017-18
234	01XXXXXXXXD2ZM	Circle L-Jammu	2017-18
235	01XXXXXXXXR1ZM	Circle L-Jammu	2017-18
236	01XXXXXXXXC1Z4	Circle L-Jammu	2017-18
237	01XXXXXXXXD1Z3	Circle L-Jammu	2017-18

Sl. No.	GSTIN	Circle	Return Year
238	01XXXXXXXXJ1ZY	Circle L-Jammu	2017-18
239	01XXXXXXXXD1ZU	Circle L-Jammu	2017-18
240	01XXXXXXXXH1Z2	Circle L-Jammu	2017-18
241	01XXXXXXXXK1Z7	Circle L-Jammu	2017-18
242	01XXXXXXXXH2ZW	Circle L-Jammu	2017-18
243	01XXXXXXXXN1ZY	Circle L-Jammu	2017-18
244	01XXXXXXXXH1Z2	Circle L-Jammu	2017-18
245	01XXXXXXXXA1Z8	Circle L-Jammu	2017-18
246	01XXXXXXXXN1ZY	Circle L-Jammu	2017-18
247	01XXXXXXXXK1Z7	Circle L-Jammu	2017-18
248	01XXXXXXXXM1Z7	Circle L-Jammu	2017-18
249	01XXXXXXXXH1Z2	Circle L-Jammu	2017-18
250	01XXXXXXXXR1ZN	Circle L-Jammu	2017-18
251	01XXXXXXXXB1ZS	Circle L-Jammu	2017-18
252	01XXXXXXXXK1Z7	Circle L-Jammu	2017-18
253	01XXXXXXXXN1ZY	Circle L-Jammu	2017-18
254	01XXXXXXXXD1Z2	Circle L-Jammu	2017-18
255	01XXXXXXXXH1Z2	Circle L-Jammu	2017-18
256	01XXXXXXXXE1Z9	Circle L-Jammu	2017-18
257	01XXXXXXXXR1ZZ	Circle L-Jammu	2017-18
258	01XXXXXXXXC1Z5	Circle L-Jammu	2017-18
259	01XXXXXXXXL1Z2	Circle L-Jammu	2017-18
260	01XXXXXXXXA1Z7	Circle L-Jammu	2017-18
261	01XXXXXXXXH1ZF	Circle L-Kashmir	2017-18
262	01XXXXXXXXE1Z9	Circle L-Kashmir	2017-18
263	01XXXXXXXXJ1ZR	Circle L-Kashmir	2017-18
264	01XXXXXXXXH3Z8	Circle L-Kashmir	2017-18
265	01XXXXXXXXM1ZT	Circle L-Kashmir	2017-18
266	01XXXXXXXXF1ZX	Circle M-Jammu	2017-18
267	01XXXXXXXXL1ZZ	Circle M-Jammu	2017-18
268	01XXXXXXXXK1ZY	Circle M-Jammu	2017-18
269	01XXXXXXXXQ2ZJ	Circle M-Jammu	2017-18
270	01XXXXXXXXC2ZE	Circle M-Jammu	2017-18
271	01XXXXXXXXB1Z8	Circle N-Jammu	2017-18
272	01XXXXXXXXC1ZR	Circle N-Jammu	2017-18
273	01XXXXXXXXB1ZS	Circle N-Jammu	2017-18
274	01XXXXXXXXR1ZA	Circle N-Jammu	2017-18
275	01XXXXXXXXQ1Z8	Circle N-Jammu	2017-18
276	01XXXXXXXXG1ZK	Circle N-Kashmir	2017-18
277	01XXXXXXXXP1ZR	Circle O-Jammu	2017-18
278	01XXXXXXXXP1Z7	Circle O-Jammu	2017-18
279	01XXXXXXXXF1Z1	Circle O-Jammu	2017-18
280	01XXXXXXXXR2ZU	Circle O-Jammu	2017-18
281	01XXXXXXXXD1Z5	Circle O-Jammu	2017-18
282	01XXXXXXXXH2ZS	Circle O-Jammu	2017-18
283	01XXXXXXXXG2Z7	Circle O-Jammu	2017-18
284	01XXXXXXXXA1ZL	Circle O-Kashmir	2017-18
285	01XXXXXXXXC1ZD	Circle O-Kashmir	2017-18
286	01XXXXXXXXC1ZD	Circle O-Kashmir	2017-18
287	01XXXXXXXXA1Z8	Circle P- Kashmir	2017-18
288	01XXXXXXXXN1ZM	Circle P- Kashmir	2017-18
289	01XXXXXXXXB1ZK	Circle P- Kashmir	2017-18
290	01XXXXXXXXB1ZK	Circle P- Kashmir	2017-18
291	01XXXXXXXXC1ZU	Circle P- Kashmir	2017-18
292	01XXXXXXXXM1ZQ	Circle P- Kashmir	2017-18
293	01XXXXXXXXR1ZX	Circle P-Jammu	2017-18
294	01XXXXXXXXH1Z2	Circle P-Jammu	2017-18
295	01XXXXXXXXQ1ZV	Circle P-Jammu	2017-18
296	01XXXXXXXXK1ZP	Circle P-Jammu	2017-18
297	01XXXXXXXXE1Z3	Circle P-Jammu	2017-18
298	01XXXXXXXXK1ZP	Circle P-Jammu	2017-18
299	01XXXXXXXXE1Z3	Circle P-Jammu	2017-18
300	01XXXXXXXXB1ZW	Circle P-Jammu	2017-18

Sl. No.	GSTIN	Circle	Return Year
301	01XXXXXXXXR3ZW	Circle P-Jammu	2017-18
302	01XXXXXXXXK1Z6	Circle P-Jammu	2017-18
303	01XXXXXXXXG1ZM	Circle P-Jammu	2017-18
304	01XXXXXXXXG1Z5	Circle P-Jammu	2017-18
305	01XXXXXXXXC1ZE	Circle Poonch-Jammu	2017-18
306	01XXXXXXXXL1Z3	Circle Poonch-Jammu	2017-18
307	01XXXXXXXXC1Z5	Circle Poonch-Jammu	2017-18
308	01XXXXXXXXC1ZE	Circle Poonch-Jammu	2017-18
309	01XXXXXXXXC1ZJ	Circle Poonch-Jammu	2017-18
310	01XXXXXXXXG1ZN	Circle Poonch-Jammu	2017-18
311	01XXXXXXXXG2ZP	Circle Poonch-Jammu	2017-18
312	01XXXXXXXXF1ZX	Circle Poonch-Jammu	2017-18
313	01XXXXXXXXJ2Z7	Circle Pulwama-Kashmir	2017-18
314	01XXXXXXXXD1ZV	Circle Pulwama-Kashmir	2017-18
315	01XXXXXXXXD1ZV	Circle Pulwama-Kashmir	2017-18
316	01XXXXXXXXA1Z2	Circle Q- Kashmir	2017-18
317	01XXXXXXXXN3ZE	Circle Q- Kashmir	2017-18
318	01XXXXXXXXM1ZA	Circle Q-Jammu	2017-18
319	01XXXXXXXXN2Z9	Circle Q-Jammu	2017-18
320	01XXXXXXXXG1Z9	Circle Q-Jammu	2017-18
321	01XXXXXXXXE1ZW	Circle Q-Jammu	2017-18
322	01XXXXXXXXD1ZQ	Circle Q-Jammu	2017-18
323	01XXXXXXXXN2Z9	Circle Q-Jammu	2017-18
324	01XXXXXXXXG1Z9	Circle Q-Jammu	2017-18
325	01XXXXXXXXK1ZG	Circle Q-Jammu	2017-18
326	01XXXXXXXXH1ZJ	Circle Q-Jammu	2017-18
327	01XXXXXXXXD1ZT	Circle R- Kashmir	2017-18
328	01XXXXXXXXE1ZB	Circle R- Kashmir	2017-18
329	01XXXXXXXXH2ZM	Circle R- Kashmir	2017-18
330	01XXXXXXXXB2ZL	Circle R- Kashmir	2017-18
331	01XXXXXXXXN2Z3	Circle Rajouri-Jammu	2017-18
332	01XXXXXXXXB1ZO	Circle Rajouri-Jammu	2017-18
333	01XXXXXXXXH1Z3	Circle Ramban-Jammu	2017-18
334	01XXXXXXXXC1Z5	Circle Ramban-Jammu	2017-18
335	01XXXXXXXXP1ZN	Circle Ramban-Jammu	2017-18
336	01XXXXXXXXM1ZN	Circle Ramban-Jammu	2017-18
337	01XXXXXXXXD1ZF	Circle Reasi-Jammu	2017-18
338	01XXXXXXXXC1ZI	Circle Reasi-Jammu	2017-18
339	01XXXXXXXXF1Z4	Circle Reasi-Jammu	2017-18
340	01XXXXXXXXM3Z9	Circle Reasi-Jammu	2017-18
341	01XXXXXXXXF1Z4	Circle Reasi-Jammu	2017-18
342	01XXXXXXXXM3Z9	Circle Reasi-Jammu	2017-18
343	01XXXXXXXXL1Z4	Circle Reasi-Jammu	2017-18
344	01XXXXXXXXC1ZK	Circle Reasi-Jammu	2017-18
345	01XXXXXXXXL1ZU	Circle R-Jammu	2017-18
346	01XXXXXXXXP1ZB	Circle R-Jammu	2017-18
347	01XXXXXXXXN1ZK	Circle R-Jammu	2017-18
348	01XXXXXXXXM1ZM	Circle R-Jammu	2017-18
349	01XXXXXXXXB1ZZ	Circle R-Jammu	2017-18
350	01XXXXXXXXQ1Z2	Circle R-Jammu	2017-18
351	01XXXXXXXXR1ZL	Circle R-Jammu	2017-18
352	01XXXXXXXXA1ZZ	Circle R-Jammu	2017-18
353	01XXXXXXXXK1Z4	Circle R-Jammu	2017-18
354	01XXXXXXXXG1Z7	Circle Samba II-Jammu	2017-18
355	01XXXXXXXXE1ZD	Circle Samba II-Jammu	2017-18
356	01XXXXXXXXE2ZE	Circle Samba II-Jammu	2017-18
357	01XXXXXXXXE1ZD	Circle Samba II-Jammu	2017-18
358	01XXXXXXXXB1ZC	Circle Samba II-Jammu	2017-18
359	01XXXXXXXXN1ZM	Circle Samba II-Jammu	2017-18
360	01XXXXXXXXE2ZE	Circle Samba II-Jammu	2017-18
361	01XXXXXXXXE1ZD	Circle Samba II-Jammu	2017-18
362	01XXXXXXXXN1ZM	Circle Samba II-Jammu	2017-18
363	01XXXXXXXXE2ZE	Circle Samba II-Jammu	2017-18

Sl. No.	GSTIN	Circle	Return Year
364	01XXXXXXXXC1ZL	Circle Samba II-Jammu	2017-18
365	01XXXXXXXXB1ZC	Circle Samba II-Jammu	2017-18
366	01XXXXXXXXK1ZZ	Circle Samba II-Jammu	2017-18
367	01XXXXXXXXE1Z9	Circle Samba II-Jammu	2017-18
368	01XXXXXXXXC1ZF	Circle Samba II-Jammu	2017-18
369	01XXXXXXXXA1ZS	Circle Samba I-Jammu	2017-18
370	01XXXXXXXXD1ZI	Circle Samba I-Jammu	2017-18
371	01XXXXXXXXD1ZI	Circle Samba I-Jammu	2017-18
372	01XXXXXXXXP1Z2	Circle Samba I-Jammu	2017-18
373	01XXXXXXXXK1ZE	Circle Samba I-Jammu	2017-18
374	01XXXXXXXXR1ZV	Circle Samba I-Jammu	2017-18
375	01XXXXXXXXE1ZO	Circle Shopian-Kashmir	2017-18
376	01XXXXXXXXB1ZK	Circle S-Jammu	2017-18
377	01XXXXXXXXG1ZR	Circle Udhampur-Jammu	2017-18
378	01XXXXXXXXE2Z0	Circle Udhampur-Jammu	2017-18
379	01XXXXXXXXH1ZR	Circle Udhampur-Jammu	2017-18
380	01XXXXXXXXL1ZC	Circle Udhampur-Jammu	2017-18
381	01XXXXXXXXD1ZS	Circle Udhampur-Jammu	2017-18

[C]-Detail of samples selected for 'Detailed Audit'

Sl. No	GSTIN	Jurisdiction	Financial year
1	01XXXXXXXXK1Z3	Circle E-Jammu	2017-18
2	01XXXXXXXXC3Z3	Circle E-Jammu	201-18
3	01XXXXXXXXQ2Z3	Circle E-Jammu	2017-18
4	01XXXXXXXXC1Z1	Circle E-Jammu	2017-18
5	01XXXXXXXXG1ZZ	Circle E-Jammu	2017-18
6	01XXXXXXXXC2ZW	Circle E-Jammu	2017-18
7	01XXXXXXXXJ3ZC	Circle G-Jammu	2017-18
8	01XXXXXXXXB1ZQ	Circle P-Jammu	2017-18
9	01XXXXXXXXK1ZR	Circle I-Jammu	2017-18
10	01XXXXXXXXN2ZR	Circle I-Jammu	2017-18
11	01XXXXXXXXJ2ZD	Circle I-Jammu	2017-18
12	01XXXXXXXXH1ZM	Circle I-Jammu	2017-18
13	01XXXXXXXXB1ZC	Circle L-Jammu	2017-18
14	01XXXXXXXXA1ZN	Circle L-Jammu	2017-18
15	01XXXXXXXXQ2ZB	Circle L-Jammu	2017-18
16	01XXXXXXXXH1ZQ	Circle L-Jammu	2017-18
17	01XXXXXXXXN1ZQ	Circle L-Jammu	2017-18
18	01XXXXXXXXP1ZR	Circle L-Jammu	2017-18
19	01XXXXXXXXD1ZT	Circle E-Jammu	2017-18
20	01XXXXXXXXN1ZQ	Circle L-Jammu	2017-18
21	01XXXXXXXXM1ZB	Circle S-Jammu	2017-18
22	01XXXXXXXXP1ZT	Circle Kathua I-Jammu	2017-18
23	01XXXXXXXXL1ZM	Circle Kathua II-Jammu	2017-18
24	01XXXXXXXXB1ZA	Circle R-Jammu	2017-18
25	01XXXXXXXXP1ZT	Circle H-Jammu	2017-18
26	01XXXXXXXXH1ZU	Circle L-Jammu	2017-18
27	01XXXXXXXXP1Z1	Circle Samba II-Jammu	2017-18
28	01XXXXXXXXC1ZT	Circle Udhampur-Jammu	2017-18
29	01XXXXXXXXL1ZM	Circle-Reasi	2017-18
30	01XXXXXXXXN1Z2	Circle E-Jammu	2017-18
31	01XXXXXXXXE1Z3	Circle H-Jammu	2017-18
32	01XXXXXXXXB1ZO	Circle Udhampur-Jammu	2017-18
33	01XXXXXXXXQ3ZU	Circle F-Kashmir	2017-18
34	01XXXXXXXXC1ZX	Circle Ramban-Jammu	2017-18
35	01XXXXXXXXF1ZM	Circle Baramulla I-Kashmir	2017-18
36	01XXXXXXXXH1ZE	Circle Baramulla I-Kashmir	2017-18
37	01XXXXXXXXA1Z9	Circle E-Jammu	2017-18
38	01XXXXXXXXL1ZM	Circle H-Jammu	2017-18
39	01XXXXXXXXM1Z8	Circle B-Kashmir	2017-18
40	01XXXXXXXXF1ZX	Circle N-Jammu	2017-18
41	01XXXXXXXXM1ZB	Circle J-Jammu	2017-18

Sl. No	GSTIN	Jurisdiction	Financial year
42	01XXXXXXXXH4ZD	Circle Kathua I-Jammu	2017-18
43	01XXXXXXXXA1ZF	Circle Kathua I-Jammu	2017-18
44	01XXXXXXXXJ1ZO	Circle Kathua I-Jammu	2017-18
45	01XXXXXXXXR1ZS	Circle Kathua II-Jammu	2017-18
46	01XXXXXXXXG1Z3	Circle Samba II-Jammu	2017-18
47	01XXXXXXXXL1ZW	Circle P-Jammu	2017-18
48	01XXXXXXXXD1ZB	Circle D-Kashmir	2017-18
49	01XXXXXXXXF1ZY	Circle P-Jammu	2017-18
50	01XXXXXXXXB1ZX	Circle F-Kashmir	2017-18
51	01XXXXXXXXE2ZI	Circle I-Kashmir	2017-18
52	01XXXXXXXXP2ZA	Circle R-Kashmir	2017-18
53	01XXXXXXXXC1ZZ	Circle C-Kashmir	2017-18
54	01XXXXXXXXJ1Z9	Circle Baramulla I-Kashmir	2017-18
55	01XXXXXXXXH1ZS	Circle E-Jammu	2017-18
56	01XXXXXXXXL1ZK	Circle H-Jammu	2017-18
57	01XXXXXXXXE1ZS	Circle L-Jammu	2017-18
58	01XXXXXXXXR1ZA	Circle Baramulla I-Kashmir	2017-18
59	01XXXXXXXXC1ZK	Circle Udhampur-Jammu	2017-18
60	01XXXXXXXXJ4ZI	Circle B-Jammu	2017-18

Appendix 2.1.2

(Referred to in Paragraph: 2.1.8.1 and 2.1.8.1(II)(a))

Summary of pan J&K sampled data analysis

Sl. No.	Parameter Algorithm used	Number of deviations	Amount (₹ in crore)
	Mismatch in availing of ITC		
1	Mismatch ITC GSTR2A v GSTR3B: ITC available as per GSTR-2A (with all its amendments) is compared with the ITC availed in GSTR-3B {Table 4A(5) for domestic supplies) after considering (i) reversals of ITC (Others pertaining to Table 4(B)(2)) and (ii) ITC availed in subsequent year (Table 8(C) of GSTR-9)	50	51.09
2	Under Reverse Charge Mechanism[1] (RCM): RCM in GSTR-3B Table 3.1(d) (with proof of tax paid) is compared with ITC availed due to RCM in GSTR-9 Table (6C+6D+6F); OR if GSTR-9 is not available, RCM liability in GSTR-3B Table 3.1 (d) is compared with ITC availed in GSTR-3B Table {4A(2) + 4A(3)}.	50	5.43
3	Annual check of Reverse Charge Mechanism (ignoring proof of tax paid) RCM liability declared in GSTR-9 Table 4G is compared with ITC availed in GSTR-9 Table (6C+6D+6F); (in case GSTR-9 is not available it reverts to Parameter No. 2)	17	0.38
	Mismatch in Annual Return and Financial Statements (FS)		
4	Negative figure in GSTR-9C Table 9R: Lower figure of tax paid between books of accounts and annual return	50	12.55
5	Positive figure in GSTR-9C Table 12F: Higher amount of ITC claimed than credit that is due when compared between annual return and financial statements (Table 12F of GSTR-9C)	25	16.72
	Shortfall in Tax paid or Interest and Other deviations		
6	Tax not remitted due to GSTR-3B not filed: Cases where GSTR-3B not filed but GSTR-1 or GSTR-2A available Taxpayers who had not filed GSTR-3B but filed GSTR-1 or where GSTR-2A available, indicating taxpayers had carried the business without discharging tax.	13	0.53
7	Tax short-paid: Compare GSTR-1 (Table 4 to 11) or GSTR-9 (Table 4N, 10 & 11) with tax paid details declared in Tables 9 and 14 of GSTR-9. In cases where GSTR-9 is not available, tax paid details declared in Table 3.1(a)[2] and 3.1(b) in GSTR-3B[3] is compared with GSTR-1 liability. The amendments and advance adjustments declared in GSTR-1 and GSTR-9 are duly considered.	25	77.53
8	Short payment of interest on delayed payments Interest calculated at the rate of 18 *per cent* on cash portion of tax payment on delayed filing of GSTR- 3B vis-à-vis interest declared in GSTR-3B Table 6.1.	25	8.46

[1] In Reverse Charge Mechanism the liability to pay tax is fixed on the recipient of supply of goods or services or both instead of the supplier or provider for certain notified categories of goods or services or both

[2] Outward taxable supplies (other than zero-rated, nil rated and exempted)

[3] Outward taxable supplies (zero-rated)

Sl. No.	Parameter Algorithm used	Number of deviations	Amount (₹ in crore)
9	Composition taxpayers also availing e-commerce facility E-commerce GSTR-8 became effective from 01.10.2018 when TCS provisions became effective. GSTINs declared in GSTR-8 who are also filing GSTR-4 under composition scheme.	1	NA
10	ISD credit incorrectly availed by the recipients ISD received in GSTR-9 Table 6G or GSTR-3B Table 4(A) (4) of the recipients was compared with ITC transferred in GSTR-6 of the distributor.	25	6.37
	Total	**281**	**179.06**

Appendix 2.1.3

(Referred to in Paragraph: 2.1.8.1 and 2.1.8.1(II)(a))

Summary of pan J&K sampled data analysis mismatch turnover

S No.	Turnover mismatch in Annual Return and Financial Statements (FS)	Number of deviations	Amount (₹ in crore)
1	Negative in GSTR-9C Table 5R: Comparison of turnover furnished in GSTR9 with GSTR-9C and cases are identified where 9C shows lower figure than FS i.e. negative.	50	1,330.89
2	Negative in GSTR-9C Table 7G: Taxable turnover that is unreconciled after adjustments made from turnover in the Financial statements and turnover under GSTR9 is lower i.e negative	50	1,271.74
	Total	**100**	**2,602.63**

Appendix 2.1.4

(Referred to in Paragraph: 2.1.8.1 (I),(IV),(V))

Summary of deficiencies (Tax liability/ ITC)

(₹ in crore)

Sl. No.	Audit Dimension	Cases where reply received		Accepted by Dept. and status of the case								Department reply accepted by Audit						Department's reply not acceptable to Audit (Rebuttal) & reply not furnished with appropriate documentary evidence	
				Recovered		SCN/Demand Order issued/ASMT10		Under correspondence with taxpayer		Total (Col. 10= 4+6+8 and Col. 11 = 5+7+9)		Data entry errors		Action taken before query		Other valid explanations			
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	Mismatch in availing of ITC	49	48.015	4	0.064	11	31.02	1	0.67	**16**	**31.75**	7	4.94	8	12.19	16	11.34	2	0.86
2	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	49	5.177	4	0.071	3	0.46	0	0	**7**	**0.530**	34	4.57	7	0.26	1	0.04	0	0
3	Mismatch in availing of ITC under RCM without payment	17	0.38	5	0.086	0	0	0	0	**5**	**0.0864**	10	0.21	2	0.04	0	0	0	0
4	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	45	10.35	6	0.733	2	0.170	0	0	**8**	**0.90**	3	0.622	24	6.92	7	0.629	3	1.28
5	Mismatch in ITC availed between annual	24	15.10	3	0.040	1	0.21	1	0.24	**5**	**0.490**	10	4.18	5	8.80	3	1.51	1	0.05

Sl. No.	Audit Dimension	Cases where reply received		Accepted by Dept. and status of the case								Department reply accepted by Audit						Department's reply not acceptable to Audit (Rebuttal) & reply not furnished with appropriate documentary evidence	
				Recovered		SCN/Demand Order issued/ASMT10		Under correspondence with taxpayer		Total (Col. 10= 4+6+8 and Col. 11 = 5+7+9)		Data entry errors		Action taken before query		Other valid explanations			
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
	return and financial statements (Table 12F of GSTR-9C)																		
6	Cases where GSTR-3B not filed but GSTR-1 or GSTR-2A available	13	0.53	1	0.019	9	0.92	1	0.02	**11**	**0.95**	0	0	0	0	2	0.00169	0	0
7	Unsettled liabilities	24	69.89	2	0.067	1	19.28	0	0	**3**	**19.34**	6	32.52	6	8.40	9	22.04	0	0
8	Short payment of interest on delayed payments	23	7.83	5	0.98	14	6.7	1	0.25	**20**	**7.93**	0	0	3	0.92	0	0	0	0
9	Composition taxpayers also availing e-commerce facility	1	0	0	0	0	0	0	0	**0**	**0**	0	0	0	0	1	0	0	0
10	ISD credit incorrectly availed by the recipients	25	6.37	0	0	5	1.2	0	0	**5**	**1.2**	13	5.49	1	0.26	6	0.19	0	0
	Total	**270**	**163.64**	**30**	**2.06**	**46**	**59.96**	**4**	**1.18**	**80**	**63.18**	**83**	**52.53**	**56**	**37.79**	**45**	**35.75**	**6**	**2.19**

Appendix 2.1.5

(Referred to in Paragraph: 2.1.8.1 (I),(IV),(V))

Summary of deficiencies Mismatch turnover

(₹ in crore)

S No.	Audit Dimension	Accepted by Dept. and status of the case										Department reply accepted by Audit						Department's reply not acceptable to Audit (Rebuttal) & reply not furnished with appropriate documentary evidence	
		Cases where reply received		Recovered		SCN/Demand Order issued/ASMT10		Under correspondence with taxpayer		Total (Col. 10= 4+6+8 and Col. 11 = 5+7+9)		Data entry errors		Action taken before query		Other valid explanations			
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	Mismatch in turnover between annual return and financial statements (Table 5R of GSTR-9C)	49	1,327.76	1	0.027	1	1.59	1	5.83	**3**	**7.44**	6	113.58	0	0	37	1,201.15	3	5.59
2	Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	49	1,269.29	1	0.001039	3	1.42	1	0.737	**5**	**2.15**	12	135.17	1	1.13	29	1,117.41	2	5.40
	Total	**98**	**2,597.05**	**2**	**0.0280**	**4**	**3.01**	**2**	**6.56**	**8**	**9.59**	**18**	**248.75**	**1**	**1.13**	**66**	**2,318.56**	**5**	**10.99**

Appendix 2.1.6

(Referred to in Paragraph: 2.1.8.1 (I), (II) (a),(III),(IV),(V),(VI))

Category wise details of cases

☞Audit Dimension Number has been mentioned against each case detailed below in Tables I to VIII. Please correlate Audit Dimension Number with serial number of Appendix 2.1.4 & 2.1.5 under Para 2.1.8.1 of this report for getting gist of Audit Dimension and details of algorithm used by Audit on datasets of sample cases.

☞Tables I to VIII included in this Appendix are listed below:

I Details of cases where reply is not received
II Detail of cases, where Department had accepted audit queries and recoveries were made
III Detail of cases, where Show Cause Notices/ DRC-07/ ASMT-10 were issued in response to audit queries
IV Detail of cases, where Department stated that they were examining the audit query
V Details of cases, where mismatches were due to data entry errors
VI Detail of cases, where action had been taken before audit query
VII Detail of cases, where Department had valid explanations
VIII Detail of cases, in which Department's replies were not acceptable (Audit Rebuttal) and appropriate documentary evidences were not furnished

I-Details of cases where reply is not received

(₹ in crore)

S.NO	GSTIN	Circle	Mismatch amount
1	01XXXXXXXXXX1ZS	Circle Leh-Kashmir	0.14
2	01XXXXXXXXXX2Z3	Circle Leh-Kashmir	0.5
3	01XXXXXXXXXX1ZX	Circle Leh-Kashmir	1.96
4	01XXXXXXXXXX1ZS	Circle Leh-Kashmir	0.32
5	01XXXXXXXXXX1ZR	Circle Leh-Kashmir	0.16
6	01XXXXXXXXXX2ZB	Circle Leh-Kashmir	0.076
7	01XXXXXXXXXX1ZI	Circle Leh-Kashmir	0.0509
8	01XXXXXXXXXX1ZX	Circle Leh-Kashmir	1.96
9	01XXXXXXXXXX1ZH	Circle Leh-Kashmir	0.1
10	01XXXXXXXXXX3ZO	Circle Leh-Kashmir	0.14
11	01XXXXXXXXXX1ZT	Circle P-Jammu	0.64
Mismatch in Turnover			
12	01XXXXXXXXXX2ZB	Circle Leh-Kashmir	1.53
13	01XXXXXXXXXX2ZB	Circle Leh-Kashmir	1.53
Total			**9.11**

II-Detail of cases, where Department had accepted audit queries and recoveries were made

Sr. No.	GSTIN	Jurisdiction	Audit Dimension Number	Recovered Amount at instance of audit (₹ in crore)
1	01XXXXXXXXXF1ZZ	Circle Baramulla III-(Sopore) Kashmir	Excess_ITC	0.037
2	01XXXXXXXXXH1ZB	Circle Baramulla III-(Sopore) Kashmir	ITC_RCM_Avail	0.032
3	01XXXXXXXXXF1ZJ	Circle Baramulla III-(Sopore) Kashmir	Unrec_ITC_9C_9R	0.065
4	01XXXXXXXXXF1ZJ	Circle Baramulla III-(Sopore) Kashmir	Undischarged Tax liability	0.065
5	01XXXXXXXXXJ1ZB	Circle B-Kashmir	Unrec_ITC_9C_12F	0.00368
6	01XXXXXXXXXJ1ZC	Circle B-Kashmir	Unrec_ITC_9C_9R	0.02
7	01XXXXXXXXXQ1Z7	Circle C-Kashmir	ITC_RCM_Avail	0.029
8	01XXXXXXXXXR1ZY	Circle E-Kashmir	ITC_RCM_Avail	0.0022
9	01XXXXXXXXXP1Z4	Circle E-Kashmir	ITC_RCM_Ratio	0.00086
10	01XXXXXXXXXQ1ZW	Circle H-Jammu	Interest on delayed payment	0.079
11	01XXXXXXXXXC1ZF	Circle I-Kashmir	Unrec_ITC_9C_12F	0.011
12	01XXXXXXXXXK1ZL	Circle I-Kashmir	Interest on delayed payment	0.098
13	01XXXXXXXXXR1ZG	Circle J-Jammu	ITC_RCM_Ratio	0.021
14	01XXXXXXXXXM1Z7	Circle J-Kashmir	ITC_RCM_Ratio	0.022
15	01XXXXXXXXXC2ZJ	Circle Kishtwar-Jammu	Unrec_ITC_9C_9R	0.41
16	01XXXXXXXXXN1ZM	Circle P-Kashmir	ITC_RCM_Ratio	0.024
17	01XXXXXXXXXG1ZM	Circle P-Jammu	Interest on delayed payment	0.175
18	01XXXXXXXXXQ1Z2	Circle R-Jammu	Unrec_ITC_9C_9R	0.13
19	01XXXXXXXXXC1ZF	Circle Samba II-Jammu	Interest on delayed payment	0.48
20	01XXXXXXXXXE1ZO	Circle Shopian-Kashmir	Undischarged Tax liability	0.045
21	01XXXXXXXXXN1ZC	Circle F Kashmir	Excess_ITC	0.0118
22	01XXXXXXXXXE1ZC	Circle E-Jammu	Unrec_ITC_9C_9R	0.0246
23	01XXXXXXXXXH1ZL	Circle Kathua II-Jammu	Unrec_ITC_9C_9R	0.0622
24	01XXXXXXXXXL1ZU	Circle R-Jammu	Excess_ITC	0.0021
25	01XXXXXXXXXE1ZB	Circle R- Kashmir	ITC_RCM_Avail	0.0046
26	01XXXXXXXXXK1ZY	Circle Kulgam-Kashmir	ITC_RCM_Ratio	0.0254
27	01XXXXXXXXXG2ZP	Circle Poonch-Jammu	Unrec_R3B_R1_R2_Range	0.019
28	01XXXXXXXXXD1Z8	Circle Baramulla I-Kashmir	Excess_ITC	0.0112
29	01XXXXXXXXXB1ZC	Circle Samba II-Jammu	Unrec_ITC_9C_12F	0.0198
30	01XXXXXXXXXH1ZR	Circle Udhampur-Jammu	Interest on delayed payment	0.14
Mismatch Turnover				
31	01XXXXXXXXXN1ZB	Circle Baramulla-III (Sopore) Kashmir	Unrec_ITC_9C_7G	0.001039
32	01XXXXXXXXXB1ZB	Circle D-Jammu	Unrec_ITC_9C_5R	0.027
Total				**2.09**

III-Detail of cases, where Show Cause Notices/DRC07 and ASMT-10 were issued in response to audit queries

Sr. No.	Jurisdiction	GSTIN	Dimension No.	Demand Order Value (₹ in crore)
1	Circle J-Jammu	01XXXXXXXXXA1ZQ	Excess_ITC	0.16
2	Circle B-Jammu	01XXXXXXXXXK1ZL	Excess_ITC	22.92
3	Circle B-Jammu	01XXXXXXXXXJ2Z1	Excess_ITC	0.01
4	Circle E-Jammu	01XXXXXXXXXB1ZE	Excess_ITC	1.02
5	Circle E-Jammu	01XXXXXXXXXH2ZO	Excess_ITC	0.84
6	Circle H-Jammu	01XXXXXXXXXR1ZV	Excess_ITC	0.16
7	Circle L-Jammu	01XXXXXXXXXF1ZI	Excess_ITC	1.77
8	Circle Baramulla I-Kashmir	01XXXXXXXXXL1ZY	Excess_ITC	1.4
9	Circle Kupwara-Kashmir	01XXXXXXXXXP1ZI	Excess_ITC	0.14
10	Circle P-Jammu	01XXXXXXXXXR1ZX	Excess_ITC	2.58
11	Circle R-Jammu	01XXXXXXXXXN1ZK	Excess_ITC	0.02
12	Circle A-Kashmir	01XXXXXXXXXM1ZV	Interest on delayed payment	0.11
13	Circle Anantnag III-Kashmir	01XXXXXXXXXM1ZN	Interest on delayed payment	0.21
14	Circle Budgam-Kashmir	01XXXXXXXXXJ1ZM	Interest on delayed payment	0.09
15	Circle C-Jammu	01XXXXXXXXXF1ZQ	Interest on delayed payment	0.09
16	Circle D-Kashmir	01XXXXXXXXXE1ZH	Interest on delayed payment	0.1
17	Circle I-Kashmir	01XXXXXXXXXH1ZM	Interest on delayed payment	0.09
18	Circle K-Kashmir	01XXXXXXXXXA1ZT	Interest on delayed payment	3.67
19	Circle Kulgam-Kashmir	01XXXXXXXXXL1ZE	Interest on delayed payment	0.1
20	Circle Ramban – Jammu	01XXXXXXXXXM1ZN	Interest on delayed payment	0.13
21	Circle L-Jammu	01XXXXXXXXXN1ZY	Interest on delayed payment	0.53
22	Circle N-Jammu	01XXXXXXXXXQ1Z8	Interest on delayed payment	0.53
23	Circle Udhampur-Jammu	01XXXXXXXXXL1ZC	Interest on delayed payment	0.19
24	Circle Udhampur-Jammu	01XXXXXXXXXD1ZS	Interest on delayed payment	0.14
25	Circle Anantnag III-Kashmir	01XXXXXXXXXJ1ZM	ISD ITC	0.02
26	Circle Anantnag I-Kashmir	01XXXXXXXXXD1ZU	ISD ITC	0.12
27	Circle E-Jammu	01XXXXXXXXXK2ZQ	ISD ITC	0.48
28	Circle E-Jammu	01XXXXXXXXXL2ZB	ISD ITC	0.57
29	Circle Doda-Jammu	01XXXXXXXXXL1ZA	ITC_RCM_Avail	0.04

Sr. No.	Jurisdiction	GSTIN	Dimension No.	Demand Order Value (₹ in crore)
30	Circle Baramulla-II-Kashmir	01XXXXXXXXXF1Z1	ITC_RCM_Avail	0.07
31	Circle E-Jammu	01XXXXXXXXXE1ZX	ITC_RCM_Avail	0.35
32	Circle J-Jammu	01XXXXXXXXXA1ZJ	Undischarged Tax liability	19.29
33	Circle P-Jammu	01XXXXXXXXXK1Z6	Unrec_ITC_9C_12F	0.21
34	Circle K-Jammu	01XXXXXXXXXE2Z2	Unrec_ITC_9C_9R	0.09
35	Circle Poonch-Jammu	01XXXXXXXXXG1ZN	Unrec_ITC_9C_9R	0.078
36	Circle Anantnag I-Kashmir	01XXXXXXXXXH2Z5	Unrec_R3B_R1_R2_Range	0.01
37	Circle Baramulla I-Kashmir	01XXXXXXXXXL1ZR	Unrec_R3B_R1_R2_Range	0.05
38	Circle I-Kashmir	01XXXXXXXXXM1ZU	Unrec_R3B_R1_R2_Range	0.27
39	Circle I-Kashmir	01XXXXXXXXXB1ZV	Unrec_R3B_R1_R2_Range	0.15
40	Circle Poonch-Jammu	01XXXXXXXXXF1ZX	Unrec_R3B_R1_R2_Range	0.0010334
41	Circle Ramban-Jammu	01XXXXXXXXXH1Z3	Unrec_R3B_R1_R2_Range	0.16
42	Circle Ramban-Jammu	01XXXXXXXXXC1Z5	Unrec_R3B_R1_R2_Range	0.1
43	Circle O-Jammu	01XXXXXXXXXG2Z7	Unrec_R3B_R1_R2_Range	0.1
44	Circle Anantnag II-Kashmir	01XXXXXXXXXP1Z1	ISD ITC	0.02
45	Circle R-Jammu	01XXXXXXXXXA1ZZ	Unrec_R3B_R1_R2_Range	0.08
46	Circle Samba II-Jammu	01XXXXXXXXXE1Z9	Interest on delayed payment	0.71
Mismatch Turnover				
47	Circle Q-Jammu	01XXXXXXXXXE1ZW	Unrec_ITC_9C_5R	1.59
48	Circle Budgam-Kashmir	01XXXXXXXXXF1ZU	Unrec_ITC_9C_7G	1.09
49	Circle E-Jammu	01XXXXXXXXXC1ZM	Unrec_ITC_9C_7G	0.17
50	Circle E-Jammu	01XXXXXXXXXC1Z8	Unrec_ITC_9C_7G	0.17
Total				**62.97**

IV-Detail of cases, where Department stated that they were examining/under correspondence

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in crore)
1	Circle Doda-Jammu	01XXXXXXXXXH1ZZ	Unrec_R3B_R1_R2_Range	0.02
2	Circle E-Jammu	01XXXXXXXXXC1ZV	Unrec_ITC_9C_12F	0.24
3	Circle E-Jammu	01XXXXXXXXXC1ZV	Interest on delayed payment	0.25
4	Circle Kathua II-Jammu	01XXXXXXXXXG1ZM	Excess_ITC	0.67
Mismatch in Turnover				
5	Circle L-Jammu	01XXXXXXXXXH2ZW	Unrec_ITC_9C_5R	5.83
6	Circle G-Jammu	01XXXXXXXXXG1ZZ	Unrec_ITC_9C_7G	0.73
Total				**7.74**

V-Details of cases, where mismatches were due to data entry errors

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in crore)
1	Circle A-Kashmir	01XXXXXXXXXE1ZS	ITC_RCM_Avail	0.04
2	Circle A-Kashmir	01XXXXXXXXC1ZK	ITC_RCM_Ratio	0.02
3	Circle A-Kashmir	01XXXXXXXXP1ZY	ITC_RCM_Ratio	0.02
4	Circle A-Kashmir	01XXXXXXXXJ1ZD	Unrec_ITC_9C_12F	0.27
5	Circle Baramulla III-(Sopore) Kashmir	01XXXXXXXXB1ZH	ISD ITC	0.01
6	Circle B-Kashmir	01XXXXXXXXB1ZZ	ITC_RCM_Avail	0.11
7	Circle B-Kashmir	01XXXXXXXXM1ZS	Undischarge Tax liability	0.95
8	Circle C-Jammu	01XXXXXXXXM1ZE	ISD ITC	0.01
9	Circle D-Jammu	01XXXXXXXXB1ZV	Excess_ITC	0.37
10	Circle D-Jammu	01XXXXXXXXC1ZA	ISD ITC	0.01
11	Circle D-Kashmir	01XXXXXXXXF1ZY	ITC_RCM_Avail	0.13
12	Circle D-Kashmir	01XXXXXXXXJ1ZA	Unrec_ITC_9C_12F	0.31
13	Circle Baramulla I-Kashmir	01XXXXXXXXQ1ZJ	Unrec_ITC_9C_9R	0.07
14	Circle Doda-Jammu	01XXXXXXXXA2ZD	Undischarge Tax liability	18
15	Circle E-Jammu	01XXXXXXXXM1ZG	ITC_RCM_Avail	0.15
16	Circle E-Jammu	01XXXXXXXXP1ZB	Unrec_ITC_9C_12F	0.27
17	Circle E-Kashmir	01XXXXXXXXE1ZS	ITC_RCM_Ratio	0.02
18	Circle F-Jammu	01XXXXXXXXP1ZQ	ITC_RCM_Avail	0.08
19	Circle F-Kashmir	01XXXXXXXXA1Z0	ITC_RCM_Avail	0.19
20	Circle G-Jammu	01XXXXXXXXN1Z6	Excess_ITC	0.52
21	Circle G-Jammu	01XXXXXXXXC1Z9	Excess_ITC	0.63
22	Circle G-Jammu	01XXXXXXXXL1Z2	ITC_RCM_Avail	0.12
23	Circle G-Jammu	01XXXXXXXXA1ZV	Unrec_ITC_9C_12F	0.35
24	Circle G-Jammu	01XXXXXXXXR1Z0	ISD ITC	0.02
25	Circle G-Kashmir	01XXXXXXXXC1ZD	ITC_RCM_Avail	0.05
26	Circle G-Kashmir	01XXXXXXXXH1ZD	ITC_RCM_Avail	0.03
27	Circle H-Kashmir	01XXXXXXXXB1Z8	ITC_RCM_Avail	1.61
28	Circle H-Kashmir	01XXXXXXXXE1ZY	Unrec_ITC_9C_12F	0.26
29	Circle I-Jammu	01XXXXXXXXR2ZG	Excess_ITC	0.37
30	Circle I-Jammu	01XXXXXXXXF1ZU	ITC_RCM_Avail	0.03
31	Circle I-Kashmir	01XXXXXXXXP1ZP	ITC_RCM_Avail	0.08
32	Circle J-Jammu	01XXXXXXXXP1ZY	ITC_RCM_Avail	0.03
33	Circle J-Jammu	01XXXXXXXXM2Z5	ITC_RCM_Ratio	0.02
34	Circle J-Jammu	01XXXXXXXXL1ZE	Unrec_ITC_9C_12F	0.46
35	Circle J-Jammu	01XXXXXXXXL1ZO	Unrec_ITC_9C_12F	0.29
36	Circle J-Kashmir	01XXXXXXXXM1ZF	Undischarge Tax liability	1.83
37	Circle Kathua I-Jammu	01XXXXXXXXK1ZN	ITC_RCM_Avail	0.04
38	Circle Kathua I-Jammu	01XXXXXXXXQ1ZC	ITC_RCM_Ratio	0.02
39	Circle Kathua I-	01XXXXXXXXR1Z2	ITC_RCM_Ratio	0.02

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in crore)
	Jammu			
40	Circle Kathua I-Jammu	01XXXXXXXXXR1ZK	Undischarge Tax liability	1.04
41	Circle Kupwara-Kashmir	01XXXXXXXXXR1Z3	ITC_RCM_Avail	0.54
42	Circle L-Jammu	01XXXXXXXXXD2ZM	ITC_RCM_Avail	0.04
43	Circle L-Jammu	01XXXXXXXXXR1ZM	ITC_RCM_Avail	0.03
44	Circle L-Jammu	01XXXXXXXXXC1Z4	ITC_RCM_Avail	0.07
45	Circle L-Jammu	01XXXXXXXXXJ1ZY	ITC_RCM_Avail	0.07
46	Circle L-Jammu	01XXXXXXXXXH1Z2	ISD ITC	5.37
47	Circle L-Jammu	01XXXXXXXXXR1ZZ	ISD ITC	0.01
48	Circle L-Kashmir	01XXXXXXXXXH1ZF	ITC_RCM_Avail	0.1
49	Circle L-Kashmir	01XXXXXXXXXJ1ZR	ITC_RCM_Avail	0.14
50	Circle N-Jammu	01XXXXXXXXXB1Z8	ITC_RCM_Avail	0.05
51	Circle N-Jammu	01XXXXXXXXXC1ZR	ITC_RCM_Avail	0.04
52	Circle N-Jammu	01XXXXXXXXXB1ZS	ITC_RCM_Ratio	0.02
53	Circle N-Kashmir	01XXXXXXXXXG1ZK	ITC_RCM_Avail	0.12
54	Circle O-Kashmir	01XXXXXXXXXA1ZL	Excess_ITC	0.48
55	Circle P- Kashmir	01XXXXXXXXXA1Z8	ITC_RCM_Avail	0.03
56	Circle P-Jammu	01XXXXXXXXXG1Z5	ISD ITC	0.01
57	Circle Pulwama-Kashmir	01XXXXXXXXXD1ZV	ITC_RCM_Avail	0.17
58	Circle Q-Jammu	01XXXXXXXXXM1ZA	ITC_RCM_Avail	0.15
59	Circle R- Kashmir	01XXXXXXXXXD1ZT	ITC_RCM_Avail	0.06
60	Circle R- Kashmir	01XXXXXXXXXB2ZL	ISD ITC	0.01
61	Circle Rajouri-Jammu	01XXXXXXXXXB1ZO	ITC_RCM_Ratio	0.03
62	Circle Reasi-Jammu	01XXXXXXXXXD1ZF	ITC_RCM_Avail	0.05
63	Circle Reasi-Jammu	01XXXXXXXXXC1ZI	ITC_RCM_Avail	0.03
64	Circle R-Jammu	01XXXXXXXXXK1Z4	ISD ITC	0.01
65	Circle Samba II-Jammu	01XXXXXXXXXE2ZE	Unrec_ITC_9C_9R	0.1
66	Circle Samba II-Jammu	01XXXXXXXXXK1ZZ	Undischarged Tax liability	7.36
67	Circle Samba I-Jammu	01XXXXXXXXXR1ZV	ISD ITC	0.01
68	Circle Rajouri-Jammu	01XXXXXXXXXN2Z3	Excess_ITC	0.41
69	Circle Kathua II-Jammu	01XXXXXXXXXD1ZT	Unrec_ITC_9C_12F	0.75
70	Circle Kathua I-Jammu	01XXXXXXXXXE1Z4	Unrec_ITC_9C_12F	0.86
71	Circle Kathua I-Jammu	01XXXXXXXXXL1ZU	ISD ITC	0.0094
72	Circle Kathua I-Jammu	01XXXXXXXXXF1ZD	ISD ITC	0.0079
73	Circle L-Jammu	01XXXXXXXXXR1ZF	Excess_ITC	2.16
74	Circle O-Jammu	01XXXXXXXXXP1ZR	ITC_RCM_Avail	0.061
75	Circle O-Jammu	01XXXXXXXXXP1Z7	ITC_RCM_Avail	0.042

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in crore)
76	Circle O-Jammu	01XXXXXXXXXF1Z1	ITC_RCM_Ratio	0.021
77	Circle O-Jammu	01XXXXXXXXXR2ZU	ITC_RCM_Ratio	0.021
78	Circle Budgam-Kashmir	01XXXXXXXXXK2ZR	ITC_RCM_Avail	0.061
79	Circle P-Jammu	01XXXXXXXXXQ1ZV	ITC_RCM_Avail	0.034
80	Circle P-Jammu	01XXXXXXXXXB1ZW	Unrec_ITC_9C_9R	0.45
81	Circle Udhampur-Jammu	01XXXXXXXXXE2Z0	Undischarge Tax liability	3.34
82	Circle S-Jammu	01XXXXXXXXXB1ZK	Unrec_ITC_9C_12F	0.36
83	Circle Anantnag I-Kashmir	01XXXXXXXXXP1ZY	ISD ITC	0.0087
Mismatch Turnover				
84	Circle L-Jammu	01XXXXXXXXXH1Z2	Unrec_ITC_9C_5R	94.1
85	Circle L-Jammu	01XXXXXXXXXK1Z7	Unrec_ITC_9C_5R	6.76
86	Circle Baramulla I-Kashmir	01XXXXXXXXXC2Z1	Unrec_ITC_9C_5R	1.29
87	Circle Q-Kashmir	01XXXXXXXXXA1Z2	Unrec_ITC_9C_5R	4.34
88	Circle Q-Kashmir	01XXXXXXXXXN3ZE	Unrec_ITC_9C_5R	2.89
89	Circle F-Kashmir	01XXXXXXXXXF1Z8	Unrec_ITC_9C_5R	4.2
90	Circle D-Kashmir	01XXXXXXXXXC1ZU	Unrec_ITC_9C_7G	0.97
91	Circle F-Kashmir	01XXXXXXXXXA1ZN	Unrec_ITC_9C_7G	0.58
92	Circle L-Jammu	01XXXXXXXXXH1Z2	Unrec_ITC_9C_7G	94.1
93	Circle L-Jammu	01XXXXXXXXXA1Z8	Unrec_ITC_9C_7G	8.22
94	Circle L-Jammu	01XXXXXXXXXK1Z7	Unrec_ITC_9C_7G	0.85
95	Circle M-Jammu	01XXXXXXXXXF1ZX	Unrec_ITC_9C_7G	3.71
96	Circle M-Jammu	01XXXXXXXXXL1ZZ	Unrec_ITC_9C_7G	2.35
97	Circle M-Jammu	01XXXXXXXXXK1ZY	Unrec_ITC_9C_7G	2.05
98	Circle N-Jammu	01XXXXXXXXXR1ZA	Unrec_ITC_9C_7G	2.74
99	Circle Poonch-Jammu	01XXXXXXXXXC1Z5	Unrec_ITC_9C_7G	10.83
100	Circle Poonch-Jammu	01XXXXXXXXXC1ZE	Unrec_ITC_9C_7G	1.74
101	Circle Samba I-Jammu	01XXXXXXXXXP1Z2	Unrec_ITC_9C_7G	7.03
Total				**301.30**

VI-Detail of cases, where action had been taken before audit query

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in crore)
1	Circle Bandipora- Kashmir	01XXXXXXXXQ1ZS	Undischarged Tax liability	1.15
2	Circle Baramulla-I- Kashmir	01XXXXXXXXK1ZU	Unrec_ITC_9C_9R	1.54
3	Circle Baramulla I- Kashmir	01XXXXXXXXK1ZU	Undischarged Tax liability	1.54
4	Circle Baramulla III-(Sopore) Kashmir	01XXXXXXXXR1ZJ	Unrec_ITC_9C_9R	0.42
5	Circle B-Jammu	01XXXXXXXXD1ZQ	Excess_ITC	0.83
6	Circle B-Kashmir	01XXXXXXXXG1Z5	Unrec_ITC_9C_9R	0.15
7	Circle B-Kashmir	01XXXXXXXXF1ZZ	Unrec_ITC_9C_9R	0.04
8	Circle Budgam-Kashmir	01XXXXXXXXL3Z0	Excess_ITC	0.44
9	Circle D-Jammu	01XXXXXXXXJ2ZG	Unrec_ITC_9C_9R	0.17
10	Circle D-Kashmir	01XXXXXXXXQ1ZY	Excess_ITC	0.42
11	Circle E-Jammu	01XXXXXXXXC1Z3	ITC_RCM_Avail	0.03
12	Circle E-Jammu	01XXXXXXXXH2Z9	Unrec_ITC_9C_9R	0.85
13	Circle E-Jammu	01XXXXXXXXH2Z9	Undischarged Tax liability	0.66
14	Circle G-Jammu	01XXXXXXXXM1Z9	ITC_RCM_Avail	0.03
15	Circle G-Jammu	01XXXXXXXXA1ZV	Unrec_ITC_9C_9R	0.13
16	Circle G-Jammu	01XXXXXXXXM1ZR	Unrec_ITC_9C_9R	0.08
17	Circle G-Kashmir	01XXXXXXXXR1ZI	Excess_ITC	0.77
18	Circle G-Kashmir	01XXXXXXXXC1ZZ	Excess_ITC	6.19
19	Circle G-Kashmir	01XXXXXXXXB1Z5	ITC_RCM_Avail	0.06
20	Circle G-Kashmir	01XXXXXXXXC1ZZ	Unrec_ITC_9C_12F	6.28
21	Circle H-Jammu	01XXXXXXXXR1ZV	Unrec_ITC_9C_12F	0.56
22	Circle H-Kashmir	01XXXXXXXXK1ZY	Unrec_ITC_9C_9R	0.11
23	Circle H-Kashmir	01XXXXXXXXB1Z8	Undischarge Tax liability	3.21
24	Circle I-Jammu	01XXXXXXXXN3ZQ	Excess_ITC	0.68
25	Circle I-Jammu	01XXXXXXXXP1Z4	ITC_RCM_Ratio	0.02
26	Circle I-Jammu	01XXXXXXXXC1ZJ	Interest on delayed payment	0.12
27	Circle I-Kashmir	01XXXXXXXXQ1ZQ	ISD ITC	0.26
28	Circle I-Kashmir	01XXXXXXXXM1ZF	Unrec_ITC_9C_9R	0.28
29	Circle I-Kashmir	01XXXXXXXXE1Z6	Unrec_ITC_9C_9R	0.14
30	Circle J-Jammu	01XXXXXXXXF1ZA	Excess_ITC	1.91
31	Circle J-Jammu	01XXXXXXXXF1ZA	Unrec_ITC_9C_12F	1.04
32	Circle J-Jammu	01XXXXXXXXF1ZA	Interest on delayed payment	0.62
33	Circle Kathua II-Jammu	01XXXXXXXXH1ZC	Excess_ITC	0.95
34	Circle Kathua II-Jammu	01XXXXXXXXH1ZD	Interest on delayed payment	0.18
35	Circle Kathua I-Jammu	01XXXXXXXXG1ZP	Unrec_ITC_9C_9R	0.18
36	Circle Kathua I-Jammu	01XXXXXXXXL1ZI	Unrec_ITC_9C_9R	0.06
37	Circle Kathua I-Jammu	01XXXXXXXXH1ZJ	Unrec_ITC_9C_9R	0.05
38	Circle Kishtwar-Jammu	01XXXXXXXXL1ZV	Undischarge Tax liability	0.72

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in crore)
39	Circle Kupwara-Kashmir	01XXXXXXXXXM1ZZ	Unrec_ITC_9C_9R	0.12
40	Circle L-Jammu	01XXXXXXXXXD1Z3	ITC_RCM_Avail	0.04
41	Circle L-Jammu	01XXXXXXXXXD1ZU	ITC_RCM_Ratio	0.02
42	Circle L-Jammu	01XXXXXXXXXH1Z2	Unrec_ITC_9C_9R	0.14
43	Circle L-Jammu	01XXXXXXXXXK1Z7	Unrec_ITC_9C_9R	0.04
44	Circle L-Kashmir	01XXXXXXXXXE1Z9	ITC_RCM_Avail	0.04
45	Circle L-Kashmir	01XXXXXXXXXH3Z8	Unrec_ITC_9C_9R	0.3
46	Circle M-Jammu	01XXXXXXXXXC2ZE	Unrec_ITC_9C_12F	0.3
47	Circle M-Jammu	01XXXXXXXXXQ2ZJ	Unrec_ITC_9C_9R	0.1
48	Circle Pulwama-Kashmir	01XXXXXXXXXJ2Z7	ITC_RCM_Avail	0.03
49	Circle Ramban-Jammu	01XXXXXXXXXP1ZN	Undischarged Tax liability	1.12
50	Circle R-Jammu	01XXXXXXXXXM1ZM	ITC_RCM_Avail	0.03
51	Circle Samba I-Jammu	01XXXXXXXXXK1ZE	Unrec_ITC_9C_9R	0.22
52	Circle F-Kashmir	01XXXXXXXXXN1ZC	Unrec_ITC_9C_12F	0.62
53	Circle E-Jammu	01XXXXXXXXXG5ZZ	Unrec_ITC_9C_9R	0.37
54	Circle G-Jammu	01XXXXXXXXXG1ZT	Unrec_ITC_9C_9R	0.064
55	Circle Kathua I-Jammu	01XXXXXXXXXK1ZG	Unrec_ITC_9C_9R	1.27
56	Circle L-Jammu	01XXXXXXXXXR1ZN	Unrec_ITC_9C_9R	0.09
Mismatch Turnover				
57	Circle R-Jammu	01XXXXXXXXXB1ZZ	Unrec_ITC_9C_7G	1.13
Total				**38.92**

VII-Detail of cases, where Department had valid explanations

S No.	Jurisdiction	GSTIN	Audit Dimension	Mismatch Amount (₹in crore)
1	Circle A-Kashmir	01XXXXXXXXXF1ZO	Undischarged Tax liability	0.66
2	Circle Anantnag I-Kashmir	01XXXXXXXXXA1ZO	Undischarged Tax liability	1.56
3	Circle Budgam-Kashmir	01XXXXXXXXXG1ZX	Unrec_ITC_9C_12F	0.3
4	Circle E-Jammu	01XXXXXXXXXG1Z1	Undischarged Tax liability	14.97
5	Circle E-Jammu	01XXXXXXXXXA1Z2	Undischarged Tax liability	0.65
6	Circle E-Jammu	01XXXXXXXXXP1ZG	Undischarged Tax liability	1.02
7	Circle F-Jammu	01XXXXXXXXXD1ZI	Excess_ITC	0.56
8	Circle F-Kashmir	01XXXXXXXXXF1Z8	Unrec_ITC_9C_9R	0.07
9	Circle Ganderbal-Kashmir	01XXXXXXXXXF1ZT	Undischarged Tax liability	0.77
10	Circle G-Jammu	01XXXXXXXXXJ1ZD	Excess_ITC	0.37
11	Circle H-Jammu	01XXXXXXXXXJ1ZV	Unrec_R3B_R1_R2_Range	0
12	Circle I-Jammu	01XXXXXXXXXK1ZD	ISD ITC	0.01
13	Circle I-Kashmir	01XXXXXXXXXG2ZL	Excess_ITC	0.54
14	Circle J-Jammu	01XXXXXXXXXG1ZH	Unrec_ITC_9C_12F	0.82
15	Circle Kargil-Kashmir	01XXXXXXXXXC1ZG	Undischarged Tax liability	0.79
16	Circle Kathua II-Jammu	01XXXXXXXXXG1ZX	Unrec_ITC_9C_9R	0.13
17	Circle Kathua I-Jammu	01XXXXXXXXXJ1ZA	Undischarged Tax liability	0.92
18	Circle Kathua I-Jammu	01XXXXXXXXXC2ZI	Excess_ITC	0.37
19	Circle L-Jammu	01XXXXXXXXXM1Z7	Excess_ITC	0.4
20	Circle L-Jammu	01XXXXXXXXXA1Z7	ISD ITC	0.01
21	Circle L-Jammu	01XXXXXXXXXD1Z2	ISD ITC	0.01
22	Circle L-Jammu	01XXXXXXXXXE1Z9	ISD ITC	0.09
23	Circle L-Kashmir	01XXXXXXXXXM1ZT	Unrec_R3B_R1_R2_Range	0.00169
24	Circle Reasi-Jammu	01XXXXXXXXXC1ZK	Undischarged Tax liability	0.7
25	Circle Samba I-Jammu	01XXXXXXXXXA1ZS	Excess_ITC	0.52
26	Circle R-Kashmir	01XXXXXXXXXH2ZM	E Commerce	0
27	Circle Anantnag II-Kashmir	01XXXXXXXXXA1ZU	Excess_ITC	0.73
28	Circle H-Kashmir	01XXXXXXXXXQ1ZW	Excess_ITC	0.37
29	Circle G-Jammu	01XXXXXXXXXH1ZH	Excess_ITC	0.84
30	Circle I-Jammu	01XXXXXXXXXC1ZJ	Excess_ITC	0.46
31	Circle L-Jammu	01XXXXXXXXXG1ZN	Excess_ITC	0.39
32	Circle L-Jammu	01XXXXXXXXXC1Z5	ISD ITC	0.06

S No.	Jurisdiction	GSTIN	Audit Dimension	Mismatch Amount (₹in crore)
33	Circle L-Jammu	01XXXXXXXXXL1Z2	ISD ITC	0.01
34	Circle P-Jammu	01XXXXXXXXXH1Z2	Excess_ITC	2.44
35	Circle R-Jammu	01XXXXXXXXXP1ZB	Excess_ITC	0.52
36	Circle Samba II-Jammu	01XXXXXXXXXG1Z7	Excess_ITC	0.48
37	Circle Q-Jammu	01XXXXXXXXXH1ZJ	Unrec_ITC_9C_9R	0.06
38	Circle Reasi-Jammu	01XXXXXXXXXL1Z4	Unrec_ITC_9C_9R	0.08
39	Circle Samba II-Jammu	01XXXXXXXXXC1ZL	Unrec_ITC_9C_9R	0.06
40	Circle P-Jammu	01XXXXXXXXXR3ZW	Unrec_ITC_9C_12F	0.39
41	Circle Udhampur-Jammu	01XXXXXXXXXG1ZR	Excess_ITC	0.46
42	Circle I-Kashmir	01XXXXXXXXXR1Z2	ITC_RCM_Avail	0.04
43	Circle E-Jammu	01XXXXXXXXXK2ZQ	Excess_ITC	1.9
44	Circle O-Jammu	01XXXXXXXXXD1Z5	Unrec_ITC_9C_9R	0.06
45	Circle Poonch-Jammu	01XXXXXXXXXC1ZJ	Unrec_ITC_9C_9R	0.16
Mismatch Turnover				
46	Circle A-Jammu	01XXXXXXXXXN1ZK	Unrec_ITC_9C_5R	2.56
47	Circle A-Jammu	01XXXXXXXXXN1ZK	Unrec_ITC_9C_7G	2.56
48	Circle Bandipora-Kashmir	01XXXXXXXXXA1ZR	Unrec_ITC_9C_5R	13.27
49	Circle Bandipora-Kashmir	01XXXXXXXXXA1ZR	Unrec_ITC_9C_7G	13.27
50	Circle Baramulla I-Kashmir	01XXXXXXXXXC2Z1	Unrec_ITC_9C_7G	1.29
51	Circle Baramulla II-Kashmir	01XXXXXXXXXK1Z0	Unrec_ITC_9C_5R	3.14
52	Circle Baramulla II-Kashmir	01XXXXXXXXXK1Z0	Unrec_ITC_9C_7G	3.14
53	Circle Baramulla II-Kashmir	01XXXXXXXXXE1ZL	Unrec_ITC_9C_7G	0.58
54	Circle Baramulla III-(Sopore) Kashmir	01XXXXXXXXXP1ZA	Unrec_ITC_9C_5R	6.89
55	Circle B-Jammu	01XXXXXXXXXJ1ZW	Unrec_ITC_9C_5R	4.81
56	Circle C-Jammu	01XXXXXXXXXF1ZZ	Unrec_ITC_9C_5R	10.34
57	Circle C-Jammu	01XXXXXXXXXG3Z9	Unrec_ITC_9C_5R	1.4
58	Circle D-Jammu	01XXXXXXXXXG1ZL	Unrec_ITC_9C_7G	0.74
59	Circle D-Kashmir	01XXXXXXXXXD2Z4	Unrec_ITC_9C_5R	1.77
60	Circle F-Kashmir	01XXXXXXXXXF1Z8	Unrec_ITC_9C_7G	4.21
61	Circle H-Jammu	01XXXXXXXXXC1ZR	Unrec_ITC_9C_5R	4.8

S No.	Jurisdiction	GSTIN	Audit Dimension	Mismatch Amount (₹in crore)
62	Circle H-Jammu	01XXXXXXXXXF1ZV	Unrec_ITC_9C_5R	1.64
63	Circle H-Jammu	01XXXXXXXXXN1ZM	Unrec_ITC_9C_7G	5.93
64	Circle H-Jammu	01XXXXXXXXXF1ZV	Unrec_ITC_9C_7G	1.64
65	Circle I-Jammu	01XXXXXXXXXK1ZE	Unrec_ITC_9C_7G	0.7
66	Circle Kathua II-Jammu	01XXXXXXXXXH1ZL	Unrec_ITC_9C_5R	8.1
67	Circle Kathua II-Jammu	01XXXXXXXXXK1ZQ	Unrec_ITC_9C_5R	1.56
68	Circle Kathua II-Jammu	01XXXXXXXXXH1ZL	Unrec_ITC_9C_7G	8.1
69	Circle Kathua I-Jammu	01XXXXXXXXXL1ZZ	Unrec_ITC_9C_5R	14.82
70	Circle Kathua I-Jammu	01XXXXXXXXXB1ZD	Unrec_ITC_9C_5R	1.88
71	Circle Kathua I-Jammu	01XXXXXXXXXG1Z7	Unrec_ITC_9C_5R	6.46
72	Circle Kathua I-Jammu	01XXXXXXXXXN1ZB	Unrec_ITC_9C_5R	5.64
73	Circle K-Jammu	01XXXXXXXXXF1Z9	Unrec_ITC_9C_5R	7.85
74	Circle K-Jammu	01XXXXXXXXXF1Z9	Unrec_ITC_9C_7G	7.85
75	Circle O-Kashmir	01XXXXXXXXXC1ZD	Unrec_ITC_9C_5R	1.66
76	Circle O-Kashmir	01XXXXXXXXXC1ZD	Unrec_ITC_9C_7G	1.66
77	Circle P-Kashmir	01XXXXXXXXXB1ZK	Unrec_ITC_9C_5R	3.68
78	Circle P-Kashmir	01XXXXXXXXXB1ZK	Unrec_ITC_9C_7G	3.68
79	Circle P-Kashmir	01XXXXXXXXXC1ZU	Unrec_ITC_9C_7G	2.94
80	Circle P-Kashmir	01XXXXXXXXXM1ZQ	Unrec_ITC_9C_7G	0.63
81	Circle P-Jammu	01XXXXXXXXXK1ZP	Unrec_ITC_9C_5R	10.48
82	Circle P-Jammu	01XXXXXXXXXE1Z3	Unrec_ITC_9C_5R	6.66
83	Circle P-Jammu	01XXXXXXXXXK1ZP	Unrec_ITC_9C_7G	10.48
84	Circle P-Jammu	01XXXXXXXXXE1Z3	Unrec_ITC_9C_7G	6.66
85	Circle Poonch-Jammu	01XXXXXXXXXC1ZE	Unrec_ITC_9C_5R	1.74
86	Circle Pulwama-Kashmir	01XXXXXXXXXD1ZV	Unrec_ITC_9C_5R	16.04
87	Circle Reasi-Jammu	01XXXXXXXXXM3Z9	Unrec_ITC_9C_5R	1.51
88	Circle Reasi-Jammu	01XXXXXXXXXM3Z9	Unrec_ITC_9C_7G	1.51
89	Circle Samba II-Jammu	01XXXXXXXXXB1ZC	Unrec_ITC_9C_5R	4
90	Circle Samba II-Jammu	01XXXXXXXXXE2ZE	Unrec_ITC_9C_5R	655.98
91	Circle Samba I-Jammu	01XXXXXXXXXD1ZI	Unrec_ITC_9C_5R	9.1
92	Circle Samba II-Jammu	01XXXXXXXXXE2ZE	Unrec_ITC_9C_7G	655.98

S No.	Jurisdiction	GSTIN	Audit Dimension	Mismatch Amount (₹in crore)
93	Circle Samba I-Jammu	01XXXXXXXXXD1ZI	Unrec_ITC_9C_7G	9.1
94	Circle E-Jammu	01XXXXXXXXXH2Z9	Unrec_ITC_9C_5R	12.54
95	Circle E-Jammu	01XXXXXXXXXG1ZD	Unrec_ITC_9C_5R	4.79
96	Circle E-Jammu	01XXXXXXXXXK1ZL	Unrec_ITC_9C_5R	2.36
97	Circle E-Jammu	01XXXXXXXXXG1ZD	Unrec_ITC_9C_7G	2.16
98	Circle K-Jammu	01XXXXXXXXXR1ZU	Unrec_ITC_9C_7G	0.73
99	Circle L-Jammu	01XXXXXXXXXN1ZY	Unrec_ITC_9C_5R	5.53
100	Circle L-Jammu	01XXXXXXXXXN1ZY	Unrec_ITC_9C_7G	5.53
101	Circle E-Jammu	01XXXXXXXXXC1ZM	Unrec_ITC_9C_5R	1.74
102	Circle Budgam-Kashmir	01XXXXXXXXXF1ZU	Unrec_ITC_9C_5R	7.06
103	Circle Q-Jammu	01XXXXXXXXXN2Z9	Unrec_ITC_9C_5R	347.63
104	Circle Q-Jammu	01XXXXXXXXXG1Z9	Unrec_ITC_9C_5R	3.6
105	Circle Samba II-Jammu	01XXXXXXXXXE1ZD	Unrec_ITC_9C_5R	6.57
106	Circle Q-Jammu	01XXXXXXXXXN2Z9	Unrec_ITC_9C_7G	347.63
107	Circle Samba II-Jammu	01XXXXXXXXXE1ZD	Unrec_ITC_9C_7G	6.57
108	Circle Q-Jammu	01XXXXXXXXXK1ZG	Unrec_ITC_9C_7G	1.16
109	Circle Samba II-Jammu	01XXXXXXXXXN1ZM	Unrec_ITC_9C_5R	1.55
110	Circle Samba II-Jammu	01XXXXXXXXXN1ZM	Unrec_ITC_9C_7G	1.55
111	Circle Q-Jammu	01XXXXXXXXXG1Z9	Unrec_ITC_9C_7G	9.42
Total				**2,354.30**

VIII-Detail of cases, where Department's replies were not furnished with appropriate documentary evidences and audit rebuttal

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in crore)
1	Circle G-Jammu	01XXXXXXXXXG1ZZ	Excess_ITC	0.42
2	Circle Samba II-Jammu	01XXXXXXXXXE1ZD	Excess_ITC	0.43
3	Circle O-Jammu	01XXXXXXXXXH2ZS	Unrec_ITC_9C_9R	0.05
4	Circle L-Jammu	01XXXXXXXXXM1Z7	Unrec_ITC_9C_9R	1.19
5	Circle L-Jammu	01XXXXXXXXXB1ZS	Unrec_ITC_9C_9R	0.07
6	Circle R-Jammu	01XXXXXXXXXR1ZL	Unrec_ITC_9C_12F	0.03
Mismatch Turnover				
7	Circle Poonch-Jammu	01XXXXXXXXXL1Z3	Unrec_ITC_9C_5R	1.25
8	Circle Q-Jammu	01XXXXXXXXXD1ZQ	Unrec_ITC_9C_5R	1.3
9	Circle Reasi-Jammu	01XXXXXXXXXF1Z4	Unrec_ITC_9C_5R	3.04
10	Circle Reasi-Jammu	01XXXXXXXXXF1Z4	Unrec_ITC_9C_7G	3.04
11	Circle E-Jammu	01XXXXXXXXXK1ZL	Unrec_ITC_9C_7G	2.36
Total				**13.18**

Appendix 2.1.7

(Referred to in Paragraph: .2.1.8.1 (I) (i to xi))

Top case for each dimension of Limited audit

S. No.	GSTIN	Dimension	Jurisdictional Circle	Mismatch (₹ in crores)	Action taken
1	01XXXXXXXXXR1ZX	ITC mismatch between GSTR 2A and GSTR 3B	Circle P-Jammu	1.256	DRC-07 issued ₹ 2.58 crore
2	01XXXXXXXXXE1ZX	ITC availed under RCM vs payment of tax in GSTR 3B/ GSTR 9	Circle E-Jammu	0.16548	DRC-07 issued ₹ 0.35 crore
3	01XXXXXXXXXM1Z7	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9	Circle J-Kashmir	0.02	DRC-03 recovery
4	01XXXXXXXXXC2ZJ	Mismatch in taxpaid Table 9R of GSTR9C between books of accounts and returns	Circle Kishtwar-Jammu	0.41	DRC-03 filed
5	01XXXXXXXXXK1Z6	Mismatch of ITC 12F of GSTR9C availed between Annual returns and Books of accounts	Circle P-Jammu	0.30	DRC-07 issued ₹ 0.21 crore
6	01XXXXXXXXXM1ZU	GSTR 3B was not filed but GSTR 1 is available	Circle I-Kashmir	0.27	DRC-07 issued ₹ 0.27 crore
7	01XXXXXXXXXA1ZJ	Unsettled liabilities	Circle J-Jammu	19.28	DRC-07 issued ₹ 19.28 crore
8	01XXXXXXXXXA1ZT	Short payment of interest	Circle K-Kashmir	3.68	DRC-07 issued ₹ 3.66 crore
9	01XXXXXXXXXK2ZQ	Incorrect availment of ISD credit	Circle E-Jammu	0.227	DRC-07 issued ₹ 0.48 crore
10	0XXXXXXXXXB1ZB	Mismatch in turnover declared in GSTR 9C Table 5R	Circle D-Jammu	0.027	DRC-03 recovery
11	01XXXXXXXXXF1ZU	Mismatch in taxable turnover declared in GSTR 9C Table 7G	Circle Budgam-Kashmir	7.05	DRC-07 issued ₹ 1.08 crore

Appendix 2.1.8

(Referred to in Paragraph: 2.1.9.2 (I))

Non-payment of interest by taxpayers

(Amount in ₹)

Sl. No.	GSTIN	Name of circle	Amount of tax Discharged by Electronic Cash ledger	Range of delay (in days)	Interest due	Action taken
1	01XXXXXXXXXXC2ZW	Circle E-Jammu	62,06,533	426	13,03,882.00	No Reply
2	01XXXXXXXXXXE1Z3	Circle H-Jammu	1,69,95,208	16 to 167	10,92,000.00	DRC-07
3	01XXXXXXXXXXB1ZC	Circle L-Jammu	84,430	10 to 41	830.00	DRC-03
4	01XXXXXXXXXXQ2ZB	Circle L-Jammu	2,63,21,520	0 to 32	3,94,683.67	No Reply
5	01XXXXXXXXXXP1ZR	Circle L-Jammu	61,04,607	1	6,770.00	DRC-03
6	01XXXXXXXXXXF1ZX	Circle N-Jammu	33,47,739	26 to 161	81,474.00	DRC-03
7	01XXXXXXXXXXM1ZB	Circle S-Jammu	50,72,500	1 to 133	1,806.00	DRC-03
8	01XXXXXXXXXXH4ZD	Circle Kathua-I Jammu	7,79,512	36	33,273.00	DRC-03
9	01XXXXXXXXXXD1ZT	Circle E-Jammu	9,74,58,210	8 to 60	2,81,996.00	DRC-03
10	01XXXXXXXXXXK1ZR	Circle I-Jammu	6,14,746	1 to 26	7,882.00	DRC-03
11	01XXXXXXXXXXN1ZQ	Circle L-Jammu	2,21,784	31 to 61	3,811.00	DRC-03
12	01XXXXXXXXXXL1ZM	Circle Kathua II-Jammu	3,13,49,065	19 to 117	7,64,369.00	DRC-03
13	01XXXXXXXXXXF1ZY	Circle P-Jammu	31,39,919	15 to 38	31,005.00	DRC-03
14	01XXXXXXXXXXB1ZO	Circle Udhampur-Jammu	29,09,484	19 to 497	5,16,002.00	DRC-03
Total					**45,19,783.67**	

Appendix 2.1.9

(Referred to in Paragraph: 2.1.9.2 (II))

Non-payment of late fee by taxpayers

(Amount in ₹)

Sl. No.	GSTIN	Name of circle	Date of filing GSTR9/GSTR 9C	Range of delay (in days) {Due date 05.02.2020}	Late fee due	Action taken
1	01XXXXXXXXXXF1ZX	Circle N-Jammu	16.07.2020	161	20,000.00	DRC-07 issued
2	01XXXXXXXXXXR1ZS	Circle Kathua II-Jammu	31.10.2022	999	50,000.00	DRC-07 issued
3	01XXXXXXXXXXD1ZB	Circle D Kashmir	29.02.2020/31.10.2022	24 to 999	50,000.00	DRC-07 issued
4	01XXXXXXXXXXB1ZO	Circle Udhampur-Jammu	11.05.2022	95	19,000.00	ASMT-10
5	01XXXXXXXXXXB1ZX	Circle F-Kashmir	31.12.2020/01.07.2022	333 to 877	1,91,504.00	DRC-03
6	01XXXXXXXXXXC1ZZ	Circle C-Kashmir	30.11.2022	1029	1,79,589.00	DRC-07 issued
7	01XXXXXXXXXXF1ZM	Circle Baramulla-I-Kashmir	29.03.2021/01.07.2022	418 to 877	2,82,200.00	DRC-07 issued
8	01XXXXXXXXXXJ1Z9	Circle Baramulla-I-Kashmir	31.10.2020	251	50,200.00	DRC-07 issued
9	01XXXXXXXXXXH1ZE	Circle Baramulla-I-Kashmir	24.09.2020/01.07.2022	232 to 877	2,72,600.00	DRC-07 issued
10	01XXXXXXXXXXD1ZT	Circle E-Jammu	10.07.2020/11.07.2020	155 to 156	62,200.00	DRC-03
11	01XXXXXXXXXXK1ZR	Circle I-Jammu	12.03.2020	36	7,200.00	DRC-03
12	01XXXXXXXXXXN2ZR	Circle I-Jammu	10.02.2020	5	1,000.00	DRC-03
13	01XXXXXXXXXXN1ZQ	Circle L-Jammu	25.02.2020	20	4,000.00	DRC-03
14	01XXXXXXXXXXP2ZA	Circle R-Kashmir	26.03.2021	415	83,000.00	DRC-03
Total				**5 to 1029**	**12,72,493.00**	

Appendix-2.1.10

(Referred to in Paragraph: .2.1.9.2 (III))

Data entry errors or technical glitches

(Amount in ₹)

S. No.	GSTIN	Jurisdiction	Amount
1	01XXXXXXXXXXH1ZS	Circle E-Jammu	7,12,043.00
2	01XXXXXXXXXXB1ZQ	Circle P-Jammu	4,66,673.00
3	01XXXXXXXXXXJ3ZC	Circle G-Jammu	66,370.06
4	01XXXXXXXXXXA1ZF	Circle Kathua I-Jammu	98,60,764.00
5	01XXXXXXXXXXA1ZF	Circle Kathuab I-Jammu	97,89,515.08
6	01XXXXXXXXXXG1Z3	Circle Samba II-Jammu	89,833.00
7	01XXXXXXXXXXG1Z3	Circle Samba II-Jammu	89,833.60
	Total		**2,10,75,031.74**

Appendix 2.1.11

(Referred to in Paragraph: 2.1.9.3 (I))

ITC mismatch between GSTR-2A and GSTR-3B/ GSTR-9

(Amount in ₹)

Sl. No.	GSTIN	Name of circle	ITC availed through GSTR-3B {Table 4A (5)-4B (2) + Table 8C of GSTR -9}	ITC available as per GSTR-2A	Mis-match of ITC claimed	Action taken
1	2	3	4	5	6	7
1	01XXXXXXXXXXXA1Z9	Circle E-Jammu	95,30,593.09	76,00,805.6	41,816.00	DRC-07 issued
2	01XXXXXXXXXXXC3Z3	Circle E-Jammu	7,74,79,509.32	6,20,45,003	5,06,74,149.00	DRC-07 issued
3	01XXXXXXXXXXXQ2Z3	Circle E-Jammu	22,27,32,142.9	20,99,40,708	16,83,55,688.00	DRC-07 issued
4	01XXXXXXXXXXXC1Z1	Circle E-Jammu	21,12,029.46	9,90,400.78	25,96,060.00	DRC-07 issued
5	01XXXXXXXXXXXN1Z2	Circle E Jammu	8,56,51,761.82	7,39,26,645	1,66,06,472.00	DRC-03
6	01XXXXXXXXXXXL1ZM	Circle H-Jammu	39,10,740	34,41,416.4	10,486.00	DRC-03
7	01XXXXXXXXXXXL1ZK	Circle H-Jammu	77,96,291.94	40,97,234.6	12,21,096.00	DRC-07 issued
8	01XXXXXXXXXXXP1ZT	Circle H-Jammu	3,29,64,366.67	85,06,322.9	1,17,89,700.00	DRC-07 issued
9	01XXXXXXXXXXXE1Z3	Circle H-Jammu	1,22,15,555.68	96,25,940	14,67,166.10	DRC-07 issued
10	01XXXXXXXXXXXJ2ZD	Circle I-Jammu	31,69,54,183	31,65,62,124	3,92,059.38	ASMT-10
11	01XXXXXXXXXXXM1Z8	Circle B -Kashmir	1,20,88,922	90,99,008.4	60,20,856.00	DRC-07 issued
12	01XXXXXXXXXXXH1ZU	Circle L-Jammu	19,91,18,162	17,83,75,995	1,52,324.00	DRC-07 issued
13	01XXXXXXXXXXXH1ZQ	Circle L-Jammu	1,79,25,014	1,41,94,712	74,17,040.00	DRC-07 issued
14	01XXXXXXXXXXXP1ZR	Circle L-Jammu	1,51,58,593	1,01,88,328	1,54,183.00	DRC-03
15	01XXXXXXXXXXXF1ZX	Circle N-Jammu	1,12,44,560.62	1,07,91,886	17,50,226.00	DRC-07 issued
16	01XXXXXXXXXXXJ1ZO	Circle Kathua I-Jammu	43,03,117.41	42,87,520.4	15,597.05	DRC-07 issued
17	01XXXXXXXXXXXP1ZT	Circle Kathua I-Jammu	1,71,41,377	72,53,245.1	12,86,000.40	DRC-07 issued
18	01XXXXXXXXXXXR1ZS	Circle Kathua II-Jammu	12,71,829.34	1,07,501.24	10,34,760.00	DRC-03
19	01XXXXXXXXXXXB1ZA	Circle R-Jammu	44,04,78,108	27,21,77,444	13,53,55,798.00	DRC-07 issued
20	01XXXXXXXXXXXP1Z1	Circle Samba II . Jammu	8,96,54,985.7	7,58,76,698	2,97,45,624.00	DRC-07 issued
21	01XXXXXXXXXXXG1Z3	Circle Samba II . Jammu	30,39,401.04	17,08,848.4	30,11,216.58	DRC-07 issued
22	01XXXXXXXXXXXF1ZY	Circle P-Jammu	1,14,76,322	95,11,437	15,10,428.00	DRC-03
23	01XXXXXXXXXXXL1ZM	Circle-Reasi	7,07,99,743.16	3,67,88,545	11,29,32,682.00	DRC-07 issued
24	01XXXXXXXXXXXD1ZB	Circle D Kashmir	1,84,03,726.34	1,60,45,130	46,45,986.00	DRC-07 issued
25	01XXXXXXXXXXXB1ZO	Circle Udhampur-Jammu	5,15,48,585	3,63,54,398	3,40,15,156.00	DRC-07 issued
26	01XXXXXXXXXXXC1ZX	Circle Ramban – Jammu	94,81,505	80,54,486.2	1,16,506.00	DRC-03
27	01XXXXXXXXXXXC1ZZ	Circle C-Kashmir	23,37,707	6,09,160.19	47,01,182.00	DRC-07 issued
28	01XXXXXXXXXXXF1ZM	Circle Baramulla-I Kashmir	34,46,425.5	25,000	59,70,918.00	DRC-07 issued
29	01XXXXXXXXXXXH1ZE	Circle Baramulla-I Kashmir	76,45,806.3	3,72,944.75	3,89,16,652.00	DRC-07 issued
30	01XXXXXXXXXXXP2ZA	Circle R- Kashmir	84,49,237.95	69,07,977.5	25,004.00	DRC-03
Total					**64,19,32,832**	

Appendix 2.1.12

(Referred to in Paragraph: 2.1.9.3 (I))

Non/ short Reversal of ITC as per Rule 42/43 of JK GST Act 2017

(Amount in ₹)

Sl. No.	GSTIN	Name of circle	Total turnover	Nil and Exempt turnover	Common ITC	ITC liable to reverse	ITC reversal	Objection amount	Action taken
1	2	3	4	5	6	7=5/4*6	8	9	10
1	01XXXXXXXXXC2ZW	Circle E-Jammu	61,94,72,069	40,47,712	3,39,80,861	2,22,030	1,63,272	58,757.76	DRC-07 issued
2	01XXXXXXXXXQ2ZB	Circle L-Jammu	87,23,61,118	89,92,209	7,89,19,473	8,13,492	0	33,432.00	DRC-03
3	01XXXXXXXXXF1ZX	Circle N-Jammu	8,24,08,825	39,943	112,44,560	5,450	0	10,464.00	DRC-03
4	01XXXXXXXXXR1ZS	Circle Kathua II-Jammu	4,39,60,899	3,57,69,992	12,71,829	10,34,760	0	10,01,695.70	DRC-07 issued
5	01XXXXXXXXXF1ZM	Circle Baramulla-I- Kashmir	9,04,09,999	6,68,81,199	34,46,425	25,49,493	0	25,49,493.26	DRC-07 issued
6	01XXXXXXXXXH1ZE	Circle Baramulla-I- Kashmir	18,95,48,280	14,62,81,152	76,45,806	59,00,498	0	59,00,498.09	DRC-07 issued
7	01XXXXXXXXXG1ZZ	Circle E-Jammu	2,87,63,53,819	8,20,704	27,01,95,764	1,45,322	0	1,45,322.00	DRC-03
	Total							**96,99,662.81**	

Appendix 2.1.13

(Referred to in Paragraph: 2.1.9.3 (I))

Mismatch between ITC as per supplier's details GSTR2A and Table 8A of GSTR9

(Amount in ₹)

Sl. No.	GSTIN	Name of circle	GSTR-9 table 8A {ITC eligible in GSTR-2A (Table 3 & 5)}	ITC Reversal as per GSTR 9 table 7	ITC available as per GSTR-2A data extracted during September 2022	Mis-match claim of ITC	Acton taken
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
1	01XXXXXXXXXN1Z2	Circle E-Jammu	7,76,18,121	0	7,39,26,645	89,31,470.00	DRC-07 issued
2	01XXXXXXXXXN2ZR	Circle I-Jammu	21,29,265	0	21,02,369	26,896.00	DRC-03
	Total					**89,58,366.00**	

Appendix- 2.1.14

(Referred to in Paragraph: 2.1.9.3 (I))

Unreconciled ITC after adjustment

(Amount in ₹)

Sl. No.	GSTIN	Name of circle	GSTR-9 table 8A {ITC eligible in GSTR-2A (Table 3 & 5)}	GSTR-9{Table 8B+ Table 8C}	Objection Amount as per Table 8D of GSTR 9	Action taken
1	2	3	4	5	6	7
1	01XXXXXXXXXC2ZW	Circle E-Jammu	54,67,464	62,95,072	22,28,555.00	DRC-07 issued
2	01XXXXXXXXXB1ZC	Circle L-Jammu	20,42,64,104	20,43,37,128	1,46,052.00	DRC-03
3	01XXXXXXXXXD1ZT	Circle E-Jammu	3,88,37,833	3,93,23,539	4,85,710.00	DRC-03
Total					**28,60,317.00**	

Appendix 2.1.15

(Referred to in Paragraph: 2.1.9.4 (II))

Undischarged tax liability on comparing greater of the tax liability of GSTR 1, GSTR 9 with reference to Tax payment in GSTR-9/ 3B

(Amount in ₹)

Sl. No.	GSTIN	Name of circle	Tax liability as per GSTR-1	Tax liability as per GSTR-9	Greater tax liability between GSTR 1 and GSTR 9	Tax payment as per GSTR-9/ GSTR-3B	Short admittance of tax liability	Action taken
1	2	3	4	5	6	7	8	9
1	01XXXXXXXXXC1Z1	Circle E-Jammu	12,31,197.28	11,22,044	12,31,197.28	11,22,044	1,09,153	DRC-07 issued
2	01XXXXXXXXXP1ZR	Circle L-Jammu	6,04,73,696.00	6,04,69,940.37	6,04,73,696.00	6,04,70,137.00	23,484.00	DRC-03
3	01XXXXXXXXXF1ZX	Circle N-Jammu	1,45,90,538.54	1,45,83,301.00	1,45,90,538.54	1,45,83,101.00	14,284.00	DRC-03
4	01XXXXXXXXXM1ZB	Circle N-Jammu	6,31,51,224	6,31,45,908.62	6,31,51,224	6,13,15,217	10,78,757.00	DRC-07 issued
5	01XXXXXXXXXH4ZD	Circle Kathua I-Jammu	1,68,10,462.00	2,11,91,460.00	2,11,91,460.00	1,75,39,012	2,15,724.00	DRC-03
6	01XXXXXXXXXD1ZB	Circle D kashmir	2,08,38,876.00	1,87,72,485.25	2,08,38,876.00	1,84,98,234	34,74,445.00	DRC-07 issued
7	01XXXXXXXXXJ1Z9	Circle Baramulla-I Kashmir	43,85,086.5	43,68,649.54	43,85,086.5	43,68,650	15,238.00	DRC-03
8	01XXXXXXXXXH1ZE	Circle Baramulla-I Kashmir	54,39,431	4,39,431.5	54,39,431	44,18,185	10,21,247.00	DRC-03
9	01XXXXXXXXXP2ZA	Circle R-Kashmir	62,49,556.5	62,89,794.5	62,89,794.5	55,66,950	1,28,000.00	DRC-03
Total							**60,80,332**	

Appendix 3.3.1

(Referred to in Paragraph: 3.3)

Detail of PSUs in Jammu & Kashmir under the audit jurisdiction of the CAG as on 31 March 2022

Sl. No.	Sector type and Name of PSU	Remarks
A	**Power Sector**	
I	**Working Government Companies**	
1.	Jammu and Kashmir Power Development Corporation Limited	-
2.	Jammu and Kashmir Power Transmission Corporation Limited	-
3.	Jammu Power Distribution Corporation Limited	-
4.	Kashmir Power Distribution Corporation Limited	-
5.	Jammu and 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 and Kashmir Agro Industries Development Corporation Limited	-
8.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	-
9.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited	-
10.	Jammu and Kashmir Women's Development Corporation Limited	-
11.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	-
12.	Jammu and Kashmir State Industrial Development Corporation Limited	-
13.	Jammu and Kashmir Industries Limited	-
14.	Jammu and Kashmir Overseas Employment Corporation Limited	-
15.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	-
16.	Jammu and Kashmir Handloom Development Corporation Limited	-
17.	Jammu and Kashmir Trade Promotion Organisation	-
18.	Jammu and Kashmir Infrastructure Development Finance Corporation Pvt. Limited	-
19.	Jammu and Kashmir I.T. Infrastructure Development Pvt. Limited	-
20.	Jammu and 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.

Sl. No.	Sector type and Name of PSU	Remarks
21.	Jammu and Kashmir Medical Supplies Corporation Limited	The Company has not submitted its accounts since inception.
22.	AIC-Jammu and Kashmir EDI Foundation	The Company has not submitted its accounts since inception.
II	**Inactive Government Companies**	
23.	Jammu and Kashmir Asset Reconstruction Limited	The Govt. has accorded sanction to voluntary winding up of the Company vide order no FD 453 of 2019 dated 24 October 2019.
24.	Jammu and 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 and Kashmir Cements Limited	-
26.	Jammu and Kashmir Minerals Limited	-
27.	Jammu and Kashmir Cable Car Corporation Limited	-
28.	Jammu and Kashmir Bank Limited	-
29.	JKB Financial Services Limited	-
30.	Jammu and Kashmir Tourism Development Corporation Limited	-
II	**Working Statutory Corporation**	
31.	Jammu and Kashmir and Ladakh Financial Corporation	-
32.	Jammu and 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 and Kashmir Projects Construction Corporation Limited	-
36.	Jammu and Kashmir Police Housing Corporation Limited	-
37.	Srinagar Smart City Limited	-
38.	Jammu Smart City Limited	-
39.	Jammu Mass Rapid Transit Corporation Private limited	The Company has not yet started its business operations
40.	Srinagar Mass Rapid Transit Corporation Private limited	The Company has not yet started its business operations
II	**Inactive Government Companies**	
41.	Jammu and Kashmir Road Development Corporation Limited	The Company has not yet started its business operations
42.	Jammu and Kashmir International Trade Centre	The Company has not yet started its business operations

Appendix 3.3.2

(Referred to in Paragraph: 3.4)

Statement showing position of equity and outstanding loans relating to PSUs as on 31 March 2022

(₹. in crore)

Sl. No.	Sector and Name of PSU	Name of Department	Month and year of Incorporation	Equity at the end of year 2021-22				Long term Loans at the end of year 2021-22			
				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)	February-1995	2,593.34	0	0	2,593.34	0	0	1,064.40	1,064.40
2.	Jammu Power Distribution Corporation Limited	PDD	June-2013	0.05	0	0	0.05	0	0	0	0.00
3.	Kashmir Power Distribution Corporation Limited	PDD	June-2013	0.05	0	0	0.05	0	0	0	0.00
4.	Jammu and Kashmir Power Transmission Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	0	0.00
5.	Jammu and Kashmir Power Corporation Limited	PDD	March-2013	0.05	0	0	0.05	0	0	10,321.83	10,321.83
	II. Working Government Controlled Other Company										
6.	Chenab Valley Power Projects (Pvt.) Ltd.	PDD	June-2011	0	0	3,436.45*	3,436.45	0	0	598.57	598.57
	Total A			**2,593.54**	**0**	**3,436.45**	**6,029.99**	**0**	**0**	**11,984.80**	**11,984.80**
B.	**Social Sector**										
	I. Working Government Companies										
7.	Jammu and Kashmir Agro Industries Development	Agriculture production	30.01.1970	2.6	0.94	0	3.54	25.19	0	0	25.19

Sl. No.	Sector and Name of PSU	Name of Department	Month and year of Incorporation	Equity at the end of year 2021-22				Long term Loans at the end of year 2021-22			
				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)
	Corporation Limited										
8.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	Agriculture production	10 April 1978	6.80	3.20	0	10.00	11.75	0	0	11.75
9.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	Social Welfare	01 April 1986	21.97	28.05	0	50.02	61.03	0	101.38	162.41
10.	Jammu and Kashmir Women's Development Corporation Limited	Social Welfare	10 May 1996	10.00	0	0	10.00	28.91	0	91.61	120.52
11.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	Industries and Commerce	28 November 1975	89.91	0	0	89.91	0	0	0	0
12.	Jammu and Kashmir State Industrial Development Corporation Limited	Industries and Commerce	17 March 1969	17.64	0	0	17.64	22.72	0	0	22.72
13.	Jammu and Kashmir Industries Limited	Industry and Commerce	04 October 1960	16.27	0	0	16.27	264.99	0	0	264.99
14.	Jammu and Kashmir Overseas Employment Corporation Limited	Finance	10 October 2010	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 January 1970	7.08	0.89	0	7.97	64.72	0	0	64.72
16.	Jammu and Kashmir Handloom Development Corporation Limited	Industries and Commerce	29 June 1981	3.49	1.5	0	4.99	71.46	0	0	71.46
17.	Jammu and Kashmir Trade Promotion Organisation	Industries and Commerce	30 May 2018	2.55	2.68	0	5.23	0.63	0	0	0.63
18.	Jammu and Kashmir Infrastructure Development Finance Corporation Pvt. Limited	Finance	25 September 2018	0.50	0	0	0.50	0	0	2,372.77	2372.77

Sl. No.	Sector and Name of PSU	Name of Department	Month and year of Incorporation	Equity at the end of year 2021-22				Long term Loans at the end of year 2021-22			
				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)
19.	Jammu and Kashmir Medical Supplies Corporation Limited	Health	31 March 2014	0.05	0	0	0.05	0	0	0	0
20.	AIC-Jammu and Kashmir EDI Foundation	Industries and Commerce	07 September 2018	0.05	0	0	0.05	NA	NA	NA	
21.	Jammu and Kashmir I.T. Infrastructure Development Pvt. Limited	IT and Communicatio n	07 March 2019	0.50	0	0	0.50	0	0	0	0
22.	Jammu and Kashmir Forest Development Corporation Limited	Forest	01 July 1979	9.03	0	0	9.03	18.06	0	0	18.00
	Total I B			**192.50**	**37.26**	**0**	**229.76**	**569.46**	**0.00**	**2565.76**	**3135.22**
	II. Inactive Company										
23.	Jammu and Kashmir Asset Reconstruction limited	Finance	28 April 2017	1.02	0.00	0.98	2.00	0.00	0.00	0.00	0.00
24.	Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	Industries and Commerce	29 November 1991	0.40	0	0	0.40	NA	NA	NA	NA
	Total II B			**1.42**	**0**	**0.98**	**2.40**	0	0	0	0
	Total B(I+II)			**193.92**	**37.26**	**0.98**	**232.16**	**569.46**	**0**	**2565.76**	**3135.22**
C.	**Competitive Sector**										
	I. Working Government Companies										
25.	Jammu and Kashmir Cements Limited	Industries and Commerce	24 December 1974	49.86	0	0	49.86	0	0	3.13	3.13
26.	Jammu and Kashmir Minerals Limited	Industries and Commerce	05 February 1960	8.00	0	0	8.00	169.78	0	0	169.78

Sl. No.	Sector and Name of PSU	Name of Department	Month and year of Incorporation	Equity at the end of year 2021-22				Long term Loans at the end of year 2021-22			
				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)
27.	Jammu and Kashmir Cable Car Corporation Limited	Tourism	28 November 1988	23.57	0	0	23.57	0	0	0	0.00
28.	Jammu and Kashmir Bank Limited	Finance	10 October 1938	65.41	0	27.88	93.29	0	0	2,015.20	2015.20
29.	Jammu and Kashmir Bank Financial Services Limited	Finance	27 August 2009	0	0	20.00	20.00	0	0	7.60	7.60
30.	Jammu and Kashmir and ladakh Financial Corporation	Finance	02 December 1959	172.35	0	0.53	172.88	10.48	0	44.94	55.42
31.	Jammu and Kashmir Road Transport Corporation	Transport	01 September 1976	387.86	15.01	49.98	452.85	780.61	0	0	780.61
32.	Jammu and Kashmir Tourism Development Corporation Limited	Tourism	13 February 1970	15.96**	0	0	15.96	8.26	0	0	8.26
	Total I C			**723.01**	**15.01**	**98.39**	**836.41**	**969.13**	**0**	**2070.87**	**3040**
	II. Inactive Companies										
33.	Tawi Scooters Limited	Industries and Commerce	15 December 1976	0.8	0	0	0.8	0.83	0	0	0.83
34.	Himalayan Wool Combers Limited	Industries and Commerce	24 January 1978	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)			**725.18**	**15.01**	**98.39**	**838.58**	**969.96**	**0**	**2070.87**	**3040.83**
D.	**Others**										
	I. Working Government Companies										
35.	Jammu and Kashmir Projects Construction Corporation Limited	Public Works	22 May 1965	1.53	0	0	1.53	0	0	0	0.00
36.	Jammu and Kashmir Police Housing Corporation Limited	Home	26 December 1997	2.00	0	0	2.00	0	0	0	0.00

Sl. No.	Sector and Name of PSU	Name of Department	Month and year of Incorporation	Equity at the end of year 2021-22				Long term Loans at the end of year 2021-22			
				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)
37.	Jammu Smart City Limited	Urban Development	08 September 2017	0.10	0	0	0.10	0	0	0	0.00
38.	Srinagar Smart City Limited	Urban Development	08 September 2017	0.10	0	0	0.10	0	0	0	0.00
39.	Jammu Mass Rapid Transit Corporation Pvt. limited	Urban Development	12 March 2019	0.02	0	0	0.02	0	0	0	0.00
40.	Srinagar Mass Rapid Transit Corporation Pvt. limited	Urban Development	13 March 2019	0.02	0	0	0.02	0	0	0	0.00
	Total I D			**3.77**	**0**	**0**	**3.77**	**0**	**0**	**0**	**0**
	II. Inactive Companies										
41.	Jammu and Kashmir Road Development Corporation Limited	Public Works	31 March 2014	5.00	0	0	5.00	0	0	0	0.00
42.	Jammu and Kashmir International Trade Centre Corporation Limited	Industries and Commerce	01 February 2014	48.00	0	0	48.00	NA	NA	NA	NA
	Total II D			**53.00**			**53.00**				
	Total D (I+II)			**56.77**	**0**	**0**	**56.77**				
	Grand Total (A+B+C+D)			**3,569.41**	**52.27**	**3,535.82**	**7,157.50**	**1,539.42**	**0.00**	**16,621.43**	**18,160.85**

Source: Compiled based on information received from PSUs)

****This includes ₹100.00 crore share application money pending allotment.***

***** This includes ₹10.96 crore share application money pending allotment.***

Appendix 3.3.3

(Referred to in Paragraph: 3.6)

Statement showing position of GoJ&K investment in working PSUs accounts of which are in arrears as of 30 September 2022

(₹ 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	2018-19	3.54	3	0	0	0	0	0
2	J&K Horticultural Produce Marketing and Processing Corporation Limited	2016-17	9.20	5	0.80	14.90	10.00	0	25.70
3	J&K Small Scale Industries Development Corporation Limited	2016-17	3.12	5	0	0	1.37	0	1.37
4	J&K State Industrial Development Corporation Limited	2013-14	17.64	8	0	0	272.58	0	272.58
5	J&K Project Construction Corporation Limited	2018-19	1.97	3	0	0	0	0	0
6	J&K Police Housing Corporation Limited	2014-15	2.00	7	0	0	0	0	0
7	J&K Handloom Development Corporation Limited	2018-19	4.99	3	0	8.90	11.80	0	20.70
8	J&K Handicrafts (Sale and Export) Development Corporation Limited	2018-19	8.52	3	0	11.25	15.89	0	27.14
9	J&K Industries Limited	2018-19	16.27	3	0	0	38.90	0	38.90
10	J&K Minerals Limited	2010-11	8.00	11	0	12.69	39.34	0	52.03
11	J&K Tourism Development Corporation Limited	2019-20	15.96	2	0	0	13.56	0	13.56
12	J&K Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited	2018-19	47.37	3	2.40	21.55	1.10	0	25.05
13	J&K Women's Development Corporation Limited	2020-21	10.00	1	0	3.00	0	0	3.00
14	J&K Cements Limited	2011-12	45.77	10	0	5.82	2.63	0	8.45
15	J&K Cable Car Corporation Limited	2013-14	23.57	8	0	0	26.19	0	26.19
16	J&K Overseas Employment Corporation Limited	2010-11	2.56	11	0	0	0	0	0
17	J&K Infrastructure Development Finance Corporation Limited	2019-20	0.50	2	0	0	337.26	0	337.26
18	J&K I.T. Infrastructure Development Private Limited	2020-21	0.50	1	0	0	0	0	0
19	J&K Trade Promotion Organization	2020-21	5.23	1	0	0.63	0	0	0.63

Sl. No.	Name of the Public Sector Undertakings	Year up to which	Paid-up capital	Period of accounts	Investment made by Government of J&K during the period for which accounts are in arrears				
20	J&K Power Development Corporation Limited	2015-16	5.00	6	0	0	743.86	0	743.86
21	J&K Power Transmission Corporation Limited	2018-19	0.05	3	0.05	0	427.07	0	427.12
22	Kashmir Power Distribution Corporation Limited	2018-19	0	3	0	0	1,196.02	450.00	1,646.02
23	J&K Forest Development Corporation Ltd.	2019-20	9.03	2	0	0	0	0	0
24	Srinagar Smart City Limited	2018-19	0.10	3	0	0	84.20	0	84.2
25	J&K Power Corporation Limited	2018-19	0.05	3	0.05	0	4,165.26	0	4,165.31
26	Jammu Power Distribution Corporation Limited	2018-19	0	3	0.05	0	1,095.57	1,050.00	2,145.62
27	Jammu Smart City Limited	2019-20	0	2	0.10	0	106.27	0	106.37
28	J&K Medical Supplies Corporation Limited	*	*	8	0	0	0	0	0
29	AIC-Jammu and Kashmir EDI Foundation+	*	*	4	0	0	0	0	0
30	Jammu Mass Rapid Transit Corporation Private Limited	*	*	3	0	0	0	0	0
31	Srinagar Mass Rapid Transit Corporation Private Limited	*	*	3	0	0	0	0	0
	Total A		**240.94**	**133**	**3.45**	**78.74**	**8,588.87**	**1,500.00**	**10,171.06**
B	**Working Statutory Corporations**								
32	J&K State Road Transport Corporation	2018-19	207.96	3	146.96	105.50	0	0	252.46
33	J&K and Ladakh Financial Corporation	2018-19	172.89	3	0	5.55	0	0	5.55
	Total B		**380.85**	**6**	**146.96**	**111.05**	**0**	**0**	**258.01**
	Total (A+B)		**621.79**	**139**	**150.41**	**189.79**	**8,588.87**	**1,500.00**	**10,429.07**

(Source: Latest finalised 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 2021-22

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SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India for the period ended March 2022

Government of Union Territory of Jammu and Kashmir

Report No. 6 of 2025

(Composite Audit Report - Civil)

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PREFACE

This Report of Comptroller and Auditor General of India for the period ended March 2022 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act, 2019 for laying in the Legislative Assembly.

This Report contains three Chapters. Chapter-I gives brief profile on receipts and expenditure of the Government of Union Territory of Jammu and Kashmir. Chapter-II and Chapter-III present significant audit findings noticed during Performance Audit and Compliance Audit of various Government Departments.

The instances mentioned in this Report are those which came to the notice in the course of test audit during 2021-22 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 2021-22 have also been included, wherever necessary. The Report has been updated as per replies received up to February 2025.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

About the Report

This Report covers matters arising out of the Performance Audit and Compliance Audit of the Departments of Government of Union Territory (UT) of Jammu and Kashmir (J&K). The Report has been organised in three chapters as under:

Chapter- I: Introduction

This Chapter contains brief profile of the J&K UT Government with receipts/ expenditure for the year 2021-22, the authority for audit, audit jurisdiction, planning and conduct of audit. This report also covers response of the Government to various audit products namely Inspection Reports, audit observations/ paragraphs and follow-up action on the Audit Reports.

Chapter-II: Performance Audit

This chapter covers Performance Audit on "Direct Benefit Transfer (DBT) in Integrated Social Security Scheme (ISSS)".

During 2018-19 to 2021-22, ₹ 10,849.32 crore (Cash and Kind) was paid via DBT mode to 3,77,30,264 beneficiaries. Of the cash transfers of ₹ 10,649.32 crore, an amount of ₹ 4,362.33 crore (41 *per cent*) was transferred by the Social Welfare Department (SWD) to beneficiaries through 28 schemes.

Under Integrated Social Security Scheme (ISSS), ₹ 1,000 is provided as Old Age Pension (OAP) to men above 60 years and women above 55 years of age, Women in Distress (WID) i.e. Widow and Divorcee women above 40 years, Physically Challenged Persons (PCP) and Transgender Community (TG). During 2018-2022, Social Welfare Department (SWD) transferred ₹ 1,974.01 crore (45 *per cent* of ₹ 4,362.33 crore) to the beneficiaries through DBT under ISSS.

Social Welfare Department had not followed the Standard Operating Procedure outlined for DBT and was not able to eliminate the intermediaries for transfer of pension assistance to beneficiaries. The Department did not transfer the benefits directly to the bank accounts of beneficiaries as the Treasury Officer, to whom the bills were submitted by Director, Social Welfare Department (DSWD) transferred the amount into the DDO bank account of DSWD.

The Protocol Document prescribed by the GoI for DBT in States provides for Aadhaar seeding of beneficiary database so that benefit could be transferred directly into bank accounts, preferably Aadhaar linked bank accounts of beneficiaries. Despite instructions of Finance Department (June 2020) to ensure authentication of beneficiaries by linking bank accounts with their Aadhaar number, it was noticed that

as of October 2022, only 6,29,684 (70 *per cent*) out of 9,02,151 ISSS beneficiaries bank accounts of beneficiaries were Aadhaar linked. In six test-checked Districts, shortfall in Aadhaar linking of bank accounts of beneficiaries ranged between 02 *per cent* (Budgam) and 40 *per cent* (Rajouri).

No review to check the completeness, authenticity and correctness of the legacy data was conducted after uploading the beneficiaries' data in Application software. The data had been uploaded on the portal after delay ranging between 02 months and 38 months, resulting in delayed payment of benefits.

The main purposes of integrating the Centrally Sponsored Schemes/ UT Specific Schemes with PFMS were real-time monitoring and tracking of fund flow from the Government to the end beneficiary, reducing leakages by facilitation of direct transfer of benefits to beneficiaries' bank accounts and maintaining a comprehensive audit trail of every financial transaction. Finance Department, GoJ&K instructed (June 2020) all Administrative Secretaries to create user agencies on the PFMS portal for all the Centrally Sponsored/ UT Specific Schemes implemented by the respective Departments by the end of June 2020. Despite Finance Department instructions, due to non-integration, Department of Social Welfare could not get the advantage of better monitoring & tracking and reducing leakage of DBT beneficiaries' accounts.

The SWD was required to maintain records showing initial date of sanction of pension in favour of beneficiaries. Audit noticed in six test-checked Districts that in violation of the Rules, no such records had been maintained by the Department.

As per Rule 6 (5) of ISSS Guidelines, pension was to be disbursed monthly to the beneficiaries. Audit noticed that there was delay of 04 months to 134 months in sanction of 26,135 cases out of test-checked 27,195 cases in five out of six test-checked District offices (no details had been maintained in District Rajouri).

Audit noticed cases of duplicate records of beneficiaries, non-exclusion of ineligible beneficiaries, payment of financial assistance to same beneficiaries under more than one scheme and payments to ineligible beneficiaries.

Mechanism for identification of deceased beneficiaries to ensure discontinuance of financial assistance after demise was absent in the Social Welfare Department.

Audit noticed in four out of six test-checked Districts, ₹ 1.41 crore was recovered (December 2018 to March 2022) from the bank accounts of deceased beneficiaries and credited into the bank accounts of the respective DSWOs. This fact was not communicated to the higher authorities in contravention to Rule 2.59 of J&K Financial Code Vol-I. The amount was held in the DDO bank accounts and was not credited into proper head of Government account.

Recommendations

- *Department needs to complete the process of linking the Aadhaar Card details of beneficiaries with their bank accounts on priority.*
- *There is a need to carry out comprehensive review of data of beneficiaries including the legacy data already ported in application to ensure its completeness, authenticity and correctness.*
- *Department should comply with instructions of Finance Department on PFMS for better monitoring and tracking.*
- *Social Welfare Department may examine the failed transactions reported by respective banks expeditiously.*
- *Beneficiaries' data need to be integrated with the death data available with the Registrar General of India to ensure discontinuance of financial assistance in respect of deceased beneficiaries.*

Chapter-III: Compliance Audit

This chapter covers two Compliance Audit topics. The major findings of these topics are as follows:

(i) Compliance Audit on "Solid Waste Management in Urban Local Bodies (ULBs)"

The SSCA on Solid Waste Management (SWM) in ULBs covered the period 2017-18 to 2021-22. It entailed examination (October 2022 to March 2023) of the records relating to SWM in the Administrative Department i.e. Housing & Urban Development Department (H&UDD), Mission Director, Swacch Bharat Mission (SBM), Directors of Urban Local Bodies (ULBs), Jammu/ Kashmir and 15 ULBs out of 76 ULBs selected on the basis of Probability proportional to size without Replacement method. The significant findings are as follows:

GoJ&K had not prepared any policy/ action plan/ strategy for implementation of Reduce, Reuse and Recycle (3 Rs) in respect of solid waste.

During 2017-22, only 31 *per cent* to 39 *per cent* of collected waste was treated leaving a major portion of solid waste dumped at landfill/ dumping sites, carrying the risk of harmful impact on the environment.

Solid waste Processing facilities such as Waste to Energy Plant, Leachate Treatment Plant, City Compost Plant, Waste Disposer Machine and Bailing machine remained non-functional in various ULBs of the State/ UT.

In 17 ULBs, segregation of waste at source/ house was not being carried out during 2017-22. In 11 ULBs, coverage of door-to-door collection of solid waste from households and commercial establishments was partial. Three ULBs had not carried out door-to-door collection of waste.

In 17 sampled ULBs, there was shortfall in collection of user charges. Besides, two ULBs (MC Hiranagar and MC Rajouri) were dumping solid waste unauthorisedly and unscientifically.

No processing/ treatment facilities were in place at the waste dumping sites of 15 ULBs, as such the waste was being dumped without modifying its physical, chemical or biological characteristics resulting in potential danger to the environment.

In 17 sampled ULBs, shortage of Manpower ranged between 9.25 *per cent* (Bijbehara) and 75 *per cent* (Langate).

Jammu & Kashmir Pollution Control Committee (J&KPCC) had not conducted any air quality assessment in respect of landfills/ dumpsites and had not assessed the risk of contamination of ground water near landfill/ dumping sites.

Recommendations

- *ULBs may ensure that waste is actually segregated at source. ULBs should ensure 100 per cent collection of solid waste from households/ commercial establishments etc.*
- *ULBs should take measures to collect user charges from all households/ commercial establishments.*
- *ULBs may put in place facilities for processing/ treatment of solid waste at dumping sites to modify its physical, chemical or biological characteristics so that no harm is caused to the environment.*
- *J&KPCC may conduct air quality assessment in respect of landfills/ dumpsites and assess risk of contamination of ground water, rivers and streams near landfill/ dumping sites.*

(ii) Compliance Audit on Central Road Infrastructure Fund (CRIF)

Between 2000-01 and 2018-19, 292 projects were sanctioned out of which 117 projects were completed as of March 2022.

Out of 208 projects sanctioned under CRIF during 2000-2001 to 2016-2017, only 115 (55 *per cent*) projects were completed. These projects were scheduled for completion between 2003-04 and 2019-20.

Projects were not prioritised by the Department which resulted in not completing ongoing as well as new projects as of March 2022.

Bids of 75 projects were seriously unbalanced i.e. they were below the advertised cost of works in the range of 15 to 42 *per cent*. Of these, 24 projects amounting to ₹ 214.83 crore were allotted whose bids were liable to be cancelled. Performance security and additional performance security of only ₹ 81.38 crore were obtained against actual of ₹ 121.98 crore in respect of 104 contracts executed during March 2012 to April 2022.

Out of 76 sanctioned projects (2005-06 to 2018-19), 66 projects were sanctioned before completion of land acquisition and shifting of utility services and 24 projects were sanctioned without forest clearance. Execution of 72 projects was taken up without grant of Technical Sanction. Quantities of WBM-II, WBM-III/ WMM[1] laid were in excess of quantities required to be laid in respect of widened portions of roads resulting in extra avoidable expenditure of ₹ 3.67 crore in respect of 11 CRIF road projects.

Provisions of Indian Road Congress (IRC) relating to width of road formation and carriageway were not adhered to in 17 projects which led to additional financial burden of ₹ 60.80 crore on Government exchequer.

Scope of four projects were changed during execution without obtaining approval of the competent authorities of GoI/ GoJ&K.

Recommendations

- *Prioritising the completion of ongoing projects rather than proposing new ones, in view of the fixed allocation under CRIF*.
- *Ensuring that only those projects with encumbrance-free sites are proposed for sanction under CRIF and Technical Sanction must be assured before execution of projects.*
- *Carrying out proper site surveys before preparation of DPRs to ensure that quantities in the DPR are based on actual site conditions and tender documents are prepared as per the current schedule of rates.*
- *Putting in place a mechanism to monitor the expiry and renewal of Bank Guarantees (BGs) obtained from contractors on account of Performance Guarantee and Additional Performance Guarantee.*

[1] WBM: Water Bound Macadam, WMM: Wet Mix Macadam.

CHAPTER- I

INTRODUCTION

CHAPTER-I

INTRODUCTION

1.1 Budget Profile

There are 36 Departments and 111 Autonomous Bodies in the Union Territory (UT) of Jammu and Kashmir. The position of budget estimates, revised estimates and expenditure of the Union Territory of Jammu and Kashmir during 2021-22 is shown in **Table 1.1**.

Table 1.1: Budget and Expenditure of the UT of Jammu and Kashmir during the year 2021-22

(₹ in crore)

Particulars	2021-22		
	Budget Estimates	Revised Estimates	Actuals
Revenue expenditure			
General Services	30,247.98	30,580.82	29,639.86
Social Services	24,827.89	24,782.07	20,933.14
Economic Services	13,727.93	11,874.01	8,696.33
Grants-in-aid[1] and contributions	0.00	0.00	0.00
Total (1)	**68,803.80**	**67,236.90**	**59,269.33**
Capital expenditure			
Capital Outlay	35,434.47	30,839.41	11,047.04
Loans and advances disbursed	108.90	114.90	73.77
Repayment of Public Debt[2]	26,436.62	41,575.98	41,575.17
Contingency Fund	0.00	0.00	0.00
Public Accounts disbursements[3]	5,110.60	6,605.39	28,543.10
Closing Cash balance	0.00	0.00	1,447.65
Total (2)	**67,090.59**	**79,135.68**	**82,686.73**
Grand Total (1+2)	**1,35,894.39**	**1,46,372.58**	**1,41,956.06**

(Source: Annual Financial Statements and Finance Accounts of the Government of UT of J&K)

1.2 Application of resources of the UT Government

During the year 2021-22, the total expenditure[4] of the Union Territory of Jammu and Kashmir was ₹ 70,390.14 crore. During this period, the Capital Outlay constituted 16 *per cent* of total expenditure.

1.3 Funds transferred directly to Government Departments of UT

During the period 2021-22, various Ministries/ Departments of the Central Government released ₹802.04 crore directly to various Government Departments of

1 Grants-in-aid paid by the UT Government is included in the General, Social and Economic Services.

2 Includes transactions under Ways and Means Advances.

3 Actuals exclude transactions of investment of cash balance and departmental cash balance.

4 Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances.

the Union Territory of Jammu & Kashmir without routing these through UT Budget. Consequently, these amounts remained outside the Budgetary and Accounting system of the UT Government during the year.

1.4 Grants-in-aid from Government of India

The grants-in-aid received from Government of India during 2021-22 is depicted in **Table 1.2.**

Table 1.2: Grants-in-aid from GoI

(₹ in crore)

Particulars	2021-22
Grants for Centrally Sponsored Plan Schemes	6,713.77
Other transfers/ Grants to States/ Union Territories with Legislature	35,977.00
Total	**42,690.77**
Revenue Receipts	59,238.50
Percentage of total grants to Revenue Receipts	72

(Source: Finance Accounts of 2021-22)

During the year 2021-22, the Government of Union Territory of Jammu and Kashmir received ₹ 42,690.77 crore as Grants-in-aid from Government of India, which accounts for 72 *per cent* of Revenue receipts during the period.

1.5 Audit process

The audit process starts with the risk assessment of various Departments, Autonomous Bodies, Schemes/ Projects etc., which takes into account the criticality/ complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings etc. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing the audit findings is issued to the Head of the Office with a request to furnish replies within one month. On receipt of replies, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India (C&AG). The audit findings incorporated in the Audit Report are based only on test-check of the transactions of the Government of Jammu and Kashmir.

During 2021-22, out of 7,487 Drawing and Disbursing Officers (DDOs) in the UT of J&K, compliance audit of 859 was planned and audit of 989 DDOs was conducted by the Office of the Principal Accountant General (Audit), Jammu & Kashmir. Out of 111 Autonomous Bodies (ABs), audit of 12 ABs was planned and conducted during 2021-22.

1.6 Response of Government to Audit Report Paragraphs

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 which have a negative impact on 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 audit paragraphs[5] 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.

Three audit paragraphs[6] proposed to be included in this Composite Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2022 were sent to the Principal Secretaries/ Secretaries of the respective Departments. Replies of Government were received in respect of all the three audit paragraphs and same have been included in the Report.

1.7 Response of Government to Compliance Audit Reports

The Handbook of instructions for speedy settlement of audit observations/ Inspection Reports (IRs) issued by the Government (Finance Department) provides for prompt response by the Executive to IRs issued by the Principal Accountant General (Audit) to ensure remedial/ rectification action in compliance with the prescribed rules and procedures. The heads of 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).

Based on the results of test audit, 47,492 audit observations contained in 10,986 IRs were outstanding for settlement as on 31 March 2022 as given in **Table 1.3.**

Table 1.3: Details showing the audit observations outstanding at the end of 31 March 2022

Name of Sector	Opening Balance[7] (01 April 2021)		Additions during the year 2021-22		Settled during the year 2021-22		Closing Balance (31 March 2022)	
	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
Civil Departments	11,397	50,261	1,280	7,273	1,691	10,042	10,986	47,492

5 Performance Audits, Subject Specific Compliance Audits (SSCAs) and Draft Paragraphs.

6 Includes one Performance Audit and two Subject Specific Compliance Audits.

7 Variation in the closing balance of 31.03.2021 and opening balance of 01.04.2022 is due to the reason that some IRs/paragraphs were transferred to Principal Director of Audit (Central), Chandigarh.

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.

During the year 2021-22, 11 Audit Committee meetings were held in which 255 audit paragraphs were settled.

1.8 Follow-up on Audit Reports

1.8.1 Non-submission of *suo-motu* Action Taken Notes

To ensure accountability of the Executive to the issues dealt with in various Audit Reports, the Government (Finance Department) issued instructions in June 1997 to the Administrative Departments to furnish *suo-motu* Action Taken Notes (ATNs) to the Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU) on all the audit paragraphs featuring in the Audit Reports, irrespective of whether these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Principal Accountant General (Audit) within a period of three months from the date of presentation of Audit Reports in the Legislature.

It was, however, noticed that out of 836[8] audit paragraphs featuring in the Audit Reports from 2000-01 to 2020-21, *suo-motu* ATNs in respect of 472[9] audit paragraphs had not been received up to 31 March 2025.

1.8.2 Action taken on recommendations of the PAC/ COPU

Action Taken Notes, duly vetted by the Principal Accountant General (Audit) on the observations/ recommendations made by the PAC/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 836 audit paragraphs featuring in the Audit Reports for the years from 2000-01 to 2020-21, only 329[10] audit paragraphs have been discussed by the PAC and COPU up to 31 March 2025. Recommendations in respect of 306[11] audit paragraphs have been made by the PAC/ COPU. However, ATNs on the recommendations of the PAC/ COPU are pending from the Government in respect of 228[12] audit paragraphs.

8 Civil: 589; Revenue:143; PSUs: 104
9 Civil: 309; Revenue: 126; PSUs: 37
10 Civil: 245; Revenue: 17; PSUs: 67
11 Civil: 223; Revenue: 17; PSUs: 66
12 Civil: 165; Revenue: 13; PSUs: 50

CHAPTER- II

PERFORMANCE AUDIT

CHAPTER-II

PERFORMANCE AUDIT

Social Welfare Department

2.1 Performance Audit on "Direct Benefit Transfer in Integrated Social Security Scheme (ISSS)"

2.1.1 Introduction

Direct Benefit Transfer (DBT) is a major reform initiative launched by the Government of India on 1st January 2013 to re-engineer the existing delivery of benefits to the people using modern Information and Communication Technology (ICT) applications. It is an attempt at providing timely benefits to the people by using Aadhaar number as a unique identifier, ensuring greater transparency/ accountability and curbing the role of middlemen. The Scheme envisages identification of eligible beneficiaries of Government schemes and removal of ineligible beneficiaries. Electronic transfer of benefits directly to bank accounts of beneficiaries minimises levels involved in benefit flow and reduces delay in payments.

2.1.1.2 Status of Direct Benefit Transfer in the erstwhile State/ UT

In accordance with DBT Mission Guidelines regarding adoption of the DBT framework in the erstwhile State/ UT level, a DBT Cell was constituted (September 2017) in the Finance Department of Government of Jammu and Kashmir (GoJ&K) under the chairmanship of Director General Accounts and Treasuries (DGA&T) and Deputy Director, Budget as Member Secretary to put all the schemes implemented by various Departments on the DBT Bharat portal which includes data of beneficiaries of all States/ UTs.

2.1.1.3 Physical and Financial Status of DBT schemes in the erstwhile State/ UT

There are 100 on-boarded Government schemes and programmes comprising 74 Centrally Sponsored Schemes (CSSs) and 26 erstwhile State/ UT Specific Schemes being operated by 18 Departments of the UT Government where under the entitlements like Government subsidies, benefits and services are being transferred to intended beneficiaries by DBT using National Informatics Centre (NIC) platform.

Information/ Data of DBT schemes implemented by 18 Departments of UT Government ported (December 2022) from DBT Portal is detailed in **Table 2.1.1.**

Table 2.1.1: DBT schemes implemented by 18 Departments of erstwhile State/ UT Government of J&K

Year	Cash Transfer (A)			
	No of Schemes	No of Programme Implementing Departments	No of Beneficiaries	Amount Transferred (₹ in crore)
2018-19	74	18	53,82,370	3,178.73
2019-20	74	18	38,54,903	1,696.53
2020-21	74	18	57,98,606	3,284.47
2021-22	74	18	67,23,630	2,490.06
Total (A)			**2,17,59,509**	**10,649.79**
In-Kind Transfer (B)				
2018-19	13	6	81,95,023	6.66
2019-20	13	6	2,34,755	32.70
2020-21	13	6	49,11,511	24.40
2021-22	13	6	15,853	28.46
Total (B)			**1,33,57,142**	**92.22**
Cash and In-Kind Transfer (C)				
2018-19	13	6	19,008	8.58
2019-20	13	6	9,12,558	7.93
2020-21	13	6	8,37,445	27.14
2021-22	13	6	8,44,602	63.66
Total (C)			**26,13,613**	**107.31**
Total A+B+C			**3,77,30,264**	**10,849.32**

The **Table 2.1.1** shows that ₹ 10,849.32 crore (Cash and Kind)[1] was paid via DBT mode to 3,77,30,264 beneficiaries during 2018-19 to 2021-22. Out of 100[2] schemes, 74 are cash bound schemes under which benefit of ₹ 10,649.79 crore was transferred by 18 Departments to 2,17,59,509 beneficiaries during the period 2018-2022. Out of ₹ 10,649.79 crore, ₹ 4,362.33 crore (41 *per cent*) was transferred by the Social Welfare Department (SWD) to beneficiaries through 28 schemes including payment of pension under National Social Assistance Programme (NSAP) through IGNOAPS[3], a CSS where Central Assistance to States/ UT is determined on the basis of Below Poverty Line (BPL) population of the State as per the Census of 2001 and the poverty ratio is determined by the Planning Commission. In view of the limitation of fund available, if there are more deserving beneficiaries, the State has the option to give them pension from its own resources.

The GoJ&K was paying pension/ assistance to old age persons/ widows and transgenders through Integrated Social Security scheme (ISSS) since 1994. ISSS is 100 *per cent* financed by the GoJ&K. Out of ₹ 4,362.33 crore transferred by SWD to

[1] Cash is transferred directly into bank account of beneficiaries and in-kind benefit is provided by Government through service providers/ suppliers.

[2] Cash bound schemes: 74; In-kind schemes: 13 and Cash-in and in-kind schemes: 13

[3] 'Indira Gandhi National Old Age Pension Scheme' (IGNOAPS) under the Umbrella scheme 'NSAP'.

beneficiaries during 2018-2022, ₹ 1,974.01 crore (45 *per cent*) was transferred to the beneficiaries through DBT under ISSS. SWD started (December 2018) DBT under ISSS with the aim of reforming Government delivery system for simpler and faster flow of information and funds and for reduction of fraud.

2.1.2 Audit Framework

2.1.2.1 Selection of Department and Scheme

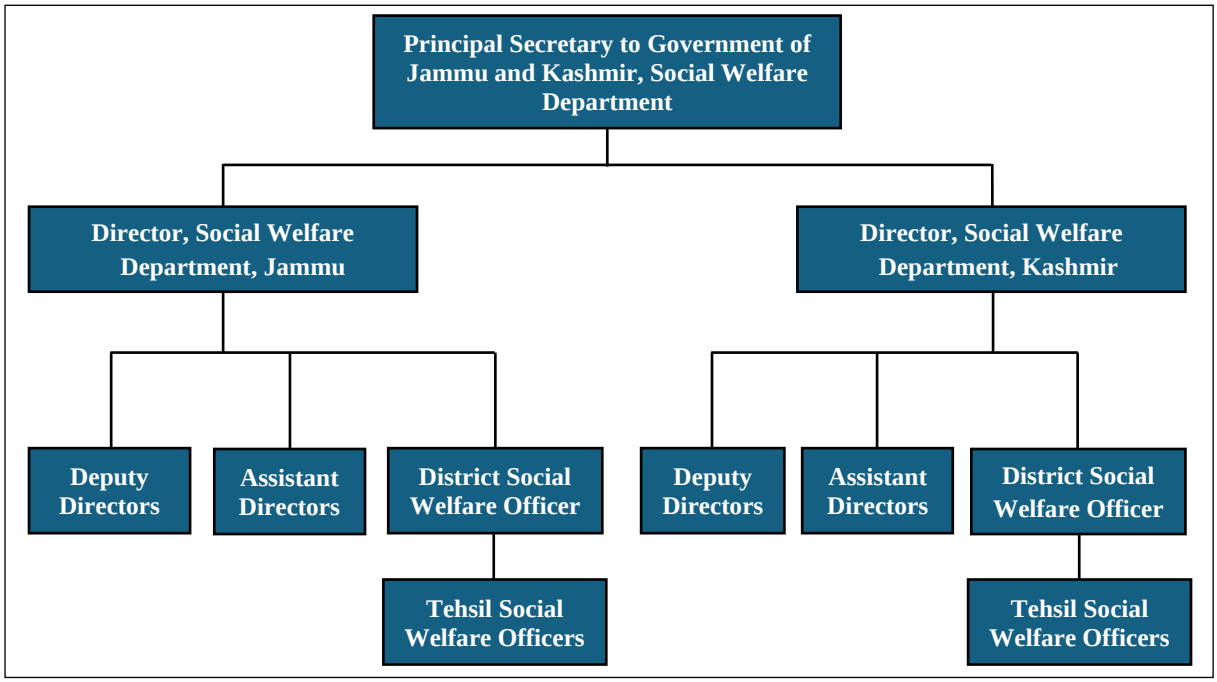
Under Integrated Social Security Scheme (ISSS), ₹ 1,000 is provided as Old Age Pension (OAP) to men above 60 years and women above 55 years of age, Women in Distress (WID) i.e. Widow and Divorcee women above 40 years, Physically Challenged Persons (PCP) and Transgender Community (TG) whose gender identity does not match with their sex assigned at birth.

Considering the criticality of escalating financial outlays and its relative impact on social security schemes which aim at providing monthly financial support to alleviate economic deprivation of marginalised and weaker sections of the community, ISSS was selected on the basis of quantum of expenditure[4] incurred under the Scheme for conducting the Performance Audit of DBT (cash transfer).

2.1.2.2 Organisational Setup

The organisational Setup of Social Welfare Department responsible for implementation of ISSS is indicated in **Chart No: 2.1.1.**

Chart 2.1.1: - Organisational Setup



(Source: Departmental Data)

[4] Out of five erstwhile State Sponsored DBT Schemes involving expenditure of ₹ 4,362.33 crore during 2018-19 to 2021-22, expenditure in respect of ISSS was ₹ 1,974.01 crore (45 *per cent*) as such ISSS was selected for Performance Audit.

2.1.2.3 Audit Objectives

The broad objectives of Performance Audit were to assess:

- Whether the scheme was planned efficiently to cover all the eligible beneficiaries and to exclude ineligible beneficiaries;
- Whether the ISSS scheme was fully digitised with end-to-end IT solutions with necessary re-engineering;
- Whether overall financial management of the scheme ensured timely availability and release of funds to the implementing agency for disbursal to the beneficiaries in a time bound manner; and
- Whether effective control mechanisms existed to avoid duplication in payments and for monitoring the scheme.

2.1.2.4 Audit Coverage, Scope and Methodology

Performance Audit of DBT in respect of implementation of ISSS covering the period from December 2018[5] to March 2022 was conducted by check of data dump of all beneficiaries of ISSS in the erstwhile State/ UT provided by Centre for Development of Advance Computing[6] (C-DAC) and test-check (April 2022 to September 2022) of records of 27,195 cases in six selected Districts[7] out of 20 Districts in the UT of Jammu and Kashmir and in two *Tehsils* selected in each selected District. Districts and *Tehsils* were selected by simple random sampling without replacement method on the basis of number of beneficiaries. Audit also carried out survey of 1,200 beneficiaries in 12 Tehsils of six selected Districts.

An Entry Conference was held with the Commissioner/ Secretary to Government, Social Welfare Department, GoJ&K on 21 February 2022, wherein the objectives, scope, criteria and methodology of audit were discussed. Audit findings were discussed in an Exit Conference held with the Commissioner Secretary to Government, Social Welfare Department, GoJ&K on 22 December 2022. Replies provided by the Department in September 2024 and February 2025 have been incorporated in this report at relevant places.

2.1.2.5 Audit Criteria

Audit criteria were derived from the following:

- Jammu and Kashmir Integrated Social Security Scheme (ISSS) 1994, Rules;
- Jammu and Kashmir Financial Code;
- General Financial Rules, 2017; and

5 Start of DBT under ISSS in J&K.
6 Implementing agency for creation and maintenance of erstwhile State portal for 27 e-services.
7 Jammu, Kathua, Rajouri, Baramulla, Budgam and Kupwara.

- Erstwhile State Government Orders/ instructions, departmental instructions and manuals and Public Financial Management System/ DBT related orders and instructions regarding implementing, monitoring and evaluating the scheme.

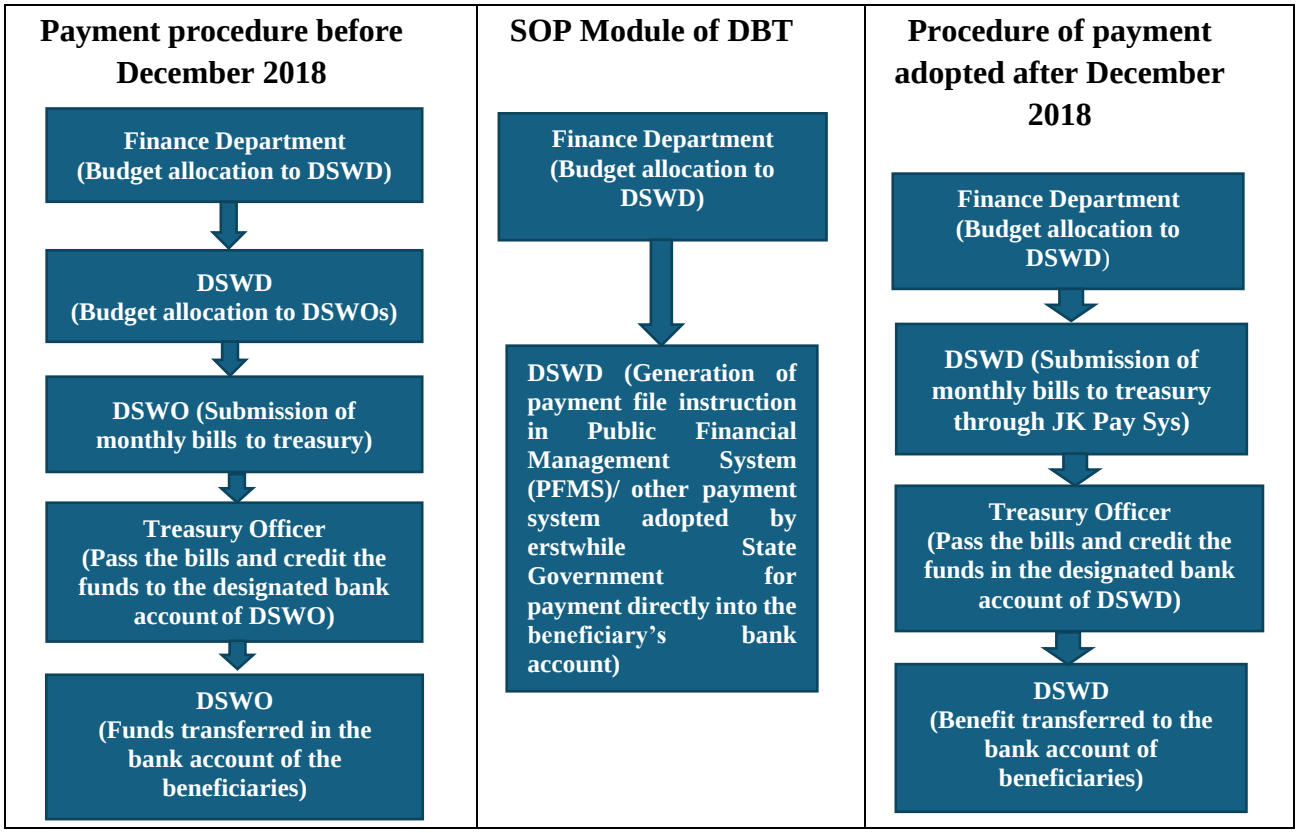
2.1.3 Implementation of Direct Benefit Transfer in respect of ISSS

2.1.3.1 Intermediary Levels not Minimised

According to Rule 87 of the General Financial Rules 2017, benefits should be transferred directly to beneficiaries under various Government Schemes and Programmes using Information and Communication Technology (ICT). Necessary process re-engineering to minimise intermediary levels, to prevent pilferage and duplication in payments and to reduce delay in payments to intended beneficiaries should be put in place.

Payment procedure followed by SWD before December 2018, payment process required to be followed by the GoJ&K as per Standard Operating Procedure (SOP) of DBT after deciding (December 2018) to transfer benefits to ISSS beneficiaries by DBT and procedure actually adopted by SWD after December 2018 is detailed in the **Flowchart 2.1.2.**

Flowchart 2.1.2: Procedure followed by SWD for payments under ISSS before and after introduction of DBT



(DSWD: Director, Social Welfare Department; DSWO: District Social Welfare Officer, PFMS: Public Financial Management System, PaySys: Payment Systems)
(Source: Departmental Data)

It can be seen from the **flowchart 2.1.2** that the SWD had not followed the SOP of DBT and was not able to eliminate the intermediaries for transfer of pension assistance to beneficiaries. The Department did not transfer the benefits directly to the bank accounts of beneficiaries as the Treasury Officer, to whom the bills were submitted by DSWDs transfers the amount into the DDO bank account of DSWD.

Social Welfare Department stated (September 2024) that after Government advised to make all disbursements at the Directorate level from the year 2018, involvement of all *tehsil* and District level offices was accordingly regulated in accordance with SOP module of DBT. The reply furnished did not specifically address the observation of reducing the intermediary steps.

2.1.3.2 Budget Allotment and Expenditure

The position of funds allotted for ISSS and expenditure incurred during 2018-22 is given in **Table 2.1.2.**

Table: 2.1.2 Details of budget allotment and expenditure incurred under ISSS during 2018-22

(₹ in crore)

Year	Allotment		Total	Expenditure		Total	Amounts lapsed (percentage)
	Jammu	Kashmir		Jammu	Kashmir		
2018-19	278.99	295.48	574.47	202.27	225.33	427.60	146.87 (26)
2019-20	378.42	354.37	732.79	273.78	354.37	628.15	104.64 (14)
2020-21	476.94	489.90	966.84	323.62	421.22	744.84	222.00 (23)
2021-22	510.65	531.10	1,041.75	410.55	490.99	901.54	140.21 (13)
Total	**1,645.00**	**1,670.85**	**3,315.85**	**1,210.22**	**1,491.91**	**2,702.13**	**613.72**

(Source: Departmental data)

Against release of ₹ 3,315.85 crore for ISSS, expenditure of ₹ 2,702.13 crore was incurred by SWD during 2018-19 to 2021-22. Yearly lapse of funds under the scheme ranged between 13 *per cent* and 26 *per cent.* Despite availability of funds there was delay in payments and denial of payments to the beneficiaries as detailed in **Paragraphs 2.1.4.1** and **2.1.4.2** respectively. Lapse of funds was also indicative of the fact that correct annual plans and perspective plans were not prepared at the apex level.

Social Welfare Department stated (September 2024) that under the scheme number of future beneficiaries are unpredictable due to which budgetary estimates are projected on higher side for coverage of additional beneficiaries. It added that weeded out beneficiaries due to death, remarriage and change in financial status are replaced by fresh sanctions eliminating chances of underutilisation of funds with minimum chances of denial of benefits to the eligible beneficiaries. The reply could be seen in light of the fact that every year the undisbursed amount was more than ₹ 100 crore.

2.1.3.3 Digitisation of Beneficiaries

With the objective of providing a single window access to the information and services (including ISSS) provided by the Administration of UT of J&K, the Information

Technology Department, GoJ&K appointed (February 2011), C-DAC, Mumbai (Premier Research and Development Organisation of Ministry of Electronics and Information Technology, GoI) for design and development of the State portal and Electronic Form Application. The State portal was launched in J&K in September 2014. C-DAC is the implementing agency for creation and maintenance of State portal for 27 e-services.

Social Welfare Department (SWD) approached (December 2015) the Information Technology Department, GoJ&K for online submission of applications and registration of beneficiaries of ISSS under State Services Delivery Gateway[8] (SSDG) for implementation by J&K e-Governance Agency (JaKeGA) through Centre for Development of Advanced Computing (C-DAC). The scheme was rolled out in March 2019.

Details of ISSS beneficiaries uploaded on the State portal by DSWOs during 2018-19 to 2021-22 are given in **Table 2.1.3.**

Table: 2.1.3: Details of ISSS beneficiaries uploaded on the State portal during 2018-19 to 2021-22

Pension category	Position as on March 2022		Total
	Jammu	Kashmir	
Old Age Pension (OAP)	2,56,795	2,84,384	5,41,179
Physically Challenged Pension (PCP)	92,956	94,847	1,87,803
Widow (WID)	67,090	1,06,017	1,73,107
Transgender (TG)	0	62	62
Total	**4,16,841**	**4,85,310**	**9,02,151**

(*Source: Departmental data*)

2.1.3.4 Uploading of Legacy Data

Audit analysis of the database of SWD revealed that there were 4,35,960 ISSS beneficiaries in the UT receiving pension before introduction (December 2018) of DBT mode of payments. The SWD was to upload data of all existing beneficiaries as of December 2018 on the State portal for timely disbursement of pension. Audit noticed that:

- The data had been uploaded on the portal after delay[9] ranging between 02 months and 38 months. Delay in uploading data on the State portal had resulted in delay in payment of pension to the beneficiaries defeating the purpose of providing social security in the form of income support to the beneficiaries on monthly basis.

[8] SSDG is a middleware platform or infrastructure that acts as a bridge between National e-Governance Service Delivery Gateway (NSDG) and various State level e-Governance applications to ensure faster delivery of Government services to citizens. It is supposed to handle a large number of transactions and also keep a track and time stamping of all these transactions of State Government.

[9] Jammu: 1,84,540 beneficiaries, delay 02 to 38 months; and Kashmir: 2,51,420 beneficiaries, delay 01 to 11 months.

- No review had been conducted by the Department to check completeness and correctness of data to determine whether details of all eligible beneficiaries had been uploaded on the portal and death/ remarriage cases had been weeded out.

- In six selected Districts, payments to beneficiaries were being made by Directorates of Jammu and Kashmir on the basis of database maintained by C-DAC, which was not accurate as payments had been made to ineligible beneficiaries as detailed in **Paragraph 2.1.5.**

While accepting the audit observation, Social Welfare Department stated (September 2024) that uploading of huge number of beneficiaries with full details for implementation of DBT in ISSS at initial stage with imperfect/ unsound technical system was a huge task due to which there might have been some delay in timely disbursement of assistance among the beneficiaries.

2.1.3.5 Linking of Aadhaar Number with Beneficiary Account

The Protocol Document prescribed by the GoI for DBT in States provides for Aadhaar seeding[10] of beneficiary database so that benefit could be transferred directly into bank accounts, preferably Aadhaar linked bank accounts of beneficiaries.

Finance Department, GoJ&K instructed (June 2020) the SWD to ensure authentication of beneficiaries by linking bank accounts with their Aadhaar number.

Audit noticed that out of 9,02,151 ISSS beneficiaries in the erstwhile State/ UT of J&K as of October 2022, bank accounts of only 6,29,684 (70 *per cent*) beneficiaries were Aadhaar linked.

Shortfall in linking of beneficiary database with Aadhaar number carries a risk of payments to ineligible beneficiaries [like payment of pension to beneficiaries who had not attained prescribed age **(Paragraph 2.1.5.1)**, double/ triple Payments to the same beneficiary **(Paragraph 2.1.5.2)**, payment of pension to beneficiaries without seeking required documents **(Paragraph 2.1.5.3)**, benefits credited into wrong bank accounts **(Paragraph 2.1.5.4)**, payment into accounts of deceased beneficiaries **(Paragraph 2.1.5.6)**] as detailed in succeeding Paragraphs.

In six test-checked Districts, shortfall in Aadhaar linking of bank accounts of beneficiaries ranged between 02 *per cent* (Budgam) and 40 *per cent* (Rajouri) as detailed in **Table 2.1.4.**

[10] Aadhaar seeding is the process of linking an individual's Aadhaar number to their bank account or other essential services like mobile number or PAN card.

Table 2.1.4: Number of beneficiaries whose bank accounts were linked with Aadhaar numbers in six test-checked Districts

(Number in lakh)

Sl. No	Name of district	OAP		WID		PCP		Total		
		Beneficiaries digitized	Aadhaar linked	Beneficiaries digitized	Aadhaar linked	Beneficiaries digitized	Aadhaar linked	Beneficiaries digitized	Aadhaar linked	Percentage
1.	Jammu	0.73	0.56	0.19	0.13	0.14	0.09	1.06	0.78	74
2.	Kathua	0.32	0.22	0.07	0.05	0.09	0.06	0.48	0.33	69
3.	Rajouri	0.35	0.22	0.09	0.05	0.14	0.08	0.58	0.35	60
4.	Baramulla	0.50	0.42	0.16	0.13	0.14	0.11	0.80	0.66	83
5.	Budgam	0.39	0.39	0.12	0.12	0.10	0.09	0.61	0.60	98
6.	Kupwara	0.47	0.46	0.13	0.12	0.19	0.18	0.79	0.76	96
Total		**2.76**	**2.27**	**0.76**	**0.60**	**0.80**	**0.61**	**4.32**	**3.48**	**80**

(OAP: Old Age Pension; WID: Widow/ Women in Distress; PCP: Physically Challenged Persons)
(Source: Departmental data)

Social Welfare Department stated (September 2024) that in terms of Government Order (August 2021), payments are now only disbursed to Aadhaar seeded bank accounts of the beneficiaries.

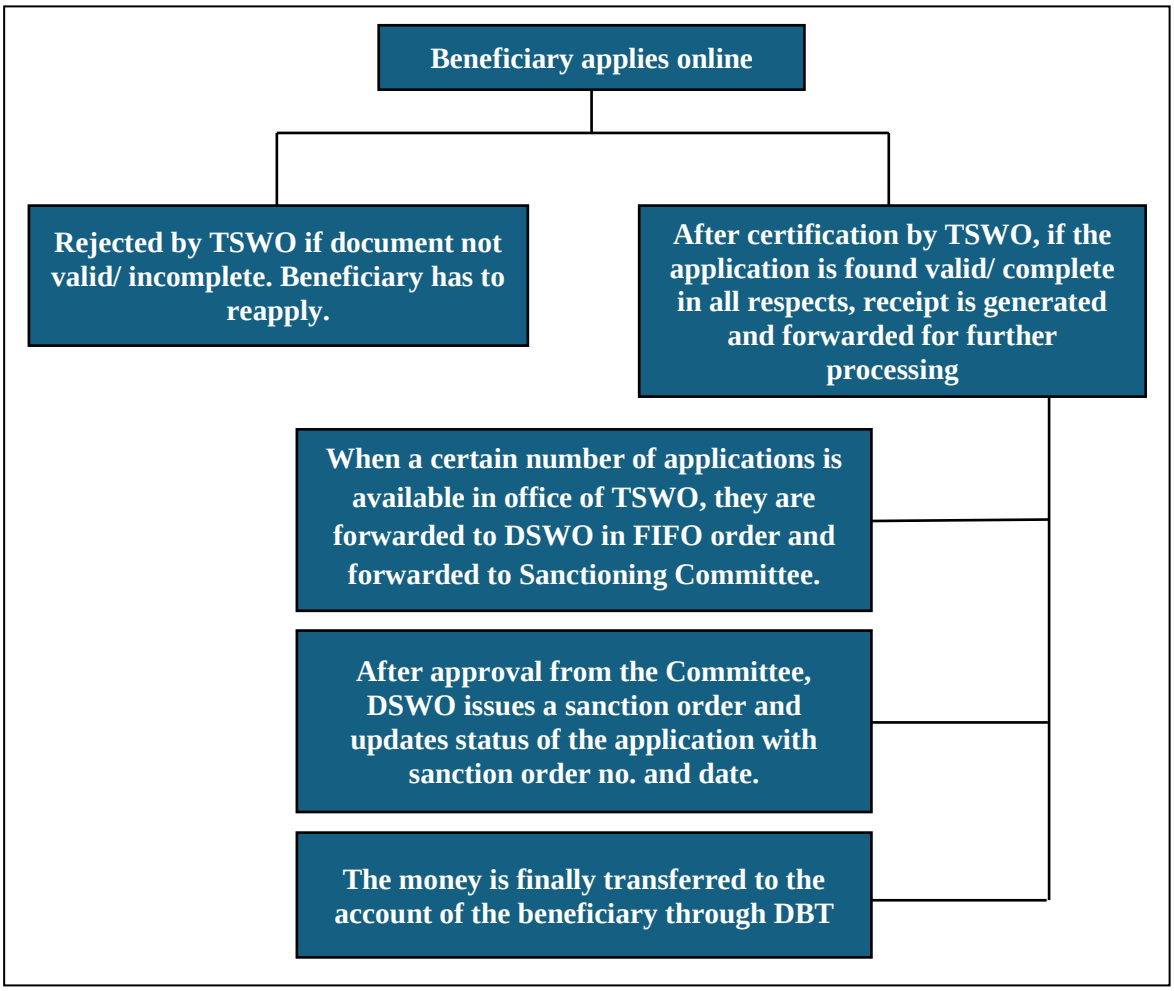
2.1.3.6 Partial Implementation of Online System of Registration

As per Office Memorandum[11] (March 2021) of Cabinet Secretariat, DBT Mission, GoI, for ensuring seamless and transparent delivery of benefits of major DBT Schemes to citizens, the State Governments/ UT Administration are required to develop end-to-end digitised IT-based platform which should inter-alia include (i) Online registration of beneficiaries, (ii) Computerised processing of applications and (iii) Electronic payment directly into the beneficiary's bank account. This was to be achieved by March 2022.

SWD was required to seek applications for registration of ISSS beneficiaries on the State portal developed by C-DAC. The Department was to follow system detailed in the **flowchart 2.1.3** for receipt of applications from intended beneficiaries, verification of applications, sanction of pension in favour of beneficiaries under the scheme and transfer of money into the bank account of beneficiaries.

[11] Vide No.D-13016/01/2021- DBT of March 2021.

Flow Chart 2.1.3: System to be followed by SWD for sanction and payment of benefits under ISSS



(Source: Departmental data)

Audit, however noticed that the Department had continued manual registration and verification of applicants defeating the intended purpose of DBT to reform benefit delivery system under ISSS. The portal was being used only at the stage of uploading sanctioned list of beneficiaries and payments made to them. The DBT system was not used to process the cases but was instead used only to keep the database. Details of manual registration of 4,66,191 applicants in the erstwhile State/ UT under ISSS during December 2018 to March 2022 are given in **Table 2.1.5.**

Table: 2.1.5: Details of Manual registration from December 2018 to March 2022

Region	Manual registration from December 2018 to March 2022				
	OAP	PCP	WID	TG	Total
Jammu	1,81,599	28,420	22,282	0	2,32,301
Kashmir	1,99,063	19,480	15,285	62	2,33,890
Total	**3,80,662**	**47,900**	**37,567**	**62**	**4,66,191**

(Source: C-DAC data)

Financial Advisor & CAO, Social Welfare Department, Srinagar in its reply stated (December 2022) that a new website namely JANSUGAM was launched during

October 2022 for full digitisation of ISSS under which application forms submitted online are automatically forwarded to TSWOs and whole process is made digital till sanction and subsequent payment to the beneficiaries. It was also stated (December 2022) that Director, SWD Jammu had received 967 applications on the new website out of which 12 were sanctioned and Director, SWD, Srinagar had sanctioned 100 cases on the new platform.

Social Welfare Department stated (September 2024) that under new ISSS Rules 2022 notified (September 2022), registration of new and existing beneficiaries is fully online.

2.1.3.7 Non-Integration with PFMS

Public Financial Management System (PFMS) is managed by the Controller General of Accounts (CGA), Ministry of Finance, and is used by various Government Departments and Implementing Agencies.

The main purposes of integrating the Centrally Sponsored Schemes/ UT specific schemes with PFMS were real-time monitoring and tracking of fund flow from the Government to the end beneficiary, reducing leakages by facilitation of direct transfer of benefits to beneficiaries' bank accounts and maintaining a comprehensive audit trail of every financial transaction.

Finance Department, GoJ&K impressed upon (June 2020) all Administrative Secretaries to create user agencies on the PFMS portal for all the Centrally Sponsored/ UT Specific Schemes implemented by the respective Departments by the end of June 2020. Despite Finance Department instructions, due to non-integration Department of Social Welfare could not get the advantage of better monitoring & tracking and reducing leakage of DBT beneficiaries account. Director, SWD, Jammu reported (January 2021) to its Administrative Department that ISSS pension was being disbursed smoothly in DBT mode on State portal maintained by C-DAC. It was also stated that data of pensioners was substantial and it was too time consuming to be loaded on PFMS portal before 1st February 2021. Audit noticed that as of April 2022, SWD had not been created as a user on the PFMS portal for disbursement of pension under ISSS.

Social Welfare Department stated (September 2024) that State Nodal Officer (SNO), PFMS has informed that they have been instructed by the Government to map all schemes that are fully funded by the Central Government on PFMS. It added that ISSS being a UT sponsored scheme could not be mapped on the PFMS. The reply is not acceptable as the instructions (June 2020) were applicable in respect of both Centrally Sponsored and UT Schemes. Thus, there was no real time monitoring and tracking of fund flow from the Government to the beneficiary.

2.1.3.8 Beneficiary data not updated

As per Rule 6 (5) of ISSS Rules, 1994, the validity of the pension to be disbursed on monthly basis shall be for a period of five years after which fresh application shall have

to be furnished by each beneficiary. The SWD was required to maintain records showing initial date of sanction of pension in favour of beneficiaries. Audit noticed in six test-checked Districts that in violation of the Rules, no such records had been maintained by the Department and fresh applications were not being obtained from the ISSS beneficiaries who may have availed the benefit under the scheme for over five years. Thus, by not checking validity of existing beneficiaries, de-weeding of ineligible beneficiaries could not be carried out.

It was also noticed that the centralised database lacked the field for recording the date from which beneficiaries were drawing pension prior to the implementation of DBT scheme. As such, it was not ascertainable which beneficiaries were continuously drawing pension for more than five years.

Social Welfare Department stated (September 2024) that ISSS Rules, 1994 have been repealed and ISSS Rules, 2022 have been notified (September 2022) wherein the scheme has been made end-to-end digitised. It added that weeding out of expired and remarried beneficiaries and those whose financial status has changed is a regular exercise and validity of existing beneficiaries and removal of ineligible beneficiaries is constant and automatic. The reply is elusive to the audit observation that before October 2022, the Department had not maintained records showing initial date of sanction of pension in favour of the beneficiaries and fresh applications were not being obtained from the ISSS beneficiaries availing the benefit under the scheme for over five years. Moreover, the date since when the beneficiary is taking benefit under ISSS is still not available on the centralised database.

2.1.3.9 Uploading of Beneficiary Details on JK Payment System

JK Payment System (JKPaySys) is the billing module under Integrated Financial Management System[12] (IFMS) and provides a common and integrated platform for DDOs to prepare all types of bills online for submission to treasuries for drawal of funds.

According to GoJ&K Circular of Finance Department (August 2020), while submitting bills to treasury on JKPaySys, a DDO has to upload orders sanctioning payment of assistance in favour of beneficiaries with details of amounts to be credited into their bank accounts by DBT.

Scrutiny of records of Directorates of SWD, Jammu and Kashmir revealed that in contravention of the Finance Department circular, bills were drawn on treasuries through JKPaySys without uploading orders sanctioning payment of assistance in favour of ISSS beneficiaries with details of amounts to be credited into their bank

[12] Integrated Financial Management System (IFMS) is an IT based budgeting and accounting system that integrates all financial functions of the Government such as budgeting, expenditure management, receipts, payments, accounting and reporting into a single framework.

accounts by DBT. Thus, no check was in place at treasuries to see that payments were credited by DBT only to the sanctioned beneficiaries and only sanctioned amounts were paid to them. This resulted in disbursement of pension to the beneficiaries online on the State portal without verification of beneficiaries at the treasuries.

Social Welfare Department stated (September 2024) that beneficiary details were not uploaded on JKPaySys, as it has the option to upload any file of up to only 515 KB but details of ISSS beneficiaries run into lakhs and the size of file goes up to 2 GB. It added that the matter would be taken up with the Finance Department.

2.1.4 Disbursement of Pension

2.1.4.1 Delay in Sanction of Pension

ISSS Rules, 1994 provide for application for grant of pension to be submitted in the office of Tehsil Social Welfare Officer (TSWO) between 1st of April and 10th of June every year. Expeditious and accurate payment of financial assistance were to be ensured in such a manner that most needy and deserving get top priority at the time of sanction. As per Rule 6 (5) of ISSS Guidelines, pension was to be disbursed monthly to the beneficiaries.

Audit noticed that:

- In five out of six test-checked District offices in which 1,79,944 cases were sanctioned during December 2018 to March 2022 (no details had been maintained in District Rajouri), 27,195 cases were test-checked to find out whether there was delay in sanction of pension cases. It was noticed that there was delay of 04 months to 134 months in sanction of 26,135 cases as detailed in **Table 2.1.6.**

Table 2.1.6: Delay in sanction of cases in five test-checked District offices

Name of the District	No of test-checked cases	Delay in sanctioning of cases (in months)
Jammu	3,844	4 to 98
Kathua	6,414	5 to 80
Baramulla	5,990	4 to 134
Budgam	5,357	4 to 134
Kupwara	4,530	4 to 24
Total	**26,135**	

(Source: Records of Sampled Districts)

It is evident from the **Table 2.1.6** that beneficiaries whose cases were sanctioned after delay were eligible but they were denied the pension for considerable periods defeating the intended objective of the scheme to provide expeditious assistance to the beneficiaries.

Social Welfare Department stated (September 2024) that ISSS has now been shifted (October 2022) to JANSUGAM portal and pension cases are sanctioned by DSWOs as per departmental Guidelines. It added that timelines have been fixed at various levels for processing of pension cases and any delays are automatically reported to the Appellate Authorities. The fact remained that before October 2022, eligible beneficiaries were denied the pension for considerable periods which defeated the intended objective of the scheme to provide expeditious assistance to the beneficiaries.

2.1.4.2 Denial of Assistance to the Beneficiaries

After receipt of pension cases under ISSS in the offices of District Social Welfare Officers (DSWOs), the documents enclosed with cases are verified and forwarded to Directorate Offices of Jammu and Kashmir, which further check the validity of documents and get bank account numbers of the beneficiaries verified by the concerned bank. Thereafter the beneficiary data was being uploaded by DSWOs on the State portal.

Audit analysis of the database provided by the C-DAC revealed that data of 36,553 eligible beneficiaries (Jammu: 20,202 and Kashmir: 16,351) who were receiving pension before the introduction (December 2018) of DBT, had been uploaded by 20 DSWOs of the UT of J&K on the portal from December 2018 onwards but no payment was made to these beneficiaries as of March 2022, resulting in denial of intended benefit of the scheme to these beneficiaries as detailed in **Table 2.1.7**.

Table 2.1.7: Denial of assistance to eligible beneficiaries

Year	Number of beneficiaries		Total
	Kashmir	Jammu	
2018-19	2,081	2,244	4,325
2019-20	2,269	2,720	4,989
2020-21	2,074	3,149	5,223
2021-22	9,927	12,089	22,016
Total	**16,351**	**20,202**	**36,553**

(Source: C-DAC Data)

In six test-checked Districts, 17,831 eligible beneficiaries (OAP: 14,790; WID: 1,475; PCP: 1,506; TG: 11, Saksham[13]: 49) were not paid pension as of March 2022 despite their data was uploaded on the portal from December 2018 onwards. No reasons were on record for non-payment of pension to these beneficiaries.

Social Welfare Department stated (September 2024) that details of beneficiaries uploaded on the portal are required to be got validated/ verified from the bank and the concerned DSWOs. It added that the Department tries to approach the beneficiaries, who could not be validated by the bank/ DSWOs, through DSWOs to get their details

[13] Paid to families of persons who died of Covid-19.

validated but at times contact with beneficiaries who reside in far flung areas cannot be made due to which their payments cannot be timely processed. The Department further stated that payments were made to a good number of beneficiaries who updated their account details and those who did not turn up were deactivated from the portal. The reply is not based on fact as audit scrutiny of database of beneficiaries revealed that none of the 36,553 beneficiaries who were earlier drawing pension, were either deactivated or paid pension assistance after their data were uploaded from December 2018 onwards up to September 2022.

2.1.5 Irregularities in payment of pension

Eligibility criteria for providing financial assistance to beneficiaries under ISSS is detailed in **Table 2.1.8.**

Table 2.1.8: Eligibility criteria for providing financial assistance under ISSS

Sl. No.	Particulars	OAP	WID	PCP
1.	Age	Men above 60 years and Women above 55 years	Widows/ Divorcees above 40 years	Physically Challenged Persons (PCP) with disability of 40 *per cent.*
2.	Verification	Proof of Date of Birth	Death certificate of husband and proof of Date of Birth	Disability certificate from Government Medical Officer
3.	Annual income Ceiling	Less than ₹ 75,000/- (Income Certificate from Tehsildar concerned)		

(*Source: ISSS Rules, 1994*)

2.1.5.1 Payment of Pension to Beneficiaries who had not Attained Prescribed Age

In six test-checked Districts, out of 9,170 OAP and WID beneficiaries whose physical files were test-checked, it was noticed that, in respect of five Districts that no mechanism had been put in place by DSWOs to check whether the beneficiaries had attained prescribed age for payment of pension assistance. Resultantly, 89 beneficiaries who had not attained the prescribed age of 60, 55 or 40 years had been paid inadmissible pension of ₹ 7.93 lakh under the scheme as detailed in **Table 2.1.9.**

Table: 2.1.9: Details of beneficiaries who had not attained prescribed age

Name of the District	Number of Beneficiaries		Inadmissible Payment (In ₹)
	OAP	WID	
Rajouri	3	27	6,00,000
Kathua	5	8	67,000
Budgam	15	-	33,000
Baramulla	15	-	45,000
Kupwara	16	-	48,000
Total	**54**	**35**	**7,93,000**

(*Source: Records of sampled Districts*)

While accepting the audit findings, Social Welfare Department stated (September 2024) that the issue has now been addressed as the payments are being made to sanctioned beneficiaries on JANSUGAM portal as per Guidelines of ISSS. It added that pension payments were halted in cases where beneficiaries had not attained the prescribed age and beneficiaries are now required to provide valid proof of age for preventing payments to ineligible individuals.

2.1.5.2 Double/ Triple Payments to the Same Beneficiary

In Rajouri District two WID beneficiaries[14] had been uploaded on the portal twice with different bank account numbers and pension was credited into both the account numbers resulting in excess payment of ₹ 56,000 to these beneficiaries.

In view of lockdown period due to Covid-19, Finance Department, GoJ&K instructed (March 2020) SWD that under ISSS two installments of pension may be paid immediately to nearly 7.7 lakh persons including 1.7 lakh pending cases. SWD sanctioned the pending 1.7 lakh cases in April 2020.

Audit noticed in three test-checked Districts[15] that out of 28,254 (Jammu: 16,109, Kathua: 6,470 and Rajouri: 5,675) new cases sanctioned by the Department, 2,864 beneficiaries (OAP: 1,228; PCP: 938 and WID: 698) were paid ₹ 57.28 lakh for April and May 2020 both by respective DSWOs and Directorate of SWD Jammu through DBT mode resulting in double payment of ₹ 57.28 lakh.

Further, for the months of April and May 2020 names and bank account numbers of 194 ISSS beneficiaries[16] (OAP: 149; PCP: 01 and WID: 44) were included twice or thrice in the same bank advice resulting in double/ triple payment to the same beneficiary amounting to ₹ 3.92 lakh.

Thus, lack of oversight and monitoring by SWD had resulted in double payment to the beneficiaries causing financial loss to the Government.

Social Welfare Department stated (September 2024) that double payment of pension of ₹ 20.51 lakh stands recovered by DSWO Rajouri and DSWOs of Jammu and Kathua have approached the banks for initiation of recovery from the concerned accounts.

2.1.5.3 Payment of Pension to Beneficiaries without Seeking Required Documents

Scrutiny of 9,170 application forms pertaining to beneficiaries of six test-checked Districts revealed that assistance was sanctioned and paid to beneficiaries either without seeking necessary documents or were ineligible for reasons including husband and wife[17] both receiving pension as detailed in **Table 2.1.10.**

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[14] G********n K**r: (Bank A/c No:084**********23; 002**********53); R****d B****m: (Bank A/c No: 061**********17; 002**********33).

[15] The comment is about three Districts of Jammu Division as Payments in Kashmir division were made at the Directorate level.

[16] Jammu: 104, Kathua: 78 and Rajouri: 12

[17] As per Rule 2 (h) of ISSS Rules 1994, destitute for the purpose of grant of OAP means a person who has no relation of son above 20 years of age or husband/ wife.

Table 2.1.10: Payment of pension without required documents and payments to both husband and wife

Component	District	No of test-checked cases	Income certificate not appended	Both husband and wife drawing pension	Disability certificate not appended/ temporary/ invalid	Death certificate not appended	Forms verified by DSWO/ TSWO
OAP	Baramulla	1,000	71	161	0	0	Nil
	Budgam	775	41	119	0	0	Nil
	Kupwara	1,500	12	190	0	0	Nil
	Kathua	1,071	187	43	0	0	Nil
	Jammu	930	153	25	0	0	Nil
	Rajouri	793	38	10	0	0	Nil
	Total	**6,069**	**502**	**548**	**0**	**0**	**Nil**
WID	Baramulla	100	12	0	0	0	Nil
	Budgam	100	20	0	0	0	Nil
	Kupwara	100	22	0	0	0	Nil
	Jammu	228	73	0	0	10	Nil
	Kathua	421	97	0	0	15	Nil
	Rajouri	529	30	0	0	41	Nil
	Total	**1,478**	**254**	**0**	**0**	**66**	**Nil**
PCP	Baramulla	115	05	0	7	0	Nil
	Budgam	100	27	0	3	0	Nil
	Kupwara	165	37	0	2	0	Nil
	Jammu	450	20	0	17	0	Nil
	Kathua	421	0	0	29	0	Nil
	Rajouri	372	1	0	35	0	Nil
	Total	**1,623**	**90**	**0**	**93**	**0**	**Nil**
	Grand total	**9,170**	**846**	**548**	**93**	**66**	**Nil**

(*Source: Records of Sampled Districts*)

Sanction and payment of pension to beneficiaries without seeking necessary documents and payment to other ineligible beneficiaries (both husband and wife) was indicative of deficient process for sanction of assistance in favour of applicants under ISSS, including deficiency in registration and scrutiny of applications forms. Further, the applications forms were not verified by the respective DSWO/ TSWO.

2.1.5.4 Benefits Credited into Wrong Bank Accounts

Analysis of data of beneficiaries of erstwhile State/ UT provided by C-DAC revealed that in 12 out of 20 Districts of Jammu and Kashmir, as of March 2022, pension of ₹ 9.97 crore payable to 5,552 ISSS beneficiaries for period ranging between 02 and 39 months had been credited to the bank accounts of persons other than these beneficiaries as verified by the concerned bank authorities resulting in payment to ineligible beneficiaries and denial of pensionary benefit to eligible beneficiaries.

This was indicative that SWD had conveyed wrong details of beneficiaries to the bank for credit of pension sanctioned for ISSS beneficiaries. Details are given in **Table 2.1.11.**

Table 2.1.11: Benefit credited into wrong bank accounts

S. No	Name of District	Number of beneficiaries	Amount credited (in ₹)
1.	Jammu	71	22,22,000
2.	Kathua	228	74,15,000
3.	Rajouri	83	25,14,000
4.	Budgam	113	29,06,000
5.	Ganderbal	6	88,000
6.	Baramulla	84	21,35,000
7.	Kupwara	4,709	7,95,48,000
8.	Samba	182	15,41,000
9.	Ramban	25	3,95,000
10.	Doda	6	1,33,000
11.	Udhampur	9	99,000
12.	Poonch	36	7,25,000
	Total	**5,552**	**9,97,21,000**

(*Source: C-DAC Data*)

Due to credit of pension to persons other than the eligible beneficiaries, chance of fraud and misappropriation of funds by the departmental authorities cannot be ruled out.

While accepting the audit contention, Social Welfare Department stated (September 2024) that the necessary corrections have been made and in case of incorrect accounts recoveries have been initiated.

2.1.5.5 Payment credited other than prescribed rates of pension

Audit analysis of data of beneficiaries in the UT of J&K revealed that 7,215[18] beneficiaries were paid more than ₹ 1,000 per month (ranging between ₹ 1,008 and ₹ 10,000) resulting in excess payment of ₹ 2.89 crore to these beneficiaries and 233[19] beneficiaries were paid less than ₹ 1,000 per month (ranging between ₹ 66 and ₹ 167) resulting in less payment of ₹ 2.01 lakh to these beneficiaries. No monitoring/ internal control mechanism was in place either in the database or otherwise to avoid irregular excess/ less payments to the beneficiaries.

Social Welfare Department stated (September 2024) that amounts are directly credited to Aadhaar seeded accounts at ₹ 1,000 per month. The reply is not acceptable as payments were credited to the beneficiaries at rates other than the prescribed one.

[18] Ganderbal: 4,002, Budgam: 01, Shopian: 3,208 and Kupwara: 04

[19] Kathua: 167 and Poonch: 66

2.1.5.6 Payment into accounts of deceased beneficiaries

The DBT Mission, GoI recommends that database of beneficiaries of DBT schemes being maintained by respective Departments needs to be dynamic and linked to death registrations. Paragraph 7 (4) of ISSS Rules 1994 stipulates that in case of death of a beneficiary who was getting pension on a monthly basis, un-drawn pension before his/ her death shall lapse. Further as per Paragraph 7 (5) of said rules, the Tehsil Officer shall obtain life certificate in respect of the beneficiary every month before making payment.

Audit noticed that Tehsil Officers of the Department were not obtaining life certificate from the beneficiary every month before making payment and no mechanism was in place to identify deceased beneficiaries from details of deaths registered in municipalities, hospitals, etc., so that no financial assistance after their death was transferred to their bank accounts. The Department was not able to ensure that irregular payments were not made in respect of the deceased pensioners as it was relying only on information of deaths received from Aanganwadi workers, Sarpanches of Gram Panchayats and banks.

Audit scrutiny (April 2022 to October 2022) of records of deceased beneficiaries maintained[20] in five out of six test-checked Districts revealed that the DSWOs had not stopped payment of pension even in respect of those deceased beneficiaries' information about whose death was known to them. DSWO Baramulla had not maintained any records of deceased beneficiaries.

Audit noticed that:

- During 2018-2022, pension of ₹ 3.95 lakh had been transferred into bank accounts of 44 beneficiaries after their death resulting in blockade of money in their bank accounts.
- Legal heirs of 72 deceased beneficiaries had drawn ₹ 9.37 lakh from bank accounts of deceased beneficiaries resulting in loss to the Government.
- One beneficiary drawing widow pension was not eligible for pension under ISSS as she was drawing family pension of ₹ 10,830 per month. Pension benefits of ₹ 29,000 was paid to the ineligible beneficiary under ISSS with effect from January 2019 to May 2021. It was also noticed that pension was credited to her bank account even after her death on 06 March 2021.

Social Welfare Department stated (September 2024) that deletion of data of death cases is a regular process after receipt of check list from DSWOs. The reply is not based on fact as no mechanism was in place in the Department to identify deceased beneficiaries from details of deaths registered in municipalities, hospitals, etc. so that no financial assistance was made to deceased beneficiaries.

[20] On the basis of information received from a relative of the deceased pensioner or any other source.

2.1.6 Other issues

- **Non-accounting of ₹ 1.41 crore recovered from accounts of deceased beneficiaries by four DSWOs**

Rule 2.59 of J&K Financial Code Vol-I stipulates that amounts withdrawn from the treasury/ bank during a month are required to be reconciled with the treasury/ bank records at the end of the month and verified monthly figures are to be communicated to the Controlling Officer.

Audit noticed in four out of six test-checked Districts, ₹ 1.41 crore[21] recovered (December 2018 to March 2022) from the bank accounts of deceased beneficiaries and credited into the bank accounts of the respective DSWOs, had not been communicated to the higher authorities. The amount was held in the DDO bank accounts and was not credited into proper head of Government account.

Social Welfare Department stated (September 2024) that instructions have been issued to DSWOs for conducting verification of balances with the bank and identification of amounts recovered from the accounts of deceased beneficiaries.

- **Management of failed transactions**

As per Section 7 of Standard Operating Procedures for DBT, failed payment transactions are to be re-initiated by the Department after carrying out required modification/ rectification.

Audit observed in six test-checked Districts that though information of failed transactions was available in Directorates of Jammu and Kashmir and DSWOs, only limited steps had been taken by the Department in respect of failed payment transactions.

During audit analysis of data of beneficiaries of erstwhile State/ UT, 49,504 (Jammu: 20,519; Kashmir: 28,985) failed transactions amounting to ₹ 4.95 crore were noticed in respect of 18,261 (Jammu: 8,192; Kashmir: 10,069) beneficiaries during December 2018 to March 2022 as detailed in **Table 2.1.12.**

Table 2.1.12: Number of failed ISSS transactions in the erstwhile State/ UT

Year	Kashmir	Jammu	Total
2018-19	2,064	3,788	5,852
2019-20	6,933	7,183	14,116
2020-21	9,596	5,484	15,080
2021-22	10,392	4,064	14,456
Total	**28,985**	**20,519**	**49,504**

(*Source: C-DAC Data*)

As of March 2022, out of 49,504 failed transactions, only 9,913 failed transactions (Jammu: 3,067 and Kashmir: 6,846) pertaining to 3,355 beneficiaries (Jammu: 885;

[21] Jammu: ₹ 4.39 lakh; Budgam: ₹ 53.01 lakh; Baramulla: ₹ 69.17 lakh; and Kupwara: ₹ 14.40 lakh.

Kashmir: 2,470) were updated. Out of 9,913 updated failed transactions, only 4,939 transactions (Jammu: 1,759 and Kashmir: 3,180) were cleared by the bank by crediting amounts in the bank accounts of the beneficiaries. Non-clearance of remaining 4,974 transactions out of 9,913 updated transactions and 44,565 out of total 49,504 failed transactions implied that failed transactions were not promptly tracked, monitored and reconciled by the Department resulting in deprivation of financial assistance to intended beneficiaries of ISSS.

Social Welfare Department stated (September 2024) that failed transactions are due to submission of incorrect details like IFSC code, Bank Account etc. by the beneficiaries and payment of pension is made after verification and validation of accounts. It added that no eligible beneficiary is deprived of the due benefit. The reply does not address the fact that failed transactions were not promptly tracked, monitored and reconciled by the Department resulting in deprivation of financial assistance to intended beneficiaries of ISSS.

- **SMS alert to beneficiaries**

Paragraph 16 (4.1) of 'Standard Operating Procedure for DBT payments' stipulates that Destination bank[22] should inform credit/ debit status to beneficiary through SMS. Information regarding returned transactions (return of funds to Sponsor bank) should also be sent by the Destination bank to the beneficiary through SMS. Audit observed that as of October 2022, no mechanism had been put in place to inform the beneficiary through SMS about payment of financial assistance by DBT into their account or about returned transactions.

Social Welfare Department stated (September 2024) that audit instructions have been noted and passed on to the banks so that beneficiaries are updated about debit/ credit status through SMS.

- **Deactivation of beneficiaries**

Audit analysis of database of beneficiaries of erstwhile State/ UT revealed that as of March 2022, 45,784 (Jammu: 13,471 and Kashmir: 32,313) beneficiaries had been deactivated. Though there was a field for capturing reasons for deactivation of beneficiaries, reasons for deactivation of these beneficiaries were not captured in the database.

Months for which social security payments were made to these beneficiaries before their deactivation ranged between 02 months and 40 months.

Social Welfare Department stated (September 2024) that deactivation is done only in respect of expiry, remarriage and change in financial status of beneficiaries. The reply is not convincing as reasons for deactivation were not captured in the database.

[22] In a credit transfer, the destination bank is the payee's bank.

- **Lack of convergence with similar schemes**

SWD disburses Old Age, Disability and Widow pension under State/ UT sponsored ISSS and Centrally sponsored National Social Assistance Programme (NSAP). ISSS is intended to cover such destitute persons who may not be covered under NSAP.

Audit noticed that though same procedure was followed for registration and sanction of pensionary benefits under the two schemes up to December 2021, no mechanism was in place to prevent availing of benefit by a beneficiary under both the schemes.

Comparison of data of the two schemes revealed that 6,219 beneficiaries had been availing the benefit in the erstwhile State/ UT both under NSAP and ISSS.

Comparison of list (October 2022) of NSAP payments furnished by six test-checked DSWOs to Audit with list (March 2022) of ISSS beneficiaries as per C-DAC revealed that 1,627 beneficiaries were included in both the lists. A sample cross-check of 1,627 beneficiaries with their bank statements showed that 1,474 beneficiaries were paid pension of ₹ 8.49 crore (ISSS: ₹ 3.89 crore and NSAP: ₹ 4.60 crore) either under one of the two schemes or under both the schemes for different periods during December 2018 to November 2022. ₹ 3.24 crore was paid to these beneficiaries under both the schemes during the period. Audit further noticed that as of November 2022, only 375 out 1,474 beneficiaries were removed from one of the two schemes while 1,099 (75 *per cent*) continued to be paid pension under both the schemes.

Social Welfare Department stated (September 2024) that ISSS is now implemented on JANSUGAM portal on which applicants must provide an affidavit that they are not receiving benefits from other schemes. However, the reply was silent with regard to action taken in respect of 6,219 beneficiaries who irregularly availed benefits of both the schemes.

2.1.7 Beneficiary Survey

A survey of 1,200 beneficiaries in 12 TSWOs of six sampled Districts revealed that:

- 102 (nine *per cent*) beneficiaries were not eligible to receive pension under ISSS as 12 beneficiaries had income of over ₹ 6,500 per month and in 90 cases (eight *per cent*) both husband and wife were beneficiaries.

- 70 respondents (six *per cent*) stated that SWD had sanctioned their cases three months to six months after they had submitted their applications. 540 beneficiaries (45 *per cent*) stated that the Department had taken 06 months to 12 months to approve their cases, 232 (19 *per cent*) beneficiaries reported that the Department took about one to two years to sanction their cases while 204 beneficiaries (17 *per cent*) stated that processing of their cases took over two years.

- 800 beneficiaries (67 *per cent*) had collected the application forms free of cost from TSWOs and 400 beneficiaries (33 *per cent*) had purchased application forms from Photostat shops.

- Only 69 *per cent* beneficiaries were aware about details of the Scheme.

- Out of the total beneficiaries (69 *per cent* as mentioned above) who were aware, 54 *per cent* beneficiaries stated that they got information about the scheme from the SWD and other 46 *per cent* stated that they got the information from other sources.

2.1.8 Monitoring

Monitoring and oversight mechanism for implementation of ISSS as envisaged in ISSS Rules, 1994 were not in place in test-checked Districts as discussed in succeeding paragraphs.

2.1.8.1 Non-constitution of District Level Monitoring Committees

To weed out ineligible beneficiaries who had become self-sufficient, Rule 8 (2) of ISSS Rules, 1994 stipulates constitution of District Level Committees (DLCs) for quarterly/ annual review of all cases sanctioned under the scheme. Audit noticed in test-checked Districts that DLCs had not been constituted for reviewing sanctioned cases and District Development Commissioners or DSWOs had not conducted random checks to identify ineligible beneficiaries.

Social Welfare Department stated (September 2024) that after notification (September 2022) of revised ISSS Rules, 2022 meetings of Gram Sabha/ Ward Committee would be conducted after every quarter for identification of left over eligible beneficiaries and weeding out of ineligible cases. The reply is silent about non-constitution of DLCs for quarterly/ annual review of all cases sanctioned under the scheme.

2.1.8.2 Non-constitution of departmental DBT Cell/ Committee

Paragraph 2.1 of 'Protocol Document on DBT in States' provides that apart from State DBT Cell, individual Departments shall also constitute a DBT Cell/ Committee, to ensure that DBT framework is adopted in implementation of schemes. Audit noticed that as of March 2022, SWD had not constituted a DBT Cell/ Committee as envisaged in the Protocol Document.

Social Welfare Department stated (September 2024) that audit observation has been noted for compliance and constitution of departmental DBT Cell/ Committee is under process.

2.1.8.3 Inadequate grievance redressal mechanism

SWD had not put in place a grievance redressal mechanism in the DSWOs to keep

record of complaints received from public regarding implementation of the scheme and action taken thereon. DSWOs had not monitored public grievances as no such records/ registers were maintained in these offices.

Social Welfare Department stated (September 2024) that the JANSUGAM portal is integrated with Auto Appeal System to comply with Public Services Guarantee Act and applications not processed within 30 days are automatically forwarded to the Director, SWD.

2.1.8.4 Conclusion

Despite lapse of over four years since GoJ&K decided (December 2018) to bring the social security schemes under DBT, during the period covered under audit, the SWD was using the DBT portal only as a database and not as an end-to-end solution from registration of beneficiaries to payment of pension. Bank accounts of only 70 *per cent* ISSS beneficiaries in the erstwhile State/ UT were linked with Aadhaar numbers. After uploading the beneficiaries' data in Application software, any review to check the completeness, authenticity and correctness of the legacy data was not conducted. Audit noticed cases of duplicate records of beneficiaries, non-exclusion of ineligible beneficiaries, payment of financial assistance to same beneficiaries under more than one scheme and payments to ineligible beneficiaries. Mechanism was not in place in the SWD for identification of deceased beneficiaries to ensure discontinuance of financial assistance in respect of deceased beneficiaries.

2.1.8.5 *Recommendations*

- ***Department needs to complete the process of linking the Aadhaar Card details of beneficiaries with their bank accounts on priority.***
- ***There is a need to carry out comprehensive review of data of beneficiaries including the legacy data already ported in application to ensure its completeness, authenticity and correctness.***
- ***Department should comply with instructions of Finance Department on PFMS for better monitoring and tracking.***
- ***Social Welfare Department may address the failed transactions reported by respective banks expeditiously.***
- ***Beneficiaries' data need to be integrated with the death data available with the Registrar General of India to ensure discontinuance of financial assistance in respect of deceased beneficiaries.***
- ***To avoid delays, the Government may ensure end-to-end integration of DBT scheme so that payments are directly transferred in real time basis into the bank accounts of beneficiaries through PFMS/ IFMS without involvement of DDO Bank account.***

CHAPTER- III

COMPLIANCE AUDIT

CHAPTER-III

COMPLIANCE AUDIT

Housing and Urban Development Department

3.1 Solid Waste Management in Urban Local Bodies (ULBs)

3.1.1 Introduction

As per the Solid Waste Management (SWM) Rules, 2016, framed under the Environment (Protection) Act, 1986, 'Solid Waste' (SW) includes solid or semi-solid domestic waste, sanitary waste, commercial waste, institutional waste, catering and market waste, other non-residential wastes, street sweepings, silt removed or collected from the surface drains, horticulture waste, agriculture and dairy waste.

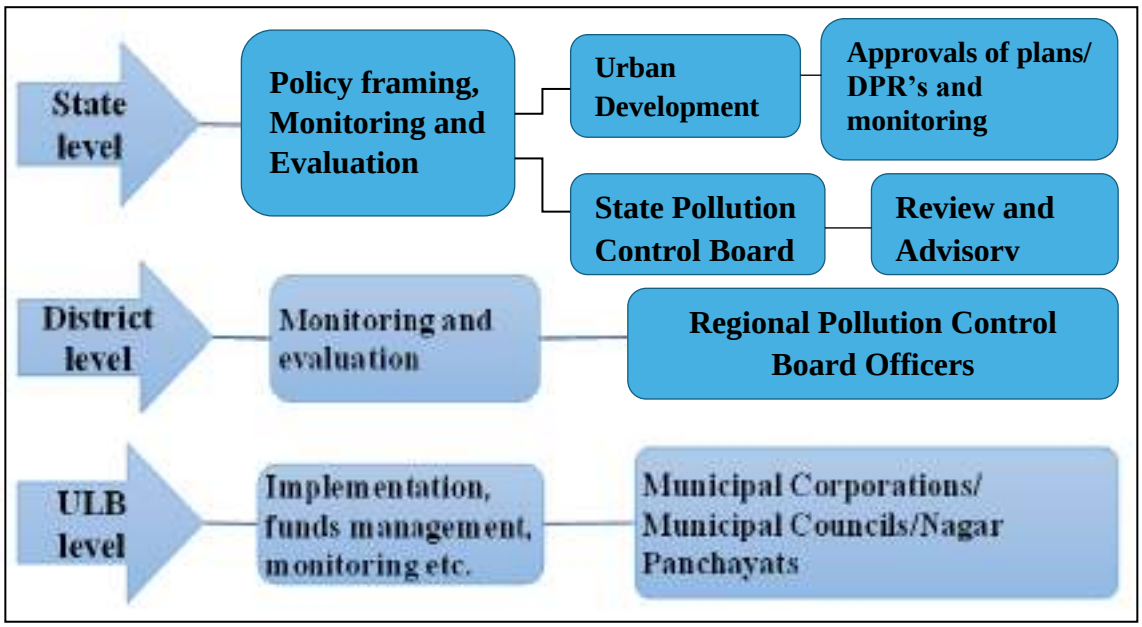
Further, SWM Rules, 2016, provide a legal framework for disposal and management of Solid waste and entrust responsibilities at State/ Urban Local Body/ Citizen level. Guidelines for preparation of a comprehensive plan for prevention, control or abatement of pollution by using scientific SWM techniques have been issued by Government of India (GoI) from time to time.

3.1.2 Administrative Control and Monitoring

In UT of Jammu & Kashmir, function of Solid Waste Management (SWM) is being carried out by the Urban Local Bodies (ULBs).

Role of various authorities in planning, execution and monitoring SWM is depicted in **Chart 3.1.1.**

Chart 3.1.1: Role of Various Authorities



Housing & Urban Development Department (H&UDD) headed by Commissioner/ Secretary is responsible for Solid Waste Management in Union Territory of J&K. He is assisted at the apex level by Director Planning, Mission Director (Swachh Bharat Mission), Director Finance and at the implementation level by Chairmen, Jammu Municipal Council (JMC) and Srinagar Municipal Council (SMC), Directors ULBs Jammu/ Kashmir and 76 Chief Executive Officers (CEOs) of Municipal Councils/ Committees. Commissioner, Forest, Ecology and Environment Department assisted by Chairman, Jammu and Kashmir Pollution Control Committee (J&KPCC) and its two Regional Directors Jammu/ Kashmir are also responsible for implementation of the solid waste management rules in State/ UT of J&K.

3.1.3 Audit Objectives

This Subject Specific Compliance Audit (SSCA) was conducted to assess whether:

- strategy and planning of SWM in ULBs is commensurate with the wastes generated and aligns with the prevailing legal framework;
- collection, segregation, storage, transportation and disposal of solid waste were effective, efficient and economical.
- planning, construction, commissioning, operation and maintenance of SWM projects were effective, efficient and financially sustainable;
- steps were taken for social inclusion of informal waste workers and
- monitoring and evaluation of SWM system were effective in ensuring awareness generation, citizen engagement for behavioural change, complaint redressal and assessment of environmental impact.

3.1.4 Audit Scope, Sample and Methodology

The SSCA on SWM in ULBs covered the period 2017-18 to 2021-22. It entailed examination (October 2022 to March 2023) of the records relating to SWM in the Administrative Department i.e Housing & Urban Development Department (H&UDD), Mission Director, Swachh Bharat Mission (SBM), Directors of Urban Local Bodies (ULBs), Jammu/ Kashmir and 15 ULBs (Kashmir: eight[1]; Jammu: seven[2]) out of 76 ULBs which were selected on the basis of Probability proportional to size without Replacement method. Additionally, records of Jammu Municipal Corporation (JMC) and Srinagar Municipal Corporation (SMC), Chairman, Jammu and Kashmir Pollution Control Committee (J&KPCC) and Regional Directors, J&KPCC, Jammu/ Kashmir were also audited.

[1] ULB's Anantnag, Sumbal, Kupwara, Langate, Budgam, Kulgam, Bijbehara and Khansahib.
[2] ULB's Doda, Rajouri, Sunderbani, Reasi, Kathua, Udhampur and Hiranagar.

An Entry Conference was held on 27th January 2023 with the Director Finance, Housing and Urban Development Department (H&UDD) of the Jammu and Kashmir Government during which the audit objectives, scope, and methodology were explained. Audit findings were discussed in an Exit Conference held with the Commissioner/ Secretary to Government, H&UDD on 10th February 2025. The replies furnished during the Exit Conference have been incorporated in the report at relevant places.

The audit methodology involved document analysis, responses to audit queries, joint physical inspections with municipal staff and collection of photographic evidence.

3.1.5 Audit Criteria

The Audit was conducted against the following criteria:

- Solid Waste Management (SWM) Rules, 2016 and Manuals (Part-I and II) of Municipal Solid Waste Management (MSWM) issued by GoI in the Year 2016;
- Construction and Demolition Waste Management (C&DWM) Rules, 2016;
- E-Waste Management Rules, 2016;
- Environment (Protection) Act and Rules, 1986;
- National Urban Sanitation Policy, 2008;
- Revised Swachh Bharat Mission Guidelines issued by Ministry of Housing and Urban Affairs (MoH&UA), GoI; and
- Instructions, guidelines, policies issued from time to time by Central Pollution Control Board (CPCB), J&K Pollution Control Committee (J&KPCC), GoI/ GoJ&K in respect of SWM.

3.1.6 Swachh Survekshan Survey/ CPCB Annual Report

Swachh Survekshan is an annual ranking exercise started by the Ministry of Housing and Urban Affairs (MoH&UA), GoI in the year 2016 to assess urban areas of country on their levels of cleanliness and active implementation of Swachhta mission initiatives in a timely and innovative manner. Rankings of sampled cities of J&K based on the coverage of 4,354 cities in the country, which are categorised into National ranking and Zonal ranking depending upon the population of a city, for the year 2022 are detailed in **Table 3.1.1.**

Table 3.1.1: Ranking of Cities/ Towns of J&K under Swachh Survekshan

Rank	Total Cities	Population	Name of City	Score obtained out of 7,500
National ranking				
41	45	More than 10 lakh	Srinagar	2,986.75
199	382	1 lakh to 10 lakh	Jammu	2,983.22
380	382	1 lakh to 10 lakh	Anantnag	827.69
Zonal ranking				
65	96	50k to 1 lakh	Kathua	2,186.39
76	96	50k to 1 lakh	Udhampur	1,978.75
80	199	25k to 50k	Rajouri	2,502.48
255	284	15k to 25k	Doda	1,504.94
274	284	15k to 25k	Kulgam	1,077.35
278	284	15k to 25k	Bijbhera	938.5
280	284	15k to 25k	Budgam	895.68
281	284	15k to 25k	Kupwara	849.67
152	437	Less than 15k	Hiranagar	2,316.79
255	437	Less than 15k	Sunderbani	1,956.35
370	437	Less than 15k	Reasi	1,512.08
415	437	Less than 15k	Sumbal	1,162.93
431	437	Less than 15k	Khansahib	870.01
434	437	Less than 15k	Langate	785.15

(*Source: Swachh Survekshan Survey*)

It may be seen from the **Table 3.1.1** that in Swachh Survekshan National ranking, Srinagar ranked 41 out of 45 cities having population of over 10 lakh. Jammu and Anantnag ranked 199 and 380 respectively out of 382 cities having a population between one lakh and 10 lakh. All the other sampled ULBs had ranked more than 100 in Zonal ranking except Kathua, Udhampur and Rajouri.

Similarly, according to Central Pollution Control Board (CPCB) Annual Report 2019-20 on Implementation of SWM Rules, 2016, J&K ranked 26th out of 35 States/ UTs and in the Annual Report 2020-21, J&K ranked 25th out of 35 States/ UTs of the country in environmental performance in respect of SWM.

The below-average rankings of J&K as per Swachh Survekshan Survey and CPCB Annual Report were indicative of poor performance of ULBs of the State/ UT in SWM.

The Department stated (January 2024) that it is taking various initiatives like setting up of two waste processing facilities for proper waste management through

segregation, collection, transportation, processing and disposal of waste, which would help to achieve the best rank in Swachh Survekshan assessment. It was also stated that for ensuring scientific processing of Municipal Solid Waste, establishment of Solid Waste Management Centres (SWMCs)/ Material Recovery Facility (MRF) in 46 locations has been undertaken out of which 23 are already functional with work in progress at remaining 23 sites.

3.1.7 Solid Waste Management Planning

Rule 11 (a) of SWM Rules, 2016 envisaged that the Secretary, Urban Development Department in the State or Union Territory through the Commissioner or Director of Municipal Administration or Director of local bodies shall prepare a state policy and solid waste management strategy for the State or the Union Territory. Further, Rule 11 (b) envisaged that while preparing State policy and strategy on waste management, emphasis should be laid on waste reduction, reuse, recycling, recovery and optimum utilisation of various components of solid waste to ensure minimisation of waste going to the landfill and minimise impact of solid waste on human health and environment.

Audit examination disclosed that although GoJ&K prepared SWM strategy policy in 2017, it had not been finalised/ notified as of January 2024. As such, implementation of 3 Rs (Reduce, Reuse and Recycle) in the State/ UT of J&K for SWM was deficient in policy direction.

During Exit Conference, Commissioner/ Secretary H&UDD admitted (February 2025) that policy has not been notified. It was further stated that SBM Guidelines alongwith Report of MoH&UA regarding solid and liquid waste management are quite detailed and there is no requirement of separate strategy document to be framed by GoJ&K. However, J&K is working on circular economy framework, first draft of which is under discussion.

The reply is not acceptable, as the SWM strategy policy prepared in 2017 has not been finalised/ notified as of February 2025 and the first draft is under discussion. The notified policy as envisaged in rules 11 (a) and (b) of SWM Rules, 2016 would have provided a laid down framework for waste management to all the ULBs in the UT of J&K.

3.1.7.1 Solid Waste Management Plan of ULBs

(I) Rule 15 (e) of SWM Rules, 2016 envisages that ULBs should frame bye-laws incorporating the provisions of SWM Rules, 2016 within one year from the date of notification of SWM Rules, 2016 and ensure timely implementation.

Audit observed that in the 17 sampled ULBs, including JMC and SMC, bye-laws under SWM Rules had been notified by GoJ&K, after delay of over two years (in 2019 and 2020).

The Department attributed (January 2024) the delays to various reasons observed in the State/ UT from 2016 to 2019 and added that elections to the ULBs were held in 2018 after eight years and after that bye-laws were framed by the ULBs. The bye-laws have been published and enforced now.

(II) Section 1.4.6 of Municipal Solid Waste Management (MSWM) Manual, 2016 envisaged that ULBs should prepare a short-term SWM plan for five years and a long-term plan for a period of 20-25 years. Each short-term plan was to be reviewed every two-three years to ensure higher success in implementation of plan activities. The implementation plan should also include a detailed estimate of required human resources and investments.

Audit noted that an action plan for five years (2021-22 to 2025-26) was prepared in the offices of Directors, Jammu and Kashmir for all ULBs of J&K, which was belatedly approved in March and July 2021. In respect of JMC and SMC, while short-term plans were prepared, no long-term plans were prepared. In the other 15 sampled ULBs, neither short-term nor long-term plans for SWM were prepared. Not preparing of short-term and long-term plans were one of the reasons for various operational inefficiencies such as non-segregation of Municipal Solid Waste (MSW) at source **(Paragraph 3.1.9.2),** partial door-to-door collection of MSW from households/ commercial establishments etc. **(Paragraph 3.1.9.3)** and unscientific dumping/ disposal of waste **(Paragraph 3.1.9.4).**

In reply, 10 ULBs[3] assured (December 2022 and April 2023) preparation of these action plans in future. Accounts Officer, JMC stated (April 2023) that action plan for SWM has been prepared to fulfill short-term requirements for next five years to achieve Service Level Benchmarks. SMC admitted (April 2023) that MSW Plan had not been prepared.

The Department replied (January 2024) that SWM action plan was prepared which envisages collection and transportation of solid waste for five years and its processing and disposal for 20-25 years. It was also stated that JMC has also prepared long term plan with horizon of 20-25 years for waste processing and collection. It was further stated that JMC would review the plan from time to time in terms of development of new technologies and implement it, if required.

The Departmental reply also contradicts the replies furnished by 10 ULBs, JMC and SMC which stated that no short-term and long-term plans for MSW management were prepared and no long-term plans were prepared by JMC and SMC.

[3] (i) MC Anantnag, (ii) MC Doda, (iii) MC Hiranagar, (iv) MC Kathua (v) MC Kulgam, (vi) MC Kupwara, (vii) MC Rajouri, (viii) MC Reasi, (ix) MC Sunderbani and (x) MC Udhampur.

3.1.7.2 Involvement of Stakeholders in Preparation of SWM Action Plan

Section 1.4.4.1 and 1.4.4.1.3 of MSWM Manual, 2016 stipulate that the main responsibility for preparing a SWM plan lies with the ULB which shall constitute a core team or advisory team (internal stakeholders)[4] and a stakeholder committee (external stakeholders)[5] for preparing MSWM plan. The core team had to consult key persons of the ULB such as political head/ mayor/ chairman, District Magistrate and representative from J&K Pollution Control Committee etc.

Audit noted that neither a core/ advisory team (internal stakeholders) nor a stakeholder committee (external stakeholders) was constituted in 17 sampled ULBs including JMC and SMC as of January 2024. Non-constitution of core/ advisory team as well as stakeholder committee had deprived the Government of intended advice/ feedback.

The Department stated (January 2024) that action plan had been prepared in consultation with officials of SBM and sectoral heads of JMC. Regarding SMC, it was stated that SMC had prepared action plan of SWM in consultation with all the committee members of SWM & SBM under the chairmanship of Commissioner, SMC.

The reply is not acceptable as neither a core/ advisory team (internal stakeholders) nor a stakeholder committee (external stakeholders) had been constituted as of January 2024 for preparation of SWM action plans.

3.1.8 Financial Position

Funds for Solid Waste Management (SWM) were received by the Finance Department of GoJ&K from GoI under SBM and 14th Finance Commission (14th FC)[6]. The Finance Department released SBM funds to H&UDD which further released the funds to Mission Director, SBM and Director, ULB Jammu. To monitor and manage all funds under SBM, the Director, ULB Jammu was designated by H&UDD as Single Nodal Agency (SNA) in July 2021. The SNA further released SBM funds to Director, ULBs, Kashmir, JMC and SMC. H&UDD directly released 14th FC funds to Directors of ULBs and JMC and SMC.

The position of funds received by ULBs of the State/ UT including JMC and SMC and expenditure incurred during 2017-18 to 2021-22 is given in **Table 3.1.2.**

[4] Commissioner or Chief Executive of ULB, Head of the SWM Department, Head of Town Planning Department, Heads of Water Supply Department, Public Health, Sanitation and Sewage.

[5] Includes households, businesses, industries, informal sector, NGOs, Self Help Groups, Secondary school and College students.

[6] Expenditure under 14th FC is treated as funds received.

Table 3.1.2: Position of Funds Released for SWM and expenditure incurred during 2017-22

(₹ in crore)

Year	Opening Balance (A)	SWM/ IEC[7] (B)	14th FC (SWM) (C)	Total [D=(A+ B+C)]	Expenditure			Unutilised funds H= (D-G)	Percentage of unutilised funds I=(H/D)*100
					SWM/ IEC (E)	14th FC (SWM) (F)	Total G= (E+F)		
2017-18	21.89	2.62	0.00	24.51	3.98	0.00	3.98	20.53	84
2018-19	20.53	28.55	0.96	50.04	5.72	0.96	6.68	43.36	87
2019-20	43.36	4.79	9.6	57.75	4.98	9.6	14.58	43.17	75
2020-21	43.17	0.00	11.25	54.42	2.78	11.25	14.03	40.39	74
2021-22	40.39	89.55	6.12	136.06	29.16	6.12	35.28	100.78	74
Total		**125.51**	**27.93**		**46.62**	**27.93**	**74.55**		

(Source: Information furnished by H&UDD, Directors, ULBs, Jammu/ Kashmir, JMC and SMC)

As against fund availability of ₹ 175.33 crore[8] for SWM in the State/ UT during 2017-22, an expenditure of only ₹ 74.55 crore (43 *per cent*) was incurred. The underutilisation of funds ranged between 74 and 84 *per cent* during the year 2017-22. The underutilisation of funds in the year 2018-19 can partly be attributed to non-utilisation of ₹ 28.55 crore released for Solid Waste Management under SBM. For 2021-22, underutilisation of funds was attributed to release of ₹ 89.55 crore at the fag end (30th March 2022) of the financial year by H&UDD, GoJ&K.

The Department stated (May 2023) that cluster-based approach was earlier adopted under SBM for establishment of integrated SWM facilities which could not be allotted in Public Private Partnership mode due to low waste generation and lack of response to tenders floated multiple times. It was further stated that there was low utilisation of funds as bidders were asking for higher Viability Gap Funding[9] which was not provided for under the mission Guidelines.

3.1.8.1 Delay in Release of Funds

As per Paragraph 10.4.6 of Guidelines of SBM(U), the State/ UT Governments shall evolve a suitable mechanism to release funds along with State/UT Share to ULBs within
30 days of release of Central share by Ministry of Housing and Urban Development (MoH&UD).

Audit noted that the Finance Department of GoJ&K released funds to H&UDD with

7 Information, Education and Communication.

8 ₹ 175.33 crore = (Opening balance of 2017-18: ₹ 21.89 crore + SWM/IEC receipts during 2017-22: ₹ 125.81 crore + 14th FC receipts during 2017-22: ₹ 27.93 crore).

9 Viability Gap Funding (VGF) is a scheme where the Government provides financial support in the form of grants one time or deferred to infrastructure projects that are economically desirable but not commercially viable. The VGF scheme is administered by the Department of Economic Affairs, Ministry of Finance.

delays ranging between 04 days and 192 days. Also, there was a delay ranging between 15 days and 972 days for release of SBM funds from H&UDD to implementing agencies. The delays in release of funds contributed to underutilisation of funds and consequent inadequate implementation of SWM activities.

During Exit Conference Commissioner/ Secretary accepted (February 2025) that there was delay but could not provide reasons for the same.

3.1.9 Programme Execution

3.1.9.1 Assessment of Quantity/ Composition of Waste Generated

(I) According to Section 1.4.3.3.1 of MSWM Manual, 2016, the waste generated by a specific class of waste generators can be estimated only by averaging data from samples collected continuously for seven days at multiple representative locations within jurisdiction of a ULB in each of the three main seasons of summer, winter and rainy. The quantities of waste can then be extrapolated to the entire ULBs for assessment of per capita generation of waste. The exercise should be repeated once every three to five years at the time of the review of the MSWM plan.

A weighbridge should be placed at a suitable location to weigh waste before being transferred to different treatment or processing and disposal facilities.

Schedule-I (B) (iv) of SWM Rules, 2016 envisages provision of weighbridge to measure quantity of waste brought at landfill site.

Audit noticed that no system was in place in the ULBs of J&K to calculate total waste generated, waste collected and waste treated.

Audit further noticed:

(II) Not adopting of prescribed method for assessment of waste: Audit noted in sampled 17 ULBs including JMC and SMC that the method of averaging data through collection of samples in three main seasons had not been adopted for assessment of waste generation. Instead, the generation of waste was being estimated on the basis of average quantity of waste generated per person. Thus, estimation of waste generation was not realistic.

Accounts Officer, JMC stated (April 2023) that seasonal estimation of waste generation had not been carried out as only one-time estimation was done. SMC stated (April 2023) that the system of quantification of waste generation on the basis of seasonal sample collection would be adopted in future. Sampled ULBs also stated (December 2022 to March 2023) that the method would be implemented in future.

The Department stated (January 2024) that in absence of the per capita waste generation data in the three main seasons, the method for computation of waste

generation prescribed[10] in MSWM Manual, 2016 and SBM Guidelines can be adopted. It was further stated that JMC would do the survey of per capita waste for another two seasons on priority basis.

(III) Absence of weighbridges and MIS: Weighbridges and computerised Management Information System (MIS) were not available at the waste dumping sites of 16 sampled ULBs including JMC to work out the actual waste collected.

The Department stated (January 2024) that as per Central Public Health and Environmental Engineering Organisation Guidelines (CPHEEO) (MSWM Manual, 2016), the quantity of waste has been calculated on population basis so weighbridge is not required in ULBs where population and waste generation is very less. It was further stated that if any cross-check is required for some particular task, the total waste of one day can be checked from the nearby weighbridge installed in ULBs.

The reply is not acceptable as the population criterion is utilised for estimating the quantity of waste generated. However, for depiction of actual quantities of waste collected, it should have been weighed first. The fact also remained that weighbridge had not been installed even by JMC which manages waste in the city of Jammu having a large population.

(**IV) Generation, Collection and Processing of Solid Waste:** Details furnished by J&KPCC in respect of solid waste generated, collected and processed by ULBs of the State/ UT including JMC and SMC during 2017-18 to 2021-22 are given in **Table 3.1.3**.

Table 3.1.3: Solid Waste Generated, Collected and Treated in the ULBs of the State/ UT of J&K during 2017-22

(in Metric Ton/ day)

Year	ULB name	Waste Generated	Waste Collected (*per cent* of waste generated)	Waste Treated (*per cent* of collected waste treated)
2017-18	Kashmir Division	930.60	833.30	450 (450 by SMC)
	Jammu Division	662.18	614.33	3.55
	Total	**1,592.78**	**1,447.63 (91)**	**453.55 (31)**
2018-19	Kashmir Division	828.33	800.50	454.50 (450 by SMC)
	Jammu Division	697.70	641.40	4.90
	Total	**1,526.03**	**1,441.90 (95)**	**459.40 (32)**
2019-20	Kashmir Division	826.75	791.25	461.00 (450 by SMC)
	Jammu Division	687.66	669.90	79.40
	Total	**1,514.41**	**1,461.15 (96)**	**540.40 (37)**
2020-21	Kashmir Division	806.63	792.21	513.50 (500 by SMC)
	Jammu Division	651.6	640.82	34.00
	Total	**1,458.23**	**1,433.03 (98)**	**547.50 (38)**
2021-22	Kashmir Division	875.69	866.34	530.50 (520 by SMC)
	Jammu Division	669.10	669.85	75.70
	Total	**1,544.79**	**1,536.19 (99)**	**606.20 (39)**

(Source: Information provided by the J&KPCC)

[10] As per Section 1.4.3.3 of MSWM Manual, 2016 other studies and observations indicate that waste generation rate is between 200 and 300 gm/ capita/ day in small towns and cities with a population below 2,00,000. It is usually 300-350 gm/ capita/ day in cities with a population between 2,00,000 and 5,00,000; 350-400 gm/ capita/ day in cities with a population between 5,00,000 and 10,00,000; and 400-600 gm/ capita/ day in cities with a population above 10,00,000.

It may be seen from the **Table 3.1.3** that generation of solid waste had decreased from 1,592.78 Metric Ton (MT) per day in 2017-18 to 1,544.79 MT per day in 2021-22. During 2017-22, 91 *per cent* to 99 *per cent* of waste generated in the ULBs of the State/ UT was being collected. Only 31 *per cent* to 39 *per cent* of collected waste was treated leaving a major portion of solid waste dumped at landfill/ dumping sites, carrying the risk of harmful impact on the environment.

Commissioner/ Secretary during Exit Conference stated (February 2025) that for scientific processing of the Municipal Solid Waste under SBM 2.0, establishment of 78 Solid Waste Management Centres (SWMCs) was approved, out of which 33 were made operational till 2024-25.

However, keeping in view meagre quantity (39 *per cent*) of waste treated and the risk involved in unscientific or non-disposal of Municipal waste, there is urgent need for early completion of all the 78 WMCs.

(V) Discrepancy in Solid Waste Data: Audit noticed a significant difference between the quantities of Solid Waste Generated (WG), Waste Collected (WC) and Waste Treated (WT) furnished to Audit by JMC and SMC and the quantities depicted in the annual reports of J&KPCC as detailed in **Table 3.1.4**.

Table 3.1.4: Difference in Quantities of Waste Generated (WG)/ Waste Collected (WC)/ Waste Treated (WT) shown by JMC and SMC and Quantities Depicted By J&KPCC

(MT per day)

Year	Quantities as per SMC and JMC			Quantities as per J&KPCC			Difference		
	WG	WC	WT	WG	WC	WT	WG	WC	WT
2017-18	610.00	461.00	21.23	830.00	800.00	450.00	220.00	339.00	428.77
2018-19	665.00	485.00	37.00	830.00	800.00	450.00	165.00	315.00	413.00
2019-20	722.00	588.00	80.00	900.00	900.00	516.90	178.00	312.00	436.90
2020-21	770.00	666.00	157.50	970.00	950.00	520.00	200.00	284.00	362.50
2021-22	893.00	778.00	325.00	990.00	970.00	540.00	97.00	192.00	215.00

(Source: Records of SMC, JMC and J&KPCC)

Due to difference in data, the accuracy of the information was not ensured. It was also suggestive of poor monitoring by the J&KPCC which had not counter-checked correctness of data provided by ULBs including JMC and SMC. Details are given in ***Appendix 3.1.1.***

The Department stated (January 2024) that the average per capita waste generation in SMC is about 0.4 kg which is approximately 600-610 MT per day (MTPD). It was also stated that the details provided by J&KPCC were incorrect.

Commissioner/ Secretary during Exit Conference stated (February 2025) that ULBs sometimes furnish inconsistent data regarding generation, collection and treatment of solid waste. As such the data in this regard furnished by the Department to National Green Tribunal (NGT) will be furnished.

The reply is not acceptable as the quantities of waste, depicted in the annual reports of J&KPCC, are provided by the JMC and SMC to J&KPCC.

3.1.9.2 Segregation of Waste at Source

Segregation means sorting and separate storage of various components of solid waste such as biodegradable waste[11] and non-biodegradable waste[12]. Rule 4 of SWM Rules, 2016 and Section 2.2.1 of MSWM Manual 2016 stipulate that segregation of waste shall be done at source/ waste generator.

Records of 17 sampled ULBs including JMC and SMC revealed that during 2017-22, segregation of waste at source or household level was not being done. Municipal Council, Doda claimed partial segregation during 2020-21 and 2021-22 and JMC claimed partial segregation of waste during 2021-22. During joint physical inspection (December 2022 to March 2023) it was noticed that waste was being collected in unsegregated manner.

The Department stated (January 2024) that 40 *per cent* of the Municipal Solid Waste (MSW) generated in the ULBs is being segregated at source and that they plan to achieve 100 *per cent* source segregation for which continuous IEC activities are being conducted in ULBs for changing mindset of the people. It was also stated that dustbins are being distributed to houses and commercial establishments to bring in behavior change among the people.

During Exit Conference Commissioner/ Secretary H&UDD accepted (February 2025) that waste collecting vehicles of ULBs do not have segregated compartments. It was further stated that door-to-door collection of waste in JMC has been outsourced and now all vehicles have segregated compartments.

The fact remains that without segregated compartments in the vehicles collecting waste, the segregation of waste at source was not being carried out. Joint physical inspection of ULBs also revealed that the waste was being collected and dumped in an unsegregated form.

[11] Agriculture and dairy waste.

[12] Recyclable waste, non-recyclable combustible waste sanitary waste, non-recyclable inert waste, domestic hazardous wastes and construction and demolition waste.

Picture 3.1.1: Collection of waste in unsegregated form

<table>
<tr><td> </td><td> </td></tr>
<tr><td colspan="2">Waste being collected in unsegregated form in MC Bijbehera</td></tr>
<tr><td> </td><td> </td></tr>
<tr><td>Unsegregated waste at Transfer Station Bhagwati Nagar</td><td>Waste collected in unsegregated manner by MC Reasi</td></tr>
</table>

(I) Not Segregating of Domestic Hazardous Waste (DHW)

Rule 15 (i) and (j) of SWM Rules, 2016 define roles and responsibilities regarding Domestic Hazardous Waste (DHW). The ULBs were to notify list of items classified as DHW so as to ensure their segregation at source.

Audit noticed that out of 17 sampled ULBs, only eight ULBs[13] had notified the list of items classified as DHW to be segregated at source.

Regarding disposal of DHW in 17 sampled ULBs including JMC and SMC, audit further noticed that:

- No waste deposition centres had been established for safe disposal of DHW.
- DHW was being disposed of along with MSW without segregation.
- Records of seven sampled ULBs of Jammu Division indicated that the DHW was being disposed of by burial in pits. However, during joint physical inspection (December 2022 to March 2023) of waste dumping sites of these seven ULBs, audit did not find evidence of disposal of DHW by deep pit burial as claimed by ULBs.

[13] (i) MC Anantnag, (ii) MC Bijbehara, (iii) MC Budgam, (iv) MC Khansahib, (v) MC Kulgam, (vi) MC Kupwara, (vii) MC Langate, (viii) MC Sumbal.

Non-segregation of DHW at source and its disposal along with Municipal Solid Waste was fraught with potential health risks to the public.

In reply, six sampled ULBs[14] of Jammu Division assured (December 2022 to February 2023) that collection, segregation and transportation of DHW would be done as per Guidelines in future. MC Doda, JMC and SMC did not furnish reply.

The Department stated (January 2024) that JMC has procured new waste collection vehicles with the provision of 4 bins with one of them (the black one) for separate collection of DHW and JMC is disposing of DHW through Material Recovery Facility (MRF) centre and other waste management stakeholders. It was also stated that SMC separately collects DHW which is processed at landfill site through incineration. It was added that all the ULBs of Kashmir Division have notified list of items classified as DHW and ULBs are generating awareness to segregate waste in separate bins for collection of DHW from each household.

The fact remained that segregation of DHW had not been ensured by any of the 17 sampled ULBs for its separate collection and facilities for separate disposal of DHW at the dumping sites had not been provided. The position informed about SMC and JMC is not factual as the MRF facility started at JMC during 2021-22 was not utilised to its full capacity and waste generated in SMC could not be processed due to non-establishment of waste to Energy plant at landfill site Acchan/ non-functional Leachate Treatment plant as detailed in **Paragraphs 3.1.9.5 (I)** and **3.1.9.5 (II)** respectively.

(II) Not Segregating of Sanitary Waste

Rule 4 (b) of SWM Rules of 2016 stipulates that waste generator shall wrap sanitary waste like diapers, sanitary pads etc., in the pouches provided by the manufacturers of these products or in a suitable wrapping material as instructed by the local authorities and shall place the sanitary waste in the bin meant for dry waste or non-biodegradable waste.

Audit noted in 17 sampled ULBs that sanitary waste was not being segregated at source, as for collection of dry or non-biodegradable waste, no separate bins were used so that it could be disposed of separately without causing potential health risks to the general public.

The Department stated (January 2024) that JMC had procured new waste collection vehicles with the provision of 4 bins with one of them (the red one) dedicated for sanitary waste and JMC has notified public for wrapping the sanitary waste in paper for handing it over to waste collectors. It was also stated that SMC separately collects sanitary waste which is processed at landfill site through incineration. It was further

[14] (i) MC Hiranagar, (ii) MC Kathua, (iii) MC Rajouri, (iv) MC Reasi, (v) MC Sunderbani and (vi) MC Udhampur.

stated that sanitary disposal machines proposed for all the ULBs of Kashmir Division will be deployed within one year and ULBs of Jammu Division had installed sanitary disposal machines in 14 MRF centres and for the remaining centres installation is under process.

The fact remained that sanitary waste was not being segregated at source in all sampled ULBs. The fact also remained that JMC had not actually ensured collection and disposal of segregated sanitary waste. Reply in respect of SMC is not based on fact as sanitary waste was not being segregated at source.

3.1.9.3 Collection of Solid Waste

Rule 15 (b) of SWM Rules 2016 and Section 2.3.1 of MSWM Manual of 2016 require ULBs to arrange for door-to-door collection of segregated solid waste from all households (including slums and informal settlements), commercial establishments and other non-residential premises.

- Records of 17 sampled ULBs for the period 2017-18 to 2021-22 revealed that 15 ULBs were collecting solid waste using their own vehicles and remaining, two ULBs (Kathua and Udhampur) had outsourced the collection of solid waste. In seven ULBs[15] of Jammu Division, coverage of door-to-door collection of solid waste from households and commercial establishments was partial and ranged from nil to 100 *per cent* as detailed in ***Appendix 3.1.2***.
- Four[16] ULBs had not carried out door-to-door collection of waste during this period except for MC Kathua which carried out door-to-door collection only during 2018-19.
- Although the remaining six[17] ULBs including JMC and SMC claimed 100 *per cent* door-to-door collection of waste as of March 2022, Audit noted that the deficient user charges collected from households, commercial establishments etc., did not corroborate the claim that there was 100 *per cent* coverage for door-to-door collection of waste in these six ULBs.

In reply, 16 sampled ULBs including SMC stated (December 2022 to March 2023) that due to shortage of manpower and vehicles, there was less door-to-door collection. However, JMC did not furnish any reply.

The Department stated (January 2024) that 100 *per cent* door-to-door collection is being done in all the ULBs of Jammu and Kashmir Divisions.

The reply is contradictory to the information furnished by sampled ULBs. In their reply 16 ULBs accepted that there was less/ partial door-to-door collection of waste.

[15] (i) MC Doda, (ii) MC Hiranagar, (iii) MC Kathua, (iv) MC Rajouri, (v) MC Reasi, (vi) MC Sunderbani and (vii) MC Udhampur.
[16] (i) MC Budgam, (ii) MC Kathua and (iii) MC Khansahib and (iv) MC Kulgam.
[17] (i) Bijbehara, (ii) JMC, (iii) Kupwara (iv) SMC (v) Sunderbani and (vi) Udhampur.

Further, during joint physical inspection, Audit had noticed waste lying open on the roadside in ULBs of both Jammu and Kashmir Divisions.

Shortfall in Collection of User Charges

According to Rule 15 (zg) (ix) of SWM Rules of 2016, for sustainable SWM, a ULB has to impress upon waste generators to pay monthly user charges to waste collectors or ULB or any other person authorised by the ULB.

Audit check of records of 17 sampled ULBs including JMC and SMC revealed that no user charges were collected in three sampled ULBs[18] and collection was partial in respect of the remaining 14 ULBs during 2017-18 to 2021-22. Against minimum estimated user charges[19] of ₹ 139.04 crore collectable from waste generators (household/ establishment[20]) covered under door to door collection in the 14 sampled ULBs, only ₹ 35.39 crore had been collected. As such there was shortfall of atleast ₹ 103.65 crore in collection of user charges in these 14 sampled ULBs[21].

The Department attributed (January 2024) the deficit in collection of user charges to shortage of sanitation supervisory staff which has been deployed for revenue collection. It was also informed that JMC is in the process of doing GIS mapping and providing digital door-to-door number to every property for linking user fee with every digital door number and with this JMC will achieve 100 *per cent* collection of user charges by December 2024.

During Exit Conference Commissioner/ Secretary H&UDD stated (February 2025) that position of collection of user charges has improved. Most of the Jammu based ULBs have outsourced collection of waste and user charges to private agencies.

3.1.9.4 Disposal of Waste

Rule 12 of SWM Rules, 2016 provides that Deputy Commissioner (DC) shall allocate land for setting up processing and disposal facilities for solid waste to local authorities in his District and review the performance of local bodies, at least once in a quarter.

Audit noted that concerned DCs had allotted land to 17 sampled ULBs for disposal of waste. As of April 2023, JMC, SMC and 13 other ULBs[22] were disposing of waste at

18 (i) MC Budgam, (ii) MC Khanasahib and (iii) MC Kulgam.

19 Worked out by Audit at the rate of ₹ 50 per month from households and ₹ 100 per month from establishments.

20 Information regarding number of households/ establishments furnished by the ULBs.

21 (i) MC Doda: ₹ 1.15 crore; (ii) MC Rajouri: ₹ 1.79 crore; (iii) MC Sunderbani: ₹ 0.21 crore; (iv) MC Reasi: ₹ 0.41 crore; (v) MC Kathua: ₹ 0.17crore;(vi) MC Udhampur: ₹ 1.94 crore; (vii) MC Hiranagar: ₹ 0.08 crore; (viii) JMC: ₹ 36.79 crore; (ix) MC Anantnag: ₹ 0.62 crore: (x) MC Bijbehara: ₹ 0.28 crore; (xi) MC Sumbal: ₹ 0.13 crore; (xii) MC Langate: ₹ 0.08 crore; (xiii) MC Kupwara: ₹ 1.53 crore; and SMC: ₹ 58.47 crore.

22 (i) MC Anantnag, (ii) MC Bijbehara, (iii) MC Budgam, (iv) M.C Doda, (v) MC Kathua, (vi) MC Khansahib, (vii) MC Kulgam, (viii) MC Kupwara, (ix) MC Langate, (x) MC Reasi, (xi) MC Sumbal, (xii) M.C Sunderbani and (xiii) MC Udhampur.

the allotted sites. However, MC Hiranagar and MC Rajouri were found to be disposing of waste at locations other than the allotted sites, which poses serious environmental concerns.

- The land allotted at two sites[23] in MC Hiranagar could not be utilised due to objection raised by J&K Pollution Control Committee (J&KPCC) at village Hiranagar and by Gram Panchayat at Allu chak. This indicated that the land was identified by concerned authorities without conducting a proper survey.
- As of February 2023, MC Hiranagar was dumping solid waste unauthorisedly and unscientifically near Shamshan Ghat (Ward No.10) adjacent to a drain. This action was also objected to by the locals and J&KPCC which had served (May 2022) notice to MC Hiranagar for unscientific disposal of solid waste by open dumping and burning leading to air and water pollution and unhygienic atmosphere.
- Similarly, Municipal Council, Rajouri was dumping solid waste in open area at the bank of Rajouri River. Audit also noticed that land had been allotted to MC Kathua for dumping solid waste at the bank of Ravi river (Kathua).

In respect of MC Hiranagar, the Department stated (January 2024) that Revenue Department has been approached to provide encumbrance free land for establishment of waste processing facility.

In respect of MC Rajouri, it was stated that the Deputy Commissioner of Rajouri District has been requested to allot encumbrance free land for construction of SWM facility.

The fact remained that two ULBs continued to dump waste in open spaces with potential risk to environment.

Picture 3.1.2: Dumping of waste in open spaces

Dumping of waste in open at Hira Nagar	Dumping of solid waste at the bank of Rajouri river

[23] Village Hiranagar and Allu Chak.

Review Meetings by Deputy Commissioners: Audit also noted that Deputy Commissioners (DCs) of the 11 Districts[24] (where sampled ULBs were located) had not held any meeting to review the performance of ULBs performance in SWM during the period 2017-18 to 2021-22.

Due to not holding of review meetings by DCs, possible solution to vital issues of solid waste management which could have emerged in such meetings remained unaddressed. The Department accepted (January 2024) the audit observation.

(I) Not Disposing of Accumulated Legacy Waste by Recycling/ Treatment

It was observed that as of March 2022, 18.35 lakh MT[25] of unprocessed waste was lying in the open at dumping sites of eight sampled ULBs including SMC and JMC. These ULBs had failed to dispose of the waste by recycling or chemical/ physical/ biological treatment methods specified. The non-disposal of waste carries the risk of serious threat to air, water and soil quality leading to health hazards.

The Department outlined (January 2024) plans for bio-remediation of legacy waste. JMC plans to float tenders for bio-remediation of waste and complete the process by March 2025. It was also stated that removal of legacy waste by way of bio-mining has started in six ULBs of Kashmir Division. In SMC, a DPR has been prepared for bio-remediation of legacy waste at landfill site at Acchan.

During Exit Conference Commissioner/ Secretary H&UDD stated (February 2025) that issue has been resolved in most of the places in Jammu Division and tenders of legacy waste (except 13 ULBs) have been allotted and work is going on.

The fact remained that 18.35 lakh MT of legacy waste of eight ULBs had remained unprocessed.

(II) Illegal and Unscientific Disposal of Solid Waste by ULBs

The two Regional Directors of J&K Pollution Control Committee (J&KPCC), Jammu and Kashmir on receiving reports about illegal and unscientific dumping/ disposal of solid waste by seven ULBs[26] (including three sampled ULBs), imposed penalty/ Environmental Compensation (EC) of ₹ 5.96 crore[27] (November 2019 to January 2022).

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[24] Jammu, Udhampur and Kulgam (2017-18 to 2021-22); Reasi, Kathua, Rajouri and Srinagar (2017-18 to 2020-21); Budgam, Kupwara and Anantnag (2017-18 to 2018-19); Doda (2017-18 to 2018-19 and 2021-22).

[25] JMC: 4.68 LMT, SMC: 12 LMT, MC Sumbhal: 0.02 LMT, MC Langate: 0.04 LMT, MC Kulgam: 0.33 LMT, MC Khansahib: 0.05 LMT, MC Bijbehara: 0.14 LMT and MC Anantnag: 1.09 LMT.

[26] Municipal Council, Udhampur (at forest land between Jakheni and Kheri); Municipal Council, Rajouri (at the bank of Rajouri River); Municipal Council, Kathua (at the bank of Ravi River); Municipal Council, Bandipora; Municipal Committee, Ramban; Municipal Committee, Katra and Municipal Committee, Sopore.

[27] Municipal Council, Udhampur: ₹ 1.39 crore; Municipal Committee, Katra: ₹ 1.06 crore; Municipal Council, Rajouri: ₹ 0.62 crore; Municipal Council, Kathua: ₹ 0.82 crore; Municipal Committee, Ramban: ₹ 0.13 crore; Municipal Council, Bandipora: ₹ 0.64 crore and Municipal Committee, Sopore: ₹ 1.30 crore.

Besides, the National Green Tribunal (NGT) had also imposed penalty of ₹ one crore on Municipal Council, Budgam for dumping solid waste on the banks of river Doodh Ganga. This amount was to be utilised for restoration of environment as per the plan approved by the Chief Secretary.

Audit further noticed that out of eight ULBs on which penalty was imposed by J&KPCC/ NGT, only two ULBs had deposited (between February 2021 and May 2022) penalty/ EC of ₹ 56.44 lakh[28].

Regional Director, J&KPCC, Jammu assured (October 2022) that follow up action regarding recovery of penalty/ Environment Compensation shall be taken.

CEO, MC, Kathua stated (February 2023) that the matter regarding paying penalty for dumping solid waste in open areas along the bank of River Ravi was under consideration of the Administrative Department.

During Exit Conference Commissioner/ Secretary H&UDD stated (February 2025) that the Department is contesting the penalty issue regarding Municipal Council Udhampur and Budgam.

The fact remains that disposal of waste in an improper manner has not only exposed the environment to risk apart from financial burden by way of penalty but also unnecessary litigation to the respective ULBs.

3.1.9.5 Processing and Treatment of Waste

In terms of Rule 3 (35) of SWM Rules, 2016 Processing means any scientific process by which segregated solid waste is changed for reuse, recycling or transformation into new products. The Rule further clarifies that Treatment means the method, technique or process designed to modify physical, chemical or biological characteristics or composition of any waste so as to reduce its volume and potential to cause harm.

Audit noted that no processing or treatment facilities were in place at the waste dumping sites in 14 ULBs[29] out of 17 sampled ULBs. As such the waste was being dumped without modifying its physical, chemical or biological characteristics.

During Exit Conference Commissioner/ Secretary H&UDD stated (February 2025) that progress has been made in setting up of Material Recovery Facilities (MRFs) in the ULBs. It was also stated that 33 Solid Waste Management Centres (SWMC) have been made operational during 2022-25.

[28] MC Budgam: ₹ 50 lakh and MC Ramban: ₹ 6.44 lakh.

[29] (i) Anantnag, (ii) Sumbal, (iii) Kupwara, (iv) Langate, (v) Budgam, (vi) Kulgam, (vii) Bijbehara, (viii) Khansahib, (ix) JMC, (x) Rajouri, (xi) Sunderbani, (xii) Reasi, (xiii) Hiranagar and (xiv) Kathua.

(I) Failure to Establish Waste to Energy Plant

As per Rule 15 (v) (b) of SWM Rules 2016, duties and responsibilities of ULBs include facilitating construction, operation and maintenance of solid waste processing facilities preferably via waste to energy processes.

- State Cabinet approved (October 2017) establishment of Waste to Energy (WtE) plant[30] for scientific disposal of Solid Waste at landfill site at Achan, Srinagar.
- After authorisation (November 2017) of H&UDD, SMC issued (December 2017) a Letter of Intent (LoI) to the single bidder[31] for establishment of WtE plant under Design, Finance, Build, Own, Operate and Transfer (DFBOOT).
- The Power Development Department (PDD), GoJ&K was to purchase electricity generated from WtE plant at ₹ 7.65 per unit for the period of 25 years. SMC was also responsible to get the Power Purchase Agreement (PPA) vetted by PDD, Finance Department, Law Department and Joint Electricity Regulatory Commission (JERC).
- SMC was to provide land at landfill site and establishment of WtE plant was to be completed within 18 months from the date the PPA was signed.
- Commissioner, SMC requested (November 2019) H&UDD to authorise him to submit a petition for adoption of approved power tariff before Central Electricity Regulatory Commission (CERC) or JERC of the State/ UT to facilitate smooth establishment of WtE Plant.
- After seeking legal opinion from Advocate General, J&K, H&UDD directed SMC to have (February 2020) the Project Proponent[32] to file a petition for adoption of power tariff before JERC.
- Accordingly, SMC asked (March 2020) the Project Proponent to take up matter with JERC.
- SMC provided (May 2018) land to the agency on which the agency carried out earth filling.

Audit noted that as of January 2024, there was no further progress regarding signing of PPA between the concerned parties, which was a necessity before WtE plant could be established. The WtE plant was to be completed within 18 months from the date the PPA was signed. However, despite lapse of over six years since its approval (October 2017), the WtE plant could not be established as of January 2024 due to procedural delays at various levels.

Commissioner, SMC stated (January 2020) that PPA had been vetted by PDD, Finance Department and Law Department but tariff rate of ₹ 7.65 per unit was not adopted by JERC due to unavoidable circumstances, including non-availability of a

30 Waste-to-energy plants burn municipal solid waste (MSW) to produce steam in a boiler and the steam is used to power an electric generator turbine.
31 M/s Highland Automobiles Pvt. Ltd., Srinagar.
32 M/s Syntech Bioenergy Pvt. Ltd. (changed nomenclature of joint venture).

quorum of JERC. The Department stated (January 2024) that the project is under deliberation.

The reply should be seen in the light of fact that even after lapse of over six years PPA could not be executed resulting in not establishing of WtE Plant.

During the Exit Conference Commissioner/ Secretary, H&UDD accepted (February 2025) that the WtE plant could not take off. It was further stated that revised DPR for the project has been submitted for approval under SBM 2.0.

(II) Not Functioning Leachate Treatment Plant

Leachate[33] treatment is important for elimination of harmful contaminants and organic substances that are capable of negatively impacting water sources such as surface water and groundwater which ultimately can affect human health.

SMC was allocated 516 *kanal* of land at Achan, Srinagar for waste dumping and processing of waste in 1986. Since then, the site has been maintained and developed by Economic Reconstruction Agency (ERA) under the supervision of SMC.

J&KPCC issued (July 2018) a notice to SMC for non-functioning of the Leachate Treatment Plant (LTP)[34] in violation of environmental laws and directed to make the plant functional within 15 days failing which it would initiate legal action under the Environmental Pollution Act, 1986.

Despite SMC's directive in August 2018 to ERA to ensure that the LTP remains functional 24x7, as of January 2024, the LTP remained non-functional leading to pollution of water sources and potential spread of diseases.

The Department stated (January 2024) that SMC in its tender floated for Cell No. 4 included Operation and Maintenance of LTP. However, the departmental reply is silent with regard to functional status of the LTP. Non-functional LTP carried the risk of pollution of water sources and potential spread of diseases.

(III) Not Functioning of City Compost Plant at Landfill Site, Achan

While handing over (September 2018) Achan landfill site to SMC, ERA had also handed over City Compost Plant (CCP)[35] to SMC after getting it inspected (November 2017) by the Agricultural Chemist, Quality Control Laboratory, Srinagar. The CCP remained operational up to June 2020 and earned revenue of ₹ 3.51 lakh. Thereafter, the SMC had not utilised the CCP as of January 2024, which resulted in non-conversion of suitable waste to compost and a consequent loss of revenue.

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33 As per Rule 3 (29) of SWM Rules, 2016 Leachate means the liquid that seeps through solid waste or other medium and has extracts of dissolved or suspended material from it.

34 Leachate Treatment Plant was non-functional when SMC had taken over the landfill site from ERA in September 2018.

35 A city compost plant is a facility that processes organic waste into compost, a nutrient-rich soil amendment.

Chief Sanitation Officer, SMC stated (April 2023) that plant was non-functional due to corrosion of various parts of machines which are beyond repairs.

The Department informed (January 2024) that to process the wet waste scientifically, SMC has proposed a fresh waste to compost plant of 100 MTPD capacity for which the DPR is being prepared.

The fact remained that SMC did not take concrete steps to make the CCP operational again or to commission a new CCP during the period from June 2020 to January 2024.

(IV) Not Functioning Waste Disposer Machine at Municipal Council, Udhampur

The work for installation of advanced fuel-free solid waste disposer, Kill the Waste Machine (KWM)[36] at dumping site of Sui Chakkar, Udhampur including comprehensive maintenance of machine for five years was awarded (September 2019) by MC Udhampur to a firm at a cost of ₹ 59.89 lakh. The firm installed (December 2019) KWM at the dumping site and an amount of ₹ 53.96 lakh was paid in two installments in January 2020 and April 2020. However, the KWM had been rendered non-functional in June 2021 due to unavailability of technical manpower and resentment by local people.

As per terms of the supply order (September 2019), the firm was to operate the commissioned machine at site for 60 days and further provide training to the manpower deputed by MC Udhampur during that period. However, no such training had been imparted by the firm. The KWM remained non-functional as of January 2024.

Thus, inaction of MC Udhampur to make the KWM functional resulted in idle investment of ₹ 53.96 lakh and consequent accumulation of solid waste at the dumping site. The Annual Maintenance Contract of five years included in the cost of installation of KWM had also been rendered ineffective.

The Department stated (January 2024) that local population did not allow the operation of machine alleging emission of harmful gases in the atmosphere. It was further stated that for processing waste at Sui Chakkar, a compost pit and Material Recovery Facility (MRF) has been established. Chief Executive Officer, Municipal Council Udhampur accepted (April 2024) that the MRF and compost pits installed at Sui Chakkar are not functional.

[36] An eco-friendly and economic solution for solid waste disposal. It runs on the principle of controlled combustion through regulated air supply while addressing and solving the major drawbacks of conventional combustion based incinerator system.

(V) Not Functioning Bailing Machine at Municipal Council, Udhampur

MC Udhampur installed (November 2020) a Bailing Machine (BM[37]) at the waste dumping site at Sui Chakkar for compressing the waste material into rectangular bales that can be sorted, shipped, sent for further processing or recycling.

Audit observed that the BM had remained functional up to June 2021 during which it compressed approximately 6,468 kg of plastic waste into rectangular bales. The BM ceased functioning thereafter due to unavailability of technical manpower and resentment by local people. As of January 2024, no substantial efforts have been made by the Department to make the BM operational again, thereby defeating the purpose of installing it.

CEO, MC Udhampur stated (February 2023) that a project for treatment of dumped waste had been started at Sui Chakkar, which would take five to six months to clear the waste. The Department informed (January 2024) that the MRF and compost pit has been established as per the action plan. It was also stated that the old bailing machine will be repaired and used in the same infrastructure.

The reply should be seen in light of the fact that MRF and compost pits installed at Sui Chakkar have not been made functional (April 2024), resulting in continued accumulation of plastic waste without proper disposal measures in place.

(VI) Bio-Mining and Bio-Remediation of Legacy Waste

For decades, JMC had been dumping Municipal Solid Waste in 250 *kanal* of land at Bhagwati Nagar, which had accumulated over time as Legacy Waste (LW). To address this issue, a DPR was prepared for removal of LW at Bhagwati Nagar through the process of Bio-mining[38] and Bio-remediation[39]. The DPR was technically vetted (October 2021) by IIT Jammu. As per DPR, volume of LW assessed through contour survey was estimated at 1.20 lakh MT. In terms of DPR, a baseline study of heavy metals in surface and sub-surface water, rainfall, soil type, hydrology, topography, wind direction etc. was to be conducted before and after bio-mining. Periodic study was also to be carried out after completion of bio-mining to check for any adverse effects in the surrounding area.

The contract for Bio-mining and Bio-remediation of LW was awarded (July 2020) to a contractor[40], at a cost of for ₹ 6.84 crore in anticipation of Administrative Approval which was accorded in November 2020. In the agreement, quantity of LW to be

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37 A compacting device that to compact and compress material into rectangular bales that can be sorted, shipped, sent for further processing or recycling. It is designed to change similar and dissimilar wastes into configurations that are easy to handle and organise.

38 Uses microorganisms to extract metals from ores, waste and other solid materials.

39 Uses microorganisms to break down hazardous substances into less toxic or non-toxic substances. Bioremediation is often used to clean up heavy metal pollution or recover precious metals from wastewater.

40 M/s Aakansha Enterprises, New Delhi.

treated and area of land to be reclaimed had not been mentioned. As per agreement, removal of LW was to be completed by January 2022. A payment of ₹ 6.84 crore was made by JMC to the contractor for Bio-mining/ Bio-remediation of LW of 1.20 lakh MT, which was completed in April 2022.

As against 250 *kanal* of land required to be cleared, how much land was cleared as a result of Bio-mining/ Bio-remediation of LW was not ascertainable. Neither any survey was conducted after completion of Bio-mining/ Bio-remediation of the area nor any periodic study was done to check for any adverse effects in the surrounding areas.

The contractor had completed Bio-mining/ Bio-remediation of LW after a delay of 82 days, but JMC did not impose penalty of ₹ 28.04 lakh[41] (as per clause 28 of the contract, at the rate of 0.05 *per cent* per day subject to a maximum of 10 *per cent* of contract value) on the contractor at the time of making final payment, thereby providing undue benefit to the contractor.

During Joint Physical Inspection (March 2023) of the site, heaps of waste, including boulders were seen at the site indicating that the area had not been fully cleared of LW. It was also seen that waste collected by JMC from Zone-III of the city was being dumped in the area reclaimed by Bio-mining/ Bio-remediation at Bhagwati Nagar.

The Department stated (January 2024) that the contractor had requested for grant of extension for completion of work and 233 *kanal* of land had been reclaimed. It was further stated that bio-remediation of LW in remaining 17 *kanal* was allotted to another firm. Regarding non-imposition of penalty, it was stated that the contractor had requested for grant of extension on account of disruption of work due to second wave of Covid pandemic during March-June 2021 and the request was agreed.

The reply is not acceptable as no mention was made in the agreement executed with the contractor about quantity of legacy waste to be treated and area of land to be reclaimed due to which the contract for reclaiming the balance 17 *kanal* of land was allotted to another firm. Further, there was no approval of competent authority for extension of time for completion of work.

(VII) Construction and Demolition Waste Management Rules

Ministry of Environment, Forest and Climate Change, GOI notified (March 2016) Construction and Demolition Waste Management (C&DWM) Rules, 2016. These rules apply to every waste resulting from construction, remodeling, repair and demolition of any civil structure of individual or organisation or authority which generates construction and demolition waste such as building material, debris, rubble. Audit noted the following regarding the implementation of C&DWM Rules:

[41] (6,84,00,000 x 0.05 *per cent* * 82).

Delayed Policy Notification

Rule 9 (1) of C&DWM Rules envisage that the Secretary in-charge of Urban Development Department is required to prepare policy document with respect to management of C&DW (Construction and Demolition Waste) in accordance with these rules within one year from the date of final notification (29 March 2016) of these rules.

However, the Department had notified (February 2020) the policy after a delay of 35 months.

Not Implementing Construction and Demolition Waste Management Rules

Rule 6 (4) and (5) of Construction and Demolition Waste Management (C&DWM) Rules, 2016 provides that ULBs shall place appropriate containers for C&DW, remove waste there from at regular intervals either through own resources or by appointing private operators and transport the waste to appropriate sites for processing and disposal.

Further, Rule 4 (c) of MSWM 2016 stipulates that it is the responsibility of the waste generator to store (C&DW), as and when generated, separately in his own premises or get the waste deposited at collection centre made by the ULB.

Despite generation of substantial quantities[42] of C&DW, ranging between 20,979.91 metric ton per annum (MTA) and 38,127.16 MTA during 2018-19 to 2021-22, no measures as per laid down rules such as placing appropriate containers for C&DW, removing waste there from at regular intervals either through own resources or by appointing private operators and transporting the waste to appropriate sites for processing and disposal were taken by the Department for its safe disposal.

Absence of C&DW Containers: No containers had been placed for collection of C&DW in any of the 17 selected ULBs including JMC and SMC. Further, no directions had been issued to public for proper handling and disposal of such waste.

Absence of C&D Waste Processing Facilities: The ULBs had not established waste processing facilities for safe disposal of C&DW within their jurisdiction in accordance with the provisions of the rules.

Improper Disposal Practices: J&KPCC in their annual report to Central Pollution Control Board reported that in absence of any collection and disposal mechanism for C&DW by ULBs, C&DW was being dumped off by owners on unused vacant land and along river banks and only unclaimed waste was transported by local bodies.

[42] 2018-19: 20,979.91 MTA; 2019-20: 36,301.17 MTA; 2020-21: 23,607.40 MTA; and 2021-22: 38,127.16 MTA.

The Department stated (January 2024) that JMC has prepared DPR for setting up a C&DW processing facility at Kot Bhalwal. It has also earmarked a C&DW collection point at Bhagwati Nagar for storage of C&DW which will be recycled after the commissioning of C&DW processing facility. SMC had dedicated service for collection of C&DW through tippers which collect and dump the waste at landfill site Achan. It was added that SMC has proposed 50 MTPD, C&DW plant under SBM 2.0 for which DPR is being prepared.

(VIII) Material Recovery Facilities (MRFs) for Management of Plastic Waste

Memoranda of Understanding (MoU) were signed (August 2019 and September 2019) by JMC with Indian Pollution Control Association (IPCA) and Regional and Urban Development Agency (RUDA)[43] for plastic waste management in Jammu city.

The MoU with IPCA was valid for five years up to November 2024, while the MoU with RUDA is valid for ten years from November 2021 to November 2031.

As per MoUs, IPCA and RUDA were to each install Material Recovery Facilities[44] (MRFs) with a capacity of five MT per day at Bhagwati Nagar and Rakh Bandu, Jammu respectively. Both these agencies were to operate and maintain the MRFs for five years and for ten years respectively. JMC was to provide plastic waste to these agencies for processing.

MRFs with a capacity of five MT per day were installed (August 2019 and September 2019) at Bhagwati Nagar and Rakh Bandu. It was observed that neither IPCA nor RUDA had processed any plastic waste during 2019-21. During the period 2021-22, both the agencies had processed only 4 MT of waste per day as against required 5 MT per day.

The Department informed (January 2024) that JMC is focusing to achieve 100 *per cent* segregation at source so that recovery of the waste can be done efficiently. It was further stated that after achieving the target of segregation of waste, MRF will run in full capacity. The reply is not acceptable as MoUs should have been implemented during its validity by providing segregated plastic waste to IPCA and RUDA. The reply should also be seen in light of the fact that the MoUs were signed without ensuring segregation of waste at source.

(IX) Unscientific Disposal of Plastic Waste

Rule 6 of Plastic Waste Management (PWM) Rules, 2016 provides that every local body shall be responsible for development and setting up of infrastructure for

[43] Implementation partner on behalf of United Nations Development Programme (UNDP).

[44] Materials Recovery Facilities (MRFs) is a facility where non-compostable solid waste can be temporarily stored by the local body or any other entity to facilitate segregation, sorting and recovery of recyclables from various components of waste.

segregation, collection, storage, transportation, processing and disposal of plastic waste either on its own or by engaging agencies or producers.

As per information available with J&KPCC, estimated 2,23,158 MTs[45] of plastic waste was generated in Jammu and Kashmir during 2017-18 to 2021-22.

Audit observed in 17 sampled ULBs that during 2017-18 to 2021-22, there was no record to show that plastic waste was being segregated, collected, transported as per Rule 6 of Plastic Waste Management Rules, 2016.

The Department stated (January 2024) that the total plastic waste generated and collected in 40 ULBs of Kashmir is 50 MTPD and 100 *per cent* of this plastic waste is collected and no waste is left unattended and that record of plastic waste being generated and processed is being maintained by the concerned ULBs. Regarding SMC, it was stated that SMC has 100 MTPD MRF plant at landfill site Achan where plastic waste is being collected and segregated by informal workers on daily or alternate day basis and records in respect of disposal of plastic waste are regularly updated on *Swachhtam* Portal. In respect of JMC, it was informed that two MRFs at Rakh Bandu and Bhagwati Nagar with 5 MTPD capacity each for processing and recycling of plastic waste have been setup where logbook for collection and recycling of plastic waste, on daily basis, are maintained.

The reply is not based on fact as no records regarding segregation, collection, storage, transportation, processing and disposal of plastic waste were produced in sampled ULBs. Further, two MRFs at Rakh Bandu and Bhagwati Nagar started during 2021-22 were not utilised to their full capacity by JMC as mentioned in **Paragraph 3.1.9.5 (VIII)**.

3.1.9.6 Not Assessing Risk to Environment by State Pollution Control Committee

Rule 16 (b) of SWM Rules, 2016 stipulates that State Pollution Control Board or State Pollution Control Committee shall monitor disposal of solid waste according to environmental standards and ensure regular monitoring[46] of ambient air quality at the landfill site and at the vicinity. It shall also conduct periodical monitoring[47] of ground water quality within 50 m of the periphery of landfill site to ensure that the ground water is not contaminated.

Audit examination disclosed that J&K Pollution Control Committee had not conducted any air quality assessment of landfills and dumpsites. J&KPCC admitted (June 2023) that sampling for checking the ground water quality near dumping sites

[45] 2017-18: 27,870 MTs; 2018-19: 34,367 MTs; 2019-20: 74,826 MTs; 2020-21: 51,711 MTs; and 2021-22: 34,384 MTs.
[46] Schedule I {F} (iv) of SWM Rules 2016.
[47] Schedule I {E} (i) of SWM Rules 2016.

and landfill sites has not been carried out on a routine basis. It was also stated that nine rivers in the State/ UT had been polluted due to unauthorised dumping of Solid waste and construction/ demolition waste etc. along these rivers.

Not conducting these assessments leads to unchecked environmental degradation, significant public health risks, as well as regulatory non-compliance and increased economic costs due to inadequate waste management practices. Further, it results in missed opportunities for improving waste management and potential social discontent.

3.1.9.7 Deficient Manpower

Section 1.4.5.4 of MSWM Manual, 2016 stipulates that a ULB should have dedicated SWM department or cell having staff with technical and managerial skill specific to SWM.

Audit noted that none of the 17 sampled ULBs had an exclusive SWM department/ cell having staff with technical and managerial skill specific to SWM. Further, against the sanctioned strength of 4,537 posts in 17 sampled ULBs only 3,893 were in position and 677 posts[48] were vacant. The ULBs were engaging 5,221 casual employees, for managing both SWM and sanitation activities. Shortage of staff ranged between 9.25 *per cent* (Bijbehara) and 75 *per cent* (Langate).

The Department stated (January 2024) that as per Government directions, no new recruitment can be made in any Department as such JMC is carrying out waste management and sanitation activities through own employees and NGO workers. They added that in Directorate Urban Local Bodies, Kashmir, a dedicated and expert PMU has been engaged under SBM-U and in case of dearth of *Safaimitras*, the concerned ULBs are engaging staff on outsource basis.

(I) Not Integrating Informal Waste Collectors in Waste Management

In terms of Section 2.3.7 of MSWM Manual, 2016 and Rule 11(c) and 15 (c) (d) of SWM Rule 2016, the ULBs were to establish a system to recognise organisations of waste pickers or informal waste collectors, facilitate formation of Self Help Groups for them, provide them identity cards and; facilitate their participation in SWM including door-to-door collection of waste. The State Government was to provide broad Guidelines regarding integration of waste picker or informal waste collectors in the SWM system.

Audit noted in sampled 17 ULBs that only SMC and Director, Urban Local Bodies, Kashmir (DULBK) had identified and integrated 283 Rag Pickers, to form Self Help Groups for them. Besides, GoJ&K had not issued (as of January 2024) any Guidelines

[48] 07 ULBs Jammu: 209; JMC: 164; 08 ULBs Kashmir: 75; and SMC: 229.

regarding integration of waste pickers or informal waste collectors in the SWM system.

The Department informed (January 2024) that registration of rag pickers in all the ULBs is under progress. The SMC has involved 179 informal waste pickers and integrated them into waste management system and DULBK has also identified 204 rag pickers/ Eco-guards and integrated them in SWM. It was also stated that JMC had conducted survey of rag pickers and is in the process of formation of SHGs so that all the informal waste pickets may be associated with SWM. The reply is not acceptable as the process of integration of waste pickers and informal waste collectors was to be carried out in the whole UT of J&K and the issuance of Guidelines would have provided a laid down framework for their integration.

(II) Capacity Building/ Trainings

As per Rule 15 (zc) of SWM Rules, 2016 a ULB has to educate workers including contract workers and supervisors regarding door-to-door collection of segregated waste and transportation of unmixed waste to processing or disposal facility.

Audit noted that records pertaining to provision of training to field staff for door-to-door collection and segregation of waste were not being maintained in the 15 sampled ULBs and SMC. In absence of these records, the number of trainings imparted, if any, to the staff of ULBs could not be ascertained. In respect of JMC, although trainings records were maintained, no training sessions were conducted by JMC to its staff prior to 2021-22.

Chief Sanitation Officer, SMC stated (April 2023) that regular training was being imparted to SWM workers and capacity building programmes were being held through Workshops, Seminars and e-learning courses.

The Department stated (January 2024) that from time to time JMC is organising training session on different subjects as per the requirements by engaging internal/ external trainers. It was further stated that over 20 capacity building programmes have been arranged by DULBK from time to time to enhance their capacity in management of solid waste. It was also stated that capacity building programmes are being conducted on regular intervals for training and knowledge enhancement of all sanitation staff and CEOs/ EOs in Jammu as well as Kashmir Division and SMC holds regular training and capacity building programmes for its SWM manpower.

The reply should be seen in light of the fact that no yearly training calendar or any other record related to any seminar or training course conducted by ULBs including SMC were being maintained.

3.1.10 Conclusion

GoJ&K had not prepared any policy/ action plan/ strategy for implementation of Reduce, Reuse and Recycle (3 Rs) in respect of solid waste and sampled ULBs had not taken any steps to generate awareness among the general public regarding importance of 3 Rs. During 2017-22, 91 *per cent* to 99 *per cent* of waste generated in the ULBs was being collected and only 31 *per cent* to 39 *per cent* of collected waste was being treated in the State/ UT. In 17 ULBs, segregation of waste at source/ house was not being carried out during 2017-22. In 11 ULBs, coverage of door-to-door collection of solid waste from households and commercial establishments was partial. Three ULBs had not carried out door-to-door collection of waste. Although JMC and SMC claimed 100 *per cent* door-to-door collection of waste during 2020-22, there was shortfall in collection of user charges. Besides, two ULBs (MC Hiranagar and MC Rajouri) were dumping solid waste unauthorisedly and unscientifically. No processing/ treatment facilities were in place at the waste dumping sites of 15 ULBs, as such the waste was being dumped without modifying its physical, chemical or biological characteristics resulting in potential danger to the environment. J&KPCC had not conducted any air quality assessment in respect of landfills/ dumpsites and had not regularly assessed the risk of contamination of ground water near landfill/ dumping sites.

3.1.11 *Recommendations*

- ***GoJ&K should devise a strategy for implementation of Reduce, Reuse and Recycle (3 Rs) in respect of solid waste.***
- ***ULBs should generate awareness among the general public regarding segregation of solid waste at source and ensure that waste is actually segregated at source. ULBs should ensure 100 per cent collection of solid waste from households/ commercial establishments etc.***
- ***ULBs should take measures to collect user charges from all households/ commercial establishments.***
- ***ULBs may put in place facilities for processing/ treatment of solid waste at dumping sites to modify its physical, chemical or biological characteristics so that no harm is caused to the environment.***
- ***J&KPCC may conduct air quality assessment in respect of landfills/ dumpsites and assess risk of contamination of ground water, rivers and streams near landfill/ dumping sites.***

Public Works Department (Roads and Buildings)

3.2 Central Roads and Infrastructure Fund

3.2.1 Introduction

The Central Road Fund (CRF) Act, 2000 gave statutory status to the Central Road Fund governed by the resolution of Parliament passed in 1988 for development and maintenance of National Highways and improvement of safety at railway crossings. The aim was to develop and maintain National Highways, State roads, Village Roads, railway under/ over bridges etc. and for these purposes to levy and collect by way of cess, a duty of excise and a duty of customs on motor spirit commonly known as petrol and high-speed diesel oil. The CRF Act, 2000 was replaced by the Central Road and Infrastructure Fund (CRIF), 2000 through Finance Act, 2018. The CRF Scheme was introduced in the erstwhile State of Jammu and Kashmir (J&K) in the year 2000-01.

After CRF (State Roads) Rules, 2007 came into force on 10th July 2007, these Rules were revised as Central Road Fund (State Roads) Rules, 2014 and Central Road Fund (State Roads) Amendment Rules, 2016.

A total of 292 roads and bridges projects were sanctioned in J&K under CRIF at a cost of ₹ 4,299.10 crore during 2000-01 to 2018-19[1]. Of these, only 117 (40 *per cent*) had been completed as of March 2022 and 175 incomplete projects continued to be executed under CRIF Scheme. The CRIF projects in J&K were to be completed at allotted cost within three years.

Major CRIF projects with completion between 50 *per cent* and 80 *per cent* were approved by the Hon'ble Lieutenant Governor for completion under Languishing Projects Scheme[2]. Accordingly, 82 projects (out of 292 CRIF projects) were sanctioned by the High-Powered Committee (HPC) headed by Financial Commissioner, Finance Department in its12th meeting (January 2021) under Languishing Projects Scheme for which funds were to be arranged by Jammu and Kashmir Infrastructure Development Finance Corporation (JKIDFC). As per decision of the HPC, the expenditure with respect to CRIF works is reimbursed fully by the GoI and reimbursed amounts shall be taken as a revenue accrual towards JKIDFC for debt servicing.

3.2.1.1 Organisational setup

The organisational set up of Public Works Department (Roads and Buildings) responsible for implementing Central Road and Infrastructure Fund (CRIF) projects is shown in **Chart 3.2.1.**

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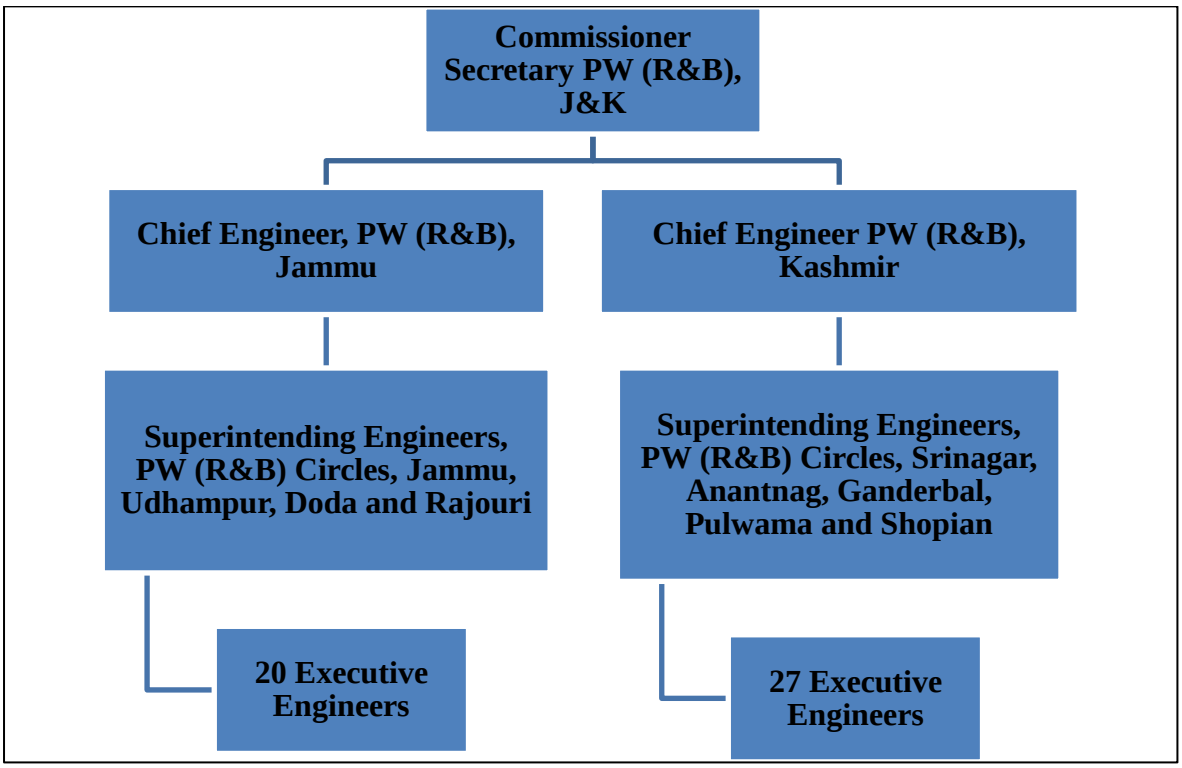
1 No CRIF projects were sanctioned after 2018-19 till March 2024.

2 For completion of unfunded/ languishing infrastructure projects in J&K and any other new infrastructure projects, which are a priority for J&K, the Jammu and Kashmir Infrastructure Development Finance Corporation (JKIDFC), in the Finance Department, was established (September 2018) with an authorised capital of ₹ 50 lakh for raising loans from financial institutions including State/ Nationalised banks.

Chart 3.2.1: Organisational Setup



3.2.1.2 Audit objectives

The objectives of conducting SSCA on CRIF were to assess whether:

- Projects were identified and prioritised as per Central Road Fund Rules and as per criteria formulated by the Government of India.
- The allotment of funds was adequate and funds were spent as per the Scheme guidelines.
- Projects were executed in accordance with prescribed CRF Rules and Indian Roads Congress (IRC) specifications.
- Monitoring and quality control system were adequate and effective.

3.2.1.3 Audit criteria

Audit was benchmarked against the following sources of criteria:

- Central Road Fund Act, 2000.
- Central Road Fund (State Roads) Rules 2007 and Central Road Fund (State Roads) Rules 2014.
- Indian Road Congress (IRC) specifications and specifications prescribed by MoRTH.
- Jammu and Kashmir Public Works Account Code, 1962.
- Forest Conservation Act, 1980 and J&K Forest Conservation Act, 1997
- Jammu and Kashmir Financial Code, 2011.

3.2.1.4 Audit Scope, Sampling and Methodology

Audit scope:

The SSCA covered the period from 2017-18 to 2021-22. However, wherever required, records prior to 2017-18 were also reviewed. Test check of records was conducted during May 2022 to April 2023 in the offices of Administrative Department of Public Works (PW) Roads and Buildings (R&B), J&K, two[3] Chief Engineers (CEs) of Kashmir and Jammu, six[4] Superintending Engineers (SEs) and 24[5] executing Divisions across 10[6] Districts.

Audit sample:

Out of total 20 Districts, 10 were selected for audit using Simple Random Sampling without Replacement (SRSWOR) method. All the works executing Divisions implementing CRIF projects in these 10 Districts were audited.

Out of total 292 roads sanctioned under CRIF in J&K between 2000-01 and 2018-19, 189 roads were located in the selected 10 Districts. Out of these 189 roads, 50 roads had been completed before 2017-18 and hence the examination and analysis of remaining 139 roads were selected for audit.

Audit methodology:

Audit methodology entailed examination and analysis of records and documents, as well as issue of audit queries.

An Entry Conference was held with Director Finance, PW (R&B) on 10th May 2022 during which audit objectives, audit criteria, scope and methodology were discussed. This was followed by an Exit Conference on 17th October 2024 during which the audit findings were discussed. The Department's responses to the draft report, as well as those provided during the Exit Conference, have been suitably incorporated into the report.

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3 Chief Engineer PW (R&B) Kashmir and Chief Engineer PW(R&B) Jammu.

4 Superintending Engineer PW (R&B) Circles (i) Anantnag (ii) Baramulla (iii) Doda (iv) Kathua, (v) Rajouri-Poonch, and (vi) Udhampur.

5 Executive Engineers PW(R&B) Divisions (i) Anantnag, (ii) Bandipora, (iii) Baramulla, (iv) Basohli, (v) Bhaderwah, (vi) Doda, (vii) Gandoh, (viii) Gurez, (ix) Handwara, (x) Kathua, (xi) Kupwara, (xii) Magam, (xiii) Nowshera, (xiv) Qazigund, (xv) Rajouri, (xvi) Samba, (xvii) Sopore, (xviii) Srinagar Division-I, (xix) Srinagar Division-II, (xx) Sumbal, (xxi) Tangdar, (xxii) Udhampur, (xxiii) Uri, and (xxiv) Vailoo.

6 (i) Anantnag, (ii) Bandipora, (iii) Baramulla (iv) Doda, (v) Kathua, (vi) Kupwara (vii) Rajouri, (viii) Samba, (ix) Srinagar, and (x) Udhampur.

Audit findings

3.2.2 Planning

3.2.2.1 Non-Prioritisation of projects

Rule 5 (1) of CRF (State Roads) Rules, 2014 regarding "Identification and prioritisation of Schemes under State roads including roads of economic importance and inter-State Connectivity" stipulates that the Central Government shall identify and prioritise the projects for release of funds in consultation with the executing agencies (State/ Union Territory Governments). The executing agencies shall observe the criteria and furnish necessary details of the projects as specified under these Rules, to the Central Government to facilitate identification and prioritisation of the Schemes.

Further, Rule 3 of the CRF (State Roads) Rules, 2014 stipulates that the allocation of fund to the executive agencies shall be made on the basis of 30 *per cent* weightage to fuel consumption and 70 *per cent* weightage to the geographical area of the concerned States or Union Territories. Accordingly, there is a fixed allocation of funds for CRIF projects in a year. Besides, the CRIF projects were to be completed at the allotted cost within three years in J&K.

Audit examination disclosed that the prioritisation of projects for sanction under CRIF was not undertaken. No action plan for identifying and prioritising CRIF projects was prepared by the PW (R&B) Department for proposing works to GoI for sanction under CRIF.The DPRs of the projects were submitted to GoI for approval primarily based on the directions of public representatives.

The position of projects sanctioned under CRIF during 2001-17 and 2017-19[7] (period under audit) and projects completed as of March 2022 is given in **Table 3.2.1**.

Table 3.2.1: Projects sanctioned under CRIF during 2001-2017 and 2017-2019 and their completion status as of March 2022

(₹in crore)

Period	Projects sanctioned	Sanctioned cost	Projects completed	Projects incomplete (sanctioned cost)	Range of physical completion of incomplete projects *(Percentage)*: (Number of incomplete projects)	Expenditure incurred on incomplete projects	Funds required for incomplete projects
2000-01 to 2016-17	208	₹ 2,969.04	115	93 (₹1,961.72)	00 to 10: (06) 11 to 20: (03) 21 to 30: (11)	₹ 1,000.65	₹ 961.07

[7] Although SSCA covered the period up to 2021-22, the period of sanction of projects up to only 2018-19 was in sample because no CRIF projects were sanctioned after 2018-19 in J&K.

Period	Projects sanctioned	Sanctioned cost	Projects completed	Projects incomplete (sanctioned cost)	Range of physical completion of incomplete projects (*Percentage*): (Number of incomplete projects)	Expenditure incurred on incomplete projects	Funds required for incomplete projects
					31 to 40: (06) 41 to 50: (04) 51 to 60: (06) 61 to 70: (11) 71 to 80: (10) 81 to 90: (09) 91 to 97: (27)		
2017-18 to 2018-19 (period under audit)	84	₹ 1,332.12	02	82 (₹1,301.74)	00 to 10: (19) 11 to 20: (12) 21 to 30: (12) 31 to 40: (08) 41 to 50: (07) 51 to 60: (07) 61 to 70: (04) 71 to 80: (06) 81 to 90: (02) 91 to 99: (05)	₹ 228.36	₹ 1,073.38
Total	**292**	**4,301.16**	**117**	**175 (₹3,263.46)**		**1,229.01**	**2,034.45**

(Source: information compiled by audit from Departmental records)

It can be seen from the **Table 3.2.1** that:

- Out of 208 projects sanctioned under CRIF during 2000-2001 to 2016-2017, only 115 (55 *per cent*) projects were completed. These projects were scheduled for completion between 2003-04 and 2019-20. The remaining 93 projects remained incomplete as they were not prioritised for completion in accordance withRule 5 (1) of CRF (State Roads) Rules, 2014.
- Instead, 84[8] new projects were sanctioned during 2017-18 and 2018-19, for which ₹ 228.36 crore was utilised (2017-18 to 2021-22) for their execution. These funds ranged between 0 *per cent* and 73 *per cent*[9] of the sanctioned costs of projects. Since, there is a fixed allocation of funds for CRIF projects, as per Rule 3 of CRF (State Roads) Rules, 2014 in a year, the utilisation/ release of funds on 84 new projects had resulted in scarcity of funds for both

[8] 2017-18: 69 new projects and 2018-19: 15 new projects.

[9] Zero expenditure: 14 projects; 0.24 *per cent* to 20 *per cent* expenditure: 39 projects; 21 *per cent* to 30 *per cent* expenditure:10 projects; 31 *per cent* to 50 *per cent* expenditure: 12 projects and 51 *per cent* to 73.31 *per cent* expenditure: seven projects.

93 incomplete projects as well as 82 out of 84 newly sanctioned projects during 2017-19.

- As the amount of ₹ 228.36 crore released by GoI was not sufficient for completion of 84 newly sanctioned projects, this amount could have been utilised for execution and timely completion of 93 incomplete projects.

Thus, non-prioritisation of projects by the Department resulted in non-completion of both 93 ongoing projects as well as 82 new projects as of March 2022.

In reply, the Chief Engineer (CE), PW(R&B) Department Jammu stated (January 2023) that priority had been given to completion of projects sanctioned during 2001-17 as 54 projects of Jammu province sanctioned during 2001-17 and only one project sanctioned during 2017-19 were completed as of March 2022. It was further stated that projects sanctioned under CRIF were prioritised by field offices in consultation with public representatives depending on requirement.

Director Finance, PW (R&B) Department stated (November 2023) that new projects were undertaken to address the requirements and waiting for ongoing schemes to be completed before initiating new ones would not have been a prudent approach.

The reply is not justifiable as Rule 3 of Central Road Fund (State Roads) Rules, 2014 provides for a fixed allocation of funds for CRIF projects in a year. In this context, the Department should have proposed only those projects for approval that were likely to be fully completed in the stipulated timeline. Further, new projects should have been proposed only after achieving significant progress in completion of ongoing projects and availability of fund.

During the Exit Conference (17th October 2024), the Department accepted that completion of projects under CRIF was adversely affected due to fixed allocation of CRIF funds.It was added that ongoing CRIF projects were further affected due to bifurcation of erstwhile J&K State in two UTs (J&K and Ladakh) as large part of geographical area went under UT of Ladakh. Department also confirmed that the projects amounting to₹ 500 crore, which had been submitted to GoI for approval after 2018-19, were withdrawn to prioritise the completion of ongoing projects.

3.2.2.2 Misreporting for Sanction of Ineligible Roads

Rule 6 (3) of the CRF (State Roads) Rules, 2014 stipulates that in respect of roads proposed under CRIF, no improvement works[10] should have been carried out in the previous three years[11]. Audit examination disclosed contravention of the aforesaid Rule as discussed in the following paragraphs:

[10] Improvement' means laying of bitumen on existing surface.
[11] Preceding three years from the date of proposal of projects to GoI.

- In respect of old Samba-Kathua road, the Executive Engineer (EE), PW (R&B) Division, Kathua had allotted (October 2015) the work of laying Bituminous Macadam (BM)[12] and Semi Dense Bituminous Concrete (SDBC)[13] (km 9th to km 15th) at a cost of ₹ 1.78 crore under State sector. A payment of ₹ 1.78 crore was made (May 2016) to the contractor for laying of BM[14] and of SDBC[15].
- Similarly, EE, PW(R&B) Division, Kathua had allotted (September 2016) the work of laying BM[16] and SDBC[17] on Dayala chak Jandi road (km 1st RD 800 to km11th RD 500) at a cost of ₹ 2.40 crore under State Sector. A payment of ₹ 3.17 crore was made (May 2017) to the contractor for laying of BM[18] and SDBC[19].
- However, in violation of CRF Rule, EE, PW(R&B) Division, Kathua had wrongly certified (December 2016 and January 2017) in the Detailed Project Reports (DPRs) that no work had been executed on these two roads during the previous three years. On the basis of this wrong certification, GoI sanctioned (March 2017) 'Improvement/ widening of old Samba-Kathua road (Km 1st to Km 15th) and 'Improvement/ upgradation of Dayala chak-Hiranagar-Jandi road via Kattal Gujran' (km 1st to km 12th) at costs of ₹ 15 crore and ₹ 10 crore respectively under CRIF.

Thus, by wrongly certifying to GoI that no work had been executed on these two roads during previous three years, EE, PW(R&B) Division, Kathua had managed to get these two ineligible roads sanctioned by GoI.

During the Exit Conference (17th October 2024), it was stated that these road projects were inadvertently proposed for sanction and due care would be taken in future not to propose ineligible road projects.

3.2.2.3 Sanctioning of Projects in deviation from CRF Rules

(A) Rule 5 (3) of CRF (State Roads) Rules, 2007 and Rule 6 (2) of the CRF (State Roads) Rules, 2014 stipulate that roads proposed under CRIF should generally cover at least 10 km of length except in cases, such as construction of missing bridges, cross drainage works, rehabilitation of bridges, widening of two-lanes, strengthening of weak pavement sections etc.

Audit noted that 23 out of 139 road projects[20] did not include construction of missing bridges, cross drainage works, rehabilitation of bridges, widening of two-lanes,

12 50 millimeter (mm) thick.
13 25 mm thick.
14 1,074.46 cubic meter (cum).
15 21,946.07 square meters (sqm).
16 50 mm thick.
17 25 mm thick.
18 2,050.53 cum.
19 46,439 sqm.
20 Kashmir: 15 and Jammu: 08.

strengthening of weak pavement sections etc. but were proposed and sanctioned under CRIF at a cost of ₹ 315.87 crore[21] during 2013-14 to 2018-19, with length of the roads ranging between 3.2 km and 9.50 km.

During the Exit Conference (17th October 2024), it was stated that these road projects were inadvertently proposed for sanction and due care would be taken in future not to propose ineligible road projects.

3.2.3 Financial Management

Against a total receipt of ₹ 1,102.45 crore[22] under CRIF funds during 2017-18 to 2021-22, an expenditure of ₹ 1,329.60 crore was incurred, leading to an excess expenditure of ₹ 227.15 crore. However, the regularisation of this excess expenditure was not available on record. The position of funds released by GoI to GoJ&K, funds further released by GoJ&K to implementing agencies and expenditure incurred there against during 2017-18 to 2021-22 is given in **Table 3.2.2**.

Table 3.2.2: Details of funds received vis-a-vis expenditure incurred

(₹ in crore)

Year	Opening Balance (1)	Funds received from GoI (2)	Funds released by GoJ&K (3)	Total funds available (4) = (1) + (3)	Expenditure incurred (5)	Closing Balance (6) = (4) – (5)
2017-18	2.18	332.57	236.02	238.20	234.28	3.92
2018-19	3.92[23]	344.75	336.20	340.12	338.03	2.09
2019-20	2.09	103.48	208.58	210.67	207.00	3.67
2020-21	3.67	128.88	199.48[24]	203.15	192.77	Nil[25]
2021-22	Nil	320.78[26]	119.99[27]	119.99	357.52[28]	Nil[29]
Total		**1,230.46**	**1,100.27**		**1,329.60**	

(Source: information provided by Department)

Audit noted the following discrepancies regarding financial management of CRIF projects:

(A) GoJ&K had released ₹ 221.87 crore (₹ 70.60 crore + ₹ 151.27 crore) for CRIF projects in anticipation of receipt of funds from GoI (advance positioning) during 2020-21 to 2021-22 to expedite completion of ongoing projects. Further, 82 CRIF projects were sanctioned for funding under Languishing Projects Scheme through

21 Kashmir: ₹ 201.50 crore and Jammu: ₹ 114.37 crore.

22 Fund released by GoJ&K (₹ 1,100.27 crore) and opening balance of 2017-18 (₹ 2.18 Crore).

23 Entire funds of ₹ 3.92 crore revalidated and released to Chief Engineer PW (R&B) Jammu.

24 In addition to funds of ₹ 128.88 crore received from GoI during 2020-21, Finance Department had released funds of ₹ 70.60 crore as advance positioning.

25 Unspent balance of ₹ 10.38 crore during 2020-21 had lapsed as these funds pertain to advance positioning by the Finance Department.

26 Adjustment of ₹ 70.60 crore and ₹ 151.27 crore for advance positioning by the Finance Department respectively during 2020-21 and 2021-22.

27 ₹ 119.99 crore was released to implementing agencies out of advance positioning of ₹ 151.27 crore by the Finance Department.

28 Includes expenditure of ₹ 243.08 crore incurred on CRF projects under languishing projects.

29 Unspent balance of ₹ 5.55 crore during 2021-22 had lapsed as these funds were out of advance positioning by the Finance Department.

JKIDFC during January 2021. These funds were to be demanded from GoI and adjusted against future release of funds by GoI.

However, PW (R&B) Department had received only ₹ 400.18 crore from GoI against expenditure of ₹ 449.02 crore (erstwhile State/ UT Budget: ₹ 205.94 crore; Languishing projects: ₹ 243.08 crore) as of March 2022. Thus, expenditure of ₹ 48.84 crore incurred in advance had remained unadjusted as of March 2022.

In reply, the Director Finance, PW (R&B) Department stated (November 2023) that the expenditure incurred against the bridge loan received from JKIDFC would be adjusted.

(B) The total sanctioned cost of DPRs for five CRIF projects[30], executed by four works[31] Divisions, was ₹ 91.32 crore. However, the total advertised cost of these projects was only ₹ 83.39 crore, resulting in excess sanction of ₹ 7.93 crore. This discrepancy is indicative that the DPRs were prepared without proper surveys and inflated projects' costs were proposed to GoI for sanction. Further, the total allotted cost for execution of these projects was only ₹ 70.90 crore.

Audit further noted that instead of releasing the allotted cost of ₹ 70.90 crore for execution of these projects, CEs, PW (R&B) Department Kashmir and Jammu had released ₹ 86.08 crore. This resulted in excess release of ₹ 15.18 crore to these Divisions which was irregularly expended as discussed below:

- In respect of Samba-Mansar Road, ₹ 3.52 crore was released in excess of allotment. Out of ₹ 3.52 crore, ₹ 2.90 crore was diverted on works not related to the road project.
  In reply, the EE, PW(R&B) Division Samba stated (January 2023) that works on link roads were executed on the directions of Commissioner Secretary PW (R&B) Department, J&K and CE, PW(R&B) Department Jammu as per demand of local MLA and public.
  The fact remained that CRIF funds were diverted for construction of link road not connected with the sanctioned CRIF project (Samba-Mansar Road).
- In respect of Utterbani-Purmandal road, an amount of ₹ 3.50 crore was released in excess of allotment. The construction of retaining walls/ breast walls allotted to the contractor at zero allotted cost (contractor's bid for these items was zero) was not executed by the contractor. Instead, the EE, PW (R&B) Division Samba had got these components irregularly executed departmentally through the same contractor and made payment of ₹ 1.79 crore.

[30] (i) Improvement/ Upgradation of Samba-Mansar Road (ii) Improvement/widening of Utterbani-Purmandal Road via Mandal (iii) Restoration/ Upgradation of Sumbal-Bandipora road (iv) Construction/ Upgradation of Verinag-Kapran road, and (v) Construction of road from Warapora to Fruit Mandi via Saidpora.

[31] Samba, Bandipora, Qazigund and Sopore.

- In respect of Sumbal-Bandipora, Verinag-Kapran and Warapora to Fruit Mandi roads, ₹ 3.86 crore, ₹ 0.88 crore and ₹ 3.41 crore respectively were released in excess of allotment.

Furthermore, the inflated DPR costs were primarily because the quantities and rates for certain items of works were prepared by the executing Division on typical estimates[32] and typical rates respectively which were not based on any approved norms. These typical estimates and rates were higher than the applicable Schedule of Rates, resulting in over-projection of funds and their consequent excess sanction. However, in the Notice Inviting Tenders of these works, the rates were specified as per Schedule of Rates which were significantly less than the typical rates used in DPRs. As a result, the advertised costs were less than the DPR costs.

Regarding mis-utilisation of funds on Departmental execution of retaining wall/ breast wall on Utterbani-Purmandal road via Mandal, the EE, PW(R&B) Division Samba stated (January 2023) that works were undertaken in view of *Amvasya Mela* at Utterbani/ Purmandal.

The reply was not acceptable as execution of retaining wall/ breast wall was allotted in the original contract but was not executed by the contractor. Subsequently, the said work was irregularly executed by Department at higher rates than rates at which the work was originally allotted to the contractor.

In reply, Director Finance, PW (R&B) Department stated (November 2023) that actual execution of project is influenced by various on-site factors, and it is inherent that there would be variations in quantities during execution.

The reply is generic in nature and fails to address the specific audit observation regarding the irregular expenditure of excess release of ₹ 15.18 crore.

During the Exit Conference (17th October 2024), it was stated that such cases would be examined and factual position would be furnished to Audit.

(C) Construction of 80m span pre-stressed concrete bridge over Sukh Tawinalla from Vedant Ashram to Military Engineering Services (MES) store with approach road was sanctioned (2015-16) at a cost of ₹ 6.62 crore under CRIF. The Jammu and Kashmir Project Constructions Corporation Limited (JKPCC) was to execute the work and funds for the project were to be provided by PW (R&B) Department.

The Board of Directors (BoD) of JKPCC decided (2007) to charge 15 *per cent* as overheads for preparing cost estimates of works. These rates were revised

[32] As the name indicates, the typical estimates for various items of work, prepared by the executing Divisions, are calculated based on discretionary assumptions of Assistant Executive Engineer and Executive Engineer regarding the expected deployment of labour, machinery, materials, carriage of material, contractor's profit, etc. The rates of these typical estimates are not based on any approved Guidelines/ Rules of either the State or the Central Government.

(August 2012) to 15, 10 and 7.5 *per cent* for projects costing up to ₹ 50 crore, ₹ 100 crore and over ₹ 100 crore respectively.

Records of EE, PW (R&B) Division, Rajouri showed that JKPCC had invited (January 2017) e-NIT for construction of bridge and allotted (May 2017) work to a contractor[33] at a cost of ₹ 4.89 crore. As such, ₹ 5.88 crore, including ₹ 0.99 crore (15 *per cent*) as overhead charges, were to be released to the JKPCC by the Department.

Audit noted that instead of releasing ₹ 5.88 crore, the EE, PW (R&B) Division Rajouri had released ₹ 6.62 crore to the JKPCC resulting in excess release of ₹ 0.74 crore.

Director Finance, PW (R&B) Department stated (November 2023) that the matter regarding releasing excess amount had been taken up with JKPCC in July 2023.

3.2.3.1 Submission of Higher Cost of Projects for Approval under Languishing Projects Scheme

The HPC in its 12th meeting (January 2021) had approved 82 CRIF projects under Languishing Projects Scheme. As per the decision of HPC, only the balance cost of projects was to be funded under Languishing Projects Scheme and the works were to be completed within allotted costs within two years. Further, the expenditure on CRIF works was to be reimbursed fully by GoI and would be taken as revenue accrual towards repayment of loan and interest taken from JKIDFC for debt servicing.

Records of CE, PW(R&B) Department, Jammu, CE, PW(R&B) Department, Kashmir and SEs of nine circles[34] revealed that contracts had been allotted (February 2015 to July 2022) to 82 contractors in respect of 82 CRIF projects[35]. Subsequently, these projects were proposed (January 2021) for funding under Languishing programme. As such, the Department had to submit the balance costs[36] of projects to HPC for approval of funds under Languishing programme. These projects were sanctioned by HPC in January 2021.

Audit noted that although the approved costs by HPC for 35 out of 82 projects were equal to balance costs, it was more than balance cost in respect of 47 projects. This had resulted in sanction of extra cost of ₹ 196 crore[37] in respect of these 47 projects. As of March 2023, an extra expenditure of ₹ 49.97 crore[38] over allotted cost was incurred on these projects.

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33 M/s TRB Infra Tech.

34 (i) SE Jammu-Kathua Circle (ii) SE Udhampur-Reasi Circle (iii) SE Doda Circle (iv) SE Poonch-Rajouri Circle (v) SE Anantnag/ Kulgam (vi) SE Baramulla-Kupwara Circle (vii) SE Srinagar-Budgam Circle (viii) SE Bandipora-Ganderbal Circle, and (ix) SE Shopian-Pulwama Circle.

35 Jammu: 52, Kashmir: 30.

36 Allotted cost of project minus the expenditure incurred prior to Languishing programme.

37 Jammu: ₹ 191.74 crore, Kashmir: ₹ 4.26 crore.

38 Jammu: ₹ 41.44 crore, Kashmir: ₹ 8.53 crore.

In reply, Director Finance, PW (R&B) Department stated (November 2023) that the costs of these projects were equal to or greater than initially allotted costs as costs of these projects were calculated based on prevailing Schedule of Rates and factors such as nature and extent of remaining work.

The reply is not acceptable as the decision of HPC clearly stipulated that only the balance cost of projects was to be funded under the programme for Languishing projects and the works were to be completed within allotted costs.

3.2.4 Contract Management

3.2.4.1 Unrealistically low-priced bids

(A) Sub-clause 26.4 of the Standard Bidding Document (SBD) of CRIF projects stipulates that if the bid of the successful bidder was seriously unbalanced (i.e. 15 *per cent* below advertised cost), the employer/ contract awarding authority may require the bidder to produce detailed price analysis for any or all items of the Bill of Quantities (BoQs) to demonstrate the internal consistency of those prices with the construction methods. After price analysis, the employer may require that the amount of the performance security set forth in clause 30 of SBD be increased at the expense of the successful bidder to a level sufficient to protect the employer against financial loss in the event of default by the successful bidder under the Contract.

Records of 31 works executing Divisions[39] revealed the following in this regard:

- Out of 101 successful bids[40] during October 2015 to March 2020, bids of 75 projects[41] sanctioned under CRIF were seriously unbalanced as they were below advertised cost of works ranging from 15 *per cent* to 42 *per cent.*
- The Departmental Contract Committee (DCC)[42]/ CEs, PW (R&B) Department Kashmir and Jammu had not obtained detailed price analysis for any items of the BoQs from successful bidders to determine internal consistency of prices with the construction methods in terms and conditions of SBD.

Thus, the contracts of 75 projects were allotted without evaluation of price analysis.

During the Exit Conference (17th October 2024), the Department stated that such issues have now been addressed by invitation of tenders on a percentage basis instead of the earlier item-wise rates.

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39 Executive Engineers PW(R&B) Divisions (i) Bandipora, (ii) Basohli, (iii) Baramulla, (iv) Bhaderwah, (v) Budgam, (vi) Chadoora, (vii) Doda, (viii) Gandoh, (ix) Handwara, (x) Jammu Construction Division-I, (xi) Jammu Construction Division-II, (xii) Construction Division-III, (xiii) Kathua, (xiv) Khanabal, (xv) Kishtwar, (xvi) Kupwara, (xvii) Magam, (xviii) Nowshera, (xix) Poonch, (xx) Pulwama, (xxi) Qazigund, (xxii) Rajouri, (xxiii) Reasi, (xxiv) Samba, (xxv) Shopian, (xxvi) Sopore, (xxvii) Srinagar Division-I, (xxviii) Srinagar Division-II, (xxix) Udhampur, (xxx) Uri and (xxxi) Vailoo.

40 Jammu: 58 and Kashmir: 43

41 Jammu: 44 and Kashmir: 31

42 Development Commissioner (Works), Chief Engineer PW(R&B) Kashmir, Chief Engineer PW(R&B) Jammu, Chief Engineer Design Inspection and Quality Control (DIQC) J&K and Director Finance PW(R&B) Department.

(B) Sub-clause 26.5 of the SBD stipulates that bids which contain 50 *per cent* of items in the BoQs which are unrealistically priced low (25 *per cent* below) and cannot be substantiated satisfactorily by the bidder shall be rejected as non-responsive.

Records of CEs PW(R&B) Department Kashmir and Jammu and SEs, PW(R&B) Doda and Rajouri Circles revealed that lists of advertised/ estimated rate of components were not enclosed with the NIT in the contract files. Audit collected advertised/ estimated rates from 13 works executing Divisions and found that 24 projects[43] amounting to ₹ 214.83 crore out of 75 allotted projects were liable to be cancelled as the contractors had quoted 50 *per cent* of BoQs items below 25 *per cent* of advertised/ estimated costs. The prices quoted were below advertised costs in the range of 25 and 100 *per cent* as detailed in ***Appendix 3.2.1.*** As a result, these bids were liable for rejection as non-responsive in the light of terms and conditions of SBD.

Thus, DCC/ CEs, PW(R&B) Department Kashmir and Jammu SEs, PW(R&B) Doda and Rajouri Circles had allotted 75 projects without price analysis, out of which 24 contracts for ₹ 214.83 crore[44] were allotted to contractors whose bids were liable to be cancelled.

In reply, Director Finance, PW (R&B) Department stated (November 2023) that establishing a fixed percentage below the estimated cost as a universal criterion for identifying an abnormally low bid is not advisable and each case had to be evaluated on a case-by-case basis.

The reply is not acceptable as the SBD formulated by the Department itself prescribes a fixed percentage below the advertised cost to identify the abnormally low bids. Further, the reply was silent regarding the audit observation that 24 contracts were liable to be cancelled.

During the Exit Conference (17th October 2024), the Department stated that such issues have now been addressed by invitation of tenders on a percentage basis instead of the earlier item-wise rates.

3.2.4.2 Performance Security

As per clause 30.1 of the SBD of CRIF projects, the successful bidder/ contractor shall deliver to the employer/ concerned authority, a Performance Security in any of the required forms for an amount equivalent to five *per cent* of contract price (plus additional performance security for unbalanced bid[45] in accordance with clause 26.4 of Instructions to Bidders) within 21 days after the date of receipt of the Letter of Acceptance.

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43 Jammu: 19 and Kashmir: 05

44 Jammu: ₹ 162.16 crore; Kashmir: ₹ 52.67 crore

45 15 *per cent* below advertised cost.

The rates at which additional performance security for unbalanced bids, if any, were to be levied during the period 2017-18 to 2018-19 were not produced to Audit in the office of CE, PW (R&B) Department, Jammu. In supersession of all previous orders, the CEs, PW(R&B) Department Kashmir and Jammu issued (August 2018 and March 2019) circulars prescribing rates of additional performance security for unbalanced bids as detailed in **Table 3.2.3.**

Table 3.2.3: Rates of additional performance security for unbalanced bids

Percentage of unbalanced bids vis-a-vis advertised cost	Additional Performance Security
Up to and including 15 *per cent* below	Nil
Below 15 *per cent* up to and including 20 *per cent*	five *per cent* of advertised cost
Below 20 *per cent* up to and including 25 *per cent*	10 *per cent* of advertised cost
Below 25 *per cent* up to and including 30 *per cent*	15 *per cent* of advertised cost
Below 30 *per cent*	20 *per cent* of advertised cost

(Source: information provided by Department)

However, the CE, PW(R&B) Kashmir excluded CRIF projects from the rates prescribed in the above-mentioned circular of August 2018. The CE, PW(R&B) Jammu withdrew its circular (March 2019) and issued fresh circular (May 2019) prescribing revised rates of additional performance security for unbalanced bids, as detailed in **Table 3.2.4.** The reasons for exclusion of CRIF projects from purview of circular issued by the CE, PW(R&B) Kashmir and withdrawal of circular (March 2019) issued by the CE, PW(R&B) Jammu were not on record.

Table 3.2.4: Revised rates of additional performance security for unbalanced bids

Percentage of unbalanced bids vis-a-vis advertised cost	Additional Performance Security
Up to and including 15 *per cent*	Nil
Beyond 15 *per cent* and more	five *per cent* of advertised cost

(Source: information provided by Department)

Further, Audit reviewed 104 SBDs[46] of contracts entered into during April 2011 to April 2022 pertaining to CRIF projects in offices of the CEs, PW(R&B) Department Kashmir and Jammu and SEs, PW (R&B) Circles Doda and Jammu and noted the following shortcomings, as detailed in **Table 3.2.5.**

[46] Jammu: 61; Kashmir: 43

Table 3.2.5: Deficiencies in obtaining Additional Performance Security

No. of cases where additional Performance Security was not obtained at prescribed rate of five *per cent* from contractors	No. of cases where additional Performance Security was not obtained at prescribed rate of three/ five/ 20 *per cent* from contractors	No. of cases where clause of additional Performance Security was deleted in SBDs	No. of cases where it was mentioned in the SBDs that rate of additional Performance Security would be decided by the employer	No. of cases where SBDs were silent about obtaining additional Performance Security	No. of cases where Files/ SBDs were not on record
24	20	06	08	10	10

Consequently, against the Performance Security and Additional Performance Security of ₹ 73.87 crore[47] required to be obtained from the contractors for 70[48] out of 104 contracts, Performance Security and Additional Performance Security for an amount of only ₹ 51.91 crore[49] was obtained by CEs PW (R&B) Department.

Thus, the Department failed to collect Additional Performance Security at the rates stipulated in the contracts. This resulted in providing undue financial benefit of ₹ 21.96 crore[50] to the contractors, besides not safeguarding against financial loss to the Government in the event of default by the contractors.

During the Exit Conference (17th October 2024), the Department stated that the matter would be investigated and factual position would be intimated to Audit.

3.2.4.3 Bank Guarantees

The SBD of CRIF projects stipulates that Performance Security shall be valid up to 28 days after the expiry of Defect Liability Period (DLP)[51] after intended date of completion of work. Further, Additional Performance Security for unbalanced bid shall be valid for 45 days after intended date of completion of work.

As per Guidelines issued (December 2007) by the Central Vigilance Commission, one officer should be specifically designated for verification of genuineness, renewal and timely encashment of Bank Guarantees (BGs).

Audit examination of records of CEs, PW(R&B) Department Kashmir and Jammu and SEs, PW(R&B) Doda circle disclosed the following:

47 Jammu: ₹ 34.29 crore and Kashmir: ₹ 39.58 crore
48 Jammu: 27 and Kashmir: 43
49 Jammu: ₹ 18.63 crore and Kashmir: ₹ 33.28 crore
50 Jammu: ₹ 15.65 crore and Kashmir: ₹ 6.31 crore
51 One to three years.

- In contravention of the terms and conditions of SBD, 61[52] out of 102 test-checked[53] BGs had been obtained from contractors with validity period of only one year despite the fact that intended completion period of these projects ranged between two and three years. These BGs had also not been renewed after one year.
- Although, data of BGs obtained from contractors on account of Performance Security and Additional Performance Security was digitised, no mechanism was in place in the offices of the CEs, PW(R&B) Department Kashmir and Jammu to monitor expiry or renewal of BGs. As a result, 94 BGs[54] of the 64 ongoing CRIF projects[55] valuing ₹ 56.07 crore[56] (including the afore-mentioned 61 BGs obtained from contractors with validity period of only one year) had expired during January 2016 to October 2022 and these BGs were not got renewed. Non-renewal of BGs of these projects reflect that these projects were being implemented without any financial safeguard and entailed significant risk, if a contractor abandoned the work mid-way or failed to complete the work.
- The copies of 20[57] out of 102 BGs[58] valuing ₹ 7.87 crore[59] were not traceable in the records of the CEs, PWD (R&B) Jammu and Kashmir. Missing BGs were fraught with risk of release of BGs to contractors in an unauthorised manner.

Thus, the failure of the Department to obtain Bank Guarantees for prescribed time period of completion of work plus Defect Liability Period, rather than for only one year, as well as non-renewal of expired BGs had not only compromised the interest of Government but also provided undue benefit to contractors.

During the Exit Conference (17th October 2024), it was stated that SOP shall be issued regarding maintenance of Bank Guarantees and a copy of the same would be furnished to Audit.

3.2.5 Deficiencies in Execution of CRIF projects

3.2.5.1 Status of projects

The position of completed and incomplete projects as of March 2022 in 10 test-checked Districts is given in **Table 3.2.6**.

52 Jammu: 57 and Kashmir: 04
53 Jammu: 69 and Kashmir: 33
54 Jammu: 69 and Kashmir: 25
55 Jammu: 44 and Kashmir: 20
56 Jammu: ₹ 37.39 crore and Kashmir: ₹ 18.68 crore
57 Jammu: 15 and Kashmir: 05
58 Jammu: 69 and Kashmir: 33
59 Jammu: ₹ 5.55 crore and Kashmir: ₹ 2.32 crore

Table 3.2.6: Position of completed and incomplete projects as of March 2022

District	No. of Projects	Projects Sanctioned before 2009-10	Projects Completed	Projects Sanctioned during 2010-19	Projects Completed	Period of delay in respect of incomplete projects as of March 2022
Kathua	19	05	05	14	02	05 to 28 months
Samba	12	02	02	10	02	13 to 43 months
Udhampur	08	03	03	05	00	07 to 31 months
Doda	36	14	07	22	01	09 to 144 months
Rajouri	19	03	03	16	03	09 to 53 months
Srinagar	31	23	23	08	03	05 to 53 months
Baramulla	22	02	02	20	06	04 to 24 months
Anantnag	20	03	03	17	11	04 to 19 months
Kupwara	14	00	00	14	06	03 to 39 months
Bandipora	08	00	00	08	04	16 to 52 months
Total	**189**	**55**	**48**	**134**	**38**	

(Source: information compiled by audit from Departmental records)

It can be seen from the **Table 3.2.6** that out of 189 projects sanctioned as of March 2019, only 86 projects (46 *per cent*) were completed as of March 2022. These projects were scheduled to be completed between March 2004 and March 2022. However, 103 projects remained incomplete even after lapse of 3 to 144 months from the stipulated date of their completion. The reasons for non-completion of these projects included not completing land acquisition formalities before sanctioning of projects, non-provision of funds for shifting of utilities and not obtaining forest clearances prior to execution of works as detailed in the following paragraphs:

Paragraph 7 (8) of CRF (State Roads) Rules, 2007 and Paragraph 6 (2) of CRF (State Roads) Rule, 2014 stipulate that work executing agency should propose only those works where land is available without any encumbrance and paragraph 8 of CRF (State Roads) Rules, 2007 envisages that the executive agency need to render a certificate to the effect that land was available for road development and was in its possession and removing of utilities, if any, was completed. Further, as per Rule 7 (10) of the CRF(State Roads) Rules 2014 the period of completion of the projects shall not exceed 36 months in hilly and North-Eastern States and 24 months in other States unless permitted by GoI.

Audit noted the following violations of the ibid Rules:

(I) Not obtaining No Objection Certificate (NOC) from Forest Department

As per the Forest Conservation Act, 1980 and J&K Forest Conservation Act, 1997 prior approval of the Government of India/ erstwhile State Government for use of reserve forest land for non-forest purposes is necessary. The Rule inter-alia provides

that if the proposed work involves forest land in some stretches, the work on even non-forest land/ reaches should not commence till sanction for the use of forest land is obtained.

Audit noted that out of 139 selected projects, 24 CRIF road projects sanctioned (2005-06 to 2018-19) at a cost of ₹ 429.32 crore involved forest land. However, in violation of the provisions of the Forest Conservation Act, 1980, these road projects were started without obtaining the approval of Government of India/ erstwhile State Government. Additionally, it was found that the executing Divisions had incorrectly certified in the DPRs of these projects that encumbrance free land was available. Based on this incorrect reporting, these works were sanctioned by the GoI. Consequently, these projects were stopped mid-way, leading to significant delays ranging from 3 to 39 months and an expenditure of ₹ 80.11 crore was incurred on these projects as of March 2022 without achieving the intended objective.

During the Exit Conference (17th October 2024), it was stated that construction work had resumed in respect of all these 24 road projects and dates of accord of NOCs by the Forest Department will be furnished to Audit.

The reply should, however, be viewed in light of the fact that no documentary evidence to prove that these works were resumed was produced to Audit.

(II) Not ensuring encumbrance free site

Paragraph 7 (5) (x) of CRF (State Roads) Rules, 2014 stipulates that a certificate regarding availability of the entire unencumbered land needed for the project is to be submitted with project proposal for sanction.

Audit observed that 66 out of 139 selected road projects were submitted for sanction under CRIF to GoI, before ensuring encumbrance free land sites for execution of these projects. However, in the DPRs of these projects, the Department incorrectly certified that encumbrance free land was available. Based on the incorrect reporting, these works were sanctioned at a total cost of ₹ 1,143.31 crore by the GoI. However, these works either could not be started or were stopped mid-way due to land disputes and issues of shifting of utility services. Consequently, these projects were stopped mid-way, leading to significant delays ranging from 3 to 144 months and expenditure of ₹ 501.38 crore was incurred on these projects as of March 2022 without achieving the intended objective.

In reply, Director Finance, PW (R&B) Department stated (August 2023) that initially encumbrance free land was available as the land was voluntarily offered by inhabitants, however during the course of execution of work, the inhabitants refused to provide land free of cost and sought compensation which resulted in delays in completion of work.

The fact remained that 66 road projects were submitted for sanction under CRIF to GoI, before ensuring encumbrance free land sites for execution of these projects.

3.2.5.2 Execution of projects without obtaining Technical Sanction

Paragraph 7 (4) of CRF (State Roads) Rules, 2014 stipulates that the executive agency shall ensure that an individual project is technically approved, financially sanctioned and awarded within a period of four months from the date of Administrative Approval of work.

Audit, however, noted that in 155 (82 *per cent*) out of total 189 Administratively Approved projects between 2000-01 and 2018-19 in the selected 10 Districts, the work was started without obtaining the Technical Sanction. Although, for 83 projects, the Technical Sanction was accorded after delays ranging from 01 year to 12 years[60], in respect of72 projects, Technical Sanction had not been granted as of March 2022. In absence of Technical Sanction, Audit could not derive assurance whether estimates were accurately prepared based on survey and the works were structurally sound.

During the Exit Conference (17th October 2024), it was stated that this issue has been addressed after the introduction of JK- PWD Online Management System (JK-PW DOMS) in the year 2019-20. It was added that after implementation of this system, no project will be approved/ allotted without Technical Sanction.

The reply, however, was silent on the reasons for commencement of 155 projects without obtaining the required Technical Sanction.

3.2.5.3 Unrealistic preparation of Detailed Project Reports (DPRs)

Records of 12[61] out of 24 test-checked works executing Divisions revealed that quantities and rates of various items of works sanctioned in DPRs of 52 road/ bridge projects under CRIF were significantly reduced in the Bills of Quantities of Notice Inviting Tenders under CRIF as detailed below:

(i) The total advertised cost of these 52 projects[62] was ₹ 766.26 crore[63], which was 3 *per cent* to 36 *per cent* lower than the total sanctioned DPR cost of ₹ 860.51 crore[64].

(ii) The total allotted cost of these projects was ₹ 594.30 crore[65], ranging from 11 *per cent* to 61 *per cent* below the sanctioned DPR cost, as detailed in ***Appendix 3.2.2*.**

60 Calculated after the four months from the date of accord of Administrative Approval.

61 (i) Basohli, (ii) Doda, (iii) Gandoh, (iv) Khanbal, (v) Kupwara, (vi) Nowshera, (vii) Qazigund, (viii) Rajouri, (ix) Samba (x) Sopore (xi) Tangdar and (xii) Uri.

62 Jammu: 42 and Kashmir: 10

63 Jammu: ₹ 588.19 crore and Kashmir: ₹ 178.07 crore

64 Jammu: ₹ 651.21 crore; and Kashmir: ₹ 209.30 crore

65 Jammu: ₹ 434.70 crore and Kashmir: ₹ 159.60 crore

As such, there was an excess sanction of ₹ 94.25 crore over the advertised cost and ₹ 266.21 crore over the allotted cost. The reasons for this discrepancy can be attributed to not conducting of pre-DPR surveys, projection of excess quantities for various components in DPRs and application of higher rates of items of works in DPRs compared to those fixed in the NITs.

In reply, the EEs, PW (R&B) Divisions Doda, Gandoh, Rajouri and Samba accepted (October 2022 to January 2023) that DPRs were prepared on basis of typical estimates and no surveys were conducted for preparation of DPRs as no funds were provided for conduct of surveys by the Government. The EEs further stated that surveys were conducted before invitation of tenders as such there was variation between quantities of components projected in DPRs and quantities advertised in NITs.

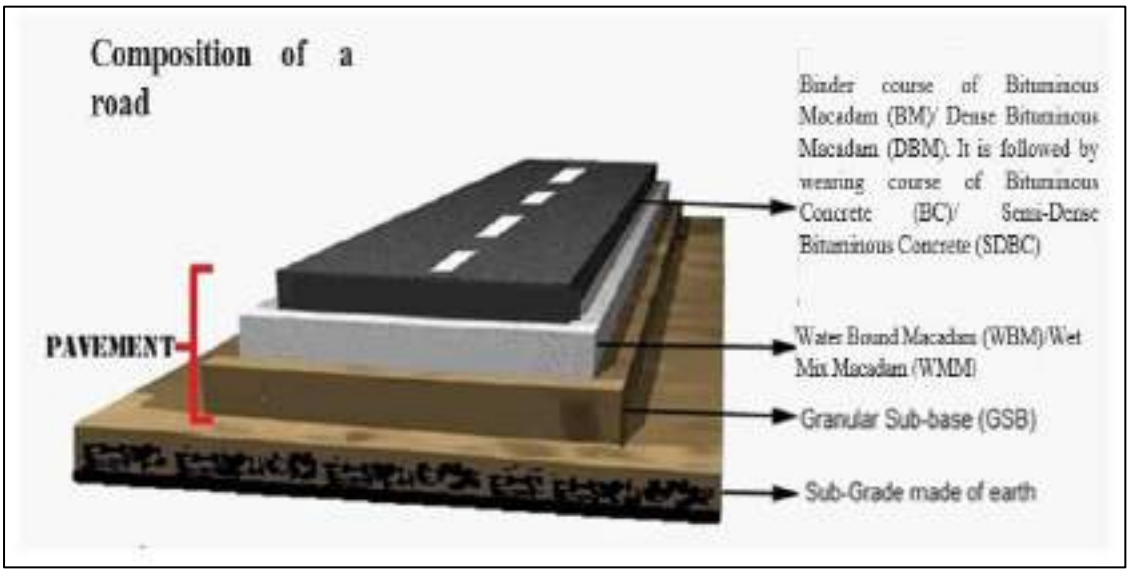
During the Exit Conference (17th October 2024), it was accepted that the cost of projects submitted to GoI was based on rough estimates and detailed estimates were prepared after sanction of projects by GoI. It was added that the tenders were advertised on detailed estimates.

Thus, projects sanctioned on the basis of unrealistic cost estimates indicated faulty planning in execution of CRIF projects.

3.2.5.4 Extra avoidable expenditure on laying of road construction material

A road is constructed in different layers with different kinds of materials. The various components and materials required to construct a road are shown in **Chart 3.2.2.**

Chart 3.2.2: Composition of a road (pavement)



In 11 out of 139 selected CRIF road projects sanctioned (2014-15 to 2017-2018) in eight test-checked Divisions[66], the width of existing pavement/ carriageway of roads was proposed to be increased[67]. As per DPRs, all these roads were black topped and Water Bound Macadam (WBM) Gr. II, WBM Gr. III/ Wet Mixed Macadam (WMM) were to be laid only on widened portion of roads.

Audit noted that the quantities of WBM-II/ WBM-III / WMM laid (60,228.99 cum)[68] were in significant excess by 22,070.49 cum[69] of quantities required (38,158.50 cum)[70] to be laid in respect of the widened portions of roads, as detailed in ***Appendix 3.2.3***. The excess quantities laid would have been sufficient to cover the entire existing carriageways[71] of three of the roads and portions/ parts of existing carriageways of eight other roads. Moreover, in order to lay these layers of components on existing carriageway of black topped roads, it would have been necessary to excavate/ stratify at least 22,070.49 cum[72] of existing carriageway. Further, the disposal of the excavated material at a designated place would have required more than 275 tractor trolleys[73]. However, payment bills of these road projects did not indicate that any work regarding excavation/ stratification of material from existing carriageway was either allotted or carried out by the test-checked Divisions. This is indicative of doubtful laying of these quantities. The extra avoidable expenditure amounted to ₹ 3.67 crore[74] in respect of 11 CRIF road projects.

In reply, the EE, PW (R&B) Division Kathua stated (October 2022) that excess quantity of works such as WBM Gr. II, WBM Gr. III, BM and SDBC was executed due to actual site conditions.

The reply is not acceptable as area of pavement of a road is always constant and the scope for laying excess quantities of road construction materials is quite limited, as these materials are laid over a specified rectangular pavement (covering the length and width of the road). Further, an additional provision of 05 *per cent* to 10 *per cent* of total calculated area of road is invariably provided to account for curves on roads.

In reply, the EE, PW(R&B) Division Doda stated (October 2022) that all pavements were got damaged during execution of works, as such GSB and WMM were laid on entire road length.

66 Anantnag, Handwara, Tangdar, Vailoo, Qazigund, Baramulla, Kathua and Doda.
67 from existing 3.00 meter (m) to 3.75 m/ 3.75 m to 7.50 m/ 3.65 m to 5.5 m/ 4 m to 7.50 m/ 5.5 m to 7.0 m.
68 WBM-II: 27,648.40 cum; WBM-III: 14,034.51 cum; WMM: 18,546.08 cum.
69 WBM-II: 7,355.655 cum; WBM-III: 7,275.13 cum; WMM: 7,439.70 cum.
70 WBM-II: 20,292.745 cum; WBM-III: 6,759.38 cum; WMM: 11,106.375 cum.
71 Part of the road designed for vehicular traffic.
72 For laying the WBM-II: 7,355.655 cum; WBM-III: 7,275.13 cum; WMM: 7,439.70 cum.
73 Keeping in view 80 cum capacity per tractor trolley.
74 WBM-II: ₹ 1.53 crore; WBM-III: ₹ 0.60 crore; WMM: ₹ 1.54 crore.

The reply is not acceptable as no report regarding damage to pavements was on record and approval of the higher authorities was not obtained for execution of GSB and WMM on entire road length.

In reply, Director Finance, PW (R&B) Department stated (November 2023) that the existing surfaces of roads were not disturbed and treated as sub-grade to strengthen the up-gradation work/ crust which is a standard practice and is a cost effective/ cost saving method. It was further stated that the base material reinforces the pavement and is not required to be excavated.

The reply is generic in nature and does not address the specific audit observation. Further, laying of WBM Gr-II and WBM Gr-III on a black topped road is not possible without excavating/ stratifying the existing granular layers of the road.

During the Exit Conference (17th October 2024), it was assured that a detailed investigation would be conducted in such cases and based on the outcome of the investigation, appropriate action would be taken against the defaulting officials.

3.2.5.5 Execution of Projects in deviation of IRC norms

Rule 7 (10) of the CRF (State Roads) Rules, 2014 provides that design and specification of proposed works shall follow relevant Guidelines, Codes and Indian Road Congress (IRC) norms.

Audit noted that provisions of IRC relating to width of road formation and carriageway were not adhered to in respect of 20 projects executed under CRIF as width of carriageway proposed/ allotted/ executed was in excess of IRC norms which led to additional financial burden of ₹ 60.80 crore on Government exchequer as discussed below:

- As per paragraph 6.4 of IRC: 73-1980 geometric design for village non-urban highways, the standard width of single lane and double lane carriageway without kerbs shall be respectively 3.75 m and 5.5 m.

Audit, however, noted that seven single lane roads with a total length of 74.70 km sanctioned at a cost of ₹ 114.05 crore under CRIF had carriageway width of 5.50 m to 7.00 m. This had resulted in additional cost/ expenditure of ₹ 28.64 crore as detailed in **Table 3.2.7**.

Table 3.2.7: Details of additional expenditure on single lane roads

District/ Division	Number of roads/ bridges	Category of road	Carriageway width as per IRC norms	Carriageway width allotted/ executed	Additional cost/ expenditure (₹ in crore)
Kupwara/ Kupwara	03	village roads (single lane)	3.75 m	5.50 m	10.54
Kupwara/ Handwara	01	village roads (single lane)	3.75 m	5.50 m	3.02

District/ Division	Number of roads/ bridges	Category of road	Carriageway width as per IRC norms	Carriageway width allotted/ executed	Additional cost/ expenditure (₹ in crore)
Anantnag/ Vailoo	02	village roads (single lane)	3.75 m	5.50 m	9.30
Kathua/ Kathua	01	village roads (single lane)	3.75 m	7.00 m	5.78 (allotted cost)
Total	**07**				**28.64**

(Source: information compiled by Audit from Departmental records)

- Similarly, nine double lane roads with a total length of 97 km sanctioned at a cost of ₹ 174.65 crore had carriageway width of 7.00 m to 7.50 m. This had resulted in additional cost/ expenditure of ₹ 32.16 crore as detailed in **Table 3.2.8**.

Table 3.2.8: Details of additional expenditure on double lane roads

District/ Division	Number of roads/ bridges	Category of road	Carriageway width as per IRC norms	Carriageway width allotted/ executed	Additional cost/ expenditure (₹ in crore)
Kathua/ Kathua	02	village roads (double lane)	5.50 m	7.00 m to 7.50 m	11.63
Samba/ Samba	04	village roads (double lane)	5.50 m	7.00 m to 7.50 m	11.90
Udhampur/ Udhampur	01	village roads (double lane)	5.50 m	07 m	6.30
Doda/ Doda	01	village roads (double lane)	5.50 m	07 m	1.77
Kathua/ Kathua	01	Major District road	7.00 m	7.50 m	0.56
Total	**09**				**32.16**

(Source: information compiled by audit from Departmental records)

In reply, the EEs of PW(R&B) Kathua, Doda and Samba Divisions stated (October 2022/ January 2023) that specification of 07 m to 7.50 m was proposed keeping in view the growth of traffic during next 15 years and IRC norms were not applicable to these roads.

Director Finance, PW (R&B) Department stated (November 2023) that as per note 2 of clause 6.4 of IRC, an intermediate carriageway width of 5.5 meters may be adopted, if considered advantageous and as per clause 7 of IRC Code 37-2018, the width of carriageway should be sufficient for traffic expected on road in the design year. It was further stated that as per clause 4.3.1 of IRC Code 37-2018, it is recommended that a design period of 20 years may be adopted for structural designs of pavements for National Highways, State Highways and Urban roads and for other roads a design period of 15 years is recommended. It was added that the proposed and sanctioned road projects did not fall under village roads category.

The reply is not based on facts as no survey or analysis regarding the estimated growth of traffic over the next 15 or 20 years was conducted by the Department. Further, the assertion that the said roads do not fall under village roads category is factually incorrect since these roads are classified as village roads in J&K Road Gazette of Department or in their respective DPRs. Besides, CRF Rules provide that IRC Guidelines shall be followed for design and specification of projects. However, carriageway width of roads in excess of specifications prescribed in IRC norms was allotted and executed.

3.2.5.6 Irregular Change in Scope of project

(A) GoI sanctioned (March 2017) the project "Improvement/ up-gradation of Ramnagar (Padarka) to Chatrari road (Dudu) Phase-I (km 1st to km 16th)" under CRIF at a cost of ₹ 10 crore.

Audit noted that the executing Division, Udhampur instead of allotting the approved length of the road (km 1st to km 16th), irregularly allotted work of construction of unapproved road length from km 16th to 20th to a contractor at a cost of ₹ 8.80 crore. The work was allotted (August 2019) without preparing DPR/ detailed estimates/ details of components in respect of project and also without getting the same approved from the competent authority.

In reply, Director Finance, PW (R&B) Department stated (November 2023) that Improvement/ up-gradation of Ramnagar (Padarka) to Chatrari road (Dudu) Phase-I from km 15th to 30th (Intermediate Lane) stood sanctioned by MoRTH, GoI and accordingly tender was floated for km 16th to km 20th after framing detailed estimates which had been technically vetted by CE for ₹ 8.80 crore.

The fact remained that GoI had sanctioned (March 2017) 'Improvement/ up-gradation of Ramnagar (Padarka) to Chatrari road (Dudu) Phase-I (km 1st to km 16th) under CRIF at a cost of ₹ 10 crore. Further, the approval of GoI from km 15th to 30th (Intermediate Lane) at a cost of ₹ 8.80 crore was not available on records.

During the Exit Conference (17th October 2024), it was stated that the matter would be examined and factual position would be intimated to Audit.

(B) Rule 7 (8) of CRF Rules, 2014 stipulates that the revised estimates shall not be considered by Central Government.

The work of the project 'Improvement/ up-gradation of road from Zero Bridge to I.G. Road in Srinagar', was sanctioned (2015-16) under CRIF at a cost of ₹ 28.79 crore.

Although the construction of retaining walls was not provided in the approved DPR, the revised estimates of ₹ 6.61 crore had been prepared for construction of Retaining (R)-walls and the work was allotted (July 2019) to a contractor at a cost ₹ 4.81 crore without approval of MoRTH, GoI. As of November 2022, expenditure of

₹ three crore was incurred on construction of R-walls and staircases (km 1st and km 2nd of the project).

Thus, CRIF funds of ₹ three crore was diverted towards the works which were not included in the DPR of the project.

In reply, Director Finance, PW (R&B) Department stated (November 2023) that as per clause 6 (6) of CRIF Rules, 2020, the revised estimates up to 10 *per cent* of administratively approved cost is permissible and construction of retaining wall was necessitated due to site conditions. It was added that the expenditure was within the administratively sanctioned cost.

The reply is not acceptable, as the work on separate estimates for the retaining wall were not part of the approved DPR and exceeded the administratively approved cost limit of 10 *per cent*. Further, any revision in the scope of work even if within the sanctioned cost was to be approved by MoRTH, GoI.

3.2.5.7 Four-Laning of Boulevard Road from Nehru Park to Kralsangri

For addressing the problem of traffic jams and saving travel time of inhabitants of Dal Lake area, PW (R&B) Department submitted (June 2014) the Detailed Project Report (DPR) for widening (two lanes to four lanes) of Boulevard road from Nehru Park to Kralsangri Running Distance 2000 m-7000 m, at a cost of ₹ 33.77 crore to GoI for approval under CRIF. In the DPR, it was certified (June 2014) by the Department that encumbrance free land was available for execution of project. The Administrative Approval (AA) of the road project was accorded by GoI in March 2015 at a cost of ₹ 33.77 crore with the condition that encumbrance free land was to be ensured for execution of project. The execution of project also required No Objection Certificate (NOC) from Lakes Conservation and Management Authority (LC&MA) as the widening of the road project was to be undertaken in the periphery[75] of the Dal Lake.

Audit noted the following discrepancies in execution of this project:

- Without obtaining NOC from LAWDA, the work was awarded (October 2015) to a contractor[76] at a cost of ₹ 27.52 crore. Further, the work was awarded without acquisition of land as against land compensation of ₹ 84 crore, only ₹ one crore had been provided to the Revenue Department as of December 2015.

- Despite unavailability of encumbrance free land, the Department had wrongly certified in the DPR that encumbrance free land was available.

[75] NOC from LC&MA is required for construction within 200 meters of Dal Lake.
[76] M/S Abdul Salam Mir Construction Company.

- In absence of encumbrance free corridor for widening of the road, an unauthorised expenditure of ₹ 1.67 crore was incurred (May 2022) on portion of road[77] which was outside the scope of approved project.

- Besides, unauthorised expenditure of ₹ 5.29 crore (May 2022) was incurred on various items[78] other than for road widening.

- After incurring expenditure of ₹ 6.96 crore on road project, the work was proposed for short-closure and the intended objective of widening of road could not be achieved as of October 2024.

In reply, Director Finance, PW (R&B) Department stated (November 2023) that matter was referred to the Hon'ble High Court of J&K for grant of permission for construction of said road, which keeping in view the ecological impact of project directed the Lakes Conservation and Management Authority (LC&MA) to take up the matter with National Environmental Engineering Research Institute (NEERI) and the draft report prepared by NEERI was in favour of execution of project. It was further stated that in view of condition of road, LC&MA was requested for allowing macadamisation and tilling of footpaths of existing road and the same was executed in the interest of Public which was permissible as per clause 6 (6) of CRIF Rules, 2020 which states that revised/ excess cost up to 10 *per cent* of the administrative approved cost is permissible. It was added that in view of the complicacies the matter is being taken with MoRTH, GoI for short closure of project.

The fact remained that the Department did not ensure encumbrance free land and completion of other necessary formalities before taking up the project. Further, desired objective of widening of road could not be achieved despite incurring expenditure of ₹ 6.96 crore. Besides, the work of tiling of footpaths was not sanctioned under CRIF.

During the Exit Conference (17th October 2024), it was stated that the issue of decongestion of this road will be addressed by the development of a Ring Road and this project would be foreclosed.

3.2.5.8 Construction of Handwara-Bangus road

DPRs for construction of Handwara-Bangus road in two phases (Phase-I and Phase–II) were prepared (2017-18) by the EE, PW(R&B), Division, Handwara under CRIF.

In Phase-I, earthwork, cutting of trees and excavation of soil etc. were to be done, while in Phase-II the road was to be upgraded by laying of GSB, WBM GR-II, WMM and BM. The Administrative Approvals for said DPRs were accorded (January 2017 and March 2018) by GoI for ₹ 20 crore and ₹ 28.59 crore.

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77 Kralsangri to Nishat.

78 Consolidation of sub-base, earthwork filling in embankment, providing/ fixing of RCC boundary pillars, dismantling of devri kerb stones, providing/ laying of sub-base coarse, rubble stone masonry, R/R stone masonry and on providing/ fixing of non-skid vitrified tiles, and rustic kota.

Audit noted the following discrepancies in the construction of Handwara-Bangus road:

- The work for Phase-I was allotted (August 2017) to a contractor[79] at a cost of ₹ 15.99 crore. As per the allotment order, the total allotted quantity of earth to be excavated was 0.92 lakh cum, while utilisation of only 0.77 lakh cum of excavated earth was specified in the allotment order.
- However, 3.55 lakh cum of earth was actually excavated during execution of work and contractor utilised 0.83 lakh cum of earth amounting to ₹ 1.33 crore[80] available at site. The utilisation/ disposal of remaining quantity of 2.72 lakh cum of earth amounting to ₹ 4.36 crore[81] was not available on records. Further, the disposal of excavated earth at a designated place would have required more than 3,400 tractor trolleys[82]. However, payment bills did not indicate any such payment to contractor.
- Similarly, during blasting, 0.90 lakh cum of stone of atleast ₹ 1.91 crore[83] was extracted at the work site but its utilisation was not on record. Further, the disposal of excavated stone at a designated place would have required more than 1,125 tractor trolleys[84]. However, payment bills did not indicate any such payment to contractor.
- The work of Phase-I was completed (24 July 2020) by the contractor and a payment of ₹ 14.92 crore was made to the contractor as of March 2024.
- The work of Phase-II was allotted (August 2018) to another contractor[85] at a cost of ₹ 25.74 crore. However, the contractor failed to start the work and reasons for non-start of work were not available on record. The work was re-tendered and allotted (October 2022) at a cost of ₹ 26.29 crore to the contractor[86] who had executed work of Phase-I.
- The work of levelling of sub-base of the road which had already been executed in Phase-I at a cost of ₹ 0.67 crore was again shown executed in Phase-II at a cost of ₹ 0.54 crore. This resulted in excess undue payment of ₹ 0.54 crore to the contractor.
- The physical progress of the work was 65 *per cent* as of April 2024 and a payment of ₹ 8.43 crore had been made (April 2024) to the contractor.

Thus, the Department failed to accurately estimate the quantities of earth expected to be excavated and did not specify the utilisation of entire excavated materials costing

79 M/s JK Constructions.
80 0.83 lakh cum of earth at the rate of ₹ 160.50 per cum (as per Schedule of Rates of 2012) = ₹ 1.33 crore.
81 2.72 lakh cum of earth at the rate of ₹ 160.50 per cum (as per Schedule of Rates of 2012) = ₹ 4.36 crore.
82 Keeping in view 80 cum capacity per tractor trolley.
83 0.90 lakh cum of stones at the rate of ₹ 212 per cum (minimum rate of stone as per SSR of 2012) = ₹ 1.91 crore.
84 Keeping in view 80 cum capacity per tractor trolley.
85 M/s Jhelum Construction.
86 M/s JK Constructions

₹ 6.27 crore at worksite in the allotment orders. Further, re-executing the same item of work twice resulted in excess undue payment of ₹ 0.54 crore to the contractor.

In reply, Director Finance, PW (R&B) Department stated (November 2023) that excavated earth had been utilised for filling of road surface along the entire length of road resulting in significant savings for exchequer. It was further stated that up to 30 *per cent* of excavated or blasted material could be retained and reused and the material obtained from cutting process was utilised for patch filling of road, backfilling of protection walls, road filling of pipe cuts and approach filling of 36 number of culverts.

The reply should be viewed in light of the fact that no departmental records indicated the utilisation or disposal of excavated earth. Further, the fact remained that Department had failed to accurately estimate the quantities of earth expected to be excavated and did not specify the utilisation of entire excavated materials at worksite in work allotment orders. The reply was, however, silent regarding re-allotting the already executed item of work.

During the Exit Conference (17th October 2024), it was stated that the matter would be investigated and recovery would be initiated against the contractor, if required.

3.2.5.9 Undue benefits to contractors

(i) The work of Improvement/ upgradation of Old Samba-Kathua link road to a double lane road (km 1st to 15th) was sanctioned (March 2017) under CRIF at a cost of ₹ 15 crore. The work was allotted (November 2017) by works executing Division, Kathua to a contractor[87] at a cost of ₹ 11.18 crore. The work was to be completed within two years of allotment.

Audit noted that the contractor commenced the work in December 2017 and payment of ₹ 3.18 crore was made to the contractor till March 2019. Thereafter, the contractor stopped (June 2019) the work midway after executing approximately 36 *per cent* of the work. The Department had issued several notices (June 2019 to November 2019) to the contractor to resume the work. However, the contractor did not resume the work after which the executing Division re-allotted (April 2021) the balance work to another contractor[88] at a cost of ₹ 7.67 crore.

Despite non-fulfillment of contractual obligations by the contractor, the Department had neither forfeited the Bank Guarantee (BG) of ₹ 55.88 lakh of defaulting contractor nor imposed penalty of up to 10 *per cent* of cost of work on the contractor as per terms and conditions of allotment order. Instead, Department had released (October 2019) the full due payment of ₹ 80.12 lakh to the contractor, thereby giving him undue benefit. The work remained only 80 *per cent* complete as of March 2023 despite incurring a total expenditure of ₹ 9.97 crore (89 *per cent* of allotted cost) on the road project.

87 Ms A K Engineers.
88 Ms Satish Singh Jamwal.

The EE, PW(R&B) Division Kathua stated (October 2022) that the contract had been approved by the CE, PW(R&B) Department Jammu as such penal action against the contractor was to be taken by the CE. It was further stated that ₹ 80.12 lakh was released to the contractor in absence of any instruction from the CE to impose penalty on the contractor.

The reply is not acceptable as penalty was to be imposed at the time of making payments to the contractor which were made by EE, PW(R&B) Division Kathua who should have taken up the matter regarding imposition of penalty with the CE, PW(R&B) Department.

In reply, Director Finance, PW (R&B) Department stated (November 2023) that the permission for setting up of Hot Mix Plant was not granted by Deputy Commissioner, Kathua as such the work was pre closed by Chief Engineer Jammu who found the contractors claims genuine and consequently penalty clause was waived off in favour of contractor.

The reply regarding contractor's claims being found genuine by Chief Engineer, Jammu, contradicts the earlier stance of the Department, whereby it had through several notices directed the contractor to resume the work, failing which necessary action would be taken against him.

During the Exit Conference (17th October 2024), it was stated that the matter would be examined and factual position would be intimated to Audit.

(ii) EE, PW(R&B) Division Doda allotted (July 2016) "Improvement/Up-gradation of Ghat via Nagri road to double lane status (km 1st to km 4th)" to a contractor[89] at a cost of ₹ 5.19 crore.

Records showed that 12 bills of the contractor amounting to ₹ 5.25 crore were paid during December 2016 to August 2021. The final bill of quantities of pavement executed by the contractor are detailed in **Table 3.2.9**.

Table 3.2.9: Statement showing less/ excess quantities executed

Components	Quantities to be executed	Quantities actually executed
WBM	1,200 cum	1,347.50 cum
WMM	1,200 cum	253.00 cum
BM	1,400 cum	168.13 cum
SDBC	28,000 sqm (700 cum)[90]	3,374.06 sqm (84.35 cum)

- It can be seen from the **Table 3.2.9** that the contractor had executed less than or in excess of allotted quantities of WMM, BM and SDBC.
- Audit also noted that work of laying of 2,640 cum of cement concrete of specified grade up to plinth level was allotted to the contractor, against which

89 M/s Gulam Qadir Nattoo.

90 28,000 sqm x 0.025 m = 700 cum and 3,374.06 sqm x 0.025 m = 84.35 cum.

5,326 cum was laid. Thus, there was excess execution of 2,686 cum which led to extra payment of ₹ 1.13 crore to contractor.

- The further execution of work was abandoned by the contractor. Reasons for abandoning of work were not on record. The executing Division Doda neither imposed penalty up to 10 *per cent* of contract value nor forfeited the BG of ₹ 0.52 crore as per terms and conditions of the contract.
- Despite this, the executing Division Doda had given undue benefit to the contractor by releasing (January 2020 to August 2021) payment of ₹ 58.14 lakh without imposing penalty as per terms of the contract including blacklisting of the contractor.
- Fresh tender for balance works at an estimated cost of ₹ 2.75 crore was invited and the SE, PW (R&B) Doda Circle allotted (October 2019) the balance work to another contractor[91] at a cost of ₹ 2.63 crore. It was observed that an extra expenditure of ₹ 0.50 crore was incurred on the road project due to non-completion of allotted work by the original contractor.

In reply, the EE, PW(R&B) Division Doda stated (October 2022) that the Division had no role in taking punitive action against the contractor as the action was to be taken by the CE, PW(R&B) Department Jammu.

The reply should be seen in light of the fact that the Division had not taken up the matter with CE regarding imposition of penalty on the contractor, as per terms of the contract, including the blacklisting of the contractor.

In reply, Director Finance, PW (R&B) Department attributed (November 2023) execution of some components in excess of allotted quantities to site conditions for achieving the required road width and stated that the contract was closed due to exhaustion of allotted funds. It was further stated that the balance work was executed through another contractor.

3.2.5.10 Excess/ un-allotted execution of quantities of works

Chapter 5.11 of the Book of Financial Powers issued (2002) by the Government of Jammu and Kashmir, Finance Department envisages that execution of work up to maximum of five *per cent* in excess of original estimates was to be allowed and approval of the Competent Financial Authority was to be obtained.

Audit noted in 17 out of selected 139 works pertaining to seven[92] test-checked Divisions that quantities of various works[93] were irregularly executed in significant excess of quantities allotted to contractors as approvals of Competent Financial

91 M/s Rajesh Kumar.

92 (i) Anantnag, (ii) Bandipora (iii) Baramulla, (iv) Handwara, (v) Kupwara (vi) Qazigund and (vii) Vailoo.

93 Such as earthwork, RBM filling for berms, hand packing of stones, cement concrete works, Granular sub-base, WBM, damp proof course with cement concrete, random rubble masonry with hard stone and laying of 450/ 900 mm dia RCC pipes.

Authority[94] were not obtained. The excess execution of works ranged between 15 and 1,993 *per cent*. This had resulted in extra irregular expenditure of ₹ 26.92 crore in respect of the 17 works. Of these 17, in 9 works various extra items of works[95] which were not advertised/ allotted to contractors were executed by utilising CRIF funds of ₹ 3.35 crore.

Thus, excess/ un-allotted execution of quantities of works in respect of various components was indicative of preparation of unrealistic estimates of works.

In reply, Director Finance, PW (R&B) Department stated (November 2023) that increase in quantities of earth work and RBM filing was due to poor crust of road and width of road up to 7.5 to 8 meters at curves.

The reply was not acceptable as test report of poor crust of road was not available with executing Divisions and contention regarding laying of extra quantities at curves was also not acceptable as additional five *per cent* of total calculated area of road was already included in the DPR to account for curves.

3.2.5.11 Completion certificate

As per Rule 11 of the CRF (State Roads) Rules 2007, the work executing agency shall send completion report or certificate duly verified by the Audit as soon as the works are completed. Further, Rule 10 (5) of the CRF (State Roads) Rules 2014 add that work executing agency shall fulfill this requirement positively within a period of three months from the date of completion of works.

Audit noted that 46 out of 139 selected projects[96] under CRIF were shown completed by PW (R&B) Department during 2017-18 to 2021-22. However, in deviation from CRIF Rules, the CEs, PW(R&B) Department Kashmir and Jammu had failed to obtain completion certificate in respect of these projects from the concerned executing Divisions. Even completion of these 46 projects was not confirmed by the CEs, PW(R&B) Kashmir and Jammu and completion certificates thereof were not submitted to the GoI.

Non-obtaining of completion certificates from executing Divisions by CEs PW (R&B) Department Jammu and Kashmir had resulted in misreporting of 10[97] incomplete projects by executing Divisions as completed by test-checked Divisions as detailed in ***Appendix 3.2.4.***

During the Exit Conference (17th October 2024), it was stated that completion certificates of all CRIF projects would be obtained and submitted to GoI in future.

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94 Commissioner Secretary to Government of J&K, PW (R&B) Department.

95 Cement concrete works, WMM, P/L of RCC pipes, earthwork, supply and filling of RBM, P/L of GSB etc.

96 Jammu:14 and Kashmir: 32.

97 Jammu: 02 and Kashmir: 08

3.2.6 Quality Monitoring

Rule 9 (ii) of CRF (State Roads) Rules, 2014 stipulates that quality monitoring system should be in place at the State/ UT level, consisting of such experts and supporting staff as may be appointed by the State/ UT Government. In addition to quality monitoring system, the GoI shall depute an officer or agency as an independent quality monitor to inspect works every quarter and exercise such checks as may be necessary to ensure observance of time schedule in respect of works under execution.

Audit noted that as of March 2022, PW (R&B) Department had not put in place a quality monitoring system to inspect works executed under CRIF. GoI had also not deputed any officer or agency as independent quality monitor to inspect works every quarter during their execution. Absence of quality monitoring system may be one of the reasons for irregularities, such as extra avoidable expenditure of funds, excess expenditure, unauthorised expenditure etc. in execution of CRIF projects as discussed in preceding paragraphs.

During the Exit Conference (17th October 2024), it was stated that Design and Inspection Quality Control (DIQC) has been designated as the Nodal agency from February 2022 for quality monitoring of all R&B projects including CRIF projects.

The fact remained that until February 2022, no qualified agency had been designated for quality monitoring of works resulting in lack of oversight on the quality of projects executed under CRIF.

3.2.7 Conclusion

Projects were not prioritised by the Department which resulted in both ongoing as well as new projects remaining incomplete as of March 2022. Ineligible projects had been sanctioned under CRIF. In 31 works executing Divisions, out of 101 successful bids during October 2015 to March 2020, bids of 75 projects (74 *per cent*) were unbalanced as they were below the advertised cost of works in the range of 15 to 42 *per cent*. Of these, 24 projects amounting to ₹ 214.83 crore were allotted whose bids were liable to be cancelled. Performance security and additional performance security of only ₹ 51.91 crore were obtained against actual of ₹ 73.87 crore in respect of 70 out of 104 contracts executed during March 2012 to April 2022. 66 projects were sanctioned before completion of land acquisition and shifting of utility services and 24 projects were sanctioned without forest clearance. Execution of 72 projects was taken up without grant of Technical Sanction. Quantities of WBM-II, WBM-III/ excess of quantities required to be laid in respect of widened portions of roads resulting in extra avoidable expenditure of ₹ 3.67 crore in respect of 11 CRIF road projects. Provisions of IRC relating to width of road formation and carriageway were not adhered to in 17 projects which led to additional financial burden of ₹ 60.80 crore on Government exchequer. Scope of two projects were changed during execution without obtaining approval of the competent authorities of GoI/ GoJ&K. In absence of encumbrance free corridor for widening (two lanes to four lanes) of Boulevard

Road from Nehru Park to Kralsangri, an unauthorised expenditure of ₹ 1.67 crore was incurred (May 2022) on portion of road which was outside the scope of approved project. Besides, unauthorised expenditure of ₹ 5.29 crore (May 2022) was incurred on various items other than for road widening and the intended objective of widening of road was not achieved.

3.2.8 *Recommendations*

In light of the audit findings, GoJ&K may consider:

- ***Prioritising the completion of ongoing projects rather than proposing new ones, in view of the fixed allocation under CRIF.***
- ***Ensuring that only those projects with encumbrance-free sites are proposed for sanction under CRIF.***
- ***Assuring Technical Sanction before execution of projects.***
- ***Carrying out proper site surveys before preparation of DPRs to ensure that quantities in the DPR are based on actual site conditions and tender documents are prepared as per the current schedule of rates.***
- ***Putting in place a mechanism to monitor the expiry and renewal of Bank Guarantees (BGs) obtained from contractors on account of Performance Guarantee and Additional Performance Guarantee.***

(K.P. Yadaw)
Principal Accountant General (Audit),
Jammu and Kashmir

Srinagar/ Jammu
Dated: 21 October 2025

Countersigned

(K. Sanjay Murthy)
Comptroller and Auditor General of India

New Delhi
Dated: 10 November 2025

APPENDICES

Appendix 3.1.1

[Reference Paragraph No. 3.1.9.1 (v)]

Statement showing difference between data of JMC/ SMC and J&KPCC in respect of Waste Generated, Collection and Segregation

(Number of Households)

	Information provided to Audit			As per J&KPCC			Variation		
	Waste generated	Waste collected	Treated	Waste generated	Waste collected	Treated	Waste generated	Waste collected	Treated
2017-2018									
JMC	210	147	0	380	350	0	-170	-203	0
SMC	400	314	21.23	450	450	450	-50	-136	-428.77
Total	**610**	**461**	**21.23**	**830**	**800**	**450**	**-220**	**-339**	**-428.77**
2018-2019									
JMC	245	184	0	380	350	0	-135	-166	0
SMC	420	301	37	450	450	450	-30	-149	-413
Total	**665**	**485**	**37**	**830**	**800**	**450**	**-165**	**-315**	**-413**
2019-2020									
JMC	287	230	0	450	450	66.9	-163	-220	-66.9
SMC	435	358	80	450	450	450	-15	-92	-370
Total	**722**	**588**	**80**	**900**	**900**	**516.9**	**-178**	**-312**	**-436.9**
2020-2021									
JMC	300	300	0	470	450	20	-170	-150	-20
SMC	470	366	157.5	500	500	500	-30	-134	-342.5
Total	**770**	**666**	**157.5**	**970**	**950**	**520**	**-200**	**-284**	**-362.5**
2021-2022									
JMC	343	343	50	470	450	20	-127	-107	30
SMC	550	435	275	520	520	520	30	-85	-245
Total	**893**	**778**	**325**	**990**	**970**	**540**	**-97**	**-192**	**-215**

Appendix 3.1.2

(Reference Paragraph No. 3.1.9.3)

Detail of collection of waste from Households as well as Commercial establishment of Selected ULBs of J&K, SMC & JMC

(Number of Households)

Detail of collection of waste from Households of Selected ULBs of J&K , SMC & JMC										
	2017-18		2018-19		2019-20		2020-21		2021-22	
ULBs, JMC & SMC	Total	Covered (*per cent*)	Total	Covered (*per cent*)	Total	Covered (*per cent*)	Total	Covered (*per cent*)	Total	Covered (*per cent*)
MC Rajouri	5,513	4,600 (83)	5,513	4,700 (85)	5,513	4,700 (85)	5,513	5,000 (91)	5,513	5,313 (96)
MC Sunderbani	1,221	0 (0)	1,352	0 (0)	1,352	0 (0)	1,352	210 (16)	1,352	1,352 (100)
MC Reasi	1,542	771 (50)	1,542	925 (60)	1,542	1,079 (70)	1,542	1,234 (80)	1,542	1,388 (90)
MC Doda	4,597	1,900 (41)	4,597	2,130 (46)	4,597	2,350 (51)	4,597	2,650 (58)	4,597	2,925 (64)
MC Kathua	10,434	0	10,434	2,785	10,434	0	10,434	0	10,434	0
MC Udhampur	11,271	4,200 (37)	11,271	4,200 (37)	11,271	11,271 (100)	11,271	5,500 (49)	11,271	11,271 (100)
MC Hiranagar	1,723	330 (19)	1,723	330 (19)	1,723	423 (25)	1,723	580 (34)	1,723	1,250 (73)
JMC	1,20,007	72,004 (60)	12,0007	84,005 (70)	1,20,007	1,02,006 (85)	1,47,733	1,47,733 (100)	1,47,733	1,47,733 (100)
MC Kulgam	2,338	0	2,338	0	2,338	0	2,338	0	2,338	0
MC anantnag	12,065	0	12,065	0	12,065	0	12,065	6,563 (54)	12,065	9,565 (80)
MC Bhijbehara	3,098	0	3,098	0	3,098	0	3,098	3,098 (100)	3,098	3,098 (100)
MC Sumbal	2,129	0	2,129	0	2,129	0	2,129	0	2,129	1,300 (61)
MC khansahib	351	0	351	0	351	0	351	0	351	0
MC Langate	912	4 (0.44)	912	4 (0.44)	912	5 (0.55)	912	7 (0.77)	912	10 (1.1)
MC Kupwara	1,934	1,934 (100)	1,934	1,934 (100)	1,934	1,934 (100)	1,934	1,934 (100)	1,934	1,934 (100)
MC Budgam	2,258	0	2,258	0	2,258	0	2,258	0	2,258	0
SMC	202000	2,02,000 (100)	2,06,352	2,06,352 (100)	2,13,500	2,13,500 (100)	2,20,000	2,20,000 (100)	2,36,000	2,36,000 (100)

Detail of collection of waste from Commercial Establishment of Selected ULB'S of J&K, SMC & JMC										
	2017-18		2018-19		2019-20		2020-21		2021-22	
ULBS, JMC & SMC	**Comm. Total**	**Covered (in *per cent*)**	**Comm. Total**	**Covered (*per cent*)**	**Comm. Total**	**Covered (*per cent*)**	**Comm. Total**	**Covered (*per cent*)**	**Comm. Total**	**Covered (*per cent*)**
MC Rajouri	1,960	500 (26)	1,960	500 (26)	1,960	700(36)	1,980	940(47)	2,100	782 (37)
MC Sunderbani	855	0 (0)	890	0 (0)	900	0 (0)	900	160 (18)	905	905 (100)
MC Reasi	507	304 (60)	507	380 (75)	507	431 (85)	507	456 (90)	507	507 (100)
MC Doda	1,578	1,100 (70)	1,605	1,220 (76)	1,655	1,280 (77)	1,700	1,520 (89)	1,730	1,570 (91)
MC Kathua	0	0	0	0	0	0	0	0	0	0
MC Udhampur	2,390	1,800 (75)	2,561	1,800 (70)	2,602	1,800 (69)	2,749	1,800 (65)	2,872	1,800 (63)
MC Hiranagar	307	0	307	40 (13)	307	45 (15)	307	70 (23)	307	80 (26)
JMC	NA	NA	NA	NA	NA	NA	75,888	75,888 (100)	75,888	75,888 (100)
MC Kulgam	1,330	0	1,500	0	1,600	0	1,675	0	1,704	0
MC Anantnag	0	0	0	0	0	0	0	0	0	0
MC Bhijbehara	550	0	550	0	550	150	550	350	550	550
MC Sumbal	280	0	353	0	418	0	485	0	520	520 (100)
MC Khansahib	120	0	120	0	120	0	120	0	120	0
MC Langate	180	120 (67)	184	140 (76)	190	150 (79)	190	150 (79)	210	150 (71)
MC Kupwara	2,850	1,560 (55)	3,200	1,600 (50)	3,290	1,645 (50)	3,460	1,730 (50)	3,525	1,840 (52)
MC Budgam	1,270	0	1,270	0	1,270	0	1,270	0	1,270	0
SMC	12,203	12,203 (100)	16,290	16,290 (100)	19,372	19,372 (100)	22,440	22,440 (100)	28,621	28,621 (100)

Appendix 3.2.1

(Reference Paragraph No: 3.2.4.1 (B))

List of CRIF Projects with unbalanced bids

Sl. No.	Project	Contractor	Advertised amount	Allotted amount	Unbalanced bid (in *per cent*)	Total number of items advertised	Number of items which are unrealistically priced Low (25 *per cent* below) of advertised rates
	Jammu						
1	108 mtr. bridge over Nallah at Naili including approach road **(Basohli)**	M/s A. K. Engineers	1,295.70	1,023.56	below 22	31	30 items below 25 *per cent*
2	Chattergala to Kailash Kund **(Bhaderwah)**	D K Projects	1,583.00	1,074.26	below 33	24	13 items below 25 to 91 *per cent* 01 items below 15 to 24 *per cent*
3	Malsar to Latijar via Shalala **(Gandoh)**	M/s Farooq Ahmad Dar	1,040.50	638.47	below 39	20	10 items below 25 to 89 *per cent* 01 items below 21 to 24 *per cent* 03 items below 10 to 20 *per cent*
4	Jai to Suranga Morh **(Gandoh)**	M/s Kasana Brothers	1,374.00	838.71	below 39	14	08 items below 25 to 89 *per cent* 01 items below 21 to 24 *per cent* 02 items below 10 to 20 *per cent*
5	Goilbar to Benencha **(Gandoh)**	Sh . Abdul Hamid	1,030.97	648.99	below 38	20	11 items below 25 to 95 *per cent* 01 items below 21 to 24 *per cent*
6	Kewal Morh to Targain via Gota Phase-I **(Rajouri)**	M/s Fazal Rehman	1,500.00	949.04	below 37	15	09 items below 25 to 76 *per cent*
7	Marasi Morh to Bagyal kote, High School Panchayatgarh Hubigala **(Rajouri)**	M/s Fazal Rehman	800.00	478.22	below 41	14	07 items below 25 to 71 *per cent*
8	Choura Gali to Ladote via Muko Brade **(Rajouri)**	M/s Fazal Rehman	1,390.80	874.14	below 38	12	07 items below 25 to 97 *per cent*

Sl. No.	Project	Contractor	Advertised amount	Allotted amount	Unbalanced bid (in *per cent*)	Total number of items advertised	Number of items which are unrealistically priced Low (25 *per cent* below) of advertised rates
							01 item below 15 *per cent* to 24 *per cent*
9	Jij to Narkote **(Reasi)**	SGF Infra Pvt. Ltd	1,660.00	1,359.47	below 19	18	09 items below 25 to 80 *per cent* 01 item below 15 *per cent* to 24 *per cent*
10	Kanda to Ransoo **(Reasi)**	New Jhelum Construction	1,787.09	1,395.32	below 22	23	12 items below 25 to 64 *per cent* 02 items below 15 *per cent* to 24 *per cent*
11	Bedar to Brachari **(Poonch)**	Mohd. Yousuf	1,103.91	703.52	below 37	22	13 items below 25 to 100 *per cent* 04 items below 15 *per cent* to 24 *per cent*
12	Padyarna to Puller **(Kishtwar)**	Om Parkash	1,328.55	852.04	below 36	20	20 items below 36 *per cent*
13	Vijaypur – Ramgarh – SM Pura **(Samba)**	Satish Agarwal	1,619.70	1,135.47	below 30	15	10 items below 25 to 48 *per cent*
14	Samba Sumb Goran **(Samba)**	Satish Agarwal	1,104.72	766.25	below 31	17	11 items below 25 to 48 *per cent*
15	Chadwal to Mangloor **(Kathua)**	Satish Singh Jamwal	1,702.60	1,219.17	below 29	24	17 items below 25 to 87 *per cent*
16	Construction of link road from Malsar to Shalala Dherwari Latizer **(Gandoh)**	Farooq Ahmad Dar	929.21	508.60	below 46	15	11 items below 25 to 65 *per cent*
17	Construction of link road from Tanta to Draman via Kuthal **(Gandoh)**	M/s Hamdania Construction	757.84	413.00	below 46	17	10 items below 25 to 73 *per cent*
18	Construction of 32 mtr. span double lane bridge at Rajouri **(Rajouri)**	Mohd. Yousuf	483.40	339.97	below 30	20	14 items below 25 to 98 *per cent*
19	Approach road and under pass for AIIMS at Vijaypur **(Samba)**	Gee Kay Traders	1,277.18	997.78	below 22	19	11 items below 25 to 92 *per cent*
			23,769.17	**16,215.98**			

Sl. No.	Project	Contractor	Advertised amount	Allotted amount	Unbalanced bid (in *per cent*)	Total number of items advertised	Number of items which are unrealistically priced Low (25 *per cent* below) of advertised rates
	Kashmir						
20	Upgradation/widening of Choora – BurzwachanDardporaTilgam road including Authoora – hail, Bulgam link road **(Baramulla)**	Mohd. Akram Sheikh	1,450.57	1,232.98	below 16	37	19 items below 25 *per cent*
21	Widening/upgradation of Hyderbeigh to Chanderseer road Booch to Shadbush road and Takiya Tapper to Check Tapper road **(Baramulla)**	M/s Zeal Construction Company	1,881.98	1,599.68	below 16	36	21 items below 25 *per cent*
22	Widening/Strengthening of Tahab Chakura Naina,Chakura Malangpora road Phase-I **(Pulwama)**	M/s Tarmac Road and Roof builders	963.17	799.82	below 17	64	36 items below 25 *per cent*
23	Construction/ Upgr of Nagasari A&B Narikote and Ladda Road including MooriKothiyan road at Kalaroos (phase -1) **(Kupwara)**	M/s J K Road Constr. Company	804.00	569.36	below 30	28	19 items below 25 *per cent*
24	Y.K Pore Road **(Qazigund)**	M/s Khanday Infrastructure	1,281.48	1,065.01	below 17	98	59 items below 25 *per cent*
			6,381.2	**5,266.85**			
	TOTAL		**30,150.37**	**21,482.83**			

Appendix 3.2.2

(Reference Paragraph No. 3.2.5.3)

Statement showing preparation of DPRs with inflated sanctioned cost

Sl. No.	District/ Divisions	Number of projects	Sanctioned cost of projects (₹ in crore)	Advertisement cost (₹ in crore)	Allotted cost (₹ in crore)	Percentage of advertised cost to sanctioned cost/ percentage of allotted cost to sanctioned cost	Reasons
1	Doda/ Doda, Gandoh	16	208.33	182.55	136.30	68 to 96 *per cent*/ 39 to 89 *per cent*	• Huge quantities of earthwork, random rubble masonry with cement concrete 1:6:12, dry random masonry in foundation and plinth, WBM Gr. II, III, bituminous macadam and SDBC reduced in NIT • Carriageway width of 7.50 mtr. was projected in the DPR against 7.00 mtr allotted to contractor • Inflated quantities of semi pucca R/wall (6 mtr height) was projected in the DPR • Incorporation of ₹ 7.25 lakh per mtr for construction of sub-structure and super-structure in DPR due to projection of carriageway width of 4.75 mtr against norms of 4.25 mtr. Allotted cost of bridge was ₹ 4.50 lakh per mtr.
2	Kathua/ Basohli	04	72.37	68.78	51.91	93 to 96 *per cent*/ 67 to 76 *per cent*	• Huge quantities of earthwork, WMM and BM reduced in NIT • Application of high rates of components in DPRs as compared to rates estimated in NIT.

Sl. No.	District/ Divisions	Number of projects	Sanctioned cost of projects (₹ in crore)	Advertisement cost (₹ in crore)	Allotted cost (₹ in crore)	Percentage of advertised cost to sanctioned cost/ percentage of allotted cost to sanctioned cost	Reasons
							• Component 'P/L WBM Gr.-I for ₹ 137.56 lakh was projected in the DPR against norms of IRC. Such component was also not advertised in the NIT.
3	Rajouri/ Rajouri and Nowshera	14	241.62	225.09	157.48	90 to 97 *per cent*/ 58 to 89 *per cent*	• High rates of earthwork adopted in DPR as compared to rates of Schedule. • Inflated works of X-Drainage projected in DPRs • Application of higher rates in the DPR in respect of Earthwork as compared to rates applied in the advertisement • P/L of RBM in sinking area, P/L of WMM was projected in the DPR whereas such component was not advertised in the NIT • Application of ₹ 8.70 lakh per rmt for 32 mtr. span bridge in the DPR whereas in the advertisement of NIT, rate of ₹ 5.50 lakh per rmt was estimated. • 20 mtr. span double lane bridge for ₹ 2.00 crore was projected in the DPR but it was not advertised in the NIT.
4	Samba/ Samba	08	128.89	111.77	89.01	64 to 96 *per cent*/ 50 to 81 *per cent*	• Huge quantities of earthwork reduced in NIT • Incorporation of

Sl. No.	District/ Divisions	Number of projects	Sanctioned cost of projects (₹ in crore)	Advertisement cost (₹ in crore)	Allotted cost (₹ in crore)	Percentage of advertised cost to sanctioned cost/ percentage of allotted cost to sanctioned cost	Reasons
							inflated quantities of RBM, WMM, bituminous macadam and SDBC • Components Hand packed stone filling including supply of stones Random Rubble masonry in foundation and plinth projected in the DPR was not advertised • Provision of 45 mtr. span RCC vented causeway made in the DPR, was not advertised in the NIT
	Total (J)	**42**	**651.21**	**588.19**	**434.7**	**64 to 96 *per cent*/ 39 to 89 *per cent***	
5	Kupwara and Tangdar	03	65.24 (15.81 +19.05 +30.38)	54.69 (13.60 +16.09 +25.00)	51.88 (13.04+14. 87 +23.97)	82 to 86 *per cent*/ 78 to 82 *per cent*	• Huge quantities of various components such as earthwork, WBM Gr. II, WBM Gr-III, BM, and SDBC reduced in NIT. • Application of high rates of components such as earthwork, WBM Gr. II, WBM Gr-III, BM, and SDBC in DPRs as compared to rates estimated in NIT
6	Anantnag and Qazigund	02	61.09 (46.09+1 5.00)	52.56 (40.08+12.48)	45.73 (35.41+10. 32)	83 to 87 *per cent*/ 69 to 77 *per cent*	• Huge quantities of various components such as earthwork, Cutting, earthwork filling, WBM Gr. II, WBM Gr-III/ WMM, BM, and SDBC reduced in NIT. • Application of high rates of components

Sl. No.	District/ Divisions	Number of projects	Sanctioned cost of projects (₹ in crore)	Advertisement cost (₹ in crore)	Allotted cost (₹ in crore)	Percentage of advertised cost to sanctioned cost/ percentage of allotted cost to sanctioned cost	Reasons
							such as earthwork, WBM Gr. II, WBM Gr-III/ WMM, BM, and SDBC in DPRs as compared to rates estimated in NIT
7	Baramulla, Uri and Sopore	05	82.97 (25.86+11.85+14.15+14.00+17.11)	70.82 (22.66+10.38+11.7964+11.80+14.18)	61.99 (20.40+9.97+10.16+9.95+11.51)	83 to 88 *per cent*/ 67 to 84 *per cent*	• Huge quantities of various components such as earthwork, WBM Gr. II, WBM Gr-III/ WMM, BM, and SDBC reduced in NIT. • Application of high rates of components such as earthwork, WBM Gr. II, WBM Gr-III/ WMM, BM, and SDBC in DPRs as compared to rates estimated in NIT
	Total (K)	**10**	**209.30**	**178.07**	**159.60**	**82 to 88 *per cent*/ 67 to 84 *per cent***	
	Grand Total	**52**	**860.51**	**766.26**	**594.30**	**64 to 97 *per cent*/ 39 to 89 *per cent***	

Appendix 3.2.3

(Reference Paragraph No. 3.2.5.4)

Excess execution of quantities in CRIF Projects

Sl. No.	Road Project/ Sanction Month and Year	Division	Projection in DPR	Quantities of components to be executed (in cum)	Quantities of components executed (in cum)	Extra quantities executed (in cum)	Extra cost involved (₹ in lakh)
Kashmir							
1.	Mattan Akura Pushkeri-Hugam Nambal **(03-2017)**	Anantnag	WBM-II (75mm) was to be laid to the widened portion only **(road width to be increased from 3.5 m to 5.5 m)**	WBM Gr II: 1,155	2,745.90	1,590.90	30.23
2.	Tangdar to Gabra Hajitra **(03-2017)**	Tangdar	WBM-II was to be laid to the widened portion **(road width to be increased from 3 m to 5.5 m)**	WBM Gr.II: 3000.00	3,250.38	250.38	5.63
3.	Mattan Achabal Road **(03-2017)**	Vailoo	WBM-IIwas to be laid to the widened portion **(road width to be increased from 3.65 m to 5.5 m)**	WBM Gr II: 1,050	2,000.26	950.26	13.30
4.	Verinag Kapran Road **(03-2017)**	Qazigund	WMM to be laid to the widened portion **(road width to be increased from 3.5 m to 5.5 m)**	WMM: 2,200	5,700.69	3,500.69	68.23
5.	Choora-Burzwachan –Dardpora Tilgam Road **(03-2017)**	Baramulla	WBM-II/WMM was to be laid to the widened portion, **(road width to be increased from 3.65 m to 5.5 m)**	WBM Gr II: 2,289.37 WMM: 3052.50	3,552.19 4,953.77	1,262.82 1901.27	29.04 42.73
6.	Choontipora Darabal road **(08-2017)**	Handwara	WBM Gr. II should have been laid to the widened portions only **(road width to be increased from 3 m to 5.5 m)**	WBM Gr. II: 2,475	2,829	354	9.17
7.	Gingle Bijhama Lachipora Road up to Muqam/ Mayan	Baramulla	WBM Gr. II/WMM should have been laid to the widened portions only	WBM Gr. II: 3,010.875 WMM: 3,676.875	4,896.76 4,201.87	1,885.885 524.99	49.22 14.23

Sl. No.	Road Project/ Sanction Month and Year	Division	Projection in DPR	Quantities of components to be executed (in cum)	Quantities of components executed (in cum)	Extra quantities executed (in cum)	Extra cost involved (₹ in lakh)
	(03-2016)		**(road width to be increased from 3.65 m to 5.5 m)**				
8.	Villgam Champora Hafrada road including Dohama Tarthpora	Handwara	G-II should have be laid to the widened portions ie from 3.0m to 5.50 m **(road width to be increased from 3 m to 5.5 m)**	WBM Gr II: 2062.50 Cum,	2,536.21	473.71	11.84
Jammu							
9.	Pull Doda to Beoli via Doda Town **(03-2017)**	Doda	WMM in two layers to be executed on widened portion **(road width to be increased from 3 to 3.75 m and 5.5 m to 7 m)**	WMM: 2,177 cum	3,689.75	1,512.75	28.74
10.	Dayalachak Hiranagar Jandi road up to Kattal Gujran **(03-2017)**	Kathua	WBM Gr II, WBM GR III was to be executed in widened portion **(road width to be increased from 4 m to 7.5 m)**	WBM: Gr II: 5,250 WBM Gr III: 2,625	5,837.70 6,692.63	587.70 4,067.63	4.56 31.54
11.	Old Samba Kathua Road **(03-2017)**	Kathua	WBM Gr. II, WBM Gr III was to be executed on widened portion **(road width to be increased from 3.75 m to 7.5 m)**	WBM Gr II: 8,268.75 WBM Gr III: 4,134.38	6,576 7,341.88	---- 3,207.5	---- 28.07
Total			**WMM**	**11,106.37**	**18,546.08**	**7,439.70**	**153.93**
			WBM-II	**20,292.74**	**27,648.40**	**7,355.65**	**152.99**
			WBM-III	**6,759.38**	**14,034.51**	**7,275.13**	**59.61**
Grand Total*				**38,158.50**	**60,228.99**	**22,070.48**	**366.53**

* Quantity of WBM – Gr II in respect of Sr. No. 11, Old Samba-Kathua Road not included in the total.

Appendix 3.2.4

(Reference Paragraph No. 3.2.5.11)

Statement showing projects shown as completed but projects were not completed in actual

	Project	Division	Status as per progress report	Actual status as noticed by audit
1	Improvement/ Upgradation strengthening of Samba Mansar road (km 10th to km 19th)	Samba	Completed	• Drains were executed in the range of 18 *per cent* to 56 *per cent* of the total quantities allotted to the contractor. • Components such as hand packing stones in wire crates including cost of stones, providing and applying 2.5 mm thick road marking strips (retro-reflective) and providing and fixing of rectangular reflection traffic sign boards were not executed at all even though such components were allotted to the contractor at a cost of ₹ 30.02 lakh.
2	Widening/ Iimprovement Utterbehani Purmandal road via Mandal	Samba	Completed	• Safety components such as mandatory/ regulatory sign boards of 900 mm, cautionary/ warning sign boards of equilateral triangle and providing and applying 2.5 mm thick road marking strips (retro-reflective) were not installed/ executed on the road even though these items were allotted to contractor at a cost of ₹ 24.68 lakh.
3	Upgradation of Salkot Halmatpora Batergam Gushi including Marhana Daribal road via Ziyarat Sharif	Kupwara	Completed	• Quantity of 25 mm SDBC was laid to 50,662 sqm against allotment of 60,500 sqm to cover the 11 Kms. Thus, there was a short lay of 9,838 sqm which works out 1.79 Km. As sanctioned length of 11 Km was not covered with BT specification, project was actually incomplete. • Safety components such as mandatory/ regulatory sign boards circular of 600 mm, cautionary/ warning sign boards of equilateral triangle 900 mm were not installed/ executed on the road even though these items were allotted to contractor.
4	Construction of Khumriyal Shumriyal Gund Jahangir road including Doniwari Kantpora on Sewar Kawari road	Kupwara	Completed	• Quantity of 25mm SDBC was laid to 51,905 sqm against allotment of 63,750 sqm to cover the 17 Km. Thus, there was a short lay of 11,845 sqm which works out 2.45 Km. As sanctioned length of 17 Km was not covered with BT specification, project was actually incomplete. • Safety components such as mandatory/ regulatory sign boards circular of 600 mm, cautionary/ warning

	Project	Division	Status as per progress report	Actual status as noticed by audit
				sign boards of equilateral triangle 900 mm were not installed/ executed on the road even though these items were allotted to contractor
5	Improvement/ upgradation of Brakpora-Kanganhal-Chattergul road	Vailoo	Completed	• Quantity of 25 mm SDBC was laid to 67,838 Sqm against actual of 86,955 sqm to cover the 15.5 Km. Thus, there was a short lay of 19,117 sqm which works out 3.47 Km. As sanctioned length of 15.5 Km was not covered with BT specification, project was actually incomplete.
6	Construction of old Brengi road	Vailoo	Completed	• Quantity of 25 mm SDBC was laid to 39,611 sqm against actual of 43,312 sqm to cover the 11 Km. Thus, there was a short lay of 3,701 sqm which works out 900 mtr. As sanctioned length of 11 Km was not covered with BT specification, project was actually incomplete • Safety components such as mandatory/ regulatory sign boards circular of 600 mm, cautionary/ warning sign boards of equilateral triangle 900 mm were not installed/ executed on the road even though these items were allotted to contractor.
7	Upgradation of Mattan Achabal road	Vailoo	Completed	• Quantity of 25 mm SDBC was laid to 36,178 sqm against actual of 44,880 sqm to cover the 11 Km. Thus, there was a short lay of 8,702 Sqm which works out 1.5 km. As sanctioned length of 8 Km was not covered with BT specification, project was actually incomplete.
8	Widening/ upgradation of Ladoora Achabal road	Sopore	Completed	• Quantity of 25 mm SDBC was laid to 67,316 sqm against actual of 75,000 sqm to cover the 10 Km. Thus, there was a short lay of 7,684 Sqm which works out 1.0 km. As sanctioned length of 10 Km was not covered with BT specification, project was actually incomplete.
9	Construction/ upgradation of Hafrada Astan Wali Hatchimarg Tumina Marsarai including Bulnad road	Kupwara	Completed	• Quantity of 25 mm SDBC was laid to 73,118 sqm against actual of 82,500 sqm to cover the 15 Km. Thus, there was a short lay of 9,382 Sqm which works out 1.70 km. As sanctioned length of 15 Kms was not covered with BT specification, project was actually incomplete. • Safety components such as mandatory/ regulatory sign boards circular of 600 mm, cautionary/ warning sign boards of equilateral triangle 900

	Project	Division	Status as per progress report	Actual status as noticed by audit
				mm were not installed/ executed on the road even though these items were allotted to contractor.
10	Upgradation of Vilgam, Champora, Hafrad road including Dohama and Tarathpora road	Handwara	Completed	• Quantity of 25 mm SDBC was laid to 56,201 sqm against actual of 60,500 sqm to cover the 10 Km. Thus, there was a short lay of 4,299 Sqm which works out 0.75 km. As sanctioned length of 10 Km was not covered with BT specification, project was actually incomplete. • Safety components such as mandatory/ regulatory sign boards circular of 600 mm, cautionary/ warning sign boards of equilateral triangle 900 mm were not installed/ executed on the road even though these items were allotted to contractor.

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Report of the Comptroller and Auditor General of India for the period ended March 2023

Government of Union Territory of Jammu and Kashmir

Report No. 07 of 2025

(Compliance Audit Report Civil-I)

Report of the
Comptroller and Auditor General of India
for the period ended March 2023

Government of Union Territory of Jammu and Kashmir

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PREFACE

This Report of Comptroller and Auditor General of India for the period ended March 2023 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act, 2019 for laying in the Legislative Assembly.

This Report contains five Chapters. Chapter-I gives brief profile on receipts and expenditure of the Government of Union Territory of Jammu and Kashmir. Chapter-II to Chapter-V present significant audit findings noticed during compliance audit of various Government Departments.

The instances mentioned in this Report are those which came to the notice in the course of test audit of the period 2022-23 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 2022-23 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

About the Report

This Report covers matters arising out of Compliance Audit of the Departments of the Union Territory (UT) Government. 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 five Chapters as under:

Chapter-I: Introduction

This Chapter contains brief profile of the UT Government with receipts/ expenditure for the year 2022-23, 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 the Audit Reports.

Chapter-II: Subject Specific Compliance Audit pertaining to Planning, Development and Monitoring Department

This chapter covers Subject Specific Compliance Audit on 'Restoration of essential services and strengthening of disaster risk management system under World Bank aided Jhelum Tawi Flood Recovery Project'.

The Jhelum Tawi Flood Recovery Project (JTFRP) had been taken up to support the recovery process in project areas affected by 2014 floods. The project was funded through assistance from the World Bank (WB). The project also aimed to increase infrastructure for disaster resilience and capacity of the Project Implementing Units (PIUs) to respond promptly and effectively to a crisis or emergency. Out of a total of 213 sub-projects under JTFRP, 174 were completed as of December 2023. Out of these 213 sub-projects, 82 sub-projects were selected for detailed check in audit.

It was observed that damage and loss assessment reports were not prepared for selected projects before their commencement. Delays in tendering and changing of experts etc. were observed leading to delays in completion of the projects. Infrastructure projects not proposed by the Line Departments were sanctioned while some of the projects proposed by them were not included.

Activities like retrofitting of critical buildings and Hydro Metrological Action Plan intended for managing disaster risks, enhancing preparedness and achieving resilient recovery, although identified in the Project Appraisal Document (PAD), had not been executed. Hospital projects were executed in flood prone areas though prohibited by National Disaster Management Authority. Irregular and idle expenditure was incurred on upgradation of dewatering stations by Srinagar Municipal Corporation.

Deficiencies in purchase/ installation of machinery and equipment included excess payment on procurement of rescue equipment, avoidable expenditure on procurement of Fire & Emergency machinery/ Modular monitor. Idle investment in the purchase of Search & Rescue kits/ Hospital machinery/ Automated Embedding Systems was also noticed.

Monitoring of projects was not done in accordance with the World Bank guidelines as the periodical meetings of the Project Steering Committee were not held regularly and Operational Manual for execution of projects under JTFRP was not prepared.

Recommendations:

The Government should:

- ***Ensure the projects are taken up as per the Project Appraisal Document and after approval from the Project Steering Committee,***
- ***Ensure completion of projects in a time bound manner, and***
- ***Update the Management Information System and strictly monitor the implementation of the sub-projects.***

Chapter-III: Subject Specific Compliance Audit pertaining to Mining Department

This chapter includes Subject Specific Compliance Audit on 'Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)'. The Scheme was launched to ensure the welfare of people affected by mining related operations. In contravention to the PMKKKY guidelines, the areas and people affected due to mining were neither identified nor notified. Selection of projects under the Scheme was carried out at the discretion of the District Mineral Foundation Trusts (DMFTs) rather than based on the actual needs of mining-affected communities.

There was a delay of two years in framing of Jammu and Kashmir District Mineral Foundation Rules 2017 for Minor Minerals. These rules were not in consonance with the Mines and Minerals (Development and Regulation) Act 2015 (MMDR) and were subsequently amended (February 2023) after being pointed out by Audit in May 2022. Due to framing of these contradictory rules, the Department suffered revenue loss of ₹ 14.55 crore during 2017-18 to 2021-22. Due to not registering/ forming of the District Mineral Foundation Trusts in time, the contribution of ₹ 8.82 crore could not be demanded and collected.

The Department had not developed any mechanism for assessment, demand and collection of royalty along with DMF contributions. The consolidated position of physical progress of sanctioned, taken-up, completed and incomplete projects was not available with the Department at either Apex level or Divisional level. Out of 365 sanctioned projects in sampled eight Districts, 147 projects (40 *per cent*) were not taken up for execution primarily due to not according of Administrative Approval and

site disputes. The Governing body and Executive Committee had not been formed by the Trusts.

DMFT funds were advanced to various implementing agencies for execution of works without preparation of Annual Plans and Annual Budget. The available funds could not be spent and as against availability of ₹ 25.72 crore during 2017-18 to 2022-23, only ₹ 11.89 crore (46 *per cent*) was utilised. Unspent balances were not invested. Utilisation Certificates (UCs) were neither received nor demanded by some executing agencies of Kashmir Division. As 89 Mineral Check Posts were not completed and Mine Surveillance System was not installed despite creation of liability of ₹ 1.73 crore, the illegal mining, transportation and storage of minerals remained unmonitored/unchecked. Beneficiary survey showed unawareness about the Scheme in 96 *per cent* of the respondents and unawareness about DMFT activities in 100 *per cent* of respondents. There was violation of Scheme guidelines mandating electronic payment.

Recommendations:

The Government should:

- ***Identify and notify the areas and people affected due to mining,***
- ***Constitute the Governing Body and Executive Committee of the DMFTs and ensure execution of works are carried out after approval of Annual Plan and Annual Budget.***
- ***Strengthen the fund management system and monitoring mechanism.***

Chapter-IV: Subject Specific Compliance Audit pertaining to Rural Development Department

This chapter includes Subject Specific Compliance Audit on 'National Rural Livelihood Mission'.

To promote sustainable livelihoods for the rural poor, the Ministry of Rural Development (MoRD), Government of India (GoI) launched National Rural Livelihood Mission (NRLM) in the year 2010 (renamed as Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) in March 2016). The Scheme aimed to reduce poverty by enabling poor households to access gainful self-employment and skilled wage opportunities. The State Mission Management Unit (SMMU) for J&K was registered (October 2011) as a society in the name of Jammu and Kashmir State Rural Livelihood Mission (JKRLM) for implementation of NRLM in J&K.

Audit observed that the overall coverage remained below the targets set by the Scheme and no well-defined approach in identification of beneficiaries was available. There were persistent shortfalls in the release of both Central and State shares against approved plans, mainly due to procedural delays. Financial management was deficient

as cases of unreconciled unspent funds, irregularities in loan repayments, and unauthorised deductions from community funds were observed.

The budgeting process lacked a bottom-up approach, processes such as registration of community organisations and approval of Annual Action Plans by the Executive Council, were not properly followed.

Human resource management was marked by critical staff shortage, absence of grievance redressal mechanism, and lack of insurance coverage for staff. Monitoring mechanism was weak due to infrequent meetings and vacant key monitoring positions.

Recommendations:

The Government should:

- ***Establish well defined criteria for identification of poor rural households and selection of beneficiaries under the Scheme.***
- ***Adopt bottom-up approach in preparation of Budget.***
- ***Ensure funds as per approved plans are released in time and are utilised for the implementation of Scheme during each year.***
- ***Strengthen the implementation of the Scheme through efficient monitoring.***

Chapter-V: Compliance Audit pertaining to Transport Department

The Government of Jammu and Kashmir (GoJ&K) launched (19 November 2019) the "Transport Subsidy Scheme" pursuant to the orders of High Court of Jammu and Kashmir (J&K) dated 18 May 2006 and National Green Tribunal (NGT), New Delhi, dated 08 October 2018, regarding control of air pollution, improvement of ambient air quality in non-attainment cities[1] as well as measures to control vehicular emissions.

The Transport Department failed to effectively implement the Scheme and could not ensure phasing out of old vehicles. Irregularities like purchase of new vehicles in different owner's name, not preparing Compliance Reports, and crediting of subsidy to beneficiaries' savings account instead of loan account were also observed.

[1] The cities which are exceeding the National Ambient Air Quality Standards (NAAQS) for five consecutive years. Jammu and Srinagar are the two non-attainment cities in J&K.

CHAPTER-I

INTRODUCTION

CHAPTER-I

INTRODUCTION

1.1 Budget Profile

There are 36 Departments and 111 Autonomous Bodies in the Union Territory (UT) of Jammu and Kashmir. The position of budget estimates, revised estimates and expenditure of the Union Territory of Jammu and Kashmir during 2022-23 is shown in **Table 1.1.**

Table 1.1: Budget and Expenditure of the UT of Jammu and Kashmir during the period 2022-23

(₹ in crore)

Particulars	2022-23		
	Budget Estimates	Revised Estimates	Actuals
Revenue expenditure			
General Services	31,696.94	36,771.77	31,162.12
Social Services	26,351.44	26,929.12	22,984.37
Economic Services	13,566.61	11,303.06	8,852.85
Grants-in-aid[1] and contributions	0.00	0.00	0.00
Total (1)	**71,614.99**	**75,003.95**	**62,999.34**
Capital expenditure			
Capital Outlay	37,656.35	26,585.67	37,713.39
Loans and advances disbursed	108.90	118.00	59.53
Repayment of Public Debt[2]	32,720.87	31,030.28	34,066.91
Contingency Fund	0.00	0.00	0.00
Public Accounts disbursements[3]	6,583.86	6,451.35	34,656.37
Closing Cash balance	0.00	0.00	1,448.31
Total (2)	**77,069.98**	**64,185.30**	**1,07,944.51**
Grand Total (1+2)	**1,48,684.97**	**1,39,189.25**	**1,70,943.85**

(Source: Annual Financial Statements and Finance Accounts of the Government of UT of Jammu and Kashmir)

1.2 Application of resources of the UT Government

The total expenditure of Union Territory of Jammu and Kashmir, which included Revenue expenditure, Capital Outlay and Loans and Advances disbursed during 2022-23 was ₹ 1,00,772.26 crore. During this period, the Capital Outlay of ₹ 37,713.39 crore constituted 37 *per cent* of total expenditure.

1 Grants-in-aid paid by the UT Government is included in the General, Social and Economic Services.

2 Includes transactions under ways and means advances.

3 Actuals exclude transactions of investment of cash balance and departmental cash balance.

1.3 Funds transferred directly to Government Departments of UT

During the period 2022-23, various Ministries/ Departments of the Central Government released ₹786.95 crore directly to various Government departments of the Union Territory of Jammu and Kashmir without routing these through UT Budget. Consequently, these amounts remained outside the Budgetary and Accounting system of the UT Government during the year.

1.4 Grants-in-aid from Government of India

The grants-in-aid received from Government of India during 2022-23 is depicted in **Table 1.2.**

Table 1.2: Grants-in-aid from GoI

(₹ in crore)

Particulars	2022-23 (UT of Jammu and Kashmir)
Grants for Centrally Sponsored Plan Schemes	6,029.68
Other transfers/ Grants to States/ Union Territories with Legislature	45,463.25
Total	**51,492.93**
Revenue Receipts	68,975.95
Percentage of total grants to Revenue Receipts	75

(Source: Finance Accounts of respective years)

During the period 2022-23, the Government of Union Territory of Jammu and Kashmir received ₹ 51,492.93 crore as Grants-in-aid from Government of India, which accounts for 75 *per cent* of Revenue receipts during the period.

1.5 Audit process

The audit process starts with the risk assessment of various Departments, Autonomous Bodies, Schemes/ Projects which takes into account the criticality/ complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided, and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing the audit findings is issued to the Head of the Office with a request to furnish replies within one month. On receipt of replies, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India (C&AG). The audit findings incorporated in the Audit Report are based only on test-check of the transactions of the Government of Jammu and Kashmir.

During 2022-23, out of 11,778 Drawing and Disbursing Officers (DDOs) in the UT of J&K, compliance audit of 1,065 was planned and audit of 1,057 DDOs was conducted by the Office of the Principal Accountant General (Audit), Jammu & Kashmir. Out of 111 Autonomous Bodies (ABs), audit of 15 ABs was planned and conducted.

1.6 Response of Government to Audit Report Paragraphs

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 which have a negative impact on 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 Subject Specific Compliance Audit (SSCA) 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 as and where applicable is suitably incorporated in the Audit Report.

1.7 Response of Government to Compliance Audit Reports

The Handbook of instructions for speedy settlement of audit observations/ inspection reports (IRs) issued by the Government (Finance Department) provides for prompt response by the Executive to IRs issued by the Principal Accountant General (Audit) to ensure remedial/ rectification action in compliance with the prescribed rules and procedures. The heads of 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).

Based on the results of test audit 38,138 audit observations contained in 9,700 IRs were outstanding for settlement as on 31 March 2023 as given in **Table 1.3**.

Table 1.3: Details showing the Audit observations outstanding as of 31 March 2023

Name of Sector	Opening Balance (01 April 2022)		Additions during the year 2022-23		Settled during the year 2022-23		Closing Balance (31 March 2023)	
	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
Civil Departments	10,986	47,492	633	4,918	1,919	14,272	9,700	38,138

During 2022-23, 14 Audit Committee meetings were held in which 3,044 Audit paragraphs were settled.

1.8 Follow-up on Audit Reports

1.8.1 Non-submission of Action Taken Notes

To ensure accountability of the Executive to issues dealt with in various Audit Reports, the Government (Finance Department) issued instructions in June 1997 to the Administrative Departments to furnish Action Taken Notes (ATNs) to the Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU) on all the audit paragraphs featuring in the Audit Reports, irrespective of whether these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Principal Accountant General (Audit) within a period of three months from the date of presentation of Audit Reports in the Legislature.

It was, however, noticed that out of 836[4] audit paragraphs featuring in the Audit Reports from 2000-01 to 2020-21, *suo-motu* ATNs in respect of 472[5] audit paragraphs had not been received up to 31 May 2025.

1.8.2 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/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 836 Audit paragraphs featuring in the Audit Reports for the years from 2000-01 to 2020-21, only 329[6] audit paragraphs have been discussed by the PAC and COPU up to 31 May 2025. Recommendations in respect of 306[7] audit paragraphs have been made by the PAC/ COPU. However, ATNs on the recommendations of the PAC/COPU are pending from the Government in respect of 228[8] audit paragraphs.

4 Civil: 589; Revenue:143 PSUs: 104
5 Civil: 309; Revenue: 126; PSUs: 37
6 Civil: 245; Revenue: 17; PSUs: 67
7 Civil: 223; Revenue: 17; PSUs: 66
8 Civil: 165; Revenue: 13; PSUs: 50

CHAPTER-II

PLANNING DEVELOPMENT

AND

MONITORING DEPARTMENT

CHAPTER-II

PLANNING, DEVELOPMENT AND MONITORING DEPARTMENT

2. Restoration of essential services and strengthening of disaster risk management system under World Bank aided Jhelum Tawi Flood Recovery Project

2.1 Introduction

The erstwhile State of Jammu and Kashmir (J&K) was hit by devastating floods in September 2014, which caused damage to houses, livelihoods, roads and bridges. On the request (January 2015) of Government of India (GoI) a Rapid Damage and Needs Assessment (RDNA) Mission of the World Bank (WB) visited (February 2015) the flood affected Districts of J&K and accorded (August 2015) sanction to Relief and Rehabilitation Department (RRD) for availing WB assistance of ₹ 1,500 crore[1] (US $ 250 Million) under Jhelum Tawi Flood Recovery Project (JTFRP). The project was aimed to support the recovery process in project areas and increase disaster resilience and capacity of the Project Implementing Units (PIUs) to respond promptly and effectively to a crisis or emergency. Subsequent to GoJ&K sanction for availing WB assistance of ₹ 1,500 crore, Ministry of Finance, GoI included (November 2015) JTFRP in the Prime Minister's Reconstruction Plan (PMRP) for the State of J&K. For availing the WB assistance, GoI and International Development Association (IDA) entered into a financing agreement in January 2016. A subsidiary agreement was also executed (January 2016) by Ministry of Finance, GoI with the GoJ&K.

As per the Project Appraisal Document (PAD[2]), the WB assistance was to be utilised on the following seven components.

- Component 1: Reconstruction and strengthening of critical infrastructure (₹ 360 crore)
- Component 2: Reconstruction of Roads and Bridges (₹ 480 crore)
- Component 3: Restoration of Urban flood management infrastructure (₹ 300 crore)
- Component 4: Restoration and strengthening of livelihoods (₹ 90 crore)
- Component 5: Strengthening disaster risk management capacity (₹ 150 crore)
- Component 6: Contingent Emergency Response (₹ 0)[3] and
- Component 7: Implementation Support (₹ 120 crore).

The JTFRP was initially scheduled to close on 30 June 2020. However, WB extended

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1 World Bank assistance: ₹ 1350 crore and State Share: ₹ 150 crore

2 A document (18 May 2015) of the World Bank on proposed credit of US$250 Million (₹ 1,500 crore) to India for JTFRP in which activities to be carried out under JTFRP were identified.

3 In view of Covid 19, Contingent Emergency Response component was activated in May 2020.

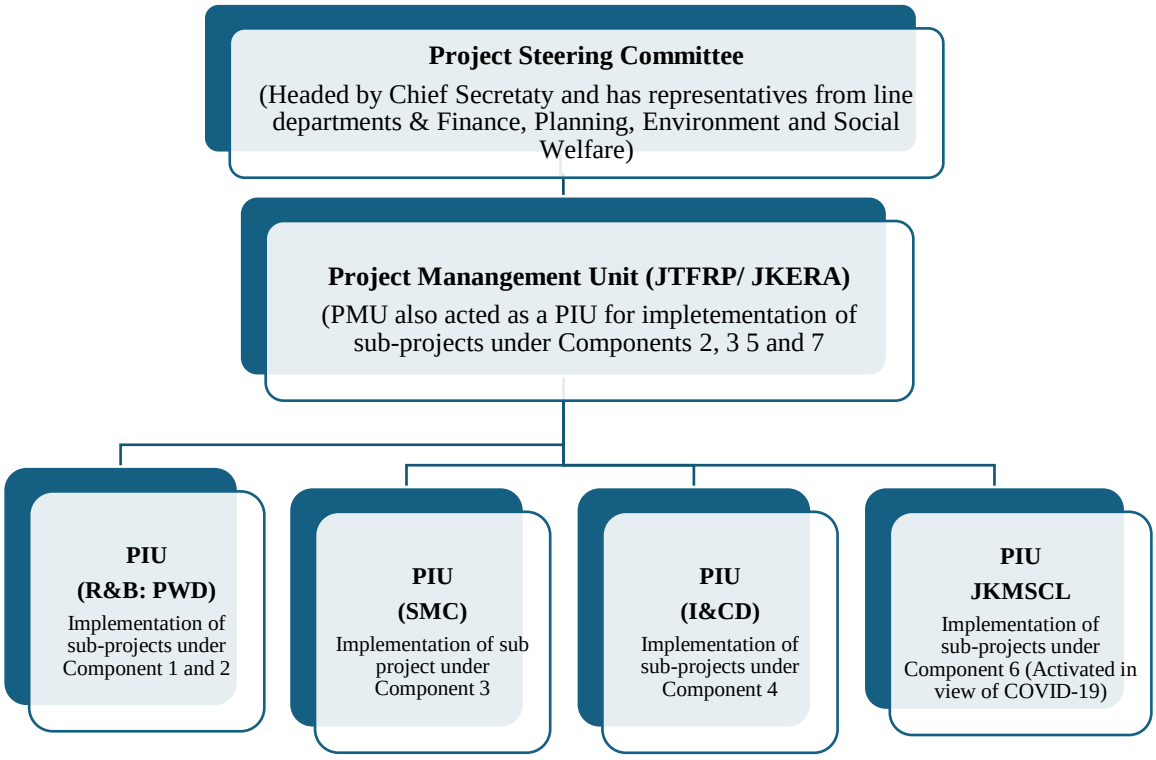
the project from time to time up to 31 December 2024 and finally extended up to August 2026.

2.2 Organisational Setup

Under RRD, office of JTFRP, was established in April 2016 as the Project Management Unit (PMU) for overall project management and coordination between PIUs and the WB. The PMU (including Jammu and Kashmir Economic Reconstruction Agency[4]) itself acted as the PIU for 71 sub projects[5] under JTFRP. Other PIUs included Public Works Department (PWD) executing 45 sub-projects, Industries and Commerce Department (I&CD) executing 26 sub-projects, Srinagar Municipal Corporation (SMC) executing 03 sub-projects and Jammu and Kashmir Medical Supplies Corporation Limited (JKMSCL) executing 68 sub-projects. From October 2018, office of PMU, JTFRP was merged with Jammu and Kashmir Economic Reconstruction Agency (JKERA) under the Planning Development and Monitoring Department (PD&MD).

The arrangement for project implementation is depicted in **Chart 2.1**:

Chart 2.1: Project Implementation Arrangement



[4] A society registered under the J&K Societies Act came into existence as a result of Cabinet decision (July 2004) to implement externally aided projects. Jhelum Tawi Flood Recover Project (JTFRP) was merged with JKERA in October 2018.

[5] PMU/ JTFRP: 39 sub projects, PMU/ JKERA: 19 and 13 sub projects allotted by the PMU to JKPCC under Force Account (When contractors/suppliers are unlikely to bid at reasonable prices because of location and risk involved, borrower may use their own Department for execution/ supply)

2.3 Audit Objectives

The objectives of the Audit were to examine whether:

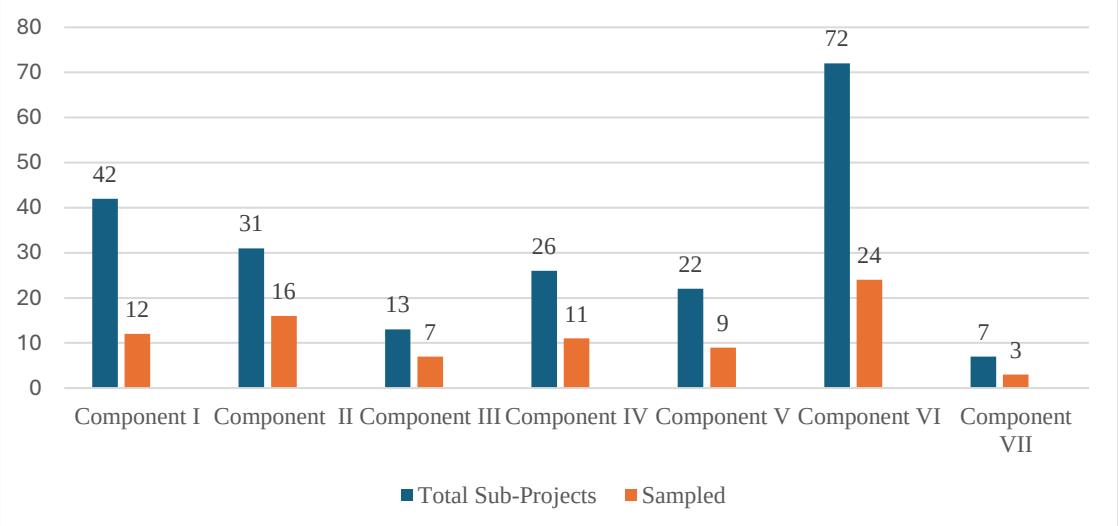
- The prescribed procedure for selection of projects for seeking approval of the WB was followed and funds received were utilised for the intended purpose;
- The projects were awarded and executed in accordance with the WB prescribed specifications or other guidelines notified by GoJ&K/ GoI in economical and efficient manner;
- The assets and infrastructure created under JTFRP were put to use and the intended benefits were derived; and
- The monitoring and quality control system were adequate and effective.

2.4 Audit Scope and Methodology

The Audit covered the period since inception of the project in 2016-17 to December 2023 and audit was conducted during July 2023 to February 2024. Entry conference was held on 30 August 2023 with Chief Executive Officer, JTFRP wherein audit objectives, audit criteria and audit methodology were discussed.

Audit Methodology entailed examination of records in the offices of Administrative Departments of PD&MD. Records were also test-checked in the offices of the PMU, Project Implementing Units (PIUs) viz. PMU (including JKERA), PWD, I&CD, SMC and JKMSCL. Out of a total of 213 sub-projects allotted at a cost of ₹ 1,737.44 crore under JTFRP, 82 sub-projects[6] **(Chart 2.2)** with allotted cost of ₹ 1375.61 crore[7] were selected for detailed check of records by judgmental sampling based on the awarded cost.

Chart 2.2: **Component-wise details of sampled sub-projects against total sub-projects under JTFRP**



6 PMU: 38, PWD: 12, J&KMSCL: 20, I&CD: 11 and SMC: 01

7 57 completed with allotted cost of ₹ 603.34 crore and 25 ongoing with allotted cost of ₹ 772.27 crore

Further, the date-wise list of sub-projects sanctioned by the PSC and World Bank was not furnished to Audit by the PMU. Audit findings were discussed in the Exit Conference held on 13 June 2025 with the Secretary, Planning Development and Monitoring Department. During the Exit Conference (June 2025) it was assured that detailed replies to the audit observations contained in the draft report would be submitted, however no replies have been received (August 2025). However, the responses submitted during the Exit Conference have been incorporated in the report.

2.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Financing agreement entered into by GoI with WB and the subsidiary agreement between GoI and GoJ&K;
- Guidelines of the WB regarding procurement of goods, works and non-consulting services and the Project Appraisal Document (PAD) of the WB;
- Manuals, rules and regulations notified by GoJ&K/ GoI for construction of roads, bridges and buildings; and
- J&K Financial Code, General Financial Rules and guidelines of Central Vigilance Commission.

2.6 Status of Projects

Out of 213 sub-projects awarded (discussed in ***Paragraph 2.4***), 174 sub-projects[8] had been completed as of December 2023 and 39 sub-projects[9] were under progress after incurring an expenditure of ₹ 1,305.95 crore. Agency-wise and component-wise position of 213 sub-projects approved for funding under JTFRP as of December 2023 is indicated in ***Appendix-2.1***.

Table 2.1: Snapshot of Status of Projects as of December 2023

(₹ in crore)

Region/Agency	Works Awarded		Works Completed		Works In Progress	
	No.	Allotted	No.	Allotted	No.	Allotted
Kashmir	101	1,050.75	70	308.2	31	742.22
Jammu	79	495.56	75	438.22	04	57.34
PWD/ JKERA	33	191.43	29	108.03	04	83.40
Total	**213**	**737.74**	**174**	**854.45**	**39**	**882.96**

Out of 82 sampled sub-projects with allotted cost of ₹ 1,375.61 crore (agency-wise details shown in ***Appendix – 2.2***), 57 sub-projects with awarded cost of ₹ 603.34 crore were complete as of December 2023. 25 sub-projects with awarded cost of

[8] Allotted cost: ₹ 854.46 crore
[9] Allotted cost: ₹ 882.96 crore.

₹ 772.27 crore remained incomplete (with time overrun ranging between 10 months and 57 months). It was noticed that out of 57 completed sub-projects, only 20 sub-projects were completed within the scheduled date and there was delay in completion of 32 sub-projects with delays up to 44 months. The delayed works included installation of oxygen generation plants (delays ranging between 05 months and 22 months) awarded under Direct Contracting. The scheduled date of completion was not on record in respect of five sub-projects.

It was also noticed that 49 sub-projects were tendered with a delay ranging between 08 months and 57 months from the effective date of start (April 2016) of JTFRP. As a result, only 30 sub-projects could be taken up at a cost of ₹ 466.66 crore before the first closing date (June 2020) of the project. It was also found that seven sub-projects were put to tenders after initial closing date (June 2020) of the project. Four sub-projects (two schools and two roads) which were proposed for inclusion in JTFRP during February and September 2017, had not been tendered up to June 2020.

2.6.1 Delayed preparation of procurement plan

Section 1.18 of the WB "Guidelines for Procurement of Goods, Works, and non-Consulting Services" envisages GoJ&K (Borrower) to prepare a preliminary procurement plan. GoJ&K was also to prepare a detailed and comprehensive procurement plan including all contracts for which action was to be initiated in the first 18 months of start (April 2016) of project implementation i.e. by September 2017. Further, Ministry of Finance, GoI directed (April 2019) GoJ&K to finalise all the tenders by 30 September 2019.

Review of 49 sampled sub-projects[10] which were tendered revealed that 11 sub-projects (estimated cost: ₹ 193.81 crore) were put to tenders after the deadline (September 2019) fixed by the GoI for invitation of tenders. Seven sub-projects were put to tenders after the initial closing date (June 2020) of the Project. These seven projects included the sub-project, "Construction of Central Control Building for Housing Emergency Operation Center and SCADA System" which was incomplete as of December 2023 despite being accorded in-principle approval (May 2015) by the WB. Delay in formulation of procurement plans led to non-adherence to the timeline fixed by GoI.

Chief Executive Officer (CEO), JTFRP stated (August 2025) that despite the Financing Agreement being signed in January 2016, the project actually kickstarted in September 2017. The pace of the implementation picked up after the merger of JTFRP with JKERA in October 2018.

The PMU had to formulate a detailed and comprehensive procurement plan by September 2017 which was not prepared.

[10] Out of 82 sampled sub-projects, 49 sub-projects were awarded after tendering process and the remaining 33 sub-projects (JKMSCL: 20; JKERA: 4; I&CD: 1; PMU 1 and JKPCC: 7) were awarded through direct procurement method.

2.7 Planning

As per World Bank guidelines, construction and restoration of flood affected/ damaged infrastructure such as schools, roads, bridges and hospitals etc., were to be taken up under JTFRP. Proposals for such projects were to be obtained by the PMU, JTFRP from the Line Departments. Audit noticed that the projects which did not feature in the proposals submitted by the Line Departments were also sanctioned under JTFRP as illustrated under:

- The School Education Department (SED) of Jammu and Kashmir Division proposed (February 2017) restoration of 164 schools[11] (Jammu: 74 and Kashmir: 90) at an estimated cost of ₹ 52 crore[12]. Out of the proposed 164 schools by the two Directors, restoration of only 34 schools[13] (Jammu: 25 and Kashmir: 09) were sanctioned by the PMU from the WB. Audit noticed that 15 schools which did not feature in the list of 90 schools proposed (February 2017) by the Director School Education, Kashmir were also selected by the PMU for reconstruction under JTFRP. Reasons for getting these 15 schools sanctioned without any input from the Line Department were not on record. However, audit observed that no damage and loss assessment reports were prepared to verify the flood affected infrastructure for reconstruction under JTFRP.

During the Exit Conference, Secretary PDMD stated (June 2025) that the School Education Department submitted multiple lists for funding under the project and after a series of deliberations and discussions regarding the feasibility, site availability, DPR status etc., a preliminary list of schools was selected to start with. The list was not finalised in one go but in phases and all the projects were approved by the World Bank before being taken up for execution.

- The Joint Director (Planning), PWD submitted (September 2017) a proposal of 40 Road/ Bridge projects[14] at an estimated cost of ₹ 460 crore to be re-constructed under JTFRP against which PMU considered only 23 projects[15]. Audit noticed that in respect of Kashmir Division 13 works (estimated cost: ₹ 266.49 crore) were sanctioned (proposed by PMU and subsequently approved by WB) neither featured in the list of 40 Road/ Bridge projects submitted by PWD nor in the list of 17 bridges identified (February 2015) by the Design Inspection and Quality Control Department (DIQCD) during survey conducted for rehabilitation/ redesigning of bridges damaged in the floods of September 2014. Reasons for inclusion/ exclusion of projects for funding were not on record.

During the Exit Conference, Secretary PDMD stated (June 2025) that the selection of projects was done in phases and all the projects were approved by the World Bank.

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11 With 632 damaged classrooms (Jammu: 186 and Kashmir: 446).
12 Jammu: ₹ 15.01 crore and Kashmir ₹ 36.99 crore.
13 with damaged 91 classrooms (Jammu: 65 and Kashmir: 26).
14 Jammu: 21 projects (₹ 160 crore); Kashmir: 19 projects (₹ 300 crore).
15 Jammu: 10; Kashmir: 13.

The reply may be viewed in the light of the fact that neither the projects were proposed by the line Departments nor damage and loss assessment reports were prepared for these projects.

2.7.1 Projects included in the Project Appraisal Document not executed

Project Steering Committee (PSC) in its 1st meeting (July 2017) directed PMU/ PIUs to carry out those tasks which were already identified in the Project Appraisal Document (PAD) of the WB.

Records of PMU revealed that activities intended for managing disaster risks like enhancing preparedness and achieving resilient recovery, although identified in the PAD, had not been executed under JTFRP as discussed in the succeeding paragraphs.

2.7.1.1 Retrofitting of critical buildings

Detailed Project Description (Clause 3 to 6) of PAD provided that under Component I[16], structural assessments and retrofitting/ reconstruction needs were required to be conducted of all hospital buildings that were impacted by the flood to make sure they are structurally safe against seismic risk. Similar assessments were to be carried out in relation to School Education Department buildings and Fire stations.

Further, a sub-project "**Consultancy services for upgrading design guidelines and building codes with material specification with respect to multiple disasters in J&K with specific reference to seismic zone IV and V**" in its report highlighted (June 2021) the need for retrofitting of essential facilities[17] in Srinagar as they were not seismic resistant.

Audit noticed (October 2023) that the PMU had not carried out assessment of structural integrity and retrofitting needs of existing buildings before taking up works under JTFRP. Out of the total 213 sub-projects taken up under JTFRP, 42 sub-projects (estimated cost ₹ 320.70 crore) of Component 1 did not include any sub-project related to 'assessment of need for retrofitting of damaged building' as envisaged in the PAD. Although Home Department, GoJ&K had proposed (January 2017) restoration of five flood damaged buildings at an estimated cost of ₹ 7.57 crore[18], PMU did not get these works sanctioned from the WB under JTFRP. As a result, the existing hospitals/ schools/ higher education institutions requiring retrofitting could not be identified or taken up. Buildings already identified by the Fire and Emergency Services remained prone to damage in the event of a disaster, leaving the patients and students at risk.

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16 Reconstruction and Strengthening of Critical Infrastructure.

17 SMHS Hospital, Super specialty Hospital, Sri Pratap College and Fire and Emergency Station, Batmaloo

18 Fire and Emergency Services Headquarters, Batmaloo Srinagar (₹ 3.09 crore); Fire and Emergency Station, Gowkadal, Red Cross Road, Srinagar (₹ 1.66 crore); Fire and Emergency Station Baba Demb, Srinagar (₹ 1.12 crore); Fire and Emergency Station Syed Hamidpora (₹ 1.42 crore) and Fire and Emergency Station Veer Chattbal (₹ 0.28 crore).

During Exit Conference, Secretary PDMD stated (June 2025) that the process of retrofitting was taken up for Fire and Emergency buildings and Expression of Interest (EOI) for engagement of a consultancy firm was floated. However, due to poor response, the activity could not be finalised and in view of the limited time period of the project, it was decided that the new constructions taken up should incorporate the state of the art techniques for durability and disaster resilience which *inter-alia* included the Base Isolators in Lalla Ded (LD) hospital, Dampeners in Bone & Joint Hospital, rigid pavements instead of flexible pavements etc.

The reply is not tenable as the existing vulnerable structures are currently in use and carry the risk of damage in event of a calamity.

2.7.1.2 Hydro Metrological Action Plan

WB accorded (May 2015) in-principle approval to Hydro-meteorological Resilience Action Plan (HMAP). This sub-project was envisaged to finance the review of existing Early Warning Systems (EWS), identification of gaps and establishment of a robust, fail-safe EWS in the region.

In July 2019, the Irrigation and Flood Control Department (I&FCD) proposed setting up of real time hydro-meteorological database systems and assessment of surface water/ groundwater resources at an estimated cost of ₹ 51.67 crore. As per the proposal, 13 rain gauges and snow gauges each, 59 Automatic Water Level Radars (AWLR) and 04 Acoustic Doppler Current Profilers (ADCP)[19] connected with V-SAT were to be installed. It was also proposed that 68 Water Velocity Radar Sensors (WVRS) which detect the flow velocity and flow direction shall be installed along with sediment analysis equipment and current meters on different locations on the Jhelum River Basin. The PMU forwarded the proposal to WB and received (October 2019) the 'No Objection Certificate' (NOC) to float the tenders. However, the tender could not be finalised. The WB shelved (July 2021) the project as the deadline for procurement had already passed.

Meanwhile, PMU developed (January 2022) a Decision Support System (DSS) which aimed to provide for remotely administering the ground situation in emergencies and help in allocation of resources and enhanced co-ordination between various line Departments during emergencies.

It was noticed that DSS relies upon the inputs from Digital Risk Database (DRDB)[20] and Integrated Operational Forecasting system (IOFS)[21], developed under JTFRP, for

[19] ADCP is used for recording cross sectional profile, water current (velocity), water depth (sounding), flow of water (discharge) and can also be used for monitoring dredging of various water bodies in Kashmir.

[20] DRDB (a Geographic Information System based application) is a centralized repository of hazard, exposure and risk information that can be used for mitigation and developmental planning as well as for risk communication

[21] Designed as an automated tool, it uses weather and hydrological information of IMD and runs the model at predefined time to generate weather warnings and forecasts and disseminates this information in the form of SMS and bulletins.

hydro-meteorological hazards such as floods, flashfloods, avalanches and droughts. The level of accuracy of IOFS and Emergency Operation Centre (EOC)[22], also developed under the JTFRP, is dependent upon the accuracy of the IMD forecasts and inputs from I&FC. However, I&FC has limited installed infrastructure comprising only 13 functional AWLR/ Automatic Rain Gauges (ARG), 66 functional manual gauges and discharge stations and no functional rain or snow gauges in the Jhelum Basin. Therefore, the full potential of these platforms in the absence of HMAP and the objective of enhancing the capabilities in managing disaster risks, enhancing preparedness, and achieving robust recovery remained unfulfilled.

During the Exit Conference, Secretary PDMD stated (June 2025) that the tenders for upgradation of instrumentation of rivers were issued twice but the bids were non-responsive. The funds for instrumentation component of HMAP were then reappropriated by Government of India to Component 6 (Contingent Emergency Response) which was activated during COVID-19 pandemic.

The reply does not address lack of timely action by PMU over a period of three years (2016-17 to 2018-19). The proposal of I&FC was received (July 2019) and had time only up to June 2020 to implement the HMAP, when Component 6 was activated in view of COVID-19.

2.7.2 Execution of projects in flood prone areas

Hospital safety guidelines issued (February 2016) by the National Disaster Management Authority (NDMA) provide that building a new hospital in a flood prone area is prohibited and when existing hospitals are in vulnerable locations[23], no future expansions shall be permitted in the hospital campuses.

Scrutiny of records of PMU revealed (November 2023) that 11 out of 213 sub-projects taken up for execution under JTFRP in J&K sanctioned at a cost of ₹ 307.82 crore were located in the flood prone areas. These 11 sub-projects included two Hospital buildings and nine other sub-projects which included Fire & Emergency buildings, school buildings, college and factory buildings constructed in flood prone areas. Details of major works are given in **Table 2.2.**

Table 2.2: Execution of sub-projects in flood prone areas in Srinagar

(₹ in crore)

Sl. No.	Name of the sub project	Sanctioned Cost	Expenditure as on December 2023
1	Construction of 120 Bedded Specialised Orthopedic Unit including 06 Bedded ICU in Bone and Joint Hospital, Barzulla, Srinagar)	107.50	59.36
2	Construction of Extension block at Lalla Ded hospital Srinagar for infertility /gynae/ oncology/ ward block	132.55	32.75

[22] The command-and-control system for disaster management in J&K.

[23] Liquefiable ground, hill slopes, flood/ tsunami prone areas, adjoining unsafe buildings and poor accessibility in post-disaster situations.

Sl. No.	Name of the sub project	Sanctioned Cost	Expenditure as on December 2023
3	Administrative Block and Central Store building at Fire and Emergency Services at Headquarters, Batmaloo, Srinagar	9.89	9.58
4	Govt. Boys Higher Secondary School, Jawahar Nagar	4.17	2.82
5	Humanities block and Staff room at GDC, Bemina	9.45	7.06
6	Science Block at Amar Singh College, Srinagar	9.19	9.19
7	Additional classroom block at Government College for Women, M.A Road, Srinagar	14.65	14.16
8	Interior works for showroom cum interpretation centre for Government Woollen Mills, Bemina, Srinagar, J&K	2.25	2.18
9	Factory Building at Woolen Mills, Bemina, Srinagar	1.63	1.54
10	Construction of 2 classrooms at Middle School, Shivpora and 2 classrooms at Batwara, Srinagar	1.63	1.53
11	Silk factory building at Rajbagh, Srinagar	14.91	13.52
Total		**307.82**	**153.69**

As of December 2023, an expenditure of ₹ 153.69 crore was incurred on the construction of these projects. The PSC which was set up for overall strategy guidance and monitoring of the project had also failed to ensure compliance of NDMA guidelines (2016) regarding construction of buildings in flood prone areas.

During Exit Conference, Secretary PDMD stated (June 2025) that two hospital projects were intended for upgradation of the existing facilities of the Government of Jammu and Kashmir and the mandate of shifting the site was not in the scope of the project. Besides, no official categorisation of these areas as flood prone is available on records.

The reply is not acceptable as the Department had not considered the Hospital Safety guidelines issued by NDMA while planning these projects. Moreover, the areas have been categorised as flood prone areas in the District Disaster Management Plan (2020-21).

2.7.3 Execution of new projects while ignoring damaged projects in contravention of the World Bank Guidelines

Component 2 of Project Appraisal Document (PAD), World Bank (WB) was to finance the reconstruction of damaged roads, bridges and associated drainage and slope stabilisation works, retaining walls, protection walls. The PMU proposed funding of five new bridges[24] under Component 2 of JTFRP. In DPRs of these five bridges, it was mentioned that these bridges which connected vast areas were damaged due to washing away of causeway by flash floods of September 2014 and the locals especially school going children were facing severe hardships.

[24] 1. Bridge at Shrakwara Baramulla (Estimated cost: ₹ 6.69 crore) 2. Bridge at Wagila Wagoora Baramulla (Estimated cost: ₹ 8.66 crore) 3. Bridge over nallah Sheeshrie on Wahdina, Bandi payeen (Estimated cost: ₹ 5.33 crore) 4. Bridge at Waza Mohalla Kreeri (Estimated cost: ₹ 7.40 crore) and 5. Bridge at Gogji Daji (Estimated cost: ₹ 6.27 crore)

Audit noticed that these five bridges did not feature in the list of damaged bridges prepared by DIQCD/ PWD. Further, no Damage and Loss Assessment (DaLA) of bridges was done by the PMU before sanctioning them.

During Joint Physical Inspection with JKPCC authorities, it was noticed that three[25] out of five bridges had already existing alternative operational bridges and villages were found well connected through already existing bridges.

Already existing bridge at Sharakwara	**Under construction new bridge at Sharakwara**
Already existing Bridge at Wagila Wagoora	**Under construction new bridge Wagila Wagoora**
Already existing bridge at Gogji Daji	**Under construction new bridge at Gogji Daji**

[25] (1). Bridge at Shrakwara Baramulla (2). Bridge at Wagila Wagoora Baramulla (3). Bridge at Gogji Daji

It was also seen during Joint Physical Inspection that no bridge existed at other two[26] sub-project sites, as such the issue of reconstructing bridges damaged during the September 2014 floods did not arise.

(Bridge at Waz Mohalla, Kreeri over Frestahar Nallah to which approach roads were yet to be constructed)

(Bridge at Wahidina Bandi Payeen over Khrus Nallah to which approach roads were yet to be constructed)

Deputy General Manager JKPCC Baramulla admitted (October 2023) that these were new bridge projects and not repair/ reconstruction projects. During the Exit Conference, it was stated (June 2025) that the projects were taken up keeping in view the overall Project Development Objective which not only involves reconstruction but also allows for building resilient infrastructure for future. Further, the areas connected by these bridges did not have any prior connectivity.

[26] (1) Bridge over nallah Sheeshrie on Wahdina, Bandi payeen and (2) Bridge over nallah Sheeshrie at Waz Mohalla Kreeri.

The reply is not tenable as only 23 out of 40 Road/ Bridge Projects proposed for reconstruction by the Public Works Department were considered. Further, construction of bridges for areas already connected (as evident during the physical verification) while not repairing damaged bridges was not justified.

2.7.4 Award of projects without approval of Project Steering Committee

Project Steering Committee (PSC) in its fourth meeting (March 2019) directed that prior approval of PSC shall be sought for any award of work after 31 December 2019. Out of 82 sampled projects, 52 projects[27] were taken up (between January 2020 and October 2021) at a cost of ₹ 770.13 crore for execution without the approval of the PSC.

During the Exit Conference (June 2025) the observation was accepted and stated that due to the political situation post August 2019 and subsequent pandemic situation, the meetings of the Steering Committee were not held. It was further stated (August 2025) that the meeting of the PSC was held on 15 November 2023 and only 74 projects were awarded after activation of Component 6 (Contingency Emergency Response) by the WB.

The reply is not acceptable as it was noticed in audit that 11 sampled works which were not under Component 6 were awarded by PMU without seeking the prior approval of PSC.

2.8 Financial Management

2.8.1 Flow of funds

GoJ&K, Finance Department releases the funds to PMU through PD&MD. Funds from PMU then flow to the PIUs through their Administrative Departments. The position of funds received by the PMU for 213 projects sanctioned under JTFRP, expenditure incurred during 2016-17 to 2022-23 is given in **Table 2.3.**

Table 2.3: Year-wise funds received and expenditure incurred under JTFRP

(₹ in crore)

Year	Opening Balance	Funds released	Total funds available	Funds utilized	Funds lapsed	Closing balance
2016-17	0	3.75	3.75	1.60	2.15	0
2017-18	0	18.35	18.35	16.47	0.91	0.97
2018-19	0.97	56.47	57.44	46.39	4.15	6.90
2019-20	6.90	195.31	202.21	84.92	109.71	7.57
2020-21	7.57	475.68	483.25	338.21[28]	28.01	119.68
2021-22	119.68	468.54	588.22	540.50	34.51	13.21
2022-23	13.21	299.27	312.48	237.09	74.98	0.41
Total		**1,517.37**		**1,265.18**	**254.42**	

(***Source: Records of PMU***)

[27] PMU: 22, JKMSCL; 20, I&CD:6 and PWD:4

[28] Includes ₹ 2.64 crore utilised by PIU PW(R&B) during 2019-20 out of lapsable budget and accounted for during 2020-21.

- As per the Draft Financial Manual of JTFRP, interest earned on deposits and other miscellaneous receipts shall be transferred to JTFRP. However, it was seen that the PMU/ JKERA had not transferred the encashed bid security of ₹ 0.37 crore withheld (October 2020) from a contractor in respect of test-checked sub-project "*Tutan Di Khuie to Khada Madana road*" to JTFRP (as discussed in ***Paragraph 2.9.1*)**.

- JKMSCL working as a PIU under JTFRP, had received (June 2021 to March 2022) ₹ 289 crore for procurement of medical equipment under 68 sub-projects out of 213 sub-projects of JTFRP and earned an interest of ₹ 30.66 lakh in a separate bank account opened for these funds. However, the amount was not transferred to JTFRP.

- JKMSCL had recovered (April 2021 to April 2023) liquidated damages amounting to ₹ 1.15 crore in respect of 12 sampled sub-projects. However, the amount had not been adjusted while submitting reimbursement claim to the PMU, JTFRP.

CEO, JTFRP stated (August 2025) that an internal committee had conducted reconciliation with JKMSCL and an interest of ₹ 1.17 crore earned on JTFRP funds was adjusted towards the liabilities of JKMSCL. It was also stated that ₹ 1.14 crore available with JKMSCL on account of imposition of liquidated damages is adjusted towards eligible liabilities and asked to provide Utilisation Certificate.

2.8.2 Undue favour to the contractors

General Conditions of Contract (GCC) clause 49.1 of the Contract Agreements entered into under JTFRP envisaged that the Moblisation Advance (MA) shall be recovered with percentage deductions from the interim payments. Deductions shall commence in the next Interim Payment Certificate (IPC) following that in which the total of all such payments to the contractor has reached not less than 15 *per cent* of the contract price or three months from the date of payment of first installment of advance, which ever period concludes earlier, and the advance shall be completely recovered prior to the expiry of the original time for completion of the sub-project. The CVC instructions also provide that MA should not be paid in less than two instalments except in special circumstances for the reasons to be recorded and the bank guarantee should be atleast 110 *per cent* of the MA.

In respect of 16 sub-projects awarded by PMU, MA of ₹ 42.19 crore was paid to the contractors during February 2018 to August 2021 in a single instalment. Grant of interest free MA was not stipulated in the tender documents. It was noticed that in respect of 15 sub-projects, the first IPC was received with delays ranging between 04 days and 367 days after three months from the date of payment of first installment of MA. As such, the recovery of MA from the contractors' bills was delayed to that extent. MA of ₹ 28.33 crore remained with the contractors after the expiry of the stipulated date of completion of works.

MA of ₹ 9.43 crore was recoverable (July 2023) in respect of seven sub-projects which included ₹ 7.28 crore in respect of four sub-projects which were either halted or abandoned for over two years.

It was also noticed that Bank guarantees at 100 *per cent* of MA had been accepted against the prescribed norm of 110 *per cent*.

CEO, JTFRP stated (August 2025) that the contractors were eligible for payment of both the instalments of mobilisation advance, accordingly the mobilisation advance was paid. It was further stated that the mobilisation advance was fully recovered in June 2021.

The reply is factually incorrect as the mobilisation advance was paid to the contractors in single instalment and the mobilisation advance of ₹ 9.43 crore was still recoverable (July 2023) in respect of seven sub-projects.

2.9. Programme implementation

2.9.1 Award of contracts

(I) Contract awarded to a technically unqualified consultancy firm

To carry out the "supervision and monitoring of various drainage, road and bridge sub-projects" PMU/ JKERA invited (September 2020) Expression of Interest (EoI) and in response 18 firms participated. After evaluation, Request For Proposal (RFP) was issued (January 2021) to six shortlisted firms.

During technical/ financial evaluation (Quality and Cost Based Selection) of the shortlisted firms, two firms were given combined technical/ financial score of 89.20 and 83.17 at the bid amount of ₹ 9.32 crore[29] and ₹ 8.20 crore[30] respectively. The contract was finally awarded (September 2021) to the firm with technical/ financial score of 89.20 at the quoted rate of ₹ 9.32 crore.

Records of PMU revealed that at the time of opening of bids (02 March 2021) of six shortlisted firms, an ex-employee of JKERA was working as Sr. Drainage Engineer since December 2018 in a firm which was already providing Technical Assistance and Quality Audit Consultancy (TAQAC) services under JTFRP. However, the same official was projected as Team Leader by the two out of six shortlisted firms including the firm to whom the contract was awarded. Further, just one day after opening of bids, the already engaged consultancy firm (TAQAC) had proposed (03 March 2021) to replace the employee with another employee.

The action of the PMU to technically qualify and award contract to the firm was not in accordance with the provisions of section 2.28 of WB guidelines (Selection and

[29] Bid amount - ₹ 7.73 crore + GST@ 18% - ₹ 1.39 crore + Provisional Sum - ₹ 0.20 crore.
[30] Bid amount - ₹ 6.78 crore + GST@ 18% - ₹ 1.22 crore + Provisional Sum - ₹ 0.20 crore.

Employment of Consultant) which provides that if it is established that key experts were included in the proposal without confirming their availability, the firm may be disqualified, and the process continued with the next ranked firm. The next ranked firm had quoted ₹ 8.20 crore and it would have led to saving of ₹ 1.12 crore had the management initiated the process with him.

It was also noticed in audit that from the date of signing of the contract agreement, the consultancy was carried out without the team leader for six months when PMU accepted (16 March 2022) the replacement of the Team Leader. However, the technical/ financial score of the replaced expert was less than the original expert, which was also a deviation from the WB Guidelines.

CEO, JTFRP stated (August 2025) that it was not established that key expert was proposed without confirming his availability.

The reply is not acceptable as the key expert never joined the said consultancy firm and was eventually replaced in March 2022.

(II) Contract awarded at higher rates

Clause 37.4 (Qualification of the bidder) of the Standard Bid Document (SBD) envisages that a negative determination[31] shall result in disqualification of the bid, in which event the employer shall proceed to the next lowest evaluated bid to make a similar determination of that Bidder's qualifications to perform satisfactorily.

PMU invited (September 2019) tenders for execution of sub-project "*Up-gradation of Tutan Di Khuie to Khada-Madana Road*". After evaluation of the four received bids, two bidders were found technically qualified. The Letter of Acceptance was issued (30 December 2019) to a contractor for execution of the sub-project at a cost of ₹ 13.75 crore. However, the selected contractor approached (10 January 2020) the PMU to cancel the Letter of Acceptance (LoA) citing that the rates of vented causeways were quoted mistakenly. The PMU cancelled the LoA and forfeited (March 2020) the bid security of ₹ 0.37 crore of the contractor.

As there was negative determination of selected contractor to execute the work, instead of approaching the second technically qualified bidder (L2) who had quoted a price of ₹ 23.45 crore, the PMU re-invited (June 2020) tenders after the expiry (April 2020)[32] of bid validity period. The work was awarded at a higher cost of ₹ 26.12 crore to the same firm, which had featured as L2 in the initial tendering.

Thus, not finalising the tender within the bid validity period and award of work at a higher rate on re-tendering resulted in avoidable extra financial burden of ₹ 2.67 crore.

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31 Any information that makes the bidder ineligible for the bid/ when a bidder shows inability to execute awarded work

32 120 days after the bid submission deadline date.

CEO, JTFRP stated (August 2025) that the second and third lowest bidders were found technically non-responsive and the fourth lowest bidder had quoted 70 *per cent* higher rates than that of the first lowest bidder. It was then decided that it was administratively and financially prudent to retender the sub-project instead of going ahead with the fourth lowest bidder.

2.9.2 Sub-projects executed by Project Management Unit

The PMU including JKERA was PIU for execution of 71 sub-projects out of 213 sub-projects under JTFRP with the allotted cost of ₹ 903.34 crore. Out of these 71 sub-projects, 38 sampled[33] sub-projects were allotted at a cost of ₹ 800.68 crore.

As of December 2023, out of 38 sampled sub-projects implemented by PMU, five sub-projects were completed within time and 14 projects were completed with delays ranging between 05 months and 44 months. The completion date of one project[34] was not furnished. The balance 18 projects awarded at a cost of ₹ 560.93 crore were incomplete as of December 2023. Out of these 18 projects there was delay in respect of 17 projects[35] ranging from 14 months to 57 months from the stipulated date of completion.

2.9.2.1 Allotment of sub-projects of Consultancy Services

Consultancy services for Jhelum: PMU entered into (July 2018) an agreement with a consultancy firm for providing "Consultancy services to conduct feasibility studies and to prepare DPR for comprehensive flood mitigation in Jhelum River basin", at the quoted price of ₹ 17.19 crore. The sub-project was to be completed in 24 months (June 2020). It was noticed that as against 10 tasks to be completed by June 2020, only two tasks had been completed (September 2023). There was a delay of 54 months in accomplishment of Task-1 of the project which led to delay in completion of subsequent tasks of the sub-project and eight deliverables (September 2023). The main reasons for delay were frequent replacement of key experts, as against permissible replacement up to 40 *per cent* of experts, the Department allowed the consultancy firm to replace 80 *per cent* of the experts which was against the decisions of Contract Negotiation committee.

CEO, JTFRP accepted (August 2025) that the project is delayed and is scheduled to be completed by 30 November 2025.

Consultancy services for Tawi: For "Preparing feasibility and DPR for flood mitigation and comprehensive river management measures for Tawi Basin", the PMU entered into (June 2018) an agreement with the Disaster Management, Relief, Rehabilitation and Reconstruction Department, GoJ&K and a contractor (a Joint

[33] Only 38 sub-projects implemented by the PIU were part of total audit sample of 82 sub-projects.
[34] Const. of 165 M (3x55m) span bridge double lane bridge over Betarnallah at village Dhallan Poonch.
[35] Envisaged completion date of one project was May 2028.

Venture). The contractor had quoted lowest bid of ₹ 12.49 crore. The project was to be completed by 26 June 2020.

Audit noticed delay in execution of the consultancy project as against 10 tasks to be completed by June 2020, only seven had been completed (September 2023). There was a delay of 6 to 34 months in 5 tasks of the sub-project and three deliverables[36] were not accomplished (September 2023).

CEO, JTFRP accepted (August 2025) that the project was delayed and the final DPR was submitted by the consultant in April 2025.

2.9.2.2 Discharge of wastewater into Jhelum

Construction of Storm water Drainage Scheme, Nadroo, Hyderpora was taken up under Component 3 "Restoration of urban flood management infrastructure" of JTFRP. The report on Environmental Impact Assessment (EIA) conducted (October 2019) for the sub-project stated that no household connections should be linked with the proposed storm water drainage network and the Consent to Establish (CTE) and Consent to Operate (CTO) the dewatering station should be obtained from the Jammu and Kashmir Pollution Control Board (JKPCB).

The PMU awarded (October 2019) the contract to the successful bidder for construction of Storm Water Drainage Scheme Nadroo, Hyderpora at a cost of ₹ 12.80 crore. The scope of works of the project *inter-alia* included laying of 5.80 km of drains in the catchment area and construction of a dewatering station to pump out the water into flood spill channel. A consultant[37] was also engaged (July 2018) by the PMU to monitor the compliance of EIA report on the sub-project. The sub-project was completed in November 2021 and handed over to SMC in April 2023.

Audit noticed that dewatering station was established without obtaining the CTE and CTO from JKPCB. It was further found that the drain pipes that were laid in the catchment areas were designed (non-pressure NP3 class R.C.C) to handle both storm water and sewage water. Wastewater from households was continuously flowing into the sumps of the dewatering station in violation of the Water (prevention and control of pollution) Act, 1974 which was evident from the fact that during the period 20 October 2023 to 30 October 2023, the dewatering station had discharged 1.72 crore litre of waste into the flood channel despite no rainfall[38] in Srinagar city during the period. Urban Environment and Engineering Department, J&K also confirmed (November 2023) that Nadroo locality does not have separate sewage network.

During the Exit Conference, it was stated (June 2025) no households have been given access to the drainage network as the drainage network is strictly for stormwater.

[36] Tasks 8: Draft DPR; Task 9: Final DPR; Task-10: Tender document.
[37] Technical Assistant and Quality Audit Consultant (TAQAC)
[38] As per information obtained from Indian Meteorological Centre, Srinagar.

The reply is not correct as the dewatering station was pumping out wastewater for the period without any recorded rainfall.

CEO, JTFRP accepted (August 2025) that household drains have been connected with the storm water drainage network to cater only the rainfall water, however it is not possible to locate if any household allows sewage in the drain.

2.9.2.3 Extra financial burden due to transfer of sub-projects from PWD/ SMC to PMU/ JKERA

The PMU proposed (March 2019) to PSC that as JKERA had vast experience in implementing externally funded projects, the sub-projects being implemented by PWD and SMC may be handed over to JKERA for timely execution. The PSC approved (March 2019) shifting of sub-projects of Component II and III of JTFRP with estimated cost of ₹ 580.54 crore from PWD and SMC to JKERA.

Audit observed that without the approval of PSC, the PMU entered into (September 2021) agreement with the consultancy firm M/s Intercontinental Consultants and Technocrats Private Limited (ICT) for execution of one test checked sub project for supervision and monitoring of 23 Drainage, Road and Bridge sub-projects taken over from PWD and SMC, at a cost of ₹ 9.12 crore[39].

Out of these 23 sub-projects, 14 sub-projects with awarded cost of ₹ 367.35 crore were included in the test-checked 82 sub-projects. By the time the consultancy firm (ICT) started (March 2022)[40] work, expenditure of ₹ 189.71 crore (52 *per cent*) had been incurred on these works by JKERA. It was further noticed that JKERA could not complete these 14 works in time. As of December 2023, six works were completed at a cost of ₹ 93.12 crore with a delay ranging between 7 months and 20 months from the scheduled date of completion and there was delay ranging between 15 months and 26 months in respect of 8 incomplete works with allotted cost of ₹ 270.49 crore.

Thus, the purpose of fast-tracking execution of works for which works were shifted to JKERA could not be achieved. Moreover, on account of delay in completion of these works, PMU was liable to also pay GST at the higher rate which would cause a burden of ₹ 9.71 crore on the WB assisted JTFRP.

CEO, JTFRP stated (August 2025) that the hiring of supervision consultant was approved by the WB after CERC component was activated and new projects including OGPs were executed by JKERA. OGPs were located in remote areas in Jammu Division, which required additional supervision staff.

[39] Excluding provisional sum of ₹ 0.20 crore.
[40] When the Team Leader was appointed by the consultancy firm.

The reply is not acceptable as the supervision consultant was hired without the approval of PSC and the OGPs were also completed with delays ranging from 05 months to 22 months. The supervision consultants were paid ₹ 3.84 crore as of December 2023.

2.9.2.4 Purchase/ installation of Machinery and equipment

(a) Excess payment of ₹ 0.82 crore on procurement of rescue equipment

On the request of the Additional Director General of Police, J&K Srinagar the PMU approved (August 2017) procurement of 10 Fiber Motorboats (FMB) and 20 Inflatable Rubber Boat (IRB) in the first phase on emergency basis to M/s Gee Pee Reinforced Products Pvt. Limited (firm) at per unit rate of ₹ 20,21,600 and ₹ 9,20,000 for FMB and IRB respectively. As per Clause 5 of the agreement (September 2017), in case after e-tendering of balance 28 boats (FMB: 14 and IRB: 14) the approved tendered rates happen to be lower than the allotted rates, the firm was to refund the excess amount to the Department and if the tendered rates happen to be more than the allotted rates, the firm had to make supply on the already allotted rates as per supply order and no extra claim was to be entertained on this behalf.

The PMU invited (August 2018) tenders for supply of 28 boats (FMB: 14 and IRB: 14), the same firm qualified technically as the L1 among three bidders who had participated in the tendering process and the contract was awarded (December 2018) to the firm at a cost of ₹ 3.53 crore. Audit noticed that the rates offered by the firm in the e-bid were lower than the rates at which contract for procurement of boats was awarded to it in the first phase as detailed in **Table 2.4**.

Table 2.4: Excess payment on purchase of rescue equipment

(₹in lakh)

Particulars	Purchase of boats in phase-I without inviting tenders as per contract of September 2017		Purchase of boats in phase-II after inviting tenders as per contract of December 2018		Difference in rates	Excess amount paid
	Quantity	Rate	Quantity	Rate	Rate	
FMBs	10	20.21	14	17.76	2.45	24.50
IRBs	20	9.20	14	6.32	2.88	57.60
Total	**30**		**28**			**82.10**

(Source: Records of PMU)

Accordingly, an amount of ₹ 82.10 lakh was to be recovered from the contractor which was not done. The reply was silent on the observation.

CEO, JTFRP stated (August 2025) that the contract conditions of the first contract remained valid during the currency of the contract and the earlier contract had expired at the time of signing of second contract. As such, the contract conditions of the two contracts could not be corelated.

The reply is not acceptable as contract conditions of the first contract did not stipulate the validity of the contract and the firm was to refund the excess amount, in case the approved tendered rates after e-tendering of balance items happened to be lower than the allotted rates.

(b) Idle investment of ₹ 2.35 crore on purchase of Search and Rescue kits

PSC decided (March 2019) to provide basic search and rescue equipment kit to Panchayati Raj Institutions (PRIs) in J&K under Component 5. Accordingly, the PMU entered into (November 2020) a contract with M/s Medihelp Healthcare Private Limited (supplier) for procurement of 4000 Search-and-Rescue kits at a cost of ₹ 18.61 crore (₹ 39,428 per kit plus GST of ₹ 2.84 crore) for 22 Districts[41] of J&K.

Audit conducted joint physical inspection of supply of Search and Rescue kits received in six Districts and noticed that in two Districts (Kathua and Anantnag) 530 Search and Rescue kits (Kathua: 230 kits and Anantnag: 300 kits) valuing ₹ 2.47 crore (Kathua: ₹ 1.07 crore and Anantnag: ₹ 1.40 crore) were supplied (Kathua: October 2021 and Anantnag: June 2022) by the contractor to 592 Panchayats (Kathua: 257 and Anantnag: 335). Out of 530 kits, 505 kits (Kathua: 230 and Anantnag: 275) purchased for ₹ 2.35 crore (Kathua: ₹ 1.07 crore; Anantnag: ₹ 1.28 crore) were not distributed to the PRIs but were lying idle for over two years in the stores of Block Development Officers, Barnoti and Shangus respectively resulting in not-fulfilling of the objective for which these kits were purchased.

Records of the PMU further revealed that one item (Karabiner) each in the 230 kits supplied to Kathua District was required to be replaced by the contractor (due to it not having the required Major Axis Strength) but the item was not replaced as of January 2024. It was also seen that no provision was made in the contract for replenishment of perishable items in the kits, viz. safety helmet with torch, LED torch, solar lights etc.

Assistant Commissioner Development, Kathua stated (January 2024) that the equipment could not be distributed to the end users due to non-imparting of training by SDRF for handling of these equipment.

Director Finance, JTFRP stated (May 2024) that the matter had been taken up (March 2024) with the District Development Commissioner, Kathua to distribute the kits immediately. The reply was silent about idle kits in Shangus, Anantnag.

(c) Idle investment of ₹ 35.95 crore on Oxygen Generator Plants (OGPs)

To ensure that the UT of J&K has a sufficient oxygen generation facility available in hospitals in view of the surging cases of Covid-19 in the country, 30 Oxygen Generator Plants (OGPs) were proposed (April 2021) for installation in the State/ UT under Component 6. Accordingly, ₹ 47.87 crore (Jammu: ₹ 23.63 crore; Kashmir:

[41] Including Leh and Kargil in the erstwhile State of Jammu and Kashmir.

₹ 24.24 crore) and ₹ 15.40 crore (Jammu: ₹ 9.19; Kashmir: ₹ 6.21 crore) were respectively paid for installation of OGPs/ MGPS and electric items/ construction of rooms by PMU/ JKERA. After commissioning, the OGPs during the Defect Liability Period (DLP), were under Operation and Maintenance (O&M) of the contractors up to February 2023. Departmental technicians/ helpers were to be trained by the contractors during O&M period of one year.

Audit conducted (January 2024) Joint Physical Inspection with departmental officers of 16 out of 30 constructed OGPs and found the following:

- The OGPs were non-functional since March 2023. The PMU had taken up (February 2022), the matter of providing manpower for operating the OGPs with the Director, Health Services and even Primary Health Centers (PHC)/ Community Health Centers (CHC) had taken up the matter with the concerned quarters, however, no manpower was provided by the Health Department for operating the OGPs.

- In CHC Akhnoor, the OGP was handed over to Hospital authorities in April 2023 after the DLP. However, the OGP could not be put to use as by that time the manpower had been withdrawn by the contractor and no manpower had been provided by the Health Department.

- In CHC Hiranagar, OGP had remained non-functional since April 2023 (just two months after the end of DLP) as MCCB of Air compressor and LV meter had got burnt, Solenoid Auto releasing valve was not working and there was leakage in the digital medical gas alarm box which had not been rectified as of January 2024.

- As of March 2024, the OGP plant could not be handed over to PHC Zakura as the complex in which it was installed, was under the occupation of security forces.

The Department had made no budgetary provision for periodic upkeep of these plants and there was likelihood that these plants might need repair and maintenance before making them functional.

CEO, JTFRP stated (August 2025) that the matter shall be taken up with the Health authorities to ensure that sufficient staff is deployed for optimum utilisation of OGPs.

2.9.2.5 Works allotted by the PMU to Jammu and Kashmir Projects Construction Corporation Limited (JKPCC)

To carry out civil works of roads, bridges and buildings, GoJ&K nominated Jammu and Kashmir Projects Construction Corporation Limited (JKPCC) for executing works under Force Account. JKPCC took up (between November 2017 and May 2019) 13 sub-projects in J&K under JTFRP for execution at a cost of ₹ 248.53 crore which was revised to ₹ 266.49 crore. These works were to be completed between March 2019 and May 2021.

As of December 2023, out of 13 sub-projects, three were completed with delays ranging between 12 months and 44 months. The remaining 10 works with physical progress ranging between 30 *per cent* and 69 *per cent* were incomplete, with delays of 31 months to 57 months. Out of the 10 incomplete works, 7 works were abandoned by the JKPCC since 2020-21, resulting in unfruitful expenditure of ₹ 50.52 crore incurred on these abandoned works.

None of these sub-projects were completed within scheduled date of completion between March 2019 and May 2021. As of 18 July 2022, against the allotted cost of ₹ 248.53 crore (revised to ₹ 266.49 crore), only ₹ 79.27 crore was paid to JKPCC.

(a) Construction of extension block at Lalla Ded Hospital, Srinagar

Lalla Ded hospital (Gynecology and Obstetrics), Srinagar suffered huge loss to infrastructure during the flood of 2014 as such a new building/ block was proposed to be constructed under WB aided JTFRP. The Construction of the extension block at Lalla Ded hospital Srinagar to be completed by May 2021 was entrusted (May 2019) to JKPCC at an estimated cost of ₹ 132.55 crore. As of December 2023, the financial progress was only 25 *per cent* and the value of work done was only ₹ 32.75 crore despite lapse of over two and half years from the envisaged date of completion of the project.

Audit noted that for making the building earthquake resistant, the JKPCC issued (January 2021) Letter of Intent (LoI) for installation of base isolator system to M/s Robinson Seismic Limited. However, due to change in design of isolator system, the cost of the work increased by 19 *per cent*[42] which required approval of WB. However, PMU did not agree to the proposal of JKPCC (December 2022) for seeking NOC from WB. The JKPCC subsequently cancelled (May 2023) the LoI issued (January 2021) to M/s Robinson Seismic Limited and the project remained incomplete as of December 2023. Audit further noticed that the PMU, JTFRP had paid corporation overheads to JKPCC at the rate of 15 *per cent* instead of 7.5 *per cent* applicable to projects of over ₹ 100 crore. Up to 4th bill submitted by the JKPCC for ₹ 23.60 crore, company overheads of ₹ 3.54 crore was paid at the rate of 15 *per cent* resulting in excess payment of ₹ 1.77 crore.

Incomplete works of extension Block of Lalla Ded Hospital, Srinagar

[42] By ₹ 0.84 crore from ₹ 4.46 crore to ₹ 5.30 crore

CEO JTFRP accepted (August 2025) the delay and stated that only piling work was completed. It was further stated that JKPCC has been subsumed with PW (R&B) Department in December 2023. The work was retendered by R&B in January 2025 and allotted in June 2025.

(b) Unfruitful expenditure on construction of three bridges

Test check of three sampled bridge projects allotted to JKPCC revealed that despite time over run of over four years as of December 2023, JKPCC had not completed these projects depriving the people of the concerned areas with road connectivity. The details are as given in **Table 2.5.**

Table 2.5: Time over run in completion of three bridge projects

Particulars	Allotted cost (₹ in crore)	Date of agreement	Scheduled completion date	Extended date	Status as of December 2023
Wagoora Wagila over Ningli Nallah	8.66	09.03.2018	March 2019	Five times up to June 2023	Financial progress: 48 *per cent* and the value of work done: ₹ 4.12 crore.
Trenz Sheikhpora over Rambiara	34.50	24.10.2017	May 2019	Six times up to December 2023	Physical progress: 40 *per cent*, Value of work done: ₹ 12.07 crore (35 *per cent*)
Rohmoo Pulwama over Rumshi Nallah	21.25	24.10.2017	May 2019	Six times up to December 2023	Physical progress: 54 *per cent*, Value of work done: ₹ 9.17 crore (43 *per cent*)

(*Source: Records of PMU*)

In its requests for extension of time to execute the projects, JKPCC attributed delay in completion of works to COVID-19/ abrogation of Article 370, harsh winter etc. However, these reasons were not valid after December 2021. Audit analysis revealed the following:

(i) Sub-project Wagoora Wagila bridge over Ningli Nallah: JKPCC awarded the work thrice between March 2019 and May 2021, however the work remained incomplete due to:

Work awarded/ allotted (March 2019): Contractor did not execute the work citing item of work to be executed not provided in NIT followed by lockdown due to Covid-19. JKPCC cancelled (July 2020) the allotment order.

Work awarded/ allotted (August 2020): Contractor refused to work due to unavailability of basic amenities at the work site and requested for material at factory site of the contractor which was acceded by JKPCC. However, the work was not executed and the contract was cancelled (September 2020).

Work awarded/ allotted (May 2021): Contractor could not commence the work initially as JKPCC did not provide technically vetted approved drawings. Further, the contractor did not procure required quantity of steel for the work and stopped the work demanding cost escalation. Further, the work had to be withheld (September 2021) due to not using the grade of steel approved by WB for the project (E-250 used instead of E-350 approved). However, the PMU got the use of E-250 grade steel approved (July 2022) by the WB.

(ii) Sub-project Trenz Sheikhpora bridge over Rambiara Nallah and Rohmoo Pulwama bridge over Romshi Nallah: JKPCC sub-contracted (July 2023) the projects at a cost of ₹ 34.06 crore[43] which was 61 *per cent* of the project cost of ₹ 55.75 crore[44] in contravention of contract agreement which envisaged a ceiling of 25 *per cent* for sub-contracting the specialised works. Further, the approved/ vetted drawings were submitted (November 2021) by JKPCC after a lapse of 33 months from the envisaged date of completion of the two bridges.

(Under-construction bridge site of Rohmoo bridge over Roomshi Nallah-Physical verification conducted in October 2023)

CEO, JTFRP stated (August 2025) that the JKPCC has been merged with PW (R&B) Department and these sub-projects have been taken over by PW (R&B) Department.

2.9.3 Procurement of machinery and equipment by JKMSCL

To respond the COVID-19 pandemic, MoF, GoI requested (May 2020), WB for activation of "Contingency Emergency Response Component (CERC)" in Disaster Risk Management Projects. In response, the WB allocated (June 2020), $50 million for implementation of Component 6: CERC under JTFRP. Accordingly, GoJ&K, Health and Medical Education Department (H&ME) accorded (October 2020) sanction for strengthening of Health Care Institutions under JTFRP. Against the approved outlay of

[43] Trenz Sheikhpora bridge over Rambiara Nallah: ₹ 20.73 crore and Rohmoo Pulwama bridge over Romshi Nallah: ₹ 13.33 crore

[44] Trenz Sheikhpora bridge over Rambiara Nallah: ₹ 34.50 crore and Rohmoo Pulwama bridge over Romshi Nallah: ₹ 21.25 crore

₹ 367.48 crore for total 72 sub-projects in J&K under the component, JKMSCL received (2020-21 to 2021-22), ₹ 289 crore for 68[45] sub-projects against which it incurred an expenditure of ₹ 288.59 crore as of December 2023. Procurement of 65 types of machineries/ equipment was made (January 2021 to September 2021) and distributed to 36 health institutions in J&K under the component.

Out of 82 sampled sub-projects, CERC comprised 20 sub-projects with allotted cost of ₹ 236.36 crore executed by JKMSCL and 4 sub-projects of Oxygen Generation Plants with allotted cost of ₹ 67.61 crore implemented by PMU/ JKERA.

2.9.3.1 Avoidable expenditure on procurement of Modular Monitors

For finalisation of rate contract for supply of Modular Monitors, JKMSCL invited (November 2017) bids from suppliers. To arrive at the total cost of equipment, the cost of main item, accessories, and Comprehensive Maintenance Contract (CMC) were to be added. On financial evaluation of the bids, a firm (M/s SR Technomed) was arrived as L1 at with quoted rates of ₹ 4,52,111 (Main item ₹ 3,90,642; Taxes: ₹ 53,269 and CMC for five years: ₹ 8,200) and rate contract was finalised (December 2018) with the supplier. The rates offered by the L2 firm (M/s L.M Agencies) were 4,96,434 (Main item ₹ 3,84,999; Taxes: ₹ 46,200 and CMC for five years: ₹ 65,235). Without CMC the quotation of L2 was less than that of L1.

For procurement of 500 Modular Monitors under JTFRP, JKMSCL entered into a contract (November 2020) with the supplier already identified[46] as L1 (December 2018) by it at a unit cost of ₹ 4,37,519 amounting to ₹ 21.88 crore without CMC. Audit noticed that by excluding the CMC, per unit rate of Modular Monitor procured by JKMSCL from the L1 bidder was ₹ 4,43,911 as compared to ₹ 4,31,199 quoted by L2 i.e. higher by ₹ 12,712.

Thus, action of the JKMSCL to procure Modular Monitors under JTFRP from a higher placed bidder at per unit price of ₹ 4,37,519 (inclusive of taxes) instead of the actual L1 who had quoted per unit rates of ₹ 4,31,199 (inclusive of taxes) resulted in extra avoidable expenditure of ₹ 31.60 lakh[47].

CEO, JTFRP stated (August 2025) that the procurement of Modular Monitors was made as per the valid rate contract of JKMSCL which was finalised after observing all codal formalities.

The reply is not acceptable as the rate contract had been made by JKMSCL by including the CMC in the rates for the equipment whereas the Contract for Modular Monitors under JTFRP did not include CMC.

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45 Excluding 4 sub-projects of Oxygen Generation Plants with allotted cost of ₹ 67.61 crore implemented by PMU/ JKERA.

46 Under Direct Contracting.

47 ₹ 4,37,519 – ₹ 4,31,199 = ₹ 6,320; For 500 modular monitors : ₹ 6,320 x 500 = ₹ 31,60,000.

2.9.3.2 Idle machinery/ equipment valuing ₹ 5.39 crore

Test check of records of JKMSCL revealed that 5,868 items of 65 types of machinery/ equipment were purchased under JTFRP and supplied to various hospitals in 20 Districts of Jammu and Kashmir. Audit conducted (January 2024) physical inspection of the machinery/ equipment in five districts (Poonch, Samba, Srinagar, Baramulla and Anantnag) where 1,611 items[48] were supplied to various hospitals. It was noticed that machinery valuing ₹ 5.39 crore was lying idle as detailed in **Table 2.6.**

Table 2.6: Idle machinery/ equipment lying in hospitals

Sl. No.	Name of the Hospital	No. of machinery/ equipment lying idle	Date of receipt	Value (₹ in crore)
1	District Hospital, Samba	29	January 2021 to May 2022	2.44
2	District Hospital, Poonch	24	February 2021 to January 2022	0.59
3	District Hospital, Baramulla	38	February 2021 to September 2021	0.21
4	Government Medical College and Associated Hospital, Anantnag	06	September 2021 to December 2021	0.54
5	Jawahar Lal Nehru Memorial Hospital, Srinagar	22	February 2021 to February 2022	0.82
6	Trauma Hospital, Bijbehara	33	February 2021 to April 2022	0.79
	Total	**152**		**5.39**

(*Source: Physical Inspection of machinery/ equipment conducted by Audit*)

Audit noticed that requisitions for machinery/ equipment required by these hospitals were not obtained by JKMSCL before supplying the machinery/ equipment to these hospitals. The blood bank equipment viz. refrigerators/ deep freezer, platelet thawing machine and platelet agitators valuing ₹ 0.55 crore were supplied (February 2020 to July 2021) to District Hospital (DH) Samba and DH Poonch despite the fact that there was no blood testing laboratory in these hospitals.

Blood Bank refrigerators with bio-safety cabinet and Deep freezer lying unutilised in District Hospital Poonch

[48] Poonch- 268, Samba– 232, Srinagar – 470, Baramulla– 322 and Anantnag– 319.

Plasma Steriliser and Hot Air Oven lying unutilised in DH Samba

During Exit Conference, Secretary PDMD stated (June 2025) JKMSCL and Health Department would be directed to furnish the latest status report on utilisation of the machinery procured under JTFRP. Further CEO, JTFRP stated (August 2025) that JKMSCL has released the payment only after receipt of successful installation report from the concerned healthcare institutions stating that the equipment is functional.

The reply is factually incorrect as the equipment valuing ₹ 5.39 crore were lying idle and uninstalled in various healthcare institutions of the UT as noticed during the physical verification.

2.9.3.3 Idle investment on purchase of Automated Embedding Systems

JKMSCL purchased five type of equipment required for Surgical Pathology Report[49]. To generate the report, five interdependent equipment viz. Automated Tissue Processor, Automated Embedding System, Rotary Microtome, Automated Rotary Microtome and Automated Slide Stainer are required. As, these equipment were interdependent, these were to be purchased and supplied in combination to each hospital.

Audit noticed that although JKMSCL purchased 40 Automated Tissue Processors (2 each for 20 Districts), the other allied equipment viz Automated Tissue processors, rotary microtomes, and automated slide stainers were not purchased for 10 District hospitals[50]. As a result, the Automated Tissue Processors valuing ₹ 1.13 crore[51] supplied in these 10 District Hospitals were lying idle.

On Joint Physical Inspection (January and March 2024) of four District Hospitals in Samba, Poonch, Ganderbal and Budgam it was found that all the embedding systems valuing ₹ 0.45 crore supplied to these District Hospitals were lying idle since January

[49] A medical report that describes the characteristics of a tissue specimen that is taken from a patient.
[50] Samba,Reasi, Poonch, Kishtwar, Ramban, Pulwama, Budgam, Ganderbal, Kulgam and Bandipora
[51] Cost of automated embedding system for one district (11.32 lakh) * 10 number of districts wherein these systems were supplied.

2022 as the allied machinery/ equipment to Automated Embedding System were not supplied.

(Auto embedding system lying unutilized in DH Poonch and DH Samba)

(Auto embedding stations lying unutilized in DH Budgam and DH Ganderbal)

During Exit Conference, Secretary PDMD stated (June 2025) JKMSCL and Health Department would be directed to furnish the latest status report on utilisation of the machinery procured under JTFRP. CEO, JTFRP stated (August 2025) that due to paucity of funds, the number of equipment was reduced from 20 to 10 which resulted in non-providing of equipment to various District Hospitals of J&K.

The reply is not acceptable, as the Department could not ensure supply of one complete set of equipment of Surgical Pathology Report for each District instead it had procured/ supplied two Automated embedded system without allied equipment.

2.9.4 Works executed by Srinagar Municipal Corporation (SMC)

Irregular expenditure on upgradation of dewatering stations under JTFRP

Eighty dewatering stations of SMC were designed prior to floods of 2014. These dewatering stations were submerged during the floods. Hence, it was planned to install submersible pumping units one meter above established highest flood level of 2014

instead of horizontal shaft pumping units to make the flood infrastructure more resilient. 28 of these dewatering stations were upgraded by JKERA under Asian Development Bank (ADB) funding and three stations were upgraded by Drainage Circle of SMC under Atal Mission for Rejuvenation and Urban Transformation (AMRUT). The remaining 49 dewatering stations were taken up for upgradation by SMC under the sub-project "up-gradation of 49 dewatering stations in and around Srinagar City" under Component 3: Restoration of urban flood management infrastructure of JTFRP at a cost of ₹ 102.89 crore.

Scrutiny of records of Superintending Engineer, Drainage Circle, SMC revealed that there were no separate networks for drainage and sewage flow in Srinagar city. Further, WB mission during their visit (May/ June 2016) to Srinagar had directed that in cases where the dewatering stations were pumping mixed sewage and drainage water, the dewatering stations may not be upgraded/ restored.

However, SMC took up (January 2019) upgradation of 49 dewatering stations which were pumping mixed sewage and drainage water in and around Srinagar City. Records of three dewatering stations[52] revealed that the stations had discharged 7.47 crore litres[53] of water during the period from 20 October 2023 to 30 October 2023 though there had been no rainfall as per information obtained from Indian Meteorological Department, Srinagar during the same period. This indicates that the water discharged by the dewatering stations was household wastewater. Further, the Urban Environment and Engineering Department, Jammu and Kashmir had confirmed (November 2023) that the localities of Lal Mandi and Bulbul Bagh did not have separate sewage network. Thus, the dewatering stations being operated by SMC had been discharging sewage water into the Jhelum and Dhoodh Ganga rivers.

It is also pertinent to mention that GoJK was penalised (October 2022) by National Green Tribunal (NGT) for an amount of ₹ 35 crore for discharge of untreated sewage into river Dhoodh Ganga and Mamath Kull and for inability to process solid waste in violation of provisions of Water (Prevention and Control of Pollution) Act, 1974.

(Untreated sewage water from dewatering station Lal Mandi and dewatering station Bulbul Bagh being drained to River Jhelum and Dhood Ganga respectively)

[52] Lal Mandi, Bulbul Bagh, Shaheen colony

[53] Lal Mandi: 4.39 crore litres, Bulbul Bagh: 0.27 crore litres, Shaheen colony: 2.81 crore litres

(Untreated sewage water from dewatering station Channapora being drained to Dhoodh Ganga)

In reply, the Executive Engineer, City Drainage Division, SMC stated (January 2024) that upgradations were carried out after obtaining clearance from the WB and necessary precautions were taken to ensure that the dewatering stations align with international standards. The reply is not acceptable as nothing on record suggested that SMC had obtained CTO and CTE from JKPCB for operating mix dewatering stations.

CEO, JTFRP accepted (August 2025) that the storm water system is currently handling mixed discharge. It was also stated that the proposals have been submitted to connect existing dewatering stations with the sewage treatment plant along Doodh Ganga Nallah with similar initiatives planned at other key discharge point.

2.9.5 Projects executed by the Industries and Commerce Department (I&CD)

Out of a total of 213 sub-projects of J&K sanctioned under JTFRP, 26 projects valuing ₹ 50.22 crore were executed by I&CD under Component 4: Restoration and Strengthening of Livelihoods. Out of 11 sampled sub-projects with estimated cost of ₹ 36.56 crore, only one sub-project was completed in time, seven projects were completed with a delay ranging between 5 months and 21 months and two projects were incomplete as of December 2023. In respect of two incomplete sub-projects there was delay of 17 months and 19 months. One sub-project, "Consultancy services for adaptive reuse of Solina Filatures as Arts, Culture and Crafts Centre" was shelved by the WB.

2.9.5.1 Non-achievement of targets by Silk Factory, Rajbagh

For construction of Composite market centre building for whole chain of silk activity at Government Silk Factory (GSF) Rajbagh, Jammu & Kashmir Industries Limited (JKIL) entered into (March 2018) contract with M/s M. M. Shawl Engineering & Contractors Pvt. Ltd., Srinagar at a cost of ₹ 14.91 crore.

The contractor completed (May 2022) the construction of the building and as of March 2024, payment of ₹ 13.52 crore had been made to the contractor. Further, ₹ 8.94 crore was also spent under JTFRP on purchase of machinery. After construction of the

new building and installation of machinery, annual production and sales of silk were estimated at five lakh meter and ₹ 34.08 crore respectively. Details of production and sale of silk at the GSF, Rajbagh during 2019-24 are given in **Table 2.7.**

Table 2.7: **Production and sale of silk at Government Silk Factory, Rajbagh, Srinagar during 2019-24**

Year	Production		Sales	
	Quantity (Mtrs)	Value (₹ in crore)	Quantity (Mtrs)	Value (₹ in crore)
2019-20	19,824.85	0.99	10,900.00	0.43
2020-21	17,030.00	0.85	7,256.00	0.50
2021-22	20,898.35	1.15	21,077.70	1.38
2022-23	16,841.30	0.70	23,426.95	2.14
2023-24	9,865.10	0.49	23,024.60	2.16
Total	**84,459.60**		**85,685.25**	

(Source: Records of PIU I&CD)

It may be seen from the above table that despite incurring expenditure of ₹ 22.46 crore, JKIL could not achieve the envisaged production and sales of silk in the GSF. Although the sales increased from ₹ 1.38 crore in 2021-22 to ₹ 2.16 crore in 2023-24, the production of the factory decreased from 17,030 m in 2020-21 to 9,865 m in 2023-24.

On being pointed out, Chief Accounts Officer, JKIL stated (January 2024) that production of GSF Jammu was transferred to GSF, Rajbagh Srinagar for sale due to market potential of the latter. It was further stated that due to transfer of produce, the stock of silk at GSF Rajbagh amassed as such it was decided to limit the production to only newer varieties of silk.

Instead of utilising the increased capacity of the GSF, Rajbagh, GoJK decided to reduce its generation rendering the decision to upgrade the facility and incurring expenditure of ₹ 22.06 crore on construction of new building and purchase of machinery questionable.

Further, for the existing facility, the work of "Consultancy Services for preparation of conservation/ restoration and adaptive reuse plan for Government Silk Factory, Rajbagh Srinagar" JKIL entered into (June 2020) contract with Joint Venture of CRCI (India) Pvt. Ltd and Black Design Studio at a cost of ₹ 87.32 lakh. The work was to be completed in six months.

Though the Consultant submitted (December 2021) all its deliverables along with structural drawings and payment of ₹ 81.11 lakh was made to the consultant, JKIL had not taken up the conservation/ restoration work of the factory as of December 2023.

CEO, JTFRP stated (August 2025) that in respect of Silk Factory, Rajbagh, primary focus is on producing fabric of different varieties as from the initial eight varieties of silk fabric, the factory is now able to manufacture 24 varieties of silk with blends. Resultantly, the sales have improved significantly from ₹ 0.43 crores in 2019 to ₹ 2.14 crores in 2023. It was further stated that under JTFRP only the funding of the

consultancy was covered and the implementation of the various activities suggested by the consultant was to be taken by the various stakeholders.

2.9.5.2 Consultancy services for branding and communication Campaign

For "consultancy services to develop and launch branding and communication Campaign for J&K products", I&CD entered into (July 2020) contract (with a contract period of 24 months) with M/s Price Waterhouse Coopers Pvt. Ltd (PwC) at a cost of ₹ 2.29 crore. Under the contract, the consultancy work involved submission of:

- comprehensive branding strategy and roadmap
- final comprehensive branding strategy and roadmap based on feedback from client and
- deliverables based on agreed comprehensive branding strategy.

Test-check of the records of I&CD revealed that a payment of ₹ 1.33 crore was made to the consultant for submission of "comprehensive branding strategy and roadmap" and "final comprehensive branding strategy and roadmap based on feedback from client". After finalisation of brand strategy document, the consultant submitted communication plan, media plan and content bank as per the implementation plan laid down in the finalised brand strategy. Two payment claims[54] submitted by the consultant were not paid. As of December 2023, the work in respect of implementation plan had not commenced resulting in unfruitful expenditure of ₹ 1.33 crore. Further, the intended benefits of branding the products of J&K could not be achieved.

CEO, JTFRP stated (August 2025) that the funds for running the promotional campaigns was to be provided by the WB, which was not released by the WB. However, Industries and Commerce Department had been directed to explore the possibility of running the campaign from the resources of J&K Government.

2.10 Monitoring

WB guidelines prescribe monitoring and evaluation mechanism for projects funded by it. Audit examination of monitoring/ evaluation mechanism in place for WB funded JTFRP disclosed the following deficiencies.

2.10.1 Monitoring by the Project Steering Committee

PAD (Sl. No. 38: Institutional and Implementation Arrangements) of JTFRP envisaged that a Project Steering Committee (PSC) shall be set up for the overall strategy guidance and monitoring of the project. Accordingly, GoJ&K set up PSC in August 2015. The PSC was to formally approve the project investments and help in coordinating the activities of various Departments and in obtaining required approvals/ clearances for the project. This was to be done through semi-annual review meetings,

[54] ₹ 21.65 lakh (December 2021) and ₹ 20.72 lakh (March 2022)

where the PSC was to review the budgets, progress against the defined milestones, critical findings of the audit and evaluation reports, and provide such guidelines, as it may deem necessary for the project.

Records of the PMU revealed that against the prescribed 16 meetings to be held during 2016-17 to 2023-24, only four meetings were held (one in 2017-18 and three meetings in 2018-19) indicating shortfall of 12 meetings. As of December 2023, no meeting of the PSC was conducted since March 2019.

In absence of PSC meetings proper selection and monitoring of the sub-projects could not be ascertained in audit.

During Exit Conference, Secretary PDMD stated (June 2025) that due to the political situation post August 2019 and subsequent pandemic situation post COVID-19, the meetings of the Steering Committee were not held. It was further stated (August 2025) that the Project Steering Committee meeting was held on November 15, 2023 and thereafter the Chief Secretary UT of J&K has periodically reviewed the Project with the last review meeting held on 27 June 2025.

The reply is not acceptable as the Project was implemented during April 2019 to October 2023 without the guidance and monitoring of Project Steering Committee which also included the respective line Departments.

2.10.2 Operational Manual not prepared

As per Schedule 4, Section II (B) of the Financing Agreement entered into (January 2016) by GoI with the International Development Association, the GoJ&K was to prepare and adopt, and thereafter carry out the Project in accordance with, an Operations Manual (OM) for the Project. The OM was to set forth the plan for implementation, institutional arrangement, monitoring and supervision of Project activities, including all technical, environmental and social aspects in relation hereto.

Audit noticed that the PMU had not prepared the OM. Resultantly, discrepancies were observed in planning and execution of projects as discussed in the Report ***(Paragraphs 2.7.1.1, 2.7.1.2, 2.7.2, 2.7.3, 2.9.1, 2.9.2 and 2.9.4).***

During Exit Conference, Secretary PDMD stated (June 2025) that though OM as per the agreement was not prepared, however, all the projects have been executed by following due procedures and protocols.

CEO, JTFRP stated (August 2025) that the draft version of the Operation Manual was compiled in 2020, however due to Covid-19, the finalisation could not be done and all the project activities were carried out following due codal formalities with strict adherence to the World Bank guidelines.

The reply is not acceptable as the JTFRP was effective from April 2016 and Covid-19 lockdown was imposed in March 2020. The Department did not take action on operational manual for four years.

2.10.3 Creation of District Level Grievance Redressal Mechanism (GRM)

Section 3.12 of subsidiary agreement (January 2016) between MoF, GoI and GoJ&K envisages that the PMU shall strengthen, maintain and operate a District level Grievance Redressal Mechanism (GRM) throughout the period of the project implementation for handling any stakeholder complaints arising out of the implementation of the projects under JTFRP.

Records of the PMU revealed that PMU had not established GRM at the District level with the result no mechanism was in place to handle any stakeholder complaints regarding project implementation under JTFRP.

CEO, JTFRP stated (August 2025) that grievance redressal mechanism of the UT of J&K has been adopted which is a unified portal for all grievances pertaining to the UT of J&K. The reply is not acceptable as in absence of District level grievance redressal mechanism the grievances/ feedback of stakeholders can not be effectively addressed.

2.10.4 Management Information System

Audit scrutiny of the Management Information System (MIS) portal of JTFRP revealed that the MIS was not being used efficiently for regular reporting/ internal monitoring of the project as updated information regarding progress of sub-projects was not available on the MIS.

- Test check of six sub-projects revealed that although they were shown completed in the MIS, dates of their completion and handing over were not mentioned. Joint Physical Inspection (February 2024) of one of the sub-projects viz. Construction of Government Middle School, Jarain Wali Gali in Poonch District revealed that the school was not handed over to the SED but in the MIS, only fact of its completion in March 2022 was depicted.
- Although some works[55] were at halt, reasons for halt and the dates from which they were at halt were not mentioned in the MIS.
- MIS portal did not show the date of sanction of each sub-project by the WB.
- Although there were delays ranging from 08 days to 570 days in supply of equipment by the vendors under Component 6 CER, MIS portal did not depict any such delay.

[55] 1. Construction of gynae block at LD Hospital, Srinagar; 2. Construction of bridges at Wagila Wagoora, 3. Construction of bridge at Gogji Daji 4. Construction of bridge at Trenz Shopian and 5. Construction of road from Tutian di Khui to Khada Madana

CEO, JTFRP stated (August 2025) that in many cases the sub-projects were located in remote areas and the concerned engineering teams had no access to internet due to which there was delay in update of progress of these sub-projects on MIS.

The reply is not acceptable as the discrepancies in reporting of projects mostly included projects situated near capital cities of Jammu and Srinagar.

2.10.5 Internal Control Mechanism

(a) Preparation of Accounts

As per the Draft Financial Manual, PMU has to prepare Income and Expenditure Account, Receipt and Payment Account and Balance Sheet. However, PMU had prepared only Statement of Expenditure (SOE) in the name of Project Financial Statement. Income and Expenditure Account, Receipt and Payment Account and Balance Sheet were not prepared during the period.

(b) Improper maintenance of Cash book

Test-check of records revealed that Bank Reconciliation Statements were not prepared for tallying the entries in the Cash Book/ Bank Book. Entries reflected in the Bank Statement were not recorded in the Cash Book. Reasons for not recording all the transactions were not produced to audit.

Further, the PMU had neither maintained a Fixed Assets Register (FAR) nor carried out Physical Verification of fixed assets created by PIUs.

Thus, PMU could not ensure transparent and accurate accounting system and standard internal control mechanism.

CEO, JTFRP stated (August 2025) that though the draft financial manual prepared could not be approved by the Project Steering Committee (due to not holding of meetings). However, the record of fund flow for the project funds is being maintained by each PIU and PMU. Besides, the WB had graded the financial management of project from moderately unsatisfactory to moderately satisfactory in the aide-memoire during November 2024. It was also stated that the internal auditor appointed for the project has been instructed to prepare the income and expenditure account, receipt and payment account and balance sheet.

2.11 Conclusion

To support the recovery process in areas affected by 2014 floods and increase disaster resilience and capacity, Jhelum Tawi Flood Recovery Project (JTFRP) was taken up in year 2015 for the erstwhile State of J&K. Under the seven components of the Project, 213 sub-projects were awarded of which 174 were completed as of December 2023. Delays in completion of works due to delays in tendering, changing of experts, change in material etc. were observed. Damage and loss assessment reports were not prepared

for the selected projects. Infrastructure projects not proposed by the Line Departments were sanctioned under JTFRP while some which were proposed by them were not included. Activities like retrofitting of critical buildings and Hydro Metrological Action Plan intended for managing disaster risks, enhancing preparedness and achieving resilient recovery, although identified in the Project Appraisal Document (PAD), had not been executed under JTFRP. Hospital projects were executed in flood prone areas. Projects were taken up for execution without the approval of the Project Steering Committee (PSC). Instances of Irregular expenditure on construction of storm water drainage system by JKERA and dewatering stations by SMC were also observed.

Deficiencies in Purchase/ installation of Machinery and equipment included excess payment on procurement of rescue equipment, idle investment on purchase of Search & Rescue kits/ Hospital machinery/ Automated Embedding Systems and procurement of Modular monitors without tendering.

Monitoring of projects was not done in accordance with the WB guidelines as the periodic meetings of the Project Steering Committee were not held regularly. Operational Manual for execution of projects under JTFRP was not prepared. The District Level Grievance Redressal Mechanism was not set up and Management Information System was not updated.

2.12 *Recommendations*

The Government should:

- ***Ensure that the projects for managing disaster risks, enhancing preparedness and achieving resilient recovery are executed as per Project Appraisal Document (PAD) and approval of Project Steering Committee;***
- ***Ensure sound contract management by adhering to prescribed guidelines;***
- ***Take necessary steps for completion of all the incomplete projects in a time bound manner. Further, the infrastructure created should be utilised for intended purposes for which it was created; and***
- ***Update the Management Information System and strictly monitor the implementation of sub-projects so as to avoid idle, unfruitful and irregular expenditure.***

CHAPTER-III

MINING DEPARTMENT

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3.1 Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)

The Central Government launched Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) Scheme in September 2015 to ensure the welfare of areas and people affected by mining related operations by implementing various developmental and welfare projects/ programs in mining-affected areas. The Scheme also intends to minimise/ mitigate the adverse impacts during and after mining on the environment, health and socio-economic conditions of people in mining Districts, and ensure long term sustainable livelihoods for the affected people.

The District Mineral Foundations (DMFs) established (September 2015) in each district are responsible for implementation of PMKKKY using the funds accruing to the DMF.

The PMKKKY Scheme is implemented in Jammu and Kashmir by the Mining Department headed by Commissioner Secretary, who is assisted by the Director Geology and Mining. At District Level, the respective District Mineral Officers (DMOs) are responsible for implementation of the Scheme.

3.1.1 Audit Objectives

The SSCA was carried out to assess (i) whether proper system of assessment, demand and collection of funds under District Mineral Foundation Trusts (DMFTs) in place (ii) whether the Scheme was implemented in the mining affected areas and (iii) whether monitoring and evaluation of the implementation of the Scheme was as per prescribed guidelines.

3.1.2 Audit Criteria

The Audit objectives were benchmarked against the following sources of criteria:

- Mines and Minerals (Development and Regulation) Act, 1957.
- Mines and Minerals (Development and Regulation) Amendment Act, 2015.
- Scheme guidelines of PMKKKY, 2015.
- J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016.
- Minerals (Other than Atomic and Hydrocarbons Energy Minerals) Concession Rules, 2016.
- J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding and Trust) Rules 2017.
- Mineral Conservation Development Rules 2017 and Mineral Conservation and Development (Amendment) Rules, 2021.
- J&K Financial Code, 2006 and General Financial Rules, 2017.

3.1.3 Audit scope and methodology

The SSCA covered the period from launch of the PMKKKY Scheme in 2015 up to March 2023. The Audit Methodology entailed examination of records at Directorate of Mines, Joint Director of Mines (JDMs) and Mining Officer (MOs). Further, audit of records at selected District Mineral Foundation Trusts (DMFTs) were also carried out. The audit methodology also included joint inspection along with Departmental authorities of the projects executed out of the DMFT funds. A beneficiary survey to assess the outcome of Scheme's implementation was also carried out. Entry conference was held with the Secretary of Mining Department on 31 August 2023, where audit objectives, scope, criteria and methodology of audit were discussed. Exit conference was held on 24 February 2025 during which the audit findings were discussed. The Department's responses to the draft report, as well as those provided during the exit conference, have been suitably incorporated into the report.

3.1.4 Audit Sampling

Audit sampling included multi-stage sampling at District, Block and Gram panchayat levels. Eight Districts including four each from Jammu Division (Kathua, Poonch, Jammu, Reasi) and Kashmir Division (Anantnag, Budgam, Pulwama, Kupwara) were selected based on weightage of DMFT Fund collection (40 *per cent*), DMFT Expenditure (40 *per cent*), and Tribal Population (20 *per cent*). From the weighted scores, four Districts were selected from high scoring, one from medium scoring and three from low scoring. Further, minimum three Blocks/ Municipalities in each District were selected (two from having largest number of projects and one from random sampling) thereby 23 Blocks were selected. Three to five Gram Panchayats from each block totalling 50 Gram Panchayats were selected through random sampling.

Part A: Audit Findings related to Legal framework

3.1.5 Legal framework in the State/ UT to implement PMKKKY

The Central Government issued directions (16 September 2015) to all the States to lay down guidelines for implementation of Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) and to incorporate these guidelines in the rules framed by them for the District Mineral Foundations. The rates of contribution to DMFs on account of mining of major minerals[1] were notified by Central Government on 17 September 2015. The rates notified were as follows:

a) 10 *per cent* of royalty for mining leases granted on or after 12 January 2015.
b) 30 *per cent* of royalty for mining leases granted before 12 January 2015.

Audit noticed that although the contribution towards DMFT fund for mining of minor minerals was to be collected from 17 September 2015[2], the GoJ&K framed J&K

[1] Major minerals include Coal, Limestone, Lignite, Limestone Kankar, Bauxite, Copper ore, Iron ore and Gold etc.
[2] Ministry of Mines, Government of India notified rates of contribution payable by miners to DMFs

District Mineral Foundation (Composition, Contribution, Functioning and Trust) Rules 2017 (JKDMF Rules) in January 2017 i.e. after a delay of 17 months. In the JKDMF rules, the rate of DMF contribution was prescribed as 10 *per cent* of royalty on account of mining of minor minerals. Further there was no distinction between DMF contributions for lease granted through auction and lease granted without auction, as prescribed in the Section 9B (5&6) of MMDR Act, 2015 for major minerals. Therefore, the JKDMF Rules notified (January 2017) were not in consonance with the MMDR Act, 2015. After audit highlighted this discrepancy in May 2022, the GoJ&K amended the DMFT rules, 2017 and notified (08 February 2023)[3] the rates of contribution towards DMFT as per GoI directions.

It was further noticed that the GoJ&K has not fully implemented all the provisions of J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding, and Trust) Rules, 2017, which are discussed in the succeeding **Paragraphs No. 3.1.5.1, 3.1.5.2, 3.1.5.3, 3.1.5.4 and 3.1.5.5.**

3.1.5.1 Delay in formation of District Mineral Foundation Trusts

Section 9B (1) of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, which came into effect on 12 January 2015, mandates that the State Government, by notification, establish a District Mineral Foundation Trust (DMFT) in each District affected by mining related operations.

Audit, however, observed a significant time lapse in this process. The notification for establishment of the District Mineral Foundation Trusts (DMFTs) in J&K was issued in February 2017, two years after the Act came into effect. Further, the registrations (formations) of DMFTs were made between October 2018 and December 2019 in eight selected Districts. These delays in registration of the Trusts, ranged from around four to five years from the date the MM (D&R) Act, 2015 came into effect, as detailed in **Table 3.1.1.**

Table 3.1.1: Delay in registration (formation) of DMFTs

District	Prescribed date of establishment of DMFT	Date of registration (establishment) of Trust Deed	Date of opening of DMF ACCOUNT	Period during which DMFT amount was not recovered	Amount of loss to DMFT (from January 2015)
Kathua	12.01.2015	07.12.2019	23.05.2017	01/2015 to 04/2017	2.37
Poonch	12.01.2015	01.02.2019	29.05.2017	01/2015 to 04/2017	0.13
Jammu	12.01.2015	08.12.2018	26.05.2017	01/2015 to 05/2017	2.08
Reasi	12.01.2015	04.10.2018	18.05.2017	01/2015 to 05/2017	0.57
Kupwara	12.01.2015	15.07.2019	06.11.2017	01/2015 to 06/2017	0.24
Anantnag	12.01.2015	11.02.2020	28.07.2017	01/2015 to 03/2017	2.30
Budgam	12.01.2015	18.12.2018	09.06.2017	01/2015 to 05/2017	0.63
Pulwama	12.01.2015	19.11.2018			0.50
Total					**8.82**

(Source: Bank statements and trust deeds provided by the concerned District Mineral Officers)

[3] Vide S.O. 69 dated 08.02.2023.

Due to not framing DMFTs in time, DMF contributions amounting to ₹ 8.82 crore could not be claimed and realised during January 2015 to December 2019.

In reply, Director Finance, Mining Department stated (November 2024) that the GoJ&K framed and notified the DMFT rules within 09 months from the notification of J&K Minor Mineral Concession, Storage, Transportation, and Prevention of Illegal Mining Rules 2016, notified vide SRO-105, dated 31 March 2016. It was further stated the said rules had been implemented retrospectively with effect from October 2015 in accordance with Hon'ble Supreme Court order in case of major mineral leases and all arrears accrued afterwards have been recovered. In case of minor mineral leases, it was stated that the delay for formation of DMFT was due to not forming of trust deeds involving 11 different stake holders and its subsequent registrations at the District Administration Level.

The reply should be seen in view of the fact that arrears in respect of Minor Minerals were not recovered as of March 2024.

3.1.5.2 Composition of District Mineral Foundation

Rule 3(k) of J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding, and Trust) Rules, 2017 prescribes that two representatives of the mineral concession holders be included in the Trust for a term not exceeding two years at a time, but not more than twice.

Audit, however, noted that in the eight selected Districts as of March 2023, DMFTs Trusts had not been framed according to the aforesaid rules, as representatives of the mineral concession holders were not incorporated in the list of the trustees. Although, in District Anantnag, two representatives of mineral concession holders were shown as present in the formation of Works Plan under the Scheme for the years 2019-20, 2020-21 and 2022-23, their particulars were not recorded in the Works Plan. As such, neither their term periods nor their genuineness could be verified in audit. Not including representatives from the mineral concession holders in DMF Trusts led to non-involvement of the stakeholders in the decision making of the trust.

In reply, Director Finance, Mining Department stated (November 2024) that directions would be given to the Chairman of the Trust to incorporate two representatives of Mineral Concessioner holder by name while formulating the Works Plan for respective Districts.

3.1.5.3 Receipt and Expenditure of DMFT

Assessment, Demand and Collection of DMF contribution

Rule 71 of J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016 stipulates that the assessment and determination of royalty due from an assessee for a given assessment year shall be

conducted by an assessing authority authorised by the Government. However, it was noticed that the Department had not developed any mechanism for assessment, demand and collection of royalty and DMF contributions as of February 2025.

Framing of Rules not in conformity with the Act

Section 9 (B) (5) of the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act, 1957) Act provides that holder of a mining lease or a prospecting licence-cum-mining lease granted on or after the date of commencement of the M&M (D&R) Amendment Act, 2015, shall, in addition to the royalty payable to the government, pay to the DMF of the District in which the mining operations are carried out, an amount which is equivalent to such percentage of the royalty paid in terms of the Second Schedule, not exceeding one-third of such royalty, as may be prescribed by the Central Government.

Audit examination disclosed that Rule 11 of JKDMF Rules 2017 prescribed that 10 *per cent* of royalty collected from lease holders was to be credited to the DMFT. As such, Mining Department had formulated JKDMF Rules, 2017 in contravention to MMDR Act 1957 and Jammu and Kashmir Minor Mineral Concession, Storage, Transportation of minerals and Prevention of Illegal Mining Rules 2016, as the said Act and Rules stipulated contribution of ten *per cent* of royalty to DMF by lease holders in addition to the prescribed royalty whereas DMF rules prescribed contribution of 10 *per cent* out of royalty to DMF, in respect of minor minerals.

As a result, Department suffered a revenue loss of royalty of ₹ 14.55 crore[4] during 2017-18 to 2021-22 and consequent undue benefit to the respective mining lease holders.

After this was pointed out by audit, Director, Geology and Mining Department stated (March 2023) that the said rules have been amended (8 February 2023) to make it compatible with MMDR Act.

3.1.5.4 Accounting Treatment in DMFTs

(I) Form, Mode and Manner of maintenance of DMFT Accounts

Rule 25 of Jammu and Kashmir District Mineral Foundation (Composition, Contribution, Functioning, Funding, and Trust) Rules, 2017 stipulates that the accounts of the Trust shall be maintained in the form, mode and manner as may be decided by the State Government. Further, Rule 25 (2) of the same rules stipulates that the accounts of the Trust shall be audited in such manner as may be decided by the Government.

Audit examination revealed that no guidelines or instructions relating to form, mode and manner of maintenance of DMFT Accounts had been issued by the GoJ&K as of

[4] Against the prescribed collection of ₹ 110 (including ₹ 10 DMF) for every ₹ 100 of royalty, the Department collected only ₹ 100, resulting in a revenue loss of ₹ 10 per ₹ 100 during 2017-18 to 2021-22.

February 2025. In absence of these guidelines, the consolidated position of the receipt and utilisation of DMFT funds was not available at both Apex and Division levels.

Also, audit of accounts of the DMFTs had not been conducted since formation of Trusts. Due to not conducting of Audit of DMFT accounts, the financial position of DMFTs in the shape of Annual Reports could not be submitted to the Governing Body for its approval.

The manner of audit of accounts of the DMF Trust was not decided by the GoJ&K as of February 2025, however four[5] of the DMOs had got the accounts of the Trust audited by CAs.

In reply, the Director Geology and Mining J&K UT Government stated (September 2023) that guidelines for maintenance of accounts shall be circulated to the DMFs in consultation with the Finance Department.

Director Finance, Mining Department stated (November 2024) that the subject matter has been duly noted, and amendment has been proposed in Rule-25 of SRO-03, dated 11 January 2017, thereby providing sub-rule of auditing of accounts by Comptroller and Auditor General of India.

3.1.5.5 Accountability and Transparency Mechanism

(I) Status of formation of Governing body, Executive Committee and Sub-Committees

The provisions of the Jammu and Kashmir District Mineral Foundation Rules (JKDMF), 2017 provide for framing of the Governing Body and Committees/ Sub-committees to lay down the broad policies of the trust, manage, administer and supervise the trust.

As per Rule 4 of JKDMF Rules 2017, a Governing Body was to be constituted as per the composition given in the rules for laying down the broad policy framework for the functioning of the Trust and shall review its working. The Governing Body was to approve the annual plan and annual budget of the trust upon the recommendations of the Executive Committee and meet at least twice in a year.

Further, Rule 14 of the JKDMF rules 2017 stipulates that the Executive Committee shall constitute committees or sub-committees to undertake such tasks that may be assigned or delegated by the Executive Committee to such committee or sub-committee.

[5] The audit of accounts of DMOs Jammu, Pulwama, Budgam and Kupwara had been audited by the Chartered accountants. The audit of accounts of DMO Reasi and DMO Poonch was conducted by the committee constituted by Divisional Commissioner. The audit of accounts of DMO Kathua and Anantnag had not been conducted since inception.

Audit examination disclosed that no Governing Body (GB) had been constituted and approved by the State/ UT Government as of February 2025. Besides disregard of the aforesaid rule, this reflected the lack of a broad policy framework for the Trust's functioning and review. Since GB was to approve the annual plan and annual budget of the Trusts based on the recommendations of the Executive Committee, the absence of GB resulted in no annual plans and annual budgets being prepared and approved. No Executive Committee and sub-committee had been formed as of March 2023, further impeding the Trust's operations.

In absence of the aforesaid committees, the crucial aspects related to the implementation of PMKKKY including the budget preparation, selection of projects, its approval and utilisation of funds were not smoothly carried out, as discussed in **Part B** of the Report. Further, in absence of GB, the implementation targets could not be set and no monitoring thereof was undertaken.

In response to the Agenda Points of Entry Conference held with the Department on 31 August 2023, the Department accepted (September 2023) that no Governing Body and Executive Committee has been constituted so far.

In reply, Director Finance, Mining Department stated (November 2024) that the Government of Jammu and Kashmir has made an amendment[6] in Rule 4 and 5 of J&K DMFT Rules, 2017 by incorporating the members in the composition in Governing Council and Managing Committee.

The reply was, however, silent regarding absence of annual plans and budget and not forming of Executive Committee or sub-committee.

Part B: Audit Findings related to Project Management

3.1.6 Execution of Projects

3.1.6.1 Physical Progress of Projects

The consolidated position of physical progress of sanctioned, taken-up, completed and incomplete projects was not available with the Department either at Apex level or at Division level.

Hence, audit collected and compiled the data from all the selected eight DMOs. The details of sanctioned, taken up, completed and incomplete projects in the eight-selected Districts as on 31 March 2023 are given in **Table 3.1.2**:

[6] Vide Notification No. S.O. 06 dated 03 January 2024.

Table 3.1.2: Physical progress of the projects in selected Districts

Year	Opening balance of Incomplete Projects	Projects sanctioned during the year by DMFT	Projects not taken up for execution	Projects taken up for execution during the year	Projects completed during the year	Closing balance of Incomplete Projects
	A	B	C	D= A+B-C	E	F=D-E
2017-18	0	0	0	0	0	0
2018-19	0	16	4	12	11	1
2019-20	01	136	37	100	71	29
2020-21	29	69	0	115[7]	88	27
2021-22	27	36	15	48	38	10
2022-23	10	108	91	27	13	14
Total		**365**	**147**		**221**	

(Source: Physical progress statements furnished by the eight selected DMOs)

It can be seen from the above table that during 2017-18 to 2022-23, out of total 365 sanctioned projects, 147 projects constituting 40 *per cent* of the total sanctioned projects were not taken up for execution primarily due to not according of Administrative Approval by Administrative Departments and site disputes as of March 2023. Besides, during the year 2020-21, although 17 projects were not sanctioned by DMFT, these were irregularly taken up for execution.

Audit analysis of a sample of 106 projects (Completed: 99 and Incomplete: 7) in the selected eight Districts disclosed delay in commissioning of projects due to delay in procurement, non-installation, land dispute at site, disregard of tender rules etc. as detailed in ***Appendix-3.1.***

Further, as per the PMKKKY guidelines, the DMF funds were to be utilised to complement the existing ongoing Schemes or projects of the State/ UT or Central Government. Audit noticed that only six ongoing projects amounting to ₹ 0.96 crore (constituting eight *per cent* of released funds of ₹ 11.30 crore) in three (Reasi, Anantnag and Pulwama) out of eight selected Districts had been complemented with the existing Schemes as of March 2023. Thus, 216 projects for which ₹ 10.36 crore of DMF funds were released were taken up as individual projects without complimenting with the ongoing State/ UT or Central Schemes or Programmes.

In reply, Director Finance, Mining Department stated (November 2024) that funds were utilised after approval of the competent authority both in the directly and indirectly affected areas. It was added that project executing Departments had been asked to complete the work in time bound manner to achieve the objectives of the Scheme in the targeted area.

[7] 115 projects included 17 projects which were not sanctioned during 2020-21, but were irregularly taken up for execution during the year.

3.1.7 Financial Management

3.1.7.1 Fund Position

The year-wise fund position viz. receipt of DMF contributions, advances to project implementing agencies and administrative expenses of DMFTs in the selected eight Districts as of 31 March 2023 is given in **Table 3.1.3.**

Table 3.1.3: Year-wise fund position of DMFTs in selected DMOs

(₹in crore)

Year	Opening balance (A)	Receipts (B)	Interest earned (C)	Total Availability (D)= (A) + (B) + (C)	Expenditure			Unspent Amount (H) = (D)-(G)	Percentage of unspent to the availability (I)
					Amount Advance (E)	Administrative expenses (F)	Total (G) = (E) + (F)		
2017-18	0.00	2.06	0.02	2.08	0.00	0.02	0.02	2.06	99
2018-19	2.06	5.73	0.10	7.89	0.39	0.08	0.47	7.42	94
2019-20	7.42	3.73	0.21	11.36	5.36	0.12	5.48	5.88	52
2020-21	5.88	2.21	0.07	8.16	2.52	0.12	2.64	5.52	68
2021-22	5.52	5.11	0.09	10.72	2.15	0.17	2.32	8.40	78
2022-23	8.40	6.23	0.16	14.79	0.90	0.06	0.96	13.83	94
Total		**25.07**	**0.65**		**11.32**	**0.57**	**11.89**		

(Source: Information furnished DMFTs in selected districts)

It may be seen from **Table 3.1.3** that out of total available funds of ₹ 25.72 crore (₹ 25.07 crore + ₹ 0.65 crore**)** during 2017-18 to 2022-23, the DMFs could spend only ₹ 11.89 crore (46 *per cent*) as of 31 March 2023. The primary reason for low utilisation of funds can be attributed to non-constitution of the Governing Body and the Executive Committee for laying down the broad policy framework for functioning of the Trust.

Audit examination further disclosed the following deficiencies regarding financial management of DMFT:

- **Non-reconciliation of DMF contribution with banks:** For mining of major minerals[8], the DMF contributions were being credited directly into the DMF Trust bank accounts by the mining lease holders at their own level without routing through the Trusts and notifying the DMOs.
  This entailed that regular bank reconciliation was essential for monitoring the actual DMF receipts and to ascertain the actual financial position of the Trusts. However, it was observed that DMOs had never conducted such reconciliation with the concerned banks as of November 2024 to ascertain the actual financial position of the Trusts. In absence of such reconciliation, the possibility of Non/ short recovery of DMFT contributions cannot be ruled out.

[8] Limestone

- **Non-requisition of UCs/ Detailed accounts**: A total amount of ₹ 11.33 crore was advanced (2018-19 to 2022-23) by eight selected DMOs to various executing agencies for execution of the DMF projects. In accordance with the General Financial Rule no. 87 (6), 2017, the executing agencies were required to furnish the Detailed Accounts or Utilisation Certificates (UCs) to the concerned DMOs in support of the expenditure incurred on execution of these projects.

  However, the UCs amounting to ₹ 9.46 crore were neither demanded by nor furnished to DMOs of four selected Districts[9] of Kashmir Division. While the UCs by the various executing agencies were submitted to DMOs of four selected Districts of Jammu Province[10]. The status of advances, their utilisation and UCs in the selected eight Districts, as of 31 March 2023, is given in **Table 3.1.4:**

Table 3.1.4: Details of advances, their utilisation and UCs

(₹ in crore)

District	Amount advanced	Expenditure incurred	Utilisation Certificate received	Amount of pending UCs	Amount of inflated UC's
	A	B	C	D=A-C	E
Kathua	0.66	0.58	0.66	0.005	0.08
Poonch	0.14	0.07	0.14	0	0.07
Reasi	0.28	0.22	0.23	0.05	0
Jammu	0.80	0.71	0.71	0.09	0
Kupwara	0.15	0.15	0	0.15	0
Anantnag	3.22	3.22	0	3.22	0
Pulwama	5.76	5.76	0	5.76	0
Budgam	0.29	0.29	0	0.29	0
Total	**11.30**	**11**	**1.74**	**9.56**	**0.15**

(Source: - Information provided by DMOs of the concerned Districts)

It may be seen from the **Table 3.1.4** that against the advance of ₹ 11.30 crore, the expenditure incurred by the executing agencies was ₹ 11 crore. However, the UCs of only ₹ 1.74 crore were furnished by the implementing agencies. The UCs for an amount of ₹ 9.56 crore was pending as of 31 March 2023. The actual expenditure incurred in two Districts (Kathua and Poonch) was less than the amount shown in UCs submitted, as such the UCs were inflated by an amount ₹ 0.15 crore.

In reply, Director Finance, Mining Department assured (November 2024) that concerned DMF districts will ensure receipt of Utilisation Certificates.

3.1.7.2 Investment of DMF in Fixed Deposits

Rule 10 (3) of J&K DMFT Rules, 2017 stipulates that the amount not required for immediate disbursement were to be deposited in Fixed Deposits (FDs) or flexi-deposits,

[9] Anantnag, Budgam, Pulwama and Kupwara.
[10] Kathua, Poonch, Reasi and Jammu.

following a transparent and competitive invitation of offers from eligible scheduled banks.

Audit observed that no such steps were taken by seven out of eight selected DMFTs and the unspent balances ranging from ₹ 2.05 crore to ₹ 13.68 crore[11] were lying in the bank accounts of the Trusts at the close of each financial years during 2017-18 to 2022-23 as shown in **Table 3.1.5 and Chart 3.1.1.**

Table 3.1.5: Unspent balances in seven out of eight sampled DMFTS at the end of each financial year

(₹ in crore)

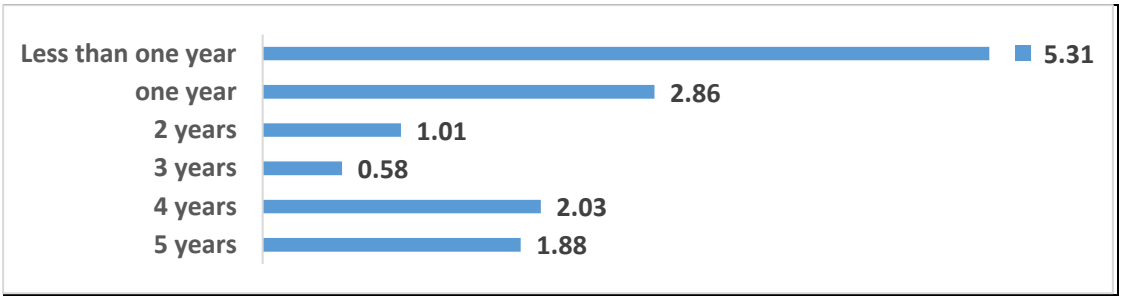
District	Unspent Amount at the end of Financial Year					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Kathua	0.68	1.25	1.25	1.67	1.69	2.23
Poonch	0.06	0.09	0.09	0.05	0.07	0.13
Jammu	0.27	0.50	0.50	0.91	0.99	1.85
Reasi	0.16	0.41	0.41	0.62	0.66	0.98
Anantnag	0.39	2.57	2.57	1.22	2.34	2.46
Budgam	0.09	0.26	0.26	0.24	0.76	1.69
Pulwama	0.4	2.31	2.31	0.8	1.86	4.33
Total	**2.05**	**7.39**	**7.39**	**5.51**	**8.37**	**13.67**

(Source: financial statements furnished by DMOs)

The age-wise analysis of the unspent balances in DMFT accounts in selected eight districts as of 31 March 2023 is illustrated in **Chart 3.1.1:**

Chart 3.1.1: Age-wise analysis of the unspent balances in DMFT accounts

(₹ in crore)



As these significant unspent balances were not invested in FDs, the Trusts were deprived of interest on these balances.

The Director Finance, Mining Department stated (November 2024) that DMOs had been advised to take up the matter with Chairman of the DMFT.

[11] The unspent amount of DMO Kupwara is not included in this figure as he had kept its unspent amount in Flexi-Deposits.

3.1.7.3 Loss of Interest on DMFT Funds

Rule 10 of J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding, and Trust) Rules, 2017 provides that the bank account(s) of the Trust shall be opened in its own name at Jammu and Kashmir Bank and operated jointly by the chairperson and the member Secretary or any other member of the Executive Committee or any Officer as may be authorised by the Executive Committee.

Audit examination disclosed that the eight selected DMOs had initially opened savings bank accounts for DMF Trusts, the savings accounts of four DMOs of Jammu Division[12] were subsequently converted (March 2018) into current accounts. The reason for such conversion as attributed by the Department was the unilateral action by the Bank. The interest accrued for 2017-18 was also debited by the bank after the conversion. Despite this, the DMOs had not taken up this matter with bank authorities for five years, as of March 2023. As a result, the Trusts suffered loss of interest of ₹ 0.43 crore from April 2018 to March 2023,

In reply, Director Finance, Mining Department stated (November 2024) that the matter had been taken up with the bank authorities.

3.1.7.4 Deposition of DMF funds

As per Rule-9 (4&5) of J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding, and Trust) Rules, 2017 the State/ UT Government shall deposit the amount of DMF collected from royalty into the bank accounts of the Trust as soon as possible but, not later than 20th day of succeeding month in respect of the amount collected in any particular month. It was noticed that DMO Anantnag deposited DMF funds of ₹ 1.30 lakh to the Government account[13]**,** instead of the bank account of Trust. Further, no collection of DMF funds from the arrear claims of royalty for the period August 2018 to September 2022 was carried out. This resulted in non-realisation of DMF contribution of ₹ 60.88 lakh. The audit observations were accepted by DMO, Anantnag with an assurance to do the needful.

The Director Finance, Mining Department in its reply stated (November 2024) that with effect from 24 August 2022, the royalty claims and DMF claims are deposited in online mode by Mineral concessioner, leaving no scope for such irregularities in future.

3.1.7.5 Not realising DMF contribution and penalty on illegal mining

Rule 66 of J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016 provides that wherever a carrier/ machine is found to be transporting/ excavating any mineral in any form, without a proper challan as required under the rules, the said mineral may be seized along with the vehicle and will be released only upon realisation of payment for price of material and applicable royalty for the mineral being transported and a fine not less than ₹ 10,000.

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12 Kathua, Poonch, Jammu and Reasi districts.

13 Major Head: 0853, (Receipt Head of the UT). April 2017: ₹ 33,562; April 2017: ₹ 32,118; May 2017: ₹ 64,603.

Audit examination revealed the following:

The DMOs of five[14] out of eight selected Districts collected (May 2017 to March 2023) penalties totalling ₹ 4.66 crore on illegal mining. However, these penalties were collected as lumpsum without recording their component-wise details such as price of the illegally excavated minerals, the royalty due and the fines imposed. In absence of such details, audit could not determine whether the actual royalties and DMF contributions due on illegally extracted minerals were collected by DMOs.

On the other hand, the DMOs of four Districts[15] in Kashmir province, had maintained the component-wise details of penalties. DMO Pulwama started maintaining the component-wise details of penalty from April 2021 onwards. These four DMOs collected (June 2016 to March 2023) royalties amounting to ₹ 3.47 crore from illegal miners. Consequently, ₹ 1.04 crore[16] was also to be collected as DMF charges from illegal miners. However, as of March 2023, no such DMF contributions were collected by these four DMOs resulting in non-recovery of ₹ 1.04 crore of DMF contribution, as per details given in **Table 3.1.6**:

Table 3.1.6: Non-realisation of DMF funds on penalties

(₹ in crore)

District	Period	Royalty amount collected from illegal Minors	DMF amount due
Kupwara	June 2016 to March 2023	0.19	0.06
Anantnag	June 2017 to March 2023	2.81	0.84
Budgam	August 2018 to July 2020	0.35	0.11
Pulwama	April 2021 to February 2023	0.12	0.03
Total		**3.47**	**1.04**

(Source: Revenue statements of DMOs)

In reply, the DMOs stated (August 2023 to December 2023) that the matter would be looked into and action as warranted under rules would be taken under intimation to audit.

3.1.7.6 Outstanding amount of DMF from Major Minerals

The sub-rule 10 of Rule 12 of the Minerals (Other than Atomic and Hydrocarbons Energy Minerals) Concession Rules, 2016 provides that if a lessee defaults in the payment of royalty, dead rent, or any other required payments, or breaches specified conditions, the State Government shall issue a notice to the lessee. The lessee is required to remedy the default within 60 days from the receipt of the notice. Failure to comply may result in the termination of the lease and forfeiture of the performance security.

[14] Jammu, Poonch, Reasi, Kathua and Pulwama.
[15] Kupwara, Anantnag, Budgam and Pulwama.
[16] DMF contribution at the rate of 30 *per cent* of royalty of ₹ 3.47 crore

Audit observed that ₹ 5.20 crore[17] of DMFT contributions were lying outstanding against 21 Major mineral miners as of March 2023. However, no action according to the aforesaid provisions was taken to terminate the mining lease of the Miners and forfeit their performance security.

In reply the DMOs stated (December 2023) that the matter has already been taken up with the concerned miners and action as warranted under rules would be taken.

In reply, Director Finance, Mining Department stated (November 2024) that in the recent meeting the Administrative Department had been instructed to give final notice to miners before declaring them as lapses or defaulters.

3.1.7.7 Evasion of royalty and DMFT Contribution

Rule 45(1) of Mineral Conservation Development Rules, 2017 prescribes that the holder of a mining lease, or any person or company engaged in trading or storage or end-use or export of minerals mined in the country, shall cause himself to be registered online with the Indian Bureau of Mines. The holder of a mining lease shall submit online returns in respect of each mine to the Regional Controller or any other authorised official of the Indian Bureau of Mines (IBM).

Although the figures of mineral extraction in monthly returns submitted by the lessees to IBM and to the Department should not vary, there were significant mismatches between the data of mineral extraction submitted to IBM and to DMOs of Anantnag and Pulwama. The instance of significant variation between the data submitted to IBM and to DMOs during 2019-20 to 2021-22 are shown in the **Table 3.1.7**:

Table 3.1.7: Instance of significant variation between the data submitted to IBM and DMOs

District	Quantity as per IBM (Mts)	Quantity as per DMO (Mts)	Difference in quantity (Mts)	Short realisation (₹ in lakh)	
				Royalty[18]	DMF (30 *per cent* of royalty)
Anantnag	7,000	0	7,000	5.60	1.68
Pulwama	11,90,145	11,41,907	48,238	38.59	11.58
Total	**11,97,145**	**11,41,907**	**55,238**	**44.19**	**13.26**

(Source: records of DMFTs and records of IBM)

It may be seen from the **Table 3.1.7** that excess quantities of 55,238 tons of excavated minerals was intimated to IBM, while short quantities to that extent were reported to DMOs. This entailed the possibility of evasion of royalty of ₹ 44.19 lakh and DMFT contribution of ₹ 13.26 lakh.

In reply, the DMOs stated (December 2023) the matter will be looked into and action will be taken as per audit instructions. Director Finance, Mining Department stated (November 2024) that matter would be looked into and appropriate action would be taken.

[17] DMFT Anantnag: ₹ 1.29 crore and DMFT Pulwama: ₹ 3.91 crore.

[18] Royalty ₹ 80 (Rate of per metric tonne of extraction of limestone)

3.1.8 Planning

3.1.8.1 Formation of Governing body and Executive Committee

The Governing body and Executive Committee had not been formed by the Trusts as of 31 March 2023, as discussed in previous **Paragraph 3.1.5.5 (I).** As a result, the DMFTs could not devise their procedures for implementation of Scheme and due deliberations on the projects to be implemented could not be made. This resulted in sanction of projects at the discretion of DMFTs instead of by Governing body and Executive Committee in the selected Districts. Further, no Annual Plan and Annual Budget of DMFTs were prepared.

In reply, Director Finance, Mining Department stated (November 2024) that the UT administration[19] had constituted (January 2024) Governing Council and Managing Committee by amending the Rule 4 and 5 of SRO 03 of 2017 and before that District Development Commissioners of respective Districts were vested powers to exercise administrative and financial powers of the projects.

3.1.8.2 Identification of affected areas and people to be covered under PMKKKY

As per PMKKKY guidelines, identification of affected areas and people both directly and indirectly due to mining was to be done by the District Mineral Foundation Trust (DMFT).

Audit noticed that the eight selected DMFTs had not identified or notified the mining-affected areas or the people in their respective Districts as of November 2024. In absence of formally identified mining-affected areas or people, the project selection was carried out at the discretion of the DMFT rather than being based on actual needs of the mining-affected communities.

Director Finance, Mining Department stated (November 2024) that subject matter pertains to Deputy Commissioner, being Chairman of DMFT.

3.1.8.3 Expenditure on high priority and other priority areas

As per PMKKKY guidelines, at least 60 *per cent* of PMKKKY funds were to be utilised under **High Priority areas**[20] and 40 *per cent* of the expenditure was to be incurred in **Other Priority activities**[21].

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19 Vide S.O. 06 dated 6th January 2024.

20 For Drinking water Supply**,** Environment preservation and pollution control measure, health care, education, welfare of woman and children, Welfare of aged and disabled people, Special program for welfare of aged and disabled people, Skill development, sanitation.

21 Physical Infrastructure (road, bridges, railways and waterways projects), Irrigation, Energy and Watershed Development (alternate source of energy (including micro-hydel) and rainwater harvesting system, development of orchards, integrated farming and economic forestry and restoration of catchments, afforestation and any other measures for enhancing environmental quality in mining district where mining operations are carried on

Audit noticed that out of the eight selected DMOs, the DMOs of only five Districts[22] had adhered to the prescribed criteria of at least 60 *per cent* PMKKKY funds utilisation under High Priority areas. While the DMOs of remaining three Districts of Pulwama, Anantnag and Budgam had utilised only 57, 44 and 53 *per cent* of funds of PMKKKY under High Priority areas. On the other hand, no expenditure was incurred by DMOs of three Districts of Kathua, Poonch and Reasi on other priority areas. Details of utilisation of DMF funds on high priority and other priority areas are given in **Table 3.1.8**:

Table 3.1.8: Allotment of DMF on high priority and other priority areas

	Allocation	DMFT (Amount ₹ in crore)							
		Kathua	**Poonch**	**Jammu**	**Reasi**	**Kupwara**	**Anantnag**	**Pulwama**	**Budgam**
High Priority	Amount	0.66	0.14	0.73	0.24	0.15	1.66	3.38	0.21
	Percentage of total	*(100)*	*(100)*	*(91)*	*(100)*	*(81)*	*(44)*	*(57)*	*(53)*
Other priority areas	Amount	0	0	0.07	0	0.03	2.13	2.55	0.19
	Percentage of total	*(0)*	*(0)*	*(9)*	*(0)*	*(19)*	*(56)*	*(43)*	*(47)*
	Total	**0.66**	**0.14**	**0.80**	**0.24**	**0.18**	**3.79**	**5.93**	**0.40**

(Source: - Allotment of funds for execution of works by DMFT's of selected districts)

In reply, Director Finance, Mining Department stated (November 2024) that subject matter pertains to Deputy Commissioner, being Chairman of DMFT.

Chairman of DMFT does not absolve key officials of Mining Department of their duties. The DMOs of concerned Districts as well as Director Geology and Mining, both of whom are members of Governing Council and Managing Committee of DMFT, were equally responsible for ensuring compliance with these guidelines.

3.1.8.4 Allotment of funds without preparation of Annual Plan and Annual Budget

Paragraphs 21 and 22 of J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding and Trust) Rules 2017 provide that the Member Secretary of the Executive Committee shall, at the beginning of each financial year, cause preparation of plans for short-term projects and long-term projects proposed to be undertaken by the Trust in the relevant financial year, to be referred as the Annual Plan, together with details of the activities to be undertaken or completed by the Trust during such time and the expected time for completion of the projects and cost for such projects.

The Annual Plan shall contain all projects, programs, and activities proposed to be undertaken by the Trust for achieving its objective and shall have clearly demarcated milestones. The Member Secretary of the Executive Committee shall at the beginning of each financial year, cause preparation of an Annual Budget containing the details of the proposed income and expenditure on activities covered in the Annual Plan for that

[22] Kathua, Poonch, Jammu, Reasi and Kupwara.

particular financial year, including the legal, administrative and other costs and expenditure proposed to be incurred by the Trust together with details of the funding requirements in this regard, to be referred as the Annual Budget.

Records of the eight-selected DMFTs revealed that neither the Annual Budget nor the Annual Action Plans were prepared from the launch of the Scheme to the end of March 2023 in all selected DMFTs. An amount of ₹ 11.45 crore was allocated during 2017-18 to 2022-23 to the various implementing agencies such as Roads and Buildings, Jal Shakti Department, Youth Services and Sports etc. for execution of the works without preparation of Annual Plans and Annual Budget in disregard to the aforesaid provisions.

In reply, the DMOs stated (June 2023 to April 2024) that the audit instructions had been noted for future and matter will be taken up with Chairman of the Trust and higher authorities of the Department. The Director Finance, Mining Department stated (November 2024) that subject matter pertains to Deputy Commissioner, being Chairman of DMFT.

The reply is not acceptable as shifting the entire responsibility for the irregularity to the Chairman of DMFT does not absolve key officials of Mining Department including Director Geology and Mining Department for ensuring compliance with these guidelines.

3.1.8.5 Savings not surrendered to DMF

The implementing agencies were required to surrender the savings after completion of the project to the respective DMFTs accounts. However, the implementing agencies in three (Jammu, Kathua and Pulwama) out of eight selected Districts did not return the unspent funds of ₹ 9.94 lakh[23] pertaining to 18 projects to the DMF accounts as of March 2023. This resulted in parking of ₹ 9.94 lakh outside the DMF account.

While accepting the audit observation, Director Finance, Mining Department stated (November 2024) that the matter would be taken up with concerned Departments and the unspent amount would be recovered.

3.1.8.6 Mineral check posts

To check illegal mining in J&K, the Director Geology and Mining Department J&K had entrusted (2017-18) construction of 111 Mineral Check Posts (MCPs) to Jammu and Kashmir Small Industries Development Corporation (J&K SIDCO) at a cost of ₹ 10.88 crore. While an amount of ₹ 1.52 crore was released under CAPEX budget for the purpose, the remaining amount of ₹ 9.36 crore was to be released under the Scheme for Languishing Projects. However, no funds were released under this Scheme. The project was scheduled for completion by 31 March 2020.

[23] Jammu (12): ₹ 5.36 lakh; Kathua (1): ₹ 1.86 lakh and Pulwama (5): ₹ 2.72 lakh.

Audit examination revealed the following shortcomings:

- Only 22 out of 111 MCPs were completed as of 31 June 2023, leaving 89 MCPs (80 *per cent*) incomplete, despite a delay of over three years beyond the target date.
- Reason for non-completion of 89 MCPs can be attributed to:
- Unavailability of land in respect of 29 MCPs.
- 26 MCPs: Although land was available, no construction was undertaken by SIDCO due to not completing of technical formalities and not according of Administrative Approval by Mining Department. Since, accord of AA was a pre-requisite for release of funds under Languishing projects Scheme, non-accord of AA led to not releasing of funds as of March 2023.
- Not completing of remaining 34 MCPs was attributed to budget constraints by the Department.
- As of March 2024, out of the 22 completed MCPs, only 16 MCPs had been handed over to the Department, while six MCPs although completed had not been handed over.

In reply, Director Finance, Mining Department stated (November 2024) that the proposal for construction of MCPs would be revisited considering the manpower available with the Districts for manning the check posts.

The fact remained that Mineral Check Posts meant for checking illegal mining in J&K could not be completed as of November 2024 despite a delay of over four years since the target date of completion in March 2020.

3.1.8.7 Mining Surveillance system

Rule 9.3 of the J&K Financial Code stipulates that no work should be commenced, or any liability incurred until Administrative Approval (AA) and Technical Sanction (TS) is accorded by the competent authority.

To monitor illegal Mining through Satellite Imagery System, the Geology and Mining Department proposed installation of Mine Surveillance System. The work of preparation of Detailed Project Report (DPR) for the project was entrusted (2018) to J&K Small Scale Industries Development Corporation (SICOP). SICOP prepared (2018) the DPR at an estimated cost of ₹ 3.46 crore and submitted (2018) it to the Administrative Department of Geology and Mining for accord of Administrative Approval (AA). The work was to be completed by January 2019.

Audit examination disclosed the following deficiencies:

- Funds of ₹ 0.57 crore released under CAPEX budget during 2018-19 for the project could not be utilised and got lapsed due to not according of Administrative Approval and not selecting of the contractor.

- In October 2018, the project was included under the Scheme for Languishing Projects to be funded by Jammu Kashmir Infrastructure Development Finance Corporation (JKIDFC) at a balance cost of ₹ 2.89 crore.
- Accordingly, SICOP allotted (January 2020) the work to M/s Sakura Pvt. Solutions. However, without accord of AA and TS, the work was started by the contractor and work done claim bills of ₹ 1.73 crore were submitted to JKIDFC for payment. However, no payments were made by JKIDFC due to not according of AA.
- The contractor after completion of 80 *per cent* of the project stopped (December 2020) the work for want of requisite funds for the project. To make the project functional, SICOP demanded (December 2021) a minimum of ₹ 0.20 crore for purchase of required Satellite Imagery System but no funds were released by the Department.

Thus, even after lapse of over five years since the stipulated date of completion of project and creation of liability of ₹ 1.73 crore, the Mine Surveillance System has not been installed as of November 2024 and illegal mining, transportation and storage of minerals remains un-monitored.

In reply, Director Finance, Mining Department stated (November 2024) that the contract with SICOP was terminated (14 August 2024) due to not commissioning of project by the vendor and presently the matter has been taken up with Bhaskaracharya National Institute for Space Applications and Geo-Informatics for providing solution for mining surveillance.

The fact remained that even lapse of about five years from the stipulated completion date of Mine Surveillance System in January 2019, the work remains incomplete as of November 2024.

3.1.9 Beneficiary Survey

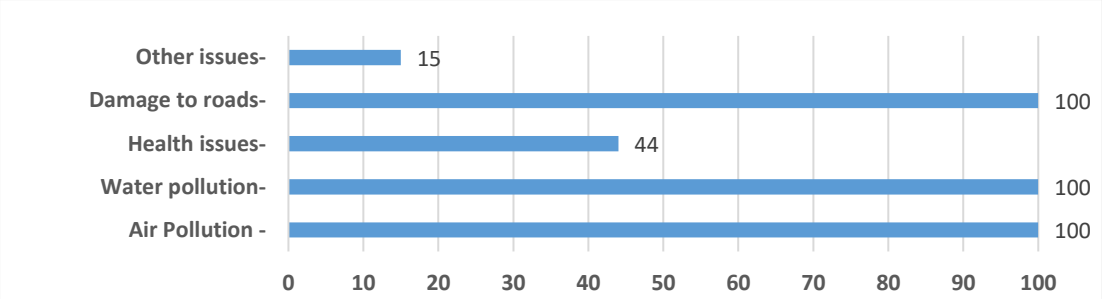
Out of the 221 completed projects during 2017-18 to 2022-23, asset verification was carried out in 106 sampled projects. However, out of these 106 projects the beneficiary survey for 80 projects could not be conducted as the project implementing agencies in their DPRs/ estimates had not identified the intended beneficiaries. Hence, beneficiary survey was conducted in remaining 26 projects. Further, during a beneficiary survey of 12 (out of remaining 26) projects involving 192 beneficiaries, it was noted that these 12 projects were executed at places which were not affected by mining. Consequently, audit team conducted survey along with Departmental officials in respect of remaining 14 projects involving 98 beneficiaries which were executed in the mining affected areas. The results of the survey are illustrated below:

3.1.9.1 Outcome of beneficiary survey in project implemented areas

A. Adverse effects due to mining

All the respondents (100 *per cent*) opined that mining led to damages to roads, water and air pollution. The respondents opined that mining also led to health issues (44 *per cent*) and other issues[24] (15 *per cent*) as depicted in **Chart 3.1.2:**

Chart 3.1.2: Adverse effects due to mining



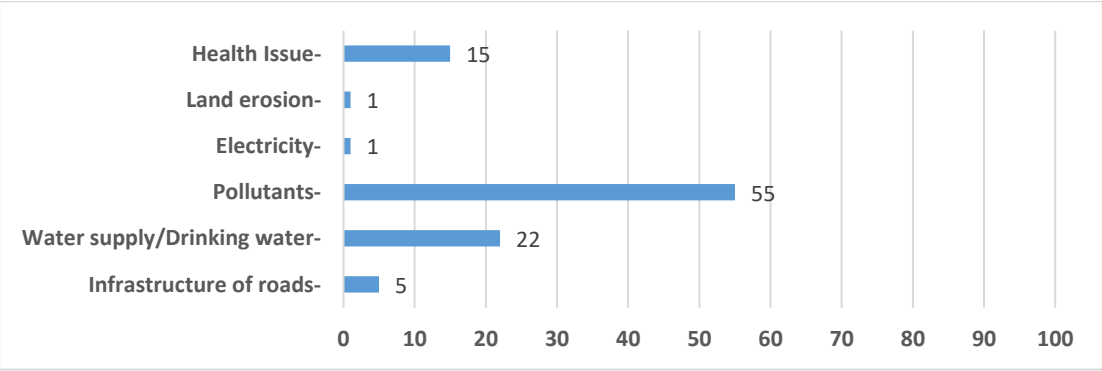
B. Awareness about the Scheme and DMFT activities:

Only four *per cent* of the respondents were aware of the Scheme and all respondents (100 *per cent)* stated that they were unaware of the DMFT activities.

C. Major Problems:

The respondents (55 *per cent*) opined that mining led pollutants resulted in water problem (22 *per cent*), health issues (15 *per cent*). Insignificant respondents opined that major issues are relating to Infrastructure of roads (05 *per cent*), Electricity (01 *per cent*) and Land erosion (01 *per cent*) as depicted in **Chart 3.1.3**:

Chart 3.1.3: Major Problems

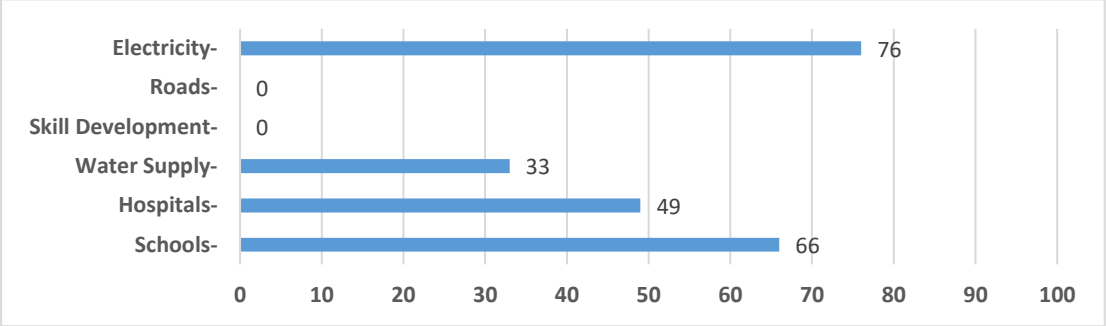


D. Satisfaction about Infrastructure availability in the area

The respondents opined that they were satisfied with availability of water supply (33 *per cent)*, hospitals (49 *per cent*), Schools (66 *per cent*) and electricity (76 *per cent*) as depicted in **Chart 3.1.4**:

[24] Other issues include land erosion, depletion of ground water table, damage to agriculture land etc.

Chart 3.1.4: Satisfaction about Infrastructure availability in the area



E. Awareness about PMKKKY Scheme (Project implementation)

Only two *per cent* respondents stated that they were aware about the project implementation in the area.

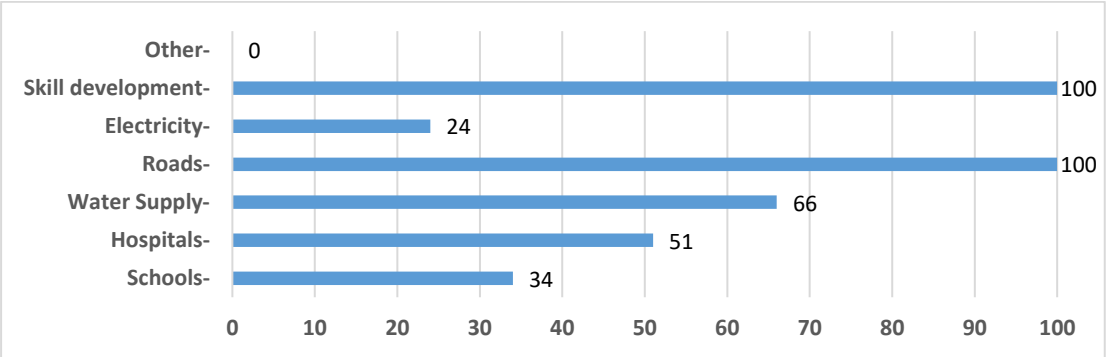
F. Benefits from assets of Scheme

Respondents in 54 *per cent* cases mentioned that the assets created were not fruitful while 46 *per cent* respondents opined that the assets created were fruitful to people.

G. Projects needed to be taken up

All respondents (100 *per cent*) opined that projects relating to construction of roads and skill development needed to be taken in the mining area. Significant percentage of respondents opined that infrastructure relating to water supply (66 *per cent)*, hospital (51 *per cent)*, schools (34 *per cent)* and electricity (24 *per cent)* needed to be taken in the area, as depicted in **Chart 3.1.5**:

Chart 3.1.5: Projects needed to be taken up



H. Approval of projects and beneficiaries from Palli Sabha/ Gram Sabha:

All the respondents (100 *per cent)* opined that the Palli Sabha/ Gram Sabha were not consulted before execution of the project and selection of the beneficiaries under the Scheme.

I. Consultation of Sarpanch in assessment of basic needs of area to be taken up under Scheme.

All the Sarpanchs (100 *per cent)* opined that they were not consulted in assessment of the basic needs to be taken up under the Scheme.

Director Finance, Mining Department stated (November 2024) that Chairman of DMFT would look into survey report and fill up the gaps as pointed out by Audit.

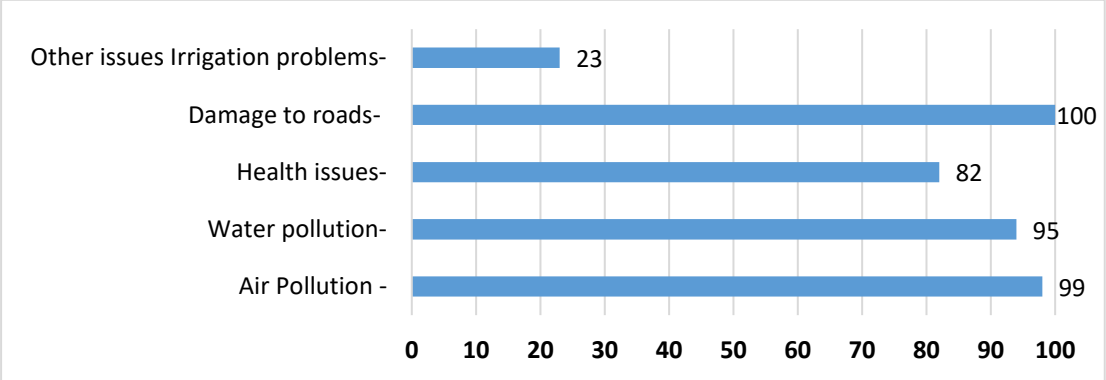
3.1.9.2 Outcome of beneficiary survey in the mining areas where no projects were executed

Audit had conducted a beneficiary survey along with Department official covering 422 people involving 27 Gram Panchayats (GPs) of 19 Blocks in eight selected Districts. These 27 GPs were located within a two km radial distance from the mining sites, however, no PMKKKY projects were executed in these areas. The survey findings based on the responses of 422 people are summarised as under:

A. Adverse effects due to mining:

All respondents (100 *per cent*) opined that mining led to damages to roads. Significant respondents opined effects of the mining resulted in air pollution (99 *per cent*), water pollution (95 *per cent),* health issues *(82 per cent).* 23 *per cent* respondents attributed effects of mining to other issues as shown in **Chart 3.1.6**:

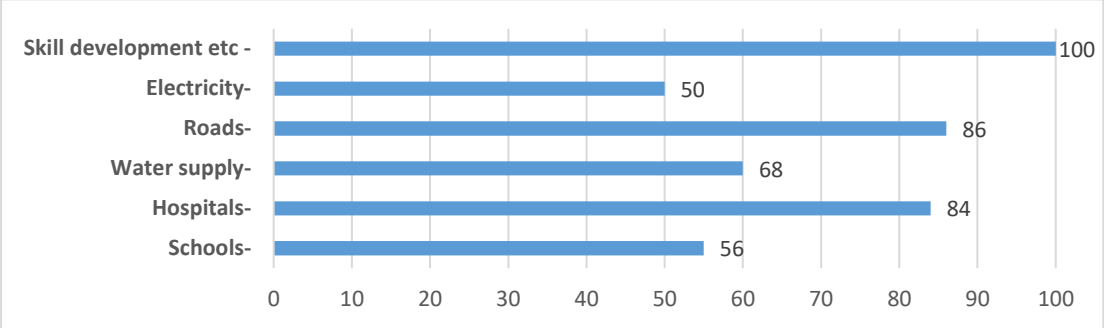
Chart 3.1.6: Adverse effects due to mining



B. Projects needed to be taken up

All respondents (100 *per cent*) opined that projects relating to Skill development were needed to be taken in the mining area. Significant respondents opined that infrastructure relating to roads *(*86 *per cent),* hospital (84 *per cent),* water supply (68 *per cent),* schools (56 *per cent)* and electricity (50 *per cent)* needed to be taken in the area as depicted in **Chart 3.1.7**:

Chart 3.1.7: Projects needed to be taken up



3.1.10 Other Miscellaneous Issues

3.1.10.1 Annual Report

Paragraph 24 of J&K DMF Rules 2017 provided that the Member Secretary of the Executive Committee shall, within 90 days of the end of each financial year, submit an Annual Report. The Annual Report shall be approved by the Executive Committee and shall contain details, *inter-alia*, of the activities completed by the District Mineral Foundation during the financial year-Income, Expenditure statement, Audited Accounts, Vision document etc. A copy of the Annual Report shall be sent to the Government within a period of 30 days from the date of its approval by the Executive Committee.

Review of the records of eight-selected DMOs revealed that no Executive Committees had been constituted in any of Districts as of March 2023. Consequently, no Annual Reports were prepared and submitted to the Government.

In reply, Director Finance, Mining Department stated (November 2024) that Managing committee had been constituted as per the rules and Annual Report would be submitted.

3.1.10.2 Not maintaining issue and accountal of Challan (Form A) Books

As per J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016, the lessee shall not remove or dispatch the minor mineral from the lease hold without proper challan in Form-A.

Audit noted the following irregularities:

- Before August 2022, six out of eight selected DMOs (Anantnag, Kupwara, Budgam, Pulwama, Kathua and Poonch) had not maintained proper record of the Challan Books (Form-A) issued to lessees for transportation of minor minerals.
- Further, after switching over (August 2022) from manual Forms A to e-passes system, the lessees were required to surrender the Form-A books to the

concerned DMOs. However, it was observed that these Form-A books were partially surrendered by the lessees. The block-wise position of outstanding Form A books against the DMOs is shown in **Table 3.1.9**.

- In respect of Anantnag, Kupwara, Budgam and Pulwama Districts, no stock account of Form-A was found to be maintained by respective DMOs. As such, the position of outstanding Forms could not be verified in audit.

Table-3.1.9: Block-wise position of outstanding Form-A Books

District	No. of Challan books issued	No. of challan books returned	Pending challan books with Lessees	No. of outstanding form-A
Kathua	218	148	70	6,950
Poonch	143	17	126	15,700
Total	**361**	**165**	**196**	**22,650**

(Source: Stock register of challan books)

Due to not surrendering of Form-A books, the possibility of misutilisation of these forms for transporting minerals without reflecting in the monthly returns before September 2022 by the lease holders cannot be ruled out.

In reply the DMO Poonch and Kathua stated (February 2024 and April 2024) that the matter regarding surrender of pending Challan books would be taken up with the lessees and crusher unit holders.

In reply, Director Finance, Mining Department stated (November 2024) that all the DMOs have been instructed to look into the matter of non-maintenance and issuance of Challan Books. It was further stated that all the Form-A had been submitted by the lessee of Kathua District. It was added that DMO, Poonch had initiated (17 October 2024) penalty proceeding against the lessees who had not returned the Challan books.

3.1.10.3 Suspected embezzlement in procurement

As per Rule 10 (2) of J&K DMF (Composition, Contribution, Functioning, Funding and Trust) Rules, 2017, all payments of the Trust, except contingent expenditure not exceeding ₹ 50,000 and such statutory dues or utility charges for which e-payment facility is not available, shall only be made electronically to the bank account of the recipient.

Scrutiny of records of DMO Anantnag revealed the following irregularities:

- DMO office had released payment of ₹ 6.00 lakh via cheque dated 26 September 2020 in favour of a sports item supplier (Khan International Sports) for procurement of sports items in violation of Scheme guidelines that mandate electronic payments over ₹ 50,000.
- Further, no records relating to bidding in accordance with the General Financial Rules 2017, placement of a supply order to the supplier, bills/ vouchers and relevant entries in Stock register were available on record.

Thus, release of payment of ₹ six lakh to a sports agency without procurement records, supply order and proof of receipt of material raises doubt of embezzlement of released funds.

In reply the DMO Anantnag stated (December 2023) that the matter would be looked into and action would be taken according to the prescribed rules.

Director Finance, Mining Department stated (November 2024) that Joint Director, Kashmir had been directed to look into the matter and submit report to initiate recovery proceedings in case of establishment of embezzlement in procurement. Further, the disciplinary action as warranted against the rules would be initiated against the erring officer.

3.1.10.4 Not furnishing of monthly returns by minor-mineral lease holders

As per the J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016, if a lessee fails to submit monthly and annual returns within the specified timeframe and there are reasons to suspect royalty evasion, the assessing authority can assess the royalty owed after providing a reasonable opportunity for the lessee to be heard, with a notice period not exceeding 30 days. Following an inquiry, the assessed amount must be paid promptly, and failure to do so will result in recovery as arrears of Land Revenue under the Jammu and Kashmir Land Revenue Act and its related rules.

Scrutiny of records of eight selected DMO offices revealed that 16 minor mineral lease holders had not submitted monthly returns to four DMO offices for varying periods, as per details given in **Table 3.1.10**.

Table-3.1.10: District wise outstanding mineral extraction returns by lessees

District	No of Lessees	No of Lease block	Period for which returns not submitted
Kathua	05	04	01/2022 to 06/2022
Poonch	05	05	4/2022, 5/2022 & 7/2022 to 3/2023 for one Block, 7/2022 to 3/2023 for four blocks
Budgam	03	03	10/2021 onwards
Anantnag	03	03	10/2022 onwards
Total:	**16**	**15**	

(Source: Monthly returns files)

Due to non-submission of these returns, the royalty collected during the specified periods could not be verified during audit. Further, despite the statutory provisions, no action was taken by the concerned DMOs against the defaulting lessees as per relevant provisions of J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016 and J&K Land Revenue Act, 1966.

In reply, the DMOs stated (December 2023 to April 2024) that the matter regarding furnishing of pending monthly returns would be taken up with the lessees.

Director Finance, Mining Department stated (November 2024) that the pending monthly return had been submitted (18 September 2024) by the lessee.

The reply should be seen in light of the fact that monthly returns in respect of lessees were provided to audit only for DMO Kathua.

3.1.10.5 Non-maintenance of Records

Rule 208 of General Financial Rules, 2017 prescribes that while receiving goods from a supplier, the officer-in-charge of stores should refer to the relevant contract terms for receiving the materials and all materials should be counted, measured, and entered in the stock register.

It was observed that DMFT Jammu had sanctioned (2020-21) projects for drilling 12 hand pumps at a cost of ₹ 30.02 lakh from DMFT funds. Accordingly, funds amounting to ₹ 30.02 lakh were released to the implementing agency [Mechanical Ground Water Drilling Division Jammu (MGWDDJ)] between March 2021 and July 2021 for execution of these projects. Out of the released amount, ₹ 6.25 lakh were utilised for purchase of stores such as MS casing pipes, hand pipes, riser pipes and connecting rods by the MGWDDJ.

However, since the store/ stock accounts of the purchased materials were not maintained, as such the actual receipt and utilisation of stock could not be verified in audit.

Director Finance, Mining Department stated (November 2024) that the matter had been looked into and all the DMOs had been sensitised about maintaining the records.

3.1.10.6 Preparation and Maintenance of website

Paragraph No 5 of PMKKKY guidelines provides for maintaining website and the information like Composition of DMFT/ Bodies, details of contribution received, list of area and people affected by mining, meeting agendas, minutes and action taken reports, Annual Plans and budget, Annual Reports, status of ongoing works with details of beneficiaries under welfare programmes was to be hosted.

Audit noted that although the J&K Mining Department has created its website, none of the details as above, were displayed by the Department on its website till March 2023, resulting in non-display of activities of DMFT in public domain.

Director Finance, Mining Department stated (November 2024) that Government of India had launched DMFT portal to upload the data related to DMF and PMKKKY.

The reply was not acceptable as the Department had not uploaded details such as contribution received, list of area and people affected by mining, meeting agendas, minutes and Action Taken Reports, Annual Plans and budget, Annual Reports, status of

ongoing works with details of beneficiaries under welfare programmes in the website maintained by Government of India.

3.1.11 Conclusion

The PMKKKY Scheme was launched to ensure the welfare of areas and people affected by mining related operations. In contravention to the PMKKKY guidelines, the areas and people affected due to mining were neither identified nor notified. As a result, the selection of projects under the Scheme was carried out at the discretion of the DMFTs rather than based on the actual needs of mining-affected communities. There was a delay of two years in framing of J&K District Mineral Foundation Rules 2017 for Minor Minerals. These rules were not in consonance with the MMDR Act 2015 and were subsequently amended (February 2023) after being pointed out in audit in May 2022. Due to framing of these contradictory rules, the Department suffered revenue loss of ₹ 14.55 crore during 2017-18 to 2021-22. Due to not registering/ forming of the District Mineral Foundation Trusts in time, the contribution of ₹ 8.82 crore could not be demanded and collected. Consequently, the funds to that extent were not available for implementation of the PMKKKY Scheme. The Department had not developed any mechanism for assessment, demand and collection of royalty and DMF contributions. The consolidated position of physical progress of sanctioned, taken-up, completed and incomplete projects was not available with the Department at either Apex level or Divisional level. Out of 365 sanctioned projects in sampled eight Districts, 147 projects (40 *per cent*) were not taken up for execution primarily due to not according of administrative approval and site disputes. DMFT Funds were advanced to various implementing agencies for execution of works without preparation of Annual Plans and Annual Budget. Projects were found executed in areas not affected by mining. The Governing Body and Executive Committee had not been formed by the Trusts, as a result, the DMFTs could not devise their procedure for implementation of Scheme. Besides, the available funds could not be spent and as against the DMFT fund availability of ₹ 25.72 crore during 2017-18 to 2022-23, only ₹ 11.89 crore (46 *per cent*) was utilised. Unspent balances were not found invested. Reconciliation of DMF contributions was not done with Banks. UCs were neither received nor demanded by some executing agencies of Kashmir Division. As 89 Mineral Check Posts were not completed and Mine Surveillance System was not installed despite creation of liability of ₹ 1.73 crore, the illegal mining, transportation and storage of minerals remained unmonitored. Beneficiary survey showed unawareness about the Scheme in 96 *per cent* of the respondents and unawareness about DMFT activities in 100 *per cent* of respondents. Suspected embezzlement could not be ruled out due to non-maintenance of records as was shown in a test-checked case. There was violation of Scheme guidelines mandating electronic payment. Monthly returns for varying periods were found not submitted and were unchecked.

3.1.12 *Recommendations*

In light of the audit findings, the Government should:

- ***Identify and notify the areas and people affected due to mining and ensuring that the selection of projects under the Scheme is based on the actual needs of mining affected communities;***
- ***Constitute the Governing Body and Executive Committee of the DMFTs and ensure that the execution of works under the Scheme is carried out only after preparation and approval of Annual Plans and Annual Budget;***
- ***Strengthen the fund management system ensuring prompt investment of unspent balances and periodic reconciliation with Banks; and***
- ***Strengthen the monitoring mechanism by expediting the completion of pending Mineral Check posts, among other measures, to prevent illegal mining and to ensure timely completion of projects undertaken under the Scheme.***

CHAPTER-IV

RURAL DEVELOPMENT DEPARTMENT

CHAPTER-IV

RURAL DEVELOPMENT DEPARTMENT

4. National Rural Livelihood Mission

4.1 Introduction

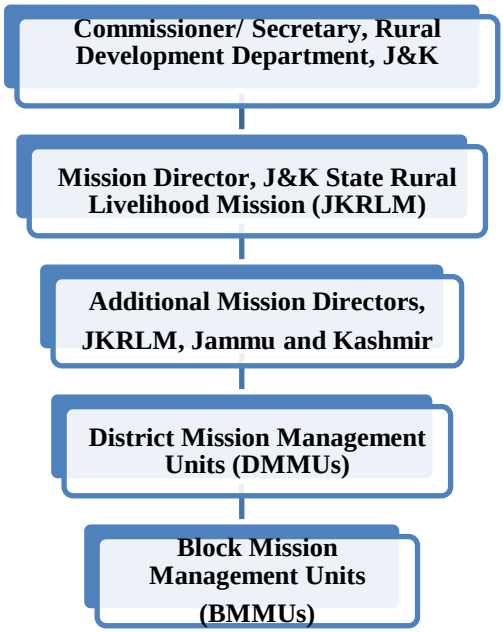
To promote sustainable livelihoods for the rural poor, the Ministry of Rural Development (MoRD), Government of India (GoI) launched National Rural Livelihood Mission (NRLM) in the year 2010 which was renamed as Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) in March 2016. The Scheme aimed to reduce poverty by enabling poor household to access gainful self-employment and skilled wage opportunities. It envisaged building strong grassroot institutions of the poor such as Self Help Groups (SHGs) and facilitating access to financial, technical and marketing services.

It is a Centrally Sponsored Scheme i.e. the Central and the State Governments jointly fund the projects. The Joint Secretary/ Additional Secretary, DAY-NRLM, GoI leads as Mission Director and head of its National Mission Management Unit (NMMU). The State Mission Management Unit (SMMU) implements the DAY-NRLM activities in the State/ UT headed by Mission Director. The SMMU for J&K was registered (October 2011) as a society in the name of Jammu and Kashmir State Rural Livelihood Mission (JKRLM) for implementation of NRLM in J&K. In J&K, NRLM Scheme is popularly known as "**UMEED**".

4.1.1 Organisational Setup

The Organisational setup for implementation of DAY-NRLM in J&K is given in **Chart 4.1:**

Chart 4.1: Organisational setup of DAY-NRLM



4.2 Audit Objectives

The objectives of audit of DAY-NRLM were to assess whether:

- The planning process was carried out as per the Scheme guidelines.
- The allotment of funds was adequate and funds were spent and human resources provided as per the Scheme guidelines.
- Programme implementation was in accordance with Scheme guidelines.
- Monitoring Mechanism was effective.

4.3 Audit criteria

The Audit was benchmarked against the following sources of criteria:

- Guidelines for implementation of National Rural Livelihood mission
- State Perspective and Implementation Plan
- Annual action plans prepared by the Department/ society
- Notices, circulars issued by GoI and Government of J&K (GoJ&K) for implementation of this programme.

4.4 Audit Scope, Sampling and Methodology

As audit of the Scheme had not been conducted since its launch in 2011-12, audit scope included the implementation of NRLM component of DAY-NRLM Scheme from 2011-12 to 2022-23, with special focus on the last five-year period from 2018-19 to 2022-23.

Six[1] District Mission Management Units (DMMUs) were selected for audit using random sampling method and 18[2] out of 20 blocks under their jurisdictional control were selected for detailed check using random sampling method. The remaining two[3] blocks, which came under the control of another DMMU were selected for audit. The audit methodology entailed test-check of records during May 2023 to January 2024 in the offices of Mission Director (MD) JKRLM, J&K; Additional Mission Directors (AMDs), JKRLM, Kashmir and Jammu; six out of 20 DMMUs, and 20 out of 125 BMMUs. Joint Physical Verification (JPV) and Beneficiary Survey was carried out with staff of JKRLM to assess the outcome of the implementation of the Scheme.

An Entry Conference was conducted with Mission Director, JKRLM on 29 May 2023 during which audit objectives, criteria, scope and methodology were discussed. This was followed by an Exit Conference on 04 April 2025 during which the audit findings were discussed. The replies from the Department have been suitably incorporated in the report.

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1 Jammu Division: Jammu, Rajouri and Kathua and Kashmir Division: Anantnag, Ganderbal and Kupwara.

2 Jammu Province: Marh, Khour, R. S. Pura, Sunderbani, Nowshera, Kalakot, Barnoti, Kathua, Basohli and Kashmir Province: Kupwara, Sogam, Kalaroose, Lar, Kangan, Ganderbal, Dooru/ Shahabad, Achabal ansd Qazigund.

3 Ghagwal and Khansahib.

Audit Findings

4.5 Planning for NRLM

4.5.1 Not collecting data of actual rural poor households

The Scheme guidelines of NRLM envisage that at least one member from each identified rural poor household, preferably a woman, is brought under the Self-Help Group (SHG) network in a time-bound manner. This necessitated identification and collection of data of all rural poor households of the State/ UT. Further, in the first Annual Action Plan (AAP) of the NRLM, it was emphasised that the Scheme will not succeed in its objectives if at least two-thirds (67 *per cent*) of rural families of J&K are not covered under this Scheme. It was also stipulated that as part of implementation strategy, the identification of the poor families and Households (HHs) had to be undertaken by taking up participatory identification[4] of the poor (PIP).

However, it was noted that no criteria such as income, condition of house, livelihood, basic amenities etc. was fixed by JKRLM for participatory identification of poor. In absence of such criteria, new HHs were mobilised/ brought under the Scheme merely on the recommendations of internal mobilisation teams (Cluster Coordinators, Community Mobilisers, Community Trainers etc.) from the blocks. As a result, it could not be determined whether 100 *per cent* of rural poor HHs were identified for coverage under the Scheme. It was also noticed that JKRLM had not collected Division-wise, District-wise and Block-wise data in respect of such vulnerable sections of society for inclusion under the Scheme.

In the Exit Conference, it was stated (April 2025) that DAY-NRLM Scheme for J&K has been de-linked from the poverty ratio in J&K. It was further stated that JKRLM has to federate 67 *per cen*t of the rural households or cover nine lakh rural households of J&K and the benchmark for coverage of rural households is the Census 2011. It was added that as on date, the Mission does not have any other authentic reference other than the Census 2011, on the basis of which targets are set and rural women from willing households are organised into Self-Help Groups (SHGs). Additionally, households identified under the Socio-Economic Caste Census (SECC) are given priority when federating rural households into SHGs.

The reply should be seen in view of the fact that even if the programme was delinked from the poverty ratio in the State/ UT, the JKRLM should have covered all the rural poor households within the 67 *per cent* of rural households as the basic aim of the programme is poverty alleviation. Further, the reply is silent regarding the criteria adopted for enrolling 67 *per cent* HHs and leaving out 33 *per cent* HHs.

[4] It is a process where community assesses the status of poverty and vulnerability indicators of the households.

4.6 Implementation of the Scheme

4.6.1 Coverage under NRLM (UMEED)

The Government of India (GoI) sanctioned the Scheme initially during 2013-14 to 2018-19 which was further extended for another five years (2019-20 to 2023-24). As per the guidelines, a phased implementation approach was to be followed for covering all 143 blocks by March 2019.

Audit noted that during the first five years of implementation i.e. until 2018-19, JKRLM could cover only 100 out of 143 blocks[5]. After the bifurcation (October 2019) of erstwhile State of J&K into UTs of J&K and Ladakh, the UT of J&K consisted of 125 blocks**.** Out of these 125 blocks, only 96 were covered as of March 2020. All the blocks were stated to be covered by 2025.

JKRLM in its first Annual Action Plan prepared for the period 2013-15 decided to cover two-thirds of the rural women population in J&K to achieve scheme objectives. The MoRD, GoI (February 2023) revised the target of covering 9,50,000 HHs (from previous target of 9,00,000 HHs) in J&K by 2023-24.

It was found that to meet the targets, instead of increasing coverage in areas with shortfalls, JKRLM decided (February 2023) to cover more beneficiaries in those blocks where the target of covering two-thirds of rural women had already been achieved or exceeded as of March 2023. The blocks[6] which were lagging behind were not prioritised. As a result, the uniformity in coverage of 67 *per cent* rural women in all the blocks could not be achieved as detailed in ***Appendix 4.1***.

In reply, it was stated (April 2025) that JKRLM will issue circular for equitable coverage of rural households in the blocks.

4.6.2 Achievement of targets

(I) Coverage of beneficiaries under the programme

The Capitalisation Support (loans) from the Mission is provided to SHGs in the shape of Revolving Fund (RF) and Community Investment Fund (CIF). This support is given as loans to SHG members to enhance their livelihoods. The repayments are re-invested by the community among members to further improve members' livelihoods.

Targets and Achievements Overview (2018-23):

Against the target of covering 9,00,000 rural HHs, forming 90,000 SHGs, the position of achievements during 2018-23 is given in **Table 4.1**.

[5] UT of J&K: 125, UT of Ladakh: 18

[6] Sundebani, R S Pura, Nowshera, Khour, Kathua, Kalroosa, Sogam, Ganderbal and Kangan

Table 4.1: Cumulative coverage of rural households at the end of years 2018-23

Sl. No.	Particulars	Achievement ending						
		March 2019	March 2020	March 2021	March 2022	March 2023	Target to be covered ending March 2023	Percentage of shortfall in achievement
1	Total HHs covered	3,45,535	3,97,923	4,22,183	5,34,256	6,95,488	9,00,000	23
2	No. of SHGs formed	38,013	43,831	47,589	61,397	80,649	90,000	10
3	No. of SHGs provided startup cost	24,795	25,598	25,688	26,972	31,912	80,649	60
4	No. of SHGs provided books of accounts	20,159	36,384	38,524	49,610	65,510	80,649	19
5	No. of SHGs provided capacity building training	20,159	39,274	42,371	53,278	66,999	80,649	17
6	Total no. of SHG members	3,43,714	3,92,366	4,23,096	5,22,634	6,66,184	No targets were fixed	Not Applicable
7	Individual SHG members bank accounts opened	2,21,845	2,91,838	3,04,935	4,26,004	5,51,543	6,66,184	17
8	No. of SHGs eligible for Revolving fund	28,404	36,624	40,632	51,332	64,920	No targets were fixed	Not Applicable
9	No. of SHGs availed RF	26,772	34,039	38,640	46,823	59,817	64,920	8
10	No. of SHGs eligible for CIF-I	22,976	27,978	34,382	41,836	50,561	No targets were fixed	Not Applicable
11	No. of SHGs availed CIF-I	21,107	21,273	27,366	36,169	47,266	50,561	7
12	No. of SHGs eligible for CIF-II	10,678	13,176	13,304	31,726	35,510	No targets were fixed	Not Applicable
13	No. of SHGs availed CIF-II	5,587	6,286	6,310	24,197	24,345	35,510	31
14	No. of defunct SHGs	1,414	2,112	2,476	3,636	3,862	No targets were fixed	Not Applicable

(Source: Information provided by AMDs Kashmir and Jammu)

It may be seen from **Table 4.1** that despite the Scheme being in implementation for over 12 years in J&K, there were significant shortfalls in Scheme coverage. One of the reasons for short coverage of 23 *per cent* households was due to completely leaving out 29 blocks from coverage under the Scheme till March 2020. Further, shortfall in receipt of funds against approved plan (**Paragraph 4.7)** and lack of adequate monitoring (**Paragraph 4.10)** also contributed to shortfall in achieving targets.

It was also noticed that despite the availability of funds with JKRLM during the years 2018-19 to 2022-23, as detailed in **Table 4.3**, the Mission failed to provide start-up cost to 60 *per cent* of total SHGs and RF, CIF to all eligible SHGs.

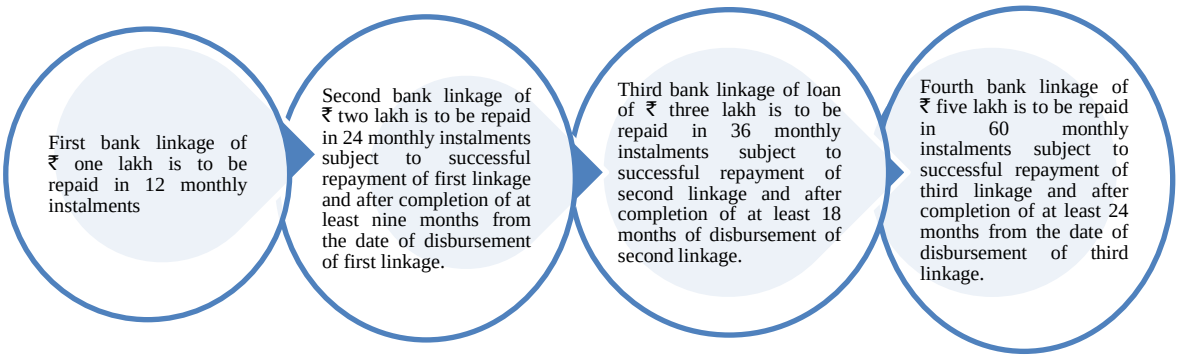
In the Exit Conference, it was stated (April 2025) that in view of curtailment of budget, the actual required funds under capitalisation could not be disbursed, as allotted funds have to be equitably allotted for other activities. It was added that the current status[7] of various parameters has changed.

(II) Bank-linkage of Self-Help Groups

As per Handbook on SHG-Bank Linkage notified (September 2017) by GoI, the Mission funds in the form of RF and CIF to the SHGs are intended to provide initial capitalisation support required by them. Further, Mission aim was to ensure that each SHG mobilises ₹ 10 lakh in repeat doses over a period of 5-8 years, as detailed in ***Appendix-4.2*** so that the members undertake sustainable livelihoods. The SHGs which have which have fulfilled criteria (1) to (7) were eligible for loan through first bank linkage. Those SHGs which have repaid the loan for first linkage and have completed nine months from disbursement of first linkage were eligible for loan under second linkage.

To ensure that SHGs receive hassle-free loans and repeat loans from banks with zero Non-Performing Assets (NPAs), the JKRLM issued circular (September 2019) prescribing the following as depicted in **Chart 4.2**:

Chart 4.2: Conditions for Bank-linkage



[7] SHGs formed till 31st March 2025: 93,716; Households Covered: 7,51,910; Revolving Fund disbursed to SHGs: 76,292: Community Investment Fund Disbursed to SHGs: 60,340.

As of March 2023, JKRLM had formed 80,649 SHGs and position of their bank linkage is given in **Table 4.2**.

Table 4.2: Position of bank linkage of Self-Help Groups as of March 2023

Sl. No.	Particulars	Achievement ending				
		March 2019	March 2020	March 2021	March 2022	March 2023
1.	No. of SHGs formed	38,013	43,831	47,589	61,397	80,649
2.	No. of SHG eligible for bank linkage I	13,447	19,092	27,330	35,859	44,251
3.	No. of SHGs disbursed bank linkage I	12,739	16,627	23,506	31,789	41,007
4.	No. of SHG eligible for bank linkage II	8,080	10,588	14,668	18,395	23,811
5.	No. of SHGs disbursed bank linkage II	7,664	9,728	11,858	17,008	22,440
6.	No. of SHG eligible for bank linkage III	3,437	4,725	5,923	7,835	10,532
7.	No. of SHGs disbursed bank linkage III	3,267	4,573	5,692	7,489	9,956
8.	No. of SHG eligible for bank linkage IV	305	971	1,604	2,535	3,813
9.	No. of SHGs disbursed bank linkage IV	270	937	1,563	2,430	3,673
10.	No. of SHG eligible for bank linkage V	0	1	33	217	565
11.	No. of SHGs disbursed bank linkage V	0	1	33	217	555

(Source: Information provided by AMDs Kashmir and Jammu)

It may be seen from **Table 4.2** that out of the 80,649 SHGs formed as of March 2023, only 44,251 SHGs (55 *per cent*) were eligible for bank-linkage I. This indicates inadequacy of JKRLM in awareness and capacity building among SHG members to avail bank credit and start meaningful livelihood. Further, out of 38,013 SHGs formed up to March 2019, only 555 SHGs (less than one *per cent*) could avail bank-linkage V as of March 2023 indicating non-achievement of the JKRLM in facilitating SHGs to avail more bank loans and enhance their livelihoods.

In the Exit Conference, it was stated (April 2025) that members of SHG cannot be forced to avail the higher doses since the banks have the autonomy to determine interest rate for loans exceeding ₹ five lakh with no prescribed rebates or concessional rates for SHGs. Therefore, SHGs are reluctant to avail the higher doses from the banks and they prefer to avail the loan from the funds available with Community Based Organisations (CBOs). Besides, the Mission has to keep in check the NPA which should be less than one *per cent*.

The reply should be viewed in context of the fact that JKRLM has to facilitate the SHG members to avail bank credit to start meaningful livelihood through capacity building and financial literacy programmes. Further, the Mission was to ensure that each SHG mobilises ₹ 10 lakh in repeat doses over a period of 5-8 years, so that the members undertake sustainable livelihoods. Besides, RBI in its latest circular (April 2025) emphasized that in order to facilitate women SHG members to become entrepreneurs, banks may consider extending loans up to ₹ 10 lakh to individual members of select matured well performing SHGs as per their lending policy.

4.6.3 Marketing support to Self-Help Group Members

(I) Remote location of District Rural *Haats* and low footfall

NRLM guidelines recognised that SHG members usually need the support from line Departments to enhance their livelihoods, market their products and to reduce their dependence on the intermediaries for greater benefits. To achieve the same, District Rural Haats/ DR *HaaTs* (DRHs) were encouraged to be created to directly link producer groups (SHGs) and individual producers with urban and peri-urban markets through a well-developed system of continuous identification and rotation of beneficiaries. The Hon'ble Lieutenant Governor of UT of J&K e-inaugurated the DR *Haats* on 29th of June 2022 from Srinagar.

During Joint Physical Verification (October 2023) of four (Jammu, Rajouri, Kupwara and Ganderbal) out of 22 DRHs created by JKRLM as of March 2023, it was observed that these were located in remote areas with very low footfall.

In the Exit Conference, it was stated (April 2025) that JKRLM is dependent on the District Administration for getting space/ vacant building etc., which can be converted in Rural Haats. It was added that the spaces allotted under DRH are at off-route place because of which there is low footfall of potential customers. It was further stated that an effort was made through the office of Commissioner Secretary, who instructed (October 2022) all the Deputy Commissioners to coordinate with major line Departments of their respective Districts to run the DRH effectively.

(II) Minimal enrolment of Self Help Groups on GeM portal

To provide SHGs/ small businesses with an opportunity to sell to Government buyers, GoI launched (May 2020) "Saras Gallery", an exclusive marketplace for SHG products in the Government e-Marketplace (GeM) portal. The SHGs were to register on GeM portal using a simplified process, allowing JKRLM to on-board sellers with minimum documentation.

The SHGs were given special exemptions from various compliances like GST and caution money while registering on GeM. JKRLM on-boarded 17 SHGs on the GeM portal. However, it was stated that the SHGs were unable to upload the products manufactured by them as Ministry of Commerce, GoI later made compliances to earlier exemptions mandatory. No further progress was made in this regard as of December 2024. As a result, the SHG members were not able to leverage the GeM portal to expand their market reach for their economic empowerment.

In reply, it was stated (April 2025) that Mission cannot force the SHGs for online sale where GST registration is mandatory.

The JKRLM should have taken up the matter with GoI to ensure certain exemptions to the SHGs so that they could increase their outreach to Government buyers.

4.6.4 Poor Performance in achievement of *Lakhpati* initiative

As per MoRD, GoI circular (October 2021), one of the key milestones in household livelihood development is when a woman reaches the aspirational goal of earning ₹ one lakh as annual income. In the same circular, the "Promotion of Sustainable Livelihood" of SHG members was advised so that they could become '*Lakhpati*' in a three-year period. Accordingly, JKRLM was advised to prepare three-year plan so that all the SHG members aspire to become '*Lakhpati*.'

Audit noted that JKRLM did not formulate any such plans as of March 2023. Consequently, out of the 3,43,714 SHG members enrolled under the Scheme by March 2019, only 46,881 members (14 *per cent*) could achieve an annual income of ₹ one lakh or more by March 2023.

In the Exit Conference, it was stated (April 2025) that the initial target of 2.33 lakh potential '*Lakhpati Didis'* was fixed for a period of two years and the process involved the identification of Potential *Lakhpati Didis* which have been completed. It was added that till date, 42,000 Potential *Lakhpati Didis* have been transformed into *Lakhpati Didi*.

4.6.5 Issues relating to financial inclusion of SHG members

As per Scheme guidelines, NRLM works towards achieving universal financial inclusion of all the poor HHs which are organised into SHGs. NRLM works on both demand and supply sides of financial inclusion. On the demand side, it promotes financial literacy among the poor and provides catalytic capital to the SHGs and their federations. On the supply side, NRLM coordinates with the financial sector to deliver credit and related services to SHGs. It also works towards universal coverage of rural poor against loss of life, health and assets.

Audit observed following issues relating to financial inclusion of SHG members:

- **State Annual Financial Inclusion Plan (SAFIP) and Perspective Plan (PP) for SHG-Bank Linkage not formulated:**

As per financial inclusion guidelines of NRLM, the primary role of SMMU is to facilitate, enhance, monitor and evaluate the SHG credit (bank loan) linkage in the State. For this purpose, it should prepare State Annual Financial Inclusion Plan (SAFIP) and Perspective Plan (PP) for SHG-Bank Linkage. However, as of January 2024, the JKRLM had not formulated any SAFIP and PP for bank linkage of the SHGs. As a result, there were inadequacies in bank linkages as discussed in **Paragraph 4.6.2.**

In reply, it was stated (April 2025) that the SAFIP, also referred as Annual Action Plan, is drafted for each financial year and submitted to National Mission Management Unit for review. Following review, detailed discussions are being conducted with MoRD, GoI to finalise the plan. Subsequently, MoRD assigns the final target for the financial year.

The reply is to be viewed in context of the fact that SAFIP and AAP are separate plans as SAFIP is exclusively related to SHG-Bank linkage for financial inclusion under the Scheme and AAP is the complete Action Plan of the Scheme. Further, as per Scheme

guidelines, a separate SAFIP and PP for SHG-Bank linkage is required to be formulated for smooth facilitation of credit to SHG members.

➢ **DAY-NLRM Cells not constituted:**

As per Master circular issued (July 2017) by RBI, Banks may set up DAY-NRLM cells at Regional and Zonal offices. These cells should periodically monitor and review the flow of credit to the SHGs, ensure the implementation of the guidelines of the Scheme, collect data from the branches and make available consolidated data to the Head office and the DAY-NRLM units at the Districts and Blocks.

Audit, however, noted that no such cells had been constituted in J&K as of January 2024. Without dedicated DAY-NRLM cells, the monitoring and review of credit flow to SHGs were ineffective as discussed in **Paragraph 4.6.2**.

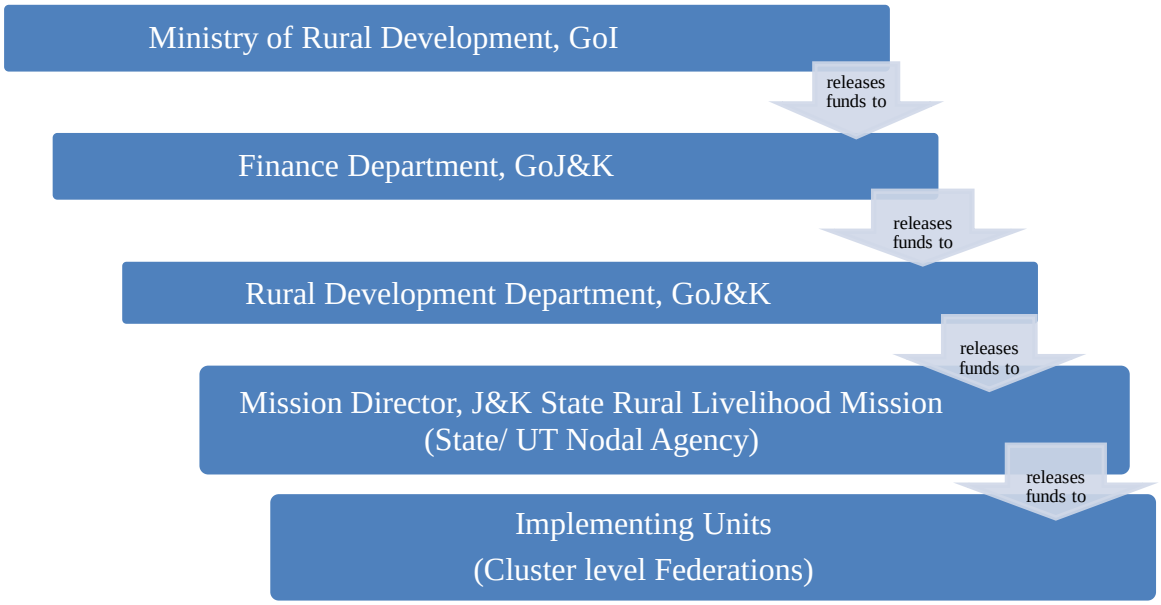
In the Exit Conference, it was accepted (April 2025) that there are no exclusive dedicated DAY-NRLM Cells set up by the banks at Block or District level. However, the progress at Block level is being discussed at Block Level Bankers Committee (BLBC) meetings and at District level the progress is being discussed at District Level Review Committee (DLRC) meetings.

The above deficiencies indicate that comprehensive financial inclusion of SHGs could not be achieved thereby limiting the success of the Scheme.

4.7 Financial Management

The funds for implementation of NRLM are transferred by MoRD, GoI to the Finance Department of Government of J&K (GoJ&K). The Finance Department then transfers these funds to J&KRDD for onward transfer to the Mission Director, JKRLM which has been designated (November 2021) as UT Nodal Agency. The fund flow mechanism for implementation of NRLM is depicted in the **Chart 4.3**:

Chart 4.3: Fund flow mechanism for implementation of NRLM



The details of funds received and utilised during 2018-19 to 2022-23 by JKRLM are given in **Table 4.3**.

Table 4.3: Funds received and utilised by JKRLM during 2018-23

(₹in crore)

Year	Opening Balance	Funds Received		Other Receipts	Total Availability	Expenditure (*per cent*)	Amount refunded to MoRD, GoI	Amount pertaining to UT of Ladakh	Balance
		Central Share	State Share						
	(A)	(B)	(C)	(D)	(E)=[A+B+C+D]	(F)	(G)	(H)	(I) = [E-F-G-H]
2018-19	20.43	58.55	6.66	0.64	86.28	79.10 (92)	-	-	7.18
2019-20	7.18	22.99	4.46	0.27	34.90	32.76 (94)	-	-	2.14
2020-21	2.14	67.61	4.68	0.31	74.74	67.57 (90)	-	-	7.17
2021-22	7.17	121.00	16.86	0.64	145.67	136.95 (94)	0.28	0.13	8.31
2022-23	8.31	126.76	14.08	0.58	149.73	140.80 (94)	0.73	-	8.20
Total		**396.91**	**46.74**	**2.44**	**--**	**457.18**	**1.01**	**0.13**	**--**

(Source: information furnished by JKRLM)

It can be seen from **Table 4.3** that out of total available funds of ₹ 466.52 crore during 2018-19 to 2022-23, JKRLM utilised ₹ 457.18 crore. The expenditure of funds was significant and ranged between 90 to 94 *per cent* during 2018-19 to 2022-23.

The funds received by GoJ&K against approved plan during 2018-19 to 2022-23 are detailed in **Table 4.4**.

Table 4.4: Funds received by JKRLM against approved plan

(₹in crore)

Year	Approved Plan		Funds Received		Shortfall		Percentage Shortfall	
	CS	SS	CS	SS	CS	SS	CS	SS
2018-19	128.73	14.30	58.55	6.66	70.18	7.64	55	53
2019-20	35.39	3.93	22.99	4.46	12.40	-0.53	35	-
2020-21	115.27	12.81	67.61	4.68	47.66	8.13	41	63
2021-22	146.68	16.30	121.00	16.86	25.68	-0.56	18	-
2022-23	180.17	20.02	126.76	14.08	53.41	5.94	30	30

(Source: information furnished by JKRLM) CS – Central Share, SS – State Share

It may be seen from the **Table 4.4** that there was a shortfall in receipt of Central Share (CS) of funds ranging from 18 *per cent* to 55 *per cent* of the approved plan during 2018-19 to 2022-23. As regards the State/ UT Share (SS), the shortfall in three out of five years covered in audit ranged between 30 *per cent* to 63 *per cent* of the approved plan. In the remaining two years, there was no shortfall.

In the Exit Conference, the Department attributed (April 2025) the shortfall in receipt of funds to procedural delays in release of matching State/ UT share by the GoJ&K, due to which the subsequent Central Share was not released. It was added that in some

instances, though third or fourth instalments were disbursed by GoI in the same financial year but they were released by UT Government in next financial year.

The following observations were further noted regarding financial management:

(A) After termination of *Swarnjayanti Gram Swarozgar Yojana* (SGSY) in December 2013, the unspent balances under SGSY were to be transferred from District Rural Development Agencies (DRDAs) to SRLM bank accounts. An order was issued (February 2014) by GoJ&K to all the DRDAs for transfer and deposition of unspent balance under SGSY in the official account of MD, JKRLM.

Audit examination of records of MD, JKRLM disclosed the following deficiencies:

- During the years 2013-14 to 2014-15, ₹ 12.93 crore of unspent SGSY funds were transferred to the account of MD, JKRLM.
- However, it was observed that the Department had neither conducted reconciliation regarding unspent SGSY funds lying with all the DRDAs of the State/ UT nor received latest audit reports of the SGSY Scheme implemented by the DRDAs to ascertain the actual quantum of balance funds available with them. As a result, SGSY closure report was not submitted to MoRD, GoI as of January 2024.
- It was also noted that an amount of ₹ 47.98 lakh of SGSY funds were transferred in January 2022 by one of the DRDAs, which was indicative of the fact that unspent funds were still lying with DRDAs.
- Further, DRDAs were discontinued and closed in April 2022, as such the amount lying with the DRDAs can neither be evacuated nor reconciled.

In reply, MD JKRLM stated (July 2023) that the matter was taken up with the J&KRDD/ DRDAs for transfer of unutilised funds of SGSY but due to closure of DRDAs in April 2022, the reconciliation could not be done. In the Exit Conference, it was stated (April 2025) that the matter has already been taken up with the Administrative Department.

The fact remained that due to inaction of the Department from December 2013 to April 2022 to reconcile and deposit SGSY funds into JKRLM bank account, the amount lying with the DRDAs can neither be evacuated nor reconciled.

(B) Records of Block Basohli revealed that in one of the clusters (Cluster F[8]), 93 members of SHGs and Village Organizations (VOs) deposited ₹ 0.23 crore of loan repayments in cash through a Banking Correspondence Agent in J&K Grameen Bank, Bhoond. The said agent recorded the entries in the pass books of the members but did not deposit the loan amount in the Bank, resulting in embezzlement of ₹ 0.23 crore. Consequently, this amount was shown outstanding by the Bank against the loan

[8] A, B, C, D, E, F etc. are the names of the clusters assigned by JKRLM

accounts of members and the bank demanded to pay the loan amount again till the matter was resolved. A First Information Report in this case was lodged (January 2021) and charge-sheet was filed in July 2023. Pending a final decision in this regard, the SHG members continue to suffer as of January 2024.

(C) In accordance with the decision of the Empowered Committee, GoI, to strengthen the Community Based Organisations (CBOs), the JKRLM directed (July 2019) the CBOs to charge a service fee at the rate of 0.25 *per cent* while making disbursement of bank loans to the members of SHGs. The service fee was to be deducted at source and remitted to the CBO's account immediately.

Records of 20 test-checked Blocks revealed that instead of deducting the service charges at source, they were collected in cash from the SHG members. It was also observed that the service charges were not properly accounted for, making it impossible to ascertain whether the due amounts were received and deposited in the banks. For instance, in Cluster A of block Ghagwal, against due bank linkage service charges of ₹ 73,200 collected during 2022-23, only ₹ 41,000 were remitted to the bank. Similarly, in Cluster-E of block Kalakote, against the due amount of ₹ 40,000 collected during 2021-22 and 2022-23, only ₹ 12,250 was deposited into the bank account of the cluster.

In the Exit Conference, it was stated (April 2025) that all BMMUs will be instructed to work out the service charges collected and deposit in the banks. It was added that in future the matter will be taken up with the banks to collect the service charges at source and transfer them into the accounts of CLF[9]s.

(D) One of the objectives of the Scheme is to facilitate hassle free loans and repeat loans to SHGs from the banks with zero Non-Performing Assets (NPAs). Audit, however, noted that 640 accounts of SHG members with outstanding amount of ₹ 5.31 crore had turned into NPAs as of March 2023.

In reply, it was stated (April 2025) that the NPA figure is subject to fluctuations, and all necessary measures are being taken to maintain it below the mandated two *per cent* threshold set by banks and MoRD, GoI. It was added that the proactive involvement of Community Based Repayment Mechanism (CBRM) committees has contributed significantly to reducing the NPA percentage and as of January 31, 2025, the NPA stands at an impressive 0.77 *per cent*. It was further stated that JKRLM ranks among the top States/ UTs in India with the lowest NPA percentage and continuous support is being extended to banks to achieve the goal of zero NPA.

The reply should be seen in light of the fact that low percentage of NPAs is primarily attributable to unauthorised deduction of Capitalization funds (Revolving Fund/ Community Investment Fund) by banks towards repayment of instalments in NPA accounts as discussed in the subsequent paragraph.

[9] Cluster Level Federation

(E) In 15 (out of 20) test-checked blocks[10], Capitalisation funds (RF/ CIF)[11] amounting to ₹ 0.78 crore were debited from 114 bank accounts of CLFs/ Village Organisations (VOs) by the bank authorities without obtaining their consent, for liquidation of bank credits of NPAs of SHG members during 2018-19 to 2022-23. It was observed that JKRLM did not take up the matter with the bank authorities regarding the unauthorised debit of Capitalisation funds (RF/ CIF) amounting to ₹ 0.78 crore as of March 2024.

In reply, the JKRLM stated (April 2025) that the matter has been discussed during the Steering Sub-Committee meeting of JK UT Level Bankers Committee (JKUTLBC) on SHGs held on 3 August 2024 wherein instructions were issued to all banks to desist from practice of deducting money the capitalisation funds from CBO accounts.

(F) In five[12] out of 20 test-checked blocks, 94 VOs having 873 SHGs had closed their activities after receipt of Start-Up Cost, RF and CIF amounting to ₹ 4.67 crore as of March 2023. Besides, 48 SHGs of 14 VOs of three[13] test-checked blocks were also found to have closed their activities after receipt of RF and CIF amounting to ₹ 0.08 crore.

In reply, JKRLM stated (March 2024) that RF and CIF were released to SHGs after fulfilling all eligibility criteria but due to various issues, the SHGs could not pay the RF and CIF and became non-functional. It was further stated that attempts are being made out to revive the defunct SHGs/ VOs. The Mission Director, JKRLM stated (February 2025) that if CBO remains inactive or fails to serve its intended purpose, the concerned Block Programme Manager can take corrective action such as reorganising the group, providing additional capacity building support or dissolving the CBO, if necessary. It was added that CLFs play a key role in managing funds related to CBOs and if there are inactive CBOs that are not utilising or managing the allocated funds properly, the CLFs have the authority and mandate to retrieve the funds.

The reply did not mention the exact reasons for the SHGs and VOs becoming non-functional. Further, adequate corrective measures to revive the defunct CBOs were not found to be taken by JKRLM as of February 2025.

4.7.1 Preparation of budget without following bottom-up approach

According to Paragraph 5.3.1 of the JKRLM Financial Manual, the Block Mission Management Units (BMMUs) and District Mission Management Units (DMMUs) were required to prepare the Annual budget by 1st of December and 1st of January every previous financial year respectively. Additionally, the DMMUs/ State Mission

[10] Drugmulla, Kalaroose, Sogam, Dooru, Qazigund, Ganderbal, Kangan, Lar, Khansahib, Marh, Kalakot, Barnoti, Basohli, Ghagwal and Khour.

[11] Revolving Fund (RF): ₹ 15,000; Community Investment Fund (CIF): ₹ 65,000

[12] Lar, Khansahib, Kupwara, Dooru and Qazigund.

[13] Sogam, Kalaroose and Kangan.

Management Unit (SMMU) were required to consolidate the annual budget at District level by 31st of January every previous year.

Audit noted that bottom-up approach was not adopted in preparation of the budget during 2018-9 to 2022-23. The budgets were prepared by SMMU without considering the requirements at Block and District levels and were finalised without obtaining budget requirements from all the DMMUs. Instead, an indicative figure of budget was being communicated by GoI, based on which the Annual Action Plan (AAP) of the Scheme was finalised. Thus, the AAPs were formulated without taking into consideration the grassroot level requirements because of which exclusion of priority areas and genuine beneficiaries at grassroot level cannot be ruled out defeating the programme's objective of poverty alleviation through community participation.

In reply, MD JKRLM stated (January 2024) that decentralisation was attempted by preparation of budget at the Division level but it caused exceptional delays. As such, preparation of budget at the State Mission Management Unit level was continued.

In the Exit Conference, it was stated (April 2025) that the programme is being implemented uniformly across all blocks, with no specific grassroots level requirements mandated under the general DAY-NRLM framework. However, inputs received from the blocks are duly incorporated into the Annual Action Plans.

The reply should be viewed in light of the fact that no inputs/ Action Plan from BMMU/ DMMUs were found in records.

4.7.2 Non-registration of community-based organisations

As per the NRLM's Scheme guidelines, SHGs are to be federated in Community Based Organisations (CBOs) like Village Organizations (VOs) and Cluster Level Federations (CLFs). These CBOs receive funds from JKRLM and they further distribute them to the SHGs. As per NRLM guidelines, the CBOs are required to be registered under Cooperative Societies Act to transform the existing non-formal institutions into registered societies with established norms and bye-laws, thereby acquiring legal status. Also, as per Capitalisation Management Guidelines framed by JKRLM, funds cannot be released to CBOs unless they have established bye-laws and norms.

Audit examination disclosed that as of January 2024, none of the 509 CLFs and CBOs were registered under Cooperative Societies Act even after lapse of 13 years since launch of the Scheme. Despite their non-registration under Cooperative Societies Act, funds continue to be released by JKRLM to CLFs/ CBOs for implementation of Scheme, in violation of Capitalisation Management Guidelines of JKRLM.

It was also noticed that the Mission Director, JKRLM had taken up the matter with Cooperative Department, J&K in August 2022, for simplification and relaxation of legal compliances for registration of CBOs. However, no follow-up action was taken as of January 2024.

In reply, MD, JKRLM stated (February 2025) that efforts are being made to ensure the registration of CLFs under Cooperative Act 1989.

4.7.3 Finalisation of Annual Action Plans without approval of Executive Council

As per Paragraph 6 of Chapter 5 of JKRLM Financial Manual, AAPs prepared by the Mission were to be approved by Executive Council headed by Chief Secretary of State/ UT.

Audit, however, observed that no Executive Council[14] (EC) meeting was held after September 2020. As such, AAPs from 2021-2023 were finalised without the approval of EC.

In the Exit Conference (April 2025), JKRLM accepted the audit observation.

4.8 Procurement of materials

(A) Procurement of Books:

As per UMEED's Financial & Procurement Manual adopted by JKRLM in March 2014, there shall be a State Procurement Committee[15] for smooth financial procurement. The State Level Procurement Committee (SLPC) is responsible for examining the procurement plans at Block, District and State levels.

Audit examination of procurement records during 2021-22 to 2022-23 revealed that the SLPC had not been constituted as of October 2023. In absence of the SLPC, the purchase (printing and supply) of identical books of accounts during 2021-22 to 2022-23, were made separately through GeM portal by AMDs, JKRLM Jammu and Kashmir at different rates. This resulted in AMD, JKRLM Jammu paying ₹ 1.24 crore more than AMD, JKRLM Kashmir for procuring the same set of books of accounts.

After being pointed out by Audit in July 2023, the SLPC was constituted in November 2023. In reply, it was stated (April 2025) that the Additional Mission Directors did the procurement in the absence of constitution of the SLPC. However, with the formation of SLPC the issue of rate variation etc., stands resolved.

4.9 Human Resource management

The position of staff posted in different offices of the JKRLM as of March 2023 and post fresh recruitments in December 2023 by the Mission is given in ***Appendix 4.3.***

- **Shortage of staff**: Audit noticed that despite fresh recruitments made in 2023-24, there was a shortage of staff across all levels ranging from 02 *per cent* to

[14] Chief Secretary is the chairman of EC and there are 13 members including Administrative secretaries of various Departments.

[15] State Mission Director, JKRLM as Chairman, State Project Manager (Financial Management and Procurement), JKRLM as Member Secretary, Additional Mission Director, JKRLM and Concerned Sector Specialist or any expert from the outside organisation as approved by the Chairman.

100 *per cent*. This shortage was particularly acute in the DMMUs and BMMUs, which are primarily responsible for programme implementation and are required to have adequate staff in-position. Specifically, in DMMUs and BMMUs, 41 posts of District Programme Managers[16] and 97 posts of Coordinators respectively were lying vacant as of December 2023. The shortage of critical staff at grassroots level was also commented upon by the Empowered Committee during its meeting to finalise AAP 2020-21.

- **Lack of Grievance Redressal Mechanism:** As per the Scheme guidelines, a 3 to 5 member committee at SMMU, DMMU and BMMU levels for redressal of grievances of staff, had not been constituted (December 2024). This has also been emphasised in the Empowered committee meetings held for finalisation of AAP.
- **Absence of Insurance Cover:** No insurance cover for life, accident and health risks was provided to the staff of JKRLM contrary to Scheme guidelines.

In reply, the MD, JKRLM stated (January 2024) that audit observations have been noted and would be duly addressed.

4.10 Monitoring

The following observations regarding monitoring of programme implementation were noted:

- As per the JKRLM bye-laws, the General Body (GB) was required to meet at least once every year and Executive Council (EC) meetings were to be held at least once every quarter. Audit observed that only one General Body meeting was held in December 2016 and only seven Executive council meetings (latest in September 2020) were held since start (2011-12) of the programme in J&K as of January 2024 resulting in shortfall of 08 GB meetings and 29 EC meetings.
- The post of State Project Manager (Monitoring) had not been filled as of January 2024. Consequently, there was no dedicated setup for monitoring of the programme.
- There was no system in place to facilitate social audits as part of self-monitoring systems.

4.11 Conclusion

The audit of the JKRLM programme revealed several key issues affecting its effective implementation. While there was progress in forming Self-Help Groups (SHGs) and covering households (HHs), the overall coverage remained below the targets set by the Scheme. This limited the reach and impact of the programme in empowering rural communities. There was no well-defined approach in identification of beneficiaries.

Despite the Scheme being in implementation for over 12 years in J&K, there were significant shortfalls in Scheme coverage. One of the reasons for short coverage of

[16] District Programme Managers (Institute Building and Capacity Building): 10 posts; District Programme Managers (Financial Inclusion): 14 posts; District Programme Managers (Livelihood):17 posts

23 *per cent* households was due to completely leaving out 29 blocks from coverage under the Scheme till March 2020. Further, shortfall in receipt of funds against approved plan and lack of adequate monitoring also contributed to shortfall in achieving targets.

Despite significant funds being received and largely utilised, there were persistent shortfalls in the release of both Central and State shares against approved plans, mainly due to procedural delays. Financial management showed gaps, including unreconciled unspent funds, irregularities in loan repayments, and unauthorised deductions from community funds. Out of 80,649 SHGs, 74 *per cent* availed RF, 59 *per cent* availed CIF-I and 30 *per cent* availed CIF-II. Similarly, only 51 *per cent* availed bank linkage- I, 28 *per cent* bank linkage II, 12 *per cent* bank linkage III, 4 *per cent* bank linkage IV and 0.69 *per cent* bank linkage V respectively.

The budgeting process lacked a bottom-up approach, resulting in plans that did not reflect grassroot needs. Important governance processes, such as registration of community organisations and approval of Annual Action Plans by the Executive Council, were not properly followed. Procurement procedures were weakened by the absence of a State Level Procurement Committee for an extended period, causing unnecessary extra expenditure.

Human resource management was marked by critical staff shortages, absence of grievance redressal mechanisms, and lack of insurance coverage for staff. Monitoring mechanisms were weak due to infrequent meetings and vacant key monitoring positions, leading to insufficient oversight.

4.12 *Recommendations*

In light of the audit findings, GoJ&K should:

- ***Establish well defined criteria for identification of poor rural households and selection of beneficiaries under the Scheme;***
- ***Adopt bottom-up approach in preparation of Budget to better reflect grassroot level requirements in implementation of the Scheme;***
- ***Ensure funds as per approved plans are released in time and are utilised for the implementation of Scheme during each year;***
- ***Increase coverage of beneficiaries in the Blocks that were left out in the initial five year of implementation of Scheme;***
- ***Strengthen and revamp the District Rural Haats to enhance their accessibility and utility for general public;***
- ***Conduct awareness programmes among rural poor for availing the benefits of the Scheme along with capacity building initiatives for SHG members to maximise access to available credit facilities under the Scheme; and***
- ***Strengthen the implementation of the Scheme through efficient monitoring.***

CHAPTER-V

TRANSPORT DEPARTMENT

CHAPTER-V

TRANSPORT DEPARTMENT

5 Jammu and Kashmir Transport Subsidy Scheme

The Government of Jammu and Kashmir (GoJ&K) launched (19 November 2019) the "Transport Subsidy Scheme" pursuant to the orders of High Court of Jammu and Kashmir (J&K) dated 18 May 2006 and National Green Tribunal (NGT), New Delhi, dated 08 October 2018, regarding control of air pollution, improvement of ambient air quality in non-attainment cities as well as measures to control vehicular emissions.

The Scheme aimed to replace old buses, matadors and mini-buses aged between 15 and 20 years in J&K. The Scheme guidelines *inter-alia* stipulated that all public service vehicles (passenger), operated by private transporters, above 15-year-old would be eligible for availing subsidy of ₹ five lakh per vehicle in case of replacement, subject to fulfilment of certain terms and conditions. The Scheme was re-notified on 05 December 2022 with some additional conditions including the requirement of non-transfer of newly purchased (subsidised) vehicles under the Scheme for five years.

The objective of the Scheme is thus, to provide impetus to the public transport by providing subsidy to the transporters for adopting new eco-friendly and fuel-efficient buses compliant to BS-IV and above norms. The Scheme also aims to ensure optimum usage of available road space by transporting maximum number of people per unit of road space which would obviate the problem of congestion, traffic jams and pollution.

To assess the effectiveness of "J&K Transport Subsidy Scheme", records of all the 22 offices of the Transport Department of GoJ&K were checked in audit. Transport subsidy cases/ applications were reviewed in Regional Transport Office (RTO), Jammu and RTO Kathua offices, as these were the only two offices in Jammu Division designated to receive such cases. RTO Srinagar was designated to receive the cases pertaining to Kashmir Division. However, no vehicle owner from Kashmir Division applied for Transport Subsidy Scheme as of February 2025.

Audit findings

5.1 Limited outreach of Scheme

The Department published advertisement notices on 23 November 2019 and 29 June 2022, inviting eligible vehicle owners to avail the benefit of the Scheme.

Audit examination revealed that despite the poor response (0.56 *per cent*) from bus owners, the Department did not expand the scope of the Scheme to include mini-buses and matadors, missing an opportunity to enhance participation. The reasons for excluding mini-buses and matadors were neither on record nor provided to audit despite persistent requests.

While accepting the audit observation, the Department stated (December 2023) that the progress of the Scheme was not up to the mark owing to the fact that the transporters having such buses are not interested to purchase fresh buses in view of huge financial implications involved in the purchase of new buses. However, Department did not furnish any specific reply regarding its failure to expand the scope of the Scheme to mini-buses and matadors.

5.2 Not complying with the terms and conditions of the Scheme

The Technical Committee (Sub-committee), while approving the application of beneficiary, had to ensure that the following conditions, among others, were fulfilled: (a) An affidavit duly attested by the First-Class Magistrate to the effect that he has scrapped/ sold the vehicle to the scrapper, (b) The vehicle operators availing the benefits of the Scheme must ply these vehicles on identified route for five years and the concerned RTO has to file a six-monthly compliance report regarding plying of vehicles on identified routes for five years and (c) The concerned RTO/ ARTO has certified that Registration of Certificate of the vehicle has been cancelled on the recommendation of the Board of Inspection (BOI) and receipt from the registered scrap dealer about payment made by him to the owner of the vehicle. BOI shall certify that the chassis number of the proposed scrapped vehicles has been cut in their presence and will be retained in RTO/ ARTO office. Subsequently, the concerned RTO/ ARTO shall issue the condemnation certificate regarding the vehicle to be replaced along-with the Letter of Authority in favour of eligible applicant/s for availing the benefit under the Scheme.

Audit examination of records of RTO Jammu disclosed the following:

- ***Improper attestation of Affidavits:***
  In respect of all the 45 beneficiaries, the affidavits placed in the beneficiaries' files were got attested by the notaries instead of a First-Class Magistrate, in disregard of condition stipulated by the Sub-Committee prior to recommending the cases for approval.
- ***Absence of Compliance Reports:***
  The RTO Jammu had scrapped/ replaced 45 vehicles and released subsidies of ₹ 2.25 crore as of March 2023. However, no six-monthly compliance report regarding plying of vehicles on identified routes for five years was prepared by RTO Jammu.
- ***Absence of Board of Inspection Certificate:***
  Board of Inspection (BoI) is to ensure that the chassis number of the proposed scrapped vehicles is destroyed (cut into pieces) in their presence. Only after completing this process is the vehicle considered scrapped, to ensure that these vehicles do not ply on road.
  However, in case of seven vehicles, the certificate/ inspection report of BoI was not available in the respective files. Despite this, payments of transport subsidy of ₹ 35.00 lakh (₹ five lakh each) were released in favour of these vehicle owners.

- ***Irregular purchase in the name of person other than the beneficiary:*** Three beneficiaries had irregularly purchased the new vehicles in the name of person other than the designated beneficiary, as detailed in **Table 5.1**.

Table 5.1: Details of irregular purchase of new vehicles in the name of the person other than the designated beneficiary

Sl. No	Name of the beneficiary	Old registration number of the vehicle	New registration number	Purchased in the name of
01	P***i Gupta W/O P****p Gupta	JK02R-8943	JK02CV-4995	M/s P*****p Transport Company
02	V***y K***r S/o D**a N**h	JK02K-3157	JK02CN-8477	P***n K****r S/o A**r S***h K***a
03	J****h C*****r V**d S/o C***i L*l V**d	JK02U-1141	JK02CN-7849	H****l S/o B**i R*m R.S Pura

The Department should take steps to monitor and address cases of non-compliance.

5.3 Crediting of subsidy amount of ₹ 40.00 lakh to the saving accounts of the beneficiaries instead of loan accounts

As per the terms and conditions of the Transport Subsidy Scheme order, the applicant after approval of the case under the Scheme shall be allowed a three months' time to purchase the new vehicle after entering into loan agreement with the concerned bank. The subsidy component shall be transferred to the bank on capital investment for subsequent payment to Original Equipment Manufacturers (OEM).

Audit observed that in respect of eight out of 45 beneficiaries, the subsidy amount of ₹ five lakh each was credited to their savings bank accounts instead of their loan accounts. This was in contravention of the Scheme guidelines and entailed the risk of mis-utilisation of funds to that extent.

In reply, RTO Jammu stated (May 2024) that verifying this information from the bank branches would have taken a long time, potentially leading to surrender of funds. It was further stated that there was significant pressure from transporters for the immediate release of the subsidy. Due to these constraints, the department was unable to ensure that all beneficiaries' accounts were loan accounts, as required by the subsidy Scheme guidelines.

However, the fact remains that the Department did not exercise due diligence before releasing the subsidy amounts.

5.4 Monitoring

(A) A Policy Review Committee[1] comprising the following members was to periodically review the working of the Scheme and direct the corrective steps wherever necessary.

Audit noted the following shortcomings:

- Neither any specific date was prescribed in the Scheme guidelines for constitution of the Policy Review Committee, nor had the Committee been constituted as of March 2023. As a result, the implementation of the Scheme was never monitored and mid-course corrections for deficiencies, as discussed in **previous Paragraphs** could not be recommended.
- Further, the Scheme guidelines did not specify the frequency of committee meetings, preventing periodic reviews of the Scheme.

(B) The **Technical Committee**[2] was responsible for identifying and finalising beneficiaries for the subsidy scheme. The Technical committee was also to ensure that existing 15 plus years public service vehicles (passengers) are not used and allowed plying in the UT of J&K and are scrapped by the transporter as per the provisions of Motor Vehicles Act, 1988 and Central Motor Vehicles Rules, 1989 within stipulated time.

Audit noted the following:

- Although four[3] Technical committee meetings were held from launch of the Scheme on 19 November 2019 to March 2023, the frequency for convening these meetings was not prescribed in the Scheme guidelines.
- The Technical Committee could not pro-actively enforce the phasing out of vehicles older than 15 years despite:
    - State Pollution Control Board recommendations (January 2019).
    - Department's own proposal (March 2019) to ban vehicles older than 15 years in J&K, formulated in compliance with NGT's directives.
    - Instead, the Department issued a contradictory order (February 2022) allowing registration of 15 to 20 years old vehicles, further undermining the Scheme's objectives.
- The Department relied solely on applicants to voluntarily avail the Scheme's benefits.

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1 Comprising the Principal Secretary (Administrative Secretary) of the Transport Department, GoJ&K, as Chairman, the Transport Commissioner, J&K, as a Member and the Regional Transport Officers of Jammu and Kashmir as Member Secretaries for their respective divisions.

2 Comprising the Transport Commissioner, J&K, as Chairman, the Director of Motor Garages, J&K, the General Manager Mechanical, Jammu/ Srinagar/ JKSRTC and All Regional Transport Officers as Members, the RTO of the concerned division as Member Secretary and an Automobile Engineer as a Co-opted Member.

3 18 January 2020, 09 December 2021, 24 January 2023 and 13 February 2023.

5.5 Conclusion

The Transport Department could not efficiently implement the Scheme and ensure phasing out of old vehicles. Irregularities like purchase of new vehicles in different owner's name, not preparing Compliance Reports, and crediting of subsidy to beneficiaries' savings account instead of loan account were also observed.

Srinagar/ Jammu
Dated: 24 December 2025

(Tsewang Tharchin)
Accountant General (Audit),
Jammu and Kashmir

Countersigned

New Delhi
Dated: 01 January 2026

(K. Sanjay Murthy)
Comptroller and Auditor General of India

APPENDICES

Appendix: 2.1

(Reference Paragraph No. 2.6)

Position of approved JTFRP projects in J&K as of December 2023

(*₹ in crore*)

Region	Implementing Agency		Works Awarded		Works Completed		Works In Progress	
			No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost
Kashmir	PWD		21	231.34	18	130.81	3	100.52
	JKPCC		13	248.53	03	12.51	10	236.01
	SMC		03	103.64	02	0.75	01	102.89
	I&CD		26	50.22	19	35.02	07	15.20
	PMU, JTFRP		32	325.81	25	103.86	07	221.94
	JKERA		06	90.91	03	25.25	03	65.66
	Sub-total		**101**	**1050.75**	**70**	**308.2**	**31**	**742.22**
Jammu	PWD		24	20.96	23	19.19	01	1.77
	JKERA		09	170.47	06	88.84	03	81.63
	Sub-total		**33**	**191.43**	**29**	**108.03**	**04**	**83.40**
	Activities under Component 6	JKMSCL	68	357.18	68	357.18	00	00
		PMU/JKERA	04		4			
	Consultancies under Component 7		07	27.32	03	7.35	04	19.97
	Implementation support			111.06		73.69		37.37
	Sub-total		**79**	**495.56**	**75**	**438.22**	**04**	**57.34**
GRAND TOTAL			**213**	**1737.74**	**174**	**854.45**	**39**	**882.96**

Component wise status of JTFRP works in J&K as of December 2023

(*₹ in crore*)

Component	Works Awarded		Works Completed		Works In Progress		Expenditure as on December 2023
	No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost	
Component 1	42	320.70	36	85.92	06	234.78	184.27
Component 2	31	441.48	17	190.68	14	250.80	287.79
Component 3	13	275.16	08	19.28	05	255.88	261.30
Component 4	26	50.22	19	35.02	07	15.20	41.93
Component 5	22	154.29	19	85.32	03	68.97	96.87
Component 6	72	357.18	72	357.18	00	0.00	334.94
Component 7	07	138.38	03	81.06	04	57.34	98.85
Total	**213**	**1,737.41**	**174**	**854.46**	**39**	**882.97**	**1,305.95**

Appendix 2.2

(Reference Paragraph No. 2.6)

Position of Sampled JTFRP Projects as of December 2023

(*₹ in crore*)

Region	Implementing Agency		Works Awarded		Works Completed		Works In Progress	
			No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost
Kashmir	PWD		10	197.16	07	96.65	03	100.51
	JKPCC		07	214.44	02	9.15	05	205.29
	SMC		01	102.89	00	00	01	102.89
	I&CD		11	36.56	08	28.62	03	7.94
	PMU, JTFRP		15	299.32	08	77.38	07	221.94
	JKERA		03	58.83	01	9.67	02	49.16
	Sub-total		**47**	**909.2**	**26**	**221.47**	**21**	**687.73**
Jammu	PWD		02	1.96	02	1.96	-	-
	JKERA		06	139.99	04	74.39	02	65.60
	Sub-total		**08**	**141.95**	**06**	**76.35**	**02**	**65.60**
	Activities under Component 6	JKMSCL	20	236.36	20	236.36	0	0
		PMU/JKERA	04	67.61	04	67.61	0	0
	Consultancies under Component 7		03	20.49	01	1.55	02	18.94
	Sub-total		**27**	**324.46**	**25**	**305.52**	**02**	**18.94**
GRAND TOTAL			**82**	**1375.61**	**57**	**603.34**	**25**	**772.27**

Appendix-3.1

(Reference Paragraph No. 3.1.6.1)

Delay in commissioning of projects due to delay in procurement, non-installation, land dispute at site, disregard of tender rules etc

- In contravention of the conditions stipulated by J&K Environment Impact Assessment Authority, Ministry of Environment, Forest and Climate Change while granting environmental clearance for mining lease, 71 works at an estimated cost of ₹ 3.84 crore were executed in non-mining areas (beyond 2 kms of radial distance from the mining site). An expenditure of ₹ 3.33 crore was incurred for execution of these projects ending March 2023. As a result, the actual mining affected people were deprived of project benefits to the extent of ₹ 3.33 crore.

  In reply, the DMOs stated (June 2023 to April 2024) that these Schemes were taken up and the funds were utilised as per approval of the Chairman of the Trust.

  The fact remained that these 71 works amounting to ₹ 3.33 crore were executed in non-mining areas defeating the objective of Scheme.

- In Pulwama District, two works were sanctioned (2019-20) for individual families to set up florist shops and a Lavender Growers Society on which an expenditure of ₹ 4.50 lakh was incurred. These projects were of an individual nature and were executed for the benefit of non-mining affected people in violation of Scheme guidelines.

  In reply, the DMOs stated (December 2023) that these Schemes were taken up and the funds were utilised as per approval of the Chairman of the Trust.

- In Anantnag district, ₹ nine lakh was incurred (September 2021) on training provided to the trainees for Kani-shawl weaving and after training, a cooperative society was to be formed by the trainees.

  However, as of August 2023, no cooperative society had been formed by the trainees resulting in non-achievement of intended objective despite incurring expenditure of ₹ nine lakh.

  In reply, the DMO stated (December 2023) that the Scheme was taken up and funds utilised as per approval of the Chairman of DMFT, but due to shortage of staff, Scheme could not be monitored.

  The fact remained that despite incurring expenditure of ₹ nine lakh, the Cooperative society could not be formed as of December 2023.

- Five works were sanctioned (2018-22) at an estimated cost of ₹ 85.12 lakh in five[1] out of eight selected Districts for providing drinking water, erection of electric poles and allied infrastructure, bottle crusher machine and freezers etc.

[1] Anantnag, Jammu, Kathua, Poonch and Pulwama

However, an amount of only ₹ 26.62 lakh was utilised on these components. These Schemes could not provide the intended benefits to the population/ areas due to non-commissioning of Schemes, excess purchase of material, non-laying of rising main pipeline under the Scheme and non-installation of bottle crusher machines and freezers. As a result, expenditure of ₹ 26.62 lakh was rendered unfruitful.

In reply, DMO Kathua stated (April 2024) that the matter would be taken up with the concerned executing agency for laying of rising main in the bore wells and audit will be intimated accordingly. The DMO Anantnag stated (December 2023) that the Schemes were taken up and funds were utilised as per approval of the Chairman of DMFT, but due to shortage of staff, Scheme could not be monitored. The DMO Pulwama stated (December 2023) that the matter would be taken up with the concerned Department and action as warranted under rules would be taken.

- An amount of ₹ 1.23 lakh was incurred on providing Petrol Oil and Lubricants (POL), flexi banners and constructing paths in two selected Districts (Reasi and Poonch). These components were not included in the approved estimates, resulting in irregular expenditure of ₹ 1.23 lakh.

- Two projects were sanctioned (2019-22) in two Districts (Jammu and Reasi) at an estimated cost of ₹ 12.68 lakh for which an amount of ₹ 8.90 lakh was released by the DMFTs. However, the projects could not be taken up due to non-transfer of funds to the implementing agencies by the DMOs.

  DMO Reasi did not provide a reply to the audit observation. However, DMO Jammu stated (January 2024) that the concerned executing agency had been instructed to execute the pending work.

- One project on construction of Foot Bridge in Reasi District was sanctioned (2020-21) at an estimated cost of ₹ five lakh for which an amount of ₹ five lakh was released in July 2021. However, the work could not be commenced as of March 2023 due to a land dispute at site and the amount of ₹ five lakh was surrendered in September 2022.

- An amount of ₹ nine lakh was approved (2019-20) for repair and renovation of Nari Niketan building in Poonch. The Chairman DMFT Poonch released (February 2020) a payment of ₹ 6 lakh out of which ₹ 0.85 lakh was utilised for purchase of material. The executing agency (BDO Poonch) carried out this work Departmentally without following tendering procedure. Further, no muster rolls were maintained by the implementing agency for labour payment. In absence of muster rolls, expenditure of ₹ 3.52 lakh paid to Departmental Labour could not be verified in audit. Furthermore, the unutilised amount of ₹ 1.62 lakh remained blocked with the executing agency.

  In reply, DMO Poonch stated (February 2024) that matter has been taken up with the BDO Poonch to furnish the reasons in the next meeting of DMFT.

- In Pulwama District, five projects at an estimate cost of ₹ 22.21 lakh were sanctioned (2019-23) for purchase of accessories for the Fisheries Department, a drone for aerial monitoring of Mineral Blocks, providing vegetation cover in mining area, providing apple (high density) plants and providing training and equipment for mushroom cultivation. An amount of ₹ 22.20 lakh was released and utilised by the executing agencies. As per the terms and conditions of the supply orders, the suppliers were responsible for supplying the fish tank without any breakages or shortages, supply goods in working conditions and specifications ordered by the concerned Department.

  Audit, however, during physical verification of assets noted the following deficiencies:

  - A damaged Fish Tank was supplied.
  - The drone supplied was defective and the High-Density Apple plants were substandard.
  - Further, the vegetation in the mining area was damaged due to absence of watch and ward and
  - The mushroom beneficiaries failed to adopt the trade for earning livelihood.

  Thus, the amount of ₹ 22.20 lakh was rendered wasteful and the beneficiaries were deprived of the intended benefits.

  In reply, the DMO stated (December 2023) that the matter would be taken up with the concerned Departments and action as warranted under rules would be taken.

- As per the PMKKKY guidelines, the DMF funds were to be utilised to complement the existing ongoing Schemes or projects of the State/ UT or Central Government.

  Audit noted that in the selected eight districts, 235 projects for which a total of ₹ 11.30 crore DMF funds were released were taken up for execution during 2017-18 to 2022-23.

  Audit, however, noted that only six ongoing projects amounting to ₹ 0.96 crore (constituting 8 *per cent* of released funds of ₹ 11.30 crore) in three (Reasi, Anantnag and Pulwama) out of eight selected Districts had been complemented with the existing Schemes as of March 2023. Thus, 216 projects for which ₹ 10.36 crore of DMF funds were released were taken up as individual projects without complimenting with the ongoing State/ UT or Central Schemes or Programmes.

  In reply, Director Finance, Mining Department stated (November 2024) that funds were utilised after approval of the competent authority both in the directly and indirectly affected areas. It was added that project executing Departments had been asked to complete the work in time bound manner to achieve the objectives of the Scheme in the targeted area.

Appendix-4.1

(Reference Paragraph No: 4.6.1)

Coverage under DAY-NRLM

Sl. No.	Block	Total HHs	67 *per cent* HHs	HHs covered up to March 2023	New Target	Total Coverage (HHs covered up to March 2023 + New targets)	Excess/ Shortage after achievement of total coverage
1	Basohli	9,506	6,369	7,664	2,015	9,679	(+) 3,310
2	Marh	12,180	8,160	9,105	727	9,832	(+) 1,672
3	Sundebani	13,049	8,743	2,408	4,031	6,439	(-) 2,303
4	R S Pura	22,255	14,910	7,090	3,038	10,128	(-) 4,782
5	Ghagwal	8,882	5,950	7,153	818	7,971	(+) 2,021
6	Kalakote	15,066	10,094	7,973	2,748	10,721	(+) 627
7	Nowshera	15,659	10,492	4,181	5,686	9,867	(-) 625
8	Khour	22,400	15,008	10,269	1,249	11,518	(-) 3,490
9	Kathua	15,215	10,194	3,063	4,813	7,876	(-) 2,318
10	Barnoti	20,820	13,949	10,500	5,076	15,576	(+) 1,627
11	Kupwara	11,847	7,937	9,103	1,937	11,040	(+) 3,103
12	Dooru	10,258	6,873	7,840	1,865	9,705	(+) 2,832
13	Lar	5,195	3,481	4,065	484	4,549	(+) 1,068
14	Kalaroos	10,168	6,813	4,611	1,319	5,930	(-) 883
15	Sogam	11,040	7,397	6,228	975	7,203	(-) 194
16	Qazigund	10,534	7,058	6,151	2,696	8,847	(+) 1,789
17	Achabal	9,895	6,630	5,699	2,660	8,359	(+) 1,729
18	Ganderbal	14,593	9,777	4,835	932	5,767	(-) 4,010
19	Kangan	16,132	10,808	6,901	2,194	9,095	(-)1,713
20	Khansahib	16,630	11,142	10,146	1,346	11,492	(+) 350

(Source: Monthly Progress reports of Blocks and JKRLM records)

Appendix 4.2

(Reference Paragraph No: 4.6.2(II))

SHG- Credits linkage in respect of 1st, 2nd, 3rd and 4th doses for smooth implementation of the programme

1. SHG should be in active existence at least since the last 6 months as per the books of accounts of SHGs.
2. SHG should be practicing "*Panchasutras*" i.e. regular meetings regular savings; regular inter-loaning: timely repayment and up-to- date books of accounts;
3. SHG should be 'A' grade as per grading report.
4. Audit of the SHG should have been done on quarterly basis and it should be up to the mark.
5. Proper Micro Credit Plan (MCP) has been drawn for creating livelihoods by the members of the SHGs.
6. SHG should have availed Revolving Fund of ₹ 15,000/-and due instalments have been repaid on regular basis.
7. Members of the SHGs should have paid due instalments regularly in respect of loans availed out of internal savings.
8. 1st dose of loan to the tune of ₹ 1,00,000/- (Rupees One Lakh only) to be repaid in 12 equal monthly instalments.
9. 2nd dose of loan @₹ 2,00,000/- (Rupees two Lakhs only) to be repaid in 24 equal monthly instalments subject to successful repayment of 1st dose only and after completion of at least 9 months from the date of disbursement of 1st dose
10. 3rd dose of loan @₹ 3,00,000/- (Rupees three Lakhs only) to be repaid in 36 equal monthly instalments subject to successful repayment of 2nd dose only and after completion of at least 18 months from the date of disbursement of 2nd dose.
11. 4th dose of loan @₹ 5,00,000/- (Rupees Five Lakhs only) to be repaid in 60 equal monthly instalments subject to successful repayment of 3rd dose only and after completion of at least 24 months from the date of disbursement of 3rd dose.
12. While linking SHGs for 1st and 2nd dose VO shall be sponsoring authority and for 3rd dose and above CLF shall be the sponsoring authority.
13. SHGs shall ensure disbursement of first dose of loan to at least two members, 2nd dose of loan is to minimum three members, 3rd dose of loan to minimum four members and 4th dose of loan to minimum five members of the SIIGS.
14. While disbursing 3rd and 4th dose of loan, SHGs shall ensure coverage of all members with Bank Loan.
15. Loan from VO/ CLF should not be given to any member in case she is defaulter in bank or any other loan.

Appendix 4.3

(Reference Paragraph No: 4.9)

Position of staff in JKRLM

			As on March 2023			As on December 2023		
Sl. No.	**Positions**	**Approved positions**	**Positions filled**	**Vacant positions**	**Percentage of the vacant positions**	**Positions filled**	**Vacant positions**	**Percentage of the vacant positions**
SMMU								
1	Mission Director	1	1	0	0	1	0	0
2	Additional Mission Director	2	2	0	0	2	0	0
3	SPM IB and CB	1	1	0	0	1	0	0
4	SPM Farm Livelihoods	1	1	0	0	1	0	0
5	SPM Non-Farm Livelihood	1	1	0	0	1	0	0
6	SPM Financial Inclusion	1	1	0	0	1	0	0
7	SPM Financial Management and Procurement	1	0	1	100	1	0	0
8	SPM Monitoring and Evaluation	1	0	1	100	0	1	100
9	SPM Administration	1	1	0	0	1	0	0
10	Assistant Director (P and S)	1	0	1	100	0	1	100
11	Project Manager FNHW	1	1	0	0	1	0	0
12	Project Manager SISD and Gender	2	1	1	50	1	1	50
13	MIS Officer	1	1	0	0	1	0	0
14	MIS Assistant Divisional Level	2	0	2	100	0	2	100
15	Accountant	3	0	3	100	3	0	0
16	Data Entry Operator	3	0	3	100	0	3	100
17	Office Assistant	4	0	4	100	0	4	100
18	Office Subordinate	4	0	4	100	0	4	100
Sub Total		**31**	**11**	**20**	**65**	**15**	**16**	**52**
DMMU								
1	Distt Programme Manager IB and CB	20	10	10	50	10	10	50
2	District Programme Manager Financial Inclusion	20	06	14	70	06	14	70
3	District Programme Manager Livelihoods	20	04	16	80	03	17	85
Sub Total		**60**	**20**	**40**	**67**	**19**	**41**	**68**
BMMU								
1	Block Programme Manager	125	95	30	24	122	03	02
2	Coordinator Farm	62	06	56	90	14	48	77
3	Coordinator non-farm	63	06	57	90	14	49	78
4	MIS Assistant/Accountant cum Admin Assistant	125	86	39	31	116	09	7
Sub Total		**375**	**193**	**182**	**49**	**266**	**109**	**29**
Grand Total		**466**	**224**	**242**	**52**	**300**	**166**	**36**

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SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India for the period ended March 2023

Government of Union Territory of Jammu and Kashmir

Report No. 01 of 2026

(Composite Audit Report-UT Revenues)

Report of the
Comptroller and Auditor General of India
for the period ended March 2023

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PREFACE

This Report of Comptroller and Auditor General of India for the period ended March 2023 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act, 2019 for laying in the Legislative Assembly.

This Report contains Three Chapters. Chapter-I gives brief information regarding revenue receipts of the Government of Union Territory of Jammu and Kashmir. Chapter-II contains the significant audit findings noticed during Performance Audit on E-way bills system under Goods and Service Tax. Chapter-III present significant audit findings noticed during compliance audit on revenue receipts.

The instances mentioned in this Report are those which came to the notice in the course of test audit of the period 2022-23 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 2022-23 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

About the Report

This Report covers matters arising out of the Performance Audit on E-way Bills system under Goods and Service Tax and Subject Specific Compliance Audit on 'Department's Oversight on GST Payments and Returns Filing-Phase II'. 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 three chapters as under:

Chapter-I: Introduction

This Chapter contains brief profile of the Union Territory (UT) Government with receipts/ expenditure for the year 2022-23, 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 the Audit Reports.

Chapter-II: Performance Audit on E-way Bills System under Goods and Service Tax

E-way Bill (EWB) is a document required for movement of goods and is designed to capture details of goods before being moved. The EWB was introduced with effect from 01 April 2018 for all inter-State movement of goods having value exceeding ₹ 50,000. For the intra-State movements in Jammu and Kashmir, EWB was made mandatory, in phases, for the consignment value of ₹ 50,000 as the threshold limit. The Performance Audit of E-way Bills System under Goods and Service Tax was conducted to ascertain whether EWB mechanism was effective in protecting revenue interest of the Government and whether the preventive/ enforcement activities of the Department in enforcing EWB provisions were efficient and effective.

Audit noticed systemic lapses on examining the EWB system such as ineligible taxpayers continuing under Composition Levy Scheme, and taxpayers filing 'nil' returns or not filing returns though they had generated EWBs. These cases involved tax implication of ₹ 2.29 crore. During 2018-22, three taxpayers registered within two assessment circles generated 5,739 EWBs having a tax effect of ₹ 67.99 crore, against which only ₹ 64.24 crore was discharged through GSTR-3B, the remaining ₹ 3.75 crore was not reported in GSTR-3B. Specific invoices pertaining to the unpaid tax liability could not be ascertained in audit due to absence of a detailed reconciliation between GSTR-1 and GSTR-3B.

Audit examination also revealed compliance deviations. EWBs were generated by the cancelled taxpayer. EWBs contained vehicle numbers that were scrapped, two

wheelers, vehicles whose registration was cancelled and suspended vehicles. Further, multiple EWBs were generated on the same invoices.

Instances of mis-match in Input Tax Credit (ITC) availment between GSTR-2A and GSTR-3B were also detected, leading to excess availment of ITC amounting to ₹22.29 crore during the period 2018-19 to 2021-22.

Deployment of staff under different cadres of the Enforcement Wings remained well below the sanctioned strength during 2018-22. The deficiency in the actual staff strength ranged from 29 *per cent* to 55 *per cent* in respect of State Tax officers, 43 *per cent* to 72 *per cent* in respect of Inspectors, 54 *per cent* to 71 *per cent* in respect of Sub-Inspectors, 36 *per cent* to 92 *per cent* in respect of Head Guards, 77 *per cent* to 86 *per cent* in respect of Guards and 71 *per cent* to 83 *per cent* in respect of drivers. The reduced staff strength likely impacted the efficient performance of the enforcement activities of the Department.

No specific targets for conducting verification of EWBs were fixed by the Department during 2018 to 2022. The Department did not prepare physical verification reports in Form MOV-04 in 47 booked cases, and consequently, the correctness of the assessment of goods could not be verified. Further, the Department had not assigned a Grievance Redressal Officer to address grievances filed in Form GST (EWB-04) during the audit period 2018–22

There were gaps in the usage of MIS reports and the information available in EWB system to ensure compliance by the taxpayers. Audit also noticed deficiencies in the operational preparedness of the Department with respect to preventive and enforcement activity done by enforcement wings. These included non-renewal/ non-encashment of Bank Guarantees of ₹ 28.32 lakh, and short Levy of tax of ₹ 24.29 lakh on account of Compensation Cess.

Recommendations:

To strengthen the EWB System, the Department may:

- ***Put in place adequate controls into the EWB system to alert the CLS taxpayer as well as the Departmental officers while generating EWB for inter-state supply.***

- ***Consider including suitable validation control in the EWB System to prevent use of same invoice in generation of multiple EWBs.***

- ***Consider incorporating suitable validation controls in the EWB system to prevent use of suspicious vehicles for generation of EWBs and transportation of goods***.

Chapter-III: Compliance audit (Revenue Receipts)

This Chapter covers Subject Specific Compliance Audit on 'Department's Oversight on GST Payments and Returns Filing-Phase II'. The key findings are as follows:

Audit observed inconsistencies in filing of returns and deviations from rules. There were cases of non-levy of late fee on delayed filing of returns, non-levy of interest on late payment of tax, delay in cancellation of registration and non-filing of GSTR-10 returns and cases in which action was initiated but not completed were noticed. Deficiencies in short/ non-payment of interest, undischarged tax liability, Input Tax Credit (ITC) availing after limitation period, mismatch of ITC availed between GSTR-3B and GSTR-2A, availing ITC without supplier remitting tax, mismatch of ITC between annual return and financial statements Table 14T of GSTR-9C, non-filing of GSTR-3B, irregular availing of ITC on Input Service Distributor (ISD) credit, mismatch of taxable turnover in Table 7G of GSTR-9C and short payment of tax were also noticed. These compliance deviations involved tax implication of ₹ 439.36 crore.

Further, detailed audit of GST returns filed by the taxpayers for the years 2018-21 revealed significant mismatch in discharge of tax liability and turnover on comparing the tax liability and turnover furnished in the financial statements and GST returns.

Recommendations:

The Department may:

- ***Consider introducing validation controls in GST Returns to enhance taxpayer compliance and facilitate better scrutiny.***
- ***Initiate remedial action for all the compliance deviations pointed out by Audit before they get time barred.***

CHAPTER- I

OVERVIEW

Chapter-I

OVERVIEW

1.1 Introduction

This Report covers matters arising out of the Performance Audit on E-way Bills system under Goods and Service Tax and Compliance Audit on the Revenue Receipts of the Union Territory (UT) Government of Jammu and Kashmir. 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 three chapters as under:

- **Chapter I** contains a brief profile of the UT Government with the receipt/ expenditure for the year 2022-23, 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 Performance Audit on 'E-way Bills under Goods and Service Tax'.
- **Chapter III** contains observations of the Subject Specific Compliance Audit on 'Department's Oversight on GST Payments and Returns Filing-Phase II'

1.2 Profile of the Union Territory of Jammu and Kashmir

The Union Territory of Jammu and Kashmir is constituted of 20 districts. The projected population of the Union Territory of Jammu and Kashmir for the year 2023 was 1.36 crore. Kashmiri, Dogri, Hindi, Urdu and English are major languages of UT. GSDP of UT of Jammu and Kashmir during 2022-23 was ₹ 2,27,927 crore.

The overall position of receipts and expenditure of the UT Government during the year 2022-23 is given below in **Table 1.1**.

Table 1.1: Overall receipts and expenditure during the year 2022-23

Sl. No	Components	Amounts (₹ in crore)
1	Own Tax Revenue	12,335.47
2	Own Non-Tax Revenue	5,147.55
3	Share of Union taxes/ duties	0
4	Grants-in-aid and Contributions	51,492.93
5	Additional Resource Mobilisation	0
6	**Revenue Receipts (1+2+3+4+5)**	**68,975.95**
7	Recovery of Loans and Advances	1.33
8	Other Receipts	0
9	Borrowings and other Liabilities#	4,855.37
10	**Capital Receipts (7+8+9)**	**4,856.70**

Sl. No	Components	Amounts (₹ in crore)
11	**Total Receipts (6+10)**	**73,832.65**
12	**Revenue Expenditure,** of which	**62,999.34**
13	Interest payments	8,493.82
14	**Capital Expenditure**	**10,833.31**
15	Capital outlay	10,773.78
16	Loan and advances	59.53
17	Appropriation to Contingency Fund	0
18	**Total Expenditure (12+14+17)**	**73,832.65**

(Source: Budget 2022-23 and Finance Accounts 2022-23.)
 # Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

The 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 2022-23, 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

(₹ in crore)

Sl. No.	Particulars	2022-23
1.	**Revenue raised by the UT Government**	
	• **Tax revenue,** of which	**12,335.47**
	Taxes on Sales, Trade etc. including GST	8,766.30
	Taxes on Goods and Passengers	23.75
	State Excise	1,793.74
	Taxes and Duties on Electricity	340.00
	Stamps Duty and Registration Fees	556.66
	Taxes on Vehicles	723.42
	Land Revenue	131.60
	• **Non-tax revenue,** of which	**5,147.55**
	Power	3,307.54
	Forestry and Wildlife	214.49
	Police	89.89
	Non-ferrous, Mining and Metallurgical Industries	101.17
	Water Supply and Sanitation	110.16
	Public Works	55.19
	Medical and Public Health	33.76
	Interest Receipts	18.79
	Other Non-tax Receipts	1,216.56
	Total	**17,483.02**
2.	**Receipts from the Government of India**	
	• Share of net proceeds of divisible Union taxes and duties	-
	• Grants-in-aid	51,492.93
	Total	**51,492.93**
3.	**Total revenue receipts of the State/ UT Government (Total of 1 and 2)**	**68,975.95**
4.	**Revenue raised by UT Government as a percentage of total**	**25.35** ***per cent***

(Source: UT's Finance Accounts 2022-23)

During the year 2022-23, the revenue raised by the UT Government (₹ 17,483.02 crore) was 25.35 *per cent* of the total revenue receipts. The balance

(₹ 51,492.93 crore) 74.65 *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 UT Government under GST (Compensation to States) Act, 2017. During the year 2022-23, the UT Government received GST compensation of ₹ 418.12 crore as revenue receipts.

During the year 2022-23, the share of Capital Expenditure was 14.59 *per cent,* Revenue Expenditure was 85.33 *per cent* and Loans and Advances was 0.08 *per cent* of total expenditure. The combined share of Social Services (₹ 25,697.79 crore) and Economic Services (₹ 15,814.83 crore) which represented Development Expenditure was 56.23 *per cent* of total expenditure during 2022-23, and 43.69 *per cent* of total expenditure was incurred on General Services (₹ 32,260.50 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 Section[1] 13 of the DPC Act. In addition, CAG also conducts an audit of other Autonomous Bodies which are substantially financed by the Government under Section[2] 14 of DPC Act. Section 16 of the DPC Act authorises CAG to audit all receipts (both revenue and capital) of Union Territory having a Legislative Assembly. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts (Amendments), 2020 and Auditing Standards issued by the Indian Audit and 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. During the year 2022-23, there were 257 auditable units (State Taxes: 86; State Excise: 40; Motor Vehicles: 22; Law and Registration[3]:109) out of which 51 were audited.

---

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 and 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.

3 In Jammu and Kashmir registration of documents and properties was done by the Judicial Officers under the Jammu and Kashmir Registration Act 1977 BK. Upon reorganisation of the erstwhile State of Jammu and Kashmir into two Union Territories in terms of the Jammu and Kashmir Reorganization Act, 2019, Jammu and Kashmir Registration Act 1977 BK was repealed and the Registration Act, 1908 made applicable for registration of immovable properties and various types of deeds and documents. Department of Registration under the administrative control of Revenue Department was created as an independent and exclusive Department vide Government order No: 117-Rev (S) of 2019, dated 24th of October 2019

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 is done following the analogy explained above.

Formal replies furnished by Departments are carefully considered while finalising the materials for inclusion in the Audit Report.

1.5 Lack of response of Government to Audit

Principal Accountant General (Audit), Jammu and 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, are included in IRs.

As per the Regulations on Audit and Accounts (Amendments), 2020, the Officer in charge of the auditee entity shall send the reply to an Inspection Report (IR) within four weeks of its receipt. On intimation of any major irregularity[4] by the PAG, the Government shall undertake *prima facie* verification of facts and send a preliminary Report to the PAG confirming or denying facts within three weeks of receipt of intimation. Where the fact of major irregularity is not denied by the Government in the preliminary report, the Government shall further send a detailed report to PAG within two months of preliminary report indicating the remedial action taken to prevent recurrence and action taken against those responsible for the lapse.

For speedy settlement of audit observations/ Inspection Reports (IRs), the Jammu and 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 31st March 2023 is given in **Table 1.3**.

[4] Major irregularity means (a) an instance of suspected material fraud or collusion or corruption coming to notice in audit, or (b) an irregularity of serious nature involving public funds, particularly that relating to mismanagement, loss, waste, nugatory expenditure or loss of revenue, serious breakdown/violation of internal controls, etc.

Table 1.3: Position of outstanding IRs and paragraphs as on 31 March 2023

Name of Sector	Opening Balance[5] (01 April 2022)		Additions during the year 2022-23		Settled during the year 2022-23		Closing Balance (31 March 2023)	
	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	1,068	5,009	35	163	32	109	1,071	5,063

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.

No Audit Committee Meeting (ACM) was held in the Revenue Sector during the year 2022-23.

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 and (iii) holding at least one meeting of each Audit Committee every quarter.

1.6 Response of Departments to Performance Audit Paragraphs and Compliance Audit Paragraphs

Regulations on Audit and Accounts (Amendments), 2020 stipulate that responses to Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India should be sent within six weeks[6].

In the last few years, Audit has reported on several significant deficiencies in the 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. Performance Audit on e-way Bills on Goods and Service Tax and one Compliance

[5] Opening balance figure are updated and will not matching with the closing balance of the year 2021-22, due to subsequent reconciliation of data.

[6] Erstwhile 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.

Paragraph (Revenue Sector) to be included in the Report of the Comptroller and Auditor General of India on UT Revenue for the period ended March 2023 were sent to the Principal Secretaries/ Secretaries of the respective Departments. However, the replies of Government in respect of both the Performance Audit and Compliance Audit Paragraphs were awaited (August 2025).

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) has 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 the presentation of Audit Reports in the State Legislature.

It was, however, noticed that out of 143 audit paragraphs related to Revenue Sector included in Audit Reports from 2000-01 to 2020-21, Suo-moto ATNs in respect of 126 audit paragraphs had not been received up to 31 March 2025.

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 committee within six months from the date of such observations/ recommendations.

Out of 143 audit paragraphs featuring in the Revenue Sector of Audit Reports for the years from 2000-01 to 2020-21, only 17 audit paragraphs have been discussed by the PAC up to 31 March 2025. Recommendations in respect of 17 audit paragraphs were made by the PAC, however, ATNs on the recommendations of the Committee were pending from the UT Government in respect of 13 paragraphs.

CHAPTER- II

PERFORMANCE AUDIT

(E-WAY BILLS)

Chapter-II

PERFORMANCE AUDIT

Finance Department
(State Taxes Department)

Performance Audit on E-Way Bills System under Goods and Services Tax

2.1 Introduction

2.1.1 Introduction to E-Way Bills

Goods and Services Tax (GST) has been introduced with effect from 01 July 2017 (In J&K with effect from 08 July 2017), subsuming a wide range of Indirect taxes based on the paradigm of 'One Nation One Tax'. One of the intended objectives of GST regime was to improve efficiency in movement of goods and services by reducing process related time delays.

Way bill was a feature present even in pre-GST regimes wherein movement of goods was administered through manually governed (revenue) check posts. Goods entering a particular State were levied an 'Entry Tax', which has since been subsumed under GST. Electronic-Way Bill (EWB) is conceived as a shift from Government-monitored tax administration model to a self-reporting model by the taxpayer.

The Government's key objective behind introduction of EWB is to safeguard revenue. EWB is a document required for movement of goods and is designed to capture details of goods before being moved. Automation and standardisation of the entire process was intended to help check on tax evasion and shore up GST collections. EWB is also designed to dissolve the non-trade barriers, so that transit time is reduced, and supply chain efficiency is improved.

EWB was introduced with effect from 01 April 2018 for all inter-State movement of goods having value exceeding ₹ 50,000. For the intra-State movements, EWB was made mandatory, in phases, with the threshold limit[1] as may be prescribed by the concerned State Governments.

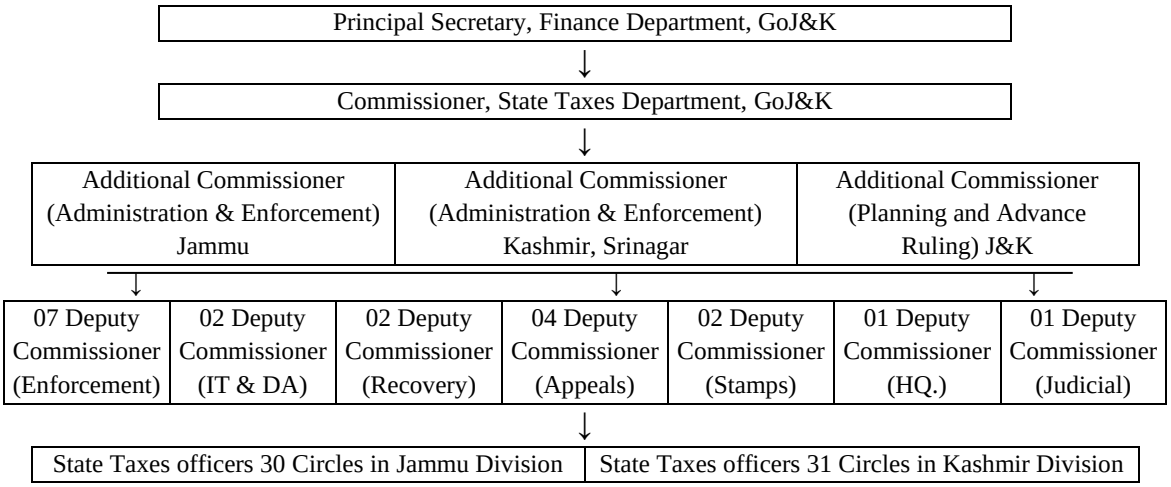
Rule 138 of Jammu and Kashmir Goods and Services Tax Rules (J&KGST Rules), 2017 (amended from time to time) provides for the EWB mechanism. The information on the consignment is to be furnished prior to movement of goods and it is to be issued irrespective of whether the movement is in relation to supply or for reasons other than supply.

2.1.2 Organisational Structure of the Department

The organisational structure of Government of Jammu and Kashmir (GoJ&K) Taxes Department is shown in the **Chart 2.1**. The Department works under administrative control of the Finance Department and is headed by Commissioner, State Taxes.

[1] The threshold (for intra-State/ UT movement) for the consignment value is ₹ 50,000 in Jammu and Kashmir.

Chart 2.1: Organisational structure of State Tax Department



2.1.3 Information Systems used for EWBs

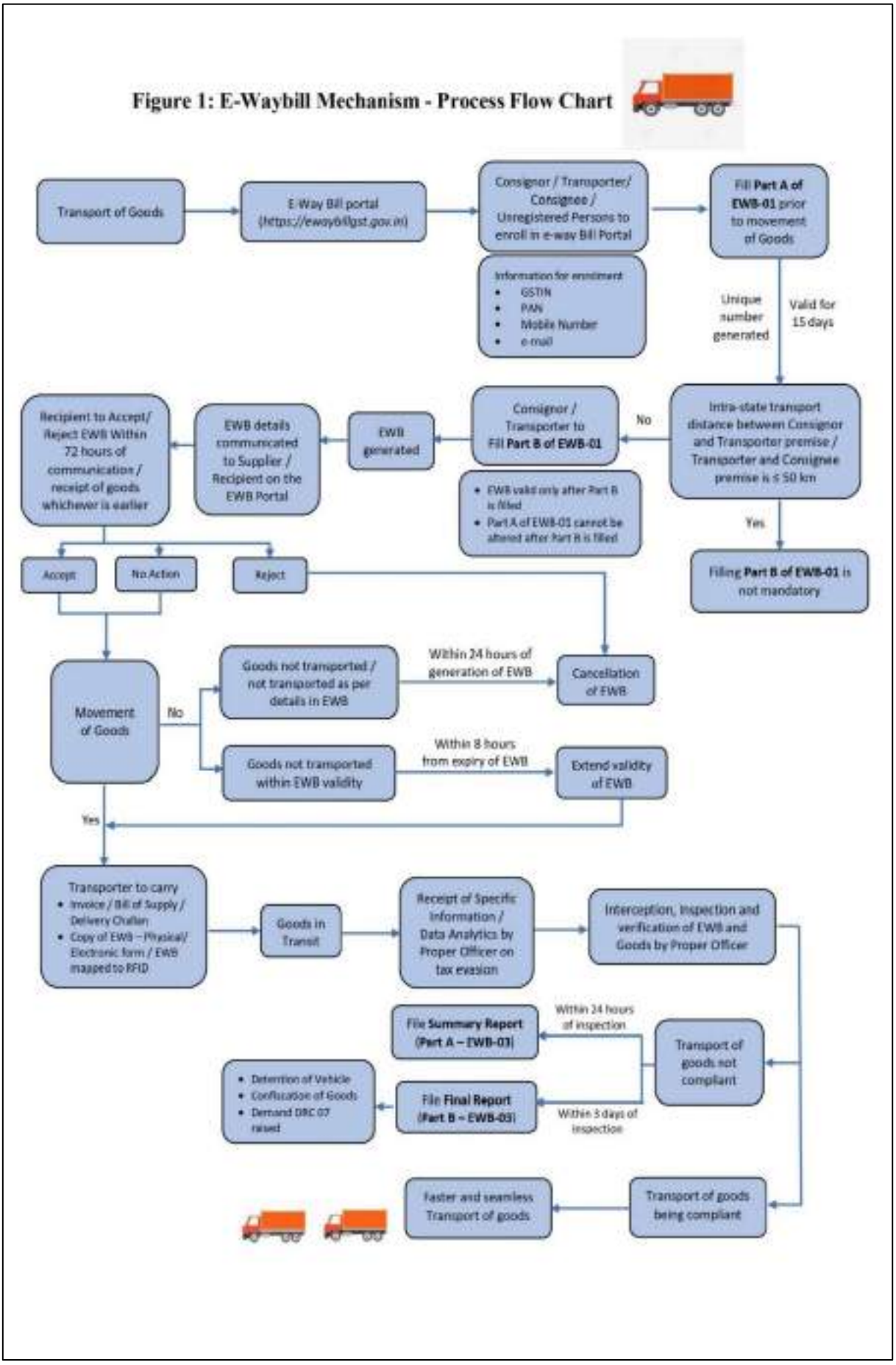
The EWB Common Portal is managed by the National Informatics Centre (NIC) from its office in Karnataka. In February 2020, EWB portal was integrated with the VAHAN system of the Ministry of Road Transport and Highways, so that vehicle registration number could be validated at the time of generating EWB. Moreover, the FASTag system was integrated with EWB system from 1 January 2021. On the EWB Common Portal, one-time registration of the taxpayer is required for generation, extension, cancellation and rejection of EWBs.

The Proper Officers (both Centre and State/ Union Territory) can access the EWB Portal through two means: (i) Logging into EWB Common Portal through a web browser using the login credentials provided or (ii) Logging into the GST EWB System Mobile Application. The functions performed by the Proper Officer are verification of EWBs, unblocking of EWBs, viewing and accessing MIS reports, interception of vehicles, imposing penalties as administered under the relevant provisions of the Jammu and Kashmir Goods and Service Tax Act, 2017 (J&KGST Act) and Jammu and Kashmir Goods and Service Tax Rules, 2017 (J&KGST Rules), and confiscation/ releasing of goods.

2.1.4 Processes involved in the EWB System

The EWB system includes various processes such as the enrolment of the required persons in the portal, Generation of EWBs, Extension, Cancellation, and Rejection of the EWBs generated, etc. The entire process flow of the EWB system under GST is depicted in ***Figure 1***. The list of forms involved in the EWB system is provided in ***Appendix-2.1.1*** of this report.

Figure 1: E-Waybill Mechanism - Process Flow Chart



2.2 Audit Objectives, Criteria, Scope and Sampling Methodology

This section covers audit objectives, criteria against which the Performance Audit (PA) was evaluated, scope and the sampling methodology used for conducting the audit.

2.2.1 Audit Objectives

The audit objectives of the Performance Audit were to examine:

- Whether EWB mechanism was effective in protecting revenue interest of the Government; and
- Whether the Preventive/ Enforcement activities of the Department in enforcing EWB provisions were efficient and effective.

2.2.2 Audit Criteria

The source of audit criteria comprised the provisions contained in the J&KGST Act 2017 and J&KGST Rules 2017 made thereunder. In addition, the notifications, circulars, advisories and Standard Operating Procedures (SOP) issued by the State Taxes Department, GoJ&K, GST Council, NIC, Central Board of Indirect Taxes and Customs (CBIC) from time to time also formed part of the audit criteria. The significant provisions are given in ***Appendix-2.1.2*** of this report.

2.2.3 Audit Scope

EWB transactions of the persons registered in the EWB portal pertaining to the period between 1 April 2018 and 31 March 2022 were covered in the PA. EWB data for the audit period was extracted from GSTN[2] and was analysed. Movement of conveyances by roadways alone was considered for this audit and Railway/ Airway/ Seaway EWBs have been excluded from the scope of this audit.

The scope of audit also involved evaluation of the preventive functions of the Department with reference to EWBs, viz., interception of vehicles, verification of documents, inspection of goods and action taken thereof.

2.2.4 Audit Sampling Methodology

During the period of audit (2018-19 to 2021-22), total 51,01,848 outward and 77,470 inward EWBs were generated. The number of extended EWBs were 3,56,785, cancelled EWBs were 99,045 and rejected EWBs were 819 during the same period. Audit also noticed that in over 95 *per cent* of EWBs, goods movement had taken place through road and less than five *per cent* through other modes. The details are given in ***Appendix-2.1.3***.

[2] Goods and Service Tax Network.

A problem-centric approach was attempted as EWB generation under GST is a necessary condition to precede any movement of goods subject to the threshold limit. Samples for Audit Objective-1 evolved based on the identified Key Problem Areas (KPAs). The KPAs that constrain revenue realisation for the Government are provided in ***Appendix-2.1.4***. For Audit Objective-1, total 131 EWBs [05 cases for cross PAN analysis, 06 cases of high money value of Un-registered person (URP) and 120 cases of 52 taxpayers] were taken as sample. The details are provided in ***Appendix-2.1.5***. Further, where discrepancies in sample of EWBs against a taxpayer were noticed, all EWBs generated by the taxpayer were examined to review compliance.

Audit Objective-2 evaluated the problems associated with enforcement/ preventive activities viz. Operational preparedness, Effectiveness of anti-evasion measures and Intra-department and Inter-department coordination. For Audit Objective-2, four enforcement wings[3] were selected out of seven enforcement wings on the basis of stratified sampling. Further, 50 cases verified by the Department were selected from each enforcement wing included in sample randomly i.e. 200 cases were selected as sample.

Entry Conference of this Performance Audit was held on 24 March 2023 with the Commissioner, State Taxes Department, GoJ&K in which the audit objectives, sample selection, audit scope and methodology were discussed. The field audit was conducted from May 2023 to January 2024 and audit observations issued to the Department.

Exit conference of this Performance Audit was held on 13 August 2024 with the Secretary, Finance Department, GoJ&K along with Commissioner State Taxes Department, GoJ&K.

2.2.5 Acknowledgement

Audit is thankful for the cooperation and support extended by State Tax Department in providing records, information, and clarifications from time to time for the smooth conduct of audit.

2.3 EWB mechanism in protecting revenue interest of the Government

Sample EWBs were selected based on Key Problem Areas (KPAs) identified during data analysis, and detailed verification of related records were conducted at field formations of the Department. During the field visit, taxpayers' records, *viz.*, purchase/ sales registers, stock accounts, etc. were called for and examined.

[3] (1) Deputy Commissioner Enforcement – South (Samba) Jammu (2) North (Udhampur) Jammu (3) Kathua- Lakhanpur and (4) South Kashmir.

2.3.1 Substantive audit findings

The systemic and compliance issues noticed during substantive audit[4] are discussed under each KPA to provide the impacts of the risks identified.

2.3.1.1 Ineligible taxpayers continuing under Composition Levy Scheme

In terms of Section 10(1) of the J&KGST Act 2017, a registered person whose aggregate turnover in the preceding financial year did not exceed the threshold limit[5] may opt to pay tax under Composition Levy Scheme (CLS). Section 10(2)(b) provides that he shall not be eligible to opt CLS, if engaged in making any inter-State outwards supply of goods.

During the substantive audit, 120 EWBs pertaining to 52 taxpayers, falling under J&K GST Commissionerate were test-checked and it was observed that three taxpayers being registered under CLS, had generated inter-state EWBs having an assessable value of ₹ 9.40 lakh with a tax effect of ₹ 1.23 lakh during 2019-20 to 2020-21 (***Appendix-2.1.6***), in contravention of the above-mentioned rule.

On being pointed out (July 2023 and March 2024), the Department replied (September 2024) that Summary of the Order in form DRC-07 amounting to ₹ 0.85 lakh in one case had been issued, Show Cause Notice (SCN) in form DRC-01 for an amount of ₹ 4.17 lakh had been issued in other case and Notice intimating discrepancy in form ASMT-10 in the remaining case had been issued.

A case is illustrated below:

Illustrative Case

A taxpayer 01XXXXX4007X1XX registered in State Taxes Circle 'R' Jammu, had opted for a CLS and had generated an EWB on 04 October 2019 for making an inter-state outward supply of ₹ 6.26 lakh during 2019-20. Thus, as per the Rule 6 of the J&KGST Rules, the taxpayer had ceased to satisfy the condition mentioned to remain in the CLS and was required to pay tax at normal rates.

On being pointed out (December 2023), the Department replied (September 2024) that DRC-01 for an amount of ₹ 4.17 lakh including tax and penalty had been issued.

Recommendation 1: Department may incorporate validation control in EWB system to alert the CLS taxpayer as well as the Departmental officers while generating EWB for inter-state supply.

[4] Substantive Audit- detailed examination of transactions that includes field visit and scrutiny of taxpayers records at Departmental premises.

[5] Threshold limit per year for becoming eligible for CLS was rupees one crore for the period between 1 April 2018 and 31 January 2019 and ₹ 1.5 crore thereafter. In respect of Special Category States, it is ₹ 75 lakh.

2.3.1.2 Generation of EWBs by the taxpayers who had filed 'Nil' Returns

As per Section 37 of the J&KGST Act 2017, every registered person other than CLS taxpayer shall furnish the details of outward supplies of goods or services or both, effected during a tax period, in GSTR-1 return and discharge tax liability thereon in GSTR-3B return. In case of CLS taxpayers, the tax liability is to be discharged in GSTR-4/ GST-CMP-08 returns. Further, Section 61 of the Act provides that various returns filed by the taxpayers may be scrutinised by the Proper Officer to verify the correctness of the returns, and suitable action is to be taken on discrepancies or inconsistencies reflected in the returns.

It was observed that six taxpayers out of the 52 taxpayers, who had generated 2,212 EWBs did not discharge tax liabilities of ₹ 2.08 crore against outward supplies of ₹ 16.70 crore involved in these EWBs during 2018-19 to 2021-22 (***Appendix-2.1.7***) as examination of data on GSTN portal for the corresponding months revealed that the taxpayers had filed nil GSTR-3B returns.

On being pointed out (August 2023 to February 2024), Department replied (September 2024) that in three cases DRC-07 had been issued, in one case the taxpayer had made a voluntary tax payment or against the SCN or Statement in Form DRC-03, in one case DRC-01 had been issued and in remaining case the taxpayer was declared as insolvent in National Company Law Tribunal (NCLT).

A case is illustrated below:

Illustrative Case

A taxpayer (GSTIN: 01XXXXX1895X2XX) registered under State Taxes Circle 'L' Jammu, made outward supplies of goods valued at ₹ 15.48 crore, with a corresponding tax liability of ₹ 1.85 crore, during the period from April 2018 to October 2018. However, the taxpayer filed NIL returns for the said period, resulting in non-payment of the tax liability.

On being pointed out (February 2024) the Department replied (September 2024) that an audit under Section 65 of the J&K GST Act, 2017, had been carried out for the financial years 2017-18 and 2018-19. Consequently, DRC 07 for the financial year 2018-19 was issued.

2.3.1.3 Generation of EWBs by non-filers of GST returns

As per Section 37 of the J&KGST Act 2017, every registered person other than CLS taxpayers shall furnish the details of outward supplies of goods or services or both, effected during a tax period, in GSTR-1 return and discharge tax liability thereon in GSTR-3B return. Further, Section 62 of the Act provides that where a registered person fails to furnish the returns even after the service of a notice, the Proper Officer may proceed to assess the tax liability of the said person to the best of his judgement taking

into account all the relevant material, which is available or which he has gathered and issue an assessment order. In cases, where a taxable person whose registration has been cancelled but who was liable to pay tax, the Proper Officer may proceed to assess the tax liability of such taxable person to the best of his judgement as per provisions of Section 63 of the Act.

Audit observed that seven taxpayers out of the 52 taxpayers **(*Appendix-2.1.8*)** generated 104 EWBs during the period 2018-19 to 2021-22, had assessable value of ₹ 1.32 crore and tax of ₹ 20.08 lakh but did not file GSTR-3B returns in the corresponding months, hence no tax liability was discharged.

Due to non-filing of returns, the Department cancelled the registration of six taxpayers under Section 29 of the J&KGST Act. However, no action was initiated to assess the tax liability as specified under Sections 62 and 63 of the J&KGST Act. Further, it was observed from the GSTN portal that these cancelled taxpayers did not file GSTR-10.

On this being pointed out (August 2023 to November 2023), the Department replied (September 2024) that in six cases DRC-07 had been issued, while DRC-01 was issued in the remaining case.

A case is illustrated below:

Illustrative Case

A taxpayer having GSTIN-01XXXXX3920X1XX, under the jurisdiction of Circle Kathua-I generated 15 EWBs in January 2021 for assessable value of ₹ 53.03 lakh, with a tax liability of ₹ 9.55 lakh. However, due to non-filing of returns, the taxpayer's registration was cancelled by Department on *suo-moto* basis without assessing the tax liability due. Further, the taxpayer had also not filed GSTR-10 resulted in non-discharging of tax liability.

On being pointed out (October 2023), the Department replied (September 2024) that DRC-07 of amount ₹ 16.08 lakh including interest and penalty had been issued (April 2024)

The findings indicated that the Department could better utilize the information related to EWBs available to them while calculating/ determining the tax liabilities of the cancelled taxpayers.

2.3.1.4 Non-follow up of cancelled taxpayer for outstanding tax liability

As per Section 45 of J&KGST Act 2017, it is binding upon the cancelled taxpayer to file a final return in form GSTR-10 within a period of three months from the date of cancellation or date of order of cancellation, whichever is later and discharge his due tax liabilities. In case the cancelled taxpayer fails to furnish final return GSTR-10

within prescribed period, a notice shall be issued by Proper Officer under Section 46 of the Act asking cancelled taxpayer to furnish his GSTR-10 return within 15 days. If cancelled taxpayer fails to file his GSTR-10 return, even after service of a notice, then Proper Officer is empowered under Section 62 of the Act to proceed to assess the tax liability of the said person to the best of his judgement taking into account all the relevant material which is available or which he has gathered and issue an assessment order within a period of five years from the due date of furnishing annual return for the financial year to which the tax not paid relates. In case the cancelled taxpayer does not discharge his tax liabilities within three months of passing of an assessment order under Section 62 of the Act, then Proper Officer shall initiate recovery proceedings under Section 78 of the Act and recover pending tax dues by one or more of the modes prescribed under Section 79 of the Act.

Audit observed that registration of one taxpayer **(*Appendix-2.1.9*)** was cancelled on 01 May 2018 but the taxpayer generated six EWBs involving assessable value of ₹ 5.38 lakh after effective date of cancellation with tax implication of ₹ 0.97 lakh as seen from EWBs MIS report on GSTN Portal and was required to discharge final tax liabilities by filing GSTR-10 return. However, the taxpayer had not filed GSTR-10 return after cancellation of registration and the Department also had not initiated action to assess taxpayer's pending tax liabilities.

On being pointed out (August 2023 and November 2023), the Department replied (September 2024) that DRC-07 had been issued to the taxpayer.

Recommendation 2: Department may consider issuing suitable instructions to the Proper Officers for considering EWBs generated by the taxpayer before cancellation of registration retrospectively and taking action for recovery of tax wherever applicable.

2.3.1.5 Generation of multiple EWBs on same invoices

As per Rule 46(b) of J&KGST Rules, a tax invoice shall be issued by the registered person containing consecutive serial number, not exceeding sixteen characters, unique for a financial year.

As per Para 5(1) of the user manual issued by the NIC, the taxpayer while generating EWB is required to enter the unique document number relating to the consignment. Invoice number is the document number in respect of consignments relating to supplies. Hence, only one EWB is required to be generated based on each invoice.

It was observed that 13 taxpayers generated 33 EWBs involving assessable value of ₹ 10.25 crore and tax of ₹ 1.83 crore **(*Appendix-2.1.10*)** on the strength of 15 invoices. Each invoice number was used for generating two to five EWBs. As the taxpayers had generated multiple EWBs using same invoice, there was a potential risk of

under-reporting of outward supplies by the taxpayers in their GSTR-1 returns. It was further noticed that the respective taxpayers either did not report any consignments or reported only one consignment in their GSTR-1 returns.

This indicates lack of validation controls in the EWB Common Portal to restrict generation of multiple EWBs using same/ similar invoices.

On being pointed out (June 2023 to January 2024), the Department replied (September 2024) that in three cases DRC-07 had been issued and in one case the taxpayer had made a voluntary tax payment through DRC-03. Further, the Department stated that in four cases, EWBs were generated due to technical glitch and in one case taxpayer had gone under insolvency in NCLT. The Department further stated that in two cases, second EWB was wrongly generated and in remaining two cases no reply was furnished.

A case is illustrated below:

Illustrative Case

A taxpayer 01XXXXX9019X1XX registered in STO Circle Kathua-I had generated two EWBs in August 2018 with the same invoice having an assessable value of ₹ 5.28 lakh, involving a tax liability of ₹ 0.63 lakh. However, the taxpayer did not report these sales in GSTR-1 and failed to discharge the corresponding tax liability in GSTR-3B for the same period.

On being pointed out in audit (October 2023), the Department replied (September 2024) that DRC-07/08 dated 18 April 2024 for demand of ₹ 1.40 lakh inclusive of penalty and interest had been issued.

Recommendation 3: Department may consider including suitable validation control in the EWB System to prevent use of same invoice in generation of multiple EWBs.

2.3.1.6 Generation of EWBs for transactions using suspicious vehicles

As per Rule 138(2) of the J&KGST Rules, 2017, where goods are transported by the registered person as a consignor, whether in his own conveyance or through a hired one or a public conveyance, by road, the said person shall generate the EWB in form GST-EWB-01 electronically on the common portal after furnishing information in Part-B of the form. Where goods are handed over to a transporter for transportation by road, the registered person shall furnish the information relating to the transporter on the common portal and the EWB shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in Part-A of form GST-EWB-01. Vehicle number is required to be provided in Part-B of the form.

Audit analysed vehicles involved in 131 sampled EWBs with e-vahan data to identify cases that involved use of theft vehicles, scrapped, surrendered, cancelled and suspended vehicles, two wheelers, same vehicle used for multiple EWBs across States on the same day etc.

Audit analysis revealed that eight EWBs pertaining to seven taxpayers, having an assessable value of ₹ 1.33 crore, contained vehicle numbers that were scrapped, two wheelers, vehicles whose registration was cancelled and suspended vehicles as detailed in ***Appendix-2.1.11,*** suggesting that these transactions were suspicious.

On being pointed out (August 2023 to February 2024), the Department acknowledged (September 2024) the findings in four cases and attributed the error to various reasons i.e. no facility available in the portal to check vehicle numbers, due to data entry error and the taxpayer having no information regarding vehicle used by transporter, etc. The reply of the Department was not received in remaining three cases (July 2025).

However, the systematic issue remains that the EWB portal allows the generation of EWB using incorrect vehicle numbers.

Recommendation 4: Department may consider incorporating suitable validation controls in the EWB system to prevent use of suspicious vehicles for generation of EWBs and transportation of goods.

2.3.1.7 EWBs generated but invoices not reported in GSTR-3B

Section 37 of the CGST Act, 2017, read with Rule 59(1) of the J&K GST rules 2017, specifies that all outward supplies shall be reported in form GSTR-01. As per Rule 138 of the J&K GST Rules, 2017, every registered person who causes movement of goods of consignment value exceeding ₹ 50,000 in relation to supply; or for reasons other than supply; or due to inward supply from unregistered person, shall, before the commencement of such movement, furnish information relating to said goods as specified in Part A of FORM GST EWB-01 electronically on the common portal along with such other information as may be required, on the common portal.

Three taxpayers registered within two assessment circles generated 5,739 EWBs during 2018-22 for the assessable value of ₹ 521.56 crore having a tax effect of ₹ 67.99 crore.

However, out of the total tax liability, ₹ 64.24 crore was duly discharged through GSTR-3B, whereas the remaining liability of ₹ 3.75 crore was not reported in GSTR-3B by the taxpayers. Audit was unable to ascertain the specific invoices pertaining to the unpaid tax liability due to the absence of a detailed reconciliation between GSTR-1 and GSTR-3B. Details are given in ***Appendix-2.1.12*.**

On being pointed out (October 2023 to February 2024), the Department replied (September 2024) that in one case, DRC-01 had been issued, while in another case, the

dealer was declared insolvent under NCLT and was unable to furnish the required records and in the remaining case, no reply was furnished.

A case is illustrated below:

Illustrative Case

A taxpayer GSTIN: 01XXXXX0109X3XX, registered with Circle-G, Jammu, generated 69 EWBs in November 2021 for an assessable value of ₹ 81.62 lakh, with corresponding tax liabilities of ₹ 14.40 lakh. However, the taxpayer failed to report these 69 invoices in their GSTR-1 return, thereby not discharging the associated tax liabilities.

On being pointed out (February 2024), the Department replied (September 2024) that a consolidated DRC-01 had been issued for ₹ 5.93 crore including interest and penalty, for the tax period 2021-22.

2.3.1.8 Mis-match in Input Tax Credit (ITC) availment between GSTR-2A and GSTR-3B

As per Section 16 of the J&K GST Act, every registered person shall be entitled to take credit of input tax (ITC) charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person. Further, in terms of Sub-Section 2(e) of the said Section, the claim of ITC is subject to the condition, *inter-alia*, that the tax charged in respect of such supply has been actually paid to the Government.

Audit analysis revealed that three taxpayers (***Appendix-2.1.13***) pertaining to three circles had availed ITC of ₹ 282.46 crore in GSTR-3B for the period from 2018-19 to 2021-22 against the inward supplies. However, ITC available for them as per the GSTR-2A was only ₹ 281.39 crore. Hence, the excess availing of ITC amounting to ₹ 1.07 crore was not in order and the Department did not verify the same.

On being pointed out (June 2023 and December 2023), the Department replied (September 2024) that in one case, the taxpayer had made a voluntary tax payment through DRC-03 and in remaining two cases, the dealer was declared as insolvent under NCLT and were unable to furnish the required records.

A case is illustrated below:

Illustrative Case

Audit scrutiny of GSTR-2A, GSTR-3Band the comparison sheet available on the GST portal for taxpayer 01XXXXX0402X1XX, under the jurisdiction of Circle 'Q' Jammu, for the period 2018-19, revealed that the taxpayer had availed excess Input Tax Credit (ITC) of ₹ 1.04 lakh.

On being pointed out (March 2024), the Department replied (September 2024) that a voluntary tax payment through DRC-03 had been made for ₹ 1.99 lakh, including interest and penalty, for the tax period 2018-19.

2.3.1.9 Cross-PAN analysis

A Cross-PAN analysis was conducted on a sample of five taxpayers involving the movement of goods between GSTINs registered under the same PAN. The objective was to verify the accuracy of ITC claims and tax liability discharged by reconciling data from GSTR-2A, GSTR-3B, and EWB portal for the financial years 2018-19 to 2021-22. The analysis revealed the following:-

i. During the financial years 2018-19 to 2021-22, three taxpayers out of five taxpayers claimed ITC amounting to ₹ 148.41 crore in their GSTR-3B returns, whereas the available ITC reflected in their GSTR-2A was ₹ 127.87 crore. This resulted in an excess ITC availment of ₹ 20.54 crore. [***Appendix-2.1.14 (a)]***

ii. During the financial years 2019-20 and 2021-22, a discrepancy was observed between the tax liability recorded on the EWBs and the tax discharged in GSTR-3B returns. Out of five taxpayers, two taxpayers discharged only ₹ 18.08 lakh in GSTR-3B against a total liability of ₹ 86.45 lakh reflected on the EWB portal, resulting in a shortfall of ₹ 68.37 lakh. [***Appendix-2.1.14 (b)***].

On being pointed out (April 2024), no reply was furnished by the Department (February 2025).

2.3.2 Observations detected in analysis of data of EWBs (Totality Observations)

A total of 2,860 Risk-based Sample taxpayers falling under the jurisdiction of the J&K Commissionerate were selected from the database relating to EWBs. Audit analysed data on EWBs generated during the period from April 2018 to March 2022 based on KPAs and observed that possible discrepancies in tax compliance by the taxpayers could be ascertained directly from KPAs. The data extracted under these KPAs and audit observations were forwarded (July 2023) to the Commissioner of State Taxes as Totality Observations for taking remedial action and a summary report on action taken was called for from the Department. The summary of the observations shared (July 2023) with the Department are brought out in **Table 2.1**.

Table 2.1: Summary of totality observations

Sl. No.	Nature of totality observations	No. of Taxpayers (TPs)	Assessable value involved (₹ in crore)
1	Generation of Inter-State EWBs by CLS Taxpayers	40	0.92
2	Generation of EWBs by Non-filers of GST Returns	332	93.68
3	Generation of EWBs by Cancelled taxpayers	37	4.52
4	Generation of duplicate EWBs using the same Invoice	655	85.99
5	Generation of E-way bills by Nil filers of GST returns	1,796	394.33
Total		**2,860**	**579.44**

On being pointed out (July 2023), the Department had raised the demand for tax, penalty and interest to the extent of ₹ 3.23 crore in 156 cases and recovered the amount of ₹ 1.49 lakh out of ₹ 3.23 crore as of May 2024.

2.4 Preventive function of the Department

The Goods and Services Tax (GST), effective from 1st July 2017 (In J&K with effect from 8th July 2017), aims to streamline the movement of goods and services by reducing procedural delays. The EWB system marks a transition to a self-reporting model for taxpayers, intended to safeguard revenue and remove barriers like check posts. One of the key preventive measures is the strategic interception of conveyances transporting goods. Authorised GST officials are empowered to intercept and verify E-way bills during regular routine inspections. This process helps identify and address discrepancies such as mismatches between the EWB details and the goods being transported. By conducting such checks, the GST Department can detect and deter potential tax evasion, unauthorised movement of goods, and other non-compliance issues.

2.4.1 Efficiency and effectiveness in enforcing EWB provisions by the Department

Audit studied EWB related functions of the Enforcement wings of the J&K State Taxes Department with specific focus on:

(i) Operational preparedness

(ii) Effectiveness of Anti-Evasion measures and

(iii) Intra-Departmental Co-ordination in monitoring EWB related transactions.

The State Tax Department had established seven enforcement wings headed by Deputy Commissioners for interceptions of vehicles and verification of EWBs and follow-up action to be taken on any discrepancies noticed in such verifications. Four enforcement

wings[6] out of the seven wings were selected and 50 cases each verified by them were selected for review. Deficiencies and shortcomings noticed in the activities undertaken by the Enforcement Wings are detailed in the following paragraphs.

2.4.2 Operational Preparedness of the Department

2.4.2.1 Establishment of dedicated Setup/ unit

Department had established/ created seven Enforcement wings in J&K for carrying out enforcement activities like verification of EWBs during interception of vehicles and follow up action wherever required. Out of these seven Enforcement wings, five enforcement wings had formed dedicated field Inspection teams, remaining two enforcement wings did not provide this information (February 2025).

2.4.2.2 Adequacy of Manpower and Patrol Vehicles

Deployment of staff under different cadres of the enforcement wings remained well below the sanctioned strength during 2018-19 to 2021-22. The deficiency in the actual staff strength ranged from 29 *per cent* to 55 *per cent* in respect of State Tax officers, 43 *per cent* to 72 *per cent* in respect of Inspectors, 54 *per cent* to 71 *per cent* in respect of Sub-Inspectors, 36 *per cent* to 92 *per cent* in respect of Head Guards, 77 *per cent* to 86 *per cent* in respect of Guards and 71 *per cent* to 83 *per cent* in respect of drivers (***Appendix-2.1.15***). The reduced staff strength likely affected the efficient performance of the enforcement activities of the Department.

The availability of vehicles in selected enforcement wings of the Department was as per sanctioned strength except North Kashmir enforcement wing which had no vehicle for conducting verification of conveyances and goods in transit during the aforementioned period.

On being pointed out in audit (January 2024), the Department replied (September 2024) that it has already referred the vacancies to the recruitment agencies regarding shortage of staff and regarding patrol vehicles, requisitions were sought from all the enforcement wings.

2.4.2.3 Targets and achievements

No specific targets for conducting verification of EWBs were fixed by the Department during 2018 to 2022. The Department stated that the enforcement teams were verifying EWBs at random places and action was taken wherever discrepancy was noticed.

[6] (1) Deputy Commissioner Enforcement – South (Samba) Jammu, (2) North (Udhampur) Jammu, (3) Kathua- Lakhanpur and (4) South Kashmir.

2.4.2.4 Notification for embedding RFID on vehicles

As per Rule 138A (4) of the J&K GST Rules, 2017, the Commissioner may, by notification, require a class of transporters to obtain a unique 'Radio Frequency Identification Device' (RFID) and get it embedded on to the conveyance and map the EWB to the RFID prior to the movement of goods. Through this, the transaction genuinely covered by EWB is duly recorded/ mapped to RFID and could be verified without loss of time and avoiding the possibility of harassment.

The Department had not notified the class of transporters for obtaining RFID in the J&K to embed RFID tag on the wind screen of the conveyance carrying the goods and getting it mapped to the EWB covering the transaction of supply of goods till November 2023.

On being pointed out (November 2023), the Department informed (December 2023) that the notification had been issued (December 2023) requiring every vehicle with EWB to get the RFID embedded/ affixed on wind screen on the conveyance carrying goods for mapping with the EWB system before transportation of goods within the territory of J&K.

2.4.3 Effectiveness of Anti-Evasion Measures

2.4.3.1 Deviations from guidelines for interception of vehicles

Circular No. 41/15/2018-GST dated 13 April 2018 illustrates procedure for interception of conveyances for inspection of goods in movement, and detention, release and confiscation of such goods. Out of 11,088 booked cases, 200 booked cases were selected for detailed checks, 50 each, from the four selected enforcement wings. The deviations noticed under each category are as under:

- The Department had not prepared physical verification reports in Form MOV-04 in 47 booked cases and as such correctness of assessment of goods could not be verified.

- Opportunity of being heard was not given to the taxpayers in 19 booked cases.

- The Department had not assigned post for Grievance Redressal Officer to attend grievances in Form GST (EWB-04) during audit period 2018-22.

On being pointed out (June 2023 to September 2023), the Department replied (September 2024) that the period was the evolutionary phase of implementation of GST and over the time infrastructure, familiarity with online systems, standardisation of procedures has improved and these gaps have been rectified. Further the Grievance Redressal Officer has been appointed in September 2023.

2.4.4 Usage of MIS reports

NIC generates various Analytical Reports viz. 'B1', 'B4', 'B5' and 'H5'[7] etc. on EWB transactions and share these reports with the GST Departments under Centre and State formations. Audit studied the extent to which these reports were utilised by Preventive Formations for planning the verifications of EWBs. The results are given below:

2.4.4.1 Monitoring movement of goods by unregistered taxpayers

Analytical report named "EWBs generated by Citizens (H5 Report), prepared by NIC, provides details of EWBs generated by the unregistered persons. As per the details of Inter-state and Intra-state purchases made by the unregistered persons (URPs) during the period 2018-19 to 2021-22, made available by the Department, 12.66 lakh EWBs were generated against URPs of J&K as detailed in **Table 2.2**.

Table 2.2: Monitoring movement of goods by unregistered taxpayers

	Inter-state		Intra-state	
Year	**Number of EWB generated on URP**	**Assessable Value (₹ in crore)**	**Number of EWB generated on URP**	**Assessable Value (₹ in crore)**
2018-19	87,850	2,527.89	1,40,342	1,864.40
2019-20	1,01,307	2,598.84	1,51,832	1,754.78
2020-21	1,32,104	2,341.07	1,94,789	1,926.10
2021-22	1,64,142	2,719.01	2,93,643	2,899.76
Total	**4,85,403**	**10,186.81**	**7,80,606**	**8,445.04**

NIC data on EWBs relating to URPs for the year 2021-22 only was made available to Audit. Analysis of the NIC data revealed as under:

Supplies made to and from Un-registered Persons (URPs)

Audit noticed that two taxpayers had purchased goods amounting to ₹ 2.62 crore in FY 2021-22 through 39 EWBs from URPs (***Appendix-2.1.16***) and 15 taxpayers had made supplies ranging between ₹ one crore to ₹ seven crore through 4,781 EWBs to URPs (***Appendix-2.1.17***). The average amount in these cases was approximately ₹ 6.50 lakh for individual EWB.

On being pointed out (June 2024), the Department replied (September 2024) that URPs have the facility to generate EWBs at their level and Department has no prerogative to ensure generation of EWB by taxpayer. Further, the Department has directed all the enforcement wings to keep proper track of transactions made by URPs.

The Department should use this information to verify transactions of these URPs to ascertain whether they need to get registered.

[7] B1: No vehicle movement report, B4: Report on multiple movement of same vehicles, B5: Report on multiple movements in other vehicles and H5: EWBs generated by Citizens (EWB generated by unregistered persons)

2.4.5 Result of analysis of records related to Sampled Cases

On scrutiny of selected cases, Audit found various discrepancies in imposition of tax, penalty, fine etc. on the goods confiscated by the enforcement wings. There was no consistency in the imposition of penalty under various sections. Details are given in the subsequent paragraphs.

2.4.5.1 Non-safeguarding revenue of ₹ 28.32 lakh due to non-renewal/ non-encashment of Bank Guarantees

Section 129(1)(c) of the J&K GST Act, 2017 envisages that where any person transports any goods or stores any goods while they are in transit in contravention of the provisions of the Act or the Rules made there under, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyance shall be liable to detention or seizure, shall be released upon furnishing a security equivalent to the amount payable under clause (a) or clause (b) in such form and manner as may be prescribed.

Rule 140(2) of the J&K GST Rules provides that in case the person to whom goods were released provisionally fails to produce the goods at the appointed date and place indicated by the Proper Officer, the security shall be enchased and adjusted against the tax, interest and penalty and fine, if any, payable in respect of such goods. Audit noticed that no such action had been taken by the Department from the date of release of goods as of January 2024.

Out of 200 sample selected cases, in three cases falling under Deputy Commissioner Enforcement, Lakhanpur, the Proper Officer had raised[8] demand of ₹ 28.32 lakh on account of tax and penalty against three taxpayers during the period 2018-19 to 2021-22. The taxpayers/ person in-charge of these conveyance(s) furnished a bond in Form GST MOV-08 along with bank guarantees[9] of J&K Bank Limited for ₹ 28.32 lakh equivalent to the amount of tax and penalty and thereafter conveyance(s) and goods were released (***Appendix-2.1.18***).

Audit, however, noticed that the Department had not approached the Jammu and Kashmir Bank Limited for renewal of these bank guarantees or for their encashment within the validity periods ranging from 6 to 12 months resulting in non-safeguarding of revenue of ₹ 28.32 lakh.

On being pointed out in audit (August 2023 and September 2023), the Department replied (September 2024) that an enquiry regarding the same shall be conducted by the Department. Further, directions have been imparted to the concerned enforcement wings of the Department to proceed the cases strictly under rules.

8 June 2021, November 2018 and July 2019

9 Bank guarantees valid up to December 2021, May 2019 and July 2020

2.4.5.2 Short Levy of tax of ₹ 24.29 lakh on account of Compensation Cess

Section 8(1) and 8(2) of the Goods and Service Tax (Compensation Act), 2017 read along with Section 11(1) and 11(2) provides provisions of the Central Goods and Services Tax Act, and the rules made there under, including those relating to assessment, input tax credit, non-levy, short-levy, interest, appeals, offences and penalties, shall, as far as may be, mutatis mutandis, apply, in relation to the levy and collection of the cess leviable under Section 8 on the intra-State/ Inter-State supply of goods and services, as they apply in relation to the levy and collection of central tax on such intra-State supplies under the said Act or the Rules made there under.

Analysis of records of Deputy Commissioner (enforcement), Lakhanpur revealed that in two booked cases[10], the Proper Officer released[11] conveyance and goods after levying the tax and penalty for the offences. It was noticed that while levying the tax, the Proper Officer had included the cess payable on the goods whereas while levying the penalty, the cess amount was ignored. This had resulted in short levy of penalty of ₹ 24.29 lakh (***Appendix-2.1.19***).

On being pointed out (August 2023), the Department replied (September 2024) that directions have been imparted to the enforcement wings to proceed the case under relevant section of the J&KGST Act.

2.4.5.3 Short levy of tax and penalty of ₹ 10.74 lakh

(i) Section 5 of the IGST Act stipulates that Integrated Goods and Services Tax shall be levied on all inter-state supplies of goods or services or both. Further, Section 17 of IGST Act provides the manner of apportionment of tax and settlement of funds.

Audit noticed that in DC Lakhanpur, Proper Officer had booked an inter-state supply case and collected SGST and CGST amounting to ₹ 9.80 lakh instead of IGST, treating supply of goods as intra-state supply. This was in contravention of the provision of the IGST Act, 2017 and resulted in classification of tax ₹ 4.90 lakh and penalty ₹ 4.90 lakh under incorrect head of account.

On being pointed out (August 2023), the Department replied (September 2024) that due to oversight, CGST and SGST was levied instead of IGST but there is no revenue loss. Officers have been directed to remain extra vigilant to ensure such misclassification is avoided in future.

(ii) GST Notification 39/2021 dated 21st December 2021 provides that penalty of 200 *per cent* of tax shall be payable instead of 100 *per cent* in case of section 129 of

[10] JK04F-3700, and PB32C-7295
[11] March 2019 and June 2021

the CGST act relating to detention, seizure and release of goods and conveyances in transit with effect from 1st January 2022.

Audit noticed that in DC Samba, Proper Officer released goods and conveyance on 29th January 2022 after raising demand for tax and penalty of ₹ 1.88 lakh at rate of 100 *per cent* each instead of levying 200 *per cent* penalty as per amended provision effective from 1st January 2022. This resulted in short levy of tax and penalty of ₹ 0.94 lakh as tax**.**

On being pointed out (June 2023), no reply was furnished by the Department (February 2025)

2.5 Conclusion and Recommendations

2.5.1 Conclusion

EWB is a document required for movement of goods and is designed to capture details of goods before being moved. Automation and standardisation of the entire process was intended to help check tax evasion and shore up GST collections. The EWB was introduced with effect from 01 April 2018 for all inter-State movement of goods having value exceeding ₹ 50,000. For the intra-State movements in Jammu and Kashmir, EWB was made mandatory for the consignment value of ₹ 50,000 as the threshold limit.

Audit selected 120 EWBs of 52 Taxpayers, six EWBs of high money value/ URPs and five other EWBs were selected for Cross PAN analysis, for the period 2018-19 to 2021-2022 for examination of EWB mechanism and its effectiveness in protecting revenue. Audit also selected four enforcement wings and examined 200 booked cases from these selected enforcement wings for ensuring efficiency and effectiveness of the enforcement activities related to EWBs.

Audit observed systemic lapses on examining the EWB system such as ‘ineligible taxpayers continuing under CLS; and ‘taxpayers filing nil returns or not filing returns though they had generated EWBs’. Audit examination also revealed compliance deviations as EWBs were generated by the cancelled taxpayer; and multiple EWBs were generated on the same invoices. Audit findings also highlight the gaps in the usage of MIS reports and the information available in EWB system to ensure compliance by the taxpayers.

Audit also noticed gaps in the operational preparedness of the Department with respect to preventive and enforcement activity done by enforcement wings such as shortage of manpower, petrol vehicles etc.

Accordingly, the following recommendations are provided to strengthen the EWB system and compliance verification mechanism of the Department.

2.5.2 *Recommendations*

To strengthen the EWB system, the Department may:

- ***Incorporate validation control in EWB system to alert the CLS taxpayer as well as the Departmental officers while generating EWB for inter-state supply.***
- ***Consider issuing suitable instructions to the Proper Officers for considering EWBs generated by the taxpayer before cancellation of registration retrospectively and taking action for recovery of tax wherever applicable.***
- ***Consider including suitable validation control in the EWB system to prevent use of same invoice in generation of multiple EWBs.***
- ***Incorporating suitable validation controls in the EWB system to prevent use of suspicious vehicles for generation of EWBs and transportation of goods.***

CHAPTER- III

COMPLIANCE AUDIT

(REVENUE RECEIPTS)

Chapter-III

COMPLIANCE AUDIT (REVENUE RECEIPTS)

Finance Department
(State Taxes Department)

SSCA on Department's oversight on GST payments and return filing Phase-II

3.1 Introduction

Introduction of Goods and Service Tax (GST) has replaced multiple taxes levied and collected by the Centre and States. GST which came into effect from 08 July 2017 in Jammu and Kashmir (J&K), is a destination-based consumption tax on the supply of goods or services or both levied on every stage of value addition. The Centre and States simultaneously levy GST on a common tax base. Central GST (CGST) and State GST (J&K GST)/ Union Territory GST (UTGST) are levied on intra-state supplies, and Integrated GST (IGST) is levied on inter-state supplies.

Section 59 of the J&K GST Act 2017 stipulates GST as a self-assessment-based tax, whereby the responsibility for calculating tax liability, discharging the computed tax liability and filing returns is vested on the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties will be payable. Even if the business has had no tax liability during a particular tax period, it must file a 'Nil' return mandatorily. Further, Section 61 of the Act read with Rule 99 of J&KGST Rules 2017 stipulate that the proper officer may scrutinise the return and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

This Subject Specific Compliance Audit (SSCA) was taken-up considering the significance of the control mechanism envisaged for tax compliance and the oversight mechanism of the Jammu & Kashmir State Taxes Department (STD).

3.2 Organisational Setup

The organisational structure of Government of Jammu and Kashmir (GoJ&K) Taxes Department is shown in the **Chart 2.1** of this Report. The Department works under administrative control of the Finance Department and is headed by Commissioner, State Taxes.

3.3 Audit Objectives

This audit was oriented towards providing assurance on the adequacy and effectiveness of systems and procedures adopted by the Department with respect to tax compliance under GST regime. Audit of 'Department's oversight on GST Payments and Return filing' was taken-up with the following audit objectives to seek an assurance on:

(i) Whether the rules and procedures were designed to secure an effective check on tax compliance and were being duly observed by taxpayers; and

(ii) Whether the scrutiny procedures, internal audit and other compliance functions of the Circles were adequate and effective.

3.4 Audit Methodology and Scope

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags pertaining to the period April 2018 to March 2021 in case of Centralised (Limited) Audit and Detailed Audit. April 2020 to March 2021 was the period covered in respect of Circle Audit (Departmental Field Formation). Through data analysis, a set of 16 deviations were identified across the domains of Input Tax Credit, Discharge of tax liability, Registration and Return filing. Such deviations were followed-up through a centralised audit[1], whereby these deviations were communicated to the relevant State Tax Officers (STOs)/ Circles.

The centralised audit (Limited Audit) was supplemented by a Detailed Audit involving field visits for verification of records available with the jurisdictional field formations/ Circles. Returns and related attachments and information were accessed through the SSOID application of the STD to examine data/ documents relating to taxpayers (viz. registration, tax payment, returns and other Departmental functions). Compliance functions of the Departmental formation such as scrutiny of returns, were also reviewed in selected circles.

The review of the scrutiny of returns by the Department and verification of taxpayers' records covered the period from April 2018 to March 2021, while the audit of the functions of selected Circles covered the period April 2020 to March 2021. The SSCA covered only the State administered taxpayers. The audit was conducted from July 2023 to April 2024.

Entry conference of this SSCA was held on 25 May 2023 with Commissioner STD in which the audit objectives, sample selection, audit scope and methodology were discussed. The Exit conference was held on 18 November 2024 with Commissioner State Taxes Department, J&K in which audit findings were discussed.

Audit is thankful for the co-operation and support extended by State Tax Department in providing records, information, and clarifications from time to time for the smooth conduct of audit.

[1] Centralised Audit did not involve seeking taxpayer's granular records such as Financial Statements related ledger accounts, invoices, agreements etc.

3.5 Sampling

A data-driven approach was adopted for planning, as also to determine the nature and extent of substantive audit. The sample for this SSCA comprised a set of deviations identified through data analysis for Centralised audit that did not involve field visits; a sample of taxpayers for detailed audit that involved field visits and scrutiny of taxpayer's records at Departmental premises. Besides, a sample of Circles was also selected for evaluating the compliance functions of the circles.

There are three distinct parts of this SSCA as under:

(i) Part I-Audit of Circles

Ten Circles with jurisdiction over more than one selected sample case for Detailed Audit were considered as the sample of Circles for evaluation of their oversight functions.

(ii) Part II-Centralised Audit (Limited Audit)

The sample for Centralized audit was selected by identification of high-value or high-risk deviations from rules and inconsistencies between returns through data analysis for evaluation of the adequacy and effectiveness of the scrutiny procedure of the Department. Accordingly, 563 deviations involving 337 taxpayers were selected for Centralised Audit.

(iii) Part III-Detailed Audit

It was conducted by accessing taxpayers' records through Circles for evaluation of the extent of tax compliance by taxpayers. The sample of taxpayers for Detailed Audit was selected on the basis of risk parameters such as Excess ITC, Tax Liability mismatch, Disproportionate exempted turnover to total turnover and Irregular ITC reversal. 50 taxpayers were selected for Detailed Audit under this SSCA. The details of sample for centralised audit, detailed audit and audit of Circles selected for this SSCA are brought out in ***Appendix 3.1.1***.

3.6 Audit criteria

The source of audit criteria comprised the provisions contained in the J&KGST Act, IGST Act, and Rules made there under. The significant provisions are given in **Table 3.1**.

Table 3.1: Source of criteria

Sl. No.	Subject	Act and Rules
1	Levy and collection	Section 9 of J&KGST Act 2017
2	Reverse Charge Mechanism	Section 9(3) of J&KGST Act and Section 5 (3) of IGST Act
3	Availing and utilising ITC	Sections 16 to 21 under Chapter V of the J&K GST Act & Rules 36 to 45 under Chapter V of J&K GST Rules
4	Registrations	Section 22 to 25 of J&KGST Act and Rules 8 to 26 of J&K GST Rules

Sl. No.	Subject	Act and Rules
5	Supplies	Section 7 and 8 J&KGST Act. Schedule I, II and III of the J&K GST Act.
6	Place of Supply	Section 10-13 of IGST Act
7	Time of Supply	Section 12 to 14 of J&KGST Act
8	Valuation of supplies	Section 15 of J&KGST Act and Rules 27-34 of J&KGST Rules
9	Payment of Tax	Sections 49 to 53 under Chapter X of the J&K GST Act and Rules 85 to 88A under Chapter IX of the J&K GST Rules.
10	Filing of GST Returns	Sections 37 to 47 under Chapter IX of the J&K GST Act and Rules 59 to 68 and 80 to 81 under Chapter VIII of the J&K GST Rules. Part B of J&KGST Rules prescribes format of returns
11	Zero-rated supplies	Section 16 of IGST Act
12	Assessment and Audit functions	Sections 61, 62, 65 and 66 under Chapter XII & XIII of the J&K GST Act., Rules 99 to 102 under Chapter XI of J&KGST Rules 2017

In addition, the notifications and circulars issued by Central Board of Indirect Taxes and Customs (CBIC)/ STD relating to filing of returns, notifying the effective dates of filing of various returns, extending due dates for filing returns, rates of tax on goods and services, payment of tax, availing and utilising ITC, scrutiny of returns and oversight of tax compliance and Standard Operating Procedures (SOP) containing instructions to Departmental officers on various aspects related to filing returns, scrutiny of returns, cancellation of registrations and verification of Director General of Analytics and Risk Management (DGARM) reports etc. also formed part of the audit criteria.

3.7 Audit Findings

Audit findings have been categorised into the following three categories: -

- Oversight on returns filing-Audit of Circles.
- Centralised Audit.
- Detailed Audit.

The findings under each category are discussed in the succeeding paragraphs.

3.7.1 Oversight on returns filing-Audit of Circles

The audit of Circles was conducted for the period 2020-21 covering records of ten selected circles as given in ***Appendix 3.1.1***. The parameters against which records were checked were effectiveness of scrutiny and assessment, action on late-filers and non-filers, cancellation of registration etc. Audit universe and sample selected are given in **Table 3.2** below:

Table 3.2: Audit Universe and sample selection

Sl. No	Year	Audit Universe		Sample Selection	
		No. of STD Circles	No. of Registered Taxpayers	No. of STD Circles selected	No. of Registered Taxpayers
1	2020-21	61	1,00,441	10	18,951

3.7.1.1 Non-levy of late fee on delayed filing of returns

Section 47 of J&K GST Act 2017 provides that (1) Any registered person who fails to furnish the details of outward or inward supplies required under section 37 or section 38 or returns required under section 39 or section 45 by the due date shall pay a late fee of fifty/ twenty rupees (Rupees twenty for NIL Return) for every day during which such failure continues subject to a maximum amount of five thousand rupees. (2) Any registered person who fails to furnish the return required under section 44 by the due date shall be liable to pay a late fee fifty/ twenty rupees for every day during which such failure continues, subject to a maximum of an amount calculated at a quarter *per cent* of his turnover in the State or Union Territory.

Audit scrutiny of GSTR-3B returns on GST portal in respect of ten selected circles revealed that 13,594 GSTR-3B returns were filed during the year 2020-21. Audit observed that 4,949 returns were filed late despite several extensions granted for filing of returns. The delay in filing of returns ranged from 01 to 1,139 days. However, late fees of ₹ 0.41 crore was not paid ***(Appendix-3.1.2).*** No action was taken to recover the late fee of ₹ 0.41 crore from the taxpayers who filed late returns.

On being pointed out (between June 2023 to August 2023), the Department stated (November 2024) that GST portal does not allow the taxpayer to file GSTR-3B until liability of late fee is paid but the Department did not provide any documentary evidence regarding payment of late fee in the cases pointed out by Audit.

3.7.1.2 Non-levy of interest on late payment of tax

Section 50(1) of the J&K GST Act, 2017 provided that "Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding 18 *per cent*, as may be notified by the Government on the recommendations of the Council".

Audit scrutiny of MIS data (COMP-17[2]) of Circle Kathua-II for the period 2020-21 (June 2024) revealed that one taxpayer had filed the GSTR-3B return for the month of March 2022 belatedly by 144 days. The taxpayer had paid ₹ 0.09 crore in cash. However, interest of ₹ 0.07 crore was not paid by him.

[2] Detailed report for calculation of interest for late return filers.

On being pointed out (June 2024), STO Kathua-II stated (November 2024) that the proceedings under Section 73 of the Act have been initiated.

3.7.1.3 Delay in cancellation of registrations

Rule 22 of the J&K GST Rules, 2017, envisages that the cancellation order in form REG-19 has to be issued within 30 days from the date of application in case of cancellation of registration on application by taxpayer or date of reply to REG-17 in case of *suo-moto* cancellation.

Audit scrutiny of records in respect of 10 selected circles revealed that 2,225 registrations were cancelled during the year 2020-21. Out of these cancelled registrations, 1,623 registrations were found cancelled belatedly. The delay in cancellation of registrations ranged from 01 to 869 days ***(Appendix 3.1.3)***.

On being pointed out (June 2023 to August 2023), the Department stated (November 2024) that only after ensuring that there is no unpaid tax liabilities, cancellation is done. However, the Department also stated that notices and communication have been issued and replies are expected from the taxpayers.

3.7.1.4 Non filing of GSTR-10 Return

Section 29 of the J&KGST Act 2017, read with Rule 20 of the J&KGST Rules, allows for cancellation of registration by the taxpayer. Section 29(2) of the J&KGST Act allows for *suo-moto* cancellation of the registration of taxpayer by tax officer on the grounds of contravention of the Acts or Rules by the taxpayer.

As per Section 45 of the Act, GSTR-10 the final return has to be filed within three months of the effective date of cancellation or the date of order of cancellation, whichever is later, by the taxpayer.

As per the information in MIS REG 1.08 report of 10 selected circles, 2,225 registrations were found cancelled during the year 2020-21 and as per information available in backend portal (MIS Comp.13[3]), in 1,347 cases, GSTR-10 return was not filed by the cancelled taxpayers. Details of pending final returns GSTR-10 for the period 2020-21 is given in ***Appendix 3.1.4***.

On being pointed out (June 2023 to August 2023), the Department stated (November 2024) that the burden of filing GSTR-10 return lies on the taxpayer. However, the Department also said that details of taxpayers who have not filed GSTR-10 returns are being extracted from MIS reports and notices are served by the Proper Officers for necessary compliance.

[3] MIS Report on non-filing of Final return GSTR-10.

3.7.2 Centralised audit

In Centralised Audit, deviations from rules and inconsistencies in returns filed and evaluation of the adequacy and effectiveness of the scrutiny procedure of the Department was checked.

Audit analysed GST returns data pertaining to 2018-19 to 2020-21 as made available by GSTN. Rule-based deviations, and logical inconsistencies between GST returns filed by taxpayers were identified on a set of 16 parameters, which can be broadly categorised into two domains - ITC and Tax payments.

Out of the 13 prescribed GST returns[4], the following basic returns that apply to normal taxpayers were considered for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/ data:

- **GSTR-1**: Monthly return furnished by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.

- **GSTR-3B**: Monthly summary return of outward supplies and input tax credit claimed, along with payment of tax by the taxpayer to be filed by all taxpayers except those specified under Section 39(1) of the Act. This is the return that populates the credit and debits in the Electronic Credit Ledger and debits in Electronic Cash Ledger.

- **GSTR-6**: Monthly return for Input Service Distributors providing the details of their distributed input tax credit and inward supplies.

- **GSTR-8**: Monthly return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST, introduced in October 2018.

- **GSTR-9**: Annual return to be filed by all registered persons other than an Input Service Distributor (ISD), Tax Deductor at Source/ Tax Collector at Source, Casual Taxable Person and Non-Resident taxpayer. This document contains the details of all supplies made and received under various tax heads (CGST, SGST and IGST) during the entire year along with turnover and audit details for the same.

[4] (i) GSTR-1, (ii) GSTR-3B, (iii) GSTR-4 (taxpayers under the Composition levy scheme), (iv) GSTR-5 (non-resident taxable person), (v) GSTR-5A (Non-resident OIDAR service providers), (vi) GSTR-6 (Input service distributor), (vii) GSTR-7 (taxpayers deducting TDS), (viii) GSTR-8 (E-commerce operator), (ix) GSTR-9 (Annual Return), (x) GSTR-10 (Final return), (xi) GSTR-11 (person having UIN and claiming a refund), (xii) CMP-08 (Statement for payment of self-assessed tax for taxpayers under composition scheme) and (xiii) ITC-04 (Statement to be filed by a Principal/ job-worker about details of goods sent to/ received from a job-worker).

- **GSTR-9C**: Annual audit form for all taxpayers having a turnover above ₹ 5 crores in a particular financial year. It is basically a reconciliation statement between the annual returns filed in GSTR-9 and the taxpayer's audited annual financial statements.

- **GSTR-2A**: A system-generated statement of inward supplies for a recipient. It contains the details of all B2B transactions of suppliers declared in their Form GSTR-1/ 5, ISD details from GSTR-6, details from GSTR-7 and GSTR-8 respectively by the counterparty and import of goods from overseas on bill of entry, as received from ICEGATE Portal of Indian Customs.

3.7.2.1 Centralised Audit - Data analysis

The PAN-State data analysis pertaining to J&K jurisdiction on the 16 identified parameters and extent of deviations/ inconsistencies observed are summarised in **Table 3.3 (a)** and **(b)**.

Table 3.3 (a): Details of Data Analysis undertaken- (ITC and tax payment mismatches)

Sl. No.	Algorithm used	Risk pursued
Domain: ITC		
1.	ITC available as per GSTR-2A with all its amendments was compared with the ITC availed in GSTR-3B in Table 4A(5) (accrued on domestic supplies) excluding the reversals in Table 4B(2) but including the ITC availed in the subsequent year from Table 8C of GSTR-9 and blocked credits.	ITC mismatch between GSTR-2A and GSTR-3B
2.	ITC available from GSTR-2A was compared with Table 8A of GSTR-9 which captures ITC available from GSTR-2A (as an auto-populated non-editable field) but excludes those entries in GSTR-2A where the supplier has not filed GSTR-1 by due date of its filing and also excludes the ITC for the period during which the recipient taxpayer was under Composition Levy Scheme (CLS).	ITC passed on without supplier remitting tax
3.	ITC availed through Table 4 of GSTR-3Bs pertaining to period 2018-19 to 2020-21 filed after October of the following year	ITC availed in GSTR-3B filed after the cut-off/ limitation period.
4.	ISD ITC availed in GSTR-9 Table 6G or GSTR-3B Table 4(A)(4) of recipient was compared with the sum of Table 5A, Table 8A, and Table 9A of GSTR-6 of distributor GSTINs	Incorrect availing of ISD credit
	Domain: Annual Return and financial statements (FS)	
5.	Positive figure in GSTR-9C Table 12F and examination of reasons provided in Table 13 for mismatch	Mismatch of ITC availed between Annual returns and Books of accounts
6.	Positive figure in GSTR-9C Table 14T and examination of reasons provided in Table 15 for mismatch	Reconciliation between ITC availed in Annual returns with expenses in financial statements
7.	Negative figure in GSTR-9C Table 9R and examination of reasons provided in Table 10 for mismatch	Mismatch in tax paid between books of accounts and returns

Sl. No.	Algorithm used	Risk pursued
	Domain: Tax and Interest payment	
8.	RCM payments in GSTR-9 Table 4G (tax payable) were compared with ITC availed in GSTR-9 Table 6C, 6D and 6F (ITC availed). In cases where GSTR-9 was not available, RCM payment in GSTR-3B Table 3.1(d) was compared with GSTR-3B 4(A)(2) and 4A(3). Greater of difference in GSTR-9 and GSTR-3B considered where both were available	Short payment of tax under RCM versus ITC availed in GSTR-3B/ GSTR-9
9.	The greater of tax liability between GSTR-1 (Tables 4 to 11), considering advances and amendments, and GSTR-9 (Tables 4N, 10 and 11) was compared with tax paid details in GSTR-3B Tables 3.1(a) and 3.1(b). In cases where GSTR-9 was not available, GSTR-3B tax paid was compared with GSTR-1 liability.	Unsettled/ Undischarged liabilities
10.	GSTR-3B Table 3.1(a)+(b) was compared with tax liability declared in the e-way bills and cases where GSTR-3B are less than e-way bills are identified	Suppression of tax liability based on e-way bill verification
11.	Taxpayers who have not filed GSTR-3B but have filed GSTR-1 or where GSTR-2A available, indicating taxpayers carrying on the business without discharging tax	GSTR-3B was not filed but GSTR-1 is available
12.	Interest calculated at the rate of 18 *per cent* on cash portion of tax payment on delayed filing of GSTR-3B vis-à-vis interest declared in GSTR-3B	Short payment of interest

Table 3.3 (b): Details of Data Analysis undertaken (Turnover mismatch)

Sl. No.	Algorithm used	Risk pursued
1	The CLS taxpayers whose turnover on all India basis (Central and State jurisdiction) under all GSTINs of the same PAN have crossed the turnover limit of ₹ 1 crore in 2018-19 and ₹ 1.5 crore in 2019-20 were identified.	Taxpayer Ineligible to remain under CLS
2	Table 3.1(a) of GSTR-3B was compared with Column 6 of Table 9 of GSTR-2A. Cases where GSTR-3B values are less than that of GSTR-2A are identified.	Under-declaration of taxable supplies by comparing TDS returns
3	Unbilled revenue at the beginning of the year in GSTR-9C Table 5B should tally with the unbilled revenue of the previous GSTR-9C shown in Table 5H. Any mismatch indicates suppression of taxable turnover.	Suppression of taxable value based on unbilled revenue declared in GSTR-9C
4	Negative figure in GSTR-9C Table 7G and examination of reasons provided in Table 8 for mismatch	Mismatch in taxable turnover declared in GSTR-9C Table 7G

The PAN-State data pertaining to Jammu & Kashmir state jurisdiction on the 16 identified parameters and extent of mismatches extracted from data are summarized in ***Appendix 3.1.5 (a)*** and ***(b)***.

3.7.2.2 Result of Centralised Audit

Based on the responses received from the Department to the audit queries, the extent to which each of the 16 audit dimensions has been translated into compliance deviations, is summarised in ***Appendix 3.1.6 (a)*** and ***(b)***. The category- wise details of cases included in **Table 3.3(c)** are appended to the report (***Appendix 3.1.7*** to ***3.1.15)***.

Table 3.3 (c): Summary of Centralised Audit

Out of 563 instances, the Department did not reply in 30 instances amounting to ₹ 33.26 crore (details in ***Appendix 3.1.7***) which relates to mismatch of tax liability/ input tax credit amounting to ₹ 24.52 crore in 24 instances and mismatch of Turnover amounting to ₹ 8.74 crore in six instances. The Department furnished the responses in 533 instances, of which 483 instances relate to mismatch of tax liability/ input tax credit {Column No. 2 in ***Appendix 3.1.6 (a)}*** and 50 instances relate to mismatch of turnover {Column No. 2 in ***Appendix 3.1.6 (b)}***.
Out of 483 instances in which responses were received relating to mismatch of tax paid/ ITC, in 279 instances, the Department accepted the audit objection. Out of these 279 instances, in 14 instances, recovery have been affected amounting to ₹ 3.14 crore {Column No. 4 and 5 in ***Appendix 3.1.6(a)}***. In 139 instances, Show Cause Notices (DRC-01/ DRC-07) have been issued amounting to ₹ 130.98 crore {Column No. 6 and 7 in ***Appendix 3.1.6(a)}*** and in 108 instances, ASMT-10 (notice intimating discrepancies), have been issued amounting to ₹ 99.82 crore {Column No. 8 and 9 in ***Appendix 3.1.6(a)}.*** In 18 instances amounting to ₹ 19.67 crore, the Department accepted audit observation and stated that matter was under examination {Column No. 10 and 11 in ***Appendix 3.1.6(a)}.***
Relatively higher rates of deviations were noticed in short payment of interest on delayed payments, undischarged tax liability, ITC availed after limitation period and non-filers of GSTR-3B returns.
In 166 instances relating to mismatch of ITC/ tax paid {Column No. 14, 16 and 18 in ***Appendix 3.1.6(a)},*** constituting 34.37 *per cent*, where the replies of the Department were acceptable to Audit; data entry errors by taxpayers comprised 22 instances {Column No. 14 and 15 in ***Appendix 3.1.6(a)};*** the Department had proactively taken action in 46 instances {Column No. 16 and 17 in ***Appendix 3.1.6(a)}*** and 98 instances {Column No. 18 and 19 in ***Appendix 3.1.6(a)}*** had other valid explanations.
In 38 instances {Column No. 20 and 21 in ***Appendix 3.1.6(a)},*** constituting 7.86 (38/483) *per cent,* the Department did not accept the deviations pointed out by Audit but did not provide any documentary evidence in support of the replies.
Similarly, in the 50 cases where Audit also noticed turnover related mismatches {***Appendix-3.1.6(b)}***, the Department accepted the observation in 20 instances {Column No. 4, 6, 8 and 10 in ***Appendix 3.1.6(b)}***. Of these, in six instances SCN (DRC-01/DRC-07) have been issued amounting to ₹ 74.10 crore {Column No. 6 and 7 in ***Appendix 3.1.6(b)}.*** In five instances ASMT-10 has been issued by the Department {Column No. 8 and 9 in ***Appendix 3.1.6(b)}*** and in nine instances, the Department stated that the matter was under correspondence with taxpayer {Column No. 10 and 11 in ***Appendix 3.1.6(b)}*** and had initiated/ taken action on the audit observations.
In 25 instances {Column No. 18 and 19 in ***Appendix 3.1.6(b)}*** relating to mismatch turnover, the Department's replies had valid explanations and were acceptable to Audit. In five instances related to mismatch turnover {Column No. 20 and 21 in ***Appendix 3.1.6(b)}***, the Department did not accept the deviations pointed out by Audit but did not provide any documentary evidence in support of the replies.

An illustrative case from each of the dimensions of the Centralised Audit are given in the succeeding paragraphs:

(i) Mismatch of ITC availed between GSTR-3B and GSTR-2A

To analyse the veracity of ITC utilisation, relevant data were extracted from GSTR-3B and GSTR 2A for the year 2018-19, 2019-20 and 2020-21, and the ITC paid as per suppliers' details was matched with the ITC credit availed by the taxpayer. The methodology adopted was to compare the ITC available as per GSTR-2A with all its amendments and the ITC availed in GSTR-3B in Table 4A(5)[5]considering the reversals in Table 4B(2)[6] but including the ITC availed in the subsequent years from Table 8C of GSTR-9.

In case of a taxpayer under STO Baramulla-I, Audit observed ITC mismatch of ₹ 3.69 crore between GSTR-3B and GSTR-2A for FY 2018-19 which was communicated to the STO (July 2023).

The STO stated (November 2023) that show cause notice (SCN) in form DRC-01 has been issued for ₹ 11.06 crore in November 2023. Further progress was awaited (March 2025).

(ii) ITC availed without supplier remitting tax

In order to analyse the extent of compliance of ITC availment under Section 16(4) of the J&K GST Act, an attempt has been made to identify likely cases where the ITC would have been passed on by the taxpayer without actually remitting the tax. For this purpose, the relevant data from GSTR-9 particularly pertaining to Table 8A of GSTR-9 was compared with the ITC data reflected in GSTR-2A.

In case of a taxpayer under STO Circle H-Kashmir, Audit observed in FY 2019-20 a difference of ₹ 2.61 crore as Table 8A of GSTR-9 was showing ITC of ₹ 12.74 crore which was lower than GSTR-2A populated figure of ₹ 15.35 crore. The difference in ITC indicated that GSTR-2A value increased on account of supplier filing either GSTR-1 belatedly or filing GSTR-1 after filing of GSTR-9. This resulted in mismatch of ITC amounting to ₹ 2.61 crore.

On being pointed out (August 2023), the STO stated (August 2023) that notice intimating discrepancy in form ASMT-10 has been issued to the taxpayer (August 2023). Further progress was awaited (March 2025).

(iii) ITC availed after limitation period

J&K GST Act provides for availing of ITC only till the due date of furnishing GSTR-3B for the month of September following the end of the financial year to which such ITC pertains or furnishing of relevant Annual Return, whichever is earlier. Accordingly, if any GSTR-3B is furnished after such time, ITC availed therein

[5] All other eligible ITC.
[6] Other ITC reversed.

becomes inadmissible. In order to review the extent of excess/ irregular ITC availed on this account, the ITC availed through Table 4 of GSTR-3B pertaining to 2018-19, 2019-20 and 2020-21 filed by the taxpayer beyond the due dates of September GSTR-3B return of the following year were identified at data level.

In case of a taxpayer under STO Circle Kupwara-Kashmir, Audit observed that taxpayers filed the GSTR-3B returns for the month of August 2018 to March 2019 after due dates. The ITC available in GSTR-3B after limitation period of October 2019 was ₹ 2.43 crore. Taxpayers irregularly availed ITC of ₹ 2.43 crore through GSTR-3B after the limitation period.

On being pointed out (June 2023), the STO stated (October 2023) that DRC-01 amounting to ₹ 6.95 crore has been issued for the year 2018-19. Further progress is awaited (March 2025).

(iv) Irregular availing of ITC by recipient on ISD credit

To analyse whether the ITC availed by the taxpayer is in excess of that transferred by the Input Service Distributor (ISD), ITC availed as declared in the returns of the taxpayer is compared with the ITC transferred by the ISD in the taxpayer's GSTR-6. The methodology adopted was to compare Table 6G[7] of GSTR-9 or Table 4(A)(4)[8] of GSTR-3B of the recipient taxpayers under the jurisdiction of this State with the sum of Table 5A[9], Table 8A[10], and Table 9A[11] of GSTR-6 of the respective ISD.

In one case of taxpayer under STO Circle-E Jammu, Audit observed that the ITC availed in Table 6G of GSTR-9 was ₹ 2.59 crore while reversal as per Table 7H of GSTR-9 was ₹ 0.03 crore and thereby effectively ISD of ₹ 2.56 crore was availed. However, the ITC transferred by the ISD in Table (5A+8A+9A) of GSTR-6 was ₹ 2.47 crore. This resulted in excess availment of ITC transferred by the ISD of ₹ 0.09 crore.

On being pointed out (September 2023), the STO stated (November 2023) that ASMT-10 (November 2023) has been issued. Further progress is awaited (March 2025).

(v) Mismatch of ITC between Annual Return and Table 12F of GSTR-9C

Table 12 of GSTR-9C reconciles ITC declared in Annual Return (GSTR-9) with ITC availed as per audited Annual Financial statement or books of accounts. Column 12F of this Table deals with unreconciled ITC.

The certified reconciliation statement submitted by the taxpayer as required under the Rule 80(3) of J&K GST Rules in form GSTR-9C for the year 2018-19 to 2020-21 was

7 ITC received from ISD.
8 Inward supplies from ISD.
9 Distribution of the amounts of eligible ITC for the tax period.
10 Mismatch of ITC reclaimed and distributed.
11 Redistribution of ITC distributed to a wrong recipient.

analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the Financial Statements.

In the case of a taxpayer under STO Circle-G Jammu, Audit observed unreconciled ITC of ₹ 1.03 crore in Table 12F of GSTR-9C.

On being pointed out (August 2023), the STO stated (October 2023) that ASMT-10 has been issued (October 2023). Further progress was awaited (March 2025).

(vi) Mismatch of ITC between annual return and financial statements Table 14T of GSTR-9C

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of CGST/ SGST Rules in form GSTR-9C for the years 2018-19 to 2020-21 was analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the expenses reported in the Financial Statements. Table 14 deals with expenses incurred by the taxpayer, which can be in the form of inputs, capital goods or services. These goods/ services procured may be taxable or exempted and procured from registered (forward charge) or unregistered persons (reverse charge). Table 14 reconciles the expenses incurred with the ITC availed, and any excess availing on account of ineligibility, blocked credits, and CLS is highlighted in Table 14T.

In case of a taxpayer under STO Circle-H Kashmir, Audit observed that ITC claimed as per GSTR-9C was ₹ 114.61 crore whereas as per the expenses reported in financial statements available ITC was ₹ 104.26 crore for FY 2018-19. The unreconciled ITC of ₹ 10.35 crore for FY 2018-19 was communicated to the STO (July 2023).

The STO stated (July 2023) that ASMT-10 has been issued (July 2023). Further progress was awaited (March 2025).

(vii) Mismatch in tax paid between Annual Return and tax paid in Table 9R of GSTR-9C

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of J&K GST Rules in form GSTR-9C for the year 2018-19 to 2020-21 was analysed at data level to review the extent of identified mismatch in tax paid between the Annual Return and the books of account. Table 9 of the form GSTR-9C attempts to reconcile the tax paid by segregating the turnover rate-wise and comparing it with the tax discharged as per Annual Return GSTR 9. The unreconciled amounts could potentially indicate tax levied at incorrect rates, incorrect depiction of taxable turnover as exempt or *vice versa* or incorrect levy of J&K GST/ CGST/ IGST.

In case of a taxpayer under STO Circle-D Kashmir, Audit observed unreconciled short payment of tax amounting to ₹ 0.57 crore in Table 9R of GSTR-9C for FY 2019-20.

On being pointed out (June 2023), the STO stated (November 2023) that DRC-01 amounting to ₹ 0.99 crore has been issued. Further progress was awaited (March 2025).

(viii) Mismatch in availment of ITC on RCM

In reverse Charge Mechanism, the liability to pay tax is fixed on the recipient of supply of goods or services instead of the supplier or provider in respect of certain categories of goods or services or both under Section 9(3) or Section 9(4) of the J&K GST Act, 2017 and under sub-section (3) or sub-section (4) of Section 5 of the IGST Act, 2017.

To analyse the veracity of ITC availed on tax paid under Reverse Charge Mechanism (RCM) for the years 2018-19 to 2020-21, the datasets pertaining to GSTR-3B and Annual Return GSTR-9 were compared to check whether the ITC availed on RCM was restricted to the extent of tax paid. The methodology adopted was to compare the RCM payments in GSTR-3B Table 3.1(d)[12] with ITC availed in GSTR-9 Table 6C[13], 6D[14] and 6F[15]. In cases where GSTR-9 was not available, the check was restricted within GSTR-3B where the tax discharged part in R3B Table 3.1(d) was compared with the ITC availing part of GSTR-3B 4A (2)[16] and 4A (3)[17].

In case of a taxpayer under STO Baramulla-III (Sopore), Audit observed tax paid in Table 4G of GSTR-9 was zero and the ITC availed in Table 4(D+F) was ₹ 0.13 crore for FY 2019-20. Thus, there was mismatch of ITC vis-à-vis payment of tax to the tune of ₹ 0.13 crore.

On being pointed out (June 2023), the STO stated that DRC-01 amounting to ₹ 0.07 crore have been issued (December 2023). Further progress was awaited (March 2025).

(ix) Undischarged tax liability

To analyse the undischarged tax liability, relevant data were extracted from GSTR-1 and GSTR-9 for the years 2018-19 to 2020-21 and the tax payable in these returns was compared with the tax paid as declared in GSTR-9. Where GSTR-9 was not available, a comparison of tax payable between GSTR-1 and GSTR-3B was resorted to. The amendments and advance adjustments declared in GSTR-1 and GSTR-9 were also considered for this purpose.

For the algorithm, Tables 4 to 11 of GSTR-1 and Tables 4N, 10 and 11 of GSTR-9 were considered. The greater of the tax liability between GSTR-1 and GSTR-9 was compared with the tax paid declared in Tables 9 and 14 of GSTR-9 to identify the

12 Inward supplies (liable to reverse charge).
13 Inward supplies receive from unregistered persons liable to reverse charge.
14 Inward supplies received from registered persons liable to reverse charge.
15 Import of services.
16 Import of services.
17 Inward supplies (liable to reverse charge).

short payment of tax. In the case of GSTR-3B, Tables 3.1(a)[18] and 3.1(b)[19] were taken into account.

In case of a taxpayer under STO Circle-H Kashmir, Audit observed the tax payable in GSTR-1 was ₹ 53.85 crore and the tax payable declared in Tables 3.1(a) and 3.1 (b) of GSTR-3B was ₹ 45.44 crore for FY 2018-19. This resulted in mismatch of tax liability amounting to ₹ 8.41 crore between GSTR-1 and GSTR-3B.

On being pointed out (August 2023), the STO stated (December 2023) that summary of the order in form DRC-07 for ₹ 17.55 crore has been issued. Further progress was awaited (March 2025).

(x) Suppression of Taxable value in comparison with E-Way Bill

In order to analyse the extent of short-payment of tax, relevant data related to tax liability declared in GSTR-3B for the years 2018-19 to 2020-21 were compared with disclosures made in E-way bill. For the algorithm, the cases where GSTR-3B Table 3.1 (a)+(b) tax payable were less than the tax liability declared in the E-way bills were chosen.

In case of taxpayer under STO Circle-A, Kashmir, Audit observed tax liability as per GSTR-3B was ₹ 18.38 crore whereas tax liability as per E-way bill data was ₹19.16 crore for FY 2019-20. This resulted in possible suppression of tax liability by ₹ 0.78 crore for FY 2019-20.

On being pointed (August 2023), the STO stated that DRC-01 amounting to ₹ 0.77 crore for FY 2019-20 has been issued (October 2023). Further progress was awaited (March 2025).

(xi) GSTR-3B not filed but GSTR-1 or GSTR-2A available

Taxpayers who have not filed GSTR-3B but have filed GSTR-1 or whose GSTR-2A was available were identified. GSTR-3B return is the only instrument through which the liability is offset and ITC is availed. The very availability of GSTR-1 and GSTR-2A and non-filing of GSTR-3B indicates that the taxpayers had undertaken/ carried on the business during the period but have not discharged their tax liability. These red flags potentially indicate cases of irregular passing on of ITC.

In case of a taxpayer under STO Circle-I Kashmir, Audit observed undischarged tax liability of ₹ 0.41 crore as a result of not filing of GSTR-3B but having filed GSTR-1.

On being pointed out (August 2023), the STO (December 2023) stated that DRC-01 amounting to ₹ 0.79 crore has been issued. Further progress was awaited (March 2025).

[18] Outward taxable supplies (other than zero rated, nil rated and exempted).
[19] Outward taxable supplies (Zero rated).

(xii) Short payment of interest on delayed payments

Section 50 of the J&K GST Act stipulates that every person liable to pay tax in accordance with the provisions of this Act or the rules made thereunder but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay interest at the rate notified.

The extent of short payment of interest on account of delayed remittance of tax during 2018-19 to 2020-21 was identified using the tax paid details in GSTR-3B and the date of filing of the GSTR-3B. Only the net tax liability (cash component) has been considered to work out the interest payable.

In case of a taxpayer under STO Circle Poonch, Jammu, Audit observed interest liability of ₹ 0.81 crore for FY 2018-19 on account of delayed payment of cash liability of ₹ 4.66 crore.

On being pointed (July 2023), the STO stated (October 2023) that ASMT-10 has been issued. Further progress was awaited (March 2025).

(xiii) Taxpayer remaining under CLS even after crossing the specified turnover

At the data level, an attempt was made to identify CLS taxpayers whose turnover on PAN India basis (Central and State jurisdiction) under all GSTINs of the same PAN have crossed the turnover limit of ₹ 1 crore in 2018-19 and ₹ 1.50 crore in 2019-20, but still continue to avail the benefit of CLS.

In case of a tax payer under STO Circle Anantnag-III,Kashmir, Audit observed turnover for the GSTIN for the year 2020-21 was ₹ 2.24 crore. The taxpayer had registered under CLS from April 2019 and crossed the threshold limit in January 2021 but continued to avail the benefit of CLS during the return period 2020-21.

On being pointed out (July 2023), DRC-01 amounting to ₹ 0.05 crore was issued (August 2023) to the tax payer. Further progress was awaited (March 2025).

(xiv) Suppression of Taxable value (TDS/ TCS declaration)

TDS and TCS details are declared in GSTR-7 and GSTR-8 respectively and communicated to the registered person in Table 9 of GSTR-2A. The cases where the taxable value declared on account of outward taxable supplies (other than zero rated, nil rated and exempted) in GSTR-3B was less than the net amount liable for TCS and TDS credit as per Table 9 of GSTR-2A have been identified. It may be noted that the deviation amount indicated may only be a fraction of non-disclosure, as exact comparison is not possible as the taxpayer may have other supplies which do not necessitate TDS recovery.

In case of a taxpayer under STO Circle Baramulla-I, Kashmir, Audit observed that GSTR-3B outward value of taxable supplies was nil but the value on which

TDS/ TCS recovered was ₹ 2.33 crore. Thus, there was mismatch of taxable value of ₹ 2.33 crore.

On being pointed out (September 2023), the STO stated (November 2024) that DRC-01 amounting to ₹ 1.58 crore has been issued. Further progress was awaited (March 2025).

(xv) Suppression of Taxable value (Unbilled Revenue)

Table 5B figures of GSTR-9C for the years 2018-19 to 2020-21 which captures the unbilled revenue at the beginning of the financial year was compared with Table 5H of the previous year's GSTR-9C returns which captures the unbilled revenue at the end of the year to review the extent of identified mismatch in turnover declared in the Annual Return with the Financial Statements.

In case of a taxpayer under STO Circle-H, Jammu, Audit observed amount under Table 5H ending 2019-20 was ₹ 10.19, crore whereas amount at the beginning of 2020-21 was ₹ Zero. This resulted in identified mismatch of ₹ 10.19 crore in turnover declared in the Annual Return with the Financial Statements.

On being pointed out (June 2023), the STO stated (November 2024) that examination of the case was in process (January 2024). Further progress was awaited (March 2025).

(xvi) Mismatch of taxable turnover in Table 7G of GSTR-9C

Table 7 of GSTR-9C is the reconciliation of taxable turnover between GSTR-9 and that declared in the financial statement. Column 7G of this Table captures the unreconciled taxable turnover between the annual return GSTR-9 and that declared in the financial statement for the year after the requisite adjustments.

The certified reconciliation statement submitted by the taxpayer as required under the Rule 80(3) of J&KGST Rules in Form GSTR-9C for the years 2018-19 to 2020-21 was analysed at data level to review the extent of identified mismatch in taxable turnover reported in the Annual Return *vis-à-vis* the Financial Statements. The unreconciled amount in cases where the turnover in GSTR-9 is less than the financial statement indicates non-reporting, under-reporting, short-reporting, omission, error in reporting of taxable supplies. It could also be on account of non-reporting of both taxable and exempted supplies.

In case of a taxpayer under STO Circle-I, Kashmir, Audit observed unreconciled taxable turnover in Table 7G of GSTR-9C amounting to ₹ 228.78 crore.

On being pointed (July 2023), the STO stated (December 2023) that DRC-01 amounting to ₹ 71.24 crore has been issued. Further progress was awaited (March 2025).

Recommendation:

- ***The Department may consider introducing validation controls in GST Returns to enhance taxpayer compliance and facilitate better scrutiny.***

3.7.3 Detailed Audit of GST Returns

In a self-assessment regime, the onus of compliance with law is on the taxpayer. The role of the Department is to establish and maintain an efficient tax administration mechanism to provide oversight. With finite level of resources, for an effective tax administration, to ensure compliance with law and collection of revenue, an efficient governance mechanism is essential. An IT driven compliance model enables maintaining a non-discretionary regime of governance on scale and facilitates a targeted approach to enforce compliance.

From an external audit perspective, Audit also focused on a data-driven risk-based approach. Thus, apart from identifying inconsistencies/ deviations in GST returns through pan-J&K data analysis, a detailed audit of GST returns was also conducted as a part of this review. A risk-based sample of 50 taxpayers was selected for this part of the review. The methodology adopted was to initially conduct a desk review of GST returns and Financial Statements filed by the taxpayers as part of the GSTR-9C and other records available in the back-end system to identify potential risk areas, inconsistencies/ deviations and red flags. Desk review was carried out in CAG and Accountant General (Audit) J&K office. Based on desk review results, detailed audit was conducted and the audit findings are categorized under a) Returns b) Utilization of ITC and c) Discharge of tax liability.

3.7.3.1 Scope limitation (non-production of records)

There was scope limitation of audit due to non-production of granular records (records of taxpayers) by the Department. During the desk review of taxpayers' returns available in the back-end system, Audit identified the risks related to excess ITC and tax liability mismatches for detailed examination. On the ITC dimension, the mismatches were identified by comparing GSTR-3B with GSTR-2A and GSTR-9, and the declarations made in Table 12 of GSTR-9C. On the tax liability dimension, the mismatches were identified by comparing GSTR-3B with GSTR-1 and GSTR-9 and the declarations in Table 5, Table 7 and Table 9 of GSTR-9C. However, in none of the selected cases, the Department provided the corresponding granular records such as the supplementary financial ledgers, invoices, agreement copies etc. required for examining the causative factors for mismatches of ITC and tax liability. Audit requisitioned these granular records of the taxpayers through the respective Circles.

As the requisitioned records were not produced by the Department for any of the cases, the identified risks relating to excess/ irregular ITC availment and undischarged tax liability of ₹ 293.33 crore and of ₹ 18.07 crore, related to 'Mismatch of turnover' could not be examined in detail.

On being pointed out (March 2024), the Department during Exit Conference (November 2024) stated that the internal audit under Section 65 of J&K GST Act had not been conducted till date and the required financial statements were not available with them and the same could not be called for at that stage as there is no provision under the said Act.

3.7.3.2 Returns

Section 50 (1) of J&K GST Act, 2017, provides that every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding 18 *per cent*, as may be notified by the Government on the recommendations of the Council.

The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid.

The extent of short payment of interest on account of delayed remittance of tax during years 2018-19, 2019-20 and 2020-21 was identified using the tax paid details in GSTR-3B and the date of filing of the GSTR-3B. Only the net tax liability (cash component) was considered to work out the interest payable. In this regard, the discrepancies noticed were as below.

(i) Non-payment of interest by taxpayers

Audit observed in 24 cases, that taxpayers had either filed their GSTR-3B returns belatedly or had paid the net tax liability (cash component) belatedly but the interest amounting to ₹ 0.73 crore was not discharged.

On this being pointed out (September 2023 to April 2024), the Department stated (November 2024) that ₹ 0.08 crore were recovered in 10 cases. In six cases, DRC-07 amounting to ₹ 0.22 crore, in two cases DRC-01 amounting to ₹ 0.22 crore, in four cases ASMT-10 amounting to ₹ 0.17 crore were issued to taxpayer. Further in two cases, Department stated that cases were under process (November 2024) as detailed in ***Appendix 3.1.16***.

Illustrative Case:

In case of a taxpayer under STO Circle-H, Jammu, Audit observed that taxpayer had filed the GSTR-3B returns for the period May 2019 to December 2019 belatedly and interest liability of ₹ 0.05 crore on delayed payment of tax of ₹ 0.65 crore (net liability discharged through cash) was not discharged.

On being pointed out (March 2024), the Department stated that (November 2024) DRC-07 had been issued to the taxpayer.

(ii) Late fee on belated/ non-filing of returns

Section 47 (2) of J&K GST Act states that any registered person who fails to furnish the return required under Section 44 by the due date shall be liable to pay a late fee of ₹ 100 for every day during which such failure continues subject to a maximum of an amount calculated at a quarter *per cent* of his turnover in the State.

Audit observed in 13 cases, that taxpayers had filed their GSTR-9/ 9C returns belatedly but late fee amounting to ₹ 0.19 crore was not discharged.

On this being pointed out (September 2023 to April 2024), the Department stated (November 2024) that in one case ₹ 0.90 lakh has been recovered via DRC-03, in six cases DRC-07 amounting to ₹ 12 lakh, in two cases DRC-01 amounting to ₹ 1.30 lakh and in one case ASMT-10 were issued to taxpayer. Further, in one case the Department stated that case was under process and in two cases no reply was furnished (November 2024) as detailed in ***Appendix 3.1.17***.

3.7.3.3 Mismatches in availing of Input Tax Credit

Section 16(2) of the Act prescribes the conditions for availing ITC, which are (i) Taxpayer should be in possession of tax invoice or any other specified tax-paying document (ii) Taxpayer has received the goods or services (iii) Tax has actually been paid by the supplier and (iv) Taxpayer has furnished the return to avail the ITC (v) The value of the goods or services along with the tax should have been paid to the supplier within 180 days from the date of issue of invoice.

Rule 36 of J&KGST Rules prescribe the documentary requirements for claiming ITC. A taxpayer can avail ITC based on the following documents namely (i) Invoice issued by a supplier of goods or services or both (ii) Invoice issued by recipient along with proof of payment of tax (iii) A debit note issued by supplier (iv) Bill of entry or similar document prescribed under Customs Act (v) Revised invoice and (vi) Document issued by Input Service Distributor.

Audit findings and mismatches noticed related to availing of input tax credit are discussed below.

Audit analysed the dataset of GSTR-2A in respect of selected taxpayers along with datasets of GSTR-3B, GSTR-9 and GSTR-9C filed by the taxpayers for the financial years 2018-19 to 2020-21 and noticed mismatches of Input Tax Credit and Reverse Charge Mechanism (RCM) among returns. Audit could not examine mismatches in detail since relevant granular records were not produced by the Department. These cases were pointed out between September 2023 to April 2024 and replies of the Department were received up to November 2024. The details of mismatches in input tax credit noticed by Audit are given in **Table 3.4** as under:

Table 3.4: Mismatch in availing of input tax credit

Sl. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Department's response
1	**Mismatch of ITC between GSTR-2A and GSTR-3B** The ITC available as per Table 3 and 5 of GSTR-2A was compared with ITC availed in Table 4A(5) of GSTR-3B including ITC pertaining to current financial year availed in the next financial year. ***(Appendix 3.1.18)***	59	16	147.72	The Department reported recovery in two cases amounting to ₹ 1.34 lakh, issued DRC-07 in 21 cases, issued DRC-01 in eight cases, issued ASMT-10 in eight cases. In four cases, the Department stated that the paragraph was under process and in five cases no reply was furnished. In 11 cases, the Department did not accept audit observation. However, in these 11 cases no supporting records were provided.
2.	**Excess ITC availed** As per Table 8D of GSTR-9 after considering subsequent year's adjustment. ***(Appendix 3.1.19)***	21	11	77.93	The Department reported recovery in one case amounting to ₹ 0.41 lakh, issued DRC-07 in three cases, issued DRC-01 in one case, issued ASMT-10 in six cases. In one case, the Department stated that the paragraph was under process and in five cases no reply was furnished. In four cases, the Department did not accept audit observation. However, in these four cases no supporting records were provided.
3.	**Non/short reversal of ITC availed for exempt and non-GST supplies**: As per Section 17(2) of Jammu and Kashmir GST Act 2017, read with Rules 42 of J&K GST Rules 2017, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies. ***(Appendix 3.1.20)***	20	10	33.55	The Department issued DRC-07 in three cases, issued DRC-01 in two cases, issued ASMT-10 in three cases. In one case, the Department stated that the paragraph was under process and in one case no reply was furnished. In ten cases, the Department did not accept audit observation. However, in these nine cases no supporting records were provided.

Sl. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Department's response
4.	**ITC mismatch between GSTR-2A and GSTR-9**: The ITC available as per GSTR-2A was compared with the ITC availed under Table 8A of GSTR-9 return. ***(Appendix 3.1.21)***	8	5	4.01	The Department issued DRC-07 in one case, issued DRC-01 in one case, issued ASMT-10 in three cases. In three cases no reply was furnished.
5.	**Mismatch of ITC in Annual Return:** Figures in Table-6J of GSTR-9 captures the difference of ITC availed through 3Bs, and ITC entered in Table 6B to 6H. A negative figure in 6J is indicative of excess availment of ITC. ***(Appendix 3.1.22)***	3	3	3.27	The Department issued DRC-07 in one case, issued ASMT-10 in one case and in remaining case stated that the para was under process.
6.	**ITC availed by recipient taxpayer without tax remitted by supplier(s)**-suppliers have not filed GSTR-3B or filed GSTR 3B belatedly after filing GSTR-1. ***(Appendix 3.1.23)***	18	10	3.08	The Department reported recovery in two cases amounting to ₹ 31.59 lakh, issued DRC-07 in one case, issued DRC-01 in three cases, issued ASMT-10 in five cases. In three cases, the Department stated that the para was under process and in two cases no reply was furnished. In two cases, the Department did not accept audit observation. However, in these two cases no supporting records were provided.
7.	**Mismatch in ITC availed in respect of ISD:** ITC availed in respect of Input Service Distributor in Table-6G of GSTR-9 was compared with the ITC available on account of ISD in GSTR-2A. ***(Appendix 3.1.24)***	4	02	0.33	The Department issued DRC-07 in one case and issued ASMT-10 in two cases. In one case no reply was furnished.
8.	**Mismatch in payment of tax under Reverse Charge Mechanism (RCM) with GSTR-2A):** GSTR-2A Table 3 transactions which are marked as supplies under RCM was compared with GSTR-3B Table 3.1 (d). ***(Appendix 3.1.25)***	5	3	0.26	The Department issued DRC-07 in two cases and issued DRC-01 in three cases.

Sl. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Department's response
9.	**Mismatch in ITC availed under RCM:** Data of Table 3.1(d) of GSTR-3B, which contains the details of inward supplies that are liable to reverse charge, was compared with RCM ITC availed as per Table 4A (2), 4A (3) of GSTR-3B or table 6C of GSTR-9. ***(Appendix 3.1.26)***	2	01	0.03	The Department stated that in both cases the paragraph was under process.
10	**Irregular availing of ITC where place of supply is other than UT of J&K-** ITC availed through Table 4 of GSTR 3Bs pertaining to 2019-20 and 2020-21 was compared with downloaded GSTR 2A figures where POS is other than the registered place of recipient. ***(Appendix 3.1.27)***	9	6	0.12	The Department issued DRC-07 in five cases, issued DRC-01 in one case and in three cases no reply was furnished.
11	**Non/ Less reversal of ITC/ Tax in respect of deletion of Fixed Asset-** The methodology adopted was to compare Table 7 of GSTR-9 with the deletions shown in financial statement respectively. Further, Schedule I of J&K GST Act, 2017 provides check for clearance of assets without consideration and appropriate payment of tax on such supplies. **(*Appendix 3.1.28*)**	20	6	NMV	The Department issued DRC-07 in one case, issued DRC-01 in two cases, issued ASMT-10 in two cases. In two cases the Department stated that the paragraph was under process and in three cases no reply was furnished. In 10 cases Department did not accept audit observation. However, in these 10 cases, no supporting records were provided.
12	**Non/Less reversal of ITC in respect of Trades payable** Second provision of Section 16(2) of J&K GST Act 2017 states that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier. **(*Appendix 3.1.29*)**	32	15	NMV	The Department reported recovery in one case amounting to ₹ 0.41 lakh, issued DRC-07 in four cases, issued DRC-01 in four cases, issued ASMT-10 in six cases. In four cases, the Department stated that the paragraph was under process and in seven cases no reply was furnished. In six cases, the Department did not accept audit observation. However, in these six cases no supporting records were provided.

3.7.3.4 Mismatches relating to discharge of tax liability

The taxable event in the case of GST is supply of goods and/ or services. Section 9 of the Jammu & Kashmir GST Act 2017 is the charging section authorising levy and collection of tax called State/ Centre Goods and Services Tax on all intra-State supplies of goods or services or both, except on supply of alcoholic liquor for human consumption, on value determined under Section 15 of the Act ibid and at such rates not exceeding 20 *per cent* under each Act, i.e., CGST Act and J&KGST Act. Section 5 of the IGST vests levy and collection of Integrated GST on interstate supply of goods and services with Central Government with maximum rate of 40 *per cent*.

Audit findings and mismatches noticed related to discharge of tax liabilities are discussed below.

Audit scrutinised GSTR-1, GSTR-3B and GSTR-9 returns filed by the taxpayers for the year 2018-19 to 2020-21 and noticed mismatch in discharge of tax liability and turnover by comparing the tax liability and turnover furnished in the financial statements and GST returns. Audit could not examine these mismatches in detail since relevant granular records were not produced by the Department. These cases were pointed out between September 2023 to April 2014 and replies of the Department were received up to November 2024. The details of mismatches are given in **Table 3.5 (a)** and **(b)** as under.

Table 3.5 (a): Mismatch related to discharge of tax liability

Sl. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Department's response
1.	**Un-discharged tax liability on comparing greater of the tax liability of GSTR-1, GSTR-9 with reference to Tax payment in GSTR-9:** GSTR-1 and GSTR-9 for the year 2018-19, 2019-20 and 2020-21 and the tax payable in these returns was compared with the tax paid and declared in GSTR 9/ 3B for the respective financial year. ***(Appendix 3.1.30)***	24	10	22.85	The Department reported recovery in seven cases amounting to ₹ 12.99 lakh, issued DRC-07 in five cases, issued DRC-01 in two cases, issued ASMT-10 in three cases. In one case, the Department stated that the paragraph was under process and in three cases no reply was furnished. In three cases, the Department did not accept audit observation. However, in these three cases, no supporting records were provided.
2.	**Mismatch in tax liability**: Mismatch in tax paid between books of accounts and Annual Return (Table 9R of Form 9C) ***(Appendix 3.1.31)***	1	1	0.18	The Department issued DRC-07 in the case.

Sl. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Department's response
3.	**Non-disclosure of turnover/ liability under Reverse Charge Mechanism (RCM):** To check tax repercussions on expenses incurred, like GTA Services, legal, manpower recruitment, services received from abroad, and other services notified under Section 9(3) and 9(4) of J&K GST Act 2017, where the recipient is required to pay tax under RCM; the details mentioned in Profit and Loss account has been cross-verified with Tables 4A(2) and 4A(3) of GSTR-3B and 4(G) of GSTR-9. ***(Appendix 3.1.32)***	45	14	NMV	The Department issued DRC-07 in six cases, issued DRC-01 in nine cases, issued ASMT-10 in six cases. In three cases, the Department stated that the paragraph was under process and in 12 cases no reply was furnished. In nine cases, the Department did not accept audit observation. However, in these nine cases no supporting records were provided.

Table 3.5 (b) Mismatch related to turnover as per Financial Statement

Sr. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Department's response
1.	**Suppression of taxable value identified through TDS/ TCS declaration:** GSTR-3B Table 3.1(a) were less than the net amount liable for TCS and TDS credit available under Part-C of GSTR-2A have been identified. **(*Appendix 3.1.33)***	4	04	14.06	The Department issued DRC-07 in one case and in one case stated that the paragraph was under process. In two cases, the Department did not accept audit observation. However, in these two cases, no supporting records were provided.
2.	**Suppression of taxable turnover on unbilled revenue:** Comparison of Table 5B of GSTR-9C of a year with Table 5H of the previous year's GSTR-9C. ***(Appendix 3.1.34)***	1	01	4.01	The Department stated that the case was under process.
3.	**Mismatch of Turnover between GSTR-9 and Financial Statements/ Trading account:** The data sets pertaining to the fields in Table 5N	8	04	NMV	The Department issued DRC-07 in two cases and ASMT-10 in two cases. In one case, the Department stated that the paragraph was under process and in

Sr. No.	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Department's response
	(Total turnover) were examined *viz-a-viz* Financial Statements where GSTR-9C was not filed by the taxpayer and where the GSTR-9C was filed, the datasets pertaining to relevant fields in Table 5A (turnover derived from the audited Annual Financial statement),Table 5P (turnover after adjustments), Table 5Q (turnover as declared in annual return GSTR-9) and Table 5R (unreconciled turnover) of GSTR-9C were examined *viz-a-viz* audited financial statements. **(*Appendix 3.1.35*)**				three cases no reply was furnished.

Recommendation:

- ***The Department may initiate remedial action for all the compliance deviations brought out in this report before they get time barred.***

8 Conclusion

The Subject Specific Compliance Audit (SSCA) on Department Oversight on GST Payments and Return Filing was undertaken with an objective of assessing the adequacy of the system in monitoring return filing and tax payments, extent of compliance and other Departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for 2018-19 to 2020-21. The SSCA entailed assessing the oversight functions of J&K State Tax Department jurisdictional formations (Circles) at two levels i.e. at the data level through PAN-State data queries and at the functional level with a detailed audit of Circles, GST returns and internal audit which involved accessing taxpayer records. The audit sample therefore comprised 10 Sectors, 563 high value inconsistencies involving 337 taxpayers across 16 parameters selected through PAN-State queries and 50 taxpayers selected on risk assessment for detailed audit of GST returns for the year 2018-19 to 2020-21.

Audit of Circles disclosed deficiencies in oversight functions due to non-levy of late fee for delayed filing of returns, non-levy of interest on late payment of tax, delay in cancellation of registration and non-filing of GSTR-10 returns.

Out of the 563 high value inconsistencies pursued at data level, the Department responded to 533 cases and initiated remedial action by issuing Show Cause Notices, ASMT-10 and recovery in 272 cases involving a money value of ₹ 324.81 crore.

A relatively higher rate of deficiencies were noticed in short/ non-payment of interest, undischarged tax liability, ITC availing after limitation period and non-filing of GSTR-3B, excess RCM ITC availed and short payment of tax.

Detailed audit of GST returns also suggested significant mismatches in the data of GSTR-1, GSTR-3 and GSTR-9 of the taxpayers. Granular records such as supplementary ledgers, invoices, copies of the agreement etc. were not produced in all cases of sample which constituted a significant scope limitation.

9 *Summary of recommendations*

The Department may:

- ***Consider introducing validation controls in GST Returns to enhance taxpayer compliance and facilitate better scrutiny; and***
- ***Initiate remedial action for all the compliance deviations brought out in this report before they get time barred.***

(Tsewang Tharchin)
Accountant General (Audit),
Jammu and Kashmir

Srinagar/ Jammu
Dated: 30 January 2026

Countersigned

(K. Sanjay Murthy)
Comptroller and Auditor General of India

New Delhi
Dated: 19 February 2026

APPENDICES

Appendix-2.1.1
Forms used in E-Way Bill System
(Refer Paragraph: 2.1.4)

Sl. No.	Form No.	Description
1	GST EWB-01	1. Bill for movement of goods, it should be generated in EWB portal before commencement of shipment. 2. Form has Two parts *viz*. Part-A to be filled by the Consignor or Consignee and Part-B by the transporter.
2	GST EWB-02	Where multiple consignments are intended to be transported in one conveyance this form is generated called "Consolidated EWB"
3	GST EWB-03	Verification report of every inspection of goods in transit by the PO. Part A of the report should be recorded online less than 24 hours and Part B less than three days of inspection.
4	GST EWB-04	Where a vehicle has been intercepted and detained for more than 30 minutes, this form may be uploaded in common portal
5	GST EWB-05	Application for unblocking of the facility for generation of EWB
6	GST EWB-06	Order for permitting/ rejecting application for unblocking
Forms for Interception, detention and release of Conveyance and goods		
1	GST MOV-01	Statement of the owner/ Driver/ Person in-charge of the goods and conveyance during interception of the conveyance
2	GST MOV-02	Order for Physical verification/ inspection of the Conveyance, Goods and Documents
3	GST MOV-03	Order of Extension of time for inspection beyond three working days.
4	GST MOV-04	Physical verification report
5	GST MOV-05	Release Order for Goods conveyance
6	GST MOV-06	Order of Detention for non-production of documents or defective documents etc.
7	GST MOV-07	SCN on the outcome of inspection of goods
8	GST MOV-08	Bond for Provisional release of goods and conveyance
9	GST MOV-09	Order of Demand of tax and Penalty (Detained Goods/ Conveyance)
10	GST MOV-10	Notice for Confiscation of Goods or Conveyances and levy of penalty
11	GST MOV-11	Order of Confiscation of Goods and Conveyance - Demand of Tax, Fine and Penalty
Forms and Notices for Demand and Recovery		
1	GST DRC-01	Summary of Show Cause Notice
2	GST DRC-02	Summary of Statement
3	GST DRC-03	Intimation of Payment (voluntarily/ SCN) by the taxpayer
4	GST DRC-04	Acknowledgement for Voluntary Payment of Tax by the Department
5	GST DRC-05	Intimation of Conclusion of Proceedings by the Department

Sl. No.	Form No.	Description
6	GST DRC-06	Reply to SCN
7	GST DRC-07	Summary of the Order (Tax, Interest and Penalty)
8	GST DRC-08	Rectification of Order (Application/ Suo-moto)
9	GST DRC-09	Order for recovery through Specified Officer U/s 79
10	GST DRC-10	Notice for Auction of Goods (including e- auction)

Appendix-2.1.2
Source of audit criteria
(Refer Paragraph: 2.2.2)

Topic	Relevant Sections/Rules of J&K GST Act/Rules
GST Registration	Section 22 - Persons liable for registration
	Rule 8 - Application for registration under GST
	Section 23 - Persons not liable for registration but may get registered
	Rule 8A - Voluntary registration under GST
	Section 24 - Compulsory registration in certain cases
	Rule 9 - Application for special category registration
Cancellation	Section 29 - Cancellation of registration
	Rule 20 - Application for cancellation of registration
	Section 30 - Revocation or cancellation of registration
	Rule 21 - Form and manner of application for revocation of cancellation of registration
Filing of Returns	Section 47 - Late fee for failure to furnish return
	Rule 61 - Form and manner of furnishing return
Penalties	Section 122 - Penalty for various offenses under the GST Act
	Section 132 - Punishment for certain offenses
E-Way Bill Provisions	Rule 138 - Information to be furnished before commencement of the movement of goods
	Rule 138B - Power to detain and seize goods and conveyances
Interceptions and Detention	Section 129 - Detention, seizure, and release of goods and conveyances
	Rule 138A - Procedure for interception of conveyances
Confiscation	Section 130 - Confiscation of goods or conveyances and levy of penalty
	Rule 140 - Confiscation or penalty not to interfere with other punishments
Input Tax Returns (ITC)	Section 16 - Eligibility and conditions for taking ITC
	Rule 36 - Documentary requirements and conditions for claiming ITC
Invoice and Billing	Section 31 - Tax invoice, credit and debit notes
	Rule 46 - Tax invoice
	Rule 8 - Application for registration under GST
Payment of Tax	Section 49 - Payment of tax, interest, penalty, and other amounts
	Rule 87 - Payment of tax, interest, penalty, and other amounts
Audit and Assessment	Section 65 - Audit by tax authorities
	Section 62 - Assessment of non-filers of returns
	Rule 101 - Audit by tax authorities
Composition Scheme	Section 10 - Composition levy
	Rule 7 - Composition levy
	Rule 55 - Job work procedure
Exports and Imports	Section 16 - Zero-rated supply
	Rule 89 - Refund of integrated tax paid on goods or services exported out of India

Appendix-2.1.3
Trends of generation of EWBs
(Refer Paragraph: 2.2.4)
Details of EWBs generated for outward and inward supplies

Year	Outward supplies			Inward supplies		
	Number of Suppliers	No. of EWBs	Total value (₹ in crore)	Number of Suppliers	No. of EWBs	Total value (₹ in crore)
2018-19	10,372	10,07,998	30,608	1,470	17,765	374
2019-20	10,297	11,24,564	31,834	1,722	20,940	418
2020-21	11,026	12,98,079	35,360	1,375	16,078	366
2021-22	12,977	16,71,207	45,195	1,722	22,687	531
Total	**44,672**	**51,01,848**	**1,42,997**	**6,289**	**77,470**	**1,689**

Details of extended, cancelled and rejected EWBs

Year	Extension of EWBs			Cancelled EWBs			Rejected EWBs		
	No. of suppliers	No. of e-Waybills	Total value (₹ in crore)	No. of suppliers	No. of e-Waybills	Total value (₹ in crore)	No. of suppliers	No. of e-Waybills	Total value (₹ in crore)
2018-19	9,680	12,781	344	3,275	20,742	1,018	182	298	11
2019-20	33,332	70,122	1,790	3,162	21,694	817	124	176	8
2020-21	44,646	74,098	2,111	3,551	26,925	890	96	176	10
2021-22	92,616	1,99,784	6,594	4,299	29,684	1,187	97	169	7
Total	**1,80,274**	**3,56,785**	**10,839**	**14,287**	**99,045**	**3,912**	**499**	**819**	**36**

Mode of transport used in EWBs 2018-19 to 2021-22

Supply of EWB	Mode of transport (By Road)	Mode of transport (By Road, Rail, Air, Ship)	Percentage (by Road)
Inward **EWB**	56,587	59,083	95.77
Outward **EWB**	40,30,001	40,56,447	99.34

(Source: GSTN data)

Appendix-2.1.4
Key Problem Areas that constraints revenue realisation
(Refer Paragraph: 2.2.4)

(1) Composition Levy Scheme taxpayers generating EWBs for inter-State supplies

(2) Composition Levy Scheme taxpayers generating EWBs for outward supplies exceeding the threshold limit

(3) Taxpayers with only outward supplies supported by EWBs in any given year.

(4) Taxpayers who affect disproportionate outward supplies compared to inward supply (EWBs supported) in any given year.

(5) Taxpayers who had generated EWBs using duplicate invoices.

(6) Generation of EWBs by Nil Filers of Return.

(7) Generation of EWBs by Returns Defaulters (Non-Filers).

(8) Taxpayers who have generated EWBs after an effective date of cancellation.

(9) Taxpayers who have generated EWB whose registration was subsequently cancelled.

(10) Taxpayers who had generated EWBs and had cancelled subsequently.

(11) Taxpayers who had generated EWBs and were subsequently rejected by the recipients.

(12) Taxpayers who had generated disproportionate supplies supported by EWBs on the inward side compared to the outward side in any given year.

(13) Extension of EWBs by taxpayers.

(14) EWBs generated using risky vehicles i.e., 2 wheelers.

(15) EWBs generated using stolen/ suspicious vehicles.

(16) High value of EWBs in the first 6 months of registration.

(17) EWBs generated using invalid Pin codes.

(18) EWBs generated using suspended, scrapped, surrendered, and cancelled vehicles.

(19) EWBs generated by defaulter list of Ministry of Corporate Affairs (MCA).

(20) EWBs generated by income tax defaulters.

(21) EWBs generated by DGARM-identified/ Other agencies-identified taxpayers.

(22) EWBs generated by DGFT-blacklisted exporters.

Appendix-2.1.5
Sample Selection
(Refer Paragraph: 2.2.4)

Details of 96 cases (EWBs)				
Sl. No	**GSTIN**	**EWB number**	**EWB Amount**	**Jurisdiction**
1	01XXXXXXXXXX1ZQ	361395650774	49,77,000	Circle L-Jammu
2	01XXXXXXXXXX1Z9	371059153752	55,93,189	Circle L-Jammu
3	01XXXXXXXXXX1ZE	311104286158	1,66,250	Circle E-Jammu
4	01XXXXXXXXXX1ZR	331151583389	6,26,200	Circle R-Jammu
5	01XXXXXXXXXX1Z6	311183657221	1,61,000	Circle Q-Jammu
6	01XXXXXXXXXX2ZR	381213011231	12,84,113	Circle Samba II-Jammu
7	01XXXXXXXXXX2ZR	381210946598	12,98,263	Circle Samba II-Jammu
8	01XXXXXXXXXX1ZD	301390950189	2,84,800	Circle L-Jammu
9	01XXXXXXXXXX1ZD	331387248421	2,96,000	Circle L-Jammu
10	01XXXXXXXXXX1ZD	321403095232	2,85,450	Circle L-Jammu
11	01XXXXXXXXXX1ZD	391399815493	3,36,000	Circle L-Jammu
12	01XXXXXXXXXX1ZD	371391636180	4,19,200	Circle L-Jammu
13	01XXXXXXXXXX1ZD	351386857167	2,95,840	Circle L-Jammu
14	01XXXXXXXXXX1ZD	341390912884	2,90,560	Circle L-Jammu
15	01XXXXXXXXXX1ZD	371393857086	3,50,240	Circle L-Jammu
16	01XXXXXXXXXX1ZD	361378287458	5,07,000	Circle L-Jammu
17	01XXXXXXXXXX1ZM	341019870157	58,305	Circle Q-Jammu
18	01XXXXXXXXXX1Z0	371018693299	25,00,000	Circle R-Jammu
19	01XXXXXXXXXX1Z6	341189610681	96,000	Circle Q-Jammu
20	01XXXXXXXXXX1ZM	311023059954	48,813	Circle Q-Jammu
21	01XXXXXXXXXX1Z0	391016845364	4,52,472	Circle R-Jammu
22	01XXXXXXXXXX1Z0	341010746000	5,00,000	Circle R-Jammu
23	01XXXXXXXXXX1ZM	351021165987	43,559	Circle Q-Jammu
24	01XXXXXXXXXX1ZM	361021124530	54,779	Circle Q-Jammu
25	01XXXXXXXXXX1ZM	391021159218	1,14,601	Circle Q-Jammu
26	01XXXXXXXXXX1ZM	371019859577	2,18,135	Circle Q-Jammu
27	01XXXXXXXXXX1Z6	371186464642	1,68,000	Circle Q-Jammu
28	01XXXXXXXXXX1ZW	311180108227	5,72,927	Circle Q-Jammu
29	01XXXXXXXXXX1Z0	321014127388	19,63,500	Circle R-Jammu
30	01XXXXXXXXXX1Z0	321014129933	19,63,500	Circle R-Jammu
31	01XXXXXXXXXX1ZY	301057634034	1,57,163	Circle Q-Jammu
32	01XXXXXXXXXX1ZB	371042747223	1,25,611	Circle Samba II-Jammu
33	01XXXXXXXXXX1ZJ	331038734729	2,64,201	Circle Kathua I-Jammu
34	01XXXXXXXXXX1ZD	381051151009	99,105	Circle Samba II-Jammu
35	01XXXXXXXXXX1ZH	331034575023	5,92,500	Circle G-Jammu
36	01XXXXXXXXXX1ZA	351041212627	32,02,916	Circle R-Jammu
37	01XXXXXXXXXX1Z7	211027375831	2,56,51,000	Circle Samba II-Jammu
38	01XXXXXXXXXX1ZZ	301091252230	40,68,388	Circle G-Jammu
39	01XXXXXXXXXX1ZA	381041190562	32,02,916	Circle R-Jammu

Details of 96 cases (EWBs)				
40	01XXXXXXXXXX1ZL	371031481725	2,68,750	Circle R-Jammu
41	01XXXXXXXXXX2ZL	701078118878	1,26,000	Circle Samba II-Jammu
42	01XXXXXXXXXX1ZH	391034575456	3,16,750	Circle G-Jammu
43	01XXXXXXXXXX1ZA	351037649897	42,40,000	Circle R-Jammu
44	01XXXXXXXXXX2Z3	311054022912	1,00,800	Circle Q-Jammu
45	01XXXXXXXXXX1ZA	371037654516	42,40,000	Circle R-Jammu
46	01XXXXXXXXXX2ZL	391114531352	1,26,000	Circle Samba II-Jammu
47	01XXXXXXXXXX1ZZ	351091246577	40,68,338	Circle G-Jammu
48	01XXXXXXXXXX1ZJ	381038269581	2,64,201	Circle Kathua I-Jammu
49	01XXXXXXXXXX1ZA	341037645722	42,40,000	Circle R-Jammu
50	01XXXXXXXXXX1Z1	391063477954	1,74,309	Circle L-Jammu
51	01XXXXXXXXXX1Z1	371063473381	1,74,309	Circle L-Jammu
52	01XXXXXXXXXX1ZZ	331091255858	40,68,388	Circle G-Jammu
53	01XXXXXXXXXX1ZH	341034575307	4,59,600	Circle G-Jammu
54	01XXXXXXXXXX2Z3	301054055832	1,00,800	Circle Q-Jammu
55	01XXXXXXXXXX1ZZ	391091253847	40,68,338	Circle G-Jammu
56	01XXXXXXXXXX1ZA	331037638886	32,02,916	Circle R-Jammu
57	01XXXXXXXXXX1ZJ	301332359315	96,000	Circle G-Jammu
58	01XXXXXXXXXX1ZA	741200152422	13,24,503	Circle R-Jammu
59	01XXXXXXXXXX3ZL	311206209772	1,59,750	Circle L-Jammu
60	01XXXXXXXXXX1ZT	321247272835	3,50,000	Circle Q-Jammu
61	01XXXXXXXXXX1Z9	391211933787	59,687	Circle Kathua I-Jammu
62	01XXXXXXXXXX1ZC	311085196455	1,15,938	Circle L-Jammu
63	01XXXXXXXXXX3ZC	321385547538	27,55,061	Circle G-Jammu
64	01XXXXXXXXXX1ZE	381028412447	2,10,878	Circle G-Jammu
65	01XXXXXXXXXX1Z6	381102502594	1,35,811	Circle Samba II-Jammu
66	01XXXXXXXXXX1ZQ	341058107029	18,14,440	Circle R-Kashmir
67	01XXXXXXXXXX1ZQ	371376515101	98,52,707	Circle R-Kashmir
68	01XXXXXXXXXX1ZJ	311168804037	27,90,063	Circle Samba II-Jammu
69	01XXXXXXXXXX1ZJ	391323803620	40,96,625	Circle Samba II-Jammu
70	01XXXXXXXXXX2ZF	341138891253	1,06,267	Circle Samba II-Jammu
71	01XXXXXXXXXX1ZU	341141110088	1,68,480	Circle L-Jammu
72	01XXXXXXXXXX1Z7	381137194395	10,52,775	Circle Samba II-Jammu
73	01XXXXXXXXXX1Z0	371157762294	13,26,966	Circle L-Jammu
74	01XXXXXXXXXX1ZM	371286048698	60,000	Circle L-Jammu
75	01XXXXXXXXXX2ZL	391027925754	1,37,070	Circle Samba II-Jammu
76	01XXXXXXXXXX1ZJ	301189317991	1,39,469	Circle R-Kashmir
77	01XXXXXXXXXX1ZJ	371334271162	2,09,586	Circle R-Kashmir
78	01XXXXXXXXXX2ZL	301034874963	2,37,760	Circle Samba II-Jammu
79	01XXXXXXXXXX2ZL	351034869948	2,41,380	Circle Samba II-Jammu
80	01XXXXXXXXXX2ZL	301062260572	1,71,900	Circle Samba II-Jammu
81	01XXXXXXXXXX4ZE	351294380979	31,02,400	Circle Q-Jammu

Details of 96 cases (EWBs)				
82	01XXXXXXXXXX4ZE	371300469519	37,72,802	Circle Q-Jammu
83	01XXXXXXXXXX3ZI	311251989407	11,12,829	Circle R-Jammu
84	01XXXXXXXXXX2ZL	301038432569	99,000	Circle Samba II-Jammu
85	01XXXXXXXXXX2ZL	371036623249	1,45,890	Circle Samba II-Jammu
86	01XXXXXXXXXX3ZI	361251033460	17,96,561	Circle R-Jammu
87	01XXXXXXXXXX2ZL	361039465799	92,970	Circle Samba II-Jammu
88	01XXXXXXXXXX2ZL	301036621987	99,720	Circle Samba II-Jammu
89	01XXXXXXXXXX2ZL	381036619267	1,78,020	Circle Samba II-Jammu
90	01XXXXXXXXXX2ZL	361038808458	1,96,470	Circle Samba II-Jammu
91	01XXXXXXXXXX3ZI	301249722048	18,64,407	Circle R-Jammu
92	01XXXXXXXXXX2ZL	321038393259	1,94,400	Circle Samba II-Jammu
93	01XXXXXXXXXX1ZI	371057146093	2,96,400	Circle G-Jammu
94	01XXXXXXXXXX2ZB	311035002467	90,253	Circle L-Jammu
95	01XXXXXXXXXX1Z2	301054024890	2,33,720	Circle R-Kashmir
96	01XXXXXXXXXX2ZB	321031878120	1,11,851	Circle L-Jammu
Details of 24 cases (EWBs)				
Sl . No.	**GSTIN**	**EWBs number**	**EWB Amount**	**Jurisdiction**
1	01XXXXXXXXXX1Z7	351031443109	2,56,51,000	Circle Samba II-Jammu
2	01XXXXXXXXXX1ZJ	371157382670	2,24,77,500	Circle Samba II-Jammu
3	01XXXXXXXXXX1ZV	351356096336	1,13,13,856	Circle E-Jammu
4	01XXXXXXXXXX1ZT	361251410519	1,09,44,390	Circle L-Jammu
5	01XXXXXXXXXX4ZE	331306986320	90,44,032	Circle Q-Jammu
6	01XXXXXXXXXX1ZA	391184718745	82,82,800	Circle R-Jammu
7	01XXXXXXXXXX1ZF	361031961378	75,50,954	Circle Samba II-Jammu
8	01XXXXXXXXXX1ZT	311203404200	72,39,361	Circle L-Jammu
9	01XXXXXXXXXX1ZA	331040890811	37,79,440	Circle R-Jammu
10	01XXXXXXXXXX1Z7	371063477268	28,18,696	Circle R-Jammu
11	01XXXXXXXXXX1Z7	341375863862	28,12,069	Circle R-Jammu
12	01XXXXXXXXXX1ZJ	351047485885	26,61,120	Circle Samba II-Jammu
13	01XXXXXXXXXX1ZA	371320966160	23,55,804	Circle Samba II-Jammu
14	01XXXXXXXXXX1Z7	351185404601	21,39,931	Circle R-Jammu
15	01XXXXXXXXXX2ZL	381186848810	18,76,950	Circle Samba II-Jammu
16	01XXXXXXXXXX2ZR	301216834660	11,88,070	Circle Samba II-Jammu
17	01XXXXXXXXXX2ZR	311215065082	11,27,390	Circle Samba II-Jammu
18	01XXXXXXXXXX1Z2	341068320517	10,40,000	Circle L-Jammu
19	01XXXXXXXXXX1Z8	311085499680	10,33,702	Circle R-Jammu
20	01XXXXXXXXXX1Z1	391070909549	10,25,981	Circle L-Jammu
21	01XXXXXXXXXX1Z9	361272479263	9,25,830	Circle Kathua I-Jammu
22	01XXXXXXXXXX2ZL	391018977201	8,11,650	Circle Samba II-Jammu
23	01XXXXXXXXXX1Z9	381272947568	6,20,000	Circle Kathua I-Jammu
24	01XXXXXXXXXX1Z6	371204576519	1,47,750	Circle L-Jammu

High Money Value of Un-registered Persons (URP) Sample (Six cases)				
Sl. No.	**From**	**GSTIN**	**EWB number**	**EWB Amount**
1	URP	09XXXXXXXXXX1Z5	461182637679	700,00,000
2	URP	36XXXXXXXXXX1ZQ	101344266203	4,25,00,000
3	URP	07XXXXXXXXXX1Z2	751054372873	1,60,00,000
4	URP	23XXXXXXXXXX1Z2	631370575809	58,50,000
5	URP	01XXXXXXXXXX1ZK	391358765704	54,30,900
6	URP	01XXXXXXXXXX1ZK	321424005942	52,58,400

Cross PAN analysis Sample (Five cases)			
Sl. No.	**GSTIN**	**EWB number**	**EWB Amount**
1	01XXXXXXXXXX2Z6	341116663827	80,25,500
2	01XXXXXXXXXX1ZQ	331209429779	47,52,771
3	01XXXXXXXXXX1ZC	341417634197	23,35,700
4	01XXXXXXXXXX1Z4	301308296794	20,56,184
5	01XXXXXXXXXX1ZH	391395208978	19,32,562

Appendix-2.1.6
Ineligible taxpayers continuing under CLS
(Refer Paragraph: 2.3.1.1)

(₹in lakhs)

Sl. No.	Jurisdiction	GSTIN	EWB number	Assessable Value	Tax under normal rate	Department's response
1.	Circle E-Jammu	01XXXXX5551X1XX	311104286158	1.66	0.30	It was stated that DRC-07 amounting to ₹. 0.85 lakh was issued.
2.	Circle R-Jammu	01XXXXX4007X1XX	331151583389	6.26	0.75	It was stated that DRC-01amounting to ₹. 4.17 lakh was issued.
3.	Circle L-Jammu	01XXXXX3717X1XX	371204576519	1.48	0.18	It was stated that ASMT-10 was issued for discrepancy noticed.
			Total	**9.40**	**1.23**	

Appendix-2.1.7
Generation of EWBs by taxpayers who had filed Nil Returns
(Refer Paragraph: 2.3.1.2)

(₹in lakhs)

Sl. No.	Jurisdiction	GSTIN	Total No. of EWBs	Period	Assessable Value	Tax Involved	Status	Department's response
1.	Circle G-Jammu	01XXXXX6915X1XX	02	2021-22	1.92	0.09	Active	It was stated that the taxpayer had paid ₹ 0.05 lakh in Form DRC-03.
2.	Circle L-Jammu	01XXXXX7460X3XX	14	2019-20 (13 EWBs) 2020-21 (01 EWBs)	14.77	4.14	Suspended (31.05.2018)	It was stated that DRC-01amounting to ₹ 1.18 lakh was issued.
3.	Circle R-Jammu	01XXXXX7903X3XX	10	2020-21	86.44	15.56	Active	It was stated that the taxpayer was under Insolvency proceedings in NCLT.
4.	Circle L-Jammu	01XXXXX1895X2XX	2,176	2018-19	1,548.76	185.26	Active	It was stated that DRC-07 amounting to ₹ 86.93 lakh was issued.
5.	Circle Samba II-Jammu	01XXXXX8484X2XX	09	2018-19	14.86	2.67	Active	It was stated that DRC-07 amounting to ₹ 12.36 lakh was issued.
6.	Circle Q-Jammu	01XXXXX4550X1XX	01	2020-21	3.50	0.63	Cancelled (12.03.2021)	It was stated that DRC-07 amounting to ₹ 1.82 lakh was issued.
	Total		**2,212**		**1,670.25**	**208.35**		

Appendix-2.1.8
Generation of EWBs by non-filers of GST returns
(Refer Paragraph: 2.3.1.3)

(₹ in lakhs)

Sl.No.	Jurisdiction	GSTIN	Total No. of EWBs	Period	Date of cancellation	Assessable value	Tax involved	Department's response
1.	Circle II-Samba, Jammu	01XXXXX1361X1X6	04	2019-20	02.08.2019	5.36	0.97	It was stated that DRC-07 amounting to ₹ 2.08 lakh was issued.
2.	Circle I-Kathua, Jammu	01XXXXX3920X1X9	15	2020-21	29.01.2021	53.03	9.55	It was stated that DRC-07 amounting to ₹ 16.08 lakh was issued.
3.	Circle Q-Jammu	01XXXXX3444X2X3	43	2018-19	02.12.2019	30.62	1.53	It was stated that DRC-07 amounting to ₹ 2.77 lakh was issued.
4.	Circle L-Jammu	01XXXXX3320X1XX	03	2021-22	10.08.2022	8.55	1.55	It was stated that DRC-01amounting to ₹ 3.84 lakh was issued.
5.	Circle L-Jammu	01XXXXX5877X1X2	02	2018-19	25.01.2020	10.54	0.53	It was stated that DRC-07 amounting to ₹ 1.58 lakh was issued.
6.	Circle Kathua-I, Jammu	01XXXXX9019X1XX	02	2018-19	11.12.2019	5.28	0.63	It was stated that DRC-07/ 08 amounting to ₹ 1.40 lakh was issued.
7.	Circle-I-Kathua	01XXXXX0853X1X9	35	2020-21	NA	19.01	5.32	It was stated that DRC-07 amounting to ₹ 16.69 lakh was issued.
	Total		**104**			**132.39**	**20.08**	

Appendix-2.1.9
Non-follow up of cancelled taxpayers for outstanding tax liability
(Refer Paragraph: 2.3.1.4)

(₹ in lakhs)

Sl. No.	Jurisdiction	GSTIN	Total No. of EWBs	Assessable Value	Tax Involved	Date of cancellation of registration	Department's response
01	Circle Q-Jammu	01XXXXX9871X1XX	06	5.38	0.97	01.05.2018 (*Suo-moto*)	It was stated that DRC-07 amounting to ₹ 2.04 lakh was issued.

Appendix-2.1.10
Generation of multiple EWBs on the strength of same Invoices
(Refer Paragraph: 2.3.1.5)

(₹ in lakhs)

Sl. No.	Jurisdiction	GSTIN	No. of Invoices	Total No. of EWBs	Assessable Value	Tax Involved	Department's response
1.	Circle R-Jammu	01XXXXX5586X1X0	01	02	39.27	7.07	No Reply was provided.
2.	Circle Samba-II	01XXXXX8484X2XX	01	02	2.52	0.45	It was stated that DRC-07 amounting to ₹ 12.63 lakh was issued.
3.	Circle L-Jammu	01XXXXX2396X1X1	01	02	3.49	0.31	It was stated that error was due to technical glitch.
4.	Circle Q-Jammu	01XXXXX0402X1XX	01	02	3.14	0.57	It was stated that error was due to technical glitch.
5.	Circle Q-Jammu	01XXXXX3444X2X3	01	02	2.02	0.10	It was stated that DRC-07 amounting to ₹ 2.77 lakh was issued.
6.	Circle Kathua-I	01XXXXX9019X1XX	01	02	5.28	0.63	It was stated that DRC-07/ 08 amounting to ₹ 1.40 lakh was issued.
7.	Circle G-Jammu	01XXXXX6915X1XX	01	02	1.92	0.09	It was stated that the taxpayer had paid ₹ 0.05 lakh in Form DRC-03.
8.	Circle Samba-II, Jammu	01XXXXX6224X1XX	01	02	2.51	0.45	It was stated that the EWB was wrongly generated by the transporter.
9.	Circle Samba-II, Jammu	01XXXXX6251X1XX	01	02	1.98	0.24	It was stated that error was due to technical glitch.
10.	Circle Samba-II, Jammu	01XXXXX6306X1X7	03	06	701.12	126.20	It was stated that EWB was wrongly generated due to data entry error.
11.	Circle Samba-II, Jammu	01XXXXX1698X1XX	01	02	53.22	9.58	No reply was provided.
12.	Circle R-Jammu	01XXXXX8136X1XX	01	02	5.37	0.64	It was stated that error was due to technical glitch.
13.	Circle G-Jammu	01XXXXX8713X1XX	01	05	203.42	36.62	It was stated that the taxpayer was under Insolvency proceedings in NCLT.
TOTAL			**15**	**33**	**1,025.26**	**182.95**	

Appendix-2.1.11
Generation of EWBs for transactions using suspicious vehicles
(Refer Paragraph: 2.3.1.6)

(₹ in lakhs)

Sl. No.	Jurisdiction	GSTIN	Nature of risky vehicle	Total No. of EWBs	Total value of outward supply	Department's response
1	Circle II-Samba	01XXXXX1698X1XX	Cycle/ Scooter	02	81.26	It was stated that error was due to wrong data entry.
2	Circle II-Samba	01XXXXX1015X2XX	Blacklisted/ Scrapped vehicle by RTO	01	1.25	It was stated that no pop up was generated from the portal on account of risky/ blacklisted vehicles.
3	Circle L-Jammu	01XXXXX3528X1XX	Blacklisted/ Scrapped vehicle by RTO	01	1.99	It was stated that no facility available on the portal to check details regarding stolen/ blacklisted/ scrapped vehicles
4	Circle L-Jammu	01XXXXX4414X1XX	Scrapped vehicle	01	0.71	It was stated that the taxpayer having no information regarding vehicle used by transporter
5	Circle L-Jammu	01XXXXX0109X1XX	Scrapped vehicle	01	2.49	No reply was provided.
6	Circle G-Jammu	01XXXXX0109X3XX	Not registered	01	32.51	No reply was provided.
7	Circle II-Samba	01XXXXX4124X1X7	Wrong vehicle Number	01	12.42	No reply was provided.
Total				**8**	**132.63**	

Appendix-2.1.12
EWBs generated but invoices not reported in GSTR-3B
(Refer Paragraph: 2.3.1.7)

(₹in lakhs)

Sl. No.	Jurisdiction	GSTIN	Total No. of EWBs	Assessable Value of Outward supply as per EWB	Tax Involved as per EWB	Tax liability discharged as per GSTR-3B	Short discharged of Tax liability	Department's response
1	Circle II-Samba	01XXXXX1698X1XX	453	14,163.36	2,549.34	2,219.61	329.73	No reply was provided.
2	Circle G-Jammu	01XXXXX0109X3XX	69	81.62	14.40	0.00	14.40	It was stated that DRC-01amounting to ₹ 593.98 lakh was issued.
3	Circle G-Jammu	01XXXXX8713X1XX	5,217	37,910.93	4,235.15	4,204.76	30.39	It was stated that the taxpayer was under Insolvency proceedings in NCLT.
TOTAL			**5,739**	**52,155.91**	**6,798.89**	**6,424.37**	**374.52**	

Appendix-2.1.13
Mismatch in ITC availment between GSTR-2A and GSTR-3B
(Refer Paragraph: 2.3.1.8)

(₹in lakhs)

Sl.No.	Jurisdiction	GSTIN	ITC claimed as per GSTR-3B	ITC available as per GSTR-2A	Excess ITC claimed	Department's response
1.	Circle R-Jammu	01XXXXX7903X3XX	171.29	91.94	79.35	It was stated that the taxpayer was under insolvency proceedings in NCLT.
2.	Circle G-Jammu	01XXXXX8713X1XX	27,932.99	27,906.51	26.48	It was stated that the taxpayer was under insolvency proceedings in NCLT.
3.	Circle Q-Jammu	01XXXXX0402X1XX	141.62	140.58	1.04	It was stated that the taxpayer had paid ₹ 1.99 lakh in Form DRC-03.
Total			**28,245.90**	**28,139.03**	**106.87**	

Appendix– 2.1.14 (a)
Cross-PAN analysis (Variation of ITC between GSTR-2A and GSTR-3B)
(Refer Paragraph: 2.3.1.9(i))

(₹ in lakhs)

GSTIN	Period involved	ITC available in GSTR-2A	ITC claimed in GSTR-3B	Excess ITC claimed	Department's response
01XXXXX3317X1XX	2020-21	1,203.91	1,330.99	127.08	No reply was provided.
01XXXXX8067X1XX	2018-19 to 2020-21	11,575.39	13,454.16	1,878.77	No reply was provided.
01XXXXX5347X2XX	2019-20	8.24	56.05	47.81	No reply was provided.
	Total	**12,787.54**	**14,841.20**	**2,053.66**	

Appendix–2.1.14 (b)
Cross-PAN analysis (Variation of tax liability between EWB Portal and GSTR-3B)
(Refer Paragraph: 2.3.1.9(ii))

(₹ in lakhs)

GSTIN	Period	Total liability as per EWB portal	Total liability discharged as per GSTR-3B	Variation	Department's response
		A	B	C = (A-B)	
01XXXXX0165X1XX	2021-2022	19.42	18.08	1.34	No reply was provided.
01XXXXX5347X2XX	2019-2020 (May and June 2019)	67.03	0.00	67.03	No reply was provided.
	Total	**86.45**	**18.08**	**68.37**	

Appendix–2.1.15
Position of sanctioned and available Staff Strength
(Refer Paragraph: 2.4.2.2)

Designation	Period							
	2018-19		2019-20		2020-21		2021-22	
	Sanctioned	Effective (*per cent*)	Sanctioned	Effective (*per cent*)	Sanctioned	Effective (*per cent*)	Sanctioned	Effective (*per cent*)
Dy. Commissioner	07	03 (43)	07	05 (71)	07	07 (100)	07	07 (100)
Assistant. Commissioner	07	01 (14)	09	05 (56)	09	06 (67)	09	07 (78)
State Tax Officers	31	14 (45)	35	20 (57)	35	21 (60)	35	25 (71)
Inspectors	112	31 (28)	102	57 (56)	102	52 (51)	102	58 (57)
Sub-inspectors	164	47 (29)	190	82 (43)	190	84 (44)	190	88 (46)
Head Guards	13	04 (31)	13	07 (54)	11	07 (64)	13	01 (8)
Guards	232	33 (14)	245	56 (23)	245	52 (21)	245	51 (21)
Drivers	12	02 (17)	14	04 (29)	14	04 (29)	14	03 (21)

Appendix-2.1.16
Cases of Intra-State Supplies made by URPs
(Refer Paragraph: 2.4.4.1)

(₹ in lakhs)

Sl. No.	Supplies made by URPs to registered taxpayers	No. of EWBs	Sum of Assessed value	Sum of Tax	Department's response
1	01XXXXX0023X1XX	26	162.65	29.28	It was stated that the Department has no prerogative to ensure generation of EWB by taxpayer. Further, the Department has directed all the Enforcement wings to keep proper track of transactions made by URPs.
2	01XXXXX0154X1XX	13	99.03	17.82	-do-
	Grand Total	**39**	**261.68**	**47.10**	

Appendix-2.1.17
Supplies made to URPs by registered person without recording their identification particulars
(Refer Paragraph: 2.4.4.1)

(₹ in lakhs)

Sl. No.	Name of the supplier	No. of EWB	Amount involved	Department's response
1	01XXXXX0008K1XX	1,329	697.25	It was stated that the Department has no prerogative to ensure generation of EWB by taxpayer. Further, the Department has directed all the Enforcement wings to keep proper track of transactions made by URPs
2	01XXXXX7062X1XX	149	502.00	-do-
3	01XXXXX1786X1XX	605	338.72	-do-
4	01XXXXX5021X1XX	306	309.55	-do-
5	01XXXXX4284X1XX	280	295.83	-do-
6	01XXXXX0203X1XX	315	290.39	-do-
7	01XXXXX6452X1XX	69	282.11	-do-
8	01XXXXX0976X1XX	529	261.08	-do-
9	01XXXXX6452X2XX	49	259.31	-do-
10	01XXXXX0612X1XX	185	250.67	-do-
11	01XXXXX2768X1XX	123	139.93	-do-
12	01XXXXX0823X1XX	91	129.30	-do-
13	01XXXXX1901X1XX	111	119.40	-do-
14	01XXXXX1632X1XX	629	106.03	-do-
15	01XXXXX2907X1XX	11	100.40	-do-
Total		**4,781**	**4,081.97**	

Appendix-2.1.18
Cases where Department failed to safeguard revenue due to non-renewal of Bank Guarantee
(Refer Paragraph: 2.4.5.1)

(₹ in lakhs)

Vehicle Number	Name of the Enforcement Wing	Assessed value by Proper Officer	Total Tax and penalty levied	Date of expiry of Bank Guarantee	Department's response
RJ47GA1666	DC Lakhanpur	16.47	5.93	07.12.2021	It was stated that the enquiry in this regard shall be conducted. Further, directions have been provided to concerned enforcement wings to proceed strictly under the rules.
MH43U4698	DC Lakhanpur	88.79	21.31	15.05.2019	-do-
PB11CR2655	DC Lakhanpur	3.00	1.08	19.07.2020	-do-
TOTAL		**108.26**	**28.32**	**-**	

Appendix-2.1.19
Short levy on account of compensation Cess
(Refer Paragraph: 2.4.5.2)

(₹ in lakhs)

Vehicle Number	Name of the enforcement Wing	Assessed value of goods	Tax, penalty and Cess leviable		Tax, penalty and Cess levied		Short levy of cess under penalty	Department's response
			Tax including cess	Penalty including cess	Tax including cess	Penalty including cess		
JK04F3700	DC Lakhanpur	2.41	0.68 (Tax) + 4.90 (Cess)	0.68 (Tax) + 4.90 (Cess)	0.68 (Tax) + 4.90 (Cess)	0.68 (Tax only)	4.90	It was stated that instructions have been provided to concerned enforcement wing to proceed under relevant section of the J&KGST Act.
PB32C 7295	DC Lakhanpur	9.12	2.55 (Tax)+ 19.39 (Cess)	2.55 (Tax)+ 19.39 (Cess)	2.55 (Tax)+ 19.39 (Cess)	2.55 (Tax only)	19.39	-do-
TOTAL		**11.53**	**27.52**	**27.52**	**27.52**	**3.23**	**24.29**	

Appendix 3.1.1
Detail of sample selected
(Refer Paragraph: 3.5)

Sample for Circle Audit	
Sl. No.	**Selected Circle**
1	Circle H-Jammu
2	Circle R-Jammu
3	Circle B-Kashmir
4	Circle D-Jammu
5	Circle-Budgam, Kashmir
6	Circle J-Jammu
7	Circle B-Jammu
8	Circle Samba-II, Jammu
9	Circle Kathua-II
10	Circle Pulwama, Kashmir

Sample for Detailed Audit		
Sl. No.	**GSTIN**	**Jurisdiction**
1	01XXXXXXXXH1ZU	Circle L-Jammu
2	01XXXXXXXXB1ZG	Circle B-Kashmir
3	01XXXXXXXXA1ZF	Circle D-Jammu
4	01XXXXXXXXN1ZK	Circle R-Jammu
5	01XXXXXXXXK1ZJ	Circle Budgam-Kashmir
6	01XXXXXXXXG1ZI	Circle J-Jammu
7	01XXXXXXXXF1ZI	Circle Budgam-Kashmir
8	01XXXXXXXXB1ZQ	Circle L-Jammu
9	01XXXXXXXXJ1Z9	Circle Anantnag II-Kashmir
10	01XXXXXXXXA1ZZ	Circle E-Jammu
11	01XXXXXXXXB1ZI	Circle L-Jammu
12	01XXXXXXXXK1ZL	Circle B-Jammu
13	01XXXXXXXXG1ZZ	Circle E-Jammu
14	01XXXXXXXXN1Z2	Circle E-Jammu
15	01XXXXXXXXB1ZA	Circle R-Jammu
16	01XXXXXXXXH1Z0	Circle Ganderbal-Kashmir
17	01XXXXXXXXR1ZX	Circle H-Jammu
18	01XXXXXXXXG1ZX	Circle B-Jammu
19	01XXXXXXXXK1Z3	Circle E-Jammu
20	01XXXXXXXXL2ZB	Circle E-Jammu
21	01XXXXXXXXN2Z9	Circle Samba-II, Jammu
22	01XXXXXXXXK1ZC	Circle Kathua-II, Jammu
23	01XXXXXXXXF2ZR	Circle H-Jammu
24	01XXXXXXXXE4ZE	Circle K-Jammu
25	01XXXXXXXXA1ZV	Circle H-Jammu
26	01XXXXXXXXH1Z2	Circle L-Jammu

Sample for Detailed Audit		
27	01XXXXXXXXXR1ZP	Circle Pulwama-Kashmir
28	01XXXXXXXXXG1Z7	Circle H-Jammu
29	01XXXXXXXXXR1ZT	Circle E-Jammu
30	01XXXXXXXXXF1ZW	Circle J-Jammu
31	01XXXXXXXXXP1Z9	Circle H-Jammu
32	01XXXXXXXXXL1ZO	Circle R-Jammu
33	01XXXXXXXXXL1ZM	Circle-Reasi, Jammu
34	01XXXXXXXXXD1ZQ	Circle H-Jammu
35	01XXXXXXXXXK1Z7	Circle B-Kashmir
36	01XXXXXXXXXB1ZQ	Circle P-Jammu
37	01XXXXXXXXXH1ZS	Circle Shopian, Kashmir
38	01XXXXXXXXXC1ZJ	Circle I-Jammu
39	01XXXXXXXXXE2ZE	Circle Samba-II, Jammu
40	01XXXXXXXXXR1ZX	Circle N-Jammu
41	01XXXXXXXXXG1Z5	Circle A-Kashmir
42	01XXXXXXXXXD1ZM	Circle D-Jammu
43	01XXXXXXXXXF1Z4	Circle Reasi-Jammu
44	01XXXXXXXXXH2Z1	Circle Kathua II-Jammu
45	01XXXXXXXXXA1ZB	Circle N-Jammu
46	01XXXXXXXXXH1Z2	Circle L-Jammu
47	01XXXXXXXXXF1ZD	Circle E-Jammu
48	01XXXXXXXXXD1ZQ	Circle Anantnag-III, Kashmir
49	01XXXXXXXXXF1ZU	Circle-Pulwama, Kashmir
50	01XXXXXXXXXQ1ZL	Circle-Ramban, Jammu

Sample for Centralised Audit (Limited Audit)		
Sl No.	**GSTIN**	**Jurisdiction**
1	01XXXXXXXXXX1Z1	Circle E-Jammu
2	01XXXXXXXXXX1ZW	Circle Q-Jammu
3	01XXXXXXXXXX1Z4	Circle Kishtwar-Jammu
4	01XXXXXXXXXX1ZD	Circle Samba-I, Jammu
5	01XXXXXXXXXX1ZE	Circle Kathua-II, Jammu
6	01XXXXXXXXXX1ZF	Circle E-Jammu
7	01XXXXXXXXXX1ZB	Circle R-Jammu
8	01XXXXXXXXXX1ZT	Circle K-Kashmir
9	01XXXXXXXXXX1ZO	Circle H-Kashmir
10	01XXXXXXXXXX2Z3	Circle E-Jammu
11	01XXXXXXXXXX1ZS	Circle P-Jammu
12	01XXXXXXXXXX1ZO	Circle-Shopian, Kashmir
13	01XXXXXXXXXX1ZQ	Circle L-Jammu
14	01XXXXXXXXXX1ZX	Circle K-Kashmir
15	01XXXXXXXXXX1ZW	Circle-Reasi, Jammu
16	01XXXXXXXXXX1Z3	Circle-Budgam, Kashmir
17	01XXXXXXXXXX1Z5	Circle J-Jammu
18	01XXXXXXXXXX1Z1	Circle Samba-II, Jammu
19	01XXXXXXXXXX1ZM	Circle Baramulla-I, Kashmir
20	01XXXXXXXXXX1ZB	Circle H-Jammu
21	01XXXXXXXXXX1ZH	Circle G-Jammu
22	01XXXXXXXXXX1ZA	Circle Kathua-II, Jammu
23	01XXXXXXXXXX1ZC	Circle Kathua-II, Jammu
24	01XXXXXXXXXX3ZC	Circle G-Jammu
25	01XXXXXXXXXX1ZT	Circle F-Kashmir
26	01XXXXXXXXXX1ZN	Circle-Poonch, Jammu
27	01XXXXXXXXXX1ZB	Circle F-Kashmir
28	01XXXXXXXXXX1ZQ	Circle K-Kashmir
29	01XXXXXXXXXX1Z4	Circle-Udhampur, Jammu
30	01XXXXXXXXXX1Z9	Circle Samba-II, Jammu
31	01XXXXXXXXXX1ZB	Circle-Shopian, Kashmir
32	01XXXXXXXXXX1Z0	Circle-Bandipora, Kashmir
33	01XXXXXXXXXX1ZO	Circle G-Jammu
34	01XXXXXXXXXX3ZU	Circle F-Kashmir
35	01XXXXXXXXXX1ZI	Circle Kathua-II, Jammu
36	01XXXXXXXXXX1ZA	Circle J-Jammu
37	01XXXXXXXXXX1ZS	Circle E-Jammu
38	01XXXXXXXXXX1ZZ	Circle I-Kashmir
39	01XXXXXXXXXX1ZQ	Circle-Kupwara, Kashmir
40	01XXXXXXXXXX1ZE	Circle J-Jammu
41	01XXXXXXXXXX1ZH	Circle F-Kashmir
42	01XXXXXXXXXX1ZD	Kupwara, Kashmir
43	01XXXXXXXXXX1ZE	Circle-Ramban, Jammu
44	01XXXXXXXXXX1ZE	Circle-Poonch, Jammu

Sample for Centralised Audit (Limited Audit)		
45	01XXXXXXXXXX1ZM	Circle-Udhampur, Jammu
46	01XXXXXXXXXX1ZN	Circle-Ramban, Jammu
47	01XXXXXXXXXX1ZQ	Circle-Kupwara, Kashmir
48	01XXXXXXXXXX1ZC	Circle-Udhampur, Jammu
49	01XXXXXXXXXX1Z2	Circle Anantnag-II, Kashmir
50	01XXXXXXXXXX1Z9	Circle Anantnag-I, Kashmir
51	01XXXXXXXXXX1ZR	Circle-Reasi, Jammu
52	01XXXXXXXXXX1ZX	Circle F-Kashmir
53	01XXXXXXXXXX1Z0	Circle Anantnag-II, Kashmir
54	01XXXXXXXXXX1ZO	Circle Budgam-Kashmir
55	01XXXXXXXXXX1ZM	Circle-Kishtwar, Jammu
56	01XXXXXXXXXX1ZX	Circle Ramban- Jammu
57	01XXXXXXXXXX1ZT	Circle Kupwara-Kashmir
58	01XXXXXXXXXX1ZV	Circle Bandipora-Kashmir
59	01XXXXXXXXXX1ZL	Circle Udhampur-Jammu
60	01XXXXXXXXXX2ZJ	Circle Ramban-Jammu
61	01XXXXXXXXXX1Z7	Circle Udhampur-Jammu
62	01XXXXXXXXXX1ZU	Circle L-Kashmir
63	01XXXXXXXXXX1ZE	Circle Budgam-Kashmir
64	01XXXXXXXXXX2Z0	Circle L-Jammu
65	01XXXXXXXXXX1ZS	Circle Bandipora-Kashmir
66	01XXXXXXXXXX1Z2	Circle Kupwara-Kashmir
67	01XXXXXXXXXX1ZX	Circle I-Kashmir
68	01XXXXXXXXXX1ZS	Circle Shopian-Kashmir
69	01XXXXXXXXXXZ9	Circle P-Kashmir
70	01XXXXXXXXXX1ZC	Circle L-Kashmir
71	01XXXXXXXXXX1Z8	Circle Kupwara-Kashmir
72	01XXXXXXXXXX1ZA	Circle Kathua-I-Jammu
73	01XXXXXXXXXX1ZU	Circle H-Jammu
74	01XXXXXXXXXXZU	Circle L-Jammu
75	01XXXXXXXXXXZU	Circle Budgam-Kashmir
76	01XXXXXXXXXX2Z2	Circle H-Kashmir
77	01XXXXXXXXXX1ZL	Circle D-Kashmir
78	01XXXXXXXXXX1ZQ	Circle L-Jammu
79	01XXXXXXXXXX1ZO	Circle E-Jammu
80	01XXXXXXXXXX1ZP	Circle B-Jammu
81	01XXXXXXXXXX1Z3	Circle E-Jammu
82	01XXXXXXXXXXZV	Circle H-Jammu
83	01XXXXXXXXXXZ7	Circle L-Jammu
84	01XXXXXXXXXXZG	Circle G-Jammu
85	01XXXXXXXXXX1ZO	Circle Udhampur-Jammu
86	01XXXXXXXXXX2Z4	Circle D-Kashmir
87	01XXXXXXXXXX1ZS	Circle Anantnag-II, Kashmir
88	01XXXXXXXXXX1ZK	Circle H-Jammu
89	01XXXXXXXXXX1ZX	Circle Budgam-Kashmir

Sample for Centralised Audit (Limited Audit)		
90	01XXXXXXXXXX1ZA	Circle O-Kashmir
91	01XXXXXXXXXX1Z0	Circle B-Jammu
92	01XXXXXXXXXX1Z2	Circle Anantnag III-Kashmir
93	01XXXXXXXXXX1ZL	Circle Budgam-Kashmir
94	01XXXXXXXXXX2ZK	Circle I-Kashmir
95	01XXXXXXXXXX1ZK	Circle Reasi-Jammu
96	01XXXXXXXXXX1ZV	Circle Baramulla-II, Kashmir
97	01XXXXXXXXXX1ZW	Circle C-Jammu
98	01XXXXXXXXXX1ZM	Circle H-Jammu
99	01XXXXXXXXXX1ZQ	Circle H-Jammu
100	01XXXXXXXXXX1ZI	Circle H-Jammu
101	01XXXXXXXXXX1ZQ	Circle J-Jammu
102	01XXXXXXXXXX1ZT	Circle Kathua-I, Jammu
103	01XXXXXXXXXX1ZY	Circle L-Jammu
104	01XXXXXXXXXX1Z0	Circle P-Jammu
105	01XXXXXXXXXX4ZM	Circle Baramulla-I, Kashmir
106	01XXXXXXXXXX2Z2	Circle Budgam-Kashmir
107	01XXXXXXXXXX1Z1	Circle D-Kashmir
108	01XXXXXXXXXX1ZT	Circle E-Jammu
109	01XXXXXXXXXX1Z4	Circle F-Kashmir
110	01XXXXXXXXXX2ZB	Circle G-Jammu
111	01XXXXXXXXXX1Z5	Circle G-Jammu
112	01XXXXXXXXXX1ZO	Circle H-Jammu
113	01XXXXXXXXXX1ZY	Circle I-Kashmir
114	01XXXXXXXXXX1ZP	Circle Kathua-I, Jammu
115	01XXXXXXXXXX1Z5	Circle K-Kashmir
116	01XXXXXXXXXX1ZP	Circle L-Jammu
117	01XXXXXXXXXX1Z4	Circle M-Jammu
118	01XXXXXXXXXX1ZG	Circle P-Jammu
119	01XXXXXXXXXX1ZF	Anantnag II-Kashmir
120	01XXXXXXXXXX1Z9	Circle Anantnag-III, Kashmir
121	01XXXXXXXXXX2ZH	Circle Anantnag-I, Kashmir
122	01XXXXXXXXXX1ZT	Circle Bandipora-Kashmir
123	01XXXXXXXXXX1ZG	Circle Baramulla-III (Sopore), Kashmir
124	01XXXXXXXXXX1ZW	Circle C-Jammu
125	01XXXXXXXXXX1Z8	Circle D-Jammu
126	01XXXXXXXXXX1ZL	Circle D-Jammu
127	01XXXXXXXXXX1ZN	Circle E-Jammu
128	01XXXXXXXXXX1ZG	Circle E-Jammu
129	01XXXXXXXXXX1ZO	Circle E-Jammu
130	01XXXXXXXXXX2Z3	Circle E-Jammu
131	01XXXXXXXXXX1ZV	Circle E-Jammu
132	01XXXXXXXXXX1Z6	Circle F-Kashmir
133	01XXXXXXXXXX2ZI	Circle G-Jammu
134	01XXXXXXXXXX1ZV	Circle H-Jammu

Sample for Centralised Audit (Limited Audit)		
135	01XXXXXXXXXX1ZK	Circle K-Jammu
136	01XXXXXXXXXX2Z6	Circle O-Jammu
137	01XXXXXXXXXX1ZD	Circle N-Jammu
138	01XXXXXXXXXX1ZS	Circle P-Jammu
139	01XXXXXXXXXX1ZL	Circle Q-Kashmir
140	01XXXXXXXXXX1ZA	Circle Q-Jammu
141	01XXXXXXXXXX1ZB	Circle R-Jammu
142	01XXXXXXXXXX1ZB	Circle R-Jammu
143	01XXXXXXXXXX1ZX	Circle Anantnag-III, Kashmir
144	01XXXXXXXXXX2Z3	Circle E-Jammu
145	01XXXXXXXXXX2ZQ	Circle E-Jammu
146	01XXXXXXXXXX1Z3	Circle G-Kashmir
147	01XXXXXXXXXX1ZV	Circle H-Jammu
148	01XXXXXXXXXX1ZB	Circle H-Jammu
149	01XXXXXXXXXX1ZT	Circle L-Jammu
150	01XXXXXXXXXX1ZB	Circle R-Jammu
151	01XXXXXXXXXX1ZO	Circle Udhampur-Jammu
152	01XXXXXXXXXXB	Circle Reasi-Jammu
153	01XXXXXXXXXXO	Circle H-Kashmir
154	01XXXXXXXXXX1Z0	Circle H-Kashmir
155	01XXXXXXXXXXZD	Circle E-Jammu
156	01XXXXXXXXXXZI	Circle F-Jammu
157	01XXXXXXXXXXZW	Circle Q-Jammu
158	01XXXXXXXXXXZ1	Circle E-Jammu
159	01XXXXXXXXXXZF	Circle L-Jammu
160	01XXXXXXXXXX1Z3	Circle D-Jammu
161	01XXXXXXXXXX1Z3	Circle Q-Jammu
162	01XXXXXXXXXX1ZT	Circle R-Jammu
163	01XXXXXXXXXX1Z3	Circle Budgam-Kashmir
164	01XXXXXXXXXX1ZB	Circle E-Jammu
165	01XXXXXXXXXX6ZE	Circle A-Kashmir
166	01XXXXXXXXXX1Z9	Circle E-Jammu
167	01XXXXXXXXXX1ZU	Circle D-Jammu
168	01XXXXXXXXXX1Z3	Circle Baramulla-III (Sopore), Kashmir
169	01XXXXXXXXXX1Z5	Circle E-Jammu (transferred to Circle G-Jammu)
170	01XXXXXXXXXX1ZU	Circle J-Jammu (transferred to Circle N-Jammu)
171	01XXXXXXXXXX1ZQ	Circle C-Jammu
172	01XXXXXXXXXX1ZF	Circle L-Jammu
173	01XXXXXXXXXX1Z5	Circle P-Jammu
174	01XXXXXXXXXX2ZR	Circle Poonch-Jammu
175	01XXXXXXXXXX1ZU	Circle Baramulla-I, Kashmir
176	01XXXXXXXXXX1Z0	Circle H-Kashmir
177	01XXXXXXXXXX1Z6	Circle Poonch-Jammu
178	01XXXXXXXXXX1ZI	Circle G-Kashmir
179	01XXXXXXXXXX1ZA	Circle L-Jammu

Sample for Centralised Audit (Limited Audit)		
180	01XXXXXXXXXX1ZJ	Circle Kathua-I. Jammu
181	01XXXXXXXXXX1ZT	Circle A-Jammu
182	01XXXXXXXXXX1ZA	Circle P-Jammu
183	01XXXXXXXXXX1ZV	Circle H-Jammu
184	01XXXXXXXXXX2Z9	Circle Q-Jammu
185	01XXXXXXXXXX1ZW	Circle I-Kashmir
186	01XXXXXXXXXX1ZO	Circle L-Jammu
187	01XXXXXXXXXX1ZY	Circle D-Jammu
188	01XXXXXXXXXX1ZJ	Circle J-Kashmir
189	01XXXXXXXXXX1ZO	Circle H-Jammu
190	01XXXXXXXXXX1ZV	Circle A-Kashmir
191	01XXXXXXXXXX1ZN	Circle Anantnag-III, Kashmir
192	01XXXXXXXXXX1ZW	Circle B-Jammu
193	01XXXXXXXXXX1Z1	Circle B-Jammu
194	01XXXXXXXXXX1ZQ	Circle C-Jammu
195	01XXXXXXXXXX1ZM	Circle C-Jammu
196	01XXXXXXXXXX1Z3	Circle D-Jammu
197	01XXXXXXXXXX1ZX	Circle D-Jammu
198	01XXXXXXXXXX1ZI	Circle D-Kashmir
199	01XXXXXXXXXX2Z3	Circle D-Kashmir
200	01XXXXXXXXXX1Z5	Circle E-Kashmir
201	01XXXXXXXXXX1ZC	Circle E-Kashmir
202	01XXXXXXXXXX1ZI	Circle F-Jammu
203	01XXXXXXXXXX1ZN	Circle F-Kashmir
204	01XXXXXXXXXX1Z1	Circle Ganderbal-Kashmir
205	01XXXXXXXXXX1ZJ	Circle H-Jammu
206	01XXXXXXXXXX1ZQ	Circle H-Kashmir
207	01XXXXXXXXXX1Z5	Circle H-Kashmir
208	01XXXXXXXXXX1Z8	Circle H-Kashmir
209	01XXXXXXXXXX1ZO	Circle H-Kashmir
210	01XXXXXXXXXX1ZA	Circle J- Jammu
211	01XXXXXXXXXX1ZS	Circle J-Kashmir
212	01XXXXXXXXXX1ZJ	Circle Kathua-II, Jammu
213	01XXXXXXXXXX2ZN	Circle Kishtwar-Jammu
214	01XXXXXXXXXX1ZM	Circle Kishtwar-Jammu
215	01XXXXXXXXXX2ZJ	Circle Kishtwar-Jammu
216	01XXXXXXXXXX2ZL	Circle Kishtwar-Jammu
217	01XXXXXXXXXX1ZT	Circle K-Kashmir
218	01XXXXXXXXXX1ZE	Circle L-Jammu
219	01XXXXXXXXXX2ZX	Circle L-Jammu
220	01XXXXXXXXXX1ZC	Circle L-Jammu
221	01XXXXXXXXXX1Z8	Circle P- Kashmir
222	01XXXXXXXXXX1ZE	Circle Poonch-Jammu
223	01XXXXXXXXXX2ZO	Circle Ramban-Jammu
224	01XXXXXXXXXX1ZB	Circle Ramban-Jammu

Sample for Centralised Audit (Limited Audit)		
225	01XXXXXXXXXX1ZM	Circle Ramban-Jammu
226	01XXXXXXXXXX1ZN	Circle Ramban-Jammu
227	01XXXXXXXXXX1ZP	Circle R-Jammu
228	01XXXXXXXXXX1Z1	Circle Udhampur-Jammu
229	01XXXXXXXXXX1ZD	Circle Udhampur-Jammu
230	01XXXXXXXXXX1ZZ	Circle Udhampur-Jammu
231	01XXXXXXXXXX1Z4	Circle Udhampur-Jammu
232	01XXXXXXXXXX1ZI	Circle Udhampur-Jammu
233	01XXXXXXXXXX6ZE	Circle A-Kashmir
234	01XXXXXXXXXX2ZB	Circle L-Jammu
235	01XXXXXXXXXX1ZD	Circle Samba-II, Jammu
236	01XXXXXXXXXX1Z9	Circle N-Kashmir
237	01XXXXXXXXXX1Z9	Circle Samba-II, Jammu
238	01XXXXXXXXXX2ZF	Circle K-Kashmir
239	01XXXXXXXXXX1ZO	Circle H-Kashmir
240	01XXXXXXXXXX1Z9	Circle H-Jammu
241	01XXXXXXXXXX1ZX	Circle Anantnag-III, Kashmir
242	01XXXXXXXXXX1ZF	Circle I-Kashmir
243	01XXXXXXXXXX1ZF	Circle R- Kashmir
244	01XXXXXXXXXX1Z4	Circle I-Kashmir
245	01XXXXXXXXXX1ZE	Circle B-Kashmir
246	01XXXXXXXXXX1ZT	Circle L-Jammu
247	01XXXXXXXXXX1Z7	Circle I-Kashmir
248	01XXXXXXXXXX1ZJ	Circle Anantnag-II, Kashmir
249	01XXXXXXXXXX1ZY	Circle L-Jammu
250	01XXXXXXXXXX1ZE	Circle A-Kashmir
251	01XXXXXXXXXX1Z5	Circle J-Jammu
252	01XXXXXXXXXX1ZQ	Circle Udhampur-Jammu
253	01XXXXXXXXXX1Z6	Circle E-Jammu
254	01XXXXXXXXXX1Z3	Circle G-Kashmir
255	01XXXXXXXXXX4ZK	Circle J-Kashmir
256	01XXXXXXXXXX1ZJ	Circle J-Jammu
257	01XXXXXXXXXX1ZN	Circle D-Jammu
258	01XXXXXXXXXX1ZH	Circle G-Kashmir
259	01XXXXXXXXXX1Z0	Circle B-Jammu
260	01XXXXXXXXXX1ZG	Circle I-Kashmir
261	01XXXXXXXXXX1ZA	Circle J-Kashmir
262	01XXXXXXXXXX2ZX	Circle Pulwama-Kashmir
263	01XXXXXXXXXX1Z8	Circle Udhampur-Jammu
264	01XXXXXXXXXX1ZJ	Circle Rajouri-Jammu
265	01XXXXXXXXXX1ZT	Circle P-Jammu
266	01XXXXXXXXXX2ZZ	Circle H-Jammu
267	01XXXXXXXXXX1Z6	Circle R-Jammu
268	01XXXXXXXXXX1ZC	Circle Ramban-Jammu
269	01XXXXXXXXXX2ZD	Circle P-Jammu

Sample for Centralised Audit (Limited Audit)		
270	01XXXXXXXXXX1ZI	Circle B-Jammu
271	01XXXXXXXXXX1ZK	Circle H-Jammu
272	01XXXXXXXXXX2ZS	Circle R-Jammu
273	01XXXXXXXXXX1ZS	Circle Udhampur-Jammu
274	01XXXXXXXXXX1ZV	Circle Kathua-I, Jammu
275	01XXXXXXXXXX1ZJ	Circle R-Jammu
276	01XXXXXXXXXX1ZF	Circle Samba-II, Jammu
277	01XXXXXXXXXX1ZR	Circle Udhampur-Jammu
278	01XXXXXXXXXX3ZC	Circle G-Jammu
279	01XXXXXXXXXX6ZE	Circle A-Kashmir
280	01XXXXXXXXXX2ZB	Circle L-Jammu
281	01XXXXXXXXXX1Z7	Circle Samba-II, Jammu
282	01XXXXXXXXXX3ZB	Circle Reasi-Jammu
283	01XXXXXXXXXX1Z8	Circle Udhampur-Jammu
284	01XXXXXXXXXX1ZO	Circle Samba-II, Jammu
285	01XXXXXXXXXX1Z0	Circle B-Jammu
286	01XXXXXXXXXX1ZM	Circle Kathua-II, Jammu
287	01XXXXXXXXXX1ZI	Circle Kathua-II, Jammu
288	01XXXXXXXXXX1ZC	Circle Kathua-II, Jammu
289	01XXXXXXXXXX1ZJ	Circle Samba-II, Jammu
290	01XXXXXXXXXX1ZT	Circle G-Jammu
291	01XXXXXXXXXX1ZM	Circle E-Jammu
292	01XXXXXXXXXX1ZR	Circle G-Jammu
293	01XXXXXXXXXX1ZV	Circle N-Kashmir
294	01XXXXXXXXXX1ZR	Circle I-Jammu
295	01XXXXXXXXXX1ZH	Circle Kathua-II, Jammu
296	01XXXXXXXXXX1Z0	Circle M-Jammu
297	01XXXXXXXXXX1ZE	Circle Kathua-I, Jammu
298	01XXXXXXXXXX1ZV	Circle G-Jammu
299	01XXXXXXXXXX1ZP	Circle Samba-II, Jammu
300	01XXXXXXXXXX1ZZ	Circle G-Jammu
301	01XXXXXXXXXX1ZY	Circle Kathua-II, Jammu
302	01XXXXXXXXXX1ZH	Circle G-Jammu
303	01XXXXXXXXXX1ZZ	Circle A-Jammu
304	01XXXXXXXXXX1Z7	Circle G-Kashmir
305	01XXXXXXXXXX1ZL	Circle Kathua-I, Jammu
306	01XXXXXXXXXX1Z6	Circle J-Kashmir
307	01XXXXXXXXXX1ZO	Circle G-Jammu
308	01XXXXXXXXXX1ZN	Circle Anantnag-II, Kashmir
309	01XXXXXXXXXX1ZJ	Circle Anantnag-II, Kashmir
310	01XXXXXXXXXX1ZC	Circle Budgam-Kashmir
311	01XXXXXXXXXX1ZJ	Circle J-Jammu
312	01XXXXXXXXXX1ZP	Circle J-Jammu
313	01XXXXXXXXXXZP	Circle L-Jammu
314	01XXXXXXXXXX1ZY	Circle L-Jammu

Sample for Centralised Audit (Limited Audit)		
315	01XXXXXXXXXX1ZI	Circle P-Jammu
316	01XXXXXXXXXX1ZF	Circle Poonch-Jammu
317	01XXXXXXXXXX1ZQ	Circle Poonch-Jammu
318	01XXXXXXXXXX1ZV	Circle Poonch-Jammu
319	01XXXXXXXXXX1ZO	Circle Poonch-Jammu
320	01XXXXXXXXXX1Z0	Circle Poonch-Jammu
321	01XXXXXXXXXX1ZX	Circle Q-Jammu
322	01XXXXXXXXXX1ZT	Circle R-Jammu
323	01XXXXXXXXXX1ZI	Circle R-Jammu
324	01XXXXXXXXXX1ZG	Circle Rajouri-Jammu
325	01XXXXXXXXXX1Z1	Circle Ramban-Jammu
326	01XXXXXXXXXX1ZP	Circle Shopian-Kashmir
327	01XXXXXXXXXX1ZC	Circle Udhampur-Jammu
328	01XXXXXXXXXX3ZB	Circle Udhampur-Jammu
329	01XXXXXXXXXX1ZA	Circle B-Jammu
330	01XXXXXXXXXX1ZB	Circle C-Jammu
331	01XXXXXXXXXX1Z6	Circle D-Jammu
332	01XXXXXXXXXX1Z0	Circle F-Kashmir
333	01XXXXXXXXXX1ZX	Circle G-Jammu
334	01XXXXXXXXXX1ZV	Circle I-Kashmir
335	01XXXXXXXXXX1ZU	Circle I-Kashmir
336	01XXXXXXXXXX1ZG	Circle R- Kashmir
337	01XXXXXXXXXX1ZZ	Circle Samba-I,Jammu

Appendix 3.1.2
Non-levy of late fee on delayed filing of returns
(Refer Paragraph: 3.7.1.1)

Sl. No.	Circle	Total no. of GSTR-3B returns filed	Total no. of GSTR-3B returns filed within due date	Total no. of GSTR-3B returns filed beyond due date		Amount of late fee (₹ in lakhs)		Total late fee (₹ in lakhs)
				Nil return Filers	Other than Nil return	Nil return filers	Other than Nil return	
1	Circle B-Kashmir	710	514	67	129	0.34	1.31	1.65
2	Circle Budgam	3049	1962	516	571	2.58	6.05	8.63
3	Circle Pulwama	1516	830	311	375	1.56	3.88	5.44
4	Circle B-Jammu	1182	750	120	312	0.60	3.24	3.84
5	Circle R-Jammu	1799	1144	213	442	1.07	4.53	5.60
6	Circle D-Jammu	925	590	88	247	0.44	2.55	2.99
7	Circle H-Jammu	1220	759	153	308	0.77	3.13	3.90
8	Circle J-Jammu	2191	1419	222	550	1.11	5.65	6.76
9	Circle Kathua-II	553	359	82	112	0.41	1.14	1.55
10	Circle Samba-II	449	318	46	85	0.23	0.90	1.13
	Total	**13,594**	**8,645**	**1,818**	**3,131**	**9.11**	**32.38**	**41.49**

Appendix 3.1.3
Delay in cancellation of registrations
(Refer Paragraph: 3.7.1.3)

Sl. No.	Circle	Cancellation cases (includes Suo moto & application) MIS REG 1.18	Number of cancellation cases with delay	Delay Range (Days)
1	Circle B Kashmir	34	26	9-30 days
2	Circle Budgam	822	742	8-81days
3	Circle Pulwama	342	123	1-248 days
4	Circle B Jammu	136	78	9-245 days
5	Circle R Jammu	243	128	3-228 days
6	Circle D Jammu	88	71	8-106 days
7	Circle H Jammu	195	152	7-869 days
8	Circle J Jammu	343	290	2-89 days
9	Circle Kathua II	0	0	0
10	Circle Samba II	22	13	42-308 days
Total		**2,225**	**1,623**	**1-869 days**

Appendix 3.1.4
Non-filing of GSTR-10 Final Return
(Refer Paragraph:3.7.1.4)

Sl. No.	Circle	No. of Registration cancelled as per MIS	GSTR-10 defaulters as per MIS
1	Circle B-Kashmir	34	14
2	Circle Budgam	822	640
3	Circle Pulwama	342	195
4	Circle B-Jammu	136	74
5	Circle R-Jammu	243	111
6	Circle D-Jammu	88	24
7	Circle H-Jammu	195	97
8	Circle J-Jammu	343	164
9	Circle Kathua-II	0	17
10	Circle Samba-II	22	11
Total		**2,225**	**1,347**

Appendix 3.1.5 (a)
PAN-State J&K data Mismatch of ITC/ tax/ Interest sample
(Refer Paragraph: 3.7.2.1)

Sl. No.	Audit dimension	Taxpayers	Number of instances	Amount of deviation/ mismatch (₹ in crore)
Mismatch in availing of ITC				
1	Input tax credit mismatch (GSTR-3B and GSTR-2A)	41	58	290.58
2	Input tax credit availed without supplier remitting tax	18	38	62.82
3	Input tax credit availed on GSTR-3B filed after limitation period	32	50	30.57
4	Incorrect availing/ Excess ISD credit	9	12	2.06
Mismatch in Annual Return and financial statements (FS)				
5	Unreconciled input tax credit with financial statements (Table 12F of GSTR-9C)	10	10	3.76
6	Ineligible input tax credit (Table 14T of GSTR-9C)	9	11	71.26
7	Short payment of tax (Table 9R of GSTR-9C)	9	11	13.80
Shortfall in Tax paid or Interest and Other deviations				
8	Short payment of tax on reverse charge	24	33	13.64
9	Undischarged tax liability (GSTR-1 and GSTR-9)	43	76	185.09
10	Suppression of taxable value (e-way Bill)	32	54	114.79
11	GSTR-3B not filed but GSTR-1/2A available	30	44	9.636
12	Non-payment of interest	43	110	11.46
Total		**300**	**507**	**809.47**

Annexure 3.1.5 (b)
PAN-State J&K data Mismatch of turnover sample
(Refer Paragraph: 3.7.2.1)

Sl. No.	Audit dimension	Taxpayers	Number of instances	Amount of deviation/ mismatch (₹ in crore)
13	Under composition levy even after crossing the specified turnover	4	6	10.179
14	Short payment of tax (TDS/ TCS)	14	20	53.96
15	Suppression of taxable value (Unbilled revenue)	9	14	56.78
16	Unreconciled taxable turnover (Table 7G of GSTR-9C)	10	16	4,100.18
Total		**37**	**56**	**4,221.10**

Appendix 3.1.6 (a)
Summary of Mismatch of ITC/ Tax paid/ interest
(Refer Paragraph: 3.7.2.2)

(₹ in crore)

Sl. No.	Audit Dimension	Cases where reply received#		Accepted by Department and status of the case										Department reply accepted by Audit						Department's reply not acceptable to Audit as reply not furnished with appropriate documentary evidence	
				Recovered		SCN*/ Demand Order issued		ASMT-10		Case under examination		Total (Col. 12= 4+6+8+10 and Col. 13 = 5+7+9+11)		Data entry errors		Action taken before query		Other valid explanations			
		No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
1	Mismatch in availing of ITC GSTR3B vs GSTR2A	51	274.14	4	2.66	7	25.58	8	18.26	0	0	**19**	**46.50**	4	11.36	3	9.44	24	198.34	1	4.29
2	ITC availed without supplier remitting tax	38	62.82	1	0.11	0	0	5	9.03	3	3.20	**9**	**12.34**	0	0	0	0	16	24.65	13	24.00
3	ITC availed after limitation period	50	30.57	0	0	20	24.91	21	12.33	0	0	**41**	**37.24**	0	0	5	3.37	4	3.50	0	0
4	ISD credit incorrectly availed by the recipients	8	1.59	0	0	1	0.006	2	0.15	0	0	**3**	**0.16**	0	0	0	0	5	1.37	0	0
5	Mismatch in ITC availed between annual return and financial statements (Table 12F of GSTR-9C)	10	3.76	1	0.05	0	0	3	1.49	2	0.46	**6**	**2.00**	0	0	1	0.27	3	1.01	0	0

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
6	Ineligible input tax credit (Table 14T of GSTR-9C)	11	71.26	1	0.03	1	2.45	2	17.05	0	0	**4**	**19.53**	3	48.42	2	2.078	2	1.077	0	0
7	Mismatch in tax paid between books of accounts and annual return (Table 9R of GSTR-9C)	11	13.80	0	0	2	1.78	2	3.80	1	3.71	**5**	**9.29**	1	1.18	3	2.64	2	1.36	0	0
8	Mismatch in availing of ITC under Reverse Charge Mechanism (RCM)	31	12.93	1	0.04	2	0.10	7	2.82	0	0	**10**	**2.96**	11	7.60	2	0.57	7	1.28	1	0.06
9	Undischarged tax liability GSTR1/GSTR9 vs GSTR3B	69	180.64	4	0.06	14	50.94	17	22.61	6	9.74	**41**	**83.35**	1	11.68	4	6.03	18	57.24	5	4.27
10	Suppression in tax value E way bill	53	113.93	0	0	8	11.48	13	9.17	2	2.45	**23**	**23.10**	2	1.35	0	0	11	26.19	17	68.36
11	Cases where GSTR-3B not filed but GSTR-1 or GSTR-2A available	44	9.63	0	0	27	7.44	2	0.19	0	0	**29**	**7.63**	0	0	15	4.94	0	0	0	0
12	Short payment of interest on delayed payments	107	9.83	2	0.19	57	6.29	26	2.92	4	0.11	**89**	**9.51**	0	0	11	0.69	6	0.96	1	0.08
	Total	**483**	**784.90**	**14**	**3.14**	**139**	**130.98**	**108**	**99.82**	**18**	**19.67**	**279**	**253.61**	**22**	**81.59**	**46**	**30.03**	**98**	**316.98**	**38**	**101.06**

Appendix 3.1.6 (b)
Summary of Mismatch of Turnover
(Refer Paragraph: 3.7.2.2)

(₹ in crore)

S No.	Audit Dimension	Accepted by Department and status of the case												Department reply accepted by Audit						Department's reply not acceptable to Audit (Rebuttal) & reply not furnished with appropriate documentary evidence	
		Cases where reply received#		Recovered		SCN*/ Demand Order issued		ASMT-10		Case under examination		Total (Col. 12= 4+6+8+10 and Col. 13 = 5+7+9+11)		Data entry errors		Action taken before query		Other valid explanations			
		No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
1	Under composition levy even after crossing the specified turnover	4	7.24	0	0	1	0.05	1	2.21	2	2.79	**4**	**5.05**	0	0	0	0	0	0	0	0
2	Short payment of tax (TDS/ TCS)	18	4.84	0	0	4	2.81	4	14.56	1	13.09	**9**	**30.46**	0	0	0	0	5	6.88	4	8.328
3	Suppression of taxable value (Unbilled revenue)	12	56.52	0	0	0	0	0	0	5	19.96	**5**	**19.96**	0	0	0	0	6	7.12	1	29.44
4	Mismatch in taxable turnover between annual return and financial Statements (Table 7G of GSTR-9C)	16	4100.18	0	0	1	71.24	0	0	1	59.04	**2**	**130.28**	0	0	0	0	14	3812.36	0	0
	Total	**50**	**4168.78**	**0**	**0**	**6**	**74.10**	**5**	**16.77**	**9**	**94.88**	**20**	**185.75**	**0**	**0**	**0**	**0**	**25**	**3826.36**	**5**	**37.77**

Appendix 3.1.7
Details of instances in which no reply received from the Department
(Refer Paragraph: 3.7.2.2)

Sl No.	GSTIN	Jurisdiction	Dimension	Year	Deviation Amount (₹ in crore)
1	01XXXXXXXXXN1ZO	Circle H-Kashmir	Excess ITC	2018-19	6.33
2	01XXXXXXXXXE1ZO	Circle Shopian-Kashmir	Excess ITC	2018-19	4.84
3	01XXXXXXXXXB1ZB	Circle Shopian-Kashmir	Excess ITC	2018-19	0.50
4	01XXXXXXXXXB1ZB	Circle Shopian-Kashmir	Excess ITC	2019-20	0.45
5	01XXXXXXXXXB1ZB	Circle Shopian-Kashmir	Excess ITC	2020-21	1.97
6	01XXXXXXXXXK1ZZ	Circle I-Kashmir	Excess ITC	2018-19	0.0068
7	01XXXXXXXXXK1ZZ	Circle I-Kashmir	Excess ITC	2020-21	2.32
8	01XXXXXXXXX1ZU	Circle L-Jammu	ISD	2020-21	0.0019
9	01XXXXXXXXX1ZU	Circle Budgam-Kashmir	ISD	2018-19	0.236
10	01XXXXXXXXXG2Z2	Circle H-Kashmir	ISD	2018-19	0.13
11	01XXXXXXXXXC1ZL	Circle D-Kashmir	ISD	2018-19	0.106
12	01XXXXXXXXXM2ZH	Circle Anantnag-I, Kashmir	RCM	2020-21	0.54
13	01XXXXXXXXXR1ZV	Circle H-Jammu	RCM	2020-21	0.17
14	01XXXXXXXXXB1Z8	Circle H-Kashmir	Interest	2019-20	0.043
15	01XXXXXXXXXA1ZT	Circle K-Kashmir	Interest	2018-19	1.26
16	01XXXXXXXXXA1ZT	Circle K-Kashmir	Interest	2019-20	0.31
17	01XXXXXXXXXL1Z9	Circle N-Kashmir	Undischarged tax liability	2019-20	0.87
18	01XXXXXXXXXL1Z9	Circle N-Kashmir	Undischarged tax liability	2020-21	0.89
19	01XXXXXXXXXE1Z9	Circle Samba-II, Jammu	Undischarged tax liability	2019-20	0.01
20	01XXXXXXXXXN1ZO	Circle H-Kashmir	Undischarged tax liability	2019-20	0.27
21	01XXXXXXXXXE1Z9	Circle H-Jammu	Undischarged tax liability	2019-20	0.09
22	01XXXXXXXXXL1Z4	Circle I-Kashmir	Undischarged tax liability	2020-21	1.81
23	01XXXXXXXXXM2ZS	Circle R-Jammu	Undischarged tax liability	2020-21	0.51
24	01XXXXXXXXXN1ZM	Circle E-Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	0.86
Sub-Total (A)					**24.52**

Mismatch Turnover-No Reply					
25	01XXXXXXXXXF2ZK	Circle I-Kashmir	Composition	2018-19	1.09
26	01XXXXXXXXXF2ZK	Circle I-Kashmir	Composition	2019-20	1.84
27	01XXXXXXXXXR1ZV	Circle Baramulla-II, Kashmir	Unbilled	2019-20	0.25
28	01XXXXXXXXXR1ZV	Circle Baramulla-II, Kashmir	Unbilled	2020-21	0.0063
29	01XXXXXXXXXJ2Z2	Circle Budgam-Kashmir	TDS	2020-21	1.39
30	01XXXXXXXXXG1ZP	Circle Kathua-I, Jammu	TDS	2020-21	4.16
Sub-Total (B)					**8.74**
Grand Total (A+B)					**33.26**

Appendix 3.1.8
Recovery at the instance of Audit
(Refer Paragraph: 3.7.2.2)

Sl No.	GSTIN	Jurisdiction	Dimension	Year	Recovery amount (₹ in crore)
1	01XXXXXXXXXE1ZE	Circle Kathua-II, Jammu	Excess ITC	2019-20	0.0050
2	01XXXXXXXXXJ1ZX	Circle K-Kashmir	Excess ITC	2018-19	0.027
3	01XXXXXXXXXR1Z5	Circle J-Jammu	Excess ITC	2019-20	0.032
4	01XXXXXXXXXG1ZB	Circle H-Jammu	Excess ITC	2018-19	2.59
5	01XXXXXXXXXK1ZN	Circle E-Jammu	RCM	2018-19	0.043
6	01XXXXXXXXXG1ZB	Circle H-Jammu	ITC availing without supplier remitting tax	2019-20	0.11
7	01XXXXXXXXXQ1Z3	Circle Q-Jammu	12F	2018-19	0.053
8	01XXXXXXXXXD1ZQ	Circle C-Jammu	14T	2019-20	0.029
9	01XXXXXXXXXD1ZI	Circle F-Jammu	Interest	2020-21	0.015
10	01XXXXXXXXXA1Z1	Circle Ganderbal-Kashmir	Interest	2020-21	0.18
11	01XXXXXXXXXQ1ZF	Circle R-Kashmir	Undischarged tax liability	2020-21	0.00022
12	01XXXXXXXXXK1Z3	Circle G-Kashmir	Undischarged tax liability	2018-19	0.055
13	01XXXXXXXXXQ1ZN	Circle D-Jammu	Undischarged tax liability	2019-20	0.0030
14	01XXXXXXXXXD1ZH	Circle G-Kashmir	Undischarged tax liability	2018-19	0.0015
Total					**3.14**

Appendix 3.1.9
Details of instances where SCN (DRC-01/DRC-07) issued at instance of Audit
(Refer Paragraph: 3.7.2.2)

Sl. No.	GSTIN	Jurisdiction	Dimension	Year	Demand amount (₹ in crore)
1	01XXXXXXXXXQ2Z3	Circle E-Jammu	Excess ITC	2018-19	0.30
2	01XXXXXXXXXQ2Z3	Circle E-Jammu	Excess ITC	2019-20	1.08
3	01XXXXXXXXXN1Z1	Circle Samba-II, Jammu	Excess ITC	2018-19	0.0050
4	01XXXXXXXXXN1Z1	Circle Samba-II, Jammu	Excess ITC	2019-20	0.086
5	01XXXXXXXXXQ1ZM	Circle Baramulla-I, Kashmir	Excess ITC	2018-19	11.06
6	01XXXXXXXXXF1ZA	Circle J-Jammu	Excess ITC	2018-19	6.09
7	01XXXXXXXXXA1ZQ	Circle Kupwara-Kashmir	Excess ITC	2018-19	6.95
8	01XXXXXXXXXN1ZD	Kupwara-Kashmir	Limitation period	2018-19	0.67
9	01XXXXXXXXXN1ZD	Kupwara-Kashmir	Limitation period	2019-20	1.77
10	01XXXXXXXXXL1ZM	Circle Udhampur-Jammu	Limitation period	2018-19	0.44
11	01XXXXXXXXXL1ZM	Circle Udhampur-Jammu	Limitation period	2019-20	0.27
12	01XXXXXXXXXA1ZQ	Circle Kupwara-Kashmir	Limitation period	2018-19	6.94
13	01XXXXXXXXXL1ZC	Circle Udhampur-Jammu	Limitation period	2018-19	0.75
14	01XXXXXXXXXE1ZX	Circle F-Kashmir	Limitation period	2019-20	0.84
15	01XXXXXXXXXJ1ZO	Circle Budgam-Kashmir	Limitation period	2018-19	0.36
16	01XXXXXXXXXJ1ZO	Circle Budgam-Kashmir	Limitation period	2019-20	0.43
17	01XXXXXXXXXB1ZT	Circle Kupwara-Kashmir	Limitation period	2018-19	1.08
18	01XXXXXXXXXB1ZT	Circle Kupwara-Kashmir	Limitation period	2019-20	0.43
19	01XXXXXXXXXB1ZT	Circle Kupwara-Kashmir	Limitation period	2020-21	0.25
20	01XXXXXXXXXM1Z7	Circle Udhampur-Jammu	Limitation period	2019-20	0.36
21	01XXXXXXXXXC1ZE	Circle Budgam-Kashmir	Limitation period	2019-20	0.80
22	01XXXXXXXXXC1Z2	Circle Kupwara-Kashmir	Limitation period	2018-19	1.32
23	01XXXXXXXXXC1Z2	Circle Kupwara-Kashmir	Limitation period	2019-20	0.42
24	01XXXXXXXXXG1ZX	Circle I-Kashmir	Limitation period	2018-19	1.19
25	01XXXXXXXXX2Z9	Circle P- Kashmir	Limitation period	2019-20	0.96

Sl. No.	GSTIN	Jurisdiction	Dimension	Year	Demand amount (₹ in crore)
26	01XXXXXXXXXB1Z8	Circle Kupwara-Kashmir	Limitation period	2019-20	1.10
27	01XXXXXXXXXC1ZU	Circle H-Jammu	Limitation period	2019-20	4.44
28	01XXXXXXXXXC1ZP	Circle B-Jammu	ISD	2018-19	0.0058
29	01XXXXXXXXXA2Z4	Circle D-Kashmir	9R	2019-20	0.99
30	01XXXXXXXXXA2Z4	Circle D-Kashmir	9R	2020-21	0.79
31	01XXXXXXXXXA1ZG	Circle Baramulla-III, (Sopore), Kashmir	RCM	2019-20	0.04
32	01XXXXXXXXXR1ZB	Circle R-Jammu	RCM	2019-20	0.062
33	01XXXXXXXXXK1ZU	Circle Baramulla-I, Kashmir	14T	2018-19	2.45
34	01XXXXXXXXXM1ZV	Circle A-Kashmir	Interest	2019-20	0.047
35	01XXXXXXXXXM1ZV	Circle A-Kashmir	Interest	2020-21	0.044
36	01XXXXXXXXXR1Z1	Circle B-Jammu	Interest	2018-19	0.069
37	01XXXXXXXXXR1Z1	Circle B-Jammu	Interest	2019-20	0.053
38	01XXXXXXXXXR1Z1	Circle B-Jammu	Interest	2020-21	0.013
39	01XXXXXXXXXH1ZI	Circle D-Kashmir	Interest	2018-19	0.071
40	01XXXXXXXXXH1ZI	Circle D-Kashmir	Interest	2019-20	0.062
41	01XXXXXXXXXH1ZI	Circle D-Kashmir	Interest	2020-21	0.0035
42	01XXXXXXXXXJ2Z3	Circle D-Kashmir	Interest	2018-19	0.062
43	01XXXXXXXXXJ2Z3	Circle D-Kashmir	Interest	2019-20	0.22
44	01XXXXXXXXXJ2Z3	Circle D-Kashmir	Interest	2020-21	0.011
45	01XXXXXXXXXM1Z5	Circle E-Kashmir	Interest	2018-19	0.17
46	01XXXXXXXXXM1Z5	Circle E-Kashmir	Interest	2019-20	0.27
47	01XXXXXXXXXM1Z5	Circle E-Kashmir	Interest	2020-21	0.23
48	01XXXXXXXXXP1ZJ	Circle H-Jammu	Interest	2018-19	0.13
49	01XXXXXXXXXB1Z8	Circle H-Kashmir	Interest	2018-19	0.13
50	01XXXXXXXXXN1ZO	Circle H-Kashmir	Interest	2018-19	0.11
51	01XXXXXXXXXN1ZO	Circle H-Kashmir	Interest	2019-20	0.29
52	01XXXXXXXXXN1ZO	Circle H-Kashmir	Interest	2020-21	0.049

Sl. No.	GSTIN	Jurisdiction	Dimension	Year	Demand amount (₹ in crore)
53	01XXXXXXXXXE1ZS	Circle J-Kashmir	Interest	2018-19	0.20
54	01XXXXXXXXXE1ZS	Circle J-Kashmir	Interest	2019-20	0.19
55	01XXXXXXXXXE1ZS	Circle J-Kashmir	Interest	2020-21	0.018
56	01XXXXXXXXXB1ZJ	Circle Kathua-II, Jammu	Interest	2018-19	0.14
57	01XXXXXXXXXB1ZJ	Circle Kathua-II, Jammu	Interest	2019-20	0.016
58	01XXXXXXXXXE2ZN	Circle Kishtwar-Jammu	Interest	2018-19	0.11
59	01XXXXXXXXXE2ZN	Circle Kishtwar-Jammu	Interest	2019-20	0.11
60	01XXXXXXXXXE2ZN	Circle Kishtwar-Jammu	Interest	2020-21	0.073
61	01XXXXXXXXXE1ZM	Circle Kishtwar-Jammu	Interest	2018-19	0.18
62	01XXXXXXXXXE1ZM	Circle Kishtwar-Jammu	Interest	2019-20	0.097
63	01XXXXXXXXXE1ZM	Circle Kishtwar-Jammu	Interest	2020-21	0.0035
64	01XXXXXXXXXC2ZJ	Circle Kishtwar-Jammu	Interest	2018-19	0.0059
65	01XXXXXXXXXC2ZJ	Circle Kishtwar-Jammu	Interest	2019-20	0.064
66	01XXXXXXXXXC2ZJ	Circle Kishtwar-Jammu	Interest	2020-21	0.013
67	01XXXXXXXXXE2ZL	Circle Kishtwar-Jammu	Interest	2018-19	0.0051
68	01XXXXXXXXXE2ZL	Circle Kishtwar-Jammu	Interest	2019-20	0.027
69	01XXXXXXXXXE2ZL	Circle Kishtwar-Jammu	Interest	2020-21	0.089
70	01XXXXXXXXXA1ZE	Circle L-Jammu	Interest	2018-19	0.082
71	01XXXXXXXXXA1ZE	Circle L-Jammu	Interest	2019-20	0.078
72	01XXXXXXXXXA1ZE	Circle L-Jammu	Interest	2020-21	0.021
73	01XXXXXXXXXH2ZX	Circle L-Jammu	Interest	2019-20	0.043
74	01XXXXXXXXXH2ZX	Circle L-Jammu	Interest	2020-21	0.038
75	01XXXXXXXXXD1Z8	Circle P-Kashmir	Interest	2018-19	1.45
76	01XXXXXXXXXL1ZM	Circle Ramban-Jammu	Interest	2018-19	0.11
77	01XXXXXXXXXL1ZM	Circle Ramban-Jammu	Interest	2019-20	0.011
78	01XXXXXXXXXC1ZP	Circle R-Jammu	Interest	2018-19	0.24
79	01XXXXXXXXXC1ZP	Circle R-Jammu	Interest	2019-20	0.045
80	01XXXXXXXXXM1Z1	Circle Udhampur-Jammu	Interest	2018-19	0.119

Sl. No.	GSTIN	Jurisdiction	Dimension	Year	Demand amount (₹ in crore)
81	01XXXXXXXXXM1Z1	Circle Udhampur-Jammu	Interest	2019-20	0.027
82	01XXXXXXXXXM1Z1	Circle Udhampur-Jammu	Interest	2020-21	0.0024
83	01XXXXXXXXXD1ZD	Circle Udhampur-Jammu	Interest	2018-19	0.14
84	01XXXXXXXXXD1ZD	Circle Udhampur-Jammu	Interest	2019-20	0.056
85	01XXXXXXXXXL1ZZ	Circle Udhampur-Jammu	Interest	2018-19	0.045
86	01XXXXXXXXXL1ZZ	Circle Udhampur-Jammu	Interest	2019-20	0.091
87	01XXXXXXXXXL1ZZ	Circle Udhampur-Jammu	Interest	2020-21	0.0050
88	01XXXXXXXXXQ1Z4	Circle Udhampur-Jammu	Interest	2018-19	0.072
89	01XXXXXXXXXB1ZI	Circle Udhampur-Jammu	Interest	2018-19	0.095
90	01XXXXXXXXXB1ZI	Circle Udhampur-Jammu	Interest	2019-20	0.079
91	01XXXXXXXXXL1Z9	Circle N-Kashmir	Undischarged tax liability	2018-19	0.10
92	01XXXXXXXXXN1ZO	Circle H-Kashmir	Undischarged tax liability	2018-19	17.55
93	01XXXXXXXXXD1ZX	Circle Anantnag-III, Kashmir	Undischarged tax liability	2019-20	0.044
94	01XXXXXXXXXR1ZF	Circle I-Kashmir	Undischarged tax liability	2019-20	13.89
95	01XXXXXXXXXJ1Z7	Circle I-Kashmir	Undischarged tax liability	2019-20	0.017
96	01XXXXXXXXXJ1Z7	Circle I-Kashmir	Undischarged tax liability	2020-21	3.34
97	01XXXXXXXXXN1ZY	Circle L-Jammu	Undischarged tax liability	2018-19	8.41
98	01XXXXXXXXXL1Z6	Circle E-Jammu	Undischarged tax liability	2019-20	0.0119
99	01XXXXXXXXXE1ZG	Circle I-Kashmir	Undischarged tax liability	2019-20	2.60
100	01XXXXXXXXXE1ZG	Circle I-Kashmir	Undischarged tax liability	2020-21	4.047
101	01XXXXXXXXXM1ZT	Circle P-Jammu	Undischarged tax liability	2020-21	0.18
102	01XXXXXXXXXM2ZS	Circle R-Jammu	Undischarged tax liability	2018-19	0.35
103	01XXXXXXXXXM2ZS	Circle R-Jammu	Undischarged tax liability	2019-20	0.36
104	01XXXXXXXXXL1ZV	Circle Kathua-I, Jammu	Undischarged tax liability	2018-19	0.012
105	01XXXXXXXXXA6ZE	Circle A-Kashmir	Suppression in taxable value in comparison with E-Way bills	2019-20	0.77
106	01XXXXXXXXXA6ZE	Circle A-Kashmir	Suppression in taxable value in comparison with E-Way bills	2020-21	0.95

Sl. No.	GSTIN	Jurisdiction	Dimension	Year	Demand amount (₹ in crore)
107	01XXXXXXXXXF1Z0	Circle B-Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	3.95
108	01XXXXXXXXXM1ZV	Circle N-Kashmir	Suppression in taxable value in comparison with E-Way bills	2018-19	1.45
109	01XXXXXXXXXH1ZH	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	1.69
110	01XXXXXXXXXF1ZL	Circle Kathua-I, Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	1.25
111	01XXXXXXXXXL1Z6	Circle J-Kashmir	Suppression in taxable value in comparison with E-Way bills	2020-21	0.75
112	01XXXXXXXXXK1ZO	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.63
113	01XXXXXXXXXN1ZN	Circle Anantnag-II, Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.42
114	01XXXXXXXXXN1ZN	Circle Anantnag-II, -Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.032
115	01XXXXXXXXXE1ZJ	Circle Anantnag-II, Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.15
116	01XXXXXXXXXH1ZC	Circle Budgam-Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.2800
117	01XXXXXXXXXL1ZP	Circle J-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.25
118	01XXXXXXXXX1ZP	Circle L-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.24
119	01XXXXXXXXXC1ZI	Circle P-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.18
120	01XXXXXXXXXE1ZF	Circle Poonch-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.49
121	01XXXXXXXXXE1ZF	Circle Poonch-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.076
122	01XXXXXXXXXJ1ZQ	Circle Poonch-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.16

Sl. No.	GSTIN	Jurisdiction	Dimension	Year	Demand amount (₹ in crore)
123	01XXXXXXXXXM1ZV	Circle Poonch-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.28
124	01XXXXXXXXXN1ZO	Circle Poonch-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.32
125	01XXXXXXXXXL1Z0	Circle Poonch-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.41
126	01XXXXXXXXXK1ZX	Circle Q-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.13
127	01XXXXXXXXXH1ZT	Circle R-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	1.07
128	01XXXXXXXXXR1Z1	Circle Ramban-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.25
129	01XXXXXXXXXR1Z1	Circle Ramban-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.051
130	01XXXXXXXXXL1ZC	Circle Udhampur-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.063
131	01XXXXXXXXXL1ZC	Circle Udhampur-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.91
132	01XXXXXXXXXQ3ZB	Circle Udhampur-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.16
133	01XXXXXXXXXE1ZB	Circle C-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.089
134	01XXXXXXXXXB1ZV	Circle I-Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.79
135	01XXXXXXXXXM1ZU	Circle I-Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.26
136	01XXXXXXXXXL1ZG	Circle R-Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.011
137	01XXXXXXXXXL1ZG	Circle R-Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.0085
138	01XXXXXXXXXH1ZZ	Circle Samba-I, Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.27

Sl. No.	GSTIN	Jurisdiction	Dimension	Year	Demand amount (₹ in crore)
139	01XXXXXXXXXH1ZZ	Circle Samba-I, Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.044
Mismatch Turnover SCN (DRC-01/ DRC-07)					
140	01XXXXXXXXXC1Z2	Circle Anantnag-III, Kashmir	Composition	2020-21	0.046
141	01XXXXXXXXXM4ZM	Circle Baramulla-I, Kashmir	TDS	2019-20	1.58
142	01XXXXXXXXXB1ZY	Circle I-Kashmir	TDS	2018-19	0.14
143	01XXXXXXXXXB1ZY	Circle I-Kashmir	TDS	2019-20	0.19
144	01XXXXXXXXXA1Z5	Circle K-Kashmir	TDS	2019-20	0.89
145	01XXXXXXXXXQ1ZW	Circle I-Kashmir	7G	2020-21	71.24
Total					**205.08**

Appendix 3.1.10
Details of instances where ASMT-10 issued
(Refer Paragraph: 3.7.2.2)

Sl No.	GSTIN	Jurisdiction	Dimension	Financial Year	Deviation amount (₹ in crore)
1	01XXXXXXXXXN1ZQ	Circle L-Jammu	Excess ITC	2018-19	4.78
2	01XXXXXXXXXJ1ZW	Circle Reasi-Jammu	Excess ITC	2018-19	4.37
3	01XXXXXXXXXJ1ZW	Circle Reasi-Jammu	Excess ITC	2020-21	0.0030
4	01XXXXXXXXXR1ZT	Circle F-Kashmir	Excess ITC	2019-20	3.10
5	01XXXXXXXXXD1Z4	Circle Udhampur-Jammu	Excess ITC	2018-19	0.0051
6	01XXXXXXXXXD1Z4	Circle Udhampur-Jammu	Excess ITC	2019-20	3.04
7	01XXXXXXXXXD1Z4	Circle Udhampur-Jammu	Excess ITC	2020-21	0.0039
8	01XXXXXXXXXE1Z9	Circle Samba-II,Jammu	Excess ITC	2018-19	2.96
9	01XXXXXXXXXJ1ZE	Circle Ramban-Jammu	Limitation period	2018-19	0.35
10	01XXXXXXXXXJ1ZE	Circle Ramban-Jammu	Limitation period	2019-20	0.12
11	01XXXXXXXXXJ1ZE	Circle Ramban-Jammu	Limitation period	2020-21	0.025
12	01XXXXXXXXXP1ZN	Circle Ramban-Jammu	Limitation period	2018-19	1.39
13	01XXXXXXXXXP1ZN	Circle Ramban-Jammu	Limitation period	2019-20	0.014
14	01XXXXXXXXXB1Z2	Circle Anantnag-II, Kashmir	Limitation period	2019-20	0.17
15	01XXXXXXXXXB1Z2	Circle Anantnag-II, Kashmir	Limitation period	2019-20	0.27
16	01XXXXXXXXXQ1Z9	Circle Anantnag-I, Kashmir	Limitation period	2019-20	0.40
17	01XXXXXXXXXH1ZR	Circle Reasi-Jammu	Limitation period	2019-20	0.43
18	01XXXXXXXXXN1Z0	Circle Anantnag-II, Kashmir	Limitation period	2018-19	0.43
19	01XXXXXXXXXE1ZM	Circle Kishtwar-Jammu	Limitation period	2018-19	0.23
20	01XXXXXXXXXE1ZM	Circle Kishtwar-Jammu	Limitation period	2019-20	0.15
21	01XXXXXXXXXA1ZX	Circle Ramban-Jammu	Limitation period	2018-19	3.79
22	01XXXXXXXXXA1ZX	Circle Ramban-Jammu	Limitation period	2019-20	0.94
23	01XXXXXXXXXR2ZJ	Circle Ramban-Jammu	Limitation period	2018-19	0.44

Sl No.	GSTIN	Jurisdiction	Dimension	Financial Year	Deviation amount (₹ in crore)
24	01XXXXXXXXXR1ZU	Circle L-Kashmir	Limitation period	2019-20	0.47
25	01XXXXXXXXXR1ZU	Circle L-Kashmir	Limitation period	2020-21	0.85
26	01XXXXXXXXXA1ZC	Circle L-Kashmir	Limitation period	2019-20	0.20
27	01XXXXXXXXXA1ZC	Circle L-Kashmir	Limitation period	2020-1	0.86
28	01XXXXXXXXXD1ZA	Circle Kathua-I, Jammu	Limitation period	2018-19	0.26
29	01XXXXXXXXXD1ZA	Circle Kathua-I, Jammu	Limitation period	2019-20	0.53
30	01XXXXXXXXXH1ZO	Circle E-Jammu	ISD	2018-19	0.095
31	01XXXXXXXXXC1Z3	Circle E-Jammu	ISD	2020-21	0.062
32	01XXXXXXXXXD1ZS	Circle Anantnag-II, Kashmir	9R	2020-21	0.99
33	01XXXXXXXXXG1ZX	Circle Budgam-Kashmir	9R	2018-19	2.81
34	01XXXXXXXXXM1ZF	Anantnag-II, Kashmir	RCM	2020-21	0.36
35	01XXXXXXXXXC1Z9	Circle Anantnag-III, Kashmir	RCM	2018-19	0.078
36	01XXXXXXXXXC1Z9	Circle Anantnag-III, Kashmir	RCM	2019-20	0.083
37	01XXXXXXXXXC1Z9	Circle Anantnag-III, Kashmir	RCM	2020-21	0.040
38	01XXXXXXXXXH1ZO	Circle E-Jammu	RCM	2018-19	0.22
39	01XXXXXXXXXQ2Z3	Circle E-Jammu	RCM	2018-19	0.41
40	01XXXXXXXXXP1ZB	Circle R-Jammu	RCM	2019-20	1.61
41	01XXXXXXXXXD1ZX	Circle Anantnag-III, Kashmir	ITC availing without supplier remitting tax	2019-20	1.54
42	01XXXXXXXXXZO	Circle H-Kashmir	ITC availing without supplier remitting tax	2018-19	2.04
43	01XXXXXXXXXZO	Circle H-Kashmir	ITC availing without supplier remitting tax	2019-20	2.61
44	01XXXXXXXXXH1Z0	Circle H-Kashmir	ITC availing without supplier remitting tax	2018-19	0.77
45	01XXXXXXXXXH1Z0	Circle H-Kashmir	ITC availing without supplier remitting tax	2019-20	2.08
46	01XXXXXXXXXA6ZE	Circle A-Kashmir	12F	2018-19	0.19
47	01XXXXXXXXXM1Z9	Circle E-Jammu	12F	2018-19	0.27
48	01XXXXXXXXXP1Z5	Circle E-Jammu (transferred to Circle G-Jammu)	12F	2018-19	1.03

Sl No.	GSTIN	Jurisdiction	Dimension	Financial Year	Deviation amount (₹ in crore)
49	01XXXXXXXXXH1Z0	Circle H-Kashmir	14T	2018-19	10.35
50	01XXXXXXXXXH1Z0	Circle H-Kashmir	14T	2019-20	6.70
51	01XXXXXXXXXJ1ZW	Circle B-Jammu	Interest	2019-20	0.27
52	01XXXXXXXXXJ1ZW	Circle B-Jammu	Interest	2020-21	0.0051
53	01XXXXXXXXXR1ZC	Circle E-Kashmir	Interest	2018-19	0.104
54	01XXXXXXXXXR1ZC	Circle E-Kashmir	Interest	2019-20	0.060
55	01XXXXXXXXXG1ZN	Circle F-Kashmir	Interest	2018-19	0.13
56	01XXXXXXXXXG1ZN	Circle F-Kashmir	Interest	2019-20	0.092
57	01XXXXXXXXXG1ZN	Circle F-Kashmir	Interest	2020-21	0.058
58	01XXXXXXXXXF1ZQ	Circle H-Kashmir	Interest	2019-20	0.10
59	01XXXXXXXXXF1ZQ	Circle H-Kashmir	Interest	2020-21	0.069
60	01XXXXXXXXXD1Z5	Circle H-Kashmir	Interest	2018-19	0.083
61	01XXXXXXXXXD1Z5	Circle H-Kashmir	Interest	2019-20	0.054
62	01XXXXXXXXXD1Z5	Circle H-Kashmir	Interest	2020-21	0.035
63	01XXXXXXXXXF1ZA	Circle J- Jammu	Interest	2020-21	0.21
64	01XXXXXXXXXB1ZJ	Circle Kathua-II, Jammu	Interest	2020-21	0.0182
65	01XXXXXXXXXQ1ZE	Circle Poonch-Jammu	Interest	2018-19	0.812
66	01XXXXXXXXXQ1ZE	Circle Poonch-Jammu	Interest	2019-20	0.157
67	01XXXXXXXXXQ1ZE	Circle Poonch-Jammu	Interest	2020-21	0.0818
68	01XXXXXXXXXK2ZO	Circle Ramban-Jammu	Interest	2018-19	0.155
69	01XXXXXXXXXK2ZO	Circle Ramban-Jammu	Interest	2019-20	0.0417
70	01XXXXXXXXXK2ZO	Circle Ramban-Jammu	Interest	2020-21	0.00393
71	01XXXXXXXXXQ1ZB	Circle Ramban-Jammu	Interest	2018-19	0.105
72	01XXXXXXXXXQ1ZB	Circle Ramban-Jammu	Interest	2019-20	0.048
73	01XXXXXXXXXQ1ZB	Circle Ramban-Jammu	Interest	2020-21	0.027

Sl No.	GSTIN	Jurisdiction	Dimension	Financial Year	Deviation amount (₹ in crore)
74	01XXXXXXXXXP1ZN	Circle Ramban-Jammu	Interest	2018-19	0.12
75	01XXXXXXXXXQ1Z4	Circle Udhampur-Jammu	Interest	2019-20	0.041
76	01XXXXXXXXXQ1Z4	Circle Udhampur-Jammu	Interest	2020-21	0.031
77	01XXXXXXXXXA6ZE	Circle A-Kashmir	Undischarged tax liability	2019-20	1.48
78	01XXXXXXXXXC1ZD	Circle Samba-II, Jammu	Undischarged tax liability	2020-21	1.88
79	01XXXXXXXXXD1ZX	Circle Anantnag-III, Kashmir	Undischarged tax liability	2020-21	1.24
80	01XXXXXXXXXP1ZE	Circle B-Kashmir	Undischarged tax liability	2018-19	0.23
81	01XXXXXXXXXP1ZE	Circle B-Kashmir	Undischarged tax liability	2020-21	1.96
82	01XXXXXXXXXD1ZT	Circle L-Jammu	Undischarged tax liability	2019-20	1.14
83	01XXXXXXXXXH1ZJ	Circle Anantnag-II, Kashmir	Undischarged tax liability	2020-21	1.80
84	01XXXXXXXXXQ1ZE	Circle A-Kashmir	Undischarged tax liability	2019-20	0.0007
85	01XXXXXXXXXH1ZQ	Circle Udhampur-Jammu	Undischarged tax liability	2019-20	0.0049
86	01XXXXXXXXXH1ZQ	Circle Udhampur-Jammu	Undischarged tax liability	2020-21	2.67
87	01XXXXXXXXXG1Z8	Circle Udhampur-Jammu	Undischarged tax liability	2018-19	2.14
88	01XXXXXXXXXC1ZJ	Circle Rajouri-Jammu	Undischarged tax liability	2020-21	3.50
89	01XXXXXXXXXF1Z6	Circle R-Jammu	Undischarged tax liability	2018-19	0.26
90	01XXXXXXXXXF1Z6	Circle R-Jammu	Undischarged tax liability	2019-20	1.35
91	01XXXXXXXXXA1ZC	Circle Ramban-Jammu	Undischarged tax liability	2018-19	1.11
92	01XXXXXXXXXL1ZS	Circle Udhampur-Jammu	Undischarged tax liability	2020-21	1.73
93	01XXXXXXXXXL1ZV	Circle Kathua-I, Jammu	Undischarged tax liability	2020-21	0.07
94	01XXXXXXXXXC1ZF	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.046
95	01XXXXXXXXXC1ZF	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	1.32
96	01XXXXXXXXXG1ZR	Circle Udhampur-Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	0.98
97	01XXXXXXXXXF1Z8	Circle Udhampur-Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	0.062
98	01XXXXXXXXXF1Z8	Circle Udhampur-Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.16

Sl No.	GSTIN	Jurisdiction	Dimension	Financial Year	Deviation amount (₹ in crore)
99	01XXXXXXXXXF1Z8	Circle Udhampur-Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	0.22
100	01XXXXXXXXXF1Z0	Circle B-Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	1.012
101	01XXXXXXXXXG1ZT	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.91
102	01XXXXXXXXXG1ZT	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	3.01
103	01XXXXXXXXXF1ZP	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.49
104	01XXXXXXXXXF1ZP	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	0.056
105	01XXXXXXXXXH1ZH	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	0.83
106	01XXXXXXXXXK1ZO	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	0.061
107	01XXXXXXXXXH1ZC	Circle Budgam-Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.12
108	01XXXXXXXXXJ1ZQ	Circle Poonch-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.069
Mismatch in turnover-ASMT-10					
109	01XXXXXXXXXG1ZK	Circle Reasi-Jammu	Composition	2018-19	2.21
110	01XXXXXXXXXR1Z1	Circle D-Kashmir	TDS	2018-19	6.71
111	01XXXXXXXXXR1Z1	Circle D-Kashmir	TDS	2020-21	0.60
112	01XXXXXXXXXQ1Z4	Circle F-Kashmir	TDS	2020-21	2.10
113	01XXXXXXXXXA1ZP	Circle L-Jammu	TDS	2018-19	5.12
Total					**116.66**

Appendix 3.1.11
Cases under examination
(Refer Paragraph 3.7.2.2)

Sl. No.	GSTIN	Jurisdiction	Dimension	Year	Deviation Amount (₹ in crore)
1	01XXXXXXXXXQ1ZK	Circle H-Jammu	9R	2020-21	3.71
2	01XXXXXXXXXB1ZO	Circle Udhampur-Jammu	ITC availing without supplier remitting tax	2018-19	2.59
3	01XXXXXXXXXB1ZO	Circle Udhampur-Jammu	ITC availing without supplier remitting tax	2019-20	0.55
4	01XXXXXXXXXB1ZO	Circle Udhampur-Jammu	ITC availing without supplier remitting tax	2020-21	0.07
5	01XXXXXXXXXC1Z3	Circle Budgam-Kashmir	12F	2019-20	0.19
6	01XXXXXXXXXA1Z3	Circle Baramulla-III, (Sopore), Kashmir	12F	2018-19	0.26
7	01XXXXXXXXXP1ZJ	Circle H-Jammu	Interest	2019-20	0.032
8	01XXXXXXXXXP1ZJ	Circle H-Jammu	Interest	2020-21	0.033
9	01XXXXXXXXXF1ZA	Circle J- Jammu	Interest	2018-19	0.039
10	01XXXXXXXXXF1ZA	Circle J- Jammu	Interest	2019-20	0.011
11	01XXXXXXXXXQ2ZB	Circle L-Jammu	Undischarged tax liability	2018-19	2.83
12	01XXXXXXXXXQ2ZB	Circle L-Jammu	Undischarged tax liability	2019-20	0.01
13	01XXXXXXXXXL1Z6	Circle E-Jammu	Undischarged tax liability	2020-21	1.86
14	01XXXXXXXXXH2ZZ	Circle H-Jammu	Undischarged tax liability	2018-19	0.16
15	01XXXXXXXXXH2ZZ	Circle H-Jammu	Undischarged tax liability	2019-20	1.16
16	01XXXXXXXXXQ1ZK	Circle H-Jammu	Undischarged tax liability	2020-21	3.72
17	01XXXXXXXXXQ2ZB	Circle L-Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	1.24
18	01XXXXXXXXXA1ZH	Circle Kathua-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	1.22

Mismatch Turnover-Cases under examination					
19	01XXXXXXXXXF1ZL	Circle Budgam-Kashmir	Composition	2018-19	1.13
20	01XXXXXXXXXF1ZL	Circle Budgam-Kashmir	Composition	2019-20	1.66
21	01XXXXXXXXXN1ZM	Circle H-Jammu	Unbilled	2020-21	0.17
22	01XXXXXXXXXF1ZQ	Circle H-Jammu	Unbilled	2018-19	0.15
23	01XXXXXXXXXF1ZQ	Circle H-Jammu	Unbilled	2019-20	8.78
24	01XXXXXXXXXF1ZQ	Circle H-Jammu	Unbilled	2020-21	0.65
25	01XXXXXXXXXD1ZI	Circle H-Jammu	Unbilled	2020-21	10.19
26	01XXXXXXXXXJ1ZO	Circle H-Jammu	TDS	2020-21	13.09
27	01XXXXXXXXXK1ZJ	Circle J-Kashmir	7G	2019-20	59.039
Total					**114.55**

Appendix 3.1.12
Data Entry Error cases
(Refer Paragraph: 3.7.2.2)

Sl No.	GSTIN	Jurisdiction	Dimension	Year	Deviation Amount (₹ in crore)
1	01XXXXXXXXN1ZA	Circle Kathua-II, Jammu	Excess ITC	2018-19	3.35
2	01XXXXXXXXH1ZC	Circle Kathua-II, Jammu	Excess ITC	2018-19	3.26
3	01XXXXXXXXF1ZI	Circle Kathua-II, Jammu	Excess ITC	2018-19	2.40
4	01XXXXXXXXH1ZS	Circle E-Jammu	Excess ITC	2018-19	2.34
5	01XXXXXXXXA1ZA	Circle O-Kashmir	9R	2020-21	1.18
6	01XXXXXXXXE1ZW	Circle C-Jammu	RCM	2018-19	0.65
7	01XXXXXXXXR1Z8	Circle D-Jammu	RCM	2020-21	0.22
8	01XXXXXXXXD1ZL	Circle D-Jammu	RCM	2018-19	0.57
9	01XXXXXXXXM1ZG	Circle E-Jammu	RCM	2018-19	0.37
10	01XXXXXXXXP1Z6	Circle F-Kashmir	RCM	2018-19	0.11
11	01XXXXXXXXP1Z6	Circle F-Kashmir	RCM	2019-20	0.05
12	01XXXXXXXXP1Z6	Circle F-Kashmir	RCM	2020-21	0.03
13	01XXXXXXXXC2ZI	Circle G-Jammu	RCM	2019-20	0.34
14	01XXXXXXXXN1ZD	Circle N-Jammu	RCM	2019-20	0.28
15	01XXXXXXXXQ1ZS	Circle P-Jammu	RCM	2020-21	4.80
16	01XXXXXXXXM1ZA	Circle Q-Jammu	RCM	2018-19	0.18
17	01XXXXXXXXK1ZF	Circle L-Jammu	14T	2018-19	40.61
18	01XXXXXXXXR1ZI	Circle G-Kashmir	14T	2018-19	6.38
19	01XXXXXXXXN1ZA	Circle L-Jammu	14T	2018-19	1.43
20	01XXXXXXXXD1ZH	Circle G-Kashmir	Undischarged tax liability	2019-20	11.68
21	01XXXXXXXXQ1ZE	Circle Kathua-I, Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	0.51
22	01XXXXXXXXH1ZZ	Circle A-Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.84
Total					**81.59**

Appendix 3.1.13
Action taken before audit query cases
(Refer Paragraph: 3.7.2.2)

Sl. No.	GSTIN	Jurisdiction	Dimension	Financial Year	Deviation amount (₹ in crore)
1	01XXXXXXXXXA1ZT	Circle K-Kashmir	Excess ITC	2019-20	1.33
2	01XXXXXXXXXA1ZT	Circle K-Kashmir	Excess ITC	2020-21	5.019
3	01XXXXXXXXXP1ZN	Circle Poonch-Jammu	Excess ITC	2019-20	3.098
4	01XXXXXXXXXM1ZV	Circle Bandipora-Kashmir	Limitation period	2019-20	0.49
5	01XXXXXXXXXM1ZV	Circle Bandipora-Kashmir	Limitation period	2020-21	0.84
6	01XXXXXXXXXA2Z0	Circle L-Jammu	Limitation period	2018-19	0.28
7	01XXXXXXXXXA2Z0	Circle L-Jammu	Limitation period	2019-20	0.82
8	01XXXXXXXXXC1ZS	Circle Bandipora-Kashmir	Limitation period	2018-19	0.94
9	01XXXXXXXXX1Z7	Circle L-Jammu	9R	2018-19	1.67
10	01XXXXXXXXX1Z7	Circle L-Jammu	9R	2019-20	0.012
11	01XXXXXXXXX1ZG	Circle G-Jammu	9R	2018-19	0.96
12	01XXXXXXXXXH1ZK	Circle K-Jammu	RCM	2020-21	0.18
13	01XXXXXXXXXR1ZL	Circle Q-Kashmir	RCM	2020-21	0.40
14	01XXXXXXXXXK1ZB	Circle E-Jammu	12F	2018-19	0.27
15	01XXXXXXXXXD1ZQ	Circle C-Jammu	14T	2020-21	1.27
16	01XXXXXXXXXG2ZR	Circle Poonch-Jammu	14T	2019-20	0.80
17	01XXXXXXXXXM1ZV	Circle A-Kashmir	Interest	2018-19	0.13
18	01XXXXXXXXXM1ZN	Circle Anantnag-III, Kashmir	Interest	2018-19	0.059
19	01XXXXXXXXXM1ZN	Circle Anantnag-III, Kashmir	Interest	2019-20	0.026
20	01XXXXXXXXXM1ZN	Circle Anantnag-III, Kashmir	Interest	2020-21	0.063
21	01XXXXXXXXXM1ZM	Circle C-Jammu	Interest	2018-19	0.066
22	01XXXXXXXXXM1ZM	Circle C-Jammu	Interest	2019-20	0.11
23	01XXXXXXXXXM1ZM	Circle C-Jammu	Interest	2020-21	0.051
24	01XXXXXXXXXP1Z3	Circle D-Jammu	Interest	2018-19	0.065
25	01XXXXXXXXXG1ZX	Circle D-Jammu	Interest	2018-19	0.032
26	01XXXXXXXXXG1ZX	Circle D-Jammu	Interest	2019-20	0.088
27	01XXXXXXXXXG1ZX	Circle D-Jammu	Interest	2020-21	0.0039
28	01XXXXXXXXXR1Z5	Circle J-Jammu	Undischarged tax liability	2019-20	1.99
29	01XXXXXXXXXA1ZJ	Circle J-Jammu	Undischarged tax liability	2019-20	2.78
30	01XXXXXXXXXB1ZI	Circle B-Jammu	Undischarged tax liability	2019-20	1.26

Sl. No.	GSTIN	Jurisdiction	Dimension	Financial Year	Deviation amount (₹ in crore)
31	01XXXXXXXXXC1ZJ	Circle R-Jammu	Undischarged tax liability	2019-20	0.00
32	01XXXXXXXXXA1ZJ	Circle J-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	2.79
33	01XXXXXXXXXE1ZY	Circle L-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.23
34	01XXXXXXXXXK1ZX	Circle Q-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.03
35	01XXXXXXXXXR1ZI	Circle R-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.11
36	01XXXXXXXXXR1ZI	Circle R-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.03
37	01XXXXXXXXXG1ZG	Circle Rajouri-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2020-21	0.09
38	01XXXXXXXXXN1ZP	Circle Shopian-Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.26
39	01XXXXXXXXXL1ZA	Circle B-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.01
40	01XXXXXXXXXL1ZA	Circle B-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.07
41	01XXXXXXXXXL1ZA	Circle B-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2020-21	0.02
42	01XXXXXXXXXE1ZB	Circle C-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2018-19	0.14
43	01XXXXXXXXXD1Z6	Circle D-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.14
44	01XXXXXXXXXM1Z0	Circle F-Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.55
45	01XXXXXXXXXM1Z0	Circle F-Kashmir	Cases where GSTR 3B not filed but GSTR 1 available	2020-21	0.29
46	01XXXXXXXXXN1ZX	Circle G-Jammu	Cases where GSTR 3B not filed but GSTR 1 available	2019-20	0.18
Total					**30.03**

Appendix 3.1.14
Valid Explanation cases
(Refer Paragraph: 3.7.2.2)

Sl. No.	GSTIN	Circle	Dimension	Year	Deviation Amount (₹ in crore)
1	01XXXXXXXXXG1Z1	Circle E-Jammu	Excess ITC	2018-19	14.57
2	01XXXXXXXXXG1Z1	Circle E-Jammu	Excess ITC	2019-20	45.24
3	01XXXXXXXXXG1Z1	Circle E-Jammu	Excess ITC	2020-21	10.029
4	01XXXXXXXXXQ1ZW	Circle Q-Jammu	Excess ITC	2018-19	30.96
5	01XXXXXXXXXE1Z4	Circle Kishtwar-Jammu	Excess ITC	2019-20	22.96
6	01XXXXXXXXXC1ZD	Circle Samba-I, Jammu	Excess ITC	2020-21	18.08
7	01XXXXXXXXXE1ZE	Circle Kathua-II, Jammu	Excess ITC	2018-19	0.43
8	01XXXXXXXXXK1ZF	Circle E-Jammu	Excess ITC	2018-19	6.08
9	01XXXXXXXXXK1ZF	Circle E-Jammu	Excess ITC	2019-20	2.53
10	01XXXXXXXXXP1ZB	Circle R-Jammu	Excess ITC	2018-19	3.06
11	01XXXXXXXXXP1ZB	Circle R-Jammu	Excess ITC	2019-20	3.49
12	01XXXXXXXXXF1ZS	Circle P-Jammu	Excess ITC	2019-20	5.34
13	01XXXXXXXXXR1Z5	Circle J-Jammu	Excess ITC	2018-19	3.81
14	01XXXXXXXXXN1Z1	Circle Samba-II, Jammu	Excess ITC	2020-21	3.61
15	01XXXXXXXXXG1ZB	Circle H-Jammu	Excess ITC	2019-20	2.87
16	01XXXXXXXXXH1ZH	Circle G-Jammu	Excess ITC	2018-19	3.45
17	01XXXXXXXXXJ3ZC	Circle G-Jammu	Excess ITC	2018-19	3.23
18	01XXXXXXXXXC1ZB	Circle F-Kashmir	Excess ITC	2020-21	3.06
19	01XXXXXXXXXB1ZQ	Circle K-Kashmir	Excess ITC	2018-19	3.05
20	01XXXXXXXXXF1Z0	Circle Bandipora-Kashmir	Excess ITC	2020-21	2.80
21	01XXXXXXXXXD1ZO	Circle G-Jammu	Excess ITC	2018-19	2.67
22	01XXXXXXXXXQ3ZU	Circle F-Kashmir	Excess ITC	2018-19	2.57
23	01XXXXXXXXXL1ZE	Circle J-Jammu	Excess ITC	2018-19	2.22
24	01XXXXXXXXXR1ZH	Circle F-Kashmir	Excess ITC	2020-21	2.16
25	01XXXXXXXXXQ1ZE	Circle Poonch-Jammu	Limitation period	2018-19	1.92
26	01XXXXXXXXXA1ZL	Circle Udhampur-Jammu	Limitation period	2018-19	0.56
27	01XXXXXXXXXM1Z7	Circle Udhampur-Jammu	Limitation period	2018-19	0.44
28	01XXXXXXXXXF1ZS	Circle Shopian-Kashmir	Limitation period	2018-19	0.58
29	01XXXXXXXXX1ZU	Circle L-Jammu	ISD	2019-20	1.22
30	01XXXXXXXXXN1ZQ	Circle L-Jammu	ISD	2019-20	0.041
31	01XXXXXXXXXN1ZQ	Circle L-Jammu	ISD	2020-21	0.053
32	01XXXXXXXXXC1ZP	Circle B-Jammu	ISD	2020-21	0.0019
33	01XXXXXXXXX1ZV	Circle H-Jammu	ISD	2019-20	0.052
34	01XXXXXXXXXQ1ZO	Circle Udhampur-Jammu	9R	2018-19	1.014
35	01XXXXXXXXXF1Z0	Circle B-Jammu	9R	2020-21	0.35
36	01XXXXXXXXXE1ZT	Circle Bandipora-Kashmir	RCM	2019-20	0.19
37	01XXXXXXXXXA1ZG	Circle Baramulla-III, (Sopore), Kashmir	RCM	2018-19	0.53
38	01XXXXXXXXXC1ZV	Circle E-Jammu	RCM	2018-19	0.24
39	01XXXXXXXXXR1ZV	Circle H-Jammu	RCM	2018-19	0.07
40	01XXXXXXXXXA2Z6	Circle O-Jammu	RCM	2018-19	0.25
41	01XXXXXXXXXA2Z6	Circle O-Jammu	RCM	2019-20	0.00
42	01XXXXXXXXXQ1ZS	Circle P-Jammu	RCM	2018-19	0.00063
43	01XXXXXXXXXD1ZX	Circle Anantnag-III, Kashmir	ITC availing without supplier remitting tax	2020-21	1.41
44	01XXXXXXXXXK1Z3	Circle G-Kashmir	ITC availing without supplier remitting tax	2020-21	2.59
45	01XXXXXXXXXP1ZV	Circle H-Jammu	ITC availing without supplier remitting tax	2018-19	3.89

Sl. No.	GSTIN	Circle	Dimension	Year	Deviation Amount (₹ in crore)
46	01XXXXXXXXXP1ZV	Circle H-Jammu	ITC availing without supplier remitting tax	2019-20	0.00126
47	01XXXXXXXXXP1ZB	Circle R-Jammu	ITC availing without supplier remitting tax	2018-19	2.33
48	01XXXXXXXXXP1ZB	Circle R-Jammu	ITC availing without supplier remitting tax	2019-20	1.68
49	01XXXXXXXXXP1ZB	Circle R-Jammu	ITC availing without supplier remitting tax	2020-21	0.06
50	01XXXXXXXXXZB	Circle Reasi-Jammu	ITC availing without supplier remitting tax	2018-19	1.50
51	01XXXXXXXXX2ZD	Circle E-Jammu	ITC availing without supplier remitting tax	2018-19	2.59
52	01XXXXXXXXX2ZD	Circle E-Jammu	ITC availing without supplier remitting tax	2020-21	0.61
53	01XXXXXXXXX1ZW	Circle Q-Jammu	ITC availing without supplier remitting tax	2018-19	4.014
54	01XXXXXXXXX1ZW	Circle Q-Jammu	ITC availing without supplier remitting tax	2019-20	0.35
55	01XXXXXXXXX1ZW	Circle Q-Jammu	ITC availing without supplier remitting tax	2020-21	0.24
56	01XXXXXXXXX1ZF	Circle L-Jammu	ITC availing without supplier remitting tax	2018-19	3.16
57	01XXXXXXXXX1ZF	Circle L-Jammu	ITC availing without supplier remitting tax	2019-20	0.14
58	01XXXXXXXXX1ZF	Circle L-Jammu	ITC availing without supplier remitting tax	2020-21	0.041
59	01XXXXXXXXXG1ZT	Circle R-Jammu	12F	2018-19	0.18
60	01XXXXXXXXXB1ZU	Circle D-Jammu	12F	2018-19	0.38
61	01XXXXXXXXXF1ZU	Circle J-Jammu (transferred to Circle N, Jammu)	12F	2020-21	0.44
62	01XXXXXXXXXG1Z5	Circle P-Jammu	14T	2018-19	0.55
63	01XXXXXXXXXC1Z6	Circle Poonch-Jammu	14T	2018-19	0.52
64	01XXXXXXXXXF1ZQ	Circle C-Jammu	Interest	2018-19	0.18
65	01XXXXXXXXXF1ZQ	Circle C-Jammu	Interest	2019-20	0.11
66	01XXXXXXXXXD1ZI	Circle F-Jammu	Interest	2018-19	0.015
67	01XXXXXXXXXD1ZI	Circle F-Jammu	Interest	2019-20	0.43
68	01XXXXXXXXXB1ZC	Circle L-Jammu	Interest	2019-20	0.21
69	01XXXXXXXXXB1ZC	Circle L-Jammu	Interest	2020-21	0.0052
70	01XXXXXXXXXQ2ZF	Circle K-Kashmir	Undischarged tax liability	2019-20	2.72
71	01XXXXXXXXXQ2ZF	Circle K-Kashmir	Undischarged tax liability	2020-21	3.46
72	01XXXXXXXXXE1Z9	Circle H-Jammu	Undischarged tax liability	2020-21	3.13
73	01XXXXXXXXXD1ZX	Circle Anantnag-III, Kashmir	Undischarged tax liability	2018-19	0.071
74	01XXXXXXXXXQ1ZF	Circle R-Kashmir	Undischarged tax liability	2018-19	0.05
75	01XXXXXXXXXQ1ZF	Circle R-Kashmir	Undischarged tax liability	2019-20	0.0073
76	01XXXXXXXXXQ1ZE	Circle A-Kashmir	Undischarged tax liability	2020-21	4.07
77	01XXXXXXXXXR1Z5	Circle J-Jammu	Undischarged tax liability	2018-19	0.0036

Sl. No.	GSTIN	Circle	Dimension	Year	Deviation Amount (₹ in crore)
78	01XXXXXXXXXK1Z3	Circle G-Kashmir	Undischarged tax liability	2020-21	2.50
79	01XXXXXXXXXR4ZK	Circle J-Kashmir	Undischarged tax liability	2019-20	0.36
80	01XXXXXXXXXR4ZK	Circle J-Kashmir	Undischarged tax liability	2020-21	3.82
81	01XXXXXXXXXQ1ZN	Circle D-Jammu	Undischarged tax liability	2020-21	2.02
82	01XXXXXXXXXH1Z0	Circle B-Jammu	Undischarged tax liability	2019-20	0.0001296
83	01XXXXXXXXXH1Z0	Circle B-Jammu	Undischarged tax liability	2020-21	3.93
84	01XXXXXXXXXE1ZA	Circle J-Kashmir	Undischarged tax liability	2020-21	2.26
85	01XXXXXXXXXH2ZX	Circle Pulwama-Kashmir	Undischarged tax liability	2020-21	25.84
86	01XXXXXXXXXH2ZD	Circle P-Jammu	Undischarged tax liability	2020-21	1.24
87	01XXXXXXXXXC1ZJ	Circle R-Jammu	Undischarged tax liability	2020-21	1.75
88	01XXXXXXXXXF1ZO	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	0.21
89	01XXXXXXXXXF1ZO	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.21
90	01XXXXXXXXXF1ZI	Circle Kathua-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.73
91	01XXXXXXXXXF1ZI	Circle Kathua-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	1.58
92	01XXXXXXXXXK1ZR	Circle I-Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	9.25
93	01XXXXXXXXXK1ZR	Circle I-Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	3.01
94	01XXXXXXXXXC1Z0	Circle M-Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	0.50
95	01XXXXXXXXXC1Z0	Circle M-Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.05
96	01XXXXXXXXXG1ZZ	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	0.25

Sl. No.	GSTIN	Circle	Dimension	Year	Deviation Amount (₹ in crore)
97	01XXXXXXXXXG1ZZ	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	9.25
98	01XXXXXXXXXG1ZZ	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	1.17
Mismatch Turnover-Valid reply					
99	01XXXXXXXXXE1ZW	Circle C-Jammu	Unbilled	2018-19	2.10
100	01XXXXXXXXXN1ZQ	Circle J-Jammu	Unbilled	2020-21	0.15
101	01XXXXXXXXXP1ZT	Circle Kathua-I, Jammu	Unbilled	2018-19	4.26
102	01XXXXXXXXXP1ZT	Circle Kathua-I, Jammu	Unbilled	2020-21	0.033
103	01XXXXXXXXXL1ZY	Circle L-Jammu	Unbilled	2018-19	0.11
104	01XXXXXXXXXB1Z0	Circle P-Jammu	Unbilled	2019-20	0.44
105	01XXXXXXXXXP2ZB	Circle G-Jammu	TDS	2019-20	2.72
106	01XXXXXXXXXP2ZB	Circle G-Jammu	TDS	2020-21	0.26
107	01XXXXXXXXXQ1Z5	Circle G-Jammu	TDS	2018-19	2.08
108	01XXXXXXXXXQ1Z5	Circle G-Jammu	TDS	2020-21	0.038
109	01XXXXXXXXXR1ZG	Circle P-Jammu	TDS	2019-20	1.77
110	01XXXXXXXXXK1ZJ	Circle Kathua-I, Jammu	7G	2018-19	151.92
111	01XXXXXXXXXK1ZJ	Circle Kathua-I, Jammu	7G	2019-20	100.54
112	01XXXXXXXXXM1ZT	Circle A-Jammu	7G	2018-19	26.52
113	01XXXXXXXXXD1ZA	Circle P-Jammu	7G	2019-20	152.025
114	01XXXXXXXXXD1ZA	Circle P-Jammu	7G	2020-21	85.54
115	01XXXXXXXXXP1ZV	Circle H-Jammu	7G	2018-19	137.78
116	01XXXXXXXXXP1ZV	Circle H-Jammu	7G	2019-20	3.87
117	01XXXXXXXXXN2Z9	Circle Q-Jammu	7G	2018-19	257.58
118	01XXXXXXXXXN1ZO	Circle L-Jammu	7G	2018-19	199.56
119	01XXXXXXXXXF1ZY	Circle D-Jammu	7G	2019-20	1236.56
120	01XXXXXXXXXF1ZY	Circle D-Jammu	7G	2020-21	1410.82
121	01XXXXXXXXXG1ZO	Circle H-Jammu	7G	2018-19	13.61
122	01XXXXXXXXXG1ZO	Circle H-Jammu	7G	2019-20	18.76
123	01XXXXXXXXXG1ZO	Circle H-Jammu	7G	2020-21	17.23
Total					**4143.34**

Appendix 3.1.15
Department's reply sent without documentary evidence
(Refer Paragraph: 3.7.2.2)

Sl. No.	GSTIN	Circle	Dimension	Year	Deviation Amount (₹ in crore)
1	01XXXXXXXXXK1Z3	Circle Budgam-Kashmir	Excess ITC	2018-19	4.29
2	01XXXXXXXXXA1ZG	Circle Baramulla-III, (Sopore), Kashmir	RCM	2020-21	0.06
3	01XXXXXXXXXQ2Z3	Circle E-Jammu	ITC availing without supplier remitting tax	2018-19	2.21
4	01XXXXXXXXXQ2Z3	Circle E-Jammu	ITC availing without supplier remitting tax	2020-21	0.19
5	01XXXXXXXXXK2ZQ	Circle E-Jammu	ITC availing without supplier remitting tax	2018-19	3.30
6	01XXXXXXXXXK2ZQ	Circle E-Jammu	ITC availing without supplier remitting tax	2019-20	0.35
7	01XXXXXXXXXK2ZQ	Circle E-Jammu	ITC availing without supplier remitting tax	2020-21	0.04
8	01XXXXXXXXXM1ZT	Circle L-Jammu	ITC availing without supplier remitting tax	2020-21	0.14
9	01XXXXXXXXXZB	Circle Reasi-Jammu	ITC availing without supplier remitting tax	2019-20	1.85
10	01XXXXXXXXX1ZI	Circle F-Jammu	ITC availing without supplier remitting tax	2018-19	0.98
11	01XXXXXXXXX1ZI	Circle F-Jammu	ITC availing without supplier remitting tax	2019-20	1.38
12	01XXXXXXXXX1ZI	Circle F-Jammu	ITC availing without supplier remitting tax	2020-21	0.49
13	01XXXXXXXXX1Z1	Circle E-Jammu	ITC availing without supplier remitting tax	2018-19	6.37
14	01XXXXXXXXXP1Z3	Circle D-Jammu	ITC availing without supplier remitting tax	2019-20	5.53
15	01XXXXXXXXXP1Z3	Circle D-Jammu	ITC availing without supplier remitting tax	2020-21	1.12
16	01XXXXXXXXXP1Z3	Circle D-Jammu	Interest	2019-20	0.084
17	01XXXXXXXXXA6ZE	Circle A-Kashmir	Undischarged tax liability	2018-19	0.02
18	01XXXXXXXXXA6ZE	Circle A-Kashmir	Undischarged tax liability	2020-21	0.43
19	01XXXXXXXXXE1Z9	Circle Samba-II, Jammu	Undischarged tax liability	2018-19	2.86
20	01XXXXXXXXXD1ZT	Circle L-Jammu	Undischarged tax liability	2018-19	0.84
21	01XXXXXXXXXQ1ZE	Circle A-Kashmir	Undischarged tax liability	2018-19	0.11
22	01XXXXXXXXXJ3ZC	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	1.92
23	01XXXXXXXXXG1Z7	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	0.35
24	01XXXXXXXXXG1Z7	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.51
25	01XXXXXXXXXG1Z7	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	0.33

Sl. No.	GSTIN	Circle	Dimension	Year	Deviation Amount (₹ in crore)
26	01XXXXXXXXXC3ZB	Circle Reasi-Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.52
27	01XXXXXXXXXC3ZB	Circle Reasi-Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	0.70
28	01XXXXXXXXXL1ZM	Circle Kathua-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	0.47
29	01XXXXXXXXXH1ZC	Circle Kathua-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	1.27
30	01XXXXXXXXXG1ZJ	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	15.77
31	01XXXXXXXXXG1ZJ	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	11.77
32	01XXXXXXXXXG1ZJ	Circle Samba-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	28.72
33	01XXXXXXXXXN1ZM	Circle E-Jammu	Suppression in taxable value in comparison with E-Way bills	2019-20	0.49
34	01XXXXXXXXXE1ZR	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	0.46
35	01XXXXXXXXXE1ZV	Circle G-Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	0.46
36	01XXXXXXXXXA1ZY	Circle Kathua-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2018-19	0.37
37	01XXXXXXXXXA1ZY	Circle Kathua-II, Jammu	Suppression in taxable value in comparison with E-Way bills	2020-21	0.29
38	01XXXXXXXXXM1Z7	Circle G-Kashmir	Suppression in taxable value in comparison with E-Way bills	2018-19	3.96
Mismatch in Turnover-without documentary evidence cases					
39	01XXXXXXXXXD1ZI	Circle H-Jammu	Unbilled	2019-20	29.44
40	01XXXXXXXXXF1ZT	Circle E-Jammu	TDS	2019-20	3.93
41	01XXXXXXXXXF1ZT	Circle E-Jammu	TDS	2020-21	2.62
42	01XXXXXXXXXP1Z4	Circle M-Jammu	TDS	2019-20	1.36
43	01XXXXXXXXXP1Z4	Circle M-Jammu	TDS	2020-21	0.40
Total					**138.83**

Appendix 3.1.16
Non-Payment/ Short payment of interest on delayed tax payment
(Refer Paragraph: 3.7.3.2)

(amount in ₹)

Sl. No.	GSTIN No	Circle	Year	Amount of tax discharged by Electronic Cash Ledger	Range of delay (in days)	Interest due	Revised amount based on Department's reply	Department's reply
1	01XXXXXXXXXG1Z7	Circle H-Jammu	2018-19	43,21,082	48-176	1,96,856.20	1,96,856.20	The Department stated that DRC-07 have been issued
2	01XXXXXXXXXG1Z7	Circle H-Jammu	2019-20	65,19,482	14-165	4,54,703.60	4,54,703.60	The Department stated that DRC-07 have been issued
3	01XXXXXXXXXG1Z7	Circle H-Jammu	2020-21	82,07,311	14-39	1,20,991.20	1,20,991.20	The Department stated that DRC-01 have been issued
4	01XXXXXXXXXF1ZD	Circle E-Jammu	2018-19	8,21,058	14-129	43,033.08	42,496.00	The Department stated that DRC-07 have been issued
5	01XXXXXXXXXF1ZD	Circle E-Jammu	2019-20	6,55,526	26-129	1,06,631.51	1,06,631.00	The Department stated that DRC-07 have been issued
6	01XXXXXXXXXF1ZD	Circle E-Jammu	2020-21	37,32,950	26-59	1,28,195.79	1,28,195.79	The Department stated that ASMT-10 have been issued
7	01XXXXXXXXXH2Z1	Circle Kathua-II, Jammu	2019-20	72,01,831	6-132	2,52,998.3	3,05,354.00	The Department stated that DRC-07 have been issued
8	01XXXXXXXXXH2Z1	Circle Kathua-II, Jammu	2020-21	39,37,562	10-47	55,526.01	55,526.01	The Department stated that ASMT-10 have been issued
9	01XXXXXXXXXA1ZF	Circle D-Jammu.	2018-19	35,38,736	3-25	23,707	11,182.00	The Department reported recovery in DRC-03
10	01XXXXXXXXXA1ZF	Circle D-Jammu.	2019-20	15,08,398	2-35	13,648	13,648.00	The Department reported recovery in DRC-03
11	01XXXXXXXXXA1ZF	Circle D-Jammu.	2020-21	7,71,463	19-77	14,394	14,394.00	The Department reported recovery in DRC-03
12	01XXXXXXXXXG1ZZ	Circle E-Jammu	2018-19	1,71,24,299	1	14,319	14,319.00	The Department reported recovery in DRC-03
13	01XXXXXXXXXG1ZZ	Circle E-Jammu	2020-21	1,71,24,299	1	8,444	8,444.00	The Department stated that ASMT-10 have been issued
14	01XXXXXXXXXD1ZQ	Circle H-Jammu	2018-19	85,80,447	11-83	3,84,525	11,62,174.20	The Department stated that DRC-07 have been issued
15	01XXXXXXXXXD1ZQ	Circle H-Jammu	2019-20	5,47,98,227	6-106	16,02,236	16,02,236.00	The Department stated that ASMT-10 have been issued
16	01XXXXXXXXXD1ZQ	Circle-H-Jammu	2020-21	12,23,10,872	5-106	19,34,892	21,23,670.30	The Department stated that DRC-01 have been issued
17	01XXXXXXXXXJ1Z9	Anantnag-II, Kashmir	2018-19	1,16,11,298	3-32	63,050.86	59,538.00	The Department reported recovery in DRC-03
18	01XXXXXXXXXJ1Z9	Anantnag-II, Kashmir	2019-20	74,88,955	3-96	2,74,939.82	2,78,454.00	The Department reported recovery in DRC-03
19	01XXXXXXXXXJ1Z9	Anantnag-II, Kashmir	2020-21	90,91,300	7-66	1,11,117	1,11,116.00	The Department reported recovery in DRC-03
20	01XXXXXXXXXB1ZI	Circle L-Jammu	2018-19	31,80,535	16-79	80,004	80,004.00	The Department reported recovery in DRC-03
21	01XXXXXXXXXB1ZI	Circle L-Jammu	2019-20	98,22,158	11-103	3,19,838	2,41,766.00	The Department reported recovery in DRC-03
22	01XXXXXXXXXB1ZI	Circle L-Jammu	2020-21	94,24,305	2-76	78,684	78,684.00	The Department stated that the case is under process
23	01XXXXXXXXXB1ZA	Circle R-Jammu	2019-20	4,88,12,811	5-88	12,06,406	27,691.00	The Department reported recovery in DRC-03
24	01XXXXXXXXXB1ZA	Circle R-Jammu	2020-21	48,71,188	8-21	27,352	27,352.00	The Department stated that the case is under process
		Total					**72,65,426.30**	

Appendix 3.1.17
Non-payment of late fees by the taxpayers
(Refer Paragraph: 3.7.3.2)

(amount in ₹)

Sl. No.	GSTIN	Name of circle	Year	Date of filing GSTR-9/ GSTR-9C	Range of delay (in days)	Late fee due	Revised amount based on Department's reply	Department's reply
1	01XXXXXXXXXG1Z7	Circle H-Jammu	2019-20	26.03.2022	360	72,000	72,000.00	The Department stated that DRC-07 have been issued
2	01XXXXXXXXXG1Z7	Circle H-Jammu	2020-21	29.03.2022	29	5,800	5,800.00	The Department stated that DRC-01 have been issued
3	01XXXXXXXXXF1ZD	Circle E-Jammu	2018-19	Not filed	1,004	2,00,942.4	2,00,942.40	No Reply was provided.
4	01XXXXXXXXXF1ZD	Circle E-Jammu	2019-20	Not filed	1,004	2,00,800	2,00,800.00	No Reply was provided.
5	01XXXXXXXXXF1ZD	Circle E-Jammu	2020-21	23.01.2023	329	65,800	65,800.00	The Department stated that ASMT-10 have been issued
6	01XXXXXXXXXH2Z1	Circle Kathua-II, Jammu	2020-21	10.03.2022	10	2,000	2,000.00	The Department stated that the case is under process
7	01XXXXXXXXXH1ZS	Shopian-Kashmir	2018-19	not filed	1,017	2,03,400	1,23,800.00	The Department stated that DRC-01 have been issued
8	01XXXXXXXXXH1ZS	Shopian-Kashmir	2019-20	not filed	1,017	2,83,400	1,65,800.00	The Department stated that DRC-07 have been issued
9	01XXXXXXXXXH1ZS	Shopian-Kashmir	2020-21	not filed	593	1,98,600	4,78,800.00	The Department stated that DRC-07 have been issued
10	01XXXXXXXXXQ1ZL	Ramban-Jammu	2018-19	not filed	1,071	2,14,200	2,14,200.00	The Department stated that DRC-07 have been issued
11	01XXXXXXXXXQ1ZL	Ramban-Jammu	2019-20	not filed	981	1,96,200	1,96,200.00	The Department stated that DRC-07 have been issued
12	01XXXXXXXXXQ1ZL	Ramban-Jammu	2020-21	not filed	647	1,29,400	1,29,400.00	The Department stated that DRC-07 have been issued
13	01XXXXXXXXXA1ZF	Circle D-Jammu.	2019-20	24.03.2022	448	89,600	89,600.00	The Department reported recovery in DRC-03
		Total					**19,45,142.40**	

Appendix-3.1.18

ITC Mis-match as per supplier's details (GSTR-2A) with the ITC availed by taxpayers (GSTR-3) B)

(Refer Paragraph: 3.7.3.3)

(amount in ₹)

Sl. No.	GSTIN	Name of Circle	Year	ITC availed through GSTR-3B {Table 4A (5)-4B (2) + Table 8C of GSTR -9}	ITC available as per GSTR-2A	Mis-match of ITC claimed #	Revised amount based on Department's reply	Department's reply
1	2	3	4	5	6	(5-6)	7	
1	01XXXXXXXXXG1Z7	Circle H-Jammu	2018-19	12,84,60,432	11,37,46,107	1,47,14,325	3,20,53,435	The Department stated that DRC-07 have been issued
2	01XXXXXXXXXG1Z7	Circle H-Jammu	2019-20	21,15,23,392	20,24,53,303	90,70,089	10,57,507	The Department stated that DRC-01 have been issued
3	01XXXXXXXXXG1Z7	Circle H-Jammu	2020-21	22,35,30,128	16,99,67,092	5,35,63,036	9,42,70,939	The Department stated that DRC-01 have been issued
4	01XXXXXXXXXF1ZD	Circle- E-Jammu	2018-19	43,88,441	43,66,308	22,132	1,22,169.84	The Department stated that DRC-07 have been issued
5	01XXXXXXXXXF1ZD	Circle E-Jammu	2019-20	79,62,641	75,00,836	4,61,805	18,90,990	The Department stated that DRC-07 have been issued
6	01XXXXXXXXXL2ZB	Circle E-Jammu	2018-19	72,14,049	70,87,056	1,26,993	3,41,290.93	The Department stated that DRC-07 have been issued
7	01XXXXXXXXXL2ZB	Circle E-Jammu	2019-20	1,24,55,857	1,13,57,021	10,98,836	2,01,064	The Department stated that DRC-07 have been issued
8	01XXXXXXXXXL2ZB	Circle E-Jammu	2020-21	1,41,82,880	1,40,70,836	1,12,044	1,12,043	The Department stated that ASMT-10 have been issued
9	01XXXXXXXXXH1Z2	Circle R-Jammu	2019-20	1,10,83,515	29,54,617	81,28,898	2,48,291	The Department submitted the reply without documentary evidence.
10	01XXXXXXXXXH1Z2	Circle R-Jammu	2020-21	77,63,945	20,42,054	57,21,891	57,21,891	No Reply was provided
11	01XXXXXXXXXA1ZB	Circle N-Jammu	2018-19	3,38,17,028	3,30,67,499	7,49,529	5,45,476	The Department stated that DRC-07 have been issued
12	01XXXXXXXXXA1ZB	Circle N-Jammu	2020-21	2,07,07,196	2,06,14,122	93,074	89,581	The Department stated that ASMT-10 have been issued
13	01XXXXXXXXXL1ZM	Circle Reasi-Jammu	2018-19	18,33,06,883	14,38,55,722	3,94,51,161	8,69,05,519	The Department stated that DRC-07 have been issued
14	01XXXXXXXXXL1ZM	Circle Reasi-Jammu	2019-20	8,40,02,605	5,22,36,543	3,17,66,062	4,46,35,900	The Department stated that DRC-07 have been issued
15	01XXXXXXXXXL1ZM	Circle Reasi-Jammu	2020-21	4,64,86,303	2,94,70,741	1,70,15,562	3,01,28,172	The Department stated that DRC-01 have been issued
16	01XXXXXXXXXF1Z4	Circle Reasi-Jammu	2020-21	1,53,68,492	1,21,14,405	32,54,087	64,38,997	The Department stated that DRC-01 have been issued

Sl. No.	GSTIN	Name of Circle	Year	ITC availed through GSTR-3B {Table 4A (5)-4B (2) + Table 8C of GSTR -9}	ITC available as per GSTR-2A	Mis-match of ITC claimed #	Revised amount based on Department's reply	Department's reply
1	2	3	4	5	6	(5-6)	7	
17	01XXXXXXXXXE2ZE	Circle Samba-II, Jammu	2019-20	4,72,11,815	4,53,07,532	19,04,283	7,07,554	The Department stated that DRC-01 have been issued
18	01XXXXXXXXXE2ZE	Circle Samba-II, Jammu	2020-21	3,95,82,608	3,67,16,284	28,66,324	1,00,538	The Department reported recovery in DRC-03
19	01XXXXXXXXXH2Z1	Circle Kathua-II, Jammu	2019-20	1,86,75,892	1,30,57,200	56,18,692	56,18,691.97	The Department submitted the reply without documentary evidence
20	01XXXXXXXXXA1ZZ	Circle E-Jammu.	2018-19	1,43,44,857	1,28,88,541	14,56,316	2,48,736	The Department stated that DRC-07 have been issued
21	01XXXXXXXXXR1ZT	Circle E-Jammu	2018-19	4,45,49,185	4,05,99,404	39,49,781	9,00,274	The Department stated that DRC-07 have been issued
22	01XXXXXXXXXR1ZT	Circle E-Jammu	2019-20	5,30,94,902	4,98,19,342	32,75,560	2,55,584	The Department stated that DRC-07 have been issued
23	01XXXXXXXXXR1ZT	Circle E-Jammu	2020-21	5,18,52,895	4,24,90,821	93,62,074	93,62,074	No Reply was provided
24	01XXXXXXXXXR1ZX	Circle H-Jammu.	2020-21	3,82,96,204	2,74,46,803	1,08,49,401	1,08,49,401	No Reply was provided
25	01XXXXXXXXXN2Z9	Samba-II, Jammu	2019-20	1,53,35,002	1,52,76,878	58,124	58,124	The Department submitted the reply without documentary evidence
26	01XXXXXXXXXL1ZO	Circle R-Jammu	2019-20	5,77,53,73,083	5,76,78,18,448	75,54,635	31,09,297	No Reply was provided
27	01XXXXXXXXXL1ZO	Circle R-Jammu	2020-21	6,07,99,40,611	6,02,18,98,214	5,80,42,397	9,45,37,439	The Department stated that DRC-01 have been issued
28	01XXXXXXXXXF1ZW	Circle J-Jammu	2019-20	3,46,12,700	2,02,02,006	1,44,10,694	3,70,583	The Department stated that DRC-07 have been issued
29	01XXXXXXXXXF1ZW	Circle J-Jammu	2020-21	2,95,95,631	1,88,06,275	1,07,89,356	1,07,89,356	The Department stated that the case is under process
30	01XXXXXXXXXA1ZF	Circle D-Jammu.	2019-20	62,66,280	59,90,585	2,75,695	2,75,695	The Department submitted the reply without documentary evidence
31	01XXXXXXXXXA1ZF	Circle D-Jammu.	2020-21	76,79,716	73,63,651	3,16,065	3,16,065	The Department submitted the reply without documentary evidence
32	01XXXXXXXXXB1ZQ	Circle L-Jammu.	2019-20	52,76,15,914	51,30,35,058	1,45,80,856	1,45,80,856	The Department submitted the reply without documentary evidence
33	01XXXXXXXXXB1ZQ	Circle L-Jammu.	2020-21	1,11,73,23,149	84,61,52,815	27,11,70,334	27,11,70,334	The Department submitted the reply without documentary evidence
34	01XXXXXXXXXK1Z7	Circle B-Kashmir	2019-20	6,33,41,634	6,09,20,726	24,20,908	24,20,908	The Department stated that ASMT-10 have been issued
35	01XXXXXXXXXK1Z7	Circle B-Kashmir	2020-21	13,85,70,625	10,98,33,385	2,87,37,240	2,87,37,240	The Department stated that ASMT-10 have been issued

Sl. No.	GSTIN	Name of Circle	Year	ITC availed through GSTR-3B {Table 4A (5)-4B (2) + Table 8C of GSTR -9}	ITC available as per GSTR-2A	Mis-match of ITC claimed #	Revised amount based on Department's reply	Department's reply
1	2	3	4	5	6	(5-6)	7	
36	01XXXXXXXXXN1ZK	Circle R-Jammu	2018-19	2,40,76,643	2,23,52,623	17,24,020	68,128	The Department stated that DRC-07 have been issued
37	01XXXXXXXXXN1ZK	Circle-R-Jammu	2020-21	4,65,15,850	4,64,90,923	24,927	24,927	The Department stated that ASMT-10 have been issued
38	01XXXXXXXXXN1Z2	Circle E-Jammu	2019-20	4,15,91,037	3,97,33,259	18,57,778	18,57,778	The Department stated that ASMT-10 have been issued
39	01XXXXXXXXXF2ZR	Circle H-Jammu	2020-21	1,09,35,374	98,36,419	10,98,955	23,30,761.06	The Department stated that DRC-01 have been issued
40	01XXXXXXXXXA1ZV	Circle H-Jammu	2018-19	56,31,369	55,57,899	73,470	5,78,318	The Department stated that DRC-07 have been issued
41	01XXXXXXXXXA1ZV	Circle H-Jammu	2019-20	55,79,054	52,41,725	3,37,329	34,206	The Department reported recovery in DRC-03
42	01XXXXXXXXXD1ZQ	Circle H-Jammu	2018-19	49,67,68,917	45,44,16,937	4,23,51,980	7,82,61,796	The Department stated that DRC-07 have been issued
43	01XXXXXXXXXD1ZQ	Circle H-Jammu	2019-20	41,12,26,762	26,83,35,323	14,28,91,439	14,28,91,439	The Department stated that ASMT-10 have been issued
44	01XXXXXXXXXD1ZQ	Circle H-Jammu	2020-21	43,74,20,438	43,47,87,017	26,33,421	26,33,421	The Department stated that the case is under process
45	01XXXXXXXXXJ1Z9	Anantnag-II, Kashmir	2018-19	1,65,13,18,678	1,63,87,87,008	1,25,31,670	6,23,924	The Department stated that DRC-07 have been issued
46	01XXXXXXXXXG1Z5	Circle A-Kashmir	2018-19	1,00,09,422	99,72,391	37,031	92,511	The Department stated that DRC-01 have been issued
47	01XXXXXXXXXG1Z5	Circle A-Kashmir	2019-20	52,77,439	43,53,538	9,23,901	6,74,396	The Department stated that ASMT-10 have been issued
48	01XXXXXXXXXB1ZI	Circle L-Jammu	2019-20	9,54,29,205	9,50,87,628	3,41,577	3,41,577	The Department submitted the reply without documentary evidence
49	01XXXXXXXXXB1ZI	Circle L- Jammu	2020-21	7,66,45,667	7,42,30,428	24,15,239	24,15,239	The Department stated that the case is under process
50	01XXXXXXXXXQ1ZL	Ramban, Jammu	2018-19	1,13,43,003	1,12,27,727	1,15,276	2,28,160	The Department stated that DRC-07 have been issued
51	01XXXXXXXXXQ1ZL	Ramban, Jammu	2019-20	3,43,09,808	3,21,55,236	21,54,572	7,24,309	The Department stated that DRC-07 have been issued
52	01XXXXXXXXXQ1ZL	Ramban, Jammu	2020-21	2,19,53,512	1,94,19,963	25,33,549	41,93,024	The Department stated that DRC-07 have been issued
53	01XXXXXXXXXC1ZJ	Circle I-Jammu	2018-19	29,89,52,767	29,57,75,210	31,77,557	31,77,557	The Department submitted the reply without documentary evidence

Sl. No.	GSTIN	Name of Circle	Year	ITC availed through GSTR-3B {Table 4A (5)-4B (2) + Table 8C of GSTR -9}	ITC available as per GSTR-2A	Mis-match of ITC claimed #	Revised amount based on Department's reply	Department's reply
1	2	3	4	5	6	(5-6)	7	
54	01XXXXXXXXXC1ZJ	Circle I-Jammu	2019-20	24,17,93,317	23,22,19,054	95,74,263	95,74,263	The Department submitted the reply without documentary evidence
55	01XXXXXXXXXB1ZA	Circle R-Jammu	2018-19	69,73,80,676	59,46,91,706	10,26,88,970	4,88,513	The Department stated that DRC-07 have been issued
56	01XXXXXXXXXB1ZA	Circle R-Jammu	2019-20	66,77,70,098	60,75,08,904	6,02,61,194	22,01,690	The Department stated that DRC-07 have been issued
57	01XXXXXXXXXB1ZA	Circle R-Jammu	2020-21	68,34,77,945	33,89,32,760	34,45,45,185	27,30,07,345	The Department stated that the case is under process
58	01XXXXXXXXXK1Z3	Circle E-Jammu	2019-20	20,10,07,771	10,68,35,044	9,41,72,727	9,41,72,727	The Department submitted the reply without documentary evidence
59	01XXXXXXXXXK1Z3	Circle E-Jammu	2020-21	22,51,31,047	12,76,59,191	9,74,71,856	9,74,71,856	No Reply was provided
		Total					**147,72,39,887.80**	

Appendix 3.1.19
Un-reconciled ITC after adjustment
(Refer Paragraph: 3.7.3.3)

(amount in ₹)

Sl. No.	GSTIN	Name of Circle	Year	Objection amount as per Table 8D of GSTR-9 (Negative figure means excess ITC)	Revised amount based on Department's reply	Department's reply
1	01XXXXXXXXXH1Z0	Ganderbal-Kashmir	2018-19	(-) 64,01,971	1,25,57,672	The Department stated that DRC-07 have been issued
2	01XXXXXXXXXF1ZD	Circle E-Jammu	2020-21	(-) 26,1,242	2,61,242	The Department stated that ASMT-10 have been issued
3	01XXXXXXXXXA1ZZ	Circle E-Jammu.	2020-21	(-) 810,1,880	81,01,880	No Reply was provided
4	01XXXXXXXXXR1ZX	Circle H-Jammu.	2018-19	(-) 1,54,82,202	26,49,013	The Department stated that DRC-07 have been issued
5	01XXXXXXXXXR1ZX	Circle H-Jammu.	2019-20	(-) 2,85,81,390	2,85,81,390	No Reply was provided
6	01XXXXXXXXXR1ZX	Circle N-Jammu	2018-19	(-) 35,283	35,283	The Department submitted the reply without documentary evidences
7	01XXXXXXXXXR1ZX	Circle N-Jammu	2019-20	(-) 86,483	86,483	The Department submitted the reply without documentary evidences
8	01XXXXXXXXXL1ZO	Circle R-Jammu	2018-19	(-) 32,03,048	32,03,048	The Department submitted the reply without documentary evidences
9	01XXXXXXXXXN1ZK	Circle-R-Jammu	2019-20	(-) 64,939	64,938.91	No Reply was provided
10	01XXXXXXXXXG1ZI	Circle J-Jammu	2019-20	(-) 12,38,744	12,38,743.75	The Department stated that ASMT-10 have been issued
11	01XXXXXXXXXG1ZZ	Circle E-Jammu	2020-21	(-) 67,82,59,549	67,82,59,549	The Department stated that ASMT-10 have been issued
12	01XXXXXXXXXN1Z3	Circle E-Jammu	2018-19	(-) 2,51,84,522	1,41,068	The Department stated that DRC-07 have been issued
13	01XXXXXXXXXN1Z3	Circle E-Jammu	2020-21	(-) 22,07,056	22,07,055.99	The Department stated that ASMT-10 have been issued
14	01XXXXXXXXXK1ZC	Circle Kathua-II, Jammu	2019-20	(-) 2,04,977	20,4,976.51	No Reply was provided
15	01XXXXXXXXXF2ZR	Circle H-Jammu	2020-21	(-) 30,47,791	53,64,112	The Department stated that DRC-01 have been issued
16	01XXXXXXXXXA1ZV	Circle H-Jammu	2020-21	(-) 11,950	11,950	The Department stated that the case is under process
17	01XXXXXXXXXR1ZP	Pulwama-Kashmir	2019-20	(-) 2,09,32,836	2,09,32,836	The Department stated that ASMT-10 have been issued
18	01XXXXXXXXXG1Z5	Circle A-Kashmir	2020-21	(-) 2,308	2,308.11	The Department stated that ASMT-10 have been issued
19	01XXXXXXXXXB1ZI	Circle L-Jammu	2018-19	(-) 38,110	41,798	The Department reported recovery in DRC-03
20	01XXXXXXXXXC1ZJ	Circle I-Jammu	2020-21	(-) 60,70,840	60,70,840	The Department submitted the reply without documentary evidences
21	01XXXXXXXXXK1Z3	Circle E-Jammu	2018-19	(-) 93,82,193	93,82,193	No Reply was provided
	Total			(-) **80,87,99,313**	**77,93,98,380.27**	

Appendix 3.1.20
Less/ Non-Reversal of ITC as per Rule 42/ 43 of J&K GST Act 2017
(Refer Paragraph 3.7.3.3)

(amount in ₹)

Sl. No.	GSTIN	Name of Circle	Year	Total turnover	Nil and exempt turnover	Common ITC	ITC liable to reverse	ITC reversed	Objection amount	Revised amount based on Department's reply	Department's reply
1	2	3		4	5	6	7=5/4*6	8	9(7-8)		
1	01XXXXXXXXXF1ZI	Budgam-Kashmir	2018-19	80,92,51,387.50	52,21,177.50	6,28,10,804.88	4,05,246	39,6077	9,169	9,169	No Reply was provided
2	01XXXXXXXXXF1ZI	Budgam-Kashmir	2020-21	46,81,39,691.00	2,13,52,642.00	1,07,39,317.55	4,89,838	4,14,828	75,010	1,35,516	The Department stated that DRC-01 have been issued
3	01XXXXXXXXXH1Z0	Ganderbal-Kashmir	2018-19	71,69,30,784.83	7,70,87,592.00	14,46,48,187.27	1,55,53,217	0	1,55,53,217	3,01,73,236	The Department stated that DRC-07 have been issued
4	01XXXXXXXXXH2Z1	Circle Kathua-II, Jammu	2020-21	19,01,19,881.80	1,07,39,120.00	81,98,187.03	4,63,083	0	4,63,083	4,63,083	The Department stated that ASMT-10 have been issued
5	01XXXXXXXXXR1ZX	Circle H-Jammu	2019-20	56,04,26,233	34,40,102	10,77,53,149	6,61,428	0	6,61,428	6,61,428	The Department submitted the reply without documentary evidence
6	01XXXXXXXXXL1ZO	Circle R-Jammu	2018-19	4,78,06,70,472	1,41,63,608	96,49,45,431	28,58,827	7,54,490	21,04,337	21,04,336	The Department submitted the reply without documentary evidence
7	01XXXXXXXXXL1ZO	Circle R-Jammu	2019-20	5,16,72,18,162	2,55,34,273	1,22,14,96,872	6,03,6137	5,922	60,30,215	60,30,214	The Department submitted the reply without documentary evidence
8	01XXXXXXXXXL1ZO	Circle R-Jammu	2020-21	5,97,56,10,288	8,85,80,124	1,34,48,85,920	1,99,36,066	0	1,99,36,066	7,97,612	The Department submitted the reply without documentary evidence
9	01XXXXXXXXXD1ZM	Circle D-Jammu	2018-19	1,39,53,70,647	22,16,231	11,67,06,118	1,85,361	0	1,85,361	1,85,361	The Department stated that ASMT-10 have been issued
10	01XXXXXXXXXD1ZM	Circle D-Jammu	2019-20	1,41,62,74,330	1,18,53,421	7,59,67,595	6,35,806	0	6,35,806	6,35,806	The Department stated that ASMT-10 have been issued
11	01XXXXXXXXXD1ZM	Circle D-Jammu	2020-21	72,05,45,691	20,56,216	5,89,14,940	1,68,125	0	1,68,125	2,94,240	The Department stated that DRC-01 have been issued
12	01XXXXXXXXXA1ZF	Circle D-Jammu.	2018-19	11,46,08,497	2,17,25,407	39,69,469	7,52,460	0	7,52,460	7,52,460	The Department submitted the reply without documentary evidence
13	01XXXXXXXXXA1ZF	Circle D-Jammu.	2019-20	14,76,41,760	1,27,37,752	64,07,065	5,52,768	0	5,52,768	5,52,768	The Department submitted the reply without documentary evidence
14	01XXXXXXXXXA1ZF	Circle D-Jammu.	2020-21	16,05,37,296	70,16,760	76,77,980	3,35,589	0	3,35,589	3,35,589	The Department submitted the reply without documentary evidence
15	01XXXXXXXXXH1ZS	Shopian-Kashmir	2020-21	5,17,68,240	5,17,68,240	49,958	49,958	42,955	7,003	32,918	The Department stated that DRC-07 have been issued
16	01XXXXXXXXXB1ZI	Circle L-Jammu	2020-21	25,60,72,732	12,07,423	7,66,45,667	3,61,167	0	3,61,167	3,61,167	The Department stated that the case is under process

Sl. No.	GSTIN	Name of Circle	Year	Total turnover	Nil and exempt turnover	Common ITC	ITC liable to reverse	ITC reversed	Objection amount	Revised amount based on Department's reply	Department's reply
1	2	3		4	5	6	7=5/4*6	8	9(7-8)		
17	01XXXXXXXXXQ1ZL	Ramban-Jammu	2020-21	27,54,80,452	2,77,90,716	2,19,53,511	2,19,5351	0	21,95,351	34,13,771	The Department stated that DRC-07 have been issued
18	01XXXXXXXXXK1Z3	Circle E-Jammu	2018-19	6,78,84,04,240	6,25,54,11,216	8,10,85,111	7,47,18,696	0	7,47,18,696	7,47,18,695.59	The Department submitted the reply without documentary evidence
19	01XXXXXXXXXK1Z3	Circle E-Jammu	2019-20	781,74,02,493	7,21,26,44,908	12,54,65,373	11,57,59,318	0	11,57,59,318	11,57,59,318.4	The Department submitted the reply without documentary evidence
20	01XXXXXXXXXK1Z3	Circle E-Jammu	2020-21	8,63,59,95,181	7,97,33,66,136	10,62,87,827	9,81,32496	0	9,81,32,496	9,81,32,496.2	The Department submitted the reply without documentary evidence
			Total							**33,55,49,184.20**	

Appendix-3.1.21
Mis-matching of ITC as per supplier's details (GSTR-2A) with the ITC availed as per GSTR-9 Table 8A by taxpayers
(Refer Paragraph: 3.7.3.3)

(amount in ₹)

Sl. No.	GSTIN	Name of Circle	Year	GSTR-9 Table 8A {ITC eligible in GSTR-2A (Table 3 & 5)}	ITC available as per GSTR-2A data extracted during September 2023	Mis-match claim of ITC	Revised amount based on Department's reply	Department's Reply
1	2	3		4	5	6		
1	01XXXXXXXXXF1ZI	Budgam-Kashmir	2018-19	7,47,42,024	1,53,60,638	1,44,31,018	1,44,31,018	No Reply was provided
2	01XXXXXXXXXF1ZI	Budgam-Kashmir	2020-21	6,03,11,005	1,21,79,942	31,80,695	31,80,695	No Reply was provided
3	01XXXXXXXXXH1Z0	Ganderbal-Kashmir	2019-20	1,17,24,826	1,13,49,309	3,75,516	6,60,908	The Department stated that DRC-07 have been issued
4	01XXXXXXXXXH1Z0	Ganderbal-Kashmir	2020-21	22,19,63,965	22,07,72,013	11,91,951	18,83,280	The Department stated that DRC-01 have been issued
5	01XXXXXXXXXH2Z1	Circle Kathua-II, Jammu	2020-21	81,86,946	81,20,383	66,562	66,562	The Department stated that ASMT-10 have been issued
6	01XXXXXXXXXD1ZM	Circle D-Jammu.	2019-20	12,80,49,890	12,19,65,836	60,84,054	60,84,054	No Reply was provided
7	01XXXXXXXXXD1ZM	Circle D-Jammu.	2020-21	7,15,71,746	6,41,92,812	73,78,934	73,78,934	The Department stated that ASMT-10 have been issued
8	01XXXXXXXXXG1ZZ	Circle E-Jammu	2019-20	81,32,88,082	80,67,88,063	65,00,019	65,00,018	The Department stated that ASMT-10 have been issued
			Total			**39208749**	**4,01,85,469**	

Appendix 3.1.22
Mis-match of availing ITC in GSTR-9 Table 6J
(Refer Paragraph: 3.7.3.3)

(amount in ₹)

Sl. No.	GSTIN	Name of Circle	Year	Table 6I of GSTR-9	Total amount of ITC availed through Form GSTR-3B (sum total of Table 4A of Form GSTR-3B) as in GSTR 9 Table 6(A)	Objection amount as per Table 6J of GSTR 9 (Negative figure means excess ITC)	Revised amount based on Department's reply	Department's Reply
1	2	3		4	5	6(4-5)		
1	01XXXXXXXXXR1ZP	Pulwama-Kashmir	2020-21	35,10,969	37,61,098	(-)2,50,129	2,50,128	The Department stated that ASMT-10 have been issued
2	01XXXXXXXXXB1ZI	Circle L-Jammu	2020-21	7,63,15,073	7,66,45,667	(-)3,30,594	3,30,594	The Department stated that the case is under process
3	01XXXXXXXXXQ1ZL	Ramban-Jammu	2020-21	0	2,19,53,511	(-)2,19,53,511	3,21,40,038	The Department stated that DRC-07 have been issued
Total						**(-)22534234**	**3,27,20,760**	

Appendix 3.1.23
Tax not remitted by Supplier
(Refer Paragraph: 3.7.3.3)

(amount in ₹)

Sl. No.	GSTIN No	Name of Circle	Year	Amount	Revised amount based on Department's reply	Department's reply
1	01XXXXXXXXXH1Z0	Ganderbal-Kashmir	2020-21	9,87,773	9,87,773	No Reply was provided
2	01XXXXXXXXXG1Z7	Circle H-Jammu	2020-21	5,12,344	42,27,581	The Department stated that DRC-01 have been issued
3	01XXXXXXXXXF1ZD	Circle E-Jammu	2020-21	65,800	49,549	The Department stated that ASMT-10 have been issued
4	01XXXXXXXXXK1ZL	Circle B-Jammu	2020-21	4,32,716	58752	The Department reported recovery in DRC-03
5	01XXXXXXXXXA1ZB	Circle N-Jammu	2020-21	89,304	89,304	The Department stated that ASMT-10 have been issued
6	01XXXXXXXXXL1ZM	Circle-Reasi, Jammu	2020-21	7,71,575	5,525	The Department stated that DRC-01 have been issued
7	01XXXXXXXXXH2Z1	Circle Kathua-II, Jammu	2020-21	93,668	93,668	The Department stated that ASMT-10 have been issued
8	01XXXXXXXXXA1ZZ	Circle E-Jammu.	2020-21	52,754	52,754	The Department stated that ASMT-10 have been issued
9	01XXXXXXXXXR1ZX	Circle H-Jammu.	2019-20	80,614	80,614	No Reply was provided
10	01XXXXXXXXXL1ZO	Circle R-Jammu	2020-21	54,637	54,637	The Department stated that the case is under process
11	01XXXXXXXXXF1ZW	Circle J-Jammu	2020-21	25,128	25,128	The Department stated that the case is under process
12	01XXXXXXXXXN1Z9	Circle E-Jammu	2019-20	16,98,896	31,00,484	The Department reported recovery in DRC-03
13	01XXXXXXXXXC1ZJ	Circle I-Jammu	2019-20	54,528	54,528	The Department submitted the reply without documentary evidence
14	01XXXXXXXXXC1ZJ	Circle I-Jammu	2020-21	17,44,254	17,44,254	The Department submitted the reply without documentary evidence
15	01XXXXXXXXXB1ZA	Circle R-Jammu	2019-20	16,52,159	3,78,284	The Department stated that DRC-07 have been issued
16	01XXXXXXXXXB1ZA	Circle R-Jammu	2020-21	60,40,440	60,40,440	The Department stated that the case is under process
17	01XXXXXXXXXD1ZQ	Circle H-Jammu	2019-20	73,67,820	73,67,820	The Department stated that ASMT-10 have been issued
18	01XXXXXXXXXD1ZQ	Circle H-Jammu	2020-21	34,99,126	64,20,895	The Department stated that DRC-01 have been issued
				Total	**3,08,31,989.88**	

Appendix- 3.1.24
Mismatch in availing of ITC under Input Service Distribution credit
(Refer Paragraph: 3.7.3.3)

(amount in ₹)

	GSTIN	Name of Circle	Year	ITC under ISD availed in Table-4(A)4 of GSTR-3B or Table 6G of GSTR 9	Eligible ITC distributed in Table-5A of GSTR-6 by ISD	Mis-match availing of ISD credit	Revised amount based on Department's reply	Department's Reply
1	**2**	**3**		**4**	**5**	**6 [4-5]**		
1	01XXXXXXXXXA1ZZ	Circle- E Jammu.	2020-21	44,39,445	12,56,011	31,83,434	31,83,434	The Department stated that ASMT-10 have been issued
2	01XXXXXXXXR1ZT	Circle E-Jammu	2018-19	2,94,47,398	2,87,80,721	6,66,676	49,930	The Department stated that DRC-07 have been issued
3	01XXXXXXXXR1ZT	Circle E-Jammu	2020-21	3,28,91,536	3,28,64,274	27,262	27,262	No Reply was provided
4	01XXXXXXXXK1Z7	Circle B-Kashmir	2020-21	10,319	0	10,318	10,318	The Department stated that ASMT-10 have been issued
	Total			**24,01,96,814**	**22,47,55,299**	**1,54,41,514**	**32,70,944**	

Appendix-3.1.25
Mis-match in payment of tax under Reverse Charge Mechanism (RCM) with GSTR-2A
(Refer Paragraph: 3.7.3.3)

(amount in ₹)

Sl. No.	GSTIN	Name of Circle	Year	Purchase value under RCM as per GSTR-3B	Purchase value under RCM as per GSTR-9	Tax paid under RCM as per GSTR-3B	ITC claimed as per GSTR-9 Table 6C (Unregistered)	Purchase value under RCM from Registered Dealer as per GSTR-2A	Tax is to be paid under RCM as per GSTR-2A	ITC Claimed as per GSTR Table 6D (Registered)	Tax is to be paid on RCM from Registered supplier	Revised amount based on Department's reply	Department's reply
1	01XXXXXXXXXG1Z7	Circle H-Jammu	2019-20	1,33,96,569	0	6,69,828	0	2,18,20,114	11,22,845.40	6,69,828	4,53,017.40	8,93,746	The Department stated that DRC-07 have been issued
2	01XXXXXXXXXG1Z7	Circle H-Jammu	2020-21	88,05,763	0	3,95,213.16	0	3,98,95,476	11,03,608.50	3,95,213.16	7,08,395.34	1248513	The Department stated that DRC-01 have been issued
3	01XXXXXXXXXL2ZB	Circle E-Jammu	2019-20	3,45,01,648	3,54,02,644	0	0	0	0	9,00,996	1,62,180	29192	The Department stated that DRC-07 have been issued
4	01XXXXXXXXXL1ZM	Circle Reasi-Jammu	2018-19	3,61,71,664	0	18,46,170.10	0	3,74,25,544	18,93,341.80	16,32,227	47,171	140564	The Department stated that DRC-01 have been issued
5	01XXXXXXXXXL1ZM	Circle Reasi-Jammu	2020-21	67,45,962.50	0	3,48,185.44	0	1,05,46,720	5,21,448.16	3,48,185.4	1,73,263	303749	The Department stated that DRC-01 have been issued
												26,15,764	

Annexure-3.1.26
Mis-match in ITC availed under Reverse Charge Mechanism
(Refer Paragraph: 3.7.3.3)

(amount in ₹)

Sl. No.	GSTIN	Name of the circle	Year	ITC availed in GSTR-3B Table {4A (2) +4A (3)}	Tax paid under RCM as per GSTR-3B	Excess ITC taken under RCM	Department's Reply
1	2	3		4	5	6 (4–5)	
1	01XXXXXXXXXG1Z7	Circle H-Jammu	2020-21	5,53,820	3,95,213	1,58,607	The Department stated that the case is under process
2	01XXXXXXXXXR1ZX	Circle H-Jammu.	2020-21	5,51,061	4,46,810	1,04,251	The Department stated that the case is under process
Total						**2,62,858**	

Annexure-3.1.27
Wrong availment of ITC where place of supply is other than UT of J&K
(Refer Paragraph: 3.7.3.3)

(amount in ₹)

Sl. No	GSTIN No	Name of Circle			Department's Reply
			Year	Amount	
1	01XXXXXXXXXG1Z7	Circle-H , Jammu	2019-20	24,846	The Department stated that DRC-07 have been issued
2	01XXXXXXXXXL1ZM	Circle-Reasi , Jammu	2020-21	3,46,930	The Department stated that DRC-01 have been issued
3	01XXXXXXXXXQ1ZL	Ramban, Jammu	2019-20	52,968	The Department stated that DRC-07 have been issued
4	01XXXXXXXXXQ1ZL	Ramban, Jammu	2020-21	25,664	The Department stated that DRC-07 have been issued
5	01XXXXXXXXXC1ZJ	Circle I, Jammu	2019-20	1,83,388	No reply was provided
6	01XXXXXXXXXB1ZA	Circle R, Jammu	2019-20	31,564	The Department stated that DRC-07 have been issued
7	01XXXXXXXXXB1ZA	Circle R, Jammu	2020-21	3,74,699	No reply was provided
8	01XXXXXXXXXK1Z3	Circle E, Jammu	2019-20	1,28,963	The Department stated that DRC-07 have been issued
9	01XXXXXXXXXK1Z3	Circle E, Jammu	2020-21	1,16,169	No reply was provided
				12,85,191	

Appendix 3.1.28
No/ Less reversal of ITC/ Tax in respect deletion of Fixed Assets
(Refer Paragraph: 3.7.3.3)

(amount in ₹)

Sl. No.	GSTIN	Circle	Year	Amount	Revised amount based on Department's reply	Department's reply
1	01XXXXXXXXXL2ZB	Circle E-Jammu	2018-19	0.67	13,262	The Department stated that DRC-07 have been issued
2	01XXXXXXXXXF1Z4	Circle Reasi-Jammu	2018-19	0.20	58,91,243	The Department stated that DRC-01 have been issued
3	01XXXXXXXXXF1Z4	Circle Reasi-Jammu	2020-21	11.60	20,29,77,895	The Department stated that DRC-01 have been issued
4	01XXXXXXXXXA1ZZ	Circle E-Jammu.	2018-19	0.01	90,000	The Department submitted the reply without documentary evidence
5	01XXXXXXXXXA1ZZ	Circle E-Jammu.	2019-20	0.14	14,40,000	The Department submitted the reply without documentary evidence
6	01XXXXXXXXXA1ZZ	Circle E-Jammu.	2020-21	0.43	43,33,000	No reply was provided
7	01XXXXXXXXXR1ZT	Circle E-Jammu	2018-19	4.72	4,72,00,000	The Department submitted the reply without documentary evidence
8	01XXXXXXXXXR1ZT	Circle E-Jammu	2019-20	8.70	8,70,20,000	The Department submitted the reply without documentary evidence
9	01XXXXXXXXXR1ZT	Circle E-Jammu	2020-21	7.41	7,40,70,000	No reply was provided
10	01XXXXXXXXXR1ZX	Circle H-Jammu.	2018-19	2.82	2,81,70,000	The Department submitted the reply without documentary evidence
11	01XXXXXXXXXR1ZX	Circle H-Jammu.	2020-21	5.01	5,00,70,000	The Department stated that the case is under process
12	01XXXXXXXXXR1ZX	Circle N-Jammu	2019-20	0.10	9,99,000	The Department submitted the reply without documentary evidence
13	01XXXXXXXXXR1ZX	Circle N-Jammu	2020-21	0.34	34,23,000	The Department submitted the reply without documentary evidence
14	01XXXXXXXXXF1ZW	Circle J-Jammu	2018-19	0.95	95,10,000	The Department stated that ASMT-10 have been issued
15	01XXXXXXXXXF1ZW	Circle J-Jammu	2019-20	20.18	20,18,20,000	No reply was provided
16	01XXXXXXXXXF1ZW	Circle J-Jammu	2020-21	0.41	41,30,000	The Department stated that the case is under process
17	01XXXXXXXXXD1ZM	Circle D-Jammu	2018-19	38.90	38,90,00,000	The Department submitted the reply without documentary evidence
18	01XXXXXXXXXD1ZM	Circle D-Jammu	2019-20	52.00	52,00,00,000	The Department submitted the reply without documentary evidence
19	01XXXXXXXXXD1ZM	Circle D-Jammu	2020-21	81.88	81,88,00,000	The Department submitted the reply without documentary evidence
20	01XXXXXXXXXG1ZZ	Circle E-Jammu	2020-21	1,127.84	11,27,83,58,000	The Department stated that ASMT-10 have been issued

Appendix 3.1.29
Non/ Less Reversal of ITC under Trades payables of Financial Statements
(Refer Paragraph: 3.7.3.3)

(amount in ₹)

Sl. No.	GSTIN	Name of Circle	Year	Revised amount based on Department's reply	Department's Reply
1	01XXXXXXXXXH1Z0	Ganderbal-Kashmir	2019-20	40,93,68,960	The Department stated that DRC-07 have been issued
2	01XXXXXXXXXH1Z0	Ganderbal-Kashmir	2020-21	87,71,18,040	The Department stated that DRC-01 have been issued
3	01XXXXXXXXXL1ZM	Circle Reasi-Jammu	2018-19	5,68,24,39,440	The Department stated that DRC-01 have been issued
4	01XXXXXXXXXH2Z1	Circle Kathua-II, Jammu	2019-20	41,186	The Department reported recovery in DRC-03
5	01XXXXXXXXXH2Z1	Circle Kathua-II, Jammu	2020-21	31,79,521	The Department stated that the case is under process
6	01XXXXXXXXXA1ZZ	Circle E-Jammu.	2018-19	1,75,10,000	The Department submitted the reply without documentary evidence
7	01XXXXXXXXXA1ZZ	Circle E-Jammu.	2020-21	8,30,90,000	No reply was provided
8	01XXXXXXXXXR1ZT	Circle E-Jammu	2018-19	63,73,60,000	The Department submitted the reply without documentary evidence
9	01XXXXXXXXXR1ZT	Circle E-Jammu	2020-21	15,56,10,000	No reply was provided
10	01XXXXXXXXXR1ZX	Circle H-Jammu.	2018-19	27,70,00,000	The Department submitted the reply without documentary evidence
11	01XXXXXXXXXR1ZX	Circle H-Jammu.	2019-20	12,91,00,000	The Department submitted the reply without documentary evidence
12	01XXXXXXXXXR1ZX	Circle H-Jammu.	2020-21	28,69,00,000	The Department stated that the case is under process
13	01XXXXXXXXXF1ZW	Circle J-Jammu	2018-19	66,30,000	The Department stated that ASMT-10 have been issued
14	01XXXXXXXXXF1ZW	Circle J-Jammu	2019-20	10,67,80,000	No reply was provided
15	01XXXXXXXXXD1ZM	Circle D-Jammu	2018-19	5,00,00,000	The Department submitted the reply without documentary evidence
16	01XXXXXXXXXD1ZM	Circle D-Jammu	2020-21	9,79,00,000	The Department submitted the reply without documentary evidence
17	01XXXXXXXXXA1ZF	Circle D-Jammu.	2020-21	2,70,000	The Department stated that ASMT-10 have been issued
18	01XXXXXXXXXB1ZQ	Circle P-Jammu	2018-19	3,45,800	The Department stated that DRC-07 have been issued
19	01XXXXXXXXXB1ZQ	Circle P-Jammu	2020-21	3,77,72,842	The Department stated that DRC-01 have been issued
20	01XXXXXXXXXK1Z7	Circle B-Kashmir	2019-20	96,91,00,000	The Department stated that ASMT-10 have been issued
21	01XXXXXXXXXD1ZQ	Circle H-Jammu	2019-20	10,31,40,000	The Department stated that ASMT-10 have been issued
22	01XXXXXXXXXD1ZQ	Circle H Jammu	2020-21	81,64,35,230	The Department stated that the case is under process
23	01XXXXXXXXXR1ZP	Pulwama-Kashmir	2018-19	1,75,35,458	No reply was provided
24	01XXXXXXXXXR1ZP	Pulwama-Kashmir	2019-20	3,32,94,174	The Department stated that ASMT-10 have been issued

Sl. No.	GSTIN	Name of Circle	Year	Revised amount based on Department's reply	Department's Reply
25	01XXXXXXXXXR1ZP	Pulwama-Kashmir	2020-21	64,28,647	The Department stated that ASMT-10 have been issued
26	01XXXXXXXXXJ1Z9	Anantnag II-Kashmir	2019-20	5,94,927	No reply was provided
27	01XXXXXXXXXG1Z5	Circle A-Kashmir	2018-19	7,47,444	The Department stated that DRC-01 have been issued
28	01XXXXXXXXXB1ZI	Circle L-Jammu	2018-19	4,65,574	The Department stated that DRC-07 have been issued
29	01XXXXXXXXXB1ZI	Circle L-Jammu	2020-21	22,84,988	The Department stated that the case is under process
30	01XXXXXXXXXQ1ZL	Ramban-Jammu	2020-21	37,33,749	The Department stated that DRC-07 have been issued
31	01XXXXXXXXXK1ZJ	Budgam-Kashmir	2019-20	5,75,90,000	No reply was provided
32	01XXXXXXXXXK1ZJ	Budgam-Kashmir	2020-21	7,14,60,000	No reply was provided

Appendix 3.1.30

Un-discharged tax liability on comparing greater of the tax liability of GSTR-1, GSTR-9 with reference to Tax payment in GSTR-9/ 3B

(Refer Paragraph: 3.7.3.4)

(amount in ₹)

Sl. No.	GSTIN	Name of Circle	Year	Tax liability as per GSTR-1	Tax liability as per GSTR-9	Greater tax liability between GSTR-1 and GSTR-9	Tax payment as per GSTR-9/ GSTR-3B	Short admittance of tax liability	Revised amount after Department's reply	Department's reply
1	2	3				4	5	6 (4 – 5)		
1	01XXXXXXXXXB1ZG	Circle B-Kashmir	2018-19	14,61,28,288.00	14,64,38,536.20	14,64,38,536.20	14,61,35,766.00	3,02,770.20	90,400.00	The Department reported recovery in DRC-03
2	01XXXXXXXXXF1ZD	Circle E-Jammu	2020-21	3,68,63,373.00	3,67,56,054.00	3,68,63,373.00	3,67,56,057.00	1,07,316.00	1,07,316.00	The Department stated that ASMT-10 have been issued
3	01XXXXXXXXXL2ZB	Circle E-Jammu	2018-19	3,06,46,796.00	3,06,79,398.00	3,06,79,398.00	3,04,91,165.00	1,88,233.00	94,030.00	The Department reported recovery in DRC-03
4	01XXXXXXXXXL2ZB	Circle E-Jammu	2020-21	5,04,97,464.00	5,03,40,427.00	5,04,97,464.00	5,04,39,042.00	58,422.00	58,422.00	The Department stated that ASMT-10 have been issued
5	01XXXXXXXXXA1ZB	Circle N-Jammu	2018-19	2,65,22,922.39	2,64,39,680.00	2,65,22,922.39	2,64,39,680.00	83,242.39	50,952.00	The Department reported recovery in DRC-03
6	01XXXXXXXXXA1ZB	Circle N-Jammu	2019-20	2,77,91,318.21	2,76,52,104.00	2,77,91,318.21	2,76,89,586.00	1,01,732.21	1,29,462.00	The Department reported recovery in DRC-03
7	01XXXXXXXXXA1ZB	Circle N-Jammu	2020-21	1,70,17,105.49	1,69,01,795.00	1,70,17,105.49	16901796.00	1,15,309.49	82,509.00	The Department reported recovery in DRC-03
8	01XXXXXXXXXL1ZM	Circle Reasi-Jammu	2018-19	25,46,92,864.00	27,19,46,007.00	27,19,46,007.00	26,89,40,661.00	30,05,346.00	3,28,56,945.00	The Department stated that DRC-01 have been issued
9	01XXXXXXXXXL1ZM	Circle Reasi-Jammu	2020-21	4,00,53,212.00	4,00,53,211.80	4,00,53,212.00	3,76,41,160.00	24,12,052.00	42,19,833.00	The Department stated that DRC-01 have been issued
10	01XXXXXXXXXF1Z4	Circle Reasi-Jammu	2019-20	2,00,32,104.00	2,00,32,102.00	2,00,32,104.00	1,89,02,576.00	11,29,528.00	11,29,528.00	The Department submitted the reply without documentary evidence
11	01XXXXXXXXXL1ZO	Circle R-Jammu	2018-19	5,35,86,05,300.00	5,35,89,63,077.00	5,35,89,63,077.00	5,35,86,05,571.00	3,57,506.00	3,57,506.00	The Department submitted the reply without documentary evidence
12	01XXXXXXXXXD1ZM	Circle D-Jammu	2018-19	25,05,10,832.00	25,07,40,240.00	25,07,40,240.00	24,80,54,230.00	26,86,010.00	26,86,010.00	No reply was provided
13	01XXXXXXXXXN1ZK	Circle R-Jammu	2018-19	2,38,84,198.00	2,36,86,887.20	2,38,84,198.00	2,37,14,946.00	1,69,252.00	10,480.00	The Department stated that DRC-07 have been issued
14	01XXXXXXXXXG1ZZ	Circle E-Jammu	2018-19	52,41,16,768.00	49,51,69,102.00	52,41,16,768.00	49,48,54,460.00	2,92,62,308.00	6,70,00,564.00	The Department stated that DRC-07 have been issued
15	01XXXXXXXXXG1ZZ	Circle E-Jammu	2020-21	43,26,32,896.00	43,28,31,275.80	43,28,31,275.80	43,25,94,542.00	2,36,733.80	2,36,733.00	The Department stated that ASMT-10 have been issued
16	01XXXXXXXXXN1Z5	Circle E-Jammu	2018-19	16,71,68,528.00	16,71,74,031.20	16,71,74,031.20	16,70,92,069.20	81,962.00	1,980.00	The Department stated that DRC-07 have been issued

Sl. No.	GSTIN	Name of Circle	Year	Tax liability as per GSTR-1	Tax liability as per GSTR-9	Greater tax liability between GSTR-1 and GSTR-9	Tax payment as per GSTR-9/ GSTR-3B	Short admittance of tax liability	Revised amount after Department's reply	Department's reply
1	2	3				4	5	6 (4 – 5)		
17	01XXXXXXXXXK1ZC	Circle Kathua-II, Jammu	2019-20	7,50,12,064.00	7,48,69,392.00	7,50,12,064	7,48,50,264.00	1,61,800.00	1,61,800.00	No reply was provided
18	01XXXXXXXXXB1ZI	Circle L-Jammu	2018-19	0	0	0	0	0	3,08,963.55	The Department reported recovery in DRC-03
19	01XXXXXXXXXB1ZI	Circle L-Jammu	2019-20	10,51,71,088	10,48,58,104.00	10,51,71,088.00	10,48,58,102.00	3,12,986.00	5,43,039.00	The Department reported recovery in DRC-03
20	01XXXXXXXXXQ1ZL	Ramban-Jammu	2018-19	1,76,60,848.70	1,37,22,699.00	1,76,60,848.70	1,37,22,698.00	39,38,150.70	76,716.00	The Department stated that DRC-07 have been issued
21	01XXXXXXXXXQ1ZL	Ramban-Jammu	2020-21	3,00,80,500.72	2,97,93,511.00	3,00,80,500.72	2,97,48,206.00	3,32,294.72	5,49,947.00	The Department stated that DRC-07 have been issued
22	01XXXXXXXXXK1Z3	Circle E-Jammu	2019-20	14,99,88,337.70	10,34,91,401.70	14,99,88,337.70	10,26,00,650.00	4,73,87,687.74	4,73,87,688.00	The Department submitted the reply without documentary evidence
23	01XXXXXXXXXK1Z3	Circle E-Jammu	2020-21	19,38,45,848.2	10,40,02,749.80	19,38,45,848.20	12,39,67,872.00	6,98,77,976.21	6,98,77,976.00	The Department stated that the case is under process
24	01XXXXXXXXXK1ZJ	Budgam-Kashmir	2018-19	16,39,61,568.00	16,39,70,021.00	16,39,70,021.00	16,34,82,810.00	4,87,211.00	4,87,211.00	No reply was provided
									22,85,06,010.60	

Appendix 3.1.31
Mismatch in tax paid between books of accounts and Annual Return (Table 9R of Form 9C)
(Refer Paragraph: 3.7.3.4)

(amount in ₹)

Sl. No.	GSTIN	Name of Circle	Year	Total tax paid as declared in Annual Return (GSTR-9) R9C_9Q	Tax paid in 9R (Cash+ITC)	Mismatch	Revised amount after Department's reply	Department's reply
1	2	3		4	5	6 (4-5)		
1	01XXXXXXXXXD1ZM	Circle D-Jammu	2018-19	32,11,94,953	31,85,08,960	26,85,993	18,09,266	The Department stated that DRC-07 have been issued

Appendix- 3.1.32
Suppression of turnover under Reverse Charge Mechanism(RCM)
(Refer Paragraph: 3.7.3.4)

(amount in ₹)

Sl. No.	GSTIN	Name of Circle	Year	Excess ITC taken under RCM	Department's Reply
1	2	3	4	5	
1	01XXXXXXXXXH1Z0	Ganderbal-Kashmir	2018-19	6,57,89,280	The Department stated that DRC-07 have been issued
2	01XXXXXXXXXH1Z0	Ganderbal-Kashmir	2019-20	7,16,28,480	The Department stated that DRC-07 have been issued
3	01XXXXXXXXXH1Z0	Ganderbal-Kashmir	2020-21	9,72,36,360	The Department stated that DRC-01 have been issued
4	01XXXXXXXXXL1ZM	Circle Reasi-Jammu	2018-19	73,96,08,799	The Department stated that DRC-01 have been issued
5	01XXXXXXXXXF1Z4	Circle Reasi-Jammu	2018-19	1,76,73,730	The Department stated that DRC-01 have been issued
6	01XXXXXXXXXF1Z4	Circle Reasi-Jammu	2020-21	47,67,331	The Department stated that DRC-01 have been issued
7	01XXXXXXXXXA1ZZ	Circle E-Jammu.	2018-19	25,29,00,000	The Department submitted the reply without documentary evidence
8	01XXXXXXXXXA1ZZ	Circle E-Jammu.	2019-20	31,67,00,000	The Department submitted the reply without documentary evidence
9	01XXXXXXXXXA1ZZ	Circle E-Jammu.	2020-21	33,29,00,000	The Department stated that the case is under process
10	01XXXXXXXXXR1ZT	Circle E-Jammu	2018-19	1,35,00,000	The Department submitted the reply without documentary evidence
11	01XXXXXXXXXR1ZT	Circle E-Jammu	2019-20	1,31,40,000	The Department submitted the reply without documentary evidence
12	01XXXXXXXXXR1ZT	Circle E-Jammu	2020-21	1,51,20,000	No reply was provided
13	01XXXXXXXXXR1ZX	Circle H-Jammu.	2018-19	33,74,25,000	The Department submitted the reply without documentary evidence
14	01XXXXXXXXXR1ZX	Circle H-Jammu.	2019-20	34,64,10,000	The Department submitted the reply without documentary evidence
15	01XXXXXXXXXR1ZX	Circle H-Jammu.	2020-21	54,45,00,000	The Department stated that the case is under process
16	01XXXXXXXXXP1Z9	Circle H-Jammu	2018-19	10,80,000	The Department stated that ASMT-10 have been issued
17	01XXXXXXXXXF1ZW	Circle J-Jammu	2018-19	24,71,40,000	The Department stated that ASMT-10 have been issued
18	01XXXXXXXXXF1ZW	Circle J-Jammu	2019-20	17,58,60,000	No reply was provided
19	01XXXXXXXXXF1ZW	Circle J-Jammu	2020-21	5,36,40,000	The Department stated that the case is under process
20	01XXXXXXXXXD1ZM	Circle D-Jammu	2018-19	17,30,00,000	The Department submitted the reply without documentary evidence
21	01XXXXXXXXXD1ZM	Circle D-Jammu	2019-20	16,40,00,000	The Department submitted the reply without documentary evidence
22	01XXXXXXXXXD1ZM	Circle D-Jammu	2020-21	17,72,00,000	The Department submitted the reply without documentary evidence
23	01XXXXXXXXXB1ZQ	Circle P-Jammu	2018-19	1,78,598	The Department stated that DRC-07 have been issued
24	01XXXXXXXXXB1ZQ	Circle P-Jammu	2019-20	2,90,446	The Department stated that DRC-07 have been issued
25	01XXXXXXXXXB1ZQ	Circle P-Jammu	2020-21	4,18,348	The Department stated that DRC-01 have been issued
26	01XXXXXXXXXK1Z7	Circle B-Kashmir	2019-20	7,43,000	The Department stated that ASMT-10 have been issued

Sl. No.	GSTIN	Name of Circle	Year	Excess ITC taken under RCM	Department's Reply
1	2	3	4	5	
27	01XXXXXXXXXK1Z7	Circle B-Kashmir	2020-21	1,87,41,000	The Department stated that ASMT-10 have been issued
28	01XXXXXXXXXG1ZZ	Circle E-Jammu	2020-21	20,77,92,000	The Department stated that ASMT-10 have been issued
29	01XXXXXXXXXK1ZC	Circle Kathua-II, Jammu	2018-19	7,50,158.64	No reply was provided
30	01XXXXXXXXXK1ZC	Circle Kathua-II, Jammu	2019-20	13,58,345.34	No reply was provided
31	01XXXXXXXXXK1ZC	Circle Kathua-II, Jammu	2020-21	13,87,321.38	No reply was provided
32	01XXXXXXXXXD1ZQ	Circle H-Jammu	2019-20	1,52,28,000	The Department stated that ASMT-10 have been issued
33	01XXXXXXXXXD1ZQ	Circle H-Jammu	2020-21	2,36,16,450	The Department stated that DRC-01 have been issued
34	01XXXXXXXXXR1ZP	Pulwama-Kashmir	2018-19	2,86,189	No reply was provided
35	01XXXXXXXXXR1ZP	Pulwama-Kashmir	2019-20	2,64,928	No reply was provided
36	01XXXXXXXXXR1ZP	Pulwama-Kashmir	2020-21	4,51,048	No reply was provided
37	01XXXXXXXXXG1Z5	Circle A-Kashmir	2018-19	42,571.66	The Department stated that DRC-01 have been issued
38	01XXXXXXXXXG1Z5	Circle A-Kashmir	2019-20	34,907.62	The Department stated that DRC-01 have been issued
39	01XXXXXXXXXG1Z5	Circle A-Kashmir	2020-21	1,12,142.44	The Department stated that DRC-01 have been issued
40	01XXXXXXXXXQ1ZL	Ramban-Jammu	2018-19	35,22,448	The Department stated that DRC-07 have been issued
41	01XXXXXXXXXQ1ZL	Ramban-Jammu	2020-21	31,73,744	The Department stated that DRC-07 have been issued
42	01XXXXXXXXXB1ZA	Circle R-Jammu	2020-21	3,45,78,000	No reply was provided
43	01XXXXXXXXXK1ZJ	Budgam-Kashmir	2018-19	7,94,00,000	No reply was provided
44	01XXXXXXXXXK1ZJ	Budgam-Kashmir	2019-20	7,90,30,000	No reply was provided
45	01XXXXXXXXXK1ZJ	Budgam-Kashmir	2020-21	3,61,00,000	No reply was provided

Appendix 3.1.33
Suppression of taxable value identified through TDS/ TCS declaration
(Refer Paragraph: 3.7.3.4)

(amount in ₹)

Sl. No.	GSTIN	Name of Circle	Year	Outward value of taxable supplies declared in GSTR-3B	Net TDS/ TCS recovered as per GSTR-2A	Value on which TDS/ TCS recovered	Under reporting of Taxable turnover	Revised amount after Department's reply	Department's Reply
1	2	3		4	5	(6)=(5)/0.02	7=(6-4)		
1	01XXXXXXXXXL1ZM	Circle Reasi-Jammu	2019-20	51,02,70,912	1,24,36,944	62,18,47,200	11,15,76,288	3,78,78,888	The Department stated that DRC-07 have been issued
2	01XXXXXXXXXF1ZW	Circle J-Jammu	2020-21	13,49,95,699	27,96,788	13,98,39,400	48,43,701	48,43,701	The Department stated that the case is under process
3	01XXXXXXXXXB1ZQ	Circle P-Jammu	2019-20	23,06,27,545	61,07,962.84	30,53,98,142	7,47,70,597	7,47,70,597	The Department submitted the reply without documentary evidence
4	01XXXXXXXXXD1ZQ	Anantnag-III, Kashmir	2020-21	34,52,56,320	73,69,000	36,84,50,000	2,31,93,680	2,31,93,680	The Department submitted the reply without documentary evidence
								14,06,86,866	

Appendix 3.1.34
Suppression of taxable turnover due to less-disclosure of unbilled revenue in Table 5 of GSTR-9C
(Refer Paragraph: 3.7.3.4)

(amount in ₹)

Sl. No.	GSTIN	Name of circle	Year	Unbilled revenue at end of the Previous Year	Unbilled revenue at beginning of the current year	Mismatch/ difference between the unbilled revenue	Probable short payment of Tax (@18%)	Revised amount after Department's reply	Department's Reply
1	2	3		4	5	6=(4-5)	7=6*0.18		
1	01XXXXXXXXXR1ZX	Circle H-Jammu	2020-21	0	22,32,11,199	22,32,11,199	4,01,78,015	4,01,78,015	The Department stated that the case is under process

Appendix 3.1.35
Mismatch/ suppression of turnover between GSTR-9/ 9C and Financial Statements
(Refer Paragraph: 3.7.3.4)

(₹ in crore)

Sl. No.	GSTIN	Name of Circle	Year	Turnover in Annual Return (GSTR-9C Table 5Q)	Turnover in Annual Return (GSTR9C Table 5A)	Turnover as per audited financial statement	Un-reconciled Turnover	Column of GSTR-9C	Revised un-reconciled Turnover after Department's reply	Department's Reply
1	2	3	4	5	6	7	8=(7-5/6)	9	10	
1	01XXXXXXXXXK1Z7	Circle B-Kashmir	2019-20	0.001	-	22.14	22.14	5P	22.14	The Department stated that ASMT-10 have been issued
2	01XXXXXXXXXK1Z7	Circle B-Kashmir	2020-21	0.60	-	23.46	22.85	5P	22.85	The Department stated that ASMT-10 have been issued
3	01XXXXXXXXXB1ZI	Circle L-Jammu	2020-21	-	25.61	25.68	0.07	5A	0.07	The Department stated that the case is under process
4	01XXXXXXXXXQ1ZL	Ramban-Jammu	2018-19	-	19.64	25.00	5.36	5N	0.04	The Department stated that DRC-07 have been issued
5	01XXXXXXXXXQ1ZL	Ramban-Jammu	2019-20	-	34.20	37.83	3.63	5N	0.08	The Department stated that DRC-07 have been issued
6	01XXXXXXXXXK1ZJ	Budgam-Kashmir	2018-19	-	321.38	6,262.44	5,941.06	5A	5,941.06	No reply was provided
7	01XXXXXXXXXK1ZJ	Budgam-Kashmir	2019-20	-	281.63	6,997.07	6,715.44	5A	6,715.44	No reply was provided
8	01XXXXXXXXXK1ZJ	Budgam-Kashmir	2020-21	-	99.53	2,171.75	2,072.22	5A	2,072.22	No reply was provided

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SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India on Union Territory Finances for the year 2024-25

Government of Union Territory of Jammu and Kashmir

Report No. 02 of 2026

(Union Territory Finances Audit Report)

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Comptroller and Auditor General of India
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Preface

This Report has been prepared for submission to the Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act 2019 for laying in the Legislative Assembly.

The Union Territory Finances Audit Report of the Government of Jammu and Kashmir intends to assess the financial performance of the Union Territory, during the financial year 2024-25 and to provide the Union Territory Legislature with inputs, based on audit analysis of financial data. The Report contains three Chapters.

Chapter I – Overview of the Finances of the Union Territory

This Chapter describes the basis and approach to the Report and provides a broad perspective of the finances of the Union Territory. It includes a macro-fiscal analysis of key indices and UT's fiscal position including deficits/ surplus, debt profile and key Public Account transactions.

Chapter II – Budgetary Management

This chapter is based on the Appropriation Accounts of the Union Territory and reviews the appropriations and allocative priorities of the Union Territory Government and reports on deviations from constitutional provisions relating to budgetary management.

Chapter III – Financial Reporting Practices

This chapter comments on the quality of accounts rendered by various authorities of the Union Territory Government and issues of non-compliance with prescribed financial rules and regulations by various departments of the Union Territory Government.

The Reports containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on the Revenue Receipts related to the Union Territory of Jammu and Kashmir are presented separately.

Basis and Approach to Union Territory Finances Audit Report

In terms of Section 72 of Jammu and Kashmir Reorganisation Act, 2019, the Reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of UT of Jammu and Kashmir are to be submitted to the Lieutenant Governor of the UT, who shall cause them to be laid before the Legislature of the UT.

The Principal Accountant General (Accounts and Entitlements) compiles the annual Finance Accounts and Appropriation Accounts of the UT of Jammu and Kashmir based on vouchers, challans, and initial and subsidiary accounts submitted by Treasuries, Offices, and Departments under the control of the Government of UT of Jammu and Kashmir, as well as statements received from the Reserve Bank of India. These accounts are independently audited by the Accountant General (Audit) and certified by the Comptroller and Auditor General of India.

Finance Accounts and Appropriation Accounts of the UT constitute the core data for this report. Other sources include the following:

- Budget of the Union Territory: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures.
- Results of audit carried out by the office of the Accountant General (Audit).
- Other data with departmental authorities and treasuries (accounting as well as MIS)
- GSDP data and other UT related statistics
- J&K Fiscal Responsibility and Budget Management (FRBM) Act
- Various audit reports of the CAG of India.
- best practices and guidelines of the Government of India (GoI).

An Entry Conference was held on 08th August 2025 with the Principal Secretary, Finance, Government of Union Territory of Jammu and Kashmir, wherein the audit approach followed in the preparation of the UTFAR was explained. Exit meeting was held with Finance Department on 19th January 2026 wherein Audit findings were discussed. The responses of the Government have been incorporated in the Report appropriately.

Structure of the Government Account

The accounts of the Government of UT of Jammu and Kashmir are kept in three parts.

1. **Consolidated Fund of the Union Territory of Jammu and Kashmir (Section 67 of the Jammu and Kashmir Re-organisation Act, 2019)**

   This Fund comprises all revenues received in the UT of Jammu and Kashmir by the Government of India or Lieutenant Governor of the UT of Jammu and Kashmir in relation to any matter with respect to which the Legislative Assembly of the UT of Jammu and Kashmir has power to make laws, and all grants made and all loans advanced to the UT of Jammu and Kashmir from the Consolidated Fund of India and all loans raised by the Government of India or the Lieutenant Governor of the UT of Jammu and Kashmir upon the security of the Consolidated Fund of the UT of Jammu and Kashmir and all moneys received by the UT of Jammu and Kashmir in repayment of loans. No

moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in the Jammu and Kashmir Re-organisation Act, 2019.

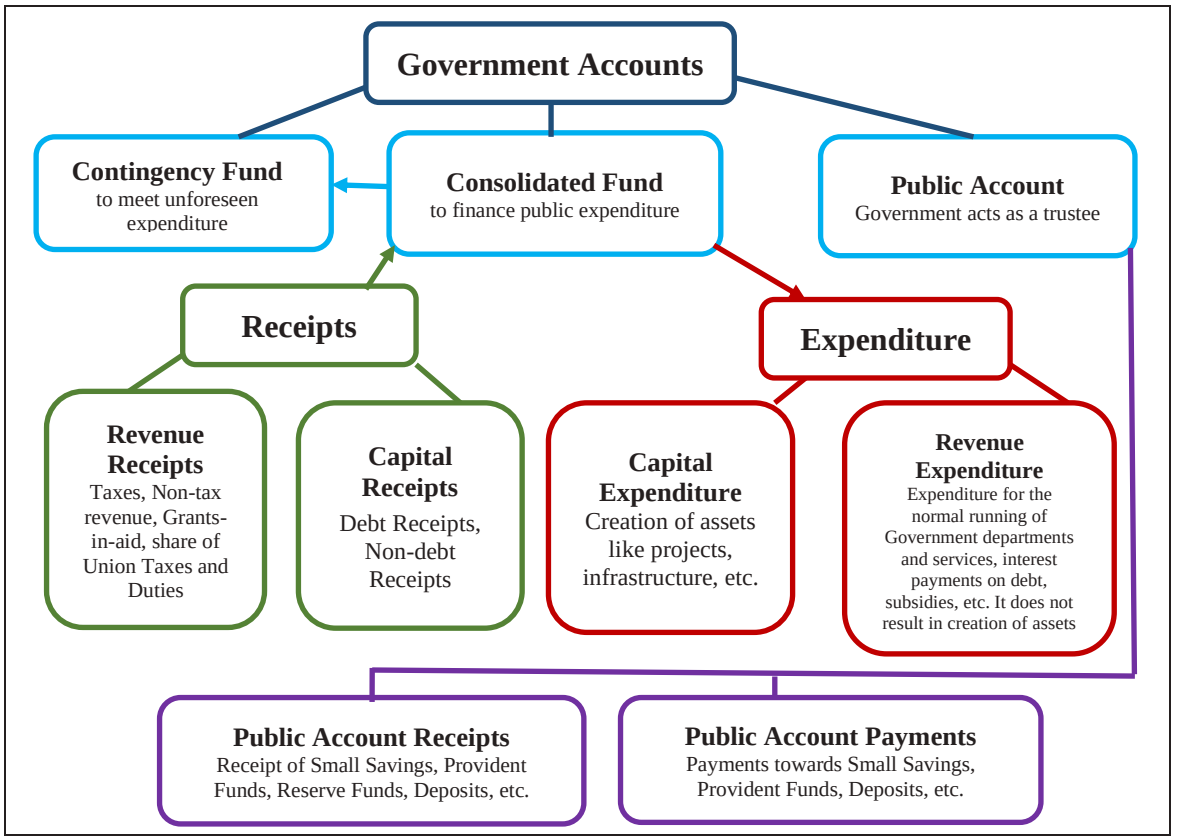
2. **Contingency Fund of the Union Territory of Jammu and Kashmir (Section 69 of the Jammu and Kashmir Re-organisation Act, 2019)**

   This Fund is in the nature of an imprest, which is established by the Legislature by law, and is placed at the disposal of the Lieutenant Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the Legislature of UT of Jammu and Kashmir. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the UT of Jammu and Kashmir.

3. **Public Accounts of the Union Territory of Jammu and Kashmir (Section 68 of the Jammu and Kashmir Re-organisation Act, 2019)**

   Apart from the above, all other public moneys received by or on behalf of the Lieutenant Governor, shall be credited to a Public Account entitled the Public Account of the UT of Jammu and Kashmir. The Public Account includes re-payables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

Structure of Government Accounts



Executive Summary

Executive Summary

This Report on the finances of the Union Territory of Jammu and Kashmir provides an independent assessment of the fiscal position of the UT for FY 2024-25. It analyses the UT's overall financial health and reviews its revenue and expenditure trends, assesses the UT's debt position and borrowing patterns, evaluate its compliance with fiscal responsibility laws and compares its performance against fiscal health indicators.

UT of Jammu and Kashmir's economy showed moderate growth during the FY 2024-25, with GSDP registering growth of 11.18 *per cent* as against the previous financial year. UT contributed (0.79 *per cent*) to GDP of India. This contribution declined from 0.85 *per cent* in 2020-21. It was observed that the revenue receipts of the UT during 2024-25 increased by 6.12 *per cent* mainly due to increase in Grants-in-Aid from Government of India (GoI). However, growth of own tax revenue was 2.5 *per cent*. Though UT's own revenue performance improved, the dependence on central grants-in-aid remains substantial.

Out of Total Expenditure (TE) of ₹82,547.28 crore, revenue expenditure (85.37 *per cent*) was substantial, particularly committed costs and subsidies (68.39 *per cent* of Revenue Expenditure and 58.39 *per cent* of TE), leaving limited fiscal space for capital investment. Capital expenditure remained below budgeted levels, reflecting constraints in infrastructure investment. The UT was not able to arrest the fiscal deficit within the target levels set in the budget documents. The outstanding liabilities of the UT increased from 8.87 *per cent* of GSDP in 2020-21 to 17.21 *per cent* in 2024-25. However, taking into account the liabilities of the erstwhile state, the outstanding liabilities increased to 48.47 *per cent* of GSDP in 2024-25 which was excluding the Off-budget borrowings of ₹23,197.08 crore. Besides, the UT government also carried forward undischarged liabilities in respect of Guarantee Redemption Fund (GRF), interest liabilities, Consolidated Sinking Fund (CSF), pension fund etc., to the tune of ₹934.02 crore and 1.13 *per cent* of TE in the FY 2024-25.

The fiscal year also continued to witness large scale excess in one revenue charged section and overall savings in all 36 grants. Excess expenditure in FY 2024-25, previous financial years and that pertaining to erstwhile State of Jammu and Kashmir requires regularisation by the legislature. There was delays in submission Utilisation Certificates (1,395 UCs amounting to ₹4,105.08 crore). Against 3,451 AC bills amounting to ₹25,127.97 crore outstanding as on 31st March 2024, there were 3,068 AC bills amounting to ₹15,607.21 crore outstanding as on 31st March 2025. Twenty eight accounts in respect of eight Autonomous Bodies (ABs) were pending as of March 2025. During the year 2024-25, ₹1,941.43 crore under 30 Major Heads of account, constituting 2.35 *per cent* of the total Revenue and Capital expenditure (₹82,532.19 crore) was classified under the Minor Head 800 in the accounts. Of these, ₹49.15 crore under five Major Heads was budgeted/classified under Minor Head 800- Other Expenditure despite availability of appropriate Minor Heads. These irregularities affect the transparency in financial reporting.

Funds, viz., Building and Other Construction Workers Welfare Cess, District Mineral Foundation Fund Trust, Water Usage Charges and Social Responsibility Corpus Fund were kept outside Government Account.

Positive steps like implementation of Empowerment/ Janbhagidari portal for transparency about developmental works was taken up by the Government. However, migration from Single Nodal Account (SNA) to SNA Sparsh system is still pending.

The increasing debt load, high committed expenditure, and limited capital investment raise concerns about fiscal sustainability. There's a need for revenue augmentation, better expenditure control, and structural reforms to ensure long-term fiscal health. Transparency should be enhanced in off-budget borrowings, ensuring timely accounting and reporting. Steps should be taken for more judicious budget provisioning.

Chapter-I

Overview of Finances of the Union Territory

Chapter-I: Overview of Finances of the Union Territory

This chapter provides a snapshot of Union Territory (UT) of Jammu and Kashmir's finances for 2024-25, covering demographics, economic indicators, and the UT's Fiscal structure. It analyses trends in Revenue and Expenditure, Debt levels, and Fiscal Deficits, highlighting persistent imbalances and reliance on borrowings. The chapter flags issues like high Committed expenditure, low returns on investments *etc*.

1.1 Profile of the Union Territory

Union Territory of Jammu and Kashmir, a predominantly agrarian UT in north India, covers 1.20[1] lakh sq. km. and comprises 20 districts and 6,431 villages. As of 2025, its projected population stood at 1.38 crore (0.98 *per cent* of India's total), with a density of 82 persons per sq. km. This section provides an overview of the UT's demography, Gross State Domestic Product (GSDP), and per capita GSDP.

1.1.1 Demography of the UT

The UT's demographic details *vis-à-vis* national average are presented in the **Table 1.1** below.

Table 1.1: Demographic profile of the UT

	UT of J&K	National average
Projected Rural Population (*per cent*) (2025) *(Population Projection for India and State 2011-36, MoHFW, GoI)*	68.95	64.30
Projected Urban Population (*per cent*) (2025) *(Population Projection for India and State 2011-36, MoHFW, GoI)*	31.05	35.70
Population density (2025) *(Population Projection for India and State 2011-36, MoHFW, GoI)*	82	415
Sex Ratio per 1,000 Males (2021) *(Population Projection for India and State 2011-36, MoHFW, GoI)*	913	947
Infant Mortality Rate per 1,000 Live births *(SRS bulletin September 2025 (Ref. year 2023))*	14	25
Total Fertility Rate *(NFHS-5, 2019-21 MoHFW, GoI)*	1.41	1.99
Life Expectancy at Birth *(SRS Abridged Life (2019-23)*	74.4	70.3
Population below Poverty Line *(Multidimensional Poverty Index, 2023, NITI Aayog)*	4.80	14.96
Literacy Rate *(Periodic Labour Force Survey(PLFS), 2023-24)*	82	80.9

[1] Including area of POK

Maternal Mortality Rate per lakh women in the age group of 15-49 *(SRS Bulletin on Maternal Mortality in India 2021-23 (September 2025), Registrar General of India, GoI)*	*NA*	*5*
Labour Force Participation Rate *(PLFS 2023-24)*	*48.7*	*46.5*

1.1.2 Economy of the Union Territory

Gross State Domestic Product (GSDP) and per capita income are important indicators of the UT's economy as discussed in succeeding paragraphs.

1.1.2.1 Gross State Domestic Product and Per capita Income

Gross Domestic Product (GDP) refers to the total value of goods and services produced within a country, while Gross State Domestic Product (GSDP) measures the same at the State/UT level, and both reflect economic development and overall progress. Trends of GSDP and GDP is given in **Table 1.2.** Year on year growth of GSDP and GDP and share of GSDP in India's GDP is given in **Chart 1.1** and Per capita income of the country and per capita Income of the UT of Jammu and Kashmir is depicted in **Chart 1.2**.

Table 1.2: Trends in GSDP compared to GDP of India (at current prices, base year 2011-12)

Year	2020-21	2021-22	2022-23	2023-24	2024-25
GDP of India (₹ in crore)	1,98,54,096	2,35,97,399	2,68,90,473 (FE)	3,01,22,956 (FRE)	3,30,68,145 (PE)
GSDP of UT of J&K (₹ in crore)	1,67,793	1,88,561	2,09,816	2,36,059	2,62,458
Per Capita Income of India (in ₹)	1,27,244	1,50,906	1,69,145	1,88,892	2,05,324
Per Capita Income of UT of J&K (in ₹)	1,01,645	1,12,898	1,23,614	1,40,051	1,54,826
Share of GSDP in GDP	0.85	0.80	0.78	0.78	0.79

Source: Ministry of Statistics and Programme Implementation, GoI

Chart 1.1: Y-o-Y growth of GDP & GSDP and GSDP to GDP growth rate

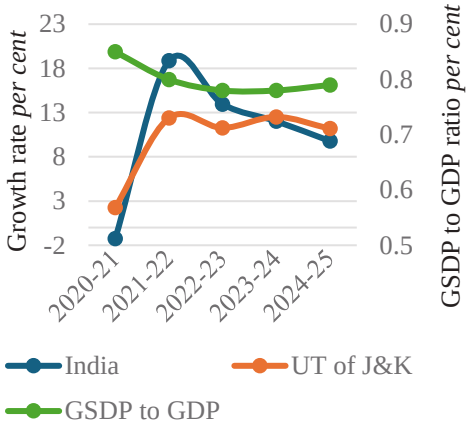
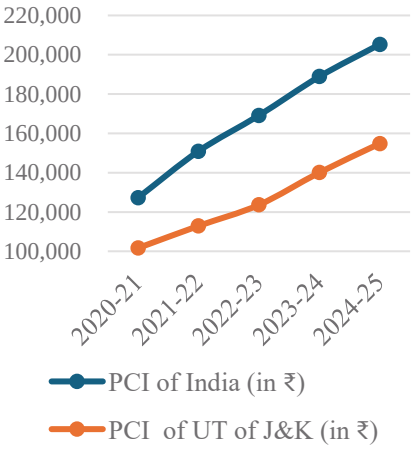


Chart 1.2: Per Capita income of India and UT



Year on year growth of GDP of India increased from -1.24 *per cent* in 2020-21 to 18.85 *per cent* in 2021-22 after Covid and thereafter showed a declining trend with growth rate of 9.78 *per cent* in 2024-25. During the same period GSDP of UT of J&K increased from 2.25 *per cent* in 2020-21 to 12.38 *per cent* in 2021-22, which later decreased to 11.18 *per cent* in 2024-25.

The per capita GSDP of UT of J&K remained consistently lesser than the national average during FY 2020-25. During the same period, GSDP to GDP ratio declined from 0.85 *per cent* in 2020-21 to 0.79 *per cent* in 2024-25 which indicates decline in contribution of UT of J&K in the GDP of India.

In reply, the department stated (January 2026) that GSDP depends on numerous factors which vary from year to year and efforts will be made to analyse the areas which needs to be focussed to increase the GSDP.

1.1.2.2 Sectoral contribution to Gross State Value Added (GSVA)

Economic activities are broadly classified into three main sectors: primary, secondary, and tertiary sectors. These sectors represent different stages of economic development and are interdependent on one another.

The **primary sector** involves activities that directly use natural resources to produce raw materials. This includes agriculture, horticulture, fishing & aquaculture, forestry, mining and quarrying activities. It forms the foundation of the economy as it provides essential raw materials for other sectors.

The **secondary sector** includes activities that involve the processing and manufacturing of raw materials into finished or semi-finished goods. This encompasses manufacturing, construction, electricity, gas, water supply and other utility services. It adds value to raw materials and supports industrial growth.

The **tertiary sector**, also known as the service sector, provides services that support both individuals and other sectors of the economy. It includes trade, repairs, hotels & restaurants, transport, storage, communication & services related to broadcasting, financial services, real estate, ownership of dwellings & professional services, public administration, and other services. This sector plays a crucial role in improving the quality of life and ensuring the smooth functioning of the economy.

The sectoral contribution by various sectors during 2024-25 and sectoral growth in GSVA during the last five years are depicted in **Chart 1.3** and **Chart 1.4** respectively.

Chart 1.3: Sectoral Contribution 2024-25

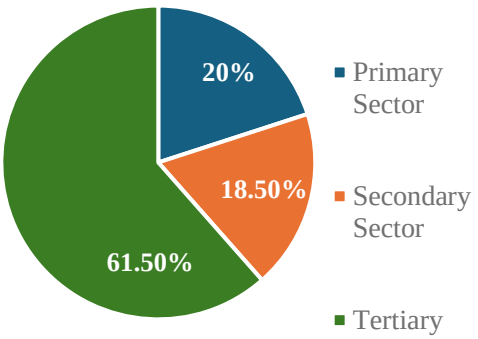


Chart 1.4: Sectoral Growth in GSVA

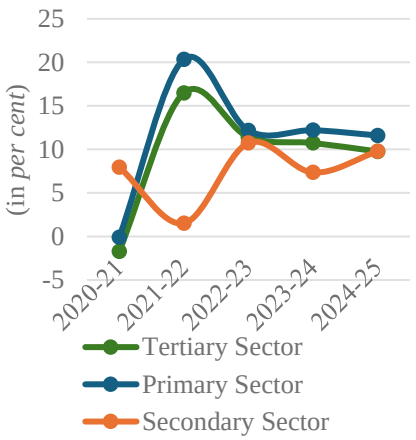
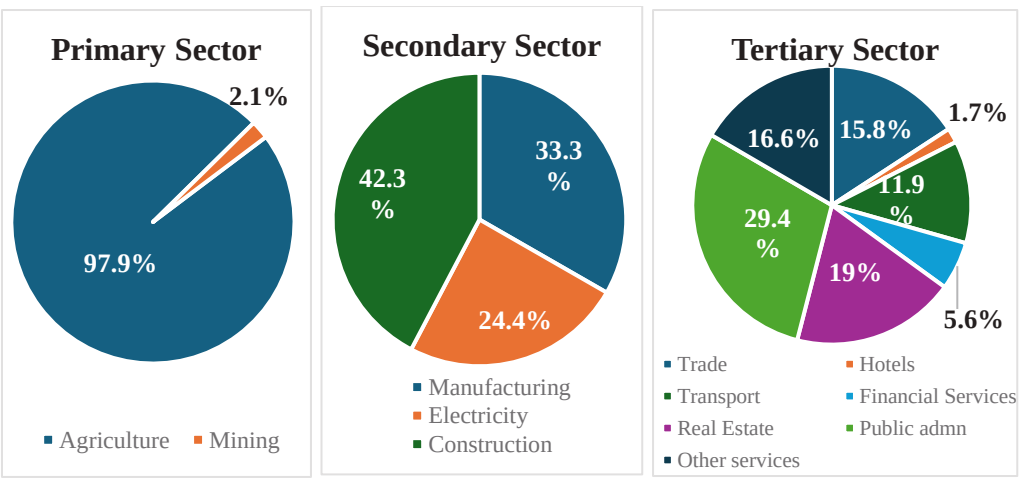


Chart 1.5 shows the composition of each sector during FY 2024-25, in terms of its major contributing segments.

Chart 1.5: Sector-wise distribution, FY 2024-25



Source: Ministry of Statistics and Programme Implementation, GoI.

During 2024-25, the sectoral growth in primary and tertiary sector decreased to 11.61 *per cent* and 9.77 *per cent* from 12.21 *per cent* and 10.74 *per cent* respectively, in 2023-24. However, the secondary sector recorded an increase in growth, rising from 7.35 *per cent* in 2023-24 to 9.78 *per cent* in 2024-25.

The tertiary sector remained the largest contributor throughout 2020-25. In tertiary sector, the biggest contributor was Public administration with 29.4 *per cent* share followed by real estate with 19 *per cent*. Similarly, in the Secondary sector, Construction had maximum share of 42.3 *per cent* whereas Agriculture had maximum share of 97.9 *per cent* in the Primary sector. Agriculture is the biggest contributor in GSDP.

1.1.3 Snapshot of Finances

Table 1.3 shows the details of actual financial results of UT Government of J&K for the years 2023-24 and 2024-25 *vis-a-vis* Budget Estimates (BE), Revised Estimates (RE) and GSDP for the year 2024-25.

Table 1.3: Snapshot of Finances

(₹ in crore)

Sl. No.	Components	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1	Tax Revenue	13,903.22	20,860	20,855	14,249.38	68	5
(i)	Own Tax Revenue	13,903.22	20,860	20,855	14,249.38	68	5
(ii)	Share of Union taxes/duties	0.00	0.00	0	0.00	0	0
2	Non-Tax Revenue	6,430.33	9,726	8,578	6,871.98	71	3
3	Grants-in-aid and Contributions	49,774.14	67,133	59,072	53,279.80	79	20
4	Additional Resource Mobilisation[2]	0.00	1,000	4,900	0.00	0	0
5	**Revenue receipts (1+2+3+4)**	**70,107.69**	**98,719**	**93,405**	**74,401.16**	**75**	**28**
6	Recovery of Loans and advances	6.04	6	6	0.44	7	0
7	Other receipts	0	0	0	0	0	0
8	Borrowings and other liabilities*	8,608.08	7,984	9,788	8,145.68	102	3
9	**Capital receipts (6+7+8)**	**8,614.12**	**7,990**	**9,794**	**8,146.12**	**102**	**3**
10	**Total receipts (5+9)**	**78,721.81**	**1,06,709**	**1,03,199**	**82,547.29**	**77**	**31**
11	**Revenue expenditure**	**66,621.47**	**81,486**	**83,580**	**70,472.13**	**86**	**27**

[2] BE 2024-25 and RE 2024-25 includes Additional Resource Mobilisation (ARM)/ Channelising Resources into System Pool (CRISP) and Asset Monetisation amounting to ₹1,000 crore and ₹4,900 crore respectively.

12	Interest payments	9,924.96	10,272	10,272	10,874.51	106	4
13	Capital expenditure	12,088.85	25,194	19,597	12,060.06	48	5
14	Loans and advances	11.49	29	22	15.09	52	0
15	**Total expenditure (11+13+14)**	**78,721.81**	**1,06,709**	**1,03,199**	**82,547.28**	**77**	**31**
16	**Revenue Surplus (+)/Deficit (-) (5-11)**	**3,486.22**	**17,233**	**9,825**	**3,929.03**	**23**	**1**
17	Fiscal Surplus (+)/Deficit (-) {(5+6+7)-15}	(8,608.08)	(7,984)	(9,788)	(8,145.68)	102	-3
18	Primary Deficit (-)/ Surplus(+) (17-12)	1,316.88	2,288	484	2,728.84	119	1

Source: Finance Accounts and Budget

**Borrowings and other Liabilities: Net (Receipts – Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursements) of Public Account + Net of Opening and Closing Cash Balance.*

The details of UT Government Finances for the FY 2020-21 to 2024-25 is given in ***Appendix 1.1.***

During 2024-25, Revenue receipts increased over six *per cent* with respect to the previous year but fell short of the BE by 24.6 *per cent* and RE by 20.3 *per cent*. UT's Own Tax revenue increased by 2.5 *per cent* and Non-Tax revenue increased by about seven *per cent* with respect to the previous year. During 2024-25, the increase of ₹4,293.47 crore (6.12 *per cent*) in Revenue receipts was comparatively higher than the increase of ₹3,850.66 crore (5.78 *per cent*) in Revenue expenditure over the previous year. This led to increase in Revenue surplus from ₹3,486.22 crore during 2023-24 to ₹3,929.03 crore during 2024-25. During 2024-25, there was Fiscal Deficit of ₹8,145.68 crore, which was two *per cent* above the projection in the BE 2024-25. Primary surplus during the year 2024-25 was ₹2,728.44 crore which was about 19 *per cent* above the projections made in the Budget 2024-25. The Revenue surplus of ₹3,929.03 crore during 2024-25 was lesser than the amount projected in the BE (₹17,233 crore) and RE (₹9,825 crore).

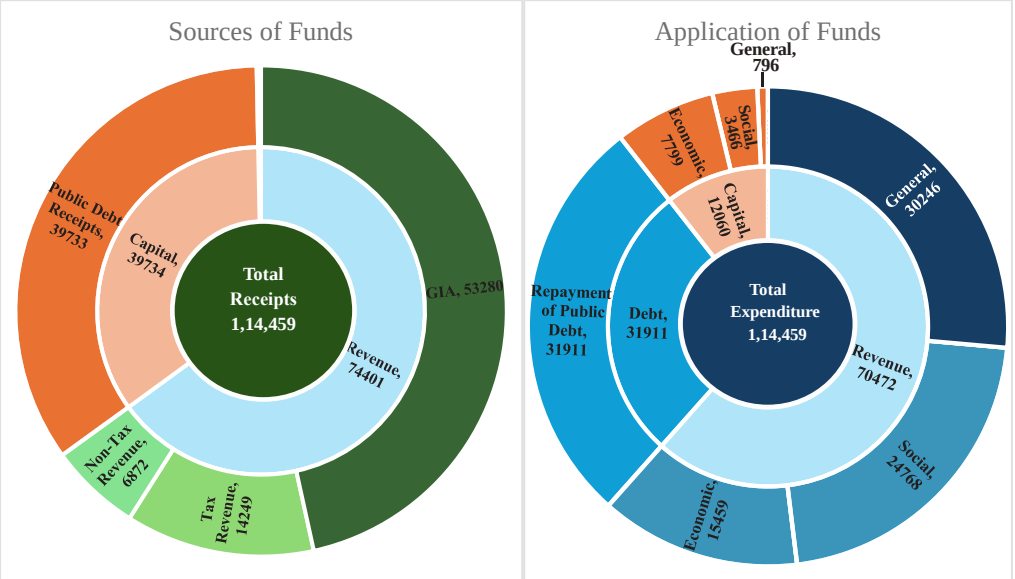
During 2024-25, there was 'Nil' receipt under Additional Resource Mobilization against the budget estimate of ₹1,000 crore and RE of ₹4,900 crore. Receipts under Grants in Aid fell short of budget estimates by ₹13,853 crore indicating unrealistic estimations. There was 52 *per cent* shortfall in Capital expenditure against the projection in the Budget which could be attributable to shortfall in actual receipts.

1.1.4 Sources and Application of Funds

Comparison of components of the sources and application of funds of the UT during the FY 2024-25 is given in **Chart 1.6.**

Chart 1.6: Details of Sources and Application of Funds during 2024-25

(₹ in crore)



Source: Finance Accounts

Appendix 1.2 provides details of receipts, disbursements and the overall fiscal position of the UT during the year 2024-25 as well as previous year.

1.1.5 Snapshot of Assets and liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. ***Appendix 1.3*** gives an abstract of such liabilities and assets, as on 31st March 2025, compared with the corresponding position of the previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from the Public Account and Reserve Funds. Assets comprise mainly of the Capital Expenditure, and loans and advances, given by the UT Government and cash balances. A summarised position of assets and liabilities, for the financial years 2023-24 and 2024-25, is given in **Table 1.4.**

Table 1.4: Summarised position of assets and liabilities

(₹ in crore)

Liabilities					Assets				
		2023-24	**2024-25**	***Percent increase/ decrease***			**2023-24**	**2024-25**	***Percent increase/ decrease***
Consolidated Fund									
A	Internal Debt	30,285.52	38,228.41	26	A	Gross Capital Expenditure	49,802.24	61,862.30	24
B	Loans and Advances from GoI*	5,590.68	3,777.28	-32	B	Loans and Advances	231.91	246.56	6

Liabilities					Assets				
		2023-24	**2024-25**	***Percent increase/ decrease***			**2023-24**	**2024-25**	***Percent increase/ decrease***
Contingency Fund		25	25	0					
Public Account									
A	Small Savings, Provident Funds, etc.	2,165.98	2,094.81	-3	A	Advances with Departmental officers	-	-	-
B	Deposits	2,838.16	2,721.83	-4	B	Remittances	697.40	688.26	-1
C	Reserve Funds	1,807.12	2,670.92	48	C	Suspense and Miscellaneous	-	-	-
D	Remittances	-	-	-	**Cash balance (including investment in Earmarked Funds)**		1,595.82	1,520.10	-5
E	Suspense and Miscellaneous	508.02	70.82	-86	**Total**		52,327.37	64,317.22	23
	Total	43,220.48	49,589.07	15	**Difference on account of rounding-off**		-	-	-
	Excess receipt over expenditure	9,106.89	14,728.15	62	**Deficit in Revenue Account**		-	-	-
Total		**52,327.37**	**64,317.22**	**23**			**52,327.37**	**64,317.22**	**23**

Source: Finance Accounts of respective years

** Includes back-to-back loans of ₹4,253.08 crore (₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively and its adjustment of ₹1,692.21crore in 2024-25), in lieu of GST Compensation shortfall, which are not to be repaid by the UT Government from its resources.*

Further, Assets and Liabilities of the erstwhile State of Jammu and Kashmir ending 30th October 2019 are yet to be apportioned between UT of Jammu and Kashmir and UT of Ladakh. The increase in Reserve Funds was mainly due to receipts under State Disaster Response Fund (₹442.57 crore against disbursement of ₹29.11 crore) and Sate Compensatory Afforestation Fund (₹478.58 crore against disbursement of ₹161.72 crore). The decrease in the head 'Suspense and Miscellaneous' was mainly due to reduction of Tax Deducted at Source (TDS) balance by ₹328 crore.

1.2 Consolidated Fund of the UT

All revenues received by the UT Government, all loans raised by the UT Government, ways and means advances extended by the Reserve Bank of India and all money received by the UT Government in repayment of loans forms part of the Consolidated fund of the Union Territory.

1.2.1 Revenue Receipts

Trends and growth of revenue receipts with respect to Gross State Domestic Product (GSDP) over the five-year period (2020-25) are shown in **Table 1.5**.

Table 1.5: Trends in Revenue Receipts

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Receipts	**52,495.48**	**59,238.50**	**68,975.95**	**70,107.69**	**74,401.16**
Tax Revenue	**8,876.99**	**11,707.28**	**12,335.47**	**13,903.22**	**14,249.38**
Own Tax Revenue	8,876.99	11,707.28	12,335.47	13,903.22	14,249.38
Non-Tax Revenue	**4,076.38**	**4,840.45**	**5,147.55**	**6,430.33**	**6,871.98**
Grants- in aid from GoI	**39,542.11**	**42,690.77**	**51,492.93**	**49,774.14**	**53,279.8**
UT's Own Revenue (Own Tax and Non-Tax Revenue)	12,953.37	16,547.73	17,483.02	20,333.55	21,121.36
GSDP (2011-12 series)	1,67,793	1,88,561	2,09,816	2,36,059 (Q)	2,62,458 (A)
Year-on-year growth rates (in *per cent*)					
Revenue Receipts	NA	12.84	16.44	1.64	6.12
UT's Own Revenue	NA	27.75	5.65	16.3	3.87
GSDP	NA	12.38	11.27	12.51	11.18
Buoyancy Ratios[3]					
Revenue Buoyancy w.r.t GSDP	NA	1.04	1.46	0.13	0.55
UT's Own Revenue Buoyancy w.r.t GSDP	NA	2.24	0.5	1.3	0.35

Source: Finance Accounts for Revenue Receipts and Ministry of Statistics and Programme Implementation, GoI. for GSDP figures

Q- Quick Estimates

A- Advance Estimates

The year- on- year growth rate of revenue receipts during 2021-22 and 2022-23 was higher than the GSDP growth rate however it declined significantly during the next two years. Despite the growth of 11.18 *per cent* in GSDP during 2024-25, the increase in Tax and Non tax revenue was only 3.87 *per cent.* Out of total Revenue receipts of ₹74,401.16 crore during 2024-25, the

[3] Buoyancy ratio indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

Grants-in-Aid from GoI (₹53,279.80 crore) constituted almost 72 *per cent* of total Revenue receipts.

Revenue Receipts as percentage of GSDP and contribution from various sources in revenue receipts is given in **Chart 1.7** and **Chart 1.8**.

Chart 1.7: Revenue Receipts as percentage of GSDP

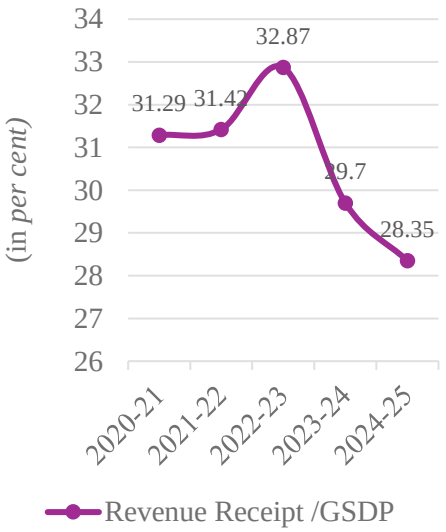
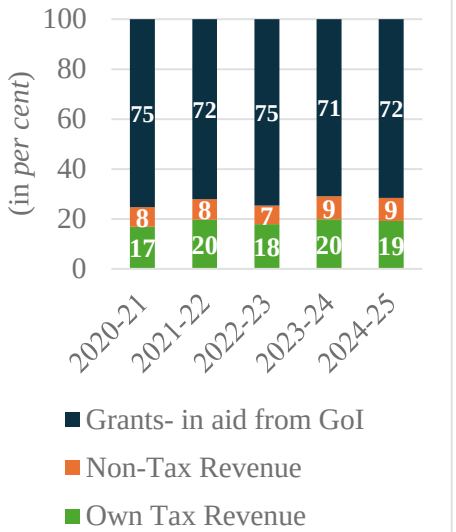


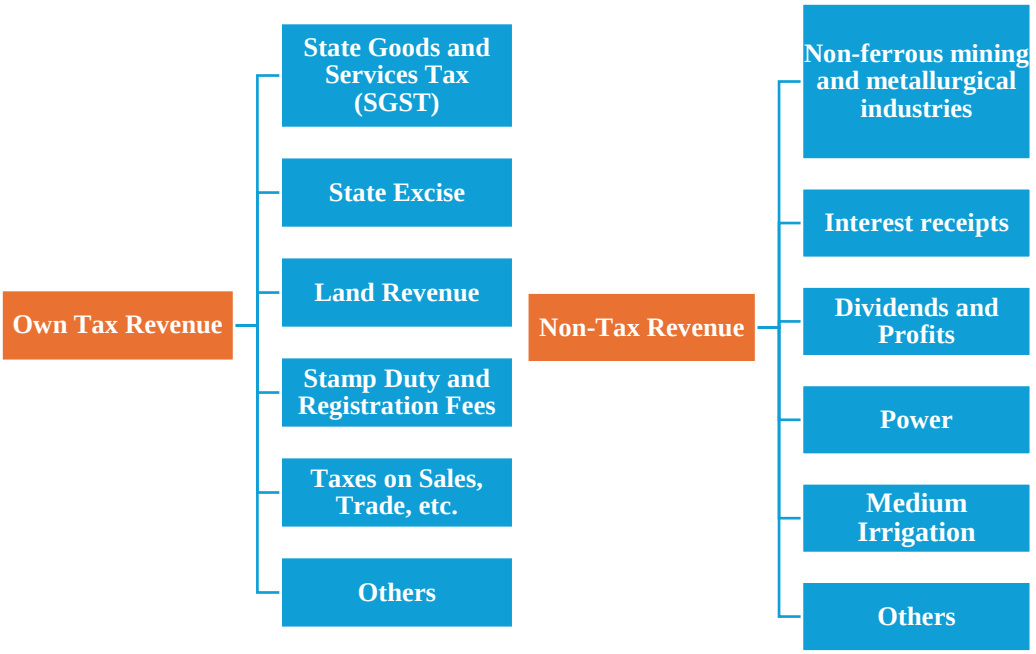
Chart 1.8: Contributions in revenue receipts



Grant in Aid remained the highest contributor to Revenue receipts of UT of J&K ranging between 71 to 75 *per cent* during FY 2020-25. Significant portion of GIA indicates more reliance on Government of India support. Diversifying revenue resources and strengthening the local tax base are essential for sustainable fiscal stability and development.

A. Union Territory's Own Resources

Chart 1.9: Details of UT's Own Revenue



(i) Own Tax Revenue

Own Tax Revenue is the revenue collected by the UT Government through taxes it is empowered to levy under the Constitution. Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE), and Actuals of Own Tax Revenue for the FY 2024-25 is given in **Table 1.6**.

Table 1.6: Own Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE, and Actuals)

(₹ in crore)

Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
State Goods and Services Tax (SGST)	8,064.14	14,000	14,000	8,585.93
State Excise	2,490.25	2,600	2,600	2,271.92
Land Revenue	123.79	130	130	77.36
Stamp Duty and Registration Fees	677.54	800	800	688.14
Vehicle Tax	904.26	1,400	1,400	929.32
Taxes on Sales, Trade, etc.	1,631.19	1,900	1,900	1,688.52
Others	12.04	30	25	8.19
Total	**13,903.22**	**20,860**	**20,855**	**14,249.38**

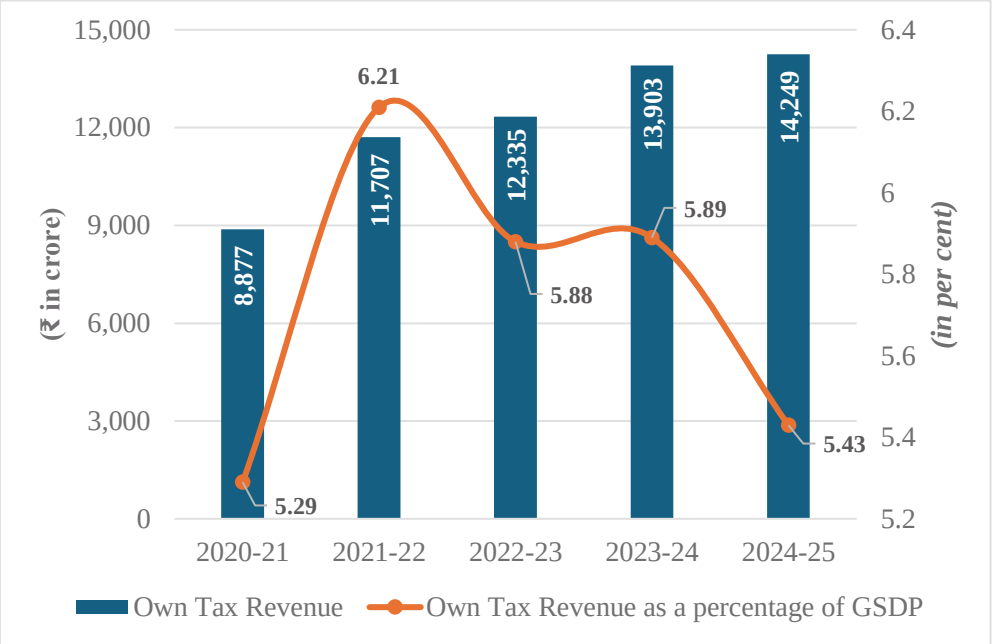
Source: Finance Accounts and Budget documents

The modest growth of 2.49 *per cent* in Own Tax Revenue during 2024-25, compared to the robust 11.18 *per cent* growth in GSDP, indicates a weakening

revenue performance relative to the size of the economy. The significant shortfall of around 32 *per cent* against both RE and BE highlights issues of overestimation and unrealistic revenue forecasting. Consequently, Own Tax Revenue as a share of GSDP declined from 5.89 *per cent* in 2023-24 to 5.43 *per cent* in 2024-25, reflecting reduced fiscal capacity. Such underperformance not only underscores inefficiencies in revenue mobilisation but also constrains the Government's ability to sustain planned expenditure levels.

Trends of own tax revenue and its components during the period 2020-21 to 2024-25 are shown in **Chart 1.10** and **Chart 1.11** respectively.

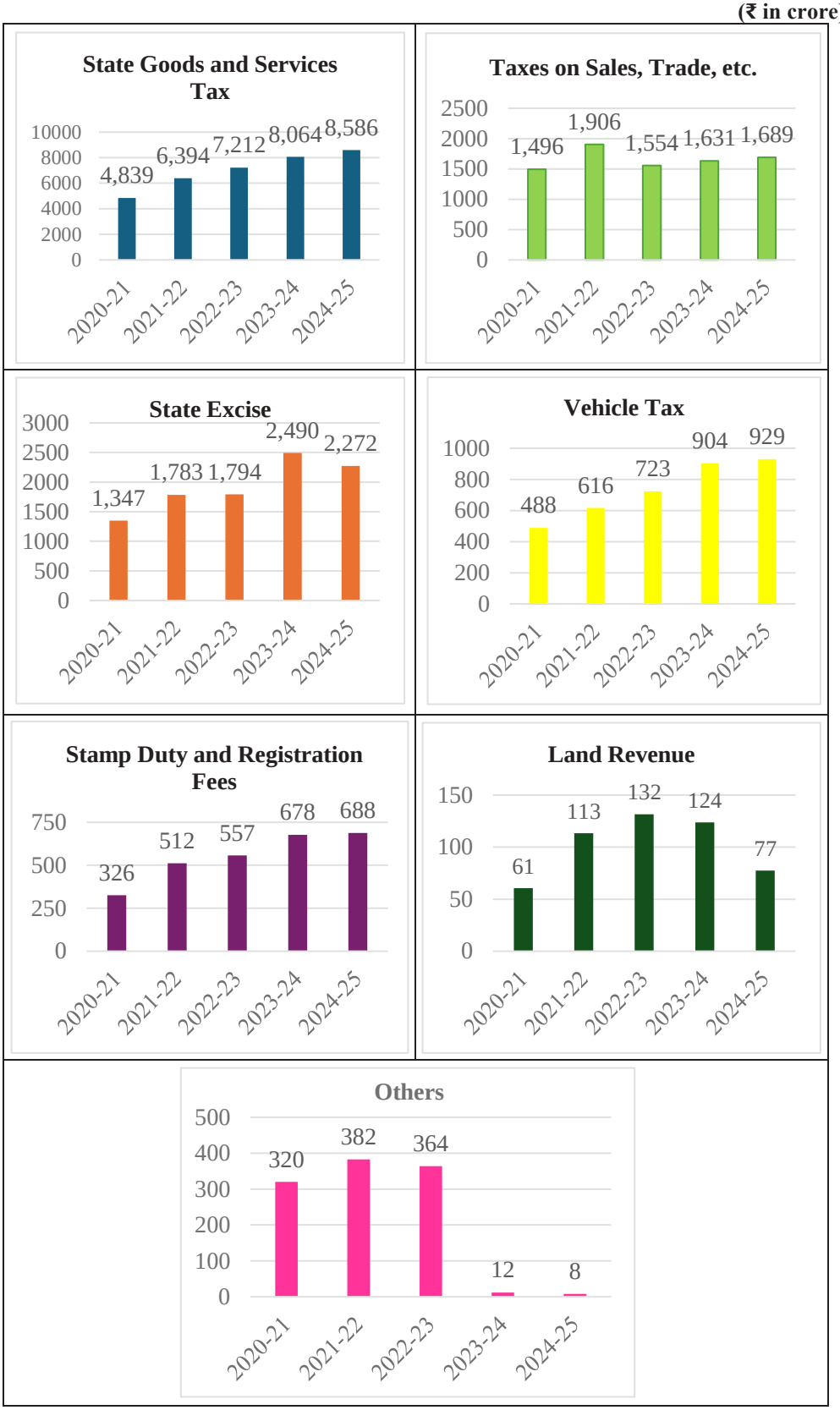
Chart 1.10: Trends of Own Tax Revenue during FY 2020-21 to FY 2024-25



Source: Finance Accounts

Chart 1.11: Major components of UT's Own Tax Revenue

(₹ in crore)



Source: Finance Accounts

Own Tax Revenue increased by ₹346.16 crore (2.49 *per cent*) during 2024-25 as compared to previous year. Major components of tax-revenue (except Land revenue, State Excise and Others) have shown an increase during 2024-25 as compared to 2023-24. SGST was major contributor to the overall growth in tax revenue.

However, there was decrease in tax revenue under State Excise and Land revenue during FY 2024-25. The decrease in State Excise was primarily due to the remittance of advance e-auction amounts for two years (2023–24 and 2024–25) during 2023–24, and for one year (2025–26) during 2024–25. Decrease under land revenue was due to lesser receipts under Sale of land and Land Revenue/ Tax.

(ii) Non-Tax Revenue

Non-Tax Revenue of a UT refers to the rent, fees, royalties and other receipts, of the UT Government from sources other than taxes.

Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE), and Actuals of Non-Tax Revenue for the FY 2024-25 is given in **Table 1.7**.

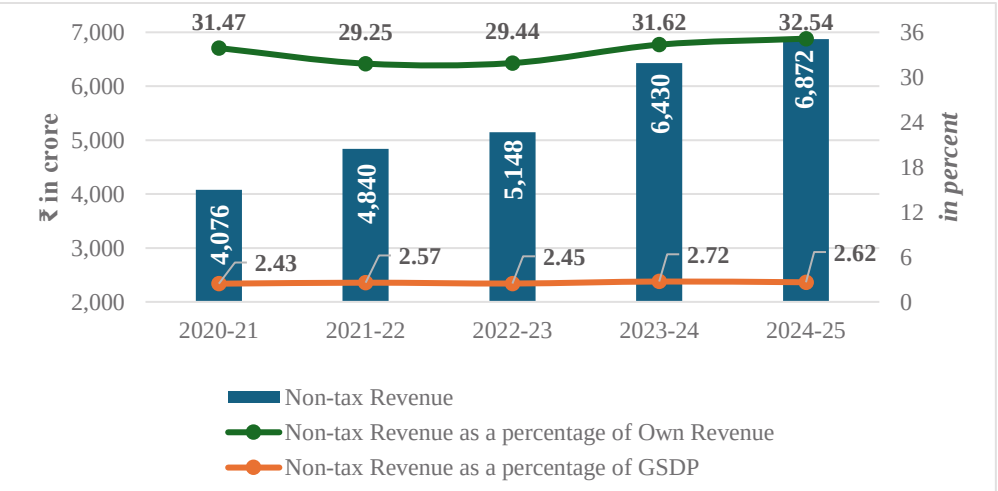
Table 1.7: Major Non-Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE, and Actuals)

(₹ in crore)

Non-Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
Interest Receipts	27.87	20	2	20.35
Dividends and Profits	31.41	200	0	130.78
Others	6,371.05	9,506	8,576	6,720.85
Total	**6,430.33**	**9,726**	**8,578**	**6,871.98**

Trends of Non-tax revenue and its components during the period 2020-21 to 2024-25 are shown in **Chart 1.12** and **Chart 1.13** respectively.

Chart 1.12: Trends in Non-Tax Revenue



Source: Finance Accounts of respective years.

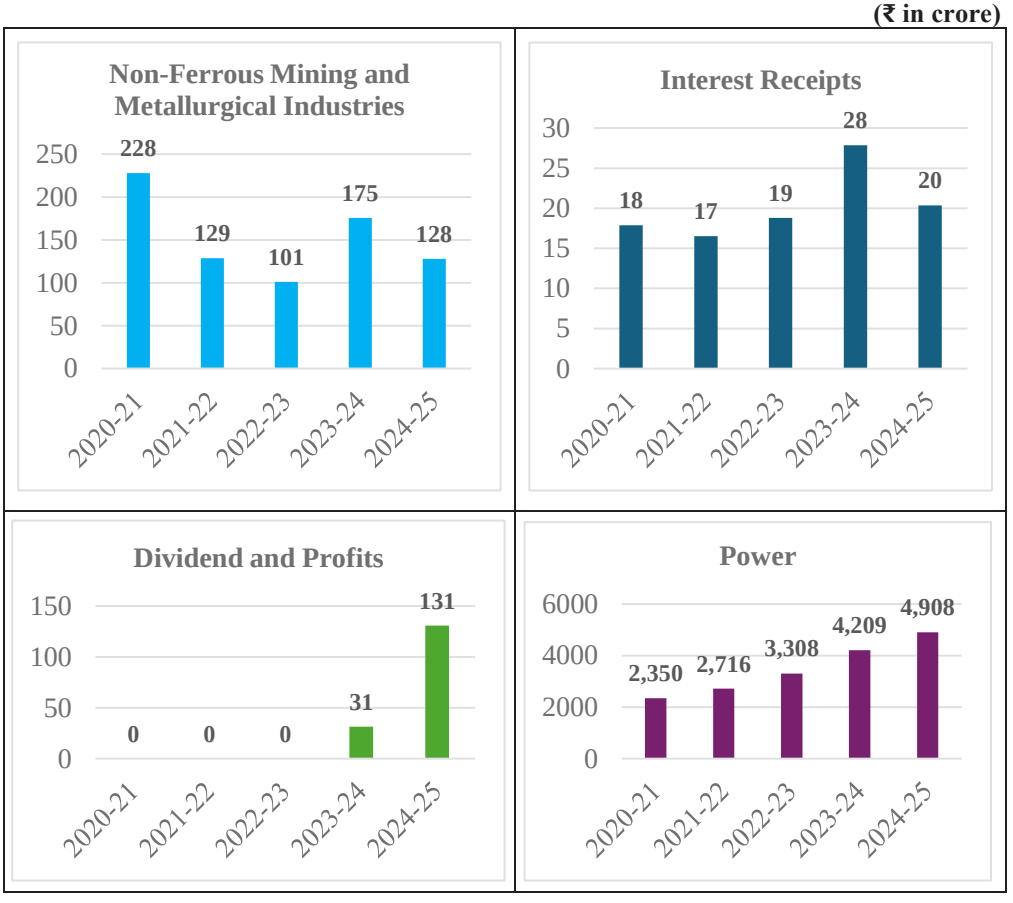
During 2024-25, there was an increase of ₹441.65 crore (6.87 *per cent*) under Non-Tax revenue with respect to 2023-24. However, it fell short of RE by more than 19 *per cent* and BE by around 29 *per cent*. Shortfall in comparison to BE and RE points towards unrealistic budgeting of Non-Tax revenue and adversely impacts the Government's capacity to plan expenditure and implement developmental programmes effectively.

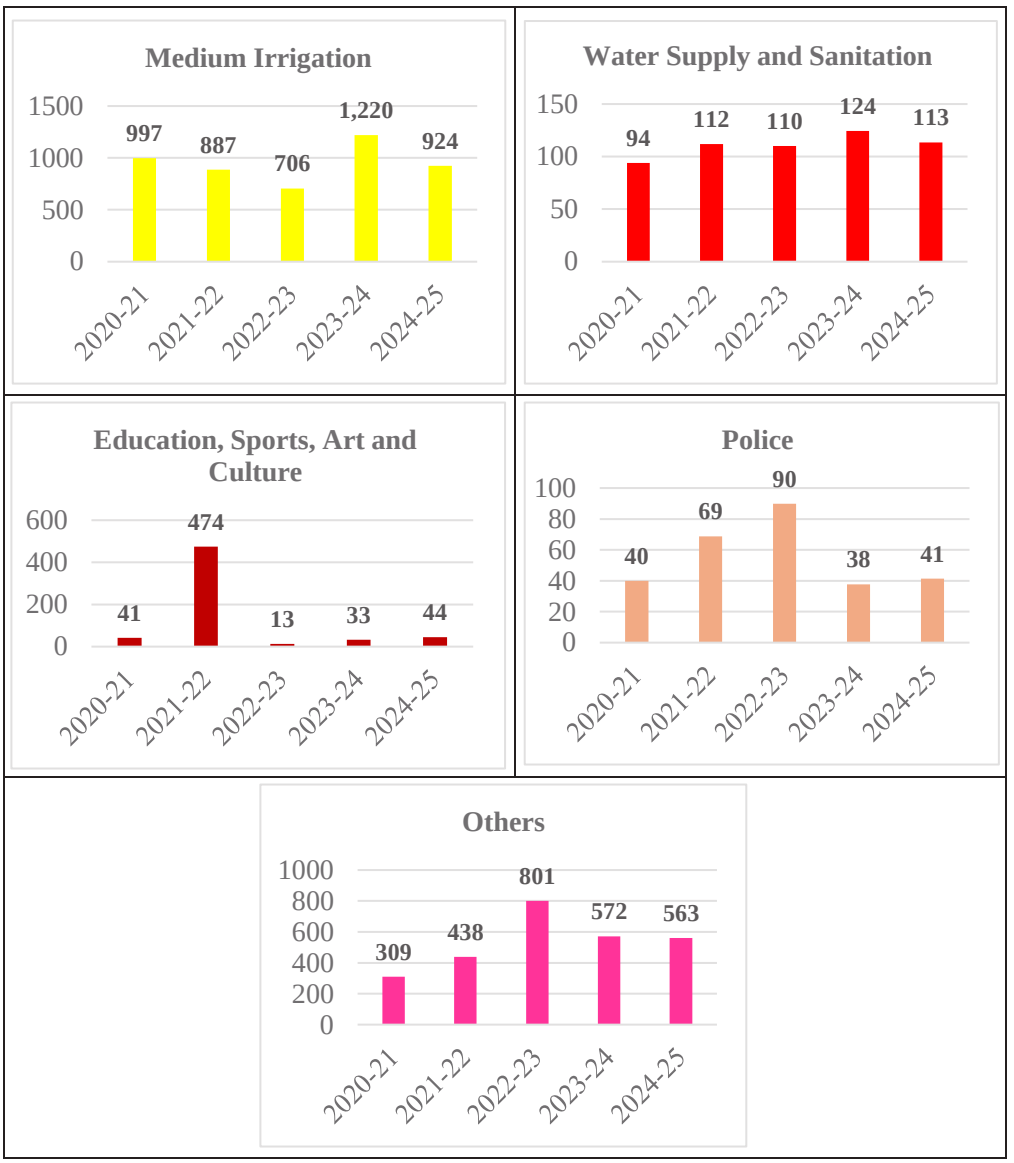
In reply, the department stated (January 2026) that efforts will be made to make budget more realistic.

The Growth rate of Non-Tax revenue (6.87 *per cent*) was less in comparison to the growth rate of GSDP (11.18 *per cent*) during 2024-25. Non-Tax revenue as a percentage of GSDP fell from 2.72 *per cent* in 2023-24 to 2.62 *per cent* in 2024-25, reflecting a weakening revenue mobilisation effort in this segment.

Chart 1.13: Major components of UT's Non-Tax Revenue

(₹ in crore)





Source: Finance Accounts of respective years

Power receipts constituted a major component of Non-Tax revenue, accounted for approximately 71 *per cent* of total Non-Tax revenue during 2024-25. Although the rates of sale of power were not revised during the year, the Government registered an increase in power receipts as compared to 2023-24. However, the receipts fell short of the budgeted target of ₹6,000 crore.

Water usage charges paid by the Hydel Power Projects continued to be a significant source of revenue under the Major Head 'Irrigation'. During 2023-24, arrears on account of water usage charges were realised from Jammu and Kashmir State Power Corporation (JKSPC). In 2024-25, however, lower water availability in reservoirs led to a decline in receipts under 'Irrigation' as compared to the previous year.

B. *Grants-in-aid from Government of India*

Trend of Grants-in-aid (GIA) from GoI and its components are shown in **Table 1.8**.

Table 1.8: Grants-in-aid from Government of India

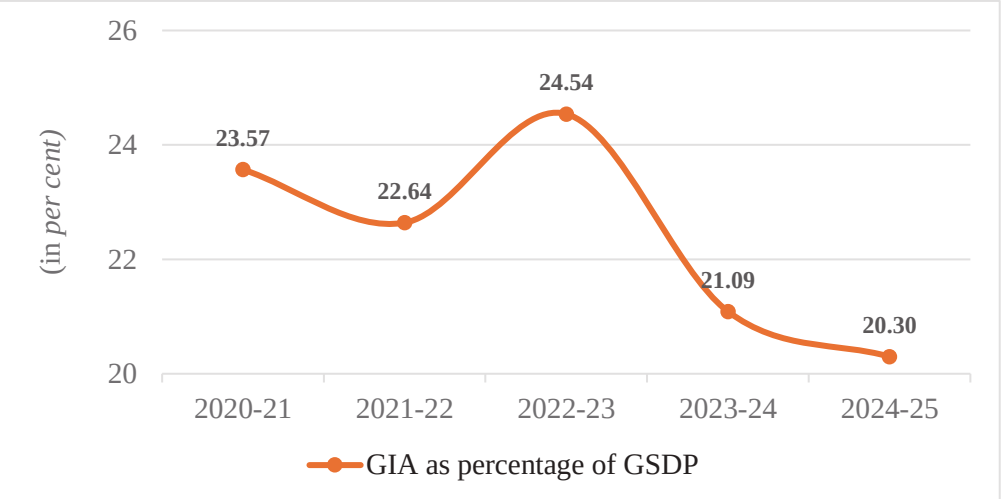
(₹ in crore)

Components	2020-21	2021-22	2022-23	2023-24	2024-25
Grants for Centrally Sponsored Plan Schemes	0	0	0	0	0
Grants for Centrally Sponsored Schemes	6,533.49	6,713.77	6,029.68	7,958.26	7,147.46
Finance Commission Grants	0	0	0	0	0
Other transfers/Grants to States/Union Territories with Legislature	33,008.62	35,977.00	45,463.25	41,815.88	46,132.34
Total	**39,542.11**	**42.690.77**	**51,492.93**	**49,774.14**	**53,279.80**

Source: Finance Accounts

Percentage of Grant-in-aid from Government of India to GSDP is given in **Chart 1.14**

Chart 1.14: Percentage of Grant-in-aid from Government of India to GSDP



Grants-in-Aid has increased from ₹49,774.14 crore in 2023-24 to ₹53,279.80 crore in 2024-25, though there was reduction in Grants for centrally sponsored schemes. During 2024-25, Grants-in-Aid from GoI constituted more than 71 *per cent* of the total Revenue receipts. It reflects UT Government's high fiscal dependence on Grants-in-Aid from Government of India.

Other transfers/Grants to States/Union Territories with Legislature of ₹46,132.34 crore was received by the UT during 2024-25, included Grants towards Jhelum and Tawi Flood Recovery Project (J&TFRP), an Externally Aided Projects (EAP) (₹170.00 crore) under Special assistance (₹46,004.17 crore).

GIA as percentage of GSDP decreased from 21.09 *per cent* in 2023-24 to 20.30 *per cent* in 2024-25, reflecting a marginal improvement in the UT's fiscal capacity and reduced relative dependence on GIA from GoI.

The UT Government agreed (January 2026) to high dependency on GIA due to very low scope for levy of tax revenue.

(i) Grants for Centrally Sponsored Schemes

Grants for Centrally Sponsored Scheme has reduced from ₹7,958.26 crore in 2023-24 to ₹7,147.46 crore in 2024-25. Out of the Grants of ₹7,147.46 crore for Centrally Sponsored Schemes during 2024-25, major allocations were made to the schemes shown in **Table 1.9**.

Table 1.9: Major Schemes receiving grants (above ₹100 crore)

(₹ in crore)

Name of the Scheme	2024-25 Amount (₹ in crore)	2023-24 Amount (₹ in crore)	Percentage change over previous year
Krishionnati Yojana	112.87	66.16	70.6
Flexible Pool for RCH and Health System Strengthening, National Health Programme and National Urban Health Mission	806.93	595.67	35.47
Infrastructure Maintenance	195.08	172.76	12.92
Modernisation of Police Forces	1,602.61	1,319.12	21.49
Swachh Bharat Mission- Rural (SBM-Rural)	185.00	241.33	-23.34
Mission for Development of 100 Smart Cities	208.25	294.00	-29.17
Mahatma Gandhi National Rural Employment Guarantee Programme	249.48	196.00	27.29
Pradhan Mantri Awas Yojana- Rural (PMAY)	288.88	1,234.69	-76.60
Pradhan Mantri Gram Sadak Yojana (PMGSY)	1,028.25	1,304.17	-21.16
Pradhan Mantri Poshan Shakti Nirman (Erstwhile National Programme of Mid-Day Meal in Schools)	119.37	136.81	-12.75
Samagra Shiksha	823.49	865.44	-4.85
Saksham Anganwadi and Poshan 2.0 (Umbrella ICDS-Anganwadi Services Poshan Abhiyan Scheme for Adolescent Girls National Creche Scheme)	662.79	530.47	24.94

Source: Finance Accounts

There was reduction mainly in PMAY (Rural) scheme. The scheme was stated to have achieved 85 *per cent* completion rate in 2024-25 indicating the substantial completion of the works for which advances were granted in previous years.

1.2.2 Capital Receipts

Capital receipts comprise miscellaneous Capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks) and loans and advances from GoI.

Trends of Capital receipts and its components during 2020-21 to 2024-25 are shown in **Table 1.10.**

Table 1.10: Trends in growth and composition of Capital receipts

(₹ in crore)

Sources of UT's Receipts	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Capital receipts	**40,653.06**	**50,200.89**	**38,115.80**	**53,488.80**	**39,733.60**
Miscellaneous Capital receipts	-	-	-	-	-
Recovery of Loans and advances	1.93	1.03	1.33	6.04	0.44
Public Debt receipts	40,633.13	50,199.86	38,114.47	53,482.76	39,733.16
*Internal Debt**	*40,450.24*	*50,199.86*	*38,114.47*	*53,482.76*	*39,733.16*
Loans and advances from GoI#	*182.89*	*0*	*0*	*0*	*0*
Year-on Year growth rates (in percent)					
GSDP	2.25	12.38	11.27	12.51	11.18
Capital receipts	NA	23.54	-24.07	40.33	-25.72
Debt Capital receipts	NA	23.54	-24.07	40.32	-25.71
Internal Debt	NA	24.1	-24.07	40.32	-25.71
Loans and advances from GoI	NA	-100	-	-	-

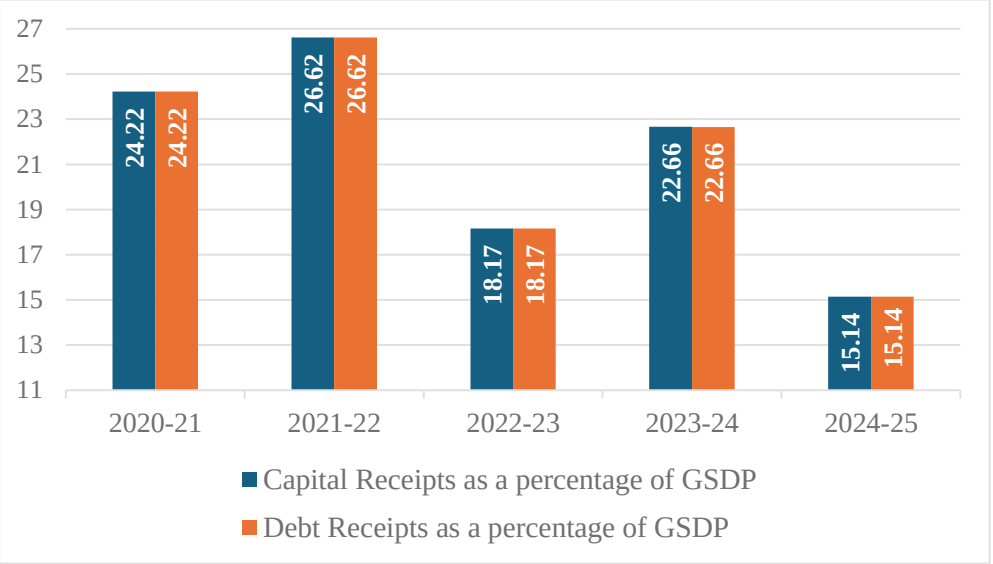
Source: Finance Accounts

** Includes Ways and Means Advance.*

 # Excludes back-to-back loans of ₹4,253.08 crore (₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively and its repayment of ₹1692.21crore in 2024-25), in lieu of GST Compensation shortfall.

Capital Receipts as percentage of GSDP is depicted in **Chart 1.15**

Chart: 1.15: Capital Receipts as percentage of GSDP



Capital receipts and Debt receipts as percentage of GSDP has declined in 2024-25 with respect to 2023-24. Reduction in Capital receipts and Debt receipts as percentage of GSDP was due to less borrowings made during 2024-25 as compared to 2023-24.

1.2.3 Expenditure

Government expenditure is classified into revenue expenditure, capital expenditure, and loans and advances. Revenue expenditure includes costs for maintenance, repairs, and day-to-day functioning of departments, including administrative and establishment expenses. Capital expenditure relates to the initial construction of projects and sanctioned improvements or additions to assets. Loans and advances comprise funds provided by the government to Public Sector Undertakings and other entities, which are recoverable over time. Details of expenditure, total expenditure as percentage of GSDP and share of its components is given in **Table 1.11, Chart 1.16** and **Chart 1.17** respectively.

Table 1.11: Total expenditure and its composition

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total expenditure (TE)	63,190.77	70,390.14	73,832.65	78,721.81	82,547.28
Revenue expenditure (RE)	52,633.75	59,269.33	62,999.34	66,621.47	70,472.13
Capital expenditure (CE)	10,470.38	11,047.04	10,773.78	12,088.85	12,060.06
Loans and advances	61.64	73.77	59.53	11.49	15.09
Appropriation to contingency fund	25.00	-	-	-	-

Source: Finance Accounts

Total expenditure increased by ₹19,356.51 crore (30.63 *per cent*) from ₹63,190.77 crore in 2020-21 to ₹82,547.28 crore in 2024-25. However, the ratio of total expenditure to GSDP during this period consistently decreased from 37.66 *per cent* to 31.45 *per cent*. Reduction in total expenditure as percentage of GSDP indicates that growth of the economy has become relatively less dependent on Government expenditure.

Chart 1.16: Total Expenditure as Percentage of GSDP

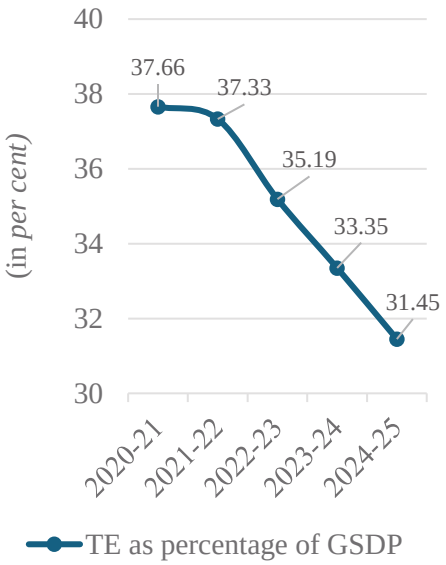
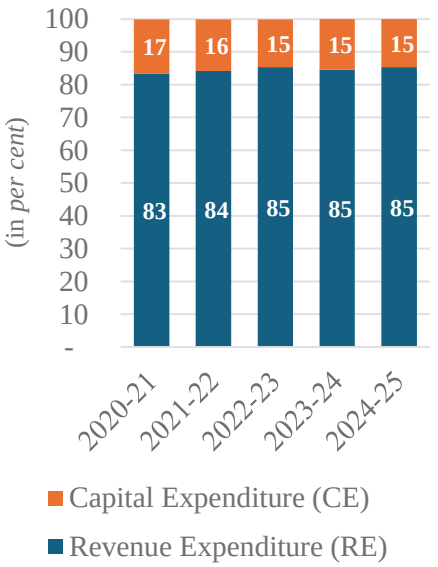


Chart 1.17: Share of components in Total Expenditure



Source: Finance Accounts

Revenue expenditure constituted a sizeable proportion of total expenditure, and it ranged between 83 to 85 *per cent* during FY 2020-25. Out of the total expenditure of ₹ 82,547.28 crore incurred by the UT during the FY 2024-25, a major portion of ₹70,472.13 crore pertained to Revenue expenditure which accounted for 85 *per cent* of Total expenditure. The proportion of Capital expenditure to the total expenditure, on the other hand, decreased from 17 *per cent* in 2020-21 to 15 *per cent* in 2024-25. The predominance of Revenue expenditure indicates a high level of committed and administrative spending, which constrains fiscal flexibility and limits the resources available for capital creation and developmental activities.

Sector-wise Total expenditure

Sector-wise composition of expenditure is given in **Table 1.12** and relative share of various sectors in total expenditure is depicted in **Chart 1.18**.

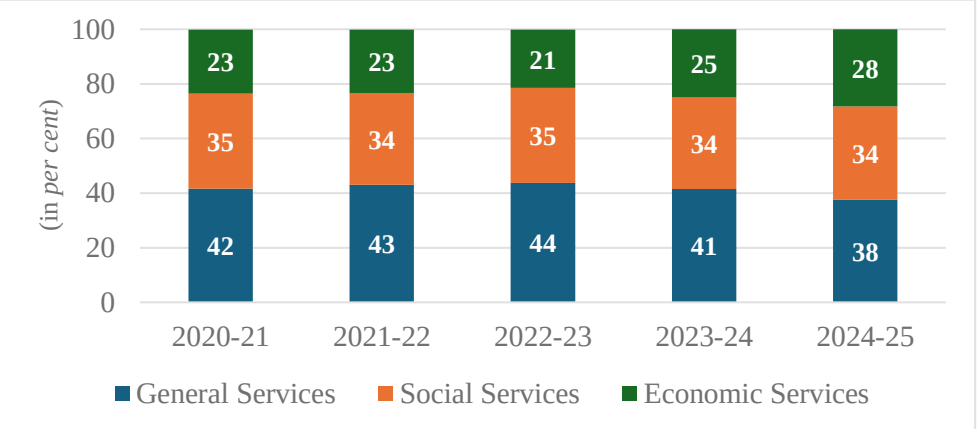
Table 1.12: Sector-wise Total expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	26,297.40	30,298.89	32,260.50	32,682.13	31,041.17
Social Services	21,964.27	23,655.75	25,697.79	26,398.12	28,233.77
Economic Services	14,842.46	16,361.73	15,814.83	19,630.07	23,257.25
Grants to Local Bodies	0.00	0.00	0.00	0.00	0.00
Loans and Advances	61.64	73.77	59.53	11.49	15.09

Source: Finance Accounts

Chart 1.18: Relative share of various sectors in Total expenditure



Source: Finance Accounts

Relative share of various components of expenditure in the total expenditure showed significant fluctuation. Although the share of General services in total expenditure remained the highest throughout, the combined share of Social and Economic services which represented developmental expenditure improved from 59 *per cent* in 2023-24 to 62 *per cent* in 2024-25.

1.2.3.1 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the UT's infrastructure and service network. Growth of revenue expenditure, its ratio to total expenditure, GSDP and revenue receipts are shown in **Table 1.13**.

Table 1.13: Revenue expenditure – Basic Parameters

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total expenditure (TE)*	63,165.77	70,390.14	73,832.65	78,721.81	82,547.28
Revenue expenditure (RE)	52,633.75	59,269.33	62,999.34	66,621.47	70,472.13
RE as percentage of Revenue Receipts	100.26	100.05	91.34	95.03	94.72
RE as percentage of TE	83.33	84.20	85.33	84.63	85.37

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
RE/GSDP (*per cent*)	31.37	31.43	30.03	28.22	26.85
Year-on-year growth (in *per cent*)					
Revenue expenditure	NA	12.61	6.29	5.75	5.78
GSDP Growth	2.25	12.38	11.27	12.51	11.18

Source: Finance Accounts
**Does not include appropriation to Contingency Fund*

Revenue expenditure increased by ₹17,838.38 crore (33.89 *per cent*) from ₹52,633.75 crore in 2020-21 to ₹70,472.13 crore in 2024-25. However, the percentage of Revenue expenditure to GSDP decreased from 31.37 *per cent* in 2020-21 to 26.85 *per cent* in 2024-25, indicating that while Revenue expenditure continued to rise in absolute terms, its growth was outpaced by the expansion of the overall economy.

A. Sector-wise Revenue expenditure

Sector-wise composition of Revenue expenditure is given in **Table 1.14** and Relative share of various sectors in Revenue expenditure is depicted in **Chart 1.19**. Detailed Sector-wise expenditure is given in ***Appendix 1.2***.

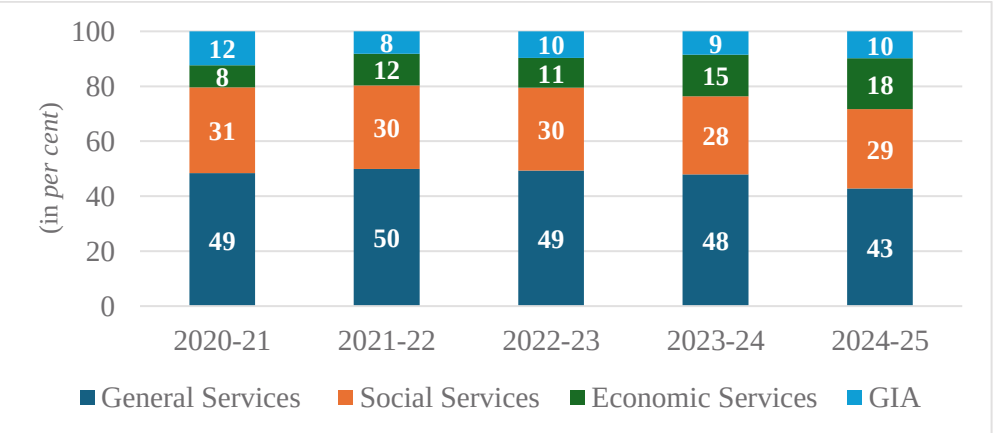
Table 1.14: Sector-wise Revenue expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	25,461.88	29,567.10	31,080.57	31,934.59	30,166.66
Social Services	16,472.09	18,044.76	18,979.68	18,957.30	20,322.86
Economic Services	4,229.50	6,850.23	6,849.69	10,035.55	13,075.42
Grants-In-Aid and Contributions	6,470.28	4,807.24	6,089.40	5,694.03	6,907.19

Source: Finance Accounts

Chart 1.19: Relative share of various sectors in Revenue expenditure



Source: Finance Accounts

Revenue expenditure increased by ₹3,850.66 crore (5.78 *per cent*) from ₹66,621.47 crore in 2023-24 to ₹70,472.13 crore in 2024-25. Expenditure on

Economic and Social Sector is considered as development expenditure, the combined share of Revenue expenditure on Economic and Social services has improved from 43 *per cent* in 2023-24 to 47 *per cent* in 2024-25. Expenditure on General Services which is administrative expenses, has reduced significantly during 2024-25 which is primarily due to bearing of expenditure of 'Police' and 'Public order' of UT of J&K by the Ministry of Home, Government of India.

B. Committed Expenditure

The committed expenditure of the UT Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. It has first charge on Government resources. The components of committed expenditure are given in **Table 1.15** and committed expenditure as a percentage of revenue receipts and remaining fiscal space for other expenditure is given in **Chart 1.20.**

Table 1.15: Components of Committed expenditure

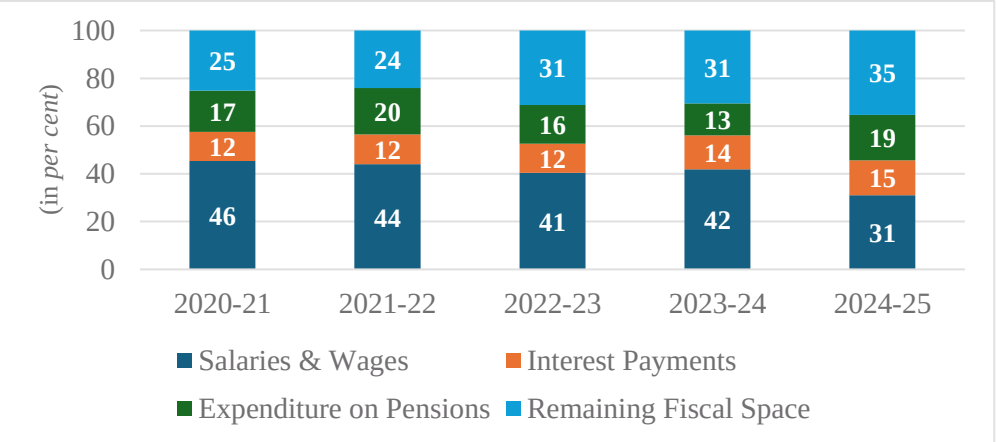
(₹ in crore)

Components of Committed expenditure	2020-21	2021-22	2022-23	2023-24	2024-25
Salaries & Wages	23,851.70	26,077.64	27,839.07	29,381.81	23,099.56
Expenditure on Pensions	9,078.11	11,563.00	11,142.38	9,396.24	14,155.07
Interest Payments	6,372.46	7,360.31	8,493.82	9,924.96	10,874.51
Total	**39,302.27**	**45,000.95**	**47,475.27**	**48,703.01**	**48,129.14**
Committed expenditure as a percentage of Revenue expenditure	**74.67**	**75.93**	**75.36**	**73.10**	**68.30**

Source: Finance Accounts

Upward trend on Committed expenditure leaves the Government with lesser flexibility for the development sector. Although there was marginal decrease of ₹573.87 crore (1.18 *per cent*) in committed expenditure during 2024-25 in comparison to the previous year, committed expenditure as a percentage of Revenue Expenditure declined significantly from 73.10 *per cent* in 2023-24 to 68.30 *per cent* in 2024-25 indicating an improvement in fiscal space available to the Government for non-committed and developmental expenditure. The increase in pension outgo was mainly due payment of arrears of previous years. The expenditure on salaries decreased mainly due to taking over the expenditure of 'Police' and 'Public order' by GoI during 2024-25.

Chart 1.20: Committed expenditure as a percentage of Revenue receipts and remaining Fiscal space



Source: Finance Accounts

The percentage of Non-Committed expenditure to Revenue receipts during 2020-21 to 2024-25 ranged between 24 *per cent* and 35 *per cent*. It shows that major portion of Revenue receipts was exhausted to meet Committed expenditures. Percentage of Committed expenditure to revenue expenditure remained around 75 *per cent* during 2020-21 to 2022-23. However, it showed a declining trend from 75.36 *per cent* in 2022-23 to 68.30 *per cent* in 2024-25. Reduction in committed expenditure was due to reduction in expenditure on Salary during 2024-25. The reduction in committed expenditure gave additional fiscal space which can be utilized for clearing interest liability and strengthening fiscal sustainability.

C. Subsidies

The subsidies during the current year increased by ₹ 22.28 crore (47.10 *per cent*) from the previous year. The increase was mainly due to increase of ₹34.21 crore on account of subsidy under Industries and Commerce department. Department-wise major subsidies for FYs 2020-21 to 2024-25, are shown in **Table 1.16**.

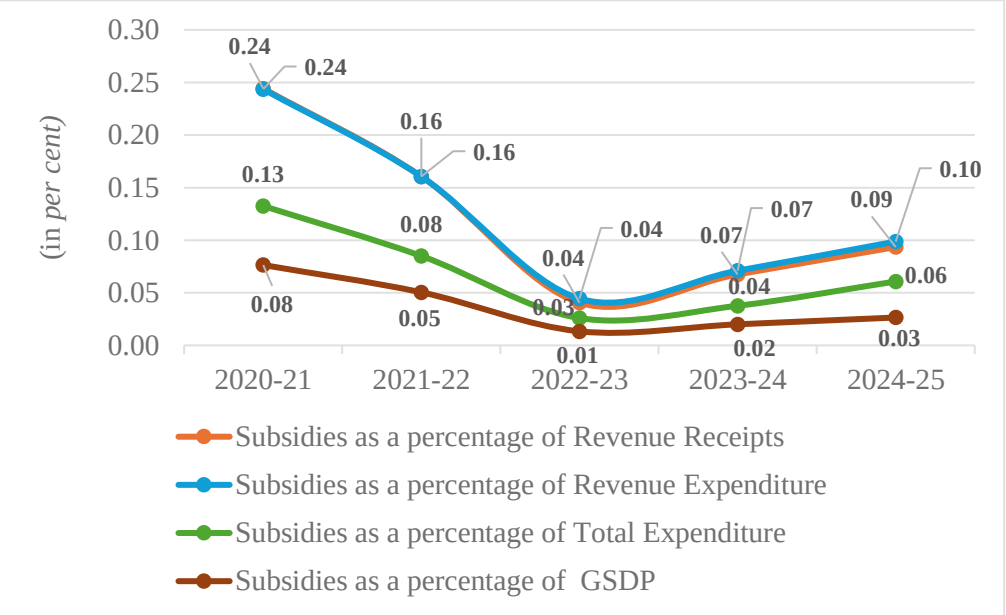
Table 1.16: Department-wise Subsidies during FYs 2020-21 to 2024-25

(₹ in crore)

Sl. No.	Departments	2020-21	2021-22	2022-23	2023-24	2024-25
1	Agriculture	21.56	5.94	0.0056	0	0
2	Horticulture	104.93	88.72	28.02	46.45	33.03
3	Transport	1.75	0.50	0	0.85	0.15
4	General Administration	0	0	0	0	2.19
5	Industries and Commerce	0	0	0	0	34.21
Total Subsidy		**128.24**	**95.16**	**28.03**	**47.3**	**69.58**

Source: Finance Accounts of respective years

Chart 1.21: Trend analysis of subsidies



Subsidies did not form a major component of expenditure for UT as it constituted only between 0.03 *per cent* & 0.13 *per cent* of the Total expenditure during 2020-21 to 2024-25.

D. Financial assistance by the UT Government to Local Bodies and Other Institutions

Assistance provided by way of grants to the local bodies and other institutions during the period 2020-21 to 2024-25 is presented in **Table 1.17.**

Table 1.17: Financial assistance to Local Bodies and other institutions

(₹ in crore)

Institutions	2020-21	2021-22	2022-23	2023-24	2024-25
(A) Local Bodies					
Municipal Corporations	502.15	388.43	819.87	722.61	1,103.82
Others	356.32	256.03	330.66	339.29	103.88
Total (A)	**858.47**	**644.46**	**1,150.53**	**1,061.9**	**1,207.7**
(B) Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2,256.56	2,205.67	2,792.66	2,486.76	2,047.76
Development Authorities	68.43	71.08	77.92	34.6	48.93
Jammu and Kashmir Power Companies	2,759.98	1,188.23	1,286.88	1,290.72	1,373.03
Other Institutions	588.42	761.41	972.52	967.77	2,302.89
Total (B)	**5,673.39**	**4,226.39**	**5,129.98**	**4,779.85**	**5,772.61**
Total (A+B)	**6,531.86**	**4,870.85**	**6,280.51**	**5,841.75**	**6,980.31**

Institutions	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue expenditure	**52,633.75**	**59,269.33**	**62,999.34**	**66,621.47**	**70,472.13**
Assistance as percentage of Revenue expenditure	12.41	8.22	9.97	8.77	9.91

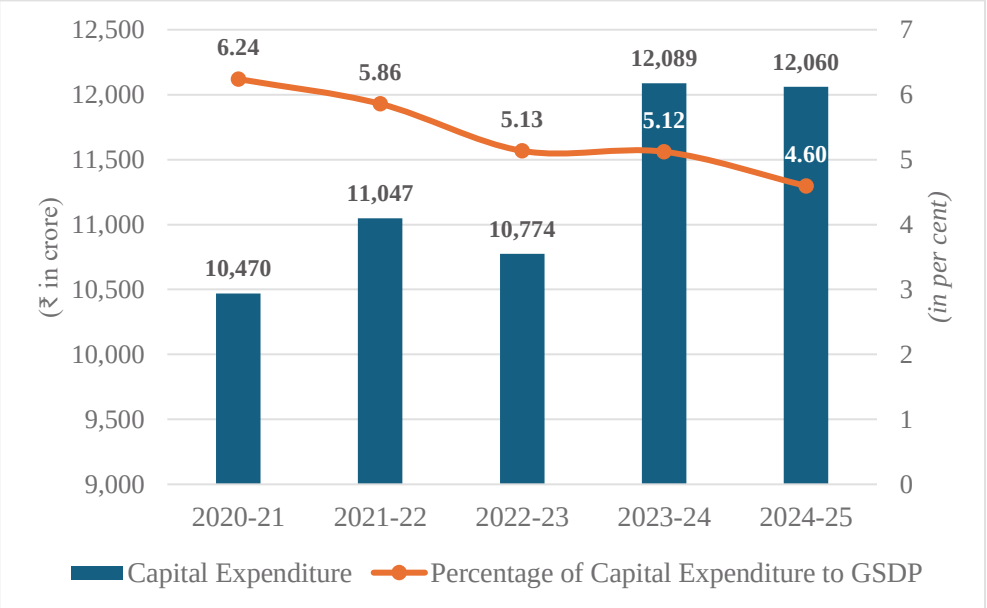
Source: Finance Accounts

During the current year, financial assistance to the local bodies and other institutions increased by ₹1,138.56 crore (19.49 *per cent*) over the previous year. The increase was mainly due to increase in assistance to Jammu and Kashmir Power Companies (₹82.31 crore, 6.38 *per cent*) and other institutions (₹1,335.12 crore, 137.96 *per cent).* The overall quantum of financial assistance to the local bodies and other institutions as percentage to revenue expenditure increased to 9.91 *per cent* during the current year from 8.77 *per cent* in the previous year, indicating a higher allocation of resources towards institutional support.

1.2.3.2 Capital Expenditure

Capital expenditure is primarily expenditure on creation of fixed infrastructure assets, such as roads, buildings, *etc*. Capital expenditure, in both the Centre and the UT, is being met through budgetary support and extra budgetary resources/ off-budget borrowings. It also includes investments made by the UT Government in Companies/Corporations. Trend of Capital expenditure in the UT over the last five years *i.e.* 2020-25 is given in **Chart 1.22**.

Chart 1.22: Capital expenditure in the Union Territory



Source: Finance Accounts of respective years

Capital expenditure has reduced from ₹12,089 crore in 2023-24 to ₹12,060 crore in 2024-25. Further, percentage of Capital expenditure as percentage of

GSDP has reduced from 5.12 *per cent* in 2023-24 to 4.60 *per cent* in 2024-25, indicating a relative slowdown in capital formation by the Government. However, percentage of Capital expenditure to Public debt receipt has increased from 22.60 *per cent* in 2023-24 to 30.35 *per cent* in 2024-25, mainly due to reduction in Public debt receipts.

The Government has been making budgetary provisions for Capital works of State Public Sector Undertakings (SPSUs) under its own Capital Head of Accounts. An expenditure of ₹554.24[4] crore was booked under this head towards works executed for SPSUs. However, since the assets created belong to the SPSUs and not the Government, such expenditure from the Government's Capital Head is in violation of the note below Rule 30(1) of Government Accounting Rules (GAR), 1990. This practice has also led to an over-estimation in the Government's Capital expenditure without corresponding addition of Government-owned Capital assets, thereby distorting the true depiction of Capital formation in Government accounts.

On being pointed out it was replied (January 2026) that the expenditure on account of SPSUs is being incurred as Government support to these SPSUs to become self-reliant. The Capital expenditure on these SPSUs shall be considered by the Government as equity at appropriate time.

The reply is not tenable, as the expenditure could be considered as capital only when it is converted as equity.

A. Sector-wise Capital Expenditure

Sector-wise composition of Capital expenditure is given in **Table 1.18 and Chart 1.23**. Detailed Sector-wise expenditure is given in ***Appendix 1.2.***

Table 1.18: Sector-wise Capital expenditure

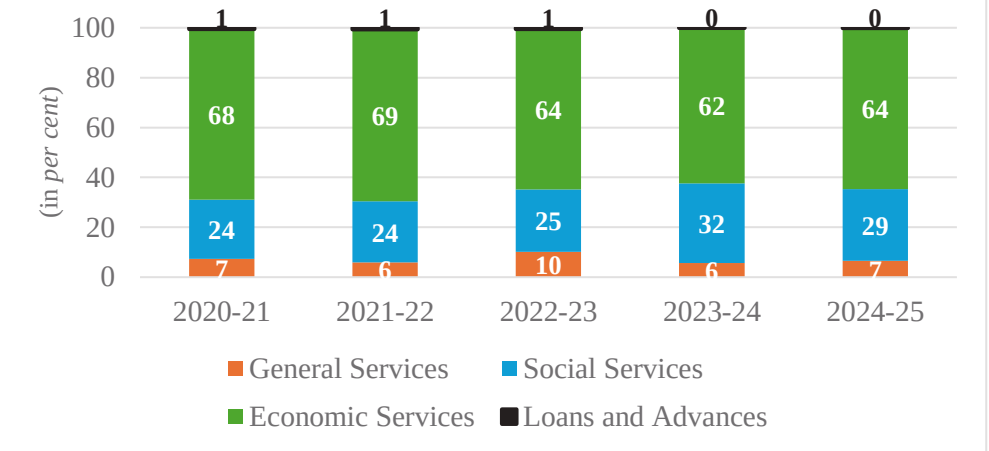
(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	776.24	659.03	1,098.38	683.93	795.59
Social Services	2,492.57	2,722.61	2,713.42	3,860.94	3,465.91
Economic Services	7,201.57	7,665.40	6,961.98	7,543.98	7,798.56
Loans & Advances	61.64	73.77	59.53	11.49	15.09

Source: Finance Accounts

[4] JKDISCOMs: ₹539.22 crore, JKTDC: ₹2.56 crore and JKHPMC ₹12.46 crore

Chart 1.23: Relative share of various sectors in Capital expenditure



Source: Finance Accounts

Economic services had the major share in Capital expenditure followed by social services throughout 2020-25. Expenditure on Economic and Social Sector is considered as development expenditure, the combined share of Capital expenditure on Economic and Social services remained at 93 *per cent* in FY 2024-25.

B. Quality of investments in the companies, corporations and other bodies

As of 31st March 2025, the UT Government's investment in companies, corporations and other bodies stood at ₹605.10 crore, comprising Government Companies (₹72.26 crore), Co-operative Societies (₹ 236.50 crore), Statutory Corporations (₹193.91 crore) and Rural Banks (₹102.43 crore). There is also investment of ₹3,426.75 crore made by erstwhile State of Jammu and Kashmir which is yet to be apportioned between UT of Jammu and Kashmir and UT of Ladakh.

Trends of investment at the end of the year in companies, corporations, and co-operative banks and societies, and return on these investment is depicted in **Chart 1.24**. Rate of return on investment made *vis-à-vis* average rate of interest on government borrowing is depicted in **Chart 1.25.**

Chart 1.24: Investment and Return

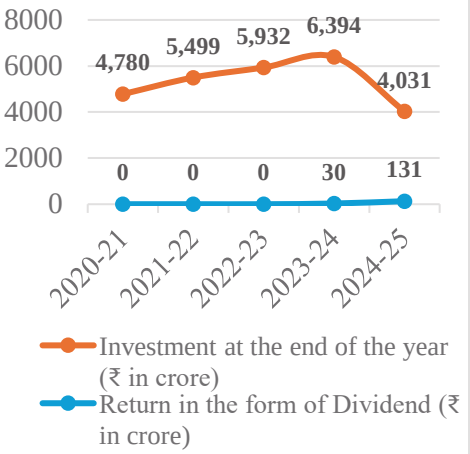
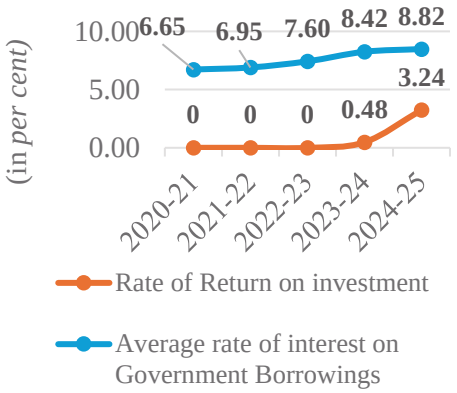


Chart 1.25: Rate of return on investment vis-a-vis average rate of interest on Government Borrowings



During 2024-25, the return on investment was ₹130.78 crore (3.24 *per cent*). The return was only between zero *per cent* and 3.24 *per cent* during 2020-25 while the rate of interest paid by the UT Government on its borrowings was between 6.65 *per cent* and 8.82 *per cent* during the same period. Over the past five years, the difference in cost of Government borrowings and return on investments in PSUs was to the tune of ₹1,883.60 crore, reflecting the low financial returns on invested capital.

An amount of ₹4,031.25 crore was invested in 52 SPSUs up to FY 2024-25 (including investment made by erstwhile State of Jammu and Kashmir). Out of 52 PSUs, only one PSUs gave return of ₹130.78 crore during the F.Y 2024-25 which was only 3.24 *per cent* of total investment including investment of erstwhile State. However, Government borrowed funds at an average rate of interest of 8.82 *per cent* during 2024-25, indicating that investments in PSUs have not been generating commensurate returns, thereby imposing an implicit cost on Government finances.

Lack of Dividend Policy and Its Impact

A well-defined dividend policy mandating a minimum return from profit-making enterprises, enables the Government to optimise its returns from investments in SPSEs and enhances monitoring of the SPSEs financial performance. It was observed that the UT of Jammu and Kashmir has not formulated or enforced a dividend policy for its Public Sector Undertakings (PSUs). During last two years, only Jammu and Kashmir Bank has given dividend to Government. No other company has given dividend to the Government. This has resulted in persistently nil/low returns ranging zero to

3.24 *per cent* during the last five years on the government's substantial equity investments, undermining the potential for non-tax revenue generation.

In reply, the Department stated (January 2026) that targets shall be given to PSUs to earn profit and dividend policy will also be framed.

C. Loans and Advances by UT Government

In addition to the investments in co-operative societies, corporations and companies, the UT Government has also been providing loans and advances to many institutions/organisations. **Table 1.19** presents the position of outstanding loans and advances as on 31st March 2025 and interest receipts *vis-à-vis* interest payments by the UT Government on its borrowings during the last five years.

Table 1.19: Quantum of loans disbursed and recovered during 2020-25

(₹ in crore)

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
Opening Balance of loans outstanding*	35.80 (1,740.44)	95.51 (1,740.44)	168.26 (1,740.44)	226.46 (1,740.44)	231.91 (1,740.44)
Amount advanced during the year	61.64	73.77	59.53	11.49	15.09
Amount recovered during the year	1.93	1.03	1.33	6.04	0.44
Closing Balance of the loans outstanding*	95.51 (1,740.44)	168.25 (1,740.44)	226.46 (1,740.44)	231.91 (1,740.44)	246.56 (1,740.44)
Net addition	59.71	72.74	58.2	5.45	14.65
Interest received	Nil	0.13	0.47	2.21	0.7
Interest rate on Loans and Advances given by the Government	Nil	0.08	0.21	0.95	0.28
Average rate of interest on Government Borrowings** (*per cent*)	6.65	6.95	7.60[5]	8.42[6]	8.82[7]

[5] Interest paid ₹8,242.92 crore on public borrowings during 2022-23 as *per cent* of Average Public debt and other liabilities of UT and erstwhile State excluding back-to-back loans received from GoI in lieu of GST Compensation ((OB: ₹1,06,926.76 crore + CB: ₹1,09,997.14 crore)/2 = ₹1,08,461.95 crore).

[6] Interest paid ₹9,626.79 crore on public borrowings during 2023-24 as *per cent* of Average Public debt and other liabilities of UT and erstwhile State excluding back-to-back loans received from GoI in lieu of GST Compensation ((OB: ₹1,09,997.14 crore + CB: ₹1,18,792.68 crore)/2 = ₹1,14,394.91 crore).

[7] Interest paid ₹10,854.38 crore on public borrowings during 2024-25 as *per cent* of Average Public debt and other liabilities of UT and erstwhile State excluding back-to-back loans received from GoI in lieu of GST Compensation ((OB: ₹1,18,792.68 crore + CB: ₹1,27,216.38 crore)/2 = ₹1,23,004.53 crore).

Difference between the rate of interest received and interest paid (*per cent*)	(-) 6.65	(-) 6.87	(-) 7.39	(-) 7.47	(-)8.54

Source: Finance Accounts

**Figures in brackets are the balances of Outstanding loans of the erstwhile State of Jammu and Kashmir as on 30th October 2019, yet to be apportioned between the two newly created UTs.*

***Worked out on borrowings including Outstanding borrowings of the erstwhile State (₹82,050.50 crore) which is to be apportioned between successor UTs, but excluding Back to Back loans in lieu of GST compensation (2020-25: ₹4,253.08 crore)*

During the year 2024-25, the Government of UT of Jammu and Kashmir disbursed loans and advances of ₹15.09 crore and recovered loans and advances amounting to ₹0.44 crore. Recoveries of Loans and Advances are not forthcoming from loss-making public-sector undertakings, resulting in progressive accumulation of outstanding loans and locking up of Government funds in non-performing assets.

The Government of UT of Jammu and Kashmir had total outstanding loans and advances of ₹231.91 crore ending 31st March 2024 which increased to ₹246.56 crore at the end of 31st March 2025. In addition, there were Loans and Advances of ₹1,740.44 crore disbursed by the Government of the erstwhile State which were outstanding as on 30th October 2019 and are yet to be divided between the UT of Jammu and Kashmir and UT of Ladakh.

The quantum of loans and advances disbursed by the Government has not yielded commensurate returns during the period 2020-25. The low recovery of loans and advances disbursed underscores the need for the Government to strengthen monitoring mechanisms and enforce effective recovery measures to ensure better realisation of loans and accrued interest.

In reply, the department stated (January 2026) that Government has substantially decreased the amount of loans disbursed during last four years and the funds are released to PSUs as loans for more accountability.

1.3 Contingency Fund

The Contingency Fund of the Government of UT of J&K is intended to provide advances for meeting unforeseen expenditure, pending its authorisation by the UT Legislature. The fund is recouped once the Legislature approves the additional expenditure. The corpus of the Contingency Fund of UT is ₹25 crore.

1.4 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Section 68(1) of Jammu and Kashmir Re-organisation Act, 2019 and are not subject to vote by the UT Legislature. The balance after

disbursements during the year is the fund available with the Government for use for various purposes.

1.4.1 Net Public Account Balances

The component-wise net balances in Public Account of the UT is given in **Table 1.20**.

Table 1.20: Component-wise net balances in Public Account

(₹ in crore)

Sector	Sub Sector	2020-21	2021-22	2022-23	2023-24	2024-25
Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-2,185.97 (-27,161.62)	-1,591.41 (-27,161.62)	-1,017.71 (-25,735.23)	-2,165.98 (-25,735.23)	-2,094.81 (-25,735.23)
Reserve Funds	(a) Reserve Funds bearing Interest	-780.89 (-1,260.62)	-873.86 (-1,260.62)	- 1,183.99 (-1,260.62)	- 1,619.06 (-1,260.62)	-2,349.38 (-1,260.62)
	(b) Reserve Funds not bearing Interest	9.76 (-1,533.95)	-46.27 (-1,533.95)	-111.74 (-1,533.95)	-188.05 (-1,533.95)	-247.24 (-1,533.95)
Deposits and Advances	(a) Deposits bearing Interest	-474.74 (-53.67)	-495.52 (-53.67)	-501.79 (-53.67)	-692.41 (-53.67)	-538.49 (-53.67)
	(b) Deposits not bearing Interest	-880.79 (-6,860.56)	-1,190.52 (-6,860.56)	-1,891.30 (-6,800.82)	-2,145.76 (-6,800.82)	-2,183.34 (-6,800.82)
	(c) Advances	0 (12.69)	0 (12.69)	0 (12.69)	0 (12.69)	0 (12.69)
Suspense and Miscellaneous	(b) Suspense	-121.14 (344.15)	-249.38 (344.15)	-538.23 (344.15)	-508.02 (344.15)	-70.82 (344.15)
	(c) Other Accounts	-0.0002 (389.01)	0.0004 (389.01)	-0.0004 (389.01)	150.95 (389.01)	0.0003 (389.01)
Remittances	(a) Money Orders, and other Remittances	-632.57 (-2,856.74)	689.07 (-2,856.74)	689.12 (-2,856.74)	689.12 (-2,856.74)	689.12 (-2,856.74)
	(b) Inter-Governmental Adjustment Account	-1.93 (9.26)	9.25 (9.26)	-1.45 (9.26)	8.29 (9.26)	-0.86 (9.26)
Total		**-5,068.27** **(-38,972.05)**	**-3,748.64** **(-38,972.05)**	**-4,557.09** **(-37,485.92)**	**-6,470.92** **(-37,485.92)**	**-6,795.81** **(-37,485.92)**

Source: Finance Accounts

Note: *+ive denotes debit balance and –ive denotes credit balances. The figures in brackets indicate balances of the erstwhile State of Jammu and Kashmir yet to be apportioned between the two newly created UTs.*

The total credit balance under Public Account of UT of Jammu and Kashmir was ₹6,795.81 crore ending 31st March 2025. There was also a credit balance of ₹37,485.92 crore ending 30th October 2019 under Public Account of the erstwhile State of Jammu and Kashmir, which is yet to be bifurcated between the UT of Jammu and Kashmir and UT of Ladakh.

1.4.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State/UT Government. These funds are met with contributions or grants from the Consolidated Fund or from outside agencies. It comprises interest bearing reserve funds and reserve funds not bearing interest.

There were two interest bearing funds and five Reserve Funds not bearing interest as on 31st March 2025. The fund balances lying in these Reserve Funds as on 31st March 2025 are given in **Table 1.21**.

Table 1.21: Detail of Major Reserve Funds

(₹ in crore)

Name of Reserve fund	Opening Balance	Receipts during the year	Interest receipts	Repayments during the year	Balance as on 31st March 2025
Reserve Funds bearing Interest					
State Disaster Response Fund	814.50	442.57	0	29.11	1,227.96
State Compensatory Afforestation Fund	804.56	478.58	0	161.72	1,121.42
Reserve Funds not bearing Interest					
Sinking Fund	232.05	73.62	0	0	305.67
Other Development and Welfare Funds	-108.73	0.01	0	0.14	-108.86
General Insurance Fund-Janta Insurance	37.22	0.06	0	0	37.28
Guarantee Redemption Fund	7.00	54.20	0	0	61.20
Other Funds	20.51	10.81	0	5.05	26.27
Grand Total	**1,807.11**	**1,059.84**	**0**	**196.02**	**2,670.93**

Source: Finance Accounts

Note: Balances ending 30th October 2019 of erstwhile State were not apportioned between the two UTs (UT of Jammu & Kashmir and UT of Ladakh); as such, opening balance of UT of Jammu & Kashmir has been taken as zero, due to which there was negative closing balances.

A. Reserve Funds bearing Interest

State Disaster Response Fund (SDRF)

In terms of guidelines on constitution and administration of the State Disaster Response Fund (under Major Head- '8121-General & Other Reserve Funds' which is under interest bearing section), the Central and State Governments are required to contribute to the fund in the proportion of 90:10. On re-organisation of the State of Jammu and Kashmir into two new Union Territories, the Government of UT of Jammu and Kashmir continued with the State Disaster Response Fund. During the year 2024-25, the Government of UT of Jammu and Kashmir received ₹279.00 crore on account of 'Grants

towards contribution to UT Disaster Response Fund' as released by the Ministry of Home Affairs, Government of India. The UT Government share during the year was ₹31.00 crore. The Government transferred ₹310.00 crore (Central share ₹279.00 crore, UT share ₹31.00 crore), to the Fund under Major Head 8121-122 SDRF. Further, an amount of ₹132.57crore was also credited to the Fund on account of interest.

An amount of ₹29.11crore was set off under Major Head 2245 as expenditure met from the Fund and no amount was invested from the Fund. The closing balance in the Fund as on 31st March 2025 was ₹1,227.96 crore.

Besides, there is a balance of ₹1,271.48 crore as on 30th October 2019 (pre-reorganisation) which is yet to be apportioned between the UT of Jammu and Kashmir and UT of Ladakh.

State Compensatory Afforestation Fund

In compliance with the instructions issued by the Ministry of Environment, Forests and Climate Change, Government of India, the State Governments are required to establish the State Compensatory Afforestation Fund (SCAF) under interest bearing section in Public Account of the State/UT for amounts received from user agencies for undertaking Compensatory Afforestation.

On re-organisation of erstwhile State of Jammu and Kashmir into two new Union Territories, the successor UT of Jammu and Kashmir continued with the State Compensatory Afforestation Fund. During the year 2024-25, the Government of UT of Jammu and Kashmir received ₹0.24 crore (₹1.20 crore in previous year) from the user agencies. No amount was remitted to the National Fund during 2024-25. The Government of UT of Jammu and Kashmir received ₹150.98 crore (₹39.99 crore in previous year) from National Compensatory Afforestation Deposit.

The Government incurred an expenditure of ₹161.72 crore from the Fund and no amount was invested during the year.

The balance in the State Compensatory Afforestation Fund (MH-8121-129) as on 31st March 2025 was ₹1,121.42 crore. There is also balance of ₹142.27 crore in State Compensatory Afforestation Deposit under classification 8336-103 as on 31st March 2025 pending transfer to State Compensatory Afforestation Fund/National Fund.

(B) Reserve Funds not bearing Interest:

Consolidated Sinking Fund

The Government of UT of Jammu and Kashmir set up the Consolidated Sinking Fund in 2023-24 for amortization of loans. According to the guidelines of the Fund, UT may contribute a minimum of 0.5 *per cent* of their outstanding liabilities (Internal debt + Public Account) at the end of the previous year to the Consolidated Sinking Fund. During the year 2024-25, Government contributed ₹72.51 crore to the fund against the required contribution of ₹185.48 crore. The total accumulation of the Fund was ₹305.67 crore as on 31st March 2025 (₹232.05 crore as on 31st March 2024).

There was also a balance of ₹355.87 crore in the Fund as on 30th October 2019 (pre re-organisation) yet to be apportioned between the UT of Jammu and Kashmir and UT of Ladakh.

Guarantee Redemption Fund

The UT Government constituted Guarantee Redemption Fund to be administered by the RBI. The notification issued by the UT Government, effective from 2023-24, stipulates that the UT Government shall initially contribute a minimum of one *per cent* and thereafter at the rate of 0.5 *per cent* of outstanding guarantees at the end of the previous year to achieve a minimum level of three *per cent* in next five years. The fund shall be gradually increased to a desirable level of five *per cent*. During the year, Government contributed ₹53.00 crore. The total accumulation of the Fund was ₹61.20 crore as on 31st March 2025 (₹7.00 crore as on 31st March 2024).

Against the outstanding guarantees of ₹24,484.97 crore at the end of 2023-24, an amount of ₹122.43 crore was required to be invested in 2024-25, in addition to ₹248.68 crore due for 2023-24. Thus, the GRF should have accumulated to ₹371.11 crore by the end of 2024-25. However, as of March 2025, there is a shortfall of ₹309.91 crore.

There was also a balance of ₹20.42 crore in the Fund as on 30th October 2019 (pre re-organisation) yet to be apportioned between the UT of Jammu and Kashmir and UT of Ladakh.

1.4.3 Cash Balances

As per the agreement with Reserve Bank of India (RBI), State/UT Governments must maintain a minimum daily cash balance with the Bank. If the balance falls below this minimum, the shortfall is met through instruments like Ways and Means Advances (WMA)/Special Ways and Means Advances

(SWMA)/ Special Drawing Facility (SDF)/ Overdrafts (OD), with the WMA limit revised periodically by RBI.

The Government of UT of Jammu and Kashmir maintained minimum cash balance of ₹1.14 crore on 193 days without resorting to Normal Ways and Means Advances and Overdraft, availed Normal Ways and Means Advances on 132 days and on 40 days it had to avail Overdraft from RBI. The balance at the end of 31st March 2025 was (-) ₹101.67 crore under Normal Ways and Means Advances. There was also a balance of ₹692.11 crore under Normal Ways and Means Advances as on 30th October 2019 which is yet to be apportioned between the successor Union Territories *viz.* UT of Jammu & Kashmir and UT of Ladakh.

The Government invests surplus cash balances, including those from earmarked reserve funds in GoI securities and Treasury Bills. Earnings from these investments are credited under '0049-Interest Receipts'.

It is undesirable for the Government to raise market loans while holding large unutilized cash balances, as it leads to idle funds rather than productive use. Cash balance and investment details for 2023-24 and 2024-25 are provided in **Table 1.22.**

Table 1.22: Cash Balances and their investment

(₹ in crore)

	Opening balance as on 1st April 2024	**Closing balance as on 31st March 2025**
A. General Cash Balances		
Cash in treasuries	0	0
Deposits with Reserve Bank of India	1,444.87	1,445.79
Deposits with J&K Bank and other Banks	0	0
Remittances in transit – Local	0	0
Investments held in Cash Balance investment account	150.95	0
Total (A)	**1,595.82**	**1,445.79**
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	0	0
Permanent advances for contingent expenditure with department officers	0	0
Investment in earmarked funds	0	74.31
Total (B)	**0**	**74.31**
Total (A + B)	**1,595.82**	**1,520.10**
Interest realized	**0**	**1.3**

Source: Finance Accounts

The Cash balance as on 31st March 2025 as per the records of the office of the Principal Accountant General (A&E) was ₹1,445.79 crore (Debit) and that

reported by the Reserve Bank of India (RBI)[8] was ₹1,445.81 crore (Credit). There was a net difference of ₹0.02 crore (Credit), mainly due to pending reconciliation by Government of UT of Jammu and Kashmir with RBI/Agency Bank. The difference is under reconciliation.

Besides, there was also a net difference of ₹83.32 crore (Debit) between RBI and Principal Accountant General(A&E) figure as on 30th October 2019 which is yet to be reconciled and apportioned between UT of Jammu and Kashmir and UT of Ladakh.

The general cash balance of ₹1,520.10 crore at the close of the year was not even equal to the balance of ₹2,670.93 crore shown in earmarked reserve funds, which means that reserve funds were used for other than intended purposes.

Details of Cash Balance Investment Account during the last five years is given in **Table 1.23**.

Table 1.23: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+)/ Decrease (-)	Interest earned
2020-21	0 (383.92)	0 (383.92)	-	0.11
2021-22	0 (383.92)	0.0001 (383.92)	0.0001	0
2022-23	0.0001 (383.92)	0.0001 (383.92)	-	0.03
2023-24	0.0001 (383.92)	150.95 (383.92)	150.95	0
2024-25	150.95 (383.92)	0 (383.92)	-150.95	1.3

Source: Finance Accounts
The figures in brackets indicate balances of the erstwhile State of Jammu and Kashmir yet to be apportioned between the two newly created UTs.

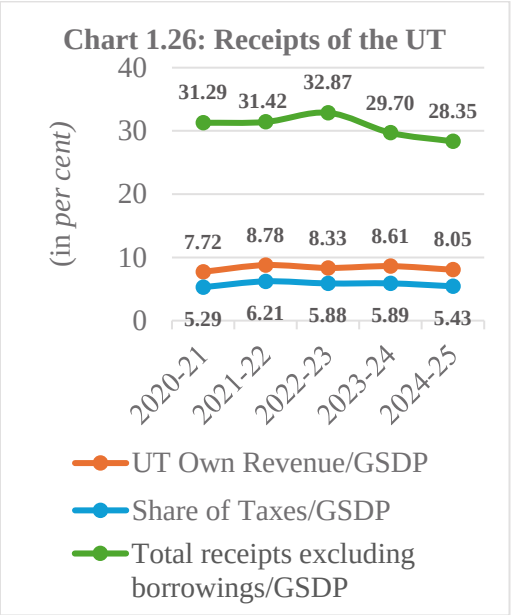
No amount was held in cash balance investment account at the close of the year 2024-25. Government earned an interest of ₹1.30 core on its cash balance investments during 2024-25.

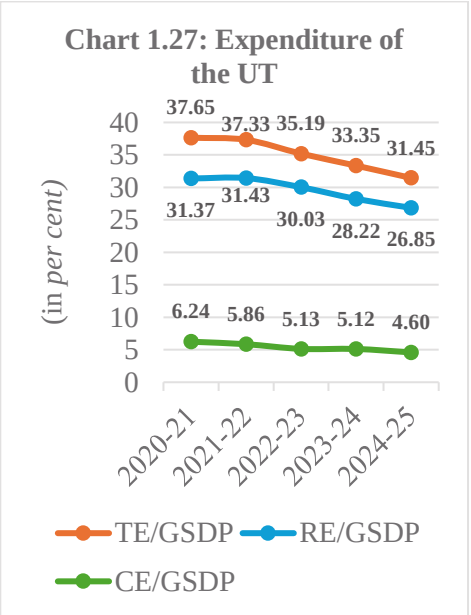
1.5 Fiscal Sustainability

Fiscal Sustainability is the ability of a government to manage its revenue and expenditure in a manner that ensures it can meet its current and future obligations such as public services, infrastructure, and debt repayments without excessive borrowing or accumulating unsustainable debt. It implies

[8] Worked out by Principal Accountant General (A&E) by excluding transactions pertaining to the UT of Ladakh for the period 31st October 2019 to 31st March 2020, during which a single account was maintained by RBI in respect of both UTs (UT of J&K and UT of Ladakh)

maintaining a stable balance between revenue generation and expenditure over the long term. **Chart 1.26** and **Chart 1.27** shows receipts and expenditure of the UT as a percentage of GSDP, during FY 2020-25 respectively.



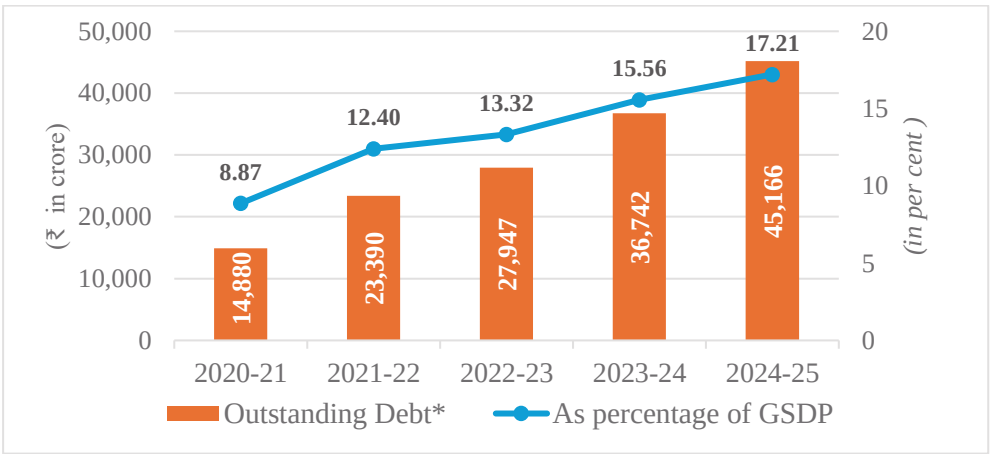


The consistent decline in the TE, RE and CE relation to GSDP during 2021-22 to 2024-25 indicates that the government's ability to generate revenue and its overall spending are failing to keep pace with the growth of its economy.

1.5.1 Public Liability Management

Outstanding liability of the UT along with its percentage to GSDP for the years 2020-21 to 2024-25 is depicted in **Chart 1.28.**

Chart 1.28: Outstanding Public Liability and its percentage to GSDP



Source: Finance Accounts

**Excludes back-to-back loans of ₹4,253.08 crore (₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively and its adjustment of ₹1692.21crore in 2024-25), in lieu of GST Compensation shortfall . Outstanding liability of erstwhile State of Jammu and Kashmir amounting ₹82,050.51 crore yet to be apportioned between two UT has been excluded.*

1.5.1.1 Liability Profile: Components

Total liabilities of the Government typically constitute Internal Debt of the UT (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, *etc.*), loans and advances from the Central Government, and Public Account Liabilities. The component-wise liability trends of the UT for the period of five years beginning from 2020-21 are presented in **Table 1.24.**

Table 1.24: Component-wise liability trends

(₹ in crore)

Components of fiscal liability	2020-21	2021-22	2022-23	2023-24	2024-25
Outstanding Total Liability*	**14,880.48**	**23,390.12**	**27,946.64**	**36,742.17**	**45,165.86**
Public Debt	10,567.85	19,192.54	23,240.11	29,930.91	37,752.61
Internal debt	*10,562.21*	*19,306.08*	*23,473.66*	*30,285.52*	*38,228.41*
*Loans from GoI***	*5.64*	*-113.54*	*-233.55*	*-354.61*	*-475.8*
Public Account Liabilities	4,312.63	4,197.58	4,706.53	6,811.26	7,413.25
Small savings, Provident funds etc.	2,185.97	1,591.41	1,017.71	2,165.98	2,094.81
Reserve funds bearing interest	780.89	873.86	1,183.99	1,619.06	2,349.38
Reserve funds not bearing interest	-9.75	46.27	111.74	188.05	247.23
Deposits bearing interest	474.73	495.52	501.79	692.41	538.49
Deposits not bearing interest	880.79	1,190.52	1,891.30	2,145.76	2,183.34
Rate of growth of outstanding total liabilities (*per cent*)	NA	57.19	19.48	31.47	22.93
Off Budget Borrowing	-NA	12,444.60	23,911.53	23,742.42	23,197.08
Gross State Domestic Product (GSDP)	1,67,793	1,88,561	2,09,816	2,36,059	2,62,458
Outstanding Total Liability/GSDP (*per cent*)	8.87	12.40	13.32	15.56	17.21
Borrowings and other liabilities (as per Statement 6 of Finance Accounts)					
*Total Receipts***	50,819.38	60,938.99	49,242.28	64,532.54	51,119.51
Total Repayments (including ways and means advances)	41,439.26	52,429.36	44,685.76	55,736.99	42,695.82
Net Funds available (including ways and means advances)	9,380.12	8,509.63	4,556.52	8,795.55	8,423.69
Repayments/ Receipts (per cent)	81.54	86.04	90.75	86.37	83.52

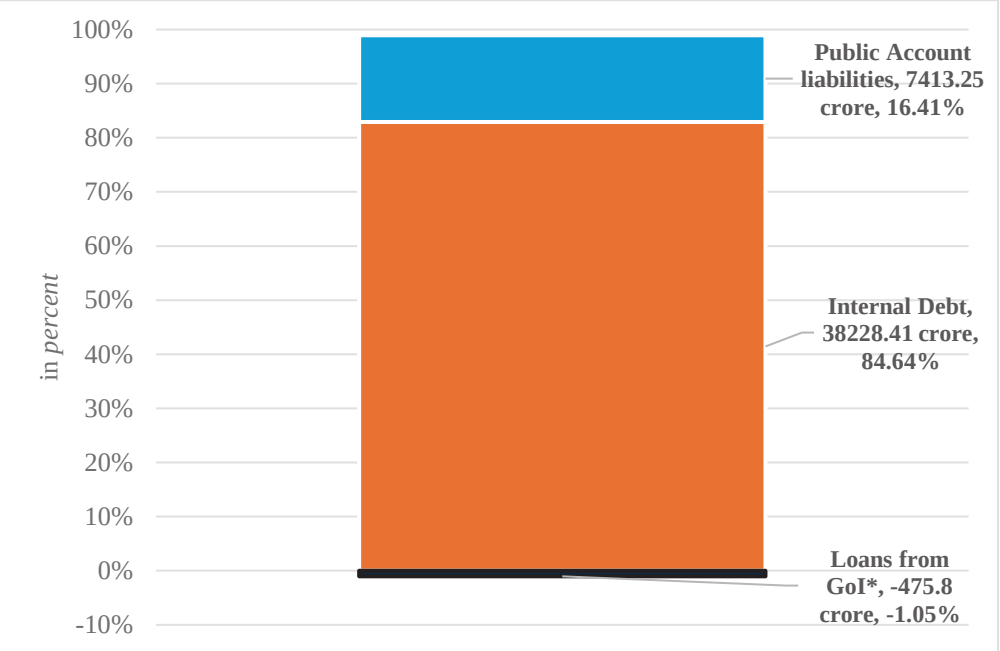
Source: Finance Accounts

** Outstanding total liability includes Public debt, Small savings, Provident funds etc, Reserve funds and Deposits (outstanding liability of erstwhile State of Jammu and Kashmir has not been included).*

*** Excludes back-to-back loans of ₹4,253.08 crore (₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively and its adjustment of ₹1692.21crore in 2024-25), in lieu of GST Compensation shortfall.*

Break-up of outstanding total liabilities at the end of 2024-25 is shown in **Chart 1.29**.

Chart 1.29: Break-up of outstanding total liabilities at the end of 2024-25



Source: Finance Accounts

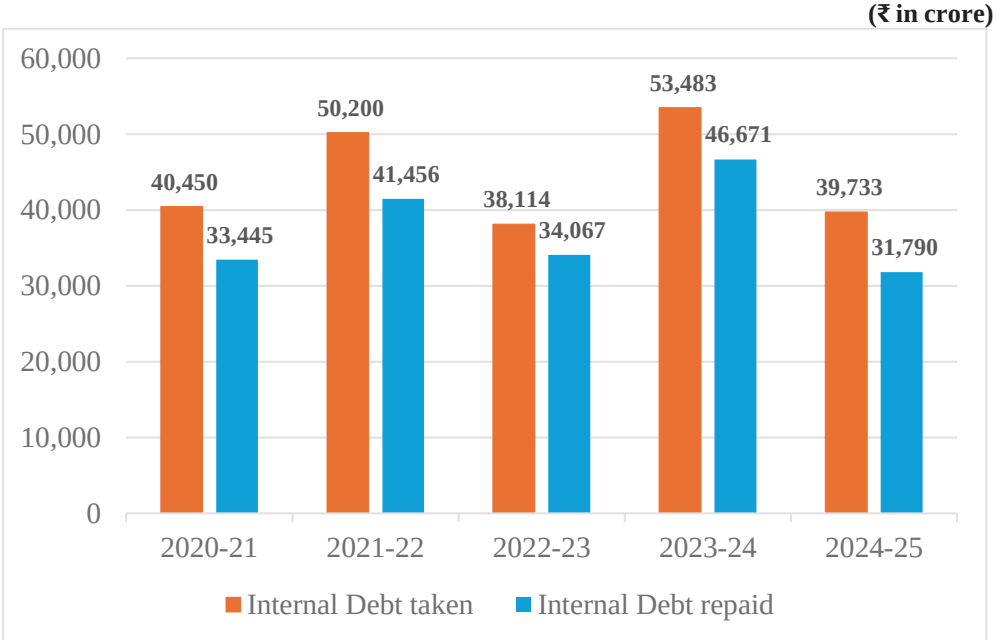
**Excludes back-to-back loans of ₹4,253.08 crore (₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively and its adjustment of ₹1692.21crore in 2024-25), in lieu of GST Compensation shortfall.*

Excludes Outstanding Liability of erstwhile State of Jammu and Kashmir amounting ₹82,050.51 crore yet to be apportioned between two newly created UTs.

Chart 1.30: Depicts the quantum of internal debt taken *vis-à-vis* repaid during the period of five years i.e. 2020-25.

Chart 1.30: Internal debt taken *vis-a-vis* repaid

(₹ in crore)



Source: Finance Accounts

The internal debt of the UT Government had been on the rise as it increased by ₹27,666.20 crore (261.94 *per cent*) from ₹10,562.21 crore in 2020-21 to ₹38,228.41 crore in 2024-25.

During 2024-25, the repayment of borrowings constituted over 80 *per cent* of the total borrowing receipts, leaving only ₹7,943 crore (20 *per cent*) of the total borrowings available for meeting expenditure and development activities. Although there was a significant reduction of about 25 *per cent* in the borrowings raised by the UT Government during 2024-25 as compared to the previous year, the rate of growth of outstanding liabilities remained high at 22.93 *per cent*, which was substantially higher than the growth rate of GSDP. The trend indicates a rising debt burden and underscores the need for the Government to strengthen fiscal discipline and adopt prudent debt management measures to contain the growth of outstanding liabilities.

1.5.1.2 Utilisation of Borrowed Funds

Borrowed funds should ideally be used to fund Capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 1.25** and **Chart 1.31** depicts the utilisation and trends of borrowed funds during 2020-25 respectively.

Table 1.25: Utilisation of borrowed funds

(₹ in crore)

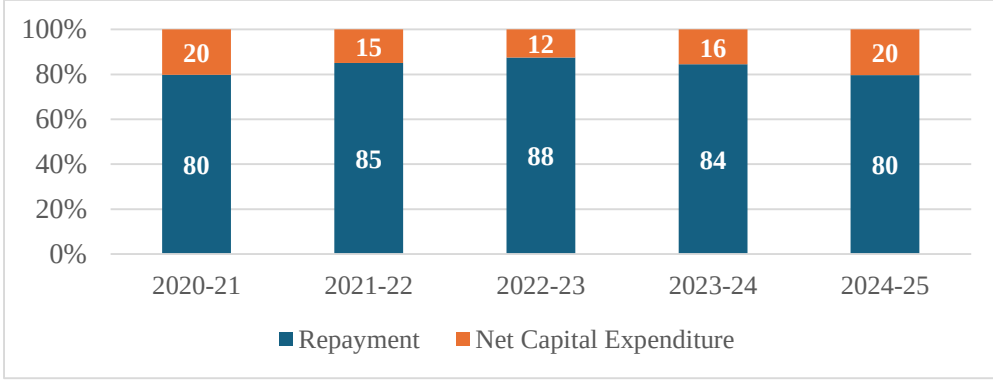
Sl. No.	Year	2020-21	2021-22	2022-23	2023-24	2024-25
1.	Total borrowings[9]	42,097.29	48,880.23	38,922.93	55,396.60	40,058.04
2.	Repayment of earlier borrowings (Principal)	33,563.32	41,575.17	34,066.90	46,791.96	31,911.45
3.	Net Capital expenditure [10]	8533.97	7,305.06	4,856.03	8,604.64	8,146.59
4.	Net loans and advances	NA	NA	NA	NA	NA
5.	Portion of Revenue expenditure met out of net available borrowings	NA	NA	NA	NA	NA

Source: Finance Accounts

[9] Includes Public Debt receipts (2020-21: ₹42,732.93 crore; 2021-22: ₹54,045.35 crore; 2022-23: ₹38,114.47 crore; 2023-24: ₹53,482.76 crore; 2024-25: ₹39,733.16 crore) and Net of Public Accounts receipts (2020-21: ₹1,464.16 crore; 2021-22: ₹(-)1,319.63 crore; 2022-23: ₹808.46 crore; 2023-24: ₹1,913.84 crore; 2024-25: ₹324.88 crore). These exclude back-to-back loans of ₹2,099.80 crore and ₹3,845.49 crore received from GoI in lieu of GST Compensation shortfall during 2020-21 and 2021-22 respectively and adjustment of *₹1692.21*crore in 2024-25.

[10] Total Capital expenditure during 2020-21: ₹10,470.38 crore; 2021-22: ₹11,047.04 crore; 2022-23: ₹10,773.78 crore; 2023-24: ₹12,088.85 crore; 2024-25: ₹12,060.06 crore

Chart 1.31: Trends of utilisation of borrowed funds



Source: Finance Accounts

Chart 1.31 shows that the repayment of borrowings (principal) to current borrowings of the UT ranged between 80 *per cent* to 88 *per cent* of the total expenditure during the period 2020-21 to 2024-25. Thus, the major portion of borrowed funds were used for repayment of borrowings instead of Capital creation/ development activities. Net Capital expenditure ranged between 12 *per cent* to 20 *per cent* during the period 2020-2025.

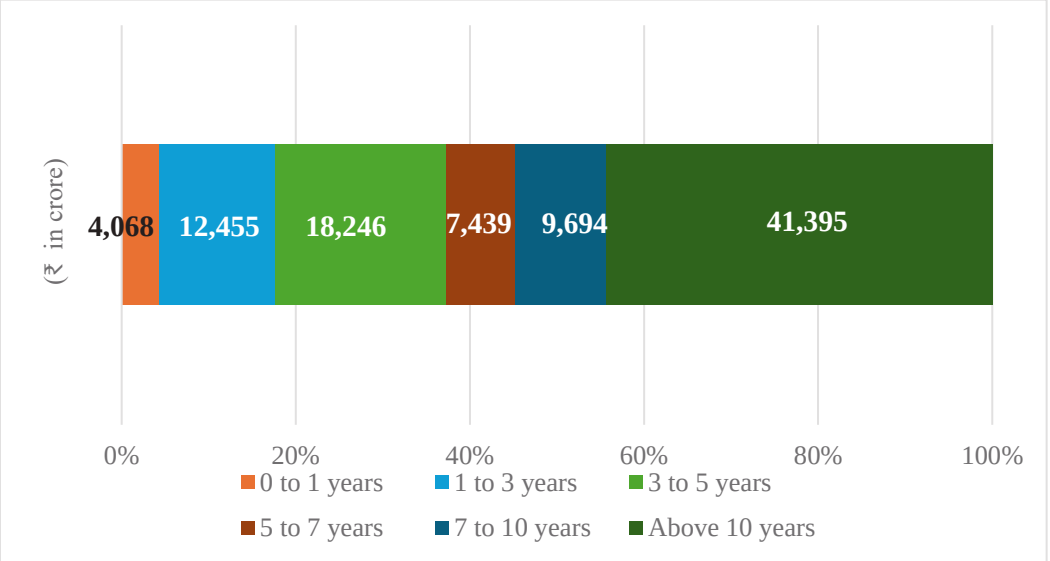
The UT Government increased its spending to 20 *per cent* of the borrowed funds on Capital expenditure during 2024-25 as against 16 *per cent* spent during 2023-24, reflecting a positive shift towards productive utilisation of borrowings.

In reply, it was stated(January 2026) that the issue of utilisation of borrowed funds needs to be worked out on the basis of debt raised only and Ways and means advances may be excluded, as it is used to meet short term debt to meet cash requirements of the Government.

1.5.1.3 Debt Profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the UT is depicted in **Chart 1.32**.

Chart 1.32: Maturity Profile of Public Debt



Source: Finance Accounts

** Excludes back-to-back loans of ₹4,253.08 crore (₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively and its adjustment of ₹1692.21crore in 2024-25), in lieu of GST Compensation shortfall.*

Public debt amounting to ₹42,208 crore i.e. 45 *per cent* of public debt is becoming due for repayment in 0-7 years. High concentration of liabilities maturing within the short to medium term indicates debt bunching, increasing refinancing and liquidity pressure on the Government.

1.5.1.4 Financing Pattern of Fiscal Deficit

Table 1.26 depicts financing pattern of the Fiscal Deficit during 2020-25.

Table 1.26: Components of Fiscal Deficit and its financing pattern

(₹ in crore)

Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
Fiscal Deficit		-10,693.36	-11,150.61	-4,855.37	-8,608.08	-8,145.68
1	Revenue Deficit/Surplus	-138.27	-30.83	5,976.61	3,486.22	3,929.03
2	Net Capital expenditure	-10,470.38	-11,047.04	-10,773.78	-12,088.85	-12,060.06
3	Net Loans and Advances	-59.71	-72.74	-58.20	-5.45	-14.65
4	Appropriation to Contingency Fund	-25	0	0	0	0
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	7,508.66	4,088.00	4,893.62	13,726.42	11,770.00
2	Loans from GoI*	2,164.35	3,726.31	-120	-121.06	-121.19

Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
3	Special Securities issued to NSSF	-348.65	4,651.36	-848.64	-848.64	-848.64
4	Loans from Financial Institutions	-154.75	4.52	122.59	-6,065.93	-2,978.46
5	Small Savings, PF, etc.	1,144.17	-594.55	-573.70	1,148.28	-71.17
6	Deposits and Advances	581.96	330.52	707.05	445.08	-116.34
7	Suspense and Miscellaneous	-82.34	128.23	288.86	-181.16	-286.24
8	Remittances	-763.81	-1,332.81	10.64	-9.73	9.14
9	Reserve Funds	584.18	148.99	375.61	511.38	789.50
10	Contingency Fund	25	0	0	0	0
11	**Overall Deficit**	**10,658.77**	**11,150.57**	**4,856.03**	**8,604.64**	**8,146.60**
12	Increase (-) /Decrease (+) in cash balance	34.59	0.04	-0.66	3.44	-0.92
13	**Gross Fiscal Deficit**	**10,693.36**	**11,150.61**	**4,855.37**	**8,608.08**	**8,145.68**

Source: Finance Accounts

** Excludes back-to-back loans of ₹4,253.08 crore (₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively and its adjustment of ₹1692.21crore in 2024-25), in lieu of GST Compensation shortfall*

1.5.2 Deficit Indicators after considering views of Audit

As per Finance Accounts of the UT of J&K, there was Revenue Surplus of ₹3,929.03 crore during 2024-25 (1.50 *per cent* of GSDP), Fiscal Deficit was ₹8,145.68 crore (3.10 *per cent* of GSDP) whereas primary deficit was ₹2,728.34 crore (1.04 *per cent* of GSDP).

However, during 2024-25, Audit found cases of misclassification by the UT Government, ₹82 crore of Revenue nature of expenditure was classified as Capital expenditure. This has resulted in overstatement of Revenue Surplus to such extent. Besides, an amount of ₹554.24 crore[11] had been expended for creation of assets of entities (SPSUs) other than the Government of UT of J&K. In accordance with note below Rule 30(1) of GAR 1990, this amount is to be classified as Revenue Expenditure, instead of Capital Expenditure thus leading to overstatement of Revenue Surplus.

[11] Power Corporations/Companies- ₹539.22 crore, JKTDC- ₹2.55 crore and JKHPMC- ₹12.46 crore.

In reply, it was stated (January 2026) that the expenditure on account of SPSUs is being incurred as Government support to these SPSUs to become self-reliant. The Capital expenditure on these SPSUs shall be considered by the Government as equity at appropriate time.

The reply is not tenable, as the expenditure could be considered as capital only when it is converted as equity.

Further, classifying the repayment of Off-Budget Borrowings (₹3,451.84 crore) under MH-6003 -Internal Debt instead of treating as a debit to relevant head as assistance has also led to understatement of the Revenue Surplus and Fiscal deficit.

After considering the above transactions, the Revenue deficit and Fiscal Deficit during 2024-25 comes out to be ₹164.38 crore (0.06 *per cent* of GSDP) and ₹11,597.52 crore (4.42 *per cent* of GSDP) respectively.

1.5.3 Fiscal Balance: Achievement of Deficit and Total Debt Targets

As per the Jammu and Kashmir FRBM Act of 2006 and its amendments, UT aims to:

- Eliminate Revenue Deficit and maintain the Fiscal Deficit within the ceiling of three *per cent* of GSDP, with an additional 0.5 *per cent* permitted on fulfilling reform milestones.
- Limit the annual incremental risk weighted guarantees to 75 *per cent* of the Total Revenue Receipts in the year preceding the current year or at 7.5 *per cent* of GSDP of the year preceding the current year whichever is lower.
- Government is required to frame Medium-Term Fiscal Policy Statement (MTFP) and is required to have three-year rolling targets for prescribed fiscal indicators.
- Use of Capital receipts for creation and or maintenance of assets.

According to the FRBM Act, 2006, the Medium-Term Fiscal Policy (MTFP) Statement must be presented in the prescribed format to outline the Government's fiscal management objectives and establish three-year rolling targets for the specified fiscal indicators. However, in the MTFP Statements laid with the Budget under the FRBM Act, the fields for the three-year rolling targets were left blank. Actual achievement and post audit fiscal parameters are detailed in **Table 1.27** and trend analysis of deficits post audit is depicted in **Chart 1.33**.

Table 1.27: Fiscal Parameters

Fiscal Parameters		2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Deficit (-) / surplus (+) (₹ in crore)	Actuals	-138.27	-30.83	5,976.61	3,486.22	3,929.03
	Post Audit	-328.08	-189.59	5,757.48	-3,202.03	-164.37
Ratio of RD/GSDP	Actuals	-0.08	-0.02	2.85	1.48	1.50
	Post Audit	-0.20	-0.10	2.74	-1.36	-0.06
Fiscal Deficit (-) / surplus (+)	Actuals	-10,693.36	-11,150.61	-4,855.37	-8,608.08	-8,145.68
	Post Audit	-10,693.36	-11,150.61	-4,855.37	-15,101.3	-11,597.5
Ratio of FD/GSDP	Actuals	-6.37	-5.91	-2.31	-3.65	-3.10
	Post Audit	-6.37	-5.91	-2.31	-6.40	-4.42
Primary Deficit (-)/surplus (+)	Actuals	-4,320.9	-3,790.3	3,638.45	1,316.88	2,728.84
	Post Audit	-4,320.9	-3,790.3	3,638.45	1,316.88	2,728.84
Ratio of PD/GSDP	Actuals	-2.58	-2.01	1.73	0.56	1.03
	Post Audit	-2.58	-2.01	1.73	-2.19	-0.28
Ratio of total outstanding liability* to GSDP (in *per cent*)		8.87	12.4	13.32	15.56	17.21
Interest payment as percentage of Revenue Receipts		12.14	12.42	12.31	14.16	14.62

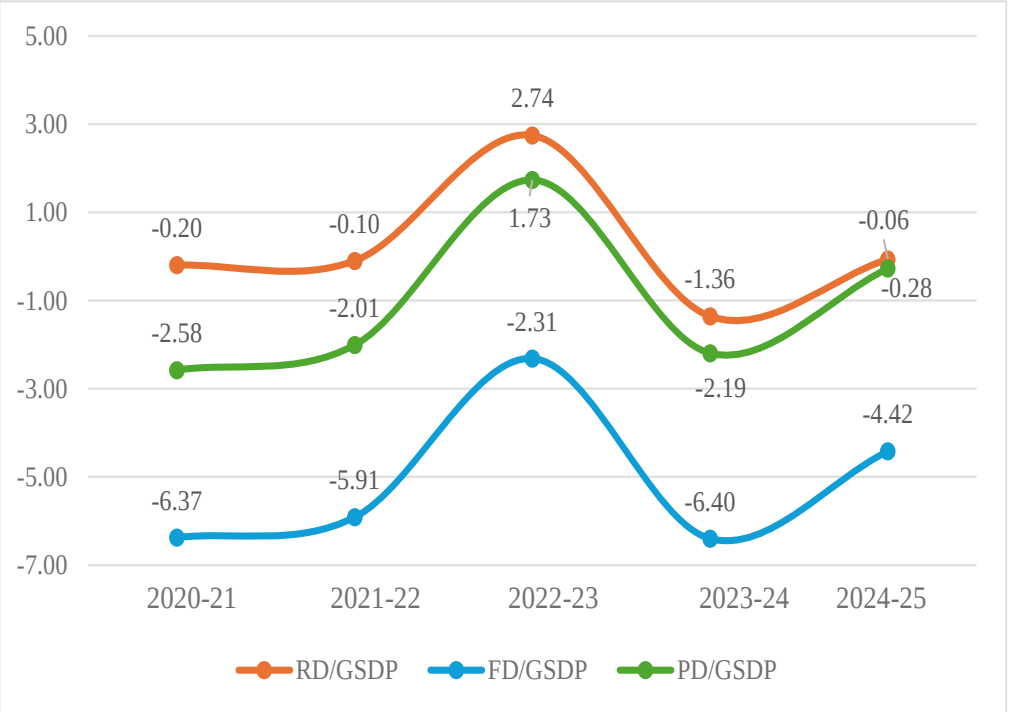
** Outstanding total liability includes Public debt, Small savings, Provident funds etc, Reserve funds and Deposits (outstanding liability of erstwhile State of Jammu and Kashmir has not been included).*

Revenue Deficit indicates excess of Revenue expenditure over Revenue receipts. In terms of Jammu and Kashmir FRBM Act, 2006, the Government shall maintain Revenue surplus and initiate steps for progressive strengthening of surplus. There was Revenue surplus of ₹3,929.03 crore for FY 2024-25.

Fiscal Deficit represents total borrowings of the Government i.e. its total resource gap. During 2024-25, the Fiscal Deficit decreased from ₹8,608.08 crore to ₹8,145.68 crore. However, ratio of total outstanding liabilities to GSDP increased from 15.56 *per cent* 2023-24 to 17.21 *per cent* in 2024-25.

Primary Deficit indicates the excess of Primary expenditure (total expenditure net of interest payments) over non-debt receipts. There was a primary surplus of ₹2,728.84 crore in 2024-25.

Chart 1.33: Trend analysis of Deficits Post Audit



The targets as projected in the U.T budget *vis-à-vis* achievements in respect of major fiscal aggregates with reference to GSDP during 2024-25 are given in **Chart 1.34** and **Chart 1.35**

Chart 1.34: Revenue Surplus as Percenatge of GSDP

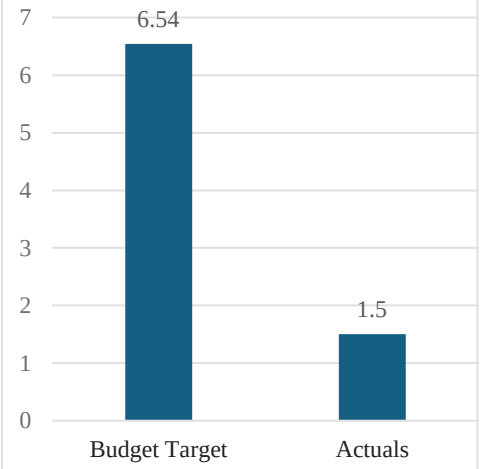
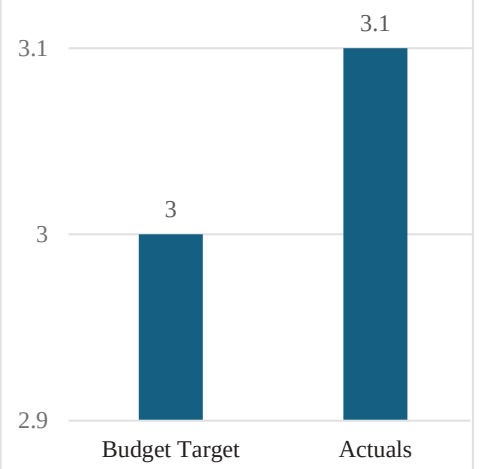


Chart 1.35: Fiscal Deficit as percenatge of GSDP



Source: Finance Accounts and budget documents

During the year 2024-25, the Government was unable to contain the revenue surplus-GSDP and fiscal deficit-GSDP ratios within the levels projected in the budget estimates.

In reply, it was stated (January 2026) that the rolling targets will be established and afterwards will be reflected in the MTFP statements.

1.5.4 Debt Sustainability Analysis

Debt sustainability refers to the ability of the UT to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators is given in **Table 1.28.**

Table 1.28: Trends in Debt Sustainability Indicators

(₹ in crore)

Sl. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
1	Overall Liabilities or Overall Debt*	98,417.12	1,06,926.76	1,09,997.15	1,18,792.68	1,27,216.38
2	Rate of Growth of Overall Debt (*per cent*)	10.15	8.65	2.87	8.00	7.09
3	GSDP (in nominal terms)	1,67,793	1,88,561	2,09,816	2,36,059	2,62,458
4	Nominal GSDP growth (*per cent*)	2.25	12.38	11.27	12.51	11.18
5	Overall Debt/GSDP (*per cent*)	58.65	56.71	52.43	50.32	48.47
6	Repayment to Gross Borrowings (*per cent*)	81.54	85.54	90.75	86.37	83.52
7	Net borrowings available as a percentage of Gross Borrowings	18.46	14.46	9.25	13.63	16.48
8	Interest payments on Overall Debt	6,372.46	7,360.31	8,493.82	9,924.96	10,874.51
9	Effective rate of interest on Overall Debt[12] (*per cent*)	7.52	7.90	8.63	9.55	9.68
10	Interest payment to Revenue Receipts (*per cent*)	12.14	12.42	12.31	14.16	14.62
11	Revenue Deficit/Surplus	-138.27	-30.83	5,976.61	3,486.23	3,929.03
12	Primary Revenue Balance (PRB)	6,234.19	7,329.48	14,470.43	13,411.18	14,803.54
13	Primary Balance (PB)	-4,320.90	-3,790.29	3,638.45	1,316.88	2,728.83
14	PB/GSDP (*per cent*)	-2.58	-2.01	1.73	0.56	1.04
15	Difference between RoI[13] and effective rate of interest on Overall Debt	-7.52	-7.80	-8.39	-8.59	-9.39

[12] Effective rate of interest on Overall Debt has been calculated adjusting the Reserve Funds, Deposits not bearing interest. Effective Rate of Interest = Interest Payment/Average of Opening and Closing Stock of Debt (excluding non- interest bearing liabilities) * 100

[13] Return on Investment (RoI) as measured by effective rate of interest receipts.
RoI = Interest Receipts/Average of Opening & Closing Stock of Loans and Advances Disbursed *100

Sl. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
16	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	318	303	282	276	172
17	Debt Stabilisation (Quantum spread[14] + Primary balance)	-9,024.52	570.32	6,276.50	4,511.35	4,474.09
18	**Domar gap**					
a	GSDP (in constant terms)	1,12,400	1,15,402	1,22,640	1,33,421	1,43,649
b	Real Growth (in constant terms)	-1.33	2.67	6.27	8.79	7.67
c	Inflation based on CPI (*per cent*)	5.79	7.20	6.32	4.15	4.48
d	Effective Rate of interest	7.52	7.90	8.63	9.55	9.68
e	Real effective rate of interest (Effective rate of interest-Inflation)	1.73	0.70	2.31	5.40	5.20
f	Growth Interest Differential (Real growth-Real effective rate of interest)	-3.07	1.98	3.97	3.39	2.46
g	Primary Balance (PB)	-4,320.90	-3,790.29	3,638.45	1,316.88	2,728.83

Source: Finance Accounts

** Outstanding Public Debt is the sum of outstanding balances under the Heads 6003'Internal Debt' and 6004-'Loans and Advances from the Central Government'. Excludes back-to-back loans of ₹4,253.08 crore (₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively and its adjustment of ₹1692.21crore in 2024-25), in lieu of GST Compensation shortfall, which are not to be repaid by the UT Government from its resources.*

 # Net debt available to the UT Government is calculated as excess of Public debt receipts over Public debt repayment.

i) Despite the declining trend, the average debt burden, measured by the total liabilities-GSDP ratio remained over 48 *per cent*. It decreased from 58.65 *per cent* in 2020-21 to 48.47 *per cent* in 2024-25. Debt dynamics shows that the Growth Interest Differential (GID), which remained favourable in 2021-22 improved significantly in 2022-23 and declined in 2023-24 and 2024-25. Similarly, primary balance which remained negative in 2020-21 and 2021-22 improved substantially and thereby turning positive during 2022-23 to 2024-25. Primary balance improved in 2024-25 as compared to 2023-24.

ii) The improvement in the debt burden in 2021-22 compared to 2020-21 was primarily due to robust nominal growth in 2021-22, driven by a low base. Both the GID and the primary balance, which remained favourable despite the declining trend observed during 2022 to 2025, supported by nominal growth that outpaced debt growth, leading to a steady decline in the debt burden during 2022-2025.

iii) Ratio of interest payments to Revenue receipts is also an indicator of debt sustainability. Ratio of interest payments to Revenue receipts, which

[14] Quantum Spread = Interest Spread (GSDP growth rate- Interest rate) x Debt (excluding non- interest bearing liabilities).

increased from 12.14 *per cent* in 2020-21 to 14.62 *per cent* in 2024-25, could impact debt sustainability over medium and long term.

iv) Return on investment (RoI), measured by the difference between interest rates on loans and advances disbursed, and the average cost of borrowing remains negative, posing a risk to debt sustainability. Therefore, the interest rate on loans and advances disbursed needs to be aligned with the cost of borrowing.

v) The number of instances of resorting to financial accommodation provided by the RBI to avail WMA/Overdrafts ranged from 172 to 318 days during 2020-25, indicating weak liquidity management. However, this has steadily improved, from 318 days in 2020-21 to 172 days in 2024-25.

vi) Unlike nominal growth, the nominal effective interest rate was primarily influenced by inflation. Average CPI inflation exceeded the RBI's two to six *per cent* tolerance band in 2021-22 and 2022-23. According to the Domar criterion, the average real growth remained higher than the average real interest rate, as evident from the average GID that remained favourable during 2021-2025. This indicates that the real growth helped the exchequer to recover the cost of borrowing during this period.

vii) The net debt available as a percentage of Gross Borrowings increased from 9.25 *per cent* in 2022-23 to 13.63 *per cent* and 16.48 *per cent* in 2023-24 and 2024-25 respectively.

The Debt of the erstwhile State is being serviced by the UT of Jammu & Kashmir. Therefore, debt sustainability analysis has been carried on overall debt/liability inclusive of Debt/liability amounting to ₹82,050.51 crore of the erstwhile State which is yet to be apportioned between two Union Territories *viz.* UT of Jammu & Kashmir and UT of Ladakh.

1.5.5 Status of Guarantees – Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund in case of borrower defaults. The UT extends guarantees for loans raised by entities like statutory corporations, boards, local bodies, and co-operative institutions. J&K FRBM Act, 2006, limits the amount of annual incremental risk weighted guarantee to 75 *per cent* of the Total Revenue Receipt in the year proceeding the current year or 7.5 *per cent* of the GSDP of the year preceding the current year, whichever is low. Details of the guarantees and status of outstanding guarantees to total receipts for the last five years are given in **Table 1.29**.

Table 1.29: Guarantees given by the UT Government

(₹ in crore)

Guarantees	2020-21	2021-22	2022-23	2023-24	2024-25
Ceiling applicable to the outstanding amount of guarantees (including interest)					
(i) 75 *per cent* of Revenue receipts of previous year	NA	39,371.61	44,428.88	51,731.96	52,580.77
(ii) 7.5 *per cent* of GSDP of previous year	12,307.73	12,584.48	14,142.08	15,736.20	17,704.43
(iii) Least of the above two	12,307.73	12,584.48	14,142.08	15,736.20	17,704.43
Outstanding amount of guarantees at the beginning of the year	1,324.54	1,486.07	12,328.80	24,867.94	24,485.47
Outstanding amount of guarantees at the end of year	1,486.07	12,328.80	24,867.94	24,485.47	23,622.36

Source: Finance Accounts and Annual Financial Statements

The position of outstanding risk weighted guarantee was not disclosed in statements laid with Budget 2024-25 under FRBM Act 2006. The outstanding guarantees for ₹23,622.36 crore as on 31st March 2025 were in respect of Power Sector (₹22,316.16 crore); State Finance Companies/Corporations (₹15.45 crore); Cooperatives (-₹32.00 crore[15]); and Others (₹1,322.75 crore).

Out of the outstanding guarantees for ₹23,622.36 crore during the current year, the UT Government had given guarantees amounting to ₹56.82[16] crore to three PSUs whose net worth had become negative. This means that the actual liability lies with the UT Government to repay their loans. There is also outstanding guarantee including interest to the tune of ₹454.30 crore given by the erstwhile State of Jammu and Kashmir which is yet to be apportioned between UT of Jammu and Kashmir and UT of Ladakh.

1.5.6 Pathways to Fiscal Stability

Deficits can be improved by enhancing revenues and rationalizing expenditures. This includes strengthening tax compliance, widening the tax base, revising user charges, and monetizing idle government assets. On the spending side, better targeting of subsidies, controlling salary and pension growth, and ensuring proper classification of expenditure are key factors. Prioritizing productive Capital investment and improving debt management through transparent and efficient borrowing can further ease fiscal pressure.

15 Minus figures due to non-apportionment of Assets and Liabilities as a result of reorganisation.

16 (i) Jammu and Kashmir Schedule Casts, Schedule Tribes and backward classes Development Corporation Ltd ₹37.05 crore. (ii) Jammu and Kashmir Cements ₹4.33 crore ; (iii) Jammu & Kashmir Ladakh Financial Corporation: ₹15.44 crore;

These measures collectively create fiscal space and help reduce revenue, fiscal, and primary deficits in a sustainable manner. These have been discussed in succeeding paragraphs.

1.5.6.1 Improving Revenues of the UT

Untapped revenue potential that, if harnessed effectively, could significantly enhance fiscal space and reduce dependence on debt. Inefficiencies in assessment, undervaluation, and limited enforcement mechanisms of key tax streams such as State GST, Stamp Duty, and Excise will lead to subdued revenue growth. Under-realized non-tax revenues, with low user charges, poor cost recovery, and suboptimal returns on public assets and investments also impede the fiscal space. Timely realization of pending arrears (tax and non-tax) is another step towards enhancing the fiscal space.

A. Arrears of Revenue

As on 31st March 2025, the arrears of revenue in respect of principal heads of revenue were ₹ 4,067 crore, of which ₹ 827.58 crore were outstanding for more than five years, as depicted in **Table 1.30**.

Table 1.30: Arrears of revenue

(₹ in crore)

S. No.	Head of revenue	Amount outstanding as on 31st March 2025	Amount outstanding for more than five years as on 31st March 2025
1	Goods and Services Tax	2,140.70	0
2	Taxes/VAT on Sales, Trade, etc.	1,865.05	782.65
3	Motor Spirit Tax	0.09	0.09
4	Entertainment Tax	0.21	0.21
5	Toll Tax	28.24	28
6	State Excise	32.71	16.63
Total		**4,067.00**	**827.58**

Source: Departmental Information

B. Arrears in assessment

The information on number of assessment cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and number of cases pending for finalisation at the end of the year, as furnished by the Department of Excise and Department of Taxation in respect of Sales Tax/VAT is depicted in **Table 1.31**.

Table 1.31: Arrears of assessment

Sl. No.	Head of Revenue	Cases pending at the beginning of 2024-25	New cases due for assessment during 2024-25	Total cases due for assessment	Cases disposed of during 2024-25	Balance at the end of the year	Percentage of disposal
1	Taxes/VAT on Sales, Trade, etc.	8,037	18,532	26,569	19,079	7,490	71.81
2	GST	287	171	458	292	166	63.76
3	Tax on work contracts	0	1,654	1,654	1,332	322	80.53
	Total	**8,324**	**20,357**	**28,681**	**20,703**	**7,978**	**72.18**

Source: Departmental Information.

During the period 2024-25, the total percentage of disposal of cases of arrears in assessment was 72.18 *per cent* and 7,978 cases were still pending for disposal at the close of the year.

C. Details of evasion of tax detected by the Department, refund cases, etc.

The cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the UT Government.

The details of cases of evasion of tax detected by the Excise and Taxation, cases finalised and the demand for additional tax raised; during the year 2024-25, as reported by the departments concerned, are depicted in **Table 1.32**.

Table 1.32: Evasion of tax detected

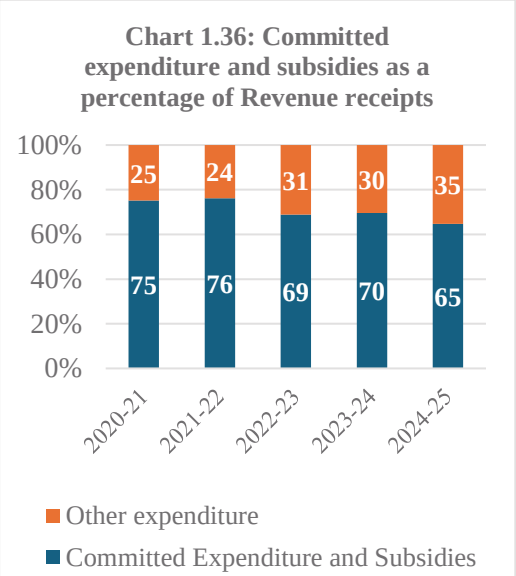
Sl. No.	Head of revenue	Cases pending as on 31st March 2024	Cases detected during 2024-25	Total	No. of cases in which assessment / investigation completed and additional demand with penalty, etc. raised		No. of cases pending for finalisation as on 31st March 2025
					No. of cases	Amount of demand (₹ in crore)	
1	State Excise	0	1	1	1	0.19	0
2	Goods and Services Tax	183	830	1,013	705	273.74	308
3	Sales Tax/ VAT	36	0	36	31	0.03	5
Total		**219**	**831**	**1,050**	**737**	**273.96**	**313**

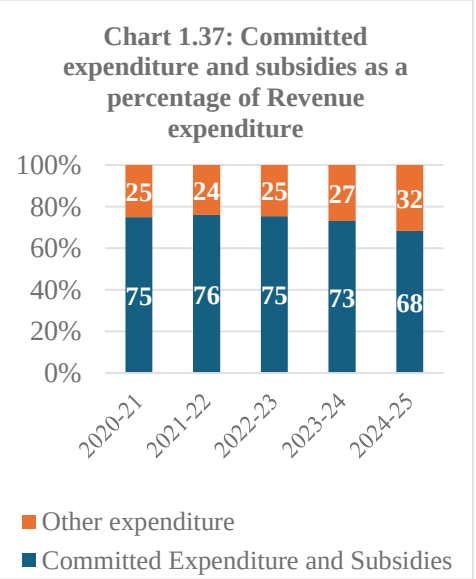
Source: Departmental information

1.5.6.2 Issues on expenditure side

A. Fiscal stress from Committed expenditure and subsidies

Chart 1.36 and **Chart 1.37** depict Committed expenditure and subsidies together as a percentage of Revenue Receipts and Revenue Expenditure during the FY 2020-25 respectively.





In 2024-25, the UT's committed expenditure of ₹48,129.14 crore comprising salaries (₹23,099.56 crore), pensions (₹14,155.07 crore), and interest payments (₹10,874.51 crore), accounted for approximately 64.69 *per cent* of the Revenue Receipts. In addition, subsidies amounted to ₹69.58 crore, bringing the total rigid expenditure to ₹48,198.72 crore, which was nearly 65 *per cent* of the UT's revenue receipts. The high and inflexible nature of such expenditure significantly compresses fiscal space, limiting the UT's ability to allocate resources towards Capital investment and developmental priorities. This structural imbalance increases the risk of persistent revenue and primary deficits, constrains long-term fiscal sustainability, and reduces Government's capacity to respond to emergent socio-economic challenges.

There is an urgent need for expenditure reform through prudent management of salary and pension commitments, to enhance fiscal flexibility and ensure a sustainable fiscal path.

B. Capital blocked in incomplete projects

An assessment of Capital blocked in incomplete Capital projects would also indicate the quality of Capital expenditure. Blocking funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the Government of the intended benefits of the projects for

prolonged periods. Further, funds borrowed for implementation of these projects during the respective years would lead to an extra burden, in terms of servicing of debt and interest liabilities. Details of the incomplete projects costing ₹one crore and above are shown in **Table 1.33** (based on information provided by the UT Government for ***Appendix-IX*** of the Finance Accounts for the year 2024-25).

Table 1.33: Capital blocked in incomplete projects

(₹ in crore)

Age profile of incomplete projects as on 31st March 2025				**Department-wise profile of incomplete projects till 31st March 2025**		
Year	**No. of incomplete projects**	**Estimated cost**	**Expenditure incurred**	**Department**	**No. of incomplete projects**	**Estimated Cost (Expenditure incurred)**
2008-09	1	1.80	1.32	Irrigation and Flood Control, Jammu	19	68.12 (41.70)
2012-13	2	52.48	29.89	PHE, Peerpanjal (Jammu)	47	153.72 (49.19)
2014-15	1	2.08	0.92	Public Health Engineering, Jammu	101	369.91 (187.67)
2016-17	7	23.91	22.38			
2017-18	1	1.92	0.54			
2018-19	25	65.54	35.26			
2019-20	1	2.95	1.39			
2020-21	18	81.54	35.26			
2021-22	33	147.50	75.56			
2022-23	44	130.17	51.19			
2023-24	33	80.84	24.79			
2024-25	1	1.02	0.06			
Total	**167**	**591.75**	**278.56**	**Total**	**167**	**591.75 (278.56)**

Out of the estimated cost of ₹591.75 crore for 167 ongoing projects, ₹278.56 crore was spent till 2024-25. Therefore, due to non-completion of these 167 projects, Capital expenditure of ₹278.56 crore remained blocked.

Information regarding incomplete works above one crore has been furnished for only two departments Irrigation & Flood Control Department and Public Health Engineering Department. Due to incomplete information in ***Appendix-IX*** (Commitments of the Government-List of Incomplete Capital Works) of the Finance Accounts for the year 2024-25 (provided by the UT Government), Audit could not ascertain the actual progressive expenditure,

physical progress of work, position of pending payment (future liability) and revised cost, if any, as on 31st March 2025.

C. Un-discharged liabilities on Fiscal Space

Undischarged/deferred liabilities, if not addressed timely, will reduce the available fiscal space for future developmental and infrastructure spending. Besides creating lack of transparency and credibility, this impair the UT's ability to raise resources in a sustainable manner, thereby impacting overall fiscal health and long-term sustainability.

UT Government had accumulated several un-discharged liabilities over the years, which have significant implications for fiscal sustainability. These include:

- Non-transfer of statutory funds/cess such as Guarantee Redemption Fund (GRF) ₹309.91crore (including ₹69.43 crore during 2024-25), and Consolidated Sinking Fund (CSF) amounting to ₹112.97crore.
- Un-discharged interest liabilities totalling ₹45.32 crore.
- Off-budget borrowings and other liabilities not captured in the debt stock amounting to ₹23,197.08 crore.
- Short/non-transfer of UT Government's contribution to the National Pension System (NPS) amounting to ₹396.22 crore.
- Pending refund cases amounting to ₹69.60 crore.

The cumulative value of these un-discharged liabilities amounted to ₹24,131.10 crore, which is equivalent to 9.19 *per cent* of the GSDP and 296.24 *per cent* of the Fiscal Deficit for the year 2024-25.

Audit recommends that the Government disclose and address all un-discharged liabilities transparently and make provisions for timely discharge of these obligations to avoid future fiscal stress.

1.6 Conclusions

The per capita GSDP of UT of J&K remained consistently lesser than the national average during FY 2020-25. During the same period, GSDP to GDP ratio declined from 0.85 *per cent* in 2020-21 to 0.79 *per cent* in 2024-25. Revenue expenditure increased from ₹52,634 crore to ₹70,472 crore of which Committed expenditure on interest payments, salaries and pensions constituted 68-76 *per cent.* Fiscal deficit declined by 24 *per cent* during the period 2020-25. However, the capital expenditure remained low during this period.

During 2024-25, UT Government spent ₹12,060 crore (14.61 *per cent* of the total expenditure) on Capital account. Capital expenditure was 20.34 *per cent*

of the total borrowings indicating the borrowed funds were being used mainly for meeting existing liabilities instead of asset creation.

The total liabilities of the UT Government increased by 204 *per cent* during the period 2020-25. Besides, liability of erstwhile State of Jammu and Kashmir amount to ₹82,050.51 crore is yet to be apportioned between two newly created UTs. Un-discharged liabilities of the UT Government stood at 296.24 *per cent* of the Fiscal Deficit for the year 2024-25.

Returns on public investments were low, as against ₹ 4,031 crore invested in PSUs, dividend of only ₹131 crore (3.25 *per cent*) was received during the year 2024-25.

1.7 Recommendations

The Government may:

1. *Strengthen revenue mobilization by improving tax compliance, enforcing a clear non-tax revenue policy, especially for dividends, mining, and interest receipts, and revising user charges and fees periodically.*
2. *Rationalize Revenue expenditure and Committed liabilities, better targeting of subsidies, and controlling interest payments to create fiscal space for developmental spending.*
3. *Enhance Capital expenditure quality and prioritization by increasing allocations to infrastructure sectors, avoiding misclassification of expenditures, and ensuring Capital outlay keeps pace with economic growth.*
4. *Improve return on public investments by enforcing a dividend policy for profit-making PSUs, disinvesting from non-performing entities, and enhancing monitoring of loans and advances to ensure financial discipline and accountability.*
5. *Ensure fiscal transparency and better fund management and route all monies through designated government accounts.*

Chapter-II

Budgetary Management

Chapter-II: Budgetary Management

This chapter reviews J&K's budgetary process, revealing significant gaps between budget estimates and actual expenditure, with issues like excess spending, persistent savings, and last-minute fund surrenders. It highlights weaknesses in financial planning, control, and compliance, stressing the need for realistic budgeting, timely fund utilisation, and modern practices like gender and green budgeting.

2.1 Budget Process

In compliance with Section 41 of the Jammu and Kashmir Re-organisation Act 2019, in respect of every financial year, a statement of the estimated receipts and expenditure of the UT of Jammu and Kashmir for that year, called "the Annual Financial Statement (Budget)" is to be laid before the UT Legislature. The estimates of the expenditure show '*charged*' and 'voted' items[1] of expenditure separately and distinguish expenditure on revenue accounts from other expenditures. Legislative authorization is necessary before incurring any expenditure by the UT Government.

As per the Jammu & Kashmir Budget Manual, the Finance Department is responsible for preparing the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called 'Demand for Grants'. The UT budget majorly comprises the following documents:

- ✓ Annual Financial Statement
- ✓ Demand for Grants
- ✓ FRBM Statements
- ✓ Budget Speech
- ✓ Key Features of Budget
- ✓ Others[2]

2.2 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure holds the balance for optimum utilization of resources, strengthen scheme implementation and monitoring capacity and achievement of fiscal targets. Persistent savings/excesses indicate need for improvement in the underlying budgetary processes.

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1 ***Charged* expenditure:** Certain categories of expenditure (e.g. salaries of Constitutional authorities, loan repayments, etc.), constitute a charge on the Consolidated Fund of the UT and are not subject to vote by the Legislature. **Voted expenditure:** All other expenditure is voted by the Legislature.

2 Including Budget at glance and supplementary demands for grants of the previous year etc.

Details of total appropriation obtained from legislature, actual expenditure and savings are summarized in **Table 2.1**.

Table 2.1: Actual expenditure vis-à-vis budget provision during the financial year 2024-25

(₹ in crore)

	Nature of expenditure	Original Grant/ App.	Supplementary Grant/ App.	Total	Actual expenditure	Saving/ Excess(-)	Surrender during 2024-25	
							Amount	*per cent*
Voted	I. Revenue	71,088.75	4,404.37	75,493.12	60,563.39	14,929.73	6,867.59	9.1
	II. Capital	25,165.08	1,836.94	27,002.02	14,054.68	12,947.34	12,634.13	46.79
	III. Loans & Advances	29.00	-	29.00	15.09	13.91	Nil	Nil
	Total	**96,282.83**	**6,241.32**	**102,524.14**	**74,633.16**	**27,890.98**	**19,501.72**	**19.02**
Charged	IV. Revenue	10,396.75	1.02	10,397.77	10,986.39	(-)588.62	13.90	0.13
	VI. Capital	-	-	-	-	-	Nil	Nil
	VII. Public Debt-Repayment	44,846.20	-	44,846.20	30,129.52	14,716.68	Nil	Nil
	Total	**55,242.95**	**1.02**	**55,243.97**	**41,115.91**	**14,128.06**	**13.90**	**0.03**
Appropriation to Contingency Fund (if any)		Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Grand Total	**1,51,525.78**	**6,242.33**	**1,57,768.11**	**1,15,749.07**	**42,019.04**	**19,515.62**	**12.37**

Source: Appropriation Accounts 2024-25

During 2024-25, despite providing supplementary grant of ₹1,836.94 crore under Capital (Voted) section and ₹4,404.37 core under Revenue (Voted) section, there were savings of ₹12,947.34 crore (47.95 *per cent*) under Capital (Voted) and ₹14,929.73 crore (19.78 *per cent*) under Revenue (Voted) section. This indicates that the supplementary grant was made without adequate assessment of actual requirements, reflecting deficiencies in financial management and budgetary control.

The UT Government budgeted and accounted an expenditure of ₹72.51 crore under Revenue (Voted) instead of Revenue (*Charged*), in Grant No. 08-Finance Department under Major Head '2048-Appropriation for reduction or avoidance of Debt'. Similarly, in the Capital (Voted) section, Government also budgeted through Supplementary Grant (₹1,711.78 crore) and accounted an expenditure of ₹1,781.92 crore instead of Capital(*Charged*) under Major Head 6003-'Internal debt'.

Trends in the original budget, revised estimate, and actual expenditure for the period 2020-21 to 2024-25 are given in **Table 2.2.**

Table 2.2: Original Budget, Revised Estimate and Actual Expenditure during FYs 2020-21 to 2024-25

(₹ in crore)

	2020-21	2021-22	2022-23	2023-24	2024-25
Original budget	1,23,127.98	1,30,832.24	1,42,150.1	1,48,500.00	1,51,525.78
Supplementary budget	10,467.74	8,962.95	7,431.93[3]	8,712.90	6,242.33
Total budget (TB)	1,33,595.72	1,39,795.19	1,49,582.03	1,57,212.90	1,57,768.11
Revised estimate (RE)	1,25,576.94	1,39,795.19	1,32,788.90	1,41,333.15	1,38,380.67
Actual expenditure (AE)	96,786.29	1,11,983.49	1,07,948.46	1,26,054.97	1,15,749.07
Savings	36,809.44	27,811.70	41,633.57	31,157.93	42,019.04
Percentage of supplementary to the original provision	8.50	6.85	5.23	5.87	4.12
Percentage of overall saving/excess to the overall provision	27.55	19.89	27.83	19.82	26.63
TB-RE	8,018.78	0.00	16,793.13	15,879.75	19,387.44
RE-AE	28,790.65	27,811.70	24,840.44	15,278.18	22,631.59
(TB-RE) as % of TB	6.00	0.00	11.23	10.10	12.29
(RE-AE) as % of TB	21.55	19.89	16.61	9.72	14.34

Source: Annual Financial Statement and Appropriation Accounts

Table 2.2 shows that supplementary provision of ₹6,242.34 crore during 2024-25 constituted 4.12 *per cent* of the original provision as against 5.87 *per cent* in the previous year, indicating a marginal improvement in estimation of budgetary requirements. The difference between TB and RE as a percentage of Total budget has significantly increased from six *per cent* in 2020-21 to 12.29 *per cent* in 2024-25 reflecting deficiencies in budget preparation and financial planning.

Further, the difference between RE and AE as a percentage of Total budget has increased from 9.72 *per cent* in 2023-24 to 14.34 *per cent* in 2024-25 which indicates lapses in preparation of Revised estimates and weak monitoring of expenditure trends.

[3] Includes supplementary amount of ₹3,711.72 crore and augmentations of ₹3,720.21 crore.

Chart 2.1: Trend showing BE, RE, TB and Actuals

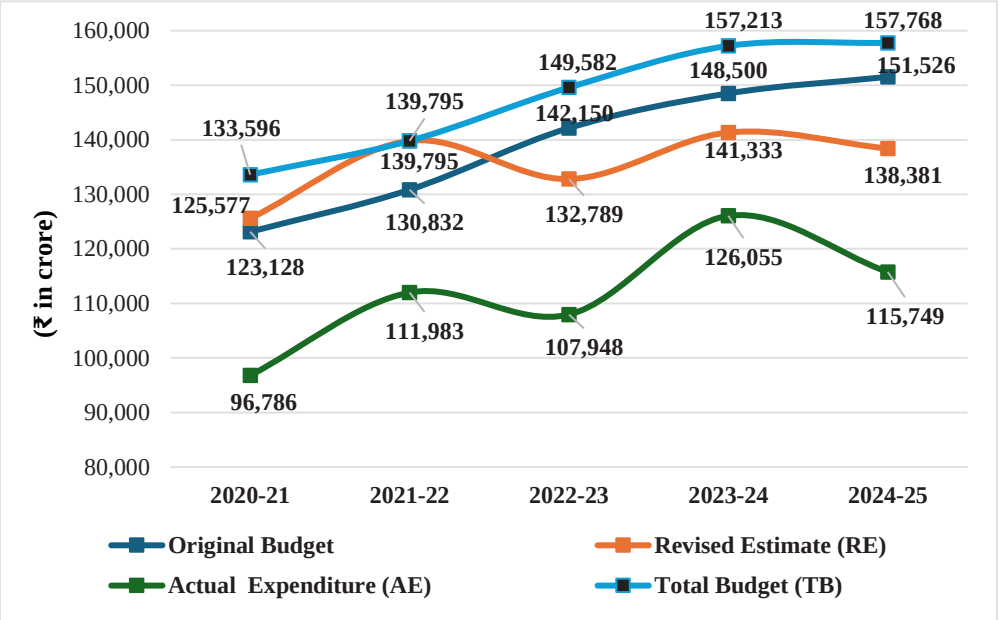


Chart 2.1 depicts the trend of the Original Budget (OB), Revised Estimates (RE), Actual Expenditure (AE), and Total Budget (TB) during the period from 2020-21 to 2024-25. The Total Budget and Original Budget show a steady increase over the years, reflecting a progressive rise in budgetary allocations. Variations between the Original Budget and Revised Estimates are relatively moderate; however, a substantial and persistent gap is observed between budget provisions and Actual Expenditure.

During 2020-21 and 2021-22, the Revised Estimates exceeded the Original Budget, indicating additional expenditure requirements during the financial year. From 2022-23 onwards, the Revised Estimates remained below the Original Budget, suggesting overestimation at the initial budgeting stage or curtailment of expenditure during the year.

Actual Expenditure remained consistently lower than both the Original Budget and Revised Estimates throughout the period, despite some year-to-year fluctuations. This indicates recurring savings and under-utilisation of funds. The widening gap between budget estimates and actual expenditure points to deficiencies in budget forecasting and expenditure management, highlighting the need for more realistic budget formulation and strengthened financial control mechanisms.

2.2.1 Component/Services wise analysis of budgetary provisions and expenditure

Component wise analysis of the Budget and Expenditure for the FY 2024-25 is summarized in **Table 2.3.**

Table 2.3: Component Wise Budget and Expenditure for the year 2024-25

Component	Total Budget (₹ in crore)	Total Expenditure (₹ in crore)	Percentage of Total Budget[4]	Percentage of Total Expenditure[5]	Percentage of expenditure against the total Budget
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6=3/2*100)**
Committed Expenditure	53,742.00	48,129.14	34.06	41.58	89.56
UT Schemes	42,461.07	35,446.43	26.91	30.62	83.48
Central Share for CSS	9,674.81	5,894.36	6.13	5.09	60.92
UT Share for CSS	3,663.10	1,027.60	2.32	0.89	28.05
EAP - Externally Aided Projects	NA	NA	NA	NA	NA

The committed Expenditure of the UT Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It has the first charge on Government resources.

High spending on Committed Expenditure leaves the Government with lesser flexibility for the development sector. As seen in Table 2.3 committed expenditure accounted for 41.58 *per cent* and 34.06 *per cent* of total expenditure and total budget of the UT Government respectively, thus exhausting the major portion of the UT's resources.

2.3 Budget marksmanship

Expenditure Composition Outturn

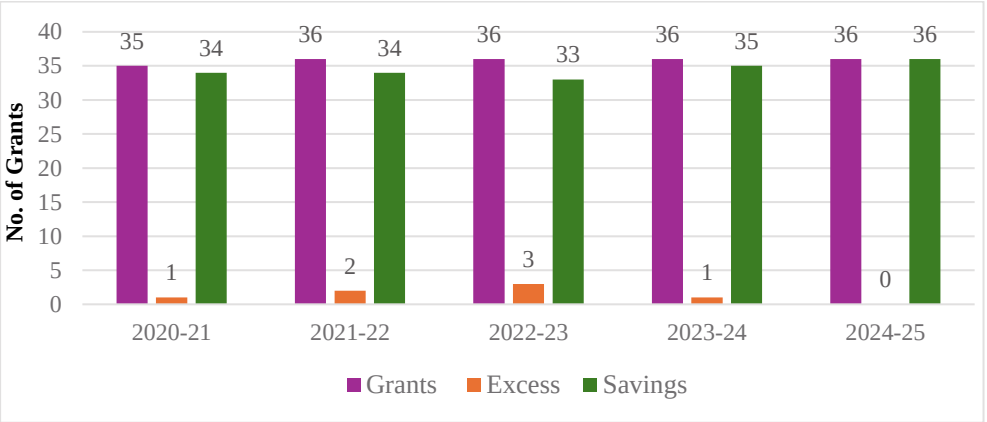
Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition.

[4] ₹1,57,768.11 crore

[5] ₹1,15,749.07 crore

A year-wise analysis of grants, excesses, and savings provides valuable insights into the efficiency of budget execution and financial management by the UT. It has been depicted in **Chart 2.2.**

Chart 2.2: Year-wise Grants, Excesses, and Savings



Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism and weak scheme implementation capacities/weak internal controls promote release of funds towards the end of the financial year. Excessive savings in some heads also deprive other departments of the funds which they could have utilised.

During the period 2020-21 to 2024-25, savings were observed across 33 to 36 grants, whereas excesses were seen in 1 to 3 grants during the same period. Consistent excesses were seen in Grant No.8 during 2020-21 to 2023-24, whereas excess in Grant No.16 was found in 2021-22 and 2022-23 and excess in Grant No. 19 was observed in 2022-23.

The expenditure composition outturn for the FY 2024-25 is given in **Table 2.4**.

Table 2.4: Expenditure composition overall deviation FY 2024-25

Section	Overall Deviation (*per cent*)	Range of Deviation (*per cent*)	Number of Grants
Revenue (voted)	(-)12.00	0 to ± 25	31
	(-)35.66	± 25 to ± 50	4
	(-)88.92	± 50 to ± 100	1
Revenue (*Charged*)	(-)4.38	0 to ± 25	3
	NA	± 25 to ± 50	0
	(-)88.06	± 50 to ± 100	1
	NA	≥ 100	0
Capital (Voted)	(-) 19.89	0 to ± 25	4
	(-) 39.46	± 25 to ± 50	13
	(-) 69.49	± 50 to ± 100	19

Capital (*Charged*)	NA	0 to ± 25	0
	(-) 32.82	± 25 to ± 50	1
	NA	± 50 to ± 100	0

In case of 27 Grants, savings of ₹100 crore and above were noticed, with the percentage savings ranging between 10.83 *per cent* to 86.44 *per cent*. The savings in these cases were ₹41,655.47 crore. The above savings include huge savings of ₹100 crore and above by the departments under Capital section in 24 Grants amounting to ₹27,351.44 crore. Savings under the Capital section ranged between 22.17 *per cent* and 93.97 *per cent* during 2024-25. The savings under the Capital section indicate that the Government could not utilise the funds earmarked for developmental activities/creation of assets, reflecting deficiencies in project implementation, financial planning, and monitoring of capital expenditure.

2.4 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Section 43 and 44 of the Jammu and Kashmir Reorganisation Act, 2019. These Accounts depict actual expenditure as against the original budget provision, supplementary grants, surrenders and re-appropriations distinctly on gross basis.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Section 41 of Jammu and Kashmir Reorganisation Act, 2019 is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

2.5 Budgetary and accounting process

2.5.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the Union Territory except under appropriation made by law passed in accordance with the provisions of Section 43 of Jammu and Kashmir Re-organisation Act, 2019.

It was, however, observed that an expenditure of ₹373.51 crore (***Appendix 2.1***), was incurred in 10 cases (more than ₹ two crore in each case) under various components of two grants during the year 2024-25 without

having any provision in the original budget estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.

2.5.2 Excess Expenditure and its Regularisation

Section 43 of the Jammu and Kashmir Re-organisation Act, 2019 stipulates that no money shall be withdrawn from the Consolidated Fund of the Union Territory except under Appropriation made by law passed in accordance with the provisions of this section. Although no time limit for regularisation of expenditure has been prescribed under the Section, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee.

A. Excess expenditure during current year

There was an excess disbursement of ₹602.85 crore over the authorisation made by the UT Legislature under one Appropriation during 2024-25 as indicated in **Table 2.5**.

Table 2.5: Excess expenditure during 2024-25 requiring regularisation

(₹ in crore)

Grant No./ Appropriation	Grant/Appropriation details	Amount of excess expenditure required to be regularised
8	Finance Department (Revenue *Charged*)	602.85
Total		**602.85**

Source: Appropriation Accounts

Further, it was observed that provisioning through re-appropriation and incurring expenditure of ₹29.31 crore ***(Appendix 2.2)*** under heads for which no allocation exists in either the original or supplementary estimates constitutes a violation of the provisions contained in Para 14.2.2 of the Jammu and Kashmir Budget Manual and is inconsistent with the requirements of Section 44 of the Jammu and Kashmir Reorganisation Act, 2019.

No excess expenditure was incurred in the selected Grants (**13- Animal and Sheep Husbandry** and **32- Horticulture Department)** as a whole under each section. However, excess expenditure was incurred in five schemes (₹0.17 crore) under Grant No. 32. (***Appendix 2.17***)

In reply, it was stated (January 2026) that the excess payment is mainly due to direct debit on account of interest payments, as interest payment is charged expenditure and is payable at any time when the claim is raised by the lender agency.

B. Regularisation of excess expenditure of previous financial years

Excess disbursements pertaining to previous years pending regularization from UT Legislature are shown in **Table 2.6** below.

Table 2.6: Excess expenditure relating to previous years requiring regularisation

(₹ in crore)

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts
2019-20 *(30 October 2019 to 31 March 2020)*	8	Finance Department (Revenue *Charged*)	725.62
		Finance Department (Capital *Charged*)	3,096.11
	16	Public Works Department (Revenue Voted)	24.22
	27	Higher Education Department (Capital Voted)	29.66
2020-21	8	Finance Department (Capital *Charged*)	7,094.29
2021-22	8	Finance Department (Revenue Voted)	1,523.27
		Finance Department (Revenue *Charged*)	266.64
		Finance Department (Capital *Charged*)	154.97
	16	Public Works Department (Revenue Voted)	104.38
2022-23	8	Finance Department (Revenue *Charged*)	1,069.14
		Finance Department (Capital *Charged*)	1,346.04
	16	Public Works Department (Revenue Voted)	281.64
	19	Housing And Urban Development Department (Revenue Voted)	133.35
2023-24	8	Finance Department (Revenue *Charged*)	289.78
		Finance Department (Capital *Charged*)	3,468.66
	36	36-Co-operative Department (Revenue Voted)	2.40
		Total	**19,610.17**

Source: Appropriation Accounts

To strengthen the legislative oversight over the expenditure from Consolidated Fund of UT, these excess expenditures need to be regularized at the earliest and measures to contain recurrence of such excess may be taken by the UT Government.

C. Regularisation of excess expenditure of previous financial years pertaining to erstwhile State of Jammu and Kashmir

As the Appropriation Accounts of 1980-81 onwards had not been discussed in the Public Accounts Committee, the excess expenditure aggregating to ₹1,24,004.41 crore for the years 1980-81 to 2019-20 (1st April 2019 to 30th October 2019) pertaining to the erstwhile State of Jammu and Kashmir, as detailed in ***Appendix 2.3***, is yet to be regularised. Excess expenditure remaining un-regularised for such extended periods vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

2.5.2.1 Persistent excesses expenditure in certain Grants.

Persistent excess expenditure indicates that the budgetary control in the department was ineffective, and budget estimates were not prepared on a realistic basis. Persistent excesses may be due to improper estimation at the time of preparation of the budget.

Audit scrutiny revealed that in two cases under one grant, there was persistent excess expenditure of more than ₹10 crore in each case during the last five years as detailed in **Table 2.7.** The expenditure under both cases were incurred without any budgetary provision during 2020-25.

Table 2.7: Persistent excess expenditure during FYs 2020-21 to 2024-25

(₹ in crore)

Sl. No..	Description of Grant/Appropriation	2020-21	2021-22	2022-23	2023-24	2024-25
1.	**Grant No.-08-Finance** 2049-Interest Payments 04-Interest on loan and advances from Central Government 109-Interest on State Plan Loans consolidated in term of recommendation of the 12th FC 99-General 1920-Other Consolidated Loans					
	Grant	0.00	0.00	0.00	0.00	0.00
	Expenditure	40.06	33.39	26.71	20.03	13.35
	Excess	40.06	33.39	26.71	20.03	13.35
2.	**Grant No.-08-Finance** 6004- Loans and Advances from the Central Government 02- Loans for State / Union Territory Plan Schemes 105- State Plan Loans consolidated in terms of recommendations of 12th F.C. 1979-2004 99- General 1920- Other Consolidated Loans					
	Grant	0.00	0.00	0.00	0.00	0.00
	Expenditure	89.03	89.03	89.03	29.71	89.03
	Excess	89.03	89.03	89.03	29.71	89.03

Source: Appropriation Accounts of respective years

As is evident from the above table, persistent excesses were noticed in Grant No. 08-Finance Department. The excess was mainly under Major Head-2049-Interest Payment under Revenue (*Charged*) section and under Major Head 6004-Loans and Advances from the Central Government in Capital (*Charged*). This is indicative of the fact that proper budgeting exercise was not being carried out as was required under Paragraph 6.2.4 of Government of Jammu and Kashmir Budget Manual.

2.5.3 Supplementary Grants rendered non-essential

As per Section 44 of the Jammu and Kashmir Re-organisation Act, 2019 a Supplementary or Additional Grant over the provision made by the Appropriation Act for the year, can be made during the current financial year to cater to the requirements in excess of the original provisions.

It was noticed that the total supplementary provisions of ₹526.86 crore ***(Appendix 2.4)*** were made in nine instances (more than ₹ two crore in each case), the expenditure did not come up to original provisions during the year 2024-25. Similarly, supplementary provisions of ₹5,714.45 crore in six cases (more than ₹ two crore in each case) proved non-essential ***(Appendix 2.5)*** as full amount of supplementary provisions could not be utilized.

The Government should prepare realistic budget estimates to avoid large savings or excess expenditure as well as Supplementary provisions.

In the selected **Grant No.32-Horticulture Department**, it was observed that supplementary provision of ₹3.01 crore (Revenue Voted) during the year 2024-25 proved unnecessary as the expenditure of ₹194.01 crore did not come up even to the level of original provision of ₹217.96 crore.

2.5.4 Injudicious re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation to another unit where additional funds are needed. During 2024-25, re-appropriation orders under 32 Grants amounting to ₹976.66 crore were issued. This included post facto sanctions of ₹515.73 crore under 29 Grants issued on 20.06.2025.

In 4 schemes under the selected two grants, reduction of provision exceeding ₹ two crore through re-appropriation orders effected by various departments proved injudicious as there was excess expenditure under these cases as detailed below:

S.No	Number/ Name of Grant and Head of Accounts	Original Grant	Supplementary Grant	Re-appropriation	Total	Expenditure	Savings (-)/ Excess (+)
1	**Grant No.12-Agriculture Department**						
	2401-001-0099-0039	288.11	10.62	27.34	271.40	271.40	0.0002
	2401-001-0099-6062	8.00	0.00	4.77	3.23	3.41	0.18
	2406-02-112-0099-1136	72.22	2.02	2.26	71.98	71.98	0.0011
2	**Grant No.32-Horticulture Department**						
	4401-119-0011-6062	213.89	0.00	141.38	72.51	72.51	0.0031

Further, in 47 schemes in 22 grants **(*Appendix 2.6*)**, reduction of provision exceeding ₹two crore through re-appropriation orders effected by various departments proved injudicious as there was excess expenditure under these cases. In four schemes under three grants, **(*Appendix 2.6*)** supplementary provision also proved unnecessary because expenditure did not come up to the level of original/supplementary budget provision.

2.5.5 Unspent amount and surrendered appropriation and/or Large Savings/Surrenders

Budget proposals should strive to optimize all foreseeable expenditure to appropriate spending levels to balance the quality of expenditure and reduce underutilization of budgeted funds. Timely surrenders by the spending units are an important mechanism for optimal reallocation within the approved budget.

The analysis of grants and appropriations showed that in five cases (under two grants) during the year 2024-25, the savings (excluding surrenders) exceeded ₹ 100 crore in each case (***Appendix 2.7)***. It was further noticed that in one grant, no expenditure vis-à-vis total grant amounting to ₹four crore as given in **Table 2.8** was incurred during the year 2024-25.

Table 2.8: Entire grant remaining unutilised during the financial year 2024-25

(₹ in crore)

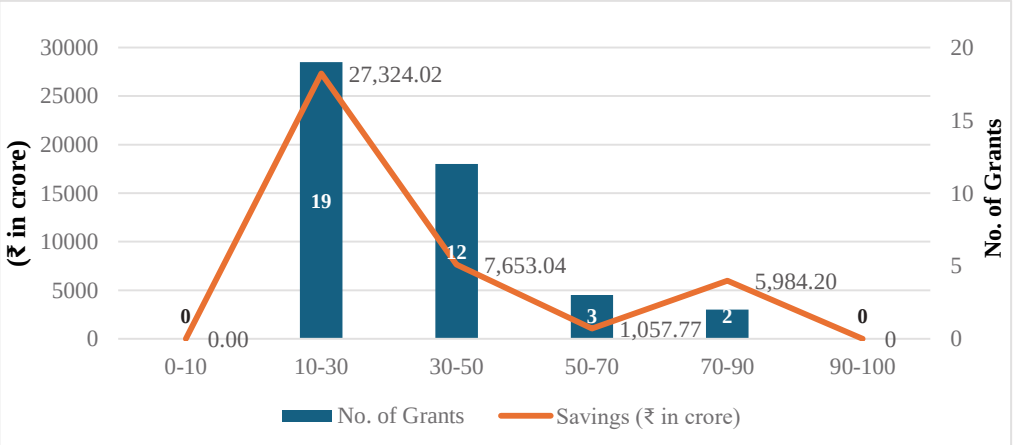
Sl. No.	Number and Name of grant	Amount
1	09-Parliamentary Affairs Department (Capital – Voted)	4.00
Total		**4.00**

Source: Appropriation Accounts 2024-25

Further, it was also observed that in 31 cases under 24 grants, there was persistent saving exceeding ₹100 crore in each case (***Appendix 2.8)*** during 2022-23 to 2024-25.

Detail of grants grouped by the percentage of utilisation along with total savings during 2024-25 has been shown in ***Appendix 2.9*** and **Chart 2.3**.

Chart 2.3: The distribution of the number of Grants/Appropriations grouped by the percentage of Savings along with total savings

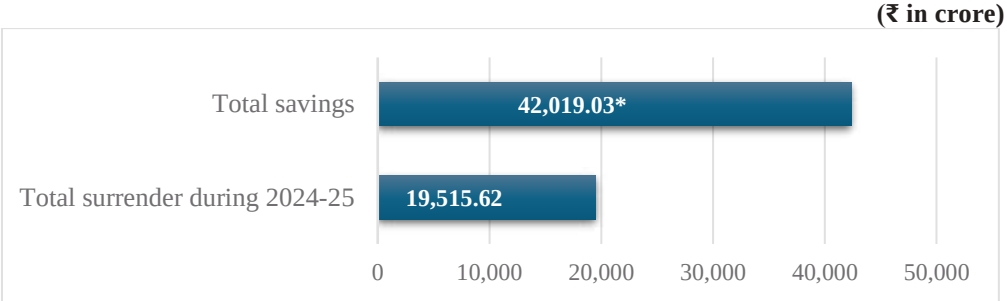


Source: Appropriation Accounts 2024-25

It was noticed that savings under 19 voted and three charged sections amounting to ₹23,776.65 crore (***Appendix 2.10)*** were not surrendered at all.

Chart 2.4: Savings and surrenders for the year 2024-25

(₹ in crore)



Source: Appropriation Accounts 2024-25
**Savings (₹42,621.88 crore)- Excess Expenditure (₹602.85 crore)*

Analysis of Chart 2.4 revealed that only 46.44 *per cent* of the savings were surrendered. Further, surrenders in respect of 18 voted and one charged section amounting to ₹670.40 crore, exceeded the amount of savings (***Appendix 2.11***). This included surrender of ₹216.08 crore under Capital voted section of Grant No.14(Revenue Department) with Budget provision of ₹43 crore.

On being pointed out it was replied (January 2026) that the practice of issuing surrender orders was started this year and the possibility of error cannot be ruled out.

Non- Surrender of Savings

(₹ in crores)

Grant No.	Year	Savings / percentage (%)		Surrendered	
		Revenue (V)	Capital (V)	Revenue (V)	Capital (V)
13	2022-23	87.30 (13%)	133.05 (55%)	0	0
	2023-24	57.00 (9%)	349.23 (73%)	0	0
	2024-25	62.60 (8.6%)	184.40 (37.67%)	62.59 (99.98%)	184.40 (100%)
32	2022-23	48.12 (25%)	338.20 (75%)	0	0
	2023-24	11.40 (7%)	417.53 (73%)	0	0
	2024-25	26.96 (12%)	209.03 (49%)	26.93 (99.89%)	209.03 (100%)

Source: Appropriation Accounts for respective years

In the selected Grants, above table shows that no savings were anticipated and surrendered during the years 2022-23 & 2023-24 despite having large savings. However, both departments have surrendered almost all the savings during 2024-25.

Entire provision (100 *per cent*) remained unutilized/surrendered against Budget Estimates.

During audit of selected grants, it was observed that entire budget provision remained unutilized in the capital section against Budget estimates (100 *per cent*) during the year 2024-25 indicating non-implementation of the important schemes as detailed below:

(₹ in crore)

S No	Name of the Work/ Work-code	Release
Grant No. 13 – Animal/ Sheep Husbandry Department		
1	Construction of Sheep Extension Centre at Rathsun Beerwah Budgam	0.016
2	Construction of District Veterinary Hospital at DSHO Budgam	0.032
3	Land Compensation for Construction of Veterinary Dispensary at Ransoo Reasi (Non-Snow Bound)	0.005
4	Fencing of Land at Lam Rajouri	0.44
5	Construction of Veterinary Dispensary Bagdhar Lup Code 2242	0.03

S No	Name of the Work/ Work-code	Release
6	Purchase of Ambulances	0.28
7	Construction of Boundary Wall For Subunit Veterinary Hospital at Banihal Ramban	0.01
8	Construction of Quarantine Shed at Balol Nallah Bari Brahmana	0.11
9	Purchase And Tractor and Accessories Like Trolly etc.	0.12
	Total	**1.043**
Grant No. 32 – Horticulture Department		
10	Establishment of Basmati cluster	6.00
11	Establishment of vegetable cluster	6.00
12	Establishment of walnut cluster	6.00
13	Establishment of milk cluster	6.00
14	Establishment of meat and poultry cluster	6.00
15	Establishment of cherry cluster	3.00
16	Establishment of trout cluster	1.50
	Total	**34.50**

(Source: Empowerment Portal- https://janbhagidari.jk.gov.in/JK BEAMS)

In reply, the Horticulture Department stated that tendering process could not be completed as no implementing agency was finalized during the year. The reply is not tenable as intended project/activities could not be implemented, and the allocated funds remained unutilized. This indicates inadequate planning and weak execution of procurement processes, leading to non-achievement of the intended objectives.

Besides, Persistent savings under one Major head in three Detailed Heads under Grant No. 32 was observed during the period from 2022-23 to 2024-25. This indicated non-achievement of the projected financial outlays in the respective years and needs to be clarified.

(₹ in crore)

S.No.	Head of Account	2022-23	2023-24	2024-25
1.	2401-119-0099-0244-054 Furniture and Furnishings	0.39	0.25	0.10
2.	2401-119-0099-0244-003 LTC	1.03	0.80	0.06
3.	2401-119-0099-2088-046 Purchase of vehicle	0.25	0.35	0.22

2.5.6 Misclassification between Revenue Expenditure and Capital Expenditure

As per rule 30 of Government Accounting Rules, 1990, expenditure that only results in the creation of concrete, material, and permanent assets should be classified in capital expenditure.

During the financial year 2024-25, the UT Government had booked ₹12,060.06 crore as Capital Expenditure. Audit examined related expenditure vouchers and noticed that ₹636.24 crore ***(Appendix 2.12)*** of expenditure of Revenue nature had been booked under Capital Expenditure. Out of this amount, ₹82.00 crore was expenditure towards Subsidy, Grants-in-Aid and Assistance to local bodies, *etc*. An amount of ₹554.24 crore[6] had been expended for creation of assets of entities (SPSUs) other than the Government of UT of J&K. In accordance with note below Rule 30(1) of GAR 1990, this amount is to be classified as Revenue Expenditure, instead of Capital Expenditure.

In reply, it was stated (January 2026) that the expenditure on account of SPSUs is being incurred as Government support to these SPSUs to become self-reliant. The Capital expenditure on these SPSUs shall be considered by the Government as equity at appropriate time.

The reply is not tenable, as the expenditure could be considered as capital only when it is converted as equity.

Thus, there was a misclassification of ₹636.24 crore, which resulted in overstatement of Revenue Surplus to that extent. The resulting Capital Expenditure, after Audit, for FY 2024-25, was ₹11,423.82 crore.

During audit of vouchers of selected **Grant 13 -Animal/ Sheep Husbandry Department** it was observed that expenditure to the tune of ₹6.80 crore has been incurred by the department on account of payment of various types of **subsidies** to beneficiaries under Holistic Agriculture Development Programme (HADP) scheme by booking to capital head of account 13-4403-00-101-0011-6062-115(works) instead of revenue head.

Similarly, in **Grant No- 32-Horticulture Department** it was observed that an expenditure of ₹1.92 crore was incurred by the department on account of payment of various types of **subsidies** to the beneficiaries under HADP and CAPEX schemes instead of revenue head.

Further, during 2024-25 a provision of ₹21.75 crore had been kept under 32-4401-119-0011-0281 (HPMC)-115 Works, out of which an expenditure of ₹12.46 crore had been incurred by HPMC for creation of its assets. HPMC being a Government Company, assets created by it cannot be claimed as assets of the Government hence the provision for such works should have been kept under Revenue instead of capital.

2.5.7 Major policy pronouncements in budget and their actual funding for ensuring implementation

Several policy initiatives taken up by the Government are wholly or partially not executed due to non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction, non-release of budget, etc. It was observed that under eight new schemes, there was outlay of ₹69.12 crore, but no expenditure was incurred resulting in non-implementation of schemes as shown in ***Appendix 2.13***.

Further, under 123 schemes, there was approved outlay of ₹5,285.41 crore which was fully surrendered/re-appropriated/ un-utilized as shown in ***Appendix 2.14***.

2.5.8 Non-adherence to the Quarterly Expenditure Limit

Rule 62(3) of the General Financial Rules provides that rush of expenditure, particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided.

Table 2.9: Rush of Expenditure during FY 2024-25

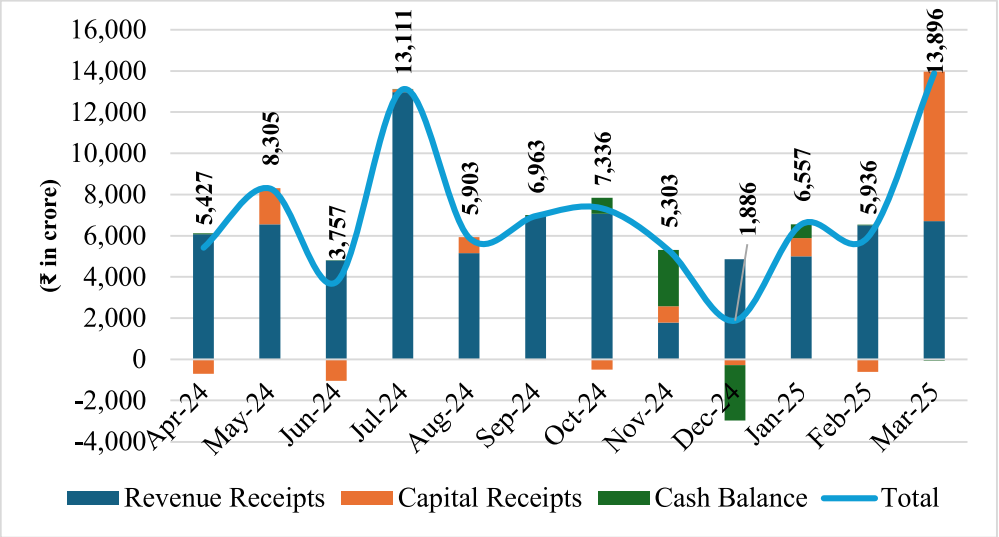
	Amount (₹ in crore)	Percentage of Total Expenditure in the year
Last Quarter of the year (Jan to Mar-2025)	55,807.01	48.76
Last month of the year (Mar-25)	17,571.70	15.35

Source: Office of the Pr. Accountant General (A&E), J&K (amount excluding recoveries)

During 2024-25, 48.76 *per cent* of the total expenditure was incurred in last quarter of the year and 15.35 *per cent* in the last month of the year.

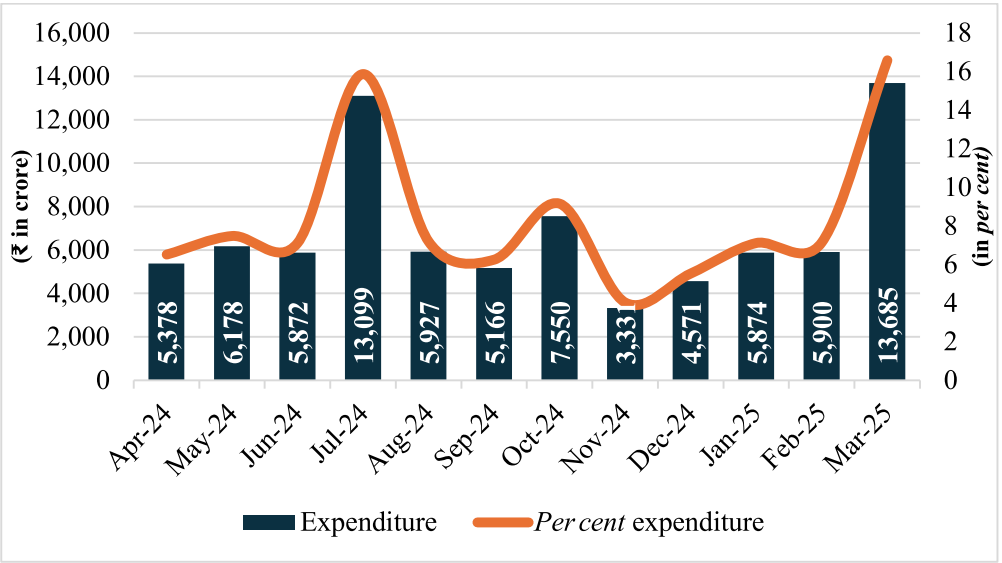
Trend of total Monthly receipts (Revenue Receipts, Capital Receipts and cash balance) and expenditure during financial year 2024-25 is shown in **Chart 2.5** and **Chart 2.6.**

Chart 2.5: Trend analysis of receipts (Month wise)



Source: Monthly Key Indicators, Office of the Pr. Accountant General (A&E), J&K

Chart 2.6: Trend analysis of expenditure (Month wise)



Source: Monthly Key Indicators, Office of the Pr. Accountant General (A&E), J&K

The monthly expenditure (Revenue Expenditure and Capital Expenditure) trend depicted in the chart indicates a pronounced skewness towards the last quarter of the financial year, particularly in March.

Further, entire expenditure of ₹18.84 crore in 15 sub-heads was incurred in the month of March 2025 alone (***Appendix 2.15***).

Maintaining a steady pace of expenditure is a crucial component of sound public financial management as it prevents fiscal imbalances and temporary cash crunches. In order to check rush of expenditure at the close of the financial year, UT Government (Aug 2024) has prescribed that expenditure should not exceed 30 *per cent* in last quarter and 15 *per cent* during last month of the financial year. The quarterly details of expenditures incurred across all Grants

are shown in the ***Appendix 2.16.*** 23 out of 36 Departments incurred more than 30 *per cent* of their expenditure in last quarter and 20 departments incurred more than 15 *per cent* of their expenditure in March 2025.

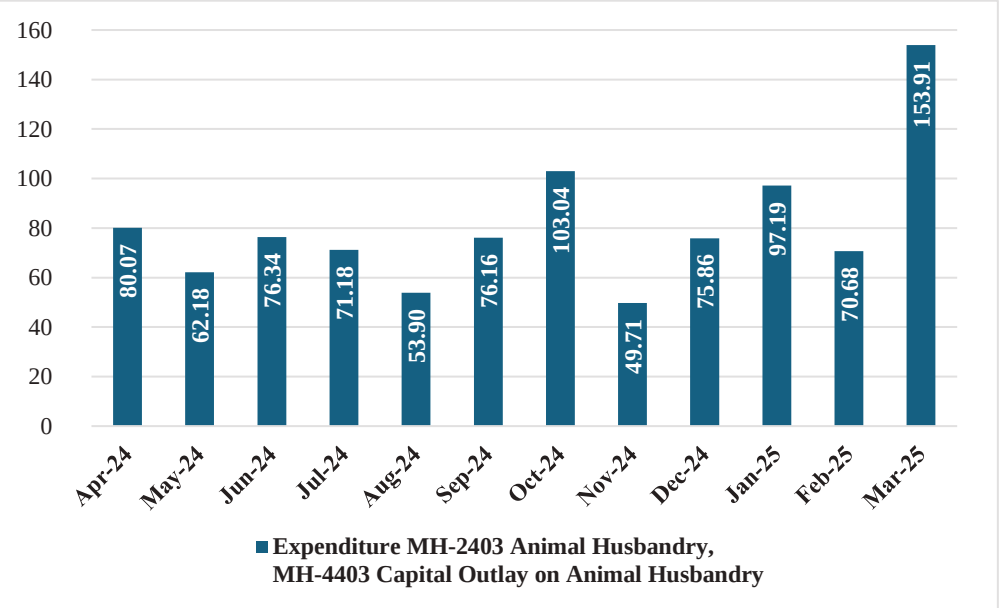
This pattern indicates non-adherence to the prescribed financial discipline and reflects deficiencies in expenditure planning and monitoring, thereby defeating the objective of achieving an even flow of expenditure during the year.

Selected Grant-wise rush of expenditure analysis

In selected grants, position regarding rush of expenditure was same as the overall position of the UT. Department of Animal/Sheep Husbandry has incurred 33.16 *per cent* of its expenditure during last quarter and 15.87 *per cent* during the month of March 2025. Horticulture Department has incurred 33.98 *per cent* of its expenditure during last quarter and 19.94 *per cent* during the month of March 2025.

Chart 2.7: Month wise expenditure under Animal/Sheep Husbandry Department during 2024-25

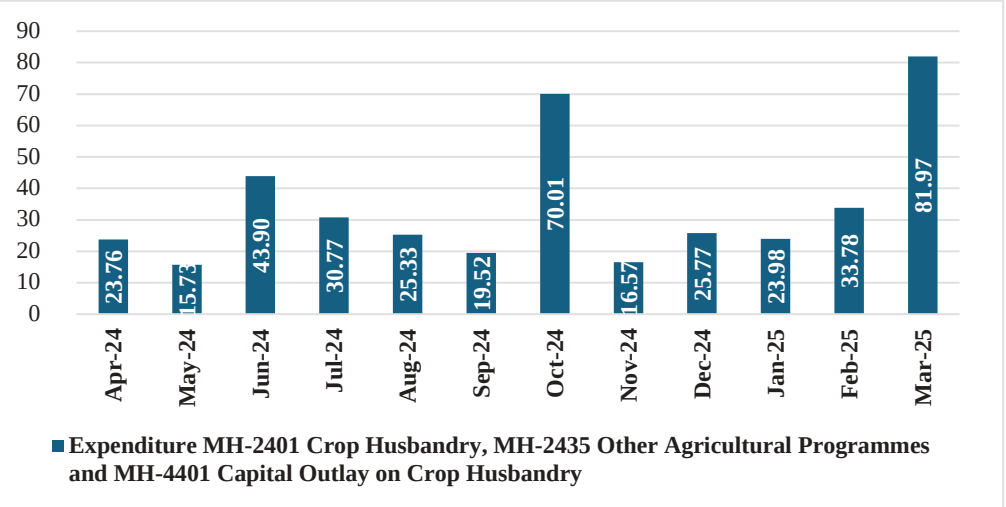
(₹ in crore)



Source: VLC data, Office of the Pr. Accountant General (A&E), J&K

Chart 2.8: Month wise expenditure under Horticulture Department during 2024-25

(₹ in crore)



Source: VLC data, Office of the Pr. Accountant General (A&E), J&K

2.6 Single Nodal Agency

Ministry of Finance, Government of India, mandated (March 2021) release of funds under each Centrally Sponsored Scheme (CSS) through a Single Nodal Agency (SNA) for each CSS and monitoring their utilisation. Each SNA must have a dedicated bank account in an authorised Scheduled Commercial Bank. The UT Government is required to transfer the Central Share received to the concerned SNA's account, along with the corresponding UT share.

Audit analysed the Voucher Level Computerisation (VLC) data and SNA PFMS report and found that there was discrepancy in data of Central and UT share transfer to SNA accounts, as shown in **Table 2.10.**

Table 2.10: Discrepancies in Central and UT share transfer

(₹ in crore)

Source of Data	Central share received	Central share transferred	UT share transferred	Less amount released by UT (-ve denotes excess)
VLC	7,206.16	5,894.36	1,027.60	1,311.80
SNA PFMS Report	5,406.99	5,514.56	909.52	-107.57
Difference Amount	**1,799.17**	**379.80**	**118.08**	**1,419.37**

Source: Notes to Finance Accounts

Reconciliation needs to be conducted to clear variation between two figures**.**

2.7 Other issues noticed in Detailed Review of selected grants

Grant No-13 Animal and Sheep Husbandry- Excess releases of Funds by the Administrative Department

It was observed that excess release of funds by the Administrative Department to the DDO's against the releases received from the Finance department (9 *per cent*) under Capital Section.

(₹ in crore)

Year	BE for the FY 2024-25	Funds Released by Finance	Releases by Administrative Secretary	Received by DDO's	Excess *per cent*
2024-25	406.58	281.28	306.81	306.81	9

Source- BEAMS Data

Reasons for excess release of funds by the Administrative Department to sub-ordinate offices against the releases received from the Finance department is still awaited from the department.

2.8 Conclusion

The review of budgetary management of the Union Territory during 2024–25 revealed significant deficiencies in financial planning, execution, and control. The overall budget utilization was substantially below the sanctioned provisions, while instances of expenditure without budgetary authorization and excess spending requiring regularization reflected weak legislative and administrative oversight. Injudicious re-appropriations and persistent, large-scale savings across several grants indicated unrealistic budget estimates and inefficiencies in project implementation, particularly in the Capital section. Instances of misclassification of expenditure further distorted the financial position, while supplementary provisions that remained unutilized pointed to poor forecasting and weak fund management practices. The occurrence of a rush of expenditure in March 2025 demonstrated inadequate expenditure control, and the high proportion of committed expenditure constrained fiscal flexibility.

Overall, these shortcomings highlight the need for stronger financial discipline, realistic budgeting, and improved monitoring mechanisms to ensure more effective, transparent and accountable utilization of public resources.

2.9 Good Practices

The UT Government, as part of its efforts to strengthen budgetary practices, has initiated the practice of surrendering anticipated savings in advance, enabling the effective reallocation and utilization of unspent funds.

2.10 Recommendations

1. *The Government should strengthen budget planning and monitoring by making realistic budgetary provisions and ensure efficient control mechanisms to curtail savings/excess expenditure.*
2. *Excess expenditure over the approved Grants may be regularised at the earliest.*
3. *Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and critically review the persistent savings and misclassification of expenditure.*
4. *Government may consider strengthening of financial monitoring to avoid rush of expenditure at the fag end of the year.*

Chapter-III

Financial Reporting Practices

Chapter-III: Financial Reporting Practices

This chapter provides broad based perspective of quality of the UT Government Accounts rendered by various authorities of the UT Government and status of compliance with prescribed financial rules, procedures and directives.

Compliance with financial rules, procedures and directives as well as the completeness, timeliness and quality of reporting on the status of such compliance enhances relevance and reliability of the information presented in the financial reports.

Issues related to completeness of accounts

3.1 Off budget borrowings through UT owned PSUs/Authorities

Article 293(3) of the Constitution of India mandates consent of Government of India for a State Government's borrowing if it has any outstanding loans or guarantees from the Government of India.

Bypassing the above stipulated net borrowing ceiling by routing loans outside budget through various State Government Public Sector Undertaking (SPSUs)/ Corporations/ other Bodies despite the UT being responsible for repayment of such loans poses significant risk to fiscal health and transparency in the Government finances.

The Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act, 2006 outlined that the Government shall take suitable measures to ensure greater transparency in its fiscal operations in public interest by disclosing the actual liabilities arising out of Off Budget Borrowings by PSUs, Special Purpose Vehicles and other equivalent instruments where liability for repayment is on the Government allocations. Further, the Jammu and Kashmir Fiscal Responsibility and Budget Management Rules, 2008 provided that the 'Medium Term Fiscal Restructuring Policy (MTFRP) Statement' laid before the Legislature along with Budget documents shall contain the three- year rolling targets with respect to Revenue Deficit, Fiscal Deficit and total outstanding liabilities[1] of the Government.

For the year 2024-25, debt stock was targeted as three *per cent* of GSDP under Budget. Besides, the GoI had fixed borrowing ceiling of ₹9,765.58 crore (3.72 *per cent* of GSDP) for the UT during 2024-25.

[1] As defined in the J&K FRBM Act 2006, liabilities under the Consolidated Fund of the State and the Public Account of the State and includes borrowings by the Public Sector Undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and /or interest are to be serviced out of the budget.

Government does not provide details of off budget borrowings in its budget. Further, as per information furnished by the UT Government, the outstanding off budget borrowing is detailed in **Table 3.1**.

Table 3.1: Details of off-budget borrowings as on 31 March 2025 as disclosed by the UT Government

(₹ in crore)

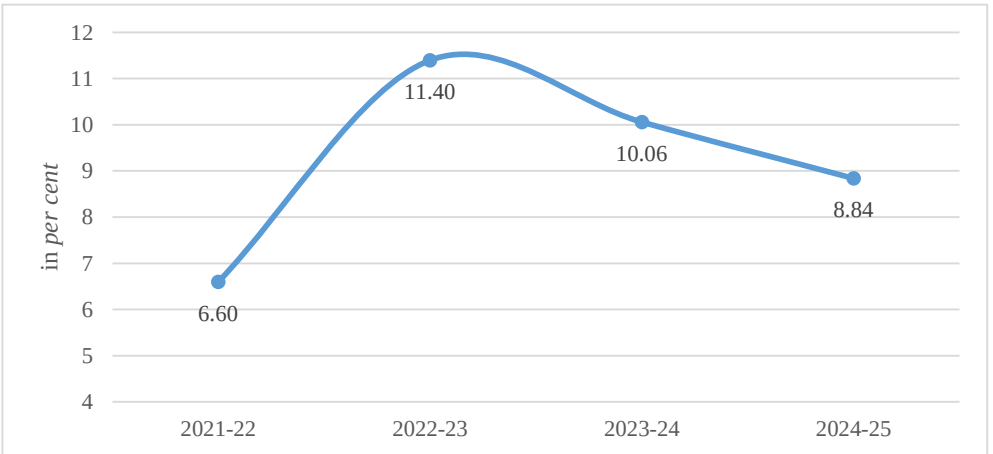
Entities borrowed on behalf of Government	Loan Sanctioned	Loan disbursed	Purpose of loan	Outstanding loan as on 31 March 2025
JKPCL	11,024.47	10,321.83	Liquidity Infusion Scheme (LIS)	8,746.91
JKPCL	14,164.26	13,214	Late Payment Surcharge (LPS)	13,214
JKIDFC	2,500	2,500	For funding projects which were pending over a decade for want of financial support	1,172.28
Total				**23,133.19**

Source: Budget Documents/information provided by the UT Finance Department
JKPCL- Jammu and Kashmir Power Corporation Ltd, JKIDFC- Jammu Kashmir Infrastructure Development Finance Corporation.

There are off-budget borrowings amounting to ₹23,133.19 crore outstanding against SPSUs JKPCL, JKIDFC as depicted in Table 3.1. Apart from above off-budget borrowing there are off-budget borrowings on account of Rajiv Gandhi Grameen Vidyutikaran Yojana RGGVY (₹5.51 crore) and Deen Dayal Upadhyaya Gram Jyoti Yojana DDUGJY (₹4.23 crore) outstanding ending March 2025. Besides, Government of Jammu and Kashmir has also decided to take over the borrowing of Jammu and Kashmir Cement Ltd which was ₹43.53 crore ending March 2024 and has increased to ₹54.16 crore ending March 2025.

Total outstanding off-budget borrowings amounts to ₹23,197.09 crore ending March 2025. Percentage off-budget borrowing to GSDP during 2020-25 is depicted in **Chart 3.1**.

Chart 3.1: Outstanding Off-Budget Borrowings as a percentage of GSDP during 2020-25



The outstanding off-Budget Borrowings of ₹23,197.09[2] crore as on 31st March 2025 were not accounted for in the overall outstanding debt/liabilities of the UT. However, the repayment of off-Budget Borrowings of ₹3,451.84 crore has been made from the Internal debt of the Government, resulting not only in the adverse balances under certain debt heads but also an understatement of the overall outstanding debt/liabilities of the UT by ₹26,648.93[3] crore at the end of the year 2024-25.

In reply, it was stated (January 2026) that the above off-budget borrowings of SPSUs are being repaid out of budget as the condition of SPSUs is far from self-reliant. In case of allotment of funds to SPSUs for repayment of borrowing, the possibility of mis-utilisation of funds by the cash starved SPSUs cannot be ruled out.

3.2 Undischarged liabilities of the Government

Undischarged liabilities, such as non-transfer of collected cess to designated bodies or short remittances to the National Pension System (NPS), etc. can have significant long-term fiscal and governance implications. These unpaid obligations accumulate over time, creating hidden liabilities that distort the true financial position of the UT. Further, delays in cess transfer hinder the intended development or welfare outcomes, defeating the purpose for which such levies were imposed. Similarly, short transfers to NPS not only violate statutory commitments but also compromise the financial security of employees. Over the years, such practices can erode trust, trigger legal liabilities and increase future expenditure obligations, thereby constraining fiscal space and weakening fiscal sustainability. Such cases are discussed in succeeding paragraphs.

3.2.1 Undischarged Interest liability

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Deposits/Reserve Funds.

Audit observed that ₹45.32 crore was required to be paid as interest on the balance of ₹1,303.69 crore lying under interest bearing Deposits/Reserve Funds as on 1st April 2024 as shown in **Table 3.2**.

[2] JKPCL: ₹8,746.91 crore (LIS), ₹13,214(LPS); JKIDFC:1,172.28; RGGVY: ₹5.51 crore; DDUGJY: ₹ 4.23 crore; J&K Cement Ltd: ₹54.16 crore

[3] Repayments of off-budget borrowings made from Internal debt: ₹3,451.84 crore and off-budget borrowings not included in the Debt: ₹23,197.09 crore.

Table 3.2: Details of interest liability not discharged in respect of Interest-bearing Deposits/Reserve Funds

(₹ in crore)

Sl. No.	Name/Head of the interest-bearing deposit	Opening Balance as on 1 April 2024	Basis for calculation of interest*	Amount of interest not provisioned
1.	State Compensatory Afforestation Fund-MH-8121	804.56	As per circulars issued by the Ministry of Environment, Forest & Climate Change (@3.35 *per cent* p.a.)	28.63
2.	State Compensatory Afforestation Deposit-MH-8336	499.13		16.69
Total		**1,303.69**		**45.32**

Source: Finance Accounts 2024-25

** Interest due has been computed on the basis of the progressive balance at the end of each month.*

3.2.2 Short contribution in National Pension System

Government employees recruited on or after 01st January 2010 are covered under the National Pension System (NPS), which is a Defined Contribution Pension Scheme (DCPS). In terms of the scheme, the employee has to contribute 10 *per cent* of his / her monthly pay and the Union Territory Government have to make a contribution at the rate of 14 *per cent*. The entire amount has to be transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

During the year 2024-25, total contribution to the NPS was ₹2,296.73 crore (Employees' contribution ₹843.08 crore and Government's contribution ₹1,180.31 crore). In addition to this, an amount of ₹273.34 crore was remitted in cash directly to MH-8342. The Government transferred ₹2,296.73 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension Scheme- Out of the total amount transferred / deposited in the Public Account in the financial year, ₹396.22 crore remained in the Public Account and was not transferred to the NSDL. The cash balance of the Government was overstated by this amount.

Between 2011-25, total receipts under DCPS were ₹12,691.89 crore (employee: ₹5,882.01 crore, employer: ₹6,809.88 crore,), while only ₹12,242 crore was transferred to the pension fund, resulting in a cumulative short transfer of ₹449.89[4] crore. The details of the receipts from employees' share, Government's contribution and investment in pension funds are given in ***Appendix 3.1.*** Delays in contributions and fund transfers are adversely affecting returns to employees and creating a deferred liability.

Besides, balance of ₹53.67 crore on account of short transfer to NSDL of the erstwhile State of J&K is still lying in the public account.

[4] Includes ₹53.67 crore of the erstwhile State of J&K.

3.2.3 State Mineral Exploration Trust/State Mineral Development Fund

The Ministry of Mines, Government of India, vide its letter dated 19th November 2024, advised all State Governments to establish a State Mineral Exploration Trust (SMET)/ State Mineral Development Fund (SMDF) on the lines of the National Mineral Exploration Trust (NMET), as mandated under clause (g) of sub-section (A) of Section 15 of the Mines and Minerals (Development and Regulation) Act, 1957 to give impetus to exploration, research and innovation activities for minor minerals.

Accordingly, the Government of UT of Jammu and Kashmir is yet to establish SMET under the Public Account/Bank Account for financing exploration activities related to minor minerals.

3.2.4 Pendency of refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department concerned.

The details of refund cases of taxes of UT during the year 2024-25, as reported by the departments concerned is shown in **Table 3.3**.

Table 3.3: Details of refund cases

Sl. No.	Particulars	GST		Sales Tax/VAT		State Excise	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1.	Claims outstanding at the beginning of the year	656	40.05	6	3.36	95	3.86
2.	Claims received during the year	844	73.75	25	2.76	28	2.88
3.	Refunds made during the year	495	35.16	28	2.95	25	2.53
4.	Refunds rejected during the year	150	16.38	0	0	2	0.05
5.	Balance outstanding at the end of year	855	62.26	3	3.17	96	4.17

Source: Departmental information

Settlement of refund cases under GST and State Excise progressed at a slower pace than the receipt of new claims, leading to an increase in outstanding refund claims at the end of the year.

3.3 Funds outside Government Accounts

3.3.1 Building and Other Construction Workers Welfare Cess

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the building and other construction workers. The Act, *inter alia*, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every Government to exercise the powers conferred under the Act. Accordingly, the erstwhile State Government of Jammu and Kashmir framed the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2006 under the Act and constituted the Jammu and Kashmir Building and Other Construction Workers Welfare Board in 2007. The Board is responsible for the operation and maintenance of the amount credited by Government as Labour Cess Deposits. The Government of Union Territory of Jammu and Kashmir continued with the same rules.

As per Section 3(1) of the Building and Other Construction Workers Welfare Cess Act, 1996, and in line with Government of India rules/resolution, labour cess was to be collected at the rate of one *per cent* of the cost of construction incurred by employers/builders, excluding the cost of land and any compensation payable under the Workmen Compensation Act, 1923. All Departments, Boards, Autonomous Bodies, and Local Authorities were directed to collect this cess on all construction activities, including from individuals with approved residential building plans costing ₹10 lakh or more, and deposit the same with Jammu and Kashmir Building and Other Construction Workers' Welfare Board. During 2024-25, opening balance with the Board on account of labour cess was ₹778.84 crore. The receipts during the year were ₹435.76 crore and disbursements were ₹171.17 crore. The closing balance of labour cess as on 31st March 2025 was ₹1,043.43 crore[5]. The Cess is kept outside the Government Accounts in the Government of Union Territory of Jammu and Kashmir.

3.3.2 District Mineral Foundation Trust

Section 9(B) of Mines and Minerals (Development and Regulation) Act, 1957 provides that in any district affected by mining related operations, the State Government shall, by notification, establish a trust, as a non-profit body, to be called the District Mineral Foundation. The objective of the District Mineral Foundation shall be to work for the interest and benefit of persons, and areas affected by mining-related operations in such manner as may be prescribed by

[5] Figures are provisional as accounts/balance sheet of the Board is yet to be finalised (July 2025).

the State Government. The composition and functions of the District Mineral Foundation shall be such as may be prescribed by the State Government.

The Jammu and Kashmir District Mineral Foundation (Composition, Contribution, Financing, Funding & Trust) Rules were notified vide SRO No. 3 dated 11th January 2017. As per the Rules, the Government shall set up a fund under the Trust to be called as the District Mineral Foundation Trust Fund which shall be managed by the Executive Committee[6]. The Trust Fund shall receive Contribution Fund as per the contributions defined in these rules. The holders of mineral concessions granted under the Act and rules made thereunder, shall make payments for contribution to the Trust Fund of amounts payable to the State/UT Government simultaneously with payments of royalty.

As per rule 11(1), all holders of major mineral concessions shall, in addition to royalty, pay to the respective District Mineral Foundation, an amount equivalent to such percentage of royalty as may be prescribed by the Central Government under sub-section (5) or sub-section (6) of section 9B of the Act as the case may be. As per Rule 11(2) amended (February 2023)[7], out of the total amount of royalty realised from the holders of minor mineral concessions, 10 *per cent* (if concession granted through auctions) or 30 *per cent* (if concession not granted through auction) shall be deposited/paid towards the respective Trust Fund by the Department.

There are 20 District Mineral Foundation Fund (DMF) Trusts in the UT of Jammu and Kashmir. Against the total collection of ₹62.81 crore[8] under DMF Fund by all Trusts upto the end of 2024-25, an expenditure of ₹10.29 crore had been incurred during 2024-25. A balance of ₹52.52 crore under DMF Fund was lying in bank accounts of 20[9] District Mineral Foundation Trusts as on 31st March 2025. This amount remained out of Government Account. However, as per Government of India, Ministry of Mines order dated 12th July 2021, no fund shall be transferred from District Mineral Foundation Trust to the State exchequer. As per Constitution of India and as per J&K Re-organisation Act 2019, all receipts are to be accounted for either in the Consolidated Fund or Public Accounts, but these receipts are being remitted into the bank accounts of the respective District Mineral Foundation Trusts, as per the directions of Government.

3.3.3 Water Usage Charges

Water usage charges are being levied on Hydel power generating companies under the provisions of the Jammu and Kashmir Water Resources (Regulation

6 Divisional Commissioner, Kashmir/Jammu, Chairperson, Director Geology and Mining Kashmir/ Jammu, Director, Health Services, Kashmir/Jammu, Director, Rural Development, Kashmir/Jammu, Chief Engineer, PWD, Kashmir/Jammu, Special Invitees having knowledge and experience in Mineral Administration/exploration to be invited by the Chairperson.

7 S.O 69 dated 08th February 2023

8 Includes Opening balance of ₹36.18 crore, receipts including interest ₹26.63 crore

9 Jammu, Kathua, Samba, Reasi, Udhampur, Ramban, Doda, Kishtwar, Rajouri, Poonch, Srinagar, Anantnag, Kulgam, Ganderbal, Pulwama, Bandipura, Baramulla, Shopian, Budgam and Kupwara.

and Management) Act, 2010 amended on 25th October 2012 and 27th October 2014. Under the Act, a Fund was to be constituted as an account in the Jammu and Kashmir Bank or allotted a proper account head. The amount realised as water usage charges was to be deposited in the account/head so created and utilised for establishment of Hydroelectric and Multi-purpose Hydro Electric Projects and for buying back Hydroelectric power projects already established in the State/UT and purchase of power. As on 31st March 2025, an amount of ₹0.21 crore on account of water usage charges/interest was lying in the Water Usage Fund Account (Saving Bank Account) which remained out of Government Account of the Union Territory of Jammu and Kashmir. The amount lying in the savings account on account of water usage charges and interest thereupon needs to be credited to Government account.

3.3.4 Social Responsibility Corpus fund

In terms of Government Order 50-F of 2016 dated 23rd February 2016 the Finance Department Jammu and Kashmir Government, issued a sanction for creation of 'Social Responsibility Corpus Fund' in the Excise Department. The Fund was to support the de-addiction centres, take measures to reduce the incidence of drunk driving, promote road safety etc. As per Excise policy, the holders of liquor license were to contribute towards the 'Social Responsibility Corpus Fund' as per rates fixed from time to time. The Department was to make an equal contribution to the contribution made by the stakeholders/ liquor industries.

The amount received in the Social Responsibility Corpus Fund is being credited into the savings bank account maintained at J&K Bank. There was an opening balance of ₹16.20 crore in the bank account as on 01st April 2024. An amount of ₹2.54 crore was received during 2024-25 on account of contribution of license holders (₹1.69 crore), Government (₹0.36 crore) and interest (₹0.49 crore) from the bank. After incurring expenditure of ₹0.87 crore, there was a closing balance of ₹17.87 crore in the account as on 31st March 2025. The amount lying in the savings bank account was outside the Government account and thus remained outside the Legislative oversight.

Issues related to transparency

3.4 Delay in submission of Utilisation Certificates

The Government of UT of Jammu and Kashmir has not framed revised rules relating to drawl of Grants-in-Aid and submission of Utilisation Certificate (UCs) thereof. However, as per Para 10.19 of the erstwhile State of Jammu and Kashmir (pre re-organisation) Financial Code Volume-I, UCs in respect of Grants-in-Aid received by the grantee should be furnished by the grantee to the authority that sanctioned it, within 18 months from the date of receipt of grant or before applying for a further grant on the same subject, whichever is earlier. Utilisation Certificates outstanding beyond the specified period

indicate absence of assurance on utilization of the grants for indented purposes and the expenditure shown in the accounts cannot be treated as final.

During the year 2024-25, UCs amounting to ₹3,223.07 crore became due for submission (grant-in-aid bills drawn up to 09/2023) to the UT Government. In addition to that, UCs amounting to ₹5,231.09 crore were outstanding at the beginning of the year. During the year, outstanding UCs amounting to ₹4,349.08 crore were cleared, leaving outstanding 1,395 number of UCs amounting to ₹ 4,105.08 crore as on 31st March 2025. Further, 1,681 number of UCs amounting to ₹ 3,434.42 crore pertaining to erstwhile State of J&K were outstanding as on 31st March 2025 as given in **Table 3.4**.

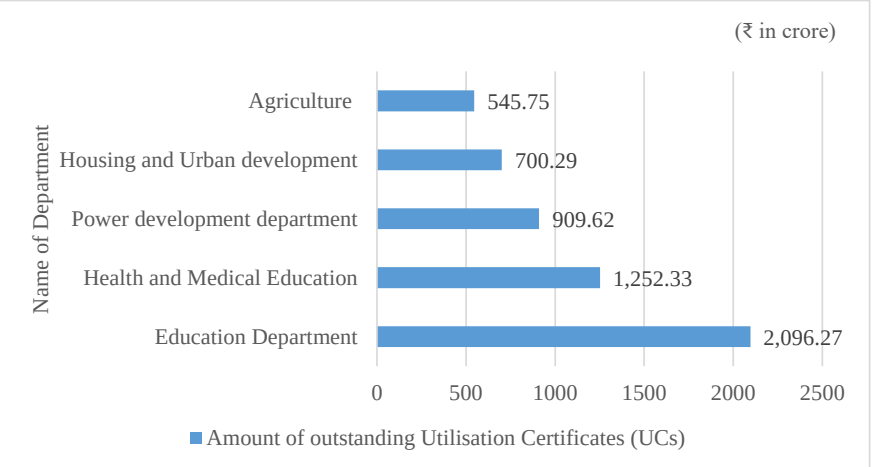
Table 3.4: Age-wise pendency of Utilisation Certificates

(₹ in crore)

UC due year*	Number of pending UCs	Amount
Prior to 2019-20	17	6.10
2019-20	22	1.71
2020-21	297	11.72
2021-22	1,681	3,575.28
2022-23	449	1,376.66
2023-24	334	1,075.50
2024-25	276	1,492.52
Total	**3,076**	**7,539.49**

Source: Finance Accounts 2024-25 and Office of the Accountant General (A&E), J&K.
**The year mentioned above relates to "Due year", i.e., after 18 months of actual drawal.*

Chart 3.2: Outstanding UCs in respect of five major Departments as on 31 March 2025



Source: Office of the Accountant General (A&E)

Since non-submission of UCs is fraught with the risk of misutilisation, it is imperative that the Government should monitor this aspect closely and hold the persons concerned accountable for submission of UCs in a timely manner.

3.5 Abstract Contingent bills

The Government of UT of J&K has not revised codal provisions for drawal of Abstract Contingent (AC) bills and their settlement. However, Financial Code Volume-I (Para 7.18) of the erstwhile State of J&K envisages that when it is considered necessary to draw money from the Treasury for contingent expenditure of which vouchers cannot be readily obtained before payment, Drawing and Disbursing Officers (DDOs) are authorised to draw sums of money through AC bills. In terms of the erstwhile State of Jammu and Kashmir (pre re-organisation) Financial Code para 7.10, DDOs are required to present Detailed Countersigned Contingent (DCC) bills containing vouchers in support of final expenditure within two months from the date on which the advance was drawn.

The details of AC bills, pending adjustment, as on 31st March 2025 is given in **Table 3.5**.

Table 3.5: Age-wise pending adjustment of AC bills

(₹ in crore)

Due Year	No. of AC bills	Amount
Up to 2018-19	1,636	3,315.93
2019-20	140	1,441.49
2020-21	188	2,661.21
2021-22	522	3,302.85
2022-23	201	1,737.49
2023-24	251	2,163.04
2024-25	130	985.2
Total	**3,068**	**15,607.21**

Source: Finance Accounts 2024-24 and Office of the Accountant General (A&E) Jammu and Kashmir

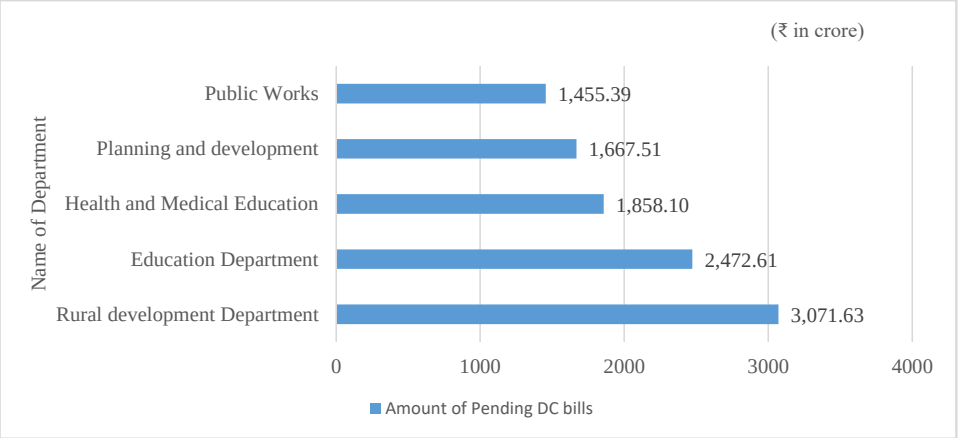
As against 3,451 AC bills amounting to ₹25,127.97 crore outstanding as on 31st March 2024, there were 3,068 AC bills amounting to ₹15,607.21 crore outstanding as on 31st March 2025.

The outstanding AC bills as on 31st March 2025 included 1,748 AC bills amounting to ₹4,716.03 crore drawn prior to 30th October 2019 by the Government of erstwhile State of Jammu and Kashmir and 1,320 AC bills amounting to ₹10,891.18 crore drawn thereafter by the Government of UT of Jammu and Kashmir.

The bifurcation of these outstanding AC bills is yet to be done between the successor Union Territories viz., Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

It was observed that out of 94 AC bills drawn during 2024-25, 24 AC bills amounting to ₹73.01 crore (11.25 *per cent*) were drawn in March 2025, out of which no AC bills were adjusted up to 31st March 2025.

Chart 3.3: Pending DC Bills in respect of five major Departments



Source: Office of the Accountant General (A&E)

Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non-receipt of DC bills, the expenditure incurred cannot be asserted as correct or final.

3.6 Operation of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

During the year 2024-25, ₹1,941.43 crore under 30 Major Heads of account, constituting 2.35 *per cent* of the total Revenue and Capital expenditure (₹82,532.19 crore) was classified under the Minor Head-800-Other Expenditure in the accounts. Of these, ₹49.15 crore under 5 Major Heads was budgeted/ classified under Minor Head-800-Other Expenditure despite availability of appropriate Minor Heads thereunder, as detailed in **Table 3.6**.

Table 3.6: Expenditure misclassified under Minor Head 800-Other Expenditure during 2024-25

(₹ in crore)

Details of head under booking was wrongly classified	Amount	Nature of expenditure	Correct classification
8-4059-80-800-0011-2341-2-V	5.81	Construction/Upgradation of office buildings	8-4059-01-051-0011-2341-2-V
8-4059-80-800-0011-2341-2-V	0.54	Construction/upgradation of Staff quarters/ residential buildings	8-4059-60-051-0011-2341-2-V
29-5055-00-800-0011-1378-2-V	3.33	Construction of buildings	29-5055-00-050-0011-1378-2-V

Details of head under booking was wrongly classified	Amount	Nature of expenditure	Correct classification
21-4406-01-800-0011-0200-2-V	3.26	Construction of buildings	21-4406-01-070-0011-0200-2-V
21-4406-01-800-0011-0213-2-V-	14.16	Establishment/Upgradation of Jammbu Zoo	21-4406-02-111-0011-0213-2-V-
30-4225-02-800-0011-896	12.28	Construction of e- class room, class rooms , hostels etc	30-4225-02-277-0011
20-5452-80-800-0011	9.77	Construction /Renovation of rooms, huts, shelter sheds etc.	20-5452-01-102-0011
Total	**49.15**		

Source: J&K Govt. Janbhaghidari/EMPOWERMENT Portal.

Similarly, ₹5,291.15 crore (including revenue receipts of ₹4,908.30 crore representing Sale of Power and Misc. Power Receipt) under 38 Major Heads of Account, constituting 7.11 *per cent* of the total Revenue Receipts (₹74,401.16 crore) was classified under 800-Other Receipts in the accounts. Of these, ₹0.97 crore under two Major Heads were classified under Minor Head-800-Other Receipts despite availability of appropriate Minor Heads thereunder as detailed in **Table 3.7**.

Table 3.7: Receipts misclassified under Minor Head 800-Other Receipts during 2024-25

(₹ in crore)

Details of head under booking was wrongly classified	Amount	Nature of receipts	Correct classification
1452-00-800	0.43	Rent	1452-00-105
0029-00-800	0.54	Land compensation	0029-105
Total	**0.97**		

Source: Finance Accounts and VLC data maintained by the AG (A&E).

There is no Minor head available under Major Head 0801 for crediting Receipt on account of sale of power and after unbundling of Power Development Department and creation of DISCOMs/TRANSCOMs, the receipt on account of sale power should be collected by the DISCOMs. Matter regarding posting of expenditure and receipt was discussed with the Government and it was assured that the receipts will be booked under relevant available head. Incorrect classification results in accounts not showing correct position of receipts under the relevant minor head.

Issues related to measurement

3.7 Outstanding balance under major Suspense and DDR Heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by

aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items balance for the last three years have been shown in **Table 3.8**.

Table 3.8: Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head		2022-23		2023-24		2024-25	
		(Dr)	(Cr)	(Dr)	(Cr)	(Dr)	(Cr)
8658- Suspense Account-							
101	PAO Suspense	152.48	0.24	192.34	0.35	352.39	29.80
	Net Debit(Dr)/Net Credit(Cr)	152.24 (Dr)		191.99 (Dr)		322.59 (Dr)	
102	Suspense Account (Civil)	7.64	194.61	46.96	202.91	22.00	199.04
	Net Debit(Dr)/Net Credit(Cr)	186.97 (Cr)		155.95 (Cr)		177.03 (Cr)	
109	RBI Suspense (Hqrs)	0.08	0.18	0.19	0.1	0.27	0.14
	Net Debit(Dr)/Net Credit(Cr)	0.10 (Cr)		0.09 (Dr)		0.13 (Dr)	
110	RBI Suspense (Central Accounts)	0.92	0.1	0.93	0.3	1.98	0.86
	Net Debit(Dr)/Net Credit(Cr)	0.82 (Dr)		0.63 (Dr)		1.12 (Dr)	
112	Tax Deducted at Source (TDS) Suspense	-	500.13	-	541.5	0.00	213.55
	Net Debit(Dr)/Net Credit(Cr)	500.13 (Cr)		541.50 (Cr)		213.55 (Cr)	
123	All India Service officers Group Insurance Scheme	0.87	-	0.93	-	0.92	0
	Net Debit(Dr)/Net Credit(Cr)	0.87 (Dr)		0.93 (Dr)		0.92 (Dr)	
139	Tax Deducted at Source Suspense	-	4.96	-	4.03	0	4.99
	Net Debit(Dr)/Net Credit(Cr)	4.96 (Cr)		4.03 (Cr)		4.99(Cr)	
8782- Cash Remittance and Adjustments between officers rendering accounts to same Accountant General / Accounts Officers							
110	Misc Remittances	689.12	-	689.12	-	689.12	0.00
	Net Debit (Dr)/Net Credit(Cr)	689.12 (Dr)		689.12 (Dr)		689.12 (Dr)	
8793	**Inter State Suspense Account**	0.02	1.47	8.76	0.48	0.19	1.05
	Net Debit(Dr)/Net Credit(Cr)	1.45 (Cr)		8.28 (Dr)		0.85 (Cr)	

Source: Finance Accounts of respective years

There was also a net credit balance of ₹2,508.81 crore {₹344.14 crore (Debit) under Suspense and ₹2,852.95 crore (Credit) under Remittances} at the end of 30th October 2019 (pre re-organisation) relating to the erstwhile State of Jammu and Kashmir under Suspense and Remittance Heads which is yet to be apportioned between the successor Union Territories of Jammu & Kashmir and Ladakh.

Non-clearance of outstanding balances under these Heads affects the accuracy of receipt/ expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the Government of Union Territory.

3.8 Reconciliation of Departmental figures

To exercise effective budgetary control over revenue/expenditure and to ensure accuracy in accounts, State/UT Financial Rules stipulate that Chief Controlling Officers (CCOs)/Controlling Officers (COs) are required to reconcile every month, the receipts and expenditure recorded in their books with the figures of the Accountant General (A&E).

The status of reconciliation of figures by the Controlling Officers is given in **Table 3.9** and **Chart 3.4**.

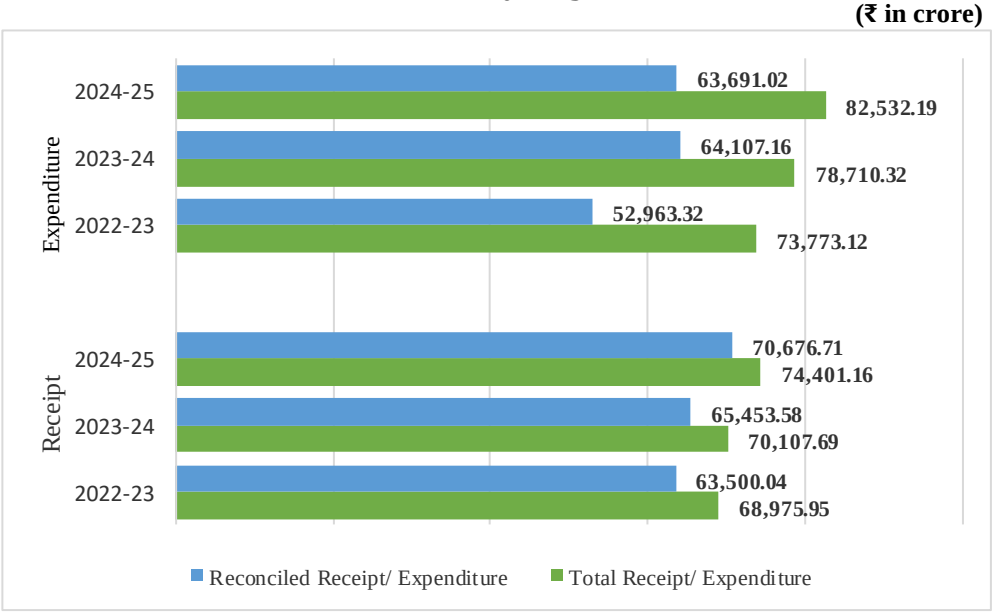
Table 3.9: Status of Reconciliation of Receipts and Expenditure by Controlling Officers

Year	Total No. of Controlling Officers	No. of Controlling Officers reconciled their receipts/ expenditure		
		Fully reconciled	Partially reconciled	Not reconciled
Receipts				
2022-23	371	68	71	232
2023-24	373	86	131	156
2024-25	389	81	68	240
Expenditure				
2022-23	371	233	101	37
2023-24	373	251	84	38
2024-25	389	296	50	43

Source: Information maintained by office of the Pr. Accountant General (A&E) J&K

Chart 3.4: Status of Reconciliation of Receipts and Expenditure during the year 2022-25

(₹ in crore)



Source: Information maintained by Pr. Accountant General (A&E) J&K

Government has improved its reconciliation of receipts consistently during last three years and has improved reconciliation of receipts from 92 *per cent* in 2022-23 to about 95 *per cent* in 2024-25. However, there was decline in reconciliation of expenditure which has declined from 81 *per cent* in 2023-24 to 77 *per cent* in 2024-25. The shortfall in expenditure reconciliation indicates

deficiencies in financial reporting and internal control mechanisms. Timely and complete reconciliation of both receipts and expenditure with the figures booked in the accounts is essential to ensure accuracy, reliability, and transparency of Government accounts. The Government needs to take necessary corrective action to achieve 100 *per cent* reconciliation in respect of all receipts and expenditure.

3.9 Reconciliation of Cash Balances

As per accounts of the Principal Accountant General (A&E), Jammu and Kashmir, the Cash Balance of the UT Government as on 31st March 2025 was ₹1,445.79 crore (Debit) while the same was reported as ₹1,445.81 crore (Credit) by the Reserve Bank of India. As such, there was an unreconciled difference of ₹0.02crore (Credit), which was under reconciliation between the Principal Accountant General (A&E), Jammu and Kashmir and the UT Government.

There was also a net difference of ₹83.32 crore (debit) between RBI and Principal Accountant General(A&E) figures as on 30 October 2019 which is yet to be reconciled and apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

Issues related to disclosure

3.10 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India (CAG), prescribe the form of accounts of the Union and of the States. On the advice of the CAG, the President of India has so far notified four Indian Government Accounting Standards (IGAS). Compliance with these Accounting Standards by the UT Government as well as deficiencies therein during 2024-25 is detailed in **Table 3.10**.

Table 3.10: Compliance to Accounting Standards

Sl.	Accounting Standards	Essence of IGAS	Compliance by UT Government	Deficiency
1.	IGAS-1:	Guarantees Given by the Government – Disclosure requirements	Complied (Statements 9 and 20 of Finance Accounts)	NA
2.	IGAS-2:	Accounting and Classification of Grants-in-aid	Not complied (Statement 10 and Appendix-III of Finance Accounts)	(i) Certain Grants-in-Aid to be classified under Revenue Section have been classified under Capital Section.

Sl.	Accounting Standards	Essence of IGAS	Compliance by UT Government	Deficiency
				(ii) Information has not been furnished in respect of Grants-in-Aid given in kind by the UT Government.
3.	IGAS-3:	Loans and Advances made by Government	Not Complied (Statement 7 and 18 of Finance Accounts)	The closing balances have not been reconciled by the Loanee Entities/ Government of UT. The Government has not furnished figures in respect of certain loans and advances for which they maintain detailed accounts.
4	IGAS-4:	Prior period adjustments	Complied (Statement 13 of Finance Accounts)	NA

Source: Finance Accounts

3.11 Submission of accounts of Autonomous Bodies

Annual financial statements of Autonomous Bodies are to be certified by Comptroller and Auditor General of India under sections 19(2), 19(3) or 20(1) of the DPC Act, 1971. As on 31st March 2025, 28 accounts in respect of 8 Autonomous Bodies (ABs) were pending as detailed in **Table 3.11**.

Table 3.11: Arrears of accounts of Autonomous Bodies as on 31 March 2025

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending
1	Compensatory Afforestation Management and Planning Authority (CAMPA)	2019-20 to 2023-24[10]	5
2	Sher-e-Kashmir University of Agricultural Sciences and Technology (SKUAST), Srinagar Kashmir	2023-24[11]	1
3	Sher-e-Kashmir University of Agricultural Sciences and Technology (SKUAST), Jammu	2023-24[12]	1
4	JK Employee Provident Funds Organisation (EPFO)	2015-16 to 2019-20[13]	5

[10] Annual Accounts have been received for the period from 1st January 2010 to 2018-19. However, the SARs are under finalisation.

[11] Separate Audit Report (SAR) finalised up to 2021-22. SAR for year 2022-23 is under finalisation.

[12] SARs finalised up to 2019-20. Annual Accounts for 2020-21 to 2022-23 have been received. However, the same could not be certified as the orders from Govt. for entrustment of audit were awaited.

[13] Accounts w.e.f. 2015-16 to 30th October 2019 are awaited as J&K Employees Provident Fund Organization had ceased to operate since the enactment of J&K Re-organisation Act, 2019 i.e. from 31st October 2019 whereunder J&K Employees Provident Funds and Miscellaneous Provisions Act, 1961 was repealed

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending
5	Jammu & Kashmir Housing Board	2023-24[14]	1
6	Khadi and Village Industries Board (KVIB)	2020-21 to 2023-24	4
7	J&K Building and Other Construction Workers Welfare Board (BOCWWB)	2019-20 to 2023-24	5
8	J&K State Legal Services Authority (SLSA)	2018-19 to 2023-24	6
Total			**28**

Source: Departmental data/information

Non-submission/ delay in submission of accounts by these Bodies receiving substantial funding from the Government is a financial irregularity persisting for years. In view of this non-compliance, the audited accounts of these Autonomous Bodies have not so far been presented to the Legislature, as required under the Statutes under which these bodies were created. Delay/ arrears in finalisation of accounts carries the risk of financial irregularities going undetected and entails possibility of fraud and misappropriation. This has also deprived the Legislature/ Government of the opportunity to get feedback on their activities and financial performance.

The Government may impress upon these Autonomous Bodies the need for timely preparation and submission of accounts.

Other Issues

3.12 Booking of Significant amount under MH-4801 and crediting of receipt of power under MH-0801 despite unbundling of Power Sector

The function of supply of electricity to consumers was handled departmentally up to 2020. In 2020 vide S.O 109 dated 20th March 2020, the work of distribution of power was transferred to two DISCOMs i.e. Jammu Power Distribution Company Ltd and Kashmir Power Distribution Company Ltd. However, expenditure on purchase of power is still being made from Government accounts and receipts on account of power are also being credited to Government accounts. DISCOMs are neither incurring expenditure on purchase of power and nor collecting revenue on account of sale of power to consumers. Government is keeping provision in budget and incurring expenditure on works of DISCOMs by debit to Major Head 4801. During 2024-25 an expenditure of ₹539.22 crore was incurred by debit to Major head 4801 for works of DISCOMs. It shows that DISCOMs are operational merely on paper. Role of distribution of power is still managed and controlled by the Government. The position of expenditure incurred on purchase of power and receipt on account power during 2024-25 is as under:

[14] SARs finalised up to 2016-17. Annual Accounts for 2017-18 to 2022-23 have been received. However, the same could not be certified as the orders from Govt. for entrustment of audit were awaited.

(₹ in crore)

Year	Purchase of power MH 2801	Receipt on account of power 0801
2024-25	8,015.55	4,908.31

In addition to above expenditure, Jammu and Kashmir Power Corporation Ltd has raised off-budget loans which are being repaid from the Government Budget. The amount of ₹21,960.91 crore on account of such loans is outstanding ending March 2025.

In reply, it was stated (January 2026) that since DISCOMS are still not in a position to generate adequate revenue to meet their expenditure obligations this arrangement is still continuing.

3.13 Follow up action on State/UT Finances Audit Reports

To ensure accountability of executives to the issues dealt with in various Audit Reports, the erstwhile State Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish to Public Accounts Committee (PAC)/ Committee on Public Undertaking (COPU), *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports, irrespective of whether these were taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees 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/UT Legislature.

The Report of the Comptroller and Auditor General of India on State Finances is being prepared since 2008-09 and Reports till the year 2015-16 have been tabled in the State Legislature. The State/UT has been under Governor's/ President rule since 20th June 2018 and as such the Report on State Finances/ State Finances Audit Report for the years 2016-17, 2017-18, 2018-19, 1stApril 2019 to 30th October 2019 and UT Finances Audit Report for the period 31st October 2019 to 31st March 2020, 2020-21 and 2021-22 have been tabled in the Parliament along with the other Audit Reports. UT Finances Audit Report for the year 2022-23 and 2023-24 has been forwarded to the Government for laying in Legislative Assembly of UT of Jammu and Kashmir. Action Taken Notes on these Reports were not furnished by the State/UT Governments. State/ UT Finances Audit Report have not been discussed in the Public Accounts Committee.

3.14 Conclusion

Off-Budget Borrowings of ₹23,197.08 crore as on 31st March 2025 have not been accounted for in the overall outstanding debt/liabilities of the UT. However, the repayment of Off-Budget Borrowings of ₹3,451.84 crore from the Internal debt of the Government has resulted in adverse balances under certain debt heads. The proceeds of Labour cess has been kept outside the

Government Accounts thus keeping it outside the legislative oversight. Utilisation Certificates amounting to ₹7,539.49 crore (3,076 UCs) were outstanding without any assurance that the intended objectives of providing these funds have been achieved indicating lack of internal control of administrative departments. Adjustments for Abstract Contingent Bills were not submitted.

There were instances of non-submission/ delay in submission of accounts by the PSEs/ABs receiving substantial funding from the Government. It deprived the Legislature of the opportunity to get feedback on activities and the financial performance of these bodies. Significant amount of expenditure and receipts were booked under Minor head-800 'Other Expenditure' and Minor Head- 800 'Other Receipts'.

3.15 Recommendations

1. *The Government should ensure timely submission of Utilisation Certificates by the grantees in respect of grants released for specific purposes and furnishing of Detailed Countersigned Contingent bills by the departments;*
2. *The Government should strengthen its internal control mechanism to ensure that the Controlling Officers reconcile their figures of expenditure with those of Accountant General (Accounts and Entitlements) at prescribed intervals;*
3. *The Government should ensure that companies, corporations and autonomous bodies submit their annual accounts in a time-bound manner.*

Jammu/ Srinagar
Date: 12 March 2026

(Tsewang Tharchin)
Accountant General (Audit),
Jammu and Kashmir

Countersigned

New Delhi
Date: 16 March 2026

(K. Sanjay Murthy)
Comptroller and Auditor General of India

APPENDICES

APPENDIX – 1.1
(Refer Paragraphs 1.1.3)
Time Series data on the Union Territory Government Finances

(₹ in crore)

	2020-21	2021-22	2022-23	2023-24	2024-25
Part A. Receipts					
1. Revenue Receipts	**52,495.48**	**59,238.50**	**68,975.95**	**70,107.69**	**74,401.16**
(i) Tax Revenue (own)	8,876.99	11,707.28	12,335.47	13,903.22	14,249.38
State Goods and Services Tax (SGST)	4,839.35	6,394.31	7,211.98	8,064.14	8,585.93
Taxes on Agricultural Income	0	0	0	0	0
Taxes on Sales Trade etc	1,495.61	1,906.31	1,554.32	1,631.19	1,688.52
State Excise	1,347.42	1,782.79	1,793.74	2,490.25	2,271.92
Taxes on Vehicles	488.38	616.24	723.42	904.26	929.32
Stamps and Registration fees	325.54	512.02	556.66	677.55	688.14
Land Revenue	60.57	113.28	131.6	123.79	77.36
Taxes on Goods and Passengers	0.9	5.73	23.75	11.33	7.56
Other Taxes	319.22	376.6	340	0.71	0.65
(ii) Non-Tax Revenue	4,076.38	4,840.45	5,147.55	6,430.33	6,871.98
(iii) State's share of Union taxes and duties	0	0	0	0	0
(iv) Grants in aid from Government of India1	39,542.11	42,690.77	51,492.93	49,774.14	53,279.80
2. Miscellaneous Capital Receipts	**0**	**0**	**0**	**0**	**0**
3. Recoveries of Loans and Advances	**1.93**	**1.03**	**1.33**	**6.04**	**0.44**
4. Total Revenue and Non debt capital receipts (1+2+3)	**52,497.41**	**59,239.53**	**68,977.28**	**70,113.73**	**74,401.60**
5. Public Debt Receipts	**42,732.93**	**54,045.36**	**38,114.47**	**53,482.76**	**39,733.16**
Internal Debt (No Ways and Means Advances and Overdrafts)	9,649.96	14,096.83	9,153.75	17,238.55	13,992.4
Net transactions under Ways and Means Advances and	-1,784.54	499.54	1,075.61	116.04	590.44
Loans and Advances from Government of India	22,82.69	3,845.49	0.00	0.00	0.00
6. Total Receipts in the Consolidated Fund (4+5)	**95,230.34**	**1,13,284.89**	**1,07,091.75**	**1,23,596.49**	**1,14,134.76**
7. Contingency Fund Receipts	**25**	**0**	**0**	**0**	**0**
8. Public Account Receipts	**1,464.16**	**-1,319.63**	**808.46**	**1,913.84**	**324.88**
9. Total Receipts of the State (6+7+8)	**96,719.50**	**1,11,965.26**	**1,07,900.21**	**1,25,510.33**	**1,14,459.64**
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	**52,633.75**	**59,269.33**	**62,999.34**	**66,621.47**	**70,472.13**
Programme	0.00	0.00	0.00	0.00	0.00
Administrative	0.00	0.00	0.00	0.00	0.00
General Services (including interest payments)	25,521.16	29,639.86	31,162.12	31,998.20	30,245.59
Social Services	19,471.70	20,933.14	22,984.37	22,537.18	24,767.85

	2020-21	2021-22	2022-23	2023-24	2024-25
Economic Services	7,640.89	8,696.33	8,852.85	12,086.09	15,458.69
Grants-in-Aid and Contributions	0.0	0.0	0.0	0.0	0.0
11. Capital Expenditure	10,470.38	11,047.04	10,773.78	12,088.85	12,060.06
Program	0.00	0.00	0.00	0.00	0.00
Administrative	0.00	0.00	0.00	0.00	0.00
General Services	776.24	659.03	1,098.38	683.92	795.59
Social Services	2,492.57	2,722.61	2,713.42	3,860.94	3,465.91
Economic Services	7,201.57	7,665.40	6,961.98	7,543.99	7,798.56
Grants-in-Aid and Contributions	0.00	0.00	0.00	0.00	0.00
12. Disbursement of Loans and Advances	**61.64**	**73.77**	**59.53**	**11.49**	**15.09**
13. Appropriation to the Contingency Fund	25.00	0.00	0.00	0.00	0.00
14. Total Expenditure (10+11+12+13)	63,190.77	70,390.14	73,832.65	78,721.81	82,547.28
15. Repayments of Public Debt	2,467.86	4,686.69	5,106.18	10,547.75	7,351.58
Internal Debt (excluding Ways and Means Advances and Overdrafts)	4,134.06	4,067.96	3,910.56	10,310.65	6,639.95
Net transactions under Ways and Means Advances and Overdraft	-1,784.54	499.54	1,075.61	116.04	590.44
Loans and Advances from Government of India	118.34	119.19	120.01	121.06	121.19
16. Appropriation to Contingency Fund	**25.00**	**0.00**	**0.00**	**0.00**	**0.00**
17. Total disbursement out of Consolidated Fund (13+14+15)	**65,683.63**	**75,076.83**	**78,938.83**	**89,269.56**	**89,898.86**
18. Contingency Fund disbursements	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
19. Public Account disbursements	**23,369.66**	**28,543.10**	**34,656.38**	**33,355.03**	**52,951.91**
20. Total disbursement by the State (16+17+18)	**65,708.63**	**75,076.83**	**78,938.83**	**89,269.56**	**89,898.86**
Part C. Deficits					
21. Revenue Deficit (-)/Revenue Surplus (+) (1-10)	**-138.27**	**-30.83**	**5,976.61**	**3,486.22**	**3,929.03**
22. Fiscal Deficit (-)/Fiscal Surplus (+) (4-14)	**-10,693.36**	**-11,150.60**	**-4,855.37**	**-8,608.08**	**-8,145.68**
23. Primary Deficit (-)/Primary Surplus(+) (22+24)	**-4,320.90**	**-3,790.29**	**3,638.45**	**1,316.88**	**2,728.84**
Part D. Other data					
24. Interest Payments (included in revenue expenditure)	**6,372.46**	**7,360.31**	**8,493.82**	**9,924.96**	**10,874.51**
25. Financial Assistance to local bodies etc.	**6,531.86**	**4,870.85**	**6,280.51**	**5,841.75**	**6,980.31**
26. Ways and Means Advances/Overdraft availed (days)	**318**	**303**	**282**	**276**	**172**
Ways and Means Advances availed (days)	**260.00**	**125.00**	**147.00**	**166.00**	**132.00**

	2020-21	2021-22	2022-23	2023-24	2024-25
Overdraft availed (days)	**58.00**	**178.00**	**135.00**	**110.00**	**40.00**
27. Interest on Ways and Means Advances/ Overdraft	**40.13**	**61.64**	**47.34**	**56.05**	**25.99**
28. Gross State Domestic Product (GSDP)	**1,67,793**	**1,88,561**	**2,09,816**	**2,36,059**	**2,62,458**
29. Outstanding Fiscal liabilities (year-end)	**1,00,516.91**	**1,12,872.04**	**1,15,942.43**	**1,24,737.96**	**1,31,469.46**
30. Outstanding guarantees (year-end) (including interest)	**1,486.07**	**12,328.80**	**24,867.44**	**24,485.47**	**23,622.36**
31. Maximum amount guaranteed (year-end)	**12,564.18**	**13,449.49**	**34,832.87**	**34,807.95**	**34,453.20**
Part E: Fiscal Health Indicators (in *per cent*)					
I Resource Mobilisation					
Own Tax Revenue/GSDP	5.29	6.21	5.88	5.89	5.43
Own Non-Tax Revenue/GSDP	2.43	2.57	2.45	2.72	2.62
Own Revenue/ GSDP	7.72	8.78	8.33	8.61	8.05
Own Revenue/ Total Expenditure	20.50	23.51	23.68	25.83	25.59
II Expenditure Management					
Total Expenditure/GSDP	37.66	37.33	35.19	33.35	31.45
Total Expenditure/Revenue Receipts	120.37	118.82	107.04	112.29	110.95
Revenue Expenditure/Total Expenditure	83.29	84.20	85.33	84.63	85.37
Expenditure on Social and Economic Services/Total Expenditure	58.25	56.85	56.23	58.47	62.38
Capital Expenditure/Total Expenditure	16.57	15.69	14.59	15.36	14.61
Capital Expenditure/ GSDP	6.24	5.86	5.13	5.12	4.60
III Management of Fiscal Imbalances					
Revenue Surplus/GSDP	-0.08	-0.02	2.85	1.48	1.50
Fiscal Deficit (Surplus)/GSDP	-6.37	-5.91	-2.31	-3.65	-3.10
Primary Deficit (Surplus) /GSDP	-2.58	-2.01	1.73	0.56	1.04
IV Debt Sustainability					
Outstanding Liabilities*/GSDP	8.87 (58.65)	12.40 (56.71)	13.32 (52.43)	15.56 (50.32)	17.21 (48.47)
Interest Payments/Revenue Receipts	12.14	12.42	12.31	14.16	14.62

Source: Finance Accounts 2024-25

** Excludes back-to-back loans of ₹4,253.08 crore (₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively and its adjustment of ₹1,692.21crore in 2024-25), in lieu of GST Compensation shortfall.*

APPENDIX – 1.2
(Refer paragraph 1.1.4, 1.2.3.1 A, 1.2.3.2 A)
Abstract of receipts and disbursements for the year 2024-25 and 2023-24

(₹ in crore)

Receipts	**2024-25**	**2023-24**	**Disbursements**	**2024-25**	**2023-24**
Section A: Revenue					
I.Revenue Receipts	**74,401.16**	**70,107.69**	**I. Revenue Expenditure-**	**70,472.13**	**66,621.47**
Tax Revenue	14,249.38	13,903.22	**General Services**	**30,245.59**	**31,998.20**
--			**Social Services-**	**24,767.85**	**22,537.17**
Non-Tax Revenue	6,871.98	6,430.33	Education, Sports, Art and Culture	12,904.40	12,059.55
--			Health and Family Welfare	5,720.30	4,914.87
UT's Share of Union Taxes	0	0	Water Supply, Sanitation, Housing and Urban Development	3,149.86	2,950.08
--			Information and Broadcasting	94.10	95.85
Non-Plan Grants	0	0	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	89.68	49.3
Grants for UT Plan Schemes	0	0	Labour and Labour Welfare	54.64	53.16
--			Social Welfare and Nutrition	2,693.44	2,357.93
Grants for Central and Centrally Sponsored Plan Schemes	-	-	Others	61.44	56.44
--			**Economic Services-**	**15,458.69**	**12,086.09**
Grants for Centrally Sponsored Scheme	7,147.46	7,958.26	Agriculture and Allied Activities	3,428.98	3,335.88
--			Rural Development	696.86	597.53
Finance Commission Grants		0	Special Areas Programmes	0	0
--			Irrigation and Flood Control	624.98	617.19
Other Transfer/Grants to UTs	46,132.34	41,815.88	Energy	9,388.60	6,290.92
--			Industry and Minerals	470.24	382.58
--			Transport	392.76	452.14

Receipts	2024-25	2023-24	Disbursements	2024-25	2023-24
--			Science, Technology and Environment	53.52	50.63
--			General Economic Services	402.75	359.22
--			**Grants-in-aid and Contributions-**	**0**	**0**
II. Revenue deficit carried over to	0	**0**	**II. Revenue Surplus carried over**	**3,929.03**	**3,486.22**
Section B : Capital					
III. Opening Cash balance including Permanent Advances and Cash Balance Investment	**1,444.87**	**1,448.31**	**III. Opening Overdraft from Reserve Bank of India**	**0**	**0**
IV. Miscellaneous Capital Receipts		**0**	**IV. Capital Outlay-**	**12,060.06**	**12,088.85**
--			**General Services-**	**795.59**	**683.92**
--			**Social Services-**	**3,465.91**	**3,860.94**
--			Education, Sports, Art and Culture	991.07	779.95
--			Health and Family Welfare	516.83	643.59
--			Water Supply, Sanitation, Housing and Urban Development	1,441.05	2,012.72
--			Information and Broadcasting	0.72	0.48
--			Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	55.70	76.98
--			Social Welfare and Nutrition	441.37	332.33
--			Others	19.17	14.89
--			**Economic Services-**	**7,798.56**	**7,543.99**
--			Agriculture and Allied Activities	1,491.14	804.15
--			Rural Development	2,157.40	2,728.05
--			Special Areas Programmes	0	0
--			Irrigation and Flood Control	189.05	153.25
--			Energy	780.82	713.08
--			Industry and Minerals	210.23	121.39
--			Transport	2,261.54	2,429.42
--			Science, Technology and Environment	111.48	35.88
			General Economic Services	596.90	558.77

Receipts	2024-25	2023-24	Disbursements	2024-25	2023-24
V. Recoveries of Loans and Advances-	**0.44**	**6.04**	**V. Loans and Advances disbursed-**	**15.09**	**11.49**
From Power Projects			For Power Projects		
From Government Servants			To Government Servants		
From Others			To Others		
VI. Revenue Surplus brought down	**3,929.03**	**3,486.22**	**VI. Revenue Deficit brought down**	0	0
VII. Public Debt Receipts-	**13,992.4**	**17,238.55**	**VII. Repayment of Public Debt-**	**7,351.58**	**10,547.75**
External debt			External debt		
Internal debt other than Ways and Means Advances and Overdrafts	13,992.4	17,238.55	Internal Debt other than Ways and Means Advances and Overdrafts	6,639.94	10,310.65
Net transactions under Ways and Means Advances	0	0	Net transactions under Ways and Means Advances	590.44	116.04
Net transactions under Overdraft	0	0	Net transactions under Overdraft	0	0
Loans and Advances from Central Government	0	0	Repayment of Loans and Advances to Central Government	121.19	121.06
VIII. Appropriation to Contingency Fund	0	**0**	**VIII. Appropriation to Contingency Fund**	**0**	**0**
IX. Amount transferred to Contingency Fund	**0**	**0**	**IX. Expenditure from Contingency Fund**	**0**	**0**
X. Public Account Receipts-	**53,276.79**	**35,268.87**	**X. Public Account Disbursements-**	**52,951.91**	**33,355.03**
Small Savings and Provident Funds	5,834.45	6,177.91	Small Savings and Provident Funds	5,905.62	5,029.63
Reserve Funds	1,059.84	537.35	Reserve Funds	270.34	25.97
Suspense and Miscellaneous	41,890.37	24,218.86	Suspense and Miscellaneous	42,176.62	24,400.02
Remittance	0.06	0.24	Remittances	(-)9.08	9.97
Deposits and Advances	4,492.07	4,334.51	Deposits and Advances	4,608.41	3,889.44

Receipts	2024-25	2023-24	Disbursements	2024-25	2023-24
XI. Closing Overdraft from Reserve Bank of India	**0**	**0**	**XI. Cash Balance at end-**	**1,445.79**	**1,444.87**
--			Cash in Treasuries and Local Remittances	**0**	**0**
--			Deposits with Reserve Bank	1,445.79	1,444.87
--			Departmental Cash Balance including permanent Advances	**0**	**0**
--			Cash Balance Investment	**0**	**0**
Total	**61,783.10**	**57,447.99**	**Total**	**61,783.10**	**57,447.99**

Source: Finance Accounts 2024-25

APPENDIX – 1.3

(Refer paragraph 1.1.5)

Summarised financial position of the Government of UT of J&K as on 31st March 2025

(₹ in crore)

As on 31 March 2024				As on 31 March 2025
		Liabilities		
30,285.52		**Internal Debt -**		**38,228.41**
	35,541.43	Market Loans bearing interest	47,311.43	
	0	Market Loans not bearing interest	-	
	(-)558.04	Loans from Life Insurance Corporation of India	(-) 660.89	
	(-)4,005.76	Loans from other Institutions	(-)8320.46	
	(-)692.11	Ways and Means Advances	(-)101.67	
	0	Overdrafts from Reserve Bank of India	-	
5,590.68		**Loans and Advances from Central Government -**		**3,777.28**
	0	Pre 1984-85 Loans	-	
	0	Non-Plan Loans	-	
	(-)531.20	Loans for UT Plan Schemes	(-)649.94	
		Loans for Central Plan Schemes	-	
		Loans for Central Sponsored Schemes	-	
	6,121.88	Loans for State/UTs with Legislature Schemes	4,427.22	
25		**Contingency Fund**		**25**
2,165.98		**Small Savings, Provident Funds, etc.**		**2,094.81**
2,838.16		**Deposits**		**2,721.83**
1,807.12		**Reserve Funds Advances**		**2,670.92**
508.02		**Suspense and Miscellaneous Balances**		**70.82**
0		**Remittance Balances**		**-**
0		**Miscellaneous Capital Receipts**		**-**
9,106.89		**Cumulative excess of receipts over expenditure**		**14,728.15**
52,327.37		**Total**		**64,317.22**

As on 31 March 2024				As on 31 March 2025
		Assets		
49,802.24		**Gross Capital Outlay on Fixed Assets -**		**61,862.3**
	334.89	Investments in shares of Companies, Corporations *etc.*	605.1	
	49,467.35	Other Capital Outlay	61,257.2	
231.91		**Loans and Advances -**		**246.56**
	0	Loans for Power Projects	0	
	234.78	Other Loans	249.73	
	(-) 2.87	Loans to Government servants and Miscellaneous loans	(-)3.17	
0		**Advances**		
697.4		**Remittance Balances**		**688.26**
0		**Suspense and Miscellaneous Balances**		**0**
1,595.82		**Cash -**		**1,520.1**
	0	Cash in Treasuries and Local Remittances		
	1,444.87	Deposits with Reserve Bank	1,445.79	
		Departmental Cash Balance including Permanent Advances		
		Security Deposits		
		Investment of Earmarked Funds	74.31	
	150.95	Cash Balance Investments	0	
		Deficit on Government Account -		
		(i) Less Revenue Surplus of the current year		
		(ii) Appropriation to Contingency Fund		
		Accumulated deficit at the beginning of the year		
		Contingency Fund		**0.00**
52,327.37		**Total**		**64,317.22**

Source: Finance Accounts of respective years,

** Included under Suspense and Miscellaneous

Note: Closing balance of the Contingency Fund has been taken under liabilities

Explanatory Notes

The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts. Government accounts being mainly on cash basis, the deficit on Government account, as shown in ***Appendix 1.1,*** indicates the position on cash basis, as opposed to accrual basis in commercial accounting.

APPENDIX – 2.1

(Refer paragraph 2.5.1)

Expenditure without Budget Provision or Re-appropriation (₹ two crore or more in each case)

(₹ in crore)

Sl. No.	Grant Number	Grant Name / Description	Number of Cases	Expenditure Incurred	Remarks
1	08	Finance Department	9	348.16	
2	18	Social Welfare Department	1	25.35	
Total			**10**	**373.51**	

Source: Appropriation Accounts 2024-25

APPENDIX – 2.2

(Refer paragraph 2.5.1)

Expenditure through Re-appropriation and without Budget Provision

(₹ in crore)

Sl. No.	Grant Number	Grant Name / Description	Number of Cases	Expenditure Incurred	Remarks
1	01	General Administration Department	5	0.61	
2	03	Planning Department	1	0.49	
3	12	Agriculture Department	1	0.95	
4	16	Public Works Department	1	1.91	
5	17	Health and Medical Education Department	1	20.22	
6	18	Social Welfare Department	3	5.13	
Total			**12**	**29.31**	

Source: Appropriation Accounts 2024-25

APPENDIX – 2.3

(Refer paragraph 2.5.2C)

Excess expenditure during the period 1980-81 to 2019-20 (01/04/2019 to 30/10/2019) requiring regularisation

(₹ in crore)

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess
1980-81	16	1,5,6,7,8,9,12,13,14,16,18,19 ,20,21,22,23	227.9
1981-82	13	1,3,5,6,8,13,14,16,18,19, 20,21,23	41.99
1982-83	10	6,8,9,12,14,18,19,21,22,23	119.74
1983-84	12	1,5,6,7,8,14,18,19,20,21, 22,23	176.75
1984-85	10	1,6,8,10,14,16,18,19,21,23	65.42
1985-86	10	1,4,6,10,17,18,19,22,23,26	19.64
1986-87	15	1,2,4,6,7,8,10,13,18,19,20,22 ,23,25,26	104.22
1987-88	17	1,2,3,5,6,8,10,12,13,18,19,21 ,22,23,24,26,27	177.32
1988-89	14	1,2,8,9,10,12,13,15,17,18, 22,23,26,27	438.42
1989-90	9	1,7,8,11,12,20,21,23,24	205.23
1990-91	11	1,2,5,8,12,17,19,21,23,25,26	427.72
1991-92	13	1,2,5,7,8,11,12,14,21,22, 23,26,27	1,152.23
1992-93	14	1,4,5,8,10,11,12,14,16,20, 21,23,24,26	1,029.71
1993-94	17	2,3,5,8,10,12,13,14,17,18, 20,21,22,23,24,26,27	1,730.03
1994-95	14	5,6,8,9,10,12,13,14,20,21, 23,24,26,27	2,057.49
1995-96	19	2,5,6,8,9,10,11,12,13,16,17,1 8,20,21,23,24,25,26,27	2,936.89
1996-97	18	2,4,5,6,8,10,11,12,13,14,16,1 8,20,21,23,24,26,27	3,482.20
1997-98	16	1,2,4,6,8,9,12,13,16,18,21,22 ,23,24,26,27	4,189.21
1998-99	6	4,5,6,8,23,27	4,185.25
1999-2000	12	2,3,6,8,9,12,17,18,20,23,24,2 6	5,851.08
2000-01	11	1,6,8,9,12,16,18,23,25, 26, 27	6,310.25
2001-02	15	3,5,6,8,11,17,18,20,21,23,25, 26,27,28,29	6,393.41
2002-03	15	3,5,6,7,8,12,14,16,17,18,21,2 3,25,26,28	505.61

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess
2003-04	18	3,5,7,8,12,13,14,15,16,17,18, 20,21,23,24,25,26,28	9,770.53
2004-05	15	3,6,8,9,12,14,15,16,18,20,25, 26,27,28,29	2,108.42
2005-06	16	3,5,8, 10,12,15, 16,17,18, 20,21,23,25, 26,27,28	12,954.06
2006-07	14	8,12,14,15,16,17,18,20,21,23 ,25,26,27,28	2,150.03
2007-08	14	6,8,11,12,14,15,16,20,24,25, 26,27,28,29	2,277.91
2008-09	15	5,6,8,11,12,15,16,19,20,22,2 3,24,25,26,27	3,277.38
2009-10	14	1,6,8,11,15,16,18,20,23,24,2 5,26,27,29	4,062.58
2010-11	14	5,6,8,9,16,18,19,22,23,25,26, 27,28,29	6,130.76
2011-12	14	1,6,8,11,12,15,16,18,19,20,2 3,25,26,27	5,638.79
2012-13	12	1,5,8,11,13,16,18,20,23,25,2 6,27	4,741.57
2013-14	13	4,6,7,8,14,15,16,18,20,23,24, 25,28	4,469.79
2014-15	12	2,6,7,8,11,16,18,19,21,23,24, 25	1,099.28
2015-16	11	4,6,7,8,15,16,17,18,23,26,28	4,258.62
2016-17	12	3,4,5,8,11,15,16,19,23,26,28, 29	2,896.86
2017-18	8	3,5,8,16,23,24,28,29	6,397.06
2018-19	7	3,5,8,15,16,17,30	4,631.53
2019-20 (01.04.2019 to 30.10.2019)	16	5,7,8,9,12,15,17,18,19,21,24, 26,29,32,33,34	5,311.53
		Total	**1,24,004.41**

Source: Appropriation Accounts

APPENDIX – 2.4

(Refer paragraph 2.5.3)

Cases where supplementary provision (₹ two crore or more in each case) proved unnecessary

(₹ in crore)

Sl. No.	Number and Name of Grant	Original Provision	Supplementary Provision	Actual Expenditure	Savings out of Original provision
A-Revenue (Voted)					
1.	10-Law Department	999.66	67.68	815.61	184.05
2.	18-Social Welfare Department	3,244.21	255.65	2,383.91	860.30
3.	29- Transport Department	91.14	6.80	89.48	1.66
4.	30-Tribal Affairs Department	124.68	20.58	76.66	48.02
5.	32-Horticulture Department	217.96	3.01	194.01	23.95
6.	33-Disaster Management Relief Rehabilitation and Reconstruction Department	989.56	90.46	940.07	49.49
7.	36-Co-Operative Department	73.69	5.87	67.50	6.19
Total (A)		**5,740.90**	**450.05**	**4,567.24**	**1,173.66**
B-Capital (Voted)					
8.	02-Home Department	377.51	69.33	212.95	164.56
9.	24-Hospitality and Protocol Department	64.00	7.48	41.45	22.55
Total (B)		**441.51**	**76.81**	**254.4**	**187.11**
GRAND TOTAL (A+B)		**6,182.41**	**526.86**	**4,821.64**	**1,360.77**

Source: Appropriation Accounts 2024-25

APPENDIX – 2.5

(Refer paragraph 2.5.3)

Cases where Supplementary Provision (₹ two crore or more) proved excessive

(₹ in crore)

Sl. No.	Number and Name of Grant	Original Provision	Supplementary provision	Total Budget	Actual expenditure	Excessive Supplementary provision (savings)
A. Revenue (Voted)						
1	08-Finance Department	15,056.03	3,775.75	18,831.78	15,750.97	3,080.80
2	12-Agriculture Department	1,263.46	52.96	1,316.41	1,286.12	30.29
3	19-Housing And Urban Development Department	1,254.19	89.35	1,343.54	1,302.93	40.61
4	24-Hospitality Protocol Estates Parks & Gardens	214.94	36.26	251.20	219.60	31.61
Total (A)		**17,788.62**	**3,954.32**	**21,742.93**	**18,559.62**	**3,183.31**
B. Capital (Voted)						
5	08-Finance Department	634.79	1,746.78	2,381.58	2,100.13	281.45
6	29-Transport Department	22.00	13.36	35.36	27.67	7.69
Total (B)		**656.79**	**1,760.14**	**2,416.94**	**2,127.80**	**289.14**
Grand Total (A+B)		**18,445.41**	**5,714.45**	**24,159.87**	**20,687.42**	**3,472.45**

Source: Appropriation Accounts 2024-25

APPENDIX – 2.6

(Refer paragraph 2.5.4)

Unnecessary / Inadequate reappropriation of funds during 2024-25
(₹ two crore or more in each grant)

(₹ in crore)

S.No	Number/ Name of Grant and Head of Accounts	Original Grant	Supplementary Grant	Re-appropriation	Total	Expenditure	Savings (-)/ Excess (+)
	Reduction of provision through Re-appropriation orders, which was excess expenditure occurred						
1	**Grant No.03-Planning Department**						
	5475-800-0011-0557	120.00	0.00	102.74	17.26	57.24	39.98
2	**Grant No.06-Power Development Department**						
	2801-05-001-0099-1308	647.35	0.00	6.50	640.85	641.86	1.01
	2801-05-001-0099-1309	189.14	0.00	3.95	185.18	186.02	0.83
3	**Grant No.07-Education Department**						
	2202-01-0099-0254	2,783.62	0.00	104.08	2,679.55	5,679.84	0.30
	2202-01-104-0099-0214	2,969.64	0.00	114.41	2,855.22	2,858.94	3.71
	2202-02-001-0099-0214	2,331.69	0.00	61.23	2,270.45	2,270.57	0.11
	2202-02-001-0099-0274	2,346.16	0.00	93.83	2,252.33	2,253.25	0.92
	2202-02-109-0099-1057	66.35	0.00	4.77	61.58	61.60	0.02
4	**Grant No.09-Parliamentary Department**						
	2011-02-101-0099-0890	22.05	0.00	14.99	7.05	7.06	0.01
5	**Grant No.10-Law Department**						
	2014-105-0099-0488	324.60	8.79	39.32	294.07	294.14	0.07
	2014-102-0099-0495	93.60	0.00	11.20	82.40	82.41	0.01
6	**Grant No.11-Industry and Commerce Department**						
	2851-001-0099-2202	50.59	0.00	26.53	24.06	28.96	4.91
	4851-101-0011-1213	110.00	0.00	69.05	40.95	40.96	0.01
	4851-102-0011-0407	60.00	0.00	16.27	43.73	44.34	0.62
	4851-104-0011-0894	20.00	0.00	11.19	8.81	12.15	3.34
7	**Grant No.12-Agriculture Department**						
	2401-001-0099-6062	8.00	0.00	4.77	3.23	3.41	0.18
8	**Grant No.13-Animal/ Sheep Husbandry Department**						
	4403-101-0011-0195	30.60	0.00	11.83	18.78	19.00	0.22

S.No	Number/ Name of Grant and Head of Accounts	Original Grant	Supplementary Grant	Re-appropriation	Total	Expenditure	Savings (-)/ Excess (+)
	4403-101-0011-0844	75.30	0.00	(-)40.68	34.62	34.64	0.02
	4403-101-0011-02062	75.30	0.00	(-)32.43	42.87	43.78	0.91
9	**Grant No.14-Revenue Department**						
	4059-80-201-0011-1285	37.00	0.00	(-)210.38	(-) 173.38	15.68	189.25
10	**Grant No.15-Food Civil Supplies and Consumer Affairs Department**						
	4408-01-101-0011-2161	78.84	0.00	(-)63.84	15.00	30.00	15.00
	4408-01-101-0011-2162	60.00	0.00	(-)19.84	40.16	49.97	9.81
	4408-01-101-0011-6008	24.72	0.00	(-)14.72	9.99	22.35	12.36
11	**Grant No.16-Public Works Department**						
	3054-80-001-0099-1027	28.62	0.00	(-)4.15	24.47	24.56	0.09
	3054-80-001-0099-6066	19.21	0.00	(-)4.64	14.57	31.95	17.37
	4059-01-001-0011-6066	58.00	0.00	(-)38.23	19.77	19.86	0.09
	5054-04-337-0011-3342	75.00	0.00	(-)48.07	26.93	27.22	0.29
12	**Grant No.17-Health and Medical Education Department**						
	2210-01-110-0099-1553	40.21	0.00	(-)5.38	34.83	34.84	0.01
	2210-05-105-0099-1544	146.64	0.00	(-)36.92	109.72	109.73	0.01
	4210-04-101-0011-1537	94.79	0.00	(-)27.46	67.33	67.35	0.03
	4210-04-101-0011-1544	21.00	0.00	(-)8.72	12.28	12.30	0.02
13	**Grant No.18-Social Welfare Department**						
	2235-02-001-0099-2280	29.84	6.42	(-)7.60	28.66	28.67	0.02
14	**Grant No.19-Housing and Urban Development Department**						
	2217-80-001-0099-1138	29.45	0.00	(-)2.51	26.93	27.04	0.11
	2217-03-191-0099-1437	400.00	10.00	(-)20.02	389.98	417.61	27.63
	2217-03-191-0099-1438	310.00	60.00	(-)10.02	359.98	375.59	15.61
	2217-03-191-0099-2401	11.55	2.95	(-)2.94	17.44	19.13	1.69
	2217-05-001-0099-2289	11.63	0.00	(-)4.07	7.55	12.13	4.58
15	**Grant No.20-Tourism Department**						
	3452-80-001-0099-2183	28.32	0.00	(-)7.13	21.20	21.32	0.12

S.No	Number/ Name of Grant and Head of Accounts	Original Grant	Supplementary Grant	Re-appropriation	Total	Expenditure	Savings (-)/ Excess (+)
16	**Grant No.21-Forest Department**						
	2406-01-001-0099-0349	524.98	0.00	(-)58.41	466.58	466.60	0.03
17	**Grant No.23-Public Health Engineering Department**						
	4215-01-102-0011-1011	783.16	0.00	(-)571.95	211.21	222.81	11.60
18	**Grant No.27-Higher Education Department**						
	2202-03-001-0099-2407	103.88	0.00	(-)203.57	99.69	1.58	101.27
	2202-03-103-0099-0534	838.64	0.00	(-)104.18	734.46	737.18	2.72
	2202-03-103-0099-2265	9.88	0.00	(-)10.14	(-)0.26	5.18	5.43
19	**Grant No.28-Rural Development Department**						
	4515-102-0011-0230	45.00	0.00	(-)26.05	18.95	19.10	0.15
20	**Grant No.30-Tribal Affairs Department**						
	2225-02-277-0031-1829	40.00	0.00	(-)40.05	(-)0.05	9.95	10.00
21	**Grant No.33-Disaster Management Relief Rehabilitation and Reconstruction Department**						
	2245-05-101-0099-1076	310.00	0.00	(-)280.89	29.11	310.00	280.89
22	**Grant No.34-Youth Services And Technical Education Department**						
	2204-001-0099-0244	384.59	0.00	(-)2.93	381.66	381.92	0.26
	Augmentation of provision proved injudicious						
23	**Grant No.2-Home Department**						
	2055-117-0099-0729	26.78	0.00	14.69	41.48	10.49	-30.98
24	**Grant No.19-Housing and Urban Development Department**						
	2217-03-191-0099-1298	55.00	0.00	11.36	66.36	36.66	-29.70
	2217-05-191-0099-2034	196.00	13.49	2.59	212.08	197.82	-14.27
25	**Grant No.30- Tribal Affairs Department**						
	2225-023-102-0099-2253	24.92	8.08	3.08	36.08	26.08	-10.00
	Grand Total	**17,153.62**	**109.73**	**2,610.02**	**15,293.29**	**18,415.12**	**688.38**

Source: Appropriation Accounts 2024-25.

APPENDIX – 2.7

(Refer paragraph 2.5.5)

Grants having large savings, after surrender (exceeding ₹ 100 crore), during 2024-25

(₹ in crore)

Sl. No.	Number and Name of the Grant	Total Budget Provision	Actual Expenditure	Savings	Surrendered	Savings (after surrender)
A. Revenue (Voted)						
1	2-Home Department	6,137.63	680.09	5,457.54	0	5,457.54
2	8-Finance Department	18,831.78	15,750.97	3,080.81	0	3,080.81
Total (A)		**24,969.41**	**16,431.06**	**8,538.35**	**0**	**8,538.35**
B. Capital (Voted)						
3	2-Home Department	446.84	212.95	233.89	0	233.89
4	8-Finance Department	2,381.58	2,100.13	281.45	0	281.45
Total (B)		**2,828.42**	**2,313.08**	**515.34**	**0**	**515.34**
C. Capital (*Charged*)						
5	8-Finance Department	44,846.2	30,129.52	14,716.68	0	14,716.68
Total (C)		**44,846.2**	**30,129.52**	**14,716.68**	**0**	**14,716.68**
Grand Total (A+B+C)		**72,644.03**	**48,873.66**	**23,770.37**	**0**	**23,770.37**

Source: Appropriation Accounts 2024-25

APPENDIX – 2.8

(Refer paragraph 2.5.5)

Grants having persistent savings (exceeding ₹ 100 crore) during 2022-23 to 2024-25

(₹ in crore)

Sl. No.	Grant No./ Name of the Department	Savings		
		2022-23	2023-24	2024-25
	Revenue (Voted)			
1	02-Home Department	1,729.32	2,122.32	5,457.54
2	06-Power Development Department	3,541.78	859.53	1,404.41
3	07-Education Department	1,572.83	1,487.48	1,097.16
4	10-Law Department	370.87	396.07	251.73
5	17-Health and Medical Education Department	1,267.05	1,349.16	937.09
6	18-Social Welfare Department	909.48	1,455.53	1,115.95
7	21-Forest Department	440.42	385.62	218.31
8	28-Rural Development Department	231.47	145.9	232.23
9	33-Disaster Management Relief, Rehabilitation and Reconstruction Department	180.52	113.02	139.96
	Capital (Voted)			
10	02-Home Department	975.41	510.47	233.88
11	03-Planning Department	522.62	581.56	264.15
12	06-Power Development Department	1,735.12	1,251.82	1,239.85
13	07-Education Department	481.89	317.29	305.95
14	08-Finance Department	1,093.00	666.78	281.45
15	11-Industry and Commerce Department	412.6	619.97	323.58
16	12-Agriculture Department	1,260.98	1,639.17	368.38
17	13-Animal/ Sheep Husbandry Department	155.29	349.23	184.40
18	15-Food Civil Supplies and Consumer Affairs Department	290.37	212.3	178.33
19	16-Public Works Department	2,456.43	1,415.81	1,334.12

Sl. No.	Grant No./ Name of the Department	Savings		
20	17-Health and Medical Education Department	1,516.80	1,453.94	1,157.69
21	19-Housing and Urban Development Department	2,332.26	1,544.67	1,785.40
22	20-Tourism Department	122.81	158.61	224.56
23	21- Forest Department	135.12	138.84	121.79
24	22-Irrigation and Flood Control Department	1,171.31	1,176.62	779.79
25	23-Public Health Engineering Department	7,842.69	5,220.65	1,247.85
26	27-Higher Education Department	639.78	537.96	105.74
27	28-Rural Development Department	2,191.47	1,441.21	1,574.14
28	30-Tribal Affairs Department	352.44	377.11	224.18
29	31-Culture Department	315.33	154.19	104.24
30	32-Horticulture Department	338.29	417.53	209.03
31	33-Disaster Management Relief, Rehabilitation and Reconstruction Department	467.38	220.08	173.63

Source: Appropriation Accounts

APPENDIX – 2.9

(Refer paragraph 2.5.5)

Grant wise percentage of utilisation of budget and savings, during 2024-25

(₹ in crore)

Sl. No.	Number and Name of Grant	Total Budget	Total Expenditure	Savings	Percentage of Utilisation	Range of Utilisation (*per cent*)
1	2-Home Department	6,584.46	893.04	5,691.42	13.56	Up to 50
2	22-Irrigation And Flood Control Department	1,595.38	766.68	828.71	48.06	
3	25-Labour Stationery and Printing Department	198.78	80.77	118.01	40.63	
4	30-Tribal Affairs Department	417.96	125.19	292.78	29.95	
5	31-Culture Department	199.74	88.69	111.05	44.40	
Total		**8,996.32**	**1,954.37**	**7,041.97**		
6	3-Planning Department	674.22	381.58	292.65	56.59	51 to 75
7	4- Information Department	129.06	94.82	34.24	73.47	
8	9-Parliamentary Affairs Department	59.86	34.73	25.13	58.02	
9	11-Industry and Commerce Department	888.80	515.16	373.65	57.96	
10	15-Food Civil Supplies and Consumer Affairs Department	679.76	459.27	220.49	67.56	
11	16-Public Works Department	5,275.33	3,932.93	1,342.4	74.55	
12	17-Health And Medical Education Department	8,333.45	6,238.68	2,094.77	74.86	
13	18-Social Welfare Department	3,585.69	2,420.23	1,165.46	67.50	
14	19-Housing And Urban Development Department	4,103.81	2,277.80	1,826.01	55.50	

Sl. No.	Number and Name of Grant	Total Budget	Total Expenditure	Savings	Percentage of Utilisation	Range of Utilisation (*per cent*)
15	20-Tourism Department	609.87	339.10	270.76	55.60	
16	23-Public Health Engineering Department	3,505.39	2,195.02	1,310.36	62.62	
17	26-Fisheries Department	233.18	159.30	73.88	68.32	
18	28-Rural Development Department	4,664.99	2,858.63	1,806.36	61.28	
19	32-Horticulture Department	647.02	411.02	235.99	63.53	
20	35-Science And Technology Department	172.91	120.61	52.30	69.75	
Total		**33,563.34**	**22,438.88**	**11,124.45**		
21	1-General Administration Department	605.78	538.11	67.67	88.83	76 to 90
22	5-Mining Department	82.16	73.68	8.48	89.68	
23	6-Power Development Department	12,820.38	10,176.11	2,644.27	79.37	
24	7-Education Department	12,954.56	11,551.45	1,403.11	89.17	
25	8-Finance Department	76,331.21	58,855.13	17,476.08	77.10	
26	10-Law Department	1,350.94	1,042.73	308.21	77.19	
27	12-Agriculture Department	2,371.81	1,973.14	398.67	83.19	
28	13-Animal/ Sheep Husbandry Department	1,217.48	970.48	247.00	79.71	
29	14-Revenue Department	772.62	650.28	122.34	84.17	
30	21-Forest Department	1,627.53	1,287.42	340.1	79.10	
31	24-Hospitality Protocol Estates Parks & Gardens	322.68	261.05	61.63	80.90	
32	27-Higher Education Department	2,143.42	1,908.76	234.66	89.05	

Sl. No.	Number and Name of Grant	Total Budget	Total Expenditure	Savings	Percentage of Utilisation	Range of Utilisation (*per cent*)
33	29-Transport Department	133.30	117.15	16.15	87.89	
34	33-Disaster Management Relief Rehabilitation and Reconstruction Department	1,519.02	1,205.43	313.59	79.36	
35	34-Youth Services and Technical Education Department	851.03	664.46	186.57	78.08	
36	36-Co-Operative Department	104.56	80.47	24.09	76.96	
Total		**115,208.48**	**91,355.85**	**23,852.62**		

Source: Appropriation Accounts 2024-25

APPENDIX – 2.10

(Refer paragraph 2.5.5)

Savings not Surrendered

(₹ in crore)

Sl. No.	Number and Name of Grant	Type	Original Budget	Supplementary Budget	Total Provision	Actual Expenditure	Savings	Amount not surrendered
1	1- General Administration Department	Revenue *Charged*	30.57	1.02	31.59	29.36	2.23	0.33
2	2-Home Department	Revenue Voted	6,137.63	0.00	6,137.63	680.09	5,457.54	5,457.54
		Capital Voted	377.51	69.33	446.84	212.95	233.88	233.88
3	3-Planning Department	Capital Voted	543.48	0.00	543.48	279.33	264.15	0.07
4	7-Education Department	Capital Voted	807.47	0.00	807.47	501.53	305.95	0.03
5	8-Finance Department	Revenue Voted	15,056.03	3,775.75	18,831.78	15,750.97	3,080.80	3,080.80
		Capital Voted	634.79	1,746.78	2,381.58	2,100.13	281.45	281.45
		Capital *Charged*	44,846.20	0.00	44,846.20	30,129.52	14,716.68	14,716.68
6	9- Parliamentary Affairs Department	Revenue *Charged*	0.92	0.00	0.92	0.11	0.81	0.01
7	10- Law Department	Revenue Voted	999.66	67.68	1,067.34	815.61	251.73	0.01
8	12-Agriculture Department	Capital Voted	1,055.40	0.00	1,055.40	687.02	368.38	0.32
9	15-Food Civil Supplies and Consumer Affairs Department	Capital Voted	445.25	0.00	445.25	266.92	178.33	0.04
10	16-Public Works Department	Capital Voted	4,061.75	0.00	4,061.75	2,727.62	1,334.13	0.56
11	19-Housing And Urban Development Department	Revenue Voted	1,254.19	89.35	1,343.54	1,302.93	40.61	3.05
12	22-Irrigation And Flood Control Department	Revenue Voted	647.45	0.00	647.45	598.54	48.92	0.01
		Capital Voted	947.93	0.00	947.93	168.14	779.79	0.01
13	23-Public Health Engineering Department	Revenue Voted	1,791.35	0.00	1,791.35	1,728.83	62.51	0.43
14	27-Higher Education Department	Revenue Voted	1,666.42	0.00	1,666.42	1,537.50	128.92	1.35
15	28-Rural Development Department	Revenue Voted	933.45	0.00	933.45	701.22	232.23	0.03
		Capital Voted	3,731.54	0.00	3,731.54	2,157.40	1,574.14	0.02
16	32- Horticulture Department	Revenue Voted	217.96	3.01	220.97	194.01	26.96	0.02
17	34- Youth Services And Technical Education Department	Capital Voted	215.30	0.00	215.30	104.24	111.07	0.01
	Grand Total		**86,402.25**	**5,752.92**	**92,155.18**	**62,673.97**	**29,481.21**	**23,776.65**

Source: Appropriation Accounts 2024-25

APPENDIX – 2.11

(Refer paragraph 2.5.5)

Cases of Surrenders in excess of Savings

Sl. No.	Number and Name of the Grant	Total Budget Provision	Actual Expenditure	Savings	Surrendered	Excess surrender
Revenue Voted						
1	1- GENERAL ADMINISTRATION DEPARTMENT	502.19	479.39	22.80	24.48	1.68
2	7-EDUCATION DEPARTMENT	12,147.09	11,049.93	1,097.16	1,105.28	8.12
3	9-PARLIAMENTARY AFFAIRS DEPARTMENT	54.94	34.62	20.32	20.33	0.01
4	11-INDUSTRY AND COMMERCE DEPARTMENT	354.18	304.12	50.06	54.92	4.86
5	12-AGRICULTURE DEPARTMENT	1,316.41	1,286.12	30.29	30.45	0.15
6	16-PUBLIC WORKS DEPARTMENT	1,213.59	1,205.31	8.28	136.90	128.62
7	17-HEALTH AND MEDICAL EDUCATION DEPARTMENT	6,658.94	5,721.85	937.09	938.76	1.67
8	18-SOCIAL WELFARE DEPARTMENT	3,499.86	2,383.91	1,115.95	1,141.26	25.31
9	20-TOURISM DEPARTMENT	221.67	175.46	46.20	46.30	0.10
10	21-FOREST DEPARTMENT	1,441.08	1,222.76	218.31	218.42	0.11
11	25-LABOUR STATIONERY AND PRINTING DEPARTMENT	90.69	74.25	16.45	16.79	0.34
12	31-CULTURE DEPARTMENT	68.24	61.43	6.81	6.84	0.03
13	33-DISASTER MANAGEMENT RELIEF REHABILITATION AND RECONSTRUCTION DEPARTMENT	1,080.02	940.07	149.96	449.80	309.85
14	34- YOUTH SERVICES AND TECHNICAL EDUCATION DEPARTMENT	635.72	560.23	75.50	75.76	0.26
	Total	**29,284.62**	**25,499.45**	**3,795.18**	**4,266.29**	**481.11**
Revenue *Charged*						
15	10-LAW DEPARTMENT	93.60	82.41	11.19	11.20	0.01
	Total	**93.60**	**82.41**	**11.19**	**11.20**	**0.01**
Capital Voted						
16	11-INDUSTRY AND COMMERCE DEPARTMENT	534.62	211.04	323.58	323.59	0.01
17	14-REVENUE DEPARTMENT	43.00	16.16	26.84	216.08	189.25
18	17-HEALTH AND MEDICAL EDUCATION DEPARTMENT	1,674.51	516.83	1,157.69	1,157.70	0.01
19	25-LABOUR STATIONERY AND PRINTING DEPARTMENT	108.08	6.52	101.56	101.57	0.01
	Total	**2,360.22**	**750.55**	**1,609.67**	**1,798.95**	**189.28**
	Grand Total	**31,738.44**	**26,332.41**	**5,416.04**	**6,076.43**	**670.40**

APPENDIX – 2.12

(Refer paragraph 2.5.6)

Misclassification of Revenue expenditure as Capital expenditure for 2024-25

Sl. No	No. and Name of the Grant /Department	Misclassified Amount (₹ in crore)	Major head	Audit observation
1	12- Agriculture Department 32- Horticulture Department	66.76	4401	Grants-in-Aid
2	13- Animal/ Sheep Husbandry Department	6.80	4403	Subsidy
3	17- Health And Medical Education Department	6.37	4210	Grants-in-Aid
4	32- Horticulture Department	1.92	4401	Subsidy
5	29-Transport Department	0.15	5055	Subsidy
	Total	**82.00**		
Booking of Capital Expenditure for creation of assets by entities other than the Government				
1	JK Transcom-Discom	539.22	4801	These are individual companies/corporations under Companies Act and not an entity of UT Government. However, UT Govt. is booking Capital expenditure in its accounts for them rather than showing as Grant/ Assistance.
2	JKTDC	2.56	5452	
3	JKHPMC	12.46	4401	
	Total	**554.24**		

Source: Finance Accounts and Appropriation 2024-25

APPENDIX – 2.13

(Refer paragraph 2.5.7)

Policy initiatives with no expenditure

(₹ in crore)

Sl. No.	Grant No. and Name of the Department	Head of Account and Name of the New scheme	Budget provision	Expenditure
1	28- Rural Development Department	2501-06-102-0031-2473-Training of 7000 candidates under Himayat	4.92	0
2	20- Tourism Department	5452-80-800-0011-1115-Development of 12 off beat destinations	2.65	0
3	20- Tourism Department	5452-80-800-0011-0650-Construction and installation of 130 Meter 425 feet high National Flag Mast at Patnitop	1.01	0
4	20- Tourism Department	5452-80-800-0011-1115- Off beat destination upgradation of Keran Valley Kupwara	0.32	0
5	20- Tourism Department	5452-80-800-0011-1115- Land Compensation for Development of Keran Valley as Offbeat Destination	0.16	0
6	31- Culture Department	4202-04-104-0011-0272-Development of SPS Museum	4.8	0
7	17- Health and Medical Education Department	4210-04-101-0031-1881-Procurement of Machinery and Equipments for State Cancer Institute SKIMS Srinagar	5.26	0
8	17- Health and Medical Education Department	2210-05-105-0031-0173-Enhancing DNB/PG Seats to 400	50	0
Total			**69.12**	**0**

Source: Appropriation Accounts 2024-25

APPENDIX – 2.14

(Refer paragraph 2.5.7)

Policy initiatives with full budget amount surrendered/ re-appropriated/ unutilised

(₹ in crore)

Sl. No.	Grant No. and Name of the Department	Head of Account and Name of the scheme	Budget provision	Expenditure
Schemes with full budget re-appropriated/surrendered				
1	3- Planning Department	5475-800-0031-2346-Minor Irrigation Statistics	1.08	0
2	6- Power Development Department	4801-05-800-011-0250-Survey and Investigation	1.00	0
3		4801-05-800-011-3318-Transmission and Distribution Grant (PMRP)	30.00	0
4	7-Education Department	4202-01-201-0011-1030-Mid Day Meals	1.50	0
5		4202-01-201-0031-1030- Mid Day Meals	13.50	0
6	9-Parliamentary Affairs Department	7610-201-0099-2335-House Building Advance to MLAs/MLCs	4.00	0
7	10-Law Department	2014-105-0099-2459-Dehi Adalat	4.58	0
8	11-Industry and Commerce Department	4851-102-0011-2469- M I I U S	1.12	0
9		4851-800-0011-2196-EDI	2.00	0
10	12-Agriculture Department	4401-001-0031-0244-NEGPA	5.50	0
11		4401-105-0099-0232-District Agriculture Jammu	0.10	0
12		4401-800-0031-2449-Pradhan Mantri Krishi Sichayi Yojna	20.00	0
13	13-Animal/ Sheep Husbandry Department	4403-107-0031-2078-National Project of Pest Eradication	1.00	0
14	14-Revenue Department	2401-800-0031-0216-Agriculture Census	0.10	0
15		2401-800-0031-0748-Timely Reporting Scheme	0.10	0
16		2401-800-0031-1516-Improvement of Crop Statistics	0.05	0
17	15-Food Civil Supplies and Consumer	4235-60-800-0011-1228-Procurement and Supply of Essential Commodities (Sugar) CA&PD, Jammu	1.16	0

18	Affairs Department	4235-60-800-0011-1256-Procurement and Supply of Essential Commodities (Sugar) CA&PD, Kashmir	2.33	0
19		4408-08-101-0011-2160-Rice Kashmir	60.00	0
20	16-Public Works Department	3054-03-103-0099-3343-Maintenance of Old National Highway	10.00	0
21	17-Health And Medical Education Department	2210-01-200-0099-2256-Natinal Rural Health Mission	1.00	0
22		2210-03-110-0031-2504-National Mission of Saffron	5.00	0
23		2210-04-200-0031-0743-PM ABHIM	55.00	0
24		2210-04-200-0099-0743-PM ABHIM	12.66	0
25		2210-05-105-0031-0173-Up-Gradation of GMCs for increasing PG Seats	50.00	0
26		2210-05-105-0031-0177-Up-Gradation of GMCs for increasing MBBS/UG seats	60.00	0
27		2210-05-105-0031-2453-New Medical Colleges	8.78	0
28		2210-06-101-0031-2424-National Mental Health Programme	1.16	0
29		2210-06-104-0031-1538-Drug and Food Control	10.00	0
30		2210-06-104-0099-0736-Nasha Mukht Abhiyan	1.10	0
31		2211-001-0031-2509-Ayushman Bharat (AB-PMJAY)	63.44	0
32		4210-01-110-0031-1539-Indian System of Medicines (ISM)	6.00	0
33		4210-01-200-0011-2256-National Health Mission	1.66	0
34		4210-01-200-0031-2256-National Health Mission	15.00	0
35		4210-02-110-0031-2256-National Rural Health Mission	500.00	0
36		4210-03-105-0011-1654-Training of ANMs/LHVs/AMT Schools	0.60	0
37		4210-03-105-0031-0173-UP-gradation of GMCs for increasing PG	20.00	0
38		4210-03-105-0031-1654-Training of ANM'S/LHV'S/AMT Schools	3.00	0
39		4210-04-101-0031-1530-National AIDS Control Programme	7.00	0

40		4210-04-107-0011-2481-Strengthening of State Drug Regulatory System	1.10	0
41	18-Social Welfare Department	2070-105-0099-1791-State Commission for Women	1.68	0
42		2225-02-277-0031-1829-Post-Matric Scholarship for SC Students	6.75	0
43		2225-02-277-0031-6026-Pre-Matric Scholarship for SC Students	1.47	0
44		2235-02-101-0099-2284-Welfare of Handicapped, Jammu	0.05	0
45		2235-02-102-0031-1446-YASASVI- Pre-Matric Scholarship for OBC, EBC & DNT Students	0.25	0
46		2235-02-102-0031-1830-Post Matric Minority Scholarship	1.00	0
47		2235-02-102-0031-1832-Merit-cum-Means Minority Scholarship	0.50	0
48		2235-02-102-0031-6025-YASASVI- Post-Matric Scholarship for OBC, EBC & DNT Students	3.28	0
49		2235-02-102-0031-6093-Scheme for care &support to victims under section 4&6 of POSCO Act, 2012	0.50	0
50		2235-02-102-0099-1446-YASASVI- Pre-Matric Scholarship for OBC, EBC & DNT Students	11.02	0
51		2235-02-102-0099-6025-YASASVI- Post-Matric Scholarship for OBC, EBC & DNT Students	6.63	0
52		2235-02-103-0031-6010-Women Help Line (WHL)	1.55	0
53		2235-02-104-0031-0901-National Action Plan for Senior Citizen/AVAY	2.00	0
54		2235-02-106-0099-2392-Establishment of Homes for Beggars	0.05	0
55		2235-02-107-0031-0909-Scheme for Providing Education in Madrassas/ Minorities (SPEMM)	2.10	0
56		2235-02-107-0031-2707-National Creche Scheme/ Palna	8.82	0
57		2235-02-107-0099-0909-Scheme for Providing Education in Madrassas/ Minorities (SPEMM)	0.23	0
58		2235-02-107-0099-2707-National Creche Scheme/ Palna	0.98	0

59		2235-02-200-0031-6023-Pradhan Mantri Jan Vikas Karyakram	350.00	0
60		2235-02-200-0099-6023-Pradhan Mantri Jan Vikas Karyakram	38.89	0
61		2235-03-102-0031-2389-Indira Gandhi National Family Benefit Pension Scheme	1.00	0
62		4235-02-103-0031-6051- One stop Centre (Construction) (Mission Shakti Sambal)	4.00	0
63	19-Housing And Urban Development Department	4217-03-051-0011-1295-City Sustainable/Infrastructure fund	100.00	0
64		4217-03-051-0011-2401-National Urban Livelihood Mission	22.00	0
65		4217-03-800-0031-2428-Swachh Bharat Mission	175.00	0
66	21-Forest Department	4406-01-101-0031-0201-National Action Plan For Fire	3.00	0
67		4406-01-800-0031-2295-Hokersar/Surinsar/Mansar/Pangong	10.00	0
68	22-Irrigation and Flood Control Department	4701-04-001-0031-0435-Irrigation Kashmir	20.00	0
69		4701-04-001-0031-0855-Irrigation Jammu	5.00	0
70		4701-04-612-0031-0840-Irrigation RTIC, Jammu	15.00	0
71		4702-101-0031-1775-Minor Irrigation, Jammu	50.00	0
72		4702-101-0031-1776-Minor Irrigation, Kashmir	50.00	0
73		4711-01-103-0031-1166-Flood Restoration Works	350.00	0
74		4711-01-103-0031-1450-Flood Control, Jammu	30.00	0
75	25- Labour, Stationery and Printing Department	2230-02-001-0031-6022-eSharam Portal- Registration of Un-organised Worker on eSharam Portal	0.50	0
76		2230-02-101-0031-0722-Modern Career Centre	3.38	0
77		4250-203-0031-0722- Modern Career Centre	0.88	0
78	27-Higher Education Department	4202-01-203-0011-2407-Rashtriya Uchitar Shiksha Abhiyan (RUSA)	15.00	0
79	28-Rural Development Department	2501-06-102-0031-2473-Himayat	4.92	0
80		2501-06-102-0031-6006- Rural Self Employment Training Institutes (RSEYIs)	5.00	0
81		4515-103-0011-0871- Integrated Water Shed Development	6.91	0

82		4515-103-0011-6004- Start-up Village Entrepreneurship Program (SVEP)	1.50	0
83	29-Transport Department	5055-190-0011-0944- Investment in J&K Road Transport Corporation	1.00	0
84	30-Tribal Affairs Department	2225-02-277-0031-1444- Pre-Matric Scholarship	9.46	0
85		4225-02-800-0011-2518- SCA to TSP	20.00	0
86		4225-02-800-0031-1814- Tribal Sub Plan	26.60	0
87		4225-02-800-0031-1827- Welfare of Schedule Caste/Tribe, Jammu	4.00	0
88		4225-02-800-0031-2518- SCA to TSP	144.10	0
89	32-Horticulture Department	4401-119-0011-2415-National Horticulture Mission	1.00	0
90		4401-119-0011-6052-National Bamboo Mission	0.10	0
91		4401-119-0031-2415-National Horticulture Mission	10.30	0
92	34-Youth Services and Technical Education Department	2203-112-0031-1551- Engineering /Technical Colleges and Institutes (REC and GCET Jammu)	7.03	0
93		2203-112-0099-6016- India Skill	2.00	0
94		2203-112-0031-6015- SANKALP	1.00	0
95		2203-112-0031-6016- SANKALP	5.00	0
96		2230-03-101-0031-2505- Agriculture Technology Management Agency	10.00	0
97		4202-02-105-0011-0530- Directorate of Technical Education	18.00	0
98		4202-02-105-0011-6000- Strengthening of Infrastructure for Institutional Training (SIIT)	1.50	0
99		402-02-105-0031-0530- Directorate of Technical Education	5.00	0
100		402-02-105-0031-6000- Strengthening of Infrastructure for Institutional Training	3.50	0
101		4250-203-0031-1644- Craftsman Training	2.11	0
102	36-Co-Operative Department	2425-108-0031-6059- Scheme for Computerisation of Agriculture and Rural Development Banks	0.79	0

103		2425-108-0099-6059 Scheme for Computerisation of Agriculture and Rural Development Banks	0.16	0
Schemes where entire provision remain unutilized				
104	2-Home Department	2055-001-0031-2151-Strengthening of enforcement capabilities	0.16	0
105		2055-001-0099-2395-Compensation to victims	1.50	0
106		2055-101-0031-2503- Cyber Crime Prevention against Women and Children	0.18	0
107		2055-101-0031-6064- Student Police Cadet Scheme	3.26	0
108		2055-113-0099-0732- Welfare of Police Personnel	1.20	0
109		2055-115-0031-6053- Student Police Cadet Scheme	0.50	0
110		4055-207-0011-0704-Modernization of Police	1.20	0
111		4055-207-0011-0957- Internal Security	1.75	0
112		4055-207-0011-1158- IRP Battalions	8.75	0
113		4059-60-051-0011-3223- Police Housing Colony	12.00	0
114		4070-800-0011-2156- State Disaster response Force	3.00	0
115		4235-02-800-0011-0244-Direction and Administration	4.00	0
116	8-Finance Department	2075-103-0099-0317- Pension in lieu Resumed Jagirs	0.15	0
117		2235-60-105-0099-0323- State Contribution for Group Insurance	24.51	0
118		2049-01-101-0099-3005-Floatation Charges	1.50	0
119		2049-01-200-0099-2120- Interest on Power Bonds	2,165.57	0
120		2049-04-101-0099-0723- Interest on Loan and Advances from Central Government	27.31	0
121		5475-115-0011-2358- Back to Village	10.00	0
122		5475-800-0011-8086- Bank	100.00	0
123		6003-106-0099-2140- Power Bonds/UDAY	353.76	0
Total			**5,285.41**	**0**

Source: Appropriation Accounts 2024-25

APPENDIX – 2.15

(Refer paragraph 2.5.8)

Subheads where entire expenditure was incurred in March 2025

(₹ in crore)

Sl. No.	Grant No.	Name of the Department	Head of Accounts	Name of the Scheme	Types of Budget	Actual Expenditure during March
1	10	Law Department	2014-Administration of Justice	1248-Public Prosecutors	RV	0.06
2	11	Industry and Commerce Department	2851-Village and Small Industries	0407-Micro, Small and Medium Ind. C.S.T. / G.S.T.	RV	0.02
3			4851-Capital Outlay on Village and Small Industries	2346-Jammu Kashmir Industries	CV	0.66
4	12	Agriculture Department	4401-Capital Outlay on Crop Husbandry	6104-J&K Competitive Implementation of the Agriculture & Allied Sectors Project in the UT of J&K (JKCIP)	CV	0.95
5	14	Revenue Department	4059-Capital Outlay on Public Works	0854- Registration Department	RV	0.18
6				1050- Director, Land Records	RV	0.12
7	16	Public Works Department	3054-Roads and Bridges	6067- Chief Engineer R&B South Kashmir	RV	1.91
8			4059-Capital Outlay on Public Works	6067-Chief Engineer R&B South Kashmir	CV	0.01
9	17	Health and Medical Education Department	2210-Medical and Public Health	1538-Drug and Food Control	RV	0.89

Sl. No.	Grant No.	Name of the Department	Head of Accounts	Name of the Scheme	Types of Budget	Actual Expenditure during March
10	18	Social Welfare Department	2235-Social Security & Welfare	6084-Anganwadi Center Cum Creches	RV	3.23
11				1112- Welfare of Handicapped Kashmir	RV	0.002
12	19	Housing and Urban Development Department	2217-Urban Developme nt	6061- Jammu Smart City	RV	10.00
13	21	Forest Department	2406-Forestry and Wild Life	2905-Catchment Area Treatment Plan	RV	0.07
14	30	Tribal Affairs Department	2225-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	6103-Administrative Costs To States/Ut's	RV	0.54
15	34	Youth Services and Technical Education Department	2203-Technical Education	2400-Skill Development Mission	RV	0.20
TOTAL						**18.842**

Source: VLC Data

APPENDIX – 2.16

(Refer paragraph 2.5.8)

Quarter wise expenditure for all major heads during 2024-25

(₹ in crore)

Sl. No.	Grant	Description	Allocation during 2024-25	Expenditure					Total expenditure during 2024-25	Expenditure in 4th Quarter as percentage of total expenditure	Expenditure in March 2025 as percentage of total expenditure
				1st qtr.	2nd qtr	3rd qtr	4th qtr	In March			
1	1	General Administration Department	605.78	144.30	136.94	115.97	140.85	46.64	538.06	26.18	8.67
2	2	Home Department	6,584.46	2,391.43	2,158.74	(-) 2,923.01	(-)736.75	304.10	890.42	82.74	34.15
3	3	Planning Department	674.22	86.85	59.62	57.53	177.56	147.94	381.56	46.54	38.77
4	4	Information Department	129.06	19.24	24.28	23.97	27.32	12.66	94.82	28.82	13.35
5	5	Mining Department	82.16	18.88	18.97	17.11	18.70	8.96	73.66	25.38	12.17
6	6	Power Development Department	12,820.38	936.61	1,440.06	3,277.95	4,514.78	1,760.98	10,169.41	44.40	17.32
7	7	Education Department	12,954.56	2,698.98	2,851.73	2,833.21	2,878.15	967.75	11,262.07	25.56	8.59
8	8	Finance Department	76,331.21	16,704.26	18,618.92	(-) 14,922.75	38,408.86	8,181.05	58,809.28	65.31	13.91
9	9	Parliamentary Affairs Department	59.86	8.12	5.79	6.98	13.84	6.05	34.72	39.85	17.43
10	10	Law Department	1,350.94	156.50	303.41	257.90	(-)204.13	159.91	513.67	39.74	31.13
11	11	Industry and Commerce Department	888.80	172.50	103.91	108.40	130.34	60.97	515.15	25.30	11.84
12	12	Agriculture Department	2,371.81	393.03	442.46	459.62	626.32	348.03	1,921.43	32.60	18.11
13	13	Animal/ Sheep Husbandry Department	1,217.48	218.59	201.25	228.61	321.70	153.91	970.15	33.16	15.87

14	14	Revenue Department	772.62	160.13	162.93	160.60	166.53	62.63	650.20	25.61	9.63
15	15	Food Civil Supplies and Consumer Affairs Department	679.76	141.66	82.10	150.16	85.32	19.88	459.24	18.58	4.33
16	16	Public Works Department	5,275.33	629.05	670.36	1,195.14	1,276.11	900.64	3,770.67	33.84	23.89
17	17	Health and Medical Education Department	8,333.45	1,281.47	1,330.97	1,599.21	2,025.47	981.06	6,237.12	32.47	15.73
18	18	Social Welfare Department	3,585.69	527.13	521.13	483.92	887.83	317.34	2,420.01	36.69	13.11
19	19	Housing and Urban Development Department	4,103.81	467.08	694.08	456.07	660.52	329.85	2,277.75	29.00	14.48
20	20	Tourism Department	609.87	101.73	62.07	79.62	95.68	48.12	339.09	28.22	14.19
21	21	Forest Department	1,627.53	282.43	307.97	299.19	235.67	203.24	1,125.26	20.94	18.06
22	22	Irrigation and Flood Control Department	1,595.38	157.48	176.61	167.84	264.54	139.05	766.47	34.51	18.14
23	23	Public Health Engineering Department	3,505.39	459.10	538.92	529.25	660.33	330.71	2,187.60	30.19	15.12
24	24	Hospitality Protocol Estates Parks & Gardens	322.68	50.98	48.46	60.16	101.44	72.26	261.05	38.86	27.68
25	25	Labour Stationery and Printing Department	198.78	19.28	19.99	17.99	23.43	9.83	80.69	29.03	12.18
26	26	Fisheries Department	233.18	39.19	30.69	35.44	53.98	20.14	159.30	33.89	12.64
27	27	Higher Education Department	2,143.42	409.34	427.54	474.17	597.70	296.92	1,908.74	31.31	15.56
28	28	Rural Development Department	4,664.99	679.03	492.16	393.68	1,293.44	939.13	2,858.32	45.25	32.86
29	29	Transport Department	133.30	19.60	25.27	19.66	52.61	24.88	117.15	44.91	21.24

30	30	Tribal Affairs Department	417.96	22.95	23.70	27.04	51.50	43.50	125.18	41.14	34.75
31	31	Culture Department	199.74	23.64	17.20	20.06	27.77	11.71	88.68	31.32	13.21
32	32	Horticulture Department	647.02	83.38	75.62	112.34	139.66	81.97	411.00	33.98	19.94
33	33	Disaster Management Relief Rehabilitation and Reconstruction Department	1,519.02	228.22	188.08	252.16	506.88	430.45	1,175.34	43.13	36.62
34	34	Youth Services and Technical Education Department	851.03	146.98	155.90	168.89	192.62	87.11	664.38	28.99	13.11
35	35	Science and Technology Department	172.91	26.47	13.32	14.31	66.51	51.17	120.61	55.14	42.43
36	36	Co-Operative Department	104.56	20.15	16.84	19.51	23.98	11.16	80.47	29.79	13.87
Total			**1,57,768.14**	**29,925.78**	**32,448.01**	**(-)3,722.08**	**55,807.01**	**17,571.70**	**1,14,458.72**	**48.76**	**15.35**

Source: VLC data

APPENDIX – 2.17

(Refer paragraph 2.5.2A)

Excess expenditure in the selected Grant, during 2024-25

(₹ in crore)

Grant No.32-Horticulture Department

S. No.	Head of account	Budget Allocation	Expenditure Booked	Excess/ (+)
1	2401-119-0099-0244-002- D&A-Travel Expenses	0.13	0.22	0.09
2	2401-119-0099-0244-007- D&A-Office Expenses	0.19	0.22	0.03
3	2401-119-0099-0244-009- D&A-Rent Rates and Taxes	0.38	0.40	0.02
4	2401-119-0099-0244-023- D&A-Maintenance and Repairs	0.04	0.06	0.02
5	2401-119-0099-2088-007- DHJ-Office Expenses	0.17	0.18	0.01
Total		**0.91**	**1.08**	**0.17**

(Source: Appropriation account)

APPENDIX – 3.1
(Refer Paragraphs 3.2.2)
Details of contribution and investment under Defined Contributory Pension Scheme

(₹ in crore)

Years	Receipts				Disbursement (Transferred to NSDL)	Short transfer (-) / Excess transfer (+)
	Opening Balance	Employees' share	Government contribution	Total		
1	2	3	4	5	6	7 (6-5)
2011-12	0	13.12	42.90	56.02	42.41	(-)13.61
2012-13	13.61	31.75	72.82	118.18	100.46	(-)17.72
2013-14	17.72	88.68	103.34	209.74	146.37	(-)63.37
2014-15	63.37	102.20	102.20	267.77	223.24	(-)44.53
2015-16	44.53	192.14	203.65	440.32	440.32	-
2016-17	-	264.59	264.60	529.19	463.63	(-)65.56
2017-18	65.56	311.08	311.08	687.72	628.31	(-)59.41
2018-19	59.41	421.61	423.88	904.90	783.22	(-)121.68
2019-20 (1.4.19 to 31.10.19)	121.68	224.44	291.03	637.15	583.48	(-)53.67
2019-20 (1.11.29 to 31.3.20)	-	240.07	230.31	470.38	453.09	(-)17.29
2020-21	17.29	537.24	500.41	1,054.94	1,055.47	(+)0.53
2021-22	(-)0.53	652.55	934.58	1,586.60	1,574.89	(-)11.71
2022-23	11.71	771.56	1,002.01	1,785.28	1,781.42	(-)3.86
2023-24	3.86	914.56	1,146.76	2,065.18	1,871.90	(-)193.28
2024-25	193.28	1,116.42	1,180.31	2,490.01	2,093.79	(-)396.22
Total		**5,882.01**	**6,809.88**	**12,961.89***	**12,242.00**	**(-)449.89**

Source: Finance Account 2024-25
**Excluding short transfers*

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