



GOVERNMENT OF JAMMU AND KASHMIR

ACCOUNTS AT A GLANCE

2010-2011

**Accountant General
(Accounts and Entitlements)**

Jammu and Kashmir, Srinagar/Jammu.

Government of Jammu and Kashmir

Accounts at a Glance 2010-2011

Accountant General
(Accounts and Entitlements)
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SPRING IN KASHMIR

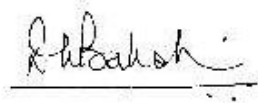
REFACE

I am happy to present the thirteenth issue of our annual publication, 'ACCOUNTS AT A GLANCE' of the Government of Jammu and Kashmir. The purpose of this publication is to make available the voluminous information on State Finances as depicted in the annual Finance and Appropriation Accounts to the reader in a distilled and comprehensive form.

Aiming at providing lucid and comprehensive information, the format of the Finance Accounts has undergone significant changes from the year 2009-2010. Keeping pace with these changes the 'Accounts at a Glance' has also been completely remodeled this year and made more Comprehensive and user friendly.

A combined reading of the publication with Finance and Appropriation Accounts and the Report on State Finances will help the stakeholders to comprehend the various facets of the Finances of the Government of Jammu and Kashmir more effectively.

We are looking forward to comments and suggestions for improving this publication.



D.K. Bakshi
Accountant General (A&E)
Jammu and Kashmir.

Place:- Jammu.

Dated:-

OUR VISION, MISSION AND CORE VALUES

The **vision** of the institution of the Comptroller and Auditor General of India represents what we aspire to become.

We strive to be global leader and initiator of national and international best practices in public sector accounting and auditing and be recognized for incredible, independent, balanced and timely reporting of state of finance and its governance.

Our **mission** enunciates our current role and describes what we are doing today.

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders– the Legislature, the Executive and the Public– that public funds are being used efficiently and for the intended purpose.

Our **core values** are the guiding beacons for:-

- Independence
- Objectivity
- Integrity
- Reliability
- Professional Excellence
- Transparency
- Positive Approach

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OVERVIEW

1.1 Introduction

The Accountant General (Accounts and Entitlements), Jammu and Kashmir compiles the accounts of receipts and expenditure of the Government of Jammu and Kashmir. The compilation is based on the initial accounts rendered by the Treasuries, Public Works and Forest Divisions and the Finance Secretary of the State Government. Following such compilation, the Accountant General (A&E) prepares, annually, the Finance Accounts and the Appropriation Accounts, which are placed before the State Legislature after audit by the Principal Accountant General (Audit) Jammu and Kashmir and certification by the Comptroller and Auditor General of India.

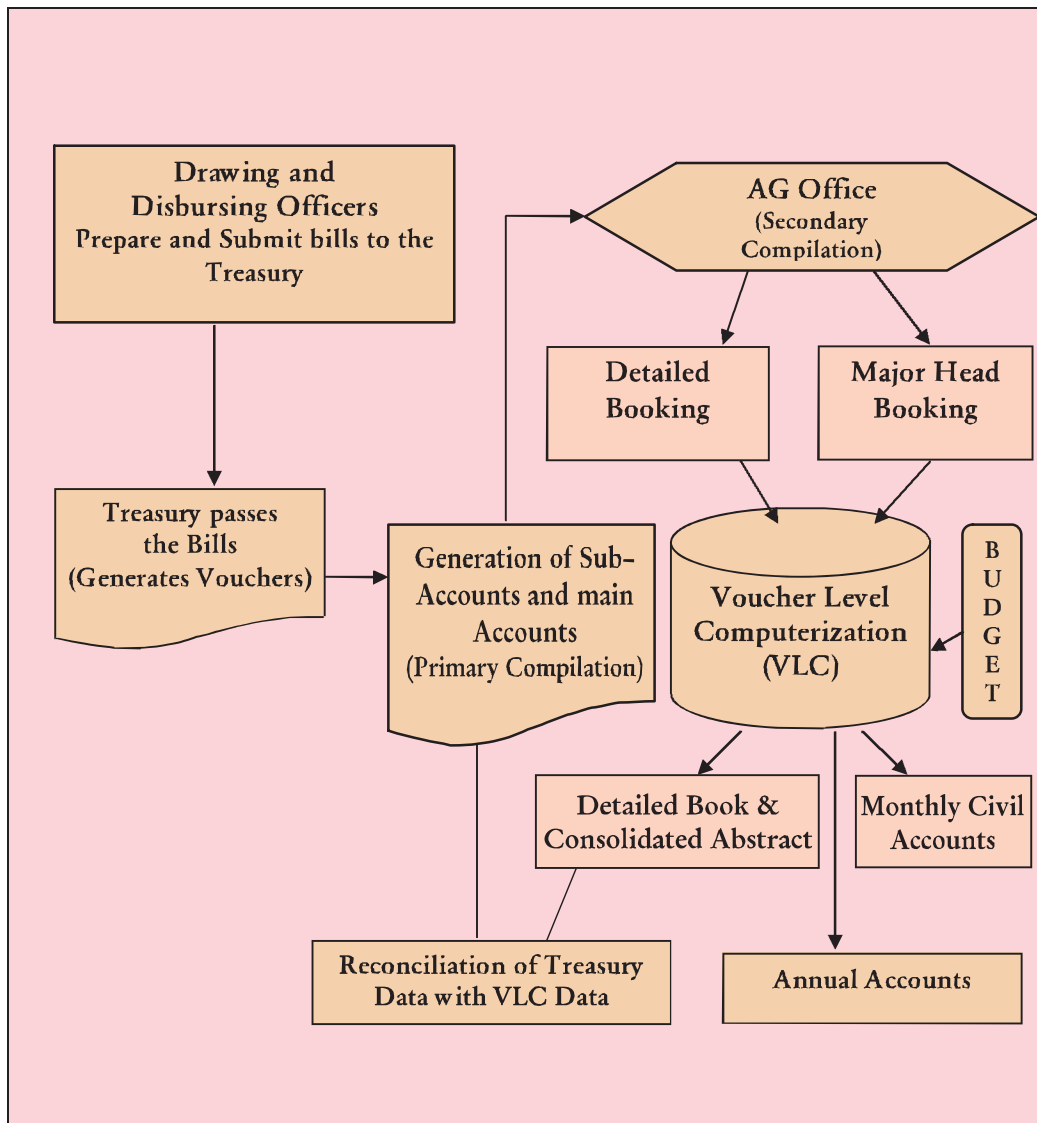
1.2 Structure of Accounts

1.2.1 Government Accounts are kept in three parts.

Part I CONSOLIDATED FUND	Receipt and Expenditure on Revenue and Capital Account, Public Debt and Loans and Advances
Part II CONTINGENCY FUND	Intended to meet unforeseen expenditure not provided in the Budget. Expenditure from this Fund is recouped simultaneously from the Consolidated Fund.
Part III PUBLIC ACCOUNT	Comprises of Debt, Deposits, Advances Remittances and Suspense transactions. Debt and Deposits represent repayable liabilities of the Government. Advances are receivable of the Government. Remittance and Suspense transactions are adjusting entries that are to be cleared eventually by booking to the final head of account.

1.2.2 Compilation of Accounts

Flow Diagram for Account Compilation



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

The Finance Accounts depict the receipts and disbursements of the Government for the year, together with the financial results disclosed by the revenue and capital accounts, public debt and public account balances recorded in the accounts. From the financial year 2009-10, Finance Accounts have been issued in two volumes in a new format, to make them more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, summarized statements of overall receipts and disbursements and 'Notes to accounts' containing summary of significant accounting policies, quality of accounts and other items. Volume II contains other summarized statement (Part-I), detailed statements (Part II) and appendices (Part-III).

Receipts and Disbursements of the Government of Jammu and Kashmir as depicted in the Finance Accounts 2010-11 are given below.

(₹ in crore)

Receipts (Total: 24,602)	Revenue (Total: 22,234)	Tax Revenue	6,550
		Non- Tax Revenue	1,093
		Grants-in-Aid	14,591
	Capital (Total: 2,368)	Recovery of Loans and Advances	1
Borrowing and Other Liabilities*		2,367	
Disbursements (Total: 24,602)	Revenue	18,467	
	Capital	6,063	
	Loans and Advances	72	

(*) Borrowing and Other liabilities Net (Receipts) disbursements of public debt + Net of Contingency fund + Net (Receipts / Disbursement) of Public Account (-) increase in Cash Balance.

The Union Government transfers substantial funds directly to State Implementing Agencies/ NGO's for implementation of various schemes and programmes. This year, the Government of India directly released ₹ 2,174 crore (₹1,395 crore last year). Since these funds are not routed through the State Budget, they are not reflected in the accounts of the State Government. These transfers are now exhibited in Appendix VII of Volume II of Finance Accounts.

1.3.2 Appropriation Accounts

The Appropriation Accounts supplement the Finance Accounts. They depict the expenditure of the State Government against amounts 'charged' on the Consolidated Fund or 'voted' by the State Legislature. There are 29 Demand for Grants reflecting charged Appropriation and voted Grants.

The Appropriation Accounts, 2010-2011, had provided for gross expenditure of ₹ 28,920 crore and reduction of expenditure (recoveries) of ₹ 939 crore. Against this, the actual gross expenditure was ₹ 31,288 crore and reduction of expenditure was ₹ 907, resulting in net excess (excess = ₹6131crore- saving = ₹3763 crore) of ₹ 2,368 crore (8%). The gross expenditure includes ₹ 937 crore drawn on Abstract Contingent (AC) Bills during 2010-11, which is still outstanding at the end of the year for want of supporting Detailed Contingent (DC) bills.

During 2010-11, no amount was transferred from the Consolidated Fund to Personal Deposit (PD) Accounts under the Public Accounts, which are maintained by designated Administrators for specific purposes. Normally, unspent balances under PD accounts are to be transferred back to the Government at the end of the financial year. However, details of such transfers, if any, and outstanding balances in individual PD accounts of the previous years are available only with the treasuries, since they are responsible for maintaining such records.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

The Jammu and Kashmir Government is in agreement with the Jammu and Kashmir Bank, where under, the Bank transacts on behalf of the Jammu and Kashmir Government and lends the facility of overdraft when ever there is mismatch in the receipts and payments by the Bank. Under the agreement the Government obtains temporary loan from Jammu and Kashmir Bank for its ways and means requirements. The State Government had temporary loan from the Bank for 365 days during the year. The maximum temporary loan obtained was ₹ 26, 94.25 crore on 30-06-2010. The total temporary loans raised during the year amounted to ₹ 18, 47.42 crore. A balance of ₹ 29, 65.06 crore was also outstanding on 1st April, 2010. In order to switch over to the system of ways

and means through RBI with effect from 01-04-2011, the State Government liquidated the entire outstanding balance of ₹ 48,12.48 crore during the year with 'Nil' balance ending 31st March, 2011.

Under the agreement executed by the State Government with the Jammu and Kashmir Bank Limited interest was charged during 2010-2011 as under:-

Amount (₹ in Crore)	OD - I				OD-II			
	Interest rate % w.e.f 01-04-2010 to 30-09-2010	Interest rate % w.e.f 01-10-2010 to 31-12-2010	Interest rate % w.e.f 01-01-2011 to 28-02-2011	Interest rate % w.e.f 01-03-2011 to 31-03-2011	Interest rate % w.e.f 01-04-2010 to 30-09-2010	Interest rate % w.e.f 01-10-2010 to 31-12-2010	Interest rate % w.e.f 01-01-2011 to 28-02-2011	Interest rate % w.e.f 01-03-2011 to 31-03-2011
Upto 9,50	9.50%	9.75%	10.00%	10.25%	11.75%	12.00%	12.25%	12.50%
9,50 to 15,00	12.25%	12.50%	12.75%	13.00%	Uniform rate of Interest			
15,00 to 20,00	12.75%	13.00%	13.25%	13.50%				
20,00 onwards	16.75%	17.00%	17.25%	17.50%				

During the year 2010-2011, ₹ 227.71 crore (₹ 205.82 crore OD-I and ₹ 21.89 crore OD-II) was paid as interest.

The cash balance in the Banks include the cash held with State Bank of India ₹ 19.69 crore and Jammu and Kashmir Bank ₹ 21.05 crore. ₹ 0.03 crore are lying with the Imperial Bank of Lahore. This account is not, however, being operated upon.

1.4.2 Fund flow statement

The State had a Revenue Surplus of ₹3,767 crore and a Fiscal Deficit of ₹2,367 crore representing 8% and 5% of the Gross State Domestic Products (GSDP). The Fiscal Deficit constituted 10 % of total expenditure. This deficit was met from Public Debt (₹1,275 crore), increase in Public Account (₹1,126 crore), and net of opening and closing cash balance (₹-34 crore). Around 55% of the revenue receipts (₹22,234 crore) of the State Government was spent on committed expenditure like salaries (₹7,599 crore), interest payments (₹2,283 crore) and pensions (₹2,242 crore).

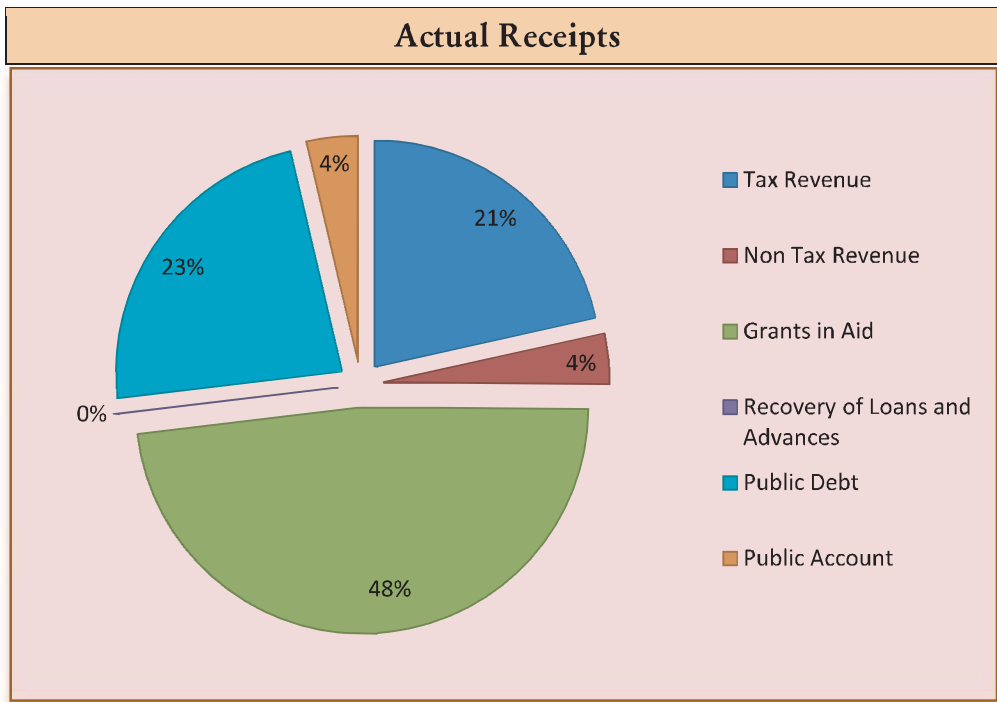
Sources and Application of Funds

(₹ in crore)

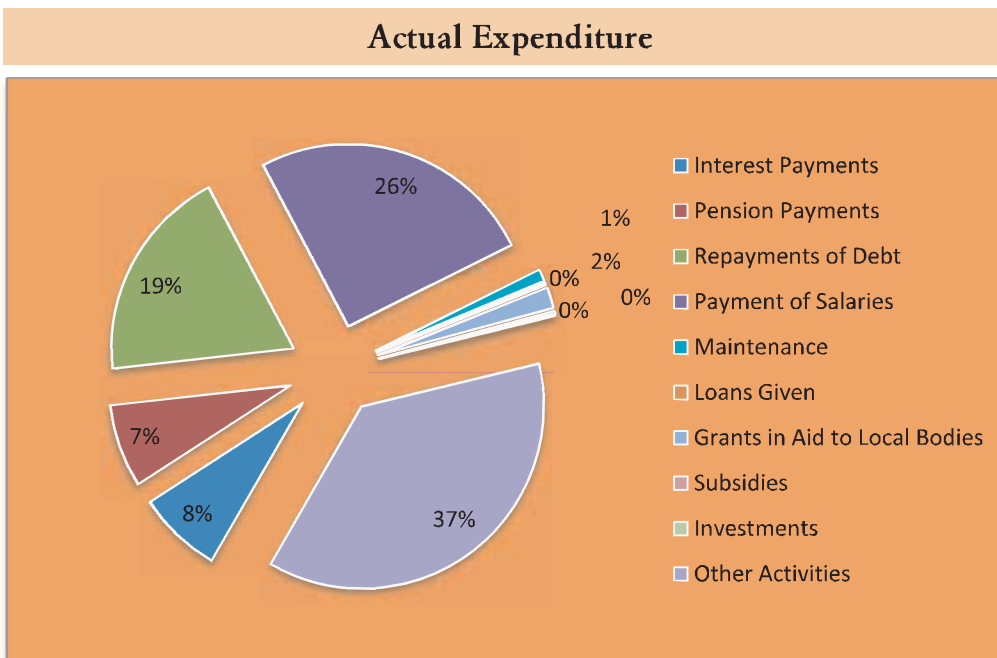
	PARTICULARS	AMOUNT
	Opening Cash Balances as on 1.4.2010	18
	Revenue Receipts	22,234
	Recovery of Loans & Advances	1
	Public Debt	7,054
SOURCES	Small Savings Provident Fund & Others	2,020
	Reserves & Sinking Funds	145
	Deposits Received	3,651
	Civil Advances Repaid	307
	Suspense Account	765
	Remittances	49,014
	Contingency Fund	-
	TOTAL	85,209

	Revenue Expenditure	18,467
	Capital Expenditure	6,064
	Loans Given	72
	Repayment of Public Debt	5,779
	Small Savings Provident Fund & Others	817
APPLICATION	Reserves & Sinking Funds	142
	Deposits Spent	3,594
	Civil Advances Given	305
	Suspense Account	596
	Remittances	49,321
	Closing Cash Balances as on 31.3.2011	52
	TOTAL	85,209

1.4.3 Where the ₹ came from



1.4.4. Where the ₹ Went.



1.5 Highlights of Accounts

(₹ in crore)

S. No		B.E 2010-2011	Actuals	% of Actuals to B.E	% of Actuals to GDP
1.	Tax Revenue	(A) 6,416	(A) 6,550	102	14
2.	Non-Tax Revenue	1,307	1,093	84	2
3.	Grants-in-aid & Contributions	14,939	14,591	98	31
4.	Revenue Receipts (1+ 2+ 3)	22,662	22,234	98	47
5.	Recovery of Loans & Advances	2	1	50	*
6.	Other Receipts	-	-	-	-
7.	Borrowings and other Liabilities	(B) @ 1,963	(B) 2,367	121	5
8.	Capital Receipts (5+ 6+ 7)	1,965	2,368	121	5
9.	Total Receipts (4+ 8)	24,627	24,602	100	52
10	Non-Plan Expenditure (NPE)	16,726	17,963	107	38
11.	NPE on Revenue Account	16,474	17,558	107	37
12.	NPE on Interest Payments out of 11	2,249	2,283	102	5
13.	NPE on Capital Account	# 252	# 405	161	1
14.	Plan Expenditure (PE)	7,901	6,639	84	14
15.	PE on Revenue Account	980	909	93	2
16.	PE on Capital Account	6,921	5,730	83	12
17.	Total Expenditure (10+ 14)	(C) 24,627	(C) 24,602	100	52
18.	Revenue Expenditure (11+ 15)	17,454	18,467	106	39
19.	Capital Expenditure (13+ 16)	(D) 7,173	(D) 6,135	86	13
20.	Revenue surplus (4-18)	5,208	3,767	72	8
21.	Fiscal Deficit (4+ 5+ 6-17)	1,963	2,367	121	5

(A)	Estimates / Actuals include share of net proceeds of the Divisible Union Taxes assigned to State (Estimates : ₹ 2911 crore; Actuals: ₹ 3067 crore)
(B)	Estimates / Actuals comprise net receipts from Public Debt (including temporary loans from the Jammu and Kashmir Bank Limited); Contingency Fund, Public Account minus increase in cash balances.
(C)	Estimates / Actuals comprise Revenue Expenditure, Capital outlay and Loans and Advances given by the State Government.
(D)	Estimates/Actuals comprises Capital outlay and Loans and Advances disbursed (Estimates : ₹ 7092 crore and ₹ 81 crore respectively) (Actuals: ₹ 6063 Crore and ₹ 72 Crore respectively).
*	Negligible
@	Includes provision for Additional Resources Mobilization of ₹ 150 Crore. However, the Budget for 2010-11 does not specifically indicate the source through which it was proposed to be mobilized.
#	Includes Estimates (₹ 81 crore) and Actuals (₹ 72 Crore) of loans and Advances disbursed by the Govt.

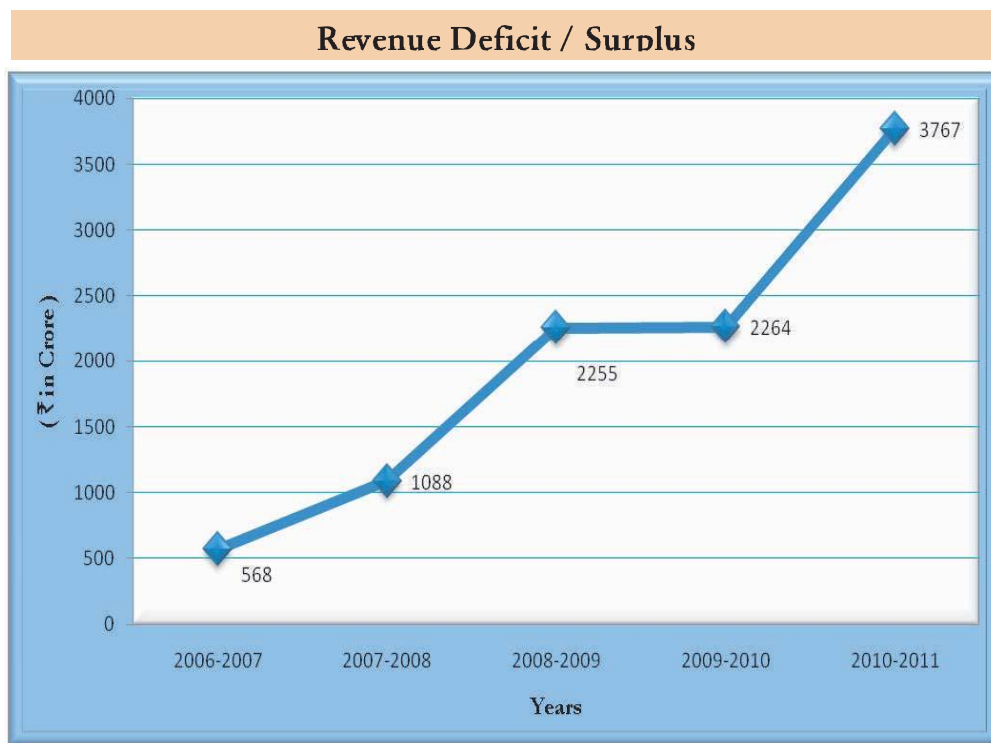
1.6 What do the Deficits and Surpluses indicate?

Deficit	Refers to gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in Financial Management.
Revenue Deficit / Surplus	Refers to gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.
Fiscal Deficit / Surplus	Refers to gap between total Receipts (excluding borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowing. Ideally, the Borrowings should be invested in capital projects.

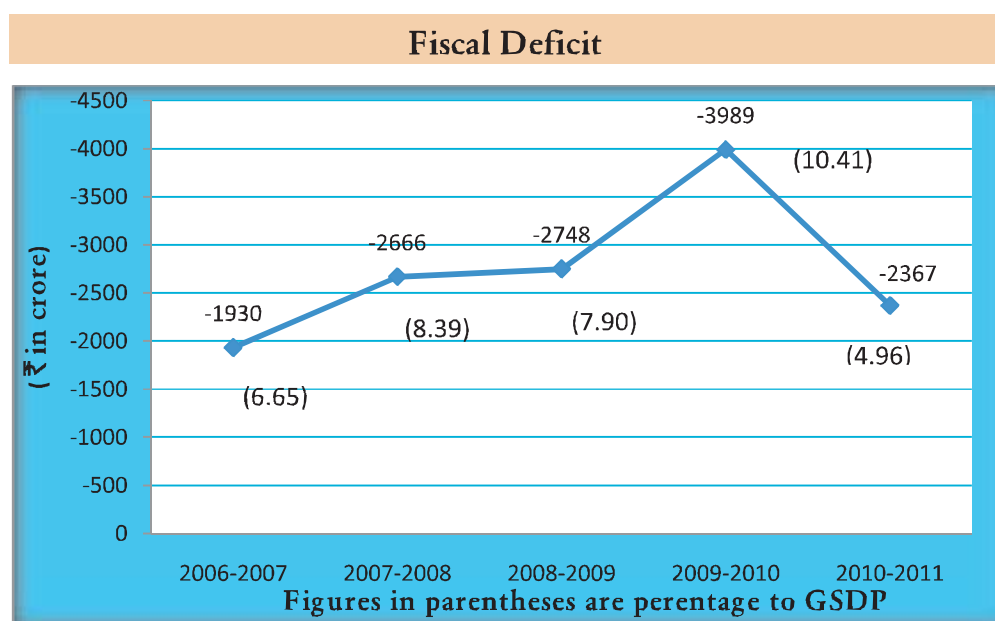
Deficit indicators, revenue augmentation and expenditure management are major yard sticks for judging the fiscal performance of the Government. The 12th Finance Commission had recommended that the States achieve revenue balance by 2008-09 and reduce Gross Fiscal Deficit to 3% of GSDP by 2009-10. In view of the economic slow-down, Government of India further relaxed the acceptable ceiling for the Fiscal Deficit-GSDP ratio to 3.5% in 2008-09 and to 4% in 2009-10. To encourage the State Governments to achieve these goals, Government of India extended Debt Consolidation and Relief Facility (DCRF) to States, under which, successful State Governments would receive relief on repayment of principal and/or interest. Consequently, the Jammu and Kashmir Government enacted the J and K Fiscal Responsibility and Budget Management (FRBM) Act on 09-08-2006 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 operation of the Government and conduct of fiscal policy in a medium term framework and for matters connected therewith or incidental thereto. The rules were notified by the Government in January, 2008.

The State Government has been successful in achieving the Revenue Surplus target as early in 2006-07 and maintaining it thereafter.

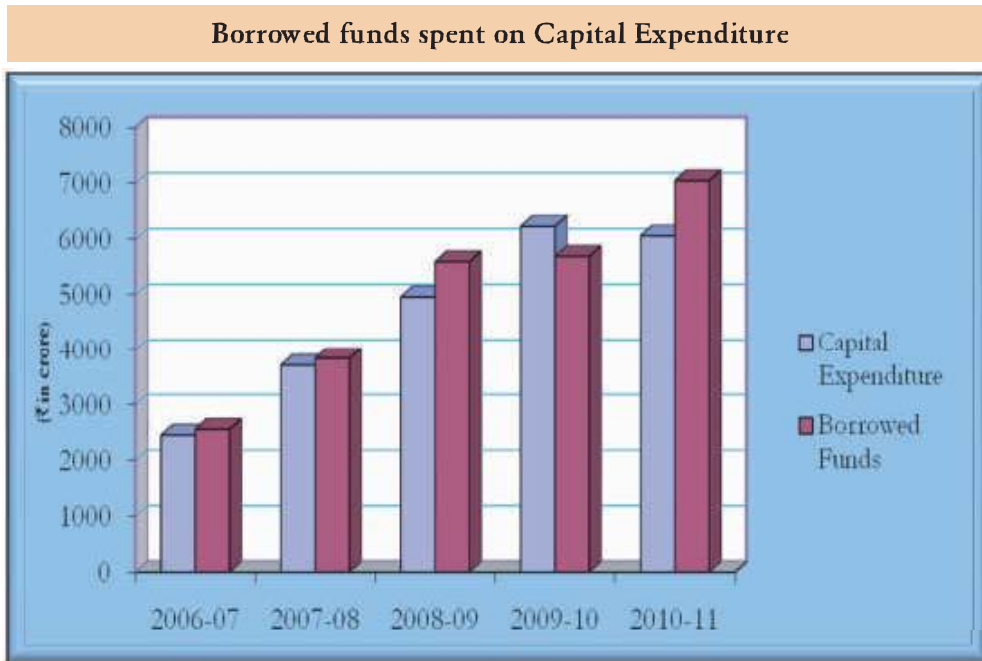
1.6.1 Trend of revenue Deficit / Surplus



1.6.2 Trend of Fiscal Deficit



1.6.3 Proportion of borrowed funds spent on Capital Expenditure.



It is desirable to fully utilize borrowed funds for the creation of capital assets, and to use revenue receipts for the repayment of principal and interest. The State Government spent 86% of the borrowings of the current year (₹ 7,054 crore) on capital expenditure (₹6,063 crore). It would, therefore, appear that only 14% of the public debt (₹ 991 crore) was utilized on repayment of the principal and interest on public debt of previous years and to meet periodic shortfalls of revenue against expenditure in the current year etc.

RECEIPTS

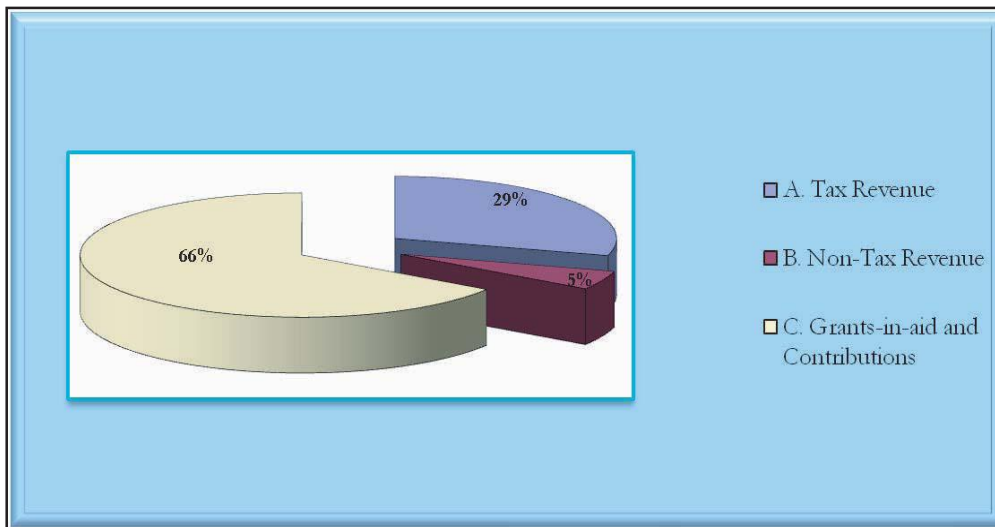
2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2010-11 were ₹24,602 crore.

2.2 Revenue Receipts

Tax Revenue	Comprises taxes collected and retained by the State and State's share of Union Taxes under Article 280(3) of the Constitution.
Non-Tax Revenue	Includes interest receipts, dividends, profits etc.
Grants-in-Aid	Essentially, a form of Central Assistance to the State Government. Includes 'External Grant Assistance' and 'Aid, Material & Equipment' received from foreign Governments and channelised through the Union Government. In turn, the State Government also give Grants-in-aid to institutions like Panchayati Raj Institutions, Autonomous bodies etc.

Revenue Receipts



Revenue Receipt Components (2010-11)

(₹ in Crore)

Component	Actuals
A. Tax Revenue	6,550
Taxes on Income & Expenditure	2,035
Taxes on Property & Capital Transactions	124
Taxes on Commodities & Services	4,391
B. Non-Tax Revenue	1,093
Interest Receipts, Dividends Profits	67
General Services	55
Social Services	37
Economic Services	934
Grant-in-aid & Contributions	14,591
Total-Revenue Receipts	22,234

2.3 Trend of Receipts

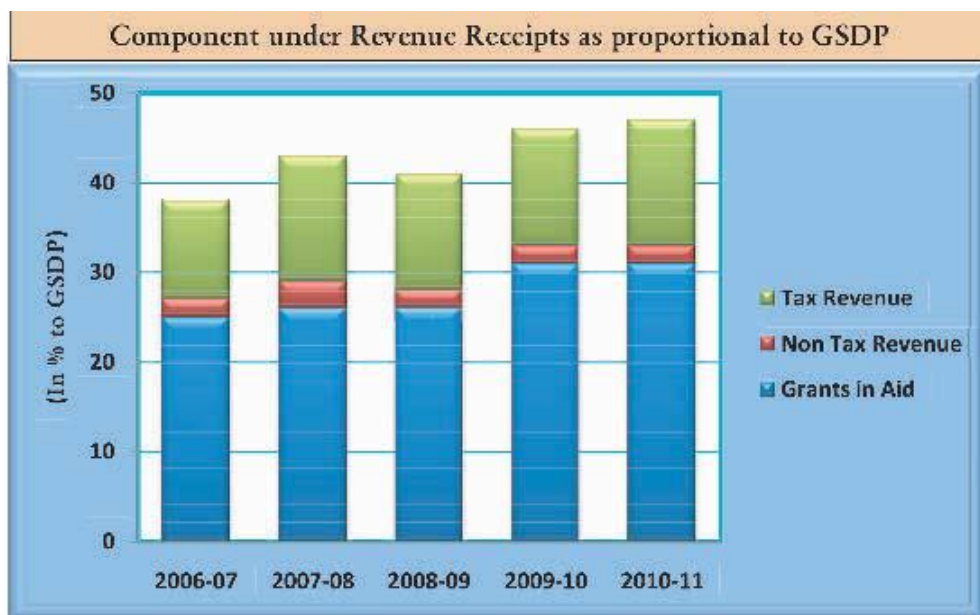
(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Tax Revenue	3,212 (11)	4,333 (14)	4,510 (13)	4,942 (13)	6,550 (14)
Non-Tax Revenue	633 (02)	808 (02)	837 (02)	955 (02)	1,093 (02)
Grant-in-aid	7,337 (35)	8,136 (26)	8,955 (26)	11,691 (31)	14,591 (31)
Total-Revenue Receipts	11,182 (38)	13,277 (42)	14,302 (41)	17,588 (46)	22,234 (47)
GSDP	29,029	31,793	34,805	38,298	47,709

Note: - Figures in parentheses represent percentage to GSDP

While the GSDP increased by 25% between 2009-2010 and 2010-11, growth in revenue collection was at par at 26%. There was increase of 33% in Tax Revenues collection during 2010-11 as compared to year 2009-10 and Non-Tax Revenue increased by 14%. Beyond the share of net proceeds from the Central Government, the Significant collection in the State's own Tax Revenue during 2010-11 was under Sales Tax (₹ 2,425 crore), State Excise (₹ 337 crore). Significant collections under Non-Tax Revenue was under Power (₹ 822 crore), Forestry and Wild life (₹ 47 crore) and Non-Ferrous mining and metallurgical industries (₹ 35 crore). Despite significant collection under Power (₹ 822 crore),

the Revenue Collection on this account needs to be improved in view of that fact that there has been expenditure of ₹ 2,739 crore on purchase of Power.



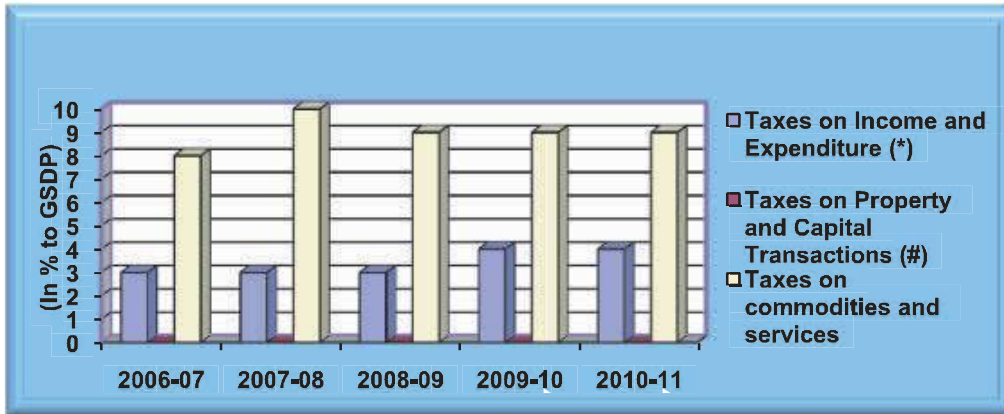
Sector-wise Tax Revenue

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Taxes on Income and Expenditure	784	1,046	1,094	1,372	2,035
Taxes on Property and capital Transactions	60	76	121	87	124
Taxes on Commodities and Services	2,368	3,211	3,295	3,483	4,391
Total Tax Revenue	3,212	4,333	4,510	4,942	6,550

There was increase of ₹ 908 crore in collection of Taxes on Commodities and Services during the year 2010-11 as compared to year 2009-10. The increase was mainly under 0037-Customs (₹ 296 crore) and 0038-Union Excise duties (₹ 192 crore) due to release of more share of net proceeds assigned to States.

Trend of Major Taxes in proportion to GSDP



(*) Primarily net proceeds of Central share to the State

(#) Negligible %

2.4 Performance of State 's own Tax Revenue Collection

(₹ in Crore)

Year	Tax Revenue	State share of Union Taxes	State 's Own Tax Revenue	
			Rupees	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
2006-07	3,212	1,413	1,799	6.20
2007-08	4,333	1,775	2,558	8.04
2008-09	4,510	1,827	2,683	7.71
2009-10	4,942	1,915	3,027	7.90
2010-11	6,550	3,067	3,483	7.30

During the year 2010-11, the proportion of the State 's Own Tax Revenue to GSDP is perceptibly higher than the target of 6.8 % recommended by the 12th Finance Commission.

2.5. Efficiency of Tax Collection.

A. Taxes on Property and Capital Transactions

(₹ in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Collection	60	76	121	87	124
Expenditure on Collection	31	44	41	49	57
Efficiency of Tax Collection	52%	58%	34%	56%	46%

B. Taxes on Commodities and Services

(₹ in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Collection	2368	3211	3295	3483	4391
Expenditure on Collection	27	29	32	91	43
Efficiency of Tax Collection	1	1	1	3	1

Taxes on commodities and services form a major chunk of tax revenue. Though the Tax collection efficiency is excellent in respect of Taxes Commodities and Services, yet the collection efficiency of taxes on property and capital transactions needs to be improved.

2.6 Trend in State `s Share of Union Taxes over the past five years.

(₹ in crore)

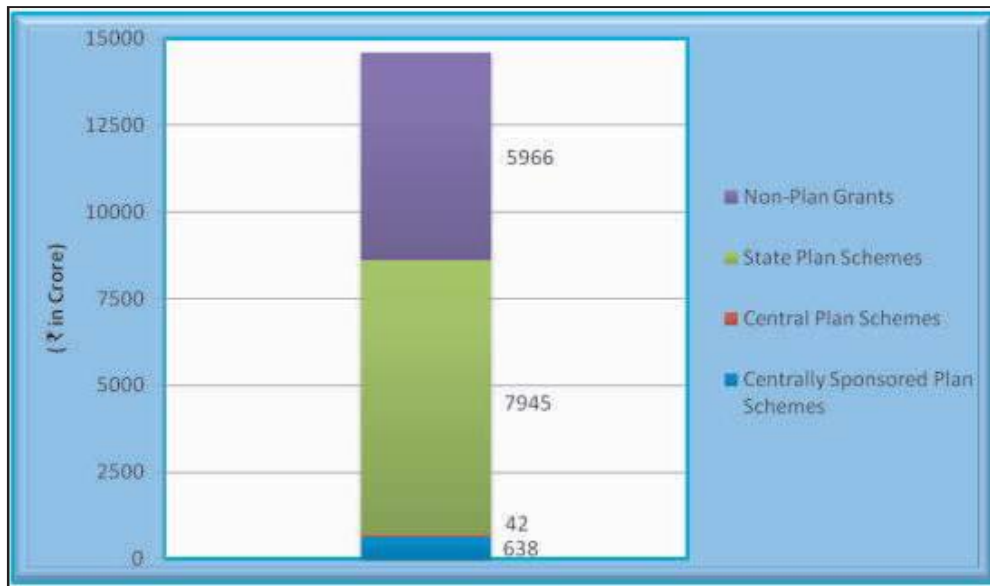
Major Head description	2006-07	2007-08	2008-09	2009-10	2010-11
Corporation Tax	488	626	672	881	1,331
Taxes on Income other than Corporation Tax	296	420	422	491	704
Taxes on Wealth	*	*	*	2	3
Customs	305	373	392	300	596
Union Excise Duties	324	356	341	241	433
State Share of Union Taxes	1,413	1,775	1,827	1,915	3,067
Total Tax Revenue	3,212	4,333	4,510	4,942	6,550
% of Union Taxes to Total Tax Revenue	44	41	40	39	47

* (Less than ₹ one crore.)

2.7 Grants in Aid

Grants in Aid represent assistance from the Government of India, and comprise, Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and State Non-Plan Grants recommended by the Finance Commission. Total receipts during 2010-11 under Grants in Aid were ₹ 14,591 crore as shown below :-

Grants-in-Aid



The share of Non-Plan Grants in total Grants-in-Aid increased from 29% during 2009-10 to 41% in 2010-11.

2.8 Public Debt

Trend of Public Debt over the past 5 years

(₹ in Crore)					
Description	2006-07	2007-08	2008-09	2009-10	2010-11
Internal Debt	1,264	2,198	2,372	2,113	2,386
Central Loans	(-) 124	(-) 122	(-) 127	8	(-) 1,112
Total Public Debt	1,140	2,076	2,245	2,121	1,274

Against the total internal debt of ₹ 8,069 crore of the State Government in 2010-11 minus the central loan component of ₹ 1,015 crore during this period, capital expenditure was ₹ 6,063 crore (86%), indicating that the rest of the public debt was used for non-developmental purposes.

EXPENDITURE

3.1 Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue expenditure is used to meet the day-to-day expenditure of Government. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities. Expenditure is further classified under Plan and Non-Plan.

General Services	Include Justice, Police, Jail, PWD, Pension etc.
Social Services	Includes Education, Health & Family Welfare, Water Supply, Welfare of SC-ST etc.
Economic Services	Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.

3.2 Revenue Expenditure

Revenue Expenditure of ₹ 18,467 crore for 2010-11 exceeded budget estimates by ₹ 1,013 crore due to more disbursement of ₹ 1,084 crore under Non -Plan Expenditure and less expenditure of ₹ 71 crore under plan expenditure. The State need to maintain a revenue surplus in terms of the Jammu & Kashmir FRBM Act, 2006.

The comparison of expenditure against budget estimates under Revenue section during the past five years is given below:-

(₹ in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Budget Estimates	9,889	10,616	11,927	14,726	17,454
Actual	10,614	12,189	12,047	15,324	18,467
Gap	(-)725	(-)1,573	(-)120	(-)598	(-) 1,013
Percentage of Gap over BE	(-)7	(-)15	(-)1	(-)4	(-)6

During 2010-11, there was a shortfall of revenue receipts (2%) against budget estimates, this was compounded as the State Government exceeded the expenditure (Revenue) by 6 percent.

3.2.1 Sectoral distribution of Revenue Expenditure (2010-11)

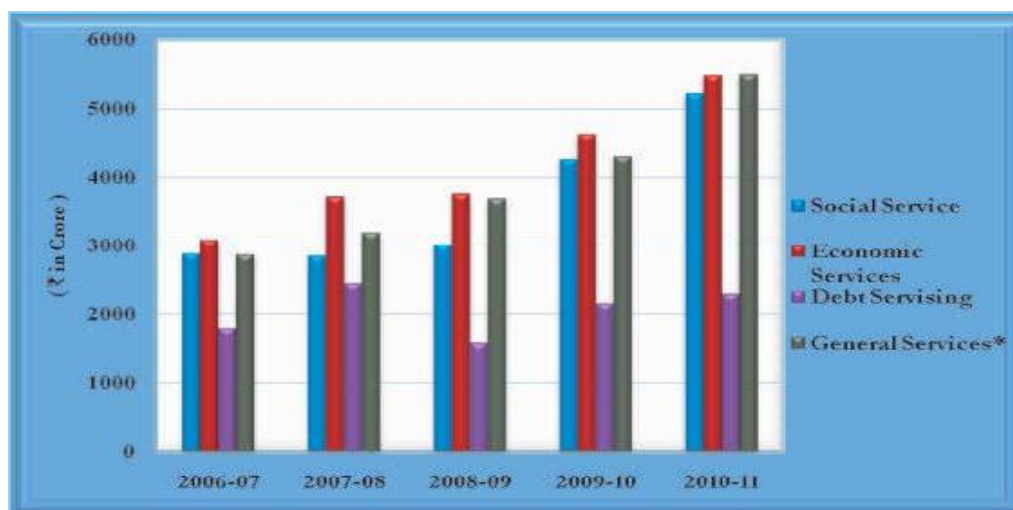
(₹ in Crore)

Components	Amount	Percentage
A. Fiscal Services	101	1
(i) Collection of Taxes on Property and Capital transactions	57	*
(ii) Collection of Taxes on Commodities and Services	43	*
(iii) Other Fiscal Services	1	*
B. Organs of State	148	1
C. Interest Payments and Servicing of debt	2,283	12
D. Administrative Services	2,992	16
E. Pensions and Miscellaneous General Services	2,243	12
F. Social Services	4,805	26
G. Economic Services	5,342	29
H. Grants-in-aid Contributions	553	3
Total Expenditure (Revenue Account)	18,467	100

* Less than 1%

3.2.2 Major components of Revenue Expenditure (2006-2011)

Trend of Major components of Revenue Expenditure



* General Services excludes MH-2048 (Appropriation for reduction or avoidance of debt), MH-2049 (Interest Payments)

There has been a steady increase in all the three services viz. Social Services, Economic Services and General Services during the last five years.

3.3 Capital Expenditure

Capital disbursements for 2010-11 at 13 % of GSDP were less than Budget Estimates by ₹ 1,038 crore (less disbursement of ₹ 1,191 crore under Plan Expenditure and excess disbursement of ₹ 153 crore under Non-Plan Expenditure).

3.3.1 Sectoral distribution of Capital Expenditure

The Capital Expenditure for the year 2010-11, included the expenditure ₹ 1,722 crore on various Projects (₹1,346 crore on Power projects, ₹ 185 crore on Minor Irrigation, ₹ 83 crore on Flood control Projects, ₹ 72 crore on Major and Medium Irrigation, ₹ 36 crore on Command area Development) The Government also spent ₹ 999 crore on development of Transport Infrastructure, ₹ 48 crore were invested in various Corporations / Companies / Societies.

(₹ in Crore)

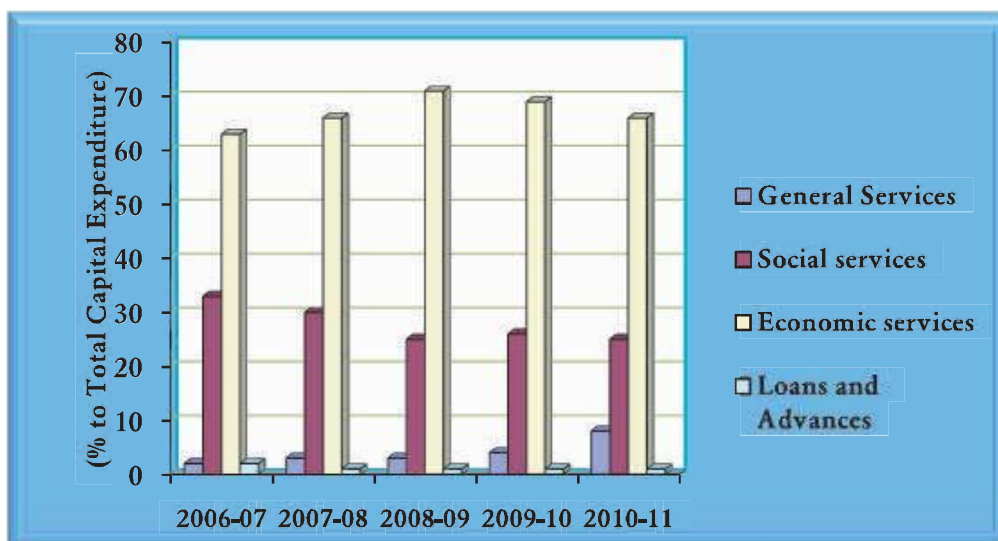
Sl. No	Sector	Amount	Percentage
1.	General Services- Police, Land Revenue etc.	457	8
2.	Social Services- Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.	1,542	25
3.	Economic Services- Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.	4,064	66
4.	Loans and Advances Disbursed	72	1
Total		6,135	100

3.3.2 Sectoral distribution of capital expenditure over the past 5 years

(₹ in Crore)

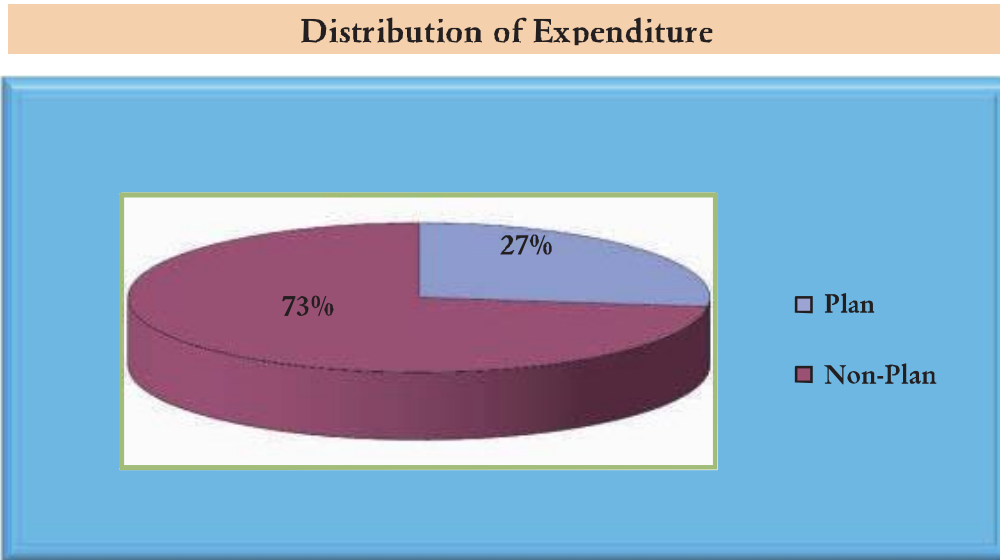
Sl. No.	Sector	2006-07	2007-08	2008-09	2009-10	2010-11
1.	General Services	57	114	159	239	457
2.	Social services	829	1,122	1,269	1,626	1,542
3.	Economic services	1,570	2,481	3,536	4,369	4,064
4.	Loans and Advances	44	39	43	49	72
Total		2,500	3,756	5,007	6,283	6,135

Trend of Sectoral Distribution of Capital Expenditure



PLAN & NON-PLAN EXPENDITURE

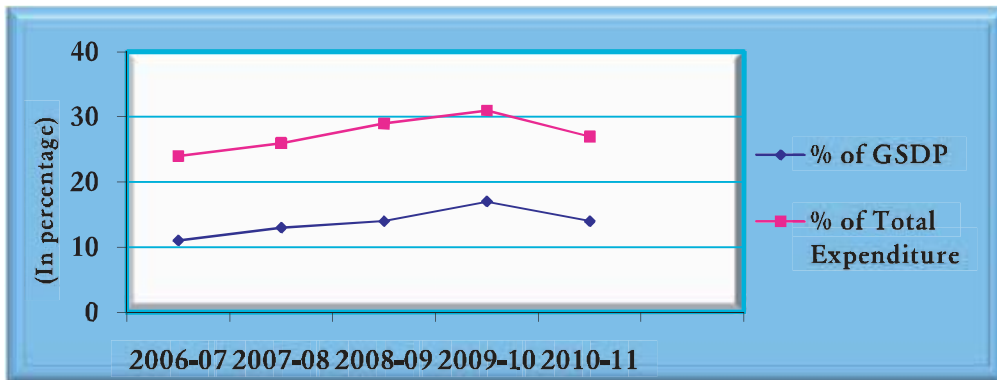
4.1 Distribution of Expenditure (2010-2011)



4.2 Plan Expenditure

During 2010-11, Plan Expenditure, representing 27 percent of total disbursements, was ₹ 6,639 crore (₹ 5,584 crore under State Plan, ₹ 1,055 crore under Centrally Sponsored Plan Schemes).

Plan Expenditure as proportion of total expenditure and GSDP



4.2.1 Plan Expenditure under Capital Account

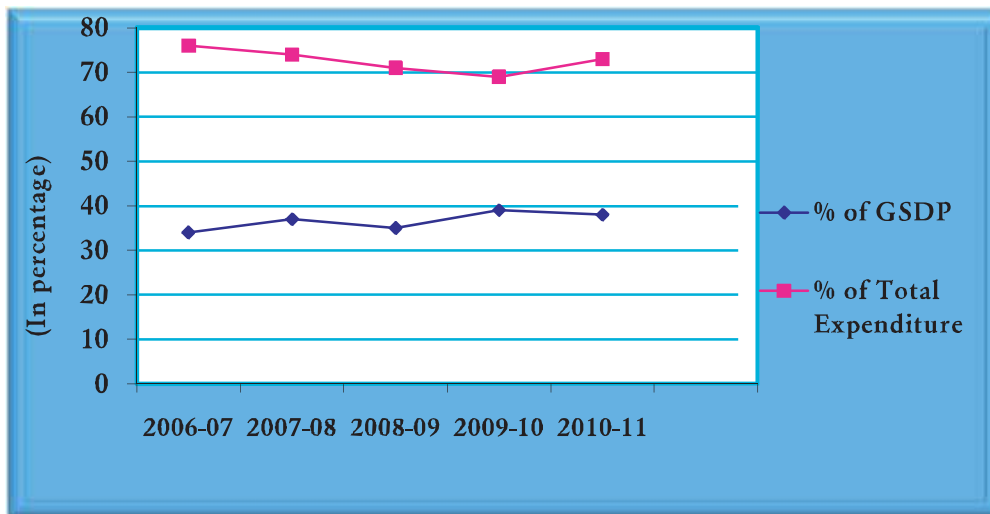
(₹ in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Total Capital Expenditure	2,500	3,756	5,007	6,283	6,135
Capital Expenditure (Plan)	2,346	3,641	4,693	6,135	5,730
% of Capital Expenditure (Plan) to Total Capital Expenditure	94	97	94	98	93

4.3 Non-Plan Expenditure

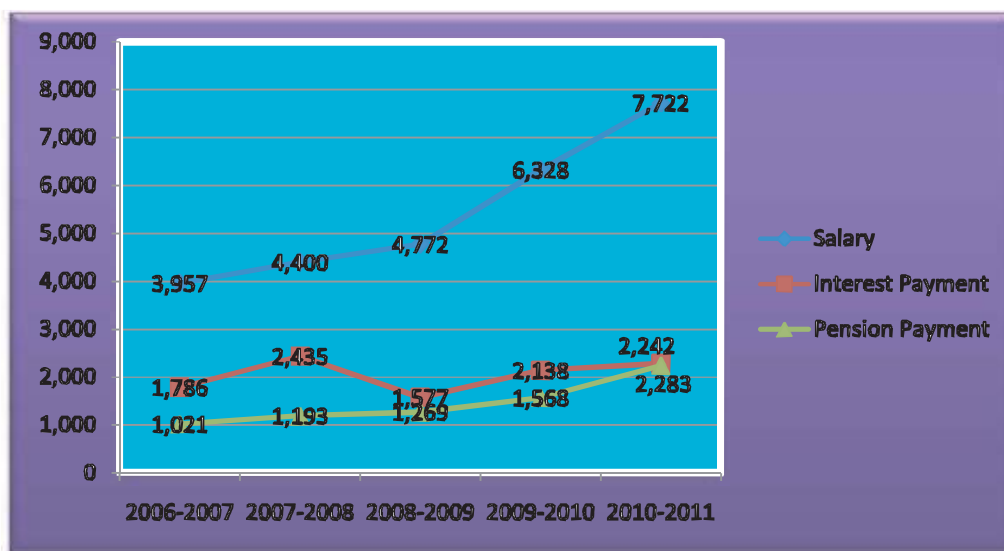
Non-Plan Expenditure during 2010-11 representing 73 percent of total disbursements, was ₹ 17,963 Crore, (₹17,558 Crore under Revenue and ₹ 333 crore under Capital), and ₹ 72 Crore under Loans and Advances.

Non Plan Expenditure as proportional of total expenditure and GSDP



4.4 Committed Expenditure

Trend of Committed Expenditure



Component	2006-07	2007-08	2008-09	2009-10	2010-11
Committed Expenditure	6,764	8,028	7,618	10,034	12,247
Revenue Expenditure	10,614	12,189	12,047	15,324	18,467
% of committed expenditure to Revenue Receipts	60	60	53	57	55
% of committed expenditure to Revenue expenditure	64	66	63	65	66

The steep upward trend of committed expenditure leaves the Government with lesser flexibility for developmental spending

Appropriation Accounts.

5.1 Summary of the Appropriation Accounts for 2010-11

(₹ in crore)

S. No.	Nature of Expenditure	Original Grant	Supplementary Grant	Reappropriation	Total	Actual Expenditure	Saving* (-) Excess* (+)
1.	Revenue						
	Voted	15,632	962	-	16,594	16,162	(-) 432
	Charged	2,274	1	-	2,275	2,305	(+) 30
2	Capital						
	Voted	7,975	1036	-	9,011	6,063	(-) 2,948
	Charged	-	-	-	-	-	-
3	Public Debt Charged	959	-	-	959	5,779	(+) 4,820
4	Loans and Advances Voted	81	-	-	81	72	(-) 9
5	Total	26,921	1,999	-	28,920	30,381	(+) 1,461

* Savings/Excess = (Budget Estimates minus Actual expenditure i.e. Net of recoveries)

5.2 Trend of Saving / Excess during past five years.

(₹ in crore)

Year	Savings (-) Excess (+)				Total
	Revenue	Capital	Public Debt	Loans and Advances	
2006-07	(+)398	(-)2,077	(+)997	(-)57	(-)739
2007-08	(+)188	(-)1,910	(+)1,234	(-)25	(-)513
2008-09	(-)673	(-)1,069	(+)2,740	(-)16	(+)982
2009-10	(-)94	(-)1,266	(+)2,766	(-)16	(+)1,390
2010-11	(-)153	(-)2,290	(+)4,820	(-) 9	(+)2,368

5.3 Significant savings.

Substantial savings under a Grant indicates either non implementation or slow implementation of certain schemes / programmes.

Some Grants with persistent and significant savings are given below.

Grant	Nomenclature	2006-07	2007-08	2008-09	2009-10	2010-11
01	General Administration	2%	18%	14%	20%	27%
02	Home	8%	14%	5%	7%	10%
04	Information	14%	17%	18%	12%	19%
07	Education	5%	10%	15%	13%	10%

During 2010-11, Supplementary Grants totaling ₹ 1,999 crore (7% of the total expenditure) proved to be unnecessary as in some cases there were significant savings at the end of the year even against original allocation. A few instances are given below.

(₹ in crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
03	Planning and Development	Revenue	53	17	31
03	Planning and Development	Capital	486	370	176
04	Information	Revenue	27	4	26
07	Education	Capital	366	175	223
10	Law	Revenue	134	67	112
10	Law	Capital	-	9	-
11	Industries and Commerce	Revenue	145	7	132
29	Transport	Revenue	25	1	22

ASSETS AND LIABILITIES

6.1 Assets

The existing form of accounts do not easily depict valuation of Government assets like land, buildings etc., except in the year of acquisition/purchase. Similarly while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations, except to the limited extent shown by the rate of interest and period of existing loans.

Total investments as share capital in non-financial public sector undertakings (PSUs) stood at ₹ 471 crore at the end of 2010-11. Dividends received during the year, 2010-11 stood at ₹ 57 crore (12%) on investment. During 2010-11, investments increased by ₹48 crore, while dividend income increased by ₹ 13 crore.

Cash Balance stood at ₹ 18 crore on 31st March 2010 and increased to ₹ 52 crore at the end of March, 2011 (₹ 11 crore in Treasuries and ₹ 41 crore in Banks).

6.2 Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, as may be from time to time fixed by the State Legislature.

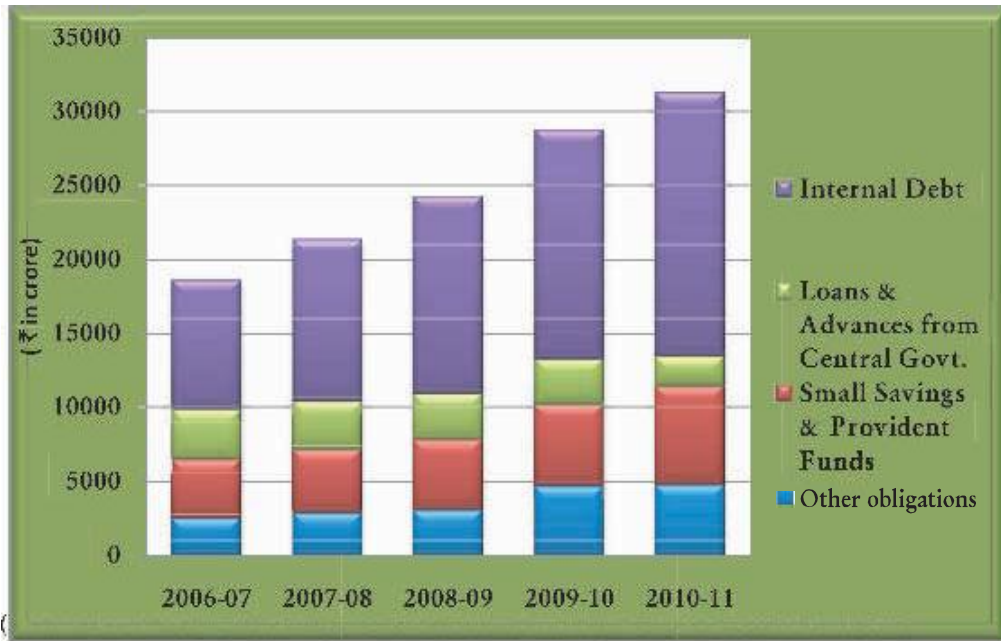
Details of the Public Debt and total liabilities of the State Government are as under :-

(₹ in Crore)

Year	Public Debt	% to GSDP	Public Account	% to GSDP	Total Liabilities	% to GSDP
2006-07	12,150	42	6,441	22	18,591	64
2007-08	14,226	45	7,129	22	21,355	67
2008-09	16,471	48	7,804	22	24,275	70
2009-10	18,592	49	10,132	26	28,724	75
2010-11	19,867	42	11,394	24	31,261	66

There is a net increase of ₹ 2,537 crore (9 %) in Public Debt and Other Liabilities as compared to 2009-10.

Trends in Government Liabilities



6.3 Guarantees

The position of guarantees by the State Government for the payment of loans and capital and payment of interest thereon raised by Statutory Corporations, Governments Companies, Cooperative Society, etc., is given below:-

(₹ in Crore)

At the end of the year	Maximum Amount Guaranteed (Principal		
2007-2008	3,308	2,780	27
2008-2009	3,295	2,496	41
2009-2010	4,748	2,995	42
2010-2011	4,750	2,695	13

OTHER ITEMS

7.1 Adverse Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the Constitution of India. In addition to directly raising loans, State Governments also guarantee loans raised by Government Companies and Corporations from the market and financial institutions for implementation of various Plan schemes and programmes which are projected outside the State Budget. These loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. There is no default in paying of Loans so there is no adverse balance on this Account.

7.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2010-11 was ₹ 1,137 crore. Of this, Loans and Advances to Government Corporations/ Companies, non-Government Institutes and Local Bodies amounted to ₹ 1,117 crore. The detailed account of all loans except for Loans under Major Head 7610- Loans to Government Schemes (Minor Head 201-House Building advance and 202-Advance for purchase of Motor Conveyances) total amounting to ₹ 1,117 crore are maintained by Controlling officers of State Government. Information regarding overdue amount in areas (both Principal and Interest) has not been furnished by the State Government.

7.3 Financial assistance to local bodies and others

Grants in Aid to local bodies etc., increased from ₹ 399 crore in 2008-09 to ₹ 564 crore in 2010-11. Grants to Urban Local Bodies during 2010-11 including Municipalities (₹ 251 crore) representing 44 percent of total Grants given during the year 2010-11.

Details of Grant in Aid from 2008-09 are as under :-

Year	Urban Local Bodies	Autonomous Bodies	PSUs	Non Govt. Organizations	Others	Total
2008-09	168	230	-	01	-	399
2009-10	212	332	-	5	3	552
2010-11	251	299	11	3	-	564

7.4 Cash Balance and investment of Cash Balance.

(₹ in Crore)

Component	As on 1st April 2010	As on 31 st March 2011	Net Increase(+) /decrease (-)
Cash Balance	18	51	33
Cash Balance Investment	37	37	-
Investment from earmarked fund Balances	11	11	-
Other Funds	11	11	-
Interest realised.	Nil	Nil	Nil

Departmental Cash balances and permanent imprest as on 31st March 2011 was negligible

State Government had a positive Cash Balance at the end of 2010-2011. The investment of Cash Balances are partly in securities of Government India and partly in the securities of State. No fresh investment was made during 2010-11. Details of Investment have not been provided by the State Government.

7.5 Reconciliation of Accounts.

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the departments and the figures appearing in the accounts compiled by the Accountant General (Accounts and Entitlements). This exercise is to be conducted by respective Heads of the

Departments. During the year 2010-2011 only 72% (₹ 17,606 Crore) of the total Expenditure (₹24,530 Crore) of the State Government was reconciled. Similarly, out of total receipts of ₹22,234 Crore, only 87% (₹19,281 Crore) was reconciled. The Status of reconciliation of Controlling Officers (CO) of the different departments is given below :-

PARTICULARS	TOTAL No OF COs	FULLY RECONCILED.	PARTLY RECONCILED.	NOT RECONCILED
Expenditure /Receipt	346	308	09	29

7.6 Submission of Accounts

Delay in the receipt of Treasury Accounts from Leh and Kargil Division range from 2 to 64 days, Kashmir Province 1 to 50 days, Jammu Division from 1 to 11 days, Forest Accounts of Jammu Province from 12 to 20 days, Kashmir Province from 20 to 45 days, Public Works Divisions from Jammu Province from 1 to 21 days, Kashmir Province 3 to 20 days and Leh and Kargil region from 5 to 20 days.

7.7 Abstract Contingent (AC) Bills and Detailed Contingent (DC) Bills

When money is required in advance or the Drawing and Disbursing Officers (DDO `s) are not able to calculate the exact amount required, they are permitted to draw money without supporting documents through AC bills. Such AC bills are required to be settled within a maximum of 90 days through submission of DC bills. The fact, that, to the end of 31st March 2011, 2092 DC bills amounting to ₹ 1,933 crore was outstanding indicates that these instructions have not been followed.

7.8 Commitment on account of incomplete Works

A total expenditure of ₹ 269 crore was incurred upto the year 2010-11 by the State Government on various incomplete projects costing more one Crore which have been taken up by the Water Works Department, Public Works Department and Public Health & Engineering Department.

7.9 Rush of Expenditure

The Financial rules stipulate that rush of expenditure particularly in the closing month of the financial year shall be regarded as a breach of financial regularity and should be avoided. However, the expenditure incurred under certain selected Heads of Account during March 2011 ranging between 50.00 % and 100 % of the total expenditure during the year indicate a tendency to utilize the budget at the close of financial year. The flow of expenditure during the four quarters of 2010-2011 under such Heads was as below:

Head of Account	Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	During March	Percentage of 3/ 2011 w.r.t total expenditure of 2010-11
		(₹ in Crore)						
2015	Election	1.00	1.57	3.25	26.43	32.25	24.76	76.78%
2075	Miscellaneous General Services	0.02	0.03	0.02	1.03	1.10	1.02	92.73%
2245	Relief on Account of Natural Calamities	0.10	10.63	98.85	-14.42	95.16	69.29	72.81%
4058	Capital Outlay on Stationary and Printing	0.01	0.03	0.09	0.91	1.04	0.82	78.85%
4070	Capital Outlay on other Administrative Services	0.00	0.00	0.53	7.48	8.01	6.21	77.53%
4202	Capital Outlay on Education, Sports, Art and Culture	2.14	12.15	82.81	415.49	512.59	307.87	60.06%
4210	Capital Outlay on Medical and Public Health	4.10	11.36	62.09	228.60	306.15	175.78	57.42%
4216	Capital Outlay on Housing	0.00	0.08	0.59	9.04	9.71	6.67	68.69%
4217	Capital Outlay on Urban Development	0.73	5.24	46.93	195.65	248.55	146.56	58.97%
4220	Capital Outlay on Information and Publicity	0.01	0.02	0.09	3.12	3.24	2.67	82.41%
4236	Capital Outlay on Nutrition	0.54	1.15	0.50	35.64	37.83	24.61	65.05%
4401	Capital Outlay on Crop Husbandry	0.33	6.03	1.43	73.10	80.89	45.80	56.62%

Head of Account	Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	During March	Percentage of 3/ 2011 w.r.t total expenditure of 2010-11
		(₹ in Crore)						
4402	Capital Outlay on Soil and Water Conservation	0.17	0.85	2.32	5.86	9.20	4.63	50.33%
4403	Capital Outlay on Animal Husbandry	0.27	0.78	2.00	22.04	25.09	17.98	71.66%
4406	Capital Outlay on Forestry and Wild Life	0.88	6.66	11.06	46.48	65.08	33.80	51.94%
4851	Capital Outlay on Village and Small Industries	9.16	4.05	13.21	90.42	116.84	71.22	60.96%
4853	Capital Outlay on Non-Ferrous Mining and Metallurgical Industries	0.01	0.17	0.48	3.51	4.17	2.93	70.26%
5054	Capital Outlay on Roads and Bridges	45.76	183.17	389.63	365.34	983.90	496.89	50.50%
5425	Capital Outlay on Other Scientific and Environmental Research	0.09	0.20	0.49	3.24	4.02	2.93	72.89%
6235	Loans for Social Security and Welfare	0.00	0.00	0.00	27.97	27.97	27.97	100.00%



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