



Government of
Jammu and Kashmir

ACCOUNTS AT A GLANCE 2011-12

**Accountant General
(Accounts and Entitlement)
Jammu and Kashmir, Srinagar/Jammu.**

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AUTUMN IN KASHMIR

REFACE

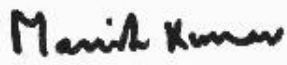
I am happy to present the fourteenth issue of our annual publication, 'ACCOUNTS AT A GLANCE' of the Government of Jammu and Kashmir. The purpose of this publication is to make available the voluminous information on State Finances as depicted in the annual Finance and Appropriation Accounts to the reader 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 remodelled with effect from 2010-2011 to make it 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.

Place: Jammu
Dated: 19-08-2013


(Manish Kumar)
Accountant General (A&E)
Jammu and Kashmir.

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

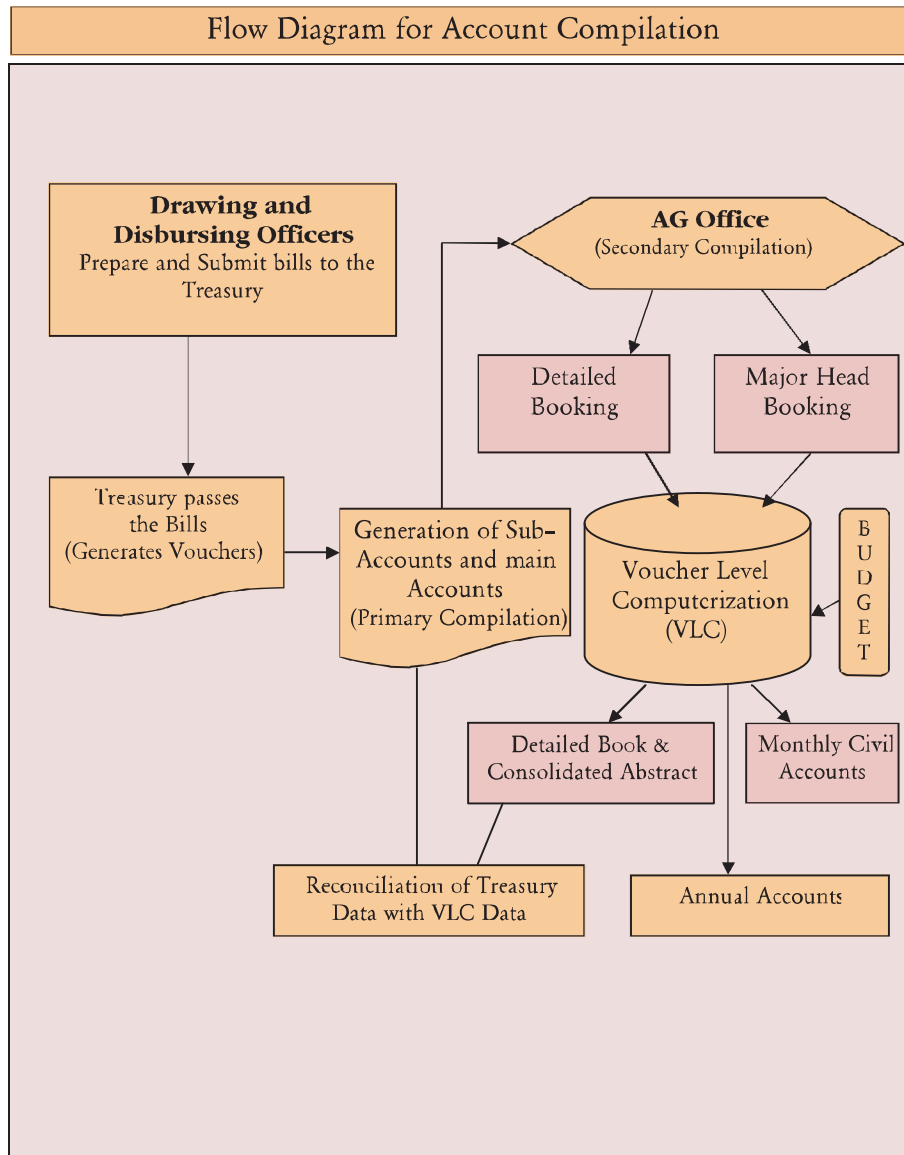
The Accountant General (Accounts and Entitlements), Jammu and Kashmir compiles the accounts of receipts and expenditure of the Government of Jammu and Kashmir. The compilation is based on the initial accounts rendered by the Treasuries, Public Works and Forest Divisions and intimations (known as clearance memos) of the Reserve Bank of India regarding changes to the State's Cash Balance. 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 receivables 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



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 2011-12 are given below.

(₹ in crore)

Receipts (Total: 28,645)	Revenue (Total: 24,783)	Tax Revenue	8,240
		Non- Tax Revenue	2,002
		Grants-in-Aid	14,541
	Capital (Total: 3,862)	Recovery of Loans and Advances	1,68
		Borrowing and Other Liabilities*	3,694
Disbursements (Total: 28,645)	Revenue	22,680	
	Capital	5,899	
	Loans and Advances	66	

(*) 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 ₹ 3,389 crore (₹2,174 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, 2011-2012, had provided for gross expenditure of ₹ 34,787 crore and reduction of expenditure (recoveries) of ₹ 1009 crore. Against this, the actual gross expenditure was ₹ 35,387 crore and reduction of expenditure was ₹ 1,095 crore, resulting in net excess (excess = ₹ 5,639 crore - saving = ₹ 5,039 crore) of ₹ 600 crore (2%). The gross expenditure includes ₹ 634 crore drawn on Abstract Contingent (AC) Bills during 2011-12. At the end of the year 2011-2012 an amount of ₹ 1837.92 Crore was outstanding for want of supporting Detailed Contingent (DC) bills.

During 2011-12, 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 shifted its agreement of Financial transaction to Reserve Bank of India with effect from 01-04-2011, including Ways and means Advances/Overdraft. For the purpose of grant of ways and Means Advances/Overdrafts, the Reserve Bank of India, on the basis of daily cash balance, evaluates the holdings of the 14 days Treasury Bills along with the transactions reported (at RBI counters, Inter- Government transactions and Treasury transactions reported by the agency banks) for the day. To the cash balance so arrived, the maturity of 14 days treasury bills if any, is added and excess balance, if any, after maintaining the minimum cash balance is reinvested in Treasury Bills. **If the net cash balance arrived at, results in less than the minimum cash balance or a credit balance** and if there are no 14 days Treasury Bills maturing on that day, RBI

rediscovers the holdings of the 14 days Treasury Bills and makes good the shortfall. If there is no holding of 14 days Treasury Bills on that day the State Government applies for Ways and Means Advances/Special Ways and Means Advances/Overdraft.

The interest paid to the Reserve Bank of India on Normal Ways and Means Advances and Overdrafts during 2011-12 is ₹ 4.60 crore and ₹ 0.06 crore respectively.

1.4.2 Fundflow statement

The State had a Revenue Surplus of ₹ 2,102 crore and a Fiscal Deficit of ₹3,694 crore representing 3% and 6% of the Gross State Domestic Products (GSDP). The Fiscal Deficit constituted 13 % of total expenditure. This deficit was met from Public Debt (₹2,825 crore), increase in Public Account (₹1,016 crore), and net of opening and closing cash balance (₹149 crore). Around 63% of the revenue receipts (₹24,783 crore) of the State Government was spent on committed expenditure like salaries (₹9,904 crore), interest payments (₹2,383 crore) and pensions (₹3,296 crore).

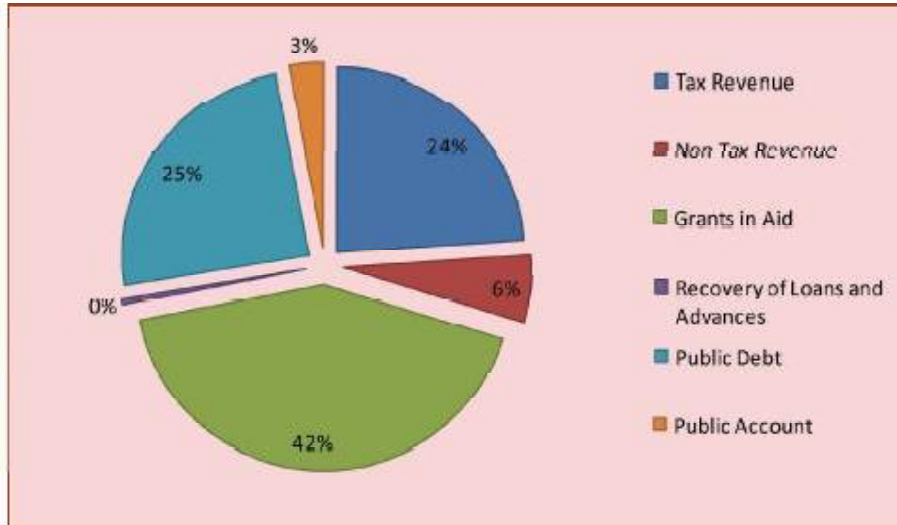
Sources and Application of Funds

(₹ in crore)

	PARTICULARS	AMOUNT
	Opening Cash Balances as on 1.4.2011	51
	Revenue Receipts	24,783
	Recovery of Loans & Advances	168
	Public Debt	8,473
SOURCES	Small Savings Provident Fund & Others	3,327
	Reserves & Sinking Funds	196
	Deposits Received	3,298
	Civil Advances Repaid	346
	Suspense Account	13,753
	Remittances	10,992
	Contingency Fund	1
	TOTAL	65,390
	Revenue Expenditure	22,680
	Capital Expenditure	5,899
	Loans Given	66
	Repayment of Public Debt	5,648
	Small Savings Provident Fund & Others	1,257
APPLICATION	Reserves & Sinking Funds	70
	Deposits Spent	3,325
	Civil Advances Given	347
	Suspense Account	14,279
	Remittances	11,619
	Closing Cash Balances as on 31.3.2012	200
	TOTAL	65390

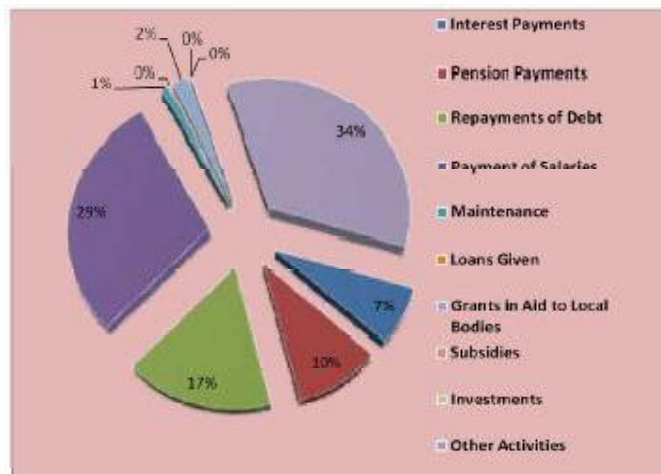
1.4.3 Where the ₹ came from

Actual Receipts



1.4.4 Where the ₹ Went.

Actual Expenditure



1.5 Highlights of Accounts

(₹ in crore)

S. No		B.E 2011-12	Actuals	% of Actuals to B.E	% of Actuals to GSDP
1.	Tax Revenue	(A) 7,511	(A) 8,240	110	13
2.	Non-Tax Revenue	1,620	2,002	124	3
3.	Grants-in-aid & Contributions	17,569	14,541	83	23
4.	Revenue Receipts (1+2+3)	26,700	24,783	93	40
5.	Recovery of Loans & Advances	2	168	@	*
6.	Other Receipts	-	-	-	-
7.	Borrowings and other Liabilities	(B) 2,878	(B) 3,694	128	6
8.	Capital Receipts (5+6+7)	2,880	3,862	134	6
9.	Total Receipts (4+8)	29,580	28,645	97	46
10.	Non-Plan Expenditure (NPE)	21,500	21,923	102	35
11.	NPE on Revenue Account	21,235	21,432	101	34
12.	NPE on Interest Payments out of 11	2,361	2,399	102	4
13.	NPE on Capital Account	# 265	# 491	185	1
14.	Plan Expenditure (PE)	8,080	6,722	83	11
15.	PE on Revenue Account	1,202	1,248	104	2
16.	PE on Capital Account	6,878	5,474	80	9
17.	Total Expenditure (10+14)	© 29,580	© 28,645	97	46
18.	Revenue Expenditure (11+15)	22,437	22,680	101	36
19.	Capital Expenditure (13+16)	(D) 7,143	(D) 5,965	84	10
20.	Revenue surplus (4-18)	4,263	2,103	49	3
21.	Fiscal Deficit (4+5+6-17)	2,878	3,694	128	6

(A)	Estimates / Actuals include share of net proceeds of the Divisible Union Taxes assigned to State (Estimates : ₹ 3328 crore; Actuals: ₹ 3495 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.
©	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 : ₹ 7063 crore and ₹ 80 crore respectively) (Actuals: ₹ 5899 Crore and ₹ 66 Crore respectively).
*:	Negligible
#	Includes Estimates (₹ 80 crore) and Actuals (₹ 66 Crore) of loans and Advances disbursed by the Govt.
@	More than 1000 percent.

1.6 What do the Deficits and Surpluses indicate?

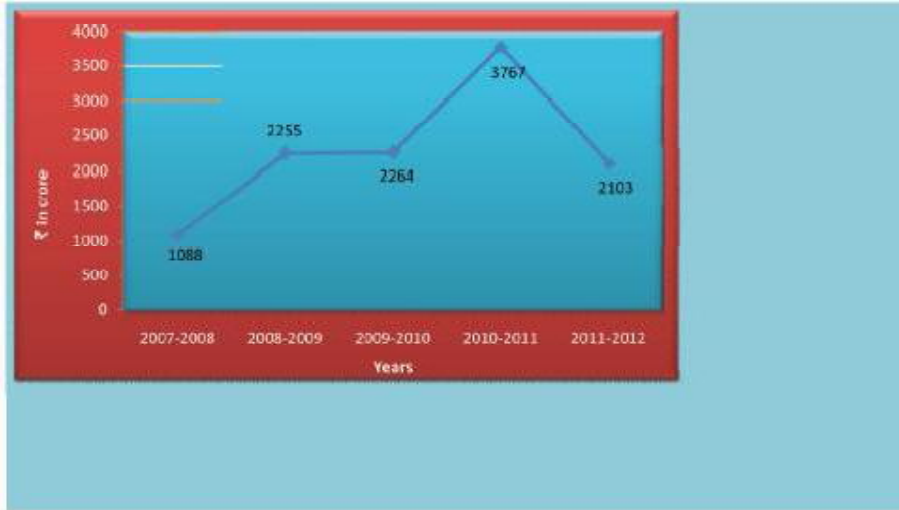
Deficit	Refers to gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in Financial Management.
Revenue Deficit / Surplus	Refers to gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure 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.

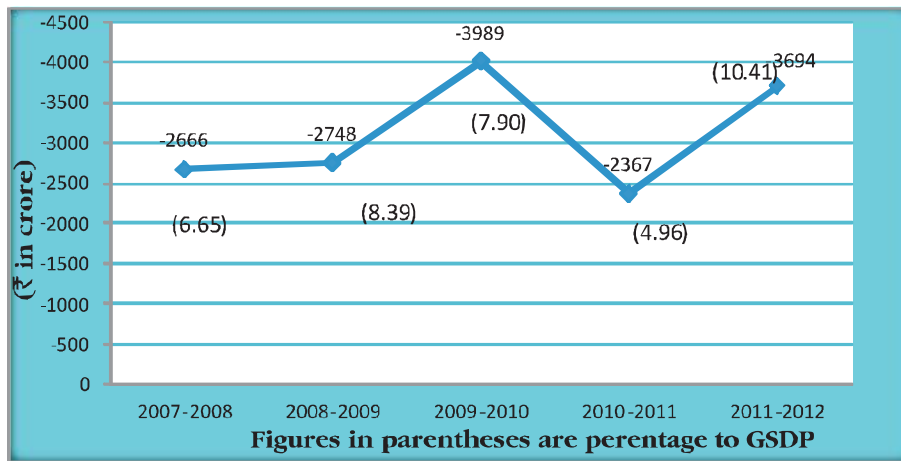
1.6.1 Trend of revenue Deficit / Surplus

Revenue Deficit / Surplus



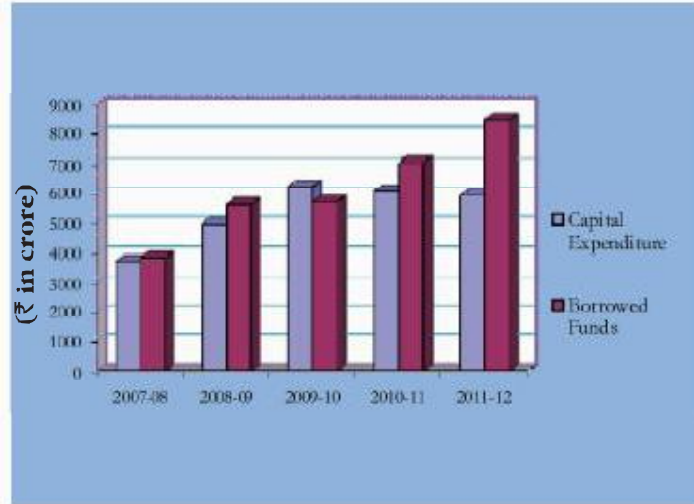
1.6.2 Trend of Fiscal Deficit

Fiscal Deficit



1.6.3 Proportion of borrowed funds spent on Capital Expenditure

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 70 % of the borrowings of the current year (₹ 8,473 crore) on capital expenditure (₹ 5,899 crore). It would, therefore, appear that 30 % of the public debt (₹ 2,574 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

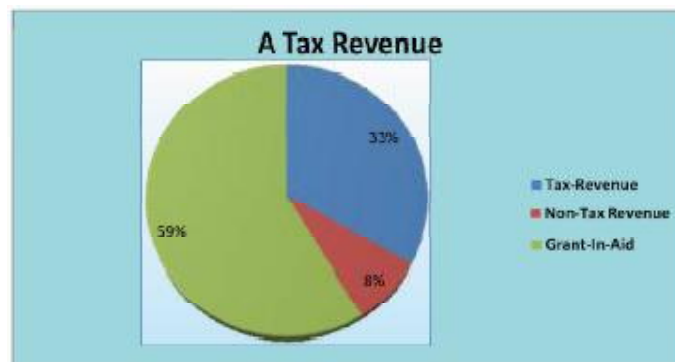
2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2011-12 were ₹ 28,645 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 (2011-12)

(₹ in Crore)

Component	Actuals
A. Tax Revenue	8,240
Taxes on Income & Expenditure	2,355
Taxes on Property & Capital Transactions	210
Taxes on Commodities & Services	5,675
B. Non-Tax Revenue	2,002
Interest Receipts, Dividends Profits	101
General Services	130
Social Services	58
Economic Services	1713
Grant-in-aid & Contributions	14,541
Total-Revenue Receipts	24,783

2.3 Trend of Receipts

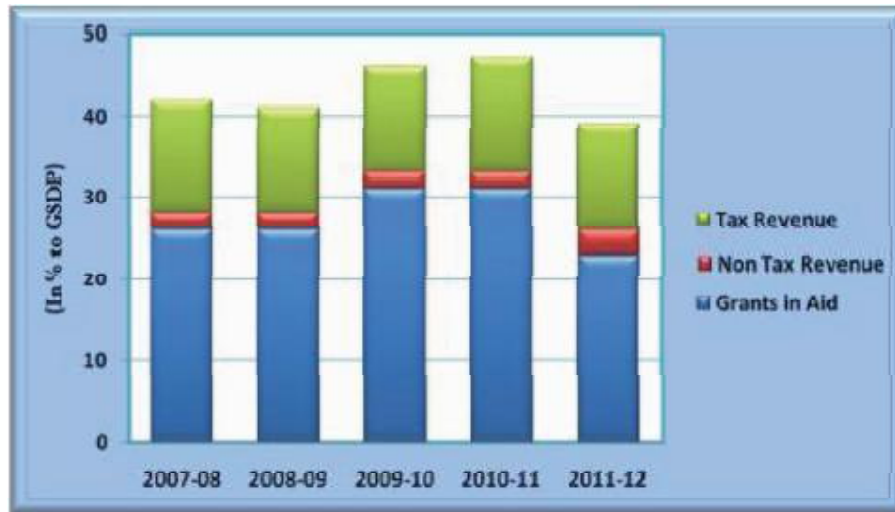
	2007-08	2008-09	2009-10	2010-11	2011-2012
Tax Revenue	4,333 (14)	4,510 (13)	4,942 (13)	6,550 (14)	8,240 (13)
Non-Tax Revenue	808 (02)	837 (02)	955 (02)	1,093 (02)	2,002 (03)
Grant-in-aid	8,136 (26)	8,955 (26)	11,691 (31)	14,591 (31)	14,541 (23)
Total-Revenue Receipts	13,277 (42)	14,302 (41)	17,588 (46)	22,234 (47)	24,783 (40)
GSDP	31,793	34,805	38,298	47,709	62,365

Note: - Figures in parentheses represent percentage to GSDP

While the GSDP increased by 31% between 2010-2011 and 2011-12, growth in revenue collection was at 11%. There was increase of 26% in Tax Revenues collection during 2011-12 as compared to year 2010-11. The Non-Tax Revenue showed increase of 83% as compared to previous year. Beyond the share of net proceeds from the Central Government, the Significant collection in the State's own Tax Revenue during 2011-12 was under Sales Tax (₹ 3,414 crore), State Excise (₹ 385 crore) and Stamps and Registration Fee (₹ 171 crore). Significant collections under Non-Tax Revenue was under Major and Medium Irrigation (₹ 566 Crore)

Power (₹ 1,007 crore), Interest receipts (₹ 33 crore) and Misc General Services (₹ 61 crore) Despite significant collection under Power (₹ 1007 crore), the Revenue Collection on this account needs to be improved in view of that fact that there has been expenditure of ₹ 3,273 crore on purchase of Power.

Component under Revenue Receipts as proportional to GSDP

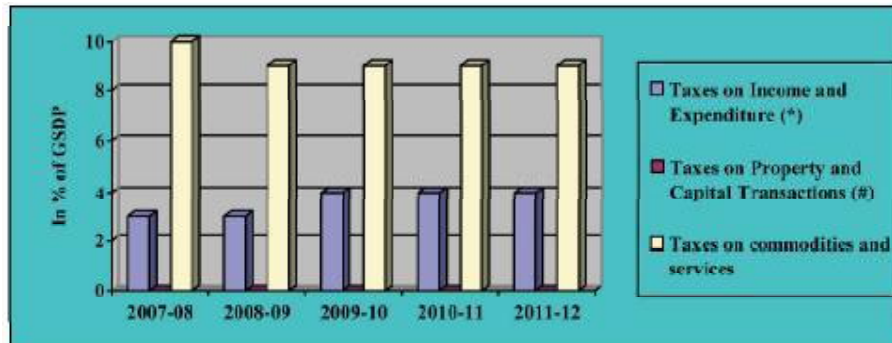


Sector-wise Tax Revenue

	2007-08	2008-09	2009-10	2010-11	2011-12
Taxes on Income and Expenditure	1,046	1,094	1,372	2,035	2,355
Taxes on Property and Capital Transactions	76	121	87	124	210
Taxes on Commodities and Services	3,211	3,295	3,483	4,391	5,675
Total Tax Revenue	4,333	4,510	4,942	6,550	8,240

There was increase of ₹ 1,284 crore in collection of Taxes on Commodities and Services during the year 2011-12 as compared to year 2010-11. The increase was mainly under 0040-Taxes on Sales, Trades etc. (₹ 989 Crore), Taxes on Goods and Passengers (₹ 121 crore) and Taxes and Duties on electricity (₹ 32 crore)

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)
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
2011-12	8,240	3,495	4,745	7.61

During the year 2011-12, the proportion of the State's Own Tax Revenue to GSDP is 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)

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Collection	76	121	87	124	210
Expenditure on Collection	44	41	49	57	77
Efficiency of Tax Collection	58%	34%	56%	46%	37%

B. Taxes on Commodities and Services

(₹ in Crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue Collection	3211	3295	3483	4391	5675
Expenditure on Collection	29	32	91	43	54
Efficiency of Tax Collection	1	1	3	1	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)

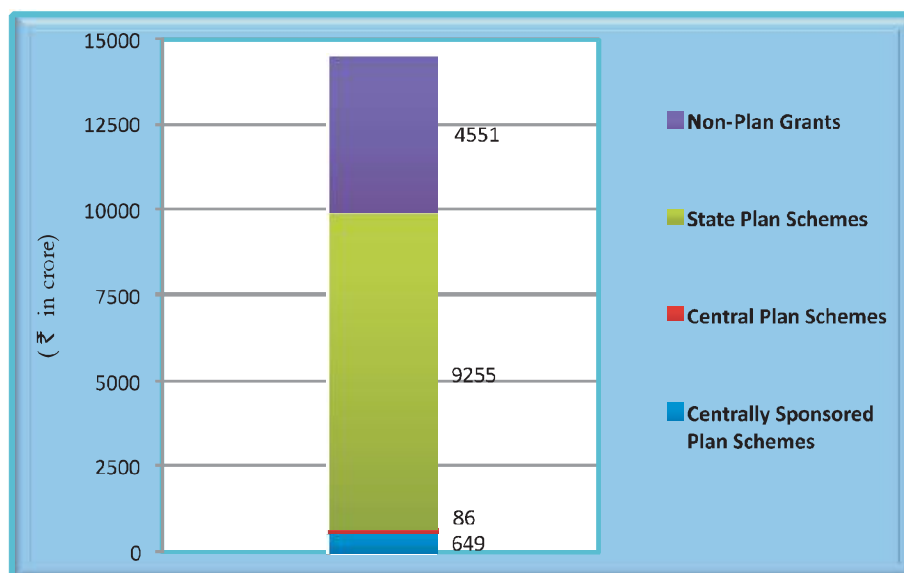
Major Head description	2007-08	2008-09	2009-10	2010-11	2011-12
Corporation Tax	626	672	881	1,331	1,562
Taxes on Income other than Corporation Tax	420	422	491	704	794
Taxes on Wealth	*	*	2	3	6
Customs	373	392	300	596	688
Union Excise Duties	356	341	241	433	445
State Share of Union Taxes	1,775	1,827	1,915	3,067	3,495
Total Tax Revenue	4,333	4,510	4,942	6,550	8,240
% of Union Taxes to Total Tax Revenue	41	40	39	47	42

* (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 2011-12 under Grants in Aid were ₹ 14,541 crore as shown below:

Grants-in-Aid



The share of Non-Plan Grants in total Grants-in-Aid decreased from 41% during 2010-11 to 31% in 2011-12

2.8 Public Debt

Trend of Public Debt over the past 5 years

(₹ in Crore)					
Description	2007-08	2008-09	2009-10	2010-11	2011-12
Internal Debt	2,198	2,372	2,113	2,386	2,954
Central Loans	(-)122	(-)127	8	(-)1,112	(-)129
Total Public Debt	2,076	2,245	2,121	1,274	2,825

Against the total internal debt of ₹ 8,505 crore of the State Government in 2011-12 minus the central loan component of ₹ 32 crore during this period, capital expenditure was ₹ 5,899 crore (70%), 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 ₹ 22,680 crore for 2011-12 exceeded budget estimates by ₹ 243 crore due to more disbursement of ₹ 197 crore under Non -Plan Expenditure and ₹ 46 crore under plan expenditure. The State needs 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)

	200708	200809	200910	201011	201112
Budget Estimates	10,616	11,927	14,726	17,454	22,437
Actual	12,189	12,047	15,324	18,467	22680
Gap	(-)1,573	(-)120	(-)598	(-) 1,013	(-)243
Percentage of Gap over Budget	(-)15	(-)1	(-)4	(-)6	(-)1

During 2011-12, there was a shortfall of revenue receipts (7%) against budget estimates, this was compounded as the State Government exceeded the expenditure (Revenue) by 1 percent.

3.2.1 Sectoral distribution of Revenue Expenditure (2011-12)

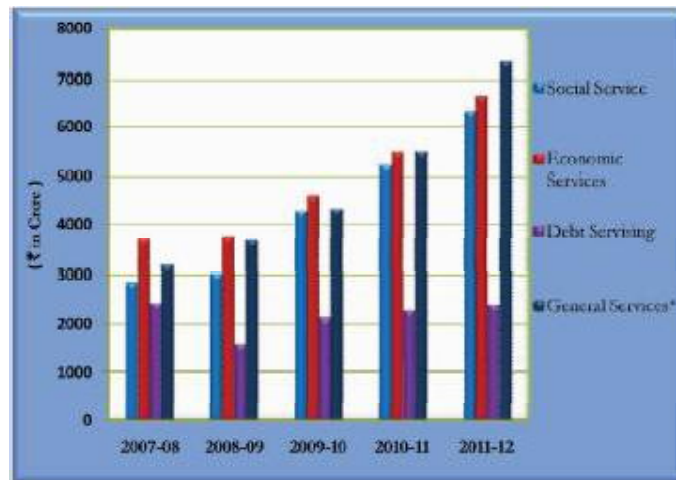
(₹ in Crore)

Components	Amount	Percentage
A. Fiscal Services	131	1
(i) Collection of Taxes on Property and Capital transactions	77	*
(ii) Collection of Taxes on Commodities and Services	54	*
(iii) Other Fiscal Services	-	*
B. Organs of State	179	1
C. Interest Payments and Servicing of debt	2,399	10
D. Administrative Services	3,703	16
E. Pensions and Miscellaneous General Services	3,297	14
F. Social Services	5,815	26
G. Economic Services	6,523	29
H. Grants-in-aid Contributions	633	3
Total Expenditure (Revenue Account)	22,680	100

(* Less than 1%

3.2.2 Major components of Revenue Expenditure (2007-2012)

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 2011-12 at 10 % of GSDP were less than Budget Estimates by ₹ 1,178 crore (less disbursement of ₹ 1,404 crore under Plan Expenditure and excess disbursement of ₹ 226 crore under Non-Plan Expenditure).

3.3.1 Sectoral distribution of Capital Expenditure

The Capital Expenditure for the year 2011-12, included the expenditure ₹ 999 crore on various Projects (₹534 crore on Power projects, ₹ 234 crore on Minor Irrigation, ₹ 116 crore on Flood control Projects, ₹ 75 crore on Major and Medium Irrigation, ₹ 40 crore on Command area Development) The Government also spent ₹ 1081 crore on development of Transport Infrastructure, ₹14 crore were invested in various Corporations / Companies / Societies.

(₹ in Crore)

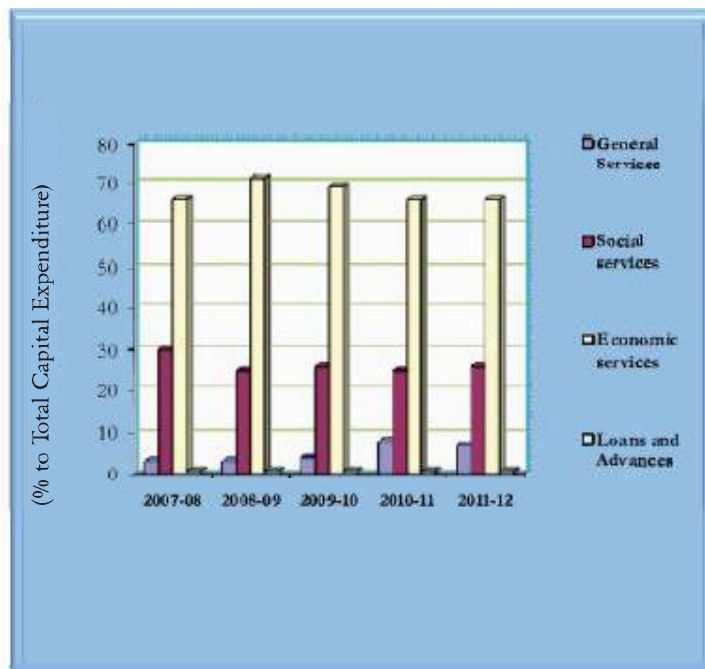
Sl. No	Sector	Amount	Percentage
1.	General Services - Police, Land Revenue etc	394	7
2.	Social Services - Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.	1,569	26
3.	Economic Services - Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.	3,936	66
4.	Loans and Advances Disbursed	66	1
Total		5,965	100

3.3.2 Sectoral distribution of capital expenditure over the past 5 years

(₹ in Crore)

Sl. No.	Sector	2007-08	2008-09	2009-10	2010-11	2011-12
1.	General Services	114	159	239	457	394
2.	Social services	1,122	1,269	1,626	1,542	1569
3.	Economic services	2,481	3,536	4,369	4,064	3936
4.	Loans and Advances	39	43	49	72	66
Total		3,756	5,007	6,283	6,135	5,965

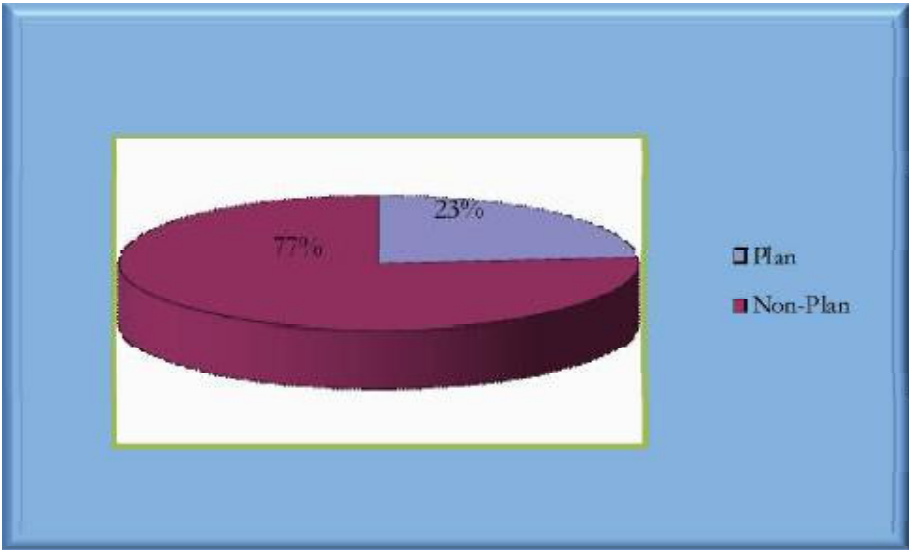
Trend of Sectoral Distribution of Capital Expenditure



PLAN & NON-PLAN EXPENDITURE

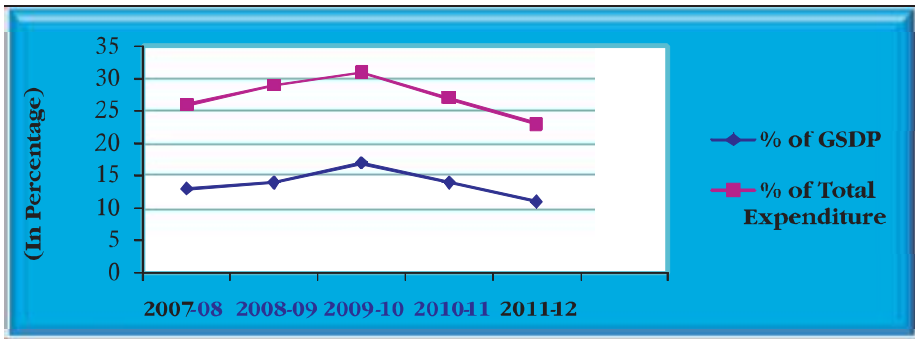
4.1 Distribution of Expenditure (2011-12)

Distribution of Expenditure



4.2 Plan Expenditure

During 2011-2012, Plan Expenditure, representing 23 percent of total disbursements, was ₹ 6,722 crore (₹ 6114 crore under State Plan, ₹ 608 crore under Centrally Sponsored Plan Schemes).



4.2.1 Plan Expenditure under Capital Account

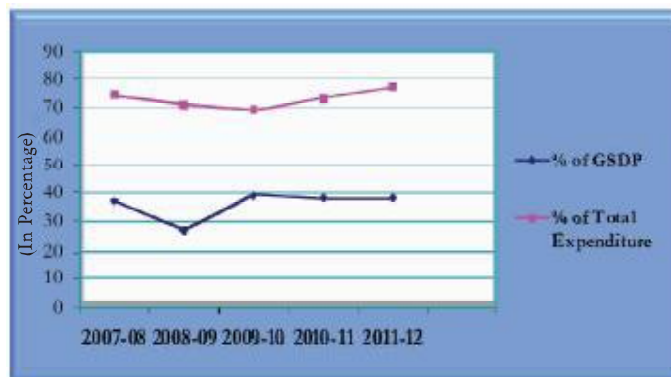
(₹ in Crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Total Capital Expenditure	3,756	5,007	6,283	6,135	5,965
Capital Expenditure (Plan)	3,641	4,693	6,135	5,730	5,474
% of Capital Expenditure (Plan) to Total Capital Expenditure	97	94	98	93	92

4.3 Non-Plan Expenditure

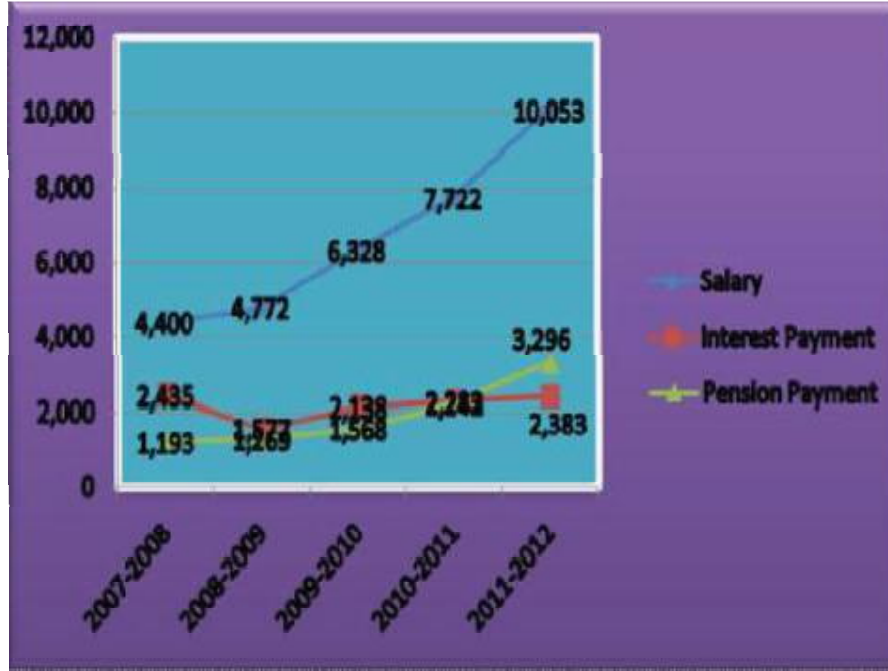
Non-Plan Expenditure during 2011-2012 representing 77 percent of total disbursements, was ₹ 21,923 Crore, (₹ 21,432 Crore under Revenue and ₹ 425 crore under Capital), and ₹ 66 Crore under Loans and Advances.

Distribution of Expenditure



4.4 Committed Expenditure

Trend of Committed Expenditure



Component	2007-08	2008-09	2009-10	2010-11	2011-12
Committed Expenditure	8,028	7,618	10,034	12,247	15,732
Revenue Expenditure	12,189	12,047	15,324	18,467	22,680
% of committed expenditure to Revenue Receipts	60	60	53	57	64
% of committed expenditure to Revenue expenditure	64	66	63	65	69

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 2011-2012

(₹ in Crore)

S. N o.	Nature of Expenditure	Original Grant	Supplementary Grant	Reappropriation	Total	Actual Expenditure	Saving* (-) Excess* (+)
1.	Revenue						
	Voted	20,665	1,777	-	22,442	20,270	(-)2,172
	Charged	2,392	180	-	2,572	2,411	(-)161
2	Capital						
	Voted	7,929	590	-	8,519	5,900	(-)2619
	Charged	-	-	-	-	-	-
3	Public Debt Charged	1,174	-	-	1,174	5,648	(+) 4,474
4	Loans and Advances Voted	80	-	-	80	65	(-)15
5	Total	32,240	2,547	-	34,787	34,294	(-)493

* 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
2011-12	(-)2,022	(-)1,836	(+)4474	(-)15	(+)601

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	2007-08	2008-09	2009-10	2010-11	2011-12
01	General Administration	18%	14%	20%	27%	26%
02	Home	14%	5%	7%	10%	9%
04	Information	17%	18%	12%	19%	15%
07	Education	10%	15%	13%	10%	07%

During 2011-12, Supplementary Grants totaling ₹2,547 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
07	Education	Capital	465	6	343
10	Law	Revenue	21	2	16
11	Industries and Commerce	Revenue	196	12	171
13	Animal Husbandry	Capital	34	1	29
17	Health and Medical Education	Capital	313	16	268
18	Social Welfare	Capital	213	1	174
20	Tourism	Revenue	85	11	62
21	Forest	Revenue	455	23	418
22	Irrigation and Flood Control	Revenue	355	29	346
24	Hospitality and Protocol	Capital	39	10	27
27	Higher Education	Capital	193	0.94	159
29	Transport	Capital	38	4	34

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 ₹ 485 crore at the end of 2011-12. Dividends received during the year, 2011-12 stood at ₹ 68 crore (14%) on investment. During 2011-12, investments increased by ₹14 crore, while dividend income increased by ₹ 11 crore.

Cash Balance stood at ₹ 52 crore on 31st March 2011 and increased to ₹ 200 crore at the end of March, 2012.

6.2 Debt and Liabilities

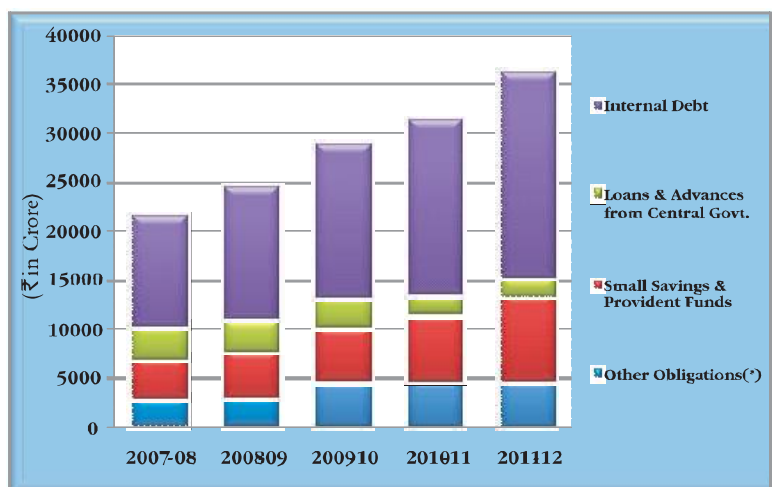
Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, as may be from time to time fixed by the State Legislature.

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
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
2011-12	22,692	36	13,564	22	36,256	58

There is a net increase of ₹ 4,995 crore (14 %) in Public Debt and Other Liabilities as compared to 2010-11.

Trends in Government Liabilities



(*) Non-interest bearing obligations such as deposits of Local Funds, other earmarked funds, etc.

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 only)	Amount outstanding at the end of the year	
		Principal	Interest
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
2011-2012	4,750	2,096	2

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 2011-12 was ₹ 1,034 crore. Of this, Loans and Advances to Government Corporations/ Companies, non-Government Institutes and Local Bodies amounted to ₹ 1,014 crore. The detailed account of all loans except for Loans under Major Head 7610- Loans to Government servants (Minor Head 201-House Building advance and 202-Advance for purchase of Motor Conveyances) total amounting to ₹ 1,014 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 ₹ 688 crore in 2011-12. Grants to Urban Local Bodies during 2011-12 including Municipalities (₹ 286 crore) representing 41 percent of total Grants given during the year 2011-12.

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
2011-12	286	360	1	3	38	688

7.4 Cash Balance and investment of Cash Balance.

(₹ in Crore)

Component	As on 31 st March 2011	As on 31 st March 2012	Net Increase(+) /decrease (-)
Cash Balance	51	200	149
Cash Balance Investment	37	750	713
Investment from earmarked fund Balances	11	11	-
Interest realised.	Nil	11	11

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

State Government had a positive Cash Balance at the end of 2011-12. The investment of Cash Balances are partly in securities of Government India and partly in the securities of State.

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 2011-12 only 77% (₹ 22,007 Crore) of the total Expenditure (₹ 28,579 Crore) of

the State Government was reconciled. Similarly, out of total receipts of ₹24,783 Crore, 92% (₹ 22,699 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	344	290	-	54

7.6 Submission of Accounts

Delay in the receipt of Treasury Accounts from Leh and Kargil Division range from 3 to 59 days, Kashmir Province 1 to 50 days, Jammu Division from 1 to 05 days, Forest Accounts of Jammu Province from 15 to 40 days, Kashmir Province from 02 to 68 days, Public Works Divisions from Jammu Province from 1 to 20 days, Kashmir Province 3 to 20 days and Leh and Kargil region from 2 to 46 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 2012, 2163 DC bills amounting to ₹ 1,838 crore was outstanding indicates that these instructions have not been followed.

7.8 Commitment on account of incomplete Works

A total expenditure of ₹ 590 crore was incurred upto the year 2011-12 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 2012 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 2011-12 under such Heads was as below:

Head of Account	Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	During March	Percentage of 3/ 2012 w.r.t total expenditure of 2011-12
		(₹ in Crore)						
2048	Appropriation for reduction or avoidance of debt	0.00	0.00	0.00	15.63	15.63	15.63	100.00%
3055	Road Transport	0.00	0.00	0.00	0.80	0.80	0.80	100.00%
4058	Capital outlay on Stationery and Printing	0.01	0.02	0.11	2.12	2.26	1.92	85.06%
4059	Capital Outlay on Public Works	9.65	34.92	53.59	270.11	368.28	217.15	58.95%
4070	Capital Outlay on other Administrative Services	0.50	0.44	0.36	11.19	12.49	9.79	78.44%
4202	Capital Outlay on Education, Sports, Art and Culture	1.23	24.97	90.96	389.81	506.97	256.74	50.64%
4215	Capital Outlay on Water supply and Sanitation	8.27	30.12	37.64	111.41	187.44	96.27	51.36%
4216	Capital Outlay on Housing	0.00	0.70	0.36	6.20	7.26	4.78	65.79%
4403	Capital Outlay on Animal Husbandry	0.29	1.79	3.53	22.42	28.03	17.31	61.76%

Head of Account	Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	During March	Percentage of 3/ 2012 w.r.t total expenditure of 2011-12
		(₹ in Crore)						
4515	Capital Outlay on Other Rural Development Programmes	6.42	12.03	85.23	210.70	314.38	188.87	60.08%
4701	Capital Outlay on Medium Irrigation	0.33	13.03	9.45	52.48	75.29	50.29	66.79%
4851	Capital Outlay on Village and Small Industries	1.44	9.34	26.95	95.50	133.23	68.68	51.55%
5425	Capital Outlay on Other Scientific and Environmental Research	0.13	0.48	0.38	3.80	4.79	3.38	70.55%
5475	Capital outlay on other General Economic Services	0.20	36.20	66.15	351.82	454.37	328.55	72.31%



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