



Accounts at a Glance 2012-2013



Government of Jammu and Kashmir

Accounts at a Glance

2012-2013

Government of Jammu and Kashmir

REFACE

I am happy to present the fifteenth 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.

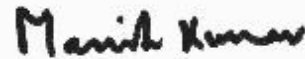
The annual accounts of the State consist of (a) Finance Accounts and (b) Appropriation Accounts. Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the grant-wise expenditure against provisions approved by State Legislature and offer explanations for variations between the actual expenditure and the funds provided.

It has been our endeavor to provide broad overview of Government activities of the State of Jammu and Kashmir in a more comprehensive manner by including explanations, statements, graphs and series of analysis to make the publication reader friendly.

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

Place:- Jammu.

Dated:-



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.

Mandating 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

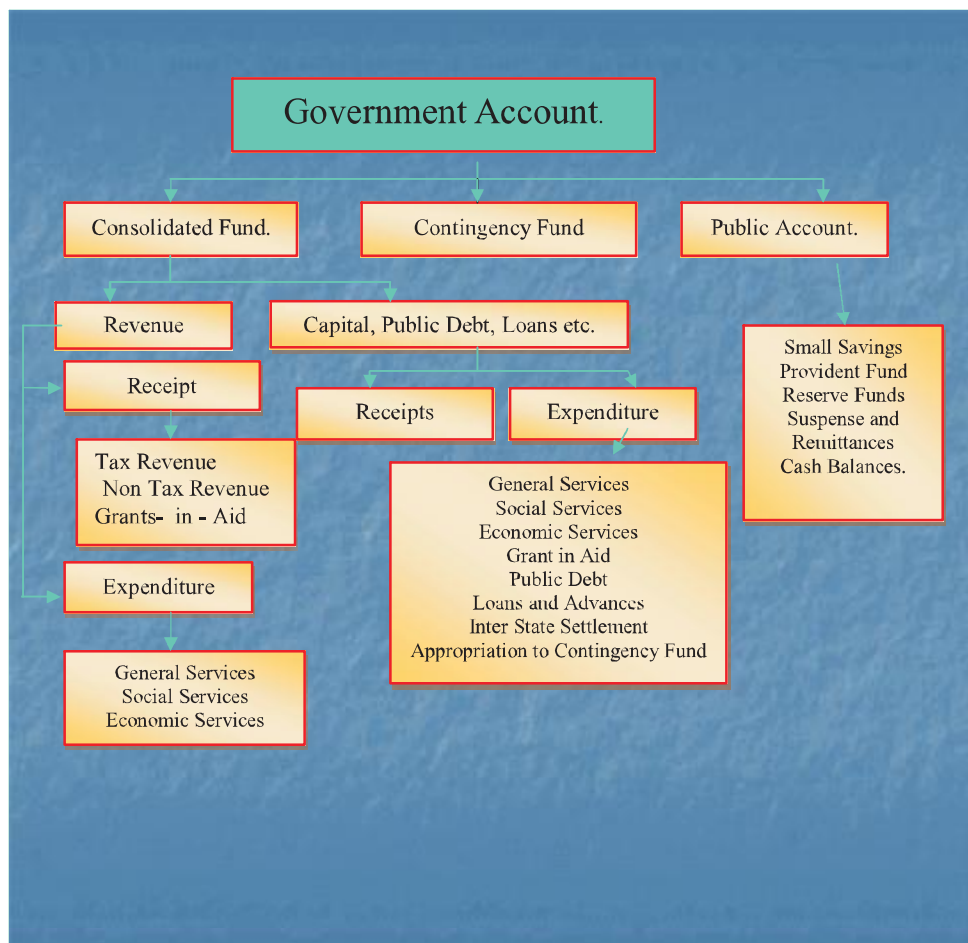
The Accountant General (Accounts and Entitlement), Jammu and Kashmir compiles the accounts of Receipts and Disbursements of the Government of Jammu and Kashmir. The compilation is based on the initial accounts rendered by the Treasuries, Public Works and Forest Divisions and intimations (known as clearance memos) of the Reserve Bank of India CAS, Nagpur regarding changes to 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, Loans and Advances, Inter State Settlement and Appropriation to Contingency Fund.
Part II CONTINGENCY FUND	Intended to meet unforeseen expenditure not provided for in the Budget. Expenditure from this fund is recouped simultaneously from the Consolidated Fund.
Part III PUBLIC ACCOUNT	Comprises of Small Saving & Provident Funds, Reserve Funds, Deposits & Advances, Remittances and Suspense transactions. Small Savings & Provident Funds, Reserve Funds 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.

Pictorial representation of Structure of Government accounts

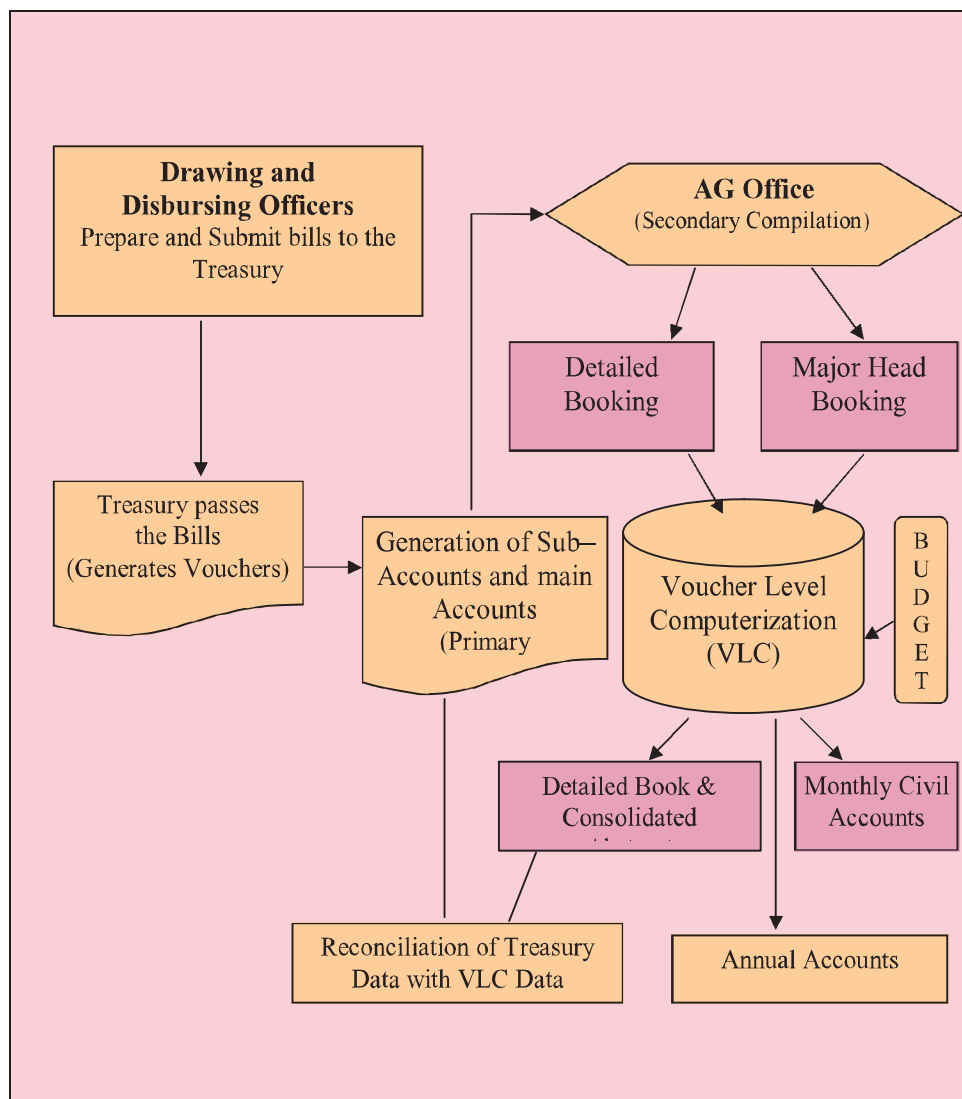


The two main divisions of the Accounts in the Consolidated fund are, as depicted in above *Pictorial representation*, 'Revenue', 'Capital', 'Public Debt', 'Loans etc.' which are divided into sections 'Receipts' and 'Expenditure'. Within each of the Divisions and Sections of the Consolidated Fund the transactions on the expenditure side are grouped into Sectors such as, "General Services", "Social Services", "Economic Services", under which specific functions or services shall be grouped. The Sectors are sub-divided into sub-sectors/Major heads of account. Major heads correspond to functions and are further divided into sub major heads (sub functions) and minor heads (Programmes) which are depicted in volume II of the Finance

Accounts. The classification below minor heads of account i.e. subheads (schemes) and detailed and object heads (objects of expenditure) are not depicted in the Finance Accounts, though some details are included in the appendices.

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, summarised 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 summarised statements (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 2012-13 are given below.

(₹ in crore)

Receipts (Total: 30,434)	Revenue (Total: 26,217)	Tax Revenue	9,703
		Non- Tax Revenue	2,160
		Grants-in-Aid	14,354
	Capital (Total: 4,217)	Recovery of Loans and Advance	1
		Borrowing and Other Liabilities*	4,216
Disbursements (Total: 30,434)	Revenue	25,117	
	Capital	5,224	
	Loans and Advances	93	

(*) Borrowing and Other liabilities Net (Receipts) disbursements of public debt (₹ 1943 crore) + Net of Contingency fund (₹ 0.43 crore) + Net (Receipts / Disbursement) of Public Account (₹ 1974 crore) (-) increase in Cash Balance (minus ₹ 298 crore).

The Union Government transfers substantial funds directly to State Implementing Agencies/NGOs for implementation of various schemes and programmes. This year, the Government of India directly released ₹ 2,667.42 crore (₹ 3,388.88 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. Under the constitution no expenditure can be incurred by Government except with the authorization of Legislature. Barring certain expenditure specified in the constitution as "Charged" on Consolidated Fund, which can be incurred without vote of legislature, all other expenditure require to be "Voted". The Budget of Jammu and Kashmir Government comprises 29 Demand for Grants reflecting *Charged* appropriation and Voted Grants.

The Appropriation Account, 2012-2013, had provided for gross expenditure of ₹ 37,593 crore and reduction of expenditure (recoveries) of ₹ 1,148 crore. Against this, the actual gross expenditure was ₹ 36,503 crore and reduction of expenditure was ₹ 983 crore resulting in net saving of ₹ 1,090 crore (three per cent). Out of the total expenditure during the year 2012-13, ₹ 1,022 crore was drawn through Abstract Contingent (AC) bills and booked to the final head of account. Under rules, drawing and disbursing officers (DDOs) are permitted to draw money in advance through AC Bills, pending submission of Detailed Contingent (DC) bills with supporting documents. The submission of DC bills within 90 days of drawing AC bills as required under the rules is necessary to provide assurance that the legislature intend underlying the expenditure has been full filled. As on 31st March 2013, 3035 bills of various departments amounting to ₹ 2,668 crore awaited settlement for want of supporting Detailed Contingent (DC) bills.

Similarly the rules permit the operation of Personal Deposit (PD) account for specified purpose by designated Administrators. During the year 2012-13, no amount was transferred from the Consolidated Fund to Personal Deposit (PD) Accounts under the Public Accounts. 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 CAS, Nagpur, 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 rediscounts 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 2012-13 is ₹ 5.38 crore and ₹ 0.14 crore respectively.

1.4.2 Fundflow statement

The State had a Revenue Surplus of ₹ 1,100 crore and a Fiscal Deficit of ₹ 4,216 crore representing one *per cent* and six *per cent* of the Gross State Domestic Products (GSDP). The Fiscal Deficit constituted 14 *per cent* of total expenditure. This deficit was met from Public Debt (₹ 1,943 crore), increase in Public Account (₹ 1,975 crore). Around 64 *Per cent* of the Revenue Receipts (₹ 26,217 crore) of the State Government was spent on committed expenditure like salaries (₹ 10,578 crore), interest payments (₹ 2,723 crore) and pension payments (₹ 3,463 crore).

Sources and Application of Funds

(₹ in crore)

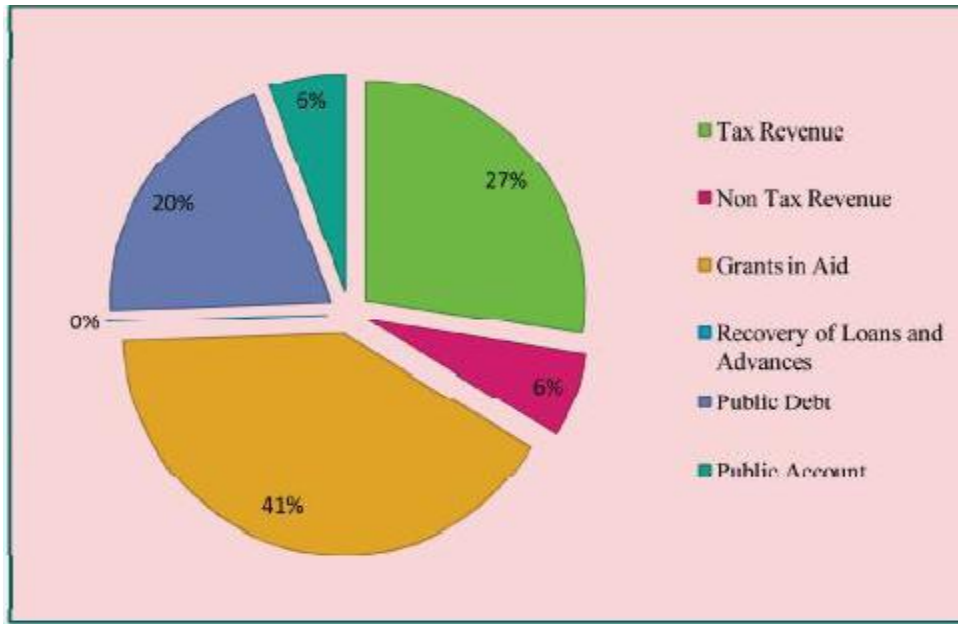
	PARTICULAR	AMOUNT
	Opening Cash Balances as on 1.4.2012	200
	Revenue Receipts	26,217
	Recovery of Loans & Advances	1
	Public Debt	7,029
SOURCES	Small Savings Provident Fund & Others	3,239
	Reserves & Sinking Funds	287
	Deposits Received	3,411
	Civil Advances Repaid	397
	Suspense Account	14,588
	Remittances	11,516
	Contingency Fund	-
	TOTAL	66,885

	Revenue Expenditure	25,117
	Capital Expenditure	5,224
	Loans Given	93
	Repayment of Public Debt	5,085
	Small Savings Provident Fund & Others	1,550
APPLICATION	Reserves & Sinking Funds	116
	Deposits Spent	3,215
	Civil Advances Given	404
	Suspense Account	14,048
	Remittances	12,131
	Closing Cash Balances as on 31.3.2013	(-)98 *
	TOTAL	66,885

* The balance against 'Deposits with Reserve Bank' represents the balance according to Government Account, which include Government settlements advised to the Reserve Bank of India up to 15th April 2013. There is a net difference of ₹ 2, 58.00 crore between the figures as reflected in the accounts [₹ 1,81.11 crore (Cr)] and that intimated by the Reserve Bank of India [₹ 76.89 crore(Cr)]. The difference is under reconciliation with RBI as well as State Government (July 2013).

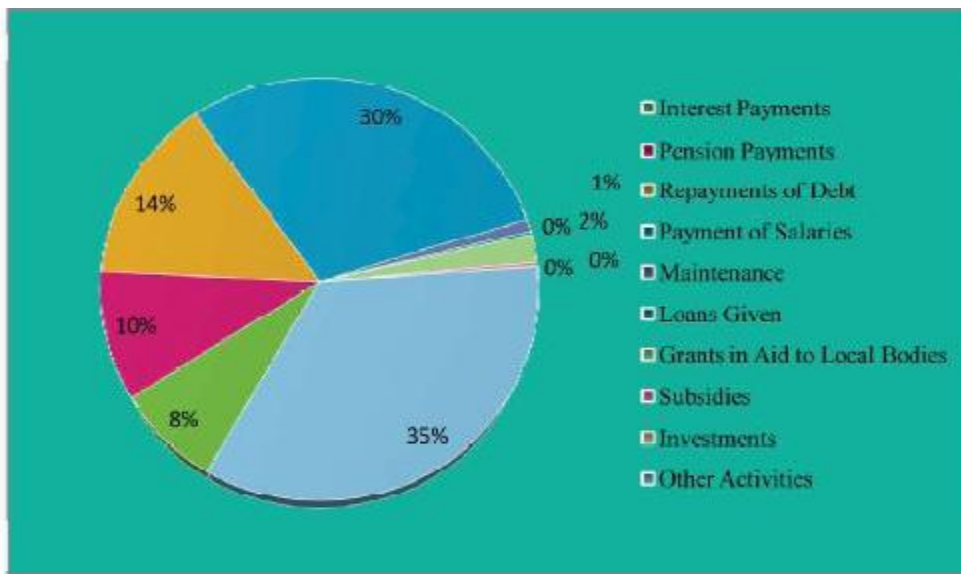
1.4.3 Where the ₹ came from

Actual Receipts



1.4.4. Where the ₹ Went.

Actual Expenditure



1.5 Highlights of Accounts

(₹ in crore)

S. No		B.E 2012-2013	Actuals	Per cent of Actuals to B.E	Per cent of Actuals to GDP
1.	Tax Revenue	(A) 9,664	(A) 9,703	100	13
2.	Non-Tax Revenue	2,118	2,160	102	3
3.	Grants-in-Aid & Contributions	18,166	14,354	79	19
4.	Revenue Receipts (1+2+3)	29,948	26,217	88	34
5.	Recovery of Loans & Advances	2	1	50	0
6.	Other Receipts	-	-	-	-
7.	Borrowings and Other Liabilities	(B) 2,587	(B) 4,216	163	6
8.	Capital Receipts (5+6+7)	2,589	4,217	163	6
9.	Total Receipts (4+8)	32,537	30,434	94	40
10.	Non-Plan Expenditure (NPE)	24,072	23,917	99	31
11.	NPE on Revenue Account	23,554	23,560	100	31
12.	NPE on Interest Payments out of 11	2,661	2,283	86	3
13.	NPE on Capital Account	# 518	# 357	67	0
14.	Plan Expenditure (PE)	8,465	6,517	77	9
15.	PE on Revenue Account	1,437	1,557	108	2
16.	PE on Capital Account	7,028	4,960	71	7
17.	Total Expenditure (10+14)	(C) 32,537	(C) 30,434	94	40
18.	Revenue Expenditure (11+15)	24,991	25,117	101	33
19.	Capital Expenditure (13+16)	(D) 7,546	(D) 5,317	70	7
20.	Revenue Surplus (4-18)	4,957	1,100	22	1
21.	Fiscal Deficit (4+5+6-17)	2,587	4,216	163	6

(A)	Estimates / Actuals include share of net proceeds of the Divisible Union Taxes assigned to State (Estimates : ₹ 4,245 crore; Actuals: ₹ 3,870 crore)
(B)	Estimates / Actuals comprise net receipts from Public Debt (including Ways and Means/Overdraft from Reserve Bank of India); 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 : ₹ 7,476 crore and ₹ 70 crore respectively) (Actuals: ₹ 5,224 crore and ₹ 93 crore respectively).
*	Negligible.
#	Includes Estimates (₹ 70 crore) and Actuals (₹ 93 crore) of Loans and Advances disbursed by the Government.

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.

The Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act, 2006 and the Jammu and Kashmir Fiscal Responsibility and Budget Management Rules, 2008 have been framed by the Government of Jammu and Kashmir to make the State Government accountable for ensuring prudence in fiscal management and to ensure fiscal stability by progressive improvement in its fiscal deficit and sustainable debt management, consistent with fiscal stability, greater transparency in fiscal operations and to chart the course of fiscal policy in a medium term frame work.

The State Government has made requisite amendments in FRBM Act, (2006) from time to time to incorporate the fiscal targets for the State Government as specified by the Twelfth Finance Commission; two more amendments were made in April 2011 and August 2011 in the light of recommendations of the Thirteenth Finance Commission. Section 9 of the FRBM Act imposes the following obligations on the State Government:

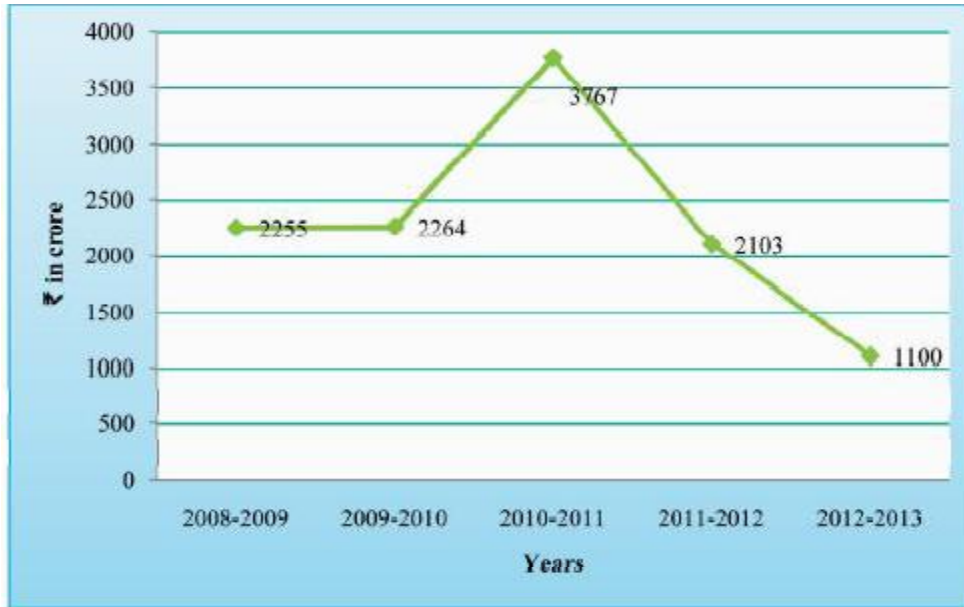
- (a) The fiscal deficit was to be progressively reduced to at most three *per cent* of GSDP by 2009-10 with minimum annual reduction by 0.5 *per cent* of GSDP beginning from 2006-07. As per the customized fiscal correction path recommended by the Thirteenth Finance Commission specifically for Jammu and Kashmir and the corresponding amendment made in the FRBM Act, the

State had to cap the fiscal deficit at 4.2 *per cent* of GSDP in 2012-13, but the fiscal deficit was 5.54 *per cent* of GSDP {GSDP at current prices estimated at ₹ 76,115 crore (Advance Estimates) as per J&K Economic Survey 2012-13}.

- (b) Consequent upon the amendment on the lines of Thirteenth Finance Commission recommendations to achieve the capped fiscal deficit at 4.2 *per cent* of GSDP in 2012-13, the State could avail of debt relief, but due to its non-compliance had an immediate financial loss of debt relief including interest relief on loans from the National Small Saving Fund (NSSF).
- (c) The revenue surplus was to be maintained and steps were to be taken for progressive strengthening of the Surplus. During 2012-13 the Revenue Surplus decreased by 48 *per cent* (₹ 1,099.64 crore during 2012-13 against ₹ 2,102.48 crore during 2011-12).
- (d) The “outstanding total liabilities” were to be progressively reduced to at most 55 *per cent* of GSDP by 2009-10 with minimum annual reduction by five *per cent* of GSDP beginning from 2006-07. The “outstanding total liabilities” decreased by five *per cent* during 2012-13 (53 *per cent* during 2012-13 against 58 *per cent* during 2011-12).
- (e) As a result of achievement of target of reduction of five *per cent* of GSDP on “outstanding total liabilities” in 2012-13, the State could avail relief of ₹ 117.17 crore due to consolidation of Central loans in respect of consolidated loans contracted up to 31-03-2004 and outstanding as on 01-04-2006 in lieu of the earlier consolidation with effect from 01-04-2008.

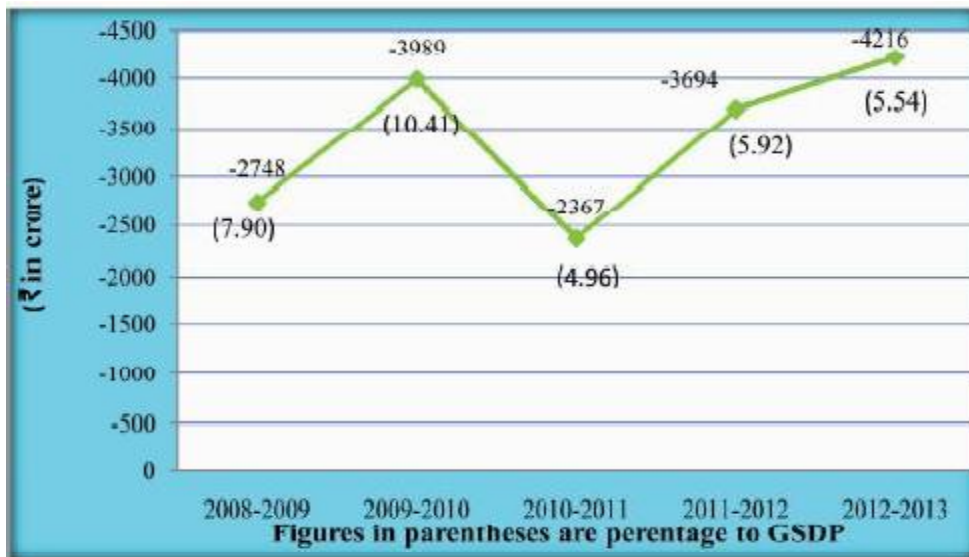
1.6.1 Trend of revenue Deficit/Surplus

Revenue Deficit / Surplus



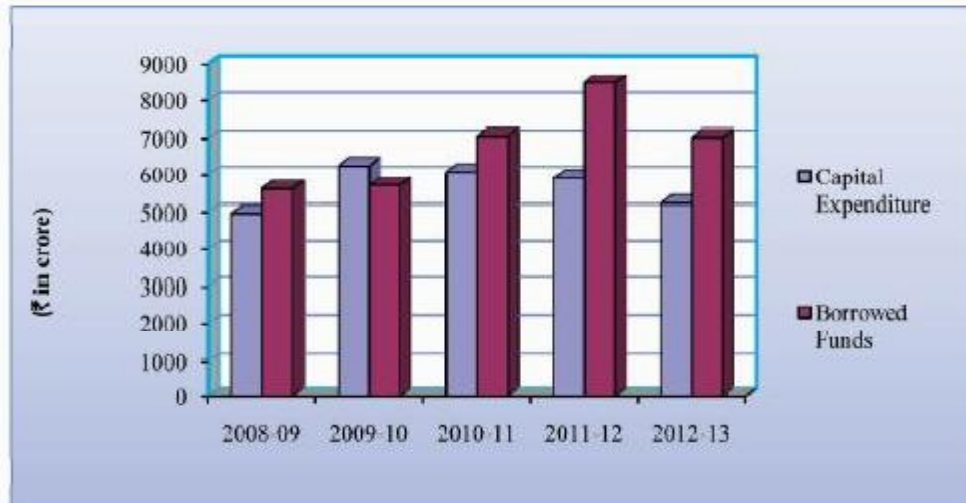
1.6.2 Trend of Fiscal Deficit

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 74 *per cent* of the borrowings of the current year (₹ 7,029 crore) on capital expenditure (₹ 5,224 crore). It would therefore appear that 26 *per cent* of the public debt (₹ 1,805 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

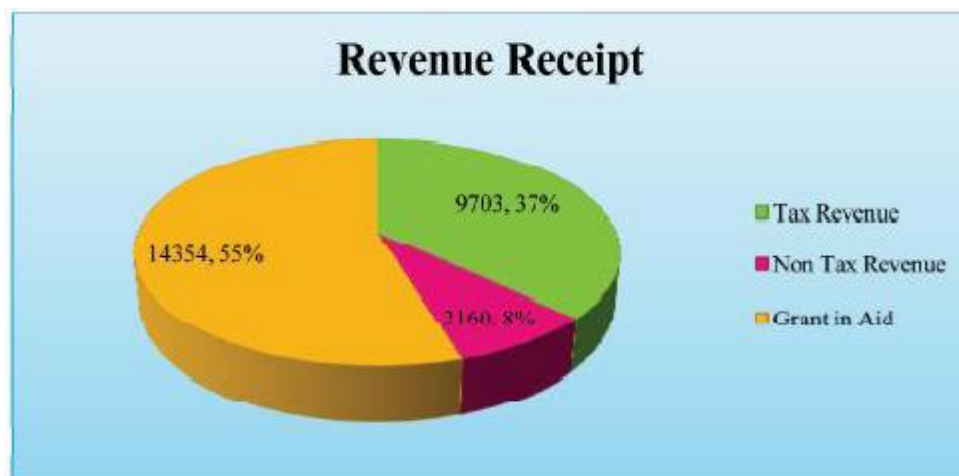
2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2012-13 were ₹ 30,434 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 channelized 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 (2012-13)

(₹ in crore)

Component	Actuals
A. Tax Revenue	9,703
Taxes on Income & Expenditure	2,603
Taxes on Property & Capital Transactions	338
Taxes on Commodities & Services	6,762
B. Non-Tax Revenue	2,160
Interest Receipts, Dividends Profits	104
General Services	84
Social Services	67
Economic Services	1,905
Grant-in-aid & Contributions	14,354
Total-Revenue Receipts	26,217

2.3 Trend of Receipts

	2008-09	2009-10	2010-11	2011-12	2012-13
Tax Revenue	4,510 (13)	4,942 (13)	6,550 (14)	8,240 (13)	9,703 (13)
Non-Tax Revenue	837 (2)	955 (2)	1,093 (2)	2,002 (3)	2,160 (3)
Grant-in-aid	8,955 (26)	11,691 (31)	14,591 (31)	14,541 (23)	14,354 (19)
Total-Revenue Receipts	14,302 (41)	17,588 (46)	22,234 (47)	24,783 (40)	26,217 (34)
GSDP	34,805	38,298	47,709	62,365	76,115

Note: - Figures in parentheses represent percentage to GSDP

While the GSDP increased by 22 *per cent* between 2011-2012 and 2012-13, growth in revenue collection was at six *per cent*. There was increase of 18 *per cent* in Tax Revenues collection during 2012-13 as compared to year 2011-12 and Non-Tax Revenue increased by eight *per cent*. Beyond the share of net proceeds from the Central Government, the Significant collections in the State's own Tax revenue during 2012-13 was under Sales Tax (₹ 4,174 crore), State Excise (₹ 421 crore) and on Taxes and Duties on Electricity (₹ 278 crore). Significant collections under Non-Tax revenue was under Power (₹ 1,589 crore). Despite significant increase in collection

under Power, the Revenue Collection on this account needs to be improved in view of the fact that there has been expenditure of ₹ 3,870 crore on purchase of Power.

Component under Revenue Receipts as proportional to GSDP



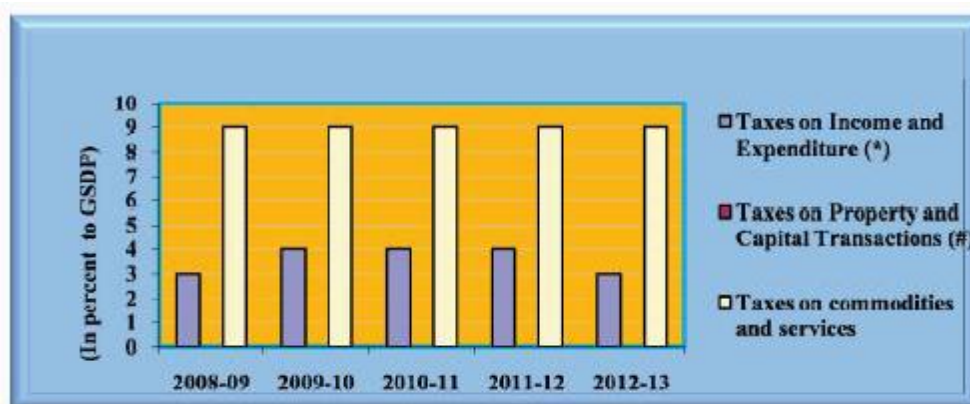
Sector-wise Tax Revenue

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
Taxes on Income and Expenditure	1,094	1,372	2,035	2,355	2,603
Taxes on Property and capital Transactions	121	87	124	210	338
Taxes on Commodities and Services	3,295	3,483	4,391	5,675	6,762
Total Tax Revenue	4,510	4,942	6,550	8,240	9,703

There was increase of ₹ 1,087 crore in collection of Taxes on Commodities and Services during the year 2012-13 as compared to year 2011-12. The increase was mainly under 0040- Taxes on Sales, Trade etc. (₹ 4,174 crore) due to increased collection on account of State Sales Tax. Besides, the increase was under 0038-Union Excise duties (₹ 512 crore) and 0037-Customs (₹ 753 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 percentage

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	
			₹	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
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
2012-13	9,703	3,870	5,833	7.66

During the year 2012-13, the proportion of the state's Own Tax Revenue to GSDP is perceptibly higher than the target of 6.8 *per cent* recommended by the 12th Finance Commission.

2.5. Efficiency of Tax Collection.

A. Taxes on Property and Capital Transactions

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue Collection	121	87	124	210	338
Expenditure on Collection	41	49	57	77	88
Efficiency of Tax Collection (Percentage)	34	56	46	37	26

B. Taxes on Commodities and Services

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue Collection	3,295	3,483	4,391	5,675	6,762
Expenditure on Collection	32	91	43	54	117
Efficiency of Tax Collection	1	3	1	1	2

Taxes on commodities and services form a major chunk of tax revenue. Though the Tax collection efficiency is excellent in respect of Taxes on 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.

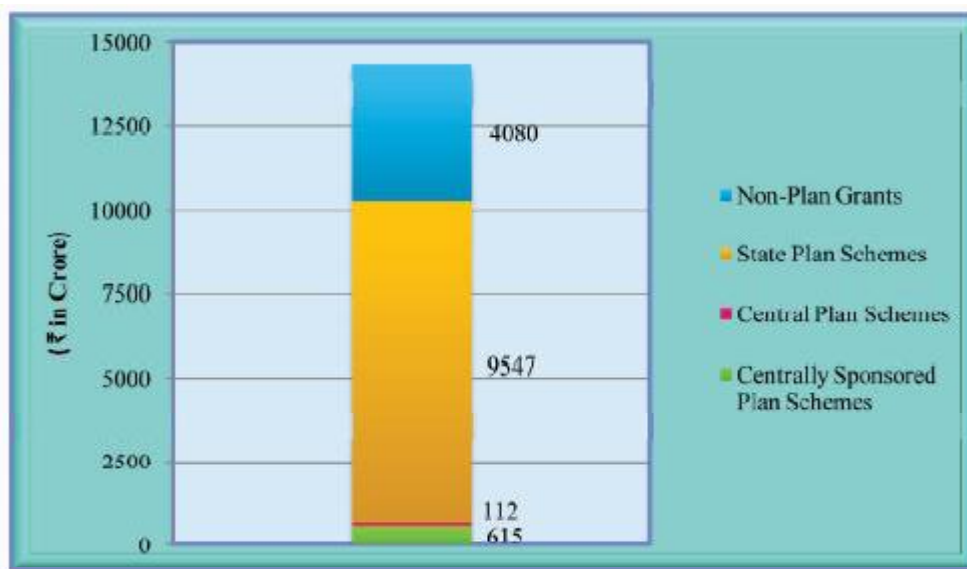
(₹ in crore)

Major Head description	2008-09	2009-10	2010-11	2011-12	2012-13
Corporation Tax	672	881	1,331	1,562	1,628
Taxes on Income other than Corporation Tax	422	491	704	794	974
Taxes on Wealth	-	2	3	6	3
Customs	392	300	596	688	753
Union Excise Duties	341	241	433	445	512
State Share of Union Taxes	1,827	1,915	3,067	3,495	3,870
Total Tax Revenue	4,510	4,942	6,550	8,240	9,703
Per cent of Union Taxes to Total Tax Revenue	40	39	47	42	40

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 2012-13 under Grants-in-Aid were ₹ 14,354 crore as indicated in the graphics below:

Grants-in-Aid



The share of Grants for state Plan Schemes in total Grants-in-Aid increased from 64 per cent during 2011-12 to 67 per cent in 2012-13.

2.8 Public Debt

Trend of Public Debt over the past Five years

(₹ in crore)					
Description	2008-09	2009-10	2010-11	2011-12	2012-13
Internal Debt	2,372	2,113	2,386	2,954	2,008
Central Loans	(-)127	8	(-)1,112	(-)129	(-)64
Total Public Debt	2,245	2,121	1,274	2,825	1,944

Against the total Internal Debt of ₹ 7,015 crore of the State Government in 2012-13 and Central Loan component of ₹ 14 crore during this period, Capital Expenditure was ₹ 5,224 crore (74 per cent), 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 ₹ 25,117 crore for 2012-13 exceeded budget estimates by ₹ 126 crore due to more disbursement of ₹ 120 crore under Plan Expenditure and ₹ 6 crore under Non-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)

	2008-09	2009-10	2010-11	2011-12	2012-13
Budget Estimates	11,927	14,726	17,454	22,437	24,991
Actual	12,047	15,324	18,467	22,680	25,117
Gap	(-)120	(-)598	(-) 1,013	(-)243	(-)126
Percentage of Gap over BE	(-)1	(-)4	(-)6	(-)1	(-)1

During 2012-13, there was a shortfall (12 per cent) of revenue Receipts against Budget Estimates. Besides, the Expenditure exceeded the Budget Estimates by one per cent.

3.2.1 Sectoral distribution of Revenue Expenditure (2012-13)

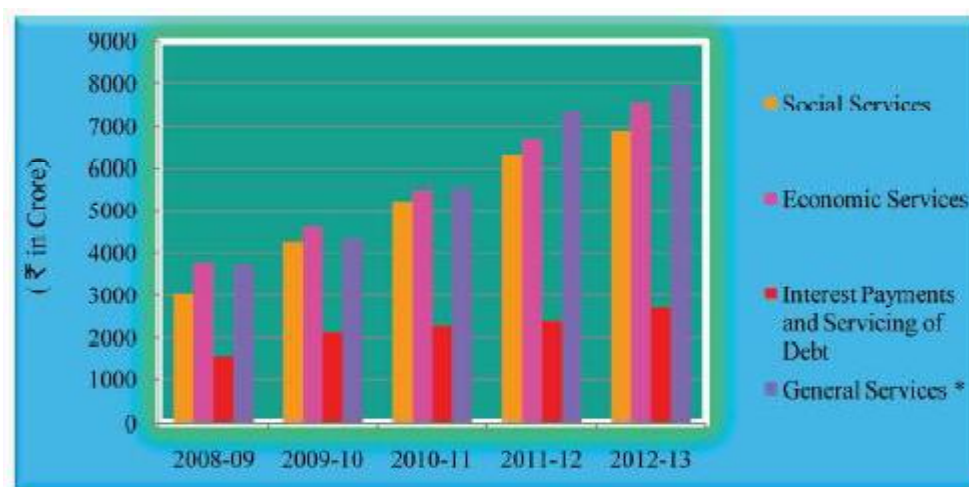
(₹ in crore)

Components	Amount	Percentage
A. Fiscal Services	204	1
(i) Collection of Taxes on Property and Capital transactions	87	*
(ii) Collection of Taxes on Commodities and Services	117	*
(iii) Other Fiscal Services	#	*
B. Organs of State	178	1
C. Interest Payments and Servicing of debt	2,723	11
D. Administrative Services	4,043	16
E. Pensions and Miscellaneous General Services	3,464	14
F. Social Services	6,381	25
G. Economic Services	7,417	29
H. Grants-in-aid Contributions	707	3
Total Expenditure (Revenue Account)	25,117	100

(*) Less than one per cent : # Negligible

3.2.2 Major components of Revenue Expenditure (2008-2013)

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 2012-13 at seven per cent of GSDP were less than Budget Estimates by ₹ 2,229 crore (less disbursement of ₹ 2,068 crore under Plan Expenditure and ₹ 161 crore under Non-Plan Expenditure).

3.3.1 Sectoral distribution of Capital Expenditure

The Capital Expenditure for the year 2012-13, included the expenditure of ₹ 806 crore on various Projects (₹ 477 crore on Power projects, ₹ 167 crore on Minor Irrigation, ₹ 102 crore on Flood Control Projects, ₹ 60 crore on Major and Medium Irrigation, ₹ 54 crore on Command Area Development). The Government also spent ₹ 546 crore on development of Transport infrastructure, ₹ 13 crore were invested in various Corporations/Companies/Societies.

(₹ in crore)

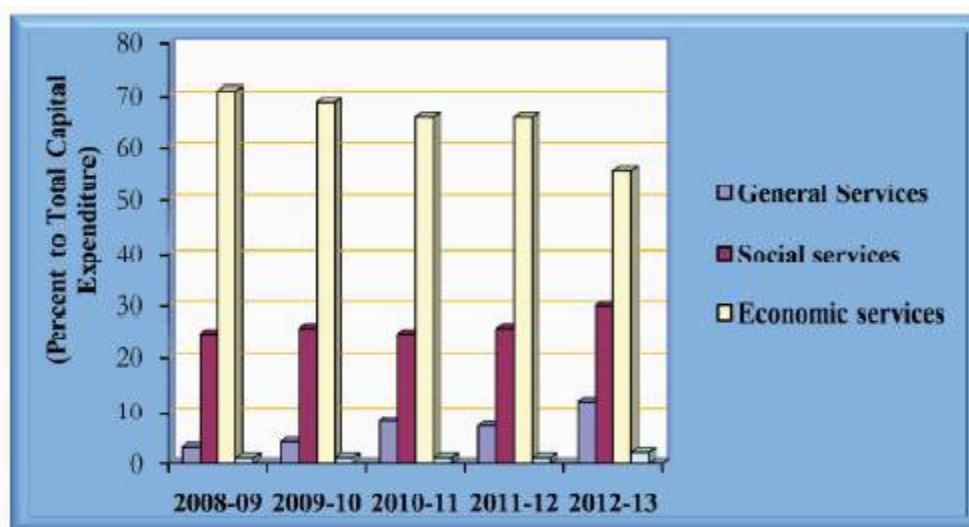
Sl. No	Sector	Amount	Percentage
1.	General Services- Police, Land Revenue etc	637	12
2.	Social Services- Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.	1,598	30
3.	Economic Services- Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.	2,989	56
4.	Loans and Advances Disbursed.	93	2
Total		5,317	100

3.3.2 Sectoral distribution of capital expenditure over the past Five years

(₹ in crore)

Sl. No.	Sector	2008-09	2009-10	2010-11	2011-12	2012-13
1.	General Services	159	239	457	394	637
2.	Social services	1,269	1,626	1,542	1,569	1,598
3.	Economic services	3,536	4,369	4,064	3,936	2,989
4.	Loans and Advances	43	49	72	66	93
Total		5,007	6,283	6,135	5,965	5,317

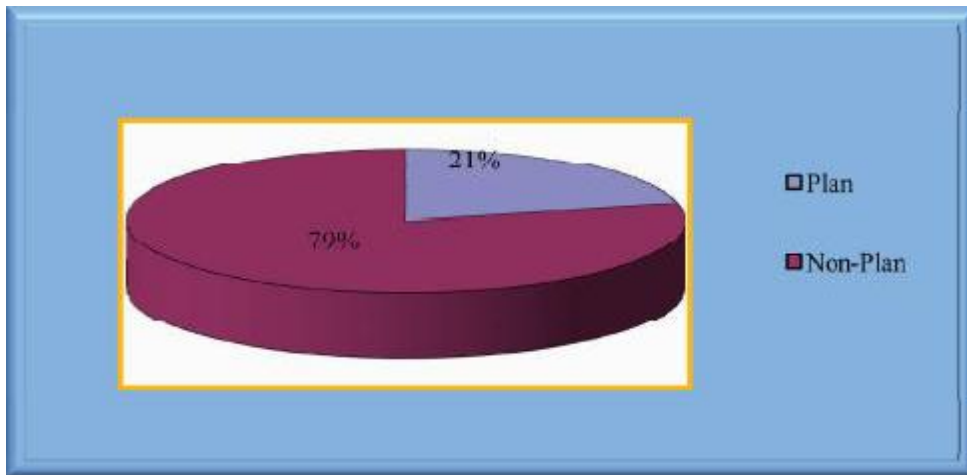
Trend of Sectoral Distribution of Capital Expenditure



PLAN & NON-PLAN EXPENDITURE

4.1 Distribution of Expenditure (2012-13)

Distribution of Expenditure



4.2 Plan Expenditure

During 2012-13, Plan Expenditure, representing 21 *per cent* of total disbursements, was ₹ 6,517 crore (₹ 5,853 crore under State Plan, ₹ 664 crore under Centrally Sponsored Plan Schemes).

Plan Expenditure as proportion of total expenditure and GSDP



4.2.1 Plan Expenditure under Capital Account

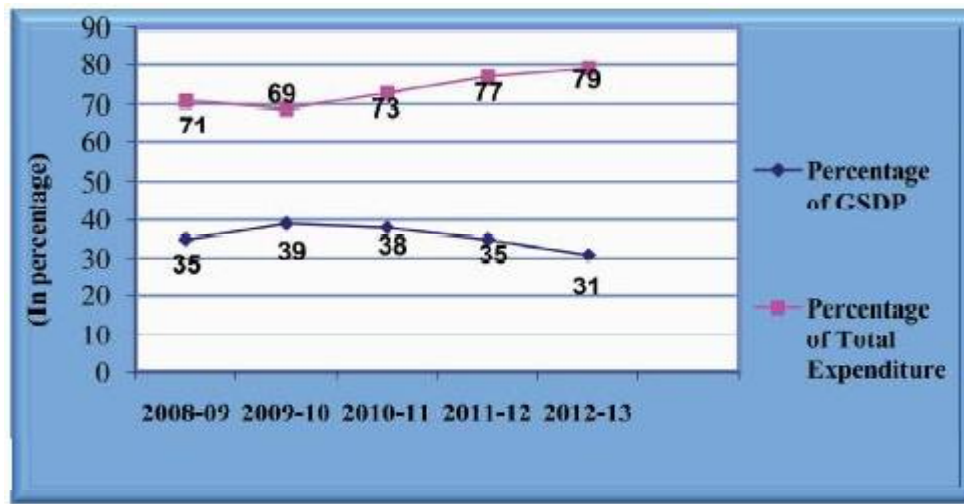
(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
Total Capital Expenditure	5,007	6,283	6,135	5,965	5,317
Capital Expenditure (Plan)	4,693	6,135	5,730	5,474	4,960
Percent of Capital Expenditure (Plan) to Total Capital Expenditure	94	98	93	92	93

4.3 Non-Plan Expenditure

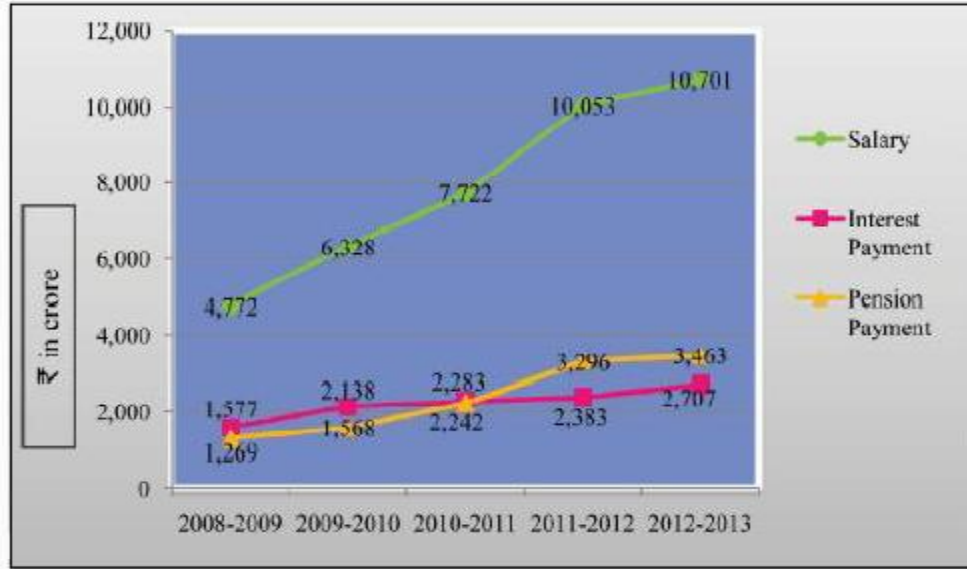
Non-Plan Expenditure during 2012-13, representing 79 per cent of total disbursements, was ₹ 23,917 crore, (₹ 23,560 crore under Revenue and ₹ 264 crore under Capital), and ₹ 93 crore under Loans and Advances.

Non Plan Expenditure as proportional of total expenditure and GSDP



4.4 Committed Expenditure

Trend of Committed Expenditure



Component	2008-09	2009-10	2010-11	2011-12	2012-13
Committed Expenditure	7,618	10,034	12,247	15,732	16,871
Revenue Expenditure	12,047	15,324	18,467	22,680	25,117
Percentage of committed expenditure to Revenue Receipts	60	53	57	64	64
Percentage of committed expenditure to Revenue expenditure	66	63	65	69	67

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

APPROPRIATION ACCOUNTS.

5.1 Summary of the Appropriation Accounts for 2012-13

(₹ in Crore)

S. No.	Nature of Expenditure	Original Grant	Supplementary Grant	Reappropriation	Total	Actual Expenditure	Saving* (-) Excess* (+)
1.	Revenue						
	Voted	22,638	1,023	-	23,661	22,380	(-)1,281
	Charged	2,705	1	-	2,706	2,737	(+)31
2	Capital						
	Voted	8,219	1,620	-	9,839	5,224	(-)4,615
	Charged	-	-	-	-	-	-
3	Public Debt Charged	1,317	-	-	1,317	5,085	(+)3,768
4	Loans and Advances Voted	70	-	-	70	93	(+)23
5	Total	34,949	2,644	-	37,593	35,519	(-)2074

* 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	
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	(+)4,474	(-)15	(+)601
2012-13	(-)982	(-)3,876	(+)3,768	(+)23	(-)1,067

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 (in per cent) are given below.

Grant	Nomenclature	2008-09	2009-10	2010-11	2011-12	2012-13
01	General Administration	14	20	27	26	14
02	Home	05	07	10	09	05
04	Information	18	12	19	15	23
07	Education	15	13	10	07	17

During 2012-13, supplementary grants totaling ₹ 2,644 crore (seven per cent 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	161	87	158
04	Information	Revenue	38	4	32
06	Power	Capital	628	20	477
10	Law	Revenue	204	16	145
14	Revenue and Rehabilitation	Revenue	638	21	470
14	Revenue and Rehabilitation	Capital	55	0.50	14
15	Consumer Affairs and Public Distribution Department	Capital	861	69	787
29	Transport	Revenue	33	5	31

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 ₹ 498 crore at the end of 2012-13. Dividends received during the year 2012-13, ₹ 87 crore (i.e., 17 Per cent) on investment. During 2012-13, investments increased by ₹13 crore, while dividend income increased by ₹9 crore.

Cash Balance stood at ₹ 200 crore on 31st March 2012 and decreased to ₹ (-)98 crore at the end of March 2013.

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.

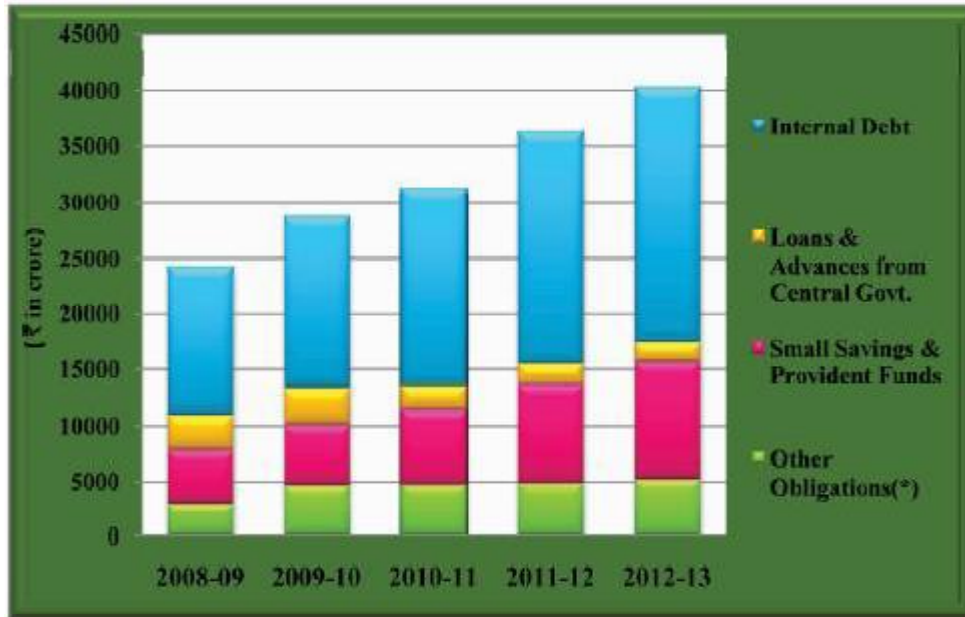
Details of the Public Debt and total liabilities of the State Government are as under:

(₹ in Crore)

Year	Public Debt	Percent to GSDP	Public Account	Percent to GSDP	Total Liabilities	Percent to GSDP
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
2012-13	24,635	32	15,620	21	40,255	53

There is a net increase of ₹ 3,999 crore (11 per cent) in Public Debt and Other Liabilities as compared to 2011-12.

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
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	02
2012-2013	2,649	608	02

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 2012-13 was ₹ 1,293 crore. Of this, Loans and Advances to Government Corporations/ Companies, non-Government Institutes and Local Bodies amounted to ₹ 1,275 crore. The detailed account of all loans except for Loans under Major Head 7610- Loans to Government Servants etc., (Minor Head 201-House Building Advance and 202-Advance for purchase of Motor Conveyances) total amounting to ₹ 1,275 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 ₹ 688 crore in 2011-12 to ₹ 766 crore in 2012-13. Grants to Urban Local Bodies during 2012-13 including Municipalities (₹ 304 crore) representing 40 per cent of total grants given during the year 2012-13.

Details of Grant in Aid from last five years are as under;

(₹ in Crore)

Year	Urban Local Bodies	Autonomous Bodies	PSUs	Non Govt. Organizations	Others	Total
2008-09	168	230	-	1	-	399
2009-10	212	332	-	5	3	552
2010-11	251	299	11	3	-	564
2011-12	286	360	1	3	38	688
2012-13	304	386	55	6	15	766

7.4 Cash Balance and Investment of Cash Balance.

(₹ in Crore)

Component	As on 1st April 2012	As on 31 st March 2013	Net Increase(+) /decrease (-)
Cash Balance	200	(-)98@	(-)298
Cash Balance Investment	750	185	(-)565
Investment from earmarked fund Balances	11	11	-
Interest realised.	11	8	(-)3

Departmental Cash balances and permanent imprest as on 31st March 2013 was negligible

@ The balance against 'Deposits with Reserve Bank' represents the balance according to Government Account, which include Government settlements advised to the Reserve Bank of India upto 15th April 2013. There is a net difference of ₹ 2,58.00 crore between the figures as reflected in the accounts [₹ 1,81.11 crore (Cr)] and that intimated by the Reserve Bank of India [₹ 76.89 Crore(Cr)]. The difference is under reconciliation with RBI as well as State Government (July 2013).

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 Entitlement). This exercise is to be conducted by respective Heads of the Departments. During the year 2012-2013 only 85 per cent (₹ 25,809 crore) of the total Expenditure (₹ 30,341 crore) of the State Government was reconciled. Similarly, Out of total receipts of ₹ 26,217 crore, only 74 per cent (₹19,451 crore) was reconciled. The Status of reconciliation of Controlling Officers (COs) of the different departments is given below.

PARTICULARS	TOTAL No OF COs	FULLY RECONCILED.	PARTLY RECONCILED.	NOT RECONCILED
Expenditure /Receipt	345	295	-	50

7.6 Submission of Accounts

Delay in the receipt of Treasury Accounts from Leh and Kargil Division range from 03 to 29 days, Kashmir Province 02 to 15 days, Jammu Division from 01 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 01 to 15 days, Kashmir Province including Leh (Ladakh) 02 to 34 days.

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

When money is required in advance or the Drawing and Disbursing Officers (DDOs) 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 2013, 3,035 DC bills amounting to ₹ 2,668 crore was outstanding indicating that these instructions have not been followed.

7.8 Commitment on account of incomplete Works

A total expenditure of ₹ 690 crore was incurred up to the year 2012-13 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 2013 ranging between 50 *per cent* and 100 *per cent* 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 2012-2013 under such Heads was as below:

Head of Account	Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	During March	Percentage of 3/ 2013 w.r.t total expenditure of 2012-13
		(₹ in crore)						
2015	Election	1.36	2.15	3.68	13.66	20.85	12.01	57.61
3451	Secretariat Economic Services.	10.87	16.60	26.79	132.79	187.05	110.56	59.11
3475	Census Surveys and Statistics.	1.74	2.09	2.14	25.60	31.57	24.11	76.35
4058	Capital Outlay on Stationary and Printing	0.01	0.05	0.10	1.42	1.58	1.02	64.56
4070	Capital Outlay on Other Administrative Services	0.20	1.04	1.36	11.26	13.86	10.04	72.44

Head of Account	Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	During March	Percentage of 3/ 201 3 w.r.t total expenditure of 2012-13
		(₹ in crore)						
4216	Capital Outlay on Housing	0.05	0.74	0.00	6.61	7.40	5.22	70.54
4225	Capital Outlay on Welfare of Scheduled Caste, Scheduled Tribes and other Backward classes.	0.38	0.87	1.70	11.05	14.00	8.53	60.93
4236	Capital Outlay on Nutrition	0.37	2.37	2.40	50.35	55.49	37.21	67.06
4401	Capital Outlay on Crop Husbandry	(-)1.31	10.78	18.44	129.19	157.10	95.72	60.93
4402	Capital Outlay on Soil and Water Conservation	0.25	1.16	2.39	16.14	19.94	12.43	62.34
4403	Capital Outlay on Animal Husbandry	0.34	0.72	5.03	30.74	36.83	23.84	64.73
4851	Capital Outlay on Village and Small Industries	0.55	6.44	19.22	81.61	107.82	58.91	54.63

