



Accounts at a Glance 2017-18



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



GOVERNMENT OF JAMMU AND KASHMIR



Accounts at a Glance for the year 2017-18

**Accountant General,
(Jammu & Kashmir,
Accounts and Entitlement)**



GOVERNMENT OF JAMMU & KASHMIR

Preface


I am happy to present the twentieth issue of our annual publication, the 'Accounts at a Glance' for the year 2017-18, which provides an overview of Government activities, as reflected in the Finance Accounts and Appropriation Accounts.

The Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and Public Account. The Appropriation Accounts record the grant wise expenditure against provisions approved by the State Legislature and depict explanations for variations between the actual expenditure and the funds allocated.

Finance and Appropriation Accounts are prepared annually by my office under the direction of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 for being laid before the Legislature of the State.

We look forward to suggestions.

Jammu
Date: 8 March 2019


(Shourjo Chatterjee)
Accountant General (A&E)
Jammu and Kashmir

Our Vision, Mission and Core Values

VISION

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

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

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.

MISSION

(The mission enunciates our current role and describes what we are doing today.)

CORE VALUES

(Our core values are the guiding beacons for all that we do and give as the benchmark for assessing our performance.)

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

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Chapter I

Overview

1.1 Introduction

The Accountant General (Accounts and Entitlements), Jammu and Kashmir collates, classifies, compiles the accounts data rendered by multiple agencies and prepares the accounts of the Government of Jammu and Kashmir. This compilation is based on initial accounts rendered by 132 Treasuries including 22 District Treasuries, Inter State transactions and advices of the Reserve Bank of India. Following such compilation, every month a Monthly Civil Account (MCA) is presented by the Accountant General (A&E) to the Government of Jammu and Kashmir. The Accountant General (A&E) also prepares the Finance Accounts and Appropriation Accounts annually, which are placed before the State Legislature after audit by the Accountant General (Audit), Jammu and Kashmir and certification by the Comptroller and Auditor General of India.

1.2 Structure of Government Accounts

1.2.1 Government Accounts are maintained in the following three parts:

Structure of Government Accounts

● Part 1 CONSOLIDATED FUND

All revenue received by the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon) form the Consolidated Fund.

All expenditure and disbursement of the Government, including release of loans and repayment of loans taken (and interest thereon), are met from this fund.

The Contingency Fund is in the nature of an imprest, intended to meet unforeseen expenditure, pending authorization by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund.

The corpus of this fund for the Government of Jammu and Kashmir is ₹ one crore.

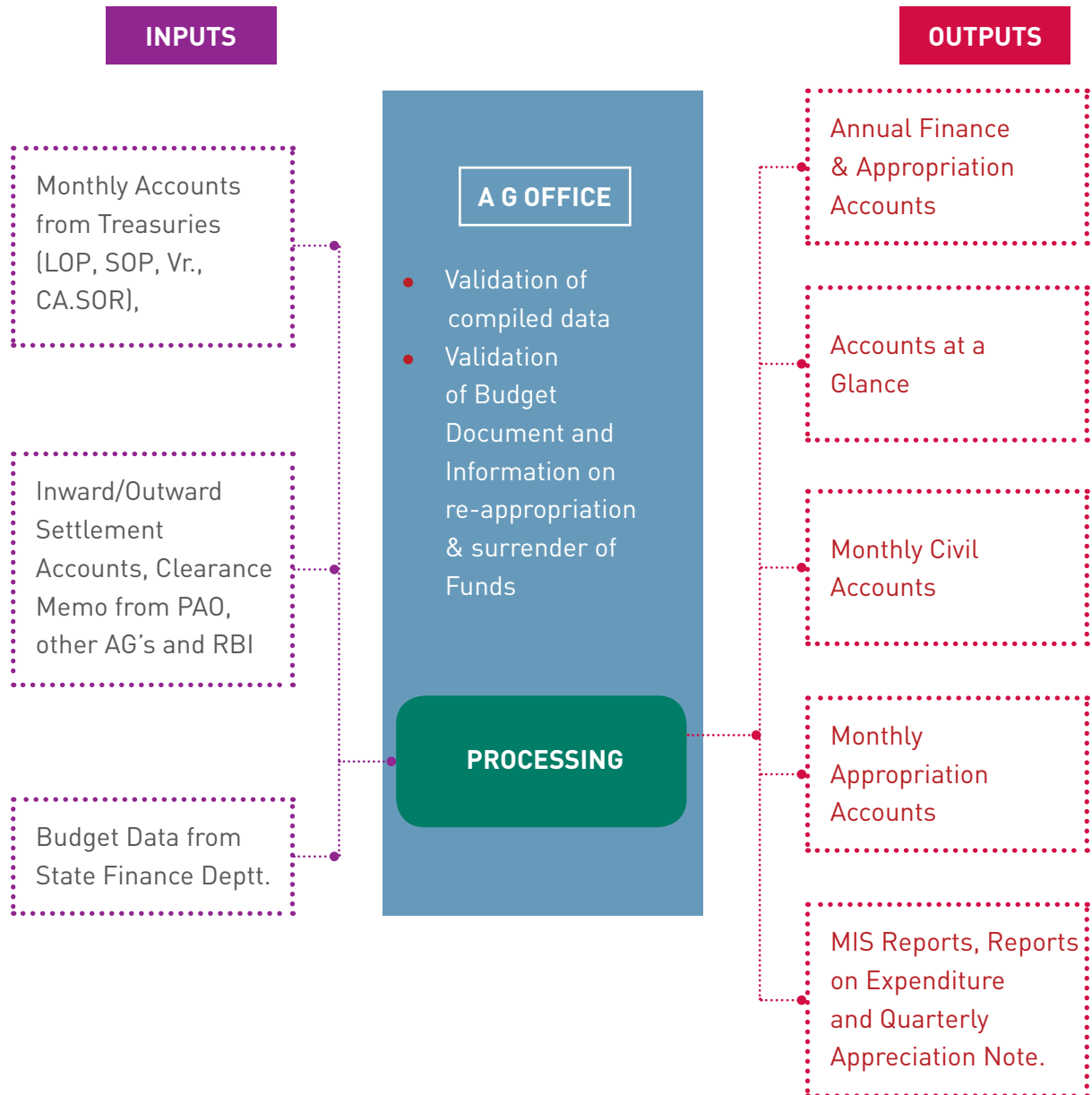
Part 2 CONTINGENCY FUND ●

● Part 3 PUBLIC ACCOUNT

All the transactions relating to Debt (Other than those included in Part I), 'Deposits', 'Advances', 'Remittances' and 'Suspense' shall be recorded. The transactions under Debt, Deposit and Advances in this part are such in respect of which Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid, together with the repayments of the former (Debt and Deposits) and the recoveries of the latter (Advances). The transactions relating to 'Remittances' and 'Suspense' in this Part shall embrace all merely adjusting heads under which shall appear such transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles. The initial debits or credits to these heads will be cleared eventually by corresponding receipts or payments either within the same circle of account or in another account circle.

1.2.2 Compilation of Accounts

Flow Diagram for Accounts 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. Finance Accounts are prepared in two volumes 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 (revenue expenditure, capital expenditure, loans and advances and public debt), investments, guarantees, grants-in-aid and 'Notes to Accounts' containing summary of significant accounting policies, quality of accounts and other items; Volume II contains detailed statements (Part-I) and appendices (Part-II).

Receipts and disbursements of the Government of Jammu and Kashmir for the year 2017-18 and the resulting Surplus/ Deficit in the Finance Accounts are as follows:

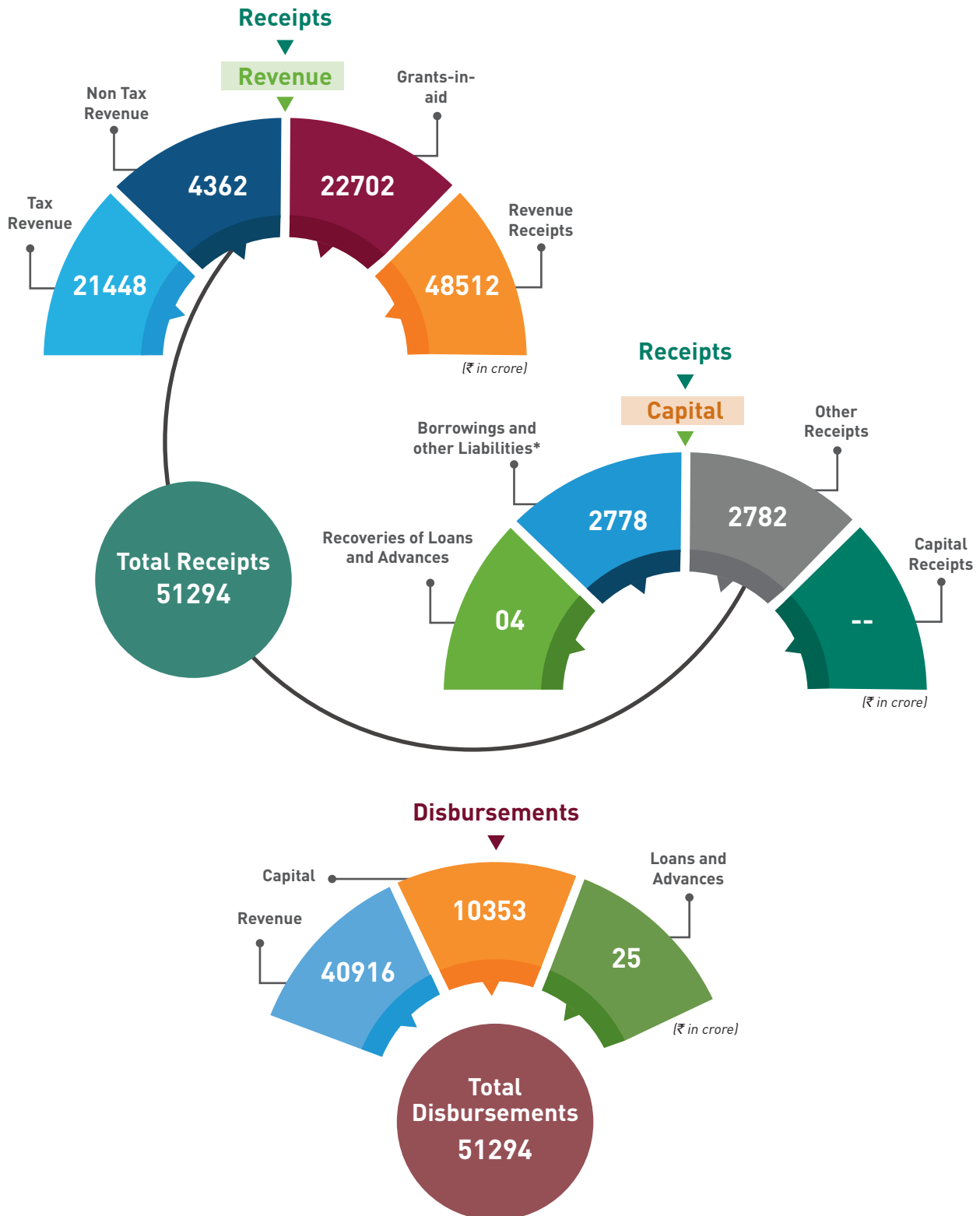
Receipts and Disbursement in year 2017-18

(₹ in crore)

Receipts	Revenue	Tax Revenue	21,448
		(a) Own Tax Revenue	9,536
		(b) Share Of net proceeds of Taxes	11,912
		Non Tax Revenue	4,362
		Grants-in-aid	22,702
	Capital	Recoveries of Loans and Advances	04
		Borrowings and Other Liabilities*	2,778
Other Receipts		-	
Disbursements	Revenue	40,916	
	Capital	10,353	
	Loans and Advances	25	
	Revenue Surplus	7,596	
	Fiscal Deficit	2,778	
	Primary Deficit	(-1,885)	

* Borrowings and other Liabilities: Net (Receipts – Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursement) of Public Account + Net of Opening and Closing Cash Balance

Receipts and Disbursement in year 2017-18



* Borrowings and other Liabilities: Net (Receipts – Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursement) of Public Account + Net of Opening and Closing Cash Balance.

1.3.2 Appropriation Accounts

Under the Constitution, no expenditure can be incurred by the Government except with authorization of the Legislature. Barring certain expenditure specified in the Constitution as "Charged" on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be "Voted". The Budget of the Jammu and Kashmir Government comprises 29 Demand for Grants reflecting charged Appropriation and voted Grants. The purpose of the Appropriation Accounts is to indicate the extent to which the actual expenditure compiled with the appropriation authorized by the Legislature through the Appropriation Act of each year.

1.3.3 Efficiency on Budget Preparation

At the end of the year, the actual expenditure of the Government of Jammu and Kashmir against the budget approved by the Legislature showed a saving of ₹ 20,437 crore (21.68 per cent) and under estimation of ₹ 41 crore (56.94 per cent) on reduction of expenditure. Certain grants like those relating to Information, Power Development, Education, Finance, Law, Industries and Commerce, Agriculture, Animal and Sheep Husbandry, Revenue, Irrigation, Stationery and Printing, Higher Education and Rural Development Departments showed substantial savings.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

Ways and Means Advances are taken from the Reserve Bank of India to make good the deficiency in the minimum cash balance which the State Government is required to maintain with the Reserve Bank of India. The total Ways and Means Advances given to J&K Government was ₹ 15,649 crore in 2017-18 with previous outstanding balance of ₹ 880 crore as on 1 April 2017 out of which State repaid ₹ 16,228 crore. Thus leaving a balance of ₹ 301 crore outstanding as on 31 March 2018.

1.4.2 Overdraft from the Reserve Bank of India

Overdraft is taken from the Reserve Bank of India while the limit of minimum cash balance falls below i.e ₹ 1.14 crore, even after taking Ways and Means Advances which is required to be maintained with the Reserve Bank of India. During 2017-18 Overdraft of ₹ 2,938 crore was also raised and repaid during the same year.

1.4.3 Fund flow Statement

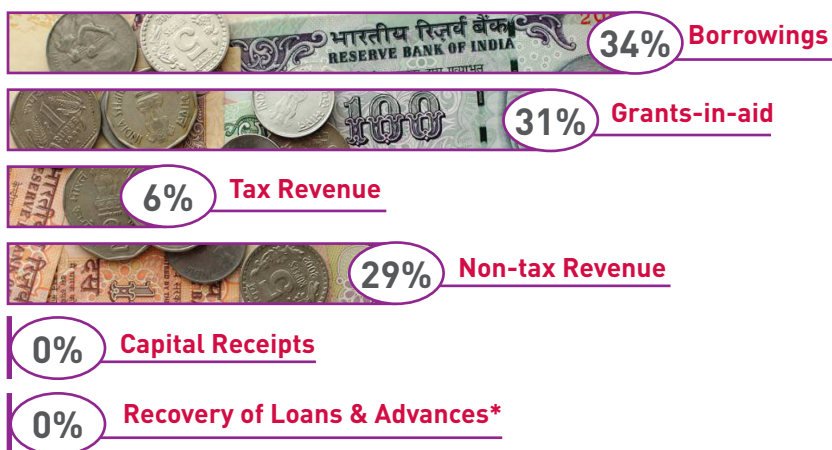
The State had a Revenue Surplus of ₹ 7,596 crore and a Fiscal Deficit of ₹ 2,778 crore representing 5.39 per cent and 1.97 per cent respectively of the Gross State Domestic Product (₹ 1,40,887 crore). The Fiscal Deficit constituted 5.42 per cent of total expenditure. This Deficit was met from Public Debt (₹ 3,068 crore), net decrease in Public Account (₹ 164 crore) and increase in Cash Balance (₹ 126 crore). Around 53.99 Per cent of the Revenue Receipts (₹ 48,512 crore) of the State Government was spent on committed expenditure like salaries (₹ 16,120 crore), interest payments (₹ 4,663 crore) and pension payments (₹ 5,408 crore).

Sources and Application of Funds

	(₹ in crore)	
SOURCES	Opening Cash Balance as on 1 April 2017	29
	Revenue Receipts	48,512
	Capital Receipts	-
	Recovery of Loans and Advances	04
	Public Debt	25,558
	Small Savings, Provident Funds etc.	5,032
	Reserves Fund & Sinking Funds	419
	Deposits Received	4,895
	Civil Advances Repaid	-
	Suspense Account*	19,418
	Remittances	934
	TOTAL	1,04,801
	APPLICATION	Revenue Expenditure
Capital Expenditure		10,353
Loans Given		25
Repayment of Public Debt		22,490
Small Savings, Provident Funds etc.		3,476
Reserves Fund & Sinking Funds		129
Deposits Repaid		3,810
Civil Advances Given		-
Suspense Account*		19,558
Remittances		3,889
Closing Cash Balance as on 31 March 2018		155
TOTAL		1,04,801

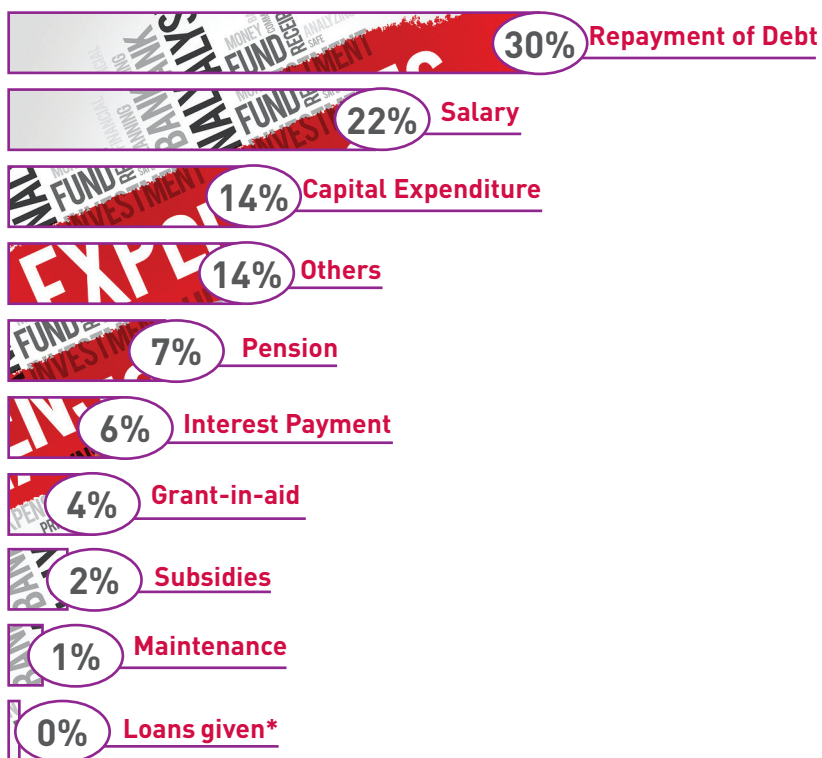
* The Suspense account includes ₹ 15,576 crore invested in treasury bills and disbursement of departmental balances and permanent cash imprest which is shown on the "Application" side and ₹ 15,576 crore worth of treasury bills sold through the RBI (a process known as "re-discounting") and receipts in departmental balance and permanent imprest which is shown on the "Sources" side.

1.4.4 Where the Rupee came from



* Negligible ₹ 4 crore only.

1.4.5 Where the Rupee went



* Negligible ₹ 25 crore only.

1.5 Financial highlight of year 2017-18

The Union Government transfers substantial funds directly to State Implementing Agencies/ Non-Government Organizations (NGOs) for implement of various schemes and programmes. During the year 2017-18, the Government of India (GOI) released ₹ 1,104.91 crore directly to the implementing agencies in Jammu and Kashmir. Since these funds are not routed through the State Budget, these are not reflected in the Accounts of the State Government. These transfers are exhibited in Appendix-VI in Volume-II of the Finance Accounts.

The following table provides the details of actual financial results vis-à-vis budget estimates for the year 2017-18.

(₹ in crore)

Sl. No	Description	Budget Estimate 2017-18	Actuals	Percentage of Actuals to B.E.	Percentage of Actuals to GSDP*
1.	Tax Revenue (including Central Share)	19,642	21,448	109	15
2.	Non-Tax Revenue	5,307	4,362	82	03
3.	Grants-in-Aid & Contributions	33,119	22,702	69	16
4.	<i>Revenue Receipts (1+2+3)</i>	58,068	48,512	84	34
5.	Recovery of Loans & Advances	5,305	04	**	**
6.	Other Receipts	-	-	-	-
7.	Borrowings and Other Liabilities	12,954	2,778	21	02
8.	<i>Capital Receipts (5+6+7)</i>	18,259	2,782	15	02
9.	<i>Total Receipts (4+8)</i>	76,327	51,294	67	36
10.	Revenue Expenditure	48,819	40,916	84	29
11.	Expenditure on Interest Payments (out of revenue expenditure)	5,157	4,663	90	03
12.	Capital Expenditure	26,417	10,353	39	07
13.	<i>Loans and Advances Disbursed</i>	1,091	25	02	**
14.	<i>Total Expenditure (10+12+13)</i>	76,327	51,294	67	36
15.	<i>Revenue Surplus (+)/Deficit(-) (4-11)</i>	9,249	7,596	82	05
16.	<i>Fiscal Deficit^ (4+5+6-10)</i>	12,954	2,778	21	02

*GSDP of 2017-18 was ₹ 1,40,887 crore (Estimates)

** Negligible.

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 of Financial Management.

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.

● REVENUE DEFICIT/ SURPLUS

● 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.

1.6 Fiscal Responsibility and Budget Management (FRBM) Act. 2005

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act, 2006 requires the State Government to ensure prudence in fiscal management by limiting its fiscal deficit and keeping its debt management at sustainable level. It also assumes greater transparency in fiscal operations.

The Jammu and Kashmir FRBM rules specified only the annual target for (a) revenue deficit as percentage of total revenue receipts (b) fiscal deficit as percentage of GSDP and (c) total outstanding liabilities as percentage to GSDP.

1.6.1 FRBM targets vis-à-vis achievements

Under the FRBM Act various targets were set for the year 2017-18. The achievements of these targets are as under:

Financial Parameter	Target	Achievement
Revenue Surplus	16.07 per cent of total Revenue Receipts.	Revenue Surplus (₹ 7,596 crore) is 15.66 per cent of Total Revenue Receipts (TRR) (₹ 48,512 crore).
Fiscal Deficit	3.0 percent of GSDP*	Fiscal Deficit (₹ 2,778 crore) 1.97 per cent of GSDP*
Outstanding Liabilities	47.30 per cent of GSDP*	48.41 per cent of GSDP *
Risk of outstanding Guarantees	Guarantees given by the state during the year should not exceed 75 per cent of total Revenue Receipts of preceding year or 7.5 per cent of GSDP of the preceding year, whichever is lower. This is in terms of risk weights of the guarantees.	The State Government has not yet assessed the risk of various guarantees.

*Source: GSDP figures ₹ 1,40,887 crore, as per Department of Economics and Statistics, Government of Jammu and Kashmir (November 16, 2018).

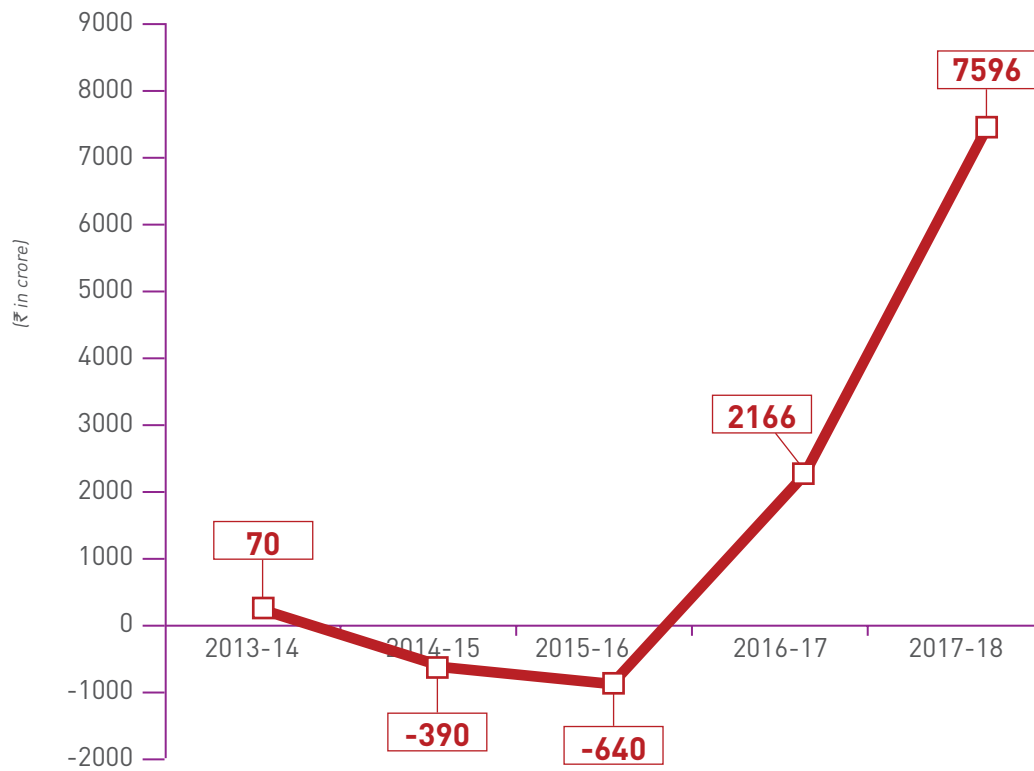
Due to understatement of Revenue Expenditure of ₹ 2,881 crore (₹ 2,853 crore Revenue Expenditure classified as Capital Expenditure and ₹ 28 crore short transfer of funds/interest), there was actually a Revenue Surplus of ₹ 4,715 crore during 2017-18 instead of ₹ 7,596 crore as shown in the accounts.

There has been a steady improvement in all the three parameters as compared to 5.16 per cent (Revenue Surplus), 5.34 per cent (Fiscal Deficit) and 53.79 per cent (outstanding liabilities) during the last year.

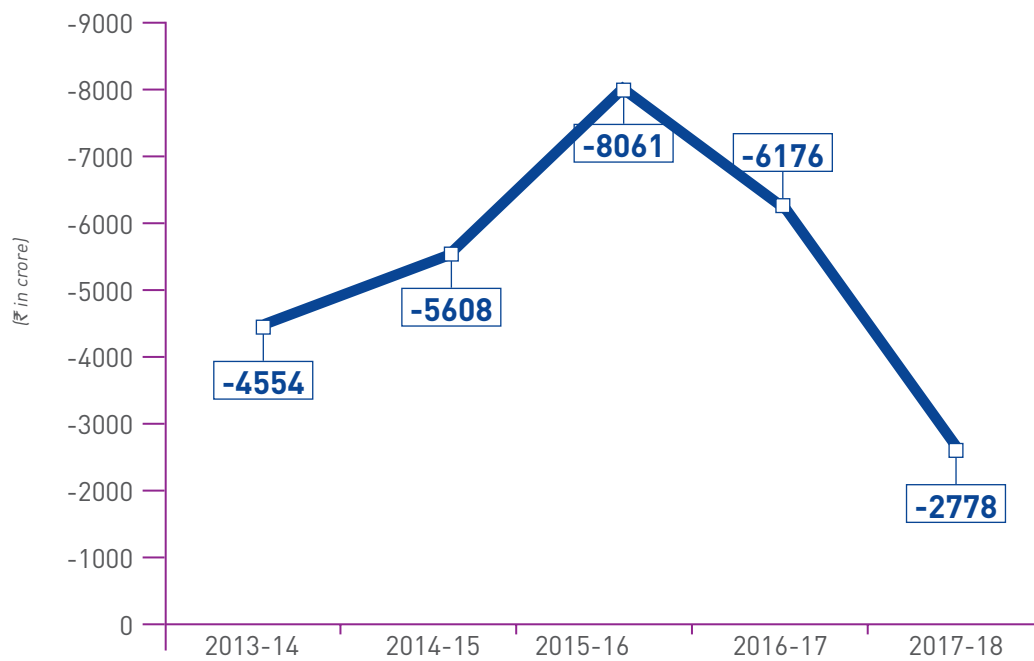
However, on the basis of Fiscal Deficit threshold limit of 3.00 per cent of GSDP estimate (₹ 1,47,330 crore) for 2017-18 as accepted by the Ministry of Finance, Government of India in accordance with Fourteenth Finance Commission, net borrowing limit of ₹ 4,420.00 crore was fixed for Government of J&K. However, net borrowing jumped to ₹ 5,997.95 crore during 2017-18 thereby significantly increasing by 35.70 per cent with reference to the target.

1.6.2 Trend of Revenue Surplus/ Deficit and Fiscal Deficit

Trend of Revenue Surplus/ Deficit

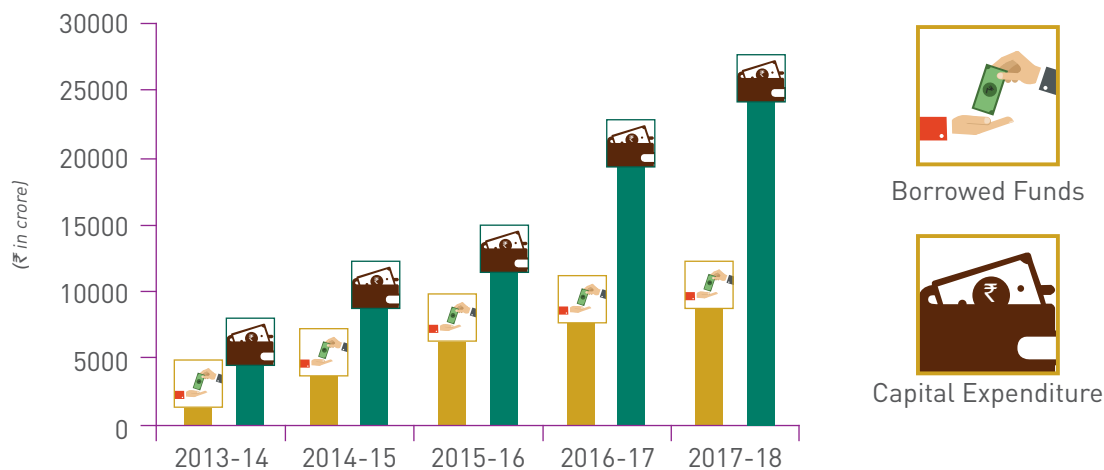


Trend of Fiscal Deficit



1.6.3 Proportion of borrowed funds spent on Capital

Borrowed funds and Capital Expenditure



Prudent Financial Management requires that money should be borrowed only for creation of capital assets and to use revenue receipts for repayment of principal and interest thereon. However, 59 per cent of the public debt (₹ 15,205 crore) was utilized on repayment of the principal and interest on public debt of previous years. The State Government spent 41 per cent of the borrowings of the current year (₹ 25,558 crore) on capital expenditure (₹ 10,353 crore). This amount includes misclassified revenue expenditure of ₹ 2,853 crore. Considering this amount the percentage of borrowings spent on capital expenditure further drops to 29 per cent.

Chapter II

Receipts

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2017-18 were ₹ 48,512 crore

2.2 Revenue Receipts

The Revenue Receipts of the Government comprises three components viz. Tax Revenue, Non-Tax Revenue and Grants-in-Aid received from the Union Government.

● TAX REVENUE

Comprises taxes collected and retained by the State and State's share of Union Taxes under Article 280(3) of the Constitution.

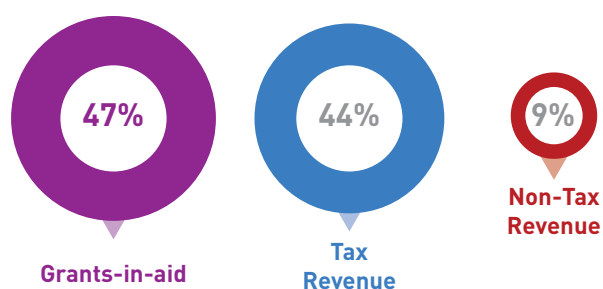
Includes interest receipts, dividends, profits, royalties etc.

● NON-TAX REVENUE

● GRANTS-IN-AID

Essentially, a form of Central Assistance to the State Government from the Union Government includes "External Grant Assistance" received from Foreign sources and channelized through the Union Government. In turn, the State Government also give Grants-in-aid to institutions like Municipalities, Local Bodies, NGO's etc.

Revenue Receipts



2.2.1 Revenue Receipts Components (2017-18)

(₹ in crore)

Components	Actuals
A. Tax Revenue*	21,448
Goods and Services Tax (GST)	4,189
Taxes on Income & Expenditure	7,053
Taxes on Property & Capital Transactions	336
Taxes on Commodities & Services	9,870
B. Non-Tax Revenue	4,362
Interest Receipts, Dividends and Profits	19
General Services	165
Social Services	140
Economic Services	4,038
C. Grants-in-aid & Contributions	22,702
Total-Revenue Receipts	48,512

* Includes Share of net proceeds assigned to State received from Government of India.

2.2.2 Trend of Revenue Receipts

(₹ in crore)

Component	2013-14	2014-15	2015-16	2016-17	2017-18
Tax Revenue	10,415 (11)	10,812 (11)	15,139 (13)	17,308 (14)	21,448 (15)
Non-Tax Revenue	2,870 (03)	1,978 (02)	3,913 (03)	4,072 (03)	4,362 (03)
Grant-in-aid	13,843 (14)	16,149 (16)	16,728 (14)	20,599 (16)	22,702 (16)
Total-Revenue Receipts	27,128 (28)	28,939 (29)	35,780 (30)	41,979 (33)	48,512 (34)
GSDP at current price*	95,619	98,370	1,17,187	1,26,847	1,40,887

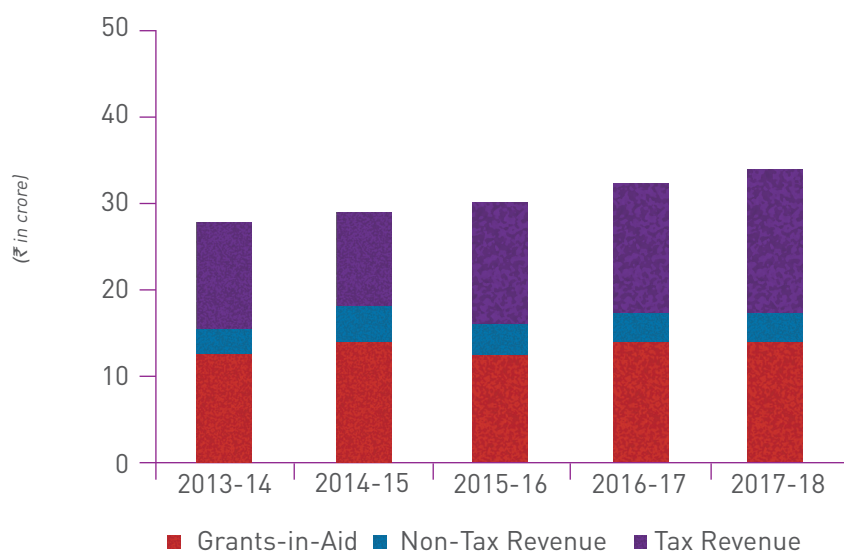
Note: Figures in parentheses represent percentage to GSDP

Source:

* GSDP at current price for the years 2013-14 to 2016-17 used as available on the web-site of the Ministry of Statistics and Programme Implementation, Government of India (28 August 2018) and for the year 2017-18 as communicated by Department of Economics and Statistics, Government of Jammu and Kashmir (16 November 2018), and the same have been used subsequently in this document for further analysis.

Though the GSDP increased by 11.07 per cent in 2017-2018 as compared to previous year, growth in revenue collection was at 15.56 per cent. Tax Revenues increased by 23.92 per cent. Non-Tax Revenue and Grants-in-aid increased by 7.12 per cent and 10.21 per cent respectively in comparison to previous year.

Trend of components of Revenue Receipts



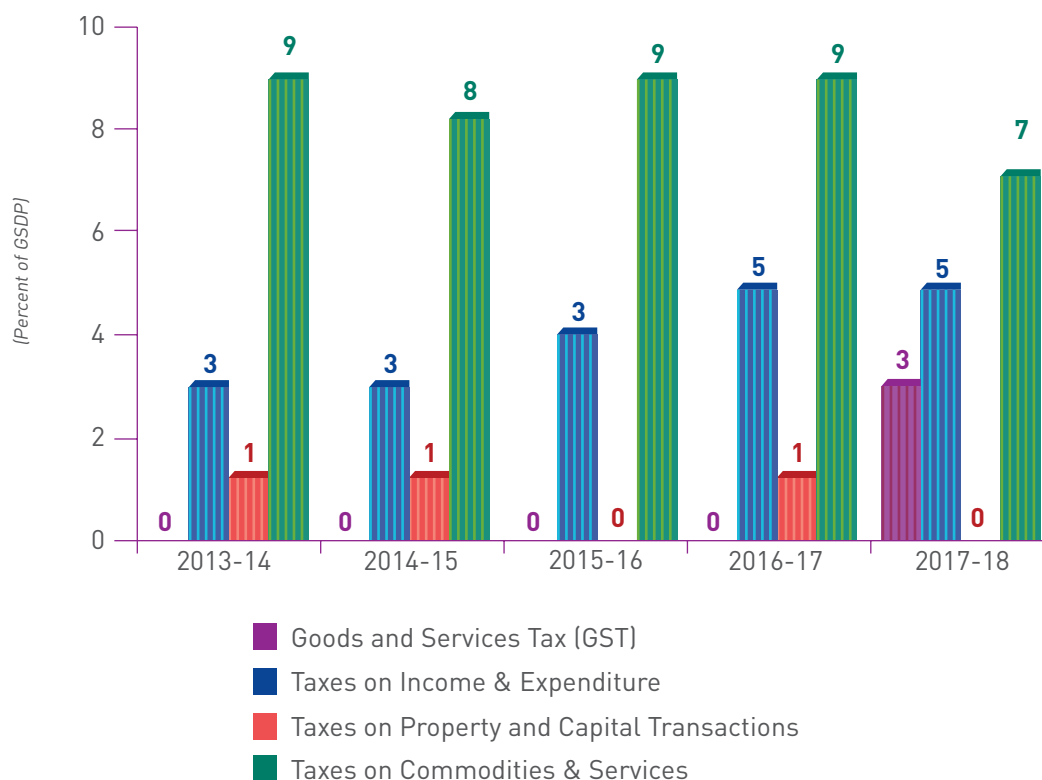
2.3 Tax Revenue

(₹ in crore)

Sector-wise Tax Revenue					
Component	2013-14	2014-15	2015-16	2016-17	2017-18
Goods and Services Tax (GST)	-	-	-	-	4,189
Taxes on Income and Expenditure	2,760	3,143	5,052	6,142	7,053
Taxes on Property and Capital Transactions	281	268	277	253	336
Taxes on Commodities and Services	7,374	7,401	9,810	10,913	9,870
Total Tax Revenue	10,415	10,812	15,139	17,308	21,448

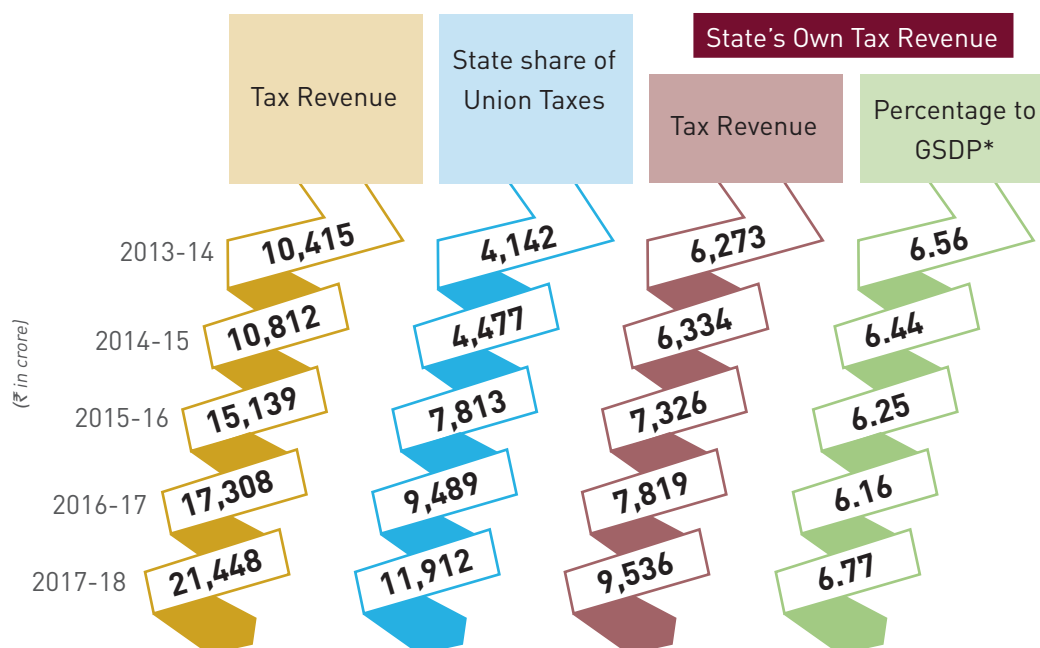
The increase in total Tax Revenue during 2017-18 was mainly attributed to allocation of State Share from Government of India and collection under Sales Tax (₹ 4,493 crore), State Goods and Services Tax (₹ 2,611 crore), Taxes on Goods and Passengers (₹ 853 crore), State Excise (₹ 833 crore), Stamps and Registration (₹ 307 crore).

Trend of Major Taxes in proportion to GSDP



2.3.1 State's own Tax and State's share of Union Taxes

Tax Revenue of the State Government comes from two sources viz. State's own tax collection and devolution of Union taxes.



* Please refer source below 2.2.2 Trend of Revenue Receipts at page No. 15.

Following table depicts the comparative position about tax revenue received from two sources over a period of five years:

(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18
State's own Tax collection	6,273	6,334	7,326	7,819	9,536
Devolution of Union Taxes	4,142	4,477	7,813	9,489	11,912
Total Tax Revenue	10,415	10,812	15,139	17,038	21,448
Percentage of State's own tax revenue	60	59	48	46	44

The proportion of State's own tax collection in overall tax revenue has shown an increasing trend since 2013-14. Total tax revenue increased to 106 per cent as compared to 2013-14.

2.3.2 Trend in State's own Tax collection over the past five years

(₹ in crore)

Taxes	2013-14	2014-15	2015-16	2016-17	2017-18
State Goods and Services Tax	-	-	-	-	2,611
Land Revenue	16	14	12	17	29
Stamps and Registration	261	248	264	227	307
State Excise	440	466	533	569	833
Sales Tax	4,579	4,602	5,277	6,012	4,493
Taxes on Goods and Passengers	566	558	666	748	853
Taxes on Vehicles	134	132	145	150	228
Other Taxes	277	314	429	96	182
Total Tax Revenue	6,273	6,334	7,326	7,819	9,536

2.4 Efficiency of Tax Collection

(₹ in crore)

Taxes	2013-14	2014-15	2015-16	2016-17	2017-18
Taxes on Property and Capital Transactions					
Revenue Collection	281	268	277	253	336
Expenditure on Collection	102	95	176	172	178
Efficiency of Tax Collection	64	65	36	32	47
Taxes on Commodities and Services					
Revenue Collection	7,374	7,400	9,810	10,913	9,870
Expenditure on Collection	70	69	88	91	102
Efficiency of Tax Collection	99	99	99	99	99

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.

2.5 Trend in state's share of Union Taxes over the past five years

(₹ in crore)

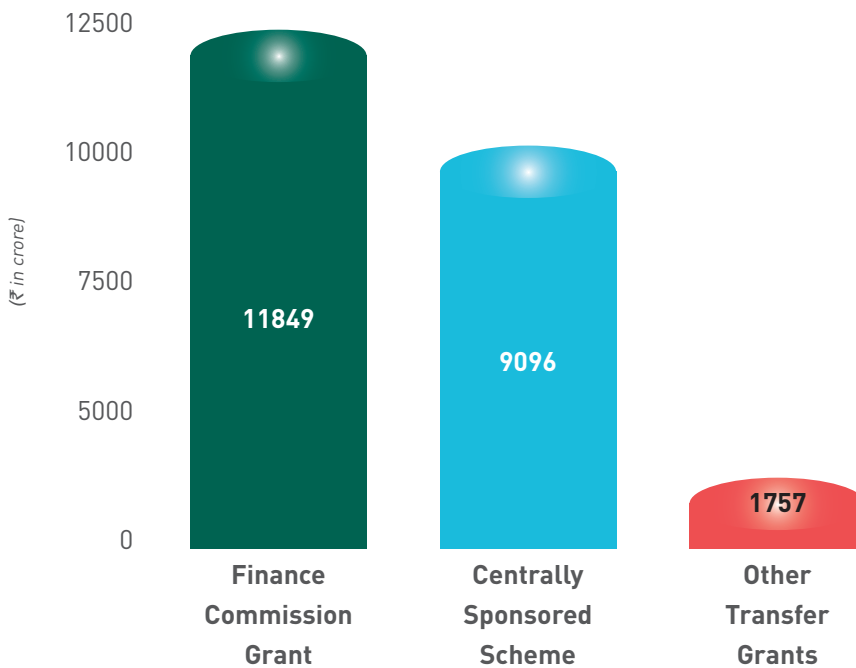
Major Head description	2013-14	2014-15	2015-16	2016-17	2017-18
Central Goods and Services Tax (CGST)	-	-	-	-	317
Integrated Goods and Services Tax (IGST)	-	-	-	-	1,261
Corporation Tax	1,664	1,834	2,976	3,624	3,824
Taxes on Income other than Corporation Tax	1,096	1,310	2,076	2,518	3,229
Taxes on Wealth	05	05	01	08	*
Customs	807	849	1,507	1,559	1,260
Union Excise Duties	570	479	1,247	1,780	2,021
Other Taxes and Duties on Commodities and Services	-	-	06	*	-
State Share of Union Taxes	4,142	4,477	7,813	9,489	11,912
Total Tax Revenue	10,415	10,812	15,139	17,308	21,448
Percentage of Union Taxes to Total Tax Revenue	40	41	52	55	55

* Negligible.

2.6 Grants-in-aid

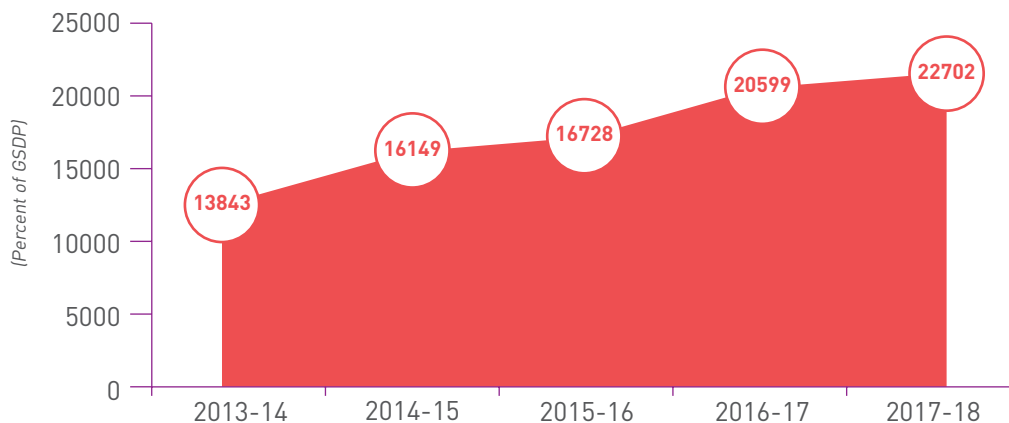
Grants-in-aid represent assistance from Government of India and comprise grants for Centrally Sponsored Schemes and Other Transfers/ Grants to States approved by the NITI Aayog and Finance Commission Grants. Total receipts during 2017-18 under Grants-in-aid were ₹ 22,702 crore as shown below:

Grants-in-Aid



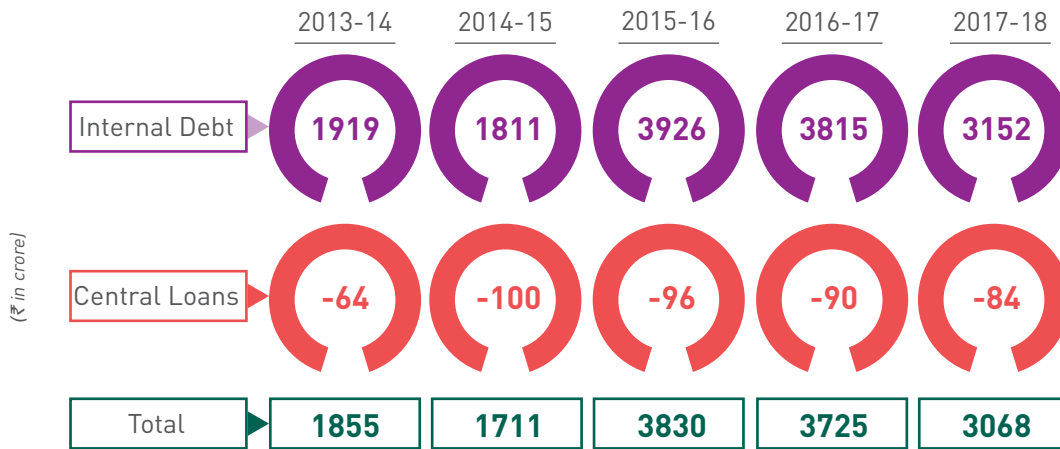
From 1 April 2017, new Sub-Major Heads of Account viz. 06-“Centrally Sponsored Schemes”; 07-“Finance Commission Grants” and 08-“Other Transfer/ Grants to States” were incorporated under Major Head-“1601-Grants-in-aid from Central Government” instead of earlier classification viz. Non-Plan Grants, State Plan Grants, Centre Plan Grants, Centrally Sponsored Plan Grants and Grants for Special Plan Grants.

Trend of Grants-in-aid



2.7 Public Debt

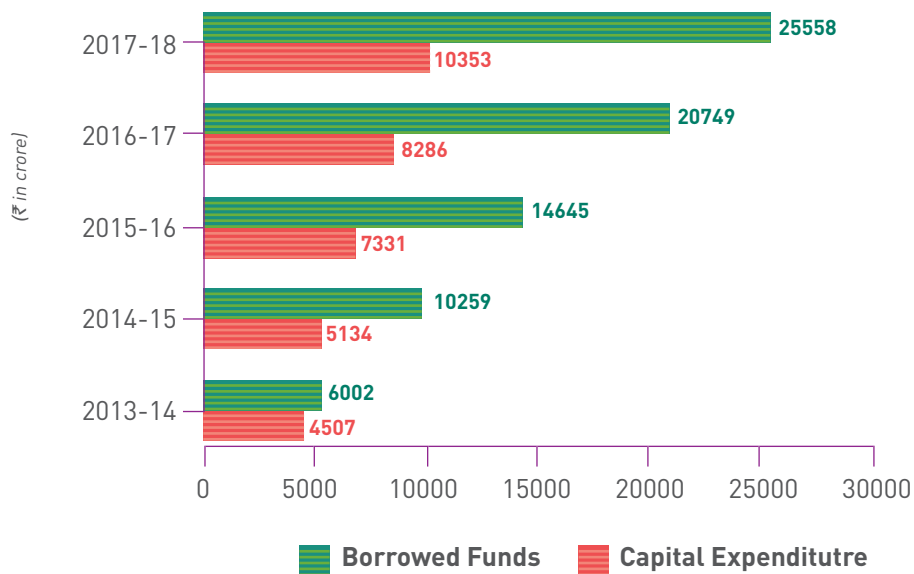
Trend of position of Public Debt over the past five years



Note: Negative figures indicate that re-payment is in excess of receipts.

During the year 2017-18, 13 loans totaling ₹ 6,200 crore were raised from the open market at interest rates varying from 7.20 per cent to 8.34 per cent and the same are redeemable during the period between 2027-28. In addition, the State Government raised loan of ₹ 668 crore from the Financial Institutions and ₹ 18,617 crore as Ways and Means Advances/ Overdraft from the Reserve Bank of India. The Government also received ₹ 32 crore from Government of India as Loans and Advances.

Borrowed Funds viz-a-viz Capital Expenditure



Chapter III

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.

In Government Accounts, the expenditure is classified at top level into three Sectors: General Services, Social Services and Economic Services. The significant areas of expenditure covered under these sectors are mentioned in the table given below:

GENERAL SERVICES

Includes Justice, Interest Payments, Police, Jail, PWD, Pension etc.

Includes Education, Health & Family Welfare, Water Supply, Welfare of SC, ST, OBC, Social Security, Nutrition and Relief on account of Natural Calamities etc.

SOCIAL SERVICES

ECONOMIC SERVICES

Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.

3.2 Revenue Expenditure

The excess of Revenue Expenditure against Budget Provisions during the past five years is given below:

(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Provision	28,731	33,859	39,171	45,677	48,819
Actual	27,058	29,522	36,613	39,812	40,916
Gap Saving (-) / Excess (+)	(-)1,673	(-)4,337	(-)2,558	(-)5,865	(-)7,903
Percentage of variation of Actuals against BE	(-)06	(-)13	(-)07	(-)13	(-)16

Around 64.01 per cent of the total revenue expenditure was incurred on “committed” expenses viz. on Salaries (₹ 16,120 crore), Interest Payments (₹ 4,663 crore) and Pensions (₹ 5,408 crore) which is the committed liabilities of the State Government.

The position of committed and uncommitted Revenue Expenditure over the last five years is given below:

(₹ in crore)

Component	2013-14	2014-15	2015-16	2016-17	2017-18
Total Revenue Expenditure	27,058	29,329	36,420	39,812	40,916
Committed Revenue Expenditure*	18,068	18,843	22,446	23,906	26,191
Percentage of Committed Revenue Expenditure to total Revenue Expenditure	67	64	62	60	64
Uncommitted Revenue Expenditure	8,990	10,486	13,974	15,906	14,725

* Committed Revenue Expenditure includes expenditure on Salary, Interest Payments and Pension.

It may be seen that the non-committed Revenue Expenditure available for implementation of various schemes has decreased during 2017-18 as compared to 2016-17. The total Revenue Expenditure increased by 51 per cent from ₹ 27,058 crore in 2013-14 to ₹ 40,916 crore in 2016-17 and Committed Revenue Expenditure increased by 45 per cent over the same period.

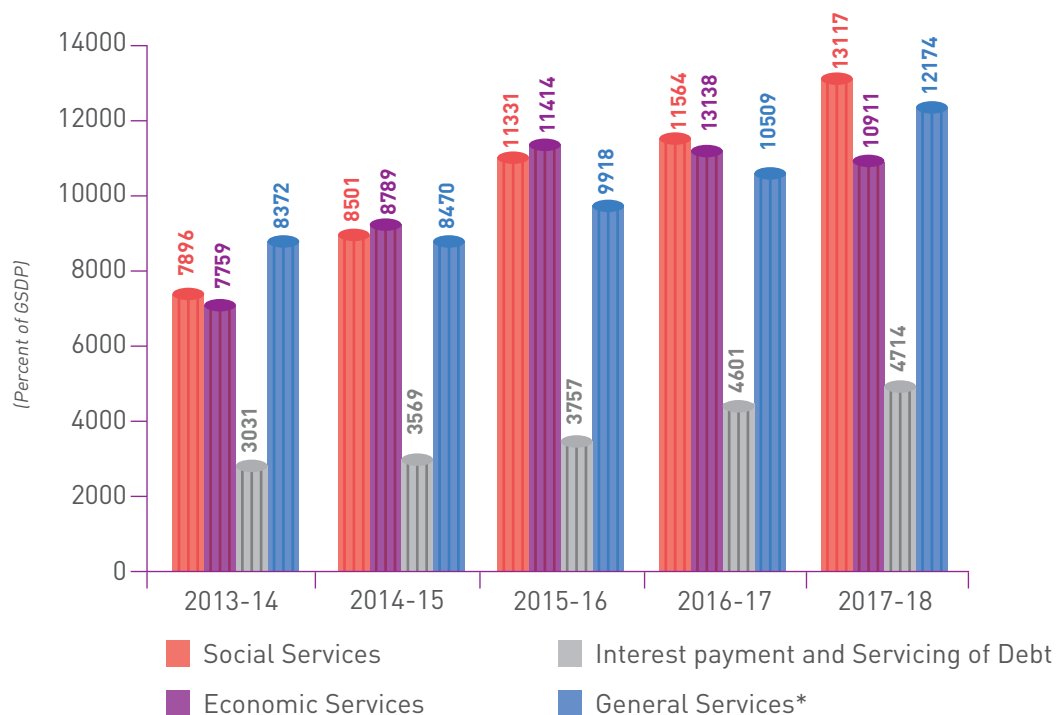
3.2.1 Sectoral distribution of Revenue Expenditure (2017-18)

Component	Amount (₹ in crore)	Percentage
A. Fiscal Services	281	01
Collection of Taxes on Property and Capital transactions	178	01
Collection of Taxes on Commodities and Services	102	#
Other Fiscal Services	01	#
B. Organs of State	313	01
C. Interest Payments and Servicing of debt	4,714	12
D. Administrative Services	6,170	15
E. Pensions and Miscellaneous General Services	5,410	13
F. Social Services	13,117	32
G. Economic Services	10,911	26
H. Grants-in-aid Contributions	-	-
Total Expenditure (Revenue Account)	40,916	100

Negligible.

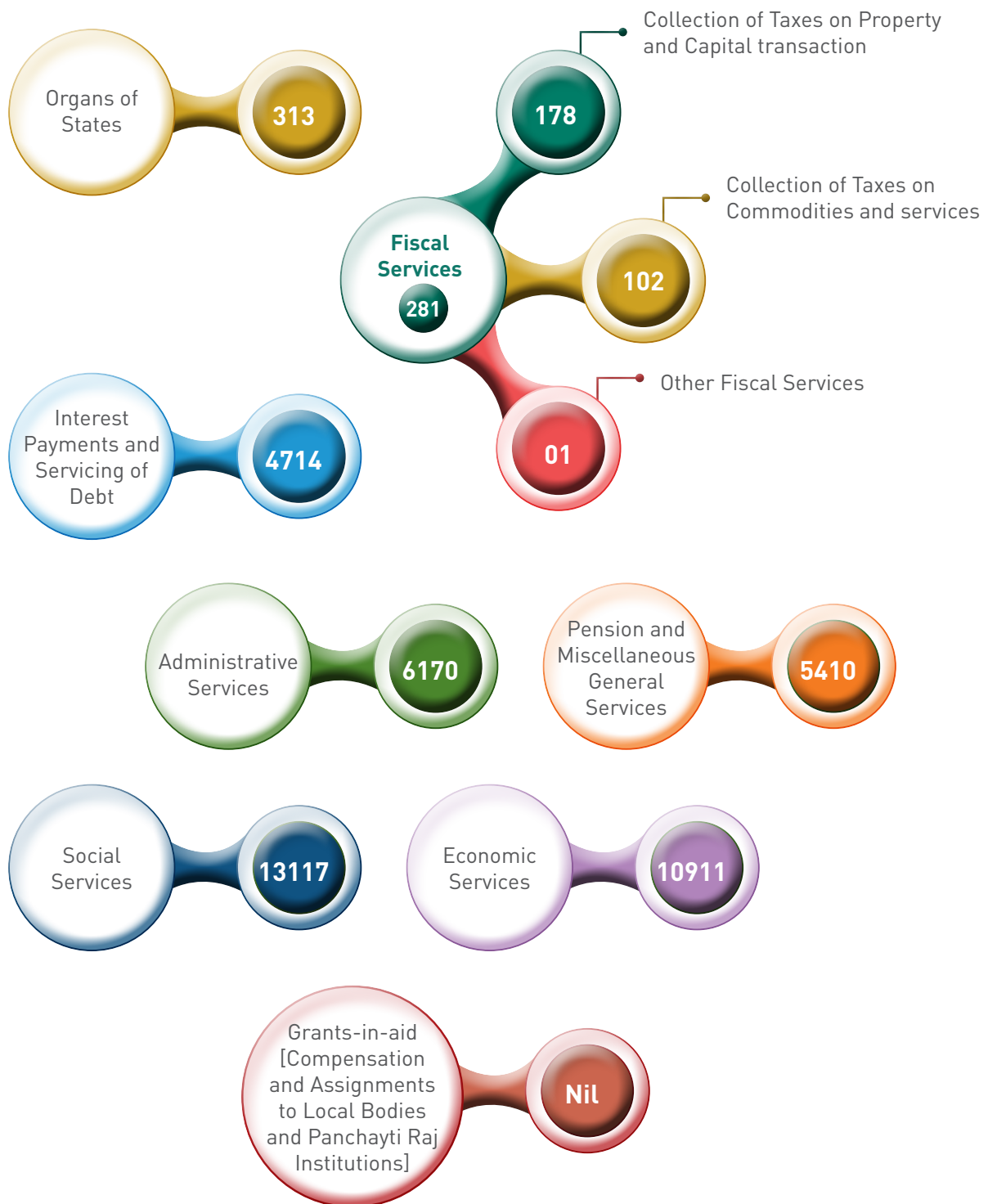
3.2.2 Major components of Revenue Expenditure 2013-14 to 2017-18

Trend of Major components of Revenue Expenditure



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

(₹ in crore)



3.3 Capital Expenditure

Capital Expenditure is essential if the growth process is to be sustained. Capital disbursements during 2017-18 amounting for ₹ 10,353 crore (7.35 per cent of GSDP) were excess than the Original Grant of ₹ 26,462 crore (excluding Grant of ₹ 1,091 crore for Loans and Advances) fell short by ₹ 16,064 crore. Apart from Capital disbursement of ₹ 10,353 crore in 2017-18, Loans and Advances to the tune of ₹ 25 crore were also disbursed which formed part of Capital Expenditure.

(₹ in crore)

S.No.	Components	2013-14	2014-15	2015-16	2016-17	2017-18
1	Budget (B.E)	8,016	9,926	10,447	18,029	26,462
2	Actual Expenditure	4,507	5,134	7,331	8,286	10,353
3	Percentage of Actual Expenditure to B.E	(-)16	52	70	46	39
4	Yearly growth in Capital Expenditure	39	14	43	13	25
5	GSDP*	95,619	98,370	1,17,187	1,26,847	1,40,887
6	Yearly growth in GSDP	10	03	19	08	11

* Please refer source below 2.2.2 Trend of Revenue Receipts at page No. 15.

3.3.1 Sectoral distribution of Capital Expenditure

The Capital Expenditure for the year 2017-18, includes expenditure of ₹ 1,627 crore on Power Projects (₹ 660 crore), Minor Irrigation (₹ 138 crore), Flood Control Projects (₹ 163 crore), Major and Medium Irrigation (₹ 60 crore), Command Area Development (₹ 13 crore) and Water Supply and Sanitation (₹ 593 crore). The Government also invested ₹ 541 crore in various Corporations / Companies / Societies. The major portion of Government investment was in Jammu and Kashmir Bank (₹ 282 crore). However, the Bank has shown Share Capital ₹ 3.55 crore and Share Premium ₹ 278.45 crore.

3.3.2. Sectoral distribution of Capital and Revenue Expenditure

The comparative sectoral distribution of Capital and Revenue Expenditure over the past five years is illustrated below:

(₹ in crore)

S.No.	Sector		2013-14	2014-15	2015-16	2016-17	2017-18
(A)	General Services	Capital	648	608	1,111	769	803
		Revenue	11,403	12,039	13,675	15,110	16,888
(B)	Social Services	Capital	1,230	1,608	2,674	2,306	2,787
		Revenue	7,896	8,501	11,331	11,546	13,117
(C)	Economic Service	Capital	2,629	2,918	3,546	5,211	6,763
		Revenue	7,759	8,789	11,414	13,138	10,911
(D)	Grants-in-aid and Contribution	Capital	-	-	-	-	-
		Revenue	-	-	-	-	-



3.4 Plan and Non-Plan Expenditure

From 1 April 2016, the State Government switched over to civil system of accounting in respect of expenditure of revenue nature and from 1 April 2017 in respect of expenditure of capital nature incurred by Works and Forest Divisions of Jammu and Kashmir.

Chapter IV

Appropriation Accounts

4.1 Summary of Appropriation Accounts for 2017-18

(₹ in crore)

Sl. No.	Nature of expenditure	Original grant	Supplementary grant	Provision		Actual Expenditure		Savings(-) / Excesses(+)	
				Gross	Net	Gross	Net	Gross	Net
1.	Revenue	48,819	42	48,861	48,839	40,916	40,916	(-)7,945	(-)7,923
2.	Capital	26,462	*	26,462	26,412	10,384	10,353	(-)16,078	(-)16,059
3.	Public Debt	16,595	1,243	17,838	17,838	22,490	22,490	(+)4,652	(+)4,652
4.	Loans and Advances	1,091	-	1,091	1,091	25	25	(-)1,066	(-)1,066
5.	Total	92,967	1,285	94,252	94,180	73,815	73,784	(-)20,437	(-)20,396

*Negligible

4.2 Trend of Saving/ Excess during the past five years

(₹ in crore)

Year	Savings (-) / Excess (+)				
	Revenue	Capital	Public Debt	Loans & Advances	Total
2013-14	(-)1,673	(-)3,930	(+)2,916	(-)09	(-)2,696
2014-15	(-)4,337	(-)6,220	(+)187	(-)52	(-)10,422
2015-16	(-)2,558	(-)5,922	(+)2,226	(+)06	(-)6,248
2016-17	(-)5,909	(-)11,124	(+)1,659	(-)11	(-)15,385
2017-18	(-)7,945	(-)16,078	(+)4,652	(-)1,066	(-)20,437

4.3 Significant Saving

(₹ in crore)

Grant	Nomenclature	2013-14	2014-15	2015-16	2016-17	2017-18
01	General Administration	829 (27)	102 (32)	97 (26)	312 (54)	597 (65)
03	Planning and Development	2,984 (83)	3,455 (88)	2,692 (80)	1,717 (68)	1,504 (61)
12	Agriculture	250 (22)	383 (31)	258 (18)	710 (36)	500 (25)
19	Housing and Urban Development	686 (54)	437 (36)	223 (20)	377 (26)	523 (31)
21	Forest	100 (16)	111 (17)	81 (11)	153 (19)	190 (23)
22	Irrigation and Flood Control	112 (14)	190 (24)	112 (12)	401 (30)	1,093 (56)
28	Rural Development	142 (23)	1,151 (54)	376 (22)	704 (30)	486 (17)

Note: Figures in parentheses represent net saving in per cent.

Chapter V

Assets and Liabilities

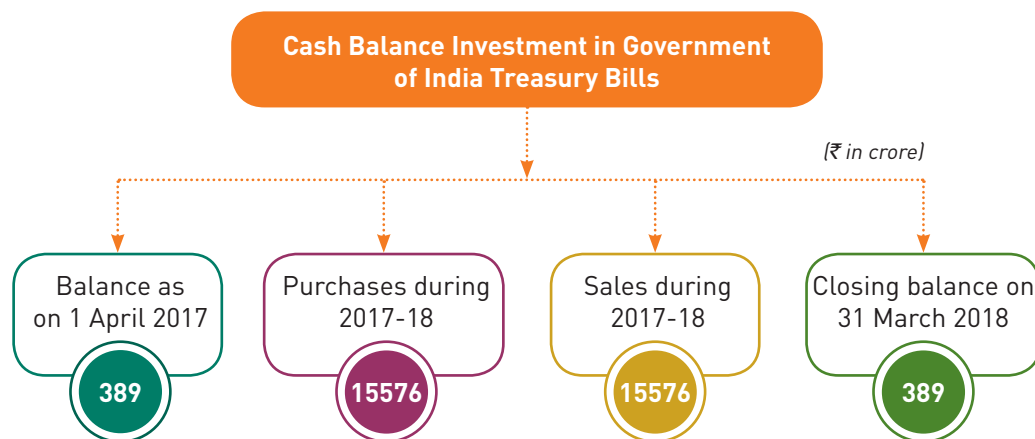
5.1 Assets

The existing form of accounts do not clearly 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 investment as share capital in public sector undertakings (PSU's) stood at ₹ 653.52 crore in 39 entities at the end of 2017-18. However, no dividend was received during the year from any entity. During 2017-18, against investment of ₹ 541.46 crore booked by the State Government, the PSU's has shown an investment of ₹ 96.08 crore only resulting in difference of ₹ 445.38 crore between two set of figures. Though the matter was referred to the State Government but the response in this regard was not received from the State Government. The details of difference are shown below:

S. No.	Name of the Entity	Amount as per State Govt.	Amount as per PSU	Differences	Remarks
		(₹ in crore)			
01	J&K Bank	282.00	3.55	278.45	Share capital: ₹ 3.55 crore and Share premium: ₹ 2,78.45 crore
02	J&K State Financial Corp.	Nil	87.88	87.88	Neither the book adjustment of ₹ 72.88 crore regarding transferring the amount of Loan to Equity has been received from State Government nor the balance amount of ₹ 15.00 crore is appearing in the Accounts.
03	J&K SC/ST/OBC Dev. Corp.	Nil	0.90	0.90	The amount has been booked under Minor Head: 800-Other Expenditure as Annual Plan instead of investment.
04	Central Co-operative Banks	255.71	Nil	255.71	Though the amount has been drawn as investment but as per sanction the same has been parked under Deposit Head.
	TOTAL	537.71	92.33	445.38	

Cash Balance with the RBI stood at (Dr.) ₹ 0.96 crore on 1 April 2017 and increased to (Dr.) ₹ 126.72 crore at the end of March 2018. In addition, Government had invested an amount of ₹ 15,576 crore on 63 occasions in 14 days Treasury Bills and rediscounted Treasury Bills worth ₹ 15,576 crore on 87 occasions during 2017-18. The position of investment during the year 2017-18 is depicted in the table given below:



5.2 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, if any, as may be fixed from time to time by the State Legislature.

Details of the Public Debt and Other Liabilities of the State Government are given below:

(₹ in crore)

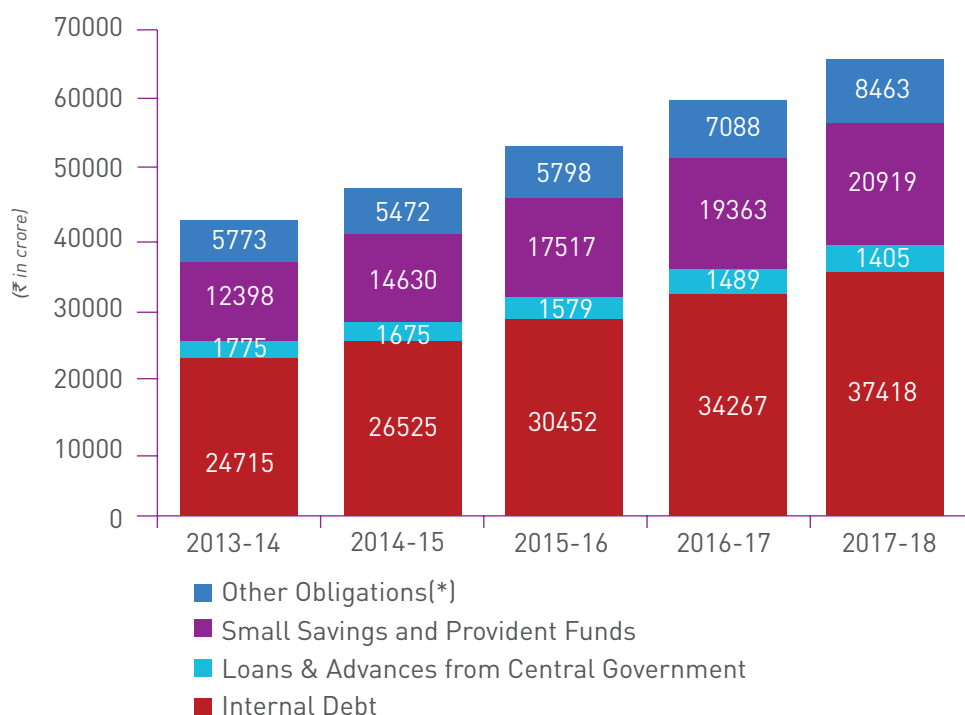
[Figures are progressive balances to the end of year]						
Year	Public Debt	Per cent of GSDP*	Public Account**	Per cent of GSDP*	Total Liabilities	Per cent of GSDP*
2013-14	26,490	28	18,172	19	44,662	47
2014-15	28,201	29	20,103	20	48,304	49
2015-16	32,031	27	23,315	20	55,346	47
2016-17	35,756	28	26,451	21	62,207	49
2017-18	38,823	28	29,382	21	68,205	48

* Please refer source below 2.2.2 Trend of Revenue Receipts at page No. 15

** Excludes Advances, Suspense & Miscellaneous and Remittance balances.

Public Debt and Other Liabilities showed a net increase of ₹ 5,998 crore (10 per cent) over the previous year.

Trend in Government Liabilities



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

5.3 Guarantees

In addition to directly raising loans, State Government also guarantee loans raised by Government companies and corporations from market and financial institutions for implementation of various plan schemes and programmes. These guarantees are projected outside the State Budget. The position of Guarantees given by the State Government for the re-payment of loans (payment of principal and 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
2013-14	4656	2711	03
2014-15	4232	2858	02
2015-16	4214	2825	02
2016-17	4270	2634	02
2017-18	4271	2414	02

Note: Details are available at Statement No. 20 of Finance Accounts. The figures are under reconciliation with the State Government.

Chapter VI

Other Items

6.1 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2017-18 were ₹ 1,661 crore. Of this, Loans and Advances to Government Corporations/ Companies, Non-Government Institutes and Local Bodies, etc., amounted to ₹ 1,641 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 amounting to ₹ 20 crore) are maintained by State Government. During 2017-18 ₹ 04 crore only was received towards repayment of loans and advances out of which ₹ 03 crore relates to repayment by Industries and Commerce and ₹ 01 crore by Government Servants etc.

Information regarding recoveries in arrears (both Principal and Interest) is required to be furnished by the departments concerned every year to the Accountant General. During 2017 18 no such information was received.

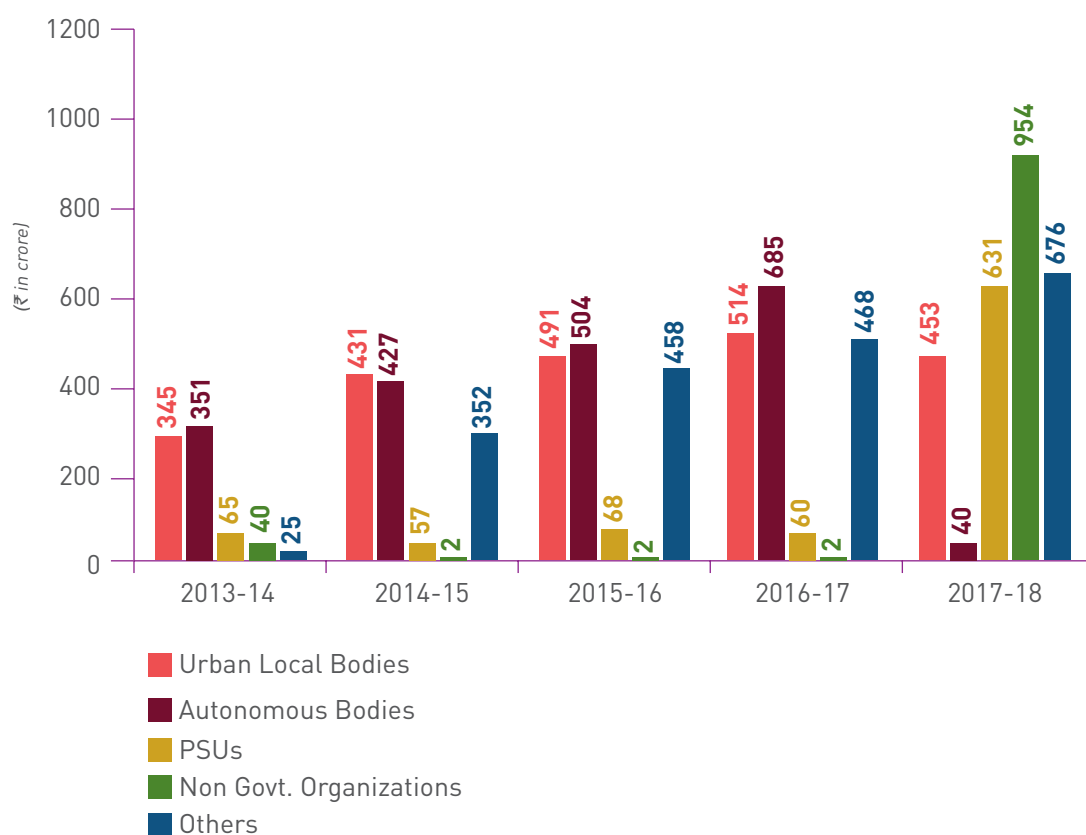
6.2 Financial Assistance to Local Bodies and Others

During the past five years, Grants in Aid to local bodies etc., increased from ₹ 811 crore in 2013-14 to ₹ 2,754 crore in 2017-18. Grants to Urban Local Bodies during 2017-18 including Municipalities (₹ 453 crore) represents 16.45 per cent of total grants given during the year.

Financial Assistance to Local Bodies and Others

(₹ in crore)

Year	Urban Local Bodies	Autonomous Bodies	PSUs	Non Govt. Organizations	Others	Total
2013-14	330	351	65	40	25	811
2014-15	431	427	57	02	352	1,269
2015-16	491	504	68	02	458	1,523
2016-17	514	685	60	02	468	1,729
2017-18	453	40	631	954	676	2,754



6.3 Cash Balance

(₹ in crore)

Component	As on 1 April 2017	As on 31 March 2018	Net increase(+)/ decrease (-)
Cash Balance	429	554	(+)125
Cash in Treasuries and Local Remittances	07	07	-
Departmental Balances	05	05	-
Permanent Imprest	*	*	-
Deposits with RBI and Other Banks	22	147	(+)125
Cash Balance Investment	384	384	-
Investment from earmarked fund Balances	11	11	-

* Negligible (₹ 0.12 crore only).

6.4 Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of figures available with the department and figures appearing in the accounts compiled by the Accountant General (A&E). This exercise is to be conducted by respective Controlling officers. During 2017-18, 197 of the 353 Controlling Officers have reconciled an expenditure of ₹ 26,587.51 crore (51.86 per cent of total expenditure of ₹ 51,269.37 crore excluding public debt) and receipts of ₹ 40,162.73 crore (82.79 per cent of the total receipts of ₹ 48,511.88 crore (excluding public debt)).

6.5 Submission of Accounts by Account rendering Units

The accounts of Receipts and Expenditure of the Government of Jammu and Kashmir have compiled based on the initial accounts rendered by 132 Treasuries including 22 District Treasuries and Advices of the Reserve Bank of India. From 1 April 2016, the Government of Jammu and Kashmir switched over to Civil Accounting system, relating to Capital Section and from April 2017 relating to Revenue Section, in respect of Works and Forest Divisions. Accordingly, no monthly account was due from the Works and Forest Divisions during 2017-18. There were delays ranging from 01 to 84 days in the rendition of monthly accounts mostly by some Treasuries located in Leh and Kargil Divisions during the year. However, no accounts remained excluded at the end of the financial year.

6.6 Advance Payments

In terms of Para 7.10 of the Jammu & Kashmir Financial Code Vol-I, the bills which are countersigned after payment, are drawn as advance payments on Abstract Contingent (AC) Bills. The subordinate officers are required to submit the Red DC Bill by the end of the month following that in which AC Bill is drawn to the Controlling Officer and the Controlling Officer is required to submit the same to the Accountant General duly countersigned within one month of its receipt. AC bills are required to be drawn on Form 28 of J&K Financial Code Vol-II, but in majority of cases, the State Government is not using the prescribed Form instead same Bill Form is being used for ACs and GIAs which results in difficulty in distinguishing between AC Bills and GIA Bills.

As on 31 March 2018, Detailed Contingent (DC) Bills in respect of 2,032 Abstract Contingent (AC) Bills amounting ₹ 2,545.83 crore drawn upto 31 January 2018 were not received as given below.

Year	Number of pending DC bills	Amount (₹ in crore)
Upto2015-16	1,854	1,181.83
2016-17	22	34.08
2017-18	156	1,329.92
Total	2,032	2,545.83

** The year mentioned above relates to "Due year" i.e., after 2 months of actual drawal and adjustment upto March 2018 account.*

Major defaulting departments which have not submitted DC Bills are Education (₹ 1,049.96 crore), Rural Development (₹ 271.73 crore), Revenue (₹ 211.55 crore) Medical (₹ 160.85 crore), Home (₹ 147.64 crore) and Agriculture (₹ 133.79 crore). To the extent of non-receipt of DC Bills, the expenditure shown during the year cannot be vouched as final.

6.7 Status of Suspense Balances

(₹ in crore)

Name of Minor Head	2015-16		2016-17		2017-18	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658- Suspense Account						
101-PAO Suspense	236.29	60.23	267.76	48.41	328.04	54.72
Net	176.06 (Dr)		219.35 (Dr)		273.32 (Dr)	
102-Suspense Account (Civil)	128.95	71.51	136.78	75.64	159.33	69.81
Net	57.44 (Dr)		61.14 (Dr)		89.52 (Dr)	
112-Tax Deducted at Source (TDS Suspense)	-	109.90	-	66.76	-	1.05
Net	109.90 (Cr)		66.76 (Cr)		1.05 (Cr)	

6.8 Status of Outstanding Utilization Certificate

In terms Para 10.19 of the Jammu and Kashmir Financial Code Vol-I, Utilization Certificate (UC's) shall be furnished within 18 months from the date of sanction of the grant in such form as may be agreed between the Accountant General and the Head of the Department concerned. UC's outstanding beyond the specified periods indicates absence of assurance on utilization of the grants for intended purposes. Major defaulting departments which have not submitted UCs are Education (₹ 3,191.99 crore), Housing and Urban Development (₹ 1,136.30 crore), Health and Family Welfare (₹ 650.74 crore), Agriculture (₹ 479.56 crore) and Tourism (₹ 174.01 crore). Outstanding position of UC's is given in table above.

Year*	No. of UC's awaited	Amount (₹ in crore)
Upto2015-16	527	1,654.31
2016-17	342	1,771.30
2017-18	545	3,259.58
Total	1,414	6,685.19

(* The year mentioned above relates to "Due year" i.e, after 18 months of actual drawal and adjustment upto March 2018 accounts)

6.9 Commitment on account of Incomplete Capital Works

Expenditure of ₹ 500.23 crore ending 2017-18 had been incurred by the State Government on various projects costing more one crore which were to be completed by 2017-18 but remained incomplete. These projects were taken up by the Water Works Department, Public Works Department, Public Health & Engineering Department and Power Development Department.

6.10 New Pension Scheme

State Government Employees recruited on or after 1 January 2010 who are covered by the Defined Contribution Pension Scheme. In terms of the Scheme, the employee contributes 10 per cent of basic pay and dearness allowance, which is matched by the State Government with equal amount. The entire amount is transferred to designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

As per prescribed procedure, both the contributions are to be initially credited to the Public Account under Major Head 8342- "Other Deposits-117 Defined Contribution Pension Scheme" for Government Employees. Thereafter, the entire amount is to be transferred to the NSDL/Trustee Bank through the designated fund manager in the same year itself.

During 2017-18, an amount of ₹ 622.16 crore including employees' contribution of ₹ 311.08 crore was transferred to the Minor Head 117-Defined Contribution Pension Scheme for the Government Employees under Major Head 8342-Other Deposits. Out of ₹ 687.72 crore (including previous liability of ₹ 65.56 crore), ₹ 628.31 crore was transferred from this head of Deposit Account to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank. As such, as on 31 March 2018, an amount of ₹ 59.41 crore was lying under the Major Head 8342-"Other Deposits"-117 "Defined Contribution Pension Scheme" for the Government Employees (which actually being deposits bearing interest) awaiting transfer to NSDL/Trustee Bank.

Uncollected, unmatched and non-transferred amounts with accrued interest represent outstanding liabilities of the State Government under the scheme, which has not been computed.

6.11 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 2018 ranging between 40 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 2017-18 under such Heads with significant expenditure was as below:

(₹ in crore)

Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	During March	Percentage of March 2018 w.r.t total expenditure of 2017-18
Head of A/c							
2015 Elections	5.75	3.77	5.91	32.63	48.06	23.63	49.17
3451 Secretariat Economic Services.	23.09	40.47	76.13	309.52	449.21	236.84	52.72
4217 Capital Outlay on Urban Development	3.00	61.63	65.04	288.26	417.93	225.11	53.86
4225 Capital Outlay on welfare of SC/ST & OBC	0.22	2.64	6.13	91.58	100.57	78.07	77.63
4403 Capital Outlay on Animal Husbandry	0.99	1.30	2.95	18.93	24.17	15.37	63.59
4406 Capital Outlay on Forestry and Wildlife	0.95	5.56	9.78	41.73	58.02	26.70	46.02
4425 Capital Outlay on Co-operation	0.69	0.10	1.61	257.56	259.96	256.59	98.70

6.12 Labour Cess

The Government of Jammu and Kashmir vide Notification No. SRO 232 dated 17-07-2006 notified J&K Building and Other Construction Workers Rules (RE & CS), 2006. Accordingly, the State Government vide Notification No. 274 dated 31-07-2007 constituted the J&K Building and Other Construction Workers Board which was reconstituted vide SRO No. 439 dated 01-12-2010. Accordingly, Building and Other Construction Workers Cess Act, 1996 and Rules 1998 have become operative. Section 3 of the Cess Act 1996 provides for mandatory levy and collection of Cess on the cost of construction works and provided that the Cess shall be levied at one per cent of the cost of construction incurred by an employer which shall exclude the cost of land and any compensation paid or payable to a worker or his kin under the Workmen Compensation Act, 1923.

In J&K, the amount so deducted on account of Labour Cess is being kept in the Official Bank Account in the name of Secretary, J&K Building and Other Construction Workers Welfare Board and remains outside the Government Account.

6.13 Inadequate Budgetary Provision in respect of Grants-in-Aid released by the Government of India

As compared to ₹ 7,848.90 crore for 67 schemes in 2016-17, the Government of India released ₹ 9,419.05 crore for implementation of 79 schemes during 2017-18. Out of 79 schemes the State Government placed the provision under 19 schemes (SSA, MGNREGA, ICDS, etc.) only to the extent of ₹ 6,269.24 crore, against which an amount of ₹ 4,294.36 crore only was booked during 2017-18. Besides, an expenditure of ₹ 228.90 crore on 19 schemes (including schemes pertaining to Swachh Bharat Mission, Indira Gandhi Old Age Pension, Integrated Child Protection Scheme, National Livestock Mission etc.) was also booked without budget provision resulting in total expenditure of ₹ 4,523.26 crore on 38 schemes.

Therefore, the expenditure incurred by the State Government under remaining 41 schemes for which the Grants-in-Aid was released by the Government of India could not be watched as neither the provision was placed in the Demand for Grants nor the expenditure at primary unit was booked by the State Government during 2017-18. The number of such schemes was 39 in 2016-17.

6.14 Advance Apportionment and Devolution of Un-apportioned Integrated Goods and Service Tax (IGST)

As per sanction orders issued by the Ministry of Finance, Government of India, an amount of ₹ 209.00 crore was received on account of advance apportionment of IGST, and an amount of ₹ 1,260.68 was stated to have been devolved to the Jammu and Kashmir Government, on the basis of the recommendations of the Fourteenth Finance Commission.

6.15 Un-spent Balance under Ladakh Autonomous Hill Development Council, Leh and Kargil (LAHDC.)

LAHDC, Leh and LAHDC, Kargil created under acts of the Jammu and Kashmir State Legislature had switched over to the accrual based accounting, the funds being provided for them from State Annual Budget by transfer to the Deposit Head on the advice of the State Government. The councils draw funds from the Deposit Heads for meeting their Revenue as well as Capital Expenditure. However, huge amount of ₹ 449.28 crore remained unutilized as per the balances available as on 31 March 2018. Non utilization of funds provided indicates unrealistic planning on the part of the Autonomous councils as well as lack of control on the part of the State Government over utilization of funds provided.

6.16 Interest on General Provident Fund (GPF.)

Government is liable to pay interest in respect of balances under Small Savings and Provident Fund etc., However, the State Government has been communicating the same on adhoc basis from 1986-87 to 2017-18. Consequently, the amount of actual amount of interest liability/ expenditure on account of employees subscription to GPF/ SLI reflected in the Finance Accounts 2017-18 is overstated/ understated to the extent of the differential amount between the actual liability accrued and adhoc amount communicated by the State Government

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