

Accounts at a Glance 2022-2023



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

**GOVERNMENT OF UNION TERRITORY OF
JAMMU & KASHMIR**



**Accounts at a Glance
for the year 2022-2023**

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

**GOVERNMENT OF UNION TERRITORY OF
JAMMU & KASHMIR**

Preface

I am happy to present the third issue of our annual publication, the 'Accounts at a Glance' relating to Government of Union Territory of Jammu and Kashmir for the year 2022-23, 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 of the Government of Union Territory. The Appropriation Accounts record the grant wise expenditure against provisions approved by the Parliament 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 Service) Act, 1971 and Section 71 of the Jammu and Kashmir Re-organisation Act, 2019 for being laid before the Union Territory Legislature. However, the Legislature of Union Territory of Jammu and Kashmir, has not been constituted so far. Therefore, in accordance with the decision (22 June 1994) of the Government of India, Ministry of Finance, Department of Economic Affairs the Annual Accounts are placed in the Parliament.

We look forward to suggestions.



(K. P. Yadaw)

Jammu
Date: 14 August 2024

Principal 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 recognised 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- those 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 Principal Accountant General (Accounts and Entitlements), Jammu and Kashmir collate, classifies, compiles the accounts data rendered by multiple agencies and prepares the accounts of the Government of Union Territory of Jammu and Kashmir. This compilation is based on initial accounts rendered by 122 Treasuries (including 20 District Treasuries) and one Virtual Treasury, 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 Principal Accountant General (A&E) to the Government of Union Territory of Jammu and Kashmir.

The Principal Accountant General (A&E) also prepares the Finance Accounts and Appropriation Accounts annually, which are placed before the Union Territory Legislature after audit by the Principal Accountant General (Audit), Jammu & Kashmir and certification by the Comptroller and Auditor General of India. However, the Legislature of the Union Territory of Jammu and Kashmir, has not been constituted so far (July 2024) and is under President's Rule for more than one year. Therefore, in accordance with the decision (22 June 1994) of the Government of India, Ministry of Finance, Department of Economic Affairs, the Annual Accounts of Union Territory of Jammu and Kashmir for the year 2022-23 are placed in the Parliament.

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 authorisation by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund.

The corpus of this fund for the Government of Union Territory of Jammu and Kashmir is ₹ 25.00 crore during 2022-23

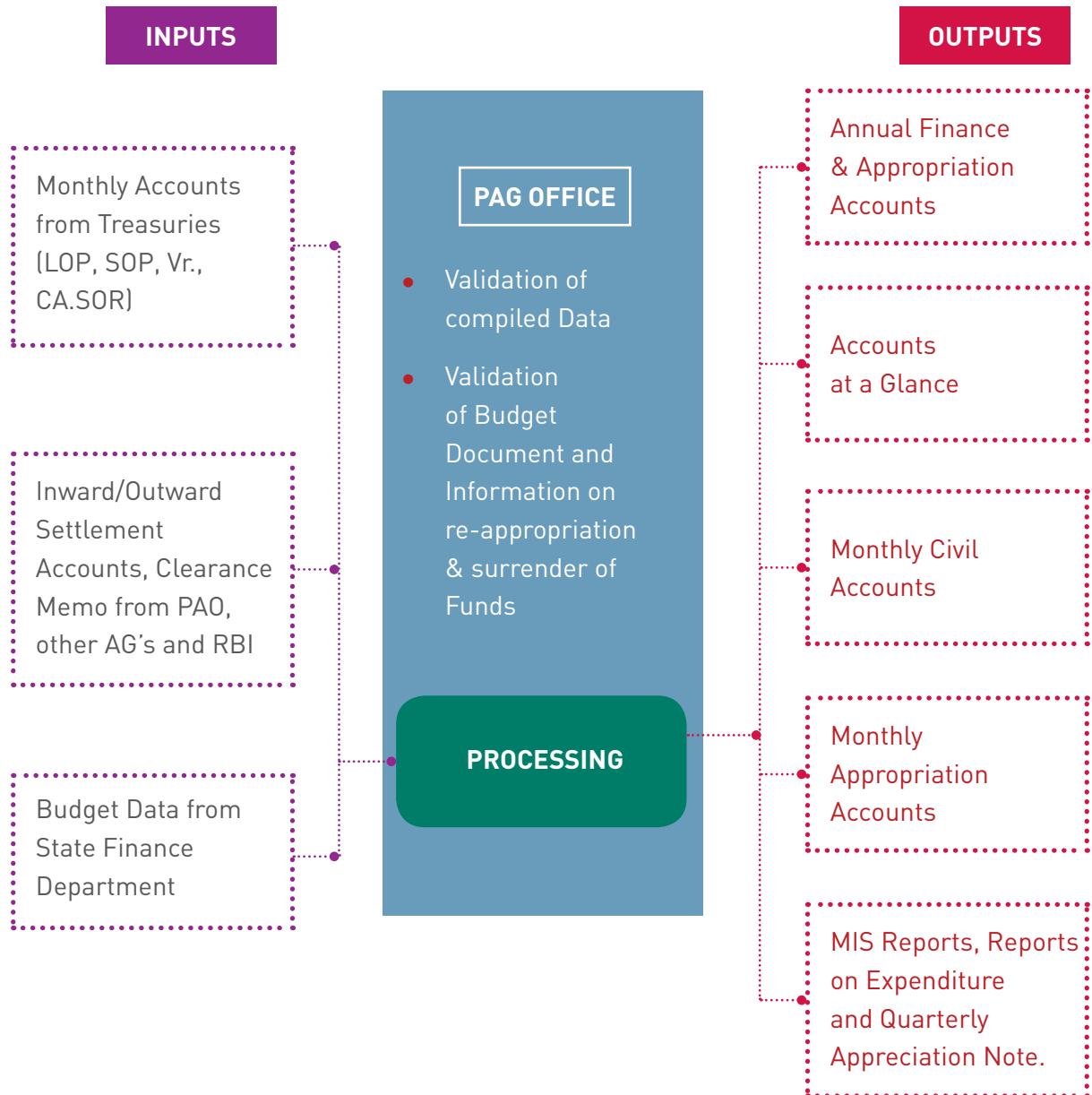
● **Part 2 CONTINGENCY FUND**

● **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 of Union Territory of Jammu and Kashmir 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 report of the Comptroller and Auditor General of India, summarised statements of overall Receipts and Disbursements (Revenue Expenditure, Capital Expenditure, Loans and Advances and Public Debt), Investments, Guarantees, Grants-in-aid and 'Notes to Finance 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 Union Territory of Jammu and Kashmir for the year 2022-23 and resulting Surplus/Deficit in the Finance Accounts are as follows:

Receipts and Disbursement in the year 2022-23

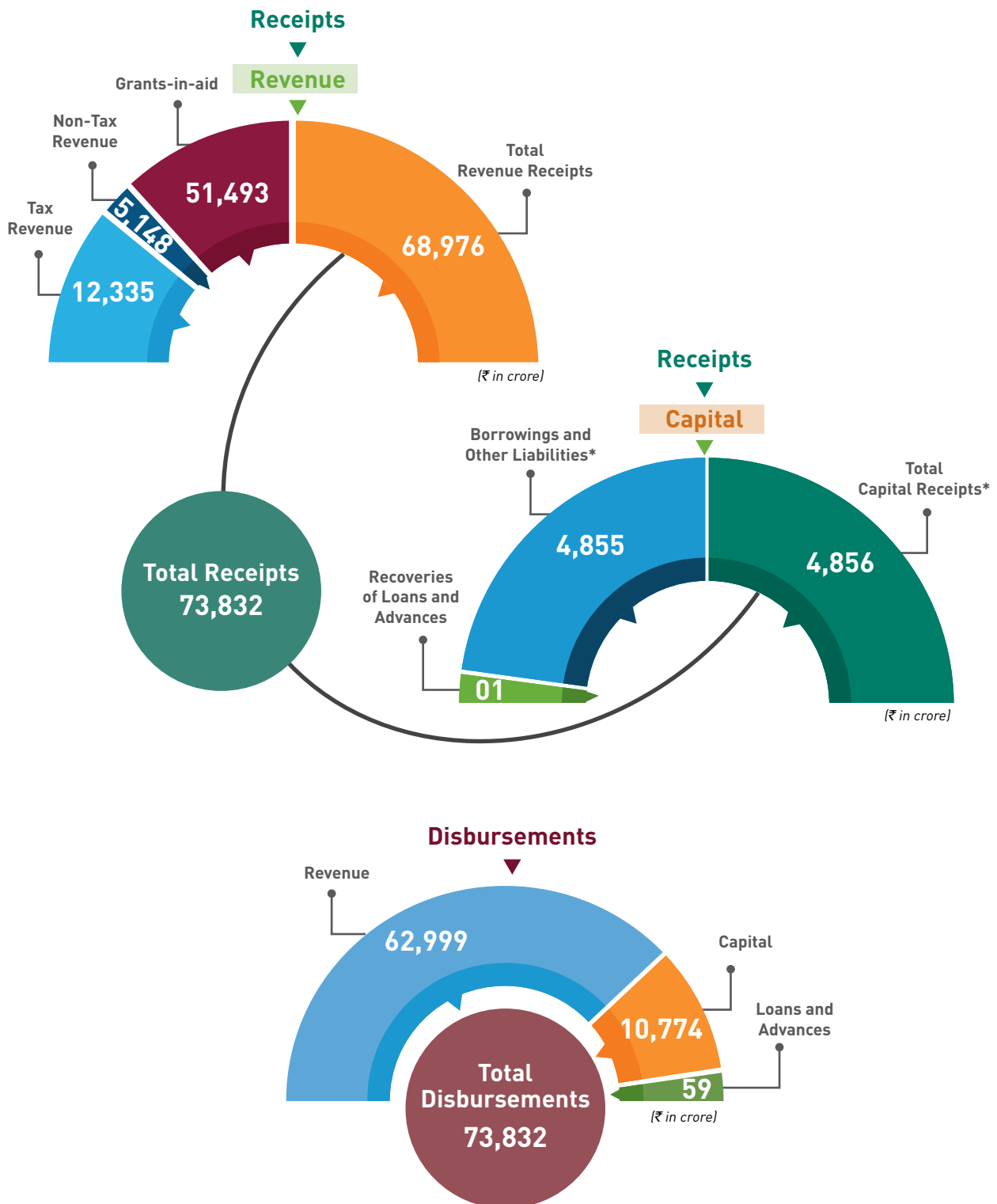
(₹ in crore)

Receipts 73,832	Revenue 68,976	Tax Revenue	12,335
		(a) Own Tax Revenue	12,335
		(b) Share of net proceeds of Taxes	-
		Non-Tax Revenue	5,148
		Grants-in-Aid	51,493
	Capital 4,856	Recoveries of Loans and Advances	01
		Borrowings and Other Liabilities*	4,855[§]
Other Receipts		-	
Disbursements 73,832	Revenue		62,999
	Capital		10,774
	Loans and Advances		59
	Transfer to Contingency Fund		-
	Revenue Surplus		5,977
	Fiscal Deficit		4,855
	Primary Surplus		3,698

* 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

§ Includes loan of ₹ 5,945.29 crore released by Government of India as back to back loans in lieu of GST compensation.

Receipts and Disbursements in the year 2022-23



* 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 section 43 of Re-organisation act 2019, no expenditure can be incurred by the Government of Union Territory except with authorisation 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 Government of Union Territory of Jammu and Kashmir comprises of 36 Demand for Grants reflecting Charged Appropriation and voted Grants. The purpose of the Appropriation Accounts is to indicate the extent of actual expenditure compiled against the appropriation authorised by the Legislature through the Appropriation Act of each year.

1.3.3 Efficiency on Budget Preparation

The original Demands for Grants as per the Jammu and Kashmir (No. 2) Appropriation Act, was ₹ 1,42,150.10 crore which was followed by Supplementary Demands for Grants of ₹ 3,711.72 crore in respect of 9 grants and one appropriation. However, the savings and excesses have been worked out in the Appropriation Accounts 2022-23 with respect to Revised Estimates (RE) of ₹ 1,32,788.90 crore, called final modified grant by the Finance Department of Government of UT of Jammu and Kashmir.

Section 14.7.2 of the Jammu and Kashmir Budget Manual 2020 *inter alia* provides that within a grant also such orders which will aim at re-appropriation of funds from Revenue Account to Capital Account and vice-versa cannot be made. It was, however, seen that in the Appropriation Accounts, 2022-23 as per RE/modified grant, out of surrender of savings of ₹ 16,793.13 crore (not supported by valid surrenders orders), an amount of ₹ 3,086.79 crore has been augmented/ re-appropriated by the UT Government from Capital to Revenue in 8 grants and one appropriation and ₹ 633.42 crore has been augmented/ re-appropriated from Revenue to Capital in 7 grants, without legislative authorisation.

Against the authorisation, expenditure amounting to ₹ 1,07,948 crore was incurred during the year 2022-23, resulting in saving of ₹ 43,137 crore. There was an excess of ₹ 1,504 crore in Grant No. 08 (Finance Department) and Grant No. 16 (Public Works Department) against the authorisation.

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 (RBI) to make good the deficiency in the minimum cash balance [1.14 crore] which the Government of Union Territory is required to maintain with the Reserve Bank of India. The total Ways and Means Advances given to Government of Union Territory of Jammu and Kashmir was ₹ 17,980 crore during 2022-23, there was also an outstanding balance on account of Ways and Means Advances to the extent of ₹ 499 crore as on 01.04.2022, out of which Government repaid ₹ 19,055 crore during the year. Thus, leaving a balance of (-) ₹ 576 crore outstanding as on 31st March 2023. The minus balance is due to non-apportionment of balance as on 30 October 2019 (pre re-organisation). There was outstanding balance of ₹ 692 crore as on 30 October 2019 (pre re-organisation) which is yet to be apportioned between successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

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 2022-23, Overdraft of ₹ 10,981 crore was

also raised, which was repaid during the same period. Thus, leaving *Nil* outstanding as on 31 March 2023.

1.4.3 Fund Flow Statement

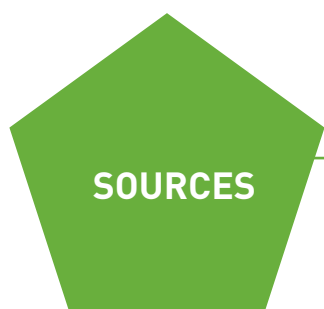
During the year 2022-23, the Government of Union Territory of Jammu and Kashmir had a Revenue Surplus of ₹ 5,977 crore and a Fiscal Deficit of ₹ 4,855 crore. The Fiscal Deficit constituted 2.16 per cent of GSDP {₹ 2,24,797 crore as available on website of Ministry of Statistics and Programme Implementation, Government of India (26 April 2023)}. This Fiscal Deficit was met from the following:

- Internal debt of ₹ 4,167 crore (Market borrowings, Loans from financial Institutions etc.).
- Loans and Advances from the Central Government (-) ₹ 120 crore.
- Small Savings, Provident Fund etc. (-) ₹ 573 crore.
- Reserve Funds of ₹ 375 crore.
- Deposits and Advances amounting to ₹ 707 crore.
- Suspense and Miscellaneous amounting to ₹ 289 crore.
- Remittances of ₹ 10 crore.

Around 68.91 per cent of the Revenue Receipts (₹ 68,976 crore) of the Government of Union Territory was spent on Committed Expenditure like salaries (₹ 27,838 crore), pension payments (₹ 11,142 crore) and interest payments (₹ 8,553 crore).

Sources and Application of Funds

	(₹ in crore)
Opening Cash Balance as on 01 April 2022	1,448
Revenue Receipts	68,976
Capital Receipts	-
Recovery of Loans and Advances	01
Public Debt	38,114
Small Savings, Provident Funds etc.	6,062
Reserves Fund & Sinking Funds	452
Deposits Received	4,613
Civil Advances Repaid	-
Suspense Account*	24,336
Remittances	01
TOTAL	1,44,003

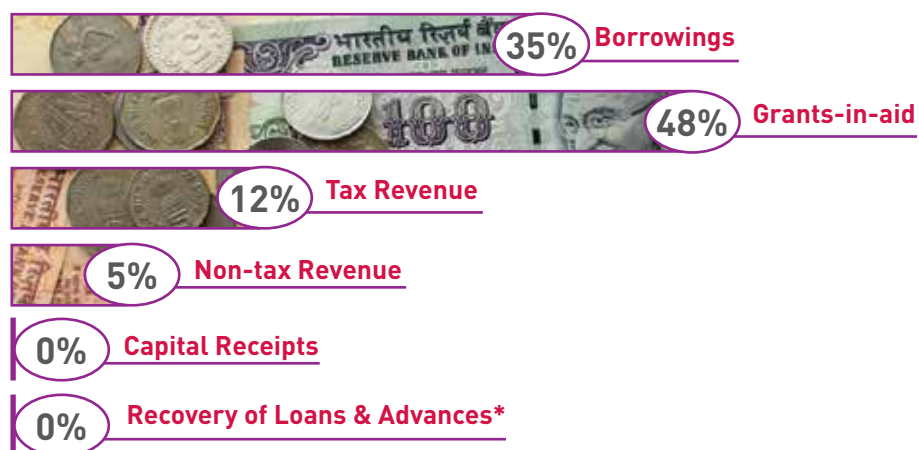


APPLICATION

Revenue Expenditure	62,999
Capital Expenditure	10,774
Loans Given	59
Repayment of Public Debt	34,067
Small Savings, Provident Funds etc.	6,636
Reserves Fund & Sinking Funds	77
Deposits Repaid	3,906
Civil Advances Given	-
Suspense Account*	24,047
Remittances	(-)10
Closing Cash Balance as on 31 March 2023	1,448
TOTAL	1,44,003

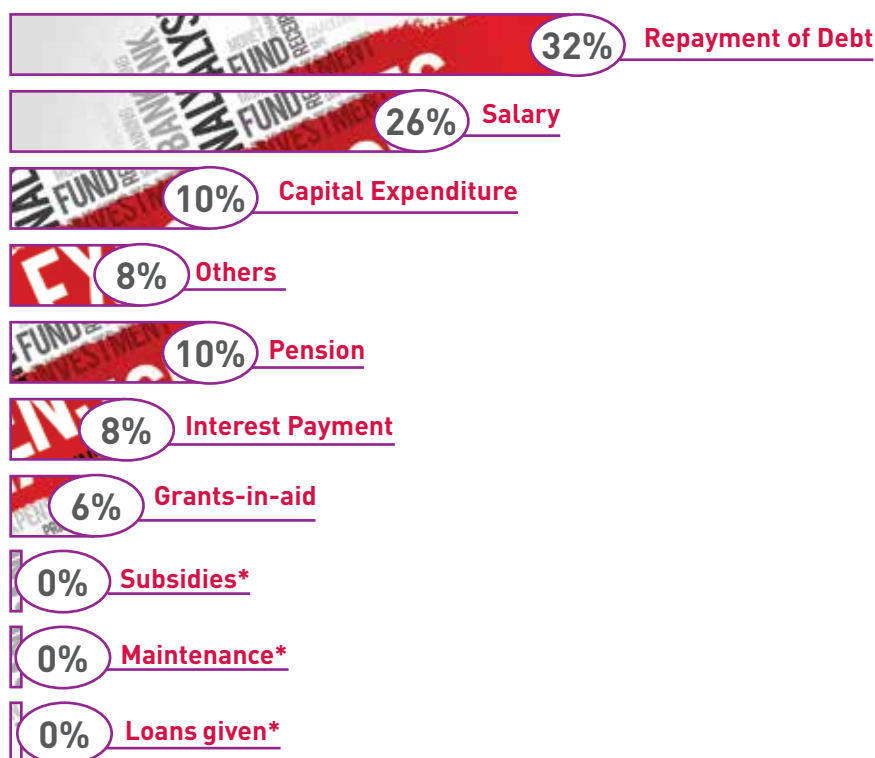
* The Suspense account includes ₹ 22,739 crore invested in treasury bills and disbursement of departmental balances and permanent cash imprest which is shown on the "Application" side and ₹ 22,739 crore worth of treasury bills sold through the RBI (a process known as "re-discounting") and receipts in departmental balance and permanent imprest which is shown on the "Sources" side.

1.4.4 Where the Rupee (₹) came from



* Negligible ₹ 1 crore only.

1.4.5 Where the Rupee (₹) went



* Negligible [Subsidies ₹ 28 crore, Maintenance ₹ 556 crore and Loans given ₹ 59 crore only].

1.5 Financial highlight for the year 2022-23

As per Public Financial Management System (PFMS) portal of Controller General of Accounts (CGA), various Ministries/Departments of the Central Government released Funds to the tune of ₹ 786.95 crore directly to the various Departments of the Government of Union Territory of Jammu and Kashmir during 2022-23 against ₹ 802.04 crore released during 2021-22.

Details are at Appendix-VI of the Finance Accounts in Volume-II.

Apart from the above, various Autonomous Bodies, Central Government Organisations, Societies etc., also received ₹ 3,450.39 crore directly from the Central Government.

The following table provides the details of actual financial results vis-a-vis budget estimates for the year 2022-23.

(₹ in crore)

Sl. No.	Description	Budget Estimates 2022-23	Actual	Percentage of Actual to B.E.	Percentage of Actual to GSDP*
1.	Tax Revenue (including Central Share)	16,666	12,335	74	05
2.	Non-Tax Revenue	8,648	5,148	60	02
3.	Grants-in-aid & Contributions	77,008	51,493	67	23
4.	<i>Revenue Receipts (1+2+3)</i>	1,02,322	68,976	67	31
5.	Recovery of Loans & Advances	05	01	20	**
6.	Other Receipts	-	-	-	-
7.	Borrowings and Other Liabilities	10,623	4,855	46	02
8.	<i>Capital Receipts (5+6+7)</i>	10,628	4,856	46	02
9.	<i>Total Receipts (4+8)</i>	1,12,950	73,832	65	33
10.	Revenue Expenditure	71,615	62,999	88	28
11.	Expenditure on Interest Payments (out of Revenue Expenditure)	7,692	8,553	^	4
12.	Capital Expenditure	41,226	10,774	26	05
13.	<i>Loans and Advances Disbursed</i>	109	59	54	**
14.	Transfer to Contingency Fund	-	-	-	-
15.	<i>Total Expenditure (10+12+13)</i>	1,12,950	73,832	65	33
16.	<i>Revenue Surplus (+)/Deficit (-) (4-10)</i>	(+)30,707	(+)5,977	19	03
17.	<i>Fiscal Deficit (4+5+6-15)</i>	10,623	4,855	46	02

* ₹ 2,24,797 crore as available on website of Ministry of Statistics and Programme Implementation, GoI (26.04.2023).

** Negligible.

^ More than 100 per cent.

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)/ Medium Term Fiscal Plan (MTFP) Act, 2006

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)/ Medium Term Fiscal Plan (MTFP) Act, 2006 requires the 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/MTFP rules specified only the annual target for (a) Revenue Surplus/Deficit as percentage of total Revenue Receipts (b) Fiscal Deficit as percentage to GSDP and (c) total outstanding liabilities as percentage to GSDP.

1.6.1 FRBM/MTFP targets vis-a-vis achievements

In terms of Jammu and Kashmir FRBM Act, 2006 passed by the erstwhile State of Jammu and Kashmir in August 2009, the successor Government of Union Territory of Jammu and Kashmir presented the Medium-Term Fiscal Policy and Strategy Statement along with the Union Territory Budget for 2023-24 in Parliament (March 2023). No fiscal indicators-rolling targets were specified for the year 2022-23. However, the fiscal parameters of the Government of Union Territory of Jammu and Kashmir, as per the Accounts for 2022-23 were as under:

Sl. No.	Parameter	Achievements during the year as per the accounts and GSDP*
1.	Revenue Surplus	The Revenue Surplus of ₹ 5,977 crore as per accounts was 2.66 per cent of GSDP for 2022-23 and 8.67 per cent of Revenue Receipts of ₹ 68,976 crore.
2.	Fiscal Deficit	The Fiscal Deficit of ₹ 4,855 crore as per accounts was 2.16 per cent of GSDP for 2022-23.
3.	Outstanding Public Debt# and other Liabilities	The outstanding Public Debt# and other Liabilities (₹ 27,947# crore) for the period from 31 October 2019 to 31 March 2023(excluding Public Debt and other Liabilities of ₹ 82,050.50 crore outstanding ending 30 October 2019 yet to be apportioned between successor Union Territories) was 12.43 per cent of GSDP.

* ₹ 2,24,797 crore as available on website of Ministry of Statistics and Programme Implementation, Gol (26.04.2023).

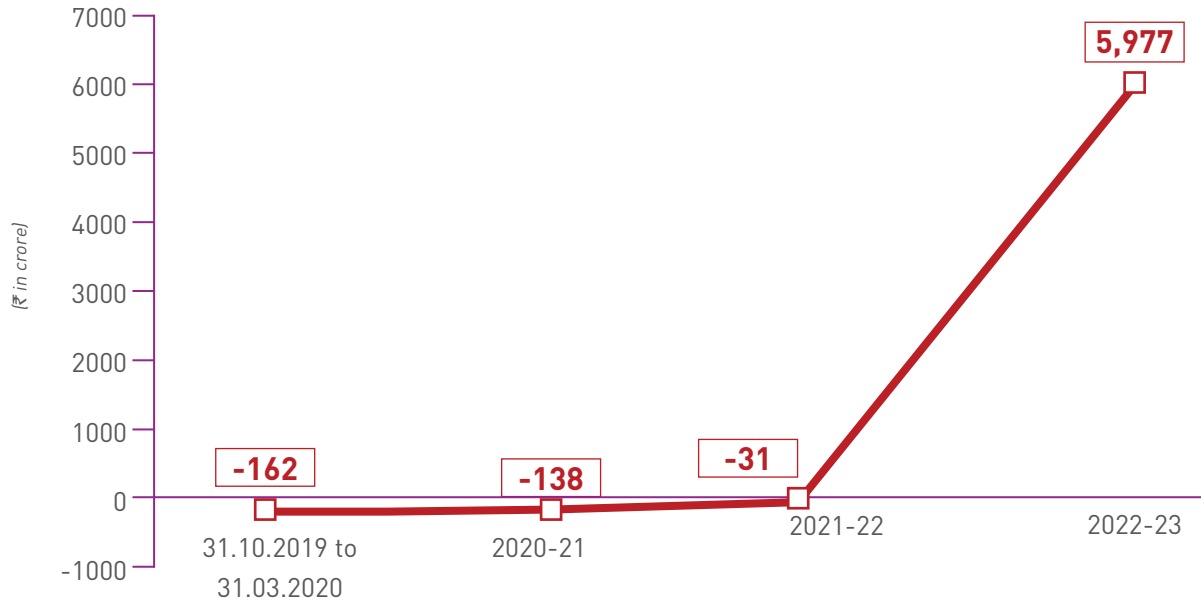
The Debt does not include ₹ 5,945.29 crore, (₹ 2,099.80 crore of 2020-21 and ₹ 3,845.49 crore of 2021-22) which was passed on as back to back loans by Gol in lieu of shortfall in GST compensation.

Outstanding debt includes all debts (excluding ₹ 5,945.29 crore passed on in lieu of shortfall in GST compensation) and other liabilities.

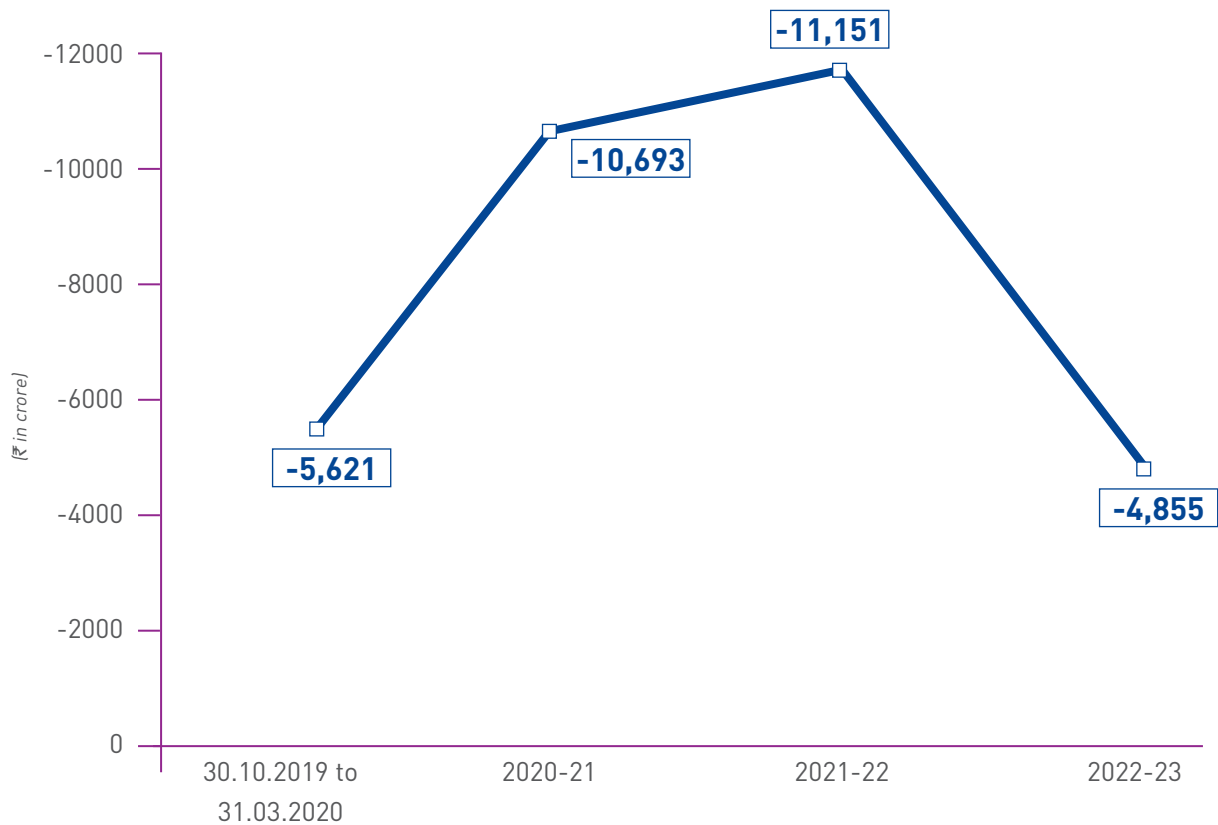
Due to understatement of Revenue Expenditure of ₹ 261 crore (Grants-in-aid ₹ 191 crore and Subsidy ₹ 28 crore, non-payment of interest on State Compensatory Afforestation Fund/ Deposit ₹ 42 crore) classified as Capital Expenditure, there was actually a Revenue Surplus of ₹ 5,716 crore during 2022-23 instead of ₹ 5,977 crore as shown in the accounts. Due to understatement of Revenue Expenditure by ₹ 42 crore as short contribution of interest, the Fiscal Deficit was also understated to that extent.

1.6.2 Trend of Revenue Surplus/ Deficit and Fiscal Deficit

Trend of Revenue Surplus/Deficit

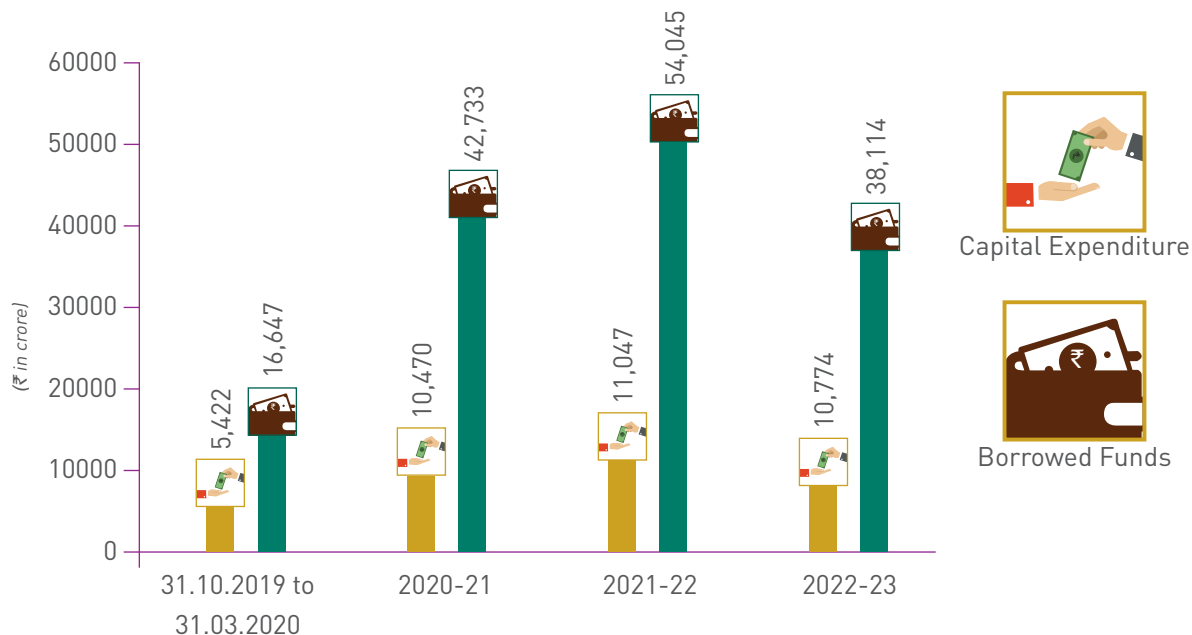


Trend of Fiscal Deficit



1.6.3 Proportion of borrowed funds spent on Capital Expenditure

Borrowed funds and Capital Expenditure



Prudent Financial Management requires that money should be borrowed only for the creation of capital assets and to use Revenue Receipts for repayment of principal and payment of interest thereon. However, 72 per cent of the public debt (₹ 27,340 crore) was utilised on repayment of the principal and payment of interest on public debt of previous years. The Government of Union Territory of Jammu and Kashmir spent 28 per cent of the borrowings of the current year (₹ 38,114 crore) on Capital Expenditure (₹ 10,774 crore). This amount includes misclassified Revenue Expenditure of ₹ 219 crore. Excluding this amount, the percentage of borrowings spent on Capital Expenditure further drops to 27 per cent.

Chapter II

Receipts

2.1 Introduction

Receipts of the Government of Union Territory of Jammu and Kashmir are classified as Revenue Receipts and Capital Receipts. Total Receipts during 2022-23 were ₹ 68,976 crore.

2.2 Revenue Receipts

The Revenue Receipts of the Government comprise 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.

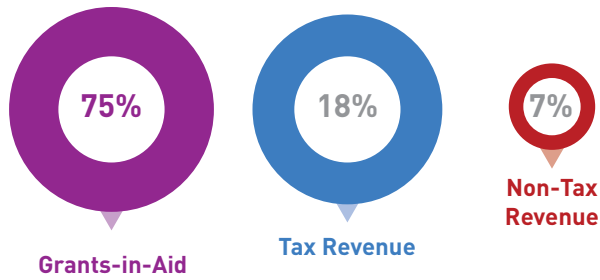
Includes interest receipts, dividends, profits, royalties *etc.*

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 channelised 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 2022-23

(₹ in crore)

Components	Actuals
A. Tax Revenue*	12,335
Goods and Services Tax (GST)	7,212
Taxes on Income & Expenditure	-
Taxes on Property & Capital Transactions	688
Taxes on Commodities & Services	4,435
B. Non-Tax Revenue	5,148
Interest Receipts, Dividends and Profits	19
General Services	295
Social Services	191
Economic Services	4,643
C. Grants-in-aid & Contributions	51,493
Total-Revenue Receipts	68,976

* No Share of net proceeds assigned to State was received by the Government of Union Territory during 2022-23.

2.2.2 Trend of Revenue Receipts

(₹ in crore)

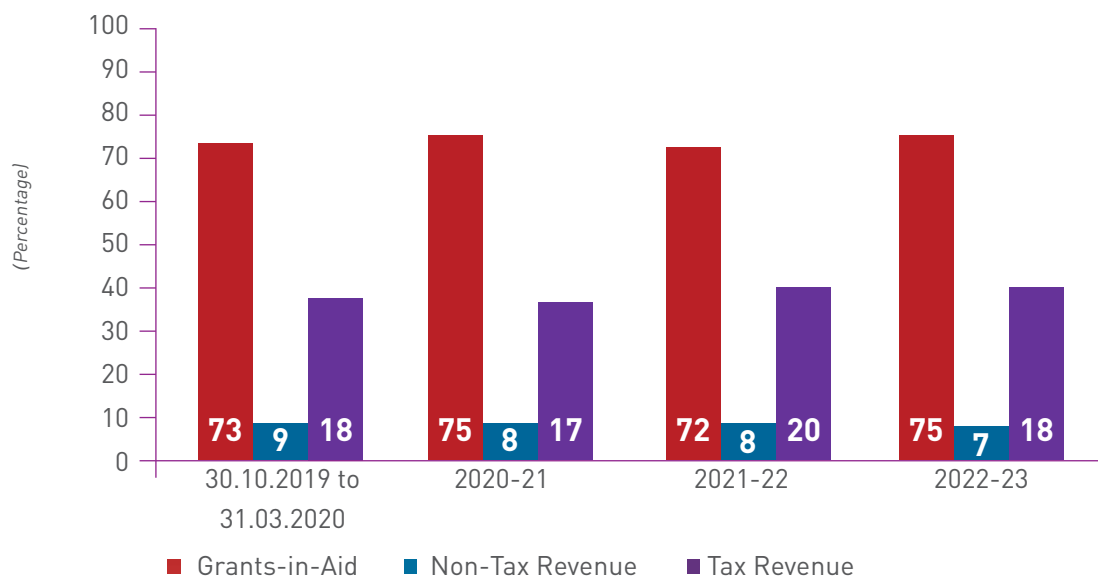
Components	31.10.2019 to 31.03.2020	2020-21	2021-22	2022-23
Tax Revenue	4,056	8,877 (05)	11,707 (06)	12,335 (05)
Non-Tax Revenue	2,063	4,077 (02)	4,840 (02)	5,148 (02)
Grants-in-aid	16,438	39,542 (23)	42,691 (22)	51,493 (23)
Total-Revenue Receipts	22,557	52,496 (30)	59,238 (30)	68,976 (31)
GSDP* at current price	Not applicable	1,76,282	1,96,696	2,24,797

Note: Figures in parentheses represent percentage to GSDP.

Source:

* GSDP for the period from 31 October 2019 to 31 March 2020 was not made available by the Union Territory Government. ₹ 1,76,282 crore for 2020-21, ₹ 1,96,696 crore for 2021-22, ₹ 2,24,797 crore for 2022-23 as available on website of Ministry of Statistics and Programme Implementation, GoI.

Trend of components of Revenue Receipts



2.3 Tax Revenue

(₹ in crore)

Components	31.10.2019 to 31.03.2020	2020-21	2021-22	2022-23
Goods and Services Tax (GST)	2,115	4,839	6,394	7,212
Taxes on Income and Expenditure	-	-	-	-
Taxes on Property and Capital Transactions	166	386	625	688
Taxes on Commodities and Services	1,775	3,652	4,688	4,435
Total Tax Revenue	4,056	8,877	11,707	12,335

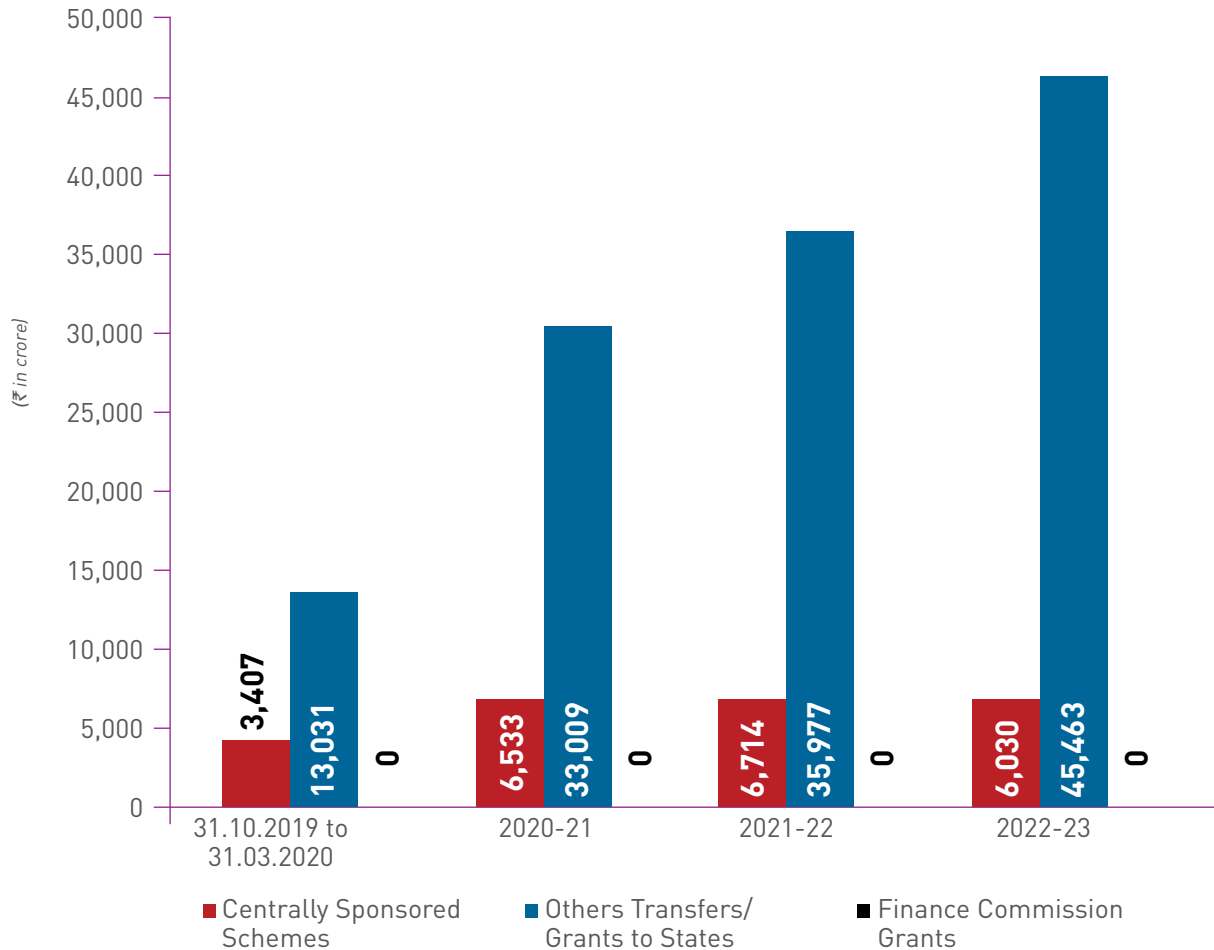
2.3.1 Trend in UTs own Tax collection

(₹ in crore)

Taxes	31.10.2019 to 31.03.2020	2020-21	2021-22	2022-23
UT Goods and Services Tax	2,115	4,839	6,394	7,212
Land Revenue	48	61	113	131
Stamps and Registration	118	326	512	557
State Excise	588	1,347	1,783	1,794
Sales Tax	782	1,496	1,906	1,554
Taxes on Goods and Passengers	158	01	06	24
Taxes on Vehicles	248	488	616	723
Other Taxes	01	319	377	340
Total Tax Revenue	4,056	8,877	11,707	12,335

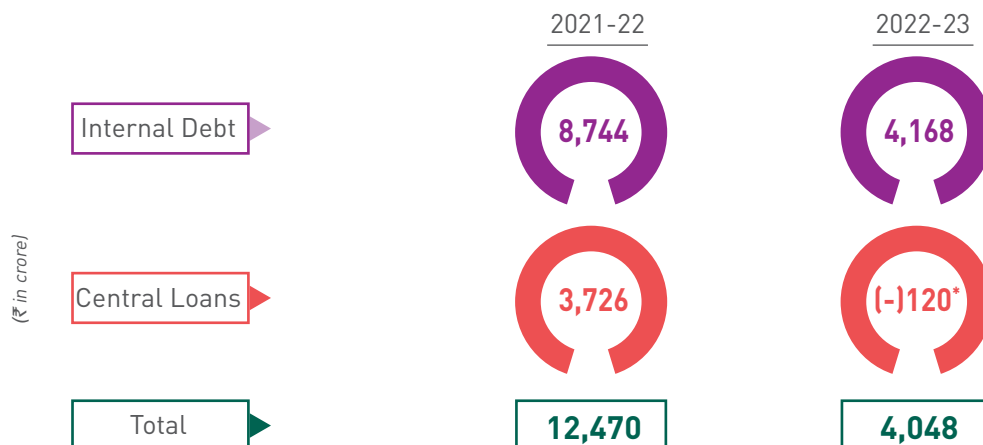
2.4 Grants-in-Aid

Grants-in-aid (GIA) to the Union Territory represent assistance from the Government of India and entail grants for Centrally Sponsored Schemes and Other Transfers/ Grants to Union Territory. Total receipts during 2022-23 under Grants-in-aid were ₹ 51,493 crore as shown below:



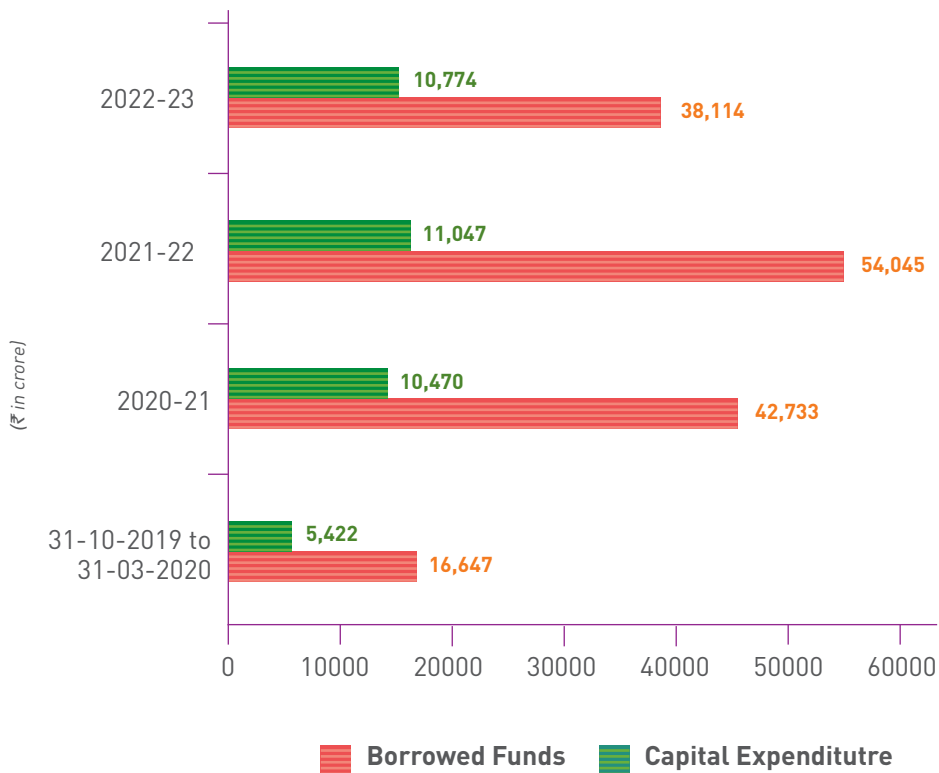
2.5 Public Debt

Trend of position of net Public Debt



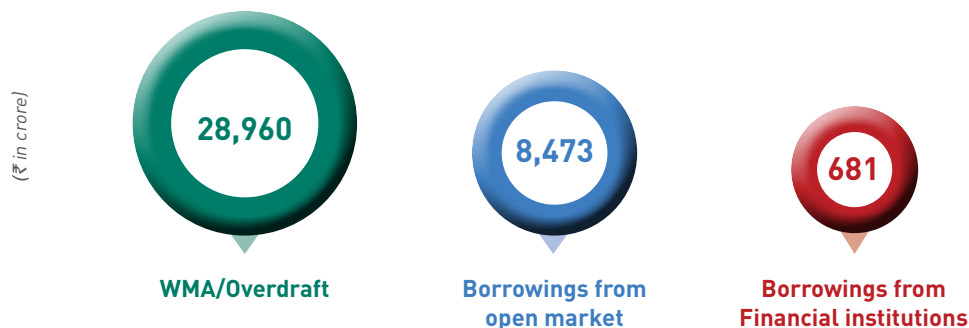
* Minus figure is due to more payments than receipts.

Borrowed Funds viz-à-viz Capital Expenditure



During 2022-23, 12 loans totaling ₹ 8,473 crore were raised from the open market at interest rates varying from 6.68 per cent to 8.06 per cent and the same are redeemable upto the year 2041-42. Further, the Government of Union Territory raised loan of ₹ 681 crore from the Financial Institutions, and ₹ 28,960 crore as Ways and Means Advances/Overdraft from the Reserve Bank of India. The details are illustrated below:

Borrowings of the UT during 2022-23



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 the 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 saving of Revenue Expenditure against Budget Provisions of the Government of Union Territory of Jammu and Kashmir during the period 2021-22 and 2022-23 is given below:

(₹ in crore)

Components	2021-22	2022-23
Budget Provision	68,804	71,615
Actual	59,269	62,999
Gap Saving (-) / Excess (+)	(-)9,535	(-)8,616
Percentage of variation of Actuals against BE	(-)14	(-)12

Around 75.45 per cent of the total Revenue Expenditure was incurred on "Committed" expenses viz., on Salaries (₹ 27,838 crore), Pension (₹ 11,142 crore) and Interest Payments (₹ 8,553 crore) which is the committed liabilities of the Government of Union Territory of Jammu and Kashmir.

The position of committed and uncommitted Revenue Expenditure during 2021-22 and 2022-23 is given below:

(₹ in crore)

Components	2021-22	2022-23
Total Revenue Expenditure	59,269	62,999
Committed Revenue Expenditure*	45,000	47,533
Percentage of Committed Revenue Expenditure to total Revenue Expenditure	76	75
Uncommitted Revenue Expenditure	14,269	15,466

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

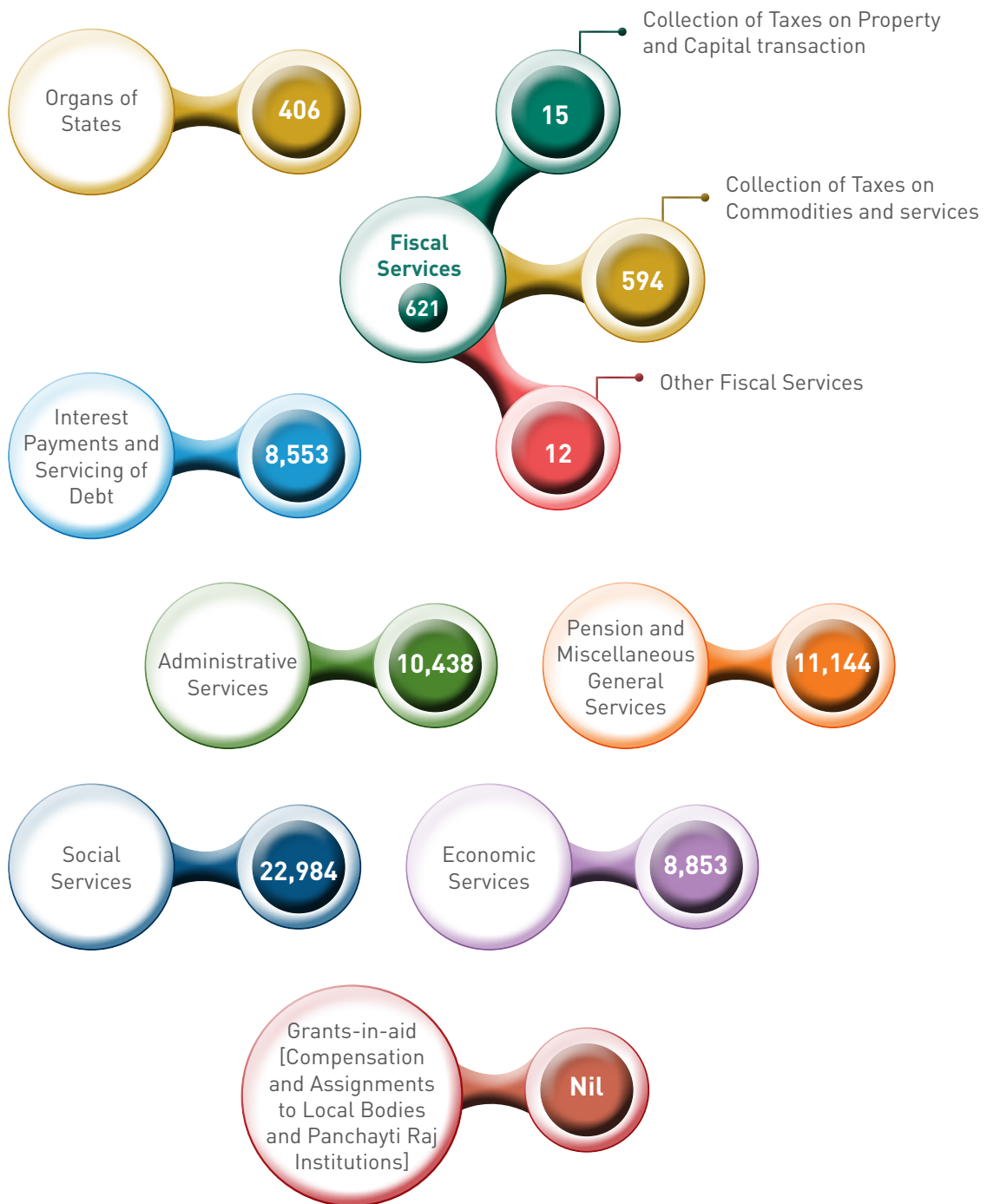
The committed Revenue Expenditure has increased by 5.63 per cent during 2022-23. The total Revenue Expenditure increased by 6.29 per cent in 2022-23.

3.2.1 Sectoral distribution of Revenue Expenditure during 2022-23

Components	Amount (₹ in crore)	Percentage
A. Fiscal Services	621	01
Collection of Taxes on Property and Capital transactions	15	#
Collection of Taxes on Commodities and Services	594	01
Other Fiscal Services	12	#
B. Organs of State	406	01
C. Interest Payments and Servicing of Debt	8,553	14
D. Administrative Services	10,438	16
E. Pensions and Miscellaneous General Services	11,144	18
F. Social Services	22,984	36
G. Economic Services	8,853	14
H. Grants-in-aid Contributions	-	-
Total Expenditure (Revenue Account)	62,999	100

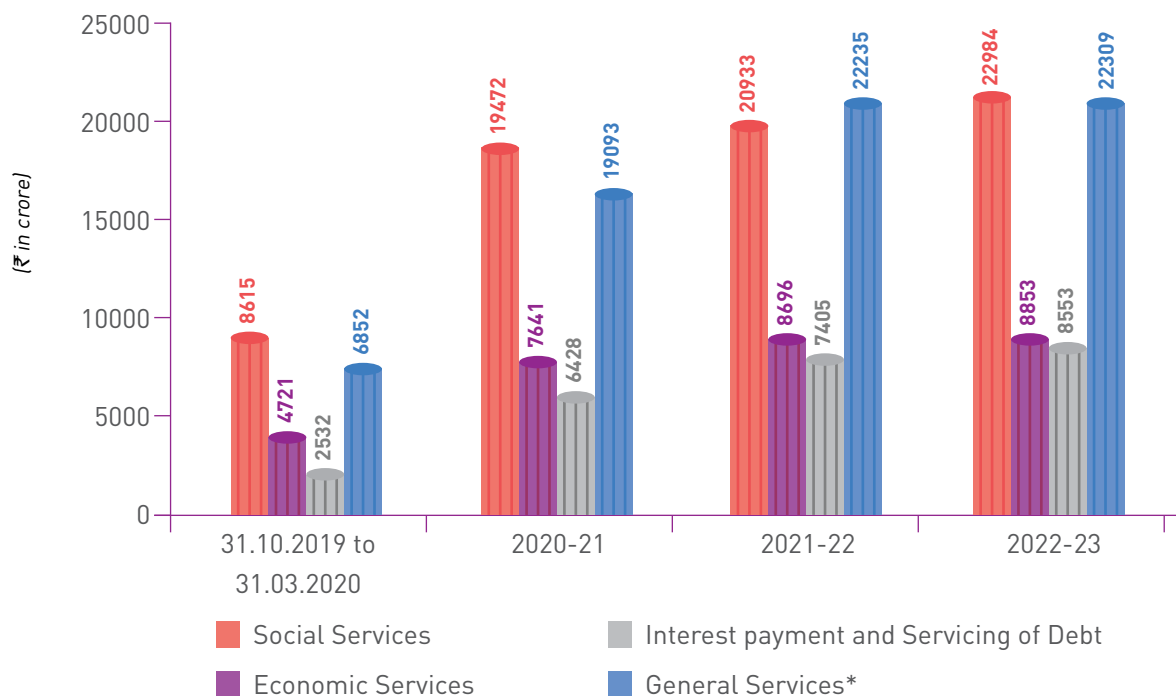
Negligible.

(₹ in crore)



3.2.2 Major components of Revenue Expenditure

Trend of Major components of Revenue Expenditure 31.10.2019 to 31.03.2020, 2020-21, 2021-22 and 2022-23



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

3.3 Capital Expenditure

Capital Expenditure is essential if the growth process is to be sustained. Capital disbursements during the year 2022-23 amounting to ₹ 10,774 crore was even fell short by ₹ 30,452 crore with respect to the Budget Estimates of ₹ 41,226 crore (excluding Grant of ₹ 109 crore for Loans and Advances). Apart from Capital disbursement of ₹ 10,774 crore during 2022-23, Loans and Advances to the tune of ₹ 59 crore was also disbursed which formed part of Capital Expenditure. The Loans and Advances also showed saving against Original Grant (₹ 109 crore) by ₹ 50 crore during the said period.

(₹ in crore)

Sl. No.	Components	31.10.2019 to 31.03.2020	2020-21	2021-22	2022-23
1	Budget (B.E)	14,798	34,408	39,708	41,226
2	Actual Expenditure	5,422	10,495	11,047	10,774
3	Percentage of Actual Expenditure to B.E.	37	31	28	26
4	Yearly growth in Capital Expenditure [#]	#	#	05	(-)02
5	GSDP*	*	1,76,282	1,96,696	2,24,797
6	Yearly growth in GSDP [#]	-	#	12	14

[#] Not applicable due to five months Accounts for the year 2019-20 (period 31.10.2019 to 31.03.2020) only.

* GSDP ₹ 1,76,282 crore, ₹ 1,96,696 crore and ₹ 2,24,797 crore for 2020-21, 2021-22 and 2022-23 respectively, as available on website of Ministry of Statistics and Programme Implementation, GOI.

3.3.1 Sectoral distribution of Capital Expenditure

The Capital Expenditure during 2022-23, includes expenditure of ₹ 1,170 crore viz., on Power Projects (₹ 722 crore), Minor Irrigation (₹ 40 crore), Flood Control Projects (₹ 170 crore), Medium Irrigation (₹ 29 crore) and Water Supply and Sanitation (₹ 209 crore). The Government also invested ₹ 31 crore in various Corporations/Companies/Societies. The investment mainly was in Jammu and Kashmir Road Transport Corporation. However, the PSUs has shown investment of ₹ 349 crore resulting in difference of ₹ 318 crore between the two set of figures.

3.3.2 Sectoral distribution of Capital and Revenue Expenditure

The comparative sectoral distribution of Capital and Revenue Expenditure for the period from 31 October 2019 to 31 March 2020, 2020-21, 2021-22 and 2022-23 is illustrated below:

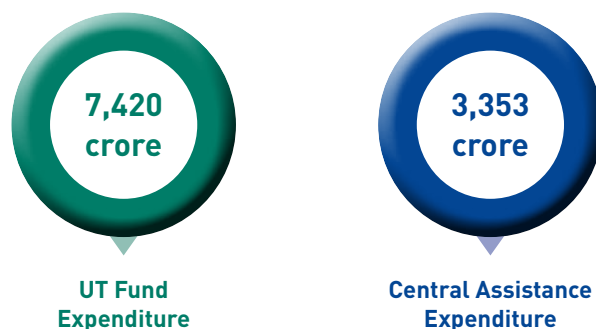
(₹ in crore)

S.No.	Sector		31.10.2019 to 31.03.2020	2020-21	2021-22	2022-23
(A)	General Services	Capital	733	776	659	1,098
		Revenue	9,384	25,521	29,640	31,162
(B)	Social Services	Capital	1,493	2,492	2,723	2,714
		Revenue	8,615	19,472	20,933	22,984
(C)	Economic Services	Capital	3,196	7,202	7,665	6,962
		Revenue	4,721	7,641	8,696	8,853
(D)	Grants-in-aid and Contribution	Capital	-	-	-	-
		Revenue	-	-	-	-

3.4 Plan and Non-Plan Expenditure

The Government of India has discontinued the bifurcation of expenditure as Plan and Non-Plan from 2017-18. Accordingly, the UT Government has also modified the nature of expenditure in their budget as Union Territory Fund Expenditure and Central Assistance Fund expenditure.

Distribution of Expenditure



Chapter IV

Appropriation Accounts

4.1 Summary of Appropriation Accounts for 2022-23

(₹ in crore)

S. No.	Nature of Expenditure	Original Grant	Supplementary Grant	Total	Actual Expenditure	Savings(-) / Excess(+)	Surrenders
1.	Revenue	71,615	6,582*	78,197	62,999	(-)15,198	3,193
2.	Capital	37,705	849#	38,554	10,774	(-)27,780	13,600
3.	Public Debt	32,721	-	32,721	34,067	(+)1,346	-
4.	Loans and Advances	109	-	109	59	(-)50	-
5.	Total	1,42,150	7,431	1,49,581	1,07,899	(-)41,682	16,793

*augmented by ₹ 3,087 crore out of the surrenders from capital section without the approval of legislature.

#augmented by ₹ 633 crore out of the surrenders from revenue section without the approval of legislature.

4.2 Trend of Saving/Excess

(₹ in crore)

Year	Savings (-) / Excess (+)				
	Revenue	Capital	Public Debt	Loans & Advances	Total
31.10.2019 to 31.03.2020	(-)8,675	(-)8,341	(+)3,096	(-)49	(-)13,969
2020-21	(-)11,563	(-)32,295	(+)7,094	(-)46	(-)36,810
2021-22	(-)7,968	(-)19,799	(-)01	(-)44	(-)27,812
2022-23	(-)15,198	(-)27,780	(+)1,346	(-)50	(-)41,682

4.3 Significant Saving

Substantial saving under a grant indicates either non-implementation or slow implementation of certain schemes/ Programmes.

Some grants with significant net saving are given below:

(₹ in crore)

Grant	Nomenclature	31.10.2019 to 31.03.2020	2020-21	2021-22	2022-23
03	Planning	639 (65)	945 (62)	1,239 (68)	575 (51)
06	Power Development	4,557 (63)	13,999 (80)	3,564 (45)	5,277 (60)
10	Law	301 (45)	506 (55)	367 (48)	477 (53)
15	Food, Civil Supplies and Consumer Affairs	206 (45)	466 (64)	305 (52)	430 (63)
18	Social Welfare	738 (46)	820 (33)	1,131 (36)	1015 (32)
20	Tourism	215 (55)	637 (77)	211 (45)	190 (37)
22	Irrigation	474 (56)	1,757 (71)	756 (52)	1,372 (62)
23	Public Health Engineering	...	...	2,063 (52)	8,033 (80)
25	Labour, Stationery and Printing	...	...	64 (42)	92 (52)
28	Rural Development	...	...	3,196 (64)	2,422 (44)
30	Tribal Affairs	...	...	239 (58)	422 (74)
31	Culture	...	...	287 (86)	335 (83)
34	Youth Services and Technical Education	...	...	298 (35)	243 (43)

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.

Information on Government investments of the Finance Accounts is based on the information received from investee entity concerned through the Principal Accountant General (Audit), but has not been confirmed by the concerned departments (including Finance) of the Government of Union Territory of Jammu and Kashmir.

During 2022-23, the Government of Union Territory of Jammu and Kashmir booked an amount of ₹ 30.87 crore as investment. Against the booked amount, the PSUs concerned has shown an investment of ₹ 349.47 crore resulting in difference of ₹ 318.60 crore between two set of figures. The J&K Entrepreneurship Development Corporation and Ratle Hydroelectric Power Corporation Ltd. have now furnished {through Principal Accountant General (Audit) details of investment amounting to ₹ 82.98 crore (₹ 33.98 crore and ₹ 49.00 crore respectively)} for reflection in the Annual Finance Accounts of the Government of Union Territory of Jammu and Kashmir for the year 2022-23. This investment pertains to the year 2021-22 relating to Union Territory of Jammu and Kashmir (post re-organisation) and had not been intimated earlier by the entity. As the investment relates to previous year (2021-22), this has been added to the cumulative balances as on 31 March 2023. Government of Union Territory of Jammu and Kashmir had investment of ₹ 1,311.59 crore as on 31 March 2023 (31 October 2019 to 31 March 2023) which yielded no dividend during 2022-23. Details of Government of Union Territory of Jammu and Kashmir investment as intimated by PSUs through Principal Accountant General (Audit) as on 31 March 2023 are given as follows:

(₹ in crore)

Category	Number of entities	Investment at the end of the year 2022-23
Statutory Corporation	2	193.91
Rural Banks	2	17.32
Government Companies	40	860.51 ^{\$}
Other Joint Stock Companies and Partnership	2	-
Co-operative Banks & Societies	8	239.85*
Total	54	1,311.59

^{\$} Includes ₹ 82.98 crore invested during 2021-22, as the J&K Entrepreneurship Development Corporation and Ratle Hydroelectric Power Corporation Ltd. has furnished revised figures during the year 2022-23.

*Due to awaited updated information of investment in Cooperative Societies from Registrar, Cooperative Societies (July 2023), investment as on 31 March 2020 shown in the previous Accounts has been reflected in the current Accounts.

The total investment (revised figures) made by the erstwhile State in 52 entities at the end of 30 October 2019 (pre re-organisation) was ₹ 4,620.16 crore based on information/data provided to Principal Accountant General (Audit) by the investee entities and not reconciled with Government. Apportionment of these investments is yet to be done between Union Territory of Jammu & Kashmir and Union Territory of Ladakh (July 2023). The investment shown in the Accounts require reconciliation by the Entities with the Government before apportionment between successor Union Territories.

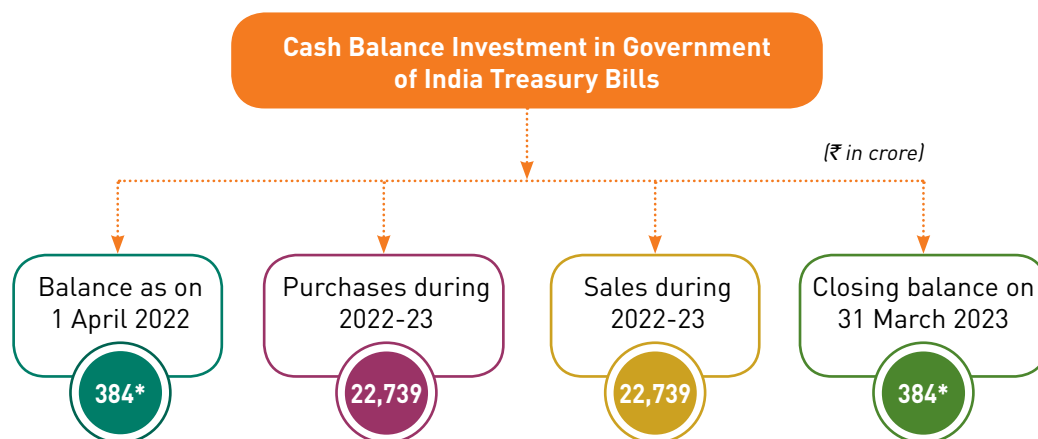
The Cash balance as on 31 March 2023 (31 October 2019 to 31 March 2023) of Union Territory of Jammu and Kashmir (post re-organisation) as per record of Principal Accountant General (A&E) was ₹ 1,448.31 crore (Debit) and that of the RBI (as worked out by Principal Accountant General (A&E)) was ₹ 1,445.66 crore (Credit). There was a net difference of ₹ 2.65 crore (Debit), due to non-reconciliation between the Government of Union Territory and Agency Bank.

There was also a net difference of ₹ 83.32 crore (Debit) between RBI and Principal Accountant General figures as on 30 October 2019 (pre re-organisation) which is yet to be apportioned between Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

In addition, the Government of Union Territory had invested an amount of ₹ 22,739 crore on 27 occasions in 14 days Treasury Bills and rediscounted Treasury Bills worth ₹ 22,739 crore on 38 occasions during 2022-23. The position of investment during the year 2022-23 is depicted in the table given below:

(₹ in crore)

Cash Balance Investment in Government of India Treasury Bills			
Balance as on 1 April 2022	Purchase during 2022-23	Sales during 2022-23	Closing Balance on 31 March 2023
-	22,739	22,739	-
384*	-	-	384*



*The amount shown in bold in the table represent the balance to the end of 30 October 2019 (pre re-organisation) under Cash Balance investment in 14 days Treasury Bills which is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

5.2 Debt and Liabilities

Constitution of India empowers the Government of Union Territory to borrow on the security of the Consolidated Fund of the Union Territory within such limits, if any, as may be fixed from time to time by the Union Territory Legislature.

Details of the Public Debt and Other Liabilities of the Government of Union Territory for the period from 31 October 2019 to 31 March 2023 (post re-organisation) are given below:

(₹ in crore)

(Figures are progressive balances)						
Year	Public Debt	Per cent of GSDP*	Public Account**	Per cent of GSDP*	Total Liabilities	Per cent of GSDP*
31.10.2019 to 31.03.2020	3,498	*	2,002	*	5,500	*
2020-21	10,568	6.00	4,313	2.44	14,881	8.44
2021-22	19,193 [#]	9.76	4,197	2.13	23,390 [#]	11.89
2022-23	23,240 [#]	10.34	4,707	2.09	27,947 [#]	12.43

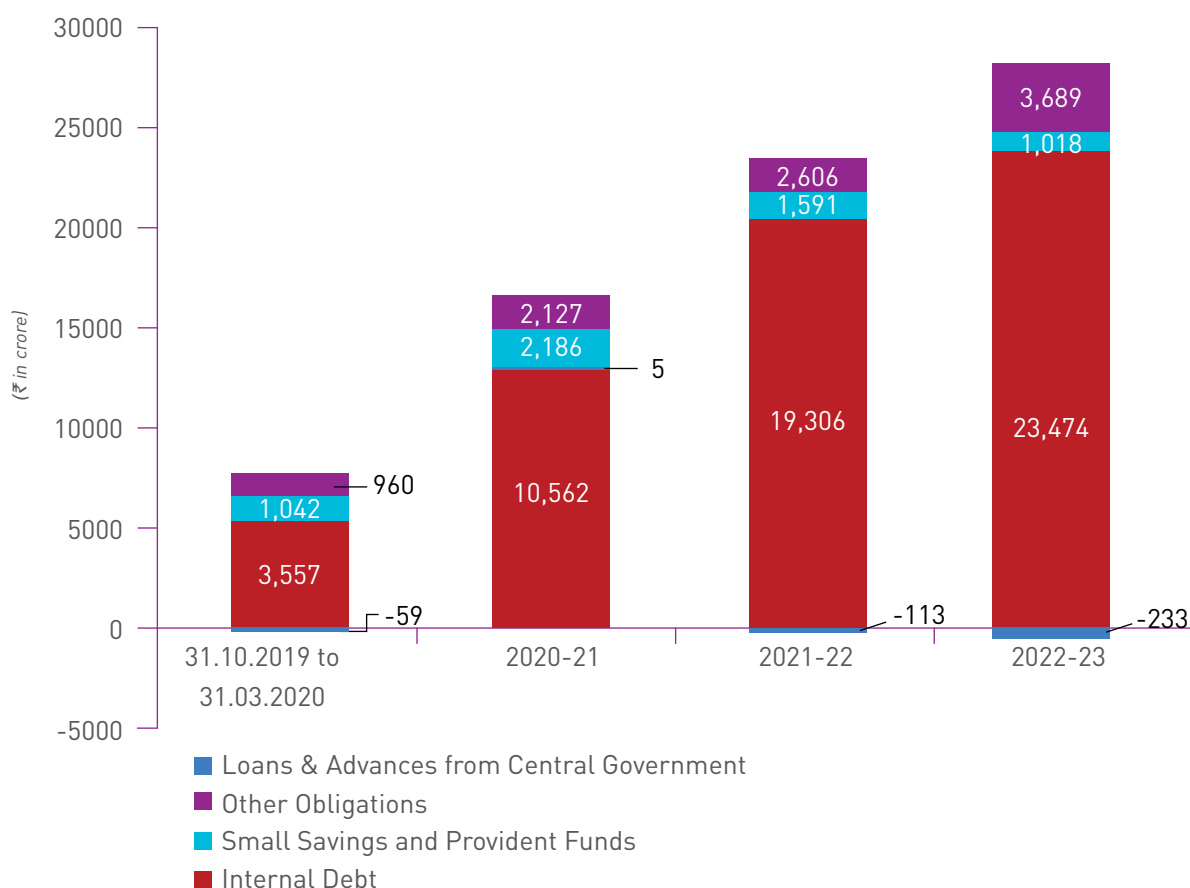
* The GSDP figures for the period from 31.10.2019 to 31.03.2020 not made available by the UT Government. GSDP ₹ 1,76,282 crore for 2020-21, ₹ 1,96,696 crore for 2021-22 and ₹ 2,24,797 crore for 2022-23 as available on web-site of Ministry of Statistics and Programme Implementation, GoI.

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

[#]Does not include ₹ 5,945 crore (₹ 2,100 crore of 2020-21 and ₹ 3,845 crore of 2021-22) passed on by GoI, as back to back loans in lieu of GST compensation shortfall.

During the year 2022-23, Public Debt and Other Liabilities showed a net increase of ₹ 4,557 crore (excluding debt of ₹ 5,945 crore passed on as back to back loans by Government of India (GoI) in lieu of shortfall in Goods and Services Tax (GST) compensation.

Trend in Government Liabilities



As on 30 October 2019 (pre-organisation), there was also outstanding balance of ₹ 82,050 crore which is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and the Union Territory of Ladakh. However, the said balance is retained in Union Territory of Jammu and Kashmir.

5.3 Guarantees

Besides directly raising loans, the Government of Union Territory also guarantees 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 Union Territory Budget. The position of Guarantees given by the Government of Union Territory of Jammu and Kashmir for the re-payment of loans (payment of principal and interest thereon) raised by Statutory Corporations, Government Companies, Cooperative Society, etc., based on the information received by PSUs through Principal Accountant General (Audit), Jammu and Kashmir, 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
31.10.2019 to 31.03.2020	5,204	1,325	-
2020-21	12,564	1,486	-
2021-22	13,449	12,329	-
2022-23	34,833	24,867	0.50

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

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed [Principal Only]	Amount outstanding at the end of the year	
		Principal	Interest
31.10.2019 to 31.03.2020	5,204	1,325	-
2020-21	12,564	1,486	-
2021-22	13,449	12,329	-
2022-23	34,833	24,867	0.50

The outstanding Guarantee of ₹ 452 crore principal and ₹ 02 crore interest ending 30 October 2019 is yet to be apportioned between newly formed Union Territories from 31 October 2019 (appointed day) as a result of Re-organisation of Jammu and Kashmir State viz., Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

Chapter VI

Other Items

6.1 Loans and Advances given by the Government

Except in respect of loans and advances made to Government Servants (for which the Principal Accountant General (A&E), J&K maintains detailed Accounts. The information on all other loans and advances depicted in Statements 7 and 18 of the Finance Accounts is based on information received through the accounts rendered to the Principal Accountant General (A&E). The closing balances depicted in Statements 7 and 18 as on 31 March 2023 have not been reconciled with the Loanee Entities/ Government of Union Territory.

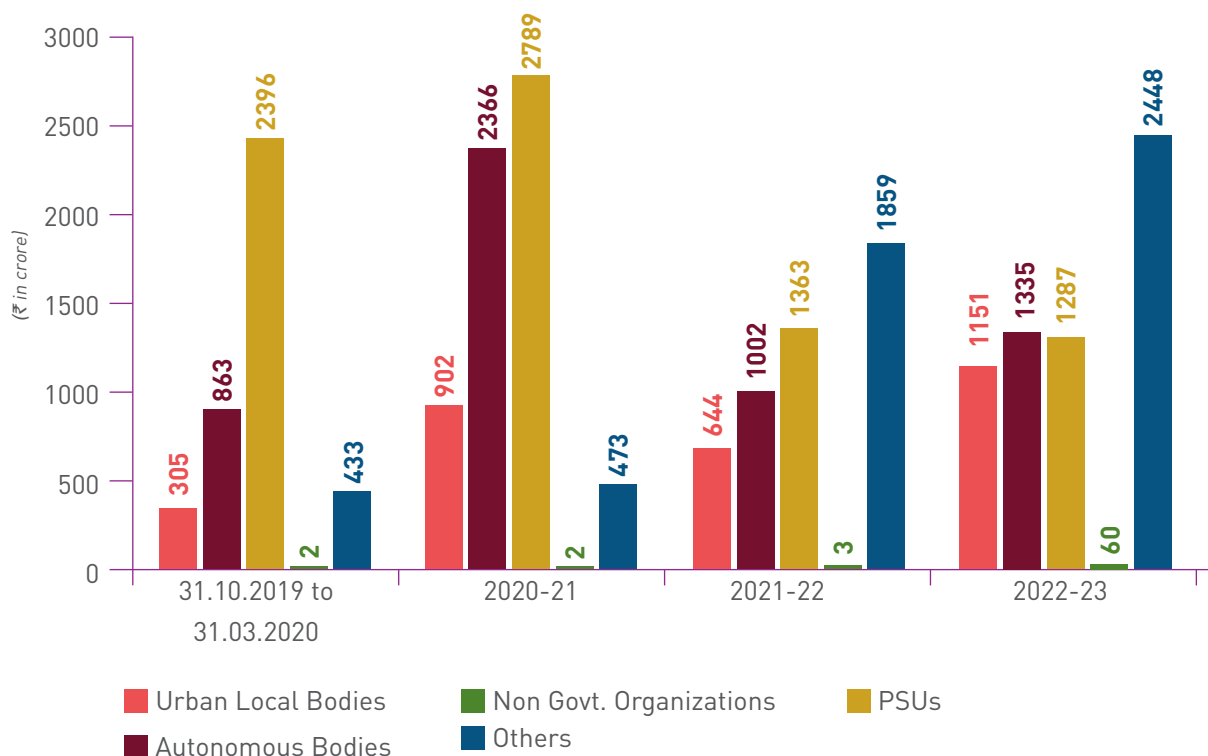
The statements, however, do not contain details of recoveries in arrears and accrued interest thereon as the said information is awaited from the Government of Union Territory (July 2023). During 2022-23, loans amounting to ₹ 59.53 crore (including *nil* to Government Servants) were given by the Government of Union Territory Government to various entities and ₹ 1.33 crore was received as repayment of loans ₹ 0.81 crore from Government Servants and ₹ 0.52 crore from other entities leaving net outstanding loans of ₹ 226.46 crore, as on 31 March 2023 (period 31 October 2019 to 31 March 2023). In addition to ₹ 226.46 crore, there was outstanding balance of ₹ 1,740.44 crore relating to erstwhile State of Jammu & Kashmir yet to be apportioned between the Union Territory of Jammu & Kashmir and Union Territory of Ladakh under Loans and Advances as on 30 October 2019.

Information regarding recoveries in arrears (both Principal and Interest) is required to be furnished by the departments concerned every year to the Principal Accountant General (A&E). During 2022-2023, no such information was received.

6.2 Financial Assistance to Local Bodies and Others

During the year 2022-23, Grants-in-aid released by the Government of Union Territory of Jammu and Kashmir was ₹ 6,281 crore. Grants to Urban Local Bodies including Municipal Corporations during 2022-23 was ₹ 1,151 crore which accounted for 18.33 *per cent* of the total grants given during the period.

Financial Assistance to Local Bodies and Others



6.3 Cash Balance

(₹ in crore)

Component	As on 31 March 2022	As on 31 March 2023
Cash Balance	1,448	1,448
	(-)42	(-)42
Cash in Treasuries and Local Remittances	-	-
	28	28
Departmental Balances	-	-
	05	05
Permanent Imprest	-	-
	*	*
Deposits with RBI and Other Banks	1,448	1,448
	(-)470	(-)470
Cash Balance Investment	-	-
	384	384
Investment from earmarked fund Balances	-	-
	11	11

* Negligible (₹ 0.12 crore only).

The figures in bold represent balances ending 30 October 2019, yet to be apportioned between UT of Jammu & Kashmir and UT of Ladakh retained in Union Territory of Jammu and Kashmir.

6.4 Non-freezing of accounts by Treasuries after closing monthly accounts

Non-freezing of accounts by treasuries after closing monthly accounts may give scope for data manipulation after submission of monthly accounts to Principal Accountant General (A&E) office and may lead to mismatch of figures/data between Principal Accountant General office and Government of Union Territory. In Union Territory of Jammu and Kashmir, there is no provision for freezing of monthly accounts in the Integrated Financial Management System after closure of monthly accounts and sending them to the Office of the Principal Accountant General (Accounts and Entitlement).

6.5 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 Principal Accountant General (A&E). This exercise is to be conducted by the respective Chief Controlling Officers/Controlling Officers. During 2022-23, receipts of ₹ 63,500.04 crore constituting 92.06 *per cent* of the total receipts of ₹ 68,975.95 crore excluding public debt and expenditure amounting to ₹ 52,963.32 crore (71.79 *per cent* of total expenditure of ₹ 73,773.12 crore excluding public debt) were reconciled by the Government of Union Territory of Jammu and Kashmir.

6.6 Submission of Accounts by Account rendering Units

The accounts of Receipts and Expenditure of the Government of Jammu and Kashmir are compiled based on the initial accounts rendered by 122 Treasuries (including 20 District Treasuries and one Virtual Treasury) and Advices of the Reserve Bank of India. 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 2022-23. No accounts remained excluded at the end of 31 March 2023. In the Union Territory of Jammu and Kashmir the primary compilation is done by the Principal Accountant General (Accounts and Entitlement) office.

6.7 Opening of New Sub Heads/Detailed Heads of Accounts without advice

During 2022-23, the Government of Union Territory of Jammu and Kashmir has not opened any Sub-Head in the budget, without seeking the advice of the Principal Accountant General (A&E) as required under the provisions of Article 150 of the Constitution of India.

6.8 Goods and Services Tax (GST)

Goods and Services Tax (GST) was introduced with effect from 1 July 2017. During the year 2022-23, the Union Territory GST collection was ₹ 7,211.98 crore compared to ₹ 6,394.30 crore in 2021-22, registering an increase of ₹ 817.68 crore (12.79 *per cent*). This includes Advance Apportionment of IGST amounting to ₹ 4,922.62 crore. The Government of Union Territory of Jammu and Kashmir received, compensation of ₹ 418.12 crore as Revenue Receipts on account of loss of revenue arising out of implementation of GST during 2022-23.

No share of net proceeds was assigned to the state under Central Goods and Services to the Government of Union Territory of Jammu and Kashmir consequent to re-organisation of the State as a Union Territory.

The Government of Union Territory of Jammu and Kashmir had received back-to-back loan of ₹ 5,945.29 crore (₹ 2,099.80 crore during 2020-21 and ₹ 3,845.49 crore during 2021-22) for the period ended 31 March 2023 from the Central Government in lieu of GST compensation.

During the year 2022-23, no adjustment entries relating to the previous years(s) was carried out by the Government due to difference between the Reserve Bank of India's (RBI) figures and figures booked in the Finance Accounts.

6.9 Unadjusted Abstract Contingent (AC) Bills

The Government of Union Territory of Jammu and Kashmir has not revised codal provisions for drawal of Abstract Contingent (AC) bills and settlement thereof. However, Financial Code Volume-I (para 7.18) of erstwhile State of Jammu and Kashmir envisage when it is considered necessary to draw money from the Treasury for contingent expenditure of which vouchers cannot be readily obtained before payment Drawing and Disbursing Officers (DDOs) are authorised to draw sums of money through AC bills. In terms of the erstwhile State of Jammu and Kashmir (pre re-organisation) Financial Code para 7.10, DDOs are required to present Detailed Countersigned Contingent (DCC) bills containing vouchers in support of final expenditure within two months from the date on which the advance was drawn.

- (a) Out of 384 AC bills amounting to ₹ 3,310.85 crore drawn during the year 2022-23, 145 AC bills amounting to ₹ 709.58 crore (21.43 per cent) were drawn in March 2023. DCC bills in respect of a total of 1,589 AC bills amounting to ₹ 14,191.82 crore as on 31 March 2023 were not received. Details of the unadjusted AC bills as on 31 March 2023 pending submission of DCC bills are given below:

Year (*)	Number of unadjusted AC bills	Amount (₹ in crore)
Up to 2021-22 (31.10.2019 to 31.01.2022)	1,035	10,653.62
2022-23 (01.02.2022 to 31.01.2023)	554	3,538.20
Total	1,589	14,191.82

(*) The year mentioned above relates to "Due year" i.e., after 2 months of actual drawal and adjustment upto 31 March 2023 Account.

- (b) Further, out of 2,154 AC bills amounting to ₹ 5,830.41 crore outstanding as on 31 March 2022, drawn upto 30 October 2019 (pre re-organisation) by the erstwhile State of Jammu and Kashmir, DCC bills in respect of 1,877 AC bills amounting to ₹ 5,583.15 crore were awaited as on 31 March 2023. The bifurcation of these outstanding AC bills is yet to be done between successor Union Territories viz., Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

6.10 Booking under Minor Head 800-Other Expenditure and 800-Other Receipts

The Minor Head 800-Other Expenditure/ 800-Other Receipts is to be operated only when the appropriate Minor Head has not been provided in the accounts. Routine operation of Minor Head 800 should be discouraged, since it renders the accounts opaque.

During the year 2022-23, ₹ 3,482.97 crore under 37 Major Heads of Accounts, constituting 4.72 per cent of the total Revenue and Capital Expenditure (₹ 73,773.12 crore) was classified under the Minor Head 800-Other Expenditure in the accounts.

Similarly, ₹ 5,585.14 crore (including Revenue Receipts of ₹ 3,307.54 crore representing Sale of Power and Misc. Power Receipts under Major Head-0801) under 34 Major Heads of Account, constituting 8.10 per cent of the total Revenue Receipts (₹ 68,975.95 crore) was classified under Minor Head 800-Other Receipts in the accounts.

6.11 Impact on Revenue Surplus and Fiscal Deficit

The impact on the Revenue Surplus and Fiscal Deficit of the Government of Union Territory of Jammu and Kashmir during the year 2022-23 is tabulated below:

Item (Illustrative)	Impact on Revenue Surplus		Impact on Fiscal Deficit	
	Overstatement (₹ in crore)	Understatement (₹ in crore)	Overstatement (₹ in crore)	Understatement (₹ in crore)
Misclassification between Revenue and Capital	219.13	No Impact	No Impact	No Impact
Non-payment of interest on State Compensatory Afforestation Fund	25.61	No Impact	No Impact	25.61
Non-payment of interest on State Compensatory Afforestation Deposit	16.21	No Impact	No Impact	16.21
Total (Net) Impact	260.95		41.82	

6.12 Status of Outstanding Utilisation Certificates

The Government of Union Territory of Jammu and Kashmir has not framed revised rules relating to drawal of Grants-in-aid and submission of Utilisation Certificates (UCs) thereof. However, in terms of para 10.19 of the erstwhile State of Jammu and Kashmir (pre re-organisation) Financial Code Volume-I, UCs in respect of Grants-in-aid received by the grantee should be furnished by the grantee to the authority that sanctioned it, within 18 months from the date of receipt of grant or before applying for a further grant on the same object, whichever is earlier. To the extent of non-submission of UCs, there is a risk that the amount shown in Finance Accounts may not have reached the beneficiaries.

- (a) The position of outstanding UCs relating to Union Territory of Jammu and Kashmir (post re-organisation) for the period from 31 October 2019 to 30 September 2021 as on 31 March 2023 is given below:

Year (*)	No. of UC's Outstanding	Amount (₹ in crore)
2021-22 (31.10.2019 to 30.09.2020)	725	2,985.54
2022-23 (01.10.2020 to 30.09.2021)	577	3,570.56
Total	1,302	6,556.10

(*) The year mentioned above relates to "Due year" i.e., after 18 months of actual drawal.

- (b) Further, during the year 2022-23, out of 3,088 bills amounting to ₹ 8,158.32 crore outstanding as on 31 March 2022, 657 bills to the tune of ₹ 15.67 crore pertaining to outstanding UCs relating to erstwhile State of Jammu and Kashmir for the period upto 30 September 2019 (pre re-organisation) were cleared. The position of outstanding UCs relating to erstwhile State of Jammu and Kashmir drawn upto 30 October 2019 yet to be apportioned between the UT of Jammu and Kashmir and UT of Ladakh as on 31 March 2023 is given below:

Year (*)	No. of UC's Outstanding	Amount (₹ in crore)
Upto 2019-20	1,726	6,181.21
2020-21	705	1,961.44
2021-22 (01.10.2019 to 30.10.2019)	Nil	Nil
Total	2,431	8,142.65

(*) The year mentioned above relates to "Due year" i.e., after 18 months of actual drawal.

6.13 Expenditure on Ecology and Environment

The expenditure incurred by the Government of Union Territory of Jammu and Kashmir towards environment is depicted in the Finance Accounts up to the level of Minor Head under various functional Head of Accounts. During the year 2022-23, the Government of Union Territory of Jammu and Kashmir incurred ₹ 48.48 crore against the budget allocation (BE) of ₹ 78.76 crore under Major Heads 3435- "Ecology and Environment".

6.14 Interest Adjustment

- (a) Government is liable to pay/adjust interest in respect of balances under category J-Reserve Funds (a. Reserve Funds bearing interest) and K-Deposits and Advances (a. Deposits bearing interest), and for this purpose, specific Sub-Major Heads are provided in the List of Major and Minor Heads of Account.

Details of these Funds/Deposits and interest paid by the Government during the year 2022-23 are given below:

(₹ in crore)

Funds/Deposits	Balance on 1 April 2022	Basis for calculation of interest	Interest due	Interest paid	Interest short paid
State Compensatory Afforestation Fund	764.57	As per circular issued by the Ministry of Environment, Forest & Climate Change (@ 3.35 per cent p.a)	25.61	Nil	25.61
State Compensatory Afforestation Deposit	483.81		16.21	Nil	16.21
Total			41.82	Nil	41.82

Non-payment/short payment of the interest amounting to ₹ 41.82 crore has resulted in overstatement of Revenue surplus and understatement of Fiscal Deficit by ₹ 41.82 crore.

- (b) Besides above, the Government is liable to pay interest on "I-Small Savings and Provident Fund etc." The interest on General Provident Fund (GPF) and State Life Insurance (SLI) accounts of the Government employees for the period ended 31 March 2023 conveyed on provisional/tentative basis by the Government of Union Territory of Jammu and Kashmir (July 2023) who is responsible for maintenance of GPF and SLI accounts of its employees. Thus, the expenditure, Revenue Surplus, Fiscal Deficit, Liabilities for the year 2022-23 will differ to the extent of the difference between the actual and tentative figures.

6.15 Expenditure relating to unforeseen/extraordinary events

During the year 2022-23, the Government of Union Territory of Jammu and Kashmir has not either operated any specific and Detailed Heads of Account nor the budget provision was kept in the Demand for Grants relating to unforeseen/ extraordinary events.

6.16 Restructuring of Centrally Sponsored Schemes (CSS)/ Additional Central Assistance (ACA) excluding Block Grants

Consequent to the merger of Plan/Non-Plan classification, the Central Assistance release is now classified as Central Assistance/Share under Centrally Sponsored Schemes.

The total expenditure booked under Centrally Sponsored Schemes, as on 31 March 2023, is ₹ 5,350.88 crore (Revenue Expenditure ₹ 1,997.43 crore and Capital Expenditure ₹ 3,353.45 crore), which includes expenditure out of Central Assistance excluding Union Territory share. The Union Territory share for Centrally Sponsored Schemes is met from the General expenditure under Group Head-0099- "General" in Revenue Section and 0011- "General" in Capital Section by the Government of Union Territory of Jammu and Kashmir.

6.17 Off-Budget Liabilities of Government

Off-Budget Borrowing is a liability of the Government in as much as the principal and the interest thereon, invariably are serviced through the Government Budget, either as assistance or grant to Union Territory entity. In the year 2022-23, the Government of Union Territory of Jammu and Kashmir did not disclose the Off-Budget liabilities in their budget documents/ annual financial statements.

However, the Finance Department, Government of Union Territory of J&K informed (July 2023) that Off-Budget borrowing of ₹ 23,911.53 crore was outstanding post re-organisation upto 31 March 2023. Principal of ₹ 74.87 crore and interest of ₹ 1,423.79 crore had been repaid during 2022-23. These borrowings are serviced from the revenue of the Union Territory Government.

6.18 Transfer of Funds to Single Nodal Agency (SNA)

Ministry of Finance, Government of India¹ had notified procedure for release of funds under Centrally Sponsored Scheme (CSS) and monitoring utilisation of the funds released through Single Nodal Agency (SNA). For each CSS, SNA is set up with own Bank Account in a scheduled Commercial Bank, authorised to conduct Government business by the Government of Union Territory. As per the procedure, the Government of Union Territory is to transfer the Central share received in its account to the concerned SNA's account along with Union Territory share.

The Government of Union Territory of Jammu and Kashmir received ₹ 6,131.40 crore being Central share during the year. This includes ₹ 132.33 crore transferred by Ministry of Health and Family Welfare for Infrastructure maintenance, and ₹ 43.57 crore transferred for PMAY, apart from the amount of ₹ 5,955.50 crore as per SNA report of the PFMS portal. As on 31 March 2023, the Government transferred ₹ 3,514.36 crore being Central share and corresponding Union Territory share of ₹ 549.62 crore to the SNA's. Detailed vouchers and supporting documents of actual expenditure were not received by Principal Accountant Generals office from the SNAs. As per the data available on Public Financial Management System (PFMS), ₹ 3,603.59 crore is lying unspent in the bank account of SNAs as on 31 March 2023.

6.19 Contingency Fund

In exercise of the powers conferred by Sub Section (3) of Section 69 of Jammu and Kashmir Re-organisation Act, 2019, the Government of Union Territory made the 'Contingency Fund of Jammu and Kashmir Rules, 2020' (Notification No. S.O-271 dated 27 August 2020) for regulating all matters connected with or ancillary to the custody of, payment of monies into, and the withdrawal of monies from, the Contingency Fund of the Government of Union Territory of Jammu and Kashmir. The Contingency Fund of the Government of Union Territory of Jammu and Kashmir has a corpus of ₹ 25.00 crore transferred from Consolidated Fund of Union Territory of Jammu and Kashmir during 2020-21. The balance under the Fund was ₹ 25.00 crore at the end of 31 March 2023. There was a balance of ₹ one crore in the Contingency Fund of erstwhile State of Jammu and Kashmir as on 30 October 2019 (pre re-organisation) yet to be apportioned between the two successor Union Territories.

¹ Letter No. 1(13)PFMS/FCD/2020 dated 23 March 2021

6.20 New Pension Scheme

During the year 2022-23, total contribution to the NPS which is a Defined Contribution Pension Scheme was ₹ 1,773.57 crore. The detailed information on Government contribution is available in *Statement No. 15* of the Finance Accounts. The Government transferred ₹ 1,773.57 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension Scheme.

During 2022-23, contribution from Government under Major Head-2071-Minor Head-117 was ₹ 1,002.01 crore and employees contribution was ₹ 771.56 crore. The Government of Union Territory of Jammu and Kashmir has not notified reversion of Old Pension Scheme (OPS) ending 31 March 2023.

6.21 State Disaster Response Fund (SDRF)

In terms of guidelines on constitution and administration of the State Disaster Response Fund (under Major Head- '8121-General & Other Reserve Funds' which is under interest bearing section), the Central and State Governments are required to contribute to the fund in the proportion of 90:10. After re-organisation of the State of Jammu and Kashmir into two new Union Territories, the Government of Union Territory of Jammu and Kashmir continued with the State Disaster Response Fund. During the year 2022-23, the Government of Union Territory of Jammu and Kashmir received ₹ 279.00 crore on account of 'Grants towards contribution to Union Territory Disaster Response Fund' as released by the Ministry of Home Affairs, Government of India. The Government of Union Territory share during the year was ₹ 31.00 crore. During the year 2022-23, the Government transferred ₹ 381.83 crore (Central share ₹ 279.00 crore, Union Territory share ₹ 31.00 crore, and Interest ₹ 71.83 crore) to the Fund under Major Head 8121-122 SDRF. The interest required to be contributed to the Fund as per guidelines could not be worked out as the available balance under the Fund amounting to ₹ 1,271.48 crore as on 30 October 2019 (pre re-organisation) is yet to be apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh

6.22 Compensatory Afforestation Fund

In compliance with the instructions issued by the Ministry of Environment, Forests and Climate Change, Government of India, the State Governments are required to establish the State Compensatory Afforestation Fund under interest bearing section in Public Account of the State for amounts received from user agencies for undertaking Compensatory Afforestation.

On re-organisation of State of Jammu and Kashmir into two new Union Territories, the successor Union Territory of Jammu and Kashmir continued with the State Compensatory Afforestation Fund. During the year 2022-23, the Government of Union Territory of Jammu and Kashmir received ₹ 14.12 crore (₹ 8.55 crore in previous year) from the user agencies. No amount was remitted to the National Fund either during 2022-23 or during 2021-22. The Government of Union Territory received *nil* amount (₹ *nil* crore in previous year) from National Compensatory Afforestation Deposit. The total balance in the State Compensatory Afforestation Fund as on 31 March 2023 was ₹ 764.57 crore. There was also balance of ₹ 497.93 crore under Major Head 8336- "General and Other Reserve Funds" as on 31 March 2023.

6.23 Transfer of Fund to various Implementing Agencies

As per the Public Financial Management System (PFMS) portal of the Controller General of Accounts (CGA), ₹ 4,237.34 crore was directly received by the implementing agencies (including ₹ 786.95 crore to the various Government Departments) in the Union Territory during 2022-23. Out of total amount of ₹ 4,237.34 crore received directly by implementing agencies, information regarding amounts transferred by Union Territory Government to the intermediaries and directly to the beneficiaries as Direct Benefit Transfer (DBT) is still awaited from the Government of Union Territory.

The direct transfer of fund to the implementing agencies has increased by 6.13 *per cent* as compared to 2021-22 (from ₹ 3,992.76 crore in 2021-22 to ₹ 4,237.34 crore in 2022-23). Details of direct transfer to Government Departments of Union Territory of Jammu and Kashmir are in *Appendix-VI* of the Finance Accounts.

6.24 Consolidated Sinking Fund

No Consolidated Sinking Fund was separately created in Union Territory of Jammu and Kashmir after re-organisation of the erstwhile State of Jammu and Kashmir. The Government of the erstwhile State of Jammu and Kashmir set up the Consolidated Sinking Fund for amortisation of loans in January 2012. According to the prescribed guidelines, Government may contribute a minimum of 10 *per cent* of 0.5 *per cent* of the outstanding liabilities as at the end of 2010-11 every year beginning with the financial year 2011-12 upto 2021-22 to make it equal to 0.5 *per cent* of outstanding liabilities of 2010-11. In addition, contribution in respect of incremental liabilities as from year to year thereafter shall be made at 0.5 *per cent* of such incremental liabilities so as to reach the level deemed sufficient to meet the objective of the Scheme. The Government of Union Territory continued with the existing Fund and in the year 2022-23, Government of Union Territory of Jammu and Kashmir contributed ₹ 58.91 crore. The amount required to be contributed to the Fund as per guidelines of 2012 could not be worked out as the available balance under the Fund amounting to ₹ 355.87 crore as on 30 October 2019 (pre re-organisation) is yet to be apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh. The total accumulation of the Fund (for the period 31 October 2019 to 31 March 2023 (post re-organisation) was ₹ 159.54 crore as on 31 March 2023 (₹ 100.63 crore as on 31 March 2022).

6.25 Guarantee Redemption Fund

The RBI guidelines of 2013 on the Guarantee Redemption Fund (GRF) mentions that it is desirable for the Government to contribute a minimum of one *per cent* of outstanding Guarantees at the beginning of the year in the year contribution of the Fund, and thereafter a minimum of 0.50 *per cent* every year to achieve a corpus of minimum three to five *per cent* of the outstanding Guarantees of the previous year. The Government of Union Territory of Jammu and Kashmir has not framed Guarantee Redemption Fund Act as on 31 March 2023. Further, the Guarantee Redemption Fund Scheme of erstwhile State of Jammu and Kashmir did not have any target for contribution to the Fund. During the year, Government of Union Territory of Jammu and Kashmir contributed only ₹ 1.00 crore to the Fund. The total accumulation of the Fund was ₹ 5.00 crore as on 31 March 2023 (₹ 4.00 crore as on 31 March 2022) for the period post re-organisation *viz.*, (31 October 2019 to 31 March 2023). There was also balance of ₹ 20.42 crore in the Fund as on 30 October 2019 pre re-organisation yet to be apportioned between the Union Territory of Jammu

and Kashmir and Union Territory of Ladakh. The entire amount of ₹ 25.42 crore [₹ 5.00 crore relating to Union Territory of Jammu and Kashmir (31 October 2019 to 31 March 2023) and ₹ 20.42 crore relating to erstwhile State of Jammu and Kashmir (upto 30 October 2019)] has not been invested by the Government..

6.26 Status of Suspense Balances

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balance under these Heads, is worked out by aggregating the outstanding debit and credit balances separately under various Heads, was ₹ 149.44 crore (Net debit) as on 31 March 2023 [₹ 448.94 crore (Net debit) as on 31 March 2022].

There was also a net credit balance of ₹ 2,114.33 crore [₹ 733.16 crore (debit) under Suspense and ₹ 2,847.49 crore (credit) under Remittances] at the end of 30 October 2019 (pre re-organisation) relating to erstwhile State of Jammu and Kashmir under Suspense and Remittance Heads which is yet to be apportioned between the successor Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

Non-clearance of outstanding balances under these Heads affects the accuracy of receipt/ expenditure figures and balances under different Heads of Accounts (which are carried forward from year to year) of the Government of Union Territory.

6.27 Other Cess/fee/surcharge

During the year 2022-2023, the Government of Union Territory of Jammu and Kashmir booked an amount of ₹ 41.79 crore (₹ 21.45 crore during 2021-22) under Minor Head 103-“Rates and Cesses on Land” below Major Head 0029-“Land Revenue” (other than Labour Cess). No Fund was set up by the Government of Union Territory of Jammu and Kashmir for transfer of cesses collected by the Government of Union Territory of Jammu and Kashmir.

6.28 Allocation of Balances as a result of Re-organisation

The Jammu and Kashmir Re-organisation Act, 2019 (Section 84 and 85) and notification of the Government of Union Territory of Jammu and Kashmir dated 30 October 2020 followed by Government Order No. 14-F of 2021 dated 14 January 2021 provides for the manner in which Assets and Liabilities are to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh with effect from 31 October 2019.

Though, the Government Order in this regard was issued by the Government of Union Territory of Jammu and Kashmir dated 14 January 2021, balances as on 30 October 2019 are yet to be apportioned between the successor Union Territories viz., Union Territory of Jammu & Kashmir and Union Territory of Ladakh resulting in adverse balances under some Heads of Accounts. Though, an amount of Rs. 1486.13 crore was apportioned to UT of Ladakh on account of GPF, SLI and Deposit pertaining UT of Ladakh during the year 2022-23. Details of un-apportioned items are given in *Appendix-XIII* of Volume-II of the Finance Accounts.

6.29 Central Road and Infrastructure Fund (CRIF)

The erstwhile Central Road Fund (CRF) has been renamed as the Central Road and Infrastructure Fund (CRIF) vide Government of India's Gazette notification dated 31 March 2018. The CRIF will be used for development and maintenance of National Highways, Railway projects, improvement of safety on Railways, State and Rural roads and other infrastructure etc.

In terms of the extant accounting procedure, the grants received by the Government of Union Territory from the Central are to be initially booked as Revenue Receipts under Major Head 1601. Thereafter, the amount so received is to be transferred by the Government of Union Territory to the Public Account under Major Head 8449-103 Subventions from Central Road and Infrastructure Fund through functional Major Head(s).

During the year 2022-23, the Government of Jammu and Kashmir received grants of ₹ 343.61 crore towards CRIF and during the year, the amount was transferred to Major Head 8449-103.

6.30 State Disaster Mitigation Fund (SDMF)

The State Disaster Mitigation Fund (SDMF) is to be constituted under section 48 (1) (c) of the Disaster Management Act, 2005. This Fund is exclusively for the purpose of mitigation projects in respect of disaster covered under State Disaster Response Fund (SDRF)/National Disaster Response Fund (NDRF) guidelines and the State Specific local disaster notified by the State Government from time to time.

The Government of Union Territory of Jammu and Kashmir has not created the SDMF as on 31 March 2023 under Major Head 8121-130-State Disaster Mitigation Fund.

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