

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

**ON
STATE FINANCES**

FOR THE YEAR ENDED 31 MARCH 2014

GOVERNMENT OF JAMMU AND KASHMIR

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PREFACE

This Report has been prepared for submission to the Governor of the State of Jammu and Kashmir under Article 151 of the Constitution of India.

Chapter I and II of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2014. Information has been obtained from the Government of Jammu and Kashmir wherever necessary.

Chapter-III on Financial Reporting provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

The Report containing the findings of the performance audit and audit of transactions in various Departments and the Report containing observations arising out of audit of Statutory corporations, Boards, Government Companies and Revenue Receipts are presented separately.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Jammu and Kashmir is brought out to assess objectively the financial performance of the State during the year 2013-14 *vis-à-vis* the Budget Estimates and the targets set under the Fiscal Responsibility and Budget Management Act, 2006. The report analyses the dominant trends and structural profile of Government's receipts and disbursement.

The Report

Based on the audited accounts of the State Government for the year ending 31 March 2014 and additional data such as the Economic Survey brought out by the State government and Census, this report provides an analytical review in three Chapters.

Chapter-1 is based on the Finance Accounts and makes an assessment of Government's fiscal position as on 31 March 2014. It provides an insight into trends and profile of key fiscal aggregates, committed expenditure, borrowing pattern, besides a brief account of central funds transferred directly to State implementing agencies through off budget route.

Chapter-2 is based on Appropriation Accounts and gives grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments. Comments arising out of inspection of treasuries have also been made in the chapter.

Chapter-3 is an inventory of Government's compliance with various reporting requirements and financial rules and non-submission of accounts.

Audit findings and recommendations

Trends in key fiscal aggregates: The State's share in Union taxes & duties and grants from the Union Government together constituted on an average 75 *per cent* of the total revenue receipts of the State during 2009-13. It declined to 70 *per cent* in 2012-13 and 66 *per cent* during 2013-14. The non-debt resources transferred by the Central Government through the State Government accounts financed on an average of 63 *per cent* of total expenditure of the State Government during 2009-12, 60 *per cent* in 2012-13 and 57 *per cent* in 2013-14, showing decline in the States dependence on transfer of central resources. The opening cash balance for the year 2013-14 increased by ₹ 972 crore from ₹91 crore to ₹1063 crore

(Para 1.2 and 1.2.1)

States own tax revenues shown a steady increase particularly in Tax on sales of goods and services which increased from ₹2146 crore in 2009-10 to ₹4579 crore during 2013-14.

(Para 1.4.1)

The total expenditure of the State increased from ₹30434 crore in 2012-13 to ₹31686 in 2013-14. While the Capital Expenditure decreased from ₹5317 crore during 2012-13 to ₹4628 crore in 2013-14, the Revenue Expenditure increased from ₹25117 crore during 2012-13 to ₹27058 crore in 2013-14.

(Para 1.2.2)

Non-plan revenue expenditure, viz., salaries and other personnel costs, pensions and other post-retirement benefits, interest payments and Power Department's deficit constituted nearly 63.77 *per cent* of total expenditure, 80.12 *per cent* of total non-plan revenue expenditure and 221 *per cent* of States' own tax revenues during 2013-14. There was continuing diversion of Plan grants for meeting the non-plan revenue gap to the extent of ₹3746 crore in 2012-13 and ₹3823 crore in 2013-14.

(Para 1.4.2.1)

The percentage of Developmental Capital Expenditure to total expenditure declined from 15.1 *per cent* in 2012-13 to 12.18 *per cent* in 2013-14.

(Para 1.8.1)

There were 267 projects/ works with sanctioned cost of ₹1458.25 crore, costing ₹ one crore or above, which had overshoot their scheduled completion dates. An amount of ₹832.44 crore had been expended on these incomplete projects by 31 March 2014.

(Para 1.9.1)

Fiscal consolidation and regulation of debt/ deficit: The State could not match the targets of fiscal deficit recommended by the 13th Finance Commission. The actual fiscal deficit was 5.9, 5.5 and 5.2 *per cent* against targeted fiscal deficit of 4.7, 4.2 and 3.6 *per cent* of GSDP of respective years during 2011-12, 2012-13 and 2013-14.

(Para 1.13.1)

The percentage of market loans to total liabilities increased from 28.5 *per cent* in 2009-10 to 38.5 *per cent* in 2013-14.

(Para 1.11.3)

Targets for collection of power departments' tariff were not achieved. The shortfall in collection of revenue was ₹1308 crore vis-a-vis targets and shortfall vis-a-vis expenditure on power purchased was ₹2205 crore.

(Para 1.7.2.1)

Financial management and budgetary control: During 2013-14, there was overall saving of ₹ 2954.87 crore. This was the result of saving of ₹ 7424.66 crore in 21 grants and four appropriation under Revenue Section and 24 grants under Capital Section which is offset by excess of ₹ 4469.79 crore in eight grants under Revenue Section and five grants and one appropriation under Capital Section. In 13 cases, expenditure aggregating ₹ 15,426.99 crore was exceeded by ₹ 4,468.83 crore against the total approved provision of ₹ 10958.16 crore.

(Para 2.2 and 2.3.4)

There were persistent errors in budgeting, savings, excess expenditure and expenditure without provision. Anticipated savings were either not surrendered or surrendered at the end of the year leaving no scope for utilizing these funds for other development purposes.

(Para 2.3.3 to 2.3.6)

Excess expenditure of ₹ 99409.53 crore till 31 March 2014 over the approved provision ending March 2014 required regularisation under Section 82 of the Constitution of Jammu and Kashmir.

(Para 2.3.7)

Financial reporting: There were delays in furnishing utilisation certificates against the loans and grants from various grantee institutions. Abnormal delays were noted in submission of annual accounts by some of the departmental commercial undertakings and Autonomous Bodies.

(Para 3.2 and 3.3)

CHAPTER-I
FINANCES OF THE STATE GOVERNMENT

CHAPTER 1

FINANCES OF THE STATE GOVERNMENT

This chapter provides an overview of the finances of the State government during the financial year 2013-14 by benchmarking against past trends of major fiscal aggregates and its structural profile. *Appendix 1.1* contains the structure and layout of the Finance Accounts of the State government on which this Report is based. *Appendix 1.2* briefly outlines the methodology adopted for the assessment of the fiscal position of the State.

1.1 Profile of the State

The State of Jammu and Kashmir (J&K) is strategically located with its borders touching Pakistan and China and is spread over a geographical area of 2.22 lakh sq.kms. which includes an area of 1.21 lakhsq.kms. under illegal occupation of China and Pakistan. The three regions of the State, viz Kashmir, Jammu and Ladakh, have been organized into 22 districts.

As per 2011 Census (Provisional Data), the State's population in census-covered areas was 1.25 crore. The decadal growth rate in population declined to 23.71 *per cent* during 2001-2011 from 29.43 *per cent* during 1991-2001. The population density of the State increased from 100 per sq km in 2001 to 124 per sq km. in 2011. The overall sex ratio declined from 892 in 2001 to 883 as per census 2011.

Incidence of poverty in the State has been on declining trend. The proportion of Below Poverty Line persons in the total population was estimated at 40.86 *per cent* in 2000 by the Department of Food and Public Distribution, Government of India, declined to 21.63 *per cent* of total population according to a BPL head count survey carried out by the State government in 2007-08 and to 10.6 *per cent* in 2011-12 according to an assessment made by the Planning Commission.

The Gross State Domestic Product (GSDP)¹ measures the value of goods and services produced within the State. At current market prices, the GSDP was estimated ₹ 87319 crore during 2013-14, up from ₹ 77558 crore in 2012-13. The State's estimated GSDP for 2013-14 was about 0.83 *per cent* of the country's estimated national Gross Domestic Product (GDP) for the year (₹ 10472807 crore).

As per the State government estimates, major constituents of State's GSDP in 2013-14 are Services (51.70 *per cent*), Industry (24.93 *per cent*) and Agriculture and allied activities (23.38 *per cent*).

At current prices, State Per Capita Income has been steadily rising (₹ 33,650, ₹ 40,089, ₹ 45,198, ₹ 51,493 and ₹ 58,593 for the years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14).

¹The GDP/GSDP data used in this Report is based on the new series with Base Year 2004-05.

Trends in annual growth of the country's GDP and the State's GSDP are given in *Appendix 1.2*.

1.1.1 Salient features of the State's Budgetary System

The State government secures legislative approval for spending from the Consolidated Fund of the State by presenting an Annual Financial Statement (budget) and Demands for Grants by individual Departments, to ensure responsibility of the Heads of Departments for spending on intended purpose. The Appropriation Accounts and Finance Accounts are prepared by the Accountant General (A&E) on the basis of the compilation and consolidation of receipts/disbursements transactions originating in the books of Drawing and Disbursing Officers of State Government, through the Treasuries and/or the Bank accounts controlled by the RBI and the transactions originating in the books of the RBI. The accounts are audited by the Accountant General (Audit). Since April 1, 2011, the Reserve Bank of India (RBI) is the sole banker of the Government in place of the Jammu and Kashmir Bank Ltd.

The State is one of the 11 Special Category States entitled to 90 *per cent* financing for schemes/ projects included in the State Plan in the form of grants-in-aid from the Union government. Higher (90 *per cent*) financing of State plan schemes/ projects by way of grants-in-aid from the Central government and access to substantial Central grants coupled with State's own efforts at revenue mobilisation have ensured that the State has continued to be a revenue surplus State despite having deficit after excluding central transfers.

1.2 Summary of Fiscal Transactions in 2013-14

Statements 1 and 2 and Appendix I of the Finance Accounts 2013-14 provide summary position of opening and closing cash balances, receipts and disbursements during the year under broad categories, condensed in **Table 1.1**. *Appendix 1.3* contains data showing trends in major fiscal aggregates since 2009-10. *Appendix 1.4* presents a more disaggregated view of the Table.

Table 1.1
Summary of current year's fiscal operations

(₹ in crore)

	Receipts		Disbursements				
2012-13		2013-14	2012-13		2013-14		
Section-A: Revenue							
					Non Plan	Plan	Total
5,832	State's Own Tax revenue	6273	10626	General Services	11374	29	11403
2,160	State's Own Non-tax revenue	2870	6908	Social Services	6319	1577	7896
3,871	Share of Union Taxes/ Duties	4142	7583	Economic Services	7526	233	7759
14354	Grants from Government of India	13843					
26,217	Revenue receipts	27128	25117	Revenue expenditure	25219	1839	27058

Section-B:Capital							
			5,224	Capital Outlay	335	4172	4507
2	Recoveries of Loans and Advances	4	93	Loans and Advances disbursed	121		121
3,287	Public Debt receipts@	3152	1,343	Repayment of Public Debt@	1298		1297
-	Contingency Fund	-	-	Contingency Fund	-		-
19,124	Public Account receipts@@	17840	17,723	Public Account disbursements@@	14169		14169
961	Opening Cash Balance	91	91	Closing Cash Balance	1063	-	1063
49,591	Total	48215	49,591				48215

@ Excludes net transactions under ways and means advances and overdraft.

@@ These exclude transactions of investment of cash balances and departmental cash chests. The net effect of these transactions is included in the opening and closing cash balances in the row next below.

The revenue receipts increased by ₹911 crore (3.47 percent) during the year 2013-14 over the previous year, due to increase in share of Union taxes and duties (7 percent), State's own non tax revenue (32.87 percent) and State's own tax revenue (7.56 percent). Likewise revenue expenditure increased by ₹1941 crore (7.73 percent) during the year 2013-14 over the previous year. The aggregate cash balance of the State (including un-invested cash with the RBI, invested cash and cash in departmental cash chests) increased during 2013-14 from the opening balance of ₹91 crore by ₹972 crore to a closing balance of ₹1063 crore.

1.2.1 Review of the fiscal situation - Trends in Key Fiscal Aggregates

Appendix 1.3 presents the data on key fiscal aggregates (absolute monetary values, ratios and growth rate) for the period from 2009-10 to 2013-14. Notable points emerging from this trend analysis are as follows:-

- The State's share in Union taxes and duties and grants from the Union government together constituted on an average 75 per cent of the total revenue receipts of the State during 2009-13. It declined to 70 per cent in 2012-13 and 66 per cent during 2013-14. These non-debt resources transferred by the Central government through the State government accounts financed on an average 63 per cent of total expenditure of the State government during 2009-12, 60 per cent in 2012-13 and 57 per cent in 2013-14, showing decline in the State's dependence on transfer of Central resources. The State continue to maintain revenue surplus which however declined from ₹2264 crore in 2009-10 to ₹70 crore during 2013-14.
- The State's own tax revenues (SOTR) have shown a growth rate of 21.8 per cent per annum during 2009-10 to 2013-14, with Commercial Taxes registering a higher growth rate of 22.9 per cent per annum in tandem with economic growth.

1.2.2 Budget Estimates and Actuals

The trends in budget estimates, revised estimates and actual financial outcomes of some top level fiscal aggregates are given in **Table 1.2**.

Table 1.2 (₹in crore)

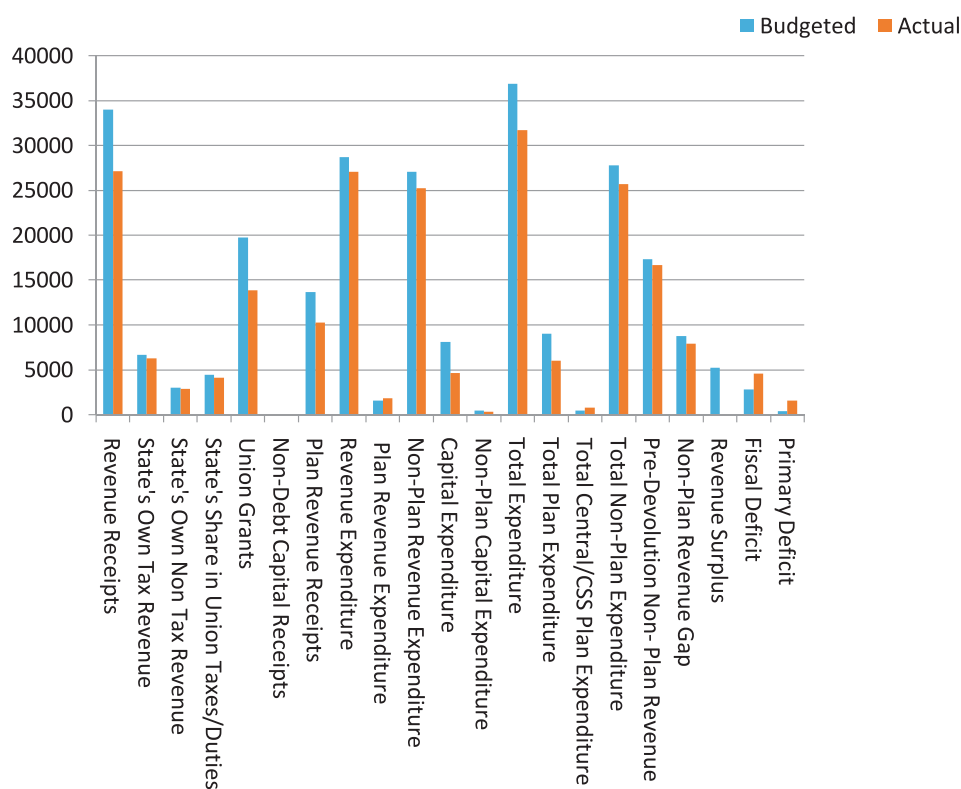
Sl. No.	Fiscal Aggregate	2011-12			2012-13			2013-14		
		Budget	Revised	Actual	Budget	Revised	Actual	Budget	Revised	Actual
1	Revenue Receipts (a)+(b)+(c)+(d)	26,701	25,513	24,783	29,948	29,499	26,217	33970	31227	27128
A	State's Own Tax Revenue	4,183	4,791	4,745	5,419	5,975	5,833	6700	6820	6273
B	State's Own Non Tax Revenue	1,620	1,851	2,002	2,118	2,819	2,160	3033	3400	2870
C	State's share in Union Taxes/Duties	3,328	3,691	3,495	4,245	4,085	3,870	4485	4514	4142
D	Grants-in-aid from Union government	17,570	15,180	14,541	18,166	16,620	14,354	19752	16493	13843
2	Non-Debt Capital Receipts	358	356	168	224	131	2	40	85	4
3	Net Borrowings and other liabilities (Fiscal Deficit)	2,979	3,979	3,694	2,364	3,364	4,216	2867	3831	4554
4	Total Receipts (1+2+3)	30,038	29,848	28,645	33,853	34,311	30,435	36877	35143	31686
5	Revenue Expenditure 5(i)+5(ii)	22,752	22,854	22,680	24,990	25,237	25,117	28690	27617	27058
i	Plan	1,178	1,081	1,248	1,442	1,242	1,557	1594	1594	1839
ii	Non-Plan	21,574	21,773	21,432	23,548	23,995	23,560	27096	26023	25219
6	Capital Expenditure 6(i)+6(ii)	7,286	6,994	5,965	8,863	9,074	5,317	8187	7526	4628
i	Plan	7,020	6,617	5,474	7,028	7,228	4,971	7476	6776	4172
ii	Non-Plan (excluding Debt Repayment, including Loans and Advances)	266	377	491	518	529	346	711	750	456
7	Total expenditure	30,038	29,848	28,645	33,853	34,311	30,434	36877	35143	31686
i	Plan	8,198	7,698	6,722	8,470	8,470	6,528	9070	8370	6011
ii	Non-Plan	21,840	22,150	21,933	25,383	25,841	23,906	27767	26688	25675
	GSDP (New Series with Base Year 2004-05)	62,365	62,365	65979	70,160	76,115	77,558	87319	87319	87319

	Pre-Devolution Non-Plan Revenue Deficit (PDNPRD)	15,771	15,131	14,685	16,011	15,201	15,568	17363	15803	16076
	PDNPRD as per cent of GSDP	25.28	24.26	23.50	22.82	19.97	20.07	19.80	18.10	18.41
	Non-Plan Revenue Gap	7,412	6,555	6,638	7,270	6,376	7,618	8776	6479	7925
	Non-Plan Revenue Gap as per cent of GSDP	11.4	9.9	10.0	9.55	8.37	10.0	10.0	7.4	9.08
	Revenue Surplus	3949	2659	2103	4,958	4,262	1,100	5280	3610	70
	Revenue Surplus as per cent of GSDP	6.0	4.03	3.2	6.5	5.6	1.4	6.04	4.13	0.08
	Fiscal Deficit	2,979	3,979	3,694	2,364	3,364	4,216	2867	3831	4554
	Fiscal Deficit as per cent of GSDP	4.8	6.4	5.6	3.1	4.4	5.5	3.3	4.4	5.2
	Primary Deficit (+) / Surplus (-) (Fiscal Deficit - Interest Payments)	616	1,441	1,311	-299	701	1,510	-433	531	1553
	Primary Deficit (+)/Surplus(-) as per cent of GSDP	1.0	2.3	1.99	0.92	0.39	1.95	-0.49	0.61	1.78
	State's Own Tax Revenue as per cent of GSDP	6.34	7.26	7.2	7.11	7.84	7.7	7.7	7.8	7.2

The 'non-plan capital expenditure' shown in the above Table does not include cash outgo on account of redemption of public debt and other liabilities because these disbursements have been deducted from the corresponding public debt and public accounts receipts. The 'fiscal deficit' is the net accretion to the public debt and other liabilities used for financing the expenditure other than debt redemption. This method of financing the redemption of public debt and other liabilities implies that the liabilities are not repaid out of current revenues but merely rolled over indefinitely. All borrowings and other liabilities cannot be endlessly refinanced and may have to be eventually paid out of Government's non-debt receipts. Hence, borrowings are in the nature of deferred taxation/ asset sale. The ability of an entity to continuously refinance old liabilities with new liabilities depends on continued credit worthiness of the entity.

Chart 1.1 graphically captures actuals in 2013-14 *vis-à-vis* budgeted.

Chart 1.1
Budgeted vs Actual



The States own tax revenue mobilisation fell short of the budgeted targets. There were significant shortfalls in the grants-in-aid from the Union Government and plan revenue receipts leading to shortfall in resources. The effect being budgeted capital expenditure was reduced and there was significant increase in the fiscal deficit over the budgetary limit. Actual fiscal deficit (₹ 4554 crore) was 5.2 *per cent* of GSDP which breached the target of 3.6 *per cent* of GSDP set under the FRBM Act.

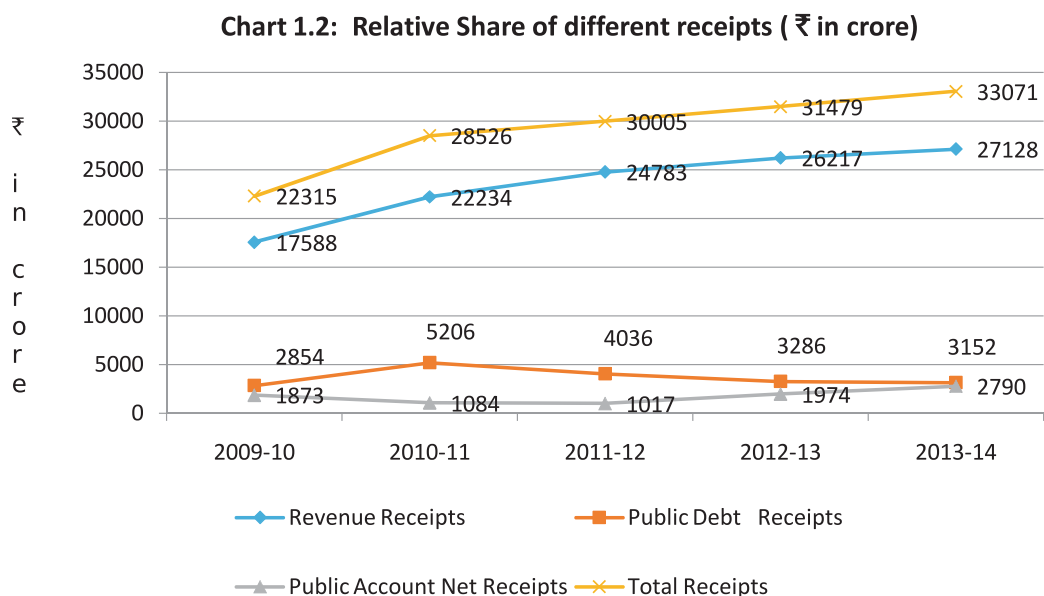
1.3 Resources of the State

1.3.1 Resources of the State as per the Annual Finance Accounts

The resources for financing the State Budget are categorised into revenue receipts and capital receipts. Revenue receipts of a State comprise of: (a) tax revenue (i) revenue from State's own taxes like State Excise, VAT/ GST which the State can control (ii) State's share in Central taxes/ duties under the Finance Commission award and (b) (i) non-tax revenues under control of the State like interest/ dividend and user charges and (ii) grants-in-aid from the Central government, which is also accounted

for as non-tax revenue of the State. Capital receipts comprise of : (i) non-debt capital receipts like recoveries of loans/advances given by the State government, (ii) proceeds of disinvestment of equity in public sector companies or proceeds from sale of other assets like land/ buildings (iii) receipts, which create liabilities for the Government like market loans, borrowings from financial institutions/ commercial banks, loans and advances from the Union government and (iv) receipts into the public accounts of the State government as a banker or trustee of others' funds like security deposits.

Chart 1.2 depicts the trends in various components of the receipts of the State during 2009-14.



The revenue receipts and the public account receipts showed upward trend during 2009-14 while the public debt receipts showed downward trend, from ₹5206 crore in 2010-11 to ₹4036 crore in 2011-12 and to ₹3152 crore in 2013-14. The share of Public Debt Receipts vis-a-vis total receipts indicates a downward trend from 18.26 per cent during 2010-11 to 9.53 per cent in 2013-14 whereas the Revenue Receipts in the total receipts shows an upward trend increasing from 77.94 per cent in 2010-11 to 82.03 per cent in 2013-14. Public account receipts in total receipts also increased from 3.80 per cent in 2010-11 to 8.44 per cent in 2013-14.

1.3.2 Funds transferred to State Implementing Agencies outside the State Budget

The Central government has been transferring funds directly to the State implementing agencies for implementation of various schemes/ programs in Social and Economic sectors².

On the basis of the information provided on the Central Plan Scheme Monitoring System (CPSMS) portal of the Controller General of Accounts, the information on direct transfer of Government of India budgetary resources to various State and District level societies and other entities in Jammu and Kashmir (commonly referred to as 'State level implementing agencies') have been compiled in **Appendix 1.5** under schemes costing more than ₹ one crore. Funds of over ₹100 Crore provided to some major programme/ schemes out of the total amount (₹ 3199.93 crore) reported as released during 2013-14 are given in **Table 1.3**.

Table 1.3
Funds transferred directly to State implementing agencies (unaudited)

(₹ in crore)

Name of the Programme/scheme	Name of the Implementing Agency in the State	Total Funds released by GOI during		
		2011-12	2012-13	2013-14
SarvaShikshaAbhiyan	Ujala Society	300.71	508.06	891.44
MGNREGA	Assistant Commissioners Development DRDA	781.31	762.76	603.16
PMGSY	State Rural Roads Agency	762.10	266.32	523.24
National Rural Drinking Water Programme	State Water and Sanitation Mission	420.42	474.50	412.66
National Rural Health Mission (NRHM)	State Health Department and other agencies	452.45	139.23	354.89
Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Ujala Society, Srinagar/Noor Society	96.36	109.36	135.78
Total		2813.35	2260.23	2921.17

(Source: CPMS of CGA's website)

Consolidated data base at apex level was not maintained by the State government.

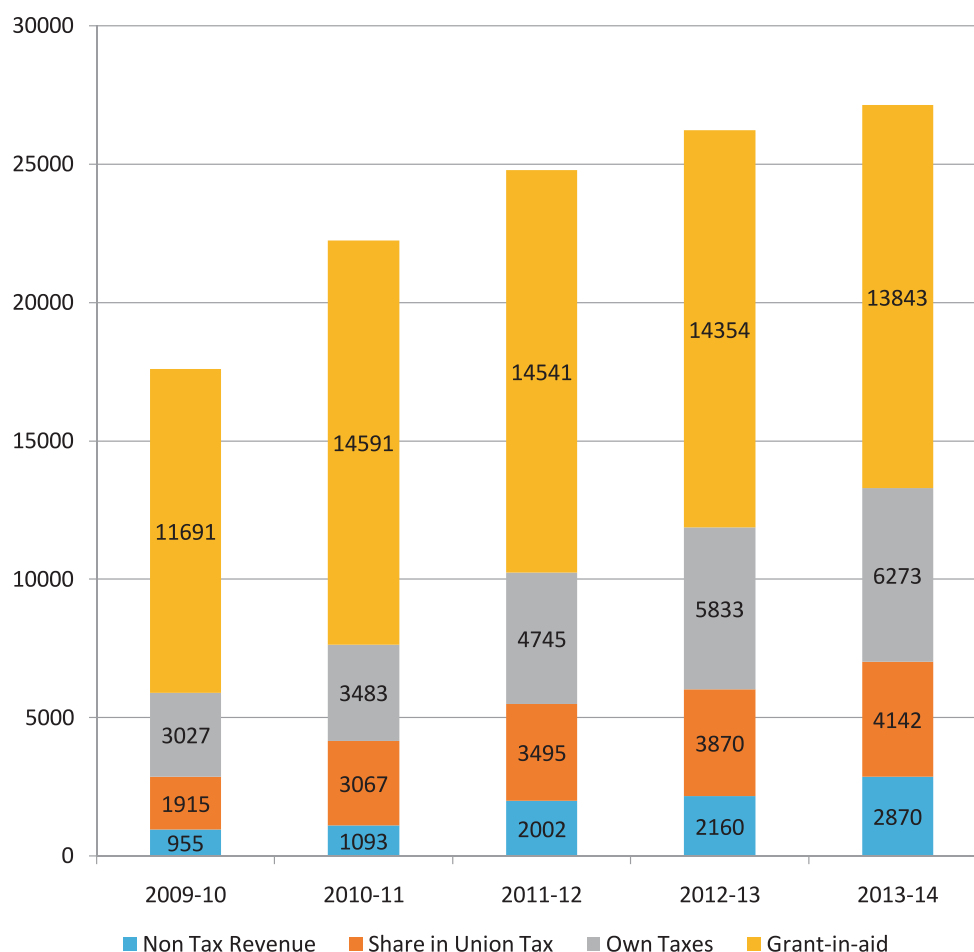
1.4 Revenue receipts

Statement-11 of the Finance Accounts details the revenue and Non debt capital receipts of the Government by Minor heads. The revenue receipts consist of tax and non-tax revenues, Central tax transfers and grants-in-aid from the Central government. The trends and composition of revenue receipts over the period 2009-14 are presented in **Appendix 1.3** and also depicted in **Chart 1.3**.

² These funds are not routed through the State Budget

Chart 1.3

Composition of revenue receipts during 2009 -14



Transfers from the Union government in the form of State's share in Union taxes and duties and grants in aid together constituted on an average 75 *per cent* of the State's revenue receipts during 2009-12 and declined to 70 & 66 *per cent* during 2012-13 and 2013-14 respectively. The trends in revenue receipts relative to GSDP are presented in **Table 1.4**.

Table 1.4
Trends in revenue receipts relative to GSDP

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Receipts (RR) (₹ in crore)	17,588	22,234	24,783	26,217	27128
State's Own Revenues (₹ in crore)	3982	4576	6747	7993	9143
Rate of growth of RR (<i>per cent</i>)	22.97	26.42	11.46	5.79	3.47
R R/GSDP (<i>per cent</i>)	39.02	37.56	35.79	33.80	31.07

Revenue Buoyancy w.r.t GSDP	1.49	0.73	1.61	0.38	0.27
Revenue Buoyancy with reference to State's own taxes	1.79	1.77	0.32	0.25	0.24

Revenue receipts showed a progressive increase over the period 2009-10 to 2013-14 in absolute terms but the growth rate shows a declining trend with 2010-11 peak being due to one-off special grants-in-aid under the Finance Commission's award. The buoyancy ratio of States own tax revenue to GSDP has shown declining trend.

1.4.1 State's Own Revenues

The State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The trend in State's own tax and non-tax revenue, can be seen from **Table 1.5**.

Table 1.5
Trends of tax revenue and non-tax revenue

<i>(₹ in crore)</i>					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Tax revenue	3,027	3,483	4,745	5,833	6,273
<i>Of which</i>					
Tax on sale of goods and services	2,146	2,425	3,414	4,174	4,579
Non-tax revenue	955	1,093	2,002	2,160	2870
<i>Of which receipts from sale of power</i>	702	822	1,007	1,589	1533
Total	3,982	4,576	6,747	7,993	9143

The receipts from the sale of power being a major constituent of non-tax revenue declined from 73.56 *per cent* of the total non-tax revenue during the year 2012-13 to 53.41 *per cent* during 2013-14. The tax on the sale of goods and services that constituted 71.56 *per cent* of the total tax revenue during 2012-13 increased to 73 *per cent* during 2013-14.

1.4.1.1 State's Own Tax Revenue

The performance of State's own tax revenue is detailed in **Table 1.6**.

Table 1.6
Trends in State's own tax revenue relative to GSDP

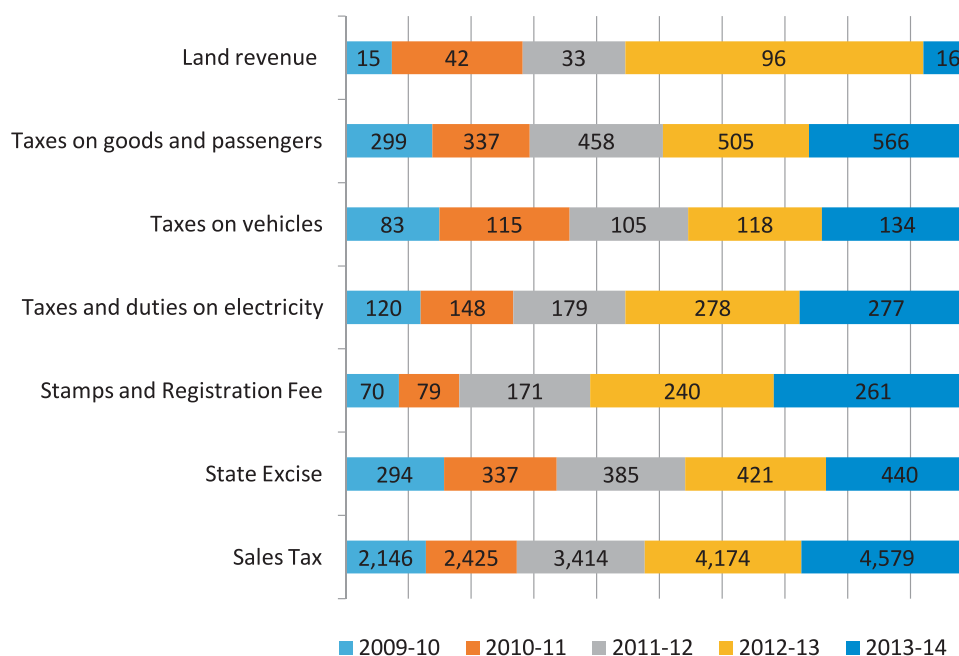
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Own Tax Receipts (OTR) (₹ in crore)	3027	3483	4745	5833	6273
Rate of growth of OTR (<i>per cent</i>)	12.82	15.06	36.23	22.93	7.54
OTR/GSDP (<i>per cent</i>)	6.26	6.11	7.19	7.66	7.18
Buoyancy* ratios					
OTR Buoyancy w.r.t GSDP	0.89	0.85	2.29	1.49	0.60
OTR Buoyancy with reference to RR	0.56	0.57	3.16	3.96	2.17

*Refer Glossary of Terms – Appendix 4.1

The States own tax receipts have been showing progressive increase registering a trend growth rate of 21.8 per cent during 2009-10 to 2013-14. The tax-wise break-up of tax revenue from the year 2009-10 to 2013-14 is given in Chart 1.4

Chart-1.4
Trends of Tax Revenue

(Amount ₹ in crore)



It is noticeable from the above chart that, the land revenue collection decreased from ₹96 crore in 2012-13 to ₹16 crore in 2013-14, a decrease of 83.33 per cent.

The variations between the budget estimates and actuals of tax revenue receipts for the year 2012-13 and 2013-14 in respect of the principal heads of tax revenue are mentioned in Table 1.7.

Table 1.7
Budget Estimates and Actual Tax revenue during 2013-14

(₹ in crore)

Head of Revenue	2012-13 (Actuals)	2013-14 (BE)	2013-14 (RE)	2013-14 (Actuals)
Commercial Taxes (VAT/GST on sales and services)	4,174	4799	4,799	4,579
State Excise Duties	421	423	442	440
Other State Taxes/Duties	1237	5,963	6,093	1254

1.4.1.2 Cost of Collection

The figures of gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection

from 2011-12 to 2013-14 along with the relevant all India average percentages are given in **Table 1.8**.

Table 1.8
Cost of collection of major State taxes

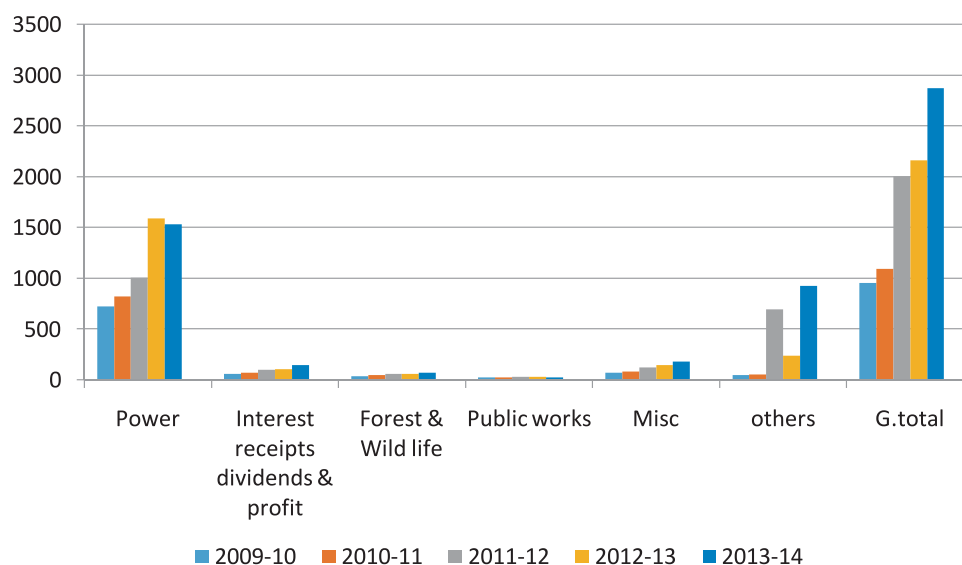
Head of Revenue	Year	Gross Collection (₹ in crore)	Expenditure on Collection (₹ in crore)	Percentage of expenditure to gross collection (per cent)	All India average percentage during the preceding year
Sales Tax	2011-12	3414.01	27.59	0.81	0.75
	2012-13	4174.39	88.08	2.11	0.83
	2013-14	4578.81	38.66	0.84	0.73
State Excise	2011-12	385.46	17.09	4.43	3.05
	2012-13	421.28	18.88	4.48	2.98
	2013-14	440.06	19.71	4.48	2.96
Stamp Duty & Registration Fee	2011-12	170.97	20.87	12.21	1.60
	2012-13	240.14	23.26	9.69	1.89
	2013-14	260.68	23.88	9.16	3.25
Taxes on Vehicles	2011-12	104.52	7.44	7.12	3.71
	2012-13	117.89	7.66	6.50	2.96
	2013-14	134.23	10.05	7.49	4.17
Land Revenue	2011-12	32.99	56.24	170.48	NA
	2012-13	95.45	63.84	66.88	NA
	2013-14	15.96	77.47	485.40	NA

It may be seen that the cost of collection of taxes on Vehicles, State Excise and Stamps and Registration Fee is significantly higher than the All India Average cost of collection. It may also be seen that the cost of collection of land revenue during 2013-14 was ₹77.47 crore, which is 485 per cent the amount of land revenue realised (₹15.96 crore). Reasons for less collection of land revenue during the year 2013-14 were not intimated by the State Government.

1.4.1.3 State's own non-tax revenue

An itemised break-up of non-tax revenue during the period 2009-14 along with percentage increase/ decrease over 2012-13 is given in **Chart 1.5**.

Chart- 1.5
Trends of non-tax revenue



Receipts from Power Development Department constitute the most significant component of State's non tax revenue. Receipts from power development department decreased from ₹1589 Crore in 2012-13 to ₹1533 crore in 2013-14. However, under "Others", the receipts abnormally increased from ₹235 crore in 2012-13 to ₹924 crores in 2013-14.

Table 1.9 shows the variation between the budgeted and actual receipts during 2011-14.

Table 1.9
Trends of non-tax revenue

(₹ in crore)

Head of non-tax Revenue	Budget Estimate 2011-12	Actual 2011-12	Budget Estimate 2012-13	Actual 2012-13	Budget Estimate 2013-14	Actual 2013-14
Power receipts	1486	1007	2387	1589	2841	1533
Interest receipts, dividends and profits	89	101	111	104	150	142
Forest and wild life	56	55	68	59	68	68
Miscellaneous	148	146	171	174	234	203
Others	72	693	82	234	107	924
Total	1851	2002	2819	2160	3400	2870

From the above table it may be seen that except under “others”, actuals could not match the budgeted figures during 2013-14. In case of power department receipts, the actual receipts were 46 per cent below the Budget Estimates.

The Government informed (Feb.2014) the Legislature through the Statements placed under the FRBM Act that all departments are expected to recover at least 50 *per cent* of the ‘service charges’ from the users after accounting for Operations & Maintenance expenses, as recommended by the 13th Finance Commission. No specific time bound action plan has been prepared to achieve this goal.

1.4.2 Grants in aid from the Union government

Table 1.10 shows the significance of grants-in-aid from the Union government in the budgetary resource base of the State government. The grant-in-aid from Union Government decreased from ₹14354 crore during 2012-13 to ₹13843 crore during 2013-14 and from 66 per cent in 2009-10 to 51 per cent in 2013-14 vis-a-vis total revenue receipts.

Table 1.10
Trends in grants-in-aid from the Union government

Year	Grants-in-aid (₹ in crore)	Total Expenditure (₹ in crore)	Grants as <i>per cent</i> of Total Expenditure	Total Revenue Receipts (₹ in crore)	Grants as <i>per cent</i> of Total Revenue Receipts
2009-10	11,691	21,607	54	17,588	66
2010-11	14,591	24,603	59	22,234	66
2011-12	14,541	28,645	51	24,783	59
2012-13	14,354	30,434	47	26,217	55
2013-14	13,843	31,686	44	27,128	51

1.4.2.1 Diversion of Plan grants to finance non-plan expenditure

The non-plan revenue gap (excess non-plan revenue expenditure over revenue receipts excluding plan grants-in-aid) in the State government account necessitates diversion of plan grants to fill the gap. The non-plan revenue expenditure is dominated by four principal constituents, viz: salaries and other personnel costs of employees and para-employees, pensions and other post-retirement benefits, interest payments and Power Department’s deficit (difference between amount paid to power producers and amount realised from power consumers). Together these four constitute nearly 63.77 *per cent* of total expenditure, 80.12 *per cent* of total non-plan revenue expenditure (₹ 25219 crore) and 221 *per cent* of State’ own tax/ non-tax revenues (₹ 9143 crore). This creates a persisting scenario of negative balance of current revenues for financing Annual Plan of the State. **Table 1.11** shows the extent to which plan grants of ₹ 3823 crore from the Union government have been diverted for meeting non-plan expenditure.

Table 1.11
Extent of diversion of plan grants to finance non-plan expenditure

(₹ in crore)

Item	Actual 2012-13	Budget 2013-14	Revised 2013-14	Actual 2013-14
(i) Expenditure on State Plan schemes	5864	8600	7900	5230
(ii) Expenditure on Central Plan and Centrally Sponsored Schemes	664	470	470	781
(iii) Total Plan expenditure (i + ii)	6528	9070	8370	6011
(iv) Central Plan Assistance (Grants-in-aid) for State Plan Schemes	9547	14964	10996	9008
(v) Central Plan Assistance (Grants-in-aid) for Central Plan and Centrally Sponsored Schemes	727	470	470	826
(vi) Total Plan grants from Union government	10274	15434	11466	9834
(vii) Plan grants diverted to meet non-Plan expenditure (vi – iii)	3746	6364	3096	3823

1.4.3 Central Tax transfers and Utilisation of grants

The actual release of share in Union taxes and duties to the State during first four years of the award period of 13th Finance Commission *vis-à-vis* the projections made by the Commission are tabulated in **Table 1.12**.

Table 1.12
State's share in Union taxes and duties: Actual devolution *vis-à-vis* 13th Finance Commission projections

(₹ in crore)

Year	13th Finance Commission projection	Actual tax devolution
2010-11	2837	3066.98
2011-12	3328	3495.11
2012-13	3925	3870.37
2013-14	4630	4142.10

The Commission had recommended a total grant of ₹ 20,256 crore for the five years period from 2010-11 to 2014-15, specifically for the State. Of this, ₹ 15,937 crore was meant for filling the assessed deficit on non-plan revenue account, ₹ 1000 crore for liquidation of overdraft with the Jammu and Kashmir Bank Ltd. and ₹ 1,123 crore for

Local Bodies. The balance ₹ 2,196 crore was for several projects and activities to be completed during 2010-15. Since these grants are for the five-year period, any short-utilisation in any year could be made good in subsequent years. Thus, almost 89 per cent of the total grant was general budgetary support for meeting non-plan revenue gap and clearing overdraft.

Appendix 1.6 details the special purpose grants (other than the non-plan revenue deficit grant) recommended by the Commission. Out of total allocation of ₹ 4,317.56 crore for special purpose grants during the award period (2010-15), the State Government was to receive ₹ 3466 crore by the end of 31st March 2014 (₹ 1389 crore for 2010-11, ₹607 crore for 2011-12, ₹704 crore for 2012-13 and ₹766 crore for 2013-14), against which the actual amount received by the State Government was ₹2552 crore resulting in a shortfall of ₹914 crore. Reasons leading to short receipts are awaited from the State Government (October 2-14).

1.5 Capital receipts

The share of non-debt capital receipts and loans/advances from the Union government was negligible and capital receipts are mainly borrowing from banks, financial institutions and open market as detailed in **Table 1.13**.

Table 1.13
Trends in capital receipts

	(₹ in crore)				
	2009-10	2010-11	2011-12	2012-13	2013-14
<i>Non-Debt Capital receipts</i>					
(i) Recoveries of Loans and Advances	2	2	168	2	4
(ii) Miscellaneous capital receipts (asset sale)	28				
Total non-debt Capital receipts	30	2	168	2	4
<i>Debt Capital receipts (Public Debt)</i>					
(i) Ways and Means Advances and Overdraft	675	1,847	4,436	3,742	2,850
(ii) Loans and advances from Union Government	31	-1,016	-32	14	15
(iii) Other Debt (Market/Institutional Loans)	2,146	6,222	4,068	3,272	3137
Total non-debt Capital receipts	2,852	7,053	8,472	7,028	6,002
Total Capital receipts	2,882	7,055	8,640	7,030	6006

1.6 Public Accounts receipts

In respect of sums credited to the public accounts of the State, the Government acts as a trustee or banker. Major constituents of the public accounts are State Provident Fund, Insurance/ Pension Funds, Reserve Funds, Deposits and Advances. Besides, the public accounts section of the Government Accounts is also used to record transitory transactions under Suspense and Miscellaneous and remittance heads before their

final accounting to appropriate receipt or payment head of account as also cash balance transactions. **Table 1.14** shows trends in receipts and disbursements under various segments of the public accounts.

Table 1.14
Profile of public accounts

(₹ in crore)

Constituents of Public Accounts	Public Account Receipts		Disbursement from Public Account		Excess of receipts over disbursement	
	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14
State Provident Fund, Pension/ Insurance Funds	3,239	3,820	1,550	1830	1,689	1990
Reserve Funds	286	637	116	234	170	403
Deposits	3,411	2,817	3,216	2,658	195	159
Advances	397	321	404	321	-7	-
Remittances	11,516	9,612	12,134	8,443	-618	1169
Receipts in Cash Balance Investment Account	14,268	14,530	13,703	15,397	565	-867
Receipts in Departmental Cash Balances Account	46	36	38	50	8	-14
Other Suspense and Misc	275	633	303	683	-28	-50
Total	33,438	32,406	31,464	29,616	1,974	2790

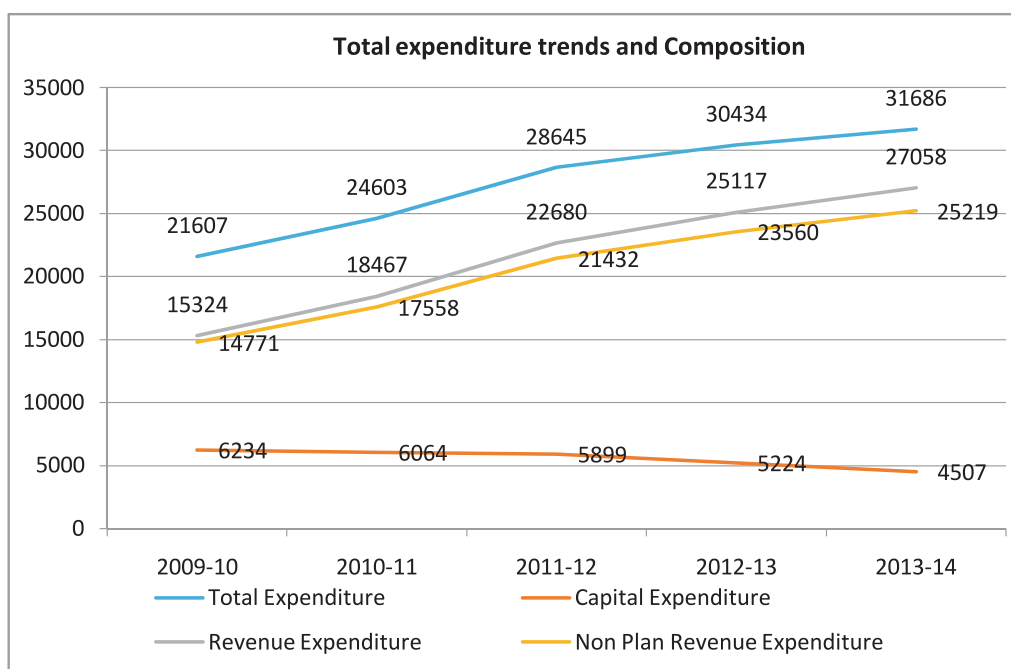
1.7 Application of resources

State raises resources to perform their sovereign functions, maintain levels of service delivery for social and economic services; extend the network of these services through capital expenditure, investments and to discharge their debt service obligations. It is also important to ensure that the fiscal correction and consolidation process does not adversely affect the quality of public expenditure directed towards maintenance of infrastructure, creation of new infrastructure and other needs of development and social justice.

1.7.1 Growth and composition of expenditure

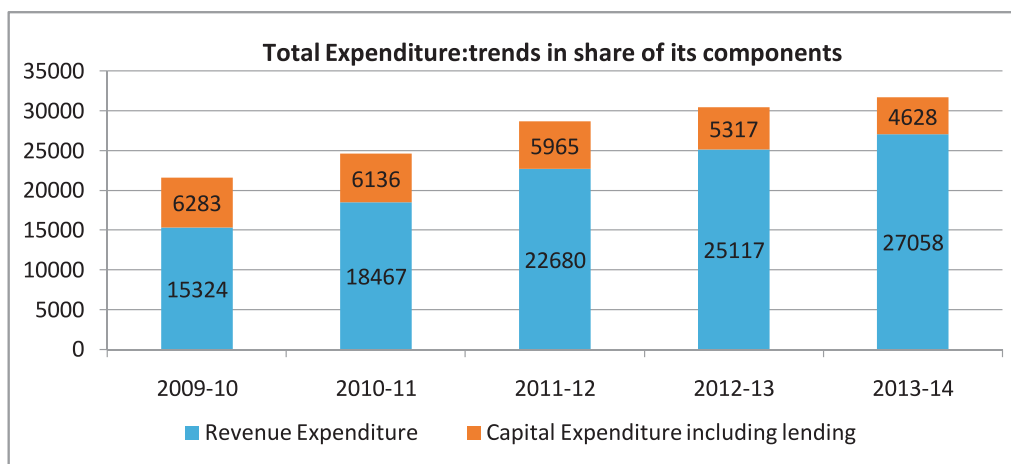
Chart 1.6 presents the trends in total expenditure during 2009-14.

Chart- 1.6



The composition of total expenditure in terms of revenue-capital classification is depicted in **Chart 1.7**.

Charts 1.7



From **Chart 1.7** above, it may be seen, that the total expenditure increased by ₹10079 crore from ₹21607 crore in 2009-10 to ₹31686 crore in 2013-14. The capital expenditure (including lending) decreased from ₹6283 crore to ₹4628 crore over the

same period, while the revenue expenditure increased by ₹11,734 crore from ₹15,324 crore in 2009-10 to ₹27058 crore in 2013-14.

The total expenditure, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are tabulated in **Table 1.15**.

Table 1.15
Total expenditure – Basic Parameters

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Total Expenditure (TE) (₹ in crore)	21607	24603	28645	30434	31686
Total Plan Expenditure (₹ in crore)	6688	6639	6722	6528	6011
Total Non-Plan Expenditure (₹ in crore)	14870	17892	21857	23813	25554
Rate of growth (per cent)	26.70	13.86	16.43	6.25	4.11
TE/GSDP ratio (per cent)	44.66	43.18	43.42	39.24	36.29
RR/TE ratio (per cent)	81.40	90.37	86.52	86.14	85.62
Buoyancy of total expenditure with reference to					
GSDP(ratio)	0.78	1.04	1.85	0.36	0.33
RR(ratio)	1.16	0.52	1.43	1.08	1.18
Revenue Expenditure (RE) (₹ in crore)	15,324	18,467	22,680	25,117	27058
Non-Plan Revenue Expenditure (NPRE)	14,771	17,558	21,432	23,560	25,219
Plan Revenue Expenditure (PRE)	553	909	1,248	1,557	1839
Rate of Growth of					
RE (per cent)	27.20	20.51	22.82	10.74	7.73
NPRE (per cent)	25.88	18.87	22.07	9.93	7.04
PRE (per cent)	76.68	64.38	37.29	24.76	18.11
Ratio (per cent)					
RE as percentage of TE	70.92	75.06	79.18	82.53	85.39
NPRE/GSDP (per cent)	30.53	30.82	32.48	30.38	28.88
NPRE as percentage of TE	68.36	71.37	74.82	77.41	79.59
NPRE as percentage of RR	83.98	78.97	86.48	89.87	92.96
Buoyancy ratio of Revenue Expenditure with					
GSDP	1.16	1.44	1.27	1.29	0.61
Revenue Receipts	1.18	0.78	1.99	1.86	2.22

Out of the total expenditure of ₹ 31686 crore during 2013-14, ₹ 6011 crore was plan expenditure (₹ 5,230 crore under State plan and ₹781 crore under Central and centrally sponsored plan) and ₹ 25553.86 crore was non-plan expenditure. The plan expenditure decreased by ₹ 517 crore from the level of ₹ 6528 crore in 2012-13. The shortfall was higher under State plan (₹ 634 crore) which was partially offset by increase under Central/ Centrally sponsored segment (₹ 117 crore).

1.7.2 Revenue expenditure

The overall revenue expenditure of the State increased from ₹ 15324 crore in 2009-10 to ₹ 27058 crore in 2013-14 showing a trend growth rate of 15.5 per cent per annum during the period. The non-plan revenue expenditure (NPRE) during the same period increased from ₹ 14771 crore to ₹ 25219 crore, showing a growth rate of 14.6 per cent per annum.

The total non-plan expenditure recorded an increase of ₹ 1769 crore (seven *per cent*) from ₹ 23,906 crore (includes disbursement of loans and advances) in 2012-13 to ₹ 25,675 crore in 2013-14. The steady increase in non-plan expenditure is a cause of concern as it erodes the resource base for developmental interventions. **Table 1.16** highlights the four most significant constituents of NPRE and the pre-emption of budgetary resources caused by rising NPRE.

Table 1.16
Composition of non-plan revenue expenditure (NPRE)

Main drivers of NPRE growth	Actual 2012-13 (₹ in crore)	As per cent of NPRE (2012-13)	Actual 2013-14 (₹ in crore)	As per cent of NPRE (2013-14)
(i) Salaries	10,298	43.7	10,845	43.00
(ii) Pension	3,463	14.7	3,592	14.24
(iii) Interest Payments	2,707	11.5	3001	11.90
(iv) Revenue expenditure on Power	4,393	18.7	4,303	17.06
Total	20,861	88.6	21741	86.21
Non-Plan Revenue Expenditure	23,560	100.00	25,219	100.00

From above, it may be seen that the four major items of NPRE- salaries, pension, interest payments and revenue expenditure on power take away more than 86 *per cent* budgetary resources leaving little for other expenditure.

Share of salaries/ wages/ pension in the total expenditure has ranged between ₹7933 crore and ₹15197 crore (45 per cent and 56 per cent of revenue receipts) during 2009-10 to 2013-14. The expenditure on payment of interest has increased from ₹ 2139 crore to ₹ 3,001 crore during the same period.

1.7.2.1 Burden of unrecovered cost of procurement and supply of power

The function of electricity supply to consumers is handled departmentally in the State. Hence, the receipts and expenditure on procurement and supply of electricity forms part of the State government accounts. Steadily rising gap between the revenue expenditure of the Power Development Department and revenue receipts is the most significant structural imbalance in the Budget of the Government and a drain on the resources, which could otherwise be deployed for developmental outlays. The trend in the gap between receipts from power consumers and expenditure on power purchase is given in **Table 1.17**.

Table 1.17
Shortfall in the performance of Power Development Department

(₹ in crore)

Financial year	Target revenue	Actual revenue	Expenditure on Power purchase	Deficit
2009-10	1065	702	1997	1295
2010-11	1209	822	2310	1488
2011-12	1486	1007	3000	1993
2012-13	2,387	1589	3870	2281
2013-14	2,841	1533	3738	2205

As can be seen from the details above, the targets for the collection of the tariff have not been achieved. The shortfall in collection of revenue was ₹1308 crore during 2013-14 as compared to targets.

1.7.3 Committed expenditure

The revenue expenditure of the State government on account of interest payments, salaries and wages, pensions and subsidies is considered relatively inflexible charge on the State's resources. **Table 1.18** presents the trends in the expenditure on these components during 2009-14.

Table-1.18
Components of committed expenditure

(₹ in crore)

Components of Committed Expenditure	2009-10	2010-11	2011-12	2012-13	2013-14
Salaries of which	6365 (36.18)	7772 (34.96)	10113 (40.81)	10600 (40.43)	11605 (42.78)
Salaries Non-Plan Head	6095	7467	9665	10036	10845
Salaries Plan Head	233	305	448	564	760
Interest Payments	2139 (14)	2283 (10.26)	2383 (9.61)	2707 (10.33)	3001 (11.06)
Pensions	1568 (8.91)	2242 (10.08)	3296 (13.29)	3463 (13.21)	3592 (13.24)

(Figures in parenthesis represent percentage of revenue receipts.)

From above, it can be seen that as against the increase in revenue receipts of 3.47 per cent, the expenditure on salary and wages increased by 9.48 per cent during 2013-14. Likewise pension payments showed upward trend from ₹1568 crore in 2009-10 to ₹3592 crore in 2013-14 and increased by 3.73 per cent during 2013-14.

As reported in Appendix-XII of the Finance Accounts 2013-14, committed liabilities as on 31 March 2014 aggregated to ₹ 1452.94 crore, of which ₹ 1208.96 crore was on account of compensation payable to landowners on land acquisition.

1.7.4 Financial assistance by State government to Local & autonomous Bodies and other institutions

The assistance provided by way of grants-in-aid to local & autonomous Bodies and other institutions by various departments of the State government during the current year relative to the previous years is tabulated in **Table 1.19**.

Table 1.19
Financial assistance to Local Bodies etc

(₹ in crore)

Name of the Department	2009-10	2010-11	2011-12	2012-13	2013-14
Education and Sports	521.66	171.84	213.46	209.81	538.22
Housing and Urban Development	217.01	253.98	289.28	303.11	192.45
Agriculture	138.63	203.47	151.61	216.42	13.8
Art and Culture	-	-	-	-	-
General Administration	11.14	6.13	8.50	9.14	19.46
Industries	25.53	11.66	21.41	75.23	23.52
Tourism	71.17	150.40	5.52	1.76	8.86
Administration of Justice	3.32	3.67	4.48	4.80	0.05
Health and Family Welfare	0.47	0.36	0.34	0.23	14.06
Others	442.27	644.76	1100	1263.78	671.38
Total	1431.20	1446.27	1795.16	2084.28	1481.38
Assistance as a percentage of Revenue expenditure	9.34	7.83	7.91	8.30	5.47

The grants-in-aid are mainly utilised by the autonomous institutions for the payment of salary to their employees. The Government decided to pay the arrears of pay and pension revision following the extension of the recommendations of the Sixth Central Pay Commission to State government employees in five equal annual instalments with part of the liability being carried forward beyond 2013-14. The level of financial assistance sharply decreased from ₹2084.28 crore in 2012-13 to ₹1481.38 crore in 2013-14. During 2013-14, 49.32 *per cent* of the total assistance was given to the Education & sports and Housing & urban development. The assistance categorised as 'Others' comprised mainly the assistance to Ladakh Autonomous Hill Development Councils for Leh.

Financial assistance of ₹ 306.45 crore was provided by the State government to 82 ULBs (2 Municipal Corporations, 6 Municipal councils, 74 Municipal committees) during 2013-14 and ₹ 71.76 crore to 4128 Panchayati Raj Institutions.

1.8 Quality of Expenditure

1.8.1 Adequacy of Public Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure

basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services), efficiency of expenditure (use), and the effectiveness (assessment of outlay-outcome relationships for select services). In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods³. Apart from improving the allocation towards development expenditure⁴, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/ or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/ or GSDP), the better would be the quality of expenditure. **Table 1.20** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* previous years. The development expenditure showed an increase of ₹4640 crore (31.19 *per cent*) during 2009-10 to 2013-14.

Table 1.20 and **Chart 1.8** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

Table-1.20
Development expenditure

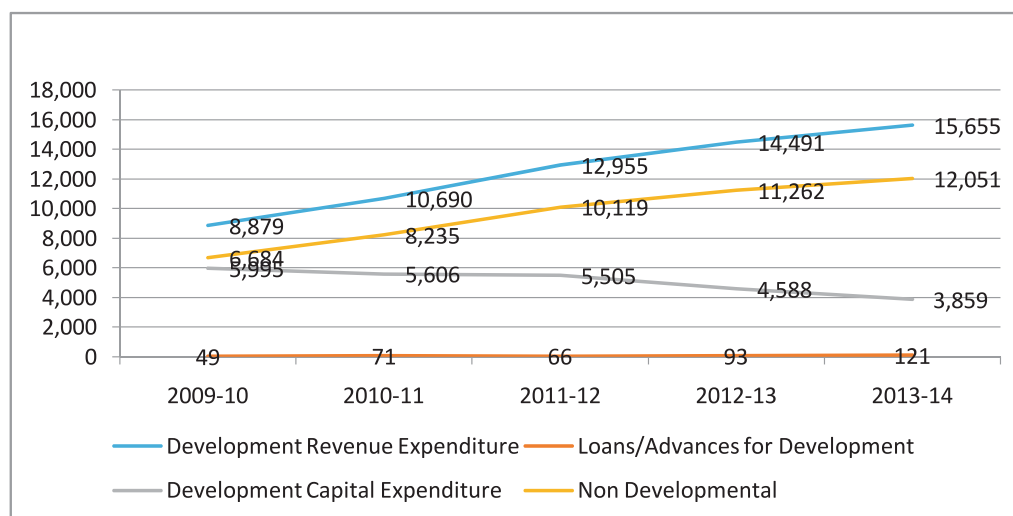
Components of Development Expenditure	2009-10	2010-11	2011-12	2012-13	(₹ in crore) 2013-14
Total Expenditure	21607	24603	28645	30434	31686
Total Development Expenditure	14,874	16296	18460	19079	19514
Development Revenue Expenditure (₹ in crore)	8,879	10,690	12,955	14,491	15,655
Share of Development revenue expenditure in total expenditure (<i>per cent</i>)	41.1	43.5	45.2	47.6	49.41

³ Core public goods are those which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. *Merit goods* are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

⁴ The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

Development Capital Expenditure (₹ in crore)	5,995	5,606	5,505	4,588	3,859
Share of Development Capital Expenditure in total expenditure (per cent)	27.7	22.8	19.2	15.1	12.18
Loans/Advances for Development (₹ in crore)	49	71	66	93	121
Total Development Revenue & Capital to total Expenditure(per cent)	68.8	66.3	64.4	62.7	61.59

Charts 1.8
Trends in expenditure by activities



The share percentage of Development capital expenditure in total expenditure fell from 15.1 per cent in 2012-13 to 12.18 per cent in 2013-14.

1.8.2 Efficiency of Expenditure Use

Table 1.21 provides analysis of the sector-wise expenditure and its relation to developmental indices.

Table 1.21
Efficiency of Expenditure use in selected Social and Economic services

<i>(in per cent)</i>									
Social/Economic Infrastructure	2011-12			2012-13			2013-14		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S&W	O&M		S & W	O& M		S & W	O& M
Social Sector (SS)									
General Education	13.44	81.14	-	13.90	85.34	-	12.2	82.72	0.01
Health and Family Welfare	17.44	86.71	0.56	18.67	87.45	0.56	13.08	85.19	0.78
WS, Sanitation & HUD	32.33	53.69	3.35	34.45	51.56	3.35	21.99	55.68	3.36
Others	28.85	16.93	-	23.65	14.67	-	1.30	13.17	

Total (SS)	19.95	70.83	-	16.35	74.56	-	13.47	67.24	-
Economic Sector (ES)									
Agriculture and Allied Activities	34.01	82.29	0.15	29.11	85.36	0.15	22.29	79.78	0.18
Irrigation and Flood Control	55.85	80.72	6.46	53.35	83.65	6.46	44.49	77.29	6.95
Power and Energy	12.41	11.88	0.84	11.71	13.67	0.84	8.13	10.89	0.92
Transport	84.72	73.80	30.43	87.92	72.40	30.43	71.74	0.71	43.01
Others	52.31	34.43	-	57.61	31.66	-	10.82	42.45	-
Total (ES)	37.13	34.06	-	39.74	36.83	-	25.31	32.67	-
Total (SS+ES)	29.81	51.92	-	27.34	51.92	-	19.77	50.11	-
<i>TE: Total Expenditure on respective Services; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operation and Maintenance</i>									

The ratio of capital expenditure to total expenditure in Social and Economic service sectors showed consistent decline from 29.81 per cent in 2011-12 to 27.34 per cent in 2012-13 and further down to 19.77 per cent in 2013-14. In the revenue expenditure, salary and wages form major component within the Social and Economic services and their share has shown a marginal decrease from 51.92 in 2012-13 to 50.11 per cent during 2013-14.

1.8.3 Effectiveness of the Expenditure, i.e. Outlay-Outcome Relationship

Besides stepping up the expenditure on key social and economic services, enhancing human development requires the State to improve the delivery mechanism to obtain the desired outcomes. The State government is expected to relate expenditure to outcomes in terms of quality, reach and the impact of government expenditure. The system of presenting outcome budget needs to be introduced.

1.9 Financial analysis of Government capital expenditure and investments

As part of the framework provided by the Fiscal Responsibility Budget Management (FRBM) Act, the State is expected to not only keep its fiscal deficit at low levels but also to meet its capital expenditure/ investment (including loans and advances) requirements out of the revenues. In addition, in a transition to complete dependence on market based resources, the State government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents a broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year *vis-a-vis* previous years.

1.9.1 Incomplete projects

On the basis of the information furnished by the departments, details of incomplete projects costing ₹ one crore and above as on 31 March 2014 is given in **Appendix X** of the Finance Accounts. There were 267 incomplete projects as per details given in **Table 1.22**.

Table 1.22
Department-wise profile of incomplete projects as on 31 March 2014

Department	No. of incomplete Projects	Sanctioned Project Cost (₹ in crore)	Revised Cost (₹ in crores)	Cum. Actual expenditure (₹ in crore)
Public works	194	651.92	661.27	487.36
Power Development Department	2	24.00	26.60	20.21
Public Health Engineering	71	782.33	809.20	324.87
Total	267	1458.25	1497.07	832.44

As on 31 March 2014 there were 267 projects/ works costing ₹one crore or above which had overshoot their scheduled completion dates. These incomplete projects had a total sanctioned cost of ₹1458.25 crore revised to ₹1497.07 crore. An amount of ₹832.44 crore had been expended on these incomplete projects by 31 March 2014. Blocking of funds on incomplete projects/ works impinged negatively on the quality of expenditure and deprived the State of the intended benefits for prolonged periods.

1.9.2 Investment and Returns

As per the Statement 14 of the Finance Accounts, as on 31 March 2014, the State government had cumulatively invested ₹ 533.27 crore in three Statutory Corporations (₹ 220.16 crore), 20 Companies (₹ 263.33 crore), three non-functional Government Companies (₹ 2.57 crore), eight Cooperative Institutions/Local Bodies (₹ 37.83 crore), two Rural Banks (₹ 9.04 crore) and two Joint Stock Companies (₹ 0.34 crore). **Table 1.23** gives overall picture of return on investment *vis-a-vis* the average cost of Government borrowing.

Table-1.23
Return on Investment

Investment/Return/Cost of Borrowings	2009-10	2010-11	2011-12	2012-13	2013-14
Investment at the end of the year (₹ in crore)	422.82	470.78	484.95	498.25	533.27
Return (₹ in crore)	44.16	56.71	68.16	87.35	128.88
Return (<i>per cent</i>)	10.44	12.05	14.05	17.53	24.17
Average rate of interest on all Government liabilities (<i>per cent</i>)	8.07	7.61	7.06	7.07	7.07
Difference between interest rate and return (<i>per cent</i>)	2.37	4.44	6.99	10.46	17.10

During 2013-14, the return on investment solely came from the Jammu and Kashmir Bank Limited (₹ 128.88 crore), in which the Government holds 53 *per cent* equity.

1.9.3 Loans and advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/ organizations. **Table 1.24** presents the position of loans and advances advanced/ outstanding as on 31 March 2014, interest receipts *vis-a-vis* interest payments during the last 5 years.

Table 1.24
Average interest received on loans advanced by the State Government

(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Balance	1018.92	1066.42	1136.55	1033.69	1292.55*
Amount advanced during the year	49.12	71.63	65.61	93.40	121.42
Amount repaid during the year	1.62	1.50	168.47	1.53	4.13
Closing Balance	1066.42	1136.55	1033.69	1125.56	1409.84
Of which outstanding balance for which terms and conditions have been settled					
Net addition	47.50	70.13	(-) 102.86	91.87	117.29
Interest Receipts	5.07	3.00	4.74	1.31	1.64
Interest receipts as per cent to outstanding Loans and advances	0.47	0.26	0.46	0.12	0.12
Interest payments as per cent to outstanding fiscal liabilities of the State Government	8.07	7.61	7.06	6.72	6.72
Difference between interest payments and interest receipts (per cent)	7.60	7.35	6.60	6.60	6.60

(* : An amount of ₹167.00 crore has been proforma increased to the balance as on 31 March 2013 due to rectification of mis – classification intimated by the State Government).

Recoveries of loans and advances are not forthcoming from loss making public sector undertakings. No assessment about potential recoverability of these loans has been made in the FRBM Statements presented to the Legislature.

1.9.4 Cash Balances and their investment

The State Government is banking with the Reserve Bank of India with effect from 01 April 2011 for its cash/ overdraft management. The cash balance increased by ₹ 972 crore during 2013-14, from ₹ 91 crore at end 2012-13, to ₹1063 crore. Out of this total Cash balance, ₹1051.38 crore was held in cash balance investment account which includes ₹193.85 crore invested in 14 days treasury bills.

1.10 Assets and Liabilities

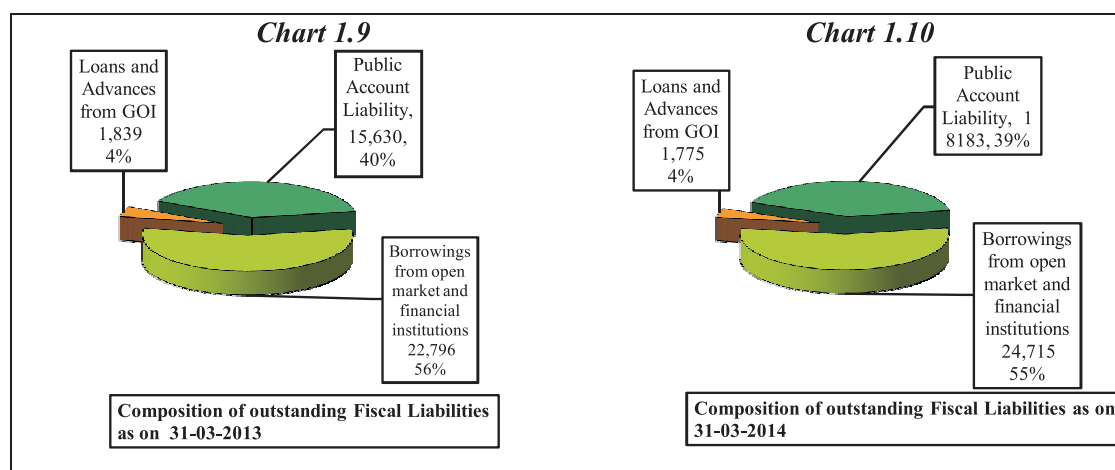
1.10.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the government is not done. However, the government accounts do capture the financial liabilities of the government and the assets created out of the expenditure incurred at historical cost, i.e., in terms of the cash inflow and outflow in nominal terms without making any adjustment for appreciation/ depreciation. Statement 17 of the Finance Accounts 2013-14 gives an

overview of sources and application of funds. Statement 6 and Statement 15 of the Finance Accounts 2013-14 provide summary position of the government's financial liabilities such as borrowing from open market and financial institutions, loans and advances from the Union government and net receipts under public accounts in respect of which the government functions as a trustee or banker. The liabilities of the State government depicted in the Finance Accounts, however, do not include future liabilities on account of pension and other retirement benefits payable to retired State employees, and contingent liabilities arising out of guarantees/ letters of comfort issued by the State government.

The Finance Accounts of the State government do not include a complete statement of all assets belonging to the State government because the subsidiary records of assets and their valuation are not maintained by the Accountant General (A&E), Jammu and Kashmir. The Finance Accounts merely depict cumulative capital expenditure, each year's capital expenditure being added in nominal terms without any adjustment of appreciation/ depreciation of assets.

There are two sets of liabilities namely, public debt and "other liabilities under public accounts". Public debt consists of market loans, special securities issued by RBI and loans and advances from the Central government. Other liabilities, which are a part of public account, include deposits under small savings scheme, provident funds and other deposits. The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is presented in **Charts 1.9** and **1.10**. (Please also see **Appendix 1.3** for trends in outstanding fiscal liabilities of the government since 2002-03)



The overall fiscal liabilities of the government increased from ₹ 40265 crore at the end of 31 March 2013 to ₹ 44673 crore by the end of 31 March 2014. As a percentage of GSDP, the stock of accumulated fiscal liabilities declined from 51.9 *per cent* at end of 2012-13 to 51.2 *per cent* at end of 2013-14. At end of 2013-14, the accumulated

liabilities were 1.65times of the government's revenue receipts during 2013-14 and 4.88 times government's own tax and non-tax revenues during 2013-14.

1.10.3 Management of Reserve Funds

‘Reserve Funds’ are funds forming part of the public accounts of the State by appropriating sums from the Consolidated Fund and setting aside for an earmarked purpose. **Table 1.25** shows movement of closing balances in various reserve funds as on 31st March 2014. The cumulative aggregate balance in these funds as at the end of 31 March 2014 was ₹ 2,007 crore of which ₹ 11 crore has been invested outside government accounts. It is also seen from a review of receipt/ disbursement transactions in the funds, that most of the funds were dormant, having no or negligible transactions.

Table 1.25
Trend in year-end Closing Balances under Reserve Funds

RESERVE FUNDS	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Reserve Funds Bearing interest						
Calamity Relief Fund (now State Disaster Response Fund)	379	438	427	470	526	882
<i>Total - Reserve Fund Bearing Interest</i>	<i>379</i>	<i>438</i>	<i>427</i>	<i>470</i>	<i>526</i>	<i>882</i>
Reserve Funds Not Bearing interest						
Calamity Relief Fund (now State Disaster Response Fund)	28	28	28	28	28	28
Sinking fund	-2	-2	-	-	32	61
Famine Relief Fund	9	9	9	9	9	9
State Roads & Bridges Fund	-0	-	-	-	-	
Depreciation and Renewal Reserve Funds of Govt. Commercial Depts./ Undertakings.	576	576	574	574	574	574
Depreciation and Renewal Reserve Funds of Govt. Non-Commercial Depts.	73	73	73	73	73	73
Development Fund for Agricultural Purposes	39	39	39	39	39	41
Co-operative Development Funds	0	0	0	0	0	0

Constituency Development Funds	38	53	50	78	95	95
Other Development and Welfare Funds	24	34	42	73	104	104
General Insurance fund (Janta Insurance)	14	16	21	23	71	68
Guarantee Redemption Fund	1	4	5	5	5	6
Other Funds	35	36	41	46	50	67
Reserve Funds Not Bearing interest	836	866	881	948	1,079	1,126
Total -Reserve Funds	1,215	1,305	1,308	1,419	1,605	2,008
Of which balances invested						
Investments from State Disaster Response Fund	11	11	11	11	11	11

1.10.4 Contingent liabilities

1.10.4.1 Status of Guarantees

Guarantees are liabilities contingent on Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per Statement 9 of the Finance Accounts, the maximum amount for which guarantees could be extended by the State and outstanding guarantees for the last five years is tabulated in **Table 1.26**.

Table-1.26
Guarantees given by the State government

(₹in crore)					
Guarantees	2009-10	2010-11	2011-12	2012-13	2013-14
Outstanding amount of guarantees	3037	2708	2098	611	2714

The FRBM Act, 2006 enjoins upon the State government to limit the amount of annual incremental risk weighted guarantees to 75 per cent of the total revenue receipts in the year preceding the current year or at 7.5 per cent of GSDP of the year preceding the current year, whichever is lower. The total outstanding guarantees at end 2013-14 aggregated ₹2714 crore which was lesser than the maximum guaranteeable limit of ₹5816.85 crore (7.5% of the GSDP of the preceding year) and thus was within the statutory limit.

A Guarantee Redemption Fund (GRF) was created in 2005-06 as per the recommendations of the Twelfth Finance Commission out of the guarantee fee received from the borrowers whose debts are guaranteed by the Government. The fund had a balance of ₹5.20 crore ending March 2013. ₹ one crore was credited from the consolidated fund of the State during 2013-14 but no guarantee fee was

collected. As per Finance Accounts 2013-14, an amount of ₹0.40 crore is collectable as guarantee fee.

1.11 Debt management

1.11.1 Debt profile

Table 1.27 shows the outstanding public debt and other liabilities in last five years, showing the liabilities as *per cent* of GSDP and per capita.

Table 1.27
Burden of Public debt and other liabilities

Year	Year-end fiscal liabilities (₹ in crore)	GSDP (₹ in crore)	Liabilities as <i>per cent</i> of GSDP(<i>per cent</i>)
2009-10	28,735	48,385	59.4
2010-11	31,272	56,976	54.9
2011-12	36,267	65,979	55.0
2012-13	40,265	77,558	51.9
2013-14	44,673	87,319	51.2

The ‘fiscal liabilities’ include (a) liabilities on account of borrowing from banks, financial institutions, open market and Union government (all accounted for in the Consolidated Fund as ‘public debt’) and (b) other liabilities on account of State Provident Fund, Pension/ Insurance Fund, Reserve Funds and Deposits (all accounted for under the public accounts of the State). The figure of ‘fiscal liabilities’ represent balances under the specified heads and do not account for year-end cash balances (whether invested or not). Increase in per capita liabilities from year to year signifies rising debt burden on the State and individual persons.

1.11.2 Debt sustainability

Debt sustainability implies that debt-GDP ratio do not increase over a period of time. Besides the default risk implicit in consideration of the growth in the stock of liabilities and cost of debt servicing, there is also another concern about liquidity risk. A government may have enough assets and ability to tax and yet may temporarily face problem of not having enough liquid assets to meet current obligations. Yet another concern associated with government liabilities is the end use of these funds by the government and concern about the government’s capacity to keep balance between costs of additional borrowings with returns from such borrowings. Problems are likely to arise if the borrowed funds are used in low return or no-return investments. Therefore, it is desirable that rise in fiscal deficit should match with the increase in capacity to service the debt.

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to

be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (debt x rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

Apart from the magnitude of outstanding debt of the State government, it is important to assess the sustainability of the debt of the State government in terms of debt stabilisation, sufficiency of non-debt receipts⁵, net availability of borrowed funds⁶, burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State government securities. Trends in some indicators of debt sustainability of the State are tabulated in **Table 1.28**.

Table 1.28
Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2009-10	2010-11	2011-12	2012-13	2013-14
Debt Stabilization (Quantum Spread +/- Primary Deficit)	(-) 1328	703	843	1497	814
Sufficiency of Non-debt Receipts (Resource Gap) (₹ in crore)	3285	4646	2549	1434	911
Net Availability of Borrowed Funds (₹ in crore)	2310	254	2612	1291	1406
Burden of Interest Payments (Interest Payment to Revenue Receipts Ratio)	0.12	0.10	0.09	0.10	0.11

With the retirement of high cost overdraft in 2010-11 which the Government had with the Jammu and Kashmir Bank Limited, through the special grant of ₹ 1000 crore from the Union Government, the debt burden of the State had moderated. But increase in primary deficit from ₹ 1311 crore during 2011-12 to ₹ 1553 crore during 2013-14 requires attention for debt stabilization.

1.11.3 Market Borrowings

Of all the constituents of outstanding liabilities of the Government, the market loans need special attention because the interest rates thereon are not administered and may

⁵ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

⁶ Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

go up if in the market perception the Government debt is not sustainable. **Table 1.29** summarises key debt sustainability indicators in the context of market loans.

Table 1.29
Key debt sustainability indicators in the context of market loans

(₹ in crore except where per cent specified)

Description	2009-2010	2010-2011	2011-2012	2012-2013	2013-14
Total liabilities	28,735	31,272	36,267	40,265	44,673
Total Public Debt (year end)	18,592	19,867	22,691	24,635	26,490
Total market loans (year-end)	8,183	11,298	13,956	15,510	17,205
Percentage of market loans to total liabilities (<i>per cent</i>)	28.5	36.1	38.5	38.5	38.5
Percentage of market loans to total public debt (<i>per cent</i>)	44.0	56.9	61.5	63.0	65.0
Weighted average interest rate on market loans (<i>per cent</i>)	3.04	2.34	7.32	8.00	7.88
Interest paid on market loans	234	228	927	1178	1289
GSDP at current market prices	48,385	56,976	65,979	77558	87319
GSDP growth rate (<i>per cent per annum</i>)	14.3	17.8	15.8	17.55	12.59
Average Interest Rate on market loans/ GSDP growth rate (<i>per cent</i>)	21	13	46	46	63
Revenue Receipts	17,588	22,234	24,783	26,217	27,128
Total Interest Payment	2,139	2,283	2,383	2,707	3,001
Interest payments to Revenue Receipts (<i>per cent</i>)	12.2	10.3	9.6	10.3	11.06
Primary Deficit	1,850	84	1,311	1,510	1,553
Total liabilities as <i>per cent</i> of GSDP	59.39	54.89	54.97	51.92	51.16
Outstanding guarantees	3,037	2,708	2,098	611	2,714
Revenue Surplus	2,264	3,767	2,103	1,100	70
Fiscal Deficit	3,989	2,367	3,694	4,216	4,554

Note: As per the definition of the term 'total liabilities', off budget borrowings through public sector undertakings are also required to be included. However, these are not included in the figures shown above for want of information.

As can be seen from above table, the total liabilities of the state have increased from ₹28735 crore in 2009-10 to ₹44673 crore in 2013-14. Of the increase of total liabilities of ₹15938 crore as much as ₹9022 crore was through market loans. The percentage of market loans to total public debt which was 44 per cent in 2009-10 rose to as much as 65 per cent by 2013-14. This shows that the dependence of the Government on high interest rate bearing market loans was on increasing trend to fund its expenditures instead of improving states own revenue resources to generate developmental funds.

1.12 Fiscal imbalances

Three fiscal parameters- Revenue, Fiscal and primary deficits indicate the extent of overall fiscal imbalances in the finances of State government during the specified period. The nature of deficit is an indicator of the prudence of fiscal management of the Government. In the context of States in the Union, another useful measure of the deficit-bias in a State's fiscal policy is the "State's own deficit (SOD)", which is the State's fiscal deficit minus non-debt resources received from the Union government. An important constituent of the State's own deficit is 'Pre-devolution non-plan revenue deficit (PDNPRD)', which represents the gap between the State's non-plan revenue expenditure and the State's own revenues (tax and non-tax).

1.12.1 Trends in deficits

Table 1.30 gives time series data on the four deficits and total liabilities during 2009-14.

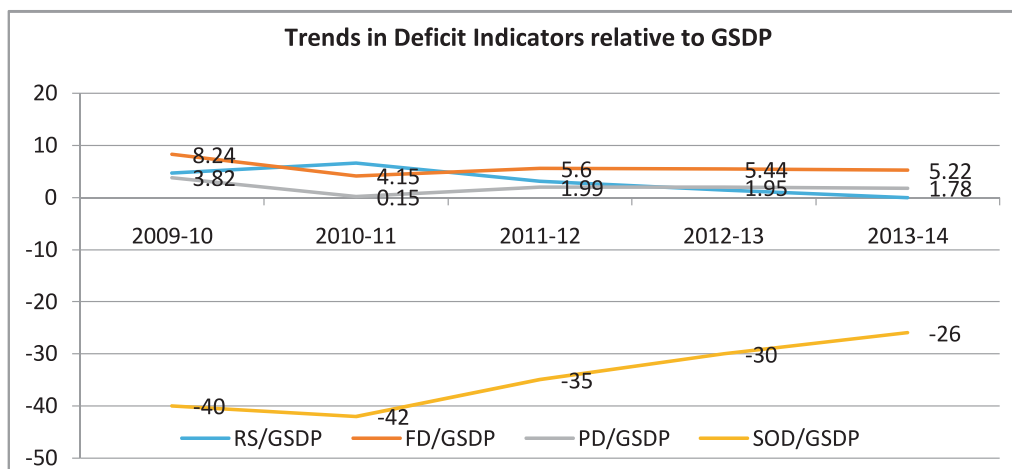
Table-1.30

Fiscal indicator	(₹ in crore)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Fiscal Liabilities	28735	31272	36267	40265	44673
Revenue surplus	2264	3767	2103	1100	70
Fiscal deficit	3989	2367	3694	4216	4554
Primary deficit	1850	84	1311	1510	1553
State's Own Deficit	17576	19955	21832	22348	22543

The above table show that the State has continued to maintain revenue surplus during the period 2009-14 but the surplus declined sharply in 2013-14. The fiscal deficit increased from ₹3839 crore in 2009-10 to ₹4554 crore in 2013-14 and the primary deficit decreased from ₹1850 crore to ₹1553 crore during the same period. The States own deficit also increased from ₹17576 crore to ₹22543 crore during 2009-14.

Charts 1.11 present the trends in key deficit indicators related to GSDP over the period 2009-14.

Chart-1.11



1.12.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as shown in Table 1.31.

Table 1.31
Components of fiscal deficit and its financing pattern

(₹ in crore)						
Particulars		2009-10	2010-11	2011-12	2012-13	2013-14
Source of Financing the Capital Expenditure and Fiscal Deficit						
1	Capital Expenditure	6234	6064	5899	5224	4507
2	Loans and Advances	49	72	66	93	121
Financed through						
1	Revenue Surplus	2264	3767	2102	1100	70
2	Non-Debt Capital Receipts	2	1.5	168	2	4
3	Fiscal Deficit	3989	2367	3,694	4,216	4554
Financing Pattern of Fiscal Deficit @						
1.	Market Borrowings	2113	2386	2954	2,008	1919
2.	Loans from GOI	(+) 805	(-) 1112	(-)129	(-)64	(-)64
3.	Small Savings, PF etc.	693	1203	2070	1,689	1990
4.	Deposits and Advances	1544	59	(-) 27	189	158
5.	Suspense and Miscellaneous	(-) 162	168	186	(-) 31	(-) 48
6.	Remittances	(-) 292	(-) 307	(-) 627	(-) 615	1169
7.	Reserve funds	90	3	126	170	403
8.	Net amount recouped to contingency fund	-	-	-		-
9.	Drawdown of cash balance (+)/Accretion to cash balance (-)	4	(-) 33	(-) 861	870	(-)972
@ All these figures are not of disbursements/outflows during the year						

Increase under the head “Small Savings, PF etc.” is mainly due to accretions under State Provident Fund, following crediting of arrears of pay revision into the Provident Fund accounts of employees by the government.

The revenue surplus decreased by ₹ 1030 crore in 2013-14 over the previous year which resulted in decrease in capital expenditure by ₹ 717 crore over the previous year and more borrowings. The fiscal deficit was met from borrowings out of public account (of which Small Savings, Provident Funds, Remittances & Reserve funds etc. formed a major share) and market borrowings.

1.12.3 Quality of Deficit/ Surplus

The ratio of revenue deficit (RD) to fiscal deficit (FD) and the bifurcation of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) was not having any asset backup.

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2013-14 shows (Table-1.32) that the primary deficit during the period was on account of capital expenditure incurred and loans and advances disbursed by the State government. In other words, non-debt receipts of the State were enough to meet the primary expenditure requirements in the revenue account and in fact left some receipts to meet the expenditure under the capital account. The State had to borrow to meet the requirements under capital account over primary expenditure during 2013-14. This indicates the extent to which the primary deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.32
Primary deficit/surplus – bifurcation of factors

(₹ in crore)

Year	Non-debt receipts	Primary Revenue Exp.	Capital Exp.	Loans & Advances	Primary Exp.	Percentage Capital Exp./Primary Exp.	Primary Revenue deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
1	2	3	4	5	6(3+4+5)	7 (4/6)	8 (2-3)	9 (2-6)
2009-10	17618	13185	6234	49	19468	32	(+) 4433	(-) 1850
2010-11	22236	16184	6064	72	22320	27	(+) 6052	(-) 84
2011-12	24951	20297	5899	66	26262	22	(+) 4654	(-) 1311
2012-13	26,217	22,394	5,224	93	27,711	19	(+) 3,823	(-) 1494
2013-14	27,128	24,027	4,507	121	28,655	16	(+) 3101	(-) 1527

It may be seen from the table above that the Non debt receipts of the State were higher than the primary revenue surplus which was sufficient to meet this expenditure due to considerable support from the Central Government. The total primary expenditure increased from ₹19468 crore in 2009-10 to ₹28655 crore in 2013-14 which was due to increase of primary revenue expenditure by ₹13842 crore and Capital expenditure by ₹1727 crore, while as Primary Revenue Surplus decreased

from ₹4433 crore in 2009-10 to ₹3101 crore in 2013-14. The primary deficit however, decreased from ₹1850 crore during 2009-10 to ₹1527 crore during 2013-14.

1.13 Government obligations under the Fiscal Responsibility and Budget Management (FRBM) Act, 2006

Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act was enacted on 14 August 2006 to be effective from 2006-07. The principal objective of the Act was reducing the fiscal deficit to three *per cent* of GSDP by 2009-10 besides it cast several other fiscal transparency obligations on the State government. Essential obligations cast on the Government under the FRBM Act, amendments made to it and its implementation are detailed in **Appendix 1.7 & Appendix 1.8** respectively.

1.13.1 Fiscal consolidation roadmap under the recommendations of the 12th and 13th Finance Commission

- The Twelfth Finance Commission (TFC) recommendations accepted by the Central government required the State government to enact/ amend the FRBM Act to conform to the customized fiscal reform path of achieving fiscal deficit and outstanding debt targets for the five year period (2005-10). The principal target for the State was to achieve fiscal deficit of three *per cent* of GSDP by 2009-10. The State could not achieve the targets set by the TFC and could not avail the debt waiver and interest relief recommended by the TFC.
- The Thirteenth Finance Commission (ThFC) noted that for special category States like Jammu and Kashmir, the Revenue Deficit/ Surplus is not of much significance for purposes of fiscal adjustment as all have revenue surplus in government accounts due to grants-in-aid from the Union government being classified as non-tax revenue of the State. Under ThFC recommendations, a customized fiscal reform path of achieving fiscal deficit and outstanding debt targets was incorporated by amending the State's FRBM Act in April 2011 and August 2011.
- **Table 1.33** summarises the targets for fiscal liabilities and fiscal deficit set by the ThFC and actual outcomes, as computed from accounts.

Table 1.33
Targets for fiscal liabilities and fiscal deficit set by 13th Finance Commission

<i>(per cent of State's actual/projected GSDP)</i>				
Fiscal parameter (as per cent of GSDP)/ Year	2010-11	2011-12	2012-13	2013-14
<i>Fiscal Deficit – 13th Finance Commission target/projection</i>	5.3	4.7	4.2	3.6
<i>Fiscal Deficit computed as per FRBM Act in accounts</i>	5.0	5.9	5.5	5.2
<i>Fiscal Liabilities – 13th Finance Commission target/projection[@]</i>	56.10	55.10	53.6	51.6
<i>Fiscal Liabilities – Government accounts[@]</i>	54.89	54.97	51.92	51.2
<i>Total Liabilities (including liabilities of PSUs etc) as per FRBM Act</i>	NA	NA	NA	NA

[@]As mentioned in Para 1.11.1 above giving trends in build-up of 'fiscal liabilities', these are computed by adding year-end outstanding liabilities on account of borrowing from banks, financial institutions, open market, Union government and other liabilities on account of State Provident/ Pension/ Insurance Funds, Reserve Funds and Deposits.

Table 1.34 compares the actual fiscal outcomes during 2010-11, 2011-12, 2012-13 and 2013-14 as compared to the State-specific projections made by the 13th Finance Commission:

Table 1.34
13th Finance Commission's projections and actual fiscal outcomes

Key Aggregates	2010-11		2011-12		2012-13		2013-14	
	13th FC projec- tion	Actual	13th FC projec- tion	Actual	13th FC projec- tion	Actual	13th FC projec- tion	Actual
GSDP	48,206	56,976	53,677	65,979	59,849	77,558	66,732	87,319
Own Revenue Receipts	4,228	4,576	4,713	6,747	5,259	7,993	5,882	9,143
State's Own Tax Revenue	3,889	3,483	4,330	4,745	4,822	5,833	5,384	6,273
State's Own Non Tax Revenue	339	1,093	383	2,002	431	2,160	498	2,870
State's share in Union Taxes/Duties	2,837	3,067	3,328	3,495	3,925	3,870	4,630	4,142
Non-Plan Revenue Expenditure	11,005	17,558	11,706	21,432	12,539	23,561	13,393	25,219
Salaries	5,366	9,529	5,550	9,802	5,736	10,298	5,924	10,843
Pension	1,812	2,242	1,993	3,297	2,192	3,463	2,411	3,592
Interest Payment	1,863	2,283	2,054	2,383	2,240	2,707	2,420	3,001

Pre- Devolution Non-Plan Revenue Deficit	6,777	12,982	6,993	14,685	7,280	15,568	7,511	16076
Post-Devolution Non-Plan Revenue Deficit	3940	4836	3665	7151	3355	8074	2,881	8845
Fiscal Liabilities as <i>Per cent</i> of GSDP	56.1	54.89	55.1	54.97	53.6	51.92	51.6	51.2
Fiscal Liabilities	27,044	31,272	29,576	36,267	32,079	40,265	34,434	44673

1.14 Conclusion

The State being a special category State had high level of share in Central taxes and grants from the Central government. The States' dependence on central resources has been steadily declining. It came down from 63 *per cent* in 2009-12 to 57 *per cent* in 2013-14. There was decline in the total plan capital expenditure from ₹4971 crore in 2012-13 to ₹4172 crore in 2013-14. States own tax revenue (SOTR) grew from ₹3027 crore in 2009-10 to ₹6273 crore in 2013-14. The expenditure on salaries, wages, pension and other post-retirement benefits, interest payments and power development departments' deficit was nearly 63.77 *per cent* of total expenditure, 80.12 *per cent* of non-plan revenue expenditure and 221 *per cent* of States own revenue in 2013-14.

Targets for collection of power departments' tariff were not achieved. The shortfall in collection of revenue was ₹1308 crore vis-a-vis targets and shortfall vis-a-vis expenditure on power purchased was ₹2205 crore. Government did not present a time bound action plan to recover minimum of 50 *per cent* of service charges after accounting for operation and maintenance expenses from the users as recommended by the 13th Finance Commission.

The dependence of the Government on high interest rate bearing market loans to fund its expenditures was on increasing trend instead of improving States own revenue resources to generate developmental funds. The Development Capital Expenditure registered a persistent decreasing trend from 2009-10 to 2013-14 indicating that the developmental works were getting inadequate resources. There were 267 projects/works costing ₹ one crore or above which had overshoot their scheduled completion dates. An amount of ₹832.44 crore had been expended on these incomplete projects by 31 March 2014. The State could not match the targets of fiscal deficit recommended by the 13th Finance Commission and of the FRBM Act. The actual fiscal deficit was 5.9, 5.5 and 5.2 *per cent* against targeted fiscal deficit of 4.7, 4.2 and 3.6 *per cent* of GSDP of respective years during 2011-12, 2012-13 and 2013-14.

1.15 Recommendations

The Government may consider:

- (i) to prepare a time bound action plan to achieve the goal of recovery of at least 50 *per cent* of service charges from users as recommended by the 13th Finance Commission; and
- (ii) to analyse the reasons for delays in completion of projects and take adequate steps for their completion to achieve the intended benefits.

CHAPTER-II
FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

CHAPTER – II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2013-14 against 29 grants/appropriations was as given in **Table 2.1**.

Table-2.1
Summarized Position of Actual Expenditure *vis-à-vis* Original/Supplementary provisions
(₹ in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure ¹	Saving (-)/ Excess (+)
Voted	I-Revenue	25707.77	42.19	25749.96	24194.63	(-) 1555.33
	II-Capital	8771.83	420.69	9192.52	5191.78	(-) 4000.74
	III-Loans and Advances	129.50	nil	129.50	121.42	(-)8.08
Total voted		34609.10	462.88	35071.98	29507.83	(-) 5564.15
Charged	IV-Revenue	3342.15	0.05	3342.20	3035.39	(-)306.81
	V-Capital	-	-	-	-	-
	VI-Public Debt Repayment	1230.82	-	1230.82	4146.91	(+) 2916.09
Total charged		4572.97	0.05	4573.02	7182.30	(+)2609.28
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		39182.07	462.93	39645.00	36690.13	(-)2954.87

The overall saving of ₹ 2954.87 crore was the result of saving of ₹ 7424.66 crore in 21 grants and 4 appropriation under Revenue Section and 24 grants under Capital

¹ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue (₹ 172.25 crore) and Capital (₹ 684.93 crore)

Section which is offset by excess of ₹ 4469.79 crore in eight grants under Revenue Section and five grants and one appropriation under Capital Section.

It has been seen from the above table that in the voted section, the supplementary Grant of ₹ 462.88 crore proved injudicious as the expenditure of ₹ 29507.83 crore did not come even up to the level of original provision of ₹ 34609.10 crore .In the charged section Supplementary Grant of ₹ 0.05 crore proved insufficient in view of the excess expenditure of ₹ 2609.28 crore.

2.3 Financial Accountability and Budget Management

2.3.1 Savings

The outcome of the appropriation audit shows that in 47 cases, savings exceeded ₹ one crore in each case or by more than 20 *per cent* of the total provision (*Appendix 2.1*). Against the total savings of ₹ 7,424.66 crore, savings of ₹ 6,970.06 crore (94 *per cent*)² occurred in 20 cases relating to 16 grants as indicated in **Table 2.2**.

Table-2.2
List of Grants with savings of ₹ 50 crore and above

(₹ in crore)						
Sl. No	Name of Grant/ Appropriation/	Original	Supple-mentary	Total grant	Actual expenditure	Savings
I-Revenue voted						
1.	02-Home	3517.06	-	3517.06	3186.84	330.22
2.	03-Planning and Dev. Deptt	913.30	-	913.30	229.57	683.73
3.	08-Finance	4557.00	-	4557.00	3812.69	744.31
4.	10-Law	206.35	-	206.35	141.07	65.28
5.	12-Agriculture Department	757.74	-	757.74	667.08	90.66
6.	16-Public Works Department	901.81	-	901.81	784.79	117.02
7.	17-Health & Medical Education	1656.67	-	1656.67	1551.37	105.30
8.	21-Forest	537.60	-	537.60	479.24	58.36
9.	22-Irrigation & Flood Control Department	492.80	-	492.80	390.73	102.07
Total-Revenue (Voted)		13540.33	-	13540.33	11243.38	2296.95
II-Revenue (Charged)						
10.	8-Finance Department	3301.48	-	3301.48	3000.92	300.56
Total Revenue (Charged)		3301.48	-	3301.48	3000.92	300.56
III-Capital (Voted)						
11.	01-General Administration Department	69.73	-	69.73	14.73	55.00
12.	03-Planning and Dev. Deptt.	2688.77	-	2688.77	388.11	2300.66
13.	06-Power Dev. Department	865.95	-	865.95	380.93	485.02
14.	05-Ladakh Affairs Department	308.60	-	308.60	233.56	75.04
15.	08-Finance	253.26	-	253.26	8.88	244.38
16.	12-Agriculture	394.24	-	394.24	235.19	159.05
17.	18-Social Welfare	159.84	-	159.84	66.97	92.87
18.	19-Housing & Urban Development	539.21	351.81	891.02	218.15	672.87
19.	25-Labour Stationery & Printing	104.87	-	104.87	2.35	102.52
20.	28- Rural Development	387.22	-	387.22	202.08	185.14
Total-Capital (Voted)		5771.69	351.81	6123.50	1750.95	4372.55
Grand Total		22613.50	351.81	22965.31	15995.25	6970.06

² Exceeding ₹ 50 crore in each case.

Reasons for substantial savings (shortfall in utilization) against each grant were not assigned (August 2014) by the State Government.

2.3.2 Persistent Savings by certain Departments

In nine cases, persistent savings of more than ₹ one crore in each case and also by ten *per cent* or more of the total grant were noticed during the last five years as indicated in **Table 2.3**.

Table-2.3
List of Grants indicating Persistent Savings during 2009-14

(₹ in crore)

Sl. No	Grant number and name	Amount of Savings				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (Voted)						
1.	03-Planning and Development	98.31 (72)	38.88 (56)	20.48(14)	89.06(36)	683.73(75)
2.	10-Law	43.00 (38)	22.31 (17)	77.17(38)	62.01(33)	65.28(32)
3.	11-Industries & Commerce	19.14(14)	20.06(13)	36.84(18)	32.34(15)	42.17(18)
Revenue charged						
4.	10-Law	5.32 (29)	2.18 (14)	6.51(28)	12.54(39)	3.81(14)
Capital (Voted)						
5.	08-Finance	222.22 (27)	387.82 (74)	207.67(92)	248.65(93)	244.38(96)
6.	14-Revenue	72.05 (53)	45.64 (42)	52.71(51)	41.76(75)	44.30(80)
7.	19-Housing and Urban Development	96.10 (26)	156.78 (38)	262.38(43)	235.05(31)	672.87(76)
8.	21-Forest	47.94 (50)	50.69 (52)	39.41(46)	16.36(18)	41.27(42)
9.	25-Labour, Stationery and Printing	69.80 (97)	140.44 (99)	71.84(97)	78.16(98)	102.52(98)

Reasons for persistent savings under these heads were not intimated (August 2014) by the State Government.

2.3.3 Anticipated savings not surrendered

As per the State Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2013-14, there were 27 grants and three appropriations in which savings occurred. However during the year in anticipation of savings, no surrender was made by the concerned department. The savings in these cases was of the order of ₹ 7,424.66 crore which includes ₹7,422.79 crore in 45 cases (involving 27 grants and three appropriation) where savings involved were ₹ one crore and above. Relevant details are indicated in **Appendix-2.2**. Non-surrender of funds (savings) deprived the Government to transfer these funds to other needy sectors.

2.3.4 Expenditure in Excess of legislative approval by certain Departments

There were 13 cases where expenditure exceeding ₹ one crore or more than 20 *per cent* of the provision was observed. In these cases against approved provision of ₹ 10958.16 crore, an expenditure of ₹ 15,426.99 crore was incurred thereby exceeding

provision by ₹ 4,468.83 crore. Details are given in **Appendix 2.3**. Of these, excess expenditure by more than 17 *per cent* has been observed consistently for the last five years in respect of one grant and one appropriation as given in **Table 2.4**.

Table-2.4
List of Grant where Persistent Excess expenditure was incurred during 2009-14

(₹ in crore)

Grant number and name	Years				
	2009-10	2010-11	2011-12	2012-13	2013-14
Capital (Charged)					
08-Finance	2765.44 (342)	4820.49 (503)	4473.35 (381)	3768.28 (286)	2916.09 (237)
Revenue (Voted)					
25-Labour Stationery & Printing	47.69 (132)	15.74 (17)	42.74 (63)	85.41 (118)	98.98 (123)

(figures in brackets indicate percentage of excess expenditure over the provisions)

Reasons for persistent excesses under the head were not explained (August 2014) by the State Government.

2.3.5 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 1325.33 crore was incurred in 68 Major heads of account (detailed in **Appendix-2.4**) without any provision in the original estimates/ supplementary demand and without any re-appropriation orders to this effect.

2.3.6 Excess over provisions requiring regularisation

Table 2.5 contains the summary of total excess in 14 cases comprising of 12 grants and one appropriation amounting to ₹ 4,469.75 crore over authorization from the Consolidated Fund of the State during 2013-14.

Table-2.5
Excess over provisions requiring regularisation during 2013-14

(₹ in crore)

Sl. No	Grant/Appropriation number and name	Total Grant/ Appropriation	Expenditure	Excess
I- Revenue (Voted)				
1.	04-Information Department	44.59	49.09	4.50
2.	06-Power Development Department	4301.07	4319.40	18.33
3.	07-Education Department	2994.40	3266.72	272.32
4.	14-Revenue Department	726.74	916.35	189.61
5.	15-Consumer Affairs & Public Distribution Department	8.24	9.19	0.95
6.	18- Social Welfare Department	318.02	620.38	302.36
7.	25-Labour Stationery & Printing Department	80.33	179.31	98.98
8.	28-Rural Development Department	227.75	271.01	43.26
Total Revenue (Voted)		8701.14	9631.45	930.31
II-Capital (Voted)				
9.	07-Education Department	244.27	376.89	132.62

10.	16-Public Works	573.21	899.46	326.25
11.	20-Tourism	120.11	193.21	73.10
12.	23-Public Health Engineering	55.00	134.18	79.18
13.	24- Hospitality & Protocol Department	41.84	54.08	12.24
Total Capital (Voted)		1034.43	1657.82	623.39
III-Capital (Charged)				
14.	08-Finance	1230.82	4146.91	2916.09
Total Capital (Charged)		1230.82	4146.91	2916.09
Total Capital (Section)		2265.25	5804.73	3539.48
Grand Total		10966.39	15436.10	4469.79

As can be seen, in the Revenue section, there was excess expenditure of ₹ 930.23 crore in eight grants, while in the Capital section, excess expenditure amounted to ₹ 3539.48 crore in five grants and one appropriation. The excess expenditure of ₹ 4469.79 crore was mainly due to repayment of Public Debt of ₹ 2916.09 crore in excess of budget provisions. Similar excess expenditure over provisions, due to repayment of public debt, were observed during 2009-13 (Table 2.4). Although repayment of Public Debt and interest payments is an expenditure charged on the Consolidated Fund of the State, the Legislative approval is nevertheless required for any outgo from the Consolidated Fund.

2.3.7 Regularisation of excess expenditure

As per Section 82 of the Constitution of Jammu and Kashmir, it is mandatory for the State Government to get the excess over a grant/ appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Section, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As the Appropriation Accounts (1980-81) had not been discussed in PAC, the excess expenditure aggregating to ₹ 94,939.74 crore for the years 1980-2013 is yet to be regularised by the State Legislature as detailed in **Appendix 2.5**. After including further excess expenditure of ₹ 4,469.79 crore during 2013-14 as brought out in the succeeding Sub-Section, the aggregate excess expenditure requiring regularization by the Legislature stands at ₹ 99,409.53 crore as on 31st March 2014.

2.3.8 Unnecessary/ Excessive/ Inadequate supplementary provisions

In five cases, involving three grants (**Appendix-2.6**), supplementary Grant of ₹ 369.02 crore was obtained in excess of the original provision in anticipation of expenditure. However, the final expenditure of ₹ 678.77 crore was even less than the original grant of ₹ 1039.41 crore. The savings of ₹ 729.66 crore thus, exceeded the entire supplementary provision indicating inadequate system of Fund projection leading to unnecessary allotment of additional funds.

In three other grants for revenue department, supplementary grants of ₹ 45.61 crore leading to total appropriation of ₹55.14 crore were obtained. The department could spend ₹10.84 crore resulting in saving of ₹ 48.54 crore.

In two departments, supplementary provision of ₹ 31.12 crore proved insufficient leaving an uncovered aggregate excess expenditure of ₹ 515.86 crore which forms 40 per cent of the total grant of ₹1299.95 crore as provided under these two grants and 11.54 per cent of total excess of ₹4469.79 crore (*Appendix-2.7*).

2.3.9 Rush of expenditure

According to Jammu and Kashmir Financial Code, rush of expenditure in the closing month of a financial year should be avoided. Contrary to this, in respect of 12 grants listed in **Table 2.6**, expenditure exceeding ₹ 10 crore for the year was incurred during the last quarter of the financial year 2013-14. The percentage of expenditure in respect of the 12 grants, in the last quarter ranged between 40 and 97 *per cent* of the total expenditure. An amount of ₹9335.23 crore exceeding ₹10 crore in each case was incurred out of the total expenditure of ₹36690.13 crore in the last quarter in twelve grants.

Table-2.6
Cases of rush of expenditure towards the end of the financial year 2013-14

(₹ in crore)

Sl. No.	Grant number and name	Total expenditure during the year	Expenditure during the last quarter of the year	
			Amount	Percentage of total expenditure
1	04-Information Department	51.74	23.17	45
2	05-Ladakh Affairs Department	701.83	682.78	97
3	07-Education Department	3626.98	1429.88	54
4	08-Finance Department	11023.54	4413.05	40
5	14-Revenue Department	927.48	545.89	59
6	16-Public Works Department	1513.37	850.91	56
7	18-Social Welfare Department	687.35	408.12	59
8	20-Tourism	298.03	149.36	50
9	24-Hospitality & Protocol	228.21	99.45	44
10	25-Stationery & Printing	181.42	104.33	58
11	27-Higher Education	684.77	346.37	51
12	28-Rural Development	473.09	281.92	60
	Total		9335.23	

2.4 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending, to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E), Jammu and Kashmir. Though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapse on the part of Controlling Officers in this regard continued to persist. During 2013-14, 270 out of

the 345 Controlling Officers have reconciled an expenditure of ₹ 16,543.81 crore {52 *per cent* of total expenditure (excluding public debt) of ₹ 31,564.62 crore} and receipts of ₹ 25,107.36 crore {93 *per cent* of the total receipts (excluding public debt) of ₹ 27,127.98 crore}.

2.5 Errors in budgeting process

Scrutiny of Demand of Grants for the year 2013-14 showed following inherent flaws in preparation:

- Lump sum budgetary provisions of ₹ 9454.54 crore which constitute 23.85 *per cent* of total provision of ₹ 39645.00 crore were placed with Controlling Officers in various Demands for Grants instead of detailed head-wise/ scheme-wise provisions which are in contravention of the State Financial Rules. The issue was highlighted in previous years Audit Reports also but remedial action has not been initiated.
- Detailed head ‘subsidy’ is not being provided under relevant major/ minor head/ sub head of accounts in the Demand for Grants.
- The Capital heads of accounts are being closed at sub-head level in the demand for grants. No detailed breakup below thereto up to object head level is available in the approved demand for grants.

These deficiencies make the budgeting process erroneous thereby, making reconciliation of departmental figures with those compiled by the Accountant General (A&E), Jammu and Kashmir difficult. The above matter had been reported to the State Government from time to time. Further action in the matter is awaited (August 2014).

2.5.1 Drawal of Funds to avoid lapse of Budgetary Grants

According to the provisions of Jammu and Kashmir Financial Code Vol-I [Rule 2.16(5)] no money should be drawn from the treasury unless it is required for immediate disbursement. Besides, it is not permissible to draw money from treasury for keeping in Banks or under civil deposits to prevent the lapse of Budgetary Grants. The 13th Finance Commission also recommended that the Public Accounts should not be treated as an alternative to the Consolidated Fund and Government expenditure should be directly incurred from the Consolidated Fund avoiding transfer from Consolidated Fund to the Public Account.

It was observed in Minor Head 800-Other Deposits subordinate to Major Head 8443-Civil Deposits that despite a balance of ₹299.95 crore after a withdrawal of ₹ 60.41 crore, an amount of ₹ 42.41 crore was added to the Minor Head, which was unnecessary. The accumulated balance of ₹342.36 crore at the close of the year should have been written back to the respective Major Heads of account under the Consolidated Fund from which these were originally transferred, as the drawals from

the Minor Head of account in the subsequent years would not require Legislative approval and thus would escape Legislative scrutiny through the Appropriation Account mechanism.

2.5.2 Unrealistic forecasting of resources

The Jammu and Kashmir State Budget Manual stipulates that the Budget of the State is based on the departmental estimates submitted by the Controlling Officers. Both the departmental and the district estimate should always receive careful personal attention of the officers who submit them and should be as accurate as possible. It was noticed that the revised estimates for 2013-14 for Non-Tax revenue projection was ₹ 3400 crore while actual realization was ₹ 2870 crore resulting in downward variation of ₹ 530 crore corresponding to 16 *per cent* below the original forecast. Similarly, Tax Revenue for the year 2013-14 was projected at ₹ 6820 crore while actual realization was ₹ 6273 crore resulting again in downward variation of ₹ 547 crore corresponding to 8 *per cent* below the original projection. The projections of tax and non-tax revenue for the last four years vis a vis actual collections during the years are appended in **Table 2.7**.

Table 2.7
Projections of Tax Revenue and Non-Tax Revenue vis-à-vis Actuals

(₹ in crore)					
Year	Description	Revised estimates of revenue	Actual realisation	Difference	Difference as Percentage
2009-10	Tax revenue	3075	3027	48	1.56
	Non-Tax revenue	1294	955	339	26.20
2010-11	Tax revenue	3643	3483	160	4.39
	Non-Tax revenue	1475	1093	382	25.90
2011-12	Tax revenue	4791	4745	46	0.96
	Non-Tax revenue	1851	2002	(-)151	-8.16
2012-13	Tax revenue	5975	5832	143	2.39
	Non-Tax revenue	2819	2160	659	23.38
2013-14	Tax revenue	6820	6273	547	8.02
	Non-Tax revenue	3400	2870	530	15.59

As can be seen, the actual realization of tax revenue was less than the estimates of collection and varied between 1.56 to 8.02 per cent whereas in case of non-tax revenue the variation was more marked and it was between -8.16 to 26.20 per cent during the years. With the actual revenue collection not in line with the estimates the corresponding plans for expenditure on schemes through budget needed revision.

2.5.3 Misclassification of Grants-in-aid and subsidy

Grants-in-aid to any Institution/ Body must constitute the Revenue Expenditure of the Government. But during the year 2013-14 a sum of ₹ 42.07 crore of Grant-in-aid , subsidy of ₹ 77.63 crore and ₹ 0.85 Crore Stipend & Scholarship has been disbursed under the following Capital Major Heads of expenditure in violation of Para 9 of Indian Government Accounting Standards (IGAS-2) as tabulated in **Table 2.8**.

Table 2.8
Disbursement of Grants-in Aid and Subsidy under Capital Heads

<i>(₹ in crore)</i>			
Classification	Grant-in-Aid	Subsidy	Stipend & Scholarship
4202-CO on Education Sports Art & Culture	14.77	-	0.85
4401-CO on Crop Husbandry	0.30	52.01	-
4402-CO on Soil & Water Conservation	-	0.07	-
4217-CO on Urban Development	26.61	-	-
4403-CO on Animal Husbandry	-	0.05	-
4425-CO on Co-operaton	0.39	-	-
4851-CO on Village & Small Industries	-	25.44	-
5452-CO on Tourism	-	0.06	-
Total	42.07	77.63	0.85

2.6 Outcome of inspection of Treasuries

2.6.1 Excess payment of pension

During inspection of Treasuries/ Sub-Treasuries for the year ended 31 March 2014 by the office of the Accountant General (A&E) excess payment of pension amounting to ₹ 4.47 crore was noticed due to reasons like wrong calculation (arithmetical inaccuracies) of pension, delayed commencement of reduced pension on account of commuted value of pension, payment of enhanced rate of pension beyond stipulated date, non-adjustment/ non-regularisation of commuted value of pension and other miscellaneous reasons.

The control at the level of Treasury Officer should be stricter in so far as pension related payments are concerned.

2.6.2 Non reimbursement of pension etc. by Pay & Accounts Offices/ Defence

Transactions which initially arise in the State Treasuries but are adjustable by the PAO/ Defence are placed under suspense for eventual adjustments. An amount of ₹ 78.40 crore paid by the State Treasuries on behalf of the Central Pension Accounting Officer, New Delhi ending 3/2014 are still adjustable in the accounts of the State Government due to either wrong booking of accounts by the State Treasuries or non-submission of vouchers to the respective quarters.

2.7 Review of Grant

2.7.1 Grant No. 21 - Review of Grant for Forest Department

Grant No. 21 (Forest Department) covers Major Heads 2402, 2406, 3435, 4402 – capital outlay, 4406 – Capital Outlay and 5425 – Capital Outlay. The grant covers the departments of Soil and Water Conservation, Forest and Wildlife, Ecology and Environment and Other Scientific and Environment research. A review of the Grant was conducted for the period 2009-14.

2.7.2 Financial Outlay

The financial outlay during the year 2013-14 and expenditure incurred there against under the Grant are given in **Table 2.10**.

Table-2.9

(₹ in crore)

	Nature of Expenditure	Original Grant /Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Excess (+)/ Savings (-)
Voted	Revenue	537.60	Nil	537.60	479.24	(-)58.36
Voted	Capital	82.27	15.20	97.47	56.20	(-) 41.27

There have been savings under both the Revenue (₹58.36 crore) as well as the Capital Section (₹41.27 crore) of the Grant for which the reasons were not furnished (August 2014) in Appropriation account.

Scrutiny of appropriation account showed persistent savings in the Grant for the period under review as in **Table 2.10**.

Table-2.10

Comparative position of Actual Expenditure vis-à-vis total Grant showing persistent savings

(₹ in crore)

	Total Grant	Actual expenditure	Excess (+) / Savings (-)
Year 2009-10			
Revenue Voted	335.55	289.13	(-)46.42
Capital Voted	96.36	48.41	(-) 47.95
Year 2010-11			
Revenue Voted	399.81	338.21	(-) 61.60
Capital Voted	97.80	47.11	(-) 50.69
Year 2011-12			
Revenue Voted	479.09	418.10	(-)60.99
Revenue Charged	0.10	0.10	-
Capital Voted	85.02	45.61	(-)39.41
2012-13			
Revenue Voted	508.03	438.85	(-) 69.18
Capital Voted	89.16	72.81	(-) 16.35
2013-14			
Revenue voted	537.60	479.24	(-) 58.36
Capital Voted	97.47	56.20	(-) 41.27

As can be seen from the above, the allocation has been increasing over the years. The overall increase in allocation in 2013-14 over figure of 2009-10 was 47.04 per cent against which there is increase in expenditure of 58.63 per cent. There are persistent savings during the last five years both under Revenue & Capital voted sections. Reasons for the same were not furnished (August 2014).

2.7.3 Excess expenditure

As per Para 12.10.04 (03) of the Jammu and Kashmir Budget Manual when the need

for additional funds arises due to some unforeseen emergency, under estimation or due to any other factor, immediate action is required to be taken to obtain additional funds and unless additional funds are provided by competent authority, no additional expenditure should be authorized or incurred.

During the check of Grant No. 21 it was seen that there has been excess expenditure under Major/ Sub-heads as detailed in **Table 2.11**.

Table-2.11
Excess expenditure under Grant No. 21

<i>(₹ in crore)</i>				
Sl. No.	Major/Minor/Sub-Head	Grant	Expenditure	Excess
1	2402/001/0099/1443 Director of Soil Conservation	19.48	21.67	2.19
2	2406/01/800/0099/2177 Director State Forest Research Institute	6.28	6.79	0.51
3	3435/04/800/0099/2179 Director Ecology Environment and Remote Sensing	4.07	5.67	1.60

The expenditure had not been regularised through obtaining supplementary Grant or Re-appropriation.

2.7.4 Un-utilised Grants

As per Para 4.1.2 of Jammu and Kashmir Budget Manual, the estimates of expenditure are required to be prepared by Head of offices and Controlling Officers according to their assessment of requirement for ensuing year keeping in view the actual expenditure in past, current years trend of expenditure or any new decision taken by the Government which have bearing as funding requirement.

It was noticed during check of Grant No. 21 that the appropriation/ grants remained un-utilised in full during 2013-14 indicating that these were not required as indicated in **Table 2.12**.

Table-2.12
Statement showing un-utilised Appropriation/ Grants

<i>(₹ in crore)</i>				
Sl. No.	Major/Minor /Sub-head	Total Grant	Expenditure	Saving
1.	2406/01/070/0099/2357 Halqa Panchayat	0.06	0.00	0.06
2.	2406/01/800/0031/0480 T.D.S Morari	0.31	0.00	0.31
3.	2406/01/800/0099/2270 Hokessar/Srinsar/Mansar/pangong	0.43	0.00	0.43
4.	3435/04/103/0099/2353 Appellate Authority Water and Air Pollution	0.06	0.00	0.06

2.7.5 Significant savings not surrendered

As per the provisions of the Budget Manual all the anticipated savings should be surrendered to the Government immediately as and when they are foreseen without waiting till the end of the year, unless they are required to meet excesses under some other units which are definitely foreseen at that time. However, significant savings were noticed under various schemes where provisions were distinctly/ separately placed in approved Demand for Grants as detailed in *Appendix 2.8*. The significant savings in the above mentioned schemes deprived the beneficiaries/ areas of the benefits for which the amount were provided.

2.7.6 Expenditure without Provision of Funds

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹13.13 crore was incurred (detailed in *Appendix-2.9*) without any provision in the original estimates/ supplementary demand and without any re-appropriation orders to this effect.

2.8 Conclusion

The overall savings of ₹ 2954.88 crore was the result of saving of ₹ 7424.66 crore in various grants and appropriations offset by excess of ₹ 4469.79 crore.

Excess expenditure of ₹ 99409.53 crore till 31 March 2014 over the approved provision ending March 2014 requires regularisation under Section 82 of the Constitution of Jammu and Kashmir.

Planning and Development, Information, Law, Industries and Commerce, Education, Finance, Revenue, Housing and Urban Development, Forest, Labour, Stationery and Printing Grants posted large savings persistently during the last five years. In many cases, the anticipated savings were not surrendered at the end of the year in the month of March leaving no scope for utilisation of these funds for other development purposes. There were also instances of inadequate provisions and unnecessary/ excessive Supplementary Grants besides 'Rush of Expenditure' in the last quarter of the financial year indicating inadequate budgetary control in the departments.

2.9 Recommendations

The Government may consider:

- (i) to take up the matter with the Public Accounts Committee Secretariat for early regularization of excess expenditure; and
- (ii) to write back balance under Deposit accounts to the respective Major/ Minor heads at the close of the year to ensure Legislative scrutiny.

CHAPTER-III
FINANCIAL REPORTING

CHAPTER – III

FINANCIAL REPORTING

A sound internal financial reporting with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision making.

3.1 Pendency in submission of Detailed Countersigned Contingent (DC) Bills against Abstract Contingent (AC) Bills

As per rules (Chapter-VIII of the Jammu and Kashmir Financial Code Volume-I), every drawing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective Controlling Officers for countersignature and transmit the same to the Accountant General (A&E), Jammu and Kashmir. In contravention thereto, against a total amount of ₹ 2621.48 crore (*Appendix-3.1*) drawn on AC bills by various Drawing and Disbursing Officers (DDOs) during 1995-2014, corresponding DC bills were not submitted (June 2014) to the Accountant General (A&E), Jammu and Kashmir. Out of AC Bills amounting to ₹986.83 crore outstanding in respect of 2013-14, AC Bills amounting to ₹644.56 crore were drawn in March 2014 alone, out of which ₹108.08 crore were drawn on the last day of the Financial year. Non-remission of DC bills for such a huge amount over a very long period is fraught with the risk of misappropriation.

Further, reasons for non-settlement of the outstanding AC bills may be investigated and action may be initiated for their immediate settlement. This requires constant monitoring by the concerned DDOs.

The matter has continually been brought to the notice of the Government/ Finance Department from time to time. Despite issuance of instructions in this regard by the State Finance Department, the DDOs did not furnish the pending DC bills to the Accountant General (A&E).

3.2 Delay in furnishing of Utilisation Certificates

Autonomous Bodies/authorities not having sufficient resources of their own are assisted financially by the Government through release of Grant-in-Aid (GIA) to be spent on specific purposes. The position of GIA provided by the State to Autonomous Bodies/ Authorities during 2009-14 is given in **Table 3.1**.

Table-3.1
Grant-In-Aid provided by the State to Autonomous Bodies/ Authorities

(₹ in crore)

Sl. No.	Body/Authority	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Srinagar Municipal Corporation	73.33	107.18	112.42	89.65	117.73
2.	Jammu Municipal Corporation	76.93	74.60	69.98	127.95	74.30
3.	Urban Local Bodies (Kashmir)	29.56	42.67	62.39	50.32	74.49
4.	Urban Local Bodies (Jammu)	20.24	26.96	41.30	35.03	36.97
5.	SKUAST – Kashmir	55.58	75.73	90.63	99.43	80.92
6.	SKUAST – Jammu	25.37	28.29	30.59	45.55	70.15
7.	Kashmir University	44.48	59.83	61.85	83.94	82.60
8.	Jammu University	50.85	43.28	63.70	58.66	74.08
9.	J&K Sports Council	7.23	8.30	10.26	13.55	21.76
10.	J&K Academy of Art and Culture	9.93	11.68	19.93	17.32	14.31
11.	IMPA	4.97	5.89	10.51	8.70	9.63
12.	Khadi and Village Industries Board	8.60	10.60	12.01	14.72	19.46
13.	Others	75.40	47.18	44.96	48.27	134.37
	Total	482.47	542.19	630.53	693.09	810.77

Financial Rules provide that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General (A&E), Jammu and Kashmir within 18 months from the date of their sanction unless specified otherwise.

The position of outstanding Utilisation Certificates (UCs) at the end of 2013-14 is detailed in **Table 3.2**.

Table-3.2
Age-wise arrears of Utilisation Certificates: Status as on 31st March 2014

Range of delay (in number of years)	Total Grants Paid		Utilization Certificates Received		Utilization Certificates Outstanding	
	Number of items	Amount (₹ in crore)	Number of items	Amount (₹ in crore)	Number of items	Amount (₹ in crore)
0 – 1	637	311.24	Nil	Nil	637	311.24
1 – 2	1134	760.13	963	390.74	171	375.39
Above 2	3737	1668.83	2776	1039.74	961	629.09
Total	5508	2740.20	3739	1430.48	1769	1315.72

A total number of 1,769 UCs involving ₹ 1315.72 crore were outstanding as on 31st March 2014 of which 1132 UCs amounting to ₹ 1,004.48 crore were outstanding for more than one year.

3.3 Non-submission/delay in submission of Annual accounts by Autonomous Bodies

A total of 365 annual accounts of 32 Bodies were awaited in Audit (*Appendix-3.2*) as on 31st March 2014. Six Autonomous Bodies required to be audited by the Comptroller and Auditor General (C&AG) of India under Sections 19(3) and 20(1) of the said Act had also not furnished the annual accounts as tabulated in **Table 3.3**.

Table 3.3
Non-submission of accounts by Autonomous Bodies

Name of Body/Authority	Delay in number of years	No of accounts	Grants during 2013-14 (₹in crore)
Ladakh Autonomous Hill District Council, Leh	1-19	19	328.37
Ladakh Autonomous Hill District Council, Kargil	1-10	10	342.98
Sher-i-Kashmir University of Agricultural Science and Technology, Srinagar	1-4	04	80.92
Sher-i-Kashmir University of Agricultural Science and Technology, Jammu	1-4	04	70.15
Jammu & Kashmir Legal Services Authority, Srinagar	1-17	17	8.86
Provident Fund Organization, Srinagar	1-13	13	Nil
		67	831.28

The audit of Ladakh Autonomous Hill District Council(LAHDC), Leh and LAHDC, Kargil has been entrusted to the C&AG of India. LAHDC, Leh has failed to submit accounts for audit since its inception i.e. 1995-96 although substantial sums are being released to the Council and unspent balances at the end of the year remain credited in a non-lapsable Fund in the Public Account of the State. Same is the position in respect of LAHDC, Kargil which came into existence in the year 2004-05 and the accounts are in arrears since inception.

Non-submission/delay in submission of accounts by these Bodies receiving substantial funding from the State Budget is a serious financial irregularity persisting for years. In view of this non-compliance, the audited accounts of these Statutory Bodies have not so far been presented to the State Legislature as required under the Statutes under which these Bodies were created. This has deprived the State Legislature to get a feedback on their activities and financial performance.

3.4 Departmentally Managed Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of commercial nature are required to prepare *proforma* accounts in the prescribed format annually. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay is fraught with risk of fraud and leakage of public money.

The Heads of the Government Departments are required to ensure that the undertakings prepare such accounts and submit the same to the Accountant General (Audit), Jammu and Kashmir for audit within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System(PDS) by the Consumer Affairs and Public Distribution Department. The *proforma* accounts of

the commercial operations of both these undertakings are in arrears. The two Government Presses have not prepared their *proforma* accounts since 1968-69. In Kashmir and Ladakh Divisions, the PDS operations are directly carried out by departmentally run PDS shops. The *proforma* accounts have not been prepared in these two Divisions since 1975-76 (Revised Account). In Jammu Division, the PDS operations are mainly through network of private dealers (about 91 *per cent*) and the *proforma* accounts have not been prepared from 1973-74 to 1997-98 and 1999-2000 to 2013-14. The *proforma* accounts for 1998-99 were finalised during 2002-03.

3.5 Bookings under Minor Head 800-'Other Receipts' and 'Other Expenditure'

During 2013-14, ₹ 2,933.99 crore under 59 Major Heads of account (representing functions of the Government) was classified under the Minor Head 'Other Expenditure' in the revenue and capital account constituting 9.30 *per cent* of the total expenditure recorded under all the Major Heads of accounts. Similarly, a total sum of ₹ 6,148.68 crore under 39 Major Heads of account (representing Revenue Resources of the Government) was classified under the Minor Head 'Other Receipts' in the accounts constituting 22.68 *per cent* of the total receipts recorded under all the revenue heads of accounts. In seven Major Heads of accounts, substantial amount of expenditure was booked under 'Other Expenditure' and in six Major Heads of accounts substantial amount of receipts was booked under 'Other Receipts'. The major schemes are not depicted distinctly in the Finance Accounts, though the details of this expenditure are depicted in the sub-head (scheme) level or below in the Detailed demands for Grants and corresponding head-wise Appropriation Accounts forming part of the State Government Accounts. Classification of large amounts booked under the minor head '800'-Other receipts/ expenditure affects the transparency and the fair picture in financial reporting.

3.6 In-operative Personal Deposits (PD) Accounts

Under the Financial Rules personal deposit (PD) Accounts are operated by transferring amounts from the Consolidated Fund and utilized for specific purposes. Un-spent balances lying in the PD Accounts are required to be transferred back to the Consolidated Fund on the last working day of the Financial Year and reopened next year, if necessary. Though the state Govt. did not operate any PD account, yet there is outstanding balance of ₹ 14.04 Crore which pertains to the old period and has remained in- operative since long.

3.7 Conclusion

The position regarding outstanding Utilisation Certificates has improved slightly as compared to 2012-13. However, a total number of 1,769 UCs involving a total amount of ₹ 1315.72 crore remained outstanding as on 31 March 2014 which was 4.15 *per cent* of the total expenditure incurred in 2013-14. Similarly, 365 Annual

Accounts of 32 Autonomous Bodies were awaited for audit as on 31st March 2014. Due to non-compliance with the basic requirements of the preparation of annual *pro forma* accounts by the Departmentally Managed Commercial Undertakings, financial reporting may not be accurate and reliable. Classification of large amounts booked under the minor head '800'-Other receipts/ expenditure does not give the fair picture in accounts.

3.8 Recommendations

The government may consider:

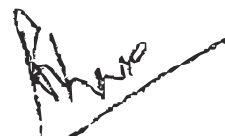
- (i) to periodically monitor timely submission of Utilisation Certificates and link further releases with the submission of earlier Utilisation Certificates;
- (ii) to closely monitor the preparation of pending annual proforma accounts of departmental undertakings and annual accounts of autonomous bodies;
- (iii) to depict distinctly allocations and expenditure incurred under various schemes so as to give fair picture in accounts.

**Srinagar/Jammu
The 12 DEC 2014**



**(Khalid Bin Jamal)
Accountant General (Audit)
Jammu and Kashmir**

Countersigned



**New Delhi
The 17 DEC 2014**

**(Shashi Kant Sharma)
Comptroller and Auditor General
of India**

APPENDICES

Appendix - 1.1

Part A: Structure and Form of Government Accounts

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund: All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund: Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

PART B: Layout of Finance Accounts

Statement	Layout
Statement No.1	Statement of Financial Position
Statement No.2	Statement of Receipts and Disbursements
Statement No.3	Statement of Receipts in Consolidated Fund
Statement No.4	Statement of Expenditure in Consolidated Fund
Statement No. 5	Statement of Progressive Capital Expenditure
Statement No.6	Statement of Borrowings and other Liabilities
Statement No.7	Statement of Loans and Advances given by the Government
Statement No.8	Statement of Grants-in-Aid given by the Government
Statement No.9	Statement of Guarantees given by the Government
Statement No.10	Statement of Voted and Charged Expenditure
Statement No.11	Detailed Statement of Revenue and Capital Receipts by Minor Heads
Statement No.12	Detailed Statement of Revenue Expenditure by Minor Heads
Statement No.13	Detailed Statement of Capital Expenditure by Minor Heads
Statement No.14	Detailed Statement of Investments of the Government
Statement No.15	Detailed Statement of Borrowing and other Liabilities
Statement No.16	Detailed Statement on Loans and Advances given by the Government
Statement No.17	Detailed Statement on Sources and Application of Funds for expenditure other than revenue account
Statement No.18	Detailed Statement on Contingency Fund and other Public Account transactions
Statement No.19	Detailed Statement on Investment of Earmarked Funds

Appendix - 1.2
Methodology Adopted for the Assessment of Fiscal Position

Part A

The norms/Ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act (**Part B of Appendix 1.2**) are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that the Gross State Domestic Product(GSDP) is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc. are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The trends in GSDP for the last five years are indicated below:

Item/Year	2009-10	2010-11	2011-12	2012-13	2013-14
Gross State Domestic Product (₹ in crore) (Base year: 2004-05)	48385	58073	68185	77558	87319
Growth rate of GSDP (Revised)	14.34	20.02	17.41	13.75	12.59
GDP at market prices	6108903	7248860	8391691	9388876	10472807
GSDP as % of GDP	0.79	0.80	0.81	0.83	0.83

Source: (Directorate of Economics & Statistics, Department of Planning, Government of Jammu and Kashmir)

Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CO/DE/ SSE-AE.

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AE-GSDP less than the national average, *i.e.*, if

$$AE/GSDP = x$$

$$AE = x * GSDP \dots\dots\dots(1)$$

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and CO-AE, derive the respective DE, SSE and CO, so that no State is having these ratios less than national average, *i.e.*, if

$$DE/AE = y$$

$$DE = y * AE \dots\dots\dots(2)$$

Where y is the national average of DE-AE ratio

Substituting (1) in (2), we get

$$DE = y * x * GSDP \dots\dots\dots(3)$$

Wherever the States are having DE-AE, SSE-AE and CO-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and CO as per equation (3), respective per capita expenditure was calculated, *i.e.*,

$$PCDE = DE/P \dots\dots\dots(4)$$

where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4), we get

$$PCDE = (y * x * GSDP)/P \dots\dots\dots(5)$$

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Pre-Devolution Non-Plan Revenue Deficit	Non-Plan Revenue expenditure – (State's Own Tax Revenues + State's Own Non-Tax Revenues)
State's Own Deficit	Fiscal Deficit – Share in Union Taxes/Duties – Grants-in-aid received from the Union government
Non-Plan Revenue Gap	Revenue Deficit – Revenue Deficit on 'Plan' account = Revenue Deficit – (Plan Revenue Expenditure – Plan Grants)

Appendix 1.3
(Reference: Paragraph: 1.2; Paragraph: 1.2.1 & Paragraph: 1.4)
Time series data on the State Government Finances

(₹ in crore)

Time series data on State Government Finances					
Part-A Receipts					
Fiscal Aggregate	2009-10	2010-11	2011-12	2012-13	2013-14
1. Revenue Receipts (a) + (b)	17588	22234	24783	26217	27128
(a) Tax Revenue	4942	6550	8240	9703	10415
	(28)	(29)	(33)	(37)	(38)
(i) Revenue from State Taxes	3027	3483	4745	5833	6273
	(17)	(16)	(19)	(22)	(23)
Of which					
Taxes on sales, trade, etc.	2146	2425	3414	4174	4579
	(71)	(70)	(72)	(72)	(73)
State Excise	294	337	385	421	440
	(10)	(10)	(8)	(7)	(7)
Taxes on vehicles	83	115	105	118	134
	(2)	(3)	(2)	(2)	(2)
Stamps and Registration fees	70	79	171	240	261
	(2)	(2)	(4)	(4)	(4)
Land Revenue	15	42	33	96	16
	(1)	(1)	(1)	(2)	(1)
Other Taxes	419	485	637	784	843
	(14)	(14)	(13)	(13)	(13)
(ii) State's share of Union taxes and duties	1915	3067	3495	3870	4142
	(11)	(14)	(14)	(15)	(15)
(b) Non-Tax Revenue	12646	15684	16543	16514	16713
	(72)	(71)	(67)	(63)	(62)
(i) State's Own Non-Tax Revenue	955	1093	2002	2160	2870
	(5)	(5)	(8)	(8)	(11)
Of which					
Power Department receipts	702	822	1007	1589	1533
	(73)	(75)	(50)	(74)	(53)
(ii) Grants-in-aid from the Union Government	11691	14591	14541	14354	13843
	(66)	(66)	(59)	(55)	(51)
State's Own Revenues	3982	4576	6747	7993	9143
(a) (i) + (b) (i)					
Revenue transfers from Centre (a) (ii) + (b) (ii)	13606	17658	18036	18224	17985
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	2	2	168	2	4
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	2852	7053	8473	7029	6002
4. Total receipts in the Consolidated Fund (1+2+3)	20442	29289	33424	33248	33134
5. Contingency Fund receipts	0.11	0.26	1.20	-	-
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	45174	55860	31913	33438	32406
Gross Receipts (4+5+6)	65616	85149	65338	66686	65540
Public Account Receipts (Net) including receipts in departmental cash chest and cash balance investment	1873	1084	1017	1974	2790
Part-B Disbursements					
Fiscal Aggregate	2009-10	2010-11	2011-12	2012-13	2013-14
1. Revenue Expenditure	15324	18467	22680	25117	27058
(a) + (b)=(i) + (ii) + (iii)	(71)	(75)	(79)	(83)	(85)
(a) Plan	553	909	1248	1557	1839
	(4)	(5)	(5)	(6)	(7)
(b) Non-Plan	14771	17558	21432	23560	25219
	(96)	(95)	(95)	(93)	(93)

General Services (including interest payments)	6445 (42)	7777 (42)	9707 (43)	10614 (42)	11374 (42)
Social Services	4258 (28)	5214 (28)	5211 (23)	5548 (22)	6319 (23)
Economic Services	4621 (30)	5476 (30)	6514 (29)	7399 (29)	7526 (28)
2. Capital Expenditure	6234	6064	5899	5224	4507
(a) + (b)=(i) + (ii) + (iii)	(29)	(25)	(21)	(17)	(15)
(a) Plan	6135 (98)	5730 (94)	5474 (93)	4971 (95)	4172 (93)
(b) Non-Plan	99 (2)	334 (6)	425 (7)	253 (5)	335 (7)
(i) General Services	239 (4)	458 (8)	394 (6)	637 (12)	648 (14)
(ii) Social Services	1626 (26)	1542 (25)	1569 (27)	1599 (31)	1230 (28)
(iii) Economic Services	4369 (70)	4064 (67)	3936 (67)	2989 (57)	2629 (58)
3. Disbursement of loans and advances	49 ([↓])	72 ([↓])	66 ([↓])	93 ([↓])	121 ([↓])
4. Total (1+2+3)	21607	24603	28645	30434	31686
5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances)	1406	5779	5648	5085	4147
Internal Debt (excluding Ways and Means Advances and Overdraft)	707	871	1114	1265	1218
Net transactions under Ways and Means Advances and Overdraft	-	2965	-	-	-
Loans and Advances from Government of India ^ø	24	96	97	78	79
6. Appropriation to Contingency Fund	Nil	Nil	-	-	-
7. Gross disbursement out of Consolidated Fund (4+5)	23013	30382	34293	35519	35833
8. Contingency Fund disbursements	1.07	0.16	0.35	-	-
9. Gross Public Account disbursements	43301	54776	30896	31464	29616
10. Gross disbursements (7+8+9)	66315	85158	65189	66983	65449
11. Increase in Cash Balance	(-) 699	(-) 9	149	(-) 297	972
12. Grand Total	65616	85149	65338	66686	166421
Part-C Deficits					
1. Revenue Surplus (Revenue Receipts-Revenue Expenditure)	2264	3767	2103	1100	70
2. Fiscal Deficit (Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts)	3989	2367	3694	4216	4554
3. Primary Deficit (Fiscal Deficit –Interest Payment)	1850	84	1311	1510	1553
4. Interest Payments (included in revenue expenditure)	2139 (14)	2283 (13)	2383 (11)	2707	3001
5. Arrears of Revenue	2198	1494	1172	1614	1433
6. Financial Assistance to local bodies, etc.	1431	1943	1795	2084	811
7. Ways and Means Advances/ overdraft availed (days)	365	365	134 (Overdraft on 5 days)	119 (overdraft on 9 days)	107 (overdraft on 7 days)
8. Interest on WMA/Overdraft	234	228	5	6	4
9. Gross State Domestic Product (GSDP*) (Revised/Base 2004-05)	48385	56976	65979	77558	87319

^ø Includes Ways and Means Advances

* Figures of GSDP are based on information supplied by the State Government.

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10. Outstanding Public Debt* (year end) excluding Public Account	18593	19867	22692	24635	26490
11. Outstanding^φ guarantees (year end)	3037	2708	2098	611	2714
12. Maximum amount guaranteed (year end)	4748	4750	4750	2650	4656
13. Number of incomplete projects	89	93	169	202	267
14. Capital blocked in incomplete projects	495.31	269.43	590.36	685	832
Total Expenditure/GSDP	49.97	51.57	45.93	39.24	36.29
Revenue Receipts/Total expenditure	81	90	86	86	86
Revenue Expenditure/Total Expenditure	71	75	79	83	85
Expenditure on Social Services/Total Expenditure	27.22	27.46	27.45	23.48	23.82
Expenditure on Economic Services/Total Expenditure	41.60	38.78	37.00	34.13	32.05
Capital Expenditure/Total Expenditure	28.85	24.65	20.59	17.17	14.22
Capital Expenditure on Social and Economic Services/Total Expenditure	27.74	22.79	19.21	15.08	12.18
Revenue Surplus as % of GSDP	4.68	6.61	3.19	1.42	-
Fiscal Deficit as % of GSDP	8.24	4.15	5.60	5.44	5.22
Primary Deficit as % of GSDP	3.82	0.15	1.99	1.95	1.78
Revenue Deficit/Fiscal Deficit	NA	NA	NA	NA	N/A
Fiscal Liabilities/GSDP	(-) 66.46	(-) 65.55	58.15	51.92	51.16
Fiscal Liabilities/RR	163.37	140.65	146.33	153.58	164.67
Primary deficit vis-à-vis quantum spread	(-) 563	703	843	3922	814
Debt Redemption (Principal+Interest)/Total Debt Receipts for the year	79.02	98.03	82.92	90.75	89.41
Return on Investment	44.16	56.71	68.16	87.35	128.88
Balance from Current Revenue (₹ in crore)	(-) 5468	(-) 3949	(-) 6639	(-)7617	(-)7915
Financial Assets/Liabilities	1.25	1.35	1.46	1.36	1.36

• Includes internal debt and loans and advances from Central Government only.

φ Excludes information in respect of three private firms and four cooperative societies during 2004-05 to 2007-08.

Appendix 1.4
(Reference: Paragraph: 1.2)
Abstract of Receipts and Disbursements for the year 2013-14

(₹ in crore)

Receipts				Disbursements					
Various items	2012-13	2013-14		Various items	2012-13	2013-14			
						Non-Plan	Plan	Total	
1	2	3	4	5	6	7	8	9	10
Section-A: Revenue									
I. Revenue Receipts	26216.86		27127.98	I. Revenue Expenditure	25117.22				27057.77
Tax revenue	5832.43	6272.74		General Services	10625.94	11373.59	29.15	11402.74	
				Social Services	6907.98	6319.21	1577.05	7896.26	
Non-tax revenue	2160.19	2869.69		Education, Sports, Art and Culture	3319.39	2949.82	812.25	3762.07	
				Health and Family Welfare	1365.11	1388.19	163.18	1551.37	
State's share of Union taxes	3870.37	4142.10		Water Supply, Sanitation/H&UD	1184.31	1243.04	16.09	1259.13	
				Information and Broadcasting	31.82	35.87	13.22	49.09	
Non-Plan grants	4080.17	4009.15		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	92.67	17.54	47.87	65.41	
				Labour and Labour Welfare	133.18	50.50	101.96	152.45	
Grants for State Plan Schemes	9546.88	9008.08		Social Welfare and Nutrition	758.92	612.47	422.28	1034.75	
				Others	22.57	21.99	-	21.99	
Grants for Central and Centrally Sponsored Plan Schemes	726.82	826.22							
Grants for Special Plan Schemes				Economic Services	7583.30	7526.25	232.52	7758.77	
				Agriculture and Allied Activities	1305.94	1343.61	48.68	1392.29	
				Rural Development	255.90	318.19	19.97	338.16	
				Special Areas Programmes	418.38	452.93	15.95	468.88	
				Irrigation and Flood Control	405.34	413.93	0.42	414.35	
				Energy	4394.84	4298.36	4.73	4303.09	
				Industries and Minerals	246.35	254.60	13.05	267.65	
				Transport	169.37	169.40	0.21	169.61	
				Science, Technology and Environment	24.92	23.53	12.46	35.99	
				General Economic Services	342.26	251.70	117.05	368.75	
II. Revenue deficit carried over to Section -B				II. Revenue Surplus carried over to Section-B	1099.64				70.21
Total Section-A	26216.86		27127.98	Total Section-A	26216.86				27127.98
Section B: Capital									
III. Opening Cash balance including Permanent Advances and Cash Balance Investment	960.94		90.82						
IV. Misc. Capital receipts	-			III. Capital Outlay	5224.04	334.61	4172.24	4506.85	4506.85

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Receipts				Disbursements					
Various items	2012-13	2013-14		Various items	2012-13	2013-14			
						Non-Plan	Plan	Total	
1	2	3	4	5	6	7	8	9	10
				General Services	636.52	66.19	582.04	648.23	
				Social Services	1598.52	62.36	1167.10	1229.46	
				Education, Sports, Art and Culture	536.45	-	522.54	522.54	
				Health and Family Welfare	257.43	-	233.54	233.54	
				Water Supply, Sanitation/H&UD	696.23	-	354.92	354.92	
				Information and Broadcasting	3.53	-	2.65	2.65	
				Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	14.00	-	7.61	7.61	
				Social Welfare and Nutrition	90.88	62.36	44.71	107.07	
				Other Social Services			1.13		
				Economic Services	2989.00	206.05	2423.11	2629.16	
				Agriculture and Allied Activities	382.98	153.33	246.08	399.41	
				Rural Development	284.11	53.33	148.75	202.08	
				Special Areas Programmes	310.74	(-)0.61	233.56	232.95	
				Irrigation and Flood Control	382.69	-	332.15	332.15	
				Energy	477.26	-	380.94	380.94	
				Industries and Minerals	114.91	-	100.00	100.00	
				Transport	546.16	-	392.44	392.44	
				Science, Technology and Environment	16.64	-	11.65	11.65	
				General Economic Services	473.51	-	577.54	577.54	
V. Recoveries of Loans and Advances	1.54		4.13	IV. Loans and Advances disbursement	93.39				121.42
Industries and Minerals		2.51		Industries and Minerals	53.06			74.14	
Energy		-		Transport	40.00			43.75	
Government servants	1.10	1.08		Government servants	0.33			0.30	
Others	0.41	0.54		Others				3.23	
VI. Revenue surplus	1099.64		70.21	V. Revenue deficit					
VII. Public debt receipts	3286.68		6002.10	VI. Repayment of Public Debt	1343.38				4146.91
Internal debt other than Ways and Means Advances and Overdraft	3272.50	5986.82		Internal debt other than Ways and Means Advances and Overdraft	1265.27			4068.12	
Loans and Advances from GOI	14.18	15.28		Repayment of loans and advances from GOI	78.11			78.79	
Net transactions under Overdrafts from Reserve Bank	-	-		Net transactions under Ways and Means Advances including Overdrafts	-				
VIII. Appropriation to Contingency Fund	-	-		VII. Appropriation to Contingency Fund	-				
IX. Amount recouped to contingency fund	0.42	-		III-Expenditure from Contingency Fund	-				0.55
X. Public Account receipts	19124.62		17839.68	IX-Public Account disbursements	17722.21				14168.57

Receipts				Disbursements					
Various items	2012-13	2013-14		Various items	2012-13	2013-14			
						Non-Plan	Plan	Total	
1	2	3	4	5	6	7	8	9	10
Small Savings and Provident Funds	3238.92	3819.89		Small Savings and Provident Funds	1550.27			1829.71	
Reserve Funds	286.47	636.93		Reserve Funds	115.97			234.11	
Deposits and Advances	3808.50	3137.62		Deposits and Advances	3619.16			2978.48	
Suspense and Miscellaneous	274.75	632.84		Suspense and Miscellaneous	306.19			683.21	
Remittances	11515.98	9612.40		Remittances	12130.62			8443.06	
				X. Cash balance at the end	90.82				1062.64
				Cash in treasuries and local remittances	-			-	
				Deposits with Banks	(-)97.96			(-)6.51	
				Departmental cash balance including permanent advances	(-)7.27			6.91	
				Cash balance investment	185.19			1051.38	
				Reserve fund investment	11.02			10.86	
Total Section-B	24473.84		24006.94	Total Section-B	24473.84				24006.94

Explanatory Notes

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation on stock figures etc. do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid and payments made on behalf of the State and others pending settlement, etc.

Appendix 1.4 (Continued)
Summarised financial position of the Government of Jammu and
Kashmir as on 31 March 2014

(₹ in crore)

As on 31 March 2013			As on 31 March 2014	
Liabilities				
22796.18		Internal Debt		24714.88
	15510.41	Market Loans bearing interest	17204.98	
	1551.75	Loans from LIC	1684.24	
	5734.02	Loans from other Institutions	5825.66	
1838.99		Loans and Advances from Central Government		1775.47
	37.79	Pre 1984-85 Loans	37.79	
	96.28	Non-Plan Loans	96.29	
	1695.67	Loans for State Plan Schemes	1632.15	
	Nil	Loans for Central Plan Schemes	Nil	
	Nil	Loans for Centrally Sponsored Plan Schemes	Nil	
	9.25	Ways and Means Advances	9.24	
1.00		Contingency Fund		1.00
10407.86		Small Savings, Provident Funds, etc.		12398.04
1604.67		Reserve Funds		2007.49
3617.78		Deposits		3776.86
901.54		Remittance Balances		2070.88
14909.48		Surplus on Government Account		14979.69
	13809.83	Revenue surplus ending 2012-13	14909.48	
	1099.65	Revenue Surplus 2013 -14	70.21	
56077.50		Total:		61724.31

As on 31 March 2013			As on 31 March 2014	
Assets				
54621.76		Gross Capital Outlay on Fixed Assets		58961.60
	498.25	Investments in shares of Companies, Corporations, etc.	533.26	
	54123.51	Other Capital Outlay	58428.34	
1125.55		Loans and Advances		1409.84
	551.43	Industries and Minerals	623.06	
	232.37	Transport	476.12	
	(-)81.95	Energy	85.05	
	42.84	Agriculture and Allied Activities	42.80	
	362.43	Other Development Loans	165.16	
	18.43	Loans to Government servants and Miscellaneous Loans	17.65	
13.34		Advances		13.28
226.03		Suspense and Miscellaneous Balances		276.40
-		Appropriation to Contingency Fund		0.55
		Amount written off from Heads of accounts closing to balances		-
90.82		Cash		1062.64
		Cash in Treasuries and Local Remittances		
	(-)97.96	Deposits with Bank	(-)6.51	
	(-)7.39	Departmental Cash Balance	6.79	
	0.12	Permanent Advances	0.12	
	185.19	Cash Balance Investments	1051.38	
	10.86	Reserve Fund Investments	10.86	
		Deficit on Government Account:		
56077.50		Total		61724.31

Appendix 1.5
(Reference: Paragraph: 1.3.2)

**Statement showing the funds transferred to the State Implementing Agencies under Programmes/
Schemes outside the State budget during 2013-14
Direct transfer of Central Scheme Funds costing more than ₹ 1 crore to implementing
agencies in the State (funds routed outside State Budgets) (unaudited figures)**

(₹ in lakh)

Name of the GOI Scheme	Implementing agencies in the State	Government of India releases				2009-10
		2013-14	2012-13	2011-2012	2010-2011	
Hospital and Dispensary under NRHM	Health and Family Welfare, Jammu and Kashmir	-	240.30	863.98	-	5,72.02
Accelerated Rural Water Supply Programme	SGO Finance Secretary	-	-	-	-	2,89,90.00
National Rural Health Mission (NRHM)	State Health Department including others	35488.95	13922.91	45245.26	1,32,15.09	90,00.08
National Institute of Technology NIT DHE	NIT, Srinagar	-	-	850.00	-	-
Package for Special Category State DIPP	Jammu and Kashmir Financial Corporation Ltd.	4116.86	3320.63	5959.08	23,13.57	12,00.00
Integrated Watershed Management Programme DPAD, DDP, IWDP, (IWMP)	Assistant Commissioners (Development) DRDA	481.37	4271.81	1702.21	32,63.62	26,81.43
DRDA Administration RD	Assistant Commissioners (Development) DRDA	1161.49	*	1378.03	7,83.06	6,85.00
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)	Assistant Commissioners (Development) District Rural Development Agencies	60315.73	76276.16	78130.96	3,13,59.89	1,73,24.45
PradhanMantri Gram SadakYojana	State Rural Roads Agency	52323.93	26632.50	76210.01	3,66,09.25	1,44,70.00
Rural Housing IAY	Assistant Commissioner District Rural Development Agencies	5642.49	5009.74	5883.22	66,43.34	57,25.42
SwarnaJayanti Gram SwarozgarYojana	Assistant Commissioner District Rural Development Agencies	-	-	-	7,59.04	8,28.47
SarvaShikshaAbhiyan	Ujala Society Jammu and Kashmir	89143.50	50805.85	30070.51	4,03,48.79	3,73,63.27
Local Area Development Scheme (MPLADS)	District Deputy Commissioners	-	4500.00	4000.00	24,00.00	17,00.00
Buddhist and Tibetan Studies	GaldanTargaisling Cultural Welfare Society, Culture Preservation Society, Kukshow, Cultural Preservation And Area Development and Others	-	296.70	658.27	7,43.08	8,09.78
National Afforestation Programme	Forest Development Agency, Rajouri, Poonch, Kishtwar, Reasi, Batote, Ramban etc.	810.82	337.00	-	-	9,81.21
Assistance of IHMS, FCI's etc.	Jammu University and IHM Society Srinagar	-	300.00	-	-	-
Product Infrastructure Development for destinations and Circuits	State Tourism Department	-	221.80	-	-	5,10.89

Name of the GOI Scheme	Implementing agencies in the State	Government of India releases				2009-10
		2013-14	2012-13	2011-2012	2010-2011	
Central Rural Sanitation programme	SWSM Member, Secretary Cum Superintending Engineer Kupwara/Srinagar/Baramulla/Badgam	3957.20	3511.01	967.95	26,55.16	-
Research and Development Support	University of Jammu, University of Kashmir, Shri Mata Vaishno Devi University of Agriculture Science and Technology, Baba University etc.	-	314.75	810.37	699.16	1162.98
Conservation of natural resources and Eco system/Comprehensive Handloom Development Scheme (CHDS)	J&K Lakes and Water ways Development Authority Director Handloom Development J&K Srinagar	2989.53	-	4104.75	17,50.69	27,85.00
Up gradation of 1396 Government ITI's	Director Technical Education Jammu, IML Society of ITI's	-	-	30,00.00	17,50.00	10,00.00
Integrated Child Development Scheme	State Social Welfare Department	-	-	-	-	-
Transport Subsidy Scheme	J&K Development Finance Corporation Ltd.	-	-	-	-	9,55.00
Scheme for Setting up of 6000 Model Schools at Block level as Benchmark of Excellence	Ujala Society, Srinagar	-	-	96,36.42	-	25,82.00
RashtriyaMadhyamikShikshaAbhiyan (RMSA)	Ujala Society, Srinagar/Noor Society	13578.18	10935.54	1301.92	26,40.09	8,82.00
National Mental Health Programme	State Health Society	-	-	-	10,54.08	5,28.00
Crime and Criminal Network system	J&K Police Housing Corporation Ltd.	-	-	-	35,59.76	-
Human Resources for Health	J & K Health and Medical Education Department	-	-	-	40,00.00	-
Development and upgradation of Institutions (AYUSH)	J & K Health Society	-	-	-	16,00.00	-
National Rural Drinking Water Programme	State Water and Sanitation Mission (SWSM)	41266.25	47450.03	42042.37	4,68,91.18	-
Off Grid DRPS	Renewable Energy Development Agency	-	3392.72	8298.22	21,87.14	-
Technology upgradation Fund Scheme (TUFS)	J & K Bank Ltd.	-	1634.37	1297.62	6,23.57	-
Renewal Energy for Rural Applications (Remote Villages)	J & K Energy Development Agency	-	-	973.00	29,23.74	-
Comprehensive Handloom Development Scheme (CHDS)	Director Handloom Development Department,J&K Srinagar	142.04	-	-	-	-
AAJEEVIKA	District Rural Development Agency (DRDA)	2837.79	289.73	6,51.72	-	-
Adult Education & Skilled Development	J&K Adult Literacy Society	-	-	8,98.95	-	-
Assistance to State for capacity Building Trauma Centres	District Hospital etc.	-	-	5,63.08	-	-

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Name of the GOI Scheme	Implementing agencies in the State	Government of India releases				2009-10
		2013-14	2012-13	2011-2012	2010-2011	
Grid interactive renewal power MNRE	J&K Power Development Corporation Ltd.	-	2919.65	9,74.50	-	-
Health Care for Elderly	SKIMS ,J&K State Health Society	-	-	14,86.54	-	-
Horticulture Mission for North East and Himalayan	Central Institute of Temperate Horticulture ,Srinagar(ICAR)	148.91	250.00	6,00.00	-	-
District Hospital	SKIMS Soura	-	-	14,08.00	-	-
Industrial Infrastructure up gradation schemes IIUS DIPP	J&K State Industrial Development Corporation.	-	602.15	5,75.00	-	-
Assistance to voluntary organization for providing social Defence Services including prevention of Alcoholism and Drug Abuse	Council for Rehabilitation of widows, orphans Handicapped and old persons (Victims of Militancy)	-	300.00	-	-	-
Baba Sahib Ambedkar Hastshilpa Vikas Yojana	Various NGOs and J&K, Entrepreneurship Development Institute	-	328.07	-	-	-
Capacity Building for Service Providers	Institute and Hotel Management and Catering Technology Srinagar/Food Craft institute Jammu, Jawahar Institute of Mountaring and winter Sports	-	386.37	-	-	--
Human Resource University of Jammu Development Biotechnology, Govt.College for Women , Prade Jammu	S.K.University of Agricultural Science & Technology of Kashmir, Srinagar HRD Animal Biotec, University of Jammu, university of Kashmir	-	100.99	-	-	-
National Aids Control Programme	J&K State AIDS Prevention & Control Society	487.40	125.69	-	-	-
National Food Security Mission	State Agriculture Management and Extension Training Institute of (SAMETI) Jammu	1749.92	1187.23	-	-	-
National mission on Food Processing	Jammu & Kashmir State Industrial Development Corporation	-	112.50	-	-	-
Promotion and Dissemination of Art and Culture	Sanggmtru Art Production	-	101.89	-	-	-
Rashtriya Gram Swaraj Yojana	J&K State Rural Employment Guarantee Society Civil Sectt. J&K	-	443.00	-	-	-
Scheme for Integrated Textile Park(SITP)	J&K Integrated Textile Park Limited	-	397.00	-	-	-
Skill Development	J&K Skill Development Initiative modular Employable Skills Society	1130.63	627.00	-	-	-
State Schedule Cast Development Corporations	J&K SCST & BC Development Corporation Ltd.	-	120.00	-	-	-

Name of the GOI Scheme	Implementing agencies in the State	Government of India releases				2009-10
		2013-14	2012-13	2011-2012	2010-2011	
Support to National Institute of Technology (NIT) including Ghani Khan Institute	NIT, Srinagar	-	2000.00	-	-	-
Support to National State Scheduled Tribes Finance and Development Corporation	J&K SC/ST and Backward Classes Development Corporation Ltd	-	350.00	-	-	-
Support of NGO/Institutions/SRCs for Adult Education and Skill Development (merged Scheme of NGOs,JSS SRCs)	Jan ShikshanSanasthan/State Resource Centre, J&K	-	133.56	-	-	-
Support to State Extension Programme for Extension Reforms	NIT Srinagar/J&K State Agro Industries Development Corporation Ltd.	544.31	900.00	-	-	-
Technology Development Programme	Sher-e-Kashmir University of Agriculture Science and Technology Jammu/J&K State Council fro Science and Technology	-	110.18	-	-	-
Modernisation of State Police Forces by Police	Police Housing Corporation J&K	270.00	-	-	-	-
Swaran Janyati Shahari Rozgar Yojana (SJSRY) National Urban	State Urban Development Agency J&K	607.94	-	-	-	-
National Mission on Bamboo	Bamboo Development Agency J&K	108.25	-	-	-	-
National Project for Cattle and Buffalo Breeding	Jammu & Kashmir Srinagar	500.00	-	-	-	-
Grant for construction of Boys & Girls Hostels for SC & OBC	University Jammu	100.00	-	-	-	-
Others Schemes	Others schemes	89.38	1583.66	83,45.96	65,86.79	67,76.95
	Grand Total	319992.87	266742.49	33,88,87.90	21,73,60.09	13,95,13.95

Explanatory notes:-

- * ₹329.03 only clubbed with other scheme (year 2011-12)
- a. The figures are taken from the 'Central Plan Scheme Monitoring System (CPSMS)'portal of the Controller General of Accounts. These are unaudited figures.
- b. The total releases shown in this appendix exclude the amount released to Central Bodies located in the State as well as various other Organizations outside the purview of the Government of Jammu and Kashmir.

Appendix 1.6
(Reference: Paragraph: 1.4.3)
Status of grants-in-aid released under the award of the 13th Finance Commission

(₹ in crore)

Sl. No.	Transfers	Recommendation of FC	Actual release (amount received and authorized to implementing departments)				Grants received (cumulative)	U.C's Pending
			2010-11	2011-12	2012-13	2013-14		
1	Urban Local Bodies (Housing Department) Gen. Basis Grant Gen. Perf. Grant	133.506 70.682	18.79 0.00	11.90 1.46	0.00 2.75	0.00 0.00	30.69 4.21	4.10 0.00
2	Rural Local Bodies (RDD) Gen. Basis Grant Gen. Perf. Grant	600.494 317.918	0.00 0.00	108.23 5.34	121.77 0.00	140.48 17.33	370.48 22.67	63.82 17.33
3	Elementary Education (Edu.)	449.00	80.00	85.00	90.00	0.00	255.00	0.00
4	Unique Identification (UID) (Plg. And Dev. Deptt.)	5.90	0.59	0.00	0.00	0.00	0.59	0.59
5	Delivery of Justice (Law)	104.46	20.89	0.000	10.446	5.41	36.75	
6	Fiscal perform Path (Finance)	1000.00	1000.00	0.00	0.00	0.00	1000.00	14.39
7	Maintenance of Forest (Forest)	133.00	16.63	16.63	8.32	8.32	49.90	3.29
8	Disaster Relief including capacity Building (Revenue)	875.60	77.605 4.00	0.00 0.00	411.70 4.00	89.84 0.00	579.14 8.00	0.00 8.00
9	District Innovation Fund (Plg. & Dev. Deptt.)	22.00	0.00	11.00	0.00	0.00	11.00	2.54
10	Improvement of statistical system at State / Distt. Level (Plg. & Dev. Deptt.)	22.00	0.00	4.40	0.00	0.00	4.40	3.40
11	Employee and Pension Data base (DGAT)	5.00	2.50	0.00	0.00	0.00	2.50	2.50
12	Infant Mortality Rate (H&ME)	0.00	0.00	0.00	15.36	11.86	27.22	22.10
13	Water Sector Mgtt. (PHE, I&FC)	88.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Roads and Bridges (R&B)	140.00	0.00	29.00	0.00	0.00	29.00	0.00
15	State Specific Needs	350.00	0.00	86.64	20.00	13.75	120.39	44.32
(i)	PSC Complex Srinagar (GAD)	15.00	0.00	7.50	7.50	0.00	15.00	7.50
(ii)	Mubarak Mandi Jammu (Tourism)	50.00	0.00	8.51	0.00	0.00	8.51	8.51
(iii)	Tawi Front (I&FC)	25.00	0.00	6.25	0.00	0.00	6.25	0.00
(iv)	Kargil Roads (Ladakh Affairs)	20.00	0.00	5.12	0.00	0.00	5.12	0.56
(v)	Wullar Lake (Ladakh Affairs)	120.00	0.00	30.00	0.00	0.00	30.00	8.53

Sl. No.	Transfers	Recommendation of FC	Actual release (amount received and authorized to implementing departments)				Grants received (cumulative)	U.C's Pending
(vi)	Power Leh (Ladakh Affairs)	15.00	0.00	3.76	0.00	0.00	3.76	0.00
(vii)	Sports Complex and Youth Hostel Leh (Ladakh Affairs)	20.00	0.00	5.00	0.00	0.00	5.00	1.67
(viii)	Cold storage Leh (Ladakh Affairs)	15.00	0.00	3.75	0.00	0.00	3.75	3.55
(ix)	Bridges Leh (Ladakh Affairs)	15.00	0.00	3.00	0.00	0.00	3.00	0.25
(x)	ECO Tourism Leh (Ladakh Affairs)	5.00	0.00	1.25	0.00	1.25	2.50	1.25
(xi)	Incentive for Grid connected Renewable energy (S&T)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xii)	Legislative complex	50.00	0.00	12.50	12.50	12.50	37.50	12.50
	Total	4317.56	1221.01	359.60	684.33	286.99	2551.93	186.37

Appendix - 1.7
(Reference: Paragraph 1.13)

The Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act, 2006

Section 9 of the FRBM Act imposed the following obligations on the State Government for the period 2006-07 to 2009-10:

(a) The revenue surplus was to be maintained and steps were to be initiated for progressive strengthening of the surplus.

(b) The pre-devolution non-plan revenue deficit was to be progressively reduced to at most 20 *per cent* of GSDP by 2009-10 and to maintain the level thereafter, with minimum annual reduction by one *per cent* of GSDP beginning from 2006-07. (The pre-devolution non-plan revenue deficit of the State was 24.73 *per cent* of GSDP in 2005-06.)

(c) The fiscal deficit was to be progressively reduced to at most three *per cent* of GSDP by 2009-10 with minimum annual reduction by 0.5 *per cent* of GSDP beginning from 2006-07. (The fiscal deficit of the State was 9.96 *per cent* of GSDP in 2005-06.)

(d) The 'outstanding total liabilities' were to be progressively reduced to at most 55 *per cent* of GSDP by 2009-10 with minimum annual reduction by five *per cent* of GSDP beginning from

2006-07. (The 'outstanding total liabilities' of the State, as defined in the Act, for the base year 2005-06 are not readily available due to accounts of Public Sector Undertakings being in arrears. Government's outstanding liabilities as per Government Accounts were 63.31 *per cent* of GSDP in 2005-06. As per 13th Finance Commission's Report, the State's Outstanding Debt Relative to GSDP was 63.27 *per cent* of GSDP).

(e) The annual incremental risk weighted guarantees in any financial year were to be limited to 75 *per cent* of the total revenue receipts in the previous financial year or to seven *per cent* of GSDP of the previous financial year, whichever is lower.

The Act also contemplated that the Government may setup an agency independent of the Government to review periodically the compliance of the provisions of the Act, and table such reviews in each House of the State Legislature.

The FRBM Rules prescribed (January 2008) the fiscal indicators to be monitored, the formats of the Macro Economic Framework Statement (MEFS)/ Medium Term Fiscal Policy Statement (MTFPS)/ Fiscal Policy Strategy Statement (FPSS) to be annually presented along

with the Budget to the State Legislature and several statements disclosing fiscal information to the Legislature. The Disclosure

Requirements under the Act/ Rules were implemented from the Budget for the year 2008-09. The FRBM Act has been amended to reset/ relax the debt/ deficit reduction targets as per 12th and 13th Finance Commission's accepted recommendations as detailed below:

- On 17th December, 2008, the FRBM Act was amended to provide for reducing pre-devolution non-plan revenue deficit, Fiscal Deficit and outstanding total liabilities to at most 20 *per cent*, three *per cent* and 55 *per cent* respectively by March 2009 instead of March 2010 as in the original Act.
- An amendment to the Act on 20 April 2010 raised the target fiscal deficit for 2009-10 from three *per cent* of GSDP to four *per cent* of GSDP. Since the year 2009-10 was already over, the reset target was not implementable.
- An amendment to the Act on 9th April 2011, reset the annual Fiscal Deficit targets for the five years' period 2010-11 to 2014-15 to be 5.3 *per cent*, 4.7 *per cent*, 4.2 *per cent*, 3.6 *per cent* and 3.0 *per cent* of GSDP. Since the year 2010-11 was already over, the reset target was not implementable.
- On 25 August 2011, an amendment in the FRBM Act through an Ordinance reset the annual targets for outstanding debt as percentage of GSDP to 56.1 *per cent*, 55.1 *per cent*, 53.6 *per cent*, 51.6 *per cent* and 49.3 *per cent* during the five years period from 2010-11 to 2014-15, as recommended by the 13th Finance Commission. (Since the year 2010-11 was already over, the reset target was not implementable).

Appendix 1.8
(Reference: Paragraph: 1.13)

Implementation of the FRBM Act and Rules

Any State government can meet the targets for reduction/elimination of fiscal deficit, revenue deficit, total liabilities etc., if the Central government chooses to provide sufficient grants-in-aid or debt relief, especially outside the scope of the award of a Finance Commission. A truer measure of a State's fiscal prudence or fiscal responsibility is the State's own deficit, which measures the resource gap between the State's expenditure and the non-debt receipts within the control of the State, assuming that old financial liabilities continue to be refinanced out of fresh borrowings. These non-debt resources depend upon State's own fiscal policies. The State has shown improvement by reducing dependence on transfer of resources from the Central government from 67 *per cent* in 2006-07 to 57 *per cent* in 2013-14. This, of course, does not take into account the resources transferred by the Union Ministries directly to implementing agencies, bye-passing the State government accounts.

- The State has continued to be revenue surplus but only due to high levels of grants from the Central government. However, the revenue surplus has witnessed a sharp decline from ₹1100 crore (2012-13) to ₹70 crore (2013-14). The State's own deficit has been consistently high and steadily rising with expenditure growth far outpacing revenue mobilisation.
- The original target of reducing the fiscal deficit to three *per cent* of the GSDP by the end of 2009-10 was missed by a very wide margin as the actual fiscal deficit shot up to 9.1 *per cent* in that year. An amendment in the FRBM Act in April 2010 raising the 2009-10 target to four *per cent* was of no avail. The State had to cap the fiscal deficit at 4.7 *per cent* of GSDP in 2011-12 and 4.2 *per cent* of GSDP in 2012-13 but the fiscal deficit actually was 5.6 and 5.5 *per cent* respectively. The year 2013-14 ended with a fiscal deficit of 5.5 *per cent* of GSDP which continued to be significantly higher than the target of 3.6 *per cent*.
- The FRBM rules specified only the annual targets for (a) revenue deficit as percentage of total revenue receipts (b) fiscal deficit as percentage of GSDP and (c) total outstanding liabilities as percentage of GSDP. These rule omitted to define annual targets for "pre-devolution non plan revenue deficit" which was to be reduced to 20 percent of GSDP by 2009-10. In fact, this fiscal parameter is not even being mentioned in the budget documents presented to the State legislature. Obviously this parameter did not receive Government's attention because fiscal concessions/ incentives are attached to its compliance.

- The FRBM Act defines ‘total liabilities’ to mean the “liabilities under the Consolidated Fund of the State and the Public Account of the State and includes borrowings by the Public Sector Undertakings (PSUs) and the Special Purpose Vehicles (SPVs) and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the budget.” It was this wider aggregate that was targeted to be capped to 55.1 *per cent* of GSDP. However, the State government continues to include only the financial liabilities of the government forming part of the government accounts. The liabilities of PSUs/ SPVs have been excluded. This compliance was made difficult by the fact that the accounts of several PSUs are heavily in arrears and therefore their liabilities could not be ascertained. These do not include the liabilities on account of funds held by government officers in bank accounts outside the government accounts, which should have in normal course been credited to the Public Accounts of the State. The Finance Department is not monitoring these cash balances held outside the government accounts though operated by government officers. The unfunded liabilities on account of pensions and other retirement benefits are also excluded, though these were also required to be included as per the FRBM Act. Thus, substantive provisions of the FRBM Act regarding computation of ‘total liabilities’ have not been complied so far.
- The ‘committed liabilities’ disclosed in the FRBM statements presented to the Legislature do not include such liabilities as (a) liability of undisbursed arrears of pay and pension revision (b) liability of counterpart matching funds under various Centrally Sponsored Schemes/ Programmes. The debt/ deficit reduction targets were thus missed despite postponement of such expenditures.
- The annual targets for Fiscal Deficit, Total Liabilities etc. were recommended by the 12th and 13th Finance Commissions on certain assumptions and forecast about GSDP. Even after the GSDP data was revised, these targets were not correspondingly revised. After these were revised with 2004-05 as the base year, the GSDP for 2007-08 shot up to ₹ 35620 crore. Thus, the targets set with reference to GSDP series with 1999-2000 as base year with a new GSDP series giving significantly higher numbers should have been revised downwards. However, this was not done. Thus, the debt/ deficit reduction targets (as *per cent* of GSDP) under the FRBM Act stand diluted due to increase in GSDP on change in methodology of its calculation, beyond the contemplation of the Thirteenth Finance Commission. Thus, the assessment of fiscal consolidation efforts carried out by the government and the process of evaluating compliance to the FRBM Act in the Budget documents should distinguish between the denominator effect (increase in GSDP) and the numerator effect (reduction in government’s debt and deficit in absolute amount).

- FRBM Act contemplate that the Government may set up an agency independent of the Government to review periodically the compliance of the provisions of the act, and table such reviews in each house of the State Legislature. However, no such independent review has been carried out so far.
- The FRBM Act required that in the Medium Term Fiscal Policy Statement to be presented with the Budget to the Legislature, the government shall set forth the fiscal management objectives of the Government and three year rolling targets for the prescribed fiscal indicators with clear enunciation of the underlying assumptions. The Statement was also to include the various assumptions behind the fiscal indicators and assessment of sustainability relating to (i) the balance between Revenue receipts and Revenue expenditure (ii) the use of Capital receipts including borrowings for generating productive assets and (iii) the estimated yearly pension liabilities worked out on actuarial basis for the next ten years. The Act provided that in case it was not possible to calculate the pension liabilities on actuarial basis during the period of first three years after the enforcement of the Act, Government may, during that period, estimate the pension liabilities by forecasts on the basis of trend growth rates. However, these provisions of the FRBM Act were not given adequate attention and in fact in the Medium Term Fiscal Policy Statements actually presented to the Legislature, the provisions of the Rules were repeated.
- Under the FRBM Act, the Government has committed to disclose the summary of assets in the Budget documents. The statements presented with the budget depict book value of assets including land. These numbers could not be independently verified by the audit in absence of audit of the subsidiary records to see the basis of evaluation and completeness.
- Notwithstanding the above deviations, the State has made good use of the opportunities presented by increased economic activities to substantially increased tax revenues. There has been record mobilization of commercial taxes and the States own revenues have shown very high growth. However, areas of concern remain, States own deficit continues to remain high mainly on account of high increase in expenditure and commitments on establishment related expenditure and serious shortfalls in bridging the resource gap in the power sector.

Appendix 2.1

(Reference: Paragraph: 2.3.1)

Statement of various grants/ appropriations where saving was more than ₹ one crore each or more than 20 per cent of the total provision

(₹ in crore)

Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
Revenue (Voted)					
1	01	General Administrative Department	228.31	25.60	11
2	02	Home Department	3517.06	330.23	9
3	03	Planning & Development Department	913.30	683.73	75
4	05	Ladakh Affairs Department	480.62	11.75	2
5	08	Finance Department	4557.00	744.31	16
6	09	Parliamentary Affairs	34.91	2.26	6
7	10	Law Department	206.35	65.28	32
8	11	Industries and Commerce Department	237.75	42.17	18
9	12	Agriculture Department	757.74	90.66	12
10	13	Animal Husbandry Department	358.84	39.76	11
11	16	Public Works Department	901.81	117.02	13
12	17	Health & Medical Education Department	1656.67	105.30	6
13	19	Housing & Urban Development Department	384.10	13.12	3
14	20	Tourism Department	116.60	11.78	10
15	21	Forest Department	537.60	58.36	10
16	22	Irrigation & Flood Control Department	492.80	102.07	21
17	23	Public Health & Engineering Department	858.48	20.28	2

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Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
18	24	Hospitality & Protocol Department	177.86	3.73	2
19	27	Higher Education Department	536.62	10.26	2
20	29	Transport Department	42.93	7.45	17
Revenue Charged					
21	01	General Administration Department	13.03	2.30	18
22	8	Finance Department	3301.48	300.56	9
23	10	Law Department	26.76	3.81	14
Capital (Voted)					
24	01	General Administration Department	69.73	55.00	79
25	02	Home Department	84.84	12.43	15
26	03	Planning and Development Department	2688.77	2300.66	86
27	04	Information Department	3.48	0.83	24
28	05	Ladakh Affairs Department	308.60	75.04	24
29	06	Power Development Department	865.95	485.02	56
30	08	Finance Department	253.26	244.38	96
31	09	Parliamentary Affairs Department	0.50	0.34	69
32	10	Law Department	22.00	22.00	100
33	11	Industries & Commerce Department	175.52	9.72	6
34	12	Agriculture Department	394.24	159.06	40
35	13	Animal Husbandry Department	28.75	1.29	4
36	14	Revenue Department	55.14	44.30	80
37	15	Consumer Affairs & Public	903.15	42.95	5

Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
		Distribution Department			
38	17	Health & Medical Education Department	266.34	32.80	12
39	18	Social Welfare Department	159.84	92.87	58
40	19	Housing & Urban Development Department	891.02	672.87	76
41	21	Forest Department	97.47	41.27	42
42	22	Irrigation & Flood Control Department	289.56	10.41	4
43	25	Labour Stationery & Printing Department	104.87	102.52	98
44	26	Fisheries Department	11.07	1.82	16
45	27	Higher Education Department	175.50	33.71	19
46	28	Rural Development Department	387.22	185.13	48
47	29	Transport Department	50.76	5.81	11

Appendix-2.2

(Reference: Paragraph: 2.3.3)

Details of saving of ₹ one crore and above not surrendered

(₹ in crore)

Sl. No	Grant Number	Number and Name of Grant/ Appropriation	Savings	Surrender	Saving which remained to be surrendered
I-Revenue (Voted)					
1	01	General Administrative Department	25.60	-	25.60
2	02	Home Department	330.23	-	330.23
3	03	Planning & Development Department	683.73	-	683.73
4	05	Ladakh Affairs Department	11.75	-	11.75
5	08	Finance Department	744.31	-	744.31
6	09	Parliamentary Affairs	2.26	-	2.26
7	10	Law Department	65.28	-	65.28
8	11	Industries and Commerce Department	42.17	-	42.17
9	12	Agriculture Department	90.66	-	90.66
10	13	Animal Husbandry Department	39.76	-	39.76
11	16	Public Works Department	117.02	-	117.02
12	17	Health & Medical Education Department	105.30	-	105.30
13	19	Housing & Urban Development Department	13.12	-	13.12
14	20	Tourism Department	11.72	-	11.72
15	21	Forest Department	58.36	-	58.36
16	22	Irrigation & Flood Control Department	102.07	-	102.07
17	23	Public Health & Engineering Department	20.28	-	20.28
18	24	Hospitality & Protocol Department	3.73	-	3.73
19	27	Higher Education Department	10.26	-	10.26
20	29	Transport Department	7.45	-	7.45
		Total-I	2485.06	-	2485.06
II- Revenue (Charged)					
21	01	General Administration Department	2.30	-	2.30
22	8	Finance Department	300.56	-	300.56
23	10	Law Department	3.81		3.81

SL No	Grant Number	Number and Name of Grant/ Appropriation	Savings	Surrender	Saving which remained to be surrendered
		Total-II	306.67	-	306.67
		III-Capital (Voted)		-	
24	01	General Administration Department	55.00	-	55.00
25	02	Home Department	12.43	-	12.43
26	03	Planning and Development Department	2300.66	-	2300.66
27	05	Ladakh Affairs Department	75.04	-	75.04
28	06	Power Development Department	485.02	-	485.02
29	08	Finance Department	244.38	-	244.38
30	10	Law Department	22.00	-	22.00
31	11	Industries & Commerce Department	9.72	-	9.72
32	12	Agriculture Department	159.06	-	159.06
33	13	Animal Husbandry Department	1.29	-	1.29
34	14	Revenue Department	44.30	-	44.30
35	15	Consumer Affairs & Public Distribution Department	42.95	-	42.95
36	17	Health & Medical Education Department	32.80	-	32.80
37	18	Social Welfare Department	92.87	-	92.87
38	19	Housing & Urban Development Department	672.87	-	672.87
39	21	Forest Department	41.27	-	41.27
40	22	Irrigation & Flood Control Department	10.41	-	10.41
41	25	Labour Stationery & Printing Department	102.52	-	102.52
42	26	Fisheries Department	1.82	-	1.82
43	27	Higher Education Department	33.71	-	33.71
44	28	Rural Development Department	185.13	-	185.13
45	29	Transport Department	5.81	-	5.81
		Total-III	4631.06	-	4631.06
		Grand Total-I+II+III	7422.79	-	7422.79

Appendix-2.3

(Reference: Paragraph: 2.3.4)

Statement of various grants/ appropriations where excess expenditure was more than ₹ one crore each or more than 20 per cent of the total provision

(₹ in crore)

Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/ Appropriation	Expenditure	Excess (Percentage)
Revenue (Voted)					
1	04	Information Department	44.59	49.09	4.50(10)
2	06	Power Development Department	4301.07	4319.40	18.33(0.42)
3	07	Education Department	2994.40	3266.72	272.32(9)
4	14	Revenue Department	726.74	916.35	189.61(26)
5	18	Social Welfare Department	318.02	620.38	302.36(95)
6	25	Labour Stationery and Printing Department	80.34	179.31	98.97(123)
7	28	Rural Development Department	227.75	271.01	43.26(19)
Total (Revenue Voted)			8692.91	9622.26	929.35
Capital (Voted)					
8	7	Education Department	244.27	376.89	132.62(54)
9	16	Public Works Department	573.21	899.46	326.25(57)
10	20	Tourism Department	120.11	193.21	73.10(61)
11	23	Public Health Engineering Department	55.00	134.18	79.18(144)
12	24	Hospitality & Protocol	41.84	54.08	12.24(29)
Total (Capital Voted)			1034.43	1657.82	623.39
Capital (Charged)					
13	08	Finance Department	1230.82	4146.91	2916.09(237)
Total (Capital Charged)			1230.82	4146.91	2916.09
(Grand Total)			10958.16	15426.99	4468.83

Appendix-2.4
(Reference: Paragraph: 2.3.5)
Statement showing expenditure incurred without budget provisions in 68 Major Heads of Accounts during 2013-14

(₹ in lakh)

Sl. No	Grant/Head of Account	Amount of expenditure without provision	Amount
1	01-General Administration		86.59
	2070- Other Administrative Services	17.41	
	3452-Tourism	69.18	
2	02-Home		34.16
	2070-Other Administrative Services	34.16	
3	03-Planning and Development		2191.45
	3451- Secretariat Economic Services	36.93	
	3454-Census Survey and Statistics	1.43	
	5475-Capital Outlay on Other General Economic Services	2153.09	
4	06-Power Development		3877.52
	2801-Power	3877.52	
5	07-Education		40151.69
	2202-General Education	34589.49	
	2204- Sports and Youth Services	53.62	
	4202-Capital Outlay on Education, Sports Arts & Culture	5508.58	
6	08-Finance		579.13
	2039-State Excise	1.09	
	2054-Treasury and Account Administration	5.23	
	2075-Misc. General Services	7.07	
	4059-Capital Outlay on Capital Works	16.00	
	4851-CO on village & Small Scale Industries	541.84	
	5465-Investment in General Financial and Trading Institutes	7.90	
7	11-Industries and Commerce		8573.75
	2851-Village and Small Industries	169.86	
	4851-Capital Outlay on Village and Small Industries	576.21	
	4853-CO on Non Ferrous Mining & Metrological Industries	413.49	
	6885-Loans for other Industries and Minerals	7414.19	
8	12-Agriculture Department		7264.69
	2236-Nutrition	2.19	
	2401-Crop Husbandry	668.20	
	2402-Soil and Water Conservation	10.37	

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Sl. No	Grant/Head of Account	Amount of expenditure without provision	Amount
	2406-Forest and Wild Life	1211.70	
	2425-Co-operation	46.75	
	2851-Village and Small Development	1431.24	
	4401-Capital Outlay on Crop Husbandry	1694.13	
	4402-Capital Outlay on Soil and Water Conservation	23.06	
	4406-Capital Outlay on Forestry & Wild Life	20.27	
	4425-CO on Co-Operation	522.05	
	4705-Capital Outlay on Command Area Development	1634.73	
9	13-Animal Husbandry		1806.97
	2403-Animal Husbandry	1000.24	
	4403- Capital Outlay on Animal Husbandry	806.73	
10	14-Revenue Department		2159.73
	2029-Land Revenue	589.06	
	2053-District Administration	1305.06	
	2055-Police	248.00	
	2070-Other Administrative Services	17.61	
11	15-Consumer Affairs and Public Distribution		10.00
	3475-Other General Economic Services	10.00	
12	16-Public Works		151.47
	2059-Public Works	151.47	
13	17-Health and Medical Education		3607.81
	2210-Medical and Public Health	1526.46	
	2211-Family Welfare	2081.35	
14	18-Social Welfare Department		27263.25
	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	133.65	
	2235-Social Security and Welfare	26252.73	
	2236-Nutrition	253.91	
	4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	148.50	
	4235- CO on Social Security & Welfare	439.25	
	4236-Capital Outlay on Nutiition	35.21	
15	19-Housing and Urban Development		7400.02
	2217-Urban Development	89.22	
	4217-CO on Urban Development	7296.44	

Sl. No	Grant/Head of Account	Amount of expenditure without provision	Amount
	7610-Loans to Govt. Servants etc.	14.36	
16	20-Tourism		7012.39
	2205-Art & Culture	9.27	
	5452-Capital Outlay on Tourism	7003.12	
17	21-Forest Department		2316.67
	2402-Soil and water Conservation	2.48	
	2406-Forestry and Wild Life	245.18	
	3435-Ecology and Environment	1078.37	
	4402-Capital Outlay on Soil & Water Conservation	538.22	
	4406-Capital Outlay on Forestry and Wild Life	452.42	
18	23-Public Health Engineering Department		237.90
	2215-Water Supply and Sanitation	237.90	
19	24-Hospitality and Protocol Department		3.04
	2070-Other Administrative Services	3.04	
20	26-Fishries		22.18
	2405-Fishries	22.18	
21	27-Higher Education Department		8390.86
	2202-General Education	2125.03	
	4202-Capital Outlay on Education, Sports, Art and Culture	6265.83	
22	28-Rural Development Department		7416.85
	2501-Special Programme for Rural Development	759.36	
	4515-Capital Outlay on Other Rural Development Programmes	6632.49	
	2515-Other Rural Development Programe	25.00	
23	29-Transport Department Department		1974.91
	2041-Taxes on Vehicles	48.91	
	5055-Capital Outlay on Road Transport	51.00	
	7055-Loan for Road Transport	1875.00	
	Grand Total		132533.03

Appendix-2.5
(Reference: Paragraph: 2.3.7)
Year-wise details of excess expenditure for the years 1980-81 to 2012-13 pending with Finance Department for regularisation

(₹ in crore)

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Stage of consideration by Public Accounts Committee
1980-81	16	1,5,6,7,8,9,12,13,14,16,18, 19,20,21,22,23	227.90	Not discussed by Public Account Committee
1981-82	13	1,3,5,6,8,13,14,16,18,19, 20,21,23	41.99	
1982-83	10	6,8,9,12,14,18,19,21,22,23	119.74	
1983-84	12	1,5,6,7,8,14,18,19,20,21, 22,23	176.75	
1984-85	10	1,6,8,10,14,16,18,19,21,23	65.42	
1985-86	10	1,4,6,10,17,18,19,22,23,26	19.64	
1986-87	15	1,2,4,6,7,8,10,13,18,19,20,22,23,25,26	104.22	
1987-88	17	1,2,3,5,6,8,10,12,13,18,19,21,22,23,24,26,27	177.32	
1988-89	14	1,2,8,9,10,12,13,15,17,18, 22,23,26,27	438.42	
1989-90	09	1,7,8,11,12,20,21,23,24	205.23	
1990-91	11	1,2,5,8,12,17,19,21,23,25,26	427.72	
1991-92	13	1,2,5,7,8,11,12,14,21,22, 23,26,27	1,152.23	
1992-93	14	1,4,5,8,10,11,12,14,16,20, 21,23,24,26	1,029.71	
1993-94	17	2,3,5,8,10,12,13,14,17,18, 20,21,22,23,24,26,27	1,730.03	
1994-95	14	5,6,8,9,10,12,13,14,20,21, 23,24,26,27	2,057.49	
1995-96	19	2,5,6,8,9,10,11,12,13,16,17,18,20,21,23,24,25,26,27	2,936.89	
1996-97	18	2,4,5,6,8,10,11,12,13,14, 16,18,20,21,23,24,26,27	3,482.20	
1997-98	16	1,2,4,6,8,9,12,13,16,18,21,22,23,24,26,27	4,189.21	
1998-99	06	4,5,6,8,23,27	4,185.25	
1999-2000	12	2,3,6,8,9,12,17,18,20,23,24,26	5,851.08	
2000-01	11	1,6,8,9,12,16,18,23,25, 26, 27	6,310.25	
2001-02	15	3,5,6,8,11,17,18,20,21,23,25,26,27,28,29	6,393.41	
2002-03	15	3,5,6,7,8,12,14,16,17,18,21,23,25,26,28	505.61	
2003-04	18	3,5,7,8,12,13,14,15,16,17,18,20,21,23,24,25,26,28	9,770.53	
2004-05	15	3,6,8,9,12,14,15,16,18,20,25,26,27,28,29	2,108.42	
2005-06	16	3,5,8, 10,12,15, 16,17,18, 20,21,23,25, 26,27,28	12,954.06	
2006-07	14	8,12,14,15,16,17,18,20,21,23,25,26,27,28	2,150.03	
2007-08	14	6,8,11,12,14,15,16,20,24,25,26,27,28,29	2,277.91	
2008-09	15	5,6,8,11,12,15,16,19,20,22,23,24,25,26,27	3,277.38	
2009-10	14	1,6,8,11,15,16,18,20,23,24,25,26,27,29	4062.58	
2010-11	14	5,6,8,9,16,18,19,22,23,25,26,27,28,29	6130.76	
2011-12	14	1,6,8,11,12,15,16,18,19,20,23,25,26,27	5638.79	
2012-13	12	1,5,8,11,13,16,18,20,23,25,26,27	4741.57	
		Total	94939.74	

Appendix-2.6
(Reference: Paragraph: 2.3.8)
Cases of unnecessary supplementary grant/ appropriation

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Supplementary Provision	Actual Expenditure	Savings out of original provision
I-Revenue (Voted)					
1	09-Parliamentary Affairs	32.97	1.94	32.65	2.26
2	19-Housing & Urban Development Department	384.08	0.02	370.98	13.12
Total-I		417.05	1.96	403.63	15.38
II-Revenue (Charged)					
3	09-Parliamentary Affairs	0.88	0.05	0.78	0.14
Total-II		0.88	0.05	0.78	0.14
III-Capital (Voted)					
4	19-Housing & Urban Development	539.21	351.81	218.16	672.87
5	21-Forest Department	82.27	15.20	56.20	41.27
Total-III		621.48	367.01	274.36	714.14
Grand Total		1039.41	369.02	678.77	729.66

Appendix 2.7

(Reference: Paragraph: 2.3.8)

Statement of various grants/ appropriation where supplementary provision provided was insufficient by more than ₹ one crore each

(₹ in crore)

SL No	Grant Number	Name of Grant/ Appropriation	Original Provision	Supplementary Provision	Total	Expenditure	Excess
Revenue (Voted)							
1	14	Revenue Department	703.69	23.05	726.74	916.35	189.61
Total-Revenue (Voted)			703.69	23.05	726.74	916.35	189.61
Capital (Voted)							
2	16	Public Works Department	565.14	8.07	573.21	899.46	326.25
Total-Capital (Voted)			565.14	8.07	573.21	899.46	326.25
Grand Total			1268.83	31.12	1299.95	1815.81	515.86

Appendix 2.8
(Reference: Paragraph: 2.7.5)
Statement showing cases where significant savings were not surrendered in Grant No.21

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure	Saving
1.	2402/001/0011/1443 Directorate of Soil Conservation	14.75	0.11	14.64
2.	2402/02/0099/2178 Project Director IWDP Hills-II	1411.72	929.32	482.40
3.	2402/02/0099/0353 Soil & Water Conservation on Watershed Basis	562.17	492.06	70.11
4.	2406/01/001/0099/0349 Pr. Chief Conservators Office	28348.97	24849.83	3499.14
5.	2406/01/070/0099/0359 Communication & Buildings	74.00	7.45	66.55
6.	2406/01/101/0099/0352 Forest Conservation Development	96.60	39.26	57.34
7.	2406/01/105/0099/0358 Forest Produce	3099.20	1528.98	1570.22
8.	2406/01/800/0099/2176 Director Social Forestry	6393.63	6338.72	54.91
9.	2406/01/800/0099/2175 Director Forest Protection Force	6308.94	5571.98	736.96
10.	2406/02/110/0099/0351 Environment, Forestry Protection Force	2772.92	2547.98	224.94
11.	3435/04/800/0099/2152 Pollution Control Board	1603.01	879.58	723.43

Appendix 2.9
(Reference: Paragraph: 2.7.6)
Statement showing cases where expenditure incurred without
Budget Provisions in Grant No:21

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1.	2402/02/0099/0353 Sr. Agrologist	Nil	2.48
2.	2406/01/001/0099/0351 Environment Forestry and Wild Life	Nil	5.05
3.	2406/01/001/0099/0346 Circle and Divisional Office	Nil	36.53
4.	2406/01/001/0099/2175 Director Forest Protection Force	Nil	5.00
5.	2406/02/001/0099/2203 Provisional and Distt. Officers Jammu	Nil	15.16
6.	2406/02/110/0031/1730 National Park Sanctuaries	Nil	157.77
7.	2406/02/112/0099/1136 Director Floriculture	Nil	7.49
8.	2406/02/112/0099/1135 Provincial and Distt. Officers	Nil	4.96
9.	3435/04/800/0011/2179 Director Ecology Environment and Remote Sensing	Nil	1065.36
10.	3435/04/800/0011/2172 Addl. Director Council for Science & Technology	Nil	13.01
	Total		1312.81

Appendix-3.1
(Reference: Paragraph: 3.1)
Major head -wise outstanding DC Bills from 1995-2014

(₹ in lakh)

Sl.No.	Major Head	Nomenclature	Srinagar Division	Jammu Division	Total
1	2012	Governor-Secretariat	1.76	0	1.76
2	2013	Council of Ministers	21.40	0	21.40
3	2014	Administration of justice	25.00	16.53	41.53
4	2015	Election	1025.52	271.87	1297.39
5	2029	Land Revenue	589.06	0	589.06
6	2030	Stamps & Registration	0	191.20	191.20
7	2040	Taxes on sales, trade etc.	58.98	11.80	70.78
8	2041	Taxes on vehicles	25.00	0	25.00
9	2052	Secretariat-General Services	3.36	0	3.36
10	2053	District Administration	25.20	190.12	215.32
11	2055	Police	3355.43	6582.63	9938.06
12	2056	Jails	41.97	0	41.97
13	2059	Public Works	0	26.35	26.35
14	2070	Other Administrative Services	85.97	154.92	240.89
15	2202	General Education	45374.07	46.25	45420.32
16	2203	Technical Education	26.94	2.25	29.19
17	2204	Sports & Youth services	174.32	0	174.32
18	2205	Art & Culture	72.16	0	72.16
19	2210	Medical & public Health	516.01	48.00	564.01
20	2211	Family Welfare	0	4.68	4.68
21	2217	Urban Development	7955.83	0	7955.83
22	2225	Welfare of SC/ST & other backward classes	97.06	0	97.06
23	2230	Labour & employment	8681.25	11.50	8692.75
24	2235	Social security & Welfare	420.89	1119.53	1540.42
25	2236	Nutrition	7.05	0	7.05
26	2245	Relief on account of Natural Calamities	6697.33	7227.98	13925.31
27	2250	Other Social Services	5.08	0	5.08

Sl.No.	Major Head	Nomenclature	Srinagar Division	Jammu Division	Total
28	2401	Crop Husbandry	20.00	0.02	20.02
29	2403	Animal Husbandry	1.62	32.00	33.62
30	2408	Food storage & Ware housing	112.00	0	112.00
31	2415	Agricultural Research & Education	2.50	0	2.50
32	2435	Other Agriculture programmes	0	0.16	0.16
33	2501	Special Programmes for Rural Development	294.97	2014.33	2309.30
34	2515	Other Rural Development Programmes	1052.18	0	1052.18
35	2575	Other Special Area Programmes	33.46	0	33.46
36	2701	Medium Irrigation	50.00	0	50.00
37	2801	Power	0	20.00	20.00
38	2851	Village & Small Industries	116.25	0	116.25
39	3435	Ecology & Environment	745.47	0	745.47
40	3451	Secretariat –Economic Services	3.30	1.26	4.56
41	3452	Tourism	529.33	91.34	620.67
42	3454	Census survey & Statistics	53.75	36.52	90.27
43	3475	Other General Economic Services	42.12	86.90	129.02
44	4058	Capital Outlay on Stationery & Printing	22.57	0	22.57
45	4059	Capital outlay on Public Works	1835.20	629.66	2464.86
46	4070	Capital outlay on Other Administrative Services	219.27	0	219.27
47	4075	Capital outlay on Miscellaneous General Services	1423.67	0	1423.67
48	4202	Capital outlay on Education ,Sports Art & Culture	34350.93	2492.91	36843.84
49	4210	Capital outlay on Medical & Public health	4654.79	16581.24	21236.03
50	4215	Capital outlay on Water	0	375.00	375.00

Sl.No.	Major Head	Nomenclature	Srinagar Division	Jammu Division	Total
		Supply & Sanitation			
51	4216	Capital outlay on Housing	500.00	0	500.00
52	4217	Capital outlay on Urban Development	26928.54	1332.82	28261.36
53	4225	Capital outlay on Welfare of Schedule Casts, STs & Other backward classes	53.00	0	53.00
54	4235	Capital outlay on Social Security & Welfare	310.00	1715.61	2025.61
55	4250	Capital outlay on Other Social Services	50.00	0	50.00
56	4401	Capital outlay on Crop Husbandry	633.17	33.89	667.06
57	4402	Capital outlay on Soil & Water Conservation	7.21	456.12	463.33
58	4403	Capital outlay on Animal Husbandry	140.40	59.36	199.76
59	4405	Capital outlay on Fisheries	17.84	0	17.84
60	4408	Capital outlay on Food Storage & Ware Housing	5879.02	0	5879.02
61	4415	Capital Outlay on Agricultural Research and Education	150.00	0	150.00
62	4425	Capital outlay on cooperation	1245.20	0	1245.20
63	4515	Capital outlay on Other Rural Development Programme	20137.46	4710.89	24848.35
64	4575	Capital outlay on Other Special Area Programme	211.98	0	211.98
65	4801	Capital outlay on Power Projects	10950.00	0	10950.00
66	4851	Capital outlay on Village & Small Industries	7315.20	256.73	7571.93
67	4852	Capital outlay on Iron & Steel Industries	2328.20	0	2328.20
68	4853	Capital outlay on Non Ferrous Mining & Meteorological Industries	32.96	0	32.96
69	5054	Capital outlay on Roads &	1030.50	0	1030.50

Sl.No.	Major Head	Nomenclature	Srinagar Division	Jammu Division	Total
		Bridges			
70	5055	Capital outlay on Road Transport	1301.00	0	1301.00
71	5425	Capital outlay on Other Scientific Environmental Research	223.33	0	223.33
72	5452	Capital outlay on Tourism	5914.23	690.96	6605.19
73	5475	Capital outlay on Other General Economic Services	3002.95	2.00	3004.95
74	Not Known	Animal Husbandry	0	7.00	7.00
75	-do-	Revenue	0	4851.88	4851.88
76	-do-	Education	0	166.91	166.91
77	-do-	Health	0	71.78	71.78
78	-do-	Industries & Commerce	0	37.71	37.71
79	-do-	Consumer Affairs & Public Distribution	0	22.60	22.60
80	-do-	Agriculture	0	3.92	3.92
81	-do-	Election	0	14.05	14.05
82	-do-	Forest	0	1.30	1.30
83	-do-	Hospitality & Protocol	0	3.00	3.00
84	-do-	Housing & Urban Development	0	74.78	74.78
85	-do-	Home	0	69.05	69.05
86	-do-	Technical Education	0	34.75	34.75
87	-do-	Public Works Department	0	0.41	0.41
88	-do-	Rural Development	0	41.19	41.19
89	-do-	Finance	0	10.00	10.00
		Total	209212.21	52935.66	262147.87

AC bills awaiting detail account from S.NO:74 to 89 amounting to ₹ 5410.33 lakh pertains to the period 1996-97 to 2002-03 of Jammu Division. Out of which ₹4851.88 lakh relates to Revenue Department.

Appendix-3.2
(Reference: Paragraph: 3.3)
Statement showing details of Annual accounts awaited relating to
audit under section 14 of the CAG's (DPC) Act, 1971

Sl. No	Name of the Body/Authority	Period for which accounts awaited	Number of awaited accounts
1	Srinagar Municipality	1988-89 to 2013-14	26
2	Kashmir University	2001-02 to 2013-14	13
3	Kashmir Urban Development Agency Srinagar	1999-2000 to 2013-14	15
4	District Rural Development Agency Srinagar	2002-03 to 2013-14	12
5	District Rural Development Agency Anantnag	2007-08 to 2013-14	07
6	District Rural Development Agency Pulwama	2002-03 to 2013-14	12
7	District Rural Development Agency Leh	2008-09 to 2013-14	06
8	District Rural Development Agency Kargil	2008-09 to 2013-14	06
9	Sher-e-Kashmir International Conference Centre, Srinagar (SKICC)	1999-2000 to 2013-14	15
10	Srinagar Development Authority	1999-2000 to 2013-14	15
11	State Social Welfare Advisory Board	2003-04 to 2013-14	11
12	Islamia College of Sciences and Commerce Srinagar	2001-02 to 2013-14	13
13	Jammu and Kashmir State Housing Board	2002-03 to 2013-14	12
14	Lakes and Water Ways Development Authority	2005-06 to 2013-14	09
15	Jammu University	2002-03 to 2013-14	12
16	District Rural Development Agency Jammu	2008-09 to 2013-14	06
17	District Rural Development Agency Kathua	2008-09 to 2013-14	06
18	District Rural Development Agency Poonch	2008-09 to 2013-14	06
19	District Rural Development Agency Doda	2003-04 to 2013-14	11
20	Academy of Art Culture and Languages	2003-04 to 2013-14	11
21	Jammu Development Authority	1972-73 to 2013-14	42
22	State Pollution Control Board	1995-96 to 2013-14	19
23	Jammu and Kashmir Sports Council	2003-04 to 2013-14	11
24	Jammu and Kashmir Energy Development Agency	2003-04 to 2013-14	11
25	District Rural Development Agency Budgam	2007-08 to 2013-14	07
26	District Rural Development Agency Baramulla	2007-08 to 2013-14	07
27	District Rural Development Agency Kupwara	2006-07 to 2013-14	08
28	District Rural Development Agency Ganderbal	2008-09 to 2013-14	06
29	District Rural Development Agency Kulgam	2008-09 to 2013-14	06
30	District Rural Development Agency Shopian	2008-09 to 2013-14	06
31	District Rural Development Agency Bandipora	2008-09 to 2013-14	06
32	Jammu Municipality	2002-03 to 2013-14	12
	Total		365

Appendix-4.1
Glossary of terms

Sl No.	Terms	Description
1	State Implementing Agency	State Implementing Agency includes any Organisations/Institutions including Non-Governmental Organisation which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for SSA and State Health Mission for NRHM etc.
2.	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices
3.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i>
4.	Internal Debt	Comprising mainly Market Loans and Special Securities issued to the National Small Savings Fund (NSS) by the State Government.
5.	Core Public and Merit goods	<i>Core public goods</i> are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. <i>Merit goods</i> are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
6.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

7.	Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a current debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
8.	Debt Stabilization	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be current or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.
9.	Sufficiency of Non-debt receipts (Resource Gap)	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
10.	Net availability of borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
11.	Non debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.