



**REPORT OF THE  
COMPTROLLER AND AUDITOR  
GENERAL OF INDIA  
ON  
STATE FINANCES  
FOR THE YEAR ENDED 31 MARCH 2015**



**Government of Jammu and Kashmir**

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**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-1 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 2015. 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 relating to Financial Reporting during the current year.

The Report containing the findings of performance audit and audit of transactions in various departments, audit of Statutory Corporations, Boards and Government Companies and observations on 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 2014-15 *vis-à-vis* the Budget Estimates and the targets set under the Fiscal Responsibility and Budget Management Act, 2006, to provide the State Government and State Legislature with timely inputs based audit analysis of financial data. 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 2015 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 2015. 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 79.42 *per cent* of the total revenue receipts of the State during 2010-11 but it declined to 71.28 *per cent* in 2014-15. The non-debt resources transferred by the Central Government through the State Government accounts financed on 72 *per cent* of total expenditure of the State Government during 2010-11, 73 *per cent* in 2011-12, 60 *per cent* in



2012-13, 57 *per cent* in 2013-14 and 60 *per cent* in 2014-15, showing decline in the States dependence on transfer of Central resources.

*(Para 1.2.1)*

The State could not maintain revenue surplus during 2014-15 due to shortfall of State's own non tax revenue and grant-in-aid viz-a-viz projected estimates. The opening cash balance for the year 2014-15 was increased by ₹338 crore from ₹1063 crore to ₹1401 crore.

*(Para 1.2 and 1.2.2)*

The States own tax revenues has shown a steady increase particularly in Tax on sale of goods and services which increased from ₹3414 crore in 2011-12 to ₹4602 crore during 2014-15.

*(Para 1.4.1)*

The total expenditure, Capital Expenditure and Revenue Expenditure of the State increased from ₹31686 crore to ₹34550 crore, ₹4628 crore to ₹5221 crore and ₹27058 crore to ₹29329 crore during 2013-14 to 2014-15 respectively.

*(Para 1.2.2)*

The percentage of Developmental Capital Expenditure to Total Expenditure declined from 22.8 *per cent* in 2010-11 to 13.10 *per cent* in 2014-15.

*(Para 1.8.2)*

There were 671 projects/works with sanctioned cost of ₹3137.38 crore revised to ₹3362.30 crore constituting ₹1 crore and above each, which had overshot their scheduled completion dates. An amount of ₹1901.52 crore had been expended on these incomplete projects by 31<sup>st</sup> March 2015.

*(Para 1.9.1)*

**Fiscal consolidation and regulation of debt/deficit:** As per the customised fiscal correction path recommended by the 13<sup>th</sup> Finance Commission specifically for Jammu and Kashmir and the corresponding amendment made in the FRBM Act, the targeted fiscal deficit during 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 was 5.3, 4.7, 4.2, 3.6 and 3 *per cent* of GSDP of respective years. The actual fiscal deficit was 5.0, 5.9, 5.5, 5.2 and 6.38 *per cent* respectively. Thus, the fiscal deficit target was not met during these years except 2010-11.

*(Para 1.13.1)*

The percentage of market loans to total liabilities increased from 36.1 *per cent* in 2010-11 to 37.92 *per cent* in 2014-15.

*(Para 1.11.3)*

Targets for collection of Power Departments' tariff were not achieved. The shortfall in collection of revenue was ₹1202 crore viz-a-viz targets and shortfall viz-a-viz expenditure on power purchased was ₹2976 crore.

*(Para 1.7.2.1)*

**Financial management and budgetary control:** During 2014-15, in 13 cases, expenditure aggregating ₹20989.20 crore exceeded by ₹1099.28 crore the total approved provisions of ₹19889.92 crore putting pressure on State finances. This requires regularization from State Legislature too.

*(Para 2.2 and 2.3.1)*

There were persistent errors in budgeting, savings, excess expenditure and expenditure without provision.

*(Para 2.3.2 and 2.3.8)*

Excess expenditure of ₹100508.81 crore till March 2015 over the approved provision ending March 2015 required regularization under section 82 of the constitution of Jammu & Kashmir.

*(Para 2.3.3)*

**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 2014-15 by benchmarking against past trends of major fiscal aggregates and its structural profile. *Appendix 1.1* contains profile of Jammu & Kashmir and the development indicators relating to major infrastructure and *Appendix 1.2* contains the structure and layout of the Finance Accounts of the State government on which this Report is based. *Appendix 1.3* 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 lakh sq.kms. under illegal occupation of China and Pakistan. It is situated between 32° 17'N and 36° 58' N latitudes and 73° 26'E and 80° 30'E longitudes constituting the northern most extremity of India. J & K is the 6<sup>th</sup> largest state of India occupying 6.76 *per cent* of the country's geographical area. 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 15.1 *per cent* in 2011-12 according to an assessment made by the Planning Commission.

As per Census 2011, literacy rate of the state is 68.74 *per cent* with 78.26 *per cent* male literates and 58.01 *per cent* female literates. The overall literacy rate improved by 13.22 *per cent* points over Census 2001. With the improvement in the literate population of the state, the gender gap has also reduced to 20.25

*per cent* in 2011 as against 23.60 *per cent* in 2001. Literacy rate is derived after excluding the children in the age group of 0-6 years, which are by the definition of census treated as illiterate.

The Gross State Domestic Product (GSDP)<sup>1</sup> measures the value of goods and services produced within the State. At current market prices, the GSDP was estimated ₹87921 crore during 2014-15 up from ₹ 87570 crore during 2013-14.

As per the State government estimates, major constituents of State's GSDP in 2014-15 are Services (52.62 *per cent*), Industry (25.43 *per cent*) and Agriculture and allied activities (21.96 *per cent*).

At current prices, State Per Capita Income has been steadily rising during the years from 2009-10 to 2013-14 but decelerated during the year 2014-15 thereby registering a negative growth rate of -0.66 *per cent* during 2014-15 (₹ 33,650, ₹ 40,089, ₹ 46734, ₹ 52386, ₹59279 and ₹58888[A] for the year 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 respectively).

Trends in annual growth of the country's GDP and the State's GSDP are given in **Appendix 1.3**.

### **1.1.1 Salient features of the State's Budgetary and Accounting 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 which are on cash/gross based by individual Departments. These Demands are discussed in the Legislature, replied by the Minister-in-charge of the Department and then passed. However, expenditure in the interim is incurred against the Vote On Account. The State Legislature has enacted Fiscal Responsibility & Budget Management (FRBM) Act 2006 (amended on 17<sup>th</sup> December 2008, 20<sup>th</sup> April 2010, 9<sup>th</sup> April & 25<sup>th</sup> August 2011) and the Government has passed FRBM Rules 2008 there under which *inter alia* specify the annual targets for (a) Revenue Deficit as percentage of Total Revenue Receipts (b) Fiscal Deficit as percentage of GSDP (c) Total outstanding liabilities as percentage of GSDP and committed liabilities. The State follows a system of classification of receipts and expenditure, which generally conforms to the function- Cum-programme based system followed by the Central and other State governments at top level of major/minor heads of accounts. However, in J&K State one more Code, Group Head denoting the Non Plan, Plan and CSS expenditure upto 2015, was introduced under the Major Heads in the Demand for Grants. The

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

budget allotments process is highly centralized. There is no system of outcome/performance budgeting/reporting by the departments to the State Legislature as the departments do not prepare annual reports of their activities and achievements for which dissemination of information is limited on some government websites. The Government presents statements required under the FRBM Act/Rules to the legislature alongwith Budget. The Appropriation Account 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. which though continues to work as RBI's agent.

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 upto 2013-14 despite having deficit after excluding central transfers. However due to short mobilisation of State Own Non Tax Revenues by ₹ 892 crore viz-a-viz previous year, the State could not maintain Revenue Surplus during the year 2014-15.

## **1.2 Summary of Fiscal Transactions in 2014-15**

**Statements 1 and 2 and Appendix I** of the Finance Accounts 2014-15 provide summary position of opening and closing cash balances, receipts and disbursements during the year under broad categories, condensed in **Table 1.1**. **Appendix 1.4** contains data showing trends in major fiscal aggregates since 2010-2015 **Appendix 1.5** presents a more disaggregated view of the Table.



**Table 1.1**  
**Summary of current year's fiscal operations**

(₹ in crore)

	Receipts		Disbursements				
2013-14		2014-15	2013-14		2014-15		
Section-A: Revenue							
					Non Plan	Plan	Total
6273	State’s Own Tax revenue	6334	11403	General Services	12027	12	12039
2870	State’s Own Non-tax revenue	1978	7896	Social Services	6406	2095	8501
4142	Share of Union Taxes/ Duties	4477	7759	Economic Services	8024	765	8789
13843	Grants from Government of India	16150					
27128	Revenue receipts	28939	27058	Revenue expenditure	26457	2872	29329
Section-B:Capital							
			4507	Capital Outlay	633	4501	5134
4	Recoveries of Loans and Advances	3	121	Loans and Advances disbursed	87	-	87
3152	Public Debt receipts@	10033	1297	Repayment of Public Debt@			8323
-	Contingency Fund	-	-	Contingency Fund	-		-
17840	Public Account receipts@@	22032	14169	Public Account disbursements@@			17796
91	Opening Cash Balance	1063	1063	Closing Cash Balance	1401	-	1401
48215	Total	62070	48215				62070

@ Excludes net transactions under ways and means advances and overdraft (₹226 crore).

@@ These exclude transactions of investment of cash balances and departmental cash chests (₹15210 crore receipts, ₹15540 disbursements),. 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 ₹1811 crore (6.68 percent) during the year 2014-15 over the previous year, due to increase in share of Union taxes and duties (8 per cent), Grant –In-Aid ( 16.67 per cent) but decrease in State's own Non-tax revenue by 31.08 percent. Likewise revenue expenditure increased by ₹2271 crore (8.39 per cent) during the year 2014-15 over the previous year with evenly increase in all Sectors. 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 ₹1063 crore by ₹338 crore to a closing balance of ₹1401 crore.

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

*Appendix 1.4* presents the data on key fiscal aggregates (absolute monetary values, ratios and growth rate) for the period from 2010-11 to 2014-15. 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 79.42 *per cent* of the total Revenue Receipts during 2010-11 but declined to 71.28 *per cent* during 2014-15 and had seriously impaired the liquidity position and reductions in revenue surplus with consequentially increase the fiscal deficit. These non-debt resources transferred by the Central government through the State government accounts financed on 72 *per cent* of total expenditure of the State government during 2010-11, 73 *per cent* in 2011-12, 60 *per cent* in 2012-13, 57 *per cent* in 2013-14 and 60 *per cent* during 2014-15 showing decline in the State's dependence on transfer of Central resources. The State could not continue to maintain revenue surplus (which however declined from ₹3767 crore in 2010-11 to ₹70 crore during 2013-14) during 2014-15 due to short fall of states own Non Tax Revenue and Grant-In-Aid viz-a-viz projected Receipts.
- The State's own tax revenues (SOTR) have shown a growth of 0.97 *per cent* with the previous year.

### 1.2.2 Budget Estimates and Actual

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	2012-13			2013-14			2014-15		
		Budget	Revised	Actual	Budget	Revised	Actual	Budget	Revised	Actual
<b>1</b>	<b>Revenue Receipts (a)+(b)+(c)+(d)</b>	<b>29,948</b>	<b>29,499</b>	<b>26,217</b>	<b>33,970</b>	<b>31,227</b>	<b>27,128</b>	<b>39,221</b>	<b>34,541</b>	<b>28,939</b>
<i>a</i>	<i>State's Own Tax Revenue</i>	<i>5,419</i>	<i>5,975</i>	<i>5,833</i>	<i>6,700</i>	<i>6,820</i>	<i>6,273</i>	<i>7,496</i>	<i>6,438</i>	<i>6,334</i>
<i>b</i>	<i>State's Own Non Tax Revenue</i>	<i>2,118</i>	<i>2,819</i>	<i>2,160</i>	<i>3,033</i>	<i>3,400</i>	<i>2,870</i>	<i>3,561</i>	<i>3,154</i>	<i>1,978</i>
<i>c</i>	<i>State's share in union taxes/ duties</i>	<i>4,245</i>	<i>4,085</i>	<i>3,870</i>	<i>4,485</i>	<i>4,514</i>	<i>4,142</i>	<i>5,191</i>	<i>4,477</i>	<i>4,477</i>
<i>d</i>	<i>Grants-in-aid from Union government</i>	<i>18,166</i>	<i>16,620</i>	<i>14,354</i>	<i>19,752</i>	<i>16,493</i>	<i>13,843</i>	<i>22,973</i>	<i>20,472</i>	<i>16,150</i>
<b>2</b>	<b>Revenue Expenditure</b>	<b>24,990</b>	<b>25,237</b>	<b>25,117</b>	<b>28,690</b>	<b>27,617</b>	<b>27,058</b>	<b>32,948</b>	<b>31,503</b>	<b>29,329</b>
<b>3</b>	<b>Capital Expenditure including loans &amp; advances</b>	<b>8,863</b>	<b>9,074</b>	<b>5,317</b>	<b>8187</b>	<b>7526</b>	<b>4628</b>	<b>9436</b>	<b>10363</b>	<b>5221</b>
<b>4</b>	<b>Total expenditure</b>	<b>33,853</b>	<b>34,311</b>	<b>30,434</b>	<b>36,877</b>	<b>35,143</b>	<b>31,686</b>	<b>42,384</b>	<b>41,866</b>	<b>34,550</b>
<b>5</b>	<b>Revenue Surplus</b>	<b>4,958</b>	<b>4,262</b>	<b>1,100</b>	<b>5,280</b>	<b>3,610</b>	<b>70</b>	<b>6,273</b>	<b>3,038</b>	<b>-390</b>
<b>6</b>	<b>Fiscal Deficit</b>	<b>2,364</b>	<b>3,364</b>	<b>4,216</b>	<b>2,867</b>	<b>3,831</b>	<b>4,554</b>	<b>3,020</b>	<b>6,561</b>	<b>5,608</b>
<b>7</b>	<b>Primary Deficit (+) / Surplus (-) (Fiscal Deficit - Interest Payments)</b>	<b>-299</b>	<b>701</b>	<b>1,510</b>	<b>-433</b>	<b>531</b>	<b>1,553</b>	<b>-450</b>	<b>3,141</b>	<b>2,075</b>

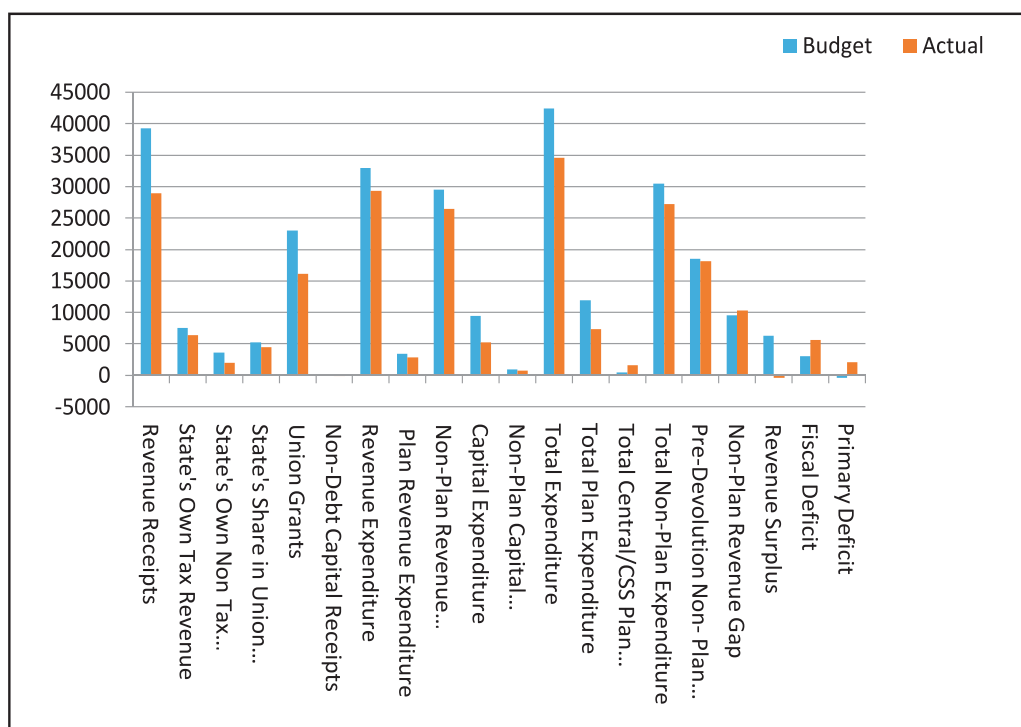
There was Revenue deficit of ₹-390 crore as against the budget estimates of Revenue surplus of ₹3038 crore during the current year whereas the fiscal deficit and primary deficit showed declining trend vis-a-vis budgeted estimates by ₹953 crore and ₹1066 crore respectively. The Capital expenditure was only 50 per cent of the Budgeted estimates of ₹10363 and has therefore remained less by ₹5142 crore (49.62%) of the budgeted estimates. This indicates that asset creation was not given much priority as intended in the budget estimates.

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 2014-15 *vis-à-vis* budgeted.

**Chart 1.1**  
**Budgeted vs Actual**



The States own tax revenue mobilisation of ₹6334 crore fell short of the budgeted target by ₹104 crore. There were significant shortfalls in the grants-in-aid from the Union Government and plan revenue receipts leading to shortfall in resources. The Non Plan Revenue Expenditure was not wholly financed from the States Own Resources resulting in increase in pre-devolution Non Plan Revenue Deficit from ₹16076 crore to ₹18145 crore. Actual fiscal deficit (₹ 5608 crore) was 6.38 *per cent* of GSDP which breached the target of 3 *per cent* of GSDP set under the FRBM Act.

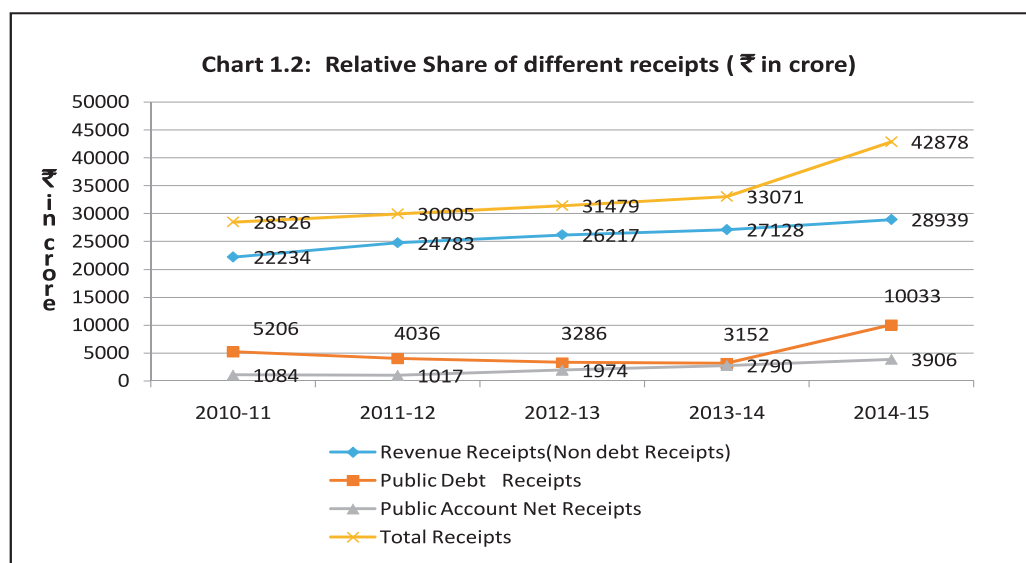
### 1.3 Resources of the State

#### 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 2010-15.

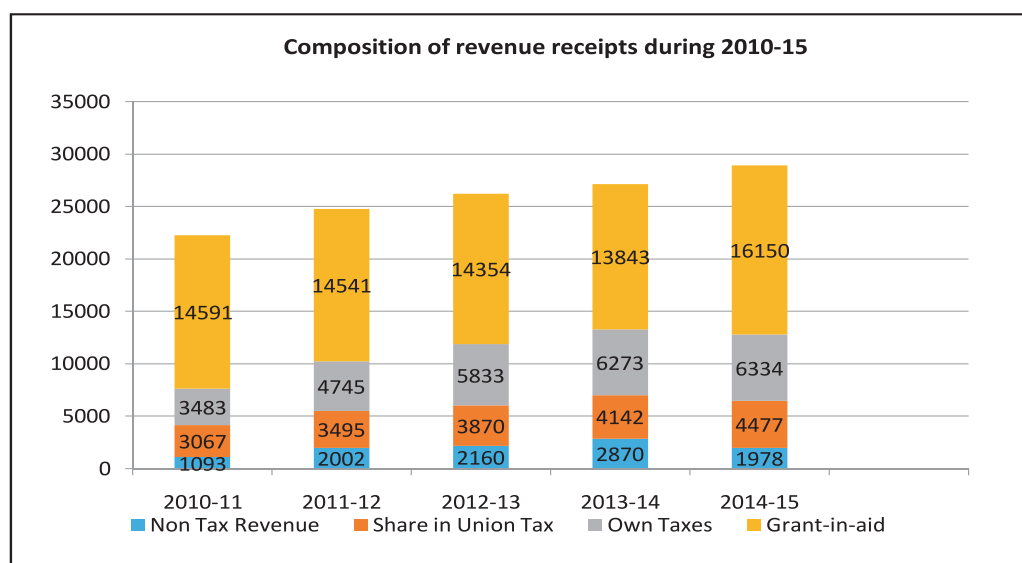


The revenue receipts and the public account receipts showed upward trend during 2010-15 while the public debt receipts showed downward trend, from ₹5206 crore in 2010-11 to ₹3152 crore in 2013-14 and increased to ₹10033 crore during 2014-15. The Revenue Receipts to total receipts show downward trend decreasing from 77.94 per cent in 2010-11 to 67.49 per cent in 2014-15. Public account receipts in total receipts however, increased from 3.80 per cent in 2010-11 to 9.11 per cent in 2014-15.

## 1.4 Revenue receipts

Statement-14 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 2010-15 are presented in *Appendix 1.4* and also depicted in **Chart 1.3**.

**Chart 1.3**



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 79 *per cent* of the State's revenue receipts during 2010-12 and declined to 70 & 66 *per cent* during 2012-13 and 2013-14 respectively but slightly increased to 71 *per cent* during 2014-15. The trends in revenue receipts relative to GSDP are presented in **Table 1.3**.

**Table 1.3**  
**Trends in revenue receipts relative to GSDP**

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue Receipts (RR) (₹ in crore)	22,234	24,783	26,217	27128	28939
State's Own Revenues (₹ in crore)	4576	6747	7993	9143	8312
Rate of growth of RR ( <i>per cent</i> )	26.42	11.46	5.79	3.47	6.68
R R/GSDP ( <i>per cent</i> )	38.28	36.34	33.80	31.07	32.91
Revenue Buoyancy w.r.t GSDP	1.32	0.65	0.45	0.25	16.70

Revenue receipts showed a progressive increase over the period 2010-11 to 2014-15 in absolute terms. However, the growth rate of Revenue Receipts shows a declining trend from 26.42 *per cent* in 2010-11 to 6.68 *per cent* in 2014-15, which means the buoyancy of States own tax revenue to GSDP has shown declining trend upto 2013-14 but increased during 2014-15 due to slow growth rate in GSDP.

#### **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 1.4**.

**Table 1.4**  
**Trends of tax revenue and non-tax revenue**  
(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Tax revenue</b>	3,483	4,745	5,833	6,273	6334
<i>Of which</i>					
<b>Tax on sale of goods and services</b>	2,425	3,414	4,174	4,579	4602
<b>Non-tax revenue</b>	1,093	2,002	2,160	2870	1978
<b>Of which receipts from sale of power</b>	822	1,007	1,589	1533	1428
<b>Total</b>	<b>4,576</b>	<b>6,747</b>	<b>7,993</b>	<b>9143</b>	<b>8312</b>

The State has been taxing Services under the Jammu and Kashmir General Sales Tax Act, 1962 since March 1997, which yielded ₹884.53 crore in 2014-15. Although the Government has initiated several measures to widen the tax base and improve collection of tax on Services yet the tax collected under the State law is significantly less than the share foregone by the state in the Central Services Tax collections, which is the only Central tax that is presently not applicable to the state. As per the assessment made by the thirteenth Finance Commission regarding likely Central Services Tax collection during 2010-15, the share (1.551 *per cent*) foregone by the State works out to ₹8363.38 crore, against which the State Service Tax collection was ₹4461.09 crore (₹623.22 crore in 2010-11, ₹887.66 crore in 2011-12, ₹1018.96 crore in 2012-13, ₹1046.72 crore in

2013-14, ₹884.53 crore in 2014-15) and the State's share in Central Service Tax would have been about ₹9674.30 crore i.e 1.551 percent of total central service collection of ₹623746 crore (₹71016 crore in 2010-11, ₹97509 crore in 2011-12, ₹132601 crore in 2012-13, ₹154630 crore in 2013-14, ₹167990 crore in 2014-15).

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 72.19 *per cent* during 2014-15. 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 72.66 *per cent* during 2014-15. The Service Tax received during the year 2014-15 appears overstated as an instance of double accountal of Service Tax was found by the audit while auditing of vouchers. The Cheque bearing No: 161881 dated: 31.3.2015 for ₹0.38crore was issued by the Executive Engineer Mechanical Irrigation Division Ananatang (H.Q Awantipora) to the Dy. Commissioner Commercial Tax Srinagar through Awantipora Treasury stands credited both by the treasury as well as Division under Major Head-0040(Service Tax)

#### 1.4.1.1 State's Own Tax Revenue

The performance of State's own tax revenue is detailed in **Table 1.5**.

**Table 1.5**  
**Trends in State's own tax revenue relative to GSDP**

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Own Tax Receipts (OTR) (₹ in crore)	3483	4745	5833	6273	6334
Rate of growth of OTR ( <i>per cent</i> )	15.06	36.23	22.93	7.54	0.97
OTR/GSDP ( <i>per cent</i> )	5.99	6.95	7.52	7.18	7.20
<b>Buoyancy* ratios</b>					
OTR Buoyancy with reference to GSDP	0.75	2.08	1.79	0.54	2.42

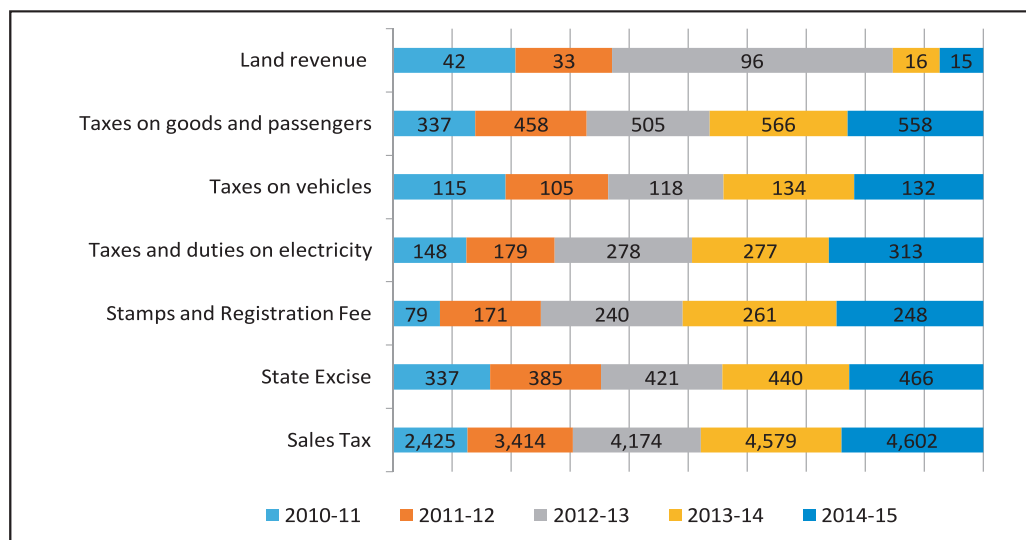
\*Refer Glossary of Terms – Appendix 4

The States own tax receipts have been showing progressive increase from ₹3483 crore in 2010-11 to ₹6334 crore in 2014-15 The tax-wise break-up of tax revenue from the year 2010-11 to 2014-15 is given in **Chart1.4**



**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 ₹15 crore in 2014-15, a decrease of 84.38 *per cent*. The variations between the budget estimates and actuals of tax revenue receipts for the year 2013-14 and 2014-15 in respect of the principal heads of tax revenue are mentioned in **Table 1.6**.

**Table 1.6**  
**Budget Estimates and Actual Tax revenue during 2013-14**

(₹ in crore)

Head of Revenue	2013-14 (Actuals)	2014-15 BE	2014-15 RE	2014-15 Actuals
Commercial Taxes (VAT/GST on sales and services)	4,579	5344	4530	4602
State Excise Duties	440	462	462	466
Other State Taxes/Duties	1254	6881	5924	1266

In respect of commercial tax actuals could not match with the projected estimates and in case of others it is far below the Budget estimates.

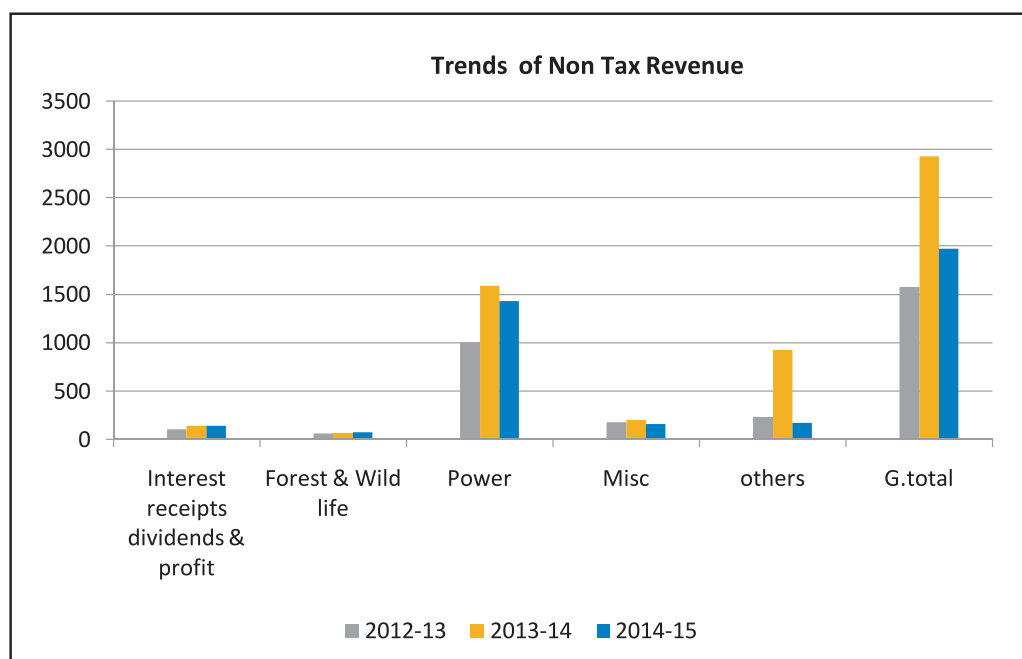
#### 1.4.1.2 Cost of Collection

Expenditure on collection of taxes on Sales, trade was ₹40.10 crore, State Excise ₹19.20 crore, Stamp Duty and Registration Fee ₹26.91 crore, Vehicles ₹8.42 crore and Land Revenue ₹67.79 crore during 2014-15. Percentage of expenditure to gross collection of revenue was 0.87, 4.12, 10.85, 6.36 and 465.27 respectively. The percentage of collection charges in respect of Land Revenue was the highest.

### 1.4.1.3 State's own non-tax revenue

An itemised break-up of non-tax revenue during the period 2010-15 along with percentage increase/ decrease over 2013-14 is given in **Chart 1.5**.

**Chart- 1.5**



Receipts from Power Development Department constitute the most significant component of State's non tax revenue. Receipts from power development department decreased from ₹1533 crore in 2013-14 to ₹1428 crore in 2014-15. Likewise, under "Others", the receipts abnormally decreased from ₹924 crore in 2013-14 to ₹171 crore during 2014-15.

**Table 1.7** shows the variation between the budgeted and actual receipts during 2012-15

**Table 1.7**  
**Trends of non-tax revenue**

Head of non-tax Revenue	(₹ in crore)					
	Budget Estimate 2012-13	Actual 2012-13	Budget Estimate 2013-14	Actual 2013-14	Budget Estimates 2014-15	Actual 2014-15
<b>Power receipts</b>	2387	1589	2841	1533	2630	1428
<b>Interest receipts, dividends and profits</b>	111	104	150	142	73	142
<b>Forestry and wild life</b>	68	59	68	68	71	71
<b>Miscellaneous *</b>	171	174	234	203	264	166
<b>Others</b>	82	234	107	924	116	171
<b>Total</b>	<b>2819</b>	<b>2160</b>	<b>3400</b>	<b>2870</b>	<b>3154</b>	<b>1978</b>

\* [Miscellaneous depts. are Public Works, Medical & Public Health, Water supply & Sanitation, Police , Non-ferrous mining & metallurgical industries . Crop husbandry, Animal husbandry]

From the above table it may be seen that except under “Forestry & Wild Life”, actuals could not match the budgeted figures during 2014-15. In case of power department receipts, the actual receipts were 46 *per cent* below the Budget Estimates while as interest receipts showed increase of ₹69 crore (95 *per cent*) over the Budget Estimates

The receipts under “others” category include water usage charges. During 2011-12 the state received ₹543.44 crore as water usage charges from National Hydroelectric Power Corporation (NHPC) in respect of hydel projects owned by it in the state. During 2012-13 and 2013-14 it was ₹158.02 crore and ₹0.02 crore respectively. The water usage charges are being levied on hydel power generating companies under the provisions of the Jammu and Kashmir water resources (Regulation & Management) Act 2010 enacted on 25 October 2010 and amended on 25 October 2012 and 27 October 2014. Under the amendment to the Act the proceeds of the levy are to be credited into a separate Saving Bank Account maintained by the Secretary, Finance Department for being utilized for establishment of Hydel Projects, Hydroelectric Projects, Multipurpose Hydroelectric Projects and buying back Hydroelectric Power Projects already established in the State. As on 31 March 2013, the balance in this bank account was ₹433.31 crore. No amount was transferred to the Saving Bank Account through Consolidated Fund of the State due to non crediting of receipts on account of water usage charges in the consolidated fund of the state during 2014-15.

Rogi Kalyan Simiti (RKS) is another area under which 50 *per cent* sale proceeds of the admission ticket in the Hospitals are kept outside the State Account and utilized for the purpose of hospital development.

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 13<sup>th</sup> 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 1.8** 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 increased from ₹14591 crore during 2010-11 to ₹16149 crore during 2014-15 but decreased from 66 *per cent* in 2010-11 to 56 *per cent* in 2014-15 vis-a-vis total revenue receipts and from 59 *per cent* to 47 *per cent* Viz-a-viz Total Expenditure.

**Table 1.8**  
**Trends in grants-in-aid from the Union government**

Year	Grants-in-aid (₹ in crore)	Total Expenditure (₹ in crore)	Grants as per cent of Total Expenditure	Total Revenue Receipts (₹ in crore)	Grants as per cent of Total Revenue Receipts
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
2014-15	16150	34550	47	28939	56

#### **1.4.3 Optimisation of Thirteenth Finance Commission [ThFC] grants.**

The actual release of share in Union taxes and duties to the State during five years of the award period of 13<sup>th</sup> Finance Commission *vis-à-vis* the projections made by the Commission are tabulated in **Table 1.9**.

**Table 1.9**  
**State's share in Union taxes and duties: Actual devolution *vis-à-vis* 13<sup>th</sup> Finance Commission projections**

(₹ in crore)

Year	13 <sup>th</sup> Finance Commission projection	Actual tax devolution
2010-11	2837	3067
2011-12	3328	3495
2012-13	3925	3870
2013-14	4630	4142
2014-15	5462	4477

The Commission had recommended a total grant of ₹ 20,256 crore excluding share in central taxes & duties of ₹ 20182.70 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.

Out of ₹ 1123 crore for local bodies the state Government has received only ₹ 627 crore leading to short fall of ₹ 496 crore due to non- existence of elected local bodies. The balance ₹ 2,196 crore was for several projects and activities to be completed during 2010-15. The utilisation certificates for ₹ 316.26 crore are pending till 31-3-2015. Thus, almost 89 *per cent* of the total grant was general

budgetary support for meeting non-plan revenue gap and clearing overdraft. The central share of ₹20182.70 crore however does not include net proceeds of shareable Service tax as it is only central tax that is not applicable to the state of Jammu & Kashmir. The state has its own Service tax under State law.

**Appendix 1.7** 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 actual amount received by the State Government was ₹2915.26 crore resulting in a shortfall of ₹1402.30 crore. Reasons leading to short receipts were due to non existence of elected urban local bodies. (October 2015).

## 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 1.10**.

**Table 1.10**  
**Trends in capital receipt**

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Non-Debt Capital receipts</b>					
(i) Recoveries of Loans and Advances	2	168	2	4	3
(ii) Miscellaneous capital receipts (asset sale)	-	-	-	-	-
<b>Total non-debt Capital receipts</b>	<b>2</b>	<b>168</b>	<b>2</b>	<b>4</b>	<b>3</b>
<b>Debt Capital receipts (Public Debt)</b>					
(i) Ways and Means Advances and Overdraft	1,847	4,436	3,742	2,850	7448
(ii) Loans and advances from Union Government	-1016**	-32*	14	15	12
(iii) Other Debt (Market/ Institutional Loans)	6,222	4,068	3,272	3137	2799
<b>Total debt Capital receipts</b>	<b>7,053</b>	<b>8,472</b>	<b>7,028</b>	<b>6,002</b>	<b>10259</b>
<b>Total Capital receipts</b>	<b>7,055</b>	<b>8,640</b>	<b>7,030</b>	<b>6006</b>	<b>10262</b>

\*includes ₹56.06 crore loans written off by Ministries of GOI on recommendations of 13<sup>th</sup> Finance Commission

\*\*includes (-) ₹103229.22 lakh on account of rectification, actual addition ₹1687.60 lakh during the year

## 1.6 Public Account 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 1.11** shows trends in receipts and disbursements under various segments of the public accounts.

**Table 1.11**  
**Profile of public accounts**

(₹ in crore)

Constituents of Public Accounts	Public Account Receipts		Disbursement from Public Account		Excess of receipts over disbursement	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
State Provident Fund, Pension/ Insurance Funds	3820	3883	1830	1650	1990	2233
Reserve Funds	637	489	234	1166	403	-677
Deposits	2817	3172	2658	2797	159	375
Advances	321	424	321	423	-	01
Remittances	9612	13777	8443	11236	1169	2541
Receipts in Cash Balance Investment Account	14530	15131	15397	15461	-867	-330
Receipts in Departmental Cash Balances Account	36	79	50	79	-14	-
Other Suspense and Misc	633	287	683	524	-50	-237
<b>Total</b>	<b>32406</b>	<b>37242</b>	<b>29616</b>	<b>33335</b>	<b>2790</b>	<b>3906</b>

The net decrease in the Reserve Funds is due to excess disbursements in respect of State Disaster Response Fund and General Insurance Fund- Janta Insurance during the year 2014-15 viz-a-viz actual Receipts.

#### **1.6.1 Funds transferred to State Implementing Agencies outside the State Budget**

Prior to 2014-15 transfer of Funds under CSS Schemes used to take place through two modes viz the State budget and direct transfer to District Rural Development Officers and independent societies. Starting with 2014-15 the entire financial assistance to the States for CSS was to be routed through the Consolidated Funds of the States under the head Central Assistance to State/UT Plans. Excepting major schemes such as Sarva Shiksha Abhiyan, National Rural Health Mission and Mahatma Gandhi National Rural Employment Guarantee Schemes, where

the funds were routed through the State Budget in 2014-15, there are some other 30 schemes costing more than one crore amounting to ₹293.66 crore, which continue under direct funding by the Union Government to the J&K implementing agencies (DRDA, Societies etc) during the year 2014-15. They have been placed at **Appendix 1.6**. These funds are outside the State Budgetary and accounting system of the Government. Examples of Major programmes /schemes are given in **Table 1.12** below:-

**Table 1.12**  
**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				
		2010-11	2011-12	2012-13	2013-14	2014-15
<b>Package for Special Category State (DIPP)</b>	J&K Financial Corporation Ltd	23.14	59.59	33.21	41.17	35.69
<b>MP's Local Area Development Scheme (MPLADS)</b>	District Development Commissioner	24.00	40.00	45.00	-	35.00
<b>Technology up gradation fund scheme (TUFS)</b>	J&K Bank Ltd.	6.24	12.98	16.34	-	8.92
<b>Buddhist &amp; Tibetan Studies</b>	Galdan Targaisling Cultural Welfare Society	7.43	6.58	2.97	-	9.68
<b>Off Grid DRPS</b>	Renewable Energy Development Agency	21.87	82.98	33.93	-	22.02
<b>Grid interactive renewal Power (MNRE)</b>	J&K Power Development Corporation	-	9.75	29.20	-	38.64
<b>Skill Development</b>	J&K Skill development initiative modular Employable skill society	-	-	6.27	11.31	2.63
<b>Total</b>		<b>82.68</b>	<b>211.88</b>	<b>166.92</b>	<b>52.48</b>	<b>152.58</b>

(Source: CPMS of CGA's website)

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

The financial assistance provided by the Centre for CSS is in the nature of Grants and is reflected under Revenue Receipts of the State. Since the Budget of the some major schemes like SSA, NHRM and MGNREGS was placed under Capital Section for creation of the Asset the routing of CSS transactions through the State Budget has contributed to the decrease in revenue deficit and increase in Capital outlay of the State during 2014-15.

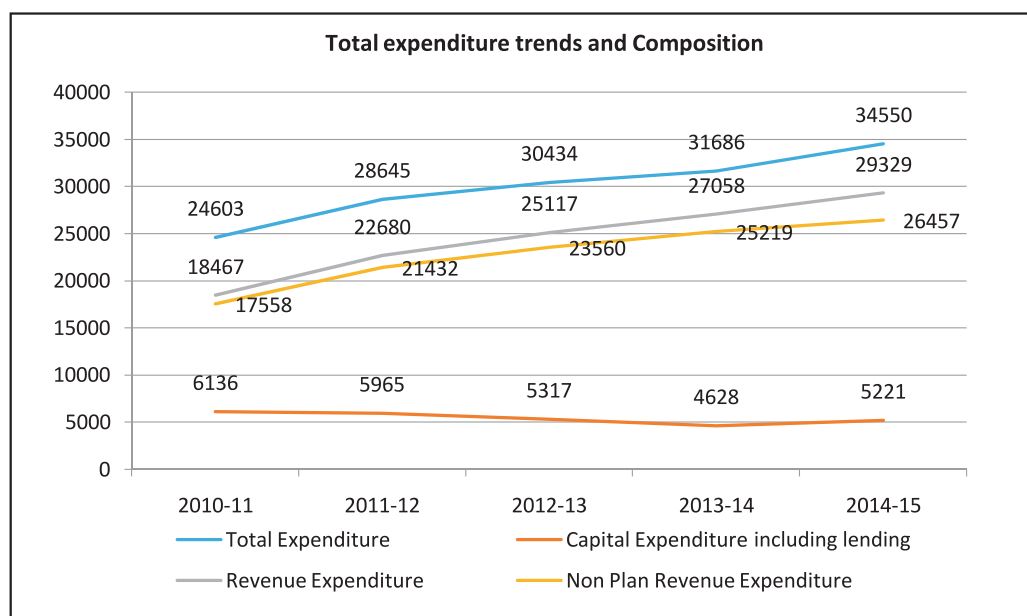
## 1.7 Application of resources

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 2010-15.

**Chart- 1.6**

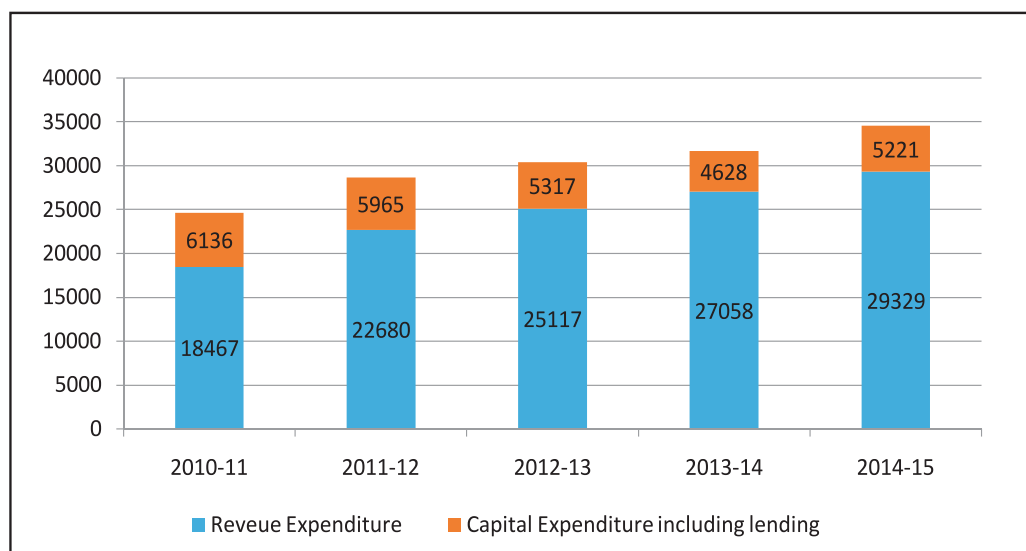


The composition of total expenditure in terms of revenue-capital classification is depicted in **Chart 1.7**.



### Charts 1.7

#### Total Expenditure: Trends in Share of its components



From **Chart 1.7** above, it may be seen, that the total expenditure increased by ₹9947 crore from ₹24603 crore in 2010-11 to ₹34550 crore in 2014-15. The capital expenditure (including lending) decreased from ₹6136 crore to ₹5221 crore over the same period, while the revenue expenditure increased by ₹10,862 crore from ₹18,467 crore in 2010-11 to ₹29329 crore in 2014-15.

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 1.13**.

**Table 1.13**  
**Total expenditure – Basic Parameters**

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Total Expenditure (TE) (₹ in crore)	24603	28645	30434	31686	34550
Total Plan Expenditure (₹ in crore)	6639	6722	6528	6011	7373
Total Non-Plan Expenditure (₹ in crore)	17892	21857	23813	25554	27090
Rate of growth ( <i>per cent</i> )	13.86	16.43	6.25	4.11	9.04
TE/GSDP ratio ( <i>per cent</i> )	42.36	42.01	39.24	36.29	39.30
RR/TE ratio ( <i>per cent</i> )	90.37	86.52	86.14	85.62	83.76
<b>Buoyancy of total expenditure with reference to</b>					
GSDP(ratio)	0.69	0.94	0.49	0.30	22.60
RR(ratio)	0.52	1.43	1.08	1.18	1.35
Revenue Expenditure (RE) (₹ in crore)	18,467	22,680	25,117	27058	29329
Non-Plan Revenue Expenditure (NPRE)	17,558	21,432	23,560	25,219	26457

Plan Revenue Expenditure (PRE)	909	1,248	1,557	1839	2872
<b>Rate of Growth of</b>					
RE (per cent)	20.51	22.82	10.74	7.73	8.39
NPRE (per cent)	18.87	22.07	9.93	7.04	4.91
PRE (per cent)	64.38	37.29	24.76	18.11	56.17
<b>Ratio ( per cent)</b>					
RE as percentage of TE	75.06	79.18	82.53	85.39	84.89
NPRE/GSDP (per cent)	30.80	32.05	30.70	29.26	30.09
NPRE as percentage of TE	71.37	74.82	77.41	79.59	76.58
NPRE as percentage of RR	78.97	86.48	89.87	92.96	91.42
<b>Buoyancy ratio of Revenue expenditure with</b>					
GSDP	1.02	1.31	0.84	0.56	20.97
Revenue Receipts	0.78	1.99	1.86	2.22	1.26

Out of the total expenditure of ₹34550 crore during 2014-15, ₹7373 crore was plan expenditure (₹5784 crore under State plan and ₹1589 crore under Central and centrally sponsored plan) and ₹27090 crore was non-plan expenditure. There is increase of expenditure under Plan schemes as well as in Non-Plan Expenditure by ₹1362 crore and ₹1536 crore respectively with the previous year.

### 1.7.2 Revenue expenditure (Preponderance of revenue expenditure)

Bulk of Government expenditure goes towards Revenue expenditure which does not usually result in fresh creation of assets for the Government and is meant for normal running and maintenance of Govt machinery. The total revenue expenditure for the year 2014-15 was ₹29329 crore, it increased from ₹18467 crore in 2010-11 showing a growth rate of 58.82 *per cent* during the period. The non-plan revenue expenditure (NPRE) during the same period increased from ₹17558 crore to ₹26457 crore, showing a growth of 50.68 *per cent*. 62 *per cent* of the Revenue was towards the committed expenditure viz interest payment, salaries, pension and subsidies.

The total non-plan expenditure recorded an increase of ₹1502 crore (seven *per cent*) from ₹25675 crore (includes disbursement of loans and advances) in 2013-14 to ₹27177 crore in 2014-15. The steady increase in non-plan expenditure is a cause of concern as it erodes the resource base for developmental interventions. **Table 1.14** highlights the four most significant constituents of NPRE and the pre-emption of budgetary resources caused by rising NPRE.

**Table 1.14**  
**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)	Actual 2014-15 {₹ in crore}	As percent Of NPRE {2014-15}
(i) Salaries	10,298	43.7	10,845	43.00	10863	41.06
(ii) Pension	3,463	14.7	3,592	14.24	3686	13.93
(iii) Interest Payments	2,707	11.5	3001	11.90	3533	13.35
(iv) Revenue expenditure on Power	4,393	18.7	4,303	17.06	4982	18.83
<b>Total</b>	<b>20,861</b>	<b>88.6</b>	<b>21741</b>	<b>86.21</b>	<b>23064</b>	<b>87.18</b>
<b>Non-Plan Revenue Expenditure</b>	<b>23,560</b>	<b>100.00</b>	<b>25,219</b>	<b>100.00</b>	<b>26457</b>	<b>100.00</b>

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 87 *per cent* budgetary resources leaving little for other expenditure.

Share of salaries/wages/pension in the total expenditure has ranged between ₹13761crore and ₹14549 crore (52 *per cent* and 51 *per cent* of revenue receipts) during 2012-13 to 2014-15. The expenditure on payment of interest has increased from ₹2707 crore to ₹3533 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 1.15**.

**Table 1.15**  
**Shortfall in the performance of Power Development Department**

Financial year	Target revenue	Actual revenue	Expenditure on Power purchase	Deficit
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
2014-15	2630	1428	4404	2976

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 ₹1202 crore during 2014-15 as compared to targets. The actual sale of Power is only 32.43 *per cent* of the purchase of power resulting in deficit of ₹2976 crore.

### 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 1.16** presents the trends in the expenditure on these components during 2009-14.

**Table-1.16**  
**Components of committed expenditure**

(₹ in crore)

Components of Committed Expenditure	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Salaries of which</b>	7772 (34.96)	10113 (40.81)	10600 (40.43)	11605 (42.78)	11733 (40.55)
<i>Salaries Non-Plan Head</i>	7467	9665	10036	10845	10961
<i>Salaries Plan Head</i>	305	448	564	760	772
<b>Interest Payments</b>	2283 (10.26)	2383 (9.61)	2707 (10.33)	3001 (11.06)	3533 (12.21)
<b>Pensions</b>	2242 (10.08)	3296 (13.29)	3463 (13.21)	3592 (13.24)	3686 (12.74)

(Figures in parenthesis represent percentage of revenue receipts.)

The expenditure on salary and wages increased by 1.11 *per cent* during 2014-15 and the pension payments showed upward trend from ₹2242 crore in 2010-11 to ₹3686 crore in 2014-15 and increased by 2.62 *per cent* during 2014-15. The interest payment increased by ₹1250 crore from ₹2283 crore in 2010-11 to ₹3533 crore during 2014-15.

As reported in Appendix-XII of the Finance Accounts 2014-15, committed liabilities as on 31 March 2015 aggregated to ₹2673.34 crore, of which ₹1457.73 crore was on account of compensation payable to landowners on land acquisition & ₹1044.13 crore on account of unpaid bills on works and supplies.

### 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 1.17**.

**Table 1.17**  
**Financial assistance to Local Bodies etc**

(₹ in crore)

Name of the Department	2010-11	2011-12	2012-13	2013-14	2014-15
Education, Sports Art & Culture	171.84	213.46	209.81	538.22	303.68
Housing and Urban Development	253.98	289.28	303.11	192.45	447.55
Agriculture	203.47	151.61	216.42	13.8	158.93
General Administration	6.13	8.50	9.14	19.46	12.55
Industries	11.66	21.41	75.23	23.52	20.32
Tourism	150.40	5.52	1.76	8.86	20.50
Administration of Justice	3.67	4.48	4.80	0.05	4.77
Health and Family Welfare	0.36	0.34	0.23	14.06	134.82
Others	644.76	1100	1263.78	671.38	432.23
<b>Total</b>	<b>1446.27</b>	<b>1795.16</b>	<b>2084.28</b>	<b>1481.38</b>	<b>1535.35</b>
Assistance as a percentage of Revenue expenditure	7.83	7.91	8.30	5.47	5.23

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 ₹1535.35 crore in 2014-15. During 2014-15, 48.93 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 to the tune of ₹404.22 crore

There are 4128 No. of Panchayat Raj Institutions in J&K State. An Amount of ₹86.05 crore was released by the Government as Financial assistance to these institutions during the year 2014-15.

## 1.8 Quality of Expenditure

### 1.8.1 Adequacy of Public Expenditure

To enhance human development the State is required to step up their expenditure on key social services like Education, Health etc. **Table 1.18** analyses the fiscal priority and fiscal capacity of the Government with regard to development expenditure, social sector expenditure and Capital expenditure during 2014-15.

**Table 1.18**  
**Fiscal Priority of the Special Category\* (SCS) in 2011-12 and 2014-15**

Fiscal Priority of the State	AE/GSDP	SSE/AE	ESC/AE	DE/AE	CE/AE	Education/ AE	Health/AE
Special Category States (Ratio) 2011-12	26.39	37.02	28.37	61.26	14.02	18.86	5.40
Jammu & Kashmir Average (Ratio) 2011-12	42.01	27.67	37.00	64.93	20.59	13.16	5.38
Jammu & Kashmir Average (Ratio) 2014-15	39.30	29.51	33.88	63.40	14.86	13.06	5.84
Special category States Average (Ratio) 2014-15	N/A	38.14	28.89	63.51	14.22	19.31	5.49

\*Based on 9 Special category States 1) Assam 2) Himachal Pradesh 3) Manipur 4) Meghalaya 5) Mizoram 6) Nagaland 7) Sikkim 8) Tripura 9) Uttarakhand.

AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure  
ESC: Economic Sector

Fiscal priority:

- Aggregate expenditure of J&K as ratio of GSDP was higher in 2011-12 as compared to special category states.
- The priority given to the Education in J&K lowers than the Special category States during 2011-12 & 2014-15.
- The ratio of CE to AE was higher during 2011-12 as compared to Special Category States.
- The ratio of SSE to AE was lower than the special category States during

2011-12 and 2014-15 whereas it was higher in Economic Sector to AE during the same period.

### 1.8.2 Efficiency of Expenditure Use

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 goods<sup>2</sup>. Apart from improving the allocation towards development expenditure<sup>3</sup>, 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 ₹5607 crore (34.41 *per cent*) during 2010-11 to 2014-15 but decreased from 66.24 *per cent* to 63.40 *per cent* viz-a-viz Total Expenditure during the same period.

**Table 1.19** 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.

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<sup>2</sup> 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.

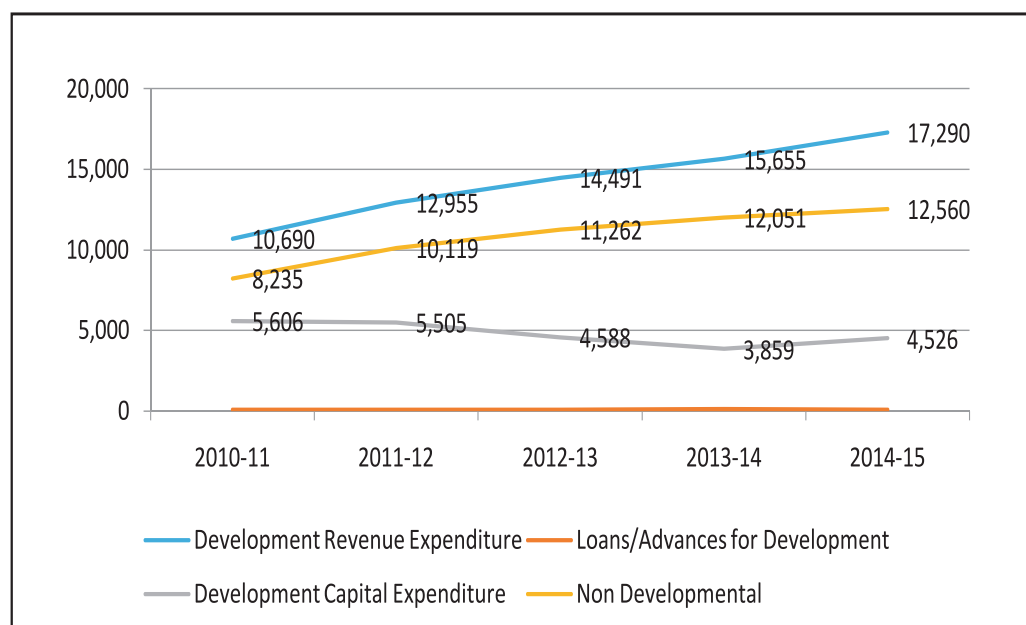
<sup>3</sup> The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

**Table-1.19**  
**Development expenditure**

(₹ in crore)

Components of Development Expenditure	2010-11	2011-12	2012-13	2013-14	2014-15
Total Expenditure	24603	28645	30434	31686	34550
Total Development Expenditure	16296	18460	19079	19514	21903
Development Revenue Expenditure (₹ in crore)	10690	12955	14491	15655	17290
Share of Development revenue expenditure in total expenditure (per cent)	43.5	45.2	47.6	49.41	50.04
Development Capital Expenditure (₹ in crore)	5606	5505	4588	3859	4526
Share of Development Capital Expenditure in total expenditure (per cent)	22.8	19.2	15.1	12.18	13.10
Loans/Advances for Development (₹ in crore)	71	66	93	121	87
Total Development Revenue & Capital to total Expenditure(per cent)	66.24	64.44	62.69	61.59	63.40

**Charts 1.8**  
**Trends in expenditure by activities**



The share percentage of Development capital expenditure in total expenditure fell from 22.8 per cent in 2010-11 to 13.10 per cent in 2014-15 while as the share of Development Revenue Expenditure in total expenditure increased from 43.5 per cent to 50.04 per cent during the same years.



Table 1.20 provides analysis of the sector-wise expenditure and its relation to developmental indices.

**Table 1.20**  
**Efficiency of Expenditure use in selected Social and Economic services**  
*(in per cent)*

Social/ Economic Infrastructure	2012-13			2011-14			2014-15		
	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	13.90	85.34	-	12.2	82.72	0.01	11.77	75.03	1.23
Health and Family Welfare	18.67	87.45	0.56	13.08	85.19	0.78	10.57	76.04	0.72
WS, Sanitation & HUD	34.45	51.56	3.35	21.99	55.68	3.36	25.87	50.10	6.24
Others	23.65	14.67	-	1.30	13.17	-	21.78	19.68	0.25
Total (SS)	16.35	74.56	-	13.47	67.24	-	15.91	63.06	1.89
Economic Sector (ES)									
Agriculture and Allied Activities	29.11	85.36	0.15	22.29	79.78	0.18	29.56	79.05	0.86
Irrigation and Flood Control	53.35	83.65	6.46	44.49	77.29	6.95	37.67	76.21	8.00
Power and Energy	11.71	13.67	0.84	8.13	10.89	0.92	2.77	10.00	0.98
Transport	87.92	72.40	30.43	71.74	0.71	43.01	41.80	0.16	14.65
Others	57.61	31.66	-	10.82	42.45	-	72.31	46.59	0.73
Total (ES)	39.74	36.83	-	25.31	32.67	-	24.93	29.05	2.23
Total (SS+ES)	27.34	51.92	-	19.77	50.11	-	20.75	45.77	2.47
TE: Total Expenditure on respective Services; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operation and Maintenance									

The ratio of capital expenditure to total expenditure in Social and Economic service sectors showed consistent decline from 27.34 per cent in 2012-13 to 19.77 per cent in 2013-14 and to 20.75 per cent in 2014-15. 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 and to 45.77 per cent in 2014-15.

### 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 ₹1 crore and above as on 31 March 2015 is given in **Appendix IX** of the Finance Accounts. There were 671 incomplete projects as per details given in **Table 1.21**.

**Table 1.21**

**Department-wise profile of incomplete projects as on 31 March 2015**

Department	No. of incomplete Projects	Sanctioned Project Cost (₹ in crore)	Revised Cost (₹ in crores)	Cum. Actual expenditure (₹ in crore)	Cost over run (₹ in crore)
Public works Jammu	574	2452.69	2518.93	1328.10	66.24[6]
Power Development Department Jammu	30	525.29	655.53	401.16	130.24[6]
Public Health Engineering Jammu	56	81.92	110.36	96.63	28.44[41]
Irrigation and Flood Control Kashmir	11	77.48	77.48	75.63	Nil
<b>Total</b>	<b>671</b>	<b>3137.38</b>	<b>3362.30</b>	<b>1901.52</b>	<b>224.92</b>

[No. of works are in brackets]

As on 31 March 2015 there were 671 projects/works costing ₹1 crore or above which had overshoot their scheduled completion dates. These incomplete projects had a total sanctioned cost of ₹3137.38 crore revised to ₹3362.20 crore. An

amount of ₹1901.52 crore had been expended on these incomplete projects by 31 March 2015.

In respect of 6 projects of PWD, 41 projects of PHE and 6 projects of PDD Divisions the cost was revised upwards by ₹224.92 crore. Reasons for revising the cost are awaited from these Departments.

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 Financial results of Irrigation Projects**

The financial results of seven major irrigation projects involving a capital expenditure of ₹324.25 crore at the end of March 2015 showed that Revenue realised from these schemes during 2014-15 was only ₹0.90 crore (0.28 *per cent* of the capital outlay of ₹324.25 crore). The revenue receipts of none of these schemes were sufficient to cover even the direct working expenses. After meeting the working expenses and interest charges, the schemes suffered a net loss of ₹1.20 crore (0.37 *per cent* of the capital outlay). The major loss making projects were Ranbir canal & Partap canal.

### **1.9.3 Investment and Returns**

As per the Statement 8 of the Finance Accounts, as on 31 March 2015, the State government had cumulatively invested ₹537.17 crore in three Statutory Corporations (₹220.16 crore), 23 Companies (₹269.80 crore), eight Cooperative Institutions/Local Bodies (₹37.83 crore), two Rural Banks (₹9.04 crore) and two Joint Stock Companies (₹0.34 crore). **Table 1.22** gives overall picture of return on investment *vis-a-vis* the average cost of Government borrowing.

**Table-1.22**  
**Return on Investment**

Investment/Return/Cost of Borrowings	2010-11	2011-12	2012-13	2013-14	2014-15
Investment at the end of the year (₹ in crore)	470.7	484.95	498.25	533.27	537.17
Return (₹ in crore)	56.71	68.16	87.35	128.88	128.88
Return ( <i>per cent</i> )	12.05	14.05	17.53	24.17	23.99
Average rate of interest on all Government liabilities ( <i>per cent</i> )	7.61	7.06	7.07	7.07	7.6
Difference between interest rate and return ( <i>per cent</i> )	4.44	6.99	10.46	17.10	16.39

During 2013-14 & 2014-15, the return on investment solely came from the Jammu and Kashmir Bank Limited (₹128.88 crore each year), in which the Government holds 53 *per cent* equity.

#### 1.9.4 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 1.23** presents the position of loans and advances advanced/outstanding as on 31 March 2015, interest receipts *vis-a-vis* interest payments during the last 5 years.

**Table 1.23**  
**Average interest received on loans advanced by the State Government**

(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2010-11	2011-12	2012-13	2013-14	2014-15
Opening Balance	1066.42	1136.55	1033.69	1292.55*	1409.83
Amount advanced during the year	71.63	65.61	93.40	121.41	86.80
Amount repaid during the year	1.50	168.47	1.53	4.13	2.69
Closing Balance	1136.55	1033.69	1125.56	1409.83	1493.93
Of which outstanding balance for which terms and conditions have been settled					
Net addition	70.13	(-) 102.86	91.87	117.28	84.1
Interest Receipts	3.00	4.74	1.31	1.64	1.88
Interest receipts as <i>per cent</i> to outstanding Loans and advances	0.26	0.46	0.12	0.12	0.13
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	7.61	7.06	6.72	6.72	7.31
Difference between interest payments and interest receipts ( <i>per cent</i> )	7.35	6.60	6.60	6.60	7.18

(\* : 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.

#### 1.9.5 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 ₹338 crore during 2014-15, from ₹1063 crore at the end of 2013-14 to ₹1401

crore. Out of this total Cash balance, ₹1381.19 crore was held in cash balance investment account. There is the (-) balance of ₹81 crore with the RBI on one hand and on the other hand there is the Cash Balance of ₹1401 crore. The cash balance could have been utilised to set off the negative cash balance with RBI.

## **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 12 of the Finance Accounts 2014-15 gives an overview of sources and application of funds. Statement 6 and Statement 17 of the Finance Accounts 2014-15 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.

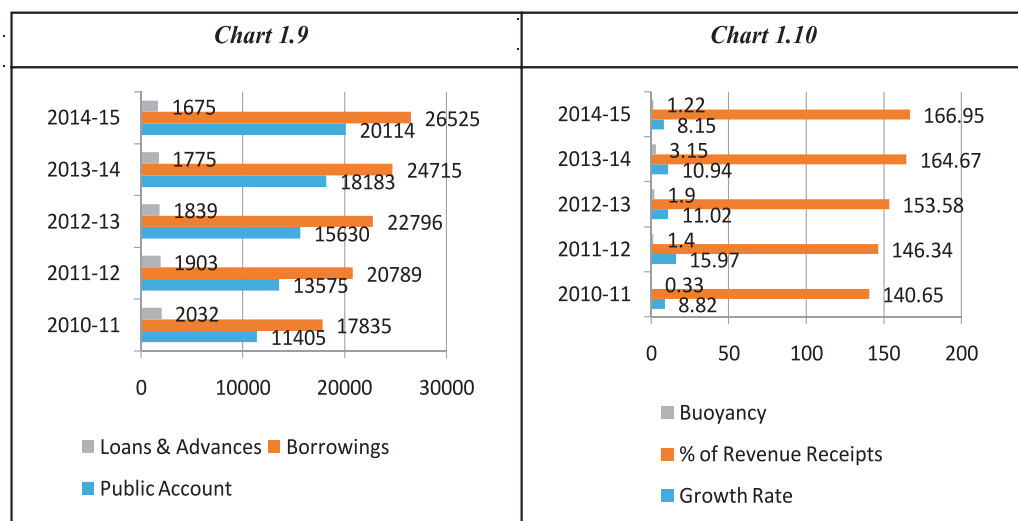
### **1.10.2 Fiscal Liabilities**

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 five years is presented in table 1.24 and *Charts 1.9* and *1.10* (Please also see *Appendix 1.3* for trends in outstanding fiscal liabilities of the government since 2010-11).

**Table-1.24**  
**Fiscal liabilities**

(₹ in crore)

Narration	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Public Account Liability &amp; % of Total Liability</b>	11405 36%	13575 38%	15630 40%	18183 39%	20114 42%
<b>Borrowings from open market &amp; Financial Institutions</b>	17835 57%	20789 57%	22796 56%	24715 55%	26525 55%
Loans and advances from GOI	2032 7%	1903 5%	1839 4%	1775 4%	1675 3%
Total Fiscal Liability	31272	36267	40265	44673	48314
Growth Rate	8.82	15.97	11.02	10.94	8.15
Revenue Receipts	22234	24783	26217	27128	28939
Fiscal Liability % of Revenue Receipts	140.65	146.34	153.58	164.67	166.95
Growth rate of revenue receipts	26.41	11.46	5.79	3.47	6.68
<b>Buoyancy Ratio</b>					
Fiscal Liability Viz-a-Viz Revenue Receipts.	0.33	1.40	1.90	3.15	1.22
Fiscal Liability viz-a-viz GSDP	0.44	0.92	0.86	0.79	20.37



The overall fiscal liabilities of the government increased from ₹44673 crore at the end of 31 March 2014 to ₹48314 crore by the end of 31 March 2015. As a percentage of GSDP, the stock of accumulated fiscal liabilities increased from 51.2 per cent at end of 2013-14 to 54.95 per cent at end of 2014-15. At end

of 2014-15, the accumulated liabilities were 1.67 times of the government's revenue receipts during 2014-15 and 5.81 times government's own tax and non-tax revenues during 2014-15. The buoyancy ratio of these liabilities with respect to GSDP during the year 2014-15 was 20.37 indicating that for each one percent increase in GSDP fiscal liabilities grew by 20.37 times.

### 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 2015. The cumulative aggregate balance in these funds as at the end of 31 March 2015 was ₹1331 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**  
(₹ in crore)

RESERVE FUNDS	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Reserve Funds Bearing interest</b>					
Calamity Relief Fund (now State Disaster Response Fund)	427	470	526	882	202
<b>Total - Reserve Fund Bearing Interest</b>	<b>427</b>	<b>470</b>	<b>526</b>	<b>882</b>	<b>202</b>
<b>Reserve Funds Not Bearing interest</b>					
Calamity Relief Fund (now State Disaster Response Fund)	28	28	28	28	28
Sinking fund	-	-	32	61	97
Famine Relief Fund	9	9	9	9	9
Depreciation and Renewal Reserve Funds of Government Commercial Deptts./ Undertakings.	574	574	574	574	574
Depreciation and Renewal Reserve Funds of Government Non-Commercial Deptts.	73	73	73	73	73
Development Fund for Agricultural Purposes	39	39	39	41	41
Constituency Development Funds	50	78	95	95	72
Other Development and Welfare Funds	42	73	104	104	85

General Insurance fund (Janta Insurance)	21	23	71	68	66
Guarantee Redemption Fund	5	5	5	6	7
Other Funds	41	46	50	67	77
Reserve Funds Not Bearing interest	881	948	1,079	1,126	1128
<b>Total -Reserve Funds</b>	<b>1,308</b>	<b>1,419</b>	<b>1,605</b>	<b>2,008</b>	<b>1331</b>
<b>Of which balances invested</b>					
Investments from State Disaster Response Fund	11	11	11	11	11

Out of ₹28 crore under Non Bearing Interest Reserve Fund only ₹11 crore was invested, the remaining amount of ₹17 crore was neither invested nor transferred to the Interest Bearing Reserve Fund after re-designation of the CRF as SDRF under Major Head- 8121.

#### 1.10.4 Major Head 8670- Cheques & Bills

The system of cheques & bills earlier in vogue in the Food & Supply department has since been dispensed with vide Grant Order No:86-CAPD of 2011 dated: 20.10.2011 and expenditure on purchase of rice and wheat is made on payment vouchers and the transaction is booked under Major Head 4408-Capital Outlay on Food Storage & warehouse. However, there is still an un-cleared balance of ₹215.64 crore under the Major Head 8670-Cheques & Bills

#### 1.10.5. Contingent liabilities

##### 1.10.5.1 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**

<i>(₹ in crore)</i>					
Guarantees	2010-11	2011-12	2012-13	2013-14	2014-15
Outstanding amount of guarantees	2708	2098	611	2714	2860

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 proceeding the current year or at 7.5 *per cent* of GSDP of the year proceeding the current year, whichever is lower. The total outstanding Guarantees as on 31 March 2015 aggregated to ₹2859.63 crore which was 10.54 *per cent* of the total Revenue Receipts of ₹27127.98 crore in 2013-14 & 3 *per cent* of the GSDP of ₹87921 crore. However, the State Government has not yet assessed the risks of various Guarantees.

The State Government has set up Guarantee Redemption Fund vide Order No. dated 22<sup>nd</sup> August 2006, for meeting its obligations arising out of guarantees issued on behalf of the State Government Departments/State Own Corporations and PSUs and Other Autonomous & Statutory Bodies. Though, the above GRF order mentions about collection of Guarantee commission/fee but the exact percentage of Guaranteed commission/fee to be levied has not been specified/prescribed in the order.

However, as against the State Government estimated receivable Guarantee commission /fee of ₹0.29 crore, no Guarantee commission/fee was received by the Government and no guarantee was evoked during the year.

## 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> )
2010-11	31,272	58073	53.84
2011-12	36,267	68185	53.18
2012-13	40,265	76916	52.35
2013-14	44,673	87570	51.01
2014-15	48314	87921	54.95

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 State's ability to service the debt. Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability<sup>4</sup> of the State. The analysis of variation in debt sustainability indicators of the State for the period of 5 years beginning from 2010-11 is given in **Table 1.28**

**Table 1.28**  
**Debt Sustainability: Indicators and Trends**

Indicators of Debt Sustainability	2010-11	2011-12	2012-13	2013-14	2014-15
Ratio of debt to GSDP ( <i>per cent</i> )	34.21	33.28	32.03	30.25	32.07
Ratio of debt to Revenue Receipts ( <i>per cent</i> )	89.35	91.56	93.97	97.65	97.45
Sufficiency of Non-debt Receipts (Resource Gap) (₹ in crore)	1622	-1327	-505	-325	-1048
Net Availability of Borrowed Funds (₹ in crore)	254	2612	1291	1406	109
Burden of Interest Payments (Interest Payment to Revenue Receipts Ratio)	0.10	0.09	0.10	0.11	0.12
Growth of Interest Payment/ Revenue Receipts	0.25	0.38	2.35	3.13	2.65

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 ₹2075 crore during 2014-15 requires attention for debt stabilization.

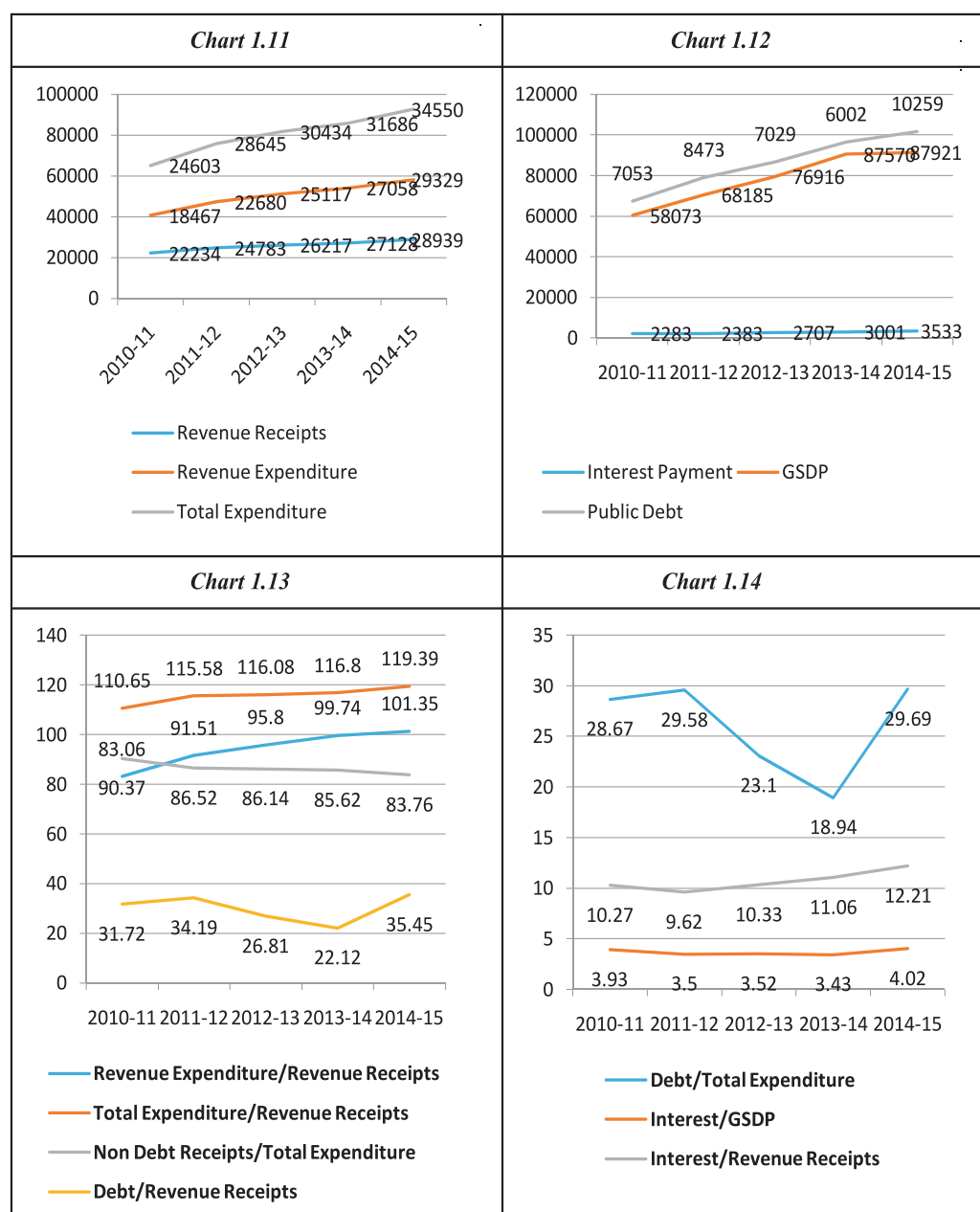
Debt to Revenue Receipts ratio which indicates the Government's ability to fund annual debt payments from its revenue receipts varied between 89.35 *per cent* to 97.65 *per cent* during the five year period 2010-11 to 2014-15.

The net availability of Borrowed funds like Internal debt, loans and advances from GOI and other sources after providing for repayments [including interest payments] improved from ₹254 crore in 2010-11 to ₹1406 crore in 2014-15 but decreased to ₹109 crore during 2014-15.

<sup>4</sup>\*refer glossary of terms –Appendix 4

The negative resources gap of ₹1048 crore during 2014-15 indicates the non-sustainability of debt, while as the positive resources gap indicates the capacity to sustain the debt.

### 1.11.2.1 Trends in various fiscal parameters and their ratios



From the above **chart 1.13**, it appears that the Ratios (excepting Non Debt receipts to Total Expenditure) in respects of Revenue Expenditure to Revenue Receipts, Total Expenditure to Revenue Receipts and Debt to Revenue Receipts has increased abnormally from 2010-11 to 2014-15. Likewise from **chart 1.14**, it appears that the ratios in respect of Debt to Total Expenditure, Interest to GSDP

and Interest to Revenue Receipts has also increased from 2010-11 to 2014-15 which had the adverse effect on the economy of the State.

### 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 go up if in the market perception the Government debt is not sustainable.

**Table 1.29** summarizes 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	2010-2011	2011-2012	2012-2013	2013-14	2014-15
Total liabilities	31,272	36,267	40,265	44,673	48,314
Total Public Debt (year end)	19,867	22,691	24,635	26,490	28,200
Total market loans (year-end)	11,298	13,956	15,510	17,205	18,321
Percentage of market loans to total liabilities ( <i>per cent</i> )	36.1	38.5	38.5	38.5	37.92
Percentage of market loans to total public debt ( <i>per cent</i> )	56.9	61.5	63.0	65.0	64.97
Weighted average interest rate on market loans ( <i>per cent</i> )	2.34	7.32	8.00	7.88	7.60
Interest paid on market loans	228	927	1,178	1,289	1,574
GSDP at current market prices	58,073	68,185	76,916	87,570	87,921
GSDP growth rate ( <i>per cent per annum</i> )	20.02	17.41	12.80	13.85	0.40
Average Interest Rate on market loans/ GSDP growth rate ( <i>per cent</i> )	12	42	62	57	1900
Revenue Receipts	22,234	24,783	26,217	27,128	28,939
Total Interest Payment	2,283	2,383	2,707	3,001	3,533
Interest payments to Revenue Receipts ( <i>per cent</i> )	10.3	9.6	10.3	11.06	12.21
Primary Deficit	84	1,311	1,510	1,553	2,075
Total liabilities as <i>per cent</i> of GSDP	53.84	53.18	52.35	51.01	54.95
Outstanding guarantees	2,708	2,098	611	2,714	2,860
Revenue Surplus	3,767	2,103	1,100	70	(-)390
Fiscal Deficit	2,367	3,694	4,216	4,554	5,608

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 ₹31272 crore in 2010-11 to ₹48314 crore in 2014-15. Of the increase of total liabilities of ₹17042 crore as much as ₹7023 crore was through market loans. The percentage of market loans to total public debt which was 57 *per cent* in 2010-11 rose to as much as 65 *per cent* by 2014-15. 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.

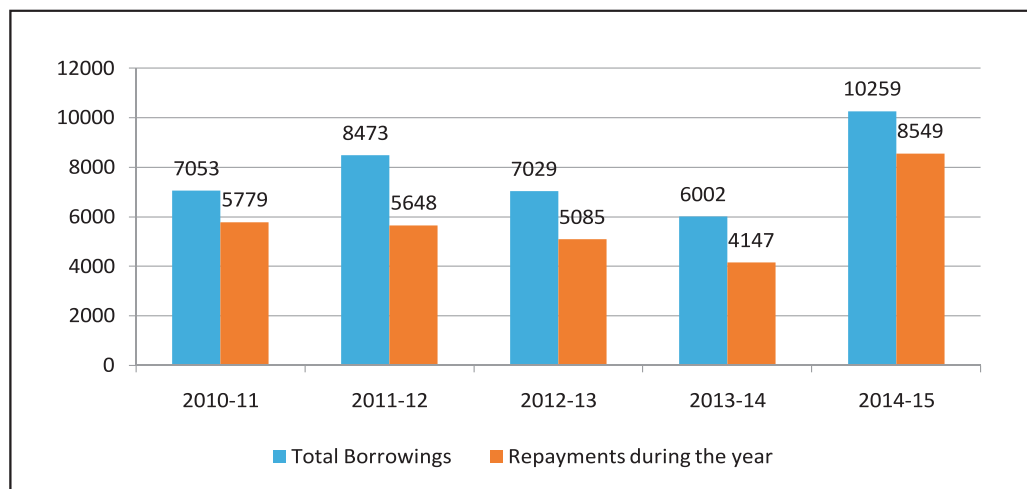
#### **1.11.4 Arrangement for amortization of debt**

As per the recommendations of the TFC the State Government constituted Sinking fund on 30-01-2012 for redeeming is outstanding Liabilities. As per the guidelines, the State Government is required to contribute to this fund a minimum of 10 *per cent* of 0.5 *per cent* of the total outstanding liabilities at the end of 2010-11 every year beginning with the financial year 2011-12 to 2021-22 to make it equal to 0.5 *per cent* of the outstanding liabilities as at the end of 2010-11. In addition, contribution in respect of incremental liabilities from the year thereafter shall be made at 0.5 *per cent* of such incremental liabilities so as to reach the level deemed sufficient to meet the objective of the scheme. Accordingly, as on 31 March 2015 the balance under the fund should have been ₹122.76 crore (₹15.63 crore for year 2011-12, ₹35.62 crore for 2012-13, ₹37.67 crore for 2013-14 and ₹33.84 crore for 2014-15) as against ₹97.12 core (₹15.63 crore for the year 2011-12, ₹16.00 crore for 2012-13, ₹29.76 crore for 2013-14 and ₹35.73 crore for 2014-15) transferred to the fund from the year 2011-12 onwards. Overall there was a short contribution of ₹25.64 crore to the fund till 31 March 2015. The recoverable balance of ₹97.12 crore under the fund was not invested.

**Table 1.30**  
**Details of debt raised during the year and its utilization for payment**  
(₹ in crore)

Year	Total borrowings during the year	Repayment during the year/ percentage.
2010-11	7053	5779(81.93)
2011-12	8473	5648(66.65)
2012-13	7029	5085(72.34)
2013-14	6002	4147(69.09)
2014-15	10259	8549(83.33)

Chart 1.15



It is clear from the above **Table 1.30** and **chart 1.15** that more than 60 *per cent* of the current borrowings was utilized for repayment of earlier debt leaving behind less than 40 *per cent* for capital expenditure viz creation of Assets.

## 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 1.31** gives time series data on the four deficits and total liabilities during 2010-15.

Table-1.31

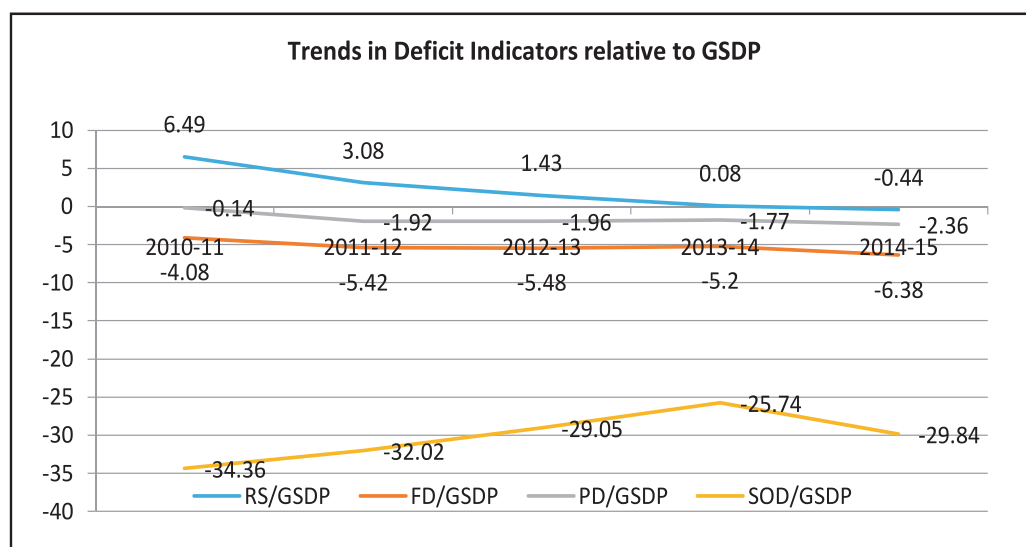
(₹ in crore)

Fiscal indicator	2010-11	2011-12	2012-13	2013-14	2014-15
Fiscal Liabilities	31272	36267	40265	44673	48314
Revenue surplus	3767	2103	1100	70	(-)390
Fiscal deficit	2367	3694	4216	4554	5608
Primary deficit	84	1311	1510	1553	2075
State's Own Deficit	19955	21832	22348	22543	26238

The above table shows that the State has continued to maintain revenue surplus during the period 2010-14 but the surplus declined sharply and reduced to Revenue deficit of ₹390 crore during 2014-15. The fiscal deficit increased from ₹2367 crore in 2010-11 to ₹5608 crore in 2014-15 and the primary deficit also increased from ₹84 crore to ₹2075 crore during the same period. The States own deficit also increased from ₹19955 crore to ₹26238 crore during 2010-15 leading to more dependence on the Central Government/Market Loans.

**Charts 1.16** present the trends in key deficit indicators related to GSDP over the period 2010-15.

**Chart-1.16**



### 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 1.32**.

**Table 1.32**  
**Components of fiscal deficit and its financing pattern**

(₹ in crore)

Particulars		2010-11	2011-12	2012-13	2013-14	2014-15
<b>Source of Financing the Capital Expenditure and Fiscal Deficit</b>						
1	Capital Expenditure	6064	5899	5224	4507	5134
2	Loans and Advances	72	66	93	121	87
<b>FINANCED THROUGH</b>						
1	Revenue Surplus	3767	2102	1100	70	(-)390
2	Non-Debt Capital Receipts	15	168	2	4	3
3	Fiscal Deficit	2367	3,694	4,216	4554	5608
<b>Financing pattern of fiscal Deficit @</b>						
1.	Market Borrowings	2386	2954	2,008	1919	1811

2.	Loans from GOI	(+) 1112	(-)129	(-)64	(-)64	(-)100
3.	Small Savings, PF etc.	1203	2070	1,689	1990	2232
4.	Deposits and Advances	59	(-) 27	189	158	376
5.	Suspense and Miscellaneous	(-) 168	186	(-) 31	(-) 48	(-)237
6.	Remittances	(-) 307	(-) 627	(-) 615	1169	2545
7.	Reserve funds	3	126	170	403	(-)677
8.	Net amount recouped to contingency fund	-	-		-	-
9.	Drawdown of cash balance (+)/ Accretion to cash balance (-)	[-] 33	(-) 861	870	(-)972	(-)338

*@ 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 ₹460 crore in 2014-15 over the previous year. 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 State’s 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 2014-15 shows **(Table-1.33)** 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 1.33**  
**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)
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
2014-15	28,939	25760	5,134	87	30981	17	(+)13179	(-)2042

It may be seen from the table above that the Non debt receipts of the State were higher than the primary revenue expenditure which was sufficient to meet this expenditure due to considerable support from the Central Government. The total primary expenditure increased from ₹22320 crore in 2010-11 to ₹30981 crore in 2014-15 which was due to increase of primary revenue expenditure by ₹9576 crore, while as Capital Expenditure decreased from ₹6064 crore in 2010-11 to ₹5134 crore in 2014-15. The primary deficit however, increased from ₹84 crore during 2010-11 to ₹2042 crore during 2014-15.

The bifurcation of the factors resulting into Primary deficit or surplus of the Government during the period 2014-15 reveals that the primary deficit during this period was on account of slow rise in non-debt receipts as compared to primary expenditure. Therefore, non-debt receipts of the state were not enough to meet the primary expenditure requirements. If this trend continues debt sustainability will be in serious jeopardy as ideally incremental non-debt receipts every year should cover not only the incremental primary expenditure but also incremental interest burden.

### **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 1.8 & Appendix 1.9** 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 1.34** summaries the targets for fiscal liabilities and fiscal deficit set by the ThFC and actual outcomes, as computed from accounts.

**Table 1.34**  
Targets for fiscal liabilities and fiscal deficit set by 13th Finance Commission

(*per cent* of State's actual/projected GSDP)

Fiscal parameter (as <i>per cent</i> of GSDP)/ Year	2010-11	2011-12	2012-13	2013-14	2014-15
<i>Fiscal Deficit – 13<sup>th</sup> Finance Commission target/projection</i>	5.3	4.7	4.2	3.6	3
<i>Fiscal Deficit – Government Accounts</i>	5.0	5.9	5.5	5.2	6.38
<i>Fiscal Liabilities – 13<sup>th</sup> Finance Commission target/projection<sup>@</sup></i>	56.10	55.10	53.6	51.6	49.3
<i>Fiscal Liabilities – Government accounts<sup>@</sup></i>	54.89	54.97	51.92	51.2	54.95
<i>Total Liabilities (including liabilities of PSUs etc) as per FRBM Act</i>	NA	NA	NA	NA	NA

<sup>@</sup>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 1.35** 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 1.35**  
**13<sup>th</sup> Finance Commissioners projections and actual fiscal outcomes**

*(₹ in crore)*

Key Aggregates	2010-11		2011-12		2012-13		2013-14		2014-15	
	13 <sup>th</sup> FC project-ions	Actual	13 <sup>th</sup> FC project-ions	Actual	13 <sup>th</sup> FC project-ions	Actual	13 <sup>th</sup> FC project-ions	Actual	13 <sup>th</sup> FC project-ions	Actual
<b>GSDP</b>	48,206	58073	53,677	68185	59,849	76916	66,732	87570	74406	87921
<b>Own Revenue Receipts</b>	4,228	4,576	4,713	6,747	5,259	7,993	5,882	9143	6575	8312
<b>State's Own Tax Revenue</b>	3,889	3,483	4,330	4,745	4,822	5,833	5,384	6273	6003	6334
<b>State's Own Non Tax Revenue</b>	339	1,093	383	2,002	431	2,160	498	2870	572	1978
<b>State's share in Union Taxes/Duties</b>	2,837	3,067	3,328	3,495	3,925	3,870	4630	4142	5536	4477
<b>Non-Plan Revenue Expenditure</b>	11,005	17,558	11,706	21,432	12,539	23,561	13,393	25219	14132	26457
<b>Salaries</b>	5,366	9,529	5,550	9,802	5,736	10,298	5,924	10843	6115	11733
<b>Pension</b>	1,812	2,242	1,993	3,297	2,192	3,463	2,411	3592	2653	3686
<b>Interest Payment</b>	1,863	2,283	2,054	2,383	2,240	2,707	2,420	3001	2587	3533
<b>Pre-Devolution Non-Plan Revenue Deficit</b>	6,777	12,982	6,993	14,685	7,280	15,568	7,511	16076	7558	18145
<b>Post-Devolution Non-Plan Revenue Deficit</b>	3940	4836	3665	7151	3355	8074	2,881	8845	2096	11203
<b>Fiscal Liabilities as per cent of GSDP</b>	56.1	53.84	55.1	53.18	53.6	52.35	51.6	51.0	49.3	54.95
<b>Fiscal Liabilities</b>	27,044	31,272	29,576	36,267	32,079	40,265	34,434	44673	36682	48314

## 1.14 Conclusion and Recommendations

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 79 *per cent* in 2010-11 to 71 *per cent* in 2014-15. There was decline in the total plan capital expenditure

from ₹4971 crore in 2012-13 to ₹4501 crore in 2014-15. States own tax revenue (SOTR) grew from ₹5833 crore in 2012-13 to ₹6334 crore in 2014-15. The State could not match the targets of fiscal deficit recommended by the 13<sup>th</sup> Finance Commission and of the FRBM Act. The actual fiscal deficit was 5.9, 5.5, 5.2 *per cent* and 6.38 *per cent* against targeted fiscal deficit of 4.7, 4.2, 3.6 and 3 *per cent* of GSDP of respective years during 2011-12, 2012-13, 2013-14 and 2014-15.

Service Tax is the only Central Tax that is presently not applicable to the State of J&K. The State has its own Service Tax under State Law. Since the Central Service Tax is not applicable to the State, the State is not entitled to a share in the total Service Tax collected by the Central Government all over the country. The foregone share is 1.551 *per cent* of the Service Tax collected by the Centre. As per assessment made by the 13<sup>th</sup> Finance Commission regarding likely Central Service Tax collection during 2010-15, the 1.551 *per cent* share foregone by the J&K works out to ₹8363.38 crore against which the State Service Tax collection was ₹4461.09 and States actual Share in Central Service Tax would have been about ₹9674.30 crore i.e 1.551 *per cent* of the Total Central Service tax collection of ₹623746 crore.

Central Government has been transferring a sizeable quantum of funds for CSS schemes like SSA, NRHM, MGNERGA etc in the form of Grant-in-aid which is taken under revenue receipts by the State Government but the expenditure is being incurred under Capital Heads for creation of Assets. This leads to increase in revenue Surplus and Capital outlay.

The expenditure on salaries, wages, pension and other post-retirement benefits, interest payments and power development departments' deficit was nearly 61.23 *per cent* of total expenditure, 79.96 *per cent* of non-plan revenue expenditure and 106.93 *per cent* of States own revenue in 2014-15.

***Since the major chunk of the Non Plan Expenditure is on Salaries, Pension and interest payments which is largely uncontrollable, the State Government may explore measures for containing other components of Non Plan Revenue Expenditure so that Revenue deficit could be eliminated.***

Targets for collection of power departments' tariff were not achieved. The shortfall in collection of revenue was ₹1202 crore vis-a-vis targets and shortfall vis-a-vis expenditure on power purchased was ₹2976 crore.

***The State Government may explore measures for reducing the Power deficit.***

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 13<sup>th</sup> Finance Commission.

***The State Government may prepare a time bound action plan to achieve the goal of recovery of at least 50 per cent of service charges for users as recommended by the 13<sup>th</sup> 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 2010-11 to 2014-15 indicating that the developmental works were getting inadequate resources.

***Efforts should be made by the State Government to improve collection of tax and non-tax revenue and to control the revenue expenditure so that recourse to borrowed fund can be reduced.***

There were 671 projects/ works costing ₹1 crore or above which had overshoot their scheduled completion dates. An amount of ₹1901.52 crore had been expended on these incomplete projects by 31 March 2015.

***The State Government may analyse the reasons for the delays in completion of projects and take adequate steps for their completion to achieve the intended benefits.***

The State Government had cumulating investment of ₹537.17 crore in 3 statutory corporations, 23 companies, 8 cooperative institutions/local bodies, 2 rural banks and 2 joint stock companies. The return of ₹128.88 crore came only from JK Bank Ltd.

***The State Government should improve the productivity of its investments in various entities to be able to finance the loans.***

**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 2014-15 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 <sup>1</sup>	Saving (-)/ Excess (+)	Amount surrendered
Voted	I-Revenue	29793.33	551.31	30344.64	25955.05	(-)4389.59	Nil
	II-Capital	9925.73	1939.23	11864.96	5646.70	(-)6218.26	Nil
	III-Loans and Advances	138.50	-	138.50	86.80	(-)51.70	Nil

<sup>1</sup>These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue (₹192.60 crore) and Capital (₹512.58 crore)



<b>Total voted</b>		<b>39857.56</b>	<b>2490.54</b>	<b>42348.10</b>	<b>31688.55</b>	<b>(-)10659.55</b>	<b>Nil</b>
<b>Charged</b>	<b>IV-Revenue</b>	3514.75	0.63	3515.38	3566.48	(+)51.10	Nil
	<b>V-Capital</b>	-	0.08	0.08	0.08	-	Nil
	<b>VI-Public Debt Repayment</b>	1296.69	7065.49	8362.18	8548.50	(+)186.32	Nil
<b>Total charged</b>		<b>4811.44</b>	<b>7066.20</b>	<b>11877.64</b>	<b>12115.06</b>	<b>237.42</b>	<b>Nil</b>
<b>Appropriation to Contingency Fund (if any)</b>							
<b>Grand Total</b>		<b>44669.00</b>	<b>9556.74</b>	<b>54225.74</b>	<b>43803.61</b>	<b>(-)10422.13</b>	<b>Nil</b>

The overall saving of ₹ 10422.13 crore was the result of saving of ₹11521.41 crore in 24 grants and 4 appropriation under Revenue Section and 23 grants under Capital Section which is offset by excess of ₹ 1099.28 crore in five grants under Revenue Section and six grants and one appropriation under Capital Section.

It has been seen from the above table that in the voted section, the supplementary Grant of ₹ 2490.54 crore proved injudicious as the expenditure of ₹ 31688.55 crore did not come even up to the level of original provision of ₹ 39857.56 crore. In the charged section Supplementary Grant of ₹ 7066.20 crore proved insufficient in view of the excess expenditure of ₹ 237.42 crore.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Expenditure in Excess of legislative approval by certain Departments

There were 13 cases where expenditure exceeding ₹1 crore or more than 20 per cent of the provision was observed. In these cases against approved provision of ₹19,889.92 crore, an expenditure of ₹20,989.20 crore was incurred thereby exceeding provision by ₹1,099.28 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 as given in **Table 2.2**.

**Table-2.2**  
**List of Grant where Persistent Excess expenditure was incurred during 2010-15**

(₹ in crore)

Grant number and name	Years				
	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Revenue (Voted)</b>					
<b>25-Labour</b>	15.74	42.74	85.41	98.98	32.91
<b>Stationery &amp; Printing</b>	(17)	(63)	(118)	(123)	(38)

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

Reasons for persistent excesses under the head were not explained (August 2015) by the State Government.

### **2.3.2 Excess over provisions requiring regularisation**

**Table 2.3** contains the summary of total excess in 13 cases comprising of 11 grants and one appropriation amounting to ₹1,099.28 crore over authorization from the Consolidated Fund of the State during 2014-15.

**Table-2.3**

#### **Excess over provisions requiring regularisation during 2014-15**

(₹ in crore)

Sl. No	Grant Number	Name of Grant/ Appropriation	Total Grant/ Appropriation	Expenditure	Excess
<b>Revenue (Voted)</b>					
1	06	Power Development Department	4902.90	5026.32	123.42
2	16	Public Works Department	960.84	1123.42	162.58
3	18	Social Welfare Department	546.95	684.26	137.31
4	19	Housing and Urban Development Department	463.95	595.59	131.64
5	25	Labour Stationery and Printing Department	85.52	118.43	32.91
<b>Total (Revenue Voted)</b>			<b>6960.16</b>	<b>7548.02</b>	<b>587.86</b>
<b>Revenue (Charged)</b>					
6	8	Finance Department	3470.43	3532.88	62.45
<b>Total (Revenue Charged)</b>			<b>3470.43</b>	<b>3532.88</b>	<b>62.45</b>
<b>Capital ( Voted)</b>					
7	2	Home Department	59.75	110.42	50.67
8	7	Education Department	319.05	401.14	82.09
9	11	Industries and commerce Department	161.04	168.72	7.68
10	21	Forest Department	37.10	59.05	21.95
11	23	Public Health Engineering Department	488.00	570.53	82.53
12	24	Hospitality & Protocol	32.21	49.94	17.73
<b>Total (Capital Voted)</b>			<b>1097.15</b>	<b>1359.80</b>	<b>262.65</b>
<b>Capital Charged</b>					
13	08	Finance Department	8362.18	8548.50	186.32
<b>Total (Capital Charged)</b>			<b>8362.18</b>	<b>8548.50</b>	<b>186.32</b>
<b>(Grand Total)</b>			<b>19889.92</b>	<b>20989.20</b>	<b>1099.28</b>

As can be seen, in the Revenue section, there was excess expenditure of ₹587.86 crore in five grants, ₹62.45 crore in one appropriation while in the Capital section, excess expenditure amounted to ₹262.65 crore in six grants and ₹186.32 crore in one appropriation. The excess expenditure of ₹1099.28 crore was mainly due to repayment of Public Debt of ₹186.32 crore in excess of budget provisions. Similar excess expenditure over provisions, due to repayment of public debt, were observed during 2009-14. 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.

### **2.3.3 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 ₹99,409.53 crore for the years 1980-2014 is yet to be regularised by the State Legislature as detailed in **Appendix 2.5**. After including further excess expenditure of ₹1,099.28 crore during 2014-15 as brought out in the preceding Sub-Section, the aggregate excess expenditure requiring regularization by the Legislature stands at ₹100508.81 crore as on 31<sup>st</sup> March 2015.

### **2.3.4 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 ₹1,757.94 crore was incurred in 64 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.

### 2.3.5 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 27 grants listed in **Table 2.4**, expenditure exceeding ₹10 crore for the year was incurred during the last quarter of the financial year 2014-15. The percentage of expenditure in the last quarter ranged between 13 and 97 *per cent* of the total expenditure. An amount of ₹18,282.08 crore exceeding ₹10 crore in each case was incurred out of the total expenditure of ₹4,30,06.09 crore in the last quarter in twenty seven grants constituting 42.51 *per cent* of total expenditure of ₹4,30,06.09 crore.

Table-2.4

Cases of rush of expenditure towards the end of the financial year 2014-15

(₹ 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	01-General Administration	217.80	58.90	27
2	02-Home Department	3458.36	1071.18	31
3	03-Planning Department	492.43	204.33	41
4	04-Information Department	38.79	14.33	37
5	05-Ladakh Affairs Department	608.74	593.31	97
6	06-Power Development Department	5168.79	1974.10	38
7	07-Education Department	3860.91	1465.75	38
8	08-Finance Department	16005.42	7072.30	44
9	10-Law Department	210.60	65.22	31
10	11-Industries and commerce Department	351.28	198.12	56
11	12-Agriculture Department	840.55	369.93	44
12	13-Animal Husbandry Department	336.16	102.67	31
13	15-Consumer Affairs & Public Distribution	931.23	117.67	13
14	16-Public Works Department	1993.26	1002.07	50
15	17-Health & Medical Education	2015.13	755.42	37
16	18-Social Welfare Department	744.45	368.86	50
17	19-Housing & Urban Development Department	761.61	496.07	65
18	20-Tourism	268.54	163.30	61
19	21-Forest Department	546.08	199.91	37

20	22-Irrigation Department	610.52	247.78	41
21	23-Public Health Engineering Department	1459.12	591.94	41
22	24-Hospitality & Protocol	190.47	98.42	52
23	25-Stationery & Printing	120.38	50.03	42
24	26-Fishries Department	56.83	16.05	28
25	27-Higher Education	661.59	321.67	49
26	28-Rural Development	992.39	623.00	63
27	29-Transport Department	64.66	39.75	47
	<b>Total</b>	<b>43006.09</b>	<b>18282.08</b>	

### 2.3.6 Savings

The outcome of the appropriation audit shows that in 48 cases, savings exceeded ₹1 crore in each case or by more than 20 *per cent* of the total provision (*Appendix 2.1*). Against the total savings of ₹11,521.41 crore, savings of ₹11,169.46 crore (97 *per cent*)<sup>2</sup> occurred in 30 cases relating to 22 grants as indicated in **Table 2.5**.

**Table-2.5**  
**List of Grants with savings of ₹50 crore and above**

(₹ in crore)						
Sl. No	Name of Grant/ Appropriation/	Original	Supple- mentary	Total grant	Actual expendi- ture	Savings/ percentage
<b>I-Revenue voted</b>						
1.	01- General Administration Department	252.83	-	252.83	185.24	67.59(27)
2.	02-Home	4041.92	-	4041.92	3347.76	694.16(17)
3.	03-Planning and Dev. Deptt	979.19	19.67	998.86	182.05	816.81(82)
4.	05-Ladakh Affairs Department	517.01	-	517.01	428.52	88.49(17)
5.	07-Education Department	4638.40	-	4638.40	3459.77	1178.63(25)
6.	08-Finance	4959.16	-	4959.16	3918.64	1040.52(21)
7.	10-Law	285.10	-	285.10	188.06	97.04(34)
8.	11-Industries	271.61	-	271.61	182.56	89.05(33)
9.	12-Agriculture Department	818.80	-	818.80	658.02	160.78(20)
10.	17-Health & Medical Education	1862.74	-	1862.74	1802.50	60.24(3)

<sup>2</sup> Exceeding ₹50 crore in each case.

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11.	21-Forest	620.23	-	620.23	487.03	133.20(21)
12.	22-Irrigation & Flood Control Department	520.87	-	520.87	389.25	131.62(25)
13.	23-Public Health Engineering	958.48	-	958.48	888.59	69.89(7)
14.	24-Hospitality & Protocol Department	190.55	1.06	191.61	140.53	51.08(27)
15.	27-Higher Education Department	653.01	-	653.01	545.05	107.96(17)
16.	28- Rural Development	314.98	2.86	317.84	271.41	46.43(15)
<b>Total-Revenue (Voted)</b>		<b>21884.88</b>	<b>23.59</b>	<b>21908.47</b>	<b>17074.98</b>	<b>4833.49</b>
<b>II-Capital (Voted)</b>						
17.	03-Planning and Dev. Deptt.	2398.83	550.13	2948.97	310.38	2638.59(89)
18.	06-Power Dev. Department	385.71	7.00	392.71	142.47	250.24(64)
19.	08-Finance	255.43	-	255.43	5.41	250.02(98)
20.	10-Law	47.38	13.16	60.54	0.02	60.52(100)
21.	12-Agriculture	405.23	-	405.23	182.53	222.70(55)
22.	16- Public Works Department	855.73	375.10	1230.83	869.84	360.99(29)
23.	17-Health & Medical Education	336.70	111.82	448.52	212.63	235.89(53)
24.	18-Social Welfare	291.66	-	291.66	60.18	231.48(79)
25.	19-Housing & Urban Development	734.46	-	734.46	166.02	568.44(77)
26.	20-Tourism	215.08	-	215.08	157.92	57.16(27)
27.	22-Irrigation & Flood Control Department	136.47	143.12	279.59	221.27	58.32(21)
28.	25-Labour Stationery & Printing	78.65	-	78.65	1.95	76.70(98)
29.	27-Higher Education Department	336.89	-	336.89	116.54	220.35(65)
30.	28- Rural Development	1105.49	720.07	1825.56	720.98	1104.58(61)
<b>Total-Capital (Voted)</b>		<b>1583.71</b>	<b>1920.40</b>	<b>9504.11</b>	<b>3168.14</b>	<b>6335.97</b>
<b>Grand Total</b>		<b>29468.59</b>	<b>1943.99</b>	<b>31412.58</b>	<b>20243.12</b>	<b>11169.46</b>

Reasons for substantial savings (shortfall in utilization) against each grant were not assigned (August 2015) by the State Government.

### 2.3.7 Persistent Savings by certain Departments

In seven cases, persistent savings of more than ₹1 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 2.6**.

**Table-2.6**  
**List of Grants indicating Persistent Savings during 2010-15**

(₹ in crore)

Sl. No	Grant number and name	Amount of Savings				
		2010-11	2011-12	2012-13	2013-14	2014-15
Revenue (Voted)						
1.	03-Planning and Development	38.88 (56)	20.48(14)	89.06(36)	683.73(75)	816.81(82)
2.	10-Law	22.31 (17)	77.17(38)	62.01(33)	65.28(32)	97.04(34)
3.	11-Industries & Commerce	20.06(13)	36.84(18)	32.34(15)	42.17(18)	89.05(33)
Revenue charged						
4.	10-Law	2.18 (14)	6.51(28)	12.54(39)	3.81(14)	6.47(22)
Capital (Voted)						
5.	08-Finance	387.82 (74)	207.67(92)	248.65(93)	244.38(96)	250.02(98)
6.	19-Housing and Urban Development	156.78 (38)	262.38(43)	235.05(31)	672.87(76)	568.44(77)
7.	25-Labour, Stationery and Printing	140.44 (99)	71.84(97)	78.16(98)	102.52(98)	76.70(98)

Reasons for persistent savings under these heads were not intimated (August 2015) by the State Government.

### 2.3.8 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 2014-15, there were 24 grants and four appropriations under Revenue Section and 23 grants under Capital Section 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 ₹11,521.41 crore which includes ₹11,521.04 crore in 48 cases (involving 29 grants and two appropriation) where

savings involved were ₹1 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.

### **2.3.9 Unnecessary/ Excessive/ Inadequate supplementary provisions**

In thirteen cases, involving nine grants (*Appendix-2.6*), supplementary Grant of ₹1,444.51 crore was obtained in excess of the original provision in anticipation of expenditure. However, the final expenditure of ₹3,009.59 crore was even less than the original grant of ₹6857.25 crore. The savings of ₹5292.17 crore thus, exceeded the entire supplementary provision indicating inadequate system of Fund projection leading to unnecessary allotment of additional funds.

In two other grants viz Grant No 16 & 22 for Capital Section, supplementary grants of ₹518.22 crore leading to total appropriation of ₹1,510.43 crore were obtained. The departments could spend ₹1,091.11 crore resulting in saving of ₹419.32 crore.

In two departments (*Appendix-2.7*) supplementary provision of ₹527.97 crore proved insufficient leaving an uncovered aggregate excess expenditure of ₹141.15 crore which forms 12.84 *per cent* of the total excess of ₹1099.28 crore.

## **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 2014-15, 303 out of the 345 Controlling Officers have reconciled an expenditure of ₹25,502.72 crore {74 *per cent* of total expenditure (excluding public debt) of ₹34,463.14 crore} and receipts of ₹20,626.59 crore {71 *per cent* of the total receipts (excluding public debt) of ₹28938.59 crore}.

## **2.5 Errors in budgeting process**

Scrutiny of Demand for Grants for the year 2014-15 showed following inherent flaws in preparation:

- Lump sum budgetary provisions of ₹13278.61 crore which constitute 24.48 *per cent* of total provision of ₹54225.73 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.

- 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 2015).

### **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 13<sup>th</sup> 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 ₹342.36 crore after a withdrawal of ₹53.64 crore, an amount of ₹251.35 crore was added to the Minor Head, which was unnecessary. The accumulated balance of ₹540.07 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. Besides, it was noticed during Audit check of vouchers that the Commissioner/Secretary to Government School Education Department and Commissioner/Secretary to Government Department of Rural Development and Panchayati Raj have withdrawn an amount of ₹14.25 crore & ₹117.14 crore respectively from the Consolidated Fund of State at the fag end of the financial year 2014-15 and parked it under Major Head-8443 Civil Deposit to avoid lapsing of Funds.

### 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 2014-15 for Tax revenue projection was ₹6438 crore while actual realization was ₹6334 crore resulting in downward variation of ₹104 crore corresponding to 2 *per cent* below the original forecast. Similarly, Non-tax Revenue for the year 2014-15 was projected at ₹3154 crore while actual realization was ₹1978 crore resulting again in downward variation of ₹1176 crore corresponding to 37 *per cent* below the original projection. The projections of tax and non-tax revenue for the last five 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
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
2014-15	Tax revenue	6438	6334	104	1.62
	Non-Tax revenue	3154	1978	1176	37.29

As can be seen, the actual realization of tax revenue was less than the estimates of collection and varied between 0.96 to 8.02 *per cent* whereas in case of non-tax revenue the variation was more marked and it was between -8.16 to 37.29 *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 2014-15 a sum of ₹45.98 crore of Grant-in-aid , subsidy of ₹51.69 crore and ₹0.56 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**

(₹ in crore)

Classification	Grant-in-Aid	Subsidy	Stipend & Scholarship
4202-CO on Education Sports Art & Culture	17.68	-	0.09
4210-CO on Medical & Public Health	1.17	-	-
4216-CO on Water Supply & Sanitation	0.12	-	-
4217-CO on Urban Development	11.17	-	-
4225-CO on Welfare of SCs, STs & other Backward Classes	-	0.03	0.45
4401-CO on Crop Husbandry	-	29.32	-
4402-CO on Soil & Water Conservation	-	0.07	-
4403-CO on Animal Husbandry	-	0.05	-
4415-CO on Agricultural Research	9.25	-	-
4851-CO on Village & Small Industries	5.20	22.19	0.02
4852-CO on Iron Steel Industries	1.39	-	-
5452-CO on Tourism	-	0.02	-
5475-CO on General Economic Service	-	0.01	-
<b>Total</b>	<b>45.98</b>	<b>51.69</b>	<b>0.56</b>

## 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 2015 by the office of the Accountant General (A&E) excess payment of pension amounting to ₹0.74 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 ₹118.41 crore and ₹55.32 crore paid by the State Treasuries on behalf of the Central Pension Accounting Officer, New Delhi and Controller Of Defence Accounts respectively ending 3/2015 are still adjustable in the accounts of the State Government due to either non-submission of vouchers to the respective quarters by the treasuries or non response from the Central Pension Accounting Officer and Defence Departments.

**2.7 Outcome of Review of selected Grants**

**2.7.1 Grant No. 8-Finance Department & 19 -Housing & Urban Development Department.**

A review of Budgetary Procedure and control over Expenditure in two test checked grants i.e. Grant No: 8 & 19 showed the following audit observations:

**2.7.2 Unrealistic Budget Provision**

**Audit Scrutiny of the records revealed that under Grant No:8 –Finance Department,** the department either made unrealistic budget provisions or did not disburse the amount during 2014-15, as Saving of ₹1040.52 crore in Revenue Voted Section & ₹250.02 crore in Capital Voted Section was found, which was not surrendered during the year. In respect of Revenue/Capital Charged Section there was the excess of ₹62.44 crore and ₹186.32 crore respectively which was not regularized. Thus the original budget provision in the voted section proved excessive.

As regards the Grant No:19 –Housing & Urban Development Department the original provision of ₹463.95 crore in the Revenue Voted Section proved inadequate in view of excess of ₹131.64 crore and in respect of Capital Voted Section the original provision of ₹734.46 crore proved excessive in view of the Saving of ₹568.44 crore.

**2.7.3 Excess over provision requiring regularisation**

As per section 82 of the constitution of Jammu & Kashmir it is mandatory for the State Government to get the excess over grant/appropriation regularized by the State Legislature.

The excess expenditure of ₹8.75 crore (**Appendix 2.14**) in Grant No:8 and ₹163.04 crore in Grant No:19 (**Appendix 2.11**) during the year 2014-15 require regularization under the above mentioned provisions of the J&K State Constitution.

#### ***2.7.4 Entire Provision remained unutilised***

Under Grant No:8 and Grant No:19 entire budget provision in two Minor Heads/Schemes for ₹223.94 crore (Appendix 2.13) and in five Minor Heads/Schemes for ₹61.00 crore (Appendix 2.12) are unutilized respectively resulting in denial of intended benefits to the general public. The provision should have been reappropriated to the needy schemes/works where there was the excess expenditure over the provision.

#### ***2.7.5 Persistent saving in Grant No:8***

In the grant No: 8 the persistent saving was noticed in Capital Voted Section during the last five years as indicated in Table 2.6 under Para 2.3.7. The percentage of excess ranged from 74 *per cent* to 98 *per cent* of the total provision.

#### ***2.7.6 Anticipated savings not surrendered***

As per State Budget Manual the spending departments are required to surrender the Grant/Appropriation or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2014-15 in 21 cases in respect of Grant No: 8 (Appendix 2.10) and in 13 cases in grant No: 19 (Appendix 2.8) saving of ₹83.68 crore (64 *per cent* of overall saving of ₹1290.54 crore in the grant) and ₹593.89 crore (104.44 *per cent* of overall saving of ₹568.64 crore) respectively was not surrendered by the concerned departments for utilization in the departmental purposes. The significant saving also deprived the beneficiaries/areas of the benefits for which the amount was provided for. It also therefore, indicated the inadequate budgetary control.

#### ***2.7.7 Expenditure incurred without Budgetary Provision***

An amount of ₹58.61 crore was incurred in Six cases in Grant No: 19 (Appendix 2.9) without Budgetary Provision either in original estimates or Supplementary Demands. These schemes may be new services or new instrument of services not contemplated in the Demand for Grants against which no token Grant was even obtained.

## **2.8 Conclusion and Recommendations**

The overall savings of ₹10422.12 crore was the result of saving of ₹11521.41 crore in various grants and appropriations offset by excess of ₹1099.28 crore.

Excess expenditure of ₹100508.81 crore till 31 March 2015 over the approved provision ending March 2015 requires regularisation under Section 82 of the Constitution of Jammu and Kashmir.

***The Government should ensure timely submission of explanation for excess expenditure.***

Planning and Development, Law, Industries and Commerce, Finance, Revenue, Housing and Urban Development, 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 utilization 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.

No re-appropriation/Surrenders orders were issued for providing the funds out of anticipated savings to the needy areas/works.

***The State Government may take up requisite steps for strengthening budgetary control in all the Government departments, particularly in those departments where saving/excesses have been observed regularly.***

Annual review on the working of treasuries showed excess payment of gratuity and Pension, irregular drawal of funds to avoid lapse of grant.

***The control at the level of the treasury officers should be efficient in so far as pension related payments are concerned.***

There is the accumulated balance of ₹540.07 crore under Minor Head-800 – other deposits subordinate to Major Head-8443-Civil deposits at the close of the year which has not been written back to the Major Heads of Account under the Consolidated Fund from which these were originally transferred.

***The State Government may consider 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 Vol-1) 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 & Kashmir. In contravention thereto, against a total amount of ₹3320.64 crore (**Appendix 3.1**) drawn on AC bills by various drawing and disbursing officers during 1995-2015, corresponding DC bills were not submitted (August 2015) to the Accountant General (A&E), Jammu & Kashmir. Out of AC bills amounting to ₹1212.94 crore outstanding in respect of 2014-15, AC bills amounting to ₹750.86 crore were drawn in March 2015 alone, out of which ₹427.97 crore were drawn on the last day of the financial year. Non- rendition 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 Deptt. 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 2009-15 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	2014-15
1.	Srinagar Municipal Corporation	73.33	107.18	112.42	89.65	117.73	161.16
2.	Jammu Municipal Corporation	76.93	74.60	69.98	127.95	74.30	108.64
3.	Urban Local Bodies (Kashmir)	29.56	42.67	62.39	50.32	74.49	87.36
4.	Urban Local Bodies (Jammu)	20.24	26.96	41.30	35.03	36.97	62.94
5.	SKUAST – Kashmir	55.58	75.73	90.63	99.43	80.92	100.54
6.	SKUAST – Jammu	25.37	28.29	30.59	45.55	70.15	59.48
7.	Kashmir University	44.48	59.83	61.85	83.94	82.60	114.67
8.	Jammu University	50.85	43.28	63.70	58.66	74.08	76.14
9.	J&K Sports Council	7.23	8.30	10.26	13.55	21.76	16.93
10.	J&K Academy of Art and Culture	9.93	11.68	19.93	17.32	14.31	17.16
11.	IMPA	4.97	5.89	10.51	8.70	9.63	10.47
12.	Khadi and Village Industries Board	8.60	10.60	12.01	14.72	19.46	7.48
13.	Others	75.40	47.18	44.96	48.27	134.37	446.28
	<b>Total</b>	<b>482.47</b>	<b>542.19</b>	<b>630.53</b>	<b>693.09</b>	<b>810.77</b>	<b>1269.25</b>

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 2014-15 is detailed in **Table 3.2**.

**Table-3.2**  
**Age-wise arrears of Utilisation Certificates: Status as on 31<sup>st</sup> March 2015**

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	667	970.05	Nil	Nil	667	970.05
1 – 2	637	311.24	556	110.22	81	201.02
Above 2	4871	2428.96	4242	1680.05	629	748.91
<b>Total</b>	<b>6175</b>	<b>3710.25</b>	<b>4798</b>	<b>1790.27</b>	<b>1377</b>	<b>1919.98</b>

A total number of 1377 UCs involving ₹1919.98 crore were outstanding as on 31<sup>st</sup> March 2015 of which 710 UCs amounting to ₹949.93 crore were outstanding for more than one year.

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

A total of 384 annual accounts of 31 Bodies were awaited in Audit (*Appendix-3.2*) as on 31<sup>st</sup> March 2015. Seven 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 2014-15 (₹ in crore)
Ladakh Autonomous Hill District Council, Leh	1-20	20	199.40
Ladakh Autonomous Hill District Council, Kargil	1-11	11	204.82

Sher-i-Kashmir University of Agricultural Science and Technology, Srinagar	1-2	02	100.54
Sher-i-Kashmir University of Agricultural Science and Technology, Jammu	1-2	02	59.48
Jammu & Kashmir Legal Services Authority, Srinagar	1-3	3	4.77
EPF Board Srinagar	1-12	12	Nil
Jammu & Kashmir State Housing Board	1-5	5	Nil
		<b>55</b>	<b>569.01</b>

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 *pro forma* 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 *pro forma* accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not prepared their *pro forma* accounts from 1968-69 to 2014-15 (August 2015). In Kashmir and Ladakh Divisions, the PDS operations are directly carried out by departmentally run PDS shops. The *pro forma* accounts have not been prepared in these two Divisions from 1975-76 (Revised Account) and onwards (August 2015). In Jammu Division, the PDS operations are mainly through network of private dealers (about 91 *per cent*) and the *pro forma* accounts have not been prepared from 1973-74 to 1997-98 and 1999-2000 to 2014-15. The *pro forma* accounts for 1998-99 were finalised during 2002-03 (August 2015).

Year wise position of the proforma account of PSUs in the State is given in the **Annexure 3.3**

### **3.5 Opaqueness in Government accounts (Bookings under Minor Head 800- 'Other Receipts' and 'Other Expenditure')**

Booking under Minor Head 800 other receipts and 800 other expenditure is opaque as they do not disclose the Schemes, programmes to which they relate. During 2014-15, ₹6012.74 crore under 39 revenue major heads of accounts constituting about 20.78 *per cent* of the total revenue receipts of ₹28938.59 crore, was recorded under the Minor Head 800-Other Receipts. Similarly ₹2851.76 crore under 55 Revenue & Capital major heads of accounts on the expenditure side, constituting about 8.27 *per cent* of the total expenditure of ₹34463.13 crore (Revenue ₹20328.93 crore and Capital ₹5134.20 crore), was recorded under the Minor Head 800- Other Expenditure. 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 Government 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 Outstanding Liability to Contractors**

The State Government is getting work done by the contractors without provision of funds by the legislature and the contractors are not getting paid, thereby an amount of ₹1044.13 crore has remained unpaid to the contractors on works and supplies and has thus resulted in creation of liability on this account.

### **3.8 Conclusion and Recommendations**

Against the total amount of ₹3320.64 crore drawn on AC bills by various drawing and disbursing officers during 1995-2015 corresponding DC bills were not submitted to the Accountant General (A&E) J&K.

*The State Government may take necessary steps for placing monitoring mechanism to adjust the advances drawn on the contingent bills within the stipulated period as required under the extant rules.*

The position regarding outstanding Utilization Certificates has not improved as compared to 2013-14. A total number of 1,377 UCs involving a total amount of ₹1919.98 crore remained outstanding as on 31<sup>st</sup> March 2015 which was 6.06 per cent of the total expenditure incurred in 2014-15 under Voted Section.

*The State Government may consider for timely submission of utilization certificates in respect of Grants released for specific purposes to the grantee institutions.*

384 Annual Accounts of 31 Autonomous Bodies were awaited for audit as on 31<sup>st</sup> March 2015 ranging from 1988-89 to 2014-15.

*The State Government may consider timely preparation of annual accounts by the autonomous bodies to facilitate auditing.*


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.

*The State Government may impress upon the departmentally managed commercial undertakings regarding timely preparation of pro forma accounts to arrest the risk of fraud and leakage of public money.*

Classification of large amounts booked under the minor head '800'-Other receipts/expenditure does not give the fair picture in accounts.


*The State Government may consider depicting the amounts received and expenditure incurred under various schemes distinctly instead of clubbing the Receipts and Expenditure of major schemes under the minor head 800-other expenditure and 800-other receipts.*

Srinagar/Jammu  
The 29<sup>th</sup> March 2016

  
(Hoveyda Abbas)  
Accountant General (Audit)  
Jammu and Kashmir

Countersigned

New Delhi  
The 4<sup>th</sup> April 2016

  
(Shashi Kant Sharma)  
Comptroller and Auditor General of India





# APPENDICES



Appendix 1.1 (Reference: Paragraph: 1.1) Profile of Jammu & Kashmir						
A. General Data						
S.NO	Particulars			Figures		
1	Area			2.22 lakh sq.Kms		
2	Population					
	As per 2011 Census			1.25 crore		
3	Density of population (as per 2011 Census). (All India Density = 382 persons per Sq. Km			124 per sq.Kms		
4	*Population below poverty line (BPL) for 2011-12 (All India Average = 29.5 per cent)			15.1		
5	Literacy (as per 2011 Census) (All India Average = 73.0 per cent)			67.16		
6	Infant mortality (per 1000 live births). (All India Average = 40 per 1000 live births as per SRS Bulletin of Sept.2014)			37(Rate 2013)		
7	Life Expectancy at birth (All India Average = 67.5 years as per Economic Survey 2014-15)			72(2009-13)		
8	Gini Coefficient (a major of inequality of income among the population. Value rate is from zero to one. Value closer to zero indicates inequality is less and vice versa)					
	a.	Rural (All India = 0.29)		0.24		
	b.	Urban (All India = 0.38)		0.31		
9	Per Capita GSDP CAGR (2005-06 to 2014-15) for General Category States 13.86			11.26		
10	GSDP CAGR (2004-05 to 2013-14)		Jammu & Kashmir	12.72		
			Other General Category States	15.44		
11	Population Growth (2005-06 to 2014-15)		Jammu & Kashmir	12.49		
			Other General Category States	12.76		
B. Financial Data						
S.NO	Particulars (CAGR)		Figures (in per cent)			
			2005-06 to 2013-14		2013-14 to 2014-15	
			General category States	Jammu & Kashmir	Special Category States	Jammu & Kashmir
a.	Of Revenue Receipts		13.72	12.86	15.34	6.68
b.	Of own Tax Revenue		16.00	26.12	13.19	3.80
c.	Of Non Tax Revenue		10.67	53.72	-6.78	8.46
d.	Of Total Expenditure		13.86	11.79	20.99	9.04
e.	Of Capital Expenditure		11.36	5.13	26.12	13.91
f.	Of Revenue Expenditure on Education		16.09	17.01	17.68	2.99
g.	Of Revenue Expenditure on Health		16.70	15.66	23.67	1.28
h.	Of Salary & Wages		16.40	15.47	4.52	1.07
i.	Of pension		19.95	18.42	14.94	2.62

## Appendix - 1.2

### 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 Investment of the Government
Statement No.9	Statement of Guarantees given by the Government
Statement No.10	Statement of Grant in Aid given by the Government
Statement No.11	Statement of Voted and Charged Expenditure
Statement No.12	Statement of source and application of funds for expenditure other than Revenue
Statement No.13	Summary of Balances under Consolidated Fund, Contingency Fund and Public Account
Statement No.14	Detailed Statement of Revenue and Capital Receipts by Minor heads
Statement No.15	Detailed Statement of Revenue Expenditure by Minor heads
Statement No.16	Detailed Statement of Capital Expenditure by Minor heads and Sub heads
Statement No.17	Detailed Statement of Borrowings and other Liabilities
Statement No.18	Detailed Statement of Loans and Advances given by the State Government
Statement No.19	Detailed Statement of Investment of the Government
Statement No.20	Detailed Statement of Guarantees given by the Government
Statement No.21	Detailed Statement on Contingency Fund and Other Public Account transactions
Statement No.22	Detailed Statement on Investments of Earmarked Funds

### Appendix - 1.3 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	2010-11	2011-12	2012-13	2013-14	2014-15
Gross State Domestic Product (₹ in crore) (Base year: 2004-05)	58073	68185	76916	87570	87921
Growth rate of GSDP (Revised)	20.02	17.41	12.80	13.85	0.40
GDP at market prices	7248860	8391691	9388876	10472807	N/A
GSDP as % of GDP	0.80	0.81	0.83	0.83	N/A

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

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 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 1.4**  
(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	2010-11	2011-12	2012-13	2013-14	2014-15
<b>1.Revenue Receipts (a) + (b)</b>	<b>22234</b>	<b>24783</b>	<b>26217</b>	<b>27128</b>	<b>28939</b>
(a) Tax Revenue	6550 (29)	8240 (33)	9703 (37)	10415 (38)	10811 (37)
(i) Revenue from State Taxes	3483 (16)	4745 (19)	5833 (22)	6273 (23)	6334 (22)
Of which					
Taxes on sales, trade, etc.	2425 (70)	3414 (72)	4174 (72)	4579 (73)	4602 (16)
State Excise	337 (10)	385 (8)	421 (7)	440 (7)	466 (2)
Taxes on vehicles	115 (3)	105 (2)	118 (2)	134 (2)	132 (1)
Stamps and Registration fees	79 (2)	171 (4)	240 (4)	261 (4)	248 (1)
Land Revenue	42 (1)	33 (1)	96 (2)	16 (1)	15 (0.05)
Other Taxes	485 (14)	637 (13)	784 (13)	843 (13)	871 (5)
(ii) State's share of Union taxes and duties	3067 (14)	3495 (14)	3870 (15)	4142 (15)	4477 (15)
(b) Non-Tax Revenue	15684 (71)	16543 (67)	16514 (63)	16713 (62)	18127 (63)
(i) State's Own Non-Tax Revenue	1093 (5)	2002 (8)	2160 (8)	2870 (11)	1978 (7)
Of which					
Power Department receipts	822 (75)	1007 (50)	1589 (74)	1533 (53)	1428 (72)
(ii) Grants-in-aid from the Union Government	14591 (66)	14541 (59)	14354 (55)	13843 (51)	16150 (56)
State's Own Revenues (a) (i) + (b) (i)	4576	6747	7993	9143	8312
Revenue transfers from Centre (a) (ii) + (b) (ii)	17658	18036	18224	17985	20627
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	2	168	2	4	3
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	7053	8473	7029	6002	10259
4. Total receipts in the Consolidated Fund (1+2+3)	29289	33424	33248	33134	39200
5. Contingency Fund receipts	0.26	1.20	-	-	0.55
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	55860	31913	33438	32406	37242

<b>Gross Receipts (4+5+6)</b>	<b>85149</b>	<b>65338</b>	<b>66686</b>	<b>65540</b>	<b>76443</b>
<b>Public Account Receipts (Net)</b> including receipts in departmental cash chest and cash balance investment	<b>1084</b>	<b>1017</b>	<b>1974</b>	<b>2790</b>	<b>3906</b>
<b>Part-B Disbursements</b>					
<b>Fiscal Aggregate</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>1. Revenue Expenditure</b> <b>(a) + (b)=(i) + (ii) + (iii)</b>	<b>18467</b> <b>(75)</b>	<b>22680</b> <b>(79)</b>	<b>25117</b> <b>(83)</b>	<b>27058</b> <b>(85)</b>	<b>29329</b> <b>(85)</b>
(a) Plan	909 (5)	1248 (5)	1557 (6)	1839 (7)	2872 (10)
(b) Non-Plan	17558 (95)	21432 (95)	23560 (93)	25219 (93)	26457 (90)
General Services (including interest payments)	7777 (42)	9707 (43)	10614 (42)	11374 (42)	12039 (41)
Social Services	5214 (28)	5211 (23)	5548 (22)	6319 (23)	8501 (29)
Economic Services	5476 (30)	6514 (29)	7399 (29)	7526 (28)	8789 (30)
<b>2. Capital Expenditure</b> <b>(a) + (b)=(i) + (ii) + (iii)</b>	<b>6064</b> <b>(25)</b>	<b>5899</b> <b>(21)</b>	<b>5224</b> <b>(17)</b>	<b>4507</b> <b>(15)</b>	<b>5134</b> <b>(15)</b>
(a) Plan	5730 (94)	5474 (93)	4971 (95)	4172 (93)	4501 (88)
(b) Non-Plan	334 (6)	425 (7)	253 (5)	335 (7)	633 (12)
(i) General Services	458 (8)	394 (6)	637 (12)	648 (14)	608 (12)
(ii) Social Services	1542 (25)	1569 (27)	1599 (31)	1230 (28)	1608 (31)
(iii) Economic Services	4064 (67)	3936 (67)	2989 (57)	2629 (58)	2918 (57)
<b>3. Disbursement of loans and advances</b>	<b>72</b> <b>(<sup>1</sup>)</b>	<b>66</b> <b>(<sup>1</sup>)</b>	<b>93</b> <b>(<sup>1</sup>)</b>	<b>121</b> <b>(<sup>1</sup>)</b>	<b>87</b> <b>(<sup>1</sup>)</b>
<b>4. Total (1+2+3)</b>	<b>24603</b>	<b>28645</b>	<b>30434</b>	<b>31686</b>	<b>34550</b>
<b>5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances)</b>	<b>5779</b>	<b>5648</b>	<b>5085</b>	<b>4147</b>	<b>8549</b>
Internal Debt (excluding Ways and Means Advances and Overdraft)	871	1114	1265	1218	1213
Net transactions under Ways and Means Advances and Overdraft	2965	-	-	-	226
Loans and Advances from Government of India <sup>1</sup>	96	97	78	79	112
<b>6. Appropriation to Contingency Fund</b>	<b>Nil</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>7. Gross disbursement out of Consolidated Fund (4+5)</b>	<b>30382</b>	<b>34293</b>	<b>35519</b>	<b>35833</b>	<b>43099</b>
<b>8. Contingency Fund disbursements</b>	<b>0.16</b>	<b>0.35</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Gross Public Account disbursements</b>	<b>54776</b>	<b>30896</b>	<b>31464</b>	<b>29616</b>	<b>33336</b>
<b>10. Gross disbursements (7+8+9)</b>	<b>85158</b>	<b>65189</b>	<b>66983</b>	<b>65449</b>	<b>76435</b>
<b>11. Increase in Cash Balance</b>	<b>(-) 9</b>	<b>149</b>	<b>(-) 297</b>	<b>972</b>	<b>338</b>
<b>12 Grand Total</b>	<b>85149</b>	<b>65338</b>	<b>66686</b>	<b>66421</b>	<b>76773</b>

<sup>1</sup> Includes Ways and Means Advances



*Audit Report on State Finances for the year ended 31 March 2015*

Part-C Deficits					
1. Revenue Surplus (Revenue Receipts-Revenue Expenditure)	3767	2103	1100	70	(-)390
2. Fiscal Deficit (Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts)	2367	3694	4216	4554	5608
3. Primary Deficit (Fiscal Deficit –Interest Payment)	84	1311	1510	1553	2075
4. Interest Payments (included in revenue expenditure)	2283 (13)	2383 (11)	2707	3001	3533
5. Arrears of Revenue	1494	1172	1614	1433	1399
6. Financial Assistance to local bodies, etc.	1943	1795	2084	1481	1535
7. Ways and Means Advances/ overdraft availed (days)	365	134 (Over draft on 5 days)	119 (over- draft on 9 days)	107 (over- draft on 7 days)	207 (over- draft on 2days)
8. Interest on WMA/Overdraft	228	5	6	4	9
9. Public debt receipts	5206	4036	3286	3152	10033
10. Gross State Domestic Product (GSDP <sup>2</sup> ) (Revised/ Base 2004-05)	58073	68185	76916	87570	87921
11. Outstanding Public Debt <sup>3</sup> (year end) excluding Public Account	19867	22692	24635	26490	28201
12. Outstanding <sup>4</sup> guarantees (year end)	2708	2098	611	2714	2860
13. Maximum amount guaranteed (year end)	4750	4750	2650	4656	4232
14. Number of incomplete projects	93	169	202	267	671
15. Capital blocked in incomplete projects	269.43	590.36	685	832	1902
Total Expenditure/GSDP	51.57	45.93	39.24	36.29	39.30
Revenue Receipts/Total expenditure	90	86	86	86	84
Revenue Expenditure/Total Expenditure	75	79	83	85	85
Expenditure on Social Services/Total Expenditure	27.46	27.45	23.48	23.82	29.26
Expenditure on Economic Services/Total Expenditure	38.78	37.00	34.13	32.05	33.88
Capital Expenditure/Total Expenditure	24.65	20.59	17.17	14.22	14.86
Capital Expenditure on Social and Economic Services/Total Expenditure	22.79	19.21	15.08	12.18	13.10
Revenue Surplus as % of GSDP	6.61	3.19	1.41	0.08	(-)0.44
Fiscal Deficit as % of GSDP	4.15	5.60	5.44	5.22	6.38
Primary Deficit as % of GSDP	0.15	1.99	1.95	1.78	2.36
Revenue Deficit/Fiscal Deficit	NA	NA	NA	N/A	6.95
Fiscal Liabilities/GSDP	(-) 65.55	58.15	51.92	51.16	54.95
Fiscal Liabilities/RR	140.65	146.33	153.58	164.67	166.95
Primary deficit vis-à-vis quantum spread	703	843	1497	814	1141
Debt Redemption (Principal+Interest)/Total Debt Receipts for the year	98.03	82.92	90.75	89.41	99.39
Return on Investment	56.71	68.16	87.35	128.88	128.88
Balance from Current Revenue (₹ in crore)	(-) 3949	(-) 6639	(-)7617	(-)7915	(-)10325
Financial Assets/Liabilities	1.35	1.46	1.36	1.36	1.28

<sup>2</sup> Figures of GSDP are based on information supplied by the State Government.

<sup>3</sup> Includes internal debt and loans and advances from Central Government only.

<sup>4</sup> Excludes information in respect of three private firms and four cooperative societies during 2004-05 to 2007-08.

**Appendix 1.5**  
**(Reference: Paragraph: 1.2)**  
**Abstract of Receipts and Disbursements for the year 2014-15**

(₹ in crore)

Receipts				Disbursements					
Various items	2013-14	2014-15		Various itemzss	2013-14	2014-15			
						Non-Plan	Plan	Total	
1	2	3	4	5	6	7	8	9	10
<b>Section-A: Revenue</b>									
<b>I. Revenue Receipts</b>	<b>27127.98</b>		<b>28938.59</b>	<b>I. Revenue Expenditure</b>	<b>27057.77</b>	<b>26456.72</b>	<b>2872.21</b>	<b>29328.93</b>	<b>29328.93</b>
Tax revenue	6272.74	6333.95		<b>General Services</b>	<b>11402.74</b>	<b>12027.02</b>	<b>11.93</b>	<b>12038.95</b>	
				<b>Social Services</b>	<b>7896.26</b>	<b>6406.06</b>	<b>2095.33</b>	<b>8501.39</b>	
Non-tax revenue	2869.69	1978.05		Education, Sports, Art and Culture	3762.07	2941.21	1040.27	3981.48	
				Health and Family Welfare	1551.37	1387.61	414.89	1802.50	
State's share of Union taxes	4142.10	4477.23		Water Supply, Sanitation/ H&UD	1259.13	1485.92	52.70	1538.62	
				Information and Broadcasting	49.09	35.64	2.41	38.05	
Non-Plan grants	4009.15	3342.32		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	65.41	14.49	41.04	55.53	
				Labour and Labour Welfare	152.45	49.28	41.65	90.93	
Grants for State Plan Schemes	9008.08	12720.27		Social Welfare and Nutrition	1034.75	470.83	502.37	973.20	
				Others	21.99	21.08	-	21.08	
Grants for Central and Centrally Sponsored Plan Schemes	826.22	86.77							
Grants for Special Plan Schemes				<b>Economic Services</b>	<b>7758.77</b>	<b>8023.65</b>	<b>764.94</b>	<b>8788.59</b>	
				Agriculture and Allied Activities	1392.29	1339.74	49.25	1388.99	
				Rural Development	338.16	311.53	41.82	353.35	
				Special Areas Programmes	468.88	401.05	27.59	428.64	
				Irrigation and Flood Control	414.35	410.86	1.34	412.20	
				Energy	4303.09	4977.83	4.22	4982.05	
				Industries and Minerals	267.65	240.95	9.21	250.16	
				Transport	169.61	159.62	468.39	628.01	
				Science, Technology and Environment	35.99	23.90	7.53	31.43	
				General Economic Services	368.75	158.17	155.59	313.76	
<b>II. Revenue deficit carried over to Section -B</b>			<b>390.34</b>	<b>II. Revenue Surplus carried over to Section-B</b>	<b>70.21</b>				<b>-</b>
<b>Total Section-A</b>	<b>27127.98</b>		<b>29328.93</b>	<b>Total Section-A</b>	<b>27127.98</b>				<b>29328.93</b>
<b>Section B: Capital</b>									
<b>III. Opening Cash balance including Permanent Advances and Cash Balance Investment</b>	<b>90.82</b>		<b>1062.64</b>						
<b>IV. Misc. Capital receipts</b>				<b>III. Capital Outlay</b>	<b>4506.85</b>	<b>632.74</b>	<b>4501.46</b>	<b>5134.20</b>	<b>5134.20</b>

**Audit Report on State Finances for the year ended 31 March 2015**

Receipts				Disbursements					
Various items	2013-14	2014-15		Various itemzszs	2013-14	2014-15			
						Non-Plan	Plan	Total	
1	2	3	4	5	6	7	8	9	10
				General Services	648.23	85.84	522.17	608.01	
				Social Services	1229.46	62.08	1546.45	1608.53	
				Education, Sports, Art and Culture	522.54	-	530.79	530.79	
				Health and Family Welfare	233.54	-	212.62	212.62	
				Water Supply, Sanitation/ H&UD	354.92	-	736.55	736.55	
				Information and Broadcasting	2.65	-	0.75	0.75	
				Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	7.61	-	22.43	22.43	
				Social Welfare and Nutrition	107.07	62.08	42.63	104.71	
				Other Social Services	1.13	-	0.68	0.68	
				Economic Services	2629.16	484.82	2432.84	2917.66	
				Agriculture and Allied Activities	399.41	367.25	216.20	583.45	
				Rural Development	202.08	114.02	606.96	720.98	
				Special Areas Programmes	232.95	3.55	176.22	179.77	
				Irrigation and Flood Control	332.15	-	248.68	248.68	
				Energy	380.94	-	142.47	142.47	
				Industries and Minerals	100.00	-	125.63	125.63	
				Transport	392.44	-	450.89	450.89	
				Science, Technology and Environment	11.65	-	10.42	10.42	
				General Economic Services	577.54	-	455.37	455.37	
V. Recoveries of Loans and Advances	4.13		2.69	IV. Loans and Advances disbursement	121.42				86.80
Industries and Minerals	2.51	1.26		Industries and Minerals	74.14			51.30	
Energy	-	-		Transport	43.75			30.00	
Government servants	1.08	0.92		Government servants	0.30			0.35	
Others	0.54	0.51		Others	3.23			5.15	
VI. Revenue surplus	70.21			V. Revenue deficit					390.34
VII. Public debt receipts	6002.10		10258.95	VI. Repayment of Public Debt	4146.91				8548.50
Internal debt other than Ways and Means Advances and Overdraft	5986.82	10246.80		Internal debt other than Ways and Means Advances and Overdraft	4068.12			8436.28	

Receipts				Disbursements					
Various items	2013-14	2014-15		Various itemzszs	2013-14	2014-15			
						Non-Plan	Plan	Total	
1	2	3	4	5	6	7	8	9	10
Loans and Advances from GOI	15.28	12.15		Repayment of loans and advances from GOI.	78.79			112.22	
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	-		0.55	III-Expenditure from Contingency Fund	0.55				-
X. Public Account receipts	17839.68		22031.74	IX-Public Account disbursements	14168.57				17795.97
Small Savings and Provident Funds	3819.89	3882.78		Small Savings and Provident Funds	1829.71			1650.40	
Reserve Funds	636.93	489.05		Reserve Funds	234.11			1165.96	
Deposits and Advances	3137.62	3596.25		Deposits and Advances	2978.48			3219.95	
Suspense and Miscellaneous	632.84	286.93		Suspense and Miscellaneous	683.21			523.55	
Remittances	9612.40	13776.73		Remittances	8443.06			11236.11	
				X. Cash balance at the end	1062.64				1400.76
				Cash in treasuries and local remittances	-			-	
				Deposits with Banks	(-)6.51			2.02	
				Departmental cash balance including permanent advances	6.91			6.69	
				Cash balance investment	1051.38			1381.19	
				Reserve fund investment	10.86			10.86	
Total Section-B	24006.94		33356.57	Total Section-B	24006.94				33356.57

### 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 1.5 (Continued)**  
**Summarised financial position of the Government of Jammu and Kashmir as on 31 March 2015**

(₹ in crore)

As on 31 March 2014			As on 31 March 2015	
Liabilities				
24714.88		Internal Debt		26525.40
	17204.98	Market Loans bearing interest	18321.23	
	1684.24	Loans from LIC	1788.56	
	5825.66	Loans from other Institutions	6415.61	
1775.47		Loans and Advances from Central Government		1675.40
	37.79	Pre 1984-85 Loans	37.79	
	96.29	Non-Plan Loans	96.29	
	1632.15	Loans for State Plan Schemes	1532.08	
	Nil	Loans for Central Plan Schemes		
	Nil	Loans for Centrally Sponsored Plan Schemes		
	9.24	Ways and Means Advances	9.24	
1.00		Contingency Fund		1.00
12398.04		Small Savings, Provident Funds, etc.		14630.43
2007.49		Reserve Funds		1330.58
3776.86		Deposits		4152.55
2070.88		Remittance Balances		4611.50
14979.69		Surplus on Government Account		14979.69
	14909.48	Revenue surplus ending 2013-14	14979.69	
	70.21	Revenue Surplus 2014-15	-	
61724.31		Total:		67906.54

As on 31 March 2014			As on 31 March 2015	
Assets				
58961.60		Gross Capital Outlay on Fixed Assets		64095.81
	533.26	Investments in shares of Companies, Corporations, etc.	537.17	
	58428.34	Other Capital Outlay	63558.64	
1409.84		Loans and Advances		1493.94
	623.06	Industries and Minerals	673.10	
	476.12	Transport	506.12	
	85.05	Energy	85.05	
	42.80	Agriculture and Allied Activities	42.78	
	165.16	Other Development Loans	169.80	
	17.65	Loans to Government servants and Miscellaneous Loans	17.09	
13.28		Advances		12.66
276.40		Suspense and Miscellaneous Balances		513.03
0.55		Appropriation to Contingency Fund		
-		Amount written off from Heads of accounts closing to balances		
1062.64		Cash		1400.76
		Cash in Treasuries and Local Remittances		
	(-)6.51	Deposits with Bank	2.02	
	6.79	Departmental Cash Balance	6.57	
	0.12	Permanent Advances	0.12	
	1051.38	Cash Balance Investments	1381.19	
	10.86	Reserve Fund Investments	10.86	
		Deficit on Government Account		390.34
		Revenue deficit ending 2014-15	390.34	
61724.31		Total		67906.54

**Appendix 1.6**  
**(Reference: Paragraph: 1.6.1)**

**Statement showing the funds transferred to the State Implementing Agencies under Programmes/Schemes outside the State budget during 2014-15**

**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				
		2014-15	2013-14	2012-13	2011-2012	2010-2011
Hospital and Dispensary under NRHM	Health and Family Welfare, Jammu and Kashmir	-	-	240.30	863.98	-
National Rural Health Mission (NRHM)	State Health Department including others	-	35488.95	13922.91	45245.26	1,32,15.09
National Institute of Technology NIT DHE	NIT, Srinagar		-	-	850.00	-
Package for Special Category State DIPPs (other than North East)	Jammu and Kashmir Financial Corporation Ltd.	3569.47	4116.86	3320.63	5959.08	23,13.57
Integrated Watershed Management Programme DPAD, DDP, IWDP, IWMP)	Assistant Commissioners (Development) DRDA	-	481.37	4271.81	1702.21	32,63.62
DRDA Administration RD	Assistant Commissioners (Development) DRDA	-	1161.49	*	1378.03	7,83.06
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
PradhanMantri Gram Sadak Yojana	State Rural Roads Agency	-	52323.93	26632.50	76210.01	3,66,09.25
Rural Housing IAY	Assistant Commissioner District Rural Development Agencies	-	5642.49	5009.74	5883.22	66,43.34
SwarnaJayanti Gram Swarozgar Yojana	Assistant Commissioner District Rural Development Agencies		-	-	-	7,59.04

Name of the GOI Scheme	Implementing agencies in the State	Government of India releases				
		2014-15	2013-14	2012-13	2011-2012	2010-2011
SarvaShikshaAbhiyan	Ujala Society Jammu and Kashmir	-	89143.50	50805.85	30070.51	4,03,48.79
MP's Local Area Development Scheme (MPLADS)	District Deputy Commissioners	3500.00	-	4500.00	4000.00	24,00.00
Buddhist and Tibetan Studies	GaldanTargaisling Cultural Welfare Society, Culture Preservation Society, Kukshow, Cultural Preservation And Area Development thekhana Chosling welfare society and various NGO,s and other Welfare Societies	967.67	-	296.70	658.27	7,43.08
National Afforestation Programme	Forest Development Agency, Rajouri, Poonch, Kishtwar, Reasi, Batote, Ramban etc.	-	810.82	337.00	-	-
Assistance of IHMS, FCIs etc.	Institute of Hotel Management and catering	871.00	-	300.00	-	-
Product Infrastructure Development for destinations and Circuits	State Tourism Department	-	-	221.80	-	-
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



Name of the GOI Scheme	Implementing agencies in the State	Government of India releases				
		2014-15	2013-14	2012-13	2011-2012	2010-2011
Conservation of natural resources and Eco system/ Comprehensive Handloom Development Scheme (CHDS)	J&K Lakes and Water ways Development Authority	-	2989.53	-	4104.75	17,50.69
Up gradation of 1396 Government ITI's	Director Handloom Development J&K Srinagar					
	Director Technical Education Jammu, IML Society of ITI's		-	-	30,00.00	17,50.00
Scheme for Setting up of 6000 Model Schools at Block level as Benchmark of Excellence	Ujala Society, Srinagar	-	-	-	96,36.42	-
RashtriyaMadhyamikShikshaAbhiyan (RMSA)	Ujala Society, Srinagar/Noor Society	-	13578.18	10935.54	1301.92	26,40.09
National Mental Health Programme	State Health Society	-	-	-	-	10,54.08
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 Kargil/ Ladakh,J&K energy Development/Royal Spriging Golf Course Srinagar/6 <sup>th</sup> BN ITBP	2201.96	-	3392.72	8298.22	21,87.14
Technology upgradation Fund Scheme (TUFS)	J & K Bank Ltd.	892.35	-	1634.37	1297.62	6,23.57

Name of the GOI Scheme	Implementing agencies in the State	Government of India releases				
		2014-15	2013-14	2012-13	2011-2012	2010-2011
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 Swaran Jayanti Gram Swarajona	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	-
Grid interactive renewal power MNRE	J&K Power Development Corporation Ltd.	3864.21	-	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)	288.11	-	300.00	-	-
Baba Sahib Ambedkhar-HastshilpaVikasYojana	Various NGOs and J&K, Entrepreneurship Development Institute	-	-	328.07	-	-

*Audit Report on State Finances for the year ended 31 March 2015*

Name of the GOI Scheme	Implementing agencies in the State	Government of India releases				
		2014-15	2013-14	2012-13	2011-2012	2010-2011
Capacity Building for Service Providers	Institute and Hotel Management and Catering Technology Srinagar/Food Craft institute Jammu, Jawahar Institute of Mountaring and winter Sports	255.12	-	386.37	-	-
Human Resource University of Jammu Development Biotechnology,	S.K.University of Agricultural Science & Technology of Kashmir, Srinagar HRD Animal Biotec, University of Jammu, university of Kashmir	122.89	-	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	Sangamtrua 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	1191.00	-	397.00	-	-
Skill Development	J&K Skill Development Initiative modular Employable Skills Society	263.10	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				
		2014-15	2013-14	2012-13	2011-2012	2010-2011
Support to National Institute of Technology (NIT) including Ghani Khan Institute	NIT, Srinagar	4250.00	-	2000.00	-	-
Support to National State Scheduled Tribes Finance and Development Corporation	J&K SC/ST and Backward Classes Development Corporation Ltd	470.00	-	350.00	-	-
Support of NGO/Institutions/SRCs for Adult Education and Skill Development (merged Scheme of NGOs,JSS SRCs)	Jan Shikshan Sanathan/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 for 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	-	-	-

Name of the GOI Scheme	Implementing agencies in the State	Government of India releases				
		2014-15	2013-14	2012-13	2011-2012	2010-2011
Grant for construction of Boys & Girls Hostels for SC & OBC	University Jammu	135.00	100.00	-	-	-
Development of Infrastructure of Promotion of Health Research	Government Medical College , Jammu	252.00	-	-	-	-
Drugs and Pharmaceuticals Research	Regional Institute of Unani Medicines Srinagar	148.80	-	-	-	-
Electronic Governance	J&K Government Agencies/Kashmir University	344.92	-	-	-	-
Free Coaching and Allied Schemes for minorities MACs	Human Welfare Organisations	134.51	-	-	-	-
Mega Clusters Testiles	J&K State Scale Industrial Development Corporation	1010.00	-	-	-	-
Manpower Development (Including Skill Development in IT) DIT	J&K E-Governance Agencies	136.84	-	-	-	-
Mega Facilities for basic Research	Jammu University	140.36	-	-	-	-
National Mission on Nano Science and Nano Technology	NIT Srinagar	132.12	-	-	-	-
National Programme for Youth and Adolescent Development General	Jawahar Institute of Mountaineering and Winter Sports	200.19	-	-	-	-
Research and Development Department of Bio Technology	JK Universities	1159.13	-	-	-	-

Name of the GOI Scheme	Implementing agencies in the State	Government of India releases				
		2014-15	2013-14	2012-13	2011-2012	2010-2011
Scheme for infrastructure and Development FPI	Mir Agro Industries/Kachroo Integrated Cold Chain	480.33	-	-	-	-
Scheme arising out of the implementation of the person with	Composite Regional Centres	249.47	-	-	-	-
Science and technology programme for Socio Economic Development	Kashmir environment and Social Organisation	116.59	-	-	-	-
Seismological Research	Jammu University	224.98	-	-	-	-
State Science & Technology Programme	Universities	112.84	-	-	-	-
Others Schemes	Others schemes	1681.16	89.38	1583.66	83,45.96	65,86.79
	<b>Grand Total</b>	<b>29366.12</b>	<b>319992.87</b>	<b>266742.49</b>	<b>33,88,87.90</b>	<b>21,73,60.09</b>

**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 1.7**  
(Reference: Paragraph: 1.4.3)  
**Status of grants-in-aid released under the award of the 13<sup>th</sup> 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	Grants pending released
			2010-11	2011-12	2012-13	2013-14	2014-15			
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	0.00 0.00	30.69 4.21	0.00 0.00	102.82 66.47
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	153.54 45.56	524.02 68.23	63.82 45.56	76.47 249.69
3	Elementary Education (Edu.)	449.00	80.00	85.00	90.00	0.00	0.00	255.00	0.00	194.00
4	Unique Identification (UID) (Plg. And Dev. Deptt.)	5.90	0.59	0.00	0.00	0.00	0.00	0.59	0.59	5.31
5	Delivery of Justice (Law)	104.46	20.89	0.000	10.446	5.41	11.19	47.94	25.58	56.52
6	Fiscal perform Path (Finance)	1000.00	1000.00	0.00	0.00	0.00	0.00	1000.00	0.00	0.00
7	Maintenance of Forest (Forest)	133.00	16.63	16.63	8.32	8.32	27.28	77.18	30.57	55.83
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	0.00 4.00	579.14 12.00	0.00 4.48	276.46 8.00
9	District Innovation Fund (Plg. & Dev. Deptt.)	22.00	0.00	11.00	0.00	0.00	0.00	11.00	2.54	11.00
10	Improvement of statistical system at State / Distt. Level (Plg. & Dev. Deptt.)	22.00	0.00	4.40	0.00	0.00	0.00	4.40	0.46	17.60
11	Employee and Pension Data base (DGAT)	5.00	2.50	0.00	0.00	0.00	0.00	2.50	2.50	20.50
12	Infant Mortality Rate (H&ME)	0.00	0.00	0.00	15.36	11.86	14.21	41.23	24.38	-41.43
13	Water Sector Mgtt. (PHE, I&FC)	88.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	88.00
14	Roads and Bridges (R&B)	140.00	0.00	29.00	0.00	0.00	45.00	74	45.00	66.00
15	<b>State Specific Needs</b>	<b>350.00</b>	<b>0.00</b>	<b>86.64</b>	<b>20.00</b>	<b>13.75</b>	<b>62.55</b>	<b>182.94</b>	<b>70.79</b>	<b>167.06</b>
(i)	PSC Complex Srinagar (GAD)	15.00	0.00	7.50	7.50	0.00	0.00	15.00	7.50	0.00
(ii)	Mubarak Mandi Jammu (Tourism)	50.00	0.00	8.51	0.00	0.00	0.00	8.51	0.00	41.49
(iii)	Tawi Front (I&FC)	25.00	0.00	6.25	0.00	0.00	6.25	12.50	0.00	12.50
(iv)	Kargil Roads (Ladakh Affairs)	20.00	0.00	5.12	0.00	0.00	4.55	9.67	1.01	10.33

Sl. No.	Transfers	Recommendation of FC	Actual release (amount received and authorized to implementing departments)					Grants received (cumulative)	U.C's Pending	Grants pending released
			2010-11	2011-12	2012-13	2013-14	2014-15			
(v)	Wullar Lake (forest deptt)	120.00	0.00	30.00	0.00	0.00	30.00	60.00	38.53	60.00
(vi)	Power Leh (Ladakh Affairs)	15.00	0.00	3.76	0.00	0.00	0.00	3.76	0.00	11.24
(vii)	Sports Complex and Youth Hostel Leh (Ladakh Affairs)	20.00	0.00	5.00	0.00	0.00	10.00	15.00	10.00	5.00
(viii)	Cold storage Leh (Ladakh Affairs)	15.00	0.00	3.75	0.00	0.00	0.00	3.75	0.00	11.25
(ix)	Bridges Leh (Ladakh Affairs)	15.00	0.00	3.00	0.00	0.00	3.00	6.00	0.00	9.00
(x)	ECO Tourism Leh (Ladakh Affairs)	5.00	0.00	1.25	0.00	1.25	1.25	3.75	1.25	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	0.00	0.00
(xii)	Legislative complex	50.00	0.00	12.50	12.50	12.50	7.50	45.00	12.50	5.00
	<b>Total</b>	<b>4317.56</b>	<b>1221.01</b>	<b>359.60</b>	<b>684.33</b>	<b>286.99</b>	<b>87.60</b>	<b>2915.26</b>	<b>316.26</b>	<b>1402.30</b>



**Appendix - 1.8**  
**(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 13<sup>th</sup> 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 7.5 *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 12<sup>th</sup> and 13<sup>th</sup> Finance Commission's accepted recommendations as detailed below:

- On 17<sup>th</sup> 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 9<sup>th</sup> 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 13<sup>th</sup> Finance Commission. (Since the year 2010-11 was already over, the reset target was not implementable).

**Appendix 1.9**  
**(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 60 *per cent* in 2014-15. 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 upto 2013-14 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) and could not maintained it during the year 2014-15 resulting in revenue deficit of ₹390 crore. 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 and 3.6 *per cent* in 2013-14 but the fiscal deficit actually was 5.6, 5.4 and 5.2 *per cent* respectively. The year 2014-15 ended with a fiscal deficit of 6.4 *per cent* of GSDP which continued to be significantly higher than the target of 3 *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 12<sup>th</sup> and 13<sup>th</sup> 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 summery 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: 2.3.6)

### Statement of various grants/ appropriations where saving was more than ₹1 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
<b>Revenue (Voted)</b>					
1	01	General Administrative Department	252.83	67.59	27
2	02	Home Department	4041.92	694.16	17
3	03	Planning & Development Department	998.86	816.81	82
4	04	Information Department	45.72	7.67	17
5	05	Ladakh Affairs Department	517.01	88.49	17
6	07	Education Department	4638.40	1178.63	25
7	08	Finance Department	4959.16	1040.52	21
8	09	Parliamentary Affairs	38.32	6.79	18
9	10	Law Department	285.10	97.04	34
10	11	Industries and Commerce Department	271.61	89.05	33
11	12	Agriculture Department	818.80	160.78	20
12	13	Animal Husbandry Department	359.99	47.63	13
13	14	Revenue Department	780.57	30.99	4
14	15	Consumer Affairs and Public Distribution Department	27.73	21.32	77
15	17	Health & Medical Education Department	1862.73	60.23	3
16	20	Tourism Department	123.11	12.50	10
17	21	Forest Department	620.23	133.20	21
18	22	Irrigation & Flood Control Department	520.87	131.62	25
19	23	Public Health & Engineering Department	958.48	69.89	7
20	24	Hospitality & Protocol Department	191.61	51.08	27
21	26	Fisheries Department	54.57	5.07	9
22	27	Higher Education Department	653.01	107.96	17
23	28	Rural Development Department	317.84	46.43	15
24	29	Transport Department	46.00	12.02	26
<b>Revenue Charged</b>					
25	01	General Administration Department	14.42	4.61	32
26	10	Law Department	28.99	6.47	22

Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
<b>Capital (Voted)</b>					
27	01	General Administration Department	52.73	29.98	57
28	03	Planning and Development Department	2948.97	2638.59	89
29	04	Information Department	2.61	1.86	71
30	05	Ladakh Affairs Department	208.63	28.54	14
31	06	Power Development Department	392.71	250.25	64
32	08	Finance Department	255.42	250.02	98
33	10	Law Department	60.54	60.52	100
34	12	Agriculture Department	405.23	222.70	55
35	13	Animal Husbandry Department	31.54	7.74	25
36	14	Revenue Department	52.82	37.60	71
37	15	Consumer Affairs & Public Distribution Department	994.21	69.48	7
38	16	Public Works Department	1230.83	360.99	29
39	17	Health & Medical Education Department	448.52	235.89	53
40	18	Social Welfare Department	291.66	231.48	79
41	19	Housing & Urban Development Department	734.46	568.44	77
42	20	Tourism Department	215.08	57.17	27
43	22	Irrigation & Flood Control Department	279.69	58.33	21
44	25	Labour Stationery & Printing Department	78.65	76.70	98
45	26	Fisheries Department	10.64	3.31	31
46	27	Higher Education Department	336.90	220.36	65
47	28	Rural Development Department	1825.56	1104.58	61
48	29	Transport Department	48.50	17.96	37



**Appendix-2.2**

*(Reference: Paragraph: 2.3.8)*

**Details of saving of ₹1 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
<b>I-Revenue (Voted)</b>					
1	01	General Administrative Department	67.59	-	67.59
2	02	Home Department	694.16	-	694.16
3	03	Planning & Development Department	816.81	-	816.81
4	04	Information Department	7.67	-	7.67
5	05	Ladakh Affairs Department	88.49	-	88.49
6	07	Education Department	1178.63	-	1178.63
7	08	Finance Department	1040.52	-	1040.52
8	09	Parliamentary Affairs	6.79	-	6.79
9	10	Law Department	97.04	-	97.04
10	11	Industries and Commerce Department	89.05	-	89.05
11	12	Agriculture Department	160.78	-	160.78
12	13	Animal Husbandry Department	47.63	-	47.63
13	14	Revenue Department	30.99	-	30.99
14	15	Consumer Affairs and Public Distribution Department	21.32	-	21.32
15	17	Health & Medical Education Department	60.23	-	60.23
16	20	Tourism Department	12.50	-	12.50
17	21	Forest Department	133.20	-	133.20
18	22	Irrigation & Flood Control Department	131.62	-	131.62
19	23	Public Health & Engineering Department	69.89	-	69.89
20	24	Hospitality & Protocol Department	51.08	-	51.08
21	26	Fisheries Department	5.07	-	5.07
22	27	Higher Education Department	107.96	-	107.96
23	28	Rural Development Department	46.43	-	46.43
24	29	Transport Department	12.02	-	12.02
		<b>Total-I</b>	<b>4977.47</b>	<b>-</b>	<b>4977.47</b>

Sl. No	Grant Number	Number and Name of Grant/ Appropriation	Savings	Surrender	Saving which remained to be surrendered
<b>II- Revenue (Charged)</b>					
25	01	General Administration Department	4.61	-	4.61
26	10	Law Department	6.47	-	6.47
		<b>Total-II</b>	<b>11.08</b>	<b>-</b>	<b>11.08</b>
<b>III-Capital (Voted)</b>					
27	01	General Administration Department	29.98	-	29.98
28	03	Planning and Development Department	2638.59	-	2638.59
29	04	Information Department	1.86	-	1.86
30	05	Ladakh Affairs Department	28.54	-	28.54
31	06	Power Development Department	250.25	-	250.25
32	08	Finance Department	250.02	-	250.02
33	10	Law Department	60.52	-	60.52
34	12	Agriculture Department	222.70	-	222.70
35	13	Animal Husbandry Department	7.74	-	7.74
36	14	Revenue Department	37.60	-	37.60
37	15	Consumer Affairs & Public Distribution Department	69.48	-	69.48
38	16	Public Works Department	360.99	-	360.99
39	17	Health & Medical Education Department	235.89	-	235.89
40	18	Social Welfare Department	231.48	-	231.48
41	19	Housing & Urban Development Department	568.44	-	568.44
42	20	Tourism Department	57.17	-	57.17
43	22	Irrigation & Flood Control Department	58.33	-	58.33
44	25	Labour Stationery & Printing Department	76.70	-	76.70
45	26	Fisheries Department	3.31	-	3.31
46	27	Higher Education Department	220.36	-	220.36
47	28	Rural Development Department	1104.58	-	1104.58
48	29	Transport Department	17.96	-	17.96
		<b>Total-III</b>	<b>6532.49</b>		<b>6532.49</b>
		<b>Grand Total-I+II+III</b>	<b>11521.04</b>		<b>11521.04</b>

### Appendix-2.3

(Reference: Paragraph: 2.3.1)

Statement of various grants/ appropriations where excess expenditure was more than ₹1 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)
<b>Revenue (Voted)</b>					
1	06	Power Development Department	4902.90	5026.32	123.42(3)
2	16	Public Works Department	960.84	1123.42	162.58(17)
3	18	Social Welfare Department	546.95	684.26	137.31(25)
4	19	Housing and Urban Development Department	463.95	595.59	131.64(28)
5	25	Labour Stationery and Printing Department	85.52	118.43	32.91(38)
<b>Total (Revenue Voted)</b>			<b>6960.16</b>	<b>7548.02</b>	<b>587.86</b>
<b>Revenue (Charged)</b>					
6	8	Finance Department	3470.43	3532.88	62.45(2)
<b>Total (Revenue Charged)</b>			<b>3470.43</b>	<b>3532.88</b>	<b>62.45</b>
<b>Capital ( Voted)</b>					
7	2	Home Department	59.75	110.42	50.67(85)
8	7	Education Department	319.05	401.14	82.09(26)
9	11	Industries and commerce Department	161.04	168.72	7.68(5)
10	21	Forest Department	37.10	59.05	21.95(59)
11	23	Public Health Engineering Department	488.00	570.53	82.53(17)
12	24	Hospitality & Protocol	32.21	49.94	17.73(55)
<b>Total (Capital Voted)</b>			<b>1097.15</b>	<b>1359.80</b>	<b>262.65</b>
<b>Capital Charged</b>					
13	08	Finance Department	8362.18	8548.50	186.32(2)
<b>Total (Capital Charged)</b>			<b>8362.18</b>	<b>8548.50</b>	<b>186.32</b>
<b>(Grand Total)</b>			<b>19889.92</b>	<b>20989.20</b>	<b>1099.28</b>

**Appendix-2.4**  
**(Reference: Paragraph: 2.3.4)**  
**Statement showing expenditure incurred without budget provisions in 64 Major Heads of Accounts during 2014-15**

(₹ in lakh)

Sl. No	Grant/Head of Account	Amount of expenditure without provision	Amount
1	<b>01-General Administration</b>		<b>114.05</b>
	2070- Other Administrative Services	46.64	
	3451-Seretariate Economic Services	56.83	
	4075-Capital Outlay on Miscellaneous General Services	10.58	
2	<b>02-Home</b>		<b>1807.09</b>
	2070-Other Administrative Services	3.52	
	4059-Capital Outlay on Public Works	1803.57	
3	<b>03-Planning and Development</b>		<b>104.37</b>
	3451- Secretariat Economic Services	4.24	
	5475-Capital Outlay on Other General Economic Services	100.13	
4	<b>06-Power Development</b>		<b>351.19</b>
	2801-Power	351.19	
5	<b>07-Education</b>		<b>18152.11</b>
	2202-General Education	10126.82	
	2204- Sports and Youth Services	419.87	
	4202-Capital Outlay on Education, Sports Arts & Culture	7605.42	
6	<b>08-Finance</b>		<b>47826.54</b>
	2049-Interest Payments	47795.72	
	2075-Misc. General Services	12.63	
	5475-Capital Outlay on other economic Services	18.19	
7	<b>10- Law Department</b>		<b>549.25</b>
	2014-Administration of Justice	479.71	
	2015 Elections	52.30	
	2230-Stamps and Registration	17.24	
8	<b>11-Industries and Commerce</b>		<b>8891.23</b>
	4851-Capital Outlay on Village and Small Industries	3343.97	
	4852- Capital Outlay on iron & Steel Industries	176.25	
	4853-CO on Non Ferrous Mining & Metrological Industries	241.50	
	6885-Loans for other Industries and Minerals	5129.51	

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Sl. No	Grant/Head of Account	Amount of expenditure without provision	Amount
9	<b>12-Agriculture Department</b>		<b>4146.47</b>
	2236-Nutrition	25.84	
	2401-Crop Husbandry	495.24	
	2402-Soil and Water Conservation	5.80	
	4401-Capital Outlay on Crop Husbandry	1803.32	
	4402-Capital Outlay on Soil and Water Conservation	57.95	
	4425-CO on Co-Operation	534.39	
	4435-CO on other Agricultural Programmes	12.27	
	4705-Capital Outlay on Command Area Development	1211.66	
10	<b>13-Animal Husbandry</b>		<b>599.65</b>
	2403-Animal Husbandry	236.21	
	4403- Capital Outlay on Animal Husbandry	363.44	
11	<b>14-Revenue Department</b>		<b>152.13</b>
	2053-District Administration	116.06	
	2401-Crop Husbandry	36.07	
12	<b>16-Public Works</b>		<b>963.80</b>
	2059-Public Works	19.99	
	3054-Roads & Bridges	120.21	
	4059-Capital Outlay on Public Works	715.37	
	5054-Capital Outlay on Roads & Bridges	108.23	
13	<b>17-Health and Medical Education</b>		<b>25589.63</b>
	2210-Medical and Public Health	1472.59	
	2211-Family Welfare	24110.86	
	4210-Capital Outlay on Medical and Public Health	6.18	
14	<b>18-Social Welfare Department</b>		<b>39079.11</b>
	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	38533.70	
	2236-Nutrition	19.74	
	4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	90.00	
	4235- CO on Social Security & Welfare	435.67	
15	<b>19-Housing and Urban Development</b>		<b>5860.81</b>
	2217-Urban Development	1714.82	
	4217-CO on Urban Development	4145.99	
16	<b>20-Tourism</b>		<b>1916.77</b>
	2202-General Education	1.38	
	3452-Tourism	146.60	
	5452-Capital Outlay on Tourism	1768.79	

Sl. No	Grant/Head of Account	Amount of expenditure without provision	Amount
17	<b>21-Forest Department</b>		<b>1135.40</b>
	2406-Forestry and Wild Life	94.82	
	3435-Ecology and Environment	685.72	
	4402-Capital Outlay on Soil & Water Conservation	21.12	
	5425-Capital Outlay on other Scientific and Environment Research	333.74	
18	<b>22-Irrigation and Flood Control Department</b>		<b>525.46</b>
	2700-Minor Irrigation	162.00	
	4701-Medium Irrigation	363.46	
19	<b>23-Public Health Engineering Department</b>		<b>3437.18</b>
	2215-Water Supply and Sanitation	3437.18	
20	<b>24-Hospitality and Protocol Department</b>		<b>13.67</b>
	4059-Capital Outlay on Public Works	13.67	
20	<b>25-Labour Stationery and Printing Department</b>		<b>74.35</b>
	2230-Labour and Employment	74.35	
21	<b>27-Higher Education Department</b>		<b>6075.63</b>
	2202-General Education	5638.33	
	2203-Technical Education	63.95	
	4202-Capital Outlay on Education, Sports, Art and Culture	373.35	
22	<b>28-Rural Development Department</b>		<b>8408.05</b>
	2501-Special Programme for Rural Development	44.75	
	4515-Capital Outlay on Other Rural Development Programmes	8363.30	
23	<b>29-Transport Department</b>		<b>20.19</b>
	2041-Taxes on Vehicles	20.19	
	<b>Grand Total</b>	<b>175794.13</b>	<b>175794.13</b>

## Appendix-2.5

(Reference: Paragraph: 2.3.3)

### Year-wise details of excess expenditure for the years 1980-81 to 2013-14 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	
2013-14	13	4,6,7,8,14,15,16,18,20,23,24,25,28	4469.79	
		<b>Total</b>	<b>99409.53</b>	

**Appendix-2.6**  
**(Reference: Paragraph: 2.3.9)**  
**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
<b>I-Revenue (Voted)</b>					
1	03-Planning and Development Department	979.19	19.67	182.05	816.81
2	09-Parliamentary Affairs	38.22	0.09	31.53	6.78
3	24-Hospitality and protocol Department	190.55	1.06	140.53	51.08
4	26-Fisheries Department	53.72	0.85	49.50	5.07
5	28-Rural Development Department	314.98	2.86	271.40	46.44
<b>Total-I</b>		<b>1576.66</b>	<b>24.53</b>	<b>675.01</b>	<b>926.18</b>
<b>II-Revenue (Charged)</b>					
6	09-Parliamentary Affairs	0.94	0.14	0.85	0.23
7	10-Law Department	28.95	0.04	22.51	6.48
<b>Total-II</b>		<b>29.89</b>	<b>0.18</b>	<b>23.36</b>	<b>6.71</b>
<b>III-Capital (Voted)</b>					
8	03-Planning and Devp. Deptt	2398.83	550.13	310.38	2638.58
9	06-Power Development Department	385.71	7.00	142.47	250.24
10	10-Law Department	47.38	13.16	0.03	60.51
11	15-Consumer Affairs and Public Distribution Department	976.59	17.62	924.73	69.48
12	17-Health and Medical Education Department	336.70	111.82	212.63	235.89
13	28-Rural Development Department	1105.49	720.07	720.98	1104.58
<b>Total-III</b>		<b>5250.70</b>	<b>1419.80</b>	<b>2311.22</b>	<b>4359.28</b>
<b>Grand Total</b>		<b>6857.25</b>	<b>1444.51</b>	<b>3009.59</b>	<b>5292.17</b>



### Appendix-2.7

(Reference: Paragraph: 2.3.9)

#### Statement of various grants/appropriation where Supplementary Provision provided was insufficient by more than ₹1 crore each

(₹ in crore)

Sl. No.	Grant No	Name of the Grant/ Appropriation	Original	Supple-mentary	Total	Expendi-ture	Excess
<b>I-Revenue (Voted)</b>							
1	6	Power Development Department	4376.13	526.77	4902.90	5026.32	123.42
<b>Total-I</b>			<b>4376.13</b>	<b>526.77</b>	<b>4902.90</b>	<b>5026.32</b>	<b>123.42</b>
<b>II-Capital (Voted)</b>							
2	24	Hospitality and Protocol Department	31.01	1.20	32.21	49.94	17.73
<b>Total-II</b>			<b>31.01</b>	<b>1.20</b>	<b>32.21</b>	<b>49.94</b>	<b>17.73</b>
<b>Grand Total</b>			<b>4407.14</b>	<b>527.97</b>	<b>4935.11</b>	<b>5076.26</b>	<b>141.15</b>

### Appendix 2.8

(Reference: Paragraph: 2.7.6)

#### Statement showing cases where significant savings were not surrendered in Grant No.19

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expendi-ture	Saving
1.	2217/03/001/0099/0999 Chief Town Planner	364.50	243.17	121.33
2.	2217/03/001/0099/1149 Chief Town Planner Jammu	464.91	280.73	184.18
3.	2217/05/001/0099/2290 Mechanical Drainage Division Srinagar	1241.10	1062.31	178.79
4.	2217/05/001/0099/2291 City Drainage Division Srinagar	917.20	292.71	624.49
5.	2217/05/001/0099/2293 Sewerage and Drainage Division (West Jammu)	683.70	582.06	101.64
6.	2217/05/001/0099/2294 Town Drainage Division Jammu	306.95	231.82	75.13

Sl. No.	Major/Minor/Sub-head	Total Grant	Expendi-ture	Saving
7.	2217/05/191/0011/0862 Urban Poverty alleviation	550.00	252.10	297.89
8.	2217/05/800/0099/1139 Director Local Bodies, Jammu	411.36	318.82	92.54
9.	2217/05/800/0099/1439 Director Local Bodies, Kashmir	466.76	374.32	92.44
10.	2217/80/001/0099/1138 Chief Engineer UEED J&K	1290.19	924.77	365.42
11.	4217/03/800/0011/1297 Urban Development	37100.00	4896.59	32203.41
12.	4217/03/800/0011/1298 Dal Development	27478.00	2541.80	24936.20
13.	4217/03/800/0011/0862 Urban Poverty alleviation	300.00	184.16	115.84
	<b>Total</b>	<b>71574.67</b>	<b>12185.36</b>	<b>59389.30</b>

## Appendix 2.9

(Reference: Paragraph: 2.7.7)

**Statement showing cases where expenditure incurred  
without Budget Provision in Grant No:19**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1.	2217/03/001/0011/1297	NIL	25.21
2.	2217/03/001/0099/1297	NIL	90.80
3.	2217/03/191/0099/2035	NIL	101.66
4.	2217/03/800/0099/1298	NIL	1497.15
5.	4217/03/800/0031/1441	NIL	480.19
6.	4217/03/800/0011/2232	NIL	3665.80
	<b>Total</b>		<b>5860.81</b>

**Appendix 2.10**  
**(Reference: Paragraph: 2.7.6)**  
**Statement showing cases where significant savings**  
**were not surrendered in Grant No.8**

(₹ in lakh)

Sl.No.	Major/Minor/Sub-head	Total Grant	Expenditure	Saving
1.	2035/001/0099/0244 Direction & Administration	100.10	70.21	29.89
2.	2039/001/0099/0334 Commissioners Office	3056.20	1920.40	1135.80
3.	2040/001/0099/0334 Commissioners Office	4734.16	3957.92	776.24
4.	2040/800/0099/1429 Sales Tax Tribunal	91.00	52.55	38.45
5.	2045/104/0099/0968 Collection Charges-Taxes on Goods & Passangers	290.35	127.22	163.13
6.	2045/104/0099/0983 Election Charges- Entertainment Tax	128.75	32.70	96.05
7.	2054/003/0099/0328 Accountancy Training School Srinagar	187.81	119.13	68.68
8.	2054/003/0099/0329 Northern Zonal Accountancy Training School Jammu	323.74	241.80	81.94
9.	2054/095/0099/0316 Directorate of Audit & Inspection	494.93	429.70	65.23
10.	2054/097/0099/0324 Muffasil Treasuries	2639.35	1940.04	699.31
11.	2054/097/0099/0335 District Treasuries	2234.00	1835.93	398.07
12.	2054/098/0099/0314 Local Fund Audit Organisation	362.88	187.23	175.65
13.	2054/800/0011/2341 NFB Finance	998.53	583.46	415.07
14.	2054/800/0099/0310 Divisional Fund Office Jammu/Srinagar	301.50	221.81	79.69
15.	2054/800/0099/0312 Directortate of Fund Orgainisation	336.40	240.59	95.81
16.	2054/800/0099/1190 District Fund Offices	3254.40	2317.77	936.63
17.	2235/60/102/0099/0313 Deposit Linked Insurance Scheem	21.00	5.10	15.90
18.	2235/60/105/0099/0323 State Contrilbution for Groiup Insurance	360.00	11.12	348.88
19.	2235/60/107/0099/0965 Pension to Freedom Fighters & their Dependents etc.	300.00	178.10	121.90
20.	4059/80/800/0011/2341 Non Functional Buildings, Finance	1148.77	7.62	1141.15
21.	6235/02/190/0099/0668 Secretary Finance	2000.00	515.05	1484.95
	<b>Total</b>	<b>23363.87</b>	<b>14995.45</b>	<b>8368.42</b>

**Appendix 2.11**  
**(Reference: Paragraph: 2.7.3)**  
**Statement showing cases where Excess expenditure under Grant No:19**  
*(₹ in lakhs)*

Sl. No.	Major/Minor/Sub-Head	Grant	Expenditure	Excess
1.	2217/03/001/0099/1148	446.65	9527.36	9080.71
2.	2217/03/191/0099/1437	9208.00	10863.80	1655.80
3.	2217/03/191/0099/1438	14959.00	16115.93	1156.93
4.	2217/05/001/0099/2289	513.37	927.48	414.11
5.	2217/05/001/0099/2292	396.25	918.91	522.66
6.	2217/05/191/0099/2034	8484.00	8736.18	252.18
7.	2217/05/191/0099/2035	5666.00	6191.58	525.58
8.	4216/01/700/0011/0893	225.00	881.49	656.49
9.	4217/03/800/0011/1296	1575.00	3516.00	1941.00
10.	4217/03/800/0011/1299	337.00	435.72	98.72
	<b>Total</b>	<b>41810.27</b>	<b>58114.45</b>	<b>16304.18</b>

**Appendix 2.12**

**(Reference: Paragraph: 2.7.4)**

**Statement showing unutilised Appropriation/Grants (Grant No:19)**

*(₹ in lakhs)*

Sl. No.	Major/Minor /Sub-head	Total Grant	Expendi- ture	Saving
1.	2217/80/001/0011/1138 Chief Engineer UEED J&K	25.00	0.00	25.00
2.	4217/03/800/0099/1437 Jammu Municipality	1458.00	0.00	1458.00
3.	4217/03/800/0099/1438 Srinagar Municipality	2369.25	0.00	2369.25
4.	4217/03/800/0099/2034 Local bodies Institutions Kashmir	1336.50	0.00	1336.00
5.	4217/03/800/0099/2035 Local bodies Institutions Jammu	911.25	0.00	911.25
	<b>Total</b>	<b>6100.00</b>	<b>0.00</b>	<b>6100.00</b>

**Appendix 2.13**

**(Reference: Paragraph: 2.7.4)**

**Statement showing unutilised Appropriation/Grants (Grant No:8)**

*(₹ in lakhs)*

Sl. No.	Major/Minor /Sub-head	Total Grant	Expendi- ture	Saving
1.	4851/190/0011/1455 Market Development Assistance	300.00	0.00	300.00
2.	5475/800/0011/1006 Up gradation Grant	22094.00	0.00	22094.00
	<b>Total</b>	<b>22394.00</b>	<b>0.00</b>	<b>22394.00</b>

**Appendix 2.14**  
**(Reference: Paragraph: 2.7.3)**  
**Statement showing Excess expenditure under Grant No:8**  
*(₹ in lakhs)*

Sl. No.	Major/Minor	Grant	Expenditure	Excess
1.	2030-0344 State Stamp Department Commercial Taxes etc.	1853.95	2188.09	334.14
2.	2047/0293 Other Fiscal Services	90.20	91.63	1.43
3.	2054/0312 Directorate of Acctts/ Libraries	762.01	797.74	35.73
4.	2054/0326 Dy. Director Acctts/ Treasuries	470.12	478.48	8.36
5.	2071/0099/2327 Government Contribution	9979.17	10220.26	241.09
6.	2235/0244 Social Security & Welfare ,Direction & Administration	818.27	1072.90	254.63
	<b>Total</b>	<b>13973.72</b>	<b>14849.10</b>	<b>875.38</b>

**Appendix-3.1**

**(Reference: Paragraph: 3.1)**

**Major head -wise outstanding DC Bills from 1995-2015**

**(₹ in lakh)**

Sl. No.	Major Head	Nomenclature	Kashmir Division	Jammu Division	Total
1	2012	Governor-Secretariat	10.86	0.00	10.86
2	2013	Council of Ministers	22.40	0.00	22.40
3	2014	Administration of justice	643.29	16.53	659.82
4	2015	Election	606.29	388.93	995.22
5	2029	Land Revenue	589.06	0.00	589.06
6	2030	Stamps & Registration	0.00	191.00	191.00
7	2040	Taxes on sales, trade etc.	58.98	11.80	70.78
8	2041	Taxes on vehicles	25.00	0.00	25.00
9	2052	Secretariat-General Services	8.36	0.00	8.36
10	2053	District Administration	25.20	190.12	215.32
11	2054	Treasury and Accounts Administration	36.87	0.00	36.87
12	2055	Police	3076.75	4860.81	7937.56
13	2056	Jails	41.97	0.00	41.97
14	2059	Public Works	0.08	26.35	26.43
15	2070	Other Administrative Services	85.97	154.92	240.89
16	2202	General Education	61190.84	46.25	61237.09
17	2203	Technical Education	27.27	2.25	29.52
18	2204	Sports & Youth services	174.32	0.00	174.32
19	2205	Art & Culture	400.00	0.00	400.00
20	2210	Medical & public Health	906.41	48.01	954.42
21	2211	Family Welfare	0.00	4.65	4.65
22	2217	Urban Development	3.50	0.00	3.50
23	2225	Welfare of SC/ST & other backward classes	122.06	0.00	122.06
24	2230	Labour & employment	9214.25	11.50	9225.75
25	2235	Social security & Welfare	445.89	2250.24	2696.13
26	2236	Nutrition	7.05	0.00	7.05
27	2245	Relief on account of Natural Calamities	13623.46	22651.02	36274.48
28	2250	Other Social Services	5.08	0.00	5.08
29	2401	Crop Husbandry	20.00	0.00	20.00
30	2403	Animal Husbandry	4.37	32.00	36.37
31	2408	Food storage & Ware housing	112.00	0.00	112.00

Sl. No.	Major Head	Nomenclature	Kashmir Division	Jammu Division	Total
32	2415	Agricultural Research & Education	2.50	0.00	2.50
33	2435	Other Agriculture programmes	0.00	0.16	0.16
34	2501	Special Programmes for Rural Development	619.20	2066.81	2686.01
35	2515	Other Rural Development Programmes	1134.93	0.00	1134.93
36	2575	Other Special Area Programmes	33.46	0.00	33.46
37	2701	Medium Irrigation	50.00	0.00	50.00
38	2801	Power	0.00	20.00	20.00
39	2851	Village & Small Industries	454.44	0.00	454.44
40	3435	Ecology & Environment	745.47	0.00	745.47
41	3451	Secretariat –Economic Services	6.20	4.00	10.20
42	3452	Tourism	1254.76	91.34	1346.10
43	3454	Census survey & Statistics	78.70	19.60	98.30
44	3475	Other General Economic Services	42.12	86.90	129.02
45	4058	Capital Outlay on Stationery & Printing	22.57	0.00	22.57
46	4059	Capital outlay on Public Works	1838.20	629.66	2467.86
47	4070	Capital outlay on Other Administrative Services	219.27	0.00	219.27
48	4075	Capital outlay on Miscellaneous General Services	1431.16	0.00	1431.16
49	4202	Capital outlay on Education ,Sports Art & Culture	60621.31	2833.78	63455.09
50	4210	Capital outlay on Medical & Public health	7659.79	15978.31	23638.10
51	4215	Capital outlay on Water Supply & Sanitation	0.00	375.00	375.00
52	4216	Capital outlay on Housing	41.87	0.00	41.87
53	4217	Capital outlay on Urban Development	9753.24	1332.82	11086.06
54	4220	Capital outlay on Information & Publicity	0.00	456.12	456.12
55	4225	Capital outlay on Welfare of Schedule Casts, STs & Other backward classes	53.00	0.00	53.00



Sl. No.	Major Head	Nomenclature	Kashmir Division	Jammu Division	Total
56	4235	Capital outlay on Social Security & Welfare	310.00	1715.61	2025.61
57	4250	Capital outlay on Other Social Services	50.00	0.00	50.00
58	4401	Capital outlay on Crop Husbandry	1008.17	33.89	1042.06
59	4402	Capital outlay on Soil & Water Conservation	7.21	0.00	7.21
60	4403	Capital outlay on Animal Husbandry	140.40	59.36	199.76
61	4405	Capital outlay on Fisheries	17.85	0.00	17.85
62	4408	Capital outlay on Food Storage & Ware Housing	5879.02	0.00	5879.02
63	4415	Capital Outlay on Agricultural Research and Education	150.00	0.00	150.00
64	4425	Capital outlay on cooperation	1320.20	0.00	1320.20
65	4515	Capital outlay on Other Rural Development Programme	39401.99	9508.01	48910.00
66	4575	Capital outlay on Other Special Area Programme	211.98	0.00	211.98
67	4801	Capital outlay on Power Projects	10950.00	0.00	10950.00
68	4851	Capital outlay on Village & Small Industries	6454.24	106.73	6560.97
69	4852	Capital outlay on Iron & Steel Industries	1170.35	0.00	1170.35
70	4853	Capital outlay on Non Ferrous Mining & Meteorological Industries	32.96	0.00	32.96
71	5054	Capital outlay on Roads & Bridges	1030.50	0.00	1030.50
72	5055	Capital outlay on Road Transport	1301.00	0.00	1301.00
73	5425	Capital outlay on Other Scientific Environmental Research	223.34	0.00	223.34
74	5452	Capital outlay on Tourism	9775.86	690.96	10466.82
75	5475	Capital outlay on Other General Economic Services	2479.66	293.61	2773.27
76	Not Known	Animal Husbandry	0.00	7.00	7.00
77	-do-	Revenue	0.00	4851.88	4851.88

Sl. No.	Major Head	Nomenclature	Kashmir Division	Jammu Division	Total
78	-do-	Education	0.00	166.91	166.91
79	-do-	Health	0.00	71.78	71.78
80	-do-	Industries & Commerce	0.00	37.71	37.71
81	-do-	Consumer Affairs & Public Distribution	0.00	22.60	22.60
82	-do-	Agriculture	0.00	3.92	3.92
83	-do-	Election	0.00	14.05	14.05
84	-do-	Forest	0.00	1.30	1.30
85	-do-	Hospitality & Protocol	0.00	3.00	3.00
86	-do-	Housing & Urban Development	0.00	74.78	74.78
87	-do-	Home	0.00	69.05	69.05
88	-do-	Technical Education	0.00	34.75	34.75
89	-do-	Public Works Department	0.00	0.41	0.41
90	-do-	Rural Development	0.00	41.19	41.19
91	-do-	Finance	0.00	10.00	10.00
		<b>Total</b>	<b>259464.50</b>	<b>72599.38</b>	<b>332063.88</b>

*AC bills awaiting detail account from Sl. No. : 76 to 91 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 2014-15	27
2	Kashmir University	2001-02 to 2014-15	14
3	Kashmir Urban Development Agency Srinagar	1999-2000 to 2014-15	16
4	District Rural Development Agency Srinagar	2002-03 to 2014-15	13
5	District Rural Development Agency Anantnag	2007-08 to 2014-15	08
6	District Rural Development Agency Pulwama	2002-03 to 2014-15	13
7	District Rural Development Agency Leh	2008-09 to 2014-15	07
8	District Rural Development Agency Kargil	2008-09 to 2014-15	07
9	Sher-e-Kashmir International Conference Centre, Srinagar (SKICC)	1999-2000 to 2014-15	16
10	Srinagar Development Authority	1999-2000 to 2014-15	16
11	State Social Welfare Advisory Board	2003-04 to 2014-15	12
12	Islamia College of Sciences and Commerce Srinagar	2001-02 to 2014-15	14
13	Lakes and Water Ways Development Authority	2005-06 to 2014-15	10
14	Jammu University	2002-03 to 2014-15	13
15	District Rural Development Agency Jammu	2008-09 to 2014-15	07
16	District Rural Development Agency Kathua	2008-09 to 2014-15	07
17	District Rural Development Agency Poonch	2008-09 to 2014-15	07
18	District Rural Development Agency Doda	2003-04 to 2014-15	12
19	Academy of Art Culture and Languages	2003-04 to 2014-15	12
20	Jammu Development Authority	1972-73 to 2014-15	43
21	State Pollution Control Board	1995-96 to 2014-15	20
22	Jammu and Kashmir Sports Council	2003-04 to 2014-15	12
23	Jammu and Kashmir Energy Development Agency	2003-04 to 2014-15	12
24	District Rural Development Agency Budgam	2007-08 to 2014-15	08
25	District Rural Development Agency Baramulla	2007-08 to 2014-15	08
26	District Rural Development Agency Kupwara	2006-07 to 2014-15	09
27	District Rural Development Agency Ganderbal	2008-09 to 2014-15	07
28	District Rural Development Agency Kulgam	2008-09 to 2014-15	07
29	District Rural Development Agency Shopian	2008-09 to 2014-15	07
30	District Rural Development Agency Bandipora	2008-09 to 2014-15	07
31	Jammu Municipality	2002-03 to 2014-15	13
	<b>Total</b>		<b>384</b>

**Appendix 3.3**

*(Reference: Paragraph: 3.4)*

**Statement showing the position of finalization of accounts and Government investment in departmentally managed commercial and quasi-Commercial undertakings**

*(₹ in crore)*

Sl. No.	Name of the Commercial undertaking	Accounts finalized up to	Period of accounts pending	Investments as per last accounts finalized			Reasons for delay in finalization of Accounts
				Share Capital	Loans	Total	
1.	J&K Bank Ltd.	2013-14	00	48.48	0.00	48.48	Not furnished
2.	J&K Bank Financial Services	2013-14	00	10.00	0.00	10.00	Not furnished
3.	J&K SC/ST/OBC Dev. Corporation Ltd	1997-98	16	10.23	0.00	10.23	Not furnished
4.	J&K Women Development Corporation Ltd.	2008-09	05	4.97	0.00	4.97	Not furnished
5.	J&K Agro Industries Dev. Corporation Ltd.	1999-2000	14	1.95	7.41	9.36	Not furnished
6.	J&K Horticulture Produce & Marketing Corporation Ltd.	1996-97	17	9.20	1.44	10.64	Not furnished
7.	J&K Small Scale Industries Dev. Corporation Ltd.	1994-95	19	3.12	1.33	4.45	Not furnished
8.	J&K State Industrial Dev. Corporation Ltd.	2007-08	06	17.65	89.81	47.46	Not furnished
9.	J&K Project Construction Corporation Ltd.	1997-98	16	1.97	0.30	2.27	Not furnished
10.	J&K Police Housing Corporation Ltd.	2005-06	08	2.00	0.00	2.00	Not furnished
11.	J&K Industries Dev. Corporation Ltd.	2005-06	08	16.27	42.72	58.99	Not furnished

Sl. No.	Name of the Commercial undertaking	Accounts finalized up to	Period of accounts pending	Investments as per last accounts finalized			Reasons for delay in finalization of Accounts
				Share Capital	Loans	Total	
12.	J&K Handicraft (S&E) Corporation Ltd.	1998-99	15	4.39	0.00	4.39	Draft Annual Accounts has been prepared upto 2013-14 by the company but not finalised by the Statutory Auditors. Further records washed out in Floods
13.	J&K Handloom Dev. Corporation Ltd.	1999-2000	14	2.99	14.44	17.43	Company has prepared accounts up to 2014-15; audit Financial Statement awaited
14.	J&K Cements Ltd.	2005-06	08	15.00	50.40	65.40	Not furnished
15.	J&K Minerals Ltd.	1995-96	18	8.00	28.56	36.56	Not furnished
16.	J&K Power Dev. Corporation Ltd.	2010-11	03	5.00	0.00	5.00	Not furnished
17.	J&K Chenab Valley Power Project Ltd.	2013-14	00	0.00	0.00	0.00	Not furnished
18.	J&K Tourism Development Corporation Ltd.	2009-10	04	15.96	4.26	20.22	Not furnished
19.	J&K State Cable Car Corporation Ltd.	2010-11	03	63.95	0.00	63.95	The company is preparing its accounts for 2011-12 & 2012-13

Sl. No.	Name of the Commercial undertaking	Accounts finalized up to	Period of accounts pending	Investments as per last accounts finalized			Reasons for delay in finalization of Accounts
				Share Capital	Loans	Total	
20.	Overseas Employment Corporation Ltd.	2010-11	03	2.56	0.00	2.56	Accounts not submitted / prepared by the company
21.	J&K State Financial Corporation Ltd.	2013-14	00	98.19	0.81	99.00	Not furnished
22.	J&K State Road Transport Corporation	2009-10	04	138.60	362.53	501.13	Not Furnished
	<b>Total</b>		<b>181</b>	<b>480.48</b>	<b>544.01</b>	<b>1024.49</b>	

**Appendix 4**  
**Glossary of terms**

S.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	Core public goods 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. 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.

S.No	Terms	Description
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	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
9	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.
10	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.





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