

**State Finances Audit Report
of
the Comptroller and Auditor General of India
for the year ended 31 March 2018**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



GOVERNMENT OF JAMMU AND KASHMIR
Report No. 1 of the year 2019

State Finances Audit Report
of
the Comptroller and Auditor General of India
for the year ended 31 March 2018

Government of Jammu and Kashmir
Report No.1 of the year 2019

TABLE OF CONTENTS			
Sl. No.	Contents	Paragraph	Page
1.	Preface		v
2.	Executive Summary		vii
CHAPTER–I FINANCE OF THE STATE GOVERNMENT			
3.	Profile of the State	1.1	1
4.	Resources of the State as per Finance Accounts 2017-18	1.2	6
5.	Revenue Receipts	1.3	8
6.	Capital Receipts	1.4	19
7.	Public Account Receipts	1.5	20
8.	Application of Resources	1.6	21
9.	Quality of Expenditure	1.7	26
10.	Financial Analysis of Government Capital Expenditure and Investments	1.8	30
11.	Assets and Liabilities	1.9	34
12.	Debt Management	1.10	40
13.	Fiscal Imbalances	1.11	45
14.	Conclusion	1.12	49
CHAPTER–II FINANCIAL MANAGEMENT AND BUDGETARY CONTROL			
15.	Introduction	2.1	51
16.	Summary of Appropriation Accounts	2.2	52
17.	Financial Accountability and Budget Management	2.3	53
18.	Non-reconciliation of Departmental figures	2.4	61
19.	Outcome of analysis of Budgetary analysis	2.5	62
20.	Excess payment of Pension	2.6	65
21.	Non-reimbursement of Pension etc. by Pay and Accounts Office/Defence/Railways	2.7	66
22.	Outcome of Review of Selected Grants	2.8	66

23.	Audit of Sanctions	2.9	68
24.	Conclusion	2.10	69
CHAPTER-III FINANCIAL REPORTING			
25.	Compliance to Accounting Standards	3.1	71
26.	Pendency in submission of Detailed Countersigned Contingent (DC) Bills against Abstract Contingent (AC) Bills	3.2	72
27.	Delay in furnishing of Utilization Certificates	3.3	73
28.	Non-submission/delay in submission of Annual accounts	3.4	75
29.	Departmentally Managed Commercial Undertakings	3.5	77
30.	Opacity in Government Accounts	3.6	77
31.	Outstanding Liability to Contractors	3.7	78
32.	Follow-up on Audit Reports	3.8	78
33.	Conclusion	3.9	79
APPENDICES			
34.	Profile of Jammu & Kashmir	Appendix 1.1	81
35.	Part A : Structure and Form of Government Accounts	Appendix 1.2	82
	Part B : Layout of Finance Accounts		82
36.	Methodology Adopted for the Assessment of Fiscal Position	Appendix 1.3	83
37.	Time Series Data on the State Government Finances	Appendix 1.4	84
38.	Abstract of Receipts and Disbursements for the year 2016-17 and 2017-18	Appendix 1.5	87
	Summarized financial position of the Government of Jammu and Kashmir as on 31 st March 2018		90
39.	The Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act, 2006	Appendix 1.6	92
40.	Implementation of FRBM Act and Rules	Appendix 1.7	94
41.	Statement showing the funds transferred to the State Implementing Agencies under Programmes/Schemes outside the State budget during 2017-18	Appendix 1.8	97
42.	Status of Grants-in-Aid Projections/Releases under the award of the 14 th Finance Commission	Appendix 1.9	113

43.	Year-wise details of excess expenditure for the years 1980-81 to 2016-17 pending with Finance Department for regularization	Appendix 2.1	114
44.	Statement of various grants/appropriations where excess expenditure incurred	Appendix 2.2	116
45.	Statement of various grants/appropriations where saving was more than ₹one crore each or more than 20 <i>per cent</i> of the total provision	Appendix 2.3	117
46.	Cases of unnecessary supplementary grant/appropriation	Appendix 2.4	119
47.	Statement of various grants/appropriation where supplementary provision provided was insufficient by more than ₹one crore	Appendix 2.5	120
48.	Details of saving of ₹one crore and above not surrendered	Appendix 2.6	121
49.	Statement showing provisions remained unutilized for more than ₹one crore	Appendix 2.7	124
50.	Statement showing cases where excess expenditure incurred under Grant No. 06 & 08	Appendix 2.8	126
51.	Statement showing cases where significant savings were not surrendered in Grant No. 06 & 08	Appendix 2.9	128 and 129
52.	Statement showing cases where expenditure incurred without budget provision in Grant No. 06 & 08	Appendix 2.10	130
53.	Statement showing cases where grants remained unutilized under Grant No. 06 & 08	Appendix 2.11	132
54.	Statement showing Major Head-wise outstanding Detailed Countersigned Contingent (DC) Bills ending March 2018	Appendix 3.1	133
55.	Statement showing details of Annual accounts awaited relating to audit under Section 14 of the CAG's (DPC) Act, 1971	Appendix 3.2	136
56.	Statement showing the position of finalization of accounts and Government investment in Departmentally Managed Commercial and Quasi- Commercial Undertakings	Appendix 3.3	139
57.	Glossary of Terms	Appendix 4	141

PREFACE

This Report of the Comptroller and Auditor General of India for the year ended March 2018 has been prepared under Article 151 of the Constitution of India. The Report is being sent to the Lieutenant Governors of the successor Union Territory of Jammu and Kashmir and Union Territory of Ladakh under Section 82(1) of the Jammu & Kashmir Reorganization Act, 2019.

Chapters I and II of this Report contain audit observations on matters arising from examination of the Finance Accounts and Appropriation Accounts respectively of the Government of Jammu & Kashmir for the year ended March 2018.

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

The Report containing the findings of performance audit and audit of transactions in various departments, Report containing observations on audit of Statutory Corporations, Boards, Government Companies and on Revenue Sector are presented separately.

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 2017-18 *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 2018 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-I is based on the Finance Accounts and makes an assessment of Government's fiscal position as on 31 March 2018. 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-II 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-III is an inventory of Government's compliance with various reporting requirements and financial rules and non-submission of accounts.

Audit findings

Trends in key fiscal aggregates: The State Government could not achieve budget estimates in respect of Revenue Receipts, State's Own Tax Revenue, Non Tax Revenue, Revenue Expenditure, Capital Expenditure and Total Expenditure.

The State had a Revenue Surplus which increased from ₹2,166 crore in 2016-17 to ₹7,595 crore during 2017-18.

The Fiscal Deficit (FD) decreased from ₹6,177 crore in 2016-17 to ₹2,778 crore in 2017-18. The State had a Primary Deficit of ₹1,610 crore in 2016-17 and Primary Surplus of ₹1,885 crore during 2017-18.

The growth rate of Revenue Receipts decreased during current year from 17.31 to 15.56 *per cent* over the previous year, which was higher than the growth rate of GSDP during 2017-18.

The States Own Tax Revenue has shown a steady increase, particularly in Tax on Sale of Goods and Services and GST which increased from ₹4,579 crore in 2013-14 to ₹7,104 crore in 2017-18.

The State's Share in Union Taxes & Duties and Grants from the Union Government together constituted 66.30 *per cent* of the Total Revenue Receipts of the State during 2013-14 which increased to 71.35 *per cent* in 2017-18.

Total Expenditure of the State increased from ₹48,174 crore to ₹51,294 crore. Capital Expenditure including Loans and Advances and Revenue Expenditure increased from ₹8,362 crore to ₹10,378 crore and ₹39,812 crore to ₹40,916 crore during 2016-17 to 2017-18, respectively.

The cash balances was lesser than un-invested reserve funds amounting to ₹2,164 crore which means that the reserve funds were utilized for other than intended purpose.

The share of Revenue Expenditure in Total Expenditure during 2017-18 was 79.77 *per cent* which was lesser than that of 2016-17 which stood at 82.64 *per cent*. Revenue Expenditure (₹40,916 crore) was within the projection made by the State and more than the projection made by the 14th FC (₹36,092 crore). This was mainly due to increase in salaries and pension payment.

The percentage of Developmental Capital Expenditure to Total Expenditure increased from 12.18 *per cent* in 2013-14 to 18.62 *per cent* in 2017-18, while the share of Development Revenue Expenditure to Total Expenditure decreased from 49.41 *per cent* to 46.84 *per cent* during the same years.

Committed expenditure on account of salary, pension, interest payment and subsidies constituted about 67 *per cent* during 2017-18, as against 63 *per cent* in the previous year.

An amount of ₹96.08 crore was invested during 2017-18 in such companies which have accumulated losses as per latest finalised accounts.

Fiscal Deficit was 1.97 *per cent*, which is within the target of three *per cent* of GSDP set under the FRBM Act.

Chapter-II

Financial management and budgetary control: During 2017-18, in nine cases, against the approved provisions of ₹19,852.10 crore, an expenditure of ₹26,249.16 crore was incurred, thereby exceeding provision by ₹6,397.06 crore. This requires regularization from State Legislature.

There were persistent errors in budgeting, savings and excess expenditures.

Excess expenditure requiring regularization of the State Legislature was ₹1,14,061.35 crore, as on 31 March 2018.

During 2017-18, a sum of ₹2,395.97 crore of Grants-in-Aid, Subsidy of ₹152.00 crore, ₹0.43 crore of Stipend & Scholarship, ₹2.94 crore as Salary and ₹301.99 crore under operating cost of procurement/Sale of essential commodities through PDS were disbursed under the Capital Major Heads of expenditure, as against the requirement of their accounting in Revenue Heads.

Chapter-III

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

Chapter-I
Finances of the State Government

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

This chapter provides a broad perspective of the finances of the Government of Jammu and Kashmir during the financial year 2017-18 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 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. Jammu & Kashmir is the 6th 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, the State's population 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 889, as per census 2011.

During the decade 2001-2011, literacy rate increased from 55.52 *per cent* to 67.16 *per cent* in the State, as against 64.84 *per cent* to 74.04 *per cent* at national level.

Gross State Domestic Product (GSDP)

GSDP is the market value of all officially recognized final goods and services produced within the State in a given period of time. The growth of GSDP is an important indicator of standard of living of the State's population. The trends in the annual growth of India's GDP and GSDP of Jammu and Kashmir at current prices and constant prices are given below:

Table 1.1: Comparative statement of GDP vis-à-vis GSDP

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Current Prices					
India's GDP (₹ in crore)	1,12,33,522	1,24,67,959	1,37,64,037	1,52,53,714	1,67,73,145
Growth rate of GDP (Percentage)	12.97	10.99	10.40	10.82	9.96
State's GSDP (₹ in crore)	95,619	98,370	1,17,187	1,26,847	1,40,887*
Growth rate of GSDP (Percentage)	9.73	2.88	19.13	8.24	11.07

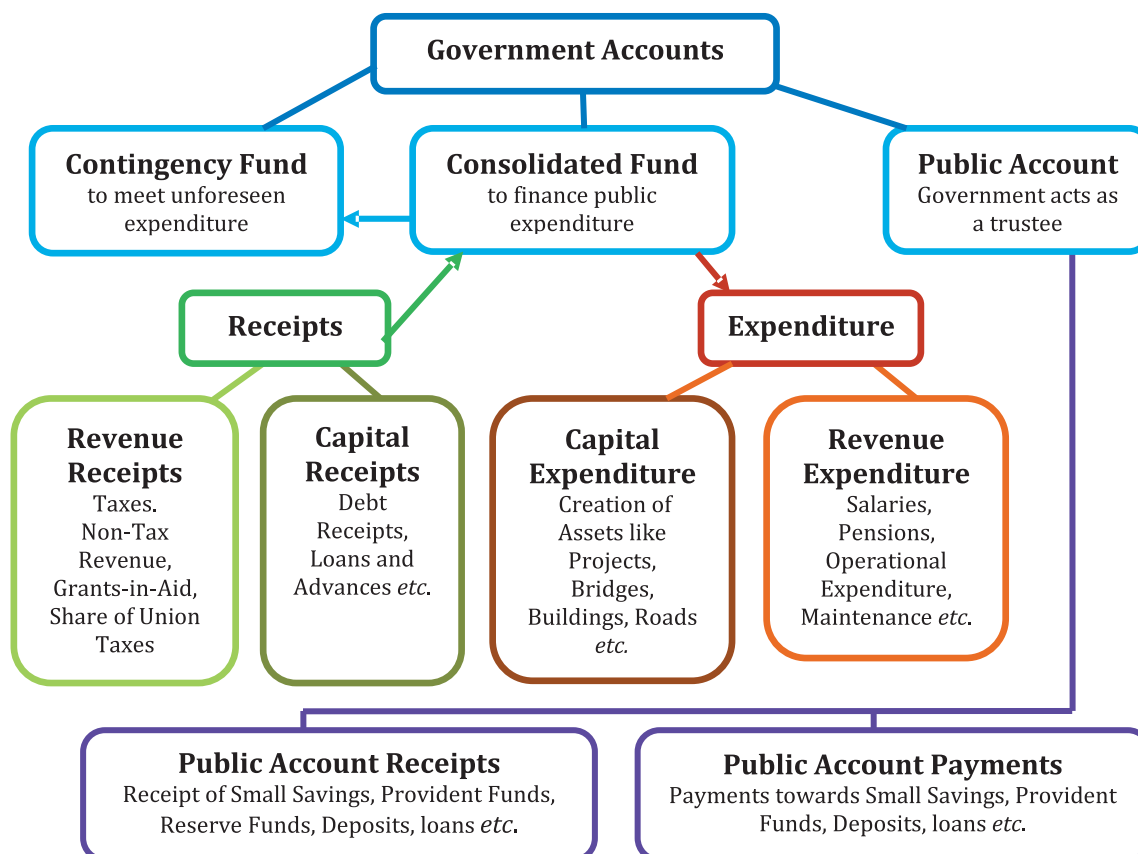
Growth rate of Neighboring States					
Punjab	11.56	6.91	9.85	9.81	10.03
Himachal Pradesh	14.42	9.51	9.23	9.6	9.4
Constant Prices (Base year 2011-12)					
India's GDP (₹in crore)	98,01,370	1,05,27,674	1,13,86,145	1,21,96,006	1,30,10,843
Growth rate of GDP (Percentage)	6.39	7.41	8.15	7.11	6.68
State's GSDP (₹in crore)@	87,570	87,921	91,850	98,826	1,09,137
Growth rate of GSDP (Percentage)	13.85	0.4	4.46	7.59	10.43

Source: * Directorate of Economics and Statistics Department, J&K, Web site of the Ministry of Statistics and Programme Implementation, Government of India @FRBM Finance Department, J&K

1.1.1 Summary of Fiscal Transactions

Chart: 1.1: Structures of Government Accounts

Government finances comprise the following:



Source: Based on Budget Manual

The summary of the State Government's fiscal transactions (*Appendix 1.4 and 1.5*) during the current year (2017-18) *vis-à-vis* the previous year (2016-17) is given below:

Table 1.2: Summary of current year's fiscal operations

(₹ in crore)

Receipts			Disbursements		
	2016-17	2017-18		2016-17	2017-18
Section-A: Revenue			Section-A: Revenue		
State's Own Tax Revenue	7,819	9,536	General Services	15,110	16,888
State's Own Non-Tax Revenue	4,072	4,362	Social Services	11,564	13,117
Share of Union Taxes/Duties	9,489	11,912	Economic Services	13,138	10,911
Grants from Government of India	20,598	22,702	-	-	-
Revenue Receipts	41,978	48,512	Revenue Expenditure	39,812	40,916
Section-B: Capital			Section-B: Capital		
-	-	-	Capital Outlay	8,286	10,353
Recoveries of Loans and Advances	19	4	Loans and Advances disbursed	76	25
Public Debt Receipt ^{##}	20,749	25,557	Repayment of Public Debt ^{##}	17,023	22,490
Contingency Fund	-	-	Contingency Fund	-	-
Public Account Receipts [@]	21,811	15,122	Public Account disbursements [#]	19,458	15,286
Opening Cash Balance	527	429	Closing Cash Balance	429	554
Total	85,084	89,624		85,084	89,624

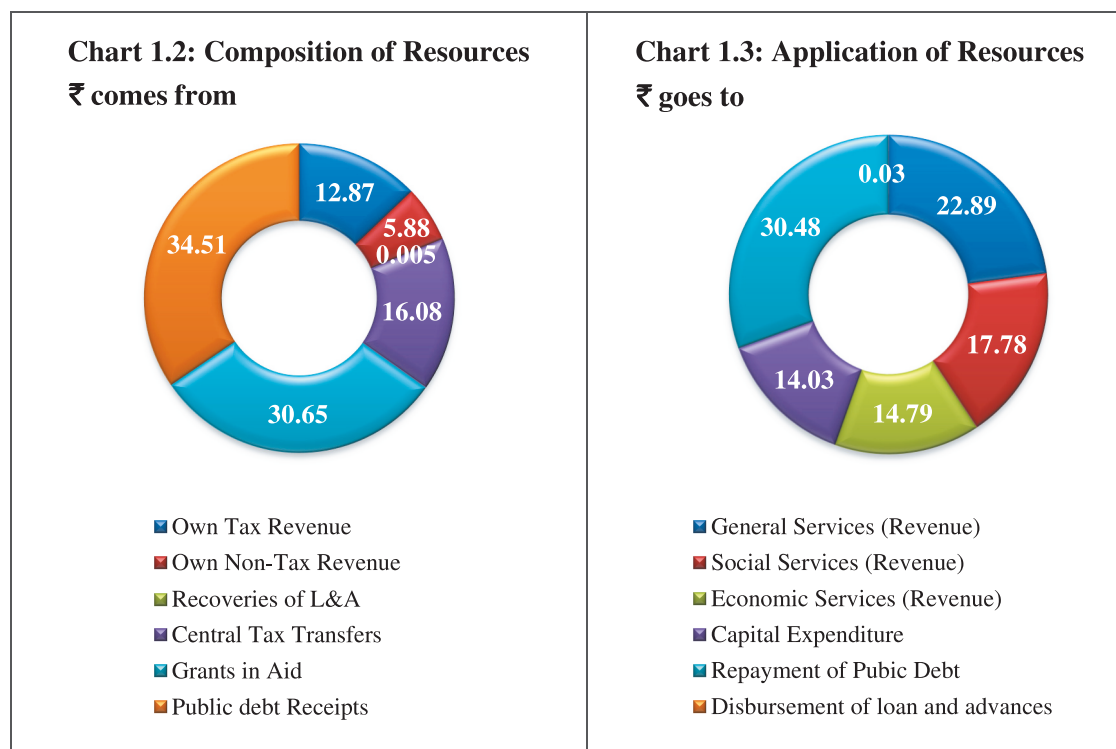
Source: Finance Accounts.

[@]These exclude transactions of investment of cash balances and departmental cash chests (@₹15,576 crore receipts, #₹15,576 disbursements). The net effect of these transactions is included in the opening and closing cash balances in the row next below.

^{##} includes Ways and Means Advances

Appendix 1.5 provides details of receipts and disbursements as well as the overall fiscal position during the current year.

Composition of sources and application of funds in the Consolidated Fund of the State during 2017-18 is given below:



1.1.2 Review of the fiscal situation

Fiscal reforms path in Jammu and Kashmir

Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act was enacted on 14 August 2006. The principal objective of the Act was reducing the Fiscal Deficit to three *per cent* of GSDP by 2009-10. Essential obligations cast on the Government under the FRBM Act, amendments made to it and its implementation are detailed in *Appendix 1.6 & Appendix 1.7* respectively.

The Fourteenth Finance Commission (14thFC) has projected an average annual growth rate of 11.78 *per cent* for GSDP for the State w.e.f 2015-16 to 2019-20. Keeping in view the recommendations regarding growth, revenues and fiscal management, new set of targets have been fixed.

Major fiscal variables provided in the budget, based on the recommendations of the 14thFC and as projected by the State in Budget are given below:

Table 1.3: Variations in major fiscal variables from projections (percentage of GSDP)

Fiscal variables	2017-18				
	Projection as per 14 th FC	Targets proposed in the Budget	Actuals	Variation of actuals from projections	
				Targets prescribed by 14 th FC	Targets of Budget
1	2	3	4	5=4-2	6=4-3
Revenue Deficit (-)/ Surplus (+)	(-) 8.85	6.78	5.39	14.24	(-)1.39
Fiscal Deficit/ GSDP	3	6.15	1.97	(-)1.03	(-)4.18
Ratio of total outstanding debt (Fiscal Liabilities) to GSDP	47.30	-	48.41	1.11	-

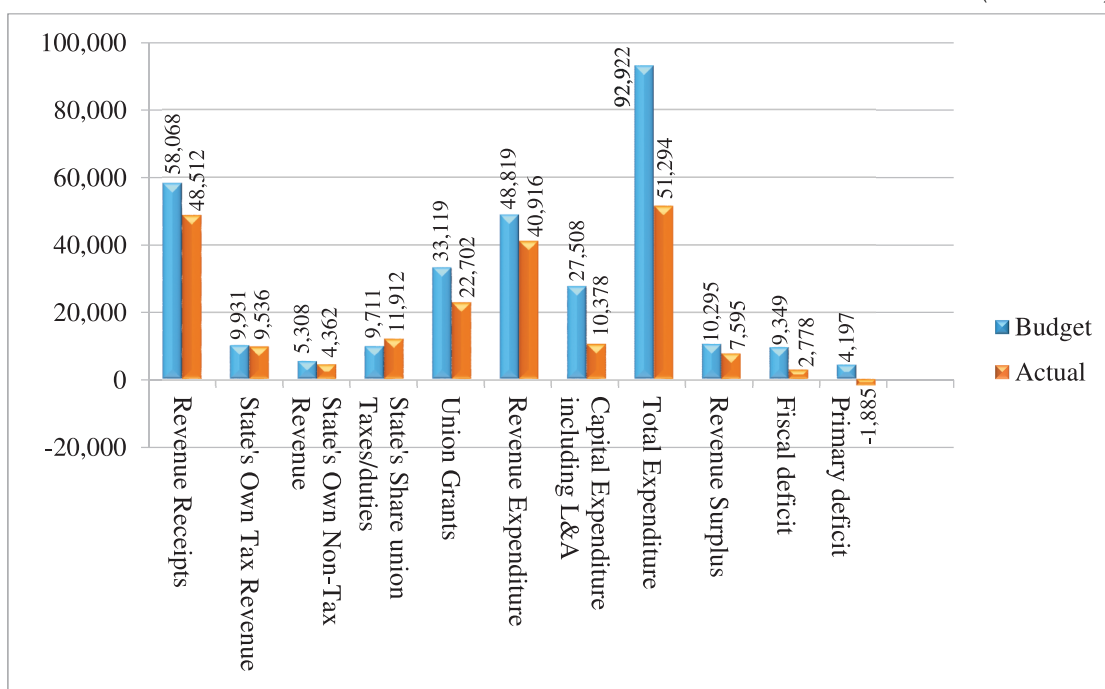
The fiscal deficit was within the projections of 14thFC and target made in budget. The ratio of outstanding liabilities (Fiscal Liabilities) to GSDP at 48.41 per cent was higher than the recommendations of 14th FC.

1.1.3 Budget Estimates and Actual

The budget papers provide estimates of revenue and expenditure for a particular fiscal year. The estimation of revenue and expenditure should be made as accurately as possible so that variations can be analysed to find out the causes. The Budget estimates and actual for some important fiscal parameters are given below:

Chart 1.4: Selected Fiscal Parameters: Budget Estimates vis-a-vis Actuals for 2017-18

(₹ in crore)



Source : Budget and Finance Accounts

As against the targeted Revenue Receipt of ₹58,068 crore, the actual Revenue Receipts were ₹48,512 crore (83.54 per cent) mainly due to less receipt of Grants-in-Aid.

The Non-Tax Receipts was only ₹ 4,362 crore (82.18 per cent) against the anticipated receipt of ₹ 5,308 crore mainly due to lesser receipts under Power.

The Revenue Expenditure was lesser by ₹7,903 crore than the budget provision of ₹ 48,819 crore because of less expenditure in Economic Services under Energy Sector and Agriculture Sector.

The Capital Expenditure including Loans and Advances was lesser by ₹17,130 crore at ₹10,378 crore, against the budget estimate of ₹27,508 crore because of lesser expenditure in Economic Services under Energy and Agriculture Sector.

1.1.4 Buoyancy Ratios

Buoyancy Ratios indicate the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. The Buoyancy Ratios of Revenue Receipts, State's Own Tax Revenue, Total Expenditure and Fiscal Liabilities are given below:

Table 1.4: Buoyancy Ratios of Revenue Receipts, State's Own Tax Revenue, Total Expenditure and Fiscal Liabilities in comparison to GSDP

	2013-14	2014-15	2015-16	2016-17	2017-18
GSDP (₹ in crore)	95,619	98,370	1,17,187	1,26,847	1,40,887
Rate of Growth of GSDP (in per cent)	9.73	2.88	19.13	8.24	11.07
Revenue Receipts (RR)					
RR during the year (₹ in crore)	27,128	28,939	35,781	41,978	48,512
Rate of Growth of RR (in per cent)	3.47	6.68	23.64	17.31	15.56
Buoyancy of RR with GSDP	0.36	2.32	1.24	2.1	1.41
State's Own Tax Revenue (SOTR)					
SOTR during the year (₹ in crore)	6,273	6,334	7,326	7,819	9,536
Rate of Growth of SOTR (in per cent)	7.54	0.97	15.66	6.73	21.96
Buoyancy of SOTR with GSDP	0.77	0.34	0.82	0.82	1.98
Total Expenditure (TE)					
TE during the year (₹ in crore)	31,686	34,550	43,845	48,174	51,294
Rate of Growth of TE (in per cent)	4.11	9.04	26.9	9.87	6.48
Buoyancy of TE with GSDP	0.42	3.14	1.41	1.2	0.59
Fiscal Liabilities (FL)					
FL at the end of the year (₹ in crore)	44,673	48,314	55,358	62,219	68,217
Rate of Growth of FL (in per cent)	10.94	8.15	14.57	12.39	9.64
Buoyancy of FL with GSDP	1.12	2.83	0.76	1.5	0.87

Source: Finance Account of respective years

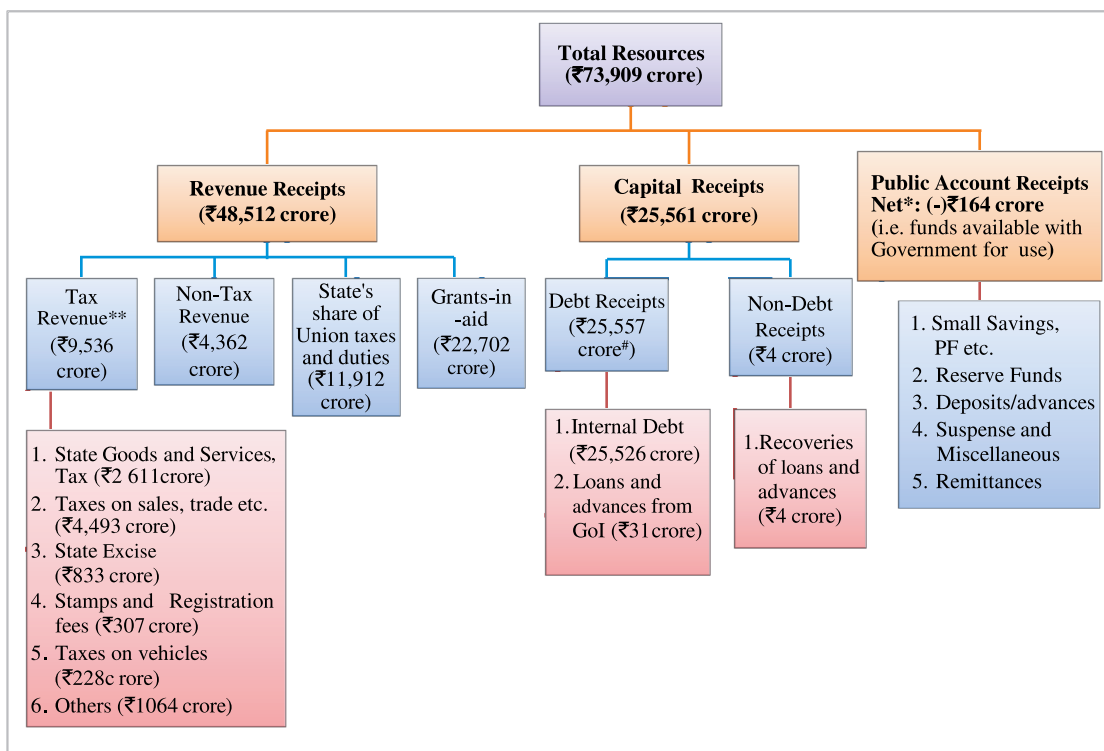
The Buoyancy of SOTR with reference to GSDP was higher during 2017-18 in comparison to 2016-17. The growth rate of RR was higher than the growth rate of GSDP during 2014-15 to 2017-18. The growth rate of TE was less than the growth rate of GSDP during 2017-18.

1.2 Resources of the State as per Finance Accounts 2017-18

Revenue and Capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and Grants-in-Aid from the Government of India (GoI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI as well as accruals from Public Account. **Table 1.2** presents the receipts and disbursements of the State (**Appendix 1.4**) during the current year as recorded in its Annual Finance Accounts while **Chart 1.6** depicts the trends in

various components of the receipts of the State during 2013-18, **Chart 1.5** shows the composition of resources of the State during the current year are given below:

Chart 1.5: Components and sub component of the resources



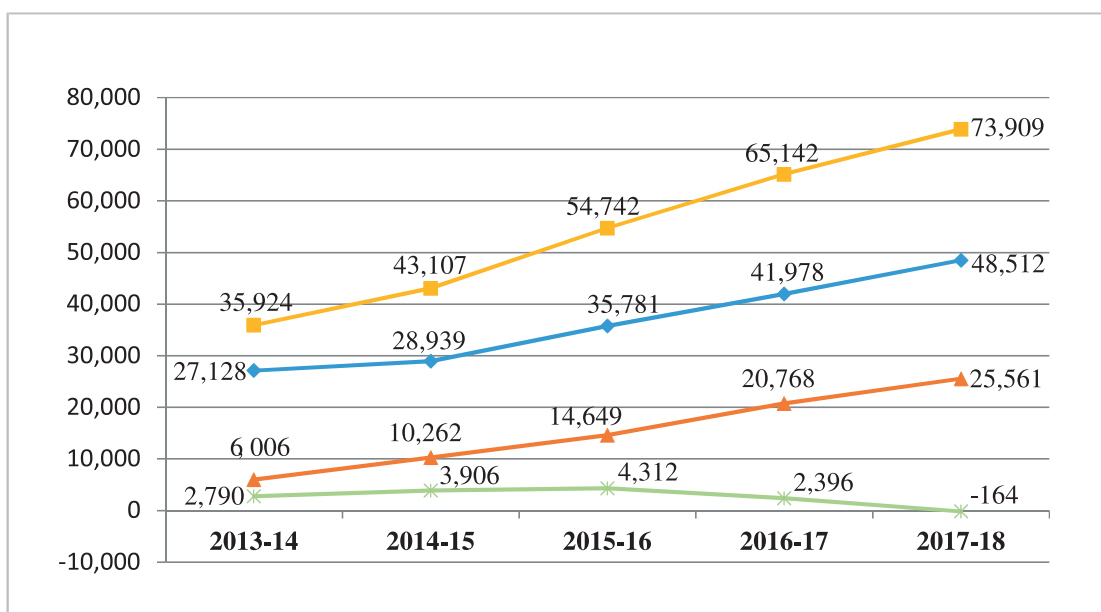
*Public Accounts Receipts Net (₹-164 crore) = Public Accounts Receipts (₹30,698 crore) less Public Accounts Disbursements (₹30,862 crore)

**does not include compensation of ₹ 1,137 crore received due to implementation of GST (included in GIA)

Includes Ways and Means Advances

Chart 1.6: Trends in Resources of State

(₹in crore)



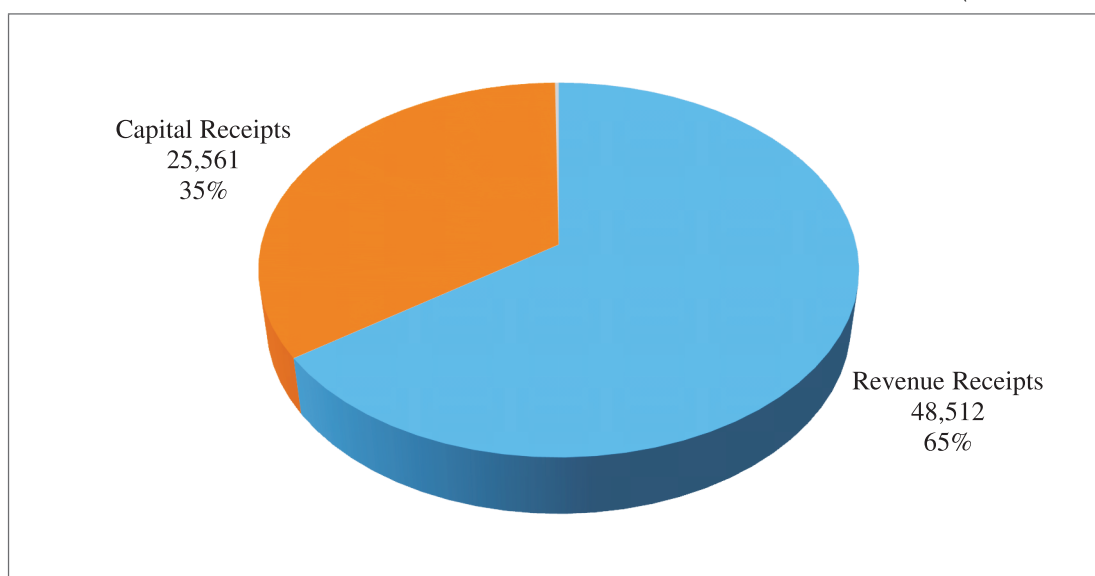
Source: Finance Accounts of the respective years

The Revenue Receipts and the Total Receipts showed upward trend in 2013-14 to 2017-18. The Revenue Receipts increased by ₹6,534 crore during 2017-18 over the previous year. The Public Account Net Receipts also showed upward trend in 2013-14 to 2015-16. It however decreased from ₹4,312 crore in 2015-16 to ₹2,396 crore in 2016-17 and during 2017-18, there was surplus of payment over receipts of ₹164 crore due to less receipt under Remittances.

The Capital Receipts increased to ₹25,561 crore in 2017-18 from ₹20,768 crore in 2016-17. Ratio of Revenue Receipts to Total Receipts showed downward trend, decreasing from 75.51 per cent in 2013-14 to 65.64 per cent in 2017-18. Revenue Receipts increased by 15.56 per cent during 2017-18 over the previous year while Capital Receipts increased by 23.08 per cent during 2017-18 over the previous year. This was mostly on account of rise in public debt.

Chart 1.7: Component of Resources of State during 2017-18

(₹ in crore)

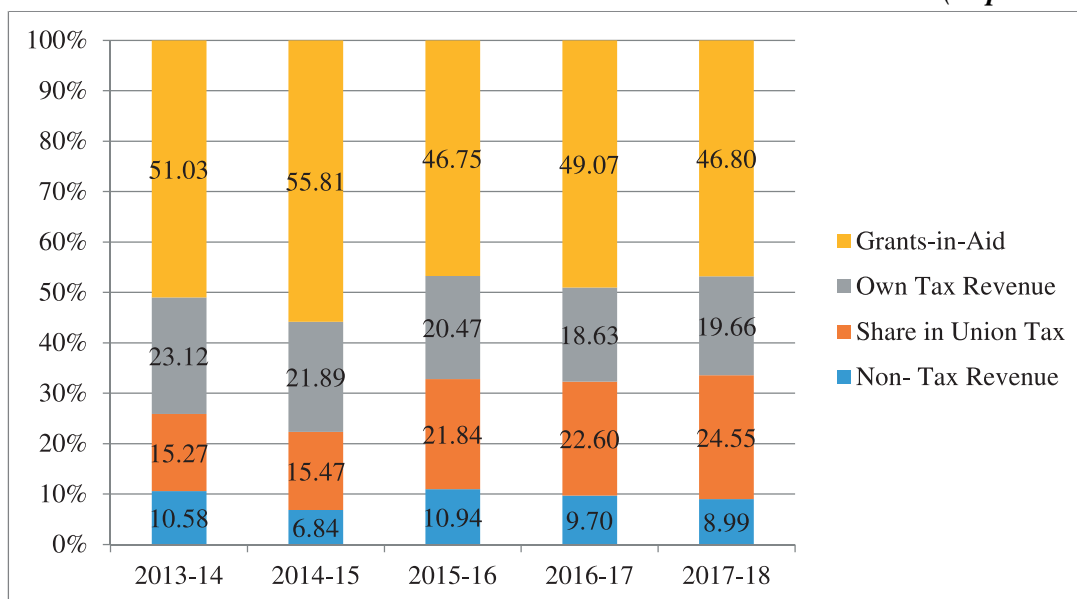


Revenue Receipts in 2017-18 with respect to the previous year has increased by ₹6,534 crore from ₹41,978 crore to ₹48,512 crore (16 per cent), Capital Receipts increased by ₹4,793 crore during 2017-18 from ₹20,768 crore to ₹25,561 crore (23 per cent) and Public Account Net Receipts decreased by ₹2,560 crore during 2016-17 to 2017-18. The Revenue Receipts constitute 65.64 per cent of total State resources (₹73,909 crore).

1.3 Revenue Receipts

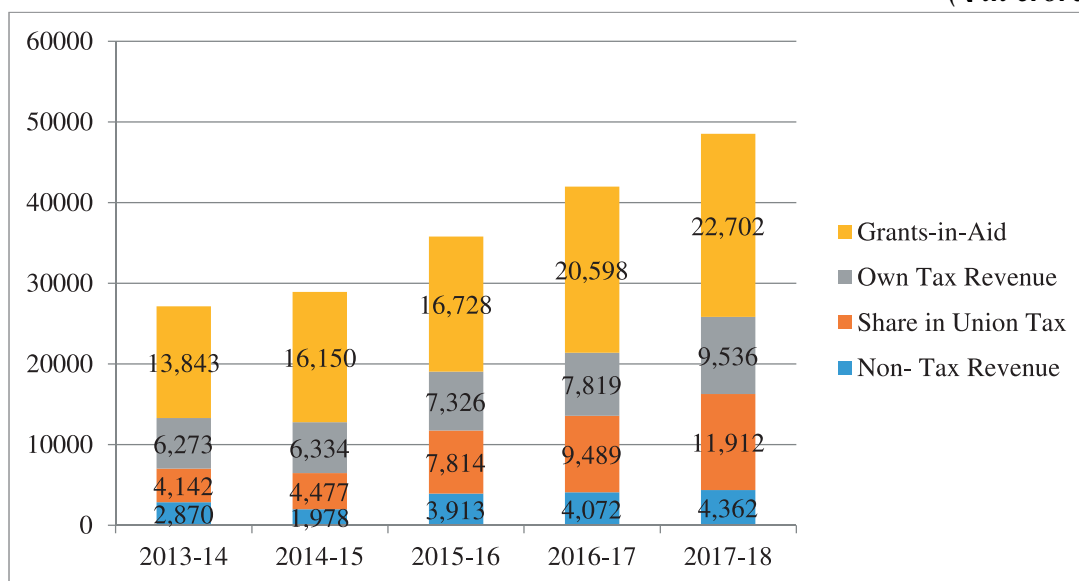
The trends and composition of revenue receipts (*Appendix 1.4 and 1.5*) over the period 2013-18 are presented in *Appendix 1.4* and also depicted below:

Chart 1.8: Composition of Revenue Receipts during 2013-14 to 2017-18
(in per cent)



Source: Finance Account of respective years

Chart No 1.9: Composition of Revenue Receipts during 2013-14 to 2017-18
(₹ in crore)



Source: Finance Account of respective years

The Revenue Receipts of the State increased by 78.83 per cent during the period from 2013-14 to 2017-18. Transfers from the Union Government of State's share in Union taxes and duties and Grants-in-Aid together constituted 66 per cent of the State's Revenue Receipts during 2013-14 and increased to 71 per cent in 2017-18. The share of Own Tax Revenue constituted 23 per cent of the Revenue Receipts during 2013-14 which decreased to 20 per cent in 2017-18. Share of Non-Tax Revenue constituted 11 per cent in 2013-14 which decreased to nine per cent in 2017-18.

The Revenue Receipts increased by ₹6,534 crore (15.56 per cent) during 2017-18 over the previous year, mainly due to increase in the State's share in the Union Taxes and Duties ₹2,423 crore (25.53 per cent), Grants-in-Aid from Government of India by ₹2,104 crore (10.21 per cent) and State's Own Tax Revenue increased by ₹1,717 crore (21.96 per cent). The trends in Revenue Receipts relative to GSDP are given below:

Table 1.5: Trends in Revenue Receipts relative to GSDP

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Receipts (RR) (₹in crore)	27,128	28,939	35,781	41,978	48,512
Rate of growth of RR (per cent)	3.47	6.68	23.64	17.31	15.56
State's Own Tax Revenues (SOTR) (₹in crore)	6,273	6,334	7,326	7,819	9,536
Rate of growth of State's Own Tax Revenue (SOTR) (per cent)	7.54	0.97	15.66	6.73	21.96

The growth rate of Revenue Receipts in the current year was 15.56 per cent which was higher than the growth rate of 10.40 per cent in Special Category States (SCS) (Appendix 1.1). **The substantial increase in Revenue Receipts was due to increase in State Share of Union Taxes/Duties and Grants-in-Aid and increase in SOTR.**

1.3.1 State's Own Resources

As the State's share in Central Taxes and Grant-in-Aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilization of resources is assessed in terms of its own resources comprising Own Tax and Non-Tax sources.

The State's actual Own Tax and Own Non-Tax Receipts for the year 2017-18 vis-à-vis assessment made by 14thFC are given below:

Table 1.6: Actual Tax and Non-Tax receipts vis-à-vis assessment made by 14thFC

Particulars	14 th FC Projections	Budget Estimates	Actual	Percentage variation of actual over	
				14 th FC projections	Budget Estimates
Own Tax Revenue	11,765	9,931	9,536	(-19)	(-04)
Own Non-Tax Revenue	961	5,308	4,362	354	(-18)
Total	12,726	15,239	13,898		

The actual collection under State's Own Tax Revenue fell short by 19 per cent of the projections made by 14thFC and four per cent of Budget Estimates. The actual receipts under Own Non-Tax Revenue were more by 354 per cent of the projections made by 14thFC but fell short by 18 per cent of Budget Estimates.

Thus, the State Government could not achieve its own targets projected in the budget estimates. The State's Own Resources (Own Tax Revenue and Own Non-

Tax Revenue) of ₹13,898 crore during 2017-18 was not enough to cover its committed liabilities (salaries, interest payments, pension and subsidies) of ₹27,500 crore (Para 1.6.3).

1.3.1.1 Tax revenue

The gross collection in respect of major taxes and duties are given in **Table 1.7** which also depicts the trends in various components of own tax revenue of the State during 2013-18.

Table 1.7: Components of State's own resources

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Sales Tax	4,579	4,602	5,277	6,012	4,493
GST	0	0	0	0	2,611
State Excise	440	466	533	569	833
Stamps and Registration Fee	261	248	264	228	307
Taxes on Vehicle	134	132	145	150	228
Taxes and Duties on Electricity	277	313	429	90	179
Land Revenue	16	15	12	17	29
Others	566	558	666	753	856
Total	6,273	6,334	7,326	7,819	9,536

Source: Finance Accounts for the respective years

Taxes on Vehicle collection increased from ₹134 crore to ₹228 crore during the period from 2013-14 to 2017-18, an increase of 70.15 *per cent*. The collection of Taxes on vehicle increased from ₹150 crore in 2016-17 to ₹228 crore due to revision of rates (December 2016) of various fees being collected by the Motor Vehicle Department.

Collection of State Excise increased from ₹440 crore to ₹833 crore during the above period, an increase of 89.32 *per cent*. There is increase in Excise duty by 46 *per cent* in 2017-18 over the previous year due to levy of additional assessment fee @ 31.5 *per cent* on sale of liquor w. e. f 01/09/2017.

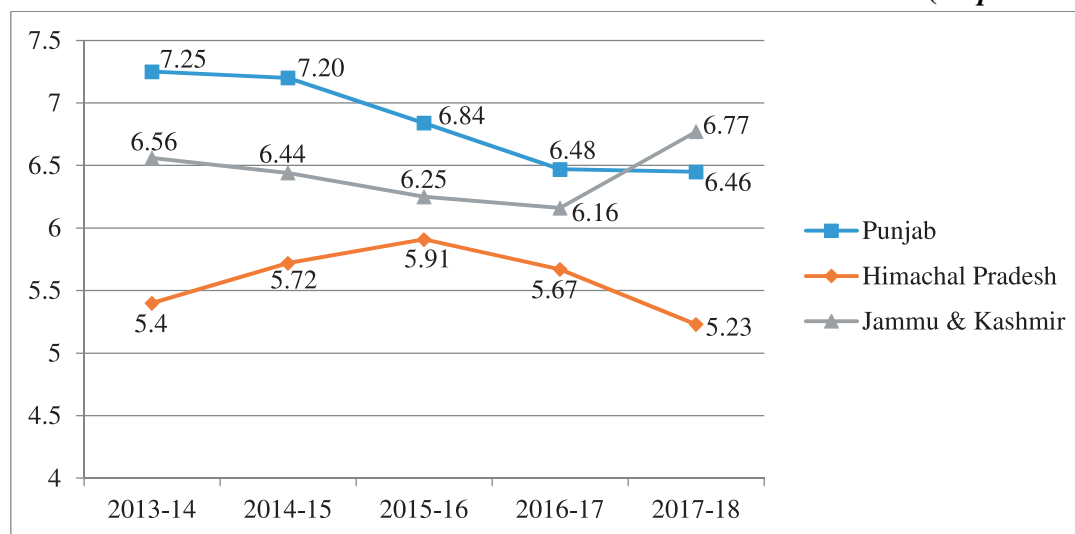
The collection of Stamps and Registration fee increased from ₹261 crore to ₹307 crore due to increase in sale of stamps and in respect of Taxes and Duties on Electricity has decreased by ₹98 crore from ₹277 crore to ₹179 crore during the period due to decrease in rate of electricity duty from 22 *per cent* to 10 *per cent* in 2015-16. Similarly the Sales Tax and Goods and Services Tax (GST) increased by ₹2,525 crore from ₹4,579 crore to ₹7,104 crore during 2013-14 to 2017-18 (GST has been introduced in the State from 08 July 2017, in place of Sales Tax and other taxes).

State's Own Tax revenue increased by ₹ 3,263 crore (52 *per cent*) during 2013-18. All the major taxes and duties recorded increasing trend, except Taxes on Sales, Trade etc. during 2017-18 after roll out of GST from 8th July 2017.

The State's Own Tax Revenue increased by ₹1,717 crore from ₹7,819 crore during 2016-17 to ₹9,536 crore in 2017-18.

The comparison of Own Tax Revenue to GSDP with neighboring States from 2013-14 to 2017-18 is given below:

Chart 1.10: Comparison of Own Tax Revenue to GSDP with neighboring States
(in per cent)



The ratio of own tax revenue to GSDP was lower than Punjab during 2013-14 to 2016-17 but remained higher than Himachal Pradesh during 2013-14 to 2017-18. The position of Own Tax Revenue to GSDP (percentage) of Jammu and Kashmir was higher than the neighbouring States of Himachal Pradesh and Punjab during 2017-18.

Goods and Services Tax

State Government implemented the Goods & Services Tax (GST) Act which became effective from 8th July 2017. According to GST (Compensation to the States) Act 2017, Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State shall be calculated for every financial year after the receipt of final revenue figures, as audited by the CAG of India. The base year (2015-16) revenue figure was finalized under GST Act. In case of Jammu and Kashmir, the Revenue was ₹4,766.30 crore during the base year (2015-16). The projected revenue for any year in a State shall be calculated by applying the projected growth rate (14 per cent per annum) over the base year revenue of that State.

The projected revenue for the year 2017-18 in accordance with base year figure was ₹ 6,194.28 crore and the projected Revenue figure under GST for the period i.e July 2017 to March 2018 was ₹4,645.71 crore¹. Against the projected revenue of ₹ 4,645.71 crore for the year 2017-18, the revenue receipt of the State Government under GST including collection of taxes subsumed in GST during the year 2017-18 i.e July 2017 to March 2018 remained at ₹ 5,250.60 crore as detailed in **Table 1.8**. Against the actual loss of ₹532.11 crore due to implementation of GST, the State Government received compensation to the tune of ₹1,137 crore, It has resulted in excess compensation to the extent of ₹604.89 crore, as given below:

¹ ₹4,766.30 x (1+14/100)²=₹6,194.28crore for 2017-18 and for nine months = ₹6,194.28 crore x 3/4=₹4,645.71 crore.

Table 1.8: Pre-GST and SGST collected, provisional apportionment of IGST and compensation received from GOI against protected revenue*(₹in crore)*

Month	Monthly revenue to be protected	Pre-GST collected	SGST collected *	Provisional apportionment of IGST	Total amount received	Compensation received	Total	Surplus/Deficit
	1	2	3	4	5=(2+3+4)	6	7=(5+6)	8=1-(5+6)
Jul-17	516.19	941.06	0	0	941.06	0	941.06	-424.87
Aug-17	516.19	165.27	102.60	0	267.87	0	267.87	248.32
Sep-17	516.19	58.63	136.74	225.98	421.35	0	421.35	94.84
Oct-17	516.19	71.96	113.43	195.82	381.21	367	748.21	-232.02
Nov-17	516.19	21.87	120.24	209.26	351.37	314	665.37	-149.18
Dec-17	516.19	14.74	141.21	186.71	342.66	0	342.66	173.53
Jan-18	516.19	21.73	146.89	224.53	393.15	127	520.15	-3.96
Feb-18	516.19	6.83	125.18	389.39	521.40	0	521.4	-5.21
Mar-18	516.19	200.25	114.46	178.82	493.53	329	822.53	-306.34
Total	4,645.71	1,502.34	1,000.75	1,610.51	4,113.60	1,137	5,250.60	-604.89

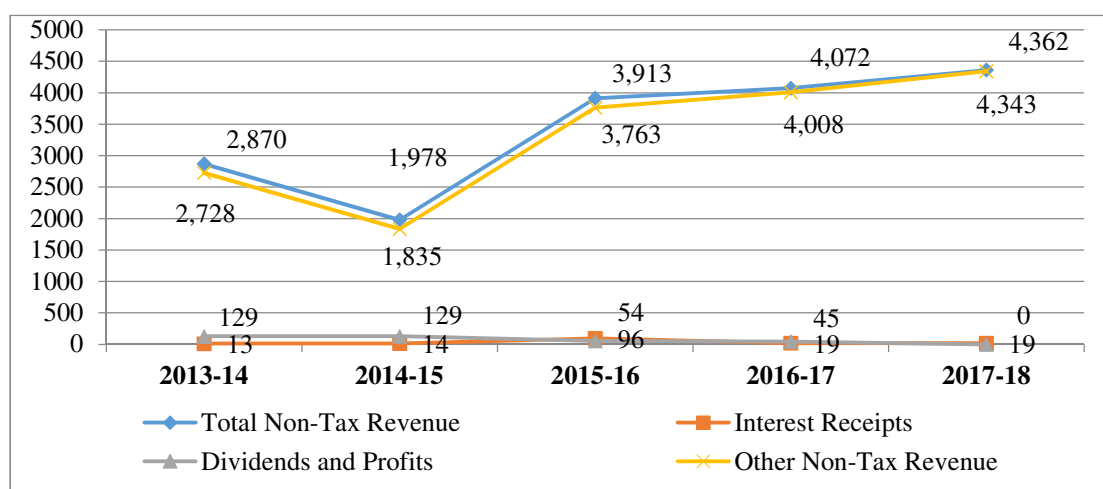
* State Taxes Department, J&K

Advance apportionment from IGST

During the period July 2017 to March 2018 the State Government has collected an amount of ₹2,611.26 crore as GST, which includes an amount of ₹209 crore received on account of advance apportionment of Integrated Goods and Services Tax (IGST). In addition, an amount of ₹1,137 crore has also been received as Compensation from Govt. of India.

1.3.1.2 Non Tax Revenue

Growth of Non-Tax Revenue during five years (2013-14 to 2017-18) is given in **Chart 1.11** and **Table 1.19** depicts the trends in various components of Non-Tax Revenue of the State during 2013-14 to 2017-18.

Chart 1.11: Non-Tax Revenue*(₹in crore)*

Source: Finance Accounts of respective years

Table 1.9: Growth of Non-Tax Revenue during 2013-18

(₹ in crore)

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Interest Receipts	13(-19)	14(8)	96(585)	19(-80)	19(0)
Dividends and Profits	129(48)	129(0)	54(-58)	45(-17)	0(-100)
Other Non-Tax Receipts	2,728(33)	1,835(-33)	3,763(105)	4,008(7)	4,343(8)
Forestry and wild Life	68	71	68	14	18
Power	1,533	1,428	1,477	2,770	3,151
Miscellaneous*	203	166	204	221	266
Others**	924	170	2,014	1,003	908
Total	2,870	1,978	3,913	4,072	4,362

* Miscellaneous depts. are Public Works, Medical & Public Health, Water Supply & Sanitation, Police, Non Ferrous Mining & Metallurgical Industries, Crop Husbandry, Animal Husbandry.

** Others:- Pension and Misc. General Services, Labour and Employment, Other Administrative Services, Stationery & Printing, Minor Irrigation, OSAP, Fisheries, Education etc, Village and Small Industries, Housing, Social Security & Welfare, Medium Irrigation, Tourism and others.

(The percentage increase over previous year is shown in parenthesis)

Source: Finance Account of respective years

The actual receipts under Non-Tax Revenue increased by ₹1,492 crore (51.98 per cent) during 2013-18. The receipt under category 'other' has reduced from ₹2,014 crore in 2015-16 to ₹908 crore in 2017-18 due to abolition of Abiyana (Irrigation Tax). **Non-Tax Revenue (₹4,362 crore) constituted 8.99 per cent of the Revenue Receipt (₹48,512 crore) during 2017-18, registering an increase of ₹290 crore (7.12 per cent) over the previous year, mainly due to increase in receipt under Power.**

The receipts from the sale of Power, being a major constituent of Non-Tax Revenue, increased from 53.41 per cent of the Total Non-Tax Revenue during the year 2013-14 to 72.24 per cent in 2017-18 and it increased by 13.75 per cent during 2017-18 over the previous year.

The receipts under “Others” category include Water Usage Charges. The Water Usage Charges are being levied @ 25 paisa per cusec of water on Hydel power generating companies under the provisions of the Jammu and Kashmir Water Resources (Regulation and Management) Act, 2010 amended on 25 October 2012 and 27 October 2014. Under the Act, the proceeds of the levy are to be credited into a separate Savings Bank Account maintained by the Secretary, Finance Department, to be utilized for establishment of Hydroelectric and Multi-purpose Hydroelectric Projects and for buying back Hydroelectric Power Projects already established in the State and purchase of power. **During the year 2017-18, the State Government collected ₹755.90 crore on account of Water Usage Charges which has been adjusted on account of purchase of power and the balance in bank account at the end of March 2018 was ₹4.34 crore, which was kept out of Consolidated Fund of State.**

Burden of unrecovered cost of Power from consumers and creation of liability due to less payment on account of power purchase

The function of electricity supply to consumers is handled departmentally in the State, as de-bundling and power reforms have not yet been achieved (March 2018). 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 between receipts from power consumers and amount paid towards purchase of power is given below:

Table 1.10: Shortfall in the performance of Power Development Department
(₹ in crore)

Financial year	Cost of power purchase #	Revenue target	Actual revenue realised	Amount paid towards purchase of power
2013-14	4,448	2,841	1,533	3,738
2014-15	5,207	2,630	1,428	4,404
2015-16	5,294	2,980	1,477	6,127
2016-17	5,619	4,741	2,770	6,132
2017-18	5,709	4,841	3,151	3,036

Source : Budget and Finance Accounts of the respective year # Departmental figure

The targets for the collection of tariff have not been achieved during 2013-14 to 2017-18. During 2017-18, Receipt on account of sale of power was ₹3,151 crore against the target of ₹4,841 crore. The revenue realised from sale of power was less than the cost of purchase in all the years. The State had set its revenue collection targets lower than the cost of purchase. This less realization of revenue against cost of power purchase during respective years was a burden on the State. **Difference between cost of purchase of power and actual revenue realised from sale of power is on account of operational inefficiencies and slow implementation of power reforms. The State has very high AT&C losses (50 per cent) which is much higher than that of the neighboring state of Himachal Pradesh where AT&C losses are just eight per cent.**

During 2017-18, the Department purchased power worth ₹5,709 crore against which it paid only ₹3,036 crore to the power producers, thus creating liability on account of power purchase. As on March 2018, the department had liability of ₹7,018 crore on account of unpaid power purchase bills.

The State Government is showing revenue surplus of ₹7,595 crore but after taking into account the deferred liability on account of outstanding power bills amounting to ₹7,018 crore, the revenue surplus will be reduced to that extent.

Implication of UDAY

With the objective of ensuring financial turnaround of Power Distribution Companies (DISCOM), the Ministry of Power Government of India (GoI) introduced (November 2015) the Ujwal Discom Assurance Yojana (UDAY) to improve the operational and financial efficiency of the State DISCOM. States were to take 75 percent of DISCOM debt as on September 2015 over two years i.e 50 per cent of DISCOM debt shall be taken in 2015-16 and 25 per cent in 2016-17.

In March 2016, the Ministry of Power, Government of India and Government of Jammu and Kashmir signed a Memorandum of Understanding (MOU) under the scheme UDAY-"Ujwal DISCOM Assurance Yojana" and borrowed funds to the tune of ₹3,537.55 crore (₹2,140 crore in 2015-16 and ₹1,397.55 crore in 2016-17) from RBI by issue of Non Statutory Liquidity Ratio (SLR) bond at the rates ranging

between 7.07 per cent to 8.72 per cent with maturity date from March 2022 to October 2031. The function of electricity supply to consumers is being handled departmentally in the State so this money was utilised by the State Government to clear liabilities of the Central Public Sector Undertakings (CPSU). The State Government has to pay interest on the bonds and bonds amounting ₹353.755 crore will also be maturing every year from 2021-22 to 2031-32. **During 2017-18, State Government paid ₹284.12 crore towards interest on bonds issued under UDAY Scheme.**

1.3.2 Grants-in-Aid from Government of India

The GoI had operated new Sub-Major Heads under Major Head-1601 Grants-in-Aid (GIA) for providing GIA to States during 2017-18 and discontinued Plan and Non-Plan classification.

Table 1.11: Grants-in-Aid received from Government of India

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Non-Plan Grants	4,009	3,343	11,135	12,776	---
Grants for Centrally Assisted State Plan Schemes/Centrally sponsored schemes	9,008	12,720	4,365	7,766	9,096
Grants for Central and Centrally sponsored Plan Schemes	826	87	1,228	56	---
Finance Commission Grant	---	---	---	---	11,849
Other Transfers/Grants to States	---	---	---	---	620
Compensation for loss of revenue arising out of implementation of GST	---	---	---	---	1,137
Total	13,843	16,150	16,728	20,598	22,702
Total grants as a percentage of Revenue Receipts	51	56	47	49	47

(Source: Finance Accounts for respective years)

The Grants-in-Aid received from Union Government increased from ₹13,843 crore during 2013-14 to ₹22,702 crore during 2017-18 in absolute terms. As percentage of Revenue Receipts, Grants-in-Aid increased from 51 per cent to 56 per cent during 2013-14 to 2014-15, and decreased to 47 per cent in 2017-18 from 49 per cent in 2016-17. **The Grants-in-Aid increased by ₹2,104 crore from ₹20,598 crore in 2016-17 to ₹22,702 crore in 2017-18. The trend indicates that the State Government is dependent on Grants-in-Aid from GoI to the extent of 47 per cent of Revenue Receipts during 2017-18.**

1.3.3 Funds transferred to State Implementing Agencies outside the State Budget

During 2017-18 an amount of ₹22,702 crore was routed through State Budget as grants by the Government of India. In addition, there were more than 55 schemes involving a total amount of ₹1,105 crore, which continued under direct funding mode by the Union Government to the J&K Implementing Agencies (Institutions, Corporations, Societies, etc.) during 2017-18. **There was increase of ₹477 crore i.e.76 per cent in direct transfer of funds from Union Government to**

implementing agencies as compared to the previous year (Appendix 1.8). These funds are outside the budgetary and accounting system of the State Government. The schemes where direct funding is more than ₹one hundred crore during the year is given below:

Table 1.12: Major 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
		2017-18
Central Assistance for Pakul Dul HEP (Hydro Electric Project) under J&K PMDP Grant to Chenab Valley Power	Chenab Valley Power Projects Pvt. Ltd.	200.00
Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	J&K Tourism Development Corporation/ J&K State Cable Car Corporation.	115.50
Total		315.50

(Source Finance Accounts of respective year)

1.3.4 Central tax transfers

The components of State Share in Union Taxes and Duties are given in Table 1.13.

Table 1.13: Components of State Share in Union Taxes and Duties

(₹ in crore)

Component of State's share of Union taxes	13 th FC & 14 th FC award period				
	2013-14	2014-15	2015-16	2016-17	2017-18
Corporation Tax	1,664.16	1,833.83	2,976.52	3,623.44	3,824.16
Customs	807.36	849.30	1,507.13	1,558.67	1,260.30
Income Tax	1,095.80	1,309.53	2,075.73	2,518.30	3,229.22
Other Taxes and Duties on commodities and services	0	0	5.78	0.03	0.00
Taxes on Wealth	4.57	4.95	0.60	8.29	-0.11
Other taxes on Income & Expenditure	0	0.04	0.06	0	0
Union Excise Duties	570.21	479.58	1,247.66	1,779.87	2,020.60
CGST	NA	NA	NA	NA	316.80
IGST	NA	NA	NA	NA	1,260.68
Grand total	4,142.10	4,477.23	7,813.48	9,488.60	11,911.65
Devolution as percentage of Revenue Receipts of the State	15.27	15.47	21.84	22.60	24.55
NA: Not applicable due to implementation of GST Act with effect from 8 July 2017					

Source: Finance Accounts of respective years

The 14thFC recommended increasing the States' share of Central Taxes from 32 to 42 per cent. Accordingly, the State's share in the net proceeds of Central Tax (excluding Service Tax) was fixed at 1.854 per cent. The share of Union Taxes of ₹11,912 crore received during 2017-18 was ₹2,423 crore more as compared to 2016-17. The devolution as percentage of Revenue Receipts of the State's share in Central Taxes increased from 15.27 per cent to 24.55 per cent during 13thFC and 14thFC.

1.3.5 Funds created by levying Cess

Section 3 of the Cess Act 1996 provides for mandatory levy and collection of cess on the cost of construction works and provided that the cess shall be levied at one *per cent* of the cost of construction incurred by an employer which shall exclude the cost of land and any compensation paid or payable to a worker or his kin under the Workmen Compensation Act, 1923. As on March 2017, there was balance of ₹374.24 crore and the Board received ₹129.34 crore during 2017-18 as labour cess, monthly contribution, interest etc. Out of this, the Board spent ₹69.56 crore on labour welfare schemes (₹67.36 crore) and on administrative expenditure (₹2.20 crore) leaving a closing balance of ₹434.02 crore as on 31 March 2018. **The amount so deducted on account of Labour Cess is being kept in the Official Bank Account in the name of Secretary, J&K Building and Other Construction Workers Welfare Board and remains outside the Government Account.**

1.3.6 Grants-in-Aid to States on recommendation of Central Finance Commissions

As per 14th FC Recommendations, ₹6,178.37 crore was projected (2015-20) for Urban Local Bodies, Rural Local Bodies and State Disaster Response Fund (SDRF). Against this, an amount of ₹753.26 crore, ₹1,078.44 crore and ₹1,214.56 crore were to be released/allocated during the years 2015-18 as given below:

Table 1.14: Projections made by the Finance Commission vis-a-vis releases

(₹ in crore)

Components	2015-16	2016-17	2017-18	Total Projections	2015-16	2016-17	2017-18	Total Releases	Balance
Urban Local Bodies	125.30	224.71	258.41	608.42	Nil	Nil	Nil	Nil	608.42
Rural Local Bodies	373.96	585.73	675.15	1,634.84	367.72	Nil	Nil	367.72	1,267.12
SDRF (including State Share)	254.00	268.00	281.00	803.00	254.00	254.70	13.50	522.20	280.80
Total	753.26	1,078.44	1,214.56	3,046.26	621.72	254.70	13.50	889.92	2,156.34

Source: Fourteenth Finance Commission Report

However, an amount of ₹889.92 crore (including State Share) was received by the State Government from the Ministry of Finance, Government of India (GOI) during 2015-18 and no amount was released by GOI during 2017-18. An amount of ₹52 crore was released as State Share during the above period against projected amount of ₹80.00 crore of SDRF. The 2nd installment of ₹13.50 crore as State Share for the year 2016-17 was released by the State Government during 2017-18 (**Appendix 1.9**). **Grants of ₹2,128.34 crore have not been released by the GOI, out of which ₹1,875.54 pertains to Urban Local Bodies (ULB's) and Rural Local Bodies (RLB's). The grants for ULB's and RLB's have been withheld by the GOI because of non-conducting of election of these bodies.**

1.4 Capital Receipts

Capital receipts include recoveries of loans and advances, receipts through debt i.e. internal debt, loans from GoI and miscellaneous capital receipts. The capital receipts during five years (2013-18) are given below:

Table 1.15: Trends in growth and composition of receipts

(₹ in crore)

Sources of State's Receipts	2013-14	2014-15	2015-16	2016-17	2017-18
Capital Receipts (CR)	6,006	10,262	14,649	20,768	25,561
Miscellaneous Capital Receipts	-	-	-	-	-
Recovery of Loans and Advances	4	3	4	19	4
Public Debt Receipts	6,002	10,259	14,645	20,749	25,557
Market Loans	2,080	1,400	2,250	2,790	6,200
Bonds	202	202	2,,342	1,440	41
Loans from Financial Institutions	855	1,197	1,045	646	668
Ways and Means Advance including overdraft	2,850	7,448	8,991	15,848	18,617
Loans from GoI	15	12	17	25	31
Percentage of Market Loan to Public Debt Receipt	35	14	15	13	24
Rate of growth over the previous year (per cent)					
Of public debt capital receipts	(-)15	71	43	42	23
Of non-debt capital receipts	300	(-)25	33	375	-79
Of GSDP at current prices	9.73	2.88	19.13	8.24	11.07
of Capital Receipts	(-)15	71	43	42	23

Source: Finance Accounts of respective years

Capital Receipts increased from ₹6,006 crore in 2013-14 to ₹25,561 crore in 2017-18 mainly due to increase in Market Loans (₹2,080 crore in 2013-14 to ₹6,200 crore in 2017-18) and Ways and Means Advances including Over Draft (₹2,850 crore in 2013-14 to ₹18,617 crore in 2017-18). The Capital Receipts increased by ₹4,793 crore in 2017-18 over the previous year.

The Public Debt Receipts increased from ₹6,002 crore to ₹25,557 crore during the period 2013-14 to 2017-18 and it increased by ₹4,808 crore in 2017-18 as compared to the previous year.

Share of Market Loans to Public Debt Receipts has risen from 13 per cent in 2016-17 to 24 per cent in 2017-18.

1.4.1 Recoveries of Loans and Advances

The details of loans and advances disbursed and recovery made during 2013-14 to 2017-18 are given below:

Table 1.16 Quantum of Loans disbursed and recovered during 2013-14 to 2017-18

(₹ in crore)

Quantum of Loans disbursed and recovered	2013-14	2014-15	2015-16	2016-17	2017-18
Opening Balance	1,292.55	1,409.83	1,493.94	1,583.64	1,640.52
Amount advanced during the year	121.41	86.80	93.79	76.24	24.75
Amount recovered during the year	4.13	2.69	4.09	19.36	4.41
Closing Balance*	1,409.83	1,493.94	1,583.64	1,640.52	1,660.86
Net addition	117.28	84.11	89.70	56.88	20.34

Source Finance Accounts of respective year *Difference occurring, is due to rounding off

The total outstanding loans registered increasing trend from ₹1,409.83 crore to ₹1,660.86 crore during the period 2013-14 to 2017-18. Out of ₹1,660.86 crore, major portion of loans amounting to ₹843.44 crore² were outstanding (March 2018) against seven entities. Against the outstanding amount of ₹ 843.44 crore, ₹2.50 crore were only recovered during 2017-18. **The recovery of loan is very poor resulting in continuous increase in outstanding balances from ₹1,409.83 crore in 2013-14 to ₹1,660.86 crore in 2017-18.**

Audit examination of loans and advances given to J&K Industries Ltd revealed that there was outstanding loans of ₹373.19 crore against J&K Industries Ltd as on March 2017. Despite poor performance of recovery, State Government disbursed new loan of ₹13.29 crore and recovered only ₹2.50 crore during 2017-18. **As on March 2018, loan amounting to ₹383.98 crore was outstanding against J&K Industries Ltd. which had an accumulated losses of ₹529.39 crore ending 2008-09. Thus, the loan was sanctioned by the State Government without ensuring its recovery.**

1.4.2 Debt receipts from internal sources

An amount of ₹25,526 crore was received as internal debt which includes Market Loans of ₹6,200 crore and loans of ₹668 crore from financial institutions and banks during 2017-18 which was ₹4,802 crore (23 per cent) more than internal debt receipt of ₹20,724 crore of the previous year.

Trends in market borrowing are detailed in paragraph 1.10.

1.4.3 Loans and Advances from Government of India

The Loans and Advances received from Government of India increased by ₹6.90 crore from ₹24.70 crore in 2016-17 to ₹31.60 crore in 2017-18 and repayment of ₹116 crore was made during the year.

1.5 Public Account Receipts

In respect of sums credited to the Public Accounts of the State, the Government acts as a trustee or banker and bears a fiduciary liability. 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 and pass through 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 1.17** given below shows trends in receipts and disbursements under various segments of the Public Accounts.

² (1) Municipalities ₹5.17 crore (Nil recovery), (2) Development Authority, Srinagar – ₹ 1.91 crore (Nil recovery), (3) Public Sector and other Undertakings (J&K, HPMC Ltd) – ₹12.66 crore (Nil recovery), (4) Electricity Board, JKPDC – ₹.85.04 crore (Nil recovery), (5) Agro Industries – ₹7.94 crore (Nil recovery), (6) J&K Industries Ltd – ₹ 383.98 crore (₹2.50 crore), (7) Jammu and Kashmir State Road Transport Corporation Limited – ₹3,46.72 crore (Nil recovery)

Table 1.17: Profile of Public Account*(₹in crore)*

Constituents of Public Accounts	Public Account Receipts		Disbursement from Public Account		Excess of receipts over disbursement	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
Small Savings (State Provident Fund, Pension/ Insurance Funds)	4,626	5,032	2,780	3,476	1,846	1,556
Reserve Funds	452	419	111	129	341	290
Deposits	3,794	4,894	2,845	3,810	949	1,084
Advances	29	0	29	0	0	0
Remittances	9,320	934	10,010	3,889	(-)690*	(-)2,955*
Receipts in Cash Balance Investment Account	14,165	15,576	14,122	15,576	43	0
Receipts in Departmental Cash Balances Account	07	0	06	0	01	0
Other Suspense and Misc.	3,590	3,842	3,683	3,981	(-)93	(-)139
Total	35,983	30,697	33,586	30,861	2,397	(-)164

Source Finance Accounts of respective year

*Under Remittances, the disbursement was in excess of receipts mainly due to adjustment of accounts of previous year/non-adjustment.

The Public Accounts Receipts decreased from ₹35,983 crore in 2016-17 to ₹30,697 crore, disbursements also decreased from 33,586 in 2016-17 to 30,861 in 2017-18 mainly because of less receipt/disbursement under remittances as compared to the previous year. The excess of receipts over disbursement was ₹2,397 crore in 2016-17 and it has come down to minus ₹164 crore in 2017-18 mainly because of excess disbursement of remittance over receipts during 2017-18.

1.6 Application of Resources

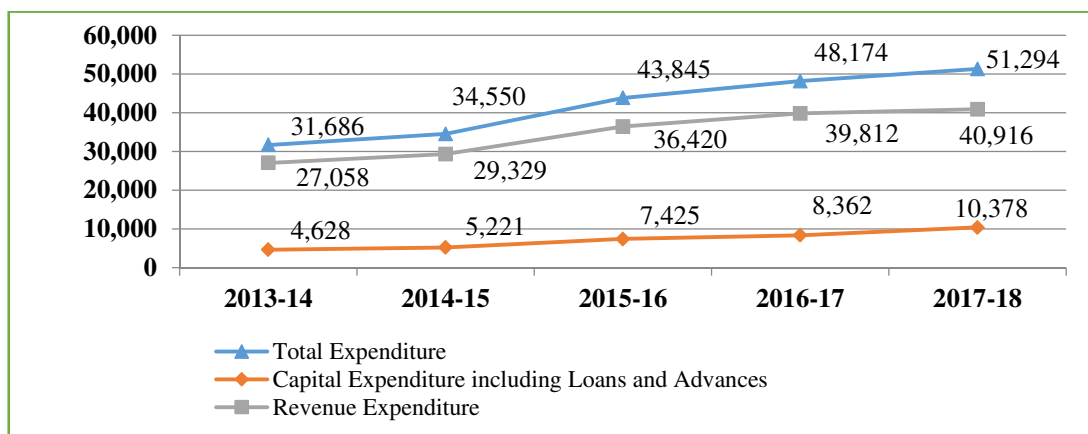
State raises resources to perform its sovereign functions, maintain levels of service delivery for Social and Economic Services; extend the network of these services through Capital Expenditure, Investments and to discharge debt service obligations. It is also important to ensure that the fiscal correction 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.

1.6.1 Growth and Composition of Expenditure

Chart 1.12 presents the trends in Total Expenditure during 2013-14 to 2017-18.

Chart 1.12: Total Expenditure trends and Composition

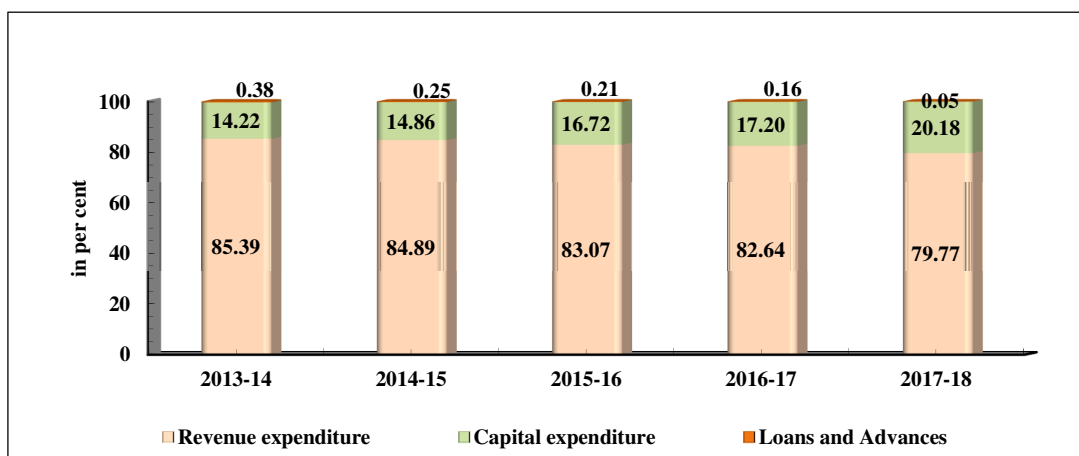
(₹ in crore)



Source Finance Accounts of respective year

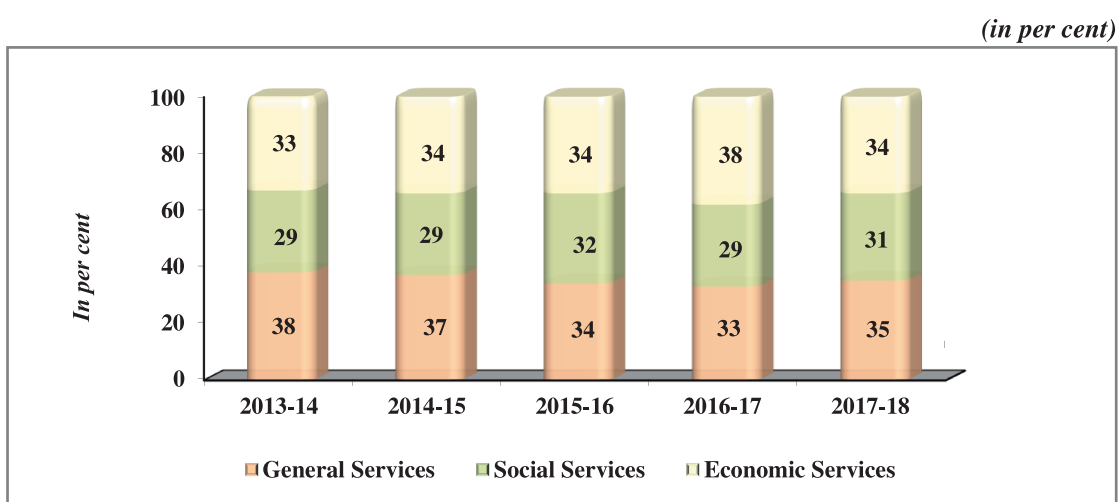
From **Chart 1.12** above, it may be seen that the Total Expenditure increased by ₹19,608 crore (62 per cent) from ₹31,686 crore in 2013-14 to ₹51,294 crore in 2017-18. The Capital Expenditure (including loans and advances) increased by ₹5,750 crore (124 per cent) from ₹4,628 crore to ₹10,378 crore over the same period, while the Revenue Expenditure increased by ₹13,858 crore (51 per cent) from ₹27,058 crore in 2013-14 to ₹40,916 crore in 2017-18. **The Revenue Expenditure had a predominant share in Total Expenditure, as 85 per cent to 80 per cent of the expenditure was incurred on Revenue Expenditure during 2013-14 to 2017-18.**

Chart 1.13: Total Expenditure: Trends in share of its components (in per cent)



However the share of Revenue Expenditure during 2017-18 was less than previous year. The Capital expenditure (excluding Loans & Advances) increased by ₹5,846 crore from 2013-14 to 2017-18. Its share in Total Expenditure increased from 14.22 per cent in 2013-14 to 20.18 per cent in 2017-18. However, part of the increase in share of Capital Expenditure was on account of misclassification of Revenue Expenditure of ₹ 2,853.33 crore as Capital Expenditure during 2017-18. **The share of Loans and Advances disbursed decreased from 0.16 per cent in 2016-17 to 0.05 per cent in 2017-18.**

Chart 1.14: Total Expenditure: Trends by Activities



The combined share of Social and Economic Services which represented Development Expenditure improved from 62 per cent in 2013-14 to 65 per cent in 2017-18. The movement of relative shares of various components of expenditure indicated that the share of General Services remained at 35 per cent in 2017-18 as compared to 33 per cent in previous year, while the Social Services increased from 29 per cent to 31 per cent, over the previous year. Economic services also decreased from 38 to 34 per cent in 2017-18. The combined share of Social and Economic Services decreased from 67 per cent to 65 per cent over the previous year due to decrease in Development Revenue Expenditure in Economic Services.

1.6.2 Revenue Expenditure

Table 1.18 presents the growth of Revenue Expenditure over five years (2013-18).

Table 1.18: Growth of Revenue Expenditure

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Expenditure	27,058	29,329	36,420	39,812	40,916
Growth rate (per cent)	7.73	8.39	24.18	9.31	2.77
Revenue Expenditure as percentage to GSDP	28	30	31	31	29

(₹ in crore)

Revenue Expenditure during 2013-14 to 2017-18 increased by ₹13,858 crore (51 per cent) but its percentage to GSDP increased from 28 per cent to 29 per cent during the same period.

The Revenue Expenditure increased by ₹1,104 crore (2.77 per cent) from ₹39,812 crore to ₹40,916 crore over the previous year. The increase under General Services was ₹1,778 crore from ₹15,110 crore to ₹16,888 crore, Social Services ₹1,553 crore from ₹11,564 crore to ₹13,117 crore was mainly under Education, Sport, Art and Culture, Health and Family Welfare, Water Supply, Sanitation, Pension & Misc. General Services and there was reduction in expenditure in Economic Services by ₹2,227 crore mainly under Energy sector.

The Revenue Expenditure in 2017-18 at ₹40,916 crore was more than the projections made by the 14thFC (₹36,092 crore) mainly due to increase in salaries and pension payments.

1.6.3 Committed Expenditure

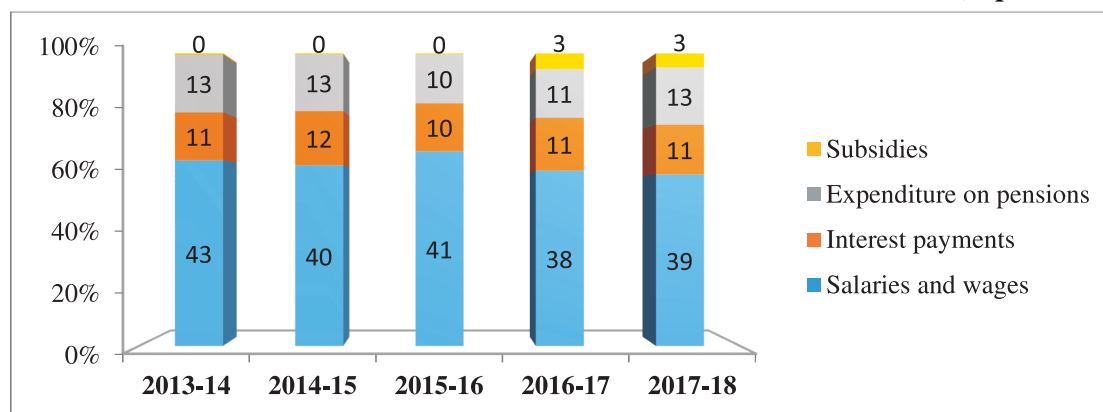
The Committed Expenditure on revenue account mainly consists of interest payments, expenditure on salaries, pensions and subsidies. **Table 1.19** and **Chart 1.15** present the trends in the expenditure on these components during 2013-18.

Table 1.19: Components of Committed Expenditure

Components of Committed Expenditure	2013-14	2014-15	2015-16	2016-17	2017-18	
					Budget Estimate	Actual
Salaries	11,605	11,733	15,038	15,130	20,229	16,123
Interest Payments	3,001	3,533	3,719	4,567	5,157	4,663
Expenditure on Pensions	3,592	3,686	3,781	4,216	5,000	5,408
Subsidies	86	55	68	1,337	0	1,306
Total	18,284	19,007	22,606	25,250	30,386	27,500
Per cent of Revenue Receipt	67	66	63	60		57
Per cent of Revenue Expenditure	68	65	62	63		67

Source Finance Accounts of respective year

Chart 1.15: Share of Committed Expenditure in Total Revenue Expenditure
(in per cent)



The pension payments showed upward trend from ₹3,592 crore in 2013-14 to ₹5,408 crore in 2017-18 and increased by 28.27 per cent over the previous year and the interest payment increased by ₹1,662 crore (55.38 per cent) from ₹3,001 crore in 2013-14 to ₹4,663 crore during 2017-18. The expenditure on salaries increased by 6.56 per cent during 2017-18 from ₹15,130 crore 2016-17 to ₹16,123 crore in 2017-18.

Committed expenditure on account of salary, pension, interest payment and subsidies constituted 67 per cent of Revenue Expenditure during 2017-18, as against 63 per cent in the previous year.

Expenditure on Salaries

The expenditure on salaries increased by ₹ 4,518 crore (38.93 per cent) during the period from 2013-14 to 2017-18. **During 2016-17 to 2017-18, the CAGR of expenditure on salaries and wages was 6.60 per cent, which was lower than SCS (20.60 per cent). (Appendix 1.1).**

Interest Payments

The percentage of interest payment to Revenue Receipt decreased from 11.06 *per cent* in 2013-14 to 9.61 *per cent* in 2017-18. Interest payments increased by ₹1,662 crore (55.38 *per cent*) from ₹3,001 crore to ₹4,663 crore over a period of five years (2013-14 to 2017-18). There was an increase of ₹96 crore (2.10 *per cent*) over the previous year. **Interest payments of ₹4,663 crore during 2017-18 was higher than the projections made in 14thFC (₹4,019 crore).**

Pension payments

Pension payments (₹5,408 crore) increased by 50.55 *per cent* during the period from 2013-14 to 2017-18 which was 13.21 *per cent* of Revenue Expenditure. The expenditure on pension payments in 2017-18 was higher than the assessments made by 14thFC (₹5,297 crore). To meet the increasing pension liabilities, a new Defined Pension Contribution Scheme (New Pension Scheme) was introduced by the State with effect from 1 January 2010.

Subsidies

The expenditure on subsidy increased by ₹1,220 crore from ₹86 crore in 2013-14 to ₹1,306 crore in 2017-18. Expenditure on subsidies during 2017-18 constituted three *per cent* of the Revenue Expenditure. The main heads on which subsidy was provided during the year were Power Development Department (₹1,150 crore) and Agriculture Production Departments (₹119.90 crore).

New Pension Scheme

The New Pension Scheme (NPS) was launched in the Jammu and Kashmir State from 1st January 2010. The NPS which is mandatory for all the employees joining government services post 2010 is a “Defined Contribution Pension Scheme” wherein both the employer and the employee contributes 10 *per cent* of the basic pay and dearness allowance every month.

During the year 2017-18, out of ₹687.72 crore (Total contribution of NPS during 2017-18 of ₹622.16 crore including employees contribution of ₹311.08 crore and matching contribution from the State Government plus previous liability of ₹65.56 crore), ₹628.31 crore was transferred from this head of Deposit Account to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank. As such, as on 31 March 2018, an amount of ₹59.41 crore was lying under the Major Head 8342-“Other Deposits”-117 “Defined Contribution Pension Scheme” of the Government Employees awaiting transfer to NSDL/Trustee Bank. There was delay in uploading of NPS contributions ranging between one to 14 days due to networking problems, falling of holidays on due date of uploading and inactive PRAN etc.

There is also an amount of ₹3.64 crore lying with treasuries ending March 2018 which is unadjusted on account of subscribers contribution towards their respective Permanent Retirement Account Number (PRAN).

There was balance of ₹65.56 crore at the beginning of the year 2017-18 related to New Pension Scheme on which ₹5.11 crore was required to be paid as interest (taking GPF interest rate of 7.80 per cent for the year 2017-18). The State Government had not paid any interest on NPS. Uncollected, unmatched and non-transferred amounts with accrued interest represent outstanding liabilities of the State Government under the scheme, which has not been computed.

The Government may credit the outstanding amount along with interest which should not be less than the rate of interest paid on GPF without further delay.

1.6.4 Financial assistance by State Government to Local and Autonomous Bodies and other institutions

The assistance provided by way of Grant-in-Aid to Local and Autonomous Bodies and other institutions by various departments of the State Government during the current year relative to the previous years is tabulated below:

Table 1.20: Financial assistance to Local Bodies/Autonomous Bodies

(₹ in crore)

Name of the Department	2013-14	2014-15	2015-16	2016-17	2017-18
Education, Sports, Art & Culture	538.22	303.68	506.89	519.02	1,489.30
Housing and Urban Development	192.45	447.55	512.50	518.33	627.45
Agriculture	13.80	158.93	186.79	265.59	243.66
General Administration	19.46	12.55	13.11	17.35	38.37
Industries & Commerce	23.52	20.32	21.47	20.29	39.98
Tourism	8.86	20.50	33.23	18.71	31.85
Administration of Justice	0.05	4.77	6.01	5.97	6.94
Health and Family Welfare	14.06	134.82	51.81	337.06	245.41
Others	671.38	432.23	190.87	26.83	31.15
Total	1,481.80	1,535.35	1,522.68	1,729.15	2,754.11
Assistance as a percentage of Revenue Expenditure	5.47	5.23	4.18	4.34	6.73

Source Finance Accounts of respective years

The financial assistance increased from ₹1,481.80 crore in 2013-14 to ₹2,754.11 crore in 2017-18. During 2017-18, 76.86 per cent of the total assistance (₹2,754.11 crore) was given to the Education & Sports, Art and Culture and the Housing and Urban Development.

Apart from the above, financial assistance of ₹557.89 crore was provided to Ladakh Autonomous Hill Development Councils (Leh ₹278.31 crore and Kargil ₹279.58 crore) during 2017-18. In addition, there are 4,483 Panchayati Raj Institutions (PRIs) in the State. The grants for the year 2017-18 were not released for want of elected Panchayati Raj Institutions (PRIs).

1.7 Quality of Expenditure

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

basically involves three aspects: 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 selected services).

1.7.1 Adequacy of Public Expenditure

To enhance human development, the State is required to step up expenditure on key social services like Education, Health etc. **Table 1.21** analyses the fiscal priority and fiscal capacity of the Government with regard to development expenditure, social sector expenditure and Capital expenditure during 2017-18 against the average of Special Category States.

Table 1.21: Fiscal Priority of the Special Category State in 2013-14 and 2017-18

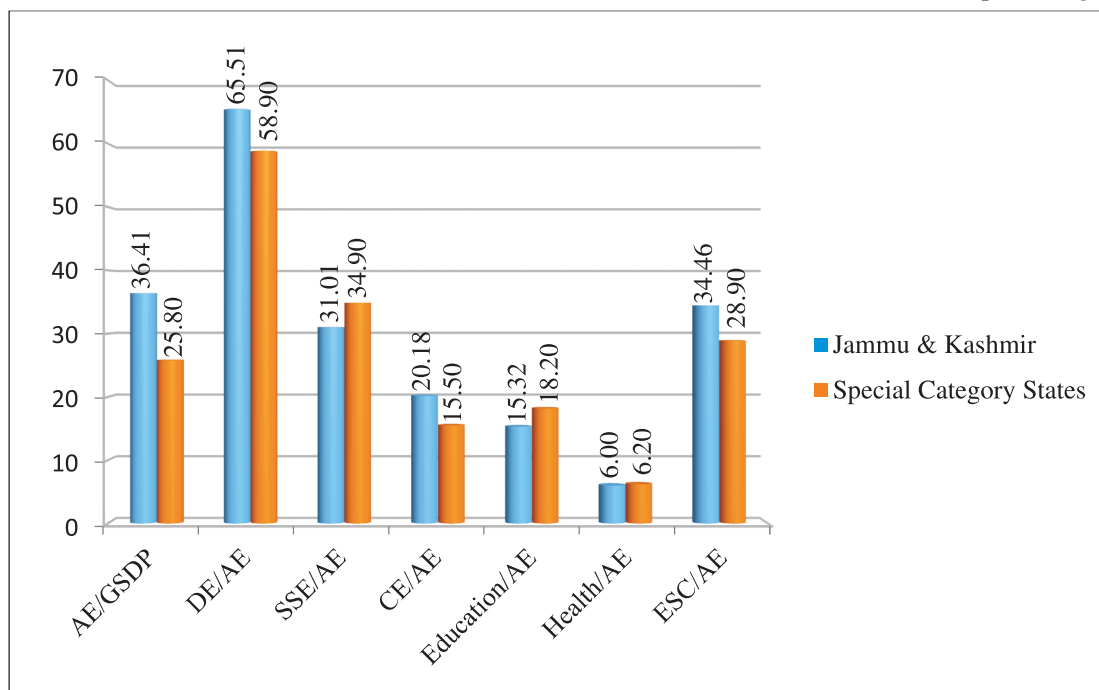
Fiscal Priority of the State	AE/ GSDP	SSE/ AE	ESC/ AE	DE/ AE	CE/ AE	Education/ AE	Health/ AE
Special Category States (Ratio) 2013-14	23.50	37.60	29.30	64.00	13.80	18.30	5.40
Jammu & Kashmir (Ratio) 2013-14	33.14	23.82	32.04	56.25	14.22	13.52	5.63
Special Category States (Ratio) 2017-18	25.80	34.90	28.90	58.90	15.50	18.20	6.20
Jammu & Kashmir (Ratio) 2017-18	36.41	31.01	34.46	65.51	20.18	15.32	6.00

AE:-Aggregate Expenditure DE-Development Expenditure SSE:-Social Sector Expenditure

CE:-Capital Expenditure ESC:-Economic Sector.

Source for GSDP Directorate of Economics and Statistics Department, J&K

Chart 1.16: Prioritisation in public expenditure for the year 2017-18
(in percentage)



Fiscal Priority:

- Aggregate expenditure of J&K as ratio of GSDP was higher during 2013-14 and 2017-18
- The priority given to Education in J&K was lower during 2013-14 & 2017-18
- The ratio of CE to AE was higher in J&K during 2013-14 & 2017-18.
- The ratio of SSE to AE was lower in J&K during 2013-14 & 2017-18, whereas it was higher in Economic Sector during the same period.

1.7.2 Efficiency of Expenditure Use

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. Apart from improving the allocation towards Development Expenditure, 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 1.22** 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 ₹13,968 crore (71.14 per cent) during 2013-14 to 2017-18 and increased from 61.97 per cent to 65.51 per cent *vis-a-vis* the Total Expenditure during the same period.

Table 1.22 provide the details of Capital Expenditure and the components of Revenue Expenditure incurred on the maintenance of the selected social and economic services.

Table 1.22: Development Expenditure

(₹ in crore)					
Components of Development Expenditure	2013-14	2014-15	2015-16	2016-17	2017-18
Total Expenditure	31,686	34,550	43,845	48,174	51,294
Total Development Expenditure	19,635	21,903	29,058	32,295	33,603
Development Revenue Expenditure (₹ in crore)	15,655	17,290	22,745	24,702	24,028
Share of Development Revenue Expenditure in Total Expenditure (per cent)	49.41	50.04	51.87	51.28	46.84
Development Capital Expenditure (₹ in crore)	3,859	4,526	6,219	7,517	9,550
Share of Development Capital Expenditure in Total Expenditure (per cent)	12.18	13.10	14.18	15.60	18.62

Loans/Advances for Development (₹ in crore)	121	87	94	76	25
Total Development Expenditure to Total Expenditure (per cent)	61.97	63.40	66.27	67.03	65.51

Source Finance Accounts of the respective years

The share of Development Capital Expenditure in Total Expenditure increased from 12.18 per cent in 2013-14 to 18.62 per cent in 2017-18, while the share of Development Revenue Expenditure in Total Expenditure continuously increased from 49.41 to 51.87 per cent during 2013-14 to 2015-16, then it dropped for two years and came down to 46.84 per cent during the same years. **The increase in Development Capital Expenditure indicates that the Government is spending towards development works and creation of assets. However, the misclassification of Revenue Expenditure of ₹2,853 crore as Capital Expenditure has resulted in inflating Capital expenditure to that extent.**

Table 1.23: Efficiency of Expenditure use in selected Social and Economic Services

Social/Economic Infrastructure	<i>(in per cent)</i>								
	2015-16			2016-17			2017-18		
	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	8.39	66.03	1.70	8.93	69.46	0.02	11.26	63.00	0.03
Health and Family Welfare	9.22	74.01	66.33	15.47	70.30	0.82	16.59	72.65	0.88
Water Supply, Sanitation & Housing and Urban Development	28.76	46.27	51.43	31.23	49.19	4.43	32.79	42.39	4.93
Others	49.95	20.68	25.55	22.54	14.33	0.03	19.91	15.54	0.01
Total (SS)	19.09	59.88	25.51	16.62	59.07	0.91	17.52	56.26	0.98
Economic Sector (ES)									
Agriculture and Allied Activities	27.59	80.37	19.48	27.26	80.02	0.24	31.09	80.29	0.25
Irrigation and Flood Control	42.82	78.22	50.95	47.94	61.62	9.32	41.71	62.54	8.73
Power and Energy	4.19	9.16	70.90	7.98	7.60	0.74	11.54	12.74	1.58
Transport	48.50	0.07	2.18	51.68	0.03	12.09	54.08	0.01	7.10
Others	48.85	8.55	11.59	57.42	41.56	0.75	62.30	44.79	0.92
Total (ES)	23.70	3.88	3.88	28.40	24.76	1.67	38.26	31.91	2.23
Total (SS+ES)	21.47	62.45	29.09	23.33	40.82	1.31	28.44	45.20	3.41

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 increase from 21.47 per cent in 2015-16 to 23.33 per cent in 2016-17 and 28.44 per cent in 2017-18, mainly because of expenditure increase in Economic Sector from 23.70 per cent to 38.26 per cent. **The increase in Economic Sector was in Power and Energy, Agriculture and allied Activities and Transport.**

1.8 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.

1.8.1 Incomplete Projects

On the basis of the information furnished by the departments, details of incomplete projects costing ₹one crore and above, as on 31 March 2018, are given in **Appendix IX** of the Finance Accounts. There were 428 incomplete projects as given below:

Table 1.24: Department-wise profile of incomplete projects as on 31 March 2018

(₹ in crore)					
Department	No. of Incomplete Projects	Sanctioned Project Cost	Revised Cost	Cum. Actual Expenditure	Cost over run
Public Health Engineering (PHE), Srinagar *	02	17.25	17.25	16.99	-
Public Health Engineering (PHE), Jammu	23	36.07	46.41	39.82	10.34 (10)
Public Works Department (R&B) Kashmir	33	58.61	80.89	43.24	22.28(18)
Public Works Department (R&B)Jammu *	364	1,250.18	1,250.18	375.28	-
Irrigation and Flood Control, Srinagar	01	70.20	71.29	69.39	1.09(01)
Irrigation and Flood Control, Jammu *	05	31.01	31.01	24.90	-
Total	428	1,463.32	1,497.03	569.62	33.71(29)

Source Finance Accounts

*The Revised cost in r/o 371 incomplete projects have not been shown in Appendix IX of Finance Account-Vol-II.
(Figures in parenthesis represent no. of works.)

As on March 2018, there were 428 incomplete projects costing ₹one crore or above with target date of completion during 2012-13 to 2017-18. These incomplete projects had a total sanctioned cost of ₹1,463.32 crore revised to ₹1,497.03 crore. Reasons for cost revision were awaited (September 2018) from these Departments. An amount of ₹569.62 crore had been expended on these incomplete projects by March 2018. Out of 428 incomplete projects, 10 projects were delayed by more than one year, 12 projects delayed by more than five years and remaining 406 projects which were to be completed in 2017-18 were also incomplete. Thus, 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.

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

1.8.2 Financial results of Irrigation Projects

The financial results of seven major irrigation projects³ involving a capital expenditure of ₹461.84 crore at the end of March 2018 showed that revenue realised from these schemes during 2017-18 was only ₹0.05 crore (0.01 per cent of the capital outlay of ₹461.84 crore). Out of the seven major irrigation projects, there was decrease in revenue receipt of ₹0.30 crore and ₹0.05 crore in respect of Ranbir Canal and Partap Canal respectively, as compared to previous year. **The Revenue Receipts of none of the schemes were sufficient to cover even the direct working expenses. After meeting the working expenses and interest charges, the projects suffered a net loss of ₹3.66 crore (0.79 per cent of the capital outlay). The major loss making projects were Ranbir Canal, Pratap Canal and Kathua Feeder during 2017-18.**

1.8.3 Investment and Returns

As per Statement 8 of the Finance Accounts, as on 31 March 2018, the State Government had cumulative investment of ₹653.52 crore in 24 Companies (₹279.76 crore), three Statutory Corporations (₹322.74 crore), eight Co-operative Institutions/ Local Bodies (₹37.83 crore), two Rural Banks (₹12.85 crore) and two Joint Stock Companies (₹0.34 crore). **Table 1.25** gives overall picture of return on investment *vis-a-vis* the average cost of Government borrowing.

Table 1.25: Return on Investment

Investment/Return/Cost of Borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Investment during the year (₹ in crore)	35.02	3.90	10.67	255.90	96.08
Investment at the end of the year (₹ in crore)	533.27	537.17	547.83	803.74	653.52
Return (₹ in crore)	128.88	128.88	54.13	45.11	Nil

³ 1. Kathua Feeder canal, 2. Partap canal, 3. Ranbir canal, 4. Martand canal, 5. Zaingir canal, 6. Ahizi canal, 7. Dadi canal

Return (per cent)	24.17	23.99	9.88	5.61	Nil
Average rate of interest on all Government liabilities (per cent)	7.07	7.6	7.17	7.77	7.15
Difference between return and interest rate (per cent)	17.10	16.39	2.71	(-) 2.16	(-)7.15

Source : Finance Accounts of the respective year

During 2013-14, 2014-15 the dividend/interest receipt was ₹128.88 crore. However it decreased to ₹54.13 crore in 2015-16, ₹45.11 crore in 2016-17 and during the year 2017-18, no amount was received. The return on investment solely came from the Jammu and Kashmir Bank Limited, in which the Government holds 59.23 per cent equity. The rate of dividend/interest was 24.17 per cent during the year 2013-14 and it continuously decreased during the subsequent years and there was no return in 2017-18, while the investment during the said period increased from ₹533.27 crore to ₹653.52 crore. During last five years State Government made investment to the tune of ₹401.57 crore (Companies 4, Statutory Corporations 2 and Rural/Cooperative Banks 2) out of which only two⁴ had made profit and remaining six⁵ had suffered sustained losses and had an combined accumulated loss of ₹3,153.29 crore at the time of finalization of their accounts.

During 2017-18, investment were made by the State mainly in loss making Statutory Corporations/Government Companies viz; The Jammu and Kashmir State Financial Corporation (₹87.88 crore), Jammu and Kashmir state Road Transport Corporation (₹ 3.75 crore), The Jammu and Kashmir bank limited (₹3.55 crore) and The Jammu and Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Ltd. (₹0.90 crore). These Statutory Corporations/Government Companies had accumulated losses as per latest finalized accounts - The Jammu and Kashmir State Financial Corporation (₹135.50 crore up to 2016-17), Jammu and Kashmir state Road Transport Corporation (₹1,148.11 crore up to 2013-14), The Jammu and Kashmir bank limited (₹1,632.29 crore up to 2016-17) and The Jammu and Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Ltd. (₹5 crore up to 2001-02). As on 31 March 2018, State has total investment of ₹364.20 crore in above four PSUs/Government Companies whose accumulated losses were ₹2,920.90 crore as on date of finalization of their accounts.

The State Government may consider reviewing the working of State PSU's which have suffered losses and formulate a strategic plan for their closure/revival.

1.8.4 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

⁴ JK Cement Corporation and J&K Women's Development Corporation Limited

⁵ JK State Finance Corporation, J&K State Road Transport Corporation, J&K Bank Limited, J&K SC/ST, Backward Classes Development Corporation Limited, Ellaquai Dehati Bank and J&K State Cooperative Agricultural and Rural Development Bank

institutions/organizations. **Table 1.26** presents the position of Loans and Advances outstanding as on 31 March 2018, interest receipts *vis-à-vis* interest payments during the last five years.

Table 1.26: Average interest received on Loans and Advances by the State Government

(₹ in crore)

Quantum of Loans/Interest Receipts/Cost of Borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Opening Balance	1,292.55*	1,409.83	1,493.94	1,583.64	1,640.52
Amount advanced during the year	121.41	86.80	93.79	76.24	24.75
Amount recovered during the year	4.13	2.69	4.09	19.36	4.41
Closing Balance	1,409.83	1,493.94	1,583.64	1,640.52	1,660.86
Of which outstanding balance for which terms and conditions have been settled					
Net addition	117.28	84.1	89.70	56.89	20.34
Interest Receipts	1.64	1.88	0.97	1.88	2.17
Interest receipts as <i>per cent</i> to outstanding Loans and advances	0.12	0.13	0.06	0.11	0.13
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	6.72	7.31	6.72	7.34	6.84
Difference between interest payments and interest receipts (<i>per cent</i>)	6.60	7.18	6.66	7.23	6.71

Source Finance Accounts of the respective year

* An amount of ₹167.00 crore has been proforma increased to the balance as on 31 March 2013 due to rectification of misclassification 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.

1.8.5 Cash Balances and their investment

Comparative figures of cash balances and investment of cash balance for the years 2016-17 and 2017-18 are given below:

Table 1.27: Detail of Cash Balances and investment of cash balances

(₹ in crore)

	Opening balance 01 April 2017	Closing Balance 31 March 2018
(a) General Cash Balance		
Cash in Treasuries	6.77	6.77
Deposit with Reserve Bank	0.96	126.72
Deposit with J&K Bank and other Banks	21.02	21.02
Local Remittances	-	-
Total	28.75	154.51
Investment held in cash Balance Investment Account	383.92	383.92
Total (a)	412.67	538.43
(b) Other Cash Balances and Investment		
Cash with departmental officers viz. Divisional Officers of the Public Works Department, Forest department officers	4.97	4.97
Permanent advances for Contingent Expenditure with Departmental Officers	0.12	0.12
Investment out of earmarked funds	10.86	10.86
Total (b)	15.95	15.95
Grand Total (a)+(b)	428.62	554.38

Source: State Finance Accounts of the respective years

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 ₹125 crore during 2017-18, from ₹429 crore as on 31st March 2017 to ₹554 crore as on 31st March 18.

The cash balance for the year 2017-18 was not even equal to the earmarked reserve funds amounting to ₹2,164 crore which means that reserve funds were used for other than the intended purpose. As on 31 March 2018, an amount of ₹383.92 crore was held in Cash Balance Investment Account and also an investment of ₹10.86 crore was done out of Earmarked Funds. State Government earned an interest of ₹6.52 crore on it.

The State Government maintained the mandatory minimum daily cash balance of ₹1.14 crore with Reserve Bank of India on 166 days during the year without taking Special Ways and Means Advance or Ways and Means Advances (WMA) or Overdrafts, and on 199 days minimum balance was maintained by obtaining Normal Ways and Means Advance on 94 occasions. The State even took overdraft for 27 days despite Revenue Surplus. The balance as on 01 April 2017 was ₹880.00 crore under Normal Ways and Means Advance and ₹10.01 crore under Overdraft. The balance at the end of the year 2017-18 was ₹300.71 crore under Normal Ways and Means Advances and Nil under Overdraft and the interest paid to the Reserve Bank of India on Normal Ways and Means Advances and Overdrafts during 2017-18 was ₹18.38 crore and ₹3.99 crore, respectively. **Government needs to streamline its cash management for reducing its dependence on Ways and Means Advances.**

1.9 Assets and Liabilities

1.9.1 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 2017-18 gives an overview of sources and application of funds. Statement 6 and Statement 17 of the Finance Accounts 2017-18 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 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.

1.9.2 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 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 1.28** (trends in Outstanding Fiscal Liabilities (*Appendix 1.4 and 1.5*) of the Government since 2013-14.

Table-1.28: Trend in Fiscal Liabilities during 2013-14 to 2017-18

(₹ in crore)

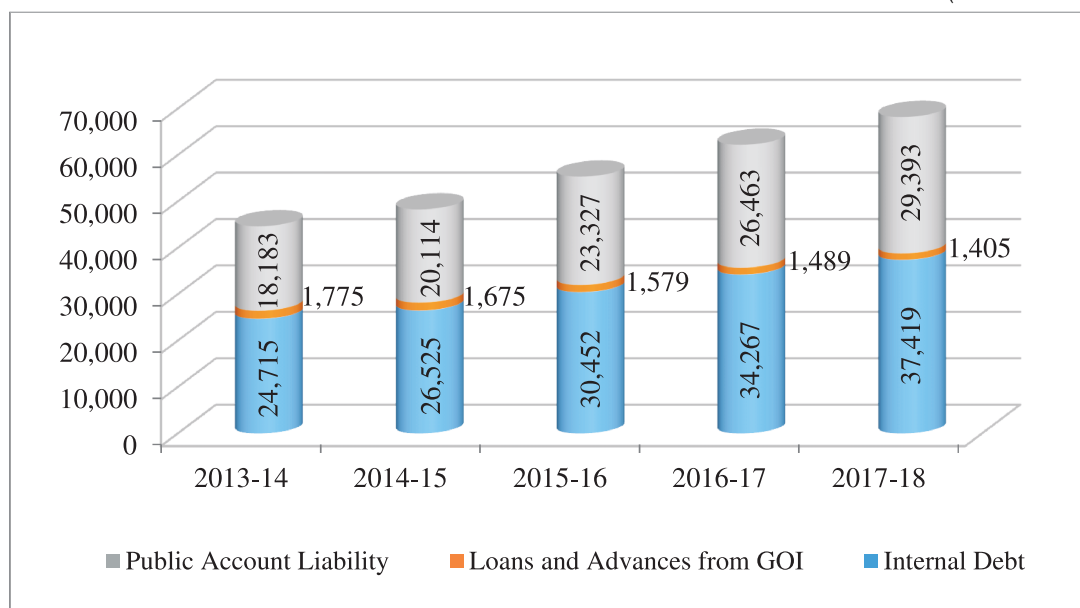
Components of fiscal liabilities	2013-14	2014-15	2015-16	2016-17	2017-18
Internal Debt-Borrowings from open market & Financial Institutions	24,715 (55)	26,525 (55)	30,452 (55)	34,267 (55)	37,419 (55)
Loans and Advances from GOI	1,775 (4)	1,675 (3)	1,579 (3)	1,489 (2)	1,405 (2)
Public Account Liability	18,183 (41)	20,114 (42)	23,327 (42)	26,463 (43)	29,393 (43)
GSDP	95,619	98,370	1,17,187	1,26,847	1,40,887
Growth rate of GSDP (per cent)	9.73	2.88	19.13	8.24	11.07
Total Fiscal Liability	44,673	48,314	55,358	62,219	68,217
Growth Rate of Fiscal Liability (per cent)	10.94	8.15	14.57	12.39	9.64
Revenue Receipts	27,128	28,939	35,781	41,978	48,512
Fiscal Liability as per cent of Revenue Receipts	164.67	166.95	154.71	148.22	140.62
Growth rate of Revenue Receipts (per cent)	3.47	6.68	23.64	17.31	15.56
Buoyancy Ratio					
Fiscal Liability vis-a-vis Revenue Receipts.	3.15	1.22	0.61	0.71	0.62
Fiscal Liability vis-a-vis GSDP	1.12	2.83	0.76	1.50	0.87

Figures in the parenthesis is percentage to Total Fiscal Liability

The Fiscal Liabilities to Revenue Receipts ratio and Fiscal Liabilities to GSDP buoyancy ratios are less than one which is encouraging.

Chart 1.17: Composition of Outstanding fiscal liabilities

(₹ in crore)



Source: State Finance Account of the respective years

The overall Fiscal Liabilities of the Government increased from ₹44,673 crore during 2013-14 to ₹68,217 crore during 2017-18. It increased by ₹5,998 crore from ₹62,219 crore at the end of 31 March 2017 to ₹68,217 crore by the end of 31st March 2018. As a percentage of the GSDP, the stock of accumulated Fiscal Liabilities decreased from 49.05 per cent at end of 2016-17 to 48.41 per cent at end of 2017-18. **The accumulated liabilities were 1.41 times of the Government's Revenue Receipts (₹48,512 crore) and 4.91 times of the Government's Own Tax and own Non-Tax Revenues as on 31 March 2018. The buoyancy ratio of these liabilities with respect to GSDP during 2017-18 was 0.87, indicating that for each one per cent increase in GSDP, fiscal liabilities grew by 0.87 times. It is significant to note that fiscal liabilities at ₹68,217 crore were ₹1,578 crore more than the limit of ₹66,639 crore⁶ projected in 14th Finance Commission for the year 2017-18.**

1.9.3 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 1.29** shows movement of closing balances in various reserve funds as on 31 March 2018. The cumulative aggregate balance in these funds at the end of 31 March 2018 was ₹2,175 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/negligible transactions.

⁶ Calculated on the basis of target (47.30 per cent of GSDP) prescribed by 14th Finance Commission

Table 1.29: Trend in year-end Closing Balances under Reserve Funds

(₹ in crore)

RESERVE FUNDS	2013-14	2014-15	2015-16	2016-17	2017-18
Reserve Funds Bearing interest					
Calamity Relief Fund (now State Disaster Response Fund)	882	202	336	600	740
Total - Reserve Fund Bearing Interest	882	202	336	600	740
Reserve Funds Not Bearing interest					
Calamity Relief Fund (now State Disaster Response Fund)	28	28	--	--	--
Sinking fund	61	97	135	169	220
Famine Relief Fund	9	9	8	9	9
Depreciation and Renewal Reserve Funds of Govt. Commercial Deptts./ Undertakings.	574	574	573	573	573
Depreciation and Renewal Reserve Funds of Govt. Non-Commercial Deptts.	73	73	73	73	73
Development Fund for Agricultural Purposes	41	41	41	41	41
Constituency Development Funds	95	72	104	116	160
Other Development and Welfare Funds	104	85	115	136	183
General Insurance Fund (Janta Insurance)	68	66	65	63	67
Guarantee Redemption Fund	6	7	8	12	15
Other Funds	67	77	86	93	94
Total - Reserve Funds Not Bearing interest	1,126	1,129	1,208	1,285	1,435
Total -Reserve Funds	2,008	1,331	1,544	1,885	2,175
Of which balances invested					
Investments from State Disaster Response Fund	11	11	11	11	11

Source: State Finance Account of the respective years

1.9.3.1 State Disaster Response Fund

(a) As on 1 April 2017, ₹600.56 crore (including ₹10.86 crore invested from the Fund) were lying in the Fund. During 2017-18, no amount was released by the Government of India. However, an amount of ₹162.03 crore of previous year (₹120.60 crore Central Share; ₹13.50 crore State Share, and ₹27.93 crore interest) was transferred to the Fund.

During the year, ₹22.20 crore was incurred on natural calamities, leaving a balance of ₹740.39 crore in the Fund as on 31 March 2018. Net balance of ₹729.53 crore (₹740.39 crore minus ₹10.86 crore invested amount) which was required to be invested in Central Government Securities and/or Auctioned Treasury Bills and/or in

interest earning deposits and certificate of deposits with scheduled commercial banks on the recommendations of the State Executive Committee (SEC) managing the Fund, had not been invested (March 2018).

(b) There was an outstanding balance of ₹6,00.56 crore under interest bearing Reserve Funds (SDRF) at the beginning of the year 2017-18 and ₹36.54 crore was required to be paid as interest (taking Ways and Means Advance average interest rate of 6.25 *per cent* from 01 April 2017 to 01 August 2017 and six *per cent* from 02 August 2017 to 31 March 2018) on the balance of ₹600.56 crore lying under interest bearing fund (SDRF). The State Govt. was also required to pay interest of ₹1.26 crore on account of accrued interest for delay in respect of the second installment of the SDRF Grant for the year 2016-17. **However, against the payable interest of ₹37.80 crore⁷, the State Government had paid interest of ₹27.93 crore on interest bearing Reserve Funds (SDRF), thereby resulting in less payment of interest to the extent of ₹9.87 crore.**

1.9.3.2 Consolidated Sinking Fund

State Government is required to maintain 0.5 *per cent* of total outstanding liabilities as such 0.5 *per cent* of incremental liabilities should be made towards fund. **As on 31 March 2018, the balance under this Fund should have been ₹294.13 crore as against ₹219.55 crore actually transferred to this Fund, resulting in short contribution of ₹74.58 crore. During the year 2017-18, ₹50.79 crore was contributed to this fund against required contribution of ₹29.99 crore i.e. 0.5 *per cent* of total incremental liabilities of ₹5,997.95 crore. The balance under the Fund was not invested as of March 2018.**

1.9.3.3 Guarantee Redemption Fund

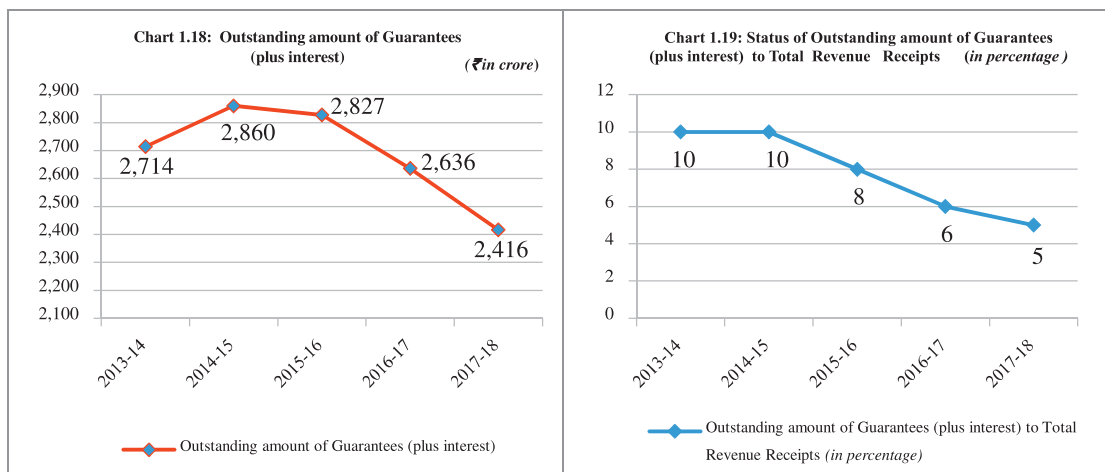
The State Government set up a Guarantee Redemption Fund (GRF) in 2005-06 to meet liabilities arising from invoking of Guarantees extended to various State Government Entities. Under the guidelines, the State Government is required to make minimum annual contributions to the Fund at the rate of 0.5 *per cent* of the outstanding Guarantees at the end of the previous year. Against minimum requirement of ₹13.17 crore i.e., {0.5 *per cent* of outstanding Guarantee of ₹2,633.95 crore (excluding interest of ₹1.97 crore) as on 31 March 2017}, the State Government contributed ₹one crore towards the fund in 2017-18, resulting in shortfall in contribution by ₹12.17 crore for the year 2017-18. The State Government received ₹two crore as Guarantee Commission/Fee during 2017-18 and was credited to the Fund. The closing balance of the Fund as on 31 March 2018 was ₹15.42 crore.

The State Government may ensure that contributions to Reserve Funds are made annually as stipulated.

⁷ Total payable interest of ₹37.80 crore (₹36.54 crore interest to be paid by the State and ₹1.26 crore on account of accrued interest for delay in respect of the second installment of the SDRF Grants for the year 2016-17)

1.9.4 Status of Guarantees-Contingent Liabilities

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 including interest for the last five years is tabulated below:



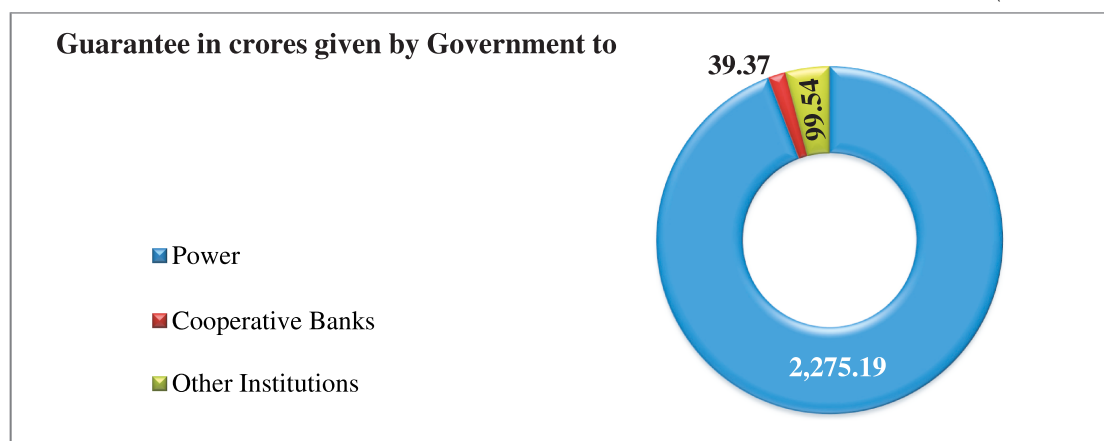
Source: Finance Accounts of respective years.

The FRBM Act, 2006 enjoins upon the State Government to limit the amount of annual incremental risk weighted guarantees to 75 per cent of the Total Revenue Receipts in the year preceding the current year or at 7.5 per cent of GSDP of the year preceding the current year, whichever is lower. The total outstanding Guarantees given by the State Government as on 31 March 2018 aggregated ₹2,414.10 crore (excluding interest) (under reconciliation with State Government) which is 5.75 per cent of Total Revenue Receipts of ₹41,978 crore of 2016-17 and 1.90 per cent of GSDP of ₹1,26,847 crore (current prices) of 2016-17 as available on the web site of Ministry of Statistics and Programme implementation, Government of India (28 August 2018) plus interest of ₹1.97 crore. The State Government has not yet assessed (September 2018) the risks of the various Guarantees.

The State Government has set up (2005-06) Guarantee Redemption Fund (GRF) for meeting its obligations arising out of guarantees issued on behalf of the State Government Departments/State Own Corporations and PSUs and other Autonomous and Statutory Bodies. The said order provides for levy of Guarantee commission/fee which is two per cent of the guarantees, as intimated by State Finance Department. An amount of ₹two crore was received as Guarantee Fee/Commission during 2017-18.

Chart 1.20: Sector –wise details of guarantees at the end of 31 March 2018

(₹ in crore)



Source : State Finance Accounts

Ninety four *per cent* of the loans guaranteed by the Government related to the Jammu and Kashmir Electricity Board and Jammu and Kashmir Power Development Corporation.

The total outstanding Guarantees given by the State Government as on 31 March 2018 aggregated to ₹2,414.10 crore (excluding interest) (under reconciliation with State Government) which is 5.75 *per cent* of Total Revenue Receipts of ₹41,978 crore of 2016-17 which is within the limit fixed under FRBM Act.

1.10 Debt Management

Table 1.30 gives a time series analysis of internal debt profile of the State Government for the last five years.

Table 1.30: Internal Debt profile of State Government

(₹ in crore)

Year	Opening Balance	Debt Receipts	Repayment during the year	Closing Balance	Increase/ Decrease	Percentage of increase over previous year
2013-14	22,796.18	5,986.82	4,068.12	24,714.88	1,918.70	08
2014-15	24,714.88	10,246.80	8,436.28	26,525.40	1,810.52	07
2015-16	26,525.40	14,627.78	10,701.55	30,451.63	3,926.23	15
2016-17	30,451.63	20,723.83	16,908.71	34,266.75	3,815.12	13
2017-18	34,266.75	25,525.97	22,374.19	37,418.53	3,151.78	09

Source: State Finance Accounts of respective years

Internal Debt consists of Market Loans, Loans from LIC, GIC and other institutions, as detailed in Statement 17 of Finance Account. Market borrowings form a major portion of the internal debt of the State Government, with interest rates ranging from 6.97 *per cent* to 14.00 *per cent*. In 2017-18, the State Government borrowed against Bonds, Loans from Financial Institutions ₹19,326 crore (out of total internal debt receipts of ₹25,526 crore). Bonds, Loans from Financial Institutions, special securities repaid was ₹20,148 crore. The outstanding market loans as of 31 March 2018 was ₹ 26,019 crore which is 69.53 *per cent* of total outstanding internal debt of ₹37,419 crore. The increase of market borrowings during the year was ₹4,802 crore (23.17 *per cent*) from ₹20,724 crore in 2016-17 to ₹25,526 crore in 2017-18.

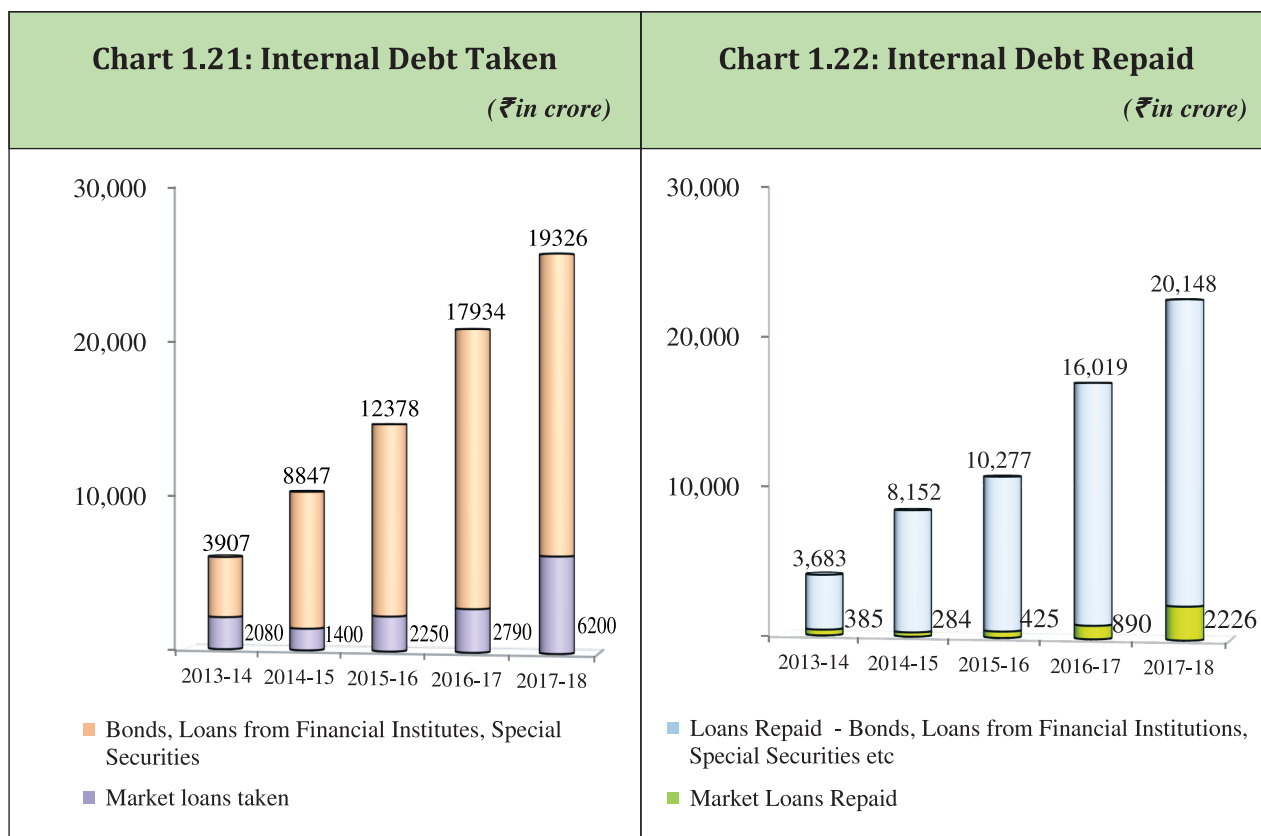


Chart 1.21 shows that Internal Debt of the State increased by ₹19,539 crore (326 per cent) from ₹5,987 crore in 2013-14 to ₹25,526 crore in 2017-18.

Chart 1.22 shows that Internal Debt Repayment increased by ₹18,306 crore (450 per cent) from ₹4,068 crore to ₹22,374 crore during this period. An interest of ₹2,950 crore was paid on internal debt during 2017-18.

Debt Sustainability

Debt Sustainability implies State's ability to service its debt in future. Apart from the magnitude of debt of State Government, it is important to analyse the various indicators that determine the debt sustainability of the State. The analysis assesses the sustainability of the debt of the State Government in terms of rate of growth of outstanding debt; ratio of interest payment and revenue receipts, debt repayment and debt receipt; net debt available to the State. **Table 1.31** analyse the debt sustainability of the State according to these indicators for the period of five years beginning from 2013-14.

Table 1.31: Debt Sustainability

(₹ in crore)

Indicators of Debt Sustainability	2013-14	2014- 15	2015-16	2016-17	2017-18
Outstanding Public Debt	26,490	28,201	32,031	35,756	38,823
Rate of Growth of Outstanding Public Debt	7.53	6.46	13.58	11.63	8.58
GSDP	95,619	98,370	1,17,187	1,26,847	1,40,887
Rate of Growth of GSDP	9.73	2.88	19.13	8.24	11.07
Revenue Receipt	27,128	28,939	35,781	41,978	48,512
Interest payments on debts	2,060	2,388	2,463	2,836	*3,038
Average interest Rate of Outstanding Debt (interest paid/OB of Public Debt+CB of Public Debt/2)	8	9	8	8	8
Percentage of Interest to Revenue Receipt	7.59	8.25	6.88	6.76	6.26
Debt Receipt	6,002	10,259	14,645	20,749	25,557
Debt Payment	4,147	8,549	10,815	17,023	22,490
Percentage of Debt Payment to Debt Receipt	69.09	83.33	73.84	82.04	88
Net Debt available to the State	(-) 205	(-) 678	1,367	890	29

Source: State Finance Accounts of respective years

*Includes interest payment of ₹284.12 crore on UDAY Bonds issued during 2015-16 and 2016-17

Public Debt of the State Government increased from ₹26,490 crore in 2013-14 to ₹38,823 crore in 2017-18. The rate of growth of public debt during the period 2013-14 to 2017-18 ranged between 7.53 per cent and 13.58 per cent. **The rate of growth of Public Debt decreased to 8.58 per cent in 2017-18 as compared to 11.63 per cent in the previous year.**

The percentage of Interest to Revenue Receipt increased from 7.59 per cent in 2013-14 to 8.25 per cent in 2014-15 but declined to 6.26 per cent in 2017-18. The percentage of debt payment to debt receipt ranged between 69.09 per cent to 88 per cent over the period 2013-14 to 2017-18. During 2017-18, 88 per cent of the borrowed funds were used for discharging the existing liabilities. **Rate of growth of GSDP increased from 8.24 per cent to 11.07 per cent during 2017-18 as compared to previous year.** The rate of growth of GSDP has remained higher than the average rate of growth of Public Debt during the year 2015-16 and 2017-18. **The net debt availability has fallen to ₹29 crore in 2017-18 from ₹890 crore in 2016-17.**

Utilisation of Borrowed Funds

Borrowings are to be used on self-sustaining development activities and creation or augmentation of capital assets and are not to be applied in financing current expenditure. The year-wise position of borrowings and its utilization towards repayment, net capital expenditure and revenue expenditure are given below:

Table 1.32: Details of utilization of Borrowed Funds towards Repayments, Net Capital Expenditure and Revenue Expenditure*(₹ in crore)*

Year	Total Borrowings	Repayment of earlier Borrowings* (Principal) (Percentage)	Net Capital Expenditure	Net Loans and Advances disbursed	Portion of Revenue Expenditure met out of available Borrowings
(1)	(2)	(3)	(4)**	(5)	(6)=2-(3-4-5)
2013-14	6,002	2,087(34.77)	4,507(75.09)	117(1.95)	NA@
2014-15	10,259	6,161(60.05)	5,134(50.04)	84(0.82)	NA
2015-16	14,645	8,352(57.03)	7,331(50.06)	90(0.61)	NA
2016-17	20,749	14,187(68.37)	8,286(39.93)	57(0.27)	NA
2017-18	25,557	19,452(76.11)	10,353(40.51)	21(0.08)	NA

Figures in the parenthesis is percentage of Total Borrowings

* Total repayment of public debt – interest paid during the year

** Net Capital Expenditure is partially met from the borrowings

@NA – Not applicable

In the years 2013-14 to 2017-18, the State Government utilized 35 per cent to 76 per cent of the total borrowings for making repayment of earlier principal borrowings and the remaining borrowings were partially used for Net Capital Expenditure.

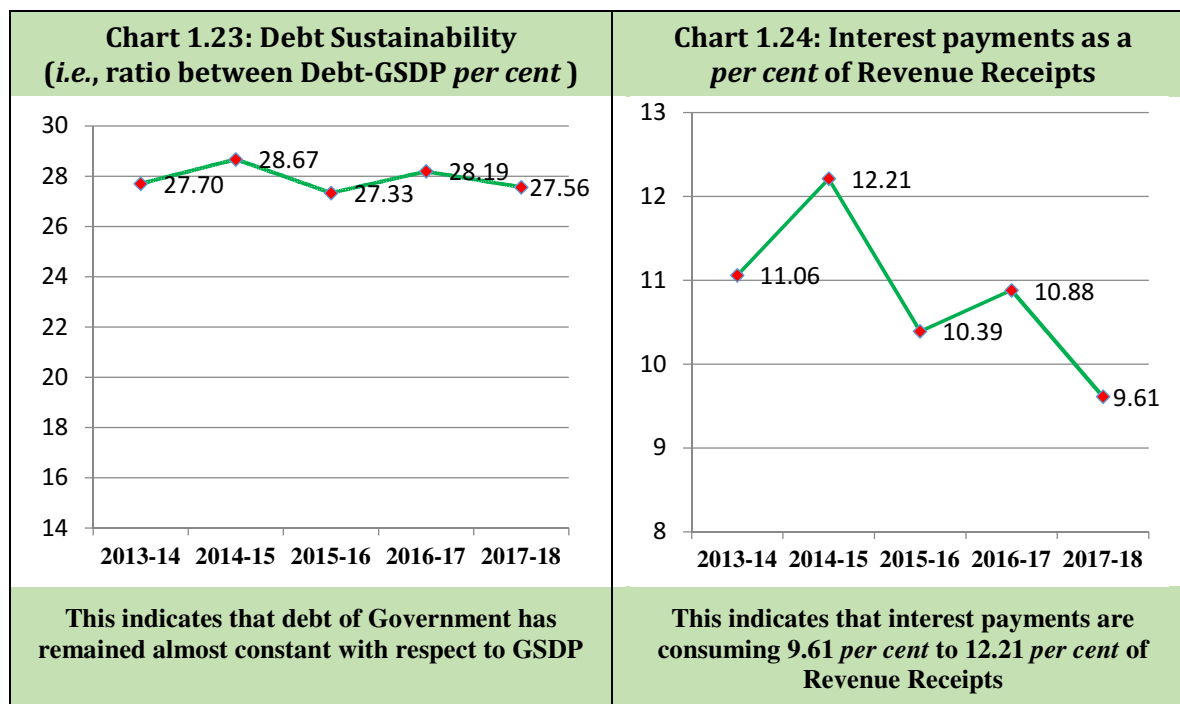


Chart 1.23 shows that the ratio of Debt to GSDP during 2013-14 to 2017-18 remained almost constant which ranged between 27.33 per cent to 28.67 per cent
Chart 1.24 indicates that interest payment as a percentage of Revenue Receipt decreased during the same period, except 2014-15.

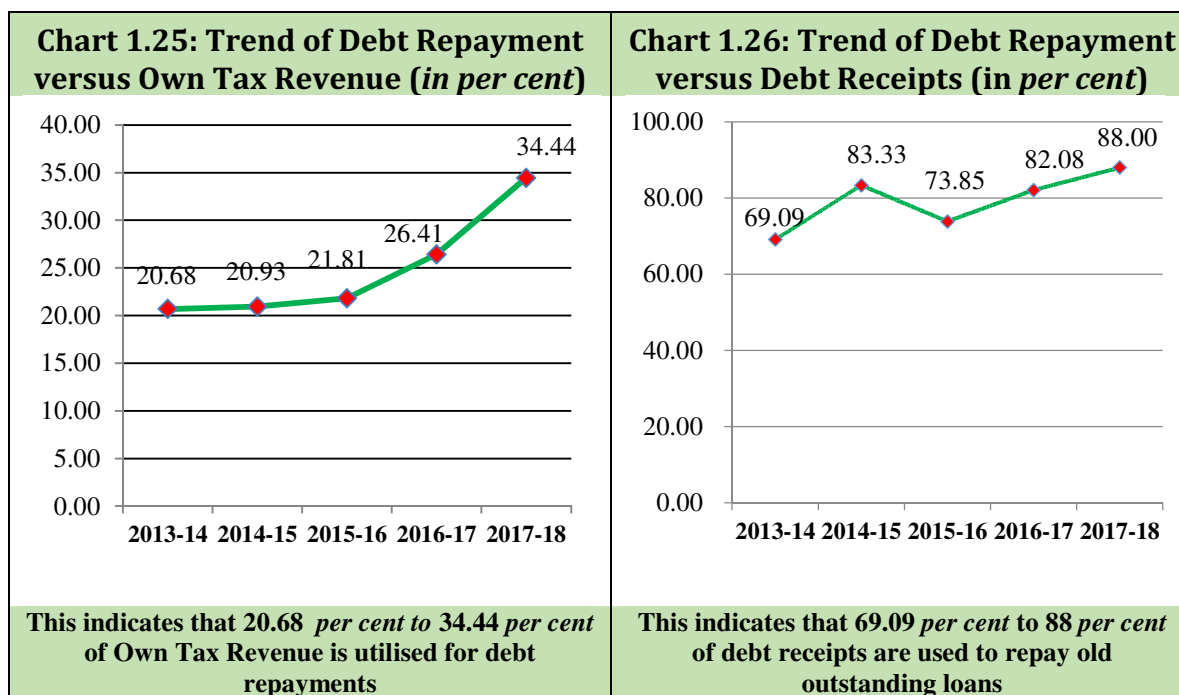


Chart 1.25 indicates that the percentage of Own Tax Revenue utilized for Repayment of Debt (excluding Ways and Means advances and Over Drafts) increased from 20.68 per cent to 34.44 per cent during 2013-14 to 2017-18.

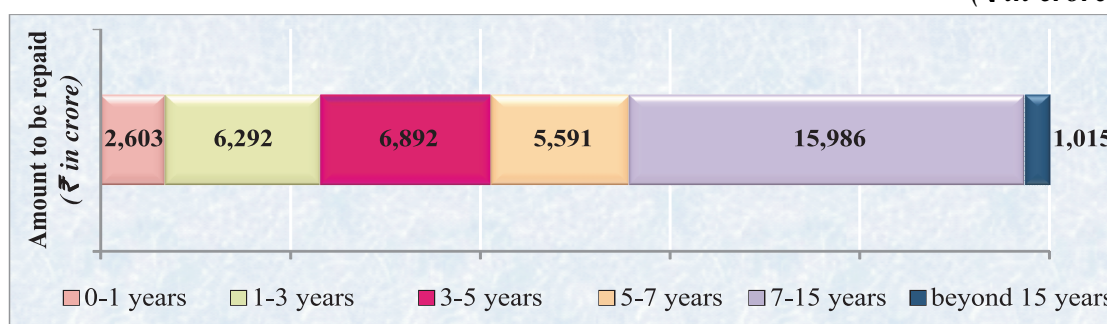
Chart 1.26 indicates that debt repayment as percentage of debt receipt also showed increasing trend during 2013-14 to 2017-18 as it increased from 69.09 per cent to 88 per cent, showing that maximum portion of the debt receipts has been utilized for repayment of earlier debt.

Debt Maturity Profile

Debt maturity profile indicates commitment on the part of the Government for debt repayment or debt servicing which is given below:

Chart 1.27: Debt Maturity Profile

(₹ in crore)



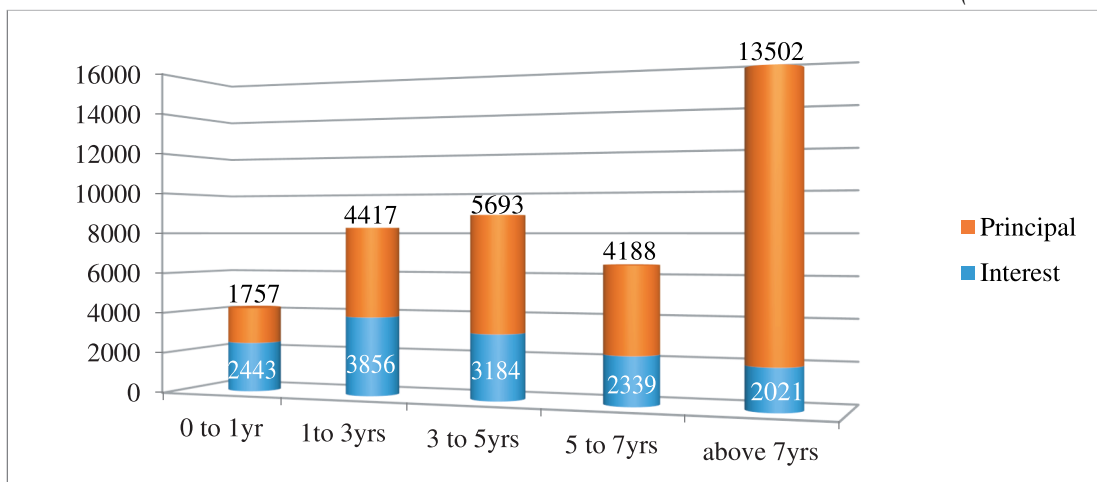
The maturity profile of Outstanding Public Debt as on March 2018 showed that ₹21,378 crore (56 per cent) of the total outstanding debt of ₹38,379 crore⁸ was in the maturity bucket of up to seven years and the balance ₹17,001 crore (44 per cent) from seventh year onwards.

⁸ Information on Maturity profile in respect of Non Plan Loans (₹96.28 crore), Loans for Central Plan Schemes (₹9.24 crore), Pre 1984-85 loans (₹37.78 crore) awaited from State Government.

Repayment schedule of market loans along with interest has been given below:

Chart 1.28: Repayment Schedule of Market Loans (including UDAY Bonds)

(₹ in crore)



Source : Finance Account

The State will have to repay market loans & UDAY bonds of ₹11,867 crore (40 per cent of total outstanding market loans of ₹29,557 crore as on 31 March 2018) along with interest of ₹9,483 crore during next five years up to 2022-23. Balance Market loans of ₹17,690 crore will have to be repaid in subsequent years up to 2031-32 along with interest of ₹4,360 crore. This means that the State will have to make repayment of ₹4,270 crore annually during next five years. Market loans (including interest on UDAY bonds) repaid during 2017-18 was ₹4,463 crore.

Revenue Receipts and Revenue Expenditure have grown at an annual average rate of 14.10 per cent and 14.16 per cent respectively in the past ten years. Applying these growth rates, the Revenue Surplus during 2021-22 works out to ₹6,405 crore. The State is committed to repayment of Principal of UDAY Bonds from the year 2021-22. Borrowings during that year projected at the average annual growth rate of last ten years (23.82 per cent) would be ₹ 60,072 crore. After meeting the debt liability of ₹ 74,804 crore (including repayment of UDAY bonds Principal of ₹214 crore) falling due for repayment in 2021-22, borrowed funds and Revenue Surplus of ₹ 6,405 crore would fall short by ₹ 8,327 crore. The State would thus have to resort to additional borrowings to meet its liabilities.

1.11 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.

1.11.1 Trends in Deficits

Chart 1.29 gives time series data on the three deficits during 2013-14 to 2017-18.

Chart 1.29: Trends in Deficits

(₹ in crore)

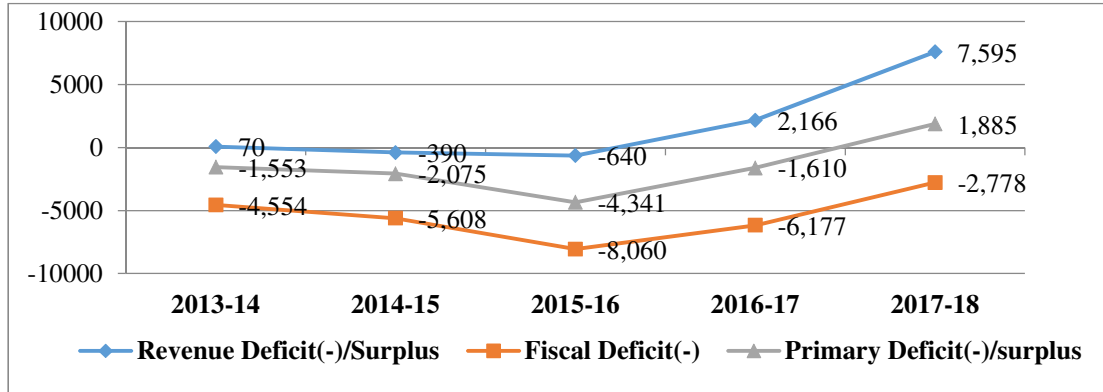
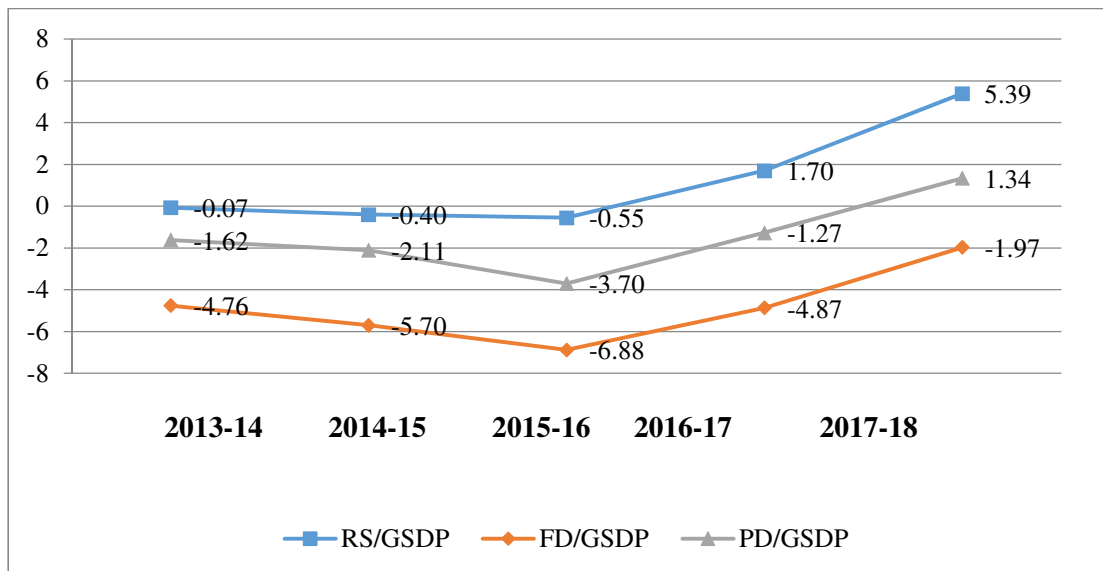


Chart-1.30: Deficit Indicators (In percentage)



Revenue Surplus: The State has maintained Revenue Surplus (RS) during the period 2013-14 to 2017-2018, except during 2014-15 and 2015-16. **In 2017-18, Revenue Surplus was ₹7,595 crore which was overstated by ₹2,881 crore owing to misclassification and short transfer of funds/interest to the Reserve Funds.** During 2014-15 and 2015-16, there was Revenue deficit of ₹390 crore and ₹640 crore respectively.

The Fiscal Deficit : Fiscal Deficit (FD) decreased from ₹4,554 crore in 2013-14 to ₹2,778 crore in 2017-18. The percentage of FD to GSDP decreased from 4.76 per cent in 2013-14 to 1.97 per cent in 2017-18. **Fiscal Deficit decreased from ₹6,177 crore in 2016-17 to ₹2,778 crore in 2017-18.**

Primary Deficit/Surplus: Primary Deficit (PD) increased from ₹1,553 crore in 2013-14 to ₹1,610 crore in 2016-17. **During 2017-18 there was Primary Surplus of ₹1,885 crore.** Chart 1.30 presents the trends in key deficit indicators related to GSDP over the period 2013-14 to 2017-18.

Primary Revenue Balance: denotes the gap between non-debt receipts of the State and its non-interest revenue expenditure. It indicates the extent to which non-debt receipts of the State were able to meet the expenditure on capital account. **In 2017-18, the State registered a Primary Revenue Surplus of ₹12,263 crore** Table 1.36.

Impact of Revenue Surplus/Fiscal Deficit

Revenue Surplus and Fiscal Deficit was overstated and understated, as given below:.

Table 1.33: Effective Revenue and Fiscal deficit

(₹ in crore)

Particulars	Impact on Revenue Surplus (Overstated)	Impact on Fiscal Deficit (Understated)	Ratio before taking the net impact (in per cent)		Ratio after taking the net impact (in per cent)	
			RS/GSDP	FD/GSDP	RS/GSDP	FD/GSDP
Grants-in-Aid classified as Capital Expenditure	2,395.97	--	5.39	1.97	3.35	1.99
Operating cost and transport/handling charges of PDS classified as Capital Expenditure	301.99	--				
Stipend and Scholarship booked under Capital Expenditure	0.43	--				
Subsidy booked under Capital Expenditure	152.00	--				
Salary booked under Capital Expenditure	2.94	--				
Short Contribution to Guarantee Redemption Fund	12.17	12.17				
Non/less payment of interest on interest bearing funds and deposits.	14.98	14.98				
Un-recouped Contingency Fund during 2017-18	0.17	0.17				
Total Net Impact	2,880.65	27.32				

Revenue Surplus of ₹7,595 crore is overstated by ₹2,880.65 crore because of Revenue Expenditure being classified as Capital Expenditure whereas Fiscal Deficit is understated by ₹27.32 crore due to short transfer of funds/interest to the Reserve Funds.

1.11.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as given below:

Table 1.34: Components of Fiscal Deficit and its Financing Pattern

(₹ in crore)

Particulars		2013-14	2014-15	2015-16	2016-17	2017-18
Components of fiscal deficit						
1.	Capital Expenditure	4,507	5,134	7,331	8,286	10,353
2.	Net Loans and Advances	117	84	90	57	21
Financed Through						
1.	Revenue Surplus	70	(-390)	(-640)	2,166	7,595
2.	Fiscal Deficit	4,554	5,608	8,060	6,177	2,778
Financing pattern of Fiscal Deficit @						
1.	Market Borrowings	1,919	1,811	3,926	3,815	3,152
2.	Loans from GOI	(-64)	(-100)	(-) 96	(-)90	(-)84
3.	Small Savings, PF etc.	1,990	2,232	2,886	1,846	1,556
4.	Deposits and Advances	158	376	112.39	949	1,084
5.	Suspense and Miscellaneous	(-) 48	(-)237	(-) 131	(-)93	(-140)
6.	Remittances	1,169	2,545	(-) 208	(-)690	(-)2,955
7.	Reserve Funds	403	(-)677	214	334	290
8.	Drawdown of cash balance (+)/Accretion to cash balance(-)	(-)972	(-)338	(+)874	(+)98	(-)125

@ All these figures are not of disbursements/outflows during the year

Table 1.35: Receipts and Disbursements under components financing the fiscal deficit

(₹ in crore)

	Particulars	Receipt	Disbursement	Net
1.	Market Borrowing	25,526	22,374	3,152
2.	Loans from GoI	32	116	(-)84
3.	Small Savings, Provident Funds etc.	5,032	3,476	1,556
4.	Deposits and advances	4,893	3,809	1,084
5.	Reserve Funds	419	129	290
6.	Suspense and Miscellaneous	3,842	3,982	(-)140
7.	Remittances	933	3,888	(-)2,955
8.	Overall surplus (-) deficit (+)	40,677	37,774	2,903
9.	Increase (-) decrease (+) in cash balance	29	154	(-)125
10.	Gross Fiscal Deficit	40,706	37,928	2,778

Source: State Finance Accounts

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.

Table 1.36: 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 (+)	RS,RD/GSDP (per cent)	RS,RD/RE (per cent)
1	2	3	4	5	6 (3+4+5)	7 (4/6)	8 (2-3)	9 (2-6)	10	11
2013-14	27,132	24,057	4,507	121	28,685	16	3,075	(-)1,553	0.07	0.26
2014-15	28,942	25,796	5,134	87	31,017	17	3,146	(-) 2,075	-0.40	-1.33
2015-16	35,785	32,701	7,331	94	40,126	18	3,084	(-) 4,341	-0.55	-1.76
2016-17	41,997	35,245	8,286	76	43,607	19	6,752	(-) 1,610	1.71	5.44
2017-18	48,516	36,253	10,353	25	46,631	22	12,263	(+)1,885	5.39	18.56

- Non Debt Receipts of the State mainly included Revenue Receipts and recoveries of loans and advances which were higher than the Primary Revenue Expenditure.
- The Total Primary Expenditure increased from ₹28,685 crore in 2013-14 to ₹46,631 crore in 2017-18. This was on account of increase in Primary Revenue Expenditure by ₹12,196 crore, while Capital Expenditure increased by ₹5,846 crore.
- The Primary Revenue Surplus which was ₹3,075 crore in 2013-14 increased further to ₹12,263 crore in 2017-18.
- The Primary Deficit which was ₹1,553 crore in 2013-14 converted to Primary Surplus of ₹1,885 crore during 2017-18.

Table 1.37: Components of Fiscal Deficit*(₹ in crore)*

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue deficit(-)/ surplus (+)	(+)70	(-)390	(-)640	(+)2,166	(+)7,595
Net Capital Expenditure	(-)4,507	(-)5,134	(-)7,331	(-)8,286	(-)10,353
Net loans and advances	(-)117	(-)84	(-)90	(-)57	(-)21
Fiscal Deficit	(-)4,554	(-)5,608	(-)8,060	(-)6,177	(-)2,778

During the year, the quality of Fiscal Deficit has improved as compared to 2013-14. Fiscal Deficit decreased from ₹8,060 crore in 2015-16 to ₹2,778 crore in 2017-18. Fiscal Deficit was financed through borrowings out of Public Account (of which Small Savings, Provident Funds, Remittances & Reserve Funds etc. formed a major share) and Market Borrowings.

1.12 Conclusion

The State, being a Special Category State, had high share in Central Taxes and Grants from the Central Government. The State's dependence on central resources increased from 66 per cent in 2013-14 to 71 per cent in 2017-18. Over the last five years, there was increase in the Total Capital Expenditure from ₹4,507 crore in 2013-14 to ₹10,353 crore in 2017-18. State's Own Tax Revenue (SOTR) grew from ₹6,273 crore in 2013-14 to ₹9,536 crore in 2017-18.

Revenue Receipts increased by 15.56 *per cent* during 2017-18 over the previous year while Capital Receipts increased by 23.08 *per cent* during 2017-18 over the previous year. The substantial increase in Revenue Receipts was due to increase in State Share of Union Taxes/Duties and Grants-in-Aid.

The Grants-in-Aid increased by ₹2,104 crore from ₹20,598 crore in 2016-17 to ₹22,702 crore in 2017-18. The State Government is dependent on Grants-in-Aid from GoI to the extent of 47 *per cent* of Revenue Receipts during 2017-18.

The State's Own Resources of ₹13,898 crore during 2017-18 was not enough to cover its committed liabilities (salaries, interest payments, pension and subsidies) of ₹27,500 crore.

Committed expenditure on account of salary, pension, interest payment and subsidies constitutes 67 *per cent* of Revenue expenditure.

Cash balance of ₹554 crore at the close of 2017-18 was lesser than the earmarked Reserve Funds amounting ₹2,164 crore which means that Reserve Funds were used for other than the intended purpose.

The increase in Development Capital Expenditure indicates that the Government is spending towards development works and creation of assets.

The overall Fiscal Liabilities of the Government increased from ₹62,219 crore at the end of 31 March 2017 to ₹68,217 crore by the end of 31st March 2018. It is significant to note that fiscal liabilities at ₹68,217 crore were ₹1,578 crore more than the limit of ₹66,639 crore⁹ projected in 14th Finance Commission for the year 2017-18.

Internal debt of the State increased by 9.20 *per cent* from ₹34,266.75 crore in 2016-17 to ₹37,418.53 crore in 2017-18.

The outstanding market loans as of 31 March 2018 was ₹ 26,019 crore which was 69.53 *per cent* of total internal debt of ₹37,419 crore. Market borrowings increased by ₹4,802 crore (23.17 *per cent*) from ₹20,724 crore in 2016-17 to ₹25,526 crore in 2017-18. Net debt availability declined from ₹890 crore in 2016-17 to ₹29 crore in 2017-18.

The State's Primary Deficit of ₹1,610 crore in 2016-17 converted to Primary Surplus of ₹1,885 crore during 2017-18. The State had a Revenue Surplus which increased from ₹2,166 crore in 2016-17 to ₹7,595 crore during 2017-18. State Government has met target of Revenue Surplus and Fiscal Deficit as per 14th FC targets.

The Fiscal Deficit (FD) decreased from ₹6,177 crore in 2016-17 to ₹2,778 crore in 2017-18. The fiscal deficit at 1.97 *per cent* of GSDP was within the recommendations of 14thFC (three *per cent*).

⁹ Calculated on the basis of target (47.30 *per cent* of GSDP) prescribed by 14th Finance Commission

Chapter-II
Financial Management And
Budgetary Control

CHAPTER – II

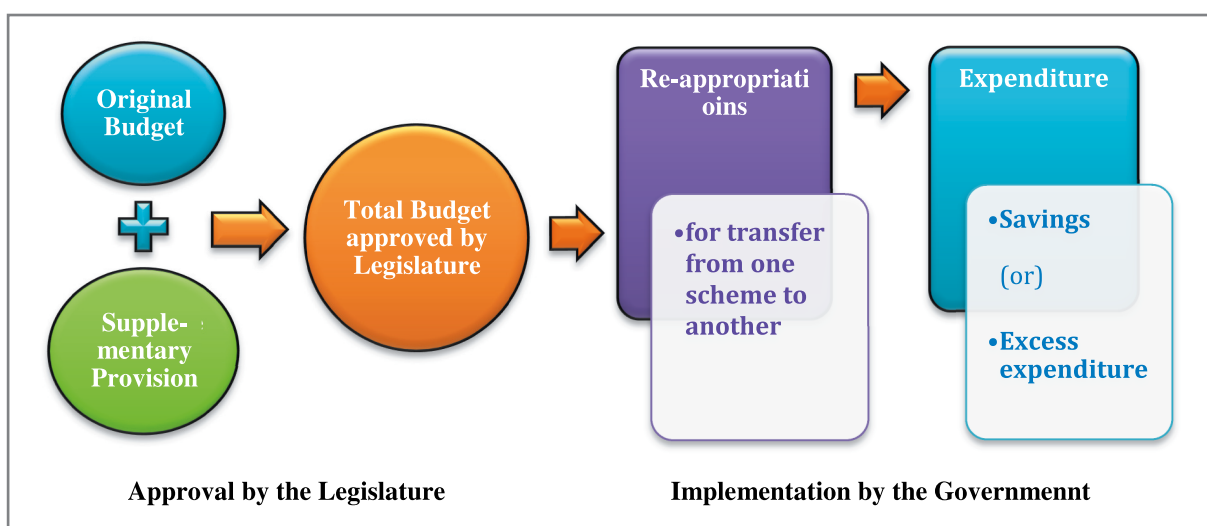
FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

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.

Appropriation Accounts captures the data along the entire process of budget formulation and implementation (**Chart 2.1**).

Chart 2.1: Flow chart of budget implementation



Source: Based on the procedure prescribed in Budget Manual and Appropriation 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.

Deficiencies in the management of budget and expenditure and violation of the Budget Manual noticed in audit have been discussed in the subsequent paragraphs.

2.2 Summary of Appropriation Accounts

The total provisions for expenditure in 2017-18 was ₹94,252.03 crore. The actual expenditure during the year was ₹73,815.12 crore (78 per cent). This resulted in savings of ₹20,436.91 crore in 2017-18. The summarized position of actual expenditure during 2017-18 against 29 grants/appropriations is given below:

Table-2.1: Summarized position of Actual Expenditure vis-à-vis Original/Supplementary provisions

(₹ in crore)

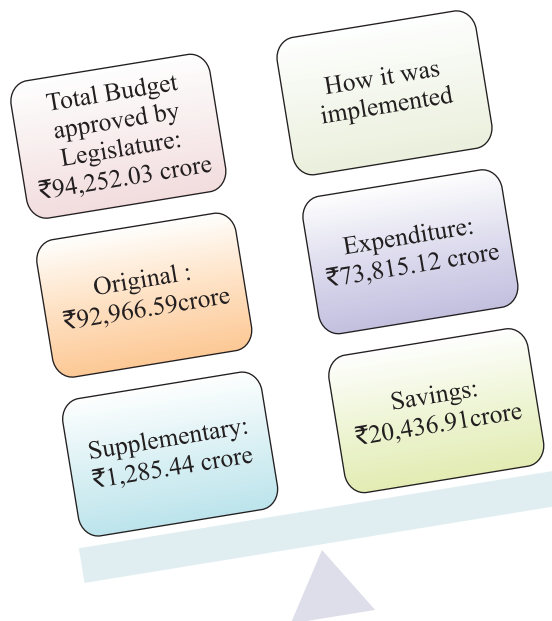
	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ appropriation	Total	Actual expenditure ¹	Saving (-)/ Excess (+)	Amount surrendered
Voted	I-Revenue	43,607.69	41.80	43,649.49	36,205.58	(-)7,443.91	Nil
	II-Capital	26,461.38	0.25	26,461.63	10,383.74	(-)16,077.89	Nil
	III-Loans and Advances	1,091.00	0.00	1,091.00	24.75	(-)1,066.25	Nil
Total Voted		71,160.07	42.05	71,202.12	46,614.07	(-)24,588.05	Nil
Charged	IV-Revenue	5,211.39	0.57	5,211.96	4,710.91	(-)501.05	Nil
	V-Capital	0.00	0.00	0.00	0.00	0.00	Nil
	VI-Public Debt Repayment	16,595.13	1,242.82	17,837.95	22,490.14	(+)4652.19	Nil
Total Charged		21,806.52	1,243.39	23,049.91	27,201.05	(+)4,151.14	Nil
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	0.00	0.00	Nil
Grand Total		92,966.59	1,285.44	94,252.03	73,815.12	(-)20,436.91	Nil

Source: Appropriation Accounts

¹ These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Capital (₹30.86 crore).

2.2.1 Analysis of Appropriation Accounts 2017-18

Chart 2.2: How the Budget was implemented



The overall saving of ₹20,436.91 crore was the result of saving of ₹26,833.97 crore in 24 grants under Revenue (Voted) and 4 appropriation under Revenue Section and 24 grants under Capital Section which is offset by excess of ₹6,397.06 crore in four grants under Revenue Section and four grants and one appropriation under Capital Section. **The excess of ₹6397.06 crore requires regularization.**

Table 2.2: Total excess or savings under different grants

Description	Number of grants/appropriation					Amount (₹ in crore)
	Revenue (Voted)	Revenue (Charged)	Capital (Voted)	Capital (Charged)	Public Debt Repayment	
Savings occurred in	24	04	24	-	-	26,833.97
Excess expenditure occurred in	04	-	04	-	01	6,397.06

Source: Appropriation Accounts

2.3 Financial Accountability and Budget Management

2.3.1 Excess over provisions requiring regularization

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 regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As the Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, the excess expenditure aggregating ₹1,07,664.29 crore for the years 1980-2017 is yet to be regularized by the State Legislature, as detailed in **Appendix 2.1**. After including further excess expenditure of ₹6,397.06 crore **Appendix 2.2** during 2017-18 as brought out in the preceding Sub-section, the aggregate excess expenditure requiring regularization by the Legislature stands at ₹1,14,061.35 crore as on 31 March 2018. **This is in violation of Section 81 of the Constitution, is contrary to legislative intent and defeats the objective of ensuring accountability of the executive over utilization of public money. Excess**

expenditure remaining un-regularized for such extended period needs to be viewed seriously as this dilutes the legislative control over the exchequer and therefore all the existing cases of excess expenditure need to be got regularized at the earliest. Such un voted expenditure may be stopped, except in case(s) of dire and extreme emergency, the cost of which cannot be met from Contingency Fund. These amounts have remained unregularized for very long. If these amounts are not regularized, it may have implications on certification of Finance and Appropriation Accounts in future.

The list of eight grants where expenditure exceeded ₹one crore or more than 20 per cent of the provision are shown in below:

Table-2.3: Excess over provisions requiring regularization during 2017-18

(₹in crore)

Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/ Appropriation	Expenditure	Excess (Percentage)
I-Revenue (Voted)					
1	3	Planning and Development Department	75.61	444.34	368.73 (488)
2	16	Public Works Department	757.54	1,855.31	1,097.77 (145)
3	28	Rural Development Department	452.54	508.24	55.70 (12)
4	29	Transport Department	54.35	71.25	16.90 (31)
Total (I-Revenue Voted)			1,340.04	2,879.14	1,539.10
II-Capital (Voted)					
5	05	Ladakh Affairs Department	201.54	226.33	24.79 (12)
6	23	Public Health Engineering Department	439.49	593.11	153.62 (35)
7	24	Hospitality and Protocol Estate Park and Gardens Department	30.95	58.12	27.17 (88)
Total (II-Capital Voted)			671.98	877.56	205.58
III-Capital Charged					
8	08	Finance Department	17,837.95	22,490.14	4,652.19 (26)
Total (III-Capital Charged)			17,837.95	22,490.14	4,652.19
Grand Total (I+II+III)			19,849.97	26,246.84	6,396.87

Source: Appropriation Accounts

In Grant No -08 there was persistent excess expenditure during 2013-14 to 2017-18, as shown below:

Table-2.4: List of Grant where Persistent Excess expenditure incurred during 2013-14 to 2017-18

(₹ in crore)

Grant No. and Name	Years				
	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue/Capital					
08-Finance Department	2,916.09 (237%)	186.32* (2%)	2,225.82 (26%)	225.89 (627%)	4,652.19 (26%)

Figures in brackets indicate percentage of excess expenditure over the provisions *Except 2014-15

The Finance Department should ensure that no Departmental Controlling Officers including Finance Department itself resort to excess expenditure over the regular allocations approved by the State Legislature.

2.3.2 Savings

The outcome of the appropriation audit shows that in 52 cases, savings exceeded ₹one crore in each case or by more than 20 per cent of the total provision (Appendix 2.3). Against the total savings of ₹26,833.97 crore, savings of ₹26,386.00 crore² occurred in 33 cases relating to 21 grants, as indicated below:

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 Expenditure	Savings/ Percent-age
I-Revenue Voted						
1	02-Home Department	5,413.40	0.00	5,413.40	4,649.37	764.03 (14)
2	06- Power Department	10,269.84	0.00	10,269.84	5,061.91	5,207.93 (51)
3	07-Education Department	6,585.57	0.00	6,585.57	6,139.89	445.68 (07)
4	08-Finance Department	6,316.39	0.00	6,316.39	5,707.45	608.94 (10)
5	10-Law Department	371.23	0.00	371.23	216.90	1,54.33 (42)
6	11-Industries & Commerce Department	309.65	0.00	309.65	241.49	68.16 (22)
7	12-Agriculture Department	1,108.83	0.00	1,108.83	942.29	166.54 (15)
8	13-Animal Husbandry Department	467.35	0.00	467.35	398.70	68.65 (15)
9	14- Revenue Department	1,267.25	0.00	1,267.25	796.98	470.27 (37)
10	17-Health and Medical Education Department	2,715.73	0.00	2,715.73	2,567.12	148.61 (05)
11	18-Social Welfare Department	1,521.81	0.00	1,521.81	1,197.76	324.05 (21)

² Exceeding ₹50 crore in each case.

Audit Report on State Finances for the year ended 31 March 2018

12	21-Forest Department	716.89	0.00	716.89	600.23	116.66 (16)
13	22-Irrigation & Flood Control Department	600.10	0.00	600.10	495.01	105.09 (17)
14	27-Higher Education Department	932.26	0.00	932.26	797.80	134.46 (14)
Total-Revenue (Voted)		38,596.30	0.00	38,596.30	29,812.90	8,783.40
Revenue (Charged)						
15	08-Finance Department	5,156.78	0.00	5,156.78	4,662.87	493.91 (10)
Total Revenue (Charged)		5,156.78	0.00	5,156.78	4,662.87	493.91 (10)
Total-I		43,753.08	0.00	43,753.08	34,475.77	9,277.31 (21)
II-Capital (Voted)						
16	01-General Administration Department	576.92	0.00	576.92	27.80	549.12 (95)
17	02-Home Department	929.45	0.00	929.45	418.59	510.86 (55)
18	03-Planning and Development Department	2,370.58	0.00	2,370.58	498.20	1,872.38 (79)
19	06-Power Development Department	6,251.49	0.00	6,251.49	660.22	5,591.27 (89)
20	07- Education Department	1,258.44	0.00	1,258.44	619.04	639.40 (51)
21	08-Finance Department	3,348.50	0.00	3,348.50	323.36	3,025.14 (90)
22	12-Agriculture Department	907.28	0.00	907.28	573.36	333.92 (36)
23	14-Revenue Department	1,117.26	0.00	1,117.26	258.34	858.92 (77)
24	16- Public Works Department	2,006.00	0.00	2,006.00	1,811.10	194.90 (10)
25	17-Health & Medical Education Department	793.01	0.00	793.01	510.58	282.43 (36)
26	18-Social Welfare Department	460.78	0.00	460.78	127.34	333.44 (72)
27	19-Housing & Urban Development Department	974.07	0.00	974.07	454.53	519.54 (53)
28	20-Tourism Department	639.64	0.00	639.64	119.32	520.32 (81)
29	21-Forest Department	121.49	0.00	121.49	47.85	73.64 (61)
30	22-Irrigation & Flood Control Department	1,348.94	0.00	1,348.94	361.02	987.92 (73)
31	25-Stationery & Printing Department	120.14	0.00	120.14	19.40	100.74 (84)
32	27-Higher education Department	425.92	0.00	425.92	252.53	173.39 (41)
33	28- Rural Development Department	2,391.21	0.00	2,391.21	1,849.85	541.36 (23)
Total-II- Capital (Voted)		26,041.12	0.00	26,041.12	8,932.43	17,108.69
Grand Total – (I+II)		69,794.20	0.00	69,794.20	43,408.20	26,386.00

Source: Appropriation Accounts

Huge savings by the departments under Capital Section indicates that the Government could not utilize the funds earmarked for developmental activities/creations of assets. Reasons for substantial savings (shortfall in utilization) against each grant were not furnished (September 2018) by the State Government.

2.3.3 Persistent Savings

In ten cases, persistent savings of more than ₹one crore in each case and also by ten per cent or more of the total grant were noticed in three grants and one appropriation under Revenue section and six grants in Capital (Voted) section, during the last five years, as shown below:

Table 2.6: List of Grants indicating Persistent Savings during 2013-14 to 2017-18

(₹in crore)

Sl. No	Grant number and name	Amount of Savings				
		2013-14	2014-15	2015-16	2016-17	2017-18
Revenue (Voted)						
1	10-Law Department	65.28 (32)	97.04 (34)	102.19 (37)	154.81 (48)	154.33 (42)
2	11-Industries & Commerce Department	42.17 (18)	89.05 (33)	53.91 (19)	86.65 (28)	68.16 (22)
3	21-Forest Department	58.36 (11)	133.20 (21)	95.01 (14)	127.62 (18)	116.66 (16)
Revenue (Charged)						
4	10-Law Department	3.81 (14)	6.47 (22)	3.98 (13)	7.32 (21)	4.06 (11)
Capital (Voted)						
5	06-Power Development Department	485.02 (56)	250.25 (64)	707.60 (70)	2,177.61 (76)	5,591.27 (89)
6	12-Agriculture Department	159.06 (40)	222.70 (55)	179.63 (33)	634.82 (67)	333.92 (37)
7	17-Health and Medical Education Department	32.80 (12)	235.89 (53)	496.95 (67)	168.56 (28)	282.43 (36)
8	19-Housing and Urban Development Department	672.87 (76)	568.44 (77)	220.61 (42)	394.59 (51)	519.54 (53)
9	25-Labour, Stationery and Printing Department	102.52 (98)	76.70 (98)	31.79 (29)	14.54 (13)	100.74 (84)
10	28-Rural Development Department	185.13 (48)	1,104.58 (60)	496.69 (38)	798.19 (42)	541.36 (23)

Source: Appropriation Accounts

Figures in the parenthesis is percentage of Total Grants

Persistent savings in a substantial number of grants over the years was indicative of over assessment of grants over the requirement of funds by the Government without taking into account the previous year's trends and adequately scrutinizing the need and flow of expenditure. Persistent savings by above departments also indicates that either the schemes under departments did not receive priority of the Government or the inefficiency in implementation by the department concerned/implementing agencies. This has been pointed out in earlier State Finance Reports but no action has been taken by the Government. Reasons for persistent savings under these heads were not intimated by the State Government (September-2018).

During 2017-18, in seven schemes under the above mentioned grants the savings were more than ₹100 crore, as given below:

Table 2.7: Details of cases in which savings were more than ₹100 crore

(₹in crore)

Sr. No.	Grant Name and Scheme Name	Budget Provision	Expenditure	Saving	Percentage savings over budget
1	Grant No. 17-Health and Medical Education				
(i)	2210-Medical and Public Health,01-Urban Health Services Allopathy Services,800-Other Services,2256 National Health Mission	300.00	0.57	299.43	99.81
(ii)	4210-Capital Outlay on Medical and Public Health,01-Health Services,2256	275.00	127.76	147.24	53.54
(iii)	4210-Capital Outlay on Medical and Public Health,02-Rural Health Services,0515-Construction	300.00	1.73	298.27	99.42
2	19-Housing and Urban Development				
(i)	4217-Capital Outlay on Urban Development,03-Integrated Development of Small and Medium Towns,1297-Urban Development	578.07	273.02	305.05	52.77
3	25-Stationery and Printing Department				
(i)	4250-Capital Outlay on Other Social Services,201-Labour,1904-Employment	114.88	9.77	105.11	91.50
4	28-Rural Development Department				
(i)	4515-Capital Outlay on Other Rural Development Programme,101-Panchayati Raj,2468-Pradhan Mantri Krishi Sinchai Yojana	148.87	40.25	108.62	72.96
(ii)	4515-Capital Outlay on Other Rural Development Programme,101-Panchayat Raj,0230-Rural Sanitation	120.00	8.93	111.07	92.56

Source: Appropriation Accounts

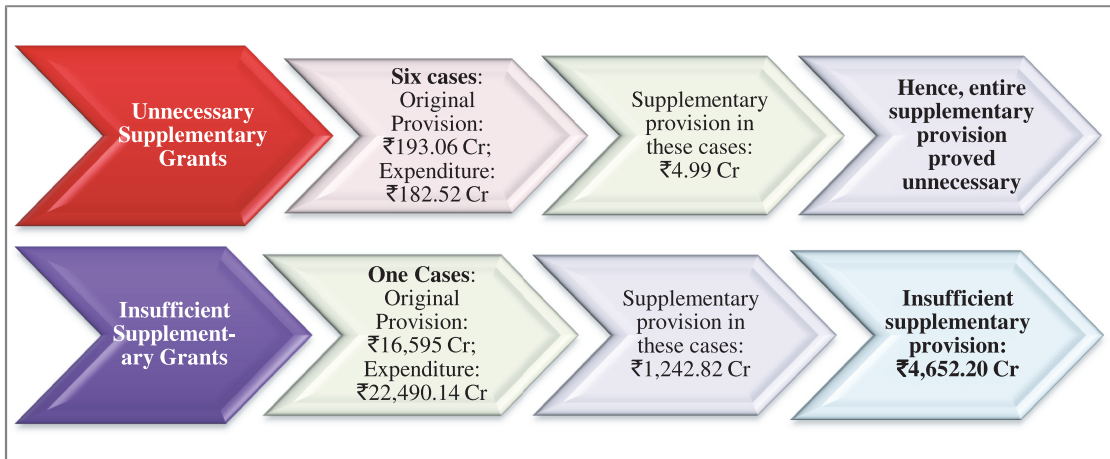
As can be seen from above, the persistent savings ranged from 52.77 per cent to 99.81 per cent.

2.3.4 Unnecessary/Inadequate supplementary provisions

In six cases, involving four grants (*Appendix-2.4*), supplementary grant of ₹4.99 crore was obtained in excess of the original provision, in anticipation of expenditure. However, the final expenditure of ₹182.52 crore was even less than the original grant of ₹193.06 crore. The savings of ₹10.54 crore thus, exceeded the entire supplementary provision, indicating inadequate system of fund projection and leading to unnecessary allotment of additional funds.

In one Grant (Finance Department) (*Appendix-2.5*), supplementary provision of ₹1,242.82 crore proved insufficient, leaving an uncovered aggregate excess expenditure of ₹4,652.19 crore which forms 72.72 per cent of the total excess of ₹6,397.06 crore.

Chart 2.3: Unnecessary/Insufficient Supplementary Provisions



2.3.5 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 2017-18, there were 24 grants and four appropriations under Revenue Section and 24 grants under Capital Section in which savings occurred. However, during the year no surrender in anticipation of savings was made by the concerned departments. The savings in these cases was of the order of ₹26,833.97 crore, which includes ₹26,833.46 crore in 52 cases (involving 29 grants and four appropriation) where savings involved were ₹one crore and above. Relevant details are indicated in **Appendix-2.6. The savings in grants is indicative of over assessment of grants resulting in savings and also non-surrender of funds (savings) is in contravention to the instructions of the State Budget Manual.**

2.3.6 Rush of Expenditure

As per J&K Budget Manual the Controlling Officers are required to utilize the outlay under a head proportionately, as far as possible during the year. Rush of expenditure in the last quarter of financial year and more particularly in the last month of the financial year has to be avoided. Contrary to this, in respect of 19 grants listed in **Table 2.8**, expenditure exceeding ₹10 crore for the year was incurred during the last quarter of the financial year 2017-18.

Table 2.8: Cases of Rush of Expenditure towards the end of financial year 2017-18

(₹ in crore)

Sl. No.	Grant No	Name of the Grant	Total Expenditure During 2017-18	Expenditure incurred during January to March 2018	Expenditure incurred in March 2018	Percentage of Total Expenditure incurred during	
						January to March 2018	March 2018
1	1	General Administration Department	323.21	114.44	41.29	35	13
2	3	Planning and Development Department	942.53	526.88	367.82	56	39
3	4	Information Department	48.29	22.01	13.68	46	28
4	5	Ladakh Affairs Department	822.02	797.76	6.61	97	1
5	10	Law Department	256.23	105.94	56.39	41	22
6	11	Industries and Commerce Department	461.64	228.52	82.70	50	18
7	12	Agriculture Department	1,515.65	758.78	545.10	50	36
8	15	Food, Civil Supplies and Consumer Affairs Department	476.95	180.21	124.98	38	27
9	16	Public Works department	3,666.41	1,845.83	1,008.99	50	28
10	17	Health and Medical Education Department	3,077.71	1,174.67	730.94	38	24
11	18	Social Welfare Department	1,325.11	548.22	390.52	41	29
12	19	Housing and Urban Development Department	1,157.47	651.79	395.76	56	34
13	20	Tourism Department	283.90	144.11	92.91	51	33
14	22	Irrigation Department	856.03	405.27	256.44	47	30
15	23	Public Health Engineering Department	1,745.13	798.83	586.86	46	34
16	24	Hospitality and Protocol Department	276.52	151.78	77.01	55	28

17	25	Stationery and Printing Department	85.43	39.66	27.49	46	32
18	28	Rural Development Department	2,358.09	997.74	307.88	42	13
19	29	Transport Department	88.15	36.75	11.27	42	13
Total			19,766.47	9,529.19	5,124.64		

The percentage of expenditure in the last quarter ranged between 35 and 97 *per cent* of the total expenditure. An amount of ₹9,529.19 crore exceeding ₹10 crore in each case was incurred out of the total expenditure of ₹19,766.47 crore in the last quarter, in 19 grants, constituting 48.21 *per cent* of total expenditure and an amount of ₹5,124.64 crore constituting 26 *per cent* of the total expenditure of ₹19,766.47 crore of the same grants was incurred during the last month i.e. March, 2018. In two test checked department i.e. Stationery and Printing and Law, it was noticed that there was rush of expenditure despite timely release of funds. **Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules. The State Government may consider devising suitable mechanism to avoid rush of expenditure in the last quarter/month of the financial year.** The Government is well advised to examine if other departments spent large amounts in last quarter, despite getting funds on time and ensure that there is no rush of expenditure in the last quarter/month in such cases.

2.3.7 Unnecessary Budget Allotment-more than ₹one crore

In 24 number of grants involving 40 Major Heads, wherein an amount of ₹12,021.01 crore (*Appendix-2.7*) was kept as provision for meeting expenditure under different heads/scheme, the entire provision remained unutilized during the year. The provision should have been re-appropriated to other schemes, where there was an excess expenditure over the provision.

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 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 2017-18, 197 out of the 353 Controlling Officers have reconciled an expenditure of ₹26,587.51 crore {51.86 *per cent* of total expenditure (excluding public debt) of ₹51,269.37 crore} and receipts of ₹40,162.73 crore {82.79 *per cent* of the total receipts of ₹48,511.88 crore (excluding public debt)}.

Non-reconciliation of accounts has an impact on the assurance of the completeness and correctness of the receipts and expenditure figures depicted in the accounts. Failure to reconcile the expenditure figures by the Department may result in frauds, defalcations and over-drawals etc. remaining undetected. The Government must ensure reconciliation of accounts by the Controlling Officers concerned to obviate possibility of fraud and misuse of funds.

2.5 Outcome of Analysis of Budgetary Analysis

2.5.1 Unrealistic Budget Estimates

The original budget of ₹ 92,921.77 crore prepared by the State Government for the year 2017-18 was revised to ₹ 84,976.86 crore. Against this, an actual expenditure of ₹73,784.27 crore was incurred during 2017-18. Details of the Original Budget, Revised Estimate, actual expenditure for the period 2013-14 to 2017-18 is given below:

Table 2.9: Original budget, revised estimate and actual expenditure during 2013-18

	2013-14	2014-15	2015-16	2016-17	2017-18
Original Budget	38,068.16	43,542.83	53,590.46	72,669.54	92,921.77
Revised Estimate	36,289.39	50,206.45	58,786.75	74,929.52	84,976.86
Actual Expenditure	35,833.00	43,099.00	54,660.00	65,197.00	73,784.27
Saving /excess	456.39	7,107.45	4,126.75	9,732.52	11,192.59

(₹ in crore)

Source: Budget Document and Appropriation Accounts

Similarly, the estimated receipt of ₹ 87,360.04 crore were revised to ₹ 84,166.35 crore against which only ₹74,073 crore were actually realized as per details given below:

Table 2.10: Details of the Receipts

	2013-14	2014-15	2015-16	2016-17	2017-18
Original Budget	36,742.85	42,063.79	47,776.69	66,943.85	87,360.04
Revised Estimate	34,922.12	44,454.7	53,661.58	69,247.90	84,166.35
Actual Receipt	33,134.00	39,200.00	50,430.00	62,746.00	74,073.00
Short /excess	1,788.12	5,254.70	3,231.58	6,501.90	10,093.35

(₹ in crore)

Source: Budget Document and Appropriation Accounts

2.5.2 Errors in Budgeting Process

Scrutiny of Demand for Grants for the year 2017-18 showed following inherent flaws in preparation:

- Lump sum budgetary provisions of ₹29,134.13 crore which constitute 30.91 per cent of total provision of ₹94,252.03 crore were placed with Controlling Officers in various Demands for Grants instead of detailed head-wise/scheme-wise provisions 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 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.

2.5.3 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) and Rule 2.33] no money should be drawn from the treasury unless it is required for immediate disbursement. Besides, it is not permissible to draw money from treasury for keeping in banks or under civil deposits to prevent the lapse of Budgetary Grants. The 13th Finance Commission also recommended that the Public Accounts should not be treated as an alternative to the Consolidated Fund and Government expenditure should be directly incurred from the Consolidated Fund, avoiding transfer from Consolidated Fund to the Public Account. It was observed in Minor Head 800-Other Deposits subordinate to Major Head 8443-Civil Deposits that accumulated balance of ₹530.71 crore at the close of the year i.e. March 2018, 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.**

Further, out of three division of Jammu and Kashmir, it was observed in test checked bills of Jammu Division that in contravention to the rules *ibid*, an amount of ₹11.99 crore (1.57 *per cent*) out of total allotment of ₹761 crore was drawn from the treasury at the fag end of the financial year by different offices³ for the works to be executed and deposited in the Public Account (Major Head 8443-PW Deposits).

2.5.4 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 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 2017-18 for Own Tax Revenue projection was ₹10,136 crore, while actual realization was ₹9,536 crore, resulting in downward variation of ₹600 crore, six *per cent* below the original forecast. Similarly, Non-tax Revenue for the year 2017-18 was projected at ₹5,389 crore, while actual realization was ₹4,362 crore, resulting in less realization of ₹1,027 crore,

³ Executive Engineer, PWD (R&B) Division I & II, Jammu, Kathua, Rajouri, Executive Engineer, PHE Mechanical Division, Udhampur, Executive Engineer, EM&RE, Division II&III, Jammu, Executive Engineer STD, Division-II, Jammu, Executive Engineer, Sub Transmission Division IV, Kalakote, Executive Engineer, EM&RE Division, Rajouri and High Court, Jammu

corresponding to 19 per cent decrease against the original projection. The projections of Tax and Non-Tax Revenue for the last five years *vis-à-vis*, actual collections during the years are depicted below:

Table 2.11: Projections of State’s Own Tax Revenue and Own Non-Tax Revenue *vis-à-vis* Actual

(₹ in crore)					
Year	Description	Revised Estimates of revenue	Actual realization	Difference	Difference as Percentage
2013-14	Tax Revenue	6,820	6,273	547	8.02
	Non-Tax Revenue	3,400	2,870	530	15.59
2014-15	Tax Revenue	6,438	6,334	104	1.62
	Non-Tax Revenue	3,154	1,978	1,176	37.29
2015-16	Tax Revenue	7,988	7,326	662	8.29
	Non-Tax Revenue	3,455	3,913	(-)458	(-)13.26
2016-17	Tax Revenue	8,442	7,819	623	7.38
	Non-Tax Revenue	5,224	4,072	1,152	22.05
2017-18	Tax Revenue	10,136	9,536	600	5.92
	Non-Tax Revenue	5,389	4,362	1,027	19.06

Source: Finance Account of respective year.

The actual realization of State Own Tax Revenue was less than the estimates of collection and varied between 5.92 per cent to 8.29 per cent during the year 2013-14 to 2017-18, whereas in the case of State’s Own Non-Tax Revenue the variation ranged between 15.59 per cent to 37.29 per cent during the year, 2013-14 to 2014-15. In 2015-16 the actual realization of State’s Own Non Tax Revenue was 13.26 per cent more than the estimates and during the year 2016-17 and 2017-18, the State’s Own Non-Tax Revenue realization was 22.05 per cent and 19.06 per cent less than the estimates. The State fell short of its revised estimates for Non Tax Revenue mainly due to short realization under power receipts.

2.5.5 Misclassification of Grants-in-Aid and Subsidy etc;

Grants-in-Aid to any Institution/Body must constitute the Revenue Expenditure of the Government. During the year 2017-18, a sum of ₹2,395.97 crore of Grant-in-Aid, Subsidy of ₹152.00 crore, ₹0.43 crore Stipend & Scholarship, ₹2.94 crore Salary and ₹301.99 crore Operating Cost of Procurement 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 2.12**. **The misclassification has resulted in overstatement of Capital Expenditure and understatement of Revenue Expenditure. As such, accounts are not depicting correct classification of expenditure.**

Table 2.12: Disbursement of Grants-in Aid and Subsidy under Capital Heads

(₹ in crore)

Classification	Grant-in-Aid	Subsidy	Stipend & Scholarship	Salary	Operating Cost of Procurement
4055-Capital Outlay(CO) on Police	76.23	--	--	--	--
4202-CO on Education, Sports Art & Culture	429.48	--	0.07	0.13	--
4210-CO on Medical & Public Health	131.40	--	--	--	--
4217-CO on Urban Development	8.55	--	--	--	--
4225-CO on Welfare of SCs, STs & Other Backward Classes	84.11	1.90	0.35	0.01	--
4235-CO on Social Security & Welfare	0.97	--	--	2.04	8.25
4236-CO on Nutrition	0.39	0.02	--	--	--
4401-CO on Crop Husbandry	130.30	117.65	--	0.75	--
4402-CO on Soil & Water Conservation	--	0.28	--	--	--
4403-CO on Animal Husbandry	0.04	0.28	--	--	--
4405-CO on Fisheries	0.33	--	--	--	--
4408-CO on Food Storage and Warehousing	--	--	--	--	293.74
4425-CO on Co-operation	--	1.70	--	--	--
4515-CO on Other Rural Development Programmes	1,523.03	--	--	--	--
4702-CO on Village and Small Industries	10.70	--	--	--	--
4851-CO on Village & Small Industries	--	26.48	0.01	--	--
5425-CO on other Scientific and Environment Research	--	3.69	--	--	--
5452-CO on Tourism	0.44	--	--	--	--
5475-CO on General Economic Services	--	--	--	0.01	--
Total	2,395.97	152.00	0.43	2.94	301.99

Source: Finance Accounts

2.6 Excess Payment of Pension

Inspection of treasuries/sub-treasuries for the year ended 31 March 2018 by the office of the Accountant General (A&E) brought out excess payment amounting to ₹57.43 lakh (24 treasuries of Kashmir/Leh division and 23 treasuries of Jammu division) due to reasons such as payment of excess amount of pension/family pension and gratuity.

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

2.7 Non reimbursement of Pension etc. by Pay & Accounts Offices/Defence/Railways

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 ₹246.64 crore, ₹16.63 crore, ₹3.60 crore and ₹3.48 crore paid by the State Treasuries on behalf of the Central Pension Accounting Officer, New Delhi, Controller of Defence Accounts, Allahabad, Controller of Defence Accounts, Northern Command, Jammu and Financial Advisor & Chief Accounts Officer (FA&CAO) Northern Railways respectively, ending March 2018 are still (July 2018) adjustable in the accounts of the State Government due to non-submission of vouchers to the respective quarters by the treasuries or non-response from the Central Pension Accounting Officer, Defence and Railways Department. **The matter needs to be actively pursued with the departments concerned as huge amounts are reimbursable to the State.**

2.8 Outcome of Review of Selected Grants

A review of budgetary procedure and control over expenditure in test checked two grants (**Grant No.06 and Grant No. 08**) out of 29 grants showed the following audit observations:

2.8.1 Grant No. 06 – Power Development Department

A review of budgetary procedure and control over expenditure in test checked grant showed the following audit observations:

Table 2.13: Saving/Excesses during 2017-18

(₹ in crore)

Sl. No.	Revenue (Voted & Charged)		Capital(Voted & Charged)		Total Appropriation (Rev.+Cap.) (5)=(1+3)	Total Expenditure (Rev.+Cap.) (6)=(2+4)	Total Savings (-)/Excess(+) (Rev.+Cap.) (7)=(5-6)
	Total Appropriation (1)	Expenditure (2)	Total Appropriation (3)	Expenditure (4)			
1	10,269.84	5,061.91	6,251.49	660.22	16,521.33	5,722.13	10,799.20(65)
Total	10,269.84	5,061.91	6,251.49	660.22	16,521.33	5,722.13	10,799.20(65)

(Percentage of total saving to total appropriation shown in the bracket)

- (i) There was huge saving in both Revenue (Voted) as well as Capital (Voted) Section. Against the budget/appropriation of ₹16,521.33 crore, the actual expenditure was ₹5,722.13 crore resulting in overall savings of ₹10,799.20 crore (65 per cent). This showed that budget estimates were made either unrealistically or department did not disburse the amount during 2017-18 and also the savings were not surrendered.
- (ii) 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 ₹151.43 crore (**Appendix 2.8**) require regulation by the Legislature. This is contrary to Legislative intent and defeats the objective of ensuring accountability of the executive over utilization of public money.

- (iii) 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 2017-18, in 35 cases (*Appendix 2.9*), saving of ₹7,732.34 crore (65 per cent) was not surrendered by the concerned department. The savings in grants is indicative of over assessment of grants resulting in savings and also non-surrender of funds (savings) is in contravention to the instructions of the State Budget Manual.
- (iv) An amount of ₹2.80 crore was incurred in two cases in (*Appendix 2.10*) without Budgetary Provision, either in Original Estimates or in Supplementary Demands. These services may be new services or new instrument of services not contemplated in the Demand for Grants against which no token Grant was even obtained.
- (v) Entire budget provision in thirteen Minor Heads/Schemes for ₹3,221.09 crore (*Appendix 2.11*) remained unutilized respectively resulting in denial of intended benefits to the general public. The provision should have been re-appropriated to the needy schemes/works where there was the excess expenditure over the provision.

2.8.2 Grant No. 08 - Finance Department

Review of budgetary procedure and control over expenditure of Grant showed the following audit observations:

Table 2.14: Savings/Excesses during 2017-18

Sl. No. (1)	Revenue (Voted & Charged)		Capital(Voted & Charged)		Total Appropriation (Rev.+Cap.) (6)=(2+4)	Total Expenditure (Rev.+Cap.) (7)=(3+5)	Total Savings (-)/Excess(+) (Rev.+Cap.) (8)=(6-7)
	Total Appropriation (2)	Expenditure (3)	Total Appropriation (4)	Expenditure (5)			
1	11,473.18	10,370.32	21,186.45	22,813.51	32,659.63	33,183.83	(+)524.20(2)
Total	11,473.18	10,370.32	21,186.45	22,813.51	32,659.63	33,183.83	(+)524.20

(Percentage of total excess to total appropriation shown in bracket)

- (i) There was saving in Revenue (Voted & Charged) and excess in Capital (Voted & Charged) Section. Against the budget/appropriation of ₹32,659.63 crore, the actual expenditure was ₹33,183 crore resulting in overall excess of ₹524.20 crore (two per cent).
- (ii) 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 ₹1,829.62 crore (*Appendix 2.8*) during the year 2017-18 require regularization.
- (iii) 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

2017-18, in 24 cases (*Appendix 2.9*) saving of ₹1.732.27 crore (25 per cent) was not surrendered by the concerned department. The savings in grants is indicative of over assessment of grants resulting in savings and also non-surrender of funds (savings) is in contravention to the instructions of the State Budget Manual.

- (vi) An amount of ₹6,246.88 crore was incurred in 34 cases in (*Appendix 2.10*) without Budgetary Provision, either in Original Estimates or in Supplementary Demands. These services may be new services or new instrument of services not contemplated in the Demand for Grants against which no token Grant was even obtained.
- (v) Entire budget provision in thirteen Minor Heads/Schemes for ₹5,820.02 crore (*Appendix 2.11*) remained unutilized resulting in denial of intended benefits to the general public. The provision should have been re-appropriated to the needy schemes/works where there was the excess expenditure over the provision.

2.9 Audit of Sanctions

During test check of 242 number of sanctions to the extent of ₹5,917.32 crore pertaining to the year 2017-18 in respect of 14 departments out of 29 departments received in Accountant General (Audit), the following discrepancies/shortcomings were noticed in these sanctions:-

(i) Sanctions issued without any provision in the Demand for Grants

In 38 sanctions involving an amount of ₹216.79 crore, no provision was made in Demand for Grants either at Detailed Head, Minor Head and Major Head level etc.

(ii) No classification/ Incomplete Classification/Wrong Classification was provided in the sanctions

While issuing the sanction, full classification i.e. Major Head, Minor Head, Detailed Head etc. should be recorded so that its correctly recorded/posted in the relevant heads. Contrary to this, no classification was provided in 14 sanctions involving an amount of ₹33.08 crore. Further, incomplete classification was also noticed in 53 sanctions involving an amount of ₹719.16 crore where either Demand Number or Minor Head or Detailed Head was not found recorded in the sanctions. Moreover wrong classification was noticed in six sanctions involving an amount of ₹83.73 crore.

(iii) Sanctions issued at the fag end of the financial year

As per J&K Budget Manual, the Controlling Officers are required to utilize the outlay under a head proportionately, as far as possible during the year. Rush of expenditure in the last quarter of financial year and more particularly in the last month of the financial year has to be avoided. Contrary to this, 10 sanctions involving an amount of

₹188.52 crore were issued during the month of March 2018 to avoid lapse of funds, thereby resulting in rush of expenditure at the fag end of the financial year.

State Government may issue directions that complete classification may be recorded in sanction orders to avoid errors in budgeting and to make reconciliation of accounts convenient and easy.

2.10 Conclusion

The overall savings of ₹20,436.91 crore was the result of saving of ₹26,833.97 crore in various grants and appropriations offset by excess of ₹6,397.06 crore.

Excess expenditure of ₹1,14,061.35 crore till 31 March 2018 over the approved provision requires regularization under Section 82 of the Constitution of Jammu and Kashmir. In ten cases, persistent savings of more than ₹one crore and also by ten *per cent* or more of the total grant were noticed in the last five years. In many cases, the anticipated savings were not surrendered at the end of the year, leaving no scope for utilization of these funds for other development purposes. Over budgeting to this extent both on receipt and expenditure side depicted incorrect picture of the State Budget. There were also instances of inadequate provisions and unnecessary/ 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.

Annual review on the working of treasuries showed excess payment of pension/family pension and gratuity.

There is an accumulated balance of ₹530.71 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.

During 2017-18, a sum of ₹2,395.97 crore of Grants-in-Aid, Subsidy of ₹152.00 crore, ₹0.43 crore of Stipend & Scholarship, ₹2.94 crore as Salary and ₹301.99 crore as Operating Cost of Procurement/Sale of Essential Commodities through PDS were disbursed under Capital Major Heads of expenditure, thereby resulting in overstatement of Capital Expenditure and understatement of Revenue Expenditure.

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 Compliance to Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the Government of Jammu & Kashmir in 2017-18 and deficiencies therein are given below:

Table 3.1: Compliance to Accounting Standards

Sl. No.	Accounting Standard	Compliance by State Government	Compliance/deficiency
1	IGAS 1: <i>Guarantees Given by the Government – Disclosure requirements</i>	Partially Complied (Statements 9 and 20 of Finance Accounts)	Detailed information like maximum amount of guarantee, addition, deletions of guarantees during the year, sector and class of guarantees for each institution has been furnished but number of guarantees for each institution has not been furnished.
2	IGAS 2: <i>Accounting and Classification of Grants-in- Aid</i>	Not Complied (Statement 10 of Finance Accounts)	(i) Certain Grants-in-Aid to be classified under Revenue Section have been classified under Capital Section (ii) Information has not been furnished in respect of Grants-in-Aid given in kind by the State Government (March 2018).
3	IGAS 3: <i>Loans and Advances made by Governments</i>	Not Complied (Statement 18 of Finance Accounts)	Details of recoveries in arrears and accrued interest thereon not furnished by State Government.

Source: Indian Government Accounting Standards and Finance Accounts

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

In terms of Para 7.10 of the Jammu & Kashmir Financial Code Vol-I, the bills which are countersigned after payment, are drawn as advance payments on Abstract Contingent (AC) Bills. The subordinate officers are required to submit the DC bill by the end of the month following that in which AC Bill is drawn to the Controlling Officer and the Controlling Officer is required to submit the same to the Accountant General, duly countersigned, within one month of its receipt.

(i) In contravention thereto, against a total amount of ₹2,545.83 crore (**Appendix 3.1**) comprising of 2,032 bills drawn on AC bills by various drawing and disbursing officers up to 31 January 2018, corresponding DC bills were not submitted to the Accountant General (A&E), Jammu & Kashmir. Out of 2,032 number of outstanding AC bills, 1,854 bills amounting to ₹1,181.83 crore pertains upto 2015-16, 22 bills amounting to ₹34.08 crore pertains to 2016-17 and the balance 156 bills valuing ₹1,329.92 crore pertains to the year 2017-18. Majority of the DC bills were awaited (March 2018) from the following departments, as given below:

Table 3.2: Awaited DC bills from Departments

Sl. No	Name of the Department	Amount outstanding (₹in crore)	Percentage
01	Education Department	1,049.96	41.24
02	Rural development Deptt.	271.73	10.67
03	Revenue Department	211.55	8.31
04	Medical Department	160.85	6.32
05	Home Department	147.64	5.80
06	Agriculture Department	133.79	5.26
07	Industries Department	82.97	3.26
08	Food, Civil Supplies & Consumer Affairs Deptt.	80.08	3.15

Source: Finance Accounts

(ii) Further, 241 number of AC bills amounting to ₹2,112.91 crore were drawn during the year 2017-18, out of which 112 AC bills amounting to ₹885.47 crore (41.91 per cent) were drawn in March 2018 alone and 21 AC Bills amounting to ₹139.32 crore (15.73 per cent) was drawn on the last day of the financial year. Out of 112 AC bills amounting to ₹885.47 crore drawn in March 2018, 13 bills amounting to ₹430.22 crore (48.59 per cent) were drawn by Department of Education, one bill for ₹255.71 crore by Cooperative Department, seven bills for ₹72.24 crore by Department of Welfare of Schedule Castes, Scheduled Tribes and Other Backward Classes, 13 bills for ₹26.50 crore by Village and Small Industries, and four bills for ₹18.45 crore by Department of General Economic Services. **Expenditure against AC Bills in March indicates that the drawals were primarily to exhaust the budget provisions and reveals inadequate budgetary control.**

The matter has continually been brought to the notice (July 2018) of the Government/Finance Department, from time to time. Despite issuance of instructions in this regard by the State Finance Department, the DDOs did not furnish the pending DC bills to the Accountant General (A&E).

Non- rendition of DC bills for such a huge amount over a very long period breaches financial discipline and is fraught with the risk of misappropriation of public money and is an unhealthy practice. The Government may take necessary steps to ensure adjustment of the advances drawn on the contingent bills within the stipulated period as required under the extant rules.

3.3 Delay in furnishing of Utilization Certificates

Autonomous Bodies/authorities not having sufficient resources of their own are assisted financially by the Government through release of Grants-in-Aid (GIA) to be spent on specific purposes. The position of GIA provided by the State to Autonomous Bodies/ Authorities during 2013-14 to 2017-18 is given below:

Table 3.3: Grants-In-Aid provided by the State to Autonomous Bodies/Authorities

(₹ in crore)						
Sl. No.	Body/Authority	2013-14	2014-15	2015-16	2016-17	2017-18
1	Srinagar Municipal Corporation	117.73	161.16	158.18	285.02	108.47
2	Jammu Municipal Corporation	74.30	108.64	98.54	134.49	163.42

Sl. No.	Body/Authority	2013-14	2014-15	2015-16	2016-17	2017-18
3	Urban Local Bodies (Kashmir)	74.49	87.36	56.03	1.95	105.17
4	Urban Local Bodies (Jammu)	36.97	62.94	76.65	69.61	76.29
5	SKUAST* – Kashmir	80.92	100.54	132.18	166.75	94.62
6	SKUAST* – Jammu	70.15	59.48	54.61	81.00	146.38
7	Kashmir University	82.60	114.67	156.80	145.84	160.00
8	Jammu University	74.08	76.14	85.80	124.00	137.00
9	J&K Sports Council	21.76	16.93	19.52	24.55	33.65
10	J&K Academy of Art and Culture	14.31	17.16	15.18	23.97	24.29
11	Institute of Management & Public Administration (IMPA)	9.63	10.47	10.13	12.14	13.70
12	Khadi and Village Industries Board	19.46	7.48	17.47	13.11	18.00
13	Others	134.37	446.28	641.59	646.72	1,673.12
	Total	810.77	1,269.25	1,522.68	1,729.15	2,754.11

**Sher-e-Kashmir University of Agriculture Sciences & Technology Jammu/Kashmir
Source: Finance Accounts*

Financial Rules provide that for the grants provided for specific purposes, Utilization 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 Utilization Certificates (UCs) at the end of 2017-18 is given below:

**Table 3.4: Position of outstanding Utilization Certificates:
Status as on 31 March 2018**

Year	Utilization Certificates Outstanding	
	Number of items	Amount (₹ in crore)
Upto 2015-16	527	1,654.31
2016-17	342	1,771.30
2017-18	545	3,259.58
Total	1,414	6,685.19

Source: Finance Accounts

A total number of 1,414 UCs involving ₹6,685.19 crore were outstanding as on 31 March 2018. Out of the 1,414 outstanding UCs, 342 UCs amounting to ₹1,771.31 crore were outstanding for more than one year and 527 UCs amounting to ₹1,654.31 crore were outstanding for more than two years. Majority of the outstanding UCs are awaited from Education Department (₹3,191.99 crore), Housing and Urban Department (₹1,136.30 crore), Health and Family Welfare Department (₹650.74 crore).

There is no assurance that the money was actually incurred for the intended purpose. High pendency of UCs is fraught with the risk of misappropriation of funds and fraud.

3.4 Non-submission/delay in submission of Annual accounts

Audit of 56 Autonomous Bodies has been entrusted to the Comptroller and Auditor General (C&AG) of India under Section 14 of the CAG's (DPC) Act 1971. A total 801 number of annual accounts were awaited from these Autonomous Bodies as detailed in (*Appendix-3.2*) as on 31 March 2018. The matter has been taken up with these bodies time and again for submission of annual accounts for audit.

Certification audit of accounts of Autonomous Bodies (AB's) set up by the State Government is conducted under Section 19(3) and 20(1) of Comptroller and Auditor General of India (DPC) Act 1971. The AB's coming under the audit purview as per the above section are required to submit the annual accounts to audit before 30 June every year. In respect of ten Autonomous Bodies which were to render annual accounts to C&AG, there were delays ranging between two to 23 years as tabulated below:

Table 3.5: Non-submission of accounts by Autonomous Bodies

(₹ in crore)

Name of Body/Authority	Delay in number of years	No of accounts	Grants during 2017-18
Ladakh Autonomous Hill Development Council, Leh (LAHDC-L)	23	23	278.31
Ladakh Autonomous Hill Development Council, Kargil (LAHDC-K)	15	15	279.58
Compensatory Afforestation Management and Planning Authority (CAMPA)	09	09	Nil
Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Kashmir	08	08	94.62
Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Jammu	02	02	146.38
EPF Board Srinagar	12	12	Nil
Jammu & Kashmir State Housing Board	06	06	Nil
Khadi and Village Industries Board (KVIB)	03	03	18.00
Building and Other Construction Workers Welfare Board (BOCWVB)	05	05	Nil
State Legal Service Authority (SLSA)	03	03	6.94
Total		86	823.83

The audit of Ladakh Autonomous Hill Development 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. Compensatory Afforestation Management and Planning Authority (CAMPA) has also not submitted the accounts for audit since its inception i.e November-2009. Similarly SKUAST, Kashmir, SKUAST, Jammu, EPF Board, Srinagar, KVIB, BOCWWB and SLSA have also not submitted their accounts for audit for the period ranging between one to twelve years.

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. Delay/Arrears in finalization of accounts carries the risk of financial irregularities going undetected and entails possibility of fraud and mis-appropriation. This has also deprived the State Legislature the opportunity to get a feedback on their activities and financial performance.

The Government may take up the matter with the bodies for timely preparation and submission of accounts for presentation to the State Legislature.

3.5 Departmentally Managed Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of commercial nature are required to prepare proforma accounts in the prescribed format annually. The finalized 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 finalization 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) under the Consumer Affairs and Public Distribution Department. The proforma accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not prepared their proforma accounts from 1968-69 to 2017-18 (July 2018). In Kashmir and Ladakh Divisions, the PDS operations are carried out by departmentally run PDS shops as well as Fair Price Shops (FPS) i.e 55 *per cent* through departmental shops and 45 *per cent* through FPS. **The proforma accounts have not been prepared in these two Divisions from 1975-76 (Revised Account) to 2017-18 (July 2018). In Jammu Division, the PDS operations are mainly through network of private dealers (about 91 *per cent*) and the proforma accounts have not been prepared from 1973-74 to 1997-98 and 1999-2000 to 2017-18. Due to non-compliance with the basic requirements of the preparation of annual *proforma* accounts by the Departmentally Managed Commercial Undertakings, financial reporting may not be accurate and reliable.**

Year wise position of the proforma account of PSUs in the State is given in the *Appendix 3.3*. Out of the 24 PSUs, accounts of 20 PSUs were pending finalization for the period ranging between one to 21 years.

3.6 Opaqueness in Government Accounts

Minor Head 800-Other Receipts/Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided in the accounts. Routine operation of Minor Head 800 for budgeting and accounting renders the accounts

opaque without identifying the receipt/ expenditure (as the case may be) to its appropriate object of expenditure or revenue. **During the year 2017-18, ₹4,401.42 crore (including revenue receipt of ₹3,150.94 crore on account of sale of power by Electricity Department for which no appropriate Minor Head is prescribed in the list of Major and Minor Heads of Account) under 39 Revenue Major Heads of Accounts constituting about 9.07 per cent of the total Revenue Receipts of ₹48,511.88 crore, was recorded under the Minor Head 800-‘Other Receipts’.** Similarly, expenditure of ₹5,934.59 crore under 58 Major Heads of Accounts constituting about 11.58 per cent of total expenditure of ₹51,269.37 crore was booked under Minor Head 800-Other Expenditure. The classification under Minor Head 800- Other receipts has improved from 25.08 per cent in 2016-17 to 9.07 per cent during 2017-18 but it has worsened under Minor head 800 – Other Expenditure from 11.08 per cent in 2016-17 to 11.58 per cent in 2017-18. Classification of large amounts booked under the Minor Head ‘800’-Other Receipts does not give the fair picture in accounts.

The 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, for better clarity.

3.7 Outstanding Liability to Contractors

The committed liability of the State for the year 2017-18 amounts to ₹2,098.06 crore comprising Major Works and Contracts (₹127.75 crore), Land Acquisition Charges (₹879.23 crore) and unpaid bills on Works/Supply (₹1,091.08 crore). The State Government is getting work done by the contractors without provision of funds by the legislature and the contractors are not getting paid and has thus resulted in creation of liability on this account.

3.8 Follow-up on Audit Reports

To ensure accountability of executives to the issues dealt with in various Audit Reports, the State Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish to Public Accounts Committee (PAC)/Committee on Public Undertaking (COPU), *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports, irrespective of the fact that these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Accountant General (Audit), within a period of three month from the date of presentation of Audit Reports in the State Legislature.

Report of the Comptroller and Auditor General of India on State Finances (SFR) was being prepared since 2008-09 and Reports till the year 2015-16 were tabled before the State Legislature along with the other Audit Reports. Action Taken Notes on the SFR were not furnished by the State Government and none of the SFR was taken up for discussion by the Public Accounts Committee. The SFR for the year ended 31 March

2017 was forwarded on 06 April 2018. The Report has not been tabled in State Legislature as the State is under Governors/Presidents rule since 20 June 2018.

3.9 Conclusion

Against the total amount of ₹2,545.83 crore drawn on AC bills by various drawing and disbursing officers upto 31 January 2018, corresponding DC bills were not submitted to the Accountant General (A&E) J&K.

The position regarding outstanding Utilization Certificates increased in the current year as compared to 2016-17. A total number of 1,414 UCs involving a total amount of ₹6,685.19 crore remained outstanding as on 31 March, 2018. A total of 801 number of Annual Accounts of 56 Autonomous Bodies were awaited for audit, as on 31 March 2018, ranging from the year 1972-73 to 2017-18.

Due to non-compliance with the basic requirements of the preparation of annual *proforma* accounts by the Departmentally Managed Commercial Undertakings, financial reporting may not be accurate and reliable.

Classification of large amounts booked under the Minor Head '800'-Other Receipts does not give the fair picture in accounts.

Srinagar/Jammu
The 11th December 2019


(SUSHIL KUMAR THAKUR)
Accountant General (Audit)
Jammu & Kashmir and Ladakh

Countersigned

New Delhi
The 26th December 2019


(RAJIV MEHRISHI)
Comptroller and Auditor General of India

APPENDICES

Appendix-1.1
(Reference: Paragraph: 1)
Profile of Jammu & Kashmir

A. General Data						
Sl. 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=21.9 per cent)				10.4	
5	Literacy (as per 2011 Census) (All India Average=73.0 per cent)				67.2	
6	Infant mortality [@] (per 1000 live births). (All India Average=34 per 1000 live births (2016))				24	
7	Life Expectancy at birth [@] (All India Average=68.3 years)				73.2	
8	HDI Value [@]	India (Economic Survey 2017-18)		0.467		
		Jammu & Kashmir		0.529		
	HDI Rank	Jammu & Kashmir		10		
9	Per Capita GSDP [@] CAGR(2008-09 to 2017-18) for Special Category States Jammu & Kashmir				13.30 13.00	
10	GSDP CAGR (2008-09 to 2017-18)		Jammu & Kashmir		14.30	
			Special Category States		14.60	
11	Population Growth (2008-09 to 2017-18)		Jammu & Kashmir		11.20	
			Special Category States		11.10	
B. Financial Data						
Sl. No.	Particulars (CAGR)	Figures (in per cent)				
		2008-09 to 2016-17		2016-17 to 2017-18		
		Special Category States	Jammu & Kashmir	Special Category States	Jammu & Kashmir	
a.	Revenue Receipts	13.70	14.40	10.40	15.60	
b.	Own Tax Revenue	16.00	18.30	#20.00	23.90	
c.	Non Tax Revenue	8.30	21.90	8.00	7.10	
d.	Total Expenditure	13.70	13.90	10.60	6.50	
e.	Capital Expenditure	7.80	6.60	19.60	24.90	
f.	Revenue Expenditure on Education	16.60	19.90	15.80	21.50	
g.	Revenue Expenditure on Health	18.00	17.80	20.50	4.70	
h.	Salary & Wages	14.70	15.70	20.60	6.60	
i.	Pension	18.80	16.20	28.10	28.20	

Human Development Index (HDI), Compound Annual Growth Rate (CAGR)

Excluding outlier states like Arunachal Pradesh and Meghalaya

Source: *Census 2011, @ Economic Survey (GOI) 2017-18

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 Grants- in-Aid given by the Government
Statement No.11	Statement of Voted and Charged Expenditure
Statement No.12	Statement of Sources 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 Government
Statement No.19	Detailed Statement of Investments 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 Balances

Appendix-1.3

Methodology Adopted for the Assessment of Fiscal Position

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:

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
India GDP(₹ in crore) at Current prices	1,12,33,522	1,24,67,959	1,37,64,037	1,52,53,714	1,67,73,145
Growth rate of GDP (in <i>percentage</i>)	12.97	10.99	10.40	10.82	9.96
State GSDP (₹ in crore) at Current prices	95,619	98,370	1,17,187	1,26,847	1,40,887*
Growth rate of GSDP (in <i>percentage</i>)	9.73	2.88	19.13	8.24	11.07

Source: *Directorate of Economics and Statistics Department J&K, Web site of the Ministry of Statistics and Programme Implementation, Government of India

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)
Primary Revenue Expenditure	Total Revenue Expenditure - Interest payment.

Appendix-1.4
(Reference: Paragraph: 1.1.1, Paragraph: 1.2 & 1.3)
Time Series Data¹ on the State Government Finances

(₹ in crore)

Part – A Receipts					
Fiscal Aggregate	2013-14	2014-15	2015-16	2016-17	2017-18
1. Revenue Receipts (a) + (b)	27,128	28,939	35,781	41,978	48,512
(a) Tax Revenue	10,415 (38)	10,811 (37)	15,141 (42)	17,308 (41)	21,448 (44)
(i) Revenue from State's Own Taxes	6,273 (23)	6,334 (22)	7,326 (20)	7,819 (19)	9,536 (20)
Of which					
State Goods & Service Tax	0	0	0	0	2,611 (27)
Taxes on sales, trade, etc.	4,579 (73)	4,602 (16)	5,277 (15)	6,012 (77)	4,493 (47)
State Excise	440 (7)	466 (2)	533 (2)	569 (7)	833 (9)
Taxes on vehicles	134 (2)	132 (1)	145 (0.43)	150 (2)	228 (2)
Stamps and Registration fees	261 (4)	248 (1)	264 (1)	227 (4)	307 (3)
Land Revenue	16 (1)	15 (0.05)	12 (0.03)	17 (0.28)	29 (0.30)
Other Taxes	843 (13)	871 (5)	1,095 (3)	844 (11)	1,035 (11)
(ii) State's share of Union taxes and duties	4,142 (15)	4,477 (15)	7,814 (22)	9,489 (23)	11,912 (25)
(b) Non-Tax Revenue	16,713 (62)	18,127 (63)	20,640 (58)	24,670 (59)	27,064 (56)
(i) State's Own Non-Tax Revenue	2,870 (11)	1,978 (7)	3,913 (11)	4,072 (10)	4,362 (9)
Of which					
Power Department receipts	1,533 (53)	1,428 (72)	1,477 (38)	2,770 (68)	3,151 (72)
(ii) Grants-in-aid from the Union Government	13,843 (51)	16,150 (56)	16,728 (47)	20,598 (49)	22,702 (47)
State's Own Revenues	9,143	8,312	11,239	11,891	13,898
(a) (i) + (b) (i)					
Revenue transfers from Centre (a) (ii) + (b) (ii)	17,985	20,627	24,542	30,087	34,614
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	4	3	4	19	4
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	6,002	10,259	14,645	20,749	25,557
4. Total receipts in the Consolidated Fund (1+2+3)	33,134	39,201	50,430	62,746	74,073
5. Contingency Fund receipts	-	0.55	0	0	0.15
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	32,406	37,242	49,546	35,983	30,698
Gross Receipts (4+5+6)	65,540	76,443	99,976	98,729	1,04,771
Public Account Receipts (Net) including receipts in departmental cash chest and cash balance investment	2,790	3,906	4,312	2,396	(-164)

¹ Difference of 01 crore, wherever occurring, is due to rounding off

Part – B Disbursement					
Fiscal Aggregate	2013-14	2014-15	2015-16	2016-17	2017-18
1. Revenue Expenditure	27,058	29,329	36,420	39,812	40,916
(a) + (b)=(i) + (ii) + (iii)	(85)	(85)	(83)	(83)	(80)
(a) Plan/CSS/CA	1,839 (7)	2,872 (10)	1,573 (4)	2,000 (5)	2,500 (6)
(b) Non-Plan/Normal/General/SFE	25,219 (93)	26,457 (90)	34,847 (96)	37,812 (95)	38,416 (94)
(i)General Services (including interest payments)	11,374 (42)	12,039 (41)	13,675 (38)	15,110 (38)	16,888 (41)
(ii)Social Services	6,319 (23)	8,501 (29)	11,331 (31)	11,564 (29)	13,117 (32)
(iii)Economic Services	7,526 (28)	8,789 (30)	11,414 (31)	13,138 (33)	10,911 (27)
2. Capital Expenditure	4,507	5,134	7,331	8,286	10,353
(a) + (b)=(i) + (ii) + (iii)	(15)	(15)	(17)	(17)	(20)
(a) Plan/CSS/CA	4,172 (93)	4,501 (88)	1,256 (17)	1,440 (17)	2,716 (26)
(b) Non-Plan/General	335 (7)	633 (12)	6,075 (83)	6,846 (83)	7,637 (74)
(i) General Services	648 (14)	608 (12)	1112 (17)	769 (9)	803 (8)
(ii) Social Services	1,230 (28)	1,608 (31)	2674 (36)	2,306 (28)	2,787 (27)
(iii) Economic Services	2,629 (58)	2,918 (57)	3,545 (48)	5,211 (63)	6,763 (65)
3. Disbursement of loans and advances	121	87	94	76	25
4. Total (1+2+3)	31,686	34,550	43,845	48,174	51,294
5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances) Of which	4,147	8,549	10,815	17,023	22,490
Internal Debt (excluding Ways and Means Advances and Overdraft)	1,218	1,213	1,485	1,951	3,168
Net transactions under Ways and Means Advances and Overdraft	-	226	0	890	589
Loans and Advances from Government of India	79	112	113	114	116
6. Appropriation to Contingency Fund	-	-	0	0	0
7. Gross disbursement out of Consolidated Fund (4+5)	35,833	43,099	54,660	65,197	73,784
8. Contingency Fund disbursements	-	-	0	0	0.17
9. Gross Public Account disbursements	29,616	33,336	45,234	33,587	30,862
10. Gross disbursements (7+8+9)	65,449	76,435	99,894	98,784	1,04,646
11. Increase in Cash Balance	972	338	82	(-)55	125
12 Grand Total	66,421	76,773	99,976	98,729	1,04,771

Part – C Deficits					
1. Revenue Surplus(+)/Revenue Deficit(-) (Revenue Receipts-Revenue Expenditure)	(+)70	(-)390	(-) 640	(+)2,166	(+)7,595
2. Fiscal Deficit(-)/surplus (+) (Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts)	(-)4,554	(-)5,608	(-)8,060	(-)6,177	(-)2,778
3. Primary Deficit(-)/Surplus(+) (Fiscal Deficit –Interest Payment)	(-)1,553	(-)2,075	(-)4,341	(-)1,610	(+)1,885
4. Interest Payments (included in revenue expenditure)	3,001	3,533	3,719	4,567	4,663
5. Arrears of Revenue	1,433	1,399	1,399	1,468	1,946
6. Financial Assistance to local bodies, etc.	1,481	1,535	1,523	1,729	2,754
7. Ways and Means Advances/ overdraft availed (days)	107 (overdraft on 7 days)	207 (overdraft on 2 days)	215 (overdraft on 7 days)	242 (overdraft on 2 days)	199 (overdraft on 27 days)
8. Interest on WMA/Overdraft	4	9	13	19	22
9. Public Debt Receipts	3,152	10,033	14,645	20,749	25,557
10. Gross State Domestic Product (GSDP²)	95,619	98,370	1,17,187	1,26,847	1,40,887
11. Outstanding Public Debt³ (year end) excluding Public Account	26,490	28,201	32,031	35,756	38,823
12. Outstanding guarantees (year end) plus interest	2,714	2,860	2,827	2,636	2,416
13. Maximum amount guaranteed (year end)	4,656	4,232	4,214	4,270	4,271
14. Number of incomplete projects	267	671	938	119	428
15. Capital blocked in incomplete projects	832	1,902	1,734	393	570
Total Expenditure/GSDP (<i>per cent</i>)	33.14	35.12	37.41	37.98	36.41
Revenue Receipts/Total expenditure (<i>per cent</i>)	86	84	82	87	95
Revenue Expenditure/Total Expenditure (<i>per cent</i>)	85	85	83	83	80
Expenditure on Social Services/Total Expenditure (<i>per cent</i>)	23.82	29.26	31.94	29	31
Expenditure on Economic Services/Total Expenditure (<i>per cent</i>)	32.05	33.88	34.12	38	34.46
Capital Expenditure/Total Expenditure (<i>per cent</i>)	14.22	14.86	16.72	17.20	20.18
Capital Expenditure on Social and Economic Services/Total Expenditure (<i>per cent</i>)	12.18	13.10	14.18	15.60	18.62
Revenue Surplus as <i>per cent</i> of GSDP	(+)0.07	(-)0.40	(-) 0.55	(+)1.71	(+)5.39
Fiscal Deficit as <i>per cent</i> of GSDP	(-)4.76	(-)5.70	(-)6.88	(-)4.87	(-)1.97
Primary Deficit as <i>per cent</i> of GSDP	(-)1.62	(-)2.11	(-)3.70	(-)1.27	(+)1.34
Revenue Deficit/Fiscal Deficit (<i>per cent</i>)	N/A	6.95	8.08	N/A	NA
Fiscal Liabilities/GSDP (<i>per cent</i>)	46.72	49.11	47.24	49.05	48.41
Fiscal Liabilities/Revenue Receipts(<i>per cent</i>)	164.67	166.95	154.71	148.22	140.62
Debt Redemption (Principal+Interest)/Total Debt Receipts for the year (<i>per cent</i>)	89.41	99.39	99.24	104.05	106.24
Return on Investment	128.88	128.88	54.13	45.11	Nil
Financial Assets/Liabilities	1.36	1.28	1.23	1.24	1.34

Source: Finance Accounts

² Figures of GSDP based on information supplied by the State Government.

³ Includes internal debt and Loan and Advances from Central Government only.

Appendix-1.5
(Reference: Paragraph: 1.1.1 & 1.3)
Abstract of Receipts and Disbursements for the year 2016-17 and 2017-18
(₹ in crore)

Receipts				Disbursements			
Various items	2016-17	2017-18		Various items	2016-17	2017-18	
1	2	3	4	5	6	7	8
Section-A: Revenue							
I. Revenue Receipts	41,978.47		48,511.88	I. Revenue Expenditure	39,812.18		40,916.49
Own-Tax revenue	7,819.13	9,536.40		General Services	15,110.66	16,888.21	
				Social Services	11,563.68	13,116.97	
Non-Tax revenue	4,072.19	4,362.34		Education, Sports, Art and Culture	5,769.91	6,975.16	
				Health and Family Welfare	2,375.49	2,567.13	
State's Share of Union Taxes	9,488.60	11,911.65		Water Supply, Sanitation/H&UD	1,900.83	2,102.55	
				Information and Broadcasting	48.34	45.97	
Non-Plan Grants	12,776.41	0		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	95.52	108.76	
				Labour and Labour Welfare	31.59	35.21	
Grants for State Plan Schemes	7,765.93	0		Social Welfare and Nutrition	1,311.38	1,248.00	
				Others	30.62	34.19	
Grants for Central and Centrally Sponsored Plan Schemes	56.21	0					
Grants for Special Plan Schemes	0	0		Economic Services	13,137.84	10,911.31	
Centrally Sponsored Schemes	0	9,096.19		Agriculture and Allied Activities	1,954.71	2,032.33	
Finance Commission Grants	0	11,849.00		Rural Development	515.77	363.85	
Grants from Govt. of India (Other/Transfer/ Grants to States)	0	1,756.30		Special Areas Programmes	564.90	595.69	
				Irrigation and Flood Control	506.67	521.95	
				Energy	8,060.17	5,061.91	
				Industries and Minerals	303.28	326.62	
				Transport	777.64	1,333.90	
				Science, Technology and Environment	28.24	30.74	
				General Economic Services	426.46	644.32	
II. Revenue deficit carried over to Section - B	-	-	-	II. Revenue Surplus carried over to Section-B	*2,166.29	-	7,595.39
Total Section-A	41,978.47		48,511.88	Total Section-A	41,978.47		48,511.88

* Excluding the expenditure met from UDAY Bonds to extent of ₹1,397.55 crore the revenue surplus is ₹3,563.84 crore

Audit Report on State Finances for the year ended 31 March 2018

Receipts				Disbursements			
Various items	2016-17	2017-18		Various items	2016-17	2017-18	
1	2	3	4	5	6	7	8
Section B: Capital							
III. Opening Cash balance including Permanent Advances and Cash Balance Investment	526.90		428.62				
IV. Misc. Capital receipts	0		0	III. Capital Outlay	8,285.53		10,352.88
				General Services	768.71	803.02	
				Social Services	2,305.78	2,787.01	
				Education, Sports, Art and Culture	566.01	884.90	
				Health and Family Welfare	434.85	510.58	
				Water Supply, Sanitation/H&UD	863.26	1,025.65	
				Information and Broadcasting	2.97	2.32	
				Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	36.43	100.57	
				Social Welfare and Nutrition	311.24	252.49	
				Other Social Services	91.02	10.50	
				Economic Services	5,211.04	6,762.85	
				Agriculture and Allied Activities	732.67	917.02	
				Rural Development	1,117.19	1,849.85	
				Special Areas Programmes	198.32	226.34	
				Irrigation and Flood Control	466.62	373.52	
				Energy	699.46	660.22	
				Industries and Minerals	204.35	210.92	
				Transport	831.85	1,571.00	
				Science, Technology and Environment	9.59	52.45	
				General Economic Services	950.99	901.53	
V. Recoveries of Loans and Advances	19.37		4.41	IV. Loans and Advances disbursement	76.24		24.75
Industries and Minerals	2.50	2.50		Industries and Minerals	32.49	13.29	
Energy				Transport	30.00	7.50	
Government servants	1.17	1.64		Government servants	2.45	3.96	
Others	15.70	0.27		Others	11.30		
VI. Revenue surplus	2,166.29		7,595.39	V. Revenue deficit	0.00		0.00

Receipts				Disbursements			
Various items	2016-17	2017-18		Various items	2016-17	2017-18	
1	2	3	4	5	6	7	8
VII. Public debt receipts	20,748.53		25,557.58	VI. Repayment of Public Debt	17,023.29		22,490.14
Internal debt other than Ways and Means Advances and Overdraft	20,723.83	25,525.98		Internal debt other than Ways and Means Advances and Overdraft	16,908.71	22,374.19	
Loans and Advances from GOI	24.70	31.60		Repayment of loans and advances from GOI.	114.58	115.95	
Net transactions under Overdrafts from Reserve Bank				Net transactions under Ways and Means Advances including Overdrafts			
VIII. Appropriation to Contingency Fund	--		0	VII. Appropriation to Contingency Fund			--
IX. Amount recouped to contingency fund	--		0.15	III-Expenditure from Contingency Fund	0.10		0.17
X. Public Account receipts	21,811.06		15,121.96	IX-Public Account disbursements	19,458.37		15,285.79
Small Savings and Provident Funds	4,625.73	5,032.41		Small Savings and Provident Funds	2,779.95	3,476.24	
Reserve Funds	452.41	419.22		Reserve Funds	111.29	129.35	
Deposits and Advances	3,823.50	4,894.44		Deposits and Advances	2,874.23	3,809.95	
Suspense and Miscellaneous	3,589.86	3,842.12		Suspense and Miscellaneous	3,682.92	3,981.69	
Remittances	9,319.56	933.77		Remittances	10,009.98	3,888.56	
				X. Cash balance at the end	428.62		554.38
				Cash in treasuries and local remittances	6.77	6.77	
				Deposits with Banks	21.98	147.74	
				Departmental cash balance including permanent advances	5.09	5.09	
				Cash balance investment	383.92	383.92	
				Reserve fund investment	10.86	10.86	
Total Section-B	45,272.15		48,708.11	Total Section-B	45,272.15		48,708.11

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)
*Summarized financial position of the Government of
 Jammu and Kashmir as on 31 March 2018*

(₹ in crore)

As on 31 March 2017			As on 31 March 2018	
Liabilities				
	34,266.75	Internal Debt		37,418.53
22,045.60		Market Loans bearing interest	26,019.50	
1,547.52		Loans from LIC	1,415.90	
10,673.63		Loans from other Institutions	9,983.13	
	1,489.20	Loans and Advances from Central Government		1,404.85
37.79		Pre 1984-85 Loans	37.79	
96.29		Non-Plan Loans	96.29	
1,345.87		Loans for State Plan Schemes	1,229.92	
-		Loans for Centrally Sponsored Plan Schemes	31.60	
9.25		Ways and Means Advances	9.25	
	1.00	Contingency Fund		1.00
	19,362.63	Small Savings, Provident Funds, etc.		20,918.79
	1,885.38	Reserve Funds		2,175.25
	5,214.24	Deposits		6,298.73
	3,718.37	Remittance Balances		763.58
	16,115.84	Surplus on Government Account		23,711.23
	82,053.41	Total		92,691.96

As on 31 March 2017			As on 31 March 2018	
Assets				
	79,712.27	Gross Capital Outlay on Fixed Assets		90,065.15
803.74		Investments in shares of Companies, Corporations, etc.	653.52	
78,908.53		Other Capital Outlay	89,411.63	
	1,640.52	Loans and Advances		1,660.85
746.51		Industries and Minerals	757.30	
566.12		Transport	573.62	
85.05		Energy	85.05	
40.73		Agriculture and Allied Activities	40.69	
183.70		Other Development Loans	183.46	
18.41		Loans to Government servants and Miscellaneous Loans	20.73	
	12.69	Advances		12.69
	259.16	Suspense and Miscellaneous Balances		398.72
	0.15	Contingency Fund(un-recouped)		0.17
	-	Amount written off from Heads of accounts closing to balances		-
	428.62	Cash		554.38
6.77		Cash in Treasuries and Local Remittances	6.77	
21.98		Deposits with Bank	147.74	
4.97		Departmental Cash Balance	4.97	
0.12		Permanent Advances	0.12	
383.92		Cash Balance Investments	383.92	
10.86		Reserve Fund Investments	10.86	
		Deficit on Government Account:		-
	82,053.41	Total		92,691.96

Source: Finance Accounts

Appendix-1.6
(Reference: Paragraph: 1.1.2)
**The Jammu and Kashmir Fiscal Responsibility and
Budget Management (FRBM) Act, 2006**

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

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

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

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

(d) The 'outstanding total liabilities' were to be progressively reduced to at most 55 *per cent* of GSDP by 2009-10 with minimum annual reduction by five *per cent* of GSDP beginning from 2006-07. (The 'outstanding total liabilities' of the State, as defined in the Act, for the base year 2005-06 are not readily available due to accounts of Public Sector Undertakings being in arrears. Government's outstanding liabilities as per Government Accounts were 63.31 *per cent* of GSDP in 2005-06. As per 13th Finance Commission's Report, the State's Outstanding Debt Relative to GSDP was 63.27 *per cent* of GSDP).

(e) The annual incremental risk weighted guarantees in any financial year were to be limited to 75 *per cent* of the total revenue receipts in the previous financial year or to 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 12th and 13th Finance Commission's accepted recommendations as detailed below:

- On 17th December, 2008, the FRBM Act was amended to provide for reducing pre-devolution non-plan revenue deficit, Fiscal Deficit and outstanding total liabilities to at most 20 *per cent*, three *per cent* and 55 *per cent* respectively by March 2009 instead of March 2010 as in the original Act.
- An amendment to the Act on 20 April 2010 raised the target fiscal deficit for 2009-10 from three *per cent* of GSDP to four *per cent* of GSDP. Since the year 2009-10 was already over, the reset target was not implementable.
- An amendment to the Act on 9th April 2011, reset the annual Fiscal Deficit targets for the five years' period 2010-11 to 2014-15 to be 5.3 *per cent*, 4.7 *per cent*, 4.2 *per cent*, 3.6 *per cent* and 3.0 *per cent* of GSDP. Since the year 2010-11 was already over, the reset target was not implementable.
- On 25 August 2011, an amendment in the FRBM Act through an Ordinance reset the annual targets for outstanding debt as percentage of GSDP to 56.1 *per cent*, 55.1 *per cent*, 53.6 *per cent*, 51.6 *per cent* and 49.3 *per cent* during the five years period from 2010-11 to 2014-15, as recommended by the 13th Finance Commission. (Since the year 2010-11 was already over, the reset target was not implementable).
- On 13 February 2018, an amendment in the FRBM and Budget Management Act, 2006 to maintain fiscal deficit to an annual limit of 3 *per cent* of GSDP during the award period for the 14th Finance Commission (2015-2020)

Appendix-1.7
(Reference: Paragraph: 1.1.2)
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 and 2015-16 resulting in revenue deficit of ₹390 crore and ₹640 crore, However during the year 2016-17 and 2017-18 there is revenue surplus of ₹2166 crore and ₹7,595 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, 2015-16, 2016-17 and 2017-18 ended with a fiscal deficit of 6.4, 8.8, 5.4 and 1.9 per cent of GSDP which continued to be significantly higher than the target of three per cent upto 2016-17 and was lower than the target of three per cent during the current year.
- 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 per cent of GSDP by 2009-10. In fact, this fiscal parameter is not even being mentioned in the budget documents presented to the State legislature. Obviously this parameter did

not receive Government's attention because fiscal concessions/ incentives are attached to its compliance.

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

denominator effect (increase in GSDP) and the numerator effect (reduction in government's debt and deficit in absolute amount).

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

Appendix-1.8**(Reference: Paragraph: 1.3.3)****Statement showing the funds transferred to the State Implementing Agencies under Programmes/Schemes outside the State budget during 2017-18.****Direct transfer of Central Scheme Funds to implementing agencies in the State (funds routed outside State Budgets) (unaudited figures)****(₹ in lakh)**

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
1	National Rural Health Mission (NRHM)	State Health Department including others	-	-	-	-	35,488.95
2	Package for Special Category State DIPP (other than North East)	Jammu and Kashmir Financial Corporation Ltd.	-	-	-	3,569.47	4,116.86
3	Integrated Watershed Management Programme DPAD, DDP, IWDP, (IWMP)	Assistant Commissioners (Development) DRDA	-	-	-	-	481.37
4	DRDA Administration RD	Assistant Commissioners (Development) DRDA	-	-	-	-	1,161.49
5	Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)	Assistant Commissioners (Development) District Rural Development Agencies	-	-	-	-	60,315.73
6	Pradhan Mantri Gram Sadak Yojana (PMGSY)	State Rural Roads Agency	-	-	-	-	52,323.93
7	Rural Housing IAY	Assistant Commissioner District Rural Development Agencies	-	-	-	-	5,642.49
8	Sarva Shiksha Abhiyan	Ujala Society Jammu and Kashmir	-	-	-	-	89,143.50
9	MP's Local Area Development Scheme (MPLADS)	District Deputy Commissioners	4,500.00	3,250.00	5,500.00	3,500.00	-
10	Buddhist and Tibetan Institutions and Memorials	Institute of Buddhist Studies	2,315.58	-	-	967.67	-
11	National Afforestation Programme	Forest Development Agency, Rajouri, Poonch, Kishtwar, Reasi, Batote, Ramban etc.	-	-	-	-	810.82

Audit Report on State Finances for the year ended 31 March 2018

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
12	Assistance of IHMS/FCIS/ IITTM/ NIWS etc.	Institute and Hotel Management and Catering Technology	358.30	27.91	366.00	871.00	-
13	Product Infrastructure Development for destinations and Circuits	State Tourism Department	-	-	-	-	-
14	Central Rural Sanitation Programme	SWSM Member, Secretary Cum Superintending Engineer Kupwara/Srinagar/Baramulla/Badgam	-	-	-	-	3,957.20
15	Research and Development Support (SERC)	PSU's, SKUAST Kashmir University	-	-	219.18	-	-
16	Conservation of natural resources and Eco system/Comprehensive Handloom Development Scheme (CHDS)	J&K Lakes and Water ways Development Authority Director Handloom Development J&K Srinagar	-	-	-	-	2,989.53
17	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Ujala Society, Srinagar/Noor Society	-	-	-	-	13,578.18
18	National Rural Drinking Water Programme	State Water and Sanitation Mission (SWSM)	-	-	-	-	41,266.25
19	Solar Power - Off Grid	Renewable Energy Development Agency Kargil/Ladakh, J&K Energy Development/Royal Spring Golf Course Srinagar/6 th BN ITBP	90.33	3,515.92	5,996.19	2,201.96	-
20	Technology Up-gradation Fund Scheme (TUFS)	J & K Bank Ltd.	-	-	569.35	892.35	-
21	Renewable Energy for Rural Applications for all Villages	J & K Energy Development Agency	-	-	143.32	-	-
22	Comprehensive Handloom Development Scheme (CHDS)	Director Handloom Development Department, J&K Srinagar/ Indian Institute of Carpet Technology Srinagar, J&K.	-	871.50	131.87	-	142.04
23	AAJEEVIKA Swaran Jayanti Gram Swarjona	District Rural Development Agency (DRDA)	-	-	-	-	2,837.79

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
24	Grid Interactive Renewable Power MNRE	J&K State Power Development Corporation Ltd. J&K Renewable Energy Development Agency	-	1,448.88	2,929.77	3,864.21	-
25	Horticulture Mission for North East and Himalayan	Central Institute of Temperate Horticulture ,Srinagar(ICAR)	-	-	--	-	148.91
26	Industrial Infrastructure up gradation schemes IIUS DIPP	J&K State Industrial Development Corporation.	-	-	-	-	-
27	Scheme for Prevention of Alcoholism and Substance (Drugs) Abuse.	Council for Rehabilitation of Widows, Orphans, Handicapped and Old Persons (Victims of Militancy)-[RCMV]	300.00	300.00	304.97	288.11	-
28	Baba Sahib Ambedkhar Hastshilpa VikasYojana	Various NGOs and J&K, Entrepreneurship Development Institute	-	-	-	-	-
29	Capacity Building for Service Providers	Institute and Hotel Management and Catering Technology Srinagar/Food Craft Institute (Society) Jammu	188.40	-	302.16	255.12	-
30	Human Resource Development Biotechnology	S.K University of Agricultural Science & Technology of Kashmir, Srinagar HRD Animal Biotech, University of Jammu , University of Kashmir, Indian Institute of Integrative Medicines, etc.	-	613.85	-	122.89	-
31	National Aids Control Programme	J&K State AIDS Prevention & Control Society	-	-	-	-	487.40
32	National Food Security Mission	State Agriculture Management and Extension Training Institute of (SAMETI) Jammu	-	-	-	-	1,749.92

Audit Report on State Finances for the year ended 31 March 2018

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
33	National Mission on Food Processing (SAMPDA) CS	Super Star Spices, Ziyafat Oil Mills, Mir Agro Industries, Basantar Breweries, Daily Need Milk Processing and Milk Products, FIL Industries Limited, Hansraj Exports, Kachroo Integrated Cold Chain.	-	-	1,815.75	-	-
34	Promotion and Dissemination of Art and Culture	Sanggmtru Art Production	-	-	-	-	-
35	Rashtriya Gram Swaraj Yojana	J&K State Rural Employment Guarantee Society Civil Sectt. J&K	-	-	-	-	-
36	Scheme for Integrated Textile Park (SITP)	J&K Integrated Textile Park Limited	-	-	-	1,191.00	-
37	Skill Development	J&K Skill Development Initiative modular Employable Skills Society	-	-	-	263.10	1,130.63
38	State Schedule Cast Development Corporations	J&K SCST & BC Development Corporation Ltd.	-	-	-	-	-
39	Support to National Institute of Technology (NIT)	Consumer Affairs & Public Distribution Department	13,090.00	-	2,900.00	4,250.00	-
40	Support to National State Scheduled Tribes Finance and Development Corporation	J&K SC/ST and Backward Classes Development Corporation Ltd	-	-	-	470.00	-
41	Support of NGO/Institutions/SRCs for Adult Education and Skill Development (merged Scheme of NGOs, JSS SRCs)	Jan Shikshan Sanasthan / State Resource Centres, J&K	-	-	114.25	-	-
42	Support to State Extension Programme for Extension Reforms	NIT Srinagar/J&K State Agro Industries Development Corporation Ltd.	-	-	-	-	544.31

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
43	Technology Development Programme	Sher-e-Kashmir University of Agriculture Science and Technology Jammu/J&K State Council for Science and Technology	-	-	-	-	-
44	Modernization of State Police Forces by Police	Police Housing Corporation J&K	-	-	-	-	270.00
45	Swaran Janyati Shahari Rozgar Yojana (SJSRY) National Urban	State Urban Development Agency J&K	-	-	-	-	607.94
46	National Mission on Bamboo	Bamboo Development Agency J&K	-	-	-	-	108.25
47	National Project for Cattle and Buffalo Breeding	Jammu & Kashmir Srinagar	-	-	-	-	500.00
48	Grant for construction of Boys & Girls Hostels for SC & OBC	University Jammu	-	-	-	135.00	100.00
49	Development of Infrastructure of Promotion of Health Research	Government Medical College, Jammu	-	-	216.00	252.00	-
50	Drugs and Pharmaceuticals Research	Regional Institute of Unani Medicines Srinagar	-	-	-	148.80	-
51	Electronic Governance	J&K Government Agencies/Kashmir University	-	-	-	344.92	-
52	Free Coaching and Allied Schemes for Minorities	M/s. National Institute for Technical Trainings (NITT)-[NIITJK]/ Human Welfare Organization/ Hilal Institute/ Citizens Institute of Education and Trannings Sopore / Ascent Group	105.64	-	-	134.51	-
53	Free Coaching fir SC and OBC students and students with disabilities	Bandipora College of Information Technology	106.27	-	-	-	-
54	e-Court Phase-II	Registrar General, High Court of Jammu and Kashmir	17,679.54	-	-	-	-
55	Mega Clusters Textiles	J&K State Scale Industrial Development Corporation	-	-	128.90	1,010.00	-

Audit Report on State Finances for the year ended 31 March 2018

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
56	Manpower Development (Including Skill Development in IT) DIT	J&K E-Governance Agencies	-	-	-	136.84	-
57	Mega Facilities for Basic Research	Jammu University	-	-	158.00	140.36	-
58	National Mission on Nano Science and Nano Technology	NIT Srinagar	-	-	-	132.12	-
59	National Programme for Youth and Adolescent Development	Jawahar Institute of Mountaineering and Winter Sports	85.95	-	164.16	200.19	-
60	Research and Development Department of Bio Technology	JK Universities	-	-	-	1,159.13	-
61	Scheme for infrastructure and Development FPI	Mir Agro Industries/Kachroo Integrated Cold Chain	-	-	-	480.33	-
62	Scheme for Differently Abled Persons	Bandipora College of Information Technology, Composite Regional Centre, Srinagar/ Kashmir Research Institute of Education & Solar Technology	208.08	733.89	691.02	249.47	-
63	Science and Technology Programme for Socio Economic Development	Kashmir Environment and Social Organization	-	-	349.81	116.59	-
64	Seismological Research	Jammu University	-	-	-	224.98	-
65	State Science & Technology Programme	Universities	-	-	-	112.84	-
66	Alliance and R & D Mission	Indian Institute of Integrated Medicines, Shri Mata Vaishno Devi University, National Institute of Technology Srinagar, University of Kashmir, SKUAST Jammu/Kashmir Central University	-	436.76	428.80	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
67	Biotechnology Research and Development	SKUAST Jammu/Kashmir, SKIMS. Islamic University of Science and Technology	1,147.65	270.00	734.54	-	-
68	DISHA Programme for Women in Science	Indian Institute of Intragative Medicines, Shri Mata Vaishno Devi University, SKUAST Jammu/Kashmir, University of Kashmir.	79.52	108.74	114.14	-	-
69	Human Resource Development Biotechnology	SKUAST Jammu/Kashmir, University of Kashmir, Degree College Udhampur, Coordinator Star College Program, FVSC and Animal Husbandry Shuhama, Govt. College for Women, Gandhi Nagar, Jammu.	-	-	192.86	-	-
70	Health Sector Disaster Preparedness and Management including EMR	Government Medical College, Jammu	140.00	-	-	-	-
71	National Plan for Diary Development	Jammu & Kashmir State Implementing Agency	100.00	-	150.00	-	-
72	National Rural Livelihood Mission	Jammu and Kashmir Rural Livelihoods Society (JKRLS)	659.74	4,675.75	194.46	-	-
73	One Stop Centre	Deputy Commissinor/OS C, District Programme Officer	87.52	-	-	-	-

Audit Report on State Finances for the year ended 31 March 2018

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
74	Pashmina Wool Development Programme	Ladakh Autonomous Hill Development Council, Leh/Kargil.	-	162.00	1,099.25	-	-
75	Research Education Training and Outreach	University of Kashmir, The Kashmir Environmental and Social Organization.	50.50	-	133.78	-	-
76	Scheme of Art and Culture and Centenary Celebrations	Sonam Stobgais, Cultural & Welfare Society Stakna Gonpa, SHAH-E-JAHAN Ahmed Bhagat, Cultural & Welfare Society, Tukla Gonpa, Kashmir Music Society, National Bhand Theatre, Sangam Theatre Group, Central Institute of Buddhist Studies, Lalok Kunfan Thundel Tsogspa, Karma Dupgyud Choeling Cultural & Welfare Association, Service Sacrifice Brotherhood Dharma Centre, etc.	-	-	966.36	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
77	Seekho aur Kamao-Skill Development Initiatives	M/s. National Institute for Technical Trainings (NITT)-[NIITJK]/ Society for Development and Training/ Tendril Institute of Information Technology/ Softek Institute of Information Technology/ Human Welfare Organization/ Evergreen Institute of Computer and Technical Education	1,324.22	109.76	893.02	-	-
78	Setting up of five Mega Clusters	J&K Small Scale Industries Development Corporation Limited (J&K SICOP).	-	-	310.00	-	-
79	Technology Development Programme	SKUAST Kashmir, NIIT Srinagar.	--	-	139.04	-	-
80	Ammended Technology Upgradation Fund Scheme (ATUFS)	Jammu and Kashmir Bank Ltd.	357.12	847.33	-	-	-
81	Central Assistance for Pakul Dul HEP under J&K PMDP Grant to Chenab Valley Power.	Chenab Valley Power Projects (P) Ltd.	2,00,00.00	2,00,00.00	-	-	-
82	Development of Khadi, Village and Coir Industries.	J&K Khadi and Village Industries Board.		523.49	-	-	-
83	Industrial Development of Backward and Remote Areas	Jammu and Kashmir Development Finance Corporation Ltd	-	1,040.07	-	-	-
84	Industrial Infrastructure Upgradation Scheme (IIUS)	State Industrial Development Corporatopn (SIDCO), J&K	820.50	506.70	-	-	-

Audit Report on State Finances for the year ended 31 March 2018

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
85	Infrastructure Development and Capacity Building	Jammu and Kashmir State Industrial Development Corporation (SIDCO).	491.12	110.62	-	-	-
86	Innovation, Technology Development and Deployment	Sher –E-Kashmir University of Agricultural Science and Technology J&K [SKUAST-J&K], University of Kashmir, Jammu University, Shri Mata Vaishno Devi University Technology Business Incubation Centre.	361.89	-	-	-	-
87	Kala Sanskriti Vikas Yojna	Various Cultural and Welfare Societies in Jammu and Kashmir	434.61	271.38	-	-	-
88	Khelo India National Programme for Development of Sports	Islamic University of Science & Technology (IUST), Awantipora, Pulwama, Kashmir & Director Youth Services & Sports J&K	531.34	786.87	-	-	-
89	Land Record Modernization Programme	Jammu and Kashmir Land Records Management Agency(JaKLaR MA)	477.00	-	-	-	-
90	Legal Metrology and Quality Assurance Weights and Measures	Jammu and Kashmir Housing Boards Jammu/Srinagar.	-	650.00	-	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
91	Management Support to Rural Development Programs and Strengthening of District Planning Process	Institute of Management and Public Administration (IMPA)/ Regional Extension Training Centre Budgam.	100.40	750.45	-	-	-
92	Nai Manzil- The Integrated Education And Livelihood Initiative	Comtech Insitute of Technology/ National Education Society and Social Welfare Organization/ Society for Development and Training/ National Institute for Technical Trainings	479.85	493.25	-	-	-
93	National AIDS and STD Control Programme	J&K State AIDS Prevention & Control Society- [JKSAPCS]	777.04	803.06	-	-	-
94	National Education Mission- Sakshar Bharat CS	Jan Shiksha Sanasthan Jammu/ Tangdar/ State Resource Centres Srinagar.	-	195.60	-	-	-

Audit Report on State Finances for the year ended 31 March 2018

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
95	National Handloom Development Programme	J & K State Handloom Development Corporation Ltd, Hariom Pashmina Handloom Industrial Cooperative society, Jan Kalyan Handloom Weaving Industrial Cooperative Society Ltd., The Esquire Raffals Pashmina Handloom WICS Ltd., M/s Badam Pashmina & Raffal Handloom WICS Ltd., M/s Jhelum Valley Destitute Weavers Industrial Coopertive Society Ltd., M/s Showqeen Pashmina Raffal and Cotton Hanndloom WICS Ltd.	295.90	181.25	-	-	-
96	National Mission for Justice Delivery and Legal Reforms	Registrar General High Court/ Kashmir foundation for organization Research and Development.	-	531.31	-	-	-
97	National Mission on Food Processing	Indo Kashmir/ Kachroo Integrated Cold Chain/ Saffron Spices and Foods/ Wazan Foods, Safe and Fresh Foods/ Shafat Oil Mills and Spices/ Mir Agro Industries etc.	20.29	1,325.22	-	-	-
98	Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD)	J&K State Cable Car Corporation Limited.	1,152.11	840.42	-	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
99	Small Hydro Power-Grid Interactive	Renewable Energy Development Agency Kargil/ Jammu and Kashmir State Power Development Corporation Limited	1,433.35	-	-	-	-
100	Setting Up of New IIMs	Indian Institute of Management Jammu.	1,645.00	-	-	-	-
101	Scheme for Fund for Regeneration of Traditional Industries (SFURTI)	J&K Khadi And Village Industries Board	430.50	-	-	-	-
102	Science and Technology Institutional and Human Capacity Building	University of Kashmir/ Shri Mata Vaishno Devi University/ Indian Institute of Integrative Medicine/ Sher-e-Kashmir University of Agricultural Sciences and Technology of J&K	1,517.28	-	-	-	-
103	Research Training and Studies and Other Road Safety Schemes	Transport Commissioner, J&K/ J&K State Road Transport Corporation	349.25	-	-	-	-
104	Research and Development	Sher-e-Kashmir University of Agricultural Sciences and Technology of J&K, University of Kashmir, Jammu University, Dept. of Ecology Environment and Remote Sensing, National Institute of Technology Srinagar.	119.42	-	-	-	-

Audit Report on State Finances for the year ended 31 March 2018

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
105	Setting up of State Spinal Injury Centres	PMNRF/ Flood Relief J&K Principal/CAO GMC Srinagar/ Government Medical College Jammu.	-	317.00	-	-	-
106	Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	J&K Tourism Development Corporation/ J&K State Cable Car Corporation.	11,550.08	1,18,62.79	-	-	-
107	State Science and Technology Programme	Sher-e-Kashmir University of Agricultural Science and Technology Jammu /J&K State Council for Science and Technology/SKI MS/ Shri Mata Vaishno Devi University Jammu.	-	156.78	-	-	-
108	Upgrading Skills and Training in Traditional Arts/Crafts for Development (USTTAD)	Human Welfare Organizations/ National Institute for Technical and Trainings, Bandipora College of Information Technology.	82.20	167.00	-	-	-
109	Pradhan Mantri Kaushal Vikas Yojna	Jammu and Kashmir Skill Development Initiative- Modular Employable Skill Society.	-	1,053.88	-	-	-
110	Pradhan Mantri Vandana Yojna	Social Welfare Department, Jammu & Kashmir/ Jammu & Kashmir Govt.	2,900.45	-	-	-	-
111	Rashtriya Gokul Mission	Jammu & Kashmir State Implementing Agency	1,96.75	-	-	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
112	Beti Bachao Beti Pado	Dy. Commissioner BBB Samba, Pulwama, District Development Commissioner Shopian, District Magistrate Jammu, Udhampur, Rajouri, Anantnag, etc.	262.91	-	-	-	-
113	Sugar subsidy Payable under PDS	Central Institute of Buddhist Studies	1,681.64	-	-	-	-
114	Sub - Mission on Agriculture Mechanisation	Sher-e-Kashmir University of Agricultural Sciences and Technology of J&K/ The Jammu & Kashmir State Agro Industries Development Corporation Limited.	521.20	-	-	-	-
115	Setting Up of New IITs	Indian Institute of Technology, Jammu	13,928.00	-	-	-	-
116	Establishment Expenditure- AYUSH	Jammu University, SKUAST Kashmir, Bhaderwah Development Authority, National Research Institute for Sowaigpa	1,36.65	-	-	-	-
117	Family Welfare Schemes	University of Kashmir	84.92	-	-	-	-
118	Voter Education	Chief Electoral Officer, J&K	328.75	-	-	-	-
119	Works under Road Wings	Various Individuals & Private Construction Co.	2,681.19	-	-	-	-
120	Wind Power- Off grid	Ladakh Renewable Energy Development Agency	85.72	-	-	-	-
121	Grants to States E&I From CRF	MG Contractors Pvt. Ltd.	763.66	-	-	-	-

Audit Report on State Finances for the year ended 31 March 2018

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2017-18	2016-17	2015-16	2014-15	2013-14
122	Others Schemes	Others schemes	875.80	2,859.16	1,442.98	1,681.16	89.38
Grand Total			1,10,491.13	6,27,98.59	29,799.93	29,366.12	3,19,992.87

Source Finance Accounts

Appendix-1.9
(Reference: Paragraph: 1.3.6)
*Status of Grants-in-Aid Projections/Releases under the award of
the 14th Finance Commission*

(₹ in crore)

Sl. No.	Transfers	Recommendation of 14 th Finance Commission (2015-20)	Projection (Department wise)			Grants received during the year (2015-18)	UC's Submitted	UC's Pending	Grants pending for release
			2015-16	2016-17	2017-18*				
1	Urban Local Bodies (Housing Department) General Basic Grant	1,044.51	125.30	173.50	200.46	Nil	Nil	Nil	499.26
	General Performance Grant	261.13	---	51.21	57.95	Nil	Nil	Nil	109.16
2	Rural Local Bodies (RDD) General Basic Grant	3,117.36	373.96	517.81	598.29	367.72	367.72	Nil	1,122.34
	General Performance Grant	346.37	---	67.92	76.86	Nil	Nil	Nil	144.78
3	State Disaster Response Fund (SDRF) Central Share	1,268.00	229.00	241.00	253.00	470.20	18.66	451.54	252.80
	State Share	141.00	25.00	27.00	28.00	52.00	Nil	Nil	28.00
Total		6,178.37	753.26	1,078.44	1,214.56	889.92	386.38	451.54	2,156.34

*₹876.42 crore was released upto March 2017 by Government of India, State Government and ₹13.50 crore was also released by the State Government during 2017-18 as 2nd installment of 2016-17

Appendix-2.1

(Reference: Paragraph: 2.3.1)

Year-wise details of excess expenditure for the years 1980-81 to 2016-17 pending with Finance Department for regularization

(₹ 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	

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Excess	Stage of consideration by Public Accounts Committee
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	4,062.58	
2010-11	14	5,6,8,9,16,18,19,22,23,25,26,27,28,29	6,130.76	
2011-12	14	1,6,8,11,12,15,16,18,19,20,23,25,26,27	5,638.79	
2012-13	12	1,5,8,11,13,16,18,20,23,25,26,27	4,741.57	
2013-14	13	4,6,7,8,14,15,16,18,20,23,24,25,28	4,469.79	
2014-15	12	2,6,7,8,11,16,18,19,21,23,24,25	1,099.28	
2015-16	11	4,6,7,8,15,16,17,18,23,26,28	4,258.62	
2016-17	12	3,4,5,8,11,15,16,19,23,26,28,29	2,896.86	
Total			1,07,664.29	

Appendix-2.2
(Reference: Paragraph: 2.2.1 & 2.3.1)
Statement of various grants/appropriations where excess expenditure incurred

(₹ in crore)

Sl. No.	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess (Percentage)
I-Revenue (Voted)					
1	3	Planning and Development Department	75.61	444.34	368.73 (488)
2	4	Information Department	2.13	2.32	0.19 (9)
3	16	Public Works Department	757.54	1,855.31	1,097.77 (145)
4	28	Rural Development Department	452.54	508.24	55.70 (12)
5	29	Transport Department	54.35	71.25	16.90 (31)
Total (I-Revenue Voted)			1,342.17	2,881.46	1,539.29
II-Capital (Voted)					
6	05	Ladakh Affairs Department	201.54	226.33	24.79 (12)
7	23	Public Health Engineering Department	439.49	593.11	153.62 (35)
8	24	Hospitality and Protocol Estate Park and Gardens Department	30.95	58.12	27.17 (88)
Total (II-Capital Voted)			671.98	877.56	205.58
III-Capital Charged					
9	08	Finance Department	17,837.95	22,490.14	4,652.19 (26)
Total (III-Capital Charged)			17,837.95	22,490.14	4,652.19
Grand Total (I+II+III)			19,852.10	26,249.16	6,397.06

Source: Appropriation Accounts

Appendix-2.3

(Reference: Paragraph: 2.2.1 & 2.3.2)

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

(₹in crore)

Sl. No.	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
I-Revenue (Voted)					
1	01	General Administrative Department	327.52	46.53	14
2	02	Home Department	5,413.40	764.03	14
3	04	Information Department	65.20	19.22	29
4	05	Ladakh Affairs Department	637.62	41.93	7
5	06	Power Development Department	10,269.84	5,207.93	51
6	07	Education Department	6,585.57	445.68	7
7	08	Finance Department	6,316.39	608.94	10
8	09	Parliamentary Affairs Department	57.48	5.96	10
9	10	Law Department	371.23	154.33	42
10	11	Industries and Commerce Department	309.65	68.16	22
11	12	Agriculture Department	1,108.83	166.54	15
12	13	Animal Husbandry Department	467.35	68.65	15
13	14	Revenue Department	1,267.24	470.27	37
14	15	Food Civil Supplies and Consumer Affairs Department	168.20	1.39	1
15	17	Health & Medical Education Department	2,715.73	148.61	5
16	18	Social Welfare Department	1,521.81	324.05	21
17	19	Housing and Urban Development Department	705.98	3.04	-
18	20	Tourism Department	171.54	6.96	4
19	21	Forest Department	716.89	116.66	16
20	22	Irrigation & Flood Control Department	600.10	105.09	18
21	23	Public Health engineering Department	1,195.88	43.87	4
22	24	Hospitality and Protocol Estate Park and Gardens Department	234.19	15.79	07
23	25	Stationery and Printing Department	80.48	14.45	18
24	27	Higher Education Department	932.26	134.46	14
Total-I			42,240.38	8,982.54	
Revenue (Charged)					

Audit Report on State Finances for the year ended 31 March 2018

Sl. No.	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
25	01	General Administration Department	16.26	1.84	11
26	08	Finance Department	5,156.78	493.91	10
27	09	Parliamentary Affairs Department	1.66	1.22	73
28	10	Law Department	37.10	4.07	11
Total-II			5,211.80	501.04	
Capital (Voted)					
29	01	General Administration Department	576.92	549.12	95
30	02	Home Department	929.45	510.86	55
31	03	Planning and Development Department	2,370.58	1,872.39	79
32	06	Power Development Department	6,251.49	5,591.27	89
33	07	Education Department	1,258.44	639.39	51
34	08	Finance Department	3,348.50	3,025.14	90
35	10	Law Department	87.60	81.30	93
36	11	Industries and Commerce Department	249.38	29.23	12
37	12	Agriculture Department	907.28	333.92	37
38	13	Animal Sheep Husbandry Department	65.86	41.69	63
39	14	Revenue Department	1,117.26	858.92	77
40	15	Food, Civil Supplies and Consumer Affairs	372.28	62.14	17
41	16	Public Works Department	2,006.00	194.90	10
42	17	Health & Medical Education Department	793.01	282.43	36
43	18	Social Welfare Department	460.78	333.44	72
44	19	Housing and Urban Development Department	974.07	519.54	53
45	20	Tourism Department	639.64	520.32	81
46	21	Forest Department	121.49	73.64	61
47	22	Irrigation & Flood Control Department	1,348.94	987.92	73
48	25	Stationery and Printing Department	120.14	100.74	84
49	26	Fisheries Department	16.50	1.98	12
50	27	Higher Education Department	425.92	173.39	41
51	28	Rural Development Department	2,391.21	541.36	23
52	29	Transport Department	41.75	24.85	60
Total-III			26,874.49	17,349.88	
Total I+II+III			74,326.67	26,833.46	

Source: Appropriation Accounts

Appendix-2.4
(Reference: Paragraph: 2.3.4)
Cases of unnecessary supplementary grant/appropriation

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Supplementary Provision	Actual Expenditure	Savings out of original provision
I-Revenue (Voted)					
1	09-Parliamentary Affairs Department	53.41	4.08	51.53	1.88
2	26-Fisheries Department	68.79	0.25	68.59	0.20
Total		122.20	4.33	120.12	2.08
II-Revenue (Charged)					
3	01-General Administration Deptt.	16.16	0.10	14.41	1.75
4	09-Parliamentary Affairs Department	1.55	0.11	0.43	1.12
5	10-Law Department	36.90	0.20	33.04	3.86
Total		54.61	0.41	47.88	6.73
Total-I		176.81	4.74	168.00	8.81
II-Capital (Voted)					
6	26-Fisheries Department	16.25	0.25	14.52	1.73
Total-II		16.25	0.25	14.52	1.73
Grand Total (I+II)		193.06	4.99	182.52	10.54

Source: Appropriation Accounts

Appendix-2.5

(Reference: Paragraph: 2.3.4)

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

(₹in crore)

Sl. No.	Grant No	Name of the Grant/Appropriation	Original	Supplementary	Total	Expenditure	Excess
Capital (Charged)							
1	8	Finance Department	16,595.13	1,242.82	17,837.95	22,490.14	4,652.19
Total			16,595.13	1,242.82	17,837.95	22,490.14	4,652.19

Source: Appropriation Accounts

Appendix-2.6
(Reference: Paragraph: 2.3.5)
Details of saving of ₹ one crore and above not surrendered

(₹ in crore)

Sl. No.	Grant Number	Number and Name of Grant/ Appropriation	Savings	Surrender	Saving which remained to be surrendered
I-Revenue (Voted)					
1	01	General Administrative Department	46.53	Nil	46.53
2	02	Home Department	764.03	Nil	764.03
3	04	Information Department	19.22	Nil	19.22
4	05	Ladakh Affairs Department	41.93	Nil	41.93
5	06	Power Development Department	5,207.93	Nil	5,207.93
6	07	Education Department	445.68	Nil	445.68
7	08	Finance Department	608.94	Nil	608.94
8	09	Parliamentary Affairs Department	5.96	Nil	5.96
9	10	Law Department	154.33	Nil	154.33
10	11	Industries and Commerce Department	68.16	Nil	68.16
11	12	Agriculture Department	166.54	Nil	166.54
12	13	Animal Husbandry Department	68.65	Nil	68.65
13	14	Revenue Department	470.27	Nil	470.27
14	15	Food Civil Supplies and Consumer Affairs Department	1.40	Nil	1.40
15	17	Health & Medical Education Department	148.61	Nil	148.61
16	18	Social Welfare Department	324.05	Nil	324.05
17	19	Housing and Urban Development Department	3.04	Nil	3.04
18	20	Tourism Department	6.96	Nil	6.96
19	21	Forest Department	116.66	Nil	116.66
20	22	Irrigation & Flood Control Department	105.09	Nil	105.09
21	23	Public Health engineering Department	43.87	Nil	43.87
22	24	Hospitality and Protocol Estate Park and Gardens Department	15.79	Nil	15.79
23	25	Stationery and Printing Department	14.45	Nil	14.45
24	27	Higher Education Department	134.46	Nil	134.46
Total-I			8,982.55	Nil	8,982.55

Audit Report on State Finances for the year ended 31 March 2018

Sl. No.	Grant Number	Number and Name of Grant/ Appropriation	Savings	Surrender	Saving which remained to be surrendered
II- Revenue (Charged)					
25	01	General Administration Department	1.84	Nil	1.84
26	08	Finance Department	493.91	Nil	493.91
27	09	Parliamentary Affairs Department	1.22	Nil	1.22
28	10	Law Department	4.06	Nil	4.06
Total-II			501.03	Nil	501.03
III-Capital (Voted)					
29	01	General Administration Department	549.12	Nil	549.12
30	02	Home Department	510.86	Nil	510.86
31	03	Planning and Development Department	1,872.39	Nil	1,872.39
32	06	Power Development Department	5,591.27	Nil	5,591.27
33	07	Education Department	639.39	Nil	639.39
34	08	Finance Department	3,025.14	Nil	3,025.14
35	10	Law Department	81.30	Nil	81.30
36	11	Industries and Commerce Department	29.23	Nil	29.23
37	12	Agriculture Department	333.92	Nil	333.92
38	13	Animal Sheep Husbandry Department	41.69	Nil	41.69
39	14	Revenue Department	858.92	Nil	858.92
40	15	Food, Civil Supplies and Consumer Affairs	62.14	Nil	62.14
41	16	Public Works Department	194.90	Nil	194.90
42	17	Health & Medical Education Department	282.43	Nil	282.43
43	18	Social Welfare Department	333.44	Nil	333.44
44	19	Housing and Urban Development Department	519.54	Nil	519.54
45	20	Tourism Department	520.32	Nil	520.32
46	21	Forest Department	73.64	Nil	73.64
47	22	Irrigation & Flood Control Department	987.92	Nil	987.92
48	25	Stationery and Printing Department	100.74	Nil	100.74
49	26	Fisheries Department	1.98	Nil	1.98

Sl. No.	Grant Number	Number and Name of Grant/ Appropriation	Savings	Surrender	Saving which remained to be surrendered
50	27	Higher Education Department	173.39	Nil	173.39
51	28	Rural Development Department	541.36	Nil	541.36
52	29	Transport Department	24.85	Nil	24.85
Total-III			17,349.88	Nil	17,349.88
Grand Total-I+II+III			26,833.46	Nil	26,833.46

Source: Appropriation Accounts

Appendix-2.7
(Reference: Paragraph: 2.3.7)
Statement showing Provisions remained un-utilized for more than ₹one crore

(₹ in crore)

Sl. No.	Grant No	Major Head	Name of Grant	Amount
1	01	2070	Other Administrative Services	34.48
		4059	Capital Outlay on Public Works	2.97
		4075	Capital Outlay on Misc. General Services	30.00
		5425	Capital Outlay on Other Scientific and Environmental Services	15.00
		5452	Capital Outlay on Tourism	53.05
2	02	4055	Capital Outlay on Police	115.00
3	03	3454	Census, Survey and Statistics	3.11
		5475	Capital Outlay on Other General Economic Services	1,622.68
4	06	2801	Power	1.03
		4801	Capital Outlay on Power Projects	1,900.00
5	07	2202	General Education	18.00
		4202	Capital Outlay on Education, Sports, Art and Culture	407.19
6	08	2047	Other Fiscal Services	1.75
		2235	Social Security and Welfare	250.25
		5465	Investment in General Financial and Trading Institution	2,251.00
		6235	Loans for Social Security and Welfare	25.00
		6885	Other Loans to Industries and Minerals	1,000.00
7	10	2014	Administrative of Justice	4.39
		4059	Capital Outlay on Public Works	36.80
8	11	4851	Capital Outlay on Village and Small Industries	72.50
		4852	Capital Outlay on Iron and Steel Industries	2.57
		4853	Capital Outlay on Non-Ferrous Mining and Metallurgical	2.50
9	12	4401	Capital Outlay on Crop Husbandry	495.95
		4705	Capital Outlay on Command Area Development	25.00
		4851	Capital Outlay on Village and Small Industries	9.04

10	13	4403	Capital Outlay on Animal Husbandry	43.56
11	14	2235	Social Security and Welfare	5.60
		4059	Capital Outlay on Public Works	1.50
		4235	Capital Outlay on Social Security and Welfare	5.00
12	15	4235	Capital Outlay on Social Security and Welfare	59.25
13	16	2216	Housing	5.00
		4059	Capital Outlay on Public Works	131.87
		5054	Capital Outlay on Roads and Bridges	1,105.00
14	17	4210	Capital Outlay on Medical and Public Health	21.37
15	18	2055	Police	2.26
		2235	Social Security and Welfare	2.67
		4225	Capital Outlay on Welfare of SC, ST and OBC	1.45
		4235	Capital Outlay on Social Security and Welfare	114.82
16	19	4217	Capital Outlay on Urban Development	272.90
17	20	4202	Capital Outlay on Education, Sports, Art and Culture	2.75
		5452	Capital Outlay on Tourism	56.50
18	21	4402	Capital Outlay on Soil and Water Conservation	4.55
		4406	Capital Outlay on Forestry and Wild Life	82.65
19	22	4701	Capital Outlay on Medium Irrigation	8.90
		4702	Capital Outlay on Minor Irrigation	225.00
		4711	Capital Outlay on Flood Control	928.00
20	23	2215	Water Supply and Sanitation	1.30
21	24	2216	Housing	25.46
22	26	4405	Capital Outlay on Fisheries	8.38
23	27	4202	Capital Outlay on Education, Sports, Art and Culture	128.88
		4250	Capital Outlay on Other Social Services	10.27
24	28	4515	Capital Outlay on Other Rural Development Programmes	386.86
Total				12,021.01

Source: Appropriation Accounts

Appendix-2.8
(Reference: Paragraph: 2.8.1 and 2.8.2)
Statement showing cases where excess expenditure incurred under
Grant No. 06

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Grant	Expenditure	Excess
1	2801/05/001/0099/0933	1,137.86	1,267.70	129.84
2	2801/05/001/0099/1687	2,654.72	2,758.97	104.25
3	2801/05/001/0099/2455	519.86	861.13	341.27
4	2801/05/603/0099/1685	773.43	1,170.77	397.34
5	2801/06/001/0099/0911	61,253.31	61,477.25	223.94
6	2801/06/001/0099/0978	61,639.25	67,525.75	5,886.50
7	2801/06/001/0099/1676	1,501.01	7,202.39	5,701.38
8	2801/06/611/0099/0911	11,086.40	12,771.08	1,684.68
9	2801/06/619/0099/0978	1,947.50	2,178.39	230.89
10	2801/80/001/0099/1686	237.76	265.58	27.82
11	2801/80/005/0099/2170	396.40	493.55	97.15
12	2801/05/800/0099/0250	225.00	543.40	318.40
Total		1,43,372.50	1,58,515.96	15,143.46

Source: Appropriation Accounts

Statement showing cases where Excess Expenditure incurred under
Grant No. 08

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Grant	Expenditure	Excess
1	2030/01/001/0099/0344	1,786.50	1,961.97	175.47
2	2047/00/103/0099/0293	64.44	110.96	46.52
3	2049/01/101/0099/0191	1,89,159.00	1,95,176.59	6,017.59
4	2054/00/095/0099/0316	747.70	764.18	16.48
5	2054/00/095/0099/2430	285.01	312.29	27.28
6	2054/00/800/0099/0310	327.70	350.69	22.99
7	2054/00/800/0099/0312	386.68	581.21	194.53
8	2071/01/115/0099/2190	31,146.09	39,606.24	8,460.15
9	2071/0/117/0099/2327	30,862.94	31,107.67	244.73
10	2075/00/103/0099/0317	16.30	34.98	18.68
11	2235/60/102/0099/0313	24.00	93.73	69.73
12	62203/22/101/0099/0161	2,22,610.00	2,22,610.10	0.10
13	6003/00/103/0099/0167	16,025.00	16,151.15	126.15

Appendices

14	6003/00/104/0099/0300	20.00	41.08	21.08
15	6003/00/105/0099/0186	38,654.00	39,118.76	464.76
16	6003/00/106/0099/2140	4,143.00	4,143.21	0.21
17	6003/00/110/0099/2420	14,55,727.80	16,22,783.00	1,67,055.20
Total		19,91,986.16	21,74,947.81	1,82,961.65

Source: Appropriation Accounts

Appendix-2.9
(Reference: Paragraph: 2.8.1 and 2.8.2)
Statement showing cases where significant savings were not surrendered in Grant No. 06

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure	Saving
1	2801/01/101/0099/0933	8,20,000.00	3,03,559.18	5,16,440.82
2	2801/05/001/0099/1685	2,305.49	1,929.26	376.23
3	2801/05/602/0099/1685	900.71	818.79	81.92
4	2801/05/604/0099/1687	914.75	855.25	59.50
5	2801/05/605/0099/1687	855.49	776.01	79.48
6	2801/05/606/0099/1687	1,177.71	742.63	435.08
7	2801/05/607/0099/1685	1,370.19	1,002.16	368.03
8	2801/05/609/0099/0933	273.45	199.34	74.11
9	2801/05/610/0099/0933	356.75	120.75	236.00
10	2801/06/052/0099/0911	46.00	1.87	44.13
11	2801/06/612/0099/0911	3,438.29	3,101.35	336.94
12	2801/06/613/0099/0911	1,268.84	1,135.67	133.17
13	2801/06/614/0099/0911	2,788.74	2,631.47	157.27
14	2801/06/615/0099/0911	4,273.90	3,542.14	731.76
15	2801/06/616/0099/0911	1,077.55	778.85	298.70
16	2801/06/617/0099/0911	1,271.71	1,124.55	147.16
17	2801/06/618/0099/0978	12,800.21	7,573.01	5,227.20
18	2801/06/620/0099/0978	1,852.92	873.17	979.75
19	2801/06/621/0099/0978	2,574.96	1,143.94	1,431.02
20	2801/06/622/0099/0978	1,786.61	608.37	1,178.24
21	2801/06/623/0099/0978	2,573.25	1,530.68	1,042.57
22	2801/06/624/0099/0978	1,979.57	1,226.55	753.02
23	2801/06/625/0099/0978	1,674.37	1,281.32	393.05
24	2801/06/626/0099/0978	1,380.80	864.53	516.27
25	2801/06/627/0099/0978	4,818.92	3,449.86	1,369.06
26	2801/06/628/0099/0978	3,401.88	2,288.05	1,113.83
27	2801/06/629/0099/0978	2,578.29	1,727.41	850.88
28	2801/06/630/0099/0911	1,458.46	1,326.22	132.24
29	2801/06/633/0099/0911	1,131.82	942.60	189.22
30	2801/80/001/0099/1673	469.26	417.65	51.61
31	2801/80/004/0099/2169	653.91	542.12	111.79
32	2801/80/800/0099/2111	272.80	103.71	169.09
33	2801/01/800/0011/2021	1,26,042.00	13,349.46	1,12,692.54
34	2801/05/800/0011/0306	2,500.00	800.85	1,699.15
35	2801/05/800/0011/0478	1,74,382.31	51,048.75	1,23,333.56
Total		11,86,651.91	4,13,417.52	7,73,234.39

**Statement showing cases where significant savings were not surrendered in
Grant No. 08**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure	Saving
1	2039/00/001/0099/0334	3,793.06	2,743.07	1,049.99
2	2040/00/001/0099/0334	9,233.05	5,683.66	3,549.39
3	2040/00/800/0099/1429	108.97	72.91	36.06
4	2045/00/104/0099/0968	361.05	183.97	177.08
5	2045/00/104/0099/0983	80.75	39.51	41.24
6	2049/03/104/0099/2187	1,83,224.00	1,41,506.21	41,717.79
7	2049/03/104/0099/0189	5,300.00	4,975.15	324.85
8	2049/05/104/0099/0185	11,000.00	2,793.20	8,206.80
9	2054/00/003/0099/0328	161.86	120.85	41.01
10	2054/00/003/0099/0329	376.88	315.32	61.56
11	2054/00/095/0099/0312	923.85	837.04	86.81
12	2054/00/095/0099/0326	251.21	208.85	42.36
13	2054/00/097/0099/0324	1,973.62	1,557.75	415.87
14	2054/00/097/0099/0335	1,630.80	1,389.66	241.14
15	2054/00/097/0099/2431	1,264.08	1,047.07	217.01
16	2054/00/097/0099/2432	1,432.00	1,153.54	278.46
17	2054/00/098/0099/0314	447.26	437.28	9.98
18	2054/00/800/0099/1190	4,210.25	3,395.50	814.75
19	2071/01/101/0099/2190	4,37,990.97	3,34,838.45	1,03,152.52
20	2235/02/001/0099/0244	922.92	746.53	176.39
21	2235/60/107/0099/0965	300.72	6.83	293.89
22	4059/80/800/0011/2341	5,750.30	2,635.72	3,114.58
23	6003/00/109/0099/0302	2,942.00	2,688.54	253.46
24	6004/02/101/0099/0848	11,616.00	2,692.17	8,923.83
Total		6,85,295.60	5,12,068.78	1,73,226.82

Source: Appropriation Accounts

Appendix-2.10
(Reference: Paragraph: 2.8.1 and 2.8.2)
**Statement showing cases where expenditure incurred without
budget provision in Grant No:06**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1	4801/05/800/0011/1382	Nil	67.77
2	4801/05/800/0011/1719	Nil	211.95
	Total		279.72

Source: Appropriation Accounts

**Statement showing cases where expenditure incurred without
Budget Provision in Grant No: 08**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1	2030/01/101/0099/1657	Nil	1.87
2	2030/01/101/0099/1659	Nil	1.65
3	2030/02/101/0099/0333	Nil	2.79
4	2030/02/101/0099/1658	Nil	529.97
5	2030/02/101/0099/1660	Nil	3.67
6	2030/02/101/0099/1663	Nil	8.81
7	2039/-/001/0099/0307	Nil	36.58
8	2049/01/101/0099/3005	Nil	79.17
9	2049/01/115/0099/9899	Nil	1,838.03
10	2049/01/115/0099/9901	Nil	399.18
11	2049/01/123/0099/0159	Nil	40,668.35
12	2049/01/200/0099/0186	Nil	11,530.54
13	2049/01/200/0099/0302	Nil	1,898.57
14	2049/01/200/0099/2120	Nil	295.96
15	2049/01/200/0099/2121	Nil	13,095.74
16	2049/01/200/0099/2694	Nil	28,412.21
17	2049/01/200/0099/3002	Nil	23.76
18	2049/01/200/0099/3003	Nil	8.20
19	2049/01/200/0099/3007	Nil	1,556.34
20	2049/01/305/0099/3004	Nil	551.30
21	2049/04/101/0099/1871	Nil	2,796.19
22	2049/04/109/0099/1920	Nil	6,009.70

23	2049/60/701/0099/0185	Nil	12,672.71
24	2071/01/102/0099/2190	Nil	35,847.58
25	2071/01/104/0099/2190	Nil	77,534.65
26	2071/01/105/0099/2190	Nil	21,003.39
27	2071/01/111/0099/2190	Nil	699.24
28	2071/01/115/0099/0418	Nil	194.47
29	4059/01/001/0099/0334	Nil	1.00
30	5465/01/190/0011/0964	Nil	28,200.00
31	6003/-/110/0099/9901	Nil	2,97,810.45
32	6003/-/111/0099/0159	Nil	32,056.70
33	6003/-/109/0099/0303	Nil	16.00
34	6004/02/105/0099/1920	Nil	8,903.27
Total		Nil	6,24,688.04

Source: Appropriation Accounts

Appendix-2.11
(Reference: Paragraph: 2.8.1 and 2.8.2)
Statement showing cases where grants remained unutilized
Grant No. 06

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1	2801/05/052/0099/0933	3.00	NIL
2	2801/05/052/0099/1685	28.00	NIL
3	2801/05/052/0099/1687	10.00	NIL
4	2801/06/052/0099/0978	56.50	NIL
5	2801/80/052/0099/2169	8.00	NIL
6	2801/80/052/0099/2170	3.50	NIL
7	4801/05/601/0011/1873	10,000.00	NIL
8	4801/05/601/0031/1873	1,00,000.00	NIL
9	4801/05/800/0011/2463	1,000.00	NIL
10	4801/05/800/0011/2464	1,000.00	NIL
11	4801/05/800/0031/2463	10,000.00	NIL
12	4801/05/800/0031/2464	10,000.00	NIL
13	4801/80/190/0099/1370	1,90,000.00	NIL
Total		3,22,109.00	NIL

Statement showing cases where grants remained unutilized
Grant No. 08

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1	2047/-/103/0099/2437	174.69	NIL
2	2049/01/101/0099/0163	4,46,61.00	NIL
3	2049/01/101/0099/0184	2,000.00	NIL
4	2049/04/101/0099/0723	8,776.00	NIL
5	2049/04/104/0099/0171	42,512.00	NIL
6	2049/60/701/0099/2120	634.00	NIL
7	2049/60/701/0099/2140	28,412.20	NIL
8	2050/-/800/0099/0418	70,150.00	NIL
9	2235/02/105/0099/0323	25,025.00	NIL
10	5465/01/190/0011/0318	2,25,100.00	NIL
11	6003/-/109/0099/0159	32,057.00	NIL
12	6235/02/190/0099/0668	2,500.00	NIL
13	6885/01/190/0099/1211	1,00,000.00	NIL
Total		5,82,001.89	NIL

Source: Appropriation Accounts

Appendix-3.1
(Reference: Paragraph: 3.2)
Major Head -wise outstanding Detailed Countersigned Contingent (DC)
Bills ending March 2018

(₹ in crore)

Sl. No.	Major Head	Nomenclature	Kashmir Division	Jammu Division	Total
1	2012	President/Vice-President/Governor/Administrator of UT's	0.11	0.00	0.11
2	2013	Council of Ministers	0.22	0.00	0.22
3	2014	Administration of Justice	0.00	0.01	0.01
4	2015	Election	4.92	2.87	7.79
5	2030	Stamps & Registration	0.00	1.90	1.90
6	2040	Taxes on sales, trade etc.	0.01	4.51	4.52
7	2047	Other Fiscal Services	0.15	0.00	0.15
8	2052	Secretariat General Services	0.08	0.00	0.08
9	2053	District Administration	0.25	0.06	0.31
10	2055	Police	6.23	120.40	126.63
11	2056	Jails	0.42	0.00	0.42
12	2059	Public Works	0.04	0.26	0.30
13	2070	Other Administrative Services	0.86	1.50	2.36
14	2202	General Education	582.90	0.44	583.34
15	2203	Technical Education	0.25	0.02	0.27
16	2204	Sports & Youth services	2.47	0.00	2.47
17	2205	Art & Culture	2.63	0.00	2.63
18	2210	Medical & Public Health	5.15	3.98	9.13
19	2211	Family Welfare	0.00	0.02	0.02
20	2217	Urban Development	0.05	0.00	0.05
21	2225	Welfare of SC,ST & OB's	0.25	0.00	0.25
22	2230	Labour & Employment	0.60	0.12	0.72
23	2235	Social Security & Welfare	3.71	22.54	26.25
24	2245	Relief on account of Natural Calamities	2.27	209.28	211.55
25	2401	Crop husbandry	0.66	0.00	0.66
26	2403	Animal Husbandry	0.03	0.32	0.35
27	2415	Agricultural Research and Education	0.02	0.00	0.02
28	2501	Special Programmes for Rural Development	1.75	21.43	23.18

Sl. No.	Major Head	Nomenclature	Kashmir Division	Jammu Division	Total
29	2515	Other Rural Development Programme	19.07	0.00	19.07
30	2801	Power	0.00	0.20	0.20
31	2851	Village and Small Industries	5.58	0.00	5.58
32	3451	Secretariat – Economic Services	0.25	0.04	0.29
33	3452	Tourism	0.80	1.92	2.72
34	3454	Census Survey & Statistics	0.25	0.08	0.33
35	3475	Other General Economic Services	0.00	1.12	1.12
36	4055	Capital Outlay on Police	21.01	0.00	21.01
37	4058	Capital Outlay on Stationery and Printing	0.21	0.00	0.21
38	4059	Capital Outlay on Public Works	8.10	6.30	14.40
39	4070	Capital Outlay on Other Administrative Services	0.25	0.00	0.25
40	4075	Capital Outlay on Miscellaneous General Services	8.48	0.00	8.48
41	4202	Capital Outlay on Education , Sports Art & Culture	442.07	21.81	463.88
42	4210	Capital Outlay on Medical & Public Health	0.86	151.09	151.95
43	4215	Capital Outlay on Water Supply & Sanitation	0.00	3.75	3.75
44	4217	Capital Outlay on Urban Development	15.00	13.33	28.33
45	4220	Capital Outlay on Information & Publicity	0.00	4.56	4.56
46	4225	Capital Outlay on Welfare of SC,ST and OB's	0.50	0.00	0.50
47	4235	Capital Outlay on Social Security & Welfare	10.47	17.16	27.63
48	4250	Capital Outlay on Other Social Services	88.24	0.00	88.24
49	4401	Capital Outlay on Crop Husbandry	31.03	0.34	31.37

Sl. No.	Major Head	Nomenclature	Kashmir Division	Jammu Division	Total
50	4402	Capital outlay on Soil and Water Conservation	0.07	0.00	0.07
51	4403	Capital outlay on Animal Husbandry	0.75	0.91	1.66
52	4408	Capital Outlay on Food Storage & Ware Housing	48.08	32.00	80.08
53	4415	Capital Outlay on Agricultural Research and Education	8.25	91.41	99.66
54	4425	Capital Outlay on Cooperation	10.80	0.00	10.80
55	4515	Capital Outlay on Other Rural Development Programme	252.66	0.00	252.66
56	4711	Capital Outlay on Flood Control Projects	4.50	0.00	4.50
57	4851	Capital Outlay on Village & Small Industries	27.43	1.07	28.50
58	4852	Capital Outlay on Iron & Steel Industries	48.86	0.00	48.86
59	4853	Capital Outlay on Non-Ferrous Mining & Metallurgical Industries	0.05	0.00	0.05
60	5054	Capital Outlay on Roads & Bridges	50.40	0.00	50.40
61	5055	Capital outlay on Roads Transport	8.07	0.00	8.07
62	5425	Capital Outlay on Other Scientific Environmental Research	0.67	0.00	0.67
63	5452	Capital Outlay on Tourism	54.22	6.76	60.98
64	5475	Capital Outlay on Other General Economic Services	14.44	4.87	19.31
Total			1,797.45	748.38	2,545.83

Source: VLC data

Appendix-3.2

(Reference: Paragraph: 3.4)

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 2016-17	30
2	Kashmir University	2001-02 to 2017-18	17
3	Kashmir Urban Development Agency Srinagar	1999-2000 to 2017-18	19
4	District Rural Development Agency Srinagar	2002-03 to 2017-18	16
5	District Rural Development Agency Anantnag	2007-08 to 2017-18	11
6	District Rural Development Agency Pulwama	2002-03 to 2017-18	16
7	District Rural Development Agency Leh	2008-09 to 2017-18	10
8	District Rural Development Agency Kargil	2008-09 to 2017-18	10
9	Sher-e-Kashmir International Conference Centre, Srinagar (SKICC)	1999-2000 to 2014-15, & 2017-18	17
10	Srinagar Development Authority, Bemina	1999-2000 to 2017-18	19
11	J&K State Social Welfare Advisory Board, Srinagar	2003-04 to 2017-18	15
12	Islamia College of Sciences and Commerce, Srinagar	2001-02 to 2017-18	17
13	Lakes and Water Ways Development Authority, Srinagar	2005-06 to 2017-18	13
14	Jammu University	2002-03 to 2017-18	16
15	District Rural Development Agency Jammu	2008-09 to 2017-18	10
16	District Rural Development Agency Kathua	2008-09 to 2017-18	10
17	District Rural Development Agency Poonch	2008-09 to 2017-18	10
18	District Rural Development Agency Doda	2003-04 to 2017-18	15
19	Academy of Art Culture and Languages	2003-04 to 2017-18	15
20	Jammu Development Authority	1972-73 to 2017-18	46
21	J&K Pollution Control Board, Srinagar	1995-96 to 2017-18	23
22	Jammu and Kashmir Sports Council, Srinagar	2003-04 to 2017-18	15
23	Jammu and Kashmir Energy Development Agency, (JAKEDA), Srinagar.	2003-04 to 2017-18	15

24	District Rural Development Agency Budgam	2007-08 to 2017-18	11
25	District Rural Development Agency Baramulla	2007-08 to 2017-18	11
26	District Rural Development Agency Kupwara	2006-07 to 2017-18	12
27	District Rural Development Agency Ganderbal	2008-09 to 2017-18	10
28	District Rural Development Agency Kulgam	2008-09 to 2017-18	10
29	District Rural Development Agency Shopian	2008-09 to 2017-18	10
30	District Rural Development Agency Bandipora	2008-09 to 2017-18	10
31	Jammu Municipality	2002-03 to 2016-17	16
32	J&K Entrepreneurship Development Institute, (JKEDI) Pampore	1996-97 to 2002-03, 2016-17 & 2017-18	09
33	Tourism Development Authority, Doodpathri	2005-06 to 2017-18	13
34	Tourism Development Authority, Kokernag	2004-05 to 2017-18	14
35	Tourism Development Authority, Manasbal	2005-06 to 2017-18	13
36	Tourism Development Authority, Pahalgam	2002-03 to 2017-18	16
37	Tourism Development Authority, Sonamarg	2003-04 to 2017-18	15
38	Tourism Development Authority, Yousmarg	2005-06 to 2017-18	13
39	Tourism Development Authority, Verinag	2006-07 to 2017-18	12
40	Wullar Conservation & Management Authority, Srinagar	2012-13 to 2017-18	06
41	District Rural Development Agency, Ramban	2007-08 to 2017-18	11
42	Tourism Development Authority, Mansar, Surinsar	2006-07 to 2017-18	12
43	Tourism Development Authority, Rajouri	2005-06 to 2017-18	13
44	Tourism Development Authority, Poonch	2005-06 to 2017-18	13
45	Tourism Development Authority, Lakhanpur	2005-06 to 2017-18	13
46	Tourism Development Authority, Kishtwar	2005-06 to 2017-18	13
47	Jammu Urban Development Agency (JUDA)	1999-2000 to 2017-18	19
48	Jammu and Kashmir State Housing Board	2002-03 to 2017-18	16
49	Royal Spring Golf Course	2016-17 to 2017-18	2
50	District Rural Development Agency, Udhampur	2000-01 to 2017-18	18

51	District Rural Development Agency, Reasi	2008-09 to 2017-18	10
52	District Rural Development Agency, Rajouri	2001-02 to 2017-18	17
53	Tourism Development Authority, Gulmarg	2000-01 to 2017-18	18
54	Tourism Development Authority, Aharbal	2006-07 to 2017-18	12
55	Tourism Development Authority, Baderwah	2006-07 to 2017-18	12
56	Tourism Development Authority, Patnitop	2002-03 to 2017-18	16
Total			801

Appendix-3.3
(Reference: Paragraph: 3.5)
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.	2016-17	00	52.14	1,276.04	1,328.18	Not furnished
2.	J&K Bank Financial Services	2016-17	00	20.00	0.00	20.00	Not furnished
3.	J&K SC/ST/OBC Dev. Corporation Ltd.	2001-02	15	10.63	10.76	21.39	Not furnished
4.	J&K Women Development Corporation Ltd.	2015-16	01	10.00	78.61	88.61	Not furnished
5.	J&K Agro Industries Dev. Corporation Ltd.	2003-04	13	1.95	11.48	13.43	Not furnished
6.	J&K Horticulture Produce & Marketing Corporation Ltd.	2000-01	16	9.20	43.21	52.41	Not furnished
7.	J&K Small Scale Industries Dev. Corporation Ltd.	2004-05	12	3.11	8.65	11.76	Not furnished
8.	J&K State Industrial Dev. Corporation Ltd.	2011-12	05	17.64	22.72	40.36	Not furnished
9.	J&K Project Construction Corporation Ltd.	2010-11	06	1.97	0.61	2.58	Not furnished
10.	J&K Police Housing Corporation Ltd.	2008-09	08	2.00	0.00	2.00	Not furnished
11.	J&K Industries Dev. Corporation Ltd.	2006-07	10	16.26	424.42	440.68	Not furnished
12.	J&K Handicraft (S&E) Corporation Ltd.	1999-00	17	5.71	26.54	32.25	Not furnished
13.	J&K Handloom Development Corporation Ltd.	2002-03	14	3.09	43.08	46.17	Not furnished
14.	J&K Cements Ltd.	2007-08	09	34.50	48.94	83.44	Not furnished
15.	J&K Minerals Ltd.	1996-97	20	8.00	68.17	76.17	Not furnished
16.	J&K Power Development Corporation Ltd.	2011-12	05	5.00	1,493.55	1,498.55	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	
17.	J&K Chenab Valley Power Project Ltd.	2016-17	00	924.08	0.00	924.08	Not furnished
18.	J&K Tourism Development Corporation Ltd.	2012-13	04	15.96	4.26	20.22	Not furnished
19.	J&K State Cable Car Corporation Ltd.	2010-11	06	23.57	0.00	23.57	Not furnished
20.	J&K, Overseas Employment Corporation Ltd.	2010-11	06	2.56	0.00	2.56	Not furnished
21.	J&K State Financial Corporation Ltd.	2016-17	00	98.19	28.10	126.29	Not furnished
22.	J&K State Road Transport Corporation	2013-14	03	178.37	514.94	693.31	Not furnished
23.	J&K State Forest Corporation	1996-97	21	NA	NA	NA	Not furnished
24.	J&K Medical Supplies Corporation Ltd.	Incorporated In March 2014	03	0.05	NA	0.05	Not furnished
Total			194	1,443.98	4,104.08	5,548.06	

Appendix-4
Glossary of Terms

Sl. No.	Terms	Description
1	State Implementing Agency	State Implementing Agency includes any Organisations/Institutions including Non-Governmental Organisation which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State e.g. State Implementation Society for SSA and State Health Mission for NRHM etc.
2	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices
3	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one per cent
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.

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.
11	Net Debt Available	Excess of Public Debt receipts over Public Debt repayment and Interest payment on Public Debt.

**© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
www.cag.gov.in**

www.agjk.nic.in