



**State Finances Audit Report  
of  
the Comptroller and Auditor General of India  
for the year ended 31 March 2019**



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest



**Government of Jammu and Kashmir  
Report No. 2 of the year 2020**



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## PREFACE

This Report of the Comptroller and Auditor General of India for the year ended March 2019 has been prepared in accordance with Article 151 of the Constitution of India. As per the decision of the Government of India, Ministry of Finance (June 1994), wherever President's Rule is extended beyond one year, the C&AG's Report relating to the State would be placed in Parliament. Hence, this Report is being sent to President for laying in the Parliament.

Consequent to the reorganisation of the State of Jammu and Kashmir, under the Jammu & Kashmir Reorganization Act, 2019, the Report is also being sent to the Lieutenant Governors of the successor Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

Chapter I and II of this Report contain audit observations on matters arising from examination of the Finance and Appropriation Accounts respectively of the erstwhile State of Jammu & Kashmir.

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

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



# **Executive Summary**



## EXECUTIVE SUMMARY

### Background

This Report on the finances of the Government of Jammu and Kashmir is brought out to assess objectively the financial performance of the State during the year 2018-19 *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 2019 and additional data such as the Economic Survey brought out by the State Government and Census, this report provides an analytical review in three Chapters.

**Chapter-1** is based on the Finance Accounts and makes an assessment of Government's fiscal position as on 31 March 2019. 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** details Government's compliance with various reporting requirements and financial rules and non-submission of accounts.

### Audit findings

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.

*(Para 1.1.3)*

The Buoyancy of RR, State Own Tax Revenue (SOTR) with reference to GSDP was lower during 2018-19 in comparison to 2017-18 as the growth rate of RR and SOTR was lower during 2018-19 as compared to the previous year.

*(Para 1.1.4)*

The Revenue Receipts increased by ₹2,719 crore (5.60 *per cent*) during 2018-19 over the previous year mainly due to increase in the State's share in the Union Taxes and

Duties by ₹2,078 crore (17.44 *per cent*), Grants-in-Aid from Government of India by ₹364 crore and State's Own Tax Revenue by ₹290 crore. Transfers from the Union Government of State's share in Union Taxes and Duties and Grants-in-Aid together constituted 72.33 *per cent* of the State's Revenue Receipts during 2018-19.

**(Para 1.3)**

As on March 2019, loan amounting to ₹45.93 crore and ₹376.72 crore were outstanding against Agro Industries and J&K State Road Transport Corporation which had an accumulated losses of ₹42.10 crore and ₹1,148.12 crore respectively as per their latest finalized accounts. Despite poor performance of recovery, State Government disbursed new loan to these entities during the current year. Since recovery has been almost negligible, Government may consider booking these amounts under Revenue Expenditure as Grants/Subsidies instead of Capital Expenditure for ensuring that accounts reflect the correct position.

**(Para 1.4.1)**

Revenue Expenditure increased by ₹15,174 crore over the previous year. Revenue Expenditure during the year constituted 87 *per cent* of the Total Expenditure. Committed Expenditure on account of salary & wages, pension, interest payment and subsidies constituted 68 *per cent* of Revenue Expenditure during 2018-19.

**(Para 1.6.2 & 1.6.3)**

The share of Development Capital Expenditure in Total Expenditure decreased from 18.62 *per cent* in 2017-18 to 11.76 *per cent* in 2018-19, while the share of Development Revenue Expenditure in Total Expenditure increased from 46.84 *per cent* to 51.48 *per cent* during the same period.

**(Para 1.7.2)**

As on 31 March 2019, the State Government had cumulative investment of ₹689.42 crore in Companies/Statutory Corporations/Co-operative Institutions and Local Bodies. The rate of dividend/interest was 23.99 *per cent* during the year 2014-15 and it continuously decreased during the subsequent years and there was no return in 2017-18 and 2018-19, while the investment at the end of each year during the said period increased from ₹537.17 crore to ₹689.42 crore. The return on investment is on historical cost and not on the net present value basis.

**(Para 1.8.3)**

The cash balance for the year 2018-19 was not even equal to the earmarked reserve funds amounting to ₹2,486 crore which means that reserve funds were used for other than the intended purpose.

**(Para 1.8.5)**

Overall Fiscal Liabilities of the State were ₹79,105 crore as on 31 March 2019. The accumulated fiscal liabilities were 1.54 *times* of the

Government's Revenue Receipts and 5.58 *times* of the Government's Own Resources as on 31 March 2019. The buoyancy ratio of these liabilities with respect to GSDP during 2018-19 was 1.39, indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 1.39 *times*.

*(Para 1.9.2)*

Revenue Surplus of ₹7,595 crore of 2017-18 turned to Revenue Deficit of ₹4,859 crore during 2018-19 mainly due to implementation of 7<sup>th</sup> Pay Commission recommendation for J&K Government employees. There was an increase in salary by ₹8,029 crore during 2018-19 contributing to the Revenue Deficit. This increase in salary also includes arrears to the tune of ₹3,900 crore on account of implementation of pay commission recommendation which were credited to GPF Accounts by way of book adjustment. This has resulted in one time impact on Revenue Deficit to that extent. Fiscal Deficit (FD) increased from ₹2,778 crore in 2017-18 to ₹13,337 crore in 2018-19. The State had a Primary Deficit of ₹8,128 crore in 2018-19 as compared to Primary Surplus of ₹1,885 crore during 2017-18.

*(Para 1.11.1)*

## **Chapter-II**

### **Financial Management and Budgetary Control:**

During 2018-19, expenditure of ₹85,241.37 crore was incurred against total grants and appropriation of ₹1,09,479.22 crore. Overall savings of ₹24,237.85 crore was the result of saving of ₹28,869.38 crore in various grants and appropriations offset by excess of ₹4,631.53 crore in five grants and an appropriation, which required regularization under Section 82 of the erstwhile Constitution of Jammu and Kashmir in addition to ₹1,14,061.35 crore for the years 1980-2018.

*(Para 2.2, 2.2.1 & 2.3.1)*

There were persistent savings in six grants during 2014-19, In 16 cases, supplementary provision proved to be unnecessary as the expenditure was less than the original provision, while in four grants supplementary provision proved to be insufficient resulting in excess expenditure.

*(Para 2.3.3 & 2.3.4)*

During 2018-19, a sum of ₹1,874.17 crore of Grants-in-Aid, Subsidy of ₹99.18 crore, ₹0.19 crore of Stipend and Scholarship, ₹2.24 crore as Salary and ₹286.21 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.

*(Para 2.5.5)*

### **Chapter-III**

#### **Financial Reporting:**

1,774 Utilization Certificates in respect of loans and grants involving ₹8,219.90 crore against various departments were outstanding as on 31 March 2019. State Government may review whether they should continue to give more grants to departments with high pendency of UC's. Abnormal delays were noticed in submission of annual accounts by some of the departmental commercial undertakings and Autonomous Bodies.

*(Para 3.3, 3.4 & 3.5)*

During 2018-19, ₹4,220.87 crore (8.24 *per cent* of the total Revenue Receipts) was classified under the Minor Head 800-‘Other Receipts’ and expenditure of ₹3,662.17 crore (5.68 *per cent* of Total Expenditure) was booked under Minor Head 800-‘Other Expenditure’ instead of depicting distinctly in the Finance Accounts which affects transparency in financial reporting.

*(Para 3.6)*

**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 2018-19 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 6<sup>th</sup> largest state of India occupying 6.76 *per cent* of the country's geographical area. The three regions of the State viz., Kashmir, Jammu and Ladakh have been organized into 22 districts. Consequent to the reorganization of the State of Jammu and Kashmir, under the Jammu & Kashmir Reorganization Act, 2019, the State of Jammu and Kashmir has been reorganized as Union Territory of Jammu & Kashmir and Union Territory of Ladakh (31 October 2019).

As per Census, the State's population was 1.28 crore (2019). 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 72.99 *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	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Current Prices</b>					
India's GDP (₹ in crore)	1,24,67,959	1,37,71,874	1,53,62,386	1,70,95,005	1,90,10,164
Growth rate of GDP (Percentage)	10.99	10.46	11.55	11.28	11.20

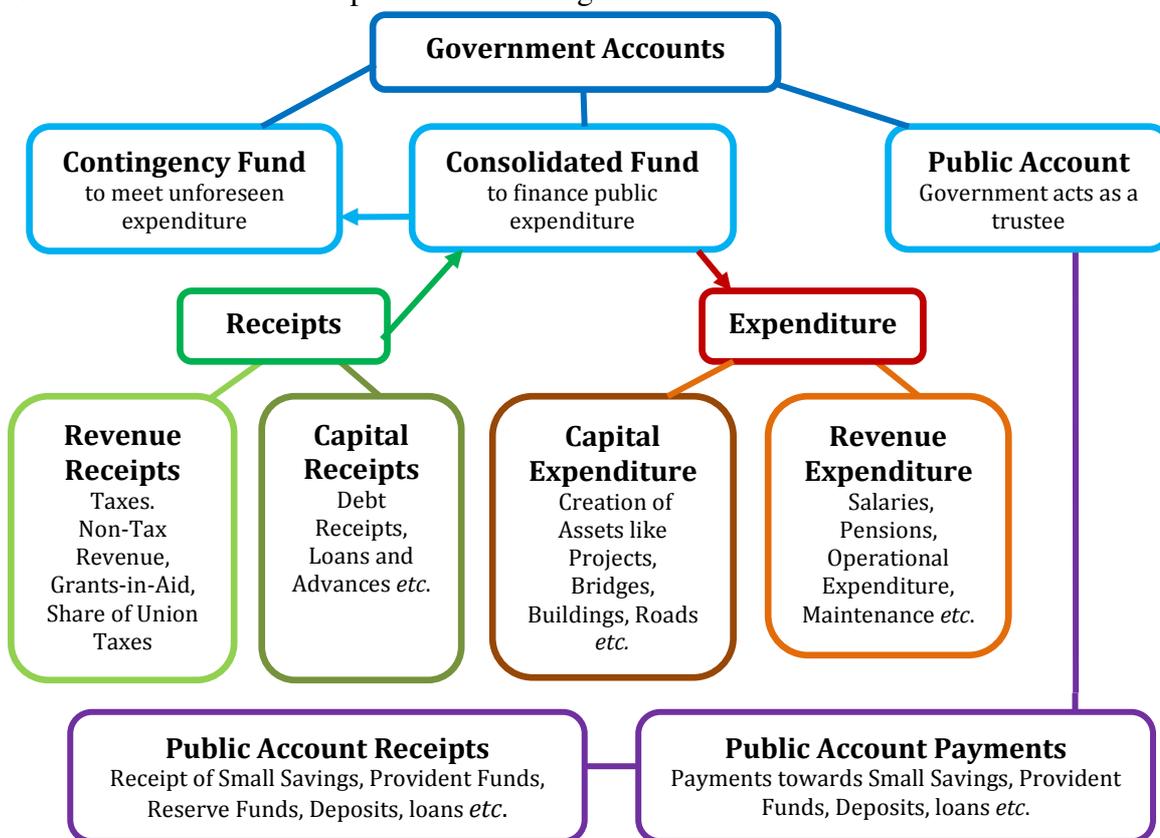
<b>State's GSDP (₹ in crore)</b>	98,370	1,17,168	1,25,379	1,38,488	1,54,441*
<b>Growth rate of GSDP (Percentage)</b>	2.88	19.11	7.00	10.46	11.52
<b>Growth rate of Neighboring States @</b>					
<b>Punjab</b>	6.91	9.85	9.46	12.21	8.92
<b>Himachal Pradesh</b>	9.51	10.09	9.53	9.13	11.20
<b>Constant Prices (Base year 2011-12)</b>					
<b>India's GDP (₹ in crore)</b>	1,05,27,674	1,13,69,493	1,22,98,327	1,31,79,857	1,40,77,586
<b>Growth rate of GDP (Percentage)</b>	7.41	8.00	8.17	7.17	6.81
<b>State's GSDP* (₹ in crore)</b>	82,372	97,001	1,00,730	1,07,580	1,14,639
<b>Growth rate of GSDP (Percentage)</b>	(-)3.22	17.76	3.84	6.80	6.56

(Source: Web site of the Ministry of Statistics and Programme Implementation, Government of India) \* Directorate of Economics and Statistics Department, J&K, @O/o the A.G (Audit) of respective states

### 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 (2018-19) *vis-à-vis* the previous year (2017-18) is given below:

**Table 1.2 Summary of current year's fiscal operations**

(₹ in crore)

Receipts			Disbursements		
	2017-18	2018-19		2017-18	2018-19
<b>Section-A: Revenue</b>			<b>Section-A: Revenue</b>		
State's Own Tax Revenue	9,536	9,826	General Services	16,888	22,850
State's Own Non-Tax Revenue	4,362	4,349	Social Services	13,117	17,931
Share of Union Taxes/Duties	11,912	13,990	Economic Services	10,911	15,309
Grants from Government of India	22,702	23,066	-	-	-
Revenue Receipts	48,512	51,231	Revenue Expenditure	40,916	56,090
<b>Section-B: Capital</b>			<b>Section-B: Capital</b>		
-	-	-	Capital Outlay	10,353	8,413
Recoveries of Loans and Advances	4	4	Loans and Advances disbursed	25	69
Public Debt Receipts\$	25,557	25,336	Repayment of Public Debt \$	22,490	20,647
Contingency Fund	-	-	Contingency Fund	-	-
Public Account Receipts@	15,122	18,261	Public Account disbursements#	15,286	9,656
Opening Cash Balance	429	554	Closing Cash Balance	554	511
<b>Total</b>	<b>89,624</b>	<b>95,386</b>		<b>89,624</b>	<b>95,386</b>

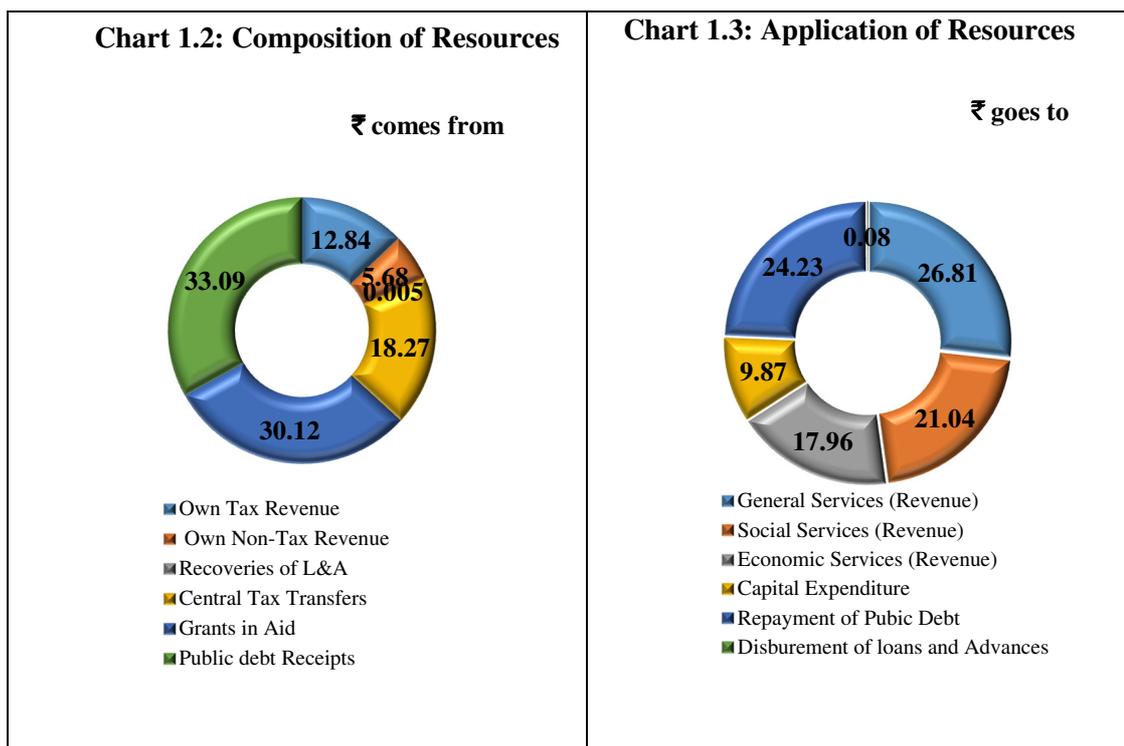
(Source: Finance Accounts of respective years)

@# These exclude transactions of investment of cash balances and departmental cash chests (@ ₹20,846 crore receipts, # ₹20,846 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 2018-19 is given in **Chart 1.2** and **Chart 1.3**.



### 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 (14<sup>th</sup> FC) 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 14<sup>th</sup> FC 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	2018-19				
	Projection as per 14 <sup>th</sup> FC	Targets proposed in/ the Budget	Actuals	Variation of actuals from projections	
				Targets prescribed by 14 <sup>th</sup> FC	Targets of Budget
1	2	3	4	5	6
Revenue Deficit (-)/ Surplus (+)	(-) 8.66	8.31	(-)3.15	(-)5.51	(-)11.46
Fiscal Deficit/ GSDP	3	6.15	8.64	5.64	2.49
Ratio of total outstanding liabilities to GSDP	47.30	-	51.22	3.92	-

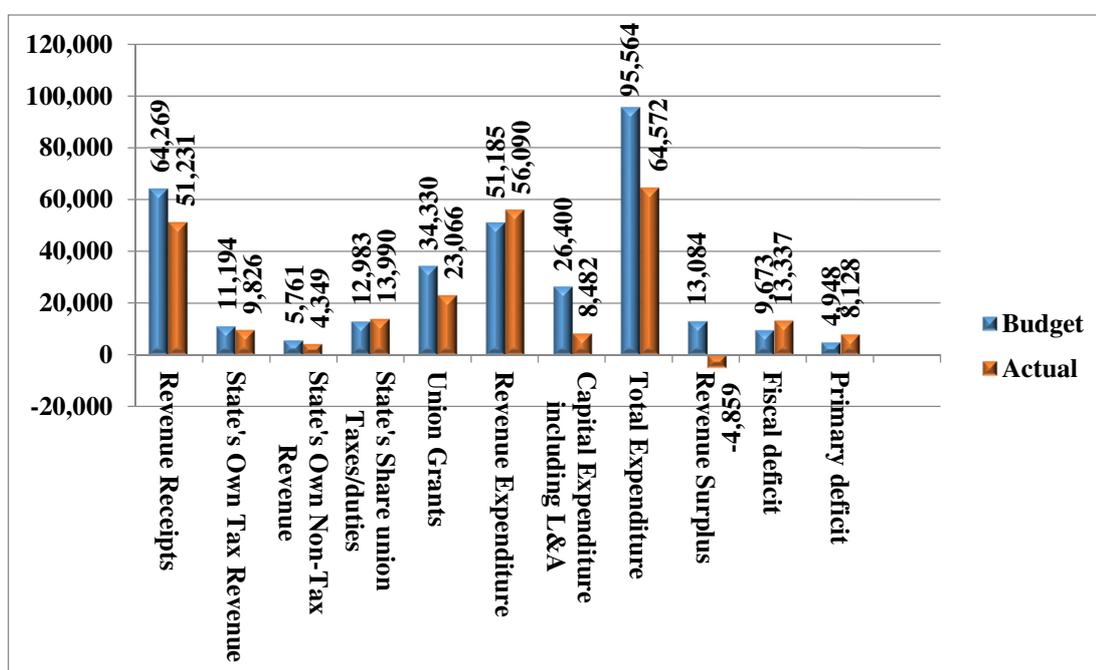
The percentage of fiscal deficit with respect to GSDP could not be kept within the projections of 14<sup>th</sup> FC as well as target made in budget. There was Revenue Deficit against a projection of Revenue Surplus in the budget Estimates. The ratio of outstanding liabilities (Fiscal Liabilities) to GSDP at 51.22 *per cent* was higher than the recommendations of 14<sup>th</sup> 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 2018-19

(₹ in crore)



(Source: Budget and Finance Accounts)

The State Government could not achieve the budget targets *vis-a-vis* actual as detailed below:

As against the targeted Revenue Receipt of ₹64,269 crore, the actual Revenue Receipts were ₹51,231 crore (79.71 *per cent*) mainly due to less receipt of Grant-in-Aid.

The Non-Tax Receipts was only ₹4,349 crore (75.49 *per cent*) against the anticipated receipt of ₹5,761 crore mainly due to lesser receipts under Power.

The Revenue Expenditure was excess by ₹4,905 crore than the budget provision of ₹ 51,185 crore because of excess expenditure in Economic Services under Agriculture Sector, Rural Development and Transport Sector.

The Capital Expenditure including Loans and Advances was lesser by ₹17,918 crore at ₹8,482 crore, against the Budget Estimate of ₹26,400 crore because of lesser

expenditure in all three services i.e General Services, Social Services and Economic Services.

The State Government could not achieve the targets of Revenue Surplus as there was Revenue Deficits of ₹4,859 crore because of implementation of Seventh Pay Commission by the State Government and lower Revenue Receipts to higher Revenue Expenditure also affected in achieving the targets of Fiscal Deficits and Primary Deficits.

#### **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 Liabilities with respect to GSDP 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**

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>GSDP (₹ in crore)</b>	98,370	1,17,168	1,25,379	1,38,488	1,54,441
Rate of Growth of GSDP (in per cent)	2.88	19.11	7.00	10.46	11.52
<b>Revenue Receipts (RR)</b>					
RR during the year (₹ in crore)	28,939	35,781	41,978	48,512	51,231
Rate of Growth of RR (in per cent)	6.68	23.64	17.31	15.56	5.60
Buoyancy of RR with GSDP	2.32	1.24	2.47	1.49	0.49
<b>State's Own Tax Revenue (SOTR)</b>					
SOTR during the year (₹ in crore)	6,334	7,326	7,819	9,536	9,826
Rate of Growth of SOTR (in per cent)	0.97	15.66	6.73	21.96	3.04
Buoyancy of SOTR with GSDP	0.34	0.82	0.96	2.10	0.26
<b>Total Expenditure (TE)</b>					
TE during the year (₹ in crore)	34,550	43,845	48,174	51,294	64,572
Rate of Growth of TE (in per cent)	9.04	26.9	9.87	6.48	25.89
Buoyancy of TE with GSDP	3.14	1.41	1.41	0.62	2.25
<b>Fiscal Liabilities (FL)</b>					
Fiscal Liabilities at the end of the year (₹ in crore)	48,314	55,358	62,219	68,217	79,105
Rate of Growth of FL (per cent)	8.15	14.57	12.39	9.64	15.96
Buoyancy of FL with GSDP	2.83	0.76	1.77	0.91	1.39

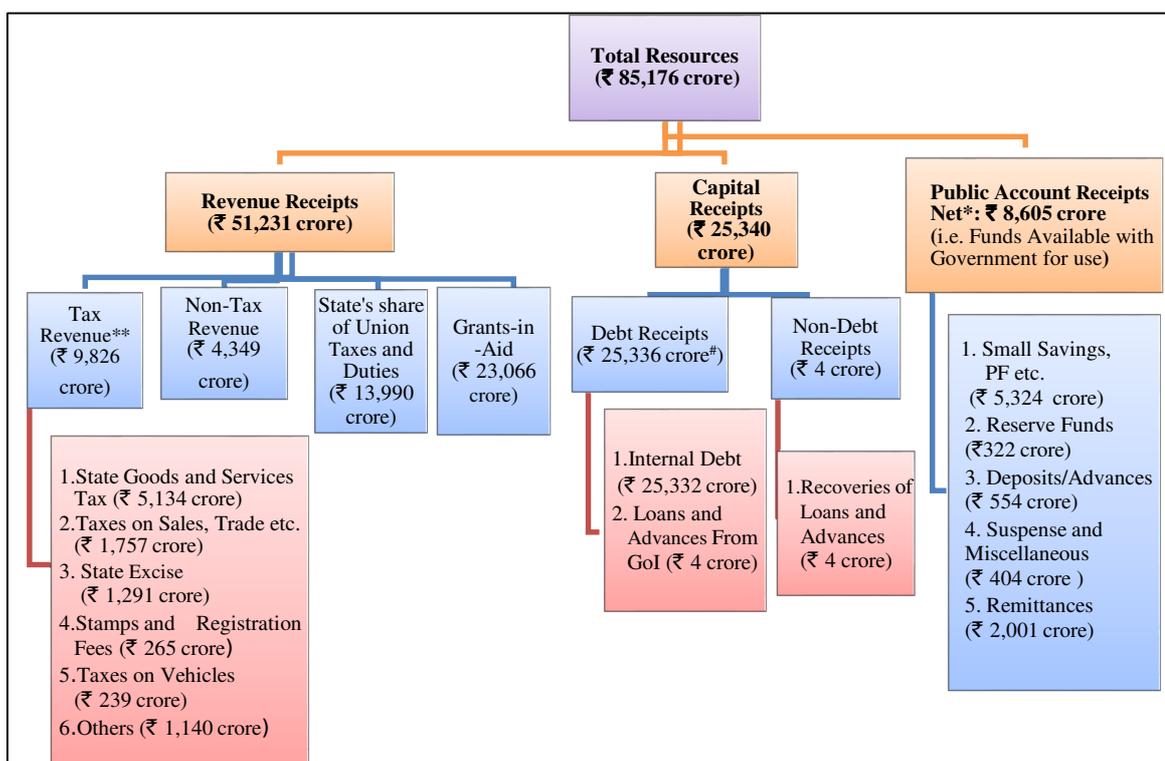
(Source: Finance Accounts of respective years)

The Buoyancy of RR, SOTR with reference to GSDP was lower during 2018-19 in comparison to 2017-18 as the growth rate of RR and SOTR was lower during 2018-19 as compared to the previous year. The growth rate of TE has remained more than the growth rate of GSDP during 2014-15 to 2018-19 except during 2017-18. The buoyancy of TE and liabilities was higher than the RR and SOTR during 2018-19.

## 1.2 Resources of the State as per Finance Accounts 2018-19

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 *vis-a-vis* the previous 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 2014-19, **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**



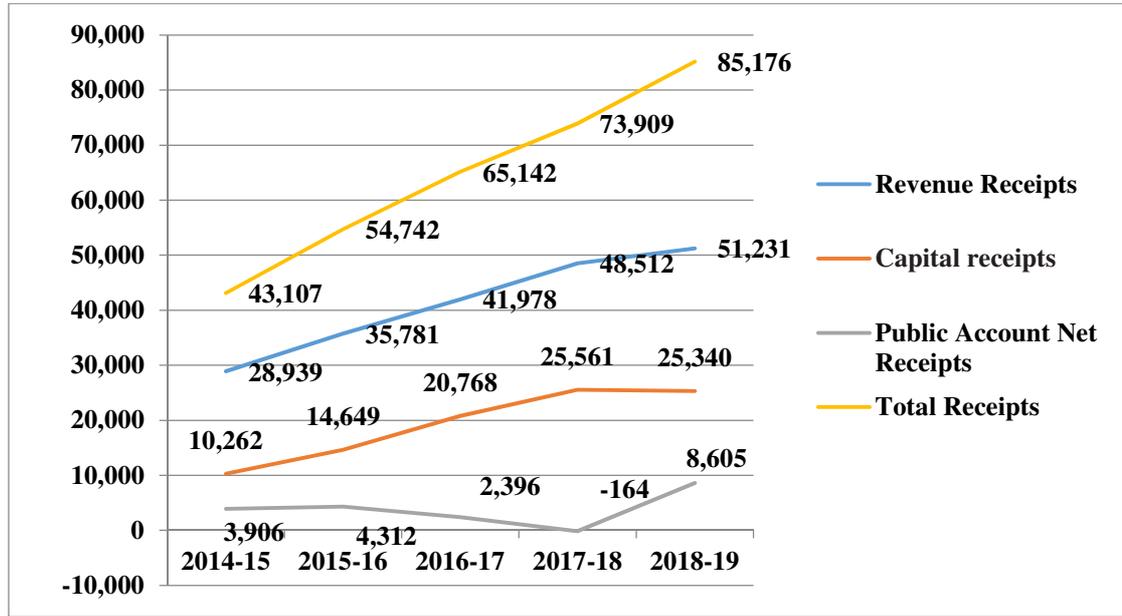
\*Public Accounts Receipts Net (₹8,605 crore) = Public Accounts Receipts (₹39,107 crore) less Public Accounts Disbursements (₹30,502 crore)

\*\*does not include compensation of ₹1,462 crore received due to implementation of GST (included in GIA)

# Includes Ways and Means Advance.

Chart 1.6: Trends in Resources of State

(₹ in crore)

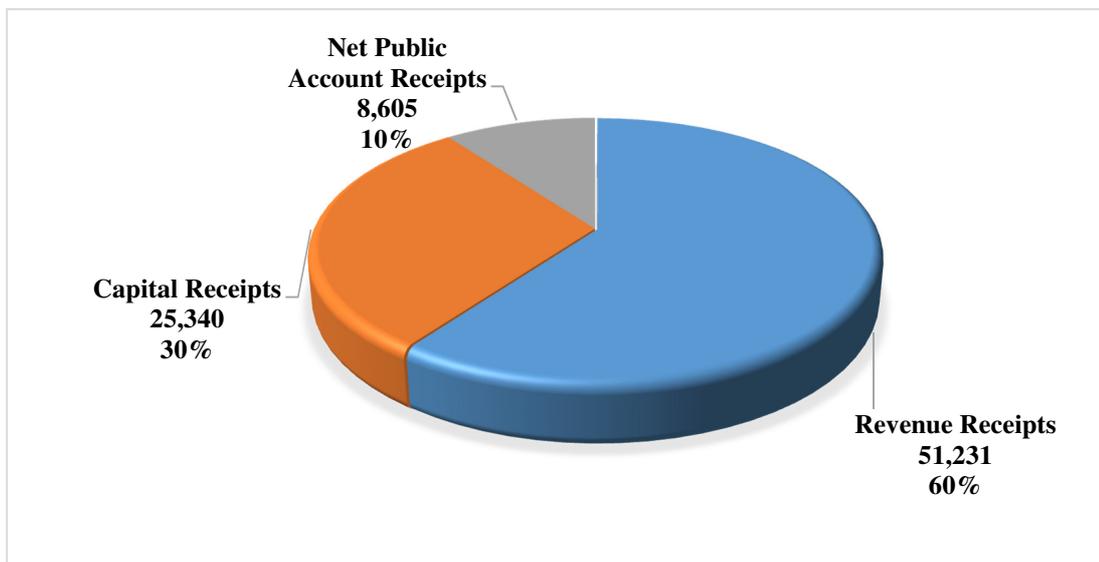


(Source: Finance Accounts of the respective years)

The Revenue Receipts and the Total Receipts showed upward trend during 2014-15 to 2018-19. The Revenue Receipts increased by ₹2,719 crore during 2018-19 over the previous year. The Revenue Receipts increased by ₹2,719 crore during 2018-19 over the previous year. The Public Account Net Receipts also showed upward trend in 2014-15 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. During 2018-19 the Net Public Account Receipt increased to ₹8,605 crore due to increase in receipts in Small Savings as compared to the previous year and due to less disbursement of remittances as compared to receipt of remittances.

The Capital Receipts showed upward trend from ₹10,262 crore in 2014-15 to ₹25,561 crore in 2017-18. The Capital Receipts decreased to ₹25,340 crore in 2018-19 from ₹25,561 crore in 2017-18. Ratio of Revenue Receipts to Total Receipts showed declining trend, decreasing from 67.13 per cent in 2014-15 to 60.15 per cent in 2018-19. Revenue Receipts increased by 5.60 per cent during 2018-19 over the previous year.

**Chart 1.7: Component of Resources of State during 2018-19**  
(₹ in crore)

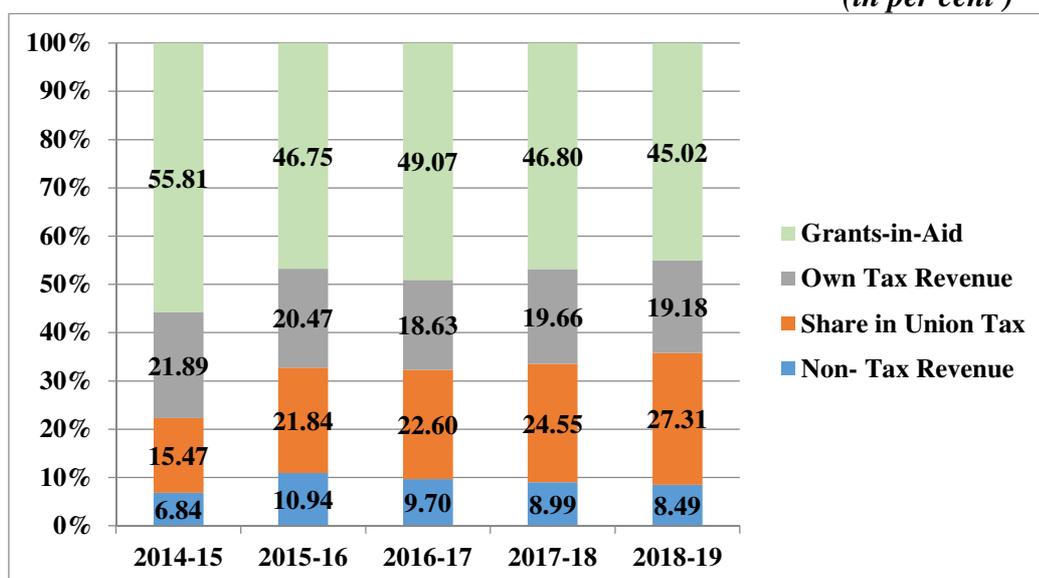


Revenue Receipts in 2018-19 with respect to the previous year has increased by ₹2,719 crore from ₹48,512 crore to ₹51,231 crore (five per cent), Capital Receipts decreased by ₹221 crore during 2018-19 from ₹25,561 crore to ₹25,340 crore and Public Account Net Receipts increased by ₹8,769 crore during 2017-18 to 2018-19. The Revenue Receipts constitute 60 per cent of Total State resources (₹85,176 crore) Capital Receipts constitutes 30 per cent and Net Public Accounts Receipt constitute 10 per cent of total State resources.

### 1.3 Revenue Receipts

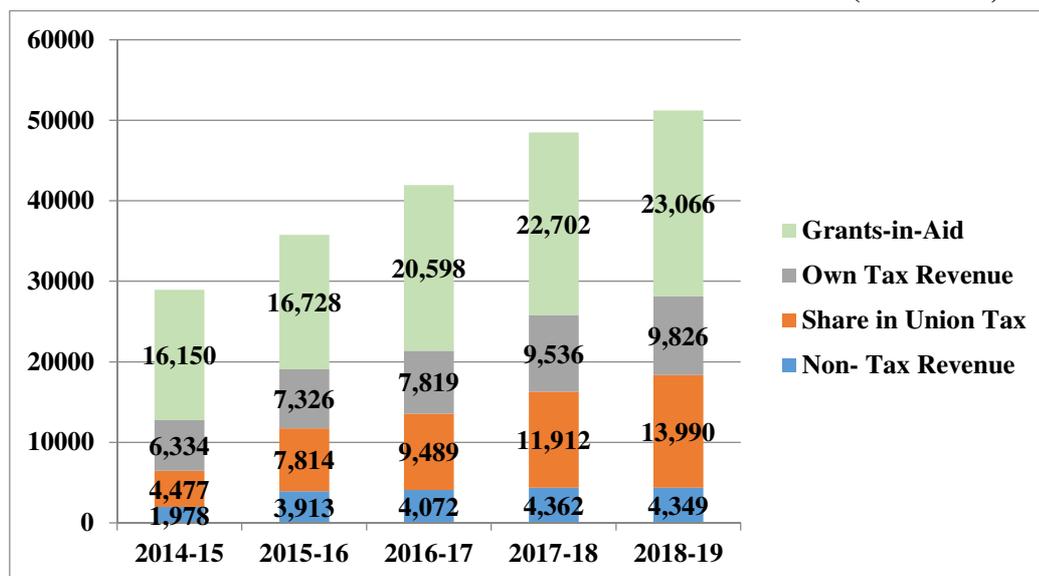
The trends and composition of Revenue Receipts over the period 2014-15 to 2018-19 are presented in *Appendix 1.4* and also depicted below:

**Chart 1.8: Composition of Revenue Receipts during 2014-15 to 2018-19**  
(in per cent)



(Source: Finance Accounts of respective years)

**Chart 1.9: Composition of Revenue Receipts during 2014-15 to 2018-19**  
(₹ in crore)



(Source: Finance Accounts of respective years)

The Revenue Receipts of the State increased by 77.03 per cent during the period from 2014-15 to 2018-19 (₹28,939 crore to ₹51,231 crore). Transfers from the Union Government of State's share in Union taxes and duties and Grants-in-Aid together constituted 71.28 per cent of the State's Revenue Receipts during 2014-15 which increased to 72.33 per cent during 2018-19. The share of Own Tax Revenue constituted 21.89 per cent of the Revenue Receipts during 2014-15 which decreased to 19.18 per cent in 2018-19. Share of Non-Tax Revenue constituted 6.84 per cent in 2014-15 which increased to 8.49 per cent in 2018-19.

The Revenue Receipts increased by ₹2,719 crore (5.60 per cent) during 2018-19 over the previous year, mainly due to increase in the State's share in the Union Taxes and Duties ₹2,078 crore (17.44 per cent), Grants-in-Aid from Government of India by ₹364 crore and State's Own Tax Revenue increased by ₹290 crore. The trends in Revenue Receipts relative to SOTR are given below:

**Table 1.5: Trends in Revenue Receipts relative to SOTR**

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Revenue Receipts (RR) (₹ in crore)</b>	28,939	35,781	41,978	48,512	51,231
Rate of growth of RR (per cent)	6.68	23.64	17.31	15.56	5.60
<b>State's Own Tax Revenues (SOTR) (₹ in crore)</b>	6,334	7,326	7,819	9,536	9,826
Rate of growth of State's Own Tax Revenue (SOTR) (per cent)	0.97	15.66	6.73	21.96	3.04

(Source: Finance Accounts of respective years)

The growth rate of both Revenue Receipts and State's Own Tax Revenues was fluctuating during the period from 2014-15 to 2018-19. The growth rate of Revenue Receipts in the current year was 5.60 per cent which was lower than the growth rate of

11.64 per cent in Special Category States (SCS) (**Appendix 1.1**). The increase in Revenue Receipts was due to increase in State Share of Union Taxes/Duties.

### 1.3.1 State's Own Resources

As the State's share in Central Taxes and Grants-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 Own Tax and Own Non-Tax Receipts for the year 2018-19 *vis-a-vis* assessment made by 14<sup>th</sup> FC are given below:

**Table 1.6: Actual Tax and Non-Tax receipts *vis-à-vis* assessment made by 14<sup>th</sup> FC**  
(₹ in crore)

Particulars	14 <sup>th</sup> FC Projections	Budget Estimates	Actual	Per cent age variation of actual over	
				14 <sup>th</sup> FC projections	Budget Estimates
Own Tax Revenue	13,221	11,194	9,826	(-)26	(-)12
Own Non-Tax Revenue	1,092	5,761	4,349	298	(-)25
<b>Total</b>	<b>14,313</b>	<b>16,955</b>	<b>14,175</b>		

The collection under State's Own Tax Revenue fell short by 26 per cent of the projections made by 14<sup>th</sup> FC and 12 per cent of Budget Estimates. The receipts under Own Non-Tax Revenue were more by 298 per cent of the projections made by 14<sup>th</sup> FC but fell short by 25 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 ₹14,175 crore during 2018-19 was not enough to cover its committed liabilities (salaries & wages, interest payments, pension and subsidies) of ₹38,186 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 2014-15 to 2018-19.

**Table 1.7: Components of State's Own Tax Revenue**

Revenue Head	2014-15	2015-16	2016-17	2017-18	2018-19
Sales Tax	4,602	5,277	6,012	4,493	1,757
GST	0	0	0	2,611	5,134
State Excise	466	533	569	833	1,291
Stamps and Registration Fee	248	264	228	307	265
Taxes on Vehicle	132	145	150	228	239
Taxes and Duties on Electricity	313	429	90	179	189
Land Revenue	15	12	17	29	41
Others	558	666	753	856	910
<b>Total</b>	<b>6,334</b>	<b>7,326</b>	<b>7,819</b>	<b>9,536</b>	<b>9,826</b>

(Source: Finance Accounts of respective years)

Sales Tax and Goods and Services Tax (GST) increased by ₹2,289 crore from ₹4,602 crore to ₹6,891 crore during 2014-15 to 2018-19 while there was decrease of ₹213 crore during 2018-19 over the previous year.

Collection of State Excise increased from ₹466 crore to ₹1,291 crore during the period from 2014-15 to 2018-19, an increase of 177 *per cent*. There is increase in Excise duty by 55 *per cent* in 2018-19 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 ₹248 crore to ₹307 crore during 2014-15 to 2017-18 while the collection decreased by ₹42 crore during 2018-19 over the previous year mainly due to less receipts under sale of Stamps during the current year.

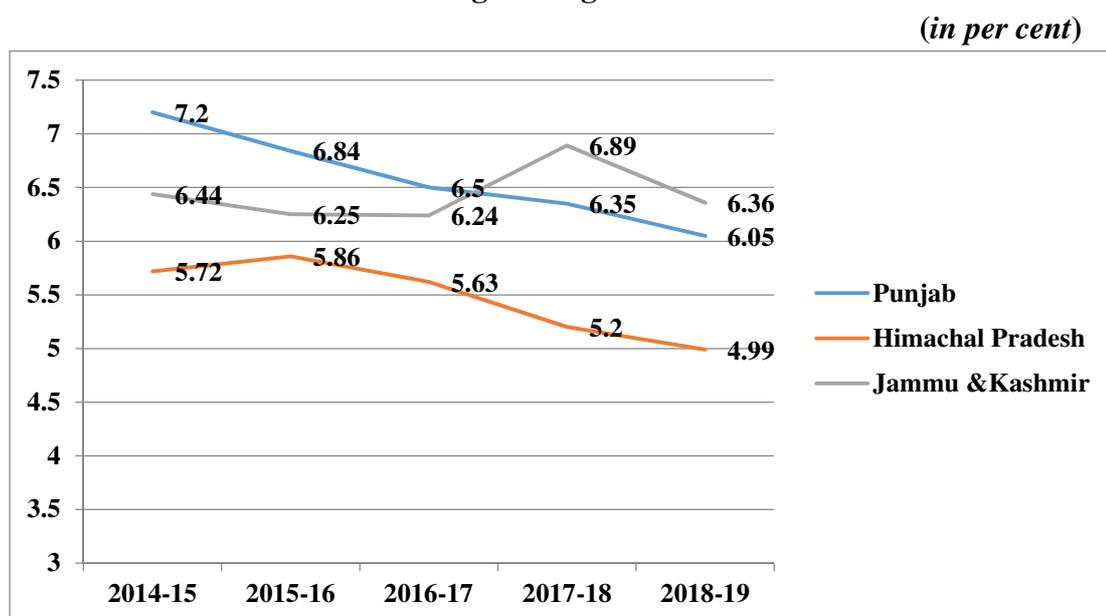
Taxes on Vehicle collection increased from ₹132 crore to ₹239 crore during the same period, an increase of 81.06 *per cent*. The collection of Taxes on Vehicle increased from ₹228 crore in 2017-18 to ₹239 crore in 2018-19.

Taxes and Duty on Electricity decreased from ₹313 crore in 2014-15 to ₹90 crore in 2016-17 due to decrease in rate of Electricity Duty from 22 *per cent* to 10 *per cent* and it has increased from ₹90 crore in 2016-17 to ₹189 crore in 2018-19.

State Own Tax Revenue (SOTR) increased by ₹3,492 crore (55 *per cent*) during 2014-15 to 2018-19. The State Own Tax Revenue increased by ₹290 crore from ₹9,536 crore during 2017-18 to ₹9,826 crore in 2018-19.

The comparison of State's Own Tax Revenue to GSDP with neighboring States from 2014-15 to 2018-19 is given below:

**Chart 1.10: Comparison of State's Own Tax Revenue to GSDP with neighboring States\***



\*figures provided by respective AsG (Audit)

The ratio of Own Tax Revenue to GSDP was lower than Punjab during 2014-15 to 2016-17 but remained higher than Himachal Pradesh during 2014-15 to 2018-19. However, during 2018-19 the ratio of Own Tax Revenue to GSDP (percentage) of Jammu and Kashmir was higher than the neighbouring States of Himachal Pradesh and Punjab.

### Goods and Services Tax

State Government implemented the Goods and Services Tax (GST) Act which became effective from 8<sup>th</sup> 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 2018-19 in accordance with base year figure was ₹7,061.48 crore<sup>1</sup>. Against the projected revenue of ₹7,061.48 crore for the year 2018-19, the Revenue Receipt of the State Government under GST including collection of taxes subsumed in GST during the year 2018-19 remained at ₹5,391.86 crore as detailed in **Table 1.8**. Against the actual loss of ₹1,669.62 crore due to implementation of GST, the State Government received compensation to the tune of ₹1,462 crore, It has resulted in less compensation to the extent of ₹207.62 crore, as given below:

**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)
April-18	588.45	10.31	178.45	209.54	398.30	0	398.30	(-)190.15
May-18	588.45	17.06	119.88	196.88	333.82	23.00	356.82	(-)231.63
June-18	588.45	6.66	119.40	218.19	344.25	0	344.25	(-)244.20
July-18	588.45	7.29	134.41	515.79	657.49	147.00	804.49	216.04
Aug-18	588.45	12.71	129.70	225.78	368.19	0	368.19	(-)220.26
Sep-18	588.45	3.17	128.92	292.94	425.03	415.00	840.03	251.58
Oct-18	588.45	4.15	132.80	226.04	362.99	0	362.99	(-)225.46
Nov-18	588.45	2.42	127.03	444.38	573.83	292.00	865.83	277.38

<sup>1</sup>  $4766.30 \times (1 + 14/100)^3 = 7061.48$  for 2018-19 and for one month will be  $7061.48/12 = 588.45$

Dec-18	588.45	13.67	133.82	340.43	487.92	0	487.92	(-)100.53
Jan-19	588.45	157.98	159.36	226.75	544.09	282.00	826.09	237.64
Feb-19	588.45	2.72	137.61	167.37	307.70	0	307.70	(-)280.75
Mar-19	588.53	19.49	180.44	388.32	588.25	303.00	891.25	302.72
<b>Total</b>	<b>7,061.48</b>	<b>257.63</b>	<b>1,681.82</b>	<b>3,452.41</b>	<b>5,391.86</b>	<b>1,462.00</b>	<b>6,853.86</b>	<b>(-)207.62</b>

\* State Taxes Department, J&K

### **Advance apportionment from IGST**

During the year 2018-19, the State Government has collected an amount of ₹5,134.23 crore as GST, which includes an amount of ₹298.00 crore received on account of advance apportionment of Integrated Goods and Services Tax (IGST). In addition, an amount of ₹1,462.00 crore has also been received as Compensation from Government of India.

### **Audit of GST Receipts**

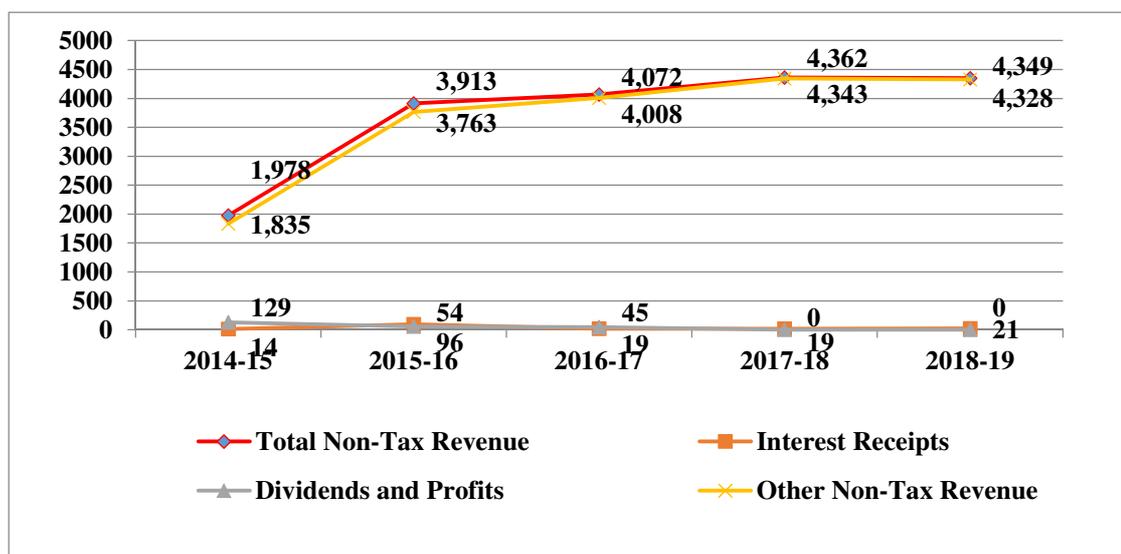
With automation of the collection of Goods and Services Tax (GST) having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all transactions, to fulfill the CAG’s Constitutional mandate of certifying the Accounts. The required access to data is yet to be provided. Not having access to the data pertaining to all GST transactions has come in the way of comprehensively auditing the GST receipts. The accounts for the year 2018-19 are, therefore, certified on the basis of test audit, as was done when records were manually maintained, as a one-time exception.

#### **1.3.1.2 Non Tax Revenue**

Growth of Non-Tax Revenue during five years (2014-15 to 2018-19) is given in **Chart 1.11** and **Table 1.19** depicts the trends in various components of Non-Tax Revenue of the State during 2014-15 to 2018-19.

**Chart 1.11: Non-Tax Revenue**

(₹ in crore)



(Source: Finance Accounts of respective years)

Table 1.9: Growth of Non-Tax Revenue during 2014-15 to 2018-19

Revenue Head	2014-15	2015-16	2016-17	2017-18	2018-19
Interest receipts	14 (8)	96(585)	19(-80)	19 (0)	21(11)
Dividends and Profits	129 (0)	54(-58)	45(-17)	0 (-100)	0(0)
Other non-tax receipts	1,835(-33)	3,763(105)	4,008(7)	4,343(8)	4,328(-0)
Forestry and wild Life	71	68	14	18	20
Power	1,428	1,477	2,770	3,151	3,246
Miscellaneous*	166	204	221	266	273
Others**	170	2,014	1,003	908	789
<b>Total</b>	<b>1,978</b>	<b>3,913</b>	<b>4,072</b>	<b>4,362</b>	<b>4,349</b>

\* Miscellaneous depts. 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 Accounts of respective years

Non-Tax Revenue increased by ₹2,371 crore (120 per cent) during 2014-15 to 2018-19. The receipt under category 'others' has decreased from ₹2,014 crore in 2015-16 to ₹789 crore in 2018-19 due to abolition of Abiyana (Irrigation Tax). Non-Tax Revenue (₹4,349 crore) constituted 8.49 per cent of the Revenue Receipt (₹51,231 crore) during 2018-19, registering an decrease of ₹13 crore over the previous year, mainly due to decrease in receipt under Medium Irrigation, Public Works and Pension and Misc. General Services.

The receipts from the sale of Power, being a major constituent of Non-Tax Revenue, increased from 72.19 per cent of the Total Non-Tax Revenue during the year 2014-15 to 74.63 per cent in 2018-19 and it increased by 3.01 per cent during 2018-19 over the previous year.

The receipts under “Others” category include Water Usage Charges. The Water Usage Charges are being levied @ 25 paise 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 proceed 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 Hydro electric Power Projects already established in the State and purchase of power. During the year 2018-19, the State Government collected ₹674.97 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 2019 was ₹4.34 crore and interest earned thereon, which was kept out of Consolidated Fund of State.

### **Burden of unrecovered cost of Power from consumers, 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 2019). Hence, the receipts and expenditure on procurement and supply of electricity forms part of the State Government accounts. Steadily rising gap between the Revenue Expenditure of the Power Development Department and Revenue Receipts is the most significant

structural imbalance in the Budget of the Government and a drain on the resources, which could otherwise be deployed for developmental outlays. The trend in the gap between receipts from power consumers and expenditure on power purchase is given 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
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
2018-19	7,167	5,042	3,246	5,265

(Source: Budget and Finance Accounts of the respective years) #Departmental figures

The targets for the collection of tariff have not been achieved during 2014-15 to 2018-19. During 2018-19, Receipt on account of sale of power was ₹3,246 crore against the target of ₹5,042 crore. The revenue realized 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 realized 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).

During 2018-19, the Department purchased power worth ₹7,167 crore and against which it paid only ₹5,265 crore. As on March 2019, the department had a cumulative liability of ₹8,970 crore on account of unpaid power purchase bills.

During 2018-19, the State Government is shown to be in Revenue Deficit by ₹4,859 crore and Fiscal Deficit by ₹13,337 crore. After taking into account the deferred liability on account of outstanding power bills amounting to ₹8,970 crore, the Revenue Deficit and Fiscal Deficit is understated 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 per cent 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 2018-19, 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	2014-15	2015-16	2016-17	2017-18	2018-19
Non-Plan Grants	3,343	11,135	12,776	--	--
Grants for Centrally Assisted State Plan Schemes/Centrally sponsored schemes	12,720	4,365	7,766	9,096	7,608
Grants for Central and Centrally sponsored Plan Schemes	87	1,228	56	--	--
Finance Commission Grant (Post Devolution Revenue Deficit Grant)	--	--	--	11,849	12,952
Grants for Rural Local Bodies	--	--	--	--	204
Grants for Urban Local Bodies	--	--	--	--	126
Grant-in-Aid for SDRF	--	--	--	--	253
Other Transfers/Grants to States	--	--	--	620	461
Compensation for loss of revenue arising out of implementation of GST	--	--	--	1,137	1,462
<b>Total</b>	<b>16,150</b>	<b>16,728</b>	<b>20,598</b>	<b>22,702</b>	<b>23,066</b>
Total grants as a per cent age of Revenue Receipts	56	47	49	47	45

(Source: Finance Accounts of respective years)

The Grants-in-Aid received from Union Government increased from ₹16,150 crore during 2014-15 to ₹23,066 crore during 2018-19 in absolute terms. As percentage of Revenue Receipts, Grants-in-Aid decreased from 56 per cent to 45 per cent during 2014-15 to 2018-19. The Grants-in-Aid increased by ₹364 crore from ₹22,702 crore in 2017-18 to ₹23,066 crore in 2018-19. The trend indicates that the State Government is dependent on Grants-in-Aid from GoI to the extent of 45 per cent of Revenue Receipts during 2018-19.

### 1.3.3 Funds transferred to State Implementing Agencies outside the State Budget

During 2018-19 an amount of ₹23,066 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 ₹895 crore (excluding ₹105.42 crore released to Autonomous Bodies/other Entities of Union Government operating in the State), which continued under direct funding mode by the Union Government to the J&K

Implementing Agencies (Institutions, Corporations, Societies, etc.) during 2018-19. There was decrease of ₹210 crore i.e.19 *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 ₹100 crore or more during the year are 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
		2018-19
Central Assistance for PakulDul HEP (Hydro Electric Project) under J&K PMDP Grant to Chenab Valley Power	Chenab Valley Power Projects Pvt. Ltd.	100.00
Support to National Institute of Technology (NIT)	NIT Srinagar.	191.59
<b>Total</b>		<b>291.59</b>

(Source Finance Accounts of respective years)

#### 1.3.4 Central tax transfers

The components of State's share in Union Taxes and Duties are given in **Table 1.13**

**Table 1.13: Components of State's share in Union Taxes and Duties**

(₹ in crore)

Component of State's share of Union taxes	13 <sup>th</sup> FC & 14 <sup>th</sup> FC award period				
	2014-15	2015-16	2016-17	2017-18	2018-19
Corporation Tax	1,833.83	2,976.52	3,623.44	3,824.16	4,910.14
Customs	849.30	1,507.13	1,558.67	1,260.30	1,000.82
Income Tax	1,309.53	2,075.73	2,518.30	3,229.22	3,616.11
Other Taxes and Duties on commodities and services	0	5.78	0.03	0.00	7.28
Taxes on Wealth	4.95	0.60	8.29	-0.11	1.80
Other taxes on Income & Expenditure	0.04	0.06	0	0	25.57
Union Excise Duties	479.58	1,247.66	1,779.87	2,020.60	665.11
CGST	NA	NA	NA	316.80	3,484.87
IGST	NA	NA	NA	1,260.68	278.10
<b>Grand total</b>	<b>4,477.23</b>	<b>7,813.48</b>	<b>9,488.60</b>	<b>11,911.65</b>	<b>13,989.80</b>
Devolution as per cent age of Revenue Receipts of the State	15.47	21.84	22.60	24.55	27.31

NA: Not applicable due to implementation of GST Act with effect from 8 July 2017

(Source: Finance Accounts of respective years)

The 14<sup>th</sup> FC 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 ₹13,989.80 crore received during 2018-19 was ₹2,078.15 crore more as compared to 2017-18. The devolution as percentage of Revenue Receipts of the State's share in Central Taxes increased from 15.47 *per cent* to 27.31 *per cent* during 13<sup>th</sup> FC and 14<sup>th</sup> FC and during 2018-19, the increase was 17.45 *per cent* over the previous year.

### 1.3.5 Funds created by levying Cess

The state government collects cess on the cost of construction incurred by employers under the Building and Other Construction Workers' Welfare Cess Act, 1996. The collected cess is to be spent on welfare schemes for construction workers. For this purpose, J & K Building and Other Construction Workers' Board has been constituted. As on March 2018, there was balance of ₹450.56 crore and the Board received ₹155.12 crore during 2018-19 as labour cess, monthly contribution, interest etc. Out of this, the Board spent ₹72.74 crore on labour welfare schemes and on administrative expenditure leaving a closing balance of ₹532.94 crore as 31 March 2019. 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 14<sup>th</sup> FC Recommendations, ₹6,178.37 crore was projected (2015-20) as grants 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, ₹1,214.56 crore and ₹1,373.11 crore were to be released/allocated during the years 2015-19, 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	2018-19	Total Projections	2015-16	2016-17	2017-18	2018-19	Total Releases	Balance
Urban Local Bodies(ULB)	125.30	224.71	258.41	297.71	906.13	Nil	Nil	Nil	125.30	125.30	780.83
Rural Local Bodies(RLB)	373.96	585.73	675.15	779.40	2,414.24	367.72	Nil	Nil	203.81	571.53	1,842.71
SDRF (including State Share)	254.00	268.00	281.00	296.00	1,099.00	254.00	254.70	13.50	280.90	803.10	295.90
<b>Total</b>	<b>753.26</b>	<b>1,078.44</b>	<b>1,214.56</b>	<b>1,373.11</b>	<b>4,419.37</b>	<b>621.72</b>	<b>254.70</b>	<b>13.50</b>	<b>610.01</b>	<b>1,499.93</b>	<b>2,919.44</b>

(Source: Fourteenth Finance Commission Report)

An amount of ₹1,499.93 crore (including State Share) was received by the State Government from the Ministry of Finance, Government of India (GOI) during 2015-19. During 2018-19, ₹610.01 crore was released by the GOI and the State Government which includes grants of ₹125.30 crore of ULB's of 2015-16, ₹203.81 crore of RLB's 1<sup>st</sup> installment of 2016-17 and ₹252.90 crore (GOI), ₹28 crore (State share) of SDRF of 2017-18 (**Appendix 1.9**).

## 1.4 Capital Receipts

Capital Receipts include recoveries of Loans and Advances, receipts through debt i.e. Internal Debt Loans and from GoI and Miscellaneous Capital Receipts

The Capital Receipts during five years (2014-15 to 2018-19) are given below:

**Table 1.15: Trends in growth and composition of receipts**

(₹ in crore)

Sources of State's Receipts	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Capital Receipts (CR)</b>	<b>10,262</b>	<b>14,649</b>	<b>20,768</b>	<b>25,561</b>	<b>25,340</b>
Miscellaneous Capital Receipts	-	-	-	-	-
Recovery of Loans and Advances	3	4	19	4	4
<b>Public Debt Receipts</b>	<b>10,259</b>	<b>14,645</b>	<b>20,749</b>	<b>25,557</b>	<b>25,336</b>
Market Loans	1,400	2,250	2,790	6,200	6,684
Bonds	202	2,342	1,440	41	4
Loans from Financial Institutions	1,197	1,045	646	668	402
Ways and Means Advance including overdraft	7,448	8,991	15,848	18,617	18,242
Loans from GoI	12	17	25	31	4
<b>Percentage of Market Loan to Public Debt Receipt</b>	<b>14</b>	<b>15</b>	<b>13</b>	<b>24</b>	<b>26</b>
<b>Rate of growth over the previous year (per cent)</b>					
<b>Of Public Debt Capital Receipts</b>	71	43	42	23	(-01)
<b>Of Non-Debt Capital Receipts</b>	(-25)	33	375	-79	0
<b>Of GSDP at Current Prices</b>	2.88	19.11	7.00	10.46	11.52
<b>of Capital Receipts</b>	71	43	42	23	(-01)

(Source: Finance Accounts of respective years)

Capital Receipts increased from ₹10,262 crore in 2014-15 to ₹25,340 crore in 2018-19 mainly due to increase in Market Loan (₹1,400 crore in 2014-15 to ₹6,684 crore in 2018-19) and Ways and Means Advances including Over Draft (₹7,448 crore in 2014-15 to ₹18,242 crore in 2018-19). The Capital Receipts decreased by ₹221 crore in 2018-19 over the previous year mainly because of decrease in Ways and Means Advance including Overdraft and Loans from Financial Institutions.

The Public Debt Receipts increased from ₹10,259 crore to ₹25,557 crore during the period 2014-15 to 2017-18 and it decreased to ₹25,336 crore in 2018-19.

Share of Market Loans to Public Debt Receipts has risen from 24 per cent in 2017-18 to 26 per cent in 2018-19.

#### 1.4.1 Recoveries of Loans and Advances

The details of Loans and Advances disbursed and recovery made during 2014-15 to 2018-19 are given below:

**Table 1.16 Quantum of Loans disbursed and recovered during 2014-15 to 2018-19**

(₹ in crore)

Quantum of Loans disbursed and recovered	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Balance	1,409.83	1,493.94	1,583.64	1,640.52	1,660.86
Amount advanced during the year	86.80	93.79	76.24	24.75	69.15
Amount recovered during the year	2.69	4.09	19.36	4.41	4.24
<b>Closing Balance*</b>	<b>1,493.94</b>	<b>1,583.64</b>	<b>1,640.52</b>	<b>1,660.86</b>	<b>1,725.77</b>
Net addition	84.11	89.70	56.88	20.34	64.91

(Source: Finance Accounts of respective years)

\*Difference occurring, is due to rounding off

The total outstanding loans registered increasing trend from ₹1,493.94 crore to ₹1,725.77 crore during the period 2014-15 to 2018-19. Out of ₹1,725.77 crore, major portion of loans amounting to ₹910.16 crore<sup>2</sup> were outstanding (March 2019) against seven entities. Against the outstanding amount of ₹ 910.16 crore, ₹1.25 crore were only recovered during 2018-19. The recovery of loan is very poor resulting in continuous increase in outstanding balances from ₹1,493.94 crore in 2014-15 to ₹1,725.77 crore in 2018-19. Recovery of loans and advances during the year was only 0.25 per cent of outstanding loans.

Audit examination of Loans and Advances given to Agro Industries and J&K State Road Transport Corporation revealed that there was outstanding loan of ₹7.94 crore and ₹346.72 crore respectively as on March 2018. Despite poor performance of recovery, State Government disbursed new loan of ₹37.98 crore and ₹30 crore respectively and no amount was recovered from these entities during 2018-19. As on March 2019, loan amounting to ₹45.93 crore and ₹376.72 crore were outstanding against Agro Industries and J&K State Road Transport Corporation which had an accumulated losses of ₹42.10 crore and ₹1,148.12 crore as per their latest finalized accounts. Thus, loans were sanctioned by the State Government without ensuring its recovery. Since recovery has been almost negligible, Government may consider booking these amounts under Revenue Expenditure as Grants/Subsidies instead of Capital Expenditure for ensuring that accounts reflect the correct position.

#### **1.4.2 Debt Receipts from internal sources**

An amount of ₹25,332 crore was received as internal debt which includes Market Loans of ₹6,684 crore and loans of ₹402 crore from financial institutions and banks during 2018-19 which was ₹194 crore less than internal debt receipt of ₹25,526 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 decreased by ₹27.66 crore from ₹31.60 crore in 2017-18 to ₹3.94 crore in 2018-19 and repayment of ₹117 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, and 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, JKPDCC – ₹85.04 crore (Nil recovery), (5) Agro Industries – ₹45.93 crore (Nil recovery), (6) J&K Industries Ltd – ₹ 382.73 crore (₹1.25 crore), (7) Jammu and Kashmir State Road Transport Corporation Limited – ₹376.72 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	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
Small Savings (State Provident Fund, Pension/ Insurance Funds)	5,032	8,858	3,476	3,534	1,556	5,324
Reserve Funds	419	695	129	373	290	322
Deposits	4,894	4,914	3,810	4,360	1,084	554
Remittances	934	2,741	3,889	740	(-)2,955*	2,001
Receipts in Cash Balance Investment Account	15,576	20,846	15,576	20,846	0	0
Other Suspense and Misc.	3,842	1,053	3,981	649	(-)139	404
<b>Total</b>	<b>30,697</b>	<b>39,107</b>	<b>30,861</b>	<b>30,502</b>	<b>(-)164</b>	<b>8,605</b>

(Source Finance Accounts of respective years)

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

The Public Accounts Receipts increased from ₹30,697 crore in 2017-18 to ₹39,107 crore in 2018-19, disbursements decreased from ₹30,861 crore in 2017-18 to ₹30,502 crore in 2018-19 mainly because of less disbursement under remittances as compared to the previous year. Excess of disbursement over receipts was ₹164 crore in 2017-18 converted into surplus of receipt over disbursement amounting to ₹8,605 crore in 2018-19 because of increase in receipt under small savings ( on account of transfer of arrears related to 7<sup>th</sup> pay commission into GPF).

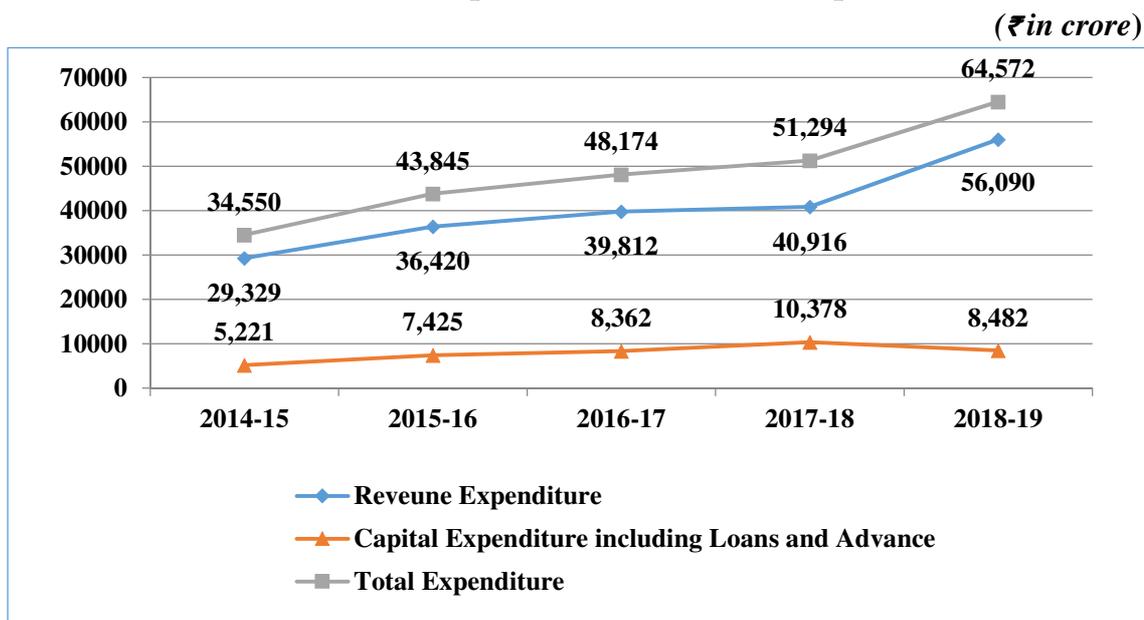
## 1.6 Application of Resources

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 2014-15 to 2018-19.

Chart 1.12: Total Expenditure trends and Composition

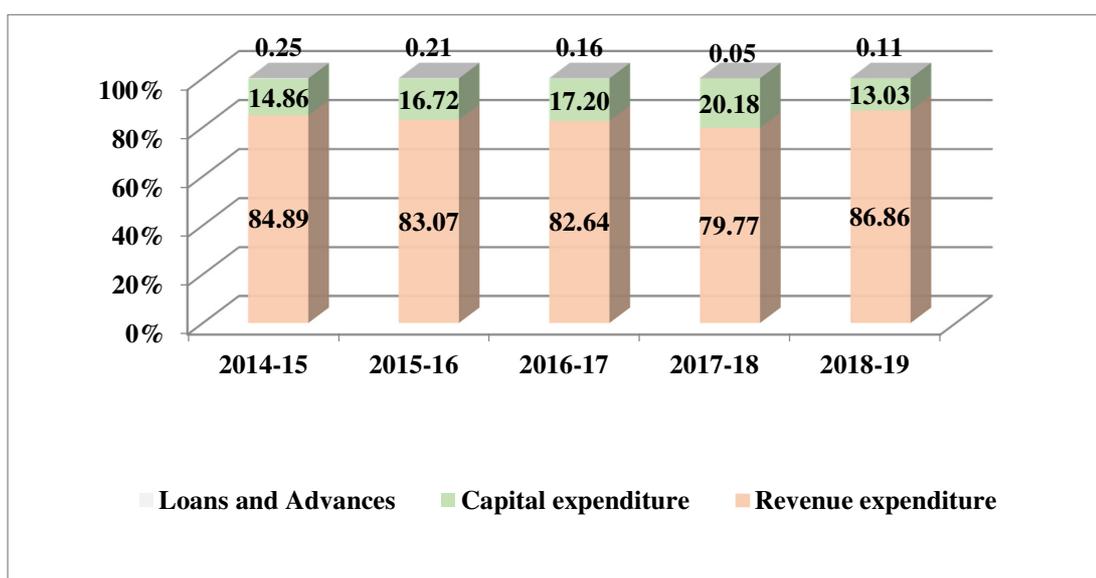


(Source Finance Accounts of respective years)

From **Chart 1.12** above, it may be seen that the Total Expenditure increased by ₹30,022 crore (86.89 per cent) from ₹34,550 crore in 2014-15 to ₹64,572 crore in 2018-19. The Capital Expenditure (including Loans and Advances) increased by ₹3,261 crore (62.46 per cent) from ₹5,221 crore (₹5,134 crore plus ₹87 crore) to ₹8,482 crore (₹8,413 crore plus ₹69 crore) over the same period, while the Revenue Expenditure increased by ₹26,761 crore (91.24 per cent) from ₹29,329 crore in 2014-15 to ₹56,090 crore in 2018-19. The Revenue Expenditure had a predominant share in Total Expenditure, as 80 per cent to 87 per cent of the expenditure was incurred on Revenue Expenditure during 2014- 15 to 2018-19.

Chart 1.13: Total Expenditure: Trends in share of its components

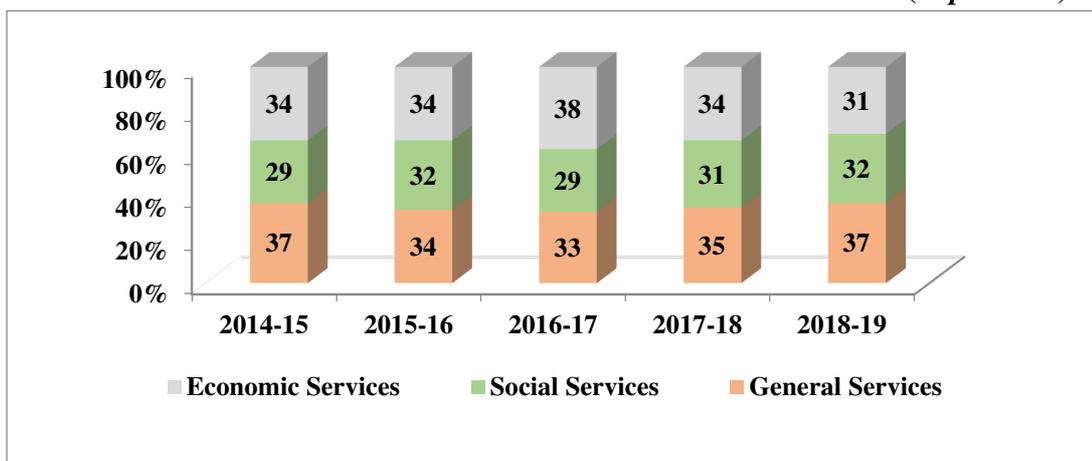
(in per cent)



The share of Revenue Expenditure during 2018-19 was more than previous year. The Capital Expenditure (excluding Loans and Advances) increased by ₹3,279 crore from 2014-15 to 2018-19. Its share in Total Expenditure was in increasing trend from 14.86 per cent in 2014-15 to 20.18 per cent in 2017-18 due to misclassification of Revenue Expenditure as Capital Expenditure. It decreased from 20.18 per cent in 2017-18 to 13.03 per cent in 2018-19 and includes misclassification of Revenue Expenditure as Capital Expenditure of ₹2,261.99 crore during 2018-19. The share of Loans and Advances disbursed decreased from 0.25 per cent in 2014-15 to 0.11 per cent in 2018-19.

**Chart 1.14: Total Expenditure: Trends by Activities**

(in per cent)



The combined share of Social and Economic Services which represented Development Expenditure was ranging between 63 per cent to 67 per cent during 2014-15 to 2018-19. The relative shares of various components of expenditure indicated that the share of General Services was 37 per cent in 2018-19 as compared to 35 per cent in previous year, while the Social Services was 32 per cent during 2018-19 as compared to 31 per cent during the previous year. Economic services decreased from 34 to 31 per cent in 2018-19. The combined share of Social and Economic Services decreased from 65 per cent to 63 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 (2014-15 to 2018-19).

**Table 1.18: Growth of Revenue Expenditure**

(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue Expenditure	29,329	36,420	39,812	40,916	56,090
Growth rate (per cent)	8.39	24.18	9.31	2.77	37.09
Revenue Expenditure as percentage to GSDP	30	31	32	30	36

Revenue Expenditure during 2014-15 to 2018-19 increased by ₹26,761 crore (91.24 per cent) but its percentage to GSDP increased from 30 per cent to 36 per cent during the same period.

The Revenue Expenditure increased by ₹15,174 crore (37.08 per cent) from ₹40,916 crore to ₹56,090 crore over the previous year. The increase in Revenue Expenditure under General Services was ₹5,962 crore from ₹16,888 crore to ₹22,850 crore, Social Services expenditure of ₹4,814 crore from ₹13,117 crore to ₹17,931 crore was mainly under Education, Sports, Art and Culture, Health and Family Welfare, Water Supply, Sanitation, Pension & Misc. General Services and Economic Services expenditure increased by ₹4,398 crore mainly under Energy sector.

The Revenue Expenditure in 2018-19 at ₹56,090 crore was more than the projections made by the 14<sup>th</sup> FC (₹40,506 crore) mainly due to increase in salaries and pension payments on implementation of Seventh Pay Commission.

### 1.6.3 Committed Expenditure

The Committed Expenditure on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.19** and **Chart 1.15** present the trends in the expenditure on these components during 2014-15 to 2018-19.

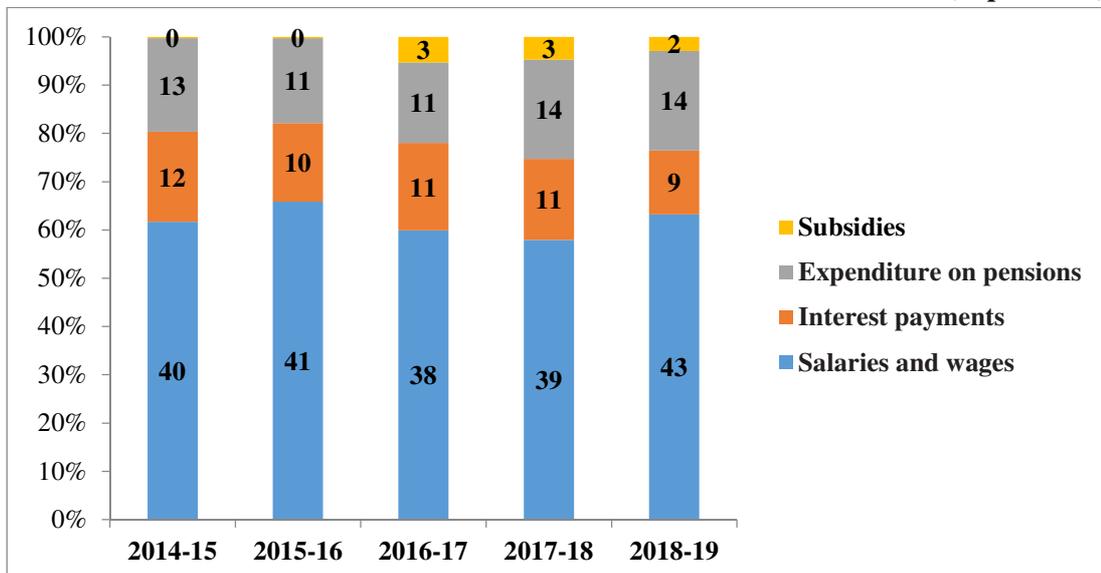
**Table 1.19: Components of Committed Expenditure**

Components of Committed Expenditure	2014-15	2015-16	2016-17	2017-18	2018-19	
					Budget Estimate	Actual
Salaries & Wages	11,802	15,060	15,154	16,143	24,010	24,154
Interest Payments	3,533	3,719	4,567	4,663	4,725	5,209
Expenditure on Pensions	3,686	3,781	4,216	5,408	5,100	7,519
Subsidies	55	68	1,337	1,306	0	1,304
<b>Total</b>	<b>19,076</b>	<b>22,628</b>	<b>25,274</b>	<b>27,520</b>	<b>33,835</b>	<b>38,186</b>
Per cent of Revenue Receipt	66	63	60	57		74
Per cent of Revenue Expenditure	65	62	63	67		68

(Source Finance Accounts of respective years)

**Chart 1.15: Share of Committed Expenditure in Total Revenue Expenditure**

(in per cent)



The pension payments showed upward trend from ₹3,686 crore in 2014-15 to ₹7,519 crore in 2018-19 and increased by 39.03 *per cent* over the previous year and the interest payment increased by ₹1,676 crore (47.43 *per cent*) from ₹3,533 crore in 2014-15 to ₹5,209 crore during 2018-19. The expenditure on salaries and wages increased by ₹8,011 crore (49.61 *per cent*) during 2018-19 from ₹16,143 crore 2017-18 to ₹24,154 crore in 2018-19, the increase was mainly due to implementation of Seventh Pay Commission.

Committed Expenditure on account of salary & wages, pension, interest payment and subsidies constituted 68 *per cent* of Revenue Expenditure during 2018-19 as compared to 67 *per cent* of previous year, and Committed Expenditure on account of salary & wages, pension, interest payment & subsidies constituted 74 *per cent* of Revenue Receipt during 2018-19 as against 57 *per cent* in the previous year.

### ***Expenditure on Salaries and Wages***

The expenditure on salaries and wages increased by ₹12,352 crore (104.64 *per cent*) during the period from 2014-15 to 2018-19. During 2017-18 to 2018-19, the CAGR of expenditure on salaries and wages was 49.54 *per cent*, which was higher than SCS (14.70 *per cent*). (*Appendix 1.1*)

### ***Interest Payments***

The percentage of interest payment to Revenue Receipt decreased from 12 *per cent* in 2014-15 to 10 *per cent* in 2018-19. Interest payments increased by ₹1,676 crore (47.43 *per cent*) from ₹3,533 crore to ₹5,209 crore during 2014-15 to 2018-19. There was an increase of ₹546 crore (11.71 *per cent*) over the previous year. Interest payments of ₹5,209 crore during 2018-19 was higher than the projections made in 14<sup>th</sup> FC (₹4,319 crore).

### ***Pension payments***

Pension payments increased by ₹3,833 crore (103.99 *per cent*) during the period from 2014-15 to 2018-19 which was 6.83 *per cent* of Revenue Expenditure (₹56,090 crore). The expenditure on pension payments in 2018-19 was higher than the assessments made by 14<sup>th</sup> FC (₹5,897 crore) mainly due to implementation of Seventh Pay Commission to the State Government employees. 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 ₹1,249 crore from ₹55 crore in 2014-15 to ₹1,304 crore in 2018-19. Expenditure on subsidies during 2018-19 constituted two *per cent* of the Revenue Expenditure (₹56,090 crore). The main heads on which subsidy was provided during the year were Power Development Department (₹1,200 crore) and Agriculture Production Department (₹12.63 crore).

### ***New Pension Scheme***

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

During 2018-19, the State Government incurred an amount of ₹423.88 crore with an equal matching contribution by the employees. The entire amount of ₹845.49 crore including employees’ contribution of ₹421.61 crore was transferred to the Minor Head 117-Defined Contribution Pension Scheme for the Government Employees under Major Head 8342-Other Deposits. Out of ₹904.90 crore (including previous liability of ₹59.41 crore), ₹783.22 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 2019, an amount of ₹121.68 crore was lying under the Major Head 8342-“Other Deposits”-117 “Defined Contribution Pension Scheme” for the Government Employees (which actually being deposits bearing interest) awaiting transfer to NSDL/Trustee Bank.

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

There was outstanding balance of ₹59.41 crore at the beginning of the year 2018-19 relating to Defined Pension Contribution Scheme (New Pension Scheme) on which ₹4.64 crore was required to be paid as interest (taking GPF interest rate of 7.60 *per cent* from 01-04-2018 to 30-09-2018 and 8.00 *per cent* from 01-10-2018 to 31-03-2019) on the balance of ₹59.41 crore lying under interest bearing Deposit, but the State Government had not paid any interest on Deposits (NPS). Thus, the State Government has created an interest liability on the amount not transferred to NSDL incorrectly used the funds that belong to its employees and created uncertainty in respect of benefits due to the employees affected thus leading to possible failure of the scheme itself.

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 Grants-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	2014-15	2015-16	2016-17	2017-18	2018-19
Education, Sports, Art & Culture	303.68	506.89	519.02	1,489.30	1,886.69
Housing and Urban Development	447.55	512.50	518.33	627.45	619.08
Agriculture	158.93	186.79	265.59	243.66	329.60
General Administration	12.55	13.11	17.35	38.37	28.56
Industries & Commerce	20.32	21.47	20.29	39.98	35.00
Tourism	20.50	33.23	18.71	31.85	54.53
Administration of Justice	4.77	6.01	5.97	6.94	12.48
Health and Family Welfare	134.82	51.81	337.06	245.41	240.66
Others	432.23	190.87	26.83	31.15	118.90
<b>Total</b>	<b>1,535.35</b>	<b>1,522.68</b>	<b>1,729.15</b>	<b>2,754.11</b>	<b>3,325.50</b>
Assistance as a percentage of Revenue Expenditure	5.23	4.18	4.34	6.73	5.93

(Source Finance Accounts of respective years)

The financial assistance increased from ₹1,535.35 crore in 2014-15 to ₹3,325.50 crore in 2018-19. During 2018-19, 75.35 per cent of the total assistance (₹3,325.50 crore) was given to the Education and Sports, Art and Culture and the Housing and Urban Development.

Apart from the above, financial assistance of ₹1,144.19 crore was provided to Ladakh Autonomous Hill Development Councils (Leh ₹546.24 crore and Kargil ₹597.95 crore) during 2018-19.

## 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) of expenditure.

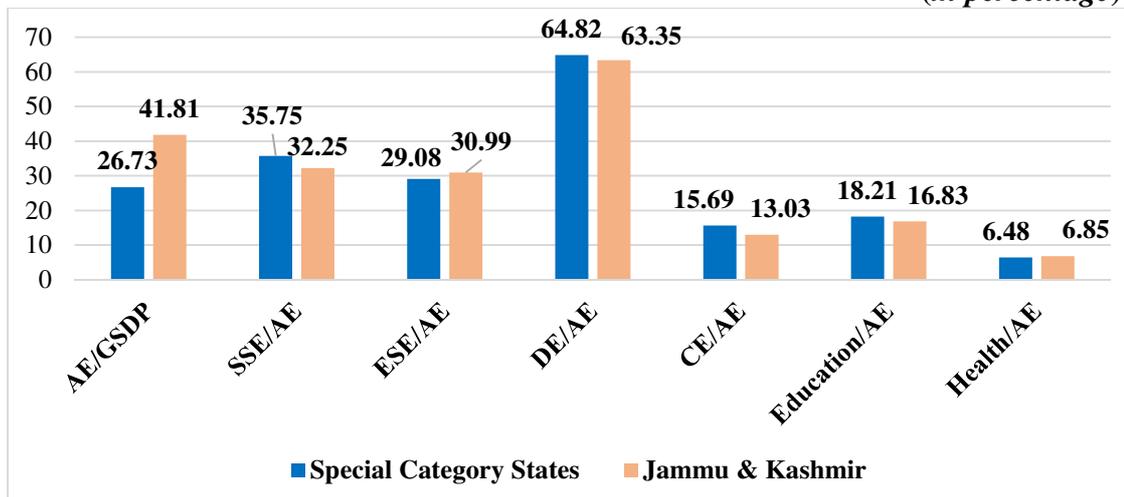
### 1.7.1 Adequacy of Public Expenditure

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 2018-19 against the average of Special Category States.

**Table 1.21: Fiscal Priority of the Special Category State (SCS) and Jammu and Kashmir in 2014-15 and 2018-19**

Fiscal Priority of the State	AE/ GSDP	SSE/ AE	ESE/ AE	DE/ AE	CE/ AE	Education/ AE	Health/ AE
Special Category States (Ratio) 2014-15	26.00	36.27	30.49	66.76	14.46	18.52	5.60
Jammu & Kashmir (Ratio) 2014-15	35.12	29.26	33.88	63.39	14.86	13.06	5.83
Special Category States (Ratio) 2018-19	26.73	35.75	29.08	64.82	15.69	18.21	6.48
Jammu & Kashmir (Ratio) 2018-19	41.81	32.25	30.99	63.35	13.03	16.83	6.85

AE:-Aggregate Expenditure DE:-Development Expenditure SSE:-Social Sector Expenditure  
CE:-Capital Expenditure ESE:-Economic Sector Expenditure  
Source for GSDP Directorate of Economics and Statistics Department, J&K

**Chart 1.16: Prioritisation in public expenditure for the year 2018-19 (in percentage)**

Fiscal Priority:

- Aggregate expenditure of J&K as ratio of GSDP was higher than SCS during 2014-15 and 2018-19;
- The priority given to Education in J&K was lower than SCS during 2014-15 and 2018-19;
- The ratio of CE to AE was higher in 2014-15 but lower in J&K during 2018-19 as compared to SCS ;
- The ratio of SSE to AE was lower in J&K during 2014-15 and 2018-19, whereas it was higher in Economic Sector during the 2014-15 and 2018-19, when compared with SCS.

### 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 ₹19,002 crore (86.76 per cent) during 2014-15 to 2018-19 and increased from 63.40 per cent to 67.03 per cent upto 2016-17 thereafter decreased to 63.35 per cent *vis-a-vis* the Total Expenditure.

**Table-1.22: Development Expenditure**

(₹ in crore)

Components of Development Expenditure	2014-15	2015-16	2016-17	2017-18	2018-19
Total Expenditure	34,550	43,845	48,174	51,294	64,572
Total Development Expenditure	21,903	29,058	32,295	33,603	40,905
Development Revenue Expenditure (₹ in crore)	17,290	22,745	24,702	24,028	33,240
Share of Development Revenue Expenditure in Total Expenditure (per cent)	50.04	51.87	51.28	46.84	51.48
Development Capital Expenditure (₹ in crore)	4,526	6,219	7,517	9,550	7,596
Share of Development Capital Expenditure in Total Expenditure (per cent)	13.10	14.18	15.60	18.62	11.76
Loans/Advances for Development (₹ in crore)	87	94	76	25	69
<b>Total Development Expenditure to Total Expenditure (per cent)</b>	<b>63.40</b>	<b>66.27</b>	<b>67.03</b>	<b>65.51</b>	<b>63.35</b>

(Source Finance Accounts of respective years)

The share of Development Capital Expenditure in Total Expenditure increased from 13.10 per cent in 2014-15 to 18.62 per cent in 2017-18 decreased to 11.76 per cent in 2018-19, while the share of Development Revenue Expenditure in Total Expenditure increased from 50.04 to 51.87 per cent during 2014-15 to 2015-16, then it declined for two years and stood at 46.84 per cent in 2017-18 and during 2018-19 it increased to 51.48 per cent. Mis-classification of Revenue Expenditure

of ₹2,262 crore as Capital Expenditure in 2018-19 has resulted in inflating Capital Expenditure to that extent as detailed in Para 1.11.1 (Table 1.33). The decrease in Development Capital Expenditure in 2018-19 indicates that Government spent less towards development works and creation of assets.

**Table 1.23** provide the details of Capital Expenditure and the components of Revenue Expenditure incurred on the maintenance of the selected social and economic services.

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

*(in per cent)*

Social/Economic Infrastructure	2016-17			2017-18			2018-19		
	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
<b>Social Sector (SS)</b>									
General Education	8.93	69.46	0.02	11.26	63.00	0.03	7.30	69.19	0.00
Health and Family Welfare	15.47	70.30	0.82	16.59	72.65	0.88	19.76	72.97	0.76
Water Supply, Sanitation & Housing and Urban Development	31.23	49.19	4.43	32.79	42.39	4.93	29.70	55.82	3.61
Others	22.54	14.33	0.03	19.91	15.54	0.01	10.48	16.37	0.01
<b>Total (SS)</b>	<b>16.62</b>	<b>59.07</b>	<b>0.91</b>	<b>17.52</b>	<b>56.26</b>	<b>0.98</b>	<b>13.90</b>	<b>62.45</b>	<b>0.63</b>
<b>Economic Sector (ES)</b>									
Agriculture and Allied Activities	27.26	80.02	0.24	31.09	80.29	0.25	17.35	82.15	0.13
Irrigation and Flood Control	47.94	61.62	9.32	41.71	62.54	8.73	28.54	83.35	5.52
Power and Energy	7.98	7.60	0.74	11.54	12.74	1.58	2.66	12.03	0.75
Transport	51.68	0.03	12.09	54.08	0.01	7.10	32.08	0.01	5.41
Others	57.42	41.56	0.75	62.30	44.79	0.92	17.92	43.88	0.54
<b>Total (ES)</b>	<b>28.40</b>	<b>24.76</b>	<b>1.67</b>	<b>38.26</b>	<b>31.91</b>	<b>2.23</b>	<b>23.48</b>	<b>32.09</b>	<b>1.35</b>
<b>Total (SS+ES)</b>	<b>23.33</b>	<b>40.82</b>	<b>1.31</b>	<b>28.44</b>	<b>45.20</b>	<b>3.41</b>	<b>18.60</b>	<b>48.47</b>	<b>0.96</b>

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 increased from 23.33 per cent in 2016-17 to 28.44 per cent in 2017-18 and decreased to 18.60 per cent in 2018-19 mainly due to decrease under Economic Sector from 38.26 per cent 2017-18 to 23.48 per cent in 2018-19. The decrease in expenditure in Economic Sector was under the heads, 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 2019, are given in **Appendix IX** of the Finance Accounts. There were 291 incomplete projects as given below:

**Table 1.24: Department-wise profile of incomplete projects as on 31 March 2019**

(₹ in crore)					
Department	No. of Incomplete Projects	Sanctioned Project Cost	Revised Cost	Cum. Actual Expenditure	Cost over run
Public Health Engineering (PHE), Srinagar *	240	800.66	800.92	402.04	0.26
Public Health Engineering (PHE), Jammu	44	83.88	99.57	81.60	15.69
EM & RE Jammu *	02	5.51	5.51	4.22	0.00
Public Works Department (R&B)Jammu *	04	47.07	47.07	5.42	0.00
Irrigation and Flood Control, Jammu *	01	2.55	2.55	2.55	0.00
<b>Total</b>	<b>291</b>	<b>939.67</b>	<b>955.62</b>	<b>495.83</b>	<b>15.95</b>

(Source Finance Accounts)

\*The Revised cost in r/o 234 incomplete projects have not been shown in Appendix IX of Finance Accounts-Vol-II.

As on March 2019, there were 291 incomplete projects costing ₹one crore or above with target date of completion during 2012-13 to 2018-19. These incomplete projects had a total sanctioned cost of ₹939.67 crore revised to ₹955.62 crore. Reasons for cost revision were awaited (November 2019) from these Departments. An amount of ₹495.83 crore had been expended on these incomplete projects till March 2019. Out of 291 incomplete projects, 166 number of projects were delayed by more than one year, 7 projects delayed by more than five years and remaining 118 projects which were to be completed in 2018-19 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 projects<sup>3</sup> involving a Capital Expenditure of ₹499.40 crore at the end of March 2019 showed that revenue realized from these schemes during 2018-19 was only ₹0.20 crore. 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 loss of ₹2.07 crore (0.41 per cent of the Capital Outlay). The major loss making projects were Ranbir Canal, Pratap Canal and Kathua Feeder during 2018-19.

### 1.8.3 Investment and Returns

As per Statement 8 of the Finance Accounts, as on 31 March 2019, the State Government had cumulative investment of ₹689.42 crore in 25 Companies (₹282.76 crore), three Statutory Corporations (₹355.64 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	2014-15	2015-16	2016-17	2017-18	2018-19
Investment during the year (₹in crore)	3.90	10.67	255.90	96.08	35.90
Investment at the end of the year (₹in crore)	537.17	547.83	803.74	653.52	689.42
Return (₹in crore)	128.88	54.13	45.11	Nil	Nil
Return (per cent)	23.99	9.88	5.61	Nil	Nil
Average rate of interest on all Government liabilities (per cent)	7.6	7.17	7.77	7.15	7.07
Difference between return and interest rate (per cent)	16.39	2.71	(-) 2.16	(-)7.15	(-)7.07

(Source Finance Accounts of the respective years)

During 2014-15 the return (dividend/interest receipt) was ₹128.88 crore which decreased during 2015-16 and 2016-17 to ₹54.13 crore and ₹45.11 crore respectively, during the year 2017-18 and 2018-19 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 return on investment is on historical cost and not on the net present value basis. The rate of dividend/interest was 23.99 per cent during the year 2014-15 and it continuously decreased during the subsequent years and there was no return in 2017-18 and 2018-19, while the investment at the end of each year during the said period increased from ₹537.17 crore to ₹689.42 crore.

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

During last five years State Government made investment to the tune of ₹402.45 crore (Companies 4, Statutory Corporations 2 and Rural/Cooperative Banks 2) out of which only two<sup>4</sup> had made profit and remaining five<sup>5</sup> had suffered sustained losses and had an combined accumulated loss of ₹3,150.23 crore at the time of finalization of their accounts.

During 2018-19, investments were made by the State mainly in loss making Statutory Corporations/Government Companies viz; The Jammu and Kashmir State Financial Corporation (₹15.00 crore), Jammu and Kashmir State Road Transport Corporation (₹17.90 crore), The Jammu and Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Ltd. (₹0.45 crore). These Statutory Corporations/Government Companies had accumulated losses as per latest finalized accounts - The Jammu and Kashmir State Financial Corporation (₹176.15 crore upto 2017-18), Jammu and Kashmir State Road Transport Corporation (₹1,148.11 crore upto 2013-14), The Jammu and Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Ltd. (₹5 crore upto 2001-02). As on 31 March 2019, State has total investment of ₹364.63 crore in these three PSUs/Government Companies whose accumulated losses were ₹1,329.27 crore as on date of finalization of their accounts. During 2018-19, State also incorporated one new Government Company (Jammu Kashmir Trade Promotion Organization) with investment of ₹2.55 crore.

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

#### **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 institutions/organizations. **Table 1.26** presents the position of Loans and Advances outstanding as on 31 March 2019, 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	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Balance	1,409.83	1,493.94	1,583.64	1,640.52	1,660.86
Amount advanced during the year	86.80	93.79	76.24	24.75	69.15
Amount recovered during the year	2.69	4.09	19.36	4.41	4.24
Closing Balance	1,493.94	1,583.64	1,640.52	1,660.86	1,725.77
<b>Of which outstanding balance for which terms and conditions have been settled</b>					
Net addition	84.1	89.70	56.89	20.34	64.91
Interest Receipts	1.88	0.97	1.88	2.17	Nil

<sup>4</sup> JK Cement Corporation and J&K Women's Development Corporation Limited

<sup>5</sup> 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

Interest receipts as <i>per cent</i> to outstanding Loans and advances	0.13	0.06	0.11	0.13	Nil
Interest payments as <i>per cent</i> to outstanding liabilities of the State Government	7.31	6.72	7.34	6.84	6.58
Difference between interest payments and interest receipts ( <i>per cent</i> )	7.18	6.66	7.23	6.71	6.58

(Source Finance Accounts of respective years)

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 2017-18 and 2018-19 are given below:

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

(₹ in crore)

	Opening balance 01 April 2018	Closing Balance 31 March 2019
<b>(a) General Cash Balance</b>		
Cash in Treasuries	6.77	6.77
Deposit with Reserve Bank	126.72	83.38
Deposit with J&K Bank and other Banks	21.02	21.02
Local Remittances	-	-
<b>Total</b>	<b>154.51</b>	<b>111.17</b>
Investment held in cash Balance Investment Account	383.92	383.92
<b>Total (a)</b>	<b>538.43</b>	<b>495.09</b>
<b>(b) Other Cash Balances and Investment</b>		
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
<b>Total (b)</b>	<b>15.95</b>	<b>15.95</b>
<b>Grand Total (a)+(b)</b>	<b>554.38</b>	<b>511.04</b>

(Source: State Finance Accounts of 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 decreased by ₹43 crore during 2018-19, from ₹554 crore as on 31 March 2018 to ₹511 crore as on 31 March 2019.

The cash balance for the year 2018-19 was not even equal to the earmarked reserve funds amounting to ₹2,486 crore which means that reserve funds were used for other than the intended purpose. As on 31 March 2019, 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 ₹9.04 crore on it.

The State Government maintained the mandatory minimum daily cash balance of ₹1.14 crore with Reserve Bank of India on 187 days during the year without taking Special Ways and Means Advance/Ways and Means Advances (WMA)/ Overdrafts, and on 171 days minimum balance was maintained by obtaining Normal Ways and Means Advance and on seven days Overdraft was taken in addition to obtaining Normal Ways and Means. The balance as on 01 April 2018 was ₹300.71 crore under

Normal Ways and Means Advance and ‘Nil’ under Overdraft. The balance at the end of the year 2018-19 was ₹532.38 crore under Normal Ways and Means Advances and ‘Nil’ under Overdraft. Interest paid to the Reserve Bank of India on Normal Ways and Means Advances and Overdrafts during 2018-19 was ₹12.16 crore and ₹0.15 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 2018-19 gives an overview of sources and application of funds. Statement 1, 6 and Statement 17 of the Finance Accounts 2018-19 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 2014-15.

**Table-1.28: Trend in Fiscal Liabilities ending 2014-15 to 2018-19**

(₹ in crore)

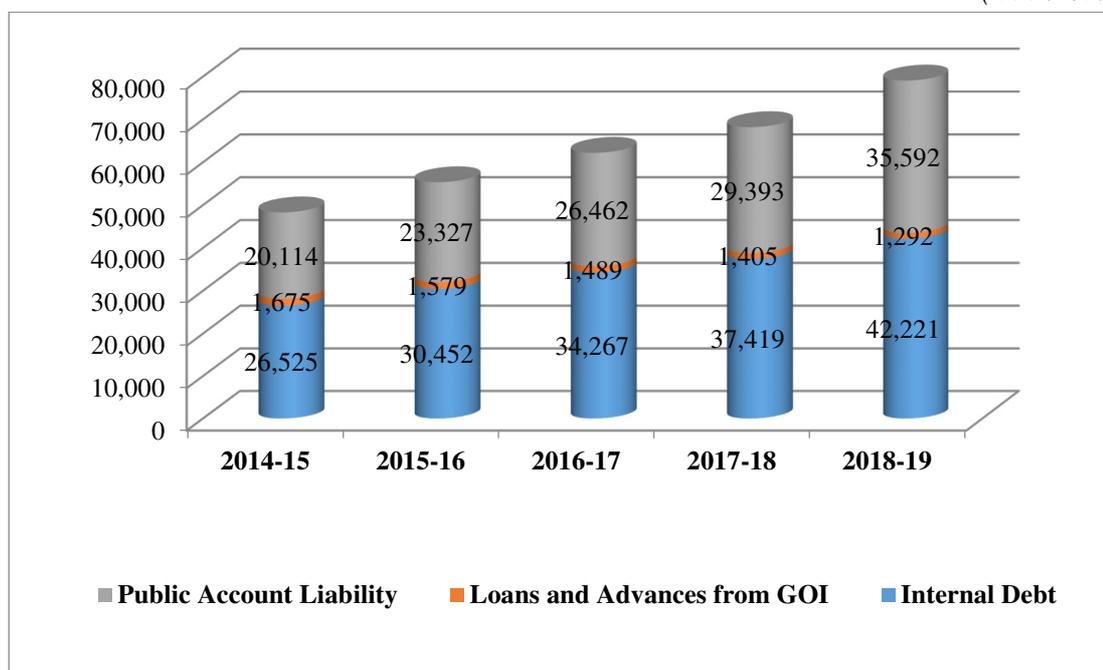
<b>Components of Fiscal Liabilities</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Internal Debt-Borrowings from open market & Financial Institutions	26,525 (55)	30,452 (55)	34,267 (55)	37,419 (55)	42,221 (53)
Loans and Advances from GOI	1,675 (3)	1,579 (3)	1,489 (2)	1,405 (2)	1,292 (2)
Public Account Liability	20,114 (42)	23,327 (42)	26,463 (43)	29,393 (43)	35,592 (45)

GSDP	98,370	1,17,168	1,25,379	1,38,488	1,54,441
Growth rate of GSDP (per cent)	2.88	19.11	7.00	10.46	11.52
<b>Fiscal Liability</b>	<b>48,314</b>	<b>55,358</b>	<b>62,219</b>	<b>68,217</b>	<b>79,105</b>
Growth Rate of Fiscal Liability (per cent)	8.15	14.57	12.39	9.64	15.96
Revenue Receipts	28,939	35,781	41,978	48,512	51,231
Fiscal Liability as per cent of Revenue Receipts	166.95	154.71	148.22	140.62	154.41
Growth rate of Revenue Receipts (per cent)	6.68	23.64	17.31	15.56	5.60
<b>Buoyancy Ratio</b>					
Fiscal Liability vis-a-vis Revenue Receipts.	1.22	0.61	0.71	0.62	2.85
Fiscal Liability vis-a-vis GSDP	2.83	0.76	1.77	0.92	1.39

(Figures in the parenthesis is percentage to Total Liability)

**Chart 1.17: Composition of Outstanding fiscal liabilities**

(₹ in crore)



(Source: Finance Accounts of respective years)

The overall Fiscal Liabilities of the Government increased from ₹48,314 crore during 2014-15 to ₹79,105 crore during 2018-19. It increased by ₹10,888 crore from ₹68,217 crore at the end of 31 March 2018 to ₹79,105 crore by the end of 31 March 2019. As a percentage of the GSDP, the stock of accumulated fiscal liabilities increased from 49.26 per cent at end of 2017-18 to 51.22 per cent at end of 2018-19. The accumulated fiscal liabilities were 1.54 times of the Government's Revenue Receipts (₹51,231 crore) and 5.58 times of the Government's Own Tax and own Non-Tax Revenues as on 31 March 2019. The buoyancy ratio of these liabilities with respect to GSDP during 2018-19 was 1.39, indicating that for each one per cent increase in GSDP, fiscal liabilities grew by 1.39 times.

### 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 2019. The cumulative aggregate balance in these funds at the end of 31 March 2019 was ₹2,497 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.

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

(₹ in crore)

RESERVE FUNDS	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Reserve Funds Bearing interest</b>					
Calamity Relief Fund (now State Disaster Response Fund)	202	336	600	740	903
<b>Total - Reserve Fund Bearing Interest</b>	<b>202</b>	<b>336</b>	<b>600</b>	<b>740</b>	<b>903</b>
<b>Reserve Funds Not Bearing interest</b>					
Calamity Relief Fund (now State Disaster Response Fund)	28	-	-	--	-
Sinking fund	97	135	169	220	317
Famine Relief Fund	9	8	9	9	9
Depreciation and Renewal Reserve Funds of Govt. Commercial Deptts./ Undertakings.	574	573	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	72	104	116	160	234
Other Development and Welfare Funds	85	115	136	183	168
General Insurance Fund (Janta Insurance)	66	65	63	67	43
Guarantee Redemption Fund	7	8	12	15	19
Other Funds	77	86	93	94	117
<b>Total - Reserve Funds Not Bearing interest</b>	<b>1,129</b>	<b>1,208</b>	<b>1,285</b>	<b>1,435</b>	<b>1,594</b>
<b>Total - Reserve Funds</b>	<b>1,331</b>	<b>1,544</b>	<b>1,885</b>	<b>2,175</b>	<b>2,497</b>
<b>Of which balances invested</b>					
Investments from State Disaster Response Fund	11	11	11	11	11

(Source: Finance Accounts of respective years)

### 1.9.3.1 State Disaster Response Fund

(a) As on 1 April 2018, ₹740.39 crore (including ₹10.86 crore invested from the Fund) were lying in the Fund. During 2018-19, an amount of ₹330.89 crore (₹252.90 crore Central Share, ₹28.00 crore State Share and ₹49.99 crore interest) was transferred to the Fund. Besides, unspent balance of previous years amounting to ₹0.71 crore was also credited to the Fund.

During the year, ₹168.88 crore was incurred on natural calamities, leaving a balance of ₹903.11 crore in the Fund as on 31 March 2019. Net balance of ₹892.25 crore (₹903.11 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 2019).

(b) There was an outstanding balance of ₹729.53 crore under interest bearing Reserve Funds (SDRF) at the beginning of the year 2018-19 and ₹46.21 crore was required to be paid as interest (taking Ways and Means Advance average interest rate of 6.00 per cent from 01 April 2018 to 05 June 2018, 6.25 per cent from 06 June 2018 to 31 July 2018, 6.50 per cent from 01 August 2018 to 06 February 2019 and 6.25 per cent from 07 February 2019 to 31 March 2019) on the balance of ₹729.53 crore lying under interest bearing fund (SDRF). The State Govt. was also required to pay interest of ₹3.96 crore on account of accrued interest for delay in respect of two installments of the SDRF Grants for the year 2018-19. However, the State Government had paid interest of ₹49.99 crore on interest bearing Reserve Funds (SDRF), thereby resulting in short transfer of ₹0.18 crore during 2018-19.

### 1.9.3.2 Consolidated Sinking Fund

The State Government constituted (January 2012) a Consolidated Sinking Fund with the objective to redeem its outstanding liabilities commencing from the financial year 2011-12. The State Government is to contribute every year minimum of 10 per cent of 0.5 per cent of the total outstanding liabilities at the end of 2010-11 every year to make it equal to 0.5 per cent of outstanding liabilities as at the end of 2010-11. In addition, contribution of 0.5 per cent of incremental liabilities should be made towards fund every year.

As on 31 March 2019, as against the required contribution of ₹364.21 crore since inception of this fund, the State Government has contributed ₹316.60 crore towards the Fund. During the year 2018-19, ₹97.05 crore was contributed to this fund against required contribution of ₹70.08 crore (10 per cent of 0.5 per cent of total liabilities of ₹31,261.01 crore at the end of 2010-11 and 0.5 per cent of total incremental liabilities of ₹10,889.09 crore during 2018-19). The balance under the Fund was not invested as of March 2019.

### 1.9.3.3 Guarantee Redemption Fund

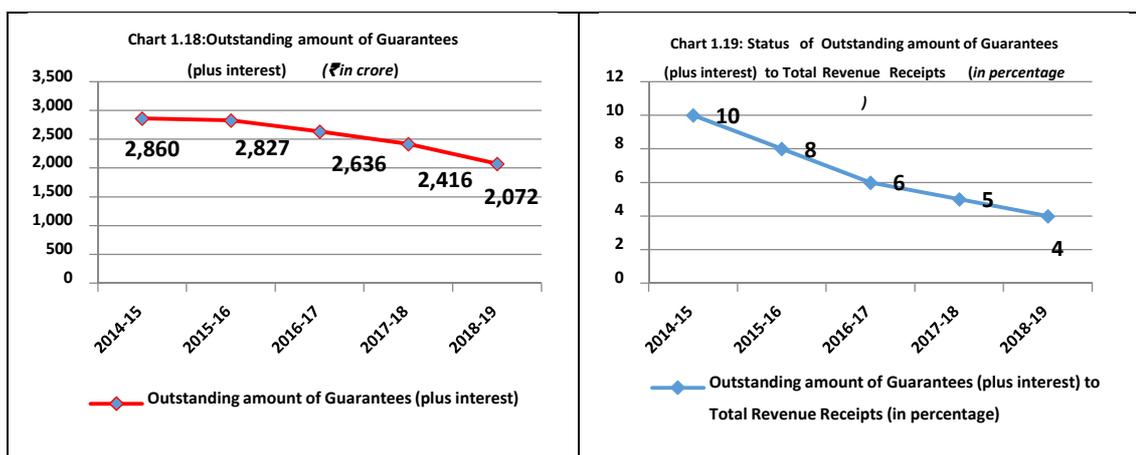
The State Government set up a Guarantee Redemption Fund (GRF) in 2005-06 to meet liabilities arising from invoking of Guarantees extended to various State

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 ₹12.07 crore i.e., {0.5 per cent of outstanding Guarantee of ₹2,414.10 crore (excluding interest of ₹1.97 crore) as on 31 March 2018}, the State Government contributed ₹1.00 crore towards the fund in 2018-19. The State Government received ₹3 crore as Guarantee Commission/Fee during 2018-19 and was credited to the Fund. The closing balance of the Fund as on 31 March 2019 was ₹19.42 crore.

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

#### **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:



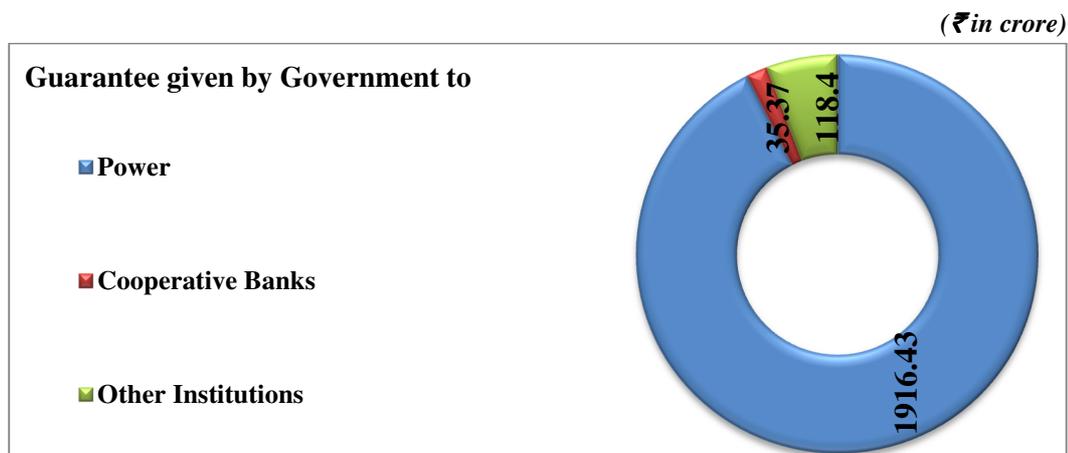
(Source: Finance Accounts of respective years)

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 2019 aggregated ₹2,070.20 crore (excluding interest) (under reconciliation with State Government) which is 4.27 per cent of Total Revenue Receipts of ₹48,511.88 crore of 2017-18 and 1.49 per cent of GSDP of ₹1,38,488 crore (current prices) of 2017-18 as available on the web site of Ministry of Statistics and Programme implementation, Government of India (01 August 2019) plus interest of ₹1.95 crore. The State Government has not yet assessed 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 Owned Corporations and PSUs and other Autonomous and Statutory Bodies. The State Government has prescribed levy of

Guarantee commission/fee of two *per cent* of the guarantees, as intimated by State Finance Department. An amount of ₹three crore was received as Guarantee Fee/Commission during 2018-19.

**Chart 1.20: Sector –wise details of guarantees at the end of 31 March 2019**



(Source: State Finance Accounts)

Ninety-three *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 2019 aggregated to ₹2,070.20 crore (excluding interest) (under reconciliation with State Government) which is 4.27 *per cent* of Total Revenue Receipts of ₹48,511.88 crore of 2017-18 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**

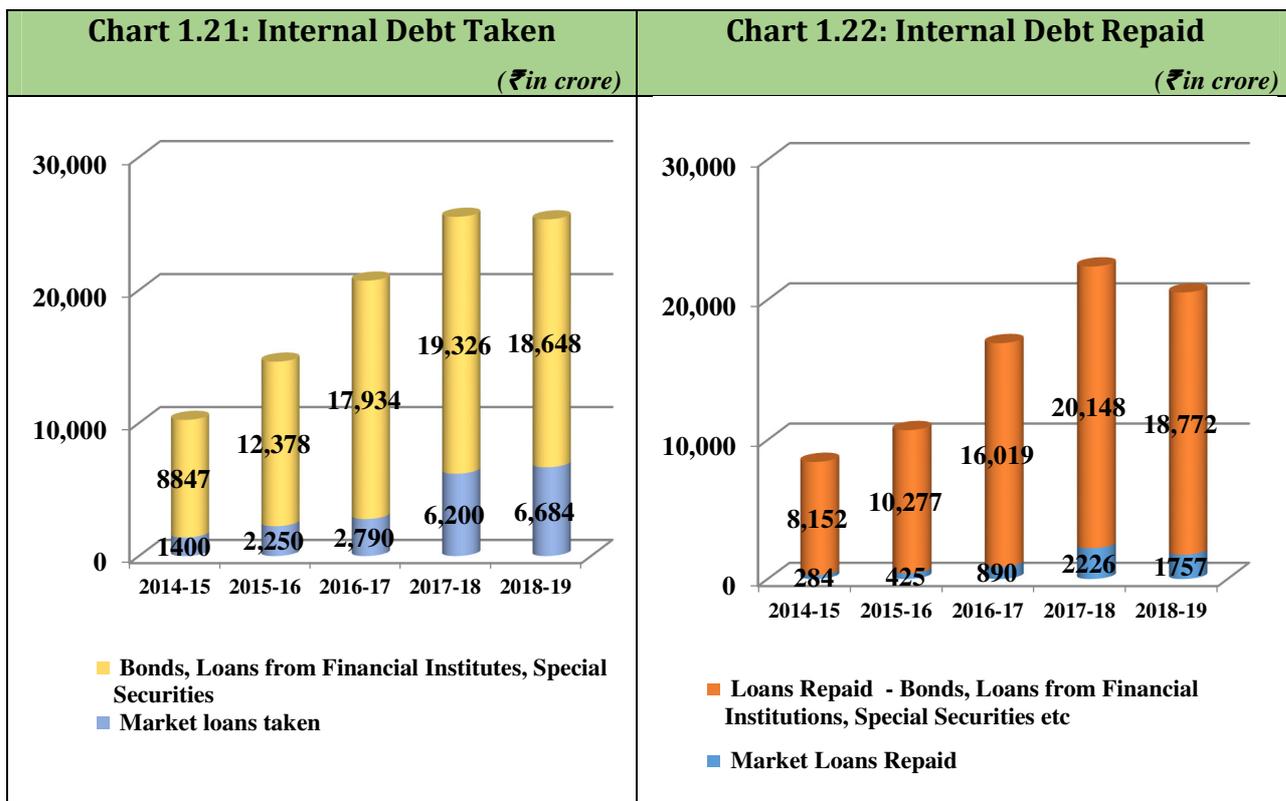
(₹ in crore)

Year	Opening Balance	Debt Receipts	Repayment during the year	Closing Balance	Increase/Decrease	Per cent age of increase over previous year
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
2018-19	37,418.53	25,332.27	20,529.39	42,221.41	4,802.88	13

(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 Accounts. 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 *per cent*. In 2018-19, the State Government borrowed against Bonds, Loans from Financial institutions ₹18,648 crore (out of total internal debt receipts of ₹25,332 crore). Bonds, loans from Financial institutions, special securities repaid was ₹18,772 crore. The outstanding market loans as of 31 March 2019 was ₹30,947 crore which is 73 *per cent* of total outstanding internal debt of ₹42,221 crore.

There was a decrease of ₹194 crore in Internal Debt Receipts during the year from ₹25,526 crore in 2017-18 to ₹25,332 crore in 2018-19.



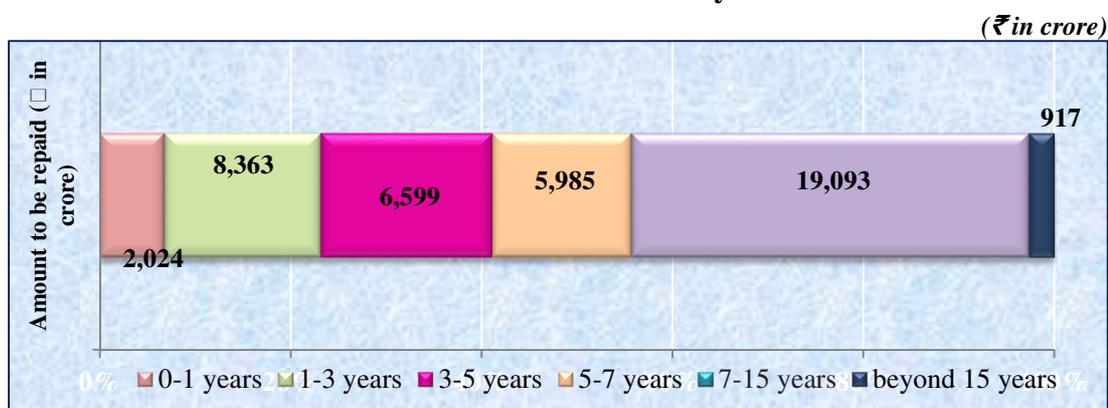
**Chart 1.21** shows that Internal Debt of the State increased by ₹15,085 (147 per cent) from ₹10,247 crore in 2014-15 to ₹25,332 crore in 2018-19.

**Chart 1.22** shows that Internal Debt Repayment increased by ₹12,093 crore (143 per cent) from ₹8,436 crore to ₹20,529 crore during this period. An interest of ₹3,200 crore was paid on internal debt during 2018-19.

### 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 1.23: Debt Maturity Profile**

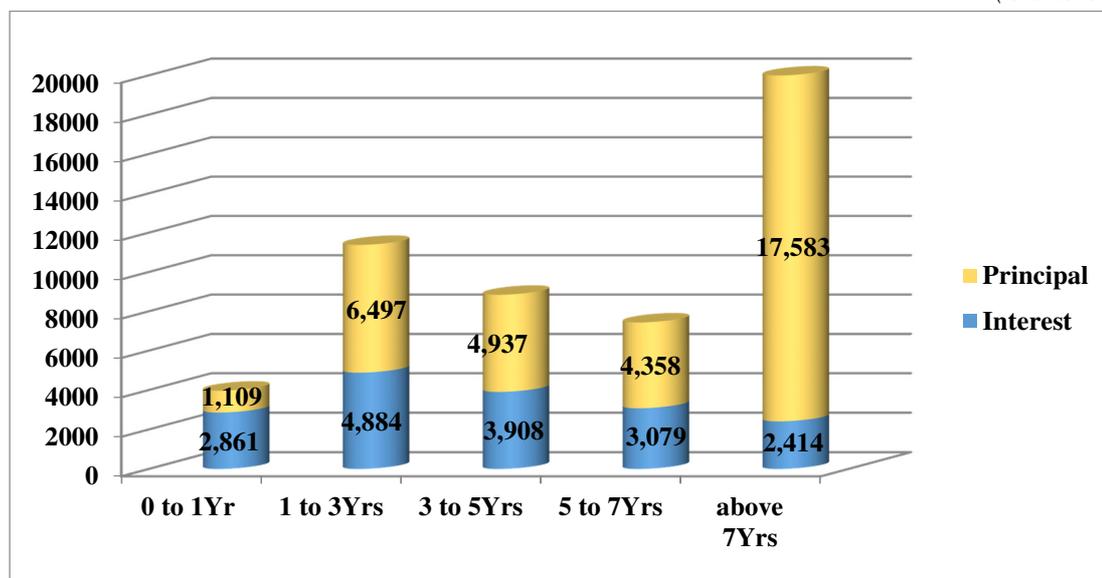


The maturity profile of Outstanding Public Debt as on 31 March 2019 showed that ₹22,971 crore (53 per cent) of the total outstanding debt of ₹42,981 crore was in the maturity bucket of up to seven years and the balance ₹20,010 crore (47 per cent) from seventh year onwards.

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

**Chart 1.24: Repayment Schedule of Market Loans (including UDAY Bonds)**

(₹ in crore)



(Source: Finance Accounts)

The State will have to repay market loans and UDAY bonds of ₹12,543 crore (36 per cent of total outstanding market loans and UDAY bonds of ₹34,484 crore as on 31 March 2019) along with interest of ₹11,653 crore during next five years up to 2023-24. Balance Market loans and UDAY bonds of ₹21,941 crore will have to be repaid in subsequent years up to 2031-32 alongwith interest of ₹5,493 crore. This means that the State will have to make repayment of ₹4,839 crore annually during next five years. Market loans and interest thereon (including interest on UDAY bonds) repaid during 2018-19 was ₹4,306 crore.

Revenue Receipts and Revenue Expenditure have grown at an annual average rate of 13.91 per cent and 17.07 per cent respectively in the past ten years. Applying these growth rates, and assuming that the Revenue Receipts and Revenue Expenditure maintain the average growth rate of last ten years, Revenue Deficit during 2021-22 works out to ₹13,925 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 (19.17 per cent) would be ₹42,878 crore. After meeting the debt liability of ₹40,695 crore (including repayment of UDAY bonds Principal of ₹214 crore) falling due for repayment in 2021-22, borrowed funds would fall short of bridging the revenue gap by ₹11,741 crore. The State would thus have to resort to additional borrowings to meet its liabilities from 2021-22.

### 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 1.31: Details of utilization of Borrowed Funds towards Repayments, Net Capital Expenditure and Revenue Expenditure**

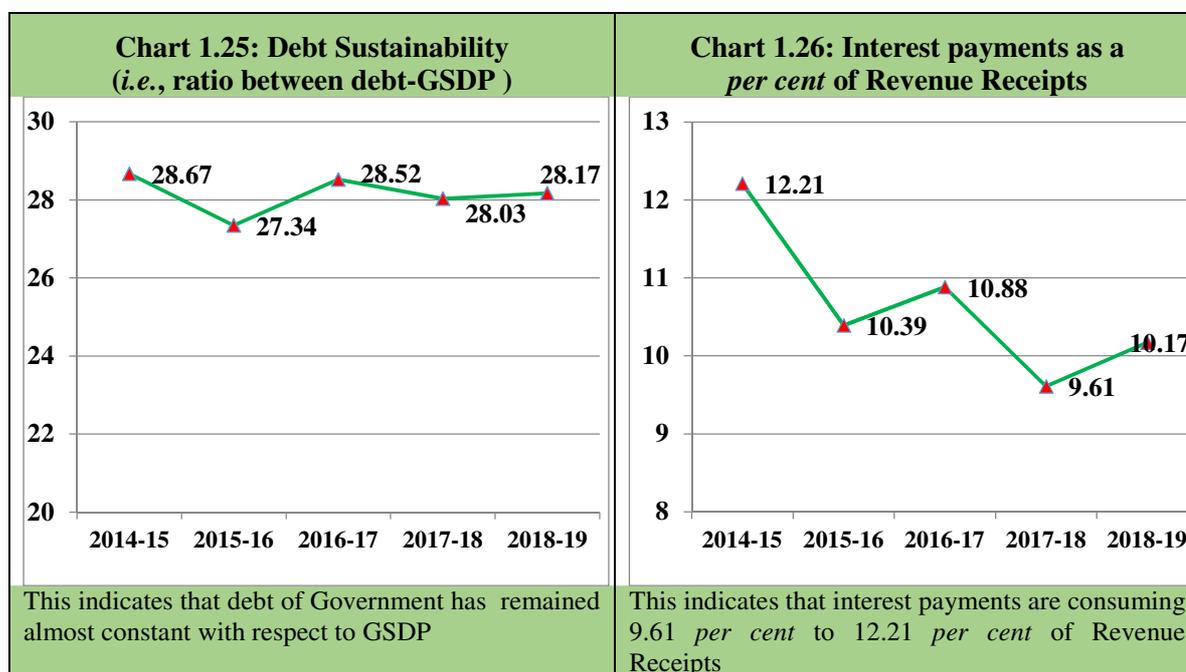
(₹ in crore)

Year	Total Borrowings	Repayment of earlier Borrowings*(Principal) (Percentage)	Net Capital Expenditure met from the borrowing
(1)	(2)	(3)	(4)
2014-15	10,259	6,161(60.05)	4,098(39.95)
2015-16	14,645	8,352(57.03)	6,293(42.97)
2016-17	20,749	14,187(68.37)	6,562(31.63)
2017-18	25,557	19,452(76.11)	6,105(23.89)
2018-19	25,336	17,366(68.54)	7,970(31.46)

(Figures in the parenthesis is percentage of Total Borrowings)

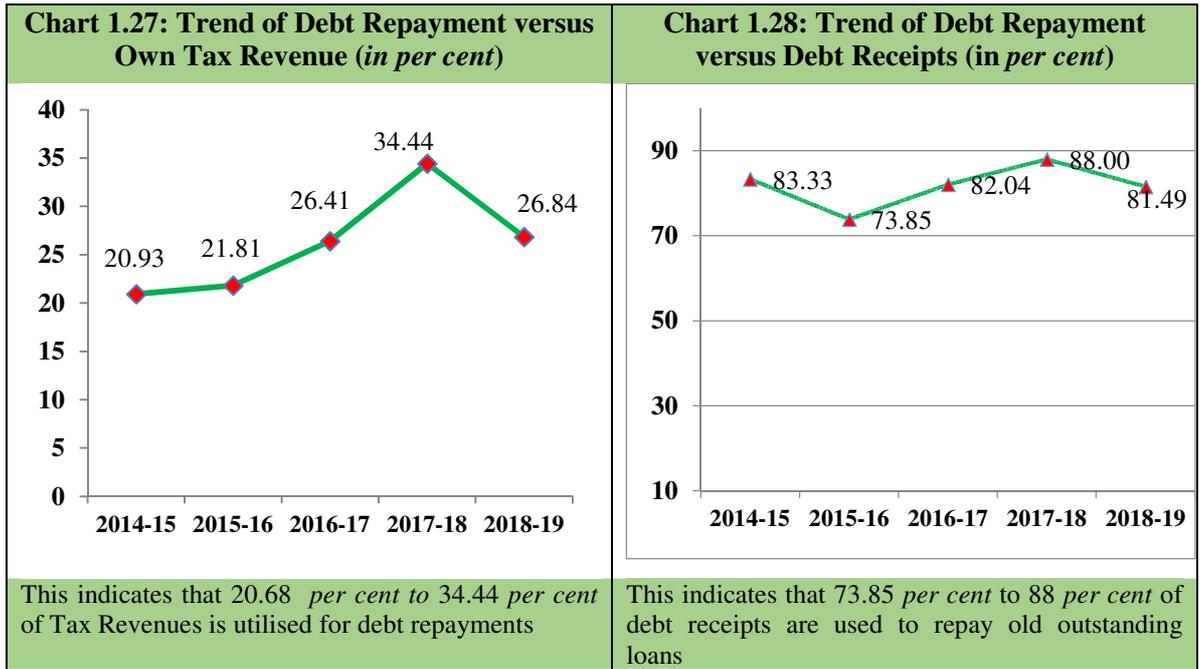
\* Total repayment of public debt – interest paid during the year

In the years 2014-15 to 2018-19, the State Government utilized 57 per cent to 76 per cent of the total borrowings for making repayment of earlier principal borrowing and the remaining borrowings were partially used for Net Capital Expenditure.



**Chart 1.25** shows that the ratio of Debt to GSDP during 2014-15 to 2018-19 remained almost constant which ranged between 27.34 per cent to 28.67 per cent.

**Chart 1.26** indicates that interest payment as a percentage of Revenue Receipt decreased during the same period.



**Chart 1.27** indicates that the percentage of own Tax Revenue utilized for Repayment of Debt (excluding Ways and Means advances and Over Drafts) increased from 20.93 per cent to 34.44 per cent during 2014-15 to 2017-18 and decreased to 26.84 per cent during 2018-19.

**Chart 1.28** indicates that debt repayment as percentage of debt receipt also showed increasing trend during 2015-16 to 2017-18 as it increased from 73.85 per cent to 88 per cent, and decreased to 81.49 per cent during 2018-19, showing that maximum portion of the debt receipts has been utilized for repayment of earlier debt.

### 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 1.32** analyse the debt sustainability of the State according to these indicators for the period of five years beginning from 2014-15.

**Table 1.32: Debt Sustainability**

Indicators of Debt Sustainability	2014-15	2015-16	2016-17	2017-18	2018-19
Outstanding Public Debt	28,201	32,031	35,756	38,823	43,513
Rate of Growth of Outstanding Public Debt	6.46	13.58	11.63	8.58	12.08
GSDP	98,370	1,17,168	1,25,379	1,38,488	1,54,441
Rate of Growth of GSDP	2.88	19.11	7.00	10.46	11.52
Revenue Receipt	28,939	35,781	41,978	48,512	51,231
Interest payments on debts	2,388	2,463	2,836	*3,038	3,281*

(₹ in crore)

Average interest Rate of Outstanding Debt (interest paid/OB of Public Debt+CB of Public Debt/2)	8.73	8.18	8.37	8.15	7.96
Percentage of Interest to Revenue Receipt	8.25	6.88	6.76	6.26	6.40
Debt Receipt	10,259	14,645	20,749	25,557	25,336
Debt Payment	8,549	10,815	17,023	22,490	20,647
Percentage of Debt Payment to Debt Receipt	83.33	73.84	82.04	88.00	81.49
Net Debt available to the State	(-) 678	1367	890	29	1,408

Source: State Finance Accounts\*Includes interest payment of ₹284.12 crore on UDAY Bonds issued during 2015-16 and 2016-17

An analysis on debt sustainability was carried out based on a study by E.D Domar<sup>6</sup>. The Domar Model states that necessary premise for ensuring stability in public indebtedness is that interest rates for Government loans should not exceed the growth rate of GDP. The dynamics of public debt depending on the interest rate, growth rate of GDP and the primary budget balance are as follows:

<b>g-r (g- real economic growth rate; r- real interest rate)</b>	<b>s&lt;0 (primary deficit)</b>	<b>s &gt; 0 (primary surplus)</b>
g-r> 0 (strong economic growth)	Public debt as percentage of GSDP should converge to a stable level greater than zero.	Public debt as percentage of GSDP should converge to a stable level less than zero leading to public savings.
g-r<0 (slow economic growth)	Public debt as percentage of GSDP should increase indefinitely without converging to a stable level.	Undefined situation.

Applying the analysis to Jammu & Kashmir it was seen that except during 2014-15 the Domar gap (g-r) was positive in all the years from 2015-16 to 2018-19. There was primary deficit in all years except in 2017-18 when the State had primary surplus. Since the past four year trend has been that of positive Domar gap, it can be said that the public debt will converge to a stable level. The debt to GSDP ratio of the State ranged between 49 *per cent* and 54 *per cent* in the last five years. The corresponding Fourteenth Finance Commission (FFC) Fiscal target of Debt Limit was 45.57, and Fiscal Deficit ceiling was 3 *per cent* of GSDP.

<b>Year</b>	<b>Real Growth (g)</b>	<b>Real Interest (r)</b>	<b>g-r</b>	<b>Primary deficit (-)/ Surplus(s) (₹ in crore)</b>
2014-15	(-) 3.22	2.69	(-) 5.91	(-)2,075
2015-16	17.76	2.19	15.57	(-)4,341
2016-17	3.84	3.05	0.79	(-)1,610
2017-18	6.80	1.35	5.45	(+)1,885
2018-19	6.56	2.65	3.91	(-)8,128

Real Growth rate calculated for Real GDP.  
Real Interest rate is the nominal interest rate adjusted for inflation

<sup>6</sup> E.D Domar, 1914-1997, Domar Model does not take into account maturity profile, composition, cost and risk characteristics of debt stock

The capital expenditure of the State has hovered between 13 to 20 *per cent* during 2014-19. Revenue surplus of ₹7,595 crore in 2017-18 converted to revenue deficit of ₹4,859 crore in 2018-19 on account of implementation of Seventh Pay Commission. The Fiscal deficit also increased to 8.64 *per cent* of GSDP in 2018-19 from 2.01 *per cent* in 2017-18 primarily on this account. This will impact revenue flows in the future which will in turn impact the primary balance. Moreover, other factors such as public account liabilities and *force majeure* events<sup>7</sup>, and any other unanticipated loss of revenue also have to be reckoned in assessing the debt sustainability/stability of the State as these cannot be anticipated or determined statistically; they have not been factored in the analysis.

## 1.11 Fiscal Imbalances

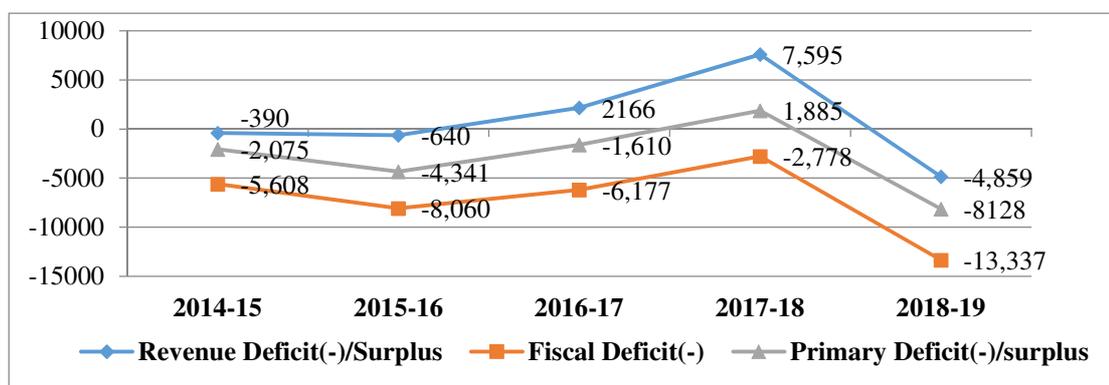
Three fiscal parameters- Revenue, Fiscal and Primary Deficits indicate the extent of overall fiscal imbalances in the finances of State Government during the specified period. The nature of deficit is an indicator of the prudence of fiscal management of the Government.

### 1.11.1 Trends in Deficits

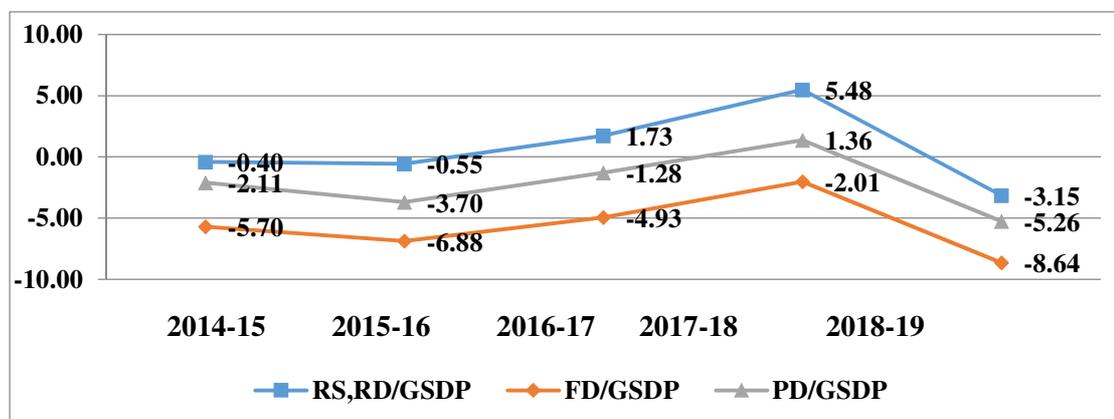
**Chart 1.29** gives time series data on the three deficits during 2014-15 to 2018-19.

**Chart 1.29: Trends in Deficits**

(₹ in crore)



**Chart-1.30: Deficit Indicators related to GSDP (in per cent)**



<sup>7</sup> Like current Corona Virus crisis and its effect on GSDP

**Revenue Deficits:** The State remained in Revenue Deficit (RD) during the period 2014-15 to 2018-19, except 2016-17 and 2017-18. There was Revenue Deficit (RD) of ₹4,859 crore in 2018-19 as compared to Revenue Surplus (RS) of ₹7,595 crore in 2017-18 mainly due to implementation of 7<sup>th</sup> Pay Commission recommendation for J&K Government employees. There was an increase in salary by ₹8,029 crore during 2018-19 contributing to the Revenue Deficit. This increase in salary also includes arrears to the tune of ₹3,900 crore on account of implementation of pay commission recommendation which were credited to GPF Accounts by way of book adjustment. This has resulted in onetime impact on Revenue Deficit to that extent. The Revenue Deficit of ₹4,859 crore during 2018-19 was also understated by ₹2,277.88 crore owing to misclassification and short transfer of funds/interest to the Reserve Funds.

**Fiscal Deficit:** Fiscal Deficit (FD) increased from ₹5,608 crore in 2014-15 to ₹13,337 crore in 2018-19. The percentage of FD to GSDP increased from 5.70 per cent in 2014-15 to 8.64 per cent in 2018-19. Fiscal Deficit increased by ₹10,559 crore from ₹2,778 crore in 2017-18 to ₹13,337 crore in 2018-19. During 2018-19, 64 per cent of Fiscal Deficit was financed from Public Account and remaining 36 per cent was financed through market borrowings.

**Primary Deficit/Surplus:** Primary Deficit (PD) increased from ₹2,075 crore in 2014-15 to ₹8,128 crore in 2018-19 except 2017-18 when there was Primary Surplus of ₹1,885 crore. **Chart 1.30** presents the trends in key deficit indicators related to GSDP over the period 2014-15 to 2018-19.

**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 2018-19, the State registered a Primary Revenue Surplus of ₹350 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 Deficits (Under- Stated)	Impact on Fiscal Deficit (Under- stated)	Ratio before taking the net impact ( in per cent)		Ratio after taking the net impact (in per cent)	
			RD/GSDP	FD/GSDP	RD/GSDP	FD/GSDP
Grants-in-Aid classified as Capital Expenditure	1,874.17	-	3.15	8.64	4.62	8.63
Operating cost and transport/handling charges of PDS classified as Capital Expenditure	286.21	-				
Stipend and Scholarship booked under Capital Expenditure	0.19	-				
Subsidy booked under Capital Expenditure	99.18	-				
Salary booked under Capital Expenditure	2.24	-				

Short Contribution to Guarantee Redemption Fund	11.07	11.07				
Amount not transferred to SDRF (interest on account of delay in transfer)	0.18	0.18				
Amount not transferred to NPS (interest on account of delay in transfer)	4.64	4.64				
<b>Total Net Impact</b>	<b>2,277.88</b>	<b>15.89</b>				

Revenue Deficits of ₹4,859 crore is understated by ₹2,277.88 crore because of Revenue Expenditure being classified as Capital Expenditure and short transfer of funds/interest to the Reserve Funds and Fiscal Deficit is also understated by ₹15.89 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		2014-15	2015-16	2016-17	2017-18	2018-19
<b>Components of fiscal deficit</b>						
1	Revenue Surplus/Deficit(-)	(-390)	(-640)	(+)2,166	(+)7,595	(-4,859)
2.	Net Capital Expenditure	(-) 5,134	(-) 7,331	(-) 8,286	(-)10,353	(-)8,413
3.	Net Loans and Advances	(-)84	(-) 90	(-)57	(-)21	(-) 65
<b>4</b>	<b>Fiscal Deficit</b>	<b>(-) 5,608</b>	<b>(-)8,060</b>	<b>(-)6,177</b>	<b>(-)2,778</b>	<b>(-)13,337</b>
<b>Financing pattern of Fiscal Deficit</b>						
1.	Market Borrowings	1,811	3,926	3,815	3,152	4,803
2.	Loans from GOI	(-)100	(-) 96	(-)90	(-)84	(-)113
3.	Small Savings, PF etc.	2,232	2,886	1,846	1,556	5,323
4.	Deposits and Advances	376	112.39	949	1,084	554
5.	Suspense and Miscellaneous	(-)237	(-) 131	(-)93	(-)140	404
6.	Remittances	2,545	(-) 208	(-)690	(-)2,955	2,001
7.	Reserve Funds	(-)677	214	334	290	322
8.	Drawdown of cash balance (+)/Accretion to cash balance(-)	(-)338	(+)874	(+)98	(-)125	(+)43

(Source: Finance Accounts of respective years)

**Table 1.35: Receipts and Disbursements under components financing the fiscal deficit of 2018-19**

(₹ in crore)

	Particulars	Receipt	Disbursement	Net
1	Market Borrowing	25,332	20,529	4,803
2	Loans from GoI	4	117	(-)113
3	Small Savings, Provident Funds etc.	8,857	3,534	5,323
4	Deposits and advances	4,914	4,360	554
5	Reserve Funds	695	373	322
6	Suspense and Miscellaneous	1,053	649	404
7	Remittances	2,741	740	2,001
<b>8</b>	<b>Overall surplus (-) deficit (+)</b>	<b>43,596</b>	<b>30,302</b>	<b>13,294</b>
9	Increase (-) decrease (+) in cash balance	554	511	(+)43
<b>10</b>	<b>Gross Fiscal Deficit</b>	<b>44,150</b>	<b>30,813</b>	<b>13,337</b>

(Source: State Finance Accounts)

During 2018-19, 64 per cent of Fiscal Deficit was financed from Public Account and remaining 36 per cent was financed through market borrowings.

### 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	Revenue Receipts	Primary Revenue Exp.	Capital Exp.	Loans & Advances	Total Primary Exp.	Primary Revenue Surplus	Primary Deficit (-)/ Surplus (+)
1	2	3	4	5	6	7 (4+5+6)	8 (3-4)	9 (2-7)
2014-15	28,942	28,939	25,796	5,134	87	31,017	3,143	(-) 2,075
2015-16	35,785	35,781	32,701	7,331	94	40,126	3,080	(-) 4,341
2016-17	41,997	41,978	35,245	8,286	76	43,607	6,733	(-) 1,610
2017-18	48,516	48,512	36,253	10,353	25	46,631	12,259	(+)1,885
2018-19	51,235	51,231	50,881	8,413	69	59,363	350	(-)8,128

- 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 ₹31,017 crore in 2014-15 to ₹59,363 crore in 2018-19. This was on account of increase in Primary Revenue Expenditure by ₹25,085 crore, while Capital Expenditure increased by ₹3,279 crore.
- The Primary Revenue Surplus which was ₹3,143 crore in 2014-15 increased further to ₹12,259 crore in 2017-18 and during 2018-19 it reduced to ₹350 crore.
- The Primary Deficit which was ₹2,075 crore in 2014-15 converted to Primary Surplus of ₹1,885 crore during 2017-18 and in 2018-19 there is again Primary Deficit of ₹8,128 crore.

**Table 1.37 Components of Fiscal Deficit**

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue deficit(-)/ surplus (+)	(-)390	(-)640	(+)2,166	(+)7,595	(-)4,859
Net Capital Expenditure	(-)5,134	(-)7,331	(-)8,286	(-)10,353	(-)8,413
Net loans and advances	(-)84	(-)90	(-)57	(-)21	(-)65
Fiscal Deficit	(-)5,608	(-)8,060	(-)6,177	(-)2,778	(-)13,337

Fiscal Deficit increased from ₹5,608 crore in 2014-15 to ₹13,337 crore in 2018-19. During 2018-19, 63 *per cent* of the Fiscal Deficit was on account of Net Capital Expenditure and 36 *per cent* was on account of Revenue Deficit.

## 1.12 Conclusions

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 71 *per cent* in 2014-15 to 72 *per cent* in 2018-19. Over the last five years, there was increase in the Total Capital Expenditure (including Loans and Advances) from ₹5,221 crore to ₹8,482 crore. State's Own Tax Revenue (SOTR) grew from ₹6,334 crore in 2014-15 to ₹9,826 crore in 2018-19.

Revenue Receipts increased by 5.60 *per cent* during 2018-19 over the previous year. The increase in Revenue Receipts was due to increase in State's share of Union Taxes/Duties and Grants-in-Aid.

The Grants-in-Aid increased by ₹364 crore from ₹22,702 crore in 2017-18 to ₹23,066 crore in 2018-19. The State Government is dependent on Grants-in-Aid from GoI to the extent of 45 *per cent* of Revenue Receipts during 2018-19.

The State's Own Resources of ₹14,175 crore during 2018-19 was not enough to cover its committed liabilities (salaries, interest payments, pension and subsidies) of ₹38,186 crore.

Committed expenditure on account of salary & wages, pension, interest payment and subsidies constitutes 68 *per cent* of Revenue Expenditure.

Cash balance of ₹511 crore at the close of 2018-19 was lesser than the earmarked reserve funds amounting ₹2,486 crore which means that reserve funds were used for other than the intended purpose.

The decrease in Development Capital Expenditure during 2018-19 indicates that the Government spent less towards development works and creation of assets as compared to previous year.

The outstanding market loans as of 31 March 2019 was ₹30,947 crore which was 73 *per cent* of outstanding total internal debt of ₹42,221 crore. Market borrowings decreased by ₹194 crore from ₹25,526 crore in 2017-18 to ₹25,332 crore in 2018-19. Net debt availability increased from ₹29 crore in 2017-18 to ₹1,408 crore in 2018-19.

The State's Primary Surplus of ₹1,885 crore in 2017-18 turned into Primary Deficit in 2018-19 and stood at ₹8,128 crore. Revenue Surplus of ₹7,595 crore during 2017-18 turned to Revenue Deficit of ₹4,859 crore in 2018-19. State Government could not achieve the target of Revenue Surplus and Fiscal Deficit as per 14<sup>th</sup> FC targets. Fiscal Deficit (FD) increased from ₹2,778 crore in 2017-18 to ₹13,337 crore in 2018-19.



**Chapter-II**  
**Financial Management And**  
**Budgetary Control**



## CHAPTER –II

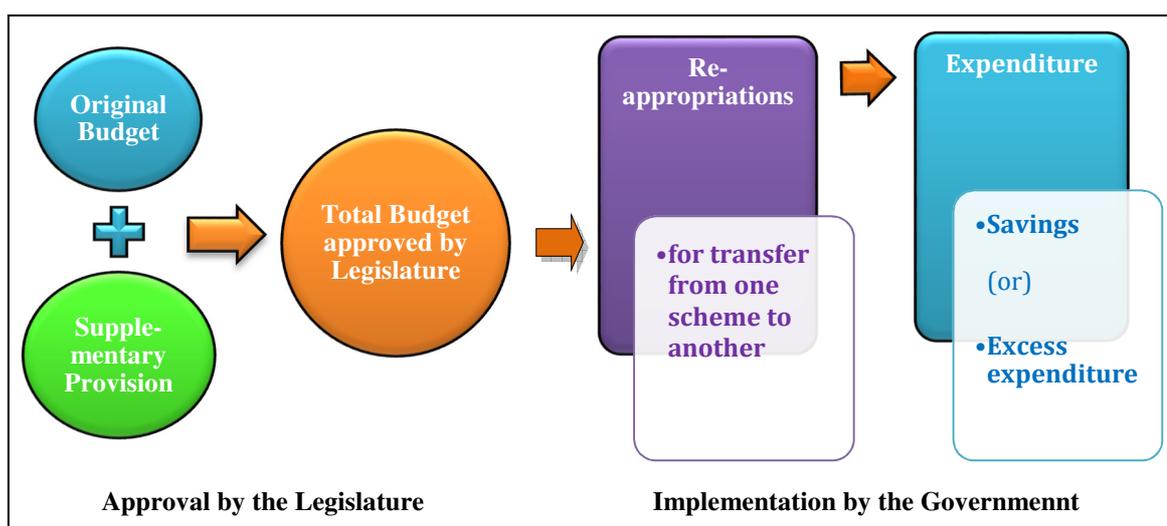
### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 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 2018-19 was ₹1,09,479.22 crore. The actual expenditure during the year was ₹85,241.37 crore (77.86 per cent). This resulted in savings of ₹24,237.85 crore in 2018-19. The summarized position of actual expenditure during 2018-19 against 36 grants/appropriations is given below:

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

(₹ in crore)

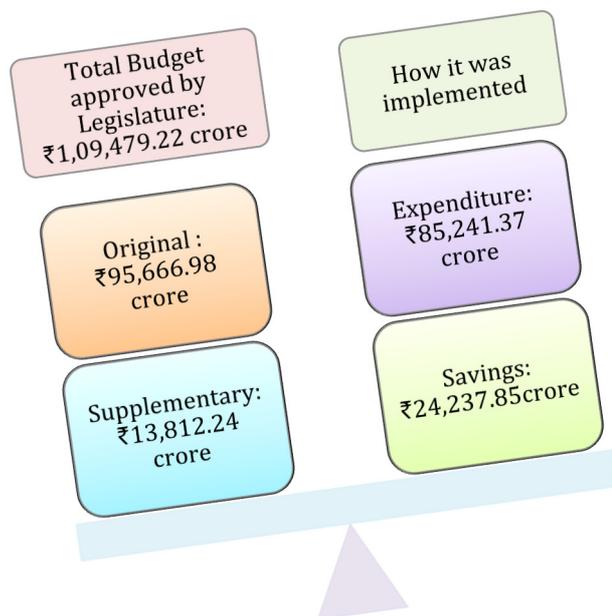
	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure <sup>1</sup>	Saving(-)/ Excess (+)	Amount surrendered
Voted	I-Revenue	46,463.29	10,648.84	57,112.13	50,812.18	(-)6,299.95	Nil
	II-Capital	25,877.06	2,203.59	28,080.65	8,435.63	(-)19,645.02	Nil
	III-Loans and Advances	568.50	0.00	568.50	69.15	(-)499.35	Nil
<b>Total Voted</b>		<b>72,908.85</b>	<b>12,852.43</b>	<b>85,761.28</b>	<b>59,316.96</b>	<b>26,444.32</b>	<b>Nil</b>
Charged	IV-Revenue	4,781.44	959.81	5,741.25	5,277.80	(-)463.45	Nil
	V-Capital	0.00	0.00	0.00	0.00	0.00	Nil
	VI-Public Debt Repayment	17,976.69	0.00	17,976.69	20,646.61	(+)2,669.92	Nil
<b>Total Charged</b>		<b>22,758.13</b>	<b>959.81</b>	<b>23,717.94</b>	<b>25,924.41</b>	<b>(+)2,206.47</b>	<b>Nil</b>
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	0.00	0.00	Nil
<b>Grand Total</b>		<b>95,666.98</b>	<b>13,812.24</b>	<b>1,09,479.22</b>	<b>85,241.37</b>	<b>(-)24,237.85</b>	<b>Nil</b>

Source: Appropriation Accounts

<sup>1</sup> These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Capital (₹22.04 crore).

### 2.2.1 Analysis of Appropriation Accounts 2018-19

**Chart 2.2: How the Budget was implemented**



The overall saving of ₹24,237.85 crore was the result of saving of ₹28,869.38 crore in 33 grants under Revenue (Voted) and 5 appropriation under Revenue Section and 33 grants under Capital Section which is offset by excess of ₹4,631.53 crore in three grants under Revenue Section and two grants and one appropriation under Capital Section. The excess of ₹4,631.53 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	33	05	33	-	-	28,869.38
Excess expenditure occurred in	03	-	03	-	01	4,631.53

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 ₹1,14,061.35 crore for the years 1980-2018 is yet to be regularized by the State Legislature, as detailed in *Appendix 2.1*. After including further excess expenditure of ₹4,631.53 crore *Appendix 2.2* during 2018-19 as brought out in the preceding Sub-section, the aggregate excess expenditure amounting to ₹1,18,692.88 crore as on 31 March 2019 may be got regularized from the Legislature/Parliament, as the Union Territory is under the President's rule, the matter may be taken up with the Parliament as per rules. This irregularity is in violation of Section 81 and 82 of the Constitution of

Jammu and Kashmir. Excess expenditure remaining un-regularized for such extended period needs to be viewed seriously as this vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources. Therefore, all the existing cases of excess expenditure need to be got regularized at the earliest.

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

**Table-2.3: Excess over provisions requiring regularization during 2018-19**

(₹ in crore)

Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/ Appropriation	Expenditure	Excess (Percentage)
<b>I-Revenue (Voted)</b>					
1	3	Planning, Development and Monitoring Department	77.32	448.29	370.97 (480)
2	15	Food, Civil Supplies and Consumer Affairs Department	228.62	242.04	13.42 (06)
3	16	Public Works Department	953.65	2,488.64	1,534.99 (161)
<b>Total (I-Revenue Voted)</b>			<b>1,259.59</b>	<b>3,178.97</b>	<b>1,919.38</b>
<b>II-Capital (Voted)</b>					
4	5	Ladakh Affairs Department	316.16	317.69	1.53 (0.48)
5	17	Health and Medical Education Department	853.59	874.36	20.77 (02)
6	30	Tribal Affairs Department	8.90	28.83	19.93 (224)
<b>Total (II-Capital Voted)</b>			<b>1,178.65</b>	<b>1,220.88</b>	<b>42.23</b>
<b>III-Capital Charged</b>					
7	08	Finance Department	17,976.69	20,646.61	2,669.92 (15)
<b>Total (III-Capital Charged)</b>			<b>17,976.69</b>	<b>20,646.61</b>	<b>2,669.92</b>
<b>Grand Total (I+II+III)</b>			<b>20,414.93</b>	<b>25,046.46</b>	<b>4,631.53</b>

Source: Appropriation Accounts

In Grant No -08 there was persistent Excess expenditure during 2014-15 to 2018-19 as shown below:

**Table-2.4: Grant where Persistent Excess expenditure incurred during 2014-15 to 2018-19**

(₹ in crore)

Grant No. and Name	Years				
	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Revenue/Capital</b>					
<b>08-Finance Department</b>	186.32 (2%)	2,225.82 (26%)	225.89 (627%)	4,652.19 (26%)	2,669.92 (15%)

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

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 70 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 ₹28,869.38 crore, savings of ₹28,509.55 crore<sup>2</sup> occurred in 38 cases relating to 26 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	Supplementary	Total grant	Actual expenditure	Savings (Percentage)
<b>I-Revenue Voted</b>						
1	01-General Administration Department	331.33	92.09	423.42	353.17	70.25 (17)
2	02-Home Department	5,082.53	2,471.22	7,553.75	6,776.14	777.61 (10)
3	06- Power Development Department	8,341.05	816.96	9,158.01	7,542.75	1,615.26 (18)
4	07-Education Department	6,586.94	3,317.91	9,904.85	8,551.21	1,353.64 (14)
5	08-Finance Department	10,775.45	0.09	10,775.54	8,149.70	2,625.84 (24)
6	10-Law Department	296.53	291.15	587.68	501.69	85.99 (15)
7	12-Agriculture Department	948.55	624.39	1,572.94	1,131.11	441.83 (28)
8	14- Revenue Department	528.38	75.41	603.79	485.30	118.49 (20)
9	17-Health and Medical Education Department	2,795.13	930.50	3,725.63	3,549.39	176.24 (05)
10	18-Social Welfare Department	1,497.31	291.28	1,788.59	1,384.62	403.97 (23)
11	22-Irrigation & Flood Control Department	633.52	152.34	785.86	655.34	130.52 (17)
12	33-Disaster Management, Relief, Rehabilitation and Reconstruction Department	756.60	0.00	756.60	686.34	70.26 (09)
13	34-Youth Services and Technical Education Department	463.25	92.20	555.45	481.24	74.21 (13)
<b>Total-Revenue (Voted)</b>		<b>39,036.57</b>	<b>9,155.54</b>	<b>48,192.11</b>	<b>40,248.00</b>	<b>7,944.11</b>
<b>Revenue (Charged)</b>						
14	08-Finance Department	4,724.78	940.68	5,665.46	5,208.68	456.78 (08)
<b>Total Revenue (Charged)</b>		<b>4,724.78</b>	<b>940.68</b>	<b>5,665.46</b>	<b>5,208.68</b>	<b>456.78 (08)</b>
<b>Total-I</b>		<b>43,761.35</b>	<b>10,096.22</b>	<b>53,857.57</b>	<b>45,456.68</b>	<b>8,400.89</b>
<b>II-Capital (Voted)</b>						
15	02-Home Department	871.49	50.02	921.51	335.90	585.61 (64)
16	03-Planning, Development and Monitoring Department	2,631.65	0.00	2,631.65	451.67	2,179.98 (83)
17	06-Power Development Department	4,712.02	878.40	5,590.42	206.16	5,384.26 (96)

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

18	07-Education Department	1,148.44	0.00	1,148.44	617.20	531.24 (46)
19	08-Finance Department	2,595.06	0.00	2,595.06	25.23	2,569.83 (99)
20	10-Law Department	91.27	0.00	91.27	38.24	53.03 (58)
21	11-Industries and Commerce Department	243.63	0.00	243.63	152.34	91.29 (37)
22	12-Agriculture Department	891.57	0.00	891.57	152.71	738.86 (83)
23	13-Animal/Sheep Husbandry Department	102.22	0.00	102.22	38.62	63.60 (62)
24	15-Foods, Civil Supplies and Consumer Affairs Department	308.72	34.34	343.06	287.25	55.81 (16)
25	16- Public Works Department	2,098.39	263.11	2,361.50	1,103.13	1,258.37 (53)
26	18-Social Welfare Department	356.16	0.00	356.15	34.19	321.96 (90)
27	19-Housing & Urban Development Department	1,487.39	198.33	1,685.72	477.30	1,208.42 (72)
28	20-Tourism Department	429.39	0.00	429.39	93.49	335.90 (78)
29	21-Forest Department	135.84	0.00	135.84	37.22	98.62 (73)
30	22-Irrigation & Flood Control Department	1,440.43	134.99	1,575.42	277.49	1,297.93 (82)
31	23-PublicHealth Engineering Department	660.34	0.00	660.34	523.24	137.10 (21)
32	25-Labour, Stationery & Printing Department	105.03	0.00	105.03	45.55	59.48 (57)
33	27-Higher education Department	225.00	3.94	228.94	131.89	97.05 (42)
34	28- Rural Development Department	2,686.18	376.70	3,062.88	1,805.21	1,257.67 (41)
35	32-Horticulture Department	386.15	0.00	386.15	124.66	261.49 (68)
36	33- Disaster Management, Relief, Rehabilitation and Reconstruction Department	710.69	0.00	710.69	80.86	629.83 (89)
37	34-Youth Services and Technical Education Department	237.20	0.00	237.20	39.17	198.03 (83)
38	35-Science and Technology Department	726.45	0.00	726.45	33.15	693.30 (95)
<b>Total-II- Capital (Voted)</b>		<b>25,280.71</b>	<b>1,939.83</b>	<b>27,220.53</b>	<b>7,111.87</b>	<b>20,108.66</b>
<b>Grand Total – (I+II)</b>		<b>69,042.06</b>	<b>12,036.05</b>	<b>81,078.10</b>	<b>52,568.55</b>	<b>28,509.55</b>

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. Savings under Capital Section ranged between 16 *per cent* to 99 *per cent*. Reasons for substantial savings (shortfall in utilization) against each grant were not furnished (November 2019) by the State Government.

### **2.3.3 Persistent Savings**

In six 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 one grant in Revenue (Voted) 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 2014-15 to 2018-19***(₹ in crore)*

Sl. No.	Grant number and Name	Amount of Savings				
		2014-15	2015-16	2016-17	2017-18	2018-19
<b>Revenue (Voted)</b>						
1	10-Law Department	97.04 (34)	102.19 (37)	154.81 (48)	154.33 (42)	85.99 (15)
<b>Capital (Voted)</b>						
2	06-Power Development Department	250.25 (64)	707.60 (70)	2,177.61 (76)	5,591.27 (89)	5,384.26 (96)
3	12-Agriculture Department	222.70 (55)	179.63 (33)	634.82 (67)	333.92 (37)	738.86 (83)
4	19-Housing and Urban Development Department	568.44 (77)	220.61 (42)	394.59 (51)	519.54 (53)	1,208.42 (72)
5	25-Labour, Stationery and Printing Department	76.70 (98)	31.79 (29)	14.54 (13)	100.74 (84)	59.48 (57)
6	28-Rural Development Department	1,104.58 (60)	496.69 (38)	798.19 (42)	541.36 (23)	1,257.67 (41)

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 indicate that either the schemes under departments did not receive priority of the Government or 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 (November 2019).

During 2018-19, in six 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
<b>1. Grant No. 06-Power Development Department</b>					
(i)	4801- Capital Outlay on Power Projects,01-Hydel Generation,800-OE,0011-General,2021-Generation	994.50	10.10	984.40	98.98
(ii)	4801- Capital Outlay on Power Projects,05-Transmission & Distribution,800-OE,0011-General,0478-Transmission & Distribution	2,179.11	190.41	1,988.70	91.26
<b>2. 19-Housing and Urban Development Department</b>					
(i)	4217-Capital Outlay on Urban Development, 03-Integrated Development of Small and Medium Towns, 051-Construction, 0011-General,1297-Urban Development	1,054.83	202.34	852.49	80.82
<b>3. 28-Rural Development Department</b>					
(i)	4515-Capital Outlay on Other Rural Development Programme,101-Panchayati Raj, 0099-General, 0051 - Community Development &Panchayat, Kashmir	1,151.43	203.73	947.70	82.31

Sr. No.	Grant Name and Scheme Name	Budget Provision	Expenditure	Saving	Percentage savings over budget
(ii)	4515-Capital Outlay on Other Rural Development Programme, 101-Panchayati Raj, 0031-CSS, 0230-Rural Sanitation	398.05	110.40	287.65	72.26
(iii)	4515-Capital Outlay on Other Rural Development Programme, 800-Other, 0011-General, 2468-PMKSY	148.87	34.51	114.36	76.82

Source: Appropriation Accounts

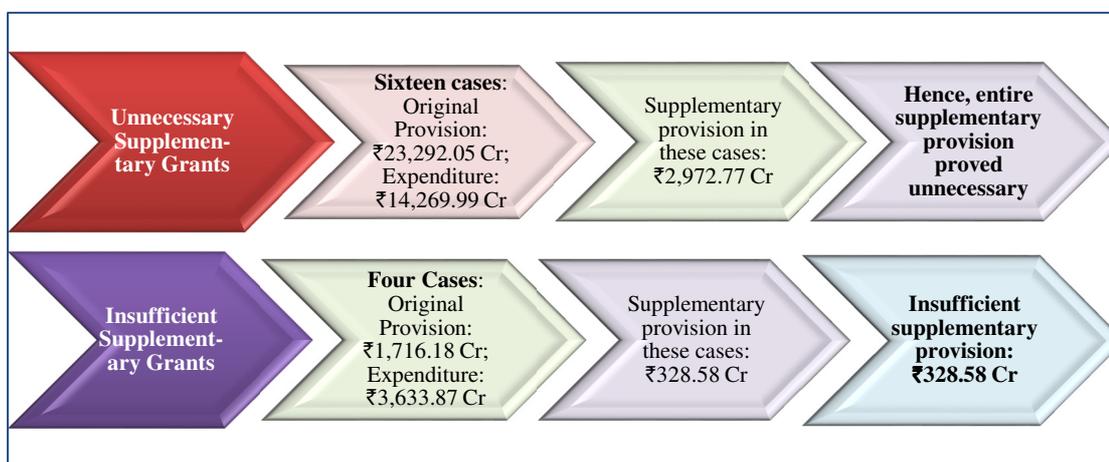
As can be seen from above, the persistent savings ranged between 72.26 per cent to 98.98 per cent.

### 2.3.4 Unnecessary/Inadequate supplementary provisions

In 16 cases, involving 14 grants (*Appendix-2.4*), supplementary grant of ₹2,972.77 crore was obtained in excess of the original provision, in anticipation of expenditure. However, the final expenditure of ₹14,270.25 crore was even less than the original grant of ₹23,292.05 crore. The savings of ₹9,021.80 crore thus, exceeded the entire supplementary provision, indicating inadequate system of fund projection and leading to unnecessary allotment of additional funds.

In four Grants (*Appendix-2.5*), supplementary provision of ₹328.58 crore proved insufficient, leaving an uncovered aggregate excess expenditure of ₹1,589.11 crore which forms 34.32 per cent of the total excess of ₹4,631.53 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 2018-19, there were 33 grants and five appropriations under Revenue Section and 33 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 ₹28,869.38 crore, which includes ₹28,869.20 crore in 70 cases (involving

36 grants and four appropriation) where savings involved were ₹one crore and above or more than 20 per cent. 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 of 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 28 grants, expenditure exceeding ₹10 crore for the year was incurred during the last quarter of the financial year 2018-19 as shown below:

**Table-2.8: Cases of Rush of Expenditure towards the end of financial year 2018-19**

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Total Expenditure during 2018-19	Expenditure incurred during January to March 2019	Expenditure incurred in March 2019	Percentage of Total Expenditure incurred during	
						January to March 2019	March 2019
1	2	Home Department	7,112.05	2,791.62	1,349.89	39.25	18.98
2	3	Planning, Development and Monitoring Department	899.96	558.25	445.13	62.03	49.46
3	4	Information Department	67.36	26.31	11.89	39.05	17.65
4	5	Ladakh Affairs Department	1,191.86	1,166.54	14.07	97.87	11.80
5	7	Education Department	9,168.41	4,454.98	3,011.12	48.59	32.84
6	8	Finance Department	33,995.00	13,767.53	4,460.61	40.49	13.12
7	10	Law Department	586.58	348.93	184.28	59.48	31.41
8	11	Industries and Commerce Department	466.03	177.95	80.99	38.18	17.37
9	12	Agriculture Department	1,261.99	537.54	260.74	42.59	20.66
10	13	Animal/Sheep Husbandry Department	603.82	260.66	123.77	43.16	20.49
11	14	Revenue Department	489.43	180.36	101.45	36.85	20.72
12	15	Food, Civil Supplies and Consumer Affairs Department	529.10	252.03	156.96	46.75	29.66
13	16	Public Works department	3,591.77	1,478.49	555.24	41.16	15.45

14	17	Health and Medical Education Department	4,423.75	1,948.54	1,031.64	44.04	23.22
15	18	Social Welfare Department	1,418.81	674.44	368.71	47.53	25.98
16	20	Tourism Department	228.48	118.98	75.24	52.07	32.92
17	21	Forest Department	859.14	342.44	175.76	39.85	20.45
18	22	Irrigation and Flood Control Department	932.83	439.26	261.92	47.08	28.07
19	24	Hospitality and Protocol Department	339.08	183.08	67.08	53.99	19.78
20	26	Fisheries Department	111.03	48.69	18.58	43.85	16.73
21	27	Higher Education Department	1,152.27	481.26	134.84	41.76	11.70
22	28	Rural Development Department	2,263.28	867.96	534.34	38.34	23.60
23	29	Transport Department	117.88	50.15	21.37	42.54	18.13
24	30	Tribal Affairs Department	78.37	55.60	34.92	70.94	44.55
25	31	Culture Department	64.57	30.53	12.94	42.27	20.03
26	32	Horticulture Department	258.94	138.13	73.78	53.34	28.49
27	34	Youth Service & Technical Education Department	520.41	218.33	116.57	40.03	22.39
28	35	Science & Technology Department	45.39	31.86	1.87	70.20	4.12
<b>Total</b>			<b>72,777.59</b>	<b>31,630.44</b>	<b>13,685.70</b>		

The percentage of expenditure in the last quarter ranged between 37 and 98 *per cent* of the Total Expenditure. An amount of ₹31,630.44 crore exceeding ₹10 crore in each case was incurred out of the Total Expenditure of ₹72,777.59 crore in the last quarter, in 28 grants, constituting 43.46 *per cent* of Total Expenditure and an amount of ₹13,685.70 crore constituting 18.80 *per cent* of the Total Expenditure of ₹72,777.59 crore of the same grants was incurred during the last month i.e March, 2019. 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.

### **2.3.7 Unnecessary Budget Allotment-more than ₹one crore**

In 23 number of grants involving 33 Major Heads, wherein an amount of ₹9,382.68 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 2018-19, 302 of the 371 Controlling Officers have reconciled receipts of ₹44,611.42 crore (87.08 per cent of the total receipts of ₹51,230.71 crore excluding public debt) and expenditure of ₹36,976.54 crore (57.32 per cent of total expenditure of ₹64,503.55 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 ₹95,563.61 crore was prepared by the State Government for the year 2018-19 which was revised to ₹1,04,718.27 crore. Against this, an actual expenditure of ₹85,241.37 crore was incurred during 2018-19. Details of the Original Budget, Revised Estimate, Actual Expenditure for the period 2014-15 to 2018-19 is given below:

**Table 2.9: Original Budget, Revised Estimate and Actual Expenditure during 2014-19**

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Original Budget</b>	43,542.83	53,590.46	72,669.54	92,921.77	95,563.61
<b>Revised Estimate</b>	50,206.45	58,786.75	74,929.52	84,976.86	1,04,718.27
<b>Actual Expenditure</b>	43,099.00	54,660.00	65,197.00	73,784.27	85,241.37
<b>Saving /excess</b>	<b>7,107.45</b>	<b>4,126.75</b>	<b>9,732.52</b>	<b>11,192.59</b>	<b>19,476.90</b>

Source: Budget Document, Appropriation Accounts and Finance Accounts

Similarly, the Estimated Receipt of ₹95,562.80 crore were revised to ₹94,821.60 crore against which only ₹76,571.16 crore were realized as per details given below for the period 2014-15 to 2018-19:

**Table 2.10: Details of the Receipts during 2014-19**

(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Original Budget</b>	42,063.79	47,776.69	66,943.85	87,360.04	95,562.80
<b>Revised Estimate</b>	44,454.70	53,661.58	69,247.90	84,166.35	94,821.60
<b>Actual Receipt</b>	39,200.00	50,430.00	62,746.00	74,073.00	76,571.16
<b>short /excess</b>	<b>5,254.70</b>	<b>3,231.58</b>	<b>6,501.90</b>	<b>10,093.35</b>	<b>18,250.45</b>

Source: Budget Document, Appropriation Accounts and Finance Accounts

### **2.5.2 Errors in Budgeting Process**

Scrutiny of Demand for Grants for the year 2018-19 showed following inherent flaws in preparation:

- Lump sum budgetary provisions of ₹4,368.54 crore which constitute 4.86 per cent of total provision of ₹95,563.61 crore were placed with Controlling Officers in one Demand for Grants (Grant No. 08) 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 13<sup>th</sup> Finance Commission also recommended that the Public Accounts should not be treated as an alternative to the Consolidated Fund and Government expenditure should be directly incurred from the Consolidated Fund, avoiding transfer from Consolidated Fund to the Public Account. It was observed in Minor Head 800-Other Deposits subordinate to Major Head 8443-Civil Deposits that accumulated balance of ₹671.76 crore at the close of the year i.e. March 2019, should have been written back to the respective Major Heads of account under the Consolidated Fund from which these were originally transferred, as the drawals from the Minor Head of account in the subsequent years would not require Legislative approval and thus would escape Legislative scrutiny through the Appropriation Account mechanism.

### 2.5.4 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 2018-19 for Own Tax Revenue projection was ₹11,538 crore, while actual realization was ₹9,826 crore, resulting in downward variation of ₹1,712 crore, 15.29 *per cent* below the original forecast. Similarly, Non-tax Revenue for the year 2018-19 was projected at ₹5,727 crore, while actual realization was ₹4,349 crore, resulting in less realization of ₹1,378 crore, corresponding to 24.07 *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 Own Tax Revenue and Own Non-Tax Revenue *vis-à-vis* Actuals**

(₹ in crore)					
Year	Description	Revised Estimates of revenue	Actual realization	Difference	Difference as Percentage
2014-15	Own Tax Revenue	6,438	6,334	104	1.62
	Own Non-Tax Revenue	3,154	1,978	1,176	37.29
2015-16	Own Tax Revenue	7,988	7,326	662	8.29
	Own Non-Tax Revenue	3,455	3,913	(-)458	(-)13.26
2016-17	Own Tax Revenue	8,442	7,819	623	7.38
	Own Non-Tax Revenue	5,224	4,072	1,152	22.05
2017-18	Own Tax Revenue	10,136	9,536	600	5.92
	Own Non-Tax Revenue	5,389	4,362	1,027	19.06
2018-19	Own Tax Revenue	11,538	9,826	1,712	15.29
	Own Non-Tax Revenue	5,727	4,349	1,378	24.06

Source: Finance Accounts of respective year.

The actual realization of State Own Tax Revenue was less than the estimates of collection and varied between 1.62 *per cent* to 15.29 *per cent* during the year 2014-15 to 2018-19, whereas in the case of State own Non-Tax Revenue the actual realization fell short by 37.29 *per cent* during the year 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 to 2018-19, the State's own Non-Tax Revenue realization ranged between 19.06 *per cent* to 24.06 *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 2018-19, a sum of ₹1,874.17 crore of Grant-in-Aid, Subsidy of ₹99.18 crore, ₹0.19 crore Stipend and Scholarship, ₹2.24 crore Salary and ₹286.21 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	61.48	--	--	--	--
4202-CO on Education, Sports Art & Culture	199.63	--	0.04	0.06	--
4210-CO on Medical & Public Health	250.50	--	--	0.05	--
4217-CO on Urban Development	100.25	--	--	--	--
4225-CO on Welfare of SCs, STs & Other Backward Classes and Minorities	--	--	--	0.01	--
4235-CO on Social Security & Welfare	--	--	--	1.77	36.41
4236-CO on Nutrition	0.09	--	--	--	--
4250-CO on Social Services	--	--	0.15	0.04	--
4401-CO on Crop Husbandry	104.57	82.84	--	0.31	--
4403-CO on Animal Husbandry	6.09	0.01	--	--	--
4405-CO on Fisheries	1.74	--	--	--	--
4408-CO on Food Storage and Warehousing	--	--	--	--	249.80
4425-CO on Co-operation	--	0.02	--	--	--
4515-CO on Other Rural Development Programmes	1,031.91	--	--	--	--
4701-CO on Major and Medium Irrigation	0.28	--	--	--	--
4702-CO on Minor Irrigation	0.39	--	--	--	--
4851-CO on Village & Small Industries	--	16.31	--	--	--
5475-CO on General Economic Services	117.24	--	--	0.01	--
<b>Total</b>	<b>1,874.17</b>	<b>99.18</b>	<b>0.19</b>	<b>2.24</b>	<b>286.21</b>

Source: Finance Accounts

## 2.6 Deficiencies noticed in working of Treasuries

Deficiencies noticed in the working of treasuries during compilation of accounts and inspection of treasuries by the Accountant General (A&E) Jammu and Kashmir for 2018-19 are given below:

### **2.6.1 Delay in submission of monthly accounts by treasuries**

During the year, accounts from eight<sup>3</sup> Treasuries (Ladakh Division) were received late in first list of payment ranging from eight days to 59 days and in respect of second list of payment of the same Treasuries were also received late ranging between nine days to 59 days and the remaining accounts were received in time. The delay in the submission of initial accounts caused consequent delay in compiling Monthly Civil Accounts by the AG (A&E).

### **2.6.2 Excess Payment of Pension**

Inspection of Treasuries/sub-Treasuries for the year ended 31 March 2019 by the office of the Accountant General (A&E) brought out excess payment amounting to ₹61.90 lakh (Kashmir ₹39.27 lakh and Jammu ₹22.63 lakh) due to reasons such as early restoration of Commutation, full payment of Family Pension to both wives of the pensioner, and wrong pay fixation by the Treasury. Out of the excess payment of ₹57.43 lakh pointed during the year 2017-18, an amount of ₹7.84 lakh (Jammu Division) out of the ₹9.39 lakh (Jammu Division) has been recovered by the concerned Treasury Officer.

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 ₹292.34 crore, ₹13.94 crore, ₹5.20 crore and ₹3.57 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 and Chief Accounts Officer (FA&CAO) Northern Railways respectively, ending March 2019 are still (July 2019) 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.:07 Education Department and Grant No.: 22 Irrigation and Flood Control Department) out of 36 grants showed the following audit observations:

#### **2.8.1 Grant No.07 – Education Department**

A review of Budgetary Procedure and control over expenditure in test checked grant no 07 – Education Department showed the following audit observations:

<sup>3</sup> Zanskar, Drass, Khaltsi, Sankoo, Chitkan, Taisuru, Kargil, Nyoma

**Table 2.13: Saving/Excesses during 2018-19**

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)			
<b>1</b>	9,904.85	8,551.21	1,148.44	617.20	11,053.29	9,168.41	(-)1,884.87
<b>Total</b>	<b>9,904.85</b>	<b>8,551.21</b>	<b>1,148.44</b>	<b>617.20</b>	<b>11,053.29</b>	<b>9,168.41</b>	<b>(-)1,884.87</b> <b>(17%)</b>

(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 ₹11,053.29 crore, the actual expenditure was ₹9,168.41 crore resulting in overall savings of ₹1,884.87 crore (17 per cent). This showed that budget estimates were made either unrealistically or department did not disburse the amount during 2018-19 and also the savings were not surrendered.
- (ii) 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 2018-19, in 16 cases (**Appendix 2.8**, saving of ₹22.36 crore (28 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.
- (iii) An amount of ₹0.89 crore was incurred in six cases in (**Appendix 2.9**) 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 obtained.
- (iv) Entire budget provision in six cases Minor Heads/Schemes for ₹1.23 crore (**Appendix 2.10**) remained unutilized resulting in denial of intended benefits to the general public. The provision could have been re-appropriated to the schemes/works where there was excess expenditure over the provision.

### **2.8.2 Grant No- 22–Irrigation and Flood Control Department**

Review of Budgetary Procedure and control over expenditure of grant showed the following audit observations:

Table 2.14: Saving/Excesses during 2018-19

(₹ in crore)

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	785.86	655.33	1,575.42	277.49	2,361.28	932.82	(-)1,328.46
<b>Total</b>	<b>785.86</b>	<b>655.33</b>	<b>1,575.42</b>	<b>277.49</b>	<b>2,361.28</b>	<b>932.82</b>	<b>(-)1,328.46(56%)</b>

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

- (i) There was savings in Revenue (Voted & Charged) Section and in Capital (Voted & Charged) Section. Against the budget/appropriation of ₹2,361.28 crore, the actual expenditure was ₹932.82 crore resulting in overall savings of ₹1,328.46 crore (56 per cent).
- (ii) 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 2018-19, in 23 cases (*Appendix 2.8*) saving of ₹14.67 crore (64 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.
- (iii) An amount of ₹0.45 crore was incurred in eight cases in (*Appendix 2.9*) 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.
- (iv) Entire budget provision in three cases Minor Heads/Schemes for ₹0.57 crore (*Appendix 2.10*) remained unutilized resulting in denial of intended benefits to the general public. The provision could have been re-appropriated to the schemes/works where there was the excess expenditure over the provision.

## 2.9 Conclusions

The overall savings of ₹24,237.85 crore was the result of saving of ₹28,869.38 crore in various grants and appropriations offset by excess of ₹4,631.53 crore.

Excess expenditure of ₹1,18,692.88 crore till 31 March 2019 over the approved provision requires regularization under Section 82 of the Constitution of Jammu and Kashmir. In six cases, persistent savings of more than ₹one crore and also by ten per cent or more of the total grant were noticed during the last five years. In 70 cases, the anticipated savings were not surrendered, leaving no scope for utilization of these funds for other development purposes 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.

Annual review on the working of treasuries showed excess payment amounting to ₹61.90 lakh of pension/family pension and gratuity.

There is an accumulated balance of ₹671.76 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 2018-19, a sum of ₹1,874.17 crore of Grants-in-Aid, Subsidy of ₹99.18 crore, ₹0.19 crore of Stipend and Scholarship, ₹2.24 crore of Salary and ₹286.21 crore of Operating Cost of Procurement/Sale of Essential Commodities 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 are thus 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 2018-19 and deficiencies therein are given below:

**Table 3.1: Compliance to Accounting Standards**

Sl. No.	Accounting Standard	Compliance by State Government	Compliance/deficiency
1	<b>IGAS 1:</b> <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	<b>IGAS 2:</b> <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 2019).
3	<b>IGAS 3:</b> <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 there to, against a total amount of ₹5,178.56 crore (**Appendix 3.1**) comprising of 2,257 bills drawn on AC bills by various drawing and disbursing officers up to 31 January 2019, corresponding DC bills were not submitted to the Accountant General (A&E), Jammu & Kashmir. Out of 2,257 number of outstanding AC bills, 1,840 bills amounting to ₹1,159.89 crore pertains upto 2016-17, 144 bills amounting to ₹1,306.35 crore pertains to 2017-18 and the balance 273 bills valuing ₹2,712.32 crore pertains to the year 2018-19. There is no assurance that the expenditure of ₹2,712.32 crore during 2018-19 has actually been incurred for the purpose for which it was authorized by the Legislature. Majority of the DC bills were awaited (March 2019) 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
1	Education Department	2,420.23	46.74
2	Rural development Deptt.	925.92	17.87
3	Revenue Department	211.80	4.09
4	Medical Department	161.23	3.11
5	Home Department	221.31	4.27
6	Agriculture Department	321.58	6.21
7	Industries Department	142.64	2.75

Source: Finance Accounts

(ii) Further, 268 number of AC bills amounting to ₹3,105.63 crore were drawn during the year 2018-19, out of which 93 AC bills amounting to ₹1,003.82 crore (32.32 per cent) were drawn in March 2019 alone and 50 AC Bills amounting to ₹691.03 crore (22.25 per cent) was drawn on the last day of the financial year. Out of 93 AC bills amounting to ₹1,003.82 crore drawn in March 2019, 23 bills amounting to ₹356.26 crore (35.49 per cent) were drawn by Department of Education, 16 bills for ₹411.80 crore (41.02 per cent) by Rural Development Department, 11 bills for ₹108.56 crore by Home Department, 15 bills for ₹61.48 crore by Planning

Department, 10 bills for ₹33.20 crore by Industries Department, 08 bills for ₹19.61 crore by General Administration Department, 04 bills for ₹12.12 crore by Agriculture Department, 02 bills for ₹0.04 crore by Revenue Department, 01 bill for ₹0.15 crore by Tourism Department, 01 bill for ₹0.12 crore by Law Department, 01 bill for ₹0.23 crore by Finance Department and 01 bill for ₹0.25 crore by Department of Social Welfare. 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 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).

Advances drawn and not accounted for increased the possibility of wastage/ misappropriation/ malfeasance, etc. 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 Grant-in-Aid (GIA) to be spent on specific purposes. The position of GIA provided by the State to Autonomous Bodies/ Authorities during 2014-15 to 2018-19 is given below:

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

(₹ in crore)

Sl. No.	Body/Authority	2014-15	2015-16	2016-17	2017-18	2018-19
1	Srinagar Municipal Corporation	161.16	158.18	285.02	108.47	108.53
2	Jammu Municipal Corporation	108.64	98.54	134.49	163.42	73.80
3	Urban Local Bodies (Kashmir)	87.36	56.03	1.95	105.17	61.63
4	Urban Local Bodies (Jammu)	62.94	76.65	69.61	76.29	46.00
5	SKUAST* – Kashmir	100.54	132.18	166.75	94.62	228.60
6	SKUAST* – Jammu	59.48	54.61	81.00	146.38	101.00
7	Kashmir –University	114.67	156.80	145.84	160.00	211.00
8	Jammu –University	76.14	85.80	124.00	137.00	158.94
9	J&K Sports Council	16.93	19.52	24.55	33.65	34.87

Sl. No.	Body/Authority	2014-15	2015-16	2016-17	2017-18	2018-19
10	J&K Academy of Art and Culture	17.16	15.18	23.97	24.29	18.67
11	Institute of Management & Public Administration (IMPA)	10.47	10.13	12.14	13.70	16.50
12	Khadi and Village Industries Board	7.48	17.47	13.11	18.00	23.00
13	Others	446.28	641.59	646.72	1,673.12	2,243.04
	<b>Total</b>	<b>1,269.25</b>	<b>1,522.68</b>	<b>1,729.15</b>	<b>2,754.11</b>	<b>3,325.58</b>

\**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 2018-19 is given below:

**Table-3.4: Position of outstanding Utilization Certificates:  
Status as on 31 March 2019**

Year	Utilization Certificates Outstanding	
	Number of items	Amount (₹ in crore)
Upto 2016-17	822	2,709.41
2017-18	548	3,263.58
2018-19	404	2,246.91
<b>Total</b>	<b>1,774</b>	<b>8,219.90</b>

Source: Finance Accounts

A total number of 1,774 UCs involving ₹8,219.90 crore were outstanding as on 31 March 2019. Out of the 1,774 outstanding UCs, 404 UCs amounting to ₹2,246.91 crore were outstanding for more than one year and 548 UCs amounting to ₹3,263.58 crore were outstanding for more than two years. Majority of the outstanding UCs are awaited from Education Department (₹4,741.49 crore), Housing and Urban Department (₹1,137.64 crore), Agriculture Department (₹679.42 crore), Health and Family Welfare Department (₹344.09 crore) and Tourism Department (₹239.71 crore).

Non submission of UCs results in non-assurance that the money was actually utilized for the purpose for which it was sanctioned/authorized by the Legislature. High pendency of UCs is fraught with the risk of misappropriation of funds and fraud. State Government may review whether they should continue to give more grants to departments with high pendency of UC's.

### 3.4 Non-submission/delay in submission of Annual accounts

Audit of 55 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 821 number of annual accounts were awaited from these Autonomous Bodies as detailed in (*Appendix-3.2*) as on 31 March 2019. 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, 84 number of accounts were not rendered for the period ranging between one to 24 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 2018-19
Ladakh Autonomous Hill Development Council, Leh (LAHDC-L)	1-24	24	546.24
Ladakh Autonomous Hill Development Council, Kargil (LAHDC-K)	1-16	16	597.95
Compensatory Afforestation Management and Planning Authority (CAMPA)	1-10	10	Nil
Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Srinagar Kashmir	1-09	09	228.60
Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Jammu	1-03	03	101.00
EPF Board, Srinagar	1-04	04	Nil
Jammu & Kashmir State Housing , Board	1-07	07	Nil
Khadi and Village Industries Board (KVIB)	1-04	04	23.00
Building and Other Construction Workers Welfare Board (BOCWFB)	1-06	06	Nil
State Legal Service Authority (SLSA)	1-01	01	12.48
<b>Total</b>		<b>84</b>	

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 nine 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 finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay is fraught with risk of fraud and leakage of public money.

The Heads of the Government Departments are required to ensure that the undertakings prepare such accounts and submit the same to the Accountant General (Audit), Jammu and Kashmir for audit, within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System (PDS) 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 2018-19 (July 2019). 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 to 2018-19 (July 2019). 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 2018-19. 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 1 to 21 years. The reasons for delay in finalization of accounts have not been furnished.

### 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 to its appropriate object of expenditure or revenue. During the year 2018-19, ₹4,220.87 crore [including Revenue Receipt of ₹3,246.49 crore (represents ₹2,033.23 crore collection from consumers, ₹1,200 crore subsidy by debit to Major Head 2801 –“Power” on account of sale of power by Electricity Department and ₹13.26 crore Misc. Power Receipts) for which no appropriate Minor Head is prescribed in the list of Major and Minor Heads of Account] under 35 Revenue Major Heads of Accounts constituting about 8.24 per cent of the total Revenue Receipts of ₹51,230.71 crore, was recorded under the Minor Head 800-‘Other Receipts’. Similarly, expenditure of ₹3,662.17 crore under 55 Major Heads of Accounts constituting about 5.68 per cent of Total Expenditure of ₹64,503.55 crore was booked under Minor Head 800-‘Other Expenditure’. 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 in Accounts.

### 3.7 Outstanding Liability to Contractors

The committed liability of the State for the year 2018-19 amounts to ₹4,041.11 crore (₹2,098.06 crore in 2017-18) comprising Major Works and Contracts (₹319.63 crore), Land Acquisition Charges (₹2,514.98 crore) and unpaid bills on Works/Supply (₹1,206.50 crore). The committed liabilities as against the previous year

has increased by ₹1,943.05 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 is being prepared since 2008-09 and Reports till the year 2015-16 have been tabled in the State Legislature along with the other Audit Reports. Action Taken Notes on these Reports were not furnished by the State Government. The State Finance Audit Report for the year ended 31 March 2017 was forwarded on 06 April 2018 to the State Government. Report has not been tabled in State Legislature as the State has been under Governors/Presidents rule since 20 June 2018. The State Finances Audit Reports for the year 2016-17 and 2017-18 have been forwarded to the Ministry of Finance, Government of India and President of India for presentation in the Parliament.

### **3.9 Conclusions**

Against the total amount of ₹5,178.56 crore drawn on AC bills by various drawing and disbursing officers up to 31 January 2019, corresponding DC bills were not submitted to the Accountant General (A&E) J&K. Advances drawn and not accounted for increased the possibility of wastage/misappropriation/malfeasance etc.

A total number of 1,774 UCs involving a total amount of ₹8,219.90 crore remained outstanding as on 31 March 2019. State Government may review whether they should continue to give more grants to departments with high pendency of UC's.

A total of 821 number of Annual Accounts for the period ranging from 1972-73 to 2018-19 in respect of 54 Autonomous Bodies were awaited for audit as on 31 March 2019.

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

Classification of large amounts booked under the Minor Head '800'- Other Receipts and Other Expenditure affects transparency in financial reporting and does not give fair picture in accounts.

Srinagar/Jammu  
The 21 July 2020



**(ILA SINGH)**

Principal Accountant General (Audit)  
Jammu & Kashmir and Ladakh

**Countersigned**

New Delhi  
The 31 July 2020



**(RAJIV MEHRISHI)**

Comptroller and Auditor General of India



# **APPENDICES**



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

<b>A. General Data</b>						
<b>Sl. No.</b>	<b>Particulars</b>				<b>Figures</b>	
1	Area				2.22 lakh*sq. Kms	
2	Population(2019) <sup>(S)</sup> (2009) <sup>(S)</sup>				1.28 crore 1.15 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 <sup>@</sup> (per 1000 live births). (All India Average=33 per 1000 live births (2017))				23	
7	Life Expectancy at birth <sup>@</sup> (All India Average=68.7 years (2012-16))				73.5	
8	HDI Value <sup>#</sup>	India 2018 ( Human Development Report 2019 brought out by UNDP)			0.647	
9	Per Capita GSDP <sup>@</sup> CAGR(2011-12 to 2018-19) for Jammu & Kashmir Special Category States				6.32 10.93	
10	GSDP CAGR (2011-12 to 2018-19)		Jammu & Kashmir		10.20	
			Special Category States		11.55	
11	Population Growth (2009 to 2019)		Jammu & Kashmir		11.66	
			Special Category States		11.91	
<b>B. Financial Data</b>						
<b>Sl. No.</b>	<b>Particulars (CAGR)</b>	<b>Figures (in per cent)</b>				
		<b>2009-10 to 2017-18</b>		<b>2017-18 to 2018-19</b>		
		<b>Special Category States</b>	<b>Jammu &amp; Kashmir</b>	<b>Special Category States</b>	<b>Jammu &amp; Kashmir</b>	
a.	Revenue Receipts	13.41	13.52	11.64	5.60	
b.	Own Tax Revenue	17.65	27.73	23.22	11.04	
c.	Non Tax Revenue	8.57	20.91	19.16	(-)0.30	
d.	Total Expenditure	11.95	11.41	13.97	25.50	
e.	Capital Expenditure	9.64	6.55	13.68	(-)18.74	
f.	Revenue Expenditure on Education	13.97	16.41	16.16	44.63	
g.	Revenue Expenditure on Health	15.37	14.98	17.91	42.13	
h.	Salary & Wages	12.81	12.42	14.70	49.54	
i.	Pension	19.15	16.74	13.33	39.03	

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

Source: \*Economic Survey (J&K Government)2017, @ Economic Survey (GOI) 2018-19

\$Census of India (Population Projection 2001-2026, Table 14, Page 104 to 115)

## 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	2014-15	2015-16	2016-17	2017-18	2018-19
India GDP (₹ in crore) at Current prices	1,24,67,959	1,37,71,874	1,53,62,386	1,70,95,005	1,90,10,164
Growth rate of GDP (in percentage)	10.99	10.46	11.55	11.28	11.20
State GSDP (₹ in crore) at Current prices	98,370	1,17,168	1,25,379	1,38,488	1,54,441*
Growth rate of GSDP (in percentage)	2.88	19.11	7.00	10.46	11.52

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 Data<sup>1</sup> on the State Government Finances**

(₹ in crore)

<b>Part – A Receipts</b>					
<b>Fiscal Aggregate</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
<b>1.Revenue Receipts (a) + (b)</b>	<b>28,939</b>	<b>35,781</b>	<b>41,978</b>	<b>48,512</b>	<b>51,231</b>
<b>(a) Tax Revenue</b>	<b>10,811</b>	<b>15,141</b>	<b>17,308</b>	<b>21,448</b>	<b>23,816</b>
	(37)	(42)	(41)	(44)	(46)
(i) Revenue from State's Own Taxes	6,334	7,326	7,819	9,536	9,826
	(22)	(20)	(19)	(20)	(19)
Of which					
State Goods & Service Tax	0	0	0	2,611	5,134
				(27)	(52)
Taxes on sales, trade, etc.	4,602	5,277	6,012	4,493	1,757
	(73)	(72)	(77)	(47)	(18)
State Excise	466	533	569	833	1,291
	(7)	(7)	(7)	(9)	(13)
Taxes on vehicles	132	145	150	228	239
	(2)	(2)	(2)	(2)	(2)
Stamps and Registration fees	248	264	227	307	265
	(1)	(1)	(4)	(3)	(3)
Land Revenue	15	12	17	29	41
	(0.24)	(0.1)	(0.22)	(0.30)	(0.42)
Other Taxes	871	1,095	844	1,035	1,099
	(14)	(15)	(11)	(11)	(11)
(ii) State's share of Union taxes and duties	4,477	7,814	9,489	11,912	13,990
	(15)	(22)	(23)	(25)	(27)
<b>(b) Non-Tax Revenue</b>	<b>18,127</b>	<b>20,640</b>	<b>24,670</b>	<b>27,064</b>	<b>27,415</b>
	(63)	(58)	(59)	(56)	(54)
(i) State's Own Non-Tax Revenue	1,978	3,913	4,072	4,362	4,349
	(7)	(11)	(10)	(9)	(8)
Of which					
Power Department receipts	1,428	1,477	2,770	3,151	3,246
	(72)	(38)	(68)	(72)	(75)
(ii) Grants-in-aid from the Union Government	16,150	16,728	20,598	22,702	23,066
	(56)	(47)	(49)	(47)	(45)
State's Own Revenues (a) (i) + (b) (i)	8,312	11,239	11,891	13,898	14,175
Revenue transfers from Centre (a) (ii) + (b) (ii)	20,627	24,542	30,087	34,614	37,056
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	3	4	19	4	4
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	10,259	14,645	20,749	25,557	25,336
<b>4. Total receipts in the Consolidated Fund (1+2+3)</b>	<b>39,201</b>	<b>50,430</b>	<b>62,746</b>	<b>74,073</b>	<b>76,571</b>
5. Contingency Fund receipts	0.55	0	0	0.15	0.17
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	37,242	49,546	35,983	30,698	39,107
<b>Gross Receipts (4+5+6)</b>	<b>76,443</b>	<b>99,976</b>	<b>98,729</b>	<b>1,04,771</b>	<b>1,15,678</b>
<b>Public Account Receipts (Net)</b> including receipts in departmental cash chest and cash balance investment	<b>3,906</b>	<b>4,312</b>	<b>2,396</b>	<b>(-)164</b>	<b>8,605</b>

<sup>1</sup> Difference of 01 crore, wherever occurring, is due to rounding off

<b>Part – B Disbursement</b>					
<b>Fiscal Aggregate</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
<b>1. Revenue Expenditure</b>	<b>29,329</b>	<b>36,420</b>	<b>39,812</b>	<b>40,916</b>	<b>56,090</b>
<b>(a) + (b)=(i) + (ii) + (iii)</b>	<b>(85)</b>	<b>(83)</b>	<b>(83)</b>	<b>(80)</b>	<b>(87)</b>
(a) Plan/CSS/CA	2,872 (10)	1,573 (4)	2,000 (5)	2,500 (6)	2,512 (4)
(b) Non-Plan/Normal/General/SFE	26,457 (90)	34,847 (96)	37,812 (95)	38,416 (94)	53,578 (96)
(i)General Services (including interest payments)	12,039 (41)	13,675 (38)	15,110 (38)	16,888 (41)	22,850 (41)
(ii)Social Services	8,501 (29)	11,331 (31)	11,564 (29)	13,117 (32)	17,931 (32)
(iii)Economic Services	8,789 (30)	11,414 (31)	13,138 (33)	10,911 (27)	15,309 (27)
<b>2. Capital Expenditure</b>	<b>5,134</b>	<b>7331</b>	<b>8,286</b>	<b>10,353</b>	<b>8,413</b>
<b>(a) + (b)=(i) + (ii) + (iii)</b>	<b>(15)</b>	<b>(17)</b>	<b>(17)</b>	<b>(20)</b>	<b>(13)</b>
(a) Plan/CSS/CA	4,501 (88)	1,256 (17)	1,440 (17)	2,716 (26)	3,008 (36)
(b) Non-Plan/General	633 (12)	6,075 (83)	6,846 (83)	7,637 (74)	5,405 (64)
(i) General Services	608 (12)	1,112 (15)	769 (9)	803 (8)	818 (10)
(ii) Social Services	1,608 (31)	2,674 (36)	2,306 (28)	2,787 (27)	2,895 (34)
(iii) Economic Services	2,918 (57)	3,545 (48)	5,211 (63)	6,763 (65)	4,700 (56)
<b>3. Disbursement of loans and advances</b>	<b>87</b>	<b>94</b>	<b>76</b>	<b>25</b>	<b>69</b>
<b>4. Total (1+2+3)</b>	<b>34,550</b>	<b>43,845</b>	<b>48,174</b>	<b>51,294</b>	<b>64,572</b>
<b>5. Gross Repayment of Public Debt (including repayment of Ways and Means Advances)</b>	<b>8,549</b>	<b>10,815</b>	<b>17,023</b>	<b>22,490</b>	<b>20,647</b>
<i>Of which</i>					
Internal Debt (excluding Ways and Means Advances and Overdraft)	1,213	1,485	1,951	3,168	2,519
Net transactions under Ways and Means Advances and Overdraft	(-226)	226	(-890)	589	(-232)
Loans and Advances from Government of India	112	113	114	116	117
<b>6. Appropriation to Contingency Fund</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>7. Gross disbursement out of Consolidated Fund (4+5)</b>	<b>43,099</b>	<b>54,660</b>	<b>65,197</b>	<b>73,784</b>	<b>85,219</b>
<b>8. Contingency Fund disbursements</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0.17</b>	<b>0</b>
<b>9. Gross Public Account disbursements</b>	<b>33,336</b>	<b>45,234</b>	<b>33,587</b>	<b>30,862</b>	<b>30,502</b>
<b>10. Gross disbursements (7+8+9)</b>	<b>76,435</b>	<b>99,894</b>	<b>98,784</b>	<b>1,04,646</b>	<b>1,15,721</b>
<b>11. Increase in Cash Balance</b>	<b>338</b>	<b>82</b>	<b>(-55)</b>	<b>125</b>	<b>(-43)</b>
<b>12 Grand Total</b>	<b>76,773</b>	<b>99,976</b>	<b>98,729</b>	<b>1,04,771</b>	<b>1,15,678</b>

Part – C Deficits					
1. Revenue Surplus(+)/Revenue Deficit(-) (Revenue Receipts-Revenue Expenditure)	(-390)	(- 640)	(+)2,166	(+)7,595	(-)4,859
2. Fiscal Deficit(-)/surplus (+) (Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts)	(-5,608)	(-)8,060	(-)6,177	(-)2,778	(-)13,337
3. Primary Deficit(-)/Surplus(+) (Fiscal Deficit –Interest Payment)	(-)2,075	(-)4,341	(-)1,610	(+)1885	(-)8,128
4. Interest Payments (included in revenue expenditure)	3,533	3,719	4,567	4,663	5,209
5. Arrears of Revenue	1,399	1,399	1,468	1,946	1,645
6. Financial Assistance to local bodies, etc.	1,535	1,523	1,729	2,754	3,325
7. Ways and Means Advances/ overdraft availed (days)	207 (overdraft on 2 days)	215 (overdraft on 7 days)	242 (overdraft on 2 days)	199 (overdraft on 27 days)	178 (overdraft on 7 days)
8. Interest on WMA/Overdraft	9	13	19	22	12
9. Public Debt Receipts	10,033	14,645	20,749	25,557	25,336
10. Gross State Domestic Product at Current Prices (GSDP <sup>2</sup> )	98,370	1,17,168	1,25,379	1,38,488	1,54,441
11. Outstanding Public Debt <sup>3</sup> (year end) excluding Public Account	28,201	32,031	35,756	38,823	43,513
12. Outstanding guarantees (year end) plus interest	2,860	2,827	2,636	2,416	2,072
13. Maximum amount guaranteed (year end)	4,232	4,214	4,270	4,271	4,361
14. Number of incomplete projects	671	938	119	428	*291
15. Capital blocked in incomplete projects	1,902	1,734	393	570	*496
Total Expenditure/GSDP (per cent )	35.12	37.42	38.42	37.04	41.81
Revenue Receipts/Total expenditure (per cent )	84	82	87	95	79
Revenue Expenditure/Total Expenditure (per cent )	85	83	83	80	87
Expenditure on Social Services/Total Expenditure (per cent )	29.26	31.94	29	31	32
Expenditure on Economic Services/Total Expenditure (per cent )	33.88	34.12	38	34.46	30.99
Capital Expenditure/Total Expenditure(per cent )	14.86	16.72	17.20	20.18	13.03
Capital Expenditure on Social and Economic Services/Total Expenditure (per cent )	13.10	14.18	15.60	18.62	11.76
Revenue Surplus/Revenue Deficit as per cent of GSDP	(-)0.40	(-) 0.55	(+)1.73	(+)5.48	(-)3.15
Fiscal Deficit as per cent of GSDP	(-)5.70	(-)6.88	(-)4.93	(-)2.01	(-)8.64
Primary Deficit as per cent of GSDP	(-)2.11	(-)3.70	(-)1.28	(+)1.36	(-)5.26
Revenue Deficit/Fiscal Deficit (per cent )	6.95	8.08	NA	NA	(-)36.43
Liabilities/GSDP (per cent )	49.11	47.25	49.62	54.41	51.22
Liabilities/Revenue Receipts(per cent )	166.95	154.71	148.22	140.62	154.41
Debt Redemption (Principal+Interest)/Total Debt Receipts for the year (per cent )	99.39	99.24	104.05	106.24	102.05
Return on Investment	128.88	54.13	45.11	Nil	Nil
Financial Assets/Liabilities	1.28	1.23	1.24	1.34	1.23

Source: Finance Accounts

<sup>2</sup> Figures of GSDP for the year 2018-19(A) is based on information supplied by Director General, Economics and Statistics J&K Government.

<sup>3</sup> Includes internal debt and Loan and Advances from Central Government only.

\* The Revised cost in r/o 234 incomplete projects have not been shown in Appendix IX of Finance Accounts-Vol-II.

**Appendix - 1.5**  
(Reference: Paragraph: 1.1.1 & 1.3)  
**Abstract of Receipts and Disbursements for the year 2017-18 and 2018-19**

(₹ in crore)

Receipts				Disbursements			
Various items	2017-18	2018-19		Various items	2017-18	2018-19	
1	2	3	4	5	6	7	8
<b>Section-A: Revenue</b>							
<b>I. Revenue Receipts</b>	<b>48,511.88</b>		<b>51,230.71</b>	<b>I. Revenue Expenditure</b>	<b>40,916.49</b>		<b>56,089.97</b>
Own-Tax revenue	9,536.40	9,826.35		<b>General Services</b>	<b>16,888.21</b>	<b>22,849.78</b>	
Non-Tax Revenue	4,362.34	4,349.35		<b>Social Services</b>	<b>13,116.97</b>	<b>17,930.84</b>	
State's Share of Union Taxes	11,911.65	13,989.80		Education, Sports, Art and Culture	6,975.16	10,073.59	
				Health and Family Welfare	2,567.13	3,549.420	
Centrally Sponsored Schemes	9,096.19	7,607.90		Water Supply, Sanitation/H&UD	2,102.55	2,367.64	
Finance Commission Grants	11,849.00	13,534.01		Information and Broadcasting	45.97	66.30	
Grants from Govt. of India (Other Transfer/ Grants to States)	1,756.30	1,923.30		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	108.76	99.20	
				Labour and Labour Welfare	35.21	71.57	
				Social Welfare and Nutrition	1,248.00	1,656.32	
				Others	34.19	46.82	
				<b>Economic Services</b>	<b>10,911.31</b>	<b>15,309.35</b>	
				Agriculture and Allied Activities	2,032.33	2,839.76	
				Rural Development	363.85	449.80	
				Special Areas Programmes	595.69	873.61	
				Irrigation and Flood Control	521.95	694.67	
				Energy	5,061.91	7,542.75	
				Industries and Minerals	326.62	435.98	
				Transport	1,333.90	1,738.44	
				Science, Technology and Environment	30.74	43.90	
				General Economic Services	644.32	690.44	
<b>II. Revenue deficit carried over to Section -B</b>	<b>-</b>		<b>4,859.26</b>	<b>II. Revenue Surplus carried over to Section-B</b>	<b>7,595.39</b>	<b>-</b>	<b>-</b>
<b>Total Section-A</b>	<b>48,511.88</b>		<b>56,089.97</b>	<b>Total Section-A</b>	<b>48,511.88</b>		<b>56,089.97</b>

Receipts				Disbursements			
Various items	2017-18	2018-19		Various items	2017-18	2018-19	
1	2	3	4	5	6	7	8
<b>Section B: Capital</b>							
<b>III. Opening Cash balance including Permanent Advances and Cash Balance Investment</b>	<b>428.62</b>		<b>554.38</b>	<b>III. Capital Outlay</b>	<b>10,352.88</b>		<b>8,413.58</b>
<b>IV. Misc. Capital receipts</b>		-	-	<b>General Services</b>	<b>803.02</b>	<b>818.08</b>	
				<b>Social Services</b>	<b>2,787.01</b>	<b>2,895.57</b>	
				Education, Sports, Art and Culture	884.90	793.54	
				Health and Family Welfare	510.58	874.36	
				Water Supply, Sanitation/H&UD	1,025.65	1,000.53	
				Information and Broadcasting	2.32	1.06	
				Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	100.57	35.53	
				Social Welfare and Nutrition	252.49	142.17	
				Other Social Services	10.50	48.38	
				<b>Economic Services</b>	<b>6,762.85</b>	<b>4,699.93</b>	
				Agriculture and Allied Activities	917.02	596.50	
				Rural Development	1,849.85	1,805.20	
				Special Areas Programmes	226.34	317.66	
				Irrigation and Flood Control	373.52	277.50	
				Energy	660.22	206.16	
				Industries and Minerals	210.92	116.08	
				Transport	1,571.00	821.30	
				Science, Technology and Environment	52.45	8.04	
				General Economic Services	901.53	551.49	
				<b>IV. Loans and Advances Disbursement</b>	<b>24.75</b>		<b>69.15</b>
<b>V. Recoveries of Loans and Advances</b>	<b>4.41</b>		<b>4.23</b>	Industries and Minerals	13.29	37.98	
Industries and Minerals	2.50	<b>2.51</b>		Transport	7.50	30.00	
Government servants	1.64	<b>1.49</b>		Government servants	3.96	1.17	
Others	0.27	<b>0.23</b>		Others			
				<b>V. Revenue deficit</b>	<b>0.00</b>		<b>4,859.26</b>
<b>VI. Revenue surplus</b>	<b>7,595.39</b>		-		-	-	-

Receipts				Disbursements			
Various items	2017-18	2018-19		Various items	2017-18	2018-19	
1	2	3	4	5	6	7	8
<b>VII. Public Debt Receipts</b>	<b>25,557.58</b>		<b>25,336.22</b>	<b>VI. Repayment of Public Debt</b>	<b>22,490.14</b>		<b>20,646.61</b>
Internal debt other than Ways and Means Advances and Overdraft	25,525.98	25,332.28		Internal debt other than Ways and Means Advances and Overdraft	22,374.19	20,529.39	
Loans and Advances from GOI	31.60	3.94		Repayment of Loans and Advances from GOI.	115.95	117.22	
Net transactions under Overdrafts from Reserve Bank				Net transactions under Ways and Means Advances including Overdrafts			
<b>VIII. Appropriation to Contingency Fund</b>		--	--	<b>VII. Appropriation to Contingency Fund</b>		--	--
<b>IX. Amount recouped to Contingency Fund</b>	<b>0.15</b>		<b>0.17</b>	<b>VIII-Expenditure from Contingency Fund</b>	<b>0.17</b>		--
<b>X. Public Account Receipts</b>	<b>15,121.96</b>		<b>18,260.90</b>	<b>IX-Public Account Disbursements</b>	<b>15,285.79</b>		<b>9,656.26</b>
Small Savings and Provident Funds	5,032.41	8,857.92		Small Savings and Provident Funds	3,476.24	3,534.45	
Reserve Funds	419.22	695.07		Reserve Funds	129.35	3,73.06	
Deposits and Advances	4,894.44	4,914.05		Deposits and Advances	3,809.95	4,360.05	
Suspense and Miscellaneous	3,842.12	1,052.58		Suspense and Miscellaneous	3,981.69	648.55	
Remittances	933.77	2,741.28		Remittances	3,888.56	740.15	
				<b>X. Cash Balance at the end</b>	<b>554.38</b>		<b>511.04</b>
				Cash in treasuries and local remittances	6.77	6.77	
				Deposits with Banks	147.74	104.40	
				Departmental Cash Balance including Permanent Advances	5.09	5.09	
				Cash Balance Investment	383.92	383.92	
				Reserve Fund Investment	10.86	10.86	
<b>Total Section-B</b>	<b>48,708.11</b>		<b>44,155.90</b>	<b>Total Section-B</b>	<b>48,708.11</b>		<b>44,155.90</b>

**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 2019**

(₹ in crore)

As on 31 March 2018			As on 31 March 2019	
<b>Liabilities</b>				
	<b>37,418.53</b>	<b>Internal Debt</b>		<b>42,221.42</b>
26,019.50		Market Loans bearing interest	30,946.65	
1,415.90		Loans from LIC	1,269.74	
9,983.13		Loans from other Institutions	10,005.03	
	<b>1,404.85</b>	<b>Loans and Advances from Central Government</b>		<b>1,291.57</b>
37.79		Pre 1984-85 Loans	37.79	
96.29		Non-Plan Loans	96.29	
1,229.92		Loans for State Plan Schemes	1,113.50	
31.60		Loans for Centrally Sponsored Plan Schemes	34.74	
9.25		Ways and Means Advances	9.25	
	<b>1.00</b>	<b>Contingency Fund</b>		<b>1.00</b>
	<b>20,918.79</b>	<b>Small Savings, Provident Funds, etc.</b>		<b>26,242.26</b>
	<b>2,175.25</b>	<b>Reserve Funds</b>		<b>2,497.26</b>
	<b>6,298.73</b>	<b>Deposits</b>		<b>6,852.73</b>
	<b>763.58</b>	<b>Remittance Balances</b>		<b>2,764.71</b>
	--	<b>Suspense and Misc. Balances</b>		<b>5.31</b>
	<b>23,711.23</b>	<b>Surplus on Government Account</b>		<b>18,851.97</b>
	<b>92,691.96</b>	<b>Total</b>		<b>1,00,728.23</b>

As on 31 March 2018			As on 31 March 2019	
<b>Assets</b>				
	<b>90,065.15</b>	<b>Gross Capital Outlay on Fixed Assets</b>		<b>98,478.73</b>
653.52		Investments in shares of Companies, Corporations, etc.	689.42	
89,411.63		Other Capital Outlay	97,789.31	
	<b>1,660.85</b>	<b>Loans and Advances</b>		<b>1,725.77</b>
757.30		Industries and Minerals	792.77	
573.62		Transport	603.62	
85.05		Energy	85.05	
40.69		Agriculture and Allied Activities	40.67	
183.46		Other Development Loans	183.25	
20.73		Loans to Government servants and Miscellaneous Loans	20.41	
	<b>12.69</b>	<b>Advances</b>		<b>12.69</b>
	<b>398.72</b>	<b>Suspense and Miscellaneous Balances</b>		<b>--</b>
	<b>0.17</b>	<b>Contingency Fund(un-recouped)</b>		<b>--</b>
	<b>554.38</b>	<b>Cash</b>		<b>511.04</b>
6.77		Cash in Treasuries and Local Remittances	6.77	
147.74		Deposits with Bank	104.40	
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	
	<b>92,691.96</b>	<b>Total</b>		<b>1,00,728.23</b>

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 12<sup>th</sup> and 13<sup>th</sup> Finance Commission's accepted recommendations as detailed below:

- On 17<sup>th</sup> December, 2008, the FRBM Act was amended to provide for reducing pre-devolution non-plan revenue deficit, Fiscal Deficit and outstanding total liabilities to at most 20 *per cent*, three *per cent* and 55 *per cent* respectively by March 2009 instead of March 2010 as in the original Act.
- An amendment to the Act on 20 April 2010 raised the target fiscal deficit for 2009-10 from three *per cent* of GSDP to four *per cent* of GSDP. Since the year 2009-10 was already over, the reset target was not implementable.
- An amendment to the Act on 9<sup>th</sup> April 2011, reset the annual Fiscal Deficit targets for the five years' period 2010-11 to 2014-15 to be 5.3 *per cent*, 4.7 *per cent*, 4.2 *per cent*, 3.6 *per cent* and 3.0 *per cent* of GSDP. Since the year 2010-11 was already over, the reset target was not implementable.
- On 25 August 2011, an amendment in the FRBM Act through an Ordinance reset the annual targets for outstanding debt as percentage of GSDP to 56.1 *per cent*, 55.1 *per cent*, 53.6 *per cent*, 51.6 *per cent* and 49.3 *per cent* during the five years period from 2010-11 to 2014-15, as recommended by the 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 14<sup>th</sup> 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 could not maintained it during the year 2014-15 and 2015-16 as there was Revenue Deficit of ₹390 crore and ₹640 crore. However during the year 2016-17 and 2017-18 there was Revenue Surplus of ₹2166 crore and ₹7,595 crore and during the year 2018-19 State has Revenue Deficit of ₹4,859 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 3 *per cent* upto 2016-17 and was lower than the target of 3 *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.

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- 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 ₹ 35,620 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)**

**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				
			2018-19	2017-18	2016-17	2015-16	2014-15
1	Assistance to Voluntary Organisation for providing Social Defence Services	Council for Rehabilitation of Widows , Orphans, Handicapped and Old Persons	300.00	-	-	-	-
2	Package for Special Category State DIPP (other than North East)	Jammu and Kashmir Financial Corporation Ltd.	-	-	-	-	3,569.47
3	Atal Innovation Mission (AIM) including Self Employment and Talent Utilization (SETU)	Various Higher Secondary Schools	252.00	-	-	-	-
4	MP's Local Area Development Scheme (MPLADS)	District Deputy Commissioners	4,000.00	4,500.00	3,250.00	5,500.00	3,500.00
5	Buddhist and Tibetan Institutions and Memorials	Institute of Buddhist Studies	2,567.08	2,315.58	-	-	967.67
6	Assistance of IHMS/FCIS/ IITTM/ NIWS etc.	Institute and Hotel Management and Catering Technology	659.05	358.30	27.91	366.00	871.00
7	Electronic Governanace	Jammu and Kashmir e-Governance (JKeGA)	379.00	-	-	-	344.92
8	Research and Development Support (SERC)	PSU's, SKUAST Kashmir University	-	-	-	219.18	-
9	Solar Power - Off Grid	Ladakh Renewable Energy Development Agency	1,482.39	90.33	3,515.92	5,996.19	2,201.96
10	Renewable Energy for Rural Applications for all Villages	J & K Energy Development Agency	-	-	-	143.32	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
11	Comprehensive Handloom Development Scheme (CHDS)	Director Handloom Development Department, J&K Srinagar/ Indian Institute of Carpet Technology Srinagar, J&K.	-	-	871.50	131.87	-
12	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
13	Scheme for Prevention of Alcoholism and Substance (Drugs) Abuse.	Council for Rehabilitation of Widows, Orphans, Handicapped and Old Persons (Victims of Militancy)-[RCMV]	20.04	300.00	300.00	304.97	288.11
14	Capacity Building for Service Providers	Institute and Hotel Management and Catering Technology Srinagar/Food Craft Institute (Society) Jammu	-	188.40	-	302.16	255.12
15	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
16	National Mission on Teachers and Training	Shri Mata Vaishno Devi University (SMVDU)	269.00	-	-	-	-
17	National Plan for Dairy Development	J&K Milk Producers Co-operative Ltd.	1,539.35	-	-	-	-
18	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	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
19	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production	9,147.70	-	-	-	-
20	Pradhan Mantri Sampada Yojna	Khyber Agro Farms (P) Ltd.	150.07	-	-	-	-
21	Scheme for Integrated Textile Park (SITP)	J&K Integrated Textile Park Limited	-	-	-	-	1,191.00
22	Skill Development	J&K Skill Development Initiative modular Employable Skills Society	-	-	-	-	263.10
23	State Schedule Cast Development Corporations	J&K SCST & OBC Development Corporation Ltd.	-	-	-	-	-
24	Support to National Institute of Technology (NIT)	NIT Srinagar	19,159.00	13,090.00	-	2,900.00	4,250.00
25	Support to National State Scheduled Tribes Finance and Development Corporation	J&K SC/ST and Backward Classes Development Corporation Ltd	-	-	-	-	470.00
26	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	-
27	Rashtriya Krishi Vikas Yojana	Sher-e-Kashmir University of Agriculture Science and Technology (SKUAST) Jammu	133.00	-	-	-	-
28	Scheme for faster Adoption and Manufacturing of Hybrid and Electric Vehicle in India (FAME-India)	Jammu and Kashmir State Road Transport Corporation (JKSRTC)	449.40	-	-	-	-
29	Grant for construction of Boys & Girls Hostels for SC & OBC	University Jammu	-	-	-	-	135.00

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
30	Development of Infrastructure of Promotion of Health Research	Government Medical College, Jammu	-	-	-	216.00	252.00
31	Drugs and Pharmaceuticals Research	Regional Institute of Unani Medicines Srinagar	-	-	-	-	148.80
32	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
33	Free Coaching fir SC and OBC students and students with disabilities	Bandipora College of Information Technology	-	106.27	-	-	-
34	e-Court Phase-II	Registrar General, High Court of Jammu and Kashmir	26.00	17,679.54	-	-	-
35	Mega Clusters Textiles	J&K State Scale Industrial Development Corporation	-	-	-	128.90	1,010.00
36	Manpower Development (Including Skill Development in IT) DIT	J&K E-Governance Agencies	-	-	-	-	136.84
37	Mega Facilities for Basic Research	Jammu University	-	-	-	158.00	140.36
38	National Mission on Nano Science and Nano Technology	NIT Srinagar	-	-	-	-	132.12
39	National Programme for Youth and Adolescent Development	Jawahar Institute of Mountaineering and Winter Sports	303.88	85.95	-	164.16	200.19
40	Research and Development Department of Bio Technology	JK Universities	-	-	-	-	1,159.13
41	Scheme for infrastructure and Development FPI	Mir Agro Industries/Kachroo Integrated Cold Chain	-	-	-	-	480.33

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
42	Scheme for Differently Abled Persons	Bandipora College of Information Technology, Composite Regional Centre, Srinagar/ Kashmir Research Institute of Education & Solar Technology	254.16	208.08	733.89	691.02	249.47
43	Science and Technology Programme for Socio Economic Development	Kashmir Environment and Social Organization	-	-	-	349.81	116.59
44	Seismological Research	Jammu University	-	-	-	-	224.98
45	State Science & Technology Programme	Universities	-	-	-	-	112.84
46	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	-
47	Biotechnology Research and Development	SKUAST Jammu/Kashmir, SKIMS. Islamic University of Science and Technology	1,131.44	1,147.65	270.00	734.54	-
48	DISHA Programme for Women in Science	Indian Institute of Integrative Medicines, Shri Mata Vaishno Devi University, SKUAST Jammu/Kashmir, University of Kashmir.	-	79.52	108.74	114.14	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
49	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	-
50	Health Sector Disaster Preparedness and Management including EMR	Government Medical College, Jammu	-	140.00	-	-	-
51	National Plan for Diary Development	Jammu & Kashmir State Implementing Agency	-	100.00	-	150.00	-
52	National Rural Livelihood Mission	Jammu and Kashmir Rural Livelihoods Society (JKRLS)	--	659.74	4,675.75	194.46	-
53	One Stop Centre	Deputy Commissioner/ OSC, District Programme Officer	150.20	87.52	-	-	-
54	Pashmina Wool Development Programme	Ladakh Autonomous Hill Development Council, Leh/Kargil.	-	-	162.00	1,099.25	-
55	Research Education Training and Outreach	University of Kashmir, The Kashmir Environmental and Social Organization.	82.10	50.50	-	133.78	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
56	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	-
57	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	-
58	Setting up of five Mega Clusters	J&K Small Scale Industries Development Corporation Limited (J&K SICOP).	-	-	-	310.00	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
59	Technology Development Programme	SKUAST Kashmir, NIIT Srinagar.	-	-	-	139.04	-
60	Ammended Technology Upgradation Fund Scheme (ATUFS)	Jammu and Kashmir Bank Ltd.	201.59	357.12	847.33	569.35	892.35
61	Central Assistance for Pakul Dul HEP under J&K PMDP Grant to Chenab Valley Power.	Chenab Valley Power Projects (P) Ltd.	10,000.00	20,000.00	20,000.00	-	-
62	Development of Khadi, Village and Coir Industries.	J&K Khadi and Village Industries Board.	-	-	523.49	-	-
63	Industrial Development of Backward and Remote Areas	Jammu and Kashmir Development Finance Corporation Ltd	-	-	1,040.07	-	-
64	Industrial Infrastructure Up gradation Scheme (IIUS)	State Industrial Development Corporation (SIDCO), J&K	72.80	820.50	506.70	-	-
65	Infrastructure Development and Capacity Building	Jammu and Kashmir State Industrial Development Corporation (SIDCO).	332.82	491.12	110.62	-	-
66	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.	197.46	361.89	-	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
67	Kala Sanskriti Vikas Yojna	Various Cultural and Welfare Societies in Jammu and Kashmir	572.74	434.61	271.38	-	-
68	Khelo India National Programme for Development of Sports	Islamic University of Science & Technology (IUST), Awantipora, Pulwama, Kashmir & Director Youth Services & Sports J&K	1,584.00	531.34	786.87	-	-
69	Land Record Modernization Programme	Jammu and Kashmir Land Records Management Agency(JaKLaRMA)	30.00	477.00	-	-	-
70	Legal Metrology and Quality Assurance Weights and Measures	Jammu and Kashmir Housing Boards Jammu/Srinagar.	-	-	650.00	-	-
71	Management Support to Rural Development Programs and Strengthening of District Planning Process	Institute of Management and Public Administration (IMPA)/ Regional Extension Training Centre Budgam.	17.50	1,00.40	750.45	-	-
72	Nai Manzil- The Integrated Education And Livelihood Initiative	Com tech Institute of Technology/ National Education Society and Social Welfare Organization/ Society for Development and Training/ National Institute for Technical Trainings	687.34	479.85	493.25	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
73	National AIDS and STD Control Programme	J&K State AIDS Prevention & Control Society- [JKSAPCS]	857.76	777.04	803.06	-	-
74	National Education Mission- Sakshar Bharat CS	Jan Shiksha Sanasthan Jammu/ Tangdar/ State Resource Centres Srinagar.	-	-	195.60	-	-
75	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 Cooperative Society Ltd., M/s Showqeen Pashmina Raffal and Cotton Handloom WICS Ltd.	-	295.90	181.25	-	-
76	National Mission for Justice Delivery and Legal Reforms	Registrar General High Court/ Kashmir foundation for organization Research and Development.	-	-	531.31	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
77	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	-	-
78	Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD)	J&K State Cable Car Corporation Limited.	552.09	1,152.11	840.42	-	-
79	Small Hydro Power-Grid Interactive	Renewable Energy Development Agency Kargil/ Jammu and Kashmir State Power Development Corporation Limited	7,044.84	1,433.35	-	-	-
80	Setting Up of New IIMs	Indian Institute of Management Jammu.	544.00	1,645.00	-	-	-
81	Scheme for Fund for Regeneration of Traditional Industries (SFURTI)	J&K Khadi And Village Industries Board	873.59	430.50	-	-	-
82	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	958.85	1,517.28	-	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
83	Research Training and Studies and Other Road Safety Schemes	Transport Commissioner, J&K/ J&K State Road Transport Corporation	747.50	349.25	-	-	-
84	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.	364.93	119.42	-	-	-
85	Setting up of State Spinal Injury Centres	PMNRF/ Flood Relief J&K Principal/CAO GMC Srinagar/ Government Medical College Jammu.	-	-	317.00	-	-
86	Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	J&K Tourism Development Corporation/ J&K State Cable Car Corporation.	3,454.28	11,550.08	11,862.79	-	-
87	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	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
88	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.	560.00	82.20	167.00	-	-
89	Pradhan Mantri Kaushal Vikas Yojna	Jammu and Kashmir Skill Development Initiative- Modular Employable Skill Society.	-	-	1,053.88	-	-
90	Pradhan Mantri Vandana Yojna	Social Welfare Department, Jammu & Kashmir/ Jammu & Kashmir Govt.	602.42	2,900.45	-	-	-
91	Rashtriya Gokul Mission	Jammu & Kashmir State Implementing Agency	1,744.97	196.75	-	-	-
92	Beti Bachao Beti Pado	Dy. Commissioner BBB Samba, Pulwama, District Development Commissioner Shopian, District Magistrate Jammu, Udhampur, Rajouri, Anantnag, etc.	380.17	262.91	-	-	-
93	Sugar subsidy Payable under PDS	Central Institute of Buddhist Studies	-	1,681.64	-	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
94	Sub - Mission on Agriculture Mechanization	Sher-e-Kashmir University of Agricultural Sciences and Technology of J&K/ The Jammu & Kashmir State Agro Industries Development Corporation Limited.	-	521.20	-	-	-
95	Setting Up of New IITs	Indian Institute of Technology, Jammu	3,101.00	13,928.00			
96	Establishment Expenditure-AYUSH	Jammu University, SKUAST Kashmir, Baderwah Development Authority, National Research Institute for Sowa-Rigpa	142.50	136.65	-	-	-
97	Family Welfare Schemes	University of Kashmir	77.80	84.92	-	-	-
98	Voter Education	Chief Electoral Officer, J&K	-	328.75	-	-	-
99	Works under Road Wings	Various Individuals & Private Construction Co.	6,916.08	2,681.19	-	-	-
100	Wind Power-Off grid	Ladakh Renewable Energy Development Agency	27.19	85.72	-	-	-
101	Grants to States E&I From CRF	MG Contractors Pvt. Ltd.	-	763.66	-	-	-
102	Welfare Grant and Miscellaneous	Various Individuals	114.50	-	-	-	-
103	Strengthening of Existing Branches and Establishment of 27 Branches of NCDC	Sher-e-Kashmir Institute of Medical Services, Government Medical College, Jammu	112.75	-	-	-	-

Sl. No.	Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
			2018-19	2017-18	2016-17	2015-16	2014-15
104	Skill Development Initiative	National Education Society & Social Welfare Organization, Evergreen Institute of Computer & Technical Education, Bandipora College of Information Technology, Super Computer College, Comtech IT Educational Institute	790.23	-	-	-	-
105	Space Science Promotion	Central University of Jammu	118.68	-	-	-	-
106	Industrial & Entrepreneurship Development	Indian Institute of Integrative Medicine(IIM)	2,208.87	-	-	-	-
107	Other Autonomous Body	National Research Institute for Sowa-Rigpa (NRISR)	100.00	-	-	-	-
108	Others Schemes	Others schemes	968.34	875.80	2,859.16	1,442.98	1,681.16
	<b>Grand Total</b>		<b>89,514.45</b>	<b>1,10,491.13</b>	<b>62,798.59</b>	<b>29,799.93</b>	<b>29,366.12</b>

Source Finance Accounts of respective years

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

(₹ in crore)

Sl. No.	Transfers	Recommendation of 14 <sup>th</sup> Finance Commission (2015-20)	Projection (Department wise)				Grants received during the year (2015-19)	UC's Submitted	UC's Pending	Grants pending for release
			2015-16	2016-17	2017-18	2018-19				
1	Urban Local Bodies (Housing Department General Basic Grant	1,044.51	125.30	173.50	200.46	231.90	125.30	Nil	Nil	605.86
	General Performance Grant	261.13	---	51.21	57.95	65.81	Nil	Nil	Nil	174.97
2	Rural Local Bodies (RDD) General Basic Grant	3,117.36	373.96	517.81	598.29	692.11	571.53	571.53	Nil	1,610.64
	General Performance Grant	346.37	---	67.92	76.86	87.29	Nil	Nil	Nil	232.07
3	State Disaster Response Fund (SDRF) Central Share	1,268.00	229.00	241.00	253.00	266.00	723.10	18.66	451.54	265.90
	State Share	141.00	25.00	27.00	28.00	30.00	80.00	Nil	Nil	30.00
<b>Total</b>		<b>6,178.37</b>	<b>753.26</b>	<b>1,078.44</b>	<b>1,214.56</b>	<b>1,373.11</b>	<b>1,499.93*</b>	<b>590.19</b>	<b>451.54</b>	<b>2,919.44</b>

\*₹876.42 crore was released up to March 2017 by Government of India, State Government and ₹13.50 crore was also released by the State Government during 2017-18 as 2<sup>nd</sup> installment of 2016-17, During 2018-19 Government of India released ₹582.01 crore (SDRF ₹252.90 crore of 2017-18, ULB ₹125.30 crore of 2015-16 and RLB ₹203.81 crore of 2016-17 1<sup>st</sup> installment) under 14<sup>th</sup> Finance Commission and State Government released State Share ₹28 crore for the year 2017-18

**Appendix - 2.1**  
**(Reference: Paragraph: 2.3.1)**  
**Year-wise details of excess expenditure for the years 1980-81 to 2017-18**  
**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	

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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	
2017-18	08	3,5,8,16,23,24,28,29	6,397.06	
<b>Total</b>			<b>1,14,061.35</b>	

**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)
<b>I-Revenue (Voted)</b>					
1	3	Planning , Development and Monitoring Department	77.32	448.29	370.97 (480)
2	15	Food, Civil Supplies and Consumer Affairs Department	228.62	242.04	13.42 (06)
3	16	Public Works Department	953.65	2,488.64	1,534.99 (161)
<b>Total (I-Revenue Voted)</b>			<b>1,259.59</b>	<b>3,178.97</b>	<b>1,919.38</b>
<b>II-Capital (Voted)</b>					
4	5	Ladakh Affairs Department	316.16	317.69	1.53
5	17	Health and Medical Education Department	853.59	874.36	20.77 (02)
6	30	Tribal Affairs Department	8.90	28.83	19.93 (224)
<b>Total (II-Capital Voted)</b>			<b>1,178.65</b>	<b>1,220.88</b>	<b>42.23</b>
<b>III-Capital Charged</b>					
7	08	Finance Department	17,976.69	20,646.61	2,669.92 (15)
<b>Total (III-Capital Charged)</b>			<b>17,976.69</b>	<b>20,646.61</b>	<b>2,669.92</b>
<b>Grand Total (I+II+III)</b>			<b>20,414.93</b>	<b>25,046.46</b>	<b>4631.53</b>

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
<b>I-Revenue (Voted)</b>					
1	01	General Administrative Department	423.42	70.25	17
2	02	Home Department	7,553.75	777.61	10
3	04	Information Department	78.92	12.63	16
4	05	Ladakh Affairs Department	882.50	8.89	01
5	06	Power Development Department	9,158.01	1,615.26	18
6	07	Education Department	9,904.85	1,353.64	14
7	08	Finance Department	10,775.54	2,625.85	24
8	09	Parliamentary Affairs Department	61.36	6.53	11
9	10	Law Department	587.68	86.00	15
10	11	Industries and Commerce Department	346.08	32.39	09
11	12	Agriculture Department	1,572.94	441.83	28
12	13	Animal/Sheep Husbandry Department	591.31	26.11	04
13	14	Revenue Department	603.79	118.49	20
14	17	Health & Medical Education Department	3,725.63	176.24	05
15	18	Social Welfare Department	1,788.59	403.97	23
16	19	Housing and Urban Development Department	746.05	8.03	01
17	20	Tourism Department	156.16	21.17	14
18	21	Forest Department	832.07	10.16	01
19	22	Irrigation & Flood Control Department	785.86	130.52	17
20	23	Public Health engineering Department	1,528.99	6.60	00

Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
21	24	Hospitality and Protocol Estate Park and Gardens Department	266.86	9.26	03
22	25	Labour, Stationery and Printing Department	93.53	4.06	04
23	26	Fisheries Department	105.65	6.00	06
24	27	Higher Education Department	1,068.57	48.20	05
25	28	Rural Development Department	487.85	29.78	06
26	29	Transport Department	71.54	7.10	10
27	30	Tribal affairs department	54.03	4.49	08
28	31	Culture Department	68.96	15.34	22
29	32	Horticulture Department	142.18	7.91	06
30	33	Disaster Management, Relief, Rehabilitation and Reconstruction Department	756.60	70.26	10
31	34	Youth Services and Technical Education Department	555.45	74.21	13
32	35	Science and Technology Department	13.36	1.12	08
33	36	Co-operative Department	64.44	9.47	15
<b>Total-I</b>			<b>55,852.52</b>	<b>8,219.37</b>	
<b>II-Revenue (Charged)</b>					
34	01	General Administration Department	24.49	3.23	13
35	08	Finance Department	5,665.46	456.78	08
36	09	Parliamentary Affairs Department	1.66	0.52	31
37	10	Law Department	49.38	2.73	06
<b>Total-II</b>			<b>5,740.99</b>	<b>463.26</b>	
<b>III-Capital (Voted)</b>					
38	01	General Administration Department	42.30	37.57	89
39	02	Home Department	921.51	585.60	64

Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
40	03	Planning , Development and Monitoring Department	2,631.65	2,179.98	83
41	04	Information Department	2.31	1.24	54
42	06	Power Development Department	5,590.42	5,384.26	96
43	07	Education Department	1,148.44	531.23	46
44	08	Finance Department	2,595.06	2,569.83	99
45	09	Parliamentary Affairs department	1.77	0.60	34
46	10	Law Department	91.27	53.03	58
47	11	Industries and Commerce Department	243.63	91.29	37
48	12	Agriculture Department	891.57	738.85	83
59	13	Animal/Sheep Husbandry Department	102.22	63.60	62
50	14	Revenue Department	8.62	4.50	52
51	15	Food, Civil Supplies and Consumer Affairs	343.06	55.81	16
52	16	Public Works Department	2,361.50	1,258.37	53
53	18	Social Welfare Department	356.16	321.96	90
54	19	Housing and Urban Development Department	1,658.72	1,208.42	72
55	20	Tourism Department	429.39	335.90	78
56	21	Forest Department	135.84	98.62	73
57	22	Irrigation & Flood Control Department	1,575.42	1,297.93	82
58	23	Public Health Engineering department	660.34	137.10	21
69	24	Hospitality and Protocol Department	97.61	16.13	17
60	25	Stationery and Printing Department	105.03	59.48	57
61	26	Fisheries Department	15.87	4.50	28
62	27	Higher Education Department	228.94	97.05	42
63	28	Rural Development Department	3,062.88	1,257.67	41
64	29	Transport Department	59.35	5.98	10
65	31	Culture Department	17.13	6.17	36
66	32	Horticulture Department	386.15	261.49	68

Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
67	33	Disaster Management, Relief, Rehabilitation and Reconstruction Department	710.69	629.83	89
68	34	Youth Services and Technical Education Department	237.20	198.03	83
69	35	Science and Technology Department	726.45	693.30	95
70	36	Co-operative Department	5.00	1.25	25
<b>Total-III</b>			<b>27,443.50</b>	<b>20,186.57</b>	
<b>Total I+II+III</b>			<b>89,037.01</b>	<b>28,869.20</b>	

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
<b>I-Revenue (Voted)</b>					
1	04-Information Department	71.93	6.99	66.30	5.63
2	06-Power Development Department	8,341.05	816.96	7,542.75	798.30
3	09-Parliamentary Affairs Department	56.10	5.26	54.84	1.26
4	11-Industries and Commerce Department	319.92	26.16	313.69	6.23
5	14-Revenue Department	528.38	7.54	485.30	43.08
6	18-Social Welfare Department	1,497.31	291.28	1,384.62	112.69
7	31-Culture Department	55.85	13.11	53.61	2.24
<b>Total-I</b>		<b>10,870.54</b>	<b>1,167.30</b>	<b>9,901.11</b>	<b>969.43</b>
<b>II-Capital (Voted)</b>					
8	02-Home Department	871.49	50.02	335.90	535.59
9	06-Power Development Department	4,712.02	878.40	206.16	4,505.86
10	15-Consumer Affairs and Public Distribution	308.72	34.34	287.24	21.48
11	16-Public Works Department	2,098.38	263.11	1,103.13	995.25
12	19-Housing and Urban Development department	1,487.39	198.32	477.29	1,010.10
13	26-Fishries Department	15.47	0.40	11.37	4.10
14	27-Higher Education Department	225.00	3.93	131.89	93.11
15	28-Rural Development Department	2,686.17	376.70	1,805.21	880.96
16	31-Culture Department	16.87	0.25	10.95	5.92
<b>Total-II</b>		<b>12,421.51</b>	<b>1,805.47</b>	<b>4,369.14</b>	<b>8,052.37</b>
<b>Grand Total (I+II)</b>		<b>23,292.05</b>	<b>2,972.77</b>	<b>14,270.25</b>	<b>9,021.80</b>

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
<b>I-Revenue (Voted)</b>							
1	15	Consumer Affairs and Public Distribution Department	178.13	50.49	228.62	242.04	13.42
2	16	Public Works Department	795.71	157.94	953.65	2,488.64	1,534.99
<b>Total-I</b>			<b>973.84</b>	<b>208.43</b>	<b>1,182.27</b>	<b>2,730.68</b>	<b>1,548.41</b>
<b>II-Capital (Voted)</b>							
3	17	Health and Medical Education Department	733.80	119.79	853.59	874.36	20.77
4	30	Tribal Affairs	8.54	0.36	8.90	28.83	19.93
<b>Total-II</b>			<b>742.34</b>	<b>120.15</b>	<b>862.49</b>	<b>903.19</b>	<b>40.70</b>
<b>Total I+II</b>			<b>1,716.18</b>	<b>328.58</b>	<b>2,044.76</b>	<b>3,633.87</b>	<b>1,589.11</b>

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
<b>I-Revenue (Voted)</b>					
1	01	General Administrative Department	70.25	Nil	70.25
2	02	Home Department	777.61	Nil	777.61
3	04	Information Department	12.63	Nil	12.63
4	05	Ladakh Affairs Department	8.89	Nil	8.89
5	06	Power Development Department	1,615.26	Nil	1,615.26
6	07	Education Department	1,353.64	Nil	1,353.64
7	08	Finance Department	2,625.85	Nil	2,625.85
8	09	Parliamentary Affairs Department	6.53	Nil	6.53
9	10	Law Department	86.00	Nil	86.00
10	11	Industries and Commerce Department	32.39	Nil	32.39
11	12	Agriculture Department	441.83	Nil	441.83
12	13	Animal/Sheep Husbandry Department	26.11	Nil	26.11
13	14	Revenue Department	118.49	Nil	118.49
14	17	Health & Medical Education Department	176.24	Nil	176.24
15	18	Social Welfare Department	403.97	Nil	403.97
16	19	Housing and Urban Development Department	8.03	Nil	8.03
17	20	Tourism Department	21.17	Nil	21.17
18	21	Forest Department	10.16	Nil	10.16
19	22	Irrigation & Flood Control Department	130.52	Nil	130.52
20	23	Public Health engineering Department	6.60	Nil	6.60
21	24	Hospitality and Protocol Estate Park and Gardens Department	9.26	Nil	9.26
22	25	Labour, Stationery and Printing Department	4.06	Nil	4.06
23	26	Fisheries Department	6.00	Nil	6.00
24	27	Higher Education Department	48.20	Nil	48.20

Sl. No	Grant Number	Number and Name of Grant/ Appropriation	Savings	Surrender	Saving which remained to be surrendered
25	28	Rural Development Department	29.78	Nil	29.78
26	29	Transport Department	7.10	Nil	7.10
27	30	Tribal affairs department	4.49	Nil	4.49
28	31	Culture Department	15.34	Nil	15.34
29	32	Horticulture Department	7.91	Nil	7.91
30	33	Disaster Management, Relief, Rehabilitation and Reconstruction Department	70.26	Nil	70.26
31	34	Youth Services and Technical Education Department	74.21	Nil	74.21
32	35	Science and Technology Department	1.12	Nil	1.12
33	36	Co-operative Department	9.47	Nil	9.47
<b>Total-I</b>			<b>8,219.37</b>	<b>Nil</b>	<b>8,219.37</b>
<b>II- Revenue (Charged)</b>					
34	01	General Administration Department	3.23	Nil	3.23
35	08	Finance Department	456.78	Nil	456.78
36	09	Parliamentary Affairs Department	0.51	Nil	0.51
37	10	Law Department	2.73	Nil	2.73
<b>Total-II</b>			<b>463.25</b>	<b>Nil</b>	<b>463.25</b>
<b>III-Capital (Voted)</b>					
38	01	General Administration Department	37.57	Nil	37.57
39	02	Home Department	585.60	Nil	585.60
40	03	Planning, Development and Monitoring Department	2,179.98	Nil	2,179.98
41	04	Information Department	1.24	Nil	1.24
42	06	Power Development Department	5,384.26	Nil	5,384.26
43	07	Education Department	531.23	Nil	531.23
44	08	Finance Department	2,569.83	Nil	2,569.83
45	09	Parliamentary Affairs Department	0.60	Nil	0.60
46	10	Law Department	53.03	Nil	53.03
47	11	Industries and Commerce Department	91.29	Nil	91.29
48	12	Agriculture Department	738.86	Nil	738.86

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Sl. No	Grant Number	Number and Name of Grant/ Appropriation	Savings	Surrender	Saving which remained to be surrendered
49	13	Animal/Sheep Husbandry Department	63.60	Nil	63.60
50	14	Revenue Department	4.50	Nil	4.50
51	15	Food, Civil Supplies and Consumer Affairs	55.81	Nil	55.81
52	16	Public Works Department	1,258.37	Nil	1,258.37
53	18	Social Welfare Department	321.96	Nil	321.96
54	19	Housing and Urban Development Department	1,208.42	Nil	1,208.42
55	20	Tourism Department	335.90	Nil	335.90
56	21	Forest Department	98.62	Nil	98.62
57	22	Irrigation & Flood Control Department	1,297.93	Nil	1,297.93
58	23	Public Health Engineering Department	137.10	Nil	137.10
59	24	Hospitality and Protocol Department	16.13	Nil	16.13
60	25	Labour, Stationery and Printing Department	59.48	Nil	59.48
61	26	Fisheries Department	4.50	Nil	4.50
62	27	Higher Education Department	97.05	Nil	97.05
63	28	Rural Development Department	1,257.67	Nil	1,257.67
64	29	Transport Department	5.98	Nil	5.98
65	31	Culture Department	6.17	Nil	6.17
66	32	Horticulture Department	261.49	Nil	261.49
67	33	Disaster Management, Relief, Rehabilitation and Reconstruction Department	629.83	Nil	629.83
68	34	Youth Services and Technical Education Department	198.03	Nil	198.03
69	35	Science and Technology Department	693.30	Nil	693.30
70	36	Co-operative Department	1.25	Nil	1.25
<b>Total-III</b>			<b>20,186.58</b>	Nil	<b>20,186.58</b>
<b>Total I+II+III</b>			<b>28,869.20</b>	Nil	<b>28,869.20</b>

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	5.29
2	03	4059	Capital Outlay on Public Works	13.32
		5475	Capital Outlay on Other General Economic Services	1,406.00
3	06	4801	Capital Outlay on Power Projects	2,379.22
4	07	2202	General Education	16.26
		4202	Capital Outlay on Education, Sports, Art and Culture	107.11
5	08	2049	Interest Payments	756.92
		2235	Social Security and Welfare	253.25
		5465	Investment in General Financial and Trading Institution	20.40
		6003	Internal Debt of the State Government	332.85
		6004	Loans and Advances from the Central Government	116.42
		6235	Loans for Social Security and Welfare	5.00
		6885	Other Loans to Industries and Minerals	500.00
6	10	2014	Administrative of Justice	4.07
7	11	2055	Police	2.60
		4851	Capital Outlay on Village and Small Industries	74.32
		4852	Capital Outlay on Iron and Steel Industries	2.57
		4853	Capital Outlay on Non-Ferrous Mining and Metallurgical	1.00
8	12	4401	Capital Outlay on Crop Husbandry	233.33
		4851	Capital Outlay on Village and Small Industries	10.01
9	13	4403	Capital Outlay on Animal Husbandry	47.35
10	15	4408	Capital on Food, Storage and Ware Housing	4.07
11	16	4059	Capital Outlay on Public Works	608.21
		5054	Capital Outlay on Roads and Bridges	554.54
12	17	2211	Family Welfare	45.56
		4210	Capital Outlay on Medical and Public Health	243.07
13	19	4217	Capital Outlay on Urban Development	531.41
14	20	5452	Capital Outlay on Tourism	269.81
15	21	4406	Capital Outlay on Forestry and Wild Life	98.35
16	22	4701	Capital Outlay on Medium Irrigation	56.75
17	26	4405	Capital Outlay on Fisheries	1.20
18	27	4202	Capital Outlay on Education, Sports, Art and Culture	33.94
19	28	4515	Capital Outlay on Other Rural Development Programmes	173.03
20	32	4401	Capital Outlay on Crop Husbandry	10.00

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21	33	4235	Capital Outlay on Social Security and Welfare	50.00
22	34	4202	Capital Outlay on Education, Sports, Art and Culture	20.00
23	35	5425	Capital Outlay on Other Scientific and Environmental Research	395.45
<b>Total</b>				<b>9,382.68</b>

Source: Appropriation Accounts

**Appendix - 2.8**  
**(Reference: Paragraph: 2.8.1 and 2.8.2)**  
**Statement showing cases where significant savings were not surrendered in**  
**Grant No. 07**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure	Saving
1	2202/01/101/0031/0449	1,800.00	1,226.29	573.71
2	2202/01/101/0031/2322	249.26	48.08	201.18
3	2202/01/101/0099/0254	1,265.73	1,228.81	36.92
4	2202/01/101/0099/2418	96.04	17.45	78.59
5	2202/01/104/0099/0214	1,582.33	1,332.67	249.66
6	2202/01/104/0099/2356	0.03	0.00	0.03
7	2202/01/800/0031/1030	38.48	0.14	38.34
8	2202/01/001/0099/0214	1,797.71	1,533.60	264.11
9	2202/02/001/0099/2356	0.03	0.01	0.02
10	2202/02/107/0099/0905	0.53	0.50	0.03
11	2202/80/107/099/2436	2.00	1.69	0.31
12	4202/01/201/0011/0632	40.00	27.16	12.84
13	4202/01/201/0031/0449	315.09	57.40	257.69
14	4202/01/201/0031/2322	411.34	52.00	359.34
15	4202/01/202/0011/0149	120.15	69.08	51.07
16	4202/01/800/0031/1030	144.00	32.22	111.78
<b>Total</b>		<b>7,862.72</b>	<b>5,627.10</b>	<b>2,235.62</b>

**Statement showing cases where significant savings were not surrendered in**  
**Grant No. 22**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure	Saving
1	2700/01/001/0099/0855	10.04	6.31	3.73
2	2701/04/001/0099/0849	52.45	39.96	12.49
3	2701/04/001/0099/0855	17.87	15.28	2.59
4	2701/04/612/0099/0858	18.90	17.70	1.20
5	2701/04/612/0099/2357	0.15	0.09	0.06
6	2701/80/001/0099/2360	3.83	3.41	0.42
7	2702/80/001/0099/0342	149.64	140.47	9.17
8	2702/80/001/0099/0845	44.49	37.63	6.86
9	2702/80/001/0099/1448	357.74	268.60	89.14
10	2702/80/001/0099/2357	0.73	0.39	0.34
11	2711/01/001/0099/0858	39.88	39.51	0.37
12	2711/01/001/0099/1449	90.12	84.16	5.96

<b>Sl. No.</b>	<b>Major/Minor/Sub-head</b>	<b>Total Grant</b>	<b>Expenditure</b>	<b>Saving</b>
13	2711/01/001/0011/0435	25.53	6.08	19.45
14	2711/01/001/0011/0855	11.99	3.68	8.31
15	4701/04/612/0011/0840	9.05	3.80	5.25
16	4702/00/101/0011/1775	22.25	12.38	9.87
17	4702/00/101/0011/1776	28.57	20.27	8.30
18	4702/00/101/0031/1775	89.00	23.19	65.81
19	4702/00/101/0031/1776	113.95	27.17	86.78
20	4711/01/103/0011/1166	1,083.95	1.24	1,082.71
21	4711/01/103/0011/1450	25.83	15.83	10.00
22	4711/01/103/0031/1449	45.00	41.24	3.76
23	4711/01/103/0031/1450	42.44	7.88	34.56
<b>Total</b>		<b>2,283.40</b>	<b>816.27</b>	<b>1,467.13</b>

Source: Appropriation Accounts

**Appendix - 2.9**  
*(Reference: Paragraph: 2.8.1 and 2.8.2)*  
**Statement showing cases where expenditure incurred without budget provision in Grant No. 07**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1	2202/01/001/0031/2448	Nil	19.50
2	2202/01/105/0031/0274	Nil	0.55
3	2202/01/107/0031/1398	Nil	11.25
4	2202/01/800/0031/2280	Nil	0.08
5	2202/02/109/0099/1664	Nil	0.73
6	2202/01/800/0031/2280	Nil	57.29
<b>Total</b>		<b>Nil</b>	<b>89.40</b>

Source: Appropriation Accounts

**Statement showing cases where expenditure incurred without Budget Provision in Grant No. 22**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1	2700/01/601/0000/0000	Nil	1.31
2	2700/01/602/0000/0000	Nil	0.37
3	2700/01/601/0000/0000	Nil	0.16
4	2700/01/601/0000/0000	Nil	0.50
5	4701/01/601/0000/0000	Nil	0.23
6	4701/80/052/0031/2468	Nil	0.28
7	4702/00/800/0031/2449	Nil	0.39
8	4711/01/103/0011/1166	Nil	41.68
<b>Total</b>		<b>Nil</b>	<b>44.92</b>

Source: Appropriation Accounts

**Appendix - 2.10**  
**(Reference: Paragraph: 2.8.1 and 2.8.2)**  
**Statement showing cases where grants remained unutilized**  
**Grant No. 07**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1	2202/01/800/0031/0987	16.20	NIL
2	2202/02/107/0099/0932	0.06	NIL
3	2202/02/107/0099/0249	45.70	NIL
4	4202/01/201/0011/2439	40.00	NIL
5	4202/01/800/0011/0987	5.40	NIL
6	4202/03/800/0031/2495	16.00	NIL
<b>Total</b>		<b>123.36</b>	<b>NIL</b>

**Statement showing cases where grants remained unutilized**  
**Grant No. 22**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1	4701/04/612/0031/0840	16.43	NIL
2	4701/80/800/0031/0435	31.32	NIL
3	4701/80/800/0031/0855	9.00	NIL
<b>Total</b>		<b>56.75</b>	<b>NIL</b>

Source: Appropriation Accounts

**Appendix - 3.1**  
**(Reference: Paragraph: 3.2)**  
**Major Head -wise outstanding Detailed Countersigned Contingent (DC)**  
**Bills ending March 2019**

(₹ in crore)

Sl. No.	Major Head	Nomenclature	Kashmir Division	Jammu Division	Total
1	2012	President/Vice-President/Governor/Administrator of UT's	0.02	0.00	0.02
2	2013	Council of Ministers	0.24	0.00	0.24
3	2014	Administration of Justice	1.05	0.00	1.05
4	2015	Election	10.51	28.61	39.12
5	2030	Stamps & Registration	0.00	1.90	1.90
6	2040	Taxes on Sales, Trade etc.	0.01	4.51	4.52
7	2043	Sales Tax	0.00	0.40	0.40
8	2047	Other Fiscal Services	1.20	0.00	1.20
9	2052	Secretariat General Services	0.08	0.00	0.08
10	2053	District Administration	0.25	0.06	0.31
11	2054	Treasury And Accounts Administration	1.80	0.00	1.80
12	2055	Police	27.14	245.04	272.18
13	2056	Jails	0.42	0.00	0.42
14	2059	Public Works	0.04	0.26	0.30
15	2070	Other Administrative Services	0.86	1.50	2.36
16	2202	General Education	1,816.15	0.44	1,816.59
17	2203	Technical Education	0.25	0.02	0.27
18	2204	Sports & Youth services	3.56	0.00	3.56
19	2205	Art & Culture	2.63	0.00	2.63
20	2210	Medical & Public Health	5.28	3.98	9.26
21	2211	Family Welfare	0.00	0.02	0.02
22	2217	Urban Development	0.05	0.00	0.05
23	2225	Welfare of SC,ST & OB's	0.25	0.00	0.25
24	2230	Labour & Employment	1.10	0.12	1.22
25	2235	Social Security & Welfare	4.60	22.54	27.14
26	2245	Relief on account of Natural Calamities	2.27	167.34	169.61
27	2401	Crop Husbandry	0.66	0.00	0.66
28	2403	Animal Husbandry	0.01	0.26	0.27
29	2415	Agricultural Research and Education	0.02	0.00	0.02
30	2501	Special Programmes for Rural Development	1.75	21.43	23.18
31	2515	Other Rural Development Programme	19.07	0.00	19.07
32	2801	Power	0.29	0.20	0.49
33	2851	Village and Small Industries	10.07	0.00	10.07
34	3451	Secretariat –Economic Services	0.03	0.04	0.07
35	3452	Tourism	0.88	1.66	2.54
36	3454	Census Survey & Statistics	0.25	0.08	0.33

<b>Sl. No.</b>	<b>Major Head</b>	<b>Nomenclature</b>	<b>Kashmir Division</b>	<b>Jammu Division</b>	<b>Total</b>
37	3475	Other General Economic Services	0.00	1.12	1.12
38	4055	Capital Outlay on Police	73.35	0.00	73.35
39	4058	Capital Outlay on Stationery and Printing	0.23	0.00	0.23
40	4059	Capital Outlay on Public Works	8.10	8.30	16.40
41	4070	Capital Outlay on Other Administrative Services	0.25	0.00	0.25
42	4075	Capital Outlay on Miscellaneous General Services	9.89	0.00	9.89
43	4202	Capital Outlay on Education , Sports Art & Culture	577.99	21.66	599.65
44	4210	Capital Outlay on Medical & Public Health	0.87	144.46	145.33
45	4215	Capital Outlay on Water Supply & Sanitation	0.00	3.75	3.75
46	4217	Capital Outlay on Urban Development	15.00	13.33	28.33
47	4220	Capital Outlay on Information & Publicity	0.00	4.56	4.56
48	4225	Capital Outlay on Welfare of SC,ST and OB's	28.45	0.00	28.45
49	4235	Capital Outlay on Social Security & Welfare	11.47	17.16	28.63
50	4250	Capital Outlay on Other Social Services	134.95	0.00	134.95
51	4401	Capital Outlay on Crop Husbandry	36.32	0.24	36.56
52	4402	Capital outlay on Soil and Water Conservation	0.07	0.00	0.07
53	4403	Capital outlay on Animal Husbandry	0.75	0.15	0.90
54	4406	Capital Outlay On Forestry And Wild Life	8.54	0.00	8.54
55	4408	Capital Outlay on Food Storage & Ware Housing	48.08	32.00	80.08
56	4415	Capital Outlay on Agricultural Research and Education	19.88	0.00	19.88
57	4425	Capital Outlay on Cooperation	264.63	0.00	264.63
58	4515	Capital Outlay on Other Rural Development Programme	883.67	91.41	975.08
59	4711	Capital Outlay on Flood Control Projects	4.50	0.00	4.50
60	4851	Capital Outlay on Village & Small Industries	123.19	1.09	124.28
61	4852	Capital Outlay on Iron & Steel Industries	9.53	0.00	9.53
62	4853	Capital Outlay on Non-Ferrous Mining & Metallurgical Industries	0.05	0.00	0.05
63	5054	Capital Outlay on Roads & Bridges	50.40	0.00	50.40
64	5055	Capital outlay on Roads Transport	8.07	0.00	8.07

<b>Sl. No.</b>	<b>Major Head</b>	<b>Nomenclature</b>	<b>Kashmir Division</b>	<b>Jammu Division</b>	<b>Total</b>
65	5425	Capital Outlay on Other Scientific Environmental Research	7.70	0.00	7.70
66	5452	Capital Outlay on Tourism	54.22	7.20	61.41
67	5475	Capital Outlay on Other General Economic Services	32.88	5.91	38.79
<b>Total</b>			<b>4,325.80</b>	<b>852.76</b>	<b>5,178.56</b>

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 2018-19	31
2	Kashmir University	2001-02 to 2018-19	18
3	Kashmir Urban Development Agency Srinagar	1999-2000 to 2018-19	20
4	District Rural Development Agency Srinagar	2002-03 to 2018-19	17
5	District Rural Development Agency Anantnag	2007-08 to 2018-19	12
6	District Rural Development Agency Pulwama	2002-03 to 2018-19	17
7	District Rural Development Agency Leh	2008-09 to 2018-19	11
8	District Rural Development Agency Kargil	2008-09 to 2018-19	11
9	Sher-e-Kashmir International Conference Centre, Srinagar (SKICC)	2018-19	01
10	Srinagar Development Authority, Bemina	1999-2000 to 2018-19	20
11	J&K State Social Welfare Advisory Board, Srinagar	2003-04 to 2018-19	16
12	Islamia College of Sciences and Commerce, Srinagar	2001-02 to 2018-19	18
13	Lakes and Water Ways Development Authority, Srinagar	2005-06 to 2018-19	14
14	Jammu University	2002-03 to 2018-19	17
15	District Rural Development Agency Jammu	2008-09 to 2018-19	11
16	District Rural Development Agency Kathua	2008-09 to 2018-19	11
17	District Rural Development Agency Poonch	2008-09 to 2018-19	11
18	District Rural Development Agency Doda	2003-04 to 2018-19	16
19	Academy of Art Culture and Languages	2003-04 to 2018-19	16
20	Jammu Development Authority	1972-73 to 2018-19	46
21	J&K Pollution Control Board, Srinagar	1995-96 to 2018-19	24
22	Jammu and Kashmir Sports Council, Srinagar	2003-04 to 2018-19	16
23	Jammu and Kashmir Energy Development Agency, (JAKEDA), Srinagar.	2003-04 to 2018-19	16
24	District Rural Development Agency	2007-08 to 2018-19	12

Sl. No.	Name of the Body/Authority	Period for which accounts awaited	Number of awaited accounts
	Budgam		
25	District Rural Development Agency Baramulla	2007-08 to 2018-19	12
26	District Rural Development Agency Kupwara	2006-07 to 2018-19	13
27	District Rural Development Agency Ganderbal	2008-09 to 2018-19	11
28	District Rural Development Agency Kulgam	2008-09 to 2018-19	11
29	District Rural Development Agency Shopian	2008-09 to 2018-19	11
30	District Rural Development Agency Bandipora	2008-09 to 2018-19	11
31	Jammu Municipality	2002-03 to 2018-19	17
32	J&K Entrepreneurship Development Institute, (JKEDI) Pampore	1996-97 to 2002-03, 2016-17 & 2018-19	10
33	Tourism Development Authority, Doodpathri	2005-06 to 2018-19	14
34	Tourism Development Authority, Kokernag	2004-05 to 2018-19	15
35	Tourism Development Authority, Manasbal	2005-06 to 2018-19	14
36	Tourism Development Authority, Pahalgam	2002-03 to 2018-19	17
37	Tourism Development Authority, Sonamarg	2003-04 to 2018-19	16
38	Tourism Development Authority, Yousmarg	2005-06 to 2018-19	14
39	Tourism Development Authority, Verinag	2006-07 to 2018-19	13
40	Wullar Conservation & Management Authority, Srinagar	2012-13 to 2018-19	07
41	District Rural Development Agency, Ramban	2007-08 to 2018-19	12
42	Tourism Development Authority, Mansar, Surinsar	2006-07 to 2018-19	13
43	Tourism Development Authority, Rajouri	2005-06 to 2018-19	14
44	Tourism Development Authority, Poonch	2005-06 to 2018-19	14
45	Tourism Development Authority, Lakhanpur	2005-06 to 2018-19	14
46	Tourism Development Authority, Kishtwar	2005-06 to 2018-19	14
47	Jammu Urban Development Agency (JUDA)	1999-2000 to 2018-19	20
48	District Rural Development Agency, Udhampur	2000-01 to 2018-19	19

<b>Sl. No.</b>	<b>Name of the Body/Authority</b>	<b>Period for which accounts awaited</b>	<b>Number of awaited accounts</b>
49	District Rural Development Agency, Reasi	2008-09 to 2018-19	11
50	District Rural Development Agency, Rajouri	2001-02 to 2018-19	18
51	Tourism Development Authority, Gulmarg	2000-01 to 2018-19	19
52	Tourism Development Authority, Aharbal	2006-07 to 2018-19	13
53	Tourism Development Authority, Baderwah	2006-07 to 2018-19	13
54	Tourism Development Authority, Patnitop	2002-03 to 2018-19	16
55	Sainik School Manasbal	2016-17 to 2018-19	03
<b>Total</b>			<b>821</b>

**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.	2017-18	00	55.70	1,628.33	1,684.03	Not furnished
2.	J&K Bank Financial Services	2017-18	00	20.00	0.00	20.00	Not furnished
3.	J&KSC/ST/OBC Dev. Corporation Ltd.	2001-02	16	10.63	10.76	21.39	Not furnished
4.	J&K Women Development Corporation Ltd.	2016-17	01	10.00	9.15	19.15	Not furnished
5.	J&K Agro Industries Dev. Corporation Ltd.	2009-10	08	1.95	20.95	22.9	Not furnished
6.	J&K Horticulture Produce & Marketing Corporation Ltd.	2004-05	13	9.2	49.68	58.88	Not furnished
7.	J&K Small Scale Industries Dev. Corporation Ltd.	2009-10	08	3.11	9.77	12.88	Not furnished
8.	J&K State Industrial Dev. Corporation Ltd.	2013-14	04	17.64	24.36	42	Not furnished
9.	J&K Project Construction Corporation Ltd.	2013-14	04	1.97	0.33	2.3	Not furnished
10.	J&K Police Housing Corporation Ltd.	2009-10	08	2.00	0.00	2.00	Not furnished
11.	J&K Industries Dev. Corporation Ltd.	2010-11	07	16.26	565.67	581.93	Not furnished
12.	J&K Handicraft (S&E) Corporation Ltd.	2000-01	17	6.16	28.69	34.85	Not furnished
13.	J&K Handloom Development Corporation Ltd.	2010-11	07	4.66	83.57	88.23	Not furnished
14.	J&K Cements Ltd.	2011-12	06	45.76	30.53	76.29	Not furnished
15.	J&K Minerals Ltd.	1999-00	18	8	119.68	127.68	Not furnished
16.	J&K Power Development	2013-14	04	5.00	1,826.49	1,831.49	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	
	Corporation Ltd.						
17.	J&K Chenab Valley Power Project Ltd.	2017-18	00	1,141.86	0.00	1,141.86	Not furnished
18.	J&K Tourism Development Corporation Ltd.	2012-13	05	15.96	4.26	20.22	Not furnished
19.	J&K State Cable Car Corporation Ltd.	2010-11	07	23.57	0.00	23.57	Not furnished
20.	J&K, Overseas Employment Corporation Ltd.	2010-11	07	2.56	0.00	2.56	Not furnished
21.	J&K State Financial Corporation Ltd.	2017-18	00	186.07	15.36	201.43	Not furnished
22.	J&K State Road Transport Corporation	2013-14	04	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	04	0.05	NA	0.05	Not furnished
<b>Total</b>			<b>169</b>	<b>1,766.48</b>	<b>4,942.52</b>	<b>6,709.00</b>	

**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 <i>one per cent</i>
4	Internal Debt	Comprising mainly Market Loans and Special Securities issued to the National Small Savings Fund (NSS) by the State Government.
5	Core Public and Merit goods	Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

<b>Sl. No.</b>	<b>Terms</b>	<b>Description</b>
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.



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