



**Report of the
Comptroller and Auditor General of India
on
Social, General, Economic and Revenue Sectors
for the year ended 31 March 2019**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



**Government of Jammu and Kashmir
Report No. 1 of the year 2021**

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Comptroller and Auditor General of India**

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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 of India for laying in the Parliament. Consequent to the reorganisation of the State of Jammu and Kashmir, under the Jammu & Kashmir Reorganisation 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.

This Report contains three parts.

Part I: Social, General and Economic (Non-PSUs) Sectors

This part contains significant results of compliance audit of the departments/autonomous bodies of the Government of Jammu and Kashmir under the Social, General and Economic (Non-Public Sector Undertakings) Sectors

Part II: Revenue Sector

This part contains significant findings of audit of receipts and expenditure of major revenue earning departments.

Part III: Public Sector Undertakings

This part deals with the results of test audit of Government Companies and Statutory Corporations for the year ended March 2019.

The accounts of Government Companies (including Companies deemed to be Government Companies as per provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act 1956 and Sections 139 and 143 of the Companies Act 2013. The audit of Statutory Corporations is conducted under their respective legislation.

The instances mentioned in this Report are those which came to notice in the course of test audit during the period 2018-19 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2018-19 have also been included, wherever necessary.

The audit has been conducted as per provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Part I and **Part II** of this Report are placed before the Legislature under Article 151 (2) of the Constitution of India while **Part III** is submitted to the Legislature under Section 19 (A) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Overview

OVERVIEW

This Report in three parts, covers audit findings on the departments/ autonomous bodies under the Social, General and Economic (Non-Public Sector Undertakings) Sectors (Part I), the offices of Revenue Sector (Part II), and Public Sector Undertakings (Part III) of Government of Jammu and Kashmir. The combined revenue implication of this Report is ₹ 949.03 crore.

Part I: Social, General and Economic (Non-PSUs) Sectors

Part I of the Report contains nine paragraphs involving ₹ 192.47 crore relating to Management of Bank Accounts, unfruitful expenditure, unauthorised payment of idle salary, etc. Some of the major findings are mentioned below:

The total expenditure¹ of the State increased from ₹ 34,550 crore to ₹ 64,572 crore during the period from 2014 to 2019, while the revenue expenditure increased by 91 per cent from ₹ 29,329 crore in 2014-15 to ₹ 56,090 crore in 2018-19 during the same period. Non-Plan/ Normal revenue expenditure increased by 102 per cent from ₹ 26,457 crore to ₹ 53,578 crore and capital expenditure increased by 64 per cent from ₹ 5,134 crore to ₹ 8,413 crore during the period from 2014 to 2019. The revenue expenditure constituted 80 per cent to 87 per cent of the total expenditure during the years from 2014 to 2019 and capital expenditure 13 per cent to 20 per cent.

(Paragraph: 1.2)

Compliance Audit

Non-establishment of Model Schools

Failure of the Education Department to take timely action for utilisation of amounts received from the Government of India (GoI) for establishment of Model Schools at block level resulted in depriving quality education to the intended beneficiaries and non-utilisation of total available funds of ₹ 44.13 crore. The State Government contribution of ₹ 5.74 crore and interest accrued included in the available fund of ₹ 44.13 crore was also blocked, for ten years.

(Paragraph: 2.1)

Management of Bank Accounts in Government Departments

Government instructions issued from time to time on consolidation and streamlining of utilisation of funds retained in bank accounts of Drawing and Disbursing Officers (DDOs) were not strictly adhered to. Only a meagre amount of ₹ 64.10 crore was transferred from the redundant bank accounts of DDOs during the period December 2016 to February 2017. The accumulated balance in 1,138 bank accounts of 131 DDOs of three selected Government Departments increased from ₹ 116.41 crore to ₹ 399.94 crore during the period from 2014 to 2019. Increase in the accumulated balances was due to undisbursed funds of relief/ compensation to the victims of militancy, natural disasters, improper planning and non-completion of schemes, overstatement of expenditure in the Utilisation Certificates, retention of funds, retention of statutory deductions and land compensation outside the Government Account.

(Paragraph: 2.2)

¹ Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances.

Non collection/ short remittance of dues

Non-distribution of 1,30,121 ration cards printed during the period 2015 to 2018 to the consumers in 11 test-checked units of Food Civil Supplies and Consumer Affairs Department led to non collection of ₹ 1.07 crore as well as short remittance of ₹ 1.69 crore into Government Account.

(Paragraph: 2.3)

Unfruitful expenditure due to non-functional Solar Power Plants

Non-settlement of payment of Works Contract Tax (WCT) with the State Taxes Department rendered 128 Solar Power Plants installed at police establishments non-functional since September 2014 despite incurring expenditure of ₹ 9.70 crore between May 2014 to January 2015 and availability of maintenance free warranty.

(Paragraph: 2.4)

Wasteful expenditure on water storage tanks

Irrigation and Flood Control Department took up the execution of work on water storage tanks, without acquiring the private land and seeking prior clearance from Forest Department/ Defence Authority, resulting in wasteful expenditure of ₹ 3.67 crore.

(Paragraph: 2.5)

Unfruitful expenditure on Lift irrigation Scheme

Non-selection of suitable site for construction of pumping station before taking up execution of the works for lift irrigation scheme, by Executive Engineer, Irrigation and Flood Control Division, Sumbal led to revision of cost of the scheme and inability to arrange additional funds over a period of eight years for completion of scheme, rendered expenditure of ₹ 2.23 crore on the scheme unfruitful.

(Paragraph: 2.6)

Under-utilisation of mobile cranes fitted with weigh bridge testing kits

The Legal Metrology Department failed to engage driver/ trained staff for operating mobile cranes fitted with weigh bridge testing kits provided by GoI for an amount of ₹ 1.18 crore, resulting in their under-utilisation and defeating the intended purpose to modernise and transform the manual practice of calibration/ verification of weigh bridges.

(Paragraph: 2.7)

Unauthorised Payment of idle salary

Failure of the Power Development Department to either transfer Drivers/ Chauffeurs deployed in excess of sanctioned strength or utilise their services effectively resulted in unauthorised drawal and payment of idle salary of ₹ 79.46 lakh to Drivers/ Chauffeurs during the period from March 2015 to January 2019.

(Paragraph: 2.8)

Unfruitful expenditure and blocking of funds

Failure of Public Health Engineering Department to make the augmentation of water supply scheme functional over a period of seven years, resulted in unfruitful expenditure of ₹ 78.28 lakh and blocking of ₹ 39 lakh.

(Paragraph: 2.9)

Part II: Revenue Sector

Part II covers audit findings of Revenue Sector comprising five paragraphs on short demand due to concealment of purchases, irregular grant of tax remission, irregular allowance of input tax credit and misappropriation of Government money, involving ₹ 2.03 crore. Some of the major findings are mentioned below:

Introduction

During the year 2018-19, the overall receipts of the State increased by 5.6 per cent over the previous year. The revenue raised by the State Government (₹ 14,175.70 crore) was 28 per cent of the total revenue receipts against 29 per cent in the preceding year. The balance 72 per cent of the receipts during 2018-19 was from the Government of India (GoI) of which 62.25 per cent came in the form of Grant-in-aid. The Grant-in-aid from GoI constituted 45.02 per cent of the total receipts of the State.

(Paragraph: 3.1)

Test-check of the records of 54 units out of 398 auditable units of State Taxes, State Excise, Transport Department conducted during the year 2018-19 showed under assessment/ short levy/ loss of revenue aggregating ₹ 900.11 crore in 502 cases. Departmental replies were received only from 8 units regarding acceptance of under assessment and other deficiencies of ₹ 2.46 crore. The Departments recovered ₹ 1.55 crore during 2018-19 in respect of 51 cases pertaining to audit findings of the period prior to 2018-19.

(Paragraph: 3.10)

Compliance Audit

Failure of the Assessing Authority to detect the concealment of turnover while assessing the dealer resulted in short levy of tax, interest and penalty of ₹ 17.67 lakh.

(Paragraph: 4.4)

Irregular grant of tax remission by the Assessing Authorities, Commercial Taxes Circles-I and II, Udhampur, to two industrial units which had concealed purchases of ₹ 12.32 lakh during the years 2010-11 and 2013-14 and thereby guilty of offence under section 69(1)(f) of the Jammu and Kashmir Value Added Tax Act, 2005, resulted in short demand of ₹ 26.22 lakh.

(Paragraph: 4.5)

Failure of the Assessing Authorities Commercial Taxes Circle-II, Udhampur and Circle 'L' Jammu to disallow the input tax credit claimed by the dealers on purchases made

during the period of suspension of their registration certificate, resulted in short demand of ₹ 1.26 crore.

(Paragraph: 4.6)

Failure of the State Taxes Anantnag-I circle to correctly verify the return filed by the dealer and disallow the irregular input tax credit claimed on expired/ returned goods, resulted in short demand of ₹ 16.04 lakh.

(Paragraph: 4.7)

Tehsildar, Kathua failed to implement the rules prescribed for handling of revenues of the Government and also furnished incorrect information to audit which facilitated the misappropriation of revenue receipts of ₹ 16.81 lakh.

(Paragraph: 4.8)

Part III: Public Sector Undertakings (PSUs)

Part III covers audit findings of Public Sector Undertakings of all Sectors comprising one Performance Audit on 'Working of Jammu and Kashmir State Road Transport Corporation', and four paragraphs relating to expenditure incurred in excess of sanctioned cost, non-recovery of excess expenditure, short realisation of administrative overheads and execution of works in excess of approved costs involving ₹ 754.53 crore. Some of the major findings are mentioned below:

As on 31 March 2019, there were 42 PSUs, including 39 Government Companies (of which nine were non-working) and three Statutory Corporations under the audit jurisdiction of the Comptroller and Auditor General of India (C&AG). Of these, one PSU i.e. Jammu and Kashmir Bank Limited is listed (July 1998) on the stock exchange. Of the total paid-up equity of the Bank, 59.23 *per cent* is held by the State Government and remaining 40.77 *per cent* is held by Foreign Institutional Investors, individuals and others. During the year 2018-19, six PSUs were incorporated and no PSU was closed down. The 33 working PSUs registered an annual turnover of ₹ 9,784.90 crore and earned an aggregate profit of ₹ 448.02 crore as of 30 September 2019 as per their latest finalised accounts. This turnover was equal to 6.33 *per cent* of Gross State Domestic Product (GSDP) of ₹ 1,54,441 crore for 2018-19.

(Paragraph: 5.1.1)

Performance Audit

The Jammu and Kashmir State Road Transport Corporation (the Corporation) a transport undertaking wholly owned by the Government, with the aim to cater to the transport needs, both of passengers and goods for the public in the State was setup in September 1976. A Performance Audit of the Corporation for the period from 2014-15 to 2018-19 brought out instances of certain deficiencies in planning, operational performance, internal controls etc. While the total financial implication of this Performance Audit is ₹ 737.57 crore, some of the highlights of the Performance Audit are as under:

- Despite 20 *per cent* increase in Paid up Share Capital from ₹ 204.74 crore in 2014-15 to ₹ 245.57 crore in 2018-19, there was a 33 *per cent* increase in accumulated losses from ₹ 1,229.56 crore to ₹ 1,639.01 crore which indicated that capital infused by the Government was not efficiently utilised by the Corporation.

(Paragraph: 6.1.6)

- The Planning Wing of the Corporation had not prepared any perspective plan or long term plan for its revival.

(Paragraph: 6.1.7)

- Shortfall in achievement of targets of operative fleet and revenue collection targets during the period from 2014-15 to 2017-18 ranged between 28 *per cent* to 33 *per cent* and 31 *per cent* and 37 *per cent*, respectively. The overall shortfall in achievement of target of revenue during the period from 2014-15 to 2017-18 was ₹ 165.22 crore.

(Paragraph: 6.1.7.1)

- The Corporation failed to earn its operational revenue, as operation loss ranged between ₹ 15.03 per Km to ₹ 34.68 per Km during the period from 2014 to 2019.

(Paragraph: 6.1.8)

- The Corporation could not improve on the availability of vehicles as the overall fleet strength during the period from 2014-15 to 2018-19 decreased by 133 vehicles (14 *per cent*), despite addition of 142 vehicles during the same period.

(Paragraph: 6.1.9)

- Fleet Operations during the period from 2014-15 to 2018-19 ranged between 51 *per cent* and 59 *per cent* and detention of vehicles in workshop ranged between 29 *per cent* to 44 *per cent*. Percentage of idle vehicles increased from five *per cent* in 2014-15 to 19 *per cent* in 2018-19.

(Paragraph: 6.1.9.2)

- Failure to acquire the ownership title of properties, non-valuation of properties, non-recovery of compensation of land transferred, non-utilisation of properties, non-renewal of leases, indicated inadequate initiative of the Corporation to optimally manage its assets.

(Paragraph: 6.1.13)

- Services of drivers/ conductors were not utilised effectively, as the drivers/ conductors remained attached with the vehicles detained at workshops despite the required staff available at the workshops, resulting in payment of ₹ 44.95 crore to staff remaining idle.

(Paragraph: 6.1.14)

- Internal control mechanism of the Corporation was inadequate, Board meetings, monthly meetings, administrative inspections and vigilance checks were not conducted regularly.

(Paragraph: 6.1.15)

Compliance Audit

This chapter contains four paragraphs of Compliance Audit pertaining to two PSUs (Jammu and Kashmir Projects Construction Corporation Limited and Jammu and Kashmir State Power Development Corporation Limited). The observations relate to expenditure incurred in excess of sanctioned cost, non-recovery of excess expenditure, short realisation of administrative overheads and execution of works in excess of approved costs. While the monetary implication of these observations is ₹ 16.96 crore, highlights of the paragraphs are as follows:

Jammu and Kashmir Projects Construction Corporation Limited did not restrict the work of construction of a bridge and allied works within the sanctioned cost, resulting in non-recovery of expenditure of ₹ 1.88 crore incurred on the work.

(Paragraph: 7.1)

Jammu and Kashmir Projects Construction Corporation Limited constructed a bridge over Darhali Nallah, Ujjhan (Rajouri) without ensuring the approval of revised cost offers and release of funds, which resulted in expenditure of ₹ 6.85 crore not being reimbursed.

(Paragraph: 7.2)

Despite clear instructions of the Project Authority to restrict the value of work to ₹ 20.50 crore for construction of Niki Tawi bridge, the Jammu and Kashmir Projects Construction Corporation Limited exceeded the sanctioned cost, resulting in short realisation of administrative overheads of ₹ 1.64 crore.

(Paragraph: 7.3)

Failure of the Jammu and Kashmir State Power Development Corporation Limited to execute work under Rajiv Gandhi Grameen Vidyutikaran Yojana as per the approved cost, led to financial loss of ₹ 1.92 crore, besides, non-receipt of ₹ 4.67 crore from the Rural Electrification Corporation since 2014-15.

(Paragraph: 7.4)

Part I

Social, General and Economic (Non-PSUs) Sectors

Chapter I

Social, General and Economic (Non-PSUs) Sectors

Introduction

CHAPTER I

INTRODUCTION

1.1 Budget profile

There are 36 Departments in the State of Jammu and Kashmir (J&K). For the year 2018-2019 for the State of Jammu and Kashmir the overall position of the Budget Estimates was ₹ 1,11,850 crore, and the expenditure was ₹ 95,386 crore. The position of Budget Estimates and Actuals thereagainst during the period from 2014 to 2019 is given in Table 1.1.

Table 1.1:
Budget and Expenditure of the State Government during the period from 2014 to 2019

(₹ in crore)

Particulars	2014-15		2015-16		2016-17		2017-18		2018-19	
	Budget Estimates	Actuals								
Revenue expenditure										
General Services	12,923	12,039	14,895	13,675	16,445	15,110	17,314	16,888	23,051	22,850
Social Services	9,114	8,501	11,416	11,331	13,028	11,564	13,909	13,117	20,355	17,931
Economic Services	9,466	8,789	10,886	11,414	13,095	13,138	12,659	10,911	15,636	15,309
Grants-in-aid ¹ and contributions	-	-	-	-	-	-	-	-	-	-
Total (1)	31,503	29,329	37,197	36,420	42,568	39,812	43,882	40,916	59,042	56,090
Capital expenditure										
Capital Outlay	10,221	5,134	12,685	7,331	16,904	8,286	22,126	10,353	27,124	8,413
Loans and advances disbursed	71	87	93	94	91	76	569	25	575	69
Repayment of Public Debt ²	8,412	8,549	8,812	10,815	15,367	17,023	18,401	22,490	17,977	20,647
Contingency Fund	-	-	-	-	-	-	-	-	-	-
Public Accounts disbursements ³	3,690	17,796	3,939	24,094	5,535	19,458	4,961	15,286	7,132	9,656
Closing Cash balance	-	1,401	-	527	-	429	-	554	-	511
Total (2)	22,394	32,967	25,529	42,861	37,897	45,272	46,057	48,708	52,808	39,296
Grand Total (1+2)	53,897	62,296	62,726	79,281	80,465	85,084	89,939	89,624	1,11,850	95,386

(Source: Annual Financial Statements and Finance Accounts of the State Government)

¹ Grants-in-aid paid by the State Government is included in the General, Social and Economic Services.

² Includes transactions under ways and means advances and overdraft.

³ Actuals exclude transactions of investment of cash balance and departmental cash balance.

1.2 Application of resources of the State Government

The total expenditure⁴ of the State increased from ₹ 34,550 crore to ₹ 64,572 crore during the period from 2014 to 2019, while the revenue expenditure increased by 91 per cent from ₹ 29,329 crore in 2014-15 to ₹ 56,090 crore in 2018-19 during the same period. Non-Plan/ Normal revenue expenditure increased by 102 per cent from ₹ 26,457 crore to ₹ 53,578 crore and capital expenditure increased by 64 per cent from ₹ 5,134 crore to ₹ 8,413 crore during the period from 2014 to 2019. The revenue expenditure constituted 80 to 87 per cent of the total expenditure during the years from 2014 to 2019 and capital expenditure 13 to 20 per cent.

1.3 Persistent savings

Persistent savings of more than ₹ one crore in each case and also by 10 per cent or more of the total grant were noticed under six grants during the last five years as detailed in Table 1.2.

Table 1.2: List of grants with persistent savings during the period from 2014 to 2019

(₹ in crore)

Sl. No.	Grant number and name	Amount of Savings				
		2014-15	2015-16	2016-17	2017-18	2018-19
Revenue (Voted)						
1.	10 Law Department	97.04 (34)	102.19 (37)	154.81 (48)	154.33 (42)	85.99 (15)
Capital (Voted)						
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)

Note: Figures in parentheses indicate percentage of savings to total grant

Reasons for persistent savings under these heads were not intimated (May 2020) by the State Government.

1.4 Funds transferred directly to the State Implementing Agencies

The Government of India (GoI) transferred ₹ 895 crore (*Appendix 1.1.1*) directly to various State Implementing Agencies (Institutions, Corporations, Societies, etc.) without routing these through the State Budget during the year 2018-19. Consequently,

⁴ Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances.

these amounts remained outside the scope of the Annual Accounts (Finance Accounts and Appropriation Accounts) of the State Government during the year.

1.5 Grants-in-aid from Government of India

The grants-in-aid received from Government of India during the years 2014-15 to 2018-19 is depicted in Table 1.3.

Table 1.3: Grants-in-aid from GoI

(₹ 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 Grants (Post Devolution Revenue Deficit Grant)	-	-	-	11,849	12,952
Grants for Rural Local Bodies	-	-	-	-	204
Grants for Urban Local Bodies	-	-	-	-	126
Grants-in-aid for State Disaster Relief Fund	-	-	-	-	253
Other Transfers/ Grants to States	-	-	-	620	461
Compensation for loss of revenue arising out of implementation of GST	-	-	-	1,137	1,462
Total	16,150	16,728	20,598	22,702	23,066
Percentage of increase/ decrease over the previous year	17	4	23	10	2
Revenue Receipts	28,939	35,781	41,978	48,512	51,231
Percentage of total grants to Revenue Receipts	56	47	49	47	45

(Source: Finance Accounts of respective years)

Total grants-in-aid from GoI, increased from ₹ 16,150 crore (2014-15) to ₹ 23,066 crore (2018-19) for the period 2014 to 2019.

1.6 Audit process

The audit process starts with the risk assessment of various Departments, Autonomous Bodies, Schemes/ Projects which takes into account the criticality/ complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing the audit findings is issued to the Head of the Office with a request to furnish replies within one month. On receipt of replies, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India (C&AG). The audit findings incorporated in the Audit Report are based on test-check only of the transactions of the Government of Jammu and Kashmir. It is, therefore, recommended that State Government may undertake detailed checks on the issues highlighted, in other Government departments also.

During 2018-19, compliance audit of 727 Drawing and Disbursing Officers of the State and 74 units of 25 autonomous bodies was conducted by the Office of the Principal Accountant General (Audit), Jammu & Kashmir.

1.7 Response of Government to Audit Report Paragraphs

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/ activities as well as on the quality of internal controls in selected departments which have a negative impact on the success of programmes and functioning of the departments. The focus was on auditing specific programmes/ schemes in order to offer suitable recommendations to the Executive for taking corrective action and improving service delivery to the citizens.

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/ Secretaries of the Department concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report. In the Report of the Comptroller and Auditor General of India on Social, General and Economic (Non-PSUs) sectors for the year ended 31 March 2019, 23 paragraphs were sent to the Principal Secretaries/ Secretaries of the respective departments. Replies in respect of nine paragraphs included in this report were not received (September 2020).

1.8 Response of Government to Audit Inspection Reports

The Hand Book of Instructions for speedy settlement of Audit observations/ Inspection Reports (IRs) issued by the Government (Finance Department) provides for prompt response by the Executive to IRs issued by the Principal Accountant General (Audit) to ensure remedial/ rectification action in compliance with the prescribed rules and procedures. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and report their compliance to the Principal Accountant General (Audit).

Based on the results of test audit, 49,523 audit observations contained in 11,531 IRs were outstanding as on 31 March 2019 as given in Table 1.4.

Table 1.4: Details showing the Audit observations outstanding at the end of 31 March 2019

Name of Sector	Opening Balance (01 April 2018)		Additions during the year 2018-19		Settled during the year 2018-19		Closing Balance (31 March 2019)	
	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs
Social Sector (Non-PSUs)	5,289	23,981	444	4,304	149	1,493	5,584	26,792
General Sector (Non-PSUs)	1,634	5,198	151	921	68	432	1,717	5,687
Economic Sector (Non- PSUs)	4,093	15,991	337	2,943	200	1,890	4,230	17,044
Total	11,016	45,170	932	8,168	417	3,815	11,531	49,523

The pendency of large number of paragraphs indicate lack of adequate response of the Government Departments to Audit. The Government may look into this matter and revamp the system to ensure proper response to the audit observations from the Departments in a time-bound manner. Further, only two Audit Committee meetings were held during 2018-19 in which 28 Audit paragraphs were settled which constitute 0.06 *per cent* of the pending objections as of March 2019.

The respective departments should constitute Audit Committees, hold its meetings and monitor the progress of settlement of paragraphs.

1.9 Follow-up on Audit Reports

1.9.1 Non-submission of *suo-motu* Action Taken Notes

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

It was, however, noticed that out of 495⁵ audit paragraphs featuring in the Civil Chapters of Audit Reports from 2000-01 to 2015-16, *suo-motu* ATNs in respect of 146 audit paragraphs had not been received up to 30 September 2020.

1.9.2 Action taken on recommendations of the PAC

Action Taken Notes, duly vetted by the Principal Accountant General (Audit) on the observations/ recommendations made by the PAC/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 495 Audit

⁵ Excludes audit paragraphs featuring in the Reports of C&AG of India for the years 2016-17 and 2017-18 as these have been placed in the Parliament on 23 September 2020.

paragraphs featuring in the Civil Chapters of Audit Reports for the years from 2000-01 to 2015-16, only 245 audit paragraphs have been discussed by the PAC up to 31 March 2020. Recommendations in respect of 223 audit paragraphs have been made by the PAC. However, ATNs on the recommendations of the Committees are pending from the Government of Jammu & Kashmir and Ladakh in respect of 165 paragraphs.

1.10 Non-submission/ delay in submission of Annual Accounts by Autonomous Bodies

Ten Autonomous Bodies required to be audited by the Comptroller and Auditor General (C&AG) of India under Sections 19 (3) and 20 (1) of the C&AG's DPC Act, 1971, had also not furnished the annual accounts as given below:

Table 1.5: Non-submission of accounts by Autonomous Bodies

Sl. No.	Name of Body/ Authority	Delay in number of years	No. of accounts	Grants during 2018-19 (₹ in crore)
1.	Ladakh Autonomous Hill Development Council, Leh	24	24	546.24
2.	Ladakh Autonomous Hill Development Council, Kargil	16	16	597.95
3.	Compensatory Afforestation Management and Planning Authority	10	10	Nil
4.	Sher-e-Kashmir University of Agricultural Science and Technology, Kashmir	09	09	228.60
5.	Sher-e-Kashmir University of Agricultural Science and Technology, Jammu	03	03	101.00
6.	Employees Provident Fund Board, Srinagar	04	04	Nil
7.	Jammu and Kashmir State Housing Board	07	07	Nil
8.	Khadi and Village Industries Board	04	04	23.00
9.	Building and Other Construction Workers Welfare Board	06	06	Nil
10.	State Legal Service Authority	01	01	12.48
	Total		84	1,509.27

The audit of the Ladakh Autonomous Hill Development Council (LAHDC), Leh and LAHDC, Kargil has been entrusted to the C&AG of India. The LAHDC, Leh has failed to submit accounts for audit since its inception i.e. 1995-96 although substantial funds 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. The position in respect of LAHDC, Kargil which came into existence in the year 2004-05 is similar and the accounts are in arrears since its inception.

Non-submission/ delay in submission of accounts by these bodies receiving substantial funding from the State Budget is a serious financial irregularity persisting for years. In

view of this non-compliance, the audited accounts of these statutory bodies have not so far been presented to the State Legislature as required under the Statutes under which these Bodies were created. This has deprived the State Legislature of the opportunity to assess their activities and financial performance.

Chapter II

Social, General and Economic (Non-PSUs) Sectors

Compliance Audit

CHAPTER II

COMPLIANCE AUDIT

This chapter contains nine Compliance Audit paragraphs pertaining to the Social, General and Economic (Non-PSUs) Sectors. The observations relate to unauthorised payment, non creation of assets despite availability of funds, under utilisation of assets, non-execution of works, blocking of funds, overstatement of expenditure and unfruitful expenditure etc. The total financial implication of these observations is ₹ 192.47 crore. The observations in detail are discussed in the succeeding paragraphs.

Education Department

2.1 Non-establishment of Model Schools

Departmental failure to take timely action for utilisation of amounts received from the Government of India (GoI) for establishment of Model Schools at block level resulted in depriving quality education to the intended beneficiaries and non-utilisation of total available funds of ₹ 44.13 crore. The State Government contribution of ₹ 5.74 crore and interest accrued included in the available fund of ₹ 44.13 crore was also blocked, for ten years.

Department of School Education and Literacy (DSEL), Ministry of Human Resource Development (MHRD), Government of India (GoI) launched a scheme (November 2008) with the objective of having at least one good quality secondary school (Model School) in every Educationally Backward Block (EBB). The scheme was to be implemented from 2009-10 onwards. As the State of Jammu and Kashmir (J&K) was a special category State, the funding pattern through Grant-in-aid for implementation of the scheme was 90:10 for GoI and Government of Jammu and Kashmir (GoJ&K) respectively.

The GoJ&K submitted proposals (November 2009) to the Grant-in-aid Committee (GIAC) of DSEL, MHRD, GoI for setting up of 24 (17 new schools and conversion of seven existing schools) for EBBs. During its third meeting (November 2009) the GIAC observed that the projected unit cost of ₹ 6.18 crore was higher than the scheme norm of ₹ 3.02 crore per Model School and therefore, the State Government was required to either revise the estimate or to meet the extra financial burden. In the same meeting, the representative from the State of J&K informed the GIAC that the estimates will be revised so as to bring it within the scheme norms. The GIAC thereby recommended 19 new model schools (November 2009) to be set up in the State. Thereafter, revision of cost was stated to be submitted to Project Approval Board (PAB) in 2010-11.

Subsequently, amendments were made to existing provisions by Department of School Education and Literacy (DSEL), Ministry of Human Resource Development (MHRD), GoI, which allowed (April 2014) the State of Jammu and Kashmir an opportunity to revise the cost based on State Schedule of Rates (SSoR) in respect of the sanctioned 19 model schools for the EBBs as a one-time exception. A proposal based on the SSoR 2012 was stated to be submitted (August 2014) by the GoJ&K to the DSEL as per the information provided by the State Project Director, Samagra Shiksha, J&K Noor

Society¹. No relevant details of the revised proposals were provided on the grounds that Directorate of Rashtriya Madhyamik Shiksha Abhiyan (RMSA) remained submerged in devastating floods in the Valley in the month of September 2014 for a period of more than 25 days and most of the records in hard copy were destroyed. Subsequently, GoI, in February 2015 delinked the scheme from GoI support.

The grant-in-aid of ₹ 25.82 crore (90 per cent) of first installment was released (February 2010) and State Government released ₹ 2.87 crore (June 2010) to State Project Director (SPD) Sarva Shiksha Abhiyan (SSA). The entire amount of ₹ 29.23 crore² was transferred in December 2010 and kept at the disposal of State Project Director, Samagra Shiksha, J&K Noor Society. Further, the State Government released an additional State share of ₹ 2.87 crore (January 2011).

Scrutiny of records (January 2019) of State Project Director, Samagra Shiksha³ revealed that the grants-in-aid of ₹ 25.82 crore and State share of ₹ 5.74 crore were parked in the saving bank account of J&K Noor Society. Even after lapse of ten years, the Government has not taken adequate initiative (July 2019) for implementation of the scheme in the State.

Thus, failure of the Department to take timely action despite relaxation of norms by DSEL, MHRD, GoI for utilisation of amounts received from the GoI for establishment of Model schools not only resulted in non-utilisation of ₹ 44.13 crore⁴ over a period of ten years but also deprived the intended beneficiaries from quality education. Even the State Share of ₹ 5.74 crore, plus interest included in the ₹ 44.13 crore was blocked.

On this being pointed out (January 2019) by audit, the Chief Accounts Officer, Samagra Shiksha, Jammu and Kashmir State stated (July 2019/ June 2020) that the amount initially approved for establishment of model school was inadequate to take the construction work, however, the case regarding revision of cost submitted (2010-11) to Project Approval Board (PAB) was undecided (June 2020).

The reply is not tenable as the Department has not availed the benefit to either revise the unit cost estimate of each school or to meet the financial burden despite relaxation of norms by DSEL, MHRD, GoI. Besides, after delinking of the scheme from the GoI support in 2015, the Department was to arrange the additional funds from its own resources for which no steps were taken and ₹ 44.13 crore continued to be held in the bank account.

The matter was referred to the Department/ Government in May 2020; their replies were awaited (September 2020).

The State Government may ensure that unspent amount alongwith interest accrued thereon may be refunded in accordance with the conditions laid down in the sanction order of the Government of India, Ministry of Human Resources Development and responsibility fixed for non establishment of model schools.

¹ J&K Noor Society RMSA, is the State Implementing Society for Rashtriya Madhyamik Shiksha Abhiyan.

² Central Share: ₹ 25.82 crore; State Share: ₹ 2.87 crore and interest: ₹ 0.54 crore.

³ Samagra Shiksha - an Integrated Scheme of School Education has subsumed the three Schemes of Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA) and Teacher Education (TE).

⁴ Central Share: ₹ 25.82 crore; State Share: ₹ 5.74 crore and interest: ₹ 12.57 crore (ending December 2018).

Finance Department

2.2 Management of Bank Accounts in Government Departments

Government instructions issued from time to time on consolidation and streamlining of utilisation of funds retained in bank accounts of DDOs were not strictly adhered to. Only a meagre amount of ₹ 64.10 crore was transferred from the redundant bank accounts of DDOs during the period December 2016 to February 2017. The accumulated balance in 1,138 bank accounts of 131 Drawing and Disbursing Officers of three selected Government Departments increased from ₹ 116.41 crore to ₹ 399.94 crore during the period from 2014 to 2019. Increase in the accumulated balances was due to undisbursed funds of relief/compensation to the victims of militancy, natural disasters, improper planning and non-completion of schemes, overstatement of expenditure in the Utilisation Certificates, retention of funds, retention of statutory deductions and land compensation outside the Government Account.

2.2.1 Introduction

The procedure for drawal of funds from the Treasury by the Drawing and Disbursing Officers (DDOs) is regulated by the provisions of the Jammu and Kashmir Financial Code (JKFC). As per Rule 2-27 of the JKFC, the DDOs are required to present bills/claims to the Treasury Officers (TOs) for drawal of funds required. The funds are then credited by the Treasury to the Bank Account of the DDOs who in turn make payments by issuing Bank Advices for crediting the payments directly into the bank account of the beneficiaries. The Financial Rule 2-33 of the JKFC, prohibited the withdrawal of funds from the Treasury by DDOs for investment or deposit elsewhere without the consent of the Government. However, where permission to open a separate account is given, the rules provide for opening of account with the Jammu and Kashmir Bank Limited (JKBL) and where there is no such arrangement, with the Post Office Savings Bank or any other bank with the prior approval of the Finance Department.

Compliance Audit on Management of Bank Accounts in Government Departments was conducted (February 2019 to February 2020) to assess whether the prescribed Rules and procedures relating to financial matters as well as the circulars/ instructions issued by the Finance Department from time to time have been complied with by the DDOs. Emphasis was given to assess the compliance by the DDOs to the Government instructions of 09 December 2016 regarding consolidation of and reduction in number of Bank Accounts in Government Departments. Test-check of records was conducted in 131 DDOs selected on random basis, of three Departments⁵ in six⁶ out of 22 districts of the State.

⁵ Public Works, Revenue and Rural Development.

⁶ Jammu, Reasi and Rajouri in Jammu Division and Anantnag, Baramulla and Kargil in Kashmir Division.

2.2.2 Consolidation of funds held and Rationalisation of Bank Accounts

To improve financial discipline as well as ensuring liquidity of funds an efficient system to dispose or liquidate significantly high bank balances of the concerned Departments on account of undisbursed salaries, contractor payments and other liabilities, is a prerequisite. With this objective, Finance Department issued instructions on 09 December 2016, for consolidation and reduction in number of Bank Accounts of DDOs in Government Departments.

As per these instructions, all Government bank accounts of DDOs which had 'nil' balance on the date of issue of the instructions and were inoperative for more than two years were to be closed with immediate effect. Further, all the Government bank accounts of the DDOs which remained inoperative for more than two years and had positive cash balance, were to be closed, and the money was to be transferred to the official bank account⁷ of the Finance Secretary, Government of Jammu and Kashmir (GoJ&K). However, the cash balance of all Government accounts that remained inoperative for more than one year was to be transferred to the official account of the Secretary Finance, GoJ&K although these accounts were not to be closed.

As per the information made available (October 2018) by the Finance Department, the JKBL had identified that out of 19,260 bank accounts operational in JKBL, 12,241 accounts (64 *per cent*) were inoperative for more than one year, hence were frozen by the bank. The consolidated balance of ₹ 64.10 crore lying (as on 20 February 2017) in these accounts was transferred to Government Account. However, Finance Department stated (October 2018) that a few bank accounts along with credit balance were restored subsequently on case to case basis.

The information regarding bank accounts that were frozen earlier and subsequently restored was not furnished by the Finance Department as of September 2020. Further, the process of identification of in-operative bank accounts was conducted (December, 2016 to February 2017) by the Finance Department in respect of bank accounts operational in JKBL, only. Identification of inoperative Bank accounts of DDOs in banks other than JKBL had not been undertaken by the Department (October 2018).

2.2.3 Undisbursed/ unutilised balances in the Bank Accounts

Audit scrutiny of the records (February 2019 to February 2020) of 131 DDOs of three selected Departments in six districts (out of 22 districts of the State) revealed accumulation of undisbursed/ unutilised balance in 1,138 bank accounts (*Appendix 2.2.1*) operated at the end of each financial year during the period from 2014-15 to 2018-19 and are given in the Table 2.2.1.

⁷ Account No. 0110010200000852

Table 2.2.1: Undisbursed/ unutilised amounts in the bank accounts as on 31 March of the concerned year

(₹ in crore)

Sl. No.	Department	Number of DDOs	Number of bank accounts operated	2015	2016	2017	2018	2019
1.	Revenue	58	231	57.47	110.47	98.17	222.23	280.32
2.	Public Works	10	34	17.70	15.93	35.47	56.85	49.55
3.	Rural Development	63	873	41.24	50.38	90.71	68.94	70.07
Total		131	1,138	116.41	176.78	224.35	348.02	399.94
Percentage increase over previous year				NA	52	27	55	15

(Source: Information provided by the DDOs and bank statements)

As seen from the Table 2.2.1, the cumulative balance of 131 DDOs as on 31 March 2015 was ₹ 116.41 crore in 1,138 bank accounts, which increased to ₹ 399.94 crore at the end of March 2019. The main reasons responsible for accumulation of significant balances in the bank accounts of the DDOs were analysed in audit and finding are discussed in succeeding paragraphs. Details of the 131 DDOs and the related 1,138 bank accounts are mentioned in *Appendix 2.2.1*.

2.2.4 Un-disbursed funds in operational bank accounts

Rule 2-33 of Jammu and Kashmir Financial Code stipulated that funds should be withdrawn from the Treasury only if required for immediate disbursement. The practice of withdrawal of funds with a view to avoid lapsing of budget grants is prohibited. Audit noticed (February 2019 to February 2020) that accumulation of balances in the operational Bank Accounts of the DDOs was due to undisbursed/ unutilised funds withdrawn from the Treasury. This is indicative of withdrawal of funds by the DDOs from the Treasury either in anticipation of actual requirement/ disbursement or to avoid lapsing of funds at the end of the financial year. Instances for withdrawal of funds from the Treasury in anticipation of actual expenditure which were not disbursed/ utilised subsequently are discussed below:

2.2.4.1 Compensation to Fire victims of Khundru Achabal

Consequent to the fire incident of Khundru Army Ammunition Depot on 11 August 2007, Ministry of Defence, Government of India (GoI), released (2007), ₹ 26.74 crore in favour of Deputy Commissioner, Anantnag for disbursement among the victims of fire incident. Scrutiny of the records (February 2020) revealed that compensation amounting to ₹ 23.19 crore had been disbursed to the affected population under different categories upto December 2009. Thereafter, no payment on account of compensation was made. The balance amount of ₹ 3.55 crore towards compensation remained un-disbursed as of March 2019 in the Bank Account⁸ of the DDO for almost a decade and had accumulated to ₹ 5.41 crore including interest. The specific reasons for the compensation remaining undisbursed was neither on record nor provided to audit by the

⁸ Account No. 0014040100093667 JKBL, Teshil Premises (TP), Anantnag.

DDO concerned. As the funds were provided by Ministry of Defence, GoI the undisbursed/ unutilised funds were required to be refunded to GoI.

Although this was brought to the notice (February 2020) of the Department/ State Government, their replies were awaited (September 2020).

2.2.4.2 Compensation for *Kahcharie* land

The land that is required to be acquired for developmental works is classified in three categories:

- proprietary land,
- State land and
- *kahcharie*⁹ land

The compensation only in respect of proprietary land acquired is paid to the land owners, whereas the cost for acquisition of *kahcharie* land is used for development works like construction of link roads, lanes/ drains and other works of the village from where this land is acquired.

Audit scrutiny of records (October 2019) of Deputy Commissioner, Anantnag revealed that the cost of *kahcharie* land as detailed in the Table 2.2.2 had been transferred from the Bank Account of Collector Land Acquisition, Public Works Department and deposited in different bank accounts of Additional Deputy Commissioner (ADC), Anantnag during the period from 2012 to 2017, for utilisation on Developmental works.

Table 2.2.2: Cost of *kahcharie* land held by Additional Deputy Commissioner, Anantnag

(₹ in crore)

Sl. No.	Year	Name of Project/ work	Amount transferred (₹ in crore)	Bank Account No.	Amount in bank account as of March 2019 (₹ in crore)	Amount remitted to deposit head (₹ in crore)	Balance amount in bank accounts (₹ in crore)
1.	2013	Railway Approach Roads Pradhan Mantri Gram Sadak Yojana	0.38	0014040100093001 of JKBL, Anantnag	13.72	16.40 ¹⁰	10.13
	2015		13.70				
2.	NA	State Public Works Department Road	1.32	0014040500000086 of JKBL, Anantnag	2.94		
3.	2016	Power Grid Corporation of India Limited Towers Kishtwar Simthan Anantnag Road, Border Roads Organisation	8.56	0014040500000081 of JKBL, Anantnag	8.34		
4.	2012 to 2017	National Highway	17.31	0014040500000083 of JKBL, Anantnag	1.53		
Total			41.27		26.53	16.40	10.13

(Source: Departmental records and bank statements)

As seen from the Table 2.2.2, ₹ 26.53 crore remained unutilised in the bank accounts of ADC Anantnag for periods ranging between two to seven years instead of being used for the developmental minor works.

⁹ *Kahcharie*: common grazing land.

¹⁰ TR No. 2 dated 03.12.2019: ₹ 2.99 crore and TR No. 3 dated 03.12.2019: ₹ 13.41 crore.

On this being pointed out in Audit (October 2019), the DDO transferred (December 2019) only ₹ 16.40 crore to the deposit head (MH-8443) and the balance amount of ₹ 10.13 crore is still lying in the bank (September 2020).

2.2.4.3 Cash compensation in lieu of Government job

The cash compensation rules prescribed¹¹ (10 July 1990) that ex-gratia relief of ₹ one lakh was to be disbursed to the family members of any civilian killed immediately after militancy related action. The General Administrative Department prescribed¹² (04 July 2008) amendments to Jammu and Kashmir Compassionate Appointment Rules 1994 related to cash compensation in lieu of appointment in Government Service. As per the amended rules the family members of the civilian killed in militancy related action were entitled to cash compensation of ₹ four lakh in lieu of appointment in Government service. The compensation amount of ₹ four lakh is also required to be deposited in the name of the next of kin of the deceased person by the concerned Deputy Commissioner to their saving bank account in the branch nearest to the residence of the beneficiaries provided the claimants furnish willingness for acceptance of cash compensation in lieu of Government job.

Audit scrutiny (October/ November 2019) of the related records in the offices of Deputy Commissioner (DC), Anantnag and DC, Baramulla revealed that for family members of civilians killed in militancy related incidents, cash compensation in lieu of Government Service had been claimed by 372 and 111 people respectively. However, disbursement had been made only in respect of 281 cases and 84 claimants by DC, Anantnag and DC, Baramulla respectively. An amount of ₹ 14.88 crore was drawn during the period from 2008-09 to 2017-18 by DC, Anantnag from the Treasury and credited into a Bank account of the DDO¹³. However, cash compensation of ₹ 3.64 crore drawn for 91 claimants was lying undisbursed (March 2019) in the Bank account of DC, Anantnag. Similarly, as per the information furnished (November 2019) by DC, Baramulla, out of ₹ 4.44 crore cash compensation withdrawn from Treasury, ₹ 3.36 crore was paid up to March 2019. Therefore, balances of ₹ 5.71 crore¹⁴ and ₹ 2.13 crore¹⁵ were still lying in the Bank accounts of DCs Anantnag¹⁶ and Baramulla¹⁷ respectively (March 2019). Audit noticed that the compensation amount was not disbursed due to non-completion of requisite formalities such as want of Fixed Deposit Receipts, not opening of bank account by the beneficiaries, non-submission of willingness by the claimants for acceptance of cash assistance in lieu of Government job.

Therefore, compensation amount totaling to ₹ 4.72 crore was drawn from the treasury for payment to the family members of deceased persons killed in militancy related

¹¹ Government order No: 723-G (GAD) of 1990 dated 10.07.90

¹² Vide SRO-199 issued under endorsement No: GAD/Mtg/III/3/2007 dated 04.07.2008

¹³ Account No. 0014040500000021 of JKBL Anantnag.

¹⁴ Includes undisbursed cash compensation of ₹ 3.64 crore drawn in respect of 91 claimants, previous undisbursed payment of relief of ₹ 0.94 crore and interest of ₹ 1.13 crore.

¹⁵ Includes ₹ 1.08 crore on account of 27 unsettled cases, ₹ 0.12 crore on account of three unsettled cases of surrendered militants and ₹ 0.93 crore on account of interest.

¹⁶ Bank account Number 0014040500000021 of JKBL Anantnag.

¹⁷ Bank account Number 0070040500000197 of JKBL Baramulla.

incidents and holding the amounts by parking of funds in the bank accounts over a period of about 10 years was against the principles of financial propriety.

On this being pointed out in audit (October 2019), the DC, Anantnag transferred (November 2019) ₹ 4.77 crore from the bank account to the Deposit Head, leaving a balance amount of ₹ 0.94 crore.

2.2.4.4 Retention of land compensation outside the Government Account

The Finance Department issued (February 2010) directions to transfer all the balances held in the bank accounts on account of land compensation to the treasury concerned, in order to avoid parking of Government funds released for land acquisition outside Government accounts and crediting the amount to “Revenue Deposit”. The Collector of Land Acquisition was to draw the amount of land compensation by corresponding credit into “Revenue Deposits” in the first place and subsequently make drawals of the same, in parts or in full, as and when required for immediate disbursement to the land owners. The Treasury Officer was required to credit this amount under Revenue Deposit Head and avoid drawals in cash. Subsequently, drawals from Deposit Head from the treasury were to be made in the form of Deposit Repayment Order against Voucher (Form FC-34) in favour of awardees (land owners) with their Bank Account numbers. The transfer of money by the Treasury Officer was to be made directly to the bank accounts of the beneficiaries on the basis of advice of DDO accompanying the bill. In the event of non-compliance of these instructions, interest at the rate of 17 *per cent* per annum, was recoverable from the defaulting officers.

Scrutiny of the records (February 2019) revealed that despite clear instructions, ₹ 75.07 crore received by six DDOs¹⁸ of Revenue Department for disbursement of land compensation remained unutilised in the bank accounts in contravention of extant instructions during the period 2014-15 to 2018-19 (*Appendix 2.2.2*).

Thus, retention of land compensation amount in Bank accounts outside the Government Account in contravention of the instructions of the Finance Department defeated the very purpose of streamlining the cash flow as envisaged in the order mentioned, *ibid*. Further, no action for recovery of interest at the rate of 17 *per cent* was initiated against the DDOs for violation of the orders.

2.2.4.5 Direct Benefit Transfer to flood victims

Payment of compensation in favour of various categories of victims of the flood in September 2014 was made through Direct Benefit Transfer (DBT) by the DDOs after issuing Bank Advice along with the details¹⁹ of the beneficiaries. The banks were required to credit the amount of compensation directly into the bank account of the beneficiaries as per the details communicated in the Bank Advice.

¹⁸ 1. Assistant Commissioner Revenue, Kargil; 2. Deputy Commissioner, Kargil; 3. Assistant Commissioner, Revenue, Jammu; 4. Sub-Divisional Magistrate North, Jammu; 5. Sub-Divisional Magistrate South, Jammu; 6. Deputy Commissioner, Reasi.

¹⁹ Name of the beneficiary, bank/ branch and bank account No., etc.

Scrutiny of the records (February 2019) revealed that compensation payments had not been credited into the bank accounts of the beneficiaries due to incomplete/ incorrect details communicated to the Bank by eight DDOs²⁰ out of 58 DDOs of Revenue Department selected for test check. In some cases, part payments were made to the beneficiaries in place of one time lump sum payment. As a result, an amount of ₹ 5.48 crore²¹ were lying undisbursed (March 2019) in the bank accounts of these DDOs apart from interest earned.

2.2.4.6 Compensation to the victims of Natural Disasters

Funds had been allotted to DDOs from time to time for disbursement of compensation to the victims of various natural calamities including displaced people of border villages due to cross border firing. The unutilised funds were required to be returned to the fund sanctioning authority.

Audit scrutiny of the records (February 2019) revealed that for seven DDOs out of 58 DDOs selected in the sample units from Revenue Department, an unutilised balance of ₹ 4.28 crore was lying in the Bank Accounts of these seven DDOs as of 31 March 2019, which is detailed in Table 2.2.3.

Table 2.2.3: DDOs-wise details undisbursed/ unutilised compensation payments as on 31 March 2019
(₹ in crore)

Sl. No.	Name of Scheme	Name of the DDO	Account No and Bank Branch	Amount
1.	Border firing-Migrants	Tehsildar, Akhnoor	0024010100000540 at J&K Bank, Main Market, Akhnoor	1.25
2.	Crop relief Paddy 2010-11	Tehsildar, Bishnah	0215010200000672 at J&K Bank, Main Bazaar, Bishnah	0.19
3.	Relief 2009	Tehsildar, R.S.Pura	0025010200000616 at J&K Bank, R.S Pura	1.18
4.	Drought relief	Tehsildar, Sunderbani	0093010200000087 at J&K Bank, Main Bazaar, Sunderbani	0.19
5.	Relief of 2009	Tehsildar, Nowshera	0085010200000342 at J&K Bank, Nowshera	0.71
6.	Relief	Tehsildar, Reasi	29040500010325 at J&K Bank, Reasi	0.66
7.	Relief	Assistant Commissioner (Revenue), Rajouri	0259040500016637 at J&K Bank, Gujjar Market, Rajouri	0.10
			Total	4.28

(Source: Departmental records and bank statements)

It was also noticed that the funds allotted prior to 2014-15 were also available in these accounts prior to the actual amount of funds allotted. However, a credit balance of

²⁰ 1. Assistant Commissioner Revenue, Jammu; 2. Sub-Divisional Magistrate North, Jammu; 3. Sub-Divisional Magistrate South, Jammu; 4. Sub-Divisional Magistrate, Nowshera; 5. Deputy Commissioner, Reasi; 6. Tehsildar, Katra; 7. Tehsildar, Pouni; 8. Deputy Commissioner, Baramulla.

²¹ 1. Assistant Commissioner Revenue, Jammu: 5 accounts, ₹ 270.17 lakh; 2. Sub-Divisional Magistrate North, Jammu: 1 account, ₹20.72 lakh; 3. Sub-Divisional Magistrate South, Jammu: 1 account, ₹102.68 lakh; 4. Sub Divisional Magistrate, Nowshera: 1 account, ₹ 5.92 lakh; 5. Deputy Commissioner, Reasi: 1 account, ₹ 89.87 lakh; 6. Tehsildar, Katra: 1 account, ₹ 13.17 lakh; 7. Tehsildar, Pouni: 1 account, ₹ 2.23 lakh; 8. Deputy Commissioner, Baramulla: 1 account, ₹ 42.88 lakh.

₹ 4.28 crore in the bank accounts indicated that the funds allotted had not been disbursed fully to among the intended beneficiaries (March 2019).

During the course of Audit in the office of Tehsildar, Nowshera refunded an un-disbursed amount of ₹ 0.71 crore to Deputy Commissioner, Rajouri in November 2019. Similarly, Tehsildar, Sunderbani also refunded (November 2019) the un-disbursed relief of ₹ 0.19 crore to Deputy Commissioner, Rajouri at the instance of audit.

2.2.4.7 Funds under 14th Finance Commission

(A) Retention of balance in bank accounts

Under 14th Finance Commission (FC) Award for the period 2015 to 2016, funds were credited to the Bank Accounts of the Panchayats in two installments (February 2016 and February 2017) for execution of development works. The Block Development Officers were required to prepare Works Plan as per the funds provided under the scheme.

Audit scrutiny of the records (February 2019 to February 2020) revealed that in the case of 15 Block Development Officers (BDOs²²), the estimated cost of planned works in the works plan was 20 *per cent* lesser than the funds allocated for the year 2015-16. Preparation and submission of works plan for an amount less than the funds allocated, resulted in an amount of ₹ 5.07 crore not being utilised and were lying in the Bank Accounts of the respective Panchayats as detailed in *Appendix 2.2.3*.

(B) Non-execution of the works

Audit noticed (February 2019) that only 1,902 works out of 2,459 works planned in 34 sampled Rural Development Blocks, had been completed upto March 2019, as detailed in *Appendix 2.2.4*. Delay/ non-execution of works led to ₹ 12.51 crore for execution of 557 developmental works remaining unutilised in the Bank Accounts for the more than three years.

The Department may initiate immediate action to identify whether these balances have been correctly depicted in the UCs furnished to the GoI related to the releases of 14th Finance Commission, and refund outstanding balances immediately to the GoI, if not already deducted from the releases of the following year.

2.2.4.8 Retention of amount on account of statutory deductions of tax

Rule 30 of Income Tax Rules, stipulates that Income tax deducted at source shall be deposited on the same day if not accompanied by challan or within seven days from the end of the month in which the deduction is made. Section 51(2) of Jammu and Kashmir Goods and Services Tax (GST) Act, 2017 provided that the tax deducted at source under the Act shall be paid to the Government within ten days after the end of month in which such deduction was made. Further, Rule 5 of Building and Other Construction Workers Welfare Cess Rules, 1998 provides that the amount of cess collected shall be transferred

²² 1. BDO, Bhalwal; 2. BDO, Bhomag; 3. BDO, Kalakote; 4. BDO, Panthal; 5. BDO, Vessu; 6. BDO, Pahalgam; 7. BDO, Chittergul; 8. BDO, Verinag; 9. BDO, Quazigund; 10. BDO, Larnoo; 11. BDO, Anantnag; 12. BDO, Shangus; 13. BDO, Khoveri Proa; 14. BDO, Shahabad; and 15 BDO, Boniyar.

by such Government office, Public Sector Undertakings, local authority, or cess collector, to the Board alongwith the form of challan prescribed within thirty days of its collection.

Audit scrutiny of the records (February 2019 to February 2020) of DDOs in Rural Development Department revealed that statutory tax deductions like Labour Cess, Income Tax, Goods and Services Tax, etc., amounting to ₹ 20.56 lakh²³ deducted from contractors/ mates²⁴/ suppliers etc., were not deposited (March 2019) to the concerned Departments/ Authorities by 15 BDOs over a period of more than three months to three years. BDO, Bhalwal attributed (February 2020) non-remittance of tax deducted at source to delay in issuance of Tax Deduction number by the State Taxes Department and non-furnishing of GST number by contractors/ mates.

Their replies are not acceptable as non-remittance of the amount into Government account deducted on account of statutory deductions was in contravention of prescribed rules and has led to accumulation of balance in the Bank Accounts of these BDOs.

2.2.4.9 Retention of funds by Deputy Commissioner, Reasi

The Divisional Commissioner, Jammu released ₹ 1.50 crore²⁵ to Deputy Commissioner (DC), Reasi, (April 2015 and October 2015) for undertaking rescue, relief and rehabilitation work necessitated due to torrential rains/ hailstorm that had occurred during the months of February/ March 2015. However, DC, Reasi released only ₹ 1.35 crore²⁶ (90 per cent) during November 2015 to three Tehsildars for disbursement to the farmers, whose crops of Rabi season of 2015 were damaged due to heavy rains. The balance amount of ₹ 15 lakh was retained by the DC, Reasi without any reasons on record. The amount was lying un-utilised (April 2019) in the Bank Account²⁷ for a period of 42 months (from November 2015 to April 2019).

2.2.4.10 Overstatement of expenditure in the Utilisation Certificates

In terms of Rule 212 of the General Financial Rules of 2005 of GoI, DDOs submit the Utilisation Certificates (UCs) in respect of funds received from GoI to the respective Administrative Department. Based on the UCs submitted by the DDOs, the Administrative Department submits the consolidated UC to the Government of India.

Audit scrutinised (August 2019) the transaction of three DDOs to whom funds were released by GoI. The expenditure figures in the Utilisation Certificates furnished by these DDOs were in excess of actual expenditure incurred as per records made available. The overstatement of expenditure of ₹ 2.48 crore was noticed in utilisation certificate furnished by the DDOs in respect of Prime Minister's Development Package (PMDP)/

²³ 1. BDO, Balwal: ₹ 3.61 lakh; 2. BDO, Kalakote: ₹ 1.59 lakh; 3. BDO, Maira Mandrian: ₹ 0.57 lakh; 4. BDO, Reasi: ₹ 0.04 lakh; 5. BDO, Thanamandi: ₹ 1.19 lakh; 6. BDO, Shangas: ₹ 0.95 lakh; 7. BDO, Chattergul: ₹ 1.26 lakh; 8. BDO, Verinag: ₹ 1.05 lakh; 9. BDO, Pahalgam: ₹ 2.78 lakh; 10. BDO, Breng: ₹ 2.56 lakh; 11. BDO, Larnoo: ₹ 2.25 lakh; 12. BDO, Sangrama: ₹ 0.50 lakh; 13. BDO, Rohama: ₹ 0.61 lakh; 14. BDO, Tangmarg: ₹ 0.06 lakh; 15. BDO, Doongi: ₹ 1.54 lakh.

²⁴ Acts as a supplier of labour and supervises the execution of works in Rural Development Department.

²⁵ April 2015: ₹ 0.50 crore; October 2015: ₹ 1.00 crore.

²⁶ Tehsildar, Katra: ₹ 0.45 crore; Tehsildar, Reasi: ₹ 0.45 crore and Tehsildar, Pouni: ₹ 0.45 crore.

²⁷ Account No. 0029040500020099 at J&K Bank, Reasi.

State Disaster Relief Fund (SDRF)/ Lok Sabha Elections, as per details mentioned in Table 2.2.4.

Table 2.2.4: Instance of excess amounts mentioned in the Utilisation certificates as on 31 March 2019

(₹ in crore)

Sl. No.	Name of the Scheme/ Programme	Name of the DDO	Funds drawn from treasury	Payment disbursed ending March 2019	Utilisation Certificate submitted	Over-statement in UC
1	2	3	4	5	6	7=6-5
1.	PMDP	Deputy Commissioner, Reasi	29.16 ²⁸	29.02	29.13	0.11
2.	Relief 2014	Assistant Commissioner Revenue (General), Jammu	2.17	1.93	2.17	0.24
	PMDP		62.03	60.21	62.03	1.82
3.	Lok Sabha/ Assembly Election of 2013-14	Chief Planning Officer (DC Jammu)	2.86	2.55	2.86	0.31
Total			96.22	93.71	96.19	2.48

(Source: Departmental records and bank statements)

The overstatement of expenditure ₹ 2.48 crore in the UCs, was against the provisions of the Rule 212 of the General Financial Rules 2005 of GoI and runs the risk of fraudulent drawal especially when kept in a bank account.

2.2.4.11 Closed/ replaced schemes

Indira Awaas Yojana (IAY) a centrally sponsored scheme was restructured as Pradhan Mantri Awas Yojana Gramin (PMAY-G) in the year 2016-17 and the disbursement of assistance to the beneficiaries at the block level was changed to a centralised payment disbursement system by adopting of Direct Benefit Transfer (DBT). Audit noticed (February 2019) that 17 DDOs of Rural Development Department had retained the unspent IAY funds amounting to ₹ 1.32 crore²⁹ in 22 bank accounts after the closure of the scheme in 2016-17 which under the scheme was required to be utilised by allocating the unspent amount among existing beneficiaries for completion of the houses.

The Department should take immediate action to liquidate the balances in the bank accounts by funding incomplete houses under IAY for completion. In the event of the non requirement of funds for completion of incomplete houses under IAY, the same may be utilised under PMAY or surrendered to the GoI as the case may be.

²⁸ Against the amount of ₹ 2,934.15 lakh released only ₹ 2,916.05 lakh have been drawn from treasury.

²⁹ 1. Assistant Commissioner Development (ACD), Jammu: 1 Account, ₹ 7.92 lakh; 2. ACD, Rajouri: 2 Accounts, ₹ 2.87 lakh; 3. BDO, Maira Mandrian: 02 Accounts, ₹ 0.54 lakh; 4. BDO, Achabal: 1 Account, ₹ 0.01 lakh; 5. BDO, Breng: 02 Accounts, ₹ 0.391 lakh; 6. BDO, Shangus: 1 Account, ₹ 7.32 lakh; 7. BDO, Anantnag: 02 Accounts, ₹ 98.68 lakh; 8. BDO, Bijbehara: 1 Account, ₹ 0.13 lakh; 9. ACD, Kargil: 2 Accounts, ₹ 2.58 lakh; 10. BDO, Kargil: 01 Account, ₹ 0.23 lakh; 11. BDO, TSG Tespool: 1 Account, ₹ 0.007 lakh; 12. BDO, Phalagam: 01 Account, ₹ 0.07 lakh; 13. BDO, Dachnipora: 1 Account, ₹ 0.21 lakh; 14. ACD, Baramulla: 1 Account, ₹ 9.35 lakh; 15. BDO, Sankoo: 01 Account, ₹ 1.08 lakh; 16. BDO, Pashkum: 1 Account, ₹ 0.04 lakh; 17. BDO, Kunzer: 1 Account, ₹ 0.09 lakh.

2.2.5 Bank accounts other than in JKBL

Rule 2-33 of J&K Financial Code Vol-I envisages that unless otherwise expressly authorised by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Government. Where permission to open a separate account is given the account must be opened with an office of the Jammu and Kashmir Bank Limited and where there is no such office, with the post office saving bank or with the prior approval of the Finance Department, with any other bank.

Audit noticed (February 2019) that in the three departments 44 DDOs had opened 182 bank accounts in banks other than JKBL without obtaining prior approval of the Finance Department. The breakup is detailed in Table 2.2.5.

Table 2.2.5: Department wise bank accounts opened in banks other than J&K Bank

Sl. No.	Department	Accounts opened in private banks		Accounts in nationalised banks		Total	
		DDOs	Accounts	DDOs	Accounts	DDOs	Accounts
1.	Revenue	11	17	01	01	12	18
2.	Public Works	01	01	00	00	01	01
3.	Rural Development	29	150	02	13	31	163
	Total	41	168	03	14	44	182

(Source: Information provided by the respective DDOs)

As is evident from the above table 41 DDOs had opened 168 bank accounts in private banks.

2.2.6 Non-compliance of instructions on consolidation and streamlining of Bank Accounts

In terms of the Government instructions dated 09 December 2016 issued by the Finance Department, all the DDOs were directed that:

- All Government Bank accounts which had 'nil' balance and inoperative for more than two years shall be closed;
- All Government Bank accounts of DDOs which remained inoperative for more than two years and were having positive cash balance shall be closed and the balance at credit was to be transferred to the official account of the Secretary Finance³⁰;
- Cash balance of all Government accounts which had remained inoperative for more than a year shall be transferred to official account of the Finance Secretary without closure of the bank accounts; and
- New bank account shall not be opened by any Department of the State Government in the Jammu and Kashmir Bank Limited or any other nationalised/schedule bank without the concurrence of the Finance Department.

³⁰ Account No. 0110010200000852

Non-compliance of these instructions were noticed in audit as in two DDOs³¹ there was 'nil' credit balance in seven Bank Accounts which were inoperative for more than two years as on December 2016, and these had not been closed (March 2019). Similarly in 12 DDOs³², 21 bank accounts which remained inoperative for more than two years, as on December 2016 were not closed and the credit balance of ₹ 3.48 crore was not transferred (March 2019) to the official bank account of the Secretary Finance. In five DDOs³³, the credit balance of ₹ 4.39 crore in five bank accounts which remained inoperative for more than one year as on 09 December 2016 was not transferred to the official bank account of Secretary Finance, by the DDOs concerned up to 31 March 2019. It was also noticed that in 21 DDOs³⁴, 40 bank accounts were opened after 09 December 2016, without obtaining concurrence of the Finance Department.

After non-compliance of instructions was pointed out by audit (July 2019) the DC Baramulla transferred (October 2019) balance at credit amounting to ₹ 2.43 crore in respect of two bank accounts to the official bank account of the Secretary Finance.

2.2.7 Conclusions

Government instructions of December 2016 on consolidation and rationalisation of bank accounts were not adhered to. Non-operational Bank Accounts were not closed and their credit balances were not transferred to the Bank Account of Secretary Finance as was required. The consolidation and streamlining of bank accounts did not achieve the desired objectives, as only insignificant amount of ₹ 64.10 crore was transferred from the redundant bank accounts during the period. The accumulated balance in 1,138 bank accounts of 131 DDOs of three selected Government Departments had infact increased from ₹ 116.41 crore to ₹ 399.94 crore during the period from 2014 to 2019. Increase in accumulated balance was due to undisbursed funds of relief/ compensation to the victims of militancy, natural disasters, improper planning and non-completion of schemes, retention of funds, retention of statutory deductions and land compensation outside the Government Account, etc. Instances of overstatement of expenditure in the Utilisation certificates were also noticed and 168 bank account were opened in private banks which was in violation of J&K Financial Code Rules.

³¹ Block Development Officer, Mathwar: 3 Accounts; Assistant Commissioner Revenue, Jammu: 4 Accounts.

³² 1. Tehsildar, Kunzar: 01 Account, ₹ 0.97 lakh; 2. Tehsildar, Tangmarg: 05 Accounts, ₹ 0.60 lakh; 3. Tehsildar, Sopore: 3 Accounts, ₹ 3.26 lakh; 4. Tehsildar, Baramulla: 01 Account, ₹ 14.90 lakh; 5. Tehsildar, Anantnag: 01 Account, ₹ 0.001 lakh; 6. Tehsildar Consolidation, Anantnag: 02 Accounts, ₹ 0.78 lakh; 7. Tehsildar, Dooru: 01 Account, ₹ 3.01 lakh; 8. Tehsildar, Pahalgam: 01 Account, ₹ 0.007 lakh; 9. Tehsildar, Qazigund: 01 Account, ₹ 0.10 lakh; 10. Assistant Commissioner (Rental), Jammu: 02 Accounts, ₹ 0.68 lakh; 11. Tehsildar, Akhnoor: 1 Account, ₹ 125.11 lakh; 12. Tehsildar, Nowshera: 02 Accounts, ₹ 198.99 lakh.

³³ 1. Deputy Commissioner, Baramulla: 01 Account, ₹ 126.98 lakh; 2. Assistant Commissioner (Revenue), Baramulla: 01 Account, ₹ 114.00 lakh; 3. SDM, North Jammu: 01 Account, ₹ 0.02 lakh; 4. Tehsildar, Bishnah: 01 Account, ₹ 18.83 lakh; 5. Tehsildar, Arnia: 01 Account, ₹ 178.75 lakh.

³⁴ 1. Assistant Commissioner Development, Jammu: 01 Account; 2. Deputy Commissioner, Reasi: 01 Account; 3. Block Development Officer (BDO), Bhalwal: 01 Account; 4. BDO, Mathwar: 01 Account; 5. BDO, Manjakote: 01 Account; 6. BDO, Doongi: 01 Account; 7. Additional Deputy Commissioner, Kalakote: 02 Accounts; 8. Executive Engineer PWD (R&B) Div-III, Jammu: 02 Accounts; 9. BDO, Akhnoor: 02 Accounts; 10. BDO, Katra: 04 Accounts; 11. BDO, Khour: 01 Account; 12. BDO, Kharabali: 02 Accounts; 13. BDO, Lamberi: 01 Account; 14. BDO, Samwan: 01 Account; 15. BDO, Siot: 13 Accounts; 16. BDO, Sunderbani: 01 Account; 17. Executive Engineer, PWD (R&B) Div, Rajouri: 01 Account; 18. SDM, Nowshera: 01 Account; 19. SDM, North Jammu: 01 Account; 20. DPO, Jammu: 01 Account; 21. DPO, Rajouri: 01 Account.

2.2.8 Recommendations

The Department may ensure:

- Strict implementation of the Government instructions issued for streamlining of retention of funds in bank accounts.
- Effective monitoring mechanism is put in place so that funds are not withdrawn by DDOs from treasury in anticipation of immediate disbursement to avoid accumulation of undisbursed balance in the bank accounts.
- Bank account whenever required to be opened by DDOs, are opened in JKBL and after obtaining prior approval of the Finance Department.

The matter was referred to the Department/ Government in May 2020; their replies were awaited (September 2020).

Food, Civil Supplies and Consumer Affairs Department

2.3 Non collection/ short remittance of dues

Non-distribution of 1,30,121 ration cards printed during the period from 2015 to 2018 to the consumers in 11 test-checked units of Food, Civil Supplies and Consumer Affairs Department led to non collection of ₹ 1.07 crore as well as short remittance of ₹ 1.69 crore into Government Account.

Department of Food, Civil Supplies and Consumer Affairs (FCS&CA), Jammu in collaboration with Jammu and Kashmir Bank Limited (JKBL) ordered (2015-16 onwards) for printing of 15.35 lakh ration cards to be distributed among the beneficiaries on the basis of Census 2011. The cost of printed ration cards was to be borne by the FCS&CA Department and JKBL in the ratio of 60:40. These printed ration cards were to be distributed to consumers³⁵ at the prescribed rates³⁶. The Department released ₹ 1.82 crore as printing costs³⁷ to the JKBL.

Scrutiny of records of 11 test-checked field units³⁸ (Assistant Directors of FCS&CA Department) during the period from November 2017 to February 2020 revealed that total of 9,94,204 ration cards³⁹ were received by the units from the Directorate of FCS&CA for distribution to the consumers. However, only 8,64,083 ration cards⁴⁰ were issued and the balance 1,30,121 cards⁴¹ as detailed in **Appendix 2.3.1 (a)** were lying with the respective Assistant Directors. Non-distribution of ration cards resulted in non-collection ₹ 1.07 crore. Audit also noticed that for the 8,64,083 ration cards distributed to consumers of different categories, sale proceeds of ₹ 7.02 crore⁴² were to

³⁵ Priority Household (PHH) Antyodaya Anna Yojana (AAY), PHH Below Poverty Line (BPL-others) and Non-Priority Household (NPHH) Above Poverty Line (APL)/ Exclusion (for non-ration purpose).

³⁶ PHH (AAY), PHH (BPL-others) and Non-PHH (APL)/ Exclusion consumers at a rate of ₹ 30, ₹ 75 and ₹ 100 per ration card respectively.

³⁷ 60 per cent of total cost of ₹ 3.03 crore (except for 0.49 lakh ration cards printed during 2018).

³⁸ 1. City Circle-I (November 2017), 2. Kathua (February 2018), 3. Reasi: (September 2018), 4. Rural-II (April 2019), 5. Ramban (October 2019), 6. Poonch (May 2019), 7. Kishtwar (January 2019), 8. Samba (August 2019), 9. Rajouri (February 2020), 10. Rural-I (January 2020) and 11. Doda (February 2020). Audit noticed the observations during the audit of the units for the period ending March 2017, March 2018 and March 2019 and the position has been updated from time to time.

³⁹ Non-PHH (APL)/ Exclusion: 3,98,423; PHH (BPL-others): 5,17,791 and PHH (AAY): 77,990

⁴⁰ Non-PHH (APL)/ Exclusion: 3,41,072; PHH (BPL-others): 4,55,184 and PHH (AAY): 67,827

⁴¹ Non-PHH (APL)/ Exclusion: 57,351; PHH (BPL-others): 62,607 and PHH (AAY): 10,163

⁴² Non-PHH (APL)/ Exclusion: ₹ 3.41 crore; PHH (BPL-others): ₹ 3.41 crore and PHH (AAY): ₹ 0.20 crore.

be recovered, as per prescribed rates. However, only ₹ 5.33 crore had been remitted into the Government account, thereby resulting in short collection/ short remittance of ₹ 1.69 crore, as detailed in **Appendix 2.3.1 (b)**.

After this was pointed out in audit, the Chief Accounts Officer, FCS&CA Department, Jammu stated (January 2018) that maximum number of ration cards had been issued. It was further stated that earlier the ration cards could not be issued because Deputy Commissioners of the concerned districts were nominated by the Government for identification of eligible beneficiaries under different categories. The verification/ identification lists were not received in time which resulted in delay in distribution of ration cards. The Assistant Directors (Reasi/ Kishtwar/ Rural II/ Poonch and Doda) stated (October 2018/ January, April, May 2019/ February 2020) that all the Tehsil Supply Officers were directed to issue the remaining ration cards to the beneficiaries and remit the pending amount. Assistant Director, Samba attributed (August 2019) reasons for non-distribution to digitisation of ration cards, with the result the beneficiaries had not collected the printed cards. Assistant Director, Rural-I stated (January 2020) that the remaining ration cards would be distributed shortly.

However, the fact, remains that the ration cards printed and not distributed are still lying with the Assistant Directors. The validity of ration cards was up to June 2018 with the exception of 7,348 ration cards where the validity is from 2015 to 2025. In view of digitisation of targeted public distribution system the possibility of usage of these ration cards in future is remote and they have become redundant now.

Thus, non-distribution of 1,30,121 ration cards printed during the period 2015 to 2018 to the consumers in 11 test checked units of Food, Civil Supplies and Consumer Affairs Department led to non-realisation of ₹ 1.07 crore towards Government Revenue. In addition, there was short-collection/ short-remittance of ₹ 1.69 crore collected from issue of ration cards.

The matter was referred to the Department/ Government in May 2020; the reply was awaited (September 2020).

The Department should ensure in future that printed ration cards are issued expeditiously so that the cost can be recovered as per norms. The amount required to be collected and remitted in Government Account immediately for all units.

Home Department

2.4 Unfruitful expenditure due to non-functional Solar Power Plants

Non-settlement of payment of Works Contract Tax (WCT) with the State Taxes Department rendered 128 Solar Power Plants installed at police establishments non-functional since September 2014; despite incurring expenditure of ₹ 9.70 crore between May 2014 to January 2015 and availability of maintenance free warranty.

To ensure uninterrupted power supply to police establishments in the State, a proposal⁴³ for ₹ 37.94 crore to provide Solar Photo Voltaic System for 523 locations by J&K Police

⁴³ Vide communication No. Prov-II/Elect-26/10-11/39524-26 dated 25.08.2011

was submitted (25 August 2011) to the State Government for approval and onward submission to the Ministry of New and Renewable Energy (MNRE), Government of India (GoI). As stated by the Department, after only two days, a reworked proposal⁴⁴ with a total financial implication of ₹ 43.31 crore was submitted (27 August 2011) including additional 25 locations (District Police Offices).

GoI, under Central Financial Assistance (CFA) sanctioned (February 2012), ₹ 33.54 crore towards installation of 523 Solar Photovoltaic Power Plants (SPPs) with aggregate capacity of 1,408.6 KWP at the establishments of Jammu and Kashmir (J&K) Police at a tentative cost of ₹ 37.94 crore.

Meanwhile, in line with the recommendation (March 2012) of State Level Purchase Committee (SLPC), it was decided to float a Notice Inviting Tender (NIT) in April 2012 for the project. The requirement of 523 location was reworked to include left out 25 District Police Offices, 04 Police Stations and 10 Police Posts bringing the total number of locations to 562 and was duly projected in the NIT floated on 25 April 2012. The L1 bidder quoted a price of ₹ 36.14 crore (inclusive of taxes) for the project. The contract for supply, installation, testing, commissioning and maintenance of Solar photovoltaic Power Plants of different capacities (aggregating 1553.76 KWP) for 562 locations was placed (March 2013) with the L1 firm for ₹ 36.14 crore on the grounds that the price quoted by L1 firm was well within the approved budget of ₹ 37.94 crore.

As stated in clause 16 of the NIT, Jammu and Kashmir (J&K) Service Tax and Value Added Tax (VAT) was not to be applicable to this contract and would be paid extra by Police Department, if charged by State Taxes Department.

The delivery, installation and commissioning of SPPs was to be completed within six months from the date of placement of the supply order. As per the terms and conditions of the supply order, the supplier was responsible for free warranty of five years for SPPs, 10 years for power output warranty for Solar Photovoltaic (SPV) modules and replacement guarantee of 20 years for SPV modules.

Under the Scheme, the Ministry of New & Renewable Energy (MNRE) was to provide CFA of ₹ 243 per watt or 90 *per cent* of the sanctioned project cost whichever is less. The MNRE, GoI, therefore reduced (June 2013) the CFA to ₹ 29.43 crore based on the tendered cost of the project. The first installment of 50 *per cent* of CFA amounting to ₹ 14.71 crore was released in June 2013 by GoI to the State Government out of which an amount of ₹ 14.39 crore towards payment of 187 out of 252 SPPs installed was made during the period May 2014 to January 2015. Post installment of these 252 SPPs, 163 SPPs were found to be non-functional which included 128 SPPs for which payment of ₹ 9.70 crore had been made.

⁴⁴ Vide communication No. Prov-II/Elect-26/10-11/40013-16 dated 27.08.2011

Status of SPPs installed by the supplier, payment released (December 2016) by the Department and non-functional SPPs are indicated in Table 2.4.1.

Table 2.4.1: Status of SPPs installed and payment made during May 2014 to January 2015

SPPs installed	SPPs for which payment made		Non-functional SPPs	Non-functional SPPs where payment was released	
	Number	Amount (₹ in crore)		Number	Amount (₹ in crore)
252	187	14.39	163	128	9.70

(Source: Departmental records)

The Department directed (August 2015) the supplier to rectify the defects developed in the installed in 163 SPPs. The supplier informed (August 2015) the Department that instead of repairing old power conditioning unit of these SPPs, new power conditioning units were dispatched to Jammu and Kashmir. The material was, however, detained by the Sales Tax Department on the grounds of non-deposit of Work Contract Tax (WCT). The Department took up (February 2015 to May 2018) the matter with the Government to either release an amount of ₹ 3.80 crore on account of WCT at a rate of 10.50 per cent or for waiver off such tax.

Audit scrutiny (July 2017) of records of Director General of Police, Police Headquarters, Jammu revealed that the matter relating to WCT, however, has not been resolved even after a lapse of more than five years, and 128 SPPs have remained non-functional for which payment of ₹ 9.70 crore was made up to January 2015.

The Director General of Police, Police Headquarters, Jammu in reply (June 2020) stated that the non-functional SPPs could not be repaired as spare parts were impounded by the Commercial Taxes Department for non-payment of WCT. The Department stated that all the issues shall be resolved as soon as the Government releases the WCT amount or waives it off.

Thus, failure of the Department to effectively co-ordinate and settle the issue regarding payment of WCT with the Sales Tax Department led to impounding of spare parts dispatched by the firm which resulted in non-functional SPPs. As a result, the benefits of installation and commissioning of 128 SPPs could not be availed, despite an expenditure of ₹ 9.70 crore having being incurred for installation of these 128 SPPs.

The matter was reported to the Government (May 2020), their reply is awaited (September 2020).

Payment of works contract tax needs to be settled on priority and rectification of defects in the non-functional SPPs ensured immediately, so that the investment made in SPPs is gainfully utilised.

Irrigation and Flood Control Department

2.5 Wasteful expenditure on water storage tanks

Irrigation and Flood Control Department took up the execution of work on water storage tanks without acquiring the private land and seeking prior clearance from Forest Department/ Defence Authority resulting in wasteful expenditure of ₹ 3.67 crore.

In order to provide irrigational facilities to farmers for agricultural activities in Tehsil, Handwara and Kupwara, the Executive Engineer (EE), Irrigation and Flood Control (I&FC) Division, Handwara, proposed three projects involving construction of 27 storage tanks in Brinyal Rajwad, Natnussa Kandi and Rajwad at an estimated cost ₹ 26.42 crore⁴⁵, under Border Area Development Programme (BADP) in the year 2013. The stipulated period for completion of works was two years from the date of sanction of the project.

The status of work of storage tanks as of March 2019 is given in Table 2.5.1

Table 2.5.1: Status of the work of storage tanks as of March 2019

(₹ in crore)

Particulars of storage tanks	Number of storage tanks Proposed	Storage tanks not taken up for execution		Storage tanks taken up for execution			Storage tanks which are functional		Storage tanks which are not functional	
		No.	Estimated cost	No.	Estimated cost	Expenditure incurred	Fully	Partly	No.	Expenditure incurred
(1)	(2)	(3)	(4)	(5)= (2-3)	(6)	(7)	(8)	(9)	(10)	(11)
Storage tanks requiring forest/ private land	16	7	6.21	9	11.49	3.37	0	2	7	3.04
Storage tanks not requiring forest/ private land	11	1	0.92	10	7.80	3.06	1	6	3	0.63
Total	27	8	7.13	19	19.29	6.43	1	8	10	3.67

(Source: Information provided by the Department)

As seen from the Table 2.5.1, 11 out of a total of 27 storage tanks, had no requirement for acquisition of private/ Forest land and only one out of 27 storage tanks to be constructed was fully functional (March 2019).

⁴⁵ 13 tanks in Natnussa Kandi at an estimated cost of ₹ 11.08 crore; 13 Tanks in Rajwad at an estimated cost of ₹ 10.80 crore and one Brinyal tank at Rajwad at an estimated cost of ₹ 4.54 crore.

An amount of ₹ 9.90 crore⁴⁶ was released during the period from 2013 to 2019 and the Division had incurred an expenditure of ₹ 6.43 crore⁴⁷ as of March 2019.

Scrutiny of records (October 2017) revealed that despite availability of ₹ 9.90 crore, an amount of ₹ 3.47 crore (35 per cent of the total allotment) could not be utilised. Further, out of the 27 storage tanks, only one storage tank was completed as detailed in the **Appendix 2.5.1**.

Further as indicated in Table 2.5.1, of the 16 storage tanks that were proposed to be constructed requiring a total of 41.05 hectare⁴⁸ of private/ forest land, nine storage tanks, were taken up for construction without clearance being obtained from the Forest Department or private land being acquired (July 2019) for executing these works. An expenditure of ₹ 3.37 crore was incurred during the period 2013 to 2019 on these nine storage tanks.

As regards the nine storage tanks (estimated cost: ₹ 11.49 crore) involving use of 35.15 hectare of private/ forest land an expenditure of ₹ 3.37 crores was incurred on storage tanks which were not complete and only two storage tanks were semi-functional. Therefore, the expenditure of ₹ 3.04 crore⁴⁹ incurred on seven incomplete and non-functional storage tanks was wasted.

Similarly, in case of the 11 storage tanks (estimated cost: ₹ 7.80 crore⁵⁰) which did not require any private/ forest land, an expenditure of ₹ 3.06 crore was incurred (2013 to 2019) on execution of work of ten storage tanks (one storage tank was not taken up for construction due to land dispute). Further, only one storage tank out of these ten storage tanks was fully functional and six were semi-functional. Besides, the three remaining storage tanks were not even partially functional despite expenditure of ₹ 63.19 lakh being incurred on these tanks. Out of these three storage tanks, two⁵¹ were abandoned after incurring an expenditure of ₹ 43.59 lakh. As the land identified for the Gunsnar storage tank was close to an army ammunition depot for which clearance from Army was not granted (July 2020) and the alternate site selected for this storage tank Kinjaldoori Nichama failed in soil testing, rendering an expenditure of ₹ 43.59 lakh wasted.

On this being pointed out in audit, EE, I&FC Division, Handwara stated (July 2019) that due to paucity and delay in release of funds, indents with Forest Department could not be processed and private land also could not be acquired.

The reply is not tenable as the Department had not initiated any action for land acquisition as seen from the DPRs except for one work, the land required for the other

⁴⁶ 2013-14: ₹ 1.80 crore; 2014-15: ₹ 2.20 crore; 2015-16: ₹ 3.40 crore; 2016-17: ₹ 1.00 crore; 2017-18: ₹ 1.24 crore; 2018-19: ₹ 0.26 crore.

⁴⁷ 2013-14: ₹ 1.80 crore; 2014-15: ₹ 1.11 crore; 2015-16: ₹ 1.02 crore; 2016-17: ₹ 1.00 crore; 2017-18: ₹ 1.24 crore; 2018-19: ₹ 0.26 crore.

⁴⁸ Forest land: 10.251 hectare; Private land: 30.80 hectare.

⁴⁹ Expenditure of ₹ 3.37 crore incurred on 9 tanks minus expenditure of ₹ 0.33 crore incurred on two semi-functional tanks.

⁵⁰ Excluding Storage tank Zinnar having estimated cost: ₹ 92.00 lakh, not taken up for execution.

⁵¹ Kinjaldoori Nichama: ₹ 38.29 lakh; Gunsnar: ₹ 5.30 lakh.

works had not been acquired (July 2020). Besides, the Division was not able to utilise the funds allotted during the period 2013 to 2019 and there were savings of ₹ 3.47 crore (35 per cent) which lapsed.

Thus, improper planning for taking up the construction of storage tanks without acquiring the private land, seeking prior clearance from Forest Department/ Defence Authority despite availability of funds resulted in wasteful expenditure of ₹ 3.67 crore⁵².

The matter was referred to the Department/ Government in May 2020; their replies were awaited (September 2020).

The Department should take up execution of hindrance free projects on priority so that the projects undertaken are completed expeditiously.

2.6 Unfruitful expenditure on Lift Irrigation Scheme

Non-selection of suitable site for construction of pumping station before taking up execution of the works for lift irrigation scheme, by Executive Engineer, Irrigation and Flood Control Division, Sumbal led to revision of cost of the scheme and inability to arrange additional funds over a period of eight years for completion of scheme, rendered expenditure of ₹ 2.23 crore on the scheme unfruitful.

In order to provide assured irrigation to 1,436 acres of land from Shilvat to Sumbal and Wangipora to Ankhola area in Sumbal-Sonawari constituency of district Bandipora, the Executive Engineer (EE), Irrigation and Flood Control (I&FC) Division, Sumbal took up the work of construction of Babajangi-Wangipora-Khurwan Lift Irrigation Scheme (LIS), during 2007-08 at an estimated cost of ₹ 1.77 crore⁵³, under Accelerated Irrigation Benefit Programme. The scheme was proposed to be completed in one working season⁵⁴.

Audit scrutiny (March 2018) of the records of EE, I&FC Division, Sumbal and EE, Mechanical Irrigation (MI) Division, Shadipora revealed that the original site for construction of vertical pumping station of the scheme was selected without adequate initial survey and was subsequently found not feasible. This was changed (January 2009) after the award of contract. Further, it was proposed to execute additional works of the scheme which led a revision of cost on the scheme. Accordingly, a revised detailed project report (DPR) with an estimated cost of ₹ 3.11 crore⁵⁵ was submitted (January 2012) by the Superintending Engineer, Hydraulic circle Baramulla/ Bandipora to the Chief Engineer, Srinagar which was not approved (June 2020). An expenditure of ₹ 2.23 crore⁵⁶ was incurred on execution of the scheme against its original cost of ₹ 1.77 crore thereby resulting in unauthorised expenditure of ₹ 0.46 crore. Further, the

⁵² Expenditure on seven non-functional storage tanks which required private/ forest land: ₹ 3.04 crore and Expenditure on three non-functional storage tank which did not require private/ forest land: ₹ 0.63 crore.

⁵³ Civil works: ₹ 96.90 lakh; Mechanical works: ₹ 79.90 lakh.

⁵⁴ Starting from September to March of the next year.

⁵⁵ Civil works: ₹ 202.58 lakh; Mechanical works: ₹ 108 lakh.

⁵⁶ Civil works: ₹ 1.40 crore; Mechanical works: ₹ 0.83 crore.

scheme was not functional (June 2020). The electro-mechanical equipment⁵⁷ purchased at a cost of ₹ 0.83 crore by the MI Division, Shadipora also was not installed/commissioned, and these equipments were lying idle in the stores or at the work site as of June 2020. Thus, the failure of EE, I&FC Division, Sumbal to select the proper site for construction of pumping station before taking up of the execution of the lift irrigation scheme led to cost revision of the scheme. Besides, additional funds of ₹ 0.88 crore proposed for completion of scheme could also not be arranged over a period of eight years which rendered the expenditure of ₹ 2.23 crore unfruitful.

On this being pointed out (March 2018) the EE, I&FC Division, Sumbal stated (March 2018/ July 2019) that the civil works of the scheme were almost complete, completion of mechanical works was awaited and an amount of ₹ 25.22 lakh was required for completion of some vital works⁵⁸. EE, MI Division, Shadipora stated (May 2016/ March 2018) that due to non-completion of civil component and paucity of funds, certain items could not be executed and the scheme could not be made functional. It was also stated (June 2020) that extra funding over the estimated cost of ₹ 1.77 crore was allowed to complete the scheme and the Chief Engineer verbally reiterated that formal sanction to the revised cost will be issued after the completion of scheme.

The reply of Executive Engineer is not tenable as the change of original site for construction of pumping station confirmed that proper survey was not conducted before taking up the execution of the work. Besides, execution of scheme work without approval of the revised DPR coupled with non-availability of adequate funds for its completion has rendered the expenditure of ₹ 2.23 crore incurred on the scheme unfruitful.

The matter was referred to the Department / Government in May 2020; their replies were awaited (September 2020).

The Department should arrange for additional funds to complete the work expeditiously and ensure that technical requirements are fulfilled before execution of a project in future.

Legal Metrology Department

2.7 Under-utilisation of mobile cranes fitted with weigh bridge testing kits

The Legal Metrology Department failed to engage driver/ trained staff for operating mobile cranes fitted with weigh bridge testing kits provided by GoI for an amount of ₹ 1.18 crore, resulting in their under-utilisation and defeating the intended purpose to modernise and transform the manual practice of calibration/ verification of weigh bridges.

The Government of India (GoI) under the scheme 'Strengthening of Weights and Measures Infrastructure provided two mobile cranes fitted with weigh bridge testing kits

⁵⁷ Pump motor shifted to site in February 2020, electric sub-station created, main mechanical components such as pump mounting structure, overhead crane working platform, rising main installed at site, other mechanical and electrical components and transformer lying in Divisional stores.

⁵⁸ Construction of lining wall on both sides of the Wangipora-Khurwan canal: ₹ 18.07 lakh; construction of chain link fencing and iron gate: ₹ 2.70 lakh and face lift and construction of allied works: ₹ 4.45 lakh.

for an amount of ₹ 1.18 crore⁵⁹ (December 2008 and March 2012) to the Legal Metrology Department, Government of Jammu and Kashmir (GoJ&K). The Deputy Controller, Legal Metrology, Jammu⁶⁰ projected (March 2009) a minimum revenue of ₹ 10 lakh per annum by use of these mobile testing kits. The Government of J&K fixed (November 2011) ₹ 2,000 as user fee for utilisation of mobile kit loaded with testing weights for verification of weigh bridges installed across the State.

Audit scrutiny (June 2018) of records revealed that one mobile crane received in December 2008 could not be put to use till May 2010, on the grounds of non-availability of driver/ operator and required funds for maintenance. Subsequently from May 2010 to November 2010, it was put to use for only seven months by obtaining a driver on deputation from the Jammu and Kashmir State Road Transport Corporation (JKSRTC). During this period, only 11 weigh bridges were verified. This mobile crane was off road since November 2010 due to non-availability of funds, and was parked in the premises of a private industry at the Industrial Estate, Kathua. The rear tyres of the mobile crane have been stolen (January 2011) for which First Information Report has been lodged with the police.

Subsequently, the Joint Controller, Legal Metrology, Jammu requested (August 2012) Director, Legal Metrology, GoI, New Delhi for withdrawal of this vehicle, on the grounds that due to its large size, it could not be used optimally in the lanes and by lanes of industrial units of Jammu and further added that the said vehicle be taken back and allotted to some other requisitioning and needy State. A second mobile crane was received from GoI in March 2012, and put to use only from February 2015 to June 2018 after making internal arrangements for a driver. This second mobile crane also remained non-functional since July 2018 due to non-availability of a driver.

On this being pointed out, the Deputy Controller, Legal Metrology Jammu stated (July 2020) that 887 weigh bridges were verified/ re-verified by the Department during 2009-18 for which an amount of ₹ 17.74 lakh was recovered. It was also stated that as per log book only 171 weigh bridges were verified/ re-verified by the testing kit provided and remaining 716 weigh bridges were passed without utilisation of testing kits. Therefore, user fee of ₹ 3.42 lakh⁶¹ was only recovered by the use of mobile testing kits.

Since the Department failed to engage driver/ trained staff to ensure effective usage and maintenance for functioning of these cranes, these mobile cranes provided for ₹ 1.18 crore have remained idle. As stated in their own reply, the Department was able to recover user fee of ₹ 17.74 lakh only during 2009-18, which was far less than the estimated collection of user fee of ₹ 90 lakh⁶² projected (March 2009) by Deputy Controller, Legal Metrology, Jammu by use of mobile testing kits. Therefore, the

⁵⁹ Cost of crane received in December 2008: ₹ 50.94 lakh; cost of crane received in March 2012: ₹ 66.88 lakh.

⁶⁰ To be collected at the rate of ₹ 10 lakh per annum.

⁶¹ User charges in respect of 171 weigh bridges at the rate of ₹ 2,000 is ₹ 3,42,000

⁶² To be collected at the rate of ₹ 10 lakh per annum.

Department could not modernise and transform the manual practice of calibration/ verification of weigh bridges due to which the human interface could not be minimised.

When the matter was referred (May 2020) to the Department, Deputy Controller, Legal Metrology, Jammu on the directions of Administrative Department framed a comprehensive factual report (July 2020) wherein it was confirmed that the available drivers/ staff were not used to make the mobile testing kits operational. These kits have now become scrap as they now do not adhere to the new norms for registration of Commercial vehicles and the Department could not recover the projected revenue (user fee) of ₹ 10 lakh annually since its receipt in 2008. Controller Legal Metrology Jammu and Kashmir in its reply (August 2020) stated that the vehicle has neither been registered with Transport Department, nor any efforts have been made in this regard so far.

Thus, the Department failed to engage driver/ trained staff to ensure effective usage and maintenance for functioning of these cranes, where by these mobile cranes provided for ₹ 1.18 crore have remained idle. Moreover, the objective to modernise and transform the manual practice of calibration/ verification of weigh bridges was not achieved.

The matter was referred to the Government in May 2020; their reply was awaited (September 2020).

The Department may ensure that required manpower is available before requisition for machinery is processed for their optimum utilisation as well as modernisation and transformation of the work processes are achieved.

Power Development Department

2.8 Unauthorised Payment of idle salary

Failure of the Power Development Department to either transfer Drivers/ Chauffeurs deployed in excess of sanctioned strength or utilise their services effectively resulted in unauthorised drawal and payment of idle salary of ₹ 79.46 lakh to Drivers/ Chauffeurs during the period from March 2015 to January 2019.

Rules 4 and 6 of the Jammu and Kashmir Financial code (Volume-1) prescribe the procedure under which pay and allowances of officers/ officials are to be regulated. The Head of the Department has to ensure that the staff is posted across the State to ensure effective working of the office.

The Sub Transmission Division-III, Kathua had a sanctioned strength of two drivers/ chauffeurs. Further, out of four Departmental vehicles available in the Division during 2015-16 to 2018-19, three were condemned/ auctioned (27 April 2007/ 08 February 2017) and one vehicle was not fit for operation since August 2013. The Division hired one vehicle from September 2013 onwards as the only remaining vehicle was also recommended for condemnation (December 2019).

Scrutiny of records (December 2017) and subsequent collection of information (between February 2018 to July 2019) revealed that five drivers/ chauffeurs were in position in the Division (March 2015 onwards) against the sanctioned strength of two

drivers/ chauffeurs. Meanwhile, the salary of additional three drivers was drawn in excess of the sanctioned strength during the period from March 2015 to January 2019. Despite four drivers being available without any official duty/ vehicle to drive, the drawal of pay and allowances was unauthorised and amounted to payment of idle salary without performing any official duty. Thus, non-utilisation of services of the drivers/ chauffeurs for which they were recruited is against the rules, which resulted in payment of idle salary to them during the period (March 2015 to January 2019). The surplus drivers/ chauffeurs had idle pay and allowances amounting ₹ 79.46 lakh⁶³ during the period from March 2015 to January 2019. Drawal of pay allowances beyond the sanctioned strength is unauthorised and needs to be investigated.

The Executive Engineer (EE) of the Division stated (February/ October 2019/ July 2020) that the Division had two chauffeurs and one driver posted from various dates against sanctioned posts of two drivers. One of these drivers/ chauffeurs is driving the hired vehicle and two drivers/ chauffeurs have superannuated⁶⁴ as of July 2019. It was further stated that the matter regarding utilising the services of the drivers was taken up with higher authorities from time to time. The reply is not acceptable as additional drivers without any vehicle to drive, continued to remain idle in the Division without assigning any official duties. Also no order regarding regularisation of the three posts was also provided to audit as of December 2017.

The matter was referred to Department/ Government in May 2020; their replies were awaited (September 2020).

The Department should ensure that excess manpower is not retained and adequate controls are exercised for drawal of salaries.

Public Health Engineering Department

2.9 Unfruitful expenditure and blocking of funds

Failure of Public Health Engineering Department to make the augmentation of water supply scheme functional over a period of seven years, resulted in unfruitful expenditure of ₹ 78.28 lakh and blocking of ₹ 39 lakh.

In order to augment the supply of potable water to the local inhabitants of villages Alyia, Bissi Kalakot and Dehari, the Executive Engineer (EE) Public Health Engineering (PHE) Division, Reasi proposed (2006) an 'Improvement/ augmentation of water supply scheme Alyia' at an estimated cost of ₹ 1.19 crore. The Scheme was designed to provide potable water to estimated population of 5,386 in the next 15 years against the existing population of 1,586 inhabiting these villages. The Detailed Project Report for the scheme was approved (2011-12) at cost of ₹ 1.17 crore with funding from NABARD⁶⁵ and the State Government in the ratio of 90:10 with the stipulated completion period of one year.

⁶³ 2015-16: ₹ 19.86 lakh; 2016-17: ₹ 20.22 lakh; 2017-18: ₹ 21.30 lakh; 2018-19: ₹ 18.08 lakh.

⁶⁴ One driver on 31 March 2018 and the other driver on 31 July 2019.

⁶⁵ National Bank for Agriculture and Rural Development.

Audit scrutiny of the records (September 2018/ July 2019) revealed that against the amount of ₹ 1.17 crore⁶⁶ released during the period 2011-12 to 2016-17, an expenditure of ₹ 1.17 crore⁶⁷ was incurred on procurement of material, construction of certain components⁶⁸ of the scheme etc. However, the augmentation scheme could not be completed as the proposed source, a dug well drilled for scheme was not made functional as of August 2019 and material valuing ₹ 39 lakh remained unutilised (August 2019).

On being pointed out in audit (September 2018/ July 2019) the EE, PHE Division, Reasi stated (May 2019/ August 2019) that the bore well was capped after drilling and pump room was also constructed to save it. However, at the time of lowering the pump, it was noticed that the bore well was filled with stones which could not be cleared as it was required to dismantle the slab and walls of the room. It was also stated that the matter has been taken up with the higher authorities and the bore well required repairs, which were estimated to cost ₹ three lakh.

However, the fact remains that despite incurring the expenditure of ₹ 1.17 crore, the water supply to the identified villages as per the project could not be augmented (August 2019) thereby defeating the very purpose of providing potable water to the existing population of three villages. Therefore, the failure of the Department to repair the dug well and to make the augmentation scheme functional over a period of seven years resulted in unfruitful expenditure of ₹ 78.28 lakh and blocking of ₹ 39 lakh.

The matter was referred to the Government in May 2020; their reply was awaited (September 2020).

The Department should take immediate steps to repair the dug well to make the augmentation scheme functional and ensure the assets are adequately protected.

⁶⁶ 2011-12: ₹ 51.67 lakh; 2012-13: ₹ 13.50 lakh; 2013-14: ₹ 12.99 lakh; 2014-15: ₹ 1.43 lakh; 2015-16: ₹ 14.66 lakh; 2016-17: ₹ 23.06 lakh.

⁶⁷ 2011-12: ₹ 51.64 lakh; 2012-13: ₹ 13.50 lakh; 2013-14: ₹ 12.99 lakh; 2014-15: ₹ 1.43 lakh; 2015-16: ₹ 14.66 lakh; 2016-17: ₹ 23.06 lakh.

⁶⁸ Construction of dug well, pump room, rising main, distribution system, chowkidar quarter, ground service reservoir, pumping machinery, sump tank etc.

Part II
Revenue Sector

Chapter III
Revenue Sector
Introduction

CHAPTER III

REVENUE SECTOR

Introduction

3.1 Trend of Revenue Receipts

3.1.1 The tax and non-tax revenues raised by the Government of Jammu and Kashmir during the year 2018-19, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grant-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below in Table 3.1.

Table 3.1: Trend of Revenue Receipts

(₹ in crore)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Revenue raised by the State Government					
	• Tax revenue	6,333.95	7,326.19	7,819.13	9,536.40	9,826.35
	• Non-tax revenue	1,978.05	3,912.79	4,072.19	4,362.34	4,349.35
	Total	8,312.00	11,238.98	11,891.32	13,898.74	14,175.70
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	4,477.23	7,813.48	9,488.60	11,911.65	13,989.80
	• Grants-in-aid	16,149.36	16,728.14	20,598.55	22,701.49	23,065.21
	Total	20,626.59	24,541.62	30,087.15	34,613.14	37,055.01
3.	Total revenue receipts of the State Government (total of 1 and 2)	28,938.59	35,780.60	41,978.47	48,511.88	51,230.71
4.	Percentage of 1 to 3	29	31	28	29	28

(Source: State Finance Accounts 2018-19)

During the year 2018-19, the overall receipts of the State Government increased by 5.6 per cent over the previous year. However, the revenue raised by the State Government (₹ 14,175.70 crore) was 28 per cent of the total revenue receipts against 29 per cent in the preceding year. The balance 72 per cent of the receipts during 2018-19 came from the Government of India (GoI) of which 62.25 per cent was received in the form of Grants-in-aid. The Grants-in-aid from GoI constituted 45.02 per cent of the total receipts of the State.

3.1.2 The details of the tax revenue raised during the period 2014-15 to 2018-19 are given in Table 3.2.

Table 3.2: Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+) or decrease (-) in Actual in 2018-19 over 2017-18
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (f-e)/ e *100
1.	Taxes on Sales, Trade etc. including GST	4,601.52	5,276.54	6,011.98	7,104.37	6,891.44	(-) 3.00
2.	Taxes on Goods and Passengers	557.81	666.21	747.88	852.62	909.22	(+) 6.64
3.	State Excise	466.08	532.82	569.26	833.16	1,291.45	(+) 55.01
4.	Taxes and Duties on Electricity	313.40	428.87	89.94	179.20	188.57	(+) 5.23
5.	Stamps Duty and Registration Fees	247.98	264.23	227.62	307.43	265.45	(-) 13.66
6.	Taxes on Vehicles	132.34	145.15	149.71	228.11	238.93	(+) 4.74
7.	Land Revenue	14.58	12.18	16.89	29.07	41.28	(+) 41.90
8.	Others	0.24	0.19	5.85	2.44	0.001	(-) 99.96
	Total	6,333.95	7,326.19	7,819.13	9,536.40	9,826.34	

(Source: Finance Accounts 2018-19)

There was an increase in actual receipts in 2018-19 over 2017-18 ranging between 4.74 per cent and 55.01 per cent under the heads 'Taxes on Vehicles', 'Taxes and Duties on Electricity', 'Taxes on Goods & Passengers', 'Land Revenue' and 'State Excise'. However, there was a decrease of about 3 per cent to 99.96 per cent under the heads 'Taxes on Sales, Trade etc. including GST', 'Stamps and Registration Fees' and 'Others'. Decrease of 99.96 per cent under the head 'Others' was mainly due to subsuming of Entertainment tax¹ under GST with effect from 8 July 2017.

The respective Departments were asked to provide the reasons for increase/ decrease of revenue in 2018-19 over 2017-18; however, the reasons were provided in respect of the following taxes only:

Taxes on Sales, Trade etc.: The decrease in revenue was mainly due to the structural issues and rate reductions in Goods and Services Tax.

State Excise: The increase in revenue was due to increase in additional assessment fee on sale of all brands of liquor collected at the rate of 31.50 per cent during 2017-18 to 42 per cent with effect from 30 May 2018 to 25 February 2019 and 35 per cent with effect from 26 February 2019 to 31 March 2019.

3.1.3 The details of the non-tax revenue raised during the period 2014-15 to 2018-19 are indicated in Table 3.3.

¹ Entertainment tax during 2017-18 was ₹ 2.44 crore, which decreased to ₹ 0.001 crore during 2018-19.

Table 3.3: Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Head of Revenue	2014-15	2015-16	2016-17	2017-18	2018-19	Percentage of increase (+) or decrease (-) in Actual in 2018-19 over 2017-18
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (f-e)/ e *100
1.	Power	1,427.73	1,477.22	2,770.24	3,150.94	3,246.49	(+) 3.03
2.	Forestry and Wildlife	70.85	67.84	14.40	18.12	20.33	(+) 12.20
3.	Police	19.97	34.11	67.63	32.70	88.98	(+) 172.11
4.	Non-ferrous, Mining and Metallurgical Industries	48.50	57.23	42.74	47.46	51.75	(+) 9.04
5.	Water Supply and Sanitation	36.90	45.77	51.99	93.07	59.78	(-) 35.77
6.	Public Works	23.13	27.55	21.14	47.96	27.92	(-) 41.78
7.	Medical and Public Health	22.69	22.53	21.86	26.02	26.45	(+) 1.65
8.	Interest Receipts	13.58	96.35	18.62	19.44	20.84	(+) 7.20
9.	Other Non-tax Receipts	314.70	2,084.19	1,063.57	926.63	806.81	(-)12.93
	Total	1,978.05	3,912.79	4,072.19	4,362.34	4,349.35	

(Source: State Budget 2019-20 and Finance Accounts 2018-19)

There was an increase ranging between 1.65 per cent to 172.11 per cent in actual collections from Medical and Public Health, Power, Interest receipts, Non-Ferrous Mining and Metallurgical Industries, Forestry/ Wildlife and Police over the previous year. Whereas, the receipt under other non-tax receipts, Water Supply and Sanitation and Public Works had decreased by 12.93 per cent to 41.78 per cent.

The respective departments were asked to provide the reasons for increase/ decrease of revenue in 2018-19 over 2017-18; however, the reasons were provided by the following Departments only:

Police: The increase in revenue was mainly due to increase of guard charges as onetime receipt and auction proceeds.

Forestry and Wild Life: The increase in revenue was due to extraction of firewood and royalty amount deposited by the State Forest Corporation.

3.2 Analysis of Arrears of Revenue

The arrears of revenue as on 31 March 2019 in respect of certain major heads of revenue amounted to ₹ 1,474.11 crore, of which ₹ 719.92 crore was outstanding for more than five years, is detailed in the Table 3.4.

Table 3.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2019	Amount outstanding for more than five years as on 31 March 2019	Replies of Department
1.	Taxes on Sales/ VAT Trade etc	1,426.58	672.63	Stay on Collection for an amount of ₹ 107.77 crore proposed for recovery as arrears of land revenue has been granted by the courts/ appellate authorities. The Department takes various measures like issue of notice of demand (Dastak), issue of memo, seizure of bank accounts and thereafter attachment of immovable property in addition to this, arrest warrants are issued to ensure recovery of the arrears. Stay on recovery of total arrears, of ₹ 45.36 crore was granted by the court/ appellate authorities. However, balance arrears of ₹ 2.08 crore were referred to the Collectors for collection as arrears under the Land Revenue Act.
2.	Motor spirit tax	0.09	0.09	
3.	Entertainment tax	0.21	0.21	
4.	Toll Tax	28.24	28.00	
5.	State Excise	18.99	18.99	
Total		1,474.11	719.92	

(Source: Data provided by the Departments)

3.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed during the year and number of cases pending for finalisation at the end of the year as furnished by the State Taxes Department in respect of Sales Tax/ VAT and Taxes on Works contracts are given in Table 3.5.

Table 3.5: Arrears in assessments

Head of Revenue	Opening balance as on 1 April 2018	New cases due for assessment during 2018-19	Total assessments due	Cases disposed of during 2018-19	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Sales Tax/ VAT	8,991	6,859	15,850	7,098	8,752	44.78
Tax on Works Contract	48,651	14,494	63,145	24,217	38,928	38.35

(Source: Data provided by the Department)

The assessments completed (out of the total cases due for assessment) was 45 per cent in respect of Sales Tax/ VAT and 38 per cent in the case of Taxes on Works Contract. Reasons for less assessments during 2018-19, were attributed (June 2020) to the fact that the Assessing Authorities are adapting to the new tax regime which takes extra time for completion of assessments. However, it was also stated that the Department shall make all efforts to finalise the pending assessments as soon as possible.

In order to avoid the risk of time barring of assessments (five years), Government may consider fixing a time limit for finalisation of the pending assessments and ensure that the time limit so fixed is adhered to by the Departmental Authorities.

3.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected, cases finalized and the demands for additional tax raised, as reported by the Department are given in Table 3.6.

Table 3.6: Evasion of Tax

Sl. No.	Head of revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty, etc. raised		Amount of demand recovered (₹ in crore)	Number of cases pending for finalisation as on 31 March 2019
					Number of cases	Amount of demand (₹ in crore)		
1.	Sales Tax/ VAT	220	1,466	1,686	1,401	32.67	0.83	285
2.	GST	-	218	218	195	53.39	52.26	23
	Total	220	1,684	1,904	1,596	86.06	53.09	308

(Source: Data furnished by the Department)

Against the total demand of ₹ 86.06 crore raised in 1,596 cases during 2018-19, an amount of ₹ 53.09 crore had been recovered which is 61.69 per cent of the total recoverable amount. In reply, Assistant Commissioner (Technical) State Taxes stated (June 2020) that the Department is adopting the prescribed procedures for recovery of arrears. It was also stated that the Government has announced Amnesty scheme which can be availed upto 30 June 2020 and recovery proceedings shall be started after the closure of the scheme.

3.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2018-19, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2018-19 as reported by the Department is given in Table 3.7.

Table 3.7: Details of pendency of refund cases

Sl. No.	Particulars	GST		Sales tax/ VAT	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1.	Claims outstanding at the beginning of the year	264	1.26	7	0.75
2.	Claims received during the year	811	27.99	26	2.33
3.	Refunds made during the year	558	16.04	22	0.59
4.	Balance outstanding at the end of the year	517	13.21	11	2.49

(Source: Data furnished by the Department)

The number of outstanding refund cases both under Sales Tax/ VAT and GST has increased by 95 per cent from 271 cases to 528 cases during 2018-19. This could affect the amount of compensation receivable from the Government of India.

The Government may take effective steps for immediate disposal of the refund cases.

3.6 Response of the Government/ Departments to Audit

The Principal Accountant General (Audit), Jammu and Kashmir (PAG), conducts periodical inspection of the Government Departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating findings, which are issued to the Heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the Offices/ Government are required to take necessary corrective action on the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG (Audit) within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

A review of Inspection Reports issued up to December 2018 in respect of State Taxes, State Excise, Transport and Law Department disclosed that 4,539 paragraphs relating to 859 IRs and involving ₹ 2,095.52 crore remained outstanding at the end of June 2019 as mentioned along with the corresponding figures for the preceding two years below in Table 3.8.

Table 3.8: Details of pending Inspection Reports

	June 2017	June 2018	June 2019
Number of IRs pending for settlement	775	811	859
Number of outstanding audit observations	3,875	4,111	4,539
Amount of revenue involved (₹ in crore)	1,176.45	1,216.35	2,095.52

3.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2019 and the amounts involved in respect of State Taxes, State Excise, Transport and Law Department (Revenue Sector) are mentioned in the Table 3.9.

Table 3.9: Department-wise details of Inspection Reports/ Audit observations

Sl. No.	Name of the Department	Nature of receipts	Numbers of outstanding IRs	Numbers of outstanding audit observations	Money value involved (₹ in crore)
1.	State Taxes	Taxes on Sales, Trade etc.	535	3,373	1,822.20
2.	State Excise	State Excise	154	377	120.95
3.	Transport	Taxes on Motor Vehicles	112	484	141.86
4.	Law	Stamps Duty and Registration fee	58	305	10.51
Total			859	4,539	2,095.52

Audit did not receive any replies from the heads of offices within four weeks from the date of issue of 51 IRs issued during 2018-19. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of Offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG (Audit) through the IRs. Further, no Audit Committee was

constituted by the State Government for discussion of pending objections relating to Tax Revenue (State Taxes, State Excise and Taxes on Motor Vehicles).

It is recommended that the Government should advise the concerned Departments to hold Audit Committee Meetings frequently at least three meetings in a quarter to monitor the progress of settlement of paragraphs and also ensure that demands/recoveries are addressed in time.

3.7 Status of Inspection Reports

The summarised position of the Inspection Reports of Departments of State Taxes, State Excise, Law and Transport (Revenue Sector) issued during the last five years, paragraphs included in these Reports and their status as on 31 March 2019 are tabulated in Table 3.10.

Table 3.10: Position of Inspection Reports

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)	IRs	Para-graph	Money value (₹ in crore)	IRs	Para-graphs	Money value (₹ in crore)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
2014-15	617	2,830	1,188.29	59	553	67.00	08	194	24.93	668	3,189	1,230.36
2015-16	668	3,189	1,230.36	70	494	76.86	07	140	25.90	731	3,543	1,281.32
2016-17	731	3,543	1,281.32	51	403	329.16	28	237	424.04	754	3,709	1,186.44
2017-18	754	3,709	1,186.44	89	767	173.79	09	110	41.24	834	4,366	1,318.99
2018-19	834	4,366	1,318.99	54	632	960.10	07	160	52.77	881	4,838	2,226.32

The Government of J&K has not constituted any Audit Committee for settlement of old paragraphs, as a result, the position of outstanding IRs, Paras with corresponding money value (State Taxes, State Excise and Taxes on Motor Vehicles) increased as is evident from the above table.

This indicates that adequate steps were not taken by the Departments resulting in increase of the outstanding IRs and Paragraphs.

3.8 Follow up on Audit Reports

3.8.1 Non-submission of *suo-moto* Action Taken Notes

The State Government (Finance Department) had issued instructions in June 1997 to all administrative departments to furnish *suo-moto* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports to the Public Accounts Committee (PAC) irrespective of whether they were taken up for discussion by the Committee or not. These ATNs are to be submitted to the Committee duly vetted by the Principal Accountant General (Audit) within a period of three months from the date of presentation of Audit Reports in the State Legislature.

It was, however, noticed that out of 110 audit paragraphs featuring in the Chapters of Revenue Sector of Audit Reports from 2000-01 to 2015-16², *suo-moto* ATNs in respect of 88 audit paragraphs had not been received up to 31 March 2020.

3.8.2 Action taken on recommendations of the PAC

Action Taken Notes, duly vetted by the Principal Accountant General (Audit) on the observations/ recommendations made by the PAC/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations.

Out of 110 audit paragraphs featuring in the Revenue Sector of Audit Reports for the years from 2000-01 to 2015-16, only 17 audit paragraphs have been discussed by the PAC up to 31 March 2019. Recommendations in respect of 17 audit paragraphs including 12 partly discussed were made by the PAC, however, ATNs on the recommendations of the Committee is pending from the State Government in respect of 13 paragraphs.

3.8.3 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last five years, those accepted by the Department and the amount recovered are given in Table 3.11.

Table 3.11: Paragraphs included in the Audit Reports of the last five years

Year of Audit Report	Number of paragraphs included	Money value of the paragraphs (₹ in crore)	Number of paragraphs accepted	Money value of accepted paragraphs (₹ in crore)	Amount recovered during the year 2018-19 (₹ in crore)	Cumulative position of recovery of accepted cases as of 31 March 2019 (₹ in crore)
2013-14	5	9.28	5	1.11	Nil	0.04
2014-15	4	0.76	4	0.76	Nil	0.10
2015-16	7	124.10	6	88.76	0.09	0.16
2016-17	8	2.14	8	2.14	Nil	0.20
2017-18	9	1.43	9	1.43	0.01	0.16 ³
Total	33	137.71	32	94.20	0.10	0.66

It would be seen from the above that in respect of paragraphs featured in the Audit Reports 2013-14 to 2017-18, the Department/ Government accepted audit observations involving ₹ 94.20 crore, of which only ₹ 0.66 crore was recovered as of March 2019, which is only 0.70 *per cent* of the accepted amount. This indicates that the Government could not recover the dues fully even for the cases wherein the audit observations had been accepted by the Department.

3.9 Audit Planning

The auditable entities under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of

² Audit Reports 2016-17 and 2017-18 presented in Parliament in September 2020.

³ Includes recovery of ₹ 15.80 lakh reflected in Audit Report for the year ended 31 March 2018.

risk analysis which *inter-alia* include critical issues in Government Revenues and Tax administration.

During the year 2018-19, there were 398 auditable units of revenue receipts (State Taxes, State Excise, Transport and Law) out of which 66 (17 *per cent*) units were planned for audit and 54 units (82 *per cent*) were audited.

3.10 Results of audit

Position of local audit conducted during the year

Test-check of the records of 54 units⁴ out of 398 auditable units⁵ of State Taxes, State Excise and Transport Department conducted during the year 2018-19 showed under assessment/ short levy/ loss of revenue aggregating ₹ 900.11 crore in 502 cases. Departmental replies were received only from eight units regarding acceptance of under assessment and other deficiencies of ₹ 2.46 crore. The Departments recovered ₹ 1.55 crore during 2018-19 in respect of 51 cases pertaining to audit findings of the period prior to 2018-19. Unit-wise details of recoveries accepted are detailed in *Appendix 3.1.1*.

⁴ State Taxes Department: 34 units; Transport Department: 12 units and Excise Department: 08 units.

⁵ State Taxes Department: 66 units; Transport Department: 22 units; Excise Department: 44 units and Stamps Duty and Registration (Law Department): 266 units.

Chapter IV
Revenue Sector
Compliance Audit

CHAPTER IV

COMPLIANCE AUDIT (Revenue Sector)

A. General

4.1 Tax administration

4.1.1 Sales Tax/ Value Added Tax/ Goods and Services Tax

Sales Tax/ Value Added Tax/ Goods and Services Tax are administered by the Principal Secretary, Finance Department at the Government level. The Commissioner State Taxes, is entrusted with overall control and superintendence of the State Taxes Department. He is assisted by three Additional Commissioners (one each in Jammu and Kashmir Divisions and one for Tax Planning), 19 Deputy Commissioners (Jammu: 09; Kashmir: 08 and one each for headquarter and judicial matters) and 10 Assistant Commissioners (Jammu: 05; Kashmir: 05). The State is divided into 63 State Taxes Circles (Jammu: 30; Kashmir: 33), each headed by one State Taxes Officer.

4.1.2 State Excise

The State Excise Department of J&K is responsible for charging of Excise Duties under the J&K Excise Act, 1901 and the Rules made thereunder. The Department is headed by the Excise and Taxation Commissioner who is assisted by five Deputy Excise Commissioners (Jammu: 04; Kashmir: 01) and 16 Excise and Taxation Officers (Jammu: 10; Kashmir: 06). There are 20 Distilleries/ Bottling Plants which fall within the jurisdiction of the Excise and Taxation Officer, Distilleries, Jammu.

4.1.3 Taxes on Vehicles

Receipts from the Transport Department are regulated under the Central and the State Motor Vehicles Acts and Rules made thereunder and are under the administrative control of the Transport Commissioner.

4.2 Results of audit

Test-check of records of 54 units out of a total of 398 units of State Taxes, State Excise, Transport and Law Departments conducted by Audit during the year 2018-19 revealed under-assessment/ short levy of revenue aggregating ₹ 900.11 crore in 502 cases as detailed in Table 4.1.

Table 4.1: Results of Audit

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
Taxes on Sales, Trade/ VAT, etc.			
1.	Under-assessment of Tax	20	3.50
2.	Evasion of tax due to suppression of sales/ purchase	280	58.95
3.	Irregular/ incorrect/ excess allowance of Input Tax Credit	39	2.93
4.	Other irregularities	60	687.92
	Total	399	753.30
State Excise			
1.	Short/ Non realisation of Excise duty	1	0.01
2.	Short/ Non realisation of licence fee/ interest/ penalty	12	13.43
3.	Short levy of collection of Toll Tax	3	0.09
4.	Other irregularities	14	1.33
	Total	30	14.86
Motor Vehicle taxes			
1.	Non/ short realisation of Token Tax	9	15.42
2.	Non/ short realisation of Passenger and goods tax	29	39.35
3.	Other Irregularities	35	77.18
	Total	73	131.95
	Grand Total	502	900.11

During the year 2018-19, an amount of ₹ 1.55 crore of revenue was recovered by the Departments under various heads¹ of receipt that had been pointed out in audit during previous years.

¹ Taxes on Sale, Trade/ VAT etc.: ₹ 1.54 crore; Stamps and Registration fee: ₹ 1.00 lakh.

B. Compliance Audit

4.3 Coverage of this Chapter

This Chapter of the Report on the Revenue Sector contains five paragraphs involving revenue implication of ₹ 2.03 crore relating to short demand due to irregular allowance of input tax credit, irregular grant of tax remission, concealment of purchases and misappropriation of Government money, etc. The Departments/ Government have accepted audit observations involving ₹ 2.03 crore, out of which ₹ 13.02 lakh have been recovered.

Finance Department

(State Taxes Department)

4.4 Short levy of tax due to concealment of purchases

Failure of the Assessing Authority to detect concealment of turnover while assessing a dealer, resulted in short levy of tax, interest and penalty of ₹ 17.67 lakh.

Section 7 of Jammu and Kashmir General Sales Tax Act, 1962 and the Rules made thereunder provide that every dealer shall submit the return of his turnover in such a manner as may be prescribed under the Act. Further, if a dealer furnishes incorrect particulars of turnover or conceals his turnover, the Assessing Authority (AA) shall direct the dealer under the sections 8(8) and 17 (1) (f) of the aforesaid Act to pay in addition to tax payable, interest at the rate of two *per cent* per month for the period of default and penalty not less than the amount of tax which was attempted to be evaded but not exceeding double the amount of such tax.

Scrutiny (December 2014/ May 2019) of records of Commercial Taxes Circle 'H' Srinagar, revealed that the assessment of a dealer² for the financial year 2009-10 was done (March 2014) by the AA at a taxable turnover of ₹ 6.04 crore after enhancing the turnover by ₹ 34.99 lakh. However, the inter-state purchase statements filed by the dealer alongwith his quarterly returns and the 'C-Form' consumption statements revealed that the inter-state purchases of ₹ 43.15 lakh had not been accounted for by the dealer in his accounts which led to concealment of sales turnover of ₹ 86.29 lakh³. Therefore, the dealer had violated Section 7 of Jammu and Kashmir General Sales Tax Act, 1962 and the Rules made thereunder and was required to pay tax, interest and penalty as determined under the Sections 8(8) and 17 (1) (f) of the Act. The assessing authority, while assessing the case enhanced the turnover by ₹ 34.99 lakh against the concealment of turnover of ₹ 86.29 lakh. The net concealed turnover worked out to

² Dealing in construction/ electrical works contracts.

³ Includes freight, profit and other charges at the rate of 100 *per cent* as declared by the dealer in his trading account.

₹ 51.30 lakh, for which the dealer was liable to pay tax, interest and penalty of ₹ 17.67 lakh⁴.

On this being pointed out (December 2014), the Assessing Authority re-assessed (December 2018) the dealer and raised a demand of ₹ 16.72 lakh⁵. It was further stated (December 2019) that the demand has been referred (May 2019) to the Deputy Commissioner Recovery Division, Kashmir. However, the progress of recovery was awaited (September 2020).

The matter was referred to Department/ Government in November 2019; their replies were awaited (September 2020).

4.5 Short demand of tax and interest due to irregular grant of tax remission

Irregular grant of tax remission by the Assessing Authorities, Commercial Taxes Circles I and II, Udhampur, to two industrial units which had concealed purchases of ₹ 12.32 lakh during the years 2010-11 and 2013-14, resulted in short demand of ₹ 26.22 lakh.

In exercise of the powers conferred by Section 79-A of the Jammu and Kashmir Value Added Tax (JKVAT) Act, 2005, the Government issued (March 2006) a notification for remission of tax in respect of small, medium and large scale industrial units which was to be granted subject to fulfillment of certain conditions. These conditions stipulated that to avail the remission of tax, the Industrial unit should be formally registered⁶, it should submit tax remission claims in the prescribed forms, maintain correct and regular accounts of purchases of goods including plant, equipment, raw material, production and sale of goods etc. and provide employment to permanent residents of the State. Besides, the unit should not claim input tax credit and in no case shall procure the finished product from outside the state and shall not dispose of the raw material in any manner whatsoever except as provided in the certificate of registration. Any industrial unit found guilty of an offence specified under Section 66 (6), Section 67, Section 69(1)(f), Section 69(1)(g), Section 69(1)(h), Section 69(1)(k), Section 69(1)(I) of the JKVAT Act, 2005 was not entitled to remission of tax for the year during which such offence was committed.

I. Scrutiny of records⁷ (May 2014) of State Taxes Circle-I, Udhampur, revealed that an industrial unit⁸ was allowed (October 2013 and January 2014) tax remission of ₹ 7.45 lakh⁹ for the first and second quarter of 2013-14, assessed on 23 October 2013 and 27 January 2014, respectively. However, cross check of purchase statement filed by the dealer with the VAT-65 Forms revealed that purchases of ₹ 3.54 lakh¹⁰ made

⁴ Tax: ₹ 4.31 lakh; Interest with effect from effect from April 2010 to December 2018: ₹ 9.05 lakh; Penalty: ₹ 4.31 lakh.

⁵ Tax: ₹ 4.35 lakh; Interest: ₹ 8.02 lakh; Penalty: ₹ 4.35 lakh.

⁶ With Department of Industries and commerce/ Directorate of Handicrafts/ Handloom and also with the Department of Commercial taxes.

⁷ Out of 224 case assessed during 2013-14 audit test checked 55 cases.

⁸ Dealing in manufacture of cement.

⁹ First Quarter: ₹ 3.21 lakh; Second quarter: ₹ 4.24 lakh.

¹⁰ First Quarter: ₹ 3.31 lakh; Second quarter: ₹ 0.23 lakh.

during the first and second quarter of 2013-14 were not accounted for by the dealer in the purchase statement. The dealer was therefore guilty of offence under section 69 (1) (f) of the JKVAT Act, 2005 and was not entitled to the remission of tax. The Assessing Authority while passing the remission orders for the above period failed to notice the concealment of purchases which resulted in irregular remission of tax and short levy of tax including interest and penalty of ₹ 18.22 lakh¹¹.

On this being pointed out (May 2014/ October 2019), the Assessing Authority reassessed (March 2019/ January 2020) the unit and raised a demand of ₹ 18.74 lakh¹² in March 2019 and January 2020 against the industrial unit. However, the status of recovery was awaited (September 2020).

The matter was referred to the Department/ Government in April 2020; their replies were awaited (September 2020).

II. Test-check of the records (August 2017) of Commercial Taxes Circle-II, Udhampur, revealed that an industrial unit¹³ had concealed purchases of ₹ 8.78 lakh during the year 2010-11 and was guilty of offence under Section 69 (1) (f) of the JKVAT Act, 2005. The Assessing Authority while assessing the industrial unit, raised (February 2017) a demand of ₹ 2.27 lakh¹⁴ on the concealed turnover during the year 2010-11. However, the Assessing Authority allowed the remission of tax amounting to ₹ 3.09 lakh for the year 2010-11, which was irregular and resulted in short levy of tax and interest of ₹ 8.00 lakh¹⁵.

On this being pointed out (August 2017), the Assessing Authority reassessed (April 2018) the unit and raised a demand of ₹ 10.80 lakh¹⁶. It was further stated (January 2020) that the dealer has applied for amnesty, paid principal tax of ₹ 3.61 lakh and the interest and penalty stands waived off.

The reply is not tenable as the dealer had concealed the turnover chargeable to tax, the demand created in consequence thereof was outside the purview of Amnesty Scheme.

The matter was referred to Department/ Government in July 2019; their replies were awaited (September 2020).

The Government should ensure that only permitted remissions are allowed and recovery of interest and penalty be made from the dealers who have irregularly availed such remissions.

¹¹ Tax: ₹ 0.21 lakh; Interest: ₹ 0.27 lakh and Penalty: ₹ 0.42 lakh on concealed turnover and Irregular remission of tax of ₹ 7.45 lakh and interest ₹ 9.87 lakh thereupon.

¹² Tax: ₹ 7.66 lakh; Interest: ₹ 10.66 lakh; Penalty: ₹ 0.42 lakh.

¹³ Dealing in manufacture of jute bags.

¹⁴ Tax: ₹ 0.52 lakh; Interest: ₹ 0.72 lakh; Penalty: ₹ 1.03 lakh.

¹⁵ Tax: ₹ 3.09 lakh; Interest: ₹ 4.91 lakh.

¹⁶ Tax on account of rejection of remission: ₹ 3.09 lakh; Tax on account of concealment of inter-state purchases: ₹ 0.52 lakh; Interest: ₹ 6.16 lakh; Penalty: ₹ 1.03 lakh.

4.6 Short demand due to irregular allowance of input tax credit

Failure of the Assessing Authorities, Commercial Taxes Circle-II, Udhampur and Circle 'L', Jammu to disallow Input Tax Credit claimed by dealers on purchases made during the period of suspension of their registration certificate, resulted in short demand of ₹ 1.26 crore.

Section 27 (7) of the Jammu and Kashmir Value Added Tax (JKVAT), 2005, stipulates that when any dealer to whom a certificate of registration is granted, fails to furnish any return or fails to pay any tax, penalty or interest payable under the Act, the certificate of registration of such dealer may be suspended by the prescribed Authority. Section 27 (8) of the above Act provides that suspension of certificate of registration will be withdrawn and registration certificate shall be restored on an application made by the dealer on furnishing evidence of payment of all taxes and on furnishing of overdue return(s) within 90 days of suspension. During the period the certificate of registration of a dealer remains suspended, he shall not be entitled to any benefits that a dealer whose certificate of registration is in force, is entitled to. The dealer is liable to pay interest and penalty under Section 51(4) and 69(1) (m) of VAT Act 2005 for willfully claiming Input Tax Credit for the period during which his registration certificate was placed under suspension.

I. Scrutiny of records (August 2017) of Commercial Taxes Circle II, Udhampur revealed that for non-filing of quarterly return for the third quarter of 2012-13, the registration certificate of a dealer¹⁷ was suspended by the Assessing Authority from 30 April 2013 to 12 February 2014. The dealer, however, claimed input tax credit of ₹ 40.09 lakh during 2013-14 which included an amount of ₹ 30.76 lakh pertaining to the period when his registration was under suspension and the same was allowed by the Assessing Authority while assessing (March 2017) the dealer for the Accounting year 2013-14. Thus, the failure to disallow the input tax credit resulted in short demand of ₹ 1.21 crore¹⁸.

On this being pointed out (August 2017), the assessing authority re-assessed (October 2018) the dealer for the accounting year 2013-14 and raised a demand of ₹ 1.29 crore¹⁹. However, the status of recovery was awaited (September 2020).

The matter was referred to the Department/ Government in June 2019; their replies were awaited (September 2020).

II. Scrutiny of records (September 2018) of Commercial Taxes Circle 'L', Jammu revealed that for non-filing of quarterly return for the fourth quarter of 2013-14, the registration certificate of a dealer²⁰ was suspended on 23 June 2014 which was not restored as of May 2015. During the period of suspension of his registration, the dealer was not entitled to avail the input tax credit under Section 21 of the Act. However, Input

¹⁷ Dealing in packaged milk, ghee etc.

¹⁸ Tax: ₹ 30.76 lakh; Interest: ₹ 28.35 lakh; Penalty: ₹ 61.53 lakh.

¹⁹ Tax: ₹ 30.76 lakh; Interest: ₹ 36.95 lakh; Penalty: ₹ 61.53 lakh.

²⁰ Dealing in sale/ purchase of Medicines and Cosmetics.

Tax Credit claim of ₹ 1.37 lakh on purchase of ₹ 26.92 lakh made by the dealer during the period 23 June 2014 to 31 March 2015, was allowed by the Assessing Authority while assessing (March 2018) the dealer to tax for the Accounting year 2014-15 under Section 39(5) of the Act. Thus, the failure to disallow the input tax credit resulted in a short demand of ₹ 5.35 lakh²¹ towards tax, interest and penalty.

On this being pointed out (September 2018), the Assessing Authority re-assessed (September 2019) the dealer for accounting years 2014-15 and raised a demand of ₹ 5.59 lakh²².

The matter was referred to the Government/ Department in December 2019. The Deputy Commissioner State Taxes (Judicial) stated (February 2020) that in view of non-compliance on the part of dealer to make payment, the Assessing Authority referred (December 2019) the arrears to Deputy Commissioner State Taxes (Recovery) and proceedings for recovery under Land Revenue Act have been initiated.

The reply of Government is awaited (September 2020).

4.7 Short demand due to irregular availing of input tax credit

Failure of the Assessing Authority to correctly verify the return filed by a dealer and disallow irregular input tax credit claimed on expired/ returned goods, resulted in short demand of ₹ 16.04 lakh.

Section 35(1) of the Jammu and Kashmir Value Added Tax (JKVAT) Act, 2005 stipulates that, all the returns filed by the dealers shall be scrutinised by the Assessing Authority to verify the correctness of calculations, application of correct rate of tax/ interest and input tax credit claimed. Further, Section 14 of the JKVAT Act, 2005 stipulates that, any dealer who in the course of his business, purchases any taxable goods from a registered dealer in the circumstances in which no tax is payable by that registered dealer on the sale price of such goods or from any other person, the dealer shall be liable to pay tax on purchase price of such goods, if after such purchase, the goods are not sold within the State or sold in the course of inter-state trade and commerce or exported out of the territory of India. The JKVAT Act, 2005 also stipulates that no input tax credit (ITC) shall be claimed or allowed to a registered dealer in respect of goods purchased on payment of tax, if such goods are not sold because of any theft or due to their destruction.

The JKVAT Act, 2005 provides for reversal of the tax credit availed in respect of goods lost due to theft or destroyed due to any other reasons. For default in making the payment under Sections 37 to 40 of the JKVAT Act, a dealer is liable to pay interest on the amount at the rate of two *per cent* per month.

Scrutiny of records (December 2018) of the State Taxes Anantnag I Circle revealed that a dealer had filed a self-assessment return for the year 2013-14 which was accepted by the Assessing Authority. The dealer claimed to have made local purchases of

²¹ Tax: ₹ 1.38 lakh; Interest: ₹ 1.22 lakh; Penalty: ₹ 2.75 lakh.

²² Tax: ₹ 1.38 lakh; Interest: ₹ 1.46 lakh; Penalty: ₹ 2.75 lakh.

₹ 245.95 lakh. His tax liability of ₹ 20.60 lakh on sales of ₹ 250.82 lakh²³, was met by availing of input tax credit of ₹ 12.30 lakh and payment of tax of ₹ 8.30 lakh. However, as per the trading account filed by the dealer, the expired/ goods returned valued at ₹ 86.63 lakh²⁴ were reduced from the purchases, for which he was not entitled to claim input tax credit of ₹ 8.53 lakh. The Assessing Authority while accepting the return failed to verify and disallow the input tax credit of ₹ 8.53 lakh availed incorrectly by the dealer which has resulted in short demand of ₹ 16.04 lakh²⁵ including tax and interest.

On this being pointed out, the Assessing Authority re-assessed (May 2019) the dealer for the Accounting year 2013-14 under Section 42 of the JKVAT Act, 2005 and raised a demand of ₹ 19.11 lakh²⁶. The status of recovery is awaited (September 2020).

The matter was referred to the Department/ Government in April 2020; their replies were awaited (September 2020).

Revenue Department

4.8 Misappropriation of Government money

Tehsildar, Kathua failed to adhere to the rules prescribed for handling of revenues of the Government and also furnished incorrect information to audit which facilitated misappropriation of revenue receipts of ₹ 16.81 lakh.

Rules 2-1 to 2-15 of Jammu and Kashmir Financial Code (JKFC) Volume-I, prescribe the general principles regarding duties in respect of cash and accounts, receipt of Government money, its custody and payment into treasury and maintenance of accounts cash book. Rule 2-4 (1) of JKFC stipulates that an officer receiving money on behalf of Government is to give the payer a receipt in form FC-I, duly signed by the authorised officer, who shall satisfy at the time of signing the receipt and initialing its counterfoil that the amount has been properly entered in the cash book.

Audit scrutiny (September 2017) of the records of Tehsildar, Kathua revealed certain discrepancies in maintenance of records relating to collection and remittance of revenue into the Government Treasury. The money received²⁷ on behalf of the Government was not routed through the cash book or entered in the revenue register, cash receipts were not given in prescribed forms (FC-1) and the revenue remittance register was not maintained. Audit noticed instances of short/ non-remittance of revenue ₹ 5.66 lakh and delays ranging between two to nine months in remittance of revenue into the Government Treasury.

Despite this being pointed out (September 2017) in audit, reasons for the irregularity were not investigated (September 2019) and necessary corrective measures were not

²³ ₹ 156.04 lakh taxable at the rate of 5 per cent and ₹ 94.78 lakh taxable at the rate of 13.50 per cent.

²⁴ Purchases valuing ₹ 37.19 lakh taxable at the rate of 5 per cent involving ITC of ₹ 1.86 lakh and Purchases valuing ₹ 49.44 lakh taxable at the rate of 13.5 per cent involving ITC of ₹ 6.67 lakh.

²⁵ Tax: ₹ 8.53 lakh; Interest: ₹ 7.51 lakh.

²⁶ Tax: ₹ 8.53 lakh; Interest: ₹ 10.58 lakh.

²⁷ For issuance of income certificates, copies of mutation/ fard/ Khasra Girdawari, zamabandi, permanent resident certificate etc.

taken. The Tehsildar, Kathua, however, informed (July 2018) that due to shortage of staff, remittance could not be made into the treasury and stated that all the revenue had subsequently been remitted into the treasury.

The matter was again pursued with the Department (February 2019) and the Tehsildar, Kathua provided (April/ July 2019) details of revenue collected and remitted during the period 2015-16 to 2018-19, which reflected short remittance of ₹ 16.81 lakh as only ₹ 49.18²⁸ lakh out of the revenue collection of ₹ 65.99 lakh²⁹ had been remitted into the Treasury. The Tehsildar, Kathua also stated (October 2019) that non-remittance of revenue pertained to period long before his joining that office and the official who held the charge of *Nazir*³⁰ during that period had expired while in active service on 30 November 2018. Besides, it was stated that the existing loopholes in the system have been plugged and efforts will be made to recover the amount from the retirement benefits of the family of the deceased person (*Nazir*). It was also stated (August 2019) that in future, the payee receipt on FC-1 and the treasury challans in FC-2 shall be issued/ presented under the signatures of Drawing and Disbursing Officer. The Deputy Commissioner, Kathua stated (August 2020) that the Tehsildar, Kathua has recovered ₹ 9.41 lakh from Death-cum-retirement-Gratuity admissible to the wife of deceased employee and the balance amount shall be recovered from the family pension at the rate of ₹ 10,000 per month.

The reply confirms the fact that the Tehsildar, Kathua failed to observe the prescribed Rules with regard to handling of the revenues of the Government and also provided (July 2018) incorrect information to audit which facilitated the misappropriation of revenue receipts of ₹ 16.81 lakh.

The matter was referred to the Department/ Government in April 2020; their replies were awaited (September 2020).

The Department may put in place a system preferably an Information Technology enabled system to ensure that all Government receipts are accounted for and expeditiously deposited into the Government Account to prevent misappropriation of funds. Further, reasons for the lapse be examined and if necessary responsibility should be fixed.

²⁸ 2016-17: ₹ 19.71 lakh; 2017-18: ₹ 17.57 lakh; 2018-19: ₹ 11.90 lakh.

²⁹ 2016-17: ₹ 23.34 lakh; 2017-18: ₹ 21.51 lakh; 2018-19: ₹ 21.14 lakh.

³⁰ Cashier.

Part III
Public Sector Undertakings

Chapter V
Functioning of State Public Sector
Undertakings

CHAPTER V

Functioning of State Public Sector Undertakings

5.1 Introduction

5.1.1 General

The State Public Sector Undertakings (PSUs) are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the economy of the State. These PSUs consist of State Government Companies and Statutory Corporations. As on 31 March 2019, there were 42¹ PSUs (six in Power Sector and 36 in Sectors other than Power Sector), including three Statutory Corporations² under the audit jurisdiction of the Comptroller and Auditor General of India (C&AG); Out of these 42 PSUs, 33 are working and nine³ are non-working (four in Power Sector and five in Sectors other than Power Sector). One PSU, Jammu and Kashmir Bank Limited, having a total paid-up equity of ₹ 55.70 crore is listed on the stock exchange since July 1998. This paid-up equity of ₹ 55.70 crore of the Bank is held partly by the State Government (59.23 *per cent*) and the remaining part by Foreign Institutional Investors, Resident Individuals and others (40.77 *per cent*)⁴. During the year 2018-19, six PSUs were incorporated and no PSU was closed down.

There are two power generation Companies, Jammu and Kashmir State Power Development Corporation Limited (JKSPDC) and Chenab Valley Power Project Private Limited (CVPPP). The Chenab Valley Power Project Private Limited (CVPPP) Company which is a joint venture⁵ Company, has an investment of ₹ 1,439.18 crore⁶ as of March 2019.

As a consequence of the unbundling of the Power Sector, one power transmission Company⁷, two power distribution companies⁸ and one Company⁹ exclusively to conduct trading activities in power were incorporated on behalf of the State Government. However, these Companies which have been incorporated between March

¹ Includes six new PSUs incorporated during the period April 2018 to March 2019 Jammu & Kashmir Trade Promotion Organisation, AIC-Jammu & Kashmir EDI Foundation, Jammu & Kashmir Infrastructure Development Finance Corporation Private Limited, Jammu & Kashmir I.T. Infrastructure Development Private Limited, Jammu Mass Rapid Transit Corporation Private Limited and Srinagar Mass Rapid Transit Corporation Private Limited.

² Jammu and Kashmir State Financial Corporation, Jammu and Kashmir State Road Transport Corporation and Jammu and Kashmir State Forest Corporation.

³ Jammu and Kashmir Power Transmission Company Limited, Jammu Power Distribution Company Limited, Kashmir Power Distribution Company Limited, Jammu and Kashmir Power Trading Company Limited, Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited), Tawi Scooters Limited, Himalayan Wool Combers Limited, Jammu and Kashmir Road Development Corporation Limited and Jammu and Kashmir International Trade Centre Corporation Limited.

⁴ Indian Mutual Funds, Insurance Companies, Non-Resident Indian and Corporate Bodies.

⁵ CVPPP is a joint venture of JKSPDC, National Hydroelectric Power Corporation (NHPC) and Power Trading Corporation (PTC) wherein Government of Jammu & Kashmir has not made any investment.

⁶ JKSPDC: ₹ 687.55 crore, NHPC: ₹ 747.55 crore and PTC: ₹ 4.08 crore.

⁷ Jammu and Kashmir Power Transmission Company Limited (March 2013).

⁸ Jammu Power Distribution Company Limited (June 2013) and Kashmir Power Distribution Company Limited (June 2013).

⁹ Jammu and Kashmir Power Trading Company Limited (March 2013).

2013 and June 2013, are yet to start their commercial operations as of March 2019. In the absence of commercial operations by these companies, the power transmission and distribution activities continues to be carried out by the Power Development Department of Jammu & Kashmir Government.

The 33 working PSUs registered an annual turnover of ₹ 9,784.90 crore and earned an aggregate profit of ₹ 448.02 crore as of 30 September 2019 as per their latest finalised accounts. This turnover was equal to 6.33 *per cent* of Gross State Domestic Product (GSDP), which was ₹ 1,54,441 crore (at current prices) for the State for 2018-19.

There are nine non-working PSUs, with an investment of ₹ 56.60 crore towards share capital (₹ 55.77 crore) and long term loans (₹ 0.83 crore), by the State Government which are non-operational for the last five to 29 years.

5.1.2 Accountability Framework

Section 2 (45) of the Companies Act, 2013 (Act), defines a Government Company as any Company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments, and also includes a Company which is a subsidiary Company of a Government Company. The procedure for audit of Government Companies are laid down in Sections 139 and 143 of the Companies Act, 2013.

The C&AG of India appoints the Statutory Auditors of a Government Company and Government Controlled Other Company under Section 139(5) and (7) of the Companies Act, 2013. Section 139 (5) of the Companies Act, 2013 provides that the Statutory Auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the C&AG within a period of 180 days from the commencement of the financial year. Section 139 (7) of the Companies Act, 2013, however, provides that in the case of a Government Company or Government Controlled Other Company, the first auditor is to be appointed by the C&AG within 60 days from the date of registration of the Company and in case the C&AG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such an auditor.

Further, as per sub-Section 7 of Section 143 of the Companies Act 2013, the C&AG may, in case of any Company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause audit to be conducted of the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to the audit by the C&AG. However, audit of the financial statements of a Company in respect of the financial years that commenced on

or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

5.1.3 Statutory Audit

The financial statements of the Government Companies (as defined in Section 2 (45) of the Companies Act 2013) are audited by Statutory Auditors, who are appointed by the C&AG as per the provisions of Section 139(5) or (7) of the Companies Act 2013. The Statutory Auditors submit a copy of the Audit Report to the C&AG including, among other things, financial statements of the Company under Section 143(5) of the Act 2013. These financial statements are also subject to supplementary audit by the C&AG within 60 days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act 2013.

Audit of Statutory Corporations is governed by their respective legislations. Out of the three Statutory Corporations, the C&AG is the sole auditor for Jammu and Kashmir State Road Transport Corporation only. Audit of Jammu and Kashmir State Financial Corporation and Jammu and Kashmir State Forest Corporation Limited, is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

5.1.4 Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through their Administrative Departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. The Annual Reports together with the Statutory Auditors' Reports and comments of the C&AG, in respect of State Government Companies and Separate Audit Reports of the C&AG in case of Statutory Corporations, are to be placed before the State Legislature under Section 394 of the Companies Act, 2013 or as stipulated in the respective Acts. The Audit Reports of C&AG are submitted to the Government under Section 19A of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971.

5.1.5 Impact of contribution of Public Sector Undertakings

To assess the reasonable rate of return on the investment made in PSUs by the Government of Jammu & Kashmir (GoJ&K), ratios such as return on equity, return on capital employed and to assess the ability of the Companies to service the debt owed to Government, Banks and other financial institutions by commenting on Debt Turnover Ratio, Interest Coverage Ratio etc., these PSUs are bifurcated into two categories, PSUs in Power Sector (six¹⁰) and PSUs in Sectors other than Power Sector (36¹¹) to get a fair view about the impact and contribution of these PSUs separately

¹⁰ Two Working PSUs: Jammu and Kashmir State Power Development Corporation Limited (JKSPDC) and Chenab Valley Power Project Private Limited (CVPPP) and four inactive PSUs: (1) Jammu and Kashmir Power Trading Company Limited (2) Jammu and Kashmir Power Transmission Company Limited (3) Jammu Power Distribution Company Limited and (4) Kashmir Power Distribution Company Limited.

¹¹ 33 Government Companies and three Statutory Corporations (Jammu and Kashmir State Forest Corporation, Jammu and Kashmir State Financial Corporation and Jammu and Kashmir State Road Transport Corporation).

towards the economy of the State. The Table 5.1 provides the details of turnover of the PSUs and GSDP of the State during the period 2014 to 2019.

Table 5.1: Details of turnover of State PSUs vis-a-vis GSDP of J&K

(₹ in crore)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover of Power Sector ¹² as per latest finalised accounts	1,220.62	1,119.90	1,119.90	992.46	992.46
Turnover of PSUs of Sectors other than Power Sector as per latest finalised accounts	7,449.34	7,296.59	7,238.03	7,579.22	8,792.44
GSDP of J&K at current prices	98,370	1,17,187	1,26,847	1,40,887	1,54,441
Percentage of turnover of Power Sector to GSDP of J&K (<i>in per cent</i>)	1.24	0.96	0.88	0.70	0.64
Percentage of turnover of PSUs of Sectors other than Power Sector to GSDP of J&K (<i>in per cent</i>)	7.57	6.23	5.71	5.38	5.69

(Source: Compiled based on turnover figures of Power Sector PSUs and GSDP figures as per information provided by the GoJ&K, Finance Department)

5.1.6 Disinvestment, restructuring and privatisation of State PSUs

During the year 2018-19, no disinvestment, restructuring and privatisation was done by the State Government in all sectors including power as well as in of PSUs Sectors other than Power Sector Undertakings.

5.1.7 Investment in Public Sector Undertakings

Investment made in these 42 State PSUs in the form of equity and long term loans upto 31 March 2019 are given in Table 5.2.

Table 5.2: Activity-wise investment in PSUs

(₹ in crore)							
Sector	Number of PSUs	Investment					
		Equity		Long term loans		Total	
		GoJ&K	Others	GoJ&K	Others	GoJ&K	Others
PSUs in Power Sector	6*	5.20	1,439.18	0	1,627.12	5.20	3,066.30
PSUs of Sectors other than Power Sector[^]							
PSUs in Social Sector	17	183.16	35.56	1,164.21	121.03	1,347.37	156.59
PSUs in Competitive environment	11	519.56	83.04	978.55	2,683.37	1,498.11	2,766.41
Others	8	56.82	0.00	0.00	0.00	56.82	0.00
Total (Sectors other than Power Sector)	36	759.54	118.60	2,142.76	2,804.40	2,902.30	2,923.00
Grand Total	42	764.74	1,557.78	2,142.76	4,431.52	2,907.50	5,989.30

(Source: Compiled based on information received from PSUs)

* Out of six Power Sector PSUs only two are active (JKSPDC and CVPPP). The GoJ&K has not made any investment in CVPPP.

[^] Details in **Appendix 5.1.1**.

As on 31 March 2019, out of total investment of ₹ 1,444.38 crore in equity of PSUs in the Power Sector, only ₹ 5.20 crore (0.36 per cent) was contributed by the GoJ&K. The long term loans of ₹ 1,627.12 crore availed by JKSPDC were from Banks and other Financial Institutions.

¹² Turnover pertains to only JKSPDC as out of six Power Sector PSUs, four PSUs, (1) Jammu and Kashmir Power Trading Company Limited (2) Jammu and Kashmir Power Transmission Company Limited (3) Jammu Power Distribution Company Limited and (4) Kashmir Power Distribution Company Limited are inactive and in CVPPP, the GoJ&K has not made any investment.

The State Government had infused ₹ 5,753.83 crore as plan fund as per the finalised accounts of 2013-14 to JKSPDC for creation of capital assets as given in Table 5.3.

Table 5.3: Status of plan funds in JKSPDC

Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Accounts finalised up to	2010-11	2010-11	2011-12	2011-12	2013-14	2013-14
Plan fund infused (₹ in crore)	3,857.15	3,857.15	5,346.91	5,346.91	5,753.83	5,753.83

As per records of Department, an amount of ₹ 5,318.61 crore was outstanding as of March 2018 with JKSPDC. The State Government (December 2018) instructed JKSPDC to adjust ₹ 3,668.81¹³ crore against the liability of State Government on account of power purchase from the Company and issue of equity shares worth ₹ 2,588.34¹⁴ crore to the State Government. The Company issued (August 2019), shares worth ₹ 2,588.34 crore in compliance of the Government Orders.

The adjustment of outstanding electricity bill of the State Government against funds received for capital assets was irregular as the funds were provided by the Government for construction of capital assets. Besides, the accounts of the Company were depicting these funds as capital reserves.

As on 31 March 2019, the total investment (equity and long term loans) in 36 PSUs of Sectors other than Power Sector was ₹ 5,812.11 crore. The investment consisted of 14.88 per cent towards equity and 85.12 per cent in Long Term Loans. The Long Term Loans advanced by the State Government constituted 43.31 per cent (₹ 2,142.76 crore), out of the total Long Term Loans (₹ 4,947.16 crore) whereas the remaining 56.69 per cent (₹ 2,804.40 crore) of the total Long Term Loans were availed from other financial institutions.

5.1.8 Budgetary support to Public Sector Undertakings

(A) Budgetary support for PSUs of the Power Sector

The GoJ&K provides financial support to for PSUs of the Power Sector in various forms through the annual budget as equity, loans, grants/ subsidies, loans written off and loans converted into equity.

Budgetary assistance of ₹ 135 crore and ₹ 5.74 crore was received by JKSPDC as grant during 2017-18 and 2018-19 respectively. No budgetary assistance was, however, received from the State Government during 2016-17.

The GoJ&K provides guarantee to the PSUs to seek financial assistance from Banks

¹³ Total power purchase liability of the PDD towards JKSPDC up to March 2018 was ₹ 3,668.81 crore which was adjusted against the funds amounting to ₹ 5,318.61 crore given to JKSPDC by the State Government up to March 2018.

¹⁴ The balance (₹ 1,649.80 crore) available with JKSPDC, the assets transferred to JKSPDC (₹ 916.54 crore) by the State Government at token value of ₹ one in the year 1999 and 44 MW Stakna HEP (₹ 22 crore) transferred to JKSPDC by the PDD in the year 2011 together were treated as equity contribution.

and financial institutions. However, the State Government has not enacted a Guarantee Act prescribing the limit for guarantees to be given by the State Government and stipulating the guarantee commission or guarantee fee. The Fiscal Responsibility and Budget Management (FRBM) Act, 2006, however lays down the overall limit within which the State Government may give guarantee on the security of Consolidated fund of the State. The GoJ&K also constituted (August 2006) Guarantee Redemption Fund for meeting obligations arising out of guarantees issued on behalf of the State Government. Outstanding guarantee commitments¹⁵ decreased by 26.63 per cent from ₹ 2,299.40 crore in 2016-17 to ₹ 1,687.12 crore in 2018-19. During the year 2018-19, no guarantee fee was paid for by the PSUs of the Power Sector.

(B) Budgetary support to State PSUs (Sector other than Power Sector)

The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity in respect of State PSUs of sectors other than Power Sector for the last three years ending March 2019 are given in Table 5.4.

Table 5.4:
Details regarding budgetary support to State PSUs (of Sectors other than Power Sector) during the period 2016-17 to 2018-19

(₹ in crore)

Sl. No.	Particulars ¹⁶	2016-17		2017-18		2018-19	
		Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
1.	Equity Capital outgo	3	9.56 ¹⁷	4	23.20 ¹⁸	13	40.42 ¹⁹
2.	Loans given	8	54.77	8	50.82	9	56.18
3.	Grants/ Subsidy provided	9	133.30	7	126.85	7	43.17
	Total outgo (1+2+3)*	13	197.63	12	200.87	22	139.77
4.	Loan repayment written off	-	-	-	-	-	-
5.	Loans converted into equity	-	-	1	72.88	-	-
6.	Guarantees issued	1	2.00	1	8.00	1	20.00
7.	Outstanding Guarantee Commitment	3	60.60	2	98.28	2	134.97

(Source: Compiled based on information received from PSUs)

* Number of PSUs represents those PSUs which have received outgo from budget under one or more heads i.e. equity, loans and grants/ subsidies.

In PSUs of Sectors other than Power Sector, the annual budgetary assistance ranged between ₹ 139.77 crore and ₹ 197.63 crore during the period 2016-17 to 2018-19. The budgetary assistance of ₹ 139.77 crore given during the year 2018-19 included ₹ 56.18 crore in the form of loans, ₹ 43.17 crore as grants/ subsidy and ₹ 40.42 crore

¹⁵ 2016-17: ₹ 2,299.40 crore, 2017-18: ₹ 2,045.88 crore and 2018-19: ₹ 1,687.12 crore.

¹⁶ Amount represents outgo from State Budget only.

¹⁷ The State Government infused investment of ₹ 250 crore in Jammu and Kashmir Bank Limited against which bank had issued 3,65,55,051 shares (at premium of ₹ 67.39 per share against face value of ₹ 1 per share) during 2016-17. The addition to share capital had been reflected accordingly.

¹⁸ The State Government infused investment of ₹ 282 crore in Jammu and Kashmir Bank Limited against which bank had issued ₹ 3.55 crore shares (at premium of ₹ 78 per share against face value of ₹ 1 per share) 2017-18. The addition to share capital had been reflected accordingly.

¹⁹ Includes ₹ 6.57 crore in respect of nine new PSUs incorporated during 2017-18 and 2018-19.

on account of equity assistance. The subsidy/ grants given by the State Government was primarily to provide for reconstruction of damaged assets and up-gradation of Industrial Estates, however, these also included grants provided to Schedule Caste, Schedule Tribe and Other Backward Classes Development Corporation for meeting its salary expenses.

Outstanding guarantee commitments increased by 122.72 per cent from ₹ 60.60 crore in 2016-17 to ₹ 134.97 crore in 2018-19. During the year 2018-19, no guarantee fee was paid by PSUs of Sectors other than Power Sector PSUs.

5.1.9 Reconciliation with the Finance Accounts of the Government of Jammu and Kashmir

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the GoJ&K. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The mismatch between the figures furnished by the PSUs with those depicted in the Finance Account, as on 31 March 2019 is given in Table 5.5

Table 5.5:
Equity and Loans outstanding as per Finance Accounts vis-a-vis records of PSUs up to March 2019

Outstanding in respect of	Amount as per Finance Accounts		Amount as per records ²⁰ of PSU		Difference	
	Power Sector	Sectors other than Power Sector	Power Sector	Sectors other than Power Sector	Power Sector ²¹	Sectors other than Power Sector
Share capital	7.45	625.74	5.00	697.40	(-) 2.45	71.66
Outstanding Loans	85.05	834.87	0.00	2,141.90	(-) 85.05	1,307.03
Guarantees	1,687.12	117.13	1,687.12	148.27	Nil	31.14

(Source: Compiled based on information received from PSUs and Finance Accounts)

Audit observed that out of 22 State PSUs²², of Sectors other than Power Sector, such differences occurred in respect of 17 PSUs as detailed in **Appendix 5.1.2**. The differences between the figures are persisting for last many years. The issue of reconciliation of differences was also taken up with the PSUs and the Departments from time to time. Major difference in balances was observed in Jammu and Kashmir State Road Transport Corporation Limited related to outstanding loans and Jammu and Kashmir Small Scale Industries Development Corporation Limited in respect of equity.

It is recommended that the State Government and the respective PSUs should reconcile the differences in accounts in a time-bound manner.

²⁰ Unaudited current figures up to March 2019.

²¹ Difference was in respect of JKSPDC only.

²² Data in respect of five inactive PSUs, (1) Jammu and Kashmir State Road Development Corporation Limited, (2) Jammu and Kashmir International Trade Centre Corporation Limited, (3) Tawi Scooters Limited, (4) Himalayan Wool Combers Limited and (5) Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited and nine newly incorporated PSUs is not considered.

5.1.10 Submission of Annual Accounts by Public Sector Undertakings

There were 33 working PSUs in the State of J&K for the year 2018-19 and all these PSUs, were required to submit their Annual Accounts by 30 September 2019.

Table 5.6: Position of accounts

Nature of PSUs	Total Number	Number of PSUs of which accounts received during the reporting period ²³				Number of PSUs of which accounts are in arrear (total accounts in arrear) as on 30 September 2019
		Accounts upto 2018-19	Accounts upto 2017-18	Accounts upto 2016-17	Total	
Working Government Companies ²⁴	30	3	1	-	4	17 ²⁵ (156)
Statutory Corporations	3	-	1	-	1	2 ²⁶ (6)
Total Working PSUs	33	3	2	-	5	19 (162)
Non- working Government Companies	9	-	-	-	-	3 ²⁷ (75)
Total	42	3	2	-	5	22 (237)

(Source : Information received by the Office)

Out of 33 working PSUs, three Government Companies²⁸ submitted their accounts for the year 2018-19 for audit by C&AG on or before 30 September 2019, and accounts of 19 Government Companies were in arrears. Remaining 11 PSUs did not submit their Annual Accounts since entrustment/ inception. The Jammu and Kashmir State Forest Corporation, Jammu and Kashmir Medical Supplies Corporation Limited, have not submitted the First Accounts from the year 1996-97 and 2013-14 respectively.

The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the Annual Accounts are finalised and adopted by these PSUs within the stipulated period. Details of arrears in finalisation of Annual Accounts are given in *Appendix 5.1.3 (A)*.

Out of 19 working State PSUs, the GoJ&K had provided ₹ 366.83 crore (Loan: ₹ 359.63 crore, Subsidy: ₹ 7.20 crore) to ten PSUs whose Accounts had not been finalised by 30 September 2019. In the remaining nine PSUs for which the Annual Accounts are in arrears during the period, there was no investment by the State Government.

PSU-wise details of investment made by State Government during the years for which

²³ From October 2018 to September 2019.

²⁴ Government PSUs include other Companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013.

²⁵ Jammu and Kashmir Medical Supplies Corporation Limited (incorporated in March 2014) and nine new incorporated PSUs (incorporated during the years 2017-18 and 2018-19) are not considered since they had never submitted their accounts since inception.

²⁶ Arrears of accounts in respect of Jammu and Kashmir State Forest Corporation not considered since the Company had not submitted any account since its inception (July 1979).

²⁷ Arrears of accounts in respect of six Companies. (1) Jammu and Kashmir Power Trading Company Limited (2) Jammu and Kashmir Power Transmission Company Limited (3) Jammu Power Distribution Company Limited (4) Kashmir power Distribution Company Limited (5) Jammu and Kashmir State Road Development Corporation Limited and (6) Jammu and Kashmir International Trade Centre are not considered since these Companies have never submitted their accounts since inception.

²⁸ CVPPP, Jammu and Kashmir Bank Limited and Jammu and Kashmir Bank Financial Services Limited.

Annual Accounts were in arrears as of September 2019 are given in **Appendix 5.1.3(B)**.

Delay in finalisation of accounts not only results in violation of the provisions of the relevant statutes but also entails risk of fraud and diversion of public money as well as the correctness of the Accounts.

This is especially significant for PSUs like Jammu and Kashmir Medical Supplies Corporation Limited, which was incorporated to assist the medical service providers in the Government sector for procurement and distribution of medicines and equipment. Non submission of accounts since inception does not render itself to an assessment of the performance of the Company in assisting the Health and Medical Education Department especially during situations like the Covid-19 pandemic.

In view of the position of arrears of accounts, the actual contribution of the State PSUs to State GDP for the year 2018-19 could not be ascertained and their contribution to State exchequer also could not be reported to the State Legislature.

It is recommended that the concerned Administrative and Finance Department ensure that:

- **The Government identify the constraints in timely preparation of accounts of the PSUs and take necessary steps for making the accounts up to date.**
- **The State PSU's take immediate corrective action for liquidating arrears in accounts and**
- **Budgetary support is not extended to such PSUs whose accounts are not current.**

Placement of Separate Audit Reports of Statutory Corporations

Separate Audit Reports (SARs) are audit reports of the C&AG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. Out of three working Statutory Corporations, none have submitted their accounts of 2018-19 by 30 September 2019.

The status of Annual Accounts of Statutory Corporations and placement of their SARs in the Legislature is detailed in Table 5.7.

Table 5.7: Status of placement of SAR of the Statutory Corporations

Name of the Corporation	Year of Accounts	Month of placement of SAR
Jammu and Kashmir State Financial Corporation.	2017-18	Yet to be presented
Jammu and Kashmir State Road Transport Corporation	2013-14	February 2018
Jammu and Kashmir State Forest Corporation.	-	Accounts not submitted by the Corporation since Entrustment (Accounts of 1996-97 onwards)

Source: Compiled based on information furnished by the Jammu and Kashmir Legislative Assembly

5.1.11 Performance of Public Sector Undertakings

(A) Performance for State PSUs of the Power Sector

The Public Sector Undertakings are expected to yield reasonable return on investment made by Government in these undertakings. The financial position and working results

of six Companies of Power Sector as per their latest finalised accounts, as of 30 September 2019 are detailed in **Appendix 5.1.4**.

The investment in the PSUs of the Power Sector was ₹ 3,270.87 crore²⁹ consisting of ₹ 1,444.38 crore as equity and ₹ 1,826.49 crore as long term loans. Out of this, GoJ&K has made an investment of ₹ 5.20 crore only in equity share capital in five³⁰ PSUs of the Power Sector. However out of these five PSUs, JKSPDC, the only active PSU of the Power Sector, was a profit making Company, with profits ranging from ₹ 433.41 crore to ₹ 668.95 crore in respect of four accounts³¹ finalised during the period from 2014-15 to 2018-19.

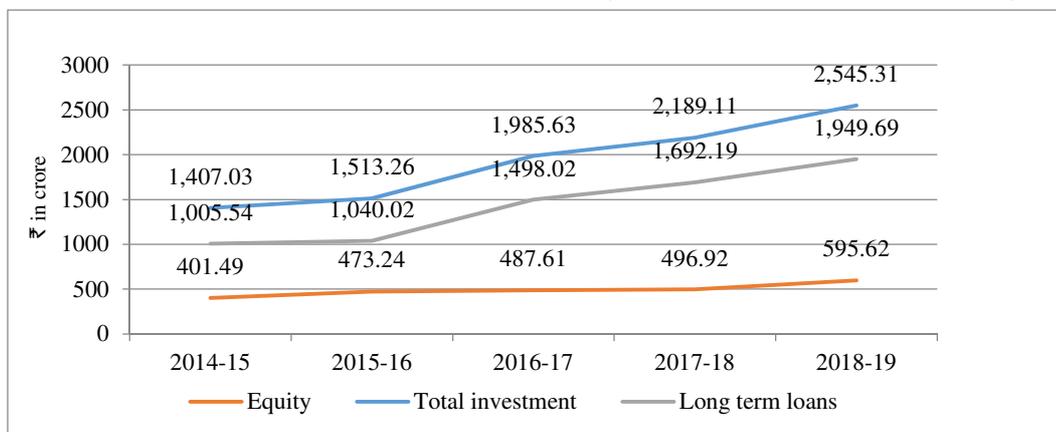
(B) Performance of State PSUs of Sectors other than Power Sector

The financial position and working results of the 36 State PSUs (Sectors other than Power Sector) as per their latest finalised accounts, as of 30 September 2019, are detailed in **Appendix 5.1.5**.

The total investment of the State Government and others in the PSUs of Sectors other than Power Sector was ₹ 5,456.27 crore comprising of Equity of ₹ 690.22 crore and Long Term Loans of ₹ 4,766.05 crore. Out of this investment of ₹ 5,456.27 crore GoJ&K has made an investment of ₹ 2,545.31 crore in 35 PSUs³² comprising of Equity of ₹ 595.62 crore and Long Term Loans of ₹ 1,949.69 crore.

The year-wise position of investment of GoJ&K in the PSUs during 2014-15 to 2018-19 is as follows:

Chart 5.1:
Total investment of GoJ&K in PSUs Sectors (of Sectors other than Power Sector)



(Source: As per latest finalised Accounts)

²⁹ As per latest finalised Accounts. This information may differ from the information furnished by the PSUs.

³⁰ Excluding Chenab Valley Power Project Private Limited which has not received any contribution from the GoJ&K.

³¹ 2010-11: ₹ 460.45 crore, 2011-12: ₹ 668.95 crore, 2012-13: ₹ 489.51 crore, 2013-14: ₹ 433.41 crore.

³² Excluding J&K Bank Financial Services Limited wherein the State Government has not made any investment.

Out of total 36 PSUs of Sectors other than Power Sector, nine³³ are profit making and ten³⁴ are loss making as per their latest Annual Accounts finalised during the year 2018-19. One PSU³⁵ has not prepared its profit and loss accounts, remaining 16 PSUs are either non-working or had not submitted their Annual Accounts for supplementary audit during the year 2018-19.

It is recommended that since the continued existence of loss making PSUs causes a substantial drain on the public exchequer, the State Government may review the functioning of all loss making PSUs.

5.1.12 Key Parameters

The profitability of a Company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on Investment (ROI) measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long term loans and is expressed as a percentage of profit to total investment. Return on Capital Employed (ROCE)³⁶ is a financial ratio that measures the Company's profitability and the efficiency with which its capital is used and is calculated by dividing Company's earnings before interest and taxes by capital employed. Return on Equity (ROE)³⁷ is a measure of performance calculated by dividing the net profit after tax by shareholders fund.

The key financial ratios used to assess the performance of the PSUs as per their latest finalised accounts are given in Table 5.8 (A), (B1) and (B2).

(A) Power Sector PSUs

Table 5.8 (A): Key parameters of Power Sector PSUs³⁸

	(In per cent)				
	2014-15	2015-16	2016-17	2017-18	2018-19
ROCE	6.72	10.57	10.57	5.85	5.85
ROI	4.84	7.54	7.54	2.78	2.78
ROE	4.59	8.34	8.34	2.87	2.87

(Source: Investment based on Historical Cost)

³³ Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited, Jammu and Kashmir Bank Limited, Jammu and Kashmir State Women's Development Corporation Limited, Jammu and Kashmir Small Scale Industries Development Corporation Limited, Jammu and Kashmir Projects Construction Corporation Limited, Jammu and Kashmir Police Housing Corporation Limited, Jammu and Kashmir Cements Limited, Jammu and Kashmir State Tourism Development Corporation Limited and Jammu and Kashmir State Cable Car Corporation Limited.

³⁴ Jammu and Kashmir State Agro Industries Development Corporation Limited, Jammu and Kashmir Bank Financial Services Limited, Scheduled Castes, Scheduled Tribes and Other Backward Classes Development Corporation Limited, Jammu and Kashmir State Industrial Development Corporation Limited, Jammu and Kashmir Industries Limited, Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited, Jammu and Kashmir State Handloom Development Corporation Limited, Jammu and Kashmir Minerals Limited, Jammu and Kashmir State Financial Corporation and Jammu and Kashmir State Road Transport Corporation.

³⁵ Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited).

³⁶ ROCE = Earnings before Interest and Tax/ Capital Employed, Capital employed = Paid up share capital + free reserves and surplus + long term loans minus accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

³⁷ ROE=Profit after Tax/ Share holders' Fund, Share holders' Fund = Paid up capital + free reserves and surplus– deferred revenue expenditure – accumulated losses.

³⁸ Only one power PSU, Jammu & Kashmir State Power Distribution Corporation having investment made by GoJ&K and finalised its accounts as on 30 September 2019.

The ROCE ranges between 5.85 per cent and 10.57 per cent and ROI between 2.78 per cent and 7.54 per cent and ROE ranges between 2.87 per cent and 8.34 per cent. These parameters have been worked out taking into consideration plan fund infusion (as given in Table 5.3) by GoJ&K.

(B-1) Listed PSUs of Sectors other than Power Sector

Only one PSU of GoJ&K, Jammu and Kashmir Bank Limited is listed since July 1998 on the stock exchange.

Table 5.8 (B1): Key parameters of Listed PSU of Sectors other than Power Sector

		(In per cent)				
		2014-15	2015-16	2016-17	2017-18	2018-19
Jammu & Kashmir Bank Limited	ROCE	16.23	12.87	-36.75	11.55	17.93
	ROI³⁹	760.40	533.08	532.82	408.06	360.22
	ROE	13.00	10.10	-65.00	7.65	15.46

The ROCE and ROE was high during the period 2014-15 to 2018-19 (except during 2016-17), mainly due to high Profit after tax earned by Jammu and Kashmir Bank Limited, which is functioning under monopolistic/ protective environment in terms of Government business. The ROI showed a decreasing trend during the period 2014-15 to 2018-19. As a result, compounded annual growth rate also decreased from 6.38 per cent to 1.22 per cent during the period 2014-15 to 2018-19 as detailed in *Appendix 5.1.3(C)*.

(B-2) Non-Listed PSUs of Sectors other than Power Sectors

Table 5.8 (B2): Key parameters of non-listed Sectors other Power PSUs (on historical cost)

		(In per cent)				
		2014-15	2015-16	2016-17	2017-18	2018-19
Aggregate Sector for Non Power PSUs	ROCE	-37.09	-28.44	-22.91	-9.94	-22.17
	ROI⁴⁰	-29.76	-29.67	-34.09	-32.32	-29.39
	ROE⁴¹	-	-	-	-	-
Profit Making PSUs	ROCE*	16.27	7.68	9.05	8.83	11.02
	ROI[^]	11.03	6.85	7.52	24.35	23.37
	ROE	147.92	15.46	13.95	12.02	13.17
Loss Making PSUs	ROCE*	-23.90	-28.51	-34.24	-35.01	-47.89
	ROI[^]	-55.86	-63.10	-70.44	-55.45	-46.93
	ROE	-	-	-	-	-

*Only Companies with positive capital employed were considered

[^] Excluding Companies⁴² which have not prepared the Profit and Loss accounts

³⁹ ROI= (Government's share of the Market Capitalization of the Company as at 31 March of FY + Present Value of Dividend Receipts of the Government as at 31 March of FY + Present Value of Disinvestment Receipts of the Government as at 31 March of FY) – (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/ Grants infused for meeting Operational and Administrative Expenditure as at Inception)/ (Paid-up Equity of the Government as at Inception + Discounted Value of Equity infused by the Government as at Inception + Discounted Value of Subsidy/ Grants infused for meeting Operational and Administrative Expenditure as at Inception)/ Number of intervening annual periods.

⁴⁰ Equity infused by other than GoJ&K also considered while arriving at total ROI.

⁴¹ ROE for the Non Power Sector PSUs and loss making Non Power PSUs cannot be worked out as the total Shareholders fund for all the years were negative.

⁴² For the years 2014-15 to 2017-18, five companies, Jammu Kashmir Overseas Employment Corporation Limited, Jammu and Kashmir Medical Supplies Corporation Limited, Jammu and Kashmir State Forest Corporation Limited, Jammu and Kashmir State Road Development Corporation and Jammu and Kashmir International Trade Centre Corporation Limited and for the year 2018-19. Additional nine newly incorporated companies.

ROE for the Non-Listed PSUs of Sectors other than Power Sectors could not be worked out as the aggregate Shareholders' fund for all the years remained negative.

ROCE in Tables 5.8 (B1) and (B2) has been worked out at face value of investment. Since there is no share premium in respect of Non-Listed PSUs of Sectors other than Power Sectors PSUs, ROCE including share premium will not change. However, the ROCE worked at realised value⁴³ of investment in respect of Jammu & Kashmir Bank Limited is as follows:

Table 5.9:

ROCE for Listed PSUs of Sectors other than Power Sector considering share premium

(In per cent)

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Jammu & Kashmir Bank Limited	16.01	12.69	-33.78	10.12	16.17

The ROCE after considering the share premium account of Jammu & Kashmir Bank Limited, ranged between -33.78 per cent to 16.17 per cent during the period 2014-15 to 2018-19.

Only nine PSUs with positive capital employed (details in **Appendix 5.1.6**) had Profit before Tax as per the latest finalised Annual Accounts during the period 2014-15 to 2018-19. Among these PSUs, the Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited, had profit only for the account finalised during 2014-15 and Jammu and Kashmir Small Scale Industries Development Corporation Limited for the Annual Account finalized in 2018-19 while Jammu & Kashmir Bank Limited incurred losses in the Annual Account finalised during 2016-17.

5.1.13 Rate of Real Return (RORR) on Government Investment

Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the investment as such calculations ignore the present value of money. Therefore, in addition to the calculation of return on funds invested on historical cost basis, the real rate of return on investment has also been calculated after considering the Present Value (PV) of money invested. PV was computed where funds had been infused by the State Government as equity, interest free loan, interest free loan converted into equity. Grant/ subsidy given by the Government for operational and management expenses have not been considered as bifurcation of grant and subsidy for operational and management expenses and for other purpose was not available since inception of these companies till 31 March 2019.

The PV in these undertakings was computed on the following assumptions:

- Interest free loans have been considered as fund infusion. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest free loans over the period.

⁴³ Investment including share premium.

- The average rate of interest on government borrowings for the concerned financial year was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year.

(A) PSUs of Power Sector

The State Government infused only ₹ 5.20 crore (details in *Appendix 5.1.7(A)*) as equity in of Power Sector PSUs. In addition to this, the State also provided ₹ 5,753.83 crore as Plan funds to JKSPDC for creation of Capital Assets. These Plan funds were given as plan assistance across different years since inception of the Company (1994-95) and could not be bifurcated into the definition of investment considered for arriving at the Return on investment figures. Therefore, net present value of the investment for the PSUs of Power Sector could not be worked out.

(B) PSUs of Sectors other than Power Sector

An analysis of the earnings *vis-a-vis* investments in respect of those 35 State PSUs⁴⁴ (Sector other than Power Sector) where funds had been infused by the State Government was carried out to assess the profitability of these PSUs. During the period from 2014-15 to 2018-19, these 35 PSUs had a positive return on investment excepting for the year 2016-17.

The PSUs-wise position of 35⁴⁵ PSUs wherein the GoJ&K had made an investment in the form of equity and interest free loans is indicated in *Appendix 5.1.7(B)*. Further, the position of Net Present Value of the investment relating to all the PSUs by the State Government for the same period is indicated in *Appendix 5.1.7(C)*.

The balance of investment by the State Government in these PSUs at the end of 2018-19 increased to ₹ 864.21 crore⁴⁶ from ₹ 347.29 crore at the beginning of 1999-2000 as the State Government made further investments in form of equity (₹ 412.25 crore) and interest free loans (₹ 122.17 crore) during the period 1999-2000 to 2018-19. The PV of the investment infused by the State Government as on 31 March 2019 amounted to ₹ 2,823.21 crore.

During 2018-19, return on State Government Investment on the basis of historical value was 31.72 *per cent*. However, the real rate of return considering the present value of investment was 9.71 *per cent only*.

⁴⁴ Excluding Jammu and Kashmir Bank Financial Services Limited wherein the GoJ&K had not made any investment.

⁴⁵ Between 1999-2019, investment was made only in 28 PSUs as mentioned in *Appendix 5.1.7*.

⁴⁶ Opening balance: (₹ 347.29 crore) + Equity: (₹ 412.25 crore) + Interest free loans: (₹ 122.17 crore) - Interest free loan converted into equity: (₹ 17.50 crore).

5.1.14 Comparison of investment as per historical cost and as per present value of such investment

Sector other than Power Sector

The Government had positive returns on investments in 35 PSUs in five years during the period 2013-14 to 2018-19 with the exception of 2016-17. Comparison of returns on investment at historical cost and at present value for these five years as per the latest finalised accounts is given in Table 5.10

Table 5.10: Comparison of return on investment

(₹ in crore)

Year	Total earnings	Funds invested by the GoJ&K	Return on investment on historical cost basis (per cent)	PV of the investment at end of the year ⁴⁷	Return on investment considering the present value of the investments (per cent)
2013-14	1,048.22	530.68	197.52	1,711.90	61.23
2014-15	378.25	535.51	70.63	1,848.57	20.46
2015-16	264.80	542.36	48.82	1,989.94	13.31
2017-18	32.62	681.32	4.79	2,450.70	1.33
2018-19	274.10	864.21	31.72	2,823.21	9.71

*During 2016-17 the total earnings were negative due to losses incurred by Jammu and Kashmir Bank Limited

The return earned on investment on historical cost basis was 197.52 per cent in 2013-14. It declined and dropped to 31.72 per cent during 2018-19 mainly due to decrease in the profit after tax of three⁴⁸ companies. Whereas the returns earned considering the present value of the investments dropped from 61.23 per cent during 2013-14 to 1.33 per cent during 2017-18 and increased to 9.71 per cent during 2018-19. During 2016-17 the returns were negative due to losses of ₹ 1,632.29 crore incurred by Jammu and Kashmir Bank Limited.

5.1.15 Erosion of Net worth of PSUs

(A) Power Sector

Net worth is the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The overall accumulated losses of JKSPDC⁴⁹ was ₹ 178.81 crore as against the capital investment of ₹ five crore, resulting in negative net worth of ₹ 173.81 crore as detailed in *Appendix 5.1.4* and given in Table 5.11.

⁴⁷ Arrived at by adding PV of State Government investment and other investment. The present value on other equity has been calculated from 2013-14 onwards.

⁴⁸ (1) Jammu and Kashmir Bank Limited PAT (2013-14: ₹ 1,182.47 crore; 2018-19: ₹ 464.88 crore); (2) Jammu and Kashmir State Financial Corporation PAT (2013-14: ₹ 0.01 crore; 2018-19: ₹ (-40.65) crore); and (3) Jammu and Kashmir State Road Transport Corporation PAT 2013-14: ₹ (-66.97) crore; 2018-19: ₹ (-92.90) crore.

⁴⁹ Excluding CVPPP wherein no investment was made by the GoJ&K and others four being inactive although ₹ 0.20 crore were invested by the GoJ&K in these Companies.

Table 5.11:
Net worth of JKSPDC as per the latest finalised Annual Accounts during period from 2014-15 to 2018-19

(₹ in crore)

Year	Paid up Capital at end of the year	Free Reserves	Accumulated Profit (+)/ Loss (-) at end of the year	Deferred revenue expenditure	Net worth
2014-15	5.00	1,134.66	-922.34	Nil	217.32
2015-16	5.00	Nil	-519.06	Nil	-514.06
2016-17	5.00	Nil	-519.06	Nil	-514.06
2017-18	5.00	Nil	-178.81	Nil	-173.81
2018-19	5.00	Nil	-178.81	Nil	-173.81

(Source : Accounts of the Company)

The State Government had not infused any equity in JKSPDC during the period from 2014-15 to 2018-19.

(B) Sectors other than Power Sector

The capital investment, accumulated losses and free reserves of 20 State PSUs⁵⁰ (Sectors other than Power Sector) as per their latest finalised accounts were ₹ 618.01 crore, ₹ 2,340.41 crore and ₹ 2,960.39 crore respectively, resulting in net worth of ₹ 1,237.99 crore as detailed in *Appendix-5.1.8*. Analysis of investment and accumulated losses disclosed that net worth was eroded in nine out of the 20 PSUs as the capital investment and accumulated losses of these PSUs were ₹ 243.79 crore and ₹ 2,266.56 crore, respectively. Of these nine PSUs, the net worth erosion was the highest in Jammu and Kashmir State Road Transport Corporation (₹ 969.75 crore⁵¹), Jammu and Kashmir Industries Limited (₹ 598.13 crore⁵²), Jammu and Kashmir State Industrial Development Corporation Limited (₹ 132.52 crore⁵³) and Jammu and Kashmir Minerals Limited (₹ 93.56 crore⁵⁴). However, two⁵⁵ out of nine PSUs which had eroded net worth, earned profit as per their latest finalised accounts during 2018-19.

The total paid up capital, free reserves, total accumulated profit/ loss, and total net worth of the 20 PSUs where the State Government has made direct/ indirect investment during the period 2014-15 to 2018-19 is indicated in the Table 5.12.

⁵⁰ Excluding five inactive PSUs (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu and Kashmir Road Development Corporation Limited and (5) Jammu and Kashmir International Trade Centre Corporation Limited, two working PSUs : (1) Jammu and Kashmir Medical Supplies Corporation Limited (2) Jammu and Kashmir State Forest Corporation Limited which never submitted their accounts since inception and nine new PSUs incorporated during 2017-18 and 2018-19.

⁵¹ As per latest finalised accounts for the year 2013-14.

⁵² As per latest finalised accounts for the year 2010-11.

⁵³ As per latest finalised accounts for the year 2013-14.

⁵⁴ As per latest finalised accounts for the year 1999-2000.

⁵⁵ Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited and Jammu and Kashmir Small Scale Industries Development Corporation Limited.

Table 5.12:
Net worth of 20 PSUs as per the latest finalised accounts during the period 2014-15 to 2018-19

Year	Paid up capital at end of the year	Free reserves ⁵⁶	Accumulated profit (+) loss (-) at end of the year	Net worth
2014-15	483.30	3,868.86	-1,851.08	2,501.08
2015-16	502.00	4,084.05	-1,885.63	2,700.42
2016-17	516.37	2,484.36	-2,049.16	951.57
2017-18	525.68	2,725.68	-2,150.57	1,100.79
2018-19	618.01	2,960.39	-2,340.41	1,237.99

As can be seen from the above table, overall net worth had decreased from ₹ 2,501.08 crore in 2014-15 to ₹ 1,237.99 crore in 2018-19 for the 20 PSUs taken together. However, the net worth of 11 PSUs decreased, whereas 07 PSU recorded an increase in net worth and in two PSUs net worth remained the same. As on 31 March 2019, 10 PSUs⁵⁷ showed positive net worth and nine PSUs continued to have negative net worth. One PSU, Jammu and Kashmir State Overseas Employment Corporation Limited, finalised only one account of 2010-11, its net worth could not be worked out due to non-submission of profit and loss account.

5.1.16 Dividend Payout

As per the latest finalised accounts during 2018-19, one Power Sector PSU, JKSPDC and nine working PSUs of Sectors other than Power Sector earned an aggregate profit of ₹ 160.23 crore and ₹ 491.66 crore, respectively. However, no PSUs had declared any dividend for the year 2018-19.

It is recommended that the State Government may consider declaration of dividend policy for profit making PSUs.

5.1.17 Analysis of long term loans of the Companies

The analysis of the long term loans of the Companies which had leverage⁵⁸ during 2014-19 was carried out to assess the ability of the Companies to service the debt owed by the Companies to Government, banks and other financial institutions. This is assessed through the Interest Coverage Ratio (ICR) and Debt Turnover Ratio (DTR).

5.1.18 Interest Coverage Ratio

Interest Coverage Ratio (ICR) is used to determine the ability of a Company to pay interest on outstanding debt and is calculated by dividing a Company's Earnings Before

⁵⁶ Revenue & Other Reserves of Jammu and Kashmir Bank Limited during 2014-15 (₹ 3,864.75 crore), 2015-16 (₹ 4,072.21 crore), 2016-17 (₹ 2,458.98 crore), 2017-18 (₹ 2,625.65 crore) and 2018-19 (₹ 2,950.97 crore) have been taken as free reserves and accumulated profits.

⁵⁷ (1) Jammu and Kashmir State Financial Corporation, (2) Jammu and Kashmir Bank Financial Services Limited, (3) Jammu and Kashmir Scheduled Castes Scheduled Tribes and Other Backward Classes Development Corporation Limited, (4) Jammu and Kashmir State Women's Development Corporation Limited, (5) Jammu and Kashmir Project Construction Corporation, (6) Jammu and Kashmir Police Housing Corporation Limited, (7) Jammu and Kashmir Cements Limited, (8) Jammu and Kashmir State Tourism Development Corporation Limited, (9) Jammu and Kashmir State Cable Car Corporation Limited and (10) Jammu and Kashmir Bank Limited.

⁵⁸ Use of borrowed fund to increase potential return of an investment.

Interest and Taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser the ability of the Company to pay interest on debt. An ICR of below one indicates that the Company was not generating sufficient revenues to meet its expenses on interest.

(A) PSUs of Power Sector

The details of interest coverage ratio of JKSPDC⁵⁹ as per the latest finalised accounts during the period from 2014-15 to 2018-19 is given in Table 5.13.

Table 5.13: Interest coverage ratio of PSUs of the Power Sector

(₹ in crore)

Year	Accounts finalised up to	Interest	EBIT	Interest coverage ratio
2014-15	2010-11	262.75	460.45	1.75
2015-16	2011-12	227.34	668.95	2.94
2016-17	2011-12	227.34	668.95	2.94
2017-18	2013-14	155.78	433.41	2.78
2018-19	2013-14	155.78	433.41	2.78

Despite the backlog in finalising their Annual Accounts, as seen from the Table 5.13, JKSPDC had interest coverage ratio of more than one during entire period from 2014-15 to 2018-19, indicating that the Company is generating sufficient revenue to meet its expenses on interest.

(B) PSUs of Sectors other than Power Sector

The details of interest coverage ratio of PSUs of Sectors other than Power Sector⁶⁰ as per the latest finalised accounts during the period from 2014-15 to 2018-19 are given Table 5.14.

Table 5.14: Interest Coverage Ratio of State PSUs (Sectors other than Power Sector)

(₹ in crore)

Year	Interest	EBIT	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio	
				More than 1	Less than 1
2014-15	290.04	965.16	16	5	11
2015-16	248.14	763.93	16	4	12
2016-17	206.27	-1,464.76	16	3	13
2017-18	257.83	439.21	16	5	11
2018-19	373.87	927.06	14	5	9

⁵⁹ Remaining five Power Sector companies had not availed any kind of loan.

⁶⁰ Excluding five inactive PSUs (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu and Kashmir Road Development Corporation Limited and (5) Jammu and Kashmir International Trade Centre Corporation Limited, two Working PSUs : (1) Jammu and Kashmir Medical Supplies Corporation Limited (2) Jammu and Kashmir State Forest Corporation Limited which never submitted their accounts since inception, four PSUs, (1) Jammu and Kashmir Bank Financial Services Limited (2) Jammu and Kashmir Police Housing Corporation Limited (3) Jammu and Kashmir State Cable Car Corporation Limited and (4) Jammu and Kashmir Overseas Employment Corporation Limited which have not taken any loan and nine new PSUs incorporated during 2017-18 and 2018-19 which have not furnished the details.

Of the 14 State PSUs of Sectors other than the Power Sector having liability of loans from Government as well as Banks and other Financial Institutions during 2018-19, five PSUs had interest coverage ratio of more than one, whereas remaining nine PSUs had Interest Coverage Ratio below one, which indicated that these nine PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

5.1.19 Debt-Turnover Ratio of PSUs

(A) Power Sector

The JKSPDC recorded negative compounded annual growth of turnover and debt of 5.04 per cent and 9.98 per cent, respectively. The Debt-Turnover Ratio improved from 2.28 in 2014-15 to 1.33 during 2015-16. However, it further deteriorated to 1.84 in 2017-18 due to significant increase in Debt against the decrease in Turnover, as given in Table 5.15.

Table 5.15: Debt Turnover ratio relating to the JKSPDC

Particulars	₹ in crore				
	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government and others (Banks and Financial Institutions)	2,781.97	1,493.55	1,493.55	1,826.49	1,826.49
Turnover	1,220.62	1,119.90	1,119.90	992.46	992.46
Debt-Turnover Ratio	2.28:1	1.33:1	1.33:1	1.84:1	1.84:1

(Source: Compiled based on latest finalised accounts)

(B) Sectors other than Power Sector

During the last five years, the turnover of 19 PSUs⁶¹ recorded compounded annual growth of 4.23 per cent and compounded annual growth of debt was 2.03 per cent due to which the debt turnover ratio declined from 0.52 in 2014-15 to 0.48 in 2018-19. The debt-turnover ratio ranged between 0.43 and 0.53 during this period, as given in Table 5.16.

Table 5.16: Debt Turnover Ratio relating to the 19 PSUs (Sectors other than Power Sector)

Particulars	₹ in crore				
	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government and others (Banks and Financial Institutions)	3,875.23	3,834.30	3,097.52	3,633.37	4,200.71
Turnover	7,449.34	7,296.59	7,238.03	7,579.22	8,792.44
Debt-Turnover Ratio	0.52:1	0.53:1	0.43:1	0.48:1	0.48:1

(Source: Compiled based on latest finalised accounts)

5.1.20 Inactive State PSUs

Four out of the six PSUs of Power Sector having a total investment of ₹ 0.20 crore towards share capital, were inactive as of 31 March 2019.

⁶¹ Excluding five inactive PSUs: (1) Tawi Scooters Limited, (2) Himalayan Wool Combers Limited, (3) Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited, (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu and Kashmir Road Development Corporation Limited and (5) Jammu and Kashmir International Trade Centre Corporation Limited, nine newly incorporated PSUs during 2017-18 & 2018-19, two Working PSUs, (1) Jammu and Kashmir Medical Supplies Corporation Limited, (2) Jammu and Kashmir State Forest Corporation which never submitted their accounts since inception and one PSU, Jammu and Kashmir Overseas Employment Corporation Limited which had not prepare the profit and loss account.

Similarly, five of the 36 State PSUs in sectors other than Power Sector were non-working and were having a total investment of ₹ 56.40 crore⁶² towards Capital (₹ 55.57 crore) and Long Term Loans (₹ 0.83 crore) as on 31 March 2019. The numbers of non-working PSUs at the end of each year during last five years ended 31 March 2019 are given below in Table 5.17.

Table 5.17: Inactive State PSUs

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Number of inactive PSUs in Power Sector	2	4	4	4	4
Number of inactive PSUs (Sector other than Power Sector)	3	4	5	5	5

(Source: Compiled from the information included in Audit Report (PSU), GoJ&K of respective years)

Out of five inactive PSUs in Sectors other than Power Sector, three PSUs⁶³ were under liquidation as they were not working since last 18 to 27 years.

The Government may take appropriate decision for winding up of these inactive PSUs.

5.1.21 Comments on Annual Accounts of Public Sector Undertakings

(A) Power Sector

Only one Power Sector PSU (CVPPPL) forwarded its Annual audited account to the Accountant General (Audit) during the period 01 October 2018 to 30 September 2019, which was selected for supplementary audit. One significant issue was noticed during supplementary audit of this Annual Account. The details of aggregate money value of the comments of Statutory Auditors and the C&AG, for the Annual Accounts finalised during last three years are given in Table 5.18.

Table 5.18: Impact of audit comments on Power Sector PSUs

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	-	-	1	4.19	1	15.60
2.	Increase in profit	-	-	1	63.22	-	-
3.	Increase in loss	-	-	-	-	-	-
4.	Decrease in loss	-	-	-	-	-	-
5.	Non-disclosure of material facts	-	-	2	112.83	-	-
6.	Errors of classification	-	-	-	-	-	-

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Government Companies)

⁶² Tawi Scooters Limited: ₹ 1.63 crore, Himalyan Wool Combers Limited: ₹ 1.37 crore, Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (a subsidiary of Himalyan Wool Combers Limited): ₹ 0.40 crore, Jammu and Kashmir State Road Development Corporation Limited: ₹ 5.00 crore and Jammu and Kashmir International Trade Centre Corporation Limited: ₹ 48.00 crore.

⁶³ Tawi Scooters Limited, Himalyan Wool Combers Limited and Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited.

(B) Sectors other than Power Sector

Ten PSUs forwarded 21 Annual audited accounts to the Accountant General during the period from 01 October 2018 to 30 September 2019. The Audit Reports of Statutory Auditors and supplementary audit conducted by the C&AG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the C&AG, for the accounts finalised during last three years are given in Table 5.19.

Table 5.19: Impact of audit comments on State PSUs (Sector other than Power Sector)

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	2	2.33	2	0.16	3	16.86
2.	Increase in profit	-	-	2	0.05	1	0.03
3.	Increase in loss	1	0.06	3	1.55	8	103.69
4.	Decrease in loss	1	0.03	2	1.17	3	100.48
5.	Non-disclosure of material facts	1	2.56	4	21.82	1	95.71
6.	Errors of classification	4	30.98	5	97.39	13	48.43

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Government Companies)

During the year 2018-19, the Statutory Auditors had issued qualified certificates on 16 accounts. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out 19 instances of non-compliance to the Accounting Standards in 12 accounts of five PSUs⁶⁴.

The State has three Statutory Corporations, Jammu and Kashmir State Road Transport Corporation (JKSRTC), Jammu and Kashmir State Financial Corporation and Jammu and Kashmir State Forest Corporation. The C&AG is the sole auditor in respect of JKSRTC. Out of the three working Statutory Corporations, Jammu and Kashmir State Forest Corporation failed to submit Annual Accounts since the date of entrustment of audit to C&AG (March 2000). Only one Corporation (Jammu and Kashmir State Financial Corporation) forwarded its annual accounts for the year 2017-18 and JKSRTC failed to forward any accounts during 01 October 2018 to 30 September 2019. The Statutory Auditors had given qualified certificates on annual accounts of Jammu and Kashmir State Financial Corporation for the year 2017-18.

The details of aggregate money value of the comments of Statutory Auditors and supplementary audit by the C&AG in respect of Statutory Corporations for the last three years are given in the Table 5.20.

⁶⁴ Jammu and Kashmir State Agro Industries Development Corporation Limited (six accounts), Jammu and Kashmir State Women's Development Corporation Limited (one account), Jammu and Kashmir Industries Limited (two accounts), Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited (one account) and Jammu and Kashmir Cements Limited (two accounts).

Table 5.20: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	-	-	-	-	-	-
2.	Increase in profit	-	-	-	-	-	-
3.	Increase in loss	1	28.04	1	15.14	-	-
4.	Decrease in loss	1	0.07	-	-	-	-
5.	Non-disclosure of material facts	1	8.58	-	-	-	-
6.	Errors of classification	1	12.17	1	5	2	19.43

(Source: Compiled from comments of the Statutory Auditors/ C&AG in respect of Statutory Corporations)

It is recommended that Jammu and Kashmir State Forest Corporation which has failed to submit any Annual Account since the date of entrustment of audit to C&AG take effective steps to liquidate the arrears in Accounts and thereby, ensure legislative oversight of its functioning.

The concerned PSUs may ensure strict compliance to Statutory norms for error free accounts to avoid over/ under statement of Profit/ Loss. JKPDC where errors were comparatively higher, needs to be more vigilant. Besides, Finance and Administrative Departments should oversee that corrective action is taken by these PSUs.

5.1.22 Performance Audit and Compliance Audit Paragraphs

(A) Power Sector

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2019, one audit paragraph relating to Power Sector Undertakings was issued to the Commissioner Secretary of Power Development Department, GoJ&K with request to furnish reply within six weeks. Reply from the Management/ State Government was awaited (September 2020). The total financial implication of the audit paragraph is ₹ 6.59 crore.

(B) Sectors other than Power

For the Report of the Comptroller and Auditor General of India (Sector other than Power Sector for the year ended 31 March 2019, three compliance audit paragraphs relating to Jammu and Kashmir Project Construction Corporation Limited and one Performance Audit regarding working of Jammu and Kashmir State Road Transport Corporation were issued to the Principal Secretaries/ Secretaries of the respective Administrative Departments with a request to furnish replies. Replies are awaited from State Government/ Department/ Management. The total financial implication of these audit paragraphs is ₹ 747.94 crore⁶⁵.

⁶⁵ Performance Audit on Working of Jammu and Kashmir State Road Transport Corporation: ₹ 737.57 crore; three compliance audit paragraphs: ₹ 10.37 crore.

5.1.23 Follow-up action on Audit Reports

The Report of the C&AG of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that these elicit appropriate and timely response from the executive. The Finance Department, Government of Jammu and Kashmir issued (June 1997) instructions to all Administrative Departments to submit replies/ explanatory notes to paragraphs/ reviews included in the Audit Reports of the C&AG of India within a period of three months, after their presentation to the legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (COPU). The position of explanatory notes on Audit Reports as of September 2019 was as follows:

Table 5.21:
Position of explanatory notes on Audit Reports related to PSUs not received
(as on 30 September 2020)

Year of Audit Report (Commercial/ PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and paragraphs in the Audit Report				Number of PAs/ paragraphs for which explanatory notes were not received			
		PAs		Paragraphs		PAs		Paragraphs	
		Power	Sectors Other than power	Power	Sectors Other than power	Power	Sectors Other than power	Power	Sectors Other than power
2000-01	6 April 2002	-	1	1	2	-	-	-	-
2001-02	21 June 2003	-	1	-	4	-	-	-	-
2002-03	23 August 2004	-	1	1	2	-	-	-	-
2003-04	23 March 2005	-	-	1	2	-	-	-	-
2004-05	27 March 2006	-	1	-	4	-	-	-	1
2005-06	8 February 2007/ 31 August 2009	-	3	1	1	1	-	-	-
2006-07	30 January 2008	-	1	-	5	-	-	-	-
2007-08	5 March 2009	-	1	-	3	-	-	-	-
2008-09	30 March 2010	-	1	-	3	-	-	-	2
2009-10	31 March 2011	1	-	-	3	-	-	-	-
2010-11	4 April 2012	-	1	-	5	-	-	-	-
2011-12	5 April 2013	-	2	-	-	1	-	-	-
2012-13	4 March 2014	-	-	1	2	-	-	-	1
2013-14	27 March 2015	-	1	-	6	-	-	-	-
2014-15	27 June 2016	-	1	4	3	-	-	-	-
2015-16	4 July 2017	1	-	-	6	1	-	-	3
Up to 2015-16		2	15	9	51	1	2	-	7
2016-17	23 September 2020	-	1	-	6	-	⁶⁶	-	-
2017-18	23 September 2020	-	1	2	5	-	-	-	-
Total		2	17	11	62	1	2	-	7

As seen from the Table 5.21, out of 11 paragraphs/ performance audits⁶⁷ of Power Sector, explanatory notes in respect of only one Performance Audit on Jammu and Kashmir State Power Development Corporation Limited was awaited (September 2020).

⁶⁶ The Audit Reports 2016-17 and 2017-18 presented in the Parliament on 23.09.2020. Since the prescribed period of three months for submission of explanatory notes has not expired since their presentation in the Parliament, hence nil shown below the columns the PAs/ paragraphs for which explanatory notes were not received.

⁶⁷ Performance Audit is considered as one Paragraph, the Paras for Reports of 2016-17 and 2017-18 not considered as mentioned in footnote 65.

Similarly, out of 66 paragraphs/ performance audits of Sectors other than Power Sector, explanatory notes to nine paragraphs/ performance audits in respect of two departments, which were commented upon, were awaited (September 2019).

5.1.24 Compliance to Reports of COPU

Action Taken Notes (ATN) on five paragraphs of Power Sector PSUs pertaining to two Reports of the COPU and Action Taken Notes (ATN) on 45 paragraphs pertaining to eight Reports of the COPU of Sectors other than Power Sector and presented to the State Legislature between April 2005 to March 2018 had not been received as of September 2019, as indicated in Table 5.22.

Table 5.22: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total number of recommendations in COPU Report	Number of recommendations where ATNs not received
Power Sector paras			
2015-16 (47 th Report)	01	02	02
2017-18 (49 th Report)	01	04	03
Total	02	06	05
Sectors other than Power Sector paras			
2004-05 (40 th Report)	01	06	05
2009-10 (42 nd Report)	01	13	04
2010-11 (43 rd Report)	01	02	01
2011-12 (44 th Report)	01	05	01
2013-14 (46 th Report)	01	14	01
2015-16 (47 th Report)	01	15	06
2016-17 (48 th Report)	01	06	03
2017-18 (49 th Report)	01	25	24
Total	08	86⁶⁸	45

These Reports of COPU contained recommendations in respect of paragraphs pertaining to ten departments which appeared in the Reports of the C&AG of India for the years 2000-01 to 2015-16.

It is recommended that the Government may ensure:

- **Sending of replies to inspection reports/ draft paragraphs/ performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule;**
- **Recovery of loss/ outstanding advances/ overpayments within the prescribed period; and**
- **Revamping of the system of responding to audit observations.**

⁶⁸ Pertains to 57 paragraphs/ Performance Audits that featured in the Audit Reports for the years 2000-01 to 2015-16.

Chapter VI
Performance Audit
State Public Sector Undertakings

CHAPTER VI

PERFORMANCE AUDIT

Transport Department

Jammu and Kashmir State Road Transport Corporation

6.1 Working of the Jammu and Kashmir State Road Transport Corporation

The Jammu and Kashmir State Road Transport Corporation (the Corporation) a transport undertaking wholly owned by the Government, with the aim to cater to the transport needs, both of passengers and goods for the public in the State was setup in September 1976. A Performance Audit of the Corporation for the period 2014-15 to 2018-19 brought out instances of certain deficiencies in planning, operational performance, internal controls etc. While the total financial implication of this Performance Audit is ₹ 737.57 crore, some of the highlights of the Performance Audit are as under:

Highlights

- **Despite 20 per cent increase in Paid up Share Capital from ₹ 204.74 crore in 2014-15 to ₹ 245.57 crore in 2018-19, there was a 33 per cent increase in accumulated losses from ₹ 1,229.56 crore to ₹ 1,639.01 crore which indicated that capital infused by the Government was not efficiently utilised by the Corporation.**
(Paragraph: 6.1.6)
- **The Planning Wing of the Corporation had not prepared any perspective plan or long term plan for its revival.**
(Paragraph: 6.1.7)
- **Shortfall in achievement of targets of operative fleet and revenue collection targets during the period from 2014-15 to 2017-18 ranged between 28 per cent to 33 per cent and 31 per cent and 37 per cent, respectively. The overall shortfall in achievement of target of revenue during the period from 2014-15 to 2017-18 was ₹ 165.22 crore.**
(Paragraph: 6.1.7.1)
- **The Corporation failed to earn its operational revenue, as operation loss ranged between ₹ 15.03 per Km to ₹ 34.68 per Km during the period from 2014 to 2019.**
(Paragraph: 6.1.8)
- **The Corporation could not improve on the availability of vehicles as the overall fleet strength during the period from 2014-15 to 2018-19 decreased by 133 vehicles (14 per cent), despite addition of 142 vehicles during the same period.**
(Paragraph: 6.1.9)

- **Fleet Operations during the period from 2014-15 to 2018-19 ranged between 51 per cent and 59 per cent and detention of vehicles in workshop ranged between 29 per cent to 44 per cent. Percentage of idle vehicles increased from five per cent in 2014-15 to 19 per cent in 2018-19.**

(Paragraph: 6.1.9.2)

- **Scrutiny of records in sampled units, Depot and Sub-depots revealed that even after allowing the prescribed provision for detention, there was excess detention of vehicles in workshops, which impacted the revenue generation of the Corporation by ₹ 135.88 crore, during the period from 2014-15 to 2018-19.**

(Paragraph: 6.1.9.2)

- **Failure to acquire the ownership title of properties, non-valuation of properties, non-recovery of compensation of land transferred, non-utilisation of properties, non-renewal of leases, indicated inadequate initiative of the Corporation to optimally manage its assets.**

(Paragraph: 6.1.13)

- **Services of drivers/ conductors were not utilised effectively, as the drivers/ conductors remained attached with the vehicles detained at workshops despite the required staff available at the workshops, resulting in payment of ₹ 44.95 crore to staff remaining idle.**

(Paragraph: 6.1.14)

- **Internal control mechanism of the Corporation was inadequate, Board meetings, monthly meetings, administrative inspections and vigilance checks were not conducted regularly.**

(Paragraph: 6.1.15)

6.1.1 Introduction

The State Government of Jammu and Kashmir (GoJ&K) established the Government Transport Undertaking (GTU) in June, 1948 which was subsequently converted into Jammu and Kashmir State Road Transport Corporation (JKSRTC) under the Road Transport Corporation Act, 1950 in September 1976. The aim of the Corporation was to cater to the requirement of transport of both passengers and goods in the State. The Corporation is a transport undertaking wholly owned by the Government of Jammu and Kashmir State. As per information provided by the Department, the Corporation has around one *per cent* share of vehicles in Public Transport¹ in the State of Jammu and Kashmir, during the period 2014-15 to 2018-19. The requirement of State was therefore being catered mainly through privately owned buses/ mini-buses and load carriers.

¹ Public transport includes passenger vehicles like buses/ mini-buses and load carriers like trucks/ tippers.

6.1.2 Organisational structure

The Managing Director is the Chief Executive Officer of the Corporation who is assisted by a Joint Managing Director and Financial Advisor and Chief Accounts Officer. There are five General Managers (GMs), five Deputy General Managers (DGMs) and 17 Managers looking after the day to day operations of the Corporation. The organisational structure is given in *Appendix 6.1.1*.

6.1.3 Audit objectives

The main objectives of the performance audit were to assess whether:

- Financial and operational planning activities at apex level to provide adequate transport service across the State, improved the performance and optimise the operating costs of the Corporation.
- Purchase of spares and other materials were made according to State Financial rules in an economical manner.
- The assets of the Corporation, *inter alia*, including fleet, land, buildings, workshops, human resources, etc. were utilised effectively.
- The Corporation has an efficient and effective internal control and monitoring system in place.

6.1.4 Audit scope and methodology

A Performance Audit on the working of the Corporation covering the period from the year 2014-15 to 2018-19 was conducted during 2019-20. The Corporation had 50 operational units² out of which a sample of 18 units³ (as detailed in *Appendix 6.1.2*) and the Corporate Office were selected for the Performance Audit. The sample for Audit was selected on the basis of volume of operations, fleet held and revenue generation by the respective units.

A Performance Audit on the working of the Corporation for the period 2003-04 to 2007-08 was earlier reviewed and incorporated in the Report of Comptroller and Auditor General of India, Government of Jammu and Kashmir for the year ended March 2009, which was partially discussed by the Committee on Public Undertakings (COPU) of the State Legislature. The COPU had not given any recommendations on the above performance audit, but had issued certain directions to the Department in its 47th Report. However, as per 49th Report of the COPU compliance on these directions (February 2018) had not been provided by the Government.

The audit objectives were discussed with the Management in an Entry Conference held on 16 May 2019. The audit findings were reported to Management and discussed in an Exit Conference (10 November 2020). The replies of the Corporation received in January 2020 and in the Exit Conference have been suitably incorporated in this report.

² Which includes 16 main units, 13 Depots and 21 sub-offices/ Traffic Control Points (TCPs).

³ Which includes 13 main units, three Depots and two booking offices.

6.1.5 Audit criteria

The audit criteria was fixed on the basis of the principles adopted by the Corporation which *inter alia*, included:

- Jammu and Kashmir Financial Code,
- Road Transport Corporation Act, 1950,
- Manual of the Corporation on Operations, Manual on Purchases in JKSRTC, and
- General Financial Rules along with Budget documents of Corporation including other sanctions and orders issued from time to time.

AUDIT FINDINGS

6.1.6 Financial issues

The Paid up Share Capital⁴ of the Corporation increased from ₹ 204.74 crore as at the end of financial year 2014-15 to ₹ 245.57 crore at the end of financial year 2018-19 as given in Table 6.1.2. However, the Government of India (GoI) has not made any contribution towards Share Capital during the last five years ending March 2019. The Financial Position of the Jammu and Kashmir State Road Transport Corporation for the period from 2014-15 to 2018-19 is given in Table 6.1.1:

Table 6.1.1: Receipts of Corporation during 2014-19

(₹ in crore)

Year	Grants/ financial assistance received from			Operating revenue	Other receipts ⁵	Total receipts
	GoI	State Government				
		Plan	Non-plan in the form of loan			
1	2	3	4	5	6	7=(2+3+4+5+6)
2014-15	-	-	35.54	83.09	14.34	132.97
2015-16	-	5.95	35.54	78.53	22.20	142.22
2016-17	-	5.00	30.00	79.45	18.60	133.05
2017-18	-	3.75	30.00	80.09	25.17	139.01
2018-19	4.49	17.90	30.00	79.71	17.09	149.19
Total	4.49	32.60	161.08	400.87	97.40	696.44

(Source: Records of the Corporation)

The operating revenues declined from ₹ 83.09 crore in 2014-15 to ₹ 79.71 crore in 2018-19 and comprised about 58 *per cent* of total receipts during the period from 2014 to 2019. The non-plan grants received from the State Government which decreased from ₹ 35.54 crore in 2014-15 to ₹ 30.00 crore in 2018-19, comprised around 23 *per cent* of total receipts during the period from 2014 to 2019; showed a decline of 16 *per cent*. The State Government provided Non-plan budgetary support in the form of loans for which no repayments were made by the Corporation. As the Corporation was running in losses, no dividend was paid to the State Government against its investments.

The revenue earned was spent on salary, allowances and other operational expenses, while the financial assistance received from GoI was utilised for purchase of buses

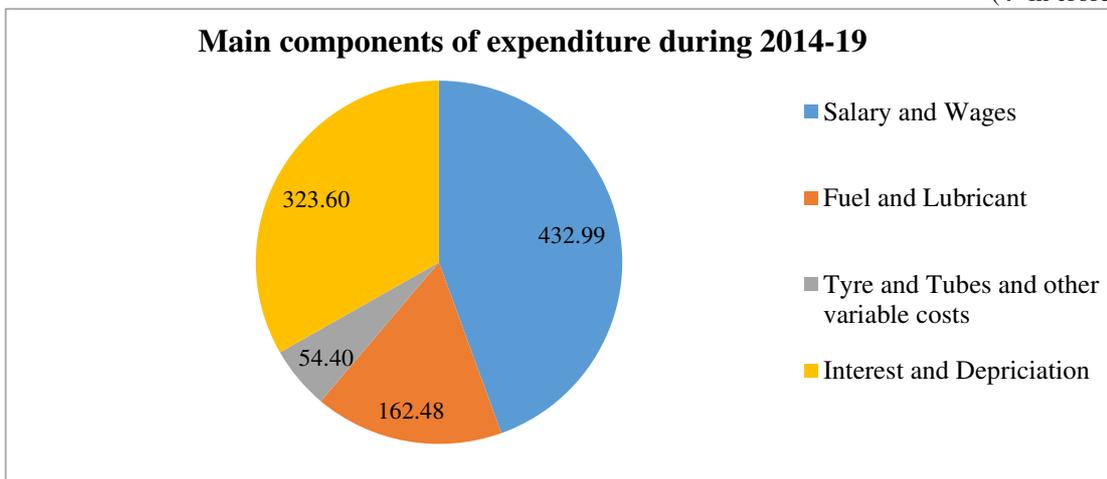
⁴ Includes share of ₹ 15.01 crore of the Government of India (GoI) as of March 2015.

⁵ Other receipts include rent, interest on FDRs and other miscellaneous receipts.

under different schemes⁶. The main components of the expenditure during the period from 2014 to 2019 (Chart 6.1.1) were Salary and wages ₹ 432.99 crore (44 per cent), overheads, interest and depreciation ₹ 323.60 crore (33 per cent); Fuel and Lubricant ₹ 162.48 crore (17 per cent), tyres/ tubes/ spares, Motor Vehicle tax and Passenger tax and other variable costs of ₹ 54.40 crore (six per cent).

Chart 6.1.1: Components of Expenditure

(₹ in crore)



(Source: Records of the Corporation)

The Annual Accounts up to the year 2013-14 prepared by the Corporation had been audited by the Principal Accountant General (Audit) as of March 2019. The Annual Accounts for the years 2014-15 to 2018-19 were not prepared and finalised on time. The audit of these accounts is completed and Separate Audit Reports for the period from 2014 to 2019 are under finalisation.

Position of the Assets and Liabilities as reflected in the provisional accounts prepared for the period from 2014-15 to 2018-19 is given in Table 6.1.2

Table 6.1.2: Position of assets and liabilities

(₹ in crore)

Year	2014-15	2015-16	2016-17	2017-18	2018-19
(1)	(2)	(3)	(4)	(5)	(6)
Liabilities					
Paid up Capital	204.74	210.69	217.92	223.18	245.57
Borrowings	550.48	586.02	616.02	646.02	676.02
Other Liabilities	621.98	679.15	751.74	821.39	872.11
Accumulated Loses	(-) 1,229.56	(-)1,311.83	(-) 1,415.23	(-) 1,518.30	(-) 1,639.01
Total	147.64	164.03	170.45	172.29	154.69
Assets					
Gross Block ⁷	67.97	64.05	64.53	77.06	74.45
Depreciation	06.61	06.10	6.28	06.61	7.09
Net-block	61.36	57.95	58.25	70.45	67.36
Current Assets,	86.28	106.08	112.20	101.84	87.33
Total	147.64	164.03	170.45	172.29	154.69

(Source: Information provided by the Corporation)

⁶ Atal Mission for Rejuvenation and Urban Transformation and Intelligent Transport Management system scheme.

⁷ Cost of fixed assets (land, buildings, fleet, tool plant, machinery etc.).

Although the paid up capital increased by 20 *per cent*, from ₹ 204.74 crore in 2014-15 to ₹ 245.57 crore in 2018-19, the accumulated losses during the same period increased by 33 *per cent*, from ₹ 1,229.56 crore to ₹ 1,639.01 crore. This indicates that funds infused by the State in the Corporation could not generate adequate revenue. Further, due to persistent losses, the Corporation even failed to deposit its share of contribution towards Provident Fund of employees with the Provident Fund Office and had to pay penal interest amounting to ₹ 1.46 crore during the period from 2014 to 2019 which could have been avoided through timely payments.

6.1.7 Planning

To sustain the public utility in the times to come, adequate Planning for long term as well as short term strategies are essential for running the utility effectively. It is therefore, necessary to frame a long term perspective plan as well as annual plans based on market input/ survey and other parameters. The Corporation had a Planning Wing headed by an Assistant Director. The main aim of Planning Wing was to conduct survey of passengers from origin to destination, prepare feedback reports, cross check the revenue earned and revenue realised and report to higher management for review and corrective action. The Planning Wing was also entrusted to fix the target and monitor the achievements.

The Planning Wing of the Corporation had not prepared any perspective plan or long term plan. It was stated by the Assistant Director (Planning) that no instructions from the Management were received in this regard. Further, the Managing Director stated that a revival plan was under consideration of the higher management/ Administrative Department. However, as seen from the records the revival plan was under consideration since June 2018 only.

Further, no survey was conducted regarding passenger feedback, quality of services, cross check of revenue earned and other⁸ parameters as prescribed in the Operational Manual. In addition, analysis for losses in operations and non-achievement of targets fixed for fleet operations and revenue generation was not carried out.

Audit scrutiny (May 2019) revealed that the targets were fixed for 2017-18 based on previous year achievements (2016-17). The basis of fixing the targets for remaining years was not available on record. Planning Wing was only associated with compiling of the progress reports of the units. However, directions based on inputs for improving the services from the Planning Wing and any plan to minimise the losses was not available with the Corporation.

On this being pointed out (May 2019), the Managing Director stated (January 2020) that due to shortage of manpower survey, passenger feedback, cross check of revenue earned/ realised, etc. could not be undertaken. It was also stated that introduction of Intelligent Transport System, fresh survey, classification and rescheduling of bus

⁸ Position of reporting time and actual time of departure, research data pertaining to improving the services, status of loss making vehicles, reporting and departure time of vehicles, researching of data regarding viability of routes, vehicles performance, etc.

services, utilisation of manpower, etc. was under process in the Corporation as of January 2020.

6.1.7.1 Targets for fleet operations and revenue collection

The yearly targets are fixed by the Planning Wing of the Corporation based on the monthly performance reports which are received from the operating units. However, the Corporation fixed these targets without consulting the unit heads. The target and achievement with respect to revenue and operations during the period 2014-15 to 2017-18 is depicted in the Table 6.1.3.

Table 6.1.3: Targets and achievement during 2014-15 to 2017-18

(Figures in bracket represent per cent)

Year	Available Fleet	Fleet Operation as per targets	Achievement of fleet Operated	Shortfall	Targets of revenue collection (₹ in crore)	Achievement of revenue collection (₹ in crore)	Shortfall in revenue collection (₹ in crore)
(1)	(2)	(3)	(4)	(5)= (3-4)	(6)	(7)	(8)= (6-7)
2014-15	934	664 (71)	469	195 (29)	131.43	83.44	47.99 (37)
2015-16	819	614 (75)	443	171 (28)	115.79	79.74	36.05(31)
2016-17	776	655 (84)	436	219 (33)	123.53	79.95	43.58(35)
2017-18	786	642 (82)	442	200 (31)	117.69	80.09	37.60 (32)
2018-19	Targets were not fixed						
Total					488.44	323.22	165.22 (34)

(Source: Based on information provided by planning wing of the Corporation)

The targets fixed during the period 2014-15 to 2017-18 for operation of the fleet ranged between 71 and 84 *per cent* of the available fleet. Even these targets for the operative fleet were not fully achieved. Shortfall in achievement of targets of the operative fleet during the period 2014-15 to 2017-18 ranged between 28 *per cent* and 33 *per cent*. Accordingly, the shortfall in revenue collection also ranged between 31 *per cent* and 37 *per cent* against the fixed targets. The overall shortfall in achievement of target of revenue collection during the period 2014-15 to 2017-18 was ₹ 165.22 crore, although targets were set after keeping into consideration the detention of vehicles for repair and maintenance in workshop. Targets for 2018-19 were not set.

In reply, the Managing Director stated (January 2020) that due to over aged fleet, frequent off roadings, shortage of manpower and turmoil in valley, the operational and financial targets were not achieved.

The fact remains that before fixing the targets the Corporation should have taken into consideration the constraints like over aged fleet, shortage of manpower etc.

Scrutiny of records in sampled units and Depot (including Sub-depots) revealed that the targets fixed during the period from 2014-15 to 2017-18 ranged between 65 *per cent* and 87 *per cent* of the common fleet available for these units and the shortfall in achievement of targets of operative fleet during the same period ranged between 15 *per cent* and 69 *per cent* with overall shortfall⁹ in projected revenue collection to the extent of ₹ 119.20 crore as detailed in *Appendix 6.1.3*. The highest shortfall in

⁹ Difference between Projected Revenue by the Company during fixing of Targets for the year less Actual Revenue realised.

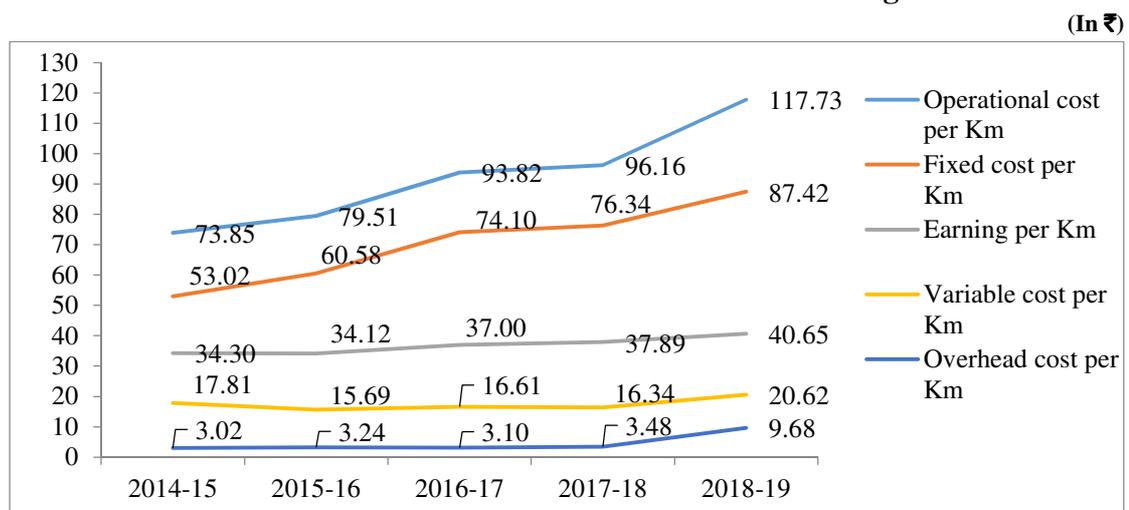
achievement of targets of operative fleet was observed in Doda Depot, where the shortfall ranged between 64 per cent and 69 per cent.

The Managing Director stated (January 2020) that buses are kept parked to meet the Government’s demand on special/ emergent occasions. It was also stated that on intra-district routes, Corporation faces stiff competition from Light Commercial Vehicles (LCVs)/ private operators, however, transport facility was provided on unproductive routes for convenience of public. Reasons for parking of buses were also attributed to frequent *hartals*, aged fleet unable to compete with new good quality LCVs/ buses and detention of vehicles/ manpower. The reply is not tenable as the Corporation is a commercial organisation and it is bound to face competition from private entities. Further, the Corporation needs to upgrade its fleet by proper funding either by borrowing or seeking assistance from the Government.

6.1.8 Operating Issues

The working results depicting the outcomes of the operations of the Corporation on the basis of its provisional accounts for the period from 2014-15 to 2018-19 are given in **Appendix 6.1.4**. Operating revenue of the Corporation which included traffic earnings, passes and season tickets, re-imburement against concessional passes, fare realised from private operators under Kilo Metre (KM) Scheme etc., had decreased from ₹ 83.09 crore in 2014-15 to ₹ 79.71 crore in 2018-19 (four per cent) with the lowest being ₹ 78.54 crore in 2015-16. However, the operating expenditure which included fixed cost (personnel, depreciation, interest), variable cost (fuel/ lubricants, tyres/ tubes, spares) and overhead cost, during the same period had increased by 24 per cent from ₹ 119.48 crore in 2014-15 to ₹ 147.71 crore in 2018-19. Though effective Kms¹⁰ of operations decreased by 46.15 lakh Km (19 per cent) from 242.23 lakh Km in 2014-15 to 196.08 lakh Km in 2018-19, year-wise trend of costs and earnings per Km is depicted in Chart 6.1.2:

Chart 6.1.2: Year-wise trend of costs and earnings



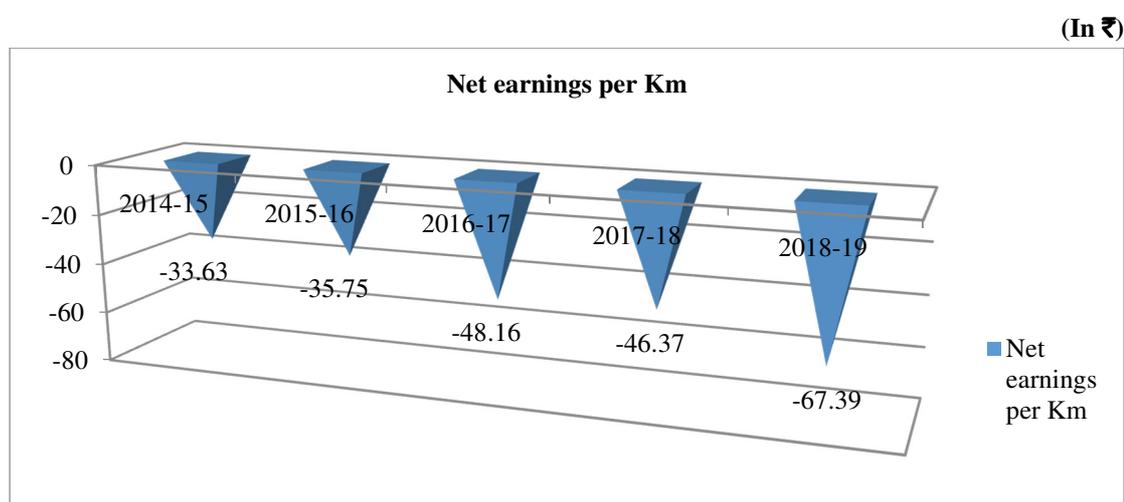
(Source: Records of the Corporation)

¹⁰ Distance run by the fleet of the Corporation.

Although the operating revenue per Km of the Corporation had increased from ₹ 34.30 in 2014-15 to ₹ 40.65 in 2018-19 (18.51 per cent), the fixed cost per Km increased from ₹ 53.02 to ₹ 87.42 (64.88 per cent) and the operational cost increased from ₹ 73.85 to ₹ 117.73 per Km (59.42 per cent). This impacted the operational net earnings per Km which decreased from (-) ₹ 33.63 to (-) ₹ 67.39 (Chart 6.1.3). The operating cost (excluding depreciation and interest) per Km also increased from ₹ 49.33 in 2014-15 to ₹ 75.33 in 2018-19 (*Appendix 6.1.4*) and the operating net earnings per Km decreased from (-) ₹ 15.03 to (-) ₹ 34.68. This had contributed to the increase in accumulation of losses which went from (-) ₹ 1,229.56 crore in 2014-15 to (-) ₹ 1,639.01 crore (33 per cent) in 2018-19. Year-wise decrease in the net earnings of the Corporation are depicted in Chart 6.1.3 and the reasons for losses have been discussed in the succeeding paragraphs.

Chart 6.1.3:

Decline in net earnings per Km of the Corporation during the period from 2014 to 2019



(Source: Records of the Corporation)

6.1.9. Operational Performance of the Corporation

6.1.9.1 Fleet strength

Management is required to manage and augment its assets to run the business operations efficiently in order to obtain optimal output of its available resources. The Corporation was not able to add adequate number of vehicles to improve its fleet strength during 2014-15 to 2018-19. On the contrary, the number of vehicles decreased by 14 per cent (from 964 to 831) despite adding 142 new vehicles¹¹. The fleet strength of the Corporation, during the last five years including over aged vehicles, is given in Table 6.1.4.

¹¹ Trucks: 76; Buses: 66.

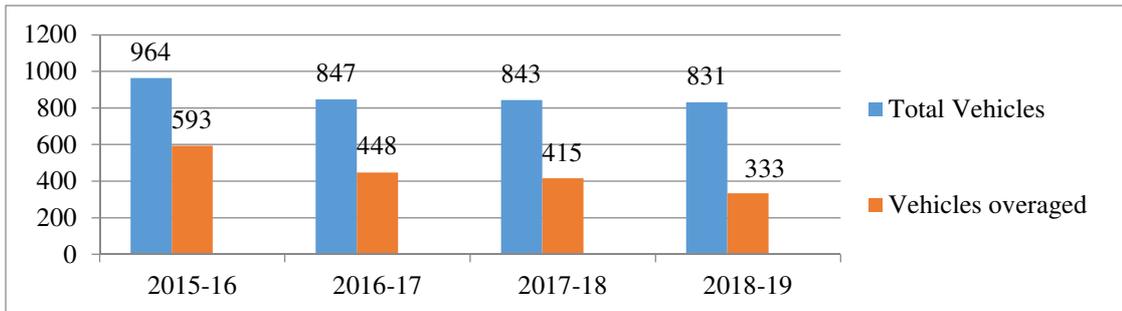
Table 6.1.4: Fleet strength of Corporation

Year	Buses	Trucks	Total	No. of over age vehicles			Percentage of over aged fleet (8) = (7/4)*100
				Buses	Trucks	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2014-15	610	354	964	NA ¹²	NA	NA	NA
2015-16	610	354	964	340	253	593	62
2016-17	529	318	847	244	204	448	53
2017-18	525	318	843	213	202	415	49
2018-19	512	319	831	191	142	333	40

(Source: Performance Reports of Corporation for the years 2014-15 to 2018-19/ data provided by the Corporation)

As per the norms¹³ fixed (January 2011) by the Administrative Department, buses plying above four lakh Km or are 10 years old and trucks plying above five lakh Km or are 12 years old whichever is later, are due for condemnation. Despite the defined norms, the over-aged vehicles run by the Corporation ranged between 40 per cent and 62 per cent during the period 2015-16 to 2018-19 as can be seen from the Chart 6.1.4.

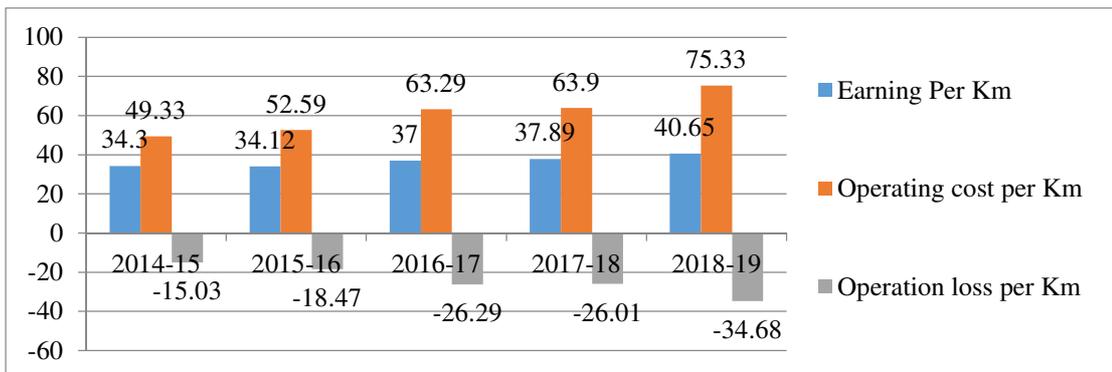
Chart 6.1.4: Year wise fleet strength and over age vehicles of Corporation



(Source: Performance Reports of the Corporation for the years 2014-15 to 2018-19/ data provided by the Corporation)

The Corporation also failed to recover operational revenue, and the operation loss¹⁴ per Km ranged between ₹ 15.03 per Km to ₹ 34.68 per Km during the period from 2014 to 2019 as shown in Chart 6.1.5.

Chart 6.1.5: Earnings per Km vis a vis Operating cost per Km



(Source: Records of the Corporation)

¹² Not available.

¹³ Fixed vide Order No. 6 TR-2011 issued by the Transport Department.

¹⁴ Revenue Earnings per Km run of vehicles during the year less the operational cost per Km run (fixed and variable cost excluding depreciation and interest) during that year.

6.1.9.2 Utilisation of vehicles/ fleets

The year-wise operative strength of vehicles held by the Corporation is given in Table 6.1.5.

Table 6.1.5: Operative strength of vehicles

Year	Commercial Fleet held	Fleet Operated		Idle fleet		Detention	
		Vehicles	Per cent	Vehicles	Per cent	Vehicles	Per cent
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2014-15	914	469	51	45	5	400	44
2015-16	820	443	54	41	5	336	41
2016-17	786	436	55	60	8	290	37
2017-18	746	442	59	63	8	241	32
2018-19	797	416	52	148	19	233	29

(Source: Records of the Corporation)

Operation of fleet held during the period 2014-15 to 2018-19 ranged between 51 *per cent* and 59 *per cent* and detention of vehicles in workshop ranged between 29 *per cent* and 44 *per cent*. Therefore, the number of vehicles lying idle in the Corporation had increased from five *per cent* in 2014-15 to 19 *per cent* in 2018-19.

Scrutiny of records in sampled units, Depot and Sub-depots revealed that the detention of vehicles in the workshops was higher than the projected detention of 15 *per cent* to 35 *per cent* during the period 2014-15 to 2018-19. The actual detention of vehicles in workshops during 2014-15 to 2018-19 ranged between 26 *per cent* to 80 *per cent* and exceeded these provisions, which had implication on revenue generation to the extent of ₹ 135.88 crore as detailed in **Appendix 6.1.5**.

The Managing Director stated (January 2020) that a small number of vehicles have been replaced which resulted in non-replacement of old age fleet of the Corporation. Further, it was stated that due to *hartals/ bandhs* and other security issues, shortage of technical manpower in workshops has also resulted in low utilisation of fleet.

However, the fact remains that Corporation could not improve on utilisation of vehicles/ fleet effectively. Audit analysis in ten sampled units¹⁵, revealed that the average operative fleet was in the range of 20 and 79 *per cent* during the period 2014-15 to 2018-19 as compared to the All India Average (AIA)¹⁶ of 88.7 *per cent*. As detailed in **Appendix 6.1.6**, the less utilisation of the fleet in the sampled units as compared to the All India Average, had revenue earning potential of ₹ 284.75 crore.

6.1.9.3 Viability of Routes

In order to ensure the economic viability of operations, the cost benefit analysis of routes was to be carried out before starting a new route. Audit carried out the analysis of 13 out of 22 routes in the jurisdiction of Manager Passenger Service, Jammu and Manager Tourist Service, Jammu. It was noticed that:

¹⁵ MPS, Jammu; MPS, Srinagar; MTS, Srinagar; MTS, Jammu; TM Load, Jammu; TM Load, Srinagar; Doda Depot; Sub-depot, Kishtwar; Sub-depot, Ramban; Manager City Service Division, Srinagar.

¹⁶ AIA of fleet utilisation (Operative fleet of the total fleet held), as per report of Central Institute of Road Transport for the year 2016-17.

(I) Operations on nine routes (Table 6.1.6) were started either without any cost benefit analysis or on the instructions of higher authorities.

Table 6.1.6: Routes operated vis-a-vis revenue earned and expenses incurred on oil

(₹ in lakh)

Sl. No.	Name of route	Period	Journeys executed (in Nos.)	Cost of Fuel	Revenue earned	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5-6)
1.	Banihal-Jammu-Banihal	July 2017 to May 2018	149	3.96	1.88	2.08
2.	Jammu-Rabita Burgani	September 2018 to February 2019	59	0.92	0.70	0.22
3.	Jammu-Shivkhori	May 2014 to February 2018	75	2.30	1.55	0.75
4.	Jammu-Bamyal	April 2014 to February 2018	163	1.78	1.38	0.40
5.	Jammu-Chigyal-Jammu	March 2018 to August 2018	180	1.95	1.48	0.47
6.	Ladies special	April 2016 to September 2018	1,557	5.17	1.02	4.15
7.	Secretariat services	April 2014 to March 2019	2,845	9.61	5.69	3.92
8.	Jagti Ladies special	October 2014 to March 2019	1,468	7.96	4.33	3.63
9.	Jammu-Katra Srinagar	April 2014 to March 2019	12,067	7.59	1.92	5.67

(Source: Records of the Corporation)

As seen from the Table 6.1.6, the Corporation could not even recover the cost of fuel from the operations on these nine routes.

Further, a few instances on composite cost of journey vis-à-vis revenue earned is mentioned in Table 6.1.7.

Table 6.1.7: Revenue earned and expenses incurred on oil, driver/ conductor and incidentals

(₹ in lakh)

Sl. No.	Name of service	Days of service	Period of operation	Journeys executed (in Nos.)	Incidental expenses	Cost of fuel and expenditure on Driver/ Conductor	Total	Revenue earned	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)=(8-9)
1.	Chamba Mandi	2 days	May 2015 to April 2016	235	0.09	7.22	7.31	7.30	0.01
2.	Batote	2 days	July 2017 to August 2017	22	0.01	0.62	0.63	0.56	0.07
3.	Farori Dartal	2 days	August 2015 to October 2015	73	0.03	2.66	2.69	2.22	0.47
4.	Gajansoo Chargali	1 day	July 2017 to October 2017	53	0.02	0.28	0.30	0.23	0.07
Total					0.15	10.78	10.93	10.31	0.62

(Source: Records of the Corporation) (Journey incidentals calculated on basis of Driver ₹ 25 per journey: Conductor ₹ 15 per journey)

In the instances mentioned in Table 6.1.7, the composite cost of journeys which includes the cost of fuel, expenditure on driver/ conductor and journey incidentals

amounting to ₹ 10.93 lakh could not be met from the revenue of ₹ 10.31 lakh earned through these operations.

On this being pointed out, the Manager Passenger Services (MPS), Jammu confirmed (August 2019) that cost analysis of routes shall be done in future before starting the operations. However, the Manager Tourist Service (MTS), Jammu stated that the profitability of the routes is not monitored by his office as the operation of buses was directed from the GM office. The fact remains that the Corporation operated non-viable routes and also did not carry out prudent cost benefit analysis.

(II) In the sampled units¹⁷ the running operation cost of vehicles¹⁸ of ₹ 178.55 crore exceeded the revenue earned of ₹ 154.16 crore, resulting in deficit of ₹ 24.39 crore during 2014-19.

The MPS, Jammu stated (August 2019) that the unit shall take effective steps to reduce the running cost. However, the MPS, Srinagar stated that the JKSRTC is a Government undertaking as such it needs to run the buses even on those routes which are not run by the private sectors.

(III) In relation to the Manager Tourist Services (MTS), Srinagar and City Service Srinagar, fleet remained idle either for want of demand or for want of drivers. In City Service, Srinagar four to seven vehicles remained idle daily on an average, while in MTS, Srinagar about 13 to 43 vehicles on average remained idle per day during the period from 2014 to 2019. Further, in City Service Division, Srinagar, each bus performed about one journey per day within the city, which indicated gross under utilisation of buses in the unit. Thus, under utilisation/ idling of vehicles has impacted the overall revenue earnings of these two units by ₹ 19.43 crore¹⁹ during the period from 2014 to 2019.

The Manager City Service Division, Srinagar intimated that buses remained idle for want of demand, while the MTS, Srinagar stated that due to prevailing situation in the valley, inadequate crew and low inflow of tourists, the vehicles remained idle.

The Managing Director stated (January 2020) that JKSRTC deployed its services to meet social obligations towards society being a Government Organisation. JKSRTC deploys vehicles on unproductive and rough routes to meet demand of local population, emergency conditions etc.

However, the fact remains that adequate survey of new routes needs to be conducted before start of the operation in order to control losses.

6.1.9.4 Scheduled operations

It was noticed during the period of review, that out of five major Depots of the Corporation only MPS, Srinagar, Jammu and Doda had schedules for operation of

¹⁷ Manager Passenger Service, Jammu (Inter-State Division): ₹ 8.93 crore; Manager Passenger Service, Jammu (District service): ₹ 1.79 crore; Manager Passenger Service, Srinagar: ₹ 9.17 crore; Traffic Manager City Service, Srinagar: ₹ 4.50 crore.

¹⁸ Cost of HSD, salary of driver and conductor, taxes and trip money etc.

¹⁹ City Service, Srinagar: ₹ 1.60 crore; MTS, Srinagar: ₹ 17.83 crore.

buses, while in case of MTS both at Srinagar and Jammu, there was no regular schedule prepared for operation of buses. Audit also observed that Corporation could not perform the scheduled journeys either due to non-availability of vehicles or other infrastructure issues. During test check of two divisions; MPS, Srinagar and Doda, following points were noticed:

- In MPS, Srinagar during the period from 2014 to 2019, non-performance of scheduled operations ranged between 24 *per cent* (5,809 journeys) and 51 *per cent* (12,059 journeys) which had a potential financial implication of ₹ 10.47 crore. The MPS, Srinagar stated (September 2019) that due to heavy detention of vehicles and non-preference of Corporation vehicles by passengers, the unit could not ply the buses. It was also stated that aged and downgraded vehicles from interstate operation were provided to this unit which resulted in their frequent breakdown causing skipping of scheduled journeys and consequently low flow of passengers in JKSRTC Buses.
- Similarly, in the Doda district 38,478²⁰ scheduled journeys were missed during the period from 2014 to 2019, impacting the revenue earnings by ₹ 7.40 crore. The Depot Manager, Doda stated (September 2019) that due to non-availability of vehicles and adequate workshop facilities, the schedule journeys could not be performed. This is indicative of the fact that despite availability of fleet at other units, the Corporation failed to ply vehicles on these routes.
- The Corporation plied buses in neighboring States of Punjab, Himachal Pradesh, Rajasthan, Uttar Pradesh (UP), Uttarakhand, Haryana and UT of Chandigarh as per the reciprocal MoUs/ agreements/ Temporary Permissions. The schedule of journeys performed is regulated as per the Kilometer run/ passenger basis/ fare basis, etc. These MoUs/ agreements/ temporary permissions were 13 to 30 years old²¹. The Corporation could not avail the opportunity fully as per the MoUs/ agreements/ temporary permissions as it was not able to undertake a total of 65,411 journeys on these routes. The potential operating revenue of ₹ 61.15 crore could not be generated during the period from 2014 to 2019 as detailed in Table 6.1.8.

Table 6.1.8: Year-wise non-execution of scheduled operations on Interstate routes

Year	Schedule Journeys	Journeys Performed	Journeys not performed	Revenue loss ²² due to non-performing of journeys (in ₹ crore)
1	2	3	4	5
2014-15	24,741	12,649	12,092	9.78
2015-16	24,741	11,865	12,876	11.57
2016-17	24,741	11,240	13,501	13.01
2017-18	24,741	10,992	13,749	13.42
2018-19	24,741	11,548	13,193	13.36
Total	1,23,705	58,294	65,411	61.15

(Source: Records of the Corporation)

²⁰ Doda: 13,101; Kishtwar: 12,276; Ramban: 13,101

²¹ Punjab: June 1983/ September 1988; Himachal: November 1986/ November 1999; Haryana: June 1976/ November 2005; Rajasthan: December 2000; Uttarakhand: August 2004; UP: Not available.

²² Worked out on the basis of average revenue earned from a journey on each route during each year.

- Scrutiny of records also revealed that the Corporation paid advance tax to other States²³ on the basis of criteria fixed in the MoUs or mutual agreements. Audit analysis revealed that the Corporation did not ply the required number of buses in four States which resulted in non-performance of scheduled journeys for which Passenger Tax of ₹ 82.59 lakh²⁴ was paid.

The Managing Director stated (January 2020) that due to non-availability of fleet, blockade and *hartals*, the scheduled journeys were missed and the matter regarding payment of Passenger Tax shall be probed to avoid unnecessary payments. The reply is not acceptable as the Corporation not only missed the scheduled journeys but also non-renewal of old agreements resulted in infructuous payment of ₹ 82.59 lakh as Passenger Tax.

6.1.9.5 Operation in remote areas

The Corporation is mandated to cater the transport needs of the remote areas so that population therein are connected to main urban areas. Test check of two units MPS, Jammu and Traffic Manager, Doda revealed that out of eight remote routes allotted to MPS, Jammu only one route was operated during the period from 2015 to 2018. However, none of these remote routes was operated during 2018-19. Similarly, out of 45 remote area operative routes under Manager, Doda District, only 11 were operational. In reply to the audit observations, the MPS, Jammu stated that these routes were operated on the instructions of higher authorities and later on closed due to non-profitability. The Traffic Manager, Doda stated that 24 to 29 routes could not be operated during the period from 2014 to 2019 due to non-availability of fleet in the Depot and heavy detention of vehicles.

The Managing Director stated (January 2020) that operations in remote areas were affected due to non-availability of mechanically fit fleet capable of operating on rough roads. It was also stated that after observing passenger flow in these areas, private operators started operating their vehicles on these routes, therefore services were withdrawn.

The Corporation, therefore could not fulfill the objective of regular operations to remote areas due to lack of mechanically fit fleet capable of operating on rough roads.

6.1.9.6 Consumption of fuel

An expenditure of ₹ 159.77 crore out of a total expenditure of ₹ 986.02 crore was incurred on High Speed Diesel (HSD) and lubricant during the period 2014-15 to 2018-19 which comprised about 16 *per cent* of the overall expenditure. Audit compared the consumption of HSD with reference to All India average of 4.95²⁵ Kilometer per litre (Kmpl) as detailed in Table 6.1.9.

²³ Punjab, Rajasthan, Uttar Pradesh, Uttarakhand.

²⁴ Punjab: ₹ 71.76 lakh; Rajasthan: ₹ 2.67 lakh; Uttar Pradesh: ₹ 5.29 lakh; Uttarakhand: ₹ 2.87 lakh.

²⁵ Report on Performance of State Undertakings for 2016-17, Central Institute of Road Transport.

Table 6.1.9: Excess consumption of HSD as compared All India average

Year	Total Km covered (in lakh)	Fuel issued (in lakh liters)	Cost of fuel (₹ in lakh)	Average KMPL	Fuel to be consumed as per AIA (in lakh litres) (Col 2/4.95)	Excess Consumption of fuel (in lakh litres) (Col 3-6)	Average cost of fuel per litre (In ₹) (Col 4/3)	Revenue Implication (₹ in lakh) (Col 7x8)
1	2	3	4	5	6	7	8	9
2014-15	244.53	60.01	3,652.28	4.07	49.40	10.61	60.86	645.72
2015-16	233.28	56.26	2,837.66	4.15	47.13	9.13	50.44	460.52
2016-17	217.31	52.42	2,903.89	4.15	43.90	8.52	55.40	472.01
2017-18	213.60	51.77	3,134.65	4.13	43.15	8.62	60.55	521.94
2018-19	199.34	47.77	3,448.17	4.17	40.27	7.50	72.18	541.35
Total						44.38		2,641.54

(Source: Performance Report and Balance sheet figure for the year 2014-15 to 2018-19)

As seen from the Table 6.1.9, the average fuel consumption in the range of 4.07 to 4.17 Kmpl during the period 2014-15 to 2018-19 was lesser than the All India average of 4.95 Kmpl which resulted in consumption of 44.38 lakh liters of excess fuel costing ₹ 26.42 crore.

Scrutiny of records of seven sampled units²⁶ revealed that the scale of fuel consumption on different routes was not fixed by the Corporation. The average fuel consumption in respect of bus fleet in these units ranged between 3.71 Kmpl and 4.51 Kmpl, while in respect of truck fleet it ranged between 3.44 Kmpl and 3.90 Kmpl as detailed in **Appendix 6.1.7**. The Corporation also has not made any serious efforts to standardise the scale for consumption of fuel.

In reply, the Managing Director stated (January 2020) that due to old age of the fleet and hilly terrain, fuel scale could not be maintained. It was further stated that matter will be reviewed for minimising the consumption of fuel. The reply is not tenable as the Corporation should have standardised the scale of consumption for each vehicle of different make on different route in order to ensure economy, accountability and efficiency in consumption of fuel.

6.1.10 Operation of truck fleet

The Corporation has two main units, one each at Jammu and Srinagar which overlook the operation of trucks. The position of truck fleet during the years 2014-19 is given in the Table 6.1.10.

Table 6.1.10: Position of truck fleet

(Number of trucks)

Year	Commercial fleet available for operation	Average fleet operated	Average fleet idle	Detention for want of repair
(1)	(2)	(3)	(4)	(5)
2014-15	334	211 (63)	16 (5)	107 (32)
2015-16	306	203 (66)	15 (5)	88 (29)
2016-17	299	200 (67)	31 (10)	68 (23)
2017-18	263	193 (73)	27 (10)	43 (16)
2018-19	315	185 (59)	85 (27)	45 (14)

(Source: Planning wing of the Corporation, figures in parenthesis are in per cent)

²⁶ City Service, Srinagar; MTS, Srinagar; MTS, Jammu; MPS, Jammu; MPS, Srinagar; Traffic Manager Load, Jammu; Traffic Manager Load, Srinagar.

Average trucks operated during the period 2014-15 to 2018-19 ranged between 59 per cent and 73 per cent of the fleet strength, while the detention for want of repairs during the same period was between 14 per cent and 32 per cent. Trucks remaining idle increased from five per cent in 2014-15 to 27 per cent in 2018-19.

The Targets and Achievement of the truck units for the period from 2014-15 to 2017-18 is given in Table 6.1.11.

Table 6.1.11: Unit-wise targets and Achievement in respect of truck fleet

Name of unit	Year	Common fleet held	Targets fleet operative	Achievement of operative	Less operative (per cent)	Targets of revenue (₹ in lakh)	Achievement of revenue (₹ in lakh)	Shortfall in revenue (₹ in lakh) (per cent)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
T.M. ²⁷ . (Load) Jammu	2014-15	112	84 (75)	63 (75)	21 (25)	1,326.51	1,075.21	251.30 (19)	
	2015-16	110	83 (75)	57 (69)	26 (31)	1,374.30	985.59	388.71 (28)	
	2016-17	106	90 (85)	67 (74)	23 (26)	1,664.52	1,160.09	504.43 (30)	
	2017-18	112	95 (85)	70 (74)	25 (26)	1,634.04	1,183.87	450.17 (28)	
	2018-19	Targets were not fixed							
	Total						5999.37	4404.76	1,594.61
T.M. (Load) Srinagar	2014-15	222	167 (75)	148 (89)	19 (11)	2,807.60	2,289.04	518.56 (18)	
	2015-16	196	147 (75)	142 (97)	2 (01)	2,372.68	2,302.10	70.58 (3)	
	2016-17	193	164 (85)	133 (81)	31 (19)	2,777.97	2,359.32	418.65 (15)	
	2017-18	187	159 (85)	123 (77)	36 (23)	2,668.24	2,254.20	414.04 (16)	
	2018-19	Targets were not fixed							
	Total						10,626.49	9,204.66	1,421.83
	Grand Total						16,625.86	13,609.42	3,016.44

(Source: Progress Reports of units, figures in parenthesis are in per cent, targets of 2018-19 not fixed)

Shortfall of target of revenue from operation of the truck fleet during the period 2014 to 2018 ranged between one per cent and 31 per cent, despite the fact that targets were fixed on the basis of 75 per cent to 85 per cent of the total available fleet. This led to overall shortfall of ₹ 30.16 crore in revenue targets during the period from 2014 to 2018.

On this being pointed out (June 2019), the Traffic Manager (Load), Srinagar stated that due to abolition of SRO (Sadriya Riyasat Order) 157²⁸ the demand has reduced and revenue earning got affected to a large extent. It was also stated that 44 trucks are lying idle for want of drivers. The Traffic Manager, Jammu stated that shortfall in achievement of targets is due to heavy detention of vehicles at the workshop.

The Managing Director stated (January 2020) that targets were fixed on basis of age of fleet and detentions. However, targets could not be achieved due to decline in trained manpower in workshops, prevailing situation in the valley, shortage of drivers, etc.

The reply is not acceptable as the Corporation is hiring trucks from other private agencies for carriage and simultaneously keeping its own trucks idle. This indicates that

²⁷ Traffic Manager.

²⁸ As per SRO 157, it was mandatory for the Government departments to utilise services of JKSRTC.

despite demand, the Corporation failed to effectively utilise its truck fleet. In addition, the Corporation could have utilised the drivers attached to vehicles undergoing maintenance and repairs, effectively on fleet duty.

6.1.10.1 Detentions in respect of truck fleet

Scrutiny of records in two units handling the truck fleet revealed that despite keeping provision²⁹ for detention of 15 per cent to 25 per cent of net fleet strength during the period from 2014 to 2019, there was excess detention of vehicles at workshops. It was noticed that during the period from 2014 to 2019, the average excess detention of vehicles ranged between four to 13 vehicles per day of the truck fleet as detailed in Table 6.1.12.

Table 6.1.12:

Unit-wise detention of truck fleet at workshops for repair and maintenance during 2014-15 to 2018-19

Name of units	Year	Average Net Fleet ³⁰ held	Average Fleet operated	Average Fleet detained (per cent)	Provision of detention for the year	Average Excess detention above the provision	Average net revenue earned per vehicle/ Day (₹)	Revenue impact due to excess detention (₹ in lakh)
1	2	3	4	5	6	7	8	9=7x8x365
T.M. (Load), Jammu	2014-15	109	63	38 (35)	27 (25)	11	4,631	185.93
	2015-16	108	57	40 (37)	27 (25)	13	4,705	223.25
	2016-17	107	67	27 (25)	16 (15)	11	5,333	214.12
	2017-18	107	70	24 (22)	16 (15)	08	5,512	160.95
	2018-19	112	75	23 (21)	17 (15)	06	5,743	125.77
(A) Total								910.02
T.M. (Load), Srinagar	2014-15	216	148	63 (29)	54 (25)	09	4,196	137.84
	2015-16	206	142	55 (27)	51 (25)	04	4,503	65.74
	2016-17	185	133	35 (19)	28 (15)	07	4,822	123.20
	2017-18	156	123	20 (13)	23 (15)	No excess detention	5,260	0
	2018-19	198	110	16 (08)	30 (15)		5,991	0
(B) Total								326.78
Total (A+B)								1,236.80

(Source: Progress reports of units, figures in parenthesis are in per cent, targets of 2018-19 not fixed)

As is clear from Table 6.1.12, the detention of truck fleet in excess of the norms fixed for each year had an overall impact of ₹ 12.37 crore³¹ on the revenue earnings of the Corporation during the period from 2014 to 2019. Despite the fact that there were two full-fledged workshops catering to the requirement of repair and maintenance for truck fleet, the Corporation failed to limit the extra idle detention period of truck fleet due to lack of spares, tyres, etc.

It was further noticed that the detention was also not only on account of repairs at workshops but also vehicles were grounded due to non-availability of drivers as described hereunder:

²⁹ As indicated in the targets for the years 2014-15 to 2017-18. Since targets for 2018-19 were not fixed provisions of 2017-18 have been indicated.

³⁰ Total fleet except those kept for auction or transferred to other units.

³¹ Traffic Manager (Load), Jammu: 2014-15: ₹ 185.93 lakh; 2015-16: ₹ 223.25 lakh; 2016-17: ₹ 214.12 lakh; 2017-18: ₹ 160.95 lakh and 2018-19: ₹ 125.77 lakh and Traffic Manager (Load), Srinagar: 2014-15: ₹ 137.84 lakh; 2015-16: ₹ 65.74 lakh; 2016-17: ₹ 123.20 lakh; 2017-18: NIL and 2018-19: NIL.

Scrutiny of records (July 2019) in the office of Traffic Manager (Load), Jammu revealed that drivers were not available for an average of six vehicles during the period January 2019 to March 2019, which had a revenue implication to the extent of ₹ 35.48 lakh. It was stated that maximum drivers retired in the period from 2018 to 2019, as a result of which the vehicles were grounded.

Similarly, in the Office of the Traffic Manager (Load), Srinagar, 17,671 vehicle days were lost due to non-availability of drivers which resulted in loss of potential revenue of ₹ 10.80 crore during the period from 2018 to 2019. Although drivers were available at workshops with detained vehicles, they were not deployed by the Corporation.

In reply, the Managing Director stated (January 2020) that due to shortage of adequately trained manpower at workshops, non-availability of spare parts and financial crunch, there was detention of vehicles.

6.1.10.2 Non-fulfillment of demand of goods carrier vehicles

As per *Sadriya Riyasat Order* (SRO) 157 of 26 April 2001, the Government Departments had to hire trucks from JKSRTC only, as per need. The Government Departments were required to obtain No Objection Certificate (NOC) from JKSRTC before hiring from Private entities. The Corporation also had the flexibility of Contract Hiring of Trucks (CHT) from private transporters based on the demand of goods carriage vehicles. This SRO 157, was however, abolished on March 2018.

Test check of Traffic Manager (Load), Jammu revealed that the Corporation had not assessed the requirement of trucks for carriage of goods for the period from 2014 to 2019. Even the total demand could not be furnished to Audit by the unit in Srinagar.

The demand and supply of operation for goods carriage including Contract Hiring of Trucks (CHT) from Private transporters is given in Table 6.1.13.

Table 6.1.13: Demand and supply of trucks required on various occasions for goods carriage

(Unit number of occasions)

Year	TM, Jammu				TM, Srinagar			
	Demand	Supply		Shortfall	Demand	Supply		Shortfall
		JKSRTC	CHT			JKSRTC	CHT	
2014-15	46,655	7,805	31,639	7,211	The Srinagar Unit had not maintained this data	-	-	Could not be assessed due to non-provision of information by the unit
2015-16	62,758	10,434	41,274	11,050		26,925	26,777	
2016-17	70,830	12,378	56,720	1,732		39,803	28,995	
2017-18	64,101	13,426	49,851	824		38,558	34,049	
2018-19	66,936	14,679	50,041	2,216		36,805 ³²	--	
Total	3,11,280	58,722 (19)	2,29,525 (74)	23,033 (7)				

(Source: Records of the Corporation)

As observed in Audit, despite purchase of new 63 trucks during 2018-19, the Traffic Manager (Load), Jammu could not supply adequate vehicles as per the demand in Jammu Division. It was also, noticed that on one hand, the Corporation was hiring trucks from private entities in Jammu while keeping its trucks idle at Srinagar as detailed in paragraph 6.1.10.1. The Jammu unit of the Corporation could cater only to

³² Total deployment was made only on 1,211 occasions.

19 per cent demand from its own fleet during period from 2014 to 2019 for supply of trucks required for carriage of goods. Despite engaging private contractor for meeting the bulk requirement (74 per cent), there was a shortfall of seven per cent in meeting the overall demand. Demand of trucks was not assessed at Srinagar, as a result the rationale for allocation of trucks among the two units could not be assessed in Audit. It was seen that although 36,805 truck days were available, only 1,211 were deployed by JKSRTC in Srinagar in 2018-19.

On this being pointed out (June 2019) in Audit, it was stated by the Traffic Manager (Load), Jammu that the fleet strength of JKSRTC is less as compared to CHT Contractor, due to which share of CHT Contractor is higher in meeting the demand of the Food Civil Supplies and Consumer Affairs (FCS&CA) and other Government Departments. This also indicates that actual requirement was not assessed at the Corporate level. It is to mention that 36 to 100 trucks of Corporation remained idle for want of drivers (April 2018 to March 2019) in office of the Traffic Manager (Load), Srinagar which comprised 19 to 50 per cent of available operative truck fleet of 201 in the unit.

The Managing Director accepted (January 2020) the findings of Audit and stated, that every effort shall be made to meet the demand.

The non-supply of adequate trucks as per demand of goods carriage vehicles by the Corporation, despite a provision of hiring from private sources, led to an opportunity of generating revenue being lost.

6.1.10.3 Non-recovery of outstanding amounts

The Corporation transports goods of Government Departments and gets a receipt (Challan) as a proof of delivery of goods at destination, based on which bills are raised against each Department. The amounts outstanding from Government Departments was ₹ 16.64 crore as on 31 March 2019 in respect of 52 offices as detailed in **Appendix 6.1.8**. Scrutiny of records (July 2019) in the office of Manager (Load), Jammu, revealed that out of the ₹ 16.64 crore outstanding as on 31 March 2019, an amount of ₹ 10.16 crore³³ was outstanding against Food, Civil Supplies and Consumer Affairs Department alone since last three to six years. Included in this amount was ₹ 45.58 lakh³⁴ which has not been received due to non-production of goods delivery challans.

The Managing Director stated (January 2020) that matter is being pursued regularly to clear the outstanding amount.

Although the Corporation was running at a substantial loss, the efforts to recover outstanding amounts from the concerned Departments/ agencies was inadequate.

6.1.11 Procurement

The Corporation purchases its buses and trucks out of grants provided by the Government under different schemes as there are no internal resources to fund

³³ 2013-14: ₹ 2.29 crore; 2014-15: ₹ 1.65 crore; 2015-16: ₹ 5.89 crore; 2016-17: ₹ 0.33 crore.

³⁴ 2014-15: ₹ 2.52 lakh; 2015-16: ₹ 1.95 lakh; 2016-17: ₹ 7.83 lakh; 2017-18: ₹ 11.75 lakh; 2018-19: ₹ 23.53 lakh.

the capital expenditure. The Corporation auctioned 348 condemned vehicles (234 buses and 114 trucks) during the period from 2014-15 to 2018-19, against which it could replace only 142 vehicles (66 new buses³⁵ and 76 new trucks³⁶).

In its vision document (July 2018), the Corporation projected a requirement of 1,500 buses and 1,000 trucks. However, it did not initiate any major action to purchase new vehicles by financing from its own resources, other financial institutions or from the Government. This was indicative of the fact that neither the Government nor the Corporation was taking effective steps in enhancing its fleet strength. Due to inadequate fleet strength, the operational revenue of the Corporation did not increase and it was solely dependent on Government grants even for meeting its establishment expenditure.

6.1.11.1 Short deduction of penalty

The Corporation placed (December 2017) supply orders for purchase of 32 fully built up, 44 seater BS IV buses. As per the supply order, the buses were to be delivered within a period of 60 days from the issue of the order. Penalty of ₹ 800 and ₹ 1,600 per vehicle per day was to be deducted from the final bill, for delays in delivery upto 15 days and beyond 15 days respectively.

Scrutiny of records revealed that Corporation had received 32 buses and deducted ₹ 12.48 lakh from the final bill on account of delays ranging between 30 and 33 days. However, the actual delay in receipt of these buses had ranged between 44 days and 47 days³⁷ and the supplier was liable to pay ₹ 23.49 lakh. Non-recovery of penalty at prescribed rates, resulted in short deduction of ₹ 11.01 lakh.

On this being pointed out (February 2019) it was stated that (August 2019) the recovery shall be affected after consultation with the General Manager (Passenger and Services).

6.1.11.2 Purchase of other parts

As per the Purchase/ Operational Manual, the Corporation was required to categorise the components of purchase in to ABC category³⁸, periodically review the stock level at the Headquarters, carryout the stock verification of stores and carryout Vital Essential Desirable (VED) analysis of the consumption/ wear and tear of vehicle parts. The purchase of tyres, batteries, other spares parts is made through designated Committees; Departmental Purchase Committee (DPC) I for bulk purchase and DPC II for small purchases. An expenditure of ₹ 28.47 crore³⁹ was incurred on procurement of tyres, tubes, accessories, batteries and spares during the period 2014-15 to 2018-19.

Audit examined the process of raising of requirement and purchase of tyres and batteries. To assess timeliness and efficiency of supply of tyres and batteries, the details

³⁵ 2014-15: Nil; 2015-16: 02; 2016-17: 16; 2017-18: 32; 2018-19:16

³⁶ 2014-15: Nil; 2015-16: Nil; 2016-17: 13; 2017-18: 63; 2018-19: Nil.

³⁷ Eight buses: 44 days; 12 buses: 46 days and 12 buses: 47 days.

³⁸ Category A Vehicles/ Engine complete built up, Category B Bus tyre, battery, HSD and Category C spares and other small parts.

³⁹ Tyres/ Tubes/ Flaps: ₹ 11.45 crore; Battery: ₹ 1.08 crore; Spares: ₹ 15.94 crore.

of requirements and purchases of tyres and batteries made by the Corporation during the period from 2014 to 2019 is given in Table 6.1.14.

Table 6.1.14: Year-wise purchase of tyres and batteries

(unit in numbers)

Year	Requirement		Actually purchased		Shortfall	
	Tyres	Batteries	Tyres	Batteries	Tyres	Batteries
(1)	(2)	(3)	(4)	(5)	(6)= (2-4)	(7)= (3-5)
2014-15	1,460	488	1,110	430	350	58
2015-16	2,090	585	1,686	483	404	102
2016-17	1,453	360	1,222	82	231	278
2017-18	1,332	492	886	207	446	285
2018-19	696	Not assessed	536	Nil	160	-
Total	7,031	1,925	5,440	1,202	1,591	723

(Source: Information provided by the Corporation)

As against the requirement of 7,031 tyres and 1,925 batteries only 5,440 tyres (77 per cent) and 1,202 batteries (62 per cent) were purchased. Moreover, the Corporation did not assess the requirement of its spares, batteries, tyres, etc. at the start of the financial year. The requisitions were being made throughout the year. As a result, the Corporation had to place the supply orders from time to time which led to unavailability of these components causing extended periods of detention of vehicles at workshops. This had an impact on operation of vehicles.

The Managing Director stated (January 2020) that due to paucity of funds, the components could not be maintained on VED basis. The Managing Director further stated (January 2020) that efforts shall be made to avoid the detention on account of spare parts, etc.

6.1.12 Management of Workshops

Audit examined records of five⁴⁰ (out of a total of eight) workshops to assess their functioning. The repair of engines is carried out by two Central Workshops⁴¹ out of which the workshop at Jammu was selected for Audit scrutiny. It was noticed that there was excess periods of detention of vehicles for want of engine repair, spares, tyres, batteries, etc.

Audit also carried out the analysis of detention of vehicles beyond the prescribed period of 15 days in the workshops to ascertain whether the Corporation was able to manage the workshops in an efficient manner. It was seen that there was no defined timelines for out-shedding of vehicles in these workshops, which resulted in huge delays in repair and maintenance.

In the sampled four workshops⁴², it was seen that, during the period from 2014-15 to 2018-19, 976 vehicles were detained for 60,959 vehicles days⁴³ beyond the allowed

⁴⁰ Load, Jammu; Load, Srinagar; PMD, Jammu; PMD, Srinagar; Central Workshop, Jammu.

⁴¹ One each at Jammu and Pampore.

⁴² Load, Jammu: 295 trucks for 10,796 days; Load, Srinagar: 64 trucks for 2,853 days; PMD, Jammu: 380 buses for 30,127 days; PMD, Srinagar: 237 buses for 17,183 days.

⁴³ The detention period has been calculated only for those vehicles which were detained for more than 15 days in the workshop.

15 days detention period for want of annual fitness, spares, tyres and engine overhauling etc., which impacted the revenue earnings of the Corporation by ₹ 50.18 crore⁴⁴ as detailed in the **Appendix 6.1.9**.

The Central Workshop, Jammu had a requirement of 62 personnel as intimated by Deputy General Manager. However, only 22 to 16 personnel were working on an average in the workshop, during the period 2014 to 2019. Audit analysis revealed that 174 vehicles⁴⁵ remained in Central Workshops Jammu during this period, for engine repair/ spare parts over a period of 15,984 vehicle days which impacted the revenue earnings of the Corporation by ₹ 6.40 crore⁴⁶.

In reply it was stated that detention was due to non-availability of adequate manpower, spares, outdated tools and machinery which was more than 15 years old and non-availability of power back-up.

The Managing Director stated (January 2020) that due to financial crisis the spares parts were not available. It was also stated that staff strength of the Corporation was poor. However, the fact remains that the Corporation failed to assess the basic requirements of the workshop which includes adequate manpower, skilled technicians, electricity, spares, tyres, and other accessories leading to unnecessary extended detention of vehicles. The facility of electricity was limited at the unit resulting in consumption of 0.53 lakh litre of HSD during the period 2014 to 2019. This was due the fact that regular power supply was discontinued (August 2012) due to non-payment of electricity dues.

6.1.13 Management of Fixed Assets

Prudent Asset Management is one of the important requirements of any commercial undertaking, especially when the Corporation is running at huge losses. Audit scrutiny of records of 29 properties⁴⁷ held by the Corporation, revealed that title/ transfer papers were not available in respect of seven⁴⁸ properties.

The deficiencies observed in management of fixed assets by the Corporation is detailed in the Table 6.1.15.

⁴⁴ Load, Jammu: 10,796 days, ₹ 5.42 crore; Load, Srinagar: 2,853 days, ₹ 1.43 crore; PMD, Jammu: 30,127 days, ₹ 38.05 crore; PMD, Srinagar: 17,183 days, ₹ 5.28 crore.

⁴⁵ 150 buses for 14,651 vehicle days and 24 trucks for 1,333 vehicle days.

⁴⁶ Calculated on the basis of average revenue collected through operations of a truck/ bus during each year.

⁴⁷ Kashmir: 14; Jammu: 13; Ladakh: 2

⁴⁸ 1. Load bearing structure (two storied) at TRC, Srinagar, 2. Load bearing structure office and workshop at Bypass, Bemina, 3. Depot office and office block at Anantnag; 4. Load bearing structure at Sopore, 5. PMD Workshop at Narwal Jammu, 6. Land at office of Traffic Manager Load, Jammu 7. Land at Load Workshop Narwal, Jammu.

Table 6.1.15: Status of test-checked cases out of 29 properties held by the Corporation

Sl. No.	Name of property	Area	Remarks
1.	Load bearing structure situated at TRC (Workshop and office single and two storied respectively) Srinagar.	Out of 485 kanals, 22 kanals taken over by the Government for construction of Tehzeeb Mahal	20 kanals handed over to Art and Culture Department during 2012. Although 23 kanals of alternate land was identified by the Government at Nowgam, alternate land yet to be received.
2.	Hotel Building three storied Load bearing structure with CGI roofing plus vacant land situated at Lal Chowk, Srinagar	32 room shops of the building and hotel rooms under Jammu and Kashmir Tourism Development Corporation (JKTDC) on 6 kanals of land.	The rent agreement was not on record and no rent was being paid by the JKTDC. Out of 29 shops only 14 were paying the rent while remaining 15 had not paid rent since 2012. No concrete steps were taken to recover the rent or cancel the rent arrangements of shops and properties.
3.	Land situated at Budgam Kashmir	6.5 kanals	Land purchased by JKSRTC but title yet to be transferred.
4.	Central Workshop main building and two workshop buildings at Pampore, Kashmir (Load bearing structure)	82 kanals	Out of 182 kanals, 100 kanals were transferred to Planning and Development Department. Land evaluation and the amount to be received was awaited.
5.	Open land situated at Pulwama, Kashmir	20.11 kanals	Although ₹ 20.82 lakh has been deposited with the Deputy Commissioner, Pulwama but the land has not been allotted.
6.	Open land situated at Zangli, Kupwara	4 kanals	Reasons for non utilisation of land gainfully were not intimated.
7.	Regional Office, Jammu	31.01 kanals	Land measuring 13 kanals transferred to other Departments however, no compensation/ cost was provided to the Corporation. Action taken for claiming/ recovery of compensation was awaited.
8.	Central Workshop, Jammu	21.17 kanals	Out of 110 kanals of land at Central Store, Vikram Chowk Jammu only 21 kanals was under occupation with the Corporation, as the land was provided for road widening and construction of Kala Kendra. However, against the alternate land of 600 kanals to be provided, only 56 kanals had actually been provided to the Corporation. No action was taken for claiming the balance 544 kanals of land.
9.	Depot Office, Udhampur	29.01 kanals	The Depot Office at Udhampur is under occupation with CRPF since 1994. Action taken to recover the rent and evacuation of property was awaited in Audit.

(Source: Records of the Corporation)

Thus, the failure to acquire the ownership title of properties, get the valuation of properties done, reclaim the properties under occupation of other authorities, non-recovery of adequate compensation of land transferred, non-utilisation of properties under possessions to optimum level, non-renewal of leases, etc., indicated that the Corporation was not managing its assets efficiently.

The Managing Director, accepting the observation, stated (January 2020) that a Committee shall be formed to oversee the ownership issues and prudent utilisation of property.

6.1.14 Manpower Management

The prime responsibility of the Management is to ensure that the appropriate official is assigned the right duty/ assignment. The manpower needs to be regulated as per the sanctioned strength. The sanctioned strength of posts, men in position (MIP) and vacant posts during the period from 2014-15 to 2018-19 is depicted in Table 6.1.16.

Table 6.1.16: Year-wise sanctioned strength and men in position

(in Numbers)

Name of posts	Sanctioned strength	2014-15		2015-16		2016-17		2017-18		2018-19	
		MIP	Vacant								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Managing Director	1	1	0	1	0	1	0	1	0	1	0
JMD/ FA & CAO	2	2	0	2	0	2	0	2	0	2	0
General Manager	5	2	3	1	4	2	3	3	2	3	2
DGM	6	2	4	1	5	5	1	5	1	5	1
AD Planning	1	1	0	1	0	1	0	1	0	1	0
DAO	2	2	0	2	0	2	0	1	1	1	1
TM	16	6	10	6	10	5	11	9	7	7	9
WM	8	8	0	8	0	5	3	5	3	5	3
Driver	1,245	512	733	499	746	538	707	515	730	498	747
Conductor	700	402	298	395	305	362	338	311	389	300	400
Other	1,617	1,188	429	1,170	447	1,022	595	1,050	567	1,027	590
Total	3,603	2,126	1,477	2,086	1,517	1,945	1,658	1,903	1,700	1,850	1,753
As <i>per cent</i> of sanctioned strength		59	41	58	42	54	46	53	47	51	49

(Source: Information provided by the Corporation)

As against the overall sanctioned strength of 3,603 posts, the men in position decreased from 2,126 in 2014-15 to 1,850 in 2018-19, thereby leading to steady increase in the number of vacant posts from 41 *per cent* to 49 *per cent*.

As per the Manual of Operations, the standard vehicle to manpower ratio of 1:3 has been adopted by the Corporation. It was observed that the vehicle manpower ratio⁴⁹ of Corporation during the period 2014-2015 to 2018-19 ranged between 1:2.32 and 1:2.55 which was below the standard ratio of 1:3. The maximum number of vacancies were in respect of drivers and conductors. An Audit analysis was carried out in respect of drivers/ conductors detained with vehicles in workshops. It was observed that in three⁵⁰ units of Jammu region, detention of drivers with vehicles at workshops ranged between 129 and 225 days during the period from 2014-15 to 2018-2019, while that of conductors ranged between 12 and 73 days. Similarly, in two⁵¹ units of Kashmir region, the detention of drivers at workshops during the period 2014 to 2018, ranged between 58 and 73 days, while in respect of conductors it ranged between 12 and 42 days. The payment made to these idle drivers/ conductors assigned to vehicles at workshops amounted⁵² to ₹ 44.95 crore⁵³ during the period from 2014 to 2019.

As test drivers are available in workshops, detention of regular driver/ conductors of vehicles in workshops along with their vehicles was not required, the payment of ₹ 44.95 crore towards salary to the idle drivers/ conductors was avoidable apart from non-utilisation of their services elsewhere.

⁴⁹ 2014-15: (1:2.32); 2015-16: (1:2.54); 2016-17:(1:2.47); 2017-18: (1:2.55); 2018-19: (1:2.32)

⁵⁰ MTS, Jammu; MPS, Jammu; TM, Load Jammu.

⁵¹ MPS, Srinagar; TM, load Srinagar.

⁵² Worked out on the basis of average salary of driver/ conductor during each year.

⁵³ Drivers: ₹ 26.45 crore; Conductors: ₹ 18.50 crore.

6.1.15 Internal control

The following points related to the internal control mechanism were noticed:

- Only ten Meetings of the Board were held during the period 2014 to 2019 although 20 were required to be held as per the JKSRTC Act.
- As per the Manual of Operations, the monthly meetings with head of units was to be held at General Manager Level. In Jammu Division, only eight and 15 meetings were held at GM level during 2017-18 and 2018-19 respectively. The record and information regarding meetings conducted by GM, Srinagar was not produced/ furnished to audit.
- The Management had not done any administrative inspections of Units at GM level. It was also noticed that the time table for departure/ arrival of buses in the Depots was not available on display boards in the bus terminals.
- No records were maintained at GM level for vigilance checks except by GM, Jammu who intimated that 19 vigilance checks were made during the period 2018 to 2019.
- In MPS, Jammu the flying squad for *en-route* checking of tickets was not functional from April 2014 to November 2018.
- There was no online booking facility provided by the Corporation except in the Delhi-Jammu route.
- No survey was conducted by the Corporation to ascertain the satisfaction level of commuters with respect to services provided by the Corporation.
- Scrutiny also revealed that three non-commercial vehicles were provided to non-entitled officers⁵⁴ without any approval from higher authorities. Test check of three log books out of 15 which were made available to Audit, revealed that Petrol Oil Lubricants (POL) of 50,023 liters was issued during the period from 2014 to 2019 for vehicles used by non-entitled officers which added further ₹ 25.01 lakh to the loss of Corporation.
- Under section 146 read with section 140 of the Motor Vehicle Act, 1988, there is a requirement for taking insurance against third party risk by the operator. The Government exempted⁵⁵ the Corporation from third party insurance subject to condition that it will maintain a separate fund for the purpose and financial statutory obligation of the Motor Accidents Claim Tribunal (MACT). However, the Corporation had not maintained separate fund which resulted in violation of the Government order and during the period 2014-15 to 2018-19 the Corporation had paid ₹ 6.86 crore as compensation⁵⁶ to third party claimants.

The Managing Director (January 2020) stated that serious efforts shall be made to improve the internal control mechanism for the Corporation and Audit shall be intimated accordingly.

⁵⁴ DGM, Manager and other subordinate staff.

⁵⁵ Vide Government Order No. 21-TR 2005 dated 23.3.2005

⁵⁶ Including penal interest.

6.1.16 Conclusions

The Corporation, did not frame any viable long term and short term plan for its revival. The parameters adopted for fixing of targets as well as day to day operations were not framed in consultation with operational unit heads and the targets fixed were not achieved fully. Further, the operational performance suffered due to under utilisation of vehicles, running of buses on non-profitable/ non-viable routes, skipping of scheduled journeys, less plying of fleet on Interstate routes, idling of vehicles, etc. The Corporation could not ply the vehicles in remote areas to fulfill its obligations. Management of workshops suffered due to lack of basic infrastructure, timely supply of spares, tyres, batteries, skilled manpower, leading to huge detention/ idling of vehicles and impacted its earnings. Weakness of internal controls was evident from non-holding of prescribed number of board meetings/ monthly meetings, non-conducting of regular inspections/ vigilance checks etc. The overall financial implication of this audit intervention is ₹ 737.57 crore.

6.1.17 Recommendations

The Management may consider to:

- *Optimise the planning parameters as per Operational Manual and frame the realistic targets. Besides, the long term planning needs to be formulated to make the Corporation self-reliant.*
- *The operational losses need to be minimised by improving on utilisation and performance of available fleet of vehicles. The manpower available in the Corporation should be utilised optimally to prevent idling of staff/ vehicles, in order to improve overall performance. Besides, proper surveys to ascertain the viability and profitability of routes should be conducted before starting new operations.*
- *The Corporation may consider creating separate verticals for operation of buses and trucks as independent cost/ profit center to exercise better financial and operational control.*
- *The assets of the Corporation may be used prudently after obtaining their title, and a time bound programme to replace age old fleet with new vehicles be taken up after proper surveys so as to ensure profitability.*
- *The procurement of spares/ tyres etc. in a time bound manner be ensured to avoid unnecessary detention of vehicles and manpower at workshops.*
- *The internal control mechanism needs to be strengthened.*

Chapter VII
Compliance Audit
State Public Sector Undertakings

CHAPTER VII

COMPLIANCE AUDIT

This chapter contains four paragraphs of Compliance Audit pertaining to two PSUs (Jammu and Kashmir Projects Construction Corporation Limited and Jammu and Kashmir State Power Development Corporation Limited). The observations relate to expenditure incurred in excess of sanctioned cost, non-recovery of excess expenditure, short realisation of administrative overheads and execution of works in excess of approved costs. The monetary implication of these observations is ₹ 16.96 crore.

Public Works Department

Jammu and Kashmir Projects Construction Corporation Limited

7.1 Expenditure incurred on construction of a bridge in excess of sanctioned cost

Jammu and Kashmir Projects Construction Corporation Limited did not restrict the work of construction of a bridge and allied works within the sanctioned cost, resulting in non-recovery of expenditure of ₹ 1.88 crore incurred on the work.

The Jammu and Kashmir State Cabinet approved¹ (July 2005) the construction of a Bridge over river Chenab at *Meri Mendraiya* to provide connectivity to the villages² of Akhnoor Tehsil of District Jammu. In terms of the cabinet decision, the Jammu and Kashmir Project Construction Corporation Limited (Company) was to execute the work. The Company submitted (November 2005) an initial cost offer of ₹ 17.50 crore which was subsequently enhanced (February 2007) to ₹ 22.84 crore due to change in the proposal from a steel arch bridge to concrete bridge. Subsequently, the Government of India (GoI) under Central Road Fund (CRF) accorded (September 2007) administrative approval for construction of a balanced Cantilever Pre-Stressed Concrete Bridge over river Chenab at *Meri Mendraya* at an estimated cost of ₹ 21.82 crore.

The Chief Engineer, Public Works (R&B) Department, Jammu (Project Authority) finally awarded (March 2008) the work of construction of the bridge to the Company on a lump sum contract basis at a sanctioned cost of ₹ 21.82 crore. The Company took up the construction of the bridge in October 2008. Subsequently, the Company, submitted (June 2010) a revised cost offer of ₹ 24.25 crore for the work against the approved estimated cost of ₹ 21.82 crore. The enhanced cost was not accepted (May 2011) by the Project Authority stating that the bridge was sanctioned by the GoI under CRF and further funds were being demanded arbitrarily by the Company. The Company was also directed to submit fresh cost offer on factual and work done/ realistic basis.

¹ Vide Order No: 245-PW (R&B) of 2005 dated 07 July 2005.

² Bala, Balgarha, Barui, Chakhar, Gorde, Grattal, Karefal Lassu, Majoor Mandrian, Noor, Piyani, Rangani, Tacharwan, Tung etc.

Audit scrutiny (June 2018) of the records revealed that a total amount of ₹ 22.01 crore³ was received by the Company, and the value of work executed was ₹ 23.89 crore (March 2020) as per Company records. This exceeded the amount received by the Company by ₹ 1.88 crore⁴ (8.5 per cent). The Company had again demanded (November 2014) additional funds of ₹ 2.24 crore⁵ from the Project Authority for completion of the project. The Project Authority however, informed (November 2014) the Company that excess up to only 10 per cent of the sanctioned cost (₹ 21.82 crore), was permissible under the CRF Guidelines, subject to furnishing of item-wise/ component wise details of cost escalation with full justification. The Company despite lapse of more than 87 months from the date of handing over (December 2012) of the bridge, had not provided the justification (March 2020) for cost escalation leading to non-release of funds by the Project Authority.

Thus, failure of the Company to restrict the value of work done within the sanctioned cost or provide justification for cost escalation within 10 per cent of the sanctioned cost, resulted in non-recovery of ₹ 1.88 crore.

In reply, the Deputy General Manager Unit 7, Jammu and Kashmir Project Construction Corporation, Jammu confirmed (July 2018) that Project Authority had released funds totaling to ₹ 22.01 crore against the proposed revised cost of ₹ 24.25 crore and ₹ 2.24 crore had been demanded. It was further stated that excess cost over sanctioned cost of the project was due to enhancement⁶ of service tax from 4.2 per cent to 10.5 per cent and introduction of labour cess.

The reply is not tenable as, despite directions from the Project Authority (March 2008) that the project cost should not exceed ₹ 21.82 crore, the Company executed the work and incurred an expenditure of ₹ 23.89 crore. Further, the Company is yet to submit (March 2020) the item-wise/ component wise details of cost escalation with full justification for completing the work, to avail the enhanced cost.

The matter was referred to Company/ Government in April 2020; their replies were awaited (September 2020).

It is recommended that works taken up for construction by the Company should be executed within the sanctioned cost.

7.2 Non-recovery of excess expenditure incurred on construction of a bridge

Jammu and Kashmir Projects Construction Corporation Limited constructed a bridge over Darhali Nallah, Ujjhan (Rajouri) without ensuring the approval of revised cost offers and release of funds, which resulted in expenditure of ₹ 6.85 crore not being reimbursed.

The Public Works Department, the Project Authority (PA) awarded (April 1998) construction of single lane steel super-structure bridge to provide access to the local

³ The Project Authority had initially released ₹ 1.80 crore upto (2006-07) prior to allotment of work in (2008) under CRF and ₹ 20.21 crore after allotment of work upto 2012.

⁴ Difference of value of work done of ₹ 23.89 crore and funds receipt of ₹ 22.01 crore.

⁵ Difference of revised cost of ₹ 24.25 crore and funds receipt of ₹ 22.01 crore.

⁶ From 4.2 per cent to 8.4 per cent and then from 8.4 per cent to 10.5 per cent.

population of the villages⁷ of the District Rajouri, along with the approach roads over Darhali Nallah at Ujjhan (Rajouri) at an estimated cost of ₹ 3.00 crore⁸, to the Jammu and Kashmir Projects Construction Corporation Limited (Company). The work was to be completed within 30 months of the award of the contract (October 2000).

The Company submitted two revised cost offers (between June 2004 and July 2009) of the project to the Project Authority as given in Table 7.2.1. The scope of work was revised in June 2012 from 162 metre single lane to 178 metre (44.5 m x 4) span single lane bridge, and the cost had to be further revised to ₹ 13.75 crore. The revised cost offers were yet to be approved (June 2019) by the Project Authority.

Table 7.2.1: Periodical cost revisions of the project by JKPCC

Particulars	Date of proposal	Estimated cost (₹ in crore)
(a)	(b)	(c)
Initial proposal	April 1998	3.00
First revision	June 2004	7.12
Second revision	July 2009	10.72
Third revision	June 2012	13.75

Audit scrutiny (October 2018) of the records revealed the following:

- Though revised proposals were not sanctioned and adequate funds were not released (only ₹ 1.55⁹ crore released upto 2011-12), the Company started (January 2011) the work of the sub-structure of the bridge at an estimated cost of ₹ 3.40 crore and completed it in May 2011.
- The Administrative Approval (AA) was conveyed (February 2013) by the Project Authority for construction of the super structure of the bridge at a cost of ₹ 6.70 crore under funding from National Bank for Agriculture and Rural Development (NABARD). The AA of the project, *inter alia*, stipulated that the work shall be taken up for execution only after authorisation of funds by the NABARD authority.
- The balance work of the bridge including super-structure was allotted (October 2014) to M/s A.K. Constructions (contractor) at an estimated cost of ₹ 5.75 crore. The work, started by the contractor in March 2015, was completed in September 2016. The total value of work done as booked by the Company was ₹ 8.40 crore.
- Though no further fund was released by the Project Authority, an amount of ₹ 5.66 crore was released by the Company to the contractor between July 2015 and October 2019.

Thus, failure of the Company to restrict the expenditure to receipts of fund led to non-recovery of ₹ 6.85 crore¹⁰ from the Project Authority.

The Deputy General Manager, Jammu and Kashmir Projects Construction Corporation Limited Unit 8 Rajouri, stated (May 2019) that the work was taken up and completed

⁷ Dhandkot, Kassian and Danna, Khurd, Leeran, Madhoon, Maluth, Nadian and Ujjhan.

⁸ Bridge: ₹ 1.50 crore; approach road: ₹ 1.50 crore.

⁹ 2003-04: ₹ 0.05 crore; 2010-11: ₹ 0.50 crore and 2011-12: ₹ one crore.

¹⁰ Difference of value of work done (₹ 8.40 crore) and funds receipt (₹ 1.55 crore).

on the verbal directions of the Minister Public Works of the State Government and Project Authority had assured release of funds. It was also stated that despite several reminders Project Authority and NABARD had not released funds after September 2011.

The reply is not tenable as the Company executed the sub structure work without receipt of adequate funds and the super structure work without authorisation of funds from NABARD. Besides, the Administrative Approval on the revised cost offers submitted by the Company from time to time was not obtained even after the execution of the works. Thereby an excess expenditure of ₹ 6.85 crore incurred out of Company's own resources which could not be recovered from the Project Authority.

The matter was referred to Government/ Company in June 2020; their replies were awaited (September 2020).

It is recommended that adequate steps may be taken to recover the excess expenditure incurred on behalf of the Project Authority and projects be executed after ensuring availability of funds.

7.3 Short realisation of administrative overheads

Despite clear instructions of the Project Authority to restrict the value of work to ₹ 20.50 crore for construction of Niki Tawi bridge, the Company exceeded the sanctioned cost, resulting in short realisation of administrative overheads of ₹ 1.64 crore.

Consequent to the damage of Niki Tawi bridge owing to floods of September 2014, road link to isolated hamlet¹¹ across the Tawi river was disrupted. To mitigate the problems faced by the public of the area, the Government of Jammu and Kashmir (GoJ&K) allotted (December 2014) construction of a 300-metre span pre-stressed concrete double lane bridge over Niki Tawi river on the upstream side of existing bridge under the Prime Minister Development Package to the Public Works Department, GoJ&K. The Chief Engineer, Roads and Buildings (R&B), Jammu (Project Authority) allotted (December 2014) the work of construction of bridge to Jammu and Kashmir Projects Construction Corporation Limited (Company) for an estimated cost of ₹ 20.50 crore. The Company submitted (December 2014) the cost offer of ₹ 30.25 crore for the project. The cost offer was not accepted by the Project Authority and the Company was instructed (December 2014) to complete the job within the sanctioned cost of ₹ 20.50 crore. Accordingly, the sanctioned amount of ₹ 20.50 crore was released by the Project Authority.

The Company was required to charge administrative overheads at the rate of 10 per cent on the project cost.

Audit scrutiny (June 2018) of records revealed that without the approval of the cost offer of ₹ 30.25 crore submitted to Project Authority, the Company allotted¹²

¹¹ Consisting of approximately 45 villages namely Ram Bagh, Kullaian, Sura Chack, Ganshou Chack, Kirpollpur, Nandian, Mandal Fillan, Sardare Chack, Wazir Chack, Top, Sumh, HariPur, Takutera, Suanjian, Mukuiial, Lohra Kalian etc.

¹² On the recommendations (April 2015) of contract committee of GoJ&K.

(June 2015) the work of construction of the bridge to a contractor¹³ at an estimated cost of ₹ 21.72 crore on turnkey basis. The construction work of the bridge was taken up (November 2015) by the contractor and completed in March 2017, for which the Company had incurred (March 2020) an expenditure of ₹ 20.13 crore. Accordingly, the applicable administrative overheads works out to ₹ 2.01 crore.

However, executing the work for construction of bridge without the approval of revised cost resulted in short realisation of administrative overheads of ₹ 1.64¹⁴ crore despite lapse of more than two years from the date of completion of the bridge. This affected the Company's profitability and its ability to meet administrative cost.

After this was pointed out (June 2018) in Audit, the Deputy General Manager Unit 7 Jammu and Kashmir Projects Construction Corporation stated (June 2019) that the allotment for estimated cost of ₹ 21.72 crore was as per decision of the contract committee and the actual cost of the project was ₹ 30.25 crore and work allotted was well within the cost offer.

The reply is not tenable as the initial estimate of ₹ 30.25 crore was not agreed to (December 2014) by the Project Authority, and clear instructions to restrict the job within the sanctioned cost of ₹ 20.50 crore was given. Besides, the administrative overheads amounting to ₹ 1.64 crore were also not recovered.

The matter was referred to Government/ Company in May 2020; their replies were awaited (September 2020).

The Company may ensure recovery of administrative expenses on projects executed.

Power Development Department

Jammu and Kashmir State Power Development Corporation Limited

7.4 Execution of work in excess of approved cost

Failure of the Company to execute work under Rajiv Gandhi Grameen Vidyutikaran Yojana as per the approved cost, led to financial loss of ₹ 1.92 crore, besides, non-receipt of ₹ 4.67 crore from the REC since 2014-15.

Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched (April 2005) by the Government of India (GoI) through Rural Electrification Corporation (REC) to provide electricity connections free of cost to below poverty line households. The scheme was to be executed in seven districts¹⁵ by the Jammu and Kashmir State Power Development Corporation Limited (Company). The Company, after inviting tenders awarded contract (December 2009) in three districts to M/s Pir Panchal Construction Pvt. Ltd. Joint Venture (contractor). The work was required to be completed in 12 months from the date of issue of Letter of Intent. The District/ Project-wise position is detailed in the Table 7.4.1.

¹³ M/s A. K. Construction, Builders and Engineers.

¹⁴ Expenditure incurred ₹ 20.13 crore plus administrative overheads of ₹ 2.01 crore (10 per cent of expenditure of ₹ 20.13 crore) less amount of ₹ 20.50 crore received from the Project Authority is ₹ 1.64 crore.

¹⁵ Anantnag, Baramulla, Doda, Poonch, Pulwama, Kupwara and Rajouri.

Table 7.4.1: District/ Project-wise position of RGGVY projects

(₹ in crore)						
Sl. No.	Project	Initial sanctioned cost	Awarded cost	Revised sanctioned cost	Date of completion	Delay in months
1	2	3	4	5	6	7
1.	Rajouri	29.97	37.77	79.97	May 2014	41
2.	Poonch	16.96	18.42	26.59	February 2014	38
3.	Doda	37.64	45.02	57.40	January 2015	49
	Total	84.57	101.21	163.96		

(Source: Allotment orders/ information provided by the Company)

The Company received a total amount of ₹ 156.57 crore from REC as detailed in the Table 7.4.2:

Table 7.4.2: Status of amounts received for execution of RGGVY works in three districts

(₹ in crore)								
Sl. No.	RGGVY Project	Amount received from REC	Amount approved by REC after the closure of the project	Expenditure incurred	Excess expenditure over the amount approved by REC	Value of inventory transferred to J&K Power Development Department	Financial loss	Amount not received from REC so far
1	2	3	4	5	6= (5-3)	7	8=(6-7)	9 = (4-3)
1.	Rajouri	79.76	80.34	82.74	2.40	0.93	1.47	0.58
2.	Poonch	25.65	25.65	26.72	1.07	0.62	0.45	-
3.	Doda	51.16	Not Approved	55.25	-	1.18	Nil	4.09 ¹⁶
	Total	156.57	105.99	164.71	3.47	2.73	1.92	4.67

(Source: Physical/ Financial progress reports/ information furnished by the Company)

The works were completed with delays ranging between 38 and 49 months from the scheduled date of completion, incurring a total expenditure of ₹ 164.71 crore. Out of this expenditure of ₹ 164.71 crore, the Company had incurred an expenditure of ₹ 109.46 crore in respect of RGGVY Projects of Rajouri and Poonch districts. The closure proposals of Projects of Rajouri and Poonch districts were approved by REC for ₹ 105.99 crore. The RGGVY works in Doda district was closed in January 2015 after incurring an expenditure of ₹ 55.25 crore by the Company. The closure proposal was yet to be approved by REC (July 2020).

Audit scrutiny (May 2017) of the records revealed that the reasons for delay as recorded in the reply of the Company included, *inter alia*, delay in tendering process, Right of Way (RoW) issues, public hindrance during execution, inclement weather and snow prone or inaccessible areas etc. The Company had incurred an expenditure of ₹ 164.71 crore against the amount of ₹ 156.57 crore received from REC as indicated in the Table 7.4.2 above. The closure proposals in respect of RGGVY Projects of Rajouri and Poonch districts on which Company had incurred the expenditure of ₹ 109.46 crore were approved by REC for ₹ 105.99 crore. After taking into account the value of surplus inventory of ₹ 1.55 crore transferred or recoverable from Jammu and Kashmir Power Development Department (JKPDD), the Company had to bear financial loss of ₹ 1.92 crore due to expenditure beyond the approved cost. In addition to this, in the closure proposal of Rajouri only ₹ 79.76 crore had been received from REC so far against the approved amount of ₹ 80.34 crore, thereby resulting in non-receipt of ₹ 0.58 crore.

The closure proposals of RGGVY works in Doda district was, however, not approved by REC despite a lapse of 64 months from the date of closing of work (January 2015)

¹⁶ Closure proposal of Doda not approved, therefore expenditure incurred (₹ 55.25 crore) less by amount received (₹ 51.16 crore) is equal to ₹ 4.09 crore.

by the Company. Audit noticed (May 2017) that the work in respect of Doda district was not completed due to non-availability of alternate land after land slide at the earmarked site and for want of Forest clearance. Final expenditure of ₹ 55.25 crore in Doda district had been booked by the Company against which REC released funds amounting to ₹ 51.16 crore, resulting in non-receipt of ₹ 4.09 crore. Further, an amount of ₹ 1.18 crore is recoverable from Jammu and Kashmir Power Development Department in respect of surplus inventory transferred.

In reply, the Chief Engineer, Generation Wing, Jammu stated (July 2020) that the closure proposal of Doda project is pending as the five receiving stations (33/ 11 KV) constructed by the contractor have not been handed over to the concerned utilities so far. It was also stated that the surplus material handed over to Power Development Department had not been approved by REC but was procured by Company out of its own resources to be recovered from Power Development Department.

The reply is not tenable as the Company had incurred excess expenditure on Rajouri and Poonch projects beyond approved financial cost accorded by the REC, which has led to financial loss of ₹ 1.92 crore. Besides, the Company had not completed the works of Doda project and could not receive the amount of ₹ 4.67 crore (Rajouri: ₹ 0.58 crore; Doda: ₹ 4.09 crore) from REC since 2014-2015.

The matter was referred to Government/ Company in May 2020; their replies were awaited (September 2020).

It is recommended that the Company/ Government should ensure timely execution of work within the approved cost.

Srinagar/ Jammu
The 11 February 2021



(ILA SINGH)
Principal Accountant General (Audit)
Jammu & Kashmir and Ladakh

Countersigned

New Delhi
The 02 March 2021



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix 1.1.1

(Refer Paragraph: 1.4; Page: 2)

Statement showing the funds transferred directly to the various State Implementing Agencies under Programmes/ Schemes outside the State budget during 2018-19

(₹ in lakh)

Sl. No.	Name of the GoI Scheme	Implementing agencies in the State	Government of India Releases
			2018-19
1.	Member of Parliament Local Area Development Scheme (MPLADS)	District Deputy Commissioners	4,000.00
2.	Buddhist and Tibetan Institutions and Memorials	Institute of Buddhist Studies	2,567.08
3.	Assistance of IHMS/ FCIS/ IITTM/ NIWS, etc.	Institute and Hotel Management and Catering Technology	659.05
4.	Solar Power -Off grid	Ladakh Renewable Energy Development Agency	1,482.39
5.	Scheme for Prevention of Alcoholism and Substance (Drugs) Abuse	Council for Rehabilitation of Widows, Orphans, Handicapped and Old Persons (Victims of Militancy)	20.04
6.	Assistance to Voluntary Organisations for providing Social Defence Services	Council for Rehabilitation of Widows, Orphans, Handicapped and Old Persons	300.00
7.	Atal Innovation Mission (AIM) including Self Employment and Talent Utilization (SETU)	Various Higher Secondary Schools	252.00
8.	Electronic Governance	Jammu and Kashmir e-Governance (JKeGA)	379.00
9.	Support to National Institute of Technology (NIT)	National Institute of Technology, Srinagar	19,159.00
10.	National Mission on Teachers and Training	Shri Mata Vaishno Devi University (SMVDU)	269.00
11.	National Programme for Diary Development	J&K Milk Producers Co-operative Limited	1,539.35
12.	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Production	9,147.70
13.	Pradhan Mantri Sampada Yojana	Khyber Agro Farms (P) Ltd.	150.07

Sl. No.	Name of the GoI Scheme	Implementing agencies in the State	Government of India Releases
			2018-19
14.	Rashtriya Krishi Vikas Yojana	Sher-e-Kashmir University of Agricultural Sciences and Technology (SKUAST) Jammu	133.00
15.	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
16.	e-Court Phase-II	Registrar General, High Court of Jammu and Kashmir	26.00
17.	National Programme for Youth and Adolescent Development	Jawahar Institute of Mountaineering and Winter Sports	303.88
18.	Scheme for Differently Abled Persons	Bandipora College of Information Technology, Composite Regional Centre, Srinagar/ Kashmir, Research Institute of Education & Solar Technology	254.16
19.	Biotechnology Research and Development	SKUAST Jammu/ Kashmir, SKIMS, Islamic University of Science and Technology	1,131.44
20.	One Stop Centre	Deputy Commissioner/ OSC, District Programme Officer	150.20
21.	Research Education Training and Outreach	University of Kashmir, The Kashmir Environmental and Social Organisation	82.10
22.	Amended Technology Upgradation Fund Scheme (ATUFS)	Jammu and Kashmir Bank Ltd.	201.59
23.	Central Assistance for Pakul Dul HEP under J&K PMDP Grant to Chenab Valley Power	Chenab Valley Power Projects (Pvt.) Ltd.	10,000.00
24.	Industrial Infrastructure Upgradation Scheme (IIUS)	State Industrial Development Corporation, J&K (SIDCO)	72.80
25.	Infrastructure Development and Capacity Building	Jammu and Kashmir State Industrial Development Corporation (SIDCO)	332.82

Sl. No.	Name of the GoI Scheme	Implementing agencies in the State	Government of India Releases
			2018-19
26.	Innovation, Technology Development and Deployment	Sher-e-Kashmir University of Agricultural Sciences and Technology J&K [SKUAST-J&K], University of Kashmir, Jammu University, Shri Mata Vaishno Devi University, Technology Business Incubation Centre	197.46
27.	Kala Sanskriti Vikas Yojana	Various Cultural and Welfare Societies in Jammu and Kashmir	572.74
28.	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
29.	Land Records Modernisation Programme	Jammu and Kashmir Land Records Management Agency(JaKLaRMA)	30.00
30.	Management Support to Rural Development Programmes and Strengthening of District Planning Process	Institute of Management and Public Administration (IMPA)/ Regional Extension Training Centre Budgam	17.50
31.	Nai Manzil- The Integrated Education And Livelihood Initiative	Comtech Institute of Technology/ National Education Society and Social Welfare Organisation/ Society for Development and Training/ National Institute for Technical Trainings	687.34
32.	National AIDS and STD Control Programme	J&K State AIDS Prevention & Control Society-[JKSAPCS]	857.76
33.	Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD)	J&K State Cable Car Corporation Limited	552.09
34.	Small Hydro Power-Grid Interactive	Renewable Energy Development Agency Kargil/ Jammu and Kashmir State Power Development Corporation Limited	7,044.84
35.	Setting Up of New IIMs	Indian Institute of Management Jammu.	544.00

Sl. No.	Name of the GoI Scheme	Implementing agencies in the State	Government of India Releases
			2018-19
36.	Scheme for Fund for Regeneration of Traditional Industries (SFURTI)	J&K Khadi And Village Industries Board	873.59
37.	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
38.	Research Training and Studies and Other Road Safety Schemes	Transport Commissioner, J&K/ J&K State Road Transport Corporation	747.50
39.	Research and Development	Sher-e-Kashmir University of Agricultural Sciences and Technology of J&K, University of Kashmir, Jammu University, Department of Ecology, Environment and Remote Sensing, National Institute of Technology Srinagar.	364.93
40.	Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	J&K Tourism Development Corporation Limited (JKTDCL)/ J&K State Cable Car Corporation Limited J&KCCC)	3,454.28
41.	Upgrading Skills and Training in Traditional Arts/ Crafts for Development (USTTAD)	Bandipora College of Information Technology	560.00
42.	Pradhan Mantri Vandana Yojana	Social Welfare Department, Jammu & Kashmir/ Jammu & Kashmir Government	602.42
43.	Rashtriya Gokul Mission	Jammu & Kashmir State Implementing Agency	1,744.97
44.	Beti Bachao Beti Padao	Dy. Commissioner BBB Samba, Pulwama, District Development Commissioner Shopian, District Magistrate Jammu, Udampur, Rajouri, Anantnag, etc.	380.17
45.	Setting Up of New IITs	Indian Institute of Technology, Jammu	3,101.00

Sl. No.	Name of the GoI Scheme	Implementing agencies in the State	Government of India Releases
			2018-19
46.	Establishment Expenditure AYUSH	Jammu University, SKUAST Kashmir, Bhaderwah Development Authority, National Research Institute for Sowa-Rigpa	142.50
47.	Family Welfare Schemes	University of Kashmir	77.80
48.	Works under Road Wing	Various Individuals & Private Construction Companies	6,916.08
49.	Wind Power-Off grid	Ladakh Renewable Energy Development Agency	27.19
50.	Welfare Grant and Miscellaneous	Various Individuals	114.50
51.	Strengthening of Existing Branches and Establishment of 27 Branches of NCDC	Sher-e-Kashmir Institute of Medical Sciences, Government Medical College, Jammu	112.75
52.	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
53.	Space Science Promotion	Central University of Jammu	118.68
54.	Industrial & Entrepreneurship Development	Indian Institute of Integrative Medicine	2,208.87
55.	Other Autonomous Bodies	National Research Institute for Sowa-Rigpa	100.00
56.	Other Schemes	Other schemes	968.34
Total			89,514.45

Appendix 2.2.1

(Refer Paragraph: 2.2.3 ; Page: 12)

Statement showing the List of 131 DDOs alongwith details of 1,138 Bank Accounts maintained by them

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
Revenue Department			
1.	Assistant Commissioner (AC), General (Relief), Jammu	Flood 2014, Prime Minister Development Package (PMDP), Relief	5 (Other than JK Bank : 04)
2.	Assistant Commissioner Revenue (ACR), (Rental), Jammu	Land/ Rent Compensation, Secret Funds	12 (Other than JK Bank : 01)
3.	ACR (Land Compensation), Jammu	Land/ Rent Compensation, Border Out Post, Jammu-Akhnoor Road	5
4.	Tehsildar, Jammu	Land Compensation, Salary, Drought, Relief	4
5.	Sub Divisional Magistrate (SDM), North, Jammu	Salary/ Office Expenses, Land Compensation, Relief, Sansad Adarsh Gram Yojana (SAGY), Election	12 (Other than JK Bank : 04)
6.	Deputy Commissioner, Jammu	Election	2
7.	SDM, Akhnoor	Salary, Compensation, Relief, Election, Pradhan Mantri Gram Sadak Yojana (PMGSY)	7 (Other than JK Bank : 01)
8.	Tehsildar, Akhnoor	Salary, Honorarium, Drought 2011, Border Firing Migrants, Ex-gratia crop Compensation, Rental Compensation	19
9.	SDM South, Jammu	Salary, Land Compensation, Election, Relief	4 (Other than JK Bank : 01)
10.	Tehsildar, Bishnah	Salary/ Remuneration, Election, Levy, Rental/ Crop Compensation, Relief Paddy	10
11.	Tehsildar, Arnia	Salary, Compensation, Relief Border Firing	4
12.	Tehsildar, R.S Pura	Relief 2009, Salary/ Office Expenses, Migrant, Rental compensation, Mines	5
13.	Tehsildar, Sunderbani	Salary, Land Hiring, Drought, Census	5

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
14.	SDM, Nowshara	Salary, Border Escalation, Relief General, Land Acquisition, Flood 2014	5 (Other than JK Bank : 01)
15.	Tehsildar, Rajouri	Rent, Election, Salary, Drought, Migrant Relief, Others	5
16.	Tehsildar, Siot	Salary and others	1
17.	Additional Deputy Commissioner (ADC), Sunderbani	Salary, Relief	2 (Other than JK Bank : 01)
18.	Tehsildar, Nowshera	Salary, Election, Land Compensation/ Hiring, Relief	5
19.	Deputy Commissioner (DC), Reasi	General, Land Acquisition, Relief, Election	4
20.	Tehsildar, Reasi	General, Relief, Census	4
21.	Tehsildar, Katra	Salary, Relief	2
22.	Tehsildar, Pouni	General, Relief	2
23.	Tehsildar, Arnas	General	1
24.	Tehsildar, Mahore	Election, General, Relief	3
25.	DC, (ACR), Rajouri	Salary, Relief	3 (Other than JK Bank : 01)
26.	Tehsildar, Kalakote	Salary, Election, Relief, Levy	5
27.	Tehsildar, Manjakote	Salary	1
28.	ADC, Kalakote	Land Acquisition, Salary, Assistant Returning Officer, ERO 84 Assembly Segment, Flood Relief 2014	5 (Other than JK Bank : 01)
29.	Tehsildar, Thannamandi	Relief, Salary, Election, Army Rent, Census	5
30.	Tehsildar, Kunzer	Salary, Relief, Levy	3 (Other than JK Bank : 01)
31.	Tehsildar, Kreeri	Salary, Relief	2
32.	Tehsildar, Shargole	Relief	2
33.	Tehsildar, Dangarpora	Salary, Relief	2
34.	Tehsildar, Sankoo	Relief/ Land, Compensation/ Rent, Salary	2
35.	SDM, Pattan	MH 2053	1
36.	SDM, Sankoo	Salary, Relief	2

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
37.	DC, Kargil	Salary, Relief, Land Compensation	5 (Other than JK Bank : 01)
38.	DC, Baramulla	Relief, Ex-Gratia, Natural Disaster Relief, Security Related Expenditure	4
39.	AC (Revenue), Baramulla	Security Related Expenditure, Land Rent	2
40.	Tehsildar, Tangmarg	Salary, Agrarian Reform Wing, Levy Account, Relief Account, Army Rent	8
41.	Tehsildar, Sopore	Salary, Relief, Army Rent, Levy	7 (Other than JK Bank : 01)
42.	Tehsildar, Baramulla	Salary, Census, Army Rent, Relief, Levy	8
43.	Tehsildar, Doru	Relief, Levy, Rent	3
44.	Tehsildar, Kokernag	Salary, Relief	2
45.	Tehsildar, Anantnag	Relief	2
46.	Tehsildar, Shahabad	Salary, Relief	2
47.	Tehsildar, Pahalgam	Salary, Relief	3
48.	Tehsildar, Sallar	Salary, Relief	2
49.	Tehsildar, Shangus	Salary and others	1
50.	Tehsildar, Qazigund	Salary, Relief	2
51.	Tehsildar, Larnoo	Relief	1
52.	SDM, Drass	Salary and Relief	1
53.	DC, Anantnag	Salary and Levy (Tehsildar Consolidation), Land Compensation, Relief, Khundru Fire Accident, Cash in lieu of Ex-Gratia	10
54.	Tehsildar, Srigufwara	Relief, Salary	2
55.	Tehsildar, Mattan	Relief, Salary	2
56.	Tehsildar, Drass	Salary and others	1
57.	Tehsildar, Kargil	Salary and others	1
58.	Tehsildar, Bijbehara	Relief	1

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
Rural Development Department			
59.	Block Development Officer (BDO), Akhnoor	Salary and Works, Swacch Bharat Mission (SBM), Member Parliament Local Area Development (MPLAD), 13th Finance Commission (FC), Constituency Development Fund (CDF), Rashtriya Gram Swaraj Abhiyan (RGSA), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 14th FC	47 (Other than JK Bank : 19)
60.	BDO, Katra	MGNREGA, Salary/ Office Expenses, SBM, CDF/ MPLAD, Panchayati Raj Institutions (PRIs), 14th FC, Panchayat Fund (PF)	28 (Other than JK Bank : 07)
61.	BDO, Khrahballi	Salary , Office Expenses, MGNREGA, MPLAD, CDF, SBM, 14th FC, PRI, Border Area Development Programme (BADP), Revenue	28 (Other than JK Bank : 07)
62.	BDO, Thakrakote	Salary, SBM, CDF, State Disaster Relief Fund (SDRF), 13th and 14th FC	12
63.	BDO, Samwan	BADP, Salary/ Officer Expenses , CDF, SBM, MGNREGA, MPLAD, 14th FC	11 (Other than JK Bank : 01)
64.	District Panchayat Officer (DPO), Reasi	SBM, Salary	3
65.	Assistant Commissioner Development (ACD) Rural Reasi	Salary, MGNREGA, Pradhan Mantri Awas Yojana (PMAY), MPLAD, Indira Awas Yojana (IAY), 13th FC	6
66.	BDO, Sundarbani	Salary, MGNREGA, SBM, MPLAD, Works, PRI, 13th and 14th FC	24 (Other than JK Bank : 09)
67.	BDO, Siot	Salary, Works, SBM, MGNREGA, MPLAD, 13th and 14th FC	29 (Other than JK Bank : 05)
68.	BDO, Khour	Salary, MPLAD, BADP, CDF, SBM, Mobile Towers, MGNREGA, 14th FC	46 (Other than JK Bank : 19)

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
69.	BDO, Lamberi	Salary, MPLAD, Works, MGNREGA, SBM, 13th and 14th FC	17 (Other than JK Bank : 03)
70.	BDO, Nowshera	Salary, Works, SBM, MPLAD, MGNREGA, PRI, Revenue Panchayat, 13th and 14th FC	37 (Other than JK Bank : 18)
71.	DPO, Rajouri	SBM, PRI, 13th FC, Salary, Election	7
72.	ACD, Jammu	MGNREGA, MPLAD, CDF, IAY, 13th FC	9 (Other than JK Bank : 03)
73.	DPO, Jammu	Salary, SBM (Gramin), RGSA	3
74.	BDO, Mathwar	13th/ 14th FC, MPLAD, Salary and Works, SBM (G), SAGY, MLA/ CDF, SDRF, IAY, Mobile Tower, MGNREGA, RGSA	34 (Other than JK Bank : 10)
75.	BDO, Maira Mandrian	MPLAD, Salary, MGNREGA, SBM (G), Nirmal Bharat Abhiyan (NBA), 13th/ 14th FC	22 (Other than JK Bank : 16)
76.	BDO, Pargwal	General, NBA/ SBM, MGNREGA, 14th FC	15 (Other than JK Bank : 12)
77.	BDO, Bhalwal	Goods and Services Tax, 13th/ 14th FC, Sampoorna Grameen, Rozgar Yojana (SGRY), CDF, Model Village, MGNREGA, Total Sanitation, Campaign (TSC)/ SBM, Swarnajayanti Gram Swarojgar Yojana (SGSY)	32 (Other than JK Bank : 01)
78.	BDO, Reasi	General, MGNREGA, TSC/ SBM, 14th FC	17 (Other than JK Bank : 02)
79.	BDO, Pouni	General, TSC/ SBM, MGNREGA, 14th FC	28 (Other than JK Bank : 02)
80.	BDO, Panthal	13th FC, MGNREGA, General, SBM(G), MPLAD, Panchayat Fund	16
81.	BDO, Bhomag	13th FC, MGNREGA, CDF/ IAY, SBM(G), General, Veterinary Building, Model Village, 14th FC	15

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
82.	BDO, Rajouri	MGNREGA, Tameer Project, IAY, 13th/ 14th FC, SBM(G), General	24 (Other than JK Bank : 05)
83.	ACD, Rajouri	IAY Normal/ Flood, MPLAD, 13th FC, SDRF, MGNREGA, Salary	9 (Other than JK Bank : 01)
84.	BDO, Manjakote	General, 13th/ 14th FC, NREGA, BADP, MPLAD, Bunkers, SBM(G)	31 (Other than JK Bank : 01)
85.	BDO, Doongi	General, Salary, CDF/ MLA, Bunkers, TSC/ SBM, MGNREGA, 14th FC	24
86.	BDO, Thannamandi	14th FC, Salary, MGNREGA, Works	23
87.	BDO, Kalakote	MGNREGA, CDF (MLA/ MLC), Salary, MPLAD, SBM, Youth Services and Sports, 13th / 14th FC	30 (Other than JK Bank : 02)
88.	BDO, Sankoo	MNREGA, IAY, SBM, Salary, 13th/ 14th FC	18
89.	BDO, Sangrama	MNREGA, SBM, IAY, Salary, 13th/ 14th FC	11
90.	BDO, Pashkum	MNREGA, SBM, Tower, IAY, Salary, 14th FC	8
91.	BDO, Tangmarg	MNREGA, 13th/ 14th FC, IAY, Salary, SBM	24
92.	BDO, Kunzer	MNREGA, IAY, TSC/ SBM, 13th/ 14th FC	13
93.	BDO, Boniyar	MNREGA, SBM, 13th/ 14th FC, IAY, Salary	16 (Other than JK Bank : 01)
94.	ACD, Baramulla	MNREGA, IAY/ PMAY, Salary, 13th FC	5
95.	DPO, Kargil	SBM, 12th/ 13th FC, Tower, Salary	5
96.	DPO, Baramulla	SBM, Salary, Railway Compensation, Mobile Tower	6 (Other than JK Bank : 01)
97.	BDO, Rohama	MGNREGA, SBM, IAY, Salary, 13th/ 14th FC	43 (Other than JK Bank : 03)

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
98.	ACD, Anantnag	IAY, CDF, MPLAD, Land Compensation Salary, 13th FC	12 (Other than JK Bank : 03)
99.	ACD, Kargil	IAY, 13th FC, MGNREGA	5 (Other than JK Bank : 03)
100.	BDO, Achbal	MGNREGA, Salary, SBM, IAY	4
101.	BDO, Anantnag	SBM, MGNREGA	2
102.	BDO, Bijbihara	SBM, IAY, 13th FC	4
103.	BDO, Breng	Salary, SBM, IAY, 13th FC	7 (Other than JK Bank : 02)
104.	BDO, Chittergul	SBM, CDF, 13th FC	4
105.	BDO, Dachnipora	MGNREGA, Salary, SBM, IAY, 13th FC	8 (Other than JK Bank : 01)
106.	BDO, Hiller	MGNREGA, SBM, Salary	3
107.	BDO, Khoveri Pora	MGNREGA	1
108.	BDO, Kargil	SBM, IAY	3 (Other than JK Bank : 01)
109.	BDO, Larkipora	SBM etc.	2 (Other than JK Bank : 02)
110.	BDO, Larnoo	SBM	1
111.	BDO, Pahalgam	MGNREGA, Salary, SBM, IAY	4
112.	BDO, Qazigund	SBM, 13th FC	3 (Other than JK Bank : 01)
113.	BDO, Sagam	Salary, MGNREGA, CDF, SBM, 13th FC	5
114.	BDO, Shahabad	SBM, Constituency Development Scheme (CDS), 13th FC, MGNREGA	6
115.	BDO, Shangus	13th FC, IAY	6
116.	BDO, Tespool Salikoot Gund Mangal Pore (TSG)	MGNREGA, SBM, IAY, TSC/ SBM	5 (Other than JK Bank : 02)

Sl. No.	Name of DDO	Purpose	No. of Bank Accounts
117.	BDO, Verinag	Salary, SBM	2
118.	BDO, Vessu	SBM, Tower Fee, CDS	4
119.	DPO, Anantnag	12th FC	1
120.	Executive Engineer, Rural Engineering Wing (REW), Anantnag	Works	1
121.	Executive Engineer, REW, Baramulla	Salary, 13th FC, MGNREGA	4
Public Works Department (PWD)			
122.	Executive Engineer, (PWD), Reasi	Salary, Rashtriya Madhimik Shiksha Abhiyan (RMSA), National Rural Health Mission (NRHM)	3 (Other than JK Bank : 01)
123.	Executive Engineer, Roads & Buildings (R&B), Rajouri	RMSA, NRHM, Degree Collage Budhal, Optical Fiber Cable (OFC), Salary/ works	7
124.	Executive Engineer, PWD (R&B), Division I, Jammu	Salary, SDRF, mobile towers, NRHM, Rashtriya Uchchar Shiksha Abhiyan (RUSA)	5
125.	Executive Engineer, PWD (R&B), Division III, Jammu	For Official Transactions, OFC, SDRF, RMSA, RUSA, NRHM	7
126.	Executive Engineer (R&B), Baramulla	RMSA, Salary	2
127.	Executive Engineer (R&B) II, Kargil	Salary, RMSA/ Doordarshan (DD)/ Atal Mission for Rejuvenation and Urban Transformation (AMRUT)/ OFC/ Khadi village, Government Degree college (GDC)/ National Health Mission (NHM)	3
128.	Executive Engineer (R&B), Uri	Salary, DDO Account, RMSA	4
129.	Executive Engineer, Suru Valley Division, Kargil	RMSA	1
130.	Executive Engineer (R&B) Division, Anantnag	RMSA	1
131.	Executive Engineer (R&B) Division, Vailoo	RMSA	1
TOTAL			1,138

Appendix 2.2.2

(Reference Paragraph: 2.2.4.4; Page: 16)

Statement showing details of land compensation held in Bank Account instead of Deposit Heads

(₹ in lakh)

Sl. No.	Particulars of DDO/ Account holder	Name of Bank	Type of Account	Account No.	Balance amount as of 31 March				
					2015	2016	2017	2018	2019
1.	Assistant Commissioner Revenue Kargil	JK Bank	Current Account	0096010200000484	159.24	113.25	142.76	184.88	266.75
2.	Deputy Commissioner Kargil	JK Bank	Saving Bank	0096040500003299	104.56	14.18	1.09	1.12	1.13
		State Bank of India	Saving Bank	30579562208	NA	3.58	4.48	270.46	17.93
3.	Assistant Commissioner Revenue (Land Compensation) Jammu	JK Bank	Current Deposit	0045010200002042	NA	153.46	22.93	NA	5271.78
		JK Bank	Current Deposit	0321010200000106	NA	NA	NA	NA	1594.08
4.	Sub Divisional Magistrate (N) Jammu	JK Bank	Current Deposit	0433010200000048	3.72	7.64	567.67	592.06	59.66
5.	Deputy Commissioner Reasi	JK Bank	Current Deposit	29010200002005	164.86	61.34	35.65	95.44	93.27
6.	Sub Divisional Magistrate (S) Jammu	JK Bank	Current Deposit	0077010200000154	NA	NA	1132.46	5199.44	202.88
Total					432.38	353.45	1,907.04	6,343.40	7,507.48

NA : Not available

(Source: Departmental records and Bank Statements)

Appendix 2.2.3

(Reference Paragraph: 2.2.4.7 (A); Page: 18)

Details of units where estimated cost of planned works was far less than the funds released

(₹ in lakh)

Sl. No.	Particulars of the Rural Development Block	Funds provided under 14 th F.C Award for 2015-16 (1 st and 2 nd installment)	No of works planned in the works plan	Estimated cost of works planned/ Authorization accorded by DDC	Funds remained un-utilized
1.	BDO Bhalwal	276.50	84	266.26	10.24
2.	BDO Bhomag	55.65	18	51.69	3.96
3.	BDO Kalakote	122.22	62	103.82	18.40
4.	BDO Panthal	56.20	16	52.07	4.13
5.	BDO Vessu	132.82	79	115.85	16.97
6.	BDO Phalgam	134.81	105	127.27	7.54
7.	BDO Chittergul	431.95	114	155.97	275.98
8.	BDO Verinag	134.23	48	114.18	20.05
9.	BDO Qazigund	114.53	77	109.51	5.02
10.	BDO Larnoo	190.02	124	150.87	39.15
11.	BDO Anantnag	194.89	156	194.09	0.80
12.	BDO Shangas	166.40	94	134.59	31.81
13.	BDO Khoveripora	297.01	245	244.66	52.35
14.	BDO Shahabad	171.66	72	164.03	7.63
15.	BDO Boniyar	86.97	78	73.79	13.18
		2,565.86	1,372	2,058.65	507.21

(Source: Departmental records and Bank Statements)

Appendix 2.2.4

(Reference Paragraph: 2.2.4.7 (B); Page: 18)

Block-wise details of unutilised funds in respect of incomplete and non-executed schemes

(₹ in lakh)

Sl. No.	Particulars of Rural Development Block	Funds provided under 14 th F.C Award for 2015-16 (1 st and 2 nd instalment)	No. of works planned	No. of works executed	No. of schemes not executed/ not completed	Funds un-utilised
1.	BDO Bhalwal	276.50	84	56	28	88.26
2.	BDO Bhomag	55.65	18	09	09	14.09
3.	BDO Kalakote	122.22	62	56	06	18.40
4.	BDO Maira Mandrian	68.19	17	15	02	9.11
5.	BDO Panthal	56.20	16	10	06	20.53
6.	BDO Pargwal	87.64	20	16	04	21.10
7.	BDO Rajouri	171.79	NA	NA	NA	19.87 ¹
8.	BDO Reasi	97.82	41	22	19	51.42
9.	BDO Vessu	132.82	79	76	03	22.57
10.	BDO Phalagam	134.81	105	95	10	67.72
11.	BDO Chittergul	431.95	114	105	09	287.98
12.	BDO Verinag	134.23	48	39	09	41.04
13.	BDO Qazigund	114.53	77	48	29	15.74
14.	BDO Larnoo	190.02	124	103	21	60.51
15.	BDO Anantnag	194.89	156	130	26	08.50
16.	BDO Shangas	166.40	94	84	10	50.73
17.	BDO K.Pora	297.01	245	178	67	104.01
18.	BDO Shahabad	171.66	72	65	07	29.60
19.	BDO Kunzer	77.25	49	49	0	1.16
20.	BDO Tangmarg	146.15	119	96	23	14.15
21.	BDO Rohama	116.77	127	57	70	33.55
22.	BDO Boniyar	86.97	78	68	10	21.39
23.	BDO Sangrama	141.06	121	43	78	66.18
24.	BDO Pashkum	25.85	05	05	00	0.96
25.	BDO Sankoo	110.70	71	71	00	2.34
26.	BDO Katra	57.88	22	10	12	26.34
27.	BDO Samwan	21.92	04	03	01	11.99
28.	BDO Khour	177.96	114	94	20	18.29
29.	BDO Kharahballi	63.75	33	29	04	11.40
30.	BDO Thakrakote	39.15	14	12	02	3.67
31.	BDO Nowshera	106.15	113	72	41	48.23
32.	BDO Siot	80.45	49	41	08	11.60
33.	BDO Akhnoor	179.91	83	80	03	6.11
34.	BDO Sunderbani	117.74	85	65	20	42.16
	Total	4,453.99	2,459	1,902	557	1,250.70

NA : Not available (Source: Departmental records and Bank Statements)

¹ BDO Rajouri did not provide the details of works planned, executed and incomplete, however, out of ₹ 23.27 lakh released in respect of Panchayat Palam ₹ 3.40 lakh have been utilized and ₹ 19.87 lakh were unutilised.

Appendix 2.3.1

(Reference Paragraph: 2.3; Page: 23)

(a) Statement showing details of ration cards received and issued in 11 test-checked offices of Food Civil Supplies and Consumer Affairs Department

Sl. No.	Name of the Assistant Director	Receipt of ration card				Ration card issued				Balance ration card			
		Category of ration card				Category of ration card				Category of ration card			
		Non-PHH (APL)/ Exclusion	PHH (BPL-others)	PHH (AAY)	Total	Non-PHH (APL)/ Exclusion	PHH (BPL-others)	PHH (AAY)	Total	Non-PHH (APL)/ Exclusion	PHH (BPL-others)	PHH (AAY)	Total
1.	Samba	37,374	37,500	2,500	77,374	26,880	33,770	2,079	62,729	10,494	3,730	421	14,645
2.	Rajouri	82,482	92,200	15,975	1,90,657	66,366	92,100	15,800	1,74,266	16,116	100	175	16,391
3.	Rural II	24,335	64,689	3,600	92,624	22,707	62,526	2,325	87,558	1,628	2,163	1275	5,066
4.	Rural-I	75,691	21,399	7,863	1,04,953	63,717	21,399	7,663	92,779	11,974	0	200	12,174
5.	Doda	33,013	60,200	10,600	1,03,813	31,114	58,669	10,199	99,982	1,899	1,531	401	3,831
6.	Poonch	33,328	51,203	9,212	93,743	28,431	48,050	9,035	85,516	4,897	3,153	177	8,227
7.	Ramban	27,700	37,000	5,740	70,440	25,715	36,980	5,301	67,996	1,985	20	439	2,444
8.	City Circle-I	10,100	0	0	10,100	6,800	0	0	6,800	3,300	0	0	3,300
9.	Kathua	36,900	85,100	9,000	1,31,000	36,900	48,611	4,613	90,124	0	36,489	4,387	40,876
10.	Kishtwar	15,000	31,300	5,000	51,300	11,709	21,667	4,659	38,035	3,291	9,633	341	13,265
11.	Reasi	22,500	37,200	8,500	68,200	20,733	31,412	6,153	58,298	1,767	5,788	2,347	9,902
	Total	3,98,423	5,17,791	77,990	9,94,204	3,41,072	4,55,184	67,827	8,64,083	57,351¹	62,607	10,163	1,30,121

(Source: Based on Departmental records in respect of 11 test checked units)

¹ Includes 7,348 ration cards of Exclusion category in Samba (1,204), Rajouri (1,906), Doda (2,383), Poonch (1,000) and Kishtwar (855).

(Appendix 2.3.1 contd.)

(b) Statement showing short remittance of sale proceeds of ration cards issued in 11 test-checked units

Sl. No.	Name of the Assistant Director	Cost of balance ration card				Cost due to be remitted for ration card issued				Amount remitted	Balance amount
		Category of ration card				Category of ration card					
		Non-PHH (APL)/ Exclusion	PHH (BPL-others)	PHH (AAY)	Total	Non-PHH (APL)/ Exclusion	PHH (BPL-others)	PHH (AAY)	Total		
1.	Samba	10,49,400	2,79,750	12,630	13,41,780	26,88,000	25,32,750	62,370	52,83,120	34,73,775	18,09,345
2.	Rajouri	16,11,600	7,500	5,250	16,24,350	66,36,600	69,07,500	4,74,000	1,40,18,100	1,05,86,589	34,31,511
3.	Rural II	1,62,800	1,62,225	38,250	3,63,275	22,70,700	46,89,450	69,750	70,29,900	60,60,545	9,69,355
4.	Rural-I	11,97,400	0	6,000	12,03,400	63,71,700	16,04,925	2,29,890	82,06,515	78,13,890	3,92,625
5.	Doda	1,89,900	1,14,825	12,030	3,16,755	31,11,400	44,00,175	3,05,970	78,17,545	41,45,855	36,71,690
6.	Poonch	4,89,700	2,36,475	5,310	7,31,485	28,43,100	36,03,750	2,71,050	67,17,900	60,62,215	6,55,685
7.	Ramban	1,98,500	1,500	13,170	2,13,170	25,71,500	27,73,500	1,59,030	55,04,030	36,12,810	18,91,220
8.	City Circle-I	3,30,000	0	0	3,30,000	6,80,000	0	0	6,80,000	70,000	6,10,000
9.	Kathua	0	27,36,675	1,31,610	28,68,285	36,90,000	36,45,825	1,38,390	74,74,215	69,72,390	5,01,825
10.	Kishtwar	3,29,100	7,22,475	10,230	10,61,805	11,70,900	16,25,025	1,39,770	29,35,695	17,28,835	12,06,860
11.	Reasi	1,76,700	4,34,100	70,410	6,81,210	20,73,300	23,55,900	1,84,590	46,13,790	28,09,450	18,04,340
	Total	57,35,100	46,95,525	3,04,890	1,07,35,515	3,41,07,200	3,41,38,800	20,34,810	7,02,80,810	5,33,36,354	1,69,44,456

(Source: Based on Departmental record in respect of 11 test checked units)

Appendix 2.5.1

(Reference Paragraph: 2.5; Page: 28)

Statement showing physical and financial status of storage tanks ending July 2020 under BADP

Sl. No	Name of the work (Storage tanks)	Estimated cost (₹ in lakh)	Expenditure (₹ in lakh)	Forest land (in hectare)	Private land (in hectare)	Remarks
1.	Brinyal	453.78	63.88	0.00	30.00	Work held up for land acquisition
2.	Checki Dudipora	65.00	40.09	0.00	0.00	Partially completed and semi functional. Allied works held up for want of forest clearance
3.	Choyal Doorri Bown	105.00	13.27	0.949	0.00	Work held up for want of forest clearance
4.	Changmulla	100.00	39.55	0.00	0.00	Partially executed, work held up for want of forest clearance
5.	Galgazna Turkpora	25.00	12.00	0.21	0.00	Semi functional, forest clearance awaited
6.	Bakhinard Sodal	87.00	58.55	0.262	0.00	Earthen embankment completed. Balance work pending for want of funds
7.	Batnar Tulwari	100.00	56.91	0.53	0.00	Earthen embankment 80 <i>per cent</i> completed. Widening/ deepening of water body/ allied works pending for want of funds.
8.	Kinjaldoori Nichama	81.00	38.29	0.00	0.00	Work abandoned as the site selected, failed in soil testing
9.	Zabnar Vogbal	90.00	0.00	0.90	0.00	Forest clearance awaited
10.	Churnar Daril	90.00	0.00	0.90	0.00	Forest clearance awaited
11.	Nagni Shartigam	85.00	0.00	0.00	0.80	Forest clearance awaited
12.	Lazinard Parrynar	75.00	23.53	0.00	0.00	Semi-functional. Allied works pending for want of funds
13.	Waripora	127.00	19.60	0.00	0.00	Deeping, widening partially completed. Intake channel and allied works pending for want of funds
14.	Yamlar	50.00	16.64	0.00	0.00	Semi-functional. Allied works pending for want of funds

Sl. No.	Name of the work (Storage tanks)	Estimated cost (₹ in lakh)	Expenditure (₹ in lakh)	Forest land (in hectare)	Private land (in hectare)	Remarks
15.	Nagmulla	62.00	46.07	0.00	0.00	Semi Functional/allied works pending for want of funds
16.	Nowsar	85.00	41.98	0.00	0.00	Semi Functional/allied works pending for want of funds
17.	Star ganie	86.00	2.80	0.90	0.00	Forest clearance awaited
18.	Kanzpaw	82.00	37.30	0.90	0.00	Partially completed/allied works pending for want of funds
19.	Chowdary sar	122.00	71.07	0.90	0.00	Partially competed/allied works pending for want of funds
20.	Dugsar	88.00	21.19	0.50	0.00	Semi Functional/allied works held up for want of funds
21.	Sadhuganga	101.47	0.00	0.80	0.00	Not taken up due to non-availability of NoC from Forest Department
22.	Aabnar	93.00	0.00	0.90	0.00	Not taken up due to non-availability of NoC from Forest Department
23.	Singri sar	82.00	0.00	0.70	0.00	Not taken up due to non-availability of NoC from Forest Department
24.	Gunsnar	85.00	5.30	0.00	0.00	Site near Army ammunition depot for which clearance from Army was not obtained
25.	Zinnar	92.00	0.00	0.00	0.00	Work not taken up
26.	Branwari	80.00	0.00	0.90	0.00	Work stopped due to non-availability of NoC from Forest Department
27.	LIS Kandi Nutnussa	50.00	34.66	0.00	0.00	Functional, allied works held up for want of funds
Total		2,642.25	642.68	10.251	30.80	

(Source: Departmental records)

Appendix 3.1.1

(Reference Paragraph: 3.10; Page: 43)

Unit-wise details of recovery accepted and recovery effected cases during 2018-19

(Amount ₹ in lakh)

Sl. No.	Name of the unit	Recovery accepted cases		Recovery made	
		No. of cases	Amount of recovery accepted	No. of cases	Amount recovered
1.	Commercial Taxes Officer, Circle-H, Jammu	6	39.20	8	41.58
2.	Commercial Taxes Officer, Circle-A, Jammu	2	0.54	2	0.54
3.	Commercial Taxes Officer, Kargil	2	23.14	21	31.78
4.	Chief Judicial Magistrate, Kargil	1	9.20	1	1.00
5.	Deputy Commissioner Recovery, Jammu	12	72.46	12	72.46
6.	Commercial Taxes Officer, Circle-I, Udhampur	23	82.74	2	5.73
7.	Commercial Taxes Officer, Circle-B, Jammu	4	16.41	-	-
8.	Commercial Taxes Officer, Circle-J, Jammu	5	1.82	5	1.82
	Total	55	245.51	51	154.91

(Source: Information compiled by the Office)

Appendix 5.1.1

(Reference paragraph: 5.1.7; Page: 58)

Statement showing position of equity and outstanding loans relating to State PSUs (of Sectors other than Power Sector) as on 31 March 2019

(₹ in crore)

Sl. No.	Sector and Name of the PSU	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				GoJ&K	GoI	Others	Total	GoJ&K	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
A	Social Sector										
	I. Working Government Companies										
1.	Jammu and Kashmir State Agro Industries Development Corporation Limited	Agriculture production	30 January 1970	2.60	0.94	0	3.54	68.70	0	0	68.70
2.	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	Agriculture production	10 April 1978	6.00	3.20	0	9.20	112.64	0	0	112.64
3.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	Social Welfare	1 April 1986	19.32	28.05	0	47.37	0	0	58.66	58.66
4.	Jammu and Kashmir State Women's Development Corporation Limited	Social Welfare	10 May 1996	10.00	0	0	10.00	0	0	62.37	62.37
5.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	Industries and Commerce	28 November 1975	89.91	0	0	89.91	10.38	0	0	10.38
6.	Jammu and Kashmir State Industrial Development Corporation Limited	Industries and Commerce	17 March 1969	17.65	0	0	17.65	8.05	0	0	8.05
7.	Jammu and Kashmir Industries Limited	Industry and Commerce	4 October 1960	16.27	0	0	16.27	663.04	0	0	663.04
8.	Jammu and Kashmir Overseas Employment Corporation Limited	Finance	10 October 2010	4.06	0	0	4.06	0	0	0	0
9.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	Industries and Commerce	6 January 1970	7.08	0.89	0	7.97	150.02	0	0	150.02
10.	Jammu and Kashmir State Handloom Development Corporation Limited	Industries and Commerce	29 June 1981	3.49	1.50	0	4.99	151.38	0	0	151.38
11.	Jammu and Kashmir Medical Supplies Corporation Limited	Health	31 March 2014	0.05	0	0	0.05	0	0	0	0
12.	Jammu & Kashmir Trade Promotion Organisation	Industries and Commerce	30 May 2018	5.00	0	0	5.00	The Companies have not yet submitted their accounts to this office for supplementary audit since inception.			
13.	Jammu & Kashmir Asset Reconstruction limited	Finance	28 April 2017	1.02	0	0.98	2.00				
14.	AIC-Jammu & Kashmir EDI Foundation	Industries and Commerce	07 September 2018	0.05	0	0	0.05				
15.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	IT and Communication	07 March 2019	0.01	0	0	0.01				
16.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	Finance	25 September 2018	0.25	0	0	0.25				

Sl. No.	Sector and Name of the PSU	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				GoJ&K	GoI	Others	Total	GoJ&K	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
	Total I A			182.76	34.58	0.98	218.32	1,164.21	0	121.03	1,285.24
	II. Inactive Company										
17.	Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	Industries and Commerce	29 November 1991	0.40	0	0	0.40	NA			
	Total II A			0.40	0	0	0.40	0	0	0	0
	Total A (I+II)			183.16	34.58	0.98	218.72	1164.21	0	121.03	1285.24
B	Competitive Sector										
	I. Working Government Companies										
18.	Jammu and Kashmir Cements Limited	Industries and Commerce	24 December 1974	52.01	0	0	52.01	14.35	0	28.27	42.62
19.	Jammu and Kashmir Minerals Limited	Industries and Commerce	5 February 1960	8.00	0	0	8.00	220.52	0	0	220.52
20.	Jammu and Kashmir State Cable Car Corporation Limited	Tourism	28 November 1988	23.57	0	0	23.57	0	0	0	0
21.	Jammu and Kashmir Bank Limited	Finance	10 October 1938	32.98	0	22.72	55.70	0	0	2,623.96	2,623.96
22.	Jammu and Kashmir Bank Financial Services Limited	Finance	27 August 2009	0	0	20.00	20.00	0	0	0	0
23.	Jammu and Kashmir State Financial Corporation	Finance	2 December 1959	172.35	0	0.52	172.87	1.00	0	31.14	32.14
24.	Jammu and Kashmir State Road Transport Corporation	Transport	1 September 1976	195.95	15.01	24.79	235.75	675.45	0	0	675.45
25.	Jammu and Kashmir State Tourism Development Corporation Limited	Tourism	13 February 1970	23.50	0	0	23.50	4.26	0	0	4.26
26.	Jammu and Kashmir State Forest Corporation Limited	Forest	1 July 1979	9.03	0	0	9.03	62.14	0	0	62.14
	Total I B			517.39	15.01	68.03	600.43	977.72	0	2,683.37	3,661.09
	II. Inactive Companies										
27.	Tawi Scooters Limited	Industries and Commerce	15 December 1976	0.80	0	0	0.80	0.83	0	0	0.83
28.	Himalayan Wool Combers Limited	Industries and Commerce	24 January 1978	1.37	0	0	1.37	0	0	0	0
	Total II B			2.17	0	0	2.17	0.83	0	0	0.83
	Total B (I+II)			519.56	15.01	68.03	602.60	978.55	0	2,683.37	3,661.92
C	Others										
	I. Working Government Companies										
29.	Jammu and Kashmir Projects Construction Corporation Limited	Public Works	22 May 1965	1.53	0	0	1.53	0	0	0	0
30.	Jammu and Kashmir Police Housing Corporation Limited	Home	26 December 1997	2.05	0	0	2.05	0	0	0	0

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Sl. No.	Sector and Name of the PSU	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Long term loans outstanding at close of the year 2018-19			
				GoJ&K	GoI	Others	Total	GoJ&K	GoI	Others	Total
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)
31.	Jammu Smart City Limited	Urban Development	8 September 2017	0.10	0	0	0.10	The Companies have not yet submitted their accounts to this office for supplementary audit since inception.			
32.	Srinagar Smart City Limited	Urban Development	8 September 2017	0.10	0	0	0.10				
33.	Jammu Mass Rapid Transit Corporation Pvt. limited	Urban Development	12 March 2019	0.02	0	0	0.02				
34.	Srinagar Mass Rapid Transit Corporation Pvt. limited	Urban Development	13 March 2019	0.02	0	0	0.02				
Total I C				3.82	0	0	3.82	0	0	0	0
II. Inactive Companies											
35.	Jammu and Kashmir Road Development Corporation Limited	Public Works	31 March 2014	5.00	0	0	5.00	The Companies have not yet submitted their accounts to this office for supplementary audit since inception.			
36.	Jammu and Kashmir International Trade Centre Corporation Limited	Industries and Commerce	1 February 2014	48.00	0	0	48.00				
Total II C				53.00	0	0	53.00	0	0	0	0
Total C (I+II)				56.82	0	0	56.82	0	0	0	0
Grand Total (A+B+C)				759.54	49.59	69.01	878.14	2,142.76	0	2,804.4	4,947.16

(Source: Compiled based on the information furnished by the PSUs)

Appendix 5.1.2

(Reference paragraph: 5.1.9; Page: 61)

Statement showing equity, loans, guarantees outstanding as per Finance Account of GoJ&K vis-à-vis records of State PSUs (of Sectors other than Power Sector) as on 31 March 2019

(₹ in crore)

Sl. No.	Name of PSU	As per records of the State PSUs			As per Finance Accounts of GoJ&K			Difference		
		Paid up capital	Loans outstanding	Guarantee committed	Paid-up capital	Loans outstanding	Guarantee committed	Paid-up capital	Loans outstanding	Guarantee committed
1	2	3	4	5	6	7	8	9	10	11
1.	Jammu and Kashmir State Agro Industries Development Corporation Limited	2.60	68.70	0	2.6	45.93	0	0	22.77	0
2.	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	6.00	112.64	0	6	12.67	0	0	99.97	0
3.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	19.32	0	58.45	18.02	0	58.45	1.30	0	0
4.	Jammu and Kashmir State Women's Development Corporation Limited	10	0	58.68	13.66	0	58.68	-3.66	0	0
5.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	89.91	10.38	0	4.12	0	0	85.79	10.38	0
6.	Jammu and Kashmir State Industrial Development Corporation Limited	17.65	8.05	0	45.81	0	0	-28.16	8.05	0
7.	Jammu and Kashmir Industries Limited	16.27	663.03	0	18.09	382.74	0	-1.82	280.29	0
8.	Jammu and Kashmir Overseas Employment Corporation Limited	4.06	0	0	1.35	0	0	2.71	0	0
9.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	7.08	150.02	0	6.70	0	0	0.38	150.02	0

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Sl. No.	Name of PSU	As per records of the State PSUs			As per Finance Accounts of GoJ&K			Difference		
		Paid up capital	Loans outstanding	Guarantee committed	Paid-up capital	Loans outstanding	Guarantee committed	Paid-up capital	Loans outstanding	Guarantee committed
1	2	3	4	5	6	7	8	9	10	11
10.	Jammu and Kashmir State Handloom Development Corporation Limited	3.49	151.37	0	12.81	0	0	-9.32	151.37	0
11.	Jammu and Kashmir Medical Supplies Corporation Limited	0.05	0	0	0.05	0	0	0	0	0
12.	Jammu and Kashmir Cements Limited	52.01	14.35	0	30.27	0	0	21.74	14.35	0
13.	Jammu and Kashmir Minerals Limited	8.00	220.52	0	26.74	1.86	0	-18.74	218.66	0
14.	Jammu and Kashmir State Cable Car Corporation Limited	23.57	0	0	23.82	0	0	-0.25	0	0
15.	Jammu and Kashmir Bank Limited	32.98	0	0	32.98	0	0	0	0	0
16.	Jammu and Kashmir Bank Financial Services Limited	0	0	0	0	0	0	0	0	0
17.	Jammu and Kashmir State Financial Corporation	172.35	1.00	31.14	163.85	0	0	8.50	1.00	31.14
18.	Jammu and Kashmir State Road Transport Corporation	195.95	675.44	0	182.75	376.73	0	13.20	298.71	0
19.	Jammu and Kashmir State Tourism Development Corporation Limited	23.5	4.26	0	23.51	0	0	-0.01	4.26	0
20.	Jammu and Kashmir State Forest Corporation Limited	9.03	62.14	0	9.03	0	0	0	62.14	0
21.	Jammu and Kashmir Projects Construction Corporation Limited	1.53	0	0	1.53	0	0	0	0	0
22.	Jammu and Kashmir Police Housing Corporation Limited	2.05	0	0	2.05	0	0	0	0	0
						14.94 ¹			-14.94	
	Total	697.40	2,141.90	148.27	625.74	834.87	117.13	71.66	1,307.03	31.14

¹ As per finance account loan amount of ₹ 14.94 crore was advance under loan for Tourism (loan to public sector and other undertakings).

Appendix 5.1.3 (A)

(Referred to paragraph: 5.1.10: Page: 62)

Status relating to submission of Accounts

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Number of PSUs	23	23	24	24	24 ²
2.	Number of accounts submitted during current year	19	29	24	40	23
3.	Number of PSUs which finalised accounts for the current year	3	3	3	3	3 ³
4.	Number of previous year accounts finalised during current year	16	26	21	37	20
5.	Number of PSUs with arrears in accounts	20	21	21	21	21 ⁴
6.	Number of accounts in arrears	190	183	181	163	162

² Arrears of accounts in respect of two Power Sector PSU's viz. Jammu and Kashmir Power Trading Company Limited and Jammu and Kashmir Power Transmission Company Limited incorporated in March 2013 and another two Power Sector PSUs viz. Jammu Power Distribution Company Limited and Kashmir Power Distribution Company Limited incorporated in June 2013 have not been considered since these PSUs neither been operationalised nor have rendered their accounts since inception, besides five inactive and nine newly incorporated non power PSUs have also not been considered.

³ Chenab Valley Power Project Private Limited, Jammu and Kashmir Bank Limited and Jammu and Kashmir Bank Financial Services Limited.

⁴ Arrears of accounts in respect of Jammu and Kashmir State Forest Corporation and Jammu and Kashmir Medical Supplies Corporation Limited not considered since the Companies had not submitted any account since its inception.

Appendix 5.1.3 (B)

(Reference paragraph: 5.1.10: Page: 63)

Statement showing position of State Government investment in working State PSUs Accounts of which are in arrears as of September 2019

(₹ in crore)

Sl. No.	Name of the Public Sector Undertakings	Year up to which accounts finalised	Paid-up capital	Period of accounts pending finalisation	Investment made by State Government during the period for which accounts are in arrears		
					Loans	Subsidy	Total
A	Working Government Companies						
1.	J&K State Agro Industries Development Corporation Limited	2009-10	3.54	9	3.53	0	3.53
2.	J&K State Horticultural Produce Marketing and Processing Corporation Limited	2004-05	9.20	14	24.77	0	24.77
3.	J&K Small Scale Industries Development Corporation Limited	2009-10	3.12	9	0	0	0
4.	J&K State Industrial Development Corporation Limited	2013-14	14.47	5	0	0	0
5.	J&K Project Construction Corporation Limited	2013-14	1.97	5	0	0	0
6.	J&K Police Housing Corporation Limited	2009-10	2.00	9	0	0	0
7.	J&K State Handloom Development Corporation Limited	2010-11	4.66	8	25.44	0.44	25.88
8.	J&K Handicrafts (Sale and Export) Development Corporation Limited	2000-01	6.16	18	33.52	0	33.52
9.	J&K Industries Limited	2010-11	16.27	8	39.34	0	39.34
10.	J&K Minerals Limited	1999-00	8.00	19	37.55	0	37.55
11.	J&K State Tourism Development Corporation Limited	2012-13	15.96	6	0	0	0
12.	J&K Scheduled Castes, Scheduled Tribes and Other Backward Classes Development Corporation Limited	2001-02	10.63	17	26.40	6.76	33.16
13.	J&K State Women's Development Corporation Limited	2017-18	10.00	1	3	0	3
14.	J&K Cements Limited	2011-12	45.77	7	0	0	0
15.	J&K State Cable Car Corporation Limited	2010-11	23.57	8	0	0	0
16.	J&K State Overseas Employment Corporation Limited	2010-11	2.56	8	0	0	0
17.	Jammu and Kashmir State Power Development Corporation Limited	2013-14	45.00	5	0	0	0
	Total A		222.88	156	193.55	7.20	200.75
B	Working Statutory Corporations						
18.	J&K State Road Transport Corporation	2013-14	178.37	5	161.08	0	161.08
19.	J&K State Financial Corporation	2017-18	186.07	1	5.00	0	5.00
	Total B		364.44	6	166.08	0	166.08
	Total (A+B)		587.32	162	359.63	7.20	366.83

Appendix 5.1.3 (C)
(Reference paragraph: 5.1.12(B1): Page: 66)
Return on Investment-Jammu and Kashmir Bank Limited

(₹ in lakh)

Year	Equity	Equity added	Grants/ Subsidy	Dividend receipts	Disinvestments receipts	No. of Years	Rate of interest (r)	1+r	Inception value of equity added	Inception value of Grants\ Subsidy	PV of Disinvestment s receipts	PV of Dividend receipts	Cost of investment	No of Shares	Market Price per Share	Market Value of Share	Current Value of Investment	ROI	CAGR
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t
								(1+h)	c/ product of i since inception to year value of (g-1)	d/ product of i since inception to year value of (g-1)	f*product of i from the year to the last year	e*product of i from the year to the last year	b+Σj+Σk			O*P	q+Σl+Σm	((r-n)/ n)/ g	((Current year ROI/ ROI of 1999-2000) ^{1/(g-1)} *100
1998-99	4847.78	0	0	773.26	0	1	0.1088	1.11	0.00	0	0.00	4967.65	4847.78	48477802	28.00	13573.78	18541.43	282.47	-
1999-2000	4847.78	0	0	902.13	0	2	0.1196	1.12	0.00	0	0.00	5226.90	4847.78	48477802	36.15	17524.73	27719.28	235.90	-16.49
2000-01	4847.78	0	0	1031.01	0	3	0.0923	1.09	0.00	0	0.00	5335.48	4847.78	48477802	37.30	18082.22	33612.25	197.78	-16.32
2001-02	4847.78	0	0	1288.76	0	4	0.1120	1.11	0.00	0	0.00	6105.78	4847.78	48477802	73.35	35558.47	57194.28	269.95	-1.50
2002-03	4847.78	0	0	1546.52	0	5	0.1054	1.11	0.00	0	0.00	6588.98	4847.78	48477802	113.85	55191.98	83416.77	324.14	3.50
2003-04	4847.78	0	0	2577.53	0	6	0.1095	1.11	0.00	0	0.00	9934.53	4847.78	48477802	493.15	239068.28	277227.60	936.44	27.09
2004-05	4847.78	0	0	2062.02	0	7	0.0897	1.09	0.00	0	0.00	7163.25	4847.78	48477802	363.05	175998.66	221321.23	637.92	14.54
2005-06	4847.78	0	0	2062.02	0	8	0.0815	1.08	0.00	0	0.00	6573.60	4847.78	48477802	450.80	218537.93	270434.09	684.81	13.49
2006-07	4847.78	0	0	2964.16	0	9	0.1166	1.12	0.00	0	0.00	8737.44	4847.78	48477802	643.15	311784.98	372418.59	842.47	14.64
2007-08	4847.78	0	0	3995.17	0	10	0.1407	1.14	0.00	0	0.00	10546.80	4847.78	48477802	678.55	328946.13	400126.52	815.38	12.50
2008-09	4847.78	0	0	4256.02	0	11	0.0794	1.08	0.00	0	0.00	9849.58	4847.78	48477802	314.80	152608.12	233638.10	429.04	4.27
2009-10	4847.78	0	0	5670.56	0	12	0.0945	1.09	0.00	0	0.00	12157.87	4847.78	48477802	681.70	330473.18	423661.03	719.94	8.88
2010-11	4847.78	0	0	6701.57	0	13	0.0903	1.09	0.00	0	0.00	13127.82	4847.78	48477802	874.00	423695.99	530011.67	833.31	9.43
2011-12	4847.78	0	0	8634.71	0	14	0.0828	1.08	0.00	0	0.00	15513.79	4847.78	48477802	919.00	445511.00	567340.47	828.79	8.63
2012-13	4847.78	0	0	12887.63	0	15	0.0819	1.08	0.00	0	0.00	21384.30	4847.78	48477802	1191.00	577370.62	720584.39	984.28	9.33
2013-14	4847.78	0	0	12887.63	0	16	0.0714	1.07	0.00	0	0.00	19765.50	4847.78	48477802	1538.00	745588.59	908567.86	1165.12	9.91
2014-15	4847.78	0	0	5412.81	0	17	0.0768	1.08	0.00	0	0.00	7748.28	4847.78	484778020	95.05	460781.51	631509.06	760.40	6.38
2015-16	4847.78	0	0	4510.67	0	18	0.0725	1.07	0.00	0	0.00	5996.38	4847.78	484778020	60.50	293290.70	470014.64	533.08	3.81
2016-17	4847.78	3655.51	0	0	0	19	0.0783	1.08	705.30	0	0.00	0.00	5553.08	521333071	75.00	390999.80	567723.74	532.82	3.59
2017-18	4847.78	3655.51	0	0	0	20	0.0723	1.07	654.08	0	0.00	0.00	6207.16	556858392	60.35	336064.04	512787.97	408.06	1.95
2018-19	4847.78	0	0	0	0	21	0.0720	1.07	0.00	0	0.00	0.00	6207.16	556858392	53.70	299032.96	475756.89	360.22	1.22

Appendix 5.1.4

(Reference paragraph: 5.1.11 (A) and 5.1.15 (A); Page: 64 and 69)

Detail showing financial position and working results of six power sector Companies as per their latest finalised Accounts as of 30 September 2019

(₹ in crore)										
Sl. No.	Activity and name of the power Sector Undertaking	Period of accounts	Net profit/ loss before interest and tax	Net profit/ loss after interest and tax	Turn over	Paid up capital	Long term loan	Capital employed ⁵	Net worth ⁶	Accumulated profit/ loss
1	2	3	4	5	6	7	8	9	10	11
A. Power generation PSUs										
1.	Jammu and Kashmir State Power Development Corporation Limited	2013-14	433.41	160.23	992.46	5	1,826.49	1,652.68	-173.81	-178.81
2.	Chenab Valley Power Projects Private Limited (Deemed Government Company)	2018-19	19.01	13.06	0	1,439.18	0	1,477.46	1,477.46	38.23
Sub-total			452.42	173.29	992.46	1,444.18	1,826.49	3,130.14	1,303.65	-140.58
B. Power transmission PSU										
3.	Jammu and Kashmir Power Transmission Company Limited	-	-	-	-	0.05	The Company though incorporated in March 2013 has not yet submitted its Accounts to this office for supplementary audit.			
Sub-total						0.05				
C. Power distribution PSUs										
4.	Jammu Power Distribution Company Limited	-	-	-	-	0.05	The Company though incorporated in June 2013 has not yet submitted its Accounts to this office for supplementary audit.			
5.	Kashmir Power Distribution Company Limited	-	-	-	-	0.05	The Company though incorporated in June 2013 has not yet submitted its Accounts to this office for supplementary audit.			
Sub-total						0.10				
D. Other PSU										
6.	Jammu and Kashmir Power Trading Company Limited	-	-	-	-	0.05	The Company though incorporated in March 2013 has not yet submitted its Accounts to this office for supplementary audit.			
Sub-total						0.05				
Grand total			452.42	173.29	992.46	1,444.38	1,826.49	3,130.14	1,303.65	-140.58

⁵ Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

⁶ Net worth = Sum total of paid up share capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

Appendix 5.1.5

(Reference paragraph: 5.1.11 (B): Page: 64)

Summarised financial results of State PSUs (of Sectors other than Power Sector) as per their latest finalised Accounts as of 30 September 2019

(₹ in crore)

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalized	Net profit/ loss before dividend, interest and tax	Net profit/ loss after dividend, interest and tax	Turn over	Paid up capital	Long Term Loan	Capital employed	Net Worth	Free Reserves and Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11	12
A	Social Sector										
	I. Working Government Companies										
1.	Jammu and Kashmir State Agro Industries Development Corporation Limited	2009-10	2018-19	-0.96	-1.42	42.06	3.54	20.94	-17.62	-38.56	-42.10
2.	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	2004-05	2018-19	1.08	0.39	4.56	9.20	49.68	-7.19	-56.87	-66.07
3.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	2001-02	2016-17	-0.85	-1.27	0.11	10.63	10.76	16.38	5.62	-5.01
4.	Jammu and Kashmir State Women's Development Corporation Limited	2017-18	2019-20	2.52	1.12	4.14	10.00	96.42	122.2	25.78	15.78
5.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	2009-10	2018-19	0.91	0.37	359.9	3.12	9.77	0.42	-9.35	-12.47
6.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	-18.62	-20.54	19.16	14.47	24.36	-108.16	-132.52	-146.99
7.	Jammu and Kashmir Industries Limited	2010-11	2018-19	-6.39	-39.84	2.66	16.27	565.67	-32.46	-598.13	-614.40
8.	Jammu and Kashmir Overseas Employment Corporation Limited	2010-11	2013-14	0	0	0	2.56	0	2.56	2.56	0
9.	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited	2000-01	2018-19	-1.99	-4.24	2.83	6.16	30.47	-2.62	-33.09	-39.25
10.	Jammu and Kashmir State Handloom Development Corporation Limited	2010-11	2018-19	-1.03	-6.75	6.63	4.66	83.57	2.05	-81.52	-86.18
11.	Jammu and Kashmir Medical Supplies Corporation Limited	-	-	-	-	-	0.05	The Company though incorporated in March 2014 has not yet submitted its Accounts to this office for supplementary audit.			
12.	Jammu & Kashmir Trade Promotion Organisation	-	-	-	-	-	5.00	The Company incorporated in May 2018 has not yet submitted its Accounts to this office for supplementary audit.			
13.	Jammu & Kashmir Asset Reconstruction limited	-	-	-	-	-	2.00	The Company incorporated in April 2017 has not yet submitted its Accounts to this office for supplementary audit.			

Audit Report-Social, General, Economic and Revenue Sectors for the year ended 31 March 2019

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalized	Net profit/ loss before dividend, interest and tax	Net profit/ loss after dividend, interest and tax	Turn over	Paid up capital	Long Term Loan	Capital employed	Net Worth	Free Reserves and Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11	12
A	Social Sector										
	I. Working Government Companies										
14.	AIC-Jammu & Kashmir EDI Foundation	-	-	-	-	-	0.05	The Company incorporated in September 2018 has not yet submitted its Accounts to this office for supplementary audit.			
15.	Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited	-	-	-	-	-	0.01	The Company incorporated in March 2019.			
16.	Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited	-	-	-	-	-	0.25	The Company though incorporated in September 2018 has not yet submitted its Accounts to this office for supplementary audit.			
	Total A-I			-25.33	-72.18	442.05	87.97	891.64	-24.44	-916.08	-996.69
	II. Inactive Government Company										
17.	Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited)	1991-92	1999-2000	0	0	0	0.40	NA	0	0	0
	Total A-II			0	0	0	0.40	0	0	0	0
	Total A (I+II)			-25.33	-72.18	442.05	88.37	891.64	-24.44	-916.08	-996.69
B	Competitive Environment sector										
	I. Working Government Companies										
18.	Jammu and Kashmir Cements Limited	2011-12	2019-20	9.21	6.30	120.5	45.77	30.54	98.6	68.06	22.29
19.	Jammu and Kashmir Minerals Limited	1999-2000	2018-19	-5.45	-8.60	6.20	8.00	119.69	26.13	-93.56	-101.56
20.	Jammu and Kashmir State Cable Car Corporation Limited	2010-11	2013-14	6.23	6.23	12.51	23.57	0	19.60	19.60	-3.97
21.	Jammu and Kashmir Bank Limited	2018-19	2019-20	1,009.65	464.88	7,675.56	55.7	2,623.96	5,630.62	3,006.66	2,950.96
22.	Jammu and Kashmir Bank Financial Services Limited	2018-19	2019-20	-1.04	-0.72	4.43	20.00	0	15.66	15.66	-4.34
23.	Jammu and Kashmir State Tourism Development Corporation Limited	2012-13	2015-16	0.26	0.26	30.74	15.96	4.26	16.34	12.08	-3.88
	Total B-I			1,018.86	468.35	7,849.94	169.00	2,778.45	5,806.95	3,028.5	2,859.50
	II. Working Statutory Corporations										
24.	Jammu and Kashmir State Financial Corporation	2017-18	2018-19	-40.37	-40.65	4.00	186.07	15.35	25.27	9.92	-176.15
25.	Jammu and Kashmir State Road Transport Corporation	2013-14	2017-18	-44.74	-92.90	87.18	178.37	1,079.45	109.7	-969.75	-1,148.12

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalized	Net profit/ loss before dividend, interest and tax	Net profit/ loss after dividend, interest and tax	Turn over	Paid up capital	Long Term Loan	Capital employed	Net Worth	Free Reserves and Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11	12
B	Competitive Environment sector										
	II. Working Statutory Corporations										
26.	Jammu and Kashmir State Forest Corporation Limited	-	-	-	-	-	9.03	Accounts for the years 1996-97 and onwards not received. (The Corporation was incorporated in 1978-79, however, its audit was entrusted to the CAG from 1996-97).			
	Total B-II			-85.11	-133.55	91.18	373.47	1094.80	134.97	-959.83	-1324.27
	III. Inactive Government Company										
27.	Tawi Scooters Limited	1989-90	1991-92	-0.06	-0.06	0	0.8	0.83	-	-	-1.04
28.	Himalayan Wool Combers Limited	1999-2000	2000-01	-1.29	-1.29	0	1.37	0	-	-	-10.49
	Total B-III			-1.35	-1.35	0	2.17	0.83	-	-	-11.53
	Total B (I+II+III)			932.4	333.45	7941.12	544.64	3874.08	5941.92	2068.67	1523.7
C	Others										-
	I. Working Government Companies										
29.	Jammu and Kashmir Projects Construction Corporation Limited	2013-14	2018-19	7.77	4.78	402.13	1.97	0.33	63.87	63.54	61.57
30.	Jammu and Kashmir Police Housing Corporation Limited	2009-10	2018-19	10.87	7.33	7.14	2.00	0	21.86	21.86	19.86
31.	Jammu Smart City Limited	-	-	-	-	-	0.10	The Company though incorporated in September 2017 has not yet submitted its Accounts to this office for supplementary audit.			
32.	Srinagar Smart City Limited	-	-	-	-	-	0.10	The Company though incorporated in September 2017 has not yet submitted its Accounts to this office for supplementary audit.			
33.	Jammu Mass Rapid Transit Corporation Pvt. limited	-	-	-	-	-	0.02	The Company incorporated in March 2019.			
34.	Srinagar Mass Rapid Transit Corporation Pvt. Limited	-	-	-	-	-	0.02	The Company incorporated in March 2019.			
	Total C-I			18.64	12.11	409.27	4.21	0.33	85.73	85.4	81.43
	II. Inactive Government Companies										
35.	Jammu and Kashmir Road Development Corporation Limited	-	-	-	-	-	5.00	The Company though incorporated in March 2013 has not yet submitted its Accounts to this office for supplementary audit.			

Audit Report-Social, General, Economic and Revenue Sectors for the year ended 31 March 2019

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalized	Net profit/ loss before dividend, interest and tax	Net profit/ loss after dividend, interest and tax	Turn over	Paid up capital	Long Term Loan	Capital employed	Net Worth	Free Reserves and Accumulated Profit/ loss
1	2	3	4	5	6	7	8	9	10	11	12
C	Others										
	II. Inactive Government Companies										
36.	Jammu and Kashmir International Trade Centre Corporation Limited	-	-	-	-	-	48.00	The Company though incorporated in February 2014 has not yet submitted its Accounts to this office for supplementary audit.			
	Total C-II		-	-	-	-	53.00	-	-	-	-
	Total C-(I+II)			18.64	12.11	409.27	57.21	0.33	85.73	85.4	81.43
	Grand Total (A+B+C)			925.71	273.38	8,792.44	690.22	4,766.05	6,003.21	1,237.99	608.44
	Working Government Companies			1,012.17	408.28	8,701.26	261.18	3,670.42	5,868.24	2,197.82	1,944.24
	Working Statutory Corporations			-85.11	-133.55	91.18	373.47	1094.8	134.97	-959.83	-1,324.27
	Working PSUs (I+II)			927.06	274.73	8792.44	634.65	4765.22	6003.21	1237.99	619.97
	Inactive Government Companies			-1.35	-1.35	0	55.57	0.83	0	0	-11.53

Appendix 5.1.6
(Reference paragraph: 5.1.12 (B-2): Page: 67)

Profit making State PSUs (of Sectors other than Power Sector) as per their latest finalised Accounts as of 30 September 2019

Name of Company		Jammu and Kashmir Cements Limited	Jammu and Kashmir State Cable Car Corporation Limited	Jammu and Kashmir Bank Limited	Jammu and Kashmir State Women's Development Corporation Limited	Jammu and Kashmir State Tourism Development Corporation Limited	Jammu and Kashmir Police Housing Corporation Limited	Jammu and Kashmir Projects Construction Corporation Limited	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	Jammu and Kashmir Small Scale Industries Development Corporation Limited
PBIT (₹ in crore)	2014-15	3.61	6.23	1,014.71	-	1.38	0.60	0.01	0.89	-
	2015-16	5.86	6.23	818.50	2.18	0.26	1.22	0.97	-	-
	2016-17	5.86	6.23	-	4.10	0.26	8.00	0.82	-	-
	2017-18	10.84	6.23	497.98	2.29	0.26	10.87	7.77	-	-
	2018-19	9.21	6.23	1,009.65	2.52	0.26	10.87	7.77	-	0.91

Appendix 5.1.7 (A)

(Reference paragraph: 5.1.13 (A): Page: 68)

Statement showing State Government funds infused in five Power Sector Undertakings since inception till 31 March 2019

(₹ in crore)

Year	Jammu and Kashmir State Power Development Corporation Limited			Jammu and Kashmir Power Transmission Company Limited	Jammu Power Distribution Company Limited	Kashmir Power Distribution Company Limited	Jammu and Kashmir Power Trading Company Limited	Total		
	Equity	IFL ⁷	IFL converted into equity	Equity	Equity	Equity	Equity	Equity	IFL	IFL converted into equity
1994-95	5.00	0	0	0	0	0	0	5.00	0	0
1995-96	0	0	0	0	0	0	0	0	0	0
1996-97	0	0	0	0	0	0	0	0	0	0
1997-98	0	0	0	0	0	0	0	0	0	0
1998-99	0	0	0	0	0	0	0	0	0	0
1999-2000	0	0	0	0	0	0	0	0	0	0
2000-01	0	0	0	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	0	0	0	0
2009-10	0	0	0	0	0	0	0	0	0	0

⁷ Interest free loan.

Year	Jammu and Kashmir State Power Development Corporation Limited			Jammu and Kashmir Power Transmission Company Limited	Jammu Power Distribution Company Limited	Kashmir Power Distribution Company Limited	Jammu and Kashmir Power Trading Company Limited	Total		
	Equity	IFL ⁸	IFL converted into equity	Equity	Equity	Equity	Equity	Equity	IFL	IFL converted into equity
2010-11	0	0	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0.05	0	0	0.05	0.10	0	0
2013-14	0	0	0	0	0.05	0.05	0	0.10	0	0
2014-15	0	0	0	0	0	0	0	0	0	0
2015-16	0	0	0	0	0	0	0	0	0	0
2016-17	0	0	0	0	0	0	0	0	0	0
2017-18	0	0	0	0	0	0	0	0	0	0
2018-19	0	0	0	0	0	0	0	0	0	0
Total	5.00	0	0	0.05	0.05	0.05	0.05	5.20	0	0

⁸ Interest free loan.

Appendix 5.1.7 (B)

(Reference paragraph: 5.1.13(B); Page: 68)

Statement showing State Government funds infused in State PSUs (of Sectors other than Power Sector) during the period from 1999-2000 to 2018-19

(₹ in crore)

Sl. No. Year	1 Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited		2 Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited		3 Jammu and Kashmir State Women's Development Corporation Limited		4 Jammu and Kashmir State Industrial Development Corporation Limited		5 Jammu and Kashmir Industries Limited		6 Jammu and Kashmir Overseas Employment Corporation Limited	
	Equity	IFL ⁹	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
1999-2000	0	0	0.10	0	0.03	0	1.00	0	0	0	0	0
2000-01	0	0	0.10	0	0.03	0	0	0	0	0	0	0
2001-02	0	0	0.10	0	0.03	0	0.80	0	0	0	0	0
2002-03	0	0	0.35	0	0.23	0	0	0	0	0	0	0
2003-04	0	0	1.50	0	0.50	0	0	0	0	0	0	0
2004-05	0	0	1.53	0	0.90	0	0	0	0	0	0	0
2005-06	0	0	2.80	0	0.50	0	0	0	0	0	0	0
2006-07	0	0	0.70	0	0.50	0	0	0	0	0	0	0
2007-08	0	0	0.70	0	0.50	0	0	11.55	0	0	0	0
2008-09	0	0	0.20	0	0.16	0	0	0	0	0	0	0
2009-10	0	0	1.00	0	1.00	0	0	0	0	0	0	0
2010-11	0	0	1.00	0	1.00	0	0	0	0	0	4.06	0
2011-12	0	0	1.00	0	1.09	0	0	0	0	0	0	0
2012-13	0	0	1.00	0	1.00	0	0	0	0	0	0	0
2013-14	0	0	0.90	0	0.63	0	0	0	0	0	0	0
2014-15	0	0	0.90	0	0.31	0	0	0	0	0	0	0
2015-16	0	0	0.90	0	0	0	0	0	0	0	0	0
2016-17	0	0	0.90	0	0	0	0	0	0	0	0	0
2017-18	0	3.50	0.90	0	0	3.00	0	0	0	1.37	0	0
2018-19	0	3.00	0.45	0	0	3.00	0	0	0	1.37	0	0
Total	0	6.50	17.03	0	8.41	6.00	1.80	11.55	0	2.74	4.06	0

⁹ Interest free loan.

Sl. No.	7		8		9		10		11		12	
Year	Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited		Jammu and Kashmir State Handloom Development Corporation Limited		Jammu and Kashmir Medical Supplies Corporation Limited		Jammu and Kashmir Cements Limited		Jammu and Kashmir Minerals Limited		Jammu and Kashmir State Cable Car Corporation Limited	
	Equity	IFL ¹⁰	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
1999-2000	0.35	0	0	0	0	0	0	0	0	0	0.16	0
2000-01	0.45	0	0	0	0	0	0	0	0	0	0.15	0
2001-02	0.30	0	0	0	0	0	0	0	0	0	0.14	0
2002-03	0.13	0	0	0	0	0	0	0	0	0	9.15	0
2003-04	0.20	0	0	0	0	0	0	0	0	0	0.60	0
2004-05	0.20	0	0.35	0	0	0	0	0	0	0	0.25	0
2005-06	0.25	0	0	0	0	0	4.00	0	0	0	0	0
2006-07	0	0	0.30	0	0	0	1.00	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	7.27	0	0	0	0	0
2009-10	0	0	1.56	0	0	0	0	0	0	0	0	0
2010-11	0	0	0	0	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	4.00	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0.05	0	2.25	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	3.62	0	0	0	0
2015-16	0	0	0	0	0	0	0	0	0	0	0	0
2016-17	0	0	0	0	0	0	0	0	0	0	0	0
2017-18	0	4.25	0	5.11	0	0	0	0	0	1.11	0	0
2018-19	0	5.25	0	2.80	0	0	0	5.00	0	0.76	0	0
Total	1.88	9.50	2.21	7.91	0.05	0	18.52	8.62	0	1.87	10.45	0

¹⁰ Interest free loan.

Sl. No. Year	13 Jammu and Kashmir Bank Limited		14 Jammu and Kashmir State Financial Corporation Limited		15 Jammu and Kashmir State Road Transport Corporation		16 Jammu and Kashmir State Tourism Development Corporation Limited		17 Jammu and Kashmir Road Development Corporation Limited		18 Jammu and Kashmir International Trade Centre Corporation Limited	
	Equity	IFL ¹¹	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
1999-2000	0	0	0	0	5.00	0	0.50	0	0	0	0	0
2000-01	0	0	0	0	3.38	0	0.45	0	0	0	0	0
2001-02	0	0	0	0	0.45	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	3.43	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0	0	0	0	0
2004-05	0	0	0.80	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	0	0	0	0	0	0
2009-10	0	0	0	0	13.53	0	0	0	0	0	0	0
2010-11	0	0	0	0	5.00	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	5.00	0	0	0	0	0	0	0
2013-14	0	0	17.50	0	3.75	0	0	0	5.00	0	48.00	0
2014-15	0	0	0	0	0	0	0	0	0	0	0	0
2015-16	0	0	0	0	5.95	0	0	0	0	0	0	0
2016-17	3.66	0	0	0	5.00	0	0	0	0	0	0	0
2017-18	3.55	0	87.88	2.48	3.75	30.00	0	0	0	0	0	0
2018-19	0	0	15.00	5.00	17.90	30.00	0	0	0	0	0	0
Total	7.21	0	121.18	7.48	68.71	60.00	4.38	0	5.00	0	48.00	0

¹¹ Interest free loan.

Sl. No.	19		20		21		22		23		24		25		26		27		28	
	Equity	IFL ¹²	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
Year	Jammu & Kashmir Asset Reconstruction Limited*		Jammu Smart City Limited*		Srinagar Smart City Limited*		Jammu & Kashmir Trade Promotion Organisation		AIC-Jammu & Kashmir EDI Foundation		Jammu & Kashmir Infrastructure Development Finance Corporation Private Limited		Jammu & Kashmir I.T. Infrastructure Development Private Limited		Jammu Mass Rapid Transit Corporation Private Limited		Srinagar mass Rapid Transit Corporation Private Limited		Jammu and Kashmir Small Scale Industries Development Corporation Limited	
1999-2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000-01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001-02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2003-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004-05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2005-06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006-07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007-08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008-09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009-10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010-11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2011-12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2013-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2014-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2015-16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2016-17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2017-18	1.02	0	0.10	0	0.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2018-19	0	0	0	0	0	0	5.00	0	0.05	0	0.25	0	0.01	0	0.02	0	0.02	0	86.79 [^]	0
Total	1.02	0	0.10	0	0.10	0	5.00	0	0.05	0	0.25	0	0.01	0	0.02	0	0.02	0	86.79	0

*These three PSUs viz. Jammu & Kashmir Asset Reconstruction Limited, Jammu Smart City Limited and Srinagar Smart City Limited wearing ₹ 1.22 crore as State Government equity were incorporated in 2017-18, however, equity infused by State Government in these PSUs were not taken considered in 2017-18 which have now been included in the year 2018-19.

[^] Conversion of plan funds received from State/Central Government and premium received against land allotted to various industrial units in the industrial estates managed by Corporation.

¹² Interest free loan.

Appendix 5.1.7(C)

(Reference paragraph: 5.1.13(B); Page: 68)

Year-wise investment by the State Government and present value (PV) of Government investment for the period from 1999-2000 to 2018-19

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net Interest free loan given by the State Government during the year	Interest free loan converted into Equity during the year	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year
A	B	C	D	E	F=C+D-E	G=B+F	H	I=G*(1+H/100)	J=G*H/100	K
Upto 1999-2000	347.29	7.14	0	0	7.14	354.43	11.96	396.82	42.39	48.40
2000-01	396.82	4.56	0	0	4.56	401.38	9.23	438.43	37.05	92.76
2001-02	438.43	1.82	0	0	1.82	440.25	11.2	489.56	49.31	182.06
2002-03	489.56	13.29	0	0	13.29	502.85	10.54	555.85	53.00	249.26
2003-04	555.85	2.80	0	0	2.80	558.65	10.95	619.82	61.17	304.91
2004-05	619.82	4.03	0	0	4.03	623.85	8.97	679.81	55.96	-4.75
2005-06	679.81	7.55	0	0	7.55	687.36	8.15	743.38	56.02	68.90
2006-07	743.38	2.50	0	0	2.50	745.88	11.66	832.85	86.97	150.32
2007-08	832.85	1.20	11.55	0	12.75	845.60	14.07	964.58	118.98	201.28
2008-09	964.58	7.63	0	0	7.63	972.21	7.94	1,049.40	77.19	232.25
2009-10	1,049.40	17.09	0	0	17.09	1,066.49	9.45	1,167.27	100.78	354.68
2010-11	1,167.27	11.06	0	0	11.06	1,178.33	9.03	1,284.73	106.40	499.02
2011-12	1,284.73	6.09	0	0	6.09	1,290.82	8.28	1,397.70	106.88	705.53
2012-13	1,397.70	7.00	0	0	7.00	1,404.70	8.19	1,519.74	115.04	1,232.83
2013-14	1,519.74	78.08	0	0	78.08	1,597.82	7.14	1,711.90	114.08	1,048.22
2014-15	1,711.90	1.21	3.62	0	4.83	1,716.73	7.68	1,848.57	131.84	378.25
2015-16	1,848.57	6.85	0	0	6.85	1,855.42	7.25	1,989.94	134.52	264.80
2016-17	1,989.94	9.56	0	0	9.56	1,999.50	7.83	2,156.06	156.56	-1,809.73
2017-18	2,156.06	96.08	50.82	17.50	129.40	2,285.46	7.23	2,450.70	165.24	32.62
2018-19	2,450.70	126.71	56.18	0	182.89	2,633.59	7.20	2,823.21	189.62	274.10
Total		412.25	122.17	17.5	516.92					

(Source: Compiled based on latest information furnished by the respective PSUs as of March 2019)

Appendix 5.1.8
(Reference paragraph: 5.1.15(B): Page: 70)

Summarised financial results of State PSUs (of Sectors other than Power Sector) as per their latest finalised Accounts as of 30 September 2019

(₹ in crore)

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Free reserves	Accumulated profit/ loss	Deferred revenue expenditure	Net worth
1	2	3	4	5	6	7	8	9
A	Social Sector							
	I. Working Government Companies							
1.	Jammu and Kashmir State Agro Industries Development Corporation Limited	2009-10	2018-19	3.54	0	-42.10	0	-38.56
2.	Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited	2004-05	2018-19	9.20	9.42	-75.49	0	-56.87
3.	Jammu and Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited	2001-02	2016-17	10.63	0	-5.01	0	5.62
4.	Jammu and Kashmir State Women's Development Corporation Limited	2017-18	2019-20	10.00	0	15.78^	0	25.78
5.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	2009-10	2018-19	3.12	0	-12.47	0	-9.35
6.	Jammu and Kashmir State Industrial Development Corporation Limited	2013-14	2019-20	14.47	0	-146.99	0	-132.52
7.	Jammu and Kashmir Industries Limited	2010-11	2018-19	16.27	0	-614.4	0	-598.13
8.	Jammu and Kashmir Overseas Employment Corporation Limited*	2010-11	2013-14	2.56	0	0	0	2.56
9.	Jammu and Kashmir Handicrafts (Sales and Export)Development Corporation Limited	2000-01	2018-19	6.16	0	-39.25	0	-33.09
10.	Jammu and Kashmir State Handloom Development Corporation Limited	2010-11	2018-19	4.66	0	-86.18	0	-81.52
	Total A-I			80.61	9.42	-1,006.11	0	-916.08
B	Competitive Environment sector							
	I. Working Government Companies							
11.	Jammu and Kashmir Cements Limited	2011-12	2019-20	45.77	0	22.29	0	68.06
12.	Jammu and Kashmir Minerals Limited	1999-2000	2018-19	8.00	0	-101.56	0	-93.56
13.	Jammu and Kashmir State Cable Car Corporation Limited	2010-11	2013-14	23.57	0	-3.97	0	19.60
14.	Jammu and Kashmir Bank Limited	2018-19	2019-20	55.69	2,950.97	0	0	3,006.66
15.	Jammu and Kashmir Bank Financial Services Limited	2018-19	2019-20	20.00	0	-4.34	0	15.66
16.	Jammu and Kashmir State Tourism Development Corporation Limited	2012-13	2015-16	15.96	0	-3.88	0	12.08
	Total B-I			168.99	2,950.97	-91.46	0	3,028.50

Audit Report-Social, General, Economic and Revenue Sectors for the year ended 31 March 2019

Sl. No.	Sector, type and name of the PSU	Period of accounts	Year in which finalised	Paid up capital	Free reserves	Accumulated profit/ loss	Deferred revenue expenditure	Net worth
1	2	3	4	5	6	7	8	9
	II. Working Statutory Corporations							
17.	Jammu and Kashmir State Financial Corporation	2017-18	2018-19	186.07	0	-176.15	0	9.92
18.	Jammu and Kashmir State Road Transport Corporation	2013-14	2017-18	178.37	0	-1148.12	0	-969.75
	Total B-II			364.44	0	-1,324.25	0	-959.83
	Total B (I+II)			535.43	2,950.97	-1,415.73	0	2,068.67
C	Others							
	I. Working Government Companies							
19.	Jammu and Kashmir Projects Construction Corporation Limited	2013-14	2018-19	1.97	0	61.57	0	63.54
20.	Jammu and Kashmir Police Housing Corporation Limited	2009-10	2018-19	2.00	0	19.86	0	21.86
	Total C			3.97	0	81.43	0	85.4
	Grand Total (A+B+C)			618.01	2,960.39	-2,340.41	0	1,237.99

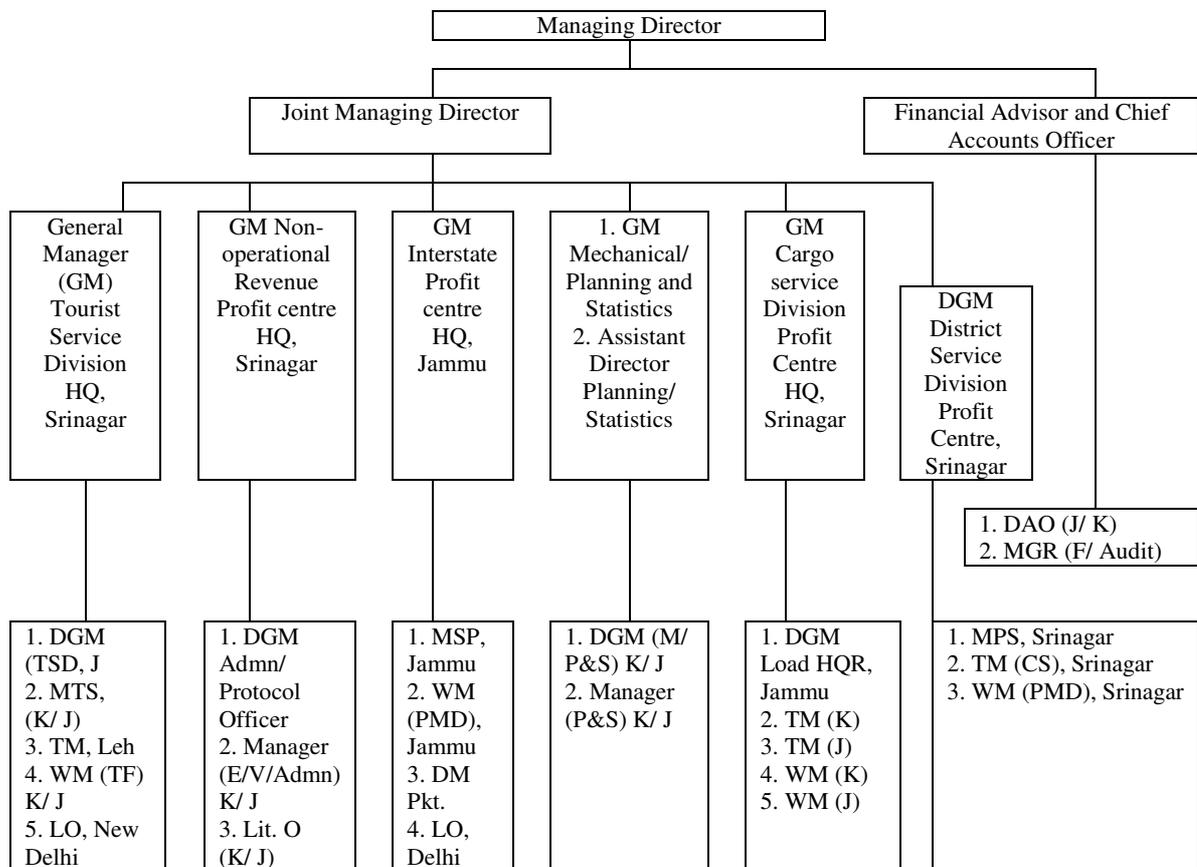
^Accumulated profit of ₹ 15.78 crore includes free reserves breakup whereof not available.

*Although one account of 2010-11 in respect of Jammu and Kashmir Overseas Employment Corporation Limited was finalized but it had not submitted the Profit and Loss Account, therefore paid up capital has been taken as net worth.

Appendix 6.1.1

(Reference Paragraph: 6.1.2; Page: 81)

Organisational Structure



(Source: Records of the Corporation)

Appendix 6.1.2

(Reference Paragraph: 6.1.4; Page: 81)

Statement giving details of units of the Corporation and the sample selected

Sl. No.	Units of the Corporation	Units selected in the sample	Depots of the Corporation	Depots selected in the sample	Sub depots of the Corporation	Booking offices of the Corporation	Booking office selected in the sample	TCPs of the Corporation
1.	MTS, Srinagar	MTS, Srinagar	Sopore	Doda	Khananbal	Uri		Qazigund
2.	MPS, Srinagar	MPS, Srinagar	Baramulla	Pathankote	Baramulla	Bandipora		Banihal
3.	Manager City Service, Srinagar	Manager City Service, Srinagar	Kupwara	Liaison Officer, Delhi	Kupwara	Kulgam		Nowgam
4.	MPS, Jammu	MPS, Jammu	Handwara		Sopora	Wanpoh		Ramban
5.	MTS, Jammu	MTS, Jammu	Pulwama			Katra	Katra	Khilani
6.	TM Load, Srinagar	TM Load, Srinagar	Anantnag			Samba		Lakhanpur
7.	TM Load, Jammu	TM Load, Jammu	Udhampur			Malikpur,	Malikpur	Sonmarg
8.	Works Manager (Load), Srinagar	Works Manager (Load), Srinagar	Kishtwar			Amritsar		
9.	Works Manager (PMD), Srinagar	Works manager (PMD), Srinagar	Doda			Jalandhar		
10.	Works manager (CWS/ TF), Pampore	Works Manager (PMD), Jammu	Pathankote			Ludhiyana		
11.	Works Manager (PMD), Jammu	Works Manager (Load), Jammu	Liasion Officer, Delhi					
12.	Works Manager (Load), Jammu	Works Manager Central Workshop, Jammu	Leh					
13.	Works Manager Tourist Fleet, Jammu	DAO Office, Jammu	Kargil					
14.	Works Manager Central Workshop, Jammu							
15.	DAO Office, Jammu							
16.	DAO Office, Srinagar							

The units were selected on the basis of volume of operations maintenance of the fleet and volume of revenue generation. In addition to this the purchase process/ manpower management/ maintenance of assets was seen at Head office level.

Appendix 6.1.3

(Reference Paragraph: 6.1.7.1; Page: 85)

Targets and Achievement in respect of sampled units

Name of Units	Year	Comm. Fleet held	Targets fleet operative	Achievement of fleet operative (in per cent)	Shortfall in fleet operative (in per cent)	Targets of revenue (₹ In lakh)	Ach. of revenue (₹ in lakh)	Less revenue (₹ in lakh)
MPS, Jammu	2014-15	201	141 (70)	60 (43)	81 (57)	4,782.61	2,719.74	2,062.87
	2015-16	172	129 (75)	54 (42)	75 (58)	4,256.72	2,568.88	1,687.84
	2016-17	155	131 (85)	55 (42)	76 (58)	4,015.79	2,549.82	1,465.97
	2017-18	160	128 (80)	56 (44)	72 (56)	3,928.80	2,508.36	1,420.44
	Total							6,637.12
MTS, Jammu	2014-15	75	53 (71)	45 (85)	08 (15)	1,018.54	628.38	390.16
	2015-16	73	55 (75)	38 (69)	17 (31)	831.29	674.16	157.13
	2016-17	73	62 (85)	44 (71)	18 (29)	1,077.12	649.53	427.59
	2017-18	82	65 (79)	42 (65)	23 (35)	762.12	605.29	156.83
	Total							1,131.71
MTS, Srinagar	2014-15	193	136 (70)	85 (63)	51 (37)	2,278.64	1,462.06	816.58
	2015-16	171	129 (75)	80 (62)	49 (38)	1,998.49	1,321.93	676.56
	2016-17	147	118 (80)	79 (67)	39 (33)	2,009.66	1,183.26	826.40
	2017-18	143	114 (80)	82 (72)	32 (28)	2,072.16	1,191.72	880.44
	Total							3,199.98
MPS, Srinagar	2014-15	79	51 (65)	39 (76)	12(24)	646.50	370.52	275.98
	2015-16	69	52 (75)	39 (75)	13 (25)	558.90	375.36	183.54
	2016-17	62	53 (85)	30 (57)	23 (43)	516.92	294.19	222.73
	2017-18	63	50 (79)	39 (78)	11 (22)	482.04	372.31	109.73
	Total							791.98
Depot, Doda	2014-15	15	11 (73)	04 (36)	07 (64)	42.36	36.99	5.37
	2015-16	15	11 (73)	04 (36)	07 (64)	64.71	43.36	21.35
	2016-17	15	13 (87)	04 (31)	09 (69)	43.39	31.38	12.01
	2017-18	15	12 (80)	04 (33)	08 (67)	69.42	42.01	27.41
	Total							66.14
Sub-depot, Kishtwar	2014-15	12	8 (67)	4 (50)	4 (50)	43.79	25.81	17.98
	2015-16	12	9 (75)	4 (44)	5 (56)	46.41	29.68	16.73
	2016-17	12	10 (83)	4 (40)	6 (60)	47.52	25.99	21.53
	2017-18	12	10 (83)	4 (40)	6 (60)	56.73	34.68	22.05
	Total							78.29
Sub-depot, Ramban	2014-15	7	5 (71)	3 (60)	2 (40)	19.78	15.91	3.87
	2015-16	6	5 (83)	3 (60)	2 (40)	15.12	12.85	2.27
	2016-17	5	4 (80)	2 (50)	2 (50)	14.79	9.34	5.45
	2017-18	5	4 (80)	2 (50)	2 (50)	18.43	14.95	3.48
	Total						53.05	15.07
G. Total								11,920.29

(Source: Records of the Corporation)

Appendix 6.1.4

(Reference Paragraph: 6.1.8; Page: 86)

Working results of the Corporation as per its provisional Accounts during the period 2014 to 2019

(₹ in crore)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Total Revenue	97.43	100.74	98.05	105.26	98.70
2.	Operating Revenue ¹	83.09	78.54	79.45	80.09	79.71
3.	Non-operational revenue	14.34	22.20	18.60	25.17	18.99
4.	Total Expenditure	178.88	183.00	201.45	203.28	219.40
5.	Operating Expenditure ²	119.48	121.05	135.89	135.08	147.71
6.	Operating Profit/ Loss (2-5)	(-) 36.39	(-) 42.51	(-) 56.44	(-) 54.99	(-) 68.00
7.	Profit/ Loss for the year (4-1)	(-) 81.45	(-) 82.26	(-) 103.40	(-) 98.02	(-) 120.70
8.	Accumulated Profit/ Loss	(-) 1,229.56	(-) 1,311.83	(-) 1,415.23	(-) 1,518.30	(-) 1,639.01
9.	Fixed Costs:					
	(i) Personnel Costs	69.04	77.48	93.56	93.18	99.73
	(ii) Depreciation	6.62	06.11	06.29	06.61	07.09
	(iii) Interest	52.78	55.85	59.27	61.59	64.59
	Total Fixed Costs:	128.44	139.44	159.12	161.38	171.41
10.	Variable Costs:					
	(i) Fuel & Lubricants	36.95	29.03	29.59	26.93	34.91
	(ii) Tyres & Tubes	1.85	1.99	1.25	1.30	0.78
	(iii) Spares/ Other Items	3.51	4.31	4.10	5.56	3.81
	(iv) Other Variable Costs	0.82	0.78	0.73	0.76	0.94
	Total Variable Costs:	43.13	36.11	35.67	34.55	40.44
11.	Overhead cost	7.31	7.46	6.66	7.35	18.99
12.	Total cost	178.88	183.01	201.45	203.28	230.84
13.	Operating expenditure	119.48	121.05	135.89	135.08	147.71
14.	Effective kilometers operated (in lakh)	242.23	230.17	214.72	211.39	196.08
15.	Gross earning per km(1/14)	40.22	43.77	45.66	49.79	50.34
16.	Earnings per kilometer (₹) (2/14)	34.30	34.12	37.00	37.89	40.65
17.	Fixed cost per kilometer (₹) (9/14)	53.02	60.58	74.11	76.34	87.42
18.	Variable cost per kilometer (₹) (10/14)	17.81	15.69	16.61	16.34	20.62
19.	Operational Cost <i>per</i> kilometer (₹) (12/14)	73.85	79.51	93.82	96.16	117.73
20.	Operating Cost per kilometer (13/14)	49.33	52.59	63.29	63.90	75.33
21.	Operational Net Earnings per kilometer (₹) (15-19)	-33.63	-35.74	-48.16	-46.37	-67.39
22.	Operating Net Earnings per kilometer (₹) (16-20)	-15.03	-18.47	-26.29	-26.01	-34.68
23.	Overhead cost per Km (₹) (11/14)	3.02	3.24	3.10	3.48	9.68

(Source: Records of the Corporation)

¹ Operating revenue includes traffic earnings, passes and season tickets, re-imburement against concessional passes, fare realised from private operators under KM Scheme, etc.
² Operating expenditure includes fixed cost, variable cost and overhead cost.

Appendix 6.1.5

(Reference Paragraph: 6.1.9.2; Page: 89)

Detention of vehicles in sampled units

Units	Year	Average Fleet Available	Average Fleet operated	Average Fleet detained (in per cent)	Detention allowed (in per cent)	Excess detention (in per cent)	Revenue earned/ vehicle/ Day (in ₹)	Revenue loss (₹ in lakh)
1	2	3	4	5	6	7	8	
MPS, Jammu	2014-15	140	60	79 (56)	42 (30)	37 (47)	12,419	1,677.18
	2015-16	124	54	70 (56)	31 (25)	39 (56)	12,998	1,850.26
	2016-17	108	55	53 (49)	16 (15)	37 (70)	12,701	1,715.27
	2017-18	109	56	53 (49)	22 (20)	31 (58)	12,271	1,388.46
	2018-19	111	54	56 (50)	22 (20)	34 (61)	13,407	1,663.80
	Total							8,294.97
MPS, Srinagar	2014-15	81	39	38 (47)	28 (35)	10 (26)	2,779	101.43
	2015-16	71	39	27 (38)	18 (25)	09 (33)	2,995	98.38
	2016-17	62	30	21 (34)	09 (15)	12 (57)	3,149	137.92
	2017-18	61	39	17 (28)	12 (20)	05 (29)	3,165	57.76
	2018-19	58	33	15 (26)	12 (20)	03 (20)	3,629	39.74
	Total							435.23
MTS, Srinagar	2014-15	224	85	126 (56)	67 (30)	59 (47)	4,540	977.68
	2015-16	191	80	93 (49)	48 (25)	45 (48)	4,236	695.76
	2016-17	170	79	76 (45)	26 (15)	50 (66)	4,019	733.46
	2017-18	175	82	68 (39)	35 (20)	33 (49)	3,888	468.31
	2018-19	164	66	55 (34)	33 (20)	22 (40)	4,645	372.99
	Total							3,248.20
MTS, Jammu	2014-15	75	45	30 (40)	22 (30)	08 (27)	3,845	112.27
	2015-16	75	38	36 (48)	19(25)	17 (47)	4,855	301.25
	2016-17	73	44	28 (38)	13(18)	15 (54)	4,121	225.63
	2017-18	68	42	27 (40)	15(22)	12 (44)	3,989	174.72
	2018-19	86	53	33 (38)	19(22)	14 (42)	3,203	163.67
	Total							977.54
Depot Doda	2014-15	15	4	11 (73)	04 (30)	07 (64)	2,509	64.10
	2015-16	15	6	09 (60)	04 (25)	05 (56)	2,183	39.84
	2016-17	15	4	11 (73)	02 (15)	09 (82)	2,102	69.05
	2017-18	15	4	11 (73)	03(20)	08 (73)	2,895	84.53
	2018-19	15	3	12 (80)	03(20)	09 (75)	2,903	95.36
	Total							352.88
Sub-Depot Kishtwar	2014-15	12	4	08 (67)	03(30)	05 (63)	1,797	32.79
	2015-16	12	4	08 (67)	03 (25)	05 (63)	2,291	41.81
	2016-17	12	4	08 (67)	02 (15)	06 (75)	2,056	45.02
	2017-18	12	4	08 (67)	02 (20)	06 (75)	2,255	49.38
	2018-19	12	4	08 (67)	02 (20)	06 (75)	2,156	47.21
	Total							216.21
Sub-Depot Ramban	2014-15	7	3	04 (57)	02 (30)	02 (50)	1,520	11.10
	2015-16	6	2	04 (67)	02 (25)	02 (50)	1,377	10.05
	2016-17	5	2	03 (60)	01 (15)	02 (67)	1,844	13.46
	2017-18	5	2	03 (60)	01 (20)	02 (67)	2,257	16.47
	2018-19	5	2	03 (60)	01 (20)	02 (67)	1,657	12.09
	Total							63.17
	Gross Total							13,588.20

(Source: Records of the Corporation)

**Appendix 6.1.6
(Reference Paragraph: 6.1.9.2; Page: 89)
Under-utilisation of vehicles in sampled units**

Name of units	No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
MPS, Jammu	1	Average fleet held	140	124	108	109	111
	2	Average fleet in workshop/ idle	80	70	53	53	57
	3	Average fleet operated	60	54	55	56	54
	4	Percentage of fleet on road	42.86	43.55	50.93	51.38	48.65
	5	Percentage of fleet off road	57.14	56.45	49.07	48.62	51.35
	6	Fleet utilisation as per All India average of 88.7 per cent	124	110	96	97	98
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	45.84	45.15	37.77	37.32	40.05
	8	Shortfall in fleet utilisation as per (AIA)	64	56	41	41	44
	9	Average revenue earned/ vehicle/ day (in ₹)	12,419	12,998	12,701	12,271	13,407
	10	Average revenue earned/ vehicle/year (₹ in lakh)	45.33	47.44	46.36	44.79	48.93
	11	Loss of traffic revenue (₹ in crore)	29.01	26.57	19.01	18.36	21.53
Total		Total loss	₹ 114.48 crore				
MPS, Srinagar	1	Average fleet held	81	71	62	61	58
	2	Average fleet in workshop/ Idle	42	32	32	22	25
	3	Average fleet operated	39	39	30	39	33
	4	Percentage of fleet on road	48.15	54.93	48.39	63.93	56.90
	5	Percentage of fleet off road	51.85	45.07	51.61	36.07	43.10
	6	Fleet utilisation as per All India average at the rate of 88.7 per cent	72	63	55	54	51
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	40.55	33.77	40.31	24.77	31.80
	8	Shortfall in fleet utilisation as per (AIA)	33	24	25	15	18
	9	Average revenue earned/ vehicle/ day (in ₹)	2,779	2,995	3,149	3,165	3,629
	10	Average revenue earned/vehicle/ year (₹ in lakh)	10.14	10.93	11.49	11.55	13.25
	11	Loss of traffic revenue(₹ in crore)	3.35	2.62	2.87	1.73	2.38
Total		Total loss	₹ 12.95 crore				
MTS, Srinagar	1	Average fleet held	224	191	170	175	164
	2	Average fleet in workshop/ idle	139	111	91	93	98
	3	Average fleet operated	85	80	79	82	66
	4	Percentage of fleet on road	37.95	41.88	46.47	46.86	40.24
	5	Percentage of fleet off road/ idle	62.05	58.12	53.53	53.14	59.76
	6	Fleet utilisation as per All India average 88.7 per cent	199	169	151	155	145
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	50.75	46.82	42.23	41.84	48.46
	8	Shortfall in fleet utilisation as per (AIA)	114	89	72	73	79
	9	Average revenue earned/ vehicle/ day (in ₹)	4,540	4,236	4,019	3,888	4,645
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	16.57	15.46	14.67	14.19	16.95
	11	Loss of traffic revenue(₹ in crore)	18.89	13.76	10.56	10.36	13.39
Total		Total loss	₹ 66.96 crore				
MTS, Jammu	1	Average fleet held	75	74	72	68	86
	2	Average fleet in workshop/ idle	30	36	28	27	33
	3	Average fleet in operated	45	38	44	41	53
	4	Percentage of fleet on road	60.00	51.35	61.11	60.29	61.63
	5	Percentage of fleet off road	40.00	48.65	38.89	39.71	38.37
	6	Fleet utilisation as per All India average 88.7 per cent	67	66	64	60	76
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	28.70	37.35	27.59	28.41	27.07
	8	Shortfall in fleet utilisation as per (AIA)	22	28	20	19	23
	9	Average revenue earned/ vehicle/ day (in ₹)	3,845	4,855	4,121	3,989	3,203
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	14.03	17.72	15.04	14.55	11.69
	11	Loss of traffic revenue (₹ in crore)	3.09	4.96	3.01	2.77	2.69
Total		Total loss	₹ 16.52 crore				

Name of units	No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
TM (Load), Jammu	1	Average fleet held	109	107	107	107	112
	2	Average fleet in workshop/ idle	46	50	40	37	37
	3	Average fleet in operated	63	57	67	70	75
	4	Percentage of fleet on road	57.80	53.27	62.62	65.42	66.96
	5	Percentage of fleet off road	42.20	46.73	37.38	34.58	33.04
	6	Fleet utilisation as per All India average 88.7 per cent	97	95	95	95	99
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	30.90	35.43	26.08	23.28	21.74
	8	Shortfall in fleet utilisation as per (AIA)	34	38	28	25	24
	9	Average revenue earned/ vehicle/ day (in ₹)	4,631	4,705	5,333	5,512	5,742
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	16.90	17.17	19.46	20.12	20.96
	11	Loss of traffic revenue (₹ in crore)	5.75	6.53	5.45	5.03	5.03
Total		Total loss	₹ 27.79 crore				
TM (Load), Srinagar	1	Average fleet held	216	206	185	156	198
	2	Average fleet in workshop/ idle	68	64	52	33	88
	3	Average fleet in operated	148	142	133	123	110
	4	Percentage of fleet on road	68.52	68.93	71.89	78.85	55.56
	5	Percentage of fleet off road	31.48	31.07	28.11	21.15	44.44
	6	Fleet utilisation as per All India average 88.7 per cent	192	183	164	138	176
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	20.18	19.77	16.81	9.85	33.14
	8	Shortfall in fleet utilisation as per (AIA)	44	41	31	15	66
	9	Average revenue earned/ vehicle/ day (in ₹)	4,196	4,503	4,822	5,260	5,991
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	15.31	16.43	17.60	19.20	21.87
	11	Loss of traffic revenue (₹ in crore)	6.74	6.74	5.46	2.88	14.43
		Total loss	₹ 36.25 crore				
Depot, Doda	1	Average fleet held	15	15	15	15	15
	2	Average fleet in workshop/ idle	11	09	11	11	12
	3	Average fleet in operated	04	06	04	04	03
	4	Percentage of fleet on road	26.67	40.00	26.67	26.67	20.00
	5	Percentage of fleet off road	73.33	60.00	73.33	73.33	80.00
	6	Fleet utilisation as per All India average 88.7 per cent	13	13	13	13	13
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	62.03	48.70	62.03	62.03	68.70
	8	Shortfall in fleet utilisation as per (AIA)	9	7	9	9	10
	9	Average revenue earned/ vehicle/ day (in ₹)	2510	2184	2103	2895	2903
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	9.16	7.97	7.67	10.57	10.59
	11	Loss of traffic revenue (₹ in crore)	0.82	0.56	0.69	0.95	1.06
		Total loss	₹ 4.08 crore				
Sub-Depot, Kishtwar	1	Average fleet available	12	12	12	12	12
	2	Average fleet in workshop/ idle	08	08	08	08	08
	3	Average fleet in operation *	04	04	04	04	04
	4	Percentage of fleet on road	33.33	33.33	33.33	33.33	33.33
	5	Percentage of fleet off road	66.67	66.67	66.67	66.67	66.67
	6	Fleet utilisation as per All India average 88.7 per cent	11	11	11	11	11
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	55.37	55.37	55.37	55.37	55.37
	8	Shortfall in fleet utilisation as per (AIA)	7	7	7	7	7
	9	Average revenue earned/ vehicle/ day (in ₹)	1,797	2,291	2,056	2,256	2,156
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	6.56	8.36	7.50	8.23	7.87
	11	Loss of traffic revenue (₹ in crore)	0.46	0.59	0.53	0.58	0.55
		Total loss	₹ 2.71 crore				

Name of units	No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	
Sub Depot, Ramban	1	Average fleet held	07	06	05	05	05	
	2	Average fleet in workshop/ idle	04	04	03	03	03	
	3	Average fleet in operated	03	02	02	02	02	
	4	Percentage of fleet on road	42.86	33.33	40.00	40.00	40.00	
	5	Percentage of fleet off road	57.14	66.67	60.00	60.00	60.00	
	6	Fleet utilisation as per All India average 88.7 per cent	6	5	4	4	4	
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	45.84	55.37	48.70	48.70	48.70	
	8	Shortfall in fleet utilisation as per (AIA)	3	3	2	2	2	
	9	Average revenue earned/ vehicle/ day	1520	1377	1844	2257	1657	
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	5.55	5.03	6.73	8.24	6.05	
	11	Loss of traffic revenue (₹ in crore)	0.17	0.15	0.13	0.16	0.12	
		Total loss						₹ 0.73 crore
Manager City Service, Srinagar	1	Average fleet held	20	18	23	21	18	
	2	Avg. fleet in workshop/ idle	13	10	08	08	07	
	3	Average fleet operated	07	08	15	13	11	
	4	Percentage of fleet on road	35.00	44.44	65.22	61.90	61.11	
	5	Percentage of fleet off road/ idle	65.00	55.56	34.78	38.10	38.89	
	6	Fleet utilisation as per All India average 88.7 per cent	18	16	20	19	16	
	7	Percentage in Shortfall in fleet utilisation as per (AIA)	53.70	44.26	23.48	26.80	27.59	
	8	Shortfall in fleet utilisation as per (AIA)	11	8	5	6	5	
	9	Average revenue earned/ vehicle/ day	1407	2304	1578	1885	1909	
	10	Average revenue earned/ vehicle/ year (₹ in lakh)	5.13	8.41	5.76	6.88	6.97	
	11	Loss of traffic revenue (₹ in crore)	0.56	0.67	0.29	0.41	0.35	
		Total loss						₹ 2.28 crore

Total (114.48+12.95+66.96+16.52+27.79+36.25+4.08+2.71+0.73+2.28) = ₹ 284.75 crore

(Source: Records of the Corporation)

Appendix 6.1.7

(Reference Paragraph: 6.1.9.6; Page: 94)

Fuel Consumption in sampled units

Name of units	Year	Total km covered (In lakh)	Total fuel consumed (lakh litres)	Cost of HSD (In lakh)	AV. KMPL	Actual fuel to be consumed against AIA of 4.95 KMPL (lakh litres) (col-1/ 4.95)	Excess consumption of fuel lakh litre (col. 2-col.5)
		1	2	3	4	5	6
MTS, Srinagar	2014-15	32.19	8.09	402.63	3.98	6.50	1.59
	2015-16	30.17	6.96	402.63	4.33	6.09	0.87
	2016-17	25.60	5.67	311.61	4.51	5.17	0.50
	2017-18	25.50	6.12	360.50	4.17	5.15	0.97
	2018-19	22.11	5.83	397.82	3.79	4.47	1.36
Total		135.57	32.67	1,875.19		27.38	5.29
MTS, Jammu	2014-15	16.20	4.23	233.74	3.83	3.27	0.96
	2015-16	19.00	4.53	202.65	4.19	3.84	0.69
	2016-17	19.30	4.54	248.63	4.25	3.90	0.64
	2017-18	16.39	3.91	221.96	4.19	3.31	0.60
	2018-19	18.19	4.18	280.98	4.35	3.67	0.51
Total		89.08	21.39	1,187.96		17.99	3.40
MPS, Jammu	2014-15	103.82	24.20	1,364.31	4.29	20.97	3.23
	2015-16	96.90	22.49	1,115.01	4.31	19.58	2.91
	2016-17	93.62	21.83	1,298.43	4.29	18.91	2.92
	2017-18	91.89	21.49	1,288.20	4.28	18.56	2.93
	2018-19	91.99	21.36	1,407.06	4.31	18.58	2.78
Total		478.22	111.37	6,473.01		96.60	14.77
MPS, Srinagar	2014-15	14.67	3.47	197.98	4.23	2.96	0.51
	2015-16	15.12	3.58	182.34	4.22	3.05	0.53
	2016-17	10.03	2.58	119.44	3.89	2.03	0.55
	2017-18	12.67	3.03	188.05	4.18	2.56	0.47
	2018-19	09.57	2.28	157.62	4.20	1.93	0.35
Total		62.06	14.94	845.43		12.53	2.41
City Service, Srinagar	2014-15	0.61	0.16	8.87	3.81	0.12	0.04
	2015-16	1.93	0.52	25.63	3.71	0.39	0.13
	2016-17	2.78	0.64	35.26	4.34	0.56	0.08
	2017-18	3.12	0.76	44.65	4.11	0.63	0.13
	2018-19	1.91	0.48	33.47	3.98	0.39	0.09
Total		10.35	2.56	147.88		2.09	0.47
Traffic Manager Load, Srinagar	2014-15	38.75	9.94	NA	3.90	7.83	2.11
	2015-16	36.69	10.02	374.74	3.66	7.41	2.61
	2016-17	34.49	9.42	506.26	3.66	6.97	2.45
	2017-18	32.63	8.59	490.73	3.80	6.59	2.00
	2018-19	23.44	6.15	385.14	3.81	4.74	1.41
Total		166	44.12	1,756.87		33.54	10.58
Traffic Manager Load, Jammu.	2014-15	24.15	6.43	277.18	3.76	4.88	1.55
	2015-16	21.37	5.63	246.7	3.80	4.32	1.31
	2016-17	23.69	6.31	425.59	3.75	4.79	1.52
	2017-18	20.86	6.07	346.08	3.44	4.21	1.86
	2018-19	22.93	5.98	393.36	3.83	4.63	1.35
Total		113.00	30.42	1,688.91		22.83	7.59

(Source: Records of the Corporation)

Appendix 6.1.8

(Reference Paragraph: 6.1.10.3; Page: 98)

Details of outstanding amounts against various Departments as on 31 March 2019

Sl. No.	Name of the Agency	Amount (₹)
1.	Chief Agriculture Officer, Budgam	12,899
2.	Manager S.M farm, Padgampora	9,03,512
3.	Potato Development Officer, Srinagar	4,69,278
4.	Joint Director Agriculture Inputs	14,06,735
5.	Deputy Commissioner, Srinagar	1,40,97,936
6.	New Gas Company, Srinagar	3,60,776
7.	Deputy Director Estates, Srinagar	90,466
8.	Additional Deputy Commissioner, Baramulla	53,692
9.	Regional Transport Officer, Srinagar	1,41,547
10.	Chief Horticulture Officer, Budgam	4,295
11.	Executive Engineer Irrigation and flood control, Baramulla	2,650
12.	Superintendent Industrial Training Institute, Hajin	17,003
13.	Assistant Director (A&C) Ministry of textile , Baramulla	84,722
14.	Chief Accounts officer JK Cement Limited	3,69,948
15.	Executive Engineer Public Health Engineering Division Kupwara	40,366
16.	Divisional Commissioner Kashmir	5,62,884
17.	Floriculture Department, Anantnag	4,319
18.	Executive Director Rehabilitation council camp office Jammu/ Srinagar	14,555
19.	Chief Education officer, Srinagar	9,090
20.	Director Rural Development Department Lal Mandi Srinagar	40,524
21.	Deputy Commissioner Baramulla	47,440
22.	Post Office Srinagar	6,200
23.	Chief Agriculture Officer, Anantnag	4,319
24.	Principal S.P College, Srinagar	20,069
25.	Women's college, Zakoora	13,815
26.	Assistant Regional Transport Officer Budgam	4,268
27.	Deputy Commissioner, Kupwara	32,590
28.	Senior Technical Officer JK Energy Development Agency, Bemina	38,293
29.	Joint Director Information	9,111
30.	Director Horticulture Planning and Marketing Rajbagh	33,90,902
31.	M/S LRL	1,52,060
32.	M/S IMTS Srinagar	17,97,800
33.	General Manager SICOP, Srinagar	3,17,318
34.	Chief Electoral Officer J&K Government	22,316
35.	Accounts officer BSNL, Srinagar	6,24,848
36.	Sub Divisional Agriculture Officer Bandipora	54,927
37.	Director Tourism Srinagar	10,98,712
38.	Executive Engineer Roads and Buildings Leh	47,63,172
39.	Executive Engineer Construction Leh	32,54,966
40.	Executive Engineer Khalsi Leh	40,23,020
41.	Executive Engineer Nayooma Leh	8,99,113
42.	Executive Engineer Power Development Department, Leh	8,05,938

Sl. No.	Name of the Agency	Amount (₹)
43.	Executive Engineer Public Health Engineering Leh	2,84,110
44.	Executive Engineer Irrigation and Flood Control, Leh	42,330
45.	Divisional Forest Officer, Kargil	58,347
46.	Executive Engineer Zanskar, Kargil	3,59,407
47.	Executive Engineer Public Works Division, 1 st Kargil	1,05,70,179
48.	Executive Engineer Public Works Division, Sankoo Kargil	5,18,237
49.	Ex. Engineer Public Health Engineering, Kargil	3,38,896
50.	Ex. Engineer Roads and Buildings, Kargil	50,26,898
51.	Food Civil Supplies and Consumer Affairs Department Jammu	60,76,472
52.	Food Civil Supplies and Consumer Affairs Department Srinagar	10,30,84,670
	Total	16,64,27,940

(Source: Records of the Corporation)

Appendix 6.1.9

(Reference Paragraph: 6.1.12; Page: 101)

Workshop Management and detention of vehicles with revenue implications in sampled workshops

A. Workshop-wise detention of vehicles								
Year	Load, Jammu		Load, Srinagar		PMD, Jammu		PMD, Srinagar	
Annual fitness	Vehicles	Days	Vehicles	Days	Vehicles	Days	Vehicles	Days
2014-15	7	429			25	755	17	658
2015-16	7	316			49	1,988	13	55
2016-17	23	854			47	5,937	6	246
2017-17	25	635			74	6,109	3	71
2018-19	19	466	4	143	23	2,251	34	1,166
Total	81	2,700	4	143	218	17,040	73	2,196
Spare								
2014-15	20	1,112			27	1,137	39	2,223
2015-16	42	1,466			10	487	7	1,492
2016-17	24	598			21	574	17	729
2017-17	31	876			40	1,530	8	71
2018-19	24	505	20	502	15	549	8	164
Total	141	4,557	20	502	113	4,277	79	4,679
Tyre								
2014-15	13	683			0	0	0	0
2015-16	12	428			12	497	0	0
2016-17	0	0			10	504	7	411
2017-17	0	0			2	41	1	21
2018-19	2	38	7	600	6	241	0	0
Total	27	1,149	7	600	30	1,283	8	432
Composite for want of Tyre+Spare+Annual fitness +Engine Overhauling +Battery								
2014-15	8	879			2	208	25	3,131
2015-16	3	80			0	0	16	1,711
2016-17	16	440			4	3,266	18	2,743
2017-17	9	301			0	0	10	758
2018-19	4	124	33	1,608	0	0	8	1,533
Total	40	1824	33	1,608	6	3,474	77	9,876
Accident								
2014-15	4	443			2	255	0	0
2015-16	0	0			4	1,893	0	0
2016-17	1	90			5	1,860	0	0
2017-17	1	33			2	45	0	0
2018-19	0	0	0	0	0	0	0	0
Total	6	566	0	0	13	4,053	0	0
Year	Total vehicles	Total days	Total vehicles	Total days	Total vehicles	Total days	Total vehicles	Total days
2014-15	52	3,546			56	2,355	81	6,012
2015-16	64	2,290			75	4,865	36	3,258
2016-17	64	1,982			87	12,141	48	4,129
2017-18	66	1,845			118	7,725	22	921
2018-19	49	1,133	64	2,853	44	3,041	50	2,863
Total	295	10,796	64	2,853	380	30,127	237	17,183

B. Revenue implications due to detention of vehicles at workshops												
Year	Load, Jammu			Load, Srinagar			PMD, Jammu			PMD, Srinagar		
	Days	Average Revenue per day (₹)	Amount (₹ in crore)	Days	Average Revenue per day (₹)	Amount (₹ in crore)	Days	Average Revenue per day (₹)	Amount (₹ in crore)	Days	Average Revenue per day (₹)	Amount (₹ in crore)
2014-15	3,546	4,631	1.64				2,355	12,419	2.92	6,012	2,779	1.67
2015-16	2,290	4,705	1.07				4,865	13,022	6.34	3,258	2,995	0.98
2016-17	1,982	5,333	1.05				12,141	12,520	15.20	4,129	3,149	1.30
2017-18	1,845	5,512	1.01				7,725	12,271	9.48	921	3,165	0.29
2018-19	1,133	5,742	0.65	2,853	5,038	1.43	3,041	13,525	4.11	2,863	3,629	1.04
Total	10,796		5.42	2,853		1.43	30,127		38.05	17,183		5.28

(Source: Records of the Corporation)

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