



SUPREME AUDIT INSTITUTION OF INDIA  
लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest

# Report of the Comptroller and Auditor General of India on Union Territory Finances for the year 2022-23

**Government of Union Territory of Jammu and Kashmir**  
**Report No. 1 of 2024**  
**(Union Territory Finances Audit Report)**



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Comptroller and Auditor General of India on  
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## PREFACE

This Report for the year ended 31 March 2023 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act, 2019 for laying in the Legislative Assembly.

Chapter I of this report describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and fiscal position including the deficits/ surplus.

Chapter II provides a broad perspective of the finances of the Union Territory, major fiscal aggregates, debt profile and key public accounts transactions based on the Finance Accounts of the Union Territory.

Chapter III is based on the Appropriation Accounts of the Union Territory of Jammu and Kashmir and reviews the appropriations and allocative priorities of the Union Territory Government and reports on deviations from Constitutional provisions relating to budgetary management.

Chapter IV comments on the quality of accounts rendered by various authorities of the UT Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the UT Government.

Chapter V discusses the financial performance of Public Sector Undertakings.

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



# **Executive Summary**



## EXECUTIVE SUMMARY

### ***About the Report***

*This Report of the CAG of India on the UT finances for the year 2022-23 provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to the UT's finances.*

*The executive summary highlights the contents of the report and through snapshots of important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projections, the reasons for variations and their impact.*

Gross State Domestic Product (GSDP) (at current prices) grew by 35.95 *per cent* from ₹1,67,652 crore in 2020-21 to ₹2,27,927 crore in 2022-23. Budget outlay of the UT grew by 11.97 *per cent* from ₹1,33,595.72 crore in 2020-21 to ₹1,49,582.03 crore in 2022-23.

There was 14.01 *per cent* growth in GSDP during 2022-23 over the previous year. Revenue receipts grew at 16.44 *per cent* and the percentage of revenue receipts over GSDP increased from 29.63 *per cent* in 2021-22 to 30.26 *per cent* in 2022-23. Tax revenue increased by 5.37 *per cent* during the period and the UT's own revenue increased by 5.65 *per cent*. Total expenditure (revenue expenditure, capital expenditure and loans and advances) of the UT of Jammu and Kashmir increased by 4.89 *per cent* from ₹70,390.14 crore in 2021-22 to ₹73,832.65 crore. Of this, revenue expenditure showed 6.29 *per cent* increase from 2021-22.

Against the revenue deficit of ₹30.83 crore during 2021-22 there was a surplus of ₹5,976.61 crore during 2022-23, while fiscal deficit decreased from ₹11,150.60 crore in 2021-22 to ₹4,855.37 crore in 2022-23, decreasing by 56.46 *per cent*.

### ***Receipt-Expenditure mismatch***

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The UT has different sources of receipts such as Own Tax Revenue, Non-tax Revenue, Grants-in-aid from the Union Government and non-debt capital receipts. The UT Government's expenditure includes expenditure on revenue account as well as capital expenditure (assets creation, loans and advances, investments, etc).

From 2020-21 to 2022-23, revenue receipts of the UT grew by 31.39 *per cent* from ₹52,495.48 crore to ₹68,975.95 crore. Capital receipts<sup>1</sup> increased from ₹40,635.06 crore in 2020-21 to ₹50,200.89 crore during 2021-22, but again decreased to ₹38,115.80 crore during 2022-23.

The share of Grants-in-aid in revenue receipts rose from 72.07 *per cent* in 2021-22 to 74.65 *per cent* in 2022-23, indicating increased reliance on support from the Government of India. The UT Government received ₹6,029.68 crore as Central share

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<sup>1</sup> Excluding back to back loans received during 2020-21 and 2021-22 as GST compensation shortfall.

for the Centrally Sponsored Schemes (CSSs) during 2022-23. Other transfers/Grants to States/Union Territories with Legislature amounting to ₹45,463.25 crore were also received by the UT Government during the year from the Government of India.

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the UT's infrastructure and service network. Between 2020-21 and 2022-23, revenue expenditure increased from ₹52,633.75 crore (31.39 *per cent* of GSDP) to ₹62,999.34 crore (27.64 *per cent* of GSDP). It consistently made up a significant portion (83 to 85 *per cent*) of the total expenditure during this period.

#### ***Result of expenditure beyond means***

The gap between revenue receipts and revenue expenditure results in revenue deficit. As against the revenue deficit of ₹138.27 crore and ₹30.83 crore during 2020-21 and 2021-22 respectively, there was revenue surplus of ₹5,976.61 crore during 2022-23.

The UT Government spent ₹10,773.78 crore only on capital account. This was 14.59 *per cent* of the total expenditure in the year 2022-23. During 2022-23 the UT Government utilised 87.52 *per cent* of its current borrowings for repayment of borrowings (principal). Thus, the borrowed funds were being used mainly for repayment of borrowings instead of capital creation/ development activities.

The gap between the total expenditure and total non-debt receipts of the UT results in fiscal deficit. The fiscal deficit of the UT increased from ₹10,693.36 crore (6.38 *per cent* of GSDP) in 2020-21 to ₹11,150.60 crore (5.58 *per cent* of GSDP) in 2021-22, but decreased to ₹4,855.37 crore (2.13 *per cent* of GSDP) in 2022-23.

Under revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 75-76 *per cent* of revenue expenditure during 2020-21 (74.67 *per cent*) and 2022-23 (75.36 *per cent*). Committed expenditure increased by 20.80 *per cent* from ₹39,302.27 crore in 2020-21 to ₹47,475.27 crore in 2022-23 {an increase of 5.50 *per cent* over 2021-22 (₹2,474.32 crore)}.

In addition to committed expenditure, inflexible expenditure ranged between 2.94 *per cent* and 4.36 *per cent* of revenue expenditure during 2020-21 to 2022-23. Inflexible expenditure increased from ₹1,741.60 crore in 2021-22 to ₹2,199.44 crore in 2022-23, registering an increase of 26.29 *per cent*.

Taken together, the committed and inflexible expenditure in 2022-23 was ₹49,674.71 crore; 79 *per cent* of the revenue expenditure. Upward trend on committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

### *Subsidies component in non-committed expenditure*

Within non-committed expenditure, there was a decreasing trend of subsidies, which decreased from ₹128.24 crore (0.96 *per cent*) in 2020-21 to ₹28.03 crore (0.18 *per cent*) in 2022-23.

### *Off-budget borrowings*

The UT Government, through Public Sector Undertakings raised ₹23,911.53 crore as off-budget borrowings, which did not flow into the Consolidated Fund of the UT but are required to be repaid and serviced through the budget.

### *Contingent Liabilities on account of Guarantees*

As of March 2023 the cumulative amount of outstanding guarantees against borrowings by the Union Territory Government (from 31 October 2019 onwards) post re-organisation was ₹24,867.44 crore. The annual increase of ₹12,538.64 crore in outstanding guarantees of the UT during 2022-23 was within the prescribed limits fixed in the FRBM Act, 2006. The outstanding guarantees for ₹24,867.44 crore as on 31 March 2023 were in respect of Power (₹22,513.61 crore); Cooperatives (-₹32.00 crore<sup>2</sup>); State Financial Corporation (₹13.66 crore) and other institutions (₹2,372.17 crore).

### *Fiscal sustainability*

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of off-budget borrowings, guarantees, subsidies, etc. So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests, etc. and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes, transfer to reserve funds, transfer to local bodies, etc.

### *FRBM requirements and compliance with fiscal parameters*

The FRBM Act/ Rules prescribes certain limits within which revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be maintained, and similarly for guarantees as a percentage of revenue receipts of the previous year. The Government of Jammu and Kashmir has not fixed any targets of fiscal indicators in the Medium Term Fiscal Policy Statement.

In 2022-23, the UT had a revenue surplus of ₹5,976.61 crore which comprised 2.62 *per cent* of GSDP; the fiscal deficit was 2.13 *per cent* of GSDP and the ratio of Public Liability to GSDP was 12.26 *per cent*. Further, if the quantum of off-budget borrowings is included as part of debt, the overall public liability (includes Public Debt and Public Account Liabilities) of the Government was 22.75 *per cent* of the GSDP.

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<sup>2</sup> Minus figures due to non-apportionment of Assets and Liabilities as a result of re-organisation.

As per the debt stabilisation analysis, the public debt of the Government of Jammu and Kashmir has increased by 120 *per cent* from ₹10,567.85 crore in 2020-21 to ₹23,240.11 crore in 2022-23. Public debt-GSDP ratio of UT of Jammu and Kashmir has increased from 6.30 *per cent* in 2020-21 to 10.20 *per cent* in 2022-23 which cannot be considered as leading to stability. Ratio of interest payments on Public Debt to revenue receipts showed an increasing trend, from 8.16 *per cent* in 2020-21 to 9.08 *per cent* in 2022-23 which is indicative of decreased debt sustainability.

During 2020-21 and 2021-22, the UT had primary deficit, which later turned to primary surplus in 2022-23. The Domar gap (g-r) remained negative during 2020-21, which turned positive<sup>3</sup> in 2021-22 and 2022-23. Even though both the primary balance and Domar Gap remained positive in 2022-23, the same is not adequate to keep pace with the increase in outstanding debt in tandem with the increase in economic growth. This led to increase in Public Debt to GSDP ratio in 2022-23.

#### *Misclassification in accounts*

It was noticed that ₹219.13 crore of Revenue expenditure which included Grants-in-aid of ₹191.10 crore and subsidy of ₹28.03 crore was booked under the wrong head of account as Capital expenditure.

#### *Funds to Single Nodal Agency*

The Government of India and the UT Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the UT Government is transferred to the bank account of the SNA lying outside the Government Account.

The Government of Union Territory of Jammu and Kashmir received ₹6,131.40 crore<sup>4</sup> being Central share during the year. As on 31 March 2023, the Government transferred ₹3,514.36 crore being Central share and corresponding Union Territory share of ₹549.62 crore to the SNAs. Detailed vouchers and supporting documents of actual expenditure were not received by Principal Accountant General (A&E) office from the SNAs. As per the data available on Public Financial Management System (PFMS), ₹3,603.59 crore is lying unspent in the bank accounts of SNAs as on 31 March 2023. The UT Government is requested to make the details of the bills drawn, as it is of importance for completeness of the accounts, financial reporting and transparent financial control.

#### *Funds outside Government Account*

It was noticed that ₹772.20 crore collected on account of Labour Cess, Water Usage Charges, District Mineral Foundation Trust Fund and Social Responsibility Corpus Fund were kept in different bank accounts and did not form the part of Consolidated Fund or Public Account of the UT.

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<sup>3</sup> The main reason for the Domar gap turning positive was increase in GSDP, which in turn was attributed to significant economic recovery post-COVID-19 pandemic.

<sup>4</sup> Includes total grant under CSS ₹6,12,899.96 lakh under MH-1601-06-101-Central Assistance Share and an amount ₹240 lakh received under 113-Special Assistance for Livestock Census and Integrated Sample Survey CSS.

Going by the analysis and results as discussed above, the finances of the UT of Jammu and Kashmir is marked by increasing trend of liabilities (debt, guarantees, off-budget borrowings, etc.,) which pose risk to the target of debt stabilisation and debt sustainability.

### ***Budget performance***

The original demands for grants as per the Jammu and Kashmir (No.2) Appropriation Act, 2022 passed by the Parliament was ₹1,42,150.10 crore, which was followed by Supplementary Demands for Grants of ₹3,711.72 crore. The overall expenditure incurred during 2022-23 was ₹1,07,948.46 crore. However, the individual surrender orders for savings of ₹16,793.13 crore surrendered in the Appropriation Accounts 2022-23 were not produced to CAG. This was in violation of Article 114 (2) and Article 114 (3) of the Constitution and Section 14.8.1 of the Jammu and Kashmir Budget Manual 2020.

Further, in violation of Section 14.7.2 of the J&K Budget Manual 2020, in the Appropriation Accounts of 2022-23, out of surrender of savings of ₹16,793.13 crore (not supported by valid surrender orders), an amount of ₹3,086.79 crore was augmented/ re-appropriated by the UT Government from Capital to Revenue in eight grants and one appropriation and ₹633.42 crore was augmented/ re-appropriated from Revenue to Capital in seven grants, without legislative authorisation. Thus, amounts were re-appropriated across sections i.e., from revenue to capital and *vice-versa*.

### ***Aggregate expenditure outturn***

Aggregate expenditure outturn measures the deviation in actual expenditure (Actuals) compared with the Budget Estimate (BE) originally approved, both in terms of less than (-) and in excess (+) of approval. In the Revenue section, deviation in outturn compared with Budget Estimates (BE) was (-) 19.43 *per cent*. This was due to deviation upto  $\pm 25$  *per cent* in 18 grants, between  $\pm 25$  *per cent* and  $\pm 50$  *per cent* in 12 grants; and between  $\pm 50$  *per cent* and  $\pm 100$  *per cent* in five grants. In the Capital section, deviation in outturn compared with BE was (-) 37.03 *per cent*. This was due to deviation upto  $\pm 25$  *per cent* in one grant, between  $\pm 25$  *per cent* and  $\pm 50$  *per cent* in five grants; and between  $\pm 50$  *per cent* and  $\pm 100$  *per cent* in 29 grants.

### ***Expenditure composition outturn***

Budget performance also looks at the extent to which the re-allocation between the main budget categories during execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In the Revenue section, deviation in outturn compared with Revised Estimates (RE) was (-) 16 *per cent*. This was due to deviation upto  $\pm 25$  *per cent* in 23 grants, between  $\pm 25$  *per cent* and  $\pm 50$  *per cent* in nine grants and between  $\pm 50$  *per cent* and  $\pm 100$  *per cent* in three grants. In the Capital section, deviation in outturn compared with RE was (-) 22 *per cent*. This was due to deviation

upto  $\pm 25$  per cent in three grants, between  $\pm 25$  per cent and  $\pm 50$  per cent in eight grants, between  $\pm 50$  per cent and  $\pm 100$  per cent in 24 grants.

It was noticed that supplementary provisions of ₹2,091.95 crore during the year 2022-23 in 16 cases (more than ₹50 lakh in each case) proved unnecessary, as the expenditure did not come up even to the level of the original provisions. On the other hand, in grant 16-Public Works Department, augmentation of ₹124.06 crore was not adequate to meet the requirement and non-provision of supplementary amount in grant 8-Finance Department led to excess expenditure of ₹1,503.62 crore.

### ***Regularisation of Excess over Grants/ Appropriations***

The UT Government has to get excesses over grants/ appropriations regularised by the Legislature as per Articles 204 and 205 (1) (b) of the Constitution and Section 43 and Section 44 of the Jammu and Kashmir Re-organisation Act, 2019. It was observed that in 2022-23 there was excess expenditure of ₹2,830.17 crore under three grants which required regularisation. Further, excess expenditure of ₹1,24,004.41 crore during 1980-81 to 2019-20 (upto 30 October 2019) pertaining to the erstwhile State of Jammu and Kashmir and ₹13,019.16 crore during 2019-20 (from 31 October 2019 onwards) to 2021-22 were yet to be regularised. It was also noticed that an amount of ₹12,416.82 crore was incurred under 31 schemes/sub heads in six grants without budgetary provision during 2022-23 which needs to be regularised.

*Overall budget reliability assessment indicates that the deviations between the actual expenditure and original budget as well as between the actual expenditure and the final budget were 24 per cent and 28 per cent respectively. Except for one grant where deviation was around five per cent, the remaining grants had deviations up to 25 per cent and even above. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice should need to deal with such deviations.*

### ***Quality of Accounts and Financial Reporting***

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting, non or short-discharging of liabilities and compliance with IGAS.

### ***Compliance with IGAS***

As against the requirements of the Indian Government Accounting Standards (IGAS), the UT Government did not make compliance with IGAS-2: Accounting and Classification of Grants-in-Aid and IGAS-3: Loans and Advances made by the Government.

### *Utilisation Certificates against conditional grants*

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 3,733 UCs amounting to ₹14,698.75 crore were pending as on 31<sup>st</sup> March 2023, out of which 2,431 UC's amounting to ₹8,142.65 crore pertained to the period prior to 30 October 2019 of the erstwhile State of Jammu and Kashmir.

### *DC bills against AC bills*

Similarly, despite the requirement of submitting Detailed Countersigned Contingency (DC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills, 3,466 AC bills of ₹19,774.97 crore were pending for submission of DC bills as on 31<sup>st</sup> March 2023, out of which 1,877 AC Bills amounting to ₹5,583.15 crore pertained to the period prior to 30 October 2019 of the erstwhile State of Jammu and Kashmir.

*Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non submission of UCs against conditional grants; non-submission of DC bills against AC bills; non-compliance with IGAS-2 and IGAS-3 have impacted the quality of accounts adversely.*

### *Working of State Public Sector Undertakings*

As on 31 March 2023, there were 42 State Public Sector Enterprises (SPSEs) in Jammu and Kashmir. They included 39 Government Companies (including six inactive Government Companies), two Statutory Corporations and one Government Controlled Other Company. Only four Government companies submitted their accounts for the financial year 2022-23 for supplementary audit by CAG on or before 30 September 2023. There were 11 PSUs that reported profit in their latest financial statements. The reported profit increased to ₹1,286.79 crore in 2022-23 from ₹566.10 crore in 2021-22.

*The Government may impress upon those PSUs with arrears in accounts to expedite finalisation of their financial statements so that they remain within legislative oversight, and analyse the reasons for losses in those PSUs whose net worth has eroded and initiate steps to make their operations efficient and profitable.*

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# **Chapter-I**

## **Overview**



## CHAPTER-I

### OVERVIEW

This chapter provides an overview of the structure of the Government accounts, budgetary processes, macro-fiscal analysis of key indices and the Union Territory (UT) of Jammu and Kashmir's key fiscal position.

#### 1.1 Profile of the Union Territory of Jammu and Kashmir

The Union Territory (UT) of Jammu and Kashmir is located in the Himalayan region of the northern part of India. It has two divisions - Jammu and Kashmir - and has 20 districts. It has two capitals - Jammu during winter and Srinagar during summer. The projected population of the UT of Jammu and Kashmir for the year 2023 is 1.36 crore. Kashmiri, Dogri, Hindi, Urdu and English are the major languages of the UT. The erstwhile State's literacy rate was 67.20 *per cent* as per 2011 Census. (*Appendix 1.1*).

##### 1.1.1 Gross State Domestic Product of the Union Territory of Jammu and Kashmir

Gross State Domestic Product (GSDP) is the value of all goods and services produced within the boundaries of the UT in a given period of time. The growth of GSDP is an important indicator of the economy, as it denotes the extent of changes in the level of economic development of the State/UT over a period of time.

Changes in sectoral contribution to GSDP is also important to understand the changing structure of the economy. Economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to Agriculture, Industry and Service sectors.

Trends in GSDP compared to GDP during the period 2019-20 to 2022-23 are shown in **Table 1.1**.

**Table 1.1: GSDP compared to GDP**

|   | (₹ in crore)                        |                                     |                                     |                     |
|---|-------------------------------------|-------------------------------------|-------------------------------------|---------------------|
| Year  | 2019-20                             | 2020-21                             | 2021-22                             | 2022-23             |
| <b>INDIA</b>  |                                     |                                     |                                     |                     |
| GDP (2011-12 Series)  | 2,01,03,593<br>(3 <sup>rd</sup> RE) | 1,98,29,927<br>(2 <sup>nd</sup> RE) | 2,34,71,012<br>(1 <sup>st</sup> RE) | 2,72,40,712<br>(PE) |
| GVA   | 1,83,81,117                         | 1,81,88,780                         | 2,14,38,883                         | 2,47,42,871         |
| Growth rate of GDP over previous year (in <i>per cent</i> ) | 6.37                                | -1.36                               | 18.36                               | 16.06               |
| Growth rate of GVA over previous year (in <i>per cent</i> ) | 7.02                                | -1.05                               | 17.87                               | 15.41               |
| Per Capita GDP (in ₹)                                       | 1,49,915                            | 1,46,301                            | 1,71,498                            | 1,96,983            |
| <b>Union Territory</b>                                      |                                     |                                     |                                     |                     |
| GSDP (2011-12 Series)                                       | 1,64,103                            | 1,67,652                            | 1,99,917                            | 2,27,927            |
| GSPA  | 1,53,827                            | 1,54,512                            | 1,83,021                            | 2,11,031            |

| Year   | 2019-20  | 2020-21  | 2021-22  | 2022-23  |
|--|----------|----------|----------|----------|
| Growth rate of GSDP over previous year (in per cent) | N/A*     | 2.16     | 19.25    | 14.01    |
| Growth rate of GSVA over previous year (in per cent) | N/A*     | 0.44     | 18.45    | 15.30    |
| Per Capita GSDP (in ₹)                               | 1,23,730 | 1,25,441 | 1,48,472 | 1,68,063 |

Source: Ministry of Statistics and Programme Implementation (MOSPI), GoI website.

RE =Revised Estimates and PE= Provisional Estimates.

\* Erstwhile State of J&K was bifurcated into two UTs w.e.f 31 October 2019.

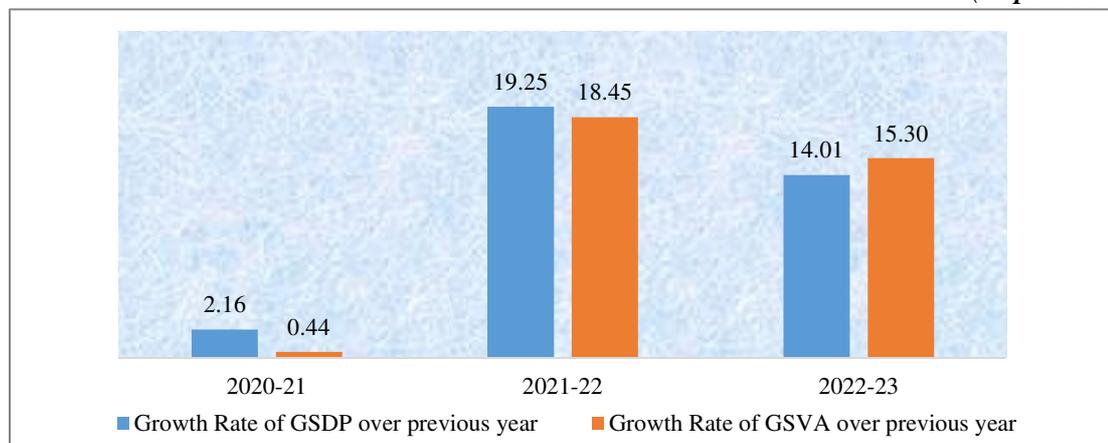
The Gross State Domestic Product (GSDP) in 2022-23 at current prices was ₹2,27,927 crore while GDP at current prices was ₹2,72,40,712 crore. The per capita GSDP of ₹1,68,063 in respect of the UT for the year 2022-23 was less than the per capita GDP of ₹1,96,983 of the country. However, the per capita GSDP in respect of the UT of J&K increased by 35.83 per cent from ₹1,23,730 in 2019-20 to ₹1,68,063 in 2022-23 as against increase of 31.40 per cent in per capita GDP of the country during the same period.

Gross Value Added (GVA) is being used for economic analysis by Government of India (GoI) and multilateral organisations like IMF and World Bank. GVA is considered a better indicator of economic growth compared to GDP as it ignores the impact of taxes and subsidies, while GDP is computed as the sum total of the various expenditures incurred in the economy including private consumption spending, Government consumption spending and gross fixed capital formation or investment spending, reflecting essentially on the demand conditions in the economy. Both measures have differences in treatment of net taxes as a result of which the inclusion of taxes in GDP may differ from the real output situation. From a policymaker's perspective it is therefore vital to have a comparison of GVA and GSVA data for better analysis and making policy interventions.

The trends in growth of GSDP and GSVA for the period 2020-21 to 2022-23 and sectoral growth in GSVA are indicated in **Chart 1.1** and **Chart 1.2** respectively.

**Chart 1.1: Growth rate of GSDP vs GSVA 2020-21 to 2022-23**

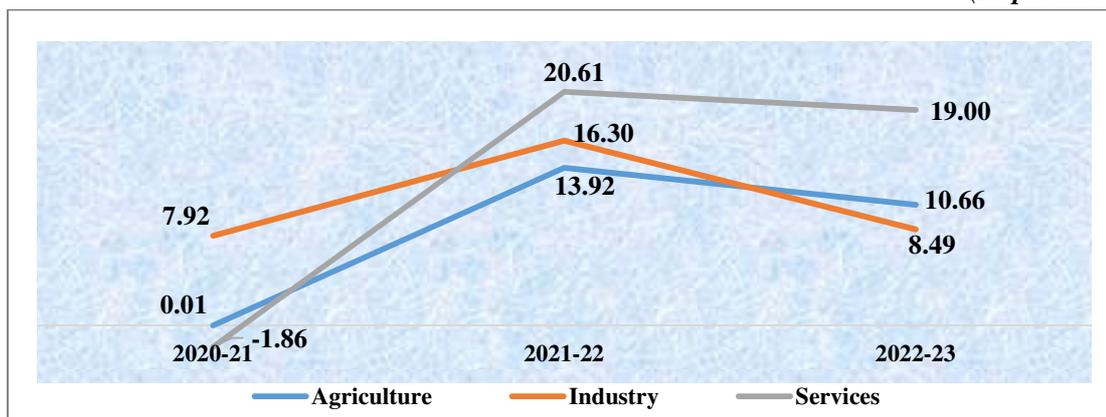
*(In per cent)*



Source: Ministry of Statistics and Programme Implementation GoI

Chart 1.2: Sectoral growth in GSVA during 2020-21 to 2022-23

(In per cent)



Source: Directorate of Economics and Statistics, J&K Government

During 2022-23, GSVA increased by ₹28,010 crore (15.30 per cent) over the previous year. The growth of GSVA was due to increase under all three contributing sectors viz, Agriculture, Industry and Services. The overall growth in GSVA during 2022-23 was lesser in comparison to 18.45 per cent increase noticed during 2021-22. The growth in all the contributing sectors viz, Agriculture, Industry and Services was less in comparison to growth during 2021-22.

There was significant increase in growth in some activities i.e trade and repair services (39.80 per cent), air transport (53.09 per cent), financial services (9.60 per cent), and real estate and ownership of dwelling & professional services (17.62 per cent).

## 1.2 Basis and Approach to Union Territory Finances Audit Report

In terms of Section 72 of Jammu and Kashmir Reorganisation Act, 2019, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of UT of Jammu and Kashmir are to be submitted to the Lieutenant Governor of the UT, who shall cause them to be laid before the Legislature of the UT.

Principal Accountant General (Accounts and Entitlements) prepares the Finance Accounts and Appropriation Accounts of the UT of Jammu and Kashmir from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the Government of UT of Jammu and Kashmir and the statements received from the Reserve Bank of India. These accounts are audited independently by the Principal Accountant General (Audit) and certified by the CAG.

Finance Accounts and Appropriation Accounts of the UT constitute the core data for this report. Other sources include the following:

- Budget of the UT: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;

- Results of audit carried out by the Office of the Principal Accountant General (Audit);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other UT related statistics; and
- Various audit reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the Fiscal Responsibility and Budget Management Act and best practices and guidelines of the Government of India. An entry conference was held on 23 August 2023 and the draft Audit Report was initially sent to the Government on 19 September 2023. However, in view of certain changes in the Appropriation Accounts 2022-23, the modified report was again sent to the Government on 9 April 2024. An exit conference was held with the Principal Secretary, Finance Department, Jammu and Kashmir Government on 30 April 2024. Departmental replies in respect of various audit findings received on 30 April 2024 and 14 May 2024 have been suitably incorporated in the Report.

### **1.3 Overview of Government Accounting Structure and Budgetary Processes**

The accounts of the Government of UT of Jammu and Kashmir are kept in three parts:

**1. Consolidated Fund of the Union Territory of Jammu and Kashmir (Section 67 of the Jammu and Kashmir Re-organisation Act, 2019)**

This Fund comprises all revenues received in the UT of Jammu and Kashmir by the Government of India or Lieutenant Governor of the UT of Jammu and Kashmir in relation to any matter with respect to which the Legislative Assembly of the UT of Jammu and Kashmir has power to make laws, and all grants made and all loans advanced to the UT of Jammu and Kashmir from the Consolidated Fund of India and all loans raised by the Government of India or the Lieutenant Governor of the UT of Jammu and Kashmir upon the security of the Consolidated Fund of the UT of Jammu and Kashmir and all moneys received by the UT of Jammu and Kashmir in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in the Jammu and Kashmir Re-organisation Act, 2019.

**2. Contingency Fund of the Union Territory of Jammu and Kashmir (Section 69 of the Jammu and Kashmir Re-organisation Act, 2019)**

This Fund is in the nature of an imprest, which is established by the Legislature by law, and is placed at the disposal of the Lieutenant Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the Legislature of UT of Jammu and Kashmir. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the UT of Jammu and Kashmir.

**3. Public Accounts of the Union Territory of Jammu and Kashmir (Section 68 of the Jammu and Kashmir Re-organisation Act, 2019)**

Apart from the above, all other public moneys received by or on behalf of the Lieutenant Governor, shall be credited to a Public Account entitled the Public Account of the UT of Jammu and Kashmir. The Public Account includes re-payables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

### Budget Document

There is a constitutional requirement under Section 41 of the Jammu and Kashmir Re-organisation Act, 2019 to present before the legislature of the UT, a statement of estimated receipts and expenditures of the government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on revenue account from other expenditures.

**Revenue receipts** consist of tax revenue, non-tax revenue, and grants from Government of India.

**Revenue expenditure** consists of all those expenditures of the Government of UT, which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

**Capital Receipts** consist of:

- **Debt Receipts:** Market Loans, Bonds, Loans from financial institutions, Net transactions under Ways and Means Advances, Loans and Advances from Central Government, etc.;
- **Non-debt Receipts:** Proceeds from disinvestment, Recoveries of loans and advances, etc.

**Capital Expenditure** includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

At present, there is an accounting classification system in Government that is both functional and economic.

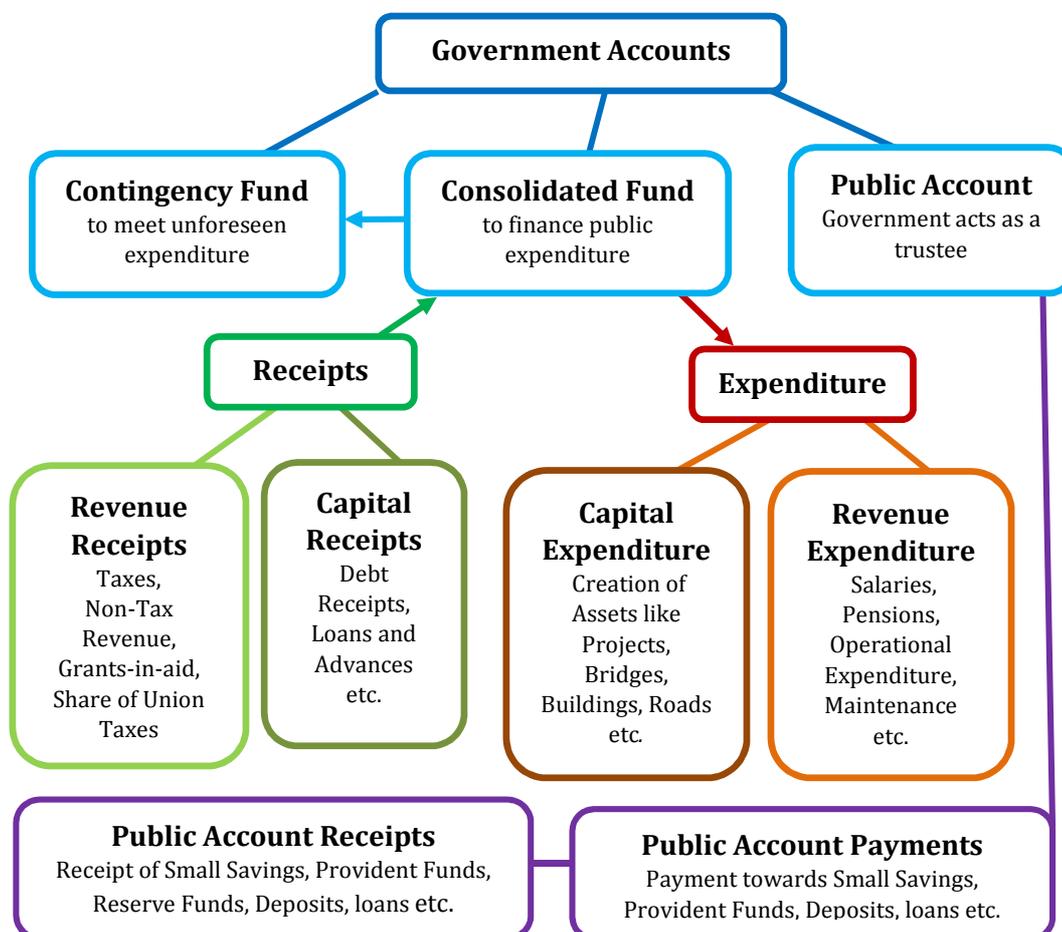
|   | Attribute of transaction                      | Classification                                  |
|---|---|---|
| Standardised in List of Major and Minor Heads by Controller General of Accounts | Function- Education, Health, etc. /Department | Major Head under Grants (4-digit)               |
|   | Sub-Function                                  | Sub Major head (2-digit)                        |
|   | Programme                                     | Minor Head (3-digit)                            |
| Flexibility left for States/UT  | Scheme  | Sub-Head (2-digit)                              |
|   | Sub scheme                                    | Detailed Head (2-digit)                         |
|   | Economic nature/Activity                      | Object Head-salary, minor works, etc. (2-digit) |

The functional classification lets one know the department, function, scheme, or programme and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt etc. Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance 0 and 1 is for revenue receipts, 2 and 3 for revenue expenditure etc. Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally ‘Salary’ object head is revenue expenditure, ‘construction’ object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

### 1.3.1 Structure of Government Accounts

The structure of Government accounts is depicted in **Chart 1.3**.

**Chart 1.3: Structure of Government Accounts**



**Public Debt and Public Liability:** In this Report, ‘Public Debt’ has been taken to comprise market borrowings, institutional loans, special securities issued to National Small Savings Fund (NSSF), loans given by Central Government etc. For this purpose the major heads 6003 and 6004- Public Debt have been taken into consideration.

Further, the transactions relating to ‘Small Savings, Provident Fund etc.’, ‘Reserve Funds’ and ‘Deposit and Advances’ under Public Account are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid. The transactions relating to ‘Remittances’ and ‘Suspense’ under Public Account include merely adjusting heads such as transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this Report, ‘Public Liability’ has been taken to include the transactions under major heads 8001 to 8554 relating to ‘Small Savings Provident Fund, etc.’, ‘Reserve Funds’ and ‘Deposits and Advances’ along with the transactions under major heads 6003 and 6004.

### **1.3.2 Budgetary Process**

In terms of Section 41 of the Jammu and Kashmir Reorganisation Act 2019, the Lieutenant Governor of UT of Jammu and Kashmir shall cause to be laid before the Legislative Assembly, a statement of the estimated receipts and expenditure of the UT, in the form of an Annual Financial Statement. In terms of Section 42, the statement is to be submitted to the legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the legislature under Section 43 to provide for appropriation of the required money out of the Consolidated Fund.

In pursuance of Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O 3938 (E) dated 31 October 2019 issued consequent upon the proclamation issued on 31<sup>st</sup> day of October 2019, Gazette of India, Extraordinary, Part (II), Section 3, Sub section (ii), S.O. 3937(E) dated 31<sup>st</sup> October, 2019, under Section 73 of Jammu and Kashmir Re-organisation Act, 2019, read with Article 239 and 239A of the Constitution and Section 74 of the Jammu and Kashmir Re-organisation Act, 2019, the bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of the UT of Jammu and Kashmir, of the moneys required to meet the expenditure *charged* on the Consolidated Fund and the grants made for the expenditure of the UT of Jammu and Kashmir for the financial year 2022-23 was introduced in Parliament (Lok Sabha) on 14 March 2022. It was passed by both the Houses on 14 March 2022 (Lok Sabha) and 23 March 2022 (Rajya Sabha) and was assented to by the President of India on 25 March 2022. The comments arising out of audit of Appropriation Accounts of UT of Jammu and Kashmir for the period 2022-23 are given in **Chapter 3** of this Report.

## 1.4 Snapshot of Finances

Time series data on the finances of the UT of Jammu and Kashmir for the period 2019-20<sup>1</sup> to 2022-23 is given in **Appendix 1.2**. The position of budget estimate (BE), revised estimates (RE) and actuals in respect of some components for the year 2022-23 have been shown in **Table 1.2**.

**Table 1.2: Actuals vs Budget for the year 2022-23**

(₹ in crore)

| Sl. No. | Components  | Actuals 2021-22 | Budget Estimate 2022-23 | Revised Estimate 2022-23 | Actuals 2022-23  | Percentage of actuals to B.E. | Percentage of actuals to R.E. | Percentage of actuals to GSDP |
|---------|---|-----------------|-------------------------|--------------------------|------------------|-------------------------------|-------------------------------|-------------------------------|
| 1       | Tax Revenue                                       | 11,707          | 16,666                  | 16,303                   | 12,335.47        | 74.02                         | 75.66                         | 5.41                          |
|         | (i) Own Tax Revenue                               | 11,707          | 16,666                  | 16,303                   | 12,335.47        | 74.02                         | 75.66                         | 5.41                          |
|         | (ii) Share of Union Taxes and Duties              | -               | 0                       | 0                        | 0                | -                             | -                             | -                             |
| 2       | Non-Tax revenue                                   | 4,840           | 8,648                   | 9,225                    | 5,147.55         | 59.52                         | 55.80                         | 2.26                          |
| 3       | Grants-in-aid and Contributions                   | 42,691          | 68,206                  | 69,120                   | 51,492.93        | 75.50                         | 74.50                         | 22.59                         |
| 4       | Additional Resource Mobilisation <sup>2</sup>     | 0               | 8,802                   | 2,484                    | 0                | 0                             | 0                             | 0                             |
| 5       | <b>Revenue Receipts (1+2+3+4)</b>                 | <b>59,238</b>   | <b>1,02,322</b>         | <b>97,132</b>            | <b>68,975.95</b> | <b>67.41</b>                  | <b>71.01</b>                  | <b>30.26</b>                  |
| 6       | Recovery of Loans and Advances                    | 1               | 5                       | 5                        | 1.33             | 26.6                          | 26.6                          | 0                             |
| 7       | Other Receipts                                    | 0               | 1,053                   | 82                       | 0                | 0                             | 0                             | 0                             |
| 8       | Borrowings and other Liabilities#                 | 11,151*         | 9,570                   | 9,570                    | 4,855.37         | 50.74                         | 50.74                         | 2.13                          |
| 9       | <b>Capital Receipts (6+7+8)</b>                   | <b>11,152</b>   | <b>10,628</b>           | <b>9,657</b>             | <b>4,856.70</b>  | <b>45.70</b>                  | <b>50.29</b>                  | <b>2.13</b>                   |
| 10      | <b>Total Receipts (5+9)</b>                       | <b>70,390</b>   | <b>1,12,950</b>         | <b>1,06,789</b>          | <b>73,832.65</b> | <b>65.37</b>                  | <b>69.14</b>                  | <b>32.39</b>                  |
| 11      | <b>Revenue Expenditure</b>                        | <b>59,269</b>   | <b>71,615</b>           | <b>75,004</b>            | <b>62,999.34</b> | <b>87.97</b>                  | <b>83.99</b>                  | <b>27.64</b>                  |
| 12      | Interest payments                                 | 7,360           | 7,425                   | 9,076                    | 8,493.82         | 114.39                        | 93.59                         | 3.73                          |
| 13      | <b>Capital Expenditure and Loans and Advances</b> | <b>11,121</b>   | <b>41,335</b>           | <b>31,785</b>            | <b>10,833.31</b> | <b>26.21</b>                  | <b>34.08</b>                  | <b>4.75</b>                   |
| 14      | Capital Expenditure                               | 11,047          | 41,226                  | 31,667                   | 10,773.78        | 26.13                         | 34.02                         | 4.73                          |
| 15      | Loans and advances                                | 74              | 109                     | 118                      | 59.53            | 54.61                         | 50.45                         | 0.03                          |

<sup>1</sup> From 31 October 2019 (the date of creation of Union Territory of Jammu and Kashmir).

<sup>2</sup> BE 2022-23 includes Additional Resource Mobilisation (ARM)/ Channelising Resources into System Pool (CRISP) of ₹5,802 crore and Asset Monetisation of ₹3,000 crore. RE 2022-23 includes ARM/ CRISP/ Asset Monetisation of ₹2,484 crore.

| Sl. No. | Components                              | Actuals 2021-22 | Budget Estimate 2022-23 | Revised Estimate 2022-23 | Actuals 2022-23  | Percentage of actuals to B.E. | Percentage of actuals to R.E. | Percentage of actuals to GSDP |
|---------|---|-----------------|-------------------------|--------------------------|------------------|-------------------------------|-------------------------------|-------------------------------|
| 16      | Appropriation to Contingency Fund       | 0               | 0                       | 0                        | 0                | 0                             | 0                             | 0                             |
| 17      | <b>Total Expenditure (11+13+16)</b>     | <b>70,390</b>   | <b>1,12,950</b>         | <b>1,06,789</b>          | <b>73,832.65</b> | <b>65.37</b>                  | <b>69.14</b>                  | <b>32.39</b>                  |
| 18      | <b>Revenue Deficit /Surplus (5-11)</b>  | <b>-31</b>      | <b>+30,707</b>          | <b>+22,128</b>           | <b>+5,976.61</b> | <b>19.46</b>                  | <b>27.01</b>                  | <b>+2.62</b>                  |
| 19      | <b>Fiscal Deficit {17-(5+6+7)}</b>      | <b>-11,151</b>  | <b>-9,570</b>           | <b>-9,570</b>            | <b>-4,855.37</b> | <b>50.74</b>                  | <b>50.74</b>                  | <b>-2.13</b>                  |
| 20      | <b>Primary Deficit/ Surplus (19-12)</b> | <b>-3,791</b>   | <b>-2,145</b>           | <b>-494</b>              | <b>+3,638.45</b> | <b>169.62</b>                 | <b>736.53</b>                 | <b>+1.60</b>                  |

Source: Budget 2022-23 and Finance Accounts 2022-23.

#Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

\* Includes ₹3,845.49 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

During 2022-23, revenue receipts increased by 16 per cent with respect to the previous year but fell short of the budget estimates by 33 per cent and revised estimates by 29 per cent. UT's own tax revenue increased by five per cent and non-tax revenue increased by six per cent with respect to the previous year.

During 2022-23, the increase of ₹9,738 crore (16.44 per cent) in revenue receipts was comparatively more than the increase of ₹3,730 crore (6.29 per cent) in revenue expenditure over the previous year. This led to revenue surplus of ₹5,976.61 crore during 2022-23 as against the revenue deficit of ₹31 crore during 2021-22. In addition to the increase in revenue receipts, decrease of ₹273 crore (2.47 per cent) in capital expenditure over the previous year was the major reason for decrease of fiscal deficit from ₹11,151 crore in 2021-22 to ₹4,855.37 crore in 2022-23.

Fiscal deficit and primary deficit during 2022-23 were within the projections estimated in the budget. However, the revenue surplus of ₹5,976.61 crore during 2022-23 was less than the amount projected in the budget estimates (₹30,707 crore) and revised estimates (₹22,128 crore).

Goods and Services Tax (GST) compensation is revenue of the UT Government under GST (Compensation to States) Act, 2017. During the current year, Government of Jammu and Kashmir received ₹418.12 crore as GST compensation.

#### 1.4.1 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.2** gives an abstract of receipts and disbursements during 2022-23 and the summarised financial position of liabilities and assets as on 31 March 2023, compared with the corresponding position of the previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, while the assets comprise mainly

the capital expenditure and loans and advances given by the UT Government and cash balances. Summarised position of assets and liabilities is depicted in **Table 1.3**.

**Table 1.3: Summarised position of Assets and Liabilities**

(₹ in crore)

| Liabilities              |                                      |               |               |                            | Assets |  |               |               |                            |
|--------------------------|--------------------------------------|---------------|---------------|----------------------------|--------|--|---------------|---------------|----------------------------|
|                          |                                      | 2021-22       | 2022-23       | Per cent increase/decrease |        |  | 2021-22       | 2022-23       | Per cent increase/decrease |
| <b>Consolidated Fund</b> |                                      |               |               |                            |        |  |               |               |                            |
| A                        | Internal Debt                        | 19,306        | 23,474        | 21.59                      | A      | Gross Capital Expenditure                              | 26,940        | 37,713        | 39.99                      |
| B                        | Loans and Advances from GoI*         | 5,832         | 5,711         | (-2.07)                    | B      | Loans and Advances                                     | 168           | 227           | 35.12                      |
| <b>Contingency Fund</b>  |                                      |               |               |                            |        |  |               |               |                            |
| A                        | Contingency Fund                     | 25            | 25            | 0                          | A      | Contingency Fund                                       | -             | -             | -                          |
| <b>Public Account</b>    |                                      |               |               |                            |        |  |               |               |                            |
| A                        | Small Savings, Provident Funds, etc. | 1,592         | 1,018         | -36.06                     | A      | Remittances  | 698           | 688           | (-1.43)                    |
| B                        | Deposits                             | 1,686         | 2,393         | 41.93                      | B      | Cash balance (including investment in Earmarked Funds) | 1,448         | 1,448         | 0                          |
| C                        | Remittances                          | -             | -             | -                          | C      | Suspense and Misc. Balances                            | -             | -             | NA                         |
| D                        | Reserve Funds                        | 920           | 1,296         | 40.87                      |        |  |               |               |                            |
| E                        | Suspense and Misc Balances           | 249           | 538           | 116.06                     |        |  |               |               |                            |
|                          | <b>Total</b>                         | <b>29,610</b> | <b>34,455</b> | <b>16.36</b>               |        | <b>Total</b>   | <b>29,254</b> | <b>40,076</b> | <b>36.99</b>               |
|                          | Excess receipt over expenditure      | -             | 5,621         | NA                         | D      | Excess Expenditure over receipt                        | 356           | -             | (-100)                     |
|                          | <b>Total</b>                         | <b>29,610</b> | <b>40,076</b> | <b>35.35</b>               |        | <b>Total</b>   | <b>29,610</b> | <b>40,076</b> | <b>35.35</b>               |

Source: Finance Accounts.

\* Includes back-to-back loans of ₹5,945.29 crore (₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively), in lieu of GST Compensation shortfall, which are not to be repaid by the UT Government from its resources.

In addition, assets and liabilities of the erstwhile State of Jammu and Kashmir ending 30 October 2019 are yet to be distributed between UT of Jammu and Kashmir and UT of Ladakh.

During the exit conference (April 2024), the Department stated that the UT Government is also making re-payment of the liabilities related to the erstwhile State of Jammu and Kashmir, and this fact should also be considered.

Since the current Report relates to the UT Government, the figures relating to the UT Government only are indicated in the various tables and charts of the Report. Issues relating to the erstwhile State have been mentioned separately in the Report.

## 1.5 Fiscal Balance: Achievement of Deficit and Total Debt Targets

As per the Statements laid under FRBM Act in the Parliament by the UT of Jammu and Kashmir, no rolling targets for the fiscal indicators were specified for the year 2022-23 in respect of UT of Jammu and Kashmir.

### 1.5.1 Fiscal Parameters of the Union Territory of Jammu and Kashmir

Position of fiscal indicators like deficits and debt during the period 2020-21 to 2022-23 in respect of UT of Jammu and Kashmir were as under:

**Table 1.4: Fiscal indicators of UT during the period 2020-21 to 2022-23**

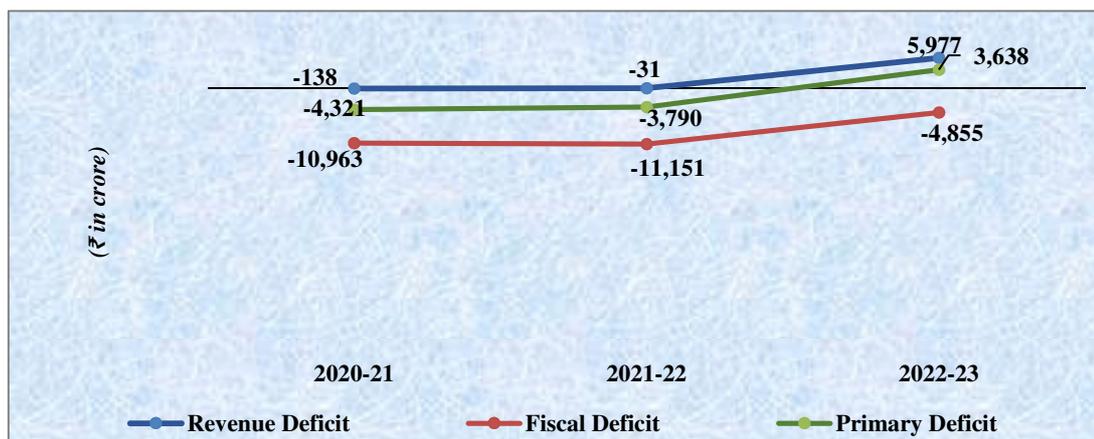
| Fiscal Parameters  | 2020-21       | 2021-22       | 2022-23      |
|--|---------------|---------------|--------------|
| Revenue Deficit (-) / Surplus (+)<br>(₹ in crore)              | (-) 138.27    | (-) 30.83     | (+) 5,976.61 |
| Fiscal Deficit (-) / Surplus (+)<br>(₹ in crore)               | (-) 10,693.36 | (-) 11,150.60 | (-) 4,855.37 |
| Primary Deficit (-)/Surplus (+)                                | (-) 4,320.90  | (-) 3,790.29  | (+) 3,638.45 |
| Ratio of total outstanding liability* to<br>GSDP (in per cent) | 8.88          | 11.70         | 12.26        |
| Revenue Surplus/Revenue Deficit as<br>per cent of GSDP         | (-) 0.08      | (-) 0.02      | (+) 2.62     |
| Fiscal Deficit as per cent of GSDP                             | (-) 6.38      | (-) 5.58      | (-) 2.13     |
| Primary Deficit as per cent of GSDP                            | (-) 2.58      | (-) 1.90      | (+) 1.60     |

Source: Finance Accounts 2020-21 to 2022-23

\*Outstanding liabilities excludes the back-to-back loans of ₹2,099.80 crore and ₹3,845.49 crore received from the GoI during 2020-21 and 2021-22 respectively, as they were not to be treated as debt of the UT for any norms, as per the guidelines (August 2020).

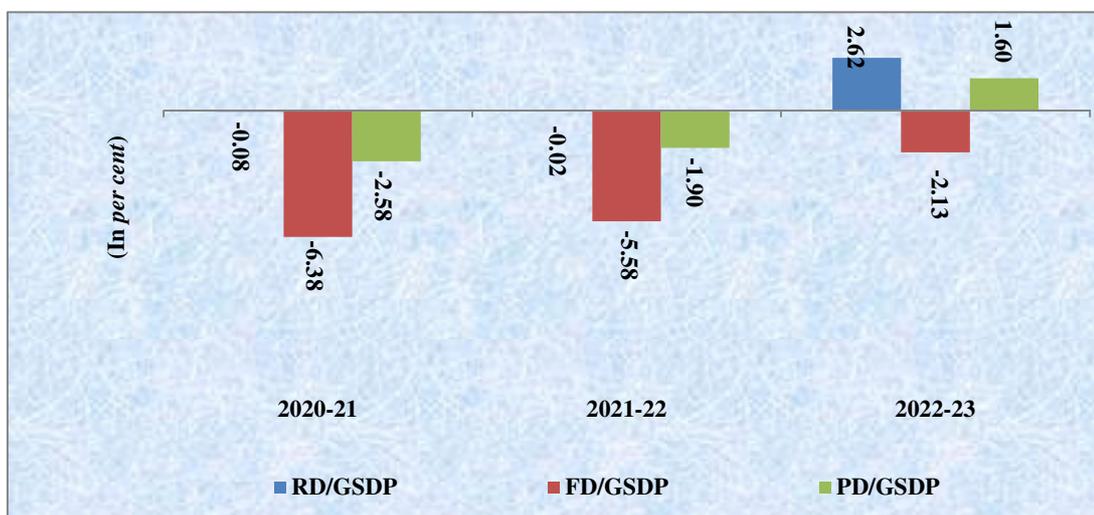
**Charts 1.4 and 1.5** present the trends in deficit/ surplus parameters and trends relative to GSDP respectively over the period 2020-23.

Chart 1.4: Trends in Deficit/Surplus parameters during 2020-21 to 2022-23



(Source: Finance Accounts)

Chart 1.5: Trends in Deficit/Surplus relative to GSDP



(Source: Finance Accounts)

**Revenue deficit** indicates excess of revenue expenditure over revenue receipts. In terms of Jammu and Kashmir FRBM Act, 2006, the Government shall maintain revenue surplus and initiate steps for progressive strengthening of surplus. Although UT of Jammu and Kashmir had revenue deficit during 2020-21 and 2021-22, however there was revenue surplus of ₹5,976.61 crore during 2022-23.

**Fiscal deficit**, which represents total borrowings of the Government i.e. its total resource gap, decreased from ₹11,150.60 crore (5.58 per cent of GSDP) in 2021-22 to ₹4855.37 crore (2.13 per cent of GSDP) in 2022-23. Fiscal liabilities had been on the rise as it increased by 87.81 per cent from ₹14,880.48 crore in 2020-21 to ₹27,946.64 crore in 2022-23. The ratio of total outstanding liability to GSDP continuously increased from 8.88 per cent in 2020-21 to 12.26 per cent in 2022-23.

**Primary deficit**, which indicates the excess of primary expenditure (total expenditure net of interest payments) over non-debt receipts, was ₹4,320.90 crore (2.58 per cent of GSDP) in 2020-21 and ₹3,790.29 crore (1.90 per cent of GSDP) in 2021-22. However, there was a primary surplus of ₹3,638.45 crore during 2022-23.

## 1.6 Deficits after examination in Audit

In order to present a better picture of UT finances, there is a tendency to classify revenue expenditure as capital expenditure and to conduct off-budget fiscal operations.

### 1.6.1 Post Audit - Deficits

As per the FRBM Act, the UT Government must ensure compliance to the targets fixed for the fiscal indicators such as deficits, ceiling on debt and on guarantees, etc. The revenue deficit and the fiscal deficit as worked out for the UT gets impacted due to various circumstances such as misclassification of revenue expenditure as capital and off-budget fiscal operations. Besides, deferment of clear-cut liabilities, not depositing cess/ royalty to Consolidated Fund, short contribution to New Pension Scheme, Sinking Fund and Guarantee Redemption Fund, etc. also impacts the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the effect of misclassification of revenue expenditure/capital outlay and/or any such misclassification needs to be included and the impact of such irregularities needs to be reversed. Analysis of deficits after examination in audit are given in **Table 1.5**.

**Table 1.5: Revenue and Fiscal Deficit, post examination by Audit**

| Sl. No.                 | Item  | Impact on Revenue Deficit {Understated (+) / overstated (-)}<br>(₹ in crore) | Impact on Fiscal Deficit<br>(Under Statement)<br>(₹ in crore) |
|-------------------------|---|--|---|
| 1                       | Misclassification between Revenue and Capital                               | 219.13   | -   |
| 2                       | Non-payment of interest on State Compensatory Afforestation Fund MH 8121    | 25.61  | 25.61   |
| 3                       | Non-payment of interest on State Compensatory Afforestation Deposit MH 8336 | 16.21  | 16.21   |
| <b>Total Net impact</b> |   | <b>260.95</b>  | <b>41.82</b>  |

Source: Finance Accounts.

There was revenue surplus of ₹5,976.61 crore in the accounts of UT of Jammu and Kashmir for the year 2022-23, which was overstated by ₹260.95 crore (4.57 per cent) due to misclassification of revenue expenditure of ₹219.13 crore (Grants-in-aid: ₹191.10 crore and Subsidy: ₹28.03 crore) as capital expenditure and non-payment of Interest on State Compensatory Afforestation Fund (₹25.61 crore) and State Compensatory Afforestation Deposit (₹16.21 crore). There was fiscal deficit of ₹4,855.37 crore during 2022-23 which was understated by ₹41.82 crore (0.85 per cent) due to non-payment of interest on State Compensatory Afforestation Fund and State Compensatory Afforestation Deposit as shown in the table above.

After considering the above transactions, the revenue surplus and fiscal deficit during 2022-23 works out to ₹5,715.66 crore (2.51 per cent of GSDP) and ₹4,897.19 crore (2.15 per cent of GSDP) respectively.

### 1.6.2 Post Audit – Total Public Debt

As per the Jammu and Kashmir Fiscal Responsibility and Budget Management Act, 2006, total liabilities mean the liabilities under the Consolidated Fund and the Public Account and includes borrowings by the public sector undertakings and special purpose vehicles and other equivalent instruments including guarantees where the principal and /or interest are to be serviced out of the budget. The outstanding debt/liabilities can be split into various components as given in **Table 1.6**.

**Table 1.6: Components of outstanding debt/liabilities as on 31 March 2023**

| <i>(₹ in crore)</i>  |                  |
|--|------------------|
| <b>Borrowings and other liabilities as per Finance Accounts</b>                        | <b>Amount</b>    |
| <b>Internal Debt (A)</b>   | <b>23,473.66</b> |
| Market Loans   | 21,345.21        |
| Loans from other institutions, etc.  | 34.87            |
| Compensation and other bonds   | -567.75          |
| Ways and means advances from RBI   | -576.07          |
| Special Securities issued to the National Small Savings Fund of the Central Government | 3,237.40         |
| <b>Loans and Advances from Central Government (B)</b>                                  | <b>5,711.74</b>  |
| Non-plan loans   | 0                |
| Loans for State/UT Plan Schemes  | (-) 412.46       |
| Others   | 6,124.20*        |
| <b>Liabilities upon Public Accounts (C)</b>  | <b>4,706.53</b>  |
| Small Savings, Provident Funds, etc.   | 1,017.71         |
| Deposits   | 2,393.09         |
| Reserve Funds  | 1,295.73         |
| <b>Total (A+B+C)</b>   | <b>33,891.93</b> |

Source: Finance Accounts. Liabilities upon Public Account is excluding Suspense & Miscellaneous and Remittance heads.

\* Includes ₹5,945.29 crore (₹2,099.80 crore in 2020-21 & ₹3,845.49 crore in 2021-22) as back-to-back loans from GoI in lieu of GST Compensation shortfall.

At the end of the year 2022-23, the overall outstanding debt/liabilities of the UT were understated by ₹23,762.09 crore by not accounting for Suspense and Miscellaneous: ₹538.23 crore (credit balance), Remittances: ₹687.67 crore (debit balance) and off-budget borrowings: ₹23,911.53 crore<sup>3</sup> (credit balance) thereby understating the same with respect to GSDP by 10.43 per cent. Taking into account the above off-budget borrowings, remittances and suspense and miscellaneous balances, the ratio of liabilities to GSDP will increase from 12.26 per cent to 22.69 per cent. There is also borrowing of the erstwhile State of Jammu and Kashmir ending 30 October 2019 amounting to ₹82,050.50 crore which is yet to be bifurcated between the two successor UTs.

<sup>3</sup> JKIDFC: ₹2,297.90 crore; JKPCL: ₹21,613.63 crore.

The Principal Secretary, Finance Department stated (May 2024) that the UT of J&K faces fiscal challenges due to high committed expenditure on salary, pensions, interest and power purchase. To address the fiscal challenges, the Ministry of Home Affairs (MHA) has upscaled the central assistance in recent years. Apart from this assistance, MHA has also provided incentives for industrialisation and equity support for hydro-electric projects. On its part, the UT Government initiated several reforms to restrain revenue expenditure, cut down wasteful expenditure and increase capital expenditure. These reforms aimed to address high staffing costs, high ATC losses, weak revenue base, low non-tax revenue and subsidy leakages.



**Chapter-II**  
**Finances of the Union Territory**



## CHAPTER-II

### FINANCES OF THE UNION TERRITORY

This chapter provides a broad perspective of the finances of the Government of Jammu and Kashmir (UT) during the year 2022-23.

#### 2.1 Major changes in Key Fiscal Aggregates *vis-à-vis* 2021-22

The major key fiscal aggregates of the UT for the year 2022-23 have been compared with fiscal aggregates for the year 2021-22.

##### Changes in key fiscal aggregates during 2022-23 w.r.t. 2021-22

|                     |  |
|---------------------|--|
| Revenue Receipts    | <ul style="list-style-type: none"><li>✓Revenue receipts increased by 16.44 <i>per cent</i>.</li><li>✓Own Tax receipts increased by 5.37 <i>per cent</i>.</li><li>✓Own Non-tax receipts increased by 6.34 <i>per cent</i>.</li><li>✓Grants-in-Aid from Government of India increased by 20.62 <i>per cent</i>.</li></ul>  |
| Revenue Expenditure | <ul style="list-style-type: none"><li>✓Revenue expenditure increased by 6.29 <i>per cent</i>.</li><li>✓Revenue expenditure on General Services increased by 5.14 <i>per cent</i>.</li><li>✓Revenue expenditure on Social Services increased by 9.80 <i>per cent</i>.</li><li>✓Revenue expenditure on Economic Services increased by 1.80 <i>per cent</i>.</li></ul>  |
| Loans and Advances  | <ul style="list-style-type: none"><li>✓Disbursement of Loans and Advances decreased by 19.30 <i>per cent</i>.</li><li>✓Recoveries of Loans and Advances increased by 29.13 <i>per cent</i>.</li></ul>  |
| Capital Expenditure | <ul style="list-style-type: none"><li>✓Capital expenditure decreased by 2.47 <i>per cent</i>.</li><li>✓Capital expenditure on General Services increased by 66.67 <i>per cent</i>.</li><li>✓Capital expenditure on Social Services decreased by 0.34 <i>per cent</i>.</li><li>✓Capital expenditure on Economic Services decreased by 9.18 <i>per cent</i>.</li></ul> |
| Public Debt         | <ul style="list-style-type: none"><li>✓Public Debt Receipts decreased by 29.48 <i>per cent</i>.</li><li>✓Repayment of Public Debt decreased by 18.06 <i>per cent</i>.</li></ul>  |

|                 |   |
|-----------------|---|
| Public Accounts | ✓Public Account Receipts increased by 30.27 per cent.<br>✓Disbursement of Public Account increased by 21.42 per cent. |
| Cash Balance    | ✓Cash balance increased by ₹0.66 crore during 2022-23 compared to previous year.                                      |

## 2.2 Sources and Application of Funds

Comparison of the components of the sources and application of funds of the UT during the current year with those of the previous year is given in **Table 2.1**.

**Table 2.1: Details of Sources and Application of funds during 2021-22 and 2022-23**

| (₹ in crore)       |   |                  |                  |   |
|--------------------|---|------------------|------------------|---|
|                    | Particulars   | 2021-22          | 2022-23          | Increase (+)/<br>decrease (-)<br>(per cent) |
| <b>Sources</b>     | Opening Cash Balance with RBI and other cash balances | 1,447.69         | 1,447.65         | -0.04<br>(0.003)                            |
|                    | Revenue Receipts                                      | 59,238.50        | 68,975.95        | 9,737.45<br>(16.43)                         |
|                    | Recoveries of Loans and Advances                      | 1.03             | 1.33             | 0.30<br>(29.13)                             |
|                    | Public Debt Receipts (Net)*                           | 12,470.19        | 4,047.57         | -8,422.62<br>(67.54)                        |
|                    | Public Account Receipts (Net)                         | -1,319.63        | 808.46           | 2,128.09<br>(161.26)                        |
|                    | <b>Total</b>  | <b>71,837.78</b> | <b>75,280.96</b> | <b>3,443.18<br/>(4.79)</b>                  |
| <b>Application</b> | Revenue Expenditure                                   | 59,269.33        | 62,999.34        | 3,730.01<br>(6.29)                          |
|                    | Capital Expenditure                                   | 11,047.03        | 10,773.78        | -273.25<br>(2.47)                           |
|                    | Disbursement of Loans and Advances                    | 73.77            | 59.53            | -14.24<br>(19.30)                           |
|                    | Closing Cash Balance with RBI and other cash balances | 1,447.65         | 1,448.31         | 0.66<br>(0.05)                              |
|                    | <b>Total</b>  | <b>71,837.78</b> | <b>75,280.96</b> | <b>3,443.18<br/>(4.79)</b>                  |

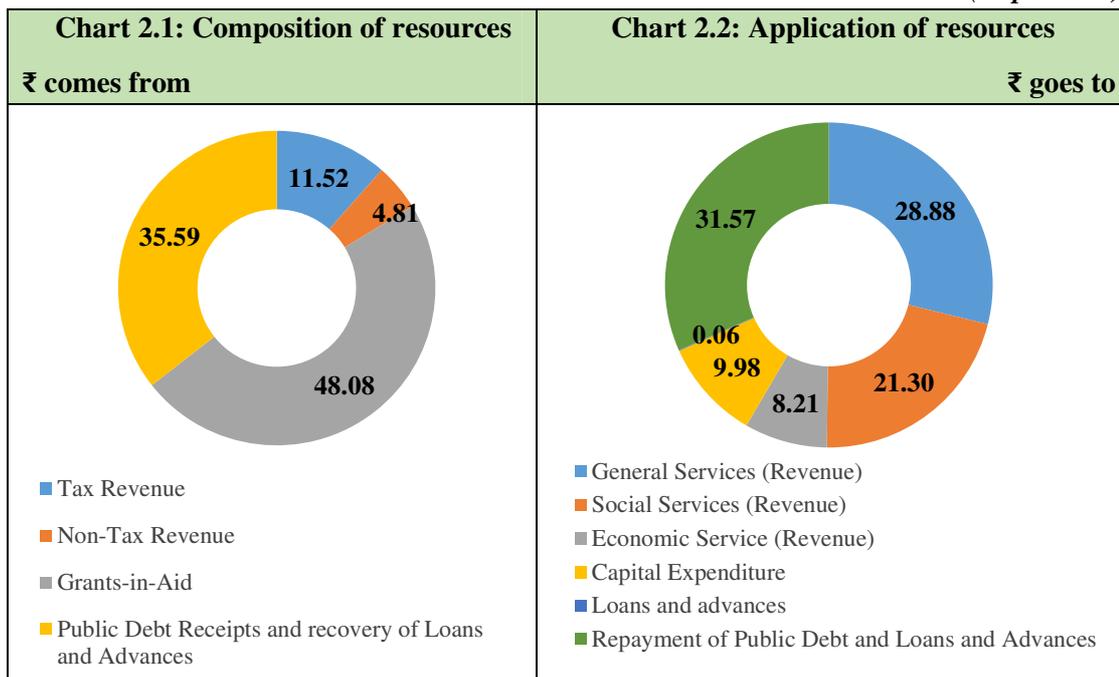
Source: Finance Accounts.

\*Includes ₹3,845.49 crore back-to-back loans from GoI in lieu of GST Compensation shortfall during 2021-22.

Revenue receipts were the biggest source (91.62 per cent) of revenue and the biggest part (83.69 per cent) of resources were utilised towards revenue expenditure.

The composition of sources and application of funds in the Consolidated Fund of the Union Territory of Jammu and Kashmir during 2022-23 is given in **Charts 2.1** and **2.2**.

(In per cent)



Note: Public debt receipts and repayments include ways and means advances.

Public Debt Receipts and Grants-in-Aid together constituted 83.67 per cent of resources of UT of Jammu and Kashmir. Repayment of Public Debt and Expenditure on General Services (Revenue) together accounted for 60.45 per cent of total expenditure.

### 2.3 Resources of the Union Territory of Jammu and Kashmir

The resources of the Union Territory (UT) are described below:

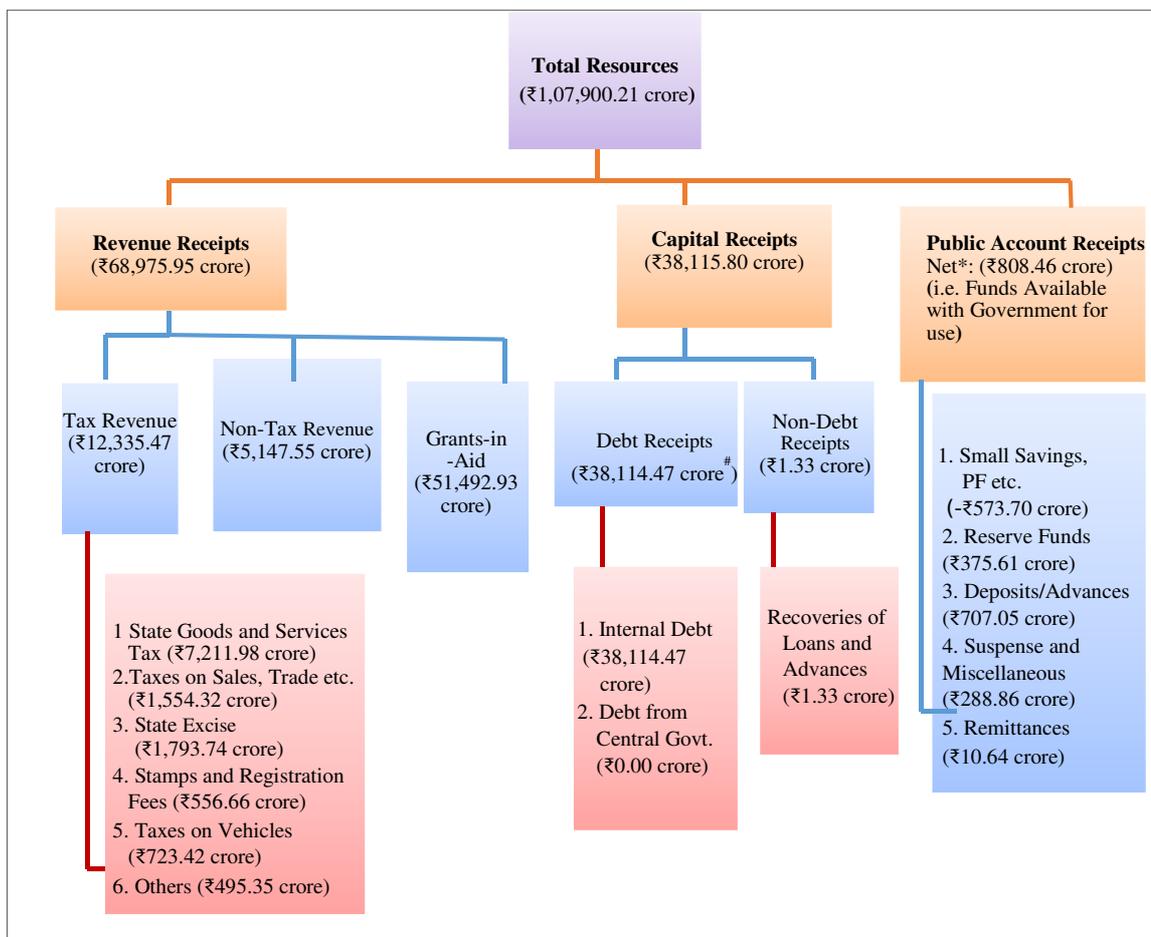
1. **Revenue Receipts** consist of tax revenue, non-tax revenue and grants-in-aid from the Government of India (GoI).
2. **Capital Receipts** (debt and non-debt capital receipts) comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. Both revenue and capital receipts form part of the Consolidated Fund of the UT.
3. **Net Public Accounts Receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

These are kept in the Public Account set up under Section 68(1) of the Jammu & Kashmir Re-organisation Act, 2019 and are not subject to vote by the Union Territory's Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

### 2.3.1 Receipts of the Union Territory

This paragraph provides the composition of the overall receipts. Besides the revenue and capital receipts, funds available in the Public Account (net of disbursement made from it) are also utilised by the Government to finance its deficit. The composition of total receipts of the UT is depicted in **Chart 2.3**.

**Chart 2.3: Composition of receipts of the UT of Jammu and Kashmir during 2022-23**



Source: Finance Accounts.

\*Public Accounts Receipts Net {₹808.46 crore} = Public Accounts Receipts (₹35,464.84 crore) less Public Accounts Disbursements (₹34,656.38 crore)

# Includes Ways and Means Advance.

Out of the total resources of ₹1,07,900.21 crore of the UT Government during the year 2022-23, revenue receipts (₹68,975.95 crore) constituted 63.93 per cent while capital receipts (₹38,115.80 crore) and net Public Account Receipts (₹808.46 crore) constituted 35.32 per cent and 0.75 per cent of the total resources respectively.

### 2.3.2 Union Territory's Revenue Receipts

The components of revenue receipts of UT of Jammu and Kashmir and their share in revenue receipts during 2020-21 to 2022-23 is shown in **Table 2.2**. The trends and composition of revenue receipts over the same period are presented in **Appendix 1.2**.

Table 2.2: Trend and Components of Revenue Receipts

(₹ in crore)

| Components   | 2020-21          | 2021-22          | 2022-23          |
|--|------------------|------------------|------------------|
| <b>Revenue Receipts (RR)</b>   | <b>52,495.48</b> | <b>59,238.50</b> | <b>68,975.95</b> |
| Rate of growth of RR ( <i>per cent</i> )                                     | NA               | 12.84            | 16.44            |
| <b>Own Tax Revenue</b>   | <b>8,876.99</b>  | <b>11,707.28</b> | <b>12,335.47</b> |
| Rate of growth of Own Tax Revenue ( <i>per cent</i> )                        | NA               | 31.88            | 5.37             |
| <b>Non-Tax Revenue</b>   | <b>4,076.38</b>  | <b>4,840.45</b>  | <b>5,147.55</b>  |
| <b>Grants-in-aid from Government of India</b>                                | <b>39,542.11</b> | <b>42,690.77</b> | <b>51,492.93</b> |
| Rate of growth of Grants-in-aid from Government of India ( <i>per cent</i> ) | NA               | 7.96             | 20.62            |
| Own Revenue (Own Tax and Non-tax Revenue)                                    | 12,953.37        | 16,547.73        | 17,483.02        |
| Rate of growth of Own Revenue ( <i>per cent</i> )                            | NA               | 27.75            | 5.65             |
| GSDP   | 1,67,652         | 1,99,917         | 2,27,927         |
| Revenue Receipts to GSDP ( <i>per cent</i> )                                 | 31.31            | 29.63            | 30.26            |
| Rate of growth of GSDP ( <i>per cent</i> )                                   | NA               | 19.25            | 14.01            |
| Buoyancy Ratios <sup>1</sup>   |                  |                  |                  |
| Revenue Buoyancy w.r.t. GSDP   | NA               | 0.67             | 1.17             |
| UT's Own Revenue Buoyancy w.r.t. GSDP  | NA               | 1.44             | 0.40             |
| UT's Own Tax Revenue Buoyancy w.r.t. Revenue Receipts                        | NA               | 2.48             | 0.33             |

Source of GSDP figures: Ministry of Statistics and Programme Implementation (MOSPI) GoI website and Finance Account of J&K Government.

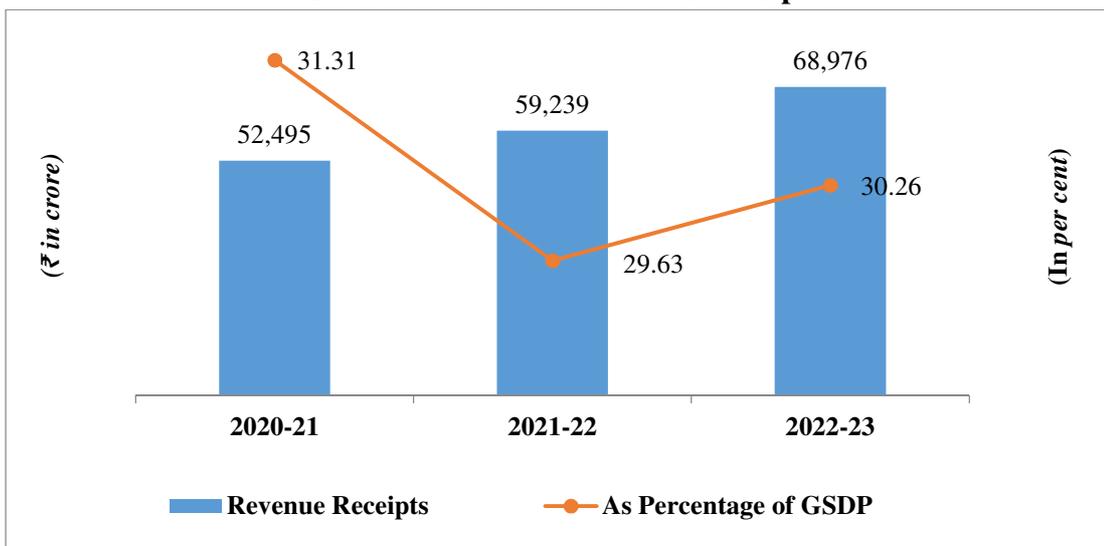
**Table 2.2** shows that revenue receipts increased by 31 *per cent* from ₹52,495.48 crore in 2020-21 to ₹68,975.95 crore in 2022-23. Tax revenue and non-tax revenue increased by ₹3,458.48 crore (39 *per cent*) and ₹1,071.17 crore (26 *per cent*) during 2022-23 respectively in comparison to 2020-21. Grants-in-aid from GoI had increased by 30 *per cent* from ₹39,542.11 crore in 2020-21 to ₹51,492.93 crore in 2022-23.

The revenue buoyancy with reference to GSDP increased from 0.67 *per cent* in 2021-22 to 1.17 *per cent* in 2022-23. However, the buoyancy of UT's Own revenue to GSDP decreased from 1.44 *per cent* in 2021-22 to 0.40 *per cent* in 2022-23. The buoyancy of UT's Own tax revenue with reference to revenue receipts also decreased from 2.48 *per cent* in 2021-22 to 0.33 *per cent* in 2022-23. Out of total revenue receipts of ₹68,975.95 crore during 2022-23, the Grants-in-aid from GoI (₹51,492.93 crore) constituted 74.65 *per cent* of total revenue receipts.

An increasing trend of Grants-in-aid compared to own revenue buoyancy indicates more reliance on GoI support. Diversifying revenue resources and strengthening the local tax base are essential for sustainable fiscal stability and development. Trend of revenue receipts are shown in **Chart 2.4**.

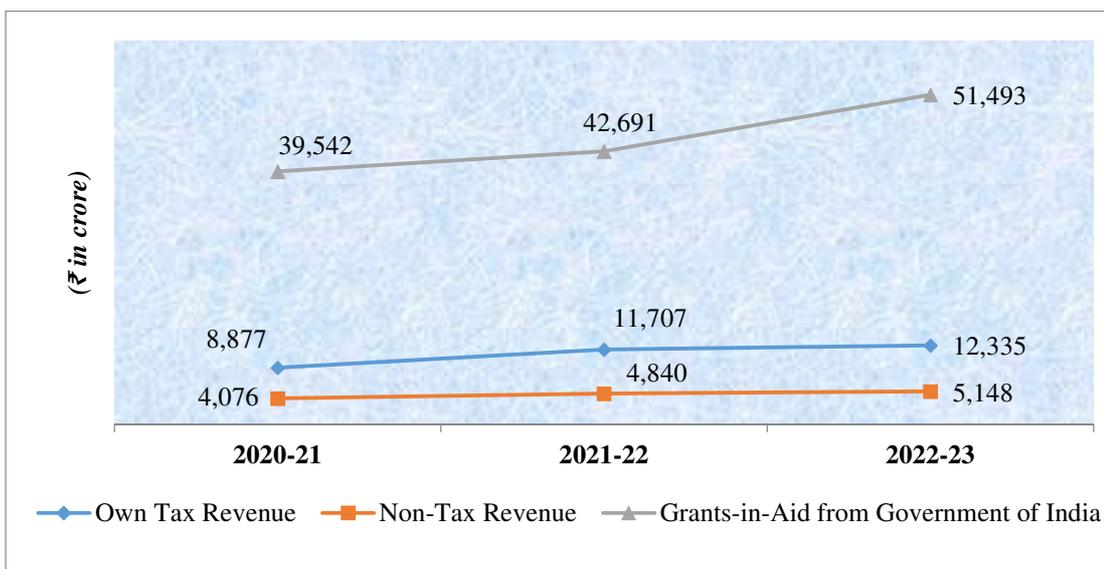
<sup>1</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable

**Chart 2.4: Trend of Revenue Receipts**



Trends in the composition of Revenue Receipts are given in **Chart 2.5**.

**Chart 2.5: Trend of Components of Revenue Receipts**



In reply, the Finance Department stated (April 2024) that for diversifying the revenue resources and to strengthen the local tax and non-tax base, the UT Government has taken up the revision of user charges generating different types of non-tax revenue. The revision of power tariff petitions was being moved by the Power Development Department to the Joint Electricity Regulatory Commission J&K and Ladakh at prescribed/ specified intervals of time.

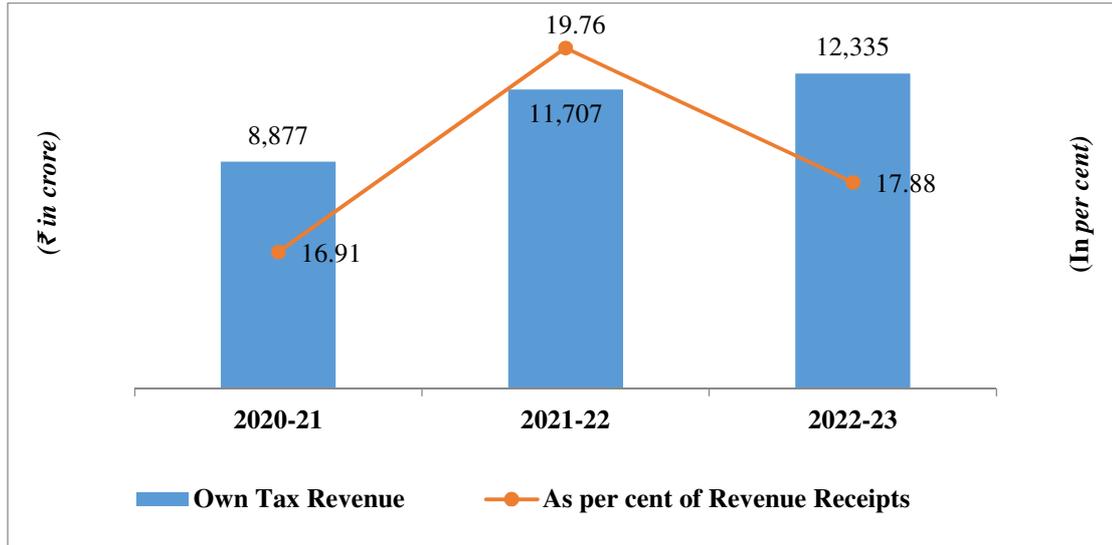
### 2.3.2.1 Own Resources of UT of Jammu and Kashmir

Government's performance in mobilisation of resources is assessed in terms of its own tax resources comprising revenue from its own tax and non-tax sources. Details of own tax revenue, own non-tax revenue and its components are shown in the following sub paragraphs.

**(i) Own Tax revenue**

Own tax revenues of the UT consist of State Goods and Services Tax (SGST), State Excise, Taxes on Vehicles, Stamp Duty and Registration fees, Land revenue, Taxes on Goods and Passengers, etc.

Trends of own tax revenue and analysis of its components during the period 2020-21 to 2022-23 are shown in **Chart 2.6** and **Table 2.3**.

**Chart 2.6: Trend of own tax revenue during 2020-23**

The Principal Secretary, Finance Department stated (May 2024) that the report creates an erroneous impression that own tax revenue has reduced from 20 per cent to 18 per cent of total revenue receipts in 2022-23.

The contention of the Department is not acceptable as the proportion of own tax revenue to total revenue receipts of the UT Government during 2021-22 and 2022-23 was only 19.76 per cent and 17.88 per cent respectively.

**Table 2.3: Components of Own Tax Revenue**

| Revenue Head                  | 2020-21         | 2021-22          | 2022-23          | Percentage Increase (+) / Decrease (-) | Sparkline |
|-------------------------------|-----------------|------------------|------------------|--|-----------|
|                               |                 |                  |                  |  |           |
| Taxes on Sales, Trade etc.    | 1,495.61        | 1,906.31         | 1,554.32         | -18.46                                 |           |
| SGST                          | 4,839.35        | 6,394.31         | 7,211.98         | 12.79                                  |           |
| State Excise                  | 1,347.42        | 1,782.79         | 1,793.74         | 0.61                                   |           |
| Taxes on Vehicles             | 488.38          | 616.24           | 723.42           | 17.39                                  |           |
| Stamp Duty and Registration   | 325.54          | 512.02           | 556.66           | 8.72                                   |           |
| Land Revenue                  | 60.57           | 113.28           | 131.60           | 16.17                                  |           |
| Taxes on Goods and Passengers | 0.9             | 5.73             | 23.75            | 314.49                                 |           |
| Other Taxes                   | 319.22          | 376.6            | 340              | -9.72                                  |           |
| <b>Total Taxes</b>            | <b>8,876.99</b> | <b>11,707.28</b> | <b>12,335.47</b> | <b>5.37</b>                            |           |

Source: Finance Accounts.

There was an increase in most of the components of own tax revenue during 2022-23 with respect to the previous year 2021-22 and own tax revenue showed an increase of

5.37 *per cent* with respect to the previous year. SGST (₹817.67 crore), Taxes on Vehicles (₹107.18 crore) and Stamp duty and Registration fees (₹44.64 crore) showed maximum increase. The highest percentage increase with respect to 2021-22 was 314.49 *per cent* and 17.39 *per cent* under Taxes on Goods and Passengers and Taxes on Vehicles respectively. Increase under Taxes on Goods and Passengers was mainly due to increase of ₹17.15 crore in Tolls on roads. Similarly, the increase under Taxes on Vehicles was due to increase of ₹58.94 crore in receipts under Indian Motor Vehicles Act and ₹48.24 crore in receipts under the State Motor Vehicles Taxation Acts, respectively.

The Principal Secretary, Finance Department stated (May 2024) that the UT government no longer had access to its important tax revenue of entry toll revenue which was subsumed with the introduction of GST. Debt servicing burden increased on account of increased capital investments as also the power sector loans. It was also confirmed that the reduction in revenue receipt from Motor Spirit Tax (MST) in 2022-23 was mainly on account of the reduction in base fuel price and the tax rates, which were undertaken to ameliorate the economic impact of COVID pandemic and alleviate the financial burden on the common man, though this meant lower tax revenues. To address this situation, the UT government enhanced its GST revenues with intensive drives for increasing awareness, enrolling all the dealers and increasing compliance in filing of returns and depositing tax liabilities. The government has ensured high tax buoyancy with GST to GSDP ratio touching 3.6 *per cent* in 2022-23. Further, the UT government launched transparent auctions for vends to boost excise revenues and to ensure transparency in allotments. The UT government also started the e-Stamping system which has enhanced stamps and registration revenues.

While Audit appreciates the efforts made by the Government, concerted efforts need to be made to enhance own revenue since the UT's own revenue buoyancy was only 0.40 *per cent* as against revenue buoyancy of 1.17 *per cent* during 2022-23. Further, the growth rate of 5.65 *per cent* in own tax and non-tax revenue of UT during 2022-23 was insignificant as compared to an increase of 20.62 *per cent* in respect of Grants-in-aid from GoI.

#### ***(a) State Goods and Services Tax (SGST)***

As per the books of RBI, the amount of SGST receipts during 2022-23 was ₹7,272.19 crore while as per the Finance Accounts, the amount of SGST receipts was ₹7,211.98 crore. The difference of ₹60.21 crore was due to recovery from UT towards SGST refunds made by the Centre to the taxpayers on behalf of the UT (₹48.85 crore) and refunds made by the UT Government (₹11.36 crore).

#### ***(b) Audit of GST Receipts***

The Government of India's decision to provide access to Pan-India data at GSTN premises was conveyed on 22 June 2020. In case of UT of Jammu and Kashmir, which

is a Model-II State<sup>2</sup>, role-based access to back-end application was provided<sup>3</sup> to the office of the Principal Accountant General (Audit), Jammu and Kashmir on 25 November 2020. However, the access was limited to GSTN premises only and the audit teams are not authorised to access the Pan-India data.

### ***(c) Analysis of arrears of revenue and arrears of assessment***

The arrears of revenue indicate delayed realisation of revenue due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment. Both deprive the UT of potential revenue receipts and ultimately affect the revenue deficit.

### ***Arrears of revenue***

As on 31 March 2023, the arrears of revenue in respect of the following principal heads of revenue were ₹2,658.06 crore, of which ₹1,168.89 crore were outstanding for more than five years, as depicted in **Table 2.4**.

**Table 2.4: Arrears of revenue**

(₹ in crore)

| Sr. No.      | Head of revenue                 | Amount outstanding as on 31 March 2023 | Amount outstanding for more than five years as on 31 March 2023 | Replies of Department  |
|--------------|---------------------------------|--|---|--|
| 1.           | Goods and Services Tax          | 238.63                                 | 0   | Commissioner, State Taxes Department J&K stated (September 2023) that steps like issuance of memo, seizure of bank accounts and thereafter attachment of immovable property have been taken. In addition arrest warrants are issued to ensure recovery of arrears. |
| 2.           | Taxes/VAT on Sales, Trade, etc. | 2,374.28                               | 1,124.05  |  |
| 3.           | Motor Spirit Tax                | 0.09                                   | 0.09  |  |
| 4.           | Entertainment Tax               | 0.21                                   | 0.21  |  |
| 5.           | Toll Tax                        | 28.24                                  | 28.00   |  |
| 6.           | State Excise                    | 16.61                                  | 16.54   |  |
| <b>Total</b> |                                 | <b>2,658.06</b>                        | <b>1,168.89</b>   | Out of total arrears of ₹45.06 crore, stay on ₹42.98 crore was granted by the courts/ appellate authorities. Balance arrears of ₹2.08 crore are recoverable arrears under Land Revenue Act.  |

Source: Departmental Information

### ***Arrears in assessment***

The information on number of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed during the year and number of cases

<sup>2</sup> State which has opted for development of backend system by GSTN.

<sup>3</sup> Modules/ Functions: (1) Search ARN (2) Get Taxpayer Details (3) Record search (4) DSC Registration (5) Find GSTIN (6) User Login (7) MIS

pending for finalisation at the end of the year, as furnished by the Department of Excise and Taxation in respect of Sales Tax/VAT is depicted in **Table 2.5**.

**Table 2.5: Arrears of assessment**

| Sr. No. | Head of Revenue         | Cases pending at the beginning of 2022-23 | New cases due for assessment during 2022-23 | Total cases due for assessment | Cases disposed of during 2022-23 | Balance at the end of the year | Percentage of disposal |
|---------|-------------------------|---|---|--------------------------------|----------------------------------|--------------------------------|------------------------|
| 1.      | Sales Tax/VAT           | 258                                       | 32  | 290                            | 32                               | 258                            | 11.03                  |
| 2       | Goods and Services Tax  | 0   | 702   | 702                            | 639                              | 63                             | 91.03                  |
| 3       | Taxes on Works Contract | 0   | 0   | 0                              | 0                                | 0                              | 0                      |
|         | <b>Total</b>            | <b>258</b>                                | <b>734</b>                                  | <b>992</b>                     | <b>671</b>                       | <b>321</b>                     | <b>67.64</b>           |

Source: Departmental information

As can be seen from the above table, although 67.64 per cent assessment cases were disposed of during 2022-23, 321 assessment cases were still pending at the close of the year. As against the disposal rate of 91.03 per cent in assessment of Goods and Services Tax, disposal rate of Sales Tax/ VAT cases was only 11.03 per cent, which needs to be improved.

**(b) Details of evasion of tax detected by the Department, refund cases, etc.**

Cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the UT Government. Promptness in disposal of refund cases is an important indicator of performance of the Department concerned.

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and demand for additional taxes raised are given in **Table 2.6**. Details of refund cases during the year 2022-23, as reported by the departments concerned, are depicted in **Table 2.7**.

**Table 2.6: Evasion of tax detected**

| Sr. No. | Head of revenue                | Cases pending as on 31 March 2022 | Cases detected during 2022-23 | Total        | No. of cases in which assessment / investigation completed and additional demand with penalty, etc. raised |                               | Amount of demand recovered (₹ in crore) | No. of cases pending for finalisation as on 31 March 2023 |
|---------|--------------------------------|-----------------------------------|-------------------------------|--------------|--|-------------------------------|---|---|
|         |                                |                                   |                               |              | No. of cases   | Amount of demand (₹ in crore) |   |   |
| 1       | Taxes on Sales/ VAT trade etc. | 106                               | 27                            | 133          | 81   | 1.46                          | 0                                       | 52  |
| 2       | Goods and Services Tax         | 0                                 | 2,409                         | 2,409        | 2,403  | 14.31                         | 14.31                                   | 6   |
| 3       | Excise                         | 0                                 | 1                             | 1            | 1  | 0.17                          | 0.17                                    | 0   |
|         | <b>Total</b>                   | <b>106</b>                        | <b>2,437</b>                  | <b>2,543</b> | <b>2,485</b>   | <b>15.94</b>                  | <b>14.48</b>                            | <b>58</b>   |

Source: Departmental information

Table 2.7: Details of refund cases

(₹ in crore)

| Sr. No. | Particulars                                     | GST          |        | Sales Tax/VAT |        | State Excise |        |
|---------|---|--------------|--------|---------------|--------|--------------|--------|
|         |   | No. of cases | Amount | No. of cases  | Amount | No. of cases | Amount |
| 1.      | Claims outstanding at the beginning of the year | 387          | 8.83   | 3             | 3.40   | 273          | 11.43  |
| 2.      | Claims received during the year                 | 764          | 119.31 | 8             | 0.57   | 10           | 0.23   |
| 3.      | Refunds made during the year                    | 389          | 80.25  | 7             | 0.62   | 140          | 5.34   |
| 4.      | Refunds rejected during the year                | 206          | 20.28  | 0             | 0      | 0            | 0      |
| 5.      | Balance outstanding at the end of year          | 556          | 27.61  | 4             | 3.35   | 143          | 6.32   |

Source: Departmental information

### (ii) Non-Tax Revenue

Non-tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. **Table 2.8** depicts components of non-tax revenue of the Union Territory during 2020-21 to 2022-23.

Table 2.8: Components of UT's Non-Tax Revenue

(₹ in crore)

| Revenue Head                                       | 2020-21         | 2021-22         | 2022-23         | Percentage Increase (+) / Decrease (-) | Sparkline |
|--|-----------------|-----------------|-----------------|--|-----------|
| Interest Receipts                                  | 17.86           | 16.54           | 18.79           | 13.60                                  |           |
| Dividend and Profits                               | 0.00            | 0.00            | 0.00            | 0.00                                   |           |
| Other Non-Tax Receipts                             | 4,058.52        | 4,823.91        | 5,128.76        | 6.32                                   |           |
| a) Power   | 2,349.74        | 2,715.75        | 3,307.54        | 21.79                                  |           |
| b) Medium Irrigation                               | 996.66          | 886.62          | 706.23          | -20.35                                 |           |
| c) Non-Ferrous Mining and Metallurgical Industries | 227.91          | 128.78          | 101.17          | -21.44                                 |           |
| d) Water Supply and Sanitation                     | 93.89           | 111.88          | 110.16          | -1.54                                  |           |
| e) Education, Sports, Arts and Culture             | 41.33           | 474.12          | 12.53           | -97.36                                 |           |
| f) Police  | 39.91           | 68.68           | 89.89           | 30.88                                  |           |
| g) Other Misc.                                     | 309.08          | 438.08          | 801.24          | 82.90                                  |           |
| <b>Total</b>                                       | <b>4,076.38</b> | <b>4,840.45</b> | <b>5,147.55</b> | <b>6.34</b>                            |           |

Source: Finance Accounts

Non-tax revenue receipts increased by 6.34 per cent during 2022-23 with respect to the previous year and the major increases were under power, police and Other Miscellaneous revenue heads (viz. Pension/ Miscellaneous General services, Village and small industries, social security and welfare etc). Medium irrigation and Non-ferrous Mining and Metallurgical Industries showed a decline in receipts with respect to the previous year. Receipts under Education, Sports, Art and Culture decreased by 97.36 per cent during 2022-23 with respect to the previous year due to remittance of ₹461.61 crore by Chief Accounts Officer (CAO) Samagra Shiksha J&K on account of salary of teachers during 2021-22.

The Finance Department stated (April 2024) that the departments having negative trend in non-tax revenue are being advised repeatedly to enhance the collection of non-tax revenues especially the Irrigation and Mining Department. Further, the departments which have shown progressive increase in their revenue receipts are being monitored regularly for better collection with enhanced targets.

### **2.3.2.2 Transfers from the Centre**

Transfers from the Centre constituted of Grants-in-Aid and devolution under Finance Commission Award.

#### **(A) Grants-in-aid from GoI**

The details of Grants-in-aid (GIA) from Government of India (GoI) is shown in the following table:

**Table 2.9: Grants-in-aid from Government of India**

|   | <i>(₹ in crore)</i> |                  |                  |
|---|---------------------|------------------|------------------|
| <b>Head</b>   | <b>2020-21</b>      | <b>2021-22</b>   | <b>2022-23</b>   |
| Grants for Centrally Sponsored Schemes (CSS)                        | 6,533.49            | 6,713.77         | 6,029.68         |
| Other transfers/Grants to States/Union Territories with Legislature | 33,008.62           | 35,977.00        | 45,463.25        |
| <b>Total</b>  | <b>39,542.11</b>    | <b>42,690.77</b> | <b>51,492.93</b> |
| Increase/ decrease over previous year ( <i>per cent</i> )           | NA                  | 7.96             | 20.62            |
| Percentage of GIA to Revenue Receipts                               | 75.32               | 72.07            | 74.65            |

Source: Finance Accounts

**Table 2.9** shows that Grants-in-Aid from GoI (₹51,492.93 crore) constituted 74.65 *per cent* of the total revenue receipts of ₹68,975.95 crore for 2022-23. The percentage of GIA to revenue receipts increased from 72.07 *per cent* to 74.65 *per cent* which indicated Government's increasing dependence on Grants-in-aid from Government of India. Further the revenue surplus of ₹5,976.61 crore during 2022-23 was mainly due to increase of ₹8,802.16 crore in Grants-in-aid from GoI.

There was an increase of 20.62 *per cent* in GIA from GoI during 2022-23, which was mainly due to increase of ₹9,486.25 crore (26.36 *per cent*) under other transfers to the UT, partially offset by a decrease of ₹684.09 crore (10.19 *per cent*) under Grants for Centrally Sponsored Schemes.

Other transfers of ₹45,463.25 crore received by the UT during 2022-23, included Grants from Central Road and Infrastructure Fund (₹343.61 crore), Special assistance (₹44,701.68 crore) and GST Compensation (₹418.12 crore). The increase of ₹9,486.25 crore (26.36 *per cent*) in Other transfers was mainly due to increase of ₹9,938.02 crore (28.58 *per cent*) under Special assistance, partially compensated by decrease of ₹474.44 crore (53.15 *per cent*) in GST Compensation.

The Finance Department replied (April 2024) that the advice for increasing the UT's own tax and non-tax revenue for simultaneous decrease in GIA has been noted for mobilisation of available resources.

**(B) Grants for Centrally Sponsored Schemes**

Out of the grants of ₹6,029.68 crore<sup>4</sup> for Centrally Sponsored Schemes during 2022-23, major amounts were received for:

- Scheme of Modernisation of Police Force: ₹1,530.36 crore (decrease of ₹135.74 crore- 8.15 per cent over previous year);
- Pradhan Mantri Awas Yojana Rural; ₹1,031.58 crore (increase of ₹908.15 crore- 735.79 per cent over previous year);
- Pradhan Mantri Gram Sadak Yojana: ₹717 crore (decrease of ₹611.34 crore- 46.02 per cent over previous year);
- Saksham Anganwadi and Poshan (Umbrella ICDS-Anganwadi Services, Poshan Abhiyan Scheme for Adolescent Girls, National Creche Scheme): ₹479.01 crore (increase of ₹73.27 crore- 18.06 per cent over previous year);
- Flexible pool for Reproductive and Child Health (RCH) and Health System Strengthening, National Health Programme and National Urban Health Mission: ₹494.25 crore (increase of ₹494.25 crore over previous year);
- Samagra Shiksha Abhiyan: ₹364.97 crore (decrease of ₹590.01 crore- 61.78 per cent over previous year);
- Mahatma Gandhi National Rural Guarantee Programme: ₹346.25 crore (increase of ₹251.01 crore- 263.55 per cent over previous year); and
- Urban Rejuvenation Mission- 500 Cities: ₹158.60 crore (increase of ₹52.72 crore- 49.79 per cent over previous year).

**Single Nodal Agency**

The Government of India, Ministry of Finance Department of Expenditure, New Delhi vide Office Memorandum No. 1 (13)/PFMS/FCD/2020 dated 8 December 2021 provided that every State Government/UT is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The Single Nodal Agency will open a Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorised to conduct business by the State Government/UT. Further, as per the new procedure, it is the responsibility of the State Government/UT concerned to ensure that the entire unspent amount is returned by all the Implementing Agencies (IAs) to the Single Nodal Account of the Single Nodal Agency.

The Government of Union Territory of Jammu and Kashmir received ₹6,131.40 crore<sup>5</sup> being Central share during the year. As on 31 March 2023, the Government transferred

<sup>4</sup> Total grants under CSS ₹6,12,899.96 lakh less by ₹9,931.70 lakh on account of deduction of refund of unutilised GIA of previous years to the GOI.

<sup>5</sup> Includes total grant under CSS ₹6,12,899.96 lakh under MH-1601-06-101-Central Assistance Share and an amount ₹240 lakh received under 113-Special Assistance for Livestock Census and Integrated Sample Survey CSS.

₹3,514.36 crore being Central share and corresponding Union Territory share of ₹549.62 crore to the SNAs. Detailed vouchers and supporting documents of actual expenditure were not received by Principal Accountant General (A&E) office from the SNAs. As per the data available on Public Financial Management System (PFMS), ₹3,603.59 crore is lying unspent in the bank account of SNAs as on 31 March 2023.

The Finance Department stated (April 2024) that the revised procedure for release of CSS funds and implementation of the schemes through operation of Single Nodal Account (SNA) was implemented on 30 July 2022 and had several features to be implemented for operationalisation which included specific budgetary provisioning both for Central and UT share. This took a slightly longer time resulting in building up of unspent balances. However, the issue was being reviewed on several occasions even at the highest level by Hon'ble Lieutenant Governor for expediting judicious utilisation after observing all the pre-requisite codal formalities leading to positive results.

### **2.3.3 Capital Receipts**

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Trends of capital receipts and its components during 2020-21 to 2022-23 are shown in **Table 2.10**.

**Table 2.10: Composition of Capital Receipts**

| <i>(₹ in crore)</i>   |                  |                  |                  |
|---|------------------|------------------|------------------|
| <b>Sources of UT's Receipts</b>                               | <b>2020-21</b>   | <b>2021-22</b>   | <b>2022-23</b>   |
| <b>Capital Receipts*</b>                                      | <b>40,635.06</b> | <b>50,200.89</b> | <b>38,115.80</b> |
| <i>Miscellaneous Capital Receipts</i>                         | <i>0</i>         | <i>0</i>         | <i>0</i>         |
| <i>Recovery of Loans and Advances</i>                         | <i>1.93</i>      | <i>1.03</i>      | <i>1.33</i>      |
| <b>Public Debt Receipts*</b>                                  | <b>40,633.13</b> | <b>50,199.86</b> | <b>38,114.47</b> |
| <i>Internal Debt</i>  | <i>40,450.24</i> | <i>50,199.86</i> | <i>38,114.47</i> |
| <i>Growth rate (per cent)</i>                                 |                  | <i>24.10</i>     | <i>-24.07</i>    |
| <i>Loans and advances from GoI*</i>                           | <i>182.89</i>    | <i>0</i>         | <i>0</i>         |
| <i>Growth rate (per cent)</i>                                 | <i>NA</i>        | <i>-100</i>      | <i>0</i>         |
| <i>Rate of growth of debt Capital Receipts (per cent)</i>     | <i>NA</i>        | <i>23.54</i>     | <i>-24.07</i>    |
| <i>Rate of growth of Non-debt Capital Receipts (per cent)</i> | <i>NA</i>        | <i>-46.63</i>    | <i>29.13</i>     |
| <i>Rate of growth of GSDP (per cent)</i>                      | <i>2.16</i>      | <i>19.25</i>     | <i>14.01</i>     |
| <i>Rate of growth of Capital Receipts (per cent)</i>          | <i>NA</i>        | <i>23.54</i>     | <i>-24.07</i>    |

Source: Finance Accounts.

\*Excludes ₹2,099.80 crore in 2020-21 and ₹3,845.49 crore in 2021-22 received as back-to-back loans from GoI in lieu of GST Compensation shortfall.

Total capital receipts of Union Territory of Jammu and Kashmir decreased from ₹54,046.38 crore during 2021-22 to ₹38,115.80 crore during 2022-23. There was a decrease of 29.48 per cent during 2022-23 with respect to the previous year. Internal

debt receipts of ₹38,114.47 crore was the major component of total capital receipts of ₹38,115.80 crore and it showed a decrease of ₹12,085.39 crore over the previous year.

The Finance Department stated (April 2024) that the decrease is actually the difference of additional internal debt receipts to the tune of ₹5,000 crore under NSSF that had been raised and received in the month of March 2022 (2021-22) as a one-time exception.

Audit is of the opinion that decrease was not solely due to decrease under NSSF receipts. As against the back to back loan of ₹3,845.49 crore received for shortfall of GST compensation during 2021-22, the UT Government has not received any such loan during 2022-23. Further, there was a decrease of ₹7,142.31 crore under ways and means advances and overdraft during 2022-23 (₹28,960.73 crore) in comparison to 2021-22 (₹36,103.03 crore). This has contributed to overall decrease in Capital receipts during 2022-23.

### 2.3.4 UT's Performance in Mobilisation of Resources

The UT's performance in mobilisation of resources is assessed in terms of its own resources comprising Own Tax and Non-Tax sources. The Union Territory of Jammu and Kashmir's Own Tax and Own non-tax receipts for the year 2022-23 *vis-à-vis* budget estimates/ revised estimates are given in the following table:

**Table 2.11: Tax and Non-Tax Receipts *vis-à-vis* projections**

|                 | Budget estimates | Revised estimates | Actual           | Percentage of variation of actual over budget estimates | Percentage of variation of actual over revised estimates |
|-----------------|------------------|-------------------|------------------|---|--|
| Own Tax Revenue | 16,666           | 16,303            | 12,335.47        | -25.98  | -24.34   |
| Non-Tax Revenue | 8,648            | 9,225             | 5,147.55         | -40.48  | -44.20   |
| <b>Total</b>    | <b>25,314</b>    | <b>25,528</b>     | <b>17,483.02</b> | <b>-30.94</b>   | <b>-31.51</b>  |

(₹ in crore)

Source: Budget document and Finance Accounts.

The collection under own resources fell short by 30.94 *per cent* of budget estimates and 31.51 *per cent* of revised estimates. The UT Government could not achieve its own targets for Own tax revenue and Own Non-tax revenue in the budget estimates/ revised estimates. Own tax revenue fell short by 25.98 *per cent* of budget estimates and 24.34 *per cent* of revised estimates. Within Own tax revenue, the SGST collection of ₹7,211.98 crore during 2022-23 fell short of both the budget and revised estimates of ₹10,600 crore by 31.96 *per cent*. Non-tax revenue fell short by 40.48 *per cent* of budget estimates and 44.20 *per cent* of revised estimates. UT's own resources (Own tax revenue and Own Non-tax revenue) of ₹17,483.02 crore during the year 2022-23 was 36.83 *per cent* of committed<sup>6</sup> expenditure of ₹47,475.27 crore for the year 2022-23.

<sup>6</sup> Salaries: ₹27,838.17 crore; Wages: ₹0.90 crore; Interest: ₹8,493.82 crore; Pension and Gratuities: ₹11,142.38 crore

The Finance Department stated (April 2024) that various steps have already been taken by the UT Government which will assist in lessening the gap between the actuals and the estimates.

## **2.4 Application of Resources**

The Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the UT is not at the cost of expenditure directed towards development of capital infrastructure and social sector. The following sub-paragraphs give an analysis of allocation of expenditure in the Union Territory of Jammu and Kashmir.

### **Growth and composition of expenditure**

**Revenue expenditure:** Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for day-to-day running of the organisation, including establishment and administrative expenses are classified as revenue expenditure.

**Capital expenditure:** All charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by the competent authority are classified as capital expenditure.

**Loans and Advances:** There are loans and advances made by the Government to Public Sector Undertakings (PSUs) and other parties.

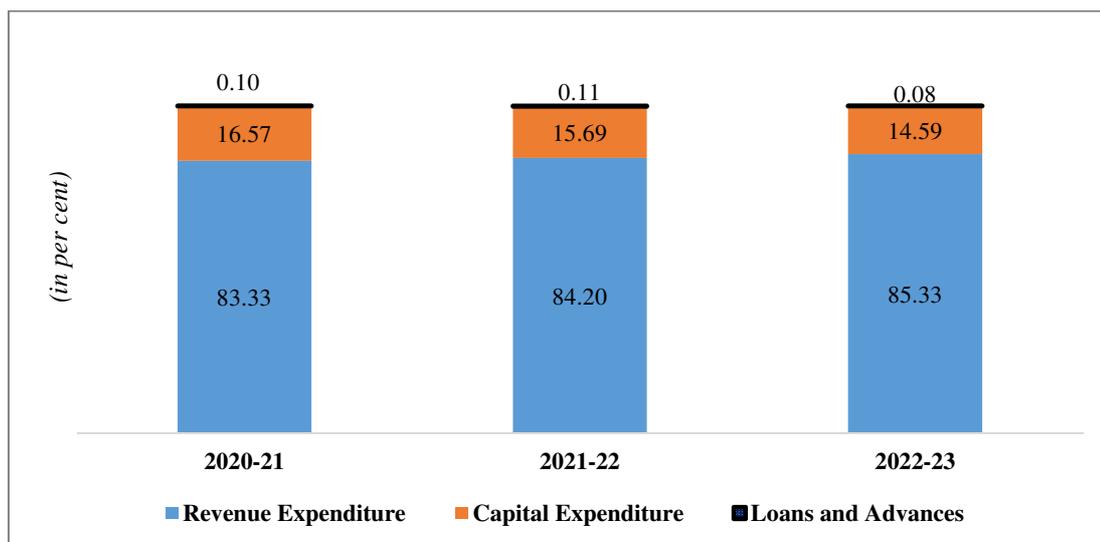
Trends of overall expenditure and its components are shown in **Table 2.12** and **Chart 2.7**.

#### **2.4.1 Composition of Expenditure**

**Table 2.12: Trend of expenditure and its composition**

| Parameters                                  | (₹ in crore)     |                  |                  |
|---|------------------|------------------|------------------|
|   | 2020-21          | 2021-22          | 2022-23          |
| Revenue Expenditure (RE)                    | 52,633.75        | 59,269.33        | 62,999.34        |
| Capital Expenditure (CE)                    | 10,470.38        | 11,047.04        | 10,773.78        |
| Loans and Advances                          | 61.64            | 73.77            | 59.53            |
| <b>Total Expenditure (TE)</b>               | <b>63,165.77</b> | <b>70,390.14</b> | <b>73,832.65</b> |
| TE/GSDP ( <i>per cent</i> )                 | 37.68            | 35.21            | 32.39            |
| RE/GSDP ( <i>per cent</i> )                 | 31.39            | 29.65            | 27.64            |
| CE/GSDP ( <i>per cent</i> )                 | 6.25             | 5.53             | 4.73             |
| Loans and Advances/GSDP ( <i>per cent</i> ) | 0.04             | 0.04             | 0.03             |

Source: Finance Accounts.

**Chart 2.7: Total Expenditure- Trends in share of its components**

Total expenditure increased by ₹10,666.88 crore (16.89 per cent) from ₹63,165.77 crore in 2020-21 to ₹73,832.65 crore in 2022-23; however, the ratio of total expenditure to GSDP during this period decreased from 37.68 per cent to 32.39 per cent.

Revenue expenditure constituted the predominant proportion of total expenditure and increased from 83 per cent in 2020-21 to 85 per cent in 2022-23. On the other hand, the proportion of capital expenditure in total expenditure decreased from 17 per cent in 2020-21 to 15 per cent in 2022-23.

The Finance Department stated (May 2024) that despite revenue constraints, the Government expanded its capital investments to accelerate infrastructure development. Keeping in view several abandoned/stalled projects, the UT Government prioritised languishing projects based on their economic potential and social importance. Out of 2,356 prioritised projects, the Government commissioned 1,632 projects with sanctioned cost of ₹3,218 crore. Further, the road network has been significantly strengthened through PMGSY, RIDF and CRF funding.

However, keeping in view the trend of decrease in the relative share of capital expenditure during 2020-21 to 2022-23 and huge savings in the budget under capital components, more stringent steps need to be taken by the Government to ensure timely completion of capital projects and prompt utilisation of the funds.

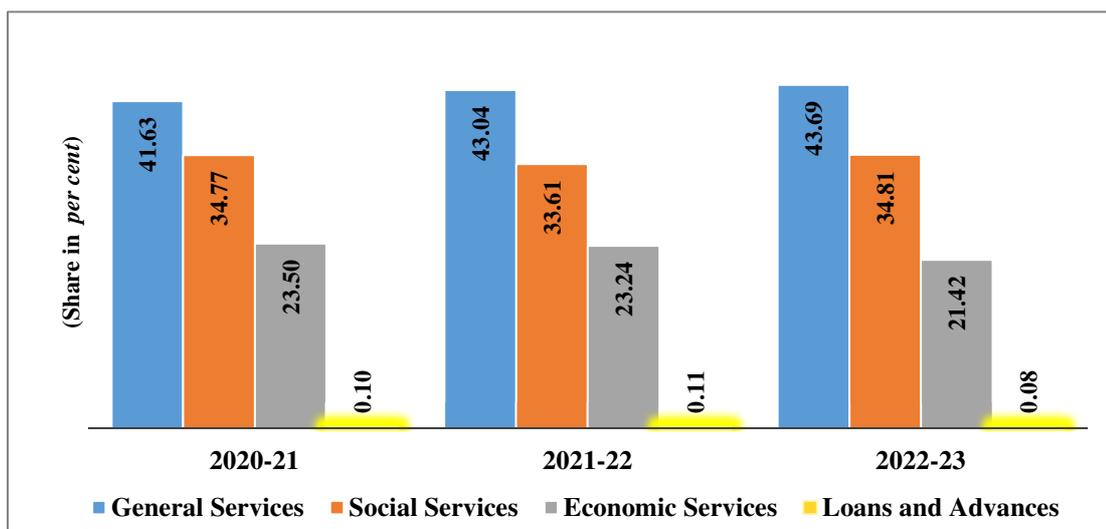
Relative share of various sectors of expenditure during 2020-23 is depicted in **Table 2.13** and **Chart 2.8**.

**Table 2.13: Relative share of various sectors of expenditure**

| Parameters         | 2020-21          | 2021-22          | 2022-23          |
|--------------------|------------------|------------------|------------------|
| General Services   | 26,297.40        | 30,298.89        | 32,260.50        |
| Social Services    | 21,964.27        | 23,655.75        | 25,697.79        |
| Economic Services  | 14,842.46        | 16,361.73        | 15,814.83        |
| Loans and Advances | 61.64            | 73.77            | 59.53            |
| <b>Total</b>       | <b>63,165.77</b> | <b>70,390.14</b> | <b>73,832.65</b> |

Source: Finance Accounts.

**Chart 2.8: Total expenditure - Expenditure by activities**

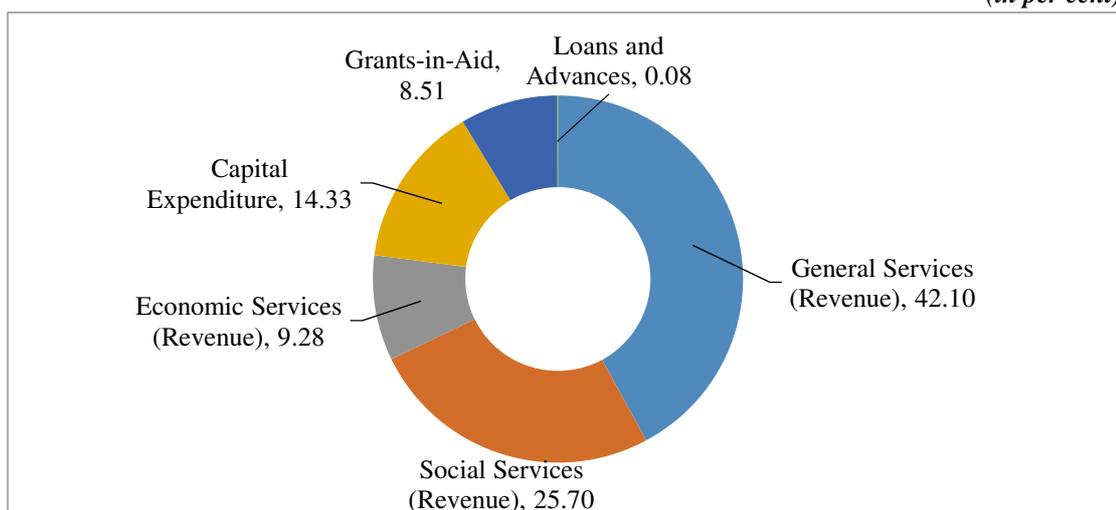


Relative share of various components of expenditure in the total expenditure showed marginal fluctuations. The share of General services in total expenditure increased from 41.63 *per cent* in 2020-21 to 43.69 *per cent* in 2022-23. However, the share of Economic services in total expenditure decreased from 23.50 *per cent* in 2020-21 to 21.42 *per cent* in 2022-23. The share of Social services in total expenditure during 2020-23 ranged between 33.61 *per cent* and 34.81 *per cent*.

The combined share of Social and Economic services which represented development expenditure decreased from 58.27 *per cent* in 2020-21 to 56.23 *per cent* in 2022-23. **Chart 2.9** shows the composition of expenditure by function during 2022-23.

**Chart 2.9: Composition of expenditure by function during 2022-23**

(in per cent)



It can be seen from above that General Services (Revenue) was the largest component accounting for 42.10 *per cent*, of total expenditure. Expenditure on Social and Economic service (Revenue) accounted for 34.98 *per cent* and Grants-in-aid accounted for 8.51 *per cent*. Capital expenditure accounted for 14.33 *per cent* of total disbursement from the Consolidated Fund during 2022-23.

The Finance Department stated (May 2024) that in 2022-23, the UT Government has improved the quality of its social services in education, health, rural development and social assistance sectors. There has been a sharp increase in enrolment of students in primary, middle and secondary schools, reduction in out-of-pocket expenditure and extension of cashless treatment to about 83 lakh individuals. Such efforts of the UT Government are reflected in the far better infant mortality rate, total fertility rate and life expectancy in Jammu and Kashmir than the national average. Besides, efforts have been made to construct PMAY houses which have quadrupled to 51,290 in 2022-23 and the number of works under Mahatma Gandhi National Rural Employment Guarantee Act has also quadrupled from 54,315 in 2019-20 to over 2,00,000 in 2022-23. The Government has expanded food security for its citizens (98 lakh beneficiaries) by providing subsidised food grains to all families in a graded fashion. There has been a complete revitalisation of sports in the UT through completion of 702 sports projects, construction of 100 Khelo India Centres and development of indoor sports complexes. The Government has invested in transforming the agriculture sector from subsistence farming to a profitable vocation by investing in cultivation, crop-diversification, and farmers insurance. The Government has also supported high density plantation, farm mechanisation and development of cold-storages for boosting the value addition in agriculture sector.

While Audit appreciates various measures taken by the Government to increase social and economic sector investment, the reply does not specifically address the reasons for increasing trend in expenditure on general services and consequent decreasing trend in the social and economic services expenditure over the past three years.

#### 2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the UT's infrastructure and service network. **Table 2.14** presents revenue expenditure and basic parameters of Union Territory of Jammu and Kashmir.

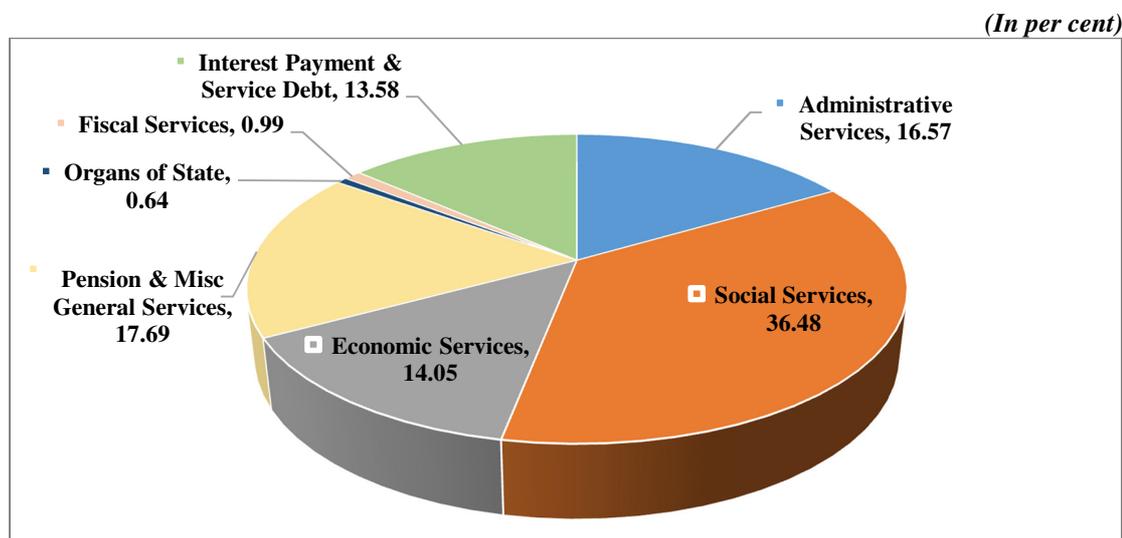
**Table 2.14: Revenue Expenditure – Basic Parameters**

|   | (₹ in crore) |           |           |
|---|--------------|-----------|-----------|
| Parameters                                  | 2020-21      | 2021-22   | 2022-23   |
| Total Expenditure (TE)                      | 63,165.77    | 70,390.14 | 73,832.65 |
| Revenue Expenditure (RE)                    | 52,633.75    | 59,269.33 | 62,999.34 |
| Rate of Growth of RE ( <i>per cent</i> )    | NA           | 12.61     | 6.29      |
| Revenue Expenditure as percentage of TE     | 83.33        | 84.20     | 85.33     |
| RE/GSDP ( <i>per cent</i> )                 | 31.39        | 29.65     | 27.64     |
| Revenue Receipts (RR)                       | 52,495.48    | 59,238.50 | 68,975.95 |
| Rate of Growth of RR ( <i>per cent</i> )    | NA           | 12.84     | 16.44     |
| RE as percentage of RR                      | 100.26       | 100.05    | 91.34     |
| Rate of Growth of GSDP ( <i>per cent</i> )  | NA           | 19.25     | 14.01     |
| <b>Buoyancy of Revenue Expenditure with</b> |              |           |           |
| GSDP (ratio)                                | NA           | 0.66      | 0.45      |
| Revenue Receipts (ratio)                    | NA           | 0.98      | 0.38      |

Source: Finance Accounts.

Revenue expenditure increased by ₹10,365.59 crore (19.69 per cent) from ₹52,633.75 crore in 2020-21 to ₹62,999.34 crore in 2022-23. The percentage of revenue expenditure to GSDP decreased from 31.39 per cent in 2020-21 to 27.64 per cent in 2022-23. Buoyancy of revenue expenditure with reference to revenue receipts showed improvement.

Chart 2.10: Sector wise distribution of Revenue Expenditure during 2022-23



During 2022-23, the combined share of revenue expenditure on Economic and Social services accounted for 50.53 per cent while General services accounted for 49.47 per cent of revenue expenditure. The expenditure on Administrative Services (16.57 per cent), Interest payments and Servicing of debt (13.58 per cent) and Pension & Miscellaneous General Services (17.69 per cent) were the major components of expenditure on General Services.

#### 2.4.2.1 Major Changes in Revenue Expenditure

Revenue expenditure increased by ₹3,730.01 crore (6.29 per cent) from ₹59,269.33 crore in 2021-22 to ₹62,999.34 crore in 2022-23. Significant increase/decrease of above ₹100 crore under Major Heads of Accounts with regard to revenue expenditure of the UT during the current year as compared to revenue expenditure of the previous year is shown in **Table 2.15**.

Table 2.15: Significant increase/decrease in revenue expenditure with respect to previous year

(₹ in crore)

| Major Head                                 | 2021-22   | 2022-23   | Increase/<br>Decrease(-) |
|--|-----------|-----------|--------------------------|
| 2049 Interest Payments                     | 7,360.31  | 8,493.82  | 1,133.51                 |
| 2055 Police                                | 7,636.11  | 8,200.24  | 564.13                   |
| 2202 General Education                     | 10,320.50 | 10,825.01 | 504.51                   |
| 2210 Medical and Public Health             | 4,569.35  | 5,027.89  | 458.54                   |
| 2211 Family Welfare                        | 407.84    | 701.06    | 293.22                   |
| 2217 Urban Development                     | 755.78    | 1,270.35  | 514.57                   |
| 2235 Social Security and Welfare           | 1,384.20  | 1,680.35  | 296.15                   |
| 2071 Pension and other retirement benefits | 11,563.00 | 11,142.38 | -420.62                  |
| 2801 Power                                 | 3,131.10  | 2,768.74  | -362.36                  |
| 2236 Nutrition                             | 574.90    | 417.76    | -157.14                  |

Table 2.15 shows that:

- Increase of ₹1,133.51 crore (15.40 per cent) in Interest Payments is mainly due to increase for meeting liability on account of interest on internal debt by ₹1,071.75 crore and other obligations by ₹23.39 crore;
- Increase of ₹564.13 crore (7.38 per cent) in Police was due to increase in expenditure on Special Police by ₹219.42 crore, District Police by ₹198.40 crore and internal security by ₹108.92 crore respectively.
- Increase of ₹504.51 crore (4.89 per cent) under General Education was due to increase in expenditure on Mid-Day Meals by ₹48.38 crore, Elementary Education by ₹722.57 crore and Higher Education by ₹202.82 crore.
- Increase of ₹458.54 crore (10.03 per cent) in Medical and Public Health was due to increase in expenditure on Urban Health Services by ₹62.25 crore, Rural Health Services by ₹308.01 crore and Medical Education by ₹81.12 crore.
- Increase of ₹293.22 crore (71.89 per cent) in Family Welfare was due to increase in expenditure on Direction and Administration by ₹264.34 crore and Rural Family Welfare services by ₹30.08 crore.
- In Urban Development increase of ₹514.57 crore (68.08 per cent) was due to increase in disbursement of assistance to local bodies by ₹509.68 crore.
- In Social Security and Welfare increase of ₹296.15 crore (21.39 per cent) was due to increased expenditure on Child Welfare by ₹106.53 crore, Women's Welfare by ₹22.94 crore, and National Family Benefit scheme by ₹123.16 crore.
- Major decrease of ₹420.62 crore (3.63 per cent) under Pension and other Retirement benefits was due to decrease in Superannuation and Retirement allowances by ₹297.28 crore, Gratuities by ₹106.93 crore and leave encashment by ₹26.50 crore.
- Decrease of ₹362.36 crore (11.57 per cent) in Power was due to decrease in expenditure on purchase of power by ₹455.59 crore,
- Decrease of ₹157.14 crore (27.33 per cent) in Nutrition was due to a decrease in expenditure on Special Nutrition programme by ₹156.60 crore.

The Finance Department stated (April 2024) that the reasons for increase/decrease in the expenditure of certain departments are being ascertained from the respective departments. They further added that the decrease of expenditure on power purchase was mainly due to payments made under off-budget borrowings (OBB) through revolving bill payment facility (RBPF).

#### 2.4.2.2 Committed Expenditure

The committed expenditure of the UT Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It has first charge on Government resources.

Apart from the above, there are certain items of inflexible expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis unlike for variable transactions such as capital expenditure etc. For example, the following items may be considered as inflexible expenditure:

- (i) Devolution to local bodies – Statutory devolutions to local bodies for pay and allowances (devolution/ transfer for capital expenditure)
- (ii) Statutory requirements of contribution to Reserve Funds – Contributions to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation/ Response Fund (SDMF/SDRF), etc.
- (iii) Recoupment of Contingency Fund – Amount recouped within the year.
- (iv) Transfer of cess to reserve fund/ other body, which are statutorily required.
- (v) Share contribution of CSS against the Central Fund received – Amount of UT share to be transferred to SNA/ spent by the UT.
- (vi) Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure – Interest payment.

Upward trend on committed expenditure leaves the Government with lesser flexibility for the development sector. Trend analysis of committed and inflexible expenditure and its components is depicted in **Table 2.16** and share of committed expenditure in revenue expenditure is shown in **Chart 2.11**.

**Table 2.16: Components of Committed and Inflexible Expenditure**

(₹ in crore)

| Components of Committed Expenditure                | 2020-21          | 2021-22          | 2022-23          |
|--|------------------|------------------|------------------|
| Salaries & Wages                                   | 23,851.70        | 26,077.64        | 27,839.07        |
| Interest Payments                                  | 6,372.46         | 7,360.31         | 8,493.82         |
| Expenditure on Pensions                            | 9,078.11         | 11,563.00        | 11,142.38        |
| <b>Total Committed expenditure</b>                 | <b>39,302.27</b> | <b>45,000.95</b> | <b>47,475.27</b> |
| <b>As a percentage of Revenue Receipts (RR)</b>    |                  |                  |                  |
| Salaries & Wages                                   | 45.44            | 44.02            | 40.36            |
| Interest Payments                                  | 12.14            | 12.42            | 12.32            |
| Expenditure on Pensions                            | 17.29            | 19.52            | 16.15            |
| <b>Committed expenditure</b>                       | <b>74.87</b>     | <b>75.96</b>     | <b>68.83</b>     |
| <b>As a percentage of Revenue Expenditure (RE)</b> |                  |                  |                  |
| Salaries & Wages                                   | 45.31            | 44.00            | 44.19            |
| Interest Payments                                  | 12.11            | 12.42            | 13.48            |
| Expenditure on Pensions                            | 17.25            | 19.51            | 17.69            |
| <b>Committed expenditure</b>                       | <b>74.67</b>     | <b>75.93</b>     | <b>75.36</b>     |
| <b>Non-committed expenditure</b>                   | <b>13,331.48</b> | <b>14,268.38</b> | <b>15,524.07</b> |
| <b>Percentage of RE</b>                            | <b>25.33</b>     | <b>24.07</b>     | <b>24.64</b>     |
| <b>Percentage of TE</b>                            | <b>21.11</b>     | <b>20.27</b>     | <b>21.03</b>     |
| <b>Components of Inflexible expenditure</b>        |                  |                  |                  |
| Statutory devolutions to local bodies              | 901.74           | 673.01           | 1,182.69         |

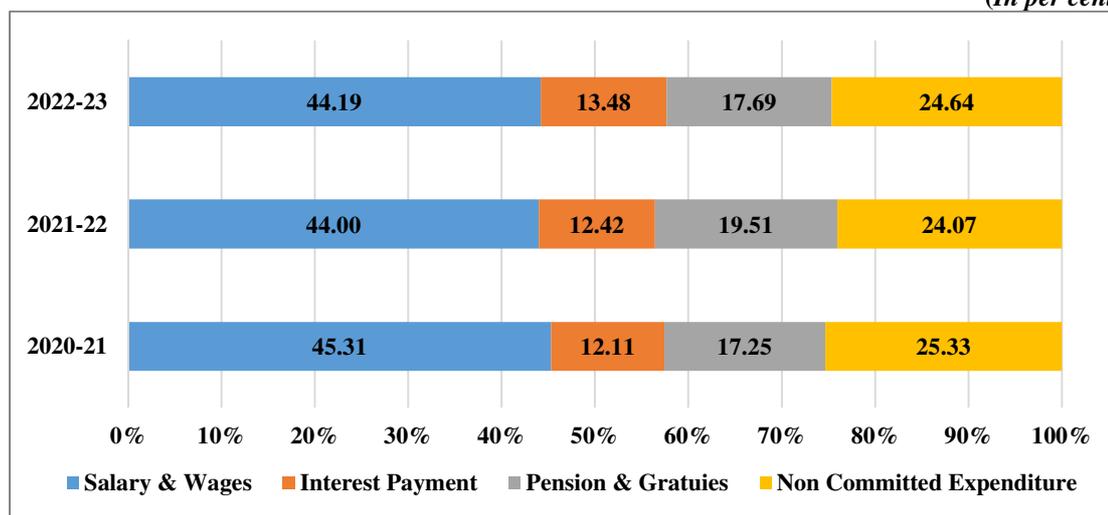
| Components of Committed Expenditure   | 2020-21         | 2021-22         | 2022-23         |
|---|-----------------|-----------------|-----------------|
| Contribution to Reserve Funds   | 511.67          | 153.89          | 173.45          |
| Recoupment of Contingency Fund  | 25.00           | 0               | 0               |
| Transfer of cess to reserve fund/ other body  | NA              | NA              | NA              |
| Share contribution of CSS <sup>7</sup> against the Central Fund received  | 830.53          | 873.17          | 801.48          |
| Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure | 23.91           | 41.53           | 41.82           |
| <b>Total Inflexible expenditure</b>   | <b>2,292.85</b> | <b>1,741.60</b> | <b>2,199.44</b> |
| <b>Inflexible expenditure as a percentage of Revenue Receipts (RR)</b>  | <b>4.37</b>     | <b>2.94</b>     | <b>3.19</b>     |
| <b>Inflexible expenditure as a percentage of Revenue Expenditure (RE)</b>   | <b>4.36</b>     | <b>2.94</b>     | <b>3.49</b>     |
| Subsidies   | 128.24          | 95.16           | 28.03           |
| Subsidies as percentage of non-committed expenditure  | 0.96            | 0.67            | 0.18            |

Source: Finance Accounts

**Table 2.16** shows that the percentage of non-committed expenditure to revenue expenditure during 2020-21 to 2022-23 ranged between 24.07 per cent and 25.33 per cent. However, the percentage of committed expenditure to revenue expenditure ranged between 74.67 per cent and 75.93 per cent. The ratio of committed expenditure to revenue receipts during 2020-21 to 2022-23 ranged between 68.83 per cent and 75.96 per cent. It shows that major portion of revenue receipts was exhausted to meet committed expenditures and Government was left with 24.04 per cent to 31.17 per cent of its revenue receipts for other expenditure.

**Chart 2.11: Share of committed expenditure in revenue expenditure**

(In per cent)



Source: Finance Accounts

<sup>7</sup> Since the share contribution of CSS released by UT is not clearly discernable in the accounts during 2021-22 and 2022-23, the proportionate UT share as per SNA-01 generated from PFMS has been adopted during the years 2021-22 and 2022-23.

### **Salaries and wages**

Expenditure on salaries and wages (₹27,839.07 crore) increased by 6.75 *per cent* during 2022-23 over the previous year (₹26,077.64 crore) and constituted 44.19 *per cent* of revenue expenditure.

### **Interest payment**

The expenditure of ₹8,493.82 crore on interest payments during 2022-23 increased by 15.40 *per cent* over the previous year (₹7,360.31 crore). Interest on internal debt (₹6,227.55 crore), Small Savings and Provident Funds (₹1,910.10 crore), Loans and Advances from GoI (₹46.33 crore) and Reserve Funds (₹71.83 crore) were the major components of interest payments during 2022-23.

### **Pensions**

The expenditure on pension and other retirement benefits to the UT Government pensioners (₹11,142.38 crore) during 2022-23 constituted 17.69 *per cent* of revenue expenditure. The expenditure on pension and other retirement benefits during 2022-23 decreased by 3.64 *per cent* over the previous year (₹11,563.00 crore). In comparison to 2021-22, Superannuation and Retirement allowances (₹6,925.53 crore) during 2022-23 decreased by ₹297.28 crore, Gratuities (₹1,251.19 crore) decreased by ₹106.94 crore and family pension (₹259.50 crore) decreased by ₹43.55 crore. However, the Government contribution for Defined Contribution Pension Scheme (₹1,002.01 crore) increased by ₹67.43 crore over the previous year.

#### **2.4.2.3 Undischarged liabilities in National Pension System**

In terms of the Defined Contribution Pension Scheme, J&K Government employees recruited on or after 1 January 2010 are covered under the Scheme. Under the scheme the employee contributes 10 *per cent* of basic pay and dearness allowance which is matched by the Government with an equal amount. Government of Union Territory contribution was enhanced to 14 *per cent* in May 2021 (Government of Union Territory of Jammu and Kashmir S.O No. 178 dated 20 May 2021) with retrospective effect from 1 April 2020.

During the year 2022-23, total contribution to Defined Contribution Pension Scheme was ₹1,773.57 crore (Employee's contribution: ₹771.56 crore and Government of Union Territory contribution: ₹1,002.01 crore).

The Government of Union Territory transferred ₹1,773.57 crore to the Public Account under Major Head-8342-117 Defined Contribution Pension Scheme, out of which ₹1,781.42 crore was transferred from this Head of Deposit Account to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank. As on 31 March 2023, an amount of ₹3.86 crore was lying under the Major Head 8342- "Other Deposits"-117 "Defined Contribution Pension Scheme" (New Pension Scheme) for Government employees awaiting transfer to NSDL/Trustee Bank. There was also a liability of ₹53.67 crore required to be transferred to NSDL/Trustee Bank pertaining to the erstwhile State of Jammu and Kashmir ended 30 October 2019

(pre re-organisation) which is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

The Finance Department stated (April 2024) that the transfer of ₹3.86 crore to NSDL and apportionment of ₹53.67 crore between two UTs has been noted for necessary action.

### Inflexible expenditure

The components of Inflexible expenditure which include among others, statutory devolutions to local bodies and contribution to Reserve Funds fluctuated from ₹2,292.84 crore in 2020-21 to ₹1,741.60 crore in 2021-22 and ₹2,199.44 crore in 2022-23. Inflexible expenditure of ₹2,199.44 crore in 2022-23 comprised 3.49 per cent of revenue expenditure.

#### 2.4.2.4 Subsidies

Amounts being booked under the object head 'subsidies' have been shown below.

**Table 2.17: Expenditure on subsidies during 2020-21 to 2022-23**

| Particulars  | 2020-21   | 2021-22   | 2022-23   |
|--|-----------|-----------|-----------|
| Non-Committed Expenditure (₹ in crore)             | 13,331.48 | 14,268.38 | 15,524.07 |
| Subsidy (₹ in crore)                               | 128.24    | 95.16     | 28.03     |
| Subsidy as percentage of Non-Committed Expenditure | 0.96      | 0.67      | 0.18      |
| Subsidies as a percentage of Revenue Receipts      | 0.24      | 0.16      | 0.04      |
| Subsidies as a percentage of Revenue Expenditure   | 0.24      | 0.16      | 0.04      |

Source: Finance Accounts

The expenditure on subsidies by Union Territory of J&K has decreased from ₹128.24 crore in 2020-21 to ₹28.03 crore in 2022-23. It constituted 0.04 per cent of revenue receipts (₹68,975.95 crore) and revenue expenditure (₹62,999.34 crore). Horticulture Department was provided maximum subsidy (₹28.02 crore) which was 99.96 per cent of total expenditure on subsidy during the year.

#### 2.4.2.5 Financial Assistance by the UT Government to Local Bodies and other Institutions

Financial assistance is provided by the Union Territory Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of Grants to local bodies and other institutions is presented in **Table 2.18**.

**Table 2.18: Financial Assistance to Local Bodies etc.**

|  | (₹ in crore)  |               |                 |
|--|---------------|---------------|-----------------|
| Financial Assistance to Institutions   | 2020-21       | 2021-22       | 2022-23         |
| <b>(A) Local Bodies</b>  |               |               |                 |
| Municipal Corporations   | 502.15        | 388.43        | 819.87          |
| Others   | 356.32        | 256.03        | 330.66          |
| <b>Total (A)</b>   | <b>858.47</b> | <b>644.46</b> | <b>1,150.53</b> |
| <b>(B) Others</b>  |               |               |                 |
| Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.) | 2,256.56      | 2,205.67      | 2,792.66        |
| Development Authorities  | 68.43         | 71.08         | 77.92           |

| <b>Financial Assistance to Institutions</b>     | <b>2020-21</b>  | <b>2021-22</b>  | <b>2022-23</b>  |
|---|-----------------|-----------------|-----------------|
| Jammu and Kashmir Power Companies*              | 2,759.98        | 1,188.23        | 1,286.88        |
| Other Institutions                              | 588.42          | 761.41          | 972.52          |
| <b>Total (B)</b>                                | <b>5,673.39</b> | <b>4,226.39</b> | <b>5,129.98</b> |
| <b>Total (A+B)</b>                              | <b>6,531.86</b> | <b>4,870.85</b> | <b>6,280.51</b> |
| Revenue Expenditure                             | 52,633.75       | 59,269.33       | 62,999.34       |
| Assistance as percentage of Revenue Expenditure | 12.41           | 8.22            | 9.97            |

Source: Finance Accounts

\*J&K Power Development Corporation, Jammu Power Discom, Kashmir Power Discom and JK Power Corporation Ltd

During the current year, financial assistance to the local bodies and other institutions increased by ₹1,409.66 crore (29 per cent) over the previous year. Major increase was under Financial assistance given to Local bodies (₹506.07 crore; 78.53 per cent) and Educational Institutions (₹586.99 crore; 26.61 per cent).

Educational Institutions and Jammu and Kashmir Power Companies were the major beneficiaries of assistance, as they received 44.47 per cent and 20.49 per cent respectively of total financial assistance disbursed during 2022-23. Grants-in-Aid as percentage of revenue expenditure during 2022-23 was 9.97 per cent in comparison to 8.22 per cent during 2021-22.

Major recipients of financial assistance are shown in **Table 2.19**.

**Table 2.19: Major recipients of financial assistance during the year 2022-23**

| <b>Recipient</b>   | <b>Amount</b> |
|--|---------------|
| Jammu Municipal Corporation  | 469.67        |
| Srinagar Municipal Corporation   | 350.20        |
| Urban Local Bodies (Kashmir)   | 193.96        |
| Urban Local Bodies (Jammu)   | 136.70        |
| National Rural Livelihoods Mission                                       | 133.20        |
| Jammu and Kashmir Power Companies <sup>8</sup>                           | 1,286.88      |
| Medical Education Training and Research                                  | 1,061.11      |
| Government Educational Institutions                                      | 552.71        |
| Kashmir University   | 334.36        |
| Sher-e-Kashmir University of Agriculture Sciences and Technology Kashmir | 279.00        |
| Jammu University   | 250.17        |
| Sher-e-Kashmir University of Agriculture Sciences and Technology Jammu   | 127.75        |

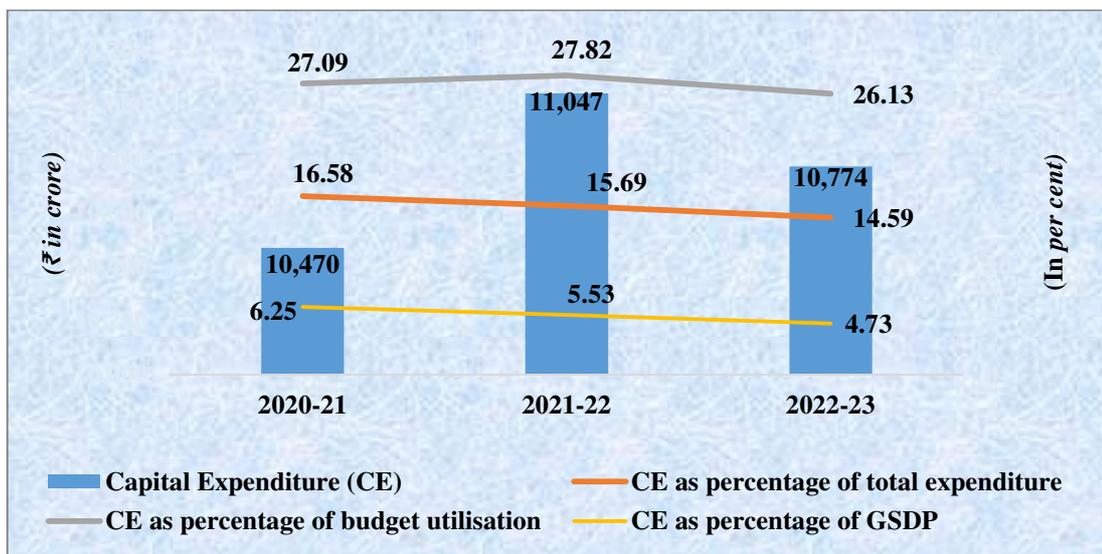
The Finance Department replied (April 2024) that the increase in GIA to Municipal Corporations and power companies is mainly attributable to devolution of powers to Urban Local Bodies and Municipal Corporations and unbundling of power companies for their operational expenses.

<sup>8</sup> J&K Power Development Corporation: ₹14.24 crore; Jammu Power Discom: ₹497.93 crore; Kashmir Power Discom: ₹601.64 crore; Power Trading Corporation: ₹173.07 crore

### 2.4.3 Capital Expenditure

Capital Expenditure (Capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Capex is being met from budgetary support and extra budgetary resources/off budget. It also includes investments made by the UT Government in Companies/Corporations. Trends of capital expenditure in the UT over the period 2020-21 to 2022-23 is given in **Chart 2.12**.

**Chart 2.12: Capital Expenditure in the UT**



Capital expenditure increased by ₹576.66 crore (5.51 per cent) during 2021-22, however, it decreased by ₹273.26 crore (2.47 per cent) during 2022-23. Percentage of capital expenditure in total expenditure showed a declining trend and decreased from 16.58 per cent in 2020-21 to 14.59 per cent during 2022-23. Utilisation of budget for capital expenditure decreased from 27.82 per cent in 2021-22 to 26.13 per cent in 2022-23. Capital expenditure to GSDP ratio decreased from 6.25 per cent in 2020-21 to 4.73 per cent in 2022-23.

The Finance Department stated (May 2024) that the report indicates capital expenditure of the UT as ₹10,774 crore and it excludes the capital investments of important interventions of the Central Government like the Jal Jeevan Mission. Under the JJM, substantial investment was made in 2022-23 to increase tap water connections in rural areas. There was dramatic improvement in provision of water supply to households in the entire UT by investing capital funds in 6,596 works for construction of bore-wells/tube-wells, commissioning of water treatment/filtration plants, development of overhead tanks and laying of pipe network. Through these works, the Government has doubled the coverage of pipe water supply with the number of household tap connections expanding from 5.8 lakh connection in March 2016 to about 10 lakh by March 2023.

The Audit opinion on Capital expenditure is based on information contained in the Finance Accounts 2022-23, wherein the funds routed through the Consolidated Fund of UT of Jammu and Kashmir are being captured. As regards investment made in Jal Jeevan Mission, the funds have been released by the GoI directly to the implementing

agencies and have not been routed through the Consolidated Fund of the UT of Jammu and Kashmir. Further, the details of incomplete projects of all the Departments of UT Government as of March 2023 were not provided for inclusion in the Finance Accounts 2022-23.

#### **2.4.3.1 Major Changes in Capital Expenditure**

Capital outlay decreased by ₹273.26 crore (2.47 per cent) from ₹11,047.04 crore in 2021-22 to ₹10,773.78 crore in 2022-23. Significant variations of ₹100 crore and above under various Major Heads of Accounts with regard to capital outlay of the UT during the current year as compared to the previous year is shown in the table below.

**Table 2.20: Significant increase/decrease of more than ₹100 crore with respect to previous year**

| Major Head description                                     | 2021-22  | 2022-23  | (₹ in crore)                  |
|--|----------|----------|-------------------------------|
|  |          |          | Increase (+)/<br>Decrease (-) |
| 4059- Capital Outlay on Public Works                       | 534.80   | 887.40   | 352.60                        |
| 4202- Capital outlay on Education, Sports, Art and Culture | 572.31   | 851.87   | 279.56                        |
| 4217- Capital Outlay on Urban Development                  | 450.98   | 772.91   | 321.93                        |
| 4515-Capital outlay on Other Rural Development Programmes  | 1,267.65 | 2,436.38 | 1,168.73                      |
| 4711-Capital Outlay Flood Control Projects                 | 45.87    | 170.16   | 124.29                        |
| 4210-Capital outlay on Medical and Public Health           | 636.79   | 365.76   | -271.03                       |
| 4216- Capital Outlay on Housing                            | 209.43   | 7.71     | -201.72                       |
| 4235- Capital Outlay on Social Security and Welfare        | 509.70   | 363.51   | -146.19                       |
| 4801-Capital outlay on Power Projects                      | 1,230.00 | 722.46   | -507.54                       |
| 5054- Capital outlay on Roads and Bridges                  | 2,612.67 | 2,091.39 | -521.28                       |
| 5475- Capital outlay on Other General Economic Services    | 1,245.77 | 557.98   | -687.79                       |

Source: Finance Accounts.

Increased expenditure under Capital Outlay on Other Rural Development programmes was mainly due to more expenditure on 103-Rural Development, 101-Panchayati Raj and 102-Community Development with respect to the previous year.

Increased expenditure under Capital Outlay on Public Works was mainly due to more expenditure on 01-Office buildings.

Increase in expenditure under Capital Outlay on Urban Development was mainly due to increase in expenditure on 03-Integrated Development of Small and Medium Towns and 60- Other Urban Development Schemes.

Decreased expenditure under Capital Outlay on Power Projects was mainly due to less expenditure on works under MH-4801 Capital Outlay on Power Projects, 01- Hydel Generation, with respect to the previous year.

Decreased expenditure under Capital Outlay on Roads and Bridges was mainly due to less expenditure on 03- State Highways and 04- District and other Roads, with respect to the previous year.

Decreased expenditure under Capital Outlay on Other General Economic Services was mainly due to less expenditure under 800- Other Expenditure with respect to the previous year.

The Finance Department stated (April 2024) that the decreasing trend in capital expenditure in certain departments shall be conveyed to the concerned agencies for taking expeditious action.

#### 2.4.3.2 Quality of capital expenditure

Capital expenditure includes investments in Cooperative Banks, Societies and Government Companies with an expected return. This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year.

##### (i) Quality of investments in the companies, corporations and other bodies

UT of Jammu and Kashmir had total investment of ₹1,311.59 crore as on 31 March 2023 in 40 Companies (₹860.51 crore), two Statutory Corporations (₹193.91 crore), eight Co-operative Institutions/ Local Bodies (₹239.85 crore), and two Rural Banks (₹17.32 crore). The major portion of investments has been made in JKRTC - (₹193.91 crore) and Chenab Valley Power Projects - (₹557.15 crore).

The erstwhile J&K State Government had cumulative investment of ₹4,620.16 crore in 37 Companies (₹4,157.86 crore), three Statutory Corporations (₹368.31 crore), eight Co-operative Institutions/ Local Bodies (₹47.83 crore), two Rural Banks (₹45.82 crore) and two Joint Stock Companies (₹0.34 crore) ending 30 October 2019 which had not been apportioned between Union Territory of Jammu and Kashmir and Union Territory of Ladakh. No dividend was received and credited to Government accounts during the year. **Table 2.21** gives the overall picture of return on investment vis-à-vis the average cost of Government borrowing.

**Table 2.21: Return on Investment**

|   | (₹ in crore) |         |                   |
|---|--------------|---------|-------------------|
| Investment/return/ cost of borrowings   | 2020-21      | 2021-22 | 2022-23           |
| Investment at the end of the year (₹ in crore)  | 306.12       | 879.13  | 1,311.59          |
| Return (₹ in crore)   | Nil          | Nil     | Nil               |
| Return (per cent)   | Nil          | Nil     | Nil               |
| Average rate of interest on Government Borrowings (per cent)  | 6.65         | 6.95    | 7.60 <sup>9</sup> |
| Difference between interest rate and return (per cent)  | 6.65         | 6.95    | 7.60              |
| Difference between cost of Government borrowings and return on investment (₹ in crore) <sup>#</sup> | 20.36        | 61.10   | 99.68             |

<sup>#</sup> Investment at the end of the year X Difference between interest rate and return

100

Source: Finance Accounts.

Average rate of interest paid on its public debt by the Government during 2022-23 was 7.60 per cent against which nil return on investment was received by the Government. Cost of borrowing of the Government during 2022-23 has increased from ₹20.36 crore to ₹99.68 crore. Taking into account the investment of the erstwhile State amounting to ₹4,620.17 crore, the cost of borrowing amounts to ₹450.81 crore.

<sup>9</sup> Interest paid ₹8,242.92 crore on public borrowings during 2022-23 as per cent of Average Public debt and other liabilities of UT and erstwhile State excluding back to back loans received from GoI in lieu of GST Compensation ((OB: ₹1,06,926.76 crore + CB ₹1,09,997.14 crore)/2 = ₹1,08,461.95 crore).

The Finance Department stated (May 2024) that the report indicates that ₹1,311.59 crore was invested in PSUs in 2022-23 with little return. But most of the investment has been as equity investment in Chenab Valley Power Projects Limited (CVPPL) for developing hydro-electric projects. These projects are under construction and any revenue generation in such infrastructure projects is possible only after commissioning. Further, the investments in State Road Transport Corporation have ensured turnaround of the corporation. Further, 11 companies reported profits in 2022-23.

The reply is not acceptable in view of the fact that although 11 PSUs cited by the Finance Department had recorded profits during 2022-23, as per the Finance Accounts 2022-23, the Government of J&K did not get any returns from the investment of ₹1,311.59 crore made in these PSUs as of 31 March 2023.

### ***(ii) Reconciliation of Government Investments with Accounts of Companies***

The figures of Government investments as equity in Public Sector Undertakings (PSU) should agree with those appearing in the accounts of the PSUs. Reconciliation of figures is necessary to figure out the differences in accounts of PSUs and Finance Accounts of the UT Government.

Government of UT of Jammu and Kashmir booked ₹30.87 crore as investment during 2022-23. However, Companies, Corporations and other bodies concerned had shown an investment of ₹349.47 crore during 2022-23, thereby resulting in variation of ₹318.60 crore. The UT Government stated (August 2023) that few PSUs which are not able to balance their budgets and meet their expenses are provided budgetary support to be classified as loans. Funds provided under Capital budget are classified as capital investment in the PSUs. It was also stated that there is a need to reconcile the figures. As such reconciliation should be carried out in a time bound manner to resolve the difference.

### ***2.4.3.3 Quantum of loans disbursed and recovered***

In addition to the investments in co-operative societies, corporations and companies, the UT Government has also been providing loans and advances to many institutions/organisations. **Table 2.22** presents the position of outstanding loans and advances as on 31 March 2023 and interest receipts *vis-à-vis* interest payments by the UT Government on its borrowings during the years 2020-21 to 2022-23.

**Table 2.22: Quantum of loans disbursed and recovered during the year 2020-21 to 2022-23**

|   | (₹ in crore)        |                      |                                    |
|---|---------------------|----------------------|------------------------------------|
| <b>Quantum of loans disbursed and recovered</b> | <b>2020-21</b>      | <b>2021-22</b>       | <b>2022-23</b>                     |
| Opening Balance of loans outstanding*           | 35.80<br>(1,740.44) | 95.51<br>(1,740.44)  | 168.26 <sup>10</sup><br>(1,740.44) |
| Amount advanced during the year                 | 61.64               | 73.77                | 59.53                              |
| Amount recovered during the year                | 1.93                | 1.03                 | 1.33                               |
| Closing Balance of loans outstanding*           | 95.51<br>(1,740.44) | 168.25<br>(1,740.44) | 226.46<br>(1,740.44)               |
| Net addition                                    | 59.71               | 72.74                | 58.20                              |

<sup>10</sup> ₹16,825.65 lakh rounded to ₹168.26 crore

| Quantum of loans disbursed and recovered   | 2020-21  | 2021-22  | 2022-23            |
|--|----------|----------|--------------------|
| Interest received on Loans and Advances  | Nil      | 0.13     | 0.47               |
| Interest received <i>vis-à-vis</i> loans outstanding ( <i>per cent</i> )               | Nil      | 0.08     | 0.21               |
| Rate of interest paid on outstanding borrowings** of the Government                    | 6.65     | 6.95     | 7.60 <sup>11</sup> |
| Difference between the rate of interest paid and interest received ( <i>per cent</i> ) | (-) 6.65 | (-) 6.87 | (-) 7.39           |

Source: Finance Accounts.

\* Figures in brackets are the balances of Outstanding loans of the erstwhile State of Jammu and Kashmir as on 30 October 2019, yet to be apportioned between the two newly created UTs.

\*\*Worked out on borrowings including Outstanding borrowings of the erstwhile State (₹82,050.50 crore) which is to be apportioned between successor UTs, but excluding Back to Back loans in lieu of GST compensation (2020-21: ₹2,099.80 crore; 2021-22: ₹5,945.29 crore and 2022-23: ₹5,945.29 crore).

During the year 2022-23, the Government of Union Territory of Jammu and Kashmir disbursed loans and advances of ₹59.53 crore and recovered loans and advances amounting to ₹1.33 crore. Out of total loans disbursed during 2022-23, loans amounting to ₹52.03 crore was disbursed as loan assistance to Public Sector Units of Industries and Minerals. Loan amounting to ₹7.50 crore was disbursed to J&K Road Transport Corporation Limited (JKRTC) which already had outstanding loans of ₹479.23 crore ending 31 March 2022 (₹383.73 crore received from erstwhile State and ₹95.50 crore from UT of J&K). As per last audited accounts for the year 2018-19, JKRTC booked losses of ₹117.62 crore. Recoveries of Loans and Advances are not forthcoming from loss making public sector undertakings. No assessment about potential recoverability of these loans has been made in the FRBM Statements.

The Government of UT of Jammu and Kashmir had total outstanding loans and advances of ₹95.51 crore ending 31 March 2021 which increased to ₹226.46 crore at the end of 31 March 2023. In addition, there were Loans and Advances of ₹1,740.44 crore disbursed by the Government of the erstwhile State which were outstanding as on 30 October 2019 and were yet to be divided between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

As against the loan amount ranging between ₹59.53 crore to ₹73.77 crore advanced during 2020-23, the recovery of loans during the same period ranged between ₹1.03 crore and ₹1.93 crore only. Interest receipts of ₹0.47 crore during 2022-23 was only 0.21 *per cent* of the outstanding loans at the end of 2022-23.

The Finance Department replied (April 2024) that non-assessment of potential recoverability in the FRBM statements has been noted for necessary action.

#### 2.4.3.4 Capital blocked in incomplete works

An assessment of trends in capital blocked in incomplete capital works would also indicate quality of capital expenditure. Blocking of funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the UT of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years lead to extra burden in terms of servicing of debt

<sup>11</sup> Interest paid ₹8,242.92 crore on public borrowings during 2022-23 as *per cent* of Average Public debt and other liabilities of UT and erstwhile State excluding back to back loans received from GoI in lieu of GST Compensation ((OB: ₹1,06,926.76 crore + CB ₹1,09,997.14 crore)/2 = ₹1,08,461.95 crore).

and interest liabilities. Details of age-wise and department-wise incomplete projects are shown in **Tables 2.23** and **2.24** respectively.

| Year of commencement | No of incomplete projects | Estimated cost | Expenditure (as on 31 March 2023) |
|----------------------|---------------------------|----------------|-----------------------------------|
| 2010-11              | 1                         | 4.24           | 5.58                              |
| 2011-12              | 1                         | 17.34          | 16.86                             |
| 2015-16              | 1                         | 9.50           | 6.23                              |
| 2016-17              | 1                         | 3.56           | 3.34                              |
| 2017-18              | 6                         | 33.42          | 24.28                             |
| 2018-19              | 15                        | 37.26          | 18.22                             |
| 2019-20              | 4                         | 26.89          | 19.58                             |
| 2020-21              | 15                        | 56.45          | 32.13                             |
| 2021-22              | 3                         | 10.65          | 6.27                              |
| 2022-23              | 1                         | 2.34           | 1.22                              |
| <b>Total</b>         | <b>48</b>                 | <b>201.65</b>  | <b>133.71</b>                     |

| Department                                      | No. of incomplete projects | Estimated cost | Expenditure (as on 31 March 2023) |
|---|----------------------------|----------------|-----------------------------------|
| Jal Shakti (PHE) Department, Jammu              | 4                          | 7.89           | 5.93                              |
| Public Works Roads and Bridges Department Jammu | 44                         | 193.76         | 127.78                            |
| <b>Total</b>                                    | <b>48</b>                  | <b>201.65</b>  | <b>133.71</b>                     |

Source: Finance Accounts.

The expenditure of ₹133.71 crore incurred on 48 incomplete projects was yet to yield the intended benefits. Out of 48 incomplete projects, 29 projects on which expenditure of ₹94.09 crore had been incurred, pertained to the period prior to the year 2020-21. Delay in completion of projects not only adversely affected the quality of expenditure but also deprived the UT of intended benefits and economic growth.

The Finance Department during the exit conference stated (April 2024) that the BEAMS portal will provide a full picture on incomplete projects and all the departments will be directed to provide the requisite information on incomplete projects to PAG (A&E).

#### **2.4.3.5 Implementation of Ujwal Discom Assurance Yojana (UDAY)**

With the objective of ensuring financial turnaround of Power Distribution Companies (DISCOM), the Ministry of Power, Government of India (GoI) introduced (November 2015) the Ujwal Discom Assurance Yojana (UDAY) to improve the operational and financial efficiency of the State DISCOM. States were to takeover 75 per cent of DISCOM debt as on September 2015 over two years i.e. 50 per cent of DISCOM debt was to be taken over in 2015-16 and 25 per cent in 2016-17. In March 2016, the Ministry of Power, Government of India and Government of Jammu and Kashmir signed a Memorandum of Understanding (MOU) under the scheme UDAY-"Ujwal DISCOM Assurance Yojana" and borrowed ₹3,537.55 crore (₹2,140 crore in 2015-16 and ₹1,397.55 crore in 2016-17) from RBI by issue of Non-Statutory Liquidity Ratio (SLR) bond at rates ranging between 7.07 per cent to 8.72 per cent with maturity date from March 2022 to October 2031. The function of electricity supply to consumers was being handled departmentally, so the money was utilised by the Government to clear liabilities towards the Central Public Sector

Undertakings (CPSU). The Government has to pay interest on the bonds and bonds will also be maturing every year from 2021-22 to 2031-32. During the year 2022-23, the Government paid ₹265.87 crore towards interest on bonds issued under UDAY Scheme and has also so far paid principal amounting to ₹567.76 crore (including ₹353.76 crore paid during 2022-23).

#### 2.4.4 Expenditure priorities

Enhancing human development levels requires the UT to step up its expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to total expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. Fiscal priority<sup>12</sup> of the UT Government with regard to expenditure on social and economic sectors, etc. is shown in **Table 2.25**.

**Table 2.25: Expenditure priority with regards to Health, Education, Capital expenditure etc.**

|  | TE/GSDP | CE/TE | Education/TE | Health/TE |
|--|---------|-------|--------------|-----------|
| North Eastern and Himalayan States Average (2020-21) | 27.44   | 15.81 | 16.88        | 7.03      |
| North Eastern and Himalayan States Average (2021-22) | 27.50   | 17.45 | 15.93        | 7.24      |
| North Eastern and Himalayan States Average (2022-23) | 27.24   | 15.52 | 15.77        | 6.95      |
| Jammu and Kashmir (2020-21)                          | 37.68   | 16.67 | 16.28        | 7.85      |
| Jammu and Kashmir (2021-22)                          | 35.21   | 15.80 | 15.66        | 7.98      |
| Jammu and Kashmir (2022-23)                          | 32.39   | 14.67 | 15.99        | 8.25      |

Source: Figures calculated on the basis of Finance Accounts of the respective States/UT  
TE: Total Expenditure and CE: Capital Expenditure (includes Loans and advances disbursed)

**Table 2.25** shows that:

- The UT Government's total expenditure as proportion of GSDP decreased from 37.68 per cent in 2020-21 to 32.39 per cent in 2022-23 whereas for North Eastern and Himalayan States (NE&HS), it decreased from 27.44 per cent to 27.24 per cent during the same period.
- Capital expenditure facilitates asset creation which generates opportunities for higher growth. Ratio of capital expenditure to total expenditure in respect of UT of Jammu and Kashmir decreased from 16.67 per cent in 2020-21 to 14.67 per cent in 2022-23 and it was below the ratio for NE&HS. This ratio for NE&HS decreased from 15.81 per cent to 15.52 per cent during the same period.

<sup>12</sup> Ratio of expenditure in that category to Total Expenditure (TE).

- The ratio of expenditure on education to total expenditure in UT of Jammu and Kashmir decreased from 16.28 per cent in 2020-21 to 15.99 per cent in 2022-23. The ratio also decreased from 16.88 per cent to 15.77 per cent in case of NE&HS during the same period.
- The ratio of expenditure on health to total expenditure in Jammu and Kashmir increased from 7.85 per cent in 2020-21 to 8.25 per cent in 2022-23, whereas it decreased from 7.03 per cent to 6.95 per cent in case of NE&HS during the same period.

The Principal Secretary Finance Department stated (May 2024) that the report creates an impression that the UT government gives lower priority to Education and Health sectors in total expenditure. The comparison with North-eastern and Himalayan states has weak foundations as these States do not require the security related expenditure as in J&K. The UT government requires a large police force for ensuring peace and harmony and for tackling externally induced threats. Further, the investments made by the UT government in education sector ensured sharp increase in enrolment of students in primary, middle and secondary schools. In health sector, the UT government's investments in SEHAT initiative has substantially reduced out-of-pocket expenditure and extended cashless treatment to UT's citizens. There has been an unprecedented expansion in medical education with construction of new Medical Colleges and increase of MBBS seats from 500 to 1,300 within the past three years.

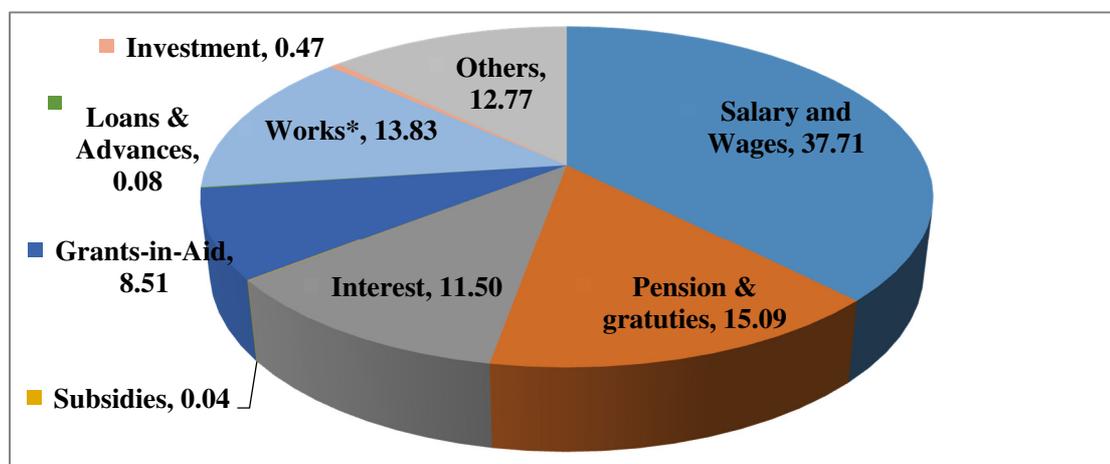
The reply is not acceptable. As can be seen from the data in **Table 2.25**, the proportion of expenditure on Education and Health in the total expenditure of UT of J&K during 2022-23 was 15.99 per cent and 8.25 per cent which was more than that of the NE&HS. As such, the audit opinion regarding increase or decrease in expenditure on Education and Health is based on factual position.

#### 2.4.5 Object head wise Expenditure

Object head wise expenditure gives information about the object/ purpose of the expenditure.

**Chart 2.13: Object head wise Expenditure**

*(In per cent)*



Source: Finance Accounts; \*Works includes expenditure on works, Construction works and Minor Works; Investment figures as per information provided by the concerned PSUs (Statement 19)

Salary and wages of UT of Jammu and Kashmir accounted for 37.71 *per cent* and pension and gratuities accounted for 15.09 *per cent* of total expenditure. It indicates that more than 52.80 *per cent* of total expenditure was on Salary & Wages and Pension & gratuities. Major, Minor Works and construction works together accounted for 13.83 *per cent* of total expenditure.

The Finance Department stated (April 2024) that the audit observation has been noted and action would be taken accordingly.

## 2.5 Public Accounts

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Section 68(1) of the Jammu & Kashmir Re-organisation Act, 2019 and are not subject to vote by the Legislature. The Government acts as a banker in respect of these transactions. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

### 2.5.1 Net Public Account Balances

In respect of sums credited to the Public Accounts of the Union Territory of Jammu and Kashmir, the UT Government acts as a trustee or banker and bears a fiduciary liability. Major constituents of the Public Accounts are State Provident Fund, Insurance/Pension Funds, Reserve Funds, and Deposits and Advances. Besides, the Public Accounts section of the Government Accounts is also used to record transitory and passthrough transactions under Suspense and Miscellaneous and Remittance heads before their final accounting to appropriate receipt or payment head of account, and also cash balance transactions. **Table 2.26** given below shows the component-wise net balances in Public Account of the UT.

**Table 2.26: Component-wise net balances in Public Account at close of the years**

| (₹ in crore)                            |  |                        |                          |                             |
|---|--|------------------------|--------------------------|-----------------------------|
| Sector                                  | Sub Sector                             | 2020-21                | 2021-22                  | 2022-23                     |
| I. Small Savings, Provident Funds, etc. | Small Savings,                         | -2,185.97              | -1,591.41                | -1,017.71                   |
|   | Provident Funds, etc.                  | (-27,161.62)           | (-27,161.62)             | (-25,735.23)                |
| J. Reserve Funds                        | (a) Reserve Funds bearing Interest     | -780.89<br>(-1,260.62) | -873.86<br>(-1,260.62)   | (-) 1,183.99<br>(-1,260.62) |
|   | (b) Reserve Funds not bearing Interest | 9.76<br>(-1,533.95)    | -46.27<br>(-1,533.95)    | -111.74<br>(-1,533.95)      |
| K. Deposits and Advances                | (a) Deposits bearing Interest          | -474.74<br>(-53.67)    | -495.52<br>(-53.67)      | -501.79<br>(-53.67)         |
|   | (b) Deposits not bearing Interest      | -880.79<br>(-6,860.56) | -1,190.52<br>(-6,860.56) | -1,891.30<br>(-6,800.82)    |
|   | (c) Advances                           | 0<br>(12.69)           | 0<br>(12.69)             | 0<br>(12.69)                |
| L. Suspense and Miscellaneous           | (b) Suspense                           | -121.14<br>(344.15)    | -249.38<br>(344.15)      | -538.23<br>(344.15)         |
|   | (c) Other Accounts                     | -0.0002<br>(389.01)    | +0.0004<br>(389.01)      | -0.0004<br>(389.01)         |

| Sector         | Sub Sector                                | 2020-21                                 | 2021-22                                 | 2022-23                                 |
|----------------|---|---|---|---|
| M. Remittances | (a) Money Orders, and other Remittances   | -632.57<br>(-2,856.74)                  | 689.07<br>(-2,856.74)                   | 689.12<br>(-2,856.74)                   |
|                | (b) Inter-Governmental Adjustment Account | -1.93<br>(9.26)                         | 9.25<br>(9.26)                          | -1.45<br>(9.26)                         |
| <b>Total</b>   |   | <b>-5,068.27</b><br><b>(-38,972.05)</b> | <b>-3,748.64</b><br><b>(-38,972.05)</b> | <b>-4,557.09</b><br><b>(-37,485.92)</b> |

Source: Finance Accounts.

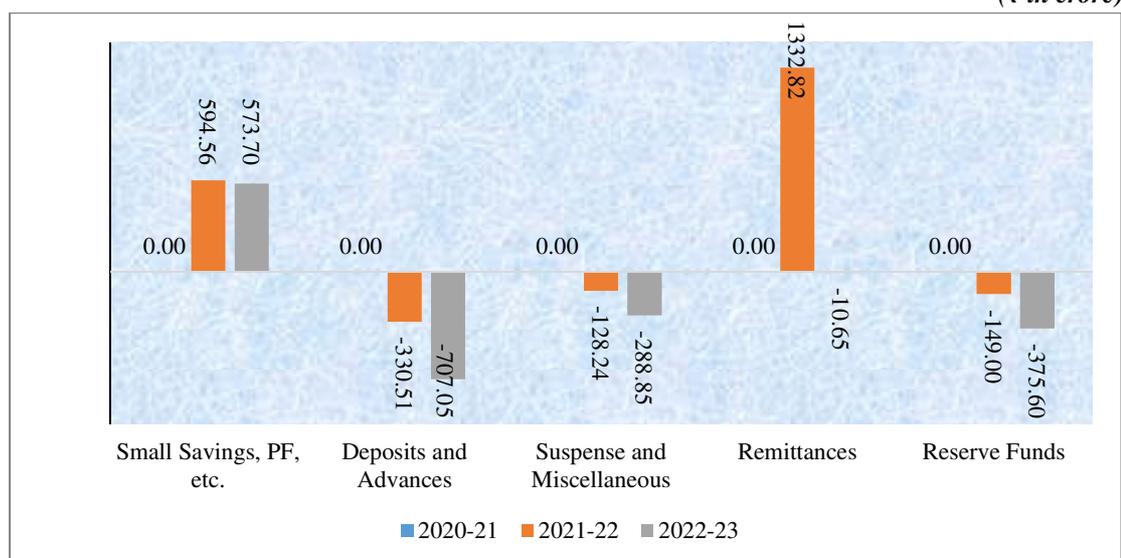
Note: +ve denotes debit balance and -ve denotes credit balances. The figures in brackets indicate balances of the erstwhile State of Jammu and Kashmir yet to be apportioned between the two newly created UTs.

The total credit balance under Public Account of UT of Jammu and Kashmir was ₹4,557.09 crore ending 31 March 2023. There was also a credit balance of ₹37,485.92 crore ending 30 October 2019 under Public Account of the erstwhile State of Jammu and Kashmir, which is yet to be bifurcated between the Union Territory of Jammu and Kashmir and UT of Ladakh.

The Finance Department stated (April 2024) that the audit observation has been noted for further necessary action.

**Chart 2.14: Yearly change in Balances in Public Account of UT of J&K during 2022-23**

(₹ in crore)



During the year 2022-23, major changes occurred in Suspense and Miscellaneous, Reserve Funds and Deposits and advances components of Public Account.

### 2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Accounts of the Government. These funds are met from contributions or grants from the Consolidated Fund of the UT of Jammu and Kashmir. It comprises interest bearing reserve funds and reserve funds not bearing interest. Details of reserve funds are available in Statements 21 and 22 of the Finance Accounts. There were two interest bearing funds and five reserve funds not bearing interest as on 31 March 2023. The balances lying in these reserve funds as on 31 March 2023 are given in **Table 2.27**.

Table 2.27: Closing Balances under Reserve Funds

(₹ in crore)

| Reserve funds                                     | 2020-21        | 2021-22       | 2022-23         |
|---|----------------|---------------|-----------------|
| <b>Reserve Funds Bearing interest</b>             |                |               |                 |
| State Disaster Response Fund                      | 16.32          | 109.29        | 419.42          |
| State Compensatory Afforestation Fund             | 764.57         | 764.57        | 764.57          |
| <b>Total - Reserve Fund Bearing Interest</b>      | <b>780.89</b>  | <b>873.86</b> | <b>1,183.99</b> |
| <b>Reserve Funds Not Bearing interest</b>         |                |               |                 |
| Sinking fund                                      | 55.63          | 100.63        | 159.54          |
| Other Development and Welfare Funds               | -90.38         | -103.72       | -106.62         |
| General Insurance Fund-Janta Insurance            | 20.12          | 37.01         | 37.08           |
| Guarantee Redemption Fund                         | 2.00           | 4.00          | 5.00            |
| Other Funds                                       | 2.87           | 8.35          | 16.74           |
| <b>Total - Reserve Funds Not Bearing interest</b> | <b>(-)9.76</b> | <b>46.27</b>  | <b>111.74</b>   |
| <b>Total -Reserve Funds</b>                       | <b>771.13</b>  | <b>920.13</b> | <b>1,295.73</b> |

Source: Finance Accounts.

@ Balances ending 30 October 2019 of erstwhile State were not apportioned between the two UTs (UT of Jammu & Kashmir and UT of Ladakh). As such, opening balance of UT of Jammu & Kashmir has been taken as zero, due to which there were negative closing balances.

The total accumulated balance at the end of 31 March 2023 in these funds was ₹1,295.73 crore out of which ₹1,183.99 crore (Credit) was under interest bearing Reserve Fund and ₹111.74 crore (Credit) under Non-Interest bearing Reserve Fund. There is cumulative aggregate balance in these funds at the end of 30 October 2019 amounting to ₹2,805.43 crore of the erstwhile State of Jammu and Kashmir which is yet to be bifurcated between the two successor UTs.

The Finance Department stated (April 2024) that the audit observation has been noted for further necessary action.

### 2.5.2.1 Consolidated Sinking Fund

No Consolidated Sinking Fund was separately created in the Union Territory of Jammu and Kashmir after re-organisation of the erstwhile State of Jammu and Kashmir. The Government of the erstwhile State of Jammu and Kashmir set up the Consolidated Sinking Fund for amortisation of loans in January 2012. According to the guidelines of the Fund, Government may contribute a minimum of 10 per cent of 0.5 per cent of the outstanding liabilities as at the end of 2010-11 every year beginning with the financial year 2011-12 upto 2021-22 to make it equal to 0.5 per cent of outstanding liabilities of 2010-11. In addition, contribution in respect of incremental liabilities as from year to year thereafter shall be made at 0.5 per cent of such incremental liabilities so as to reach the level deemed sufficient to meet the objective of the Scheme. The Government of Union Territory of Jammu and Kashmir continued with the existing Fund and in the year 2022-23 contributed ₹58.91 crore. The amount required to be contributed to the Fund as per guidelines of 2012 could not be worked out as the available balance under the Fund amounting to ₹355.87 crore as on 30 October 2019 (pre re-organisation) is yet to be apportioned between the Union Territory of Jammu and Kashmir and Union

Territory of Ladakh. The total accumulation of the Fund (for the period 31 October 2019 to 31 March 2023-post re-organisation) was ₹159.54 crore as on 31 March 2023.

The Finance Department stated (April 2024) that the apportionment of balances between the two UTs has been noted for further necessary action. It was further added that the UT Government has also decided to participate in the scheme of Consolidated Sinking Fund of the RBI and has completed the process for the same.

### **2.5.2.2 State Disaster Response Fund**

In terms of guidelines on constitution and administration of the State Disaster Response Fund (under Major Head '8121- General & Other Reserve Funds' which is under interest bearing section), the Central and State Governments are required to contribute to the fund in the proportion of 90:10. On re-organisation of the State of Jammu and Kashmir into two new Union Territories on 30 October 2019, the Government of Union Territory of Jammu and Kashmir continued with the State Disaster Response Fund. During the year 2022-23, an amount of ₹279.00 crore on account of 'Grants towards contribution to Union Territory Disaster Response Fund' was released by the Ministry of Home Affairs, Government of India. The Government of Union Territory of Jammu and Kashmir transferred ₹381.83 crore (Central share ₹279.00 crore, Union Territory share ₹31.00 crore, interest ₹71.83 crore) to the Fund under Major Head 8121-122 SDRF. The contributions to the Fund, expenditure and the balance therein relating to Union Territory of Jammu and Kashmir during the year 2022-23 are as under:

**Table 2.28: Receipts and Expenditure under State Disaster Response Fund**

| <i>(₹ in crore)</i>            |                        |          |                     |                                |                             |                     |
|--------------------------------|------------------------|----------|---------------------|--------------------------------|-----------------------------|---------------------|
| Opening balance (1 April 2022) | Contribution by Centre | UT Share | Receipts under NDRF | Total receipts during the year | Amount set off (MH 2245-05) | Balance in the fund |
| 109.29                         | 279.00                 | 31.00    | Nil                 | 381.83*                        | 71.70                       | 419.42              |

\*Includes interest of ₹71.83 crore

There was opening balance of ₹109.29 crore under the Fund as on 1 April 2022 and during the year 2022-23, Government of Union Territory of Jammu and Kashmir transferred ₹381.83 crore (Central Share ₹279.00 crore, Union Territory share ₹31.00 crore, interest ₹71.83 crore) to the Fund. Expenditure of ₹71.70 crore was incurred during the year 2022-23 under Minor Head-101 Gratuitous Relief, leaving a balance of ₹419.42 crore as on 31 March 2023. The balance under the Fund has not been invested by the Government of UT of Jammu and Kashmir.

There was gross balance of ₹1,271.48 crore under State Disaster Response Fund (SDRF) as on 30 October 2019 which is yet to be apportioned between the two new successor Union Territories viz Union Territory of Jammu and Kashmir and Union Territory of Ladakh. An amount of ₹10.86 crore stood invested from the Fund leaving net un-apportioned balance of ₹1,260.62 crore.

The Finance Department stated (April 2024) that the audit observation has been noted for further necessary action.

### 2.5.2.3 *Guarantee Redemption Fund*

The RBI guidelines of 2013 on the Guarantee Redemption Fund (GRF) mentions that it is desirable for the Government to contribute a minimum of one *per cent* of outstanding guarantees at the beginning of the year in the year of constitution of the Fund, and thereafter a minimum of 0.50 *per cent* every year to achieve a corpus of minimum three to five *per cent* of the outstanding guarantees of the previous year.

The erstwhile State Government had set up (August 2006) a Guarantee Redemption Fund to meet the liabilities arising from invoking of guarantees extended to various Government entities. The erstwhile State Government had not specified the amount required to make the minimum annual contribution to the Fund.

The Government of UT of Jammu and Kashmir has not enacted any specific Guarantee Act, which would prescribe the limit of guarantees which can be given by the Government of the UT of Jammu and Kashmir and charging of commission/ fee thereupon.

During the year, the Government of UT of Jammu and Kashmir, without enacting its own Guarantee Act contributed only ₹1.00 crore to the Guarantee Redemption Fund. The total accumulation of the Fund for the period post re-organisation *viz.* 31 October 2019 to 31 March 2023 was ₹5.00 crore. There was also a balance of ₹20.42 crore in the Fund as on 30 October 2019 (pre re-organisation) yet to be apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh. The entire amount of ₹25.42 crore [₹5.00 crore relating to UT of Jammu and Kashmir (31 October 2019 to 31 March 2023) and ₹20.42 crore relating to erstwhile State of Jammu and Kashmir (upto 30 October 2019)] has not been invested by the Government. As per Statement 9 of the Finance Accounts 2022-23, the UT Government had not invoked any guarantee during 2022-23.

The Finance Department stated (April 2024) that the apportionment of balances between two UTs has been noted for further necessary action. It further added that the UT Government has also decided to participate in the scheme of GRF of the RBI for which the process has been completed and the same shall be in operation in due course of time.

### 2.5.2.4 *Central Road and Infrastructure Fund (CRIF)*

Government of India provides annual grants under the Central Road and Infrastructure Fund (CRIF) to the Government of Union Territory to incur expenditure on specific road projects. During the year 2022-23, the Government of Union Territory received grants of ₹343.61 crore towards CRIF and transferred the entire amount to the Deposit Head-8449 through expenditure Head-3054. The Government of Union Territory incurred expenditure of ₹34.70 crore from the Fund during the year leaving closing balance of ₹676.05 crore<sup>13</sup> in the Fund as on 31 March 2023.

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<sup>13</sup> Opening balance of ₹367.14 crore plus receipts ₹343.61 crore less disbursement of ₹34.70 crore.

There was also a balance of ₹573.33 crore as on 30 October 2019 (pre-re-organisation) under the Fund, which is yet to be apportioned between the Union Territories viz. Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

The Finance Department replied (April 2024) that the audit observation has been noted for further necessary action.

### **2.5.3 Funds outside Consolidated Fund or Public Account of the Union Territory of Jammu and Kashmir**

Section 67 of Jammu and Kashmir Re-organisation Act, 2019 envisages that all revenues received in the Union Territory of Jammu and Kashmir by the Government of India or Lieutenant Governor of the Union Territory of Jammu and Kashmir in relation to any matter with respect to which the Legislative Assembly of the Union Territory of Jammu and Kashmir has power to make laws, and all grants made and all loans advanced to the Union Territory of Jammu and Kashmir from the Consolidated Fund of India and all loans raised by the Government of India or the Lieutenant Governor of the Union Territory of Jammu and Kashmir upon the security of the Consolidated Fund of the Union Territory of Jammu and Kashmir and all moneys received by the Union Territory of Jammu and Kashmir in repayment of loans shall form one Consolidated Fund. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in Jammu and Kashmir Re-organisation Act, 2019. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the Consolidated Fund of the Union Territory of Jammu and Kashmir (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

Section 68 of the Jammu and Kashmir Re-organisation Act, 2019 states that public moneys, other than those credited to the Consolidated Fund of the Union Territory or the Contingency Fund of the Union Territory of Jammu and Kashmir, received by or on behalf of the Lieutenant Governor, shall be kept in the Public Account of the Union Territory of Jammu and Kashmir.

#### **2.5.3.1 Building and other Construction Workers Welfare Cess**

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers. The Act, *inter alia*, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every Government to exercise the powers conferred under the Act. Accordingly, the erstwhile State Government of Jammu and Kashmir framed the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2006 under the Act and constituted the Jammu and Kashmir Building and Other Construction Workers Welfare Board in 2007. The Board is responsible for the operation and maintenance of the amount credited by Government as Labour Cess Deposits. The Government of Union Territory of Jammu and Kashmir continued with the same rules. During

2022-23, opening balance with the Board on account of labour cess was ₹604.72 crore. The receipts during the year were ₹242.22 crore and disbursements were ₹129.65 crore. The closing balance of labour cess as on 31 March 2023 was ₹717.29 crore<sup>14</sup>.

### 2.5.3.2 Water Usage Charges

Water usage charges are being levied on Hydel power generating companies under the provisions of the Jammu and Kashmir Water Resources (Regulation and Management) Act, 2010 amended on 25 October 2012 and 27 October 2014. Under the Act, a Fund was to be constituted as an account in the Jammu and Kashmir Bank or allotted a proper account head. The amount realised as water usage charges was to be deposited in the account/head so created, and utilised for establishment of Hydroelectric and Multi-purpose Hydro Electric Projects and for buying back Hydroelectric power projects already established in the erstwhile State and purchase of power. During 2022-23, no transaction was made in this fund account except for crediting of interest amounting to ₹0.46 crore. As on 31 March 2023, an amount of ₹15.99 crore on account of water usage charges/interest was lying in the Water Usage Fund Account (Saving Bank Account) which remained out of Government Account of the Union Territory of Jammu and Kashmir. The amount lying in the savings account on account of water usage charges and interest thereupon needs to be credited to Government account.

The Finance Department stated (April 2024) that the audit observation has been noted for further necessary action.

### 2.5.3.3 District Mineral Foundation Trust

Section 9(B) of Mines and Minerals (Development and Regulation) Act, 1957 provides that in any district affected by mining related operations, the State Government shall, by notification, establish a trust, as a non-profit body, to be called the District Mineral Foundation. The objective of the District Mineral Foundation shall be to work for the interest and benefit of persons, and areas affected by mining related operations in such manner as may be prescribed by the State Government. The composition and functions of the District Mineral Foundation shall be such as may be prescribed by the State Government.

The Jammu and Kashmir District Mineral Foundation (Composition, Contribution, Financing, Funding & Trust) Rules were notified vide SRO No. 3 dated 11 January 2017. As per the Rules, the Government shall set up a fund under the Trust to be called as the District Mineral Foundation Trust Fund which shall be managed by the Executive Committee<sup>15</sup>. The Trust Fund shall receive Contribution Fund as per the contributions defined in these rules. The holders of mineral concessions granted under the Act and rules made thereunder, shall make payments for contribution to the trust fund of amounts payable to the State Government simultaneously with payments of royalty.

<sup>14</sup> Figures are provisional as accounts/balance sheet is yet to be finalised (August 2023).

<sup>15</sup> Divisional Commissioner, Kashmir/Jammu, Chairperson, Director Geology and Mining Kashmir/Jammu, Director, Health Services, Kashmir/Jammu, Director, Rural Development, Kashmir/Jammu, Chief Engineer, PWD, Kashmir/Jammu, Special Invitees having knowledge and experience in Mineral Administration/exploration to be invited by the Chairperson.

As per rule 11(1), all holders of major mineral concessions shall, in addition to royalty, pay to the respective District Mineral Foundation, an amount equivalent to such percentage of royalty as may be prescribed by the Central Government under sub-section (5) or sub-section (6) of section 9B of the Act as the case may be. As per Rule 11(2), out of the total amount of royalty realised from the holders of minor mineral concessions, 10 *per cent* shall be deposited/paid towards the respective trust by the department.

There are 20 District Mineral Foundation Fund (DMF) Trusts in the UT of Jammu and Kashmir. Against the total collection of ₹28.10 crore<sup>16</sup> under DMF Fund by all Trusts upto the end of 2022-23, an expenditure of ₹3.43 crore had been incurred during 2022-23. A balance of ₹24.67 crore under DMF Fund was lying in bank accounts of 20<sup>17</sup> District Mineral Foundation Trusts as on 31 March 2023. This amount remained out of Government Account. However, as per Government of India Ministry of Mines order dated 12 July 2021, no fund shall be transferred from District Mineral Foundation Trust to the State exchequer. As per Constitution of India and as per J&K Re-organisation Act 2019, all receipts are to be accounted for either in the Consolidated Fund or Public Accounts, but these receipts are being remitted into the bank accounts of the respective District Mineral Foundation Trusts, as per the directions of Government.

The Finance Department stated (April 2024) that the District Mineral Foundation Trust bears a closing balance of ₹22.41 crore as on 31 March 2023 in all the accounts of 20 districts. It was also stated that necessary instructions shall be sought from the concerned competent authority for its correct accounting and will be shared with Audit.

#### **2.5.3.4 Social Responsibility Corpus fund**

In terms of Government Order 50-F of 2016 dated 23 February 2016 the Finance Department Jammu and Kashmir Government, issued a sanction for creation of 'Social Responsibility Corpus Fund' in the Excise Department. The fund was to support the de-addiction centres, take measures to reduce the incidence of drunk driving, promote road safety etc. As per Excise policy, the holders of liquor license were to contribute towards the 'Social Responsibility Corpus Fund' as per rates fixed from time to time. The Department was to make an equal contribution to the contribution made by the stakeholders/ liquor industries.

The amount received in the Social Responsibility Corpus Fund is being credited into the savings bank account maintained at J&K Bank. There was an opening balance of ₹12.55 crore in the bank account as on 01 April 2022. An amount of ₹2.01 crore was received during 2022-23 on account of contribution of license holders (₹1.13 crore), Government (₹0.50 crore) and interest (₹0.38 crore) from the bank. After incurring expenditure of ₹0.31 crore, there was a closing balance of ₹14.25 crore in the account as on 31 March 2023. The amount lying in the savings bank account was outside the

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<sup>16</sup> Includes Opening balance of ₹17.23 crore, receipts of ₹10.54 crore and interest of ₹0.33 crore

<sup>17</sup> Jammu, Kathua, Samba, Reasi, Udhampur, Ramban, Doda, Kishtwar, Rajouri, Poonch, Srinagar, Anantnag, Kulgam, Ganderbal, Pulwama, Bandipura, Baramulla, Shopian, Budgam and Kupwara.

Government account and needs to be accounted for either in the Consolidated Fund or Public Accounts.

The Finance Department stated (April 2024) that the fund was being deposited in a bank account and as per rules needs to be accounted for in the Consolidated Fund or Public Account which has been noted for necessary action.

#### **2.5.4 Loans of UT Government not being credited to the Consolidated Fund**

As per J&K FRBM Act 2006, 'total liabilities' means the liabilities under the Consolidated Fund of the State and the Public Account of the State and includes borrowings by the public sector undertakings, the special purpose vehicles and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the budget. As per Section 10 (3) of the FRBM Act 2006, whenever the Government undertakes to unconditionally and substantially repay the principal amount and/or pay the interest of any separate legal entity, it has to reflect such liability as the borrowings of the State.

The Government of Union Territory of Jammu and Kashmir did not disclose the off budget liabilities in their budget documents/ annual financial statements. However, the Director (Resources) Jammu and Kashmir Finance Department intimated (January 2024) that after the re-organisation of the UT of Jammu and Kashmir, Off Budget Borrowings (OBBs) of ₹23,911.53 crore availed by Jammu & Kashmir Infrastructure Development Finance Corporation (JKIDFC: ₹2,297.90 crore) and Jammu and Kashmir Power Corporation Ltd (JKPCL: ₹21,613.63 crore) were outstanding as of 31 March 2023. JKIDFC has raised these borrowings to fund the long pending projects languishing at various stages. However, JKPCL availed these borrowings to clear the outstanding electricity dues and for power purchase of the UT. Repayment of principal of ₹74.87 crore<sup>18</sup> and interest of ₹1,423.79 crore<sup>19</sup> had been made during 2022-23. These borrowings are being serviced by the Government from the budget but this debt has not been included in liability of Government in the accounts which is against the provisions of JKFRBM Act.

The Accounts officer Finance Department stated (June 2024) that the Government is not paying any commission to these PSUs. However, it was confirmed that the repayment of principal and interest in respect of JKIDFC is presently being made by Government through the budgetary route and in case of JKPCL it is made on monthly basis by way of issuing Inter Governmental Adjustment (IGA) Advice to the RBI Nagpur.

#### **2.6 Public Liability Management**

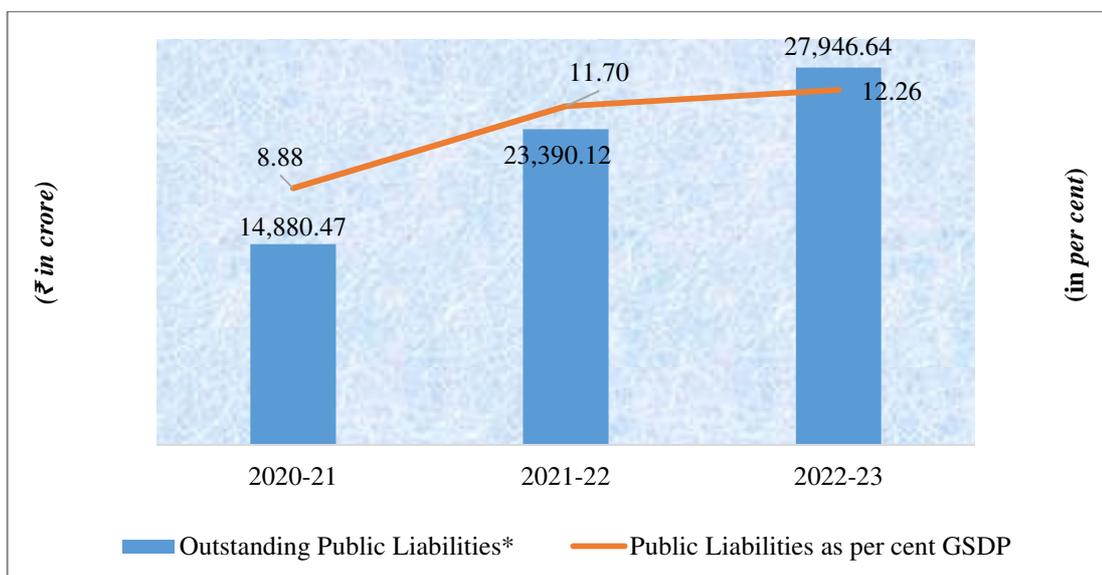
Management of public liabilities is the process of establishing and executing a strategy for managing the Government's liabilities in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other

<sup>18</sup> JKIDFC: ₹74.87 crore; JKPCL: Nil

<sup>19</sup> JKIDFC: ₹188.66 crore; JKPCL: ₹1,235.13 crore

annual budget announcements. Outstanding liability of UT along with its percentage to GSDP for the years 2020-21 to 2022-23 is depicted in **Chart 2.15**.

**Chart 2.15: Outstanding Public Liability and its percentage to GSDP**



\* The back-to-back loan amount of ₹2,099.80 crore during 2020-21 and ₹3,845.49 crore during 2021-22 received from GoI in lieu of GST Compensation shortfall has been excluded from the total outstanding amount at the end of 2020-21, 2021-22 and 2022-23 respectively.

### 2.6.1 Liability profile: Components

Total liabilities of the State/UT Government typically constitutes of Internal debt of the State/UT (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government, and Public Account liabilities. The components of the outstanding liability for the period 2020-21 to 2022-23 are given below.

**Table 2.29: Component wise outstanding liability trends**

|                                     | (₹ in crore)     |                  |                  |
|-------------------------------------|------------------|------------------|------------------|
|                                     | 2020-21          | 2021-22          | 2022-23          |
| <b>Outstanding total liability*</b> | <b>14,880.48</b> | <b>23,390.12</b> | <b>27,946.64</b> |
| <b>Public Debt</b>                  | <b>10,567.85</b> | <b>19,192.54</b> | <b>23,240.11</b> |
| Internal debt                       | 10,562.21        | 19,306.08        | 23,473.66        |
| Loans from GoI <sup>20</sup>        | 5.64             | -113.54          | -233.55          |
| <b>Public Account liabilities</b>   | <b>4,312.63</b>  | <b>4,197.58</b>  | <b>4,706.53</b>  |
| Small savings, Provident funds etc. | 2,185.97         | 1,591.41         | 1,017.71         |
| Reserve funds bearing interest      | 780.89           | 873.86           | 1,183.99         |
| Reserve funds not bearing interest  | -9.75            | 46.27            | 111.74           |
| Deposits bearing interest           | 474.73           | 495.52           | 501.79           |

<sup>20</sup> The back-to-back loan amount of ₹2,099.80 crore during 2020-21 and ₹3,845.49 crore during 2021-22 received from GoI in lieu of GST Compensation shortfall has been excluded from the total outstanding loan amount of ₹2,105.44 crore, ₹5,831.75 crore and ₹5,711.74 crore at the end of 2020-21, 2021-22 and 2022-23 respectively.

|  | 2020-21          | 2021-22          | 2022-23          |
|--|------------------|------------------|------------------|
| Deposits not bearing interest  | 880.79           | 1,190.52         | 1,891.30         |
| <b>Off budget borrowing</b>  | -                | <b>12,444.60</b> | <b>23,911.53</b> |
| Rate of growth of outstanding total liabilities ( <i>per cent</i> )              | NA               | 57.19            | 19.48            |
| <b>Gross State Domestic Product (GSDP)</b>                                       | 1,67,652         | 1,99,917         | 2,27,927         |
| <b>Liability/GSDP (<i>per cent</i>)</b>  | 8.88             | 11.70            | 12.26            |
| <b>Borrowings and other liabilities (as per Statement 6 of Finance Accounts)</b> |                  |                  |                  |
| <b>Total Receipts<sup>21</sup></b>   | <b>50,819.38</b> | <b>60,938.99</b> | <b>49,242.28</b> |
| <b>Total Repayments (including ways and means advances)</b>                      | <b>41,439.26</b> | <b>52,429.36</b> | <b>44,685.76</b> |
| <b>Net Funds available (including ways and means advances)</b>                   | <b>9,380.12</b>  | <b>8,509.63</b>  | <b>4,556.52</b>  |
| <b>Repayments/ Receipts (<i>per cent</i>)</b>                                    | <b>81.54</b>     | <b>86.04</b>     | <b>90.75</b>     |

Source: Finance Accounts

\*Outstanding total liability includes Public Debt, Small savings, Provident funds etc. Reserve funds and Deposits

The total liabilities of the UT Government had been on the rise as it increased by 87.81 *per cent* from ₹14,880.48 crore in 2020-21 to ₹27,946.64 crore in 2022-23. Public Debt increased by ₹12,672.26 crore (119.91 *per cent*) during 2020-23, wherein the Internal debt recorded major increase of ₹12,911.45 crore (122.24 *per cent*) and Loans from GOI<sup>22</sup> decreased by ₹239.19 crore during the same period. Public account liabilities increased by ₹393.90 crore (9.13 *per cent*) during 2020-23 and the major increase was under Reserve funds bearing interest (₹403.10 crore, 51.62 *per cent*) and Deposits not bearing interest (₹1,010.51 crore, 114.73 *per cent*).

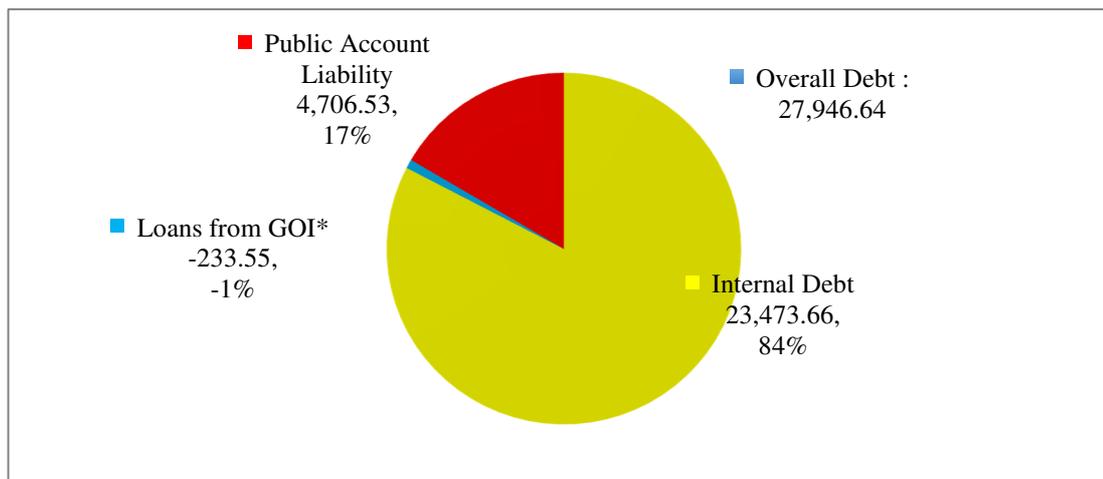
During 2022-23, the repayment of borrowings was 90.75 *per cent* of total borrowing receipts resulting in only ₹4,556.52 crore (9.25 *per cent*) of total borrowing receipts being available with the Government. During 2022-23, the borrowing receipts decreased by 19 *per cent* and the net debt available declined by 46 *per cent* with respect to 2021-22. Taking into account off budget borrowings of ₹23,911.53 crore, the liability to GSDP percentage of UT will increase from 12.26 *per cent* to 22.75 *per cent*. Break up of outstanding liabilities at the end of 2022-23 is shown in **Chart 2.16**.

<sup>21</sup> Excludes back-to-back loan amount of ₹2,099.80 crore and ₹3,845.49 crore received from GoI in lieu of GST Compensation shortfall during 2020-21 and 2021-22, respectively.

<sup>22</sup> Excluding back-to-back loans received from GoI in lieu of GST Compensation

**Chart 2.16: Break-up of outstanding overall liabilities of UT of Jammu and Kashmir at the end of the year 2022-23**

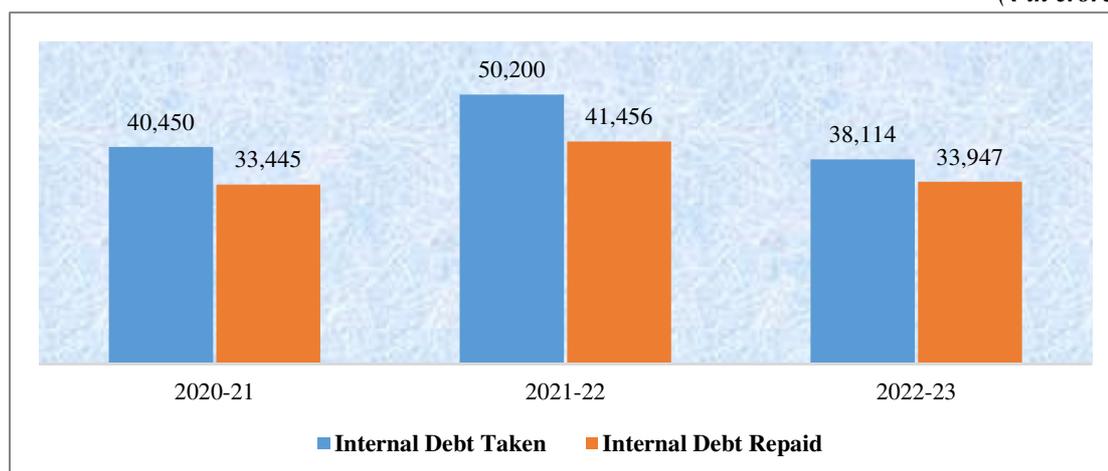
(₹ in crore)



\*Excludes the back to back loans of ₹2,099.80 crore and ₹3,845.49 crore received during 2020-21 and 2021-22 respectively from GoI in lieu of GST compensation shortfall.

**Chart 2.17: Internal debt taken vis-à-vis repaid**

(₹ in crore)



Source: Finance Accounts

Internal debt of the UT Government increased by ₹12,911.45 crore (122 per cent) from ₹10,562.21 crore in 2020-21 to ₹23,473.66 crore in 2022-23 (**Table 2.30**). An amount of ₹6,214.65 crore was paid towards interest on internal debt during 2022-23. The percentage of internal debt repaid to internal debt taken was 89.07 per cent during the year 2022-23.

The Principal Secretary Finance Department stated (May 2024) that the UT of J&K continues to service both the pre-August 2019 and the post-August 2019 liabilities. Hence the repayment and interest components being serviced are higher.

Audit is of the view that apportionment of assets and liabilities of the erstwhile State of Jammu and Kashmir between the two newly created Union Territories will ensure the extent of liabilities for which the UT of Jammu and Kashmir is liable to make repayments.

**Table 2.30** depicts financing pattern of the fiscal deficit during 2020-23.

**Table 2.30: Components of fiscal deficit and its financing pattern**

(₹ in crore)

| Particulars                                |  | 2020-21          | 2021-22          | 2022-23         |
|--|--|------------------|------------------|-----------------|
| <b>Composition of Fiscal Deficit</b>       |  | -10,693.36       | -11,150.61       | -4,855.37       |
| 1  | Revenue Deficit/Surplus                    | -138.27          | -30.83           | +5,976.61       |
| 2  | Net Capital Expenditure                    | -10,470.38       | -11,047.04       | -10,773.78      |
| 3  | Net Loans and Advances                     | -59.71           | -72.74           | -58.20          |
| 4  | Appropriation to Contingency Fund          | -25.00           | 0                | 0               |
| <b>Financing Pattern of Fiscal Deficit</b> |  |                  |                  |                 |
| 1  | Market Borrowings                          | 7,508.66         | 4,088.00         | 4893.62         |
| 2  | Loans from GoI*                            | 2,164.35         | 3,726.31         | -120.00         |
| 3  | Special Securities issued to NSSF          | -348.65          | 4,651.36         | -848.64         |
| 4  | Loans from Financial Institutions          | -154.75          | 4.52             | 122.59          |
| 5  | Small Savings, PF, etc.                    | 1,144.17         | -594.55          | -573.70         |
| 6  | Deposits and Advances                      | 581.96           | 330.52           | 707.05          |
| 7  | Suspense and Miscellaneous                 | -82.34           | 128.23           | 288.86          |
| 8  | Remittances                                | -763.81          | -1,332.81        | 10.64           |
| 9  | Reserve Funds                              | 584.18           | 148.99           | 375.61          |
| 10   | Contingency Fund                           | 25.00            | 0                | 0               |
| <b>10</b>                                  | <b>Overall Deficit</b>                     | <b>10,658.77</b> | <b>11,150.57</b> | <b>4,856.03</b> |
| 11   | Increase (-) /Decrease (+) in cash balance | 34.59            | 0.04             | -0.66           |
| <b>12</b>                                  | <b>Gross Fiscal Deficit</b>                | <b>10,693.36</b> | <b>11,150.61</b> | <b>4,855.37</b> |

Source: Finance Accounts

\*Includes ₹2,099.80 crore and ₹3,845.49 crore as back-to-back loans from GoI during 2020-21 and 2021-22 respectively in lieu of GST Compensation shortfall.

During 2022-23, Union Territory of Jammu and Kashmir had fiscal deficit of ₹4,855.37 crore. Market borrowings were major sources to meet fiscal deficit.

The components of receipt and disbursements financing the fiscal deficit during the year 2022-23 are depicted in **Table 2.31** and the financing of fiscal deficit during 2022-23 is expressed through **Chart 2.18**.

**Table 2.31: Receipts and disbursements under components financing the fiscal deficit (2022-23)**

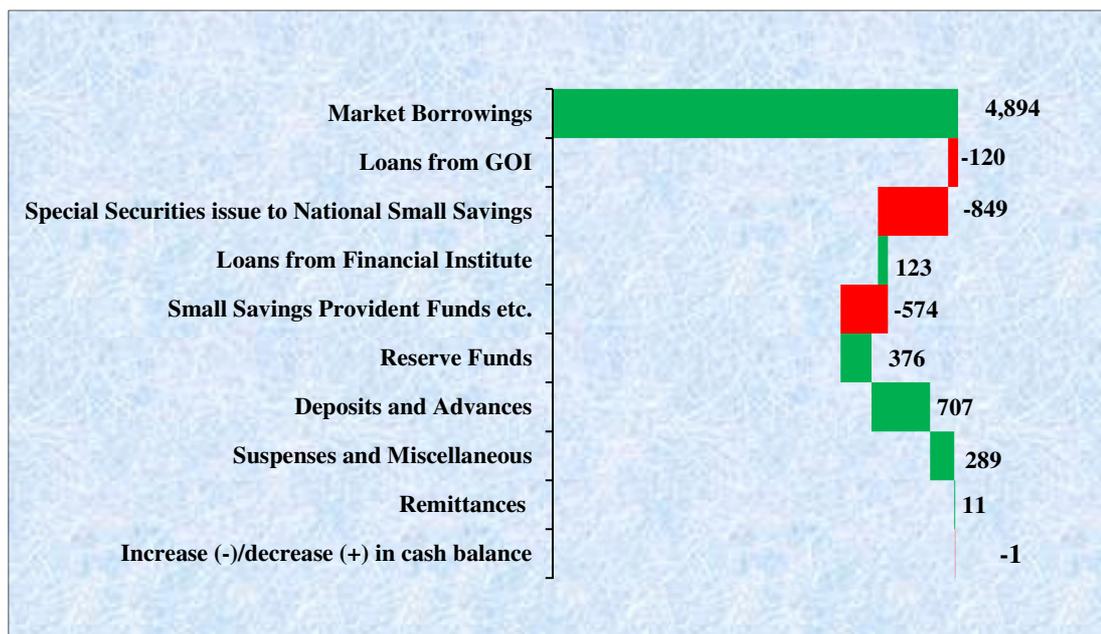
(₹ in crore)

| Particulars |                                   | Receipt          | Disbursement     | Net             |
|-------------|-----------------------------------|------------------|------------------|-----------------|
| 1           | Market Borrowings                 | 37,433.73        | 32,540.11        | 4,893.62        |
| 2           | Loans from GOI*                   | 0                | 120.00           | -120.00         |
| 3           | Special Securities issued to NSSF | 0                | 848.64           | -848.64         |
| 4           | Loans from Financial Institutions | 680.75           | 558.16           | 122.59          |
| 5           | Small Savings, PF, etc.           | 6,062.49         | 6,636.19         | -573.70         |
| 6           | Deposits and Advances             | 4612.87          | 3,905.82         | 707.05          |
| 7           | Suspense and Miscellaneous        | 24,335.85        | 24,046.99        | 288.86          |
| 8           | Remittances                       | 1.18             | -9.46            | 10.64           |
| 9           | Reserve Fund                      | 452.45           | 76.84            | 375.61          |
| 10          | Contingency Fund                  | 0                | 0                | 0               |
| <b>10</b>   | <b>Overall Deficit</b>            | <b>73,579.32</b> | <b>68,723.29</b> | <b>4,856.03</b> |
| 11          | Increase/Decrease in cash balance | 1,447.65         | 1,448.31         | -0.66           |
| <b>12</b>   | <b>Gross Fiscal Deficit</b>       | <b>75,026.97</b> | <b>70,171.60</b> | <b>4,855.37</b> |

Source: Finance Accounts.

\*Includes ₹2,099.80 crore and ₹3,845.49 crore as back-to-back loans from GoI during 2020-21 and 2021-22 respectively in lieu of GST Compensation shortfall.

Chart: 2.18: Financing of fiscal deficit during 2022-23



(Source: Finance Account)

The Finance Department stated (April 2024) that the audit observation regarding utilisation of market borrowings to meet fiscal deficit has been noted for necessary action.

## 2.7 Debt Sustainability Analysis

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters, Domar approach and compliance of macro-fiscal parameters to the respective FRBM targets. The results of the analysis are given in the following paragraphs:

(A) Debt sustainability refers to the ability of the UT to service its debt obligation now and in the future. Analysis of variations in debt sustainability indicators is given in Table 2.32 and Chart 2.19.

Table 2.32: Trends in Debt Sustainability Indicators

| Debt Sustainability Indicators  | 2020-21   | 2021-22   | 2022-23   |
|---|-----------|-----------|-----------|
| Outstanding Public Debt* (₹ in crore)<br>(As on 31 <sup>st</sup> March of each year)                                | 10,567.85 | 19,192.54 | 23,240.11 |
| Rate of growth of outstanding Public Debt   | NA        | 81.61     | 21.09     |
| GSDP (₹ in crore)   | 1,67,652  | 1,99,917  | 2,27,927  |
| Rate of Growth of GSDP  | 2.16      | 19.25     | 14.01     |
| Public Debt/GSDP  | 6.30      | 9.60      | 10.20     |
| Debt maturity profile of repayment of State/UT debt – including default history, if any                             | NA        | NA        | NA        |
| Average interest Rate of Outstanding Public Debt@ (per cent)(interest paid/OB of Public Debt + CB of Public Debt/2) | 7.82      | 7.94      | 8.48      |
| Interest payment on Public Debt   | 4,282.38  | 5,202.93  | 6,260.98  |
| Revenue Deficit/ surplus without Interest payment   | 4,144.11  | 5,172.10  | 12,237.59 |

| Debt Sustainability Indicators                                    | 2020-21   | 2021-22    | 2022-23   |
|---|-----------|------------|-----------|
| Percentage of interest payment to Revenue Deficit/ surplus        | -3,097.11 | -16,876.19 | +104.76   |
| Percentage of Interest payment on Public Debt to Revenue Receipt  | 8.16      | 8.78       | 9.08      |
| Percentage of Public Debt Repayment to Public Debt Receipt        | 78.54     | 76.93      | 89.38     |
| Net Public Debt available to the UT# (₹ in crore)                 | 4,887.23  | 7,267.25   | -2,213.41 |
| Net Public Debt available as per cent to Public Debt Receipts     | 11.44     | 13.45      | -5.81     |
| Primary Deficit (-)/ Surplus (+)                                  | -4,320.90 | -3,790.29  | +3,638.45 |
| Debt stabilisation (Quantum Spread <sup>§</sup> +Primary Deficit) | -4,919.04 | -1,619.61  | 4,923.63  |

Source Finance Accounts

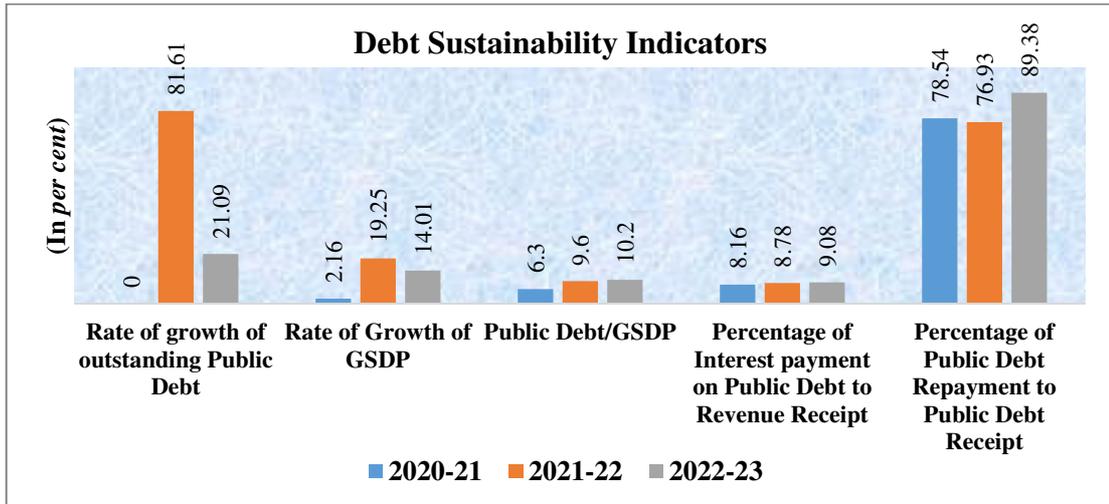
\*Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government. It excludes GST compensation of ₹2,099.80 crore and ₹3,845.49 crore received as back-to-back loans under debt receipts from Department of Expenditure, GoI during 2020-21 and 2021-22 respectively. The back-to-back loans would not be treated as debt of the UT for any norms which may be prescribed by the Finance Commission, etc.

@ Public debt (including outstanding public debt amounting ₹46,666.22 crore of erstwhile State).

#Net debt available to the UT Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

<sup>§</sup> Quantum spread = (Debt \* (GSDP growth rate - Interest rate))/100.

Chart 2.19: Trends of Debt Sustainability Indicators



Source: Finance Accounts

Note: During 2020-21 and 2021-2023, Public debt excluded ₹2,099.80 crore and ₹5,945.29 crore (₹2,099.80 crore+₹3,845.49 crore) respectively as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the UT Government from its sources

Some of the indicators of debt sustainability are as under.

- A falling debt-GSDP ratio can be considered as leading towards stability. However, Debt-GSDP ratio showed an increasing trend, from 6.30 per cent in 2020-21 to 10.20 per cent in 2022-23, which cannot be considered as leading to stability.
- As against the Net Public Debt of ₹7,267.25 crore available in 2021-22, repayment of debt and interest exceeded the debt receipts during 2022-23 by ₹2,213.41 crore.

c) Public Debt Repayments/Public Debt Receipts: Higher the percentage of public debt repayments to public debt receipts, the greater the proportion of debt utilised for debt servicing rather than productively. Ratio of public debt repayment to public debt receipts had decreased from 78.54 *per cent* in 2020-21 to 76.93 *per cent* in 2021-22, but it again increased to 89.38 *per cent* during 2022-23. It indicates that 10.62 *per cent* of public debt receipt was available during 2022-23 with the Government after repayment of earlier debts.

d) Ratio of interest payments to revenue receipts is also a good measure of debt sustainability. Ratio of interest payments to revenue receipts showed an increasing trend from 8.16 *per cent* in 2020-21 to 9.08 *per cent* in 2022-23 which is indicative of decreased debt sustainability.

e) There is outstanding public debt amounting to ₹46,666.22 crore of the erstwhile State, which is yet to be apportioned between the two UTs.

(B) An analysis on debt sustainability was carried out based on a study by E.D Domar<sup>23</sup> [Domar, 1944]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GDP. The dynamics of public debt depending on the interest rate, growth rate of GSDP and the primary budget balance are as follows:

| <b>g-r</b> \ <b>PB</b>                          | <b>PB (Primary Balance) &lt;0</b>   | <b>PB (Primary Balance) &gt;=0</b>  |
|---|---|---|
| <b>If g-r&gt;0<br/>(strong economic growth)</b> | Real economic growth exceeds real interest rate provided that the Primary Deficit (PD) registered is stable and consistent with debt/GSDP then the debt is sustainable. | Real economic growth exceeds real interest rate and records Primary Surplus (PS) then debt/GSDP ratio shall decrease and debt tends towards stable level therefore sustainable. |
| <b>If g-r&lt;0<br/>(slow economic growth)</b>   | Real economic growth is lower than real interest rate and records PD. Then debt tends to increase without limitations and becomes unsustainable.                        | Real economic growth is lower than real interest rate and records PS. Then debt is no longer sustainable provided that it is not decreased in the medium or long run.           |

The results of applying the above parameters in the case of UT of Jammu and Kashmir are shown in **Table 2.33**.

<sup>23</sup> Domar model does not take into account maturity profile, composition, cost and risk characteristics of debt stock.

Table 2.33: Debt sustainability analysis based on Domar Model

| Year    | Real Growth (g) | Real Interest (r) | g-r (Domar gap) | Primary Deficit (-)/ Surplus(+) (₹ in crore) | Remarks   |
|---------|-----------------|-------------------|-----------------|--|---|
| 2020-21 | -1.44           | 2.03              | -3.47           | (-) 4,320.90                                 | As $g-r < 0$ and $PB < 0$ , real economic growth is lower than real interest rate and records Primary Deficit (PD). Then debt tends to increase without limitations and becomes unsustainable.              |
| 2021-22 | 11.09           | 0.74              | 10.35           | (-) 3,790.29                                 | As $g-r > 0$ and $PB < 0$ ; real economic growth exceeds real interest rate provided that the PD registered is stable and consistent with debt/GSDP then the debt is sustainable.                           |
| 2022-23 | 8.01            | 2.16              | 5.85            | (+) 3,638.45                                 | As $g-r > 0$ and $PB > 0$ ; Real economic growth exceeds real interest rate and records Primary Surplus (PS) then debt/GSDP ratio shall decrease and debt tends towards stable level therefore sustainable. |

Note: Real Growth rate calculated for GSDP at constant prices.  
Real Interest rate is the nominal interest rate adjusted for inflation.

In the initial two years of the subject period i.e. 2020-21 and 2021-22, the UT had primary deficit, which later turned to primary surplus in 2022-23. The Domar gap (g-r) remained negative during 2020-21, which turned positive<sup>24</sup> in 2021-22 and 2022-23. Even though both the Primary Balance and Domar Gap remained positive in 2022-23, the same is not adequate to keep the pace of increase in outstanding debt in tandem with the increase in the economic growth. This led to the increase in Public Debt to GSDP ratio in 2022-23.

From the above discussion, it can be concluded that Debt/GSDP ratio in the past two years has been on a slightly increasing trend and the debt stabilisation indicator was a non-uniform trend. Thus, it is too early to comment on the debt sustainability of the UT of J&K.

The Finance Department replied (April 2024) that the audit observation regarding debt sustainability has been noted for necessary action.

### 2.7.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 2.34** depicts the utilisation of borrowed funds during 2020-23.

<sup>24</sup> The main reason for the Domar gap turning positive was increase in GSDP, which in turn was attributed to significant economic recovery post-COVID-19 pandemic.

**Table 2.34: Utilisation of borrowed funds during 2020-21 to 2022-23**

| (₹ in crore) |   |                      |                      |                      |
|--------------|---|----------------------|----------------------|----------------------|
| Sr. No.      | Year  | 2020-21              | 2021-22              | 2022-23              |
| 1            | Total borrowings <sup>25</sup>  | 42,097.29            | 48,880.23            | 38,922.93            |
| 2            | Repayment of borrowings (Principal) (percentage)                                | 33,563.32<br>(79.73) | 41,575.17<br>(85.06) | 34,066.90<br>(87.52) |
| 3            | Net capital expenditure <sup>26</sup> met out of borrowings (percentage)        | 8,533.97<br>(20.27)  | 7,305.06<br>(14.94)  | 4,856.03<br>(12.48)  |
| 4            | Net of loans and advances met out of borrowings (percentage)                    | NA                   | NA                   | NA                   |
| 5            | Portion of Revenue Expenditure met out of net available borrowings (percentage) | NA                   | NA                   | NA                   |
| 6            | Total budget of the UT <sup>27</sup>  | 1,33,595.72          | 1,39,795.19          | 1,49,582.03          |
| 7            | Expenditure against total budget  | 96,786.29            | 1,11,983.49          | 1,07,948.46          |
| 8            | Repayment of borrowings (Principal) to total expenditure (per cent)             | 34.68                | 37.13                | 31.56                |

Source: Finance Accounts and Appropriation Accounts.

**Table 2.34** shows that the repayment of borrowings (principal) to total expenditure of the UT ranged between 31.56 per cent and 37.13 per cent of the total expenditure during the period 2020-21 to 2022-23. During this period, the UT Government utilised 79.73 to 87.52 per cent of its current borrowings for repayment of borrowings (principal). Net capital expenditure ranged between 12.48 per cent and 20.27 per cent during the period 2020-2023. Thus, the major portion of borrowed funds was being used for repayment of borrowings instead of capital creation/ development activities. Further no amount was available for disbursing any loans or advances or for meeting other revenue expenditure. Though during 2020-21 and 2021-22, the UT Government spent 20.27 per cent and 14.94 per cent of the borrowed funds on capital expenditure, the expenditure decreased to 12.48 per cent during 2022-23.

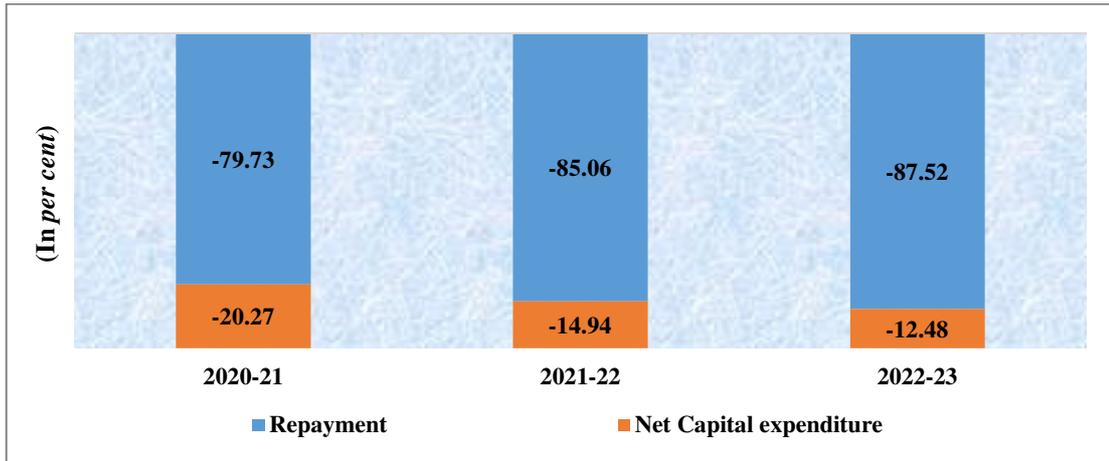
Trend of utilisation of borrowed funds during the period 2020-23 is depicted in **Chart 2.20**.

<sup>25</sup> Includes Public Debt receipts (2020-21: ₹42,732.93 crore; 2021-22: ₹54,045.35 crore; 2022-23: ₹38,114.47 crore) and Net of Public Accounts receipts (2020-21: ₹1,464.16 crore; 2021-22: ₹ (-)1,319.63 crore; 2022-23: ₹808.46 crore). These exclude back-to-back loans of ₹2,099.80 crore and ₹3,845.49 crore received from GoI in lieu of GST Compensation shortfall during 2020-21 and 2021-22 respectively.

<sup>26</sup> Total capital expenditure during 2020-21: ₹10,470.38 crore; 2021-22: ₹11,047.04 crore and 2022-23: ₹10,773.78 crore

<sup>27</sup> Total Budget during 2020-21 to 2022-23, includes Original, supplementary and reappropriations/ augmentations.

Chart 2.20: Trend of utilisation of borrowed funds



### 2.7.2 Status of Guarantees – Contingent Liabilities

As at the end of the year 2022-23 (31 October 2019 to 31 March 2023) post re-organisation cumulative amount guaranteed by the Government of Union Territory is ₹24,867.44 crore (under reconciliation with Government of Union Territory of Jammu and Kashmir). Further, there is also outstanding guarantees of ₹452.65 crore given by the erstwhile State of Jammu and Kashmir (ending 30 October 2019 pre re-organisation) which is yet to be apportioned between the successor Union Territories of Jammu and Kashmir and Ladakh. No guarantee commission/ fee was received by Government of Union Territory of Jammu and Kashmir during 2022-23. J&K FRBM Act limits the amount of annual incremental risk weighted guarantees to 75 per cent of the total revenue receipts in the year preceding the current year or at 7.5 per cent of GSDP of the year preceding the current year, whichever is lower. As per Statement 9 of the Finance Accounts, details of the guarantees and status of outstanding guarantees to total receipts for the last three years are given in **Table 2.35**.

Table 2.35: Guarantees given by the UT Government

| Guarantees   | ₹ in crore      |                  |                  |
|--|-----------------|------------------|------------------|
|  | 2020-21         | 2021-22          | 2022-23          |
| Ceiling applicable to the outstanding amount of guarantees:      |                 |                  |                  |
| (i) 75 per cent of revenue receipts of previous year             | NA              | 39,371.61        | 44,428.88        |
| (ii) 7.5 per cent of GSDP of previous year                       | 12,307.73       | 12,573.90        | 14,993.78        |
| (iii) Least of the above two                                     | 12,307.73       | 12,573.90        | 14,993.78        |
| <b>Outstanding amount of guarantees at the end of year</b>       | <b>1,486.07</b> | <b>12,328.80</b> | <b>24,867.44</b> |
| Increase in the amount of outstanding guarantees during the year | NA              | 10,842.73        | 12,538.64        |

Source: Finance Accounts and Annual Financial Statements

Increase<sup>28</sup> in outstanding guarantee of UT during 2022-23 was within the ceiling limit<sup>29</sup> of ₹14,993.78 crore. The outstanding guarantees for ₹24,867.44 crore as on 31 March 2023 were in respect of Power (₹22,513.61 crore); Cooperatives (-₹32.00 crore<sup>30</sup>); State Financial Corporation (₹13.66 crore) and Other institutions (₹2,372.17 crore).

The Finance Department stated (April 2024) that the audit observation regarding recovery of guarantee fee/ commission has been noted for implementation. Moreover, advice for apportionment of balances of the erstwhile state between two UTs has also been noted.

### **2.7.3 Management of Cash Balances**

As per an agreement with the Reserve Bank of India, UT Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum amount on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/ Special Ways and Means Advances (SWMA)/ Overdrafts (OD) from time to time. The limit for ordinary WMA to the UT Government are revised by the RBI from time to time.

The Government of Union Territory of Jammu and Kashmir maintained minimum cash balance of ₹1.14 crore on 83 days without resorting to Normal Ways and Means Advances and Overdraft, availed Normal Ways and Means Advances on 147 days and on 135 days it had to avail Overdraft too from RBI. The balance at the end of 31 March 2023 was (-)₹576.07 crore under Normal Ways and Means Advances.

There was also a balance of ₹692.11 crore under Normal Ways and Means Advances as on 30 October 2019 which is yet to be apportioned between the successor Union Territories viz. Union Territory of Jammu & Kashmir and Union Territory of Ladakh.

Union Territory Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are to be credited as receipts under the head '0049-Interest Receipts'.

It is not desirable that the UT Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use. Details of cash balances and their investment during 2021-22 and 2022-23 are given in **Table 2.36**.

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<sup>28</sup> Increase: ₹12,538.64 crore (Outstanding guarantee 2022-23: ₹24,867.44 crore minus Outstanding guarantee 2021-22: ₹12,328.80 crore).

<sup>29</sup> 75 per cent of Revenue Receipts of ₹59,238.50 crore during 2021-22 is ₹44,428.88 crore and 7.5 per cent of GSDP of ₹1,99,917 crore during 2021-22 is ₹14,993.78 crore.

<sup>30</sup> Minus figures due to non-apportionment of Assets and Liabilities as a result of reorganisation.

Table 2.36: Cash Balances and their investment

(₹ in crore)

|  | Closing balance on<br>31 March 2022 | Closing balance on<br>31 March 2023 |
|--|-------------------------------------|-------------------------------------|
| <b>A. General Cash Balance</b>   |                                     |                                     |
| Cash in treasuries   | 0                                   | 0                                   |
| Deposits with Reserve Bank of India                                    | 1,447.65                            | 1,448.31                            |
| Deposits with J&K Bank and other Banks                                 | 0                                   | 0                                   |
| Remittances in transit – Local   | 0                                   | 0                                   |
| <b>Total</b>   | <b>1,447.65</b>                     | <b>1,448.31</b>                     |
| Investments held in Cash Balance investment account                    | 0                                   | 0                                   |
| <b>Total (A)</b>   | <b>1,447.65</b>                     | <b>1,448.31</b>                     |
| <b>B. Other Cash Balances and Investments</b>                          |                                     |                                     |
| Cash with departmental officers viz., Public Works, Forest Officers    | 0                                   | 0                                   |
| Permanent advances for contingent expenditure with department officers | 0                                   | 0                                   |
| Investment in earmarked funds  | 0                                   | 0                                   |
| <b>Total (B)</b>   | <b>0</b>                            | <b>0</b>                            |
| <b>Total (A + B)</b>   | <b>1,447.65</b>                     | <b>1,448.31</b>                     |
| <b>Interest realized</b>   | <b>Nil</b>                          | <b>0.03</b>                         |

Source: Finance Accounts.

The Cash balance as on 31 March 2023 as per the records of the office of the Principal Accountant General (A&E) was ₹1,448.31 crore (Debit) and that reported by the Reserve Bank of India (RBI)<sup>31</sup> was ₹1,445.66 crore (Credit). There was a net difference of ₹2.65 crore (Debit), mainly due to non-reconciliation by Government of UT of Jammu and Kashmir with RBI/Agency Bank. The difference is under reconciliation.

The Finance Department stated (April 2024) that the audit observation regarding crediting of profits derived from short- and long-term investment of treasury bills to MH-0049 Interest receipts has been noted for future compliance. Besides, reconciliation will be expedited.

The general cash balance of ₹1,448.31 crore at the close of the year was not even equal to the balance of ₹2,469.42 crore shown in cash in earmarked reserve funds, which means that reserve funds were used for other than intended purpose.

Details of Cash Balance Investment Account during 2020-23; and month-wise movement of cash balance and net cash balance investments at the end of month during the year 2022-23 are depicted in **Table 2.37** and **Chart 2.21** respectively.

<sup>31</sup> Worked out by Principal Accountant General (A&E) by excluding transactions pertaining to the UT of Ladakh for the period 31 October 2019 to 31 March 2020, during which a single account was maintained by RBI in respect of both UTs (UT of J&K and UT of Ladakh)

**Table 2.37: Cash Balance Investment Account (Major Head-8673)**

(₹ in crore)

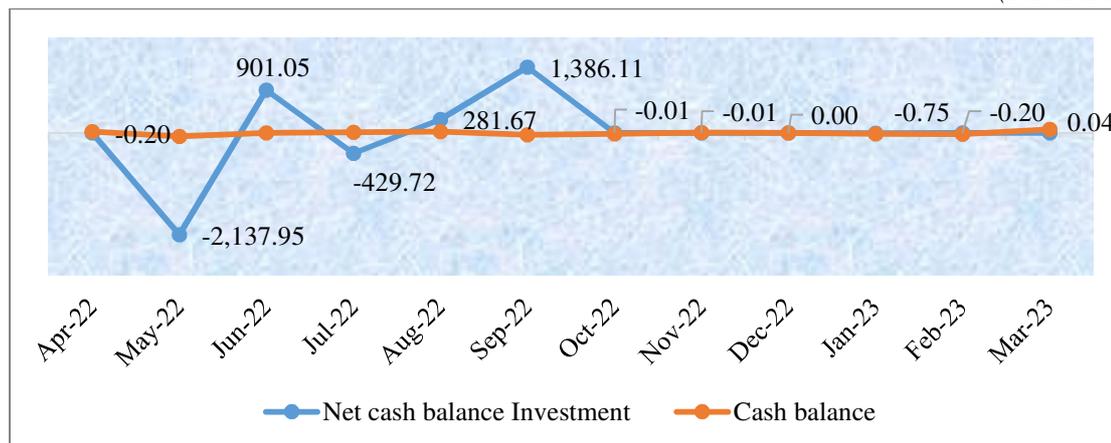
| Year    | Opening Balance    | Closing Balance    | Increase (+) / Decrease (-) | Interest earned |
|---------|--------------------|--------------------|-----------------------------|-----------------|
| 2020-21 | 0<br>(383.92)      | 0<br>(383.92)      | -                           | 0.11            |
| 2021-22 | 0<br>(383.92)      | 0.0001<br>(383.92) | 0.0001                      | 0               |
| 2022-23 | 0.0001<br>(383.92) | 0.0001<br>(383.92) | -                           | 0.03            |

(Source: Finance Account; Figures in parenthesis denotes the cash balance investment at the end of 30 October 2019 yet to be apportioned between UT of J&K and UT of Ladakh.)

Negligible amount was held in Cash Balance Investment Account by the Government of UT of Jammu and Kashmir at the close of the year 2022-23. However, an amount of ₹383.92 crore was held in the Cash Balance Investment Account at the end of 30 October 2019, which is yet to be apportioned between UT of J&K and UT of Ladakh. Government earned an interest of ₹0.03 crore on cash balance investment during 2022-23.

**Chart 2.21: Month wise movement of Cash Balances and net cash balance investments during the year**

(₹ in crore)



Source: Finance Accounts

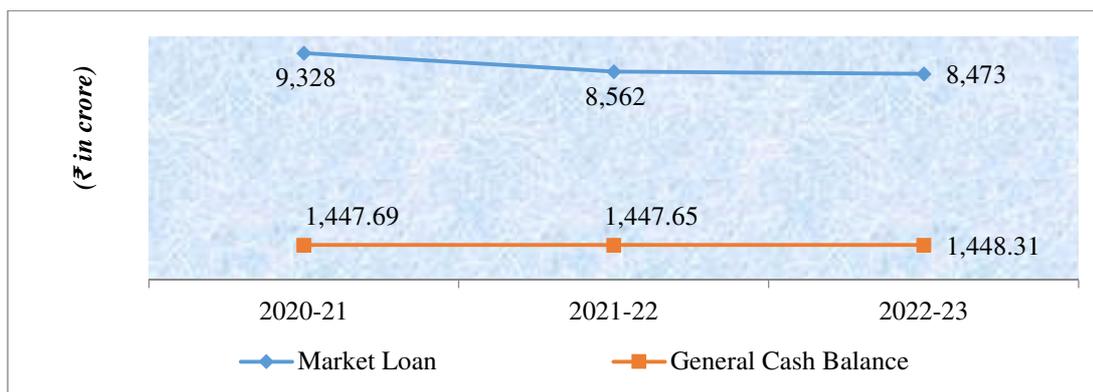
**Table 2.38: Month wise cash balance and net cash balance Investment during 2022-23**

(₹ in crore)

| Month          | Cash Balance | Net cash balance investment |
|----------------|--------------|-----------------------------|
| April 2022     | 29.78        | -0.20                       |
| May 2022       | -68.50       | -2,137.95                   |
| June 2022      | 5.31         | 901.05                      |
| July 2022      | 14.10        | -429.72                     |
| August 2022    | 27.35        | 281.67                      |
| September 2022 | -35.10       | 1,386.11                    |
| October 2022   | -18.16       | -0.01                       |
| November 2022  | 7.43         | -0.01                       |
| December 2022  | 1.05         | 0                           |
| January 2023   | -15.60       | -0.75                       |
| February 2023  | -23.38       | -0.20                       |
| March 2023     | 76.78        | 0.04                        |

Source Finance Accounts

Chart 2.22: Market Loans vis-a vis Cash Balance



Source: Finance Accounts

During the year 2022-23 UT Government could have avoided market borrowings to the extent of general cash balance (₹1,448.31 crore) held as deposit with Reserve Bank of India. An interest of ₹0.03 crore earned on cash balance was negligible in comparison to the average rate of interest of 8.48 per cent paid by the Government on Public Debt during 2022-23.

The Finance Department replied (April 2024) that the audit observation has been noted and will be examined.

## 2.8 Conclusion

- The revenue buoyancy with reference to GSDP of UT of Jammu and Kashmir increased from 0.67 per cent in 2021-22 to 1.18 per cent in 2022-23. However, the buoyancy of UT's Own revenue to GSDP decreased from 1.44 per cent in 2021-22 to 0.40 per cent in 2022-23. The percentage of Grants-in-Aid to revenue receipts increased from 72.07 per cent in 2021-22 to 74.65 per cent in 2022-23, which indicated Government's dependence on GoI support.
- The collection under own resources (Own Tax Revenue and Own Non-Tax Revenue) fell short by 30.94 per cent of budget estimates and 31.51 per cent of revised estimates. UT's own resources of ₹17,483.02 crore during 2022-23 were sufficient only to meet 36.83 per cent of the committed expenditure of ₹47,475.27 crore incurred on salaries, interest and pension etc., during the year.
- Total expenditure increased by ₹10,666.88 crore (16.89 per cent) from ₹63,165.77 crore in 2020-21 to ₹73,832.65 crore in 2022-23. Revenue expenditure constituted the predominant proportion (83 per cent in 2020-21 to 85 per cent in 2022-23) of total expenditure. However, capital expenditure decreased from 17 per cent in 2020-21 to 15 per cent in 2022-23. More than 52.80 per cent of total expenditure was on Salary & Wages and Pension & gratuities. Major, Minor Works and construction works together accounted for 13.83 per cent of total expenditure.
- The total liabilities of the UT Government had been on the rise as it increased by 87.81 per cent from ₹14,880.48 crore in 2020-21 to ₹27,946.64 crore in

2022-23. Taking into account off budget borrowings of ₹23,911.53 crore, the liability to GSDP percentage of UT will increase from 12.26 *per cent* to 22.75 *per cent*.

- Increasing trend in Debt-GSDP ratio from 6.30 *per cent* in 2020-21 to 10.20 *per cent* in 2022-23 and interest payments-revenue receipts ratio from 8.16 *per cent* in 2020-21 to 9.08 *per cent* in 2022-23 indicated decreased debt sustainability.
- The Government of UT of Jammu and Kashmir had total outstanding loans and advances of ₹226.46 crore ending 31 March 2023. In addition, there were loans and advances of ₹1,740.44 crore disbursed by the Government of the erstwhile State which were outstanding ending 30 October 2019 and were yet to be divided between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh. Recoveries of Loans and Advances are not forthcoming from loss making public sector undertakings. No assessment about potential recoverability of these loans has been made in the FRBM Statements.

## **2.9 Recommendations**

The Government may:

- *Diversify revenue resources and strengthen the local tax base for attaining sustainable fiscal stability and development.*
- *Explore ways to minimise its committed expenditure, so that more funds could be made available for development expenditure.*
- *Take necessary measures to ensure debt sustainability.*

During the exit conference (April 2024), the Principal Secretary Finance accepted the audit recommendations.

**Chapter-III**  
**Budgetary Management**



## CHAPTER-III

### BUDGETARY MANAGEMENT

#### 3.1 Budget Process

The Office of the Principal Accountant General (Accounts and Entitlements) of Union Territory (UT) of Jammu and Kashmir is responsible for compilation and preparation of the Annual Accounts of the Union Territory Government. This is in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and Section 71 of Jammu and Kashmir Re-organisation Act, 2019.

The Appropriation Accounts of the Government of Union Territory of Jammu and Kashmir for the year 2022-23 presents the accounts of sums expended in the year ended 31<sup>st</sup> March 2023 compared with the sums specified in the schedules appended to the Appropriation Acts passed under Articles 204 and 205 of the Constitution of India.

The Annual Accounts have been compiled from the vouchers, challans and initial and subsidiary accounts as received from the treasuries, offices and departments of the Government of Union Territory of Jammu and Kashmir and the statements received from the Reserve Bank of India.

The audit of the Annual Accounts is conducted through the Office of the Principal Accountant General (Audit) in accordance with the requirements of Articles 149 and 151 of the Constitution of India, Section 72 of the Jammu and Kashmir Re-organisation Act, 2019 and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for expressing an opinion on these Accounts based on the results of such audit.

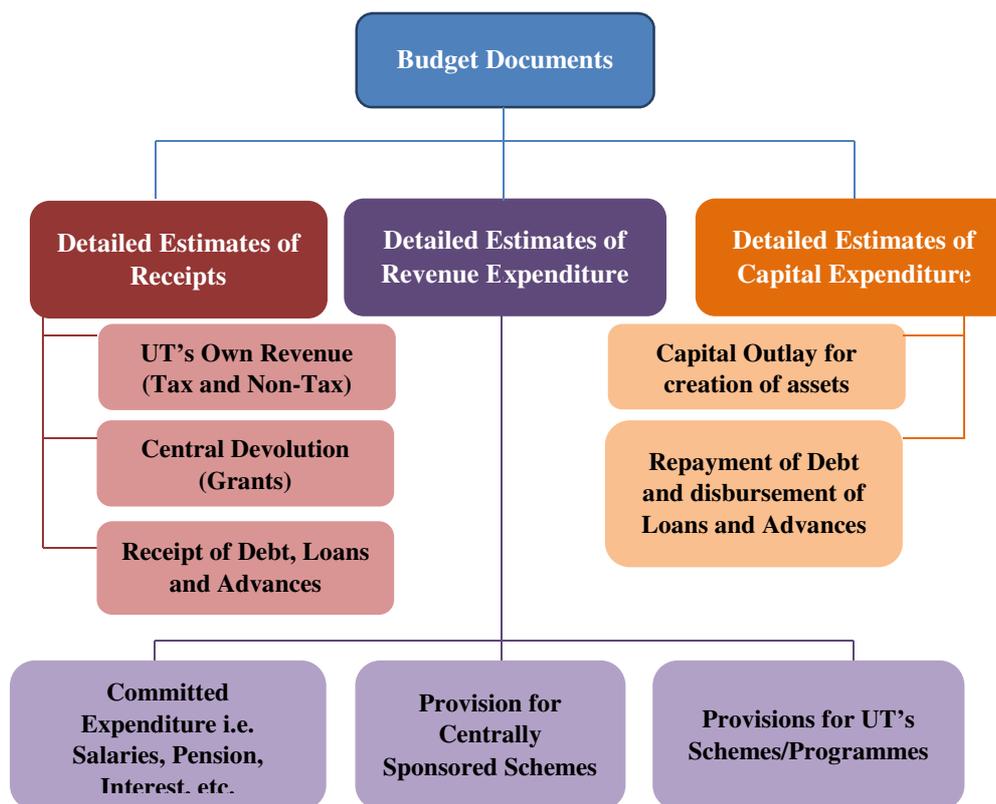
The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Appropriation Accounts are accounts of the expenditure, voted and *charged*<sup>1</sup>, of the Government for each financial year compared with the amounts of voted grants and appropriations *charged* for different purposes as specified in the schedules appended to the Appropriation Acts passed under Sections 43 and 44 of the Jammu and Kashmir Re-organisation Act, 2019.

Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts. Budget glossary is given in **Appendix 6**. A typical budget preparation process is given in **Chart 3.1**.

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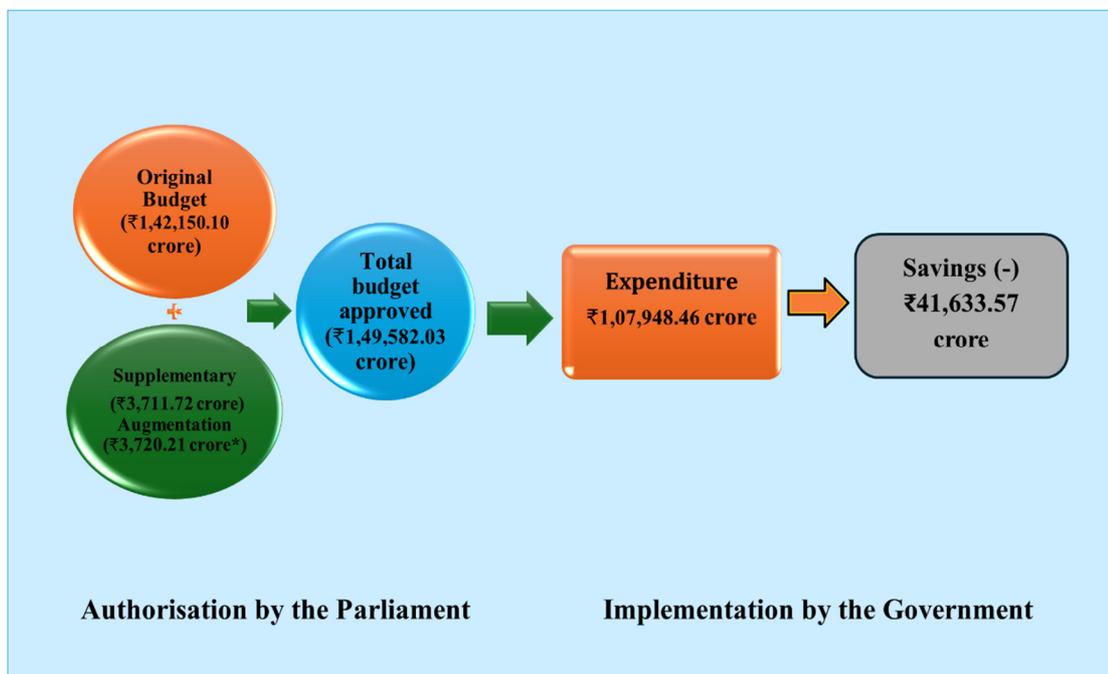
<sup>1</sup> **Charged expenditure:** Certain categories of expenditure (e.g. Salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the Consolidated Fund of the Union Territory and are not subject to vote by the Legislature. **Voted expenditure:** All other expenditure is voted by the Legislature.

**Chart 3.1: Details of Union Territory Budget Documents**



After creation of the Union Territory of Jammu and Kashmir by virtue of the Jammu and Kashmir Re-organisation Act, 2019 with effect from 31 October, 2019, the Union Territory of Jammu and Kashmir continues to be under President's rule vide Gazette Notification S.O. 3937 (E), dated 31 October, 2019. The powers of the legislature of the Union Territory of J&K are exercised by or under the authority of the Parliament. The various components of budget 2022-23 are depicted in **Chart 3.2**.

Chart 3.2: Flow Chart of Budget Implementation



\*Includes augmentation of savings of ₹3,720.21 crore (from Revenue to Capital Heads: ₹3,086.79 crore and Capital to Revenue Heads: ₹633.42 crore) which is not in compliance with Article 114 of the Constitution and paras 14.7.2 and 14.7.3 of Jammu and Kashmir Budget Manual.)

Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts 2022-23.

As per Article 114 (2) of the Constitution, no amendment shall be proposed to any such Bill in either House of Parliament which will have the effect of varying the amount or altering the destination of any grant so made or of varying the amount of any expenditure charged on the Consolidated Fund of India, and the decision of the person presiding as to whether an amendment is inadmissible under this clause shall be final. Article 114 (3) further states that subject to the provisions of Articles 115 and 116, no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law passed in accordance with the provisions of this article.

Section 14.8.1 of the Jammu and Kashmir Budget Manual 2020 states that once the final re-appropriation process is completed, implementation of a budget during a year gets concluded. The overall position of the behavior of the budget thus gets known and is reflected in the Appropriation Accounts prepared by the Comptroller & Auditor General of India. This account indicates the original estimates as approved by the Legislature and how these stand modified by the acts of re-appropriation, supplementary grants and acceptance of surrenders. Such accounts are prepared in respect of every individual Grant and presented to the Legislature by the Comptroller & Auditor General with comments.

The original demands for grants as per the Jammu and Kashmir (No.2) Appropriation Act, 2022 passed by the Parliament was ₹1,42,150.10 crore, which was followed by Supplementary Demands for Grants of ₹3,711.72 crore in respect of nine grants and one appropriation. The overall expenditure incurred during 2022-23 was ₹1,07,948.46 crore. As per Appropriation Account 2022-23, the UT Government

confirmed the surrender of savings. However, the individual surrender orders for savings of ₹16,793.13 crore surrendered in the Appropriation Accounts 2022-23 were not produced to CAG.

Further, Section 14.7.2 of the Jammu and Kashmir Budget Manual 2020 *inter alia* provides that within a grant also such orders which will aim at re-appropriation of funds from Revenue Account to Capital Account and *vice-versa* cannot be made. It was, however, seen that in the Appropriation Accounts, 2022-23 as per RE/modified grant, out of surrender of savings of ₹16,793.13 crore (not supported by valid surrender orders), an amount of ₹3,086.79 crore was augmented/re-appropriated by the UT Government from Capital to Revenue in eight grants and one appropriation and ₹633.42 crore was augmented/ re-appropriated from Revenue to Capital in seven grants, without legislative authorisation. Thus, amounts were re-appropriated across sections i.e., from revenue to capital and *vice-versa*. These augmentations to the original budget were shown under the heading “S” (Supplementary) in the summary statements along with the Supplementary budget figures. This was not in compliance with Article 114 of the Constitution and Para 14.7.2 of Jammu and Kashmir Budget Manual 2020.

After taking into account the augmented amount of ₹3,720.21 crore the total budget available during 2022-23 worked out to ₹1,49,582.03 crore, against which the expenditure incurred was ₹1,07,948.46 crore. The utilisation of budget was as such 28 *per cent* less than the total available amount during the year 2022-23.

The Finance Department stated (April 2024) that original budget of ₹1,42,150 crore and supplementary demands for grants of ₹3,711.72 crore was passed by Parliament. The revised budget for 2022-23 of ₹1,32,788.90 crore was also passed by the Parliament.

The reply is not acceptable as only the original budget of ₹1,42,150 crore and supplementary budget of ₹3,711.72 crore were approved by the Parliament in the Appropriation Act. The augmentation of savings of ₹3,720.21 crore by the UT Government during 2022-23 (from Revenue to Capital heads or *vice-versa*) was done without legislative approval.

During the exit conference (April 2024), the Finance Department stated that all re-appropriation orders and surrender orders will be submitted in a time-bound manner and re-appropriation/ augmentation of savings from revenue to capital and *vice-versa* shall be got regularised through approval of the competent authority.

The Principal Secretary Finance Department further stated (May 2024) that while the UT Government acknowledges the gaps in budgetary management and quality of reconciliation, many of these issues have deep roots and require sustained good governance. Further, online budgeting process through BEAMS portal and the online billing system through JKPaysys portal has been introduced eliminating chances of misclassification of accounts and ensuring expenditure monitoring on real-time basis. However, the PAG office uses the voucher level computerisation (VLC) which is still not integrated with JKPaysys and BEAMS portals. This increases the gaps in receipt of

data and monitoring by the PAG as the data inputs/ bills still need to be sent in physical format to the PAG office.

The integration of the UT Government's applications with the AG's system (VLC) needs detailed study for matching the formats and for ensuring compliance with the requirements of the Principal Accountant General (A&E) as per Government Accounting Standards which is a matter for discussion and beyond the scope of this Report.

### 3.1.1 Summary of total provisions, actual disbursements and savings during financial year 2022-23

A summarised position of total budget provision, disbursement and saving/ excess with its further bifurcation into voted/charged during 2022-23 for total 35 grants/ appropriations is given in **Table 3.1**.

**Table 3.1: Budget provision, disbursement and saving/excess during the financial year 2022-23**

(₹ in crore)

| Description        | Total Budget provisions |                  | Disbursements    |                  | Savings           |               |
|--------------------|-------------------------|------------------|------------------|------------------|-------------------|---------------|
|                    | Voted                   | Charged          | Voted            | Charged          | Voted             | Charged       |
| Revenue            | 68,993.26               | 9,203.79         | 54,419.45        | 8,579.89         | -14,573.81        | -623.90       |
| Capital            | 38,546.11               | 0.0              | 10,822.69        | 0.0              | -27,723.42        | 0.0           |
| Loans and Advances | 118                     | 0.0              | 59.53            | 0.0              | -58.47            | 0.0           |
| Public Debt        | 0.0                     | 32,720.87        | 0.0              | 34,066.90        | 0.0               | 1,346.03      |
| <b>Total</b>       | <b>1,07,657.37</b>      | <b>41,924.66</b> | <b>65,301.67</b> | <b>42,646.79</b> | <b>-42,355.70</b> | <b>722.13</b> |

Source: Appropriation Accounts 2022-23

During 2022-23, savings of ₹42,355.70 crore (39.34 per cent) was noticed in the voted section whereas excess expenditure of ₹722.13 crore (1.72 per cent) was incurred in the charged section, as shown in the table above.

### 3.1.2 Charged and Voted disbursements

Break-up of total disbursement into charged and voted during 2022-23 is given in **Table 3.2**.

**Table 3.2: Disbursement and Saving/ Excess during 2022-23**

(₹ in crore)

| Year    | Disbursements |           | Saving(-)/ Excess(+) |           |
|---------|---------------|-----------|----------------------|-----------|
|         | Voted         | Charged   | Voted                | Charged   |
| 2022-23 | 65,301.67     | 42,646.79 | (-)42,355.70         | (+)722.13 |

Source: Appropriation Accounts 2022-23

As can be seen from the above table, there were savings of ₹42,355.70 crore in the voted section and excesses of ₹722.13 crore in the charged section during the year 2022-23.

### 3.1.3 Budget Marksmanship

#### Aggregate Expenditure Outturn

Aggregate expenditure outturn measures the deviation in actual expenditure (Actuals) compared with the Budget Estimate (BE) originally approved, both in terms of less than and in excess of approval, as given in **Table 3.3**.

**Table 3.3: Comparison of Budget Estimates and Actual Outturn during the year 2022-23**

(₹ in crore)

| Description  | Approved Budget<br>(Original +<br>Supplementary) (BE) | Actual Outturn     | Difference between<br>Actuals and BE* |
|--------------|---|--------------------|---------------------------------------|
| (1)          | (2)   | (3)                | (4)                                   |
| Revenue      | 78,197.05   | 62,999.34          | (-)15,197.71                          |
| Capital      | 71,384.98   | 44,949.12          | (-)26,435.86                          |
| <b>Total</b> | <b>1,49,582.03</b>                                    | <b>1,07,948.46</b> | <b>(-)41,633.57</b>                   |

\*Excess of actuals over original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure

Source: Appropriation Accounts 2022-23

In the Revenue section, there was saving of 19.43 per cent compared with Budget Estimates (BE). This was due to excess/ saving up to 25 per cent in 18 grants, between 25 per cent and 50 per cent in 12 grants; and between 50 per cent and 100 per cent in five grants (**Appendix 3.1**).

In the Capital section, there was saving of 37.03 per cent compared with BE. This was due to saving/ excess up to 25 per cent in one grant, between 25 per cent and 50 per cent in five grants; and between 50 per cent and 100 per cent in 29 grants (**Appendix 3.2**).

#### Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition as shown in **Table 3.4**.

**Table 3.4: Comparison of Budget Estimates, Revised Estimates and Actual Outturn during the year 2022-23**

(₹ in crore)

| Description  | Approved Budget<br>(Original +<br>Supplementary)<br>(BE) | Revised<br>(RE)    | Actuals<br>Outturn | Difference<br>between BE<br>and RE | Difference<br>between<br>Actual and<br>RE* |
|--------------|--|--------------------|--------------------|------------------------------------|--|
| (1)          | (2)  | (3)                | (4)                | (5)                                | (6)  |
| Revenue      | 78,197.05  | 75,003.95          | 62,999.34          | 3,193.10                           | (-)12,004.61                               |
| Capital      | 71,384.98  | 57,784.95          | 44,949.12          | 13,600.03                          | (-)12,835.83                               |
| <b>Total</b> | <b>1,49,582.03</b>                                       | <b>1,32,788.90</b> | <b>1,07,948.46</b> | <b>16,793.13</b>                   | <b>(-)24,840.44</b>                        |

\*Excess of actuals over revised estimate is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure

Source: Appropriation Accounts 2022-23 and Demand for Grants 2023-24.

In the Revenue section, there was saving of 16.01 *per cent* compared with Revised Estimates (RE). This was due to excess/saving up to 25 *per cent* in 23 grants, between 25 *per cent* and 50 *per cent* in nine grants and between 50 *per cent* and 100 *per cent* in three grants. (**Appendix 3.3**).

In the Capital section, there was saving of 22.21 *per cent* compared with RE. This was due to excess/ saving up to 25 *per cent* in three grants, between 25 *per cent* and 50 *per cent* in eight grants and between 50 *per cent* and 100 *per cent* in 24 grants. (**Appendix 3.4**).

### **3.2 Appropriation Accounts**

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the Schedules appended to the Appropriation Act passed under Article 204 of the Constitution of India. Appropriation Accounts are on gross basis. These Accounts depict the original budget provisions, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts, thus, facilitate understanding of utilisation of funds, management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

### **3.3 Integrity of Budgetary and Accounting Process**

#### **3.3.1 Expenditure incurred without authority of law**

No money shall be withdrawn from the Consolidated Fund of the Union Territory except under appropriation made by law passed in accordance with the provisions of Section 43 of Jammu and Kashmir Re-organisation Act 2019.

An amount of ₹12,416.82 crore was incurred under 31 schemes/ Sub Heads in six Grants (**Appendix 3.5**) without budgetary provision during 2022-23 which needs to be regularised.

The Finance Department stated (May 2024) that as per the BEAMS records, there was excess of ₹3,036.62 crore only and that too in respect of one grant (internal debt - Finance Department), which has been already conveyed to Audit.

It was also stated that the UT government has transitioned to the online budgeting process through BEAMS portal, which eliminates chances of expenditure without budgetary provision and misclassification of accounts. The PAG office uses the

voucher level computerisation (VLC) which is still not integrated with JKPaysys and BEAMS portals. The login access for the portals can be shared with PAG office.

However, the reply does not address the audit observation regarding the expenditure of ₹12,416.82 crore incurred without budget provision in all the 31 schemes/ sub-heads under 13 Major Heads of six grants.

### **3.3.2 Classification of expenditure of Revenue nature as Capital expenditure or vice-versa**

Classification of expenditure of revenue nature as capital expenditure or *vice-versa*, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus.

During 2022-23, a sum of ₹219.13 crore of revenue expenditure as detailed below was disbursed under Capital Major Heads of expenditure, thereby resulting in overstatement of capital expenditure and understatement of revenue expenditure and overstatement of revenue surplus to the extent of ₹219.13 crore. This includes Grants-in-aid of ₹191.10 crore under the schemes National Rural Livelihood Mission, Strengthening of State Drug Regulatory System, upgradation of Government Medical Colleges for increasing PG and MBBS/UG seats and Implementation of AYUSH and Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PM-FME). Besides this, there was mis-classification of subsidy amount of ₹28.03 crore for the schemes of National Horticulture Mission.

**Table 3.5: Classification of expenditure of Revenue nature as Capital expenditure**

| Sl. No. | Major Head of Account | Type of Misclassification                       | Amount (₹ in crore) |
|---------|-----------------------|---|---------------------|
| 1       | 4210,4515 and 4401    | Grants-in-aid classified as Capital Expenditure | 191.10              |
| 2       | 4401                  | Subsidy booked as Capital Expenditure           | 28.03               |
|         |                       | <b>Total</b>                                    | <b>219.13</b>       |

Source: Finance Accounts 2022-23.

During the exit conference (April 2024), the Department stated that the correct classification of such expenditure has been followed in the 2023-24 accounts.

### **3.3.3 Unnecessary or insufficient Supplementary Grants**

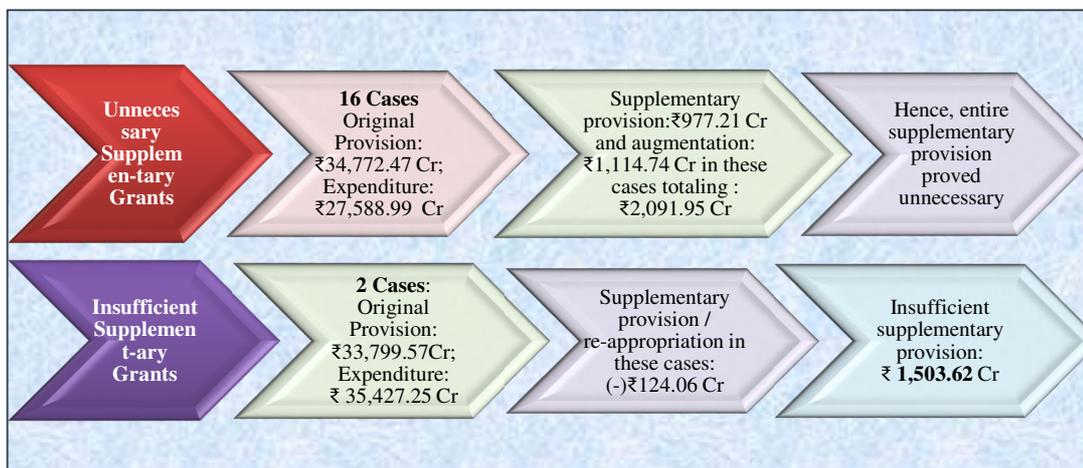
As per Section 44 of the Jammu and Kashmir Re-organisation Act, 2019 a Supplementary or Additional Grant over the provision made by the Appropriation Act for the year, can be made during the current financial year.

Supplementary provisions and augmentation aggregating ₹2,091.95 crore<sup>2</sup> obtained in 16 cases, involving ₹50 lakh or more in each case during the year proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in

<sup>2</sup> Supplementary provision: ₹977.21 crore in 9 grants; Augmentation: ₹1,114.74 crore in 11 grants

**Appendix 3.6.** On the other hand, in Grant 16-Public Works Department, augmentation of ₹124.06 crore was not adequate to meet the requirement and non-provision of supplementary amount in Grant 8-Finance Department led to excess expenditure (Chart 3.3).

**Chart 3.3: Unnecessary and Insufficient Supplementary Provisions**



Source: Appropriation Accounts 2022-23

The Government may prepare realistic budget estimates to avoid large savings and supplementary provisions.

The Finance Department stated (April 2024) that the Supplementary Demand for Grants of 2022-23 to the extent of ₹3,711.72 crore in respect of nine Grants was approved by the Parliament on 29 March 2023 and only two days of financial year 2022-23 were left for making the expenditure resulting in less utilisation under supplementary provisions in 2022-23.

The reply, however, does not provide any explanation as to why the expenditure incurred under these grants was less than the original budget and did not provide the reasons for not keeping adequate provisions in the supplementary demand in respect of two grants where there was excess expenditure.

### 3.4 Substantial savings and surrenders

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or unrealistic estimating, it is a matter of concern. All Estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should consider this while exercising final check on the estimates.

Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism and weak scheme implementation capacities/weak internal controls promote release of funds towards the end of the financial year. Excessive savings in some heads also deprive other Departments of the funds which they could have utilised.

As per the Jammu and Kashmir Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. Out of the 35 grants, there were savings in all the 35 grants. All these 35 grants have savings of ₹10 crore and above as on 31<sup>st</sup> March 2023. As per Appropriation Account 2022-23 it was confirmed by the UT Government that savings had been surrendered. However, the individual surrender orders for savings of ₹16,793.13 crore surrendered in the Appropriation Accounts 2022-23 were not furnished to CAG and as such it could not be ascertained as to whether the surrenders were made timely by the concerned departments.

In case of 31 grants, savings of ₹100 crore and above were noticed, with the percentage savings ranging between five *per cent* and 83 *per cent*. The savings in these cases were ₹41,347.05 crore. Relevant details are indicated in **Appendix 3.7**. The above savings also include huge savings of ₹100 crore and above by the departments under Capital section in 25 grants amounting to ₹26,201.32 crore. Savings under Capital section ranged between 38 *per cent* and 99 *per cent* of the total appropriation of the grant during 2022-23. The savings under Capital section indicate that the Government could not utilise the funds earmarked for developmental activities/creation of assets.

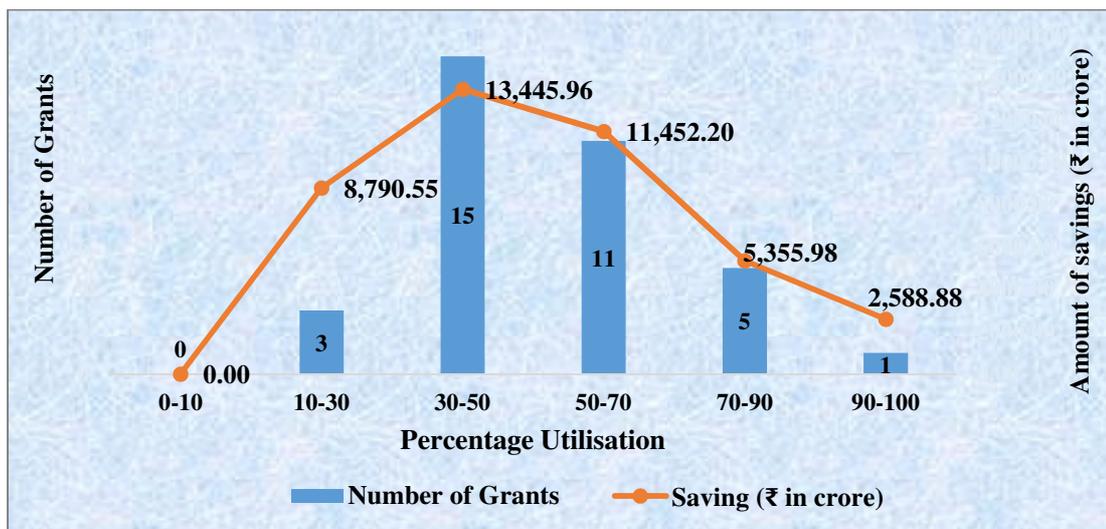
Analysis of grants and appropriations further showed that in 35 cases (under 27 grants) during the year 2022-23, savings (excluding surrenders) exceeded ₹100 crore in each case (**Appendix 3.8**).

Further, it was also observed that in 38 cases under 27 grants, there were persistent savings exceeding ₹100 crore in each case during 2020-21 to 2022-23 (**Appendix 3.9**).

It was noticed that savings (exceeding ₹ one crore in each case) under 17 Grants and two Appropriations amounting to ₹11,092.06 crore (**Appendix 3.10**) were not surrendered at all. Further, it was also noticed that an amount of ₹1,690.58 crore was surrendered under Grant 08-Finance Department (Capital-Charged) though there was an excess expenditure of ₹1,346.04 crore thereunder.

Details of grants grouped by percentage of utilisation along with total savings during 2022-23 are shown in **Appendix 3.11** and **Chart 3.4**.

**Chart 3.4: Distribution of number of Grants/Appropriations grouped by the percentage of utilisation along with total savings**



Some of the departments wherein the savings in the respective grants were more than 50 per cent were Science & Technology Department (₹102.85 crore, 69 per cent), Law Department (₹477.50 crore, 53 per cent), Horticulture Department (₹386.41 crore, 56 per cent), Public Health Engineering Department (₹8,032.61 crore, 80 per cent), Co-operative Department (₹108.75 crore, 57 per cent), Food Civil Supplies and Consumer Affairs Department (₹430.07 crore, 63 per cent), Irrigation and Flood Control Department (₹1,372.24 crore, 62 per cent), Tribal Affairs Department (₹422.68 crore, 74 per cent) and Culture Department (₹335.26 crore, 83 per cent) which indicated that the Government could not utilise the funds earmarked for the planned purposes.

The Principal Secretary Finance Department stated (May 2024) that since the launch of BEAMS portal, the surrender of savings is reported on-line in the portal. While framing the revised estimates, the Departments also account for the surrender of savings during formulation of revised estimates. Accordingly, surrender of savings are accounted for by the Finance Department through BEAMS portal only. It was also stated that the individual surrender orders are being furnished on the lines of the grant-wise statement on surrenders which is already submitted to PAG.

The reply given by the Department is not acceptable, as para 1.2.43 of Jammu and Kashmir Budget Manual, 2020 clearly states that the inclusion of increased expenditure in the revised estimates does not supersede the necessity for applying for an additional appropriation nor are the revised estimates the proper channel for such applications. Similarly, the revised estimates do not obviate the necessity for formal surrender of sums unlikely to be spent.

The *post facto* sanction<sup>3</sup> for acceptance of surrender of savings of ₹12,004.61 crore under Revenue section and ₹12,835.83 crore under Capital section aggregating ₹24,840.44 crore for the financial year 2022-23 in respect of 36 demands accorded

<sup>3</sup> Vide order (no 167-F of 2024 dated 10.05.2024)

(May 2024) by the Finance Department could not be accepted as the Accounts of UT of Jammu and Kashmir for the year 2022-23 had already been approved by the Comptroller and Auditor General of India on 28 February 2024. Besides, the surrenders accepted by the Finance Department in the above order are grant-wise and did not provide full classification with regard to Major Head, Sub-Major Head, Minor Head, Group Head, Sub Head, Detailed Head etc.

### **3.5 Grants with Nil expenditure**

The entire budget provision of ₹5,508.88 crore under 26 Grants involving 150 number of schemes as detailed in **Appendix 3.12** which included developmental schemes under Public Health Engineering, Irrigation and Flood Control, Housing and Urban Development, Power Development, Higher Education Department and Health & Medical Education Department remained unutilised during the year resulting in denial of intended benefits to the general public. The provision could have been re-appropriated to the schemes/works where there was excess expenditure over the provision.

In reply, it was stated (April 2024) that there are only some schemes where nil expenditure has been made. However, the observation has been noted and departments will be advised to project the realistic budget provision in future.

#### **3.5.1 Excess over provisions requiring regularisation**

As per Section 43 of the Jammu and Kashmir Re-organisation Act, 2019 no money shall be withdrawn from the Consolidated Fund of the Union Territory except under appropriation made by law passed in accordance with the provisions of this section.

Total excess expenditure amounting to ₹15,849.33 crore<sup>4</sup> was incurred by the UT Government during the period 31 October 2019 to 31 March 2023 which included excess expenditure amounting to ₹2,830.17 crore as detailed in **Appendix 3.13** under Revenue Charged and Capital Charged sections in Grant No. 08 (Finance Department), Revenue Voted section in Grant No. 16-Public Works Department and Revenue Voted section in Grant No. 19-Housing and Urban Development Department incurred during 2022-23. Excess expenditure remaining un-regularised for extended periods vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

The Finance Department stated (April 2024) that on comparing the actual expenditure during 2022-23 with the RE figures, there was excess expenditure only in one out of four instances pointed out in audit. It was also stated that the observation has been noted and it will be regularised by the legislature in due course of time.

The reply is not acceptable as Appropriation Accounts compare excess/savings in expenditure with reference to the budget (Original and Supplementary) approved by Parliament in the Appropriation Act and not with reference to RE. Keeping in view

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<sup>4</sup> 2019-20 (31 October 2019 to 31 March 2020): ₹3,875.61 crore; 2020-21: ₹7,094.29 crore; 2021-22: ₹2,049.26 crore; 2022-23: ₹2,830.17 crore.

expenditure against amounts approved in the Appropriation Act, there was excess expenditure during 2022-23 in respect of all four instances pointed out by Audit.

### 3.5.2 Persistent excesses in one Grant

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring legislative sanction but also indicative of bad planning, which could be avoided by keeping track of expenditure progression with the budget made for the purpose.

Persistent excesses were noticed in Grant No. 08- Finance Department under capital charged section during the years 2020-21 to 2022-23. Persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on a realistic basis. Such repeated excess expenditure is in violation of the will of the legislature. Strictly, not a rupee can be spent without prior legislative authorisation and, therefore, this is to be viewed seriously. Persistent excesses may be due to improper estimation at the time of preparation of the budget.

The details of persistent excess expenditure during the period from 2020-21 to 2022-23 are mentioned in the following table:

**Table 3.6: Details of excess expenditure in Grant No. 08 during 2020-21 to 2022-23**

| (₹ in crore)                            |           |           |           |
|---|-----------|-----------|-----------|
| Description of Grant/Appropriation      | 2020-21   | 2021-22   | 2022-23   |
| <b>Grant No. 08- Finance Department</b> |           |           |           |
| <b>Capital Charged</b>                  |           |           |           |
| Total Grant                             | 26,469.03 | 41,420.20 | 32,720.87 |
| Expenditure                             | 33,563.32 | 41,575.17 | 34,066.91 |
| Excess                                  | 7,094.29  | 154.97    | 1,346.04  |

Source: Appropriation Accounts of respective years.

As is evident from the above table, persistent excesses were noticed in Grant No. 08-Finance Department. The excess was mainly under Major Head 6003-Internal Debt of the State Government in Capital Charged section during 2022-23. This is indicative of the fact that proper budgeting exercise was not being carried out as was required under Paragraph 6.2.4 of Government of Jammu and Kashmir Budget Manual.

The Finance Department stated (April 2024) that the excess expenditure was mainly for meeting the requirement of repayment of WMA and OD. It was also stated that observation has been noted and it will be regularised by the Legislature in due course of time.

### 3.5.3 Regularisation of excess expenditure of previous financial years pertaining to erstwhile State of Jammu and Kashmir

As the Appropriation Accounts of 1980-81 onwards had not been discussed in PAC, the excess expenditure aggregating to ₹1,24,004.41 crore for the years 1980-81 to 2019-20 (1 April 2019 to 30 October 2019) pertaining to the erstwhile State of Jammu

and Kashmir, as detailed in **Appendix 3.14**, is yet to be regularised. Excess expenditure remaining un-regularised for such extended periods vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

The Finance Department stated (April 2024) that the legacy issue of excess expenditure for the years 1980-81 to 2019-20 of the erstwhile state of Jammu and Kashmir will be regularised by the legislature in due course of time.

### **3.6 Grants-in-Aid for creation of Capital Assets**

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one Government to another Government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

As per IGAS<sup>5</sup> 2, Grants-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorised by the President on the advice of the Comptroller and Auditor General of India. It has been seen that Grants-in-aid (GIA) for capital assets are sometimes classified as capital expenditure. This leads to understatement of revenue deficit and over statement of revenue surplus. It was noticed that there was booking of GIA as Capital expenditure during the financial year 2022-23 as shown in the table below.

**Table 3.7: Extent of classification of GIA as Capital Expenditure**

| <b>Item</b>   | <b>(₹ in crore)</b><br><b>2022-23</b> |
|---|---------------------------------------|
| GIA booked as Capital Expenditure   | 191.10                                |
| Total Capital Expenditure   | 10,773.78                             |
| Share of GIA in Capital Expenditure ( <i>in per cent</i> )  | 1.77                                  |
| Revenue Deficit (-)/ Revenue Surplus (+)  | (+) <i>5,976.61</i>                   |
| Revenue Deficit (-) /Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure | (+) <i>5,785.51</i>                   |

Source: Finance Accounts (NTA) of respective years

The Union Territory Government booked Grants-in-aid as capital expenditure during 2022-23. This has resulted in overstatement of revenue surplus of ₹191.10 crore during 2022-23.

The Finance Department stated (April 2024) that such expenditure has been shifted to revenue budget in 2024-25.

<sup>5</sup> Indian Government Accounting Standards

### 3.7 Effectiveness of Budgetary and Accounting Process

#### 3.7.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprive other departments of the funds which they could have utilised.

The total provision for expenditure during 2022-23 was ₹1,49,582.03 crore. The actual gross expenditure during the year was ₹1,07,948.46 crore (72.17 per cent). This resulted in savings of ₹41,633.57 crore during 2022-23 of which only ₹16,793.13 crore (40.34 per cent) was surrendered. The summarised position of actual expenditure during 2022-23 against 35 grants/ appropriations is given below:

**Table 3.8: Summarised position of actual expenditure vis-à-vis Budget (Original/ Supplementary) provisions during 2022-23**

(₹ in crore)

| Nature of expenditure                      |                           | Original Grant/ App. | Supplementary Grant/ App. (S) and Augmentation (A) |                 |                 | Total              | Actual expenditure <sup>6</sup> | Net Saving (-)/ Excess (+) | Surrender during 2022-23 |              |       |
|--|---------------------------|----------------------|--|-----------------|-----------------|--------------------|---------------------------------|----------------------------|--------------------------|--------------|-------|
|  |                           |                      | S  | A               | S+A             |                    |                                 |                            | Amount                   | Per cent     |       |
| Voted                                      | I. Revenue                | 64,077.39            | 3,480.17   | 1,435.70        | 4,915.87        | 68,993.26          | 54,419.45                       | -                          | 14,573.81                | 3,190.39     | 21.89 |
|  | II. Capital               | 37,705.35            | 216.44   | 624.32          | 840.76          | 38,546.11          | 10,822.69                       | -27,723.42                 | 11,909.44                | 42.96        |       |
|  | III. Loans & Advances     | 108.90#              | 0  | 9.10            | 9.10            | 118.00             | 59.53*                          | -58.47                     | Nil                      | Nil          |       |
|  | <b>Total</b>              | <b>1,01,891.64</b>   | <b>3,696.61</b>                                    | <b>2,069.12</b> | <b>5,765.73</b> | <b>1,07,657.37</b> | <b>65,301.67</b>                | <b>-42,355.70</b>          | <b>15,099.83</b>         | <b>35.65</b> |       |
| Charged                                    | IV. Revenue               | 7,537.59             | 15.11  | 1,651.09        | 1,666.20        | 9,203.79           | 8,579.89                        | -623.91                    | 2.72                     | 0.44         |       |
|  | V. Capital                | 0                    | 0  | 0               | 0               | 0                  | 0                               | 0                          | 0                        | Nil          |       |
|  | VI. Public Debt Repayment | 32,720.87            | 0  | 0               | 0               | 32,720.87          | 34,066.90                       | 1,346.04                   | 1,690.58                 | NA           |       |
|  | <b>Total</b>              | <b>40,258.46</b>     | <b>15.11</b>                                       | <b>1,651.09</b> | <b>1,666.20</b> | <b>41,924.66</b>   | <b>42,646.79</b>                | <b>722.13</b>              | <b>1,693.30</b>          | <b>NA</b>    |       |
| Appropriation to Contingency Fund (if any) |                           | Nil                  | Nil  | Nil             | Nil             | Nil                | Nil                             | Nil                        | Nil                      | Nil          |       |
| <b>Grand Total</b>                         |                           | <b>1,42,150.10</b>   | <b>3,711.72</b>                                    | <b>3,720.21</b> | <b>7,431.93</b> | <b>1,49,582.03</b> | <b>1,07,948.46</b>              | <b>-41,633.57</b>          | <b>16,793.13</b>         | <b>40.34</b> |       |

Source: Appropriation Accounts.

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\* Finance Account Vol-1 (St.-7)

Composition of expenditure is given in **Table 3.9**.

<sup>6</sup> The expenditure figures shown are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (Nil) and Capital Heads (₹48.91 crore).

**Table 3.9: Composition of expenditure**

| Parameters               | Amount<br>(₹ in crore) | Percentage    |
|--------------------------|------------------------|---------------|
| Revenue expenditure      | 62,999.34              | 58.36         |
| Capital expenditure      | 10,822.69              | 10.02         |
| Loans and Advances       | 59.53                  | 0.06          |
| Public Debt              | 34,066.90              | 31.56         |
| <b>Total expenditure</b> | <b>1,07,948.46</b>     | <b>100.00</b> |

The savings in grants is indicative of over budgeting which is as much a financial irregularity as excess in expenditure in terms of Rule 6.2.4 of the Jammu and Kashmir Budget Manual. Besides, excessive savings in some departments during the period is indicative of deprivation of other departments of the funds which they could have utilised and also non-surrender of funds (savings) is in contravention of the instructions of the Jammu and Kashmir Budget Manual.

The position of original and supplementary budget, revised estimate and actual expenditure for the year 2022-23 is given in **Table 3.10**.

**Table 3.10: Original Budget, Supplementary Budget, Revised Estimate and Actual Expenditure during 2022-23**

| Particulars (Appropriation accounts)                            | 2022-23<br>(₹ in crore) |
|---|-------------------------|
| Original budget (OB)  | 1,42,150.10             |
| Supplementary Budget  | 7,431.93 <sup>7</sup>   |
| Total Budget (TB)   | 1,49,582.03             |
| Revised Estimate (RE)   | 1,32,788.90             |
| Actual Expenditure (AE)   | 1,07,948.46             |
| Savings (TB-AE)   | 41,633.57               |
| Percentage of Supplementary                                     | 5.23                    |
| Percentage of Overall Savings / Excess to the overall provision | 27.83                   |
| TB-RE   | 16,793.13               |
| RE-AE   | 24,840.44               |
| (TB-RE) as per cent of TB                                       | 11.23                   |
| (RE-AE) as per cent of TB                                       | 16.61                   |

Source: Appropriation Accounts and Annual Financial Statements.

**Table 3.10** shows that during 2022-23, RE was always lower than TB of the UT. The gap between RE and TB during 2022-23 was 11.23 per cent. The supplementary provisions<sup>8</sup> during the year 2022-23 were 5.23 per cent of the original provisions. However, the supplementary provisions proved unnecessary as the expenditure did not come up even to the level of the original budget provisions during the year. The overall savings remained 27.83 per cent of the budget provisions during the year 2022-2023.

This reflects that the budgetary allocations were based on unrealistic proposals.

<sup>7</sup> Includes supplementary amount of ₹3,711.72 crore and augmentations of ₹3,720.21 crore.

<sup>8</sup> Including reappropriations and augmentations

The Finance Department stated (April 2024) that due care is taken at the time of preparation and consolidation of RE for reducing the extent of savings in the budget. Further, availability of the revised estimates in the last week of March 2022-23 was attributed as one of the reasons for savings across the Demands for Grants.

Keeping in view overall savings of 27.83 *per cent* of the budget provision during 2022-23, effective measures need to be taken to ensure optimum utilisation of the budget and avoid savings in future.

### 3.7.2 Rush of expenditure

Rule 62(3) of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided.

Government funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure.

Contrary to this, expenditure exceeding 50 *per cent* of the total expenditure for the year 2022-23 was incurred in March 2023 in respect of 14 Major Heads under 10 Grants and the percentage of expenditure ranged between 50 *per cent* and 100 *per cent* as detailed in **Appendix 3.15**.

The pace of expenditure during each quarter was not uniform as 80 *per cent* of expenditure under these 14 Major Heads was incurred in the last quarter of the financial year 2022-23.

The Finance Department of Jammu and Kashmir Government instructed (March 2022) that not more than 30 *per cent* of the budget estimate may be spent in the last quarter of the financial year and during the month of March, expenditure should be limited to 15 *per cent* of the budget estimates. The restriction of 30 *per cent* and 15 *per cent* expenditure ceiling was to be enforced both scheme-wise as well as for Demand for Grants as a whole, subject to RE ceilings.

It was noticed in audit that the expenditure incurred in three grants during the last of quarter of 2022-23 and five grants during the month of March 2023 as detailed in **Tables 3.11** and **3.12** exceeded the ceiling fixed by the Finance Department.

**Table 3.11: Details of grants where expenditure during last quarter of 2022-23 exceeded the prescribed ceiling**

| (₹ in crore)         |                       |  |  |   |
|----------------------|-----------------------|--|--|---|
| Grant No.            | Revised Estimate (RE) | Ceiling <sup>9</sup> within which expenditure to be incurred during last quarter | Expenditure during the last quarter of 2022-23 | Expenditure incurred in excess of the fixed limit |
| 8-Finance Department | 55,126.08             | 16,537.82  | 23,448.54                                      | 6,910.72  |

<sup>9</sup> 30 *per cent* of RE

| Grant No.  | Revised Estimate (RE) | Ceiling <sup>9</sup> within which expenditure to be incurred during last quarter | Expenditure during the last quarter of 2022-23 | Expenditure incurred in excess of the fixed limit |
|--|-----------------------|--|--|---|
| 16-Public Works Department   | 5,166.64              | 1,549.99   | 1,919.05                                       | 369.06  |
| 33-Disaster Management Relief Rehabilitation and Reconstruction Department | 1,172.58              | 351.77   | 483.02   | 131.25  |

**Table 3.12: Details of grants where expenditure during March 2023 exceeded the prescribed ceiling**

(₹ in crore)

| Grant No.  | Revised Estimate (RE) | Ceiling <sup>10</sup> within which expenditure to be incurred during March 2023 | Expenditure during March 2023 | Expenditure incurred in excess of the fixed limit |
|--|-----------------------|---|-------------------------------|---|
| 18-Social Welfare Department   | 3,083.79              | 462.57  | 498.45                        | 35.88   |
| 19-Housing and Urban Development Department                                | 3,583.32              | 537.50  | 544.19                        | 6.69  |
| 20-Tourism Department  | 496.24                | 74.44   | 85.63                         | 11.19   |
| 33-Disaster Management Relief Rehabilitation and Reconstruction Department | 1,172.58              | 175.89  | 433.07                        | 257.18  |
| 36-Co-Operative Department   | 191.33                | 28.70   | 32.67                         | 3.97  |

There is a need to maintain a steady pace of expenditure and avoid rush of expenditure during the last quarter/ last month of the financial year.

The Finance Department stated (April 2024) that to avoid rush of expenditure in the closing months of the financial year particularly in the month of March, the Government has introduced expenditure reforms through austerity measures. The Departments have been advised to book 30 per cent of expenditure during the last quarter of the financial year with 15 per cent ceiling in the month of March. The Departments have also been advised to maintain a steady pace of expenditure and avoid rush of expenditure during the last quarter and last month of the financial year.

### 3.8 Review of selected Grants

A review of budgetary procedure and control over expenditure in two test-checked grants (Grant No. 31: Culture Department) and (Grant No. 34: Youth Services and Technical Education Department) out of 35 grants was undertaken and the audit observations are given in the following paragraphs.

<sup>10</sup> 15 per cent of RE

### 3.8.1 Grant No. 31: Culture Department

#### (i) Introduction

Grant Number 31 – Culture Department includes Major Head 2202- General Education, 2205 - Art and Culture, 3452 - Tourism, 3454 - Census Surveys and Statistics and 4202 - Capital Outlay on Education, Sports, Art and Culture.

#### (ii) Budget and Expenditure

The overall position of budget provisions, actual disbursement and savings under the grant for the last three years (2020-21 to 2022-23) is given in **Table 3.13**.

**Table 3.13: Budget and Expenditure during the years 2020-21 to 2022-23**

(₹ in crore)

| Year         | Section                   | Budget provision | Total         | Expenditure  | Unutilised provision and its percentage |
|--------------|---------------------------|------------------|---------------|--------------|---|
| 2020-21      | Revenue -Original (Voted) | 68.91            | 68.91         | 48.79        | 20.12<br>(29.20)                        |
|              | Supplementary             | 0                |               |              |   |
|              | Capital-Original (Voted)  | 129.38           | 129.38        | 4.06         | 125.32<br>(96.86)                       |
|              | Supplementary             | 0                |               |              |   |
| <b>Total</b> |                           | <b>198.29</b>    | <b>198.29</b> | <b>52.85</b> | <b>145.44<br/>(73.35)</b>               |
| 2021-22      | Revenue -Original (Voted) | 64.42            | 59.52         | 41.03        | 18.49<br>(31.07)                        |
|              | Supplementary             | -4.90            |               |              |   |
|              | Capital-Original (Voted)  | 525.82           | 274.32        | 6.14         | 268.18<br>(97.76)                       |
|              | Supplementary             | -251.50          |               |              |   |
| <b>Total</b> |                           | <b>333.84</b>    | <b>333.84</b> | <b>47.17</b> | <b>286.67<br/>(85.87)</b>               |
| 2022-23      | Revenue-Original (Voted)  | 67.35            | 79.49         | 59.56        | 19.93<br>(25.07)                        |
|              | Supplementary             | 0                |               |              |   |
|              | Augmentation              | 12.14            | 325.82        | 10.49        | 315.33<br>(96.78)                       |
|              | Capital-Original (Voted)  | 325.82           |               |              |   |
|              | Supplementary             | 0                |               |              |   |
| <b>Total</b> |                           | <b>405.31</b>    | <b>405.31</b> | <b>70.05</b> | <b>335.26<br/>(82.72)</b>               |

Source: Appropriation Accounts 2022-23

Against the total allocation of ₹405.31 crore under the Grant during the year 2022-23, the total expenditure booked was ₹70.05 crore only. Savings of ₹335.26 crore (83 per cent) during the year indicated preparation of unrealistic budget estimates by the Department. Savings of ₹19.93 crore in Revenue Voted and ₹315.33 crore in Capital Voted section was noticed. Out of savings of ₹315.33 crore under Capital component, savings of ₹201.70 crore was stated to have been surrendered, but valid surrender orders to ascertain the timely surrender of funds were not available. Further, savings of ₹12.14 crore in Capital component were irregularly augmented to Revenue component.

As can be seen from **Table 3.13**, the un-utilised budget provision under Capital (Voted) during the last three years ranged between 97 per cent and 98 per cent, which reflects negligent capital expenditure by the Government.

### **3.8.1.1 Withdrawal of Entire Grant of ₹1.29 crore**

An amount of ₹1.29 crore was allocated in Detailed Demand for Grant under Major Head 3454-Census Surveys and Statistics, SM 02-Surveys and Statistics, MI-110-Gazetteer and Statistical Memoirs, GH 0099-General, SH 0468-State Gazetteers, but the entire amount was shown withdrawn in Supplementary Grant/ Re-appropriation.

In reply, the Director Finance, Government of Jammu and Kashmir, Civil Secretariat Culture Department stated (August 2023) that the grant of ₹1.29 crore was actually meant for the State Gazetteers Unit, but the said Unit was closed by the Government and the existing employees were transferred to the Directorate of Archives, Archaeology and Museums. As such, the entire grant of ₹1.29 crore was withdrawn.

The Finance Department replied (April 2024) that the entire grant was withdrawn due to closure of the State Gazetteers Unit.

### **3.8.1.2 Unnecessary Supplementary Grants/ Augmentation**

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year. When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for supplementary or additional grant or appropriation. Budgetary allocations should be based on realistic proposals, good expenditure monitoring mechanism; strong scheme implementation capacities/internal control leading to optimal utilisation of funds on schemes to obtain intended benefits to the beneficiaries.

Audit analysis showed that supplementary provision/ augmentation of ₹2.42 crore in the following cases proved unnecessary as the expenditure incurred did not come up even to the level of the original provision as shown in **Table 3.14**.

**Table 3.14: Unnecessary Supplementary Grant**

| <i>(₹ in crore)</i> |  |                 |             |             |                    |                                    |
|---------------------|--|-----------------|-------------|-------------|--------------------|------------------------------------|
| Sr. No.             | Head of Account  | Original Budget | SG          | Total       | Actual expenditure | Savings out of Original Provisions |
| 1.                  | 2202-80-004-0099-0278-008 - Electricity charges - General Education  | 0.07            | 0.06        | 0.13        | 0.01               | 0.12                               |
|                     | 2202-80-004-0099-0278-009 – Rent Rates and Taxes – General Education | 0.10            | 0.14        | 0.24        | 0.12               | 0.12                               |
| <b>Total</b>        |  | <b>0.17</b>     | <b>0.20</b> | <b>0.37</b> | <b>0.13</b>        | <b>0.24</b>                        |

| Sr. No.            | Head of Account   | Original Budget | SG          | Total        | Actual expenditure | Savings out of Original Provisions |
|--------------------|---|-----------------|-------------|--------------|--------------------|------------------------------------|
| 2.                 | 2205-105-0099-0221-001 - Salary - Art and Culture                                       | 15.94           | 0.62        | 16.56        | 12.53              | 4.03                               |
|                    | 2205-105-0099-0221-008 - Electricity Charges - Art and Culture                          | 0.47            | 0.03        | 0.50         | 0.33               | 0.17                               |
|                    | 2205-105-0099-0221-010 - Material And Supplies - Art and Culture                        | 0.09            | 0.01        | 0.10         | 0.07               | 0.03                               |
|                    | 2205-105-0099-0221-037 - Professional And Special Service Charges - Art and Culture     | 0.01            | 0.005       | 0.02         | 0                  | 0.02                               |
|                    | 2205-105-0099-0221-103- Office Equipment and Appliances- Art and Culture                | 0.01            | 0.16        | 0.17         | 0                  | 0.17                               |
| <b>Total</b>       |   | <b>16.52</b>    | <b>0.83</b> | <b>17.35</b> | <b>12.93</b>       | <b>4.42</b>                        |
| 3.                 | 4202-04-106-0011-0117-115 – Works –Capital Outlay on Education, Sports, Art and Culture | 0               | 1.39        | 1.39         | 0                  | 1.39                               |
| <b>Total</b>       |   | <b>0</b>        | <b>1.39</b> | <b>1.39</b>  | <b>0</b>           | <b>1.39</b>                        |
| <b>Grand Total</b> |   | <b>16.69</b>    | <b>2.42</b> | <b>19.11</b> | <b>13.06</b>       | <b>6.05</b>                        |

Source: Appropriation Accounts 2022-23

Reasons for unnecessary supplementary grant were awaited from the department (August 2023).

The Finance Department stated (April 2024) that the Department will be advised to project realistic budget in future.

### 3.8.1.3 Persistent savings

Persistent savings under four major heads in seven schemes was observed during the period 2020-21 to 2022-23 which indicates non-achievement of the projected financial outlays in the respective years as shown in **Table 3.15**.

**Table 3.15: Persistent Savings (Grant No. 31)**

| Sr. No. | Head of account   | ₹ in crore) |         |         |
|---------|---|-------------|---------|---------|
|         |   | 2020-21     | 2021-22 | 2022-23 |
| 1       | 2202-80-004-0099-0278- General Education- Research and Publication (Kashmir)                      | 1.34        | 0.38    | 1.36    |
| 2       | 2205-104-0099-0272-Art And Culture- Development of Archives                                       | 3.44        | 1.95    | 1.24    |
| 3.      | 2205-105-0099-0221-Art And Culture – Government Libraries and Reading Rooms, Jammu                | 5.90        | 3.11    | 4.84    |
| 4       | 3452-01-800-0099-2299-Tourism – Mubarak Mandi, Jammu Heritage Society                             | 1.08        | 2.25    | 1.48    |
| 5       | 4202-04-106-0031-0117- Capital Outlay on Education, Sports, Art and Culture                       | 4.44        | 5.00    | 1.92    |
| 6       | 4202-104-0011-0272-Capital Outlay on Education, Sports, Art and Culture, Development of Archives  | 106.06      | 151.85  | 99.45   |
| 7       | 4202-105-0011-1890-Capital Outlay on Education, Sports, Art and Culture, Directorate of Libraries | 7.95        | 6.18    | 5.38    |

Source: Appropriation Accounts 2022-23

In reply, the Accounts officer, Mubarak Mandi Jammu Heritage Society (MMJHS) stated (August 2023) that persistent savings were on account of insufficient staff posted in the society by the Administrative Department. During all these years the affairs of the society were managed by the staff deputed to the society which was even less than 1/3<sup>rd</sup> of its sanctioned strength.

The Finance Department stated (April 2024) that the Department will be advised to take corrective measures in future.

#### **3.8.1.4 Entire provision remained unutilised**

It was observed that the entire budget allocation remained unutilised under four schemes in nine detailed heads during 2022-23, indicating non-implementation of schemes as shown in **Table 3.16**.

**Table 3.16: Entire provision remained un-utilised under Grant No-31**

(₹ in crore)

| S. No. | Head of Account   | Original Budget | Re-appropriation/ Supplementary | Savings |
|--------|---|-----------------|---------------------------------|---------|
| 1.     | 2202-80-004-0099-0278-003 -Research and Publication (Kashmir)-Leave Travel Concession | 0.05            | 0                               | 0.05    |
| 2.     | 2202-80-004-0099-0278-071 – Research and Publication (Kashmir)-Medical Reimbursement  | 0.03            | 0                               | 0.03    |
| 3.     | 2205-104-0099-0272-054 – Art and Culture-Furniture and Furnishings                    | 0.01            | 0                               | 0.01    |
| 4.     | 2205-105-0099-0221-003 – Art and Culture-Leave Travel Concession                      | 0.13            | 0                               | 0.13    |
| 5.     | 2205-105-0099-0221-037-Art and Culture-Professional and Special Service Charges       | 0.015           | 0.005                           | 0.02    |
| 6.     | 2205-105-0099-0221-043–Art and Culture-Uniform  | 0.01            | 0                               | 0.01    |
| 7.     | 2205-105-0099-0221-071–Art and Culture-Medical Reimbursement                          | 0.07            | 0                               | 0.07    |
| 8.     | 2205-105-0099-0221-103–Art and Culture-Office Equipment and Appliances                | 0.01            | 0.16                            | 0.17    |
| 9.     | 4202-04-106-0011-0117-115–Capital Outlay on Education, Sports, Art and Culture- Works | 0               | 1.39                            | 1.39    |
| 10     | 4202-04-106-0031-0117-115–Capital Outlay on Education, Sports, Art and Culture- Works | 5.00            | -3.08                           | 1.92    |

Source: Appropriation Accounts 2022-23

Reasons for non-utilising the entire provision were awaited from the department (August 2023).

The Finance Department stated (April 2024) that the observation has been noted and the Department will be advised to project realistic demand in future.

#### **3.8.1.5 Huge savings**

Complete accuracy of estimates may not always be possible but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or unrealistic estimating, it is a matter of concern. All Estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Department should consider this while

exercising final check on the estimates. Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism, weak scheme implementation capacities/weak internal controls promote release of funds towards the end of the financial year. Excessive savings in some heads also deprive other Departments of the funds which they could have utilised.

During the course of grant audit, it was noticed that huge savings had occurred in the following schemes during the year 2022-23.

**Table 3.17: Huge Savings**

| Head of Account       | Total Appropriation | Expenditure | (₹ in crore)              |
|-----------------------|---------------------|-------------|---------------------------|
|                       |                     |             | Savings (-)<br>(Per cent) |
| 2202-80-004-0099-0278 | 4.66                | 3.29        | 1.37 (29)                 |
| 2205-102-0099-0117    | 15.00               | 4.00        | 11.00 (73)                |
| 2205-104-0099-0272    | 11.42               | 10.18       | 1.24 (11)                 |
| 2205-105-0099-0221    | 20.42               | 15.58       | 4.84 (24)                 |
| 3452-01-800-0099-2299 | 2.60                | 1.11        | 1.49 (57)                 |
| 4202-04-101-0011-0117 | 5.87                | 0.37        | 5.50 (94)                 |
| 4202-04-104-0011-0272 | 106.00              | 6.55        | 99.45 (94)                |
| 4202-04-105-0011-1890 | 8.95                | 3.57        | 5.38 (60)                 |

Source: Appropriation Accounts 2022-23

The Finance Department stated (April 2024) that the observation has been noted and the Department will be advised to project realistic demand in future.

### 3.8.1.6 Single Nodal Accounts

In terms of Government of India (GoI), Ministry of Finance (MoF), Department of Expenditure, Office Memorandum (OM) dated 23-03-2021, zero balance Single Nodal Accounts (SNAs) were required to be opened for each Centrally Sponsored Scheme (CSS) operational either in the Union Territory or in any State. The Department had not opened any zero balance SNA during 2022-23.

In reply, the Director Finance, Government of Jammu and Kashmir, Civil Secretariat Culture Department stated (August 2023) that no SNA account has been opened in the Culture Department as the funds of Central share for one scheme are being transferred to Raja Rammohan Library Foundation Kolkata directly by the Government of India. The Union Territory share is being transferred through the Director Libraries and Research J&K.

### 3.8.2 Grant No. 34: Youth Services and Technical Education Department

#### (i) Introduction

Grant: 34 Youth Services and Technical Education Department includes Major Heads 2203-Technical Education, 2204-Sports and Youth Services, 2230-Labour & Employment, 4202-Capital Outlay on Education, Sports and Culture and 4250- Capital Outlay on other Social Services.

**(ii) Budget and Expenditure**

The overall position of budget provisions viz., actual/disbursement and savings under the grant for the last three years (2020-21 to 2022-23) is as under:

**Table 3.18: Budget and Expenditure during the years 2020-21 to 2022-23**

(₹ in crore)

| Year         | Section                  | Budget Provision | Total         | Expenditure   | Unutilised provision and its percentage |
|--------------|--------------------------|------------------|---------------|---------------|---|
| 2020-21      | Revenue Original (Voted) | 737.88           | 737.88        | 459.51        | 278.37<br>(38)                          |
|              | Supplementary            | -                |               |               |   |
|              | Capital –Original(V)     | 252.66           | 252.66        | 55.32         | 197.34<br>(78)                          |
|              | Supplementary            | -                |               |               |   |
| <b>Total</b> |                          | <b>990.54</b>    | <b>990.54</b> | <b>514.83</b> | <b>475.71 (48)</b>                      |
| 2021-22      | Revenue Original (Voted) | 652.97           | 609.91        | 476.47        | 133.44<br>(22)                          |
|              | Supplementary            | -43.06           |               |               |   |
|              | Capital –Original (V)    | 245.77           | 236.77        | 72.33         | 164.44<br>(69)                          |
|              | Supplementary            | -9.00            |               |               |   |
| <b>Total</b> |                          | <b>846.68</b>    | <b>846.68</b> | <b>548.8</b>  | <b>297.88 (35)</b>                      |
| 2022-23      | Revenue Original (V)     | 666.87           | 666.87        | 524.18        | 142.69<br>(21)                          |
|              | Supplementary            | 0                |               |               |   |
|              | Capital –Original (V)    | 244.99           | 265.85        | 165.88        | 99.97<br>(38)                           |
|              | Supplementary            | 5.65             |               |               |   |
|              | Augmentation             | 15.21            |               |               |   |
| <b>Total</b> |                          | <b>932.72</b>    | <b>932.72</b> | <b>690.06</b> | <b>242.66 (26)</b>                      |

Source: Appropriation Accounts 2022-23

Against total allocation of ₹932.72 crore under the Grant during the year 2022-23, the total expenditure booked was ₹690.06 crore only and there were savings of ₹242.66 crore (26 per cent). Savings of ₹142.69 crore and ₹99.97 crore were noticed in Revenue Voted and Capital Voted sections respectively.

Out of savings of ₹142.69 crore under revenue component, savings of ₹15.21 crore were stated to have been surrendered, but valid surrender orders to ascertain the timely surrender of funds were not available. Further, savings of ₹15.21 crore in Revenue component were irregularly augmented to Capital component.

The un-utilised budget provision under Revenue (Voted) during 2020-21 to 2022-23 ranged between 21 per cent and 38 per cent, whereas the un-utilised budget provision under Capital (Voted) ranged between 38 and 78 per cent.

**3.8.2.1 Persistent savings**

Persistent savings under five major heads in six schemes was observed during the period 2020-21 to 2022-23 which indicates non-achievement of the projected financial outlays in the respective years as shown in **Table 3.19**.

**Table 3.19: Persistent savings (exceeding ₹ one crore)***(₹ in crore)*

| S. No.                 | Head of Account   | 2020-21 | 2021-22 | 2022-23 |
|------------------------|---|---------|---------|---------|
| <b>Revenue (Voted)</b> |   |         |         |         |
| 1.                     | 2203-001-0099-0530-Directorate of Technical Education               | 67.55   | 49.58   | 43.43   |
| 2.                     | 2204-001-0099-0244-Direction and Administration                     | 199.37  | 37.22   | 20.83   |
| 3.                     | 2230-02-001-0099-1644-Craftsman training                            | 11.80   | 6.30    | 4.18    |
| <b>Capital (Voted)</b> |   |         |         |         |
| 4.                     | 4202-01-201-0011-1427-Physical Education                            | 112.24  | 93.59   | 64.96   |
| 5.                     | 4202-01-201-0011-1551-Engineering/Technical colleges and Institutes | 16.93   | 6.76    | 6.81    |
| 6.                     | 4250-800-0011-1644-Craftsman training                               | 11.25   | 7.35    | 12.02   |

The Finance Department stated (April 2024) that the observation has been noted and the Department will be advised to project realistic budget provisions in order to avoid savings in future.

### 3.8.2.2 Entire provision remained unutilised

It was observed that the entire budget allocation of ₹35 crore remained unutilised under two schemes in three detailed heads during 2022-23, indicating non-implementation of schemes as shown in **Table 3.20**.

**Table 3.20: Entire provision remained un-utilised under Grant No-34***(₹ in crore)*

| S. No. | Head of Account                          | Amount unutilised |
|--------|--|-------------------|
| 1.     | 2203-112-0031-6016-SANKALP <sup>11</sup> | 18.00             |
| 2.     | 2203-112-0099-6016-SANKALP               | 2.00              |
| 3.     | 2230-03-101-0031-PMKVY                   | 15.00             |
|        | <b>Total</b>                             | <b>35.00</b>      |

The Finance Department stated (April 2024) that the funds under Centrally sponsored schemes with corresponding UT share are provided after credit of the Central share. The Central share of funds in respect of schemes mentioned in the para were not received during 2022-23, as such the budget allocation of ₹35.00 crore remained unutilised.

### 3.8.2.3 Entire provision withdrawn

It was observed that the entire budget allocation of ₹20 crore was withdrawn under three detailed heads in two schemes during 2022-23, indicating non-implementation of schemes as shown in **Table 3.21**.

<sup>11</sup> Skills Acquisition and Knowledge Awareness for Livelihood Promotion

Table 3.21: Entire provision withdrawn

(₹ in crore)

| S. No. | Head of Account   | Amount withdrawn |
|--------|---|------------------|
| 1.     | 2230-02-001-0099-1644-Craftsman training (003-LTC)          | 1.00             |
| 2.     | 4202-01-800-0011-2400-Skill Development mission (115-Works) | 1.00             |
| 3.     | 4202-02-800-0031-2400-Skill Development Mission (115-Works) | 18.00            |
|        | <b>Total</b>  | <b>20.00</b>     |

### 3.8.2.4 Unnecessary supplementary Grants/ Augmentations

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year. When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for supplementary or additional grant or appropriation.

Audit analysis showed that supplementary provision of ₹44.76 crore in the following cases proved unnecessary as the expenditure incurred (₹3.54 crore) did not come up even to the level of the original provision as shown in **Table 3.22**.

Table 3.22: Unnecessary supplementary grants/ augmentations

(₹ in crore)

| S. No.                       | Head of Account  | Budget Allocation (₹ in crore) |   |              | Actual Expenditure | Savings (Per cent) |
|------------------------------|--|--------------------------------|---|--------------|--------------------|--------------------|
|                              |  | Original                       | Supplementary/ augmentation <sup>12</sup> | Total Grant  |                    |                    |
| <b>Revenue (Voted)</b>       |  |                                |   |              |                    |                    |
| 1                            | 2203-112-0031-1551-028-Grants-in-aid                               | 10.00                          | 4.45                                      | 14.45        | 2.87               | 11.58              |
| 2.                           | 2203-001-0099-0530-021-Training                                    | 0.13                           | 4.87                                      | 5.00         | 0.66               | 4.34               |
| 3.                           | 2203-201-0031-6016-028-SANKALP                                     | 0                              | 18.00                                     | 18.00        | 0                  | 18.00              |
| 4.                           | 2203-201-0099-6016-028-SANKALP                                     | 0                              | 2.00                                      | 2.00         | 0                  | 2.00               |
| 5.                           | 2230-02-001-0099-1644-021-Training                                 | 0.03                           | 0.72                                      | 0.75         | 0.01               | 0.74               |
| <b>Total Revenue (Voted)</b> |  | <b>10.16</b>                   | <b>30.04</b>                              | <b>40.20</b> | <b>3.54</b>        | <b>36.66</b>       |
| <b>Capital (Voted)</b>       |  |                                |   |              |                    |                    |
| 6.                           | 4202-105-0011-0530-Technical Education                             | 0                              | 4.06                                      | 4.06         | 0                  | 4.06               |
| 7.                           | 4202-201-0031-6000-Strengthening of infrastructure of institutions | 0                              | 3.50                                      | 3.50         | 0                  | 3.50               |

<sup>12</sup> In respect of all the Revenue heads at Serial No 1 to 5 it is re-appropriated amount. In capital heads against Serial No. 6 it is supplementary amount of ₹4.06 crore. However, in respect of other capital heads from S No 7 to 11 it is re-appropriation or augmentation.

| S. No.                       | Head of Account  | Budget Allocation (₹ in crore) |   |              | Actual Expenditure | Savings (Per cent) |
|------------------------------|--|--------------------------------|---|--------------|--------------------|--------------------|
|                              |  | Original                       | Supplementary/ augmentation <sup>12</sup> | Total Grant  |                    |                    |
| 8.                           | 4202-800-0011-6000-Strengthening of infrastructure of institutions | 0                              | 1.50                                      | 1.50         | 0                  | 1.50               |
| 9                            | 4202-800-0031-6000-Strengthening of infrastructure of institutions | 0                              | 3.50                                      | 3.50         | 0                  | 3.50               |
| 10.                          | 4250-203-0031-1644-017- Craftsman training                         | 0                              | 0.05                                      | 0.05         | 0                  | 0.05               |
| 11                           | 4250-203-0031-1644-021-Craftsman training                          | 0                              | 2.11                                      | 2.11         | 0                  | 2.11               |
| <b>Total Capital (Voted)</b> |  | <b>0</b>                       | <b>14.72</b>                              | <b>14.72</b> | <b>0</b>           | <b>14.72</b>       |
| <b>Grand total</b>           |  | <b>10.16</b>                   | <b>44.76</b>                              | <b>54.92</b> | <b>3.54</b>        | <b>51.38</b>       |

Supplementary provisions/re-appropriation of ₹30.04 crore (Revenue Voted) during the year 2022-23 proved unnecessary as the expenditure of ₹3.54 crore did not come up even to the level of the original provision of ₹10.16 crore. Further, nil expenditure was incurred against the supplementary provisions/ augmentation of ₹14.72 crore (Capital Voted). Overall savings (₹51.38 crore) in these cases was 115 per cent of the supplementary provisions/ re-appropriation (₹44.76 crore) which is indicative of budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism and weak internal controls.

The Finance Department stated (April 2024) that the observation has been noted for taking corrective measures.

### 3.8.2.5 Excess expenditure against the allocations

An expenditure of ₹1.39 crore under three detailed heads of MH-2204 has been made against the allocation of ₹1.30 crore resulting in excess expenditure of ₹0.09 crore as detailed in **Table 3.23**.

**Table 3.23: Excess expenditure against the allocations**

| (₹ in crore) |   |                   |                    |             |
|--------------|---|-------------------|--------------------|-------------|
| S. No.       | Head of Account   | Budget allocation | Expenditure Booked | Excess      |
| 1            | 2204-001-0099-0244-010-Material and supplies            | 0.55              | 0.58               | 0.03        |
| 2            | 2204-001-0099-0244-020- Machinery and equipment         | 0.15              | 0.16               | 0.01        |
| 3.           | 2204-001-0099-0244-103-Office Equipments and appliances | 0.60              | 0.65               | 0.05        |
| <b>Total</b> |   | <b>1.30</b>       | <b>1.39</b>        | <b>0.09</b> |

The Finance Department stated (April 2024) that allocations are made at the Major head and sub head level and there is no excess expenditure. However, the reply is silent regarding excess expenditure in respect of the detailed heads pointed out in audit.

### 3.8.2.6 Less expenditure (Savings) against the provision of funds under Revenue and Capital heads

During the year 2022-23 less expenditure was booked against the allocation under five Revenue and Capital sub-heads of the Head of Account as detailed in **Table 3.24**.

**Table 3.24: Less expenditure against allocations**

(₹ in crore)

| S. No.                 | MH   | MI  | GH   | SH   | Budget Allocation | Expenditure | Less/ savings (per cent) |
|------------------------|------|-----|------|------|-------------------|-------------|--------------------------|
| <b>Revenue (Voted)</b> |      |     |      |      |                   |             |                          |
| 1.                     | 2203 | 001 | 0099 | 0530 | 156.20            | 112.77      | 43.43 (28%)              |
| 2.                     | 2230 | 001 | 0099 | 1644 | 168.08            | 126.24      | 41.84 (25%)              |
| <b>Capital (Voted)</b> |      |     |      |      |                   |             |                          |
| 3.                     | 4202 | 201 | 0011 | 1427 | 147.32            | 82.36       | 64.96(44%)               |
| 4.                     | 4202 | 201 | 0011 | 1551 | 23.31             | 12.44       | 10.87(47%)               |
| 5.                     | 4250 | 800 | 0011 | 1644 | 21.50             | 9.48        | 12.02(56%)               |

The Finance Department stated (April 2024) that the observation has been noted and the Department will be advised to project realistic budget provisions to avoid savings in future.

### 3.8.2.7 Huge savings not surrendered

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or unrealistic estimating, it is a matter of concern. All Estimating Officers should strive to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should consider this while exercising final check on the estimates. Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism and weak scheme implementation capacities/weak internal controls promote release of funds towards the end of the financial year. Excessive savings in some heads also deprive other Departments of the funds which they could have utilised.

During the year 2022-23, total provision of ₹666.87 crore (Revenue-Voted) and ₹265.85 (Capital-Voted) was made under Grant-34 Youth services and Technical Education Department against which only ₹524.18 crore and ₹165.88 crore was incurred resulted in huge savings of ₹142.69 crore (21 per cent) and ₹99.97 crore (38 per cent) respectively. Out of savings of ₹142.69 crore under Revenue component, savings of ₹15.21 crore which were stated to have been surrendered, were irregularly augmented to Capital component.

The Finance Department stated (April 2024) that the observation has been noted.

### 3.8.2.8 Single Nodal Accounts

In terms of Government of India (GoI), Ministry of Finance (MoF), Department of Expenditure, Office Memorandum (OM) dated 23-03-2021, zero balance Single Nodal

Accounts (SNAs) were required to be opened for each Centrally Sponsored Scheme (CSS) operational either in the Union Territory or in any State.

The details of five centrally sponsored schemes, along with the balances lying in these accounts, are indicated in **Table 3.25**.

**Table 3.25: Details of Centrally Sponsored Schemes**

(₹ in lakh)

| Sl. No.  | Scheme/SNA   | Name of bank with A/C No                                     | Opening balance | Amount deposited during 2022-23 | Expenditure | Closing balance as on March 2023 | Reasons for unutilised funds   |
|----------|--|--|-----------------|---------------------------------|-------------|----------------------------------|--|
| 1        | Skill strengthening of Industrial Value Enhancement-STRIVE               | Bank of India Satwari, Jammu 790610210000 014                | 352.39          | 247.44                          | 399.91      | 199.92                           | The child agencies could not finalise the entire expenditure against the drawing limit set in their favour   |
| <b>2</b> | <b>Strengthening of Infrastructure for Institutional Training (SIIT)</b> |  |                 |                                 |             |                                  |  |
| (i)      | Setting up of New Polytechnics   | J&K Bank Moving Cell J&K Civil Sectt. J&K /01100405700 00038 | 0               | 5,811.00                        | 1,676.78    | 4,134.22                         | The funds remained unspent as various implementing agencies could not fulfill all codal procedures at their levels for civil works and procurement of machinery and equipment. |
| (ii)     | Community Development Through Polytechnics                               | -do-   | 0               | 40.00                           | 12.30       | 27.70                            | -do-   |
| (iii)    | Upgradation of existing Govt. ITI into Model ITI-ITI Srinagar            | -do  | 0               | 350.00                          | 102.46      | 247.54                           | -do-   |
| 3        | National Apprenticeship Promotion Scheme (NAPS)                          | J&K Bank Moving Cell J&K Civil Sectt. J&K/ 011001010000 0334 | 9.96            | 0                               | 0           | 9.96                             | Amount credited by GOI during 2016-17 remained unspent due to non-availability of registered establishments/ apprentices under the scheme                                      |

(Source: Information provided by Technical Education Department)

The Finance Department stated (April 2024) that they are consistently pursuing this issue with the departments for opening of zero balance accounts in SNAs and timely utilisation of SNA balance. The matter will be vigorously pursued with the line departments for early utilisation of SNA balances.

### **3.9 Conclusion**

- The overall utilisation of budget was 28 *per cent* less than the total amount of grants and appropriations during the year 2022-23. There were savings of ₹42,355.70 crore (39 *per cent*) in the voted section and excess expenditure of ₹722.13 crore (1.72 *per cent*) in the charged section.
- An amount of ₹12,416.82 crore was incurred under 31 schemes/Sub Heads in 6 Grants without budgetary provisions during 2022-23.
- Supplementary provisions and augmentation aggregating ₹2,091.95 crore obtained in 16 cases, involving ₹50 lakh or more in each case, during the year proved unnecessary as the expenditure did not come up to the level of the original provisions. On the other hand, in Grant 16-Public Works Department, augmentation of ₹124.06 crore was not adequate to meet the requirement and non-provision of supplementary amount in Grant 8-Finance Department led to excess expenditure of ₹1,503.62 crore.
- There were 35 grants in which savings of ₹10 crore and above had occurred as on 31st March 2023, which included 31 grants wherein savings of ₹100 crore and above were noticed. Budgetary allocations were based on unrealistic proposals as out of total 35 grants, in 25 grants, savings were more than ₹100 crore in the capital section.
- The entire budget provision of ₹5,508.88 crore under 26 Grants involving 150 number of schemes remained unutilised during the year resulting in denial of intended benefits to the general public.
- Expenditure exceeding 50 *per cent* of the total expenditure for the year 2022-23 was incurred in March 2023 in respect of 14 Major Heads under 10 Grants. The percentage of expenditure ranged between 50 *per cent* and 100 *per cent*.
- Against the total allocation of ₹405.31 crore under Grant No. 31-Culture Department, the total expenditure booked is ₹70.05 crore only. Savings of ₹335.27 crore (83 *per cent*) indicated preparation of unrealistic budget estimates by the Department. Savings of ₹19.93 crore in Revenue Voted and ₹113.64 crore in Capital Voted sections was noticed. Out of savings of ₹315.33 crore in Revenue component ₹201.70 crore was surrendered.
- Against the total allocation of ₹932.72 crore under Grant No. 34-Youth Services and Technical Education Department, an expenditure of ₹690.06 crore was booked and there were savings of ₹242.66 crore (26 *per cent*). The savings under the Revenue Head (Voted) and Capital Head (Voted) were ₹142.69 crore and ₹99.97 crore respectively. Out of savings of ₹142.69 crore under revenue component, ₹15.21 crore was stated to have been surrendered and irregularly augmented to Capital component.

### 3.10 Recommendations

1. Government should be more realistic in its budgetary assumptions and ensure efficient control mechanisms to curtail savings/excess expenditure.
2. Excess expenditure over the approved grants may be regularised at the earliest, along with fixing responsibility on officials concerned for incurring excess expenditure.
3. Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.
4. Government may consider strengthening of financial monitoring to avoid rush of expenditure at the fag end of the year.
5. The system for timely submission of surrender orders and re-appropriation orders to the Principal Accountant General (A&E) needs to be enforced.
6. Re-appropriation/augmentation from Revenue to Capital Heads or *vice-versa* need to be stopped.

The Finance Department stated (April 2024) that the recommendations have been noted for compliance and the Finance Department from time to time has advised the departments for preparing realistic budget figures and avoid rush of expenditure at the fag end of the year.

During the exit conference (April 2024), the Principal Secretary Finance accepted the audit recommendations.



**Chapter-IV**  
**Quality of Accounts and Financial**  
**Reporting Practices**



## CHAPTER-IV

### QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

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

#### Issues related to completeness of accounts

#### 4.1 Non-discharge of liability in respect of interest towards interest bearing deposits/ Reserve Funds

The Government has a liability to provide and pay interest on the amounts in interest-bearing Deposits/Reserve Funds. Audit observed that ₹41.82 crore was required to be paid as interest on the balance of ₹1,248.38 crore lying under interest-bearing deposits/Reserve Funds as on 1 April 2022 as shown in **Table 4.1**. Non-payment of interest liability has resulted in overstatement of revenue surplus and understatement of fiscal deficit to that extent.

**Table 4.1: Details of non-discharge of liability in respect of interest towards interest-bearing deposits/Reserve Funds**

(₹ in crore)

| Sr. No. | Name/Head of the interest-bearing deposit/Reserve Fund | Opening Balance as on 1 April 2022 | Basis for calculation of interest  | Amount of interest not provisioned |
|---------|--|------------------------------------|--|------------------------------------|
| 1.      | State Compensatory Afforestation Fund-MH-8121          | 764.57                             | As per circulars issued by the Ministry of Environment, Forest & Climate Change at the annual rate of 3.35 per cent. | 25.61                              |
| 2       | State Compensatory Afforestation Deposit-MH-8336       | 483.81                             |  | 16.21                              |
|         | <b>Total</b>   | <b>1,248.38</b>                    |  | <b>41.82</b>                       |

#### 4.2 Funds transferred directly to Implementing Agencies

Government of India (GoI) transfers substantial funds directly to State Implementing Agencies (SIAs) for implementation of various schemes and programmes. The amount of funds transferred by the various Ministries/ Departments of GoI directly to SIAs of the Union Territory Government of Jammu and Kashmir during 2022-23 as per the Public Financial Management System (PFMS) portal of Controller General of Accounts (CGA) was ₹786.95 crore (**Appendix 4.1**). This constituted 1.14 per cent and 1.53 per cent of total revenue receipts (₹68,975.95 crore) and Grants-in Aid (₹51,492.93 crore) respectively. The direct transfer of funds to the implementing agencies decreased by 1.88 per cent as compared to 2021-22 (from ₹802.04 crore in 2021-22 to ₹786.95 crore in 2022-23). In addition to the above, Central Government released an amount of ₹3,450.39 crore directly to various Autonomous Bodies/ other

entities of the Government. The schemes where direct funding was more than ₹100 crore during the year 2022-23 are given below:

**Table 4.2: Scheme where more than ₹100 crore funds transferred by Government of India directly to Government Departments**

| <i>(₹ in crore)</i> |  |   |   |
|---------------------|--|---|---|
| Sl. No.             | Name of the GoI Scheme                                 | Name of the Implementing Agency                                       | Government of India releases during 2022-23 |
| 1                   | Pradhan Mantri Kisan Samman Nidhi                      | Department of Agriculture Production, Government of Jammu and Kashmir | 524.82                                      |
| 2                   | Strengthening of Public Distribution System Operations | Consumer Affairs and Public Distribution Department Jammu and Kashmir | 115.52                                      |

Source: Finance Accounts.

The Finance Department stated (April 2024) that GoI transferred funds to the SNA accounts through various ministries/ department directly to the State Implementing Agencies (SIA). Since the funds have been transferred directly to the SIA, no comments can be furnished on this account. However, Consumer Affairs and Public Distribution (CAPD) and Agriculture Production Department have confirmed the direct receipt of funds in their bank accounts.

### 4.3 Deposit of Local Funds

Jammu and Kashmir Panchayati Raj Act, 1989 provides that Halqa Panchayat would maintain Halqa Panchayat Fund which would include all moneys realised or realisable under the Act and all moneys otherwise received by the Panchayati Raj Institutions (PRIs), such as grants received from Government and its own revenue, which includes tax and non-tax receipt of a Panchayat. The Municipal Act, 2000 envisages that the Municipal Fund is to be held by the Municipality. All moneys realised or realisable under this Act and all moneys otherwise received by the Municipalities are to be kept in the Municipal Fund. These are kept under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds and 102-Municipal Funds. Receipt and expenditure under the aforesaid two local funds during 2022-23 is shown in **Table 4.3.**

**Table 4.3: Deposits of Local Funds**

| S. No. | Local Funds    |            | <i>(₹ in crore)</i> |                    |
|--------|----------------|------------|---------------------|--------------------|
| 1      | Panchayat Fund | (8448-109) | Opening Balance     | Nil<br>(0.27)      |
|        |                |            | Receipt             | Nil                |
|        |                |            | Expenditure         | Nil                |
|        |                |            | Closing Balance     | Nil<br>(0.27)      |
| 2      | Municipal Fund | (8448-102) | Opening Balance     | 252.87<br>(133.39) |
|        |                |            | Receipt             | 1003.21            |
|        |                |            | Expenditure         | 916.72             |
|        |                |            | Closing Balance     | 339.36<br>(133.39) |

Source: Finance Accounts. Figures in bracket shows closing balance ending 30 October 2019 of erstwhile State of Jammu and Kashmir which has to be bifurcated between the two UTs

There was no receipt and expenditure from the Panchayat Fund during 2022-23. However, there was a closing balance of ₹0.27 crore of the erstwhile State of Jammu and Kashmir. The Municipal Fund had a closing balance of ₹339.36 crore ending 2022-23. Besides there was a closing balance of ₹133.39 crore of the erstwhile State of Jammu and Kashmir which is yet to be divided between the two Union Territories.

### Issues related to transparency

#### 4.4 Delay in submission of Utilisation Certificates

The Government of UT of Jammu and Kashmir has not framed revised rules relating to drawal of grants-in-aid and submission of Utilisation Certificate (UCs) thereof. However, as per para 10.19 of the erstwhile State of Jammu and Kashmir (Pre re-organisation) Financial Code Volume-I, UCs in respect of grants-in-aid received by the grantee should be furnished by the grantee to the authority that sanctioned it within 18 months from the date of receipt of grant or before applying for a further grant on the same subject, whichever is earlier. To the extent of non-submission of UCs, there is a risk that the amount shown in the Finance Accounts may not have reached the beneficiaries.

The position of outstanding UCs relating to the Union Territory of Jammu and Kashmir (post re-organisation) for the period from 31 October 2019 to 30 September 2021 is given in **Table 4.4**.

**Table 4.4: Year-wise arrears in submission of Utilisation Certificates of UT of Jammu and Kashmir**

| Year*                              | Number of UCs outstanding | Amount (₹ in crore) |
|------------------------------------|---------------------------|---------------------|
| 2021-22 (31.10.2019 to 30.09.2020) | 725                       | 2,985.54            |
| 2022-23 (01.10.2020 to 30.09.2021) | 577                       | 3,570.56            |
| <b>Total</b>                       | <b>1,302</b>              | <b>6,556.10</b>     |

\* The year mentioned above relates to "Due year" i.e, after 18 months of actual drawal year

The position of outstanding UCs relating to the erstwhile State of Jammu and Kashmir drawn upto 30 October 2019 (yet to be apportioned) as on 31 March 2023 is given in **Table 4.5**.

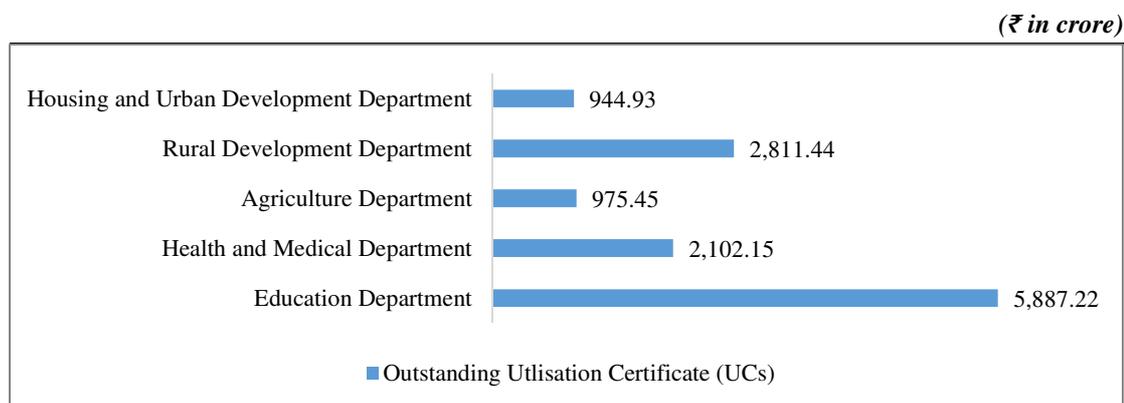
**Table 4.5: Year-wise arrears in submission of Utilisation Certificates of the erstwhile State of Jammu and Kashmir**

| Year*        | Number of UCs outstanding | Amount (₹ in crore) |
|--------------|---------------------------|---------------------|
| Upto 2013-14 | 228                       | 744.88              |
| 2014-15      | 34                        | 52.72               |
| 2015-16      | 196                       | 442.10              |
| 2016-17      | 226                       | 765.52              |
| 2017-18      | 428                       | 2,309.23            |
| 2018-19      | 318                       | 1,201.22            |
| 2019-20      | 296                       | 665.54              |
| 2020-21      | 705                       | 1,961.44            |
| <b>Total</b> | <b>2,431</b>              | <b>8,142.65</b>     |

\* The year mentioned above relates to "Due year" i.e, after 18 months of actual drawal year

There are 3,733 number of UCs amounting to ₹14,698.75 crore pertaining to the erstwhile State and UT of Jammu and Kashmir outstanding as on 31 March 2023. Department-wise break-up of total outstanding UCs shows that 86.55 per cent of total amount of outstanding UCs pertain to the below-mentioned five departments, of which 40.05 per cent of outstanding UCs pertain to Education department.

**Chart 4.1: Outstanding UCs in respect of major Departments for the grants paid up to September 2021**



Source: Finance Accounts and information from A&E Office.

Non-submission of UCs means that the authorities have not explained as to how the funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against grants-in-aid meant for capital expenditure. It is imperative that the Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

Out of two Departments/grants covered for detailed comprehensive audit of grants, there was no UC outstanding from Culture Department (Grant No 31). However, UCs for an amount of ₹9.67 crore drawn by Accounts Officer, Directorate of Skill Development during November 2019 to March 2021 was outstanding (March 2023) from the Youth Services and Technical Education Department (Grant No 34).

During the exit conference (April 2024), the Finance Department stated that the concerned line departments are being directed to ensure submission of UCs in a time-bound manner.

#### **4.5 Abstract Contingent bills**

The Government of UT of J&K has not revised codal provisions for drawal of Abstract Contingent (AC) bills and settlement thereof. However, Financial Code Volume-I (Para 7.18) of the erstwhile State of J&K envisages that when it is considered necessary to draw money from the Treasury for contingent expenditure of which vouchers cannot be readily obtained before payment, Drawing and Disbursing Officers (DDOs) are authorised to draw sums of money through AC bills. In terms of the erstwhile State of Jammu and Kashmir (pre re-organisation) Financial Code para 7.10, DDOs are required to present Detailed Countersigned Contingent (DCC) bills containing vouchers in

support of final expenditure within two months from the date on which the advance was drawn. The year-wise position of AC bills is shown below.

**Table 4.6(A): Year-wise position of AC bills of UT of Jammu and Kashmir**

| Year                               | No of unadjusted AC bills | Amount (₹ in crore) |
|------------------------------------|---------------------------|---------------------|
| 2019-20 (from 31.10.2019 onwards)  | 50                        | 294.25              |
| 2020-21                            | 267                       | 4,611.37            |
| 2021-22                            | 718                       | 5,748.00            |
| 2022-23 (01.02.2022 to 31.01.2023) | 554                       | 3,538.20            |
| <b>Total</b>                       | <b>1,589</b>              | <b>14,191.82</b>    |

**Table 4.6(B): Year-wise position of DCC bills submission against AC bills**

(₹ in crore)

| Year                      | Opening balance |           | Addition |          | Clearance |        | Closing balance |           |
|---------------------------|-----------------|-----------|----------|----------|-----------|--------|-----------------|-----------|
|                           | No.             | Amount    | No.      | Amount   | No.       | Amount | No.             | Amount    |
| 31/10/2019 to 31/01/2020  | 0               | 0         | 51       | 339.68   | 0         | 0      | 51              | 339.68    |
| 2020-21                   | 51              | 339.68    | 333      | 5,059.58 | 30        | 131.55 | 354             | 5,267.71  |
| 2021-22                   | 354             | 5,267.71  | 830      | 6,505.65 | 45        | 325.33 | 1,139           | 11,448.03 |
| 2022-23 (upto 31/01/2023) | 1,139           | 11,448.03 | 577      | 3,544.42 | 127       | 800.63 | 1,589           | 14,191.82 |

As evident from the above table, the number of AC bills cleared was less than the number of new AC bills drawn during the respective periods. This resulted in increase in the number of unadjusted AC bills, resulting in a total of 1,589 bills amounting to ₹14,191.82 crore as on 31 March 2023.

DCC bills in respect of 1,877 AC bills amounting to ₹5,583.15 crore drawn upto 30 October 2019 by the erstwhile State of Jammu and Kashmir were awaited as on 31 March 2023.

**Table 4.6 (C): Year-wise position of AC bills of the erstwhile State of Jammu and Kashmir**

| Year                      | No of unadjusted AC Bills | Amount (₹ in crore) |
|---------------------------|---------------------------|---------------------|
| 2004-05                   | 10                        | 0.86                |
| 2005-06                   | 64                        | 31.32               |
| 2006-07                   | 64                        | 17.20               |
| 2007-08                   | 115                       | 29.19               |
| 2008-09                   | 40                        | 17.95               |
| 2009-10                   | 33                        | 27.62               |
| 2010-11                   | 64                        | 21.56               |
| 2011-12                   | 87                        | 24.50               |
| 2012-13                   | 178                       | 77.48               |
| 2013-14                   | 322                       | 203.03              |
| 2014-15                   | 400                       | 308.92              |
| 2015-16                   | 84                        | 147.56              |
| 2016-17                   | 9                         | 4.06                |
| 2017-18                   | 78                        | 347.18              |
| 2018-19                   | 207                       | 2,205.04            |
| 2019-20 (upto 31.10.2019) | 122                       | 2,119.68            |
| <b>Total</b>              | <b>1,877</b>              | <b>5,583.15</b>     |

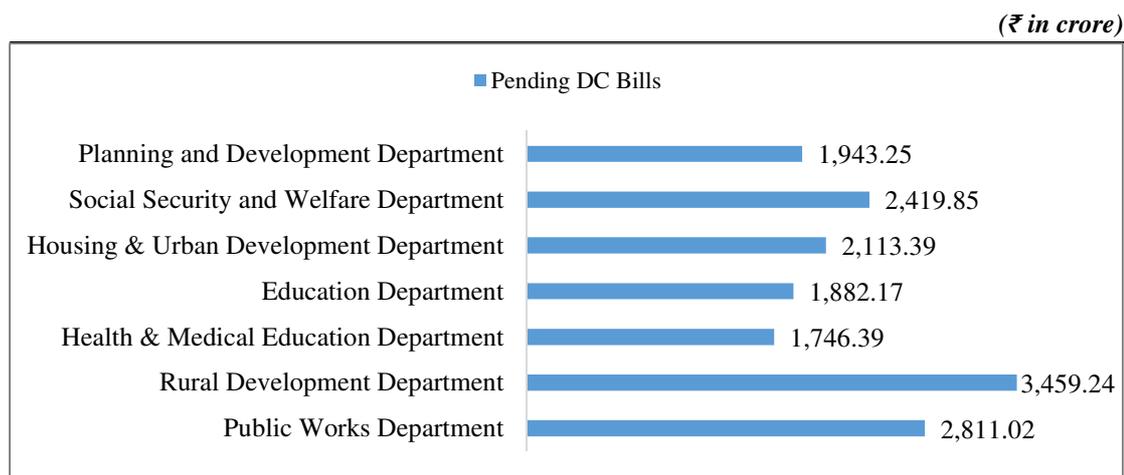
The bifurcation of these outstanding AC bills is yet to be done between the successor Union Territories viz., Union Territory of Jammu and Kashmir and Union Territory of Ladakh. More than 82 *per cent* of DCC bills are awaited from seven departments as shown in **Table 4.7**.

**Table 4.7: DC bills awaited from Departments of UT/Erstwhile State of Jammu and Kashmir**

| Sl. No | Name of the Department        | Amount Outstanding (₹ in crore) | Percentage of total outstanding amount of ₹19,774.97 crore as on 31 March 2023 |
|--------|-------------------------------|---------------------------------|--|
| 1      | Rural Development             | 3,459.24                        | 17.49  |
| 2      | Public Works                  | 2,811.02                        | 14.22  |
| 3      | Social Security and Welfare   | 2,419.85                        | 12.24  |
| 4      | Housing and Urban Development | 2,113.39                        | 10.69  |
| 5      | Planning and Development      | 1,943.25                        | 9.83   |
| 6      | Education                     | 1,882.17                        | 9.52   |
| 7      | Health and Medical Education  | 1,746.39                        | 8.83   |

Source: Finance Accounts and information from A&E Office.

**Chart 4.2: DCC Bills pending in respect of Major Departments of UT/ Erstwhile State of Jammu and Kashmir**



Source: Finance Accounts and information from A&E office.

Further, 384 AC bills amounting to ₹3,310.85 crore were drawn during the year 2022-23, out of which 145 AC bills amounting to ₹709.58 crore (21.43 *per cent*) were drawn in March 2023. Expenditure against AC bills in March indicates that the drawals were primarily to exhaust the budget provisions and reveals inadequate budgetary control.

A comprehensive audit of two grants/ departments, i.e, Culture Department and Youth Services and Technical Education Department was conducted. It was noticed that DCC bills for an amount of ₹24.98 crore was outstanding in respect of advance drawals made by Directorate of Youth Services and Sports (₹1.24 crore), Technical Education Department (₹22.49 crore) and Directorate of Libraries & Research (₹1.25 crore).

During the exit conference (April 2024), the Finance Department stated that the concerned line departments are being directed to ensure submission of DC bills in a

time-bound manner. It was also assured that all the departments will be urged to expedite the submission of DC bills to Principal Accountant General (A&E) office.

#### **4.6 Indiscriminate use of Minor Head-800**

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 is to be discouraged since it renders the accounts opaque. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

During the year 2022-23, ₹5,585.14 crore (including revenue receipts of ₹3,307.54 crore representing Sale of Power and Misc. Power Receipts under Major Head-0801) under 34 Revenue Major Heads of Accounts constituting 8.10 *per cent* of the total revenue receipts of ₹68,975.95 crore, was recorded under the Minor Head-800-‘Other Receipts’.

Similarly, expenditure of ₹3,482.97 crore under 37 Major Heads of Accounts constituting 4.72 *per cent* of total Revenue and Capital Expenditure of ₹73,773.12 crore was classified under Minor Head- 800-‘Other Expenditure’.

Instances where a substantial proportion (50 *per cent* or more/ significant amount) of the receipts and expenditure under a Major Head was classified/ booked under the Minor Head-800-Other Receipts and Other Expenditure are shown in *Appendix 4.2* and *Appendix 4.3*.

The Government may consider depicting the amounts received and expenditure incurred under various schemes distinctly, instead of clubbing the receipts and expenditure of major schemes under the Minor Head 800-Other Expenditure and 800-Other Receipts, for better clarity in Accounts.

The Finance Department stated (April 2024) that over the last few years, the use of Minor Head-800 has been discouraged and appropriate Minor Head is incorporated in the Budget classification. But sometimes there is difficulty in avoiding Minor Head-800, as appropriate Minor Head is not provided in the list of Major and Minor Head of Accounts. However, the observation has been noted and steps will be taken to minimise the use of Minor Head-800 (other expenditure). Further, during the exit conference (April 2024), the Finance Department intimated that there is a decreasing trend in booking of expenditure/ revenue under Minor Head 800.

#### **Issues related to measurement.**

#### **4.7 Outstanding balance under Major Suspense and DDR heads**

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items have been shown as gross debit and credit balances for 2022-23 in **Table 4.8**.

**Table 4.8: Balances under Suspense and Remittances**

| Minor Head   | 2020-21 |        |               | 2021-22 |        |               | 2022-23 |        |               |
|--|---------|--------|---------------|---------|--------|---------------|---------|--------|---------------|
|  | (Dr)    | (Cr)   | Net (Dr/ Cr.) | (Dr)    | (Cr)   | Net (Dr/ Cr.) | (Dr)    | (Cr)   | Net (Dr/ Cr.) |
| <i>(₹ in crore)</i>  |         |        |               |         |        |               |         |        |               |
| <b>8658- Suspense Account-</b>   |         |        |               |         |        |               |         |        |               |
| 101-PAO Suspense   | 56.67   | 0.01   | 56.66 (Dr.)   | 107.20  | 0.01   | 107.19 (Dr.)  | 152.48  | 0.24   | 152.24 (Dr)   |
| 102-Suspense Account (Civil)   | 47.97   | 2.44   | 45.55 (Dr.)   | 51.59   | 20.07  | 31.52 (Dr.)   | 7.64    | 194.61 | 186.97 (Cr)   |
| 109-RBI Suspense (Hqrs)  | 0.16    | 0.05   | 0.11 (Dr.)    | 0.09    | 0.40   | 0.31 (Cr.)    | 0.08    | 0.18   | 0.10 (Cr)     |
| 110- RBI Suspense (Central Accounts)   | 0.91    | 0.08   | 0.83 (Dr.)    | 0.67    | 0.18   | 0.49 (Dr.)    | 0.92    | 0.10   | 0.82 (Dr)     |
| 112- Tax Deducted at Source (TDS) Suspense   | -       | 221.00 | 221.00 (Cr.)  | -       | 384.71 | 384.71 (Cr.)  | -       | 500.13 | 500.13 (Cr)   |
| 123- All India Service officers Group Insurance Scheme   | -       | -      | -             | 0.88    | -      | 0.88 (Dr.)    | 0.87    | -      | 0.87 (Dr)     |
| 139-GST- Tax Deducted at Source Suspense   | 1.02    | 5.15   | 4.13 (Cr.)    | 0.72    | 5.16   | 4.44 (Cr.)    | -       | 4.96   | 4.96 (Cr)     |
| <b>8782- Cash Remittance and Adjustments between officers rendering accounts to same Accountant General/ Accounts Officers</b> |         |        |               |         |        |               |         |        |               |
| 110-Misc Remittances   | -       | 632.57 | 632.57 (Cr.)  | 689.07  | -      | 689.07 (Dr.)  | 689.12  | -      | 689.12 (Dr)   |
| <b>8793- Inter State Suspense Account</b>  | -       | 1.93   | 1.93 (Cr.)    | 9.29    | 0.04   | 9.25 (Dr.)    | 0.02    | 1.47   | 1.45 (Cr)     |

Source: Finance Accounts.

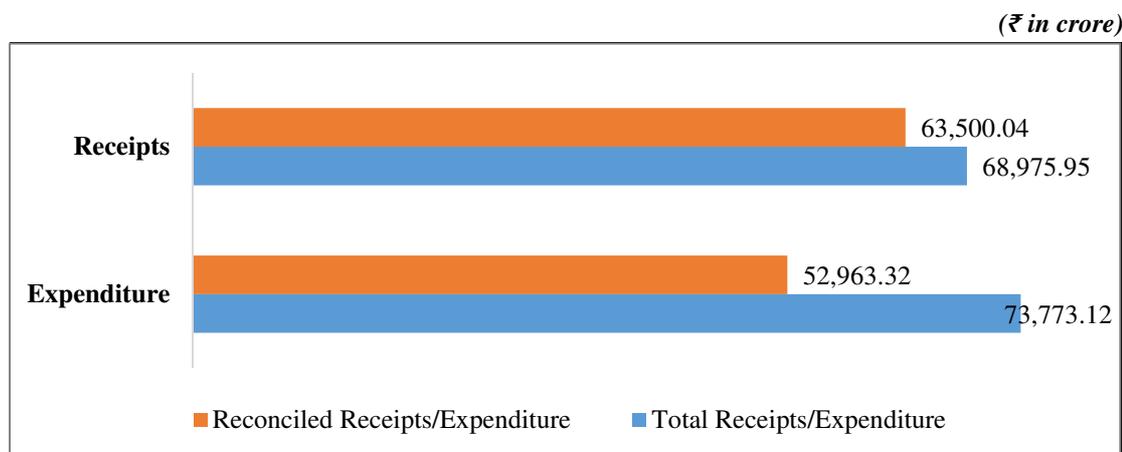
There was also a net credit balance of ₹2,114.33 crore {₹733.16 crore (Debit) under Suspense and ₹2,847.49 crore (Credit) under Remittances} at the end of 30 October 2019 (pre re-organisation) relating to the erstwhile State of Jammu and Kashmir under Suspense and Remittance Heads which is yet to be apportioned between the successor Union Territory of Jammu & Kashmir and Union Territory of Ladakh. Non-clearance of outstanding balances under these Heads affects the accuracy of receipt/ expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the Government of Union Territory.

#### **4.8 Non-reconciliation of Departmental figures**

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the receipts and expenditure during the financial year recorded in their books are to be reconciled by them every month with that recorded in the books of the Accountant General (A&E). Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/ adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of

receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

**Chart 4.3: Status of reconciliation during period 2022-23**



Source: Finance Accounts.

During the year 2022-23, receipts amounting to ₹63,500.04 crore (92.06 per cent of total receipts of ₹68,975.95 crore) and expenditure amounting to ₹52,963.32 crore (71.79 per cent of total expenditure of ₹73,773.12 crore) were reconciled by the Government of Union Territory of Jammu and Kashmir.

In comparison, receipts amounting to ₹53,275.15 crore (89.93 per cent of total receipts of ₹59,238.50 crore) and expenditure amounting to ₹49,058.57 crore (69.77 per cent of total expenditure of ₹70,316.36 crore) were reconciled by the Government of Union Territory of Jammu and Kashmir with the Office of the Principal Accountant General (A&E) during 2021-22.

The Finance Department stated (April 2024) that since the accounts for the year 2022-23 stand closed, as such reconciliation for accounts of the said year is not permissible. However, Director Finance/Financial Advisors/Chief Accounts Officers of Administrative Departments have been instructed to conduct the reconciliation for accounts of 2023-24 before close of UT Accounts by the Principal Accountant General (A&E).

#### 4.9 Reconciliation of Cash Balances

The Cash balance as on 31 March 2023 as per the records of the Principal Accountant General (A&E) was ₹1,448.31 crore (Debit) and that reported by the Reserve Bank of India (RBI) [as worked out by Principal Accountant General (A&E)] was ₹1,445.66 crore (Credit). There was a net difference of ₹2.65 crore (Debit), mainly due to non-reconciliation by the Government of Union Territory of Jammu and Kashmir with RBI/ Agency Bank. The difference is under reconciliation.

There was also a net difference of ₹83.32 crore (Credit) between RBI and Principal Accountant General's figures as on 30 October 2019 which is yet to be reconciled and apportioned between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

The Finance Department stated (April 2024) that the difference shown in the report is sorted out by the Treasury Officers/ RBI and Principal Accountant General (A&E) office as a routine on Verified Date-wise Monthly Statements (VDMS).

During the exit conference (April 2024), the Department intimated that efforts will also be made to reduce the suspense balances and carry out the reconciliation of expenditure, receipts and cash balances.

### Issues related to disclosure

#### 4.10 Compliance with Accounting Standards

As per Section 71 of the Jammu and Kashmir Re-organisation Act 2019, the Lieutenant Governor may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union Territory of Jammu and Kashmir. Further, as per Article 150 of the Constitution of India, the President of India, on the advice of the Comptroller and Auditor General of India, has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the Government of Union Territory of Jammu and Kashmir in 2022-23 and deficiencies therein are given in **Table 4.9**.

**Table 4.9: Compliance to Accounting Standards**

| Sl. No. | Accounting Standards   | Essence of IGAS  | Compliance by UT Government                           | Impact of deficiency  |
|---------|--|--|---|---|
| 1       | <b>IGAS-1:</b><br><i>Guarantees given by the Government - Disclosure requirements.</i> | To ensure uniform and complete disclosure of such guarantees.  | Complied (Statements 9 and 20 of Finance Accounts)    | There is no impact.   |
| 2       | <b>IGAS-2:</b><br><i>Accounting and Classification of Grants-in- Aid</i>               | To prescribe the principles for accounting and classification of Grants-in-aid in the Financial Statements of Government both as a grantor as well as a grantee. | Not complied (Statement 10 of Finance Accounts)       | (i) Certain Grants-in-Aid to be classified under Revenue Section have been classified under Capital Section.<br>(ii) Information has not been furnished in respect of Grants-in-aid given in kind by the UT Government. |
| 3       | <b>IGAS-3:</b><br><i>Loans and Advances made by Government</i>                         | To ensure adequate disclosure on loans and advances made by the Government consistent with best international practices.   | Not complied (Statement 7 and 18 of Finance Accounts) | The closing balances have not been reconciled by the Loanee Entities/ Government of UT. The Government has not furnished figures in respect of certain loans and advances for which they maintain detailed accounts.    |

(Source: Finance Accounts)

#### 4.11 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Certification audit of accounts of Autonomous Bodies (ABs) set up by the Government is conducted under Sections 19(2), 19(3) and 20(1) of Comptroller and Auditor General

of India (DPC) Act, 1971. The ABs coming under the audit purview as per the above Sections are required to submit the annual accounts to audit. In respect of eight Autonomous Bodies which were to render annual accounts to C&AG, 33 accounts were not rendered for periods ranging between 2 to 13 years as tabulated in **Table 4.10**.

**Table 4.10: Arrears of accounts by Autonomous Bodies as on 31 March 2023**

| Sl. No. | Name of Body/Authority   | Accounts pending (years)        |
|---------|--|---------------------------------|
| 1       | Compensatory Afforestation Management and Planning Authority (CAMPA)                         | 2009-10 to 2021-22              |
| 2       | Sher-e-Kashmir University of Agricultural Sciences and Technology (SKUAST), Srinagar Kashmir | 2020-21 and 2021-22             |
| 3       | Sher-e-Kashmir University of Agricultural Sciences and Technology (SKUAST), Jammu            | 2020-21 and 2021-22             |
| 4       | JK Employee Provident Funds Organisation (EPFO)  | 2015-16 to 2018-19 <sup>1</sup> |
| 5       | Jammu & Kashmir Housing Board  | 2019-20 to 2021-22 <sup>2</sup> |
| 6       | J&K Khadi and Village Industries Board (KVIB)  | 2020-21 and 2021-22             |
| 7       | J&K Building and Other Construction Workers Welfare Board (BOCWVB)                           | 2019-20 to 2021-22              |
| 8       | J&K State Legal Services Authority (SLSA)  | 2018-19 to 2021-22              |

Compensatory Afforestation Management and Planning Authority (CAMPA) has submitted its accounts for audit for the period up to 2008-09 and accounts for the last 13 years from 2009-10 are pending. JK Employee Provident Funds Organisation (EPFO) has not submitted its accounts for audit for the years 2015-16 to 2018-19.

Non-submission/ delay in submission of accounts by these Bodies receiving substantial funding from the 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 legislature, as required under the Statutes under which these bodies were created. Delay/ arrears in finalisation of accounts carries the risk of financial irregularities going undetected and entails possibility of fraud and misappropriation. This has also deprived the legislature/ Government of the opportunity to get feedback on their activities and financial performance.

The Government may impress upon these Autonomous Bodies the need for timely preparation and submission of accounts.

During the exit conference (April 2024), the Finance Department stated that there are certain constraints being faced in finalisation of the old accounts of JK EPFO due to not constituting the Board of Trustees. However, the submission of accounts will be ensured in case of other autonomous bodies.

<sup>1</sup> The accounts for the years 2015-16 to 2018-19 were received unapproved from the Organisation.

<sup>2</sup> Accounts from 2015-16 to 2018-19 are under audit process.

#### **4.12 Departmental Commercial Undertakings/Corporations/Companies**

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

The Heads of the Government Departments are required to ensure that the undertakings prepare accounts and submit the same to the Pr. Accountant General (Audit), Jammu and Kashmir for audit, within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System (PDS) under the Consumer Affairs and Public Distribution Department. The *proforma* accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not submitted their *proforma* accounts from 1968-69 to 2021-22. The *proforma* accounts have not been submitted by Food Civil Supplies & Consumer Affairs Department, Kashmir from 1975-76 to 2021-22 and Food Civil Supplies & Consumer Affairs Department, Jammu from 1973-74 to 1997-98 and 1999-2000 to 2021-22.

The status of audit of Government Companies/ Corporations is shown in **Appendix 4.4**. Accounts in respect of only four Companies were audited up to 2021-22. In respect of 33 Companies/ Corporations, audit of 145 accounts was in arrears for period ranging between one to eleven years. In absence of timely finalisation of accounts, results of the investment of the Government remained outside the oversight of the legislature. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency would not be taken in time. The Government may ensure that the departmental undertakings prepare their accounts and submit the same to the Principal Accountant General (Audit) within a specified time frame.

During the exit conference (April 2024), the Finance Department pointed out various constraints in finalisation of accounts of certain PSUs. However, they assured that all the PSUs shall be directed to comply with the statutory provisions regarding submission of accounts.

#### **4.13 Non-submission of details of Grants/ Loans given to Bodies and Authorities**

In order to identify institutions/organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C&AG's DPC Act), the Government/HODs are required to furnish to Audit every year:

- detailed information about the financial assistance given to various institutions,
- the purpose for which the assistance is granted, and

- total expenditure of the institutions.

Further, Regulations on Audit and Accounts (Amendments) 2020 provides that Governments and HODs who sanction grants and / or loans to bodies or authorities shall furnish to Audit by the end of July every year a statement of such bodies and authorities to which grants and / or loans aggregating ₹10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority. The Government, however, did not furnish the above-mentioned information regularly, which is in violation of Regulations on Audit and Accounts (Amendments) 2020. In absence of above information audit is facing difficulties in identifying the bodies /authorities attracting audit under Sections 14 and 15 of C&AG's DPC Act.

#### **4.14 Timeliness and Quality of Accounts**

The accounts of receipts and expenditure of the Government of Union Territory of Jammu and Kashmir have been compiled based on the initial accounts rendered by 122 Treasuries (including 20 District Treasuries and one virtual Treasury), and Advices of the Reserve Bank of India. As the Government of Jammu and Kashmir had already switched over to Civil Accounting System for Works and Forest Divisions (in previous years), no monthly accounts were due from these Divisions during 2022-23. No account was excluded at the end of the year 2022-23.

#### **Other Issues**

#### **4.15 Follow up action on State/ UT Finances Audit Report**

To ensure accountability of executives to the issues dealt with in various Audit Reports, the J&K Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish to Public Accounts Committee (PAC)/ Committee on Public Undertaking (COPU), *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports, irrespective of whether these were 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 Legislature.

The Report of the Comptroller and Auditor General of India on State Finances is being prepared since 2008-09 and Reports till the year 2015-16 have been tabled in the State Legislature. The State/UT has been under Governor's/ President rule since 20 June 2018 and as such the Report on State Finances /State Finances Audit Report for the years 2016-17, 2017-18, 2018-19, 1 April 2019 to 30 October 2019 and UT Finance Audit Report for the period 31 October 2019 to 31 March 2020, 2020-21 and 2021-22 have been tabled in the Parliament along with the other Audit Reports. Action Taken Notes on these Reports were not furnished by the State /UT Governments.

#### **4.16 Conclusion**

- Non-submission of 3,733 UCs amounting to ₹14,698.75 crore means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved.
- Non-submission of Detailed Countersigned Bills of advances drawn through Abstract Contingent Bills increased the possibility of wastage/ misappropriation of the sums drawn.
- Non-submission/ delay in submission of accounts by the bodies receiving substantial funding from the Government is a serious financial irregularity. It deprived the Legislature of the opportunity to get feedback on activities and financial performance of these bodies.
- Significant amount of expenditure and receipts booked under Minor Head-800-Other Expenditure and 800-Other Receipts under various Major Heads affects transparency in the accounts.

#### **4.17 Recommendations**

- Timely submission of utilisation certificates needs to be ensured by the department in respect of grants released for specific purpose.
- Steps need to be taken to ensure adjustment of the advances drawn on abstract contingent bills within the stipulated period as required under the extant rules.
- The issue of timely preparation and submission of accounts may be taken up with the concerned autonomous bodies.
- Operation of omnibus Minor Head-800 needs to be discouraged.

During the exit conference (April 2024), the Finance Department accepted the audit recommendations.

**Chapter-V**

**Financial Performance of  
Public Sector Undertakings**



## CHAPTER-V

### FINANCIAL PERFORMANCE OF PUBLIC SECTOR UNDERTAKINGS

This chapter discusses the financial performance of Government of Jammu & Kashmir (GoJ&K) owned companies, Statutory Corporations and Government Controlled Other Companies (GCOCs). Impact of significant comments issued after conducting supplementary audit of the financial statements of these Public Sector Undertakings (PSUs) by the Comptroller and Auditor General (CAG) of India for the year 2022-23 (or of earlier years which were finalised during the current year) has also been discussed in the Chapter.

#### 5.1 Definition of Government Company

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a Company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the State Government and partly by one or more State Governments and includes a Company which is a subsidiary of a Government Company.

Besides, any other Company<sup>1</sup> owned or controlled directly or indirectly, 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 are referred to in this Report as Government Controlled Other Companies.

#### 5.2 Mandate of Audit

Audit of Government companies and Government controlled other companies is conducted by the CAG under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has right to conduct a supplementary audit. The statutes governing Statutory Corporations require their accounts to be audited by CAG.

#### 5.3 PSUs and their contribution to the GSDP of J&K

PSUs consist of Government Companies, Government owned Other Companies and Statutory corporations. PSUs are established to carry out activities of commercial nature keeping in view the welfare of the people and occupy an important place in the economy of J&K. As on 31 March 2023, there were 42 PSUs in Jammu & Kashmir under the audit jurisdiction of the CAG. These included 39 Government Companies, two Statutory Corporations and one Government Controlled Other Company<sup>2</sup> (*Appendix 5.1*).

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<sup>1</sup> Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014.

<sup>2</sup> Chenab Valley Power Projects (Private) Limited (CVPPPL), a joint venture of Jammu and Kashmir Power Development Corporation (JKPDC), National Hydroelectric Power Corporation (NHPC) and Power Trading Corporation (PTC).

The 39 Government Companies included six<sup>3</sup> inactive companies (including four under liquidation). The Government of Jammu and Kashmir had investment of ₹57.42 crore in these inactive companies (Capital - ₹56.59 crore and Long Term Loans - ₹0.83 crore). This is a critical area and the Government may like to take an early decision to wind up the inactive PSUs as they do not contribute to the economic growth.

One Company, Jammu & Kashmir Bank Limited, is listed on the National Stock Exchange and Bombay Stock Exchange.

The ratio of turnover of the PSUs to the Gross State Domestic Product (GSDP) of J&K indicates the contribution of their activities in the economy of J&K. The details of turnover of PSUs are given in **Appendix 5.2**.

**Table 5.1** provides the details of turnover of the PSUs and GSDP of J&K for a period of three years ending March 2023.

**Table 5.1: Details of turnover of PSUs vis-à-vis GSDP of J&K**

| Particulars                               | (₹ in crore) |             |             |
|---|--------------|-------------|-------------|
|   | 2020-21      | 2021-22     | 2022-23     |
| Turnover as per latest finalised accounts | 10,590.68    | 10,515.82   | 12,084.74   |
| GSDP of J&K                               | 1,67,651.77  | 1,99,917.42 | 2,27,927.30 |
| Percentage of Turnover to GSDP of J&K     | 6.32         | 5.26        | 5.30        |

Source: GSDP figures at Current prices as per Ministry of Statistics and Programme Implementation (MOSPI), GoI website and figures of turnover of PSUs as per their latest finalized accounts.

The contribution of PSUs to GSDP reduced from 6.32 per cent in 2020-21 to 5.30 per cent in 2022-23. The major contributors to turnover of PSUs in 2022-23 were Jammu & Kashmir Bank Limited (₹9,355.11 crore), Jammu & Kashmir Power Development Corporation Limited (₹1,037.85 crore) and Jammu & Kashmir Small Scale Industries Development Corporation Limited (₹629.36 crore).

## 5.4 Investment in PSUs and Budgetary support

### 5.4.1 Equity holding and Loans given

Details of investment made in 42 PSUs in the form of equity and long term loans upto 31 March 2023 are given in **Appendix 5.3**. Sector wise summary of this investment is given in **Table 5.2**.

**Table 5.2: Sector - wise investment of Government of J&K in PSUs**

| Name of Sector        | Number of PSUs | Investment      |                 |                  |                 | Total Investment | Total Investment of GoJ&K |
|-----------------------|----------------|-----------------|-----------------|------------------|-----------------|------------------|---------------------------|
|                       |                | Equity          |                 | Long Term Loans  |                 |                  |                           |
|                       |                | Total           | GoJ&K           | Total            | GoJ&K           |                  |                           |
| Power Sector PSUs     | 6              | 6,510.62        | 2,593.54        | 23,369.01        | 0               | 29,879.63        | 2,593.54                  |
| Non power Sector PSUs | 36             | 1,296.32        | 1,109.48        | 7,340.72         | 1,833.94        | 8,637.04         | 2,943.42                  |
| <b>Total</b>          | <b>42</b>      | <b>7,806.94</b> | <b>3,703.02</b> | <b>30,709.73</b> | <b>1,833.94</b> | <b>38,516.67</b> | <b>5,536.96</b>           |

(Source: Compiled based on information received from PSUs)

<sup>3</sup> (1) Tawi Scooters Limited (2) Himalayan Wool Combers Limited and (3) Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) (4) Jammu & Kashmir Road Development Corporation Limited (5) Jammu & Kashmir International Trade Centre and (6) Jammu & Kashmir Asset Reconstruction Limited

The thrust of PSU investment was on the power sector. The power sector had attracted 77.58 per cent (₹29,879.63 crore) of total investment of ₹38,516.67 crore. The GoJ&K had invested 46.84 per cent (₹2,593.54 crore) of its total investment of ₹5,536.96 crore in power sector PSUs.

#### **5.4.2 Subsidy and Grant to PSUs**

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

Summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and loans converted into equity in respect of PSUs for the last three years ending March 2023 are given in **Table 5.3**.

**Table 5.3: Details regarding budgetary support by GoJ&K to PSUs during the period 2020-21 to 2022-23**

*(₹ in crore)*

| Sl. No. | Particulars                      | 2020-21         |                 | 2021-22         |                 | 2022-23         |                 |
|---------|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|         |                                  | Number of PSUs* | Amount          | Number of PSUs* | Amount          | Number of PSUs* | Amount          |
| 1.      | Equity Capital outgo             | 7               | 83.47           | 3               | 554.32#         | 3               | 151.20          |
| 2.      | Loans given                      | 7               | 51.85           | 9               | 73.27           | 8               | 23.05           |
| 3.      | Grants/Subsidy provided          | 11              | 3,016.38        | 14              | 2,845.52        | 15              | 1,995.48        |
|         | <b>Total outgo</b>               |                 | <b>3,151.70</b> |                 | <b>3,473.11</b> |                 | <b>2,169.73</b> |
| 4.      | Loan repayment written off       | -               | -               | -               | -               | -               | -               |
| 5.      | Loans converted into equity      | 2               | 152.42          | -               | -               | 1               | 4.86            |
| 6.      | Guarantees issued                | -               | -               | 3               | 5,404.59        | 5               | 12,926.34       |
| 7.      | Outstanding Guarantee Commitment | 5               | 7,698.97        | 7               | 12,522.72       | 7               | 25,086.73       |

(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.

# This includes ₹500 crore in respect of J&K Bank, 16,76,72,702 equity shares of ₹one (face value) each issued to GoJ&K on preferential basis at the issue price of ₹29.82 per share (including share premium of ₹28.82 per share)

During the year 2022-23, assistance in the form of grant was provided to Jammu & Kashmir Infrastructure Development Finance Corporation (₹238.77 crore), Srinagar Smart City Limited (₹127.04 crore), Jammu Smart City Limited (₹107.01 crore) and Jammu and Kashmir State Industrial Development Corporation Limited (₹42.05 crore). The overall decrease in assistance during 2022-23 was mainly due to lesser amount of grant/subsidy given to two Power companies viz., Jammu & Kashmir Power Development Corporation Limited (from ₹600.78 crore in 2021-22 to Nil in 2022-23) and Jammu Power Distribution Corporation Limited (from ₹1,058.08 crore in 2021-22 to ₹659.99 crore in 2022-23).

The major guarantee commitments outstanding at the end of 2022-23 were in respect of Jammu & Kashmir Power Corporation Limited (₹21,613.62<sup>4</sup> crore), Jammu & Kashmir Infrastructure Development Finance Corporation (₹2,297.90 crore), Jammu & Kashmir Power Development Corporation Limited (₹899.99 crore), Jammu & Kashmir SC, ST and Backward Classes Development Corporation Limited (₹104.38 crore) and Jammu & Kashmir Women's Development Corporation Limited (₹108.23 crore).

### **5.4.3 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 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 2023 is given in **Table 5.4** below:

**Table 5.4: Equity and Loans outstanding as per Finance Accounts vis-à-vis records of PSUs upto March 2023**

(₹ in crore)

| Outstanding in respect of | Amount as per Finance Accounts | Amount as per records <sup>5</sup> of PSU | Difference |
|---------------------------|--------------------------------|---|------------|
| Share capital             | 3,034.27                       | 3,080.09                                  | 45.82      |
| Outstanding Loans         | 891.74                         | 1,996.48                                  | 1,104.74   |
| Guarantees                | 903.42                         | 903.42                                    | 0          |

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

The differences were observed in respect of seven PSUs (**Appendix 5.4**). 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 & Kashmir Power Development Corporation (₹646.85 crore), Jammu & Kashmir Minerals Limited (₹167.92 crore) and Jammu & Kashmir Road Transport Corporation (₹302.09 crore) relating to outstanding loans.

It is recommended that the GoJ&K and the respective PSUs should reconcile the differences in accounts in a time-bound manner.

### **5.4.4 Adequacy of assets to meet loan liabilities in PSUs**

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of that entity's assets must be greater than the sum of its loans/debts. The coverage of long term loans by value of total assets in 20 PSUs which had outstanding loans as per their latest finalised accounts as of 30 September 2023 is given in **Table 5.5**:

<sup>4</sup> For loans raised from REC Limited and Power Finance Corporation Limited

<sup>5</sup> Unaudited current figures up to March 2023.

Table 5.5: Long term loans with total assets

| Nature of PSU         | Positive Coverage |                 |                    |                               | Negative Coverage |                 |               |                               |
|-----------------------|-------------------|-----------------|--------------------|-------------------------------|-------------------|-----------------|---------------|-------------------------------|
|                       | No. Of PSUs       | Long Term Loans | Assets Coverage    | Percentage of Assets to Loans | No. of PSUs       | Long Term Loans | Assets        | Percentage of Assets to Loans |
|                       | (₹ in crore)      |                 |                    |                               | (₹ in crore)      |                 |               |                               |
| Statutory Corporation | 2                 | 727.40          | 1,656.54           | 227.73                        | 0                 | 0               | 0             | 0                             |
| Government Company    | 14                | 8,043.96        | 1,68,693.68        | 2,097.15                      | 4                 | 719.08          | 231.81        | 32.24                         |
| <b>Total</b>          | <b>16</b>         | <b>8,771.36</b> | <b>1,70,350.22</b> | <b>1,942.12</b>               | <b>4</b>          | <b>719.08</b>   | <b>231.81</b> | <b>32.24</b>                  |

(Source: Latest finalised accounts of PSUs)

#### 5.4.5 Market Capitalisation of equity investment in Government Companies

Market Capitalisation represents market value of shares of companies which are listed. As on 31 March 2023, there was only one PSU viz. Jammu & Kashmir Bank Limited, having a total paid-up equity capital of ₹103.15 crore<sup>6</sup>. It is listed on the National Stock Exchange and Bombay Stock Exchange. The majority (63.41 per cent) of paid-up equity of ₹103.15 crore of the Bank is held by the Government of Jammu & Kashmir and the remaining (36.59 per cent)<sup>7</sup> by Foreign Institutional Investors, Resident Individuals and others. The market value of shares of Jammu & Kashmir Bank Limited was ₹5,070.75<sup>8</sup> crore as on 31 March 2023 as compared to ₹3,013.22 crore as on 31 March 2022.

#### 5.4.6 Disinvestment, restructuring and privatisation

During the year 2022-23, there was no case of disinvestment, restructuring and privatisation of PSUs.

#### 5.5 Returns from PSUs

There were 11 PSUs that reported profit in their latest financial statements (*Appendix 5.5*). The reported profit earned increased to ₹1,286.79 crore in 2022-23 from ₹566.10 crore in 2021-22.

The PSUs which contributed the most to profit (as per their finalised financial statements of the year 2022-23) were:

Table 5.6: SPSEs which contributed profit

| Name of SPSE                                 | Net profit (₹ in crore) | Percentage of profit to total SPSEs profit |
|--|-------------------------|--|
| Jammu & Kashmir Bank Limited                 | 1,197.38                | 93.05                                      |
| Chenab Valley Power Projects Private Limited | 24.69                   | 1.92                                       |
| <b>Total</b>                                 | <b>1,222.07</b>         |  |

<sup>6</sup> Includes ₹65.41 crore of GoJ&K

<sup>7</sup> Indian Mutual Funds, Insurance Companies, Non-Resident Indian and Corporate Bodies

<sup>8</sup> 1031479861 shares @ ₹49.16 per share (closing price of one share on Bombay Stock Exchange).

The Principal Secretary Finance Department stated (May 2024) that the UT Government undertook a review of existing PSUs to streamline their functioning and improve profitability and quality of services. As a result, 11 PSUs have reported profits in their financial statements of 2022-23. Further, the UT Government is endeavouring to downscale/close the PSUs which are making losses consistently. The divestment of J&K Cements Limited was undertaken in 2022-23. The contention of the Government is, however, not borne out of facts as the 11 PSUs which have reported profits (**Appendix 5.5**) are as per the latest available finalised accounts as of 30 September 2023. Out of the 11 PSUs, only four accounts pertain to the year 2022-23 while the rest seven accounts are of earlier financial periods, some of which are as early as 2013-14, 2015-16 and 2016-17. In case of divestment of J&K Cements Limited, the Government initiated the process during 2022-23.

### **5.5.1 Dividend payout by PSUs**

The Jammu & Kashmir Bank Limited is the only PSU which had declared/ paid dividend<sup>9</sup>. It paid dividend of 50 *per cent* on its paid up share capital for the year ending 31 March 2023.

## **5.6 Debt Servicing and legal compliances**

### **5.6.1 Position of Long Term Loans of PSUs**

The details of long term loans of PSUs during the period 2020-21 to 2022-23 are as follows:

**Table 5.7: Details of Long Term Loans**

| Year    | Long term Loans at the end of the year |           |                  |
|---------|--|-----------|------------------|
|         | GoJ&K                                  | Others    | Total            |
| 2020-21 | 1,437.72                               | 10,852.46 | <b>12,290.18</b> |
| 2021-22 | 1,539.42                               | 16,621.43 | <b>18,160.85</b> |
| 2022-23 | 1,833.94                               | 28,875.80 | <b>30,709.73</b> |

(₹ in crore)

Long term loans of the PSUs increased to ₹30,709.73 crore as on 31 March 2023 from ₹12,290.18 crore as at the end of March 2021 mainly due to the long term loans of ₹4,309.59 crore and ₹2,372.77 crore availed by Jammu & Kashmir Power Corporation Limited (JKPCL) and Jammu & Kashmir Infrastructure Development Finance Corporation respectively during 2021-22 and ₹11,291.79 crore<sup>10</sup> and ₹424.92 crore availed by JKPCL and Chenab Valley Power Project (Pvt.) Limited (CVPPPL) respectively during 2022-23. The total long term loan extended by GoJ&K to PSUs increased from ₹1,437.72 crore at the end of March 2021 to ₹1,833.94 crore at the end of March 2023. In percentage terms, the share of GoJ&K loans to total long term loans declined from 11.70 to 5.97 *per cent*.

<sup>9</sup> Only those PSUs were considered that had submitted accounts for 2022-23.

<sup>10</sup> Special Long Term Transition Loan amounting to ₹2,0164.26 crore (Power Finance Corporation (PFC) Limited: ₹5,100.00 crore and ₹3,000.00 crore) and Rural Electrification Corporation (REC) Limited: ₹9,064.26 crore and ₹3,000.00 crore) sanctioned during the year 2022-23 in favour of Jammu & Kashmir Power Corporation Limited for clearing overdues on account of power purchased and transmission charges; out of which loan amounting to ₹5,443.58 crore (PFC Limited: ₹1,960.02 crore and from REC Limited: ₹3,483.56 crore) and ₹5,848.21 crore (PFC Limited: ₹2993.74 crore and from REC Limited: ₹2,854.47 crore) has been availed during 2022-23 respectively.

### 5.6.2 Interest Coverage in PSUs

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 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.

The details of interest coverage ratio of PSUs, which had liability of loans from Government, banks and other financial institutions as per the latest finalised accounts during the period from 2020-21 to 2022-23 are given below in **Table 5.8**.

**Table 5.8: Interest Coverage Ratio of PSUs**

(₹ 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     |
| 2020-21 | 529.36   | 1,031.19 | 14  | 7   | 7               |
| 2021-22 | 535.22   | 1,104.64 | 14  | 7   | 7               |
| 2022-23 | 545.30   | 1,768.03 | 16  | 7 <sup>11</sup>                               | 9 <sup>12</sup> |

### 5.6.3 Age wise analysis of interest outstanding on Government Loans

As on 31 March 2023, interest amounting to ₹3,126.84 crore was outstanding on the long term loans of nine PSUs provided by GoJ&K. The age wise analysis of interest outstanding on Government loans in PSUs is depicted in **Table 5.9**.

**Table 5.9: Interest outstanding on Government Loans**

(₹ in crore)

| SI. No | Name of PSU                                | Outstanding Interest on GoJ&K Loan | Interest on GoJ&K loans outstanding for less than 1 year | Interest on GoJ&K loans outstanding for 1 to 3 years | Interest on GoJ&K loans outstanding for more than 3 years |
|--------|--|------------------------------------|--|--|---|
| 1.     | Jammu & Kashmir Minerals Limited           | 970.21                             | 19.27  | 38.54  | 912.40  |
| 2.     | Jammu & Kashmir Industries Limited         | 793.47                             | 0  | 118.17   | 675.30  |
| 3.     | Jammu & Kashmir Road Transport Corporation | 1,101.95                           | 61.59  | 123.18   | 917.18  |

<sup>11</sup> 1. Jammu & Kashmir Women's Development Corporation Limited; 2. Jammu & Kashmir Small Scale Industries Development Corporation Limited; 3. Jammu & Kashmir Industries Limited; 4. Jammu & Kashmir Bank Limited; 5. JKB Financial Services Limited; 6. Jammu & Kashmir Power Development Corporation Limited; and 7. Chenab Valley Power Projects Private Limited

<sup>12</sup> 1. Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited; 2. Jammu & Kashmir State Industrial Development Corporation Limited; 3. Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited; 4. Jammu & Kashmir Cements Limited; 5. Jammu & Kashmir Minerals Limited; 6. Jammu & Kashmir Tourism Development Corporation Limited; 7. Jammu & Kashmir Road Transport Corporation; 8. Jammu & Kashmir and Ladakh Financial Corporation; and 9. Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited.

| SI. No       | Name of PSU   | Outstanding Interest on GoJ&K Loan | Interest on GoJ&K loans outstanding for less than 1 year | Interest on GoJ&K loans outstanding for 1 to 3 years | Interest on GoJ&K loans outstanding for more than 3 years |
|--------------|---|------------------------------------|--|--|---|
| 4.           | Jammu & Kashmir Handloom Development Corporation Limited                          | 88.17                              | 0  | 0  | 88.17   |
| 5.           | Jammu & Kashmir Forest Development Corporation Limited                            | 44.08                              | 0  | 0  | 44.08   |
| 6.           | Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited | 2.01                               | 0.25   | 1.76   | 0   |
| 7.           | Jammu & Kashmir Tourism Development Corporation Limited                           | 0.20                               | 0  | 0  | 0.20  |
| 8.           | Jammu & Kashmir Handicrafts (S&E) Development Corporation Limited                 | 121.93                             | 0  | 20.91  | 101.02  |
| 9.           | Jammu & Kashmir Cements Limited   | 4.82                               | 0.13   | 0.25   | 4.44  |
| <b>Total</b> |   | <b>3,126.84</b>                    | <b>81.24</b>   | <b>302.81</b>  | <b>2,742.79</b>   |

(Source: Compiled based on information received from PSUs)

## 5.7 Operating efficiencies of PSUs

### 5.7.1 Turnover

The details of turnover, total assets and capital employed<sup>13</sup>, of all PSUs as per their latest finalised financial statements, during the three years 2020-21 to 2022-23 are given in **Table 5.10**.

**Table 5.10: Turnover, total assets and capital employed during 2020-21 to 2022-23**

| Year    | Turnover  | Total assets | Capital employed |
|---------|-----------|--------------|------------------|
| 2020-21 | 10,590.64 | 1,36,643.45  | 5,865.24         |
| 2021-22 | 10,515.82 | 1,48,646.69  | 7,381.74         |
| 2022-23 | 12,084.74 | 1,74,475.64  | 9,048.71         |

(Source: Latest finalized accounts of the Companies)

The turnover recorded increased from ₹10,590.64 crore in 2020-21 to ₹12,084.74 crore in 2022-23. The total assets of PSUs recorded increase from ₹1,36,643.45 crore in 2020-21 to ₹1,74,475.64 crore in 2022-23. The assets had increased majorly in Jammu and Kashmir Bank Limited, Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited, Kashmir Power

<sup>13</sup> Capital Employed= Paid-up Capital + Free Reserves and Surplus + Long Term Loans - Accumulated Losses - Deferred Revenue Expenditure.

Distribution Corporation Limited and Jammu Power Distribution Corporation Limited. The Capital employed in the PSUs increased from ₹5,865.24 crore in 2020-21 to ₹9,048.71 crore in 2022-23.

### 5.7.2 Return on Investment in Listed PSU

Return on investment (ROI) is a performance metric to evaluate the efficiency of investment over time in comparison to alternate investment opportunities or a benchmark investment opportunity. Only one PSU, Jammu & Kashmir Bank Limited, is listed on the stock exchange. Calculation of ROI along with compound annual growth rate is given in *Appendix 5.6*. The details of ROI during the last three years ending March 2023 are given in **Table 5.11**.

**Table: 5.11 Return on Investment of Listed PSUs**

|                         | <i>(in per cent)</i> |         |         |
|-------------------------|----------------------|---------|---------|
|                         | 2020-21              | 2021-22 | 2022-23 |
| <b>ROI<sup>14</sup></b> | 243.81               | 291.95  | 395.17  |

The ROI increased from 243.81 *per cent* in 2020-21 to 395.17 *per cent* in 2022-23. The compounded annual growth rate improved from (-) 0.67 *per cent* in 2020-21 to 1.41 *per cent* in 2022-23.

### 5.7.3 Return on Capital Employed and Equity in Listed PSUs

The profitability of a company is traditionally assessed through return on equity and return on capital employed. Return on Capital Employed (ROCE)<sup>15</sup> is a financial ratio that measures the Company's profitability and the efficiency with which its capital is used and is calculated by dividing the Company's earnings before interest and taxes by capital employed. Return on Equity (ROE)<sup>16</sup> is a measure of performance calculated by dividing the net profit after tax by shareholders' funds.

Details of ROCE and ROE of Jammu & Kashmir Bank Limited, the only listed Company, is given in **Table 5.12**:

**Table 5.12: ROCE and ROE of Listed PSU**

|             | <i>(In per cent)</i> |         |         |
|-------------|----------------------|---------|---------|
|             | 2020-21              | 2021-22 | 2022-23 |
| <b>ROCE</b> | 15.50                | 14.56   | 24.07   |
| <b>ROE</b>  | 21.00                | 20.47   | 37.95   |

<sup>14</sup> ROI= (Government's share of the Market Capitalisation 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

<sup>15</sup> ROCE = Earnings before Interest and Tax/ Capital Employed. Figures are as per the latest year for which accounts of the PSUs are finalised

<sup>16</sup> ROE=Profit after Tax/Share holders' Fund, Share holders' Fund = Paid up capital + Free Reserves and Surplus less Deferred Revenue Expenditure and Accumulated Losses

The ROCE and ROE was high due to high Profit After Tax earned by the Jammu & Kashmir Bank Limited.

The ROCE worked out at realised value<sup>17</sup> of investment in respect of Jammu & Kashmir Bank Limited is as follows:

**Table 5.13: ROCE for Listed PSUs considering share premium**

*(In per cent)*

| 2020-21 | 2021-22 | 2022-23 |
|---------|---------|---------|
| 12.20   | 10.67   | 17.69   |

#### **5.7.4 Return on Capital Employed and Equity of Non-Listed PSUs**

The details of ROCE and ROE of non-listed PSUs<sup>18</sup> during the period from 2020-21 to 2022-23 are given in **Table 5.14**.

**Table 5.14: Return on Capital Employed and Equity of non-listed PSUs**

*(₹ in crore)*

| Year    | PBIT   | PAT     | Capital Employed | Shareholders Fund | RoCE | RoE   |
|---------|--------|---------|------------------|-------------------|------|-------|
| 2020-21 | 437.75 | -119.66 | 7,593.02         | 3,040.39          | 5.77 | -3.94 |
| 2021-22 | 437.10 | -126.04 | 8,337.07         | 2,818.82          | 5.24 | -4.47 |
| 2022-23 | 310.75 | -187.81 | 8,777.51         | 2,563.93          | 3.54 | 7.32  |

#### **5.7.5 Rate of real return (RORR) of Government Investment in PSUs**

In order to bring the historical cost of investment to its present value at the end of each year upto 31 March 2023, Present Value (PV) of money invested was computed where funds had been infused by GoJ&K as equity, interest free loan and 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 2023.

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.
- 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.

<sup>17</sup> Investment including share premium

<sup>18</sup> Excluding CVPPPL as all its projects are under construction

- GoJ&K infused ₹5.00 crore as equity in JKPDC. In addition to this, the GoJ&K also provided Plan funds since inception of the Company (1994-95) for creation of Capital Assets, which could not be bifurcated, has not been considered. Plan fund given to JKPDD and Assets transferred to JKPDC by GoJ&K, later converted into equity, has been added to the equity contribution in the year 2019-20.
- Jammu Power Distribution Company Limited (JPDCL), Kashmir Power Distribution Company Limited (KPDCL), Jammu and Kashmir Power Transmission Company Limited (JKPTCL) and Jammu and Kashmir Power Corporation Limited (JKPCL) started their operations with effect from 01 April 2020, hence, equity contribution was considered in the year 2020-21 for the purpose of PV calculation of GoJ&K investment.
- For the purpose of PV calculation of GoJ&K investment, the period from 2000-01 till 2022-23 has been taken for considering the investment of GoJ&K in PSUs.

The year- wise position of investment made by GoJ&K in PSUs and calculation of Net Present Value of the investment relating to those PSUs wherein the GoJ&K had made investment is indicated in **Appendix 5.7**.

The historical cost of investment by GoJ&K in these PSUs at the end of 2022-23 increased to ₹3,958.65 crore<sup>19</sup> from ₹352.29 crore at the beginning of 1999-2000. Besides, GoJ&K made investment of ₹522 crore<sup>20</sup> in JKPDC in the shape of plan fund up to March 2022.

The PV of the investment infused by GoJ&K as on 31 March 2023 amounted to ₹8,345.92 crore. The net earnings of PSUs as per their latest finalised accounts was ₹1,034.26 crore<sup>21</sup>.

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<sup>19</sup> Opening balance:(₹352.29 crore) + Equity: (₹3,813.31 crore) + Interest free loans: (₹162.84 crore) less Interest free loan converted into equity:(₹17.5 crore)

<sup>20</sup> This investment was made from 2018-19 to 2021-22 and investment before this period had been converted into equity of GoJ&K

<sup>21</sup> Includes earnings of JKB Financial Services Limited (₹1.21 crore), CVPPPL (₹24.69 crore)

An analysis of the earnings *vis-à-vis* investments in respect of 31<sup>22</sup> PSUs where funds had been infused by GoJ&K was carried out to assess the profitability of these PSUs which is given in **Table 5.15**.

**Table 5.15: Real Rate of Return**

(₹ in crore)

| Financial year | PV of total investment at the beginning of the year | Total investment during the year | Total investment at the end of the year | Average rate of interest | PV of total investment at the end of the year | Total Earnings <sup>23</sup> | RoRR  |
|----------------|---|----------------------------------|---|--------------------------|---|------------------------------|-------|
| 2020-21        | 5,800.80  | 130.57                           | 5,931.37                                | 7.82                     | 6,395.20                                      | 306.12                       | 4.79  |
| 2021-22        | 6,395.20  | 570.95                           | 6,966.15                                | 7.94                     | 7,519.26                                      | 372.64                       | 4.96  |
| 2022-23        | 7,519.26  | 174.25                           | 7,693.51                                | 8.48                     | 8,345.92                                      | 1,008.36                     | 12.08 |

## 5.8 PSUs incurring losses

There were 20 PSUs that reported losses as per their latest finalised accounts as detailed in **Appendix 5.8**. The losses incurred by PSUs decreased to ₹214.51 crore in 2020-21 to ₹186.28 crore in 2021-22 and increased to ₹252.53 crore in 2022-23 as per their latest finalised accounts (**Table 5.16**).

**Table 5.16: Summary of PSUs that incurred losses during 2020-21 to 2022-23**

(₹ in crore)

| Year  | No of PSUs incurred loss | Net loss for the year | Accumulated Profit/ Loss | Net Worth <sup>24</sup> |
|---|--------------------------|-----------------------|--------------------------|-------------------------|
| <b>A. Statutory Corporations</b>              |                          |                       |                          |                         |
| 2020-21                                       | 1                        | 117.62                | (-) 1,634.94             | (-) 1,426.98            |
| 2021-22                                       | 1                        | 117.62                | (-) 1,634.94             | (-) 1,426.98            |
| 2022-23                                       | 2                        | 122.23                | (-) 1,818.88             | (-) 1,438.03            |
| <b>B. Government Companies</b>                |                          |                       |                          |                         |
| 2020-21                                       | 14                       | 93.71                 | (-) 1,780.54             | (-) 1,643.83            |
| 2021-22                                       | 16                       | 68.66                 | (-) 1,120.03             | (-) 986.72              |
| 2022-23                                       | 18                       | 130.30                | (-) 2,422.46             | (-) 2,253.33            |
| <b>C. Government Controlled Other Company</b> |                          |                       |                          |                         |
| 2020-21                                       | 1                        | 3.18                  | 49.34                    | 2,773.00                |
| 2021-22                                       | 0                        | -                     | -                        | -                       |
| 2022-23                                       | 0                        | -                     | -                        | -                       |
| <b>Total PSUs</b>                             |                          |                       |                          |                         |
| 2020-21                                       | 16                       | 214.51                | (-) 3,366.14             | (-) 297.81              |
| 2021-22                                       | 17                       | 186.28                | (-) 2,755.24             | (-) 2,413.70            |
| 2022-23                                       | 20                       | 252.53                | (-) 4,241.34             | (-) 3,691.36            |

(Source: Latest finalised accounts as on 30 November 2021, 30 September 2022 and 30 September 2023)

<sup>22</sup> Excluding JKB Financial Services Limited and CVPPL wherein the GoJ&K had not made any investment, six government companies are inactive and three companies have not submitted their first accounts as on 30 September 2023.

<sup>23</sup> As per the latest finalised accounts

<sup>24</sup> Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

Out of the total loss of ₹252.53 crore incurred by 20 PSUs in 2022-23, loss of ₹234.15 crore was in respect of ten PSUs listed in **Table 5.17** which reported losses of more than ₹ five crore as per their latest information provided.

**Table 5.17: PSUs (other than power sector) that incurred losses of more than ₹ five crore**

| Sl. No. | Name of the PSU   | Net loss (₹ in crore) |
|---------|---|-----------------------|
| 1.      | Jammu & Kashmir State Road Transport Corporation  | 117.62                |
| 2.      | Jammu & Kashmir State Industrial Development Corporation Limited  | 20.54                 |
| 3.      | Jammu & Kashmir Cements Limited   | 25.46                 |
| 4.      | Jammu & Kashmir Tourism Development Corporation   | 14.72                 |
| 5.      | Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited | 10.10                 |
| 6.      | Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited                          | 8.60                  |
| 7.      | Jammu & Kashmir Minerals Limited  | 18.08                 |
| 8.      | Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited                       | 7.35                  |
| 9.      | Jammu & Kashmir Industries Limited  | 5.95                  |
| 10.     | Jammu & Kashmir Handloom Development Corporation Limited  | 5.73                  |
|         | <b>Total</b>  | <b>234.15</b>         |

(Source: Latest finalised accounts as on 30 September 2023)

GoJ&K may like to review the functioning of its loss making PSUs and initiate measures to improve their efficiency as they are causing substantial drain on the public exchequer.

### 5.8.1 Erosion of Capital in PSUs

As on 31 March 2023, there were 19 PSUs with accumulated losses of ₹4,241.34 crore (**Appendix 5.9**). These 19 PSUs had reported losses amounting to ₹250.51 crore in their latest finalised accounts. The net worth of 14 out of 19 PSUs had been completely eroded by their accumulated loss. Out of these 14 PSUs, the net worth of one PSU was negative for the last one year, of two PSUs for two years, another one for three years and the remaining 10 PSUs for the last five or more than five years. The net worth of these 14 PSUs was (-) ₹3,699.38 crore against equity investment of ₹537.12 crore as on 31 March 2023. The details of these 14 PSUs are in the following table:

**Table 5.18: Details of PSUs whose net worth has been eroded as per their latest finalised accounts**

(₹ in crore)

| Sl. No. | Name of PSU  | Period of accounts | Paid up Capital | Net Profit (+)/ Loss (-) after interest and tax | Accumulated Profit/ Loss | Net worth | Period since when Net worth has remained negative (no. of years) | Government Equity (as on 31 March 2023) | Government Loans (as on 31 March 2023) |
|---------|--|--------------------|-----------------|---|--------------------------|-----------|--|---|--|
| 1       | 2  | 3                  | 4               | 5   | 6                        | 7         | 8  | 9                                       | 10                                     |
| 1.      | Jammu and Kashmir Agro Industries Development Corporation Limited  | 2021-22            | 3.54            | -2.77   | -55.99                   | -52.45    | 2017-18 (5)  | 2.60                                    | 25.19                                  |
| 2.      | Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited                        | 2018-19            | 9.20            | -7.35   | -150.46                  | -141.26   | 2014-15 (5)  | 6.80                                    | 14.75                                  |
| 3.      | Jammu and Kashmir Scheduled Castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited | 2019-20            | 47.62           | -10.10  | -59.45                   | -11.83    | 2018-19(2)   | 23.17                                   | 67.34                                  |
| 4.      | Jammu and Kashmir State Industrial Development Corporation Limited   | 2013-14            | 17.64           | -20.54  | -146.99                  | -129.35   | 2009-10 (5)  | 17.64                                   | 22.72                                  |
| 5.      | Jammu & Kashmir Industries Limited   | 2020-21            | 16.27           | -5.95   | -871.60                  | -855.33   | 2016-17 (5)  | 16.27                                   | 264.99                                 |
| 6.      | Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited                           | 2018-19            | 8.52            | -8.60   | -170.06                  | -161.54   | 2014-15 (5)  | 7.08                                    | 65.16                                  |
| 7.      | Jammu and Kashmir Handloom Development Corporation Limited   | 2020-21            | 4.99            | -5.73   | -146.19                  | -141.20   | 2016-17 (5)  | 3.49                                    | 72.09                                  |
| 8.      | Jammu and Kashmir Forest Development Corporation Limited   | 2019-20            | 9.03            | -3.99   | -249.13                  | -240.10   | 2015-16 (5)  | 9.03                                    | 18.00                                  |
| 9.      | Jammu & Kashmir Cement Limited   | 2021-22            | 15.50           | -25.46  | -234.44                  | -218.94   | 2017-18 (5)  | 49.86                                   | 17.98                                  |

| Sl. No. | Name of PSU   | Period of accounts | Paid up Capital | Net Profit (+)/ Loss (-) after interest and tax | Accumulated Profit/ Loss | Net worth        | Period since when Net worth has remained negative (no. of years) | Government Equity (as on 31 March 2023) | Government Loans (as on 31 March 2023) |
|---------|---|--------------------|-----------------|---|--------------------------|------------------|--|---|--|
| 1       | 2   | 3                  | 4               | 5   | 6                        | 7                | 8  | 9                                       | 10                                     |
| 10.     | Jammu and Kashmir Minerals Limited                        | 2013-14            | 8.00            | -18.08  | -312.14                  | -303.98          | 2009-10 (5)  | 8.00                                    | 169.78                                 |
| 11.     | Jammu and Kashmir Tourism Development Corporation Limited | 2020-21            | 15.96           | -14.72  | -18.08                   | -2.12            | 2020-21(1)   | 15.96                                   | 8.26                                   |
| 12.     | Kashmir Power Distribution Corporation Limited            | 2019-20            | 0               | -3.22   | -3.25                    | -3.25            | 2018-19 (2)  | 0.05                                    | 0                                      |
| 13.     | Jammu and Kashmir State Road Transport Corporation        | 2018-19            | 207.96          | -117.62   | -1,634.94                | -1,426.98        | 2014-15 (5)  | 389.86                                  | 788.82                                 |
| 14.     | Jammu & Kashmir and Ladakh Financial Corporation          | 2020-21            | 172.89          | -4.61   | -183.94                  | -11.05           | 2018-19(3)   | 172.35                                  | 18.03                                  |
|         | <b>Total</b>  |                    | <b>537.12</b>   | <b>-248.74</b>                                  | <b>-4,236.66</b>         | <b>-3,699.38</b> |  |   |  |

(Source: Latest finalised accounts as on 30 September 2023 and information received from PSUs)

Note: Column 9 and 10 figures are obtained from respective PSUs.

Further as per latest finalised accounts of these 14 PSUs, against their total income of ₹728.19 crore their total expenditure was ₹976.93<sup>25</sup> crore, resulting in gap of ₹248.74 crore. The total borrowings of these PSUs stood at ₹2,560.26 crore at the end of that year.

## 5.9 Oversight Role of CAG

### 5.9.1 Audit of Public Sector Undertakings (PSUs)

Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a State Government Company and State Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the Legislature.

### 5.10 Appointment of statutory auditors of PSUs by CAG

Section 139(5) of the Companies Act, 2013 provides that the statutory auditors in case of a State Government Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year.

<sup>25</sup> Out of total expenditure of ₹976.93 crore, ₹812.32 crore was incurred on indirect expenditure viz Employees benefits, administrative expenses and other expenses etc.

## **5.11 Submission of accounts by PSUs**

### ***5.11.1 Need for timely submission***

According to Section 394 of the Companies Act, 2013 Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating statutory corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of the State/UT.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration by the shareholders.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Despite the above, annual accounts of various PSUs were pending as on 30 September 2023, as detailed in the following paragraph.

### ***5.11.2 Timeliness in preparation of accounts by Government Companies***

As of 31 March 2023, there were 40 Government Companies under the purview of CAG's audit. Of these, accounts for the year 2022-23 were due<sup>26</sup> from 34 Government Companies<sup>27</sup>. However, only four Government Companies submitted their accounts for the financial year 2022-23 for supplementary audit by CAG on or before 30 September 2023. Accounts of 30 Government Companies were in arrears for various reasons. Forty-nine years of accounts of 14 companies, whose net worth had been eroded, were in arrears. Details of arrears in submission of accounts of these are given in **Table 5.19 (A)** below:

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<sup>26</sup> The due date for submission of accounts has been considered as 30 September 2023

<sup>27</sup> Excluding six inactive Companies

**Table 5.19 (A): Details of arrears in submission of accounts**

| Particulars   |                                       | Total           |
|---|---------------------------------------|-----------------|
| Total number of Companies under the purview of CAG's audit as on 31.03.2023           |                                       | 40              |
| Less: New Companies from which accounts for 2022-23 were not due                      |                                       | 0               |
| Less: Companies under liquidation/ inactive <sup>28</sup>                             |                                       | 6               |
| Number of companies from which accounts for 2022-23 were due                          |                                       | 34              |
| Number of companies which presented the accounts for CAG's audit by 30 September 2023 |                                       | 4               |
| Number of companies with accounts in arrears  |                                       | 30              |
| Breakup of Arrears  | (i) Defunct                           | 0               |
|   | (ii) First Accounts not submitted     | 3 <sup>29</sup> |
|   | (iii) Others                          | 27              |
| Age-wise analysis of arrears against 'Others' category                                | Up to one year (2022-23)              | 3               |
|   | Up to two years (2021-22 and 2022-23) | 5               |
|   | Three years and more                  | 19              |

Details of these companies along with the position of GoJ&K investment in these PSUs during the period of arrear accounts are indicated in **Appendix 5.10**.

In case of eight PSUs the pendency in finalisation of financial statements ranged from 5 to 12 years as shown in **Table 5.19 (B)**.

**Table 5.19 (B): Instances of large pendency in finalisation of accounts**

| Sl. No. | Name of the PSU                                      | No. of accounts pending finalisation |
|---------|--|--------------------------------------|
| 1       | J&K State Industrial Development Corporation Limited | 9                                    |
| 2       | J&K Police Housing Corporation Limited               | 6                                    |
| 3       | J&K Minerals Limited                                 | 9                                    |
| 4       | J&K Cable Car Corporation Limited                    | 9                                    |
| 5       | J&K Overseas Employment Corporation Limited          | 12                                   |
| 6       | J&K Power Development Corporation Limited            | 7                                    |
| 7       | J&K Medical Supplies Corporation Limited             | 7                                    |
| 8       | AIC-Jammu & Kashmir EDI Foundation                   | 5                                    |

<sup>28</sup> Jammu & Kashmir Asset Reconstruction Limited, Tawi Scooters Limited, Himalayan Wool Combers Limited and Jammu & Kashmir State Handloom Handicrafts Raw Materials Supply Organisation Limited (under liquidation); Jammu & Kashmir State Road Development Corporation Limited and Jammu & Kashmir International Trade Centre (inactive)

<sup>29</sup> Three PSUs (AIC- Jammu & Kashmir EDI Foundation, Jammu Mass Rapid Transit Corporation Pvt. Ltd. and Srinagar Mass Rapid Transit Corporation Pvt. Ltd.).

### **5.11.3 Timeliness in preparation of accounts by Statutory Corporations**

As of 31 March 2023, there were two Statutory Corporations under the purview of CAG's audit. Audit of Statutory Corporations is governed by their respective legislations. Out of the two Statutory Corporations, the C&AG is the sole auditor for Jammu & Kashmir Road Transport Corporation. In respect of Jammu & Kashmir and Ladakh Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

The accounts of Jammu & Kashmir Road Transport Corporation for the period from 2019-20 to 2022-23 and Jammu & Kashmir and Ladakh Financial Corporation for the years 2021-22 to 2022-23 were awaited as on 30 September 2023.

Details of these Corporations along with the position of GoJ&K investment in these Corporations during the period of arrear accounts are indicated in **Appendix 5.10**.

During the exit conference (April 2024), the Departmental representatives assured that all the PSUs shall be directed to comply with the statutory provisions regarding submission of accounts.

## **5.12 CAG's oversight - Audit of accounts and supplementary audit**

### **5.12.1 Financial reporting framework**

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. The statutory corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such corporations.

### **5.12.2 Audit of accounts of Government Companies by Statutory Auditors**

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013 conduct audit of accounts of the Government Companies and submit their reports thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power:

- to issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013 and
- to supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

### 5.12.3 Supplementary Audit of accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under Section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

### 5.13 Result of CAG's oversight role

Position of supplementary audit of the financial statements of the PSUs conducted by the Comptroller and Auditor General (CAG) of India for the year 2022-23 (or of earlier years which were finalised during the current year) is discussed in the next paragraph.

#### 5.13.1 Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013

Financial statements for the year 2022-23 were received from three<sup>30</sup> Government Companies and one Government Controlled Other Company<sup>31</sup> by 30 September 2023. They were all reviewed in audit.

Thirty seven accounts of previous years in respect of 17 PSUs were also received during the period 1 October 2022 to 30 September 2023, of which comments were issued in case of 19 accounts and 18 accounts were pending finalisation as of 30 September 2023. Further, 46 accounts of 17 PSUs relating to previous years which were received before 1 October 2022 were also reviewed during the current year and comments were issued for all these 46 accounts of 17 PSUs. The important results of the review are detailed in the following table:

<sup>30</sup> Jammu and Kashmir Bank Limited, Jammu & Kashmir Trade Promotion Organisation and JKB Financial Services Limited  
<sup>31</sup> Chenab Valley Power Projects Private Limited

**Table 5.20: Significant comment issued on Financial Statements**

| Sl. No. | Name of PSU                               | Year of Accounts | Impact of Audit   |
|---------|---|------------------|---|
| 1.      | Chenab Valley Power Projects Pvt Limited  | 2022-23          | Provision for committed capital expenditure did not include ₹30.83 crore of cost of land pronounced (August 2018) by Government of J&K under Resettlement and Rehabilitation Plan for project-affected families in respect of construction of Kwar Hydro Electric Project which resulted in understatement of Leasehold land (Assets) by ₹35.83 crore, understatement of provisions for committed capital expenditure (Provisions) by ₹30.83 crore and overstatement of capital advances under Non-Current Assets by ₹5.00 crore.   |
| 2.      | J&K Industries Limited                    | 2020-21          | The Company treated ₹29.12 crore received from District Collector, Land Acquisition, Srinagar against the transfer of 146 kanal land through the Company to the J&K Police Department as its income. The land was transferred (October 2017) by Industries & Commerce Department to the Company with the direction to transfer the same to the J&K Police Department against payment of ₹94.90 crore. As the land was not an asset of the Company, the transfer proceeds of ₹94.90 crore received by the Company from J&K Police Department was a liability/ payable to Govt. of J&K instead of booking the same as income of the Company resulting in overstatement of other income for the current year by ₹29.12 crore (Previous years ₹65.78 crore), understatement of current liabilities by ₹94.90 crore, understatement of the loss for the year by ₹29.12 crore and accumulated loss by ₹94.90 crore. |
| 3.      | J&K IT Infrastructure Development Limited | 2021-22          | The Company treated unutilised amount of grants for construction of IT Towers in Jammu and Srinagar as Capital Grants despite non-fulfillment of attached terms and conditions instead of as Current Liabilities.   |

## 5.14 Recommendations

The Government may:

1. Impress upon those PSUs with arrears in accounts to expedite finalisation of their financial statements so that they remain within legislative oversight; and
2. Analyse the reasons for losses in those PSUs whose net worth has eroded and initiate steps to make their operations efficient and profitable.

During the exit conference (April 2024), the Principal Secretary Finance accepted the audit recommendations.



(K. P. YADAW)

Principal Accountant General (Audit),  
Jammu and Kashmir

Jammu/ Srinagar

Dated: 17 February 2025

Countersigned



(K. SANJAY MURTHY)

Comptroller and Auditor General of India

New Delhi

Dated: 03 March 2025



# **APPENDICES**



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

| <b>A. General Data</b>   |   |   |                            |   |                            |
|--------------------------|---|---|----------------------------|---|----------------------------|
| <b>Sl. No.</b>           | <b>Particulars</b>  |   |                            | <b>Figures</b>                            |                            |
| 1                        | Area  |   |                            | 2.22 lakh<br>Sq. Kms                      |                            |
| 2                        | Population (Projected 2023)   |   |                            | Jammu & Kashmir UT                        |                            |
|                          |   |   |                            | Jammu & Kashmir UT and Ladakh             |                            |
| 3                        | Density of Population (Jammu & Kashmir UT and Ladakh)<br>(All India Density: 422.26 persons per Sq.Kms)<br>(Source: Population Projection 2011-2036 for India & States) |   |                            | 62.56 per<br>Sq. Kms                      |                            |
| 4                        | Population below poverty line (BPL) <sup>^</sup><br>(All India Average = 21.92 per cent)  |   |                            | 10.35                                     |                            |
| 5                        | Literacy (as per 2011 Census) <sup>\$</sup><br>(All India Average = 73.00 per cent)   |   |                            | 67.20                                     |                            |
| 6                        | Infant mortality <sup>@</sup> (per 1000 live births) <sup>\$\$</sup><br>(All India Average = 28 per 1000 live births-2020)  |   |                            | 17  |                            |
| 7                        | Life Expectancy at birth <sup>@</sup><br>(All India Average = 70 years (2016-20))   |   |                            | 74.3                                      |                            |
| 8                        | Human Development Index<br>(India)**  |   |                            | 2020                                      |                            |
|                          |   |   |                            | 2021                                      |                            |
| 9                        | Per Capita GSDP CAGR<br>(2013-14 to 2022-23)  |   |                            | Jammu & Kashmir UT & Ladakh               |                            |
|                          |   |   |                            | North Eastern and Himalayan States        |                            |
| 10                       | GSDP CAGR<br>(2013-14 to 2022-23)   |   |                            | Jammu & Kashmir UT & Ladakh               |                            |
|                          |   |   |                            | North Eastern and Himalayan States        |                            |
| 11                       | Population Growth<br>(2013 to 2023)   |   |                            | Jammu & Kashmir                           |                            |
|                          |   |   |                            | All India (inclusive of UT's)             |                            |
| <b>B. Financial Data</b> |   |   |                            |   |                            |
| <b>Sl. No.</b>           | <b>Particulars (CAGR)</b>   | <b>Figures (in per cent)</b>              |                            |   |                            |
|                          |   | <b>2020-21 to 2021-22</b>                 |                            | <b>2021-22 to 2022-23</b>                 |                            |
|                          |   | <b>North Eastern and Himalayan States</b> | <b>Jammu &amp; Kashmir</b> | <b>North Eastern and Himalayan States</b> | <b>Jammu &amp; Kashmir</b> |
| a.                       | Revenue Receipts  | 18.08                                     | 12.84                      | 10.93                                     | 16.44                      |
| b.                       | Own Tax Revenue   | 19.62                                     | 31.88                      | 17.39                                     | 5.37                       |
| c.                       | Non-Tax Revenue   | 2.89                                      | 18.74                      | 32.79                                     | 6.34                       |
| d.                       | Total Expenditure   | 16.26                                     | 11.44                      | 13.10                                     | 4.89                       |
| e.                       | Capital Expenditure (including loans and advance)   | 28.31                                     | 5.59                       | 0.65                                      | -2.59                      |
| f.                       | Revenue Expenditure on Education (General Education and Technical Education)  | 8.28                                      | 7.93                       | 11.59                                     | 4.88                       |
| g.                       | Revenue Expenditure on Health & Family Welfare  | 18.04                                     | 12.41                      | 9.15                                      | 15.10                      |
| h.                       | Salary & Wages  | 7.51                                      | 9.33                       | 9.81                                      | 6.75                       |
| i.                       | Pension   | 25.75                                     | 27.37                      | 10.74                                     | -3.64                      |

Source: Area – Forest Survey Report (2021), Population – Population projection for India and States 2011-2036 by National Commission on Population, Ministry of Health & Family Welfare, Literacy Rate – Census of India 2011, IMR- SRS Bulletin (2020), Poverty BPL – MoSPI, Life Expectancy – SRS based abridged Life Tables (2016-20), Fiscal Priority by Economic Advisor O/o CAG of India.

<sup>^</sup> MoSPI (Based on Tendulkar Methodology),

<sup>\$</sup> Economic Survey 2021-22,

<sup>\$\$</sup> SRS Bulletin (2020)

<sup>@</sup> SRS Based Abridged life Tables 2016-20, Registrar General of India

<sup>\*\*</sup> UNDP Report HDR 2020

**Appendix 1.2**  
**(Reference Paragraph: 1.4; page 8)**  
**Time Series Data<sup>1</sup> on the UT Government Finances**

(₹ in crore)

| <b>Part-A Receipts</b>   |                                     |                    |                    |                    |
|--|-------------------------------------|--------------------|--------------------|--------------------|
| <b>Fiscal Aggregate</b>  | <b>31/10/2019 to<br/>31/03/2020</b> | <b>2020-21</b>     | <b>2021-22</b>     | <b>2022-23</b>     |
| <b>1.Revenue Receipts (a) + (b)</b>  | <b>22,557.34</b>                    | <b>52,495.48</b>   | <b>59,238.50</b>   | <b>68,975.95</b>   |
| <b>(a) Tax Revenue</b>   | <b>4,056.49</b>                     | <b>8,876.99</b>    | <b>11,707.28</b>   | <b>12,335.47</b>   |
| (i) Revenue from UT's Own Taxes  | 4,056.49                            | 8,876.99           | 11,707.28          | 12,335.47          |
| Of which   |                                     |                    |                    |                    |
| State Goods & Service Tax  | 2,115.75                            | 4,839.35           | 6,394.31           | 7,211.98           |
| Taxes on sales, trade, etc.  | 782.43                              | 1,495.61           | 1,906.31           | 1,554.32           |
| State Excise   | 587.67                              | 1,347.42           | 1,782.79           | 1,793.74           |
| Taxes on vehicles  | 246.08                              | 488.38             | 616.24             | 723.42             |
| Stamps and Registration fees   | 117.54                              | 325.54             | 512.02             | 556.66             |
| Land Revenue   | 48.32                               | 60.57              | 113.28             | 131.60             |
| Other Taxes  | 158.70                              | 320.12             | 382.33             | 363.75             |
| (ii) UT's share of Union taxes and duties  | 0                                   | 0                  | 0                  | 0                  |
| <b>(b) Non-Tax Revenue</b>   | <b>18,500.85</b>                    | <b>43,618.49</b>   | <b>47,531.22</b>   | <b>56,640.48</b>   |
| (i) UTs Own Non-Tax Revenue  | 2,062.77                            | 4,076.38           | 4,840.45           | 5,147.55           |
| Of which   |                                     |                    |                    |                    |
| Power Department receipts  | 1,196.66                            | 2,349.74           | 2,715.75           | 3,307.54           |
| (ii) Grants-in-aid from the Union Government   | 16,438.08                           | 39,542.11          | 42,690.77          | 51,492.93          |
| UT's Own Revenues<br>(a) (i) + (b) (i)   | 6,119.26                            | 12,953.37          | 16,547.73          | 17,483.02          |
| Revenue transfers from<br>Centre (a) (ii) + (b) (ii)   | 16,438.08                           | 39,542.11          | 42,690.77          | 51,492.93          |
| 2. Miscellaneous capital receipts<br>(Recoveries of Loans and Advances)  | 2.34                                | 1.93               | 1.03               | 1.33               |
| 3. Gross Public Debt receipts (including<br>receipts of Ways and Means Advances)                                     | 16,647.37                           | 42,732.93          | 54,045.36          | 38,114.47          |
| <b>4. Total receipts in the<br/>Consolidated Fund (1+2+3)</b>  | <b>39,207.05</b>                    | <b>95,230.34</b>   | <b>1,13,284.89</b> | <b>1,07,091.75</b> |
| 5. Contingency Fund receipts   | 0                                   | 25.00              | 0                  | 0                  |
| 6. Gross Public Account receipts<br>(including receipts in departmental cash<br>chest and cash balance investment)   | 11,364.19                           | 24,833.82          | 27,223.48          | 35,464.84          |
| <b>Gross Receipts (4+5+6)</b>  | <b>50,571.24</b>                    | <b>1,20,089.16</b> | <b>1,40,508.37</b> | <b>1,42,556.59</b> |
| <b>Public Account Receipts (Net)</b><br>including receipts in departmental cash<br>chest and cash balance investment | <b>3,604.34</b>                     | <b>1,464.16</b>    | <b>-1,319.63</b>   | <b>808.46</b>      |

<sup>1</sup> Difference of 0.01 crore, wherever occurring, is due to rounding off

| <b>Part-B Disbursements</b>  |                                     |                    |                    |                    |
|--|-------------------------------------|--------------------|--------------------|--------------------|
| <b>Fiscal Aggregate</b>  | <b>31/10/2019 to<br/>31/03/2020</b> | <b>2020-21</b>     | <b>2021-22</b>     | <b>2022-23</b>     |
| <b>1. Revenue Expenditure<br/>(a) + (b)=(i) + (ii) + (iii)</b>   | <b>22,719.43</b>                    | <b>52,633.75</b>   | <b>59,269.33</b>   | <b>62,999.34</b>   |
| (a) CSS/CA   | 637.96                              | 1,740.45           | 2,007.69           | 1,997.43           |
| (b) Normal/General/SFE   | 22,081.47                           | 50,893.30          | 57,261.64          | 61,001.91          |
| (i) General Services (including interest payments)   | 9,383.75                            | 25,521.16          | 29,639.86          | 31,162.12          |
| (ii) Social Services   | 8,614.74                            | 19,471.70          | 20,933.14          | 22,984.37          |
| (iii) Economic Services  | 4,720.94                            | 7,640.89           | 8,696.33           | 8,852.85           |
| <b>2. Capital Expenditure<br/>(a) + (b) = (i) + (ii) + (iii)</b>                                       | <b>5,422.20</b>                     | <b>10,470.38</b>   | <b>11,047.04</b>   | <b>10,773.78</b>   |
| (a) CSS/CA   | 1,861.63                            | 4,294.25           | 3,407.58           | 3,353.45           |
| (b) General  | 3,560.57                            | 6,176.13           | 7,639.45           | 7,420.33           |
| (i) General Services   | 733.57                              | 776.24             | 659.03             | 1,098.38           |
| (ii) Social Services   | 1,492.93                            | 2,492.57           | 2,722.61           | 2,713.42           |
| (iii) Economic Services  | 3,195.70                            | 7,201.57           | 7,665.40           | 6,961.98           |
| <b>3. Disbursement of loans and advances</b>   | <b>38.14</b>                        | <b>61.64</b>       | <b>73.77</b>       | <b>59.53</b>       |
| <b>4. Total (1+2+3)</b>  | <b>28,179.77</b>                    | <b>63,165.77</b>   | <b>70,390.14</b>   | <b>73,832.65</b>   |
| <b>5. Gross Repayment of Public Debt<br/>(including repayment of Ways and Means Advances) of which</b> | <b>13,149.34</b>                    | <b>33,563.32</b>   | <b>41,575.17</b>   | <b>34,066.90</b>   |
| Internal Debt (excluding Ways and Means Advances and Overdraft)  | 985.31                              | 4,134.06           | 4,067.96           | 3,910.56           |
| Net transactions under Ways and Means Advances and Overdraft   | -295.18                             | -1,784.54          | 499.54             | 1,075.61           |
| Loans and Advances from Government of India (Repayment)  | 58.91                               | 118.34             | 119.18             | 120.01             |
| <b>6. Appropriation to Contingency Fund</b>  | <b>0</b>                            | <b>25.00</b>       | <b>0</b>           | <b>0</b>           |
| <b>7. Gross disbursement out of Consolidated Fund (4+5+6)</b>  | <b>41,329.11</b>                    | <b>96,754.09</b>   | <b>1,11,965.31</b> | <b>1,07,899.55</b> |
| <b>8. Contingency Fund disbursements</b>   | <b>0</b>                            | <b>0</b>           | <b>0</b>           | <b>0</b>           |
| <b>9. Gross Public Account disbursements</b>   | <b>7,759.85</b>                     | <b>23,369.66</b>   | <b>28,543.10</b>   | <b>34,656.38</b>   |
| <b>10. Gross disbursements (7+8+9)</b>   | <b>49,088.96</b>                    | <b>1,20,123.75</b> | <b>1,40,508.41</b> | <b>1,42,555.93</b> |
| <b>11. Increase in Cash Balance</b>  | <b>1,482.28</b>                     | <b>-34.59</b>      | <b>-0.04</b>       | <b>0.66</b>        |
| <b>12 Grand Total</b>  | <b>50,571.24</b>                    | <b>1,20,089.16</b> | <b>1,40,508.37</b> | <b>1,42,556.59</b> |

| <b>Part-C Deficits</b>   |                                   |                                   |                                   |                                    |
|--|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| <b>Fiscal Aggregate</b>  | <b>31/10/2019 to 31/03/2020</b>   | <b>2020-21</b>                    | <b>2021-22</b>                    | <b>2022-23</b>                     |
| <b>1. Revenue Surplus (+)/Revenue Deficit (-) (Revenue Receipts-Revenue Expenditure)</b>   | <b>-162.09</b>                    | <b>-138.27</b>                    | <b>-30.83</b>                     | <b>+5,976.61</b>                   |
| <b>2. Fiscal Deficit (-)/Surplus (+) (Total expenditure excluding redemption of Public Debt &amp; other liabilities – total non-debt receipts)</b> | <b>-5,620.09</b>                  | <b>-10,693.36</b>                 | <b>-11,150.60</b>                 | <b>-4,855.37</b>                   |
| <b>3. Primary Deficit (-)/Surplus (+) (Fiscal Deficit –Interest Payment)</b>   | <b>-3,088.46</b>                  | <b>-4,320.90</b>                  | <b>-3,790.29</b>                  | <b>+3,638.45</b>                   |
| <b>4. Interest Payments (included in revenue expenditure)</b>  | <b>2,531.63</b>                   | <b>6,372.46</b>                   | <b>7,360.31</b>                   | <b>8,493.82</b>                    |
| <b>5. Financial Assistance to local bodies, etc.</b>   | <b>3,998.98</b>                   | <b>6,531.86</b>                   | <b>4,870.85</b>                   | <b>6,280.51</b>                    |
| <b>6. Ways and Means Advances/overdraft availed (days)</b>   | <b>132 (overdraft on 51 days)</b> | <b>318 (overdraft on 58 days)</b> | <b>125 (overdraft on 78 days)</b> | <b>147 (overdraft on 135 days)</b> |
| <b>7. Interest on WMA/Overdraft</b>  | <b>12.87</b>                      | <b>40.13</b>                      | <b>61.64</b>                      | <b>47.34</b>                       |
| <b>8. Public Debt Receipts</b>   | <b>16,647.37</b>                  | <b>42,732.93</b>                  | <b>54,045.36</b>                  | <b>38,114.47</b>                   |
| <b>9. Gross State Domestic Product at Current Prices (GSDP<sup>2</sup>)</b>  | <b>1,64,103</b>                   | <b>1,67,652</b>                   | <b>1,99,917</b>                   | <b>2,27,927</b>                    |
| <b>10. Outstanding Public Debt<sup>3</sup> (year end) excluding Public Account</b>   | <b>3,498.03</b>                   | <b>12,667.64</b>                  | <b>25,137.83</b>                  | <b>29,185.40</b>                   |
| <b>11. Outstanding guarantees (year end) plus interest</b>   | <b>1,324.54</b>                   | <b>1,486.07</b>                   | <b>12,328.80</b>                  | <b>24,867.44</b>                   |
| <b>12. Maximum amount guaranteed (year end)</b>  | <b>5,204.84</b>                   | <b>12,564.18</b>                  | <b>13,449.49</b>                  | <b>34,832.87</b>                   |
| <b>13. Number of incomplete projects</b>   |                                   | <b>165</b>                        | <b>397</b>                        | <b>48</b>                          |
| <b>14. Capital blocked in incomplete projects</b>  |                                   | <b>464.91</b>                     | <b>1,095.53</b>                   | <b>133.71</b>                      |
| Total Expenditure/GSDP ( <i>per cent</i> )   | NA                                | 37.68                             | 35.21                             | 32.39                              |
| Revenue Receipts/Total expenditure ( <i>per cent</i> )   | 80.05                             | 83.11                             | 84.16                             | 93.42                              |
| Revenue Expenditure/Total Expenditure ( <i>per cent</i> )  | 80.62                             | 83.33                             | 84.20                             | 85.33                              |
| Expenditure on Social Services/Total Expenditure ( <i>per cent</i> )   | 35.87                             | 34.77                             | 33.61                             | 34.81                              |
| Expenditure on Economic Services/Total Expenditure ( <i>per cent</i> )   | 28.09                             | 23.50                             | 23.24                             | 21.42                              |
| Capital Expenditure/Total Expenditure ( <i>per cent</i> )  | 19.24                             | 16.58                             | 15.69                             | 14.59                              |
| Capital Expenditure on Social and Economic Services/Total Expenditure ( <i>per cent</i> )  | 16.64                             | 15.35                             | 14.76                             | 13.10                              |
| Revenue Surplus/Revenue Deficit as <i>per cent</i> of GSDP   | -                                 | -0.08                             | -0.02                             | +2.62                              |
| Fiscal Deficit as <i>per cent</i> of GSDP  | -                                 | -6.38                             | -5.58                             | -2.13                              |
| Primary Deficit as <i>per cent</i> of GSDP   | -                                 | -2.58                             | -1.90                             | +1.60                              |
| Revenue Deficit/Fiscal Deficit ( <i>per cent</i> )   | -                                 | -1.29                             | -0.28                             | 123.09                             |
| Liabilities/GSDP <sup>4</sup> ( <i>per cent</i> )  | -                                 | 8.88(58.70)                       | 11.70 (53.49)                     | 12.26(48.26)                       |
| Liabilities/Revenue Receipts ( <i>per cent</i> )   | -                                 | 28.35                             | 39.48                             | 40.52                              |
| Debt Redemption (Principal+Interest)/Total Debt Receipts for the year ( <i>per cent</i> )  | 89                                | 89                                | 87                                | 106                                |
| Return on Investment   | Nil                               | Nil                               | Nil                               | Nil                                |
| Financial Assets/Liabilities   | 98                                | 98                                | 99                                | 116                                |

Source: Finance Accounts

<sup>2</sup> Figures of GSDP is from MOSPI website.

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

<sup>4</sup> Liability to GSDP has been arrived at after reducing back to back loans from liability during 2020-21 (₹16,980.28 crore - ₹2,099.80 crore = ₹14,880.48 crore), 2021-22 (₹29,335.41 crore - ₹5,945.29 crore = ₹23,390.12 crore) and 2022-23: ₹33,891.93 crore - ₹5,945.29 crore = ₹27,946.64 crore). The liability to GSDP after including liability of erstwhile State amounting to ₹83,536.63 crore during 2020-21 and 2021-22 and ₹82,050.50 crore during 2022-23 which is yet to be apportioned has been shown in bracket.

**Appendix 1.2 (Continued)**  
**(Reference Paragraph: 1.4; page 8)**  
**Abstract of Receipts and Disbursements for the year 2022-23**

(₹ in crore)

| Receipts  |                  |                  | Disbursements  |                  |                  |
|---|------------------|------------------|--|------------------|------------------|
| Various items   | 2021-22          | 2022-23          | Various items  | 2021-22          | 2022-23          |
| 1   | 2                | 3                | 4  | 5                | 6                |
| <b>Section-A: Revenue</b>                                     |                  |                  |  |                  |                  |
| <b>I. Revenue Receipts</b>                                    | <b>59,238.50</b> | <b>68,975.95</b> | <b>I. Revenue Expenditure</b>  | <b>59,269.33</b> | <b>62,999.34</b> |
| Own-Tax Revenue   | 11,707.28        | 12,335.47        | <b>General Services</b>  | <b>29,639.86</b> | <b>31,162.12</b> |
|   |                  |                  | <b>Social Services</b>   | <b>20,933.14</b> | <b>22,984.37</b> |
| Non-Tax Revenue   | 4,840.45         | 5,147.55         | Education, Sports, Art and Culture                                       | 10,851.32        | 11,427.44        |
|   |                  |                  | Health and Family Welfare  | 4,977.19         | 5,728.95         |
| State's Share of Union Taxes                                  | 0                | 0                | Water Supply, Sanitation/H&UD  | 2,539.46         | 3,119.84         |
|   |                  |                  | Information and Broadcasting   | 84.94            | 104.98           |
| Centrally Sponsored Schemes                                   | 6,713.77         | 6,029.68         | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 105.40           | 95.55            |
| Finance Commission Grants                                     | 0                | 0                | Labour and Labour Welfare  | 56.95            | 48.09            |
| Grants from Govt. of India (Other Transfer/ Grants to States) | 35,977.00        | 45,463.25        | Social Welfare and Nutrition   | 2,270.18         | 2,409.12         |
|   |                  |                  | Others   | 47.70            | 50.40            |
|   |                  |                  | <b>Economic Services</b>   | <b>8,696.33</b>  | <b>8,852.85</b>  |
|   |                  |                  | Agriculture and Allied Activities  | 3,073.53         | 3,355.44         |
|   |                  |                  | Rural Development  | 517.45           | 578.97           |
|   |                  |                  | Special Areas Programmes   | 0                | 0                |
|   |                  |                  | Irrigation and Flood Control   | 612.07           | 639.33           |
|   |                  |                  | Energy   | 3,131.10         | 2,768.74         |
|   |                  |                  | Industries and Minerals  | 370.25           | 437.16           |
|   |                  |                  | Transport  | 420.79           | 666.01           |
|   |                  |                  | Science, Technology and Environment                                      | 45.16            | 48.48            |
|   |                  |                  | General Economic Services  | 325.98           | 358.72           |
| <b>II. Revenue deficit carried over to Section -B</b>         | <b>30.83</b>     | <b>0</b>         | <b>II. Revenue Surplus carried over to Section-B</b>                     |                  | <b>5,976.61</b>  |
| <b>Total Section-A</b>  | <b>59,269.33</b> | <b>68,975.95</b> | <b>Total Section-A</b>   | <b>59,269.33</b> | <b>68,975.95</b> |

| Receipts  |                 |                 | Disbursements  |                  |                  |
|---|-----------------|-----------------|--|------------------|------------------|
| Various items   | 2021-22         | 2022-23         | Various items  | 2021-22          | 2022-23          |
| 1   | 2               | 3               | 4  | 5                | 6                |
| <b>Section B: Capital</b>   |                 |                 |  |                  |                  |
| <b>III. Opening Cash balance including Permanent Advances and Cash Balance Investment</b> | <b>1,447.69</b> | <b>1,447.65</b> | <b>III. Capital Outlay</b>   | <b>11,047.04</b> | <b>10,773.78</b> |
| <b>IV. Misc. Capital receipts</b>   | <b>0</b>        | <b>0</b>        | <b>General Services</b>  | <b>659.03</b>    | <b>1,098.38</b>  |
|   |                 |                 | <b>Social Services</b>   | <b>2,722.61</b>  | <b>2,713.42</b>  |
|   |                 |                 | Education, Sports, Art and Culture                                       | 572.31           | 851.87           |
|   |                 |                 | Health and Family Welfare  | 636.79           | 365.76           |
|   |                 |                 | Water Supply, Sanitation/H&UD  | 835.40           | 989.39           |
|   |                 |                 | Information and Broadcasting   | 0.22             | 0.04             |
|   |                 |                 | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 125.35           | 100.92           |
|   |                 |                 | Social Welfare and Nutrition   | 536.57           | 387.72           |
|   |                 |                 | Other Social Services  | 15.97            | 17.72            |
|   |                 |                 | <b>Economic Services</b>   | <b>7,665.40</b>  | <b>6,961.98</b>  |
|   |                 |                 | Agriculture and Allied Activities  | 796.24           | 586.61           |
|   |                 |                 | Rural Development  | 1,267.65         | 2,436.39         |
|   |                 |                 | Special Areas Programmes   | 0                | 0                |
|   |                 |                 | Irrigation and Flood Control   | 142.37           | 258.40           |
|   |                 |                 | Energy   | 1,230.00         | 722.46           |
|   |                 |                 | Industries and Minerals  | 129.21           | 100.92           |
|   |                 |                 | Transport  | 2,667.58         | 2,094.11         |
|   |                 |                 | Science, Technology and Environment                                      | 52.61            | 37.17            |
|   |                 |                 | General Economic Services  | 1,379.74         | 725.92           |
| <b>V. Recoveries of Loans and Advances</b>  | <b>1.03</b>     | <b>1.33</b>     | <b>IV. Loans and Advances Disbursement</b>                               | <b>73.77</b>     | <b>59.53</b>     |
| Industries and Minerals   | 0.01            | 0.01            | Industries and Minerals  | 33.77            | 52.03            |
| Government servants   | 0.78            | 0.81            | Transport  | 40.00            | 7.50             |
| Others  | 0.24            | 0.51            | Others   | 0                | 0                |

| Receipts   |                  |                  | Disbursements  |                  |                  |
|--|------------------|------------------|--|------------------|------------------|
| Various items  | 2021-22          | 2022-23          | Various items  | 2021-22          | 2022-23          |
| 1  | 2                | 3                | 4  | 5                | 6                |
| <b>VI. Revenue surplus</b>   | <b>0</b>         | <b>5,976.61</b>  | <b>V. Revenue deficit</b>  | <b>30.83</b>     | <b>0</b>         |
| <b>VII. Public Debt Receipts</b>                                   | <b>17,942.33</b> | <b>9,153.75</b>  | <b>VI. Repayment of Public Debt</b>                                | <b>5,472.14</b>  | <b>5,106.18</b>  |
| Internal debt of the State Government other than Ways and Advances | 14,096.84        | 9,153.75         | Internal debt of the State Government other than Ways and Advances | 4,067.96         | 3,910.56         |
| Loans and Advances from GOI  | 3,845.49         | 0                | Repayment of Loans and Advances from GOI.                          | 119.18           | 120.01           |
| Net Ways and Means Advance   | -                | -                | Net Ways and Means Advance   | 1,285.00         | 1,075.61         |
| <b>VIII. Appropriation to Contingency Fund</b>                     | <b>0</b>         | <b>0</b>         | <b>VII. Appropriation to Contingency Fund</b>                      | <b>0</b>         | <b>0</b>         |
| <b>IX. Amount recouped to Contingency Fund</b>                     | <b>0</b>         | <b>0</b>         | <b>VIII-Expenditure from Contingency Fund</b>                      | <b>0</b>         | <b>0</b>         |
| <b>X. Public Account Receipts</b>                                  | <b>27,223.48</b> | <b>35,464.84</b> | <b>IX-Public Account Disbursements</b>                             | <b>28,543.10</b> | <b>34,656.38</b> |
| Small Savings and Provident Funds                                  | 6,023.99         | 6,062.49         | Small Savings and Provident Funds                                  | 6,618.55         | 6,636.19         |
| Reserve Funds  | 432.90           | 452.45           | Reserve Funds  | 283.90           | 76.84            |
| Deposits and Advances  | 4,282.24         | 4,612.87         | Deposits and Advances  | 3,951.72         | 3,905.82         |
| Suspense and Miscellaneous   | 16,438.34        | 24,335.85        | Suspense and Miscellaneous   | 16,310.11        | 24,046.99        |
| Remittances  | 46.01            | 1.18             | Remittances  | 1,378.82         | -9.46            |
|  |                  |                  | <b>X. Cash Balance at the end</b>                                  | <b>1,447.65</b>  | <b>1,448.31</b>  |
|  |                  |                  | Deposits with Banks  | 1,447.65         | 1,448.31         |
| <b>Total Section-B</b>   | <b>46,614.53</b> | <b>52,044.18</b> | <b>Total Section-B</b>   | <b>44,614.53</b> | <b>52,044.18</b> |

**Explanatory Notes**

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

**Appendix 1.2 (Continued)**  
**Summarised financial position of the Government of**  
**UT of Jammu and Kashmir as on 31 March 2023**

(₹ in crore)

| As on 31 March 2022 |                  |  | As on 31 March 2023 |
|---------------------|------------------|--|---------------------|
| <b>Liabilities</b>  |                  |  |                     |
|                     | <b>19,306.08</b> | <b>Internal Debt</b>   | <b>23,473.66</b>    |
| 15,022.22           |                  | Market Loans bearing interest                                    | 21,345.21           |
| (-) 301.22          |                  | Loans from LIC   | (-) 432.76          |
| 499.54              |                  | Ways and Means Advances from Reserve Bank of India (RBI)         | (-) 576.07          |
| 4,085.54            |                  | Loans from other Institutions                                    | 3,137.28            |
|                     | <b>5,831.75</b>  | <b>Loans and Advances from Central Government</b>                | <b>5,711.74</b>     |
| 0                   |                  | Pre 1984-85 Loans  | 0                   |
| 0                   |                  | Non-Plan Loans   | 0                   |
| (-) 293.72          |                  | Loans for State /Union territories loan schemes                  | (-) 412.46          |
| 6,125.47            |                  | Other Loans for States/ Union Territory with Legislature Schemes | 6,124.20            |
|                     | <b>25.00</b>     | <b>Contingency Fund</b>  | <b>25.00</b>        |
|                     | <b>1,591.41</b>  | <b>Small Savings, Provident Funds, etc.</b>                      | <b>1,017.70</b>     |
|                     | <b>920.13</b>    | <b>Reserve Funds</b>   | <b>1,295.74</b>     |
|                     | <b>1,686.04</b>  | <b>Deposits</b>  | <b>2,393.09</b>     |
|                     | <b>0</b>         | <b>Remittance Balances</b>                                       | <b>0</b>            |
|                     | <b>249.38</b>    | <b>Suspense and Misc. Balances</b>                               | <b>538.23</b>       |
|                     | <b>0</b>         | <b>Surplus on Government Account</b>                             | <b>5,620.67</b>     |
|                     | <b>0.02</b>      | <b>Difference in machine number</b>                              | <b>0</b>            |
|                     | <b>29,609.81</b> | <b>Total</b>   | <b>40,075.83</b>    |

| As on 31 March 2022 |                  |  | As on 31 March 2023 |                  |
|---------------------|------------------|--|---------------------|------------------|
| <b>Assets</b>       |                  |  |                     |                  |
|                     | <b>26,939.61</b> | <b>Gross Capital Outlay on Fixed Assets</b>            |                     | <b>37,713.39</b> |
| 235.40              |                  | Investments in shares of Companies, Corporations, etc. | 266.27              |                  |
| 26,704.21           |                  | Other Capital Outlay                                   | 37,447.12           |                  |
|                     | <b>168.26</b>    | <b>Loans and Advances</b>                              |                     | <b>226.46</b>    |
| 73.89               |                  | Industries and Minerals                                | 125.90              |                  |
| 95.50               |                  | Transport  | 103.00              |                  |
| 0                   |                  | Energy   | 0                   |                  |
| 0                   |                  | Agriculture and Allied Activities                      | (-) 0.07            |                  |
| 0.27                |                  | Other Development Loans                                | (-) 0.16            |                  |
| (-)1.40             |                  | Loans to Government servants and Miscellaneous Loans   | (-) 2.21            |                  |
|                     | <b>0</b>         | <b>Advances</b>  |                     | <b>0</b>         |
|                     | <b>0</b>         | <b>Suspense and Miscellaneous Balances</b>             |                     | <b>0</b>         |
|                     | <b>698.32</b>    | <b>Remittance Balances</b>                             |                     | <b>687.67</b>    |
|                     | <b>0</b>         | <b>Contingency Fund(un-recouped)</b>                   |                     | <b>0</b>         |
|                     | <b>0</b>         | <b>Contingency Fund (Corpus)</b>                       |                     | <b>0</b>         |
|                     | <b>1,447.65</b>  | <b>Cash</b>  |                     | <b>1,448.31</b>  |
| 0                   |                  | Cash in Treasuries and Local Remittances               | 0                   |                  |
| 1,447.65            |                  | Deposits with Bank                                     | 1,448.31            |                  |
|                     | <b>355.97</b>    | <b>Cumulative Excess of Expenditure over Receipts</b>  |                     | <b>0</b>         |
|                     | <b>29,609.81</b> | <b>Total</b>   |                     | <b>40,075.83</b> |

Source: Finance Accounts Assets and Liability ending 30/10/2019 in respect of erstwhile J&K State has not been apportioned between Union Territory of J&K and Union Territory of Ladakh.

**Appendix 3.1**  
(Reference Paragraph: 3.1.3; page 80)  
**Budget Estimates and Actual Outturn under Revenue Section**

(₹ in crore)

| Grant No.    | Budget Estimate  |                 |                  | Actual Outturn   |                 |                  | Deviation         | Percentage   |
|--------------|------------------|-----------------|------------------|------------------|-----------------|------------------|-------------------|--------------|
|              | Revenue Voted    | Revenue Charged | Total            | Revenue Voted    | Revenue Charged | Total            |                   |              |
| 1            | 560.11           | 30.66           | 590.77           | 417.79           | 23.70           | 441.49           | -149.28           | -25.27       |
| 2            | 9,764.67         | 0               | 9,764.67         | 8,035.35         | 0               | 8,035.35         | -1,729.32         | -17.71       |
| 3            | 154.67           | 0               | 154.67           | 100.34           | 0               | 100.34           | -54.33            | -35.13       |
| 4            | 131.95           | 0               | 131.95           | 104.98           | 0               | 104.98           | -26.97            | -20.44       |
| 6            | 6,310.51         | 0               | 6,310.51         | 2,768.74         | 0               | 2,768.74         | -3,541.77         | -56.12       |
| 7            | 11,017.35        | 0               | 11,017.35        | 9,444.52         | 0               | 9,444.52         | -1,572.83         | -14.28       |
| 8            | 14,212.29        | 9,075.77        | 23,288.06        | 11,952.32        | 8,493.82        | 20,446.14        | -2,841.92         | -12.20       |
| 9            | 57.82            | 0.87            | 58.69            | 23.63            | 0               | 23.63            | -35.06            | -59.74       |
| 10           | 680.78           | 96.50           | 777.28           | 309.91           | 62.36           | 372.27           | -405.01           | -52.11       |
| 11           | 447.18           | 0               | 447.18           | 341.14           | 0               | 341.14           | -106.04           | -23.71       |
| 12           | 1,339.36         | 0               | 1,339.36         | 1,179.40         | 0               | 1,179.40         | -159.96           | -11.94       |
| 13           | 722.21           | 0               | 722.21           | 588.36           | 0               | 588.36           | -133.85           | -18.53       |
| 14           | 906.72           | 0               | 906.72           | 581.94           | 0               | 581.94           | -324.78           | -35.82       |
| 15           | 318.26           | 0               | 318.26           | 178.56           | 0               | 178.56           | -139.7            | -43.89       |
| 16           | 1,202.76         | 0               | 1,202.76         | 1,360.34         | 0               | 1,360.34         | 157.58            | 13.10        |
| 17           | 6,996.00         | 0               | 6,996.00         | 5,728.95         | 0               | 5,728.95         | -1,267.05         | -18.11       |
| 18           | 3,004.64         | 0               | 3,004.64         | 2,095.17         | 0               | 2,095.17         | -909.47           | -30.27       |
| 19           | 1,330.06         | 0               | 1,330.06         | 1,270.35         | 0               | 1,270.35         | -59.71            | -4.49        |
| 20           | 228.85           | 0               | 228.85           | 161.98           | 0               | 161.98           | -66.87            | -29.22       |
| 21           | 1,688.43         | 0               | 1,688.43         | 1,248.01         | 0               | 1,248.01         | -440.42           | -26.08       |
| 22           | 810.29           | 0               | 810.29           | 609.36           | 0               | 609.36           | -200.93           | -24.80       |
| 23           | 1,936.27         | 0               | 1,936.27         | 1,746.35         | 0               | 1,746.35         | -189.92           | -9.81        |
| 24           | 229.91           | 0               | 229.91           | 184.87           | 0               | 184.87           | -45.04            | -19.59       |
| 25           | 108.50           | 0               | 108.50           | 74.08            | 0               | 74.08            | -34.42            | -31.72       |
| 26           | 119.04           | 0               | 119.04           | 107.90           | 0               | 107.90           | -11.14            | -9.36        |
| 27           | 1,482.66         | 0               | 1,482.66         | 1,412.91         | 0               | 1,412.91         | -69.75            | -4.70        |
| 28           | 815.32           | 0               | 815.32           | 583.85           | 0               | 583.85           | -231.47           | -28.39       |
| 29           | 117.32           | 0               | 117.32           | 76.27            | 0               | 76.27            | -41.05            | -34.99       |
| 30           | 135.10           | 0               | 135.10           | 64.86            | 0               | 64.86            | -70.24            | -51.99       |
| 31           | 79.49            | 0               | 79.49            | 59.56            | 0               | 59.56            | -19.93            | -25.07       |
| 32           | 192.93           | 0               | 192.93           | 144.81           | 0               | 144.81           | -48.12            | -24.94       |
| 33           | 1,027.58         | 0               | 1,027.58         | 847.06           | 0               | 847.06           | -180.52           | -17.57       |
| 34           | 666.87           | 0               | 666.87           | 524.18           | 0               | 524.18           | -142.69           | -21.40       |
| 35           | 21.03            | 0               | 21.03            | 11.92            | 0               | 11.92            | -9.11             | -43.32       |
| 36           | 176.33           | 0               | 176.33           | 79.69            | 0               | 79.69            | -96.64            | -54.81       |
| <b>Total</b> | <b>68,993.26</b> | <b>9,203.80</b> | <b>78,197.05</b> | <b>54,419.45</b> | <b>8,579.88</b> | <b>62,999.34</b> | <b>-15,197.71</b> | <b>19.43</b> |

Source: Appropriation Accounts 2022-23.

**Appendix 3.2**  
(Reference Paragraph: 3.1.3; page 80)  
**Budget Estimates and Actual Outturn under Capital Section**

(₹ in crore)

| Grant No.    | Budget Estimate  |                  |                  | Actual Outturn   |                  |                  | Deviation         | Percentage    |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|---------------|
|              | Capital Voted    | Capital Charged  | Total            | Capital Voted    | Capital Charged  | Total            |                   |               |
| 1            | 206.59           | 0                | 206.59           | 41.51            | 0                | 41.51            | -165.08           | -79.91        |
| 2            | 1,242.82         | 0                | 1,242.82         | 267.41           | 0                | 267.41           | -975.41           | -78.48        |
| 3            | 974.92           | 0                | 974.92           | 452.30           | 0                | 452.30           | -522.62           | -53.61        |
| 4            | 100.48           | 0                | 100.48           | 0.04             | 0                | 0.04             | -100.44           | -99.96        |
| 6            | 2,457.58         | 0                | 2,457.58         | 722.46           | 0                | 722.46           | -1,735.12         | -70.60        |
| 7            | 944.41           | 0                | 944.41           | 462.51           | 0                | 462.51           | -481.90           | -51.03        |
| 8            | 1,444.80         | 32,720.87        | 34,165.67        | 351.80           | 34,066.91        | 34,418.71        | 253.04            | 0.74          |
| 9            | 4.00             | 0                | 4.00             | 0                | 0                | 0                | -4.00             | -100.00       |
| 10           | 122.00           | 0                | 122.00           | 49.51            | 0                | 49.51            | -72.49            | -59.42        |
| 11           | 555.80           | 0                | 555.80           | 143.20           | 0                | 143.20           | -412.60           | -74.24        |
| 12           | 1,496.04         | 0                | 1,496.04         | 235.06           | 0                | 235.06           | -1,260.98         | -84.29        |
| 13           | 266.10           | 0                | 266.10           | 110.81           | 0                | 110.81           | -155.29           | -58.36        |
| 14           | 93.50            | 0                | 93.50            | 15.19            | 0                | 15.19            | -78.31            | -83.75        |
| 15           | 369.38           | 0                | 369.38           | 79.01            | 0                | 79.01            | -290.37           | -78.61        |
| 16           | 5,217.87         | 0                | 5,217.87         | 2,761.44         | 0                | 2,761.44         | -2,456.43         | -47.08        |
| 17           | 1,882.56         | 0                | 1,882.56         | 365.76           | 0                | 365.76           | -1,516.80         | -80.57        |
| 18           | 198.07           | 0                | 198.07           | 91.85            | 0                | 91.85            | -106.22           | -53.63        |
| 19           | 3,112.88         | 0                | 3,112.88         | 780.62           | 0                | 780.62           | -2,332.26         | -74.92        |
| 20           | 278.95           | 0                | 278.95           | 156.14           | 0                | 156.14           | -122.81           | -44.03        |
| 21           | 200.76           | 0                | 200.76           | 65.64            | 0                | 65.64            | -135.12           | -67.30        |
| 22           | 1,409.99         | 0                | 1,409.99         | 238.68           | 0                | 238.68           | -1,171.31         | -83.07        |
| 23           | 8,051.46         | 0                | 8,051.46         | 208.77           | 0                | 208.77           | -7,842.69         | -97.41        |
| 24           | 51.21            | 0                | 51.21            | 31.53            | 0                | 31.53            | -19.68            | -38.43        |
| 25           | 67.58            | 0                | 67.58            | 10.03            | 0                | 10.03            | -57.55            | -85.16        |
| 26           | 125.80           | 0                | 125.80           | 12.61            | 0                | 12.61            | -113.19           | -89.98        |
| 27           | 862.25           | 0                | 862.25           | 222.47           | 0                | 222.47           | -639.78           | -74.20        |
| 28           | 4,627.85         | 0                | 4,627.85         | 2,436.39         | 0                | 2,436.39         | -2,191.46         | -47.35        |
| 29           | 65.50            | 0                | 65.50            | 15.76            | 0                | 15.76            | -49.74            | -75.94        |
| 30           | 432.79           | 0                | 432.79           | 80.35            | 0                | 80.35            | -352.44           | -81.43        |
| 31           | 325.82           | 0                | 325.82           | 10.49            | 0                | 10.49            | -315.33           | -96.78        |
| 32           | 498.98           | 0                | 498.98           | 160.69           | 0                | 160.69           | -338.29           | -67.80        |
| 33           | 566.62           | 0                | 566.62           | 99.24            | 0                | 99.24            | -467.38           | -82.49        |
| 34           | 265.85           | 0                | 265.85           | 165.88           | 0                | 165.88           | -99.97            | -37.60        |
| 35           | 127.91           | 0                | 127.91           | 34.17            | 0                | 34.17            | -93.74            | -73.29        |
| 36           | 15.00            | 0                | 15.00            | 2.90             | 0                | 2.90             | -12.10            | -80.67        |
| <b>Total</b> | <b>38,664.12</b> | <b>32,720.87</b> | <b>71,384.98</b> | <b>10,882.22</b> | <b>34,066.91</b> | <b>44,949.12</b> | <b>-26,435.86</b> | <b>-37.03</b> |

Source: Appropriation Accounts 2022-23.

**Appendix 3.3**  
(Reference Paragraph: 3.1.3; page 81)  
**Revised Estimates and Actual Outturn under Revenue Section**

(₹ in crore)

| Grant No.    | Revised Estimate |                 |                  | Actual Outturn   |                 |                  | Deviation         | Percentage    |
|--------------|------------------|-----------------|------------------|------------------|-----------------|------------------|-------------------|---------------|
|              | Revenue Voted    | Revenue Charged | Total            | Revenue Voted    | Revenue Charged | Total            |                   |               |
| 1            | 497.05           | 28.81           | 525.86           | 417.79           | 23.70           | 441.49           | -84.37            | -16.04        |
| 2            | 9,764.67         | 0               | 9,764.67         | 8,035.35         | 0               | 8,035.35         | -1,729.32         | -17.71        |
| 3            | 132.54           | 0               | 132.54           | 100.34           | 0               | 100.34           | -32.2             | -24.29        |
| 4            | 120.51           | 0               | 120.51           | 104.98           | 0               | 104.98           | -15.53            | -12.89        |
| 6            | 4,404.50         | 0               | 4,404.50         | 2,768.74         | 0               | 2,768.74         | -1,635.76         | -37.14        |
| 7            | 11,017.35        | 0               | 11,017.35        | 9,444.52         | 0               | 9,444.52         | -1,572.83         | -14.28        |
| 8            | 14,212.29        | 9,075.77        | 23,288.06        | 11,952.32        | 8,493.82        | 20,446.14        | -2,841.92         | -12.20        |
| 9            | 34.80            | 0               | 34.80            | 23.63            | 0               | 23.63            | -11.17            | -32.10        |
| 10           | 680.78           | 96.50           | 777.28           | 309.91           | 62.36           | 372.27           | -405.01           | -52.11        |
| 11           | 431.71           | 0               | 431.71           | 341.14           | 0               | 341.14           | -90.57            | -20.98        |
| 12           | 1,274.44         | 0               | 1,274.44         | 1,179.40         | 0               | 1,179.40         | -95.04            | -7.46         |
| 13           | 675.66           | 0               | 675.66           | 588.36           | 0               | 588.36           | -87.3             | -12.92        |
| 14           | 838.77           | 0               | 838.77           | 581.94           | 0               | 581.94           | -256.83           | -30.62        |
| 15           | 229.56           | 0               | 229.56           | 178.56           | 0               | 178.56           | -51               | -22.22        |
| 16           | 1,202.76         | 0               | 1,202.76         | 1,360.34         | 0               | 1,360.34         | 157.58            | 13.10         |
| 17           | 6,598.16         | 0               | 6,598.16         | 5,728.95         | 0               | 5,728.95         | -869.21           | -13.17        |
| 18           | 2,960.10         | 0               | 2,960.10         | 2,095.17         | 0               | 2,095.17         | -864.93           | -29.22        |
| 19           | 1,330.06         | 0               | 1,330.06         | 1,270.35         | 0               | 1,270.35         | -59.71            | -4.49         |
| 20           | 217.29           | 0               | 217.29           | 161.98           | 0               | 161.98           | -55.31            | -25.45        |
| 21           | 1,549.51         | 0               | 1,549.51         | 1,248.01         | 0               | 1,248.01         | -301.5            | -19.46        |
| 22           | 692.25           | 0               | 692.25           | 609.36           | 0               | 609.36           | -82.89            | -11.97        |
| 23           | 1,936.27         | 0               | 1,936.27         | 1,746.35         | 0               | 1,746.35         | -189.92           | -9.81         |
| 24           | 229.70           | 0               | 229.70           | 184.87           | 0               | 184.87           | -44.83            | -19.52        |
| 25           | 107.37           | 0               | 107.37           | 74.08            | 0               | 74.08            | -33.29            | -31.00        |
| 26           | 110.71           | 0               | 110.71           | 107.90           | 0               | 107.90           | -2.81             | -2.54         |
| 27           | 1,453.84         | 0               | 1,453.84         | 1,412.91         | 0               | 1,412.91         | -40.93            | -2.82         |
| 28           | 750.59           | 0               | 750.59           | 583.85           | 0               | 583.85           | -166.74           | -22.21        |
| 29           | 104.91           | 0               | 104.91           | 76.27            | 0               | 76.27            | -28.64            | -27.30        |
| 30           | 132.30           | 0               | 132.30           | 64.86            | 0               | 64.86            | -67.44            | -50.98        |
| 31           | 79.49            | 0               | 79.49            | 59.56            | 0               | 59.56            | -19.93            | -25.07        |
| 32           | 156.72           | 0               | 156.72           | 144.81           | 0               | 144.81           | -11.91            | -7.60         |
| 33           | 1,027.58         | 0               | 1,027.58         | 847.06           | 0               | 847.06           | -180.52           | -17.57        |
| 34           | 651.66           | 0               | 651.66           | 524.18           | 0               | 524.18           | -127.48           | -19.56        |
| 35           | 20.64            | 0               | 20.64            | 11.92            | 0               | 11.92            | -8.72             | -42.25        |
| 36           | 176.33           | 0               | 176.33           | 79.69            | 0               | 79.69            | -96.64            | -54.81        |
| <b>Total</b> | <b>65,802.87</b> | <b>9,201.08</b> | <b>75,003.95</b> | <b>54,419.45</b> | <b>8,579.88</b> | <b>62,999.34</b> | <b>-12,004.61</b> | <b>-16.01</b> |

Source: Appropriation Accounts 2022-23.

**Appendix 3.4**  
(Reference Paragraph: 3.1.3; page 81)  
**Revised Estimates and Actual Outturn under Capital Section**

(₹ in crore)

| Grant No.    | Revised Estimate |                  |                  | Actual Outturn   |                  |                  | Deviation         | Percentage    |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|---------------|
|              | Capital Voted    | Capital Charged  | Total            | Capital Voted    | Capital Charged  | Total            |                   |               |
| 1            | 121.71           | 0                | 121.71           | 41.51            | 0                | 41.51            | -80.2             | -65.89        |
| 2            | 662.69           | 0                | 662.69           | 267.41           | 0                | 267.41           | -395.28           | -59.65        |
| 3            | 870.65           | 0                | 870.65           | 452.30           | 0                | 452.30           | -418.35           | -48.05        |
| 4            | 50.48            | 0                | 50.48            | 0.04             | 0                | 0.04             | -50.44            | -99.92        |
| 6            | 2,075.04         | 0                | 2,075.04         | 722.46           | 0                | 722.46           | -1,352.58         | -65.18        |
| 7            | 598.51           | 0                | 598.51           | 462.51           | 0                | 462.51           | -136              | -22.72        |
| 8            | 807.74           | 31,030.29        | 31,838.03        | 351.80           | 34,066.91        | 34,418.71        | 2,580.68          | 8.11          |
| 9            | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0             |
| 10           | 122.00           | 0                | 122.00           | 49.51            | 0                | 49.51            | -72.49            | -59.42        |
| 11           | 458.39           | 0                | 458.39           | 143.20           | 0                | 143.20           | -315.19           | -68.76        |
| 12           | 788.31           | 0                | 788.31           | 235.06           | 0                | 235.06           | -553.25           | -70.18        |
| 13           | 243.86           | 0                | 243.86           | 110.81           | 0                | 110.81           | -133.05           | -54.56        |
| 14           | 46.85            | 0                | 46.85            | 15.19            | 0                | 15.19            | -31.66            | -67.58        |
| 15           | 369.38           | 0                | 369.38           | 79.01            | 0                | 79.01            | -290.37           | -78.61        |
| 16           | 3,963.88         | 0                | 3,963.88         | 2,761.44         | 0                | 2,761.44         | -1,202.44         | -30.33        |
| 17           | 1,882.56         | 0                | 1,882.56         | 365.76           | 0                | 365.76           | -1516.8           | -80.57        |
| 18           | 123.69           | 0                | 123.69           | 91.85            | 0                | 91.85            | -31.84            | -25.74        |
| 19           | 2,253.26         | 0                | 2,253.26         | 780.62           | 0                | 780.62           | -1,472.64         | -65.36        |
| 20           | 278.95           | 0                | 278.95           | 156.14           | 0                | 156.14           | -122.81           | -44.03        |
| 21           | 139.23           | 0                | 139.23           | 65.64            | 0                | 65.64            | -73.59            | -52.85        |
| 22           | 1,409.99         | 0                | 1,409.99         | 238.68           | 0                | 238.68           | -1,171.31         | -83.07        |
| 23           | 2,530.49         | 0                | 2,530.49         | 208.77           | 0                | 208.77           | -2,321.72         | -91.75        |
| 24           | 51.21            | 0                | 51.21            | 31.53            | 0                | 31.53            | -19.68            | -38.43        |
| 25           | 44.71            | 0                | 44.71            | 10.03            | 0                | 10.03            | -34.68            | -77.57        |
| 26           | 118.00           | 0                | 118.00           | 12.61            | 0                | 12.61            | -105.39           | -89.31        |
| 27           | 729.75           | 0                | 729.75           | 222.47           | 0                | 222.47           | -507.28           | -69.51        |
| 28           | 4,413.75         | 0                | 4,413.75         | 2,436.39         | 0                | 2,436.39         | -1,977.36         | -44.80        |
| 29           | 45.00            | 0                | 45.00            | 15.76            | 0                | 15.76            | -29.24            | -64.98        |
| 30           | 432.79           | 0                | 432.79           | 80.35            | 0                | 80.35            | -352.44           | -81.43        |
| 31           | 124.13           | 0                | 124.13           | 10.49            | 0                | 10.49            | -113.64           | -91.55        |
| 32           | 498.98           | 0                | 498.98           | 160.69           | 0                | 160.69           | -338.29           | -67.80        |
| 33           | 145.00           | 0                | 145.00           | 99.24            | 0                | 99.24            | -45.76            | -31.56        |
| 34           | 265.85           | 0                | 265.85           | 165.88           | 0                | 165.88           | -99.97            | -37.60        |
| 35           | 72.85            | 0                | 72.85            | 34.17            | 0                | 34.17            | -38.68            | -53.10        |
| 36           | 15.00            | 0                | 15.00            | 2.90             | 0                | 2.90             | -12.1             | -80.67        |
| <b>Total</b> | <b>26,754.68</b> | <b>31,030.29</b> | <b>57,784.95</b> | <b>10,882.22</b> | <b>34,066.91</b> | <b>44,949.12</b> | <b>-12,835.83</b> | <b>-22.21</b> |

Source: Appropriation Accounts 2022-23.

**Appendix 3.5**  
**(Reference Paragraph: 3.3.1; page 81)**  
**Expenditure incurred without authority of law**

| Sl. No.      | Grant/ Appropriation | Major Heads of Accounts            | Expenditure      | Number of Schemes/Sub Heads |
|--------------|----------------------|------------------------------------|------------------|-----------------------------|
|              |                      |                                    | (₹ in crore)     |                             |
| 1            | 8                    | 2030, 2075, 2235, 2049, 6003, 6004 | 12,343.93        | 18                          |
| 2            | 11                   | 2851                               | 0.31             | 2                           |
| 3            | 12                   | 2401, 2851, 4401                   | 0.13             | 3                           |
| 4            | 17                   | 4210                               | 0.02             | 1                           |
| 5            | 18                   | 2225, 2235, 4235                   | 0.73             | 6                           |
| 6            | 33                   | 2245                               | 71.70            | 1                           |
| <b>Total</b> |                      |                                    | <b>12,416.82</b> | <b>31</b>                   |

Source: Appropriation Accounts 2022-23.

**Appendix 3.6**  
(Reference Paragraph: 3.3.3; page 83)  
**Cases of unnecessary and insufficient Supplementary Grant/Appropriation**

**A: Cases of Unnecessary supplementary grant/ appropriation**

(₹ in crore)

| S. No.                      | Number and Name of the Grant  | Original Provision | Supplementary Provision | Augmentation  | Supplementary and augmentation | Actual Expenditure | Savings out of original provision |
|-----------------------------|---|--------------------|-------------------------|---------------|--------------------------------|--------------------|-----------------------------------|
| <b>I- Revenue (Voted)</b>   |   |                    |                         |               |                                |                    |                                   |
| 1                           | 2- Home Department  | 9,588.37           | 0                       | 176.31        | 176.31                         | 8,035.35           | 1,553.02                          |
| 2                           | 7-Education Department  | 10,888.37          | 0                       | 128.98        | 128.98                         | 9,444.52           | 1,443.85                          |
| 3                           | 10-Law Department   | 637.11             | 43.67                   | 0             | 43.67                          | 309.91             | 327.20                            |
| 4                           | 17-Health and Medical Education Department                                  | 6,388.63           | 607.37                  | 0             | 607.37                         | 5,728.95           | 659.68                            |
| 5                           | 23-Public Health Engineering Department                                     | 1,805.63           | 0                       | 130.64        | 130.64                         | 1,746.35           | 59.28                             |
| 6                           | 24-Hospitality Protocol Estates Parks & Gardens                             | 226.55             | 3.36                    | 0             | 3.36                           | 184.87             | 41.68                             |
| 7                           | 31- Culture Department  | 67.35              | 0                       | 12.14         | 12.14                          | 59.56              | 7.79                              |
| 8                           | 33- Disaster Management Relief Rehabilitation and Reconstruction Department | 994.10             | 0                       | 33.47         | 33.47                          | 847.06             | 147.04                            |
| 9                           | 36-Co-Operative Department  | 85.08              | 91.25                   | 0             | 91.25                          | 79.69              | 5.39                              |
|                             | <b>Total –I</b>   | <b>30,681.19</b>   | <b>745.65</b>           | <b>481.54</b> | <b>1,227.19</b>                | <b>26,436.26</b>   | <b>4,244.93</b>                   |
| <b>II-Revenue (Charged)</b> |   |                    |                         |               |                                |                    |                                   |
| 10                          | 10- Law Department  | 81.39              | 15.11                   | 0             | 15.11                          | 62.36              | 19.03                             |
|                             | <b>Total –II</b>  | <b>81.39</b>       | <b>15.11</b>            | <b>0</b>      | <b>15.11</b>                   | <b>62.36</b>       | <b>19.03</b>                      |

| <b>III-Capital (Voted)</b> |   |                  |               |                 |                 |                  |                 |
|----------------------------|---|------------------|---------------|-----------------|-----------------|------------------|-----------------|
| 11                         | 15- Food Civil Supplies and Consumer Affairs Department | 306.26           | 0             | 63.11           | 63.11           | 79.01            | 227.25          |
| 12                         | 17- Health and Medical Education Department             | 1,484.72         | 0             | 397.83          | 397.83          | 365.76           | 1,118.96        |
| 13                         | 22- Irrigation and Flood Control Department             | 1,237.69         | 54.27         | 118.04          | 172.31          | 238.68           | 999.01          |
| 14                         | 30- Tribal Affairs Department                           | 282.23           | 147.76        | 2.80            | 150.56          | 80.35            | 201.88          |
| 15                         | 32- Horticulture Department                             | 454.00           | 8.77          | 36.21           | 44.98           | 160.69           | 293.31          |
| 16                         | 34- Youth Services and Technical Education Department   | 244.99           | 5.65          | 15.21           | 20.86           | 165.88           | 79.11           |
| <b>Total -III</b>          |   | <b>4,009.89</b>  | <b>216.45</b> | <b>633.20</b>   | <b>849.65</b>   | <b>1,090.37</b>  | <b>2,919.52</b> |
| <b>Grand Total (A)</b>     |   | <b>34,772.47</b> | <b>977.21</b> | <b>1,114.74</b> | <b>2,091.95</b> | <b>27,588.99</b> | <b>7,183.48</b> |

**B: Cases of Insufficient supplementary provisions**

| S. No.                    | Number and Name of the Grant | Original Provision | Supplementary Provision | Augmentation  | Supplementary and augmentation | Total budget approved | Actual Expenditure | Excess over approved budget |
|---------------------------|------------------------------|--------------------|-------------------------|---------------|--------------------------------|-----------------------|--------------------|-----------------------------|
| <b>I-Revenue voted</b>    |                              |                    |                         |               |                                |                       |                    |                             |
| 1                         | 16-Public Works department   | 1,078.70           | 0                       | 124.06        | 124.06                         | 1,202.76              | 1,360.34           | 157.58                      |
| <b>Total-I</b>            |                              | <b>1,078.70</b>    | <b>0</b>                | <b>124.06</b> | <b>124.06</b>                  | <b>1,202.76</b>       | <b>1,360.34</b>    | <b>157.58</b>               |
| <b>II-Capital Charged</b> |                              |                    |                         |               |                                |                       |                    |                             |
| 2                         | 8-Finance Department         | 32,720.87          | 0                       | 0             | 0                              | 32,720.87             | 34,066.91          | 1,346.04                    |
| <b>Total-II</b>           |                              | <b>32,720.87</b>   | <b>0</b>                | <b>0</b>      | <b>0</b>                       | <b>32,720.87</b>      | <b>34,066.91</b>   | <b>1,346.04</b>             |
| <b>Grand total (B)</b>    |                              | <b>33,799.57</b>   | <b>0</b>                | <b>124.06</b> | <b>124.06</b>                  | <b>33,923.63</b>      | <b>35,427.25</b>   | <b>1,503.62</b>             |

**Appendix 3.7**  
(Reference Paragraph: 3.4; page 84)  
**Substantial Savings**

(₹ in crore)

| Sl. No. | Grant No. | Name of the Grant or Appropriation | Appropriation    | Expenditure     | Saving          | Percentage of Saving | Saving in Capital section | Percentage of Saving under Capital Section |
|---------|-----------|------------------------------------|------------------|-----------------|-----------------|----------------------|---------------------------|--|
| 1       | 1         | General Administration Department  |                  |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 560.11           | 417.79          | 142.32          |                      |                           |  |
|         |           | Charged                            | 30.66            | 23.70           | 6.96            |                      |                           |  |
|         |           | <b>Capital</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 206.59           | 41.51           | 165.08          |                      | 165.08                    | <b>80%</b>                                 |
|         |           | <b>Total</b>                       | <b>797.36</b>    | <b>483.00</b>   | <b>314.36</b>   | <b>39%</b>           |                           |  |
| 2       | 2         | Home Department                    |                  |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 9,764.67         | 8,035.35        | 1,729.32        |                      |                           |  |
|         |           | <b>Capital</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 1,242.82         | 267.41          | 975.41          |                      | 975.41                    | <b>78%</b>                                 |
|         |           | <b>Total</b>                       | <b>11,007.49</b> | <b>8,302.76</b> | <b>2,704.73</b> | <b>25%</b>           |                           |  |
| 3       | 3         | Planning Department                |                  |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 154.67           | 100.34          | 54.33           |                      |                           |  |
|         |           | <b>Capital</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 974.92           | 452.30          | 522.62          |                      | 522.62                    | <b>54%</b>                                 |
|         |           | <b>Total</b>                       | <b>1,129.59</b>  | <b>552.64</b>   | <b>576.95</b>   | <b>51%</b>           |                           |  |
| 4       | 4         | Information Department             |                  |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 131.95           | 104.98          | 26.97           |                      |                           |  |
|         |           | <b>Capital</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 100.48           | 0.04            | 100.44          |                      | <b>100.44</b>             | <b>99.9%</b>                               |
|         |           | <b>Total</b>                       | <b>232.43</b>    | <b>105.02</b>   | <b>127.41</b>   | <b>54%</b>           |                           |  |
| 5       | 6         | Power Development Department       |                  |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 6,310.51         | 2,768.74        | 3,541.77        |                      |                           |  |
|         |           | <b>Capital</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 2,457.58         | 722.46          | 1,735.12        |                      | 1,735.12                  | <b>71%</b>                                 |
|         |           | <b>Total</b>                       | <b>8,768.09</b>  | <b>3,491.20</b> | <b>5,276.89</b> | <b>60%</b>           |                           |  |
| 6       | 7         | Education Department               |                  |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 11,017.35        | 9,444.52        | 1,572.83        |                      |                           |  |
|         |           | <b>Capital</b>                     |                  |                 |                 |                      |                           |  |
|         |           | Voted                              | 944.41           | 462.51          | 481.90          |                      | 481.89                    | <b>51%</b>                                 |
|         |           | <b>Total</b>                       | <b>11,961.76</b> | <b>9,907.03</b> | <b>2,054.73</b> | <b>17%</b>           |                           |  |

| Sl. No. | Grant No. | Name of the Grant or Appropriation                  | Appropriation    | Expenditure      | Saving          | Percentage of Saving | Saving in Capital section | Percentage of Saving under Capital Section |
|---------|-----------|---|------------------|------------------|-----------------|----------------------|---------------------------|--|
| 7       | 8         | Finance Department                                  |                  |                  |                 |                      |                           |  |
|         |           | <b>Revenue</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 14,212.29        | 11,952.32        | 2,259.97        |                      |                           |  |
|         |           | Charged   | 9,075.77         | 8,493.82         | 581.95          |                      |                           |  |
|         |           | <b>Capital</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 1,444.80         | 351.80           | 1,093.00        |                      |                           |  |
|         |           | Charged   | 32,720.87        | 34,066.91        | -1,346.04       |                      |                           |  |
|         |           | <b>Total</b>  | <b>57,453.73</b> | <b>54,864.85</b> | <b>2,588.88</b> | <b>5%</b>            |                           |  |
| 8       | 10        | Law Department                                      |                  |                  |                 |                      |                           |  |
|         |           | <b>Revenue</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 680.78           | 309.91           | 370.87          |                      |                           |  |
|         |           | Charged   | 96.50            | 62.36            | 34.14           |                      |                           |  |
|         |           | <b>Capital</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 122.00           | 49.51            | 72.49           |                      |                           |  |
|         |           | <b>Total</b>  | <b>899.28</b>    | <b>421.78</b>    | <b>477.50</b>   | <b>53%</b>           |                           |  |
| 9       | 11        | Industry and Commerce Department                    |                  |                  |                 |                      |                           |  |
|         |           | <b>Revenue</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 447.18           | 341.14           | 106.04          |                      |                           |  |
|         |           | <b>Capital</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 555.80           | 143.20           | 412.60          |                      | 412.60                    | <b>74%</b>                                 |
|         |           | <b>Total</b>  | <b>1,002.98</b>  | <b>484.34</b>    | <b>518.64</b>   | <b>52%</b>           |                           |  |
| 10      | 12        | Agriculture Department                              |                  |                  |                 |                      |                           |  |
|         |           | <b>Revenue</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 1,339.36         | 1,179.40         | 159.96          |                      |                           |  |
|         |           | <b>Capital</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 1,496.04         | 235.06           | 1,260.98        |                      | <b>1,260.98</b>           | <b>84%</b>                                 |
|         |           | <b>Total</b>  | <b>2,835.40</b>  | <b>1,414.46</b>  | <b>1,420.94</b> | <b>50%</b>           |                           |  |
| 11      | 13        | Animal/ Sheep Husbandary Department                 |                  |                  |                 |                      |                           |  |
|         |           | <b>Revenue</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 722.21           | 588.36           | 133.85          |                      |                           |  |
|         |           | <b>Capital</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 266.10           | 110.81           | 155.29          |                      | 155.29                    | <b>58%</b>                                 |
|         |           | <b>Total</b>  | <b>988.31</b>    | <b>699.17</b>    | <b>289.14</b>   | <b>29%</b>           |                           |  |
| 12      | 14        | Revenue Department                                  |                  |                  |                 |                      |                           |  |
|         |           | <b>Revenue</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 906.72           | 581.94           | 324.78          |                      |                           |  |
|         |           | <b>Capital</b>                                      |                  |                  |                 |                      |                           |  |
|         |           | Voted   | 93.50            | 15.19            | 78.31           |                      |                           |  |
|         |           | <b>Total</b>  | <b>1,000.22</b>  | <b>597.13</b>    | <b>403.09</b>   | <b>40%</b>           |                           |  |
| 13      | 15        | Food Civil Supplies and Consumer Affairs Department |                  |                  |                 |                      |                           |  |

| Sl. No. | Grant No. | Name of the Grant or Appropriation       | Appropriation   | Expenditure     | Saving          | Percentage of Saving | Saving in Capital section | Percentage of Saving under Capital Section |
|---------|-----------|--|-----------------|-----------------|-----------------|----------------------|---------------------------|--|
|         |           | <b>Revenue</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 318.26          | 178.56          | 139.70          |                      |                           |  |
|         |           | <b>Capital</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 369.38          | 79.01           | 290.37          |                      | 290.37                    | <b>79%</b>                                 |
|         |           | <b>Total</b>                             | <b>687.64</b>   | <b>257.57</b>   | <b>430.07</b>   | <b>63%</b>           |                           |  |
| 14      | 16        | Public Works Department                  |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 1,202.76        | 1,360.34        | -157.58         |                      |                           |  |
|         |           | <b>Capital</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 5,217.87        | 2,761.44        | 2,456.43        |                      | 2,456.43                  | <b>47%</b>                                 |
|         |           | <b>Total</b>                             | <b>6,420.63</b> | <b>4,121.78</b> | <b>2,298.85</b> | <b>36%</b>           |                           |  |
| 15      | 17        | Health And Medical Education Department  |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 6,996.00        | 5,728.95        | 1,267.05        |                      |                           |  |
|         |           | <b>Capital</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 1,882.56        | 365.76          | 1,516.80        |                      | 1,516.80                  | <b>81%</b>                                 |
|         |           | <b>Total</b>                             | <b>8,878.56</b> | <b>6,094.71</b> | <b>2,783.85</b> | <b>31%</b>           |                           |  |
| 16      | 18        | Social Welfare Department                |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 3,004.64        | 2,095.17        | 909.47          |                      |                           |  |
|         |           | <b>Capital</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 198.07          | 91.85           | 106.22          |                      | <b>106.22</b>             | <b>54%</b>                                 |
|         |           | <b>Total</b>                             | <b>3,202.71</b> | <b>2,187.02</b> | <b>1,015.69</b> | <b>32%</b>           |                           |  |
| 17      | 19        | Housing And Urban Development Department |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 1,330.06        | 1,270.35        | 59.71           |                      |                           |  |
|         |           | <b>Capital</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 3,112.88        | 780.62          | 2,332.26        |                      | <b>2,332.26</b>           | <b>75%</b>                                 |
|         |           | <b>Total</b>                             | <b>4,442.94</b> | <b>2,050.97</b> | <b>2,391.97</b> | <b>54%</b>           |                           |  |
| 18      | 20        | Tourism Department                       |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 228.85          | 161.98          | 66.87           |                      |                           |  |
|         |           | <b>Capital</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 278.95          | 156.14          | 122.81          |                      | 122.81                    | <b>44%</b>                                 |
|         |           | <b>Total</b>                             | <b>507.80</b>   | <b>318.12</b>   | <b>189.68</b>   | <b>37%</b>           |                           |  |
| 19      | 21        | Forest Department                        |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 1,688.43        | 1,248.01        | 440.42          |                      |                           |  |
|         |           | <b>Capital</b>                           |                 |                 |                 |                      |                           |  |
|         |           | Voted                                    | 200.76          | 65.64           | 135.12          |                      | 135.12                    | <b>67%</b>                                 |
|         |           | <b>Total</b>                             | <b>1,889.19</b> | <b>1,313.65</b> | <b>575.54</b>   | <b>30%</b>           |                           |  |

| Sl. No. | Grant No. | Name of the Grant or Appropriation     | Appropriation   | Expenditure     | Saving          | Percentage of Saving | Saving in Capital section | Percentage of Saving under Capital Section |
|---------|-----------|--|-----------------|-----------------|-----------------|----------------------|---------------------------|--|
| 20      | 22        | Irrigation And Food Control Department |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 810.29          | 609.36          | 200.93          |                      |                           |  |
|         |           | <b>Capital</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 1,409.99        | 238.68          | 1,171.31        |                      | 1,171.31                  | <b>83%</b>                                 |
|         |           | <b>Total</b>                           | <b>2,220.28</b> | <b>848.04</b>   | <b>1,372.24</b> | <b>62%</b>           |                           |  |
| 21      | 23        | Public Health Engineering Department   |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 1,936.27        | 1,746.35        | 189.92          |                      |                           |  |
|         |           | <b>Capital</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 8,051.46        | 208.77          | 7,842.69        |                      | 7,842.69                  | <b>97%</b>                                 |
|         |           | <b>Total</b>                           | <b>9,987.73</b> | <b>1,955.12</b> | <b>8,032.61</b> | <b>80%</b>           |                           |  |
| 22      | 26        | Fisheries Department                   |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 119.04          | 107.90          | 11.14           |                      |                           |  |
|         |           | <b>Capital</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 125.80          | 12.61           | 113.19          |                      | 113.19                    | <b>90%</b>                                 |
|         |           | <b>Total</b>                           | <b>244.84</b>   | <b>120.51</b>   | <b>124.33</b>   | <b>51%</b>           |                           |  |
| 23      | 27        | Higher Education Department            |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 1,482.66        | 1,412.91        | 69.75           |                      |                           |  |
|         |           | <b>Capital</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 862.25          | 222.47          | 639.78          |                      | 639.78                    | <b>74%</b>                                 |
|         |           | <b>Total</b>                           | <b>2,344.91</b> | <b>1,635.38</b> | <b>709.53</b>   | <b>30%</b>           |                           |  |
| 24      | 28        | Rural Development Department           |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 815.32          | 583.85          | 231.47          |                      |                           |  |
|         |           | <b>Capital</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 4,627.85        | 2,436.39        | 2,191.46        |                      | 2,191.46                  | <b>47%</b>                                 |
|         |           | <b>Total</b>                           | <b>5,443.17</b> | <b>3,020.24</b> | <b>2,422.93</b> | <b>45%</b>           |                           |  |
| 25      | 30        | Tribal Affairs Department              |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 135.10          | 64.86           | 70.24           |                      |                           |  |
|         |           | <b>Capital</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 432.79          | 80.35           | 352.44          |                      | 352.44                    | <b>81%</b>                                 |
|         |           | <b>Total</b>                           | <b>567.89</b>   | <b>145.21</b>   | <b>422.68</b>   | <b>74%</b>           |                           |  |
| 26      | 31        | Culture Department                     |                 |                 |                 |                      |                           |  |
|         |           | <b>Revenue</b>                         |                 |                 |                 |                      |                           |  |
|         |           | Voted                                  | 79.49           | 59.56           | 19.93           |                      |                           |  |
|         |           | <b>Capital</b>                         |                 |                 |                 |                      |                           |  |

| Sl. No. | Grant No. | Name of the Grant or Appropriation                                      | Appropriation      | Expenditure        | Saving           | Percentage of Saving | Saving in Capital section | Percentage of Saving under Capital Section |
|---------|-----------|---|--------------------|--------------------|------------------|----------------------|---------------------------|--|
|         |           | Voted   | 325.82             | 10.49              | 315.33           |                      | 315.33                    | 97%  |
|         |           | <b>Total</b>  | <b>405.31</b>      | <b>70.05</b>       | <b>335.26</b>    | <b>83%</b>           |                           |  |
| 27      | 32        | Horticulture Department   |                    |                    |                  |                      |                           |  |
|         |           | <b>Revenue</b>  |                    |                    |                  |                      |                           |  |
|         |           | Voted   | 192.93             | 144.81             | 48.12            |                      |                           |  |
|         |           | <b>Capital</b>  |                    |                    |                  |                      |                           |  |
|         |           | Voted   | 498.98             | 160.69             | 338.29           |                      | 338.29                    | 68%  |
|         |           | <b>Total</b>  | <b>691.91</b>      | <b>305.50</b>      | <b>386.41</b>    | <b>56%</b>           |                           |  |
| 28      | 33        | Disaster Management Relief Rehabilitation and Reconstruction Department |                    |                    |                  |                      |                           |  |
|         |           | <b>Revenue</b>  |                    |                    |                  |                      |                           |  |
|         |           | Voted   | 1,027.58           | 847.06             | 180.52           |                      |                           |  |
|         |           | <b>Capital</b>  |                    |                    |                  |                      |                           |  |
|         |           | Voted   | 566.62             | 99.24              | 467.38           |                      | 467.38                    | 82%  |
|         |           | <b>Total</b>  | <b>1,594.20</b>    | <b>946.30</b>      | <b>647.90</b>    | <b>41%</b>           |                           |  |
| 29      | 34        | Youth Services And Technical Education Department                       |                    |                    |                  |                      |                           |  |
|         |           | <b>Revenue</b>  |                    |                    |                  |                      |                           |  |
|         |           | Voted   | 666.87             | 524.18             | 142.69           |                      |                           |  |
|         |           | <b>Capital</b>  |                    |                    |                  |                      |                           |  |
|         |           | Voted   | 265.85             | 165.88             | 99.97            |                      | 99.7                      | 38%  |
|         |           | <b>Total</b>  | <b>932.72</b>      | <b>690.06</b>      | <b>242.66</b>    | <b>26%</b>           |                           |  |
| 30      | 35        | Science and Technology Department                                       |                    |                    |                  |                      |                           |  |
|         |           | <b>Revenue</b>  |                    |                    |                  |                      |                           |  |
|         |           | Voted   | 21.03              | 11.92              | 9.11             |                      |                           |  |
|         |           | <b>Capital</b>  |                    |                    |                  |                      |                           |  |
|         |           | Voted   | 127.91             | 34.17              | 93.74            |                      | 93.74                     | 73%  |
|         |           | <b>Total</b>  | <b>148.94</b>      | <b>46.09</b>       | <b>102.85</b>    | <b>69%</b>           |                           |  |
| 31      | 36        | Co-operative Department   |                    |                    |                  |                      |                           |  |
|         |           | <b>Revenue</b>  |                    |                    |                  |                      |                           |  |
|         |           | Voted   | 176.33             | 79.69              | 96.64            |                      |                           |  |
|         |           | <b>Capital</b>  |                    |                    |                  |                      |                           |  |
|         |           | Voted   | 15                 | 2.9                | 12.10            |                      |                           |  |
|         |           | <b>Total</b>  | <b>191.33</b>      | <b>82.59</b>       | <b>108.74</b>    | <b>57%</b>           |                           |  |
|         |           | <b>Grand Total</b>  | <b>1,48,879.34</b> | <b>1,07,532.29</b> | <b>41,347.05</b> |                      |                           |  |

Source: Appropriation Account 2022-23.

**Appendix 3.8**  
**(Reference Paragraph: 3.4; page 84)**  
**Details of grants having large savings excluding surrenders**  
**(exceeding ₹100 crore) during the year 2022-23**

(₹ in crore)

| S. No.                   | Number and Name of grant   | Total budget provision | Actual expenditure | Savings          | Surrender       | Savings excluding surrender |
|--------------------------|--|------------------------|--------------------|------------------|-----------------|-----------------------------|
| 1                        | 2  | 3                      | 4                  | 5                | 6               | 7                           |
| <b>Revenue (Voted)</b>   |  |                        |                    |                  |                 |                             |
| 1.                       | 02-Home Department   | 9,764.67               | 8,035.35           | 1,729.32         | 0               | 1,729.32                    |
| 2.                       | 06-Power Development Department  | 6,310.51               | 2,768.74           | 3,541.77         | 1,906.01        | 1,635.76                    |
| 3.                       | 07-Education Department  | 11,017.35              | 9,444.52           | 1,572.83         | 0               | 1,572.83                    |
| 4.                       | 08-Finance Department  | 14,212.29              | 11,952.32          | 2,259.97         | 0               | 2,259.97                    |
| 5.                       | 10-Law Department  | 680.78                 | 309.91             | 370.87           | 0               | 370.87                      |
| 6.                       | 14-Revenue Department  | 906.72                 | 581.94             | 324.78           | 67.95           | 256.83                      |
| 7.                       | 17-Health And Medical Education Department                                 | 6,996.00               | 5,728.95           | 1,267.05         | 397.84          | 869.21                      |
| 8.                       | 18-Social Welfare Department   | 3,004.64               | 2,095.17           | 909.47           | 44.55           | 864.92                      |
| 9.                       | 21-Forest Department   | 1,688.43               | 1,248.01           | 440.42           | 138.92          | 301.50                      |
| 10.                      | 23-Public Health Engineering Department                                    | 1,936.27               | 1,746.35           | 189.92           | 0               | 189.92                      |
| 11.                      | 28-Rural Development Department  | 815.32                 | 583.85             | 231.47           | 64.73           | 166.74                      |
| 12.                      | 33-Disaster Management Relief Rehabilitation and Reconstruction Department | 1,027.58               | 847.06             | 180.52           | 0               | 180.52                      |
| 13.                      | 34-Youth Services And Technical Education Department                       | 666.87                 | 524.18             | 142.69           | 15.21           | 127.48                      |
| <b>Total</b>             |  | <b>59,027.43</b>       | <b>45,866.35</b>   | <b>13,161.08</b> | <b>2,635.21</b> | <b>10,525.87</b>            |
| <b>Revenue (Charged)</b> |  |                        |                    |                  |                 |                             |
| 14.                      | 08- Finance  | 9,075.77               | 8,493.82           | 581.95           | 0               | 581.95                      |
| <b>Total</b>             |  | <b>9,075.77</b>        | <b>8,493.82</b>    | <b>581.95</b>    | <b>0</b>        | <b>581.95</b>               |
| <b>Capital (Voted)</b>   |  |                        |                    |                  |                 |                             |
| 15.                      | 02-Home Department   | 1,242.82               | 267.41             | 975.41           | 580.13          | 395.28                      |
| 16.                      | 03-Planning Department   | 974.92                 | 452.30             | 522.62           | 104.27          | 418.35                      |

| S. No.                             | Number and Name of grant                               | Total budget provision | Actual expenditure | Savings          | Surrender        | Savings excluding surrender |
|------------------------------------|--|------------------------|--------------------|------------------|------------------|-----------------------------|
| 17.                                | 06-Power Development Department                        | 2,457.58               | 722.46             | 1,735.12         | 382.54           | 1,352.58                    |
| 18.                                | 07-Education Department                                | 944.41                 | 462.51             | 481.90           | 345.90           | 136.00                      |
| 19.                                | 08-Finance Department                                  | 1,444.80               | 351.80             | 1,093.00         | 637.06           | 455.94                      |
| 20.                                | 11-Industry and Commerce Department                    | 555.80                 | 143.20             | 412.60           | 97.41            | 315.19                      |
| 21.                                | 12-Agriculture Department                              | 1,496.04               | 235.06             | 1,260.98         | 707.73           | 553.25                      |
| 22.                                | 13-Animal/ Sheep Husbandry Department                  | 266.10                 | 110.81             | 155.29           | 22.24            | 133.05                      |
| 23.                                | 15-Food Civil Supplies and Consumer Affairs Department | 369.38                 | 79.01              | 290.37           | 0                | 290.37                      |
| 24.                                | 16-Public Works Department                             | 5,217.87               | 2,761.44           | 2,456.43         | 1,253.99         | 1,202.44                    |
| 25.                                | 17-Health And Medical Education Department             | 1,882.56               | 365.76             | 1,516.80         | 0                | 1,516.80                    |
| 26.                                | 19-Housing And Urban Development Department            | 3,112.88               | 780.62             | 2,332.26         | 859.62           | 1,472.64                    |
| 27.                                | 20-Tourism Department                                  | 278.95                 | 156.14             | 122.81           | 0                | 122.81                      |
| 28.                                | 22-Irrigation And Flood Control Department             | 1,409.99               | 238.68             | 1,171.31         | 0                | 1,171.31                    |
| 29.                                | 23-Public Health Engineering Department                | 8,051.46               | 208.77             | 7,842.69         | 5,520.97         | 2,321.72                    |
| 30.                                | 26-Fisheries Department                                | 125.80                 | 12.61              | 113.19           | 7.80             | 105.39                      |
| 31.                                | 27-Higher Education Department                         | 862.25                 | 222.47             | 639.78           | 132.50           | 507.28                      |
| 32.                                | 28-Rural Development Department                        | 4,627.85               | 2,436.39           | 2,191.46         | 214.11           | 1,977.35                    |
| 33.                                | 30-Tribal Affairs Department                           | 432.79                 | 80.35              | 352.44           | 0                | 352.44                      |
| 34.                                | 31-Culture Department                                  | 325.82                 | 10.49              | 315.33           | 201.70           | 113.63                      |
| 35.                                | 32-Horticulture Department                             | 498.98                 | 160.69             | 338.29           | 0                | 338.29                      |
| <b>Total</b>                       |  | <b>36,579.05</b>       | <b>10,258.97</b>   | <b>26,320.08</b> | <b>11,067.97</b> | <b>15,252.11</b>            |
| <b>G Total (Revenue + Capital)</b> |  | <b>1,04,682.25</b>     | <b>64,619.14</b>   | <b>40,063.11</b> | <b>13,703.18</b> | <b>26,359.93</b>            |

Source: Appropriation Accounts 2022-23.

**Appendix 3.9**  
(Reference Paragraph: 3.4; page 84)  
**Details of grants having persistent savings**  
(exceeding ₹100 crore) during the years 2020-23

(₹ in crore)

| S. No.             | Name of Grant  | 2020-21   | 2021-22  | 2022-23  |
|--------------------|--|-----------|----------|----------|
| <b>Revenue (V)</b> |  |           |          |          |
| 1.                 | 01-General Administration Department                                       | 133.87    | 129.54   | 142.32   |
| 2.                 | 02-Home Department   | 1,210.78  | 1,764.17 | 1,729.32 |
| 3.                 | 06-Power Development Department  | 954.87    | 2,085.58 | 3,541.78 |
| 4.                 | 07-Education Department  | 2,700.67  | 1,064.88 | 1,572.83 |
| 5.                 | 10-Law Department  | 437.30    | 282.97   | 370.87   |
| 6.                 | 11-Industry and Commerce Department  | 216.32    | 100.83   | 106.04   |
| 7.                 | 12-Agriculture Department  | 307.86    | 148.62   | 159.96   |
| 8.                 | 14-Revenue Department  | 172.19    | 263.56   | 324.78   |
| 9.                 | 15-Food Civil Supplies and Consumer Affairs Department                     | 159.83    | 119.65   | 139.70   |
| 10.                | 17-Health And Medical Education Department                                 | 788.92    | 930.53   | 1,267.05 |
| 11.                | 18-Social Welfare Department   | 741.00    | 1,007.10 | 909.48   |
| 12.                | 21-Forest Department   | 176.78    | 385.90   | 440.42   |
| 13.                | 22-Irrigation And Flood Control Department                                 | 328.60    | 112.62   | 200.93   |
| 14.                | 23-Public Health Engineering Department                                    | 214.53    | 130.87   | 189.92   |
| 15.                | 28-Rural Development Department  | 500.90    | 163.31   | 231.47   |
| 16.                | 33-Disaster Management Relief Rehabilitation and Reconstruction Department | 268.57    | 159.58   | 180.52   |
| 17.                | 34-Youth Services and Technical Education Department                       | 278.37    | 133.44   | 142.69   |
| <b>Capital (V)</b> |  |           |          |          |
| 18.                | 01-General Administration Department                                       | 201.49    | 172.38   | 165.08   |
| 19.                | 02-Home Department   | 887.99    | 784.39   | 975.41   |
| 20.                | 03-Planning Department   | 898.65    | 1,198.79 | 522.62   |
| 21.                | 06-Power Development Department  | 13,044.07 | 1,478.12 | 1,735.12 |
| 22.                | 07-Education Department  | 843.97    | 488.39   | 481.89   |
| 23.                | 08-Finance Department  | 1,420.57  | 801.05   | 1,093.00 |
| 24.                | 11-Industry and Commerce Department  | 310.63    | 269.23   | 412.60   |
| 25.                | 12-Agriculture Department  | 1,123.59  | 999.80   | 1,260.98 |
| 26.                | 13-Animal/ Sheep Husbandry Department                                      | 239.95    | 120.35   | 155.29   |
| 27.                | 15-Food Civil Supplies and Consumer Affairs Department                     | 305.98    | 185.15   | 290.37   |

| S. No. | Name of Grant                               | 2020-21  | 2021-22  | 2022-23  |
|--------|---|----------|----------|----------|
| 28.    | 16-Public Works Department                  | 697.60   | 2,647.89 | 2,456.43 |
| 29.    | 17-Health And Medical Education Department  | 925.22   | 933.88   | 1,516.80 |
| 30.    | 19-Housing And Urban Development Department | 1,515.27 | 2,221.53 | 2,332.26 |
| 31.    | 20-Tourism Department                       | 512.11   | 127.39   | 122.81   |
| 32.    | 22-Irrigation And Flood Control Department  | 1,428.70 | 643.97   | 1,171.31 |
| 33.    | 23-Public Health Engineering Department     | 932.48   | 1,932.26 | 7,842.69 |
| 34.    | 27-Higher Education Department              | 1,004.69 | 564.80   | 639.78   |
| 35.    | 28-Rural Development Department             | 3,261.22 | 3,032.80 | 2,191.47 |
| 36.    | 30-Tribal Affairs Department                | 136.72   | 174.30   | 352.44   |
| 37.    | 31-Culture Department                       | 125.32   | 268.18   | 315.33   |
| 38.    | 32-Horticulture Department                  | 402.11   | 191.72   | 338.29   |

Source: Appropriation Accounts of respective years.

**Appendix 3.10**  
(Reference Paragraph: 3.4; page 84)  
**Details of Appropriations/Grants in which savings**  
(exceeding ₹ one crore in each case) not surrendered at all

(₹ in crore)

| Sr. No.            | Number and Name of Grant                               | Revenue/ Capital | Total Grant Appropriation | Actual expenditure | Savings  |
|--------------------|--|------------------|---------------------------|--------------------|----------|
| 1                  | 2  | 3                | 4                         | 5                  | 6 (4-5)  |
| <b>Voted Grant</b> |  |                  |                           |                    |          |
| 1.                 | 02-Home Department                                     | Revenue          | 9,764.67                  | 8,035.35           | 1,729.32 |
| 2.                 | 07-Education Department                                | Revenue          | 11,017.35                 | 9,444.52           | 1,572.83 |
| 3.                 | 08-Finance Department                                  | Revenue          | 14,212.29                 | 11,952.32          | 2,259.97 |
| 4.                 | 10-Law Department                                      | Revenue          | 680.78                    | 309.91             | 370.87   |
|                    |  | Capital          | 122.00                    | 49.51              | 72.49    |
| 5.                 | 15-Food Civil Supplies and Consumer Affairs Department | Capital          | 369.38                    | 79.01              | 290.37   |
| 6.                 | 17-Health And Medical Education Department             | Capital          | 1,882.56                  | 365.76             | 1,516.80 |
| 7.                 | 19-Housing And Urban Development Department            | Revenue          | 1,330.06                  | 1,270.35           | 59.71    |
| 8.                 | 20-Tourism Department                                  | Capital          | 278.95                    | 156.14             | 122.81   |
| 9.                 | 22-Irrigation And Flood Control Department             | Capital          | 1,409.99                  | 238.68             | 1,171.31 |
| 10.                | 23-Public Health Engineering Department                | Revenue          | 1,936.27                  | 1,746.35           | 189.92   |
| 11.                | 24-Hospitality Protocol Estates Parks & Gardens        | Capital          | 51.21                     | 31.53              | 19.68    |
| 12.                | 30-Tribal Affairs Department                           | Capital          | 432.79                    | 80.35              | 352.44   |
| 13.                | 31-Culture Department                                  | Revenue          | 79.49                     | 59.56              | 19.93    |
| 14.                | 32-Horticulture Department                             | Capital          | 498.98                    | 160.69             | 338.29   |
| 15.                | 33-Disaster Management Relief                          | Revenue          | 1,027.58                  | 847.06             | 180.52   |

| Sr. No.                      | Number and Name of Grant                             | Revenue/Capital | Total Grant Appropriation | Actual expenditure | Savings          |
|------------------------------|--|-----------------|---------------------------|--------------------|------------------|
| 1                            | 2  | 3               | 4                         | 5                  | 6 (4-5)          |
|                              | Rehabilitation and Reconstruction Department         |                 |                           |                    |                  |
| 16.                          | 34-Youth Services and Technical Education Department | Capital         | 265.85                    | 165.88             | 99.97            |
| 17.                          | 36-Co-Operative Department                           | Revenue         | 176.33                    | 79.69              | 96.64            |
|                              |  | Capital         | 15.00                     | 2.90               | 12.10            |
| <b>Total</b>                 |  |                 | <b>45,551.53</b>          | <b>35,075.56</b>   | <b>10,475.97</b> |
| <b>Charged Appropriation</b> |  |                 |                           |                    |                  |
| 18.                          | 08-Finance Department                                | Revenue         | 9,075.77                  | 8,493.82           | 581.95           |
| 19.                          | 10-Law Department                                    | Revenue         | 96.50                     | 62.36              | 34.14            |
| <b>Total</b>                 |  |                 | <b>9,172.27</b>           | <b>8,556.18</b>    | <b>616.09</b>    |
| <b>Grand Total</b>           |  |                 | <b>54,723.80</b>          | <b>43,631.74</b>   | <b>11,092.06</b> |

Source: Appropriation Accounts 2022-23.

**Appendix 3.11**  
(Reference Paragraph: 3.4; page 84)  
**Percentage of Utilisation of Provision under each Grant**

(₹ in crore)

| Sr. No.      | Grant No. | Total Budget     | Total Expenditure | Savings          | Utilisation (Per cent) | Range of utilisation (Per cent) |
|--------------|-----------|------------------|-------------------|------------------|------------------------|---------------------------------|
| 1.           | 23        | 9,987.73         | 1,955.12          | 8,032.61         | 19.58                  | 10 to 30                        |
| 2.           | 30        | 567.89           | 145.21            | 422.68           | 25.57                  |                                 |
| 3.           | 31        | 405.31           | 70.05             | 335.26           | 17.28                  |                                 |
| <b>Total</b> |           | <b>10,960.93</b> | <b>2170.38</b>    | <b>8790.55</b>   |                        |                                 |
| 4.           | 3         | 1,129.59         | 552.64            | 576.95           | 48.92                  | 30 to 50                        |
| 5.           | 4         | 232.43           | 105.02            | 127.41           | 45.18                  |                                 |
| 6.           | 6         | 8,768.09         | 3,491.20          | 5,276.89         | 39.82                  |                                 |
| 7.           | 9         | 62.69            | 23.63             | 39.06            | 37.70                  |                                 |
| 8.           | 10        | 899.28           | 421.78            | 477.50           | 46.90                  |                                 |
| 9.           | 11        | 1,002.98         | 484.34            | 518.64           | 48.29                  |                                 |
| 10.          | 12        | 2,835.40         | 1,414.46          | 1,420.94         | 49.89                  |                                 |
| 11.          | 15        | 687.64           | 257.57            | 430.07           | 37.46                  |                                 |
| 12.          | 19        | 4,442.94         | 2,050.97          | 2,391.97         | 46.16                  |                                 |
| 13.          | 22        | 2,220.28         | 848.04            | 1,372.24         | 38.19                  |                                 |
| 14.          | 25        | 176.07           | 84.11             | 91.96            | 47.77                  |                                 |
| 15.          | 26        | 244.84           | 120.51            | 124.33           | 49.22                  |                                 |
| 16.          | 32        | 691.91           | 305.50            | 386.41           | 44.15                  |                                 |
| 17.          | 35        | 148.94           | 46.09             | 102.85           | 30.95                  |                                 |
| 18.          | 36        | 191.33           | 82.59             | 108.74           | 43.16                  |                                 |
| <b>Total</b> |           | <b>23,734.41</b> | <b>10,288.45</b>  | <b>13,445.96</b> |                        |                                 |
| 19.          | 1         | 797.36           | 483.00            | 314.36           | 60.58                  | 50 to 70                        |
| 20.          | 14        | 1,000.22         | 597.13            | 403.09           | 59.70                  |                                 |
| 21.          | 16        | 6,420.63         | 4,121.78          | 2,298.85         | 64.20                  |                                 |
| 22.          | 17        | 8,878.56         | 6,094.71          | 2,783.85         | 68.65                  |                                 |
| 23.          | 18        | 3,202.71         | 2,187.02          | 1,015.69         | 68.29                  |                                 |
| 24.          | 20        | 507.80           | 318.12            | 189.68           | 62.65                  |                                 |
| 25.          | 21        | 1,889.19         | 1,313.65          | 575.54           | 69.53                  |                                 |
| 26.          | 27        | 2,344.91         | 1,635.38          | 709.53           | 69.74                  |                                 |
| 27.          | 28        | 5,443.17         | 3,020.24          | 2,422.93         | 55.49                  |                                 |
| 28.          | 29        | 182.81           | 92.03             | 90.78            | 50.34                  |                                 |
| 29.          | 33        | 1,594.20         | 946.30            | 647.90           | 59.36                  |                                 |
| <b>Total</b> |           | <b>32,261.56</b> | <b>20,809.36</b>  | <b>11,452.20</b> |                        |                                 |
| 30.          | 2         | 11,007.49        | 8,302.76          | 2,704.73         | 75.43                  | 70 to 90                        |
| 31.          | 7         | 11,961.76        | 9,907.03          | 2,054.73         | 82.82                  |                                 |
| 32.          | 13        | 988.31           | 699.17            | 289.14           | 70.74                  |                                 |

| Sr. No.      | Grant No. | Total Budget     | Total Expenditure | Savings         | Utilisation (Per cent) | Range of utilisation (Per cent) |
|--------------|-----------|------------------|-------------------|-----------------|------------------------|---------------------------------|
| 33.          | 24        | 281.12           | 216.40            | 64.72           | 76.98                  |                                 |
| 34.          | 34        | 932.72           | 690.06            | 242.66          | 73.98                  |                                 |
| <b>Total</b> |           | <b>25,171.40</b> | <b>19,815.42</b>  | <b>5,355.98</b> |                        |                                 |
| 35.          | 8         | 57,453.73        | 54,864.85         | 2,588.88        | 95.49                  | 90 to 100                       |
| <b>Total</b> |           | <b>57,453.73</b> | <b>54,864.85</b>  | <b>2,588.88</b> |                        |                                 |

Source: Appropriation Accounts 2022-23.

**Appendix 3.12**  
**(Reference Paragraph: 3.5; page 86)**  
**Grants with Nil Expenditure**

(₹ in crore)

| S. No.       | Grant No. | Major Heads of Accounts               | Budget Allocation | Expenditure | Number of Schemes/ Sub Heads |
|--------------|-----------|---------------------------------------|-------------------|-------------|------------------------------|
| 1            | 1         | 2055, 3451, 4075                      | 31.18             | 0           | 4                            |
| 2            | 2         | 2055, 4055, 4059, 4070, 4235          | 16.23             | 0           | 5                            |
| 3            | 3         | 5475                                  | 41.60             | 0           | 5                            |
| 4            | 6         | 4801                                  | 574.27            | 0           | 5                            |
| 5            | 7         | 2202                                  | 5.66              | 0           | 4                            |
| 6            | 8         | 2075, 2235, 2049, 6235 and 6003       | 1,258.39          | 0           | 7                            |
| 7            | 10        | 2014                                  | 5.43              | 0           | 1                            |
| 8            | 11        | 2851, 4851, 4853                      | 75.97             | 0           | 7                            |
| 9            | 12        | 4401, 4402 and 4851                   | 67.07             | 0           | 8                            |
| 10           | 13        | 4403                                  | 43.50             | 0           | 2                            |
| 11           | 14        | 2401 and 4059                         | 5.83              | 0           | 4                            |
| 12           | 15        | 4235 and 4408                         | 97.36             | 0           | 4                            |
| 13           | 17        | 2210, 2211 and 4210                   | 109.40            | 0           | 16                           |
| 14           | 18        | 2070, 2225, 2235, 2236, 4225 and 4235 | 84.97             | 0           | 31                           |
| 15           | 19        | 4217                                  | 294.67            | 0           | 8                            |
| 16           | 21        | 4406                                  | 5.83              | 0           | 3                            |
| 17           | 22        | 4701, 4702 and 4711                   | 297.72            | 0           | 6                            |
| 18           | 23        | 4215                                  | 2,000.00          | 0           | 2                            |
| 19           | 26        | 4405                                  | 93                | 0           | 2                            |
| 20           | 27        | 2202, 4202                            | 218.11            | 0           | 3                            |
| 21           | 28        | 2501 and 4515                         | 96.00             | 0           | 9                            |
| 22           | 29        | 5055                                  | 5.00              | 0           | 1                            |
| 23           | 30        | 2225                                  | 9.46              | 0           | 1                            |
| 24           | 31        | 4202                                  | 3.31              | 0           | 2                            |
| 25           | 34        | 2203, 2230, 4202 and 4250             | 49.67             | 0           | 8                            |
| 26           | 36        | 2425                                  | 19.25             | 0           | 2                            |
| <b>Total</b> |           |                                       | <b>5,508.88</b>   | <b>0</b>    | <b>150</b>                   |

**Appendix 3.13**  
(Reference Paragraph: 3.5.1; page 86)  
Excess over provisions requiring regularisation

*(i) Details of Grants/ appropriations where Excess over provisions incurred by the UT Government during 2022-23*

(₹ in crore)

| Sl. No.                            | Grant Number                                | Total Grant/<br>Appropriation | Expenditure      | Excess          |
|------------------------------------|---|-------------------------------|------------------|-----------------|
| <b>I-Revenue Voted</b>             |   |                               |                  |                 |
| 1                                  | 19-Housing and Urban Development Department | 1,137.00 <sup>5</sup>         | 1,270.35         | 133.35          |
| 2                                  | 16- Public Works Department                 | 1,078.70 <sup>6</sup>         | 1,360.34         | 281.64          |
| <b>Total-I (Revenue Voted)</b>     |   | <b>2,215.70</b>               | <b>2,630.69</b>  | <b>414.99</b>   |
| <b>II-Revenue Charged</b>          |   |                               |                  |                 |
| 3                                  | 8-Finance Department                        | 7,424.68 <sup>7</sup>         | 8,493.82         | 1,069.14        |
| <b>Total-II (Revenue Charged)</b>  |   | <b>7,424.68</b>               | <b>8,493.82</b>  | <b>1,069.14</b> |
| <b>III-Capital Charged</b>         |   |                               |                  |                 |
| 4                                  | 8-Finance Department                        | 32,720.87                     | 34,066.91        | 1,346.04        |
| <b>Total-III (Capital Charged)</b> |   | <b>32,720.87</b>              | <b>34,066.91</b> | <b>1,346.04</b> |
| <b>Total (I+II)</b>                |   | <b>42,361.25</b>              | <b>45,191.42</b> | <b>2,830.17</b> |

*(ii) Excess expenditure incurred by the UT Government during the period 2019-20 (30 October 2019 onwards) to 2021-22 requiring regularisation*

(₹ in crore)

| Year                                       | No. of Grants/<br>Appropriation | Grant/<br>Appropriation No. | Excess           | Status of<br>regularisation |
|--|---------------------------------|-----------------------------|------------------|-----------------------------|
| 2019-20 (30 October 2019 to 31 March 2020) | 3                               | 8, 16, 27                   | 3,875.61         | Not regularised             |
| 2020-21                                    | 1                               | 8                           | 7,094.29         |                             |
| 2021-22                                    | 2                               | 8, 16                       | 2,049.26         |                             |
| <b>Total</b>                               |                                 |                             | <b>13,019.16</b> |                             |

<sup>5</sup> Does not include augmentation of ₹193.06 crore

<sup>6</sup> Does not include augmentation of ₹124.06 crore

<sup>7</sup> Does not include augmentation of ₹1651.09 crore

**Appendix 3.14**  
(Reference Paragraph: 3.5.3; page 88)

**Excess expenditure during the period 1980-81 to 2019-20 (01/04/2019 to 30/10/2019) requiring regularisation**

(₹ in crore)

| Year      | No. of Grants/<br>Appropriation | Grant/Appropriation No.   | Excess   | Status of<br>regularisation |
|-----------|---------------------------------|---|----------|-----------------------------|
| 1980-81   | 16                              | 1, 5, 6, 7, 8, 9, 12, 13, 14, 16, 18, 19, 20, 21, 22, 23              | 227.9    | Not regularised             |
| 1981-82   | 13                              | 1, 3, 5, 6, 8, 13, 14, 16, 18, 19, 20, 21, 23                         | 41.99    |                             |
| 1982-83   | 10                              | 6, 8, 9, 12, 14, 18, 19, 21, 22, 23                                   | 119.74   |                             |
| 1983-84   | 12                              | 1, 5, 6, 7, 8, 14, 18, 19, 20, 21, 22, 23                             | 176.75   |                             |
| 1984-85   | 10                              | 1, 6, 8, 10, 14, 16, 18, 19, 21, 23                                   | 65.42    |                             |
| 1985-86   | 10                              | 1, 4, 6, 10, 17, 18, 19, 22, 23, 26                                   | 19.64    |                             |
| 1986-87   | 15                              | 1, 2, 4, 6, 7, 8, 10, 13, 18, 19, 20, 22, 23, 25, 26                  | 104.22   |                             |
| 1987-88   | 17                              | 1, 2, 3, 5, 6, 8, 10, 12, 13, 18, 19, 21, 22, 23, 24, 26, 27          | 177.32   |                             |
| 1988-89   | 14                              | 1, 2, 8, 9, 10, 12, 13, 15, 17, 18, 22, 23, 26, 27                    | 438.42   |                             |
| 1989-90   | 9                               | 1, 7, 8, 11, 12, 20, 21, 23, 24                                       | 205.23   |                             |
| 1990-91   | 11                              | 1, 2, 5, 8, 12, 17, 19, 21, 23, 25, 26                                | 427.72   |                             |
| 1991-92   | 13                              | 1, 2, 5, 7, 8, 11, 12, 14, 21, 22, 23, 26, 27                         | 1,152.23 |                             |
| 1992-93   | 14                              | 1, 4, 5, 8, 10, 11, 12, 14, 16, 20, 21, 23, 24, 26                    | 1,029.71 |                             |
| 1993-94   | 17                              | 2, 3, 5, 8, 10, 12, 13, 14, 17, 18, 20, 21, 22, 23, 24, 26, 27        | 1,730.03 |                             |
| 1994-95   | 14                              | 5, 6, 8, 9, 10, 12, 13, 14, 20, 21, 23, 24, 26, 27                    | 2,057.49 |                             |
| 1995-96   | 19                              | 2, 5, 6, 8, 9, 10, 11, 12, 13, 16, 17, 18, 20, 21, 23, 24, 25, 26, 27 | 2,936.89 |                             |
| 1996-97   | 18                              | 2, 4, 5, 6, 8, 10, 11, 12, 13, 14, 16, 18, 20, 21, 23, 24, 26, 27     | 3,482.20 |                             |
| 1997-98   | 16                              | 1, 2, 4, 6, 8, 9, 12, 13, 16, 18, 21, 22, 23, 24, 26, 27              | 4,189.21 |                             |
| 1998-99   | 6                               | 4, 5, 6, 8, 23, 27  | 4,185.25 |                             |
| 1999-2000 | 12                              | 2, 3, 6, 8, 9, 12, 17, 18, 20, 23, 24, 26                             | 5,851.08 |                             |
| 2000-01   | 11                              | 1, 6, 8, 9, 12, 16, 18, 23, 25, 26, 27                                | 6,310.25 |                             |
| 2001-02   | 15                              | 3, 5, 6, 8, 11, 17, 18, 20, 21, 23, 25, 26, 27, 28, 29                | 6,393.41 |                             |

| Year  | No. of Grants/<br>Appropriation | Grant/Appropriation No.  | Excess             | Status of<br>regularisation |
|---|---------------------------------|--|--------------------|-----------------------------|
| 2002-03                                     | 15                              | 3, 5, 6, 7, 8, 12, 14, 16, 17,<br>18, 21, 23, 25, 26, 28                 | 505.61             |                             |
| 2003-04                                     | 18                              | 3, 5, 7, 8, 12, 13, 14, 15, 16,<br>17, 18, 20, 21, 23, 24, 25, 26,<br>28 | 9,770.53           |                             |
| 2004-05                                     | 15                              | 3, 6, 8, 9, 12, 14, 15, 16, 18,<br>20, 25, 26, 27, 28, 29                | 2,108.42           |                             |
| 2005-06                                     | 16                              | 3, 5, 8, 10, 12, 15, 16, 17, 18,<br>20, 21, 23, 25, 26, 27, 28           | 12,954.06          |                             |
| 2006-07                                     | 14                              | 8, 12, 14, 15, 16, 17, 18, 20,<br>21, 23, 25, 26, 27, 28                 | 2,150.03           |                             |
| 2007-08                                     | 14                              | 6, 8, 11, 12, 14, 15, 16, 20,<br>24, 25, 26, 27, 28, 29                  | 2,277.91           |                             |
| 2008-09                                     | 15                              | 5, 6, 8, 11, 12, 15, 16, 19, 20,<br>22, 23, 24, 25, 26, 27               | 3,277.38           |                             |
| 2009-10                                     | 14                              | 1, 6, 8, 11, 15, 16, 18, 20, 23,<br>24, 25, 26, 27, 29                   | 4,062.58           |                             |
| 2010-11                                     | 14                              | 5, 6, 8, 9, 16, 18, 19, 22, 23,<br>25, 26, 27, 28, 29                    | 6,130.76           |                             |
| 2011-12                                     | 14                              | 1, 6, 8, 11, 12, 15, 16, 18, 19,<br>20, 23, 25, 26, 27                   | 5,638.79           |                             |
| 2012-13                                     | 12                              | 1, 5, 8, 11, 13, 16, 18, 20, 23,<br>25, 26, 27                           | 4,741.57           |                             |
| 2013-14                                     | 13                              | 4, 6, 7, 8, 14, 15, 16, 18, 20,<br>23, 24, 25, 28                        | 4,469.79           |                             |
| 2014-15                                     | 12                              | 2, 6, 7, 8, 11, 16, 18, 19, 21,<br>23, 24, 25                            | 1,099.28           |                             |
| 2015-16                                     | 11                              | 4, 6, 7, 8, 15, 16, 17, 18, 23,<br>26, 28                                | 4,258.62           |                             |
| 2016-17                                     | 12                              | 3, 4, 5, 8, 11, 15, 16, 19, 23,<br>26, 28, 29                            | 2,896.86           |                             |
| 2017-18                                     | 8                               | 3, 5, 8, 16, 23, 24, 28, 29  | 6,397.06           |                             |
| 2018-19                                     | 7                               | 3, 5, 8, 15, 16, 17, 30  | 4,631.53           |                             |
| 2019-20<br>(01.04.2019<br>to<br>30.10.2019) | 16                              | 5, 7, 8, 9, 12, 15, 17, 18, 19,<br>21, 24, 26, 29, 32, 33, 34            | 5,311.53           |                             |
|   |                                 | <b>Total</b>   | <b>1,24,004.41</b> |                             |

**Appendix 3.15**  
(Reference Paragraph: 3.7.2; page 91)

**Rush of expenditure (Major Heads with more than 50 per cent of expenditure in March alone)**

(₹ in crore)

| S. No. | G. No. | MH   | MH description   | 1 <sup>st</sup> Qtr. Exp. | 2 <sup>nd</sup> Qtr. Exp. | 3 <sup>rd</sup> Qtr. Exp. | 4 <sup>th</sup> Qtr. Exp. | March Exp.    | Yearly Exp.   | Exp. March (Per cent) |
|--------|--------|------|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------|---------------|-----------------------|
| 1      | 8      | 2048 | Appropriation for reduction or avoidance of Debt   | 0                         | 0                         | 0                         | 58.91                     | 58.91         | 58.91         | 100                   |
| 2      | 8      | 6885 | Other Loans to Industries and Minerals   | 0                         | 0                         | 0                         | 2.00                      | 2.00          | 2.00          | 100                   |
| 3      | 18     | 2055 | Police   | 0                         | 0                         | 0                         | 2.77                      | 2.77          | 2.77          | 100                   |
| 4      | 4      | 4220 | Capital Outlay on Information and Publicity  | 0                         | 0                         | 0                         | 0.04                      | 0.04          | 0.04          | 100                   |
| 5      | 29     | 4059 | Capital Outlay on Public Works   | 0                         | 0.06                      | 0.43                      | 5.04                      | 4.68          | 5.53          | 84.63                 |
| 6      | 8      | 2075 | Miscellaneous General Services   | 0.12                      | 0.05                      | 0.04                      | 1.06                      | 1.02          | 1.27          | 80.31                 |
| 7      | 29     | 5055 | Capital Outlay on Road Transport   | 0                         | 0.03                      | 0.49                      | 2.20                      | 2.14          | 2.72          | 78.68                 |
| 8      | 10     | 4059 | Capital Outlay on Public Works   | 0                         | 4.98                      | 6.72                      | 37.80                     | 31.59         | 49.50         | 63.82                 |
| 9      | 22     | 4711 | Capital Outlay on Flood Control Projects   | 0                         | 9.01                      | 36.30                     | 124.85                    | 107.42        | 170.16        | 63.13                 |
| 10     | 30     | 4225 | Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 0                         | 0.57                      | 10.93                     | 68.85                     | 46.98         | 80.35         | 58.47                 |
| 11     | 15     | 4408 | Capital Outlay on Food Storage and Warehousing   | -0.13                     | -0.96                     | -0.37*                    | 74.99                     | 40.23         | 73.53         | 54.71                 |
| 12     | 2      | 4055 | Capital Outlay on Police   | 3.51                      | 18.32                     | 23.63                     | 134.14                    | 95.76         | 179.60        | 53.32                 |
| 13     | 8      | 2047 | Other Fiscal Services  | 0.15                      | 0.87                      | 3.72                      | 7.48                      | 6.49          | 12.22         | 53.11                 |
| 14     | 18     | 2225 | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes                   | 1.86                      | 1.93                      | 4.74                      | 22.15                     | 16.19         | 30.68         | 52.77                 |
| 15     | 21     | 4406 | Capital Outlay on Forestry and Wildlife  | 0.32                      | 2.55                      | 14.71                     | 39.78                     | 28.91         | 57.36         | 50.40                 |
|        |        |      | <b>Total (15 cases)</b>  | <b>5.83</b>               | <b>37.41</b>              | <b>101.34</b>             | <b>582.06</b>             | <b>445.13</b> | <b>726.64</b> |                       |

Source: VLC Data

\*The negative figures are due to booking of receipts and recoveries (sale proceeds) shown as deduct recoveries, as per accounting procedure applicable to the Major Head, under various minor heads in Major Head 4408-Capital outlay on Food Storage and Warehousing and classification of recoveries of overpayments of previous years under Minor Head 911-Deduct Recoveries.

**Appendix 4.1**  
(Reference Paragraph: 4.2; page 107)  
**Direct transfer of Central Scheme Funds to UT Government departments (funds routed outside UT Budget) (unaudited figures)**

(₹ in lakh)

| Sl. No. | Name of the GOI Scheme  | Implementing agencies in the UT  | Government of India Releases |          |          |
|---------|---|--|------------------------------|----------|----------|
|         |   |  | 2020-21                      | 2021-22  | 2022-23  |
| 1       | Atal Innovation Mission (AIM) including Self Employment and Talent Utilisation (SETU)                 | Various Government Higher Secondary Schools                                | 110.00                       | 336.00   | 46.00    |
| 2       | Agriculture Census and Statistics   | Agriculture Production Department Jammu and Kashmir                        | 0                            | 0        | 200.92   |
| 3       | Assistance to State Agencies for Intra-state Movement of Foodgrains and FPS dealers margin under NFSA | Consumer Affairs & Public Distribution Department Jammu and Kashmir        | 13,784.68                    | 4,750.57 | 0        |
| 4       | Ayushman Bharat-PM Jan Arogya Yojana (PMJAY)  | Health and Family Welfare  | 0                            | 0        | 8,561.69 |
| 5       | Biotechnology Research and Development  | Government Colleges for Women, M A Road, Srinagar, SKIMS, Soura, Srinagar. | 68.00                        | 0        | 0        |
| 6       | Beti Bachao Beti Padhao   | Various Dy. Commissioner, Government of Jammu and Kashmir                  | 320.52                       | 0        | 0        |
| 7       | Development of Infrastructure for Promotion of Health Research  | Medical College, Srinagar  | 47.99                        | 32.19    | 0        |
| 8       | Development of Nursing Services   | Various Nursing schools of Jammu and Kashmir                               | 1,125.00                     | 0        | 0        |
| 9       | Establishment Expenditure (EF&CC)   | Pr. Chief Conservator of Forests Jammu and Kashmir                         | 0                            | 138.46   | 476.28   |

| Sl. No. | Name of the GOI Scheme   | Implementing agencies in the UT                                     | Government of India Releases |         |         |
|---------|--|---|------------------------------|---------|---------|
|         |  |   | 2020-21                      | 2021-22 | 2022-23 |
| 10      | Establishment and Strengthening of NCDC Branches and Health Initiatives Inter Sectoral Coordination for Preparation and Control of Zoonotic Diseases and Other Neglected Tropical Diseases Surveillance of Viral Hepatitis Anti Microbial Resistance | Government Medical College, Jammu/Srinagar                          | 3.96                         | 0       | 0       |
| 11      | e-Court Phase-II   | Registrar General, High Court of Jammu and Kashmir                  | 100.12                       | 0       | 0       |
| 12      | Extra Mural Research Projects through Research Institutes etc.   | Government Ayurvedic Hospital, Jammu                                | 9.00                         | 0       | 0       |
| 13      | Human Resource and Capacity Development  | Government Medical College, Jammu                                   | 6.54                         | 17.52   | 0       |
| 14      | Health Sector Disaster Preparedness and Response and Human Resources Development for Emergency Medical Services  | Government Medical College, Jammu                                   | 0                            | 124.26  | 0       |
| 15      | Integrated Scheme on Agriculture Census and Statistics   | Agriculture Production Department of Jammu and Kashmir              | 313.78                       | 207.17  | 0       |
| 16      | Integrated Management of Public Distribution System  | Consumer Affairs & Public Distribution Department Jammu and Kashmir | 45.42                        | 64.80   | 115.87  |
| 17      | Innovation, Technology Development and Deployment  | Jammu & Kashmir Science, Technology and Innovation Council          | 198.60                       | 20.26   | 0       |

| Sl. No. | Name of the GOI Scheme  | Implementing agencies in the UT                                       | Government of India Releases |           |           |
|---------|---|---|------------------------------|-----------|-----------|
|         |   |   | 2020-21                      | 2021-22   | 2022-23   |
| 18      | Infrastructure and Technology Development Schemes   | District Development Commissioner, Budgam                             | 103.58                       | 0         | 0         |
| 19      | Incentivisation of Panchayat  | Rashtriya Gram Swaraj Abhiyan   | 60.00                        | 0         | 0         |
| 20      | Management Support to Rural Development Programs and Strengthening of District Planning Process | Regional Extension Training Centre Budgam                             | 0                            | 16.61     | 0         |
| 21      | National Organ Transplant Programme   | Government Medical College, Jammu                                     | 0                            | 22.00     | 0         |
| 22      | Member of Parliament Local Area Development Scheme (MPLAD)                                      | Various Distt. Deputy Commissioners, Government of Jammu and Kashmir  | 2,250.00                     | 1,300.00  | 2,200.00  |
| 23      | Maintenance of National Highways- Financed from CRF   | Transport Commissioner, Government of Jammu and Kashmir               | 20.00                        | 0         | 0         |
| 24      | One Stop Centre   | Deputy Commissioner, Government of Jammu and Kashmir                  | 218.84                       | 0         | 0         |
| 25      | Official Development Assistance for Sustainable   | SPV-Aspirational, Baramulla/Kupwara                                   | 0                            | 1,602.40  | 0         |
| 26      | Pradhan Mantri Matru Vandana Yojana   | Social Welfare Department, Jammu & Kashmir Government                 | 750.11                       | 0         | 0         |
| 27      | Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)  | Department of Agriculture Production, Government of Jammu and Kashmir | 70,883.40                    | 66,458.12 | 52,482.10 |
| 28      | Pradhan Mantri Kisan Sampada Yojana- Mega Food Parks  | Department of Horticulture, Government of Jammu and Kashmir           | 150.00                       | 0         | 0         |

| Sl. No. | Name of the GOI Scheme  | Implementing agencies in the UT   | Government of India Releases |          |          |
|---------|---|---|------------------------------|----------|----------|
|         |   |   | 2020-21                      | 2021-22  | 2022-23  |
| 29      | PM Formalisation of Micro Food Processing Enterprises (PM-FME)                                    | Department of Horticulture, Government of Jammu and Kashmir             | 668.64                       | 2.33     | 0        |
| 30      | Price Monitoring Structure  | Consumer Affairs & Public Distribution Department Jammu and Kashmir     | 3.42                         | 0        | 0        |
| 31      | Relief and Rehabilitation for Migrants and Repatriates  | Dy. Commissioners/ Additional Deputy Commissioners of Jammu and Kashmir | 0                            | 12.00    | 65.00    |
| 32      | Research/ Studies, Publicity, Monitoring and Evaluation of Development Schemes for Minorities     | Government Degree College Sopore, Kashmir                               | 2.50                         | 2.50     | 0        |
| 33      | Research Training and Studies and Other Road Safety Schemes                                       | Transport Commissioner, Jammu and Kashmir                               | 104.65                       | 373.15   | 101.90   |
| 34      | SAMARTHYA (BBBP Creche PMMVY Gender Budget Research Skilling Training etc.)                       | Social Welfare Department Jammu & Kashmir Government                    | 0                            | 4,037.77 | 2,060.28 |
| 35      | Scheme for differently Abled persons  | Under Secretary, Commissioner for Persons with Disabilities, Jammu      | 0                            | 0        | 16.00    |
| 36      | SAMBAL (One Stop Centre Mahila Police Volunteer Women helpline Swadhar Ujjawala Widow homes etc.) | Various One Stop Centres  | 0                            | 388.85   | 0        |
| 37      | Science and Technology Institutional and Human Capacity Building                                  | Government Degree Colleges  | 13.50                        | 42.27    | 0        |

| Sl. No.            | Name of the GOI Scheme                                 | Implementing agencies in the UT                                     | Government of India Releases |                  |                  |
|--------------------|--|---|------------------------------|------------------|------------------|
|                    |  |   | 2020-21                      | 2021-22          | 2022-23          |
| 38                 | Strengthening of Public Distribution system operations | Consumer Affairs & Public Distribution Department Jammu and Kashmir | 0                            | 0                | 11,551.90        |
| 39                 | Sugar Subsidy Payable Under PDS                        | Consumer Affairs & Public Distribution Department Jammu and Kashmir | 208.26                       | 254.13           | 476.32           |
| 40                 | Support for Statistical Strengthening                  | Directorate of Economics & Statistics, Jammu and Kashmir            | 137.75                       | 0                | 0                |
| 41                 | Works under Roads Wing                                 | Deputy Commissioner, Pulwama  | 0                            | 0                | 340.89           |
| 42                 | Women Help Line  | Deputy Commissioner, Jammu  | 60.07                        | 0                | 0                |
| 43                 | Other  |   | 0                            | 0.25             | 0                |
| <b>Grand Total</b> |  |   | <b>91,768.33</b>             | <b>80,203.61</b> | <b>78,695.15</b> |

Source Finance Account.

Out of total amount of ₹4,23,734.48 lakh released by Government of India an amount of ₹78,695.15 lakh has been transferred to the various Government Department of Jammu and Kashmir and ₹3,45,039.33 lakh to various Autonomous Bodies/ other Entities of the Government. Please refer also para 3 (xvi) of Notes to Finance Accounts Vol-I

**Appendix 4.2**  
(Reference Paragraph: 4.6; page 113)

**Significant expenditure booked under Minor Head-800-Other Expenditure during the period 2022-23**

| Major Head   | Total Expenditure including Expenditure under Minor Head- 800 | Expenditure under Minor Head-800 | Percentage of Expenditure under Minor Head-800 to Total Expenditure under the Major Head |
|--|---|----------------------------------|--|
|  | (₹ in crore)  | (₹ in crore)                     | (Per cent)   |
| 2040-Taxes on Sales, Trade etc.                                    | 1.85  | 1.19                             | 64.43  |
| 2075-Miscellaneous General Services                                | 1.27  | 1.00                             | 78.67  |
| 4070-Capital Outlay on Other Administrative Services               | 22.04   | 22.04                            | 100.00   |
| 4075-Capital Outlay on Miscellaneous General Services              | 7.56  | 7.56                             | 100.00   |
| 4210- Capital Outlay on Medical and Public Health                  | 365.76  | 240.49                           | 65.75  |
| 4216- Capital Outlay on Housing                                    | 7.71  | 6.55                             | 85.00  |
| 4217- Capital Outlay on Urban Development                          | 772.91  | 424.84                           | 54.97  |
| 4220- Capital Outlay on Information and Publicity                  | 0.04  | 0.04                             | 100.00   |
| 4225- Capital Outlay on Welfare of SC/ST/OBC and Minorities        | 100.92  | 100.52                           | 99.60  |
| 4236- Capital Outlay on Nutrition                                  | 24.21   | 24.21                            | 100.00   |
| 4250-Capital Outlay on Other Social Services                       | 17.72   | 9.48                             | 53.46  |
| 4401-Capital Outlay on Crop Husbandry                              | 270.24  | 161.56                           | 59.78  |
| 4405-Capital Outlay on Fisheries                                   | 12.61   | 12.61                            | 100  |
| 4406-Capital Outlay on Forestry and Wild life                      | 76.20   | 42.99                            | 56.41  |
| 5425-Capital Outlay on Other Scientific and Environmental Research | 37.17   | 34.17                            | 91.94  |
| 5452-Capital Outlay on Tourism                                     | 167.94  | 167.94                           | 100.00   |
| 5475- Capital Outlay on Other General Economic Services            | 557.98  | 318.68                           | 57.11  |

Source: VLC Data.

**Appendix 4.3**  
(Reference Paragraph: 4.6; page 113)  
**Significant receipts booked under Minor Head-800–Other Receipts**  
**during 2022-23**

| Major Head   | Total Receipts including Receipts under Minor Head-800 | Receipts under Minor Head-800 | Percentage of Receipts under Minor Head-800 to Total Receipts under the Major Head |
|--|--|-------------------------------|--|
|  | (₹ in crore)   | (₹ in crore)                  | (Per cent)   |
| 0039- State Excise   | 1,793.74   | 1,001.30                      | 55.82  |
| 0049-Interest Receipt  | 18.79  | 18.29                         | 97.36  |
| 0059-Public Works  | 55.19  | 39.24                         | 71.10  |
| 0070-Other Administrative Services   | 39.00  | 21.20                         | 54.37  |
| 0071-Contributions and recoveries towards Pension and other retirement benefits. | 5.26   | 4.44                          | 84.53  |
| 0075- Miscellaneous General Services   | 96.57  | 85.90                         | 88.95  |
| 0211-Family Welfare  | 0.07   | 0.07                          | 100.00   |
| 0216-Housing   | 4.76   | 2.46                          | 51.68  |
| 0217-Urban Development   | 11.04  | 11.04                         | 100.00   |
| 0220-Information and Publicity   | 0.04   | 0.04                          | 100.00   |
| 0230-Labour and Employment   | 8.82   | 4.78                          | 54.20  |
| 0235-Social Security and Welfare   | 10.04  | 10.04                         | 100.00   |
| 0406- Forestry and Wild Life   | 214.49   | 166.08                        | 77.43  |
| 0408-Food Storage and Warehousing  | 1.73   | 1.73                          | 100.00   |
| 515- Other Rural Development Programmes  | 6.16   | 6.16                          | 100.00   |
| 0701-Major and Medium Irrigation   | 706.23   | 706.23                        | 100.00   |
| 0702-Minor Irrigation  | 9.32   | 5.83                          | 62.58  |
| 0801-Power   | 3,307.54   | 3,307.54                      | 100.00   |
| 0853-Non-ferrous mining and Metallurgical Industries                             | 101.17   | 54.49                         | 53.86  |
| 1452- Tourism  | 9.80   | 9.75                          | 99.57  |

Source: VLC Data.

**Appendix 4.4**  
**(Reference Paragraph: 4.12; page 118)**  
**Position of Arrears of Accounts as on 31 March 2023**

| S. No. | Name of the Company  | Last Audit upto | Accounts received upto | No of accounts in arrears | Remarks  |
|--------|--|-----------------|------------------------|---------------------------|--|
| 1.     | Jammu & Kashmir Power Development Corporation Limited  | 2015-16         | 2015-16                | 6                         |  |
| 2.     | Jammu & Kashmir State Industrial Development Corporation Limited   | 2013-14         | 2013-14                | 8                         |  |
| 3.     | Jammu & Kashmir Small Scale Industries Development Corporation Limited                                   | 2017-18         | 2018-19                | 3                         | Comments for the year 2018-19 issued on 8 June 2023                |
| 4.     | Jammu & Kashmir Minerals Limited   | 2010-11         | 2010-11                | 11                        |  |
| 5.     | Jammu & Kashmir Cements limited  | 2011-12         | 2011-12                | 10                        |  |
| 6.     | Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited                           | 2018-19         | 2018-19                | 3                         |  |
| 7.     | Jammu & Kashmir Handloom Development Corporation Limited   | 2018-19         | 2020-21                | 1                         | Comments for the years 2019-20 and 2020-21 issued on 19 April 2023 |
| 8.     | Jammu & Kashmir Industries Limited   | 2018-19         | 2019-20                | 2                         | Comments for the years 2019-20 issued on 8 June 2023               |
| 9.     | Jammu & Kashmir Agro Industries Development Corporation Limited  | 2020-21         | 2021-22                | 0                         | Comments for the years 2021-22 issued on 8 June 2023               |
| 10.    | Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited                        | 2016-17         | 2016-17                | 5                         |  |
| 11.    | Jammu & Kashmir Cable Car Corporation Limited  | 2013-14         | 2013-14                | 8                         |  |
| 12.    | Jammu & Kashmir Tourism Development Corporation Limited  | 2019-20         | 2019-20                | 2                         |  |
| 13.    | Jammu & Kashmir Women's Development Corporation Limited  | 2020-21         | 2020-21                | 1                         |  |
| 14.    | Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited | 2019-20         | 2019-20                | 2                         |  |

| S. No. | Name of the Company   | Last Audit upto | Accounts received upto | No of accounts in arrears | Remarks   |
|--------|---|-----------------|------------------------|---------------------------|---|
| 15.    | Jammu & Kashmir Bank Limited  | 2021-22         | 2021-22                | 0                         |   |
| 16.    | Jammu & Kashmir Bank Financial Services Limited                             | 2021-22         | 2021-22                | 0                         |   |
| 17.    | Jammu & Kashmir Projects Construction Corporation Limited                   | 2018-19         | 2018-19                | 3                         |   |
| 18.    | Jammu & Kashmir Police Housing Corporation Limited                          | 2014-15         | 2014-15                | 7                         |   |
| 19.    | Chenab Valley Power Project Private Limited                                 | 2021-22         | 2021-22                | 0                         |   |
| 20.    | Jammu & Kashmir Overseas Employment Corporation Limited                     | 2010-11         | 2010-11                | 11                        |   |
| 21.    | Jammu & Kashmir Medical Supplies Corporation Limited                        | 2014-15         | 2014-15                | 7                         |   |
| 22.    | Jammu & Kashmir Trade Promotion Organisation                                | 2021-22         | 2021-22                | 0                         |   |
| 23.    | Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited | 2019-20         | 2019-20                | 2                         |   |
| 24.    | Kashmir Power Distribution Corporation Limited                              | 2018-19         | 2018-19                | 3                         |   |
| 25.    | Jammu & Kashmir Power Transmission Corporation Limited                      | 2018-19         | 2018-19                | 3                         |   |
| 26.    | Jammu Smart City Limited  | 2019-20         | 2019-20                | 2                         |   |
| 27.    | Srinagar Smart City Limited   | 2018-19         | 2018-19                | 3                         |   |
| 28.    | Jammu & Kashmir Power Corporation Limited                                   | 2018-19         | 2018-19                | 3                         |   |
| 29.    | Jammu Power Distribution Corporation Limited                                | 2018-19         | 2019-20                | 2                         | Comments for the year 2019-20 accounts issued on 24 August 2023 |
| 30.    | Jammu & Kashmir Entrepreneurship Development Institute (JKEDI)              | -               | -                      | 4                         | Accounts in arrear since 2018-19.                               |
| 31.    | Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited                | 2021-22         | 2021-22                | 0                         |   |
| 32.    | Jammu & Kashmir International Trade Centre Corporation Limited (Inactive)   | -               | -                      | 8                         | Accounts in arrear since 2014-15.                               |
| 33.    | Jammu & Kashmir Road Development Corporation Limited (Inactive Company)     | -               | -                      | 8                         | Accounts in arrear since 2014-15.                               |
| 34.    | Jammu Mass Rapid Transit Corporation Pvt. Limited                           | -               | -                      | 3                         | Accounts in arrear since 2019-20.                               |

| <b>S. No.</b>                  | <b>Name of the Company</b>                             | <b>Last Audit upto</b> | <b>Accounts received upto</b> | <b>No of accounts in arrears</b> | <b>Remarks</b>   |
|--------------------------------|--|------------------------|-------------------------------|----------------------------------|--|
| 35.                            | Srinagar Mass Rapid Transit Corporation Pvt. limited   | -                      | -                             | 3                                | Accounts in arrear since 2019-20.  |
| 36.                            | Jammu & Kashmir Asset Reconstruction Limited           | -                      | -                             | 5                                | Accounts in arrear since 2017-18   |
| 37.                            | Jammu & Kashmir Forest Development Corporation Limited | 2012-13                | 2019-20                       | 2                                | SARs for the years 2013-14 to 2017-18 and 2018-19 to 2019-20 issued on 22 June 2023 and 31 August 2023 respectively. |
| <b>Total</b>                   |  |                        |                               | <b>141</b>                       |  |
| <b>Name of the Corporation</b> |  |                        |                               |                                  |  |
| 38.                            | Jammu & Kashmir Road Transport Corporation             | 2018-19                | 2018-19                       | 3                                |  |
| 39.                            | Jammu & Kashmir and Ladakh Financial Corporation       | 2018-19                | 2020-21                       | 1                                | SARs for the year 2019-20 and 2020-21 issued 3 October 2023.   |
| <b>Total</b>                   |  |                        |                               | <b>4</b>                         |  |
| <b>Grand Total</b>             |  |                        |                               | <b>145</b>                       |  |

**Appendix 5.1**  
(Reference Paragraph: 5.3; page 121)  
**Detail of PSUs in Jammu & Kashmir under the audit jurisdiction of the CAG as on 31 March 2023**

| Sl. No.   | Sector type and Name of PSU  | Remarks   |
|-----------|--|---|
| <b>A</b>  | <b>Power Sector</b>  |   |
| <b>I</b>  | <b>Working Government Companies</b>  |   |
| 1.        | Jammu & Kashmir Power Development Corporation Limited  | -   |
| 2.        | Jammu & Kashmir Power Transmission Corporation Limited   | -   |
| 3.        | Jammu Power Distribution Corporation Limited   | -   |
| 4.        | Kashmir Power Distribution Corporation Limited   | -   |
| 5.        | Jammu & Kashmir Power Corporation Limited  | -   |
| <b>II</b> | <b>Working Government Controlled Other Company</b>   |   |
| 6.        | Chenab Valley Power Projects Private Limited   | -   |
| <b>B</b>  | <b>Social Sector</b>   |   |
| <b>I</b>  | <b>Working Government Companies</b>  |   |
| 7.        | Jammu & Kashmir Agro Industries Development Corporation Limited  | -   |
| 8.        | Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited  | -   |
| 9.        | Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited                         | -   |
| 10.       | Jammu & Kashmir Women's Development Corporation Limited  | -   |
| 11.       | Jammu & Kashmir Small Scale Industries Development Corporation Limited   | -   |
| 12.       | Jammu & Kashmir State Industrial Development Corporation Limited   | -   |
| 13.       | Jammu & Kashmir Industries Limited   | -   |
| 14.       | Jammu & Kashmir Overseas Employment Corporation Limited  | -   |
| 15.       | Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited   | -   |
| 16.       | Jammu & Kashmir Handloom Development Corporation Limited   | -   |
| 17.       | Jammu & Kashmir Trade Promotion Organisation   | -   |
| 18.       | Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited  | -   |
| 19.       | Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited   | -   |
| 20.       | Jammu & Kashmir Forest Development Corporation Limited   | The Company was incorporated under the Companies Act, 2013 in December 2020 after repeal of J&K State Forest Corporation Act, 1978. |
| 21.       | Jammu & Kashmir Medical Supplies Corporation Limited   | The Company has not submitted its accounts since inception.   |
| 22.       | AIC-Jammu & Kashmir EDI Foundation   | The Company has not submitted its accounts since inception.   |
| <b>II</b> | <b>Inactive Government Companies</b>   |   |
| 23.       | Jammu & Kashmir Asset Reconstruction Limited   | The Govt. has accorded sanction to voluntary winding up of the Company vide order no FD 453 of 2019 dated 24 October 2019.          |
| 24.       | Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) | The Company is under liquidation  |
| <b>C</b>  | <b>Competitive Environment Sector</b>  |   |

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| Sl. No.    | Sector type and Name of PSU                               | Remarks   |
|------------|---|---|
| <b>I</b>   | <b>Working Government Companies</b>                       |   |
| 25.        | Jammu & Kashmir Cements Limited                           | -   |
| 26.        | Jammu & Kashmir Minerals Limited                          | -   |
| 27.        | Jammu & Kashmir Cable Car Corporation Limited             | -   |
| 28.        | Jammu & Kashmir Bank Limited                              | -   |
| 29.        | JKB Financial Services Limited                            | -   |
| 30.        | Jammu & Kashmir Tourism Development Corporation Limited   | -   |
| <b>II</b>  | <b>Working Statutory Corporation</b>                      |   |
| 31.        | Jammu & Kashmir and Ladakh Financial Corporation          | -   |
| 32.        | Jammu & Kashmir Road Transport Corporation                | -   |
| <b>III</b> | <b>Inactive Government Companies</b>                      |   |
| 33.        | Tawi Scooters Limited                                     | The Company is under liquidation                        |
| 34.        | Himalayan Wool Combers Limited                            | The Company is under liquidation                        |
| <b>D</b>   | <b>Others</b>   |   |
| <b>I</b>   | <b>Working Government Companies</b>                       |   |
| 35.        | Jammu & Kashmir Projects Construction Corporation Limited | -   |
| 36.        | Jammu & Kashmir Police Housing Corporation Limited        | -   |
| 37.        | Srinagar Smart City Limited                               | -   |
| 38.        | Jammu Smart City Limited                                  | -   |
| 39.        | Jammu Mass Rapid Transit Corporation Pvt. limited         | The Company has not yet started its business operations |
| 40.        | Srinagar Mass Rapid Transit Corporation Pvt. limited      | The Company has not yet started its business operations |
| <b>II</b>  | <b>Inactive Government Companies</b>                      |   |
| 41.        | Jammu & Kashmir Road Development Corporation Limited      | The Company has not yet started its business operations |
| 42.        | Jammu & Kashmir International Trade Centre                | The Company has not yet started its business operations |

**Appendix 5.2**  
(Reference Paragraph: 5.3; page 122)  
**Detail of turnover of PSUs as per their latest finalised accounts as of 30 September 2023**

(₹ in crore)

| Sl. No.   | Sector type and Name of PSU  | Period of accounts | Year in which finalised | Turnover |
|-----------|--|--------------------|-------------------------|----------|
| <b>A</b>  | <b>Power Sector</b>  |                    |                         |          |
| <b>I</b>  | <b>Working Government Companies</b>  |                    |                         |          |
| 1.        | Jammu & Kashmir Power Development Corporation Limited  | 2015-16            | 2020-21                 | 1,037.85 |
| 2.        | Jammu & Kashmir Power Corporation Limited  | 2018-19            | 2021-22                 | 0        |
| 3.        | Jammu & Kashmir Power Transmission Corporation Limited   | 2018-19            | 2020-21                 | 0        |
| 4.        | Jammu Power Distribution Corporation Limited   | 2019-20            | 2022-23                 | 204.66   |
| 5.        | Kashmir Power Distribution Corporation Limited   | 2019-20            | 2023-24                 | 0        |
| <b>II</b> | <b>Working Government Controlled Other Company</b>   |                    |                         |          |
| 6.        | Chenab Valley Power Projects Private Limited   | 2022-23            | 2023-24                 | 0        |
| <b>B</b>  | <b>Social Sector</b>   |                    |                         |          |
| <b>I</b>  | <b>Working Government Companies</b>  |                    |                         |          |
| 7.        | Jammu & Kashmir Agro Industries Development Corporation Limited  | 2021-22            | 2022-23                 | 38.01    |
| 8.        | Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited  | 2018-19            | 2023-24                 | 3.00     |
| 9.        | Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited                         | 2019-20            | 2022-23                 | 2.10     |
| 10.       | Jammu & Kashmir Women's Development Corporation Limited  | 2020-21            | 2021-22                 | 4.10     |
| 11.       | Jammu & Kashmir Small Scale Industries Development Corporation Limited   | 2018-19            | 2022-23                 | 629.36   |
| 12.       | Jammu & Kashmir State Industrial Development Corporation Limited   | 2013-14            | 2019-20                 | 19.16    |
| 13.       | Jammu & Kashmir Industries Limited   | 2020-21            | 2023-24                 | 8.55     |
| 14.       | Jammu & Kashmir Overseas Employment Corporation Limited  | 2010-11            | 2013-14                 | 0        |
| 15.       | Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited   | 2018-19            | 2020-21                 | 11.12    |
| 16.       | Jammu & Kashmir Handloom Development Corporation Limited   | 2020-21            | 2022-23                 | 23.46    |
| 17.       | Jammu & Kashmir Trade Promotion Organisation   | 2022-23            | 2023-24                 | 0        |
| 18.       | Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited  | 2020-21            | 2023-24                 | 0        |
| 19.       | Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited   | 2021-22            | 2022-23                 | 0        |
| 20.       | Jammu & Kashmir Forest Development Corporation Limited   | 2019-20            | 2021-22                 | 148.71   |
| 21.       | Jammu & Kashmir Medical Supplies Corporation Limited   | 2015-16            | 2023-24                 | 0        |
| 22.       | AIC-Jammu & Kashmir EDI Foundation   | -                  | -                       | -        |
| <b>II</b> | <b>Inactive Government Companies</b>   |                    |                         |          |
| 23.       | Jammu & Kashmir Asset Reconstruction Limited   | -                  | -                       | -        |
| 24.       | Jammu & Kashmir Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) | 1991-92            | 1999-2000               | -        |

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| Sl. No.    | Sector type and Name of PSU                                    | Period of accounts | Year in which finalised | Turnover         |
|------------|--|--------------------|-------------------------|------------------|
| <b>C</b>   | <b>Competitive Environment Sector</b>                          |                    |                         |                  |
| <b>I</b>   | <b>Working Government Companies</b>                            |                    |                         |                  |
| 25.        | Jammu & Kashmir Cements Limited                                | 2021-22            | 2023-24                 | 0                |
| 26.        | Jammu & Kashmir Minerals Limited                               | 2013-14            | 2023-24                 | 9.70             |
| 27.        | Jammu & Kashmir Cable Car Corporation Limited                  | 2013-14            | 2021-22                 | 37.20            |
| 28.        | Jammu & Kashmir Bank Limited                                   | 2022-23            | 2023-24                 | 9,355.11         |
| 29.        | JKB Financial Services Limited                                 | 2022-23            | 2023-24                 | 9.42             |
| 30.        | Jammu & Kashmir Tourism Development Corporation Limited        | 2020-21            | 2023-24                 | 35.34            |
| <b>II</b>  | <b>Working Statutory Corporation</b>                           |                    |                         |                  |
| 31.        | Jammu & Kashmir and Ladakh Financial Corporation               | 2020-21            | 2022-23                 | 6.20             |
| 32.        | Jammu & Kashmir Road Transport Corporation                     | 2018-19            | 2020-21                 | 79.71            |
| <b>III</b> | <b>Inactive Government Companies</b>                           |                    |                         |                  |
| 33.        | Tawi Scooters Limited  | 1989-90            | 1991-92                 | -                |
| 34.        | Himalayan Wool Combers Limited                                 | 1999-2000          | 2000-01                 | -                |
| <b>D</b>   | <b>Others</b>  |                    |                         |                  |
| <b>I</b>   | <b>Working Government Companies</b>                            |                    |                         |                  |
| 35.        | Jammu & Kashmir Projects Construction Corporation Limited      | 2018-19            | 2020-21                 | 409.06           |
| 36.        | Jammu & Kashmir Police Housing Corporation Limited             | 2016-17            | 2023-24                 | 12.92            |
| 37.        | Srinagar Smart City Limited                                    | 2018-19            | 2021-22                 | 0                |
| 38.        | Jammu Smart City Limited                                       | 2019-20            | 2021-22                 | 0                |
| 39.        | Jammu Mass Rapid Transit Corporation Pvt. limited              | -                  | -                       | -                |
| 40.        | Srinagar Mass Rapid Transit Corporation Pvt. limited           | -                  | -                       | -                |
| <b>II</b>  | <b>Inactive Government Companies</b>                           |                    |                         |                  |
| 41.        | Jammu & Kashmir Road Development Corporation Limited           | -                  | -                       | -                |
| 42.        | Jammu & Kashmir International Trade Centre Corporation Limited | -                  | -                       | -                |
|            | <b>Total</b>   |                    |                         | <b>12,084.74</b> |

(Source: Latest finalized accounts of PSUs)

## Appendix 5.3

(Reference Paragraph: 5.4.1; page 122)

## Statement showing position of equity and outstanding loans relating to PSUs as on 31 March 2023

(` in crore)

| Sl. No.  | Sector and Name of PSU   | Name of Department                 | Month & year of Incorporation | Equity at the end of year 2022-23 |             |                 |                 | Long term Loans at the end of year 2022-23 |                 |                  |                  |
|--|--|------------------------------------|-------------------------------|-----------------------------------|-------------|-----------------|-----------------|--|-----------------|------------------|------------------|
|  |  |                                    |                               | GoJ&K<br>5(a)                     | GoI<br>5(b) | Others<br>5(c)  | Total<br>5(d)   | GoJ&K<br>6(a)                              | GoI<br>6(b)     | Others<br>6(c)   | Total<br>6(d)    |
| <b>1</b>   | <b>2</b>   | <b>3</b>                           | <b>4</b>                      | <b>5(a)</b>                       | <b>5(b)</b> | <b>5(c)</b>     | <b>5(d)</b>     | <b>6(a)</b>                                | <b>6(b)</b>     | <b>6(c)</b>      | <b>6(d)</b>      |
| <b>A. Power Sector</b>                                 |  |                                    |                               |                                   |             |                 |                 |  |                 |                  |                  |
| <b>I. Working Government Companies</b>                 |  |                                    |                               |                                   |             |                 |                 |  |                 |                  |                  |
| 1.   | Jammu & Kashmir Power Development Corporation Limited  | Power Development Department (PDD) | Feb-1995                      | 2,593.34                          | 0           | 0               | 2,593.34        | 0  | 0               | 731.90           | 731.90           |
| 2.   | Jammu Power Distribution Corporation Limited   | PDD                                | June-2013                     | 0.05                              | 0           | 0               | 0.05            | 0  | 0               | 0                | 0                |
| 3.   | Kashmir Power Distribution Corporation Limited   | PDD                                | June-2013                     | 0.05                              | 0           | 0               | 0.05            | 0  | 0               | 0                | 0                |
| 4.   | Jammu & Kashmir Power Transmission Corporation Limited   | PDD                                | March-2013                    | 0.05                              | 0           | 0               | 0.05            | 0  | 0               | 0                | 0                |
| 5.   | Jammu & Kashmir Power Corporation Limited  | PDD                                | March-2013                    | 0.05                              | 0           | 0               | 0.05            | 0  | 0               | 21,613.62        | 21,613.62        |
| <b>II. Working Government Controlled Other Company</b> |  |                                    |                               |                                   |             |                 |                 |  |                 |                  |                  |
| 6.   | Chenab Valley Power Projects (Pvt.) Ltd.   | PDD                                | June-2011                     | 0                                 | 0           | 3,917.08*       | 3,917.08        | 0  | 1,023.49        | 0                | 1,023.49         |
| <b>Total A</b>   |  |                                    |                               | <b>2,593.54</b>                   | <b>0</b>    | <b>3,917.08</b> | <b>6,510.62</b> | <b>0</b>                                   | <b>1,023.49</b> | <b>22,345.52</b> | <b>23,369.01</b> |
| <b>B. Social Sector</b>                                |  |                                    |                               |                                   |             |                 |                 |  |                 |                  |                  |
| <b>I. Working Government Companies</b>                 |  |                                    |                               |                                   |             |                 |                 |  |                 |                  |                  |
| 7.   | Jammu & Kashmir Agro Industries Development Corporation Limited  | Agriculture production             | 30-Jan-70                     | 2.60                              | 0.94        | 0               | 3.54            | 25.19                                      | 0               | 0                | 25.19            |
| 8.   | Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited                              | Agriculture production             | 10-Apr-78                     | 6.80                              | 3.20        | 0               | 10.00           | 14.75                                      | 0               | 0                | 14.75            |
| 9.   | Jammu & Kashmir Scheduled castes, Scheduled Tribes and Other Back-ward Classes Development Corporation Limited | Social Welfare                     | 01-Apr-86                     | 23.17                             | 28.05       | 0               | 51.22           | 67.34                                      | 0               | 104.38           | 171.72           |
| 10.  | Jammu & Kashmir Women's Development Corporation Limited  | Social Welfare                     | 10-May-96                     | 10.00                             | 0           | 0               | 10.00           | 27.66                                      | 0               | 108.22           | 135.88           |
| 11.  | Jammu & Kashmir Small Scale Industries Development Corporation Limited   | Industries and Commerce            | 28-Nov-75                     | 89.91                             | 0           | 0               | 89.91           | 0  | 0               | 0                | 0                |
| 12.  | Jammu & Kashmir State Industrial Development Corporation Limited   | Industries and Commerce            | 17-Mar-69                     | 17.64                             | 0           | 0               | 17.64           | 22.72                                      | 0               | 0                | 22.72            |
| 13.  | Jammu & Kashmir Industries Limited   | Industry and Commerce              | 04-Oct-60                     | 16.27                             | 0           | 0               | 16.27           | 264.99                                     | 0               | 0                | 264.99           |

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| Sl. No.                                | Sector and Name of PSU   | Name of Department      | Month & year of Incorporation                                    | Equity at the end of year 2022-23 |              |             |               | Long term Loans at the end of year 2022-23 |             |                 |                 |
|--|--|-------------------------|--|-----------------------------------|--------------|-------------|---------------|--|-------------|-----------------|-----------------|
|  |  |                         |  |                                   |              |             |               |  |             |                 |                 |
| 14.                                    | Jammu & Kashmir Overseas Employment Corporation Limited  | Finance                 | 10-Oct-10  | 4.06                              | 0            | 0           | 4.06          | 0  | 0           | 0               | 0               |
| 15.                                    | Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited   | Industries and Commerce | 06-Jan-70  | 7.08                              | 0.89         | 0           | 7.97          | 65.16                                      | 0           | 0               | 65.16           |
| 16.                                    | Jammu & Kashmir Handloom Development Corporation Limited   | Industries and Commerce | 29-Jun-81  | 3.49                              | 1.50         | 0           | 4.99          | 72.09                                      | 0           | 0               | 72.09           |
| 17.                                    | Jammu & Kashmir Trade Promotion Organisation   | Industries and Commerce | 30-May-18  | 2.55                              | 2.68         | 0           | 5.23          | 2.34                                       | 0           | 0               | 2.34            |
| 18.                                    | Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited  | Finance                 | 25-Sep-18  | 0.50                              | 0            | 0           | 0.50          | 250.00                                     | 0           | 2,297.90        | 2,547.90        |
| 19.                                    | Jammu & Kashmir Medical Supplies Corporation Limited   | Health                  | 31-Mar-14  | 0.05                              | 0            | 0           | 0.05          | 0  | 0           | 0               | 0               |
| 20.                                    | AIC-Jammu & Kashmir EDI Foundation   | Industries and Commerce | 07-Sep-18  | 130.46                            | 7.34         | 0           | 137.80        | 0  | 1.03        | 0               | 1.03            |
| 21.                                    | Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited   | IT and Communication    | 07-Mar-19  | 0.50                              | 0            | 0           | 0.50          | 0  | 0           | 0               | 0               |
| 22.                                    | Jammu & Kashmir Forest Development Corporation Limited   | Forest                  | 03 Dec-20<br>(incorporated as a statutory corporation in Jul-79) | 9.03                              | 0            | 0           | 9.03          | 18.00                                      | 0           | 0               | 18.00           |
| <b>Total I B</b>                       |  |                         |  | <b>324.11</b>                     | <b>44.60</b> | <b>0</b>    | <b>368.71</b> | <b>830.24</b>                              | <b>1.03</b> | <b>2,510.50</b> | <b>3,341.77</b> |
| <b>II. Inactive Company</b>            |  |                         |  |                                   |              |             |               |  |             |                 |                 |
| 23.                                    | Jammu & Kashmir Asset Reconstruction limited   | Finance                 | 28-Apr-17  | 1.02                              | 0            | 0.98        | 2.00          | 0  | 0           | 0               | 0               |
| 24.                                    | Jammu & Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (A Subsidiary of Himalayan Wool Combers Limited) | Industries and Commerce | 29-Nov-91  | 0.40                              | 0            | 0           | 0.40          | NA   | NA          | NA              | NA              |
| <b>Total II B</b>                      |  |                         |  | <b>1.42</b>                       | <b>0</b>     | <b>0.98</b> | <b>2.40</b>   | <b>0</b>                                   | <b>0</b>    | <b>0</b>        | <b>0</b>        |
| <b>Total B(I+II)</b>                   |  |                         |  | <b>325.53</b>                     | <b>44.60</b> | <b>0.98</b> | <b>371.11</b> | <b>830.24</b>                              | <b>1.03</b> | <b>2,510.50</b> | <b>3,341.77</b> |
| <b>C. Competitive Sector</b>           |  |                         |  |                                   |              |             |               |  |             |                 |                 |
| <b>I. Working Government Companies</b> |  |                         |  |                                   |              |             |               |  |             |                 |                 |
| 25.                                    | Jammu & Kashmir Cements Limited  | Industries and Commerce | 24-Dec-74  | 49.86                             | 0            | 0           | 49.86         | 17.98                                      | 0           | 36.42           | 54.40           |
| 26.                                    | Jammu & Kashmir Minerals Limited   | Industries and Commerce | 05-Feb-60  | 8.00                              | 0            | 0           | 8.00          | 169.78                                     | 0           | 0               | 169.78          |
| 27.                                    | Jammu & Kashmir Cable Car Corporation Limited  | Tourism                 | 28-Nov-88  | 23.57                             | 0            | 0           | 23.57         | 0  | 0           | 0               | 0               |
| 28.                                    | Jammu & Kashmir Bank Limited   | Finance                 | 10-Oct-38  | 65.41                             | 0            | 37.74       | 103.15        | 0  | 0           | 2,892.31        | 2,892.31        |
| 29.                                    | Jammu & Kashmir Bank Financial Services Limited  | Finance                 | 27-Aug-09  | 0                                 | 0            | 40.00       | 40.00         | 0  | 0           | 7.84            | 7.84            |
| 30.                                    | Jammu & Kashmir and Ladakh Financial Corporation   | Finance                 | 02-Dec-59  | 172.35                            | 0            | 0.53        | 172.88        | 18.03                                      | 0           | 58.68           | 76.71           |
| 31.                                    | Jammu & Kashmir Road Transport Corporation   | Transport               | 01-Sep-76  | 389.86                            | 15.01        | 49.88       | 452.85        | 788.82                                     | 0           | 0               | 788.82          |

| Sl. No.   | Sector and Name of PSU   | Name of Department      | Month & year of Incorporation | Equity at the end of year 2022-23 |              |                 |                 | Long term Loans at the end of year 2022-23 |                 |                  |                  |
|-----------|--|-------------------------|-------------------------------|-----------------------------------|--------------|-----------------|-----------------|--|-----------------|------------------|------------------|
|           |  |                         |                               |                                   |              |                 |                 |  |                 |                  |                  |
| 32.       | Jammu & Kashmir Tourism Development Corporation Limited        | Tourism                 | 13-Feb-70                     | 15.96**                           | 0            | 0               | 15.96           | 8.26                                       | 0               | 0                | 8.26             |
|           | <b>Total I C</b>   |                         |                               | <b>725.01</b>                     | <b>15.01</b> | <b>128.15</b>   | <b>866.27</b>   | <b>1,002.87</b>                            | <b>0</b>        | <b>2,995.25</b>  | <b>3,998.12</b>  |
|           | <b>II. Inactive Companies</b>                                  |                         |                               |                                   |              |                 |                 |  |                 |                  |                  |
| 33.       | Tawi Scooters Limited  | Industries and Commerce | 15-Dec-76                     | 0.80                              | 0            | 0               | 0.80            | 0.83                                       | 0               | 0                | 0.83             |
| 34.       | Himalayan Wool Combers Limited                                 | Industries and Commerce | 24-Jan-78                     | 1.37                              | 0            | 0               | 1.37            | 0  | 0               | 0                | 0                |
|           | <b>Total II C</b>  |                         |                               | <b>2.17</b>                       | <b>0</b>     | <b>0</b>        | <b>2.17</b>     | <b>0.83</b>                                | <b>0</b>        | <b>0</b>         | <b>0.83</b>      |
|           | <b>Total C (I+II)</b>  |                         |                               | <b>727.18</b>                     | <b>15.01</b> | <b>128.15</b>   | <b>868.44</b>   | <b>1,003.70</b>                            | <b>0</b>        | <b>2,995.25</b>  | <b>3,998.95</b>  |
| <b>D.</b> | <b>Others</b>  |                         |                               |                                   |              |                 |                 |  |                 |                  |                  |
|           | <b>I. Working Government Companies</b>                         |                         |                               |                                   |              |                 |                 |  |                 |                  |                  |
| 35.       | Jammu & Kashmir Projects Construction Corporation Limited      | Public Works            | 22-May-65                     | 1.53                              | 0            | 0               | 1.53            | 0  | 0               | 0                | 0                |
| 36.       | Jammu & Kashmir Police Housing Corporation Limited             | Home                    | 26-Dec-97                     | 2.00                              | 0            | 0               | 2.00            | 0  | 0               | 0                | 0                |
| 37.       | Jammu Smart City Limited                                       | Urban Development       | 08-Sep-17                     | 0.10                              | 0            | 0               | 0.10            | 0  | 0               | 0                | 0                |
| 38.       | Srinagar Smart City Limited                                    | Urban Development       | 08-Sep-17                     | 0.10                              | 0            | 0               | 0.10            | 0  | 0               | 0                | 0                |
| 39.       | Jammu Mass Rapid Transit Corporation Pvt. Limited              | Urban Development       | 12-Mar-19                     | 0.02                              | 0            | 0               | 0.02            | 0  | 0               | 0                | 0                |
| 40.       | Srinagar Mass Rapid Transit Corporation Pvt. limited           | Urban Development       | 13-Mar-19                     | 0.02                              | 0            | 0               | 0.02            | 0  | 0               | 0                | 0                |
|           | <b>Total I D</b>   |                         |                               | <b>3.77</b>                       | <b>0</b>     | <b>0</b>        | <b>3.77</b>     | <b>0</b>                                   | <b>0</b>        | <b>0</b>         | <b>0</b>         |
|           | <b>II. Inactive Companies</b>                                  |                         |                               |                                   |              |                 |                 |  |                 |                  |                  |
| 41.       | Jammu & Kashmir Road Development Corporation Limited           | Public Works            | 31-Mar-14                     | 5.00                              | 0            | 0               | 5.00            | 0  | 0               | 0                | 0                |
| 42.       | Jammu & Kashmir International Trade Centre Corporation Limited | Industries and Commerce | 01-Feb-14                     | 48.00                             | 0            | 0               | 48.00           | NA   | NA              | NA               | NA               |
|           | <b>Total II D</b>  |                         |                               | <b>53.00</b>                      | <b>0</b>     | <b>0</b>        | <b>53.00</b>    | <b>0</b>                                   | <b>0</b>        | <b>0</b>         | <b>0</b>         |
|           | <b>Total D (I+II)</b>  |                         |                               | <b>56.77</b>                      | <b>0</b>     | <b>0</b>        | <b>56.77</b>    | <b>0</b>                                   | <b>0</b>        | <b>0</b>         | <b>0</b>         |
|           | <b>Grand Total (A+B+C+D)</b>                                   |                         |                               | <b>3,703.02</b>                   | <b>59.61</b> | <b>4,046.21</b> | <b>7,806.94</b> | <b>1,833.94</b>                            | <b>1,024.52</b> | <b>27,851.27</b> | <b>30,709.73</b> |

Source: Compiled based on information received from PSUs)

\*This includes ₹224.69 crore share application money pending allotment.

\*\* This includes ₹ 10.96 crore share application money pending allotment.

**Appendix 5.4**

(Reference Paragraph: 5.4.3; page 124)

**Equity and Loans outstanding as per Finance Accounts vis-à-vis records of PSUs upto 31 March 2023**

(₹ in crore)

| Sl. No. | Name of PSU   | As per records of PSU |                   |                     | As per Finance Account |                   |                     | Difference      |                   |                     |
|---------|---|-----------------------|-------------------|---------------------|------------------------|-------------------|---------------------|-----------------|-------------------|---------------------|
|         |   | Paid up Capital       | Loans Outstanding | Guarantee Committed | Paid up Capital        | Loans Outstanding | Guarantee Committed | Paid up Capital | Loans Outstanding | Guarantee Committed |
| 1       | Jammu & Kashmir Power Development Corporation Ltd.                                | 2,593.34              | 731.90            | 899.99              | 2,593.34               | 85.05             | 899.99              | 0               | 646.85            | 0                   |
| 2       | Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited | 6.80                  | 14.75             | 0                   | 6.80                   | 12.67             | 0                   | 0               | 2.08              | 0                   |
| 3       | Jammu & Kashmir Cements Limited   | 49.86                 | 17.98             | 3.43                | 15.00                  | 0                 | 3.43                | 34.86*          | 17.98             | 0                   |
| 4       | Jammu & Kashmir Minerals Limited  | 8.00                  | 169.78            | 0                   | 8.00                   | 1.86              | 0                   | 0               | 167.92            | 0                   |
| 5       | Jammu & Kashmir Tourism Development Corporation                                   | 15.96                 | 8.26              | 0                   | 5.00                   | 0                 | 0                   | 10.96*          | 8.26              | 0                   |
| 6       | Jammu & Kashmir Road Transport Corporation  | 389.86                | 788.82            | 0                   | 389.86                 | 486.73            | 0                   | 0               | 302.09            | 0                   |
| 7       | Jammu & Kashmir Industries Limited  | 16.27                 | 264.99            | 0                   | 16.27                  | 305.43            | 0                   | 0               | -40.44            | 0                   |
|         | <b>Total</b>  | <b>3,080.09</b>       | <b>1,996.48</b>   | <b>903.42</b>       | <b>3,034.27</b>        | <b>891.74</b>     | <b>903.42</b>       | <b>45.82</b>    | <b>1,104.74</b>   | <b>0</b>            |

(Source: Compiled based on information received from PSUs and Finance Accounts of Government of Jammu and Kashmir – for the year ended 2022-23)

\* Variation is due to share application money against which allotment is pending

**Appendix 5.5**  
**(Reference Paragraph: 5.5; page 125, 126)**  
**Statement of Profit Making PSUs as per their latest finalised accounts as of 30 September 2023**

(₹ in crore)

| Sl. No. | Sector type and Name of PSU  | Period of accounts | Year in which finalized | Net Profit after interest and tax |
|---------|--|--------------------|-------------------------|-----------------------------------|
| 1.      | Jammu & Kashmir Women's Development Corporation Limited                | 2020-21            | 2021-22                 | 0.25                              |
| 2.      | Jammu & Kashmir Small Scale Industries Development Corporation Limited | 2018-19            | 2022-23                 | 1.09                              |
| 3.      | Jammu & Kashmir Cable Car Corporation Limited                          | 2013-14            | 2021-22                 | 9.94                              |
| 4.      | Jammu & Kashmir Bank Limited   | 2022-23            | 2023-24                 | 1,197.38                          |
| 5.      | JKB Financial Services Limited   | 2022-23            | 2023-24                 | 1.21                              |
| 6.      | Jammu & Kashmir Projects Construction Corporation Limited              | 2018-19            | 2020-21                 | 3.16                              |
| 7.      | Jammu & Kashmir Police Housing Corporation Limited                     | 2016-17            | 2023-24                 | 14.99                             |
| 8.      | Jammu & Kashmir Power Development Corporation Limited                  | 2015-16            | 2020-21                 | 20.42                             |
| 9.      | Chenab Valley Power Projects Private Limited                           | 2022-23            | 2023-24                 | 24.69                             |
| 10.     | Jammu & Kashmir Medical Supplies Corporation                           | 2015-16            | 2023-24                 | 0.11                              |
| 11.     | Jammu Power Distribution Company Limited                               | 2019-20            | 2022-23                 | 13.55                             |
|         | <b>Total</b>   |                    |                         | <b>1,286.79</b>                   |

(Source: Compiled based on latest Finalized accounts of PSUs)

Appendix 5.6

(Reference Paragraph: 5.7.2; page 129)

Return on Investment-Jammu & Kashmir Bank Limited (Listed PSU)

(₹ in lakh)

| Year      | Equity   | Equity added | Grants/ Subsidy | Dividend receipts | Disinvestments receipts | No. of Years | Rate of interest I | 1+r   | Inception value of equity added                       | Inception value of Grants/ Subsidy                    | PV of Disinvestments receipts                 | PV of Dividend receipts                       | Cost of investment | No. of Shares | Market Price per Share (Rs.) | 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 <sup>p</sup>        | q+Σl+Σm                     | ((r-n)/n)/g | ((Current year ROI of 1999-2000) <sup>1/(g-1)</sup> *100 |
| 1998-99   | 4,847.78 | 0            | 0               | 773.26            | 0                       | 1            | 0.1088             | 1.11  | 0   | 0   | 0   | 4,967.65                                      | 4,847.78           | 4,84,77,802   | 28.00                        | 13,573.78             | 18,541.43                   | 282.47      |  |
| 1999-2000 | 4,847.78 | 0            | 0               | 902.13            | 0                       | 2            | 0.1196             | 1.12  | 0   | 0   | 0   | 5,226.90                                      | 4,847.78           | 4,84,77,802   | 36.15                        | 17,524.73             | 27,719.28                   | 235.90      | -16.49   |
| 2000-01   | 4,847.78 | 0            | 0               | 1,031.01          | 0                       | 3            | 0.0923             | 1.09  | 0   | 0   | 0   | 5,335.48                                      | 4,847.78           | 4,84,77,802   | 37.30                        | 18,082.22             | 33,612.25                   | 197.78      | -16.32   |
| 2001-02   | 4,847.78 | 0            | 0               | 1,288.76          | 0                       | 4            | 0.1120             | 1.11  | 0   | 0   | 0   | 6,105.78                                      | 4,847.78           | 4,84,77,802   | 73.35                        | 35,558.47             | 57,194.28                   | 269.95      | -1.50  |
| 2002-03   | 4,847.78 | 0            | 0               | 1,546.52          | 0                       | 5            | 0.1054             | 1.11  | 0   | 0   | 0   | 6,588.98                                      | 4,847.78           | 4,84,77,802   | 113.85                       | 55,191.98             | 83,416.77                   | 324.14      | 3.50   |
| 2003-04   | 4,847.78 | 0            | 0               | 2,577.53          | 0                       | 6            | 0.1095             | 1.11  | 0   | 0   | 0   | 9,934.53                                      | 4,847.78           | 4,84,77,802   | 493.15                       | 2,39,068.28           | 2,77,227.60                 | 936.44      | 27.09  |
| 2004-05   | 4,847.78 | 0            | 0               | 2,062.02          | 0                       | 7            | 0.0897             | 1.09  | 0   | 0   | 0   | 7,163.25                                      | 4,847.78           | 4,84,77,802   | 363.05                       | 1,75,998.66           | 2,21,321.23                 | 637.92      | 14.54  |
| 2005-06   | 4,847.78 | 0            | 0               | 2,062.02          | 0                       | 8            | 0.0815             | 1.08  | 0   | 0   | 0   | 6,573.60                                      | 4,847.78           | 4,84,77,802   | 450.80                       | 2,18,537.93           | 2,70,434.09                 | 684.81      | 13.49  |
| 2006-07   | 4,847.78 | 0            | 0               | 2,964.16          | 0                       | 9            | 0.1166             | 1.12  | 0   | 0   | 0   | 8,737.44                                      | 4,847.78           | 4,84,77,802   | 643.15                       | 3,11,784.98           | 3,72,418.59                 | 842.47      | 14.64  |
| 2007-08   | 4,847.78 | 0            | 0               | 3,995.17          | 0                       | 10           | 0.1407             | 1.14  | 0   | 0   | 0   | 10,546.80                                     | 4,847.78           | 4,84,77,802   | 678.55                       | 3,28,946.13           | 4,00,126.52                 | 815.38      | 12.50  |
| 2008-09   | 4,847.78 | 0            | 0               | 4,256.02          | 0                       | 11           | 0.0794             | 1.08  | 0   | 0   | 0   | 9,849.58                                      | 4,847.78           | 4,84,77,802   | 314.80                       | 1,52,608.12           | 2,33,638.10                 | 429.04      | 4.27   |
| 2009-10   | 4,847.78 | 0            | 0               | 5,670.56          | 0                       | 12           | 0.0945             | 1.09  | 0   | 0   | 0   | 12,157.87                                     | 4,847.78           | 4,84,77,802   | 681.70                       | 3,30,473.18           | 4,23,661.03                 | 719.94      | 8.88   |
| 2010-11   | 4,847.78 | 0            | 0               | 6,701.57          | 0                       | 13           | 0.0903             | 1.09  | 0   | 0   | 0   | 13,127.82                                     | 4,847.78           | 4,84,77,802   | 874.00                       | 4,23,695.99           | 5,30,011.67                 | 833.31      | 9.43   |
| 2011-12   | 4,847.78 | 0            | 0               | 8,634.71          | 0                       | 14           | 0.0828             | 1.08  | 0   | 0   | 0   | 15,513.79                                     | 4,847.78           | 4,84,77,802   | 919.00                       | 4,45,511.00           | 5,67,340.47                 | 828.79      | 8.63   |
| 2012-13   | 4,847.78 | 0            | 0               | 12,887.63         | 0                       | 15           | 0.0819             | 1.08  | 0   | 0   | 0   | 21,384.30                                     | 4,847.78           | 4,84,77,802   | 1,191.00                     | 5,77,370.62           | 7,20,584.39                 | 984.28      | 9.33   |
| 2013-14   | 4,847.78 | 0            | 0               | 12,887.63         | 0                       | 16           | 0.0714             | 1.07  | 0   | 0   | 0   | 19,765.50                                     | 4,847.78           | 4,84,77,802   | 1,538.00                     | 7,45,588.59           | 9,08,567.86                 | 1,165.12    | 9.91   |
| 2014-15   | 4,847.78 | 0            | 0               | 5,412.81          | 0                       | 17           | 0.0768             | 1.08  | 0   | 0   | 0   | 7,748.28                                      | 4,847.78           | 48,47,78,020  | 95.05                        | 4,60,781.51           | 6,31,509.06                 | 760.40      | 6.38   |
| 2015-16   | 4,847.78 | 0            | 0               | 4,510.67          | 0                       | 18           | 0.0725             | 1.07  | 0   | 0   | 0   | 5,996.38                                      | 4,847.78           | 48,47,78,020  | 60.50                        | 2,93,290.70           | 4,70,014.64                 | 533.08      | 3.81   |
| 2016-17   | 4,847.78 | 3,655.51     | 0               | 0                 | 0                       | 19           | 0.0783             | 1.08  | 705.30  | 0   | 0   | 0   | 5,553.08           | 52,13,33,071  | 75.00                        | 3,90,999.80           | 5,67,723.74                 | 532.82      | 3.59   |
| 2017-18   | 4,847.78 | 3,525.00     | 0               | 0                 | 0                       | 20           | 0.0723             | 1.07  | 630.73  | 0   | 0   | 0   | 6,183.81           | 55,68,58,392  | 60.35                        | 3,36,064.04           | 5,12,787.97                 | 409.61      | 1.98   |
| 2018-19   | 4,847.78 | 0            | 0               | 0                 | 0                       | 21           | 0.0720             | 1.07  | 0   | 0   | 0   | 0   | 6,183.81           | 55,68,58,392  | 53.70                        | 2,99,032.96           | 4,75,756.89                 | 361.60      | 1.24   |
| 2019-20   | 4,847.78 | 1,566.00     | 0               | 0                 | 0                       | 22           | 0.0720             | 1.07  | 243.76  | 0   | 0   | 0   | 6,427.57           | 71,34,50,938  | 12.36                        | 88,182.54             | 2,64,906.47                 | 182.79      | -2.05  |
| 2020-21   | 4,847.78 | 0            | 0               | 0                 | 0                       | 23           | 0.0672             | 1.07  | 0   | 0   | 0   | 0   | 6,427.57           | 71,34,50,938  | 26.65                        | 1,90,134.67           | 3,66,858.61                 | 243.81      | -0.67  |
| 2021-22   | 4,847.78 | 2194.36      | 0               | 0                 | 0                       | 24           | 0.0690             | 1.07  | 299.12  | 0   | 0   | 0   | 6,726.69           | 93,28,86,594  | 32.30                        | 3,01,322.37           | 4,78,046.30                 | 291.95      | 0.14   |
| 2022-23   | 4,847.78 | 985.93       | 0               | 0                 | 0                       | 25           | 0.0848             | 1.08  | 125.60  | 0   | 0   | 0   | 6,852.30           | 103,14,79,861 | 49.16                        | 5,07,075.50           | 6,83,799.43                 | 395.17      | 1.41   |

## Appendix 5.7

(Reference Paragraph: 5.7.5; page 131)

Year-wise investment by the Government and present value (PV) of Government investment in non-listed PSUs for the period from 1999-2000 to 2022-23

(₹ in crore)

| Financial year | Present value of total investment at the beginning of the year | Equity infused by the GoJ&K during the year | Net Interest free loan given by the GoJ&K 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 |
|----------------|--|---|---|--|----------------------------------|---|--------------------------|--|
| A              | B  | C   | D   | E  | F=C+D-E                          | G=B+F                                   | H                        | I=G*(1+H/100)  |
| Upto 1999-2000 | 352.29   | 7.14  | 0   | 0  | 7.14                             | 359.43                                  | 11.96                    | 402.42   |
| 2000-01        | 402.42   | 4.56  | 0   | 0  | 4.56                             | 406.98                                  | 9.23                     | 444.54   |
| 2001-02        | 444.54   | 1.82  | 0   | 0  | 1.82                             | 446.36                                  | 11.2                     | 496.35   |
| 2002-03        | 496.35   | 13.29                                       | 0   | 0  | 13.29                            | 509.64                                  | 10.54                    | 563.36   |
| 2003-04        | 563.36   | 2.80  | 0   | 0  | 2.8                              | 566.16                                  | 10.95                    | 628.16   |
| 2004-05        | 628.16   | 4.03  | 0   | 0  | 4.03                             | 632.19                                  | 8.97                     | 688.89   |
| 2005-06        | 688.89   | 7.55  | 0   | 0  | 7.55                             | 696.44                                  | 8.15                     | 753.20   |
| 2006-07        | 753.20   | 2.50  | 0   | 0  | 2.5                              | 755.70                                  | 11.66                    | 843.82   |
| 2007-08        | 843.82   | 1.20  | 11.55   | 0  | 12.75                            | 856.57                                  | 14.07                    | 977.09   |
| 2008-09        | 977.09   | 7.63  | 0   | 0  | 7.63                             | 984.72                                  | 7.94                     | 1,062.90   |
| 2009-10        | 1,062.90   | 17.09                                       | 0   | 0  | 17.09                            | 1,079.99                                | 9.45                     | 1,182.05   |
| 2010-11        | 1,182.05   | 11.06                                       | 0   | 0  | 11.06                            | 1,193.11                                | 9.03                     | 1,300.85   |
| 2011-12        | 1,300.85   | 6.09  | 0   | 0  | 6.09                             | 1,306.94                                | 8.28                     | 1,415.16   |
| 2012-13        | 1,415.16   | 7.00  | 0   | 0  | 7.00                             | 1,422.16                                | 8.19                     | 1,538.63   |
| 2013-14        | 1,538.63   | 78.08                                       | 0   | 0  | 78.08                            | 1,616.71                                | 7.14                     | 1,732.14   |
| 2014-15        | 1,732.14   | 1.21  | 3.62  | 0  | 4.83                             | 1,736.97                                | 7.68                     | 1,870.37   |
| 2015-16        | 1,870.37   | 6.85  | 0   | 0  | 6.85                             | 1,877.22                                | 7.25                     | 2,013.32   |
| 2016-17        | 2,013.32   | 9.56  | 0   | 0  | 9.56                             | 2,022.88                                | 7.83                     | 2,181.27   |
| 2017-18        | 2,181.27   | 97.30                                       | 21.83   | 17.5   | 101.63                           | 2,282.90                                | 7.23                     | 2,447.96   |
| 2018-19        | 2,447.96   | 120.74                                      | 23.18   | 0  | 143.92                           | 2,591.88                                | 7.20                     | 2,778.49   |
| 2019-20        | 2,778.49   | 2,616.82                                    | 15.88   | 0  | 2,632.7                          | 5,411.19                                | 7.20                     | 5,800.80   |
| 2020-21        | 5,800.80   | 83.47                                       | 47.1  | 0  | 130.57                           | 5,931.37                                | 7.82                     | 6,395.20   |
| 2021-22        | 6,395.20   | 554.32                                      | 16.63   | 0  | 570.95                           | 6,966.15                                | 7.94                     | 7,519.26   |
| 2022-23        | 7,519.26   | 151.20                                      | 23.05   | 0  | 174.25                           | 7,693.51                                | 8.48                     | 8,345.92   |
| <b>Total</b>   |  | <b>3,813.31</b>                             | <b>162.84</b>   | <b>17.50</b>   | <b>3,958.65</b>                  |   |                          |  |

(Source: Compiled based on latest information furnished by the respective PSUs as of March 2023)

Appendix 5.8

(Reference Paragraph: 5.8; page 132)

Detail of Loss Making PSUs as per the latest finalised accounts as of 30 September 2023

(₹ in crore)

| Sl. No.   | Sector type and Name of PSU  | Period of accounts | Year in which finalised | Net Profit(+)/ Loss(-) after interest and tax | Paid up Capital | Long Term Loan  | Free Reserves | Accumulated Profit/Loss | Capital employed | Net worth        |
|-----------|--|--------------------|-------------------------|---|-----------------|-----------------|---------------|-------------------------|------------------|------------------|
| <b>I</b>  | <b>Government Companies</b>  |                    |                         |   |                 |                 |               |                         |                  |                  |
| 1.        | Jammu & Kashmir Agro Industries Corporation Limited  | 2021-22            | 2022-23                 | -2.77   | 3.54            | 25.19           | 0             | -55.99                  | -27.26           | -52.45           |
| 2.        | Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation Limited                        | 2018-19            | 2023-24                 | -7.35   | 9.20            | 3.14            | 0             | -150.46                 | -138.12          | -141.26          |
| 3.        | Jammu & Kashmir Scheduled castes, Scheduled Tribes and Back-ward Classes Development Corporation Limited | 2019-20            | 2022-23                 | -10.10  | 47.62           | 111.99          | 0             | -59.45                  | 100.16           | -11.83           |
| 4.        | Jammu & Kashmir State Industrial Development Corporation Limited   | 2013-14            | 2019-20                 | -20.54  | 17.64           | 24.36           | 0             | -146.99                 | -104.99          | -129.35          |
| 5.        | Jammu & Kashmir Industries Limited   | 2020-21            | 2023-24                 | -5.95   | 16.27           | 979.68          | 0             | -871.60                 | 124.35           | -855.33          |
| 6.        | Jammu & Kashmir Handicrafts (Sales and Export) Development Corporation Limited                           | 2018-19            | 2020-21                 | -8.60   | 8.52            | 154.66          | 0             | -170.06                 | -6.88            | -161.54          |
| 7.        | Jammu & Kashmir Handloom Development Corporation Limited   | 2020-21            | 2022-23                 | -5.73   | 4.99            | 155.33          | 0             | -146.19                 | 14.13            | -141.20          |
| 8.        | Jammu & Kashmir Trade Promotion Organisation   | 2022-23            | 2023-24                 | -1.20   | 5.23            | 2.34            | 0             | -3.87                   | 3.70             | 1.36             |
| 9.        | Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited                              | 2020-21            | 2023-24                 | -0.23   | 0.50            | 1,277.37        | 0             | -0.39                   | 1,277.48         | 0.11             |
| 10.       | Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited   | 2021-22            | 2022-23                 | -0.33   | 0.50            | 0               | 0             | -0.36                   | 0.14             | 0.14             |
| 11.       | Jammu & Kashmir Forest Development Corporation Limited   | 2019-20            | 2021-22                 | -3.99   | 9.03            | 18.05           | 0             | -249.13                 | -222.05          | -240.10          |
| 12.       | Jammu & Kashmir Cements Limited  | 2021-22            | 2023-24                 | -25.46  | 15.50           | 59.10           | 0             | -234.44                 | -159.84          | -218.94          |
| 13.       | Jammu & Kashmir Minerals Limited   | 2013-14            | 2023-24                 | -18.08  | 8.00            | 297.10          | 0.16          | -312.14                 | -6.88            | -303.98          |
| 14.       | Jammu & Kashmir Tourism Development Corporation Limited  | 2020-21            | 2023-24                 | -14.72  | 15.96           | 4.26            | 0             | -18.08                  | 2.14             | -2.12            |
| 15.       | Jammu Smart City Limited   | 2019-20            | 2021-22                 | -2.02   | 0               | 0               | 6.37          | 0                       | 6.37             | 6.37             |
| 16.       | Jammu & Kashmir Power Transmission Corporation Limited   | 2018-19            | 2020-21                 | -0.0035                                       | 0.05            | 0               | 0             | -0.03                   | 0.02             | 0.02             |
| 17.       | Kashmir Power Distribution Corporation Limited   | 2019-20            | 2023-24                 | -3.22   | 0               | 0               | 0             | -3.25                   | -3.25            | -3.25            |
| 18.       | Jammu & Kashmir Power Corporation Limited  | 2018-19            | 2021-22                 | -0.0035                                       | 0.05            | 0               | 0             | -0.03                   | 0.02             | 0.02             |
|           | <b>Total</b>   |                    |                         | <b>-130.30</b>                                | <b>162.60</b>   | <b>3,112.57</b> | <b>6.53</b>   | <b>-2,422.46</b>        | <b>859.24</b>    | <b>-2,253.33</b> |
| <b>II</b> | <b>Statutory Corporation</b>   |                    |                         |   |                 |                 |               |                         |                  |                  |
| 19.       | Jammu & Kashmir Road Transport Corporation   | 2018-19            | 2020-21                 | -117.62                                       | 207.96          | 676.02          | 0             | -1,634.94               | -750.96          | -1,426.98        |
| 20.       | Jammu & Kashmir and Ladakh Financial Corporation   | 2020-21            | 2022-23                 | -4.61   | 172.89          | 51.38           | 0             | -183.94                 | 40.33            | -11.05           |
|           | <b>Total</b>   |                    |                         | <b>-122.23</b>                                | <b>380.85</b>   | <b>727.40</b>   | <b>0</b>      | <b>-1,818.88</b>        | <b>-710.63</b>   | <b>-1,438.03</b> |
|           | <b>Grand Total</b>   |                    |                         | <b>-252.53</b>                                | <b>543.45</b>   | <b>3,839.97</b> | <b>6.53</b>   | <b>-4,241.34</b>        | <b>148.61</b>    | <b>-3,691.36</b> |

## Appendix 5.9

(Reference Paragraph: 5.8.1; page 133)

## Detail of PSUs having accumulated losses as per their latest finalised accounts as of 30 September 2023

(` in crore)

| Sl. No.   | Sector type and Name of PSU   | Period of accounts | Year in which finalized | Net Profit(+)/ Loss(-) after interest and tax | Paid up Capital | Long Term Loan  | Free Reserves | Accumulated Profit/Loss | Capital employed | Net worth        |
|-----------|---|--------------------|-------------------------|---|-----------------|-----------------|---------------|-------------------------|------------------|------------------|
| <b>I</b>  | <b>Government Companies</b>   |                    |                         |   |                 |                 |               |                         |                  |                  |
| 1.        | Jammu and Kashmir Agro Industries Development Corporation Limited   | 2021-22            | 2022-23                 | -2.77   | 3.54            | 25.19           | 0             | -55.99                  | -27.26           | -52.45           |
| 2.        | Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited                       | 2018-19            | 2023-24                 | -7.35   | 9.20            | 3.14            | 0             | -150.46                 | -138.12          | -141.26          |
| 3.        | Jammu and Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited | 2019-20            | 2022-23                 | -10.10  | 47.62           | 111.99          | 0             | -59.45                  | 100.16           | -11.83           |
| 4.        | Jammu and Kashmir State Industrial Development Corporation Limited  | 2013-14            | 2019-20                 | -20.54  | 17.64           | 24.36           | 0             | -146.99                 | -104.99          | -129.35          |
| 5.        | Jammu & Kashmir Industries Limited  | 2020-21            | 2023-24                 | -5.95   | 16.27           | 979.68          | 0             | -871.60                 | 124.35           | -855.33          |
| 6.        | Jammu and Kashmir Handicrafts (Sales and Export) Development Corporation Limited                          | 2018-19            | 2020-21                 | -8.60   | 8.52            | 154.66          | 0             | -170.06                 | -6.88            | -161.54          |
| 7.        | Jammu and Kashmir Handloom Development Corporation Limited  | 2020-21            | 2022-23                 | -5.73   | 4.99            | 155.33          | 0             | -146.19                 | 14.13            | -141.20          |
| 8.        | Jammu & Kashmir Trade Promotion Organisation  | 2022-23            | 2023-24                 | -1.20   | 5.23            | 2.34            | 0             | -3.87                   | 3.70             | 1.36             |
| 9.        | Jammu & Kashmir Infrastructure Development Finance Corporation Pvt. Limited                               | 2020-21            | 2023-24                 | -0.23   | 0.50            | 1,277.37        | 0             | -0.39                   | 1,277.48         | 0.11             |
| 10.       | Jammu & Kashmir I.T. Infrastructure Development Pvt. Limited  | 2021-22            | 2022-23                 | -0.33   | 0.50            | 0               | 0             | -0.36                   | 0.14             | 0.14             |
| 11.       | Jammu and Kashmir Forest Development Corporation Limited  | 2019-20            | 2021-22                 | -3.99   | 9.03            | 18.05           | 0             | -249.13                 | -222.05          | -240.10          |
| 12.       | Jammu and Kashmir Cements Limited   | 2021-22            | 2023-24                 | -25.46  | 15.50           | 59.10           | 0             | -234.44                 | -159.84          | -218.94          |
| 13.       | Jammu and Kashmir Minerals Limited  | 2013-14            | 2023-24                 | -18.08  | 8.00            | 297.10          | 0             | -312.14                 | -6.88            | -303.98          |
| 14.       | Jammu and Kashmir Tourism Development Corporation Limited   | 2020-21            | 2023-24                 | -14.72  | 15.96           | 4.26            | 0             | -18.08                  | 2.14             | -2.12            |
| 15.       | Jammu and Kashmir Power Transmission Corporation Limited  | 2018-19            | 2020-21                 | -0.0035                                       | 0.05            | 0               | 0             | -0.03                   | 0.02             | 0.02             |
| 16.       | Kashmir Power Distribution Corporation Limited  | 2019-20            | 2023-24                 | -3.22   | 0               | 0               | 0             | -3.25                   | -3.25            | -3.25            |
| 17.       | Jammu and Kashmir Power Corporation Limited   | 2018-19            | 2021-22                 | -0.0035                                       | 0.05            | 0               | 0             | -0.03                   | 0.02             | 0.02             |
|           | <b>Total</b>  |                    |                         | <b>-128.28</b>                                | <b>162.60</b>   | <b>3,112.57</b> | <b>0.16</b>   | <b>-2,422.46</b>        | <b>852.87</b>    | <b>-2,259.70</b> |
| <b>II</b> | <b>Statutory Corporation</b>  |                    |                         |   |                 |                 |               |                         |                  |                  |
| 18.       | Jammu and Kashmir State Road Transport Corporation  | 2018-19            | 2020-21                 | -117.62                                       | 207.96          | 676.02          | 0             | -1,634.94               | -750.96          | -1,426.98        |
| 19.       | Jammu & Kashmir and Ladakh Financial Corporation  | 2020-21            | 2022-23                 | -4.61   | 172.89          | 51.38           | 0             | -183.94                 | 40.33            | -11.05           |
|           | <b>Total</b>  |                    |                         | <b>-122.23</b>                                | <b>380.85</b>   | <b>727.40</b>   | <b>0</b>      | <b>-1,818.88</b>        | <b>-710.63</b>   | <b>-1,438.03</b> |
|           | <b>Grand Total</b>  |                    |                         | <b>-250.51</b>                                | <b>543.45</b>   | <b>3,839.97</b> | <b>0.16</b>   | <b>-4,241.34</b>        | <b>142.24</b>    | <b>-3,697.73</b> |

Appendix 5.10

(Reference Paragraphs: 5.11.2 and 5.11.3; pages 137)

Statement showing position of GoJ&K investment in working PSUs accounts of which are in arrears as of 30 September 2023

(₹ 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 Government of J&K during the period for which accounts are in arrears |       |          |         |          |
|----------|---|-------------------------------------|-----------------|---|--|-------|----------|---------|----------|
|          |   |                                     |                 |   | Equity   | Loans | Grant    | Subsidy | Total    |
| <b>A</b> | <b>Working Government Companies</b>   |                                     |                 |   |  |       |          |         |          |
| 1        | J&K Agro Industries Development Corporation Limited   | 2021-22                             | 3.54            | 1                                       | 0  | 0     | 0        | 0       | 0        |
| 2        | J&K Horticultural Produce Marketing and Processing Corporation Limited                      | 2018-19                             | 9.20            | 4                                       | 0.80   | 11.40 | 3.56     | 0.02    | 15.78    |
| 3        | J&K Small Scale Industries Development Corporation Limited                                  | 2018-19                             | 89.91           | 4                                       | 0  | 0     | 1.37     | 0       | 1.37     |
| 4        | J&K State Industrial Development Corporation Limited  | 2013-14                             | 17.64           | 9                                       | 0  | 0     | 314.63   | 0       | 314.63   |
| 5        | J&K Project Construction Corporation Limited  | 2018-19                             | 1.97            | 4                                       | 0  | 0     | 0        | 0       | 0        |
| 6        | J&K Police Housing Corporation Limited  | 2016-17                             | 2.00            | 6                                       | 0  | 0     | 0        | 0       | 0        |
| 7        | J&K Handloom Development Corporation Limited  | 2020-21                             | 4.99            | 2                                       | 0  | 4.88  | 0.55     | 0       | 5.43     |
| 8        | J&K Handicrafts (Sale and Export) Development Corporation Limited                           | 2018-19                             | 8.52            | 4                                       | 0  | 11.69 | 19.17    | 0       | 30.86    |
| 9        | J&K Industries Limited  | 2020-21                             | 16.27           | 2                                       | 0  | 0     | 13.30    | 0       | 13.30    |
| 10       | J&K Minerals Limited  | 2013-14                             | 8.00            | 9                                       | 0  | 8.60  | 21.79    | 0       | 30.39    |
| 11       | J&K Tourism Development Corporation Limited   | 2020-21                             | 15.96           | 2                                       | 0  | 0     | 11.99    | 0       | 11.99    |
| 12       | J&K Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Limited | 2019-20                             | 47.62           | 3                                       | 3.60   | 21.54 | 2.25     | 0       | 27.39    |
| 13       | J&K Women's Development Corporation Limited   | 2020-21                             | 10.00           | 2                                       | 0  | 4.50  | 0        | 0       | 4.50     |
| 14       | J&K Cements Limited   | 2021-22                             | 15.50           | 1                                       | 0  | 0     | 0        | 0       | 0        |
| 15       | J&K Cable Car Corporation Limited   | 2013-14                             | 23.57           | 9                                       | 0  | 0     | 26.19    | 0       | 26.19    |
| 16       | J&K Overseas Employment Corporation Limited   | 2010-11                             | 2.56            | 12                                      | 0  | 0     | 0        | 0       | 0        |
| 17       | J&K Infrastructure Development Finance Corporation Limited                                  | 2020-21                             | 0.50            | 2                                       | 0  | 0     | 454.83   | 0       | 454.83   |
| 18       | J&K I.T. Infrastructure Development Private Limited   | 2021-22                             | 0.50            | 1                                       | 0  | 0     | 0        | 0       | 0        |
| 19       | J&K Power Development Corporation Limited   | 2015-16                             | 5.00            | 7                                       | 0  | 0     | 745.74   | 0       | 745.74   |
| 20       | J&K Power Transmission Corporation Limited  | 2018-19                             | 0.05            | 4                                       | 0.05   | 0     | 607.03   | 0       | 607.08   |
| 21       | Kashmir Power Distribution Corporation Limited  | 2019-20                             | 0               | 3                                       | 0  | 0     | 1,684.19 | 0       | 1,684.19 |
| 22       | J&K Forest Development Corporation Ltd.   | 2019-20                             | 9.03            | 3                                       | 0  | 0     | 0        | 0       | 0        |
| 23       | Srinagar Smart City Limited   | 2018-19                             | 0.10            | 4                                       | 0  | 0     | 211.24   | 0       | 211.24   |
| 24       | J&K Power Corporation Limited   | 2018-19                             | 0.05            | 4                                       | 0  | 0     | 4,185.13 | 0       | 4,185.13 |

| 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 Government of J&K during the period for which accounts are in arrears |               |                  |               |                  |
|----------|---|-------------------------------------|-----------------|---|--|---------------|------------------|---------------|------------------|
|          |   |                                     |                 |   | Equity   | Loans         | Grant            | Subsidy       | Total            |
| 25       | Jammu Power Distribution Corporation Limited            | 2019-20                             | 0.05            | 3                                       | 0.05   | 0             | 1,550.14         | 600.00        | 2,150.19         |
| 26       | Jammu Smart City Limited                                | 2019-20                             | 0               | 3                                       | 0.10   | 0             | 213.28           | 0             | 213.38           |
| 27       | J&K Medical Supplies Corporation Limited                | 2015-16                             | 0.05            | 7                                       | 0  | 0             | 0                | 0             | 0                |
| 28       | AIC-Jammu & Kashmir EDI Foundation                      | *                                   | *               | 5                                       | 0  | 0             | 0                | 0             | 0                |
| 29       | Jammu Mass Rapid Transit Corporation Private Limited    | *                                   | *               | 4                                       | 0  | 0             | 0                | 0             | 0                |
| 30       | Srinagar Mass Rapid Transit Corporation Private Limited | *                                   | *               | 4                                       | 0  | 0             | 0                | 0             | 0                |
|          | <b>Total A</b>  |                                     | <b>292.58</b>   | <b>128</b>                              | <b>4.60</b>  | <b>62.61</b>  | <b>10,066.38</b> | <b>600.02</b> | <b>10,733.61</b> |
| <b>B</b> | <b>Working Statutory Corporations</b>                   |                                     |                 |   |  |               |                  |               |                  |
| 31       | J&K State Road Transport Corporation                    | 2018-19                             | 207.96          | 4                                       | 148.96   | 113.00        | 0                | 0             | 261.96           |
| 32       | J&K and Ladakh Financial Corporation                    | 2020-21                             | 172.89          | 2                                       | 0  | 7.55          | 0                | 0             | 7.55             |
|          | <b>Total B</b>  |                                     | <b>380.85</b>   | <b>6</b>                                | <b>148.96</b>  | <b>120.55</b> | <b>0</b>         | <b>0</b>      | <b>269.51</b>    |
|          | <b>Total (A+B)</b>                                      |                                     | <b>673.43</b>   | <b>134</b>                              | <b>153.56</b>  | <b>183.16</b> | <b>10,066.38</b> | <b>600.02</b> | <b>11,003.12</b> |

(Source: Latest finalized accounts of the companies for paid up capital and information provided by the Companies for Investment made by Government of J&K during the period for which accounts are in arrears)

\*These companies have not submitted their first account.

## **Appendix 6**

**(Reference Paragraph: 3.1; page 75)**

### **Glossary of important Budget related terms**

1. **'Accounts' or 'actuals' of a year** - are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2. **'Administrative approval' of a scheme, proposal or work** - is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3. **'Annual financial statement'**- Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/UT Government for each financial year, laid before the Parliament /UT Legislature.
4. **'Appropriation'** - means the amount authorized by the Parliament/UT Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5. **'Charged Expenditure'** - means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6. **'Consolidated Fund of India/ UT'**- All revenues of the Union/UT Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ UT. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7. **'Contingency Fund'**-is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive /Government to meet unforeseen expenditure arising in the course of a year pending its authorization by the Parliament/UT Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/UT Legislature approves it through the Supplementary Demands.
8. **'Controlling Officer (budget)'**- means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9. **'Drawing and Disbursing Officer' (DDO)**-means a Head of Office and also any other Officer so designated by the Finance Department of the UT Government, to draw bills and make payments on behalf of the UT Government. The term shall also include a Head of Department where he himself discharges such function.

10. **'Excess Grant'**- Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularization by obtaining excess grant from the Parliament /UT Legislature.
11. **'New Service'**- New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/UT Legislature earlier, including a new activity or a new form of investment.
12. **'New Instrument of Service'**- means relatively large expenditure arising out of important expansion of an existing activity.
13. **'Public Accounts'**- The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/UT Legislature, as they are not moneys issued out of the Consolidated Fund of India/UT.
14. **'Re-appropriation'**- means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
15. **'Revised Estimate'**- is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.
16. **'Supplementary Demands for Grants'**- means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.
  - a) **Cash Supplementary**-is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the UT.
  - b) There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the UT Legislature, allows to utilize the savings of one of the Sections for any other Section.
  - c) **Token Supplementary**-allows to utilize the savings within the same section of the grant.
17. **'Major Head'**-means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the UT. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.

18. ***'Sub-Major Head'*** - means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head.
19. ***'Minor Head'*** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.
20. ***'Sub-Head'*** - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
21. ***'Major Work'*** - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.
22. ***'Minor Work'*** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
23. ***'Modified Grant or Appropriation'*** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
24. ***'Supplementary or Additional Grant or Appropriation'*** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
25. ***'Schedule of New Expenditure'*** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.
26. ***'Token demand'*** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.







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