सत्यमेव जयते

# REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

## ON

# STATE FINANCES

## FOR THE YEAR ENDED 31 MARCH 2012

## GOVERNMENT OF JAMMU AND KASHMIR

**Report No. 1 of the year 2012**

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## PREFACE

1. This Report has been prepared for submission to the Governor of the State of Jammu and Kashmir under Article 151 of the Constitution of India.

2. Chapter-1 of this Report contains audit observations on matters arising from examination of Finance Accounts of the State Government for the year ended 31 March 2012.

3. Chapter-2 of this Report contains audit observations on matters arising from examination of the Appropriation Accounts of the State Government for the year ended 31 March 2012.

4. Chapter-3 on Financial Reporting provides an overview and status of the State Government's compliance with various financial rules, procedures and directives in the departments relating to Social, Economic, Revenue and General Sectors during the year ended 31 March 2012.

# EXECUTIVE SUMMARY

# EXECUTIVE SUMMARY

## Background

This Report on the finances of the Government of Jammu and Kashmir is being brought out to assess objectively the financial performance of the State during the year 2011-12. The aim of this Report is to provide the State Government with timely input based on actual data so that there is a better insight into both well performing as well as ill performing schemes/ programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in Fiscal Responsibility and Budget Management Act, 2006 as well as in the Budget Estimates of 2011-12 and the fiscal performance during 11th Five Year Plan.

The Comptroller and Auditor General of India (C&AG) has been commenting upon the Government's finances for over five years since FRBM legislation and have already published five Reports in the past. Since these comments formed part of the Civil Audit Report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The obvious fallout of this well-intentioned but all-inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to center-stage once again, a Stand-Alone Report on State Government finances is considered an appropriate audit response to this challenge. Accordingly, from the Report year 2009 onwards, C&AG had decided to bring out a separate volume titled "**Report on State Finances.**" This Report is the fourth in this endeavor.

## The Report

Based on the audited accounts of the Government of Jammu and Kashmir for the year ending March 2012, this report provides an analytical review of the Annual Accounts of the State Government. The Report is in three Chapters.

**Chapter-1** is based on the audit of Finance Accounts and makes an assessment of Jammu and Kashmir Government's fiscal position as on 31 March 2012. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of Central funds transferred directly to the State implementing agencies through off-budget route.

**Chapter-2** is based on audit of Appropriation Accounts and it gives the grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

**Chapter-3** is an inventory of Jammu and Kashmir Government's compliance with various reporting requirements and financial rules. The chapter also provides details of non- submission of accounts. The Report also has additional data collated from several sources in support of the findings.

**Audit findings and recommendations**

**Fiscal Correction Path:** The State has been a revenue surplus State from 2002-03 till 2011-12 due to substantial central subvention. The State enacted the Jammu and Kashmir Fiscal Responsibility and Budget Management Act (FRBM Act) in 2006, which was repeatedly amended to align the annual targets for Fiscal Deficit and Total Liabilities as per the recommendations of the Twelfth and Thirteenth Finance Commissions. The targets stood diluted due to change in the methodology of computation of GSDP after the Finance Commission awards but the targets were not tightened. However, even these fortuitously diluted targets for Fiscal Deficit and Total Liabilities have not been achieved. The Fiscal Deficit increased to 5.92 *per cent* of GSDP in 2011-12 (against the target of 4.70 *per cent*) even after deferment of estimated ₹ 3368 crore payment on account of arrears of revision of pay and pension after adoption of the recommendations of the Sixth Central Pay Commission. The pre-devolution non-plan revenue deficit, targeted to be capped at 20 *per cent* of GSDP by 2007-08 was 23.55 *per cent* in 2011-12.

## Trends in Key Fiscal Aggregates

The State has continued to maintain revenue surplus with the State's share in Central taxes/ duties and Central grants together constituting on an average 76.73 *per cent* of the total revenue receipts of the State during 2002-12 and 72.76 *per cent* in 2011-12. These resources financed on an average 64.86 *per cent* of total expenditure during 2002-12. State's Own Deficit continues to be high as there was 63 *per cent* dependence in State budget on non-debt resources from the Central Government during 2011-12.

The State's own tax revenues have shown a steady increase, particularly the Commercial Taxes. However, these are not sufficient enough to meet even the

revenue expenditure of the State. The total expenditure of the State increased by 118 *per cent* during 2006-12 with the capital and revenue expenditure components having increased by 140 and 114 *per cent*. Expenditure on salary and wages increased by 30 *per cent* in 2011-12, as compared to an increase of 11 *per cent* in revenue receipts. The expenditure on subsidies, however, decreased by 40 *per cent* during 2011-12 over the previous year. The aggregate of development expenditure under Revenue and Capital heads varied between 64 and 69 *per cent* during 2006-12. The ratio of capital expenditure to total expenditure in Social and Economic Service Sectors during 2011-12 showed a decrease over the previous year.

Consequent upon shifting of ways and means advance facilities to the RBI, the cash balance increased during 2011-12, from ₹ 99.94 crore at the end of 2010-11 to ₹ 960.94 crore at the end of 2011-12 (₹ 861 crore). The overall fiscal liabilities of the State increased from ₹ 31272 crore at the end of 31 March 2011 to ₹ 36267 crore at the end of 31 March 2012 (16 *per cent* increase). The fiscal liability to GSDP ratio of the State was, however, 58.2 *per cent* at the end of 31 March 2012, which had improved from the level of 65.50 *per cent* at the end of 31 March 2011.

The State has been taxing services under the Jammu and Kashmir General Sales Tax Act, 1962 since March 1997, which yielded ₹ 697.69 crore in 2011-12. Although the Government has initiated several measures to widen the tax base and improve collection of tax on services yet the tax collected under the State law is significantly less than the share foregone by the State in the Central Service Tax collections, which is the only Central tax that is presently not applicable to the State. As per the assessment made by the Thirteenth Finance Commission regarding likely Central Service Tax collection during 2010-15, the share (1.551 *per cent*) foregone by the State works out to ₹ 8363.38 crore. During 2010-11, the State Service tax collection was ₹ 626.77 crore whereas the State's share in Central Service Tax would have been about ₹ 1100 crore.

**Budgetary System**

There is no system of outcome/ performance budgeting/ reporting by the departments to the State Legislature as the departments do not prepare annual reports of their activities and achievements.

Prior to 2011-12, the Jammu and Kashmir Government obtained temporary loans from the Jammu and Kashmir Bank for its Ways and Means requirements at relatively higher interest rates. During 2011-12, switchover to the Ways & Means Advances and Overdraft Regulations Scheme of the RBI helped the State Government save over ₹ 220 crore as interest. The Jammu and Kashmir (J&K) Bank continues to function as agency bank of the RBI.

**Greater priority to capital expenditure:** No specific norms regarding prioritization of capital expenditure have been laid in FRBM Act. Though the State has been able to maintain a revenue surplus, it however registered a decrease of ₹ 1664 crore during 2011-12 compared to the previous year. This in turn raised the fiscal deficit by ₹ 1327 crore during the year resulting in decrease in capital expenditure by three *per cent* over the year 2011-12.

Efforts should be made to arrest the situation of fiscal deficits in order to generate more funds for capital expenditure.

**Review of Government investments:** The State Government had invested ₹ 484.95 crore as on 31st March 2012 in Statutory Corporations, Government Companies and Co-operative Societies from which total returns of ₹ 68.16 crore was received during 2011-12. Out of the total investment, an amount of ₹ 25.78 crore was invested in Jammu and Kashmir Bank Ltd. which yielded returns of ₹ 67.02 crore during 2011-12 while the remaining investment of ₹ 459.17 crore yielded a return of ₹ 1.14 crore only during the year.

The Government may ensure better value for money in investments by identifying the Companies/ Corporations which are endowed with low financial but high socio-economic returns.

**Debt sustainability:** The debt-GSDP ratio showed declining trend from 2008-09 to 2011-12 from 62 to 58 *per cent* as against the target (55.10 *per cent*) set forth by the Thirteenth Finance Commission for the year 2011-12 in respect of Jammu and Kashmir.

Maintaining a calendar of borrowings to avoid bunching towards the end of the fiscal year and a clear understanding of the maturity profile of debt payments will go a long way in prudent debt management.

**Oversight of funds transferred directly from the GOI to the State implementing agencies:** There is no single agency monitoring its use and also there is no readily available data to ascertain how much is actually spent in any particular year on major flagship schemes and other important schemes which are being implemented by State implementing agencies which are funded directly by the Government of India (GOI).

A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (Accounts and Entitlements), Jammu and Kashmir to ensure its effective utilization.

**Financial management and budgetary control:** The State Government's budgetary processes have not been sound during the year, with errors in budgeting, persistent savings[1], excess expenditure, expenditure without provision. In many cases, anticipated savings were either not surrendered or surrendered at the end of the year in the month of March leaving no scope for utilizing these funds for other development purposes.

Budgetary controls should be strictly observed to avoid such deficiencies in financial management. A close and rigorous monitoring mechanism should be put in place by the DDOs to ensure adjustment of Abstract Contingent (AC) bills during the stipulated time frame.

**Financial reporting:** State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from delays in furnishing utilization certificates against the loans and grants from various grantee institutions. Abnormal delays were noted in submission of annual accounts by some of the departmental commercial undertakings and Autonomous Bodies.

Government departments may take urgent action for finalization of outstanding annual accounts of departmentally managed commercial undertakings.

[1] Can also be termed as shortfall in the utilization of funds.

# CHAPTER-I
# FINANCES OF THE STATE GOVERNMENT

# CHAPTER 1

# FINANCES OF THE STATE GOVERNMENT

## Profile of Jammu and Kashmir

The State of Jammu and Kashmir holds a strategic place on the country's map with its borders touching Pakistan and China. The State spreads over a geographical area of 22,236 square kilometres including the areas not under Government control. For the purpose of this Report, the area, population and all other fiscal/ economic parameters are confined only for the areas for which census and economic data is available. As per 2011 Census (Provisional Data), the State's population in census-covered areas was 1,25,48,926 (53 *per cent* male population and 72.79 *per cent* rural population). Administratively, the State Government control spans 22 districts, 82 tehsils and 142 blocks. The decadal growth rate in population declined to 23.71 *per cent* during 2001-2011 from 29.43 *per cent* during 1991-2001, but is nevertheless one of the highest in the country. The State has a relatively high literacy rate of 68.74 *per cent* (78.26 *per cent* amongst males and 58.01 *per cent* amongst females). There has been marked increase in literacy as these numbers were 55.52 *per cent*, 66.60 *per cent* and 43 *per cent*, respectively in 2001. The number of Primary, Middle and High and Higher Secondary Schools has increased from 14,655 to 27,692 during the 10th and 11th (up to 2010-11) Plan periods. Similarly, the number of health care institutions (District/ Sub-District hospitals, Primary Health Centres, Dispensaries, Family Welfare Sub-Centres) has increased from 3,077 to 3,286 during the two previous Five Year Plans resulting in decrease in infant mortality rate from 51 per thousand in 2007 to 43 per thousand in 2010, though far below the target of less than 30, and decrease in decadal population growth. The number of villages and hamlets provided with potable water increased from 6,507 in 2002-03 to 12,798 in 2010-11 benefiting a population of 114.43 lakh population. The overall 'sex ratio' (number of females per 1000 males) declined from 892 in 2001 to 883 in 2011. The child sex ratio [0 to 6 years] has shown a sharp decline from 941 in 2001 to 859. The population density of the State increased from 100 per sq. km in 2001 to 124 per sq. km, which is lower than the population density of 382 per sq. km at national level. The population of the Jammu and Kashmir (J&K) State accounts for 1.04 *per cent* of the country in 2011 as against 0.99 *per cent* population in 2001 on comparable basis and ranks 19th among the States/UTs. Population in 0-6 years age-group is 20,08,642 (10,80,662 Male, 9,27,980 Female).

This chapter provides a broad perspective of the finances of the State Government by analysing the trends and structural profile in the major fiscal aggregates during the 11th Five Year Plan (2007-12) with base year figures of 2006-07 as a reference. The Finance Accounts of the State Government are laid out in ***19 statements***, the structure and the layout of which are depicted in ***Appendix 1.1***. ***Appendix 1.2*** of this chapter briefly outlines the methodology adopted for the assessment of the fiscal position of

the State and ***Appendix 1.4*** presents the time series data on key fiscal variables/ parameters and fiscal ratios relating to the State Government finances for the period 2002-03 to 2011-12. The major changes in the key fiscal aggregates were that the State Government maintained the revenue surplus though less by ₹ 1,664 crore over the previous year. The fiscal deficit during 2011-12 was 5.92 *per cent* of GSDP against 4.7 *per cent* required under the Fiscal Responsibility and Budget Management Act. The fiscal liabilities (excluding committed liabilities on account of revision of pay and pension) however, decreased from 65.55 *per cent* of GSDP in 2010-11 to 58.15 *per cent* in 2011-12.

The Gross State Domestic Product (GSDP), which measures the value of goods and services produced within the State's boundary, is estimated (as per the Advance Estimates made by the State Government in its Economic Survey for 2011-12) to be ₹ 62,365 crore (at current market prices ) during 2011-12, marking an increase of 13.95 *per cent* over ₹ 54,731 crore in 2010-11. Excluding the impact of inflation, the real growth is estimated to be 6.78 *per cent* against 6.63 *per cent* as per Advance Estimates for 2010-11. In this Report, the GSDP data used for the Eleventh Plan period (2007-08) is the new GSDP series with Base Year 2004-05 while previous years' data is the old GSDP series with Base Year 1999-2000. Details are in ***Appendix 1.7.***

## 1.1 Salient features of the State's Budgetary System and Profile

The State Government secures legislative approval for spending from the Consolidated Fund of the State by presenting annual budget and nearly 29 Demand for Grants, typically one demand for one Department. This is to ensure responsibility of the Heads of Departments for spending on intended purpose. There is no system of outcome/ performance budgeting/ reporting by the Departments to the State Legislature as the Departments do not prepare annual reports of their activities and achievements. (Some Departments have websites to disseminate some information to general public.) The budget allotments process is highly centralized. The State Government used to bank with wholly owned J&K Bank. Since April 1, 2011, all Government receipts and expenditures are consolidated into a single account with the Reserve Bank of India (RBI). During 2011-12, switchover to the Ways & Means Advances and Overdraft Regulations Scheme of the RBI helped the State Government save over ₹ 220 crore as interest. The J&K Bank continues to function as agency bank of the RBI. The State follows a system of classification of receipts and expenditure, which generally conforms to the function-cum-programme based system followed by the Central and other State Governments at top level of major/ minor heads of accounts. However, at lower levels of expenditure classification, the heads of classification are a mix of purpose of expenditure and the spending unit. The system is to some extent *ad hoc* driven by diverse information needs of the Government rather than any particular standard, especially at the lowest level of expenditure classification.

The State's expenditure requirements cannot be met from its own resources and it has substantial dependence on resource flow from the Central Government. The State of Jammu and Kashmir is one of the 11 Special Category States substantially dependent on Central Government's financial support for financing their budget. Eleven States in the Union (Arunachal Pradesh, Assam, Himachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand) are termed as "Special Category States" for the purpose of preferential treatment in the matter of Central financial assistance, mainly in terms of financing the expenditure on State Plan. These States have some distinct characteristics and fiscal handicaps calling for special treatment in Central government's financial support for their developmental plans such as clear geographical disadvantages due to proximity to international boundaries, hilly terrains and distinct backlog of socio-economic developmental. Public expenditure plays a significant role in the Gross State Domestic Product of these States. In view of these problems, the Central Government provides 90 *per cent* financing for schemes/ projects included in the State Plan in the form of grants-in-aid to the Special Category States whereas for other States, such Central assistance in the form of grants is limited to only 30 *per cent* of the estimated, eligible cost of a State Plan scheme/ project. Higher (90 *per cent*) financing of State Plan schemes/ projects by way of grants-in-aid from the Central Government and access to substantial Central grants for financing Central and Centrally Sponsored Plan Schemes and also on non-Plan account coupled with State's own efforts at revenue mobilization have ensured that the State has continued to be a revenue surplus State despite having deficit after excluding central transfers. (The grants from the Central Government are treated as (non-tax) revenue receipts of the State Government.)

## 1.2 Legislative Framework of Budget consequent to the Fiscal Responsibility and Budget Management (FRBM ) Act, 2006

Concerns about growth in governments' expenditure exceeding their non-debt resources raising issues of inter-generational equity have led to development of a national consensus on prudential management of Government debt and deficit. The State has also recognized this imperative need and committed to follow a path of fiscal consolidation.

Four key fiscal parameters, viz., (a) revenue deficit, (b) fiscal deficit, (c) primary deficit and (d) outstanding fiscal liabilities indicate the extent of overall fiscal imbalances in the finances of a government during a specified period. In the context of States in the Union, another useful measure of the deficit-bias in a State's fiscal policy is the "State's Own Deficit (SOD)", which is the State's Fiscal Deficit minus non-debt resources received from the Central Government. An important constituent of the State's Own Deficit is 'Pre-Devolution Non-Plan Revenue Deficit (PDNPRD), which represents the gap between the State's non-plan revenue expenditure and the State's Own Revenues (tax and non-tax).

With the declared objective of ensuring prudence in fiscal management and fiscal stability by progressive strengthening of revenue surplus, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability and greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term frame work and for matters connected therewith or incidental thereto, the Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act was enacted on 14 August 2006. Details of the FRBM Act and amendments made to it are in ***Appendix 1.3.*** This Report contains an assessment of government's compliance to the FRBM Act, 2006 and FRBM Rules, 2008.

## 1.3 Summary of Current Year's Fiscal Transactions

**Table 1.1** presents the summary of the State Government's fiscal transactions during the current year (2011-12) *vis-a-vis* the previous year. ***Appendix 1.5*** presents a more disaggregated view of this Table.

**Table-1.1**

**Summary of Current Year's Fiscal Operations**

**(Receipts and disbursements during 2011-12)**

*(₹ in crore)*

| Receipts | | | Disbursements | | | | |
|---|---|---|---|---|---|---|---|
| Various Items | 2010-11 | 2011-12 | Various Items | 2010-11 | 2011-12 | | |
| | Total | Total | | Total | Non-Plan | Plan | Total |
| **Section-A: Revenue** | | | | | | | |
| Revenue receipts | 22233.65 | 24782.96 | Revenue expenditure | 18466.82 | 21432.21 | 1248.27 | 22680.48 |
| State's Own Tax revenue | 3482.58 | 4745.48 | General Services | 7777.40 | 9707.36 | 17.40 | 9724.76 |
| State's Own Non-tax revenue | 1093.11 | 2001.65 | Social Services | 5213.93 | 5210.70 | 1081.88 | 6292.58 |
| Share of Union Taxes/Duties | 3066.98 | 3495.11 | Economic Services | 5475.49 | 6514.15 | 148.99 | 6663.14 |
| Grants from Government of India | 14590.98 | 14540.72 | | | | | |
| **Section-B: Capital** | | | | | | | |
| | | | Capital Outlay | 6063.53 | 425.24 | 5473.58 | 5898.82 |
| Miscellaneous Capital Receipts | ... | ... | Grants-in-aid and Contributions | ... | ... | ... | ... |
| Recoveries of Loans and Advances | 1.50 | 168.48 | Loans and Advances disbursed | 71.63 | 65.61 | | 65.61 |
| Public Debt receipts@ | 5206.21 | 4036.44 | Repayment of Public Debt@ | 3931.98 | 1211.31 | | 1211.31 |
| Contingency Fund | 0.26 | 1.20 | Contingency Fund | 0.16 | 0.36 | | 0.36 |
| Public Account receipts @@ | 55860.32 | 18834.79 | Public Account disbursements @@ | 54735.07 | 17106.29 | | 17106.29 |
| Opening Cash Balance | 67.20 | 99.94 | Closing Cash Balance | 99.94 | 960.94 | | 960.94 |
| Total | 83369.14 | 47923.81 | | 83369.14 | | | 47923.81 |

*@ Excludes net transactions under ways and means advances and overdraft.*

*@@ These exclude transactions of investment of cash balances and departmental cash chests. The net effect of these transactions is included in the opening and closing cash balances in the row next below. Cash balance of the State, as a result of the aforesaid inflow/outflow, increased by ₹ 860.99 crore over the previous year. Out of this, ₹ 760.90 crore has been invested in short term securities.*

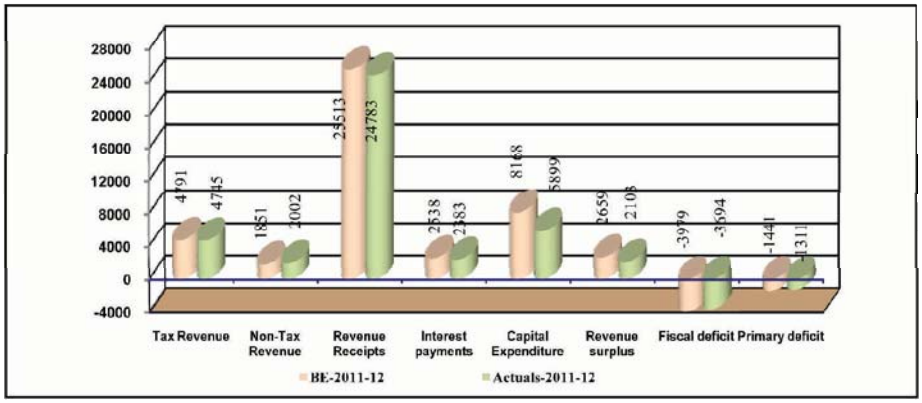
It would thus be evident that:

- Revenue receipts grew by around 11 *per cent* (₹ 2,549 crore) over the previous year. The growth mainly came from increase in tax revenue (₹ 1,262 crore), non-tax revenue (₹ 909 crore) of the State Government and share of union taxes/ duties (₹ 428 crore).
- Revenue expenditure increased by ₹ 4,213 crore (23 *per cent*) over the previous year. Increase in salary, purchase of power and payment of interest on internal debt mainly caused increase in revenue expenditure.
- Capital expenditure witnessed a decline of around three *per cent* (₹ 165 crore) over the previous year mainly due to decrease in spending of ₹ 128 crore in Economic Services Sector.

- Public Account receipts and disbursements decreased by ₹ 37,025 crore and ₹ 37,629 crore respectively over the previous year.
- Public Debt receipts and its repayments decreased by ₹ 1,169 crore and ₹ 2,721 crore respectively during the year 2011-12.
- Cash balance of the State, as a result of the aforesaid inflow/ outflow, increased by ₹ 861 crore over the previous year.
- The State's own revenues (₹ 6,747 crore) were not sufficient enough to meet even the Revenue expenditure, which increased from ₹ 10,614 crore in 2006-07 to ₹ 22,680 crore in 2011-12, and would have resulted in a Revenue deficit ranging from minus ₹ 8,182 crore in 2006-07 to minus ₹ 15,933 crore in 2011-12 but for the assistance from the Central Government amounting to ₹ 18,036 crore. Due to Central grants (treated as the State's non-tax revenues), the State has continued to maintain revenue surplus with a surplus of ₹ 2,103 crore during 2011-12.
- During the 10th Five Year Plan period (2002-2007), the State's non-plan expenditure increased by 55 *per cent* and Plan expenditure increased by 42 *per cent* while State's own non-debt receipts increased by only 28 *per cent.* During the 11th Plan period (2007-12), the growth in non-plan expenditure, Plan Expenditure and State's own non-debt resources has been 86 *per cent*, 61 *per cent* and 100 *per cent* respectively.

The State has continued to maintain the revenue surplus with a surplus of ₹ 2103 crore during 2011-12.

**(Chart 1.1 showing actual realisation of revenue *vis-a-vis* budget provisions)**




There were huge variations in the revenue surplus, fiscal and primary deficits *vis-à-vis* the budget estimates. The revenue surplus was less by ₹ 556 crore than that estimated. The fiscal deficit was ₹ 3,694 crore against the estimate of ₹ 3,979 crore and primary deficit ₹ 1,311 crore, against the estimated ₹ 1,441 crore (March 2012). Reasons for

variations between the budget estimates and actual realization were, however, neither intimated by the Government nor were on record.

## 1.4 Trends in Key Fiscal Aggregates

The trends in Budget Estimates, Revised Estimates and actual financial outcomes of some top level fiscal aggregates for 2011-12 and for preceding two years are given in **Table 1.2** below:

**Table-1.2**

**Trends in Key Fiscal Aggregates**

| | Fiscal Aggregate | 2009-10 | | | 2010-11 | | | 2011-12 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Budget | Revised | Actual | Budget | Revised | Actual | Budget | Revised | Actual |
| 1 | Revenue Receipts (a)+(b)+(c)+(d) | 19462 | 19681 | 17588 | 22849 | 23762 | 22234 | 26701 | 25513 | 24783 |
| (a) | State's Own Tax revenue | 3011 | 3075 | 3027 | 3505 | 3643 | 3483 | 4183 | 4791 | 4745 |
| (b) | State's Own Non Tax Revenue | 1319 | 1294 | 955 | 1457 | 1475 | 1093 | 1620 | 1851 | 2002 |
| (c) | State's share in Union Taxes | 1880 | 1880 | 1915 | 2911 | 2911 | 3067 | 3328 | 3691 | 3495 |
| (d) | Grants from Centre | 13252 | 13432 | 11691 | 14976 | 15733 | 14591 | 17570 | 15180 | 14541 |
| 2 | Non-Debt Capital Receipts | 388 | 376 | 30 | 376 | 360 | 2 | 358 | 356 | 168 |
| 3 | Fiscal Deficit | 2081 | 2090 | 3989 | 1800 | 2352 | 2367 | 2979 | 3979 | 3694 |
| **4** | **Total Receipts (1+2+3)** | **21931** | **22147** | **21607** | **25025** | **25474** | **24603** | **30038** | **29848** | **28645** |
| 5 | Revenue Expenditure 5(i)+5(ii) | 14949 | 15325 | 15324 | 17698 | 18374 | 18467 | 22752 | 22846 | 22680 |
| (i) | Plan | 704 | 694 | 553 | 981 | 919 | 909 | 1205 | 1100 | 1248 |
| (ii) | Non-Plan | 14245 | 14631 | 14771 | 16717 | 17455 | 17558 | 21547 | 21746 | 21432 |
| 6 | Capital Expenditure 6(i)+6(ii) | 6982 | 6822 | 6234 | 7327 | 8100 | 6064 | 7286 | 6994 | 5899 |
| (i) | Plan | 6796 | 6519 | 6135 | 7075 | 6767 | 5730 | 7020 | 6617 | 5474 |
| (ii) | Non-Plan (excluding Debt Repayment, including Loans and Advances) | 186 | 303 | 99 | 252 | 1333 | 406 | 266 | 377 | 491 |
| **7** | **Total expenditure** | **22739** | **22885** | **21607** | **25025** | **26474** | **24603** | **30038** | **29840** | **28645** |
| (i) | Plan | 7500 | 7213 | 6688 | 8056 | 7686 | 6639 | 8225 | 7698 | 6722 |
| (ii) | Non-Plan | 15239 | 15677 | 14919 | 16969 | 18788 | 17964 | 21813 | 22150 | 21923 |
| | Pre-Devolution Non-Plan Revenue Deficit (PDNPRD) | 9915 | 10262 | 10789 | 11755 | 12337 | 12982 | 15744 | 15104 | 14685 |
| | GSDP (New Series with Base Year 2004-05) | 38807 | 38297 | 43236 | 42460 | 47709 | 47709 | 62365 | 62365 | 62365 |
| | Fiscal Deficit as per cent of GSDP | 5.36 | 5.46 | 9.23 | 4.24 | 4.95 | 4.96 | 4.78 | 6.38 | 5.92 |

| | Fiscal Aggregate | 2009-10 | | | 2010-11 | | | 2011-12 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Budget | Revised | Actual | Budget | Revised | Actual | Budget | Revised | Actual |
| | Revenue Surplus | 4513 | 4356 | 2264 | 5151 | 5388 | 3767 | 3949 | 2659 | 2103 |
| | PDNPRD/GSDP *(per cent)* | 25.54 | 26.71 | 25 | 27.81 | 25.85 | 27.21 | 25.24 | 24.22 | 23.55 |

The 'Non-Plan Capital Expenditure' shown in the above table is net expenditure. Pre-Devolution Non-Plan Revenue Deficit being an important fiscal parameter was targeted to be brought down to 20 *per cent* of GSDP by 2008-09 and maintained thereafter. The same however was between 23 to 25 *per cent* during 2009-2012. The fiscal deficit also continued to be more than three *per cent* of the GSDP during this period.

## 1.5 Thirteenth Finance Commission Recommendations

Consequent upon the amendments to the FRBM Act on the lines of Thirteenth Finance Commission Recommendations, the State could avail three benefits (a) write off of Central Government loans (₹ 57 crore) and (b) release of State-Specific grants (₹ 350 crore) and (c) A special one-time grant of ₹ 1,000 crore from the Central Government along with market borrowing of ₹ 1,300 crore for liquidation of the State Government's overdraft with the Jammu and Kashmir (J&K) Bank. The State liquidated entire overdraft with the J&K Bank as on 31 March 2011 and started a single account with the RBI for all Government receipts and expenditures with effect from 01.04.2011. During 2011-12, the interest burden on overdraft/ ways & means advances came down by over ₹ 220 crore as a result of this switch over to new banking arrangements.

Out of an allocation of ₹ 350 crore as grants to the State for 12 State-specific schemes under the *Th FC* award, the Central Government released ₹ 86.64 crore as first instalment to the State Government during 2011-12 against which an expenditure of ₹ 17.63 crore was reported as incurred. Poor utilisation of funds was mainly due to delayed release of funds by the State Government to the implementing agencies. While the funds (₹ 8.51 crore) for preservation of heritage "Mubark Mandi" were released in June 2012, funds amounting to ₹ 6.25 crore for "Tawi Front" had not been released till August 2012 to the implementing agencies.

The State Government adopted the New Pension Scheme from January 2010 for Government employees. The Government's and the employees' contributions under the scheme were to be credited to the Major Head 8342-Other Deposits-Sub Head-117, Minor Head 120-Misc. Defined contribution Pension Scheme for Government employees by the Treasury Officers. This classification of the contributions under the scheme was not followed during 2009-10 and 2010-11 and the amounts were deposited in the Bank accounts by the treasury officers. However, the correct accounting system for the contributions under the scheme were followed from 2011-12 and figures of the same appeared in the State Finance Accounts 2011-2012. The *Th FC* observed that the contributions of State employees were lying in the State Public Account and recommended that the State should build a data base

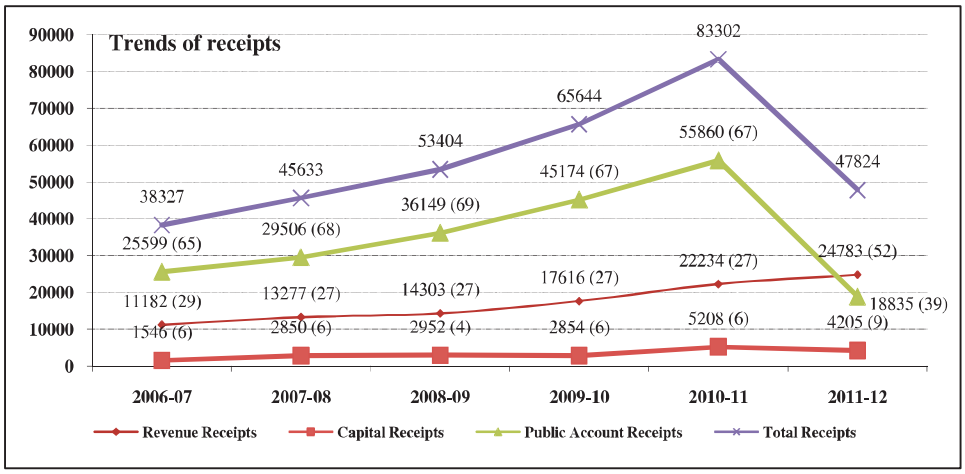
of its employees and pensioners so as to facilitate the transfer of funds to Pension and Fund Managers. For this purpose, the Central Government released during 2010-11 first instalment of ₹ 2.50 crore to the State out of which only ₹ 0.50 crore have been advanced to the Information Technology Department and ₹ two crore placed in deposit in the Public Account. Contributions amounting to ₹ 13.60 crore were not transferred to the Pension Fund Managers as on ending March 2012.

## 1.6 Resources of the State

The resources for financing the State Budget are categorised into Revenue receipts and Capital receipts. While Revenue Receipts of a State comprise of its Tax Revenue, State's share in Central taxes/ duties, non-tax revenues and Grants-in-aid from the Central Government, Capital Receipts comprise of four broad components: (i) Non-debt capital receipts like recoveries of loans/ advances given by the State Government; (ii) proceeds of disinvestment of equity in public sector companies or proceeds from sale of other assets like land/ buildings; (iii) Receipts, which create liabilities for the government like market loans, borrowings from financial institutions/ commercial banks, loans and advances from the Central Government and (iv) receipts into the Public Account for which the State Government act as a banker.

**Table-1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2** below depicts the trends in various components of the receipts of the State during 2006-12.

**Chart 1.2**




The revenue receipts, which formed 27 *per cent* of the total receipts at an average during 2007-11, has increased to 52 *per cent* during 2011-12 due to decrease in Public Accounts receipts from ₹ 55,860 crore in 2010-11 to ₹ 18,835 crore during 2011-12. The Capital receipts remained almost constant during 2007-11 and increased by three *per cent* of the total receipts in 2011-12. The Public Account receipts were 39 *per cent* of the total receipts (2011-12) against the average of 67 *per cent* during 2007-11.

## 1.7 Funds transferred directly by the Government of India (GOI) to State implementing agencies outside the State Budget

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies for implementation of various schemes/ programs in social and economic sectors. As these funds are not routed through the State Budget/ State Treasury System, Annual Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/ parameters derived from the Finance Accounts do not present a complete picture of the fund flow of Central Government resources into the State. The funds directly transferred to State Implementing Agencies under some major schemes are detailed in ***Appendix 1.6***. Funds provided to some major programme/ schemes out of the total amount of ₹ 3,389 crore during 2011-12 are detailed in **Table 1.3** below:

**Table-1.3**

**Funds Transferred directly by the GOI to State implementing agencies**

*(₹ in crore)*

| Name of the Programme/scheme | Name of the Implementing Agency in the State | Total Funds released by GOI during | |
|---|---|---|---|
| | | 2010-11 | 2011-12 |
| PMGSY | State Rural Roads Agency | 366.09 | 762.10 |
| National Rural Health Mission (NRHM) | State Health Department and other agencies | 132.15 | 452.45 |
| Sarva Shiksha Abhiyan | Ujala Society | 403.49 | 300.71 |
| Package for Special Category State DIPP | Jammu and Kashmir Financial Corporation Limited | 23.14 | 59.59 |
| MGNREGA | Assistant Commissioners Development DRDA | 313.60 | 781.31 |
| National Rural Drinking Water Programme | State Water and Sanitation Mission | 468.91 | 420.42 |
| Rural Housing (IAY) | Assistant Commissioners DRDA | 66.43 | 58.83 |
| Local Area Development Schemes (MPLADS) | District Development Commissioners | 24.00 | 40.00 |
| | **TOTAL** | **1797.81** | **2875.41** |

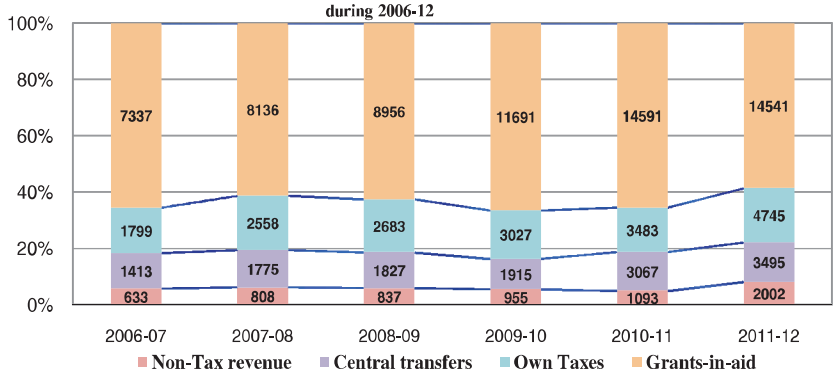
*(Source: CPMS of CGA's website)*

These figures are yet to be verified by the Implementing Agencies. The consolidated data base at apex level was not maintained by the State Government. Since there is no system of regular feedback to the office of the Accountant General (A&E), Jammu and Kashmir about the unspent balances available with the above mentioned implementation agencies and the liability of matching counterpart funds required to be provided by the State Government to these agencies, neither the Finance Accounts nor this Audit Report on State Finances provide a full picture of the funds meant for socio-economic development in the State. This systemic weakness can be addressed if there is an information exchange agreement with the implementing agencies which are registered societies controlled and operated by State Government officers.

## 1.8 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of tax and non-tax revenues, Central tax transfers and grants-in-aid from the Central Government. The trends and composition of revenue receipts over the period 2006-12 are presented in ***Appendix 1.4*** and also depicted in **Chart 1.3**.

**Chart - 1.3**
**Composition of Revenue Receipts during 2006-12**




Transfers from the Central Government in the shape of State's share in Union taxes and duties and grants in aid form the major constituent of the State's revenue receipts and varied between 75 and 79 *per cent* during 2006-11 and constituted 73 *per cent* of the revenue receipts of the State for the year 2011-12. The trends in revenue receipts relative to GSDP are presented in **Table 1.4** below:

**Table-1.4**

**Trends in Revenue Receipts relative to GSDP**

| Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|
| Revenue Receipts (RR) (₹ in crore) | 11,182 | 13,277 | 14,303 | 17,588 | 22,234 | 24783 |
| State's Own Revenues (₹ in crore) | 2432 | 3366 | 3520 | 3982 | 4576 | 6747 |
| Rate of growth of RR (*per cent*) | 8.41 | 18.74 | 7.73 | 22.97 | 26.42 | 11.46 |
| R R/GSDP (*per cent*) | 38.52 | 41.76 | 41.09 | 45.92 | 46.60 | 39.74 |
| Buoyancy Ratios[1] | | | | | | |
| Revenue Buoyancy w.r.t GSDP | 0.83 | 1.80 | 0.76 | 2.25 | 2.55 | 0.82 |
| State Own Tax Buoyancy with respect to GSDP* | 1.04 | 4.06 | 0.48 | 1.26 | 1.46 | 2.60 |
| Revenue Buoyancy with reference to State's own taxes | 0.80 | 0.44 | 1.58 | 1.79 | 1.77 | 0.32 |

*Figures for 2007-10 revised due to revision of GSDP by the State Government w.r.t Base Year 2004-05*

The Revenue Receipts showed a progressive increase over the period 2006-12 in absolute terms and the growth rate in 2011-12 was 11.46 *per cent* over the previous year. The buoyancy ratio of own tax to GSDP increased from 1.04 *per cent* in 2006-07 to 2.60 *per cent* in 2011-12.

[1] Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one *per cent*.

### 1.8.1 State's Own Revenues

As the State's share in central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central tax receipts and Central assistance for Plan schemes etc., the State's performance in mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. The trend in State's own tax and non-tax revenue can be seen from the **Table 1.5** below:

**Table-1.5**

**Trends of tax revenue and non-tax revenue**

*(₹ in crore)*

| Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|
| Tax revenue | 1,798.97 | 2,558.18 | 2,682.96 | 3027.32 | 3482.58 | 4745.45 |
| Non-tax revenue | 632.53 | 807.98 | 837.16 | 955.03 | 1093.11 | 2001.65 |
| **Total** | **2,431.50** | **3,366.16** | **3,520.12** | **3982.35** | **4575.69** | **6747.10** |

### 1.8.2 State's Own Tax Revenue

The performance of State's Own Tax Revenue has indeed been remarkable as detailed in the **Table 1.6** below:

**Table-1.6**

**Trends in State's Own Tax Revenue relative to GSDP**

| Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|
| Own Tax Receipts (OTR) (₹ in crore) | 1799 | 2558 | 2683 | 3027 | 3483 | 4745 |
| Rate of growth of OTR *(per cent)* | 10.57 | 42.19 | 4.89 | 12.82 | 15.06 | 36.23 |
| OTR/GSDP *(per cent)* | 5.57 | 7.18 | 6.84 | 7.00 | 7.30 | 7.61 |
| **Buoyancy Ratios** | | | | | | |
| OTR Buoyancy w.r.t GSDP | 1.04 | 4.06 | 0.48 | 1.26 | 1.46 | 2.60 |
| OTR Buoyancy with reference to RR | 1.25 | 2.25 | 0.63 | 0.55 | 0.57 | 3.16 |

The State's Own Tax Receipts showed a progressive increase over the period 2006-12 in absolute terms and the growth rate in 2011-12 was 36.23 *per cent* over the previous year. The buoyancy ratio of own tax to GSDP increased from 1.04 *per cent* in 2006-07 to 2.60 *per cent* in 2011-12, though it had peaked to 4.06 in 2007-08. During 2011-12, there was record collection of commercial taxes. The State has brought new services under the tax net, which are taxed as part of the State's integrated legislation for taxation of goods and services.

The tax-wise break-up of tax revenue during the period along with percentage increase/ decrease over 2010-11 is given in **Table 1.7** below:

**Table-1.7**

**Trends of tax revenue**

*(₹ in crore)*

| Head of Revenue | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | Percentage increase (+)/ decrease (-) in 2011-12 over 2010-11 |
|---|---|---|---|---|---|---|---|
| Sales tax | 1,159.72 | 1,804.81 | 1835.99 | 2145.72 | 2424.52 | 3414.01 | (+) **41** |
| State excise | 212.80 | 244.15 | 238.67 | 293.78 | 337.24 | 385.46 | (+) **14** |
| Stamps and registration fee | 56.92 | 65.62 | 57.13 | 69.51 | 78.58 | 170.97 | (+) **118** |
| Taxes and duties on electricity | 59.70 | 93.49 | 150.76 | 120.34 | 147.50 | 179.12 | (+) **21** |
| Taxes on vehicles | 63.96 | 72.60 | 65.47 | 83.09 | 115.33 | 104.52 | (-) **9** |
| Taxes on goods and passengers | 243.16 | 264.59 | 271.39 | 299.43 | 337.16 | 457.93 | (+) **36** |
| Land revenue | 2.57 | 9.58 | 63.53 | 15.41 | 42.03 | 32.99 | (-) **21** |
| Other taxes and duties on commodities and services | 0.13 | 3.33 | 0.01 | 0.02 | 0.22 | 0.48 | - |
| **TOTAL** | **1,798.96** | **2558.17** | **2682.95** | **3027.30** | **3482.58** | **4745.48** | **36** |

The State has been taxing services under the Jammu and Kashmir General Sales Tax Act, 1962 since March 1997, which yielded ₹ 697.69 crore in 2011-12. Although the Government has initiated several measures to widen the tax base and improve collection of tax on services yet the tax collected under the State law is significantly less than the share foregone by the State in the Central Service Tax collections, which is the only Central tax that is presently not applicable to the State. As per the assessment made by the Thirteenth Finance Commission regarding likely Central Service Tax collection during 2010-15, the share (1.551 *per cent*) foregone by the State works out to ₹ 8363.38 crore. During 2010-11, the State Service tax collection was ₹ 626.77 crore whereas the State's share in Central Service Tax would have been about ₹ 1100 crore.

The variations between the budget estimates and actuals of tax revenue receipts for the year 2011-12 in respect of the principal heads of tax revenue are mentioned in **Table 1.8** below:

**Table-1.8**

**Budget estimates and actual Tax Revenue during 2011-12**

**(₹ in crore)**

| Head of Revenue | Budget estimates | Actuals | Variations excess (+) shortfall (-) | Percentage of variation increase (+)/ decrease (-) |
|---|---|---|---|---|
| Sales tax | 3419.32 | 3414.01 | (-) 5.31 | - |
| State excise | 383 | 385.46 | (+) 2.46 | (+) 1 |
| Stamps and registration fee | 133.27 | 170.97 | (+) 37.70 | (+) 28 |
| Taxes on goods & passengers | 439 | 457.93 | (+) 18.93 | (+) 4 |
| Taxes and duties on electricity | 262 | 179.12 | (-) 82.88 | (-) 32 |
| Taxes on vehicles | 128.50 | 104.52 | (-)23.98 | (-) 19 |

### 1.8.3 Cost of Collection

The figures of gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection from 2008-09 to 2011-12 along with the relevant All India Average percentages for 2010-11 were as indicated in **Table 1.9** below:

**Table-1.9**

**Cost of collection in respect of major revenue receipts**

***(₹ in crore)***

| Head of Revenue | Year | Gross Collection | Expenditure on Collection | Percentage of expenditure to gross collection | All India Average percentage during the preceding year |
|---|---|---|---|---|---|
| Sales Tax | 2008-09 | 1835.99 | 15.30 | 0.83 | 0.95 |
| | 2009-10 | 2145.73 | 73.56[2] | 3.43 | 0.88 |
| | 2010-11 | 2424.52 | 22.17 | 0.91 | 0.96 |
| | 2011-12 | 3414.01 | 27.59 | 0.81 | 0.75 |
| State Excise | 2008-09 | 238.67 | 11.10 | 4.65 | 3.34 |
| | 2009-10 | 293.78 | 12.37 | 4.21 | 3.66 |
| | 2010-11 | 337.24 | 14.38 | 4.26 | 3.64 |
| | 2011-12 | 385.46 | 17.09 | 4.43 | 3.05 |
| Stamp duty & Registration fee | 2008-09 | 57.14 | 6.04 | 10.57 | 3.44 |
| | 2009-10 | 69.51 | 7.80 | 11.22 | 2.77 |
| | 2010-11 | 78.58 | 12.68 | 16.14 | 2.47 |
| | 2011-12 | 170.97 | 20.87 | 12.20 | 1.60 |
| Taxes on vehicles | 2008-09 | 65.47 | 4.73 | 7.22 | 2.74 |
| | 2009-10 | 83.10 | 4.56 | 5.49 | 2.93 |
| | 2010-11 | 115.33 | 5.38 | 4.66 | 3.07 |
| | 2011-12 | 104.52 | 7.44 | 7.11 | 3.71 |

It may be seen that the cost of collection of State Excise, Stamp duty and Registration fee and Taxes on vehicles is significantly higher than the All India Average cost of collection.

[2] Includes ₹ 50 crore representing waiver booked as incentive under MH-2040 by credit to MH-0040 by the Department.

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

An itemized break-up of non-tax revenue during the period 2006-12 along with percentage increase/ decrease over 2010-11 is given in **Table 1.10** below:

**Table-1.10**

**Trends of non-tax revenue**

*(₹ in crore)*

| Head of Revenue | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | Budget Estimate (BE) | 2011-12 | Percentage increase (+)/ decrease (-) in 2011-12 over 2010-2011 |
|---|---|---|---|---|---|---|---|---|
| Power | 478.94 | 600.94 | 629.98 | 723.64 | 822.09 | 1486.22 | 1006.93 | 22 |
| Interest receipts, dividends and profits | 34.02 | 65.33 | 56.51 | 54.80 | 67.04 | 89.29 | 101.22 | 51 |
| Forest and wild life | 18.99 | 32.20 | 31.61 | 37.46 | 47.47 | 55.57 | 55.20 | 16 |
| Public works | 16.16 | 16.44 | 16.89 | 23.87 | 23.58 | 22.29 | 25.94 | 10 |
| Medical and public health | 12.62 | 13.21 | 9.92 | 9.49 | 9.40 | 17.38 | 14.55 | 55 |
| Water supply and sanitation | 10.95 | 13.64 | 14.65 | 13.16 | 15.97 | 34.50 | 20.57 | 29 |
| Police | 6.59 | 4.21 | 10.35 | 12.84 | 10.99 | 17.60 | 24.91 | 127 |
| Non-ferrous mining and metallurgical industries | 9.98 | 16.43 | 14.86 | 25.34 | 34.51 | 43.00 | 41.18 | 19 |
| Crop husbandry | 4.31 | 4.52 | 5.00 | 5.23 | 4.53 | 6.79 | 11.73 | 159 |
| Animal husbandry | 4.75 | 4.66 | 4.70 | 5.13 | 5.41 | 6.22 | 6.41 | 18 |
| Others | 35.22 | 36.40 | 42.69 | 44.07 | 52.11 | 72.58 | 693.00 | 1230 |
| **Grand Total:** | **632.53** | **807.98** | **837.16** | **955.03** | **1093.11** | **1851.44** | **2001.64** | |

Non-tax revenue of ₹ 693 crore under "Others" includes ₹ 543.44 crore received by the State as water usage charges from National Hydroelectric Power Corporation (NHPC) in respect of hydel projects owned by it in the State. The Government has informed the Legislature through the Statements placed under the FRBM Act that all departments are expected to recover at least 50 *per cent* of the 'service charges' from the users after accounting for Operations and Maintenance expenses, as recommended by the Thirteenth Finance Commission. No specific time bound action plan has been presented to achieve this goal.

The receipts of the Power Development Department (PDD) constitute the most significant constituent of State's non-tax revenue. All other items are really insignificant in comparison. **Table 1.11** below shows how shortfall in the performance of PDD contributed to deterioration in the fiscal deficit of the State Government despite a record performance on tax revenue front and despite large unbudgeted revenue on account of water usage charges from NHPC.

**Table-1.11**

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

*(₹ in crore)*

| Financial year | Target for collection of tariff | Actual tariff collected | Expenditure on Power purchase | Deficit |
|---|---|---|---|---|
| 2002-03 | 440 | 607 | 882 | 275 |
| 2003-04 | 455 | 368 | 1135 | 767 |
| 2004-05 | 483 | 383 | 1318 | 935 |
| 2005-06 | 461 | 384 | 1674 | 1290 |
| 2006-07 | 405 | 479 | 1355 | 876 |
| 2007-08 | 780 | 601 | 1750 | 1149 |
| 2008-09 | 922 | 630 | 2034 | 1404 |
| 2009-10 | 1065 | 702 | 1997 | 1295 |
| 2010-11 | 1209 | 822 | 2310 | 1488 |
| 2011-12 | 1486 | 1007 | 3000 | 1993 |

As can be seen from the details above, the targets for collection of tariff have not been achieved since 2003-04 except in 2006-07 wherein collection of tariff was ₹ 74 crore more than the target fixed for collection. The shortfall in collection of revenue was ₹ 479 crore during 2011-12.

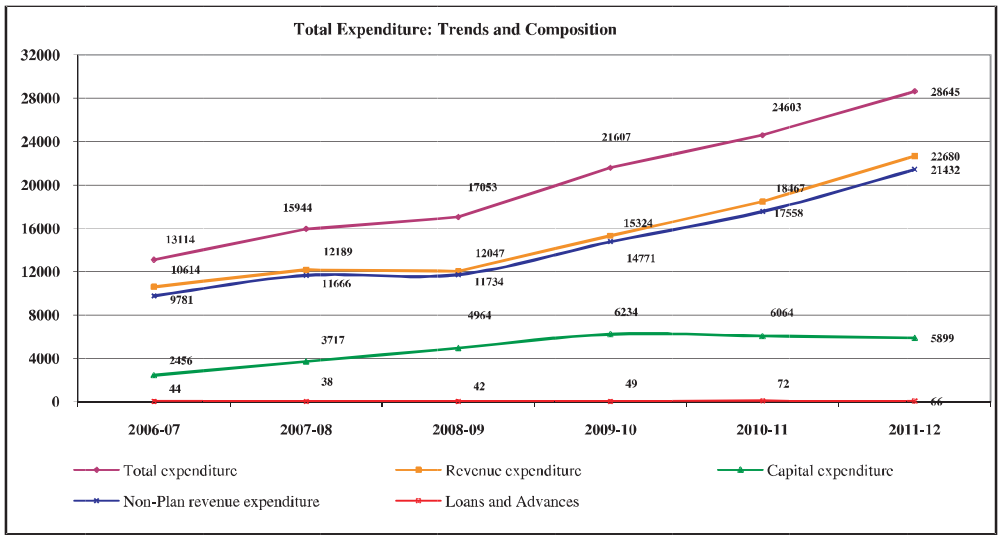
## 1.9 Application of resources

State raises resources to perform their sovereign functions, maintain levels of service delivery for social and economic services; extend the network of these services through capital expenditure, investments and to discharge their debt service obligations. It is also important to ensure that the fiscal correction and consolidation process does not adversely affect the quality of public expenditure directed towards maintenance of infrastructure, creation of new infrastructure and other needs of development and social justice.

### 1.9.1 Growth and Composition of Expenditure

**Chart 1.4** presents the trends in total expenditure over a period of six years (2006-12). The composition of total expenditure, both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.5** and **1.6.**

**Chart-1.4**




As can be seen from the above Chart, the total expenditure of the State increased from ₹ 13,114 crore in 2006-07 to ₹ 28,645 crore in 2011-12 (118 *per cent*). The capital and revenue expenditure components have increased by 140 and 114 *per cent*, respectively during the period 2006-12. The total expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table 1.12** below:

**Chart-1.5**

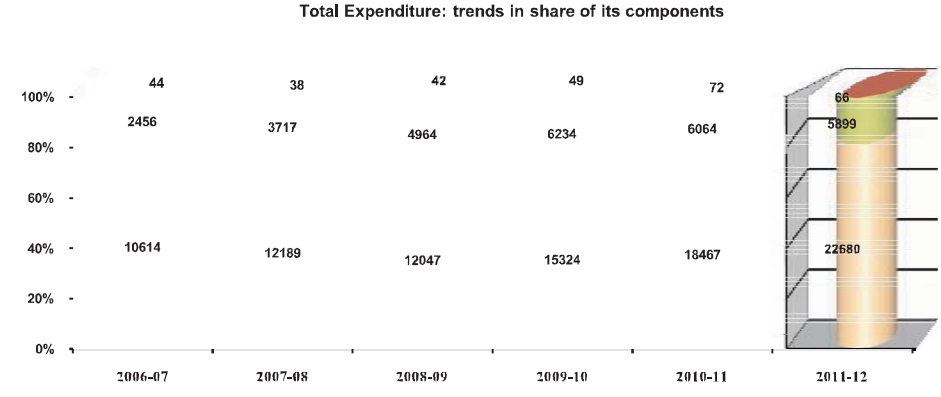


**Table-1.12**

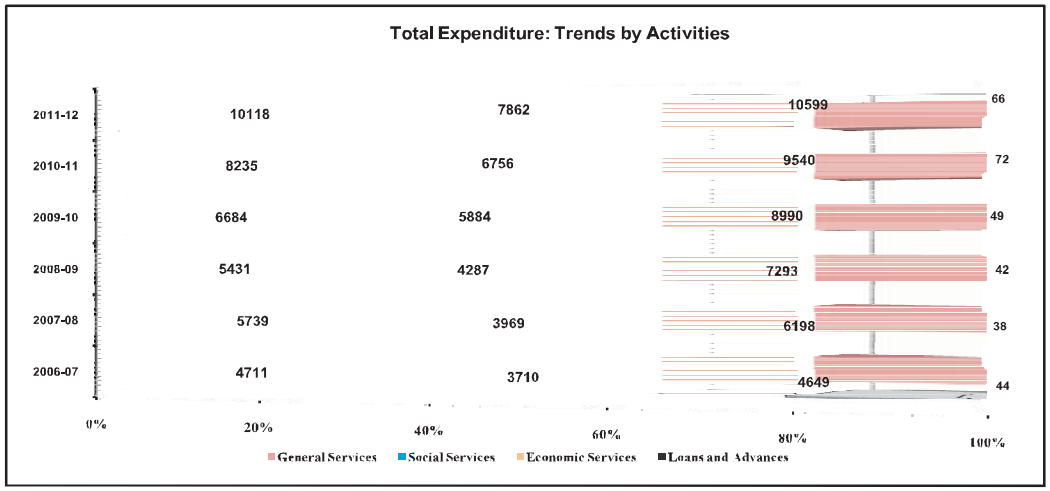
**Total Expenditure – Basic Parameters**

| Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|
| Total Expenditure (TE) (₹ in crore) | 13114 | 15944 | 17053 | 21607 | 24603 | 28645 |
| Total Plan Expenditure (₹ in crore) | 3179 | 4164 | 5006 | 6688 | 6639 | 6722 |
| Total Non-Plan Expenditure (₹ in crore) | 9891 | 11742 | 12005 | 14870 | 17892 | 21857 |
| Rate of growth (*per cent*) | 0.92 | 21.58 | 6.96 | 26.70 | 13.87 | 16.43 |
| TE/ GSDP ratio (*per cent*) | 40.64 | 44.76 | 43.47 | 49.97 | 51.57 | 45.93 |
| RR/ TE ratio (*per cent*) | 85.27 | 83.27 | 83.87 | 81.40 | 90.37 | 86.52 |
| **Buoyancy of Total Expenditure with reference to** | | | | | | |
| GSDP (ratio) | 0.09 | 1.68 | 0.36 | 1.94 | 0.98 | 1.18 |
| RR (ratio) | 0.11 | 1.15 | 0.9 | 1.16 | 0.52 | 1.43 |

From **Chart 1.5** above, it may be seen that increases in capital and revenue expenditure were of the order of ₹ 3,443 crore (from ₹ 2,456 crore in 2006-07 to ₹ 5,899 crore in 2011-12) and ₹ 12,066 crore in revenue account (from ₹ 10,614 crore in 2006-07 to ₹ 22,680 crore in 2011-12). The total expenditure increased by ₹ 4,042 crore (16 *per cent*) from ₹ 24,603 crore in 2010-11 to ₹ 28,645 crore in 2011-12. While revenue expenditure increased by ₹ 4,213 crore (from ₹ 18,467 crore in 2010-11 to ₹ 22,680 crore in 2011-12), there was decrease of ₹ 165 crore (from ₹ 6,064 crore in 2010-11 to ₹ 5,899 crore in 2011-12) in capital expenditure. Decrease in capital expenditure during 2011-12 was mainly under Economic Services (₹ 128 crore), General Services (₹ 64 crore) with a corresponding increase of ₹ 27 crore under Social Services over the previous year.

From **Table 1.12** above, it is evident that out of the total expenditure of ₹ 28,645 crore during 2011-12, ₹ 6,722 crore was Plan and ₹ 21,857 crore was non-Plan expenditure. The Plan expenditure increased by ₹ 83 crore (one *per cent*) from ₹ 6,639 crore in 2010-11 to ₹ 6,722 crore in 2011-12. However, the non-Plan expenditure recorded a far higher growth, an increase of ₹ 3,965 crore (22 *per cent*) from ₹ 17,892 crore in 2010-11 to ₹ 21,857 crore in 2011-12.

**Chart-1.6**




Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations and as such does not result in any addition to the State's infrastructure and service network. During the years 2006-07 to 2011-12, revenue expenditure had a predominant share (on an average 75.50 *per cent*) in the total expenditure and has been increasing at a fast pace since 2009-10 as indicated in **Table 1.13** below:

**Table-1.13**

**Components of Revenue Expenditure**

| Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|
| **Total expenditure** | **13114** | **15944** | **17053** | **21607** | **24603** | **28645** |
| **Revenue Expenditure (RE) ( ₹*in crore*)** | **10614 (81)** | **12189 (76)** | **12047 (71)** | **15324 (71)** | **18467 (75)** | **22680 (79)** |
| ***Non-Plan Revenue Expenditure (NPRE)*** | 9781 (92) | 11666 (96) | 11734 (97) | 14771 (96) | 17558 (95) | 21432 (94) |
| ***Plan Revenue Expenditure (PRE)*** | 833 | 523 | 313 | 553 | 909 | 1248 |
| **Rate of Growth of** | | | | | | |
| **RE (*per cent*)** | 6.98 | 14.84 | -1.16 | 27.20 | 20.51 | 22.82 |
| **NPRE (*per cent*)** | 12.10 | 19.27 | 0.58 | 25.88 | 18.87 | 22.06 |
| **PRE (*per cent*)** | -30.35 | -37.21 | -40.15 | 76.68 | 64.38 | 37.29 |
| **Ratio (*per cent*)** | | | | | | |
| **RE as percentage of TE** | 80.94 | 76.45 | 70.64 | 70.92 | 75.06 | 79.17 |
| **NPRE/GSDP (*per cent*)** | 30.31 | 32.75 | 29.91 | 34.16 | 36.80 | 34.37 |
| **NPRE as percentage of TE** | 74.58 | 73.17 | 68.81 | 68.36 | 71.37 | 74.82 |
| **NPRE as percentage of RR** | 87.47 | 87.87 | 82.04 | 83.98 | 78.97 | 86.48 |
| **Buoyancy ratio of Revenue Expenditure with** | | | | | | |
| **GSDP** | 0.69 | 1.43 | -0.11 | 2.66 | 1.98 | 1.63 |
| **Revenue Receipts** | 0.83 | 0.79 | -0.15 | 1.18 | 0.78 | 1.99 |

*(Figures in parenthesis represent percentage of NPRE to RE)*

The overall revenue expenditure of the State increased from ₹ 10,614 crore in 2006-07 to ₹ 22,680 crore in 2011-12 showing an increase of 114 *per cent* over the period. The non-plan revenue expenditure during the same period increased from ₹ 9,781 crore to ₹ 21,432 crore, showing an increase of 119 *per cent*. The share of NPRE in the total revenue expenditure slightly increased from 92 *per cent* in 2006-07 to 94 *per cent* in 2011-12. The Government achieved incurring less Non-Plan revenue expenditure to the extent of ₹ 314 crore against the budget provisions of ₹ 21,746 crore for 2011-12.

### 1.9.2 Committed Expenditure

The revenue expenditure of the State Government on account of interest payments, salaries and wages, pensions and subsidies is considered relatively inflexible charge on the State's resources. **Table 1.14** presents the trends in the expenditure on these components during 2006-12.

**Table-1.14**

**Components of Committed Expenditure**

*(₹ in crore)*

| Components of Committed Expenditure | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|
| **Total Salaries & Wages** | 3995 (35.73) | 4426 (33.34) | 4820 (33.70) | 6365 (36.18) | 7772 (34.96) | 10113 (40.81) |
| *Non-Plan Head* | *3467* | *4170* | *4682* | *6095* | *7467* | *9665* |
| *Plan Head* | *528* | *256* | *138* | *233* | *305* | *448* |
| **Interest Payments** | 1787 (15.98) | 2436 (18.35) | 1578 (11.03) | 2139 (14) | 2283 (10.26) | 2383 (9.61) |
| **Pensions** | 1021 (9.13) | 1193 (8.99) | 1269.40 (8.89) | 1568 (8.91) | 2242 (10.08) | 3296 (13.29) |
| **Subsidy** | | 17.63 | 28.68 | 35.60 | 74.51 (0.34) | 44.73 (0.18) |

*(Figures in parenthesis represent percentage of revenue receipts)*

From above, it can be seen that as against the increase in revenue receipts of 11 *per cent*, the expenditure on salary and wages increased by 30 *per cent* during 2011-12. This expenditure, however, does not include arrears of pay and pension revision consequent upon award of the Sixth Central Pay Commission. As per Appendix-XII of the Finance Accounts 2011-12, reported committed liabilities as on 31-03-2012 aggregated to ₹ 1,256.10 crore, of which ₹ 1,024.51 crore was on account of compensation payable to landowners on land acquisition.

The figures of subsidy allowed by the State Government upto 2006-07 were not made available by the State Government. However, this data was maintained by the office of the Accountant General (A&E), Jammu and Kashmir from 2007-08. The Government was able to reduce the subsidy by 40 *per cent* during 2011-12 over the previous year.

### 1.9.3 Financial Assistance by State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to autonomous bodies by various departments of the State Government during the current year relative to the previous years is presented in **Table 1.15** below:

**Table-1.15**

**Financial Assistance to Local Bodies etc**

*(₹ in crore)*

| Name of the Department | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|
| Education and Sports | 88.01 | 116.45 | 113.93 | 521.66 | 171.84 | 213.46 |
| Housing and Urban Development | 135.49 | 146.05 | 170.82 | 217.01 | 253.98 | 289.28 |
| Agriculture | 72.90 | 60.72 | 80.60 | 138.63 | 203.47 | 151.61 |
| Art and Culture | 7.32 | 7.93 | 9.43 | - | - | - |
| General Administration | 2.95 | 4.66 | 4.20 | 11.14 | 6.13 | 8.50 |
| Industries | 5.25 | 7.05 | 7.04 | 25.53 | 11.66 | 21.41 |
| Tourism | 5.06 | 5.24 | 15.06 | 71.17 | 150.40 | 5.52 |
| Administration of Justice | 1.63 | 2.26 | 3.30 | 3.32 | 3.67 | 4.48 |
| Health and Family Welfare | 0.44 | 0.64 | - | 0.47 | 0.36 | 0.34 |
| Others | 11.83 | 9.86 | 146.02 | 442.27 | 644.76 | 699.01 |
| **Total** | **330.88** | **360.86** | **550.40** | **1431.20** | **1446.27** | **1393.61** |
| Assistance as a percentage of Revenue expenditure | 3.12 | 2.96 | 4.57 | 9.34 | 7.83 | 6.14 |

The total assistance of ₹ 1,393.61 crore paid in 2011-12 increased by 321 *per cent* over the level of 2006-07. However, it decreased by four *per cent* as compared to the previous year 2010-11. The assistance categorised as 'others' comprised mainly the assistance to Ladakh Autonomous Hill Development Councils for Leh (₹ 263 crore up from ₹ 220 crore in 2010-11) and Kargil (₹ 243 crore, up from ₹ 196 crore in 2010-11). Around 47 *per cent* of the total financial assistance (₹ 1,393.61 crore) was provided for Education and Sports, Housing and Urban Development and Agriculture sectors during 2011-12.

## 1.10 Grant-in-Aid/ Financial assistance to Panchayati Raj Institutions (PRIs)/ Urban Local Bodies (ULBs)

The local bodies have been in existence for a long time and were required to perform effectively as vibrant democratic units of local self-government. These institutions had, however, become weak and ineffective on account of a variety of reasons, including the failure to hold regular elections, prolonged super sessions and inadequate devolution of powers and functions and lack of financial resources. With the enactment of the Constitution 73$^{rd}$ and 74$^{th}$ amendments, an attempt was made to strengthen these institutions and ensure peoples participation in their functioning. While the 73$^{rd}$ amendment to the Constitution sought to strengthen the Panchayati Raj Institutions and make these viable and responsive peoples bodies in the rural areas, 74$^{th}$ amendment related to the Urban local bodies. Though the State Government has not so far adopted the above amendments, the Panchayats in the State came into being

with effect from June 2011 after the panchayat elections were conducted during the period March-June 2011. Elections to ULBs have not been held after completion of tenure by elected bodies in March 2010.

### 1.10.1 Devolution of Functions

The Jammu and Kashmir Municipal Act 2000, lays down the functions devolved to the ULBs and include preparation of plans for economic development and social justice, performance of functions and implementation of schemes relating to urban and town planning, regulation of land use and construction of buildings, roads and bridges, solid waste management, providing other civic amenities etc. and imposition of certain taxes. In order to empower the PRIs, instructions to devolve certain functions of 14 departments (Agriculture, Animal Husbandry, Consumer Affairs and Public Distribution, Education, Fisheries, Forest, Health & Family Welfare, Horticulture, Industries & Commerce, Public Health Engineering, Public Works (R&B), Revenue, Rural Development, and Social Welfare departments) were issued by the State Government in September 2011.

### 1.10.2 Funds

Financial assistance of ₹ 368.36 crore (Grant-in-Aid: ₹ 289.28 crore, State/Central Plan assistance: ₹ 43.12 crore; Centrally Sponsored Schemes: ₹ 35.96 crore) was released by the State Government to 86 ULBs during 2011-12. The ULBs realised a revenue of ₹ 54.11 crore during the year 2011-12 through taxes, fees, etc. The Panchayati Raj Institutions (4,128) were provided financial assistance of ₹ 155.06 crore (Infrastructure/ Furniture: ₹ 41.17 crore; Rent: ₹ 0.32 crore; *Th FC* award: ₹ 113.57 crore) during the year 2011-12.

### 1.10.3 Accounting, Auditing and Reporting arrangements

A new Model Accounting Structure has been prescribed in January 2009 by the Comptroller and Auditor General of India (CAG) uniformly all over India to prepare and maintain the budget and accounts by the PRIs. The State Government also issued orders in December 2011 for adoption of Model Accounting Structure by PRIs.

The CAG and GOI had formulated in December 2004 the National Municipal Accounts Manual with double entry system for ULBs and requested (May 2005) the States to adopt the same with appropriate modifications to meet State specific requirements. The State Government notified the accrual based accounting system on the lines of National Municipal Accounts Manual to be followed by the ULBs of the State. Only two municipal corporations of Jammu and Srinagar have prepared the final accounts for 2011-12. The audit of ULBs is conducted by the Examiner Local Funds, Finance Department, Government of Jammu and Kashmir being the primary auditor. Municipal Corporations of Jammu and Srinagar are also audited and reported upon by the CAG of India under Section 14 of the CAG's (DPC) Act, 1971.

Entrustment of audit of PRIs and ULBs in Jammu and Kashmir under Technical Guidance and Support arrangements has not yet been given to the CAG of India as per recommendations of the Thirteenth Finance Commission.

## 1.11 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e. adequate provisions for providing public services), efficiency of expenditure (use), and the effectiveness (assessment of outlay-outcome relationships for select services). In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods[3]. Apart from improving the allocation towards development expenditure[4], particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure, the better would be the quality of expenditure. While **Table 1.16** indicates the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted and the previous years, **Table 1.17** and **Chart 1.7** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services. The aggregate of development expenditure under both Revenue and Capital heads varied between 64 and 69 *per cent* of total expenditure during 2006-12. In absolute terms, it increased from ₹ 16,296 crore in 2010-11 to ₹ 18,461 crore in 2011-12 registering an increase of ₹ 2,165 crore (13 *per cent*).

**Table-1.16**

**Development Expenditure (sum of expenditure on Social and Economic Sectors)**

*(₹ in crore)*

| Components of Development Expenditure | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 (BE) | 2011-12 |
|---|---|---|---|---|---|---|---|
| Development Revenue Expenditure | 5960 (45) | 6565 (41) | 6775 (40) | 8879 (41) | 10690 (43) | 12604 | 12956 (45) |
| Development Capital Expenditure | 2399 (18) | 3602 (23) | 4805 (28) | 5995 (28) | 5606 (23) | 5778 | 5505 (19) |
| Loans/ Advances for Development | 44 | 38 | 42 | 49 | 71 | 70 | 66 |

*Note: The Loans and Advances given by the State government for development activities constitute a relatively small fraction of its expenditure portfolio (0.23% of total expenditure in 2011-12). Figures in parentheses indicate percentage to aggregate expenditure.*

3 Core public goods are those which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. *Merit goods* are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

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

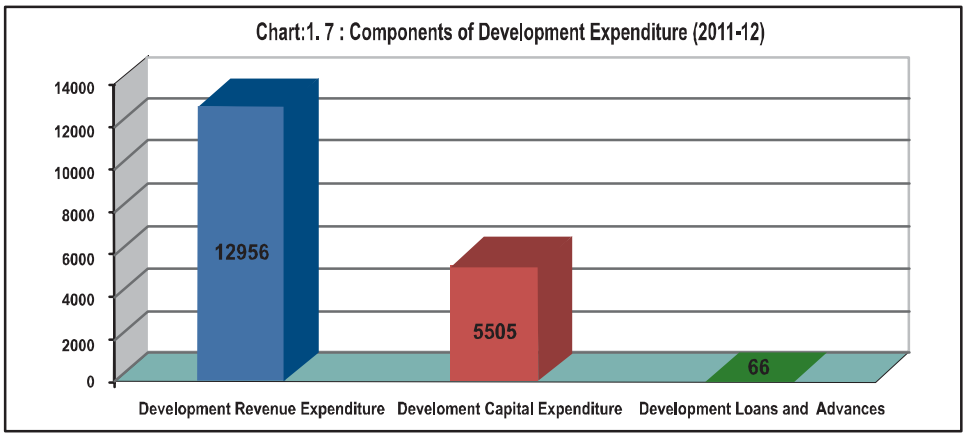



**Table 1.17** below indicates the efficiency of expenditure use in selected Social and Economic Services.

**Table-1.17**

**Efficiency of Expenditure Use in Selected Social and Economic Services**

*(in per cent)*

| Social/Economic Infrastructure | 2010-11 | | | 2011-12 | | |
|---|---|---|---|---|---|---|
| | Ratio of CE to TE | In RE, the share of | | Ratio of CE to TE | In RE, the share of | |
| | | S&W | O&M | | S & W | O& M |
| **Social Service** | | | | | | |
| General Education | 15.84 | 75.71 | 0.10 | 13.44 | 81.14 | - |
| Health and Family Welfare | 23.31 | 83.97 | 0.96 | 17.44 | 86.71 | 0.56 |
| WS, Sanitation & HUD | 32.98 | 51.75 | 3.68 | 32.33 | 53.69 | 3.35 |
| Others | 32.51 | 15.46 | 0.28 | 28.85 | 16.93 | - |
| **Total** | **22.83** | **66.44** | **0.91** | **19.95** | **70.83** | **-** |
| **Economic Service** | | | | | | |
| Agriculture and Allied Activities | 34.08 | 78.69 | 0.16 | 34.01 | 82.29 | 0.15 |
| **Irrigation and Flood Control** | 55.38 | 76.80 | 7.96 | 55.85 | 80.72 | 6.46 |
| **Power and Energy** | 29.64 | 11.31 | 0.97 | 12.41 | 11.88 | 0.84 |
| **Transport** | 87.82 | 0.88 | 31.06 | 84.72 | 73.80 | 30.43 |
| **Others** | 49.74 | 52.65 | 0.25 | 52.31 | 34.43 | - |
| **Total (ES)** | **42.60** | **33.30** | **1.86** | **37.13** | **34.06** | **-** |
| **Total (SS+ES)** | **34.40** | **49.46** | **1.40** | **29.81** | **51.92** | **-** |

*TE: Total Expenditure on respective Services; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages: O&M: Operation and Maintenance*

The ratio of capital expenditure to total expenditure in Social and Economic Service Sectors during 2011-12 showed a decrease over the previous year. In the revenue expenditure the salary and wages formed the major component within the Social and Economic Services. The share of salary and wage in these sectors instead of coming down had increased during 2011-12 as compared to the previous year. However, the share of operation and maintenance expenditure within the sectors had decreased over the previous year.

### 1.11.1 Effectiveness of the Expenditure, i.e. Outlay-Outcome Relationship

Besides stepping up the expenditure on key social and economic services, enhancing human development requires the State to improve the delivery mechanism to obtain the desired outcomes. The State Government is expected to relate expenditure to outcomes in terms of quality, reach and the impact of government expenditure.

### 1.11.2 Capital Expenditure and Investments

As part of the framework provided by the Fiscal Responsibility Budget Management (FRBM) Act, the State is expected to not only keep its fiscal deficit at low levels but also to meet its capital expenditure/ investment (including loans and advances) requirements out of the revenues. In addition, in a transition to complete dependence on market based resources, the State Government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents a broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year *vis-a-vis* previous years.

## 1.12 Financial Results of Major Works/ Projects

The total capital outlay on six irrigation projects[5] as at the end of 2011-12 was ₹ 300.12 crore. Financial results of these projects for the year 2011-12 showed that against the revenue realisation of ₹ 1.08 crore, working expenses aggregated to ₹ 1.85 crore resulting in loss of ₹ 0.77 crore. After taking into account further expenditure of ₹ 0.56 crore, paid as interest on the capital outlay, the total loss aggregated to ₹ 1.33 crore.

### 1.12.1 Incomplete projects

On the basis of the information furnished by the departments, the statistics on incomplete projects costing ₹one crore and above as on 31 March 2012 is given in **Table 1.18** below:

**Table-1.18**

**Department-wise Profile of Incomplete Projects**

*(₹ in crore)*

| Department | No. of Incomplete Projects | Initial Budgeted Cost | Revised Total Cost of Projects | Cum. Actual expenditure as on 31.3.2012 |
|---|---|---|---|---|
| Public works | 81 | 534.47 | * | 336.63 |
| Irrigation and Flood Control | 3 | 70.41 | 85.46 | 22.96 |
| Public Health Engineering | 85 | 300.63 | * | 230.77 |
| **Total** | **169** | **905.51** | **85.46** | **590.36** |

A total number of 169 projects, which should have been completed by March 2012 were incomplete despite incurring an expenditure of ₹ 590.36 crore. The delay in completion of these projects ranged between one and 11 years. Despite the

[5] Kathua Feeder, Pratap Canal, Ranbir Canal, Martand Canal, Zaingir Canal and Ahizi Canal

availability of sufficient funds (closing cash balance of ₹ 961 crore), these projects were not completed.

## 1.13 Returns on Investments

As on 31 March 2012, the State Government had invested ₹ 484.95 crore (₹ 470.78 crore as of 31 March 2011) in its Statutory Corporations (₹ 193.91 crore), Government Companies (₹ 256.32 crore), Joint Stock Companies (₹ 0.34 crore), Cooperative Societies (₹ 25.33 crore), and others (₹ 9.05 crore). **Table-1.19** below gives the overall picture of return on investment *vis-a-vis* the average cost of Government borrowing.

**Table-1.19**

**Return on Investment**

| Investment/Return/Cost of Borrowings | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|
| Investment at the end of the year (₹ in crore) | 355.77 | 356.97 | 364.61 | 422.82 | 470.78 | 484.95 |
| Return (₹ in crore) | 21.22 | 30.24 | 40.85 | 44.16 | 56.71 | 68.16 |
| Return *( per cent)* | 5.96 | 8.47 | 11.20 | 10.44 | 12.05 | 14.05 |
| Average rate of interest on Government borrowing *(per cent)* | 10.09 | 12.19 | 6.91 | 8.07 | 7.61 | 7.06 |
| Difference between interest rate and return *(per cent)* | (-) 4.13 | (-) 3.72 | 4.29 | 2.37 | 4.44 | 6.99 |

Out of total returns of ₹ 68.16 crore, the return on investment mainly came from the Jammu and Kashmir Bank Limited (₹ 67.02 crore) in 2011-12 in which the State Government had invested ₹ 25.78 crore (5.32 per cent of total investment). An amount of ₹ 1.14 crore was received as returns from other Companies, Corporations, etc. in which the investments were ₹ 459.17 crore (94.68 *per cent* of total investment). The average return on investments during 2006-11 was 9.62 *per cent* which increased to 14.05 *per cent* during the current year. The average rate of interest on Government borrowings during 2006-11 was 8.97 *per cent,* which reduced to 7.06 *per cent* in 2011-12.

As on 31 March 2012, there were 21 Government companies (18 working and three[6] non-working[7] companies) and three Statutory Corporations (all working) fully owned by the State Government. The total capital investment made by the State Government in the working PSUs at the end of March 2012 was ₹ 447.66 crore. **Table 1.20** below provides the details of progress made by working PSUs in finalization of Annual accounts by September 2012.

6 Himalayan Wool Combers Limited, Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (a subsidiary of Himalayan Wool Combers Limited) and Tawi Scooters Limited.

7 Non-working company is one which is under the process of liquidation/merger, etc.

**Table 1.20**

**Details of progress made by working PSUs**

| Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|
| Number of Working PSUs | 20 | 20 | 20 | 20 | 21 | 21 |
| Number of accounts finalized during the year | 12 | 12 | 15 | 10 | 34 | 31 |
| Number of accounts in arrears | 211 | 219 | 224 | 236 | 223 | 243 |
| Average arrear per PSU | 10.55 | 10.95 | 11.20 | 11.70 | 10.62 | 11.57 |
| Number of Working PSUs/Corporations with arrears in accounts | 19 | 19 | 19 | 19 | 19 | 21 |
| Extent of arrears | 2 to 19 | 3 to 19 | 4 to 19 | 4 to 20 | 4 to 20 | 3 to 34 |

Most of the working PSUs had failed to finalize even one account in each year causing accumulation of the arrears. The main reasons for non-finalization of the accounts by the PSUs noticed during audit were non-constitution of the Boards, non-holding of regular Board meetings, delay in finalization of accounts by the Statutory Auditors and lack of trained staff. In addition to the above, there were also the arrears in finalization of accounts by non-working PSUs. Though the concerned Administrative Departments and officials of the Government were informed every quarter by Audit regarding arrears in finalization of accounts but no remedial measures were taken. As a result of this, net worth of these PSUs could not be ascertained.

### 1.13.1 Loans and advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/organizations. **Table 1.21** below presents the position of loans and advances advanced/ outstanding as on 31 March 2012, interest receipts *vis-a-vis* interest payments during the last three years.

**Table-1.21**

**Average Interest Received on Loans Advanced by the State Government**

*(₹ in crore)*

| Quantum of Loans/Interest Receipts/ Cost of Borrowings | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|
| **Opening Balance** | 980.20 | 1018.92 | 1066.42 | 1136.55 |
| **Amount advanced during the year** | 42.41 | 49.12 | 71.63 | 65.61 |
| **Amount repaid during the year** | 3.69 | 1.62 | 1.50 | 168.47 |
| **Closing Balance** | **1018.92** | **1066.42** | **1136.55** | **1033.69** |
| **Of which Outstanding balance for which terms and conditions have been settled** | | | | |
| **Net addition** | 38.72 | 47.50 | 70.13 | (-) 102.86 |
| **Interest Receipts** | 9.92 | 5.07 | 3.00 | 4.74 |
| **Interest receipts as *per cent* to outstanding Loans and advances** | 0.97 | 0.47 | 0.26 | 0.46 |
| **Interest payments as *per cent* to outstanding fiscal liabilities of the State Government.** | 6.91 | 8.07 | 7.61 | 7.06 |
| **Difference between interest payments and interest receipts (*per cent*)** | 5.94 | 7.60 | 7.35 | 6.60 |

During the current year, the State Government advanced loans and advances of ₹ 65.61 crore under Social Services (₹ 4.12 crore), Economic Services (₹ 61.05 crore) and to Government servants (₹ 0.44 crore). The recipients under Economic Services were the PSUs under Industries and Commerce Department (₹ 38.41 crore) and the Jammu and Kashmir State Road Transport Corporation (₹ 22.64 crore).

Total loans and advances outstanding as on 31 March 2012 stood at ₹ 1,033.69 crore, which included ₹ 900.80 crore on account of Economic Services, ₹ 113.69 crore on Social Services and ₹ 19.20 crore outstanding against the Government servants etc. Within Economic Services, major part of the loan was outstanding against Jammu and Kashmir State Horticulture Produce Marketing and Processing Corporation Limited (₹ 12.67 crore), Industries and Minerals Limited (₹ 498.39 crore) and Jammu and Kashmir State Road Transport Corporation (₹ 386.83 crore). The loan recoveries effected during 2011-12 were ₹ 168.47 crore, which was mainly from the Jammu and Kashmir State Power Development Corporation (₹ 167 crore).

### 1.13.2 Cash Balances and their investment

The State Government transactions are carried out by the Reserve Bank of India (RBI) with effect from 1st April 2011 in terms of the agreements entered into by the RBI with the State Governments under Section 21 A of the RBI Act. The cash balance increased by ₹ 861 crore during 2011-12 from ₹ 99.94 crore at the end of 2010-11 to ₹ 960.94 crore at the end of 2011-12. Out of the cash balance of ₹ 960.94 crore, ₹ 712.49 crore remained invested in "14 day Treasury Bills". Out of the remaining amount of ₹ 248.45 crore, the details of ₹ 37.39 crore investments held in the cash balance investment Account were not intimated by the State Government as it continued in the books for over 13 years. The cash balance investment account of the Government saw a very high level of activity during 2011-12 with aggregate inflow of ₹ 13,050 crore and outflow of ₹ 13,762 crore resulting in net increase in invested cash balance by ₹ 712 crore. It indicates under-utilization of budget.

## 1.14 Assets and Liabilities

### 1.14.1 Growth and composition of Assets and Liabilities

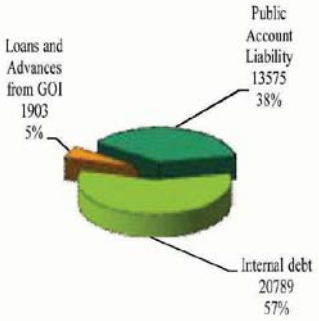
In the existing Cash based Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. ***Appendix 1.5*** gives an abstract of such liabilities and the assets as on 31st March 2012 compared with the corresponding position on 31st March 2011. While the liabilities as shown in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. ***Appendix 1.5*** shows that both the liabilities and assets grew by 14 *per cent.* The liabilities of the State Government depicted in the Finance Accounts, however, do

not include future liabilities on account of pension and other retirement benefits payable to retired State employees, and contingent liabilities arising out of guarantees issued by the State Government or deferred payment liability on account of revision to pay and pension after adoption of the recommendations of the Sixth Central Pay Commission (estimated to be ₹ 3,368 crore as on 31 March 2012).

### 1.14.2 Fiscal Liabilities

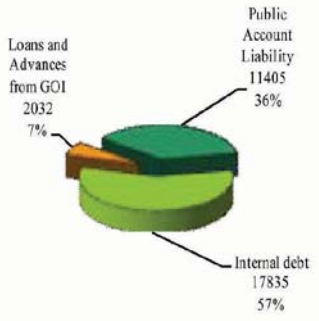
There are two sets of liabilities namely, Public Debt and "other liabilities under Public Accounts". Public Debt consists of market loans, special securities issued by RBI and loans and advances from the Central Government. Other liabilities, which are a part of Public Account, include deposits under small savings scheme, provident funds and other deposits. The trends in outstanding fiscal liabilities of the State are presented in ***Appendix 1.4.*** The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is presented in ***Charts 1.8*** and ***1.9.***

***Chart 1.8***




**Composition of outstanding Fiscal Liabilities as on 31-03-2012**

***Chart 1.9***




**Composition of outstanding Fiscal Liabilities as on 31-03-2011**

The overall fiscal liabilities of the State increased from ₹ 31,272 crore at the end of 31 March 2011 to ₹ 36,267 crore at the end of 31 March 2012 (16 *per cent* increase). The fiscal liability to GSDP ratio of the State declined from 65.6 *per cent* at the end of 31 March 2011 to 58.2 *per cent* at the end of 31 March 2012, showing improvement in fiscal liability. The buoyancy of these liabilities with respect to GSDP during the year was 1.14 indicating that for each one per cent increase in GSDP, fiscal liabilities grew 1.14 times. These liabilities stood at 1.46 times of the State's total revenue receipts and 5.37 times of its own total resources.

### 1.14.3 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per Statement 9 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years is given in **Table 1.22** below:

**Table-1.22**

**Guarantees given by the State Government**

| Guarantees | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|
| **Max amount guaranteed (₹ in crore)** | 3295 | 4748 | 4750 | 4750 |
| **Outstanding amount of guarantees (₹ in crore)** | 2536 | 3037 | 2708 | 2098 |
| **Percentage of maximum amount guaranteed to total revenue receipts** | 23.04 | 26.99 | 21.36 | 19.16 |

As per the recommendations of the Twelfth Finance Commission (TFC), the States were to create guarantee redemption fund for the guarantees provided by it to various financial institution for grant of loans to various bodies in the State. The Fund was created in 2005-06, which has a balance of ₹ 5.20 crore ending March 2012. Further, an amount of ₹ 45.14 lakh had been received as guarantee fee during the year 2011-12. The stock of guaranteed liabilities has been steadily falling in last three years. The outstanding amount of guarantees was about eight *per cent* of revenue receipts of the State.

## 1.15 Debt Sustainability

The Debt Sustainability is the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. Therefore, rise in fiscal deficit should match with the increase in capacity to service the debt.

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate–interest rate) and quantum spread (Debt multiplied by rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

The sustainability of debt of the State Government in terms of debt stabilization, sufficiency of non-debt receipts[8], net availability of borrowed funds[9], burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.23** below analyzes the debt

[8] Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

[9] Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

sustainability of the State according to these indicators for the period of six years beginning from 2006-07.

**Table-1.23**

**Debt Sustainability: Indicators and Trends**

*(₹in crore)*

| Indicators of Debt Sustainability | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|
| Debt Stabilization (Quantum Spread + Primary Deficit) | (-) 126 | (-) 562 | (-) 1027 | (-) 1328 | 703 | 843 |
| Sufficiency of Non-debt Receipts (Resource Gap) ₹ in crore | 833 | 2095 | 1027 | 3285 | 4646 | 2549 |
| Net Availability of Borrowed Funds | 16 | 329 | 1343 | 2310 | 254 | 2612 |
| Burden of Interest Payments (IP/RR Ratio) | 0.160 | 0.183 | 0.110 | 0.121 | 0.103 | 0.096 |

As is seen from above, the debt of the State continues to be stabilised during the year 2011-12 although Primary Deficit increased from ₹ 84 crore to ₹ 1,311 crore during the same year as shown in ***Appendix 1.4***.

## 1.16 Fiscal Imbalances

Three keys fiscal parameters – revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the Finances of the State Government during the specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government.

### 1.16.1 Trends in Deficits

Three measures of deficits in government accounts, viz., (a) revenue deficit (b) fiscal deficit and (c) primary deficit are commonly used to assess the extent of overall fiscal imbalances in the finances of a government during a specified period. Another useful measure of the deficit-bias in a State's fiscal policy is the "State's Own Deficit (SOD)", which is the State's fiscal deficit excluding non-debt resources received from the Central Government.

**Charts 1.10** and **1.11** present the trends in deficit indicators over the period 2006-12

**Chart-1.10**

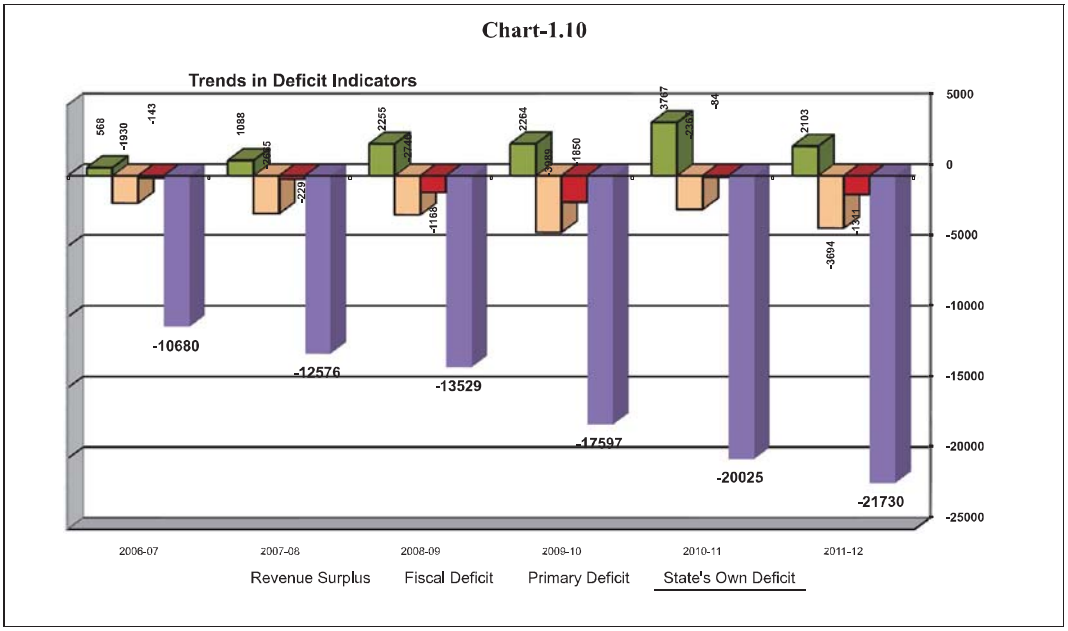
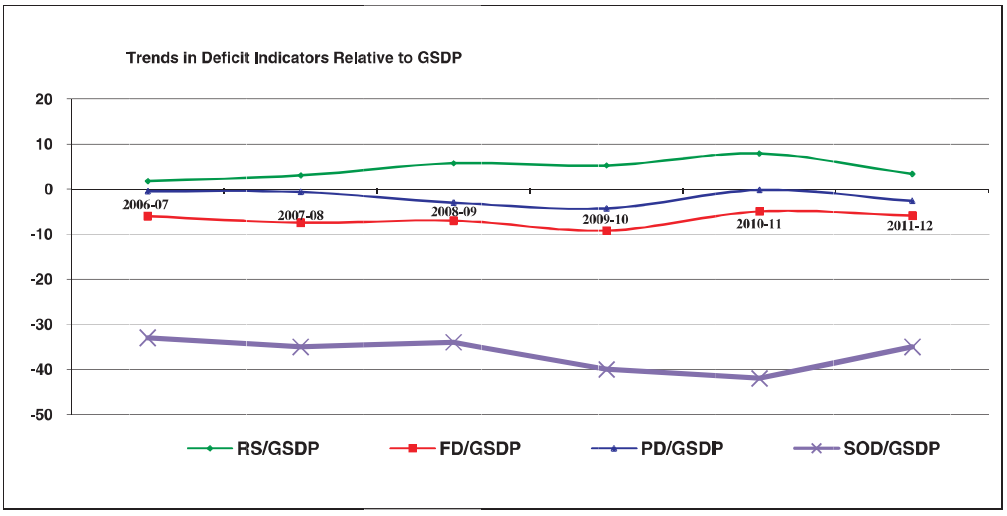



**Chart-1.11**




The Charts above reveal that while the State has continued to maintain revenue surplus during the period 2006-12, the fiscal deficit increased from ₹ 1,930 crore in 2006-07 to ₹ 3,694 crore in 2011-12 and the primary deficit increased from ₹ 143 crore to ₹ 1,311 crore during the same period. The State's Own Deficit also increased from ₹ 10,680 crore to ₹ 21,730 crore during 2006-12.

As already mentioned, Pre-Devolution Non-Plan Revenue Deficit (PDNPRD) is an important fiscal parameter which was targeted to be brought down to 20 *per cent* of

GSDP by 2008-09 and maintained thereafter. **Table 1.24** compares the actual outcomes of PDNPRD during 2010-11 and 2011-12 as compared to the State-specific projections made by the 13th Finance Commission:

**Table 1.24**

*(₹ in crore)*

| Key Aggregates | 13 FC projection 2010-11 | Actual 2010-11 | 13th FC projection 2011-12 | Actual 2011-12 |
|---|---|---|---|---|
| GSDP | 48,206 | 54,731 | 53,677 | 62,365 |
| Own Revenue Receipts | 4,228 | 4,576 | 4,713 | 6,747 |
| *Own Tax Revenue* | *3,889* | *3,483* | *4,330* | *4,745* |
| *Own Non-tax Revenue* | *339* | *1,093* | *383* | *2,002* |
| Non-plan Revenue Expenditure | 11,005 | 17,558 | 11,706 | 21,432 |
| Pre- Devolution Non-Plan Revenue Deficit (PDNPRD) | 6,777 | 12,982 | 6,993 | 14,685 |
| PDNPRD as per cent of GSDP | 14.06 | 23.71 | 13.03 | 23.50 |

### 1.16.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit is shown in **Table 1.25** below**:**

**Table-1.25**

**Components of Fiscal Deficit and its Financing Pattern**

*(₹ in crore)*

| Particulars | | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|---|
| **Decomposition of Fiscal Deficit** | | | | | | | |
| 1. | Revenue Surplus | 568 | 1088 | 2255 | 2264 | 3767 | 2103 |
| 2. | Capital Expenditure | 2456 | 3717 | 4964 | 6234 | 6064 | 5899 |
| 3. | Loans and Advances | 44 | 38 | 42 | 49 | 72 | 66 |
| **Financing Pattern of Fiscal Deficit @** | | | | | | | |
| 1. | Market Borrowings | 1264 | 2198 | 2372 | 2113 | 2386 | 2954 |
| 2. | Loans from GOI | (-) 124 | (-) 122 | (-) 127 | (+) 805 | (-) 1112 | (-)129 |
| 3. | Small Savings, PF etc. | 426 | 341 | 458 | 693 | 1203 | 2070 |
| 4. | Deposits and Advances | 84 | 216 | 206 | 1544 | 59 | (-) 27 |
| 5. | Suspense and Miscellaneous | (-) 53 | (-) 204 | 158 | (-) 162 | 168 | 186 |
| 6. | Remittances | 205 | 112 | (-) 381 | (-) 292 | (-) 307 | (-) 627 |
| 7. | Reserve funds | 152 | 130 | 11 | 90 | 3 | 126 |
| 8. | Net amount recouped to contingency fund | 0.30 | - | - | - | - | 1 |
| 9. | Recoveries of Loans and Advances | 2 | 2 | 4 | 2 | 2 | 168 |
| 10. | Drawdown of cash balance (+)/Accretion to cash balance (-) | (-) 24 | (-) 6 | 51 | 4 | (-) 33 | (-) 861 |
| | *@ All these figures are net of disbursements/outflows during the year* | | | | | | |

The revenue surplus decreased by ₹ 1,664 crore in 2011-12 over the previous year which resulted in decrease in capital expenditure by ₹ 165 crore over the previous year and more borrowings. The fiscal deficit was met from borrowings out of Public Account (of which Small Savings, Provident Funds, etc. formed a major share) and market borrowings.

### 1.16.3 Quality of Deficit/ Surplus

The ratio of Revenue Deficit (RD) to Fiscal Deficit (FD) and the bifurcation of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) was not having any asset backup. The bifurcation of the primary deficit would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2011-12 reveals **(Table-1.26)** that the primary deficit during the period was on account of capital expenditure incurred and loans and advances disbursed by the State Government. The State had to borrow to meet the requirements under capital account over primary expenditure during 2011-12. This indicates the extent to which the primary deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

**Table 1.26**

**Primary deficit/Surplus – Bifurcation of factors**

*(₹ in crore)*

| Year | Non-debt receipts | Primary Revenue Exp. | Capital Exp. | Loans & Advances | Primary Exp. | Percentage Capital Exp/ Primary Exp. | Primary Revenue deficit (-)/ surplus (+) | Primary deficit (-)/ surplus (+) |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6(3+4+5) | 7 (4/6) | 8 (2-3) | 9 (2-6) |
| **2006-07** | 11184 | 8827 | 2456 | 44 | 11327 | 22 | (+) 2357 | (-) 143 |
| **2007-08** | 13279 | 9753 | 3717 | 38 | 13508 | 28 | (+) 3526 | (-) 229 |
| **2008-09** | 14307 | 10469 | 4964 | 42 | 15475 | 32 | (+) 3838 | (-) 1168 |
| **2009-10** | 17618 | 13185 | 6234 | 49 | 19468 | 32 | (+) 4433 | (-)1850 |
| **2010-11** | 22236 | 16184 | 6064 | 72 | 22320 | 27 | (+) 6052 | (-) 84 |
| **2011-12** | 24951 | 20297 | 5899 | 66 | 26262 | 22 | (+)4654 | (-)1311 |

It is thus evident that:

- The non-debt receipts of the State were higher than the primary revenue surplus which was sufficient to meet this expenditure due to considerable support from the Central Government.
- Total primary expenditure increased from ₹ 11,327 crore in 2006-07 to ₹ 26,262 crore in 2011-12 which was due to increase of primary revenue expenditure by ₹ 11,470 crore and capital expenditure by ₹ 3,443 crore.
- During the period 2006-12 the State had primary revenue surplus, which increased from ₹ 2,357 crore in 2006-07 to ₹ 4,654 crore in 2011-12. The primary deficit, however, increased from ₹ 143 crore in 2006-07 to ₹ 1,311 crore in 2011-12.

## 1.17 An assessment of State's compliance with the Debt/ Deficit reduction targets and other obligations under the FRBM Act and Rules

As already mentioned, the FRBM Act was enacted on 14th August 2006 to be effective from 2006-07 with the principal objective of reducing the fiscal deficit to 3 per cent of GSDP by 2009-10 besides casting several other fiscal transparency obligations on the State Government.

In so far as the fiscal marksmanship under FRBM Act is concerned, **Table 1.27** shows actual outcomes in 2011-12 and have been compared with the projections made in the Medium Term Fiscal Policy Statement presented in March 2009, March 2010 and March 2011 for the three Fiscal Indicators for which rolling targets were fixed in the annual budgets as required under the FRBM Rules.

**Table 1.27**

| Fiscal Indicators | 2011-12 projection in March 2009 | 2011-12 projection in March 2010 | 2011-12 projection in March 2011 | Percentage to GSDP | |
|---|---|---|---|---|---|
| | | | | 2011-12 target as per *Th FC* "old series" | Actual outcome 2011-12 "new series" |
| Revenue Surplus/ Deficit as percentage of Total Revenue Receipts (TRR) | 22.13 | 26.54 | 14.79 | 10.42 | 8.42 |
| Fiscal Deficit as percentage of GSDP | 5.5 | 4.1 | 4.7 | 4.7 | 5.9 |
| Total Outstanding Liabilities as percentage of GSDP | 49.51 | 47.72 | 55.1 | 55.1 | 58.15 |

@ The closing cash balance as on 31st March 2012 was ₹ 961 crore. Net of this liquid asset, the fiscal liabilities and Public Debt stand reduced by 1.54 *per cent* of GSDP.

It is noticed that the new series GSDP with Base Year 2004-05 gives relatively a higher figure than the smaller figures of old series GSDP with Base Year 1999-2000 assumed by the Thirteenth Finance Commission. Hence, despite the fortuitous increase in the GSDP due to change of computation methodology, the diluted targets for improvement of revenue surplus and reduction in fiscal deficit and total liabilities for 2011-12 have not been met.

It may also be noticed that the definition of 'Total Liabilities' as per the FRBM Act is wider than that assumed and reported by the State Government in FRBM Statements presented with the budgets since 2008-09. The Act defines 'total liabilities' to mean the "liabilities under the Consolidated Fund of the State and the Public Account of the State and includes borrowings by the public Sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and/ or interest are to be serviced out of the budget." It was this wider aggregate that was targeted to be capped to 55.1 *per cent* of GSDP in 2011-12. However, the Government included only its direct financial liabilities as included in the government accounts. The unfunded liabilities on account of pensions and other retirement benefits are also excluded, though these were also required to be included as per the FRBM Act. The liabilities of PSUs/ SPVs have been excluded. This

compliance was made difficult by the fact that the accounts of several PSUs are heavily in arrears and therefore their liabilities could not be ascertained.

The FRBM Act was enacted/ amended by Jammu and Kashmir and several other States on the recommendations of the Twelfth and Thirteenth Finance Commissions. The Twelfth Finance Commission (TFC) recommendations accepted by the Central Government required the State Government to enact/ amend the FRBM Act to conform to the customized fiscal reform path of achieving fiscal deficit and outstanding debt targets for the five year period (2005-10). The principal target for the State was to achieve fiscal deficit of 3 *per cent* of GSDP by 2009-10. **Table 1.28** shows movement of key debt/ deficit indicators during 2005-10:

**Table 1.28**

(*per cent* of State's GSDP)

| Fiscal parameter (as *per cent* of GSDP)/ Year | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|---|---|
| **Revenue Surplus** | 1.56 | 1.76 | 3.05 | 5.75 | 5.23 |
| **Fiscal Deficit** | 9.96 | 5.98 | 7.48 | 7.00 | 9.22 |
| **Outstanding Fiscal Liabilities** | 63.31 | 57.65 | 59.98 | 61.91 | 66.46 |
| **Outstanding Public Debt** | 37.92 | 37.65 | 39.94 | 41.98 | 43.00 |

Due to non-implementation of FRBM Act, the State could not avail the debt waiver recommended by the TFC, linked to its fiscal performance and also had to forego interest relief on loans received from GOI due to the State during 2005-06 and 2006-07. The State could not achieve the targets set by the Twelfth Finance Commission and incorporated in the FRBM Act for reduction of fiscal deficit, outstanding fiscal liabilities and outstanding public debt. The fiscal Deficit target for 2009-10 was raised from three to four *per cent* after the close of the year which could not have been acted upon during the year.

The Thirteenth Finance Commission (*Th FC*) recommendations accepted by the Central Government required the State Government to enact/ amend the FRBM Act to conform to the customized fiscal reform path of achieving fiscal deficit and outstanding debt targets indicated in **Table 1.29** below. The achievements of the State in meeting the debt/ deficit reduction targets set by the *Th FC* are noted within parentheses.

**Table 1.29**

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

| Fiscal parameter (as per cent of GSDP)/Year | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|---|---|---|---|---|
| ***Revenue Surplus*** | 7.90 | 3.37 | | | |
| ***Fiscal Deficit*** | 5.3<br>(5.0) | 4.7<br>(5.9) | 4.2 | 3.6 | 3 |
| ***Fiscal liabilities*** | (65.55) | (58.15) | | | |
| ***Total Public Debt*** | 56.10<br>(41.6) | 55.10<br>(36.4) | 53.6 | 51.6 | 49.3 |

The fiscal deficit of the State was 5.9 *per cent* of the GSDP during 2011-12 against five *per cent* of GSDP in 2010-11 and as against Thirteenth Finance Commission

target of 4.7 *per cent* for 2011-12. In last two years, the ratio of outstanding "Public Debt" (Internal debt and loans and advances in the Consolidated Fund) to GSDP has remained well below the Thirteenth Finance Commission targets and the ratio of fiscal liabilities ('Public Debt' and other liabilities in the Public Accounts) to GSDP has marginally decreased during 2011-12, which is encouraging. A few deficiencies, delays and deviations in implementation of the FRBM Act are listed below:

- The State could not achieve targets set by the Twelfth and Thirteenth Finance Commissions and incorporated in the FRBM Act for reduction of fiscal deficit, outstanding fiscal liabilities and outstanding public debt.
- The original target of reducing the fiscal deficit to three *per cent* of the GSDP by the end of 2009-10 was missed by a very wide margin as the actual fiscal deficit shot up to 9.1 *per cent* in that year. An amendment in the FRBM Act in April 2010 raising the 2009-10 target to four per cent was of no avail.
- As per the customised fiscal correction path recommended by the Thirteenth Finance Commission specifically for Jammu and Kashmir and the corresponding amendment made in the FRBM Act, the State had to cap the fiscal deficit at 4.7 *per cent* of GSDP in 2011-12, but the fiscal deficit was actually 5.9 *per cent*. This non-compliance carries an immediate financial penalty of loss of interest relief on loans from the National Small Savings Fund.
- The FRBM Act had imposed specific obligations on the State Government for the period 2006-07 to 2009-10 and contemplated that the Government may, by notification in the Government Gazette, make rules for carrying out the provisions of the Act. However, the Government framed and notified the FRBM Rules in January 2008. The delay effectively shifted the compliance deadline.
- The FRBM Act contemplates that the Government may setup an agency independent of the Government to review periodically the compliance of the provisions of the Act, and table such reviews in each House of the State Legislature. However, no such independent review has been carried out so far.
- The FRBM Rules specified only the annual targets for (a) Revenue Deficit as percentage of Total Revenue Receipts (TRR), (b) Fiscal Deficit as percentage of GSDP and (c) Total Outstanding Liabilities as percentage of GSDP. The Rules omitted to define annual targets for 'pre-devolution non-plan revenue deficit' which was to be reduced to 20 *per cent* of GSDP by 2009-10. In fact, this fiscal parameter is not even being mentioned in the Budget documents presented to the State Legislature. Apparently, this parameter did not receive Government's attention because no fiscal concessions/ incentives were attached to its compliance.
- The FRBM Act was repeatedly amended to align the annual targets for Fiscal Deficit and Total Liabilities as per the recommendations of the Twelfth and

Thirteenth Finance Commissions. This was done so mechanically that the targets for 2009-10 and 2010-11 were reset/ relaxed through unnecessary amendments to the FRBM Act after the close of the respective financial years. Nothing could have been done by the government to achieve the revised targets after the year was over.

- The year 2007-08 had ended with Fiscal Deficit of 7.5 *per cent* of GSDP. Therefore, the 17th December, 2008 amendment to the FRBM Act, targeting Fiscal Deficit of three *per cent* of GSDP for 2008-09, less than four months before the close of the financial year, was rather unrealistic. The year ended with Fiscal Deficit of seven *per cent* of GSDP.

- The annual targets for Fiscal Deficit, Total Liabilities etc. were recommended by the Twelfth and Thirteenth Finance Commissions on certain assumptions and forecast about GSDP. Even after the GSDP data was revised, these targets were not correspondingly revised. (For example, the GSDP was ₹ 31,793 crore for 2007-08 based on National Income Accounts with 1999-2000 as base year). After these were revised with 2004-05 as the base year, the GSDP for 2007-08 shot up to ₹ 35,620 crore. Thus, the targets set with reference to GSDP series with 1999-2000 as base year with a new GSDP series giving significantly higher numbers should have been revised downwards. However, this was not done. Thus, the debt/ deficit reduction targets (as *per cent* of GSDP) under the FRBM Act stand diluted due to fortuitous increase in GSDP on change in methodology of its calculation, beyond the contemplation of the Thirteenth Finance Commission. This rendered the whole process of evaluating compliance to the FRBM Act in the Budget documents flawed.

- The FRBM Act required that in the Medium Term Fiscal Policy Statement to be presented with the Budget to the Legislature, the Government shall set forth the fiscal management objectives of the Government and three year rolling targets for the prescribed fiscal indicators with clear enunciation of the underlying assumptions. The Statement was also to include the various assumptions behind the fiscal indicators and assessment of sustainability relating to (i) the balance between revenue receipts and revenue expenditure (ii) the use of capital receipts including borrowings for generating productive assets and (iii) the estimated yearly pension liabilities worked out on actuarial basis for the next ten years. The Act provided that in case it was not possible to calculate the pension liabilities on actuarial basis during the period of first three years after the enforcement of the Act, Government may, during that period, estimate the pension liabilities by forecasts on the basis of trend growth rates. However, these provisions of the FRBM Act were given scant attention and in fact in the Medium Term Fiscal Policy Statements actually presented to the Legislature, the provisions of the Rules were mechanically repeated.

- Under the FRBM Rules, 2008, the Government had committed to disclose summary of assets in the Budget documents. A footnote in the Rules read as follows: "States that are not in a position to provide information in respect physical assets may to begin with, provide information only in respect of financial assets. They may disclose their physical assets within ___ years from the date of publication of the Notification of the Rules in the State Gazette." Thus a template was mechanically copied without specifying the number of years within which disclosure on physical assets would begin. The Statement presented with Budget 2012-13 shows the physical assets as on 31 March 2010 to be having 'Book Value' of ₹ 1,58,237.68 crore (of which Lands account for ₹ 65,540.92 crore) and financial assets to be ₹ 1,607.34 crore. These numbers could not be independently verified by Audit in the absence of audit of subsidiary records to see the basis of valuation and completeness.

- The FRBM Act defines 'total liabilities' to mean the "liabilities under the Consolidated Fund of the State and the Public Account of the State and includes borrowings by the Public Sector Undertakings (PSUs) and the Special Purpose Vehicles (SPVs) and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the budget." It was this wider aggregate that was targeted to be capped to 55.1 *per cent* of GSDP. However, the State government continues to include only the financial liabilities of the government forming part of the government accounts. The liabilities of PSUs/ SPVs have been excluded. This compliance was made difficult by the fact that the accounts of several PSUs are heavily in arrears and therefore their liabilities could not be ascertained. The unfunded liabilities on account of pensions and other retirement benefits are also excluded, though these were also required to be included as per the FRBM Act. Thus, substantive provisions of the FRBM Act regarding computation of 'total liabilities' have not been complied so far.

- The 'committed liabilities' disclosed in the FRBM statements presented to the Legislature do not include such liabilities as (a) liability of undisbursed arrears of pay and pension revision (b) liability of counterpart matching funds under various Centrally Sponsored Schemes/ Programmes. The debt/ deficit reduction targets were thus missed despite postponement of such expenditures.

- Any State Government can meet the targets for reduction/elimination of Fiscal Deficit, Revenue Deficit, Total Liabilities etc., if the Central Government chooses to provide sufficient grants-in-aid or debt relief, especially outside the scope of the award of a Finance Commission. A truer measure of a State's fiscal prudence or fiscal responsibility is the State's Own Deficit, which measures the resource gap between the State's expenditure and the State's own non-debt receipts assuming that old financial liabilities continue to be refinanced out of fresh borrowings. These non-debt resources depend upon State's own fiscal policies. It is a matter of satisfaction that the State has

shown some improvement in dependence on transfer of resources from the Central Government from 67 *per cent* in 2006-07 to 63 *per cent* in 2011-12 with a one-off increase to 72 *per cent* in 2010-11. A special grant of ₹1,000 crore was given by the Central Government in 2010-11 to facilitate liquidation of the State Government's overdraft with the J&K Bank. This reduced the outstanding liabilities of the State Government.

- The capacity of a State substantially dependent on resource flow from the Central Government for financing even for its day-to-day running expenditures are inherently and severely limited. However, owing to increased tourism and other economic activities and improving tax compliance, there has been very satisfactory growth in the revenues from State's own taxes. There is increasing scope and imperative of improving recovery of user charges, particularly in the power sector where the gap between the cost of supply of electricity and revenue realization from consumers is very steep and needs to be bridged in the long-term interests of fiscal sustainability of State intervention in this area. The obligatory expenditures by way of salaries and pensions also require rationalization as there are critical manpower shortages for smooth implementation of developmental schemes/ projects on one hand and constraints to increased industrialization under high personnel costs.

- By delayed notification of FRBM Rules in January 2008 and shifting the compliance by three years under Rules contrary to the intent and provisions of the FRBM Act, there has been a basic breach of the intent and purpose of the Act. Further, the Statements required to be presented along with Budget were couched in general terms instead of mentioning specific policy measures. In one section of the Mid Term Fiscal Path Statement (MTFPS), the provisions of the Rules were reproduced instead of giving government's views as required under the Act/ Rules. This showed a somewhat casual approach to the implementation of the FRBM Act. The amendments made, sometimes through promulgation of ordinances, were directed at securing funds and concessions without putting in place systems in place for ensuring and monitoring compliance. The evaluation of the implementation of the Act as was required to be done has not been carried out so far.

- The State has continued to be revenue surplus but only due to high levels of grants from the Central Government. The State's Own Deficit has been consistently high and steadily rising with expenditure growth far outpacing valiant efforts of tax departments at revenue mobilization. The State has not met the fiscal deficit reduction targets, even after these have been diluted and reset. Since the past projections made by the State Government in the statements made before the State Legislature under FRBM Act have proved to be unachievable, special efforts are required to lend credibility to the targets now set for future years.

- Notwithstanding the above deviations, the State has made good use of the opportunities presented by increased economic activities to substantially increase tax revenues. There has been record mobilization of commercial taxes and stamp duties and the State's own revenues have shown very high growth. However, State's Own Deficit continues to remain high, mainly on account of high increase in expenditure and commitments on establishment related expenditure and serious shortfalls in bridging the resource gap in the power sector.
- The power sector requires large investments in modernizing and expanding transmission and distribution infrastructure. Jammu and Kashmir State Lands (Vesting of Ownership rights to the Occupants) Act, 2001 was enacted to regularize illegal occupation of State lands on payment for purpose of generating funds to finance Power projects. As the trend in non-debt capital receipts show, the impact of the Act on resources has been insignificant.

## 1.18 Conclusion

The following is a summary of the significant comments

- The State has made good use of the opportunities presented by increased economic activities to substantially increase tax revenues. There has been record mobilization of commercial taxes and stamp duties in 2011-12 and the State's own revenues have shown very high growth.
- It is to the credit of the government that the State's dependence on non-debt resources from the Central Government (as percentage of total expenditure) has come down from 67 *per cent* in 2006-07 to 63 *per cent* in 2011-12, excluding a one-off peak of 72 *per cent* in 2010-11.
- Even as concerns remain about delay in completion of on-going projects, the State government's capital expenditure has registered significant and steady increase, a stray peak in 2010-11 notwithstanding.
- The State switched over to government banking with the RBI with effect from 01.04.2011 after liquidating its entire overdraft with the J&K Bank as on 31 March 2011 with special Central assistance in the form of grants-in-aid of ₹ 1,000 crore. During 2011-12, the interest burden on overdraft/ ways & means advances came down by over ₹ 220 crore as a result of this switchover to new banking arrangements.
- The State Government has taken significant decisions like introduction of new pension scheme, bringing more items under the ambit of VAT, more services under the tax net, computerization of commercial tax department to be completed by April 2013 and a host of other institutional and sectoral reform measures. The arrears in the accounts of PSUs are being liquidated.

  All these are positive features.

- The State has continued to maintain revenue surplus during the period 2002-12 due to high levels of share in Central taxes and grants from the Central Government. An adjusted weightage of 10 *per cent* is given to the area of a State in deciding *inter se* share of different States in the total divisible pool of Central Taxes/ Duties. In case of J&K, full area of 2,22,236 sq. km. is taken into consideration. As a Special Category State, the State gets 90 *per cent* assistance for State Plan as grants-in-aid. The 63 *per cent* dependence of the State on non-debt resources from the Central Government in 2011-12 (as percentage of total expenditure) – though less than 67 *per cent* in 2006-07 - is still substantial. The State's Own Deficit and Pre-Devolution Non-Plan Revenue Deficit has come down from the high levels in 2006-07 but is still short of targets under FRBM Act. Growth in expenditure has far outpacing the growth of revenue mobilization. Controlling the growth of Pre-Devolution Non-Plan Revenue Deficit requires particular attention to augment resources for developmental activities.

- The State has been taxing services under the Jammu and Kashmir General Sales Tax Act, 1962 since March 1997, which yielded ₹ 697.69 crore in 2011-12. The State Government has initiated several measures to widen the tax base and improve collection of tax on services under the State law. However, the tax collected under the State law is significantly less than the share foregone by the State in the Central Service Tax collections, which is the only Central tax that is presently not applicable to the State. As per the assessment made by the Thirteenth Finance Commission regarding likely Central Service Tax collection during 2010-15, the share foregone by the State works out to ₹ 8,363.38 crore. During 2010-11, the State Service tax collection was ₹ 626.77 crore whereas the State's share in Central Service Tax would have been about ₹ 1,100 crore.

- Only one out of 21 Government owned companies/ corporations, viz., the J&K Bank is the principal source of government's revenue from dividends. Other companies are either non-functional or deeply burdened financially. The financial return on investments made in these companies is not commensurate with the opportunity cost of investment measured in terms of average cost of government borrowing.

- The State has not met the fiscal deficit reduction targets, even after these have been diluted and reset. As per the customized fiscal correction path recommended by the *Th FC* specifically for Jammu and Kashmir and the amendment made in the FRBM Act, the State had to maintain the fiscal deficit at 4.7 *per cent* of GSDP, which was not achieved during 2011-12 as the fiscal deficit was 5.9 *per cent* even after deferring payment of about ₹ 3,368 crore on account of revision of pay and pension after adoption of the recommendations of Sixth Central Pay Commission.

- The cash balance investment account of the Government saw a very high level of activity with aggregate inflow of ₹ 13,049.63 crore and outflow of ₹ 13,762.12 crore resulting in net increase in invested cash balance by ₹ 760 crore. It indicates problems of lack of spending capacity due to various reasons rather than funds shortage being responsible for under-utilization of budget. Accretion to large cash balance during the year is indicative of lack of spending capacity and possibly avoidable borrowings by the Government.
- But for the accretion to the cash balance, the fiscal liabilities of the government as on 31st March 2012 at the end of 2011-12 would have been less by ₹ 860.99 crore, i.e., ₹ 35,406 crore (56.77 *per cent* of GSDP).
- All the past projections made by the State Government in the statements made before the State Legislature under FRBM Act have proved to be unachievable. Hence, special efforts are required to lend credibility to the FRBM targets now reset for future years.
- The revenue expenditure grew by 22.8 *per cent* in 2011-12 despite deferment of pay revision arrears etc. although revenue receipts grew by only 11.5 *per cent*. This does not bode well for the government's commitment under the FRBM Act to maintain the Revenue Surplus.
- The expenditure on salaries, wages, pension and other retirement benefits together accounts for 46.9 *per cent* of total expenditure, 59.1 *per cent* of revenue expenditure and 198.7 *per cent* of State's own revenues in 2011-12. The government has decided to stagger the payment of arrears of pay and pension revision, following the extension of the recommendations of the Sixth Central Pay Commission to State Government employees and those in the Autonomous Bodies, in five equal annual instalments. The strength of regular employees is set to grow further with the ongoing regularization of irregular engagement of persons on *ad hoc*, contractual or consolidated basis under the Jammu & Kashmir Civil Service (Special Provisions) Act, 2010. The increase in personnel costs on State exchequer has overtaken the fiscal gains on account of improved tax collection and reduction in interest burden.
- Centrality of plugging the power sector resource deficit to the State's sustained economic progress has been acknowledged by the Government in the FRBM statements presented to the Legislature. The power receipts account for nearly 80 *per cent* of non-tax revenue and covered only 23 *per cent* of the total expenditure on power development department in 2011-12. The power receipts of ₹ 1,007 crore fell short of the Revised estimates target of ₹ 1,486 crore. Although 85.14 per cent households are electrified as per Census 2011 figures, the numbers of households covered by properly functional meters are far less and the transmission & distribution losses are one of the highest in the country. Financial losses of the Power Development Department continue to be a serious drag on the finances of States, which necessitates undertaking

necessary reforms for cutting down transmission and distribution losses, unacceptably high and out of line with national averages through proper metering of power consumption at different nodes besides appropriate tariff revisions.

- The Government has articulated the need for all departments to recover at least 50 *per cent* of the 'service charges' from the users after accounting for Operations & Maintenance expenses, as recommended by the Thirteenth Finance Commission. It is recommended that a time bound action plan be formulated to achieve this goal.
- At the end of 2011-12, unspent funds aggregating to ₹ 335.30 crore were held in the non-lapsable Fund of Autonomous Hill Development Councils for Leh and Kargil in the Public Accounts. The accounts of these Councils have not been prepared since inception in 1995 and 2004, respectively.

## 1.19 Recommendations

The Government may consider:

- strengthening tax administration to collect revenue arrears.
- taking appropriate measures to reduce non-plan revenue expenditure.
- prepare an effective action plan to complete all projects promptly so that people derive envisaged benefits in time.
- consider taking appropriate measures to ensure better value for money in investments.
- improving Management Information System (MIS) to access periodic information on receipts and expenditure in respect of funds directly transferred by Government of India to State Implementing Agencies.

# CHAPTER-II
# FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

# CHAPTER – II

# FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

## 2.1 Introduction

**2.1.1** Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to Finance Accounts.

**2.1.2** Audit of appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

## 2.2 Summary of Appropriation Accounts

The summarized position of actual expenditure during 2011-12 against 29 grants/ appropriations was as given in **Table 2.1** below:

**Table-2.1**

**Summarized Position of Actual Expenditure *vis-à-vis* Original/Supplementary provisions**

***(₹in crore)***

| | Nature of expenditure | Original grant/ appropriation | Supplementary grant/ appropriation | Total | Actual expenditure[1] | Saving (-)/ Excess (+) |
|---|---|---|---|---|---|---|
| **Voted** | I-Revenue | 20665.19 | 1777.20 | 22442.39 | 20581.16 | (-) 1861.23 |
| | II-Capital | 7938.49 | 589.86 | 8528.35 | 6682.13 | (-) 1846.22 |
| | III-Loans and Advances | 70.11 | - | 70.11 | 65.61 | (-) 4.50 |
| **Total voted** | | **28673.79** | **2367.06** | **31040.85** | **27328.90** | **(-) 3711.95** |
| **Charged** | IV-Revenue | *2392.15* | *179.91* | *2572.06* | *2410.80* | *(-)161.26* |
| | V-Capital | - | - | - | - | - |
| | VI-Public Debt Repayment | *1174.41* | - | *1174.41* | *5647.76* | *(+) 4473.35* |
| **Total charged** | | ***3566.56*** | ***179.91*** | ***3746.47*** | ***8058.56*** | ***(+)4312.09*** |
| **Appropriation to Contingency Fund (if any)** | | - | - | - | - | - |
| **Grand Total** | | **32240.35** | **2546.97** | **34787.32** | **35387.46** | **(+)600.14** |

[1] These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue (₹ 311.47 crore) and capital (₹ 783.29 crore)

The overall excess of ₹ 600.14 crore was the result of excess of ₹ 5,638.79 crore in eight grants under Revenue Section and six grants under Capital Section and one appropriation under Public Debt-Repayments (Loan Section), offset by saving (shortfall in utilization) of ₹ 5,038.65 crore in 21 grants and four appropriations under Revenue Section and 23 grants under Capital Section.

The savings (shortfall in utilization)/ excesses reflected in the detailed Appropriation Accounts were intimated to the Controlling Officers requesting them to intimate significant variations. Their replies were not received (September 2012).

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Savings

The outcome of the appropriation audit reveals that in 44 cases, savings exceeded ₹ one crore in each case or by more than 20 *per cent* of the total provision ***(Appendix 2.1).*** Against the total savings of ₹ 5,038.65 crore, savings of ₹ 4,453.96 crore (88 *per cent*)[2] occurred in 18 cases relating to 14 grants as indicated in **Table 2.2** below:

**Table-2.2**

**List of Grants with savings of ₹ 50 crore and above**

***(₹ in crore)***

| Sl. No | Name of Grant/ Appropriation/ | Original | Supple-mentary | Total grant | Actual expenditure | Savings |
|---|---|---|---|---|---|---|
| **I-Revenue voted** | | | | | | |
| 1. | 02-Home | 2727.70 | 297.37 | 3025.07 | 2739.39 | 285.68 |
| 2. | 07-Education | 2784.40 | 251.06 | 3035.46 | 2828.61 | 206.85 |
| 3. | 08-Finance | 4847.67 | - | 4847.67 | 3475.96 | 1371.71 |
| 4. | 10-Law Department | 124.15 | 78.76 | 202.91 | 125.74 | 77.17 |
| 5. | 14-Revenue | 655.52 | - | 655.52 | 387.24 | 268.28 |
| 6. | 17-Health &Medical Education | 1205.91 | 139.66 | 1345.57 | 1271.66 | 73.91 |
| 7. | 21-Forest Department | 455.55 | 23.53 | 479.08 | 418.10 | 60.98 |
| 8. | 23-Public Health Engineering | 648.43 | 153.55 | 801.98 | 739.90 | 62.08 |
| **Total-Revenue (Voted)** | | **13449.33** | **943.93** | **14393.26** | **11986.60** | **2406.66** |
| **II-Capital (Voted)** | | | | | | |
| 9. | 01-General Admn Department | 100.11 | - | 100.11 | 20.31 | 79.80 |
| 10. | 03-Planning and Dev. Deptt. | 1254.93 | - | 1254.93 | 450.93 | 804.00 |
| 11. | 06-Power Dev. Department | 816.51 | - | 816.51 | 534.18 | 282.33 |
| 12. | 07-Education | 465.11 | 6.28 | 471.39 | 343.20 | 128.19 |
| 13. | 08-Finance | 225.61 | - | 225.61 | 17.93 | 207.68 |
| 14. | 12-Agriculture | 368.68 | - | 368.68 | 271.09 | 97.59 |
| 15. | 14-Revenue | 103.45 | - | 103.45 | 50.73 | 52.72 |
| 16. | 17-Health &Medical Edu. | 313.29 | 16.09 | 329.38 | 268.62 | 60.76 |
| 17. | 19-Housing & Urban Dev. | 607.11 | - | 607.11 | 344.73 | 262.38 |
| 18. | 25-Stationary & Printing | 74.11 | - | 74.11 | 2.26 | 71.85 |
| **Total-Capital (Voted)** | | **4328.91** | **22.37** | **4351.28** | **2303.98** | **2047.30** |

Reasons for substantial savings (shortfall in utilization) against each grant were not assigned (September 2012) by the State Government.

[2] Exceeding ₹ 50 crore in each case.

### 2.3.2 Persistent Savings by certain Departments

In eleven cases, persistent savings of more than ₹ one crore in each case and also by 10 *per cent* or more of the total grant were noticed during the last five years as indicated in **Table 2.3** below:

**Table-2.3**

**List of Grants indicating Persistent Savings during 2007-12**

*(₹ in crore)*

| Sl. No | Grant number and name | Amount of Savings | | | | |
|---|---|---|---|---|---|---|
| | | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| **Revenue (Voted)** | | | | | | |
| 1. | 03-Planning and Development | 17.90 (26) | 41.74 (43) | 98.31 (72) | 38.88 (56) | 20.48(14) |
| 2. | 04-Information | 3.22 (17) | 3.78 (18) | 3.21 (12) | 6.04 (19) | 6.13(15) |
| 3. | 10-Law | 34.23 (42) | 25.34 (19) | 43.00 (38) | 22.31 (17) | 77.17(38) |
| **Revenue charged** | | | | | | |
| 4. | 10-Law | 2.58(26) | 1.97 (19) | 5.32 (29) | 2.18 (14) | 6.51(28) |
| **Capital (Voted)** | | | | | | |
| 5. | 07-Education | 28.77 (21) | 57.59(30) | 121.95(43) | 317.82(59) | 128.18(27) |
| 6. | 08-Finance | 291.26 (90) | 432.23 (82) | 222.22 (27) | 387.82 (74) | 207.67(92) |
| 7. | 13-Animal Husbandry | 5.03(41) | 8.49(48) | 8.87(36) | 13.54(35) | 5.70(16) |
| 8. | 14-Revenue | 105.81 (88) | 145.22 (88) | 72.05 (53) | 45.64 (42) | 52.71(51) |
| 9. | 19-Housing and Urban Development | 60.40 (15) | 279.90 (63) | 96.10 (26) | 156.78 (38) | 262.38(43) |
| 10. | 21-Forest | 18.25 (34) | 24.00 (35) | 47.94 (50) | 50.69 (52) | 39.41(46) |
| 11. | 25-Labour, Stationery and Printing | 34.70 (96) | 74.44 (95) | 69.80 (97) | 140.44 (99) | 71.84(97) |

Reasons for persistent savings under these heads were not intimated (September 2012) by the State Government.

### 2.3.3 Anticipated savings not surrendered

As per the State Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2011-12, there were, however, 28 grants and four appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The savings in these cases was of the order of ₹ 5,038.65 crore which includes ₹ 5,036.81 crore in 43 cases (involving 27 grants and three appropriation) where savings involved were ₹ one crore and above. Relevant details are indicated in ***Appendix-2.2***. Non-surrender of funds (savings) deprived the Government to transfer these funds to other needy sectors.

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

In 15 cases, expenditure aggregating ₹ 15,418.52 crore exceeded by ₹ 5,638.79 crore the total approved provisions, and in each case by ₹ one crore or by more than 20 *per cent* of the provision. Details are given in ***Appendix 2.3.*** Of these, excess expenditure by more than 20 *per cent* has been observed consistently for the last five years in respect of one appropriation as given in **Table 2 4** below:

**Table-2.4**

**List of Grant indicating Persistent Excess expenditure during 2007-12**

*(₹ in crore)*

| Grant number and name | Years | | | | |
|---|---|---|---|---|---|
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| **Capital (Charged)** | | | | | |
| **08-Finance** | 1233.79<br>(231) | 2740.40<br>(448) | 2765.44<br>(342) | 4820.49<br>(503) | 4473.35<br>(381) |

Reasons for persistent excesses under the head were not explained (September 2012) by the State Government.

### 2.3.5 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 1,408.38 crore was incurred in 66 Major heads of account (detailed in ***Appendix-2.4)*** without any provision in the original estimates/ supplementary demand and without any re-appropriation orders to this effect.

### 2.3.6 Regularization of excess expenditure

As per Section 82 of the Constitution of J&K, it is mandatory for the State Government to get the excess over a grant/ appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Section, the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As the Appropriation Accounts had not been discussed in PAC, the excess expenditure aggregating to ₹ 84,559.38 crore for the years 1980-2011 needs to be regularized by the State Legislature as detailed in ***Appendix 2.5***. After including further excess expenditure of ₹ 5,638.79 crore during 2011-12 as brought out in the succeeding sub-section, the aggregate excess expenditure requiring regularization by the Legislature stands at ₹ 90,198.17 crore as on 31 March 2012.

### 2.3.7 Excess over provisions requiring regularization

**Table 2.5** contains the summary of total excess in 14 grants and one appropriation amounting to ₹ 5,638.79 crore over authorization from the Consolidated Fund of the State during 2011-12 and requires regularization under Section 82 of the Constitution of J&K.

**Table-2.5**

**Excess over provisions requiring regularization during 2011-12**

*(₹ in crore)*

| Sl. No | Grant/Appropriation number and name | Total Grant/ Appropriation | Expenditure | Excess |
|---|---|---|---|---|
| **I- Revenue (Voted)** | | | | |
| 1. | 01-General Administration | 159.24 | 170.86 | **11.62** |
| 2. | 06-Power Development | 3495.79 | 3861.80 | **366.01** |
| 3. | 12-Agriculture | 558.03 | 569.16 | **11.13** |
| 4. | 16-Public Works | 695.38 | 752.36 | **56.98** |
| 5. | 18-Social Welfare | 307.54 | 450.18 | **142.64** |
| 6. | 19-Housing & Urban Development | 311.88 | 340.69 | **28.81** |
| 7. | 25-Labour Stationery & Printing | 67.50 | 110.23 | **42.73** |
| 8. | 27-Higher Education | 432.04 | 493.34 | **61.30** |
| **Total Revenue (Voted)** | | **6027.40** | **6748.62** | **721.22** |
| **II-Revenue (Charged)** | | | | |
| | - | - | - | **-** |
| **Total Revenue (Charged)** | | **-** | **-** | **-** |
| **Total Revenue (Section)** | | **6027.40** | **6748.62** | **721.22** |
| **III-Capital (Voted)** | | | | |
| 9 | 11-Industries & Commerce | 132.07 | 159.01 | **26.94** |
| 10 | 15-Consumer Affairs & Distribution | 949.93 | 1137.46 | **187.53** |
| 11 | 16-Public Works | 1179.89 | 1344.08 | **164.19** |
| 12 | 20-Tourism | 146.18 | 178.83 | **32.65** |
| 13 | 23-Public Health Engineering | 155.76 | 187.44 | **31.68** |
| 14 | 26-Fisheries | 14.09 | 15.32 | **1.23** |
| **Total Capital (Voted)** | | **2577.92** | **3022.14** | **444.22** |
| **IV-Capital (Charged)** | | | | |
| 15 | 08-Finance | 1174.41 | 5647.76 | **4473.35** |
| **Total Capital (Charged)** | | **1174.41** | **5647.76** | **4473.35** |
| **Total Capital (Section)** | | **3752.33** | **8669.90** | **4917.57** |
| **Grand Total** | | **9779.73** | **15418.52** | **5638.79** |

As can be seen, in the Revenue section, there was excess expenditure of ₹ 721.22 crore in eight grants while in the Capital section, excess expenditure amounted to ₹ 4,917.57 crore in six grants and one appropriation. The excess expenditure of ₹ 5,638.79 crore was mainly due to repayment of public debt of ₹ 4,473.34 crore in excess of budget provisions. A similar excess expenditure of ₹ 6,130.76 crore was incurred in 2010-11 also, indicating that it is not one-off occurrence. Although repayment of public debt is an expenditure charged on the Consolidated Fund of the State, the Legislative approval is nevertheless required for any outgo from the Consolidated Fund.

### 2.3.8 Unnecessary/ Excessive/ Inadequate supplementary provisions

In 13 cases, involving 11 grants and one appropriation ***(Appendix-2.6)***, supplementary provision of ₹ 118.96 crore was obtained in excess of the original provision in anticipation of expenditure. However, the final expenditure of ₹ 2,089.74 crore was even less than the original grant of ₹ 2,483.27 crore. The savings of ₹ 393.53 crore

thus, exceeded the entire supplementary provision indicating defective fund projection system leading to unnecessary allotment of additional funds.

In 17 other cases relating to 14 grants and one appropriation, supplementary grants aggregating ₹ 1,649.20 crore were obtained against the requirement of ₹ 670.05 crore resulting in saving of ₹ 979.15 crore ***(Appendix-2.7)***.

Apart from these cases, supplementary provision of ₹ 766.83 crore proved insufficient in eight cases relating to eight grants leaving an uncovered aggregate excess expenditure of ₹ 764.33 crore ***(Appendix-2.8)***.

### 2.3.9 Rush of expenditure

According to Jammu and Kashmir Financial Code, rush of expenditure in the closing month of a financial year should be avoided. Contrary to this, in respect of 12 major heads listed in **Table 2.6**, expenditure exceeding ₹ 10 crore for the year was incurred during the last quarter of the financial year 2011-12. The percentage of expenditure in the last quarter ranged between 46 and 98 *per cent* of the total expenditure.

**Table-2.6**

**Cases of rush of expenditure towards the end of the financial year 2011-12**

*(₹ in crore)*

| Sl. No. | Grant number and name | Total expenditure during the year | Expenditure during the last quarter of the year | |
|---|---|---|---|---|
| | | | Amount | Percentage of total expenditure |
| 1 | 03-Planning and Development | 578.56 | 442.31 | 76 |
| 2 | 05-Ladakh Affairs | 524.79 | 512.18 | 98 |
| 3 | 08-Finance | 5872.95 | 2687.40 | 46 |
| 4 | 11-Industries and Commerce | 292.47 | 152.58 | 52 |
| 5 | 12-Agriculture | 833.47 | 398.56 | 48 |
| 6 | 16-Public Works | 1878.67 | 1054.74 | 56 |
| 7 | 18-Social Welfare Department | 624.40 | 306.48 | 49 |
| 8 | 19-Housing & Urban Development | 684.98 | 338.12 | 49 |
| 9 | 22-Irrigation | 772.46 | 360.52 | 47 |
| 10 | 27-Higher Education | 652.08 | 357.21 | 55 |
| 11 | 28-Rural Development | 501.88 | 285.83 | 57 |
| 12 | 29-Transport | 41.53 | 19.45 | 47 |
| | **Total** | | **6915.38** | |

## 2.4 Non-reconciliation of Departmental figures

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

As per rules (Chapter-VIII of the Jammu and Kashmir Financial Code Volume-I), every drawing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective Controlling Officers for countersignature and transmission to the Accountant General (A&E), Jammu and Kashmir. In contravention thereto, against a total amount of ₹ 1,837.91 crore ***(Appendix-2.9)*** drawn on AC bills by various Drawing and Disbursing Officers (DDOs) (41

departments) during 1995-2012, corresponding DC bills have not been submitted (June 2012) to the Accountant General (A&E), Jammu and Kashmir. Non-rendition of DC bills for such a huge amount over a very long period is fraught with the risk of misappropriation and requires close monitoring.

Further, reasons for non-settlement of the outstanding AC bills that are more than two years old may be investigated and action may be initiated for their immediate settlement.

The matter has continually been brought to the notice of the Government/ Finance Department from time to time. Despite issuance of instructions in this regard by the State Finance Department, the DDOs did not furnish the pending DC bills.

### 2.4.2 Un-reconciled Expenditure

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E), Jammu and Kashmir. Though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapse on the part of Controlling Officers in this regard continued to persist. Out of 346 Controlling Officers, 56 did not reconcile expenditure amounting to ₹ 6,572.44 crore which constituted 23 *per cent* of the total net revenue and capital expenditure.

## 2.5 Errors in budgeting process

Scrutiny of Demand of Grants for the year 2011-12 showed following inherent flaws in preparation:

- Lump sum budgetary provisions are being placed with Controlling Officers in various Demands for Grants instead of detailed head-wise/ scheme-wise provisions which are in contravention of the State Financial Rules.
- Detailed head 'subsidy' is not being provided under relevant major/ minor head/ sub head of accounts in the Demand for Grants.
- The Capital heads of accounts are being closed at sub head level in the demand for grants. No detailed breakup below thereto up to object head level is available in the approved demand for grants.

These deficiencies make the budgeting process erroneous thereby, making reconciliation of departmental figures with those adopted by the Accountant General (A&E), Jammu and Kashmir difficult. The above matter had been reported to the State Government from time to time. Further action in the matter is awaited (October 2012).

## 2.6 Review of Grant

### 2.6.1 Grant No. 12 - Review of Grant for Agriculture Department

Agriculture is the main stay of the economy of the State and more than 80 *per cent* of the State's population derives its livelihood from this sector. The net cultivable area of the State was 10.79 hectares in 2010-11. A review of the Grant No 12 during 2011-12 revealed as under.

**Composition**

**Table-2.7**

**GRANT NO. 12 – AGRICULTURE DEPARTMENT**

| MAJOR HEADS | DEPARTMENTS |
|---|---|
| 2029 Land Revenue | Agriculture |
| 2236 Nutrition | Horticulture |
| 2250 Other Social Services | Agriculture |
| 2401 Crop Husbandry | Agriculture |
| 2402 Soil and Water Conservation | Agriculture |
| 2403 Animal Husbandry | Animal Husbandry |
| 2406 Forestry and Wild Life | Floriculture |
| 2415 Agriculture Research and Education | Agriculture |
| 2425 Cooperation | Cooperation |
| 2435 Other Agricultural Programmes | Horticulture (P&M) |
| 2705 Command Area Development | Command Area Development |
| 2851 Village and Small Industries | Agriculture |
| 4401 Capital Outlay on Crop Husbandry | Agriculture Production |
| 4402 Capital Outlay on Soil and Water Conservation | Agriculture |
| 4406 Capital Outlay on Forestry and Wild Life | Floriculture |
| 4415 Capital Outlay on Agricultural Research and Education | Agriculture |
| 4425 Capital Outlay on Co-operation | Cooperation |
| 4705 Capital Outlay on Command Area Development | Command Area Development |
| 4851 Capital Outlay on Village and Small Industries | Sericulture |

### 2.6.2 Financial Outlay

The financial outlay during the year 2011-12 and expenditure incurred there against are given in **Table 2.8** below:

**Table-2.8**

*(₹ in crore)*

| | Nature of Expenditure | Original grant / appropriation | Supplementary grant / appropriation | Total | Actual expenditure | Excess (+) / Savings (-) |
|---|---|---|---|---|---|---|
| **Voted** | **Revenue** | 558.03 | Nil | 558.03 | 569.16 | (+) 11.13 |
| **Voted** | **Capital** | 368.68 | Nil | 368.68 | 271.09 | (-) 97.59 |

A comparative position of the allocation/ expenditure under the Grant for the last three years is tabulated in **Table 2.9** below:

**Table-2.9**

*(₹ in crore)*

| | | Total Grant | Actual expenditure | Excess (+) / Savings (-) |
|---|---|---|---|---|
| **Year 2009-10** | | | | |
| **Revenue Voted** | | | | |
| Original | 400.25 | 400.25 | 365.51 | (-) 34.74 |
| Supplementary | - | | | |
| **Capital Voted** | | | | |
| Original | 182.97 | 228.91 | 169.35 | (-) 59.56 |
| Supplementary | 45.94 | | | |
| **Total** | **629.16** | **629.16** | **534.86** | |
| **Year 2010-11** | | | | |
| **Revenue Voted** | | | | |
| Original | 458.89 | 458.89 | 454.10 | (-) 4.79 |
| Supplementary | - | | | |
| **Capital Voted** | | | | |
| Original | 241.73 | 313.89 | 151.45 | (-) 162.44 |
| Supplementary | 72.16 | | | |
| **Total** | **772.78** | **772.78** | **605.55** | |
| **Year 2011-12** | | | | |
| **Revenue Voted** | | | | |
| Original | 558.03 | 558.03 | 569.16 | (+) 11.13 |
| Supplementary | - | | | |
| **Capital Voted** | | | | |
| Original | 368.68 | 368.68 | 271.09 | (-) 97.59 |
| Supplementary | - | | | |
| **Total** | **926.71** | **926.71** | **840.25** | |

As can be seen from the above, the allocation has been on the increase over the years. The overall increase in allocation in 2011-12 over the figures of 2009-10 was 47 *per cent*. The increase is indicative of the seriousness of the Government for development of agricultural activities in the State aimed at increasing agricultural production and productivity.

### 2.6.3 Excess expenditure

The Controlling Officer of the department administering the grant is responsible for watching the progress of expenditure on public service under its control and for keeping the expenditure within a Grant. The Controlling Officers are also kept informed about the excess expenditure noticed under any head/ activity by the Accountant General (A&E), Jammu and Kashmir through issue of monthly expenditure statements.

Significant excesses were noticed under certain heads of accounts which are indicated in ***Appendix 2.10***. It was observed that the concerned Heads of Departments continued to incur expenditure in excess of budgetary provisions despite being intimated through monthly Appropriation Accounts and warning slips.

### 2.6.4 Un-utilized Grants

As per the provisions of the Budget Manual, the grants should be appropriated only after the estimates are examined by the administrative department of the Secretariat concerned. It was noticed that the appropriations/ grants remained unutilized during 2011-12 indicating that these were either not required or not examined by the administrative department as indicated in **Table 2.10** below:-

**Table-2.10**

*(₹in lakh)*

| Sl. No. | MH/SM/MI/GH/SH | Total Grant | Expenditure | Saving |
|---|---|---|---|---|
| 1 | 2401/119/0099/1485/NAEP | 229.70 | 0.00 | 229.70 |
| 2 | 2401/800/0011/0222/Horticulture Construction Programme | 7.00 | 0.00 | 7.00 |
| 3 | 2406/02/800/0011/1135/Provincial and District Offices (KMR) | 17.50 | 0.00 | 17.50 |
| 4 | 2705/603/0031/0125/Command Area Development (CSS) Jammu | 210.00 | 0.00 | 210.00 |
| 5 | 4401/103/0099/0061/Director Agriculture (Kashmir) | 40.00 | 0.00 | 40.00 |
| | **Total** | **504.20** | **0.00** | **504.20** |

### 2.6.5 Expenditure without provision

It was noticed that no budgetary provisions were kept in respect of certain Heads of account but expenditure (as per detailed appropriation account) was booked against the said heads of accounts. These are indicated in ***Appendix 2.11***.

It was observed that the State Government has placed the lump sum budget provisions at the disposal of Controlling Officers without providing schematic break-up and drawing and disbursing officers incurred the expenditure under various schemes not contemplated in the Demand for Grants.

### 2.6.6 Significant savings not surrendered

As per the provisions of the budget manual all the anticipated savings should be surrendered to the Government immediately as and when they are foreseen without waiting till the end of the year, unless they are required to meet excesses under some other units which are definitely foreseen at that time. However, significant savings were noticed under various schemes where provisions were distinctly/ separately placed in approved demand for grants as detailed in ***Appendix 2.12***. Thus, the significant savings in the above mentioned schemes must have deprived the beneficiaries/ areas of the benefits for which the amount were provided.

## 2.7 Conclusion

The excess expenditure of ₹ 600.14 crore over the approved provision registered in 14 grants and one appropriation during the year would require regularization under Section 82 of the Constitution of Jammu and Kashmir. Besides, expenditure of ₹ 1,408.38 crore was incurred without provision of funds in 66 Major heads of accounts.

Education, Health and Medical Education, Public Health Engineering, Agriculture, Housing and Urban Development and Finance Department Grants posted large savings during the year. Persistent savings in Law, Animal Husbandry, Housing and Urban Development, Planning Development, Information, Forest, Finance and Labour and Stationery and Printing Grants posted large savings persistently during the last five years. There were also instances of inadequate, excessive and unnecessarily supplementary provisions made in a number of Grants besides rush of expenditure in the last quarter of the financial year.

## 2.8 Recommendations

The Government may ensure:

- preparing realistic budget estimates to avoid large savings/ excesses.
- surrendering of savings by stipulated date for their effective utilization by needy departments.
- regularization of excess expenditure incurred.
- monitoring of expenditure against the allocations by all departments.
- keeping in place a monitoring mechanism in the departments to adjust the advances drawn on Abstract Contingent Bills within the stipulated period, as required under the extant rules.

# CHAPTER-III
# FINANCIAL REPORTING

# CHAPTER – III

# FINANCIAL REPORTING

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

## 3.1 Delay in furnishing of Utilization Certificates

Autonomous bodies/authorities having no sufficient resources of their own are assisted financially by the Government through release of Grant-in-Aid (GIA) to be spent on specific purposes. The position of GIA provided by the State to Autonomous Bodies/ Authorities during 2009-12 is given in **Table 3.1** below:

**Table-3.1**

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

*(₹ in crore)*

| Sl. No. | Body/Authority | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|
| **1.** | Srinagar Municipal Corporation | 73.33 | 107.18 | 112.42 |
| **2.** | Jammu Municipal Corporation | 76.93 | 74.60 | 69.98 |
| **3.** | Urban Local Bodies (Kashmir) | 29.56 | 42.67 | 62.39 |
| **4.** | Urban Local Bodies (Jammu) | 20.24 | 26.96 | 41.30 |
| **5.** | SKUAST – Kashmir | 55.58 | 75.73 | 90.63 |
| **6.** | SKUAST – Jammu | 25.37 | 28.29 | 30.59 |
| **7.** | Kashmir University | 44.48 | 59.83 | 61.85 |
| **8.** | Jammu University | 50.85 | 43.28 | 63.70 |
| **9.** | J&K Sports Council | 7.23 | 8.30 | 10.26 |
| **10.** | J&K Academy of Art and Culture | 9.93 | 11.68 | 19.93 |
| **11.** | IMPA | 4.97 | 5.89 | 10.51 |
| **12.** | Khadi and Village Industries Board | 8.60 | 10.60 | 12.01 |
| **13.** | Others | 75.40 | 47.18 | 44.96 |
| | **Total** | **482.47** | **542.19** | **630.53** |

Financial Rules provide that for the grants provided for specific purposes, Utilization Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General (A&E), Jammu and Kashmir within 18 months from the date of their sanction unless specified otherwise.

The position of outstanding utilization certificates (UCs) at the end of 2011-12 has deteriorated *vis-à-vis* the position at the end of 2010-11 as detailed in **Table 3.2** below:

**Table-3.2**

**Age-wise arrears of Utilization Certificates: Status as on 31 March 2012**

| Range of delay (in number of years) | Total Grants Paid | | Utilization Certificates Received | | Utilization Certificates Outstanding | |
|---|---|---|---|---|---|---|
| | Number of items | Amount (₹ in crore) | Number of items | Amount (₹ in crore) | Number of items | Amount (₹ in crore) |
| 0 – 1 | 838 | 604.43 | 73 | 214.01 | 765 | 390.42 |
| 1 – 3 | 1439 | 1242.44 | 609 | 351.74 | 830 | 890.70 |
| 3 – 5 | 1460 | 996.31 | 124 | 159.81 | 1336 | 836.50 |
| **Total** | **3737** | **2843.18** | **806** | **725.56** | **2931** | **2117.62** |

A total number of 2,931 UCs involving ₹ 2,118 crore were outstanding as on 31 March 2012 of which 2,166 UCs amounting to ₹ 1,727 crore were outstanding for more than one year.

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

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/ Heads of the Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. A total of 301 annual accounts of 32 Bodies were awaited in Audit ***(Appendix-3.1)*** as on 31 March 2012. Six Autonomous Bodies required to be audited by the Comptroller and Auditor General (C&AG) of India under Sections 19 (3) and 20 (1) of the said Act had also not furnished the annual accounts as tabulated in **Table 3.3** below:

**Table 3.3**

**Non-submission of accounts by Autonomous Bodies**

| Name of Body/Authority | Delay in number of years | No of accounts | Grants during 2011-12 (₹ in crore) |
|---|---|---|---|
| Ladakh Autonomous Hill District Council, Leh | 1-17 | 17 | 263.14 |
| Ladakh Autonomous Hill District Council, Kargil | 1-8 | 08 | 243.33 |
| Sher-i-Kashmir University of Agricultural Science and Technology, Srinagar | 1-2 | 2 | 90.78 |
| Sher-i-Kashmir University of Agricultural Science and Technology, Jammu | 1-2 | 1 | 30.74 |
| Jammu & Kashmir Legal Services Authority, Srinagar | 1-15 | 15 | 4.35 |
| Provident Fund Organization, Srinagar | 1-12 | 13 | Nil |
| | | **56** | **632.34** |

The audit of Ladakh Autonomous Hill District Council (LAHDC), Leh and LAHDC, Kargil has been entrusted to the C&AG of India upto 2011-12. LAHDC, Leh has failed to submit accounts for audit since its inception in 1995-96 although substantial sums are being released to the Council and unspent balances at the end of the year remain credited in a non-lapsable Fund in the Public Account of the State. Same is the position in respect of LAHDC, Kargil which came into existence in 2004-05 and the accounts are in arrears since inception.

Non submission/delay in submission of accounts by these Bodies receiving substantial funding from the State Budget is a serious financial irregularity persisting for years. In view of this non-compliance, the audited accounts of these Statutory Bodies have not so far been presented to the State Legislature as required under the Statutes under which these Bodies were created. This has deprived the State Legislature to get a feedback on their activities and financial performance.

## 3.3 Departmentally Managed Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of commercial nature are required to prepare *pro forma* accounts in the prescribed format annually. The finalized accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalization of accounts, the investment of the Government, corrective measures, if any required, for

ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay is fraught with risk of fraud and leakage of public money.

The Heads of the Government Departments are required to ensure that the undertakings prepare such accounts and submit the same to the Principal Accountant General (Audit), Jammu and Kashmir for audit within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System (PDS) by the Consumer Affairs and Public Distribution Department. The *pro forma* accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not prepared their *pro forma* accounts from 1968-69 and onwards (July 2012). In Kashmir and Ladakh Divisions, the PDS operations are directly carried out by departmentally run PDS shops. The *pro forma* accounts have not been prepared in these two Divisions from 1975-76 (Revised Account) and onwards (July 2012). In Jammu Division, the PDS operations are mainly through network of private dealers (about 91 *per cent*) and the *pro forma* accounts have not been prepared from 1973-74 to 1997-98 and 1999-2000 and onwards. The *pro forma* accounts for 1998-99 were finalized during 2002-03 (July 2012).

## 3.4 Bookings under Minor Head 800-'Other Receipts' and 'Other Expenditure'

During 2011-12, ₹ 3,179 crore under 59 Major Heads of account (representing functions of the Government) was classified under the Minor Head 'Other Expenditure' in the revenue and capital account constituting 19 *per cent* of the total expenditure recorded under all the Major Heads of accounts. Similarly, a total sum of ₹ 4,071 crore under 36 Major Heads of account (representing Revenue Resources of the Government) was classified under the Minor Head 'Other Receipts' in the accounts constituting 16 *per cent* of the total receipts recorded under all the revenue heads of accounts. In eight Major Heads of accounts, substantial amount of expenditure was booked under 'Other Expenditure' and in five Major Heads of accounts substantial amount of receipts was booked under 'Other Receipts'. The major schemes are not depicted distinctly in the Finance Accounts, though the details of this expenditure are depicted in the sub-head (scheme) level or below in the Detailed demands for Grants and corresponding head-wise Appropriation Accounts forming part of the State Government Accounts. Classification of large amounts booked under the minor head '800-Other receipts/ expenditure' affects the transparency and the fair picture in financial reporting.

## 3.5 Conclusion

Internal control system within the Government Departments is not functioning effectively to ensure compliance with various rules, procedures and directives formulated by the Government. Non-compliance with the basic requirements of the preparation of annual *pro forma* accounts by the Departmentally Managed Commercial Undertakings and non-adjustment of large amounts drawn on AC bills by the departmental authorities, financial reporting may not be accurate and reliable. The

position regarding outstanding Utilization Certificates has deteriorated. A total number of 2,931 UCs involving a total amount of ₹ 2,118 crore remained outstanding as on 31 March 2012 which was as high as 7.4 *per cent* of the total expenditure incurred in 2011-12 and requires close monitoring. Similarly, 301 Annual Accounts of 32 Autonomous Bodies were awaited for audit as on 31 March 2012.

## 3.6 Recommendations

The Government may consider ensuring:

- timely submission of utilization certificates in respect of the grants released for specific purposes to the grantee institutions.
- timely preparation of Annual accounts by the Autonomous Bodies to facilitate auditing.
- correctness in financial reporting instead of clubbing the receipts and expenditure of major schemes under the Minor Head '800-Other Expenditure' and '800-Other Receipts'.

**(Subhash Chandra Pandey)**
**Principal Accountant General (Audit)**
**Jammu and Kashmir**

**Srinagar/Jammu**
**The**

**Countersigned**

**(Vinod Rai)**
**Comptroller and Auditor General of India**

**New Delhi**
**The**

# APPENDICES

## Appendix - 1.1

*(Reference: Page: 1)*

**Part A: Structure and Form of Government Accounts**

**Structure of Government Accounts:** The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

**Part I: Consolidated Fund:** All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled. The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

**Part II: Contingency Fund:** Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

**Part III: Public Account:** Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

**PART B: Layout of Finance Accounts**

| Statement | Layout |
|---|---|
| Statement No.1 | Statement of Financial Position |
| Statement No.2 | Statement of Receipts and Disbursements |
| Statement No.3 | Statement of Receipts in Consolidated Fund |
| Statement No.4 | Statement of Expenditure in Consolidated Fund |
| Statement No. 5 | Statement of Progressive Capital Expenditure |
| Statement No.6 | Statement of Borrowings and other Liabilities |
| Statement No.7 | Statement of Loans and Advances given by the Government |
| Statement No.8 | Statement of Grants-in-Aid given by the Government |
| Statement No.9 | Statement of Guarantees given by the Government |
| Statement No.10 | Statement of Voted and Charged Expenditure |
| Statement No.11 | Detailed Statement of Revenue and Capital Receipts by Minor Heads |
| Statement No.12 | Detailed Statement of Revenue Expenditure by Minor Heads |
| Statement No.13 | Detailed Statement of Capital Expenditure by Minor Heads |
| Statement No.14 | Detailed Statement of Investments of the Government |
| Statement No.15 | Detailed Statement of Borrowing and other Liabilities |
| Statement No.16 | Detailed Statement on Loans and Advances given by the Government |
| Statement No.17 | Detailed Statement on Sources and Application of Funds for expenditure other than revenue account |
| Statement No.18 | Detailed Statement on Contingency Fund and other Public Account transactions |
| Statement No.19 | Detailed Statement on Investment of Earmarked Funds |

## Appendix - 1.2
*(Reference: Page: 1)*

## Methodology Adopted for the Assessment of Fiscal Position

## Part A

The norms/Ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act (**Part B of Appendix 1.2**) are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that the Gross State Domestic Product (GSDP) is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc. are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The trends in GSDP for the last ten years are indicated below:

| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|---|---|---|---|---|---|---|
| Gross State Domestic Product (₹ in crore) (Pre-revised/ Base 1999-2000) (Revised/Base 2004-05) | 20326 | 22194 | 24265 | 26537 | 29030<br>32265 | 31793<br>35620 | 34805<br>39229 | 38298<br>43236 | 47709<br>54731 | 62365 |
| Growth rate of GSDP (Revised) | | 9.19 | 9.34 | 9.36 | 9.39 | 10.40 | 10.13 | 10.22 | 10.35 | 13.95 |
| | *Source: (Figures obtained from the State Government)* | | | | | | | | | |

### Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CO/DE/ SSE–AE.

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AE-GSDP less than the national average, *i.e.,* if

AE/GSDP = x

AE = x * GSDP .....(1)

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and CO-AE, derive the respective DE, SSE and CO, so that no State is having these ratios less than national average, *i.e.*, if

DE/AE = y

DE = y * AE .....(2)

Where y is the national average of DE-AE ratio

Substituting (1) in (2), we get

DE = y * x * GSDP ……(3)

Wherever the States are having DE-AE, SSE-AE and CO-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and CO as per equation (3), respective per capita expenditure was calculated, *i.e.*,

PCDE = DE/P ……(4)

where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4), we get

PCDE = (y * x * GSDP)/P ……..(5)

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

| Terms | Basis of calculation |
|---|---|
| Buoyancy of a parameter | Rate of Growth of the parameter/GSDP Growth |
| Buoyancy of a parameter (X) With respect to another parameter (Y) | Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y) |
| Rate of Growth (ROG) | [(Current year Amount /Previous year Amount)-1]* 100 |
| Development Expenditure | Social Services + Economic Services |
| Average interest paid by the State | Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100 |
| Interest spread | GSDP growth – Average Interest Rate |
| Quantum spread | Debt stock *Interest spread |
| Interest received as *per cent* to Loans Outstanding | Interest Received [(Opening balance + Closing balance of Loans and Advances)/2]*100 |
| Revenue Deficit | Revenue Receipt – Revenue Expenditure |
| Fiscal Deficit | Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts |
| Primary Deficit | Fiscal Deficit – Interest payments |
| Balance from Current Revenue (BCR) | Revenue Receipts **minus** all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt |

## Appendix 1.3

***(Reference: Paragraph: 1.2; Page: 4)***

## The Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act, 2006

Concerns about growth in governments' expenditure exceeding their non-debt resources raising issues of inter-generational equity have led to development of a national consensus on prudential management of government debt and deficit. The State also recognized this imperative need and committed to follow a path of fiscal consolidation. Accordingly the Jammu and Kashmir Fiscal Responsibility Act was enacted on 14th August 2006. Section 9 of the FRBM Act imposed the following obligations on the State Government for the period 2006-07 to 2009-10:

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

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

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

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

(e) The annual incremental risk weighted guarantees in any financial year were to be limited to 75 *per cent* of the total revenue receipts in the previous financial year or to seven *per cent* of GSDP of the previous financial year, whichever is lower.

The Act was amended in December 2008 to pre-pone achievement of the above targets by March 2009. Another amendment was made to the Act in April 2010 raising the target of fiscal deficit from three to four *per cent* of GSDP for 2009-2010. Two more amendments were made in April 2011 and August 2011 in light of the recommendations of the Thirteenth Finance Commission.

The deficiencies and deviations in implementation of the FRBM Act, 2006 are listed below:

- The original target of reducing the fiscal deficit to three *per cent* of the GSDP by the end of 2009-10 was missed by a very wide margin as the actual fiscal deficit shot up to 9.1 *per cent* in that year. An amendment in the FRBM Act in April 2010 raising the 2009-10 target to four *per cent* was of no avail.

- As per the customised fiscal correction path recommended by the Thirteenth Finance Commission specifically for Jammu and Kashmir and the corresponding amendment made in the FRBM Act, the State had to cap the fiscal deficit at 4.7 *per cent* of GSDP in 2011-12, but the fiscal deficit was actually 5.9 *per cent*. This non-compliance carries an immediate financial penalty of loss of interest relief on loans from the National Small Savings Fund.

- The FRBM Act had imposed specific obligations on the State Government for the period 2006-07 to 2009-10 and contemplated that the Government may, by notification in the Government Gazette, make rules "for carrying out the provisions of the Act."(sic) However, the Government framed and notified the FRBM Rules in January 2008. The delay effectively shifted the compliance deadline.

- The FRBM Rules specified only the annual targets for (a) Revenue Deficit as percentage of Total Revenue Receipts (TRR), (b) Fiscal Deficit as percentage of GSDP and (c) Total Outstanding Liabilities as percentage of GSDP. The Rules omitted to define annual targets for 'pre-devolution non-plan revenue deficit' which was to be reduced to 20 *per cent* of GSDP by 2009-10. Apparently, this parameter did not receive government's attention because no fiscal concessions/incentives were attached to its compliance.

- The FRBM Act was repeatedly amended to align the annual targets for Fiscal Deficit and Total Liabilities as per the recommendations of the 12th and 13th Finance Commissions. This was done so mechanically that the targets for 2009-10 and 2010-11 were reset/ relaxed through unnecessary amendments to the FRBM Act after the close of the respective financial years. Nothing could have been done by the government to achieve the revised targets after the year was over.

- The 'committed liabilities' disclosed in the FRBM statements presented to the Legislature do not include such liabilities as (a) liability of undisbursed arrears of pay and pension revision (b) liability of counterpart matching funds under various Centrally Sponsored Schemes/Programmes. The debt/deficit reduction targets were thus missed despite postponement of such expenditures.

- Notwithstanding the above deviations, the State has made good use of the opportunities presented by increased economic activities to substantially increase tax revenues. There has been record mobilization of commercial taxes and stamp duties and the State's own revenues have shown very high growth. However, areas of concern remain. State's Own Deficit continues to remain high, mainly on account of high increase in expenditure and commitments on establishment related expenditure and serious shortfalls in bridging the resource gap in the power sector.

The FRBM Rules prescribed the fiscal indicators to be monitored, the formats of the Macro Economic Framework Statement (MEFS)/Medium Term Fiscal Policy Statement (MTFPS)/ Fiscal Policy Strategy Statement (FPSS) to be annually presented along with the Budget to the State Legislature and several statements disclosing fiscal information to the Legislature. The Disclosure Requirements under the Act/ Rules were implemented from the Budget for the year 2008-09 onwards.

# Appendix 1.4

***(Reference: Page: 2)***

***Time series data on the State Government Finances***

***(₹in crore)***

| Time series data on State Government Finances | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Part-A Receipts** | **2002-03** | **2003-04** | **2004-05** | **2005-06** | **2006-07** | **2007-08** | **2008-09** | **2009-10** | **2010-11** | **2011-12** |
| **1. Revenue Receipts** | **7548** | **8212** | **8866** | **10315** | **11182** | **13277** | **14303** | **17588** | **22234** | **24783** |
| **(i) Tax Revenue** | 1033 | 1170 | 1351 | 1627 | 1799 | 2558 | 2683 | 3027 | 3483 | 4745 |
| | (14) | (14) | (15) | (16) | (16) | (19) | (19) | (17) | (16) | (19) |
| Taxes on sales, trade, etc. | 536 | 674 | 804 | 1014 | 1159 | 1805 | 1836 | 2146 | 2425 | 3414 |
| | (52) | (58) | (60) | (62) | (64) | (71) | (68) | (71) | (70) | (72) |
| State Excise | 223 | 205 | 272 | 219 | 213 | 244 | 239 | 294 | 337 | 385 |
| | (22) | (18) | (20) | (14) | (12) | (10) | (9) | (10) | (10) | (8) |
| Taxes on vehicles | 34 | 38 | 42 | 49 | 64 | 73 | 65 | 83 | 115 | 105 |
| | (3) | (3) | (3) | (3) | (4) | (3) | (3) | (2) | (3) | (2) |
| Stamps and Registration fees | 26 | 34 | 39 | 46 | 57 | 66 | 57 | 70 | 79 | 171 |
| | (2) | (3) | (3) | (3) | (3) | (2) | (2) | (2) | (2) | (4) |
| Land Revenue | 3 | 3 | 11 | 4 | 3 | 9 | 64 | 15 | 42 | 33 |
| | | | (1) | | | (*) | (2) | (1) | (1) | (1) |
| Other Taxes | 211 | 216 | 183 | 295 | 303 | 361 | 422 | 419 | 485 | 637 |
| | (21) | (18) | (13) | (18) | (17) | (14) | (16) | (14) | (14) | (13) |
| **(ii) Non Tax Revenue** | 865 | 633 | 641 | 536 | 633 | 808 | 837 | 955 | 1093 | 2002 |
| | (11) | (8) | (7) | (5) | (6) | (6) | (6) | (5) | (5) | (8) |
| **(iii) State's share of Union taxes and duties** | 685 | 817 | 934 | 1135 | 1413 | 1775 | 1827 | 1915 | 3067 | 3495 |
| | (9) | (10) | (11) | (11) | (13) | (14) | (13) | (11) | (14) | (14) |
| **(iv) Grants-in-aid from GOI** | 4965 | 5592 | 5940 | 7017 | 7337 | 8136 | 8956 | 11691 | 14591 | 14541 |
| | (66) | (68) | (67) | (68) | (65) | (61) | (62) | (66) | (66) | (59) |
| **2. Miscellaneous capital receipts** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **28** | **-** | **-** |
| **3. Total revenue and non-debt capital receipts (1+2)** | **7548** | **8212** | **8866** | **10315** | **11182** | **13277** | **14303** | **17616** | **22234** | **24783** |
| **4. Recoveries of Loans and Advances** | **82** | **4** | **19** | **36** | **2** | **2** | **4** | **2** | **2** | **168** |
| **5. Public Debt receipts** | **1390** | **1854** | **1799** | **2536** | **1544** | **2848** | **2948** | **2852** | **5206** | **4037** |
| Internal Debt (excluding Ways and Means Advances and Overdraft) | 811 | 970 | 1295 | 2205 | 1453 | 2831 | 2694 | 2146 | 6222 | 4069 |
| Net transactions under Ways and Means Advances and Overdraft | - | 165 | 180 | 320 | 82 | - | 235 | 675 | - | - |
| Loans and advances from GOI[&] | 579 | 719 | 324 | 11 | 9 | 17 | 19 | 31 | (-) 1016[1] | (-)32 |
| **6. Total receipts in the Consolidated Fund (3+4+5)** | **9020** | **10070** | **10684** | **12887** | **12728** | **16127** | **17255** | **20470** | **27442** | **28988** |
| **7. Contingency Fund receipts** | **-** | **1.33** | **0.49** | **0.61** | **0.39** | **0.01** | **0.16** | **0.11** | **0.26** | **1.20** |
| **8. Public Account receipts** | **16830** | **19049** | **19120** | **22632** | **25599** | **29506** | **36149** | **45174** | **55860** | **18835** |
| **9. Total receipts of the State (6+7+8)** | **25850** | **29120** | **29804** | **35520** | **38327** | **45633** | **53404** | **65644** | **83302** | **47824** |

[&] Includes Ways and Means Advances

1 Minus figure due to rectification of misclassification of Share of Small Savings collection (₹1032.29 crore). Actual Loans and Advances from GOI during 2010-11; ₹16.88 crore.

| Part-B Expenditure/disbursement | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **10. Revenue Expenditure** | **7180** | **7754** | **8304** | **9921** | **10614** | **12189** | **12047** | **15324** | **18467** | **22680** |
| | **(80)** | **(80)** | **(79)** | **(76)** | **(81)** | **(77)** | **(71)** | **(71)** | **(75)** | **(79)** |
| Plan | 896 | 947 | 1065 | 1196 | 833 | 523 | 313 | 553 | 909 | 1248 |
| | (12) | (12) | (13) | (12) | (8) | (4) | (3) | (4) | (5) | (5) |
| Non-Plan | 6284 | 6807 | 7239 | 8725 | 9781 | 11666 | 11734 | 14771 | 17558 | 21432 |
| | (88) | (88) | (87) | (88) | (92) | (96) | (97) | (96) | (95) | (95) |
| *General Services (including interest payments)* | *3154* | *3373* | *3287* | *3682* | *4654* | *5624* | *5272* | *6445* | *7777* | *9724* |
| | *(44)* | *(43)* | *(40)* | *(37)* | *(44)* | *(46)* | (44) | *(42)* | *(42)* | *(43)* |
| *Social Services* | *1761* | *1828* | *1996* | *2656* | *2881* | *2847* | *3018* | *4258* | *5214* | *6293* |
| | *(24)* | *(24)* | *(24)* | *(27)* | *(27)* | *(23)* | (25) | *(28)* | *(28)* | *(28)* |
| *Economic Services* | *2265* | *2553* | *3021* | *3583* | *3079* | *3718* | *3757* | *4621* | *5476* | *6663* |
| | *(32)* | *(33)* | *(36)* | *(36)* | *(29)* | *(31)* | (31) | *(30)* | *(30)* | *(29)* |
| *Grants-in-aid and contributions* | - | - | - | - | - | - | - | - | - | |
| **11. Capital Expenditure** | **1421** | **1881** | **2180** | **3020** | **2456** | **3717** | **4964** | **6234** | **6064** | **5899** |
| | **(16)** | **(19)** | **(20)** | **(23)** | **(19)** | **(23)** | **(29)** | **(29)** | **(25)** | **(21)** |
| Plan | 1339 | 1642 | 2088 | 2906 | 2346 | 3641 | 4693 | 6135 | 5730 | 5474 |
| | (94) | (87) | (96) | (96) | (96) | (98) | (95) | (98) | (94) | (93) |
| Non-Plan | 82 | 239 | 92 | 114 | 110 | 76 | 271 | 99 | 334 | 425 |
| | (6) | (13) | (4) | (4) | (4) | (2) | (5) | (2) | (6) | (7) |
| *General Services* | *56* | *68* | *59* | *58* | *57* | *115* | *159* | *239* | *458* | *394* |
| | *(4)* | *(4)* | *(3)* | *(2)* | *(2)* | *(3)* | (3) | *(4)* | *(8)* | *(6)* |
| *Social Services* | *331* | *487* | *550* | *656* | *829* | *1122* | *1269* | *1626* | *1542* | *1569* |
| | *(23)* | *(26)* | *(25)* | *(22)* | *(34)* | *(30)* | (26) | *(26)* | *(25)* | *(27)* |
| *Economic Services* | *1034* | *1326* | *1571* | *2306* | *1570* | *2480* | *3536* | *4369* | *4064* | *3936* |
| | *(73)* | *(70)* | *(72)* | *(76)* | *(64)* | *(67)* | (71) | *(70)* | *(67)* | *(67)* |
| **12. Disbursement of loans and advances** | **340** | **68** | **66** | **53** | **44** | **38** | **42** | **49** | **72** | **66** |
| | **(4)** | **(1)** | **(1)** | **(1)** | ( ) | (↓) | (↓) | (↓) | (↓) | |
| **13. Total (10+11+12)** | **8941** | **9703** | **10550** | **12994** | **13114** | **15944** | **17053** | **21607** | **24603** | **28645** |
| **14. Repayment of Public Debt** | **422** | **1332** | **1004** | **1226** | **404** | **772** | **703** | **731** | **3932** | **1211** |
| Internal Debt (excluding Ways and Means Advances and Overdraft) | 59 | 112 | 208 | 1098 | 271 | 558 | 557 | 707 | 871 | 1114 |
| Net transactions under Ways and Means Advances and Overdraft | 1 | - | - | - | - | 75 | - | - | 2965 | - |
| Loans and Advances from Government of India[∂] | 362 | 1220 | 796 | 128 | 133 | 139 | 146 | 24 | 96 | 97 |
| **15. Appropriation to Contingency Fund** | **nil** | **nil** | **nil** | **1** | **nil** | **Nil** | **Nil** | **Nil** | **Nil** | **-** |
| **16. Total disbursement out of Consolidated Fund (13+14+15)** | **9363** | **11035** | **11554** | **14221** | **13518** | **16716** | **17756** | **22338** | **28535** | **29856** |
| **17. Contingency Fund disbursements** | **0.22** | **1.43** | **0.47** | **0.04** | **0.14** | **0.13** | **0.29** | **1.07** | **0.16** | **0.35** |
| **18. Public Account disbursements** | **16673** | **18106** | **18251** | **21297** | **24785** | **28911** | **35696** | **43301** | **54735** | **17106** |
| **19. Total disbursements by the State (16+17+18)** | **26036** | **29142** | **29805** | **35518** | **38303** | **45627** | **53452** | **65640** | **83270** | **46962** |
| Part C..Deficits | | | | | | | | | | |
| **20. Revenue Surplus (+)/ Deficit (-) (1-10)** | **(+) 368** | **(+) 458** | **(+) 562** | **(+) 394** | **(+) 568** | **(+) 1088** | **(+) 2256** | **(+) 2264** | **(+) 3767** | **(+)2103** |
| **21. Fiscal Deficit (3+4-13)** | **(-) 1311** | **(-) 1487** | **(-) 1665** | **(-) 2643** | **(-)1930** | **(-) 2665** | **(-) 2746** | **(-) 3989** | **(-) 2367** | **(-) 3694** |
| **22. Primary Deficit (21-23)** | **(-) 216** | **(-) 241** | **(-) 562** | **(-) 1528** | **(-)143** | **(-) 229** | **(-) 1168** | **(-) 1850** | **(-) 84** | **(-) 1311** |
| **23. Interest Payments (included in revenue expenditure)** | **1095** | **1246** | **1103** | **1115** | **1787** | **2436** | **1578** | **2139** | **2283** | **2383** |
| | **(15)** | **(16)** | **(13)** | **(11)** | **(17)** | **(19)** | **(13)** | **(14)** | **(13)** | **(11)** |

[∂] Includes Ways and Means Advances

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **24. Financial Assistance to local bodies, etc.** | **199** | **166** | **236** | **274** | **331** | **361** | **401** | **1431** | **1943** | **1394** |
| **25. Ways and Means Advances/ overdraft availed (days)** | **365** | **366** | **365** | **365** | **365** | **366** | **365** | **365** | **365** | **134 (Over draft on 5 days)** |
| **26. Interest on WMA/Overdraft** | **138** | **127** | **132** | **138** | **184** | **221** | **218** | **234** | **228** | **5** |
| **27. Gross State Domestic Product (GSDP≠) (Pre-revised/ Base 1999-2000) (Revised/Base 2004-05)** | **20326** | **22194** | **24265** | **26537** | **29030 32265** | **31793 35620** | **34805 39229** | **38298 43236** | **- 47709** | **62365** |
| **28. Outstanding debt• (year end)** | **8382** | **8904** | **9699** | **11010** | **12150** | **14226** | **16471** | **18593** | **19867** | **22692** |
| **29. Outstanding$^{\phi}$ guarantees (year end)** | **1231** | **1612** | **1914** | **1959** | **2565** | **2807** | **2536** | **3037** | **2708** | **2098** |
| **30. Maximum amount guaranteed (year end)** | **1574** | **1969** | **2878** | **4720** | **3245** | **3308** | **3295** | **4748** | **4750** | **4750** |
| **31. Number of incomplete projects** | **132** | **194** | **219** | **348** | **186** | **88** | **26** | **89** | **93** | **169** |
| **32. Capital blocked in incomplete projects** | **603** | **757** | **1036** | **1717** | **882** | **365** | **64.51** | **495.31** | **269.43** | **590.36** |
| Total Expenditure/GSDP | **43.98** | **43.72** | **43.47** | **48.96** | **40.64** | **44.76** | **43.47** | **49.97** | **51.57** | **45.93** |
| Revenue Receipts/total expenditure | **84** | **85** | **84** | **79** | **85** | **83** | **84** | **81** | **90** | **86** |
| Revenue Expenditure/Total Expenditure | **80** | **80** | **79** | **76** | **81** | **76** | **71** | **71** | **75** | **79** |
| Expenditure on Social Services/Total Expenditure | **23.39** | **23.85** | **24.13** | **25.48** | **28.29** | **24.89** | **25.14** | **27.22** | **27.46** | **27.45** |
| Expenditure on Economic Services/Total Expenditure | **36.89** | **39.97** | **43.52** | **45.32** | **35.45** | **38.87** | **42.76** | **41.60** | **38.78** | **37.00** |
| Capital Expenditure/Total Expenditure | **15.89** | **19.38** | **20.66** | **23.24** | **18.73** | **23.31** | **29.10** | **28.85** | **24.65** | **20.59** |
| Capital Expenditure on Social and Economic Services/Total Expenditure | **15.26** | **18.68** | **20.10** | **22.79** | **18.29** | **22.59** | **28.17** | **27.74** | **22.79** | **19.21** |
| Revenue deficit (surplus)/GSDP | **1.81** | **2.06** | **2.32** | **1.48** | **1.76** | **3.05** | **5.75** | **5.24** | **7.90** | **3.37** |
| Fiscal deficit/GSDP | **6.45** | **6.70** | **6.86** | **9.99** | **(-) 5.98** | **(-) 7.48** | **(-) 7.00** | **(-) 9.22** | **(-) 4.96** | **5.92** |
| Primary Deficit (surplus) /GSDP | **1.06** | **1.08** | **2.31** | **5.77** | **(-) 0.44** | **(-) 0.64** | **(-) 2.98** | **(-) 4.28** | **(-) 0.18** | **2.10** |
| Revenue Deficit/Fiscal Deficit | | | | | **NA** | **NA** | **NA** | **NA** | **NA** | **NA** |
| Fiscal Liabilities/GSDP | | | | | **(-) 57.65** | **(-) 59.98** | **(-) 61.91** | **(-) 66.46** | **(-) 65.55** | **58.15** |
| Fiscal Liabilities/RR | | | | | **166.36** | **160.92** | **169.80** | **163.37** | **140.65** | **146.33** |
| Primary deficit vis-à-vis quantum spread | | | | | **(-) 261** | **(-) 726** | **(-) 547** | **(-) 563** | **703** | **843** |
| Debt Redemption (Principal+Interest)/Total Debt Receipts for the year | | | | | **99.73** | **110.08** | **84.46** | **79.02** | **98.03** | **82.92** |
| Return on Investment | | | | | **21.22** | **30.24** | **40.85** | **44.16** | **56.71** | **68.16** |
| Balance from Current Revenue (₹in crore) | | | | | **(-) 2920** | **(-) 3484** | **(-) 2927** | **(-) 5468** | **(-) 3949** | **(-) 6639** |
| Financial Assets/Liabilities | | | | | **1.11** | **1.14** | **1.21** | **1.25** | **1.35** | **1.46** |

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

• Includes internal debt and loans and advances from Central Government only.

$\phi$ Excludes information in respect of three private firms and four cooperative societies during 2004-05 to 2007-08.

## Appendix 1.5

*(Reference: Paragraph: 1.3; Page: 4)*

**Abstract of Receipts and Disbursements for the year 2011-12**

*(₹in crore)*

| Receipts | | | | Disbursements | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Various items | 2010-11 | 2011-12 | | Various items | 2010-11 | 2011-12 | | | |
| | | | | | | Non-Plan | Plan | Total | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| **Section-A: Revenue** | | | | | | | | | |
| **I. Revenue Receipts** | **22233.65** | | **24782.96** | **I. Revenue Expenditure** | **18466.82** | **21432.21** | **1248.27** | **22680.48** | **22680.48** |
| Tax revenue | *3482.58* | *4745.48* | | **General Services** | **7777.40** | **9707.36** | **17.40** | **9724.76** | |
| | | | | **Social Services** | **5213.93** | **5210.70** | **1081.88** | **6292.58** | |
| Non-tax revenue | *1093.11* | *2001.65* | | Education, Sports, Art and Culture | *2724.09* | *2651.80* | *611.91* | *3263.71* | |
| | | | | Health and Family Welfare | *1007.27* | *1160.70* | *110.97* | *1271.67* | |
| State's share of Union taxes | *3066.98* | *3495.11* | | Water Supply, Sanitation/H&UD | *901.15* | *1112.56* | - | *1112.56* | |
| | | | | Information and Broadcasting | *25.60* | *26.20* | *9.14* | *35.34* | |
| Non-Plan grants | *5966.09* | *4551.27* | | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | *58.41* | *18.91* | *55.75* | *74.66* | |
| | | | | Labour and Labour Welfare | *90.83* | *61.84* | *24.97* | *86.81* | |
| Grants for State Plan Schemes | 7944.46 | 9255.39 | | Social Welfare and Nutrition | *391.21* | *159.69* | *269.14* | *428.83* | |
| | | | | Others | *15.37* | *19.00* | | *19.00* | |
| Grants for Central and Centrally Sponsored Plan Schemes | *680.43* | *734.06* | | | | | | | |
| Grants for Special Plan Schemes | - | | | **Economic Services** | **5475.49** | **6514.15** | **148.99** | **6663.14** | |
| | | | | Agriculture and Allied Activities | *1007.21* | *1175.45* | *32.12* | *1207.57* | |
| | | | | Rural Development | *213.70* | *233.38* | *9.00* | *242.38* | |
| | | | | Special Areas Programmes | *290.24* | *371.56* | *3.60* | *375.16* | |
| | | | | Irrigation and Flood Control | *302.57* | *367.95* | *0.08* | *368.03* | |
| | | | | Energy | *3196.17* | *3766.79* | *1.48* | *3768.27* | |
| | | | | Industries and Minerals | *183.17* | *225.16* | *5.14* | *230.30* | |
| | | | | Transport | *138.58* | *194.14* | *0.80* | *194.94* | |
| | | | | Science, Technology and Environment | *28.26* | *38.92* | *5.21* | *44.13* | |
| | | | | General Economic Services | *115.59* | *140.79* | *91.57* | *232.36* | |
| **II. Revenue deficit carried over to Section - B** | - | | - | **II. Revenue Surplus carried over to Section-B** | **3766.83** | | | | **2102.48** |
| **Total Section-A** | **22233.65** | | **24782.96** | **Total Section-A** | **22233.65** | - | - | - | **24782.96** |

| Receipts | | | | Disbursements | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Various items | 2010-11 | 2011-12 | | Various items | 2010-11 | 2011-12 | | | |
| | | | | | | Non-Plan | Plan | Total | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | | | | **Section B: Capital** | | | | | |
| **III. Opening Cash balance including Permanent Advances and Cash Balance Investment** | **67.19** | | **99.95** | | | | | | |
| **IV. Misc. Capital receipts** | **-** | | **nil-** | **III. Capital Outlay** | **6063.53** | **425.24** | **5473.58** | **5898.82** | **5898.82** |
| | | | | **General Services** | **457.52** | **46.63** | **347.11** | **393.74** | **-** |
| | | | | **Social Services** | **1542.36** | **47.31** | **1521.44** | **1568.75** | |
| | | | | Education, Sports, Art and Culture | *512.59* | | *506.96* | *506.96* | |
| | | | | Health and Family Welfare | *306.15* | - | *268.62* | *268.62* | |
| | | | | Water Supply, Sanitation/H&UD | *443.40* | - | *531.73* | *531.73* | |
| | | | | Information and Broadcasting | *3.24* | - | *2.99* | *2.99* | |
| | | | | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | *7.40* | - | *6.72* | *6.72* | |
| | | | | Social Welfare and Nutrition | *260.54* | *47.31* | *204.42* | *251.73* | |
| | | | | Other Social Services | 9.04 | - | | | |
| | | | | **Economic Services** | **4063.65** | **331.30** | ***3605.03*** | **3936.33** | |
| | | | | Agriculture and Allied Activities | 520.65 | 325.72 | *296.61* | 622.33 | |
| | | | | Rural Development | *131.69* | - | *314.38* | *314.38* | |
| | | | | Special Areas Programmes | *146.20* | *(-)0.52* | *150.16* | *149.64* | |
| | | | | Irrigation and Flood Control | *375.54* | *(-)0.01* | *465.39* | *465.38* | |
| | | | | Energy | *1346.14* | - | *534.18* | *534.18* | |
| | | | | Industries and Minerals | *121.01* | *0.01* | *136.11* | *136.12* | |
| | | | | Transport | *998.80* | - | *1080.96* | *1080.96* | |
| | | | | Science, Technology and Environment | *4.02* | - | *4.79* | *4.79* | |
| | | | | General Economic Services | *419.60* | *6.10* | *622.45* | *628.55* | |
| **V. Recoveries of Loans and Advances** | **1.50** | | **168.48** | **IV. Loans and Advances disbursement** | **71.63** | | | ***65.61*** | **65.61** |
| Industries and Minerals | *0.31* | - | | Industries and Minerals | *12.88* | | | *38.41* | |
| Energy | - | 167.00 | | Transport | *30.00* | | | *22.63* | |
| Government servants | *1.01* | 1.12 | | Government servants | *0.59* | | | *0.44* | |
| Others | *0.18* | *0.36* | | Others | *28.16* | | | *4.13* | |
| **VI. Revenue surplus** | **3766.83** | | **2102.47** | **V. Revenue deficit** | | **-** | **-** | **-** | **--** |

| Receipts | | | | Disbursements | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Various items | 2010-11 | 2011-12 | | Various items | 2010-11 | 2011-12 | | | |
| | | | | | | Non-Plan | Plan | Total | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| **VII. Public debt receipts** | **5206.21** | | **4036.44** | **VI. Repayment of Public Debt** | | | | **1211.31** | **1211.31** |
| Internal debt other than Ways and Means Advances and Overdraft | *6221.63* | *4068.46* | | Internal debt other than Ways and Means Advances and Overdraft | | | | *1114.38* | |
| Loans and Advances from GOI | *(-) 1015.42*[2] | *(-)32.02* | | Repayment of loans and advances from GOI. | | | | *96.93* | |
| Net transactions under Overdrafts from Reserve Bank | | Nil | | Net transactions under Ways and Means Advances including Overdrafts | | | | nil | |
| **VIII. Appropriation to Contingency Fund** | | | | **VII. Appropriation to Contingency Fund** | | | | nil | |
| **IX. Amount recouped to contingency fund** | **0.26** | | **1.20** | **III-Expenditure from Contingency Fund** | | | | **0.36** | **0.36** |
| **X. Public Account receipts** | **55860.32** | | **18834.79** | **IX-Public Account disbursements** | | | | | **17106.29** |
| Small Savings and Provident Funds | *2019.41* | *3326.96* | | Small Savings and Provident Funds | | | | *1256.86* | |
| Reserve Funds | *145.24* | *196.18* | | Reserve Funds | | | | *69.94* | |
| Deposits and Advances | *3958.18* | *3644.73* | | Deposits and Advances | | | | *3671.43* | |
| Suspense and Miscellaneous | *723.20* | *675.19* | | Suspense and Miscellaneous | | | | *489.08* | |
| Remittances | *49014.29* | *10991.73* | | Remittances | 40.77 | | | *11618.98* | |
| | | | | **X. Cash balance at the end** | 0.31 | | | | **960.94** |
| | | | | Cash in treasuries and local remittances | 37.39 | | | Nil | |
| | | | | Deposits with Banks | 10.86 | | | 200.04 | |
| | | | | Departmental cash balance including permanent advances | | | | 0.16 | |
| | | | | Cash balance investment | | | | 749.88 | |
| | | | | Reserve fund investment | | | | 10.86 | |
| | | | | | | | | | |
| **Total Section-B** | **64902.31** | | **25243.33** | **Total Section-B** | **64902.31** | | | | **25243.33** |

***Explanatory Notes***

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation on stock figures etc. do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid and payments made on behalf of the State and others pending settlement, etc.

[2] Minus figure due to rectification of misclassification of 'Share of Small Savings collections' (₹1032.29 crore). Actual Loans and Advances from GOI during 2010-11; ₹16.88 crore.

**Appendix 1.5 (Continued)**
**Summarised financial position of the Government of Jammu and Kashmir as on 31 March 2012**

*(₹in crore)*

| As on 31 March 2011 | | Liabilities | As on 31 March 2012 | |
|---|---|---|---|---|
| **17834.86** | | **Internal Debt** | | **20788.95** |
| | 11297.64 | Market Loans bearing interest | 13956.45 | |
| | 1296.55 | Loans from LIC | 1418.58 | |
| | 5240.67 | Loans from other Institutions | 5413.92 | |
| **2031.87** | | **Loans and Advances from Central Government** | | **1902.92** |
| | 14.64 | Pre 1984-85 Loans | 37.79 | |
| | 6.12 | Non-Plan Loans | 96.29 | |
| | 1831.49 | Loans for State Plan Schemes | 1759.59 | |
| | 91.52 | Loans for Central Plan Schemes | Nil | |
| | 78.85 | Loans for Centrally Sponsored Plan Schemes | Nil | |
| | 9.25 | Ways and Means Advances | 9.25 | |
| **1.00** | | **Contingency Fund** | 1.00 | **1.00** |
| **6649.12** | | **Small Savings, Provident Funds, etc.** | | **8719.21** |
| **1307.92** | | **Reserve Funds** | | **1434.16** |
| **3448.09** | | **Deposits** | | **3421.92** |
| **2143.43** | | **Remittance Balances** | | **1516.18** |
| **11777.86** | | **Surplus on Government Account** | | **13809.83** |
| | 8011.03 | Revenue surplus ending 2010-11 | 11707.35 | |
| | 3766.83 | Revenue Surplus 2011-12 | 2102.48 | |
| **45123.63** | | **Total:** | | **51594.17** |

| As on 31 March 2011 | | | As on 31 March 2012 | |
|---|---|---|---|---|
| | | **Assets** | | |
| **43498.88** | | **Gross Capital Outlay on Fixed Assets** | | **49397.71** |
| | 470.78 | Investments in shares of Companies, Corporations, etc. | 484.95 | |
| | 43028.10 | Other Capital Outlay | 48912.76 | |
| **1136.54** | | **Loans and Advances** | | **1033.69** |
| | 459.96 | Industries and Minerals | 498.37 | |
| | 369.74 | Transport | 392.37 | |
| | 85.05 | Energy | (-)81.95 | |
| | 42.94 | Agriculture and Allied Activities | 42.87 | |
| | 158.96 | Other Development Loans | 162.83 | |
| | 19.89 | Loans to Government servants and Miscellaneous Loans | 19.20 | |
| **6.30** | | **Advances** | | **6.82** |
| **380.70** | | **Suspense and Miscellaneous Balances** | | **194.59** |
| **1.27** | | **Appropriation to Contingency Fund** | | **0.42** |
| **-** | | **Amount written off from Heads of accounts closing to balances** | | **-** |
| **99.95** | | **Cash** | | **960.94** |
| | 10.61 | Cash in Treasuries and Local Remittances | nil | |
| | 40.78 | Deposits with Bank | 200.04 | |
| | 0.19 | Departmental Cash Balance | 0.04 | |
| | 0.12 | Permanent Advances | 0.12 | |
| | 37.39 | Cash Balance Investments | 749.88 | |
| | 10.86 | Reserve Fund Investments | 10.86 | |
| | **-** | **Deficit on Government Account:** | | |
| **45123.63** | | **Total** | | **51594.17** |

**Appendix 1.6**
*(Reference: Paragraph: 1.7; Page: 10)*

**Statement showing the funds transferred to the State Implementing Agencies under Programmes/Schemes outside the State budget during 2011-12**
**Direct transfer of Central Scheme Funds costing more than ₹ 5 crore to implementing agencies in the State (funds routed outside State Budgets) (unaudited figures)**

*(₹in lakh)*

| Name of the GOI Scheme | Implementing agencies in the State | Government of India releases | | | |
|---|---|---|---|---|---|
| | | 2011-12 | 2010-2011 | 2009-2010 | 2008-2009 |
| Hospital and Dispensary under NRHM | Health and Family Welfare, Jammu and Kashmir | 863.98 | - | 5,72.02 | - |
| Accelerated Rural Water Supply Programme | SGO Finance Secretary | - | - | 2,89,90.00 | 4,03,73.00 |
| National Rural Health Mission (NRHM) | State Health Department including others | 45245.26 | 1,32,15.09 | 90,00.08 | 64,69.00 |
| National Institute of Technology NIT DHE | NIT, Srinagar | 850.00 | - | - | 6,37.00 |
| Package for Special Category State DIPP | Jammu and Kashmir Financial Corporation Ltd. | 5959.08 | 23,13.57 | 12,00.00 | 10,00.00 |
| Integrated Watershed Management Programme DPAD, DDP, IWDP,(IWMP) | Assistant Commissioners (Development) DRDA | 1702.21 | 32,63.62 | 26,81.43 | 13,71.00 |
| DRDA Administration RD | Assistant Commissioners (Development) DRDA | 1378.03 | 7,83.06 | 6,85.00 | 7,05.00 |
| Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) | Assistant Commissioners (Development) District Rural Development Agencies | 78130.96 | 3,13,59.89 | 1,73,24.45 | 1,05,36.00 |
| Pradhan Mantri Gram Sadak Yojana | State Rural Roads Agency | 76210.01 | 3,66,09.25 | 1,44,70.00 | 1,91,17.00 |
| Rural Housing IAY | Assistant Commissioner District Rural Development Agencies | 5883.22 | 66,43.34 | 57,25.42 | 71,29.00 |
| Swarna Jayanti Gram Swarozgar Yojana | Assistant Commissioner District Rural Development Agencies | - | 7,59.04 | 8,28.47 | 12,36.00 |
| Sarva Shiksha Abhiyan | Ujala Society Jammu and Kashmir | 30070.51 | 4,03,48.79 | 3,73,63.27 | 2,05,32.00 |
| Local Area Development Scheme (MPLADS) | District Deputy Commissioners | 4000.00 | 24,00.00 | 17,00.00 | 25,00.00 |
| Buddhist and Tibetan Studies | Galdan Targaisling Cultural Welfare Society, Culture Preservation Society, Kukshow, Cultural Preservation And Area Development and Others | 658.27 | 7,43.08 | 8,09.78 | 5,98.00 |
| National Afforestation Programme | Forest Development Agency, Rajouri, Poonch, Kishtwar, Reasi, Batote, Ramban etc. | - | - | 9,81.21 | 5,95.00 |

| Name of the GOI Scheme | Implementing agencies in the State | Government of India releases | | | |
|---|---|---|---|---|---|
| | | 2011-12 | 2010-2011 | 2009-2010 | 2008-2009 |
| Information Publicity extension | Jammu and Kashmir Energy Development Agency | - | - | - | 6,77.00 |
| Assistance of IHMS,FCI's etc. | Jammu University and IHM Society Srinagar | - | - | - | 6,34.00 |
| Product Infrastructure Development for destinations and Circuits | State Tourism Department | - | - | 5,10.89 | 23,53.00 |
| Macro Management of Agriculture Scheme | State Agriculture Department | - | - | - | 18,30.00 |
| ASIDE Assistance to States for Developing Export Infrastructure and Allied Activities | Jammu and Kashmir State Industries Development Corporation Ltd. | - | | - | 14,73.00 |
| Central Rural Sanitation programme | SWSM Member, Secretary Cum Superintending Engineer Kupwara/ Srinagar/ Baramulla/ Badgam | 967.95 | 26,55.16 | - | 11,27.00 |
| Strengthening of existing Polytechnics | Secretary Technical Education | - | - | - | 8,48.00 |
| Electronic Governance | State e-governance Agency | - | - | - | 14,68.00 |
| Mid-day Meals National Programme of Nutritional Support to Primary Education | State Education and Food and Supplies Department | - | - | - | 39,13.00 |
| Research and Development Support | University of Jammu, University of Kashmir, Shri Mata Vaishno Devi University, Sheri Kashmir University of Agriculture Science and Technology, Baba Ghulam Shah Badshah University etc. | 810.37 | 6,99.16 | 11,62.98 | - |
| Conservation of natural resources and Eco system | J&K Lakes and Water ways Development Authority | 4104.75 | 17,50.69 | 27,85.00 | - |
| Integrated Development of Wild Life Habitants | Chief Wild Life Warden | - | - | - | 5,69.00 |
| National River Conservation Plans | Waterways Development Authority, Srinagar | - | - | - | 12,50.00 |
| Up gradation of 1396 Government ITI's | Director Technical Education Jammu, IML Society of ITI's | 30,00 | 17,50.00 | 10,00.00 | - |
| Integrated Child Development Scheme | State Social Welfare Department | - | - | - | 37,92.00 |
| National e-Governance Action Plan NEGAP | State Department of e- governance | - | - | - | 17,28.00 |
| Transport Subsidy Scheme | J&K Development Finance Corporation Ltd. | - | - | 9,55.00 | - |
| Scheme for Setting up of 6000 Model Schools at Block level as Benchmark of Excellence | Ujala Society, Srinagar | 96,36.42 | - | 25,82.00 | - |

| Name of the GOI Scheme | Implementing agencies in the State | Government of India releases | | | |
|---|---|---|---|---|---|
| | | 2011-12 | 2010-2011 | 2009-2010 | 2008-2009 |
| Rashtriya Madhyamik Shiksha Abhiyan (RMSA) | Ujala Society, Srinagar/ Noor Society | 1301.92 | 26,40.09 | 8,82.00 | - |
| National Mental Health Programme | State Health Society | - | 10,54.08 | 5,28.00 | - |
| Crime and Criminal Net work system | J&K Police Housing Corporation Ltd. | - | 35,59.76 | - | - |
| Human Resources for Health | J & K Health and Medical Education Department | - | 40,00.00 | - | - |
| Development and upgradation of Institutions (AYUSH) | J & K Health Society | - | 16,00.00 | - | - |
| National Rural Drinking Water Programme | State Water and Sanitation Mission (SWSM) | 42042.37 | 4,68,91.18 | - | - |
| Off Grid DRPS | Renewable Energy Development Agency | 8298.22 | 21,87.14 | - | - |
| Technology upgradation Fund Scheme (TUFS) | J & K Bank Ltd. | 1297.62 | 6,23.57 | - | - |
| Renewal Energy for Rural Applications (Remote Villages) | J & K Energy Development Agency | 973.00 | 29,23.74 | - | - |
| | | | | | |
| AAJEEVIKA | District Rural Development Agency (DRDA) | 6,51.72 | - | - | |
| Adult Education & Skilled Development | J&K Adult Literacy Society | 8.98.95 | - | - | |
| Assistance to State for capacity Building Trauma Centres | District Hospital etc. | 5,63.08 | - | - | |
| Grid interactive renewal power MNRE | J&K Power Development Corporation Ltd. | 9,74.50 | - | - | |
| Health Care for Elderly | SKIMS ,J&K State Health Society | 14,86.54 | - | - | |
| Horticulture Mission for North East and Himalayan | Central Institute of Temperate Horticulture ,Srinagar | 6,00.00 | - | - | |
| District Hospital | SKIMS Soura | 14,08.00 | - | - | |
| Industrial Infrastructure upgradation schemes IIUS DIPP | J&K State Industrial Development Corporation. | 5,75.00 | | | |
| Others Schemes | Others schemes | 83,45.96 | 65,86.79 | 67,76.95 | 84,48.00 |
| | **Grand Total** | **33,88,87.90** | **21,73,60.09** | **13,95,13.95** | **14,29,08.00** |

***Explanatory notes:-***

*a. The figures are taken from the 'Central Plan Scheme Monitoring System (CPSMS)' portal of the Controller General of Accounts. These are unaudited figures.*

*b. The total releases shown in this appendix exclude the amount released to Central Bodies located in the State as well as various other Organizations outside the purview of the Government of Jammu and Kashmir.*

**Appendix 1.7**
***(Reference: Page: 2)***
**Statement showing Economic Profile of the State in brief**

As the Economic Survey brings out, the estimated percentage contribution of Agriculture & allied, Industry and Service sectors are likely to be 19.36 *per cent*, 26.41 *per cent*, and 54.23 percent respectively in 2011-12 Advance estimates of GSDP at 2004-05 prices. In 2004-05, the corresponding shares were 28.06 *per cent*, 28.22 *per cent* and 43.72 *per cent*, respectively. Looking at the growth in different sectors of the State economy it is seen that real growth in Agriculture and allied activities is estimated to be 2.28% over 2.00% in 2010-11, in Industry 4.65% (over 4.46% in 2010-11) and in Services 9.60% (over 9.70% in 2010-11). While the all-round growth is a welcome sign, the Agriculture & Manufacturing sectors need greater impetus for inclusive and sustainable growth. The State's estimated GSDP for 2011-12 is about 0.70 per cent of the country's estimated Gross Domestic Product (GDP) for the year (₹89,12,179 crore). At current prices, Per Capita Income ( Per Capita Net State Domestic Product) was ₹30,212, ₹33,665, ₹37,496 and ₹41,833 for the years 2008-09, 2009-10, 2010-11 and 2011-12, respectively, showing a steady increase, though still far short of the national average. In 2010-11, the GSDP was assessed to be ₹47,709 crore as per Revised Estimates 2010-11 but in the final reckoning the GSDP turned out to be significantly higher at ₹54,731 crore. In 2009-10 too, a similar trend was noticed when the GSDP turned out to be ₹43,236 crore against projection of ₹38,298 crore in the Revised Estimated 2009-10.As estimated by the Planning Commission of India based on Consumer Expenditure Surveys, the Ratio of people Below Poverty Line (BPL) to population in Jammu & Kashmir in 2004-05 was 5.4 *per cent* for total population (: 4.6 *per cent* of Rural Population and 7.9 per cent of Urban population), the LOWEST poverty ratio amongst all States. The absolute number of people Below Poverty was 5.9 lakh (₹3.7 lakh Rural and ₹2.2 lakh Urban). However, these estimates of the Planning Commission have not been accepted by the State government. According to a BPL head count survey carried out by the State government's Directorate of Economics and Statistics in 2007-08, the total BPL Estimated Population (Absolute Poverty) of J&K State was estimated to be 24.21 lakh persons (21.63 *per cent* of total population) with a dispersion of 26.14 *per cent* (22.00 lakh persons) from Rural areas and 7.96 *per cent* (2.21 lakh persons) living in Urban areas.The number of unemployed registered with Employment Exchanges has increased/decreased from 1.09 lakh in 2006 to 5.97 lakh in 2010.The Statutory Minimum Wages effective from October 1, 2009 range from ₹ 110 per day for unskilled labour to ₹150 for semi-skilled and ₹200 per day for skilled labour.

## Appendix 2.1

*(Reference: Paragraph: 2.3.1; Page: 46)*

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

*(₹ in crore)*

| Sl. No | Grant Number | Name of Grant/Appropriation | Total Grant/ Appropriation | Savings | Percentage |
|---|---|---|---|---|---|
| **Revenue (Voted)** | | | | | |
| 1 | 02 | Home Department | 3025.07 | 285.69 | 9 |
| 2 | 03 | Planning & Development Department | 148.11 | 20.48 | 14 |
| 3 | 04 | Information Department | 41.48 | 6.14 | 15 |
| 4 | 05 | Ladakh Affairs Department | 380.22 | 4.98 | 1 |
| 5 | 07 | Education Department | 3035.46 | 206.84 | 7 |
| 6 | 08 | Finance Department | 4847.66 | 1371.70 | 28 |
| 7 | 09 | Parliament Affairs Department | 36.33 | 1.49 | 4 |
| 8 | 10 | Law Department | 202.91 | 77.17 | 38 |
| 9 | 11 | Industries and Commerce Department | 208.70 | 36.83 | 18 |
| 10 | 13 | Animal Husbandry Department | 300.03 | 9.82 | 3 |
| 11 | 14 | Revenue Department | 655.52 | 268.28 | 41 |
| 12 | 17 | Health & Medical Education Department | 1345.56 | 73.90 | 5 |
| 13 | 20 | Tourism Department | 96.79 | 34.20 | 35 |
| 14 | 21 | Forest Department | 479.08 | 60.99 | 13 |
| 15 | 22 | Irrigation & Flood Control Department | 384.47 | 37.75 | 10 |
| 16 | 23 | Public Health Engineering Department | 801.97 | 62.07 | 8 |
| 17 | 24 | Hospitality and Protocol Department | 141.18 | 6.30 | 4 |
| 18 | 26 | Fisheries Department | 44.84 | 2.10 | 5 |
| 19 | 28 | Rural Development Department | 201.69 | 14.21 | 7 |
| 20 | 29 | Transport Department | 31.18 | 1.16 | 4 |

| Sl. No | Grant Number | Name of Grant/Appropriation | Total Grant/ Appropriation | Savings | Percentage |
|---|---|---|---|---|---|
| **Revenue (Charged)** | | | | | |
| 21 | 01 | General Administration Department | 10.04 | 1.21 | 12 |
| 22 | 08 | Finance Department | 2536.58 | 153.40 | 6 |
| 23 | 10 | Law Department | 23.19 | 6.51 | 28 |
| **Capital (Voted)** | | | | | |
| 24 | 01 | General Administration Department | 100.11 | 79.80 | 80 |
| 25 | 02 | Home Department | 63.91 | 5.40 | 8 |
| 26 | 03 | Planning and Development Department | 1254.93 | 803.99 | 64 |
| 27 | 06 | Power Development Department | 816.51 | 282.32 | 35 |
| 28 | 07 | Education Department | 471.38 | 128.18 | 27 |
| 29 | 08 | Finance Department | 225.61 | 207.67 | 92 |
| 30 | 09 | Parliament Affairs Department | 0.50 | 0.50 | 100 |
| 31 | 10 | Law Department | 20.00 | 19.98 | 100 |
| 32 | 12. | Agriculture Department | 368.68 | 97.59 | 26 |
| 33 | 13 | Animal Husbandry Department | 35.08 | 5.70 | 16 |
| 34 | 14 | Revenue Department | 103.44 | 52.71 | 51 |
| 35 | 17 | Health & Medical Education Department | 329.37 | 60.75 | 18 |
| 36 | 18 | Social Welfare Department | 215.31 | 41.09 | 19 |
| 37 | 19 | Housing & Urban Development Department | 607.11 | 262.38 | 43 |
| 38 | 21 | Forest Department | 85.02 | 39.41 | 46 |
| 39 | 22 | Irrigation & Flood Control Department | 461.76 | 36.02 | 8 |
| 40 | 24 | Hospitality & Protocol Department | 50.16 | 22.76 | 45 |
| 41 | 25 | Labour Stationery & Printing Department | 74.10 | 71.84 | 97 |
| 42 | 27 | Higher Education Department | 194.52 | 35.45 | 18 |
| 43 | 28 | Rural Development Department | 346.80 | 32.42 | 9 |
| 44 | 29 | Transport Department | 42.28 | 8.14 | 19 |

## Appendix-2.2

*(Reference: Paragraph: 2.3.3; Page: 47)*

### Details of saving of ₹ one crore and above not surrendered

*(₹ in crore)*

| Sl. No | Number and Name of Grant/ Appropriation | Savings | Surrender | Saving which remained to be surrendered |
|---|---|---|---|---|
| **I-Revenue (Voted)** | | | | |
| 1 | 02-Home Department | 285.69 | - | 285.69 |
| 2 | 03-Planning & Development Department | 20.48 | - | 20.48 |
| 3 | 04-Information Department | 6.13 | - | 6.13 |
| 4 | 05-Ladakh Affairs | 4.98 | | 4.98 |
| 5 | 07-Education Department | 206.84 | - | 206.84 |
| 6 | 08-Finance Department | 1371.70 | - | 1371.70 |
| 7 | 09-Parliamentary Affairs Department | 1.49 | | 1.49 |
| 8 | 10-Law Department | 77.17 | - | 77.17 |
| 9 | 11-Industries & Commerce Department | 36.83 | - | 36.83 |
| 10 | 13-Animal Husbandry Department | 9.82 | - | 9.82 |
| 11 | 14-Rural Development Department | 268.28 | - | 268.28 |
| 12 | 17-Health & Medical Education Department | 73.90 | - | 73.90 |
| 13 | 20-Tourism Department | 34.20 | - | 34.20 |
| 14 | 21-Forest Department | 60.99 | - | 60.99 |
| 15 | 22-Irrigation & Flood Control Department | 37.75 | - | 37.75 |
| 16 | 23-Public Health Engineering Department | 62.07 | - | 62.07 |
| 17 | 24-Hospitality & Protocol Department | 6.30 | - | 6.30 |
| 18 | 26-Fisheries Department | 2.10 | | 2.10 |
| 19 | 28-Rural Development Department | 14.21 | - | 14.21 |
| 20 | 29-Transport Department | 1.16 | - | 1.16 |
| | **Total-I** | **2582.09** | **-** | **2582.09** |
| **II- Revenue (Charged)** | | | | |
| 21 | 01-General Administration Department | 1.21 | - | 1.21 |
| 22 | 08-Finance Department | 153.40 | | 153.40 |
| 23 | 10-Law Department | 6.51 | | 6.51 |
| | **Total-II** | **161.12** | - | **161.12** |

| Sl. No | Number and Name of Grant/ Appropriation | Savings | Surrender | Saving which remained to be surrendered |
|---|---|---|---|---|
| **III-Capital (Voted)** | | | | |
| 24 | 01-General Administration Department | 79.80 | - | 79.80 |
| 25 | 02-Home Department | 5.40 | - | 5.40 |
| 26 | 03-Planning & Development Department | 803.99 | - | 803.99 |
| 27 | 06-Power Development Department | 282.32 | - | 282.32 |
| 28 | 07-Education Department | 128.18 | - | 128.18 |
| 29 | 08-Finance Department | 207.67 | - | 207.67 |
| 30 | 10-Law Department | 19.98 | - | 19.98 |
| 31 | 12-Agriculture Department | 97.59 | - | 97.59 |
| 32 | 13-Animal Husbandry | 5.70 | - | 5.70 |
| 33 | 14-Revenue Department | 52.71 | - | 52.71 |
| 34 | 17-Health & Medical Education Department | 60.75 | - | 60.75 |
| 35 | 18-Socal Welfare Department | 41.09 | - | 41.09 |
| 36 | 19-Housing & Urban Development Department | 262.38 | - | 262.38 |
| 37 | 21-Forest Department | 39.41 | - | 39.41 |
| 38 | 22-Irrigation & Flood Control Department | 36.02 | - | 36.02 |
| 39 | 23-Hospitality & Protocol Department | 22.76 | - | 22.76 |
| 40 | 25-Stationery & Printing Department | 71.84 | - | 71.84 |
| 41 | 27-Higher Education Department | 35.45 | - | 35.45 |
| 42 | 28- Rural Development Department | 32.42 | - | 32.42 |
| 43 | 29-Transport Department | 8.14 | - | 8.14 |
| | **Total-III** | **2293.60** | **-** | **2293.60** |
| | **Grand Total-I+II+III** | **5036.81** | | **5036.81** |

## Appendix-2.3

*(Reference: Paragraph: 2.3.4; Page: 47)*

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

*(₹ in crore)*

| Sl. No | Grant Number | Name of Grant/Appropriation | Total Grant/ Appropriation | Expenditure | Excess (Percentage) |
|---|---|---|---|---|---|
| **Revenue (Voted)** | | | | | |
| 1 | 01 | General Administration Department | 159.24 | 170.86 | 11.62 (7) |
| 2 | 06 | Power Development Department | 3495.79 | 3861.80 | 366.01 (10) |
| 3 | 12 | Agriculture Department | 558.03 | 569.16 | 11.13 (2) |
| 4 | 16 | Public Works Department | 695.38 | 752.36 | 56.98 (8) |
| 5 | 18 | Social Welfare Department | 307.54 | 450.18 | 142.64 (46) |
| 6 | 19 | Housing & Urban Development Department | 311.88 | 340.69 | 28.81 (9) |
| 7 | 25 | Labour, Stationery & Printing Department | 67.50 | 110.23 | 42.73 (63) |
| 8 | 27 | Higher Education Department | 432.04 | 493.34 | 61.30 (14) |
| **Total (Revenue Voted)** | | | **6027.40** | **6748.62** | **721.22** |
| | | | | | |
| | | | | | |
| **Capital (Voted)** | | | | | |
| 9 | 11 | Industries & Commerce Department | 132.07 | 159.01 | 26.94 (20) |
| 10 | 15 | Consumer Affairs & Public Distribution Department | 949.93 | 1137.46 | 187.53 (20) |
| 11 | 16 | Public Works Department | 1179.89 | 1344.08 | 164.19 (14) |
| 12 | 20 | Tourism Department | 146.18 | 178.83 | 32.65 (22) |
| 13 | 23 | Public Health Engineering Department | 155.76 | 187.44 | 31.68 (20) |
| 14 | 26 | Fisheries Department | 14.09 | 15.32 | 1.23 (9) |
| **Total (Capital Voted)** | | | **2577.92** | **3022.14** | **444.22** |
| **Capital (Charged)** | | | | | |
| 15 | 08 | Finance Department | 1174.41 | 5647.76 | 4473.35 (381) |
| **Total (Capital Charged)** | | | **1174.41** | **5647.76** | **4473.35** |
| **(Grand Total)** | | | **9779.73** | **15418.52** | **5638.79** |

## Appendix-2.4
*(Reference: Paragraph: 2.3.5; Page: 48)*
**Statement showing expenditure incurred without budget provisions during 2011-12**

*(₹ in lakh)*

| Sl. No | Grant/Head of Account | Amount of expenditure without provision | Amount |
|---|---|---|---|
| 1 | **01-General Administration** | | **868.29** |
| | 2052-Secretariat General Services | 18.90 | |
| | 2070- Other Administrative Services | 31.96 | |
| | 4070-Capital Outlay on other Administrative Services | 11.31 | |
| | 4075-Capital Outlay on Miscellaneous General Services | 569.95 | |
| | 5425-On other Scientific & Environmental Research | 36.04 | |
| | 2501-Special Programmes for Rural Development | 5.14 | |
| | 3435-Ecology and Environment | 76.64 | |
| | 3451- Secretariat Economic Services | 108.97 | |
| | 3452- Tourism | 9.38 | |
| 2 | **02-Home** | | **32.96** |
| | 2070-Other Administrative Services | 7.72 | |
| | 4070-Capital Outlay on Other Administrative Services | 25.24 | |
| 3 | **03-Planning and Development** | | **7007.49** |
| | 3451-Secretariat Economic Services | 728.69 | |
| | 3454-Census Survey and Statistics | 26.80 | |
| | 3475-Other General Economic Services | 29.07 | |
| | 5475-Capital Outlay on Other General Economic Services | 6222.93 | |
| 4 | **06-Power Development** | | **6637.79** |
| | 2801-Power | 6637.79 | |
| 5 | **07-Education** | | **18444.38** |
| | 2202-General Education | 14860.68 | |
| | 2204- Sports and Youth Services | 1500.07 | |
| | 4202-Capital Outlay on Education, Sports Arts & Culture | 2083.63 | |
| 6 | **08-Finance** | | **11888.06** |
| | 2054-Treasury and Account Administration | 556.71 | |
| | 2049- Interest Payment | 9953.40 | |
| | 4851-Capital Outlay on Village and Small Industries | 1034.67 | |
| | 5475-Capital Outlay and other Economic Services | 343.28 | |

| Sl. No | Grant/Head of Account | Amount of expenditure without provision | Amount |
|---|---|---|---|
| 7 | **10-Law Department** | | **273.98** |
| | 2070-Other Administrative Services | 273.98 | |
| 8 | **11-Industries and Commerce** | | **434.18** |
| | 2851-Village and Small Industries | 73.77 | |
| | 4851-Capital Outlay on Village and Small Industries | 360.41 | |
| 9 | **12-Agriculture Department** | | **5912.90** |
| | 2401-Crop Husbandry | 884.00 | |
| | 2402-Soil and Water Conservation | 7.52 | |
| | 2406-Forestry and Wild Life | 3.03 | |
| | 2425-Co-operation | 250.00 | |
| | 2851-Village and Small Development | 10.29 | |
| | 4401-Capital Outlay on Crop Husbandry | 3426.51 | |
| | 4402-Capital Outlay on Soil and Water Conservation | 82.31 | |
| | 4705-Capital Outlay on Command Area Development | 1249.24 | |
| 10 | **13-Animal Husbandry** | | **1113.86** |
| | 2403-Animal Husbandry | 387.78 | |
| | 4401-Capital Outlay on Crop Husbandry | 12.90 | |
| | 4403- Capital Outlay on Animal Husbandry | 591.33 | |
| | 4404- Capital Outlay on Dairy Development | 121.85 | |
| 11 | **14-Revenue** | | **1008.32** |
| | 2053-District Administration | 1008.32 | |
| 12 | **15-Consumer Affairs and Public Distribution** | | **72.45** |
| | 4408-Capital Outlay on Food Storage and Warehousing | 72.45 | |
| 13 | **16-Public Works** | | **18577.45** |
| | 2059-Public Works | 3.58 | |
| | 5054-Capital Outlay on Roads and Buildings | 18573.87 | |
| 14 | **17-Health and Medical Education** | | **3663.57** |
| | 2210-Medical and Public Health | 13.94 | |
| | 2211-Family Welfare | 2308.93 | |
| | 4210-Capital Outlay on Medical and Public Health | 1340.70 | |
| 15 | **18-Social Welfare Department** | | **26572.35** |
| | 2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 2126.55 | |

| Sl. No | Grant/Head of Account | Amount of expenditure without provision | Amount |
|---|---|---|---|
| | 2235-Social Security and Welfare | 23812.68 | |
| | 2236-Nutrition | 609.14 | |
| | 4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 23.98 | |
| 16 | **19-Housing and Urban Development** | | **7344.98** |
| | 2217-Urban Development | 167.79 | |
| | 4217-Capital Outlay on Urban Development | 7177.19 | |
| 17 | **20-Tourism** | | **4576.02** |
| | 4406-Capital Outlay on Forestry and Wild Life | 8.22 | |
| | 5452-Capital Outlay on Tourism | 4567.80 | |
| 18 | **21-Forest Department** | | **475.23** |
| | 2406-Forestry and Wild Life | 352.97 | |
| | 3435-Ecology and Environment | 112.61 | |
| | 4406-Capital Outlay on Forestry and Wild Life | 9.65 | |
| 19 | **26-Fisheries** | | **354.12** |
| | 4405-Capital Outlay on Fisheries | 354.12 | |
| 20 | **27-Higher Education Department** | | **12494.64** |
| | 2202- General Education | 9400.85 | |
| | 2205- Art and Culture | 1843.42 | |
| | 4202-Capital Outlay on Education, Sports, Art and Culture | 1250.37 | |
| 21 | **28-Rural Development Department** | | **13008.24** |
| | 2236-Nutrition | 31.66 | |
| | 2501-Special Programmes for Rural Development | 584.88 | |
| | 2515-Other Rural Development Programmes | 1956.43 | |
| | 4515-Capital Outlay on Other Rural Development Programmes | 10435.27 | |
| 22 | **29-Transport** | | **76.33** |
| | 2041-Taxes on Vehicles | 29.93 | |
| | 5055-Capital Outlay on Road Transport | 46.40 | |
| | **Grand Total** | | **140837.59** |

## Appendix-2.5

*(Reference: Paragraph: 2.3.6; Page: 48)*

**Year-wise details of excess expenditure for the years 1980-81 to 2010-11 pending with Finance Department for regularization**

*(₹ in crore)*

| Year | No. of Grants/ Appropriation | Grant/Appropriation No. | Excess | Stage of consideration by Public Accounts Committee |
|---|---|---|---|---|
| 1980-81 | 16 | 1,5,6,7,8,9,12,13,14,16,18, 19,20,21,22,23 | 227.90 | Not discussed by Public Account Committee |
| 1981-82 | 13 | 1,3,5,6,8,13,14,16,18,19, 20,21,23 | 41.99 | |
| 1982-83 | 10 | 6,8,9,12,14,18,19,21,22,23 | 119.74 | |
| 1983-84 | 12 | 1,5,6,7,8,14,18,19,20,21, 22,23 | 176.75 | |
| 1984-85 | 10 | 1,6,8,10,14,16,18,19,21,23 | 65.42 | |
| 1985-86 | 10 | 1,4,6,10,17,18,19,22,23,26 | 19.64 | |
| 1986-87 | 15 | 1,2,4,6,7,8,10,13,18,19,20,22,23,25,26 | 104.22 | |
| 1987-88 | 17 | 1,2,3,5,6,8,10,12,13,18,19,21,22,23,24,26,27 | 177.32 | |
| 1988-89 | 14 | 1,2,8,9,10,12,13,15,17,18, 22,23,26,27 | 438.42 | |
| 1989-90 | 09 | 1,7,8,11,12,20,21,23,24 | 205.23 | |
| 1990-91 | 11 | 1,2,5,8,12,17,19,21,23,25,26 | 427.72 | |
| 1991-92 | 13 | 1,2,5,7,8,11,12,14,21,22, 23,26,27 | 1,152.23 | |
| 1992-93 | 14 | 1,4,5,8,10,11,12,14,16,20, 21,23,24,26 | 1,029.71 | |
| 1993-94 | 17 | 2,3,5,8,10,12,13,14,17,18, 20,21,22,23,24,26,27 | 1,730.03 | |
| 1994-95 | 14 | 5,6,8,9,10,12,13,14,20,21, 23,24,26,27 | 2,057.49 | |
| 1995-96 | 19 | 2,5,6,8,9,10,11,12,13,16,17,18,20,21,23,24,25,26,27 | 2,936.89 | |
| 1996-97 | 18 | 2,4,5,6,8,10,11,12,13,14, 16,18,20,21,23,24,26,27 | 3,482.20 | |
| 1997-98 | 16 | 1,2,4,6,8,9,12,13,16,18,21,22,23,24,26,27 | 4,189.21 | |
| 1998-99 | 06 | 4,5,6,8,23,27 | 4,185.25 | |
| 1999-2000 | 12 | 2,3,6,8,9,12,17,18,20,23,24,26 | 5,851.08 | |
| 2000-01 | 11 | 1,6,8,9,12,16,18,23,25, 26, 27 | 6,310.25 | |
| 2001-02 | 15 | 3,5,6,8,11,17,18,20,21,23,25,26,27,28,29 | 6,393.41 | |
| 2002-03 | 15 | 3,5,6,7,8,12,14,16,17,18,21,23,25,26,28 | 505.61 | |
| 2003-04 | 18 | 3,5,7,8,12,13,14,15,16,17,18,20,21,23,24,25,26,28 | 9,770.53 | |
| 2004-05 | 15 | 3,6,8,9,12,14,15,16,18,20,25,26,27,28,29 | 2,108.42 | |
| 2005-06 | 16 | 3,5,8, 10,12,15, 16,17,18, 20,21,23,25, 26,27,28 | 12,954.06 | |
| 2006-07 | 14 | 8,12,14,15,16,17,18,20,21,23,25,26,27,28 | 2,150.03 | |
| 2007-08 | 14 | 6,8,11,12,14,15,16,20,24,25,26,27,28,29 | 2,277.91 | |
| 2008-09 | 15 | 5,6,8,11,12,15,16,19,20,22,23,24,25,26,27 | 3,277.38 | |
| 2009-10 | 14 | 1,6,8,11,15,16,18,20,23,24,25,26,27,29 | 4062.58 | |
| 2010-11 | 14 | 5,6,8,9,16,18,19,22,23,25,26,27,28,29 | 6130.76 | |
| | | **Total** | **84559.38** | |

## Appendix-2.6

*(Reference: Paragraph: 2.3.8; Page: 49)*

### Cases of unnecessary supplementary grant/ appropriation

*(₹ in crore)*

| Sl. No | Number and Name of the Grant | Original Provision | Supplementary Provision | Actual Expenditure | Savings out of original provision |
|---|---|---|---|---|---|
| **I-Revenue (Voted)** | | | | | |
| 1 | 11-Industries & Commerce | 196.11 | 12.60 | 171.87 | 24.24 |
| 2 | 21-Forest Department | 455.55 | 23.53 | 418.10 | 37.45 |
| 3 | 20-Tourism | 85.45 | 11.34 | 62.59 | 22.86 |
| 4 | 22-Irrigation & Flood Control Department | 355.42 | 29.05 | 346.72 | 8.70 |
| **Total-I** | | **1092.53** | **76.52** | **999.28** | **93.25** |
| **II-Revenue (Charged)** | | | | | |
| 5 | 01-General Administration | 9.22 | 0.82 | 8.83 | 0.39 |
| **Total-II** | | **9.22** | **0.82** | **8.83** | **0.39** |
| **III-Capital (Voted)** | | | | | |
| 6 | 7-Education Department | 465.11 | 6.28 | 343.20 | 121.91 |
| 7 | 13-Animal Husbandry | 34.08 | 1.00 | 29.38 | 4.70 |
| 8 | 17-Health & Medical Education | 313.28 | 16.08 | 268.62 | 44.66 |
| 9 | 18-Social Welfare | 213.98 | 1.33 | 174.22 | 39.76 |
| 10 | 21-Forest Department | 83.24 | 1.78 | 45.61 | 37.63 |
| 11 | 24-Hospitality & Protocol Department | 39.78 | 10.39 | 27.40 | 12.38 |
| 12 | 27-Higher Education Department | 193.58 | 0.94 | 159.06 | 34.52 |
| 13 | 29-Transport Department | 38.47 | 3.82 | 34.14 | 4.33 |
| **Total-III** | | **1381.52** | **41.62** | **1081.63** | **299.89** |
| **Grand Total** | | **2483.27** | **118.96** | **2089.74** | **393.53** |

## Appendix-2.7

*(Reference: Paragraph: 2.3.8; Page: 50)*

### Cases of excessive Supplementary grant/ appropriation

*(₹ in crore)*

| Sl. No | Name of the Grant/ Appropriation | Original | Supplementary | Total | Expenditure | Savings |
|---|---|---|---|---|---|---|
| **I-Revenue (Voted)** | | | | | | |
| 1 | 02-Home | 2727.70 | 297.37 | 3025.07 | 2739.38 | 285.69 |
| 2 | 04-Information Department | 31.10 | 10.39 | 41.49 | 35.35 | 6.14 |
| 3 | 05-Ladakh Affairs Department | 333.51 | 46.71 | 380.22 | 375.24 | 4.98 |
| 4 | 07 -Education Department | 2784.40 | 251.06 | 3035.46 | 2828.61 | 206.85 |
| 5 | 09-Parliamentary Affairs | 22.31 | 14.02 | 36.33 | 34.84 | 1.49 |
| 6 | 10-Law Department | 124.15 | 78.76 | 202.91 | 125.74 | 77.17 |
| 7 | 13-Animal Husbandry | 288.42 | 11.61 | 300.03 | 290.21 | 9.82 |
| 8 | 17-Health & Medical Education Department | 1205.91 | 139.66 | 1345.57 | 1271.66 | 73.91 |
| 9 | 23-Public Health Engineering | 648.43 | 153.54 | 801.97 | 739.90 | 62.07 |
| 10 | 24-Hospitality & Protocol | 127.12 | 14.06 | 141.18 | 134.88 | 6.30 |
| 11 | 26- Fisheries Department | 37.89 | 6.95 | 44.84 | 42.74 | 2.10 |
| 12 | 28-Rural Development Department | 174.75 | 26.94 | 201.69 | 187.48 | 14.21 |
| 13 | 29-Transport Department | 27.26 | 3.92 | 31.18 | 30.02 | 1.16 |
| **Total-I** | | **8532.95** | **1054.99** | **9587.94** | **8836.05** | **751.89** |
| **II-Revenue (Charged)** | | | | | | |
| 14 | 8-Finance Department | 2361.30 | 175.28 | 2536.58 | 2383.18 | 153.40 |
| **Total-II** | | **2361.30** | **175.28** | **2536.58** | **2383.18** | **153.40** |
| **III-Capital (Voted)** | | | | | | |
| 15 | 2-Home Department | 17.96 | 45.96 | 63.92 | 58.51 | 5.41 |
| 16 | 22-Irrigation & Flood Control Department | 281.64 | 180.12 | 461.76 | 425.74 | 36.02 |
| 17 | 28-Rural Development Department | 153.95 | 192.85 | 346.80 | 314.37 | 32.43 |
| **Total-III** | | **453.55** | **418.93** | **872.48** | **798.62** | **73.86** |
| **Grand Total** | | **11347.80** | **1649.20** | **12997.00** | **12017.85** | **979.15** |

## Appendix 2.8

*(Reference: Paragraph: 2.3.8; Page: 50)*

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

*(₹ in crore)*

| Sl. No | Grant Number | Name of Grant/ Appropriation | Original Provision | Supplementary Provision | Total | Expenditure | Excess |
|---|---|---|---|---|---|---|---|
| **Revenue (Voted)** | | | | | | | |
| 1 | 06 | Power Development Department | 2955.18 | 540.60 | 3495.78 | 3861.80 | 366.02 |
| 2 | 16 | Public Works Department | 655.76 | 39.61 | 695.37 | 752.36 | 56.99 |
| 3 | 27 | Higher Education Department | 367.19 | 64.84 | 432.03 | 493.33 | 61.30 |
| **Total-Revenue (Voted)** | | | **3978.13** | **645.05** | **4623.18** | **5107.49** | **484.31** |
| **Capital (Voted)** | | | | | | | |
| 4 | 11 | Industries Department | 122.27 | 9.80 | 132.07 | 159.01 | 26.94 |
| 5 | 15 | Consumer Affairs and Public Distribution Department | 867.74 | 82.20 | 949.94 | 1137.46 | 187.52 |
| 6 | 20 | Tourism Department | 122.14 | 24.04 | 146.18 | 178.83 | 32.65 |
| 7 | 23 | Public Health Engineering Department | 150.50 | 5.26 | 155.76 | 187.44 | 31.68 |
| 8 | 26 | Fisheries Department | 13.61 | 0.48 | 14.09 | 15.32 | 1.23 |
| **Total-Capital (Voted)** | | | **1276.26** | **121.78** | **1398.04** | **1678.06** | **280.02** |
| **Grand Total** | | | **5254.39** | **766.83** | **6021.22** | **6785.55** | **764.33** |

## Appendix-2.9

*(Reference: Paragraph: 2.4.1; Page: 50)*

### Department-wise outstanding DC bills from 1995-2011

*(₹in crore)*

| S. No | Department | Amount |
|---|---|---|
| 1 | Account and Treasuries | 0.36 |
| 2 | Agriculture | 0.78 |
| 3 | Animal Husbandry | 1.26 |
| 4 | Census | 1.34 |
| 5 | Co-operative | 4.98 |
| 6 | Council of Ministers | 0.21 |
| 7 | Ecology and Environment | 6.50 |
| 8 | Education | 566.52 |
| 9 | Election | 4.73 |
| 10 | Family Welfare | 0.05 |
| 11 | Fisheries | 0.15 |
| 12 | Food and Supply | 88.97 |
| 13 | General Administration | 84.32 |
| 14 | Governor | 0.07 |
| 15 | Home | 237.72 |
| 16 | Housing and Urban Development | 167.54 |
| 17 | Industries | 93.94 |
| 18 | Information | 3.78 |
| 19 | Justice | 0.52 |
| 20 | Labour and Employment | 25.77 |
| 21 | Medical | 182.28 |
| 22 | Medium Irrigation | 0.50 |
| 23 | Motor Vehicles | 0.25 |
| 24 | Nutrition | 0.04 |
| 25 | Other Administrative Services | 2.56 |
| 26 | Other Rural Development Programme | 0.14 |
| 27 | Planning | 0.39 |
| 28 | Power Development Department | 70.20 |
| 29 | Public Works Department | 14.10 |
| 30 | Relief and Rehabilitation | 41.90 |
| 31 | Roads and Bridges | 6.31 |
| 32 | Rural Development Department | 123.88 |
| 33 | Sales Tax | 0.58 |
| 34 | Secretariat General Services | 1.61 |
| 35 | Social Welfare Department | 4.97 |
| 36 | Social Security and Welfare | 28.96 |
| 37 | Social Services | 0.05 |
| 38 | Stamps and Registration | 1.91 |
| 39 | Tourism | 56.27 |
| 40 | Transport | 7.75 |
| 41 | Water Supply and Sanitation | 3.75 |
| | **Total** | **1837.91** |

## Appendix 2.10

*(Reference: Paragraph: 2.6.3; Page: 53)*

**Statement showing significant excess expenditure under certain Heads of accounts in Grant No.12**

*(₹in lakh)*

| Sl. No. | MH/SM/MI/GH/SH | Grant | Expenditure | Excess |
|---|---|---|---|---|
| 1. | 2029/001/009/0244 – Direction and Administration | 9.32 | 11.69 | 2.37 |
| 2. | 2250/800/0099/0339 – Zoological & Public Gardens | 21.31 | 24.94 | 3.63 |
| 3. | 2250/800/0099/0433 – Production of Nucleus Seeds | 30.11 | 35.32 | 5.21 |
| 4. | 2401/001/0099/0027 – Agriculture Tehsil Development Services (Kashmir) | 820.31 | 851.19 | 30.88 |
| 5. | 2401/001/0099/0031 - Superintendence (Jammu) | 132.95 | 139.91 | 6.96 |
| 6. | 2401/001/0099/0231 – Agriculture Tehsil Development Services Jammu | 776.66 | 843.44 | 66.78 |
| 7. | 2401/103/0099/0156 – Seed Processing Unit Jammu | 38.86 | 45.11 | 6.25 |
| 8. | 2401/104/0099/0153 – Rakhs and Farms Jammu | 6.06 | 7.93 | 1.87 |
| 9. | 2401/105/0099/1430 – Development of Local Manurial Resources Jammu | 160.62 | 162.36 | 1.74 |
| 10. | 2401/108/0099/1432 – Floriculture Development Jammu | 33.33 | 39.38 | 6.05 |
| 11. | 2401/109/0099/0068 – Agriculture Extension & Training (Jammu) | 5.74 | 7.66 | 1.92 |
| 12. | 2401/109/0099/1435 – Training & Visits NAEP Jammu | 3581.50 | 4095.78 | 514.28 |
| 13. | 2401/109/0099/1442 – Information Farm Radio Services (Jammu) | 67.02 | 70.02 | 3.00 |
| 14. | 2401/119/0099/0014 – Soil Survey Jammu | 71.43 | 74.72 | 3.29 |
| 15. | 2401/119/0099/0048 – Development of Vegetables (Kashmir Province) | 434.49 | 447.36 | 12.87 |
| 16. | 2401/119/0099/0228 – Plan Nurseries Registration | 7.33 | 8.77 | 1.44 |
| 17. | 2401/119/0099/0261 – Production and Supply of European Type of Vegetable Agriculture Kashmir | 53.13 | 55.53 | 2.40 |
| 18. | 2401/119/0099/1481- Improvement of Vegetable Programme Jammu | 1417.83 | 1825.81 | 407.98 |
| 19. | 2401/119/0099/2325 – Advisory Board for Development of Kissan | 68.39 | 113.53 | 45.14 |
| 20. | 2401/800/0099/0013 – Soil Testing Laboratory | 45.12 | 50.69 | 5.57 |
| 21. | 2402/101/0099/0016 – Soil Survey Kashmir | 455.17 | 522.00 | 66.83 |
| 22. | 2402/101/0099/1489 – Soil Survey and Testing Laboratory Jammu | 118.95 | 128.28 | 9.33 |
| 23. | 2402/102/0099/0010 – Soil Conservation Schemes (Jammu Division) | 737.90 | 784.05 | 46.15 |

| Sl. No. | MH/SM/MI/GH/SH | Grant | Expenditure | Excess |
|---|---|---|---|---|
| **24.** | 2403/107/0099/0002 – Fodder and Feed Development (Jammu Division) | 76.65 | 85.68 | 9.03 |
| **25.** | 2406/02/001/0099/1136 – Director Floriculture Kashmir | 399.18 | 959.01 | 559.83 |
| **26.** | 2406/02/001/0099/2203 – Provincial and District Offices Jammu | 941.72 | 1073.61 | 131.89 |
| **27.** | 2406/02/112/0099/1887 – Cut Flower Project, Director Floriculture, Kashmir | 208.91 | 237.01 | 28.10 |
| **28.** | 2406/02/112/0099/2275 – Public Gardens, Director Floriculture, Jammu | 292.59 | 363.27 | 70.68 |
| **29.** | 2406/02/112/0099/2276 – Cut Flower Project, Director Floriculture, Jammu | 12.53 | 15.05 | 2.52 |
| **30.** | 2406/02/800/0011/2203 – Provincial and District Offices Jammu | 18.68 | 21.20 | 2.52 |
| **31.** | 2415/01/004/0099/0123 – Agriculture Research Unit, Jammu | 83.56 | 88.09 | 4.53 |
| **32.** | 2415/80/120/0099/0040 – SKUAST Kashmir | 7935.14 | 9062.95 | 1127.81 |
| **33.** | 2425/001/0099/0244 – Direction and Administration | 354.60 | 425.21 | 70.61 |
| **34.** | 2435/01/101/0099/0612 – Horticulture Planning and Marketing | 1252.17 | 1307.11 | 54.94 |
| **35.** | 2435/01/102/0099/0623 – Seed Certificate Scheme Including Law Enforcement Kashmir | 250.66 | 264.29 | 13.63 |
| **36.** | 2435/01/800/0099/0345 – Seed Certificate Scheme Including Law Enforcement Jammu | 193.25 | 221.56 | 28.31 |
| **37.** | 2705/800/0099/0050 – Development of Vegetables (Jammu Division) | 165.98 | 175.99 | 10.01 |
| **38.** | 2851/004/0099/0093 – Research on Mushroom (Jammu) | 144.08 | 166.10 | 22.02 |
| **39.** | 2851/107/0099/0336 – Additional Director Sericulture (Jammu) | 2064.86 | 2256.17 | 191.31 |
| **40.** | 2851/107/0099/0416 – Director Sericulture (Jammu) J&K | 2941.61 | 3064.35 | 122.74 |
| **41.** | 4401/800/0011/0039 – Director Agriculture (Jammu) | 450.00 | 2251.02 | 1801.02 |
| **42.** | 4401/800/0011/0061 – Director Agriculture (Kashmir) | 446.00 | 453.17 | 7.17 |
| **43.** | 4401/800/0011/0612 – Horticulture Planning and Marketing | 1000.00 | 1601.79 | 601.79 |
| **44.** | 4402/102/0011/0251 – Soil Conservation (Jammu) | 30.00 | 130.42 | 100.42 |
| **45.** | 4402/102/0011/0266 – Soil Conservation (Kashmir) | 35.00 | 111.13 | 76.13 |
| **46.** | 4406/02/112/0011/2203 – Director Floriculture Jammu | 1278.00 | 2157.98 | 879.98 |
| **47.** | 4705/602/0011/0116 – Directorate of Command Area Development (Kashmir) | 950.00 | 1159.65 | 209.65 |
| **48.** | 4705/603/0011/0095 – Directorate of Command Area Development (Jammu) | 850.00 | 938.58 | 88.58 |
| **49.** | 4851/107/0011/1202 – Sericulture Industries | 430.00 | 440.15 | 10.15 |

## Appendix 2.11

*(Reference: Paragraph: 2.6.5; Page 54)*

**Statement showing booking of expenditure under certain Heads of accounts without budget provision in Grant No.12**

*(₹in lakh)*

| Sl. No. | MH/SM/MI/GH/SH | Expenditure |
|---|---|---|
| 1 | 2401/001/0011/0039 – Director Agriculture Jammu | 186.43 |
| 2 | 2401/119/0011/2088 – Director Horticulture Jammu | 276.37 |
| 3 | 2401/800/0031/0748 – Timely Reporting Scheme | 8.21 |
| 4 | 2401/800/0031/1518 – Census of Minor Irrigation Schemes | 151.26 |
| 5 | 2401/800/0031/1587 – Macro Management on Agriculture | 158.91 |
| 6 | 2401/800/0031/1516 – Improvement of Crop Statistics | 28.01 |
| 7 | 2401/800/0031/0870 – Integrated Cereal Development | 38.65 |
| 8 | 2401/800/0031/1600 – Maintenance of State House | 1.53 |
| 9 | 2401/800/0031/1823 – Conducting of Live Stock Census | 31.96 |
| 10 | 2401/800/0031/1750 – Works Component | 2.67 |
| 11 | 2402/103/0011/0008 – Dry Land Development Programme | 4.65 |
| 12 | 2402/800/0011/1490 – Agriculture Land Kashmir | 2.87 |
| 13 | 2406/001/0099/0346 – Circle and Divisional Office | 3.03 |
| 14 | 2851/103/0099/0244 – Direction and Administration | 10.29 |
| 15 | 4401/01/101/0011/0612 – Horticulture Planning and Marketing | 219.98 |
| 16 | 4401/103/0031/0081 – Purchase of Seeds (Jammu) | 71.48 |
| 17 | 4401/104/0011/0083 – Agriculture Farms, Jammu | 114.21 |
| 18 | 4401/107/0099/0077 – Purchase and sale of Pesticides Horticulture | 4.47 |
| 19 | 4401/107/0099/0100 – Plant Protection Services | 10.93 |
| 20 | 4401/107/0031/2297 – Rashtriya Krishi Vikas Yojna | 215.60 |
| 21 | 4401/119/0099/2140 – Director Horticulture Kashmir | 192.62 |
| 22 | 4401/119/0011/2249 – Maintenance of Departmental Orchard & Nurseries Jammu | 4.94 |
| 23 | 4401/800/0099/0043 – Director of Agriculture Kashmir | 22.72 |
| 24 | 4401/800/0011/0043 – Director of Agriculture Kashmir | 48.70 |
| 25 | 4401/800/0011/0125 – Command Area Development (CSS) Jammu | 1.20 |
| 26 | 4401/800/0031/0039 – Director, Agriculture, Jammu | 1.91 |
| 27 | 4401/800/0031/0075 – National Watershed Development Programme | 217.93 |
| 28 | 4401/800/0031/0471 – Pohru Catchment | 58.05 |
| 29 | 4401/800//0031/2297 – Rashtriya Krishi Vikas Yojana | 1473.68 |
| 30 | 4401/800//0031/2401 – Integrated Scheme of Oil Seeds, Pulses, Oil Palm & Maize | 84.69 |
| 31 | 4401/800/0031/2503 – Horticulture Mission for Northeast & Himalayan States (HMNH) | 105.57 |
| 32 | 4401/800/0031/2504 – National Mission on Saffron | 2163.11 |
| 33 | 4401/800/0031/2505 – Agriculture Technology Management Agency | 104.00 |
| 34 | 4402/800/0011/1750 – Works Component | 82.31 |
| 35 | 4406/02/112/0031/2297 – Rashtriya Krishi Vikas Yojana | 37.08 |
| 36 | 4425/108/0011/0369 – Investment in Public Sector & Other Undertaking | 465.55 |
| 37 | 4425/108/0011/2174 – Registrar Cooperative | 653.66 |
| 38 | 4425/108/0011/8061 – Other Co-Operative | 2.00 |
| 39 | 4425/800/0011/0169 – Special Plan Assistance | 150.86 |
| 40 | 4705/602/0031/0116 – Directorate of Command Area Development, Kashmir | 744.88 |
| 41 | 4705/602/0031/2297 – Rashtriya Krishi Vikas Yojana | 301.97 |
| 42 | 4705/603/0031/0095 – Directorate of Command Area Development, Jammu | 504.36 |
| 43 | 4851/107/0031/2297 – Rashtriya Krishi Vikas Yojana | 77.94 |

## Appendix 2.12

*(Reference: Paragraph: 2.6.6; Page: 54)*

**Statement showing cases where significant savings were not surrendered in Grant No.12**

*(₹in lakh)*

| Sl. No. | MH/SM/MI/GH/SH | Total Grant | Expenditure | Saving |
|---|---|---|---|---|
| 1. | 2236/02/800/0099/0063/ Community Canning and Fruit Preservation Centre, Kashmir | 158.41 | 118.43 | 39.98 |
| 2. | 2236/02/800/0099/2313/ Community Canning and Fruit Preservation Centre, Jammu | 132.78 | 126.69 | 6.09 |
| 3. | 2401/001/0099/0035/ Superintendence (Kashmir) | 75.82 | 57.39 | 18.43 |
| 4. | 2401/001/0099/0039/ Director Agriculture (Jammu) | 630.72 | 622.67 | 8.05 |
| 5. | 2401/001/0099/0043/ Director of Agriculture Kashmir | 702.93 | 621.36 | 81.57 |
| 6. | 2401/103/0099/0015/ Seed Multiplication Farm (Jammu) | 10.64 | 5.38 | 5.26 |
| 7. | 2401/103/0099/0019/ Seed Multiplication Farm (Jammu) | 140.10 | 116.83 | 23.27 |
| 8. | 2401/103/0099/2180/Improvement of Existing farms | 147.25 | 136.85 | 10.40 |
| 9. | 2401/105/0099/0045/Development of Local Manurial Resources (Kashmir) | 143.86 | 114.33 | 29.53 |
| 10. | 2401/107/0099/0458/Plant Protection Service (Kashmir) | 1595.72 | 1530.19 | 65.53 |
| 11. | 2401/108/0099/0082/Potato Development Schemes (Kashmir) | 168.72 | 147.28 | 21.44 |
| 12. | 2401/108/0099/0086/Development of Zeera Cultivation (Kashmir) | 13.80 | 5.54 | 8.26 |
| 13. | 2401/108/0099/1431/Floriculture Development Kashmir | 111.02 | 83.98 | 27.04 |
| 14. | 2401/109/0099/0062/Information Farm Radio Service (Kashmir) | 86.97 | 61.41 | 25.56 |
| 15. | 2401/109/0099/0072/Improved Agriculture Practices (Kashmir) | 72.53 | 64.45 | 8.08 |
| 16. | 2401/109/0099/2191/Agriculture Exten. & Trgs. Kashmir | 44.02 | 32.15 | 11.87 |
| 17. | 2401/113/0099/0054/ Improved Agriculture Implements | 232.36 | 133.49 | 98.87 |
| 18. | 2401/113/0099/0233/ Biogas Development | 85.25 | 72.07 | 13.18 |
| 19. | 2401/113/0099/0356/ Improved Agriculture Implements (Jammu) | 102.01 | 92.73 | 9.28 |
| 20. | 2401/119/0099/0020/Development of Walnut Production for Export purposes Kashmir | 62.40 | 48.35 | 14.05 |
| 21. | 2401/119/0099/0030/ Intensive Fruit Production | 798.04 | 582.08 | 215.96 |

| Sl. No. | MH/SM/MI/GH/SH | Total Grant | Expenditure | Saving |
|---|---|---|---|---|
| | Programme Kashmir | | | |
| **22.** | 2401/119/0099/0036/ District Offices Kashmir | 234.05 | 227.31 | 6.74 |
| **23.** | 2401/119/0099/0042/ Double Crop Scheme Jammu | 8.65 | 1.15 | 7.50 |
| **24.** | 2401/119/0099/0096/Development of Horticulture in Kandi Karewa and Dry land areas Kashmir | 615.30 | 533.12 | 82.18 |
| **25.** | 2401/119/0099/0100/ Plant Production Services, Kashmir | 343.99 | 292.14 | 51.85 |
| **26.** | 2401/119/0099/0234/ Establishment of Veg. Farm and Kitchen Gardening Agriculture Kashmir | 35.11 | 29.23 | 5.88 |
| **27.** | 2401/119/0099/0244/ Direction and Administration | 1403.72 | 1316.18 | 87.54 |
| **28.** | 2401/119/0099/1255/ Intensive Agriculture District Programme and Clash Programme | 51.85 | 34.41 | 17.44 |
| **29.** | 2401/119/0099/1434/ Trainings and Visits NAEP Kashmir | 3649.21 | 3441.15 | 208.06 |
| **30.** | 2401/119/0099/1482/ Maintenance of Departmental Orchards and Nurseries Kashmir | 530.13 | 433.31 | 96.82 |
| **31.** | 2401/119/0099/2088/ Director Horticulture Jammu | 1088.72 | 1016.92 | 71.80 |
| **32.** | 2401/119/0099/2192/ Development of Walnut Production for Export Purposes Jammu | 72.02 | 35.07 | 36.95 |
| **33.** | 2401/119/0099/2248/ Intensive Fruit Production Programme Jammu | 271.82 | 181.48 | 90.34 |
| **34.** | 2401/119/0099/2249/ Maintenance of Departmental Orchard and Nurseries Jammu | 243.26 | 175.54 | 67.72 |
| **35.** | 2401/119/0099/2252/ Superintendence (Divisional Level) Jammu | 136.83 | 97.74 | 39.09 |
| **36.** | 2401/119/0099/2254/ Development of Horti. in Kandi, Karewa and Dry Land Areas, Jammu | 422.87 | 307.98 | 114.89 |
| **37.** | 2401/119/0099/2257/District Offices, Jammu | 184.43 | 175.95 | 8.48 |
| **38.** | 2401/800/0011/1483/ Agriculture Jammu | 789.00 | 547.96 | 241.04 |
| **39.** | 2401/800/0011/1484/ Other Expenditure | 567.75 | 477.40 | 90.35 |
| **40.** | 2401/911/Deduct Recoveries of Over Payment | 00.00 | -8.91 | 8.91 |
| **41.** | 2402/101/0099/0134/Soil Survey and Testing Laboratory Kashmir | 111.71 | 70.74 | 40.97 |
| **42.** | 2402/103/0099/0008/Dry Land Development Programme | 46.65 | 39.14 | 7.51 |
| **43.** | 2406/02/001/0099/1135/Provincial and District Offices, Kashmir | 1161.30 | 1046.55 | 114.75 |
| **44.** | 2406/02/112/0099/1130/Public Gardens, Director Floriculture Kashmir | 889.11 | 686.02 | 203.09 |
| **45.** | 2415/80/120/0099/0060/SKUAST Jammu | 3251.25 | 3059.00 | 192.25 |
| **46.** | 2415/80/120/0011/0060/SKUAST Jammu | 35.70 | 9.75 | 25.95 |
| **47.** | 2425/001/0099/0417/ Superintendence | 1599.00 | 1564.27 | 34.73 |

| Sl. No. | MH/SM/MI/GH/SH | Total Grant | Expenditure | Saving |
|---|---|---|---|---|
| **48.** | 2425/101/0099/1493/Audit of Co-operatives | 667.00 | 540.07 | 126.93 |
| **49.** | 2425/800/0011/0244/Direction and Administration | 100.00 | 45.40 | 54.60 |
| **50.** | 2435/01/101/0011/0612/Horticulture Planning and Marketing | 15.00 | 2.65 | 12.35 |
| **51.** | 2705/602/0099/0116/Directorate of Command Area Development (Kashmir) | 400.75 | 394.80 | 5.95 |
| **52.** | 2705/603/0099/0095/Directorate of Command Area Development Jammu | 1576.75 | 1560.56 | 16.19 |
| **53.** | 2851/004/0099/0104/Mushroom (Kashmir) | 267.29 | 234.93 | 32.36 |
| **54.** | 2851/004/0099/1506/Indo Dutch Mushroom Development Project | 32.47 | 23.83 | 8.64 |
| **55.** | 2851/102/0099/0053/ Development of Apiculture (Jammu Division) | 371.39 | 354.97 | 16.42 |
| **56.** | 4401/103/0099/0081/Purchase of seeds (Jammu) | 1310.00 | 193.76 | 1116.24 |
| **57.** | 4401/103/0099/0327/Purchase of seeds (Kashmir) | 852.50 | 746.56 | 105.94 |
| **58.** | 4401/103/0031/2221/Development of Oil Seed | 210.00 | 155.16 | 54.84 |
| **59.** | 4401/103/0031/2348/Seed Villages | 464.00 | 27.17 | 436.83 |
| **60.** | 4401/104/0099/0083/Agriculture Farms Jammu | 626.58 | 448.71 | 177.87 |
| **61.** | 4401/104/0099/0102/Agriculture Farms Kashmir | 202.00 | 161.26 | 40.74 |
| **62.** | 4401/105/0099/0232/District Agriculture Jammu | 82.00 | 67.48 | 14.52 |
| **63.** | 4401/800/0011/0222/Horticulture Construction Programme Kashmir | 302.32 | 9.99 | 292.33 |
| **64.** | 4401/800/0011/0281/H.P.M.C. | 100.00 | 75.00 | 25.00 |
| **65.** | 4401/800/0011/2297/Rastriya Krishi Vikas Yojna | 15000.00 | 2032.08 | 12967.92 |
| **66.** | 4401/800/0011/2303/ Horticulture Construction Programme Jammu | 190.00 | 32.57 | 157.43 |
| **67.** | 4401/800/0031/1587/Macro Management on Agriculture | 2532.00 | 779.74 | 1752.26 |
| **68.** | 4406/02/112/0011/1136/Director Floriculture Kashmir | 1500.00 | 1151.16 | 348.84 |
| **69.** | 4415/80/277/0011/0032/Agriculture University (Jammu) | 2500.00 | 1526.25 | 973.75 |
| **70.** | 4415/80/277/0011/0032/Agriculture University (Kashmir) | 2000.00 | 1505.92 | 494.08 |
| **71.** | 4425/190/0011/0369/Investment in Public Sector and other Undertaking | 738.00 | 250.00 | 488.00 |
| **72.** | 4705/800/0031/0125/Command Area Development (CSS) Jammu | 2100.00 | 314.94 | 1785.06 |

**Appendix-3.1**

*(Reference: Paragraph: 3.2; Page: 58)*

**Statement showing details of Annual accounts awaited relating to audit under section 14 of the CAG's (DPC) Act, 1971**

| Sl. No | Name of the Body/Authority | Period for which accounts awaited | Number of awaited accounts |
|---|---|---|---|
| 1 | Srinagar Municipality | 1988-89 to 2011-12 | 24 |
| 2 | Kashmir University | 2001-02 to 2011-12 | 11 |
| 3 | Kashmir Urban Development Agency Srinagar | 1999-2000 to 2011-12 | 13 |
| 4 | District Rural Development Agency Srinagar | 2002-03 to 2011-12 | 10 |
| 5 | District Rural Development Agency Anantnag | 2007-08 to 2011-12 | 05 |
| 6 | District Rural Development Agency Pulwama | 2002-03 to 2011-12 | 10 |
| 7 | District Rural Development Agency Leh | 2008-09 to 2011-12 | 04 |
| 8 | District Rural Development Agency Kargil | 2008-09 to 2011-12 | 04 |
| 9 | Sher-e-Kashmir International Conference Centre, Srinagar (SKICC) | 1999-2000 to 2011-12 | 13 |
| 10 | Srinagar Development Authority | 1999-2000 to 2011-12 | 13 |
| 11 | State Social Welfare Advisory Board | 2003-04 to 2011-12 | 09 |
| 12 | Islamia College of Sciences and Commerce Srinagar | 2001-02 to 2011-12 | 11 |
| 13 | Jammu and Kashmir State Housing Board | 2002-03 to 2011-12 | 10 |
| 14 | Lakes and Water Ways Development Authority | 2005-06 to 2011-12 | 07 |
| 15 | Jammu University | 2002-03 to 2011-12 | 10 |
| 16 | District Rural Development Agency Jammu | 2008-09 to 2011-12 | 04 |
| 17 | District Rural Development Agency Kathua | 2008-09 to 2011-12 | 04 |
| 18 | District Rural Development Agency Poonch | 2008-09 to 2011-12 | 04 |
| 19 | District Rural Development Agency Doda | 2003-04 to 2011-12 | 09 |
| 20 | Academy of Art Culture and Languages | 2003-04 to 2011-12 | 09 |
| 21 | Jammu Development Authority | 1972-73 to 2011-12 | 40 |
| 22 | State Pollution Control Board | 1995-96 to 2011-12 | 17 |
| 23 | Jammu and Kashmir Sports Council | 2003-04 to 2011-12 | 09 |
| 24 | Jammu and Kashmir Energy Development Agency | 2003-04 to 2011-12 | 09 |
| 25 | District Rural Development Agency Budgam | 2007-08 to 2011-12 | 05 |
| 26 | District Rural Development Agency Baramulla | 2007-08 to 2011-12 | 05 |
| 27 | District Rural Development Agency Kupwara | 2006-07 to 2011-12 | 06 |
| 28 | District Rural Development Agency Ganderbal | 2008-09 to 2011-12 | 04 |
| 29 | District Rural Development Agency Kulgam | 2008-09 to 2011-12 | 04 |
| 30 | District Rural Development Agency Shopian | 2008-09 to 2011-12 | 04 |
| 31 | District Rural Development Agency Bandipora | 2008-09 to 2011-12 | 04 |
| 32 | Jammu Municipality | 2002-03 to 2011-12 | 10 |
| | **Total** | | **301** |