

Presented in the Jammu and Kashmir
State Assembly on 04-07-2017

**Report of the
Comptroller and Auditor
General of India**

on

STATE FINANCES

FOR THE YEAR ENDED 31 MARCH 2016

GOVERNMENT OF JAMMU AND KASHMIR

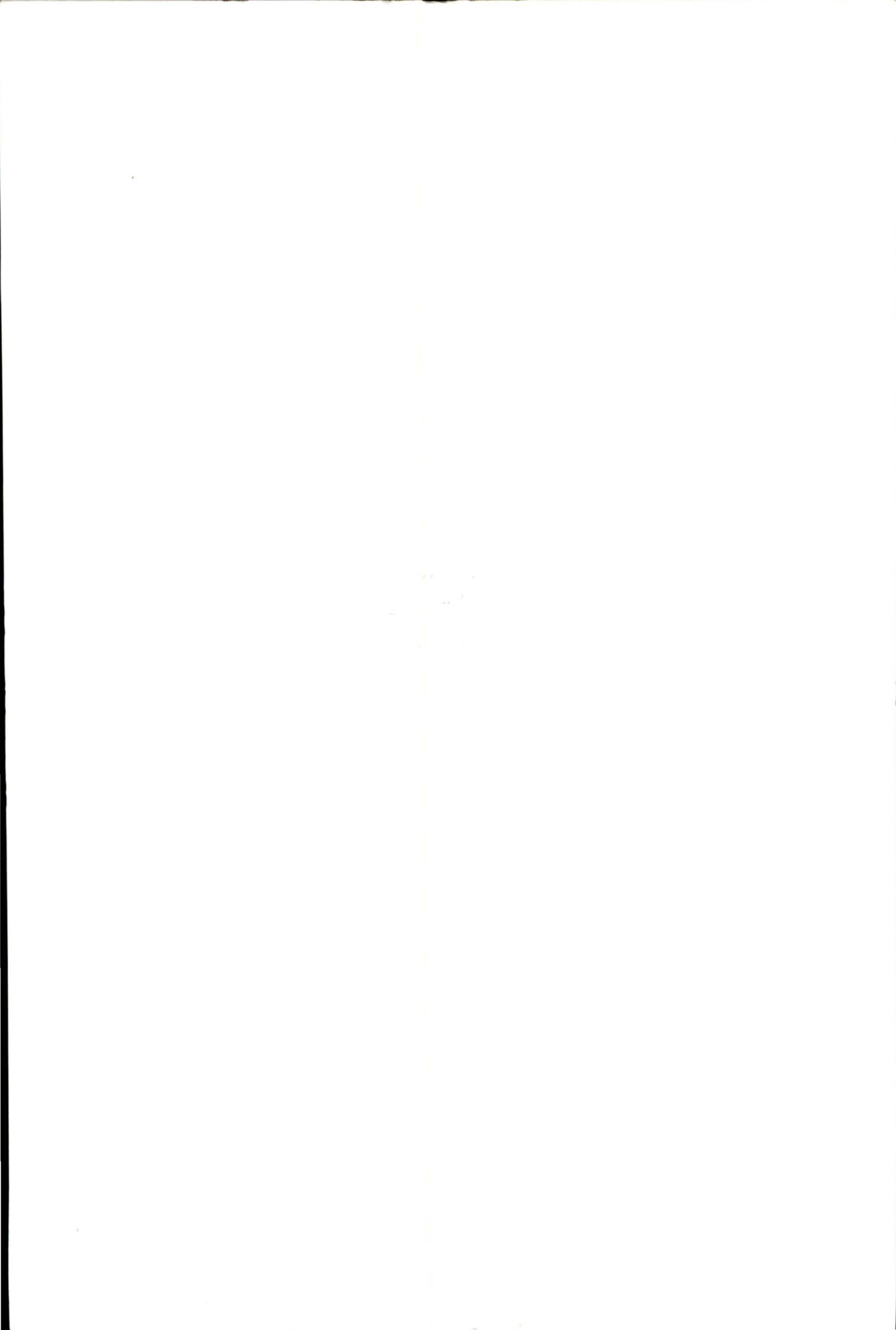


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PREFACE

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.

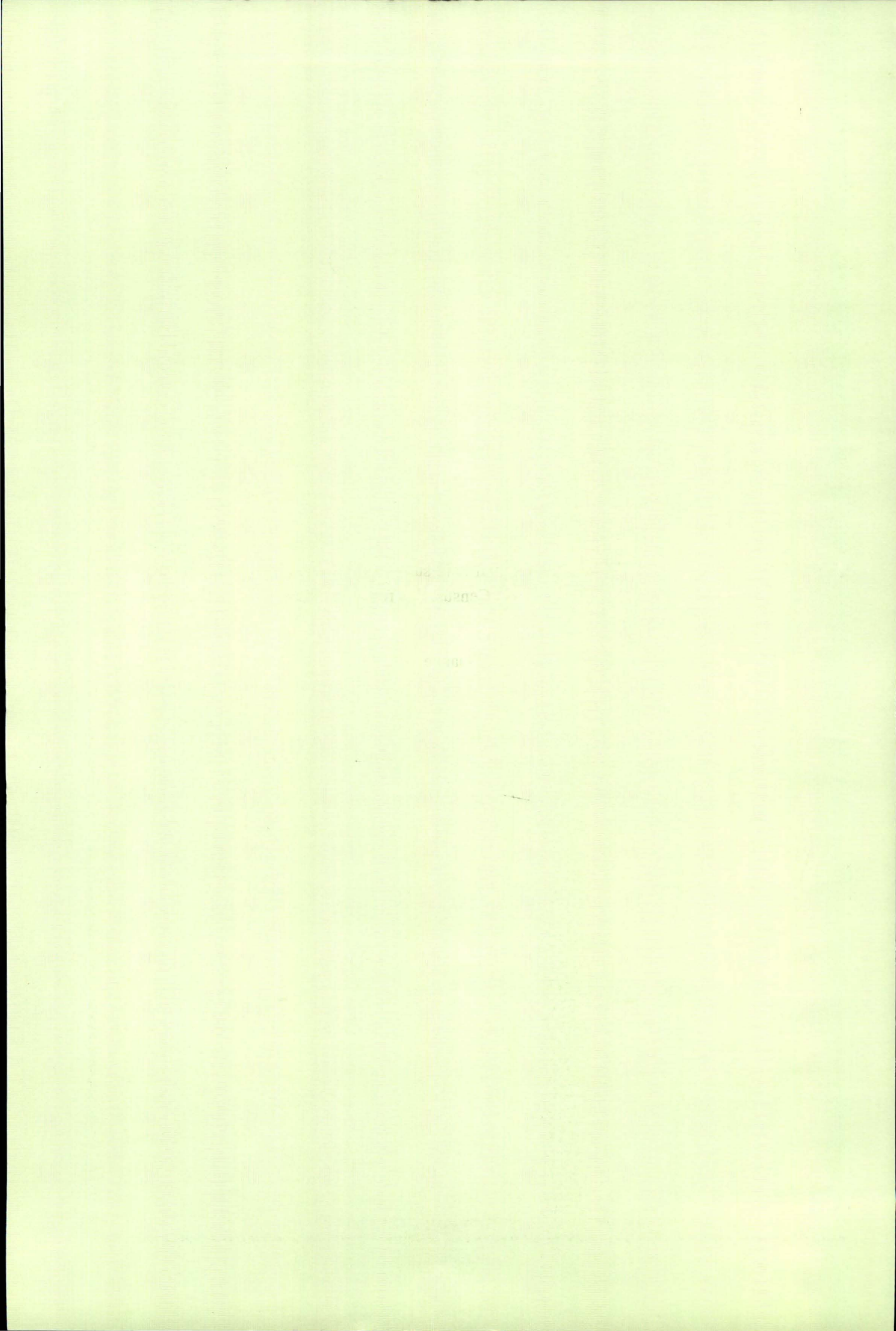
Chapters-1 and II of this Report contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts respectively, of the State Government for the year ended 31 March 2016. Information has been obtained from the Government of Jammu and Kashmir wherever necessary.

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

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



Executive Summary



EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Jammu and Kashmir is brought out to assess the financial performance of the State during the year 2015-16 *vis-à-vis* the Budget Estimates and the targets set under the Fiscal Responsibility and Budget Management Act, 2006, and to provide the State Government and State Legislature with timely inputs based audit analysis of financial data. The report analyses the dominant trends and structural profile of Government's receipts and disbursement.

The Report

Based on the audited accounts of the State Government for the year ending 31 March 2016 and additional data such as the Economic Survey brought out by the State government and Census, this report provides an analytical review in three Chapters.

Chapter-1 is based on the Finance Accounts and makes an assessment of Government's fiscal position as on 31 March 2016. It provides an insight into trends and profile of key fiscal aggregates, committed expenditure, borrowing pattern, besides a brief account of central funds transferred directly to State implementing agencies through Off Budget route.

Chapter-2 is based on Appropriation Accounts and gives grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments. Comments arising out of inspection of treasuries have also been made in the chapter.

Chapter-3 is an inventory of Government's compliance with various reporting requirements and financial rules.

Audit findings and recommendations

The State could not maintain revenue surplus during 2015-16 due to shortfall of State's own non tax revenue and grant-in-aid *vis-a-vis* projected estimates. The cash balance for the year 2015-16 decreased by ₹874 crore from ₹1,401 crore to ₹527 crore.

(Para 1.2)

Trends in key fiscal aggregates: The State's share in Union taxes and duties and grants from the Union Government together constituted 72.77 *per cent* of the total revenue receipts of the State during 2011-12 but it declined to 68.59 *per cent* in 2015-16. The non-debt resources transferred by the Central Government through the State Government accounts financed 63 *per cent* of total expenditure of the State Government during 2011-12, 60 *per cent* in 2012-13, 57 *per cent* in 2013-14, 60 *per cent* 2014-15 and 60 *per cent* in 2015-16, showing decline in the States dependence on transfer of Central resources.

(Para 1.2.1)

The total expenditure, Capital Expenditure and Revenue Expenditure, of the State increased from ₹34,550 crore to ₹43,845 crore, ₹5,221 crore to ₹7,425 crore and ₹29,329 crore to ₹36,420 crore during 2014-15 to 2015-16 respectively.

(Para 1.2.2)

The States own tax revenues has shown a steady increase particularly in Tax on sale of goods and services which increased from ₹3,414 crore in 2011-12 to ₹5,277 crore in 2015-16.

(Para 1.4.1)

Targets for collection of Power Departments tariff were not achieved. The shortfall in collection of revenue was ₹1,503 crore *vis-a-vis* targets and shortfall *vis-a-vis* expenditure on power purchased was ₹4,650 crore.

(Para 1.7.2.1)

The percentage of Developmental Capital Expenditure to Total Expenditure declined from 19.2 *per cent* in 2011-12 to 14.18 *per cent* in 2015-16.

(Para 1.8.2)

There were 938 projects/works with sanctioned cost of ₹3,944.45 crore revised to ₹4,484.68 crore, of ₹1 crore and above each, which had overshot their scheduled completion dates. An amount of ₹1,733.84 crore had been expended on these incomplete projects by 31st March 2016.

(Para 1.9.1)

The percentage of market loans to total liabilities slightly decreased from 38.5 *per cent* in 2011-12 to 38.02 *per cent* in 2015-16.

(Para 1.11.3)

Fiscal consolidation and regulation of debt/deficit: The fiscal deficit for 2015-16 was 8.77 *per cent* as against the limit of 3 *per cent* recommended by the 14th Finance Commission. The fiscal deficit was higher than the limits fixed during 2011-12 to 2014-15.

(Para 1.13.1)

Financial management and budgetary control: During 2015-16, in 13 cases, expenditure aggregating ₹25,110.04 crore exceeded by ₹4,258.62 crore against the total approved provisions of ₹20,851.42 crore. This requires regularization from State Legislature.

(Para 2.3.1)

There were persistent errors in budgeting, savings, excess expenditure and expenditure without provision.

(Para 2.3.2 and 2.3.8)

The excess expenditure requiring regularization of the State Legislature was ₹1,04,767.43 crore as on 31st March 2016.

(Para 2.3.3)

During 2015-16, a sum of ₹2,817.52 crore of Grant-in-Aid, Subsidy of ₹64.06 crore and ₹0.60 crore Stipend & Scholarship has been disbursed under the Capital Major Heads of expenditure as against the requirement of their accounting in revenue heads.

(Para 2.5.3)

Financial reporting: There were delays in furnishing utilisation 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.

(Para 3.2 and 3.3)



Chapter-I

Finances of the State Government

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CHAPTER 1

FINANCES OF THE STATE GOVERNMENT

This chapter provides an overview of the finances of the State government during the financial year 2015-16 by benchmarking against past trends of major fiscal aggregates and its structural profile. *Appendix 1.1* contains profile of Jammu & Kashmir and the development indicators relating to major infrastructure and *Appendix 1.2* contains the structure and layout of the Finance Accounts of the State government on which this Report is based. *Appendix 1.3* briefly outlines the methodology adopted for the assessment of the fiscal position of the State.

1.1 Profile of the State

The State of Jammu and Kashmir (J&K) is strategically located with its borders touching Pakistan and China and is spread over a geographical area of 2.22 lakh sq.kms, which includes an area of 1.21 lakh sq.kms under illegal occupation of China and Pakistan. It is situated between 32° 17'N and 36°58'N latitudes and 73° 26'E and 80°30'E longitudes constituting the northern most extremity of India. J & K is the 6th largest state of India occupying 6.76 *per cent* of the country's geographical area. The three regions of the State viz., Kashmir, Jammu and Ladakh, have been organized into 22 districts.

As per 2011 Census (Provisional Data), the State's population in census-covered areas was 1.25 crore. The decadal growth rate in population declined to 23.71 *per cent* during 2001-2011 from 29.43 *per cent* during 1991-2001. The population density of the State increased from 100 per sq km in 2001 to 124 per sq km. in 2011. The overall sex ratio declined from 892 in 2001 to 883 as per census 2011.

Incidence of poverty in the State has been on declining trend. The proportion of Below Poverty Line persons in the total population was estimated at 40.86 *per cent* in 2000 by the Department of Food and Public Distribution, Government of India. This declined to 21.63 *per cent* of total population according to a BPL head count survey carried out by the State government in 2007-08 and to 15.1 *per cent* in 2011-12 according to an assessment made by the Planning Commission.

As per Census 2011, literacy rate of the State is 68.74 *per cent* with 78.26 *per cent* male literates and 58.01 *per cent* female literates. The overall literacy rate as per the 2011 Census improved by 13.22 *per cent* compared with that of Census 2001. With the improvement in the literate population of the state, the gender gap has

also reduced to 20.25 *per cent* in 2011 as against 23.60 *per cent* in 2001. Literacy rate is derived after excluding the children in the age group of 0-6 years, which are by the definition of census treated as illiterate.

The Gross State Domestic Product (GSDP)¹ measures the value of goods and services produced within the State. At constant prices, the GSDP was estimated at ₹91,850² crore during 2015-16, up from ₹87,921 crore during 2014-15.

Annual growth rate of GDP and GSDP (at current/constant price)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
India's GDP* (₹ in crore)	87,36,039	99,51,344	1,12,72,764	1,24,88,205	1,35,76,086
Growth rate of GDP* (in percentage)	20.52	13.91	13.28	10.78	8.71
State's GSDP (₹ in crore)	68,185	76,916	87,570	87,921	91,850
Growth rate of GSDP (in percentage)	17.41	12.80	13.85	0.40	4.46

*Source :-Web site of the Ministry of Statistics and Programme Implementation, Government of India

The GSDP of the Jammu and Kashmir grew at the rate of 4.46 *per cent* during 2015-16 which is less than the projections made in the 14th Finance Commission (11.78 *per cent*)

As per the Advanced Estimates, the economy was estimated to grow at 7.6 *per cent* in 2015-16³. The growth in Agriculture, Industry and Services was estimated at 1.1 *per cent*, 7.3 *per cent* and 9.2 *per cent* respectively during the year i.e. 2015-16.

The Per Capita Income (worked as per capita Net State Domestic Product NSDP) of the State at current prices⁴ is worked out at ₹85,986 in 2015-16(A)⁴, ₹76,644 in 2014-15 (1R)⁴ ₹72,981 in 2013-14 (2R)⁴ and ₹64,721 in 2012-13 (P)⁴, thus a growth rate of 12.19 % in 2015-16 (A), 5.12 % in 2014-15 (1R), 12.76% in 2013-14 and 9.31% in 2012-13(P).

¹ The GDP/GSDP data used in this Report is based on the new series with Base Year 2011-12.

² Source-FRBM May-2016

³ Source-FRBM May-2016

⁴ Source-FRBM May-2016

⁴A - Advance

⁴IR- First Revised Estimates

⁴2R – Second Revised Estimates

⁴P – Provisional

Trends in annual growth of the country's GDP and the State's GSDP are given in *Appendix 1.3*.

1.1.1 Salient features of the State's Budgetary and Accounting System

The State government secures legislative approval for spending from the Consolidated Fund of the State by presenting an Annual Financial Statement (budget) and Demands for Grants. These Demands are discussed in the Legislature, replied by the Minister-in-charge of the Department and then passed. However, expenditure in the interim is incurred against the Vote on Account. The State Legislature has enacted Fiscal Responsibility & Budget Management (FRBM) Act, 2006 (amended on 17th December 2008, 20th April 2010, 9th April & 25th August 2011) and the Government has passed FRBM Rules 2008 there under which *inter alia* specify the annual targets for (a) Revenue Deficit as percentage of Total Revenue Receipts (b) Fiscal Deficit as percentage of GSDP (c) Total Outstanding Liabilities as percentage of GSDP and (d) Committed Liabilities. 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.

From FY-2015-16 the State government has changed the structure of State budget under budgetary reforms. The budget has only two parts; the Receipts Budget and the Expenditure Budget and the expenditure budget have only the revenue and capital expenditure estimates. The former being spent to meet daily expenses and the latter for making assets on the ground. The old classification of the Plan and Non Plan has been discarded. Now there are two categories of expenditure, current and capital. The budget allotment process is highly centralized. 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 for which dissemination of information is limited on some government websites. The Government presents statements required under the FRBM Act/Rules to the legislature along with Budget. The Appropriation Accounts and Finance Accounts are prepared by the Accountant General (A&E) on the basis of the compilation and consolidation of receipts/disbursements transactions originating in the books of Drawing and Disbursing Officers of State Government, through the Treasuries and/or the Bank accounts controlled by the RBI and the transactions originating in the books of the RBI. The accounts are audited by the Accountant General (Audit). Since April 1, 2011, the Reserve Bank of India (RBI) is the sole banker of the Government in place of the Jammu and Kashmir Bank Ltd. which though continues to work as RBI's agent.

The State, one of the 11 Special Category States (SCS), is entitled to 90 per cent financing for schemes/projects included in the State Plan in the form of grants-in-aid from the Union Government. 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, coupled with State's own efforts at revenue mobilisation, have ensured that the State has continued to be a revenue surplus State upto 2013-14 despite having deficit after excluding central transfers. Despite increase in State's Own Non-Tax Revenues by ₹1,935 crore *vis-a-vis*, previous year, the State could not maintain Revenue Surplus during the year 2015-16.

1.2 Summary of Fiscal Transactions in 2015-16

Statements 1 and 2 and Appendix I of the Finance Accounts 2015-16 provide summary position of opening and closing cash balances, receipts and disbursements during the year under broad categories, condensed in Table 1.1. Appendix 1.4 contains data showing trends in major fiscal aggregates since 2011-2016 Appendix 1.5 presents a more disaggregated view.

Table 1.1 Summary of current year's fiscal operations

(₹ in crore)

		Receipts		Disbursements	
2014-15		2015-16	2014-15		2015-16
Section-A: Revenue			Section-A: Revenue		
6,334	State's Own Tax revenue	7,326	12,039	General Services	13,675
1,978	State's Own Non-tax revenue	3,913	8,501	Social Services	11,331
4,477	Share of Union Taxes Duties	7,814	8,789	Economic Services	11,414
16,150	Grants from Government of India	16,728	-	-	-
28,939	Revenue Receipts	35,781	29,329	Revenue Expenditure	36,420
Section-B: Capital			Section-B: Capital		
-	-	-	5134	Capital Outlay	7331
3	Recoveries of Loans and Advances	4	87	Loans and Advances disbursed	94
10,033	Public Debt Receipt	14,645	8,323	Repayment of Public Debt	10,815
-	Contingency Fund	--	-	Contingency Fund	-
22,032	Public Account Receipts@@	27,450	17,796	Public Account disbursements@@	24,094
1,063	Opening Cash Balance	1,401	1,401	Closing Cash Balance	527
62,070	Total	79,281	62,070		79,281

@@ These exclude transactions of investment of cash balances and departmental cash chests (₹22,311 crore receipts, ₹21,140 disbursements). The net effect of these transactions is included in the opening and closing cash balances in the row next below. Receipts include departmental Cheques under MH 8670 of ₹215 crore.

The revenue receipts increased by ₹6,842 crore (23.64 per cent) during 2015-16 over the previous year, mainly due to increase in the State's share in the Union Taxes and Duties (74 per cent), Grant-in-Aid (3.58 per cent) and increase in State's Own Non-Tax Revenue by 97.82 per cent. Likewise, revenue expenditure increased by ₹7,091 crore (24.17 per cent) during 2015-16 over the previous year with even increase across all Sectors. The aggregate cash balance of the State (including un-invested cash with the RBI, invested cash and cash in departmental cash chests) decreased during 2015-16 from the opening balance of ₹1,401 crore to ₹527 crore.

1.2.1 Review of the fiscal situation - Trends in Key Fiscal Aggregates

Appendix 1.4 presents the data on key fiscal aggregates (absolute monetary values, ratios and growth rate) for the period from 2011-12 to 2015-16. Notable points emerging from this trend analysis are as follows:-

- The State's share in Union Taxes and Duties and grants from the Union Government together constituted 72.77 per cent of the total Revenue Receipts during 2011-12 but declined to 68.59 per cent during 2015-16 which seriously impaired the liquidity position and resulted in reduction in revenue surplus with consequent increase in the fiscal deficit. The non-debt resources transferred by the Central government through the State government accounts financed 63 per cent of total expenditure of the State government during 2011-12, 60 per cent in 2012-13, 57 per cent in 2013-14, 60 per cent in 2014-15 and 60 per cent in 2015-16, showing a decline in the State's dependence on transfer of Central resources. However, the State could not maintain its revenue surplus which declined from ₹2,103 crore in 2011-12 to ₹70 crore in 2013-14 and to a deficit of (-) ₹390 crore in 2014-15 and (-) ₹640 crore in 2015-16, due to shortfall of the States' Own Non-Tax Revenue and Grant-in-Aid *vis-a-vis*, projected Receipts.
- The State's Own Tax Revenues (SOTR) has shown a growth of 15.66 per cent over the previous year.

1.2.2 Budget Estimates and Actual

The trends in budget estimates, revised estimates and actual financial outcomes of some top level fiscal aggregates are given in **Table 1.2**.

Table 1.2: Budget and Actuals

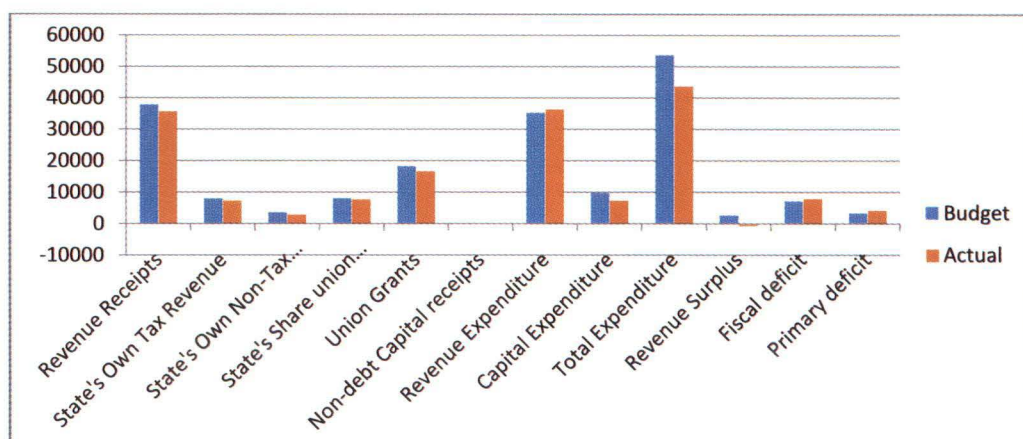
(₹ in crore)

Sl. No.	Fiscal Aggregate	2013-14			2014-15			2015-16		
		Budget	Revised	Actual	Budget	Revised	Actual	Budget	Revised	Actual
1	Revenue Receipts (a)+(b)+(c)+ (d)	33,970	31,227	27,128	39,221	34,541	28,939	37,815	40,904	35,781
a	State's Own Tax Revenue	6,700	6,820	6,273	7,496	6,438	6,334	8,006	7,988	7,326
b	State's Own Non Tax Revenue	3,033	3,400	2,870	3,561	3,154	1,978	3,509	3,455	3,913
c	State's share in union taxes/duties	4,485	4,514	4,142	5,191	4,477	4,477	8,088	8,088	7,814
d	Grants-in-aid from Union government	19,752	16,493	13,843	22,973	20,472	16,150	18,212	21,373	16,728
2	Revenue Expenditure	28,690	27,617	27,058	32,948	31,503	29,329	35,228	37,197	36,420
3	Capital Expenditure including loans & advances	8,187	7,526	4,628	9,436	10,363	5,221	9,686	12,685	7,425
4	Total expenditure	36,877	35,143	31,686	42,384	41,866	34,550	53,590	58,787	43,845
5	Revenue Surplus	5,280	3,610	70	6,273	3,038	(-)390	2,587	3,707	(-)640
6	Fiscal Deficit	2,867	3,831	4,554	3,020	6,561	5,608	7,099	8,978	8,060
7	Primary Deficit (+) / Surplus (-) (Fiscal Deficit - Interest Payments)	(-)433	531	1,553	(-)450	3,141	2,075	3,304	5,183	4,341

There was a Revenue deficit of (-) ₹640 crore, as against the Budget estimates of revenue surplus of ₹3,707 crore during the current year; whereas the fiscal deficit and primary deficit showed a declining trend *vis-a-vis*, the budgeted estimates by ₹918 crore and ₹842 crore respectively. The Capital expenditure was only 59 per cent of the Budgeted estimates of ₹12,685 crore which indicates that asset creation was not given adequate priority.

The 'fiscal deficit' is the net accretion to the public debt and other liabilities used for financing the expenditure other than debt redemption. Financing the redemption of public debt and other liabilities implies that the liabilities are not repaid out of current revenues but merely rolled over indefinitely. All borrowings and other liabilities cannot be endlessly refinanced and may have to be eventually paid out of Government's non-debt receipts. Hence, borrowings are in the nature of deferred taxation/asset sale. The ability of an entity to continuously refinance old liabilities with new liabilities depends on continued credit worthiness of the entity. **Chart 1.1** graphically captures actuals in 2015-16 *vis-à-vis* budgeted.

Chart 1.1: Budgeted v/s Actuals



State's Own Tax Revenue (SOTR) mobilisation of ₹7,326 crore (actuals) fell short of the Budgeted (Revised) target by ₹662 crore. There was significant gap between the Budgeted (Revised) and actual Grants-in-Aid from the Union Government resulting in the shortfall of resources. Actual fiscal deficit (₹8,060 crore) was 8.77 per cent of GSDP, which breached the target of 3 per cent of GSDP set under the FRBM Act. Further, the Primary Deficit was ₹4,341 crore against the Budgeted (Revised) target of ₹5,183 crore, resulting in shortfall of ₹842 crore.

1.2.2.1 Funds transferred to State Implementing Agencies outside the State Budget

Prior to 2014-15, transfer of funds under Centrally Sponsored Schemes (CSS) used to take place through two modes *vis-a-vis*, the State Budget and the Direct Transfer mode to District Rural Development Officers and independent societies. Starting with 2014-15, the entire financial assistance to the States for CSS was to be routed through the Consolidated Fund of the State under the head Central Assistance to State/UT Plans. Excepting major schemes, such as the Sarva Shiksha Abhiyan, the National Rural Health Mission and the Mahatma Gandhi National Rural Employment Guarantee Scheme, where the funds were routed through the State Budget in 2015-16, there are at least 31 schemes with a cost of more than one crore, totalling to ₹298 crore, which continued under direct funding mode by the Union Government to the J&K Implementing Agencies (Institutions, Corporations, Societies, etc.) during 2015-16. Details are at **Appendix 1.6**. These funds are outside the State Budgetary and accounting system of the Government. Examples of Major programmes/schemes are given in **Table 1.3**

Table 1.3: Major funds transferred directly to State implementing agencies (unaudited)

(₹ in crore)

Name of the Programme/scheme	Name of the Implementing Agency in the State	Total funds released by GOI during				
		2011-12	2012-13	2013-14	2014-15	2015-16
Package for Special Category State (DIPP)	J&K Financial Corporation Ltd	59.59	33.21	41.17	35.69	--
MP's Local Area Development Scheme (MPLADS)	District Development Commissioner	40.00	45.00	-	35.00	55.00
Technology Up-gradation Fund Scheme (TUFS)	J&K Bank Ltd.	12.98	16.34	-	8.92	5.69
Buddhist & Tibetan Studies	Galdan Targaisling Cultural Welfare Society	6.58	2.97	-	9.68	--
Off Grid DRPS	Renewable Energy Development Agency	82.98	33.93	-	22.02	59.96
Grid Interactive Renewal Power (MNRE)	J&K Power Development Corporation	9.75	29.20	-	38.64	29.30
Skill Development	J&K Skill Development initiative modular Employable skill society	-	6.27	11.31	2.63	--
Total		211.88	166.92	52.48	152.58	149.95

(Source: CPMS of CGA's website)

(Consolidated data base at apex level was not maintained by the State government)

The financial assistance provided by the Centre for CSS is in the nature of Grants and is reflected under Revenue Receipts of the State. Since the Budget of the some major schemes e.g., SSA, NRHM and MGNREGS was placed under Capital Section for creation of the Asset, the routing of CSS transactions through the State Budget has contributed to the decrease in revenue deficit and increase in Capital outlay of the State during 2015-16.

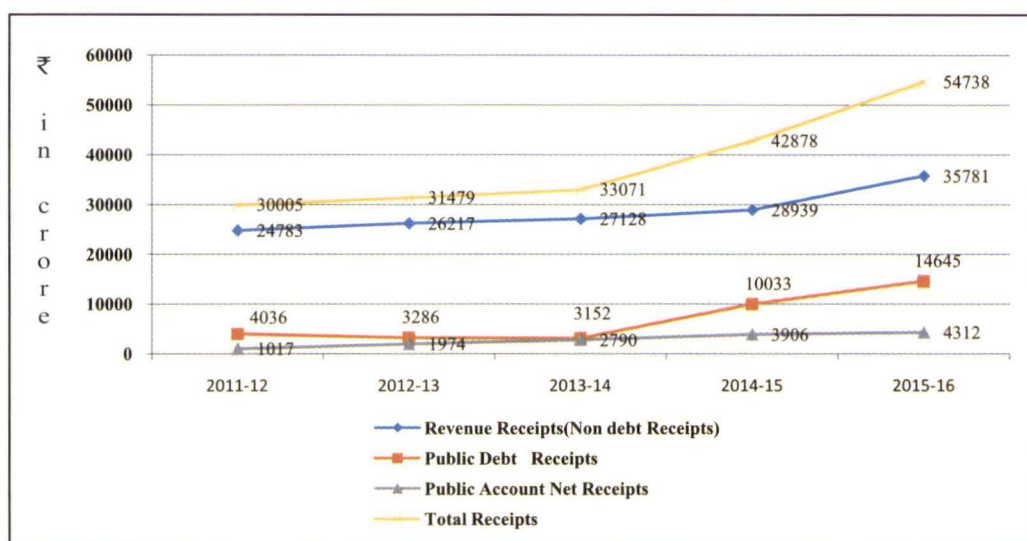
1.3 Resources of the State

1.3.1 Resources of the State as per the Annual Finance Accounts

The resources for financing the State Budget are categorised into revenue receipts and capital receipts. Revenue receipts comprise of: (a) tax revenue (i) revenue from State's own taxes such as State Excise, VAT/ GST which the State can control (ii) State's share in Central taxes/ duties under the Finance Commission award and (b) (i) non-tax revenues under control of the State such as interest/ dividend and user charges and (ii) grants-in-aid from the Central government, which is

also accounted for as non-tax revenue of the State. Capital receipts comprise of: (i) non-debt capital receipts such as 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 Union government, and (iv) receipts into the public accounts of the State government as a banker or trustee of others' funds like security deposits. **Chart 1.2** depicts the trends in various components of the receipts of the State during 2011-16.

Chart 1.2 : Trends of relative share of different receipts (in crore) 2011-16

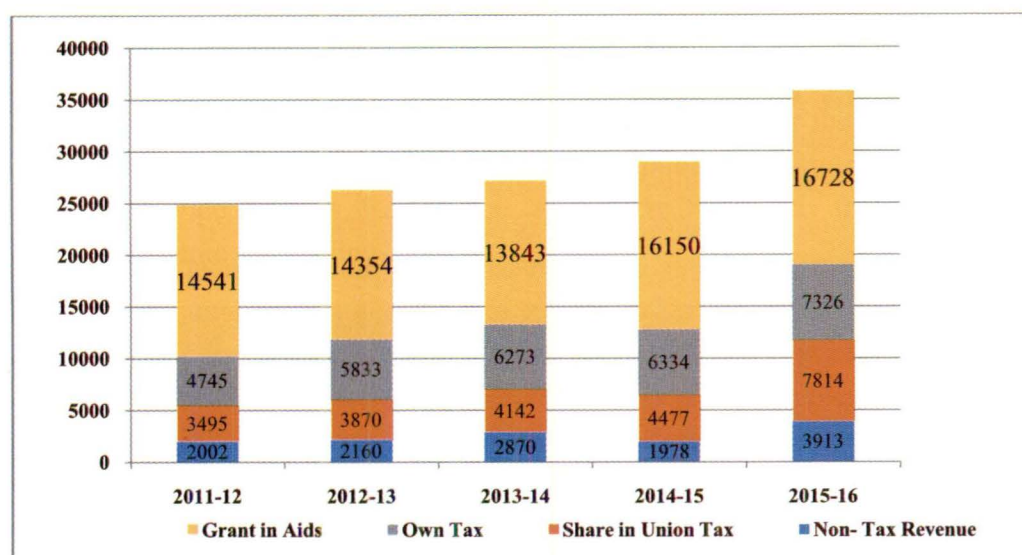


The revenue receipts and the public account receipts showed upward trend in 2011-16. However, though the public debt receipts showed downward trend from ₹4,036 crore in 2011-12 to ₹3,152 crore in 2013-14, it increased to ₹10,033 in 2014-15 and ₹14,645 crore in 2015-16. The Revenue Receipts to total receipts show downward trend decreasing from 82.59 per cent in 2011-12 to 65.37 per cent in 2015-16. Public account receipts in total receipts however, increased from 3.39 per cent in 2011-12 to 7.88 per cent in 2015-16.

1.4 Revenue receipts

Statement-14 of the Finance Accounts details the revenue and Non debt capital receipts of the Government by Minor Heads. 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 2011-16 are presented in *Appendix 1.4* and also depicted in **Chart 1.3**

Chart 1.3 : Composition of revenue receipts during 2011-16



Transfers from the Union government of State's share in Union taxes and duties and grants in aid together constituted on an average 73 per cent of the State's revenue receipts during 2011-12 and declined to 70 per cent and 66 per cent in 2012-13 and 2013-14 respectively. It increased to 71 per cent during 2014-15 but further decreased to 69 per cent during 2015-16. The trends in revenue receipts relative to GSDP are presented in **Table 1.4**

Table 1.4: Trends in revenue receipts relative to GSDP

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue Receipts (RR) (₹ in crore)	24,783	26,217	27,128	28,939	35,781
State's Own Revenues (₹ in crore)	6,747	7,993	9,143	8,312	11,239
Rate of growth of RR (per cent)	11.46	5.79	3.47	6.68	23.64
RR/GSDP (per cent)	36.34	33.80	31.07	32.91	38.96
Revenue Buoyancy w.r.t GSDP	0.65	0.45	0.25	16.70	5.30

Revenue receipts showed a progressive increase over the period 2011-12 to 2015-16 in absolute terms. However, the growth rate of Revenue Receipts shows a declining trend from 11.46 per cent in 2011-12 to 6.68 per cent in 2014-15 and increased 23.64 per cent in 2015-16, which means the buoyancy of States own tax revenue to GSDP has shown declining trend upto 2013-14 but increased in 2014-15 due to slow growth rate in GSDP but further decreased in 2015-16.

1.4.1 State's Own Revenues

The State's performance in mobilisation 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 is shown in **Table 1.5**

Table 1.5: Trends of tax revenue and non-tax revenue

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Tax revenue	4,745	5,833	6,273	6,334	7,326
Of which Tax on sale of goods and services	3,414	4,174	4,579	4,602	5,277
Non-tax revenue	2,002	2,160	2,870	1,978	3,913
Of which receipts from sale of power	1,007	1,589	1,533	1,428	1,477
Total	6,747	7,993	9,143	8,312	11,239

The State has been taxing Services under the Jammu and Kashmir General Sales Tax Act, 1962 since March 1997, which yielded ₹1,236.77 crore in 2015-16. 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 Services Tax collections, which is the only Central tax that is presently not applicable to the State. As per the assessment made by the 13th Finance Commission regarding likely Central Services Tax collection during 2010-15, the share (1.551 per cent, 13th FC) foregone by the State works out to ₹8,363.38 crore, and ₹3,815.82 crore against which the State Service Tax collection was ₹5074.57 crore⁵ and the State's share in Central Service Tax would have been about ₹9,674.30 crore i.e., 1.551 per cent of total central service collection of ₹6,23,746 crore⁶. Further, as per the 14th Finance Commission, the likely Service Tax collection during 2015-16 as State Share should have been ₹3,815.55 crore i.e., 1.854 per cent of State share of Central Service Tax (₹2,05,815.55) against which the State has collected the actual service tax to the tune of ₹1,236.77 crore and foregone ₹2,578.78 crore.

The receipts from the sale of power, being a major constituent of non-tax revenue, declined from 73.56 per cent of the total non-tax revenue during the year 2012-13 to 37.75 per cent in 2015-16. The tax on the sale of goods and services that constituted 71.56 per cent of the total tax revenue in 2012-13 increased to 72.03 per cent in 2015-16. Auditing of vouchers revealed that an amount of ₹16.85 crore (₹12.51 crore service tax and ₹4.34 crore power receipts) was overstated in the accounts due to double accountal of the Service Tax and power receipts respectively received during the year 2015-16. Though the rectification has been carried out in the accounts to the extent of test check cases, in other cases the double accountal of Service Tax and Power Receipts cannot be ruled out, resulting in possible overstated revenue.

⁵ ₹887.66 crore in 2011-12, ₹1,018.96 crore in 2012-13, ₹1,046.72 crore in 2013-14, ₹884.53 crore in 2014-15 and ₹1,236.70 crore in 2015-16)

⁶ ₹71,016 crore in 2010-11, ₹97,509 crore in 2011-12, ₹1,32,601 crore in 2012-13, ₹1,54,630 crore in 2013-14, ₹1,67,990 crore in 2014-15

1.4.1.1 State's Own Tax Revenue

The performance of State's own tax revenue is given in **Table 1.6**

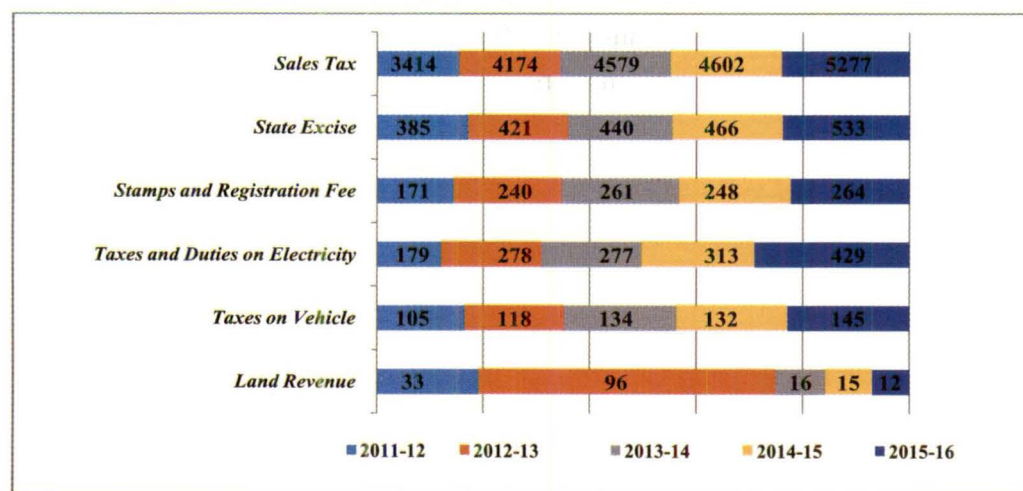
Table 1.6: Trends in State's own tax revenue relative to GSDP

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Own Tax Receipts (OTR) (₹ in crore)	4,745	5,833	6,273	6,334	7,326
Rate of growth of OTR (per cent)	36.23	22.93	7.54	0.97	15.66
OTR/GSDP (per cent)	6.95	7.52	7.18	7.20	7.98
*Buoyancy ratios					
OTR Buoyancy with reference to GSDP	2.08	1.79	0.54	2.42	3.51

[*Glossary of Terms – Appendix 4]

The States own tax receipts have been showing progressive increase from ₹4,745 crore in 2011-12 to ₹7,326 crore in 2015-16. The tax-wise break-up of tax revenue from the year 2011-12 to 2015-16 is given in **Chart 1.4**.

Chart-1.4: Trends of Tax Revenue



The land revenue collection decreased from ₹96 crore in 2012-13 to ₹12 crore in 2015-16, a decrease of 87.50 per cent.

The variations between the budget estimates and actuals of tax revenue receipts for the year 2014-15 and 2015-16 in respect of the principal heads of tax revenue are given in **Table 1.7**

Table 1.7: Budget Estimates and Actual Tax revenue (2014-15 to 2015-16)

(₹ in crore)

Head of Revenue	2014-15 (Actuals)	2015-16 BE	2015-16 RE	2015-16 Actuals	Difference (RE-Actuals in 2015-16)
Commercial Taxes (VAT/GST on sales and services)	4,602	5,744	5,985	5,277	708
State Excise Duties	466	485	485	533	48
Other State Taxes/ Duties	1,266	9,865	9,606	1,516	8,090

In respect of Commercial Taxes, the actuals could not match with the Revised Estimates (RE) and in case of Other State Taxes/Duties it is far below the Budget Estimates (BE).

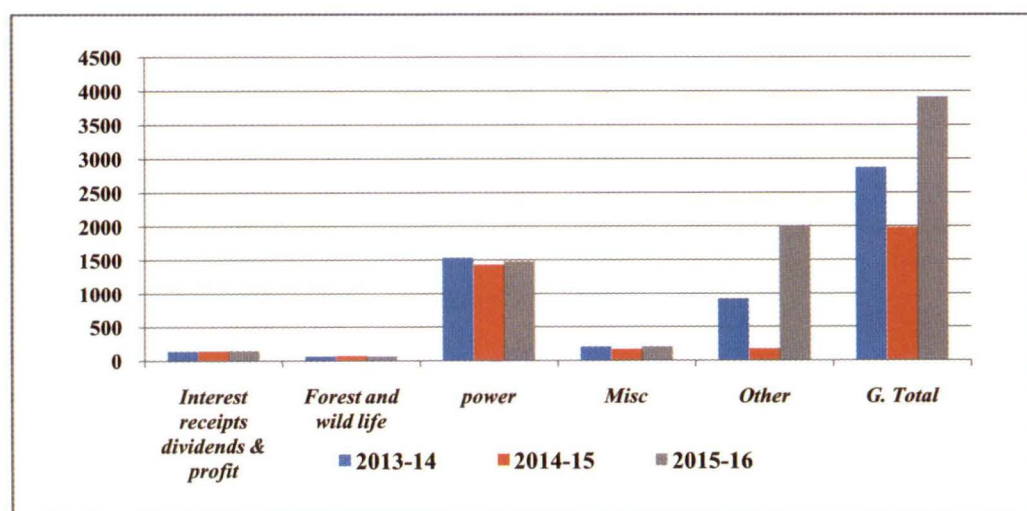
1.4.1.2 Cost of Collection

Expenditure on collection of taxes on Sales and Trade was ₹45.07crore, State Excise ₹26.68 crore, Stamp Duty and Registration Fee ₹27.74 crore, Vehicles ₹14.06 crore and Land Revenue ₹148.01 crore during 2015-16. Percentage of expenditure to gross collection of revenue was 0.86 per cent, 5.00 per cent, 10.50 per cent, 9.69 per cent and 1215.19 per cent respectively. The percentage of cost of collection in respect of the Land Revenue was the highest.

1.4.1.3 State's Own Non-Tax Revenue

An itemised break-up of non-tax revenue during the period 2013-16 alongwith percentage increase/decrease over 2014-15 is given in **Chart 1.5**

Chart-1.5: Trends in Non-Tax Revenue



Receipts from Power Development Department constitute the most significant component of State's Non Tax Revenue, which increased from ₹1,428 crore in 2014-15 to ₹1,477 crore in 2015-16. Under the "Others" category, receipts increased from ₹171 crore in 2013-14 to ₹2,014 crore in 2015-16. **Table 1.8** shows the variation between the budgeted and actual receipts during 2013-16.

Table 1.8: Trends of Non-Tax Revenue

(₹ in crore)

Head of Non-Tax Revenue	Budget Estimate 2013-14	Actual 2013-14	Budget Estimates 2014-15	Actual 2014-15	Budget Estimates 2015-16	Actual 2015-16
Power receipts	2,841	1,533	2,630	1,428	2,980	1,477
Interest receipts, dividends and profits	150	142	73	142	77	150
Forestry and wild life	68	68	71	71	76	68
Miscellaneous *	234	203	264	166	254	204
Others **	107	924	116	171	68	2,014
Total	3,400	2,870	3,154	1,978	3,455	3,913

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

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

As reflected in the table, except under "Forestry & Wild Life", actuals could not match the budgeted figures during 2015-16. In the case of power department receipts, the actual receipts were 50 per cent below the Budget Estimates. Interest receipts showed increase of ₹73 crore (95 per cent) over the Budget Estimates.

The receipts under "Others" category include water usage charges. During 2011-12, the State received ₹543.44 crore as water usage charges from the National Hydroelectric Power Corporation (NHPC) in respect of the Hydel projects owned by it in the State. During 2012-13 and 2013-14, the receipt was ₹158.02 crore and ₹0.02 crore respectively. The water usage charges are being levied @ 25 paisa per cusec of water on Hydel power generating companies under the provisions of the Jammu and Kashmir Water Resources (Regulation & Management) Act, 2010 enacted on 25th October 2010 and amended on 25th October 2012 and 27th October 2014. Under the amendment to the Act, the proceeds of the levy are to be credited into a separate Saving Bank Account maintained by the Secretary, Finance Department for being utilized for establishment of Hydel and Hydroelectric Projects, Multi-purpose Hydroelectric Projects and

for buying back Hydroelectric Power Projects already established in the State. The opening Balance in the saving account of Water User Charges as on 1.4.2015 was ₹780.35 crore. During 2015-16 an amount of ₹719.78 crore was transferred/ realised from PHE Department and interest of ₹8.03 crore accrued on it, out of which ₹777.04 crore was withdrawn and invested into FDRs in June 2015 which was subsequently encashed for payments of power purchase. The cumulative amount realised on account of Water Usage Charges at the end of March 2016 was ₹3,155.56 crore and the balance in bank account at the end of March 2016 was ₹2.34 crore which was kept out of Consolidated Fund of State.

Rogi Kalyan Simiti (RKS) is another area under which 50 *per cent* sale proceeds of the admission ticket in the Hospitals are kept outside the State Account and utilized for the purpose of hospital development.

The Government informed (February 2014) 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 & Maintenance expenses, as recommended by the 13th Finance Commission. No specific time bound action plan has been prepared to achieve this goal.

1.4.2 Grants in aid from the Union government

Table 1.9 shows the significance of Grants-in-aid from the Union government in the budgetary resource base of the State government. The grant-in-aid from Union Government increased from ₹14,541 crore during 2011-12 to ₹16,728 crore during 2015-16 in absolute terms but decreased from 59 *per cent* in 2011-12 to 47 *per cent* in 2015-16 *vis-a-vis* total revenue receipts and from 51 *per cent* to 38 *per cent vis-a-vis*, total expenditure.

Table 1.9: Trends in Grants-in-aid from the Union Government

Year	Grants-in-aid (₹ in crore)	Total Expenditure (₹ in crore)	Grants as <i>per cent</i> of Total Expenditure	Total Revenue Receipts (₹ in crore)	Grants as <i>per cent</i> of Total Revenue Receipts
2011-12	14,541	28,645	51	24,783	59
2012-13	14,354	30,434	47	26,217	55
2013-14	13,843	31,686	44	27,128	51
2014-15	16,150	34,550	47	28,939	56
2015-16	16,728	43,845	38	35,781	47

1.4.3 Optimisation of Thirteenth & Fourteenth Finance Commission grants.

The actual release of share in Union taxes and duties to the State during five years of the award period of 13th and 14th Finance Commission *vis-à-vis* the projections made by the Commission are tabulated in **Table 1.10**.

Table 1.10: State's share in Union taxes and duties (Actual devolution *vis-à-vis* Finance Commission projections)

(₹ in crore)

Year	13 th & 14 th Finance Commission Projection	Actual tax devolution
2011-12	3,328	3,495
2012-13	3,925	3,870
2013-14	4,630	4,142
2014-15	5,462	4,477
2015-16	8,748	7,814

The 13th Finance Commission had recommended a total grant of ₹20,256 crore excluding share in central taxes & duties of ₹20,182.70 crore for the five years period from 2010-11 to 2014-15, specifically for the State. Of this, ₹15,937 crore was meant for filling up the assessed deficit on non-plan revenue account, ₹1,000 crore for liquidation of overdraft with the Jammu and Kashmir Bank Ltd., and ₹1,123 crore for Local Bodies. Out of ₹1,123 crore for local bodies (2011-12 to 2014-15), the State Government has received only ₹627 crore leading to shortfall of ₹496 crore due to non-existence of elected local bodies. The balance ₹2,196 crore was for several projects and activities to be completed during 2010-15. Thus, almost 89 *per cent* of the total grant was general budgetary support for meeting non-plan revenue gap and clearing overdraft. The central share of ₹20,182.70 crore however does not include net proceeds of shareable Service tax as it is only central tax that is not applicable to the State of Jammu & Kashmir. The State has its own Service tax under State law.

Under 14th Finance Commission, the projection during 2015-16 was ₹8,748 crore against this the tax collection of share of union taxes/duties was ₹7,813 crore resulting in a shortfall of ₹935 crore. Under 14th Finance Commission, Nil amount was received during 2015-16 by the State Government from the Union Ministry of Finance under Urban Local Bodies due to non-election of ULB's. The utilisation certificates for ₹316.26 crore were pending as at 31st March 2016 (September 2016).

Appendix 1.7 details the special purpose grants (other than the non-plan revenue deficit grant) recommended by the Commission. Out of total allocation of

₹4,317.56 crore for special purpose grants during the award period (2010-15), the actual amount received by the State Government was ₹2,915.26 crore resulting in a shortfall of ₹1,402.30 crore. Reasons leading to short receipts were due to non-existence of elected urban local bodies. (October 2015).

As per 14th Finance Commission Recommendation, ₹6,178.37 crore was projected (2015-20) for Urban Local Bodies, Rural Local Bodies and SDRF. Against this, an amount of ₹753.26 was to be released/allocated during the year 2015-16. However only ₹621.72 crore was received by the State government from the Ministry of Finance (*Appendix 1.7*) and Utilisation Certificate of ₹186.98 crore was submitted to Government of India (GoI). Besides grants of ₹6.24 crore has not yet been released by the GoI.

1.5 Capital receipts

The share of non-debt capital receipts and loans/advances from the Union government was negligible and capital receipts mainly comprised borrowing from banks, financial institutions and open market as detailed in **Table 1.11**.

Table 1.11: Trends in capital receipts

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
<i>Non-Debt Capital receipts</i>					
(i) Recoveries of Loans and Advances	168	2	4	3	4
(ii) Miscellaneous capital receipts (asset sale)	-	-	-	-	--
Total non-debt Capital receipts	168	2	4	3	4
<i>Debt Capital receipts (Public Debt)</i>					
(i) Ways and Means Advances and Overdraft	4,436	3,742	2,850	7,448	8,991
(ii) Loans and advances from Union Government	-32*	14	15	12	17
(iii) Other Debt (Market/ Institutional Loans)	4,068	3,272	3,137	2,799	5,637
Total debt Capital receipts	8,472	7,028	6,002	10,259	14,645
Total Capital receipts	8,640	7,030	6,006	10,262	14,649

*includes ₹56.06 crore loans written off by Ministries of GOI on recommendations of 13th Finance Commission

1.6 Public Account receipts

In respect of sums credited to the public accounts of the State, the Government acts as a trustee or banker and bears a fiduciary liability. Major constituents of the public accounts are State Provident Fund, Insurance/Pension Funds, Reserve Funds, Deposits and Advances. Besides, the public accounts section of the Government Accounts is also used to record transitory and pass through transactions under Suspense and Miscellaneous and remittance heads before their final accounting to appropriate receipt or payment head of account as also cash balance transactions. **Table 1.12** given below shows trends in receipts and disbursements under various segments of the public accounts.

Table 1.12: Profile of Public Account

(₹ in crore)

Constituents of Public Accounts	Public Account Receipts		Disbursement from Public Account		Excess of receipts over disbursement	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
State Provident Fund, Pension/ Insurance Funds	3,883	5,271	1,650	2,385	2,233	2,886
Reserve Funds	489	354	1,166	140	(-)677	214
Deposits	3,172	3,326	2,797	3,213	375	113
Advances	424	473	423	473	01	0
Remittances	13,777	17,461	11,236	17,664	2,541	(-)203*
Receipts in Cash Balance Investment Account	15,131	22,055	15,461	21,101	(-)330	954
Receipts in Departmental Cash Balances Account	79	40	79	39	-	01
Other Suspense and Misc.	287	350	524	219	(-)237	131
Total	37,242	49,330	33,335	45,234	3,906	4,096

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

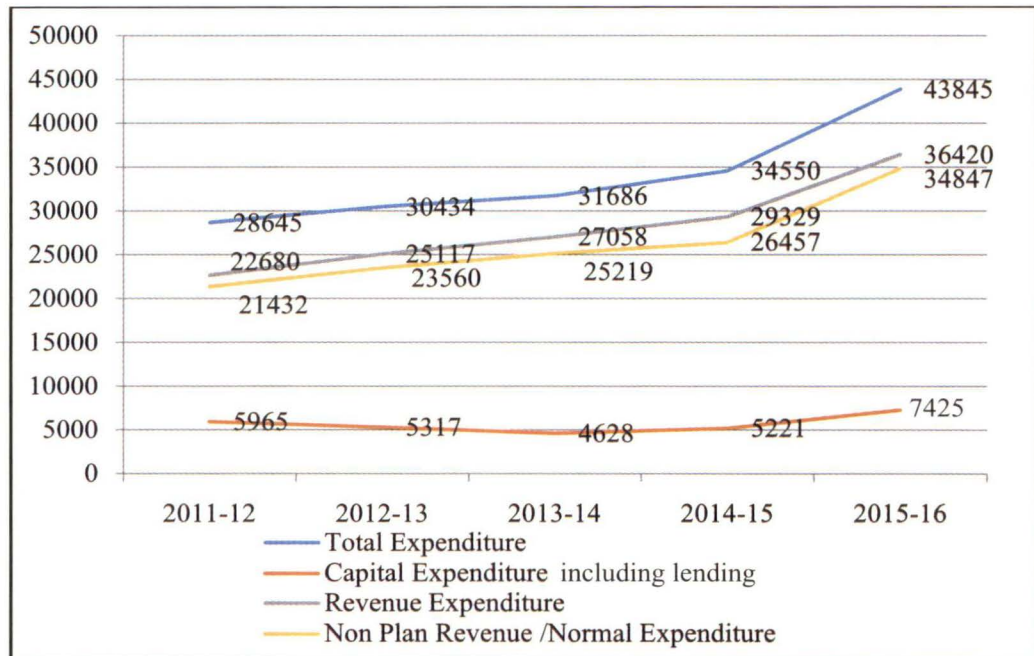
1.7 Application of resources

State raises resources to perform its sovereign functions, maintain levels of service delivery for social and economic services; extend the network of these services through capital expenditure, investments and to discharge 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.

1.7.1 Growth and composition of expenditure

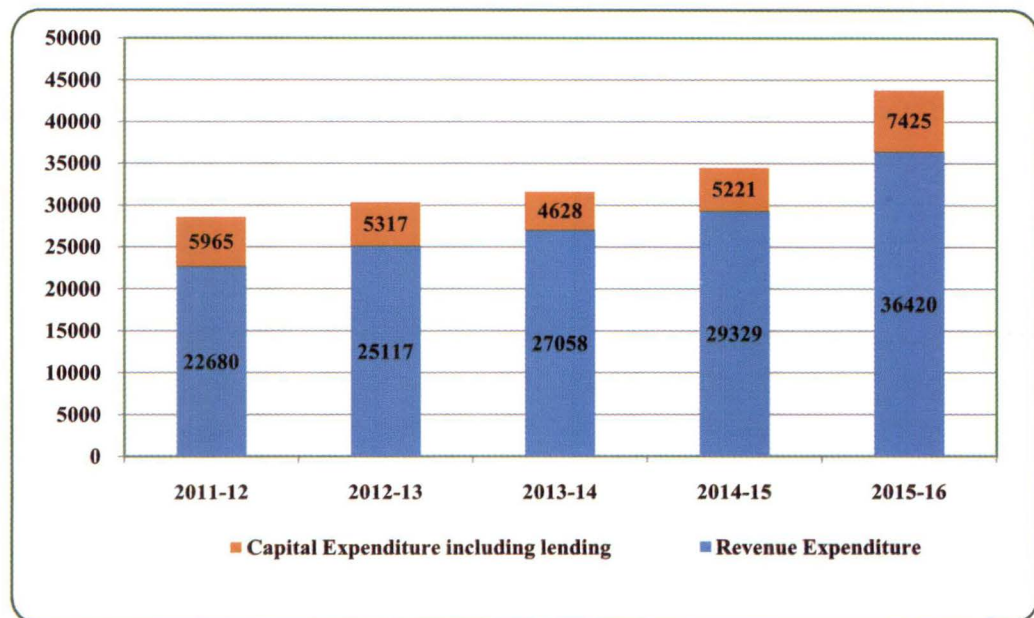
Chart 1.6 presents the trends in total expenditure during 2011-16.

Chart- 1.6 Total Expenditure trends and composition



The composition of total expenditure in terms of revenue-capital classification is depicted in Chart 1.7

Charts 1.7: Total Expenditure – Trend of share of its components



From Chart 1.7 above, it may be seen that the total expenditure increased by ₹15,200 crore from ₹28,645 crore in 2011-12 to ₹43,845 crore in 2015-16. The

capital expenditure (including lending) increased from ₹5,965 crore to ₹7,425 crore over the same period, while the revenue expenditure increased by ₹13,740 crore from ₹22,680 crore in 2011-12 to ₹36,420 crore in 2015-16.

The total expenditure, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are tabulated in **Table 1.13**.

Table 1.13: Total Expenditure – Basic Parameters

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Total Expenditure (TE) (₹ in crore)	28,645	30,434	31,686	34,550	43,845
Total Plan /CSS Expenditure (₹ in crore)	6,722	6,528	6,011	7,373	2,829
Total Non-Plan/Normal/General Expenditure (₹ in crore)	21,857	23,813	25,554	27,090	40,922
Rate of growth (per cent)	16.43	6.25	4.11	9.04	26.90
TE/GSDP ratio (per cent)	42.01	39.24	36.29	39.30	47.73
RR/TE ratio (per cent)	86.52	86.14	85.62	83.76	81.60
Buoyancy of total expenditure with reference to					
GSDP(ratio)	0.94	0.49	0.30	22.60	6.03
RR (ratio)	1.43	1.08	1.18	1.35	1.14
Revenue Expenditure (RE) (₹ in crore)	22,680	25,117	27,058	29,329	36,420
Non-Plan Revenue Expenditure (NPRE)/ Normal	21,432	23,560	25,219	26,457	34,847
Plan Revenue Expenditure (PRE)/General	1,248	1,557	1,839	2,872	1,573
Rate of Growth of					
RE (per cent)	22.82	10.74	7.73	8.39	24.18
NPRE/Normal (per cent)	22.07	9.93	7.04	4.91	31.71
PRE/General (per cent)	37.29	24.76	18.11	56.17	54.70
Ratio (per cent)					
RE as percentage of TE	79.18	82.53	85.39	84.89	83.06
NPRE/Normal/GSDP (per cent)	32.05	30.70	29.26	30.09	7.10
NPRE/Normal as percentage of TE	74.82	77.41	79.59	76.58	79.48
NPRE as percentage of RR	86.48	89.87	92.96	91.42	97.38
Buoyancy ratio of Revenue expenditure with					
GSDP	1.31	0.84	0.56	20.97	5.42
Revenue Receipts	1.99	1.86	2.22	1.26	0.90

Out of the total expenditure of ₹43,845 crore during 2015-16, ₹36,420 crore was Revenue expenditure and ₹7,331 crore was Capital expenditure which constituted 16.72 per cent of the total expenditure. There is increase of ₹9,295 crore (i.e. 26.50 per cent) in total expenditure as it increased from ₹34,550 crore in 2014-15 to ₹43,845 crore in 2015-16.

1.7.2 Revenue expenditure

Bulk of Government expenditure goes towards Revenue expenditure which does not usually result in fresh creation of assets for the Government and is meant for normal running and maintenance of Government machinery. The total revenue expenditure increased from ₹22,680 crore in 2011-12 to ₹36,420 crore in 2015-16. The total revenue expenditure of ₹36,420 crore comprise of 83.06 *per cent* of total expenditure of ₹43,845 crore.

Earlier, the Non-Plan Revenue Expenditure (NPRE)/Normal during 2011-12 to 2014-15 increased from ₹21,432 crore to ₹34,847 crore, showing a growth of 62.59 *per cent*. The total non-plan/normal expenditure had recorded an increase of ₹15,341 crore from ₹25,675 crore (includes disbursement of loans and advances) in 2013-14 to ₹41,016 crore in 2015-16. The steady increase in non-plan expenditure eroded the resource base for developmental interventions. **Table 1.14** highlights the four most significant constituents of NPRE and the pre-emption of budgetary resources caused by rising NPRE.

Table 1.14: Composition of Non Plan Revenue Expenditure (NPRE)/Normal

(₹ in crore)

Main drivers of NPRE growth	Actual 2013-14 (₹ in crore)	As per cent of NPRE (2013-14)	Actual 2014-15 (₹ in crore)	As per cent of NPRE (2014-15)	Actual 2015-16 (₹ in crore)	As per cent of NPRE (2015-16)
(i) Salaries	10,845	43.00	10,863	41.06	14,763	42.36
(ii) Pension	3,592	14.24	3,686	13.93	3,781	10.85
(iii) Interest (iv) Payments	3,001	11.90	3,533	13.35	3,719	10.67
(v) Revenue expenditure on Power	4,303	17.06	4,982	18.83	6,835	19.61
Total	21,741	86.21	23,064	87.18	29,098	83.49
Non-Plan Revenue Expenditure /NRE*	25,219	100.00	26,457	100.00	34,847	100

*NPRE changed to Normal Revenue Expenditure w.e.f. 2015-16.

It may be seen that the four major items of NPRE/Normal- salaries, pension, interest payments and revenue expenditure on power took away more than 80 *per cent* budgetary resources leaving little for other expenditure.

Share of salaries/wages/pension in the total expenditure has ranged between ₹14,437 crore and ₹18,544 crore (53 *per cent* and 52 *per cent* of revenue receipts)

during 2013-14 to 2015-16. The expenditure on payment of interest has increased from ₹3,001 crore to ₹3,719 crore during the same period.

1.7.2.1 Burden of unrecovered cost of procurement and supply of power

The function of electricity supply to consumers is handled departmentally in the State, as de-bundling and power reforms have yet not been achieved. Hence, the receipts and expenditure on procurement and supply of electricity forms part of the State government accounts. Steadily rising gap between the revenue expenditure of the Power Development Department and revenue receipts is the most significant structural imbalance in the Budget of the Government and a drain on the resources, which could otherwise be deployed for developmental outlays. The trend in the gap between receipts from power consumers' and expenditure on power purchase is given in **Table 1.15**

Table 1.15: Shortfall in the performance of Power Development Department

(₹ in crore)

Financial year	Target revenue	Actual revenue	Expenditure on Power purchase	Deficit
2011-12	1,486	1,007	3,000	1,993
2012-13	2,387	1,589	3,870	2,281
2013-14	2,841	1,533	3,738	2,205
2014-15	2,630	1,428	4,404	2,976
2015-16	2,980	1,477	6,127	4,650

The targets for the collection of the tariff have not been achieved. The shortfall in collection of revenue was ₹1,503 crore during 2015-16 as compared to targets. The actual sale of Power is only 24.10 per cent of the purchase of power resulting in deficit of ₹4,650 crore.

Liability on account of power

The total DISCOM liabilities of the State due to UDAY (Ujjwal DISCOM Assurance Yojna) Scheme as on 30 September 2015 was ₹3,537.55 crore. During 2015-16, UDAY bonds to the tune of ₹2,140 crore has been issued in March 2016 and has appeared under MH 6003-Internal Debt of State Government but no disbursement was made during the year.

1.7.3 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 1.16** presents the trends in the expenditure on these components during 2011-16.

Table-1.16: Components of committed expenditure

(₹ in crore)

Committed Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16
Salaries of which	10,113 (40.81)	10,600 (40.43)	11,605 (42.78)	11,733 (40.55)	15,038 (41.29)
<i>Salaries Non-Plan/General Head</i>	9,665	10,036	10,845	10,961	14,928
<i>Salaries Plan/CSS Head</i>	448	564	760	772	110
Interest Payments	2,383 (9.61)	2,707 (10.33)	3,001 (11.06)	3,533 (12.21)	3,719 (10.21)
Pensions	3,296 (13.29)	3,463 (13.21)	3,592 (13.24)	3,686 (12.74)	3,781 (10.38)

(Figures in parenthesis represent percentage of revenue receipts.)

The expenditure on salary and wages increased by 28.17 per cent during 2015-16 and the pension payments showed upward trend from ₹3,296 crore in 2011-12 to ₹3,781 crore in 2015-16 and increased by 2.57 per cent during 2015-16. The interest payment increased by ₹1,336 crore from ₹2,383 crore in 2011-12 to ₹ 3,719 crore during 2015-16.

As reported in Appendix-XII of the Finance Accounts 2015-16, committed liabilities as on 31 March 2016 aggregated to ₹3,655.19 crore, of which ₹32.91 crore was on account of compensation payable to landowners on land acquisition and ₹3,321.70 crore on account of unpaid bills on works and supplies.

1.7.4 Financial assistance by State government to Local & Autonomous Bodies and other institutions

The assistance provided by way of Grants-in-Aid to Local and Autonomous Bodies and other institutions by various departments of the State government during the current year relative to the previous years is detailed in **Table 1.17**

Table 1.17: Financial assistance to Local Bodies/Autonomous Bodies

(₹ in crore)

Name of the Department	2011-12	2012-13	2013-14	2014-15	2015-16
Education, Sports Art & Culture	213.46	209.81	538.22	303.68	506.89
Housing and Urban Development	289.28	303.11	192.45	447.55	512.50
Agriculture	151.61	216.42	13.8	158.93	186.79
General Administration	8.50	9.14	19.46	12.55	13.11
Industries	21.41	75.23	23.52	20.32	21.47
Tourism	5.52	1.76	8.86	20.50	33.23
Administration of Justice	4.48	4.80	0.05	4.77	6.01
Health and Family Welfare	0.34	0.23	14.06	134.82	51.81
Others	1100	1263.78	671.38	432.23	190.87
Total	1,795.16	2,084.28	1,481.38	1,535.35	1,522.68
Assistance as a percentage of Revenue expenditure	7.91	8.30	5.47	5.23	4.18

The level of financial assistance sharply decreased from ₹2,084.28 crore in 2012-13 to ₹1,522.68 crore in 2015-16. During 2015-16, 66.94 per cent of the total assistance was given to the Education & Sports and the Housing & Urban Development. The assistance categorised as 'Others' comprised mainly the assistance to Ladakh Autonomous Hill Development Councils for Leh to the tune of ₹522.35 crore.

In addition, there are 4,128 numbers of Panchayati Raj Institutions (PRIs) in the State. An amount of ₹367.72 crore was released by the Government as financial assistance to these institutions during 2015-16.

1.8 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects: *adequacy of the expenditure* (i.e. adequate provisions for providing public services), *efficiency of expenditure* (use), and the *effectiveness* (assessment of outlay-outcome relationships for select services).

1.8.1 Adequacy of Public Expenditure

To enhance human development, the State is required to step up their expenditure on key social services like Education, Health etc. **Table 1.18** analyses the fiscal priority and fiscal capacity of the Government with regard to development expenditure, social sector expenditure and Capital expenditure during 2015-16.

**Table 1.18: Fiscal Priority of the Special Category State*
in 2012-13 and 2015-16**

Fiscal Priority of the State	AE/ GSDP	SSE/ AE	ESC/ AE	DE/ AE	CE/ AE	Education/ AE	Health/ AE
Special Category States (Ratio) 2012-13	22.23	38.42	31.50	69.92	15.53	20.86	5.58
Jammu & Kashmir Average (Ratio) 2012-13	39.56	23.48	34.13	57.92	17.16	12.66	5.33
Special category States Average (Ratio) 2015-16	21.66	39.78	30.63	70.41	13.95	20.63	6.41
Jammu & Kashmir Average (Ratio) 2015-16	47.73	31.94	34.11	66.31	16.72	15.05	5.95

*Based on 9 Special category States 1) Assam 2) Himachal Pradesh 3) Meghalaya 4) Mizoram 5) Nagaland 6) Sikkim 7) Tripura 8) Uttarakhand 9) Arunachal Pradesh

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

ESC:-Economic Sector.

Fiscal priority:

- Aggregate expenditure of J&K as ratio of GSDP was higher in 2012-13 and 2015-16 as compared to special category states.
- The priority given to the Education and Health in J&K lowers than the Special category States during 2012-13 & 2015-16.
- The ratio of CE to AE was higher during 2012-13 and 2015-16 as compared to Special Category States.
- The ratio of SSE to AE was lower than the Special Category States during 2012-13 and 2015-16 whereas it was higher in Economic Sector to AE during the same period.

1.8.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods⁷. Apart from improving the allocation towards development expenditure⁸, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. **Table 1.19** below presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-a-vis* previous years. The development expenditure showed an increase of ₹10,598 crore (57.41 per cent) during 2011-12 to 2015-16 and also increased from 64.44 per cent to 66.27 per cent *vis-a-vis*, the Total Expenditure during the same period.

7 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.

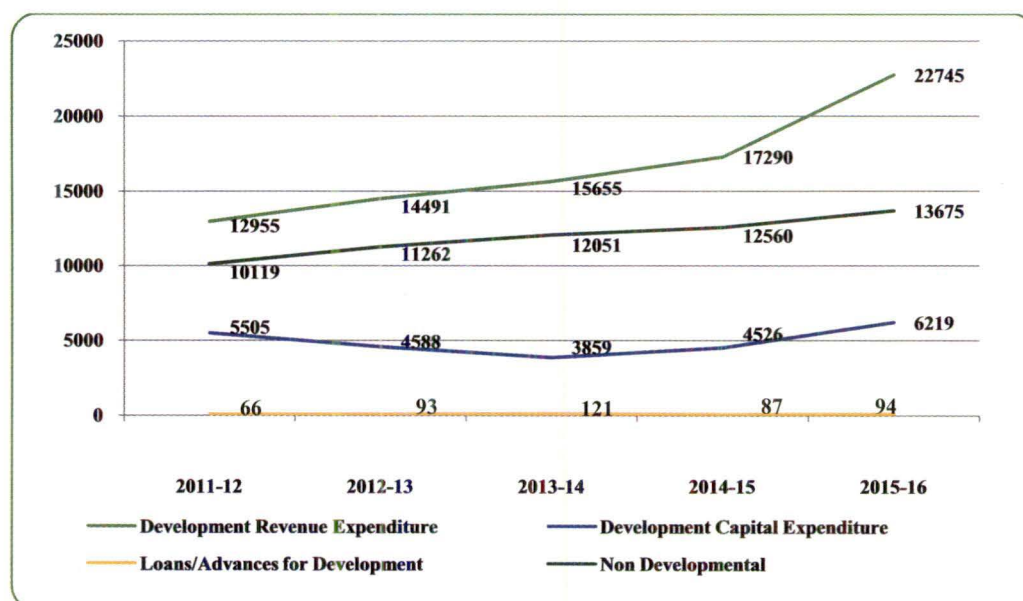
8 The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services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

Table 1.19 and Chart 1.8 provide the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

Table-1.19: Development expenditure

(₹ in crore)					
Components of Development Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16
Total Expenditure	28,645	30,434	31,686	34,550	43,845
Total Development Expenditure	18,460	19,079	19,514	21,903	29,058
Development Revenue Expenditure (₹ in crore)	12,955	14,491	15,655	17,290	22,745
Share of Development revenue expenditure in total expenditure (per cent)	45.2	47.6	49.41	50.04	51.87
Development Capital Expenditure (₹ in crore)	5,505	4,588	3,859	4,526	6,219
Share of Development Capital Expenditure in total expenditure (per cent)	19.2	15.1	12.18	13.10	14.18
Loans/Advances for Development (₹ in crore)	66	93	121	87	94
Total Development Revenue & Capital to total Expenditure (per cent)	64.44	62.69	61.59	63.40	66.05

Charts 1.8: Trends in expenditure by activities



The share percentage of Development capital expenditure in total expenditure fell from 19.2 per cent in 2011-12 to 14.18 per cent in 2015-16 while as the share of Development Revenue Expenditure in total expenditure increased from 45.2 per cent to 51.87 per cent during the same years.

Table 1.20 provides analysis of the sector-wise expenditure and its relation to developmental indices.

Table 1.20: Efficiency of Expenditure use in selected Social and Economic services

(per cent)

Social/Economic Infrastructure	2013-14			2014-15			2015-16		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S&W	O&M		S&W	O&M		S&W	O&M
Social Sector (SS)									
General Education	12.2	82.72	0.01	11.77	75.03	1.23	8.39	66.03	1.7
Health and Family Welfare	13.08	85.19	0.78	10.57	76.04	0.72	9.22	74.01	66.33
WS, Sanitation & HUD	21.99	55.68	3.36	25.87	50.10	6.24	28.76	46.27	51.43
Others	1.30	13.17	-	21.78	19.68	0.25	49.95	20.68	25.55
Total (SS)	13.47	67.24	-	15.91	63.06	1.89	19.09	59.88	25.51
Economic Sector (ES)									
Agriculture and Allied Activities	22.29	79.78	0.18	29.56	79.05	0.86	27.59	80.37	19.48
Irrigation and Flood Control	44.49	77.29	6.95	37.67	76.21	8.00	42.82	78.22	50.95
Power and Energy	8.13	10.89	0.92	2.77	10.00	0.98	4.19	9.16	70.90
Transport	71.74	0.71	43.01	41.80	0.16	14.65	48.50	0.07	2.18
Others	10.82	42.45	-	72.31	46.59	0.73	48.85	8.55	11.59
Total (ES)	25.31	32.67	-	24.93	29.05	2.23	23.70	3.88	3.88
Total (SS+ES)	19.77	50.11	-	20.75	45.77	2.47	21.47	62.45	29.09

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

The ratio of capital expenditure to total expenditure in Social and Economic service sectors showed consistent increase from 19.77 per cent in 2013-14 to 20.75 per cent in 2014-15 and to 21.47 per cent in 2015-16.

1.8.3 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. The system of presenting outcome budget needs to be introduced.

1.9 Financial analysis of Government capital expenditure and investments

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

1.9.1 Incomplete projects

On the basis of the information furnished by the departments, details of incomplete projects costing ₹1 crore and above, as on 31st March 2016, are given in **Appendix IX** of the Finance Accounts. There were 938 incomplete projects as per details given below.

Table 1.21: Department-wise profile of incomplete projects as on 31 March 2016

Department	No. of Incomplete Projects	Sanctioned Project Cost (₹ in crore)	Revised Cost (₹ in crore)	Cum. Actual Expenditure (₹ in crore)	Cost over run (₹ in crore)
Public Works Jammu	792	3,225.46	3,330.96	1,041.40	105.50 (8)
Public Health Engineering Jammu	120	552.93	965.20	606.10	412.27(40)
Power Development Department Jammu	19	148.30	170.76	76.66	22.46 (5)
Power Development Department Srinagar	07	17.76	17.76	9.68	0.23 (1)
Total	938	3,944.45	4,484.68	1,733.84	540.23 (54)

(Figures in parenthesis represent no. of works.)

As on March 2016, there were 938 projects costing ₹1 crore or above which are beyond their scheduled completion dates. These incomplete projects had a total sanctioned cost of ₹3,944.45 crore revised to ₹4,484.68 crore. An amount of ₹1,733.84 crore had been expended on these incomplete projects by 31st March 2016. In respect of 8 projects of PWD, 40 projects of PHE and 6 projects of PDD Divisions (Jammu Province), the cost was revised upward by ₹540.23 crore. Reasons for revising the cost are awaited from these Departments. Besides, in one

scheme, the Power Development Department Srinagar expended ₹0.23 crore in excess of the sanctioned project cost. Blocking of funds on incomplete projects/works impinged negatively on the quality of expenditure and deprived the State of the intended benefits for prolonged periods.

1.9.2 Financial results of Irrigation Projects

The financial results of seven major irrigation projects involving a capital expenditure of ₹330.64 crore at the end of March 2016 showed that Revenue realised from these schemes during 2015-16 was only ₹0.75 crore (0.23 per cent of the capital outlay of ₹330.64 crore). The revenue receipts of none of these schemes were sufficient to cover even the direct working expenses. After meeting the working expenses and interest charges, the schemes suffered a net loss of ₹1.56 crore (0.47 per cent of the capital outlay). The major loss making projects were Ranbir Canal & Kathua Feeder.

1.9.3 Investment and Returns

As per Statement 8 of the Finance Accounts, as on 31 March 2016, the State government had cumulatively invested ₹547.83 crore in three Statutory Corporations (₹226.11 crore), 23 Companies (₹270.70 crore), eight Co-operative Institutions/Local Bodies (₹37.83 crore), two Rural Banks (₹12.85 crore) and two Joint Stock Companies (₹0.34 crore). **Table 1.22** gives overall picture of return on investment *vis-a-vis* the average cost of Government borrowing.

Table-1.22: Return on Investment

Investment/Return/Cost of Borrowings	2011-12	2012-13	2013-14	2014-15	2015-16
Investment at the end of the year (₹ in crore)	484.95	498.25	533.27	537.17	547.83
Return (₹ in crore)	68.16	87.35	128.88	128.88	128.88
Return (per cent)	14.05	17.53	24.17	23.99	23.52
Average rate of interest on all Government liabilities (per cent)	7.06	7.07	7.07	7.6	7.17
Difference between interest rate and return (per cent)	6.99	10.46	17.10	16.39	16.35

During 2014-15 and 2015-16, the return on investment solely came from the Jammu and Kashmir Bank Limited (₹128.88 crore each year), in which the Government holds 53 per cent equity.

1.9.4 Loans and advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing loans and advances to many of these

institutions/ organizations **Table 1.23** presents the position of loans and advances outstanding as on 31 March 2016, interest receipts *vis-a-vis* interest payments during the last five years.

Table 1.23: Average interest received on loans advanced by the State Government

(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Balance	1,136.55	1,033.69	1,292.55*	1,409.83	1,493.93
Amount advanced during the year	65.61	93.40	121.41	86.80	93.79
Amount repaid during the year	168.47	1.53	4.13	2.69	4.09
Closing Balance	1,033.69	1,125.56	1,409.83	1,493.93	1,583.63
Of which outstanding balance for which terms and conditions have been settled					
Net addition	(-) 102.86	91.87	117.28	84.1	84.1
Interest Receipts	4.74	1.31	1.64	1.88	0.97
Interest receipts as <i>per cent</i> to outstanding Loans and advances	0.46	0.12	0.12	0.13	0.06
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	7.06	6.72	6.72	7.31	6.72
Difference between interest payments and interest receipts (<i>per cent</i>)	6.60	6.60	6.60	7.18	6.66

(* An amount of ₹167.00 crore has been proforma increased to the balance as on 31 March 2013 due to rectification of mis-classification intimated by the State Government).

Recoveries of loans and advances are not forthcoming from loss making public sector undertakings. No assessment about potential recoverability of these loans has been made in the FRBM Statements presented to the Legislature.

1.9.5 Cash Balances and their investment

The State Government is banking with the Reserve Bank of India with effect from 1st April 2011 for its cash/overdraft management. The cash balance decreased by ₹874 crore during 2015-16, from ₹1,401 crore at the end of 2014-15 to ₹527 crore. As on March 2015, there was a difference of ₹82.21 crore (net credit) between the cash balance of the State as worked out by the AG (A&E) and as reported by the Reserve Bank of India which has now been reduced to ₹0.18 crore (Net debit) as on March 2016. The differences are mainly due to non-reconciliation of figures by the Agency banks with the RBI.

1.10 Assets and Liabilities

1.10.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the government is not done. However, the government accounts do capture the financial liabilities of the government and the assets created out of the expenditure incurred at historical cost, i.e., in terms of the cash inflow and outflow in nominal terms without making any adjustment for appreciation/depreciation. Statement 12 of the Finance Accounts 2015-16 gives an overview of sources and application of funds. Statement 6 and Statement 17 of the Finance Accounts 2015-16 provide summary position of the government's financial liabilities such as borrowing from open market and financial institutions, loans and advances from the Union government and net receipts under public accounts in respect of which the government functions as a trustee or banker. The 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/ letters of comfort issued by the State government.

The Finance Accounts of the State government do not include a complete statement of all assets belonging to the State government because the subsidiary records of assets and their valuation are not maintained by the Accountant General (A&E), Jammu and Kashmir. The Finance Accounts merely depict cumulative capital expenditure, each year's capital expenditure being added in nominal terms without any adjustment of appreciation/depreciation of assets.

1.10.2 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 composition of fiscal liabilities during the five years is presented in **Table 1.24** and **Charts 1.9** and **1.10** (Please also see **Appendix 1.3** for trends in outstanding fiscal liabilities of the government since 2011-12).

Table-1.24: Fiscal liabilities

(₹ in crore)

Narration	2011-12	2012-13	2013-14	2014-15	2015-16
Public Account Liability & percentage of total liability	13,575 (38%)	15,630 (40%)	18,183 (39%)	20,114 (42%)	23,327 (42%)
Borrowings from open market & Financial Institutions	20,789 (57%)	22,796 (56%)	24,715 (55%)	26,525 (55%)	30,452 (55%)
Loans and advances from GOI	1,903 (5%)	1,839 (4%)	1,775 (4%)	1,675 (3%)	1,579 (3%)
Total Fiscal Liability	36,267	40,265	44,673	48,314	55,358
Growth Rate	15.97	11.02	10.94	8.15	14.57
Revenue Receipts	24,783	26,217	27,128	28,939	35,781
Fiscal Liability % of Revenue Receipts	146.34	153.58	164.67	166.95	154.71
Growth rate of revenue receipts	11.46	5.79	3.47	6.68	23.64
Buoyancy Ratio					
Fiscal Liability <i>vis-a-vis</i> Revenue Receipts.	1.40	1.90	3.15	1.22	0.61
Fiscal Liability <i>vis-a-vis</i> GSDP	0.92	0.86	0.79	20.37	3.27

Chart 1.9

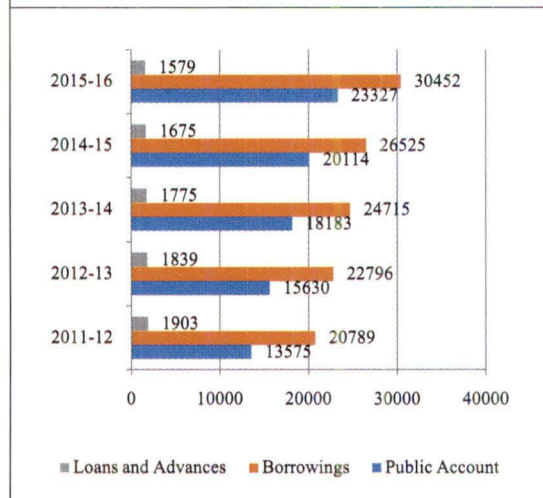
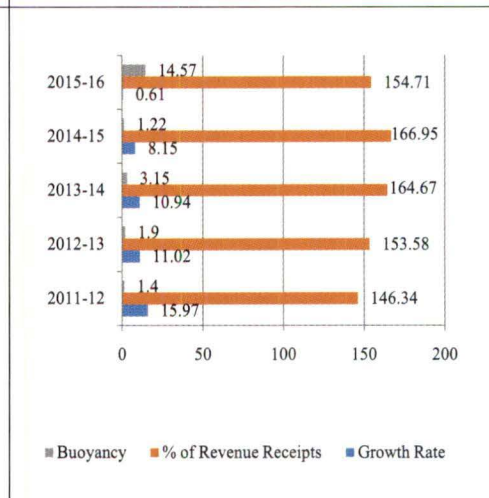


Chart 1.10



The overall fiscal liabilities of the government increased from ₹48,314 crore at the end of 31st March 2015 to ₹55,358 crore by the end of 31st March 2016. As a percentage of the GSDP, the stock of accumulated fiscal liabilities increased from 54.95 per cent at end of 2014-15 to 60.27 per cent at end of 2015-16. At the end of 2015-16, the accumulated liabilities were 1.55 times of the government's revenue receipts during 2015-16 and 4.92 times of the government's own tax and non-tax revenues during 2015-16. The buoyancy ratio of these liabilities with respect to GSDP during 2015-16 was 3.27 indicating that for each one per cent increase in GSDP, fiscal liabilities grew by 3.27 times.

1.10.3 Management of Reserve Funds

‘Reserve Funds’ are funds forming part of the public accounts of the State by appropriating sums from the Consolidated Fund and setting aside for an earmarked purpose. **Table 1.25** shows movement of closing balances in various reserve funds as on 31st March 2016. The cumulative aggregate balance in these funds as at the end of 31st March 2016 was ₹1,544 crore of which ₹11 crore has been invested outside government accounts. It is also seen from a review of receipt/disbursement transactions in the funds, that most of the funds were dormant, having no or negligible transactions.

Table 1.25: Trend in year-end Closing Balances under Reserve Funds

(₹ in crore)

RESERVE FUNDS	2011-12	2012-13	2013-14	2014-15	2015-16
Reserve Funds Bearing interest					
Calamity Relief Fund (now State Disaster Response Fund)	470	526	882	202	336
Total - Reserve Fund Bearing Interest	470	526	882	202	336
Reserve Funds Not Bearing interest					
Calamity Relief Fund (now State Disaster Response Fund)	28	28	28	28	--
Sinking fund	-	32	61	97	135
Famine Relief Fund	9	9	9	9	8
Depreciation and Renewal Reserve Funds of Govt. Commercial Depts./ Undertakings.	574	574	574	574	573
Depreciation and Renewal Reserve Funds of Govt. Non- Commercial Depts.	73	73	73	73	73
Development Fund for Agricultural Purposes	39	39	41	41	41
Constituency Development Funds	78	95	95	72	104
Other Development and Welfare Funds	73	104	104	85	115
General Insurance fund (Janta Insurance)	23	71	68	66	65
Guarantee Redemption Fund	5	5	6	7	8
Other Funds	46	50	67	77	86
Reserve Funds Not Bearing interest	948	1,079	1,126	1,128	1,208
Total -Reserve Funds	1,419	1,605	2,008	1,331	1,544
Of which balances invested					
Investments from State Disaster Response Fund	11	11	11	11	11

1.10.4. Contingent liabilities

1.10.4.1 Status of Guarantees

Guarantees are liabilities contingent on Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per Statement 9 of the Finance Accounts, the maximum amount for which guarantees could be extended by the State and outstanding guarantees for the last five years is tabulated in **Table 1.26**.

Table-1.26: Guarantees given by the State government

(₹ in crore)

Guarantees	2011-12	2012-13	2013-14	2014-15	2015-16
Outstanding amount of guarantees	2,098	611	2,714	2,860	2,827

The FRBM Act, 2006 enjoins upon the State government to limit the amount of annual incremental risk weighted guarantees to 75 per cent of the total revenue receipts in the year preceding the current year or at 7.5 per cent of GSDP of the year preceding the current year, whichever is lower. The total outstanding Guarantees as on 31st March 2016 aggregated to ₹2,826.87 crore, which was 9.76 per cent of the total Revenue Receipts of ₹28,938.59 crore in 2014-15 and three per cent of the GSDP of ₹91,850 crore. However, the State Government has not yet assessed the risks of various guarantees.

The State Government has set up Guarantee Redemption Fund (GRF) vide order dated 22nd August 2006, for meeting its obligations arising out of guarantees issued on behalf of the State Government Departments/ State Own Corporations and PSUs and Other Autonomous and Statutory Bodies. Though, the above GRF order mentions about collection of Guarantee commission/fee, the exact percentage of Guarantee commission/fee to be levied has not been specified/prescribed in the order.

The State Government has neither fixed any target for Guarantee Commission/ Fee during the year 2015-16 nor has any receipt been received by the state.

1.11 Debt management

1.11.1 Debt profile

Table 1.27 shows the outstanding public debt and other liabilities in last five years, showing the liabilities as per cent of GSDP and per capita.

Table 1.27: Burden of Public debt and other liabilities

Year	Year-end fiscal liabilities (₹ in crore)	GSDP (₹ in crore)	Liabilities as per cent of GSDP (per cent)
2011-12	36,267	68,185	53.18
2012-13	40,265	76,916	52.35
2013-14	44,673	87,570	51.01
2014-15	48,314	87,921	54.95
2015-16	55,358	91,850	60.27

The 'fiscal liabilities' include: (a) liabilities on account of borrowing from banks, financial institutions, open market and Union government (all accounted for in the Consolidated Fund as 'public debt') and (b) other liabilities on account of State Provident Fund, Pension/ Insurance Fund, Reserve Funds and Deposits (all accounted for under the public accounts of the State). The figure of 'fiscal liabilities' represent balances under the specified heads and do not account for year-end cash balances (whether invested or not). Increase in per capita liabilities from year to year signifies rising debt burden on the State and individual persons.

1.11.2 Debt sustainability

Debt sustainability implies State's ability to service the debt. Apart from the magnitude of debt of State Government, it is important to analyse the various indicators that determine the debt sustainability of the State. The analysis assesses the sustainability of the debt of the State Government in terms of rate of growth of outstanding debt; ratio of interest payment and revenue receipts, debt repayment and debt receipt; net debt available to the State. **Table 1.28** analyses the debt sustainability of the State according to these indicators for the period of 5 years beginning from 2011-12.

Table 1.28 : Debt Sustainability

	2011-12	2012-13	2013-14	2014-15	2015-16
Outstanding Public Debt	22,692	24,635	26,490	28,201	32,031
Rate of Growth of Outstanding Public Debt	14.22	8.56	7.53	6.46	13.58
GSDP	68,185	76,916	87,570	87,921	91,850
Rate of Growth of GSDP	17.41	12.80	13.85	0.40	4.46
Average interest Rate of Outstanding Debt (interest paid/OB of Public Debt+CB of Public Debt/2)	0.11	0.11	0.12	0.13	0.12
Percentage of Interest to Revenue Receipt	9.62	10.33	11.06	12.21	10.39
Percentage of Debt Payment to Debt Receipt	66.65	72.34	69.09	83.33	73.84
Net Debt available to the State	2612	1291	1406	109	111

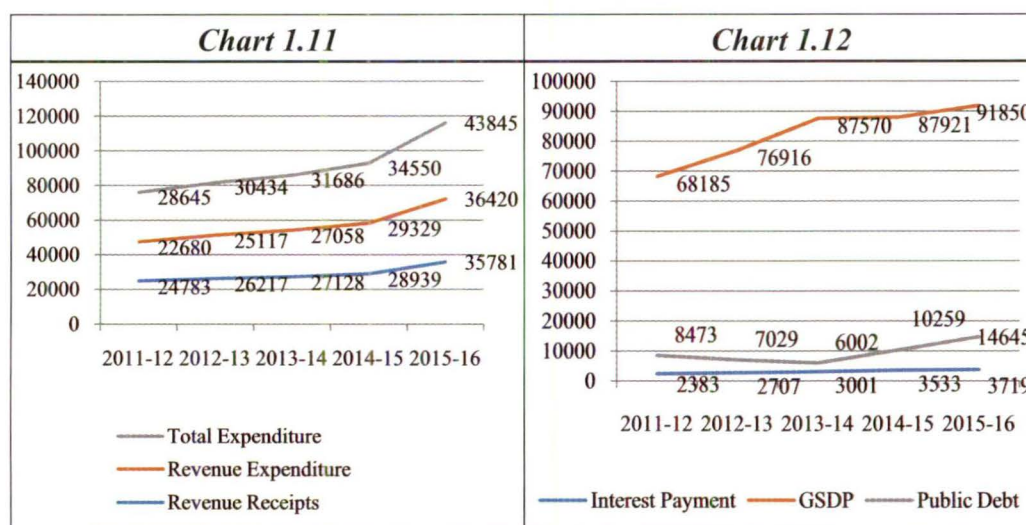
(Source: State Finance Accounts)

Public Debt of the State Government increased from ₹22,692 crore in 2011-12 to ₹32,031 crore in 2015-16 registering an increase of 41.16 per cent during the period 2011-16. The rate of growth ranged between 6.46 per cent and 14.22 per cent over the period 2011-12 to 2015-16. Public Debt increased at the rate of 13.58 per cent in 2015-16 as compared to 6.46 per cent in the previous year.

Rate of growth of GSDP registered a decreasing trend from 17.41 per cent in 2011-12 to 4.46 per cent in 2015-16 but was still higher than the average rate of interest of public debt which is ranging between 0.11 per cent and 0.13 per cent over the period 2011-16. The State needs to step up its resource mobilisation efforts to ensure prudent fiscal situation rather than depend on debt receipts. The percentage of Interest to revenue receipt was in increasing trend from 9.62 per cent in 2011-12 to 12.21 per cent in 2014-15 but declined to 10.39 per cent in 2015-16. The percentage of debt payment to debt receipt ranged between 66.65 per cent and 73.84 per cent over the period 2011-12 to 2015-16.

The net availability of borrowed funds such as internal debt, loans and advances from Government of India and other sources after providing for repayments (including interest payments) improved from ₹2,612 crore in 2011-12 to ₹111 crore in 2015-16.

1.11.2.1 Trends in various fiscal parameters and their ratios



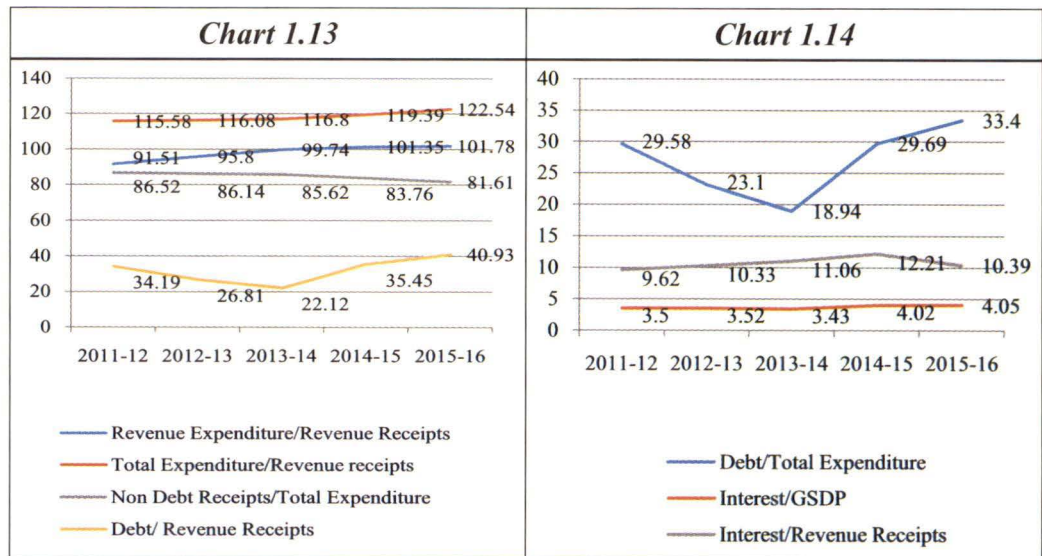


Chart 1.13 above suggests that the ratios in respects of Total Expenditure to Revenue Receipts and Debt to Revenue Receipts have increased from the previous year. For the period 2011-12 to 2015-16, except the Non-Debt receipts to Total Expenditure, all the other ratios have shown substantial increase. Likewise, from **Chart 1.14**, the ratios in respect of Debt to Total Expenditure, Interest to GSDP and Interest to Revenue Receipts has also increased from 2011-12 to 2015-16 which had the adverse effect on the economy of the State.

1.11.3 Market Borrowings

Of all the constituents of outstanding liabilities of the Government, the market loans need special attention because the interest rates thereon are not administered and may go up if in the market perception the Government debt is not sustainable. **Table 1.29** summarizes key debt sustainability indicators in the context of market loans.

Table 1.29: Key debt sustainability indicators in the context of market loans

(₹ in crore except where per cent specified)

Description	2011-2012	2012-2013	2013-14	2014-15	2015-16
Total liabilities	36,267	40,265	44,673	48,314	55,358
Total Public Debt (year-end)	22,691	24,635	26,490	28,200	32,031
Total market loans (year end)	13,956	15,510	17,205	18,321	21,046
Percentage of market loans to total liabilities (<i>per cent</i>)	38.5	38.5	38.5	37.92	38.02

Percentage of market loans to total public debt (<i>per cent</i>)	61.5	63.0	65.0	64.97	65.70
Weighted average interest rate on market loans (<i>per cent</i>)	7.32	8.00	7.88	7.60	7.17
Interest paid on market loans	927	1178	1289	1574	13.09
GSDP at current market prices	68,185	76,916	87,570	87,921	91,850
GSDP growth rate (<i>per cent per annum</i>)	17.41	12.80	13.85	0.40	4.46
Average Interest Rate on market loans/ GSDP growth rate (<i>per cent</i>)	42	62	57	1900	161
Revenue Receipts	24,783	26,217	27,128	28,939	35,781
Total Interest Payment	2,383	2,707	3,001	3,533	3,719
Interest payments to Revenue Receipts (<i>per cent</i>)	9.6	10.3	11.06	12.21	10.39
Primary Deficit	1,311	1,510	1,553	2,075	4,341
Total liabilities as <i>per cent</i> of GSDP	53.18	52.35	51.01	54.95	60.27
Outstanding guarantees	2,098	611	2,714	2,860	2,827
Revenue Surplus	2,103	1,100	70	(-)390	(-)639.80
Fiscal Deficit	3,694	4,216	4,554	5,608	8,060

Note: As per the definition of the term 'total liabilities', off budget borrowings through public sector undertakings are also required to be included. However, these are not included in the figures shown above for want of information.

The total liabilities of the State have increased from ₹36,267 crore in 2011-12 to ₹55,358 crore in 2015-16. Of the increase in total liabilities of ₹19,091 crore, ₹7,090 crore, about 37 *per cent* of the total increase in 2015-16, was contributed through market loans. The percentage of market loans to total public debt, which was 61.05 *per cent* in 2011-12 rose to as much as 65.70 *per cent* by 2015-16. This shows increasing trend of dependence of the Government on high interest rate bearing market loans to fund its expenditures instead of improving States own revenue resources to generate developmental funds.

1.11.4 Arrangement for amortization of debt

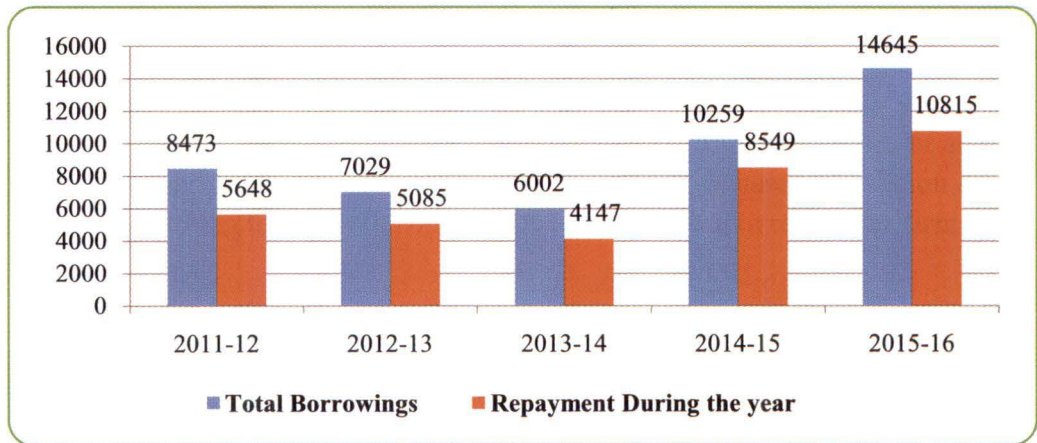
As per the recommendations of the Thirteenth Finance Commission the State Government constituted Sinking fund on 30th October 2012 for redeeming its outstanding Liabilities. As per the guidelines, the State Government is required to contribute to this fund a minimum of 10 *per cent* of 0.5 *per cent*

of the total outstanding liabilities at the end of 2010-11 every year beginning with the financial year 2011-12 to 2021-22 to make it equal to 0.5 per cent of the outstanding liabilities as at the end of 2010-11. In addition, contribution in respect of incremental liabilities from the year thereafter shall be made at 0.5 per cent of such incremental liabilities so as to reach the level deemed sufficient to meet the objective of the scheme. Accordingly, as on 31st March 2016, the balance under the fund should have been ₹137.05 crore⁹ against which ₹134.79 crore¹⁰ transferred to the fund from the year 2011-12 onwards. Overall, there was a short contribution of ₹2.26 crore to the fund till 31st March 2016. The recoverable balance of ₹134.79 crore under the fund was not invested.

Table 1.30: Details of debt raised during the year and its utilization for payment
(₹ in crore)

Year	Total borrowings during the year	Repayment during the year/ percentage
2011-12	8,473	5,648 (66.65)
2012-13	7,029	5,085 (72.34)
2013-14	6,002	4,147 (69.09)
2014-15	10,259	8,549 (83.33)
2015-16	14,645	10,815 (73.84)

Chart 1.15: Borrowing & Repayment



It is clear from the Table 1.30 and Chart 1.15 that more than 70 per cent of the current borrowings were utilized for repayment of earlier debt leaving behind less than 30 per cent for capital expenditure *vis-à-vis* creation of Assets.

9 ₹15.63 crore for year 2011-12, ₹35.62 crore for 2012-13, ₹37.67 crore for 2013-14 and ₹33.84 crore for 2014-15 and ₹14.29 crore for 2015-16.

10 ₹15.63 crore for the year 2011-12, ₹16.00 crore for 2012-13, ₹29.76 crore for 2013-14 and ₹35.73 crore for 2014-15 & ₹37.67 crore during 2015-16

1.12 Fiscal Imbalances

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

1.12.1 Trends in deficits

Table 1.31 gives time series data on the four deficits and total liabilities during 2011-16.

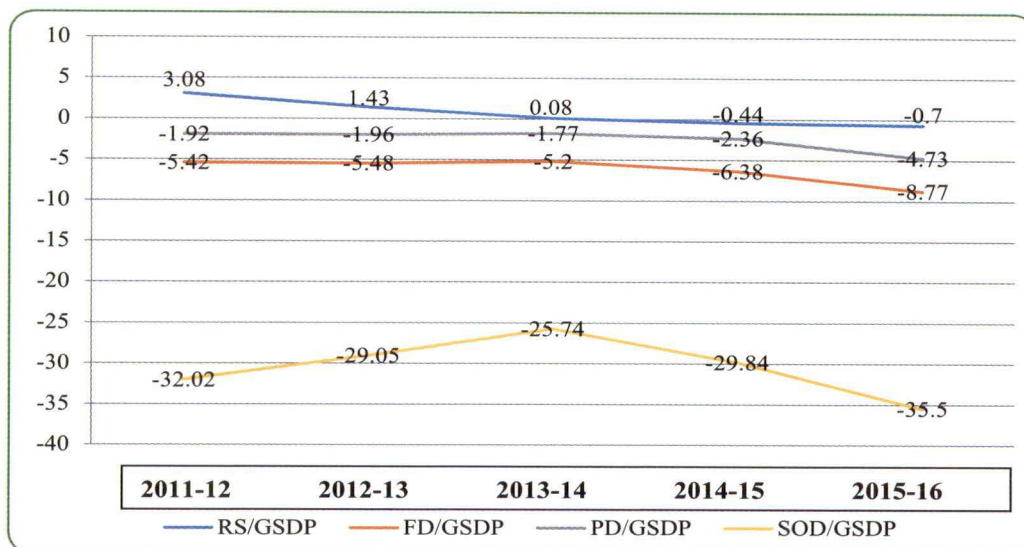
Table-1.31 : Deficit Trends

(₹ in crore)

Fiscal indicator	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal Liabilities (FL)	36,267	40,265	44,673	48,314	55,358
Revenue surplus (RS)	2,103	1,100	70	(-)390	(-) 640
Fiscal deficit (FD)	3,694	4,216	4,554	5,608	8,060
Primary deficit (PD)	1,311	1,510	1,553	2,075	4,341
State’s Own Deficit (SOD)	21,832	22,348	22,543	26,238	32,606

The State has continued to maintain revenue surplus during the period 2010-14 but the surplus declined sharply and reduced to Revenue deficit of ₹640 crore during 2015-16. The fiscal deficit increased from ₹3,694 crore in 2011-12 to ₹8,060 crore in 2015-16 and the primary deficit also increased from ₹1,311 crore to ₹4,341 crore during the same period. The States own deficit also increased from ₹21,832 crore to ₹32,606 crore during 2011-16 leading to more dependence on the Central Government/Market Loans. Charts 1.16 presents the trends in key deficit indicators related to GSDP over the period 2011-16.

Chart-1.16: Deficit Indicators



1.12.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as shown in Table 1.32.

Table 1.32: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2011-12	2012-13	2013-14	2014-15	2015-16
Source of Financing the Capital Expenditure and Fiscal Deficit						
1.	Capital Expenditure	5,899	5,224	4,507	5,134	7,331
2.	Loans and Advances	66	93	121	87	94
Financed Through						
1.	Revenue Surplus	2,102	1,100	70	(-)390	(-)640
2.	Non-Debt Capital Receipts	168	2	4	3	4
3.	Fiscal Deficit	3,694	4,216	4,554	5,608	8,060
Financing pattern of fiscal Deficit @						
1.	Market Borrowings	2,954	2,008	1,919	1,811	3,926
2.	Loans from GOI	(-)129	(-)64	(-)64	(-)100	(-) 96
3.	Small Savings, PF etc.	2,070	1,689	1,990	2,232	2,886
4.	Deposits and Advances	(-) 27	189	158	376	112.39
5.	Suspense and Miscellaneous	186	(-) 31	(-) 48	(-)237	(-) 131
6.	Remittances	(-) 627	(-) 615	1,169	2,545	(-) 208
7.	Reserve funds	126	170	403	(-)677	214
8.	Net amount recouped to contingency fund	-	-	-	-	-
9.	Drawdown of cash balance (+)/ Accretion to cash balance (-)	(-) 861	870	(-)972	(-)338	(+)874

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

Increase under the head “Small Savings, PF etc.” is mainly due to accretions under State Provident Fund, following crediting of arrears of pay revision into the Provident Fund accounts of employees by the government.

The revenue surplus decreased by ₹250 crore in 2015-16 over the previous year. The fiscal deficit was met from borrowings out of public account (of which Small Savings, Provident Funds, Remittances & Reserve Funds etc. formed a major share) and market borrowings.

1.12.3 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 State’s finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) was not having any asset backup.

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2015-16 shows (Table-1.33) that the primary deficit during the period was on account of capital expenditure incurred and loans and advances disbursed by the State government. In other words, non-debt receipts of the State were enough to meet the primary expenditure requirements in the revenue account and in fact left some receipts to meet the expenditure under the capital account. The State had to borrow to meet the requirements under capital account over primary expenditure during 2015-16. 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 1.33: 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)
2011-12	24,951	20,297	5,899	66	26,262	22	(+)4,654	(-)1,311
2012-13	26,217	22,394	5,224	93	27,711	19	(+)3,823	(-)1,494
2013-14	27,128	24,027	4,507	121	28,655	16	(+)3,101	(-)1,527
2014-15	28,939	25,760	5,134	87	30,981	17	(+)13,179	(-)2,042
2015-16	35,781	32,663	7,331	94	40,088	18	(+)3,118	(-) 4,307

It may be seen from the table that the Non debt receipts of the State were higher than the primary revenue expenditure which was sufficient to meet this expenditure due to considerable support from the Central Government. The total primary expenditure increased from ₹26,262 crore in 2011-12 to ₹40,088 crore in 2015-16 which was due to increase of primary revenue expenditure by ₹12,366 crore, while Capital Expenditure increased from ₹5,899 crore in 2011-12 to ₹7,331 crore in 2015-16. The primary deficit however, increased from ₹1,311 crore during 2011-12 to ₹4,307 crore during 2015-16.

The bifurcation of the factors resulting into Primary deficit or surplus of the Government during the period 2015-16 reveals that the primary deficit during this period was on account of slow rise in non-debt receipts as compared to primary expenditure. Therefore, non-debt receipts of the State were not enough to meet the primary expenditure requirements. If this trend continues debt sustainability will be in serious jeopardy as ideally incremental non-debt receipts every year should cover not only the incremental primary expenditure but also incremental interest burden.

1.13 Government obligations under the Fiscal Responsibility and Budget Management (FRBM) Act, 2006

Jammu and Kashmir Fiscal Responsibility and Budget Management (FRBM) Act was enacted on 14th August 2006 to be effective from 2006-07. The principal objective of the Act was reducing the fiscal deficit to three *per cent* of GSDP by 2009-10. Besides it cast several other fiscal transparency obligations on the State government. Essential obligations cast on the Government under the FRBM Act, amendments made to it and its implementation are detailed in **Appendix 1.8 & Appendix 1.9** respectively.

1.13.1 Fiscal consolidation roadmap under the recommendations of the respective 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 three *per cent* of GSDP by 2009-10. The State could not achieve the targets set by the TFC and could not avail the debt waiver and interest relief recommended by the TFC.

- The Thirteenth Finance Commission (ThFC) noted that for special category States like Jammu and Kashmir, the Revenue Deficit/ Surplus is not of much significance for purposes of fiscal adjustment as all have revenue surplus in government accounts due to grants-in-aid from the Union government being classified as non-tax revenue of the State. Under ThFC recommendations, a customized fiscal reform path of achieving fiscal deficit and outstanding debt targets was incorporated by amending the State’s FRBM Act in April 2011 and August 2011.
- The Fourteenth Finance Commissions (FrFC) recommended that the State Governments may amend their FRBM Acts to provide for the statutory flexible limits on fiscal deficit. The Union Government may amend its FRBM Act to reflect the fiscal roadmap, omit the definition of effective revenue deficit and mandate the establishment of an independent fiscal council. Further, the Union and State Governments may also amend their respective FRBM Acts to provide a statutory ceiling on the sanction of new capital works to an appropriate multiple of the annual budget provision.

Table 1.34 summaries the targets for fiscal liabilities and fiscal deficit and actual outcomes, as computed from accounts.

Table 1.34 : Targets for fiscal liabilities and fiscal deficit set by 13th & 14th Finance Commissions

(per cent of State’s actual/projected GSDP)

Fiscal parameter (as per cent of GSDP)/Year	2011-12 13th FC	2012-13 13th FC	2013-14 13th FC	2014-15 13th FC	2015-16 14th FC
<i>Fiscal Deficit – 13th Finance Commission target/projection</i>	4.7	4.2	3.6	3	3
<i>Fiscal Deficit – Govt. Accounts</i>	5.9	5.5	5.2	6.38	8.77
<i>Fiscal Liabilities – 13th Finance Commission target/projection[@]</i>	55.10	53.6	51.6	49.3	51.42
<i>Fiscal Liabilities – Government accounts[@]</i>	54.97	51.92	51.2	54.95	60.26
<i>Total Liabilities (including liabilities of PSUs etc) as per FRBM Act</i>	NA	NA	NA	NA	NA

[@] As mentioned in Para 1.11.1 giving trends in build-up of ‘fiscal liabilities’, these are computed by adding year-end outstanding liabilities on account of borrowing from banks, financial institutions, open market, Union government and other liabilities on account of State Provident/ Pension/ Insurance Funds, Reserve Funds and Deposits.

Table 1.35 compares the actual fiscal outcomes during 2010-11, 2011-12, 2012-13 and 2013-14 as compared to the State-specific projections made by the Finance Commissions.

Table 1.35 : 13th & 14th Finance Commission projections and actual fiscal outcomes

(₹ in crore)

Key Aggregates	2011-12		2012-13		2013-14		2014-15		2015-16	
	13 th FC projections	Actual	13 th FC projections	Actual	13 th FC projections	Actual	13 th FC projections	Actual	14 th FC projections	Actual
GSDP	53,677	68,185	59,849	76,916	66,732	87,570	74,406	87,921	1,07,087	91,850
Own Revenue Receipts	4,713	6,747	5,259	7,993	5,882	9,143	6,575	8,312	10,075	11,239
State's Own Tax Revenue	4,330	4,745	4,822	5,833	5,384	6,273	6,003	6,334	9,317	7,326
State's Own Non Tax Revenue	383	2,002	431	2,160	498	2,870	572	1,978	758	3,913
State's share in Union Taxes/ Duties	3,328	3,495	3,925	3,870	4,630	4,142	5,536	4,477	8,748	7,814
Non-Plan Revenue Expenditure	11,706	21,432	12,539	23,561	13,393	25,219	14,132	26,457	28,715	36,420
Salaries	5,550	9,802	5,736	10,298	5,924	10,843	6,115	11,733	NA	14,763
Pension	1,993	3,297	2,192	3,463	2,411	3,592	2,653	3,686	4,378	3,781
Interest Payment	2,054	2,383	2,240	2,707	2,420	3,001	2,587	3,533	3,511	3,719
Pre- Devolution Non-Plan Revenue Deficit	6,993	14,685	7,280	15,568	7,511	16,076	7,558	18,145	18,640	17,859
Post-Devolution Non-Plan Revenue Deficit	3,665	7,151	3,355	8,074	2,881	8,845	2,096	11,203	9,892	153
Fiscal Liabilities as per cent of GSDP	55.1	53.18	53.6	52.35	51.6	51.0	49.3	54.95	51.42	60
Fiscal Liabilities	29,576	36,267	32,079	40,265	34,434	44,673	36,682	48,314	47,229	55,358

The actual revenue realisation in States Own Tax Revenue and State's Share in Union Taxes was less than the projections of recommendations of the 14th Finance Commission. Fiscal liability was also higher than the projections.

1.14 Conclusion

The State, being a special category State, had high level of share in Central taxes and grants from the Central government. The States' dependence on central resources has been steadily declining. It came down from 73 *per cent* in 2011-12 to 69 *per cent* in 2015-16. There was increase in the total capital expenditure from ₹5,899 crore in 2011-12 to ₹7,331 crore in 2015-16. States Own Tax Revenue (SOTR) grew from ₹5,833 crore in 2012-13 to ₹7,326 crore in 2015-16.

Service Tax is the only Central Tax that is presently not applicable to the State of J&K. The State has its own Service Tax under State Law. Since the Central Service Tax is not applicable to the State, the State is not entitled to a share in the total Service Tax collected by the Central Government all over the country. The foregone share is 1.551 *per cent* of the Service Tax collected by the Centre. As per assessment made by the 13th Finance Commission regarding likely Central Service Tax collection during 2010-15, the 1.551 *per cent* share foregone by the J&K works out to ₹8,363.38 crore against which the State Service Tax collection was ₹4,461.09 and States actual Share in Central Service Tax would have been about ₹9,674.30 crore i.e., 1.551 *per cent* of the Total Central Service tax collection of ₹6,23,746 crore.

As per the 14th Finance Commission, the likely Service Tax collection during 2015-16 as State share should have been ₹3,815.55 crore i.e., 1.854 *per cent* of State share of Central Service Tax (₹2,05,815.55) against which the State has collected the actual service tax to the tune of ₹1,236.77 crore and had foregone ₹2,578.78 crore.

Central Government has been transferring a sizeable quantum of funds for CSS schemes such as SSA, NRHM, MGNREGS, etc. in the form of Grant-in-aid which is taken under revenue receipts by the State Government but the expenditure is being incurred under Capital Heads for creation of assets. This leads to increase in revenue Surplus and Capital outlay.

The expenditure on salaries, wages, pension and other post-retirement benefits, interest payments and power development departments' was nearly 66.36 *per cent* of total expenditure and 79.89 *per cent* of normal revenue expenditure in 2015-16.

Targets for collection of power departments' tariff were not achieved. The shortfall in collection of revenue was ₹1,503 crore *vis-a-vis* targets and shortfall *vis-a-vis* expenditure on power purchased was ₹4,650 crore.

Government did not present a time bound action plan to recover minimum of 50 *per cent* of service charges after accounting for operation and maintenance expenses from the users as recommended by the 13th Finance Commission.

The dependence of the Government on high interest rate bearing market loans to fund its expenditures was on increasing trend instead of improving States own revenue resources to generate developmental funds. The Development Capital Expenditure registered a persistent decreasing trend from 2011-12 to 2014-15 and increased during 2015-16 indicating that the developmental works were getting inadequate resources upto 2014-15.

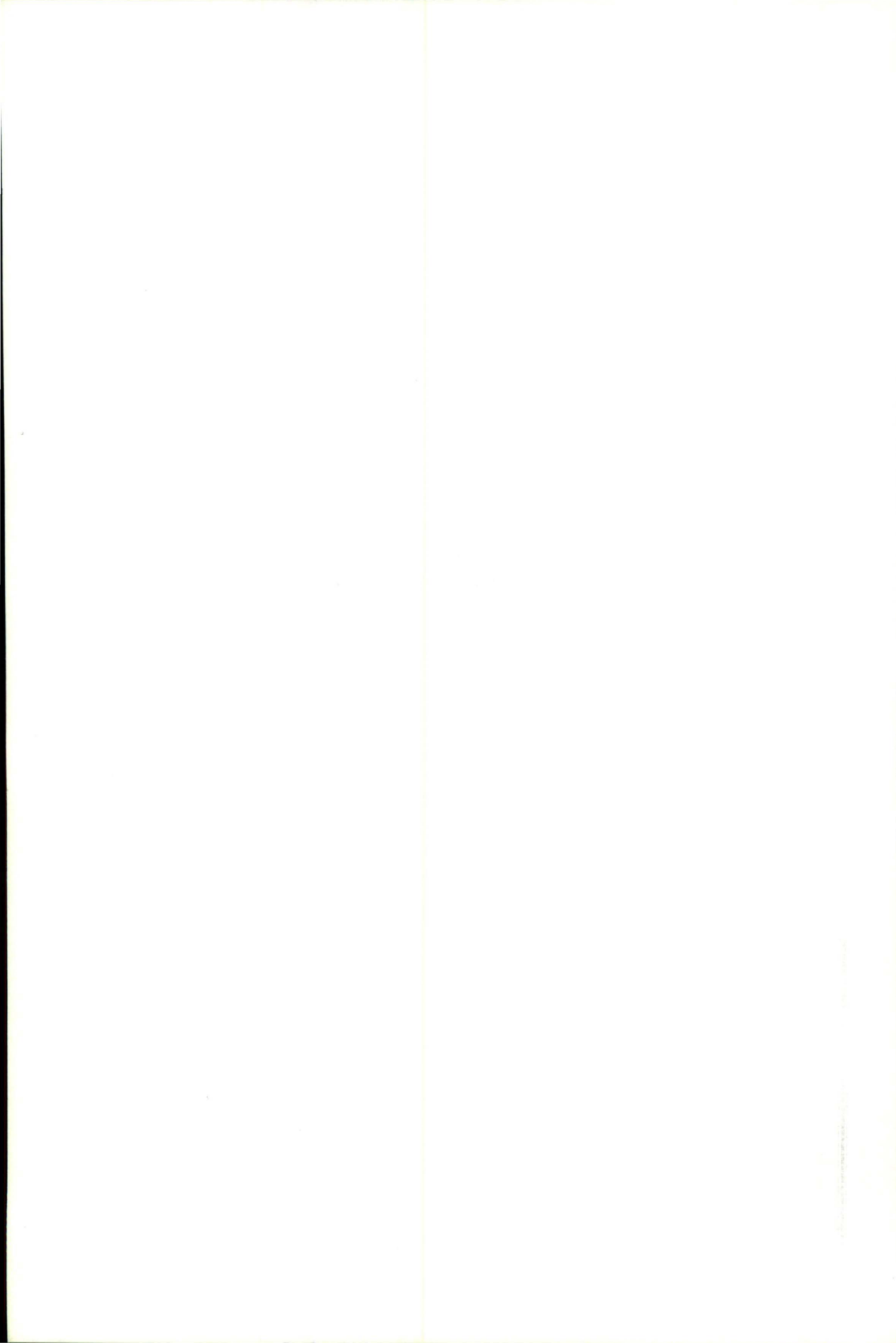
There were 938 projects/works costing ₹1 crore or above which had overshoot their scheduled completion dates. An amount of ₹1,733.84 crore had been expended on these incomplete projects by 31st March 2016.

The State Government had investment of ₹547.83 crore in 3 statutory corporations, 23 companies, 8 co-operative institutions/local bodies, 2 rural banks and 2 joint stock companies. The return of ₹128.88 crore came only from JK Bank Ltd.

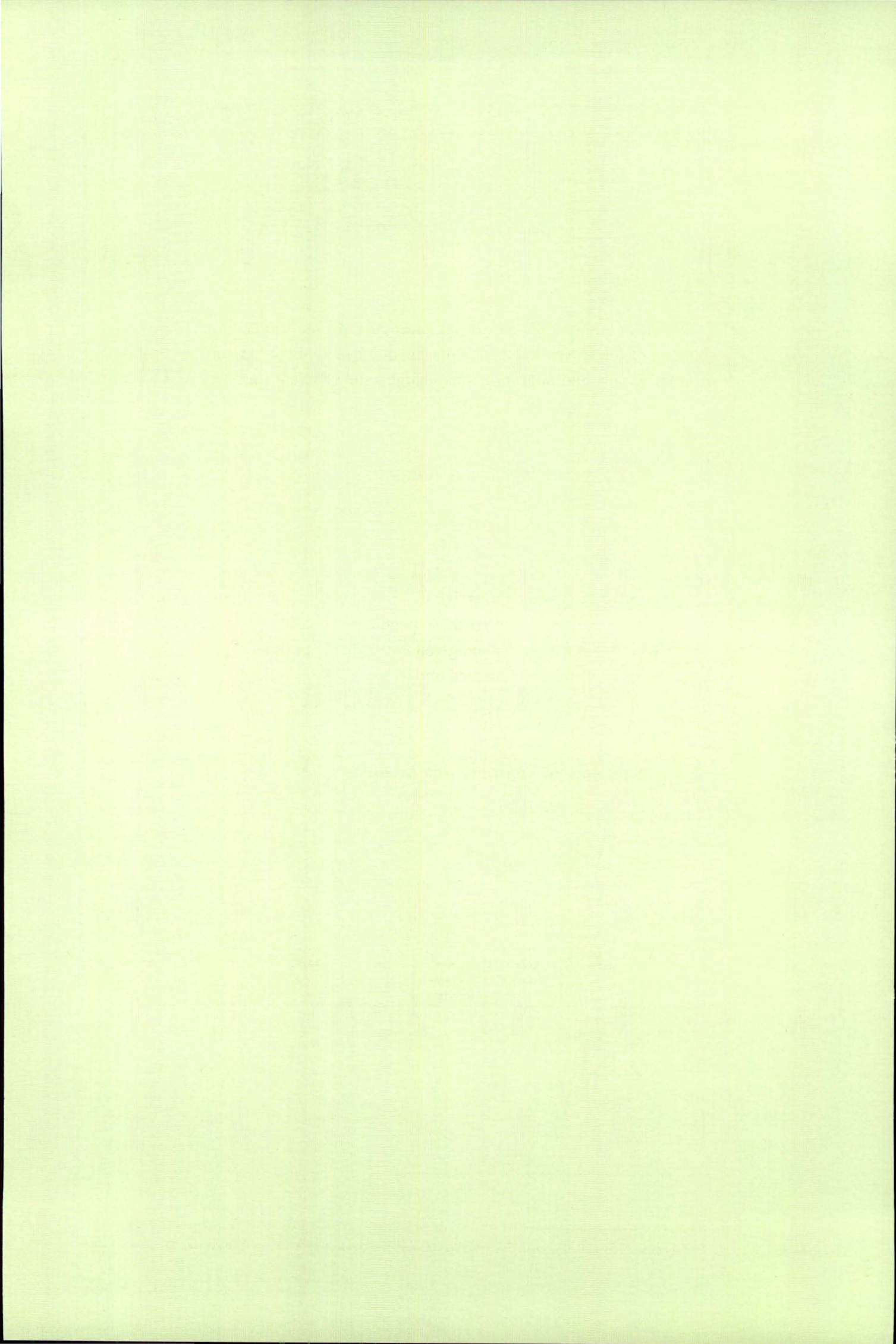
1.15 Recommendations

The Government may consider the following:

- Since the major chunk of the Revenue Expenditure is on Salaries, Pension and interest payments which is largely uncontrollable, the State Government may explore measures for containing other components of Revenue Expenditure so that Revenue deficit could be eliminated and recourse to borrowal of funds reduced,
- The State Government may prepare a time bound action plan to achieve the goal of recovery of at least 50 *per cent* of service charges for users as recommended by the 13th Finance Commission, and
- The State Government may analyse the reasons for the delays in completion of projects and take adequate steps for their completion to achieve the intended benefits.



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 2015-16 against 29 grants/appropriations was as given in **Table 2.1**.

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

(₹ in crore)

	Nature of expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure ¹	Saving (-)/ Excess (+)	Amount surrendered
Voted	I-Revenue	31,745.00	3,582.76	35,327.76	32,854.31	(-) 2,473.45	Nil
	II-Capital	10,397.63	3,575.76	13,973.39	8,099.78	(-) 5,873.61	Nil
	III-Loans and Advances	137.00	0.00	137.00	93.79	(-) 43.21	Nil
Total voted		42,279.63	7,158.52	49,438.15	41,047.88	(-) 8,390.27	Nil

¹These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue (₹193.48 crore) and Capital (₹768.85 crore)

Charged	IV-Revenue	3,842.79	0.75	3,843.54	3,759.58	(-) 83.96	Nil
	V-Capital	0.00	0.00	0.00	0.00	0.00	Nil
	VI-Public Debt Repayment	8,589.26	0.00	8,589.26	10,815.08	(+) 2,225.82	Nil
Total charged		12,432.05	0.75	12,432.80	14,574.66	(+) 2,141.86	Nil
Appropriation to Contingency Fund (if any)		0	0	0	0	0	Nil
Grand Total		54,711.68	7,159.27	61,870.95	55,622.54	(-) 6,248.41	Nil

The overall saving of ₹6,248.41 crore was the result of saving of ₹10,521.47 crore in 22 grants and 5 appropriation under Revenue Section and 22 grants under Capital Section which is offset by excess of ₹4,273.05 crore in seven grants under Revenue Section and five grants and one appropriation under Capital Section.

In the voted section, the Supplementary Grant of ₹7,158.52 crore proved injudicious, as the expenditure of ₹41,047.88 crore did not come even up to the level of original provision of ₹42,279.63 crore.

2.3 Financial Accountability and Budget Management

2.3.1 Expenditure in Excess of legislative approval by certain Departments

There were 13 cases where expenditure exceeding ₹1 crore or more than 20 per cent of the provision was observed. In these cases against approved provision of ₹20,851.42 crore, an expenditure of ₹25,110.04 crore was incurred thereby exceeding provision by ₹4,258.62 crore. 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 grant as given in **Table 2.2**.

Table-2.2: List of Grant where Persistent Excess expenditure was incurred during 2011-16

Grant number and name	Years				
	2011-12	2012-13	2013-14	2014-15	2015-16
(₹ in crore)					
Revenue (Voted)					
18-Social Welfare Department	142.64 (46%)	427.26 (134%)	302.36 (95%)	137.31 (25%)	222.37 (36%)

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

Reasons for persistent excesses under the head were not explained (September 2016) by the State Government.

2.3.2 Excess over provisions requiring regularization

Table 2.3 contains the summary of total excess in 13 cases comprising of 11 grants and an appropriation amounting to ₹4,258.62 crore over authorization from the Consolidated Fund of the State during 2015-16.

Table-2.3: Excess over provisions requiring regularization during 2015-16

(₹ in crore)

Sl. No	Grant Number	Name of Grant/ Appropriation	Total Grant/ Appropriation	Expenditure	Excess (percentage)
Revenue (Voted)					
1	06	Power Development Department	5,619.53	6,856.45	1,236.92 (22)
2	15	Consumer Affairs & Public Distribution Department	9.40	11.81	2.41 (26)
3	16	Public Works Department	974.88	1,035.71	60.83 (06)
4	17	Health & Medical Education	2,150.26	2,369.31	219.05 (10)
5	18	Social Welfare Department	621.74	844.11	222.37 (36)
6	23	Public Health Engineering Department	1,014.23	1,060.02	45.79 (05)
7	28	Rural Development Department	434.27	555.09	120.82 (28)
Total (Revenue Voted)			10,824.31	12,732.50	1,908.19
Capital (Voted)					
8	4	Information Department	2.61	6.05	3.44 (132)
9	7	Education Department	248.88	312.13	63.25 (25)
10	15	Consumer Affairs & Public Distribution Department	1,062.61	1,102.71	40.10 (04)
11	18	Social Welfare Department	117.61	133.45	15.84 (13)
12	26	Fisheries Department	6.14	8.12	1.98 (32)
Total (Capital Voted)			1,437.85	1,562.46	124.61
Capital Charged					
13	08	Finance Department	8,589.26	10,815.08	2,225.82 (26)
Total (Capital Charged)			8,589.26	10,815.08	2,225.82
(Grand Total)			20,851.42	25,110.04	4,258.62

In the Revenue section, there was excess expenditure of ₹1,908.19 crore in seven grants, while in the Capital section, excess expenditure amounted to ₹124.61 crore in five grants and ₹2,225.82 crore in one appropriation. The excess expenditure of ₹4,258.62 crore was mainly due to repayment of Public Debt of ₹2,225.82 crore in excess of budget provisions. Similar excess expenditure over provisions, due to repayment of public debt, was observed during 2014-15. Although repayment of Public Debt and interest payments is an expenditure charged on the Consolidated Fund of the State, the Legislative approval is nevertheless required for any outgo from the Consolidated Fund.

2.3.3 Regularization of excess expenditure

As per Section 82 of the Constitution of Jammu and Kashmir, it is mandatory for the State Government to get the excess over a grant/appropriation regularized by the State Legislature. Although no time limit for regularization of expenditure has been prescribed under the Section, the regularization of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As the Appropriation Accounts (1980-81) had not been discussed in PAC, the excess expenditure aggregating to ₹1,00,508.81 crore for the years 1980-2015 is yet to be regularized by the State Legislature as detailed in *Appendix 2.5*. After including further excess expenditure of ₹4,273.05 crore during 2015-16 as brought out in the preceding Sub-Section, the aggregate excess expenditure requiring regularization by the Legislature stands at ₹1,04,767.43 crore as on 31st March 2016.

2.3.4 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 ₹1,961.44 crore was incurred in 59 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.

2.3.5 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 29 grants listed in **Table 2.4**, expenditure exceeding ₹10 crore for the year was incurred during the last quarter of the financial year 2015-16. The percentage of expenditure in the last quarter ranged between 29 and 97 *per cent* of the total expenditure. An amount of ₹23,234.40 crore was incurred out of the total

expenditure of ₹54,660.20 crore in the last quarter in 29 grants constituting 42.51 per cent of total expenditure.

Table-2.4: Cases of rush of expenditure towards the end of the financial year 2015-16

(₹ in crore)

Grant No	Name of the Grant	Total expenditure during the year	Expenditure during the last quarter of the year	
			Amount	percentage of total expenditure
1	General Administration	269.41	77.31	29
2	Home Department	4,467.33	1,408.08	32
3	Planning Department	693.14	407.39	59
4	Information Department	50.99	21.77	43
5	Ladakh Affairs Department	763.51	743.05	97
6	Power Development Department	7,133.95	3,678.80	52
7	Education Department	5,748.02	1,864.05	32
8	Finance Department	18,624.18	7,408.12	40
9	Parliamentary Affairs Department	41.24	12.07	29
10	Law Department	201.51	67.67	34
11	Industries and Commerce Department	430.07	222.45	52
12	Agriculture Department	1,185.76	542.18	46
13	Animal Husbandry Department	426.93	126.31	30
14	Revenue Department	1,698.87	1,132.80	67
15	Consumer Affairs & Public Distribution	375.80	156.96	42
16	Public Works Department	2,042.03	994.83	49
17	Health & Medical Education	2,610.03	919.29	35
18	Social Welfare Department	977.56	580.42	59
19	Housing & Urban Development Department	919.59	410.81	45
20	Tourism	272.28	146.74	54
21	Forest Department	636.89	200.80	32
22	Irrigation Department	800.74	360.88	45
23	Public Health Engineering Department	1,450.39	497.45	34
24	Hospitality & Protocol	242.99	126.46	52
25	Stationery & Printing	168.43	121.96	72
26	Fisheries Department	77.02	21.69	28
27	Higher Education	898.82	414.80	46
28	Rural Development	1,366.89	514.38	38
29	Transport Department	85.83	54.88	64
	Total	54,660.20	23,234.40	

2.3.6 Savings

The outcome of the appropriation audit shows that in 44 cases, savings exceeded ₹1 crore in each case or by more than 20 per cent of the total provision (Appendix 2.1). Against the total savings of ₹10,521.47 crore, savings of

₹10,240.76 crore² occurred in 24 cases relating to 16 grants as indicated in Table 2.5.

Table-2.5: List of Grants with savings of ₹50 crore and above

(₹ in crore)

Sl. No	Name of Grant/ Appropriation/	Original	Supple- mentary	Total grant	Actual expenditure	Savings/ percentage
I-Revenue Voted						
1	01- General Administration Department	263.91	29.57	293.48	228.55	64.93 (22)
2	02-Home Department	4,034.95	517.55	4,552.50	4,207.82	344.68 (8)
3	03-Planning and Development Department	991.18	0.00	991.18	242.22	748.96 (76)
4	07-Education Department	4,591.08	1,165.20	5,756.28	5,435.89	320.39 (6)
5	08-Finance Department	6,170.79	0.00	6,170.79	4,058.43	2,112.36 (34)
6	10-Law Department	215.14	60.92	276.06	173.87	102.19 (37)
7	11-Industries & Commerce	191.85	99.20	291.05	237.14	53.91 (19)
8	12-Agriculture Department	909.19	24.02	933.21	854.56	78.65 (08)
9	14- Revenue Department	933.34	103.88	1,037.22	787.96	249.26 (24)
10	21-Forest Department	684.06	0.00	684.06	589.05	95.01 (14)
11	22-Irrigation & Flood Control Department	529.24	0.00	529.24	470.00	59.24 (11)
12	27-Higher Education Department	691.89	32.95	724.84	658.68	66.16 (09)
	Total-Revenue (Voted)	20,206.62	2,033.29	22,239.91	17,944.17	4,295.74
	Revenue (Charged)					
13	08-Finance Department	3,796.12	0.00	3,796.12	3,719.34	76.78 (02)
	Total Revenue (Charged)	3,796.12	0.00	3,796.12	3,719.34	76.78
	Total (I)	24,002.74	2,033.29	26,036.03	21,663.51	4,372.52
II-Capital (Voted)						
14	02-Home Department	152.63	183.88	336.51	259.51	77.00 (23)
15	03-Planning and Development Deptt.	2,393.76	0	2,393.76	450.92	1,942.84 (81)
16	06-Power Development Department	385.71	620.50	1,006.21	298.61	707.60 (70)
17	12-Agriculture Department	518.49	22.01	540.50	360.87	179.63 (33)

² Exceeding ₹50 crore in each case.

18	14-Revenue Department	9.37	2,000.00	2,009.37	910.91	1,098.46 (55)
19	16- Public Works Department	1,341.27	344.01	1,685.28	1,178.69	506.59 (30)
20	17-Health & Medical Education	737.68	0.00	737.68	240.73	496.95 (67)
21	19-Housing & Urban Development	528.67	0.00	528.67	308.06	220.61 (42)
22	22-Irrigation & Flood Control Department	383.18	0.00	383.18	330.74	52.44 (14)
23	23-Public Health Engineering Department	478.00	1.80	479.80	390.37	89.43 (19)
24	28- Rural Development Department	1,308.44	0.05	1,308.49	811.80	496.69 (38)
Total-II-Capital (Voted)		8,237.20	3,172.25	11,409.45	5,541.21	5,868.24
Grand Total (I+II)		32,239.94	5,205.54	37,445.48	27,204.72	10,240.76

Reasons for substantial savings (shortfall in utilisation) against each grant were not furnished by the State Government (October 2016).

2.3.7 Persistent Savings by certain Departments

In six 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 2.6.

Table-2.6: List of Grants indicating Persistent Savings during 2011-16

(₹ in crore)

Sl. No	Grant number and name	Amount of Savings				
		2011-12	2012-13	2013-14	2014-15	2015-16
Revenue (Voted)						
1.	03-Planning and Development Department	20.48 (14)	89.06 (36)	683.73 (75)	816.81 (82)	748.96 (76)
2.	10-Law Department	77.17 (38)	62.01 (33)	65.28 (32)	97.04 (34)	102.19 (37)
3.	11-Industries & Commerce Department	36.84 (18)	32.34 (15)	42.17 (18)	89.05 (33)	53.91 (19)
Revenue (Charged)						
4.	10-Law Department	6.51 (28)	12.54 (39)	3.81 (14)	6.47 (22)	3.98 (13)
Capital (Voted)						
5.	19-Housing and Urban Development Department	262.38 (43)	235.05 (31)	672.87 (76)	568.44 (77)	220.61 (42)
6.	25-Labour, Stationery and Printing Department	71.84 (97)	78.16 (98)	102.52 (98)	76.70 (98)	31.79 (29)

Reasons for persistent savings under these heads were not intimated by the State Government (October-2016).

2.3.8 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 2015-16, there were 22 grants and 5 appropriation under Revenue Section and 22 grants under Capital Section in which savings occurred. However during the year in anticipation of savings, no surrender was made by the concerned department. The savings in these cases was of the order of ₹10,521.47 crore which includes ₹10,520.33 crore in 46 cases (involving 27 grants and three appropriation) where savings involved were ₹1 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.

2.3.9 Unnecessary/ Excessive/ Inadequate supplementary provisions

In fifteen cases, involving eleven grants (*Appendix-2.6*), supplementary Grant of ₹1,323.03 crore was obtained in excess of the original provision in anticipation of expenditure. However, the final expenditure of ₹5,783.34 crore was even less than the original grant of ₹6,651.22 crore. The savings of ₹2,190.91 crore thus, exceeded the entire supplementary provision indicating inadequate system of Fund projection leading to unnecessary allotment of additional funds.

In six departments (*Appendix-2.7*), supplementary provision of ₹1,231.61 crore proved insufficient leaving an uncovered aggregate excess expenditure of ₹1,765.82 crore, which forms 41.46 per cent of the total excess of ₹4,258.62 crore.

2.4 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending, to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that expenditure during the financial year recorded in their books be reconciled 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. During 2015-16, 197 out of the 345 Controlling Officers have reconciled an expenditure of ₹12,771.03 crore {29.13 per cent of total expenditure (excluding

public debt) of ₹43,845.12 crore} and receipts of ₹3,138.34 crore {8.77 per cent of the total receipts (excluding public debt) of ₹35,784.69 crore}.

2.5 Errors in budgeting process

Scrutiny of Demand for Grants for the year 2015-16 showed following flaws in preparation:

- Lump sum budgetary provisions of ₹10,116.41 crore which constitute 16.35 per cent of total provision of ₹61,870.95 crore were 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. The issue was highlighted in previous year's Audit Reports also but remedial action has not been initiated.
- The Capital heads of accounts are being closed at sub-head level in the demand for grants. No detailed breakup 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 compiled by the Accountant General (A&E), Jammu and Kashmir difficult. The above matter had been reported to the State Government from time to time. Further action in the matter is awaited (October 2016).

2.5.1 Drawal of Funds to avoid lapse of Budgetary Grants

According to the provisions of Jammu and Kashmir Financial Code Vol-I [Rule 2.16 (5)] no money should be drawn from the treasury unless it is required for immediate disbursement. Besides, it is not permissible to draw money from treasury for keeping in Banks or under civil deposits to prevent the lapse of Budgetary Grants. The 13th Finance Commission also recommended that the Public Accounts should not be treated as an alternative to the Consolidated Fund and Government expenditure should be directly incurred from the Consolidated Fund avoiding transfer from Consolidated Fund to the Public Account.

It was observed in Minor Head 800-Other Deposits subordinate to Major Head 8443-Civil Deposits that despite a balance of ₹540.07 crore after a withdrawal of ₹113.37 crore, an amount of ₹67.10 crore was added to the Minor Head, which was unnecessary. The accumulated balance of ₹493.80 crore at the close of the year should have been written back to the respective Major Heads of account under the Consolidated Fund from which these were originally transferred, as the drawals from the Minor Head of account in the subsequent years would not

require Legislative approval and thus would escape Legislative scrutiny through the Appropriation Account mechanism.

2.5.2 Unrealistic forecasting of resources

The Jammu and Kashmir State Budget Manual stipulates that the Budget of the State is based on the departmental estimates submitted by the Controlling Officers. Both the departmental and the district estimate should always receive careful personal attention of the officers who submit them and should be as accurate as possible. It was noticed that the revised estimates for 2015-16 for Tax revenue projection was ₹7,988 crore while actual realization was ₹7,326 crore resulting in downward variation of ₹662 crore corresponding to 8 per cent below the original forecast. Similarly, Non-tax Revenue for the year 2015-16 was projected at ₹3,455 crore while actual realization was ₹3,913 crore resulting in excess realization of ₹458 crore corresponding to 13 per cent increase against the original projection. The projections of tax and non-tax revenue for the last five years *vis-à-vis*, actual collections during the years are appended in Table 2.7.

Table 2.7: Projections of Tax Revenue and Non-Tax Revenue *vis-à-vis* Actuals

(₹ in crore)

Year	Description	Revised estimates of revenue	Actual realisation	Difference	Difference as percentage
2011-12	Tax revenue	4,791	4,745	46	0.96
	Non-Tax revenue	1,851	2,002	(-) 151	(-) 8.16
2012-13	Tax revenue	5,975	5,832	143	2.39
	Non-Tax revenue	2,819	2,160	659	23.38
2013-14	Tax revenue	6,820	6,273	547	8.02
	Non-Tax revenue	3,400	2,870	530	15.59
2014-15	Tax revenue	6,438	6,334	104	1.62
	Non-Tax revenue	3,154	1,978	1176	37.29
2015-16	Tax revenue	7,988	7,326	662	8.29
	Non-Tax revenue	3,455	3,913	(-) 458	(-)13.26

The actual realisation of tax revenue was less than the estimates of collection and varied between 0.96 per cent to 8.29 per cent whereas in the case of non-tax revenue the variation ranged between 15.59 per cent to 37.29 per cent during the year 2012-13 to 2014-15. In 2011-12 and 2015-16, however, the actual realization of Non Tax Revenue was more than the estimates and ranged between 8.16 per cent and 13.26 per cent respectively.

2.5.3 Mis-classification of Grants-in-Aid and Subsidy

Grants-in-Aid to any Institution/Body must constitute the Revenue Expenditure of the Government. But during the year 2015-16, a sum of ₹2,817.52 crore of Grant-in-Aid, Subsidy of ₹64.06 crore and ₹0.60 crore Stipend & Scholarship has been disbursed under the following Capital Major Heads of expenditure in violation of Para 9 of Indian Government Accounting Standards (IGAS-2) as tabulated in **Table 2.8**.

Table 2.8: Disbursement of Grants-in Aid and Subsidy under Capital Heads

(₹ in crore)

Classification	Grant-in-Aid	Subsidy	Stipend & Scholarship
4055-Capital Outlay on Police	209.85	-	-
4075-Capital Outlay on Misc. General Services	---	0.10	--
4202-CO on Education, Sports Art & Culture	150.88	--	--
4210-CO on Medical & Public Health	57.63	--	--
4217-CO on Urban Development	155.69	--	--
4225-CO on Welfare of SCs, STs & Other Backward Classes	33.97	--	--
4235-CO on Social Security & Welfare	909.36	--	--
4236-Capital Outlay on Nutrition	13.21	--	--
4401-CO on Crop Husbandry	150.13	44.58	--
4402-CO on Soil & Water Conservation	4.78	0.63	0.60
4403-CO on Animal Husbandry	8.99	--	--
4406-CO on Forestry and Wild Life	0.75	--	--
4425-CO on Co-operation	--	1.48	--
4515-CO on Other Rural Development Programmes	633.29	--	--
4851-CO on Village & Small Industries	--	17.15	--
5425-Capital Outlay on other Scientific and Environment Research	--	0.12	--
5452-CO on Tourism	49.32	--	--
5475-CO on General Economic Services	439.67	--	--
Total	2,817.52	64.06	0.60

2.6 Outcome of Inspection of Treasuries

2.6.1 Excess payment of pension

Inspection of treasuries/sub-treasuries for the year ended 31st March 2016 by the office of the Accountant General (A&E) brought out excess payment of pension amounting to ₹1.02 crore due to reasons such as wrong calculation (arithmetical inaccuracies) of pension, delayed commencement of reduced pension on account of commuted value of pension, payment of enhanced rate of pension beyond stipulated date, non-adjustment/ non-regularisation of commuted value of pension and other miscellaneous reasons.

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

2.6.2 Non reimbursement of pension etc. by Pay & Accounts Offices Defence

Transactions which initially arise in the State Treasuries but are adjustable by the PAO/ Defence are placed under suspense for eventual adjustments. An amount of ₹150.24 crore and ₹20.97 crore paid by the State Treasuries on behalf of the Central Pension Accounting Officer, New Delhi and Controller of Defence Accounts respectively ending March 2016 are still adjustable in the accounts of the State Government due to either non-submission of vouchers to the respective quarters by the treasuries or non-response from the Central Pension Accounting Officer and Defence Departments.

2.7 Outcome of Review of selected Grants

2.7.1 Grant No. 03-Planning & Development Department, 16-Public Works Department, 25-Labour, Stationary & Printing Department

A review of Budgetary Procedure and control over Expenditure in three test checked grants i.e. Grant Nos: 03, 16 & 25 showed the following audit observations:

2.7.2 Unrealistic Budget Provision

Audit Scrutiny of Grants No:-03, 16 & 25 revealed that there was huge savings / excess in both Revenue (Voted) as well as Capital (Voted) Section as tabulated below:-

Table 2.9: Saving / Excesses in Grant Nos. 3, 16 & 25

(₹ in crore)

Grant No.	Revenue (Voted)			Capital (Voted)			Total Appropriations (Rev.+Cap)	Total Expenditure (Rev.+Cap)
	Total Appropriation	Expenditure	Saving (-)/ Excess (+) & %	Total Appropriation	Expenditure	Saving (-)/ Excess (+)		
03	991.18	242.22	(-)748.96 (76)	2,393.76	450.92	(-)1,942.84 (81)	3,384.94	693.14
16	974.88	1,035.71	(+) 60.83 (6)	1,685.27	1,178.68	(-)506.59 (30)	2,660.15	2,214.39
25	100.05	91.32	(-) 8.73 (9)	108.89	77.10	(-)31.79 (29)	208.94	168.42
Total	2,066.11	1,369.25	(-) 696.86	4,187.92	1,706.70	2,481.22 (59)	6,254.03	3,075.95

In the Grant Nos. 3, 16 and 25, there were savings of ₹748.96 crore and ₹8.73 crore in Grant No. 3 and 25 and excess of ₹60.83 in the Grant No. 16 under Revenue (Voted) Section. In the Capital Voted Section, the savings was ₹1,942.84 crore, ₹506.59 crore and ₹31.79 crore respectively; total ₹2,481.22 (59%), against the budget/appropriation of ₹4,187.92 crore. This showed that the departments either made unrealistic budget provisions or did not disburse the amount during 2015-16 and which was not surrendered during the year. The savings ranged between nine per cent to 76 per cent under Revenue (Voted) Section and from 29 per cent to 81 per cent under Capital (Voted) Section and the overall savings was 69 per cent under Revenue Voted Section and 59 per cent under Capital Voted Section. Besides there was excess of ₹60.83 crore (6 per cent) excess in the Grant No 16 which was not regularized.

2.7.3 Excess over provision requiring regularization

As per Section 82 of the Constitution of Jammu & Kashmir, it is mandatory for the State Government to get the excess over Grant/Appropriation regularized by the State Legislature. The excess expenditure of ₹60.24 crore (*Appendix 2.10*) in Grant No 3, ₹1,159.20 crore in Grant No.16 (*Appendix 2.10*) and ₹5.77 crore in Grant No-25 (*Appendix 2.10*) during the year 2015-16 require regularization under the above mentioned provision of the J&K State Constitution.

2.7.4 Entire Provision remained unutilized

Under Grant No. 3, Grant No.16 and Grant No. 25, the entire budget provision in twelve Minor Heads/Schemes for ₹1,499.96 crore (*Appendix 2.11*), five Minor Heads/Schemes for ₹1,251.87 crore and in eight Minor Heads/Schemes for ₹6.34 crore (*Appendix 2.11*) respectively were unutilised resulting in denial of intended benefits to the general public. The provision should have been re-appropriated to the needy schemes/works where there was excess expenditure over the provision for expenditure / public fund optimisation.

2.7.5 Persistent saving in Grant No. 3

In the Grant No.3, persistent saving was noticed in Revenue and Capital Voted Sections during the last five years as detailed below. The savings ranged from ₹20.48 crore (13.82 per cent) to ₹748.96 crore (75.56 per cent) in 2011-12 and 2015-16 and was highest ₹816.81 (81.77 per cent) in 2014-15 under Revenue (Voted) Section and in Capital Voted Section the savings was ₹804 crore (64.06 per cent), ₹1,942.84 (81.16 per cent) and ₹2,638.59 (89.47 per cent) respectively in 2014-15.

Table 2.10: Persistent Saving in Grant No. 3

Year	Revenue (Voted)			Capital (Voted)		
	Total Grant/ Appropriation (₹ in crore)	Actual Expenditure (₹ in crore)	Savings (-) (₹ in crore) & (%)	Total Grant/ Appropriation (₹ in crore)	Actual Expenditure (₹ in crore)	Savings (-) (₹ in crore) & (%)
2011-12	148.10	127.62	(-) 20.48 (14)	1,254.93	450.93	(-) 804.00 (64)
2012-13	247.54	158.48	(-) 89.06 (36)	2,737.25	256.58	(-) 2,480.67 (91)
2013-14	913.30	229.57	(-) 683.73 (75)	2,688.77	388.11	(-) 2,300.66 (86)
2014-15	998.86	182.05	(-) 816.81 (82)	2,948.97	310.38	(-) 2,638.59 (89)
2015-16	991.18	242.22	748.96 (76)	2,393.76	450.92	(-) 1,942.84 (81)

2.7.6 Anticipated savings not surrendered

As per State Budget Manual, the spending departments are required to surrender the Grant/Appropriation or portion thereof to the Finance Department as and when savings are anticipated. At the close of the year 2015-16, in 12 cases in respect of Grant No. 25 (*Appendix 2.9*), saving of ₹51.33 crore (26 per cent) was not surrendered by the concerned department for utilization in the departmental purposes. The significant saving also deprived the beneficiaries/areas of the benefits for which the amount was provided for. It also therefore, indicated the inadequate budgetary control.

2.7.7 Expenditure incurred without Budgetary Provision

An amount of ₹71.14 crore was incurred in four cases in Grant No. 03, ₹95.49 crore (11 cases) in Grant No 16 and ₹7.38 crore (9 cases) (*Appendix 2.8*) without Budgetary Provision either in Original Estimates or in Supplementary Demands. These services may be new services or new instrument of services not

contemplated in the Demand for Grants against which no token Grant was even obtained.

2.7.8 Less Expenditure (Savings) under the Grants

Against the budgetary provisions of ₹1,851.27 and ₹1,102.08 crore, the expenditure incurred was ₹528.06 crore and ₹653.50 crore under Grant No 3 and 16 respectively. As such, less expenditure of ₹1,323.21 crore (18 cases) and ₹448.58 crore (16 cases) was incurred in Grant No. 3 and Grant No. 16, as detailed in *Appendix 2.12* which showed unrealistic budget provisions by the departments as detailed in **Table 2.11**.

Table 2.11: Less Expenditure (Savings)

(₹ in crore)			
Grant No	Budget/Appropriation	Expenditure	Savings
03	1,851.27	528.06	1,323.21
16	1,102.08	653.50	448.58

2.8 Conclusion

The overall savings of ₹6,248.41 crore was the result of saving of ₹10,521.47 crore in various grants and appropriations offset by excess of ₹4,273.05 crore.

Excess expenditure of ₹1,04,767.43 crore till 31st March 2016 over the approved provision ending March 2016 requires regularization under Section 82 of the Constitution of Jammu and Kashmir.

Planning and Development, Law, Industries and Commerce, Housing and Urban Development, Labour, Stationery and Printing Grants posted large savings persistently during the last five years. In many cases, the anticipated savings were not surrendered at the end of the year in the month of March leaving no scope for utilization of these funds for other development purposes. There were also instances of inadequate provisions and unnecessary/excessive Supplementary Grants besides 'Rush of Expenditure' in the last quarter of the financial year indicating inadequate budgetary control in the departments.

No re-appropriation/Surrenders orders were issued for providing the funds out of anticipated savings to the needy areas/works.

Annual review on the working of treasuries showed excess payment of gratuity and Pension.

There is an accumulated balance of ₹493.80 crore under Minor Head-800–Other Deposits subordinate to Major Head-8443-Civil Deposits at the close of the year which has not been written back to the Major Heads of Account under the Consolidated Fund from which these were originally transferred.

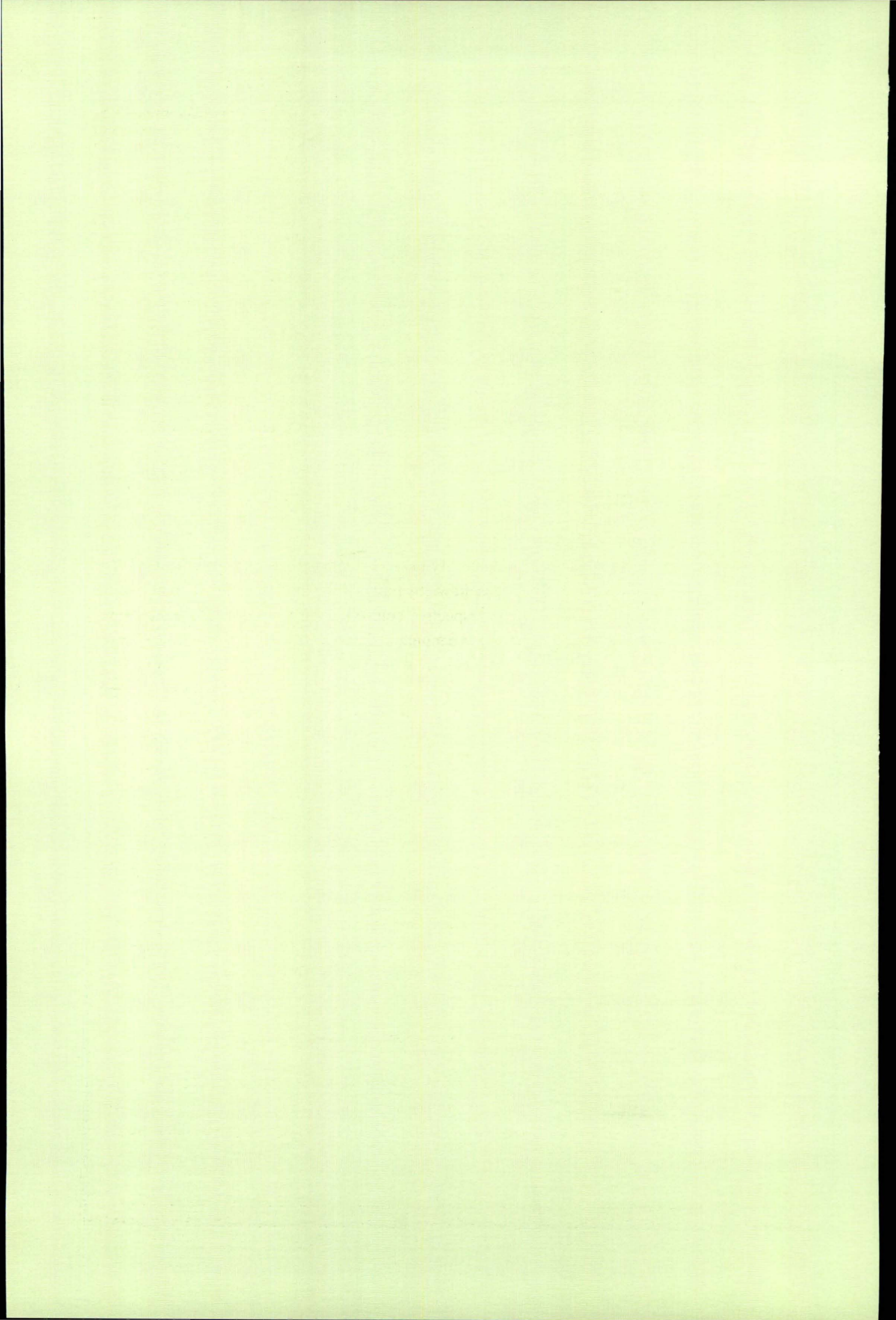
During 2015-16, a sum of ₹2,817.52 crore of Grant-in-Aid, Subsidy of ₹64.06 crore and ₹0.60 crore Stipend & Scholarship has been disbursed under Capital Major Heads of expenditure.

2.9 Recommendations

The Government may consider the following:

- The Government should ensure timely submission of explanation for excess expenditure and seek Legislative approval,
- The State Govt. may take up requisite steps for strengthening budgetary control in all the government departments, particularly in those departments where saving/excesses have been observed regularly, and
- The State Govt. may consider to write back balance under Deposit Accounts to the respective Major/Minor Heads at the close of the year to ensure legislative scrutiny.

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 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 Vol-1) 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 transmit the same to the Accountant General (A&E) Jammu & Kashmir. In contravention thereto, against a total amount of ₹1,192.69 crore comprising of 2,015 bills (*Appendix 3.1*) drawn on AC bills by various drawing and disbursing officers during 1995-2016, corresponding DC bills were not submitted (August-2016) to the Accountant General (A&E), Jammu & Kashmir. Out of outstanding AC bills, ₹298.35 crore pertains to 2014-15, ₹785.33 pertains prior to 2014-15 and the balance of ₹109.01 crore pertains to the year 2015-16. AC bills amounting to ₹192.50 crore were drawn in March 2016 alone, out of which ₹98.03 crore were drawn on the last day of the financial year. Non- rendition of DC bills for such a huge amount over a very long period is fraught with the risk of misappropriation.

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

3.2 Delay in furnishing of Utilisation Certificates

Autonomous Bodies/authorities not having sufficient resources of their own are assisted financially by the Government through release of Grant-in-Aid (GIA) to be spent on specific purposes. The position of GIA provided by the

State to Autonomous Bodies/ Authorities during 2010-11 to 2015-16 is given in **Table 3.1**.

Table-3.1: Grant-In-Aid provided by the State to Autonomous Bodies/ Authorities

(₹ in crore)

Sl. No.	Body/Authority	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Srinagar Municipal Corporation	107.18	112.42	89.65	117.73	161.16	158.18
2.	Jammu Municipal Corporation	74.60	69.98	127.95	74.30	108.64	98.54
3.	Urban Local Bodies (Kashmir)	42.67	62.39	50.32	74.49	87.36	56.03
4.	Urban Local Bodies (Jammu)	26.96	41.30	35.03	36.97	62.94	76.65
5.	SKUAST* – Kashmir	75.73	90.63	99.43	80.92	100.54	132.18
6.	SKUAST* – Jammu	28.29	30.59	45.55	70.15	59.48	54.61
7.	Kashmir University	59.83	61.85	83.94	82.60	114.67	156.80
8.	Jammu University	43.28	63.70	58.66	74.08	76.14	85.80
9.	J&K Sports Council	8.30	10.26	13.55	21.76	16.93	19.52
10.	J&K Academy of Art and Culture	11.68	19.93	17.32	14.31	17.16	15.18
11.	Institute of Management & Public Administration (IMPA)	5.89	10.51	8.70	9.63	10.47	10.13
12.	Khadi and Village Industries Board	10.60	12.01	14.72	19.46	7.48	17.47
13.	Others	47.18	44.96	48.27	134.37	446.28	641.59
	Total	542.19	630.53	693.09	810.77	1,269.25	1,522.68

*Sher-e-Kashmir University of Agriculture Sciences & Technology Jammu/Kashmir

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 2015-16 is detailed in **Table 3.2**.

**Table-3.2: Age-wise arrears of Utilization Certificates:
Status as on 31st March 2016**

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	267	1,612.82	Nil	Nil	267	1,612.82
1 – 2	667	970.05	353	50.37	314	919.68
Above 2	5,508	2,740.20	5,165	1,795.23	343	944.97
Total	6,442	5,323.07	5,518	1,845.60	924	3,477.47

A total number of 924 UCs involving ₹3,477.47 crore were outstanding as on 31st March 2016 of which 657 UCs amounting to ₹1,864.65 crore were outstanding for more than one year.

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

A total of 586 annual accounts of 47 Bodies were required to be audited by the Comptroller and Auditor General (C&AG) of India under Section 14 were awaited (*Appendix-3.2*) as on 31st March 2016. Nine 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**.

Table 3.3: Non-submission of accounts by Autonomous Bodies

Name of Body/Authority	Delay in number of years	No of accounts	Grants during 2015-16 (₹ in crore)	Remarks
Ladakh Autonomous Hill District Council, Leh (LAHDC-L)	1-21	21	253.07	-
Ladakh Autonomous Hill District Council, Kargil (LAHDC-K)	1-12	12	269.28	-
Compensatory Afforestation Man-agement and Planning Authority (CAMPA)	1-7	07	NA	Accounts have not been rendered by the Authority since its inception i.e November -2009.

Sher-i-Kashmir University of Agricultural Science and Technology, Srinagar	1-2	02	132.18	-
Sher-i-Kashmir University of Agricultural Science and Technology, Jammu	1-2	02	54.61	-
EPF Board Srinagar	09	09	NA	-
Jammu & Kashmir State Housing Board	03	03	NA	-
Khadi and Village Industries Board (KVIB)	03	03	17.47	-
Building and Other Construction Workers Welfare Board (BOCWVB)	02	02	NA	-
		61	726.61	

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

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.

3.4 Departmentally Managed Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of commercial nature are required to prepare *proforma* accounts in the prescribed format annually. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall

financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay is fraught with risk of fraud and leakage of public money.

The Heads of the Government Departments are required to ensure that the undertakings prepare such accounts and submit the same to the Accountant General (Audit), Jammu and Kashmir for audit within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System (PDS) by the Consumer Affairs and Public Distribution Department. The *proforma* accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not prepared their *proforma* accounts from 1968-69 to 2015-16 (July 2016). In Kashmir and Ladakh Divisions, the PDS operations are directly carried out by departmentally run PDS shops. The *proforma* accounts have not been prepared in these two Divisions from 1975-76 (Revised Account) and onwards (July 2016). In Jammu Division, the PDS operations are mainly through network of private dealers (about 91 *per cent*) and the *proforma* accounts have not been prepared from 1973-74 to 1997-98 and 1999-2000 to 2015-16. The *proforma* accounts for 1998-99 were finalised during 2002-03(2016).

Year wise position of the *proforma* account of PSUs in the State is given in the **Appendix 3.3**

3.5 Opaqueness in Government Accounts

Booking under Minor Head 800-Other Receipts and 800-Other Expenditure is opaque as they do not disclose the schemes, programmes to which they relate. During 2015-16, ₹9,366.69 crore under 38 revenue major heads of accounts constituting about 26.18 *per cent* of the total revenue receipts of ₹35,780.60 crore, was recorded under the Minor Head 800-Other Receipts.

3.6 Outstanding Liability to Contractors

The committed liability of the State for the year 2015-16 amounts to ₹3,655.19 crore on Major Works and Contracts (₹300.58 crore), Land Acquisition Charges (₹32.91 crore) and unpaid bills on Works/Supply (₹3,321.70 crore). The State

Government is getting work done by the contractors without provision of funds by the legislature and the contractors are not getting paid and has thus resulted in creation of liability on this account.

3.7 Conclusion

Against the total amount of ₹1,192.69 crore drawn on AC bills by various drawing and disbursing officers during 1995-2016, corresponding DC bills were not submitted to the Accountant General (A&E) J&K.

The position regarding outstanding Utilization Certificates has not improved as compared to 2014-15. A total number of 924 UCs involving a total amount of ₹3,477.47 crore remained outstanding as on 31st March 2016 which was 8.47 *per cent* of the total expenditure of ₹41,047.88 crore incurred in 2015-16 under Voted Section.

586 Annual Accounts of 47 Autonomous Bodies were awaited for audit as on 31st March 2016 ranging from 1972-73 to 2015-16.

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

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


3.8 Recommendations

The Government may consider the following:

- The State Government may take necessary steps to ensure adjustment of the advances drawn on the contingent bills within the stipulated period as required under the extant rules,
- The State Government may consider timely submission of utilization certificates in respect of Grants released for specific purposes to the grantee institutions,
- The State Government may consider timely preparation of annual accounts by the autonomous bodies to facilitate auditing, and


- The State Government may consider depicting the amounts received and expenditure incurred under various schemes distinctly instead of clubbing the Receipts and Expenditure of major schemes under the Minor Head 800-Other Expenditure and 800-Other Receipts.

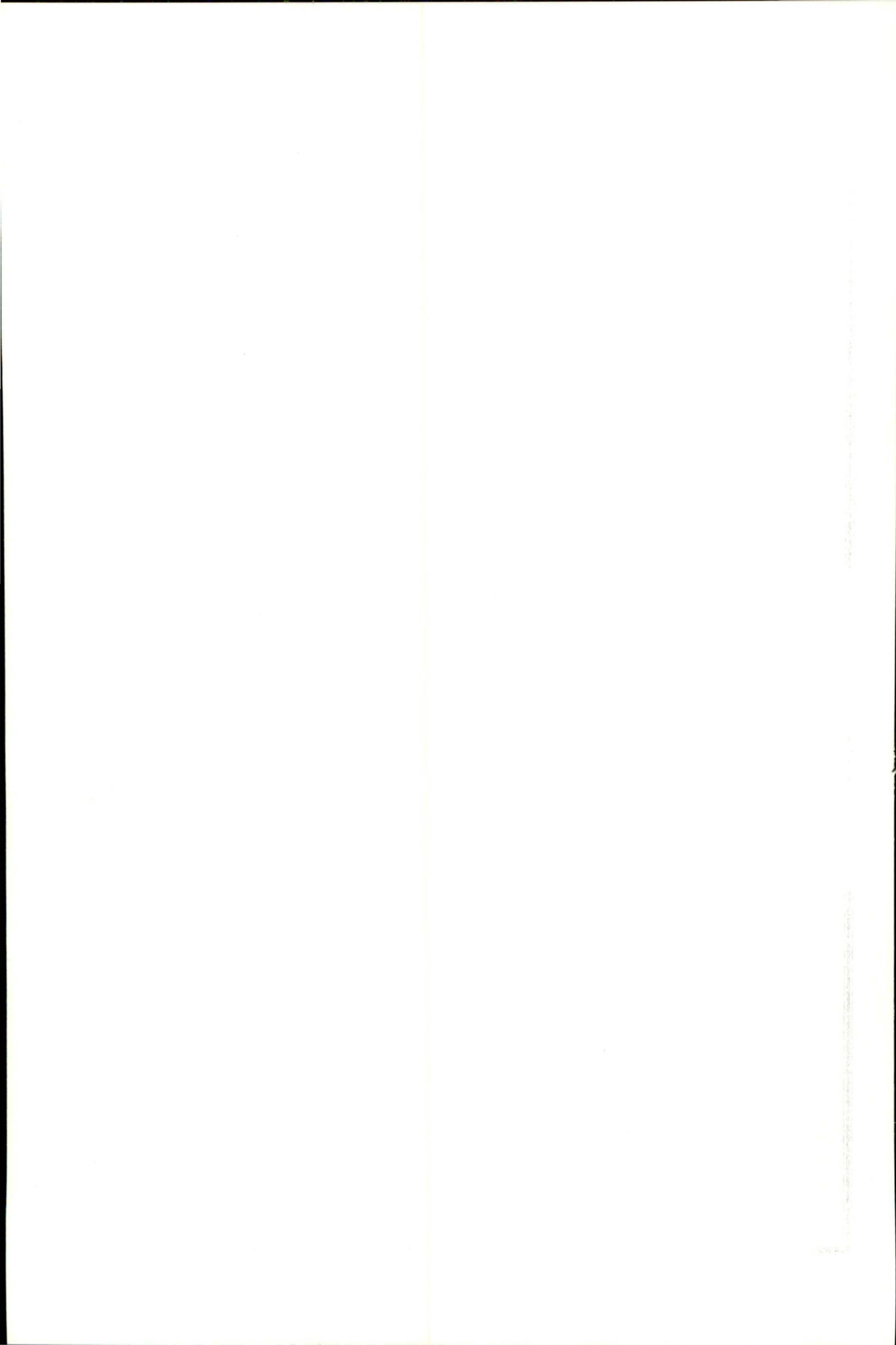
Srinagar/Jammu
The **28th DEC 2016**


(Hoveyda Abbas)
Accountant General (Audit)
Jammu & Kashmir

Countersigned

New Delhi
The **05th JAN 2017**


(Shashi Kant Sharma)
Comptroller and Auditor General of India



APPENDICES

5

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

A. General Data					
S.NO	Particulars	Figures			
1	Area	2.22 lakh sq.Kms			
2	Population	1.25 crore			
	As per 2011 Census	1.25 crore			
3	Density of population (as per 2011 Census). (All India Density = 382 persons per Sq. Km)	124 per sq.Kms			
4	*Population below poverty line (BPL) for 2011-12 (All India Average = 29.5 per cent)	15.1			
5	Literacy (as per 2011 Census) (All India Average = 73.0 per cent)	67.16			
6	Infant mortality (per 1000 live births). (All India Average =40 per 1000 live births as per SRS Bulletin of Sept.2014)	37(Rate 2013)			
7	Life Expectancy at birth (All India Average=67.5 years as per Economic Survey 2014-15)	72(2009-13)			
8	Gini Coefficient (a major of inequality of income among the population. Value rate is from zero to one. Value closer to zero indicates inequality is less and vice versa)				
	a. Rural (All India = 0.29)	0.24			
	b. Urban (All India = 0.38)	0.31			
9	Per Capita GSDP CAGR(2006-07 to 2015-16) for General Category States 13.86	14.27			
10	GSDP CAGR (2006-07 to 2015-16)	Jammu & Kashmir	NA		
		Other General Category States	16.26		
11	Population Growth (2005-06 to 2014-15)	Jammu & Kashmir	NA		
		Other General Category States	12.76		
B. Financial Data					
Sl. No.	Particulars (CAGR)	Figures (in per cent)			
		2006-07 to 2014-15		2014-15 to 2015-16	
		General category States	Jammu & Kashmir	Special Category States	Jammu & Kashmir
a.	Of Revenue Receipts	14.74	12.62	11.45	23.64
b.	Of Own Tax Revenue	15.08	25.13	19.80	40.05
c.	Of Non Tax Revenue	10.20	6.46	(-) 18.75	97.83
d.	Of Total Expenditure	16.71	12.87	2.73	26.90
e.	Of Capital Expenditure	13.21	9.65	(-)6.26	42.79
f.	Of Revenue Expenditure on Education	17.08	16.74	1.24	51.92
g.	Of Revenue Expenditure on Health	18.70	15.86	20.65	31.45
h.	Of Salary & Wages	15.49	16.95	5.19	28.17
i.	Of pension	18.59	17.41	16.65	2.58

Appendix - 1.2

Part A: Structure and Form of Government Accounts

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

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

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

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

PART B: Layout of Finance Accounts

Statement	Layout
Statement No.1	Statement of Financial Position
Statement No.2	Statement of Receipts and Disbursements
Statement No.3	Statement of Receipts in Consolidated Fund
Statement No.4	Statement of Expenditure in Consolidated Fund
Statement No.5	Statement of Progressive Capital Expenditure
Statement No.6	Statement of Borrowings and Other Liabilities
Statement No.7	Statement of Loans and Advances given by the Government
Statement No.8	Statement of Investment of the Government
Statement No.9	Statement of Guarantees given by the Government
Statement No.10	Statement of Grants- in-Aid given by the Government
Statement No.11	Statement of Voted and Charged Expenditure
Statement No.12	Statement of Sources and Application of funds for Expenditure other than Revenue
Statement No.13	Summary of Balances under Consolidated Fund, Contingency Fund and Public Account
Statement No.14	Detailed Statement of Revenue and Capital Receipts by Minor heads
Statement No.15	Detailed Statement of Revenue Expenditure by Minor heads
Statement No.16	Detailed Statement of Capital Expenditure by Minor Heads and Sub Heads
Statement No.17	Detailed Statement of Borrowings and Other Liabilities
Statement No.18	Detailed Statement of Loans and Advances given by the Government
Statement No.19	Detailed Statement of Investments of the Government
Statement No.20	Detailed Statement of Guarantees given by the Government
Statement No.21	Detailed Statement on Contingency Fund and Other Public Account Transactions
Statement No.22	Detailed Statement on Investments of Earmarked Funds

Appendix - 1.3
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 five years are indicated below:

Item/Year	2011-12	2012-13	2013-14	2014-15	2015-16
Gross State Domestic Product (₹ in crore) (Base year: 2004-05)	68,185	76,916	87,570	87,921	91,850
Growth rate of GSDP (Revised)	17.41	12.80	13.85	0.40	4.89
GDP at market prices	83,91,691	93,88,876	1,04,72,807	N/A	N/A
GSDP as % of GDP	0.81	0.83	0.83	N/A	N/A

Source: (Directorate of Economics & Statistics, Department of Planning, Government of Jammu and Kashmir)

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Pre-Devolution Non-Plan Revenue Deficit	Non-Plan Revenue Expenditure – (State's Own Tax Revenues + State's Own Non-Tax Revenues)
State's Own Deficit	Fiscal Deficit – Share in Union Taxes/Duties – Grants-in-Aid received from the Union Government
Non-Plan Revenue Gap	Revenue Deficit – Revenue Deficit on 'Plan' Account = Revenue Deficit – (Plan Revenue Expenditure – Plan Grants)

Appendix 1.4

(Reference: Paragraph: 1.2; Paragraph: 1.2.1 & Paragraph: 1.4)

Time series data on the State Government Finances

(₹ in crore)

Part-A Receipts					
Fiscal Aggregate	2011-12	2012-13	2013-14	2014-15	2015-16
I. Revenue Receipts (a) + (b)	24,783	26,217	27,128	28,939	35,781
(a) Tax Revenue	8,240 (33)	9,703 (37)	10,415 (38)	10,811 (37)	15,141 (42)
(i) Revenue from State Taxes	4,745 (19)	5,833 (22)	6,273 (23)	6,334 (22)	7,326 (20)
Of which					
Taxes on sales, trade, etc.	3,414 (72)	4,174 (72)	4,579 (73)	4,602 (73)	5,277 (72)
State Excise	385 (8)	421 (7)	440 (7)	466 (7)	533 (7)
Taxes on vehicles	105 (2)	118 (2)	134 (2)	132 (2)	145 (2)
Stamps and Registration fees	171 (4)	240 (4)	261 (4)	248 (4)	264 (4)
Land Revenue	33 (1)	96 (2)	16 (1)	15 (0.23)	12 (0.16)
Other Taxes	637 (13)	784 (13)	843 (13)	871 (14)	1,095 (15)
(ii) State's share of Union taxes and duties	3,495 (14)	3,870 (15)	4,142 (15)	4,477 (15)	7,814 (22)
(b) Non-Tax Revenue	16,543 (67)	16,514 (63)	16,713 (62)	18,127 (63)	20,640 (58)
(i) State's Own Non-Tax Revenue	2,002 (8)	2160 (8)	2,870 (11)	1,978 (7)	3,913 (11)
Of which					
Power Department receipts	1,007 (50)	1,589 (74)	1,533 (53)	1,428 (72)	1,477 (38)
(ii) Grants-in-aid from the Union Government	14,541 (59)	14,354 (55)	13,843 (51)	16,150 (56)	16,728 (47)
State's Own Revenues(a) (i) + (b) (i)	6,747	7,993	9,143	8,312	11,239
Revenue transfers from Centre (a) (ii) + (b) (ii)	18,036	18,224	17,985	20,627	24,542
2. Miscellaneous capital receipts (Recoveries of Loans and Advances)	168	2	4	3	4
3. Gross Public Debt receipts (including receipts of Ways and Means Advances)	8,473	7,029	6,002	10,259	14,645
4. Total receipts in the Consolidated Fund (1+2+3)	33,424	33,248	33,134	39,200	50,430
5. Contingency Fund receipts	1.20	-	-	0.55	0
6. Gross Public Account receipts (including receipts in departmental cash chest and cash balance investment)	31,913	33,438	32,406	37,242	49,546
Gross Receipts (4+5+6)	65,338	66,686	65,540	76,443	99,976
Public Account Receipts (Net) including receipts in departmental cash chest and cash balance investment	1,017	1,974	2,790	3,906	4,312

Part-B Disbursements					
Fiscal Aggregate	2011-12	2012-13	2013-14	2014-15	2015-16
1. Revenue Expenditure	22,680	25,117	27,058	29,329	36,420
(a) + (b)=(i) + (ii) + (iii)	(79)	(83)	(85)	(85)	(83)
(a) Plan	1,248 (5)	1,557 (6)	1,839 (7)	2,872 (10)	1,573 (4)
(b) Non-Plan/Normal	21,432 (95)	23,560 (93)	25,219 (93)	26,457 (90)	34,847 (96)
(i) General Services (including interest payments)	9,707 (43)	10,614 (42)	11,374 (42)	12,039 (41)	13,675 (38)
(ii) Social Services	5,211 (23)	5,548 (22)	6,319 (23)	8,501 (29)	11,331 (31)
(iii) Economic Services	6,514 (29)	7,399 (29)	7,526 (28)	8,789 (30)	11,414 (31)
2. Capital Expenditure	5,899	5,224	4,507	5,134	7,331
(a) + (b)=(i) + (ii) + (iii)	(21)	(17)	(15)	(15)	(17)
(a) Plan/CSS	5,474 (93)	4,971 (95)	4,172 (93)	4,501 (88)	1,256 (17)
(b) Non-Plan/General	425 (7)	253 (5)	335 (7)	633 (12)	6,075 (83)
(i) General Services	394 (6)	637 (12)	648 (14)	608 (12)	1,112 (17)
(ii) Social Services	1,569 (27)	1,599 (31)	1,230 (28)	1,608 (31)	2,674 (36)
(iii) Economic Services	3,936 (67)	2,989 (57)	2,629 (58)	2,918 (57)	3,545 (48)
3. Disbursement of loans and advances	66	93	121	87	94
	(-)	(-)	(-)	(-)	(-)
4. Total (1+2+3)	28,645	30,434	31,686	34,550	43,845
5. Gross Repayment of Public Debt					
(including repayment of Ways and Means Advances)	5,648	5,085	4,147	8,549	10,815
Internal Debt (excluding Ways and Means Advances and Overdraft)	1,114	1,265	1,218	1,213	1,485
Net transactions under Ways and Means Advances and Overdraft	-	-	-	226	0
Loans and Advances from Government of India ¹	97	78	79	112	113
6. Appropriation to Contingency Fund	-	-	-	-	0
7. Gross disbursement out of Consolidated Fund (4+5)	34,293	35,519	35,833	43,099	54,660
8. Contingency Fund disbursements	0.35	-	-	-	0
9. Gross Public Account disbursements	30,896	31,464	29,616	33,336	45,234
10. Gross disbursements (7+8+9)	65,189	66,983	65,449	76,435	99,894
11. Increase in Cash Balance	149	(-) 297	972	338	82
12 Grand Total	65,338	66,686	66,421	76,773	99,976

¹ Includes Ways and Means Advances

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Part-C Deficits					
1. Revenue Surplus (Revenue Receipts- Revenue Expenditure)	2,103	1,100	70	(-)390	(-) 640
2. Fiscal Deficit (Total expenditure excluding redemption of Public Debt & other liabilities – total non-debt receipts)	3,694	4,216	4,554	5,608	8,060
3. Primary Deficit (Fiscal Deficit –Interest Payment)	1,311	1,510	1,553	2,075	4,341
4. Interest Payments (included in revenue expenditure)	2,383 (11)	2,707	3,001	3,533	3,719
5. Arrears of Revenue	1,172	1,614	1,433	1,399	1,399
6. Financial Assistance to local bodies, etc.	1,795	2,084	1,481	1,535	1,523
7. Ways and Means Advances/ overdraft availed (days)	134 (Over-draft on 5 days)	119 (Over-draft on 9 days)	107 (Over-draft on 7 days)	207 (Over-draft on 2 days)	215 (Over-draft on 7 days)
8. Interest on WMA/Overdraft	5	6	4	9	13
9. Public Debt Receipts	4,036	3,286	3,152	10,033	14,645
10. Gross State Domestic Product (GSDP²) (Revised/Base 2004-05/2011-12)	68,185	76,916	87,570	87,921	91,850
11. Outstanding Public Debt³ (year-end) excluding Public Account	22,692	24,635	26,490	28,201	32,031
12. Outstanding⁴ guarantees (year-end)	2,098	611	2,714	2,860	2,827
13. Maximum amount guaranteed (year-end)	4,750	2,650	4,656	4,232	4,214
14. Number of incomplete projects	169	202	267	671	938
15. Capital blocked in incomplete projects	590.36	685	832	1,902	1,734
Total Expenditure/GSDP	45.93	39.24	36.29	39.30	47.73
Revenue Receipts/Total expenditure	86	86	86	84	82
Revenue Expenditure/Total Expenditure	79	83	85	85	83
Expenditure on Social Services/Total Expenditure	27.45	23.48	23.82	29.26	31.94
Expenditure on Economic Services/Total Expenditure	37.00	34.13	32.05	33.88	34.12
Capital Expenditure/Total Expenditure	20.59	17.17	14.22	14.86	16.72
Capital Expenditure on Social and Economic Services/Total Expenditure	19.21	15.08	12.18	13.10	14.18
Revenue Surplus as % of GSDP	3.19	1.41	0.08	(-)0.44	(-) 0.71
Fiscal Deficit as % of GSDP	5.60	5.44	5.22	6.38	8.77
Primary Deficit as % of GSDP	1.99	1.95	1.78	2.36	4.73
Revenue Deficit/Fiscal Deficit	NA	NA	N/A	6.95	(-) 7.94
Fiscal Liabilities/GSDP	58.15	51.92	51.16	54.95	60.26
Fiscal Liabilities/Revenue Receipts	146.33	153.58	164.67	166.95	154.71
Debt Redemption (Principal+Interest)/Total Debt Receipts for the year	82.92	90.75	89.41	99.39	99.24
Return on Investment	68.16	87.35	128.88	128.88	54.13
Financial Assets/Liabilities	1.46	1.36	1.36	1.28	1.23

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

³ Includes internal debt and loans and advances from Central Government only.

⁴ Excludes information in respect of three private firms and four cooperative societies during 2004-05 to 2007 08.

Appendix 1.5
(Reference: Paragraph: 1.2)
Abstract of Receipts and Disbursements for the year 2015-16

(₹ in crore)

Receipts				Disbursements			
Various items	2014-15	2015-16		Various items	2014-15	2015-16	
1	2	3	4	5	6	7	8
Section-A: Revenue							
I. Revenue Receipts	28,938.59		35780.60	I. Revenue Expenditure	29,328.93		36,420.40
Tax revenue	6,333.95	7,326.19		General Services	12,038.95	13,674.92	
				Social Services	8,501.39	11,330.96	
Non-tax revenue	1,978.05	3,912.79		Education, Sports, Art and Culture	3,981.48	6,048.69	
				Health and Family Welfare	1,802.50	2,369.31	
State's share of Union taxes	4,477.23	7,813.48		Water Supply, Sanitation/ H&UD	1,538.62	1,729.86	
				Information and Broadcasting	38.05	44.94	
Non-Plan grants	3,342.32	11,135.59		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	55.53	98.07	
				Labour and Labour Welfare	90.93	58.39	
Grants for State Plan Schemes	12,720.27	4,364.95		Social Welfare and Nutrition	973.20	952.86	
				Others	21.08	28.84	
Grants for Central and Centrally Sponsored Plan Schemes	86.77	1,227.60					
Grants for Special Plan Schemes				Economic Services	8,788.59	11,414.52	
				Agriculture and Allied Activities	1,388.99	1,774.23	
				Rural Development	353.35	573.50	
				Special Areas Programmes	428.64	554.31	
				Irrigation and Flood Control	412.20	497.95	
				Energy	4,982.05	6,835.34	
				Industries and Minerals	250.16	323.07	
				Transport	628.01	424.64	
				Science, Technology and Environment	31.43	28.93	
				General Economic Services	313.76	402.55	
II. Revenue deficit carried over to Section -B			639.80	II. Revenue Surplus carried over to Section-B			-
Total Section-A			36,420.40	Total Section-A			36,420.40

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Receipts				Disbursements			
Various items	2014-15	2015-16		Various items	2014-15	2015-16	
1	2	3	4	5	6	7	8
Section B: Capital							
III. Opening Cash balance including Permanent Advances and Cash Balance Investment			1,400.76				
IV. Misc. Capital receipts			0	III. Capital Outlay	5,134.20		7,330.93
				General Services	608.01	1,111.54	
				Social Services	1,608.53	2,673.81	
				Education, Sports, Art and Culture	530.79	553.91	
				Health and Family Welfare	212.62	240.73	
				Water Supply, Sanitation/ H&UD	736.55	698.43	
				Information and Broadcasting	0.75	6.05	
				Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	22.43	36.88	
				Social Welfare and Nutrition	104.71	1,061.54	
				Other Social Services	0.68	76.27	
				Economic Services	2,917.66	3,545.58	
				Agriculture and Allied Activities	583.45	676.19	
				Rural Development	720.98	811.79	
				Special Areas Programmes	179.77	209.20	
				Irrigation and Flood Control	248.68	372.95	
				Energy	142.47	298.61	
				Industries and Minerals	125.63	154.17	
				Transport	450.89	399.95	
				Science, Technology and Environment	10.42	26.55	
				General Economic Services	455.37	596.17	
V. Recoveries of Loans and Advances			4.09	IV. Loans and Advances disbursement			93.79
Industries and Minerals	1.26	0.63		Industries and Minerals	51.30	45.93	
Energy	-			Transport	30.00	30.00	
Government servants	0.92	0.81		Government servants	0.35	0.85	
Others	0.51	2.65		Others	5.15	17.01	
VI. Revenue surplus			-	V. Revenue deficit			639.80
VII. Public debt receipts			14,644.99	VI. Repayment of Public Debt			10,815.08
Internal debt other than Ways and Means Advances and Overdraft	10,246.80	14,627.78		Internal debt other than Ways and Means Advances and Overdraft	8,436.28	10,701.54	

Receipts				Disbursements			
Various items	2014-15	2015-16		Various items	2014-15	2015-16	
1	2	3	4	5	6	7	8
Loans and Advances from GOI	12.15	17.21		Repayment of loans and advances from GOI.	112.22	113.54	
Net transactions under Overdrafts from Reserve Bank	-			Net transactions under Ways and Means Advances including Overdrafts			
VIII. Appropriation to Contingency Fund	-		--	VII. Appropriation to Contingency Fund			--
IX. Amount recouped to contingency fund			--	III-Expenditure from Contingency Fund			0.05
X. Public Account receipts			27,450.54	IX-Public Account disbursements			24,093.83
Small Savings and Provident Funds	3,882.78	5,271.16		Small Savings and Provident Funds	1,650.40	2,384.74	
Reserve Funds	489.05	353.75		Reserve Funds	1,165.96	140.07	
Deposits and Advances	3,596.25	3,798.22		Deposits and Advances	3,219.95	3,685.83	
Suspense and Miscellaneous	286.93	565.92		Suspense and Miscellaneous	523.55	218.99	
Remittances	13,776.73	17,461.49		Remittances	11,236.11	17,664.20	
				X. Cash balance at the end			526.90
				Cash in treasuries and local remittances	-		
				Deposits with Banks	2.02	83.93	
				Departmental cash balance including permanent advances	6.69	5.33	
				Cash balance investment	1,381.19	426.78	
				Reserve fund investment	10.86	10.86	
Total Section-B	33,356.57		43,500.38	Total Section-B			43,500.38

Explanatory Notes

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

Appendix 1.5 (Continued)
Summarised financial position of the Government of
Jammu and Kashmir as on 31 March 2016

(₹ in crore)

As on 31 March 2015			As on 31 March 2016
Liabilities			
26,525.40		Internal Debt	30,451.64
	18,321.23	Market Loans bearing interest	20,146.04
	1,788.56	Loans from LIC	1,673.78
	6,415.61	Loans from other Institutions	8,631.82
1,675.40		Loans and Advances from Central Government	1,579.07
	37.79	Pre 1984-85 Loans	37.79
	96.29	Non-Plan Loans	96.29
	1,532.08	Loans for State Plan Schemes	1,435.75
		Loans for Central Plan Schemes	--
		Loans for Centrally Sponsored Plan Schemes	--
	9.24	Ways and Means Advances	9.24
1.00		Contingency Fund	1.00
14,630.43		Small Savings, Provident Funds, etc.	17,516.85
1,330.58		Reserve Funds	1,544.27
4,152.55		Deposits	4,264.97
4,611.50		Remittance Balances	4,408.79
14,979.69		Surplus on Government Account	13,949.55
	14,979.69	Revenue surplus ending 2014-15	
	-	Revenue Surplus 2015-16	13,949.55
67,906.54		Total:	73,716.14

As on 31 March 2015			As on 31 March 2016	
Assets				
64,095.81		Gross Capital Outlay on Fixed Assets		71,426.74
	537.17	Investments in shares of Companies, Corporations, etc.	547.83	
	63,558.64	Other Capital Outlay	70,878.91	
1,493.94		Loans and Advances		1,583.64
	673.10	Industries and Minerals	716.53	
	506.12	Transport	536.12	
	85.05	Energy	85.05	
	42.78	Agriculture and Allied Activities	42.77	
	169.80	Other Development Loans	186.04	
	17.09	Loans to Government servants and Miscellaneous Loans	17.13	
12.66		Advances		12.70
513.03		Suspense and Miscellaneous Balances		166.11
		Appropriation to Contingency Fund		0.05
		Amount written off from Heads of accounts closing to balances		--
1,400.76		Cash		526.90
		Cash in Treasuries and Local Remittances		--
	2.02	Deposits with Bank	83.93	
	6.57	Departmental Cash Balance	5.21	
	0.12	Permanent Advances	0.12	
	1381.19	Cash Balance Investments	426.78	
	10.86	Reserve Fund Investments	10.86	
390.34		Deficit on Government Account:		
	390.34	Revenue deficit ending 2014-15		---
67,906.54		Total		73,716.14

Appendix 1.6

(Reference: Paragraph: 1.2.2.1)

Statement showing the funds transferred to the State Implementing Agencies under Programmes/ Schemes outside the State budget during 2015-16

Direct transfer of Central Scheme Funds costing more than ₹1 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				
		2015-16	2014-15	2013-14	2012-13	2011-12
Hospital and Dispensary under NRHM	Health and Family Welfare, Jammu and Kashmir	-	-	-	240.30	863.98
National Rural Health Mission (NRHM)	State Health Department including others	-	-	35,488.95	13,922.91	45,245.26
National Institute of Technology NIT DHE	NIT, Srinagar	-	-	-	-	850.00
Package for Special Category State DIPP(other than North East)	Jammu and Kashmir Financial Corporation Ltd.	-	3,569.47	4,116.86	3,320.63	5,959.08
Integrated Watershed Management Programme DPAD, DDP, IWDP, (IWMP)	Assistant Commissioners (Development) DRDA	-	-	481.37	4,271.81	1,702.21
DRDA Administration RD	Assistant Commissioners (Development) DRDA	-	-	1,161.49	*	1,378.03
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)	Assistant Commissioners (Development) District Rural Development Agencies	-	-	60,315.73	76,276.16	78,130.96
Pradhan Mantri Gram Sadak Yojana (PMGSY)	State Rural Roads Agency	-	-	52,323.93	26,632.50	76,210.01
Rural Housing IAY	Assistant Commissioner District Rural Development Agencies	-	-	5,642.49	5,009.74	5,883.22
Sarva Shiksha Abhiyan	Ujala Society Jammu and Kashmir	-	-	89,143.50	50,805.85	30,070.51
MP's Local Area Development Scheme (MPLADS)	District Deputy Commissioners	5,500.00	3,500.00	-	4,500.00	4,000.00
Buddhist and Tibetan Studies	Galdan Targaisling Cultural Welfare Society, Culture Preservation Society, Kukshow, Cultural Preservation And Area Development the khana Chosling welfare society and various NGO's and other Welfare Societies	-	967.67	-	296.70	658.27

Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
		2015-16	2014-15	2013-14	2012-13	2011-12
National Afforestation Programme	Forest Development Agency, Rajouri, Poonch, Kishtwar, Reasi, Batote, Ramban etc.	-	-	810.82	337.00	-
Assistance of IHMS, FCIs etc.	Institute of Hotel Management and catering	366.00	871.00	-	300.00	-
Product Infrastructure Development for destinations and Circuits	State Tourism Department	-	-	-	221.80	-
Central Rural Sanitation Programme	SWSM Member, Secretary Cum Superintending Engineer Kupwara/Srinagar/Baramulla/Badgam	-	-	3,957.20	3,511.01	967.95
Research and Development Support (SERC)	University of Jammu, University of Kashmir, Shri Mata Vaishno Devi University of Agriculture Science and Technology, Baba University etc.	219.18	-	-	314.75	810.37
Conservation of natural resources and Eco system/ Comprehensive Handloom Development Scheme (CHDS)	J&K Lakes and Water ways Development Authority Director Handloom Development J&K Srinagar	-	-	2,989.53	-	4,104.75
Up gradation of 1396 Government ITI's	Director Technical Education Jammu, IML Society of ITI's	-	-	-	-	3,000.00
Scheme for Setting up of 6000 Model Schools at Block level as Benchmark of Excellence	Ujala Society, Srinagar	-	-	-	-	9,636.42
Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Ujala Society, Srinagar/ Noor Society	-	-	13,578.18	10,935.54	1,301.92
National Rural Drinking Water Programme	State Water and Sanitation Mission (SWSM)	-	-	41,266.25	47,450.03	42,042.37
Off Grid DRPS	Renewable Energy Development Agency Kargil/Ladakh, J&K Energy Development/ Royal Spring Golf Course Srinagar/6 th BN ITBP	5,996.19	2,201.96	-	3,392.72	8,298.22
Technology Up-gradation Fund Scheme (TUFS)	J & K Bank Ltd.	569.35	892.35	-	1,634.37	1,297.62

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Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
		2015-16	2014-15	2013-14	2012-13	2011-12
Renewal Energy for Rural Applications for all & Remote Villages	J & K Energy Development Agency	143.32	-	-	-	973.00
Comprehensive Handloom Development Scheme (CHDS)	Director Handloom Development Department, J&K Srinagar	131.87	-	142.04	-	-
AAJEEVIKA Swaran Jayanti Gram Swarjona	District Rural Development Agency (DRDA)	-	-	2,837.79	289.73	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.	2,929.77	3,864.21	-	2,919.65	974.50
Health Care for Elderly	SKIMS, J&K State Health Society	-	-	-	-	1,486.54
Horticulture Mission for North East and Himalayan	Central Institute of Temperate Horticulture ,Srinagar (ICAR)	--	-	148.91	250.00	600.00
District Hospital	SKIMS Soura		-	-	-	1,408.00
Industrial Infrastructure up gradation schemes IIUS DIPP	J&K State Industrial Development Corporation.	-	-	-	602.15	5,75.00
Assistance to voluntary organization for providing social Defense Services including prevention of Alcoholism and Drug Abuse	Council for Rehabilitation of widows, orphans Handicapped and old persons (Victims of Militancy)	304.97	288.11	-	300.00	-
Baba Sahib Ambedkhar Hastshilpa VikasYojana	Various NGO's and J&K, Entrepreneurship Development Institute	-	-	-	328.07	-
Capacity Building for Service Providers	Institute and Hotel Management and Catering Technology Srinagar/Food Craft institute Jammu, Jawahar Institute of Mountaring and Winter Sports	302.16	255.12	-	386.37	-
Human Resource University of Jammu Development Biotechnology,	S.K. University of Agricultural Science & Technology of Kashmir, Srinagar HRD Animal Biotec, University of Jammu, University of Kashmir	-	122.89	-	100.99	-

Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
		2015-16	2014-15	2013-14	2012-13	2011-12
National Aids Control Programme	J&K State AIDS Prevention & Control Society	-	-	487.40	125.69	-
National Food Security Mission	State Agriculture Management and Extension Training Institute of (SAMETI) Jammu	-	-	1,749.92	1,187.23	-
National Mission on Food Processing (SAMPDA) CS	JK SIDCO, Super Star Spices, Ziyafat Oil Mills, Mir Agro Industries, Basantar Breweries, Daily Need Milk Processing and Milk Products, FIL Industries Limited, Hansraj Exports, Kachroo Integrated Cold Chain.	1,815.75	-	-	112.50	-
Promotion and Dissemination of Art and Culture	Sangmtru Art Production	-	-	-	101.89	-
Rashtriya Gram Swaraj Yojana	J&K State Rural Employment Guarantee Society Civil Sectt. J&K	-	-	-	443.00	-
Scheme for Integrated Textile Park (SITP)	J&K Integrated Textile Park Limited	-	1,191.00	-	397.00	-
Skill Development	J&K Skill Development Initiative modular Employable Skills Society	-	263.10	1,130.63	627.00	-
State Schedule Cast Development Corporations	J&K SCST & BC Development Corporation Ltd.	-	-	-	120.00	-
Support to National Institute of Technology (NIT) including Ghani Khan Institute	NIT, Srinagar	2,900.00	4,250.00	-	2,000.00	-
Support to National State Scheduled Tribes Finance and Development Corporation	J&K SC/ST and Backward Classes Development Corporation Ltd	-	470.00	-	350.00	-
Support of NGO/ Institutions/ SRCs for Adult Education and Skill Development (merged Scheme of NGOs, JSS SRCs)	Jan Shikshan Sanathan / State Resource Centre, J&K	114.25	-	-	133.56	-
Support to State Extension Programme for Extension Reforms	NIT Srinagar/J&K State Agro Industries Development Corporation Ltd.	-	-	544.31	900.00	-

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Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
		2015-16	2014-15	2013-14	2012-13	2011-12
Technology Development Programme	Sher-e-Kashmir University of Agriculture Science and Technology Jammu/ J&K State Council for Science and Technology	-	-	-	110.18	-
Modernization of State Police Forces by Police	Police Housing Corporation J&K	-	-	270.00	-	-
Swaran Janyati Shahari Rozgar Yojana (SJSRY) National Urban	State Urban Development Agency J&K	-	-	607.94	-	-
National Mission on Bamboo	Bamboo Development Agency J&K	-	-	108.25	-	-
National Project for Cattle and Buffalo Breeding	Jammu & Kashmir Srinagar	-	-	500.00	-	-
Grant for construction of Boys & Girls Hostels for SC & OBC	University Jammu	-	135.00	100.00	-	-
Development of Infrastructure of Promotion of Health Research	Govt. Medical College, Jammu	216.00	252.00	-	-	-
Drugs and Pharmaceuticals Research	Regional Institute of Unani Medicines Srinagar	-	148.80	-	-	-
Electronic Governance	J&K Government Agencies/Kashmir University	-	344.92	-	-	-
Free Coaching and Allied Schemes for minorities MACs	Human Welfare Organizations	-	134.51	-	-	-
Mega Clusters Textiles	J&K State Scale Industrial Development Corporation	128.90	1,010.00	-	-	-
Manpower Development (Including Skill Development in IT) DIT	J&K E-Governance Agencies	-	136.84	-	-	-
Mega Facilities for Basic Research	Jammu University	158.00	140.36	-	-	-
National Mission on Nano Science and Nano Technology	NIT Srinagar	-	132.12	-	-	-
National Programme for Youth and Adolescent Development General	Jawahar Institute of Mountaineering and Winter Sports	164.16	200.19	-	-	-

Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
		2015-16	2014-15	2013-14	2012-13	2011-12
Research and Development Department of Bio Technology	JK Universities	-	1,159.13	-	-	-
Scheme for Infrastructure and Development FPI	Mir Agro Industries/ Kachroo Integrated Cold Chain	-	480.33	-	-	-
Scheme arising out of the implementation of the person with disabilities	Composite Regional Centres	691.02	249.47	-	-	-
Science and Technology Programme for Socio Economic Development	Kashmir Environment and Social Organization	349.81	116.59	-	-	-
Seismological Research	Jammu University	-	224.98	-	-	-
State Science & Technology Programme	Universities	-	112.84	-	-	-
Alliance and R & D Mission	Indian Institute of Integrated Medicines, Shri Mata Vaishno Devi University, National Institute of Technology Srinagar, University of Kashmir, SKUAST Jammu/Kashmir.	428.80	-	-	-	-
Biotechnology Research and Development	SKUAST Jammu/ Kashmir, University of Kashmir, Sheri Kashmir Institute of Medical Sciences, Indian Institute of Integrative Medicines, Baba Ghulam Shah University, Defence Institute of High Altitude Research.	734.54	-	-	-	-
DISHA Programme for Women in Science	Indian Institute of Integrated Medicines, Shri Mata Vaishno Devi University, SKUAST Jammu/Kashmir, University of Kashmir.	114.14	-	-	-	-
Human Resource Development Biotechnology	SKUAST Jammu/ Kashmir, University of Kashmir, Degree College Udhampur, Coordinator Star College Program, FVSC and Animal Husbandry Shuhama, Govt. College for Women, Gandhi Nagar, Jammu.	192.86	-	-	-	-
National Plan for Dairy Development	Jammu & Kashmir State Implementing Agency	150.00	-	-	-	-

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Name of the GOI Scheme	Implementing agencies in the State	Government of India Releases				
		2015-16	2014-15	2013-14	2012-13	2011-12
National Rural Livelihood Mission	Jammu and Kashmir Rural Livelihoods Society (JKRLS)	194.46	-	-	-	-
Pashmina Wool Development Programme	Ladakh Autonomous Hill Development Council, Leh/Kargil.	1,099.25	-	-	-	-
Research Education Training and Outreach	University of Kashmir, The Kashmir Environmental and Social Organization.	133.78	-	-	-	-
Scheme of Art and Culture and Centenary Celebrations	Sonam Stobgais, Cultural & Welfare Society Stakna Gonpa, SHAH-E-JAHAN Ahmed Bhagat, Cultural & Welfare Society, Tukla Gonpa, Kashmir Music Society, National Bhand Theatre, Sangam Theatre Group, Central Institute of Buddhist Studies, Lalok Kufan Thundel Tsogspa, Karma Dupgyud Choeling Cultural & Welfare Association, Service Sacrifice Brotherhood Dharma Centre, etc.	966.36	-	-	-	-
Seekho aur Kamao-Skill Development Initiatives	NIIT, Human Welfare Organization.	893.02	-	-	-	-
Setting up of five Mega Clusters	J&K Small Scale Industries Development Corporation Limited (J&K SICOP).	310.00	-	-	-	-
Technology Development Programme	SKUAST Kashmir, NIIT Srinagar.	139.04	-	-	-	-
Others Schemes	Others Schemes	1,442.98	1,681.16	89.38	1,583.66	8,345.96
	Grand Total	29,799.93	29,366.12	3,19,992.87	2,66,742.49	3,38,887.90

Explanatory notes:-

* ₹329.03 only clubbed with other scheme (year 2011-12)

- The figures are taken from the 'Central Plan Scheme Monitoring System (CPSMS)' portal of the Controller General of Accounts. These are unaudited figures.
- 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: Paragraph: 1.4.3)

Status of grants-in-aid released under the award of the 13th Finance Commission

(₹ in crore)

Sl. No.	Transfers	Recommendation of FC	Actual release (amount received and authorized to implementing departments)					Grants received (cumulative)	U.C's Pending	Grants pending released
			2010-11	2011-12	2012-13	2013-14	2014-15			
1	Urban Local Bodies (Housing Department)									
	Gen. Basis Grant	133.506	18.79	11.90	0.00	0.00	0.00	30.69	0.00	102.82
	Gen. Perf. Grant	70.682	0.00	1.46	2.75	0.00	0.00	4.21	0.00	66.47
2	Rural Local Bodies (RDD)									
	Gen. Basis Grant	600.494	0.00	108.23	121.77	140.48	153.54	524.02	63.82	76.47
	Gen. Perf. Grant	317.918	0.00	5.34	0.00	17.33	45.56	68.23	45.56	249.69
3	Elementary Education (Edu.)	449.00	80.00	85.00	90.00	0.00	0.00	255.00	0.00	194.00
4	Unique Identification (UID) (Plg. and Dev. Deptt.)	5.90	0.59	0.00	0.00	0.00	0.00	0.59	0.59	5.31
5	Delivery of Justice (Law)	104.46	20.89	0.000	10.446	5.41	11.19	47.94	25.58	56.52
6	Fiscal perform Path (Finance)	1,000.00	1,000.00	0.00	0.00	0.00	0.00	1,000.00	0.00	0.00
7	Maintenance of Forest (Forest)	133.00	16.63	16.63	8.32	8.32	27.28	77.18	30.57	55.83
8	Disaster Relief including capacity Building (Revenue)	875.60	77.605 4.00	0.00 0.00	411.70 4.00	89.84 0.00	0.00 4.00	579.14 12.00	0.00 4.48	276.46 8.00
9	District Innovation Fund (Plg. & Dev. Deptt.)	22.00	0.00	11.00	0.00	0.00	0.00	11.00	2.54	11.00
10	Improvement of statistical system at State / Distt. Level (Plg. & Dev. Deptt.)	22.00	0.00	4.40	0.00	0.00	0.00	4.40	0.46	17.60
11	Employee and Pension Data base (DGAT)	5.00	2.50	0.00	0.00	0.00	0.00	2.50	2.50	20.50
12	Infant Mortality Rate (H&ME)	0.00	0.00	0.00	15.36	11.86	14.21	41.23	24.38	-41.43
13	Water Sector Mgtt. (PHE, I&FC)	88.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	88.00
14	Roads and Bridges (R&B)	140.00	0.00	29.00	0.00	0.00	45.00	74	45.00	66.00
15	State Specific Needs	350.00	0.00	86.64	20.00	13.75	62.55	182.94	70.79	167.06
(i)	PSC Complex Srinagar (GAD)	15.00	0.00	7.50	7.50	0.00	0.00	15.00	7.50	0.00
(ii)	Mubarak Mandi Jammu (Tourism)	50.00	0.00	8.51	0.00	0.00	0.00	8.51	0.00	41.49
(iii)	Tawi Front (I&FC)	25.00	0.00	6.25	0.00	0.00	6.25	12.50	0.00	12.50

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Sl. No.	Transfers	Recommendation of FC	Actual release (amount received and authorized to implementing departments)					Grants received (cumulative)	U.C's Pending	Grants pending released
			2010-11	2011-12	2012-13	2013-14	2014-15			
(iv)	Kargil Roads (Ladakh Affairs)	20.00	0.00	5.12	0.00	0.00	4.55	9.67	1.01	10.33
(v)	Wullar Lake (forest deptt)	120.00	0.00	30.00	0.00	0.00	30.00	60.00	38.53	60.00
(vi)	Power Leh (Ladakh Affairs)	15.00	0.00	3.76	0.00	0.00	0.00	3.76	0.00	11.24
(vii)	Sports Complex and Youth Hostel Leh (Ladakh Affairs)	20.00	0.00	5.00	0.00	0.00	10.00	15.00	10.00	5.00
(viii)	Cold Storage Leh (Ladakh Affairs)	15.00	0.00	3.75	0.00	0.00	0.00	3.75	0.00	11.25
(ix)	Bridges Leh (Ladakh Affairs)	15.00	0.00	3.00	0.00	0.00	3.00	6.00	0.00	9.00
(x)	ECO Tourism Leh (Ladakh Affairs)	5.00	0.00	1.25	0.00	1.25	1.25	3.75	1.25	1.25
(xi)	Incentive for Grid connected Renewable energy (S&T)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xii)	Legislative complex	50.00	0.00	12.50	12.50	12.50	7.50	45.00	12.50	5.00
	Total	4,317.56	1,221.01	359.60	684.33	286.99	87.60	2,915.26	316.26	1,402.30

Status of grants-in-aid Projections/releases under the award of the 14th Finance Commission

(₹ in crore)

Sl. No.	Transfers	Recommendation of 14 th Finance Commission (2015-20)	Projection (Department wise)	Grants received during the year	UC's submitted	U.C's Pending	Grants pending for release
			2015-16 (1)	(6)	(7)	(8)	(9)
1	Urban Local Bodies (Housing Department)						
	General Basic Grant	1,044.51	125.30	Nil	Nil	Nil	Nil
	Performance Grant	261.13	---	Nil	Nil	Nil	Nil
2	Rural Local Bodies (RDD)						
	General Basic Grant	3,117.36	373.96	367.72	186.98	180.74	6.24
	General Performance Grant	346.37	---	Nil	Nil	Nil	Nil
3	SDRF						
	Central Share	1,268.00	229.00	229.00	NA	NA	Nil
	State Share	141.00	25.00	25.00			
	Total	6,178.37	753.26	621.72	186.98	180.74	6.24

Appendix - 1.8
(Reference: Paragraph 1.13)

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

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

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

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

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

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

(e) The annual incremental risk weighted guarantees in any financial year were to be limited to 75 *per cent* of the total revenue receipts in the previous financial year or to 7.5 *per cent* of GSDP of the previous financial year, whichever is lower.

The Act also contemplated that the Government may setup an agency independent of the Government to review periodically the compliance of the provisions of the Act, and table such reviews in each House of the State Legislature.

The FRBM Rules prescribed (January 2008) the fiscal indicators to be monitored, the formats of the Macro Economic Framework Statement (MEFS)/Medium Term Fiscal Policy Statement (MTFPS)/Fiscal Policy Strategy Statement

(FPSS) to be annually presented along with the Budget to the State Legislature and several statements disclosing fiscal information to the Legislature. The Disclosure Requirements under the Act/ Rules were implemented from the Budget for the year 2008-09. The FRBM Act has been amended to reset/ relax the debt/deficit reduction targets as per 12th and 13th Finance Commission's accepted recommendations as detailed below:

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

Appendix - 1.9
(Reference: Paragraph 1.13)

Implementation of the FRBM Act and Rules

Any State government can meet the targets for reduction/elimination of fiscal deficit, revenue deficit, total liabilities etc., if the Central government chooses to provide sufficient grants-in-aid or debt relief, especially outside the scope of the award of a Finance Commission. A truer measure of a State's fiscal prudence or fiscal responsibility is the State's own deficit, which measures the resource gap between the State's expenditure and the non-debt receipts within the control of the State, assuming that old financial liabilities continue to be refinanced out of fresh borrowings. These non-debt resources depend upon State's own fiscal policies. The State has shown improvement by reducing dependence on transfer of resources from the Central government from 67 *per cent* in 2006-07 to 60 *per cent* in 2014-15. This, of course, does not take into account the resources transferred by the Union Ministries directly to implementing agencies, bye-passing the State government accounts.

- The State has continued to be revenue surplus upto 2013-14 but only due to high levels of grants from the Central government. However, the revenue surplus has witnessed a sharp decline from ₹1,100 crore (2012-13) to ₹70 crore (2013-14) and could not maintained it during the year 2014-15 resulting in revenue deficit of ₹390 crore. The State's own deficit has been consistently high and steadily rising with expenditure growth far outpacing revenue mobilisation.
- The original target of reducing the fiscal deficit to three *per cent* of the GSDP by the end of 2009-10 was missed by a very wide margin as the actual fiscal deficit shot up to 9.1 *per cent* in that year. An amendment in the FRBM Act in April 2010 raising the 2009-10 target to four *per cent* was of no avail. The State had to cap the fiscal deficit at 4.7 *per cent* of GSDP in 2011-12 and 4.2 *per cent* of GSDP in 2012-13 and 3.6 *per cent* in 2013-14 but the fiscal deficit actually was 5.6, 5.4 and 5.2 *per cent* respectively. The year 2014-15 ended with a fiscal deficit of 6.4 *per cent* of GSDP which continued to be significantly higher than the target of 3 *per cent*.
- The FRBM rules specified only the annual targets for (a) revenue deficit as percentage of total revenue receipts (b) fiscal deficit as percentage of GSDP and (c) total outstanding liabilities as percentage of GSDP.

These rule omitted to define annual targets for “pre-devolution non plan revenue deficit” which was to be reduced to 20 per cent of GSDP by 2009-10. In fact, this fiscal parameter is not even being mentioned in the budget documents presented to the State legislature. Obviously this parameter did not receive Government’s attention because fiscal concessions/ incentives are attached to its compliance.

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

₹ 35,620 crore. Thus, the targets set with reference to GSDP series with 1999-2000 as base year with a new GSDP series giving significantly higher numbers should have been revised downwards. However, this was not done. Thus, the debt/ deficit reduction targets (as *per cent* of GSDP) under the FRBM Act stand diluted due to increase in GSDP on change in methodology of its calculation, beyond the contemplation of the Thirteenth Finance Commission. Thus, the assessment of fiscal consolidation efforts carried out by the government and the process of evaluating compliance to the FRBM Act in the Budget documents should distinguish between the denominator effect (increase in GSDP) and the numerator effect (reduction in government's debt and deficit in absolute amount).

- FRBM Act contemplate that the Government may set up an agency independent of the Government to review periodically the compliance of the provisions of the act, and table such reviews in each house of the State Legislature. However, no such independent review has been carried out so far.
- The FRBM Act required that in the Medium Term Fiscal Policy Statement to be presented with the Budget to the Legislature, the government shall set forth the fiscal management objectives of the Government and three year rolling targets for the prescribed fiscal indicators with clear enunciation of the underlying assumptions. The Statement was also to include the various assumptions behind the fiscal indicators and assessment of sustainability relating to (i) the balance between Revenue receipts and Revenue expenditure (ii) the use of Capital receipts including borrowings for generating productive assets and (iii) the estimated yearly pension liabilities worked out on actuarial basis for the next ten years. The Act provided that in case it was not possible to calculate the pension liabilities on actuarial basis during the period of first three years after the enforcement of the Act, Government may, during that period, estimate the pension liabilities by forecasts on the basis of trend growth rates. However, these provisions of the FRBM Act were not given adequate attention and in fact in the Medium Term Fiscal Policy Statements actually presented to the Legislature, the provisions of the Rules were repeated.
- Under the FRBM Act, the Government has committed to disclose the summery of assets in the Budget documents. The statements presented with the budget depict book value of assets including land. These

numbers could not be independently verified by the audit in absence of audit of the subsidiary records to see the basis of evaluation and completeness.

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

Appendix 2.1

(Reference: Paragraph: 2.3.6 Page: 53)

Statement of various grants/ appropriations where saving was more than ₹1 crore each or more than 20 per cent of the total provision

(₹ in crore)

Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
I-Revenue (Voted)					
1	01	General Administrative Department	293.48	64.93	22
2	02	Home Department	4,552.50	344.68	8
3	03	Planning & Development Department	991.18	748.96	76
4	04	Information Department	53.55	8.60	16
5	05	Ladakh Affairs Department	558.80	4.49	1
6	07	Education Department	5,756.28	320.39	6
7	08	Finance Department	6,170.79	2,112.36	34
8	09	Parliamentary Affairs	43.12	3.08	07
9	10	Law Department	276.06	102.19	37
10	11	Industries and Commerce Department	291.06	53.91	19
11	12	Agriculture Department	933.21	78.65	08
12	13	Animal Husbandry Department	424.32	28.68	07
13	14	Revenue Department	1,037.22	249.26	24
14	19	Housing and Urban Development Department	613.86	2.33	0.38
15	20	Tourism Department	140.17	11.54	08
16	21	Forest Department	684.06	95.01	14
17	22	Irrigation & Flood Control Department	529.24	59.24	11
18	24	Hospitality & Protocol Department	205.87	10.21	05
19	25	Labour, Stationary and Printing Department	100.05	8.73	09
20	26	Fisheries Department	74.48	5.58	07
21	27	Higher Education Department	724.85	66.16	09
22	29	Transport Department	49.29	2.55	05
Revenue (Charged)					
23	01	General Administration Department	14.89	2.39	16
24	08	Finance Department	37.96	0.77	02
25	10	Law Department	31.37	3.98	13
Capital (Voted)					
26	01	General Administration Department	57.55	29.19	50
27	03	Planning and Development Department	2,393.76	1,942.84	81
28	06	Power Development Department	1,006.21	707.60	70
29	08	Finance Department	36.49	5.15	14

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Sl. No	Grant Number	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
30	10	Law Department	39.97	39.72	99
31	11	Industries and Commerce Department	205.75	12.83	06
32	12	Agriculture Department	540.50	179.63	33
33	13	Animal Husbandry Department	48.17	16.87	35
34	14	Revenue Department	2,009.37	1,098.46	55
35	16	Public Works Department	1,685.28	506.59	30
36	17	Health & Medical Education Department	737.68	496.95	67
37	19	Housing & Urban Development Department	528.67	220.61	42
38	20	Tourism Department	147.98	4.33	03
39	22	Irrigation & Flood Control Department	383.18	52.45	14
40	23	Public Health Engineering Department	479.80	89.43	19
41	25	Labour Stationery & Printing Department	108.89	31.79	29
42	27	Higher Education Department	275.15	35.01	13
43	28	Rural Development Department	1,308.49	496.69	38
44	29	Transport Department	47.10	8.01	17

Appendix-2.2
(Reference: Paragraph: 2.3.8; Page: 56)
Details of saving of ₹ 1 crore and above not surrendered

(₹ in crore)

Sl. No	Grant Number	Number and Name of Grant/ Appropriation	Savings	Surrender	Saving which remained to be surrendered
I-Revenue (Voted)					
1	01	General Administrative Department	64.93	Nil	64.93
2	02	Home Department	344.68	Nil	344.68
3	03	Planning & Development Department	748.96	Nil	748.96
4	04	Information Department	8.60	Nil	8.60
5	05	Ladakh Affairs Department	4.49	Nil	4.49
6	07	Education Department	320.39	Nil	320.39
7	08	Finance Department	2,112.36	Nil	2,112.36
8	09	Parliamentary Affairs	3.07	Nil	3.07
9	10	Law Department	102.19	Nil	102.19
10	11	Industries and Commerce Department	53.91	Nil	53.91
11	12	Agriculture Department	78.65	Nil	78.65
12	13	Animal Husbandry Department	28.68	Nil	28.68
13	14	Revenue Department	249.26	Nil	249.26
14	19	Housing & Urban Development Department	2.33	Nil	2.33
15	20	Tourism Department	11.54	Nil	11.54
16	21	Forest Department	95.01	Nil	95.01
17	22	Irrigation & Flood Control Department	59.24	Nil	59.24
18	24	Hospitality & Protocol Department	10.30	Nil	10.30
19	25	Labour, Stationary & Printing Department	8.73	Nil	8.73
20	26	Fisheries Department	5.58	Nil	5.58
21	27	Higher Education Department	66.16	Nil	66.16
22	29	Transport Department	2.55	Nil	2.55
		Total-I	4,381.61	Nil	4,381.61

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Sl. No	Grant Number	Number and Name of Grant/ Appropriation	Savings	Surrender	Saving which remained to be surrendered
II- Revenue (Charged)					
23	01	General Administration Department	2.39	Nil	2.39
24	08	Finance Department	76.78	Nil	76.78
25	10	Law Department	3.98	Nil	3.98
		Total-II	83.15	Nil	83.15
III-Capital (Voted)					
26	01	General Administration Department	29.19	Nil	29.19
27	02	Home Department	77.00	Nil	77.00
28	03	Planning and Development Department	1,942.84	Nil	1,942.84
29	06	Power Development Department	707.60	Nil	707.60
30	08	Finance Department	5.15	Nil	5.15
31	10	Law Department	39.72	Nil	39.72
32	11	Industries and Commerce Department	12.83	Nil	12.83
33	12	Agriculture Department	179.63	Nil	179.63
34	13	Animal Husbandry Department	16.87	Nil	16.87
35	14	Revenue Department	1,098.46	Nil	1,098.46
36	16	Public Works Department	506.59	Nil	506.59
37	17	Health & Medical Education Department	496.95	Nil	496.95
38	19	Housing & Urban Development Department	220.61	Nil	220.61
39	20	Tourism Department	4.33	Nil	4.33
40	22	Irrigation & Flood Control Department	52.45	Nil	52.45
41	23	Public Health Engineering Department	89.43	Nil	89.43
42	24	Hospitality and Protocol Department	4.42	Nil	4.42
43	25	Labour Stationery & Printing Department	31.79	Nil	31.79
44	27	Higher Education Department	35.01	Nil	35.01
45	28	Rural Development Department	496.69	Nil	496.69
46	29	Transport Department	8.01	Nil	8.01
		Total-III	6,055.57	Nil	6,055.57
		Grand Total-I+II+III	10,520.33	Nil	10,520.33

Appendix-2.3

(Reference: Paragraph: 2.3.1; Page: 50)

Statement of various grants/ appropriations where excess expenditure was more than ₹1 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	06	Power Development Department	5,619.53	6,856.45	1,236.92 (22)
2	15	Consumer Affairs & Public Distribution Department	9.40	11.81	2.41 (26)
3	16	Public Works Department	974.88	1,035.71	60.83 (06)
4	17	Health & Medical Education	2,150.26	2,369.31	219.05 (10)
5	18	Social Welfare Department	621.74	844.11	222.37 (36)
6	23	Public Health Engineering Department	1,014.23	1,060.02	45.79 (05)
7	28	Rural Development Department	434.27	555.09	120.82 (28)
Total (Revenue Voted)			10,824.31	12,732.50	1,908.19
Capital (Voted)					
8	4	Information Department	2.61	6.05	3.44 (132)
9	7	Education Department	248.88	312.13	63.25 (25)
10	15	Consumer Affairs & Public Distribution Department	1,062.61	1,102.71	40.10 (04)
11	18	Social Welfare Department	117.61	133.45	15.84 (13)
12	26	Fisheries Department	6.14	8.12	1.98 (32)
Total (Capital Voted)			1,437.85	1,562.46	124.61
Capital Charged					
13	08	Finance Department	8,589.26	10,815.08	2,225.82 (26)
Total (Capital Charged)			8,589.26	10,815.08	2,225.82
(Grand Total)			20,851.42	25,110.04	4,258.62

Appendix-2.4

(Reference: Paragraph: 2.3.4; Page: 52)

**Statement showing expenditure incurred without budget provisions in
59 Major Heads of Accounts during 2015-16**

(₹ in lakh)

Sl. No	Grant/Head of Account	Amount of expenditure without provision	Amount
1	01-General Administration		310.95
	2013-Council of Ministers	31.77	
	2015-Election	78.45	
	2070- Other Administrative Services	4.97	
	3451-Seretariat Economic Services	1.44	
	4070-Capital Outlay on Other Administrative Services	14.37	
	4075-Capital Outlay on Miscellaneous General Services	179.95	
2	02-Home		2,536.50
	2055-Police	2,393.79	
	4055-Capital Outlay on Police	142.71	
3	03-Planning and Development		7,113.50
	3454-Census Survey and Statistics	1,938.45	
	5475-Capital Outlay on Other General Economic Services	5,175.05	
4	07-Education		661.31
	2202-General Education	599.18	
	2204- Sports and Youth Services	62.13	
5	08-Finance		51,765.80
	2039-State Excise	19.37	
	2049-Interest Payments	51,365.13	
	5465- Investments in General Financial and Trading Institution	381.30	
6	09-Parliamentary Affairs Department		10.00
	7610-Loans to Government Servants etc.	10.00	
7	10- Law Department		1,786.18
	2014-Administration of Justice	1,786.18	
8	11-Industries and Commerce		8,552.61
	4851-Capital Outlay on Village and Small Industries	2,828.94	
	4852- Capital Outlay on Iron & Steel Industries	834.00	
	4853-Capital Outlay on Non Ferrous Mining & Metallurgical Industries	296.39	
	6885-Loans for Other Industries and Minerals	4,593.28	

Sl. No	Grant/Head of Account	Amount of expenditure without provision	Amount
9	12-Agriculture Department		10,480.99
	2236-Nutrition	29.96	
	2401-Crop Husbandry	1,020.83	
	2402-Soil and Water Conservation	86.32	
	4401-Capital Outlay on Crop Husbandry	7,146.25	
	4402-Capital Outlay on Soil and Water Conservation	860.44	
	4425-Capital Outlay on Co-Operation	1,027.28	
	4435-Capital Outlay on other Agricultural Programmes	309.91	
10	13-Animal Husbandry Department		496.72
	2403-Animal Husbandry	35.96	
	4403- Capital Outlay on Animal Husbandry	460.76	
11	15-Consumer Affairs and Public Distribution Department		213.62
	2408-Food Storage and Warehousing	213.62	
12	16-Public Works Department		7,396.67
	2059-Public Works	115.31	
	4059-Capital Outlay on Public Works	4,991.28	
	5054-Capital Outlay on Roads & Bridges	2,290.08	
13	17-Health and Medical Education Department		28,667.44
	2210-Medical and Public Health	14,799.22	
	2211-Family Welfare	7,916.76	
	4210-Capital Outlay on Medical and Public Health	5,951.46	
14	18-Social Welfare Department		53,396.69
	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	48,200.83	
	2236-Nutrition	44.84	
	4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	1,471.62	
	4235- Capital Outlay on Social Security & Welfare	247.61	
	4236-Capital Outlay on Nutrition	3,431.79	
15	19-Housing and Urban Development Department		3,183.59
	4217-Capital Outlay on Urban Development	3,183.59	
16	20-Tourism Department		1,529.93
	5452-Capital Outlay on Tourism	1,529.93	
17	21-Forest Department		516.32
	2402- Soil and Water Conservation	5.31	
	2406-Forestry and Wild Life	434.00	
	4402-Capital Outlay on Soil & Water Conservation	2.52	
	4406-Capital Outlay on Forestry and Wild Life	74.49	

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Sl. No	Grant/Head of Account	Amount of expenditure without provision	Amount
18	22-Irrigation and Flood Control Department		1,168.07
	2700-Major Irrigation	168.07	
	4701-Capital Outlay on Medium Irrigation	1,000.00	
19	23-Public Health Engineering Department		49.70
	2215-Water Supply and Sanitation	11.13	
	4215-Capital Outlay on Water Supply and Sanitation	38.57	
20	26-Fisheries Department		3.82
	4405-Capital Outlay on Fisheries	3.82	
21	27-Higher Education Department		1,601.62
	4202-Capital Outlay on Education, Sports, Art and Culture	1,601.62	
22	28-Rural Development Department		14,681.90
	2236-Nutrition	41.34	
	2501-Special Programme for Rural Development	886.99	
	2515-Other Rural Development Programme	39.04	
	4515-Capital Outlay on Other Rural Development Programmes	13,714.53	
23	29-Transport Department		20.22
	2041-Taxes on Vehicles	20.22	
	Grand Total		1,96,144.15

Appendix-2.5
(Reference: Paragraph: 2.3.3; Page: 52)
Year-wise details of excess expenditure for the years 1980-81 to 2014-15 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	

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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	4,062.58	
2010-11	14	5,6,8,9,16,18,19,22,23,25,26,27,28,29	6,130.76	
2011-12	14	1,6,8,11,12,15,16,18,19,20,23,25,26,27	5,638.79	
2012-13	12	1,5,8,11,13,16,18,20,23,25,26,27	4,741.57	
2013-14	13	4,6,7,8,14,15,16,18,20,23,24,25,28	4,469.79	
2014-15	12	2,6,7,8,11,16,18,19,21,23,24,25	1,099.28	
		Total	1,00,508.81	

Appendix-2.6
(Reference: Paragraph: 2.3.9; Page: 56)
Cases of unnecessary supplementary grant/ appropriation

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision (1)	Supplementary Provision (2)	Actual Expenditure (3)	Savings (1+2-3)
I-Revenue (Voted)					
1	01-General Administration Department	263.91	29.57	228.55	64.93
2	10-Law Department	215.14	60.92	173.87	102.19
3	12-Agriculture Department	909.19	24.02	854.56	78.65
4	13-Animal Husbandry	398.43	25.86	395.63	28.66
5	14-Revenue Department	933.34	103.88	787.96	249.26
6	25-Labour, Stationary & Printing Department	94.41	5.64	91.32	8.73
7	27-Higher Education Department	691.89	32.95	658.68	66.16
8	29-Transport Department	48.28	1.01	46.74	2.55
Total-I		3,554.59	283.85	3,237.31	601.13
II-Capital (Voted)					
9	6- Power Development Department	385.71	620.50	298.61	707.60
10	10-Law Department	39.47	0.50	0.25	39.72
11	12-Agriculture Department	518.49	22.02	360.88	179.63
12	16-Public Works Department	1,341.27	344.01	1,178.68	506.60
13	23-Public Health Engineering Department	478.00	1.80	390.37	89.43
14	25-Labour, Stationary & Printing	78.65	30.24	77.10	31.79
15	27-Higher Education Department	255.04	20.11	240.14	35.01
Total-II		3,096.63	1,039.18	2,546.03	1,589.78
Grand Total		6,651.22	1,323.03	5,783.34	2,190.91

Appendix-2.7

(Reference: Paragraph: 2.3.9; Page: 56)

Statement of various grants/appropriation where Supplementary Provision provided was insufficient by more than ₹1 crore

(₹ in crore)

Sl. No.	Grant No	Name of the Grant/ Appropriation	Original	Supple-mentary	Total	Expendi-ture	Excess
I-Revenue (Voted)							
1	6	Power Development Department	4,599.40	1,020.13	5,619.53	6,856.45	1,236.92
2	16	Public Works Department	956.88	18.00	974.88	1,035.71	60.83
3	18	Social Welfare Department	575.45	46.29	621.74	844.11	222.37
4	23	Public Health Engineering Department	991.22	23.01	1,014.23	1,060.02	45.79
5	28	Rural Development Department	319.26	115.01	434.27	555.09	120.82
Total-I			7,442.21	1,222.44	8,664.65	10,351.38	1,686.73
Capital (Voted)							
6	7	Education Department	243.23	5.65	248.88	312.13	63.25
7	18	Social Welfare Department	114.08	3.52	117.60	133.44	15.84
Total-II			357.31	9.17	366.48	445.57	79.09
Grand Total			7,799.52	1,231.61	9,031.13	10,796.95	1,765.82

Appendix 2.8
(Reference: Paragraph: 2.7.7; Page: 62)
**Statement showing cases where expenditure incurred without
Budget Provision in Grant No: 3**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1	3454/01/001/0099/0557	Nil	1,365.71
2	3454/01/001/0099/0564	Nil	572.74
3	5475/00/800/0011/0553	Nil	5,141.95
4	00/800/0011/0563	Nil	33.10
	Total		7,113.50

**Statement showing cases where expenditure incurred without Budget
Provision in Grant No: 16**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1.	2059/80/103/0099/0459	Nil	115.31
2.	3054/80/797/-	Nil	4,442.00
3.	4059/01/001/0011/1899	Nil	844.32
4.	4059/01/001/0011/2116	Nil	38.78
5.	4059/01/001/0011/2181	Nil	207.11
6.	4059/01/001/0099/1028	Nil	715.41
7.	4059/60/800/0011/0495	Nil	0.17
8.	4059/60/800/0011/1035	Nil	0.45
9.	4059/60/800/0011/1824	Nil	3,185.66
10.	5054/03/101/0031/1926	Nil	2,290.08
11.	5054/80/902/--	Nil	(-),2,290.08
	Total	Nil	9,549.21

**Statement showing cases where expenditure incurred without Budget
Provision in Grant No: 25**

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure
1	2058/00/101/0099/1627/	Nil	13.40
2	2230/02/001/0099/1641	Nil	8.26
3	2230/02/001/0099/1642	Nil	23.08
4	2230/02/001/0099/1642	Nil	165.36
5	2230/02/001/0099/1643	Nil	488.35
6	4058/00/103/0011/1630	Nil	9.59
7	4250/00/201/0011/1903	Nil	8.34
8	4250/201/0011/1903	Nil	6.94
9	4250/00/203/0011/1642	Nil	14.87
	Total	Nil	738.19

Appendix 2.9

(Reference: Paragraph: 2.7.6; Page: 62)

Statement showing cases where significant savings were not surrendered in Grant No. 25

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Total Grant	Expenditure	Saving
1	2058/001/0099/1625	153.36	128.45	24.91
2	2058/103/0099/1630	1,523.04	1,338.80	184.24
3	2058/103/0099/1631	1,359.53	1,121.12	238.41
4	2230/001/0099/1634	880.57	398.00	482.57
5	2230/01/102/0099/1638	102.61	82.14	20.47
6	2230/01/102/0099/1639	237.59	42.18	195.41
7	2230/01/0099//1640	131.26	57.37	73.89
8	2230/01/0099/1645	532.73	284.98	247.75
9	2230/02/001/0099/1641	3,717.84	3,363.11	354.73
10	2230/02/001/0099//1642	300.00	201.07	98.93
11	4250/201/0011/1903	112.50	86.37	26.13
12	4250/203/0011/1904	10,523.70	7,337.81	3,185.89
	Total	19,574.73	14,441.40	5,133.33

Appendix 2.10

(Reference: Paragraph: 2.7.3; Page: 61)

Statement showing cases where Excess Expenditure under Grant No:- 03

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Grant	Expenditure	Excess
1	3451/00/102/0099/0557	3,123.90	6,271.24	3,147.34
2	3454/02/112/0099/1010	16.97	424.83	407.86
3	3454/02/112/0099/1011	229.51	2,698.75	2,469.24
	Total	3,370.38	9,394.82	6,024.44

Statement showing cases where Excess Expenditure under rant No:- 16

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Grant	Expenditure	Excess
1	2059/80/001/0099/1041	3,138.04	3,290.57	152.53
2	2059/80/001/0099/1281	1,015.90	1,035.86	19.96
3	2216/01/700/0099/1029	350.00	350.01	0.01
4	2216/01/700/0099/1040	250.00	361.07	111.07
5	3054/80/001/0099/1027	4,038.38	4,050.30	11.92
6	3054/80/001/0099/2181	110.00	28,848.74	28,738.74
7	3054/80/001/0099/2357	148.00	173.07	25.07
8	4059/01/001/0011/1027	15,068.22	26,409.65	11,341.43
9	4059/01/001/0011/1281	100.00	138.37	38.37
10	4059/60/800/0011/1717	300.00	5,105.69	4,805.69
11	4059/60/800/0011/1899	502.64	38,015.74	37,513.10
12	5054/03/101/0011/1718	5,600.00	38,761.85	33,161.85
	Total	30,621.18	1,46,540.92	1,15,919.74

Statement showing cases where Excess Expenditure under Grant No:- 25

(₹ in lakh)

Sl. No.	Major/Minor/Sub-head	Grant	Expenditure	Excess
1	2058/001/1626	417.99	434.39	16.40
2	2058/001/1627	415.81	550.32	134.51
3	2230/001/0099/1633	216.06	642.05	425.99
	Total	1,049.86	1,626.76	576.90

Appendix 2.11
(Reference: Paragraph: 2.7.4; Page: 61)
Statement showing un-utilised Appropriation/Grants (Grant No- 3)

(₹ in lakh)

Sl. No.	Major/Minor /Sub-head	Total Grant	Expenditure	Saving
1.	3454/02/112/0099/1021	94.91	Nil	94.91
2.	3454/02/205/0090/1020	33.96	Nil	33.96
3.	3454/02/205/0099/1022	25.31	Nil	25.31
4.	3454/02/205/0099/2302	19.72	Nil	19.72
5.	3454/02/800/0099/1015	18.02	Nil	18.02
6.	3475/00/800/0099/2366	71,061.72	Nil	71,061.72
7.	5475/00/800/0011/0555	50,000.00	Nil	50,000.00
8.	5475/00/800/0011/2338	5,000.00	Nil	5,000.00
9.	5475/00/800/0011/2365	2,500.00	Nil	2,500.00
10.	5475/00/800/0031/2144	13,000.00	Nil	13,000.00
11.	5475/00/800/0031/2346	99.74	Nil	99.74
12.	5475/00/800/0031/2414	8,143.00	Nil	8,143.00
	Total	1,49,996.38	Nil	1,49,996.38

Statement showing un-utilised Appropriation/Grants (Grant No:- 16)

(₹ in lakh)

Sl. No.	Major/Minor /Sub-head	Total Grant	Expenditure	Saving
1.	4059/01/001/0031/1027	6,593.50	Nil	6,593.50
2.	4059/01/001/0031/1028	6,593.50	Nil	6,593.50
3.	5054/03/101/0031/2181	85,000.00	Nil	85,000.00
4.	5054/05/337/0011/2444	22,000.00	Nil	22,000.00
5.	5054/05/337/0011/2445	5,000.00	Nil	5,000.00
	Total	1,25,187.00	Nil	1,25,187.00

Statement showing un-utilised Appropriation/Grants (Grant No:- 25)

(₹ in lakh)

Sl. No.	Major/Minor /Sub-head	Total Grant	Expenditure	Saving
1.	2058/00/103/0099/1631	100.00	Nil	100.00
2.	2058/00/103/0099/1631	15.00	Nil	15.00
3.	2230/01/001/0099/1634	5.00	Nil	5.00
4.	2230/01/102/0099/1639	138.60	Nil	138.60
5.	2230/02/001/0099/1641	27.00	Nil	27.00
6.	2230/02/001/0099/1642	300	Nil	300
7.	2230/02/001/0099/1643	16.50	Nil	16.50
8.	2058/1625	31.94	Nil	31.94
	Total	634.04	Nil	634.04

Appendix 2.12
(Reference: Paragraph: 2.7.8 Page: 63)
Less Expenditure (Savings) against the Budget (Grant No:- 03)

(₹ in lakh)

Sl. No.	Major/Minor /Sub-head	Total Grant	Expenditure	Saving
1	3451/00/102/0099/0563	18,450.00	12,205.73	6,244.27
2	3454/01/001/0099/1016	47.39	34.75	12.64
3	3454/01/001/0099/1018	309.07	169.83	139.24
4	3454/02/112/0099/1009	67.84	0.49	67.35
5	3454/02/112/0099/1012	32.76	4.02	28.74
6	3454/02/112/0099/1024	171.83	82.21	89.62
7	3454/02/112/0099/1025	23.91	14.62	9.29
8	3454/02/112/0099/1026	120.07	14.68	105.39
9	3454/02/201/0099/1017	491.20	50.98	440.22
10	3454/02/201/0099/1023	387.17	1.19	385.98
11	3454/02/205/0099/1008	223.65	91.14	132.51
12	3454/02/205/0099/1019	169.48	17.19	152.29
13	3475/00/800/0099/0564	4,000.00	202.15	3,797.85
14	4059/60/800/0011/0459	1,01,574.27	4.40	1,01,569.87
15	5475/00/800/0011/0557	5,661.02	323.11	5,337.91
16	5475/00/800/0011/0564	597.55	552.17	45.38
17	5475/00/800/0011/2144	40,000	30,609.95	9,390.05
18	5475/00/800/0031/0553	12,800	8,427.21	4,372.79
	Total	1,85,127.21	52,805.82	1,32,321.39

Appendix 2.12
(Reference: Paragraph: 2.7.8 Page: 63)
Less Expenditure (Savings) against the Budget (Grant No:- 16)

(₹ in lakh)

Sl. No.	Major/Minor /Sub-head	Total Grant	Expenditure	Saving
1.	2059/80/001/0099/1034	2,811.92	2,625.02	186.90
2.	2059/80/001/0099/1035	26,525.67	21,878.25	4,647.42
3.	2059/80/001/0099/1042	15,435.72	14,048.89	1,386.83
4.	2059/80/001/0099/1044	30,778.34	12,817.41	17,960.93
5.	2059/80/001/0099/2181	2,998.60	2,124.24	874.36
6.	2059/80/001/0099/2275	4,172.00	2,431.52	1,740.48
7.	3054/80/001/0099/1028	5,323.55	4,769.46	554.09
8.	3054/80/001/0099/2275	200.00	136.39	63.61
9.	3054/80/001/0099/2342	39.15	19.74	19.41
10.	3054/80/001/0099/2355	77.00	35.72	41.28
11.	3054/80/001/0099/2356	76.00	17.94	58.06
12.	4059/01/001/0011/1028	16,457.32	2,691.53	13,765.79
13.	4059/01/001/0011/1270	337.50	284.96	52.54
14.	4059/01/001/0011/1276	975.00	886.86	88.14
15.	5054/03/101/0011/2181	3,000.00	21.43	2,978.57
16.	5054/03/101/0011/2342	1,000.00	560.24	439.76
	Total	1,10,207.77	65,349.60	44,858.17

Appendix-3.1

(Reference: Paragraph: 3.1 Page: 65)

Major head -wise outstanding DC Bills from 1995-2016

(₹ in lakh)

Sl. No.	Major Head	Nomenclature	Kashmir Division	Jammu Division	Total
1	2014	Administration of Justice	0	1.50	1.50
2	2015	Election	649.67	383.82	1,033.49
3	2030	Stamps & Registration	0	191.00	191.00
4	2040	Taxes on sales, trade etc.	0.98	11.80	12.78
5	2053	District Administration	0	6.00	6.00
6	2054	Treasury and Accounts Administration	36.87	0	36.87
7	2055	Police	333.65	4,499.09	4,832.74
8	2059	Public Works	0.81	26.35	26.431
9	2070	Other Administrative Services	0	146.70	146.70
10	2202	General Education	133.84	45.69	179.53
11	2203	Technical Education	1.77	2.25	4.02
12	2204	Sports & Youth services	10.09	0	10.09
13	2205	Art & Culture	614.76	0	614.76
14	2210	Medical & Public Health	480.50	48.00	528.50
15	2211	Family Welfare	0	1.60	1.60
16	2217	Urban Development	133.50	0	133.50
17	2220	Information and Publicity	0.62	0	0.62
18	2225	Welfare of SC/ST & other backward classes	45.66	0	45.66
19	2230	Labour & Employment	0	11.50	11.50
20	2235	Social Security & Welfare	56.97	2,253.86	2,310.83
21	2236	Nutrition	0.07	0	0.07
22	2245	Relief on account of Natural Calamities	14,287.63	15,876.74	30,164.37
23	2401	Crop Husbandry	112.00	0.02	112.02
24	2403	Animal Husbandry	0.52	32.00	32.52
25	2435	Other Agriculture Programmes	0	0.16	0.16
26	2501	Special Programmes for Rural Development	496.27	2,264.65	2,760.92
27	2515	Other Rural Development Programmes	174.19	0	174.19
28	2575	Other Special Area Programmes	74.52	0	74.52
29	2701	Medium Irrigation	50.00	0	50.00
30	2801	Power	0.00	20.00	20.00
31	3435	Ecology & Environment	101.00	0.00	101.00

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Sl. No.	Major Head	Nomenclature	Kashmir Division	Jammu Division	Total
32	3451	Secretariat –Economic Services	17.00	4.00	21.00
33	3452	Tourism	3.13	91.34	94.47
34	3454	Census Survey & Statistics	30.4	19.60	50.00
35	3475	Other General Economic Services	0	111.90	111.90
36	4058	Capital Outlay on Stationery & Printing	22.57	0	22.57
37	4059	Capital Outlay on Public Works	266.31	629.66	895.97
38	4202	Capital Outlay on Education , Sports Art & Culture	1,340.17	2,670.78	4,010.95
39	4210	Capital Outlay on Medical & Public Health	5,528.05	14,931.72	20,459.77
40	4215	Capital Outlay on Water Supply & Sanitation	0	375.00	375.00
41	4217	Capital Outlay on Urban Development	0.28	1,332.82	1,333.10
42	4220	Capital Outlay on Information & Publicity	0	456.12	456.12
43	4235	Capital Outlay on Social Security & Welfare	220.00	1,715.61	1,935.61
44	4250	Capital Outlay on Other Social Services	50.00	0	50.00
45	4401	Capital Outlay on Crop Husbandry	3,883.88	33.89	3,917.77
46	4403	Capital outlay on Animal Husbandry	35.32	59.36	94.68
47	4405	Capital outlay on Fisheries	2.84	0	2.84
48	4408	Capital Outlay on Food Storage & Ware Housing	6,904.67	0	6,904.67
49	4515	Capital Outlay on Other Rural Development Programme	17,157.37	9,140.68	26,298.05
50	4575	Capital Outlay on Other Special Area Programme	211.98	0	211.98
51	4851	Capital Outlay on Village & Small Industries	1,676.12	106.50	1,782.62
52	5425	Capital Outlay on Other Scientific Environmental Research	20.00	0	20.00
53	5452	Capital Outlay on Tourism	222.79	675.96	898.75
54	5475	Capital Outlay on Other General Economic Services	0.00	293.61	293.61
55	Not Known	Animal Husbandry	0.00	7.00	7.00

Sl. No.	Major Head	Nomenclature	Kashmir Division	Jammu Division	Total
56	-do-	Revenue	0.00	4,851.88	4,851.88
57	-do-	Education	0.00	166.91	166.91
58	-do-	Health	0.00	71.78	71.78
59	-do-	Industries & Commerce	0.00	37.71	37.71
60	-do-	Consumer Affairs & Public Distribution	0.00	22.60	22.60
61	-do-	Agriculture	0.00	3.92	3.92
62	-do-	Election	0.00	14.05	14.05
63	-do-	Forest	0.00	1.30	1.30
64	-do-	Hospitality & Protocol	0.00	3.00	3.00
65	-do-	Housing & Urban Development	0.00	74.78	74.78
66	-do-	Home	0.00	69.05	69.05
67	-do-	Technical Education	0.00	34.75	34.75
68	-do-	Public Works Department	0.00	0.41	0.41
69	-do-	Rural Development	0.00	41.19	41.19
70	-do-	Finance	0.00	10.00	10.00
		Total	55,388.041	63,881.61	1,19,269.65

AC bills awaiting detail account from Sl. No.: 55 to 70 amounting to ₹5410.33 lakh pertains to the period 1996-97 to 2002-03 of Jammu Division. Out of which ₹4851.88 lakh related to Revenue Department.

Appendix-3.2

(Reference: Paragraph: 3.3 Page: 67)

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

(₹ in lakh)

Sl. No	Name of the Body/Authority	Period for which accounts awaited	Number of awaited accounts
1	Srinagar Municipality	1988-89 to 2015-16	28
2	Kashmir University	2001-02 to 2015-16	15
3	Kashmir Urban Development Agency Srinagar	1999-2000 to 2014-15	16
4	District Rural Development Agency Srinagar	2002-03 to 2015-16	14
5	District Rural Development Agency Anantnag	2007-08 to 2015-16	09
6	District Rural Development Agency Pulwama	2002-03 to 2015-16	14
7	District Rural Development Agency Leh	2008-09 to 2015-16	08
8	District Rural Development Agency Kargil	2008-09 to 2015-16	08
9	Sher-e-Kashmir International Conference Centre, Srinagar (SKICC)	1999-2000 to 2013-14 & 2015-16	16
10	Srinagar Development Authority, Bemina	1999-2000 to 2015-16	17
11	J&K State Social Welfare Advisory Board, Srinagar	2003-04 to 2015-16	13
12	Islamia College of Sciences and Commerce Srinagar	2001-02 to 2015-16	15
13	Lakes and Water Ways Development Authority, Srinagar	2005-06 to 2015-16	11
14	Jammu University	2002-03 to 2015-16	14
15	District Rural Development Agency Jammu	2008-09 to 2015-16	08
16	District Rural Development Agency Kathua	2008-09 to 2015-16	08
17	District Rural Development Agency Poonch	2008-09 to 2015-16	08
18	District Rural Development Agency Doda	2003-04 to 2015-16	13
19	Academy of Art Culture and Languages	2003-04 to 2015-16	13
20	Jammu Development Authority	1972-73 to 2015-16	44
21	J&K Pollution Control Board, Srinagar	1995-96 to 2015-16	21
22	Jammu and Kashmir Sports Council, Srinagar	2003-04 to 2015-16	13
23	Jammu and Kashmir Energy Development Agency, (JAKEDA), Srinagar.	2003-04 to 2015-16	13
24	District Rural Development Agency Budgam	2007-08 to 2015-16	09
25	District Rural Development Agency Baramulla	2007-08 to 2015-16	09
26	District Rural Development Agency Kupwara	2006-07 to 2015-16	10
27	District Rural Development Agency Ganderbal	2008-09 to 2015-16	08

Sl. No	Name of the Body/Authority	Period for which accounts awaited	Number of awaited accounts
28	District Rural Development Agency Kulgam	2008-09 to 2015-16	08
29	District Rural Development Agency Shopian	2008-09 to 2015-16	08
30	District Rural Development Agency Bandipora	2008-09 to 2015-16	08
31	Jammu Municipality	2002-03 to 2015-16	14
32	J&K Entrepreneurship Development Institute, (JKEDI) Pampore	1996-97 to 2002-03 & 2015-16	08
33	Tourism Development Authority, Doodpathri	2005-06 to 2015-16	11
34	Tourism Development Authority, Kokernag	2004-05 to 2015-16	12
35	Tourism Development Authority, Manasbal	2005-06 to 2015-16	11
36	Tourism Development Authority, Pahalgam	2002-03 to 2015-16	14
37	Tourism Development Authority, Sonamarg	2003-04 to 2015-16	13
38	Tourism Development Authority, Yousmarg	2005-06 to 2015-16	11
39	Tourism Development Authority, Verinag	2006-07 to 2015-16	10
40	Wullar Conservation & Management Authority, Srinagar	2012-13 to 2015-16	04
41	District Rural Development Agency, Ramban	2007-08 to 2015-16	09
42	Tourism Development Authority, Mansar Surinsar	2006-07 to 2015-16	10
43	Tourism Development Authority, Rajouri	2005-06 to 2015-16	11
44	Tourism Development Authority, Poonch	2005-06 to 2015-16	11
45	Tourism Development Authority, Lakhampur	2005-06 to 2015-16	11
46	Tourism Development Authority, Kishtwar	2005-06 to 2015-16	11
47	Jammu Urban Development Agency (JUDA)	1999-2000 to 2014-15	16
	Total		586

Note: - In respect of 15 offices the information regarding no of awaited accounts is not available in the office.

Appendix 3.3

(Reference: Paragraph: 3.4 Page: 68)

Statement showing the position of finalization of accounts and Government investment in departmentally managed commercial and quasi-Commercial undertakings

(₹ in crore)

Sl. No.	Name of the Commercial undertaking	Accounts finalized up to	Period of accounts pending	Investments as per last accounts finalized			Reasons for delay in finalization of Accounts
				Share Capital	Loans	Total	
1.	J&K Bank Ltd.	2014-15	00	48.48	0.00	48.48	Not furnished
2.	J&K Bank Financial Services	2014-15	00	20.00	0.00	20.00	Not furnished
3.	J&K SC/ST/OBC Dev. Corporation Ltd	1997-98	17	42.22	13.32	55.54	Not furnished
4.	J&K Women Development Corporation Ltd.	2010-11	04	9.99	50.50	60.49	Not furnished
5.	J&K Agro Industries Dev. Corporation Ltd.	2003-04	11	1.96	11.48	13.44	Not furnished
6.	J&K Horticulture Produce & Marketing Corporation Ltd.	2000-01	14	9.20	43.21	52.41	Not furnished
7.	J&K Small Scale Industries Dev. Corporation Ltd.	1998-99	16	3.12	10.85	13.97	Not furnished
8.	J&K State Industrial Dev. Corporation Ltd.	2007-08	07	17.65	8.05	25.70	Not furnished
9.	J&K Project Construction Corporation Ltd.	2000-01	14	1.97	0.30	2.27	Not furnished
10.	J&K Police Housing Corporation Ltd.	2006-07	08	2.00	0.00	2.00	Not furnished
11.	J&K Industries Dev. Corporation Ltd.	2005-06	09	16.27	516.78	533.05	Not furnished
12.	J&K Handicraft (S&E) Corporation Ltd.	1998-99	16	7.97	109.01	116.98	Draft Annual Accounts has been prepared upto 2013-14 by the company but not finalized by the Statutory Auditors. Further records washed out in Floods.

Sl. No.	Name of the Commercial undertaking	Accounts finalized up to	Period of accounts pending	Investments as per last accounts finalized			Reasons for delay in finalization of Accounts
				Share Capital	Loans	Total	
13.	J&K Handloom Dev. Corporation Ltd.	1999-2000	15	5.00	117.29	122.29	Company has prepared accounts up to 2014-15; audit Financial Statement awaited
14.	J&K Cements Ltd.	2007-08	07	15.00	49.00	64.00	Not furnished
15.	J&K Minerals Ltd.	1995-96	19	8.00	404.25	412.25	Not furnished
16.	J&K Power Dev. Corporation Ltd.	2010-11	04	5.00	2,522.44	2,527.44	Not furnished
17.	J&K Chenab Valley Power Project Ltd.	2014-15	00	200.01	0.00	200.01	Not furnished
18.	J&K Tourism Development Corporation Ltd.	2012-13	02	15.96	4.26	20.22	Not furnished
19.	J&K State Cable Car Corporation Ltd.	2010-11	04	23.57	0.00	23.57	The company is preparing its accounts for 2011-12 & 2012-13
20.	Overseas Employment Corporation Ltd.	2010-11	04	4.27	0.00	4.27	Accounts not submitted / prepared by the company
21.	J&K State Financial Corporation Ltd.	2014-15	00	98.19	0.81	99.00	Not furnished
22.	J&K State Road Transport Corporation	2011-12	03	203.14	549.90	753.04	Not furnished
23.	J&K State Forest Corporation	1996-97	18	9.03	0.00	9.03	Not furnished
	Total		192	768.00	4,411.45	5,179.45	

Appendix 4
Glossary of terms

Sl. No.	Terms	Description
1.	State Implementing Agency	State Implementing Agency includes any Organisations/ Institutions including Non-Governmental Organisation which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State e.g. State Implementation Society for SSA and State Health Mission for NRHM etc.
2.	GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices
3.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one per cent
4.	Internal Debt	Comprising mainly Market Loans and Special Securities issued to the National Small Savings Fund (NSS) by the State Government.
5.	Core Public and Merit goods	Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
6.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

7.	Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a current debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
8.	Sufficiency of Non-debt receipts (Resource Gap)	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure
9.	Net availability of borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
10	Non debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

